



NEWS RELEASE



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Virginia H. Mannering: (202) 606-5304
Recorded message: (202) 606-5306

BEA 06-05

GROSS DOMESTIC PRODUCT: FOURTH QUARTER 2005 (PRELIMINARY)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 1.6 percent in the fourth quarter of 2005, according to preliminary estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.1 percent.

The GDP estimates released today are based on more complete source data than were available for the advance estimates issued last month. In the advance estimates, the increase in real GDP was 1.1 percent (see "Revisions" on page 3).

The increase in real GDP in the fourth quarter primarily reflected positive contributions from private inventory investment, personal consumption expenditures (PCE), exports, equipment and software, and residential fixed investment that were partly offset by a negative contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the fourth quarter primarily reflected a deceleration in PCE, an acceleration in imports, a downturn in federal government spending, and decelerations in equipment and software and in residential fixed investment that were partly offset by an upturn in inventory investment.

Final sales of computers contributed 0.34 percentage point to the fourth-quarter growth in real GDP after contributing 0.16 percentage point to the third-quarter growth. Motor vehicle output subtracted 0.63 percentage point from the fourth-quarter growth in real GDP after contributing 0.56 percentage point to the third-quarter growth.

NOTE.--Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and annualized. "Real" estimates are in chained (2000) dollars. Prices indexes are chain-type measures.

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The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.6 in the fourth quarter, 0.3 percentage point more than the advance estimate; this index increased 4.2 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 3.0 percent in the fourth quarter, compared with an increase of 2.5 percent in the third.

Real personal consumption expenditures increased 1.2 percent in the fourth quarter, compared with an increase of 4.1 percent in the third. Real nonresidential fixed investment increased 5.4 percent in the fourth quarter, compared with an increase of 8.5 percent in the third. Nonresidential structures increased 3.3 percent, compared with an increase of 2.2 percent. Equipment and software increased 6.2 percent, compared with an increase of 10.6 percent. Real residential fixed investment increased 2.6 percent, compared with an increase of 7.3 percent.

Real exports of goods and services increased 5.7 percent in the fourth quarter, compared with an increase of 2.5 percent in the third. Real imports of goods and services increased 12.8 percent, compared with an increase of 2.4 percent.

Real federal government consumption expenditures and gross investment decreased 2.6 percent in the fourth quarter, in contrast to an increase of 7.4 percent in the third. National defense decreased 9.0 percent, in contrast to an increase of 10.0 percent. Nondefense increased 11.9 percent, compared with an increase of 2.4 percent. Real state and local government consumption expenditures and gross investment increased 0.4 percent, compared with an increase of 0.2 percent.

The real change in private inventories added 1.62 percentage points to the fourth-quarter change in real GDP, after subtracting 0.43 percentage point from the third-quarter change. Private businesses increased inventories \$30.4 billion in the fourth quarter, following decreases of \$13.3 billion in the third quarter and \$1.7 billion in the second.

Real final sales of domestic product -- GDP less change in private inventories -- was unchanged in the fourth quarter, in contrast to an increase of 4.6 percent in the third.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 2.9 percent in the fourth quarter, compared with an increase of 4.0 percent in the third.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 5.0 percent, or \$154.7 billion, in the fourth quarter to a level of \$12,760.4 billion. In the third quarter, current-dollar GDP increased 7.6 percent, or \$227.7 billion.

Revisions

The preliminary estimate of the fourth-quarter increase in real GDP is 0.5 percentage point, or \$14.1 billion, higher than the advance estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected upward revisions to exports, to federal government spending, to equipment and software, and to change in private inventories that were partly offset by an upward revision to imports.

| | <u>Advance</u> | <u>Preliminary</u> |
|---|---|--------------------|
| | (Percent change from preceding quarter) | |
| Real GDP..... | 1.1 | 1.6 |
| Current-dollar GDP..... | 4.2 | 5.0 |
| Gross domestic purchases price index... | 3.3 | 3.6 |

2005 GDP

Real GDP increased 3.5 percent in 2005 (that is, from the 2004 annual level to the 2005 annual level), the same as in the advance estimate. In 2004, real GDP increased 4.2 percent.

During 2005 (that is, measured from the fourth quarter of 2004 to the fourth quarter of 2005), real GDP increased 3.2 percent, 0.1 percentage point more than in the advance estimate. Real GDP increased 3.8 percent during 2004. The price index for gross domestic purchases increased 3.5 percent during 2005, 0.1 percentage point more than in the advance estimate. During 2004, this index increased 3.4 percent.

* * *

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(202) 606-5306 Gross domestic product
(202) 606-5303 Personal income and outlays

* * *

Next release – March 30, 2006, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 2005 (Final)
Corporate Profits: Fourth Quarter 2005

Table 1.—Real Gross Domestic Product and Related Measures: Percent Change From Preceding Period

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|---|------|------|-------------------|-------------------------------------|-------|-------|------|-------|-------|------|------|------|------|------|------|------|------|------------------|-----------------|
| | | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 | | | |
| | | | | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III ^r | IV ^r |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) | 2.7 | 4.2 | 3.5 | 2.7 | 2.2 | 2.4 | 0.2 | 1.7 | 3.7 | 7.2 | 3.6 | 4.3 | 3.5 | 4.0 | 3.3 | 3.8 | 3.3 | 4.1 | 1.6 |
| Personal consumption expenditures | 2.9 | 3.9 | 3.6 | 1.4 | 2.4 | 2.3 | 1.4 | 2.5 | 3.6 | 5.8 | 3.1 | 4.7 | 1.9 | 4.4 | 4.3 | 3.5 | 3.4 | 4.1 | 1.2 |
| Durable goods | 6.6 | 6.0 | 4.5 | -4.2 | 3.6 | 11.5 | -5.2 | 3.6 | 15.1 | 19.8 | -3 | 4.4 | .4 | 10.8 | 5.5 | 2.6 | 7.9 | 9.3 | -16.6 |
| Nondurable goods | 3.2 | 4.7 | 4.4 | 3.3 | 1.3 | .3 | 3.6 | 3.2 | 1.9 | 8.3 | 3.1 | 6.6 | 2.6 | 3.9 | 5.5 | 5.3 | 3.6 | 3.5 | 5.1 |
| Services | 2.0 | 3.0 | 2.9 | 1.8 | 2.6 | 1.3 | 1.8 | 1.9 | 2.3 | 2.0 | 3.8 | 3.8 | 1.8 | 3.4 | 3.6 | 2.8 | 2.3 | 3.3 | 3.0 |
| Gross private domestic investment | 3.9 | 11.9 | 6.0 | 13.6 | 1.9 | 5.8 | -1.0 | -4 | 2.7 | 17.5 | 12.0 | 10.1 | 20.9 | 4.6 | 6.8 | 8.6 | -3.7 | 5.3 | 14.8 |
| Fixed investment | 3.6 | 9.7 | 8.1 | -6.3 | -1.4 | -.7 | -1.4 | .8 | 8.8 | 14.8 | 6.9 | 6.9 | 15.1 | 8.4 | 7.2 | 7.0 | 9.5 | 8.0 | 4.4 |
| Nonresidential | 1.3 | 9.4 | 8.7 | -12.8 | -6.1 | -2.0 | -5.0 | -1.1 | 8.4 | 11.2 | 4.4 | 7.9 | 13.5 | 11.8 | 10.4 | 5.7 | 8.8 | 8.5 | 5.4 |
| Structures | -4.2 | 2.2 | 2.0 | -19.0 | -19.0 | -15.5 | -5.3 | -8.4 | 13.3 | -1 | 1.3 | -3.5 | 8.8 | 1.4 | 4.7 | -2.0 | 2.7 | 2.2 | 3.3 |
| Equipment and software | 3.2 | 11.9 | 11.0 | -10.4 | -9 | 3.3 | -4.9 | 1.6 | 6.7 | 15.4 | 5.5 | 12.0 | 15.2 | 15.5 | 12.4 | 8.3 | 10.9 | 10.6 | 6.2 |
| Residential | 8.4 | 10.3 | 7.1 | 10.4 | 9.5 | 2.0 | 6.4 | 4.7 | 9.6 | 21.9 | 11.5 | 5.2 | 17.8 | 2.6 | 1.6 | 9.5 | 10.8 | 7.3 | 2.6 |
| Change in private inventories | | | | | | | | | | | | | | | | | | | |
| Net exports of goods and services | | | | | | | | | | | | | | | | | | | |
| Exports | 1.8 | 8.4 | 7.0 | 5.2 | 10.6 | 2.9 | -3.1 | -2.9 | -2.1 | 11.5 | 19.1 | 5.0 | 6.9 | 5.5 | 7.1 | 7.5 | 10.7 | 2.5 | 5.7 |
| Goods | 1.8 | 8.9 | 7.3 | -1.6 | 14.2 | 2.2 | -9.1 | 1.5 | 0 | 9.1 | 17.2 | 7.5 | 7.9 | 8.2 | 3.7 | 5.3 | 16.0 | 3.2 | 7.7 |
| Services | 1.7 | 7.4 | 6.2 | 22.9 | 2.7 | 4.6 | 11.7 | -11.9 | -6.6 | 17.2 | 23.7 | -4 | 4.8 | -6 | 15.5 | 12.5 | -4 | 1.0 | 1.2 |
| Imports | 4.6 | 10.7 | 6.4 | 11.7 | 12.5 | 5.7 | 9.0 | -2.5 | 3.3 | 4.1 | 16.5 | 12.0 | 14.5 | 4.7 | 11.3 | 7.4 | -3 | 2.4 | 12.8 |
| Goods | 4.9 | 11.0 | 6.9 | 9.2 | 16.0 | 6.5 | 8.1 | -2.6 | 6.3 | .9 | 17.7 | 12.4 | 14.7 | 4.7 | 13.0 | 8.2 | -1.1 | 3.5 | 14.0 |
| Services | 3.0 | 9.6 | 3.7 | 24.7 | -3.0 | 1.7 | 14.0 | -2.2 | -10.2 | 21.4 | 10.7 | 10.0 | 13.7 | 4.6 | 3.1 | 3.7 | 4.4 | -3.2 | 6.3 |
| Government consumption expenditures and gross investment | 2.8 | 2.2 | 1.8 | 4.3 | 4.8 | 2.3 | 4.8 | -3 | 7.2 | .5 | .5 | 3.3 | 2.3 | 1.8 | .9 | 1.9 | 2.5 | 2.9 | -7 |
| Federal | 6.9 | 5.2 | 2.3 | 5.9 | 12.5 | 3.0 | 10.2 | .3 | 22.1 | -2.0 | 3.1 | 10.7 | 3.2 | 3.6 | -6 | 2.4 | 2.4 | 7.4 | -2.6 |
| National defense | 8.8 | 7.0 | 2.6 | 3.7 | 11.5 | 4.1 | 14.8 | -3.6 | 37.4 | -6.5 | 7.9 | 13.8 | .8 | 9.0 | -3.3 | 3.0 | 3.7 | 10.0 | -9.0 |
| Nondefense | 3.4 | 1.8 | 1.9 | 10.2 | 14.1 | 1.2 | 2.1 | 8.0 | -2.4 | 7.2 | -5.8 | 4.9 | 8.1 | -6.4 | 5.2 | 1.1 | -2 | 2.4 | 11.9 |
| State and local | .6 | .4 | 1.5 | 3.5 | 1.0 | 1.9 | 2.0 | -6 | -3 | 2.0 | -9 | -7 | 1.8 | .8 | 1.8 | 1.6 | 2.6 | .2 | .4 |
| Addenda: | | | | | | | | | | | | | | | | | | | |
| Final sales of domestic product | 2.7 | 3.9 | 3.9 | -.2 | 1.7 | 1.4 | .1 | 1.9 | 4.6 | 6.9 | 2.8 | 3.8 | 2.6 | 4.6 | 3.3 | 3.5 | 5.6 | 4.6 | 0 |
| Gross domestic purchases | 3.0 | 4.7 | 3.6 | 3.6 | 2.7 | 2.8 | 1.7 | 1.5 | 4.2 | 6.5 | 3.9 | 5.2 | 4.7 | 3.9 | 4.1 | 4.0 | 2.1 | 4.0 | 2.9 |
| Final sales to domestic purchasers | 3.0 | 4.4 | 3.9 | .7 | 2.2 | 1.8 | 1.6 | 1.7 | 5.0 | 6.1 | 3.2 | 4.8 | 3.8 | 4.5 | 4.1 | 3.7 | 4.2 | 4.5 | 1.3 |
| Gross national product (GNP) | 3.0 | 4.0 | ..... | .8 | 1.8 | 2.9 | 1.0 | 1.5 | 4.5 | 7.2 | 4.5 | 3.8 | 2.2 | 4.0 | 2.9 | 3.9 | 3.2 | 4.4 | ..... |
| Disposable personal income | 2.4 | 3.4 | 1.5 | 11.6 | 1.9 | -1.6 | .2 | 2.5 | 4.5 | 7.2 | 1.0 | 3.6 | 1.2 | 2.8 | 9.1 | -3.4 | .2 | -1.4 | 7.1 |
| Current-dollar measures: | | | | | | | | | | | | | | | | | | | |
| GDP | 4.8 | 7.0 | 6.4 | 4.3 | 3.7 | 3.9 | 2.4 | 4.8 | 4.8 | 9.3 | 5.5 | 8.1 | 7.5 | 5.3 | 6.1 | 7.0 | 6.0 | 7.6 | 5.0 |
| Final sales of domestic product | 4.8 | 6.6 | 6.8 | 1.4 | 3.2 | 3.0 | 2.4 | 5.1 | 5.7 | 8.8 | 4.8 | 7.5 | 6.6 | 6.1 | 6.2 | 6.7 | 8.3 | 8.1 | 3.4 |
| Gross domestic purchases | 5.3 | 7.7 | 6.9 | 4.9 | 5.2 | 4.4 | 3.9 | 5.7 | 4.6 | 8.6 | 5.6 | 9.7 | 9.0 | 5.9 | 7.4 | 7.0 | 5.5 | 8.4 | 6.5 |
| Final sales to domestic purchasers | 5.3 | 7.4 | 7.3 | 2.2 | 4.8 | 3.6 | 3.8 | 5.9 | 5.4 | 8.2 | 4.9 | 9.2 | 8.1 | 6.6 | 7.4 | 6.7 | 7.6 | 8.9 | 5.0 |
| GNP | 5.1 | 6.8 | ..... | 2.3 | 3.3 | 4.4 | 3.2 | 4.6 | 5.7 | 9.2 | 6.4 | 7.7 | 6.1 | 5.4 | 5.7 | 7.0 | 5.9 | 7.8 | ..... |
| Disposable personal income | 4.3 | 6.1 | 4.3 | 12.6 | 4.7 | .2 | 1.9 | 5.6 | 5.2 | 9.4 | 2.3 | 7.6 | 5.1 | 4.3 | 12.5 | -1.3 | 3.5 | 2.3 | 9.9 |

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2005.

See "Explanatory Note" at the end of the tables.

Table 4.—Price Indexes for Gross Domestic Product and Related Measures: Percent Change From Preceding Period

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|---|------|------|-------------------|-------------------------------------|------|------|------|------|------|------|------|------|-----|------|-----|------|-----|------|-----------------|
| | | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 | | | |
| | | | | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV ^r |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) | 2.0 | 2.6 | 2.8 | 1.7 | 1.5 | 1.6 | 2.2 | 3.1 | 1.1 | 1.8 | 1.9 | 3.6 | 3.9 | 1.5 | 2.7 | 3.1 | 2.6 | 3.3 | 3.3 |
| Personal consumption expenditures | 1.9 | 2.6 | 2.8 | .9 | 2.8 | 1.8 | 1.7 | 3.0 | .6 | 2.0 | 1.3 | 3.9 | 3.8 | 1.5 | 3.1 | 2.3 | 3.3 | 3.7 | 2.7 |
| Durable goods | -3.5 | -1.9 | -5 | -3.2 | -1.9 | -1.8 | -2.7 | -4.3 | -4.3 | -4.4 | -4.1 | .1 | -1 | -2.4 | .6 | .9 | -5 | -3.0 | -8 |
| Nondurable goods | 2.0 | 3.3 | 3.7 | .2 | 5.4 | .9 | 1.2 | 5.6 | -2.4 | 3.1 | .6 | 6.0 | 6.6 | .1 | 4.5 | 1.3 | 5.7 | 7.9 | .8 |
| Services | 3.0 | 3.2 | 3.1 | 2.2 | 2.6 | 3.0 | 2.8 | 3.4 | 3.2 | 2.8 | 2.8 | 3.6 | 3.3 | 2.9 | 3.0 | 3.0 | 2.9 | 3.1 | 4.3 |
| Gross private domestic investment | 1.6 | 3.1 | 3.1 | -2 | .5 | .2 | 2.9 | 2.9 | -5 | 1.7 | 3.7 | 3.4 | 4.6 | 3.2 | 2.3 | 2.6 | 2.7 | 3.7 | 5.0 |
| Fixed investment | 1.7 | 3.2 | 3.1 | -3 | .5 | .2 | 3.0 | 3.1 | -5 | 1.7 | 3.9 | 3.5 | 4.6 | 3.0 | 2.2 | 2.6 | 2.7 | 4.0 | 5.2 |
| Nonresidential | .3 | 1.3 | 2.1 | -1 | -2 | -4 | 1.1 | .1 | -1.0 | 1.2 | 1.9 | 1.2 | 1.8 | .9 | 1.1 | 3.1 | 1.9 | 2.5 | 3.9 |
| Structures | 3.5 | 5.5 | 10.1 | 3.8 | 5.2 | 4.3 | 5.1 | 4.0 | .3 | 2.9 | 4.6 | 7.1 | 6.8 | 6.6 | 5.6 | 10.3 | 9.9 | 16.5 | 20.9 |
| Equipment and software | -9 | -1 | -4 | -1.5 | -2.1 | -2.0 | -3 | -1.2 | -1.4 | .6 | 1.0 | -8 | .2 | -9 | -4 | .9 | -7 | -1.8 | -1.4 |
| Residential | 4.8 | 6.7 | 4.7 | -8 | 2.2 | 1.5 | 7.0 | 9.3 | .3 | 2.7 | 7.6 | 8.0 | 9.7 | 6.9 | 4.2 | 1.6 | 4.3 | 6.5 | 7.6 |
| Change in private inventories | | | | | | | | | | | | | | | | | | | |
| Net exports of goods and services | | | | | | | | | | | | | | | | | | | |
| Exports | 2.1 | 3.6 | 3.7 | -1.1 | 2.8 | 3.0 | .6 | 4.1 | 1.0 | .9 | 2.9 | 5.9 | 4.8 | 1.7 | 4.3 | 4.6 | 3.7 | 2.9 | 2.6 |
| Goods | 2.0 | 3.7 | 3.1 | -1.4 | 2.2 | 3.3 | .5 | 3.6 | 1.6 | -7 | 4.1 | 6.5 | 5.3 | 1.0 | 3.8 | 4.5 | 2.9 | 1.3 | 2.2 |
| Services | 2.5 | 3.1 | 4.9 | -3 | 4.3 | 2.1 | .7 | 5.2 | -3 | 4.6 | .1 | 4.4 | 3.7 | 3.2 | 5.6 | 4.7 | 5.4 | 6.7 | 3.5 |
| Imports | 3.4 | 5.0 | 6.1 | -1.7 | 10.3 | 3.5 | .6 | 11.2 | -4.4 | 2.6 | 1.1 | 9.6 | 6.6 | 5.7 | 6.8 | 2.9 | 8.2 | 9.4 | 4.4 |
| Goods | 2.9 | 5.0 | 6.4 | -2.0 | 10.8 | 2.6 | .4 | 11.9 | -6.7 | 2.5 | .5 | 10.1 | 7.9 | 5.4 | 6.9 | 1.9 | 9.9 | 10.6 | 4.8 |
| Services | 5.8 | 4.9 | 4.6 | -3 | 7.6 | 8.1 | 1.4 | 8.0 | 7.5 | 3.2 | 4.2 | 7.5 | .3 | 7.4 | 6.5 | 7.9 | -2 | 3.4 | 2.3 |
| Government consumption expenditures and gross investment | 3.7 | 3.7 | 4.8 | 5.2 | 2.9 | 2.6 | 3.6 | 8.9 | 0 | 2.5 | 1.4 | 6.2 | 5.0 | 3.2 | 4.1 | 5.7 | 3.7 | 6.7 | 5.6 |
| Federal | 3.9 | 4.2 | 3.7 | 10.1 | .5 | 1.0 | 4.6 | 9.9 | 1.3 | 1.2 | 1.2 | 9.7 | 4.9 | 2.2 | 2.6 | 7.0 | 2.1 | 3.0 | 1.1 |
| National defense | 4.4 | 4.0 | 3.6 | 9.1 | 1.3 | 2.4 | 6.9 | 9.3 | 1.1 | 1.3 | 1.5 | 7.8 | 5.6 | 2.8 | 2.7 | 6.6 | 1.4 | 3.5 | 1.1 |
| Nondefense | 3.0 | 4.6 | 3.8 | 12.0 | -8 | -1.4 | .5 | 11.0 | 1.6 | 1.0 | .7 | 13.7 | 3.6 | 1.2 | 2.5 | 7.9 | 3.6 | 2.1 | 1.0 |
| State and local | 3.7 | 3.4 | 5.5 | 2.7 | 4.2 | 3.4 | 3.0 | 8.4 | -7 | 3.2 | 1.6 | 4.2 | 5.0 | 3.7 | 4.9 | 4.9 | 4.7 | 9.0 | 8.4 |
| Addenda: | | | | | | | | | | | | | | | | | | | |
| Final sales of domestic product | 2.0 | 2.6 | 2.8 | 1.7 | 1.5 | 1.6 | 2.3 | 3.1 | 1.1 | 1.8 | 1.9 | 3.6 | 3.8 | 1.4 | 2.7 | 3.1 | 2.6 | 3.3 | 3.4 |
| Gross domestic purchases | 2.2 | 2.9 | 3.2 | 1.5 | 2.5 | 1.7 | 2.2 | 4.1 | .4 | 2.0 | 1.7 | 4.2 | 4.1 | 2.0 | 3.2 | 2.9 | 3.3 | 4.2 | 3.6 |
| Final sales to domestic purchasers | 2.2 | 2.9 | 3.2 | 1.5 | 2.5 | 1.7 | 2.2 | 4.1 | .4 | 2.0 | 1.7 | 4.2 | 4.1 | 2.0 | 3.2 | 2.9 | 3.3 | 4.3 | 3.6 |
| Gross national product (GNP) | 2.0 | 2.6 | ..... | 1.7 | 1.5 | 1.6 | 2.2 | 3.1 | 1.1 | 1.8 | 1.9 | 3.6 | 3.8 | 1.5 | 2.7 | 3.1 | 2.6 | 3.3 | ..... |
| Implicit price deflators: | | | | | | | | | | | | | | | | | | | |
| GDP | 2.0 | 2.6 | 2.8 | 1.5 | 1.4 | 1.5 | 2.2 | 3.1 | 1.1 | 1.9 | 1.8 | 3.7 | 3.9 | 1.3 | 2.7 | 3.0 | 2.6 | 3.3 | 3.3 |
| Gross domestic purchases | 2.2 | 2.9 | 3.2 | 1.3 | 2.4 | 1.6 | 2.2 | 4.1 | .4 | 2.1 | 1.6 | 4.3 | 4.1 | 1.9 | 3.2 | 2.9 | 3.3 | 4.2 | 3.6 |
| GNP | 2.0 | 2.6 | ..... | 1.4 | 1.5 | 1.5 | 2.3 | 3.1 | 1.1 | 1.9 | 1.8 | 3.7 | 3.8 | 1.3 | 2.7 | 3.0 | 2.6 | 3.3 | ..... |

^r Revised.
See "Explanatory Note" at the end of the tables.

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted | | | | |
|---|----------------|----------------|-------------------|---------------------|----------------|----------------|----------------|----------------|
| | | | | 2004 | 2005 | | | |
| | | | | | IV | I | II | III | IV^{r} |
| Gross domestic product | 105.130 | 109.562 | 113.422 | 111.003 | 112.044 | 112.959 | 114.112 | 114.573 |
| Personal consumption expenditures | 108.416 | 112.601 | 116.602 | 114.236 | 115.217 | 116.176 | 117.338 | 117.676 |
| Durable goods | 119.134 | 126.245 | 131.867 | 129.166 | 129.999 | 132.499 | 135.492 | 129.477 |
| Nondurable goods | 107.938 | 113.000 | 118.016 | 114.857 | 116.351 | 117.392 | 118.413 | 119.907 |
| Services | 106.493 | 109.725 | 112.947 | 111.027 | 111.789 | 112.440 | 113.353 | 114.206 |
| Gross private domestic investment | 93.195 | 104.286 | 110.540 | 107.398 | 109.645 | 108.615 | 110.023 | 113.877 |
| Fixed investment | 95.297 | 104.534 | 113.024 | 107.880 | 109.722 | 112.252 | 114.443 | 115.677 |
| Nonresidential | 88.063 | 96.314 | 104.679 | 100.246 | 101.633 | 103.806 | 105.935 | 107.343 |
| Structures | 77.621 | 79.314 | 80.935 | 80.554 | 80.145 | 80.680 | 81.123 | 81.791 |
| Equipment and software | 92.154 | 103.126 | 114.434 | 108.201 | 110.376 | 113.274 | 116.170 | 117.917 |
| Residential | 113.989 | 125.714 | 134.660 | 127.772 | 130.695 | 134.100 | 136.484 | 137.360 |
| Change in private inventories | | | | | | | | |
| Exports of goods and services | 94.064 | 101.970 | 109.069 | 104.398 | 106.295 | 109.037 | 109.710 | 111.234 |
| Imports of goods and services | 105.205 | 116.495 | 123.939 | 120.518 | 122.698 | 122.620 | 123.340 | 127.098 |
| Government consumption expenditures and gross investment | 111.009 | 113.398 | 115.428 | 114.008 | 114.537 | 115.248 | 116.063 | 115.863 |
| Federal | 118.839 | 125.038 | 127.945 | 125.704 | 126.446 | 127.188 | 129.491 | 128.656 |
| State and local | 107.042 | 107.487 | 109.070 | 108.069 | 108.489 | 109.183 | 109.246 | 109.362 |
| Addenda: | | | | | | | | |
| Final sales of domestic product | 105.564 | 109.650 | 113.874 | 111.122 | 112.088 | 113.613 | 114.896 | 114.897 |
| Gross domestic purchases | 106.285 | 111.301 | 115.326 | 113.000 | 114.112 | 116.695 | 115.836 | 116.661 |
| Final sales to domestic purchasers | 106.708 | 111.394 | 115.770 | 113.124 | 114.164 | 115.332 | 116.598 | 116.984 |
| Gross national product | 105.370 | 109.637 | | 110.916 | 111.977 | 112.851 | 114.076 | |

^r Revised.

See "Explanatory Note" at the end of the tables.

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted | | | | |
|---|----------------|----------------|-------------------|---------------------|----------------|----------------|----------------|----------------|
| | | | | 2004 | 2005 | | | |
| | | | | | IV | I | II | III | IV^{r} |
| Gross domestic product | 106.310 | 109.102 | 112.165 | 110.111 | 110.950 | 111.655 | 112.567 | 113.488 |
| Personal consumption expenditures (PCE) | 105.520 | 108.246 | 111.299 | 109.326 | 109.936 | 110.832 | 111.846 | 112.583 |
| Durable goods | 92.372 | 90.631 | 90.168 | 90.449 | 90.648 | 90.527 | 89.839 | 89.660 |
| Nondurable goods | 104.151 | 107.634 | 111.595 | 108.982 | 109.327 | 110.854 | 112.985 | 113.215 |
| Services | 109.246 | 112.695 | 116.171 | 113.955 | 114.803 | 115.633 | 116.508 | 117.739 |
| Gross private domestic investment | 103.311 | 106.555 | 109.820 | 107.733 | 108.427 | 109.164 | 110.169 | 111.521 |
| Fixed investment | 103.432 | 106.697 | 109.957 | 107.831 | 108.522 | 109.254 | 110.318 | 111.732 |
| Nonresidential | 99.764 | 101.025 | 103.168 | 101.455 | 102.244 | 102.715 | 103.358 | 104.355 |
| Structures | 113.889 | 120.124 | 132.278 | 122.827 | 125.876 | 128.886 | 133.914 | 140.435 |
| Equipment and software | 95.133 | 95.022 | 94.658 | 94.854 | 95.067 | 94.910 | 94.491 | 94.162 |
| Residential | 112.379 | 119.935 | 125.604 | 122.574 | 123.062 | 124.359 | 126.335 | 128.659 |
| Change in private inventories | | | | | | | | |
| Exports of goods and services | 101.398 | 104.999 | 108.862 | 106.366 | 107.559 | 108.534 | 109.323 | 110.033 |
| Imports of goods and services | 99.610 | 104.571 | 110.940 | 107.026 | 107.783 | 109.925 | 112.413 | 113.639 |
| Government consumption expenditures and gross investment | 109.460 | 113.505 | 118.929 | 115.148 | 116.747 | 117.820 | 119.751 | 121.399 |
| Federal | 109.740 | 114.354 | 118.537 | 115.575 | 117.550 | 118.168 | 119.056 | 119.373 |
| State and local | 109.303 | 113.022 | 119.186 | 114.914 | 116.291 | 117.635 | 120.186 | 122.630 |
| Addenda: | | | | | | | | |
| PCE excluding food and energy | 105.082 | 107.156 | 109.295 | 107.980 | 108.617 | 109.083 | 109.450 | 110.029 |
| Market-based PCE ¹ | 105.009 | 107.422 | 110.331 | 108.378 | 108.948 | 109.860 | 110.917 | 111.598 |
| Market-based PCE excluding food and energy ¹ | 104.348 | 105.898 | 107.671 | 106.514 | 107.106 | 107.506 | 107.797 | 108.275 |
| Final sales of domestic product | 106.330 | 109.124 | 112.185 | 110.124 | 110.963 | 111.667 | 112.589 | 113.521 |
| Gross domestic purchases | 105.863 | 108.899 | 112.391 | 110.092 | 110.883 | 111.785 | 112.953 | 113.944 |
| Final sales to domestic purchasers | 105.883 | 108.921 | 112.412 | 110.106 | 110.898 | 111.798 | 112.976 | 113.977 |
| Gross national product | 106.304 | 109.094 | | 110.100 | 110.933 | 111.638 | 112.550 | |
| Implicit price deflators: | | | | | | | | |
| Gross domestic product | 106.305 | 109.099 | 112.134 | 110.077 | 110.905 | 111.622 | 112.527 | 113.450 |
| Final sales of domestic product | 106.330 | 109.124 | 112.187 | 110.117 | 110.956 | 111.659 | 112.582 | 113.513 |
| Gross domestic purchases | 105.858 | 108.896 | 112.361 | 110.055 | 110.837 | 111.750 | 112.911 | 113.904 |
| Final sales to domestic purchasers | 105.883 | 108.920 | 112.412 | 110.095 | 110.886 | 111.787 | 112.965 | 113.966 |
| Gross national product | 106.299 | 109.091 | | 110.064 | 110.890 | 111.607 | 112.512 | |

^r Revised.

¹ This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. Percentage changes for these series are included in the addenda to table 8 and appendix table A.

See "Explanatory Note" at the end of the tables.

Table 9.—Relation of Gross Domestic Product, Gross National Product, and National Income

[Billions of dollars]

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted at annual rates | | | | |
|--|-----------------|-----------------|-------------------|-------------------------------------|-----------------|-----------------|-----------------|------------------|
| | | | | 2004 | 2005 | | | |
| | | | | | IV | I | II | III ^r | IV ^{r} |
| Gross domestic product | 10,971.2 | 11,734.3 | 12,485.7 | 11,995.2 | 12,198.8 | 12,378.0 | 12,605.7 | 12,760.4 |
| Plus: Income receipts from the rest of the world | 343.7 | 415.4 | ..... | 462.4 | 462.3 | 489.4 | 520.8 | ..... |
| Less: Income payments to the rest of the world | 275.6 | 361.7 | ..... | 425.6 | 422.9 | 453.9 | 476.6 | ..... |
| Equals: Gross national product | 11,039.3 | 11,788.0 | ..... | 12,032.0 | 12,238.2 | 12,413.5 | 12,650.0 | ..... |
| Less: Consumption of fixed capital | 1,331.3 | 1,435.3 | 1,573.8 | 1,442.0 | 1,448.4 | 1,457.2 | 1,863.8 | 1,526.0 |
| Less: Statistical discrepancy | 47.1 | 76.8 | ..... | 30.6 | 39.4 | 78.3 | 44.3 | ..... |
| Equals: National income | 9,660.9 | 10,275.9 | ..... | 10,559.3 | 10,750.4 | 10,878.0 | 10,741.9 | ..... |
| Compensation of employees | 6,321.1 | 6,687.6 | 7,126.2 | 6,895.8 | 7,001.7 | 7,060.2 | 7,177.6 | 7,265.5 |
| Wage and salary accruals | 5,111.1 | 5,389.4 | 5,723.4 | 5,562.9 | 5,629.9 | 5,672.3 | 5,762.3 | 5,829.2 |
| Supplements to wages and salaries | 1,210.0 | 1,298.1 | 1,402.8 | 1,332.9 | 1,371.8 | 1,387.9 | 1,415.3 | 1,436.3 |
| Proprietors' income with inventory valuation and capital consumption adjustments | 810.2 | 889.6 | 938.7 | 900.9 | 917.9 | 936.6 | 932.4 | 967.7 |
| Rental income of persons with capital consumption adjustment | 131.7 | 134.2 | 73.3 | 128.7 | 118.0 | 104.4 | -11.1 | 82.1 |
| Corporate profits with inventory valuation and capital consumption adjustments | 1,031.8 | 1,161.5 | ..... | 1,219.5 | 1,288.2 | 1,347.5 | 1,293.1 | ..... |
| Net interest and miscellaneous payments | 528.5 | 505.5 | 497.1 | 492.7 | 498.3 | 488.7 | 497.6 | 503.9 |
| Taxes on production and imports less subsidies | 754.8 | 809.4 | 847.9 | 824.4 | 833.2 | 848.0 | 853.4 | 856.8 |
| Business current transfer payments | 81.6 | 91.1 | 79.4 | 102.6 | 99.0 | 99.6 | 21.8 | 97.3 |
| Current surplus of government enterprises | 1.3 | -3.0 | -11.2 | -5.2 | -6.1 | -7.0 | -22.8 | -9.0 |
| Addendum: | | | | | | | | |
| Gross domestic income | 10,924.2 | 11,657.5 | ..... | 11,964.6 | 12,159.4 | 12,299.7 | 12,561.4 | ..... |

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2005.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted at annual rates | | | | |
|--|----------------|----------------|-------------------|-------------------------------------|-----------------|-----------------|-----------------|------------------|
| | | | | 2004 | 2005 | | | |
| | | | | | IV | I | II | III ^r |
| Personal income ¹ | 9,169.1 | 9,713.3 | 10,249.3 | 10,024.8 | 10,073.4 | 10,185.7 | 10,250.4 | 10,487.7 |
| Compensation of employees, received | 6,321.1 | 6,687.6 | 7,126.2 | 6,895.8 | 7,001.7 | 7,060.2 | 7,177.6 | 7,265.5 |
| Wage and salary disbursements | 5,111.1 | 5,389.4 | 5,723.4 | 5,562.9 | 5,629.9 | 5,672.3 | 5,762.3 | 5,829.2 |
| Supplements to wages and salaries | 1,210.0 | 1,298.1 | 1,402.8 | 1,332.9 | 1,371.8 | 1,387.9 | 1,415.3 | 1,436.3 |
| Proprietors' income with inventory valuation and capital consumption adjustments | 810.2 | 889.6 | 938.7 | 900.9 | 917.9 | 936.6 | 932.4 | 967.7 |
| Farm | 27.7 | 35.8 | 20.8 | 24.6 | 24.7 | 19.6 | 18.0 | 21.0 |
| Nonfarm | 782.4 | 853.8 | 917.8 | 876.3 | 893.2 | 917.1 | 914.3 | 946.6 |
| Rental income of persons with capital consumption adjustment | 131.7 | 134.2 | 73.3 | 128.7 | 118.0 | 104.4 | -11.1 | 82.1 |
| Personal income receipts on assets | 1,338.7 | 1,396.5 | 1,456.7 | 1,493.6 | 1,407.9 | 1,439.8 | 1,468.9 | 1,510.3 |
| Personal interest income | 917.6 | 905.9 | 945.0 | 907.4 | 915.4 | 936.0 | 951.2 | 977.5 |
| Personal dividend income | 421.1 | 490.6 | 511.7 | 586.2 | 492.5 | 503.8 | 517.6 | 532.9 |
| Personal current transfer receipts | 1,344.0 | 1,427.5 | 1,525.5 | 1,449.2 | 1,488.8 | 1,509.6 | 1,558.1 | 1,545.6 |
| Less: Contributions for government social insurance | 776.6 | 822.2 | 871.2 | 843.5 | 861.0 | 864.9 | 875.4 | 883.5 |
| Less: Personal current taxes | 999.9 | 1,049.1 | 1,209.8 | 1,094.3 | 1,171.4 | 1,206.0 | 1,220.4 | 1,241.3 |
| Equals: Disposable personal income | 8,169.2 | 8,664.2 | 9,039.5 | 8,930.4 | 8,902.0 | 8,979.7 | 9,030.0 | 9,246.4 |
| Less: Personal outlays | 7,996.3 | 8,512.5 | 9,073.4 | 8,725.0 | 8,854.6 | 9,001.2 | 9,173.9 | 9,263.8 |
| Equals: Personal saving | 172.8 | 151.8 | -33.9 | 205.4 | 47.4 | -21.5 | -143.9 | -17.4 |
| Personal saving as a percentage of disposable personal income | 2.1 | 1.8 | -4 | 2.3 | .5 | -2 | -1.6 | -2 |
| Addendum: | | | | | | | | |
| Disposable personal income, billions of chained (2000) dollars ² | 7,741.8 | 8,004.3 | 8,121.8 | 8,169.2 | 8,098.1 | 8,102.6 | 8,074.2 | 8,213.6 |

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2005.

1. Personal income is also equal to national income less corporate profits with inventory valuation and capital consumption adjustments, taxes on production and imports less subsidies, contributions for government social insurance, net interest and miscellaneous payments, business current transfer payments, current surplus of government enterprises, and wage accruals less disbursements, plus personal income receipts on assets, and personal current transfer receipts.

2. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Appendix Table A.—Real Gross Domestic Product and Related Aggregates and Price Indexes: Percent Change From Preceding Period

| | 2003 | 2004 | 2005 ^r | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|--|------|------|-------------------|-------------------------------------|-------|------|------|-------|------|-------|-------|------|-------|-------|-------|------|-------|------|-----------------|
| | | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 | | | |
| | | | | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV ^r |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) and related aggregates: | | | | | | | | | | | | | | | | | | | |
| GDP | 2.7 | 4.2 | 3.5 | 2.7 | 2.2 | 2.4 | 0.2 | 1.7 | 3.7 | 7.2 | 3.6 | 4.3 | 3.5 | 4.0 | 3.3 | 3.8 | 3.3 | 4.1 | 1.6 |
| Goods | 3.4 | 6.5 | 4.6 | 3.9 | 1.5 | 5.2 | -5.2 | 4.3 | 2.3 | 16.8 | 2.9 | 7.2 | 4.7 | 6.6 | 3.9 | 4.4 | 5.0 | 5.3 | 1.5 |
| Services | 2.2 | 2.7 | 2.7 | 2.5 | 3.4 | 1.7 | 2.9 | .7 | 3.7 | 1.3 | 3.8 | 3.3 | 1.2 | 3.0 | 3.2 | 3.2 | 1.5 | 3.6 | 1.5 |
| Structures | 3.2 | 5.7 | 4.8 | -1 | -2.7 | -3.0 | 3.1 | -9 | 8.2 | 13.6 | 4.1 | .6 | 13.1 | 1.2 | 2.2 | 5.2 | 8.4 | 3.3 | 2.7 |
| Motor vehicle output | 3.8 | 4.6 | 3.4 | 15.5 | 5.7 | 11.6 | .5 | .3 | -2.5 | 22.6 | -3.6 | 14.4 | -7.3 | 3.0 | 8.8 | 4.3 | -3 | 17.6 | -17.1 |
| GDP excluding motor vehicle output | 2.7 | 4.2 | 3.5 | 2.3 | 2.1 | 2.0 | .2 | 1.8 | 3.9 | 6.7 | 3.8 | 3.9 | 3.9 | 4.0 | 3.1 | 3.8 | 3.4 | 3.7 | 2.3 |
| Final sales of computers ¹ | 20.2 | 20.4 | 39.7 | -7.6 | .7 | 29.3 | 15.3 | 7.1 | 14.4 | 78.0 | 11.9 | 10.2 | 10.3 | 13.3 | 56.5 | 54.9 | 45.4 | 20.3 | 47.6 |
| GDP excluding final sales of computers | 2.6 | 4.1 | 3.3 | 2.8 | 2.2 | 2.2 | .1 | 1.7 | 3.6 | 6.8 | 3.5 | 4.2 | 3.4 | 3.9 | 3.0 | 3.5 | 3.0 | 4.0 | 1.3 |
| Farm gross value added ² | 8.4 | 0 | -8.0 | -64.0 | 133.6 | 63.9 | 34.2 | -22.3 | 27.0 | -34.1 | -13.1 | 89.8 | -31.5 | -11.3 | -17.1 | 7.3 | -31.1 | 20.9 | 36.9 |
| Nonfarm business gross value added ³ | 3.3 | 4.8 | 4.2 | 3.5 | 1.4 | 3.1 | .1 | 2.0 | 4.7 | 10.4 | 2.8 | 4.2 | 4.6 | 4.6 | 3.9 | 4.3 | 4.4 | 4.7 | 1.5 |
| Price indexes: | | | | | | | | | | | | | | | | | | | |
| GDP | 2.0 | 2.6 | 2.8 | 1.7 | 1.5 | 1.6 | 2.2 | 3.1 | 1.1 | 1.8 | 1.9 | 3.6 | 3.9 | 1.5 | 2.7 | 3.1 | 2.6 | 3.3 | 3.3 |
| GDP excluding food and energy | 1.8 | 2.5 | 2.7 | 2.1 | 1.8 | 1.6 | 2.0 | 2.6 | .9 | 1.6 | 1.7 | 3.3 | 3.4 | 2.0 | 2.6 | 2.9 | 2.4 | 2.8 | 3.3 |
| GDP excluding final sales of computers | 2.2 | 2.7 | 3.0 | 1.9 | 1.7 | 1.7 | 2.4 | 3.2 | 1.2 | 2.0 | 1.9 | 3.7 | 3.9 | 1.6 | 2.9 | 3.3 | 2.8 | 3.5 | 3.5 |
| Gross domestic purchases | 2.2 | 2.9 | 3.2 | 1.5 | 2.5 | 1.7 | 2.2 | 4.1 | .4 | 2.0 | 1.7 | 4.2 | 4.1 | 2.0 | 3.2 | 2.9 | 3.3 | 4.2 | 3.6 |
| Gross domestic purchases excluding food and energy | 1.8 | 2.4 | 2.5 | 1.8 | 1.7 | 1.6 | 1.8 | 2.5 | 1.0 | 1.7 | 1.8 | 3.4 | 3.2 | 2.0 | 2.4 | 3.0 | 2.1 | 2.5 | 3.0 |
| Gross domestic purchases excluding final sales of computers to domestic purchasers | 2.4 | 3.0 | 3.4 | 1.7 | 2.6 | 1.9 | 2.4 | 4.3 | .5 | 2.2 | 1.8 | 4.3 | 4.3 | 2.2 | 3.4 | 3.1 | 3.5 | 4.5 | 3.8 |
| Personal consumption expenditures (PCE) | 1.9 | 2.6 | 2.8 | .9 | 2.8 | 1.8 | 1.7 | 3.0 | .6 | 2.0 | 1.3 | 3.9 | 3.8 | 1.5 | 3.1 | 2.3 | 3.3 | 3.7 | 2.7 |
| PCE excluding food and energy | 1.3 | 2.0 | 2.0 | 1.3 | 1.8 | 1.9 | 1.2 | 1.1 | 1.0 | 1.5 | 1.4 | 2.7 | 2.5 | 1.5 | 2.3 | 2.4 | 1.7 | 1.4 | 2.1 |
| Market-based PCE ⁴ | 1.9 | 2.3 | 2.7 | .6 | 2.8 | 1.7 | 1.7 | 3.1 | .5 | 1.9 | .9 | 3.4 | 3.7 | 1.1 | 2.8 | 2.1 | 3.4 | 3.9 | 2.5 |
| Market-based PCE excluding food and energy ⁴ | 1.2 | 1.5 | 1.7 | .9 | 1.6 | 1.7 | 1.2 | .8 | 1.0 | 1.4 | .9 | 1.9 | 2.0 | 1.1 | 1.8 | 2.2 | 1.5 | 1.1 | 1.8 |

^r Revised.

1. For some components of final sales of computers, includes computer parts.

2. Farm output less intermediate goods and services purchased.

3. Consists of GDP less gross value added of farm, of households and institutions, and of general government.

4. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions.

See "Explanatory Note" at the end of the tables.

Explanatory Note: NIPA Measures of Quantities and Prices

Current-dollar GDP is a measure of the market value of goods, services, and structures produced in the economy in a particular period. Changes in current-dollar GDP can be decomposed into quantity and price components. Quantities, or “real” measures, and prices are expressed as index numbers with the reference year -- at present, the year 2000 -- equal to 100.

Annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent years. (Quarterly changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent quarters; quarterly indexes are adjusted for consistency to the annual indexes before percent changes are calculated.) For example, the 2003-04 annual percent change in real GDP uses prices for 2003 and 2004 as weights, and the 2003-04 annual percent change in GDP prices uses quantities for 2003 and 2004 as weights. These annual changes are “chained” (multiplied) together to form time series of quantity and price indexes. Percent changes in Fisher indexes are not affected by the choice of reference year. (BEA also publishes a measure of the price level known as the implicit price deflator (IPD), which is calculated as the ratio of the current-dollar value to the corresponding chained-dollar value, multiplied by 100. The values of the IPD are very close to the values of the corresponding “chain-type” price index.)

Index numbers of quantity and price indexes for GDP and its major components are presented in this release in tables 5 and 6. Percent changes from the preceding period are presented in tables 1, 4, 7, and 8. Contributions by major components to changes in real GDP are presented in table 2.

Measures of real GDP and its major components are also presented in dollar-denominated form, designated “chained (2000) dollar estimates.” For most series, these estimates, which are presented in table 3, are computed by multiplying the current-dollar value in 2000 by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 2000 and if real output for this component increased 10 percent in 2001, then the chained (2000) dollar value of this component in 2001 would be \$110 (= \$100 x 110 / 100). Percent changes calculated from chained-dollar estimates and from chain-type quantity indexes are the same; any differences will be small and due to rounding.

Chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP (or to any intermediate aggregate). This is because the relative prices used as weights for any period other than the reference year differ from those of the reference year. A measure of the extent of such differences is provided by a “residual” line, which indicates the difference between GDP (or other major aggregate) and the sum of the most detailed components in the table. For periods close to the reference year, when there usually has not been much change in the relative prices that are used as weights, the residuals tend to be small, and the chained-dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. For periods further from the reference year, the residuals tend to be larger, and the chained-dollar estimates are less useful for analyses of contributions to growth. Thus, the contributions to percent change shown in table 2 provide a better measure of the composition of GDP growth. In particular, for components for which relative prices are changing rapidly, calculation of contributions using chained-dollar estimates may be misleading even just a few years from the reference year.

Reference: “Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes,” November 2003 *Survey*, pp. 8-16.