



NEWS RELEASE



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GROSS DOMESTIC PRODUCT: FIRST QUARTER 2008 (FINAL) CORPORATE PROFITS: FIRST QUARTER 2008 (FINAL)

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 1.0 percent in the first quarter of 2008 (that is, from the fourth quarter to the first quarter), according to final estimates released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 0.6 percent.

The GDP estimates released today are based on more complete source data than were available for the preliminary estimates issued last month. In the preliminary estimates, the increase in real GDP was 0.9 percent (see "Revisions" on page 3).

The increase in real GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, exports of goods and services, and federal government spending that were partly offset by negative contributions from residential fixed investment and PCE for durable goods.

Annual Revision of the National Income and Product Accounts

The annual revision of the national income and product accounts, covering the first quarter of 2005 through the first quarter of 2008, will be released along with the "advance" estimate of GDP for the second quarter of 2008 on July 31. An article describing the revision will appear in the August 2008 issue of the *Survey of Current Business*. For more information, see the Technical Note.

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 are annualized. "Real" estimates are in chained (2000) dollars. Price indexes are chain-type measures.

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The small acceleration in real GDP primarily reflected an upturn in inventory investment that was partly offset by a deceleration in PCE.

Final sales of computers contributed 0.09 percentage point to the first-quarter growth in real GDP after contributing 0.16 percentage point to the fourth-quarter growth. Motor vehicle output subtracted 0.48 percentage point from the first-quarter growth in real GDP after subtracting 0.86 percentage point from the fourth-quarter growth.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.6 percent in the first quarter, 0.1 percentage point more than the preliminary estimate; this index increased 3.7 percent in the fourth quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 2.3 percent in the first quarter, the same as in the fourth. About 0.3 percentage point of the first-quarter increase in the index was accounted for by the pay raise for federal civilian and military personnel, which is treated as an increase in the prices of employee services purchased by the federal government.

Real personal consumption expenditures increased 1.1 percent in the first quarter, compared with an increase of 2.3 percent in the fourth. Real nonresidential fixed investment increased 0.6 percent, compared with an increase of 6.0 percent. Nonresidential structures increased 1.2 percent, compared with an increase of 12.4 percent. Equipment and software increased 0.2 percent, compared with an increase of 3.1 percent. Real residential fixed investment decreased 24.6 percent, compared with a decrease of 25.2 percent.

Real exports of goods and services increased 5.4 percent in the first quarter, compared with an increase of 6.5 percent in the fourth. Real imports of goods and services decreased 0.7 percent, compared with a decrease of 1.4 percent.

Real federal government consumption expenditures and gross investment increased 4.3 percent in the first quarter, compared with an increase of 0.5 percent in the fourth. National defense increased 5.6 percent, in contrast to a decrease of 0.5 percent. Nondefense increased 1.7 percent, compared with an increase of 2.8 percent. Real state and local government consumption expenditures and gross investment increased 0.8 percent, compared with an increase of 2.8 percent.

The real change in private inventories added 0.02 percentage point to the first-quarter change in real GDP, after subtracting 1.79 percentage points from the fourth-quarter change. Private businesses decreased inventories \$19.6 billion in the first quarter, following a decrease of \$18.3 billion in the fourth quarter and an increase of \$30.6 billion in the third.

Real final sales of domestic product -- GDP less change in private inventories -- increased 0.9 percent in the first quarter, compared with an increase of 2.4 percent in the fourth.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 0.2 percent in the first quarter, in contrast to a decrease of 0.4 percent in the fourth.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 0.2 percent in the first quarter, compared with an increase of 1.9 percent in the fourth. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which decreased \$22.7 billion in the first quarter after increasing \$37.6 billion in the fourth; in the first quarter, receipts decreased \$58.5 billion, and payments decreased \$35.8 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 3.7 percent, or \$126.9 billion, in the first quarter to a level of \$14,201.1 billion. In the fourth quarter, current-dollar GDP increased 3.0 percent, or \$103.7 billion.

Revisions

The final estimate of the first-quarter increase in real GDP is 0.1 percentage point, or \$1.7 billion, higher than the preliminary estimate issued last month. The small upward revision to the percent change in real GDP primarily reflected upward revisions to exports, to personal consumption expenditures, and to equipment and software that were largely offset by an upward revision to imports and a downward revision to private nonfarm inventory investment.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	0.6	0.9	1.0
Current-dollar GDP.....	3.2	3.5	3.7
Gross domestic purchases price index...	3.5	3.5	3.6

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) decreased \$5.2 billion in the first quarter, compared with a decrease of \$52.9 billion in the fourth quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$15.1 billion in the first quarter, in contrast to a decrease of \$55.7 billion in the fourth.

Taxes on corporate income decreased \$32.6 billion in the first quarter, compared with a decrease of \$15.0 billion in the fourth. Profits after tax with inventory valuation and capital consumption adjustments increased \$27.3 billion, in contrast to a decrease of \$37.9 billion. Dividends increased \$16.8 billion, compared with an increase of \$21.7 billion; current-production undistributed profits increased \$10.6 billion, in contrast to a decrease of \$59.5 billion.

Domestic profits of financial corporations increased \$14.2 billion in the first quarter, in contrast to a decrease of \$74.4 billion in the fourth. Domestic profits of nonfinancial corporations increased \$3.4 billion, in contrast to a decrease of \$34.3 billion. In the first quarter, real gross corporate value added increased. Profits per unit of real value added were unchanged, reflecting an increase in unit prices and a decrease in unit nonlabor costs that were offset by an increase in unit labor costs.

The rest-of-the-world component of profits decreased \$22.8 billion in the first quarter, in contrast to an increase of \$55.8 billion in the fourth. This measure is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. The first-quarter decrease was accounted for by a much smaller increase in receipts than in payments.

Profits before tax decreased \$144.2 billion in the first quarter, in contrast to an increase of \$0.2 billion in the fourth (see “Provisions of the Economic Stimulus Act of 2008” below). The before-tax measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments. These adjustments convert depreciation of fixed assets and inventory withdrawals reported on a tax-return, historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment increased \$167.7 billion in the first quarter (from -\$241.5 billion to -\$73.8 billion), in contrast to a decrease of \$4.1 billion in the fourth. The inventory valuation adjustment decreased \$28.7 billion (from -\$69.4 billion to -\$98.1 billion), compared with a decrease of \$49.1 billion.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. This measure reflects depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial and nonfinancial corporations decreased. The decrease in nonfinancial corporations reflected decreases in all the aggregate industries shown except information; the largest decrease was in manufacturing. Within manufacturing, all the detailed industries shown decreased except petroleum; the largest decrease was in “other durable goods.”

Provisions of the Economic Stimulus Act of 2008

The Economic Stimulus Act of 2008 provided for a first-year bonus depreciation of 50 percent for qualifying property purchased and put in place in 2008. The law also raised the ceiling for small business expensing under Internal Revenue Code Section 179 from \$128,000 to \$250,000.

Profits from current production are not affected because they do not depend on the depreciation-accounting practices used for federal income tax returns; rather, they are based on depreciation of fixed assets valued at current cost and using consistent depreciation profiles based on used-asset prices. The additional depreciation provided for by the 2008 Act is estimated to have increased tax-based depreciation expenses in the first quarter by \$139.7 billion (annual rate) and reduced profits before tax, which is based on earnings reported on tax returns, by the same amount. The capital consumption adjustment, which is the difference between the depreciation specified in the tax code and the depreciation underlying profits from current production, also increased by the same amount because the Act raised tax depreciation by \$139.7 billion. (First-quarter profits tax liability was reduced by \$37.8 billion, and profits after tax were reduced by \$102.0 billion.)

As with corporate profits from current production, the effects of the provisions of the Act on nonfarm proprietors' income with capital consumption and inventory valuation adjustments (table 10) were offsetting; nonfarm proprietors' income without these adjustments was reduced, and the related capital consumption adjustment was increased by the same amount. The other major national income and product account components and aggregates shown in this release were not affected.

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Next release – July 31, 2008, at 8:30 A.M. EDT for:
Advance estimate of gross domestic product for
the second quarter of 2008 and annual revision
(first quarter 2005 through first quarter 2008).

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

	2005	2006	2007	Seasonally adjusted at annual rates															
				2004			2005				2006				2007				2008
				II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r
Gross domestic product (GDP)	3.1	2.9	2.2	3.5	3.6	2.5	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	0.6	3.8	4.9	0.6	1.0
Personal consumption expenditures	3.2	3.1	2.9	2.4	3.5	4.2	2.4	3.5	4.1	1.2	4.4	2.4	2.8	3.9	3.7	1.4	2.8	2.3	1.1
Durable goods	4.9	3.8	4.7	1.9	7.8	7.0	2.2	11.3	6.2	-13.0	16.6	0.8	5.6	3.9	8.8	1.7	4.5	2.0	-6.0
Nondurable goods	3.6	3.6	2.4	1.5	3.1	4.9	3.5	3.7	2.5	4.7	4.5	2.3	3.2	4.3	3.0	-0.5	2.2	1.2	-0.2
Services	2.7	2.7	2.8	3.0	2.9	3.4	1.9	1.8	4.4	2.6	2.1	2.7	2.0	3.7	3.1	2.3	2.8	2.8	3.1
Gross private domestic investment	5.6	2.7	-4.9	20.7	8.0	6.4	5.3	-3.9	7.0	13.4	4.3	0.6	-4.1	-14.1	-8.2	4.6	5.0	-14.6	-6.9
Fixed investment	6.9	2.4	-2.9	12.9	9.3	7.3	4.0	7.9	8.0	2.3	7.9	-1.9	-4.7	-7.1	-4.4	3.2	-0.7	-4.0	-6.9
Nonresidential	7.1	6.6	4.7	10.7	12.3	10.3	3.3	5.0	8.6	3.4	13.3	4.2	5.1	-1.4	2.1	11.0	9.3	6.0	0.6
Structures.....	0.5	8.4	12.9	6.1	3.6	-0.2	2.1	-1.6	-6.3	4.8	15.0	16.4	10.8	7.4	6.4	26.2	16.4	12.4	1.2
Equipment and software	9.6	5.9	1.3	12.4	15.5	14.3	3.8	7.4	14.5	3.1	13.0	-0.1	2.9	-4.9	0.3	4.7	6.2	3.1	0.2
Residential	6.6	-4.6	-17.0	16.7	4.2	2.4	5.3	13.1	6.9	0.5	-0.7	-11.7	-20.4	-17.2	-16.3	-11.8	-20.5	-25.2	-24.6
Change in private inventories																			
Net exports of goods and services																			
Exports	6.9	8.4	8.1	6.5	3.1	10.0	6.0	9.5	2.1	10.6	11.5	5.7	5.7	14.3	1.1	7.5	19.1	6.5	5.4
Goods	7.5	9.9	7.9	7.2	6.2	7.2	5.8	13.6	1.9	12.6	15.5	6.5	7.4	9.6	0.9	6.6	26.2	3.9	4.4
Services	5.4	4.8	8.5	5.1	-3.4	16.8	6.5	0.9	2.6	6.3	2.9	3.9	2.0	26.0	1.6	9.6	4.0	13.2	7.9
Imports.....	5.9	5.9	1.9	15.2	4.8	13.8	2.1	0.8	2.1	16.2	6.9	0.9	5.4	1.6	3.9	-2.7	4.4	-1.4	-0.7
Goods	6.6	6.0	1.6	16.6	5.5	14.5	3.2	1.0	2.5	17.3	6.5	1.1	6.2	-0.6	4.2	-2.9	4.8	-2.6	-1.9
Services	2.3	5.2	3.5	8.9	1.8	10.5	-3.5	-0.5	0.0	10.3	9.5	-0.1	1.3	14.2	2.3	-1.7	1.7	5.5	6.0
Government consumption expenditures and gross investment	0.7	1.8	2.0	1.3	1.6	-1.8	1.3	1.2	3.2	-1.9	4.9	1.0	0.8	3.5	-0.5	4.1	3.8	2.0	2.1
Federal.....	1.5	2.2	1.7	2.4	6.2	-4.6	2.8	0.7	8.6	-6.2	8.4	-1.6	0.9	7.3	-6.3	6.0	7.1	0.5	4.3
National defense	1.5	1.9	2.8	2.0	10.9	-9.7	4.6	2.6	10.0	-11.7	6.8	2.3	-1.5	16.9	-10.8	8.5	10.1	-0.5	5.6
Nondefense	1.3	2.8	-0.4	3.2	-2.7	6.5	-0.8	-3.0	5.8	5.8	11.9	-8.8	6.0	-10.0	3.8	0.9	1.1	2.8	1.7
State and local.....	0.3	1.6	2.2	0.7	-1.1	-0.1	0.4	1.5	0.0	0.7	2.9	2.5	0.7	1.3	3.0	3.0	1.9	2.8	0.8
Addenda:																			
Final sales of domestic product	3.3	2.8	2.5	2.4	3.8	2.7	2.9	4.8	4.6	-0.5	5.4	2.0	1.0	3.5	1.3	3.6	4.0	2.4	0.9
Gross domestic purchases	3.1	2.8	1.5	4.8	3.8	3.4	2.6	1.9	4.3	2.5	4.5	1.9	1.3	0.8	1.1	2.4	3.3	-0.4	0.2
Final sales to domestic purchasers	3.3	2.7	1.8	3.7	4.0	3.6	2.4	3.7	4.5	0.8	5.0	1.5	1.2	2.1	1.7	2.1	2.5	1.3	0.1
Gross national product (GNP)	3.0	2.8	2.4	2.6	3.9	1.5	3.6	2.7	5.1	0.0	5.2	2.4	0.5	2.6	0.7	4.0	5.8	1.9	0.2
Disposable personal income.....	1.7	3.1	3.1	2.4	2.9	7.5	-3.3	2.5	-1.2	6.6	4.9	0.2	1.7	6.2	5.4	-0.8	4.0	0.9	1.4
Current-dollar measures:																			
GDP	6.4	6.1	4.9	7.4	6.0	5.9	7.1	5.5	8.1	4.8	8.4	6.0	3.4	3.8	4.9	6.6	6.0	3.0	3.7
Final sales of domestic product	6.6	6.1	5.3	6.2	6.1	6.0	6.9	7.5	8.3	3.0	9.0	5.5	3.4	5.2	5.5	6.3	5.1	4.9	3.7
Gross domestic purchases	6.9	6.1	4.2	9.2	6.7	7.2	6.3	5.5	9.1	6.3	7.3	6.2	3.8	0.9	4.9	6.2	5.1	3.3	3.7
Final sales to domestic purchasers.....	7.1	6.1	4.6	8.0	6.8	7.3	6.1	7.4	9.3	4.6	7.9	5.7	3.7	2.1	5.5	6.0	4.3	5.0	3.8
GNP	6.3	6.0	5.2	6.5	6.3	4.8	7.6	5.4	8.7	3.5	8.8	6.0	2.8	4.3	4.9	6.8	6.9	4.3	2.8
Disposable personal income	4.7	5.9	5.7	6.3	4.9	10.8	-1.2	6.0	3.0	9.6	6.7	4.5	4.4	5.2	9.1	3.4	5.9	4.9	5.1

^r Revised
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

	2005	2006	2007	Seasonally adjusted at annual rates															
				2004			2005				2006				2007				2008
				II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r
Gross domestic product (GDP)	3.2	3.2	2.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.4	2.7
Personal consumption expenditures	2.9	2.8	2.5	3.8	2.0	3.0	2.2	3.4	4.3	2.8	1.7	4.3	2.6	-0.9	3.5	4.3	1.8	3.9	3.6
Durable goods	-0.7	-1.3	-1.8	0.3	-2.5	0.2	0.1	-0.4	-2.8	-1.1	-1.0	-0.7	-1.3	-2.7	-1.9	-1.4	-1.8	-1.7	-0.2
Nondurable goods	3.7	3.1	3.0	6.2	1.4	4.7	0.3	5.0	9.5	0.8	0.3	8.6	2.8	-7.9	5.0	10.0	1.1	7.1	6.6
Services	3.4	3.4	3.2	3.4	3.1	2.8	3.6	3.4	3.3	4.6	3.0	3.2	3.2	3.0	3.8	2.6	2.8	3.5	2.9
Gross private domestic investment	4.2	3.5	1.2	4.7	3.9	3.9	5.2	2.8	4.0	5.8	4.0	2.5	1.6	2.2	2.0	-0.4	-0.3	0.8	-1.1
Fixed investment	4.3	3.5	1.1	4.7	3.9	3.9	5.3	2.9	4.2	6.0	3.9	2.4	1.5	2.0	1.9	-0.3	-0.5	0.7	-0.5
Nonresidential	2.9	3.1	1.2	2.4	1.3	2.5	4.5	2.4	1.6	4.6	3.9	2.8	1.9	2.0	1.9	0.0	-0.6	1.1	0.1
Structures	11.7	11.7	3.3	7.6	10.1	12.0	12.8	8.7	13.8	17.6	13.0	10.7	5.6	4.6	4.1	-1.1	0.5	3.2	1.8
Equipment and software	-0.1	0.0	0.4	0.7	-1.7	-0.6	1.8	0.3	-2.5	0.2	0.6	-0.2	0.4	0.8	1.0	0.5	-1.1	0.1	-0.7
Residential	6.7	4.4	0.9	8.8	8.5	6.2	6.6	3.6	8.7	8.5	3.9	1.8	0.8	2.1	2.0	-0.8	-0.3	-0.4	-2.3
Change in private inventories																			
Net exports of goods and services																			
Exports	3.6	3.4	3.5	4.8	1.9	4.2	4.6	3.6	2.5	3.0	2.7	6.0	4.6	-0.8	3.6	5.3	3.8	6.0	8.9
Goods	3.1	3.3	3.6	5.2	1.0	3.6	4.3	3.0	1.3	2.3	3.0	6.3	5.2	0.1	3.5	5.1	3.2	6.3	10.2
Services	4.9	3.7	3.3	3.8	3.8	5.5	5.0	4.9	5.2	4.8	2.2	5.5	3.3	-2.7	3.9	5.8	5.1	5.3	6.0
Imports	6.3	4.0	3.5	7.3	5.3	6.9	2.2	9.7	10.3	4.3	-1.5	10.1	4.7	-9.4	1.0	11.9	7.5	13.2	12.6
Goods	6.5	4.2	3.6	7.9	5.0	7.0	2.0	10.1	10.9	4.9	-1.9	10.4	5.3	-10.1	0.7	13.0	7.7	14.1	13.6
Services	5.6	3.1	2.8	4.7	6.7	6.0	3.5	7.7	7.5	1.3	0.5	8.4	1.4	-5.3	2.3	6.7	6.5	8.6	7.6
Government consumption expenditures and gross investment	5.8	4.9	4.5	5.0	4.8	5.7	7.5	4.6	6.4	5.0	5.1	5.7	3.0	2.1	6.4	5.5	3.2	5.2	6.9
Federal	4.8	3.9	2.9	5.5	2.5	2.6	11.5	2.3	3.4	0.8	9.1	4.0	1.3	0.5	5.3	3.8	1.6	2.5	6.1
National defense	5.3	4.1	2.9	5.6	2.9	3.1	12.2	2.5	3.5	1.3	9.3	4.2	1.6	-0.1	5.0	4.1	1.9	3.0	5.8
Nondefense	4.0	3.5	2.9	5.2	1.4	1.7	10.1	1.8	3.2	-0.2	8.9	3.5	0.7	1.7	5.9	3.3	1.1	1.3	6.6
State and local	6.4	5.4	5.4	4.7	6.2	7.6	5.2	6.1	8.1	7.6	2.7	6.7	4.0	3.1	7.0	6.5	4.2	6.8	7.4
Addenda:																			
Final sales of domestic product	3.2	3.2	2.6	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.3	1.7	4.2	2.7	1.0	2.4	2.8
Gross domestic purchases	3.7	3.3	2.7	4.2	2.8	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	0.1	3.8	3.8	1.8	3.7	3.6
Final sales to domestic purchasers	3.7	3.3	2.7	4.2	2.7	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	0.1	3.8	3.8	1.7	3.7	3.6
Gross national product (GNP)	3.2	3.1	2.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.5	2.7
Implicit price deflators:																			
GDP	3.2	3.2	2.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.4	2.7
Gross domestic purchases	3.6	3.3	2.7	4.2	2.7	3.7	3.6	3.6	4.6	3.7	2.7	4.2	2.5	0.1	3.8	3.8	1.7	3.7	3.5
GNP	3.2	3.2	2.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.4	2.7

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

Table 5. Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2005	2006	2007	Seasonally adjusted				
				2007				2008
				I	II	III	IV	I ^r
Gross domestic product	112.086	115.304	117.825	116.254	117.349	118.763	118.934	119.218
Personal consumption expenditures	115.791	119.359	122.828	121.906	122.331	123.190	123.885	124.238
Durable goods.....	131.748	136.735	143.096	141.680	142.283	143.852	144.572	142.371
Nondurable goods.....	115.828	120.051	122.884	122.563	122.419	123.090	123.466	123.415
Services	112.687	115.696	118.987	117.865	118.527	119.360	120.198	121.127
Gross private domestic investment	107.709	110.607	105.187	104.690	105.875	107.172	103.011	101.191
Fixed investment	109.080	111.657	108.369	108.113	108.956	108.756	107.652	105.739
Nonresidential	99.490	106.062	111.061	107.277	110.109	112.597	114.261	114.418
Structures	79.127	85.770	96.871	90.241	95.639	99.330	102.274	102.590
Equipment and software.....	107.935	114.332	115.842	113.753	115.075	116.821	117.720	117.784
Residential	133.608	127.433	105.795	113.301	109.791	103.665	96.422	89.859
Change in private inventories.....								
Exports of goods and services	109.775	118.957	128.603	123.568	125.833	131.458	133.555	135.336
Imports of goods and services	123.425	130.683	133.181	133.272	132.363	133.780	133.309	133.075
Government consumption expenditures and gross investment	113.050	115.092	117.427	115.865	117.028	118.121	118.693	119.303
Federal.....	125.524	128.255	130.454	127.886	129.756	132.000	132.175	133.588
State and local	106.721	108.418	110.816	109.748	110.564	111.096	111.857	112.082
Addenda:								
Final sales of domestic product	112.360	115.526	118.452	116.916	117.953	119.117	119.822	120.102
Gross domestic purchases	113.894	117.071	118.844	117.871	118.560	119.535	119.409	119.457
Final sales to domestic purchasers.....	114.166	117.292	119.450	118.515	119.146	119.878	120.263	120.306
Gross national product.....	112.265	115.363	118.179	116.344	117.493	119.163	119.716	119.769

^r Revised

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

Table 6. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2005	2006	2007	Seasonally adjusted				
				2007				2008
				I	II	III	IV	I ^r
Gross domestic product	113.005	116.568	119.668	118.750	119.527	119.837	120.560	121.363
Personal consumption expenditures (PCE)	111.588	114.675	117.591	116.129	117.345	117.873	119.019	120.079
Durable goods.....	90.018	88.857	87.276	87.799	87.488	87.091	86.726	86.681
Nondurable goods.....	111.561	114.989	118.398	115.620	118.413	118.751	120.810	122.751
Services	116.726	120.725	124.556	123.252	124.055	124.921	125.996	126.892
Gross private domestic investment	111.155	115.090	116.458	116.532	116.426	116.325	116.549	116.224
Fixed investment	111.404	115.352	116.637	116.718	116.636	116.498	116.696	116.542
Nonresidential	103.778	106.961	108.293	108.301	108.293	108.140	108.440	108.470
Structures	135.013	150.806	155.709	155.637	155.199	155.392	156.609	157.319
Equipment and software.....	94.527	94.485	94.857	94.892	95.002	94.751	94.783	94.613
Residential	128.653	134.288	135.450	135.736	135.459	135.367	135.238	134.470
Change in private inventories.....								
Exports of goods and services	108.803	112.537	116.510	114.433	115.912	116.992	118.704	121.271
Imports of goods and services	111.117	115.610	119.613	115.114	118.408	120.572	124.360	128.110
Government consumption expenditures and gross investment	121.435	127.334	133.042	130.765	132.527	133.588	135.286	137.573
Federal.....	120.914	125.622	129.256	127.886	129.098	129.622	130.416	132.356
State and local	121.758	128.370	135.316	132.499	134.586	135.969	138.209	140.706
Addenda:								
PCE excluding food and energy.....	109.670	112.130	114.483	113.730	114.116	114.682	115.403	116.053
Market-based PCE ¹	110.307	113.168	115.945	114.472	115.784	116.186	117.339	118.433
Market-based PCE excluding food and energy ¹	107.667	109.717	111.783	111.161	111.498	111.917	112.557	113.166
Final sales of domestic product	113.040	116.603	119.692	118.773	119.555	119.860	120.579	121.406
Gross domestic purchases	113.225	116.920	120.068	118.702	119.809	120.330	121.432	122.497
Final sales to domestic purchasers.....	113.261	116.956	120.093	118.727	119.838	120.355	121.452	122.540
Gross national product.....	112.999	116.558	119.659	118.740	119.518	119.824	120.552	121.351
Implicit price deflators:								
Gross domestic product	113.000	116.567	119.664	118.745	119.519	119.826	120.542	121.339
Final sales of domestic product.....	113.040	116.603	119.694	118.770	119.551	119.857	120.576	121.403
Gross domestic purchases.....	113.221	116.919	120.065	118.700	119.804	120.321	121.417	122.476
Final sales to domestic purchasers.....	113.261	116.956	120.097	118.725	119.837	120.354	121.451	122.539
Gross national product.....	112.994	116.558	119.656	118.736	119.512	119.814	120.535	121.328

^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]

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007				2008
				I	II	III	IV	I ^r
Gross domestic product	12,433.9	13,194.7	13,841.3	13,551.9	13,768.8	13,970.5	14,074.2	14,201.1
Plus: Income receipts from the rest of the world.....	544.1	691.4	817.5	752.2	814.2	855.6	848.1	784.1
Less: Income payments to the rest of the world	475.6	633.4	721.8	689.0	743.5	754.4	700.2	663.3
Equals: Gross national product	12,502.4	13,252.7	13,937.1	13,615.1	13,839.4	14,071.6	14,222.1	14,321.9
Less: Consumption of fixed capital	1,609.5	1,615.2	1,686.6	1,670.9	1,683.4	1,690.9	1,701.1	1,710.8
Less: Statistical discrepancy.....	5.4	-18.1	22.4	-66.3	-40.8	84.8	112.0	129.8
Equals: National income	10,887.6	11,655.6	12,228.0	12,010.5	12,196.8	12,296.0	12,408.9	12,481.3
Compensation of employees.....	7,029.6	7,448.3	7,881.1	7,764.9	7,826.9	7,907.7	8,025.0	8,110.7
Wage and salary accruals.....	5,672.9	6,025.7	6,388.6	6,294.4	6,343.9	6,407.7	6,508.4	6,570.2
Supplements to wages and salaries	1,356.8	1,422.6	1,492.5	1,470.5	1,483.0	1,500.0	1,516.6	1,540.5
Proprietors' income with inventory valuation and capital consumption adjustments	969.9	1,006.7	1,042.6	1,027.4	1,038.4	1,048.7	1,055.9	1,055.9
Rental income of persons with capital consumption adjustment	42.9	54.5	65.4	53.2	62.1	68.4	77.8	80.9
Corporate profits with inventory valuation and capital consumption adjustments.....	1,372.8	1,553.7	1,595.2	1,547.7	1,642.4	1,621.9	1,569.0	1,563.8
Net interest and miscellaneous payments	558.0	598.5	602.6	599.6	592.4	599.3	619.0	601.6
Taxes on production and imports less subsidies.....	863.1	917.6	961.4	943.8	956.8	967.8	977.3	981.9
Business current transfer payments.....	66.5	90.2	94.2	91.8	92.8	94.4	97.9	100.9
Current surplus of government enterprises	-15.1	-13.9	-14.5	-17.8	-15.0	-12.2	-13.1	-14.4
Addendum:								
Gross domestic income	12,428.6	13,212.8	13,818.9	13,618.2	13,809.5	13,885.7	13,962.1	14,071.2

r Revised

Table 10. Personal Income and Its Disposition

[Billions of dollars]

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007				2008
				I	II	III	IV	I ^r
Personal income ¹	10,301.1	10,983.4	11,665.6	11,469.2	11,577.3	11,735.0	11,880.9	12,012.1
Compensation of employees, received	7,024.6	7,440.8	7,858.6	7,764.9	7,801.9	7,882.7	7,985.0	8,100.7
Wage and salary disbursements.....	5,667.9	6,018.2	6,366.1	6,294.4	6,318.9	6,382.7	6,468.4	6,560.2
Supplements to wages and salaries	1,356.8	1,422.6	1,492.5	1,470.5	1,483.0	1,500.0	1,516.6	1,540.5
Proprietors' income with inventory valuation and capital consumption adjustments	969.9	1,006.7	1,042.6	1,027.4	1,038.4	1,048.7	1,055.9	1,055.9
Farm	30.8	19.4	36.2	29.1	33.1	38.6	43.8	37.3
Nonfarm	939.1	987.4	1,006.4	998.3	1,005.3	1,010.0	1,012.1	1,018.5
Rental income of persons with capital consumption adjustment	42.9	54.5	65.4	53.2	62.1	68.4	77.8	80.9
Personal income receipts on assets	1,617.8	1,796.5	1,947.2	1,882.9	1,930.0	1,976.2	1,999.8	2,004.4
Personal interest income.....	1,018.9	1,100.2	1,154.7	1,126.1	1,148.4	1,171.1	1,173.2	1,161.1
Personal dividend income	598.9	696.3	792.5	756.8	781.6	805.0	826.6	843.3
Personal current transfer receipts	1,520.7	1,612.5	1,731.7	1,710.7	1,717.1	1,742.3	1,756.5	1,786.2
Less: Contributions for government social insurance	874.8	927.6	979.9	969.8	972.2	983.2	994.1	1,015.9
Less: Personal current taxes	1,209.1	1,354.3	1,483.7	1,454.7	1,477.6	1,489.8	1,512.7	1,514.8
Equals: Disposable personal income	9,092.0	9,629.1	10,181.9	10,014.5	10,099.7	10,245.2	10,368.2	10,497.4
Less: Personal outlays.....	9,047.4	9,590.3	10,134.1	9,917.5	10,069.2	10,200.9	10,348.9	10,453.6
Equals: Personal saving	44.6	38.8	47.8	97.0	30.5	44.4	19.3	43.8
Personal saving as a percentage of disposable personal income	0.5	0.4	0.5	1.0	0.3	0.4	0.2	0.4
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	8,147.9	8,396.9	8,658.6	8,623.9	8,607.1	8,692.1	8,711.7	8,742.4

r Revised

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.

Table 13. Gross Value Added of Nonfinancial Domestic Corporate Business

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007				2008
				I	II	III	IV	I ^r
Billions of dollars								
Gross value added of nonfinancial corporate business.....	6,319.4	6,689.4	6,949.1	6,865.0	6,938.0	6,973.5	7,019.7	7,080.3
Consumption of fixed capital.....	742.3	772.8	800.7	795.7	800.1	802.0	805.2	809.1
Net value added.....	5,577.1	5,916.6	6,148.3	6,069.3	6,138.0	6,171.6	6,214.5	6,271.1
Compensation of employees.....	4,078.5	4,316.7	4,556.2	4,494.1	4,528.3	4,568.5	4,633.8	4,684.2
Wage and salary accruals.....	3,334.8	3,543.8	3,749.0	3,695.5	3,726.5	3,758.5	3,815.5	3,853.4
Supplements to wages and salaries.....	743.6	772.9	807.2	798.6	801.8	810.1	818.3	830.9
Taxes of production and imports less subsidies.....	558.7	584.9	610.5	599.7	607.8	614.2	620.3	623.6
Net operating surplus.....	940.0	1,015.0	981.6	975.6	1,001.8	988.8	960.3	963.3
Net interest and miscellaneous payments.....	132.5	133.2	137.7	136.0	136.2	136.9	141.5	139.8
Business current transfer payments.....	58.3	67.6	59.7	58.5	59.2	60.0	61.1	62.4
Corporate profits with inventory valuation and capital consumption adjustments.....	749.1	814.3	784.3	781.1	806.4	792.0	757.7	761.1
Taxes on corporate income.....	263.4	288.2	311.3	298.6	321.6	310.0	315.1	284.1
Profits after tax with inventory valuation and capital consumption adjustments.....	485.7	526.0	473.0	482.5	484.7	482.0	442.6	477.0
Net dividends.....	199.2	448.6	490.2	483.7	491.1	478.0	508.0	470.1
Undistributed profits with inventory valuation and capital consumption adjustments.....	286.5	77.4	-17.2	-1.2	-6.4	4.0	-65.4	6.9
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)....	937.8	1,043.2	1,040.6	1,024.9	1,070.5	1,024.5	1,042.8	925.7
Profits after tax (without inventory valuation and capital consumption adjustments).....	674.4	755.0	729.3	726.3	748.8	714.5	727.7	641.6
Inventory valuation adjustment.....	-36.2	-36.3	-46.2	-40.2	-54.7	-20.3	-69.4	-98.1
Capital consumption adjustment.....	-152.5	-192.7	-210.2	-203.6	-209.4	-212.1	-215.6	-66.5
Billions of chained (2000) dollars								
Gross value added of nonfinancial corporate business¹.....	5,836.9	6,011.3	6,145.2	6,075.5	6,119.2	6,174.9	6,211.3	6,256.5
Consumption of fixed capital ²	682.4	686.9	706.7	701.7	705.1	708.5	711.7	714.6
Net value added ³	5,154.5	5,324.5	5,438.5	5,373.8	5,414.1	5,466.4	5,499.6	5,541.9
Dollars; quarters seasonally adjusted								
Price, costs, and profits per unit of real gross value added of nonfinancial corporate business:								
Price per unit of real gross value added of nonfinancial corporate business⁴.....	1.083	1.113	1.131	1.130	1.134	1.129	1.130	1.132
Compensation of employees (unit labor cost).....	0.699	0.718	0.741	0.740	0.740	0.740	0.746	0.749
Unit nonlabor cost.....	0.256	0.260	0.261	0.261	0.262	0.261	0.263	0.261
Consumption of fixed capital.....	0.127	0.129	0.130	0.131	0.131	0.130	0.130	0.129
Taxes on production and imports less subsidies plus business current transfer payments.....	0.106	0.109	0.109	0.108	0.109	0.109	0.110	0.110
Net interest and miscellaneous payments.....	0.023	0.022	0.022	0.022	0.022	0.022	0.023	0.022
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production).....	0.128	0.135	0.128	0.129	0.132	0.128	0.122	0.122
Taxes on corporate income.....	0.045	0.048	0.051	0.049	0.053	0.050	0.051	0.045
Profits after tax with inventory valuation and capital consumption adjustments.....	0.083	0.088	0.077	0.079	0.079	0.078	0.071	0.076

^r Revised

1. The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net value added of nonfinancial corporate business is the difference between the gross value added and the consumption of fixed capital.

4. The deflator for gross value added of nonfinancial corporate business divided by 100.

NOTE: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

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

	2005	2006	2007	Seasonally adjusted at annual rates																
				2004			2005				2006				2007				2008	
				II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	
Gross domestic product (GDP) and related aggregates:																				
GDP	3.1	2.9	2.2	3.5	3.6	2.5	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	0.6	3.8	4.9	0.6	1.0	
Goods	4.3	5.0	3.3	3.4	6.6	3.7	4.2	3.9	5.8	1.5	9.6	4.6	3.4	1.1	0.2	5.4	11.7	-1.6	0.9	
Services	2.3	2.3	2.9	2.2	2.4	2.4	2.3	1.4	4.4	1.0	2.4	2.0	2.0	4.4	2.1	3.1	3.1	3.1	3.3	
Structures	3.4	-0.1	-4.7	11.5	1.3	-0.3	4.0	7.3	1.2	1.2	4.3	-1.4	-9.9	-7.0	-6.2	3.0	-4.2	-7.0	-11.9	
Motor vehicle output	4.2	-1.3	-2.1	-6.1	29.0	-9.6	5.4	4.7	30.6	-30.5	17.0	-10.9	15.1	-21.6	6.2	1.0	13.1	-26.0	-16.7	
GDP excluding motor vehicle output	3.0	3.0	2.3	3.8	2.8	3.0	3.0	2.7	3.6	2.5	4.4	2.9	0.6	2.9	0.4	3.9	4.7	1.5	1.5	
Final sales of computers ¹	35.1	19.4	20.3	-6.6	19.8	50.1	39.5	51.7	21.8	34.2	7.3	20.7	5.1	27.0	-1.3	35.7	49.8	26.6	14.0	
GDP excluding final sales of computers	2.9	2.8	2.1	3.6	3.5	2.3	2.8	2.5	4.3	1.0	4.8	2.3	1.0	1.9	0.6	3.6	4.6	0.4	0.9	
Farm gross value added ²	5.9	0.6	-0.3	-30.8	18.9	40.8	-10.9	14.0	-3.0	6.0	-8.9	17.5	-12.4	0.8	-12.5	14.8	9.6	-3.3	-8.0	
Nonfarm business gross value added ³	3.6	3.2	2.3	5.0	3.8	2.6	3.9	3.2	5.6	0.9	5.7	2.4	0.8	2.6	0.3	4.2	5.6	0.2	0.8	
Price indexes:																				
GDP	3.2	3.2	2.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.4	2.7	
GDP excluding food and energy	3.2	3.1	2.4	3.4	2.8	3.1	4.1	2.6	2.9	3.5	3.4	3.2	2.6	2.4	3.3	1.6	1.7	2.1	2.1	
GDP excluding final sales of computers	3.4	3.3	2.8	3.8	2.4	3.4	4.1	2.7	3.6	3.7	3.5	3.6	2.5	1.8	4.3	2.8	1.2	2.6	2.8	
Gross domestic purchases	3.7	3.3	2.7	4.2	2.8	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	0.1	3.8	3.8	1.8	3.7	3.6	
Gross domestic purchases excluding food and energy	3.1	2.9	2.4	3.4	2.6	2.8	4.0	2.6	2.7	3.2	3.2	3.2	2.5	2.3	3.1	1.5	1.9	2.3	2.3	
Gross domestic purchases excluding final sales of computers to domestic purchasers	3.9	3.5	2.8	4.3	2.9	3.9	3.8	3.7	4.8	3.9	2.9	4.5	2.7	0.2	3.9	4.0	1.9	3.9	3.7	
Personal consumption expenditures (PCE)	2.9	2.8	2.5	3.8	2.0	3.0	2.2	3.4	4.3	2.8	1.7	4.3	2.6	-0.9	3.5	4.3	1.8	3.9	3.6	
PCE excluding food and energy	2.2	2.2	2.1	2.7	1.7	2.1	2.6	2.1	1.7	2.4	2.0	2.9	2.3	1.9	2.4	1.4	2.0	2.5	2.3	
Market-based PCE ⁴	2.7	2.6	2.5	3.4	1.5	2.9	1.9	3.1	4.3	2.6	1.5	4.3	2.4	-1.6	3.6	4.7	1.4	4.0	3.8	
Market-based PCE excluding food and energy ⁴	1.7	1.9	1.9	1.9	1.1	1.8	2.3	1.5	1.2	1.9	1.8	2.6	2.1	1.6	2.4	1.2	1.5	2.3	2.2	

^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 2005-06 annual percent change in real GDP uses prices for 2005 and 2006 as weights, and the 2005-06 annual percent change in GDP prices uses quantities for 2005 and 2006 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, 8, and Appendix Table A. 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.