

GDP GROWTH MODERATES IN FIRST QUARTER

“Advance” Estimate of GDP

Real gross domestic product (GDP) increased 3.2 percent in the first quarter of 2010 after increasing 5.6 percent in the fourth quarter, according to estimates released today by the Bureau of Economic Analysis.



GDP highlights

The slower growth of GDP mainly reflected a slowdown in inventory investment. While businesses built up inventories after seven straight quarters of drawdowns, the change in inventories compared with the previous quarter was smaller, resulting in a smaller contribution to GDP. In addition, exports decelerated, residential housing turned down, and business investment in equipment and software slowed.

The contributions to the deceleration in GDP growth were partly offset by a strong pickup in consumer spending, especially for durable goods and services.

Prices

Prices of goods and services purchased by U.S. residents slowed in the first quarter, rising 1.7 percent after rising 2.0 percent in the fourth quarter. Excluding food and energy, prices rose 1.1 percent after rising 1.5 percent.

Personal income and saving

Current-dollar personal income increased 3.9 percent in the first quarter after increasing 3.1 percent in the fourth quarter. Real disposable personal income—income adjusted for inflation and taxes—was unchanged after increasing 1.0 percent.

The personal saving rate—personal saving as a percent of disposable personal income—was 3.1 percent in the first quarter, compared with 3.9 percent in the fourth quarter.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “second” estimate of GDP and the preliminary estimates of corporate profits for the first quarter of 2010 will be released on May 27, 2010.