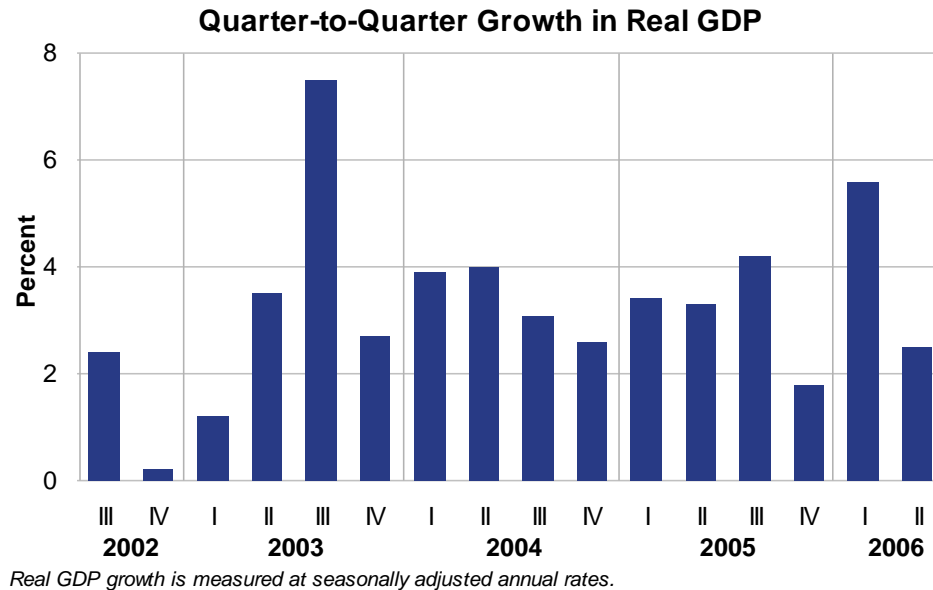


## ECONOMY SLOWS IN THE SECOND QUARTER

*“Advance” Estimates of GDP*

Real gross domestic product (GDP), the most comprehensive measure of economic activity, increased 2.5 percent in the second quarter after increasing 5.6 percent in the first quarter, according to estimates released today by the Bureau of Economic Analysis.



The deceleration in real GDP growth primarily reflected the following:

- Consumer spending decelerated, increasing 2.5 percent after increasing 4.8 percent. The slowdown in consumer spending accounted for more than half of the slowdown in real GDP growth.
- Business investment in equipment and software turned down, decreasing 1.0 percent, following a 15.6-percent increase.
- Exports decelerated, increasing 3.3 percent after increasing 14.0 percent.

Inflation, as measured by prices for domestic purchases, increased 4.0 percent in the second quarter after increasing 2.7 percent. Excluding food and energy, prices increased 2.9 percent, following a 3.0-percent increase.

Real disposable personal income increased 1.0 percent, following an increase of 1.7 percent.

### Annual Revision

Today, BEA released revised GDP estimates for the first quarter of 2003 through the first quarter of 2006. This annual revision had a small effect on the overall picture of economic growth. For 2002–2005, real GDP is now estimated to have grown at an average annual rate of 3.2 percent, 0.3 percentage point less than previously estimated. Inflation was revised up slightly. And the quarterly pattern of growth was little changed.

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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](http://www.bea.gov). [E-mail](#) alerts are also available.

NOTE: The “preliminary” estimate of GDP and corporate profits for the second quarter of 2006 will be released on August 30, 2006.