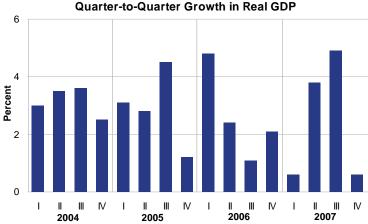# GROWTH DECELERATES IN THE FOURTH QUARTER
"Preliminary" Estimate of GDP

The economy grew at an annual rate of 0.6 percent in the fourth quarter, compared with 4.9 percent in the third, according to the "preliminary" estimate released by the Bureau of Economic Analysis. The "preliminary" estimate of real GDP growth was unrevised from the "advance" estimate.

Gross Domestic Product (GDP)
The deceleration in GDP growth reflected a downturn in inventory investment, slowdowns in exports, consumer spending, and federal government spending. In contrast, imports turned down.

Quarter-to-Quarter Growth in Real GDP

Real GDP growth is measured at seasonally adjusted annual rates.

Prices
The price index for gross domestic purchases increased 3.9 percent, 0.1 percentage point more than in the advance estimate. In the third quarter, prices increased 1.8 percent.

In the fourth quarter, energy prices turned up, while food prices decelerated. Excluding food and energy, prices increased 2.5 percent in the fourth quarter following an increase of 1.9 percent in the third quarter.

Real Disposable Personal Income (DPI)
Real DPI decreased 0.3 percent in the fourth quarter, a downward revision of 0.6 percentage point from the advance estimate. In the third quarter, real DPI increased 4.0 percent (revised).

Revisions
Overall real GDP growth was unrevised. Revisions to components of GDP offset each another. Inventory investment declined more than in the advance estimate. Imports decreased; in the advance estimate, imports had increased.

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: Additional information that becomes available in the coming weeks will be incorporated in a "final" estimate of fourth-quarter GDP on March 27, 2008. An estimate of corporate profits will also be released.

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