

**EMBARGOED UNTIL RELEASE AT 8:30 A.M. EST, MONDAY, DECEMBER 11, 2006**

Technical: Paul Kern (202) 606-9596  
Media: Ralph Stewart (202) 606-2649

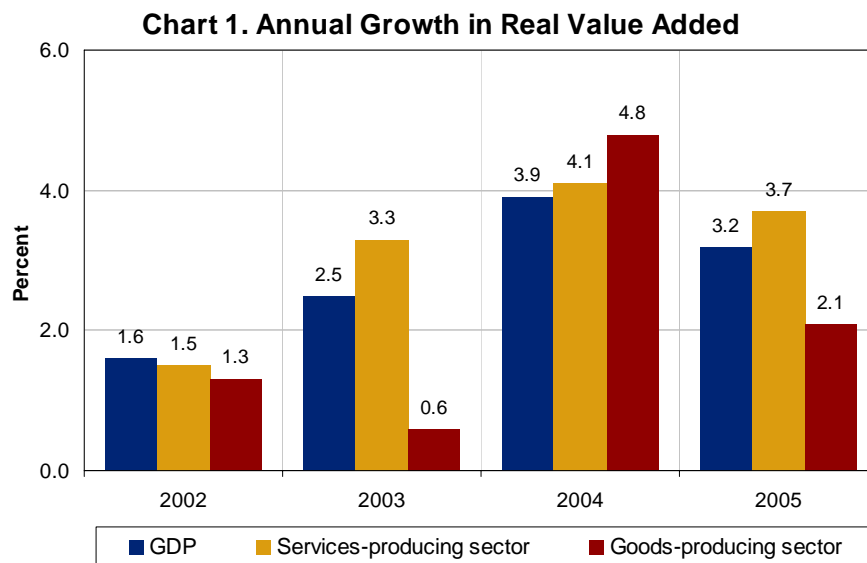
BEA 06-53

**2005 Growth Led by Services-Producing Sector**  
*Revised Estimates of Gross Domestic Product (GDP) by Industry, 2003-2005*

Newly-available data on the industry distribution of real GDP growth, released today by the U.S. Bureau of Economic Analysis, shows that growth in the services-producing sector (3.7 percent) led the overall growth of the U.S. economy (3.2 percent) in 2005.

The strong growth within the services-producing sector is composed of increases in the information (9.0 percent); professional, scientific, and technical services (6.8 percent); and retail trade (5.0 percent) industry groups. These three industry groups accounted for nearly one-half of the services-producing sector’s contribution to real GDP growth in 2005.

The information-communication-technology-producing industry group (ICT) continues to be an engine of GDP growth, experiencing double-digit growth for the second straight year in 2005. The main drivers of growth in both the private services-producing and private goods-producing sectors were ICT industries—information, professional, scientific and technical services, and durable-goods manufacturing (computers). Although this industry group accounts for less than 4 percent of current-dollar GDP, ICT-producing industries accounted for 15.3 percent of real GDP growth.



Source: U.S. Bureau of Economic Analysis

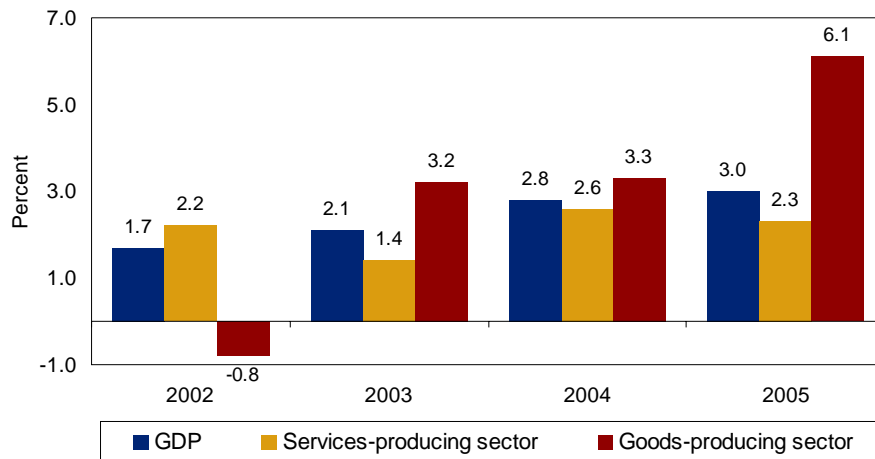
The revised estimates, which incorporate more accurate and detailed information on the industry composition of GDP growth, show that the goods-producing sector's growth slowed in 2005, following strong growth in 2004. Real growth in the goods-producing sector accounted for about one-seventh of the 3.2 percent real GDP growth in 2005, compared to almost one-fourth in 2004. The largest growth was seen in durable-goods manufacturing (4.9 percent) and construction (3.9 percent) in 2005.

In 2005, price growth accelerated in the private good-producing sector, while prices in the private services-producing sector showed a slight deceleration.

The private goods-producing sector showed significant price growth of 6.1 percent in 2005, nearly double its 3.3 percent growth in 2004. This strong growth was led by large petroleum-related price increases in the mining and manufacturing industry groups. Although the mining industry group accounts for less than 2 percent of current-dollar GDP, it contributed nearly one-fifth to overall GDP price growth. Manufacturing, which restrained GDP price growth in 2003 and 2004, accounted for over one-tenth of GDP price growth in 2005.

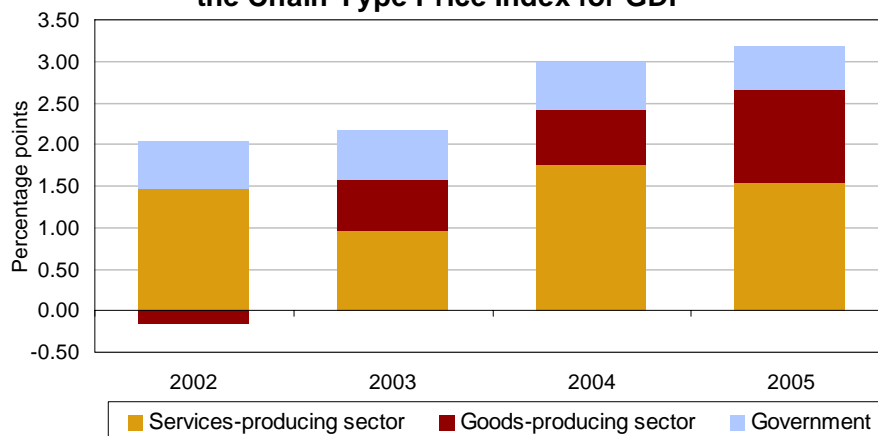
Price growth in the services-producing sector slowed to a rate of 2.3 percent in 2005. The information industry group (-3.7 percent) and transportation industry group (0.4 percent) both contributed to the smaller increase.

**Chart 2. Annual Percent Changes in Chain-type Price Indexes for Value Added**



Source: U.S. Bureau of Economic Analysis

**Chart 3. Sector Contributions to Annual Growth in the Chain-Type Price Index for GDP\***



Source: U.S. Bureau of Economic Analysis

Other highlights of the revised estimates include:

- The value added price indexes of ICT-producing industry group continued to decrease (-4.3 percent) in 2005, largely due to price declines in the computer and electronic products manufacturing industry (-12.9 percent).
- Construction was the only private goods-producing industry with stronger growth (3.9 percent) in 2005. Nondurable-goods manufacturing turned down to -1.3 percent in 2005 after a 4.9 percent increase in 2004.
- Four of the 10 major industry groups within the services-producing sector show stronger growth in 2005, led by professional and business services.

### Revisions

The revised 2005 estimates were prepared using the full integrated industry accounts methodology; the previously-published 2005 estimates were based on an abbreviated methodology. In addition, the revised estimates for 2003-2005 incorporate revised and newly-available source data, including BEA estimates of final demand and industry returns to labor and capital from the 2006 annual revision of the national income and product accounts (NIPAs), as well as revised price data from the U.S. Bureau of Labor Statistics, and revised annual survey data from the U.S. Census.

---

\* Percentage-point contributions do not sum to the percent change in gross domestic product because the contribution of “not allocated by industry” is excluded.

Revisions to growth in real value added include:

- In 2005, as shown in Table A, the largest revision to percent change—across major industry sectors—was to the information-communication-technology-producing industries (ICT), revised up 1.4 percentage points. Revisions to 2005 are available only at the major-sector level.
- In 2004, the largest revision to percent change in real value added was to the private goods-producing sector. This sector was revised up 1.0 percentage point, reflecting large upward revisions to petroleum and coal products and chemical products.
- Additionally in 2004, the private services-producing sector was revised down 0.8 percentage points. This revision was broad-based across industries. Among the largest revisions, real growth was revised down in the administrative and support services industry group and in the amusements, gambling, and recreational industries group.

**Table A. Revisions to Percent Change in Real Value Added by Industry Group**

	2003			2004			2005		
	Previously Published	Revised	Revision	Previously Published	Revised	Revision	Previously Published	Revised	Revision
<b>Gross domestic product.....</b>	<b>2.7</b>	<b>2.5</b>	<b>-0.2</b>	<b>4.2</b>	<b>3.9</b>	<b>-0.3</b>	<b>3.5</b>	<b>3.2</b>	<b>-0.3</b>
Private goods-producing industries .....	1.2	0.6	-0.6	3.9	4.8	1.0	2.6	2.1	-0.6
Private services-producing industries .....	3.2	3.3	0.0	4.9	4.1	-0.8	4.1	3.7	-0.4
Government.....	1.3	1.3	0.0	1.0	0.5	-0.5	1.1	0.7	-0.5
Information-communications-technology-producing industries <sup>1</sup>	6.7	7.2	0.5	12.9	13.7	0.8	11.9	13.3	1.4

<sup>1</sup> Includes one private goods-producing industry and three private services-producing industries.

Source: U.S. Bureau of Economic Analysis

BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

NOTE: For more information on these estimates, see "Annual Industry Accounts: Revised Estimates for 2003-2005" in the December 2006 issue of the *Survey of Current Business*, forthcoming.

\* \* \*

Advance estimates of gross domestic product (GDP) by industry for 2006 will be released on April 24, 2007 at 8:30 A.M. EDT.

**Table 1. Percent Changes in Real Value Added by Industry Group**

	2002	2003	2004	2005
<b>Gross domestic product</b> .....	<b>1.6</b>	<b>2.5</b>	<b>3.9</b>	<b>3.2</b>
<b>Private industries</b> .....	<b>1.4</b>	<b>2.7</b>	<b>4.2</b>	<b>3.3</b>
Agriculture, forestry, fishing, and hunting.....	5.5	7.5	6.1	0.1
Mining.....	-6.3	-0.9	0.9	-2.6
Utilities.....	4.3	6.9	2.4	1.2
Construction.....	-2.0	-2.0	1.5	3.9
Manufacturing.....	2.8	1.1	6.5	2.2
Durable goods.....	1.7	2.6	7.7	4.9
Nondurable goods.....	4.2	-0.8	4.9	-1.3
Wholesale trade.....	1.0	2.1	1.1	1.5
Retail trade.....	2.2	3.9	2.5	5.0
Transportation and warehousing.....	2.2	2.0	5.2	4.0
Information.....	2.1	3.0	11.4	9.0
Finance, insurance, real estate, rental, and leasing.....	0.9	2.4	4.3	3.0
Finance and insurance.....	2.2	3.5	2.1	2.2
Real estate and rental and leasing.....	0.1	1.7	5.7	3.4
Professional and business services.....	-0.2	4.4	5.2	5.6
Professional, scientific, and technical services.....	-1.5	4.0	7.8	6.8
Management of companies and enterprises.....	3.0	2.8	2.7	1.4
Administrative and waste management services.....	1.2	6.4	0.8	5.3
Educational services, health care, and social assistance.....	4.2	4.4	3.3	3.5
Educational services.....	2.6	3.5	2.3	1.9
Health care and social assistance.....	4.4	4.5	3.4	3.7
Arts, entertainment, recreation, accommodation, and food services.....	1.7	3.1	3.0	1.4
Arts, entertainment, and recreation.....	3.5	1.9	0.5	-0.4
Accommodation and food services.....	1.1	3.5	4.0	2.0
Other services, except government.....	0.3	2.0	-0.5	-0.7
<b>Government</b> .....	<b>1.7</b>	<b>1.3</b>	<b>0.5</b>	<b>0.7</b>
Federal.....	2.0	2.4	0.9	-0.2
State and local.....	1.5	0.8	0.3	1.1
<b>Addenda:</b>				
Private goods-producing industries <sup>1</sup> .....	1.3	0.6	4.8	2.1
Private services-producing industries <sup>2</sup> .....	1.5	3.3	4.1	3.7
Information-communications-technology-producing industries <sup>3</sup> .....	2.0	7.2	13.7	13.3

<sup>1</sup>. Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

<sup>2</sup>. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

<sup>3</sup>. Consists of computer and electronic products within durable-goods manufacturing; publishing industries (includes software) and information and data processing services within information; and computer systems design and related services within professional, scientific, and technical services.

Source: U.S. Bureau of Economic Analysis

**Table 2. Contributions to Annual Percent Changes in Real Gross Domestic Product by Industry Group**

	2002	2003	2004	2005
<b>Gross domestic product.....</b>	<b>1.6</b>	<b>2.5</b>	<b>3.9</b>	<b>3.2</b>
<b>Private industries.....</b>	<b>1.25</b>	<b>2.31</b>	<b>3.69</b>	<b>2.91</b>
Agriculture, forestry, fishing, and hunting.....	0.05	0.07	0.07	0.00
Mining.....	-0.07	-0.01	0.01	-0.04
Utilities.....	0.08	0.13	0.05	0.02
Construction.....	-0.09	-0.10	0.07	0.19
Manufacturing.....	0.36	0.15	0.79	0.27
Durable goods.....	0.13	0.19	0.53	0.34
Nondurable goods.....	0.23	-0.04	0.26	-0.07
Wholesale trade.....	0.06	0.13	0.07	0.09
Retail trade.....	0.15	0.27	0.17	0.33
Transportation and warehousing.....	0.07	0.06	0.15	0.11
Information.....	0.10	0.13	0.49	0.39
Finance, insurance, real estate, rental, and leasing.....	0.19	0.49	0.87	0.60
Finance and insurance.....	0.17	0.28	0.17	0.17
Real estate and rental and leasing.....	0.01	0.21	0.71	0.43
Professional and business services.....	-0.02	0.50	0.59	0.64
Professional, scientific, and technical services.....	-0.10	0.26	0.52	0.46
Management of companies and enterprises.....	0.05	0.05	0.05	0.03
Administrative and waste management services.....	0.03	0.18	0.02	0.15
Educational services, health care, and social assistance.....	0.31	0.34	0.26	0.27
Educational services.....	0.02	0.03	0.02	0.02
Health care and social assistance.....	0.29	0.31	0.23	0.25
Arts, entertainment, recreation, accommodation, and food services.....	0.06	0.11	0.11	0.05
Arts, entertainment, and recreation.....	0.03	0.02	0.00	0.00
Accommodation and food services.....	0.03	0.09	0.11	0.05
Other services, except government.....	0.01	0.05	-0.01	-0.02
<b>Government.....</b>	<b>0.21</b>	<b>0.17</b>	<b>0.07</b>	<b>0.08</b>
Federal.....	0.08	0.10	0.04	-0.01
State and local.....	0.13	0.07	0.03	0.09
<b>Addenda:</b>				
Private goods-producing industries <sup>1</sup> .....	0.25	0.11	0.94	0.41
Private services-producing industries <sup>2</sup> .....	1.00	2.20	2.75	2.49
Information-communications-technology-producing industries <sup>3</sup> .....	0.08	0.28	0.50	0.49

<sup>1</sup> Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

<sup>2</sup> Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

<sup>3</sup> Consists of computer and electronic products within durable-goods manufacturing; publishing industries (includes software) and information and data processing services within information; and computer systems design and related services within professional, scientific, and technical services.

NOTE. Percentage-point contributions do not sum to the percent change in gross domestic product because the contribution of "not allocated by industry" is excluded.

Source: U.S. Bureau of Economic Analysis