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GROSS DOMESTIC PRODUCT: THIRD QUARTER 2004 (ADVANCE)

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 3.7 percent in the third quarter of 2004, according to advance estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 3.3 percent.

The Bureau emphasized that the third-quarter "advance" estimates are based on source data that are incomplete or subject to further revision by the source agency (see the box on page 3). The third-quarter "preliminary" estimates, based on more comprehensive data, will be released on November 30, 2004.

The major contributors to the increase in real GDP in the third quarter were personal consumption expenditures (PCE), equipment and software, exports, government spending, and residential fixed investment. The contributions of these components were partly offset by a negative contribution from private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The acceleration in real GDP growth in the third quarter primarily reflected an acceleration in PCE and a deceleration in imports that were partly offset by a downturn in private inventory investment and a deceleration in residential fixed investment.

Final sales of computers contributed 0.06 percentage point to the third-quarter change in real GDP after contributing less than 0.0 percentage point to the second-quarter change. Motor vehicle output contributed 0.33 percentage point to the third-quarter change in real GDP after subtracting 0.58 percentage point from the second-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.8 percent in the third quarter, compared with an increase of 3.5 percent in the second. Excluding food and energy prices, the price index for gross domestic purchases increased 1.5 percent in the third quarter, compared with an increase of 2.5 percent in the second.

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

This news release is available on BEA's Web site at <www.bea.gov/bea/rels.htm>.

Real personal consumption expenditures increased 4.6 percent in the third quarter, compared with an increase of 1.6 percent in the second. Durable goods purchases increased 16.8 percent, in contrast to a decrease of 0.3 percent. Nondurable goods increased 3.9 percent, compared with an increase of 0.1 percent. Services expenditures increased 2.7 percent, the same as in the second quarter.

Real nonresidential fixed investment increased 11.7 percent in the third quarter, compared with an increase of 12.5 percent in the second. Nonresidential structures increased 1.4 percent, compared with an increase of 6.9 percent. Equipment and software increased 14.9 percent, compared with an increase of 14.2 percent. Real residential fixed investment increased 3.1 percent, compared with an increase of 16.5 percent.

Real exports of goods and services increased 5.1 percent in the third quarter, compared with an increase of 7.3 percent in the second. Real imports of goods and services increased 7.7 percent, compared with an increase of 12.6 percent.

Real federal government consumption expenditures and gross investment increased 4.6 percent in the third quarter, compared with an increase of 2.7 percent in the second. National defense increased 9.3 percent, compared with an increase of 1.9 percent. Nondefense decreased 4.7 percent, in contrast to an increase of 4.4 percent. Real state and local government consumption expenditures and gross investment decreased 0.5 percent, in contrast to an increase of 1.9 percent.

The real change in private inventories subtracted 0.48 percentage point from the third-quarter change in real GDP, after adding 0.78 percentage point to the second-quarter change. Private businesses increased inventories \$48.1 billion in the third quarter, following increases of \$61.1 billion in the second quarter and \$40.0 billion in the first.

Real final sales of domestic product -- GDP less change in private inventories -- increased 4.2 percent in the third quarter, compared with an increase of 2.5 percent in the second.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 4.1 percent in the third quarter, compared with an increase of 4.2 percent in the second.

Disposition of personal income

Current-dollar personal income increased \$71.4 billion (3.0 percent) in the third quarter, compared with an increase of \$138.4 billion (6.0 percent) in the second. Personal current taxes increased \$18.4 billion, compared with an increase of \$22.4 billion.

Disposable personal income increased \$53.0 billion in the third quarter, compared with an increase of \$116.0 billion in the second. Real disposable personal income increased 1.4 percent, compared with an increase of 2.4 percent.

Personal outlays increased \$123.8 billion (6.0 percent) in the third quarter, compared with an increase of \$97.1 billion (4.7 percent) in the second. Personal saving -- disposable personal income less personal outlays -- was \$35.0 billion in the third quarter, compared with \$105.7 billion in the second. The personal saving rate -- saving as a percentage of disposable personal income -- decreased from 1.2 percent in the second quarter to 0.4 percent in the third.

Current-dollar GDP

Current-dollar GDP – the market value of the nation's output of goods and services -- increased 5.1 percent, or \$146.0 billion, in the third quarter to a level of \$11,803.5 billion. In the second quarter, current-dollar GDP increased 6.6 percent, or \$184.9 billion.

Information on the assumptions used for unavailable source data is provided in a technical note that is posted with the news release on BEA's Web site. Within a few days after the release, a detailed "Key Source Data and Assumptions" file is posted on the Web site. In the middle of each month, an analysis of the current quarterly estimates of GDP and related series is made available on the Web site; click on [Survey of Current Business](#), "Business Situation."

BEA's major national, international, regional, and industry estimates; the Survey of Current Business; and BEA news releases are available without charge on BEA's Web site:

<www.bea.gov>

Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202)	606-5306	Gross domestic product
(202)	606-5303	Personal income and outlays
(202)	606-5362	U.S. international transactions

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

Beginning with the GDP release on November 30, 2004, supplemental information on personal consumption expenditures (PCE) prices will be added to several tables. In tables 6 and 8, "market-based PCE," "market-based PCE excluding food and energy," and "PCE excluding food and energy" will be shown as addenda items. The two market-based price indexes will also be added to appendix table A. For several months, BEA has made the market-based indexes available at the time of the GDP news release. For more information on the market-based measures, see the discussion under FAQs on BEA's Web site: <<http://www.bea.gov/bea/faq/national/markbsdPCE.htm>>.

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Next release -- November 30, 2004, at 8:30 A.M. EST for:
Gross Domestic Product: Third Quarter 2004 (Preliminary)
Corporate Profits: Third Quarter 2004

Comparisons of Revisions to GDP

Quarterly estimates of GDP are released on the following schedule: “Advance” estimates, based on source data that are incomplete or subject to further revision by the source agency, are released near the end of the first month after the end of the quarter; as more detailed and more comprehensive data become available, “preliminary” and “final” estimates are released near the end of the second and third months, respectively. The “latest” estimates reflect the results of both annual and comprehensive revisions.

Annual revisions are usually carried out each summer and cover the quarters of the most recent calendar year and of the 2 preceding years. Comprehensive (or benchmark) revisions are carried out at about 5-year intervals and incorporate definitional and classificational changes that update the accounts to portray more accurately the evolving U.S. economy and statistical changes that update the accounts to reflect the introduction of new and improved methodologies and the incorporation of newly available and revised source data.

The table below shows comparisons of the revisions between quarterly percent changes of GDP for the different vintages of the estimates. These comparisons can be used to assess the likely size of future revisions. For example, two-thirds of the revisions between the quarterly change in the advance estimate of real GDP and that in the final estimate were within a range of -0.6 to +0.9 percentage point. Thus, based on past history, the third-quarter change in real GDP now estimated at 3.7 percent at an annual rate, is not likely to be revised below 3.1 percent or above 4.6 percent in the next two releases.

Revisions Between Quarterly Percent Changes of GDP: Vintage Comparisons [Annual rates]

Vintages compared	Average without regard to sign	Range	
		Two-thirds of revisions	Nine-tenths of revisions
<u>Current-dollar GDP</u>			
Advance to preliminary.....	0.6	-0.5 to 0.8	-0.9 to 1.4
Advance to final.....	.7	- .6 to 1.0	-1.0 to 1.6
Preliminary to final.....	.3	- .3 to .4	- .6 to .7
Advance to latest.....	1.3	-1.0 to 1.8	-1.9 to 3.4
Preliminary to latest.....	1.2	- .9 to 1.7	-1.9 to 2.6
Final to latest.....	1.3	-1.0 to 1.9	-2.2 to 2.6
<u>Real GDP</u>			
Advance to preliminary.....	0.5	-0.5 to 0.7	-0.9 to 1.2
Advance to final.....	.6	- .6 to .9	-1.0 to 1.3
Preliminary to final.....	.3	- .3 to .4	- .5 to .6
Advance to latest.....	1.5	-1.1 to 2.1	-2.5 to 3.3
Preliminary to latest.....	1.4	-1.1 to 1.9	-2.0 to 2.9
Final to latest.....	1.5	-1.2 to 2.1	-2.6 to 3.1

NOTE.--These comparisons are based on the period from 1978 through 2003 for the first three comparisons in each group and on the period from 1978 through 2001 for the last three comparisons in each group.

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

	2001	2002	2003	Seasonally adjusted at annual rates																
				2000	2001				2002				2003				2004			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Gross domestic product (GDP)	0.8	1.9	3.0	2.1	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3	3.7	
Personal consumption expenditures	2.5	3.1	3.3	3.4	1.7	1.0	1.8	7.0	1.8	2.8	2.9	2.5	2.7	3.9	5.0	3.6	4.1	1.6	4.6	
Durable goods	4.3	6.5	7.4	.7	6.7	-3	3.1	37.4	-8.5	4.4	14.0	-2.4	-1	20.6	16.5	3.9	2.2	-3	16.8	
Nondurable goods	2.0	2.6	3.7	3.7	.5	-1	2.4	4.9	3.8	.8	-6	5.3	5.0	1.6	6.9	5.1	6.7	.1	3.9	
Services	2.4	2.6	2.2	3.9	1.1	1.8	1.2	2.3	3.3	3.5	2.4	2.2	2.1	1.8	1.9	2.8	3.3	2.7	2.7	
Gross private domestic investment	-7.9	-2.4	4.4	-2.3	-13.6	-7.6	-10.5	-22.7	16.8	.3	4.1	-5	-8	3.5	22.4	13.9	12.3	19.0	5.2	
Fixed investment	-3.0	-4.9	5.1	.7	-2.6	-8.7	-4.5	-10.6	-4.3	-3.5	.2	-8	2.4	10.9	18.0	10.5	4.5	13.9	8.5	
Nonresidential	-4.2	-8.9	3.3	.9	-4.2	-13.6	-6.8	-13.3	-9.7	-9.6	-1.1	-3.2	-1	11.8	15.7	11.0	4.2	12.5	11.7	
Structures	-2.3	-17.8	-5.6	1.2	-8.3	-4.0	6.0	-33.2	-18.5	-22.6	-16.0	-6.6	-13.0	14.5	-1.3	7.9	-7.6	6.9	1.4	
Equipment and software	-4.9	-5.5	6.4	.8	-2.8	-16.9	-11.4	-4.2	-6.3	-4.5	4.6	-2.0	4.5	11.0	21.7	12.0	8.0	14.2	14.9	
Residential .....	.4	4.8	8.8	.4	2.2	5.6	1.8	-3.7	9.3	11.3	2.8	4.2	7.5	9.1	22.4	9.6	5.0	16.5	3.1
Change in private inventories																				
Net exports of goods and services																				
Exports	-5.4	-2.3	1.9	-2.7	-5.3	-12.7	-18.2	-10.8	4.7	11.0	3.1	-4.2	-1.5	-1.6	11.3	17.5	7.3	7.3	5.1	
Goods	-6.1	-4.1	2.2	-5.4	-5.4	-17.1	-20.0	-8.8	-1.9	14.0	2.9	-10.2	4.0	-8	10.1	16.1	9.1	6.0	7.8	
Services	-3.7	1.8	1.4	4.4	-5.0	-7	-13.7	-15.3	21.7	4.5	3.5	10.5	-12.7	-3.4	14.1	20.6	3.4	10.2	-8	
Imports	-2.7	3.4	4.4	-1.6	-3.7	-12.6	-10.3	-3.4	12.5	11.4	5.4	9.6	-2.0	2.5	2.8	17.1	10.6	12.6	7.7	
Goods	-3.2	3.7	4.7	-1.6	-3.4	-16.9	-8.6	-2.0	10.1	15.3	5.9	8.2	-1.8	5.1	0	18.4	12.7	13.0	7.5	
Services	-3	1.9	3.1	-1.9	-5.0	12.8	-18.3	-10.4	24.7	-5.8	2.8	16.6	-2.6	-9.4	17.9	11.1	1.2	10.6	8.8	
Government consumption expenditures and gross investment	3.4	4.4	2.8	1.3	5.3	7.9	-1.5	8.5	4.7	4.4	2.1	4.0	.2	7.2	.1	1.6	2.5	2.2	1.4	
Federal	3.9	7.5	6.6	-1.0	8.1	9.1	0	8.8	8.2	12.8	2.9	9.1	.3	22.1	-3.3	4.8	7.1	2.7	4.6	
National defense	3.9	7.7	9.0	1.7	7.0	4.3	2.4	12.5	5.8	11.5	3.4	13.5	-2.7	38.4	-7.7	11.6	10.6	1.9	9.3	
Nondefense	3.9	7.1	2.4	-5.7	10.1	18.0	-3.9	2.3	12.6	15.0	1.9	1.6	6.2	-3.9	5.8	-7.5	.2	4.4	-4.7	
State and local	3.2	2.8	.7	2.5	4.0	7.2	-2.3	8.4	2.9	.3	1.7	1.4	.1	-4	2.2	-1	0	1.9	-5	
Addenda:																				
Final sales of domestic product	1.6	1.4	3.1	2.6	1.6	1.0	-4	3.8	.3	1.8	2.0	.7	2.4	5.2	6.8	3.7	3.3	2.5	4.2	
Gross domestic purchases .....	.9	2.5	3.3	2.1	-4	.7	-8	2.2	4.4	2.8	2.9	2.4	1.7	4.4	6.4	4.7	5.0	4.2	4.1
Final sales to domestic purchasers	1.8	2.1	3.4	2.6	1.5	.5	.2	4.3	1.4	2.2	2.4	2.3	2.2	5.4	5.9	4.2	3.9	3.5	4.6	
Gross national product (GNP) .....	.8	1.7	3.3	3.0	-1.1	1.5	-2.5	3.9	1.4	2.1	3.0	1.4	1.7	4.4	7.6	5.5	3.9	1.9	.....
Disposable personal income	1.9	3.1	2.3	.6	1.3	-1.7	11.5	-5.6	10.8	2.7	-1.7	.2	1.8	4.3	8.2	1.4	2.4	2.4	1.4	
Current-dollar measures:																				
GDP	3.2	3.5	4.9	3.8	2.8	4.4	.2	3.6	4.5	4.2	3.9	2.7	4.9	5.3	8.8	5.7	7.4	6.6	5.1	
Final sales of domestic product	4.1	3.1	5.1	4.5	4.9	4.2	1.2	5.5	1.7	3.3	3.7	2.7	5.3	6.3	8.4	5.4	6.1	5.8	5.5	
Gross domestic purchases	2.9	4.0	5.4	3.7	2.2	3.0	.2	3.1	5.3	5.6	4.4	4.3	5.7	4.8	8.1	5.9	8.6	7.9	6.1	
Final sales to domestic purchasers	3.8	3.6	5.5	4.4	4.3	2.8	1.2	4.9	2.6	4.7	4.2	4.3	6.0	5.8	7.7	5.7	7.4	7.1	6.5	
GNP	3.2	3.4	5.2	4.7	2.1	4.6	-8	6.0	2.4	3.9	4.3	3.4	4.6	5.6	9.0	7.0	6.8	5.2	.....
Disposable personal income	4.1	4.6	4.2	2.4	4.6	.8	12.1	-5.0	11.8	5.7	.2	1.5	5.1	5.0	9.9	2.6	5.8	5.6	2.5	

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

	2001	2002	2003	Seasonally adjusted at annual rates																
				2000	2001				2002				2003				2004			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Gross domestic product (GDP)	2.4	1.7	1.8	1.8	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2	1.3	
Personal consumption expenditures	2.1	1.4	1.9	1.8	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1	1.1	
Durable goods	-1.9	-2.7	-3.4	-1.0	-1.4	-3.1	-2.8	-1.6	-3.8	-2.5	-2.1	-2.8	-3.7	-3.8	-4.4	-4.3	0	-1	-3.1	
Nondurable goods	1.5	.6	2.0	1.4	1.4	3.5	-9	-4.0	0	5.4	1.3	1.2	5.1	-2.2	3.5	.5	5.3	6.6	.9	
Services	3.3	2.7	3.0	2.6	5.3	3.4	2.0	3.3	2.3	2.8	3.2	2.4	3.8	3.1	2.0	2.7	3.0	2.1	2.1	
Gross private domestic investment	1.0	.2	1.1	.8	0	1.5	2.1	.2	-1.0	-1	-5	2.6	1.4	-1	1.2	2.7	2.1	4.4	3.1	
Fixed investment	1.0	.2	1.2	.9	-3	1.8	2.2	.1	-1.1	-1	-4	2.7	1.9	-3	1.2	2.8	2.0	4.3	3.1	
Nonresidential	-.3	-.8	-.4	0	-2.3	.6	.3	-1.0	-1.3	-1.1	-1.3	.6	-.5	-1.3	.3	1.2	.3	1.7	1.0	
Structures	5.4	2.4	2.1	5.0	6.0	6.5	6.6	2.1	0	2.1	1.6	3.0	3.9	0	1.3	1.4	4.8	7.6	9.8	
Equipment and software	-2.3	-1.9	-1.2	-1.7	-5.1	-1.5	-2.0	-2.2	-1.7	-2.2	-2.2	-1	-1.9	-1.7	0	1.2	-1.1	.1	-1.4	
Residential	4.6	2.5	4.4	3.4	5.5	5.0	6.9	2.8	-8	2.1	1.6	7.1	6.8	1.7	3.1	5.8	5.4	9.1	6.9	
Change in private inventories																				
Net exports of goods and services																				
Exports	-.4	-.4	2.1	.4	.1	-1.3	-2.0	-3.5	-1.2	3.0	3.0	4	4.1	1.0	.8	3.2	5.7	4.6	2.0	
Goods	-.7	-.7	2.0	.4	-.1	-1.6	-2.6	-3.8	-1.4	2.2	3.3	5	3.5	1.6	-.6	4.2	6.4	5.3	1.6	
Services .....	.4	.4	2.4	.6	.6	-.7	-.6	-2.8	-.6	4.8	2.4	3	5.4	-.6	4.0	.9	4.0	3.2	3.1
Imports	-2.5	-1.2	3.4	.7	-3.0	-5.9	-5.3	-10.0	-1.9	10.5	3.4	5	11.3	-4.3	2.6	.9	9.6	6.4	5.5	
Goods	-3.0	-1.8	2.9	.8	-3.8	-6.6	-6.5	-11.3	-2.0	10.8	2.6	4	12.0	-6.7	2.4	.4	9.9	7.8	5.6	
Services .....	.1	1.7	5.9	.3	1.5	-2.2	1.2	-3.3	-1.2	8.8	7.7	.9	7.9	8.4	3.6	3.5	8.3	-.5	5.4
Government consumption expenditures and gross investment	2.5	2.7	3.2	2.7	3.1	1.8	1.6	1.1	4.2	3.1	2.7	3.3	7.4	-.5	2.2	1.0	5.1	4.3	3.3	
Federal	1.9	3.3	3.6	1.6	1.9	1.1	2.2	1.8	7.4	1.4	1.8	5.1	8.5	.3	1.1	1.0	6.6	3.0	1.6	
National defense	2.0	3.4	4.2	.9	3.5	.7	2.5	.8	7.1	1.6	2.9	7.7	8.6	-.3	1.1	1.3	5.7	3.5	1.8	
Nondefense	1.7	3.1	2.6	2.7	-1.0	1.8	1.6	3.4	8.0	1.1	-2	.5	8.2	1.4	1.0	.3	8.3	1.9	1.2	
State and local	2.9	2.4	3.0	3.2	3.8	2.1	1.3	.8	2.5	4.0	3.2	2.4	6.8	-1.0	2.9	1.0	4.2	5.2	4.3	
Addenda:																				
Final sales of domestic product	2.4	1.7	1.8	1.8	3.3	3.2	1.6	1.7	1.3	1.5	1.7	2.0	2.8	1.1	1.4	1.6	2.7	3.2	1.3	
Gross domestic purchases	2.0	1.5	2.0	1.8	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5	1.8	
Final sales to domestic purchasers	2.0	1.5	2.0	1.8	2.7	2.3	1.0	.6	1.1	2.5	1.8	1.9	3.8	.3	1.7	1.4	3.4	3.5	1.8	
Gross national product (GNP)	2.4	1.6	1.8	1.8	3.3	3.1	1.6	1.7	1.3	1.5	1.7	2.0	2.7	1.1	1.5	1.6	2.8	3.2	.....
Implicit price deflators:																				
GDP	2.4	1.7	1.8	1.6	3.3	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2	1.3	
Gross domestic purchases	2.0	1.5	2.0	1.6	2.7	2.2	1.1	.9	.8	2.8	1.4	1.9	3.9	.4	1.6	1.2	3.4	3.5	1.9	
GNP	2.4	1.6	1.8	1.6	3.2	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2	.....

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

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2001	2002	2003	Seasonally adjusted				
				2003		2004		
				III	IV	I	II	III
Gross domestic product	100.751	102.626	105.749	106.681	107.780	108.969	109.858	110.863
Personal consumption expenditures	102.537	105.698	109.143	109.828	110.794	111.925	112.360	113.644
Durable goods	104.327	111.150	119.378	122.733	123.902	124.572	124.482	129.416
Nondurable goods	102.027	104.630	108.481	109.145	110.517	112.331	112.367	113.457
Services	102.403	105.085	107.418	107.613	108.346	109.237	109.955	110.680
Gross private domestic investment	92.103	89.928	93.852	95.616	98.771	101.672	106.191	107.539
Fixed investment	97.047	92.253	96.924	98.904	101.412	102.529	105.913	108.103
Nonresidential	95.817	87.302	90.157	91.802	94.235	95.204	98.041	100.781
Structures	97.737	80.346	75.810	75.955	77.406	75.886	77.171	77.443
Equipment and software	95.136	89.947	95.679	97.917	100.735	102.699	106.157	109.908
Residential	100.357	105.178	114.392	117.201	119.916	121.400	126.122	127.084
Change in private inventories								
Exports of goods and services	94.565	92.343	94.116	94.300	98.170	99.924	101.690	102.969
Imports of goods and services	97.291	100.585	105.048	104.522	108.725	111.504	114.862	117.013
Government consumption expenditures and gross investment	103.412	107.918	110.906	111.290	111.738	112.443	113.062	113.449
Federal	103.908	111.725	119.140	119.751	121.154	123.249	124.068	125.461
State and local	103.162	105.999	106.739	107.006	106.968	106.965	107.482	107.359
Addenda:								
Final sales of domestic product	101.644	103.102	106.346	107.309	108.290	109.173	109.854	110.998
Gross domestic purchases	100.918	103.414	106.858	107.668	108.904	110.253	111.393	112.529
Final sales to domestic purchasers	101.781	103.876	107.438	108.279	109.401	110.455	111.396	112.667
Gross national product	100.788	102.494	105.865	106.755	108.192	109.241	109.769	

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

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2001	2002	2003	Seasonally adjusted				
				2003		2004		
				III	IV	I	II	III
Gross domestic product	102.402	104.097	106.003	106.158	106.586	107.314	108.169	108.510
Personal consumption expenditures	102.094	103.548	105.511	105.689	106.005	106.860	107.683	107.980
Durable goods	98.114	95.475	92.244	91.757	90.747	90.741	90.725	90.005
Nondurable goods	101.531	102.097	104.154	104.423	104.564	105.914	107.616	107.866
Services	103.257	106.083	109.237	109.529	110.266	111.085	111.667	112.245
Gross private domestic investment	101.013	101.221	102.304	102.276	102.968	103.514	104.644	105.436
Fixed investment	101.023	101.232	102.435	102.401	103.101	103.618	104.709	105.505
Nonresidential	99.683	98.909	98.546	98.431	98.729	98.793	99.220	99.474
Structures	105.403	107.908	110.176	110.255	110.633	111.926	113.984	116.681
Equipment and software	97.708	95.868	94.754	94.588	94.862	94.611	94.626	94.282
Residential	104.633	107.246	111.951	112.097	113.675	115.179	117.710	119.690
Change in private inventories								
Exports of goods and services	99.624	99.275	101.395	101.355	102.146	103.565	104.746	105.276
Imports of goods and services	97.497	96.326	99.615	99.606	99.837	102.163	103.760	105.164
Government consumption expenditures and gross investment	102.544	105.313	108.702	108.898	109.167	110.522	111.703	112.609
Federal	101.907	105.288	109.081	109.181	109.447	111.203	112.020	112.455
State and local	102.868	105.317	108.485	108.736	109.007	110.131	111.524	112.707
Addenda:								
Final sales of domestic product	102.406	104.100	106.025	106.179	106.608	107.332	108.178	108.518
Gross domestic purchases	101.994	103.489	105.571	105.721	106.086	106.980	107.913	108.395
Final sales to domestic purchasers	101.998	103.491	105.592	105.741	106.107	106.997	107.923	108.404
Gross national product	102.399	104.087	105.997	106.156	106.579	107.308	108.164	
Implicit price deflators:								
Gross domestic product	102.399	104.092	105.998	106.148	106.523	107.246	108.093	108.454
Final sales of domestic product	102.407	104.100	106.025	106.173	106.601	107.325	108.172	108.511
Gross domestic purchases	101.992	103.484	105.566	105.713	106.028	106.916	107.842	108.344
Final sales to domestic purchasers	101.998	103.491	105.592	105.735	106.102	106.992	107.917	108.398
Gross national product	102.396	104.082	105.992	106.146	106.516	107.240	108.087	

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]

	2001	2002	2003	Seasonally adjusted at annual rates				
				2003		2004		
				III	IV	I	II	III
Gross domestic product	10,128.0	10,487.0	11,004.0	11,116.7	11,270.9	11,472.6	11,657.5	11,803.5
Plus: Income receipts from the rest of the world	322.4	301.8	329.0	329.8	371.8	373.8	388.0	.....
Less: Income payments to the rest of the world	278.8	274.7	273.9	278.2	284.6	300.3	351.9	.....
Equals: Gross national product	10,171.6	10,514.1	11,059.2	11,168.3	11,358.1	11,546.1	11,693.6	.....
Less: Consumption of fixed capital	1,281.5	1,303.9	1,353.9	1,360.6	1,374.2	1,355.0	1,375.2	1,511.1
Less: Statistical discrepancy	-89.6	-15.3	25.6	36.6	12.8	63.0	67.0	.....
Equals: National income	8,979.8	9,225.4	9,679.6	9,771.1	9,971.1	10,128.1	10,251.4	.....
Compensation of employees	5,942.1	6,069.5	6,289.0	6,324.7	6,406.7	6,489.4	6,568.0	6,641.9
Wage and salary accruals	4,942.8	4,976.3	5,103.6	5,128.6	5,188.9	5,240.7	5,301.4	5,360.7
Supplements to wages and salaries	999.3	1,093.2	1,185.5	1,196.1	1,217.8	1,248.8	1,266.5	1,281.1
Proprietors' income with inventory valuation and capital consumption adjustments	771.9	769.6	834.1	852.0	864.7	872.1	901.4	903.2
Rental income of persons with capital consumption adjustment	167.4	170.9	153.8	148.8	167.1	172.8	172.6	150.8
Corporate profits with inventory valuation and capital consumption adjustments	767.3	874.6	1,021.1	1,057.1	1,129.1	1,165.6	1,173.9	.....
Net interest and miscellaneous payments	566.3	532.9	543.0	542.8	545.3	554.5	548.5	547.0
Taxes on production and imports less subsidies	673.3	724.4	751.3	757.4	769.4	782.9	796.3	806.5
Business current transfer payments	92.8	80.9	77.7	78.9	80.1	82.7	83.5	78.2
Current surplus of government enterprises	-1.4	2.8	9.5	9.3	8.7	8.1	7.4	6.5
Addendum:								
Gross domestic income	10,217.6	10,502.3	10,978.5	11,080.1	11,258.1	11,409.6	11,590.5	.....

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2001	2002	2003	Seasonally adjusted at annual rates				
				2003		2004		
				III	IV	I	II	III
Personal income ¹	8,724.1	8,878.9	9,161.8	9,209.3	9,330.0	9,445.0	9,583.4	9,654.8
Compensation of employees, received	5,942.1	6,069.5	6,289.0	6,324.7	6,406.7	6,487.9	6,569.4	6,641.9
Wage and salary disbursements	4,942.8	4,976.3	5,103.6	5,128.6	5,188.9	5,239.2	5,302.9	5,360.7
Supplements to wages and salaries	999.3	1,093.2	1,185.5	1,196.1	1,217.8	1,248.8	1,266.5	1,281.1
Proprietors' income with inventory valuation and capital consumption adjustments	771.9	769.6	834.1	852.0	864.7	872.1	901.4	903.2
Farm	19.7	9.7	21.8	24.8	24.7	17.9	18.9	10.7
Nonfarm	752.2	759.9	812.3	827.2	840.0	854.2	882.5	892.5
Rental income of persons with capital consumption adjustment	167.4	170.9	153.8	148.8	167.1	172.8	172.6	150.8
Personal income receipts on assets	1,380.0	1,334.6	1,322.7	1,314.4	1,325.8	1,337.1	1,352.3	1,366.4
Personal interest income	1,011.0	946.7	929.9	922.8	932.0	936.2	941.7	945.0
Personal dividend income	369.0	387.9	392.8	391.6	393.8	400.9	410.6	421.3
Personal current transfer receipts	1,193.9	1,282.7	1,335.4	1,346.2	1,350.7	1,379.0	1,400.4	1,413.9
Less: Contributions for government social insurance	731.1	748.3	773.2	776.7	785.0	803.9	812.8	821.3
Less: Personal current taxes	1,237.3	1,051.2	1,001.9	941.7	1,009.4	1,006.6	1,029.0	1,047.4
Equals: Disposable personal income	7,486.8	7,827.7	8,159.9	8,267.6	8,320.5	8,438.4	8,554.4	8,607.4
Less: Personal outlays	7,354.5	7,668.5	8,049.3	8,107.8	8,209.4	8,351.6	8,448.7	8,572.5
Equals: Personal saving	132.3	159.2	110.6	159.8	111.1	86.8	105.7	35.0
Personal saving as a percentage of disposable personal income	1.8	2.0	1.4	1.9	1.3	1.0	1.2	.4
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,333.3	7,559.5	7,733.8	7,822.9	7,849.6	7,897.0	7,944.3	7,971.6

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.

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

	2001	2002	2003	Seasonally adjusted at annual rates																
				2000	2001				2002				2003				2004			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Gross domestic product (GDP) and related aggregates:																				
GDP	0.8	1.9	3.0	2.1	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3	3.7	
Goods	-1.7	1.2	4.3	.2	-4.5	-1.3	-5.5	2.6	4.1	.9	4.7	-3.2	4.3	4.1	17.7	5.8	8.2	2.5	7.3	
Services	2.4	3.0	2.3	3.6	1.9	1.8	1.7	2.8	3.4	4.2	2.2	3.0	.9	3.6	1.1	3.1	3.0	2.3	2.3	
Structures .....	.4	-2.4	3.0	.4	.4	7.0	-4.3	-8.5	.9	-3.3	-2.4	.9	0	7.3	13.9	5.4	.7	12.7	.5
Motor vehicle output	-4.7	11.6	4.2	-12.6	-18.5	36.3	-5.7	22.0	7.3	10.3	18.4	6.0	-12.4	3.0	26.3	2.9	8.8	-15.2	10.0	
GDP excluding motor vehicle output	1.0	1.5	3.0	2.7	.2	.2	-1.2	.9	3.3	2.1	2.1	.5	2.5	4.1	6.8	4.2	4.3	4.0	3.5	
Final sales of computers ¹	13.8	8.8	41.0	18.6	48.2	-11.2	-19.4	23.7	-3.7	12.2	46.0	30.9	35.1	37.8	93.7	29.0	.1	.1	6.4	
GDP excluding final sales of computers .....	.6	1.8	2.8	1.9	-9	1.4	-1.2	1.4	3.4	2.3	2.3	.5	1.7	3.8	6.8	4.0	4.5	3.3	3.7
Farm gross value added ²	-8.3	6.5	4.0	-18.2	-1.3	-31.0	-20.4	94.2	-39.2	69.9	26.1	-19.5	-13.9	52.3	.5	-30.6	-31.3	-21.3	11.1	
Nonfarm business gross value added ³ .....	.4	1.8	3.8	2.2	-1.1	1.2	-2.9	1.2	4.0	1.7	3.6	1.4	2.4	5.3	9.3	4.6	5.7	4.2	4.1
Price indexes:																				
GDP	2.4	1.7	1.8	1.8	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2	1.3	
GDP excluding food and energy	2.1	2.0	1.6	1.7	2.4	2.3	2.1	2.6	1.7	1.8	1.6	1.7	2.3	.8	1.1	1.5	2.3	2.7	1.6	
GDP excluding final sales of computers	2.7	1.9	2.0	1.9	3.8	3.3	1.8	1.9	1.6	1.7	1.9	2.2	2.9	1.2	1.6	1.7	2.9	3.3	1.4	
Gross domestic purchases	2.0	1.5	2.0	1.8	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5	1.8	
Gross domestic purchases excluding food and energy	1.9	1.8	1.6	1.4	2.3	2.0	1.8	2.3	1.5	1.7	1.6	1.6	2.2	1.0	1.2	1.5	2.5	2.5	1.5	
Gross domestic purchases excluding final sales of computers to domestic purchasers	2.3	1.7	2.2	2.0	3.3	2.6	1.3	.9	1.4	2.6	2.0	2.1	4.0	.5	1.9	1.5	3.6	3.7	2.0	
Personal consumption expenditures	2.1	1.4	1.9	1.8	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1	1.1	
Personal consumption expenditures excluding food and energy	1.9	1.8	1.3	1.5	2.8	2.1	1.4	2.6	1.2	2.0	2.0	.9	1.5	1.1	.9	1.3	2.1	1.7	.7	

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.
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 2002-03 annual percent change in real GDP uses prices for 2002 and 2003 as weights, and the 2002-03 annual percent change in GDP prices uses quantities for 2002 and 2003 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, and 8. 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.