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Virginia H. Mannering: (202) 606-5304 (GDP)
Kenneth A. Petrick: 606-9738 (Profits)
Recorded message: 606-5306

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GROSS DOMESTIC PRODUCT: SECOND QUARTER 2001 (FINAL)
CORPORATE PROFITS: SECOND QUARTER 2001 (REVISED)

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 0.3 percent in the second quarter of 2001, according to revised estimates released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 1.3 percent.

The GDP estimates released today are based on more complete source data than were available for the preliminary estimates issued last month. In the preliminary estimates, the increase in real GDP was 0.2 percent (see "Revisions" on pages 2 and 3).

The major contributors to the increase in real GDP in the second quarter were personal consumption expenditures (PCE), state and local government spending, and residential fixed investment. The contributions of these components were largely offset by decreases in equipment and software, in exports, in nonresidential structures, and in private inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased.

The deceleration in real GDP growth in the second quarter primarily reflected larger decreases in exports and in equipment and software, a downturn in nonresidential structures, and a deceleration in PCE that were partly offset by a smaller decrease in private inventory investment. Also, there was a larger decrease in imports in the second quarter than in the first.

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 (1996) dollars. Price indexes are chain-type measures.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.3 percent in the second quarter, 0.1 percentage point less than the preliminary estimate; this index increased 2.7 percent in the first quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 0.9 percent in the second quarter, compared with an increase of 2.3 percent in the first.

Real personal consumption expenditures increased 2.5 percent in the second quarter, compared with an increase of 3.0 percent in the first. Real nonresidential fixed investment decreased 14.6 percent, compared with a decrease of 0.2 percent. Nonresidential structures decreased 12.2 percent, in contrast to an increase of 12.3 percent. Equipment and software decreased 15.4 percent, compared with a decrease of 4.1 percent. Real residential fixed investment increased 5.9 percent, compared with an increase of 8.5 percent.

Real exports of goods and services decreased 11.9 percent in the second quarter, compared with a decrease of 1.2 percent in the first. Real imports of goods and services decreased 8.4 percent, compared with a decrease of 5.0 percent.

Real federal government consumption expenditures and gross investment increased 1.8 percent in the second quarter, compared with an increase of 3.2 percent in the first. National defense increased 2.3 percent, compared with an increase of 7.5 percent. Nondefense increased 0.9 percent, in contrast to a decrease of 4.3 percent. Real state and local government consumption expenditures and gross investment increased 6.6 percent, compared with an increase of 6.4 percent.

The real change in private inventories subtracted 0.42 percentage point from the second-quarter change in real GDP, after subtracting 2.61 percentage points from the first-quarter change. Private businesses reduced inventories \$38.3 billion in the second quarter, following a decrease of \$27.1 billion in the first quarter and an increase of \$42.8 billion in the fourth.

Real final sales of domestic product -- GDP less change in private inventories -- increased 0.7 percent in the second quarter, compared with an increase of 4.0 percent in the first.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 0.4 percent in the second quarter, compared with an increase of 0.7 percent in the first.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 0.3 percent in the second quarter, compared with an increase of 0.8 percent in the first. GNP includes, and GDP excludes, net receipts of income from the rest of the world.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 2.4 percent, or \$60.9 billion, in the second quarter to a level of \$10,202.6 billion. In the first quarter, current-dollar GDP increased 4.6 percent, or \$113.8 billion.

Revisions

The final estimate of the second-quarter increase in real GDP is 0.1 percentage point, or \$3.3 billion, higher than the preliminary estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected a downward revision to real imports of services.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	0.7	0.2	0.3
Current-dollar GDP.....	3.0	2.4	2.4
Gross domestic purchases price index....	1.5	1.4	1.3

Corporate Profits

Profits from current production (profits before tax with inventory valuation and capital consumption adjustments) decreased \$30.0 billion in the second quarter, according to revised estimates. In the first quarter, profits decreased \$57.8 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$6.5 billion in the second quarter, compared with a decrease of \$35.1 billion in the first.

Profits in the second quarter were reduced by about \$19 billion due to the effects of Tropical Storm Allison and other severe storms. Benefits paid by insurance companies reduced profits by about \$18 billion, and uninsured corporate losses reduced profits by about \$1 billion.

Domestic profits of financial corporations decreased \$19.5 billion in the second quarter, compared with a decrease of \$2.6 billion in the first.

Domestic profits of nonfinancial corporations decreased \$14.4 billion in the second quarter, compared with a decrease of \$38.6 billion in the first. In the second quarter, real gross product of nonfinancial corporations increased, and profits per unit of real product decreased. The decrease in unit profits reflected a smaller increase in the prices nonfinancial corporations received than in the unit costs they incurred; both unit labor and nonlabor costs increased.

The rest-of-the-world component of profits increased \$4.0 billion in the second quarter, in contrast to a decrease of \$16.8 billion in the first. This measure is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. The second-quarter increase was accounted for by a larger decrease in payments than in receipts.

The revised estimate of second-quarter corporate profits from current production is \$1.5 billion lower than the preliminary estimate issued last month. Profits of domestic industries were revised down \$8.3 billion, and rest-of-the-world profits were revised up \$6.8 billion. Domestic profits of financial corporations were revised down \$14.9 billion, and domestic profits of nonfinancial corporations were revised up \$6.7 billion.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. According to this measure, domestic profits of both financial and nonfinancial corporations decreased. The decrease in nonfinancial corporations primarily reflected decreases in durable goods manufacturing, in wholesale trade, in communications, in "other" nonmanufacturing, and in transportation that were partly offset by increases in nondurable goods manufacturing and in utilities.

Profits before tax decreased \$17.4 billion in the second quarter, compared with a decrease of \$60.8 billion in the first. The before-tax measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments. These adjustments convert depreciation of fixed assets and inventory withdrawals reported on an historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$5.7 billion in the second quarter (from \$36.0 billion to \$30.3 billion), compared with a decrease of \$2.4 billion in the first. The inventory valuation adjustment decreased \$6.9 billion (from -\$1.9 billion to -\$8.8 billion), in contrast to an increase of \$5.4 billion.

Profits tax liability decreased \$8.8 billion in the second quarter, compared with a decrease of \$16.7 billion in the first. Profits after tax decreased \$8.6 billion, compared with a decrease of \$44.1 billion. Dividends increased \$7.1 billion, compared with an increase of \$8.2 billion; undistributed profits decreased \$15.7 billion, compared with a decrease of \$52.2 billion.

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Next release -- October 31, 2001, at 8:30 A.M. EST for:
Gross Domestic Product: Third Quarter 2001 (Advance)

Table 1.--Real Gross Domestic Product and Related Measures: Percent Change From Preceding Period
[Percent; quarters seasonally adjusted at annual rates]

Table with 18 columns (years: 1998, 1999, 2000, III 97, IV 97, I 98, II 98, III 98, IV 98, I 99, II 99, III 99, IV 99, I 00, II 00, III 00, IV 00, I 01, II 01r) and multiple rows of economic indicators including GDP, consumption, investment, exports, imports, and government expenditures.

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

Table 2.--Contributions to Percent Change in Real Gross Domestic Product
[Quarters seasonally adjusted at annual rates]

Table with 18 columns (years: 1998, 1999, 2000, III 97, IV 97, I 98, II 98, III 98, IV 98, I 99, II 99, III 99, IV 99, I 00, II 00, III 00, IV 00, I 01, II 01r) and multiple rows showing the percentage contribution of various economic factors to the total GDP growth.

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

Table 3.--Gross Domestic Product and Related Measures: Level and Change From Preceding Period--Continued

	Billions of current dollars							Billions of chained (1996) dollars									
	Seasonally adjusted at annual rates							Seasonally adjusted at annual rates							Change from preceding period		
	2000	II 00	III 00	IV 00	I 01	II 01r	2000	II 00	III 00	IV 00	I 01	II 01r	2000	I 01	II 01r		
Government consumption expenditures and gross investment.....	1,741.0	1,741.1	1,744.2	1,766.8	1,805.2	1,835.4	1,572.6	1,577.2	1,570.0	1,582.8	1,603.4	1,623.0	40.8	20.6	19.6		
Federal.....	590.2	601.0	587.0	594.2	605.3	609.9	545.9	556.9	541.8	547.9	552.2	554.7	9.2	4.3	2.5		
National defense.....	375.4	380.4	372.1	382.4	392.9	396.1	349.0	354.8	345.1	353.8	360.3	362.4	.4	6.5	2.1		
Consumption expenditures.....	321.9	327.4	321.0	325.3	338.3	339.5	294.5	300.6	293.0	296.0	304.4	304.6	-.2	8.4	.2		
Gross investment.....	53.5	53.0	51.1	57.1	54.6	56.7	54.7	54.3	52.2	58.4	56.1	58.2	.6	2.3	2.1		
Nondefense.....	214.8	220.6	214.9	211.8	212.4	213.8	196.7	202.0	196.5	194.0	191.8	192.3	8.6	-2.2	.5		
Consumption expenditures.....	171.8	176.4	172.5	168.8	169.2	170.6	154.2	158.2	154.7	151.8	149.5	150.0	8.0	-2.3	.5		
Gross investment.....	43.0	44.2	42.4	43.0	43.2	43.2	42.9	44.2	42.2	42.6	42.9	42.8	.4	.3	-1.1		
State and local.....	1,150.8	1,140.1	1,157.2	1,172.6	1,199.8	1,225.5	1,026.3	1,020.1	1,027.6	1,034.3	1,050.5	1,067.4	31.6	16.2	16.9		
Consumption expenditures.....	929.0	922.3	936.6	950.0	966.7	981.3	821.4	818.3	824.6	830.5	839.1	846.9	26.9	8.6	7.8		
Gross investment.....	221.8	217.8	220.6	222.7	233.1	244.2	205.0	201.8	203.1	203.9	211.6	221.0	4.6	7.7	9.4		
Residual.....							-81.5	-82.9	-89.6	-96.6	-89.0	-75.6	-42.7	7.6	13.4		
Addenda:																	
Final sales of domestic product.....	9,823.6	9,782.2	9,884.9	9,989.2	10,167.2	10,239.1	9,167.0	9,148.5	9,201.3	9,256.7	9,347.8	9,364.8	375.0	91.1	17.0		
Gross domestic purchases.....	10,236.9	10,208.4	10,318.1	10,418.5	10,505.6	10,549.9	9,594.7	9,594.5	9,641.5	9,694.4	9,710.4	9,720.4	439.8	16.0	10.0		
Final sales to domestic purchasers.....	10,187.5	10,133.0	10,265.6	10,379.8	10,531.0	10,586.5	9,537.7	9,513.6	9,582.5	9,647.1	9,723.8	9,743.7	447.4	76.7	19.9		
Gross domestic product.....	9,872.9	9,857.6	9,937.5	10,027.9	10,141.7	10,202.6	9,224.0	9,229.4	9,260.1	9,303.9	9,334.5	9,341.7	367.5	30.6	7.2		
Plus: Income receipts from the rest of the world.....	384.2	387.9	386.6	402.1	378.9	346.9	360.2	364.6	361.6	374.3	350.3	319.6	58.9	-24.0	-30.7		
Less: Income payments to the rest of the world.....	396.3	404.5	404.7	397.9	389.4	358.6	367.0	375.4	373.7	365.8	355.2	325.7	62.3	-10.6	-29.5		
Equals: Gross national product.....	9,860.8	9,841.0	9,919.4	10,032.1	10,131.3	10,190.9	9,216.4	9,217.7	9,247.2	9,311.7	9,329.1	9,335.5	363.4	17.4	6.4		
Net domestic product.....	8,631.7	8,628.7	8,683.2	8,751.1	8,841.9	8,861.1	7,990.0	8,009.2	8,015.7	8,031.2	8,030.6	8,001.5	293.0	-.6	-29.1		

r revised
 Note.--Users are cautioned that particularly for components for which relative prices are changing rapidly, the use of chained-dollar estimates to calculate component shares or component contributions to real growth may be misleading even just a few years from the base year. For accurate estimates of the contributions to percent changes in real GDP, use table 2.
 See "Explanatory Note" at the end of the tables.

Table 4.--Chain-Type Price Indexes for Gross Domestic Product and Related Measures: Percent Change From Preceding Period (Percent; quarters seasonally adjusted at annual rates)

	1998	1999	2000	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99	II 99	III 99	IV 99	I 00	II 00	III 00	IV 00	I 01	II 01r
Gross domestic product (GDP).....	1.2	1.4	2.3	1.2	1.4	1.1	1.0	1.4	1.1	1.7	1.4	1.4	1.8	3.8	2.1	1.9	1.8	3.3	2.1
Personal consumption expenditures.....	1.1	1.6	2.7	1.2	1.3	.6	1.0	1.4	1.4	1.3	2.0	2.2	2.4	4.0	2.1	2.4	2.0	3.2	1.3
Durable goods.....	-2.4	-2.5	-1.6	-3.3	-2.5	-1.6	-2.1	-2.7	-2.6	-3.3	-2.0	-1.8	-1.8	-1.8	-.8	-2.2	-1.2	-7	-3.5
Nondurable goods.....	.0	2.3	3.7	.5	.9	-1.4	-7	1.5	1.3	1.9	4.4	3.3	3.8	5.5	2.7	2.7	2.0	1.9	2.7
Services.....	2.3	2.2	3.1	2.5	2.4	2.1	2.5	2.1	2.3	2.0	1.7	2.5	2.6	4.5	2.4	3.2	2.6	4.7	1.7
Gross private domestic investment.....	-1.0	-.2	1.1	.0	-.3	-2.5	-1.1	-.6	-.3	.2	.1	-.3	.5	2.7	.7	1.8	.7	.0	.4
Fixed investment.....	-.9	-.1	1.2	-.1	-.3	-2.1	-1.2	-.6	-.3	.3	.1	-.2	.5	2.8	.8	1.9	.8	-.4	.6
Nonresidential.....	-2.1	-1.4	.1	-.9	-1.5	-3.2	-2.5	-2.0	-1.6	-1.0	-1.2	-1.4	-.4	1.0	.3	1.3	.0	-1.9	-1.1
Structures.....	3.3	2.5	4.1	5.2	4.4	3.1	2.9	1.3	1.8	2.8	2.5	2.9	3.7	5.8	3.1	4.7	4.7	6.2	4.7
Equipment and software.....	-.9	-2.6	-1.1	-2.8	-3.5	-5.3	-4.3	-3.1	-2.7	-2.3	-2.4	-2.8	-1.7	-.4	-.6	-.2	-1.5	-4.6	-1.9
Residential.....	2.8	3.8	4.5	2.9	3.6	1.5	3.0	3.7	3.5	4.2	4.0	3.7	3.2	8.3	2.3	3.7	3.5	4.6	2.6
Change in private inventories.....																			
Net exports of goods and services.....	-2.2	-.6	1.8	-1.1	-1.7	-3.9	-2.0	-3.0	-1.4	-.9	.5	1.1	2.1	2.4	2.2	1.3	.5	-.1	-1.0
Exports.....	-3.1	-1.4	1.1	-1.3	-2.7	-4.7	-3.0	-4.2	-2.3	-1.4	-.5	.7	2.3	1.2	1.4	.3	.4	-.4	-1.5
Goods.....	.0	1.2	3.4	-.5	.8	-1.9	.5	.0	.8	4	3.0	2.0	1.6	5.4	4.2	3.7	.9	.5	2
Services.....	-5.4	.6	4.3	-2.5	-2.5	-10.6	-4.2	-4.7	-1.2	-2.3	5.4	6.0	5.3	6.1	7	4.4	.4	-3.0	-6.0
Imports.....	-6.0	2.2	4.8	-2.1	-2.6	-11.0	-5.7	-5.7	-1.1	-2.4	5.1	6.2	6.3	6.7	1.1	4.7	.9	-4.1	-6.4
Services.....	-2.3	2.7	1.7	-4.5	-2.6	-8.6	3.3	1	4.5	-1.4	7.2	4.9	.5	2.6	-1.5	2.8	-1.9	3.6	-3.6
Government consumption expenditures and gross investment.....	1.5	2.8	3.9	1.0	2.6	.8	1.2	1.8	1.7	3.3	3.6	3.5	3.2	6.8	2.6	2.6	1.9	3.5	1.8
Federal.....	1.0	2.4	2.9	-.5	2.0	.6	1.1	1.4	1.4	4.9	1.6	2.0	1.7	7.7	.5	1.7	-.4	4.4	1.2
National defense.....	.8	2.3	2.8	-.4	1.9	.9	.2	1.5	.9	5.4	1.4	1.9	2.1	6.9	.4	2.2	1.0	3.6	1.0
Nondefense.....	1.3	2.5	3.0	-.6	2.3	.0	2.8	1.1	2.5	4.1	2.1	2.3	1.0	9.2	.6	.6	-.7	5.8	1.7
State and local.....	1.7	2.9	4.4	1.8	3.0	1.0	1.3	2.0	1.9	2.5	4.6	4.3	4.0	6.3	3.6	3.1	2.7	3.0	2.1
Addenda:																			
Final sales of domestic product.....	1.3	1.4	2.3	1.2	1.4	1.2	1.0	1.4	1.1	1.7	1.4	1.4	1.8	3.8	2.2	1.9	1.8	3.2	2.1
Gross domestic purchases.....	.8	1.5	2.6	1.0	1.3	1	1.7	1.1	1.2	1.5	2.0	2.0	2.2	4.2	1.9	2.3	1.7	2.7	1.3
Final sales to domestic purchasers.....	.8	1.5	2.6	1.0	1.3	.2	1.7	1.1	1.2	1.5	2.0	2.0	2.2	4.3	2.0	2.3	1.8	2.6	1.3
Gross national product (GNP).....	1.2	1.4	2.3	1.2	1.4	1.1	1.0	1.4	1.1	1.7	1.4	1.4	1.8	3.7	2.1	1.9	1.8	3.2	2.1
Implicit price deflators:																			
GDP.....	1.2	1.4	2.3	1.2	1.4	1.1	1.0	1.4	1.1	1.8	1.3	1.4	1.6	3.9	2.2	1.9	1.8	3.3	2.1
Gross domestic purchases.....	.8	1.5	2.6	1.0	1.3	1	1.7	1.1	1.2	1.5	1.9	2.0	2.1	4.3	2.0	2.4	1.7	2.7	1.3
GNP.....	1.2	1.4	2.3	1.2	1.4	1.1	1.0	1.4	1.1	1.8	1.3	1.4	1.6	3.8	2.2	1.9	1.8	3.2	2.1

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

Table 7.--Real Gross Domestic Product: Percent Change From Quarter One Year Ago

	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99	II 99	III 99	IV 99	I 00	II 00	III 00	IV 00	I 01	II 01r
Gross domestic product (GDP).....	4.8	4.3	4.7	3.8	3.8	4.8	4.0	3.9	4.0	4.4	4.2	5.2	4.4	2.8	2.5	1.2
Personal consumption expenditures.....	4.0	4.1	4.2	5.3	4.6	5.0	5.0	4.9	5.0	5.2	5.4	4.9	4.9	4.2	3.5	3.2
Durable goods.....	8.5	8.8	8.0	13.1	8.4	12.7	12.7	12.5	13.8	11.3	14.3	9.5	9.3	5.3	3.4	5.8
Nondurable goods.....	3.4	2.5	3.2	4.5	3.8	5.0	5.0	4.6	4.4	5.0	4.9	5.0	5.4	3.6	3.0	1.9
Services.....	3.4	3.9	4.0	4.2	4.3	3.6	3.5	3.5	3.6	4.0	3.9	3.9	3.7	4.3	3.8	3.4
Gross private domestic investment.....	9.9	12.1	16.4	8.3	10.7	12.1	6.4	6.6	6.2	7.0	4.9	11.4	8.0	3.1	-1.1	-7.5
Fixed investment.....	10.2	9.7	12.2	12.2	9.5	11.7	8.9	7.6	8.4	6.4	8.0	8.6	7.4	6.3	3.4	-1.3
Nonresidential.....	13.4	11.8	14.4	14.1	9.6	12.3	8.5	7.3	9.5	7.4	9.8	10.9	10.2	8.9	4.9	-2.0
Structures.....	10.3	6.5	6.1	10.7	5.8	4.9	1.9	-2.6	-3.7	-3.6	-2	4.1	9.9	10.8	11.7	5.1
Equipment and software.....	14.5	13.7	17.4	15.2	10.9	14.9	10.8	10.8	14.2	11.2	13.1	13.2	10.3	8.3	2.8	-4.3
Residential.....	1.0	3.5	5.8	6.8	9.1	10.0	10.0	8.4	5.3	3.4	3.0	2.0	-5	-1.2	-1.2	.5
Change in private inventories.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Net exports of goods and services.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exports.....	15.8	8.5	6.7	1.4	-1.7	2.3	.4	2.5	5.5	4.5	8.7	11.1	11.3	7.0	4.4	-2.0
Goods.....	17.8	11.6	8.0	.7	-2.1	2.2	.1	3.5	6.5	5.6	10.1	12.8	14.1	8.3	5.4	-2.9
Services.....	11.2	1.4	3.5	3.2	-5	2.9	1.3	3	1.9	5.5	7.0	4.6	4.1	2.0	2.0	.2
Imports.....	14.3	14.3	14.5	12.6	9.4	10.8	9.0	9.5	11.9	11.5	13.6	14.4	14.2	11.3	5.6	-1.5
Goods.....	14.8	14.4	14.5	12.3	9.1	11.3	10.6	11.4	14.3	13.2	14.3	14.7	14.0	11.1	5.1	-1.5
Services.....	11.8	14.0	14.3	14.6	10.6	8.5	1.2	.0	.2	2.8	10.1	12.9	15.2	12.2	8.4	4.8
Government consumption expenditures and gross investment.....	3.0	2.4	1.5	1.8	1.7	2.7	3.9	2.3	2.9	4.0	3.2	4.0	2.4	1.2	2.8	2.9
Federal.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
National defense.....	-1.4	-1.4	-2.8	-2.4	-1.1	-1.8	3.2	-7	1.0	4.7	-1	4.5	-1.4	-2.2	5.3	2.1
Nondefense.....	5.1	3.1	1.6	1.9	-2.5	3.3	.5	.0	4.8	4.2	5.7	7.5	5.1	.2	-1.3	-4.8
State and local.....	4.4	3.7	3.1	3.3	3.6	3.8	4.7	3.8	3.2	3.7	3.8	3.2	3.2	2.5	2.7	4.6
Addenda:																
Final sales of domestic product.....	4.8	3.9	4.0	4.4	3.6	4.7	4.4	4.0	4.4	4.3	4.7	4.7	4.3	3.4	3.2	2.4
Gross domestic purchases.....	4.7	5.0	5.7	5.2	5.1	5.8	5.0	4.7	4.8	5.3	5.0	5.8	5.0	3.5	2.8	1.3
Final sales to domestic purchasers.....	4.7	4.6	5.0	5.7	4.9	5.7	5.4	4.9	5.2	5.5	5.5	5.3	4.9	4.0	3.4	2.4
Gross national product.....	4.7	4.1	4.7	3.7	3.6	4.7	3.9	3.8	4.0	4.5	4.1	5.1	4.4	2.9	2.6	1.3
Real disposable personal income.....	2.9	3.8	5.1	5.7	5.7	5.0	3.4	2.4	2.0	2.1	2.6	3.5	3.7	4.0	3.8	3.0
Gross domestic purchases price index.....	1.6	1.4	.8	.8	.8	.8	1.1	1.4	1.6	1.9	2.6	2.6	2.7	2.5	2.2	2.0
GDP price index.....	1.9	1.8	1.4	1.2	1.2	1.1	1.3	1.4	1.4	1.6	2.1	2.3	2.4	2.4	2.3	2.3
Personal consumption expenditures price index.....	1.9	1.5	1.1	1.0	1.1	1.1	1.3	1.5	1.7	2.0	2.7	2.7	2.7	2.6	2.4	2.2

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Table 8.--Relation of Gross Domestic Product, Gross National Product, and National Income
[Billions of dollars]

	1998	1999	2000	Seasonally adjusted at annual rates				
				II 00	III 00	IV 00	I 01	II 01r
Gross domestic product.....	8,781.5	9,268.6	9,872.9	9,857.6	9,937.5	10,027.9	10,141.7	10,202.6
Plus: Income receipts from the rest of the world.....	286.1	313.8	384.2	387.9	386.6	402.1	378.9	346.9
Less: Income payments to the rest of the world.....	289.6	320.5	396.3	404.5	404.7	397.9	389.4	358.6
Equals: Gross national product.....	8,778.1	9,261.8	9,860.8	9,841.0	9,919.4	10,032.1	10,131.3	10,190.9
Less: Consumption of fixed capital.....	1,072.0	1,151.4	1,241.3	1,228.9	1,254.3	1,276.8	1,299.9	1,341.5
Less: Indirect business tax and nontax liability.....	681.3	713.1	762.7	758.3	767.6	775.6	785.7	792.3
Less: Business transfer payments.....	38.0	41.3	43.9	44.1	44.0	44.4	44.3	44.5
Less: Statistical discrepancy.....	-31.0	-72.7	-130.4	-109.5	-156.3	-150.0	-120.5	-143.2
Plus: Subsidies less current surplus of government enterprises.....	23.5	33.3	37.6	36.9	37.3	38.7	47.8	52.2
Equals: National income.....	7,041.4	7,462.1	7,980.9	7,956.1	8,047.2	8,124.0	8,169.7	8,207.9
Compensation of employees.....	4,989.6	5,310.7	5,715.2	5,669.9	5,759.3	5,868.9	5,955.7	6,010.8
Wage and salary accruals.....	4,192.1	4,477.4	4,837.2	4,798.0	4,875.8	4,973.2	5,049.4	5,099.8
Supplements to wages and salaries.....	797.5	833.4	878.0	872.0	883.5	895.7	906.3	911.0
Proprietors' income with inventory valuation and capital consumption adjustments.....	623.8	672.0	715.0	717.9	719.3	725.2	735.2	745.3
Rental income of persons with capital consumption adjustment.....	138.6	147.7	141.6	141.4	138.3	141.7	139.6	139.0
Corporate profits with inventory valuation and capital consumption adjustments.....	777.4	825.2	876.4	892.8	895.0	847.6	789.8	759.8
Net interest.....	511.9	506.5	532.7	534.1	535.3	540.6	549.4	553.0
Addendum:								
Gross domestic income.....	8,812.5	9,341.3	10,003.4	9,967.1	10,093.7	10,178.0	10,262.2	10,345.7

r revised

Table 9.--Personal Income and Its Disposition
[Billions of dollars]

	1998	1999	2000	Seasonally adjusted at annual rates				
				II 00	III 00	IV 00	I 01	II 01r
Personal income\1\.....	7,426.0	7,777.3	8,319.2	8,271.0	8,381.5	8,519.6	8,640.2	8,714.6
Wage and salary disbursements.....	4,192.8	4,472.2	4,837.2	4,798.0	4,875.8	4,973.2	5,049.4	5,099.8
Other labor income.....	490.6	509.7	534.2	530.1	537.9	544.9	549.3	552.2
Proprietors' income with inventory valuation and capital consumption adjustments.....	623.8	672.0	715.0	717.9	719.3	725.2	735.2	745.3
Farm.....	25.6	26.6	30.6	32.5	31.6	31.7	29.8	28.7
Nonfarm.....	598.2	645.4	684.4	685.4	687.6	693.5	705.4	716.6
Rental income of persons with capital consumption adjustment.....	138.6	147.7	141.6	141.4	138.3	141.7	139.6	139.0
Personal dividend income.....	348.3	343.1	379.2	373.3	385.8	396.6	404.8	411.9
Personal interest income.....	964.4	950.0	1,000.6	999.9	1,009.2	1,013.1	1,010.9	1,001.0
Transfer payments to persons.....	983.7	1,019.6	1,069.1	1,066.3	1,074.6	1,089.0	1,123.1	1,139.4
Less: Personal contributions for social insurance.....	316.3	337.1	357.7	355.8	359.4	364.1	372.1	374.0
Less: Personal tax and nontax payments.....	1,070.4	1,159.2	1,288.2	1,277.3	1,300.2	1,329.8	1,345.2	1,351.4
Equals: Disposable personal income.....	6,355.6	6,618.0	7,031.0	6,993.7	7,081.3	7,189.8	7,295.0	7,363.2
Less: Personal outlays.....	6,054.1	6,457.2	6,963.3	6,905.6	7,026.9	7,115.1	7,216.2	7,281.7
Equals: Personal saving.....	301.5	160.9	67.7	88.1	54.5	74.7	78.8	81.5
Addenda:								
1. Disposable personal income, billions of chained (1996) dollars\2\...	6,168.6	6,320.0	6,539.2	6,523.7	6,566.5	6,634.9	6,679.0	6,719.2
2. Personal saving as a percentage of disposable personal income.....	4.7	2.4	1.0	1.3	.8	1.0	1.1	1.1

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 1. Personal income is also equal to national income less corporate profits with inventory valuation and capital consumption adjustments, net interest, contributions for social insurance, and wage accruals less disbursements, plus personal interest income, personal dividend income, government transfer payments to persons, and business transfer payments to persons.
 2. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Table 10.--Corporate Profits: Level and Percent Change

	Billions of dollars									Percent change from preceding period					
	1998	1999	2000	Seasonally adjusted at annual rates					Quarterly rates		Quarter one year ago				
				II 00	III 00	IV 00	I 01	II 01r	1999	2000	III 00	IV 00	I 01	II 01r	II 01r
Corporate profits with inventory valuation and capital consumption adjustments.....	777.4	825.2	876.4	892.8	895.0	847.6	789.8	759.8	6.1	6.2	.3	-5.3	-6.8	-3.8	-14.9
Profits before tax.....	721.1	776.3	845.4	862.0	858.3	816.5	755.7	738.3	7.7	8.9	-.4	-4.9	-7.4	-2.3	-14.4
Profits tax liability.....	238.8	253.0	271.5	280.4	274.9	253.5	236.8	228.0	5.9	7.3	-2.0	-7.8	-6.6	-3.7	-18.7
Profits after tax.....	482.3	523.3	573.9	581.6	583.4	563.0	518.9	510.3	8.5	9.7	-.3	-3.5	-7.8	-1.7	-12.3
Dividends.....	348.7	343.5	379.6	373.7	386.2	397.0	405.2	412.3	-1.5	10.5	3.3	2.8	2.1	1.8	10.3
Undistributed profits.....	133.6	179.8	194.3	207.9	197.2	165.9	113.7	98.0	34.6	8.1	-5.1	-15.8	-31.5	-13.8	-52.9
Inventory valuation adjustment.....	18.3	-2.9	-12.4	-14.8	-3.6	-7.3	-1.9	-8.8	.....	.....	.....	.....	.....	.....	.....
Capital consumption adjustment.....	38.0	51.7	43.4	45.5	40.4	38.4	36.0	30.3	36.1	-16.1	-11.3	-4.9	-6.3	-15.7	-33.4
Addenda:															
Corporate profits after tax with inventory valuation and capital consumption adjustments.....	538.6	572.1	604.9	612.3	620.1	594.1	553.0	531.8	6.2	5.7	1.3	-4.2	-6.9	-3.8	-13.2
Net cash flow with inventory valuation and capital consumption adjustments.....	810.0	897.9	952.4	957.8	969.9	946.7	911.6	905.1	10.8	6.1	1.3	-2.4	-3.7	-.7	-5.5
Undistributed profits with inventory valuation and capital consumption adjustments.....	189.9	228.7	225.3	238.6	233.9	197.0	147.8	119.5	20.4	-1.5	-2.0	-15.8	-25.0	-19.1	-49.9
Consumption of fixed capital.....	620.2	669.2	727.1	719.1	736.0	749.7	763.8	785.6	7.9	8.6	2.3	1.9	1.9	2.9	9.2
Less: Inventory valuation adjustment.....	18.3	-2.9	-12.4	-14.8	-3.6	-7.3	-1.9	-8.8	.....	.....	.....	.....	.....	.....	.....
Equals: Net cash flow.....	791.7	900.7	964.8	972.5	973.5	954.0	913.5	913.9	13.8	7.1	.1	-2.0	-4.2	.0	-6.0

r revised

Table 11.--Corporate Profits by Industry: Level and Change From Preceding Period
(Billions of dollars)

	Level								Change from preceding period					
	Seasonally adjusted at annual rates													
	1998	1999	2000	II 00	III 00	IV 00	I 01	II 01r	1999	2000	III 00	IV 00	I 01	II 01r
Corporate profits with IVA and CCAdj.....	777.4	825.2	876.4	892.8	895.0	847.6	789.8	759.8	47.8	51.2	2.2	-47.4	-57.8	-30.0
Domestic industries.....	675.2	710.5	739.6	763.8	754.0	690.8	649.7	615.8	35.3	29.1	-9.8	-63.2	-41.1	-33.9
Financial.....	144.5	180.3	189.5	186.2	187.2	187.5	184.9	165.4	35.8	9.2	1.0	.3	-2.6	-19.5
Nonfinancial.....	530.7	530.3	550.1	577.6	566.8	503.4	464.8	450.4	-4.4	19.8	-10.8	-63.4	-38.6	-14.4
Rest of the world.....	102.3	114.6	136.8	128.9	141.0	156.8	140.0	144.0	12.3	22.2	12.1	15.8	-16.8	4.0
Receipts from the rest of the world.....	145.3	173.3	204.9	208.0	205.0	210.4	201.0	194.0	28.0	31.6	-3.0	5.4	-9.4	-7.0
Less: Payments to the rest of the world.....	43.1	58.7	68.1	79.0	64.0	53.6	61.0	50.0	15.6	9.4	-15.0	-10.4	7.4	-11.0
Corporate profits with IVA.....	739.4	773.4	833.0	847.2	854.6	809.2	753.8	729.5	34.0	59.6	7.4	-45.4	-55.4	-24.3
Domestic industries.....	637.2	658.8	696.3	718.3	713.6	652.4	613.8	585.4	21.6	37.5	-4.7	-61.2	-38.6	-28.4
Financial.....	158.4	191.0	204.4	200.3	203.1	204.4	202.2	183.3	32.6	13.4	2.8	1.3	-2.2	-18.9
Federal Reserve banks.....	24.6	25.7	30.0	29.6	30.4	30.9	30.4	28.7	1.1	4.3	.8	.5	-5	-1.7
Other.....	133.9	165.3	174.4	170.7	172.7	173.5	171.7	154.6	31.4	9.1	2.0	.8	-1.8	-17.1
Nonfinancial.....	478.8	467.8	491.8	518.0	510.6	448.0	411.6	402.1	-11.0	24.0	-7.4	-62.6	-36.4	-9.5
Manufacturing.....	164.3	163.7	155.2	175.0	159.4	119.4	90.4	93.4	-1.6	-8.5	-15.6	-40.0	-29.0	3.0
Durable goods.....	80.7	75.8	63.2	76.2	65.7	38.1	24.8	15.6	-4.9	-12.6	-10.5	-27.6	-13.3	-9.2
Primary metal industries.....	6.2	2.6	3.1	4.6	3.5	1.6	-2.0	-1.5	-3.6	.5	-1.1	-1.9	-3.6	.5
Fabricated metal products.....	16.6	16.7	14.3	16.3	14.2	7.4	9.3	9.7	.1	-2.4	-2.1	-6.8	-1.9	-4
Industrial machinery and equipment.....	16.1	9.4	7.9	6.7	11.0	7.6	4.5	-3.6	-6.7	-1.5	4.3	-3.4	-3.1	-8.1
Electronic and other electric equipment.....	7.6	6.2	3.7	6.4	2.3	.8	-1.5	-4.8	-1.4	-2.5	-4.1	-1.5	-2.3	-3.3
Motor vehicles and equipment.....	5.2	6.7	5.1	6.2	5.2	2.6	-2.9	-3.2	1.5	-1.6	-1.0	-2.6	-5.2	-1.3
Other.....	23.1	34.2	29.1	36.0	29.5	18.0	17.4	18.9	5.1	-5.1	-6.5	-11.5	-7.6	1.5
Nondurable goods.....	83.6	87.9	92.0	98.7	93.7	81.3	65.6	77.8	4.3	4.1	-5.0	-12.4	-15.7	12.2
Food and kindred products.....	22.0	25.2	21.6	21.5	23.6	17.2	10.9	16.6	3.2	-3.6	2.1	-6.4	-6.3	5.7
Chemicals and allied products.....	25.4	26.6	30.6	32.2	29.6	32.2	25.1	29.0	1.2	4.0	-2.6	2.6	-7.1	3.9
Petroleum and coal products.....	5.0	.5	7.5	10.2	10.0	7.9	9.0	10.4	-4.5	7.0	-2	-2.1	1.1	1.4
Other.....	31.2	35.6	32.3	34.9	30.5	23.9	20.5	22.0	4.4	-3.3	-4.4	-6.6	-3.4	1.5
Transportation and public utilities.....	79.1	59.0	67.4	67.9	70.5	67.3	66.4	62.6	-20.1	8.4	2.6	-3.2	-.9	-3.8
Transportation.....	21.3	15.3	13.7	16.7	13.6	10.7	5.1	3.3	-6.0	-1.6	-3.1	-2.9	-5.6	-1.8
Communications.....	22.5	5.9	12.7	11.4	12.8	17.8	15.3	16.6	-16.6	6.8	1.4	5.0	-2.3	-5.6
Electric, gas, and sanitary services.....	35.3	37.8	41.0	39.8	44.1	38.7	45.8	49.4	2.5	3.2	4.3	-5.4	7.1	3.6
Wholesale trade.....	55.9	53.8	60.5	64.9	63.7	55.9	40.3	34.0	-2.1	6.7	-1.2	-7.8	-15.6	-6.3
Retail trade.....	77.8	77.1	81.8	83.0	84.5	76.3	84.9	85.6	3.3	4.7	1.5	-8.2	8.6	7.7
Other.....	105.7	114.2	126.9	127.2	132.5	129.1	126.5	126.5	8.5	12.7	5.3	-3.8	.6	3.9
Rest of the world.....	102.3	114.6	136.8	128.9	141.0	156.8	140.0	144.0	12.3	22.2	12.1	15.8	-16.8	4.0

r revised
IVA Inventory valuation adjustment
CCAdj. Capital consumption adjustment

Table 12.--Gross Product of Nonfinancial Corporate Business

	Seasonally adjusted at annual rates							
	Billions of dollars							
	1998	1999	2000	II 00	III 00	IV 00	I 01	II 01r
Gross product of nonfinancial corporate business.....	4,707.1	5,006.1	5,380.7	5,370.1	5,437.1	5,463.0	5,496.3	5,539.7
Consumption of fixed capital.....	523.1	560.7	606.9	600.5	614.0	625.0	637.3	656.7
Net product.....	4,183.9	4,445.4	4,773.9	4,769.7	4,823.1	4,838.0	4,859.0	4,883.0
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	457.4	479.2	516.5	513.9	518.8	526.0	532.9	537.0
Domestic income.....	3,726.5	3,966.1	4,257.4	4,255.8	4,304.3	4,312.0	4,326.1	4,345.9
Compensation of employees.....	3,058.0	3,272.2	3,535.2	3,502.4	3,563.7	3,643.4	3,694.5	3,726.7
Wage and salary accruals.....	2,612.6	2,805.4	3,041.7	3,012.1	3,066.9	3,139.5	3,185.1	3,214.6
Supplements to wages and salaries.....	445.4	466.9	493.5	490.3	496.7	503.9	509.4	512.0
Corporate profits with IVA and CCAdj.....	530.7	530.3	550.1	577.6	566.8	503.4	464.8	450.4
Profits before tax.....	460.4	470.7	504.2	532.8	514.2	455.3	413.5	411.0
Profits tax liability.....	154.6	170.9	186.6	197.2	190.3	168.2	152.5	151.2
Profits after tax.....	305.8	299.8	317.6	335.6	323.9	287.1	261.0	259.8
Dividends.....	242.2	240.0	269.0	256.5	276.0	282.2	300.9	294.3
Undistributed profits.....	63.6	59.8	48.6	79.0	48.0	5.0	-39.9	-34.5
Inventory valuation adjustment.....	18.3	-2.9	-12.4	-14.8	-3.6	-7.3	-1.9	-8.8
Capital consumption adjustment.....	52.0	62.5	58.3	59.6	56.2	55.4	53.2	48.2
Net interest.....	137.7	163.6	172.1	175.8	173.8	165.2	166.8	168.9
	Billions of chained (1996) dollars							
Gross product of nonfinancial corporate business.....	4,659.1	4,915.1	5,220.5	5,212.2	5,268.0	5,284.5	5,293.0	5,304.2
Consumption of fixed capital.....	533.8	579.1	624.8	615.4	631.0	650.1	666.7	688.4
Net product.....	4,125.3	4,336.0	4,595.7	4,596.7	4,637.0	4,634.4	4,626.3	4,615.8
	Dollars							
Price, costs, and profits per unit of real gross product of nonfinancial corporate business:								
Price per unit of real gross product of nonfinancial corporate business.....	1.010	1.019	1.031	1.030	1.032	1.034	1.038	1.044
Compensation of employees (unit labor cost).....	.656	.666	.677	.672	.676	.689	.698	.703
Unit nonlabor cost.....	.240	.245	.248	.248	.248	.249	.253	.257
Consumption of fixed capital.....	.112	.114	.116	.115	.117	.118	.120	.124
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	.098	.098	.099	.099	.098	.100	.101	.101
Net interest.....	.030	.033	.033	.034	.033	.031	.032	.032
Corporate profits with IVA and CCAdj. (unit profits from current production).....	.114	.108	.105	.111	.108	.095	.088	.085
Profits tax liability.....	.033	.035	.036	.038	.036	.032	.029	.029
Profits after tax with IVA and CCAdj.....	.081	.073	.070	.073	.071	.063	.059	.056

r revised
1. Effective with the estimates scheduled for release on November 30, 2001, chained-dollar gross product of nonfinancial corporate business for 1998 to 2001 will be revised to reflect revisions to the gross product price indexes for nonfinancial industries.
2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100.
3. Chained-dollar net product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.
4. The deflator for gross product of nonfinancial corporate business divided by 100.
IVA Inventory valuation adjustment
CCAdj. Capital consumption adjustment

Appendix Table A.--Real Gross Domestic Product and Related Aggregates and Price Indexes: Percent Change From Preceding Period
[Percent; quarters seasonally adjusted at annual rates]

	1998	1999	2000	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99	II 99	III 99	IV 99	I 00	II 00	III 00	IV 00	I 01	II 01r
GDP and related aggregates:																			
GDP.....	4.3	4.1	4.1	4.2	2.8	6.1	2.2	4.1	6.7	3.1	1.7	4.7	8.3	2.3	5.7	1.3	1.9	1.3	.3
Goods.....	5.9	5.5	5.8	5.7	3.1	12.7	-3.1	6.1	13.2	2.1	.9	7.6	15.2	1.8	8.2	2.1	-2.4	-2.6	-3.6
Services.....	2.9	3.2	3.3	2.6	2.6	1.9	4.8	2.2	2.5	3.2	3.1	4.1	4.2	1.7	5.3	1.1	4.9	2.2	2.7
Structures.....	5.9	3.4	2.3	7.5	2.5	4.7	10.5	7.0	5.7	5.9	-2.5	-3.4	5.3	9.1	-2.1	-2	2.2	12.3	2.0
Motor vehicle output.....	8.1	12.0	-.7	28.1	20.9	1.3	-9.9	-5.9	77.2	-4.2	1.5	23.0	5.5	-4.0	-1.4	-12.8	-20.0	-16.9	24.7
GDP less motor vehicle output.....	12.2	3.8	4.3	3.5	2.1	6.3	2.7	4.5	4.7	3.4	1.7	4.0	8.4	2.6	6.0	1.9	2.8	2.0	-.4
Final sales of computers\1\.....	39.3	42.4	52.3	60.4	12.4	42.9	36.5	42.9	54.9	20.5	54.8	61.1	33.4	66.8	66.3	39.1	30.0	9.0	-26.5
GDP less final sales of computers.....	4.0	3.8	3.7	3.7	2.7	5.8	1.9	3.8	6.3	2.9	1.3	4.2	8.1	1.8	5.2	1.0	1.6	1.2	.6
Farm product\2\.....	-3.2	5.7	13.7	27.6	-9.2	-19.0	-7.4	11.2	5.5	5.2	18.8	-14.1	19.2	28.3	8.7	17.8	8.5	-10.9	-21.9
Nonfarm business less housing product\3\.....	5.1	4.7	4.6	4.8	3.5	7.9	2.0	4.3	8.4	3.6	1.4	5.3	10.0	2.0	6.6	1.2	1.8	1.4	-.5
Price indexes:																			
GDP.....	1.2	1.4	2.3	1.2	1.4	1.1	1.0	1.4	1.1	1.7	1.4	1.4	1.8	3.8	2.1	1.9	1.8	3.3	2.1
GDP less food and energy.....	1.4	1.4	2.2	1.1	1.5	1.3	1.2	1.5	1.1	1.6	1.4	1.5	1.9	3.4	2.0	1.9	1.6	2.2	1.2
GDP less final sales of computers.....	1.6	1.8	2.5	1.5	1.7	1.5	1.4	1.9	1.4	2.1	1.6	1.6	2.1	4.0	2.4	2.1	1.9	3.8	2.3
Gross domestic purchases.....	.8	1.5	2.6	1.0	1.3	.1	.7	1.1	1.2	1.5	2.0	2.0	2.2	4.2	1.9	2.3	1.7	2.7	1.3
Gross domestic purchases less food and energy.....	1.1	1.4	2.0	.9	1.2	.9	1.1	1.3	1.2	1.6	1.3	1.4	1.7	3.3	1.7	1.7	1.3	2.3	.9
Gross domestic purchases less final sales of computers.....	1.2	1.9	2.9	1.4	1.7	.6	1.1	1.6	1.6	1.9	2.3	2.4	2.5	4.5	2.2	2.6	2.0	3.3	1.6
Personal consumption expenditures.....	1.1	1.6	2.7	1.2	1.3	.6	1.0	1.4	1.4	1.3	2.0	2.2	2.4	4.0	2.1	2.4	2.0	3.2	1.3
Personal consumption expenditures less food and energy.....	1.5	1.5	1.9	1.1	1.2	1.6	1.7	1.6	1.5	1.4	1.2	1.5	1.8	2.9	1.7	1.6	1.5	2.6	.7

r revised
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 product of farm, of housing, of households and institutions, and of general government.
See "Explanatory Note" at the end of the tables.

Explanatory Note: Measures of Output and Prices

This note describes the calculation of chain-type quantity and price indexes used in the NIPA's.

Changes in current-dollar GDP measure changes in the market value of goods, services, and structures produced in the economy in a particular period. These changes 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 1996--equal to 100.

The 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 1999-2000 annual percent change in real GDP uses prices for 1999 and 2000 as weights, and the 1999-2000 annual percent change in GDP prices uses quantities for 1999 and 2000 as weights. These annual changes are "chained" (multiplied) together to form time series of quantity and price indexes. The Fisher formula produces percent changes in quantities and prices that are not affected by the choice of reference years. In addition, because the changes in quantities and prices calculated in this way are symmetric, in general, the product of a quantity index and the corresponding price index equals the current-dollar index. (BEA also publishes a measure of the price level known as the "implicit price deflator (IPD)," which is calculated as the ratio of 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 for all periods.)

Chain-type quantity and price indexes for GDP and its major components are presented in this release as index numbers in table 5 and in the form of percentage changes from the preceding period in tables 1, 4, 6 and from the quarter one year ago in table 7. Contributions by major components to changes in real GDP are presented in table 2. BEA also prepares measures of real GDP and its components in a dollar-denominated form, designated "chained (1996) dollar estimates." For GDP and most other series, these estimates, which are presented in table 3, are computed by multiplying the 1996 current-dollar value by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 1996 and if real output for this component increased 10 percent in 1997, then the chained (1996) dollar value of this component in 1997 would be \$110 ($\100×1.10).

For analyses of changes over time in an aggregate or in a component, the percentage changes calculated from the chained-dollar estimates and from the chain-type quantity indexes are the same; any differences will be small and due to rounding. However, because the relative prices used as weights for any period other than the reference year differ from those used for the reference year, the chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP or to any intermediate aggregate. A measure of the extent of such differences is provided by a "residual" line, which indicates the difference between GDP (or another 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 for the chain-type index, the residuals tend to be small, and the chained (1996) dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. As one moves further from the reference year, the residual tends to become larger, and the chained-dollar estimates become 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.

References: "A Preview of the 1999 Comprehensive Revision of the NIPA's: Statistical Changes," October 1999 Survey, pp. 6-17; "A Guide to the NIPA's," March 1998 Survey, pp. 36-40; "BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," May 1997 Survey, pp. 58-68.