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BEA 03-52

GROSS DOMESTIC PRODUCT: THIRD QUARTER 2003 (FINAL) CORPORATE PROFITS: THIRD QUARTER 2003 (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 8.2 percent in the third quarter of 2003, according to revised estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 3.1 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 also 8.2 percent (see "Revisions" on page 3).

The major contributors to the increase in real GDP in the third quarter were personal consumption expenditures (PCE), equipment and software, residential fixed investment, and exports. 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, a deceleration in imports, an upturn in exports, and accelerations in residential fixed investment and in equipment and software that were partly offset by a downturn in federal national defense spending.

This release presents revised estimates for the third quarter of 2003 that reflect the comprehensive revision of the national income and product accounts that was released on December 10, 2003. Regular news release table 13 (Gross Value Added of Nonfinancial Corporate Business) and appendix table A are not yet available; they will be posted later on BEA's Web site.

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>.

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Final sales of computers contributed 0.65 percentage point to the third-quarter change in real GDP after contributing 0.25 percentage point to 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, the same as the preliminary estimate; this index increased 0.4 percent in the second quarter.

Real personal consumption expenditures increased 6.9 percent in the third quarter, compared with an increase of 3.3 percent in the second. Real nonresidential fixed investment increased 12.8 percent, compared with an increase of 7.0 percent. Nonresidential structures decreased 1.8 percent, in contrast to an increase of 3.9 percent. Equipment and software increased 17.6 percent, compared with an increase of 8.0 percent. Real residential fixed investment increased 21.9 percent, compared with an increase of 4.5 percent.

Real exports of goods and services increased 9.9 percent in the third quarter, in contrast to a decrease of 1.1 percent in the second. Real imports of goods and services increased 0.8 percent, compared with an increase of 9.1 percent.

Real federal government consumption expenditures and gross investment increased 1.2 percent in the third quarter, compared with an increase of 23.5 percent in the second. National defense decreased 1.3 percent, in contrast to an increase of 41.9 percent. Nondefense increased 6.5 percent, in contrast to a decrease of 5.0 percent. Real state and local government consumption expenditures and gross investment increased 2.1 percent, in contrast to a decrease of 0.8 percent.

The real change in private inventories subtracted 0.13 percentage point from the third-quarter change in real GDP, after subtracting 0.17 percentage point from the second-quarter change. Private businesses reduced inventories \$9.1 billion in the third quarter, following a decrease of \$4.5 billion in the second quarter and an increase of \$1.6 billion in the first.

Real final sales of domestic product -- GDP less change in private inventories -- increased 8.3 percent in the third quarter, compared with an increase of 3.3 percent in the second.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 7.0 percent in the third quarter, compared with an increase of 4.3 percent in the second.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 8.3 percent in the third quarter, compared with an increase of 3.3 percent in the second. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$3.6 billion in the third quarter after increasing \$4.8 billion in the second; in the third quarter, receipts increased \$10.5 billion, and payments increased \$6.9 billion.

Current-dollar GDP

Current-dollar GDP – the market value of the nation's output of goods and services -- increased 10.0 percent, or \$260.3 billion, in the third quarter to a level of \$11,107.0 billion. In the second quarter, current-dollar GDP increased 4.2 percent, or \$110.9 billion.

Revisions

The final estimate of the third-quarter increase in real GDP is the same as the preliminary estimate, primarily reflecting an upward revision to personal consumption expenditures that was offset by a downward revision to private inventory investment.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	7.2	8.2	8.2
Current-dollar GDP.....	9.0	10.0	10.0
Gross domestic purchases price index.....	1.9	1.8	1.8

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$101.4 billion in the third quarter, according to revised estimates. In the second quarter, profits increased \$95.7 billion. The revised estimate of the third-quarter increase in corporate profits from current production is \$4.1 billion lower than the preliminary estimate issued last month. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$77.2 billion in the third quarter, compared with an increase of \$86.1 billion in the second.

Taxes on corporate income increased \$19.2 billion in the third quarter, in contrast to a decrease of \$2.5 billion in the second. The patterns of taxes on corporate income for the second and third quarters reflect the timing of provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003. Profits after tax with inventory valuation and capital consumption adjustments increased \$82.4 billion in the third quarter, after increasing \$98.1 billion in the second. Dividends increased \$6.8 billion, compared with an increase of \$7.2 billion; undistributed profits increased \$47.6 billion, in contrast to a decrease of \$21.2 billion.

Domestic profits of financial corporations increased \$19.6 billion in the third quarter, compared with an increase of \$11.2 billion in the second. Domestic profits of nonfinancial corporations increased \$72.6 billion, compared with an increase of \$84.7 billion in the second. In the third quarter, domestic profits of nonfinancial and financial corporations were revised down \$11.2 billion and \$0.7 billion, respectively.

The foreign component of profits (rest-of-the-world profits) increased \$9.2 billion in the third quarter, \$7.8 billion more than the preliminary estimates; the foreign component of profits decreased \$0.2 billion in the second quarter. 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 third-quarter increase was accounted for by a larger increase in receipts than in payments.

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. This measure reflects the depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial corporations and domestic profits of nonfinancial corporations increased. The increase in the profits of nonfinancial corporations was widespread among major industry groups with the largest increases occurring in manufacturing and information.

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.

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Next release -- January 30, 2004, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 2003 (Advance)

Release dates in 2004

Gross domestic product

	<u>2003: IV and 2003 annual</u>	<u>2004:I</u>	<u>2004:II</u>	<u>2004:III</u>
Advance.....	January 30	April 29	July 30	October 29
Preliminary..	February 27	May 27	August 27	November 30
Final.....	March 25	June 25	September 29	December 22

Corporate Profits

Preliminary..	....	May 27	August 27	November 30
Final.....	March 25	June 25	September 29	December 22

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

	2000	2001	2002	Seasonally adjusted at annual rates																
				1999	2000				2001				2002				2003			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Gross domestic product (GDP)	3.7	0.5	2.2	7.3	1.0	6.4	-0.5	2.1	-0.2	-0.6	-1.3	2.0	4.7	1.9	3.4	1.3	2.0	3.1	8.2	
Personal consumption expenditures	4.7	2.5	3.4	5.0	6.5	2.5	3.9	3.4	.5	2.3	1.9	6.2	4.1	2.6	2.0	2.2	2.5	3.3	6.9	
Durable goods	7.3	4.1	6.5	2.8	24.4	-9.5	6.0	.7	1.7	9.8	.7	27.3	1.6	.5	5.0	.3	.5	17.7	28.0	
Nondurable goods	3.8	1.9	3.0	9.3	.3	5.7	2.3	3.7	.4	-1.1	2.9	4.7	6.1	.4	.2	4.6	5.7	1.2	7.3	
Services	4.5	2.4	3.0	3.5	6.0	3.9	4.3	3.9	.3	2.4	1.6	2.8	3.8	4.1	2.2	1.5	1.5	1.7	2.8	
Gross private domestic investment	5.7	-8.4	-1.2	15.7	-6.9	29.1	-9.9	-2.3	-11.1	-16.4	-8.5	-17.7	11.1	4.6	11.4	-6	-3.5	4.7	14.8	
Fixed investment	6.5	-3.2	-3.7	2.1	11.5	9.5	-6	.7	-2.7	-9.2	-5.2	-10.8	-2.5	.6	.6	2.1	1.1	6.1	15.8	
Nonresidential	8.7	-4.5	-7.2	1.0	14.3	14.8	2.2	.9	-4.5	-13.6	-8.4	-14.0	-7.0	-3.0	-1.1	-1	-6	7.0	12.8	
Structures	6.8	-2.5	-18.4	4.2	7.0	18.0	9.6	1.2	-5.9	-5.6	2.2	-35.3	-23.9	-14.5	-14.6	-5.6	-4.0	3.9	-1.8	
Equipment and software	9.4	-5.2	-2.8	0	16.9	13.7	-2	.8	-4.0	-16.4	-12.2	-4.1	-.2	1.2	3.7	1.7	.5	8.0	17.6	
Residential .....	.8	.4	4.9	5.0	4.1	-3.5	-8.0	.4	2.6	3.7	3.1	-2.5	8.7	8.9	4.2	6.8	4.5	4.5	21.9
Change in private inventories																				
Net exports of goods and services																				
Exports	8.7	-5.2	-2.4	10.9	6.6	12.3	10.7	-2.7	-4.5	-13.4	-17.7	-9.8	4.4	8.7	4.3	-3.7	-2.0	-1.1	9.9	
Goods	11.2	-6.1	-4.0	14.0	8.7	13.8	18.3	-5.4	-5.4	-18.1	-18.9	-7.6	-2.6	12.0	4.3	-9.1	1.9	-1.7	8.6	
Services	2.9	-3.1	1.4	3.8	1.4	8.5	-6.6	4.4	-2.0	-6	-14.7	-15.0	22.8	1.6	4.5	9.4	-10.1	.2	12.7	
Imports	13.1	-2.6	3.3	8.2	16.7	16.5	14.1	-1.6	-6.2	-8.6	-10.8	-3.8	8.4	17.1	4.1	8.2	-6.8	9.1	.8	
Goods	13.5	-3.2	3.7	8.9	16.0	17.7	14.1	-1.6	-6.8	-12.2	-9.2	-3.2	6.3	21.9	4.8	7.4	-6.6	13.7	-1.5	
Services	11.1	.4	1.4	4.7	20.8	10.7	14.1	-1.9	-3.1	12.5	-18.2	-6.9	19.2	-3.6	.7	12.2	-7.5	-10.9	13.4	
Government consumption expenditures and gross investment	2.1	2.8	3.8	6.6	-3.0	5.5	-2.1	1.3	5.8	5.8	-4.1	7.4	4.6	4.0	2.5	7.1	-4	7.4	1.8	
Federal .....	.9	3.7	7.9	9.5	-13.9	17.2	-8.2	-1.0	8.9	6.7	0	9.9	8.4	10.5	3.9	18.2	-2	23.5	1.2
National defense	-5	3.9	8.9	10.1	-21.3	17.0	-7.4	1.7	7.7	2.6	2.4	14.2	8.2	9.5	4.5	22.1	-5.6	41.9	-1.3	
Nondefense	3.5	3.5	6.2	8.4	1.2	17.6	-9.7	-5.7	11.2	14.4	-4.3	2.6	8.7	12.2	2.9	11.4	10.5	-5.0	6.5	
State and local	2.7	2.2	1.8	5.1	3.2	.1	1.3	2.5	4.3	5.3	-6.1	6.1	2.7	.7	1.7	1.5	-5	-8	2.1	
Addenda:																				
Final sales of domestic product	3.8	1.4	1.8	5.0	4.2	3.3	1.3	2.6	1.4	.7	-.7	3.2	2.6	1.3	1.8	1.7	2.7	3.3	8.3	
Gross domestic purchases	4.4	.7	2.8	7.1	2.5	7.2	.4	2.1	-.7	-.4	-.8	2.4	5.2	3.1	3.4	2.7	1.1	4.3	7.0	
Final sales to domestic purchasers	4.5	1.6	2.4	4.8	5.6	4.2	2.1	2.6	.9	.9	-.3	3.6	3.2	2.5	1.8	3.1	1.8	4.5	7.2	
Gross national product (GNP)	3.7	.5	2.1	7.7	.8	6.6	-.7	3.0	-1.3	-.6	-1.9	4.6	2.6	1.3	3.8	2.0	1.5	3.3	8.3	
Disposable personal income	4.8	1.8	3.8	5.9	9.2	2.7	5.2	.6	-.3	-1.4	12.2	-4.4	10.6	4.1	-.9	.6	2.4	4.9	6.3	
Current-dollar measures:																				
GDP	5.9	2.9	3.8	9.1	4.7	8.3	1.6	3.8	2.9	2.6	.3	3.9	5.4	3.9	4.4	3.1	4.3	4.2	10.0	
Final sales of domestic product	6.1	3.9	3.3	6.9	7.8	5.4	3.2	4.5	4.5	4.0	.9	4.8	3.8	2.8	3.3	3.5	5.1	4.4	10.1	
Gross domestic purchases	7.0	2.7	4.2	9.4	6.6	8.9	2.9	3.7	1.9	1.9	.2	3.3	5.8	6.1	4.6	4.5	4.5	4.7	8.9	
Final sales to domestic purchasers	7.2	3.6	3.8	7.3	9.7	6.1	4.5	4.4	3.5	3.3	.7	4.1	4.2	5.0	3.5	4.8	5.3	4.8	9.1	
GNP	6.0	2.8	3.6	9.5	4.4	8.4	1.4	4.7	1.8	2.5	-.3	6.5	3.3	3.3	4.9	3.9	3.9	4.4	10.1	
Disposable personal income	7.5	3.8	5.2	8.5	13.0	4.7	7.2	2.4	2.9	1.1	12.8	-4.1	11.4	7.2	1.1	2.3	5.3	5.4	8.1	

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

	2000	2001	2002	Seasonally adjusted at annual rates																
				1999	2000				2001				2002				2003			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Gross domestic product (GDP)	2.2	2.4	1.5	1.9	3.4	2.0	1.9	1.8	3.2	3.2	1.6	1.6	1.1	1.5	1.5	1.7	2.3	1.1	1.6	
Personal consumption expenditures	2.5	2.0	1.4	2.4	3.5	2.0	1.9	1.8	3.2	2.5	.5	.4	.7	2.9	2.0	1.7	2.8	.5	1.8	
Durable goods	-1.6	-1.9	-2.9	-2.1	-1.8	-.5	-2.5	-1.0	-1.3	-3.1	-2.8	-2.2	-3.5	-2.9	-3.0	-3.0	-4.4	-3.9	-4.0	
Nondurable goods	4.0	1.5	.5	3.5	5.2	3.7	3.4	1.4	1.3	3.7	-.9	-4.3	-.1	5.7	1.4	1.0	5.1	-2.1	3.8	
Services	2.7	3.2	2.7	2.9	3.9	1.7	2.1	2.6	5.1	3.2	1.8	3.3	2.0	2.8	3.4	3.1	3.2	2.7	2.0	
Gross private domestic investment	1.0	1.1	0	.6	2.0	1.2	1.9	.8	.3	1.3	2.3	0	-.7	-.7	-1.0	1.6	1.3	0	2.0	
Fixed investment	1.1	1.1	-.1	.5	2.3	1.2	1.9	.9	.1	1.6	2.4	0	-.8	-.7	-.7	1.7	1.9	0	2.1	
Nonresidential	-.1	-.2	-.9	-.4	.6	.3	1.4	0	-.1	-.8	-.2	.6	-.1	-1.3	-1.5	.4	-.3	-.1	1.6	
Structures	3.9	5.5	1.4	3.4	4.8	3.6	4.5	5.0	6.5	6.9	6.3	1.2	-.9	.5	.3	1.1	3.8	1.1	2.7	
Equipment and software	-1.3	-2.2	-1.7	-1.7	-.8	-.8	.4	-.1	-.7	-.4	-.2	-.1	-.1	-.4	-.2	-.2	-1.6	-1.8	1.2	
Residential	4.4	4.6	2.4	3.2	7.1	3.9	3.2	3.4	5.3	5.1	7.0	2.9	.3	1.1	.9	4.5	6.4	2.2	3.1	
Change in private inventories																				
Net exports of goods and services																				
Exports	1.7	-.4	-.4	1.9	2.7	2.1	.9	.4	.1	-1.2	-2.1	-3.6	-1.2	2.9	3.3	.6	3.6	.8	1.6	
Goods	1.1	-.7	-.7	2.2	1.3	1.6	.3	.4	-.1	-1.6	-2.6	-3.8	-1.4	2.1	3.3	.6	3.5	1.7	-2	
Services	3.1	.4	.3	1.2	6.2	3.5	2.5	.6	.6	-.3	-1.0	-3.0	-.9	4.6	3.2	.6	3.8	-1.3	5.7	
Imports	4.2	-2.5	-1.0	5.4	5.9	.7	4.2	.7	-2.8	-6.0	-5.3	-9.8	-1.6	10.5	3.7	.8	11.7	-4.1	2.7	
Goods	4.8	-3.0	-1.7	6.3	6.8	1.2	4.5	.8	-3.7	-6.6	-6.6	-11.1	-2.1	10.7	2.7	.5	11.8	-6.8	2.6	
Services	1.4	.2	2.5	1.1	1.3	-2.0	2.5	.3	2.1	-3.0	1.4	-2.9	.7	9.3	8.6	2.0	11.3	10.4	3.3	
Government consumption expenditures and gross investment	4.1	2.6	2.6	3.9	6.6	1.7	4.5	2.7	2.7	2.2	2.0	1.4	3.6	3.3	2.2	1.8	7.3	.1	1.7	
Federal	3.2	2.1	2.7	2.7	7.2	-1.1	5.0	1.6	2.0	1.6	2.4	1.7	5.9	2.3	1.2	-.5	7.7	1.4	1.3	
National defense	3.2	2.2	2.5	2.1	8.2	-.2	3.6	.9	3.6	1.6	2.4	.8	5.2	2.3	1.8	-.6	8.0	1.2	1.3	
Nondefense	3.2	1.9	3.2	3.9	5.4	-2.6	7.5	2.7	-.7	1.8	2.3	3.6	7.3	2.1	.2	-.4	7.2	1.6	1.3	
State and local	4.5	2.9	2.5	4.5	6.3	3.2	4.2	3.2	3.0	2.5	1.8	1.3	2.4	3.8	2.7	3.0	7.1	-.7	2.0	
Addenda:																				
Final sales of domestic product	2.2	2.4	1.5	1.9	3.4	2.0	1.9	1.8	3.1	3.2	1.6	1.6	1.1	1.4	1.5	1.8	2.4	1.1	1.6	
Gross domestic purchases	2.5	2.0	1.4	2.3	3.8	1.8	2.3	1.8	2.6	2.3	1.0	.5	1.0	2.4	1.6	1.7	3.4	.4	1.8	
Final sales to domestic purchasers	2.5	2.0	1.4	2.3	3.8	1.8	2.3	1.8	2.6	2.3	1.0	.5	.9	2.4	1.6	1.7	3.5	.4	1.8	
Gross national product (GNP)	2.2	2.4	1.5	1.9	3.3	2.0	1.9	1.8	3.2	3.1	1.6	1.6	1.1	1.5	1.5	1.7	2.3	1.1	1.7	
Implicit price deflators:																				
GDP	2.2	2.4	1.5	1.7	3.6	1.7	2.1	1.6	3.1	3.2	1.6	1.9	.7	1.9	1.0	1.8	2.3	1.1	1.6	
Gross domestic purchases	2.5	2.0	1.4	2.2	4.1	1.6	2.5	1.6	2.6	2.3	1.0	.8	.6	2.9	1.2	1.8	3.4	.4	1.8	
GNP	2.2	2.4	1.5	1.7	3.6	1.7	2.1	1.6	3.1	3.2	1.6	1.9	.7	2.0	1.0	1.8	2.3	1.1	1.6	

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

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2000	2001	2002	Seasonally adjusted				
				2002		2003		
				III	IV	I	II	III
Gross domestic product	100.000	100.506	102.710	103.172	103.502	104.008	104.801	106.887
Personal consumption expenditures	100.000	102.452	105.951	106.229	106.819	107.489	108.378	110.197
Durable goods	100.000	104.144	110.868	111.557	111.638	111.779	116.420	123.834
Nondurable goods	100.000	101.852	104.949	104.703	105.885	107.358	107.685	109.607
Services	100.000	102.382	105.420	105.869	106.276	106.664	107.115	107.849
Gross private domestic investment	100.000	91.650	90.580	92.090	91.953	91.135	92.186	95.424
Private fixed investment	100.000	96.826	93.258	93.238	93.718	93.968	95.378	98.932
Nonresidential	100.000	95.517	88.683	88.399	88.378	88.248	89.751	92.485
Structures	100.000	97.465	79.492	77.412	76.304	75.523	76.244	75.906
Equipment and software	100.000	94.825	92.144	92.536	92.927	93.047	94.851	98.779
Residential	100.000	100.351	105.228	105.884	107.629	108.828	110.021	115.616
Change in private inventories								
Exports of goods and services	100.000	94.773	92.512	93.709	92.818	92.353	92.097	94.290
Imports of goods and services	100.000	97.377	100.609	101.587	103.610	101.810	104.059	104.277
Government consumption expenditures and gross investment	100.000	102.750	106.697	106.814	108.666	108.563	110.527	111.008
Federal	100.000	103.746	111.958	111.986	116.764	116.713	123.025	123.406
State and local	100.000	102.248	104.047	104.207	104.593	104.463	104.248	104.779
Addenda:								
Final sales of domestic product	100.000	101.441	103.242	103.442	103.877	104.569	105.420	107.553
Gross domestic purchases	100.000	100.672	103.482	103.938	104.625	104.915	106.016	107.836
Final sales to domestic purchasers	100.000	101.575	103.998	104.201	104.992	105.459	106.619	108.483
Gross national product	100.000	100.462	102.527	102.959	103.476	103.873	104.711	106.825

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

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2000	2001	2002	Seasonally adjusted				
				2002		2003		
				III	IV	I	II	III
Gross domestic product	100.000	102.376	103.949	104.123	104.571	105.163	105.440	105.870
Personal consumption expenditures	100.000	102.039	103.429	103.761	104.203	104.927	105.065	105.522
Durable goods	100.000	98.086	95.208	94.855	94.136	93.074	92.147	91.207
Nondurable goods	100.000	101.530	102.075	102.538	102.789	104.079	103.529	104.488
Services	100.000	103.168	105.946	106.371	107.174	108.028	108.758	109.306
Gross private domestic investment	100.000	101.070	101.119	100.852	101.259	101.586	101.589	102.093
Private fixed investment	100.000	101.087	101.155	100.908	101.341	101.808	101.796	102.319
Nonresidential	100.000	99.770	98.859	98.554	98.658	98.579	98.293	98.678
Structures	100.000	105.518	106.974	106.975	107.274	108.268	108.559	109.288
Equipment and software	100.000	97.786	96.121	95.730	95.781	95.404	94.961	95.251
Residential	100.000	104.628	107.105	106.998	108.184	109.881	110.485	111.321
Change in private inventories								
Exports of goods and services	100.000	99.628	99.273	99.812	99.964	100.842	101.044	101.434
Imports of goods and services	100.000	97.537	96.519	97.503	97.694	100.435	99.381	100.042
Government consumption expenditures and gross investment	100.000	102.587	105.207	105.590	106.055	107.951	107.966	108.433
Federal	100.000	102.065	104.858	105.199	105.066	107.032	107.399	107.755
State and local	100.000	102.853	105.382	105.785	106.580	108.435	108.246	108.778
Addenda:								
Final sales of domestic product	100.000	102.381	103.955	104.132	104.585	105.198	105.474	105.906
Gross domestic purchases	100.000	101.974	103.374	103.625	104.065	104.934	105.031	105.496
Final sales to domestic purchasers	100.000	101.978	103.379	103.633	104.077	104.968	105.062	105.531
Gross national product	100.000	102.372	103.936	104.108	104.556	105.156	105.438	105.872
Implicit price deflators:								
Gross domestic product	100.000	102.373	103.945	104.084	104.556	105.146	105.427	105.851
Final sales of domestic product	100.000	102.381	103.955	104.130	104.583	105.196	105.471	105.904
Gross domestic purchases	100.000	101.971	103.370	103.585	104.048	104.915	105.017	105.476
Final sales to domestic purchasers	100.000	101.978	103.379	103.629	104.072	104.964	105.058	105.526
Gross national product	100.000	102.368	103.932	104.069	104.541	105.138	105.425	105.853

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]

	2000	2001	2002	Seasonally adjusted at annual rates				
				2002		2003		
				III	IV	I	II	III
Gross domestic product	9,817.0	10,100.8	10,480.8	10,542.0	10,623.7	10,735.8	10,846.7	11,107.0
Plus: Income receipts from the rest of the world	382.7	319.0	299.1	308.3	304.8	296.8	299.5	312.1
Less: Income payments to the rest of the world	343.7	283.8	277.6	289.9	266.9	269.0	266.2	274.3
Equals: Gross national product	9,855.9	10,135.9	10,502.3	10,560.5	10,661.6	10,763.7	10,880.0	11,144.8
Less: Consumption of fixed capital	1,187.8	1,266.9	1,288.6	1,295.8	1,300.4	1,305.7	1,303.4	1,309.1
Less: Statistical discrepancy	-127.2	-112.2	-77.2	-50.3	-15.7	23.2	-8.3	54.0
Equals: National income	8,795.2	8,981.2	9,290.8	9,314.9	9,376.9	9,434.8	9,584.9	9,781.7
Compensation of employees	5,782.7	5,940.4	6,019.1	6,031.1	6,058.0	6,115.8	6,164.8	6,213.6
Wage and salary accruals	4,829.2	4,942.9	4,974.6	4,980.9	4,999.1	5,034.6	5,070.8	5,104.1
Supplements to wages and salaries	953.4	997.6	1,044.5	1,050.2	1,058.8	1,081.2	1,093.9	1,109.6
Proprietors' income with inventory valuation and capital consumption adjustments	728.4	770.6	797.7	803.2	812.2	813.5	838.8	860.9
Rental income of persons with capital consumption adjustment	150.3	163.1	173.0	172.7	159.0	163.2	153.4	157.0
Corporate profits with inventory valuation and capital consumption adjustments	817.9	770.4	904.2	899.8	934.9	927.1	1,022.8	1,124.2
Net interest and miscellaneous payments	559.0	568.4	582.4	585.7	589.7	589.3	581.7	579.9
Taxes on production and imports less subsidies	664.6	674.5	721.8	729.1	732.8	729.4	725.2	745.2
Business current transfer payments	87.1	92.5	89.8	87.8	86.2	90.1	92.5	97.1
Current surplus of government enterprises	5.3	1.2	2.8	5.4	4.1	6.3	5.8	3.7
Addendum:								
Gross domestic income	9,944.1	10,213.0	10,558.0	10,592.3	10,639.4	10,712.7	10,855.0	11,053.0

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2000	2001	2002	Seasonally adjusted at annual rates				
				2002		2003		
				III	IV	I	II	III
Personal income ¹	8,429.7	8,713.1	8,910.3	8,944.0	8,981.3	9,048.7	9,145.9	9,242.5
Compensation of employees, received	5,782.7	5,940.4	6,019.1	6,031.1	6,058.0	6,114.4	6,166.2	6,213.6
Wage and salary disbursements	4,829.2	4,942.9	4,974.6	4,980.9	4,999.1	5,033.2	5,072.2	5,104.1
Supplements to wages and salaries	953.4	997.6	1,044.5	1,050.2	1,058.8	1,081.2	1,093.9	1,109.6
Proprietors' income with inventory valuation and capital consumption adjustments	728.4	770.6	797.7	803.2	812.2	813.5	838.8	860.9
Farm	22.7	25.0	14.3	13.5	16.3	13.0	20.0	21.5
Nonfarm	705.7	745.6	783.4	789.7	795.9	800.5	818.8	839.4
Rental income of persons with capital consumption adjustment	150.3	163.1	173.0	172.7	159.0	163.2	153.4	157.0
Personal income receipts on assets	1,387.0	1,374.9	1,378.5	1,387.5	1,392.0	1,388.6	1,390.2	1,389.2
Personal interest income	1,011.0	1,003.7	982.4	985.3	981.2	970.6	964.9	957.0
Personal dividend income	376.1	371.2	396.2	402.2	410.8	418.0	425.3	432.2
Personal current transfer receipts	1,084.0	1,192.6	1,292.2	1,301.6	1,315.6	1,337.6	1,369.7	1,398.7
Less: Contributions for government social insurance	702.7	728.5	750.3	752.1	755.5	768.7	772.3	776.9
Less: Personal current taxes	1,235.7	1,243.7	1,053.1	1,053.0	1,045.6	1,009.4	1,000.2	936.0
Equals: Disposable personal income	7,194.0	7,469.4	7,857.2	7,891.0	7,935.6	8,039.2	8,145.8	8,306.6
Less: Personal outlays	7,025.6	7,342.2	7,674.0	7,722.0	7,789.2	7,888.3	7,956.7	8,118.5
Equals: Personal saving	168.5	127.2	183.2	169.0	146.4	151.0	189.0	188.1
Personal saving as a percentage of disposable personal income	2.3	1.7	2.3	2.1	1.8	1.9	2.3	2.3
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,194.0	7,320.2	7,596.7	7,605.2	7,615.8	7,662.0	7,753.5	7,872.3

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.

Table 11.—Corporate Profits: Level and Percent Change

	Billions of dollars								Percent change from preceding period							
	2000	2001	2002	Seasonally adjusted at annual rates					2001	2002	Quarterly rates				Quarter one year ago	
				2002		2003					2002	2003				2003
				III	IV	I	II	III				IV	I	II		
Corporate profits with inventory valuation and capital consumption adjustments	817.9	770.4	904.2	899.8	934.9	927.1	1,022.8	1,124.2	-5.8	17.4	3.9	-0.8	10.3	9.9	24.9	
Less: Taxes on corporate income	265.2	201.1	195.0	198.6	202.9	213.9	211.4	230.6	-24.1	-3.0	2.2	5.5	-1.2	9.0	16.1	
Equals: Profits after tax with inventory valuation and capital consumption adjustments	552.7	569.3	709.1	701.2	732.0	713.2	811.3	893.7	3.0	24.6	4.4	-2.6	13.8	10.1	27.4	
Net dividends	377.9	373.2	398.3	404.3	413.1	420.3	427.5	434.3	-1.3	6.7	2.2	1.8	1.7	1.6	7.4	
Undistributed profits with inventory valuation and capital consumption adjustments	174.8	196.0	310.8	296.9	318.9	292.9	383.8	459.3	12.2	58.6	7.4	-8.2	31.0	19.7	54.7	
Cash flow:																
Net cash flow with inventory valuation and capital consumption adjustments	864.8	937.3	1,058.2	1,049.0	1,070.8	1,043.3	1,129.4	1,206.6	8.4	12.9	2.1	-2.6	8.3	6.8	15.0	
Undistributed profits with inventory valuation and capital consumption adjustments	174.8	196.0	310.8	296.9	318.9	292.9	383.8	459.3	12.2	58.6	7.4	-8.2	31.0	19.7	54.7	
Consumption of fixed capital	690.0	741.3	747.3	752.1	751.9	750.4	745.6	747.2	7.4	.8	0	-2	-6	.2	-6	
Less: Inventory valuation adjustment	-14.1	9.1	-2.2	-11.1	-10.8	-28.1	1.2	-1.8								
Equals: Net cash flow	878.9	928.2	1,060.4	1,060.2	1,081.7	1,071.4	1,128.2	1,208.4	5.6	14.2	2.0	-1.0	5.3	7.1	14.0	
Addenda:																
Profits before tax (without inventory valuation and capital consumption adjustments)	773.4	696.8	745.0	756.3	795.0	809.0	792.5	865.9	-9.9	6.9	5.1	1.8	-2.0	9.3	14.5	
Profits after tax (without inventory valuation and capital consumption adjustments)	508.2	495.6	549.9	557.7	592.1	595.0	581.0	635.4	-2.5	11.0	6.2	.5	-2.4	9.4	13.9	
Inventory valuation adjustment	-14.1	9.1	-2.2	-11.1	-10.8	-28.1	1.2	-1.8								
Capital consumption adjustment	58.6	64.5	161.5	154.7	150.7	146.3	229.2	260.1	10.1	150.3	-2.6	-2.9	56.7	13.5	68.1	

Table 12.—Corporate Profits by Industry: Level and Change From Preceding Period

[Billions of dollars]

	Level								Change from preceding period						
	2000	2001	2002	Seasonally adjusted at annual rates					2001	2002	2003				
				2002		2003					IV	I	II	III	
				III	IV	I	II	III							
Corporate profits with inventory valuation and capital consumption adjustments	817.9	770.4	904.2	899.8	934.9	927.1	1,022.8	1,124.2	-47.5	133.8	35.1	-7.8	95.7	101.4	
Domestic industries	672.2	608.9	750.8	748.7	767.9	778.4	874.3	966.5	-63.3	141.9	19.2	10.5	95.9	92.2	
Financial	184.7	213.3	259.1	252.5	248.6	268.4	279.6	299.2	28.6	45.8	-3.9	19.8	11.2	19.6	
Nonfinancial	487.5	395.6	491.7	496.1	519.3	510.0	594.7	667.3	-91.9	96.1	23.2	-9.3	84.7	72.6	
Rest of the world	145.7	161.5	153.4	151.1	166.9	148.7	148.5	157.7	15.8	-8.1	15.8	-18.2	-2	9.2	
Receipts from the rest of the world	202.5	178.6	202.4	213.0	214.0	215.4	220.8	236.2	-23.9	23.8	1.0	1.4	5.4	15.4	
Less: Payments to the rest of the world	56.8	17.1	49.1	61.8	47.0	66.6	72.3	78.4	-39.7	32.0	-14.8	19.6	5.7	6.1	
Corporate profits with inventory valuation adjustment	759.3	705.9	742.7	745.1	784.2	780.9	793.6	864.2	-53.4	36.8	39.1	-3.3	12.7	70.6	
Domestic industries	613.6	544.4	589.4	594.0	617.2	632.1	645.1	706.4	-69.2	45.0	23.2	14.9	13.0	61.3	
Financial	200.2	225.6	255.1	249.0	243.4	261.8	260.6	274.6	25.4	29.5	-5.6	18.4	-1.2	14.0	
Federal Reserve banks	30.8	28.3	22.9	22.6	21.2	21.2	20.5	18.9	-2.5	-5.4	-1.4	0	-7	-1.6	
Other financial	169.4	197.3	232.2	226.4	222.1	240.7	240.1	255.7	27.9	34.9	-4.3	18.6	-6	15.6	
Nonfinancial	413.4	318.8	334.3	345.0	373.9	370.3	384.5	431.8	-94.6	15.5	28.9	-3.6	14.2	47.3	
Utilities	24.4	24.1	22.0	21.5	22.8	28.1	21.1	21.5	-3	-2.1	1.3	5.3	-7.0	.4	
Manufacturing	144.3	54.0	73.3	87.2	95.1	87.1	80.3	97.7	-90.3	19.3	7.9	-8.0	-6.8	17.4	
Durable goods	60.0	-24.9	8.8	20.4	25.2	17.1	13.9	19.4	-84.9	33.7	4.8	-8.1	-3.2	5.5	
Fabricated metal products	15.5	9.7	9.7	8.4	12.1	8.9	12.1	12.6	-5.8	0	3.7	-3.2	3.2	.5	
Machinery	8.2	3.2	1.5	2.6	-1.3	-2.8	-2.7	-2.4	-5.0	-1.7	-3.9	-1.5	.1	.3	
Computer and electronic products	4.0	-49.4	-18.4	-8.7	-1.2	-5.6	-1.8	-1.5	-53.4	31.0	7.5	-4.4	3.8	.3	
Electrical equipment, appliances, and components	5.6	2.0	1.7	1.6	.7	.7	.7	-1.5	-3.6	-3	.9	0	-1.6	-6	
Motor vehicles, bodies and trailers, and parts	-1.0	-7.2	-1.0	1.1	-1.7	7.3	-1.9	-3.5	-6.2	6.2	-2.8	9.0	-9.2	-1.6	
Other durable goods	27.7	16.7	15.3	15.3	16.6	8.6	9.1	15.7	-11.0	-1.4	1.3	-8.0	.5	6.6	
Nondurable goods	84.3	78.9	64.6	66.8	69.9	70.0	66.4	78.4	-5.4	-14.3	3.1	.1	-3.6	12.0	
Food and beverage and tobacco products	25.4	27.5	32.8	34.4	32.4	32.4	30.6	31.8	2.1	5.3	-2.0	0	-1.8	1.2	
Petroleum and coal products	26.9	29.9	6.4	7.7	8.7	20.2	20.6	19.5	3.0	-23.5	1.0	11.5	.4	-1.1	
Chemical products	14.2	13.8	17.5	17.7	19.4	18.9	15.8	23.7	-4	3.7	1.7	-5	-3.1	7.9	
Other nondurable goods	17.8	7.7	7.9	7.0	9.4	-1.5	-5	3.4	-10.1	.2	2.4	-10.9	1.0	3.9	
Wholesale trade	59.7	51.6	49.1	45.7	47.9	39.8	42.6	51.0	-8.1	-2.5	2.2	-8.1	2.8	8.4	
Retail trade	59.6	71.1	76.7	77.5	73.9	72.9	85.0	84.3	11.5	5.6	-3.6	-1.0	12.1	-7	
Transportation and warehousing	14.9	-1	-2.3	-3.5	2.4	5.6	12.9	14.7	-15.0	-2.2	5.9	3.2	7.3	1.8	
Information	-17.6	-27.2	-20.2	-20.1	-12.6	-11.4	-8.0	2.3	-9.6	7.0	7.5	1.2	3.4	10.3	
Other nonfinancial	128.2	145.3	135.5	136.7	144.4	148.1	150.7	160.2	17.1	-9.8	7.7	3.7	2.6	9.5	
Rest of the world	145.7	161.5	153.4	151.1	166.9	148.7	148.5	157.7	15.8	-8.1	15.8	-18.2	-2	9.2	

NOTE.—Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

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 2001-02 annual percent change in real GDP uses prices for 2001 and 2002 as weights, and the 2001-02 annual percent change in GDP prices uses quantities for 2001 and 2002 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.