



NEWS RELEASE



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GROSS DOMESTIC PRODUCT: THIRD QUARTER 2008 (FINAL) CORPORATE PROFITS: THIRD QUARTER 2008 (FINAL)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- decreased at an annual rate of 0.5 percent in the third quarter of 2008, (that is, from the second quarter to the third quarter), according to final estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.8 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 decrease in real GDP was also 0.5 percent (see "Revisions" on page 3).

The decrease in real GDP in the third quarter primarily reflected negative contributions from personal consumption expenditures (PCE), residential fixed investment, and equipment and software that were partly offset by positive contributions from federal government spending, private inventory investment, exports, nonresidential structures, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Most of the major components contributed to the downturn in real GDP growth in the third quarter. The largest contributors were a sharp downturn in PCE, a deceleration in exports, a smaller decrease in imports, a deceleration in nonresidential structures, a larger decrease in equipment and software, and a deceleration in state and local government spending. Notable offsets were an upturn in inventory investment and an acceleration in federal government spending.

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

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Final sales of computers subtracted 0.01 percentage point from the third-quarter change in real GDP after adding 0.17 percentage point to the second-quarter change. Motor vehicle output added 0.16 percentage point to the third-quarter change in real GDP after subtracting 1.01 percentage points from the second-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 4.5 percent in the third quarter, 0.2 percentage point less than the preliminary estimate; this index increased 4.2 percent in the second quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 2.8 percent in the third quarter, compared with an increase of 2.2 percent in the second.

Real personal consumption expenditures decreased 3.8 percent in the third quarter, in contrast to an increase of 1.2 percent in the second. Real nonresidential fixed investment decreased 1.7 percent, in contrast to an increase of 2.5 percent. Nonresidential structures increased 9.7 percent, compared with an increase of 18.5 percent. Equipment and software decreased 7.5 percent, compared with a decrease of 5.0 percent. Real residential fixed investment decreased 16.0 percent, compared with a decrease of 13.3 percent.

Real exports of goods and services increased 3.0 percent in the third quarter, compared with an increase of 12.3 percent in the second. Real imports of goods and services decreased 3.5 percent, compared with a decrease of 7.3 percent.

Real federal government consumption expenditures and gross investment increased 13.8 percent in the third quarter, compared with an increase of 6.6 percent in the second. National defense increased 18.0 percent, compared with an increase of 7.3 percent. Nondefense increased 5.1 percent, compared with an increase of 5.0 percent. Real state and local government consumption expenditures and gross investment increased 1.3 percent, compared with an increase of 2.5 percent.

The real change in private inventories added 0.84 percentage point to the third-quarter change in real GDP, after subtracting 1.50 percentage points from the second-quarter change. Private businesses decreased inventories \$29.6 billion in the third quarter, following a decrease of \$50.6 billion in the second quarter and a decrease of \$10.2 billion in the first.

Real final sales of domestic product -- GDP less change in private inventories -- decreased 1.3 percent in the third quarter, in contrast to an increase of 4.4 percent in the second.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- decreased 1.5 percent in the third quarter, compared with a decrease of 0.1 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 -- decreased 0.2 percent in the third quarter, in contrast to an increase of 2.1 percent in the second. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$9.9 billion in the third quarter after decreasing \$20.2 billion in the second; in the third quarter, receipts decreased \$13.3 billion, and payments decreased \$23.1 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 3.4 percent, or \$118.3 billion, in the third quarter to a level of \$14,412.8 billion. In the second quarter, current-dollar GDP increased 4.1 percent, or \$143.7 billion.

Revisions

The final estimate of the third-quarter decrease in real GDP is the same as the preliminary estimate, primarily reflecting upward revisions to nonresidential structures and to farm inventory investment that were offset by downward revisions to private nonfarm inventory investment and to equipment and software.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	-0.3	-0.5	-0.5
Current-dollar GDP.....	3.8	3.6	3.4
Gross domestic purchases price index...	4.8	4.7	4.5

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) decreased \$18.5 billion in the third quarter, compared with a decrease of \$60.2 billion in the second quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$43.1 billion in the third quarter, in contrast to a decrease of \$60.5 billion in the second.

Taxes on corporate income decreased \$13.3 billion in the third quarter, in contrast to an increase of \$3.9 billion in the second. Profits after tax with inventory valuation and capital consumption adjustments decreased \$5.2 billion in the third quarter, compared with a decrease of \$64.1 billion in the second. Dividends decreased \$5.3 billion, in contrast to an increase of \$13.9 billion; current-production undistributed profits increased \$0.3 billion, in contrast to a decrease of \$78.1 billion.

Domestic profits of financial corporations decreased \$75.5 billion in the third quarter, compared with a decrease of \$31.0 billion in the second. Domestic profits of nonfinancial corporations increased \$52.1 billion in the third quarter, in contrast to a decrease of \$4.2 billion in the second. In the third quarter, real gross value added of nonfinancial corporations increased, and profits per unit of real value added increased. The increase in unit profits reflected an increase in unit prices that was partly offset by an increase in unit nonlabor costs; unit labor costs were unchanged.

The rest-of-the-world component of profits increased \$4.9 billion in the third quarter, in contrast to a decrease of \$25.0 billion in the second. 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 smaller decrease 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 depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial corporations decreased, while domestic profits of nonfinancial corporations increased. The increase in nonfinancial corporations reflected increases in manufacturing and in wholesale trade that were partly offset by decreases in information and in retail trade. Within manufacturing, the largest increase was in petroleum and coal products.

Profits before tax decreased \$56.3 billion in the third quarter, compared with a decrease of \$0.9 billion in the second. 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 a tax-return, historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$25.3 billion in the third quarter (from -\$62.7 billion to -\$88.0 billion), compared with a decrease of \$14.7 billion in the second. The inventory valuation adjustment increased \$63.1 billion (from -\$154.0 billion to -\$90.9 billion), in contrast to a decrease of \$44.6 billion.

Effective with this release, chained-dollar gross value added of nonfinancial corporate business was revised beginning with 2005. The current-dollar gross value added is deflated by a revised chain-type price index for nonfinancial industries from the annual revision of the GDP-by-industry accounts that were released in December 2008.

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Next release -- January 30, 2009, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 2008 (Advance)

Release dates in 2009

Gross Domestic Product

	<u>2008: IV and 2008 annual</u>	<u>2009: I</u>	<u>2009: II</u>	<u>2009: III</u>
Advance.....	January 30	April 29	July 31	October 29
Preliminary...	February 27	May 29	August 27	November 24
Final.....	March 26	June 25	September 30	December 22

Corporate Profits

Preliminary.....	May 29	August 27	November 24
Final.....	March 26	June 25	September 30	December 22

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

	2005	2006	2007	Seasonally adjusted at annual rates															
				2004	2005				2006				2007				2008		
				IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III ^r
Gross domestic product (GDP)	2.9	2.8	2.0	2.5	3.0	2.6	3.8	1.3	4.8	2.7	0.8	1.5	0.1	4.8	4.8	-0.2	0.9	2.8	-0.5
Personal consumption expenditures	3.0	3.0	2.8	4.2	1.7	3.6	3.7	1.4	4.3	2.8	2.2	3.7	3.9	2.0	2.0	1.0	0.9	1.2	-3.8
Durable goods	4.6	4.5	4.8	7.0	0.6	12.1	5.4	-11.7	18.9	1.8	3.5	4.2	9.2	5.0	2.3	0.4	-4.3	-2.8	-14.8
Nondurable goods	3.4	3.7	2.5	4.9	2.4	4.2	3.0	4.7	4.4	3.1	2.3	3.1	3.5	1.9	1.2	0.3	-0.4	3.9	-7.1
Services	2.6	2.5	2.6	3.4	1.7	1.7	3.8	2.5	1.6	2.8	2.0	3.9	3.1	1.4	2.4	1.4	2.4	0.7	-0.1
Gross private domestic investment	5.8	2.1	-5.4	6.4	9.1	-5.1	4.0	12.2	6.2	-0.4	-5.3	-15.0	-9.6	6.2	3.5	-11.9	-5.8	-11.5	0.4
Fixed investment	6.8	1.9	-3.1	7.3	5.3	7.6	5.3	2.3	8.3	-2.5	-4.8	-7.6	-3.4	3.0	-0.9	-6.2	-5.6	-1.7	-5.3
Nonresidential	7.2	7.5	4.9	10.3	3.7	6.3	6.1	3.7	15.9	6.4	5.3	-1.0	3.4	10.3	8.7	3.4	2.4	2.5	-1.7
Structures.....	1.3	8.2	12.7	-0.2	7.5	-1.3	-9.2	1.9	15.6	19.7	14.3	2.5	11.2	18.3	20.5	8.5	8.6	18.5	9.7
Equipment and software	9.3	7.2	1.7	14.3	2.3	9.2	12.2	4.4	16.3	1.7	2.0	-2.4	0.0	6.9	3.6	1.0	-0.6	-5.0	-7.5
Residential	6.3	-7.1	-17.9	2.4	8.1	9.7	4.0	0.2	-3.6	-16.6	-21.4	-19.5	-16.2	-11.5	-20.6	-27.0	-25.1	-13.3	-16.0
Change in private inventories																			
Net exports of goods and services																			
Exports	7.0	9.1	8.4	10.0	8.1	8.8	0.4	10.9	16.7	5.5	3.5	15.6	0.6	8.8	23.0	4.4	5.1	12.3	3.0
Goods	7.7	9.9	7.5	7.2	7.1	14.5	-0.8	13.2	18.1	6.7	3.6	10.4	2.1	6.9	21.8	5.1	4.5	16.3	3.7
Services	5.6	7.2	10.5	16.8	10.2	-2.8	3.2	5.7	13.4	2.7	3.2	28.6	-2.7	13.3	25.9	2.7	6.4	3.8	1.4
Imports.....	5.9	6.0	2.2	13.8	3.2	0.6	0.8	15.3	10.3	0.1	3.1	2.0	7.7	-3.7	3.0	-2.3	-0.8	-7.3	-3.5
Goods	6.8	6.0	1.7	14.5	5.0	0.7	1.1	17.0	9.0	0.5	3.8	-0.8	8.4	-4.0	2.4	-2.6	-2.0	-7.1	-4.7
Services	1.4	6.0	4.4	10.5	-5.7	0.0	-1.0	6.8	17.7	-2.0	-0.3	18.4	4.2	-2.0	6.3	-0.9	5.5	-8.0	3.3
Government consumption expenditures and gross investment	0.4	1.7	2.1	-1.8	-0.2	0.9	3.4	-1.7	3.9	1.2	1.7	1.6	0.9	3.9	3.8	0.8	1.9	3.9	5.8
Federal.....	1.2	2.3	1.6	-4.6	1.1	1.1	9.7	-7.2	10.0	-1.5	1.9	1.8	-3.6	6.7	7.2	-0.5	5.8	6.6	13.8
National defense	1.5	1.6	2.5	-9.7	3.1	4.0	12.3	-14.2	8.8	1.9	-0.9	7.0	-5.9	8.5	10.2	-0.9	7.3	7.3	18.0
Nondefense.....	0.6	3.6	-0.2	6.5	-2.7	-4.5	4.4	8.9	12.4	-8.1	7.7	-8.1	1.2	3.1	1.2	0.4	2.9	5.0	5.1
State and local.....	-0.1	1.3	2.3	-0.1	-1.0	0.8	-0.1	1.6	0.5	2.9	1.6	1.5	3.6	2.4	1.9	1.6	-0.3	2.5	1.3
Addenda:																			
Final sales of domestic product	3.1	2.8	2.4	2.7	2.3	4.8	4.1	-0.3	5.1	2.3	0.9	2.9	1.1	4.3	4.0	0.8	0.9	4.4	-1.3
Gross domestic purchases	3.0	2.6	1.4	3.4	2.5	1.7	3.7	2.5	4.5	2.0	0.9	0.2	1.2	2.9	2.6	-1.0	0.1	-0.1	-1.5
Final sales to domestic purchasers	3.1	2.6	1.8	3.6	1.9	3.7	3.9	1.0	4.8	1.6	1.0	1.5	2.2	2.5	1.9	-0.1	0.1	1.3	-2.3
Gross national product (GNP)	3.0	2.6	2.2	1.5	4.7	2.2	4.1	0.4	4.9	2.8	0.2	2.0	-0.3	4.4	6.3	1.3	0.1	2.1	-0.2
Disposable personal income.....	1.4	3.5	2.8	7.5	-4.7	2.5	-1.3	7.5	5.1	1.3	2.3	5.8	4.4	-0.6	3.1	0.6	-0.7	10.7	-8.8
Current-dollar measures:																			
GDP	6.3	6.1	4.8	5.9	7.1	4.8	8.1	5.1	8.6	5.5	3.6	3.7	4.3	6.9	6.3	2.3	3.5	4.1	3.4
Final sales of domestic product	6.5	6.1	5.2	6.0	6.5	7.0	8.4	3.5	8.8	5.1	3.7	5.2	5.3	6.4	5.6	3.6	3.6	5.6	2.6
Gross domestic purchases	6.8	6.1	4.2	7.2	6.3	4.8	9.1	6.5	7.5	5.7	3.8	0.7	5.0	6.4	4.9	2.6	3.5	4.3	2.9
Final sales to domestic purchasers.....	6.9	6.1	4.6	7.3	5.7	6.9	9.4	5.0	7.8	5.3	3.9	2.1	5.9	5.9	4.2	3.9	3.7	5.7	2.2
GNP.....	6.4	5.9	4.9	4.8	8.8	4.4	8.4	4.2	8.7	5.6	3.0	4.1	4.0	6.4	7.9	3.9	2.6	3.4	3.7
Disposable personal income	4.4	6.4	5.5	10.8	-2.4	5.1	3.4	11.1	6.9	4.6	5.4	5.3	7.9	3.0	5.7	4.9	2.9	15.4	-4.2

^r Revised
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

	2005	2006	2007	Seasonally adjusted at annual rates															
				2004	2005				2006				2007				2008		
				IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III ^r
Gross domestic product (GDP)	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.7	3.5	2.7	2.8	2.2	4.1	2.0	1.5	2.8	2.6	1.1	3.9
Personal consumption expenditures	2.9	2.8	2.6	3.0	2.5	2.5	4.7	3.3	1.8	3.3	3.1	-0.5	3.4	3.6	2.5	4.3	3.6	4.3	5.0
Durable goods	-0.8	-1.3	-1.8	0.2	0.4	-0.9	-3.1	-0.9	-0.8	-1.3	-2.7	-1.8	-1.6	-1.9	-1.6	-0.1	-1.6	-0.6	
Nondurable goods	3.7	3.0	3.0	4.7	1.5	2.0	11.2	2.3	0.3	4.9	4.4	-6.2	5.1	6.4	2.9	8.4	6.7	6.5	10.3
Services	3.3	3.5	3.3	2.8	3.3	3.5	3.3	4.7	3.0	3.3	3.3	2.8	3.6	3.3	3.1	3.5	2.8	4.2	3.4
Gross private domestic investment	4.4	4.2	1.4	3.9	4.7	4.0	5.0	5.4	5.2	3.5	1.6	3.3	1.6	-0.3	-0.3	1.3	-0.5	0.4	2.0
Fixed investment	4.5	4.2	1.4	3.9	4.7	4.2	5.3	5.7	5.0	3.4	1.5	3.2	1.6	-0.2	-0.4	1.2	-0.2	0.8	2.3
Nonresidential	2.9	3.3	1.4	2.5	4.4	2.7	2.0	4.4	4.3	3.3	1.7	2.9	1.3	0.3	-0.6	1.7	0.6	2.3	4.2
Structures	11.8	12.3	3.8	12.0	11.9	10.1	14.8	17.0	14.1	12.0	4.6	6.7	3.4	0.7	0.5	4.5	2.7	3.3	7.1
Equipment and software	-0.1	0.1	0.3	-0.6	1.8	0.1	-2.3	0.2	0.7	-0.1	0.5	1.2	0.4	0.1	-1.2	0.4	-0.4	1.7	2.6
Residential	7.2	5.9	1.5	6.2	5.2	6.8	11.0	7.8	6.4	3.7	1.2	3.9	2.2	-1.3	0.3	0.0	-2.6	-3.5	-3.3
Change in private inventories																			
Net exports of goods and services	3.6	3.5	3.5	4.2	4.6	3.5	2.5	3.2	2.9	5.8	4.7	-0.8	3.6	5.3	3.5	6.2	9.1	10.8	6.7
Exports	3.1	3.3	3.5	3.6	4.3	3.0	1.3	2.2	3.0	6.2	5.2	0.0	3.3	5.1	2.8	6.0	10.0	12.3	5.6
Goods	4.9	3.8	3.5	5.5	5.2	4.6	5.3	5.5	2.7	4.9	3.7	-2.6	4.3	5.9	5.2	6.6	6.9	7.5	9.3
Services	6.3	4.3	3.7	6.9	2.3	9.7	10.3	4.5	-1.1	10.3	5.0	-9.1	0.9	12.8	7.4	12.8	12.8	28.8	9.2
Imports	6.5	4.2	3.6	7.0	2.1	10.0	10.8	5.0	-2.0	10.4	5.4	-10.1	0.8	13.0	7.7	14.5	13.8	31.2	9.8
Goods	5.7	4.8	3.7	6.0	3.5	7.9	7.8	2.0	4.1	9.9	3.2	-3.8	1.1	11.7	6.1	4.5	7.8	16.8	6.2
Government consumption expenditures and gross investment	5.9	4.7	4.5	5.7	7.7	4.1	7.0	4.8	4.9	4.9	3.3	2.3	6.4	5.2	3.4	5.1	6.2	7.0	4.4
Federal	4.8	4.1	3.4	2.6	11.8	1.7	3.1	0.8	10.2	4.1	1.2	0.9	7.6	3.7	0.9	2.3	5.6	5.1	2.7
National defense	5.2	4.5	3.5	3.1	12.6	1.8	3.2	1.3	10.9	4.4	1.5	0.7	7.0	4.3	1.6	3.1	5.1	6.3	3.1
Nondefense	4.0	3.4	3.1	1.7	10.2	1.6	3.0	-0.1	8.9	3.5	0.5	1.2	8.8	2.6	-0.5	0.5	6.8	2.8	1.9
State and local	6.5	5.1	5.1	7.6	5.3	5.6	9.4	7.3	2.0	5.4	4.6	3.2	5.7	6.1	4.9	6.8	6.6	8.1	5.5
Addenda:																			
Final sales of domestic product	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.8	3.5	2.7	2.7	2.2	4.1	2.0	1.5	2.8	2.7	1.2	4.0
Gross domestic purchases	3.7	3.4	2.8	3.6	3.7	3.1	5.2	3.9	2.9	3.6	2.9	0.6	3.6	3.3	2.2	4.0	3.5	4.2	4.5
Final sales to domestic purchasers	3.7	3.4	2.8	3.6	3.7	3.1	5.2	4.0	2.8	3.6	2.9	0.6	3.7	3.3	2.2	4.0	3.5	4.3	4.5
Gross national product (GNP)	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.7	3.5	2.7	2.8	2.2	4.1	2.0	1.5	2.8	2.6	1.1	3.9
Implicit price deflators:																			
GDP	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.8	3.6	2.7	2.7	2.2	4.2	2.0	1.5	2.5	2.6	1.3	3.9
Gross domestic purchases	3.7	3.4	2.8	3.7	3.7	3.1	5.2	4.0	2.9	3.6	2.9	0.6	3.7	3.3	2.2	3.7	3.4	4.4	4.4
GNP	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.8	3.6	2.7	2.8	2.1	4.2	2.0	1.5	2.5	2.5	1.3	3.9

^r Revised
See "Explanatory Note" at the end of the tables.

Table 5. Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2005	2006	2007	Seasonally adjusted				
				2007		2008		
				III	IV	I	II	III ^r
Gross domestic product	111.944	115.054	117.388	118.425	118.374	118.631	119.460	119.308
Personal consumption expenditures	115.615	119.135	122.456	122.838	123.130	123.395	123.770	122.572
Durable goods.....	131.397	137.274	143.908	144.720	144.856	143.284	142.273	136.695
Nondurable goods.....	115.687	119.930	122.872	123.182	123.261	123.147	124.317	122.035
Services	112.525	115.298	118.259	118.605	119.020	119.739	119.937	119.916
Gross private domestic investment	107.953	110.200	104.278	105.950	102.639	101.110	98.071	98.169
Fixed investment	108.984	111.109	107.717	108.218	106.503	104.969	104.522	103.102
Nonresidential	99.520	106.987	112.244	113.863	114.819	115.504	116.212	115.714
Structures	79.747	86.318	97.264	100.005	102.076	104.206	108.716	111.257
Equipment and software.....	107.695	115.467	117.412	118.348	118.636	118.470	116.961	114.709
Residential	133.226	123.728	101.534	99.644	92.110	85.698	82.692	79.154
Change in private inventories.....								
Exports of goods and services	109.942	119.937	130.068	133.747	135.189	136.880	140.908	141.943
Imports of goods and services	123.455	130.815	133.654	134.033	133.254	132.991	130.509	129.367
Government consumption expenditures and gross investment	112.626	114.497	116.871	117.642	117.879	118.443	119.594	121.288
Federal.....	125.181	128.019	130.078	131.772	131.610	133.488	135.628	140.080
State and local	106.256	107.642	110.167	110.484	110.914	110.844	111.517	111.891
Addenda:								
Final sales of domestic product	112.159	115.254	118.062	118.898	119.133	119.397	120.679	120.273
Gross domestic purchases	113.744	116.748	118.343	119.013	118.700	118.726	118.694	118.255
Final sales to domestic purchasers.....	113.959	116.948	118.995	119.469	119.427	119.461	119.853	119.173
Gross national product.....	112.340	115.284	117.795	118.913	119.302	119.329	119.950	119.901

^r Revised

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

Table 6. Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2005	2006	2007	Seasonally adjusted				
				2007		2008		
				III	IV	I	II	III ^r
Gross domestic product	113.039	116.676	119.819	119.984	120.826	121.613	121.951	123.134
Personal consumption expenditures (PCE)	111.581	114.675	117.659	117.969	119.221	120.283	121.544	123.041
Durable goods.....	89.984	88.772	87.154	86.938	86.598	86.581	86.237	86.110
Nondurable goods.....	111.606	114.984	118.407	118.682	121.092	123.059	125.021	128.129
Services	116.700	120.752	124.712	125.179	126.253	127.133	128.450	129.538
Gross private domestic investment	111.381	116.102	117.735	117.566	117.960	117.815	117.926	118.510
Fixed investment	111.638	116.380	117.995	117.836	118.189	118.117	118.353	119.037
Nonresidential	103.829	107.277	108.739	108.558	109.015	109.177	109.788	110.913
Structures	135.177	151.822	157.662	157.402	159.138	160.182	161.496	164.285
Equipment and software.....	94.534	94.594	94.870	94.712	94.798	94.700	95.101	95.710
Residential	129.268	136.897	138.884	138.820	138.803	137.900	136.687	135.535
Change in private inventories.....								
Exports of goods and services	108.814	112.618	116.586	117.018	118.794	121.397	124.560	126.592
Imports of goods and services	111.154	115.932	120.168	121.200	124.907	128.722	137.136	140.189
Government consumption expenditures and gross investment	121.470	127.239	132.941	133.497	135.174	137.237	139.588	141.107
Federal.....	120.834	125.806	130.076	130.342	131.070	132.879	134.553	135.447
State and local	121.862	128.109	134.671	135.400	137.649	139.866	142.632	144.540
Addenda:								
PCE excluding food and energy.....	109.644	112.129	114.548	114.797	115.512	116.158	116.782	117.481
Market-based PCE ¹	110.316	113.167	115.893	116.118	117.371	118.452	119.719	121.348
Market-based PCE excluding food and energy ¹	107.657	109.715	111.700	111.831	112.439	113.021	113.522	114.228
Final sales of domestic product	113.074	116.710	119.853	120.020	120.856	121.653	122.008	123.204
Gross domestic purchases	113.263	117.066	120.294	120.571	121.766	122.821	124.103	125.475
Final sales to domestic purchasers.....	113.299	117.101	120.329	120.609	121.798	122.863	124.160	125.543
Gross national product.....	113.036	116.673	119.815	119.978	120.822	121.601	121.938	123.117
Implicit price deflators:								
Gross domestic product	113.034	116.676	119.816	119.997	120.743	121.508	121.890	123.056
Final sales of domestic product.....	113.074	116.709	119.853	120.013	120.849	121.647	122.002	123.198
Gross domestic purchases.....	113.258	117.066	120.292	120.585	121.687	122.722	124.045	125.400
Final sales to domestic purchasers.....	113.299	117.101	120.329	120.604	121.794	122.858	124.156	125.538
Gross national product.....	113.031	116.672	119.813	119.990	120.737	121.495	121.876	123.037

^r Revised

1. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. Percentage changes for these series are included in the addenda to table 8 and appendix table A.

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]

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007		2008		
				III	IV	I	II	III ^r
Gross domestic product	12,421.9	13,178.4	13,807.5	13,950.6	14,031.2	14,150.8	14,294.5	14,412.8
Plus: Income receipts from the rest of the world.....	573.5	725.4	861.7	898.5	907.4	843.2	822.8	815.6
Less: Income payments to the rest of the world	480.5	647.1	759.3	786.3	742.0	705.1	708.9	688.7
Equals: Gross national product	12,514.9	13,256.6	13,910.0	14,062.8	14,196.6	14,289.0	14,408.3	14,539.6
Less: Consumption of fixed capital	1,612.0	1,623.9	1,720.5	1,731.9	1,758.6	1,778.0	1,803.1	1,898.1
Less: Statistical discrepancy.....	-71.2	-163.0	-81.4	-7.8	13.9	63.4	136.6	162.8
Equals: National income	10,974.0	11,795.7	12,270.9	12,338.6	12,424.1	12,447.6	12,468.6	12,478.8
Compensation of employees.....	7,030.8	7,433.8	7,812.3	7,839.3	7,941.0	8,009.7	8,033.5	8,080.4
Wage and salary accruals.....	5,676.7	6,028.5	6,355.7	6,377.7	6,465.5	6,518.0	6,531.3	6,570.1
Supplements to wages and salaries	1,354.1	1,405.3	1,456.6	1,461.6	1,475.5	1,491.7	1,502.2	1,510.3
Proprietors' income with inventory valuation and capital consumption adjustments	959.8	1,014.7	1,056.2	1,063.8	1,073.8	1,071.7	1,076.9	1,080.5
Rental income of persons with capital consumption adjustment	40.9	44.3	40.0	41.8	38.6	39.1	58.6	68.5
Corporate profits with inventory valuation and capital consumption adjustments.....	1,447.9	1,668.5	1,642.4	1,668.3	1,611.1	1,593.5	1,533.3	1,514.8
Net interest and miscellaneous payments	569.1	631.2	664.4	663.0	688.1	662.3	683.4	656.6
Taxes on production and imports less subsidies.....	868.9	926.4	963.2	965.7	975.3	975.1	988.5	993.8
Business current transfer payments.....	70.0	85.4	100.2	102.2	103.1	103.2	102.1	92.1
Current surplus of government enterprises	-13.4	-8.6	-7.9	-5.5	-6.7	-7.1	-7.7	-8.0
Addendum:								
Gross domestic income	12,493.0	13,341.4	13,889.0	13,958.4	14,017.4	14,087.4	14,157.8	14,250.0

^r Revised

Table 10. Personal Income and Its Disposition

[Billions of dollars]

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007		2008		
				III	IV	I	II	III ^r
Personal income ¹	10,269.8	10,993.9	11,663.2	11,730.4	11,872.1	11,960.5	12,152.2	12,159.4
Compensation of employees, received	7,025.8	7,432.6	7,818.6	7,839.3	7,941.0	8,009.7	8,033.5	8,080.4
Wage and salary disbursements.....	5,671.7	6,027.2	6,362.0	6,377.7	6,465.5	6,518.0	6,531.3	6,570.1
Supplements to wages and salaries	1,354.1	1,405.3	1,456.6	1,461.6	1,475.5	1,491.7	1,502.2	1,510.3
Proprietors' income with inventory valuation and capital consumption adjustments	959.8	1,014.7	1,056.2	1,063.8	1,073.8	1,071.7	1,076.9	1,080.5
Farm	34.1	16.2	44.0	47.4	47.1	41.6	38.0	32.4
Nonfarm	925.7	998.6	1,012.2	1,016.4	1,026.7	1,030.1	1,039.0	1,048.2
Rental income of persons with capital consumption adjustment	40.9	44.3	40.0	41.8	38.6	39.1	58.6	68.5
Personal income receipts on assets	1,596.9	1,824.8	2,000.1	2,030.9	2,056.2	2,054.1	2,052.3	2,055.7
Personal interest income	1,022.0	1,125.4	1,214.3	1,236.2	1,242.7	1,224.6	1,208.7	1,217.4
Personal dividend income	574.9	699.4	785.8	794.7	813.5	829.5	843.6	838.3
Personal current transfer receipts	1,520.7	1,603.0	1,713.3	1,720.6	1,737.8	1,778.1	1,926.3	1,872.7
Less: Contributions for government social insurance	874.3	925.5	965.1	966.0	975.3	992.2	995.4	998.4
Less: Personal current taxes	1,207.8	1,353.2	1,492.8	1,501.6	1,520.5	1,535.0	1,346.1	1,468.6
Equals: Disposable personal income	9,062.0	9,640.7	10,170.5	10,228.8	10,351.5	10,425.5	10,806.0	10,690.7
Less: Personal outlays.....	9,029.5	9,570.0	10,113.1	10,182.0	10,309.2	10,404.9	10,538.2	10,559.9
Equals: Personal saving	32.5	70.7	57.4	46.8	42.4	20.6	267.9	130.8
Personal saving as a percentage of disposable personal income	0.4	0.7	0.6	0.5	0.4	0.2	2.5	1.2
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	8,121.4	8,407.0	8,644.0	8,671.1	8,683.1	8,667.9	8,891.0	8,689.1

^r Revised

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 13. Gross Value Added of Nonfinancial Domestic Corporate Business

	2005	2006	2007	Seasonally adjusted at annual rates				
				2007		2008		
				III	IV	I	II	III ^r
Billions of dollars								
Gross value added of nonfinancial corporate business.....	6,396.1	6,863.4	7,075.1	7,098.6	7,135.5	7,119.3	7,153.1	7,257.6
Consumption of fixed capital.....	743.9	775.2	822.3	828.1	840.7	852.6	868.5	909.8
Net value added.....	5,652.2	6,088.3	6,252.8	6,270.6	6,294.8	6,266.7	6,284.6	6,347.8
Compensation of employees.....	4,075.6	4,316.8	4,525.3	4,537.2	4,602.7	4,623.0	4,630.8	4,650.4
Wage and salary accruals.....	3,337.9	3,548.2	3,734.2	3,744.2	3,802.8	3,814.8	3,819.1	3,836.3
Supplements to wages and salaries.....	737.6	768.6	791.1	793.0	799.9	808.2	811.7	814.1
Taxes of production and imports less subsidies.....	563.2	591.1	611.9	614.2	619.5	617.9	625.6	628.6
Net operating surplus.....	1,013.5	1,180.3	1,115.5	1,119.1	1,072.6	1,025.8	1,028.2	1,068.8
Net interest and miscellaneous payments.....	153.6	169.6	179.4	178.8	185.4	180.5	186.7	180.9
Business current transfer payments.....	58.5	71.8	68.1	67.7	67.7	57.9	58.2	52.6
Corporate profits with inventory valuation and capital consumption adjustments.....	801.4	939.0	868.1	872.6	819.5	787.4	783.2	835.3
Taxes on corporate income.....	274.5	309.3	321.1	318.9	314.7	279.8	294.0	303.7
Profits after tax with inventory valuation and capital consumption adjustments.....	526.9	629.7	547.0	553.7	504.7	507.6	489.2	531.6
Net dividends.....	184.2	474.4	503.4	492.7	533.0	494.0	514.2	498.4
Undistributed profits with inventory valuation and capital consumption adjustments.....	342.7	155.3	43.5	61.0	-28.3	13.6	-25.0	33.2
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)....	955.9	1,127.4	1,091.7	1,080.4	1,080.6	939.6	993.3	1,006.5
Profits after tax (without inventory valuation and capital consumption adjustments).....	681.3	818.1	770.7	761.5	765.8	659.8	699.3	702.7
Inventory valuation adjustment.....	-37.8	-39.5	-51.2	-31.0	-74.1	-109.4	-154.0	-90.9
Capital consumption adjustment.....	-116.7	-149.0	-172.5	-176.8	-187.0	-42.8	-56.1	-80.3
Billions of chained (2000) dollars								
Gross value added of nonfinancial corporate business¹.....	5,916.1	6,156.4	6,243.1	6,271.2	6,304.4	6,283.0	6,375.1	6,408.2
Consumption of fixed capital ²	682.6	686.7	716.9	721.0	731.6	744.8	757.5	789.3
Net value added ³	5,233.5	5,469.7	5,526.2	5,550.3	5,572.9	5,538.3	5,617.7	5,618.8
Dollars; quarters seasonally adjusted								
Price, costs, and profits per unit of real gross value added of nonfinancial corporate business:								
Price per unit of real gross value added of nonfinancial corporate business⁴.....	1.081	1.115	1.133	1.132	1.132	1.133	1.122	1.133
Compensation of employees (unit labor cost).....	0.689	0.701	0.725	0.723	0.730	0.736	0.726	0.726
Unit nonlabor cost.....	0.257	0.262	0.270	0.270	0.271	0.273	0.272	0.276
Consumption of fixed capital.....	0.126	0.126	0.132	0.132	0.133	0.136	0.136	0.142
Taxes on production and imports less subsidies plus business current transfer payments.....	0.105	0.108	0.109	0.109	0.109	0.108	0.107	0.106
Net interest and miscellaneous payments.....	0.026	0.028	0.029	0.029	0.029	0.029	0.029	0.028
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production).....	0.135	0.153	0.139	0.139	0.130	0.125	0.123	0.130
Taxes on corporate income.....	0.046	0.050	0.051	0.051	0.050	0.045	0.046	0.047
Profits after tax with inventory valuation and capital consumption adjustments.....	0.089	0.102	0.088	0.088	0.080	0.081	0.077	0.083

^r Revised

1. The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net value added of nonfinancial corporate business is the difference between the gross value added and the consumption of fixed capital.

4. The deflator for gross value added of nonfinancial corporate business divided by 100.

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

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

	Seasonally adjusted at annual rates																					
	2005	2006	2007	2004				2005				2006				2007				2008		
				IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV		
Gross domestic product (GDP) and related aggregates:																						
GDP	2.9	2.8	2.0	2.5	3.0	2.6	3.8	1.3	4.8	2.7	0.8	1.5	0.1	4.8	4.8	-0.2	0.9	2.8	-0.5			
Goods	4.3	5.4	3.1	3.7	3.6	4.7	5.3	2.0	11.1	5.9	1.5	1.3	-2.5	10.3	9.0	0.0	0.9	4.9	-4.2			
Services	2.2	2.3	2.8	2.4	2.1	1.0	3.9	0.9	2.6	2.3	2.3	3.8	2.1	2.7	4.0	1.3	2.7	1.7	1.5			
Structures	3.2	-2.2	-5.0	-0.3	6.0	5.1	-0.6	1.3	-0.8	-3.8	-8.8	-9.8	-3.9	0.8	-2.9	-9.3	-10.1	3.3	-1.0			
Motor vehicle output	3.8	-0.9	-1.1	-9.6	4.6	7.1	24.6	-31.0	20.2	-10.1	13.7	-19.0	3.8	4.6	17.3	-25.7	-14.2	-33.8	7.3			
GDP excluding motor vehicle output	2.9	2.9	2.1	3.0	2.9	2.5	3.2	2.6	4.3	3.1	0.4	2.2	-0.1	4.8	4.4	0.7	1.3	4.0	-0.7			
Final sales of computers ¹	23.4	25.0	21.3	50.1	8.5	38.5	11.5	37.2	27.8	25.2	7.0	34.2	-5.0	37.2	52.6	23.7	8.2	28.4	-1.7			
GDP excluding final sales of computers	2.8	2.6	1.9	2.3	2.9	2.4	3.8	1.1	4.7	2.5	0.8	1.3	0.1	4.6	4.5	-0.3	0.8	2.7	-0.5			
Farm gross value added ²	9.1	-6.9	9.7	40.8	-1.9	27.7	3.1	-26.8	-22.3	3.1	6.9	30.4	12.5	-6.1	8.6	8.2	-15.5	-10.7	7.1			
Nonfarm business gross value added ³	3.4	3.2	2.0	2.6	3.7	2.9	4.8	1.3	6.0	2.9	0.3	1.4	-0.9	5.8	5.5	-0.7	0.9	2.8	-1.9			
Price indexes:																						
GDP	3.3	3.2	2.7	3.2	4.0	2.1	4.1	3.7	3.5	2.7	2.8	2.2	4.1	2.0	1.5	2.8	2.6	1.1	3.9			
GDP excluding food and energy	3.2	3.2	2.5	3.1	3.9	2.7	3.2	3.5	3.6	3.2	2.6	2.6	3.2	1.7	1.8	2.4	2.0	1.5	3.0			
GDP excluding final sales of computers	3.4	3.4	2.8	3.4	4.2	2.3	4.2	3.9	3.7	2.9	2.9	2.3	4.2	2.1	1.7	3.0	2.7	1.2	4.1			
Gross domestic purchases	3.7	3.4	2.8	3.6	3.7	3.1	5.2	3.9	2.9	3.6	2.9	0.6	3.6	3.3	2.2	4.0	3.5	4.2	4.5			
Gross domestic purchases excluding food and energy	3.1	3.1	2.4	2.8	3.9	2.7	2.9	3.2	3.4	3.2	2.5	2.5	2.9	1.8	1.9	2.4	2.2	2.2	2.8			
Gross domestic purchases excluding final sales of computers to domestic purchasers	3.9	3.6	2.9	3.9	3.9	3.3	5.4	4.1	3.0	3.8	3.1	0.7	3.8	3.5	2.4	4.2	3.7	4.4	4.7			
Personal consumption expenditures (PCE)	2.9	2.8	2.6	3.0	2.5	2.5	4.7	3.3	1.8	3.3	3.1	-0.5	3.4	3.6	2.5	4.3	3.6	4.3	5.0			
PCE excluding food and energy	2.1	2.3	2.2	2.1	2.5	2.1	1.6	2.4	2.1	3.0	2.3	1.8	2.4	1.8	2.1	2.5	2.3	2.2	2.4			
Market-based PCE ⁴	2.7	2.6	2.4	2.9	2.2	2.2	4.9	3.2	1.4	3.1	3.1	-1.1	3.5	3.5	2.0	4.4	3.7	4.3	5.6			
Market-based PCE excluding food and energy ⁴	1.7	1.9	1.8	1.8	2.2	1.6	1.2	2.0	1.8	2.6	2.1	1.5	2.3	1.2	1.4	2.2	2.1	1.8	2.5			

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 value added of farm, of households and institutions, and of general government.

4. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions.

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 2006-07 annual percent change in real GDP uses prices for 2006 and 2007 as weights, and the 2006-07 annual percent change in GDP prices uses quantities for 2006 and 2007 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, 8, and Appendix Table A. 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.