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Recorded message: 606-5306

BEA 01-07

**GROSS DOMESTIC PRODUCT: FOURTH QUARTER 2000 (FINAL)
CORPORATE PROFITS: FOURTH QUARTER 2000**

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 1.0 percent in the fourth quarter of 2000, according to revised estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 2.2 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 1.1 percent (see "Revisions" on page 3).

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

The deceleration in real GDP in the fourth quarter primarily reflected downturns in exports, in PCE for goods, and in nonresidential fixed investment that were partly offset by an upturn in federal government spending and a step-up in PCE for services. Imports turned down.

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 1.9 percent in the fourth quarter, 0.1 percentage point more than in the preliminary estimate; this index increased 2.0 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.6 percent in the fourth quarter, compared with an increase of 1.5 percent in the third.

Real personal consumption expenditures increased 2.8 percent in the fourth quarter, compared with an increase of 4.5 percent in the third. Real nonresidential fixed investment decreased 0.1 percent, in contrast to an increase of 7.7 percent. Nonresidential structures increased 10.4 percent, compared with an increase of 14.6 percent. Equipment and software decreased 3.3 percent, in contrast to an increase of 5.6 percent. Real residential fixed investment decreased 3.6 percent, compared with a decrease of 10.6 percent.

Real exports of goods and services decreased 6.4 percent in the fourth quarter, in contrast to an increase of 13.9 percent in the third. Real imports of goods and services decreased 1.2 percent, in contrast to an increase of 17.0 percent.

Real federal government consumption expenditures and gross investment increased 3.8 percent in the fourth quarter, in contrast to a decrease of 9.0 percent in the third. National defense increased 8.9 percent, in contrast to a decrease of 9.7 percent. Nondefense decreased 4.6 percent, compared with a decrease of 7.9 percent. Real state and local government consumption expenditures and gross investment increased 2.5 percent, compared with an increase of 2.9 percent.

The real change in private inventories subtracted 0.62 percentage point from the fourth-quarter change in real GDP, after subtracting 0.22 percentage point from the third-quarter change. Private businesses increased inventories \$55.7 billion in the fourth quarter, following increases of \$72.5 billion in the third quarter and \$78.6 billion in the second.

Real final sales of domestic product -- GDP less change in private inventories -- increased 1.7 percent in the fourth quarter, compared with an increase of 2.4 percent in the third.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 1.5 percent in the fourth quarter, compared with an increase of 3.0 percent in the third.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 1.7 percent in the fourth quarter, compared with an increase of 2.1 percent in the third. 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 3.0 percent, or \$75.0 billion, in the fourth quarter to a level of \$10,114.4 billion. In the third quarter, current-dollar GDP increased 3.8 percent, or \$93.7 billion.

Revisions

The final estimate of the fourth-quarter increase in real GDP is 0.1 percentage point, or \$0.5 billion, lower than the preliminary estimate issued last month. The downward revision to the percentage change in real GDP reflected downward revisions to private inventory investment and to exports of goods that were partly offset by an upward revision to exports of services.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	1.4	1.1	1.0
Current-dollar GDP.....	3.5	3.0	3.0
Gross domestic purchases price index.....	1.9	1.8	1.9

Corporate Profits

Profits from current production (profits before tax with inventory valuation and capital consumption adjustments) decreased \$55.6 billion in the fourth quarter. In the third quarter, profits increased \$6.7 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$25.1 billion in the fourth quarter, in contrast to an increase of \$20.1 billion in the third.

The profits estimates reflect the effects of payments by tobacco companies related to out-of-court settlements, which reduced fourth-quarter profits by \$14.2 billion and third-quarter profits by \$6.2 billion.

Domestic profits of financial corporations increased \$2.8 billion in the fourth quarter, compared with an increase of \$6.1 billion in the third.

Domestic profits of nonfinancial corporations decreased \$75.7 billion in the fourth quarter, compared with a decrease of \$7.1 billion in the third. In the fourth quarter, both real gross corporate product and profits per unit of real product decreased. The decrease in unit profits reflected a smaller increase in the prices 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 \$17.3 billion in the fourth quarter, compared with an increase of \$7.8 billion in the third. 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 fourth-quarter increase was accounted for by a decrease in payments and an increase in receipts.

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 financial corporations increased, and domestic profits of nonfinancial corporations decreased. Profit decreases for nonfinancial corporations were widespread among major industry groups. The largest decreases occurred in durable goods manufacturing, in nondurable goods manufacturing, and in wholesale trade.

Profits before tax decreased \$51.0 billion in the fourth quarter, in contrast to an increase of \$2.6 billion in the third. 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 and inventory withdrawals reported on an historical-cost basis to the replacement-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$0.6 billion in the fourth quarter (from \$29.7 billion to \$29.1 billion), compared with a decrease of \$5.0 billion in the third. The inventory valuation adjustment decreased \$4.0 billion (from -\$4.5 billion to -\$8.5 billion), in contrast to an increase of \$9.1 billion.

Profits tax liability decreased \$22.9 billion in the fourth quarter, compared with a decrease of \$1.4 billion in the third. Profits after tax decreased \$28.0 billion, in contrast to an increase of \$4.0 billion. Dividends increased \$7.5 billion, compared with an increase of \$7.1 billion; undistributed profits decreased \$35.6 billion, compared with a decrease of \$3.0 billion.

Corporate profits in 2000

Profits from current production increased 10.5 percent in 2000, compared with an increase of 5.0 percent in 1999. Domestic profits increased 8.1 percent, compared with an increase of 4.7 percent. The foreign component of profits increased 26.8 percent, compared with an increase of 7.6 percent.

Profits before tax increased 12.5 percent in 2000, compared with an increase of 8.5 percent in 1999. The before-tax measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments. The smaller increase in 2000 profits from current production, compared with the increase in profits before tax, resulted from decreases in the inventory valuation adjustment and in the capital consumption adjustment.

Profits tax liability increased 11.0 percent in 2000, compared with an increase of 4.6 percent in 1999. Profits after tax increased 13.1 percent, compared with an increase of 10.4 percent. Dividends increased 7.1 percent, compared with an increase of 5.5 percent; undistributed profits increased 24.5 percent, compared with an increase of 21.2 percent.

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Next release -- April 27, 2001, at 8:30 A.M. EDT for:
Gross Domestic Product: First Quarter 2001 (Advance)

Table 5.--Quantity and Price Indexes for Gross Domestic Product
[Index numbers, 1996=100]

	1998	1999	2000r	Seasonally adjusted				
				IV 99	I 00	II 00	III 00	IV 00r
Gross domestic product:								
Chain-type quantity index.....	108.99	113.60	119.27	116.27	117.65	119.27	119.92	120.23
Chain-type price index.....	103.23	104.77	106.99	105.31	106.17	106.80	107.22	107.75
Implicit price deflator.....	103.22	104.77	106.92	105.24	106.10	106.73	107.15	107.67
Personal consumption expenditures:								
Chain-type quantity index.....	108.42	114.15	120.18	116.49	118.63	119.54	120.86	121.69
Chain-type price index.....	103.03	104.85	107.36	105.67	106.58	107.13	107.61	108.12
Durable goods:								
Chain-type quantity index.....	117.97	132.65	145.35	138.17	145.70	143.83	146.50	145.34
Chain-type price index.....	95.42	93.09	91.54	92.44	91.98	91.83	91.30	91.04
Nondurable goods:								
Chain-type quantity index.....	107.04	113.05	118.74	115.50	117.20	118.24	119.60	119.91
Chain-type price index.....	101.35	103.71	107.56	105.09	106.48	107.35	107.93	108.47
Services:								
Chain-type quantity index.....	107.30	111.29	116.31	113.00	114.45	115.75	116.82	118.23
Chain-type price index.....	105.50	107.99	110.81	108.88	109.88	110.43	111.12	111.80
Private fixed investment:								
Chain-type quantity index.....	122.48	133.70	146.10	137.43	142.73	146.59	147.71	147.37
Chain-type price index.....	99.17	99.10	100.36	99.07	99.71	100.17	100.66	100.92
Nonresidential:								
Chain-type quantity index.....	126.78	139.56	157.18	144.73	151.79	157.04	159.97	159.92
Chain-type price index.....	97.13	95.84	96.34	95.42	95.84	96.23	96.64	96.66
Residential:								
Chain-type quantity index.....	110.47	117.56	116.93	117.63	118.56	118.93	115.64	114.59
Chain-type price index.....	105.59	109.64	113.58	110.94	112.36	113.08	113.83	115.07
Exports of goods and services:								
Chain-type quantity index.....	114.80	118.17	128.84	122.22	124.10	128.33	132.56	130.39
Chain-type price index.....	96.26	95.86	97.44	96.51	96.98	97.43	97.60	97.73
Imports of goods and services:								
Chain-type quantity index.....	127.15	140.72	159.76	147.53	151.76	158.36	164.72	164.20
Chain-type price index.....	91.26	91.80	95.46	93.68	94.97	95.03	95.91	95.96
Government consumption expenditures and gross investment:								
Chain-type quantity index.....	104.53	108.03	111.06	110.38	110.07	111.37	110.99	111.79
Chain-type price index.....	103.67	106.41	110.43	107.62	109.30	110.02	110.82	111.59
Federal:								
Chain-type quantity index.....	99.12	101.61	103.12	104.98	101.04	105.13	102.67	103.63
Chain-type price index.....	102.60	105.27	108.59	106.02	108.01	108.18	108.88	109.28
State and local:								
Chain-type quantity index.....	107.74	111.82	115.74	113.57	115.40	115.07	115.89	116.60
Chain-type price index.....	104.28	107.06	111.46	108.52	110.03	111.05	111.90	112.87
Addenda:								
Final sales of domestic product:								
Chain-type quantity index.....	108.38	113.41	118.86	115.64	117.54	118.66	119.37	119.87
Chain-type price index.....	103.30	104.86	107.11	105.41	106.23	106.33	107.35	107.89
Implicit price deflator.....	103.30	104.86	107.11	105.40	106.28	106.91	107.34	107.88
Gross domestic purchases:								
Chain-type quantity index.....	110.45	116.16	122.77	119.13	120.77	122.68	123.59	124.06
Chain-type price index.....	102.45	104.08	106.58	104.80	105.78	106.33	106.86	107.36
Implicit price deflator.....	102.45	104.08	106.51	104.72	105.70	106.26	106.79	107.28
Final sales to domestic purchasers:								
Chain-type quantity index.....	109.85	115.98	122.38	118.52	120.68	122.08	123.06	123.71
Chain-type price index.....	102.52	104.16	106.70	104.89	105.88	106.45	106.98	107.49
Implicit price deflator.....	102.51	104.16	106.70	104.88	105.87	106.44	106.97	107.48
Gross national product:								
Chain-type quantity index.....	108.73	113.24	118.97	115.88	117.32	118.93	119.56	120.06
Chain-type price index.....	103.19	104.74	106.96	105.27	106.14	106.77	107.20	107.73
Implicit price deflator.....	103.19	104.73	106.89	105.19	106.07	106.70	107.13	107.65

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

Table 6.--Real Gross Domestic Product: Historical Perspective
[Percent change from preceding year]

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000r
Gross domestic product (GDP).....	3.8	3.4	3.4	4.2	3.5	1.8	-0.5	3.0	2.7	4.0	2.7	3.6	4.4	4.4	4.2	5.0
Personal consumption expenditures.....	5.0	4.2	3.3	4.0	2.7	1.8	-0.2	2.9	3.4	3.8	3.0	3.2	3.6	4.7	5.3	5.3
Durable goods.....	9.9	9.1	1.7	5.8	2.1	-0.9	-6.6	5.3	8.2	7.6	4.6	5.6	6.6	10.6	12.4	9.6
Nondurable goods.....	2.7	3.6	2.4	3.2	2.7	1.4	-0.4	1.9	2.9	3.8	3.0	2.9	2.9	4.0	5.6	5.0
Services.....	5.2	3.3	4.3	4.1	2.8	2.8	1.4	2.9	2.7	3.0	2.7	2.8	3.3	3.9	3.7	4.5
Gross private domestic investment.....	-0.9	-0.7	2.5	2.7	3.7	-3.1	-8.6	8.5	8.7	13.2	3.0	9.0	12.1	12.5	6.6	10.2
Fixed investment.....	5.3	1.2	.0	3.6	2.7	-1.8	-6.9	6.5	8.1	9.1	6.0	9.3	9.6	11.8	9.2	9.3
Nonresidential.....	6.7	-2.7	-0.1	5.4	5.6	.7	-4.9	3.4	8.4	8.9	9.8	10.0	12.2	13.0	10.1	12.6
Structures.....	7.3	-10.8	-3.6	1.3	2.5	1.5	-11.0	-6.1	.8	.8	4.8	7.1	9.1	7.2	-1.4	9.1
Equipment and software.....	6.4	2.0	1.7	7.5	7.0	.4	-2.0	7.4	11.3	11.9	11.5	11.0	13.3	15.0	14.1	13.7
Residential.....	1.4	12.0	.2	-0.5	-4.1	-8.6	-12.8	16.3	7.3	9.7	-3.6	7.4	2.0	8.3	6.4	-0.5
Change in private inventories.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Net exports of goods and services.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exports.....	2.7	7.4	11.2	16.1	11.8	8.7	6.5	6.2	3.3	8.9	10.3	8.2	12.3	2.3	2.9	9.0
Goods.....	3.4	5.1	11.1	18.8	12.6	8.2	7.1	6.8	3.0	9.7	11.9	8.7	14.5	2.2	4.0	11.6
Services.....	.9	13.3	11.6	9.3	9.6	10.0	5.1	4.6	4.1	7.2	6.4	6.8	7.0	2.4	.5	2.9
Imports.....	6.5	8.4	6.1	3.8	3.9	3.8	-0.5	6.6	9.1	12.0	8.2	8.6	13.7	11.9	10.7	13.5
Goods.....	6.2	10.3	4.6	4.1	4.2	3.0	-0.1	9.3	10.1	13.3	9.0	9.4	14.2	11.8	12.5	13.9
Services.....	7.6	.3	12.6	2.7	2.8	7.6	-2.3	4.0	4.7	5.8	4.1	4.8	10.9	12.2	1.7	11.5
Government consumption expenditures and gross investment.....	6.5	5.4	3.0	1.2	2.8	3.3	1.2	.5	-0.8	.1	.5	1.1	2.4	2.1	3.3	2.8
Federal.....	7.6	5.5	3.7	-1.8	1.3	2.0	-0.3	-1.6	-3.9	-3.6	-2.7	-0.9	-4	-0.5	2.5	1.5
National defense.....	8.4	6.3	4.7	-0.8	-0.8	.0	-1.1	-4.9	-5.4	-4.8	-3.7	-1.3	-2.6	-1.7	2.0	0.2
Nondefense.....	5.4	3.1	.5	-5.2	8.4	3.8	1.8	7.1	-3.3	-1.0	-0.5	.0	4.2	1.8	3.4	3.8
State and local.....	5.4	5.4	2.3	3.7	3.9	4.2	2.3	2.0	1.4	2.6	2.5	2.3	4.0	3.6	3.8	3.5
Addenda:																
Final sales of domestic product.....	5.0	3.8	3.0	4.3	3.3	2.0	-0.2	2.8	2.6	3.4	3.1	3.6	4.0	4.2	4.6	4.8
Gross domestic purchases.....	4.2	3.6	3.1	3.2	2.9	1.4	-1.1	3.1	3.3	4.4	2.5	3.7	4.7	5.5	5.2	5.7
Final sales to domestic purchasers.....	5.3	3.9	2.7	3.4	2.7	1.6	-0.9	2.8	3.2	3.8	3.0	3.7	4.3	5.4	5.6	5.5
Gross national product.....	3.5	3.2	3.3	4.2	3.5	1.9	-0.5	3.0	2.6	3.9	2.7	3.5	4.3	4.2	4.1	5.1
Real disposable personal income.....	3.3	3.2	2.1	4.4	2.6	2.2	.4	3.1	1.4	2.6	2.6	2.5	3.1	4.8	3.2	2.8
Gross domestic purchases price index.....	2.9	2.3	3.3	3.4	3.8	4.1	3.4	2.5	2.3	2.0	2.2	1.8	1.6	.8	1.6	2.4
GDP price index.....	3.2	2.2	3.0	3.4	3.8	3.9	3.6	2.4	2.4	2.1	2.2	1.9	1.9	1.3	1.5	2.1
Personal consumption expenditures price index.....	3.5	2.4	3.8	3.9	4.4	4.6	3.8	3.1	2.4	2.0	2.3	2.1	1.9	1.1	1.8	2.4

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Table 12.--Gross Product of Nonfinancial Corporate Business

	Seasonally adjusted at annual rates								
	1998	1999	2000	IV 99	I 00	II 00	III 00	IV 00	
Billions of dollars									
Gross product of nonfinancial corporate business.....	4,728.1	5,048.8	5,420.1	5,191.9	5,300.3	5,414.0	5,480.1	5,486.2	
Consumption of fixed capital.....	526.8	569.6	620.3	584.0	597.5	613.4	628.8	641.3	
Net product.....	4,201.3	4,479.3	4,799.9	4,607.9	4,702.7	4,800.7	4,851.3	4,844.9	
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	456.5	482.5	521.0	501.1	511.7	517.8	520.6	534.0	
Domestic income.....	3,744.9	3,996.8	4,278.9	4,106.8	4,191.0	4,282.9	4,330.7	4,310.9	
Compensation of employees.....	3,055.1	3,267.0	3,484.4	3,352.2	3,401.6	3,460.0	3,510.7	3,565.0	
Wage and salary accruals.....	2,612.8	2,804.4	2,996.9	2,884.0	2,923.7	2,975.7	3,020.0	3,068.2	
Supplements to wages and salaries.....	442.3	462.7	487.5	468.3	477.9	484.4	490.7	496.8	
Corporate profits with IVA and CCAdj.....	560.4	588.5	630.8	602.0	632.8	660.1	653.0	677.3	
Profits before tax.....	489.9	539.5	590.8	563.0	599.9	620.1	607.4	635.8	
Profits tax liability.....	159.4	166.6	182.7	173.5	186.0	193.5	188.3	162.9	
Profits after tax.....	330.5	373.0	408.1	389.5	413.8	426.7	419.2	472.9	
Dividends.....	240.5	250.9	268.2	257.5	262.5	264.5	269.7	276.1	
Undistributed profits.....	90.0	122.1	140.0	132.0	151.3	162.2	149.5	96.9	
Inventory valuation adjustment.....	17.0	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	
Capital consumption adjustment.....	53.5	58.0	52.9	58.2	57.9	53.7	50.1	50.0	
Net interest.....	129.4	141.3	163.7	152.6	156.6	162.7	167.0	168.6	
Billions of chained (1996) dollars									
Gross product of nonfinancial corporate business.....	4,679.9	4,957.1	5,257.2	5,093.6	5,171.0	5,251.2	5,308.1	5,298.7	
Consumption of fixed capital.....	533.9	586.7	647.3	607.3	623.1	639.2	655.4	671.5	
Net product.....	4,146.0	4,370.4	4,610.0	4,486.3	4,547.9	4,612.0	4,652.7	4,627.2	
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	1.019	1.025	1.031	1.032	1.035	
Compensation of employees (unit labor cost).....	.653	.659	.663	.658	.658	.659	.661	.673	
Unit nonlabor cost.....	.239	.241	.248	.243	.245	.247	.247	.254	
Consumption of fixed capital.....	.113	.115	.118	.115	.116	.117	.118	.121	
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	.098	.097	.099	.098	.099	.099	.098	.101	
Net interest.....	.028	.029	.031	.030	.030	.031	.031	.032	
Corporate profits with IVA and CCAdj. (unit profits from current production).....	.120	.119	.120	.118	.122	.126	.123	.109	
Profits tax liability.....	.034	.034	.035	.034	.036	.037	.035	.031	
Profits after tax with IVA and CCAdj.....	.086	.085	.085	.084	.086	.089	.088	.078	

1. 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.

2. Chained-dollar net product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

3. 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	2000r	I 97	II 97	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 00r
GDP and related aggregates:																			
GDP.....	4.4	4.2	5.0	4.4	5.9	4.2	2.8	6.5	2.9	3.4	5.6	3.5	2.5	5.7	8.3	4.8	5.6	2.2	1.0
Goods.....	6.2	6.1	7.5	8.0	9.4	5.7	3.1	13.2	-1.3	5.2	11.2	2.9	3.0	10.7	14.0	6.4	8.5	4.1	-3.2
Services.....	2.8	3.1	3.5	1.5	4.1	2.6	2.6	1.8	4.7	2.1	2.0	3.2	3.1	3.9	4.4	2.5	5.2	1.3	3.9
Structures.....	6.4	3.3	3.2	6.6	2.3	7.5	2.5	8.1	10.8	4.3	4.2	8.0	-3.3	-3.4	7.4	12.3	-3.0	-6	2.7
Motor vehicle output.....	8.1	9.5	-1.5	14.5	-8	28.1	20.9	-3	-6.2	-9.3	78.6	-8.8	1.6	12.7	8.2	.3	-4.5	-16.9	-21.5
GDP less motor vehicle output.....	4.2	4.0	5.2	4.0	6.1	3.5	2.1	6.8	3.3	3.9	3.5	4.1	2.5	5.4	8.3	5.0	6.0	3.0	1.9
Final sales of computers.....	41.5	47.2	51.1	67.6	65.4	60.4	12.4	46.2	41.7	59.4	30.5	43.5	56.4	69.9	26.6	76.2	55.4	40.6	17.9
GDP less final sales of computers.....	4.0	3.9	4.6	3.8	5.4	3.7	2.7	6.2	2.6	3.0	5.4	3.2	2.0	5.2	8.1	4.3	5.2	1.8	.8
Farm product.....	-3.2	6.0	-3	26.3	9.6	27.6	-9.2	-11.7	-13.2	5.3	1.1	25.8	21.3	-22.6	-5.2	17.3	-11.3	8.2	-2
Nonfarm business less housing product.....	5.3	4.9	5.8	5.1	7.3	4.8	3.5	8.3	3.2	3.7	7.0	3.7	2.5	7.1	10.2	5.2	6.7	2.3	.8
Price indexes:																			
GDP.....	1.3	1.5	2.1	2.9	1.9	1.2	1.4	1.0	1.1	1.5	1.1	2.2	1.4	1.1	1.6	3.3	2.4	1.6	2.0
GDP less food and energy.....	1.4	1.6	2.0	2.8	2.0	1.1	1.5	1.2	1.3	1.6	1.2	2.1	1.4	1.2	1.8	2.8	2.1	1.6	1.9
GDP less final sales of computers.....	1.6	1.9	2.4	3.3	2.2	1.5	1.7	1.4	1.5	2.0	1.4	2.6	1.7	1.3	1.8	3.6	2.6	1.8	2.2
Gross domestic purchases.....	.8	1.6	2.4	2.4	.8	1.0	1.3	.1	.8	1.1	1.2	1.9	2.0	1.7	1.9	3.8	2.1	2.0	1.9
Gross domestic purchases less food and energy.....	1.1	1.4	1.8	2.3	1.7	.9	1.2	.8	1.1	1.4	1.3	2.0	1.2	1.1	1.5	2.8	1.7	1.5	1.6
Gross domestic purchases less final sales of computers.....	1.2	2.0	2.7	2.8	1.2	1.4	1.7	.5	1.3	1.7	1.6	2.3	2.4	2.0	2.2	4.0	2.4	2.2	2.1
Personal consumption expenditures.....	1.1	1.8	2.4	2.4	1.1	1.2	1.3	.4	1.2	1.4	1.5	1.7	2.3	1.9	2.2	3.5	2.1	1.8	1.9
Personal consumption expenditures less food and energy.....	1.5	1.6	1.6	2.3	2.3	1.1	1.2	1.2	1.8	1.8	1.7	1.8	1.3	1.3	1.7	2.2	1.4	1.1	1.6

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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 1998-99 annual percent change in real GDP uses prices for 1998 and 1999 as weights, and the 1998-99 annual percent change in GDP prices uses quantities for 1998 and 1999 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.