



# NEWS RELEASE



EMBARGOED UNTIL RELEASE AT 8:30 A.M. EDT, THURSDAY, MARCH 26, 2009

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BEA 09-11

## **GROSS DOMESTIC PRODUCT: FOURTH QUARTER 2008 (FINAL) CORPORATE PROFITS: FOURTH 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 6.3 percent in the fourth quarter of 2008, (that is, from the third quarter to the fourth quarter), according to final estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP decreased 0.5 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 6.2 percent (see "Revisions" on page 3).

The decrease in real GDP in the fourth quarter primarily reflected negative contributions from exports, personal consumption expenditures, equipment and software, and residential fixed investment that were partly offset by a positive contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Most of the major components contributed to the much larger decrease in real GDP in the fourth quarter than in the third. The largest contributors were a downturn in exports and a much larger decrease in equipment and software. The most notable offset was a much larger decrease in imports.

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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 0.02 percentage point from the fourth-quarter change in real GDP after subtracting 0.01 percentage point from the third-quarter change. Motor vehicle output subtracted 2.01 percentage points from the fourth-quarter change in real GDP after adding 0.16 percentage point to the third-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, decreased 3.9 percent in the fourth quarter, 0.2 percentage point less of a decrease than the preliminary estimate; this index increased 4.5 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.2 percent in the fourth quarter, compared with an increase of 2.8 percent in the third.

Real personal consumption expenditures decreased 4.3 percent in the fourth quarter, compared with a decrease of 3.8 percent in the third. Real nonresidential fixed investment decreased 21.7 percent, compared with a decrease of 1.7 percent. Nonresidential structures decreased 9.4 percent, in contrast to an increase of 9.7 percent. Equipment and software decreased 28.1 percent, compared with a decrease of 7.5 percent. Real residential fixed investment decreased 22.8 percent, compared with a decrease of 16.0 percent.

Real exports of goods and services decreased 23.6 percent in the fourth quarter, in contrast to an increase of 3.0 percent in the third. Real imports of goods and services decreased 17.5 percent, compared with a decrease of 3.5 percent.

Real federal government consumption expenditures and gross investment increased 7.0 percent in the fourth quarter, compared with an increase of 13.8 percent in the third. National defense increased 3.4 percent, compared with an increase of 18.0 percent. Nondefense increased 15.3 percent, compared with an increase of 5.1 percent. Real state and local government consumption expenditures and gross investment decreased 2.0 percent, in contrast to an increase of 1.3 percent.

The real change in private inventories subtracted 0.11 percentage point from the fourth-quarter change in real GDP, after adding 0.84 percentage point to the third-quarter change. Private businesses decreased inventories \$25.8 billion in the fourth quarter, following a decrease of \$29.6 billion in the third quarter and a decrease of \$50.6 billion in the second.

Real final sales of domestic product -- GDP less change in private inventories -- decreased 6.2 percent in the fourth quarter, compared with a decrease of 1.3 percent in the third.

### **Gross domestic purchases**

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- decreased 5.9 percent in the fourth quarter, compared with a decrease of 1.5 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 -- decreased 5.6 percent in the fourth quarter, compared with a decrease of 0.2 percent in the third. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$21.3 billion in the fourth quarter after increasing \$9.9 billion in the third; in the fourth quarter, receipts decreased \$77.2 billion, and payments decreased \$98.5 billion.

### **Current-dollar GDP**

Current-dollar GDP -- the market value of the nation's output of goods and services -- decreased 5.8 percent, or \$212.5 billion, in the fourth quarter to a level of \$14,200.3 billion. In the third quarter, current-dollar GDP increased 3.4 percent, or \$118.3 billion.

### **Revisions**

The final estimate of the fourth-quarter change in real GDP is 0.1 percentage point, or \$2.9 billion, lower than the preliminary estimate issued last month. The downward revision to the percent change in real GDP primarily reflected downward revisions to private inventory investment, to exports of services, and to nonresidential structures that were partly offset by a downward revision to imports of services and an upward revision to exports of goods.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	-3.8	-6.2	-6.3
Current-dollar GDP.....	-4.1	-5.8	-5.8
Gross domestic purchases price index....	-4.6	-4.1	-3.9

### **2008 GDP**

Real GDP increased 1.1 percent in 2008 (that is, from the 2007 annual level to the 2008 annual level), compared with an increase of 2.0 percent in 2007.

The major contributors to the increase in real GDP in 2008 were exports, personal consumption expenditures (PCE) for services, federal government spending, nonresidential structures, and state and local government spending. These were partly offset by negative contributions from residential fixed investment, PCE for goods, private inventory investment, and equipment and software. Imports, which are a subtraction in the calculation of GDP, decreased.

The slowdown in real GDP in 2008 primarily reflected a sharp deceleration in PCE, a downturn in equipment and software, and decelerations in exports and in state and local government spending that were partly offset by a sharp downturn in imports, an acceleration in federal government spending, and a smaller decrease in private inventory investment.

The price index for gross domestic purchases increased 3.2 percent in 2008, compared with an increase of 2.8 percent in 2007.

Current-dollar GDP increased 3.3 percent, or \$457.1 billion, in 2008. Current-dollar GDP increased 4.8 percent, or \$629.1 billion, in 2007.

During 2008 (that is, measured from the fourth quarter of 2007 to the fourth quarter 2008), real GDP decreased 0.8 percent. Real GDP increased 2.3 percent during 2007. The price index for gross domestic purchases increased 2.0 percent during 2008, compared with an increase of 3.3 percent during 2007.

### **Corporate Profits**

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) decreased \$250.3 billion in the fourth quarter, compared with a decrease of \$18.5 billion in the third quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$97.0 billion in the fourth quarter, in contrast to an increase of \$43.1 billion in the third.

Taxes on corporate income decreased \$130.3 billion in the fourth quarter, compared with a decrease of \$13.3 billion in the third. Profits after tax with inventory valuation and capital consumption adjustments decreased \$120.1 billion, compared with a decrease of \$5.2 billion. Dividends decreased \$32.8 billion, compared with a decrease of \$5.3 billion; current-production undistributed profits decreased \$87.4 billion, in contrast to an increase of \$0.3 billion.

Domestic profits of financial corporations decreased \$178.7 billion in the fourth quarter, compared with a decrease of \$75.5 billion in the third. Domestic profits of nonfinancial corporations decreased \$89.1 billion in the fourth quarter, in contrast to an increase of \$52.1 billion in the third. In the fourth quarter, real gross value added of nonfinancial corporations decreased, and profits per unit of real product decreased. The decrease in unit profits reflected an increase in unit prices that was more than offset by increases in both the unit labor and nonlabor costs corporations incurred.

The rest-of-the-world component of profits increased \$17.5 billion in the fourth quarter, compared with an increase of \$4.9 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 larger decrease in payments than 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. This measure reflects depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial and nonfinancial corporations decreased. The decrease in nonfinancial corporations reflected decreases in all the aggregate industries shown except wholesale trade; the largest decrease was in manufacturing. Within manufacturing, the largest decreases were in petroleum and coal products, “other” durable goods, and chemical products.

Profits before tax decreased \$499.2 billion in the fourth quarter, compared with a decrease of \$56.3 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 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 \$0.1 billion in the fourth quarter (from -\$88.0 billion to -\$88.1 billion), compared with a decrease of \$25.3 billion in the third. The inventory valuation adjustment increased \$249.0 billion (from -\$90.9 billion to \$158.1 billion), compared with an increase of \$63.1 billion.

### **Corporate profits in 2008**

Profits from current production decreased 10.1 percent in 2008, compared with a decrease of 1.6 percent in 2007. Domestic profits decreased 16.0 percent, compared with a decrease of 7.4 percent. The rest-of-the-world component of profits increased 12.2 percent, compared with an increase of 28.9 percent.

Taxes on corporate income decreased 18.6 percent in 2008, compared with a decrease of 4.0 percent in 2007. Profits after tax with inventory valuation and capital consumption adjustments decreased 6.9 percent, compared with a decrease of 0.6 percent. Dividends increased 5.5 percent, compared with an increase of 12.3 percent; current-production undistributed profits decreased 31.1 percent, compared with a decrease of 18.9 percent.

According to the measure of profits before tax with inventory valuation adjustment, domestic profits of financial and nonfinancial corporations decreased in 2008. The decrease in nonfinancial corporations reflected decreases in all industries shown. The largest decrease was in manufacturing, and within manufacturing, the largest decreases were in “other” durable goods and in motor vehicles.

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Next release – April 29, 2009, at 8:30 A.M. EDT for:  
Gross Domestic Product: First Quarter 2009 (Advance)

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

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted at annual rates															
				2005				2006				2007				2008			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV <sup>r</sup>
<b>Gross domestic product (GDP)</b> .....	2.8	2.0	1.1	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	-6.3
<b>Personal consumption expenditures</b> .....	3.0	2.8	0.2	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	-4.3
Durable goods .....	4.5	4.8	-4.3	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	-22.1
Nondurable goods .....	3.7	2.5	-0.6	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	-9.4
Services .....	2.5	2.6	1.5	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	1.5
<b>Gross private domestic investment</b> .....	2.1	-5.4	-6.7	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	-23.0
Fixed investment .....	1.9	-3.1	-5.0	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	-22.0
Nonresidential .....	7.5	4.9	1.6	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	-21.7
Structures.....	8.2	12.7	11.2	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	-9.4
Equipment and software .....	7.2	1.7	-3.0	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	-28.1
Residential .....	-7.1	-17.9	-20.8	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	-22.8
Change in private inventories .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Net exports of goods and services</b> .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exports .....	9.1	8.4	6.2	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	-23.6
Goods .....	9.9	7.5	6.0	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	-32.0
Services .....	7.2	10.5	6.6	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	-1.5
Imports.....	6.0	2.2	-3.5	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	-17.5
Goods .....	6.0	1.7	-4.1	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	-19.6
Services .....	6.0	4.4	0.2	-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	-6.7
<b>Government consumption expenditures and gross investment</b> .....	1.7	2.1	2.9	-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	1.3
Federal.....	2.3	1.6	6.0	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	7.0
National defense .....	1.6	2.5	7.2	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	3.4
Nondefense.....	3.6	-0.2	3.6	-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	15.3
State and local.....	1.3	2.3	1.1	-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	-2.0
<b>Addenda:</b>																			
Final sales of domestic product .....	2.8	2.4	1.4	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	-6.2
Gross domestic purchases .....	2.6	1.4	-0.3	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	-5.9
Final sales to domestic purchasers .....	2.6	1.8	0.0	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	-5.8
Gross national product (GNP) .....	2.6	2.2	1.3	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	-5.6
Disposable personal income.....	3.5	2.8	1.3	-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	-8.5	2.7
<b>Current-dollar measures:</b>																			
GDP .....	6.1	4.8	3.3	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	-5.8
Final sales of domestic product .....	6.1	5.2	3.6	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	-6.1
Gross domestic purchases .....	6.1	4.2	2.9	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	-9.6
Final sales to domestic purchasers .....	6.1	4.6	3.2	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	-9.9
GNP .....	5.9	4.9	3.5	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	-5.0
Disposable personal income .....	6.4	5.5	4.6	-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	-3.9	-2.3

<sup>r</sup> 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**

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted at annual rates															
				2005				2006				2007				2008			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV <sup>r</sup>
<b>Gross domestic product (GDP)</b> .....	3.2	2.7	2.2	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	0.5
<b>Personal consumption expenditures</b> .....	2.8	2.6	3.3	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	-4.9
Durable goods .....	-1.3	-1.8	-1.2	0.4	-0.9	-3.1	-0.9	-0.9	-0.8	-1.3	-2.7	-1.8	-1.6	-1.9	-1.6	-0.1	-1.6	-0.6	-3.5
Nondurable goods .....	3.0	3.0	5.3	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	-16.6
Services.....	3.5	3.3	3.2	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	1.1
<b>Gross private domestic investment</b> .....	4.2	1.4	0.7	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	4.4
Fixed investment.....	4.2	1.4	0.6	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	1.2
Nonresidential.....	3.3	1.4	1.6	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	4.6
Structures.....	12.3	3.8	3.6	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	7.4
Equipment and software .....	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	3.0
Residential.....	5.9	1.5	-2.4	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	-9.4
Change in private inventories .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Net exports of goods and services</b> .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exports .....	3.5	3.5	5.3	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	-23.0
Goods .....	3.3	3.5	5.3	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	-26.0
Services.....	3.8	3.5	5.4	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	-16.1
Imports .....	4.3	3.7	10.4	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	-37.3
Goods .....	4.2	3.6	11.1	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	-41.3
Services.....	4.8	3.7	7.1	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	-13.3
<b>Government consumption expenditures and gross investment</b> .....	4.7	4.5	4.7	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	-5.8
Federal .....	4.1	3.4	3.2	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	-3.4
National defense .....	4.5	3.5	3.6	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	-4.5
Nondefense .....	3.4	3.1	2.6	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	-0.9
State and local.....	5.1	5.1	5.6	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	-7.3
<b>Addenda:</b>																			
Final sales of domestic product.....	3.2	2.7	2.2	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	0.1
Gross domestic purchases .....	3.4	2.8	3.2	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	-3.9
Final sales to domestic purchasers .....	3.4	2.8	3.2	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	-4.3
Gross national product (GNP) .....	3.2	2.7	2.2	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	0.6
<b>Implicit price deflators:</b>																			
GDP .....	3.2	2.7	2.2	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	0.6
Gross domestic purchases .....	3.4	2.8	3.2	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	-3.8
GNP .....	3.2	2.7	2.2	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	0.6

<sup>r</sup> Revised  
See "Explanatory Note" at the end of the tables.

**Table 5. Real Gross Domestic Product, Quantity Indexes**

[Index numbers, 2000=100]

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted				
				2007	2008			
					IV	I	II	III
<b>Gross domestic product</b> .....	<b>115.054</b>	<b>117.388</b>	<b>118.692</b>	<b>118.374</b>	<b>118.631</b>	<b>119.460</b>	<b>119.308</b>	<b>117.369</b>
<b>Personal consumption expenditures</b> .....	<b>119.135</b>	<b>122.456</b>	<b>122.743</b>	<b>123.130</b>	<b>123.395</b>	<b>123.770</b>	<b>122.572</b>	<b>121.235</b>
Durable goods.....	137.274	143.908	137.666	144.856	143.284	142.273	136.695	128.413
Nondurable goods.....	119.930	122.872	122.143	123.261	123.147	124.317	122.035	119.071
Services.....	115.298	118.259	119.992	119.020	119.739	119.937	119.916	120.376
<b>Gross private domestic investment</b> .....	<b>110.200</b>	<b>104.278</b>	<b>97.328</b>	<b>102.639</b>	<b>101.110</b>	<b>98.071</b>	<b>98.169</b>	<b>91.961</b>
Fixed investment .....	111.109	107.717	102.375	106.503	104.969	104.522	103.102	96.907
Nonresidential .....	106.987	112.244	114.069	114.819	115.504	116.212	115.714	108.847
Structures.....	86.318	97.264	108.180	102.076	104.206	108.716	111.257	108.543
Equipment and software.....	115.467	117.412	113.939	118.636	118.470	116.961	114.709	105.616
Residential .....	123.728	101.534	80.436	92.110	85.698	82.692	79.154	74.201
Change in private inventories.....								
<b>Exports of goods and services</b> .....	<b>119.937</b>	<b>130.068</b>	<b>138.111</b>	<b>135.189</b>	<b>136.880</b>	<b>140.908</b>	<b>141.943</b>	<b>132.713</b>
<b>Imports of goods and services</b> .....	<b>130.815</b>	<b>133.654</b>	<b>129.038</b>	<b>133.254</b>	<b>132.991</b>	<b>130.509</b>	<b>129.367</b>	<b>123.283</b>
<b>Government consumption expenditures and gross investment</b> .....	<b>114.497</b>	<b>116.871</b>	<b>120.250</b>	<b>117.879</b>	<b>118.443</b>	<b>119.594</b>	<b>121.288</b>	<b>121.674</b>
Federal.....	128.019	130.078	137.913	131.610	133.488	135.628	140.080	142.457
State and local .....	107.642	110.167	111.394	110.914	110.844	111.517	111.891	111.326
<b>Addenda:</b>								
Final sales of domestic product .....	115.254	118.062	119.677	119.133	119.397	120.679	120.273	118.357
Gross domestic purchases .....	116.748	118.343	118.033	118.700	118.726	118.694	118.255	116.457
Final sales to domestic purchasers.....	116.948	118.995	118.971	119.427	119.461	119.853	119.173	117.397
Gross national product.....	115.284	117.795	119.342	119.302	119.329	119.950	119.901	118.190

<sup>r</sup> Revised

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

**Table 6. Price Indexes for Gross Domestic Product**

[Index numbers, 2000=100]

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted				
				2007	2008			
					IV	I	II	III
<b>Gross domestic product</b> .....	<b>116.676</b>	<b>119.819</b>	<b>122.500</b>	<b>120.826</b>	<b>121.613</b>	<b>121.951</b>	<b>123.134</b>	<b>123.302</b>
<b>Personal consumption expenditures (PCE)</b> .....	<b>114.675</b>	<b>117.659</b>	<b>121.596</b>	<b>119.221</b>	<b>120.283</b>	<b>121.544</b>	<b>123.041</b>	<b>121.514</b>
Durable goods.....	88.772	87.154	86.071	86.598	86.581	86.237	86.110	85.357
Nondurable goods.....	114.984	118.407	124.666	121.092	123.059	125.021	128.129	122.455
Services.....	120.752	124.712	128.752	126.253	127.133	128.450	129.538	129.885
<b>Gross private domestic investment</b> .....	<b>116.102</b>	<b>117.735</b>	<b>118.509</b>	<b>117.960</b>	<b>117.815</b>	<b>117.926</b>	<b>118.510</b>	<b>119.786</b>
Fixed investment .....	116.380	117.995	118.727	118.189	118.117	118.353	119.037	119.400
Nonresidential .....	107.277	108.739	110.513	109.015	109.177	109.788	110.913	112.174
Structures.....	151.822	157.662	163.298	159.138	160.182	161.496	164.285	167.229
Equipment and software.....	94.594	94.870	95.485	94.798	94.700	95.101	95.710	96.431
Residential .....	136.897	138.884	135.587	138.803	137.900	136.687	135.535	132.226
Change in private inventories.....								
<b>Exports of goods and services</b> .....	<b>112.618</b>	<b>116.586</b>	<b>122.788</b>	<b>118.794</b>	<b>121.397</b>	<b>124.560</b>	<b>126.592</b>	<b>118.601</b>
<b>Imports of goods and services</b> .....	<b>115.932</b>	<b>120.168</b>	<b>132.698</b>	<b>124.907</b>	<b>128.722</b>	<b>137.136</b>	<b>140.189</b>	<b>124.747</b>
<b>Government consumption expenditures and gross investment</b> .....	<b>127.239</b>	<b>132.941</b>	<b>139.234</b>	<b>135.174</b>	<b>137.237</b>	<b>139.588</b>	<b>141.107</b>	<b>139.002</b>
Federal.....	125.806	130.076	134.289	131.070	132.879	134.553	135.447	134.277
State and local .....	128.109	134.671	142.219	137.649	139.866	142.632	144.540	141.838
<b>Addenda:</b>								
PCE excluding food and energy.....	112.129	114.548	117.043	115.512	116.158	116.782	117.481	117.749
Market-based PCE <sup>1</sup> .....	113.167	115.893	119.760	117.371	118.452	119.719	121.348	119.523
Market-based PCE excluding food and energy <sup>1</sup> .....	109.715	111.700	113.818	112.439	113.021	113.522	114.228	114.502
Final sales of domestic product .....	116.710	119.853	122.528	120.856	121.653	122.008	123.204	123.245
Gross domestic purchases .....	117.066	120.294	124.158	121.766	122.821	124.103	125.475	124.232
Final sales to domestic purchasers.....	117.101	120.329	124.187	121.798	122.863	124.160	125.543	124.181
Gross national product.....	116.673	119.815	122.485	120.822	121.601	121.938	123.117	123.286
<b>Implicit price deflators:</b>								
Gross domestic product .....	116.676	119.816	122.422	120.743	121.508	121.890	123.056	123.244
Final sales of domestic product.....	116.709	119.853	122.520	120.849	121.647	122.002	123.198	123.239
Gross domestic purchases.....	117.066	120.292	124.084	121.687	122.722	124.045	125.400	124.177
Final sales to domestic purchasers.....	117.101	120.329	124.181	121.794	122.858	124.156	125.538	124.176
Gross national product.....	116.672	119.813	122.407	120.737	121.495	121.876	123.037	123.226

<sup>r</sup> Revised

<sup>1</sup> 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]

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted at annual rates				
				2007	2008			
					IV	I	II	III
<b>Gross domestic product</b> .....	<b>13,178.4</b>	<b>13,807.5</b>	<b>14,264.6</b>	<b>14,031.2</b>	<b>14,150.8</b>	<b>14,294.5</b>	<b>14,412.8</b>	<b>14,200.3</b>
Plus: Income receipts from the rest of the world.....	725.4	861.7	798.3	907.4	843.2	822.8	815.6	711.6
Less: Income payments to the rest of the world .....	647.1	759.3	665.1	742.0	705.1	708.9	688.7	557.7
<b>Equals: Gross national product</b> .....	<b>13,256.6</b>	<b>13,910.0</b>	<b>14,397.8</b>	<b>14,196.6</b>	<b>14,289.0</b>	<b>14,408.3</b>	<b>14,539.6</b>	<b>14,354.3</b>
Less: Consumption of fixed capital .....	1,623.9	1,720.5	1,832.3	1,758.6	1,778.0	1,803.1	1,898.1	1,850.1
Less: Statistical discrepancy.....	-163.0	-81.4	135.8	13.9	63.4	136.6	150.2	193.0
<b>Equals: National income</b> .....	<b>11,795.7</b>	<b>12,270.9</b>	<b>12,429.7</b>	<b>12,424.1</b>	<b>12,447.6</b>	<b>12,468.6</b>	<b>12,491.4</b>	<b>12,311.2</b>
Compensation of employees.....	7,433.8	7,812.3	8,055.1	7,941.0	8,009.7	8,033.5	8,092.9	8,084.1
Wage and salary accruals.....	6,028.5	6,355.7	6,550.1	6,465.5	6,518.0	6,531.3	6,581.8	6,569.4
Supplements to wages and salaries .....	1,405.3	1,456.6	1,504.9	1,475.5	1,491.7	1,502.2	1,511.1	1,514.7
Proprietors' income with inventory valuation and capital consumption adjustments .....	1,014.7	1,056.2	1,072.4	1,073.8	1,071.7	1,076.9	1,080.5	1,060.6
Rental income of persons with capital consumption adjustment .....	44.3	40.0	64.4	38.6	39.1	58.6	68.5	91.4
Corporate profits with inventory valuation and capital consumption adjustments.....	1,668.5	1,642.4	1,476.5	1,611.1	1,593.5	1,533.3	1,514.8	1,264.5
Net interest and miscellaneous payments .....	631.2	664.4	682.7	688.1	662.3	683.4	656.6	728.6
Taxes on production and imports less subsidies.....	926.4	963.2	983.1	975.3	975.1	988.5	993.8	974.9
Business current transfer payments.....	85.4	100.2	103.6	103.1	103.2	102.1	92.1	116.8
Current surplus of government enterprises .....	-8.6	-7.9	-8.1	-6.7	-7.1	-7.7	-8.0	-9.6
<b>Addendum:</b>								
Gross domestic income .....	13,341.4	13,889.0	14,128.8	14,017.4	14,087.4	14,157.8	14,262.6	14,007.3

<sup>r</sup> Revised

**Table 10. Personal Income and Its Disposition**

[Billions of dollars]

	2006	2007	2008 <sup>r</sup>	Seasonally adjusted at annual rates				
				2007	2008			
					IV	I	II	III
<b>Personal income</b> <sup>1</sup> .....	<b>10,993.9</b>	<b>11,663.2</b>	<b>12,102.6</b>	<b>11,872.1</b>	<b>11,960.5</b>	<b>12,152.2</b>	<b>12,170.4</b>	<b>12,127.5</b>
Compensation of employees, received .....	7,432.6	7,818.6	8,055.1	7,941.0	8,009.7	8,033.5	8,092.9	8,084.1
Wage and salary disbursements.....	6,027.2	6,362.0	6,550.1	6,465.5	6,518.0	6,531.3	6,581.8	6,569.4
Supplements to wages and salaries .....	1,405.3	1,456.6	1,504.9	1,475.5	1,491.7	1,502.2	1,511.1	1,514.7
Proprietors' income with inventory valuation and capital consumption adjustments .....	1,014.7	1,056.2	1,072.4	1,073.8	1,071.7	1,076.9	1,080.5	1,060.6
Farm .....	16.2	44.0	34.6	47.1	41.6	38.0	32.4	26.3
Nonfarm .....	998.6	1,012.2	1,037.9	1,026.7	1,030.1	1,039.0	1,048.2	1,034.2
Rental income of persons with capital consumption adjustment .....	44.3	40.0	64.4	38.6	39.1	58.6	68.5	91.4
Personal income receipts on assets .....	1,824.8	2,000.1	2,037.7	2,056.2	2,054.1	2,052.3	2,055.7	1,988.5
Personal interest income .....	1,125.4	1,214.3	1,208.5	1,242.7	1,224.6	1,208.7	1,217.4	1,183.4
Personal dividend income .....	699.4	785.8	829.1	813.5	829.5	843.6	838.3	805.1
Personal current transfer receipts .....	1,603.0	1,713.3	1,869.1	1,737.8	1,778.1	1,926.3	1,872.7	1,899.3
Less: Contributions for government social insurance .....	925.5	965.1	996.0	975.3	992.2	995.4	1,000.0	996.4
Less: Personal current taxes .....	1,353.2	1,492.8	1,460.6	1,520.5	1,535.0	1,346.1	1,470.7	1,490.4
<b>Equals: Disposable personal income</b> .....	<b>9,640.7</b>	<b>10,170.5</b>	<b>10,642.1</b>	<b>10,351.5</b>	<b>10,425.5</b>	<b>10,806.0</b>	<b>10,699.7</b>	<b>10,637.1</b>
Less: Personal outlays.....	9,570.0	10,113.1	10,450.7	10,309.2	10,404.9	10,538.2	10,559.9	10,299.7
<b>Equals: Personal saving</b> .....	<b>70.7</b>	<b>57.4</b>	<b>191.4</b>	<b>42.4</b>	<b>20.6</b>	<b>267.9</b>	<b>139.8</b>	<b>337.4</b>
Personal saving as a percentage of disposable personal income .....	0.7	0.6	1.8	0.4	0.2	2.5	1.3	3.2
<b>Addendum:</b>								
Disposable personal income, billions of chained (2000) dollars <sup>2</sup> .....	8,407.0	8,644.0	8,752.6	8,683.1	8,667.9	8,891.0	8,696.4	8,754.2

<sup>r</sup> 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 11. Corporate Profits: Level and Percent Change**

	Billions of dollars								Percent change from preceding period						
	2006	2007	2008	Seasonally adjusted at annual rates					2007	2008	Quarterly rates				Quarter one year ago
				2007	2008						2008				
					IV	I	II	III			IV	I	II	III	
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	<b>1,668.5</b>	<b>1,642.4</b>	<b>1,476.5</b>	<b>1,611.1</b>	<b>1,593.5</b>	<b>1,533.3</b>	<b>1,514.8</b>	<b>1,264.5</b>	<b>-1.6</b>	<b>-10.1</b>	<b>-1.1</b>	<b>-3.8</b>	<b>-1.2</b>	<b>-16.5</b>	<b>-21.5</b>
Less: Taxes on corporate income.....	468.9	450.4	366.6	433.5	402.9	406.8	393.5	263.2	-4.0	-18.6	-7.0	1.0	-3.3	-33.1	-39.3
<b>Equals: Profits after tax with inventory valuation and capital consumption adjustments</b> .....	<b>1,199.6</b>	<b>1,192.0</b>	<b>1,109.9</b>	<b>1,177.6</b>	<b>1,190.6</b>	<b>1,126.5</b>	<b>1,121.3</b>	<b>1,001.2</b>	<b>-0.6</b>	<b>-6.9</b>	<b>1.1</b>	<b>-5.4</b>	<b>-0.5</b>	<b>-10.7</b>	<b>-15.0</b>
Net dividends.....	702.1	788.7	832.1	816.4	832.5	846.4	841.1	808.3	12.3	5.5	2.0	1.7	-0.6	-3.9	-1.0
Undistributed profits with inventory valuation and capital consumption adjustments.....	497.5	403.4	277.8	361.2	358.1	280.0	280.3	192.9	-18.9	-31.1	-0.9	-21.8	0.1	-31.2	-46.6
<b>Cash flow:</b>															
<b>Net cash flow with inventory valuation and capital consumption adjustments</b> .....	<b>1,390.3</b>	<b>1,348.7</b>	<b>1,288.9</b>	<b>1,326.9</b>	<b>1,337.0</b>	<b>1,276.5</b>	<b>1,319.6</b>	<b>1,222.6</b>	<b>-3.0</b>	<b>-4.4</b>	<b>0.8</b>	<b>-4.5</b>	<b>3.4</b>	<b>-7.4</b>	<b>-7.9</b>
Undistributed profits with inventory valuation and capital consumption adjustments.....	497.5	403.4	277.8	361.2	358.1	280.0	280.3	192.9	-18.9	-31.1	-0.9	-21.8	0.1	-31.2	-46.6
Consumption of fixed capital.....	892.8	945.3	1,011.1	965.7	978.8	996.5	1,039.4	1,029.7	5.9	7.0	1.4	1.8	4.3	-0.9	6.6
Less: Inventory valuation adjustment .....	-39.5	-51.2	-49.0	-74.1	-109.4	-154.0	-90.9	158.1							
<b>Equals: Net cash flow</b> .....	<b>1,429.8</b>	<b>1,399.9</b>	<b>1,338.0</b>	<b>1,401.0</b>	<b>1,446.3</b>	<b>1,430.5</b>	<b>1,410.5</b>	<b>1,064.5</b>	<b>-2.1</b>	<b>-4.4</b>	<b>3.2</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-24.5</b>	<b>-24.0</b>
<b>Addenda:</b>															
Profits before tax (without inventory valuation and capital consumption adjustments) .....	1,873.7	1,886.3	1,597.3	1,894.3	1,750.9	1,750.0	1,693.7	1,194.5	0.7	-15.3	-7.6	-0.1	-3.2	-29.5	-36.9
Profits after tax (without inventory valuation and capital consumption adjustments) .....	1,404.8	1,435.9	1,230.6	1,460.9	1,348.0	1,343.2	1,300.1	931.2	2.2	-14.3	-7.7	-0.4	-3.2	-28.4	-36.3
Inventory valuation adjustment.....	-39.5	-51.2	-49.0	-74.1	-109.4	-154.0	-90.9	158.1							
Capital consumption adjustment .....	-165.7	-192.7	-71.7	-209.2	-48.0	-62.7	-88.0	-88.1							

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

[Billions of dollars]

	Level								Change from preceding period						
	2006	2007	2008	Seasonally adjusted at annual rates					2007	2008	2008				
				2007	2008						I	II	III	IV	
					IV	I	II	III							IV
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	<b>1,668.5</b>	<b>1,642.4</b>	<b>1,476.5</b>	<b>1,611.1</b>	<b>1,593.5</b>	<b>1,533.3</b>	<b>1,514.8</b>	<b>1,264.5</b>	<b>-26.1</b>	<b>-165.9</b>	<b>-17.6</b>	<b>-60.2</b>	<b>-18.5</b>	<b>-250.3</b>	
<b>Domestic industries</b> .....	<b>1,401.0</b>	<b>1,297.8</b>	<b>1,090.0</b>	<b>1,189.7</b>	<b>1,195.1</b>	<b>1,159.8</b>	<b>1,136.4</b>	<b>868.6</b>	<b>-103.2</b>	<b>-207.8</b>	<b>5.4</b>	<b>-35.3</b>	<b>-23.4</b>	<b>-267.8</b>	
Financial .....	462.1	429.7	301.9	370.3	407.6	376.6	301.1	122.4	-32.4	-127.8	37.3	-31.0	-75.5	-178.7	
Nonfinancial.....	939.0	868.1	788.0	819.5	787.4	783.2	835.3	746.2	-70.9	-80.1	-32.1	-4.2	52.1	-89.1	
<b>Rest of the world</b> .....	<b>267.5</b>	<b>344.7</b>	<b>386.6</b>	<b>421.3</b>	<b>398.5</b>	<b>373.5</b>	<b>378.4</b>	<b>395.9</b>	<b>77.2</b>	<b>41.9</b>	<b>-22.8</b>	<b>-25.0</b>	<b>4.9</b>	<b>17.5</b>	
Receipts from the rest of the world.....	438.9	509.2	539.4	553.1	556.8	565.7	555.3	479.8	70.3	30.2	3.7	8.9	-10.4	-75.5	
Less: Payments to the rest of the world.....	171.4	164.5	152.8	131.8	158.3	192.2	176.9	83.9	-6.9	-11.7	26.5	33.9	-15.3	-93.0	
<b>Corporate profits with inventory valuation adjustment</b> .....	<b>1,834.2</b>	<b>1,835.1</b>	<b>1,548.2</b>	<b>1,820.2</b>	<b>1,641.5</b>	<b>1,596.0</b>	<b>1,602.8</b>	<b>1,352.6</b>	<b>0.9</b>	<b>-286.9</b>	<b>-178.7</b>	<b>-45.5</b>	<b>6.8</b>	<b>-250.2</b>	
<b>Domestic industries</b> .....	<b>1,566.7</b>	<b>1,490.5</b>	<b>1,161.7</b>	<b>1,398.9</b>	<b>1,243.1</b>	<b>1,222.5</b>	<b>1,224.4</b>	<b>956.7</b>	<b>-76.2</b>	<b>-328.8</b>	<b>-155.8</b>	<b>-20.6</b>	<b>1.9</b>	<b>-267.7</b>	
Financial .....	478.8	449.9	308.9	392.4	412.8	383.2	308.8	130.9	-28.9	-141.0	20.4	-29.6	-74.4	-177.9	
Federal Reserve banks.....	33.8	37.7	35.5	36.5	35.8	31.0	34.4	41.0	3.9	-2.2	-0.7	-4.8	3.4	6.6	
Other financial.....	445.0	412.2	273.4	355.9	377.1	352.2	274.3	89.9	-32.8	-138.8	21.2	-24.9	-77.9	-184.4	
Nonfinancial.....	1,087.9	1,040.6	852.7	1,006.5	830.2	839.3	915.6	825.8	-47.3	-187.9	-176.3	9.1	76.3	-89.8	
Utilities .....	55.6	58.5	54.6	63.2	46.2	56.7	59.1	56.3	2.9	-3.9	-17.0	10.5	2.4	-2.8	
Manufacturing .....	304.3	316.6	239.8	292.1	240.5	214.9	272.6	231.2	12.3	-76.8	-51.6	-25.6	57.7	-41.4	
Durable goods.....	115.9	127.4	69.0	128.3	85.5	54.2	68.4	67.9	11.5	-58.4	-42.8	-31.3	14.2	-0.5	
Fabricated metal products.....	19.2	21.7	16.5	22.8	18.9	15.1	14.7	17.2	2.5	-5.2	-3.9	-3.8	-0.4	2.5	
Machinery .....	20.0	22.3	18.9	22.0	19.2	14.8	12.3	29.2	2.3	-3.4	-2.8	-4.4	-2.5	16.9	
Computer and electronic products.....	14.1	13.5	8.1	15.4	14.4	6.6	4.0	7.6	-0.6	-5.4	-1.0	-7.8	-2.6	3.6	
Electrical equipment, appliances, and components.....	8.4	10.9	6.1	11.5	6.9	5.9	5.6	6.2	2.5	-4.8	-4.6	-1.0	-0.3	0.6	
Motor vehicles, bodies and trailers, and parts.....	-8.4	-5.9	-23.9	-7.7	-19.9	-27.4	-20.2	-28.0	2.5	-18.0	-12.2	-7.5	7.2	-7.8	
Other durable goods.....	62.6	64.9	43.3	64.3	46.1	39.3	52.0	35.8	2.3	-21.6	-18.2	-6.8	12.7	-16.2	
Nondurable goods.....	188.4	189.3	170.8	163.8	155.0	160.7	204.2	163.3	0.9	-18.5	-8.8	5.7	43.5	-40.9	
Food and beverage and tobacco products.....	33.8	38.5	37.7	38.7	34.8	40.9	40.8	34.2	4.7	-0.8	-3.9	6.1	-0.1	-6.6	
Petroleum and coal products.....	77.5	66.9	61.3	33.6	48.8	36.6	92.0	67.7	-10.6	-5.6	15.2	-12.2	55.4	-24.3	
Chemical products.....	53.8	66.4	66.4	73.8	60.2	78.5	70.8	56.1	12.6	0.0	-13.6	18.3	-7.7	-14.7	
Other nondurable goods.....	23.4	17.5	5.4	17.8	11.1	4.7	0.6	5.3	-5.9	-12.1	-6.7	-6.4	-4.1	4.7	
Wholesale trade.....	107.5	102.6	76.5	80.2	49.2	59.4	92.1	105.2	-4.9	-26.1	-31.0	10.2	32.7	13.1	
Retail trade .....	132.3	132.3	91.7	124.5	112.0	92.7	86.2	75.8	0.0	-40.6	-12.5	-19.3	-6.5	-10.4	
Transportation and warehousing.....	42.5	42.7	24.7	37.7	24.4	24.8	25.2	24.4	0.2	-18.0	-13.3	0.4	0.4	-0.8	
Information.....	91.1	103.0	101.9	117.9	106.0	115.0	103.8	82.6	11.9	-1.1	-11.9	9.0	-11.2	-21.2	
Other nonfinancial.....	354.7	284.9	263.7	290.9	252.0	275.8	276.6	250.4	-69.8	-21.2	-38.9	23.8	0.8	-26.2	
<b>Rest of the world</b> .....	<b>267.5</b>	<b>344.7</b>	<b>386.6</b>	<b>421.3</b>	<b>398.5</b>	<b>373.5</b>	<b>378.4</b>	<b>395.9</b>	<b>77.2</b>	<b>41.9</b>	<b>-22.8</b>	<b>-25.0</b>	<b>4.9</b>	<b>17.5</b>	

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

**Table 13. Gross Value Added of Nonfinancial Domestic Corporate Business**

	2006	2007	2008	Seasonally adjusted at annual rates				
				2007	2008			
					IV	I	II	III <sup>r</sup>
Billions of dollars								
<b>Gross value added of nonfinancial corporate business.....</b>	<b>6,863.4</b>	<b>7,075.1</b>	<b>7,170.4</b>	<b>7,135.5</b>	<b>7,119.3</b>	<b>7,153.1</b>	<b>7,260.7</b>	<b>7,148.6</b>
Consumption of fixed capital.....	775.2	822.3	882.4	840.7	852.6	868.5	909.8	898.7
<b>Net value added.....</b>	<b>6,088.3</b>	<b>6,252.8</b>	<b>6,288.0</b>	<b>6,294.8</b>	<b>6,266.7</b>	<b>6,284.6</b>	<b>6,350.9</b>	<b>6,249.9</b>
Compensation of employees.....	4,316.8	4,525.3	4,634.6	4,602.7	4,623.0	4,630.8	4,653.6	4,630.9
Wage and salary accruals.....	3,548.2	3,734.2	3,822.5	3,802.8	3,814.8	3,819.1	3,838.8	3,817.2
Supplements to wages and salaries.....	768.6	791.1	812.1	799.9	808.2	811.7	814.7	813.6
Taxes of production and imports less subsidies.....	591.1	611.9	622.5	619.5	617.9	625.6	628.6	617.9
Net operating surplus.....	1,180.3	1,115.5	1,031.0	1,072.6	1,025.8	1,028.2	1,068.8	1,001.2
Net interest and miscellaneous payments.....	169.6	179.4	185.4	185.4	180.5	186.7	180.9	193.5
Business current transfer payments.....	71.8	68.1	57.6	67.7	57.9	58.2	52.6	61.5
Corporate profits with inventory valuation and capital consumption adjustments.....	939.0	868.1	788.0	819.5	787.4	783.2	835.3	746.2
Taxes on corporate income.....	309.3	321.1	270.7	314.7	279.8	294.0	303.7	205.3
Profits after tax with inventory valuation and capital consumption adjustments.....	629.7	547.0	517.3	504.7	507.6	489.2	531.6	540.9
Net dividends.....	474.4	503.4	508.6	533.0	494.0	514.2	498.4	527.7
Undistributed profits with inventory valuation and capital consumption adjustments.....	155.3	43.5	8.7	-28.3	13.6	-25.0	33.2	13.2
<b>Addenda:</b>								
Profits before tax (without inventory valuation and capital consumption adjustments)....	1,127.4	1,091.7	901.8	1,080.6	939.6	993.3	1,006.5	667.7
Profits after tax (without inventory valuation and capital consumption adjustments).....	818.1	770.7	631.0	765.8	659.8	699.3	702.7	462.4
Inventory valuation adjustment.....	-39.5	-51.2	-49.0	-74.1	-109.4	-154.0	-90.9	158.1
Capital consumption adjustment.....	-149.0	-172.5	-64.7	-187.0	-42.8	-56.1	-80.3	-79.6
Billions of chained (2000) dollars								
<b>Gross value added of nonfinancial corporate business<sup>1</sup>.....</b>	<b>6,156.4</b>	<b>6,243.1</b>	<b>6,326.0</b>	<b>6,304.4</b>	<b>6,283.0</b>	<b>6,375.1</b>	<b>6,410.9</b>	<b>6,235.0</b>
Consumption of fixed capital <sup>2</sup> .....	686.7	716.9	766.7	731.6	744.8	757.5	789.3	775.4
Net value added <sup>3</sup> .....	5,469.7	5,526.2	5,559.3	5,572.9	5,538.3	5,617.7	5,621.6	5,459.6
Dollars; quarters seasonally adjusted								
<b>Price, costs, and profits per unit of real gross value added of nonfinancial corporate business:</b>								
<b>Price per unit of real gross value added of nonfinancial corporate business<sup>4</sup>.....</b>	<b>1.115</b>	<b>1.133</b>	<b>1.133</b>	<b>1.132</b>	<b>1.133</b>	<b>1.122</b>	<b>1.133</b>	<b>1.147</b>
Compensation of employees (unit labor cost).....	0.701	0.725	0.733	0.730	0.736	0.726	0.726	0.743
Unit nonlabor cost.....	0.262	0.270	0.276	0.271	0.273	0.272	0.276	0.284
Consumption of fixed capital.....	0.126	0.132	0.139	0.133	0.136	0.136	0.142	0.144
Taxes on production and imports less subsidies plus business current transfer payments.....	0.108	0.109	0.108	0.109	0.108	0.107	0.106	0.109
Net interest and miscellaneous payments.....	0.028	0.029	0.029	0.029	0.029	0.029	0.028	0.031
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production).....	0.153	0.139	0.125	0.130	0.125	0.123	0.130	0.120
Taxes on corporate income.....	0.050	0.051	0.043	0.050	0.045	0.046	0.047	0.033
Profits after tax with inventory valuation and capital consumption adjustments.....	0.102	0.088	0.082	0.080	0.081	0.077	0.083	0.087

<sup>r</sup> Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2008.

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																		
	2006	2007	2008 <sup>r</sup>	2005				2006				2007				2008			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV <sup>r</sup>
<b>Gross domestic product (GDP) and related aggregates:</b>																			
GDP .....	2.8	2.0	1.1	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	-6.3
Goods .....	5.4	3.1	1.0	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	-19.2
Services .....	2.3	2.8	2.2	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	1.9
Structures .....	-2.2	-5.0	-5.1	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	-13.8
Motor vehicle output .....	-0.9	-1.1	-17.7	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	-62.8
GDP excluding motor vehicle output .....	2.9	2.1	1.7	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	-4.5
Final sales of computers <sup>1</sup> .....	25.0	21.3	18.5	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	-4.8
GDP excluding final sales of computers .....	2.6	1.9	1.0	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	-6.4
Farm gross value added <sup>2</sup> .....	-6.9	9.7	-1.9	-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	26.1
Nonfarm business gross value added <sup>3</sup> .....	3.2	2.0	0.8	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	-8.8
<b>Price indexes:</b>																			
GDP .....	3.2	2.7	2.2	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	0.5
GDP excluding food and energy .....	3.2	2.5	2.0	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	0.4
GDP excluding final sales of computers .....	3.4	2.8	2.4	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	0.6
Gross domestic purchases .....	3.4	2.8	3.2	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	-3.9
Gross domestic purchases excluding food and energy .....	3.1	2.4	2.2	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	1.2
Gross domestic purchases excluding final sales of computers to domestic purchasers .....	3.6	2.9	3.4	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	-3.8
Personal consumption expenditures (PCE) .....	2.8	2.6	3.3	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	-4.9
PCE excluding food and energy .....	2.3	2.2	2.2	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	0.9
Market-based PCE <sup>4</sup> .....	2.6	2.4	3.3	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	-5.9
Market-based PCE excluding food and energy <sup>4</sup> .....	1.9	1.8	1.9	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	1.0

<sup>r</sup> 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.