



# NEWS



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## GROSS DOMESTIC PRODUCT: FOURTH QUARTER 2004 (PRELIMINARY)

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 3.8 percent in the fourth quarter of 2004, according to preliminary estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.0 percent.

The GDP estimates released today are based on more complete source data than were available for the advance estimates issued last month. In the advance estimates, the increase in real GDP was 3.1 percent (see "Revisions" on page 3).

The major contributors to the increase in real GDP in the fourth quarter were personal consumption expenditures (PCE), equipment and software, and private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The small deceleration in real GDP growth in the fourth quarter primarily reflected an acceleration in imports of goods and decelerations in PCE for durable goods and in exports of goods that were partly offset by an upturn in private inventory investment.

Final sales of computers contributed 0.56 percentage point to the fourth-quarter change in real GDP after contributing 0.18 percentage point to the third-quarter change. Motor vehicle output contributed 0.84 percentage point to the fourth-quarter change in real GDP after contributing 0.34 percentage point to the third-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 2.8 percent in the fourth quarter, 0.1 percentage point more than the advance estimate; this index increased 1.9 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.9 percent in the fourth quarter, compared with an increase of 1.7 percent in the third.

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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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Real personal consumption expenditures increased 4.2 percent in the fourth quarter, compared with an increase of 5.1 percent in the third. Real nonresidential fixed investment increased 14.0 percent, compared with an increase of 13.0 percent. Nonresidential structures increased 1.2 percent, in contrast to a decrease of 1.1 percent. Equipment and software increased 18.0 percent, compared with an increase of 17.5 percent. Real residential fixed investment increased 2.1 percent, compared with an increase of 1.6 percent.

Real exports of goods and services increased 2.4 percent in the fourth quarter, compared with an increase of 6.0 percent in the third. Real imports of goods and services increased 11.4 percent, compared with an increase of 4.6 percent.

Real federal government consumption expenditures and gross investment increased 1.7 percent in the fourth quarter, compared with an increase of 4.8 percent in the third. National defense decreased 0.3 percent, in contrast to an increase of 10.1 percent. Nondefense increased 6.3 percent, in contrast to a decrease of 5.3 percent. Real state and local government consumption expenditures and gross investment increased 0.8 percent, in contrast to a decrease of 1.7 percent.

The real change in private inventories added 0.60 percentage point to the fourth-quarter change in real GDP after subtracting 0.97 percentage point from the third-quarter change. Private businesses increased inventories \$51.0 billion in the fourth quarter, following increases of \$34.5 billion in the third quarter and \$61.1 billion in the second.

Real final sales of domestic product -- GDP less change in private inventories -- increased 3.2 percent in the fourth quarter, compared with an increase of 5.0 percent in the third.

### **Gross domestic purchases**

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 5.0 percent in the fourth quarter, compared with an increase of 3.9 percent in the third.

### **Current-dollar GDP**

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.0 percent, or \$174.0 billion, in the fourth quarter to a level of \$11,988.9 billion. In the third quarter, current-dollar GDP increased 5.5 percent, or \$157.4 billion.

## Revisions

The preliminary estimate of the fourth-quarter increase in real GDP is 0.7 percentage point, or \$17.6 billion, higher than the advance estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected upward revisions to exports of goods, to private nonfarm inventory investment, and to equipment and software that were partly offset by an upward revision to imports of goods and a downward revision to personal consumption expenditures for durable goods.

	<u>Advance</u>	<u>Preliminary</u>
	(Percent change from preceding quarter)	
Real GDP.....	3.1	3.8
Current-dollar GDP.....	5.3	6.0
Gross domestic purchases price index...	2.7	2.8

## 2004 GDP

Real GDP increased 4.4 percent in 2004 (that is, from the 2003 annual level to the 2004 annual level), compared with an increase of 3.0 percent in 2003.

The major contributors to the increase in real GDP in 2004 were personal consumption expenditures (PCE), equipment and software, exports, residential fixed investment, private inventory investment, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased in 2004.

The acceleration in real GDP in 2004 primarily reflected an acceleration in exports, an upturn in private inventory investment, and accelerations in equipment and software and in PCE that were partly offset by an acceleration in imports.

The price index for gross domestic purchases increased 2.4 percent in 2004, compared with an increase of 2.0 percent in 2003.

Current-dollar GDP increased 6.6 percent, or \$729.5 billion, in 2004. Current-dollar GDP increased 4.9 percent, or \$517.0 billion, in 2003.

During 2004 (that is, measured from the fourth quarter of 2003 to the fourth quarter of 2004), real GDP increased 3.9 percent. Real GDP increased 4.4 percent during 2003. The price index for gross domestic purchases increased 2.9 percent during 2004, compared with an increase of 1.8 percent during 2003.

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202)	606-5306	Gross domestic product
(202)	606-5303	Personal income and outlays
(202)	606-5362	U.S. international transactions

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Next release -- March 30, 2005, at 8:30 A.M. EST for:  
Gross Domestic Product: Fourth Quarter 2004 (Final)  
Corporate Profits: Fourth Quarter 2004

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

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted at annual rates															
				2001				2002				2003				2004			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>r</sup>
Gross domestic product (GDP) .....	1.9	3.0	4.4	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3	4.0	3.8
Personal consumption expenditures .....	3.1	3.3	3.8	1.7	1.0	1.8	7.0	1.8	2.8	2.9	2.5	2.7	3.9	5.0	3.6	4.1	1.6	5.1	4.2
Durable goods .....	6.5	7.4	6.6	6.7	-3	3.1	37.4	-8.5	4.4	14.0	-2.4	-1	20.6	16.5	3.9	2.2	-3	17.2	3.1
Nondurable goods .....	2.6	3.7	4.6	.5	-1	2.4	4.9	3.8	.8	-6	5.3	5.0	1.6	6.9	5.1	6.7	.1	4.7	6.1
Services .....	2.6	2.2	2.8	1.1	1.8	1.2	2.3	3.3	3.5	2.4	2.2	2.1	1.8	1.9	2.8	3.3	2.7	3.0	3.4
Gross private domestic investment .....	-2.4	4.4	13.2	-13.6	-7.6	-10.5	-22.7	16.8	.3	4.1	-5	-8	3.5	22.4	13.9	12.3	19.0	2.4	13.4
Fixed investment .....	-4.9	5.1	10.2	-2.6	-8.7	-4.5	-10.6	-4.3	-3.5	.2	-8	2.4	10.9	18.0	10.5	4.5	13.9	8.8	9.7
Nonresidential .....	-8.9	3.3	10.6	-4.2	-13.6	-6.8	-13.3	-9.7	-9.6	-1.1	-3.2	-1	11.8	15.7	11.0	4.2	12.5	13.0	14.0
Structures .....	-17.8	-5.6	1.3	-8.3	-4.0	6.0	-33.2	-18.5	-22.6	-16.0	-6.6	-13.0	14.5	-1.3	7.9	-7.6	6.9	-1.1	1.2
Equipment and software .....	-5.5	6.4	13.5	-2.8	-16.9	-11.4	-4.2	-6.3	-4.5	4.6	-2.0	4.5	11.0	21.7	12.0	8.0	14.2	17.5	18.0
Residential .....	4.8	8.8	9.6	2.2	5.6	1.8	-3.7	9.3	11.3	2.8	4.2	7.5	9.1	22.4	9.6	5.0	16.5	1.6	2.1
Change in private inventories .....																			
Net exports of goods and services .....																			
Exports .....	-2.3	1.9	8.5	-5.3	-12.7	-18.2	-10.8	4.7	11.0	3.1	-4.2	-1.5	-1.6	11.3	17.5	7.3	7.3	6.0	2.4
Goods .....	-4.1	2.2	8.8	-5.4	-17.1	-20.0	-8.8	-1.9	14.0	2.9	-10.2	4.0	-8	10.1	16.1	9.1	6.0	9.5	1.9
Services .....	1.8	1.4	7.8	-5.0	-7	-13.7	-15.3	21.7	4.5	3.5	10.5	-12.7	-3.4	14.1	20.6	3.4	10.2	-1.8	3.5
Imports .....	3.4	4.4	9.9	-3.7	-12.6	-10.3	-3.4	12.5	11.4	5.4	9.6	-2.0	2.5	2.8	17.1	10.6	12.6	4.6	11.4
Goods .....	3.7	4.7	10.8	-3.4	-16.9	-8.6	-2.0	10.1	15.3	5.9	8.2	-1.8	5.1	0	18.4	12.7	13.0	5.0	15.3
Services .....	1.9	3.1	5.6	-5.0	12.8	-18.3	-10.4	24.7	-5.8	2.8	16.6	-2.6	-9.4	17.9	11.1	1.2	10.6	2.8	-7.0
Government consumption expenditures and gross investment .....	4.4	2.8	2.0	5.3	7.9	-1.5	8.5	4.7	4.4	2.1	4.0	.2	7.2	.1	1.6	2.5	2.2	.7	1.2
Federal .....	7.5	6.6	4.7	8.1	9.1	0	8.8	8.2	12.8	2.9	9.1	.3	22.1	-3.3	4.8	7.1	2.7	4.8	1.7
National defense .....	7.7	9.0	7.3	7.0	4.3	2.4	12.5	5.8	11.5	3.4	13.5	-2.7	38.4	-7.7	11.6	10.6	1.9	10.1	-3
Nondefense .....	7.1	2.4	-4	10.1	18.0	-3.9	2.3	12.6	15.0	1.9	1.6	6.2	-3.9	5.8	-7.5	.2	4.4	-5.3	6.3
State and local .....	2.8	.7	.4	4.0	7.2	-2.3	8.4	2.9	.3	1.7	1.4	.1	-4	2.2	-1	0	1.9	-1.7	.8
Addenda:																			
Final sales of domestic product .....	1.4	3.1	4.0	1.6	1.0	-4	3.8	.3	1.8	2.0	.7	2.4	5.2	6.8	3.7	3.3	2.5	5.0	3.2
Gross domestic purchases .....	2.5	3.3	4.8	-4	.7	-8	2.2	4.4	2.8	2.9	2.4	1.7	4.4	6.4	4.7	5.0	4.2	3.9	5.0
Final sales to domestic purchasers .....	2.1	3.4	4.4	1.5	.5	.2	4.3	1.4	2.2	2.4	2.3	2.2	5.4	5.9	4.2	3.9	3.5	4.9	4.5
Gross national product (GNP) .....	1.7	3.3		-1.1	1.5	-2.5	3.9	1.4	2.1	3.0	1.4	1.7	4.4	7.6	5.5	3.9	1.9	4.0	
Disposable personal income .....	3.1	2.3	3.5	1.3	-1.7	11.5	-5.6	10.8	2.7	-1.7	.2	1.8	4.3	8.2	1.4	2.4	2.8	2.9	8.1
Current-dollar measures:																			
GDP .....	3.5	4.9	6.6	2.8	4.4	.2	3.6	4.5	4.2	3.9	2.7	4.9	5.3	8.8	5.7	7.4	6.6	5.5	6.0
Final sales of domestic product .....	3.1	5.1	6.2	4.9	4.2	1.2	5.5	1.7	3.3	3.7	2.7	5.3	6.3	8.4	5.4	6.1	5.8	6.5	5.4
Gross domestic purchases .....	4.0	5.4	7.3	2.2	3.0	.2	3.1	5.3	5.6	4.4	4.3	5.7	4.8	8.1	5.9	8.6	7.9	5.9	8.0
Final sales to domestic purchasers .....	3.6	5.5	6.9	4.3	2.8	1.2	4.9	2.6	4.7	4.2	4.3	6.0	5.8	7.7	5.7	7.4	7.1	6.9	7.3
GNP .....	3.4	5.2		2.1	4.6	-8	6.0	2.4	3.9	4.3	3.4	4.6	5.6	9.0	7.0	6.8	5.2	5.6	
Disposable personal income .....	4.6	4.2	5.8	4.6	.8	12.1	-5.0	11.8	5.7	.2	1.5	5.1	5.0	9.9	2.6	5.8	6.0	4.2	10.9

<sup>r</sup> Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2004.  
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

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted at annual rates															
				2001				2002				2003				2004			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross domestic product (GDP) .....	1.7	1.8	2.2	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2	1.4	2.1
Personal consumption expenditures .....	1.4	1.9	2.2	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1	1.3	2.5
Durable goods .....	-2.7	-3.4	-2.0	-1.4	-3.1	-2.8	-1.6	-3.8	-2.5	-2.1	-2.8	-3.7	-3.8	-4.4	-4.3	0	-1	-3.1	.1
Nondurable goods .....	.6	2.0	3.3	1.4	3.5	-.9	-4.0	0	5.4	1.3	1.2	5.1	-2.2	3.5	.5	5.3	6.6	.9	4.7
Services .....	2.7	3.0	2.5	5.3	3.4	2.0	3.3	2.3	2.8	3.2	2.4	3.8	3.1	2.0	2.7	3.0	2.1	2.3	2.0
Gross private domestic investment .....	.2	1.1	2.5	0	1.5	2.1	.2	-1.0	-.1	-5	2.6	1.4	-.1	1.2	2.7	2.1	4.4	2.9	2.0
Fixed investment .....	.2	1.2	2.5	-.3	1.8	2.2	.1	-1.1	-.1	-.4	2.7	1.9	-.3	1.2	2.8	2.0	4.3	3.0	1.9
Nonresidential .....	-.8	-.4	.8	-2.3	.6	.3	-1.0	-1.3	-.1	-1.3	.6	-.5	-1.3	.3	1.2	.3	1.7	.9	1.8
Structures .....	2.4	2.1	4.9	6.0	6.5	6.6	2.1	0	2.1	1.6	3.0	3.9	0	1.3	1.4	4.8	7.6	9.8	10.8
Equipment and software .....	-1.9	-1.2	-.4	-5.1	-1.5	-2.0	-2.2	-1.7	-2.2	-2.2	-.1	-1.9	-1.7	0	1.2	-1.1	.1	-1.6	-.7
Residential .....	2.5	4.4	5.6	5.5	5.0	6.9	2.8	-.8	2.1	1.6	7.1	6.8	1.7	3.1	5.8	5.4	9.1	6.8	2.3
Change in private inventories .....																			
Net exports of goods and services .....																			
Exports .....	-4	2.1	3.5	.1	-1.3	-2.0	-3.5	-1.2	3.0	3.0	.4	4.1	1.0	.8	3.2	5.7	4.6	1.6	3.8
Goods .....	-7	2.0	3.8	-.1	-1.6	-2.6	-3.8	-1.4	2.2	3.3	.5	3.5	1.6	-.6	4.2	6.4	5.3	1.2	3.9
Services .....	.4	2.4	2.8	.6	-.7	-.6	-2.8	-.6	4.8	2.4	.3	5.4	-.6	4.0	.9	4.0	3.2	2.7	3.6
Imports .....	-1.2	3.4	4.9	-3.0	-5.9	-5.3	-10.0	-1.9	10.5	3.4	.5	11.3	-4.3	2.6	.9	9.6	6.4	5.1	7.9
Goods .....	-1.8	2.9	4.9	-3.8	-6.6	-6.5	-11.3	-2.0	10.8	2.6	.4	12.0	-6.7	2.4	.4	9.9	7.8	5.2	7.2
Services .....	1.7	5.9	4.9	1.5	-2.2	1.2	-3.3	-1.2	8.8	7.7	.9	7.9	8.4	3.6	3.5	8.3	-.5	5.0	11.4
Government consumption expenditures and gross investment .....	2.7	3.2	3.2	3.1	1.8	1.6	1.1	4.2	3.1	2.7	3.3	7.4	-.5	2.2	1.0	5.1	4.3	3.6	4.2
Federal .....	3.3	3.6	2.9	1.9	1.1	2.2	1.8	7.4	1.4	1.8	5.1	8.5	.3	1.1	1.0	6.6	3.0	1.7	2.3
National defense .....	3.4	4.2	2.8	3.5	.7	2.5	.8	7.1	1.6	2.9	7.7	8.6	-.3	1.1	1.3	5.7	3.5	1.9	2.4
Nondefense .....	3.1	2.6	2.9	-1.0	1.8	1.6	3.4	8.0	1.1	-.2	.5	8.2	1.4	1.0	.3	8.3	1.9	1.3	2.1
State and local .....	2.4	3.0	3.4	3.8	2.1	1.3	.8	2.5	4.0	3.2	2.4	6.8	-1.0	2.9	1.0	4.2	5.2	4.7	5.4
Addenda:																			
Final sales of domestic product .....	1.7	1.8	2.1	3.3	3.2	1.6	1.7	1.3	1.5	1.7	2.0	2.8	1.1	1.4	1.6	2.7	3.2	1.4	2.1
Gross domestic purchases .....	1.5	2.0	2.4	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5	1.9	2.8
Final sales to domestic purchasers .....	1.5	2.0	2.4	2.7	2.3	1.0	.6	1.1	2.5	1.8	1.9	3.8	.3	1.7	1.4	3.4	3.5	1.9	2.7
Gross national product (GNP) .....	1.6	1.8		3.3	3.1	1.6	1.7	1.3	1.5	1.7	2.0	2.7	1.1	1.5	1.6	2.8	3.2	1.4	
Implicit price deflators:																			
GDP .....	1.7	1.8	2.1	3.3	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2	1.4	2.1
Gross domestic purchases .....	1.5	2.0	2.4	2.7	2.2	1.1	.9	.8	2.8	1.4	1.9	3.9	.4	1.6	1.2	3.4	3.5	2.0	2.8
GNP .....	1.6	1.8		3.2	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2	1.5	

<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]

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted				
				2003	2004			
					IV	I	II	III
<b>Gross domestic product</b> .....	102.626	105.749	110.438	107.780	108.969	109.858	110.941	111.983
<b>Personal consumption expenditures</b> .....	105.698	109.143	113.250	110.794	111.925	112.360	113.776	114.939
Durable goods .....	111.150	119.378	127.280	123.902	124.572	124.482	129.529	130.537
Nondurable goods .....	104.630	108.481	113.425	110.517	112.331	112.367	113.659	115.343
Services .....	105.085	107.418	110.424	108.346	109.237	109.955	110.782	111.721
<b>Gross private domestic investment</b> .....	89.928	93.852	106.231	98.771	101.672	106.191	106.823	110.236
Fixed investment .....	92.253	96.924	106.826	101.412	102.529	105.913	108.170	110.694
Nonresidential .....	87.302	90.157	99.688	94.235	95.204	98.041	101.075	104.433
Structures .....	80.346	75.810	76.802	77.406	75.886	77.171	76.958	77.195
Equipment and software .....	89.947	95.679	108.642	100.735	102.699	106.157	110.524	115.188
Residential .....	105.178	114.392	125.361	119.916	121.400	126.122	126.628	127.295
Change in private inventories .....								
<b>Exports of goods and services</b> .....	92.343	94.116	102.143	98.170	99.924	101.690	103.176	103.783
<b>Imports of goods and services</b> .....	100.585	105.048	115.468	108.725	111.504	114.862	116.167	119.340
<b>Government consumption expenditures and gross investment</b> .....	107.918	110.906	113.089	111.738	112.443	113.062	113.259	113.590
Federal .....	111.725	119.140	124.735	121.154	123.249	124.068	125.539	126.083
State and local .....	105.999	106.739	107.184	106.968	106.965	107.482	107.033	107.256
<b>Addenda:</b>								
Final sales of domestic product .....	103.102	106.346	110.583	108.290	109.173	109.854	111.211	112.092
Gross domestic purchases .....	103.414	106.858	111.990	108.904	110.253	111.393	112.465	113.852
Final sales to domestic purchasers .....	103.876	107.438	112.137	109.401	110.455	111.396	112.731	113.966
Gross national product .....	102.494	105.865		108.192	109.241	109.769	110.863	

<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]

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted				
				2003	2004			
					IV	I	II	III
<b>Gross domestic product</b> .....	104.097	106.003	108.287	106.586	107.314	108.169	108.551	109.115
<b>Personal consumption expenditures (PCE)</b> .....	103.548	105.511	107.817	106.005	106.860	107.683	108.021	108.702
Durable goods .....	95.475	92.244	90.378	90.747	90.741	90.725	90.008	90.040
Nondurable goods .....	102.097	104.154	107.628	104.564	105.914	107.616	107.869	109.113
Services .....	106.083	109.237	111.985	110.266	111.085	111.667	112.314	112.873
<b>Gross private domestic investment</b> .....	101.221	102.304	104.871	102.968	103.514	104.644	105.405	105.922
Fixed investment .....	101.232	102.435	104.949	103.101	103.618	104.709	105.482	105.987
Nonresidential .....	98.909	98.546	99.336	98.729	98.793	99.220	99.449	99.882
Structures .....	107.908	110.176	115.574	110.633	111.926	113.984	116.677	119.709
Equipment and software .....	95.868	94.754	94.393	94.862	94.611	94.626	94.256	94.079
Residential .....	107.246	111.951	118.227	113.675	115.179	117.710	119.674	120.342
Change in private inventories .....								
<b>Exports of goods and services</b> .....	99.275	101.395	104.914	102.146	103.565	104.746	105.175	106.170
<b>Imports of goods and services</b> .....	96.326	99.615	104.515	99.837	102.163	103.760	105.066	107.070
<b>Government consumption expenditures and gross investment</b> .....	105.313	108.702	112.191	109.167	110.522	111.703	112.682	113.856
Federal .....	105.288	109.081	112.211	109.447	111.203	112.020	112.491	113.130
State and local .....	105.317	108.485	112.188	109.007	110.131	111.524	112.802	114.294
<b>Addenda:</b>								
PCE excluding food and energy .....	103.707	105.072	106.633	105.527	106.081	106.523	106.753	107.176
Market-based PCE <sup>1</sup> .....	103.113	105.040	107.423	105.496	106.334	107.292	107.674	108.393
Market-based PCE excluding food and energy <sup>1</sup> .....	103.186	104.388	105.900	104.790	105.261	105.798	106.060	106.480
Final sales of domestic product .....	104.100	106.025	108.299	106.608	107.332	108.178	108.561	109.123
Gross domestic purchases .....	103.489	105.571	108.122	106.086	106.980	107.913	108.429	109.167
Final sales to domestic purchasers .....	103.491	105.592	108.134	106.107	106.997	107.923	108.440	109.177
Gross national product .....	104.087	105.997		106.579	107.308	108.164	108.549	
<b>Implicit price deflators:</b>								
Gross domestic product .....	104.092	105.998	108.226	106.523	107.246	108.093	108.482	109.056
Final sales of domestic product .....	104.100	106.025	108.298	106.601	107.325	108.172	108.555	109.115
Gross domestic purchases .....	103.484	105.566	108.068	106.028	106.916	107.842	108.364	109.113
Final sales to domestic purchasers .....	103.491	105.592	108.138	106.102	106.992	107.917	108.435	109.171
Gross national product .....	104.082	105.992		106.516	107.240	108.087	108.479	

<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]

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted at annual rates				
				2003	2004			
					IV	I	II	III <sup>r</sup>
<b>Gross domestic product</b> .....	10,487.0	11,004.0	11,733.5	11,270.9	11,472.6	11,657.5	11,814.9	11,988.9
Plus: Income receipts from the rest of the world .....	301.8	329.0	.....	371.8	373.8	388.0	406.8	.....
Less: Income payments to the rest of the world .....	274.7	273.9	.....	284.6	300.3	351.9	368.6	.....
<b>Equals: Gross national product</b> .....	10,514.1	11,059.2	.....	11,358.1	11,546.1	11,693.6	11,853.0	.....
Less: Consumption of fixed capital .....	1,303.9	1,353.9	1,407.1	1,374.2	1,355.0	1,375.2	1,497.9	1,400.5
Less: Statistical discrepancy .....	-15.3	25.6	.....	12.8	63.0	56.4	60.4	.....
<b>Equals: National income</b> .....	9,225.4	9,679.6	.....	9,971.1	10,128.1	10,262.0	10,294.7	.....
Compensation of employees .....	6,069.5	6,289.0	6,631.1	6,406.7	6,489.4	6,578.5	6,687.4	6,769.1
Wage and salary accruals .....	4,976.3	5,103.6	5,356.1	5,188.9	5,240.7	5,311.4	5,403.0	5,469.3
Supplements to wages and salaries .....	1,093.2	1,185.5	1,275.1	1,217.8	1,248.8	1,267.2	1,284.4	1,299.9
Proprietors' income with inventory valuation and capital consumption adjustments .....	769.6	834.1	902.5	864.7	872.1	901.4	902.9	933.7
Rental income of persons with capital consumption adjustment .....	170.9	153.8	165.6	167.1	172.8	172.6	153.8	163.2
Corporate profits with inventory valuation and capital consumption adjustments .....	874.6	1,021.1	.....	1,129.1	1,165.6	1,173.9	1,118.0	.....
Net interest and miscellaneous payments .....	532.9	543.0	548.0	545.3	554.5	548.5	546.7	542.2
Taxes on production and imports less subsidies .....	724.4	751.3	799.6	769.4	782.9	796.3	803.5	815.9
Business current transfer payments .....	80.9	77.7	82.1	80.1	82.7	83.5	76.0	86.3
Current surplus of government enterprises .....	2.8	9.5	6.7	8.7	8.1	7.4	6.5	4.7
<b>Addendum:</b>								
Gross domestic income .....	10,502.3	10,978.5	.....	11,258.1	11,409.6	11,601.1	11,754.5	.....

<sup>r</sup> Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2004.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted at annual rates				
				2003	2004			
					IV	I	II	III <sup>r</sup>
<b>Personal income</b> <sup>1</sup> .....	8,878.9	9,161.8	9,671.3	9,330.0	9,445.0	9,592.7	9,700.4	9,947.2
Compensation of employees, received .....	6,069.5	6,289.0	6,631.1	6,406.7	6,487.9	6,580.0	6,687.4	6,769.1
Wage and salary disbursements .....	4,976.3	5,103.6	5,356.1	5,188.9	5,239.2	5,312.8	5,403.0	5,469.3
Supplements to wages and salaries .....	1,093.2	1,185.5	1,275.1	1,217.8	1,248.8	1,267.2	1,284.4	1,299.9
Proprietors' income with inventory valuation and capital consumption adjustments .....	769.6	834.1	902.5	864.7	872.1	901.4	902.9	933.7
Farm .....	9.7	21.8	18.2	24.7	17.9	18.9	13.6	22.4
Nonfarm .....	759.9	812.3	884.3	840.0	854.2	882.5	889.3	911.3
Rental income of persons with capital consumption adjustment .....	170.9	153.8	165.6	167.1	172.8	172.6	153.8	163.2
Personal income receipts on assets .....	1,334.6	1,322.7	1,386.4	1,325.8	1,337.1	1,352.3	1,367.8	1,488.3
Personal interest income .....	946.7	929.9	945.3	932.0	936.2	941.7	946.5	956.9
Personal dividend income .....	387.9	392.8	441.1	393.8	400.9	410.6	421.3	531.4
Personal current transfer receipts .....	1,282.7	1,335.4	1,405.9	1,350.7	1,379.0	1,400.4	1,415.4	1,429.0
Less: Contributions for government social insurance .....	748.3	773.2	820.2	785.0	803.9	814.0	826.9	836.0
Less: Personal current taxes .....	1,051.2	1,001.9	1,038.9	1,009.4	1,006.6	1,030.6	1,048.9	1,069.6
<b>Equals: Disposable personal income</b> .....	7,827.7	8,159.9	8,632.4	8,320.5	8,438.4	8,562.1	8,651.5	8,877.6
Less: Personal outlays .....	7,668.5	8,049.3	8,531.6	8,209.4	8,351.6	8,448.7	8,588.1	8,738.0
<b>Equals: Personal saving</b> .....	159.2	110.6	100.8	111.1	86.8	113.4	63.4	139.6
Personal saving as a percentage of disposable personal income .....	2.0	1.4	1.2	1.3	1.0	1.3	.7	1.6
<b>Addendum:</b>								
Disposable personal income, billions of chained (2000) dollars <sup>2</sup> .....	7,559.5	7,733.8	8,006.4	7,849.6	7,897.0	7,951.5	8,009.5	8,167.2

<sup>r</sup> Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the third quarter of 2004.

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.

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

	2002	2003	2004 <sup>r</sup>	Seasonally adjusted at annual rates															
				2001				2002				2003				2004			
				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 .....	1.9	3.0	4.4	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3	4.0	3.8
Goods .....	1.2	4.3	7.4	-4.5	-1.3	-5.5	2.6	4.1	.9	4.7	-3.2	4.3	4.1	17.7	5.8	8.2	2.5	8.3	6.2
Services .....	3.0	2.3	2.7	1.9	1.8	1.7	2.8	3.4	4.2	2.2	3.0	.9	3.6	1.1	3.1	3.0	2.3	2.8	3.0
Structures .....	-2.4	3.0	5.3	.4	7.0	-4.3	-8.5	.9	-3.3	-2.4	.9	0	7.3	13.9	5.4	.7	12.7	-2.5	.9
Motor vehicle output .....	11.6	4.2	5.6	-18.5	36.3	-5.7	22.0	7.3	10.3	18.4	6.0	-12.4	3.0	26.3	2.9	8.8	-15.2	10.4	27.2
GDP excluding motor vehicle output .....	1.5	3.0	4.4	.2	.2	-1.2	.9	3.3	2.1	2.1	.5	2.5	4.1	6.8	4.2	4.3	4.0	3.8	3.0
Final sales of computers <sup>1</sup> .....	8.8	41.0	22.7	48.2	-11.2	-19.4	23.7	-3.7	12.2	46.0	30.9	35.1	37.8	93.7	29.0	.1	.1	20.7	74.0
GDP excluding final sales of computers .....	1.8	2.8	4.3	-9	1.4	-1.2	1.4	3.4	2.3	2.3	.5	1.7	3.8	6.8	4.0	4.5	3.3	3.9	3.3
Farm gross value added <sup>2</sup> .....	6.5	4.0	-9.8	-1.3	-31.0	-20.4	94.2	-39.2	69.9	26.1	-19.5	-13.9	52.3	.5	-30.6	-31.3	-21.3	36.4	77.1
Nonfarm business gross value added <sup>3</sup> .....	1.8	3.8	5.3	-1.1	1.2	-2.9	1.2	4.0	1.7	3.6	1.4	2.4	5.3	9.3	4.6	5.7	4.2	4.2	3.7
<b>Price indexes:</b>																			
GDP .....	1.7	1.8	2.2	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2	1.4	2.1
GDP excluding food and energy .....	2.0	1.6	1.9	2.4	2.3	2.1	2.6	1.7	1.8	1.6	1.7	2.3	.8	1.1	1.5	2.3	2.7	1.8	1.9
GDP excluding final sales of computers .....	1.9	2.0	2.3	3.8	3.3	1.8	1.9	1.6	1.7	1.9	2.2	2.9	1.2	1.6	1.7	2.9	3.3	1.5	2.3
Gross domestic purchases .....	1.5	2.0	2.4	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5	1.9	2.8
Gross domestic purchases excluding food and energy .....	1.8	1.6	1.9	2.3	2.0	1.8	2.3	1.5	1.7	1.6	1.6	2.2	1.0	1.2	1.5	2.5	2.5	1.7	1.9
Gross domestic purchases excluding final sales of computers to domestic purchasers .....	1.7	2.2	2.6	3.3	2.6	1.3	.9	1.4	2.6	2.0	2.1	4.0	.5	1.9	1.5	3.6	3.7	2.1	3.0
Personal consumption expenditures (PCE) .....	1.4	1.9	2.2	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1	1.3	2.5
PCE excluding food and energy .....	1.8	1.3	1.5	2.8	2.1	1.4	2.6	1.2	2.0	2.0	.9	1.5	1.1	.9	1.3	2.1	1.7	.9	1.6
Market-based PCE <sup>4</sup> .....	1.1	1.9	2.3	2.8	2.1	.8	-.5	.6	2.9	1.8	1.5	3.0	.6	2.0	.8	3.2	3.7	1.4	2.7
Market-based PCE excluding food and energy <sup>4</sup> .....	1.5	1.2	1.4	2.1	1.3	1.9	1.6	1.0	1.8	1.7	1.1	.9	1.1	1.3	.8	1.8	2.1	1.0	1.6

<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 2002-03 annual percent change in real GDP uses prices for 2002 and 2003 as weights, and the 2002-03 annual percent change in GDP prices uses quantities for 2002 and 2003 as weights. These annual changes are "chained" (multiplied) together to form time series of quantity and price indexes. Percent changes in Fisher indexes are not affected by the choice of reference year. (BEA also publishes a measure of the price level known as the implicit price deflator (IPD), which is calculated as the ratio of the current-dollar value to the corresponding chained-dollar value, multiplied by 100. The values of the IPD are very close to the values of the corresponding "chain-type" price index.)

Index numbers of quantity and price indexes for GDP and its major components are presented in this release in tables 5 and 6. Percent changes from the preceding period are presented in tables 1, 4, 7, and 8. Contributions by major components to changes in real GDP are presented in table 2.

Measures of real GDP and its major components are also presented in dollar-denominated form, designated "chained (2000) dollar estimates." For most series, these estimates, which are presented in table 3, are computed by multiplying the current-dollar value in 2000 by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 2000 and if real output for this component increased 10 percent in 2001, then the chained (2000) dollar value of this component in 2001 would be \$110 ( $= \$100 \times 110 / 100$ ). 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.