UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

OFFICE OF
BUSINESS
ECONOMICS

FOR IMMEDIATE RELEASE THURSDAY, MAY 16, 1968

OBE 68-24

Leo Bernstein WO7-3040

FIRST QUARTER 1968
REVISED GNP

Gross national product rose by a record $19-1/2 billion in the first quarter to a seasonally adjusted annual rate of $826-3/4 billion, according to revised figures announced today by the U.S. Department of Commerce. The advance of 2-1/2 percent reflected increases of 1-1/2 percent in the physical volume of production and almost 1 percent in prices.

The revised first quarter GNP is little different from the preliminary estimate released a month ago by the Office of Business Economics. However, some of the components changed: consumer spending was revised upward by $1 billion, and net exports and inventory investment were each revised downward by approximately $1 billion.

Record advance in final sales

The new figures, which are based on revised and more complete source data, confirm the general pattern of developments in the first quarter shown by the earlier estimates. Final sales (GNP less inventory investment) rose by a record $26 billion, more than double the increase in the preceding quarter. Personal consumption expenditures accounted for the bulk of the upsurge with a record advance of $17 billion. Consumer purchases of goods, which had been sluggish since mid-1966, rose by $12-1/2 billion, and expenditures on services increased by $4-1/2 billion.

The increase in personal spending exceeded an unusually large increase in disposable personal income. As a result, personal saving decreased and the saving rate fell from the fourth quarter's abnormally high 7-1/2 percent to 6-1/2 percent, somewhat above the average in recent years.

[More]

Business fixed investment rose $3-1/4 billion in the first quarter, its largest rise in two years. Federal Government purchases of goods and services rose by $4 billion, the largest advance in a year, as increased procurement of equipment and supplies pushed defense spending up by $2-1/2 billion. Larger agricultural outlays accounted for most of the $1-1/2 billion rise in Federal nondefense purchases. State and local government purchases were up by $2-1/2 billion.

Net exports and inventory investment decline

Net exports, which fell by $2-1/2 billion in the fourth quarter, declined $1-1/4 billion in the first quarter to an annual rate of $1-3/4 billion, its lowest level since 1959. Both exports and imports recorded their largest increases in three years, but the $3 billion advance in imports was almost twice the export gain of $1-3/4 billion.

Inventory accumulation fell from an annual rate of $9-1/4 billion in the fourth quarter to $2-3/4 billion, a drop of $6-1/2 billion. The reduction, which reflected the sharp upsurge in final demand, occurred among both durable and nondurable goods firms and in both manufacturing and trade. The decline in stock accumulation and the growth in final sales brought total stocks into a better balance with sales.

Revised first quarter GNP estimates are shown in the accompanying table, together with comparative data for recent periods. Additional national income and product detail for the first quarter will appear in the forthcoming May issue of the Survey of Current Business, the monthly magazine of the Office of Business Economics. The Survey is available from Field Offices of the Department, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of $6, including weekly supplements; single copy, 45 cents.

FORM BE-679
(2-25-66)

U.S. DEPARTMENT OF COMMERCE
OFFICE OF BUSINESS ECONOMICS

GROSS NATIONAL PRODUCT IN CURRENT AND CONSTANT DOLLARS

	Billions of current dollars								Billions of 1958 dollars							
	1965	1966	1967	1967				1968	1965	1966	1967	1967				1968
				I	II	III	IV	I				I	II	III	IV	I
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
Gross national product	683.9	743.3	785.0	766.3	775.1	791.2	807.3	826.7	616.7	652.6	669.3	660.7	664.7	672.0	679.6	689.7
Personal consumption expenditures	433.1	465.9	491.7	480.2	489.7	495.3	501.8	518.7	398.4	418.0	430.1	424.2	430.6	431.5	434.0	444.7
Durable goods	66.0	70.3	72.1	69.4	72.5	72.7	73.8	78.4	66.4	71.3	72.1	69.7	72.9	72.7	73.0	77.1
Nondurable goods	191.2	207.5	217.5	214.2	217.2	218.5	220.3	228.1	178.9	187.7	193.0	191.8	193.6	192.8	193.6	198.6
Services	175.9	188.1	202.1	196.6	200.0	204.1	207.7	212.1	153.2	159.1	165.0	162.6	164.1	166.0	167.4	169.0
Gross private domestic investment	107.4	118.0	112.1	110.4	105.1	112.2	120.8	118.0	98.0	105.6	96.9	96.9	91.3	96.4	103.0	99.5
Fixed investment	98.0	104.6	107.0	103.3	104.6	108.4	111.6	115.4	89.1	93.0	92.1	90.2	90.9	92.9	94.4	96.9
Nonresidential	71.1	80.2	82.6	81.9	81.5	82.8	84.0	87.2	66.0	72.8	73.0	73.0	72.6	73.2	73.3	75.5
Structures	25.1	27.9	26.8	27.7	26.3	26.6	26.7	28.5	21.9	23.6	21.8	22.9	21.7	21.5	21.4	22.7
Producers' durable equipment	46.0	52.3	55.7	54.2	55.2	56.2	57.3	58.7	44.1	49.2	51.2	50.1	51.0	51.7	52.0	52.8
Residential structures	27.0	24.4	24.4	21.4	23.1	25.6	27.6	28.2	23.2	20.2	19.1	17.3	18.3	19.7	21.0	21.4
Nonfarm	26.4	23.8	23.9	20.9	22.5	25.0	27.0	27.6	22.7	19.7	18.6	16.8	17.8	19.2	20.6	21.0
Farm	.5	.5	.6	.6	.6	.6	.6	.6	.5	.5	.5	.5	.5	.4	.4	.4
Change in business inventories	9.4	13.4	5.2	7.1	.5	3.8	9.2	2.7	8.8	12.6	4.8	6.7	.4	3.5	8.7	2.5
Nonfarm	8.4	13.7	4.8	7.3	.6	3.4	7.7	1.8	7.9	12.9	4.4	6.8	.5	3.2	7.2	1.7
Farm	1.0	-.3	.4	-.2	-.1	.4	1.5	.9	.9	-.3	.4	-.2	-.1	.4	1.5	.9
Net exports of goods and services	6.9	5.1	4.8	5.3	5.3	5.4	3.0	1.7	6.0	4.4	3.6	4.1	4.1	4.2	1.9	.6
Exports	39.1	43.0	45.3	45.3	45.1	45.6	45.4	47.2	37.5	40.8	42.5	42.4	42.3	42.8	42.5	44.3
Imports	32.2	37.9	40.6	39.9	39.8	40.2	42.4	45.5	31.5	36.4	38.9	38.3	38.2	38.6	40.7	43.7
Government purchases of goods and services	136.4	154.3	176.3	170.4	175.0	178.2	181.7	188.3	114.3	124.5	138.7	135.5	138.7	139.9	140.7	145.0
Federal	66.8	77.0	89.9	87.1	89.5	90.9	92.2	96.2	57.8	64.7	74.1	72.3	74.4	75.1	74.7	77.9
National defense	50.1	60.5	72.5	70.2	72.5	73.3	74.2	76.7	----	----	----	----	----	----	----	----
Other	16.7	16.5	17.4	16.8	17.0	17.6	18.0	19.5	----	----	----	----	----	----	----	----
State and local	69.6	77.2	86.4	83.3	85.4	87.4	89.5	92.1	56.4	59.9	64.6	63.2	64.3	64.9	66.0	67.1
Addendum:																
Implicit price deflator for seasonally adjusted GNP, 1958=100	110.9	113.9	117.3	116.0	116.6	117.7	118.8	119.9	----	----	----	----	----	----	----	----

Source: U.S. Department of Commerce, Office of Business Economics.

USCOMM-DC 29317-P66