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UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

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WASHINGTON, D.C. 20230

Social and Economic  
Statistics Administration

BUREAU OF  
ECONOMIC ANALYSIS

FOR RELEASE AT 10 A.M., THURSDAY, OCTOBER 19, 1972

BEA 72-64

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967-3040

GROSS NATIONAL PRODUCT:  
PRELIMINARY THIRD QUARTER 1972

Gross national product -- the market value of the Nation's output of goods and services -- increased \$22.8 billion or 8.3 percent in the third quarter to reach a seasonally adjusted annual rate of \$1,162.2 billion, according to preliminary figures announced today by the Bureau of Economic Analysis, an agency of the Commerce Department's Social and Economic Statistics Administration. In the second quarter, GNP had increased \$30.3 billion or 11.4 percent at an annual rate.

Real output (GNP adjusted for price changes) rose at an annual rate of 5.9 percent, compared with 9.4 percent in the second quarter. Prices as measured by the GNP implicit price deflator increased at an annual rate of 2.2 percent, compared with 1.8 percent in the second quarter.

The Bureau emphasized that the third quarter figures are based on preliminary and incomplete source data. Data are not available for September on foreign trade and consumer prices, and are incomplete for inventories and domestic trade. Revised estimates based on more comprehensive data will be issued next month.

Final sales

Final sales advanced \$22.2 billion, with most of the major components contributing to the overall gain. Inventory investment increased \$0.7 billion, from \$5.0 billion in the second quarter to \$5.7 billion in the third. In the second quarter, final sales had increased \$25.8 billion

and inventory investment \$4.6 billion, from \$0.4 billion in the first quarter to \$5.0 billion in the second.

### Consumer spending

Personal consumption expenditures increased \$14.7 billion at an annual rate, compared with \$17.3 billion in the second quarter. Spending on durable goods was up \$4.5 billion as compared with an increase of \$2.9 billion in the second quarter. Consumer expenditures on nondurable goods rose \$4.2 billion, following an advance of \$8.9 billion. Spending on services increased \$5.9 billion, about the same as in the second quarter.

Disposable (after-tax) personal income increased \$16.1 billion, \$1.2 billion more than the \$14.9 billion increase in total personal outlays. As a result, personal saving increased from \$50.1 billion to \$51.3 billion. The saving rate (saving as a percentage of disposable income) remained unchanged at 6.4 percent.

### Fixed investment

Business fixed investment increased \$1.9 billion, as purchases of producers' durable equipment were up \$2.2 billion while outlays on nonresidential construction declined \$0.4 billion. In the second quarter, business fixed investment had advanced \$3.1 billion, with increases of \$2.4 billion in equipment and \$0.7 billion in nonresidential construction. Residential construction increased \$1.4 billion, compared with \$1.2 billion in the previous quarter.

### Net exports

Based on data that are highly preliminary and incomplete at this time, net exports of goods and services were a smaller negative in the third quarter than in the second. Both exports and imports rose in contrast to the second quarter, when they declined following the large increases in the first quarter in the wake of the dock strikes.

### Government purchases

Federal Government purchases of goods and services were down \$1.9 billion. Defense spending declined \$3.4 billion, which was partly offset by a \$1.4 billion increase in other purchases. In the second quarter, Federal Government purchases had risen \$2.4 billion. State and local government purchases advanced \$4.4 billion, about double the second quarter increase of \$2.3 billion.

### Alternative method of price change

The implicit price deflator for GNP is a measure of price change based on shifting weights that reflect changes in the composition of GNP. An alternative measure of price change, the chain price index, uses the

weights of the prior quarter in the calculation of price change each quarter. This index rose at an annual rate of 2.9 percent in the third quarter, compared with 2.7 percent in the second.

GNP and personal income statistics for the third quarter are shown in the accompanying table. Additional detail will appear in the October issue of the Survey of Current Business, a monthly magazine of the Bureau of Economic Analysis.

The Survey is available from Field Offices of the Department of Commerce or from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402, at an annual subscription price of \$9, including weekly supplements; single copy, \$1.

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

GROSS NATIONAL PRODUCT	1969	1970	1971	1971			1972			1969	1970	1971	1971			1972								
				III	IV	I	II	III <sup>p</sup>	III				IV	I	II	III <sup>p</sup>								
				Seasonally adjusted at annual rates									Seasonally adjusted at annual rates											
				Billions of current dollars									Billions of 1958 dollars											
<b>Gross national product (GNP)</b> .....	930.3	976.4	1050.4	1056.9	1078.1	1109.1	1139.4	1162.2	725.6	722.1	741.7	742.5	754.5	766.5	783.9	795.3								
<b>Personal consumption expenditures</b> .....	579.5	616.8	664.9	670.7	680.5	696.1	713.4	728.1	469.1	477.0	495.4	497.4	503.2	511.0	520.9	528.7								
Durable goods.....	90.8	90.5	103.5	106.1	106.1	111.0	113.9	118.4	85.6	83.1	92.1	94.2	95.4	98.6	100.7	104.4								
Nondurable goods.....	245.9	264.4	278.1	278.5	283.4	288.3	297.2	301.4	201.3	207.0	211.1	210.5	212.8	214.7	220.1	221.7								
Services.....	242.7	261.8	283.3	286.1	290.9	296.7	302.4	308.3	182.2	186.8	192.2	192.8	195.0	197.7	200.0	202.6								
<b>Gross private domestic investment</b> .....	139.0	137.1	152.0	152.2	158.8	168.1	177.0	181.0	110.5	104.0	108.6	107.3	112.0	116.6	122.0	123.9								
Fixed investment.....	131.1	132.2	148.3	150.9	157.2	167.7	172.0	175.3	103.8	99.9	105.9	106.6	111.3	116.3	118.0	119.4								
Nonresidential.....	98.5	100.9	105.8	106.3	109.8	116.1	119.2	121.1	80.1	77.6	76.8	76.4	79.2	82.2	83.6	84.4								
Structures.....	34.2	36.0	38.4	38.7	38.8	41.3	42.0	41.6	24.3	23.6	22.8	22.5	22.2	23.0	23.0	22.5								
Producers' durable equipment.....	64.3	64.9	67.4	67.6	71.0	74.8	77.2	79.4	55.8	54.0	54.0	53.9	57.0	59.2	60.6	61.9								
Residential structures.....	32.6	31.2	42.6	44.5	47.3	51.6	52.8	54.2	23.7	22.3	29.1	30.1	32.1	34.2	34.4	35.0								
Nonfarm.....	32.0	30.7	42.0	43.9	46.7	51.0	52.1	53.4	23.2	22.0	28.7	29.7	31.7	33.8	34.0	34.5								
Farm.....	.6	.5	.6	.7	.6	.6	.6	.8	.5	.4	.4	.5	.4	.4	.4	.5								
Change in business inventories.....	7.8	4.9	3.6	1.3	1.7	.4	5.0	5.7	6.7	4.1	2.6	.7	.7	.3	3.9	4.5								
Nonfarm.....	7.7	4.8	2.4	-.2	.8	.1	4.3	5.3	6.7	4.0	1.6	-.6	-.1	-.1	3.4	4.2								
Farm.....	.1	.1	1.2	1.6	.9	.3	.7	.4	.0	.0	1.1	1.3	.8	.3	.5	.3								
<b>Net exports of goods and services</b> .....	1.9	3.6	.7	.4	-2.1	-4.6	-5.2	-3.4	.2	2.2	.1	.1	-1.8	-3.3	-2.8	-.8								
Exports.....	55.5	62.9	66.1	68.5	63.0	70.7	70.0	75.0	48.4	52.2	52.6	54.4	49.9	55.5	54.2	57.7								
Imports.....	53.6	59.3	65.4	68.2	65.1	75.3	75.2	78.4	48.3	50.0	52.5	54.3	51.7	58.9	57.0	58.5								
<b>Government purchases of goods and services</b> .....	210.0	219.0	232.8	233.6	240.9	249.4	254.1	256.6	145.9	139.0	137.6	137.6	141.1	142.2	143.9	143.6								
Federal.....	98.8	96.5	97.8	97.9	100.7	105.7	108.1	106.2	73.5	64.7	60.8	61.0	62.3	62.8	63.7	61.6								
National defense.....	78.4	75.1	71.4	70.1	71.9	76.7	78.6	75.2	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Other.....	20.4	21.5	26.3	27.8	28.7	28.9	29.6	31.0	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
State and local.....	111.2	122.5	135.0	135.7	140.2	143.7	146.0	150.4	72.4	74.3	76.8	76.7	78.8	79.4	80.3	81.9								
<b>Addenda:</b>																								
Final sales (GNP less change in business inventories).....	922.5	971.5	1046.7	1055.6	1076.4	1108.6	1134.4	1156.6	718.9	718.0	739.1	741.7	753.8	766.3	780.0	790.8								
Implicit price deflator, index numbers, 1958 = 100:																								
GNP.....	128.20	135.23	141.61	142.35	142.88	144.68	145.34	146.14	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Private GNP (GNP less general government employee comp.).....	124.30	130.31	135.91	136.63	136.98	138.40	139.00	139.69	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Change from preceding period, percent at annual rate:																								
GNP.....	7.6	5.0	7.6	5.4	8.3	12.0	11.4	8.3	2.7	-.5	2.7	2.5	6.7	6.5	9.4	5.9								
GNP implicit price deflator.....	4.8	5.5	4.7	2.9	1.5	5.1	1.8	2.2	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
GNP chain price index.....	4.9	5.3	5.0	3.4	2.1	5.6	2.7	2.9	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Private GNP implicit price deflator.....	4.5	4.8	4.3	2.8	1.0	4.2	1.7	2.0	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Private GNP chain price index.....	4.6	4.7	4.5	3.4	1.4	4.4	2.3	2.7	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
<b>DISPOSITION OF PERSONAL INCOME</b>																								
Personal income.....	750.9	806.3	861.4	867.9	881.5	907.0	922.1	939.5	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Less: Personal tax and nontax payments.....	116.5	116.7	117.0	117.5	123.0	136.5	139.5	140.8	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Equals: Disposable personal income.....	634.4	689.5	744.4	750.4	758.5	770.5	782.6	798.7	513.6	533.2	554.7	556.5	560.9	565.7	571.4	579.9								
Less: Personal outlays.....	596.2	634.7	683.4	689.4	699.2	714.9	732.5	747.4	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Equals: Personal saving.....	38.2	54.9	60.9	61.0	59.3	55.7	50.1	51.3	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Personal saving as a percentage of disposable personal income.....	6.0	8.0	8.2	8.1	7.8	7.2	6.4	6.4	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx	xxxxxx								
Per capita disposable personal income, dollars.....	3,130	3,366	3,595	3,620	3,649	3,700	3,751	3,821	2,534	2,603	2,679	2,684	2,698	2,716	2,739	2,774								

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