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GROSS NATIONAL PRODUCT
PRELIMINARY REPORT FOR FOURTH QUARTER AND YEAR 1973

Gross national product - the market value of the Nation's output of goods and services - rose $29.5 billion or 9.4 percent at an annual rate in the fourth quarter of 1973 to reach a seasonally adjusted annual rate of $1,334.0 billion, according to preliminary figures released today by the Bureau of Economic Analysis, an agency of the Commerce Department's Social and Economic Statistics Administration. In the third quarter, GNP had increased $32.5 billion or 10.6 percent at an annual rate.

Real output (GNP adjusted for price changes) rose at an annual rate of 1.3 percent in the fourth quarter, compared with 3.4 percent in the third quarter. Prices as measured by the implicit price deflator for GNP rose at an annual rate of 7.9 percent, compared with 7.0 percent in the third quarter.

For the year 1973, GNP totaled $1,288.2 billion, an increase of $133.0 billion or 11.5 percent over 1972. Real output increased 5.9 percent and prices 5.3 percent. In 1972,GNP had increased $99.7 billion or 9.4 percent over 1971, of which 6.1 percent was growth in real output and 3.2 percent price increase.

The Bureau emphasized that the fourth quarter figures are based on preliminary and incomplete source data. Data are not available for December 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.

FOURTH QUARTER 1973

Final sales increased $18.3 billion in the fourth quarter, compared with $32.3 billion in the third. Increases occurred in consumer spending on nondurable goods and services, business fixed investment, and government purchases. Consumer spending on durable goods and residential construction were down sharply.

Inventory accumulation rose from $4.7 billion in the third quarter to $15.9 billion in the fourth, an increase of $11.2 billion. From the second to the third quarter, inventory accumulation had shown little change.

Consumer Spending

Personal consumption expenditures increased $13.0 billion in the fourth quarter, compared with $20.4 billion in the third. Spending on nondurable goods rose $9.5 billion, compared with $11.3 billion in the third quarter. Purchases of services rose $9.6 billion, compared with $9.0 billion in the third quarter. Purchases of durable goods decreased $6.0 billion, as automobile spending dropped $7.1 billion while purchases of other durable goods increased $1.1 billion. Purchases of durable goods had shown no change in the third quarter.

Total new car sales fell from a seasonally adjusted annual rate of 11.7 million units in the third quarter to 10.3 million in the fourth, with the decline occurring mainly in large-sized domestic models.

Disposable (after-tax) personal income rose $26.9 billion in the fourth quarter compared with an increase of $14.5 billion in personal outlays. As a result, personal saving increased $12.2 billion, and the saving rate (saving as a percentage of disposable income) rose from 5.7 percent in the third quarter to 6.9 percent in the fourth.

Fixed investment

Business fixed investment increased $3.1 billion in the fourth quarter, compared with $3.9 billion in the third. Nonresidential construction outlays were up $1.6 billion, compared with $2.3 billion in the third quarter. Purchases of producers' durable equipment increased $1.4 billion, compared with $1.7 billion in the third quarter. Residential construction outlays declined $5.0 billion in the fourth quarter, following a decline of $0.4 billion in the third, reflecting the decline in housing starts that began in mid-1973.

Net exports

Based on preliminary and incomplete data, net exports of goods and services appear to have increased $0.4 billion in the fourth quarter, following an advance of $4.8 billion in the third. Both exports and imports showed large increases that chiefly reflected sharp price rises. Fourth quarter exports included an arms shipment to Israel valued at $625 million or $2.5 billion at an annual rate. The shipment to Israel is not an addition to GNP since it is a sale from Government stocks of military equipment which reduces Government purchases $2.5 billion at an annual rate.

Government purchases

Federal Government purchases of goods and services increased $1.0 billion in the fourth quarter, with an increase of $1.1 billion in nondefense spending and a decline of $0.2 billion in defense spending. A pay raise for Federal employees that went into effect October 1 added $1.7 billion to Federal Government purchases. Excluding the pay raise, nondefense spending was up $0.7 billion and defense spending was down $1.5 billion. However, defense spending was reduced $2.5 billion by the sale of arms to Israel. Excluding both the pay raise and arms shipment, defense spending was up $1.0 billion. In the third quarter, Federal purchases had declined $0.5 billion. State and local government purchases rose $5.8 billion, compared with $4.2 billion in the third quarter.

Inventory investment

Inventory investment at an annual rate of $15.9 billion in the fourth quarter compares with $4.7 billion in the third. The increase in the rate of inventory accumulation amounted to $11.2 billion, and occurred largely in inventories of wholesalers and retailers. Auto dealers accounted for much of the increase in retail inventories. Manufacturers added to inventories in the fourth quarter at about the same rate as in the third.

Alternative measure 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 7.7 percent in the fourth quarter, compared with 7.0 percent in the third.

1973 Highlights

All major components contributed to the increase in GNP from 1972 to 1973 except defense spending which declined slightly. In real terms, all major components increased except residential construction and Federal Government purchases.

Consumer spending increased $78.5 billion in 1973, compared with $59.3 billion in 1972. The acceleration occurred largely in nondurable goods, up $36.4 billion compared with $21.2 billion in 1972, and in services, up $28.4 billion compared with $24.3 billion in 1972.

Fixed investment increased $21.7 billion, compared with $25.2 billion in 1972. Producers' durable equipment was up $11.2 billion compared with $10.0 billion in 1972. Nonresidential construction increased $6.6 billion, compared with $3.8 billion in 1972. Residential construction increased $4.0 billion, compared with $11.3 billion in 1972.

Inventory investment rose from $6.0 billion in 1972 to $7.4 billion in 1973, an increase of $1.4 billion. From 1971 to 1972, inventory investment showed practically no change.

Net exports increased $9.2 billion, from a negative balance of $4.6 billion in 1972 to a positive balance of $4.6 billion in 1973. In 1972, net exports had declined $5.4 billion.

Federal Government purchases increased $2.5 billion, compared with $6.3 billion in 1972. Defense spending declined $0.2 billion, compared with an increase of $2.8 billion in 1972. Other purchases were up $2.6 billion, compared with $3.6 billion in 1972.

State and local government purchases rose $19.8 billion in 1973, compared with $14.3 billion in 1972.

GNP and personal income statistics for 1973 are shown in the accompanying table. Additional detail will appear in the January issue of the Survey of Current Business, a monthly magazine of the Bureau of Economic Analysis.

The Survey is available from the District 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 $34.45, including weekly supplements; single copy $2.25.

FORM BE-679
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U.S. DEPARTMENT OF COMMERCE
SOCIAL AND ECONOMIC STATISTICS ADMIN.
BUREAU OF ECONOMIC ANALYSIS

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

GROSS NATIONAL PRODUCT	1971	1972	1973 p	1972 IV	1973 I	1973 II	1973 III	1973 IV p	1971	1972	1973 p	1972 IV	1973 I	1973 II	1973 III	1973 IV p
	Billions of current dollars			Seasonally adjusted at annual rates					Billions of 1958 dollars			Seasonally adjusted at annual rates				
Gross national product (GNP)	1055.5	1155.2	1288.2	1199.2	1242.5	1272.0	1304.5	1334.0	754.4	790.7	837.3	812.3	829.3	834.3	841.3	844.1
Personal consumption expenditures	667.2	726.5	805.0	752.6	779.4	795.6	816.0	829.0	496.3	526.8	554.7	540.5	552.7	553.3	558.1	554.5
Durable goods	103.6	117.4	131.1	122.9	132.2	132.8	132.8	126.8	92.2	104.0	114.6	109.2	117.0	116.2	115.4	109.7
Nondurable goods	278.7	299.9	336.3	310.7	322.2	330.3	341.6	351.1	211.6	220.9	229.2	225.8	228.8	228.0	230.2	229.6
Services	284.9	309.2	337.6	319.0	325.0	332.6	341.6	351.2	192.4	201.8	210.9	205.4	207.0	209.1	212.5	215.2
Gross private domestic investment	153.2	178.3	201.5	189.4	194.5	198.2	202.0	211.2	110.3	122.9	131.7	129.1	130.2	130.2	130.8	135.7
Fixed investment	147.1	172.3	194.0	181.2	189.9	193.7	197.3	195.3	105.0	118.3	126.6	122.8	126.9	126.9	127.7	124.7
Nonresidential	104.4	118.2	136.0	124.3	130.9	134.1	138.0	141.1	76.1	83.7	92.5	87.5	91.2	91.5	93.2	94.1
Structures	37.9	41.7	48.3	43.0	45.3	47.2	49.5	51.1	22.5	23.0	24.8	23.1	23.8	24.4	25.2	26.0
Producers' durable equipment	66.5	76.5	87.7	81.2	85.5	86.9	88.6	90.0	53.6	60.8	67.7	64.3	67.4	67.2	68.0	68.2
Residential structures	42.7	54.0	58.0	56.9	59.0	59.6	59.2	54.2	29.0	34.6	34.0	35.3	35.6	35.3	34.5	30.6
Nonfarm	42.2	53.5	57.4	56.4	58.4	59.1	58.6	53.6	28.6	34.2	33.7	35.0	35.3	35.0	34.2	30.2
Farm	.6	.6	.6	.5	.6	.5	.6	.7	.4	.4	.4	.3	.4	.3	.4	.4
Change in business inventories	6.1	6.0	7.4	8.2	4.6	4.5	4.7	15.9	5.3	4.6	5.2	6.3	3.3	3.4	3.0	10.9
Nonfarm	4.5	5.6	6.7	7.9	4.4	4.4	3.2	14.9	3.8	4.5	4.8	6.2	3.2	3.3	2.3	10.4
Farm	1.6	.4	.7	.3	.2	.1	1.5	1.0	1.4	.1	.4	.1	.1	.1	.7	.5
Net exports of goods and services	.8	-4.6	4.6	-3.5	.0	2.8	7.6	8.0	.4	-2.0	6.0	-.8	2.0	5.6	7.4	9.2
Exports	66.3	73.5	101.3	79.7	89.7	97.2	104.5	113.5	52.7	56.4	67.3	59.6	65.3	66.6	67.4	69.8
Imports	65.5	78.1	96.7	83.2	89.7	94.4	97.0	105.6	52.4	58.4	61.3	60.3	63.3	61.1	60.0	60.6
Government purchases of goods and services	234.3	255.0	277.2	250.7	268.6	275.3	279.0	285.8	138.4	143.0	144.8	143.5	144.4	145.2	145.0	144.8
Federal	98.1	104.4	106.9	102.7	105.5	107.3	106.8	107.8	60.9	60.8	57.3	58.6	58.2	58.2	57.2	55.6
National defense	71.6	74.4	74.2	72.4	74.3	74.2	74.2	74.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Other	26.5	30.1	32.7	30.3	31.2	33.1	32.7	33.8	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
State and local	136.2	150.5	170.3	158.0	163.0	168.0	172.2	178.0	77.5	82.2	87.5	85.0	86.2	87.0	87.8	89.2
Addenda:																
Final sales (GNP less change in business inventories)	1049.4	1149.1	1280.8	1191.0	1237.8	1267.5	1299.8	1318.1	740.1	786.1	832.1	806.0	826.0	831.0	838.3	833.2
Implicit price deflator, index numbers, 1958 = 100:																
GNP	141.60	146.10	153.86	147.63	149.81	152.46	155.06	158.04	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP (GNP less general government employee comp.)	135.87	139.78	147.23	141.27	143.25	145.88	148.47	151.24	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Change from preceding period, percent at annual rate:																
GNP	8.0	9.4	11.5	11.7	15.2	9.9	10.6	9.4	3.2	6.1	5.9	8.1	8.7	2.4	3.4	1.3
GNP implicit price deflator	4.7	3.2	5.3	3.3	6.1	7.3	7.0	7.9	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP chain price index	5.1	3.6	5.8	3.9	7.1	7.0	7.0	7.7	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP implicit price deflator	4.3	2.9	5.3	3.5	5.7	7.6	7.3	7.7	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP chain price index	4.5	3.1	5.6	3.9	6.5	7.2	7.1	7.4	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
DISPOSITION OF PERSONAL INCOME																
Personal income	863.5	939.2	1035.5	976.1	996.6	1019.0	1047.1	1079.2	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Less: Personal tax and nontax payments	117.5	142.2	152.9	147.4	145.1	149.3	156.0	161.2	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Disposable personal income	746.0	797.0	882.6	828.7	851.5	869.7	891.1	918.0	554.9	577.9	608.1	595.1	603.9	604.8	609.5	613.9
Less: Personal outlays	685.8	747.2	828.7	774.3	801.5	818.7	840.1	854.6	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Personal saving	60.2	49.7	53.8	54.4	50.0	51.0	51.1	63.3	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Personal saving as a percentage of disposable personal income	8.1	6.2	6.1	6.6	5.9	5.9	5.7	6.9	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Per capita disposable personal income, dollars	3,603	3,816	4,195	3,955	4,057	4,137	4,231	4,350	2,680	2,767	2,890	2,841	2,878	2,877	2,894	2,909

Source: U.S. Department of Commerce, Social and Economic Statistics Administration, Bureau of Economic Analysis

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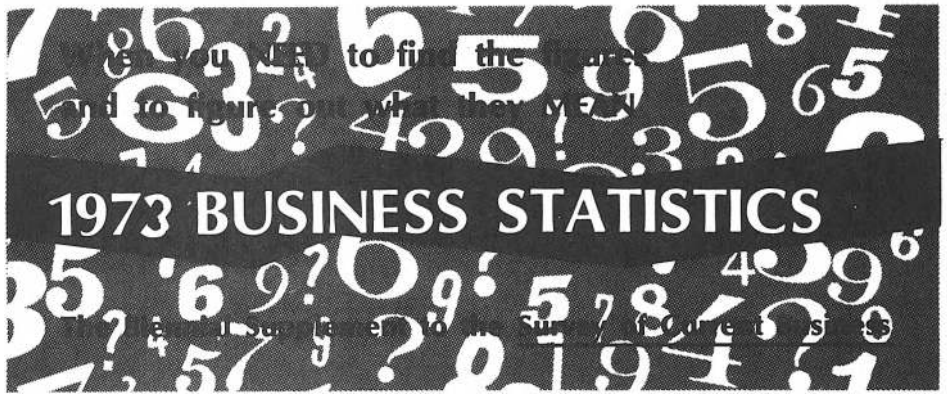

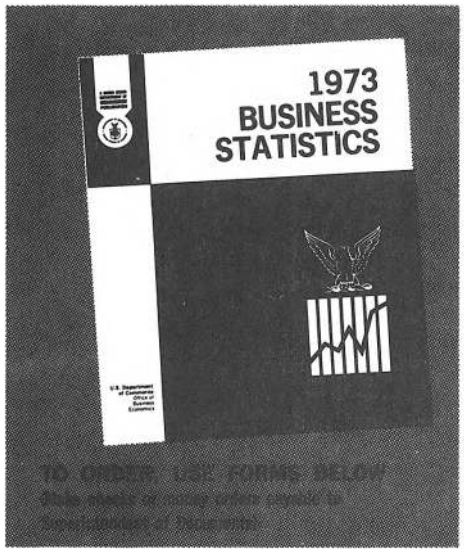

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