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GROSS NATIONAL PRODUCT (GNP)
GROSS DOMESTIC PRODUCT (GDP)
PRELIMINARY FIRST QUARTER 1975

Gross national product -- the market value of the Nation's output of goods and services -- declined $11.7 billion or 3.2 percent at an annual rate in the first quarter of 1975 to a seasonally adjusted annual rate of $1,419.2 billion, according to preliminary figures released by the Bureau of Economic Analysis, an agency of the Commerce Department's Social and Economic Statistics Administration. In the fourth quarter of 1974, GNP increased $14.6 billion or 4.2 percent.

Real output (GNP adjusted for price changes) declined at an annual rate of 10.4 percent in the first quarter, compared with a decline of 9.0 percent in the fourth. Most of the first quarter decline in real GNP occurred in inventory investment. The fourth quarter decline was largely in consumption. Prices, as measured by the GNP chain price index, rose at an annual rate of 7.2 percent, compared with 11.7 percent in the fourth quarter.

Gross domestic product declined $9.1 billion, compared with an increase of $13.7 billion in the fourth quarter. Real GDP declined at an annual rate of 10.0 percent, compared with a decline of 9.3 percent in the fourth.

The Bureau emphasized that the first quarter figures are based on preliminary and incomplete source data. Data are not available for March 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 and inventory investment

Inventory investment declined $35.8 billion in the first quarter, compared with an increase of $9.1 billion in the fourth. Retail automotive inventories accounted for most of the fourth quarter increase and for about half the first quarter decline.

Final sales increased $24.0 billion in the first quarter, compared with $5.5 billion in the fourth.

Consumer spending

Personal consumption expenditures increased $20.5 billion in the first quarter, following a $5.5 billion decline in the fourth. Purchases of durable goods rose $4.8 billion after dropping $15.4 billion, as automobile sales recovered somewhat from the sharp fourth quarter decline. Purchases of nondurable goods increased $7.6 billion, compared with $2.7 billion. Expenditures on services increased $8.0 billion, compared with $7.3 billion.

Disposable (after-tax) personal income increased $8.6 billion in the first quarter, compared with an increase of $20.2 billion in personal outlays. As a result, personal saving decreased $11.7 billion and the saving rate (saving as a percentage of disposable income) decreased from 8.6 percent in the fourth quarter to 7.4 percent in the first.

Fixed investment

Business fixed investment declined $3.8 billion in the first quarter, compared with an increase of $0.3 billion in the fourth. Nonresidential construction outlays declined $0.9 billion, compared with an increase of $2.7 billion. Purchases of producers' durable equipment declined $2.9 billion, compared with a decline of $2.4 billion. Residential construction outlays declined $5.2 billion, compared with a decline of $5.8 billion.

Net exports

Based on preliminary and incomplete data, net exports of goods and services increased $3.5 billion in the first quarter following a $5.0 billion gain in the fourth. Both exports and imports showed declines with the decline in imports greater than that in exports.

Government purchases

Federal Government purchases of goods and services increased $3.2 billion in the first quarter, compared with $7.3 billion in the fourth. Defense spending increased $1.2 billion and nondefense $1.9 billion. State and local government purchases increased $5.8 billion, compared with $4.2 billion.

Measures of price change

Beginning with this quarter, the Bureau of Economic Analysis will use the GNP price indexes as the primary measures of price change in the overall economy. These measures replace the GNP implicit price deflator which will continue to be shown in the tabular presentations. The GNP implicit price deflator is a measure of price change based on shifting weights that reflect changes in the composition of GNP. When the composition of GNP changes markedly, the underlying price change is obscured in the GNP implicit price deflator. Two GNP price indexes are presented. The GNP chain price index uses the composition of GNP in the prior quarter as weights in the calculation of price change each quarter. The GNP fixed-weighted price index uses the composition of GNP in 1967 as weights.

The GNP price indexes show considerable deceleration in the rate of inflation in the first quarter. The chain price index rose at an annual rate of 7.2 percent, compared with 11.7 percent in the fourth quarter. The 1967-weighted index rose at an annual rate of 7.1 percent, compared with 12.5 percent. The deceleration was greater in the GNP implicit price deflator, from 14.4 percent to 8.0 percent, largely because the fourth quarter change was affected by the decline in auto production.

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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	1972	1973	1974	1974 I	1974 II	1974 III	1974 IV	1975 I p	1972	1973	1974	1974 I	1974 II	1974 III	1974 IV	1975 I p
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
	Billions of current dollars								Billions of 1958 dollars							
Gross national product (GNP)	1158.0	1249.9	1397.4	1358.8	1383.8	1416.3	1430.9	1419.2	792.5	839.2	821.2	830.5	827.1	823.1	804.0	782.3
Personal consumption expenditures	729.0	805.2	876.7	840.6	869.1	901.3	895.8	916.3	527.3	552.1	539.5	539.7	542.7	547.2	528.2	532.3
Durable goods	118.4	130.3	127.5	123.9	129.5	136.1	120.7	125.5	104.9	113.6	103.1	105.2	106.8	107.8	92.8	95.8
Nondurable goods	299.7	338.0	380.2	364.4	375.8	389.0	391.7	399.3	220.2	228.6	223.7	223.9	223.6	225.8	221.4	222.7
Services	310.9	336.9	369.0	352.4	363.8	376.2	383.5	391.5	202.2	209.9	212.6	210.6	212.2	213.7	214.1	213.8
Gross private domestic investment	179.3	209.4	209.4	210.5	211.8	205.8	209.4	164.6	125.0	138.1	126.7	133.3	130.3	122.7	120.5	90.6
Fixed investment	170.8	194.0	195.2	193.6	198.3	197.1	191.6	182.6	118.0	127.3	118.0	122.7	122.2	117.7	109.6	101.6
Nonresidential	116.8	136.8	149.2	145.2	149.4	150.9	151.2	147.4	83.7	94.4	94.0	96.3	96.5	94.1	89.2	84.1
Structures	41.1	47.0	52.2	51.3	52.2	51.0	53.7	52.8	23.8	25.4	26.2	26.7	26.6	25.4	26.1	25.3
Producers' durable equipment	75.7	89.8	97.1	93.9	97.2	99.9	97.5	94.6	59.8	69.0	67.8	69.7	69.9	68.7	63.1	58.8
Residential structures	54.0	57.2	46.0	48.4	48.8	46.2	40.4	35.2	34.3	32.9	24.0	26.4	25.7	23.6	20.4	17.5
Nonfarm	53.4	56.7	45.2	47.8	48.0	45.4	39.7	34.7	33.9	32.6	23.6	26.0	25.3	23.1	20.1	17.3
Farm	.6	.5	.7	.7	.8	.8	.7	.5	.4	.3	.4	.4	.4	.4	.4	.2
Change in business inventories	8.5	15.4	14.2	16.9	13.5	8.7	17.8	-18.0	7.0	10.8	8.7	10.6	8.2	5.0	10.9	-11.0
Nonfarm	7.8	11.4	11.9	13.1	10.4	6.6	17.5	-16.6	6.4	8.9	7.4	8.7	6.4	3.9	10.7	-10.2
Farm	.7	4.0	2.3	3.8	3.1	2.1	.3	-1.3	.7	1.8	1.2	1.8	1.8	1.1	.2	-.8
Net exports of goods and services	-6.0	3.9	2.1	11.3	-1.5	-3.1	1.9	5.4	-3.0	4.6	9.0	11.5	8.2	7.3	9.1	11.0
Exports	72.4	100.4	140.2	131.2	138.5	143.6	147.5	143.5	55.7	66.6	71.9	73.3	73.4	70.9	69.9	67.1
Imports	78.4	96.4	138.1	119.9	140.0	146.7	145.7	138.1	58.7	62.0	62.9	61.8	65.1	63.6	60.9	56.1
Government purchases of goods and services	255.7	276.4	309.2	296.3	[illegible]	[illegible]	323.8	332.8	143.1	144.4	146.0	146.0	145.8	145.9	146.3	148.3
Federal	104.9	106.6	116.9	111.5	114.3	117.2	124.5	127.7	61.0	57.3	56.5	56.3	56.3	56.5	57.0	58.0
National defense	74.8	74.4	78.7	75.8	76.6	78.4	84.0	85.2	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Other	30.1	32.2	38.2	35.7	37.7	38.8	40.6	42.5	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
State and local	150.8	169.8	192.3	184.8	190.1	195.1	199.3	205.1	82.1	87.0	89.5	89.7	89.5	89.4	89.3	90.3
Addenda:																
Final sales (GNP less change in business inventories)	1149.5	1279.6	1383.2	1341.9	1370.3	1407.6	1413.1	1437.1	785.4	828.4	812.5	819.9	818.9	818.1	793.1	793.3
Gross domestic product (GNP less rest-of-world sector)	1151.5	1286.5	1385.6	1344.0	1374.1	1405.2	1418.9	1409.8	787.7	833.9	816.9	823.5	824.1	819.8	800.0	779.2
Implicit price deflator, index numbers, 1958 = 100:																
GNP	146.12	154.31	170.18	163.61	167.31	172.07	177.97	181.41	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product	146.18	154.27	169.62	163.20	166.75	171.41	177.36	180.93	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP (GNP less general government employee comp.)	139.61	147.56	163.34	156.77	160.51	165.35	171.04	174.26	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Change from preceding period, percent at annual rate:																
GNP	9.8	11.8	7.9	4.5	7.6	9.7	4.2	-3.2	6.2	5.9	-2.1	-7.0	-1.6	-1.9	-9.0	-10.4
Gross domestic product	9.8	11.7	7.7	2.7	9.3	9.4	4.0	-2.6	6.2	5.9	-2.0	-7.9	.3	-2.1	-9.3	-10.0
GNP implicit price deflator	3.4	5.6	10.3	12.3	9.4	11.9	14.4	8.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product implicit price deflator	3.3	5.5	10.0	11.5	9.0	11.7	14.6	8.3	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP implicit price deflator	2.9	5.7	10.7	12.9	9.9	12.6	14.5	7.8	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP chain price index	3.9	6.0	10.0	11.6	9.8	12.7	11.7	7.2	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP chain price index	3.2	5.9	10.6	12.6	10.6	13.8	12.0	7.6	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP fixed-weighted price index	4.1	6.3	10.7	12.7	11.1	12.7	12.5	7.1	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXXX	XXXXXX	XXXXXX	XXXXXXX
Private GNP fixed-weighted price index	3.3	6.3	11.4	14.0	12.3	13.8	12.6	7.6	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXXX	XXXXXX	XXXXXX	XXXXXXX
DISPOSITION OF PERSONAL INCOME																
Personal income	944.9	1055.0	1150.5	1112.5	1134.6	1168.2	1186.9	1193.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Less: Personal tax and nontax payments	142.4	151.3	170.8	161.1	168.2	175.1	178.1	175.7	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Disposable personal income	802.5	903.7	979.7	950.6	[illegible]	99[illegible]	1008.8	1017.4	580.5	619.6	602.8	610.3	603.5	602.9	594.8	591.0
Less: Personal outlays	749.9	829.4	902.7	866.2	894.9	927.6	922.3	942.5	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Personal saving	52.6	74.4	77.0	84.4	71.5	65.5	86.5	74.8	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Personal saving as a percentage of disposable personal income	6.6	8.2	7.9	8.9	7.4	6.6	8.6	7.4	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Per capita disposable personal income, dollars	3,843	4,295	4,623	4,497	4,565	4,681	4,745	4,777	2,779	2,945	2,845	2,887	2,850	2,842	2,798	2,775

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

Definitions of GNP and GDP

GNP is the market value of the output of goods and services accruing to residents of the Nation. It includes factor income received by U.S. residents from abroad -- primarily the return on U.S.-owned capital in foreign countries -- and excludes factor income earned in the United States by foreigners -- primarily the return on foreign-owned capital in the United States. GDP is the market value of the output produced within the boundaries of the United States. It excludes factor income received by U.S. residents from abroad and includes factor income earned in the United States by foreigners.

Reliability of the estimates

The preliminary GNP figures issued in the month after the end of the quarter are revised one month later on the basis of more comprehensive but still largely preliminary data. The estimates are subject to further revision in the following three years, usually in the month of July. The tabulation below provides summary measures of the amount of revision in past years in quarterly percentage changes in GNP, real GNP and the GNP implicit price deflator. These measures provide some guidelines in assessing the likely size of the revisions in the estimates for the current quarter. For example, nine out of 10 times the revision between the estimate of the quarterly change in real GNP issued in the first month after the end of the quarter and that in the following July has been within a range of -1.1 to +1.7 percentage points as shown by the range from the 5th to 95th percentile. Thus, based on past experience, it is likely that the first quarter change in real GNP now estimated at -10.4 percent at an annual rate will not be revised above -8.7 or below -11.5 in the first July revision. The summary measures for the GNP implicit price deflator also indicate the likely revisions in the GNP price indexes.

Revision in Quarter-to-Quarter Percent Changes at Annual Rate

	Average, without regard to sign	Range of revision between specified percentiles	
		25 to 75	5 to 95
	Current-dollar GNP		
Preliminary/Revised	.4	-.1 to +.4	-.4 to +1.0
Preliminary/First July	.7	-.2 to +.9	-.6 to +2.1
Preliminary/Third July	1.1	-.1 to +1.4	-.8 to +2.9
Revised/First July	.5	-.2 to +.6	-.5 to +1.5
Revised/Third July	.9	0 to +1.4	-.7 to +2.2
	Constant (1958) dollar GNP		
Preliminary/Revised	.4	-.3 to +.3	-.8 to +1.0
Preliminary/First July	.8	-.4 to +.9	-1.1 to +1.7
Preliminary/Third July	1.2	-.7 to +1.3	-1.5 to +2.9
Revised/First July	.7	-.5 to +.8	-1.1 to +1.7
Revised/Third July	1.1	-.5 to +1.6	-1.2 to +2.7
	GNP implicit price deflator		
Preliminary/Revised	.3	0 to +.3	-.3 to +.8
Preliminary/First July	.4	0 to +.4	-.5 to +1.3
Preliminary/Third July	.5	-.2 to +.6	-.5 to +.8
Revised/First July	.4	-.1 to +.3	-1.1 to +.9
Revised/Third July	.4	-.4 to +.4	-.7 to +.7

NOTE: Measures are based on the period from 1964 to 1973. For additional measures, see Reliability of the Quarterly National Income and Product Accounts of the United States, 1947-71, Bureau of Economic Analysis Staff Paper No. 23, July 1974. It is sold by the National Technical Information Service, U.S. Department of Commerce, Springfield, Virginia 22151; price $4.25; please mention accession number COM 74-11538.

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

The Survey is available from Department of Commerce District Offices or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of $48.30, including weekly supplements; single copy $3.00.

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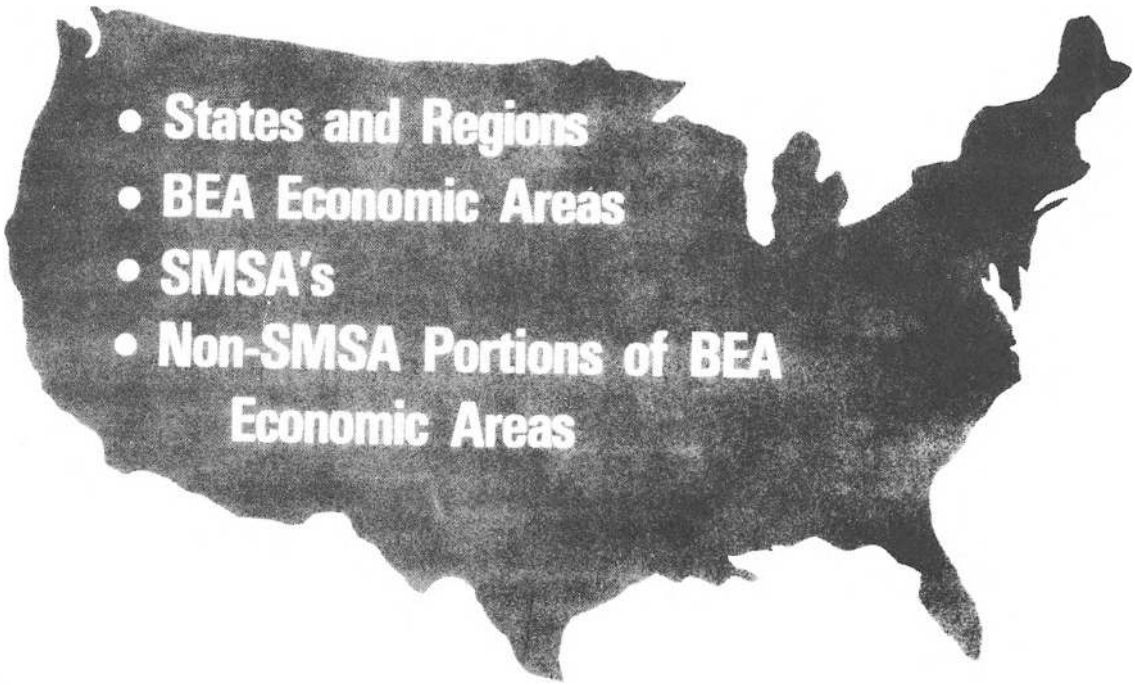

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