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BUREAU OF
ECONOMIC ANALYSIS

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Leo Bernstein: 523-0824 BEA 75-73

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

Gross national product -- the market value of the Nation's output of goods and services -- rose $56.9 billion or 16.7 percent at an annual rate to a seasonally adjusted annual rate of $1,497.8 billion, according to preliminary figures released by the Bureau of Economic Analysis of the U.S. Department of Commerce. In the second quarter, GNP increased $24.3 billion or 7.0 percent.

Real output (GNP adjusted for price changes) increased at an annual rate of 11.2 percent in the third quarter, compared with 1.9 percent in the second. More than half of the increase was due to a reduced rate of inventory decumulation. Real final sales increased 4.4 percent at an annual rate compared with 4.6 percent in the second. Prices as measured by the GNP chain price index rose at an annual rate of 7.2 percent in the third quarter, compared with 5.4 percent in the second.

Gross domestic product increased $57.1 billion, compared with $23.2 billion in the second. Real GDP increased 11.2 percent, compared with 1.6 percent in the second.

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.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Inventory investment and final sales

Inventory decumulation amounted to $9.5 billion in the third quarter, compared with $31.0 billion in the second and $19.2 billion in the first.

Final sales increased $35.4 billion in the third quarter, compared with $36.1 billion in the second.

Consumer spending

Personal consumption expenditures increased $31.4 billion in the third quarter, compared with $25.4 billion in the second. Purchases of durable goods increased $8.4 billion, compared with $5.7 billion. Purchases of nondurable goods increased $13.7 billion, compared with $11.3 billion. Purchases of services increased $9.3 billion, compared with $8.4 billion.

Disposable personal income rose $0.6 billion in the third quarter, following a $63.0 billion increase in the second. The exceptionally large increase in the second quarter and the small increase in the third reflected the May 1 cut in Federal income tax rates, rebates of 1974 Federal income taxes, and $50 one-time special payments to social security recipients. The saving rate (saving as a percentage of disposable income), which rose from 7.5 percent in the first quarter to 10.6 percent in the second, declined to 7.7 percent in the third.

Fixed investment

Business fixed investment increased $0.9 billion in the third quarter, compared with a decline of $4.2 billion in the second. Nonresidential construction outlays were about unchanged after decreasing $3.7 billion. Purchases of producers' durable equipment were up $1.0 billion, compared with a decline of $0.6 billion. Residential construction outlays increased $4.4 billion, compared with $1.1 billion in the second.

Net exports

Based on preliminary and incomplete data, net exports of goods and services decreased $6.4 billion in the third quarter, compared with an increase of $7.4 billion in the second. Both exports and imports showed increases after declining in the second.

Government purchases

Federal Government purchases of goods and services increased $1.5 billion in the third quarter, compared with $1.9 billion in the second. Defense spending increased $0.8 billion and nondefense $0.7 billion. State and local government purchases increased $3.5 billion, compared with $4.6 billion.

Measures of price change

Three GNP price measures are presented. The chain price index uses the composition of output in the prior quarter as weights in the calculation of price change each quarter. The fixed-weighted price index uses the composition of output in 1967 as weights. The implicit price deflator uses the current composition of output each quarter as weights. When the composition of output changes markedly, the underlying price change may be obscured in the implicit price deflator.

Both the chain price index and the fixed-weighted index show an acceleration in the rate of inflation in the third quarter while the implicit price deflator does not. The chain price index increased at an annual rate of 7.2 percent, compared with 5.4 percent in the second. The fixed-weighted index increased 7.2 percent, compared with 5.5 percent. The implicit price deflator increased 5.0 percent, compared with 5.1 percent. The third quarter change in the implicit price deflator was less than that in the GNP price indexes because of the increase in the weight of auto production in GNP from the second to the third quarter.

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

The Survey is available from most 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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U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

GROSS NATIONAL PRODUCT	1972	1973	1974	1974 III	1974 IV	1975 I	1975 II	1975 III p
	Billions of current dollars			Seasonally adjusted at annual rates				
Gross national product (GNP)	1158.0	1294.9	1397.4	1416.3	1430.9	1416.6	1440.9	1497.8
Personal consumption expenditures	729.0	805.2	876.7	901.3	895.8	913.2	938.6	970.0
Durable goods	118.4	130.3	127.5	136.1	120.7	124.9	130.6	139.0
Nondurable goods	299.7	338.0	380.2	389.0	391.7	398.8	410.1	423.8
Services	310.9	336.9	369.0	376.2	383.5	389.5	397.9	407.2
Gross private domestic investment	179.3	209.4	209.4	205.8	209.4	163.1	148.1	174.9
Fixed investment	170.8	194.0	195.2	197.1	191.6	182.2	179.1	184.4
Nonresidential	116.8	136.8	149.2	150.9	151.2	146.9	142.7	143.6
Structures	41.1	47.0	52.2	51.0	53.7	52.8	49.1	49.0
Producers' durable equipment	75.7	89.8	97.1	99.9	97.5	94.2	93.6	94.6
Residential structures	54.0	57.2	46.0	46.2	40.4	35.3	36.4	40.8
Nonfarm	53.4	56.7	45.2	45.4	39.7	34.8	35.6	39.9
Farm	.6	.5	.7	.8	.7	.5	.8	1.0
Change in business inventories	8.5	15.4	14.2	8.7	17.8	-19.2	-31.0	-9.5
Nonfarm	7.8	11.4	11.9	6.6	17.5	-17.8	-30.6	-10.6
Farm	.7	4.0	2.3	2.1	.3	-1.4	-.4	1.2
Net exports of goods and services	-6.0	3.9	2.1	-3.1	1.9	8.8	16.2	9.8
Exports	72.4	100.4	140.2	143.6	147.5	142.2	136.0	140.2
Imports	78.4	96.4	138.1	146.7	145.7	133.4	119.8	130.4
Government purchases of goods and services	255.7	276.4	309.2	312.3	323.8	331.6	338.1	343.1
Federal	104.9	106.6	116.9	117.2	124.5	126.5	128.4	129.9
National defense	74.8	74.4	78.7	78.4	[illegible]	[illegible]	84.8	85.6
Other	30.1	32.2	38.2	38.8	40.6	41.8	43.6	44.3
State and local	150.8	169.8	192.3	195.1	199.3	205.1	209.7	213.2
Addenda:								
Final sales (GNP less change in business inventories)	1149.5	1279.6	1383.2	1407.6	1413.1	1435.8	1471.9	1507.3
Gross domestic product (GNP less rest-of-world sector)	1151.5	1286.5	1385.6	1405.2	1418.9	1409.4	1432.6	1489.7
Implicit price deflator, index numbers, 1958 = 100:								
GNP	146.12	154.31	170.18	172.07	177.97	181.62	183.88	186.15
Gross domestic product	146.18	154.27	169.62	171.41	177.36	181.23	183.48	185.78
Private GNP (GNP less general government employee comp.)	139.61	147.56	163.34	165.35	171.04	174.38	176.50	178.91
Change from preceding period, percent at annual rate:								
GNP	9.8	11.8	7.9	9.7	4.2	-3.9	7.0	16.7
Gross domestic product	9.8	11.7	7.7	9.4	4.0	-2.6	6.7	16.9
GNP implicit price deflator	3.4	5.6	10.3	11.9	14.4	8.4	5.1	5.0
Gross domestic product implicit price deflator	3.3	5.5	10.0	11.7	14.6	9.0	5.1	5.1
Private GNP implicit price deflator	2.9	5.7	10.7	12.6	14.5	8.0	5.0	5.6
GNP chain price index	3.9	6.0	10.0	12.7	11.7	7.8	5.4	7.2
Private GNP chain price index	3.2	5.9	10.6	13.8	12.0	8.0	5.3	7.7
GNP fixed-weighted price index	4.1	6.3	10.7	12.7	12.5	7.5	5.5	7.2
Private GNP fixed-weighted price index	3.3	6.3	11.4	13.8	12.6	7.7	5.5	7.7
DISPOSITION OF PERSONAL INCOME								
Personal income	944.9	1055.0	1150.5	1168.2	1186.9	1193.4	1220.5	1255.0
Less: Personal tax and nontax payments	142.4	151.3	170.8	175.1	178.1	178.0	142.0	175.9
Equals: Disposable personal income	802.5	903.7	979.7	993.1	1008.8	1015.5	1078.5	1079.1
Less: Personal outlays	749.9	829.4	902.7	927.6	922.3	939.5	964.7	996.3
Equals: Personal saving	52.6	74.4	77.0	65.5	[illegible]	[illegible]	113.8	82.9
Personal saving as a percentage of disposable personal income	6.6	8.2	7.9	6.6	8.6	7.5	10.6	7.7
Per capita disposable personal income, dollars	3,843	4,295	4,623	4,681	4,745	4,768	5,055	5,045

GROSS NATIONAL PRODUCT	1972	1973	1974	1974 III	1974 IV	1975 I	1975 II	1975 III p
	Billions of 1958 dollars			Seasonally adjusted at annual rates				
Gross national product (GNP)	792.5	839.2	821.2	823.1	804.0	780.0	783.6	804.6
Personal consumption expenditures	527.3	552.1	539.5	547.2	528.2	531.5	539.7	548.9
Durable goods	104.9	113.6	103.1	107.8	92.8	95.2	97.9	103.5
Nondurable goods	220.2	228.6	223.7	225.8	221.4	222.5	226.4	228.6
Services	202.2	209.9	212.6	213.7	214.1	213.7	215.5	216.8
Gross private domestic investment	125.0	138.1	126.7	122.7	120.5	89.3	80.7	94.9
Fixed investment	118.0	127.3	118.0	117.7	109.6	101.0	97.8	99.7
Nonresidential	83.7	94.4	94.0	94.1	89.2	83.8	80.3	80.4
Structures	23.8	25.4	26.2	25.4	26.1	25.2	23.5	23.3
Producers' durable equipment	59.8	69.0	67.8	68.7	63.1	58.6	56.8	57.1
Residential structures	34.3	32.9	24.0	23.6	20.4	17.3	17.5	19.3
Nonfarm	33.9	32.6	23.6	23.1	20.1	17.0	17.1	18.8
Farm	.4	.3	.4	.4	.4	.2	.4	.5
Change in business inventories	7.0	10.8	8.7	5.0	10.9	-11.7	-17.1	-4.8
Nonfarm	6.4	8.9	7.4	3.9	10.7	-10.9	-16.8	-5.4
Farm	.7	1.8	1.2	1.1	.2	-.8	-.2	.6
Net exports of goods and services	-3.0	4.6	9.0	7.3	9.1	11.6	14.0	11.2
Exports	55.7	66.6	71.9	70.9	69.9	66.5	63.3	65.4
Imports	58.7	62.0	62.9	63.6	60.9	54.9	49.4	54.1
Government purchases of goods and services	143.1	144.4	146.0	145.9	146.3	147.7	149.2	149.6
Federal	61.0	57.3	56.5	56.5	57.0	57.4	58.3	58.4
National defense	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Other	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
State and local	82.1	87.0	89.5	89.4	89.3	90.2	90.9	91.2
Addenda:								
Final sales (GNP less change in business inventories)	785.4	828.4	812.5	818.1	793.1	791.8	800.7	809.4
Gross domestic product (GNP less rest-of-world sector)	787.7	833.9	816.9	819.8	800.0	777.7	780.8	801.0
Implicit price deflator, index numbers, 1958 = 100:								
GNP	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP (GNP less general government employee comp.)	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Change from preceding period, percent at annual rate:								
GNP	6.2	5.9	-2.1	-1.9	-9.0	-11.4	1.9	11.2
Gross domestic product	6.2	5.9	-2.0	-2.1	-9.3	-10.7	1.6	11.2
GNP implicit price deflator	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product implicit price deflator	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP implicit price deflator	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP chain price index	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP chain price index	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP fixed-weighted price index	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Private GNP fixed-weighted price index	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
DISPOSITION OF PERSONAL INCOME								
Personal income	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Less: Personal tax and nontax payments	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Disposable personal income	580.5	619.6	602.8	602.9	594.8	591.0	620.2	610.6
Less: Personal outlays	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Personal saving	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Personal saving as a percentage of disposable personal income	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Per capita disposable personal income, dollars	2,779	2,945	2,845	2,842	2,798	2,775	2,907	2,855

Source: U.S. Department of Commerce, 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.

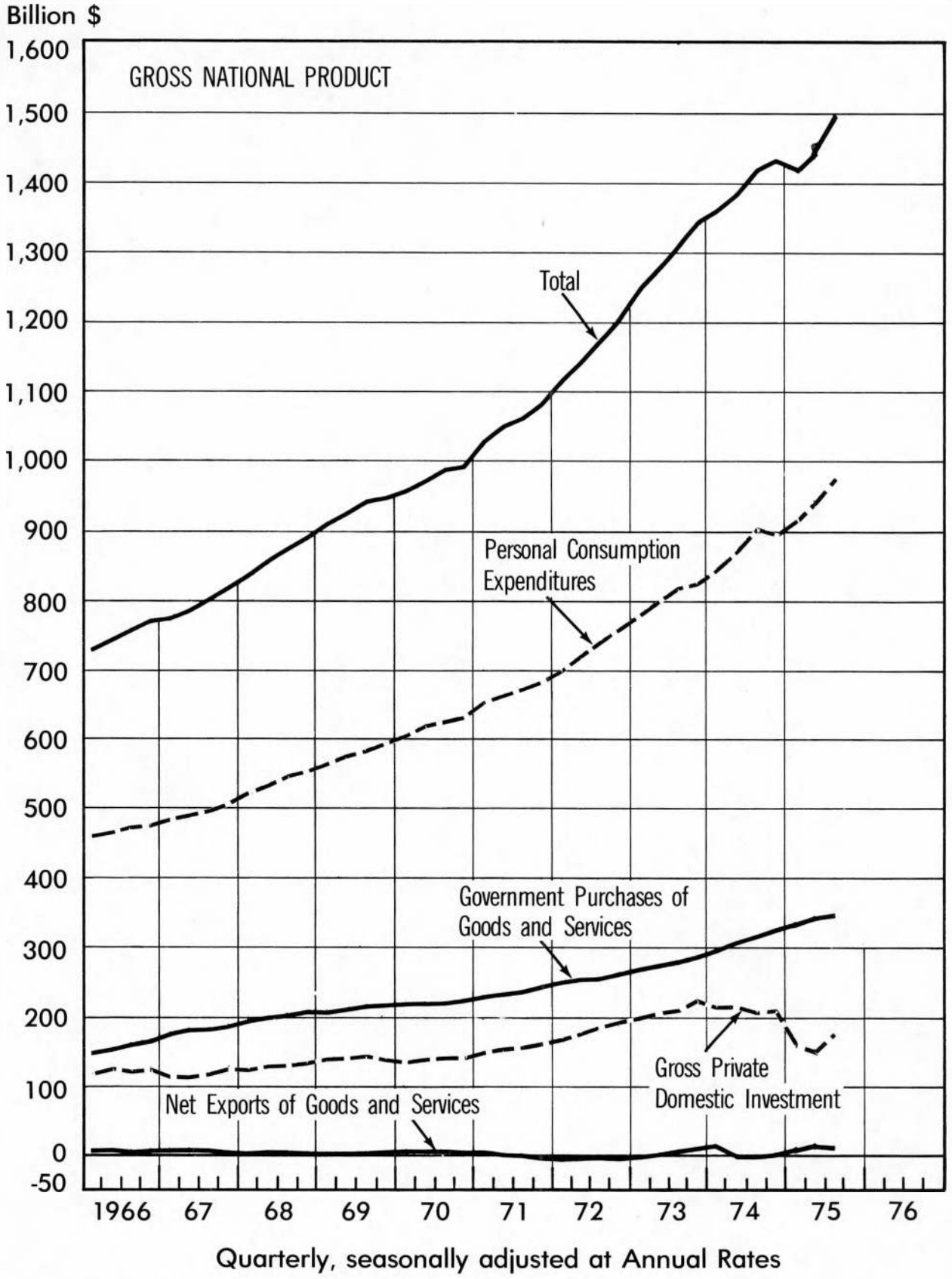
Reliability of the estimates

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 third quarter change in real GNP now estimated at 11.2 percent at an annual rate will not be revised above 12.9 or below 10.1 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.



U.S. Department of Commerce, Bureau of Economic Analysis