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GROSS NATIONAL PRODUCT -- FOURTH QUARTER AND YEAR 1983
PRELIMINARY ESTIMATES

Real gross national product -- the nation's output of goods and services -- increased 4.5 percent, or \$17.1 billion, in the fourth quarter of 1983, according to preliminary estimates released by the Commerce Department's Bureau of Economic Analysis. In the third quarter, real GNP increased 7.6 percent, or \$28.3 billion.

The increase in fourth-quarter real output was primarily due to large increases in personal consumption expenditures and producers' durable equipment purchases. Inventory investment also increased, but more moderately than in the first three quarters of the year. Net exports and nondefense federal government purchases had large decreases.

The fourth-quarter increase in inventory investment and decrease in federal government purchases reflected the impact of a large increase in the receipt of crops by farmers from government stocks under provisions of the Payment-in-Kind Program. These transactions increased inventories and reduced government net purchases of farm products by the Commodity Credit Corporation.

Prices, as measured by the GNP fixed-weighted price index, increased 4.5 percent in the fourth quarter, compared with 4.7 percent in the third.

The bureau emphasized that the fourth-quarter estimates are based on preliminary and incomplete source data. Information on the assumptions used for missing source data is available from the bureau. Revised estimates based on more comprehensive data will be issued next month.

Note: "Real" or constant-dollar estimates are in 1972 dollars. Unless otherwise specified, quarterly estimates are expressed at seasonally adjusted annual rates.

Final sales

Real final sales increased 3.5 percent, or \$13.3 billion, in the fourth quarter, compared with 5.1 percent, or \$19.2 billion, in the third. Personal consumption expenditures and business fixed investment increased. Residential investment, net exports, and government purchases decreased.

Personal consumption expenditures

Real personal consumption expenditures increased \$16.2 billion in the fourth quarter, compared with \$5.4 billion in the third. Durable goods purchases increased \$5.7 billion, compared with \$1.4 billion. Nondurable goods purchases increased \$5.2 billion, compared with 3.4 billion. Services expenditures increased \$5.2 billion, compared with \$0.7 billion.

Fixed investment

Real nonresidential fixed investment increased \$8.8 billion in the fourth quarter, compared with \$7.1 billion in the third. Investment in nonresidential structures increased \$1.2 billion, compared with \$1.3 billion. Producers' durable equipment purchases increased \$7.6 billion, compared with \$5.8 billion. Residential investment decreased \$0.7 billion, compared with an increase of \$4.2 billion.

Net exports

Real net exports of goods and services decreased \$8.9 billion in the fourth quarter, compared with a decrease of \$0.9 billion in the third. Exports increased \$0.8 billion, compared with \$4.5 billion. Imports increased \$9.8 billion, compared with \$5.3 billion. All major types of imports, except petroleum, increased in the fourth quarter.

Government purchases

Real federal government purchases of goods and services decreased \$2.0 billion in the fourth quarter, compared with an increase of \$1.3 billion in the third. Defense purchases increased \$1.4 billion, compared with no change. Nondefense purchases decreased \$3.5 billion, compared with an increase of \$1.3 billion; the decrease was due to reduced net purchases of farm products by the Commodity Credit Corporation (CCC). CCC net purchases decreased \$3.7 billion, compared with an increase of \$1.5 billion in the third quarter; most of the decrease reflected an increase in crops transferred to farmers from government stocks under the provisions of the Payment-in-Kind Program. Nondefense purchases excluding CCC net purchases increased \$0.2 billion in the fourth quarter, compared with a decrease of \$0.2 billion in the third. State and local government purchases were unchanged, compared with an increase of \$1.8 billion.

Inventory investment

Real inventories increased \$7.5 billion in the fourth quarter, following an increase of \$3.8 billion in the third and a decrease of \$5.4 billion in the second. Thus, the change in inventory investment, which added \$9.2 billion to the third-quarter change in real GNP, added \$3.7 billion to the fourth-quarter change.

Disposable personal income

Real disposable (after-tax) personal income increased \$20.2 billion in the fourth quarter, compared with \$17.1 billion in the third. Current-dollar disposable income increased \$61.9 billion, and personal outlays increased \$54.2 billion. As a result, personal saving increased \$7.7 billion, and the saving rate -- saving as a percentage of disposable income -- increased to 5.1 percent in the fourth quarter from 4.9 percent in the third.

Current-dollar GNP

Current-dollar GNP -- the market value of the nation's output of goods and services -- increased 8.6 percent, or \$69.8 billion, in the fourth quarter. In the third quarter, current-dollar GNP increased 11.5 percent, or \$90.2 billion.

Implicit price deflator

The GNP implicit price deflator increased 3.9 percent in the fourth quarter, compared with 3.6 percent in the third. Changes in the implicit price deflator reflect changes in prices and the composition of output. Changes in the fixed-weighted price index reflect only changes in prices.

Revisions

The preliminary estimate of the fourth-quarter increase in real GNP is the same as the flash estimate issued a month ago. The preliminary estimates of the increases in current-dollar GNP, the GNP fixed-weighted price index, and the GNP implicit price deflator are, respectively, 0.1 percentage point lower, 0.3 percentage point higher, and 0.1 percentage point lower than the flash estimates.

GNP in 1983

Real GNP in 1983 increased 3.3 percent, or \$49.4 billion. Final sales increased 2.8 percent, or \$42.4 billion, and inventory investment increased \$7.0 billion. The increase in final sales was largely attributable to personal consumption expenditures, which increased \$41.2 billion, and residential investment, which increased \$14.9 billion. Business fixed investment increased \$1.9 billion, federal government purchases \$1.4 billion, and state and local government purchases \$0.2 billion. Net exports decreased \$17.2 billion. In 1982, real GNP decreased 1.9 percent, or \$28.4 billion. (For the period from the fourth quarter of 1982, the trough of the 1981-82 cyclical contractions, to the fourth quarter of 1983, real GNP increased 6.1 percent).

Prices, as measured by the GNP fixed-weighted price index, increased 4.3 percent in 1983, compared with 6.4 percent in 1982. The prices of all major GNP components showed smaller increases in 1983 than 1982. The GNP implicit price deflator increased 4.2 percent, compared with 6.0 percent.

Current-dollar GNP was \$3,309.5 billion in 1983, an increase of 7.7 percent, or \$236.5 billion. In 1982, current-dollar GNP increased 4.0 percent, or \$118.9 billion.

Table 1.—GROSS NATIONAL PRODUCT, DISPOSITION OF PERSONAL INCOME, AND PRICES

	Line no.	1982								1983			1982								1983					Line no.
		1981	1982	1983 ^P	Seasonally adjusted annual rates					1981	1982	1983 ^P	Seasonally adjusted at annual rates					IV ^P								
					IV	I	II	III	IV ^P				IV	I	II	III	IV ^P									
Billions of current dollars										Billions of 1972 dollars																
Gross national product (GNP)	1	2954.1	3073.0	3309.5	3109.6	3171.5	3272.0	3362.2	3432.0	1513.8	1485.4	1534.8	1480.7	1490.1	1525.1	1553.4	1570.5	1								
Personal consumption expenditures	2	1857.2	1991.9	2158.6	2046.9	2073.0	2147.0	2181.1	2233.1	956.8	970.2	1011.4	979.6	986.7	1010.6	1016.0	1032.2	2								
Durable goods	3	236.1	244.5	278.6	252.1	258.5	277.7	282.8	295.2	141.2	139.8	156.0	143.2	145.8	156.5	157.9	163.6	3								
Nondurable goods	4	733.9	761.0	804.3	773.0	777.1	799.6	814.8	825.9	362.5	364.2	376.3	366.0	368.9	374.7	378.1	383.3	4								
Services	5	887.1	986.4	1075.7	1021.8	1037.4	1069.7	1083.5	1112.0	453.1	466.2	479.2	470.4	472.0	479.4	480.1	485.3	5								
Gross private domestic investment	6	474.9	414.5	471.3	377.4	404.1	450.1	501.1	529.8	227.6	194.5	218.4	178.4	190.0	210.2	230.7	242.5	6								
Fixed investment	7	456.5	439.1	478.2	433.8	443.5	464.6	492.5	512.1	219.1	203.9	220.7	201.1	205.4	215.6	227.0	235.0	7								
Nonresidential	8	352.2	348.3	347.7	337.0	332.1	336.3	351.0	371.2	174.4	166.1	168.0	160.5	159.9	163.0	170.1	178.9	8								
Structures	9	133.4	141.9	131.4	138.6	132.9	127.4	130.9	134.5	52.5	53.4	49.8	52.2	50.3	48.3	49.6	50.8	9								
Producers' durable equipment	10	218.8	206.4	216.3	198.4	199.3	208.8	220.2	236.8	121.9	112.7	118.2	108.3	109.6	114.7	120.5	128.1	10								
Residential	11	104.3	90.8	130.5	96.8	111.3	128.4	141.5	140.8	44.7	37.8	52.7	40.6	45.5	52.6	56.8	56.1	11								
Change in business inventories	12	18.5	-24.5	-6.9	-56.4	-39.4	-14.5	8.5	17.7	8.5	-9.4	-2.4	-22.7	-15.4	-5.4	3.8	7.5	12								
Nonfarm	13	10.9	-23.1	-1.2	-53.7	-39.0	-10.3	18.4	26.0	5.1	-8.6	.5	-21.1	-15.1	-3.3	8.8	11.7	13								
Farm	14	7.6	-1.4	-5.7	-2.7	-.4	-4.2	-9.9	-8.3	3.4	-.8	-2.9	-1.6	-.3	-2.1	-5.0	-4.2	14								
Net exports of goods and services	15	26.3	17.4	-10.6	5.6	17.0	-8.5	-18.3	-32.6	43.0	28.9	11.7	23.0	20.5	12.3	11.4	2.5	15								
Exports	16	368.8	347.6	335.8	321.6	326.9	327.1	341.1	348.1	159.7	147.3	138.9	136.5	137.3	136.2	140.7	141.5	16								
Imports	17	342.5	330.2	346.4	316.1	309.9	335.6	359.4	380.7	116.7	118.4	127.2	113.5	116.8	123.9	129.2	139.0	17								
Government purchases of goods and services	18	595.7	649.2	690.2	679.7	677.4	683.4	698.3	701.7	286.5	291.8	293.3	299.7	292.9	292.1	295.2	293.2	18								
Federal	19	229.2	258.7	275.2	279.2	273.5	273.7	278.1	275.6	110.4	116.6	118.0	124.4	118.4	117.6	118.9	116.9	19								
National defense	20	154.0	179.4	200.3	190.8	194.4	199.4	201.2	206.2	73.6	78.8	84.2	81.4	82.7	84.2	84.2	85.6	20								
Nondefense	21	75.2	79.3	74.9	88.5	79.1	74.3	76.9	69.4	36.8	37.8	33.7	43.0	35.7	33.4	34.7	31.2	21								
State and local	22	366.5	390.5	415.0	400.5	404.0	409.7	420.2	426.1	176.1	175.2	175.4	175.2	174.5	174.5	176.3	176.3	22								
Addenda:																										
Final sales (GNP less change in business inventories)	23	2935.6	3097.5	3316.4	3165.9	3210.9	3286.6	3353.7	3414.3	1505.3	1494.8	1537.2	1503.4	1505.5	1530.5	1549.7	1563.0	23								
Gross domestic product (GNP less rest-of-world sector)	24	2904.5	3025.7	3263.4	3063.5	3127.2	3227.9	3314.1	3384.0	1488.2	1462.3	1513.3	1458.6	1469.2	1504.4	1531.1	1548.5	24								
Disposition of personal income																										
Personal income	25	2435.0	2578.6	2741.9	2632.0	2657.7	2713.6	2761.9	2834.2	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	25								
Less: Personal tax and nontax payments	26	387.4	402.1	406.3	404.1	401.8	412.6	400.1	410.6	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	26								
Equals: Disposable personal income	27	2047.6	2176.5	2335.6	2227.8	2255.9	2301.0	2361.7	2423.6	1054.7	1060.2	1094.3	1066.1	1073.8	1083.0	1100.1	1120.3	27								
Less: Personal outlays	28	1912.4	2051.1	2222.5	2107.0	2134.2	2209.5	2245.9	2300.1	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	28								
Equals: Personal saving	29	135.3	125.4	113.1	120.8	121.7	91.5	115.8	123.5	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	29								
Personal saving as a percentage of disposable personal income	30	6.6	5.8	4.8	5.4	5.4	4.0	4.9	5.1	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	30								
Prices, index numbers, 1972=100:																										
		Fixed-weighted price indexes								Implicit price deflators																
GNP	31	201.8	214.7	223.9	218.7	220.6	222.9	225.5	228.0	195.14	206.88	215.63	210.00	212.83	214.55	216.44	218.53	31								
Final sales	32	201.8	214.7	224.0	218.8	220.6	222.9	225.5	228.0	195.0	207.2	215.7	210.6	213.3	214.7	216.4	218.4	32								
Personal consumption expenditures	33	201.7	213.2	222.0	217.4	218.3	220.9	223.3	225.8	194.1	205.3	213.4	209.0	210.1	212.5	214.7	216.3	33								
Durable goods	34	172.6	181.2	185.9	182.9	183.9	184.8	186.6	188.5	167.3	174.8	178.6	176.1	177.3	177.5	179.1	180.4	34								
Nondurable goods	35	212.7	219.0	223.3	221.7	220.0	222.7	224.4	226.0	202.5	209.0	213.8	211.2	210.6	213.4	215.5	215.5	35								
Services	36	201.5	218.9	233.1	225.3	228.5	231.6	234.8	238.3	195.8	211.6	224.5	217.2	219.8	223.1	225.7	229.1	36								
Nonresidential fixed investment	37	213.7	225.7	230.3	228.6	229.9	230.1	230.9	231.6	201.9	209.7	206.9	209.9	207.7	206.3	206.3	207.5	37								
Residential fixed investment	38	235.0	242.4	244.3	240.0	246.5	244.9	249.7	252.0	233.5	240.2	247.4	238.4	244.9	243.9	249.0	251.2	38								
Exports	39	238.3	244.1	249.2	243.9	245.8	247.4	249.8	253.6	230.8	236.0	241.7	235.6	238.0	240.2	242.5	246.0	39								
Imports	40	319.4	309.4	299.5	306.1	303.2	298.2	299.4	299.0	293.4	278.9	272.3	278.5	265.4	270.7	278.1	274.0	40								
Government purchases of goods and services	41	212.2	226.4	236.9	231.4	233.7	235.0	238.3	240.6	207.9	222.5	235.3	226.8	231.3	234.0	236.5	239.3	41								
Federal	42	215.0	230.6	238.1	235.6	237.0	236.0	238.7	240.3	207.7	222.0	233.3	224.4	230.9	232.7	233.8	235.8	42								
State and local	43	210.4	223.6	236.2	228.6	231.5	234.5	238.0	240.9	208.1	222.9	236.6	228.5	231.6	234.8	238.3	241.6	43								

Table 2.—GROSS NATIONAL PRODUCT AND PRICES: CHANGE FROM PRECEDING PERIOD

	1981	1982	1983 ^P	1982	1983			
				IV	I	II	III	IV ^P
				Seasonally adjusted at annual rates				
Billions of 1972 dollars								
Real gross national product (GNP)	38.8	-28.4	49.4	-5.0	9.4	35.0	28.3	17.1
Change in business inventories . .	12.9	-17.9	7.0	-21.4	7.3	10.0	9.2	3.7
Final sales (GNP less change in business inventories)	25.9	-10.5	42.4	16.4	2.1	25.0	19.2	13.3
Personal consumption expenditures	25.0	13.4	41.2	8.6	7.1	23.9	5.4	16.2
Durable goods	3.7	-1.4	16.2	5.0	2.6	10.7	1.4	5.7
Nondurable goods	6.9	1.7	12.1	1.3	2.9	5.8	3.4	5.2
Services	14.3	13.1	13.0	2.2	1.6	7.4	.7	5.2
Nonresidential fixed investment	8.6	-8.3	1.9	-2.8	-.6	3.1	7.1	8.8
Residential fixed investment	-2.4	-6.9	14.9	4.1	4.9	7.1	4.2	-.7
Net exports of goods and services	-7.3	-14.1	-17.2	-1.0	-2.5	-8.2	-.9	-8.9
Exports6	-12.4	-8.4	-9.9	.8	-1.1	4.5	.8
Imports	7.9	1.7	8.8	-8.9	3.3	7.1	5.3	9.8
Government purchases of goods and services	2.2	5.3	1.5	7.5	-6.8	-.8	3.1	-2.0
Federal	4.0	6.2	1.4	7.5	-6.0	-.8	1.3	-2.0
State and local	-1.8	-.9	.2	-.1	-.7	.0	1.8	.0
Percent								
Real gross national product (GNP)	2.6	-1.9	3.3	-1.3	2.6	9.7	7.6	4.5
Change in business inventories . .	----	----	----	----	----	----	----	----
Final sales (GNP less change in business inventories)	1.8	-.7	2.8	4.5	.6	6.8	5.1	3.5
Personal consumption expenditures	2.7	1.4	4.2	3.6	2.9	10.0	2.2	6.5
Durable goods	2.7	-.9	11.5	15.2	7.6	32.6	3.7	15.4
Nondurable goods	1.9	.5	3.3	1.5	3.2	6.4	3.6	5.6
Services	3.3	2.9	2.8	1.9	1.4	6.4	.6	4.5
Nonresidential fixed investment	5.2	-4.7	1.1	-6.6	-1.5	7.9	18.7	22.3
Residential fixed investment	-5.2	-15.4	39.6	53.2	57.3	79.5	35.9	-5.2
Net exports of goods and services	----	----	----	----	----	----	----	----
Exports4	-7.8	-5.7	-24.4	2.4	-3.2	13.7	2.4
Imports	7.3	1.4	7.5	-26.1	12.1	26.8	18.1	33.7
Government purchases of goods and services	.8	1.8	.5	10.6	-8.8	-1.1	4.4	-2.7
Federal	3.7	5.6	1.2	28.3	-18.0	-2.8	4.6	-6.8
State and local	-1.0	-.5	.1	-.1	-1.8	.0	4.3	.1
Addendum: GNP in current dollars	12.2	4.0	7.7	2.5	8.2	13.3	11.5	8.6
GNP fixed-weighted price index	9.5	6.4	4.3	4.7	3.4	4.3	4.7	4.5
Change in business inventories . .	----	----	----	----	----	----	----	----
Final sales (GNP less change in business inventories)	9.6	6.4	4.3	4.7	3.4	4.3	4.7	4.6
Personal consumption expenditures	9.2	5.7	4.1	5.1	1.6	4.9	4.4	4.5
Durable goods	7.7	5.0	2.6	1.4	2.1	1.9	4.1	4.0
Nondurable goods	8.7	2.9	2.0	2.9	-3.1	5.1	3.1	2.8
Services	10.2	8.6	6.5	8.3	5.9	5.5	5.7	6.1
Nonresidential fixed investment	9.1	5.6	2.0	2.4	2.3	.3	1.4	1.3
Residential fixed investment	7.1	3.1	.8	-5.4	11.4	-2.6	8.0	3.8
Net exports of goods and services	----	----	----	----	----	----	----	----
Exports	9.1	2.4	2.1	-.5	3.2	2.6	3.9	6.2
Imports	4.9	-3.1	-3.2	-.8	-3.8	-6.3	1.5	-.5
Government purchases of goods and services	9.5	6.7	4.6	7.0	4.0	2.6	5.3	4.0
Federal	11.5	7.3	3.2	8.7	2.3	-1.2	4.2	2.7
State and local	8.1	6.3	5.6	5.9	5.2	5.3	6.1	5.0
Addenda:								
GNP implicit price deflator	9.4	6.0	4.2	3.8	5.5	3.3	3.6	3.9
GNP chain price index	9.4	6.5	4.4	5.0	3.6	4.3	4.5	4.6

Definitions

Measures of price change

The fixed-weighted price index uses as weights the composition of output in 1972. Accordingly, comparisons over any time span reflect only changes in prices.

The implicit price deflator is a weighted average of the detailed price indexes used in the deflation of GNP. In each period, it uses as weights the composition of constant-dollar output in that period. Changes in the implicit price deflator reflect both changes in prices and changes in the composition of output.

The chain price index uses as weights the composition of output in the prior period, and, therefore, reflects only changes in prices between the two periods. However, comparisons of the percent changes in the chain index reflect changes in the composition of output.

GNP and personal income statistics are shown in the accompanying tables. Additional data will appear in the January issue of the Survey of Current Business, a monthly journal of the Bureau of Economic Analysis.

The Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: annual subscription \$50.00 domestic. Second class mail: annual subscription \$30.00 domestic, \$37.50 foreign; single issue \$4.75 domestic, \$5.95 foreign.

Reliability of the Estimates

For each quarter, there is a sequence of estimates for GNP. The "flash" estimates are issued before the end of the quarter and are based on source data generally for the first month of the quarter and projections for the remaining months. As more comprehensive and revised data become available, additional GNP estimates are released. The preliminary estimates, such as shown in this release, are based on data for most of the quarter and are released in the first month after the end the quarter. The first and second revisions are released in the following 2 months. The GNP estimates also are revised in each of the following 3 years, usually in the month of July, and in comprehensive (benchmark) revisions, usually every 5 years.

The table below provides summary measures of the amount of revision in past years in quarterly percent changes in current-dollar GNP, real GNP, and the GNP implicit price deflator. These measures provide some guidelines in assessing the likely size of the revisions in estimates for the current quarter. For example, two-thirds of the revisions, between the quarterly change in the preliminary estimate of real GNP and that in the latest estimate has been within a range of -1.6 to +3.0 percentage points. Thus, based on past experience, it is likely that the fourth-quarter change in real GNP, now estimated at 4.5 percent at an annual rate will not be revised below 2.9 or above 7.5 percent.

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

<u>Quarterly estimate</u>	<u>Average with- out regard to sign</u>	<u>Range</u>	
		<u>Two thirds of Revisions</u>	<u>Nine-tenths of Revisions</u>
	Current-dollar GNP		
Flash	2.3	-1.4 to 3.9	-2.7 to 6.1
Preliminary	2.1	-1.0 to 3.5	-3.1 to 5.1
First revision	1.7	-1.0 to 2.5	-2.3 to 3.8
Second revision	1.7	-1.4 to 1.9	-2.4 to 3.2
	Real (constant-dollar) GNP		
Flash	2.0	-1.0 to 3.8	-2.5 to 5.0
Preliminary	2.0	-1.6 to 3.0	-2.4 to 4.7
First revision	1.7	-1.2 to 2.7	-2.3 to 4.1
Second revision	1.7	-1.7 to 2.1	-2.5 to 3.5
	GNP implicit price deflator		
Flash	.9	-.5 to 1.0	-1.6 to 2.5
Preliminary	.8	-.6 to 1.0	-1.3 to 2.1
First revision	.8	-.9 to 1.1	-1.3 to 1.7
Second revision	.8	-.6 to 1.0	-1.3 to 1.8

NOTE: Measures are based on the period from 1974 to 1982. The latest estimates are those published in the National Income and Product Accounts, 1929-76: Statistical Tables and in the July 1982 and July 1983 issues of the Survey of Current Business. The measures for the GNP implicit price deflator also indicate the likely revisions in the fixed-weighted price index and the chain price index.