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GROSS NATIONAL PRODUCT: SECOND QUARTER 1988 (PRELIMINARY)
CORPORATE PROFITS: SECOND QUARTER 1988

Real gross national product -- the nation's output of goods and services -- increased 3.3 percent, or \$32.0 billion, in the second quarter of 1988, according to preliminary estimates released by the Commerce Department's Bureau of Economic Analysis. In the first quarter, real GNP increased 3.4 percent, or \$33.1 billion.

Losses in crop and livestock output resulting from this year's drought conditions reduced the second-quarter increase in real GNP by 1.0 percentage point. Losses for the entire year are expected to total \$14.3 billion in 1982 dollars. Of this amount, \$2.4 billion at a quarterly rate has been allocated to the second quarter. The remaining losses will reduce GNP in the third and fourth quarters. These estimates are subject to further revisions as more information becomes available.

The GNP price index (fixed weights) increased 4.7 percent in the second quarter, compared with 3.5 percent in the first. The step-up in the rate of price increase was due to prices of goods and services purchased by consumers.

Real personal consumption expenditures increased \$17.4 billion in the second quarter, compared with an increase of \$28.1 billion in the first. Durable goods purchases increased \$8.2 billion, compared with \$13.5 billion. Nondurable goods purchases were unchanged in second quarter; in the first quarter, they increased \$2.2 billion. Services expenditures increased \$9.3 billion, compared with an increase of \$12.3 billion.

Real nonresidential fixed investment increased \$18.2 billion in the second quarter, compared with an increase of \$8.6 billion in the first. Nonresidential structures increased \$3.6 billion, in contrast to a decrease of \$8.1 billion. Producers' durable equipment purchases increased \$14.7 billion, compared with an increase of \$16.7 billion.

NOTE.--Quarterly estimates are expressed, unless otherwise specified, at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are differences between these rates; quarter-to-quarter percent changes are annualized. "Real," or constant-dollar, estimates are in 1982 dollars.

Real residential investment increased \$0.5 billion in the second quarter, in contrast to a decrease of \$3.2 billion in the first.

Real net exports of goods and services increased \$18.9 billion in the second quarter, compared with an increase of \$17.0 billion in the first. Exports increased \$13.5 billion, compared with \$27.0 billion. Imports decreased \$5.4 billion, in contrast to an increase of \$9.9 billion.

Real federal government purchases of goods and services increased \$3.2 billion in the second quarter, in contrast to a decrease of \$19.9 billion in the first. National defense purchases decreased \$1.4 billion, compared with a decrease of \$3.6 billion. Nondefense purchases increased \$4.6 billion, in contrast to a decrease of \$16.3 billion. The decrease in the first quarter was due to net purchases of farm products by the Commodity Credit Corporation, which decreased \$18.2 billion; CCC purchases increased \$2.3 billion in the second quarter. Excluding CCC purchases, nondefense purchases increased \$2.3 billion in the second quarter and \$1.9 billion in the first. State and local government purchases increased \$3.6 billion, compared with an increase of \$3.8 billion.

Real final sales, the sum of the above expenditure components, increased 6.5 percent, or \$62.0 billion, in the second quarter, compared with an increase of 3.6 percent, or \$34.2 billion, in the first. The smaller increase in the first quarter reflected a large decrease in CCC purchases. Excluding CCC purchases, final sales increased 6.2 percent, or \$59.6 billion, in the second quarter and 5.6 percent, or \$52.5 billion, in the first. Of the several measures of aggregate economic activity regularly shown in table 2 in this release, this measure is the one least affected by the drought losses.

Real business inventories increased \$36.0 billion in the second quarter, following increases of \$66.0 billion in the first quarter and \$67.1 billion in the fourth. Thus, the change in inventory investment, which subtracted \$1.1 billion from the first-quarter change in real GNP, subtracted \$30.0 billion from the second-quarter change. Nonfarm inventory investment decreased \$20.8 billion, compared with a decrease of \$16.3 billion. Farm inventory investment decreased \$9.1 billion, in contrast to an increase of \$15.2 billion. The second-quarter decrease reflected a \$9.5 billion (annual rate) reduction in crop and livestock output associated with drought conditions.

Gross domestic purchases

Real gross domestic purchases -- the nation's purchases of goods and services -- increased 1.3 percent, or \$13.1 billion, in the second quarter, compared with an increase of 1.6 percent, or \$16.1 billion, in the first. The substantially smaller increases in gross domestic purchases than in GNP in both quarters reflected sharp increases in net exports.

Current-dollar GNP

Current-dollar GNP -- the market value of the nation's output of goods and services -- increased 8.3 percent, or \$95.2 billion, in the second quarter. In the first quarter, current-dollar GNP increased 5.4 percent, or \$61.7 billion.

Revisions

The preliminary estimate of the second-quarter increase in real GNP is 0.2 percentage point larger than the advance estimate issued a month ago. The largest upward revisions were in federal government purchases (\$5.7 billion), personal consumption expenditures (\$3.0 billion), and in producers' durable equipment (\$2.4 billion). The largest downward revision was in inventory investment (\$9.0 billion).

The increase in the GNP price index (fixed weights) is the same as the estimate issued a month ago.

Corporate profits

Corporate profits from current production increased \$15.8 billion in the second quarter to a seasonally adjusted annual rate of \$332.0 billion, according to preliminary estimates. In the first quarter, profits increased \$0.1 billion. Cash flow from current production -- the internal funds available to corporations for investment -- increased \$9.9 billion in the second quarter, compared with an increase of \$3.6 billion in the first.

Domestic profits of nonfinancial corporations increased \$5.7 billion in the second quarter, compared with an increase of \$12.2 billion in the first. In the second quarter, both real gross corporate product and profits per unit of real product increased. The increase in unit profits reflected larger increases in the prices corporations received than in the unit costs they incurred.

In the second quarter, profits increased in the transportation and public utilities group, durable manufacturing, and other nonmanufacturing. Trade and nondurable manufacturing decreased. Widespread decreases within nondurable manufacturing more than offset an increase in petroleum profits.

Domestic profits of financial corporations increased \$2.1 billion in the second quarter, in contrast to a decrease of \$0.8 billion in the first.

The foreign component of profits increased \$8.0 billion, in contrast to a decrease of \$11.2 billion. This component measures receipts by U.S. residents of dividends and reinvested earnings of foreign affiliates of U.S. corporations, less corresponding payments to foreign residents. The second-quarter increase in this component reflects both an increase in receipts and a decrease in payments.

	1987		1988	
	III	IV	I	II
	(percent change from preceding quarter at quarterly rate)			
Corporate profits from current production...	5.5	-1.8	0	5.0
Profits before tax.....	5.7	-2.6	1.5	8.6
Profits after tax.....	6.0	-2.5	2.5	11.5
Current-production cash flow.....	2.9	-0.1	0.9	2.6

Profits before tax increased \$24.5 billion to \$310.7 billion in the second quarter. This measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments; these adjustments convert depreciation and inventories reported by business to those used in the national income and product accounts. The capital consumption adjustment decreased \$1.0 billion (from \$49.4 billion to \$48.4 billion). The inventory valuation adjustment decreased \$7.7 billion (from -\$19.4 billion to -\$27.1 billion).

Profits tax liability increased \$7.2 billion to \$144.1 billion in the second quarter. Profits after tax increased \$17.2 billion to \$166.6 billion. Dividends increased \$1.8 billion to \$103.1 billion, and undistributed profits increased \$15.4 billion to \$63.5 billion.

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Definitions of measures of price change, the implicit price deflator, and of corporate profits and cash flow appeared in the May news release.

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Additional estimates appear each month in 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 \$46.00 domestic. Second class mail: annual subscription \$18.00 domestic, \$22.50 foreign; single issue \$6.50 domestic, \$8.13 foreign.

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Four telephone lines carry short recorded messages providing BEA estimates immediately upon their release, usually at 8:30 A.M. Eastern time:

- (202)-898-2450 Leading indicators
 - 2451 Gross national product
 - 2452 Personal income and outlay
 - 2453 The most recently released of the following quarterly series:
Merchandise trade, balance of payments basis; or
Summary of international transactions; or
Plant and equipment expenditures.

This and other news releases are available electronically at the time of public release through the Commerce Department's Economic Bulletin Board at a nominal charge to users. For information, call (202) 377-1986.

Next release -- September 20 at 8:30 A.M. EDT for:
Gross National Product: Second Quarter 1988 (Final)
Corporate Profits: Second Quarter 1988

Reliability of the Estimates

For each quarter, there is a sequence of estimates for GNP. Advance estimates are based on data for most of the quarter and are released in the first month after the end of the quarter. As more comprehensive and revised data become available, additional GNP estimates are released. The preliminary estimates, such as shown in this release, and the final estimate are released in the following 2 months. The GNP estimates also are revised in each of the following 3 years, usually in 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 and real GNP. These measures provide some guidelines in assessing the likely size of 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 have been within a range of -1.4 to +1.9 percentage points. Thus, based on past experience, it is likely that the second-quarter change in real GNP, now estimated at 3.3 percent at an annual rate, will not be revised below 1.9 or above 5.2 percent.

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

Quarterly estimate	Average without regard to sign	Range	
		Two-thirds of Revisions	Nine-tenths of Revisions
Current-dollar GNP			
Advance.....	2.1	-1.3 to 3.6	-3.3 to 5.9
Preliminary.....	1.8	-1.4 to 2.8	-2.4 to 4.0
Final.....	1.8	-1.6 to 2.0	-2.5 to 3.6
Real (constant-dollar) GNP			
Advance.....	1.7	-1.2 to 2.8	-2.4 to 3.5
Preliminary.....	1.5	-1.4 to 1.9	-2.1 to 2.8
Final.....	1.4	-1.6 to 1.5	-2.4 to 2.7

NOTE.-- Measures are based on the period from 1974 to 1983.

Table 1.—Real Gross National Product and Prices: Change From Preceding Period

	1985	1986	1987	Seasonally adjusted at annual rates				
				II 87	III 87	IV 87	I 88	II 88
Billions of 1982 dollars								
Real gross national product (GNP).....	117.3	103.0	125.3	46.3	42.3	57.7	33.1	32.0
Personal consumption expenditures.....	105.5	100.4	65.8	26.4	28.6	-13.5	28.1	17.4
Durable goods.....	32.0	29.9	5.9	13.0	15.2	-18.9	13.5	8.2
Nondurable goods.....	21.5	32.1	11.0	-0.1	2.1	-1.4	2.2	0.0
Services.....	52.0	38.4	48.8	13.5	11.3	6.8	12.3	9.3
Nonresidential fixed investment.....	28.3	-20.4	12.0	16.6	28.0	2.0	8.6	18.2
Structures.....	5.7	-20.2	-3.8	-0.1	7.1	4.1	-8.1	3.6
Producers' durable equipment.....	22.6	-0.2	15.8	16.6	20.9	-2.0	16.7	14.7
Residential fixed investment.....	3.5	20.6	0.2	-0.8	-5.5	0.6	-3.2	0.5
Change in business inventories (CBI).....	-53.2	6.3	19.0	-2.0	-14.8	54.1	-1.1	-30.0
Nonfarm.....	-44.4	4.5	19.0	-11.1	-6.7	49.9	-16.3	-20.8
Farm.....	-8.9	1.8	0.0	9.0	-8.0	4.2	15.2	-9.1
Net exports of goods and services.....	-20.3	-33.2	8.6	6.8	-4.7	4.7	17.0	18.9
Exports.....	-4.6	11.2	49.4	21.5	24.5	18.3	27.0	13.5
Imports.....	15.6	44.5	40.8	14.6	29.3	13.6	9.9	-5.4
Government purchases of goods and services	53.5	29.3	19.7	-0.7	10.7	9.7	-16.2	6.9
Federal.....	35.2	7.4	5.6	-1.9	10.0	5.6	-19.9	3.2
National defense.....	18.7	14.2	13.5	7.8	4.7	-1.3	-3.6	-1.4
Nondefense.....	16.5	-6.8	-7.9	-9.7	5.3	6.9	-16.3	4.6
State and local.....	18.2	21.9	14.1	1.2	0.7	4.1	3.8	3.6
Percent								
Real GNP.....	3.4	2.8	3.4	5.0	4.5	6.1	3.4	3.3
Personal consumption expenditures.....	4.7	4.3	2.7	4.3	4.6	-2.1	4.5	2.7
Durable goods.....	9.9	8.4	1.5	14.5	16.5	-17.3	14.7	8.4
Nondurable goods.....	2.6	3.8	1.3	0.0	0.9	-0.6	1.0	0.0
Services.....	4.7	3.3	4.1	4.5	3.7	2.2	4.0	3.3
Nonresidential fixed investment.....	6.7	-4.5	2.8	16.8	28.4	1.7	7.6	16.3
Structures.....	4.0	-13.5	-2.9	-0.3	25.6	13.4	-22.4	12.1
Producers' durable equipment.....	8.0	-0.1	5.2	24.3	29.4	-2.4	21.6	17.9
Residential fixed investment.....	2.0	11.8	0.1	-1.6	-10.7	1.3	-6.5	1.1
Exports of goods and services.....	-1.2	3.1	13.1	23.6	25.7	17.7	25.7	11.6
Imports of goods and services.....	3.4	9.4	7.9	11.5	23.4	9.9	6.9	-3.6
Government purchases of goods and services	7.9	4.0	2.6	-0.4	5.7	5.0	-7.9	3.6
Federal.....	12.1	2.3	1.7	-2.3	12.6	6.7	-21.0	4.0
National defense.....	8.6	6.0	5.4	12.7	7.3	-1.9	-5.3	-2.1
Nondefense.....	22.8	-7.7	-9.6	-41.6	35.4	43.8	-60.1	32.4
State and local.....	4.7	5.4	3.3	1.1	0.6	3.8	3.5	3.2
GNP price index (fixed weights).....	3.4	2.8	3.6	4.2	3.7	3.8	3.5	4.7
Personal consumption expenditures.....	3.5	2.7	4.5	5.7	4.2	4.6	2.4	5.2
Durable goods.....	1.0	1.3	3.0	2.6	3.9	2.8	1.6	1.6
Nondurable goods.....	2.5	-0.1	4.5	8.0	3.5	3.4	0.8	7.6
Services.....	4.8	5.0	4.8	4.9	4.8	5.7	3.7	4.4
Nonresidential fixed investment.....	1.7	2.4	2.3	1.8	1.7	1.7	3.4	2.2
Structures.....	2.7	1.1	3.2	4.6	5.0	2.2	4.1	1.1
Producers' durable equipment.....	1.1	3.2	1.8	0.1	-0.3	1.4	2.9	3.0
Residential fixed investment.....	2.2	2.4	4.5	6.2	9.1	2.9	3.0	0.5
Exports of goods and services.....	-0.6	0.2	2.0	3.2	3.1	2.6	6.2	6.0
Imports of goods and services.....	-1.8	-2.2	7.6	11.0	6.4	4.3	3.5	5.4
Government purchases of goods and services	3.6	2.1	3.5	3.8	3.6	3.5	5.9	5.5
Federal.....	2.2	0.4	2.4	3.0	1.4	2.6	6.7	4.0
National defense.....	2.7	0.8	2.4	2.5	0.9	2.1	6.4	4.0
Nondefense.....	1.0	-0.6	2.5	4.1	2.8	4.0	7.6	4.2
State and local.....	4.7	3.3	4.2	4.3	5.2	4.0	5.4	5.4

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

r = revised

Table 2.--Real Gross National Product and Related Measures: Level and Percent Change from Preceding Period

	1985	1986	1987	Seasonally adjusted at annual rates				
				II 87	III 87	IV 87	I 88	II 88r
				Level (billions of 1982 dollars)				
Gross national product (GNP).....	3,618.7	3,721.7	3,847.0	3,823.0	3,865.3	3,923.0	3,956.1	3,988.1
Less: Exports of factor income 1/.....	80.0	75.8	80.3	78.8	81.0	87.0	86.3	86.9
Plus: Imports of factor income 2/.....	43.1	45.0	54.7	54.2	57.7	60.3	66.8	65.6
Equals: Gross domestic product (GDP).....	3,581.9	3,690.9	3,821.4	3,798.4	3,842.0	3,896.3	3,936.6	3,966.8
Less: Exports of merchandise and services other than factor income.....	287.2	302.6	347.5	337.6	359.9	372.2	399.9	412.8
Plus: Imports of merchandise and services other than factor income.....	428.3	471.0	502.0	488.1	513.9	524.9	528.3	524.1
Equals: Gross domestic purchases.....	3,723.0	3,859.3	3,975.9	3,949.0	3,996.0	4,049.0	4,065.1	4,078.2
Personal consumption expenditures.....	2,354.8	2,455.2	2,521.0	2,516.6	2,545.2	2,531.7	2,559.8	2,577.2
Gross private domestic investment.....	637.0	643.5	674.8	660.1	667.9	724.7	728.9	717.7
Government purchases of goods and services.....	731.2	760.5	780.2	772.2	782.9	792.6	776.4	783.3
Less: Change in business inventories (CBI)	9.1	15.4	34.4	27.8	13.0	67.1	66.0	36.0
Equals: Final sales to domestic purchasers	3,713.9	3,843.8	3,941.5	3,921.2	3,983.0	3,981.9	3,999.1	4,042.1
Addenda:								
Final sales (GNP less CBI).....	3,609.6	3,706.3	3,812.6	3,795.2	3,852.2	3,855.9	3,890.1	3,952.1
Final sales excluding Commodity Credit Corporation inventory change (CCC).....	3,597.5	3,698.5	3,816.5	3,806.2	3,858.5	3,857.0	3,909.5	3,969.1
Current dollar measures:								
GDP.....	3,974.1	4,205.4	4,497.2	4,455.9	4,541.2	4,631.8	4,702.1	4,794.8
Gross domestic purchases.....	4,092.8	4,344.7	4,649.7	4,606.3	4,693.2	4,788.4	4,836.6	4,908.3
Final sales to domestic purchasers....	4,081.5	4,329.1	4,610.5	4,573.6	4,678.7	4,716.4	4,771.3	4,865.4
Final sales.....	4,003.6	4,224.7	4,487.5	4,451.5	4,553.5	4,590.7	4,659.2	4,776.9
				Percent change from preceding period (percent)				
GNP.....	3.4	2.8	3.4	5.0	4.5	6.1	3.4	3.3
GDP.....	3.6	3.0	3.5	5.4	4.7	5.8	4.2	3.1
Gross domestic purchases.....	3.8	3.7	3.0	4.1	4.8	5.4	1.6	1.3
Final sales to domestic purchasers.....	5.4	3.5	2.5	4.3	6.5	-0.1	1.7	4.4
Final sales.....	5.0	2.7	2.9	5.3	6.1	0.4	3.6	6.5
Final sales less CCC.....	4.5	2.8	3.2	6.8	5.6	-0.2	5.6	6.2
Addendum:								
GNP in current dollars.....	6.4	5.6	6.8	8.7	7.7	8.6	5.4	8.3
				Price indexes (fixed weights)				
GNP.....	3.4	2.8	3.6	4.2	3.7	3.8	3.5	4.7
GDP.....	3.4	2.8	3.6	4.2	3.7	3.8	3.5	4.6
Gross domestic purchases.....	3.3	2.6	4.1	4.9	4.0	4.0	3.2	4.6
Final sales to domestic purchasers.....	3.3	2.5	4.1	4.9	4.0	4.0	3.3	4.6
Final sales.....	3.4	2.7	3.6	4.2	3.7	3.8	3.5	4.7
Addenda:								
GNP price index (chained weights).....	3.3	2.5	3.4	3.7	3.6	3.4	3.0	4.4
Implicit price deflator for GNP.....	3.0	2.7	3.3	3.5	3.1	2.4	1.7	5.1

1. Consists primarily of receipts by U.S. residents of interest and dividends and reinvested earnings of foreign affiliates of U.S. corporations.
2. Consists primarily of payments to foreign residents of interest and dividends and reinvested earnings of U.S. affiliates of foreign corporations.

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

r = revised

Table 3.—Gross National Product, Disposition of Personal Income, and Prices

	Seasonally adjusted at annual rates						Seasonally adjusted at annual rates					
	1986	1987	II 87	IV 87	I 88	II 88r	1986	1987	II 87	IV 87	I 88	II 88r
	Billions of current dollars						Billions of 1982 dollars					
Gross national product.....	4240.3	4526.7	4484.2	4662.8	4724.5	4819.7	3721.7	3847.0	3823.0	3923.0	3956.1	3988.1
Personal consumption expenditures.....	2807.5	3012.1	2992.2	3076.3	3128.1	3189.1	2455.2	2521.0	2516.6	2531.7	2559.8	2577.2
Durable goods.....	406.5	421.9	420.5	422.0	437.8	448.2	385.0	390.9	391.3	387.6	401.1	409.3
Motor vehicles and parts.....	196.4	195.8	194.5	194.0	202.2	207.2	176.4	170.4	169.9	166.7	173.5	177.7
Furniture and household equipment.....	140.0	148.3	147.8	149.4	154.7	159.4	143.2	151.0	151.0	151.9	157.3	161.7
Other.....	70.1	77.8	78.3	78.6	81.0	81.6	65.4	69.6	70.4	69.0	70.3	69.9
Nondurable goods.....	943.6	997.9	995.3	1012.4	1016.2	1035.7	879.5	890.5	889.8	890.5	892.7	892.7
Food.....	501.0	526.4	525.3	530.9	535.9	546.1	448.0	450.4	450.1	449.2	451.4	453.0
Clothing and shoes.....	167.0	178.2	176.8	181.2	180.5	183.4	157.6	160.5	158.2	160.3	159.6	156.5
Gasoline and oil.....	73.3	77.0	77.4	79.3	76.3	78.4	97.3	98.3	99.6	98.4	98.8	99.3
Other nondurable goods.....	202.2	216.3	215.8	220.9	223.5	227.8	176.6	181.3	181.9	182.6	183.0	183.9
Services.....	1457.3	1592.3	1576.4	1641.9	1674.1	1705.2	1190.7	1239.5	1235.5	1253.6	1265.9	1275.2
Housing.....	434.3	467.7	462.6	481.8	490.1	496.4	348.3	358.3	357.1	361.7	363.6	365.6
Household operation.....	179.9	186.3	187.3	188.2	190.9	193.8	152.1	157.0	158.1	158.1	160.4	161.3
Electricity and gas.....	87.4	88.8	90.6	88.8	90.2	91.2	76.6	79.0	80.5	79.2	80.5	80.9
Other.....	92.5	97.5	96.8	99.5	100.7	102.6	75.5	78.0	77.6	79.0	80.0	80.4
Transportation.....	95.8	106.2	104.6	112.0	111.3	114.0	85.4	89.3	88.9	90.8	91.7	93.3
Medical care.....	320.1	360.3	355.7	374.4	384.9	395.6	251.5	268.2	266.6	274.0	276.9	279.0
Other.....	427.2	471.8	466.2	485.4	497.0	505.3	353.4	366.6	364.8	369.0	373.2	376.0
Gross private domestic investment.....	665.9	712.9	698.5	764.9	763.4	758.2	643.5	674.8	660.1	724.7	728.9	717.7
Fixed investment.....	650.4	673.7	665.8	692.9	698.1	715.3	628.1	640.4	632.3	657.6	662.9	681.6
Nonresidential.....	433.9	446.8	438.2	464.1	471.5	488.2	433.1	445.1	434.8	464.8	473.4	491.6
Structures.....	138.5	139.5	134.4	147.7	140.1	145.4	129.3	125.5	120.9	132.1	124.0	126.6
Nonresidential buildings, excluding farm.....	91.8	92.6	90.3	96.6	93.3	98.5	79.6	77.1	75.4	79.4	76.1	80.2
Public utilities.....	27.4	28.4	27.1	30.8	27.7	29.1	25.2	25.7	24.6	27.6	24.6	25.6
Mining exploration, shafts, and wells.....	14.9	13.9	12.3	15.8	15.1	14.3	20.7	18.8	16.8	21.1	19.8	18.7
Other.....	4.4	4.5	4.7	4.6	4.0	3.5	3.9	3.9	4.1	4.0	3.4	3.0
Producers' durable equipment.....	295.4	307.3	303.8	316.3	331.3	342.8	303.8	319.6	313.8	332.7	349.4	364.1
Information processing and related equipment.....	96.5	101.2	99.2	102.8	107.0	111.3	124.9	139.4	134.6	147.0	155.9	166.0
Industrial equipment.....	68.9	70.6	68.9	74.2	77.2	79.5	62.1	61.4	60.1	63.4	65.2	66.5
Transportation and related equipment.....	66.9	67.8	69.4	68.5	74.2	78.0	59.8	59.1	60.8	59.8	64.9	67.7
Other.....	63.0	67.6	66.2	70.9	73.0	74.0	57.0	59.7	58.3	62.5	63.4	63.9
Residential.....	216.6	226.9	227.6	228.8	226.6	227.1	195.0	195.2	197.6	192.7	189.5	190.0
Single family structures.....	102.0	114.5	114.1	117.3	116.5	116.1	91.4	97.5	98.2	97.3	96.2	96.2
Multifamily structures.....	32.5	25.5	25.5	24.1	22.1	20.9	29.1	21.7	22.0	20.0	18.2	17.3
Other.....	82.1	87.0	88.0	87.4	87.9	90.1	74.5	76.0	77.4	75.4	75.2	76.4
Change in business inventories.....	15.5	39.2	32.7	72.0	65.3	42.9	15.4	34.4	27.8	67.1	66.0	36.0
Nonfarm.....	17.4	40.7	31.4	72.8	49.4	32.5	17.9	36.9	25.0	68.2	51.9	31.1
Manufacturing.....	-3.3	6.1	-2.6	14.8	15.4	6.3	-3.5	5.2	-4.0	14.4	15.8	5.7
Durable goods.....	-3.0	4.6	-1.0	11.7	9.6	7.0	-3.1	4.1	-1.3	10.6	8.7	6.3
Nondurable goods.....	-0.3	1.5	-1.6	3.2	5.8	-0.7	-0.4	1.1	-2.7	3.8	7.1	-0.6
Wholesale trade.....	7.0	7.4	3.7	22.0	24.6	-0.2	7.1	5.8	1.1	19.4	24.9	-0.4
Durable goods.....	3.9	5.3	3.7	15.4	21.2	-8.1	3.7	4.9	3.3	14.1	18.2	-7.1
Nondurable goods.....	3.1	2.1	-0.1	6.6	3.4	7.9	3.3	0.9	-2.3	5.3	6.7	6.6
Retail trade.....	3.3	21.3	25.9	28.2	1.2	15.3	3.1	19.2	23.4	25.1	1.5	13.4
Automotive.....	-1.6	10.6	10.6	15.1	-11.6	12	-1.5	9.3	9.3	13.2	-10.1	10.4
Other durable goods.....	2.2	4.0	7.9	6.8	4.6	2.0	2.1	3.7	7.3	6.3	4.2	1.9
Nondurable goods.....	2.6	6.7	7.3	6.2	8.2	1.3	2.5	6.1	6.8	5.6	7.4	1.1
Other.....	10.4	5.9	4.5	7.8	8.2	11.2	11.3	6.7	4.6	9.3	9.7	4.4
Farm.....	-1.9	-1.5	1.3	-0.8	15.9	10.4	-2.5	-2.5	2.7	-1.1	14.1	10.0

Table 3.—Gross National Product, Disposition of Personal Income, and Prices—Continued

	Seasonally adjusted at annual rates						Seasonally adjusted at annual rates					
	1986	1987	II 87	IV 87	I 88	II 88r	1986	1987	II 87	IV 87	I 88	II 88r
	Billions of current dollars						Billions of 1982 dollars					
Net exports of goods and services.....	-104.4	-123.0	-122.2	-125.7	-112.1	-88.6	-137.5	-128.9	-126.0	-126.0	-109.0	-90.1
Exports.....	378.4	428.0	416.8	459.7	487.8	508.0	378.4	427.8	416.4	459.2	486.2	499.7
Merchandise.....	225.0	254.8	245.1	276.7	300.8	318.8	243.7	280.1	269.4	304.6	329.0	342.3
Agricultural products.....	27.4	29.5	28.5	30.5	36.1	38.8	30.6	34.9	33.9	35.2	39.3	39.9
Nonagricultural products.....	197.7	225.3	216.6	246.2	264.7	280.0	213.0	245.2	235.6	269.4	289.7	302.4
Services.....	153.4	173.3	171.7	183.0	187.0	189.2	134.7	147.7	146.9	154.6	157.1	157.4
Factor income 1/.....	87.5	96.1	93.8	105.1	104.7	106.9	75.8	80.3	78.8	87.0	86.3	86.9
Other.....	65.9	77.2	77.9	77.9	82.3	82.3	58.9	67.4	68.2	67.6	70.9	70.5
Imports.....	482.8	551.1	539.0	585.4	599.9	596.6	515.9	556.7	542.3	585.2	595.1	589.7
Merchandise.....	367.7	413.0	402.3	438.0	441.7	438.5	412.3	439.0	425.3	461.0	463.1	458.9
Petroleum and products.....	34.4	42.9	40.3	45.2	39.8	40.9	75.3	77.9	72.2	81.4	82.2	85.0
Nonpetroleum products.....	333.3	370.1	362.0	392.8	401.9	397.6	337.0	361.1	353.1	379.6	380.9	373.9
Services.....	115.1	138.1	136.7	147.4	158.2	158.1	103.7	117.7	117.0	124.2	132.0	130.9
Factor income 1/.....	52.6	66.6	65.6	74.1	82.3	82.0	45.0	54.7	54.2	60.3	66.8	65.6
Other.....	62.5	71.5	71.1	73.3	75.8	76.1	58.7	63.0	62.8	63.9	65.2	65.2
Government purchases of goods and services	871.2	924.7	915.7	947.3	945.2	961.0	760.5	780.2	772.2	792.6	776.4	783.3
Federal.....	366.2	382.0	377.5	391.4	377.7	381.6	333.4	339.0	332.1	347.7	327.8	331.0
National defense.....	277.5	295.3	294.8	299.2	298.4	298.2	251.4	264.9	264.8	268.2	264.6	263.2
Nondefense.....	88.7	86.7	82.6	92.2	79.3	83.4	82.0	74.1	67.3	79.5	63.2	67.8
Commodity Credit Corporation inventory change.....	5.3	-3.3	-7.5	-1.4	-17.5	-16.8	7.8	-3.9	-11.0	-1.1	-19.3	-17.0
Other.....	83.3	90.0	90.1	93.6	96.8	100.2	74.1	78.0	78.3	80.6	82.5	84.8
State and local.....	505.0	542.8	538.2	555.9	567.5	579.4	427.1	441.2	440.1	444.9	448.7	452.3
Disposition of personal income												
Personal income.....	3531.1	3780.0	3736.1	3906.8	3951.4	4021.9	.....	.....	.....	.....	.....	.....
Less: Personal tax and nontax payments....	511.4	570.3	582.0	591.0	575.8	601.0	.....	.....	.....	.....	.....	.....
Equals: Disposable personal income.....	3019.6	3209.7	3154.1	3315.8	3375.6	3421.0	2640.9	2686.3	2652.8	2728.9	2762.3	2764.6
Less: Personal outlays.....	2898.0	3105.5	3084.7	3171.8	3225.7	3288.3	.....	.....	.....	.....	.....	.....
Equals: Personal saving.....	121.7	104.2	69.5	144.0	149.9	132.6	.....	.....	.....	.....	.....	.....
Personal saving as a percentage of disposable personal income.....	4.0	3.2	2.2	4.3	4.4	3.9	.....	.....	.....	.....	.....	.....
Index numbers, 1982=100:												
	Price indexes (fixed weights)						Implicit price deflators					
GNP.....	115.0	119.1	118.6	120.8	121.8	123.2	113.9	117.7	117.3	118.9	119.4	120.9
Personal consumption expenditures.....	115.3	120.4	119.9	122.5	123.2	124.8	114.3	119.5	118.9	121.5	122.2	123.7
Durable goods.....	106.5	109.7	109.2	111.0	111.4	111.9	105.6	107.9	107.5	108.9	109.1	109.5
Nondurable goods.....	107.8	112.6	112.4	114.3	114.6	116.7	107.3	112.1	111.9	113.7	113.8	116.0
Services.....	123.0	129.0	128.1	131.5	132.6	134.1	122.4	128.5	127.6	131.0	132.2	133.7
Nonresidential fixed investment.....	104.3	106.8	106.5	107.5	108.3	108.9	100.2	100.4	100.8	99.8	99.6	99.3
Structures.....	101.8	105.1	104.5	106.4	107.5	107.8	107.1	111.1	111.2	111.8	113.0	114.0
Producers' durable equipment.....	106.0	107.9	107.8	108.1	108.9	109.7	97.2	96.2	96.8	95.1	94.8	94.1
Residential fixed investment.....	110.9	115.9	114.9	118.3	119.2	119.3	111.1	116.2	115.2	118.7	119.5	119.6
Exports of goods and services.....	103.9	106.0	105.5	107.0	108.7	110.2	100.0	100.0	100.1	100.1	100.3	101.7
Imports of goods and services.....	93.6	100.8	100.3	103.0	103.9	105.2	93.6	99.0	99.4	100.0	100.8	101.2
Government purchases of goods and services.....	115.6	119.6	119.1	121.2	122.9	124.3	114.6	118.5	118.6	119.5	121.7	122.7
Federal.....	110.8	113.5	113.3	114.4	116.3	117.2	109.8	112.7	113.7	112.6	115.2	115.3
State and local.....	119.1	124.1	123.3	126.1	127.8	129.5	118.2	123.0	122.3	124.9	126.5	128.1

1. See footnotes 1 and 2 of table 2.

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

r = revised

Table 4.--Corporate Profits
[Billions of dollars]

	1985	1986	1987	Seasonally adjusted at annual rates				
				II 87	III 87	IV 87	I 88	II 88
Corporate profits with inventory valuation and capital consumption adjustments.....	282.3	298.9	310.4	305.2	322.0	316.1	316.2	332.0
Profits before tax.....	224.3	236.4	276.7	273.7	289.4	281.9	286.2	310.7
Profits tax liability.....	96.4	106.6	133.8	132.6	140.0	136.2	136.9	144.1
Profits after tax.....	127.8	129.8	142.9	141.1	149.5	145.7	149.4	166.6
Dividends.....	83.3	88.2	95.5	94.0	97.0	99.3	101.3	103.1
Undistributed profits.....	44.6	41.6	47.4	47.0	52.4	46.4	48.1	63.5
Inventory valuation adjustment.....	-1.7	8.3	-18.0	-20.0	-19.5	-18.2	-19.4	-27.1
Capital consumption adjustment.....	59.7	54.2	51.7	51.5	52.1	52.4	49.4	48.4
Addenda:								
Net cash flow with inventory valuation and capital consumption adjustments.....	371.2	386.5	378.6	373.9	384.7	384.2	387.8	397.7
Undistributed profits with inventory valuation and capital consumption adjustments.....	102.6	104.1	81.1	78.5	85.0	80.5	78.1	84.8
Capital consumption allowances with capital consumption adjustment.....	268.6	282.4	297.5	295.4	299.7	303.7	309.8	312.9
Less: Inventory valuation adjustment.....	-1.7	8.3	-18.0	-20.0	-19.5	-18.2	-19.4	-27.1
Equals: Net cash flow.....	372.9	378.2	396.6	393.9	404.2	402.4	407.3	424.8

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

Table 5.--Gross Domestic Product of Nonfinancial Corporate Business

	1985	1986	1987	Seasonally adjusted at annual rates				
				II 87	III 87	IV 87	I 88	II 88
Billions of dollars								
Gross domestic product of non-financial corporate business.....	2,267.1	2,371.6	2,513.5	2,482.7	2,546.9	2,585.6	2,633.2	2,687.2
Capital consumption allowances with capital consumption adjustment.....	252.6	264.1	276.2	274.5	278.0	281.3	286.8	289.7
Net domestic product.....	2,014.5	2,107.5	2,237.3	2,208.3	2,268.8	2,304.3	2,346.4	2,397.6
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	218.4	227.7	239.8	238.4	243.6	244.5	249.2	252.9
Domestic income.....	1,796.1	1,879.8	1,997.5	1,969.8	2,025.3	2,059.7	2,097.2	2,144.7
Compensation of employees.....	1,489.8	1,564.9	1,661.4	1,640.5	1,673.3	1,714.7	1,739.6	1,777.8
Wages and salaries.....	1,249.4	1,313.4	1,399.7	1,381.6	1,409.9	1,447.0	1,468.4	1,502.8
Supplements to wages and salaries...	240.4	251.5	261.8	258.9	263.3	267.8	271.2	275.0
Corporate profits with inventory valuation and capital consumption adjustments.....	225.3	230.6	237.5	233.3	250.4	238.4	250.6	256.3
Profits before tax.....	170.2	172.6	210.2	207.9	224.6	211.6	228.4	243.6
Profits tax liability.....	69.9	76.8	99.0	97.2	105.3	101.7	104.4	111.0
Profits after tax.....	100.4	95.8	111.2	110.6	119.3	109.9	124.1	132.6
Dividends.....	72.2	74.8	83.8	80.7	83.9	90.8	74.6	86.8
Undistributed profits.....	28.2	21.1	27.4	29.9	35.4	19.1	49.5	45.8
Inventory valuation adjustment.....	-1.7	8.3	-18.0	-20.0	-19.5	-18.2	-19.4	-27.1
Capital consumption adjustment.....	56.7	49.6	45.3	45.5	45.3	45.0	41.5	39.8
Net interest.....	81.1	84.3	98.6	96.0	101.6	106.6	107.1	110.6
Billions of 1982 dollars								
Gross domestic product of non-financial corporate business.....	2,117.4	2,177.2	2,270.4	2,248.0	2,296.1	2,322.5	2,363.5	2,393.5
Dollars								
Current-dollar cost and profit per unit of constant-dollar gross domestic product.....	1.071	1.089	1.107	1.104	1.109	1.113	1.114	1.123
Capital consumption allowances with capital consumption adjustment.....	0.119	0.121	0.122	0.122	0.121	0.121	0.121	0.121
Net domestic product.....	0.951	0.968	0.985	0.982	0.988	0.992	0.993	1.002
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	0.103	0.105	0.106	0.106	0.106	0.105	0.105	0.106
Domestic income.....	0.848	0.863	0.880	0.876	0.882	0.887	0.887	0.896
Compensation of employees.....	0.704	0.719	0.732	0.730	0.729	0.738	0.736	0.743
Corporate profits with inventory valuation and capital consumption adjustments.....	0.106	0.106	0.105	0.104	0.109	0.103	0.106	0.107
Profits tax liability.....	0.033	0.035	0.044	0.043	0.046	0.044	0.044	0.046
Profits after tax with inventory valuation and capital consumption adjustments.....	0.073	0.071	0.061	0.061	0.063	0.059	0.062	0.061
Net interest.....	0.038	0.039	0.043	0.043	0.044	0.046	0.045	0.046

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

Table 6.--Corporate Profits by Industry
[Billions of dollars]

	1985	1986	1987	Seasonally adjusted at annual rates				
				II 87	III 87	IV 87	I 88	I 88
Corporate profits with inventory valuation and capital consumption adjustments.....	282.3	298.9	310.4	305.2	322.0	316.1	316.2	332.0
Domestic industries.....	251.2	266.9	274.0	270.8	286.7	274.6	286.0	293.8
Financial.....	25.9	36.4	36.5	37.4	36.3	36.2	35.4	37.5
Nonfinancial.....	225.3	230.6	237.5	233.3	250.4	238.4	250.6	256.3
Rest of the world.....	31.2	31.9	36.4	34.4	35.3	41.4	30.2	38.2
Corporate profits with inventory valuation adjustment.....	222.6	244.7	258.7	253.6	269.9	263.7	266.8	283.6
Domestic industries.....	191.4	212.8	222.3	219.2	234.6	222.2	236.6	245.5
Financial.....	22.8	31.8	30.1	31.4	29.5	28.8	27.6	29.0
Federal Reserve banks.....	16.8	16.0	16.0	16.0	16.2	16.2	17.5	17.5
Other.....	6.1	15.8	14.1	15.4	13.4	12.6	10.1	11.5
Nonfinancial.....	168.6	180.9	192.1	187.8	205.1	193.4	209.0	216.5
Manufacturing.....	79.7	79.4	96.8	93.8	107.0	101.7	110.6	.....
Durable goods.....	28.5	32.4	36.5	36.6	40.9	29.4	33.9	.....
Primary metal industries.....	-1.4	-0.5	1.4	0.2	1.9	2.6	3.2	.....
Fabricated metal products.....	4.6	5.4	5.7	4.1	7.2	6.7	8.0	.....
Machinery, except electrical.....	3.2	3.3	3.2	2.7	4.6	1.7	3.3	.....
Electric and electronic equipment.....	3.6	3.2	3.2	5.3	5.5	-0.8	1.2	.....
Motor vehicles and equipment.....	7.2	7.6	7.3	9.6	5.6	4.5	4.2	.....
Other.....	11.3	13.3	15.7	14.7	16.2	14.6	14.0	.....
Nondurable goods.....	51.2	47.0	60.3	57.2	66.1	72.4	76.8	.....
Food and kindred products.....	8.3	11.2	12.8	12.2	14.0	14.9	15.9	.....
Chemicals and allied products.....	6.2	9.5	13.5	12.3	14.4	15.3	19.1	.....
Petroleum and coal products.....	17.5	7.0	12.2	12.0	14.7	18.8	17.4	.....
Other.....	19.2	19.3	21.9	20.7	22.9	23.4	24.5	.....
Transportation and public utilities... ..	33.0	39.2	34.9	35.8	34.0	36.1	34.5	.....
Wholesale and retail trade.....	44.1	46.1	42.8	37.8	44.1	43.0	43.9	.....
Other.....	11.8	16.3	17.6	20.4	20.0	12.6	20.0	.....
Rest of the world.....	31.2	31.9	36.4	34.4	35.3	41.4	30.2	38.2

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