

# National Economic Trends



## Payroll Jobs and GDP

“The Employment Situation,” normally reported by the Bureau of Labor Statistics (BLS) on the first Friday of each month, is one of the most important data releases. It contains results from two surveys, the Current Population Survey (household survey) and Current Employment Statistics (establishment survey). When this report is released, however, why do the headlines trumpet news about the unemployment rate, while the financial markets move in response to payroll jobs?

The household survey provides the information used to calculate the unemployment rate. There are now about 100 million households in the United States. The Labor Department surveys about 50,000 each month, 1/20th of one percent of the total. The establishment survey gathers information about the number of people on payrolls at about 390,000 business establishments, which account for about 45 percent of total payroll employment. A single firm like General Motors has establishments in many locations. Because the establishment survey is much larger than the household survey, it gives a more reliable month-to-month reading on jobs in the economy (see the comparison of jobs data in the top panel on page 10).

The general public—and, therefore, the news media—tends to emphasize the household survey because it contains information about unemployment, an important gauge of the nation’s economic health. The unemployment statistics are, in a sense, a final product. Some legislation defines economic objectives in terms of unemployment. Popular measures such as the “misery index” sum up the unemployment rate and the inflation rate.

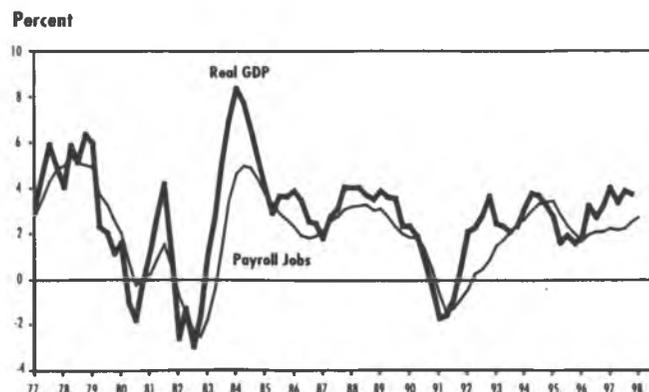
Economic forecasters and financial market participants usually are more interested in news about payroll employment than they are in the unemployment rate. There are several reasons for this. First, as noted above, the establishment survey has a larger sample

size—and therefore, greater accuracy—than the household survey. Second, the unemployment rate tends to lag in the business cycle, so there is little or no new information in the unemployment rate about future economic activity. Third, because payroll employment is a major input to the production process, it is conceptually closer to a measure of economic output. This can be seen in the chart, which plots growth in payroll employment and real Gross Domestic Product (GDP). As the chart shows, there is a close connection between fluctuations in jobs and GDP.

Finally, the payroll employment statistics are coincident with GDP, but they are reported much earlier. On April 3, BLS reported the labor data for March. Although the March number was down slightly, payroll employment for the entire first quarter rose at an annual rate of 3.1 percent over the fourth quarter of 1997. This rapid employment growth has led forecasters to raise their projections for GDP. For example, in January the Blue Chip survey of economic forecasters reported a consensus real GDP growth rate for the first quarter of 2.4 percent. By April, they had raised the forecast to 3 percent.

—William T. Gavin

**Real GDP and Payroll Jobs**  
Quarterly Data, Percent Change from a Year Ago



*Views expressed do not necessarily reflect official positions of the Federal Reserve System*

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## ***Conventions used in this publication:***

1. Charts and tables contain data that were current on May 1, 1998.
2. Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.
3. *Percent change* refers to simple percent changes. *Percent change from year ago* refers to the percent change from the same month or quarter in the previous year. The *percent change at annual rate* shows what the growth rate would be over an entire year if the same simple percent change continued for four quarters or twelve months. The percent change at annual rate of  $X$  between the previous quarter  $t-1$  and the current quarter  $t$  is:

$$100 \times \left[ \left( \frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

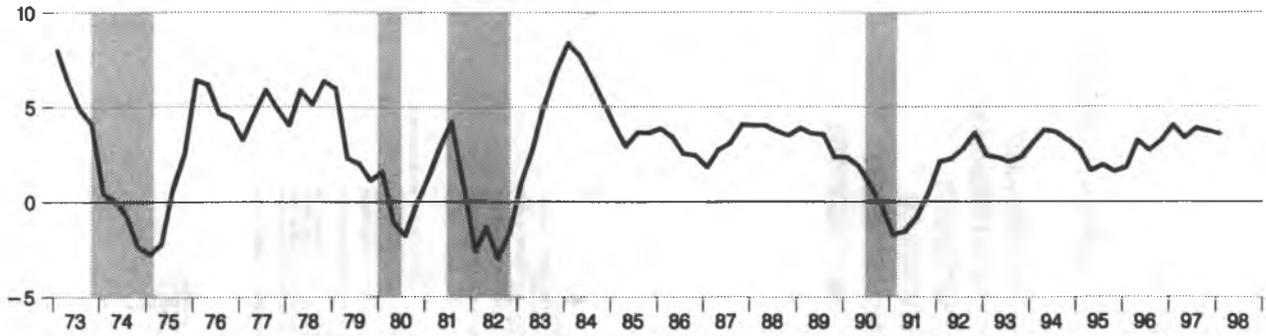
For monthly data replace 4 with 12.

4. All data with significant seasonal patterns are seasonally adjusted, unless labeled NSA.



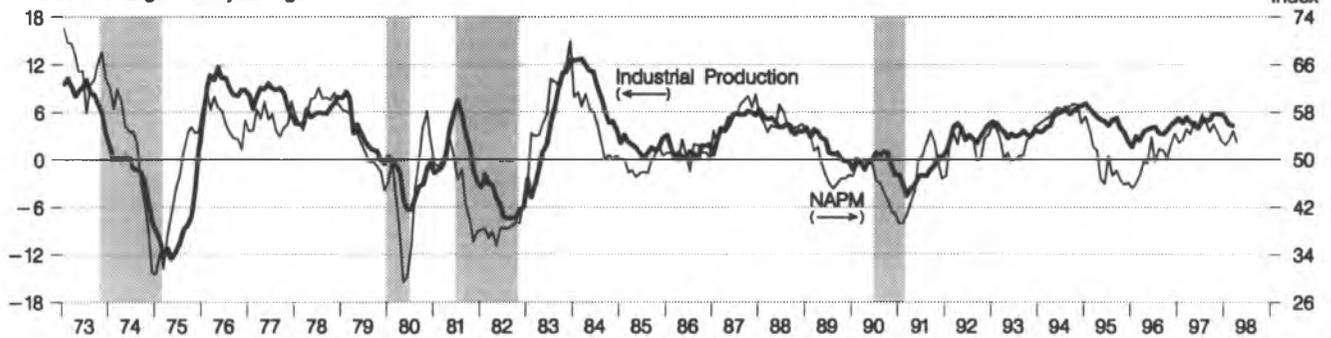
## Real Gross Domestic Product

Percent change from year ago



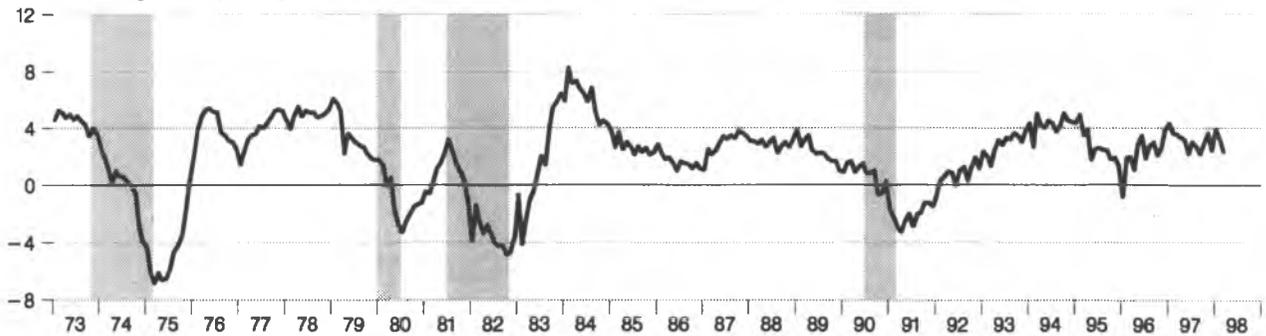
## Industrial Production and Purchasing Managers' (NAPM) Indexes

Percent change from year ago



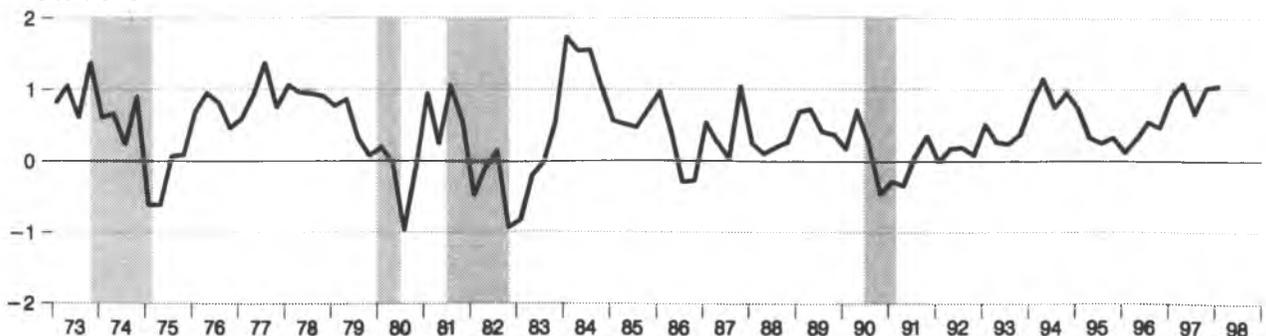
## Aggregate Private Nonfarm Hours

Percent change from year ago



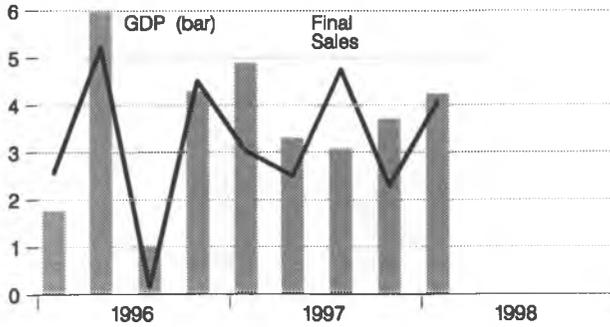
## Real Change in Business Inventories

Percent of GDP



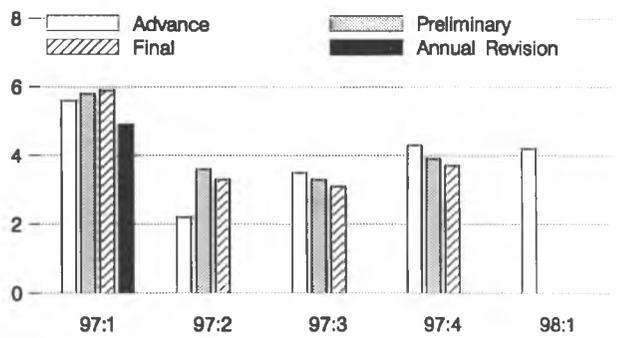
## Real Final Sales and GDP

Percent change at annual rate



## Real GDP Revisions

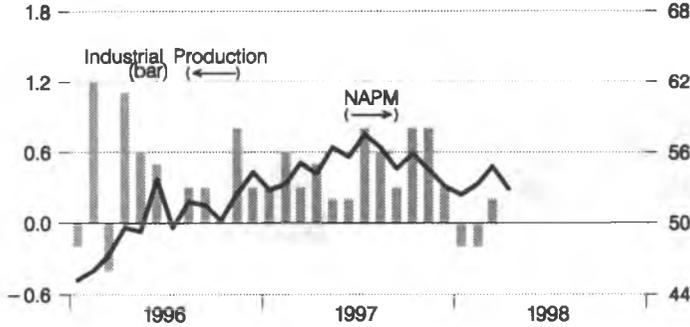
Percent change at annual rate



## Industrial Production and NAPM Index

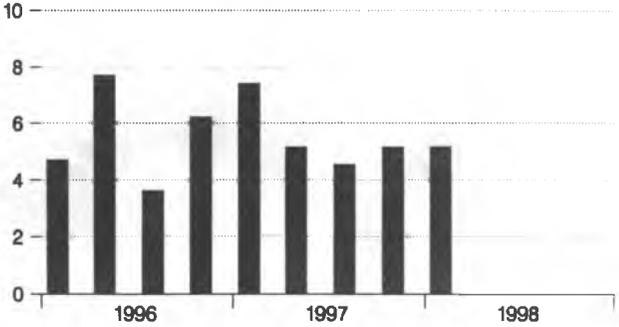
Percent change

Index



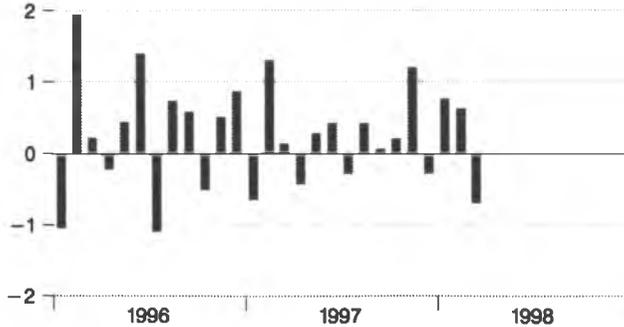
## Nominal Gross Domestic Product

Percent change at annual rate



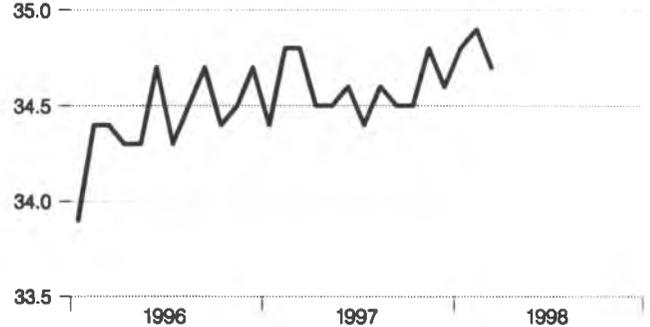
## Aggregate Private Nonfarm Hours

Percent change



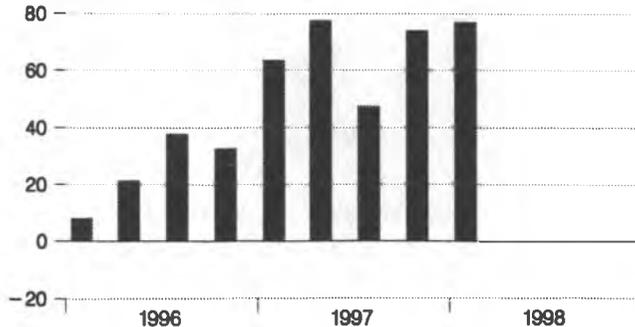
## Average Weekly Private Nonfarm Hours

Hours



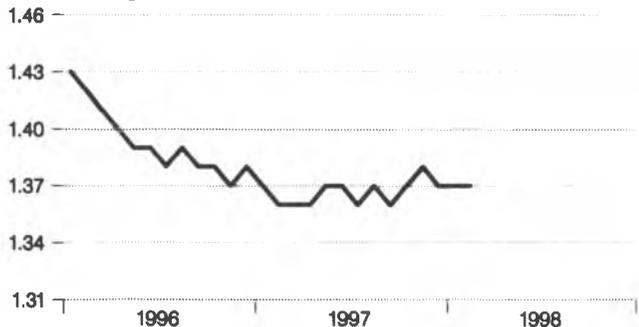
## Real Change in Business Inventories

Billions of 1992 dollars



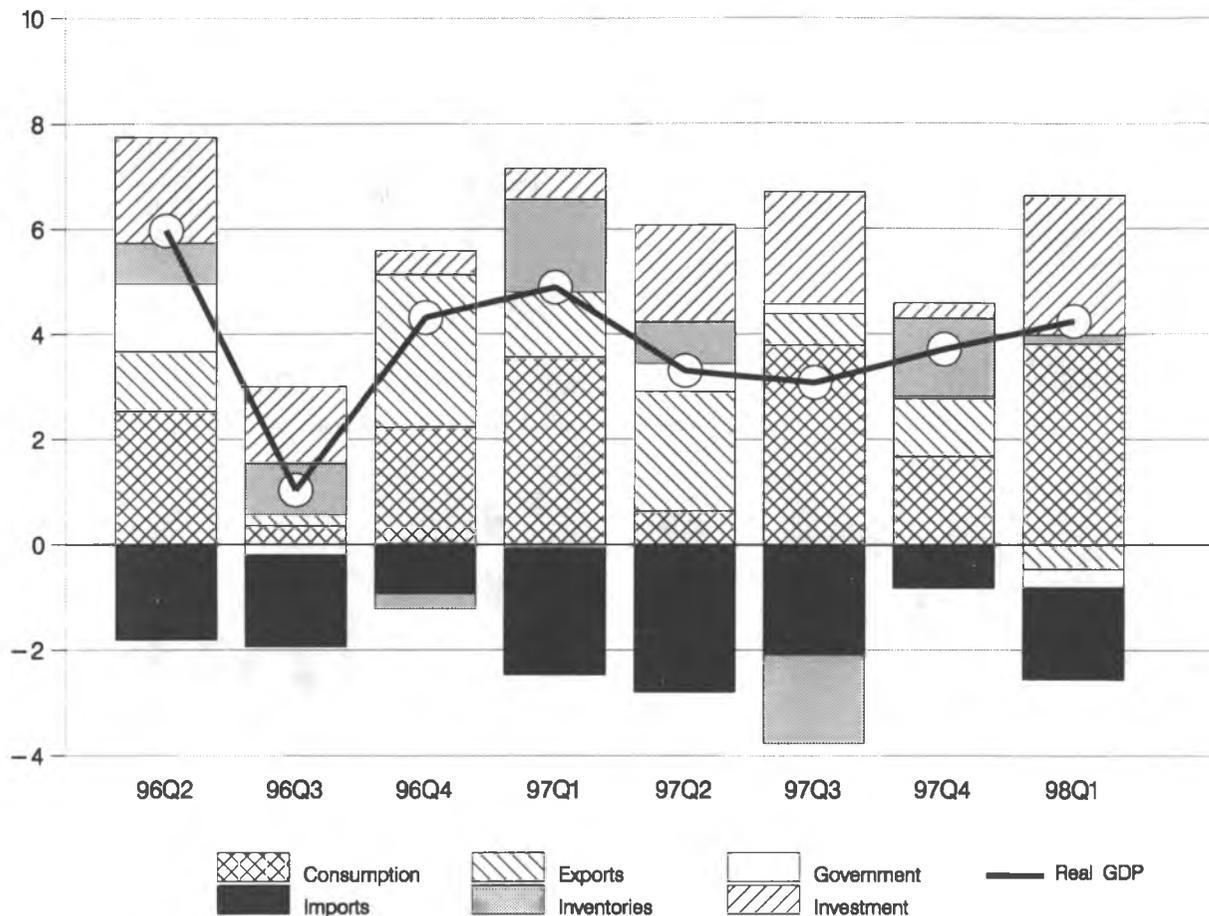
## Inventory-Sales Ratio

Manufacturing and trade



## Contribution of Components to Real GDP Growth

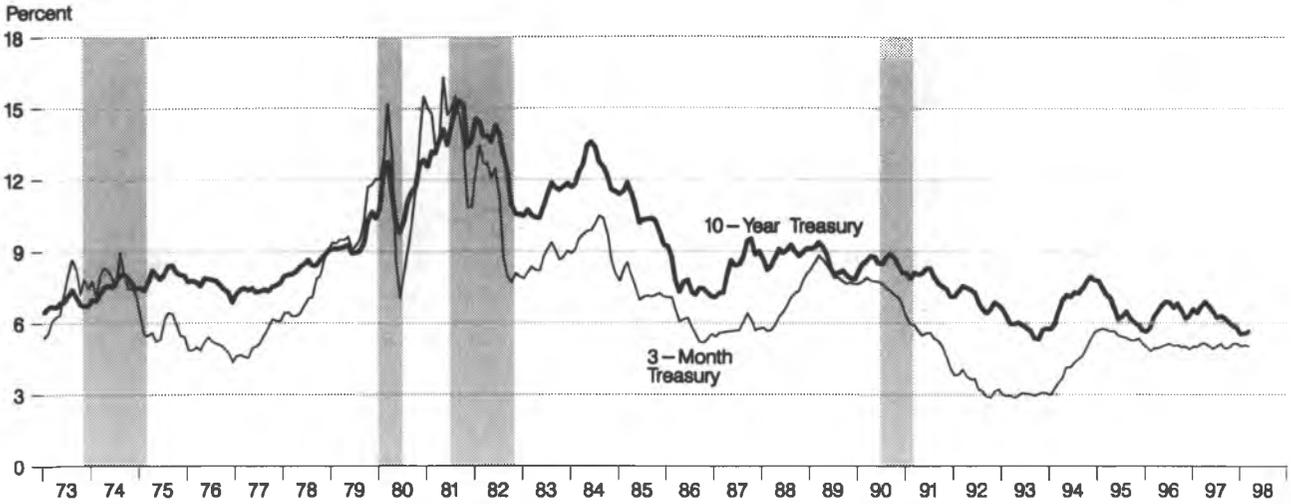
Percent change at annual rate



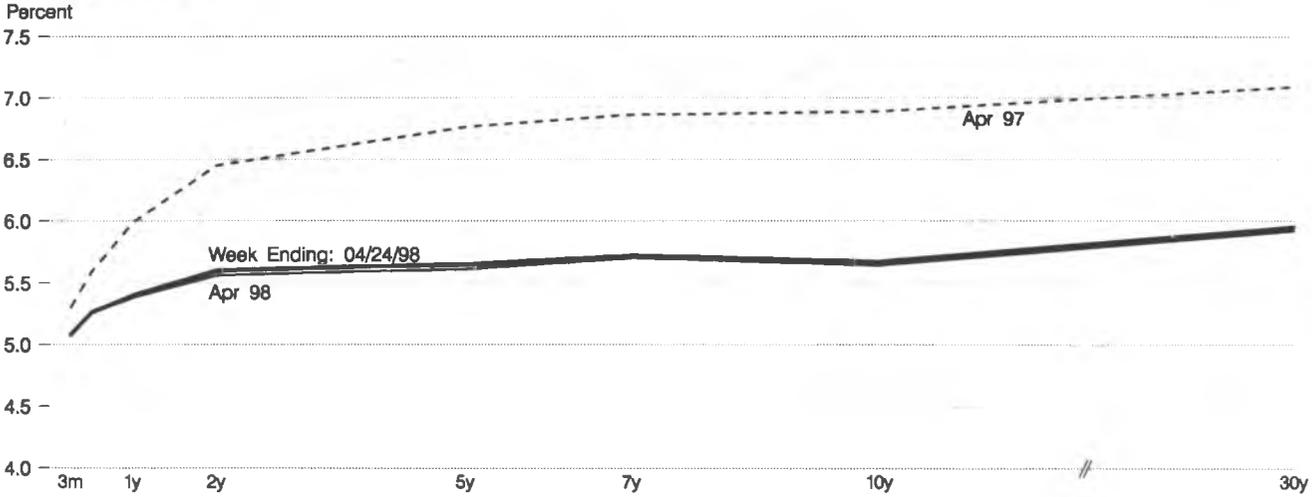
## Contributions to Real GDP Growth Rate

	1996			1997				1998
	2nd	3rd	4th	1st	2nd	3rd	4th	1st
<b>Real GDP</b>	5.97	1.03	4.31	4.89	3.31	3.07	3.71	4.24
<b>Final Sales</b>	5.22	0.16	4.49	3.02	2.48	4.69	2.28	4.03
<b>Change In Inventory</b>	0.78	0.96	-0.29	1.76	0.79	-1.67	1.48	0.16
<b>Consumption</b>	2.53	0.35	2.22	3.56	0.64	3.78	1.67	3.82
<b>Fixed Investment</b>	2.02	1.46	0.45	0.59	1.84	2.13	0.29	2.65
Nonresidential	1.34	1.72	0.66	0.47	1.59	2.11	-0.10	1.99
Residential	0.66	-0.18	-0.17	0.13	0.28	0.10	0.34	0.65
<b>Government</b>	1.29	-0.20	0.02	-0.08	0.54	0.19	0.05	-0.35
Federal	0.58	-0.29	-0.35	-0.38	0.41	-0.07	-0.15	-0.54
State and Local	0.71	0.08	0.37	0.31	0.13	0.26	0.20	0.19
<b>Net Exports</b>	-0.69	-1.51	1.93	-1.18	-0.58	-1.53	0.27	-2.21
Exports	1.13	0.23	2.89	1.24	2.26	0.59	1.09	-0.47
Imports	-1.81	-1.73	-0.94	-2.39	-2.80	-2.11	-0.81	-1.75
<b>Residual</b>	-0.03	-0.08	-0.10	0.20	0.02	0.14	-0.04	0.19

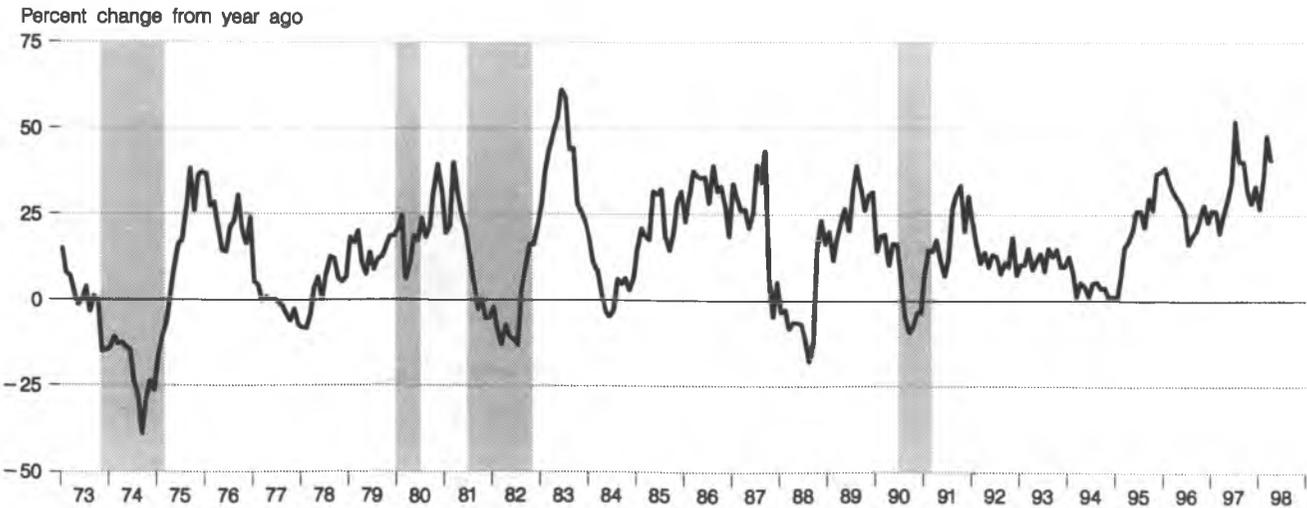
Interest Rates



Treasury Yield Curve

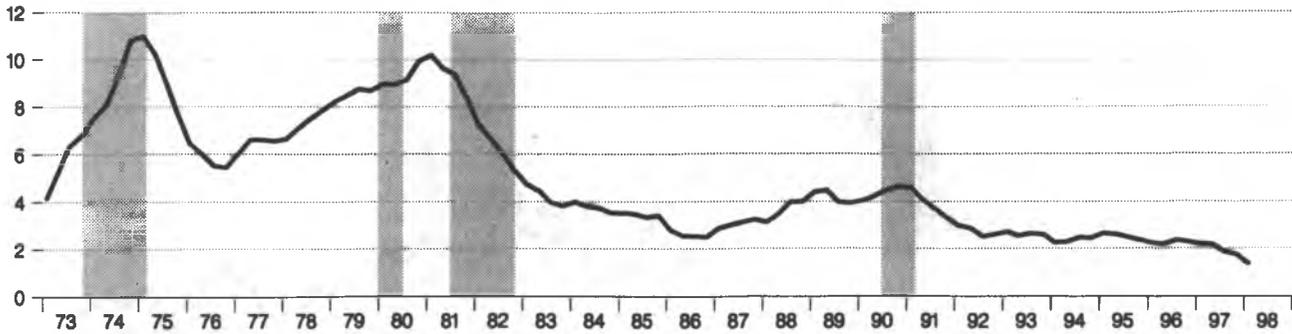


Total Return on Standard and Poor's 500



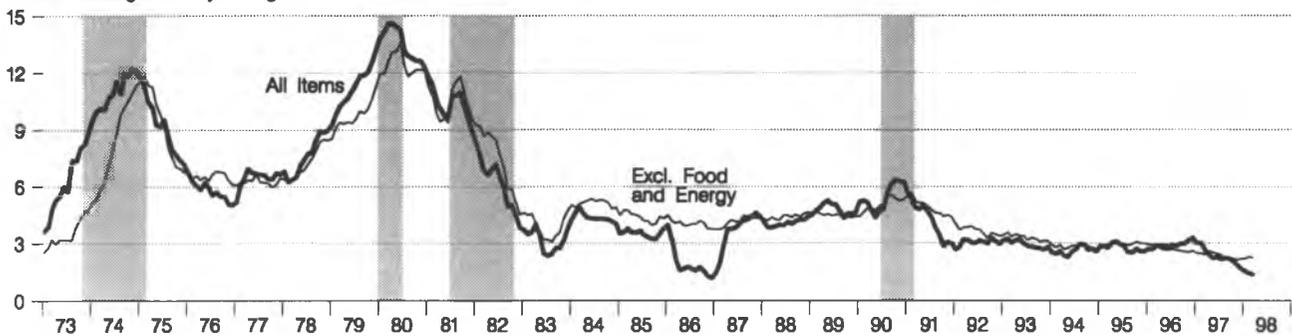
## GDP Chain Price Index

Percent change from year ago



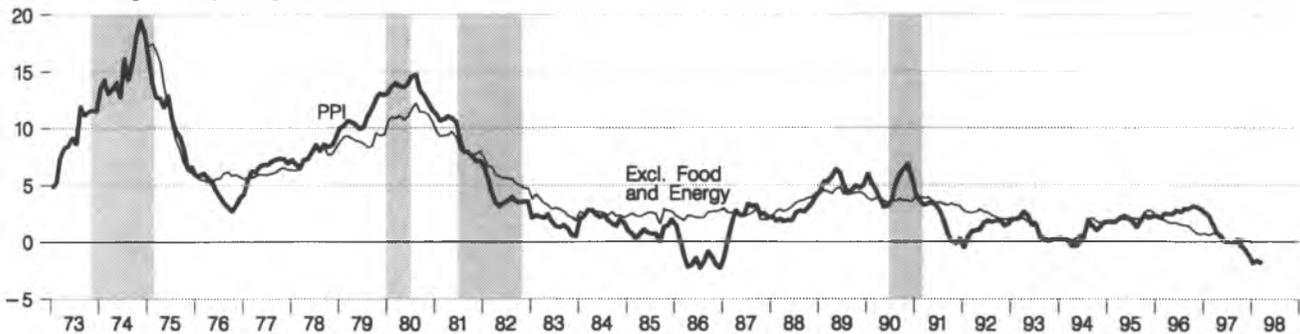
## Consumer Price Index

Percent change from year ago



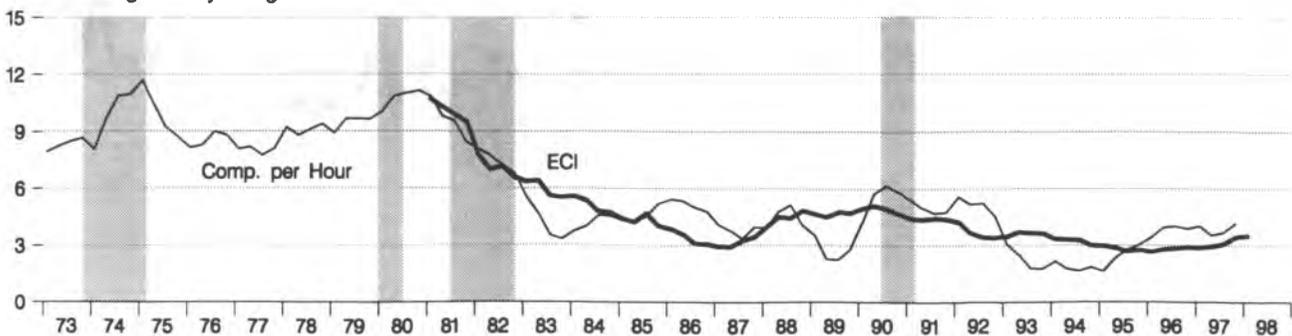
## Producer Price Index, Finished Goods

Percent change from year ago



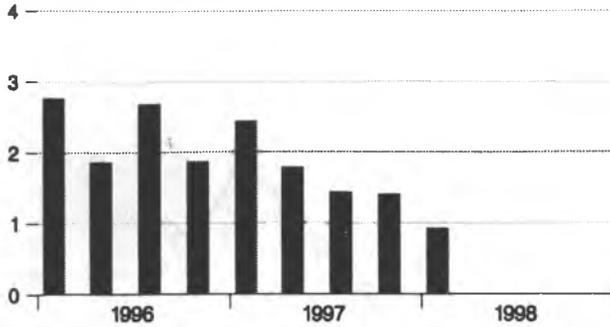
## Employment Cost Index and Compensation per Hour

Percent change from year ago



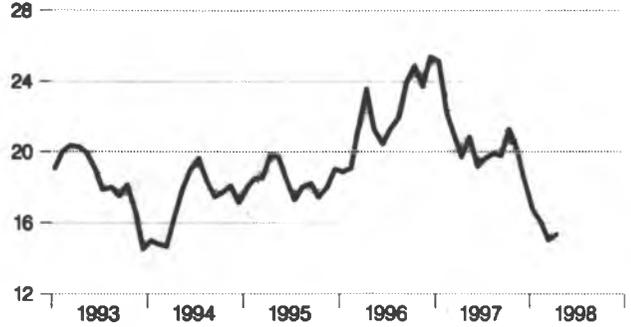
## GDP Chain Price Index

Percent change at annual rate



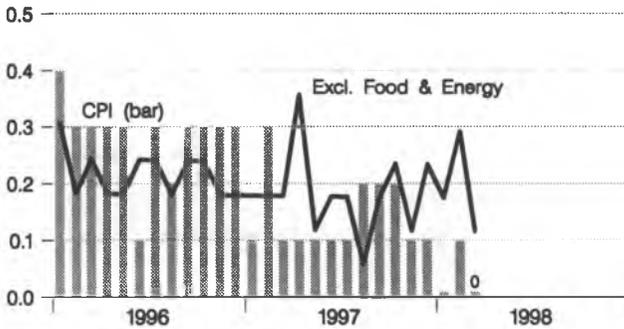
## Crude Oil Price

Dollars per barrel



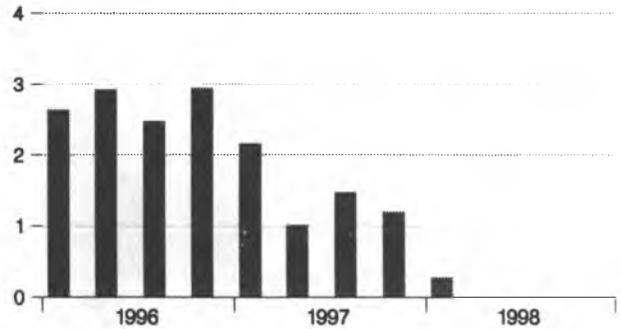
## Consumer Price Index

Percent change



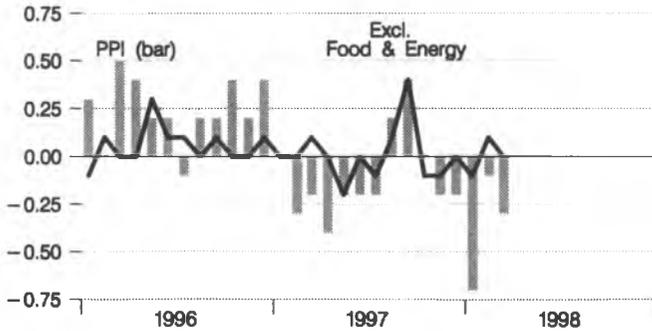
## Consumption Chain Price Index

Percent change at annual rate



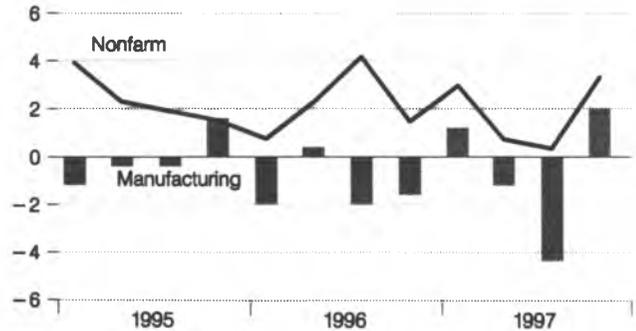
## Producer Price Index, Finished Goods

Percent change



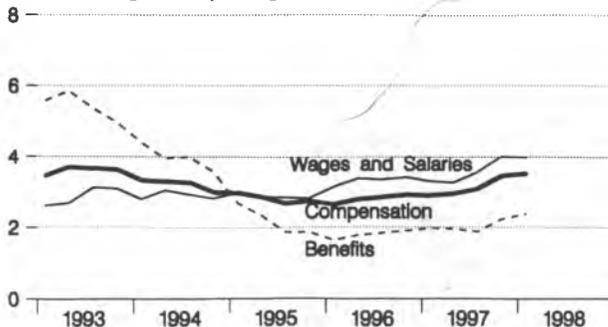
## Unit Labor Cost

Percent change at annual rate



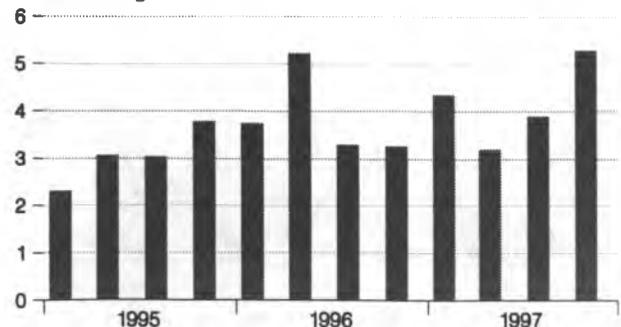
## Employment Cost Index

Percent change from year ago



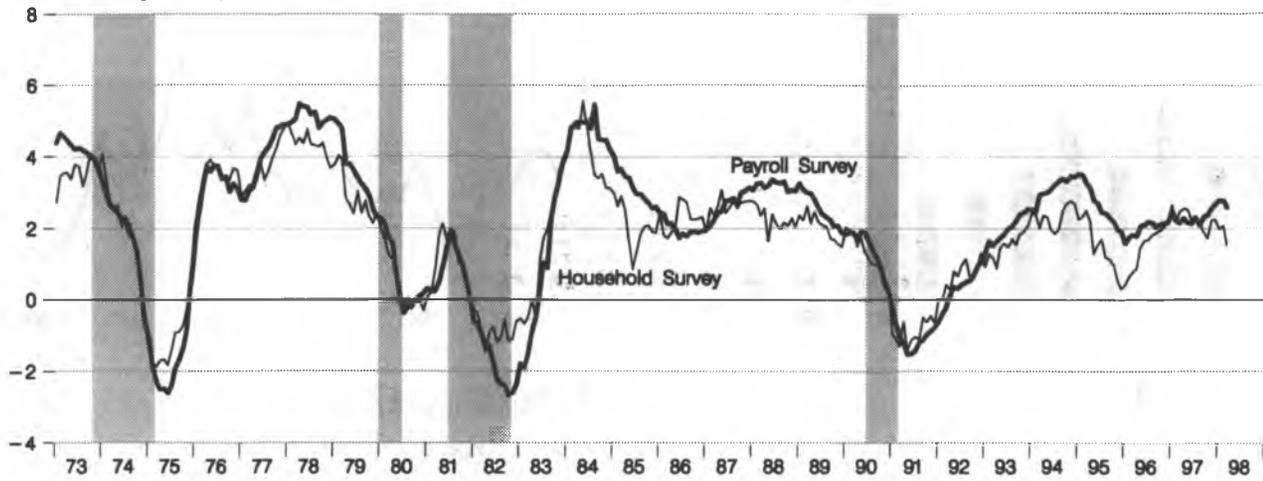
## Compensation per Hour

Percent change at annual rate



## Employment

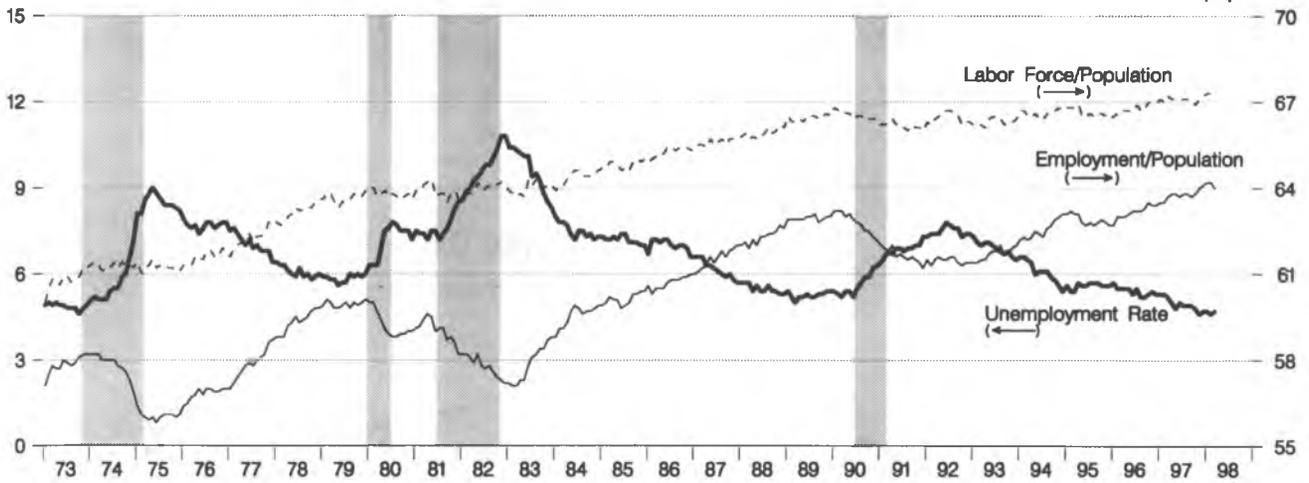
Percent change from year ago



## Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

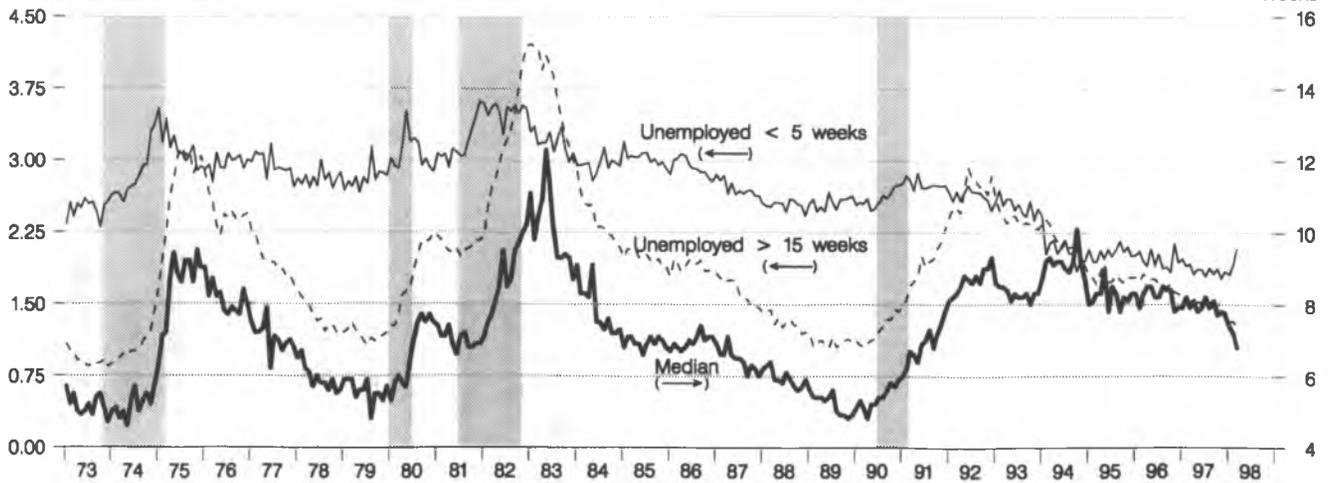
Percent of population



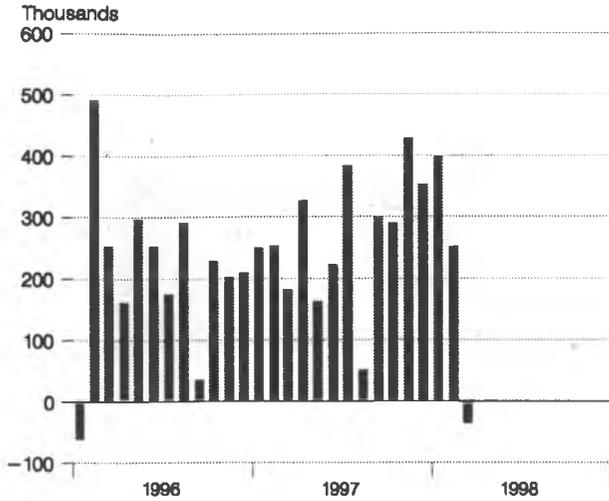
## Duration of Unemployment

Percent of labor force

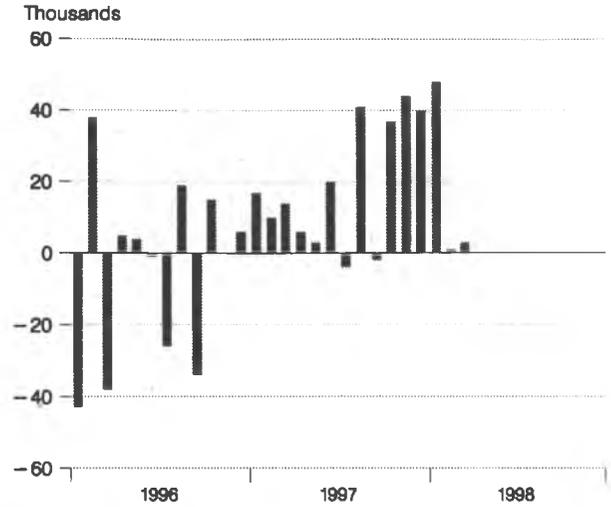
Weeks



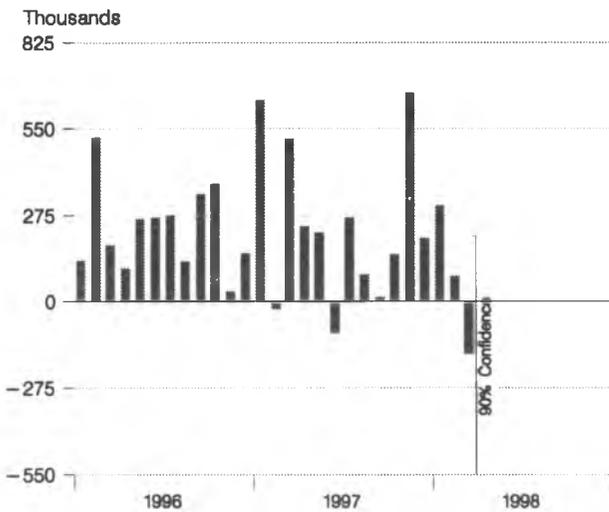
## Change in Nonfarm Payrolls



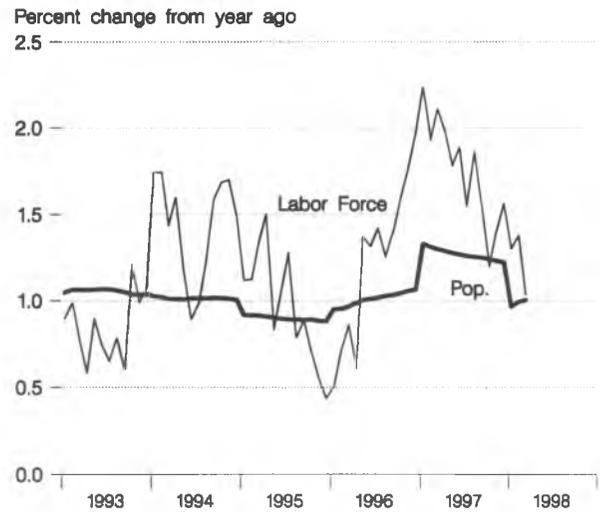
## Change in Manufacturing Payrolls



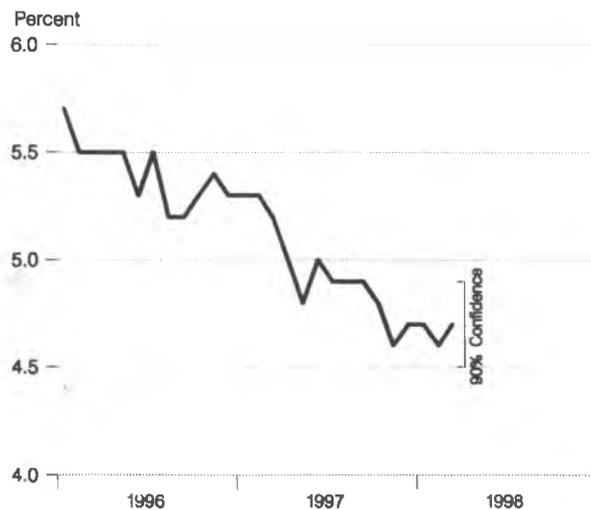
## Change in Household Employment



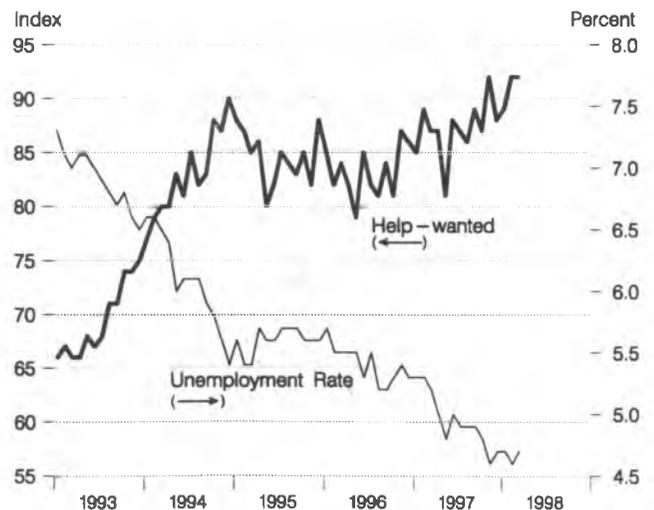
## Labor Force and Population



## Unemployment Rate

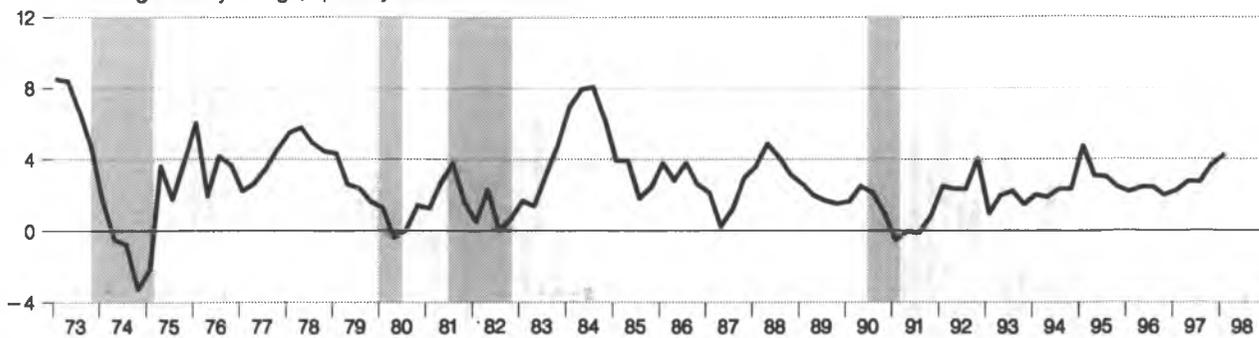


## Help-Wanted Advertising



## Real Disposable Income

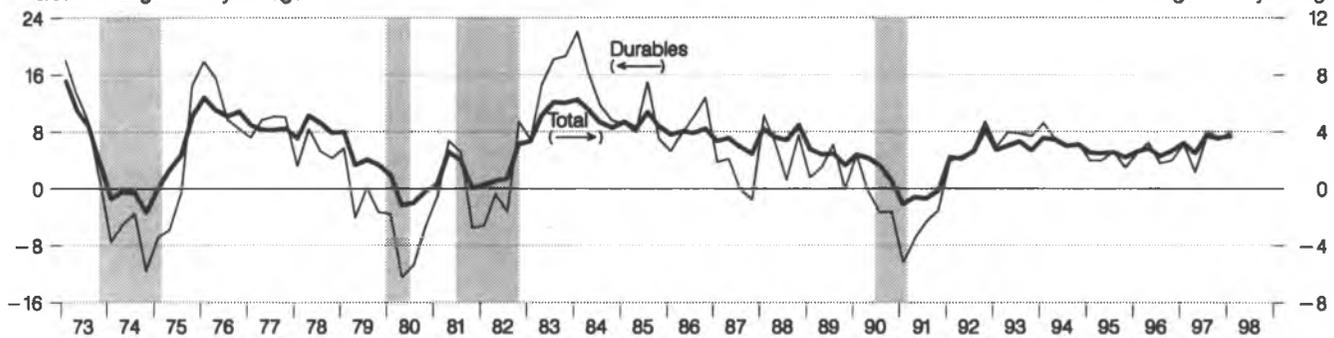
Percent change from year ago, quarterly data



## Real Consumption

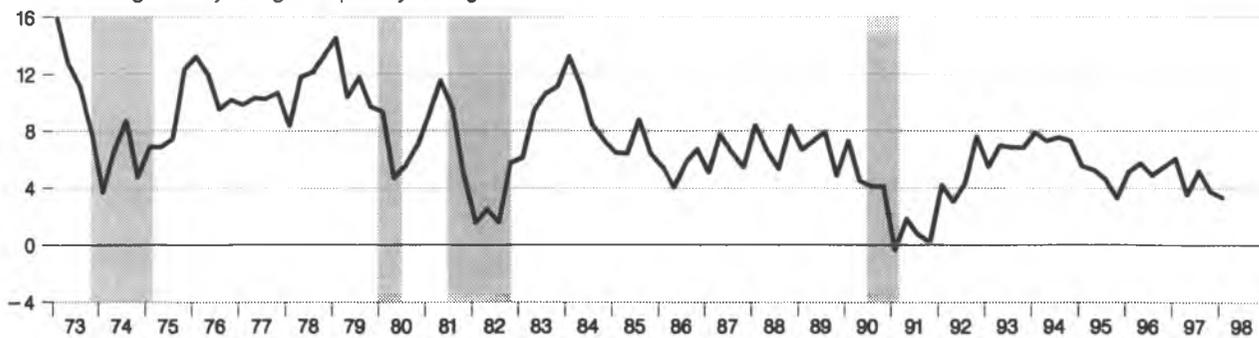
Percent change from year ago

Percent change from year ago



## Retail Sales

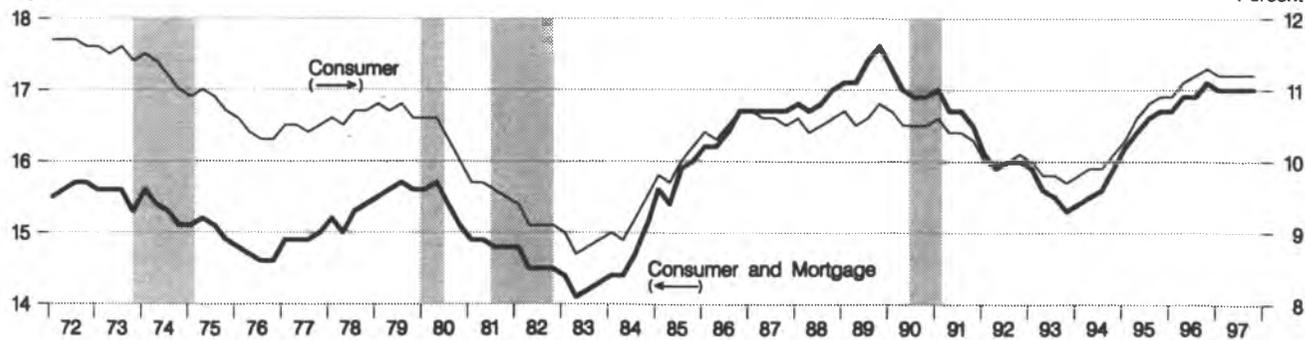
Percent change from year ago of quarterly average



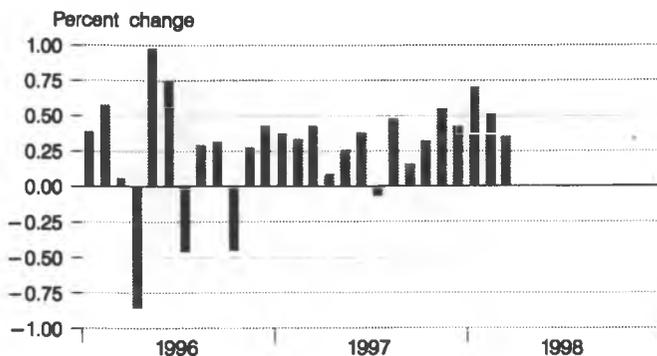
## Debt Service as Percent of Disposable Income

Percent

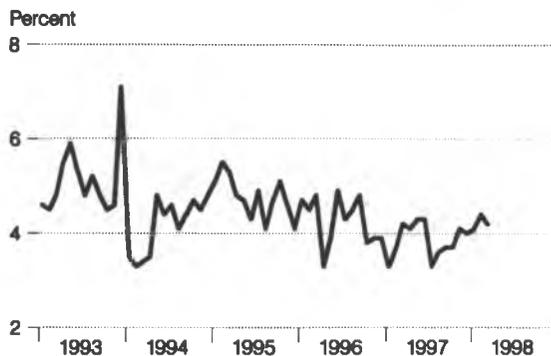
Percent



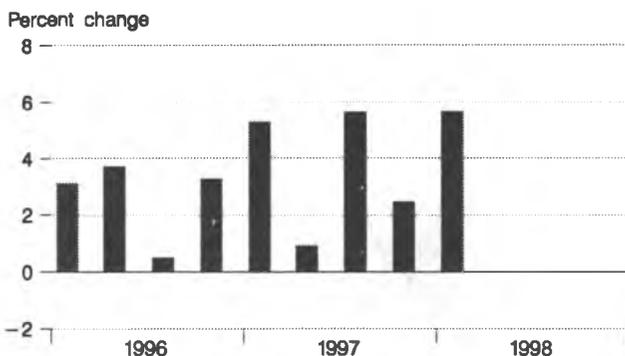
## Real Disposable Income



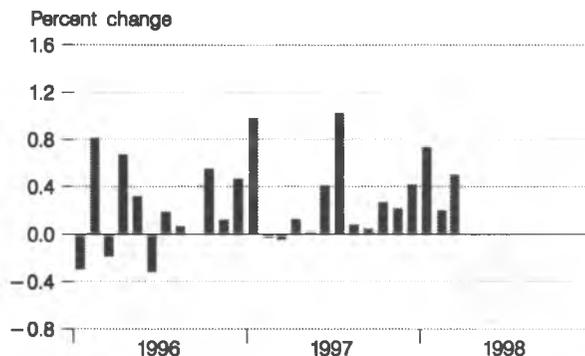
## Personal Saving Rate



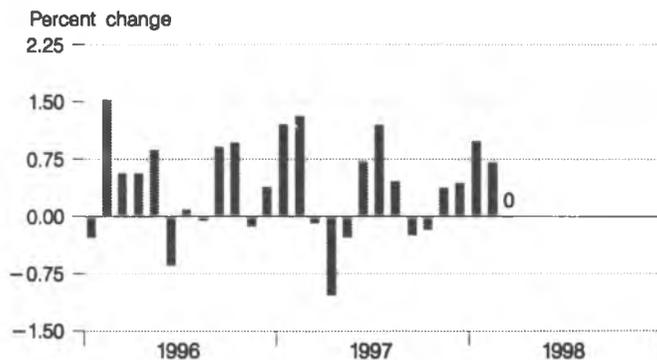
## Real Consumption



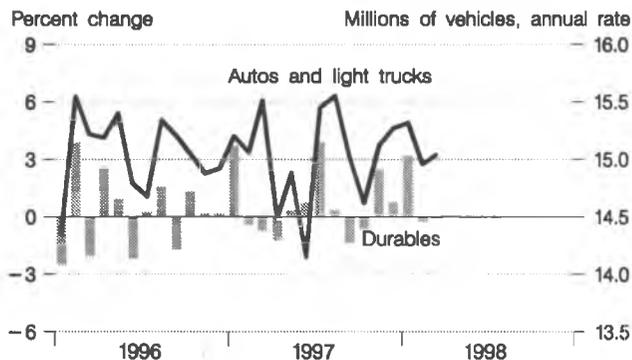
## Real Consumption



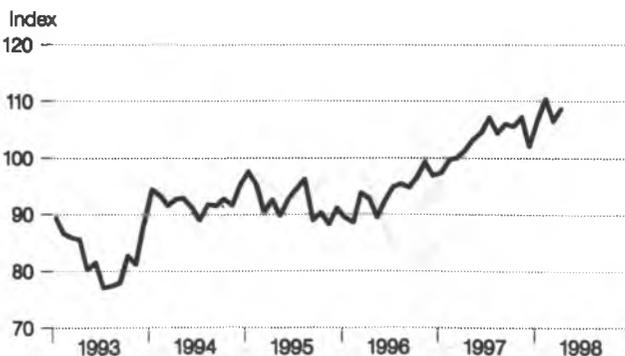
## Retail Sales



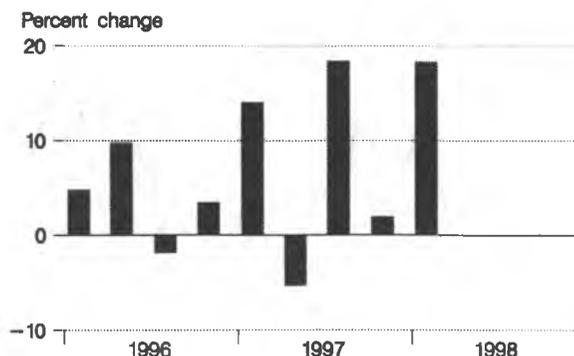
## Real Durables Consumption and Vehicle Sales



## Consumer Sentiment (U. of Michigan)

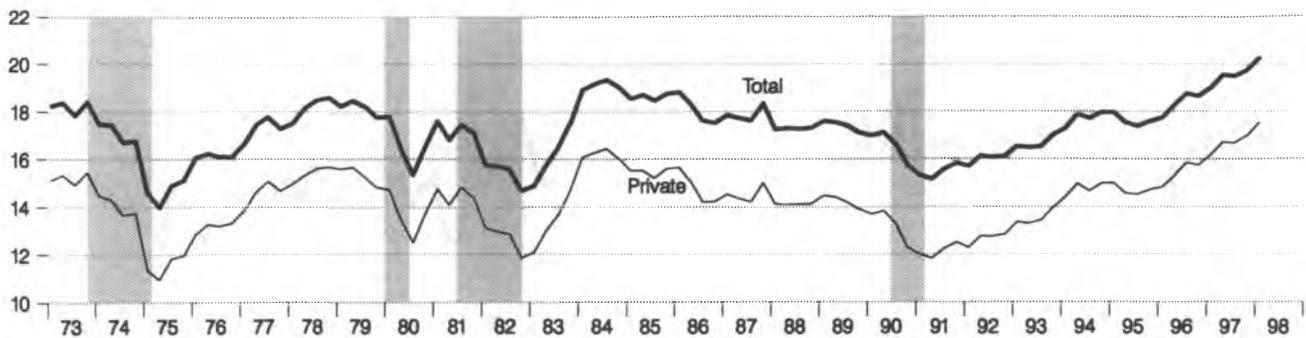


## Real Durables Consumption



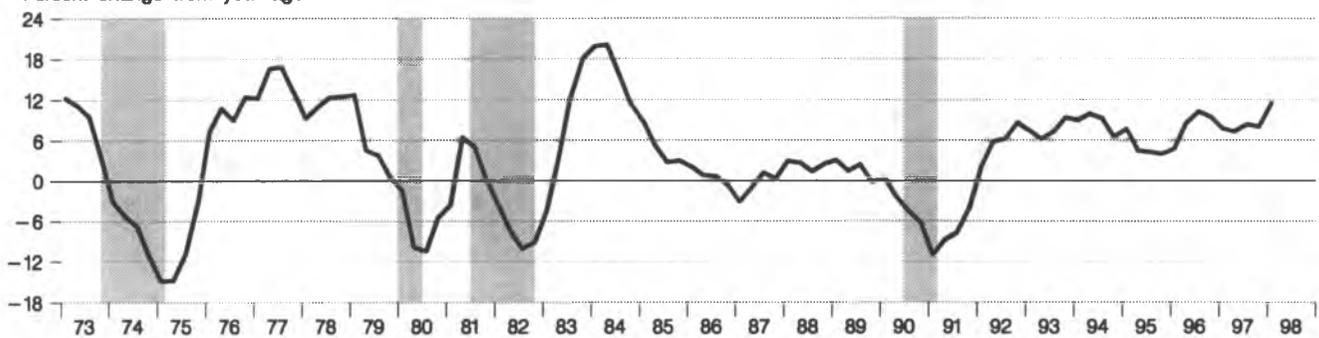
## Real Investment

Percent of GDP



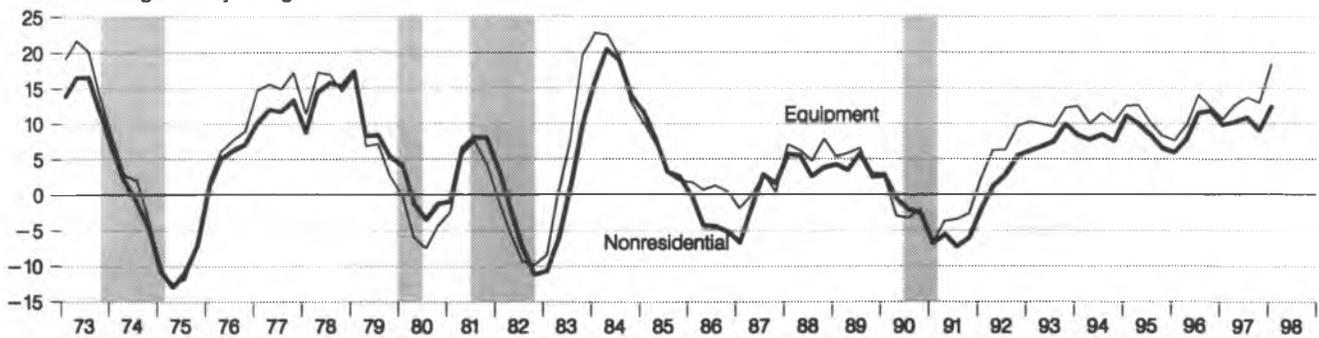
## Real Private Fixed Investment

Percent change from year ago



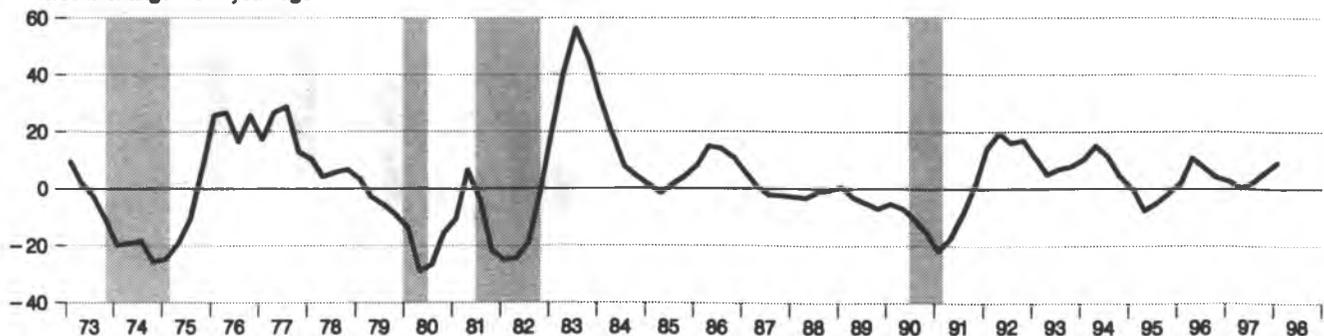
## Real Nonresidential and Producers Durable Equipment Investment

Percent change from year ago

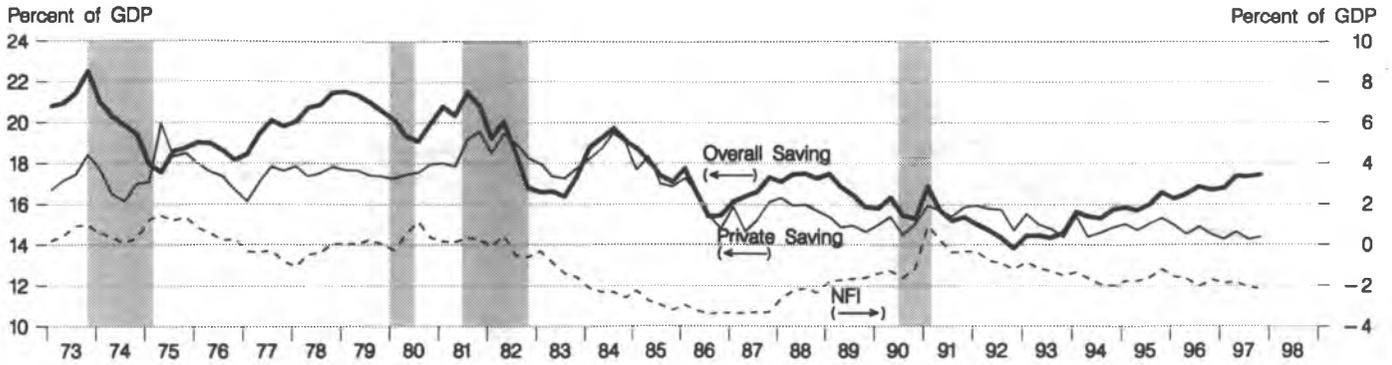


## Real Residential Investment

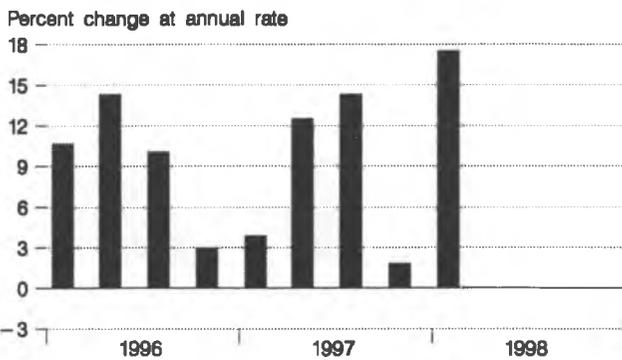
Percent change from year ago



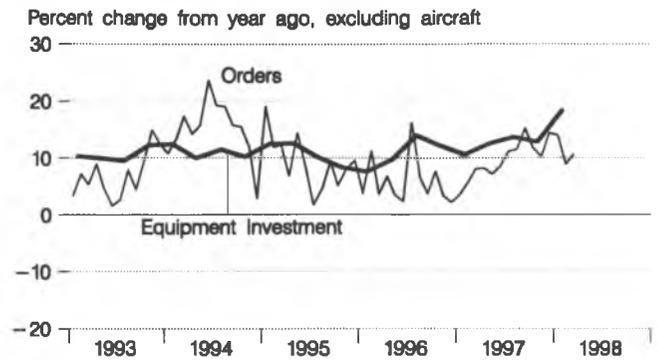
### Gross Saving Rates and Net Foreign Investment



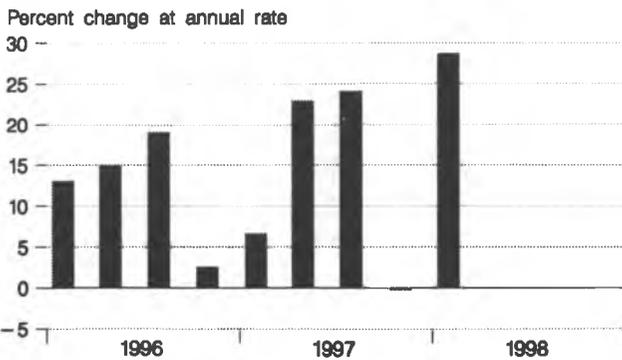
### Real Private Fixed Investment



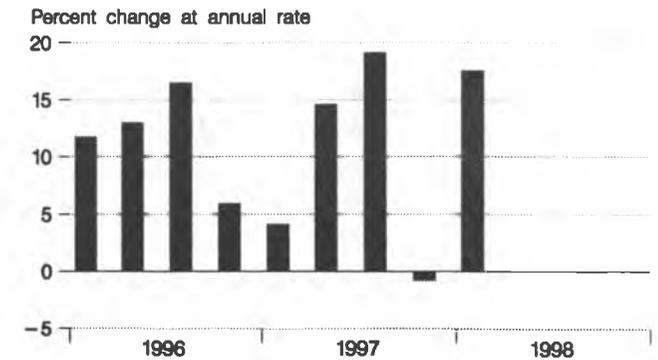
### Nondefense Capital Goods Orders



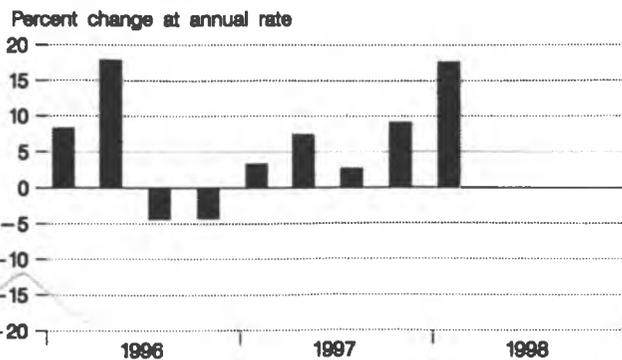
### Real Equipment Investment



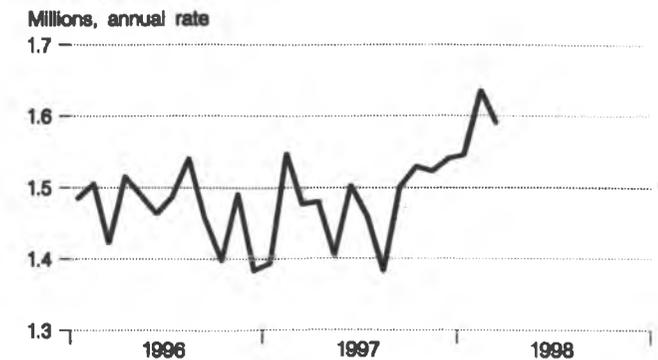
### Real Nonresidential Investment



### Real Residential Investment

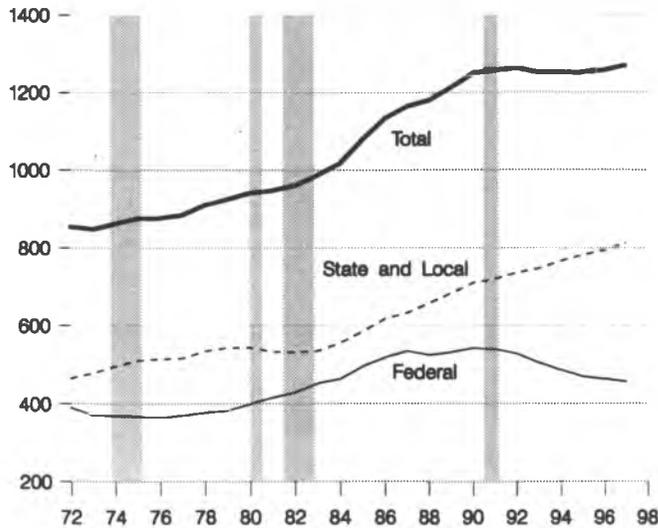


### Housing Starts



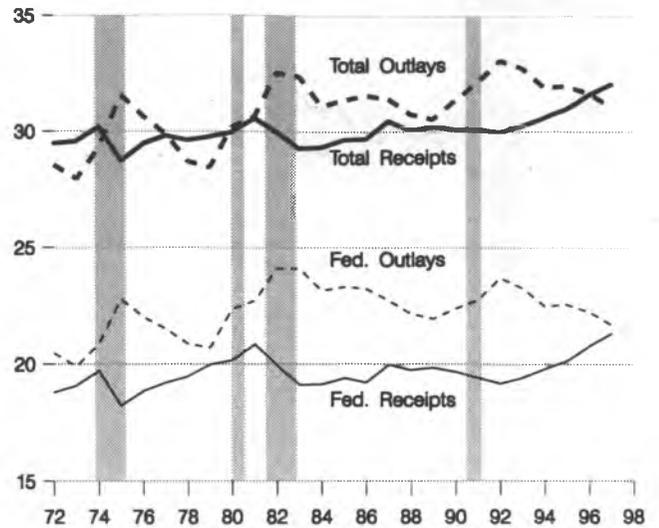
## Govt. Consumption and Investment

Billions of 1992 dollars



## Government Receipts and Outlays

Percent of GDP



## Government Budgets

Billions of dollars

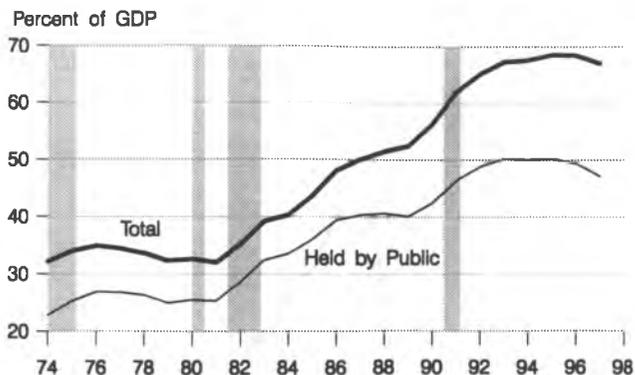
### National Income Accounts Calendar Years

	State and Local			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)
1975	225.6	198.0	27.6	297.4	371.3	-73.9
1976	253.9	217.9	36.0	343.1	400.3	-57.2
1977	281.9	237.1	44.8	389.6	435.9	-46.3
1978	309.3	256.7	52.6	446.5	478.1	-31.6
1979	330.6	278.3	52.3	511.1	529.5	-18.4
1980	361.4	307.0	54.4	561.5	622.5	-61.0
1981	390.8	335.4	55.4	649.3	707.1	-57.8
1982	409.0	357.7	51.3	646.4	781.0	-134.6
1983	443.6	378.8	64.8	671.9	846.3	-174.4
1984	492.0	405.1	86.9	746.9	902.9	-156.0
1985	528.7	437.8	90.9	811.3	974.2	-162.9
1986	570.6	475.7	94.9	850.1	1027.6	-177.5
1987	594.9	511.1	83.8	937.4	1066.3	-128.9
1988	631.4	545.5	85.9	997.2	1118.5	-121.3
1989	681.0	585.9	95.1	1079.3	1192.7	-113.4
1990	728.9	648.8	80.1	1129.8	1284.5	-154.7
1991	784.2	708.4	75.8	1149.0	1345.0	-196.0
1992	844.3	758.0	86.3	1198.5	1479.4	-280.9
1993	894.4	807.0	87.4	1275.1	1525.7	-250.6
1994	949.2	852.3	96.9	1374.8	1561.4	-186.6
1995	999.0	895.9	103.1	1463.2	1637.6	-174.4
1996	1043.4	938.0	105.4	1587.6	1698.1	-110.5
1997	1090.4	982.6	107.8	1723.4	1752.2	-28.8

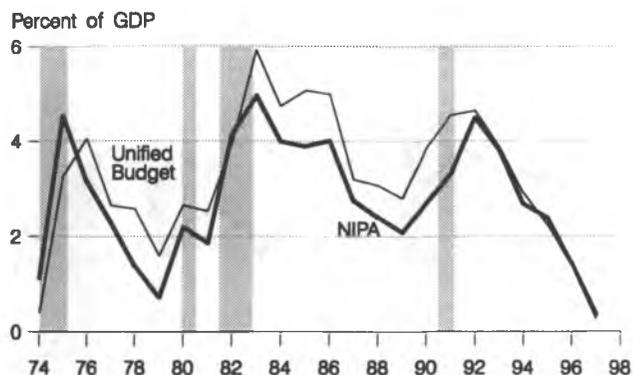
### Unified Budget Fiscal Years

	Federal		
	Receipts	Outlays	Surplus or Deficit(-)
1975	279.1	332.3	-53.2
1976	298.1	371.8	-73.7
1977	355.6	409.2	-53.7
1978	399.6	458.7	-59.2
1979	463.3	504.0	-40.7
1980	517.1	590.9	-73.8
1981	599.3	678.2	-79.0
1982	617.8	745.8	-128.0
1983	600.6	808.4	-207.8
1984	666.5	851.9	-185.4
1985	734.1	946.4	-212.3
1986	769.2	990.5	-221.2
1987	854.4	1004.1	-149.8
1988	909.3	1064.5	-155.2
1989	991.2	1143.7	-152.5
1990	1032.0	1253.2	-221.2
1991	1055.0	1324.4	-269.4
1992	1091.3	1381.7	-290.4
1993	1154.4	1409.4	-255.0
1994	1258.6	1461.7	-203.1
1995	1351.8	1515.7	-163.9
1996	1453.1	1560.5	-107.5
1997	1579.3	1601.2	-21.9

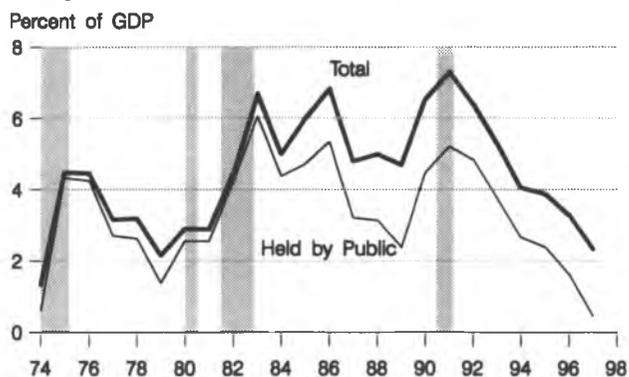
### Federal Debt



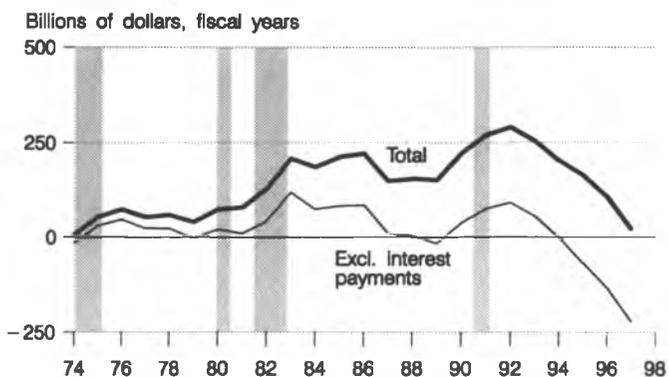
### Federal Deficit



### Change in Federal Debt



### Federal Deficit, Unified Basis

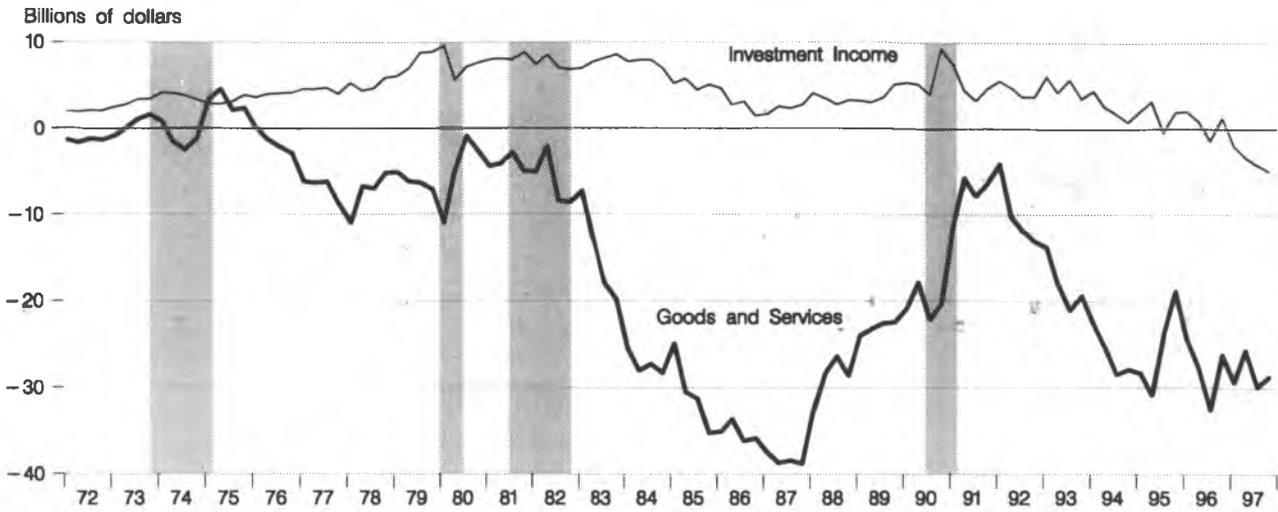


### Federal Government Debt

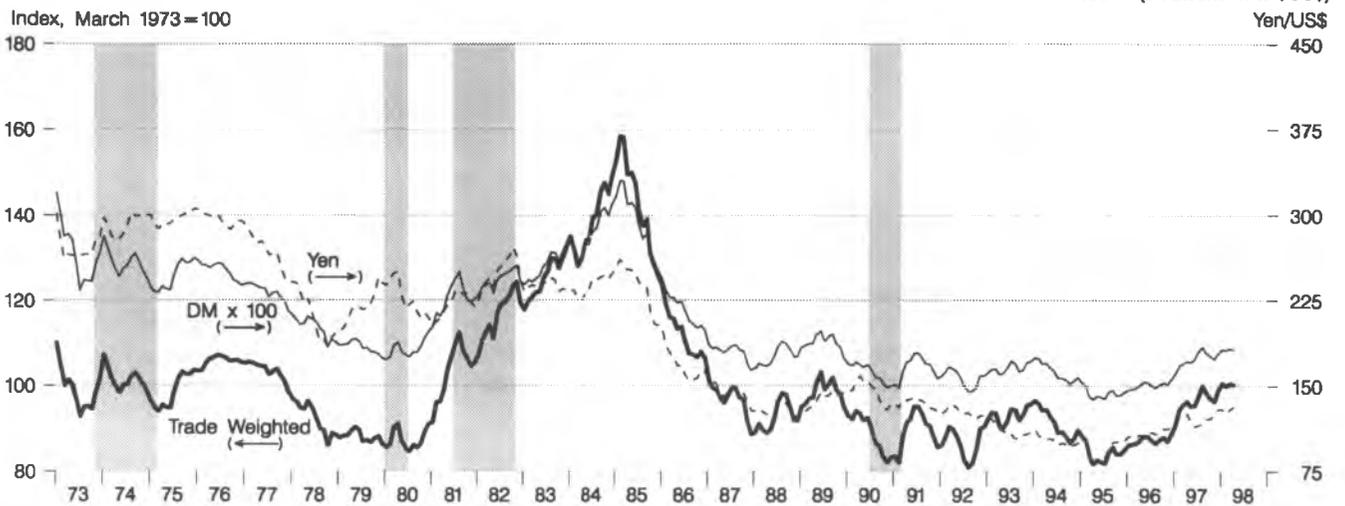
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

	Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
			Total	Federal Reserve Banks	Total	Foreign and International
1993	4411.5	1116.7	3294.8	325.7	2983.0	591.3
1994	4692.8	1213.1	3479.7	355.2	3127.8	655.8
1995	4974.0	1320.8	3653.2	374.1	3279.5	848.4
1996	5224.8	1447.0	3777.8	390.9	3386.2	1026.1
1997	5413.1	1598.5	3814.7	436.5	3388.9	1266.8
1995						
March	4864.1	1254.7	3609.5	369.3	3239.2	729.2
June	4951.4	1316.6	3634.8	389.0	3245.0	784.2
September	4974.0	1320.8	3653.2	374.1	3279.5	848.4
December	4988.7	1304.5	3684.2	391.0	3294.9	862.2
1996						
March	5117.8	1353.8	3764.0	381.0	3382.8	936.6
June	5161.1	1422.4	3738.6	391.0	3347.3	960.3
September	5224.8	1447.0	3777.8	390.9	3386.2	1026.1
December	5323.2	1497.2	3826.0	410.9	3411.2	1135.6
1997						
March	5380.9	1506.8	3874.1	405.6	3451.7	1192.0
June	5376.2	1571.6	3804.6	426.4	3361.7	1221.7
September	5413.1	1598.5	3814.7	436.5	3388.9	1266.8
December	5502.4	1655.7	3846.7	451.9	3393.4	1278.2

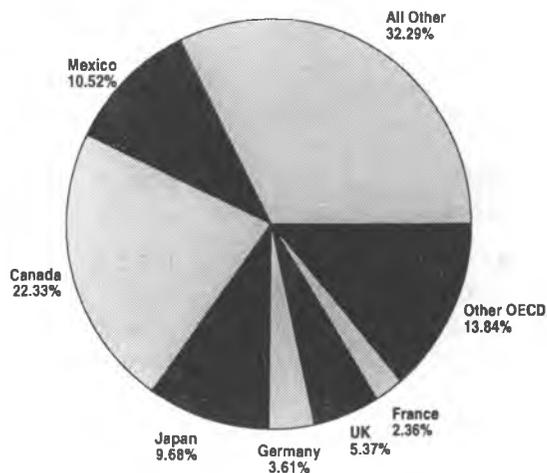
## Trade and Investment Income Balances



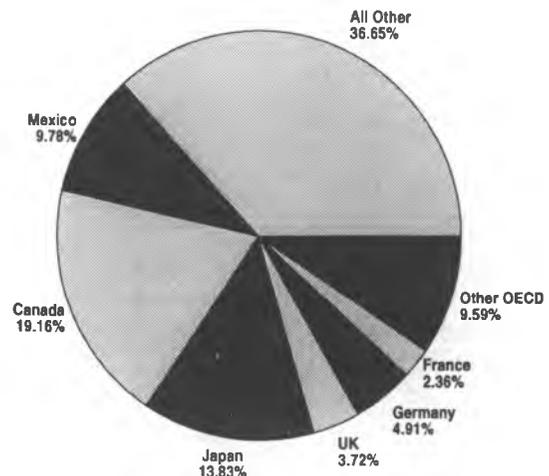
## Exchange Rates



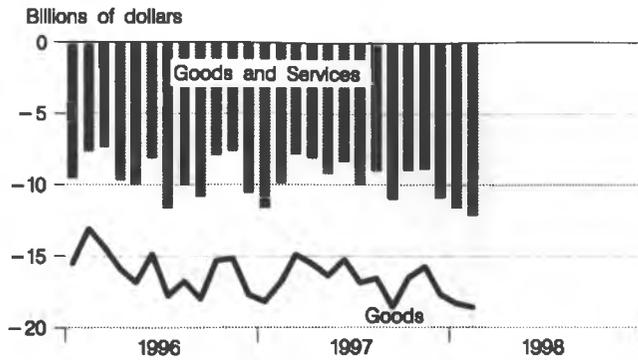
## Goods Export Shares, 1997



## Goods Import Shares, 1997



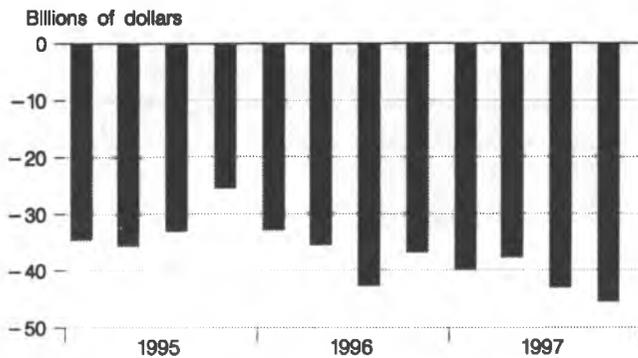
## Trade Balance



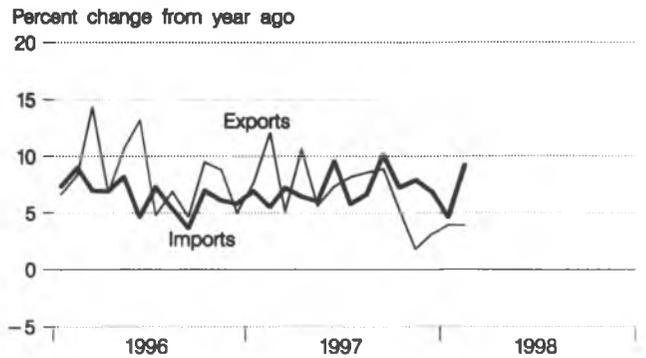
## Goods Trade



## Current Account Balance



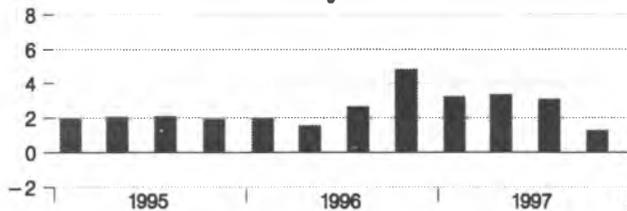
## Services Trade



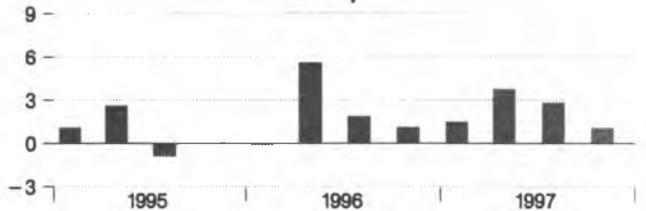
## Real GDP Growth of Major Trading Partners

Percent change at annual rate

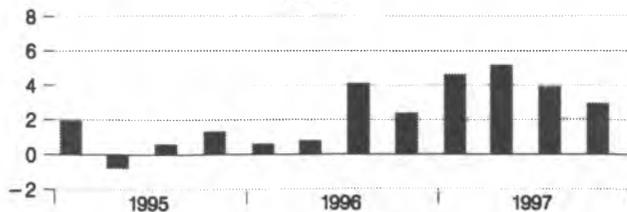
### United Kingdom



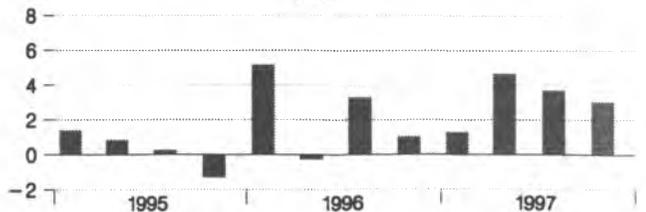
### Germany



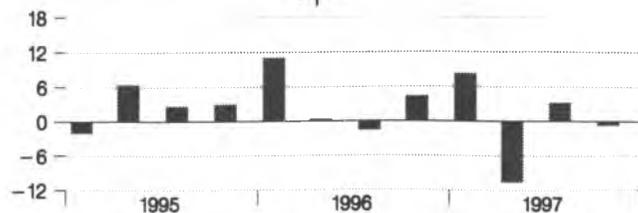
### Canada



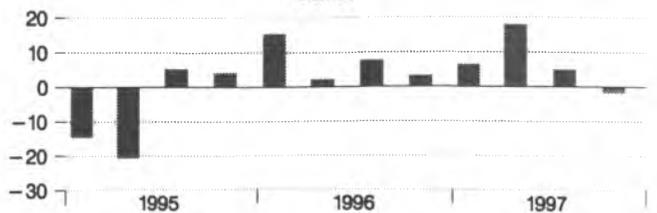
### France



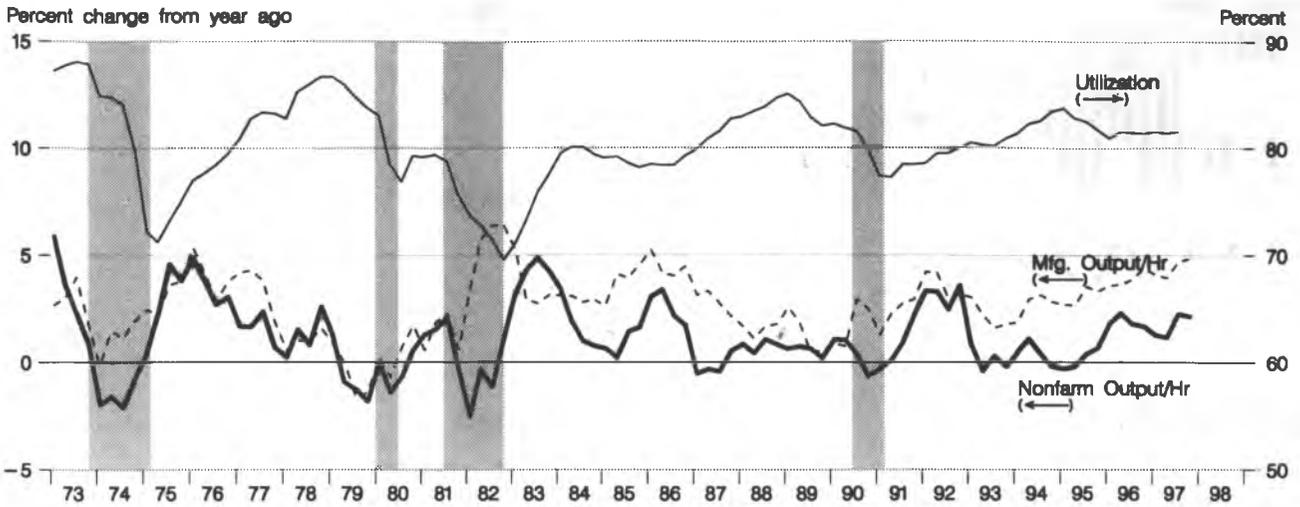
### Japan



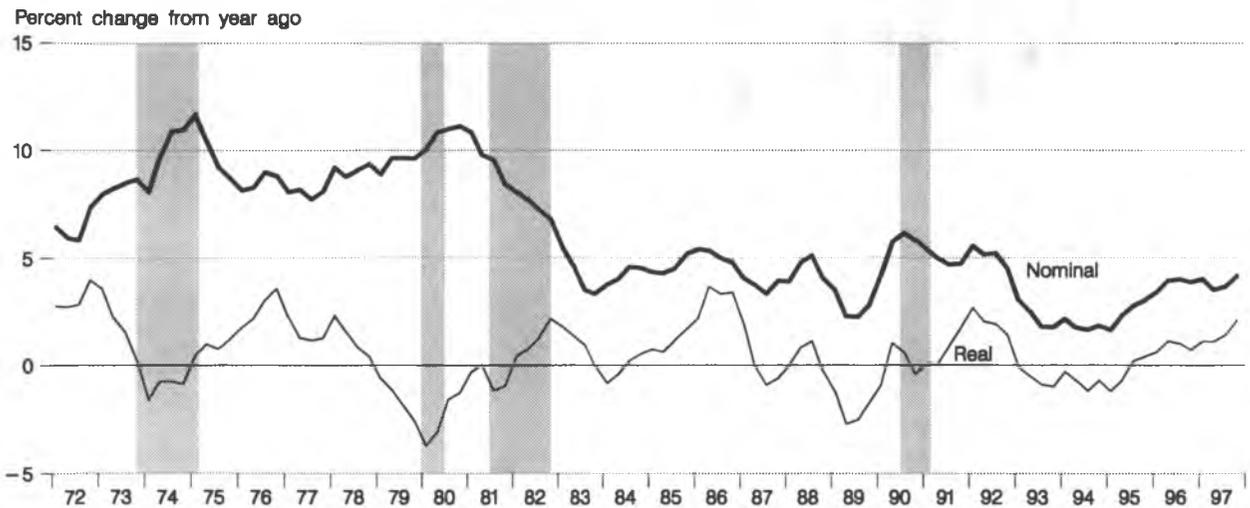
### Mexico



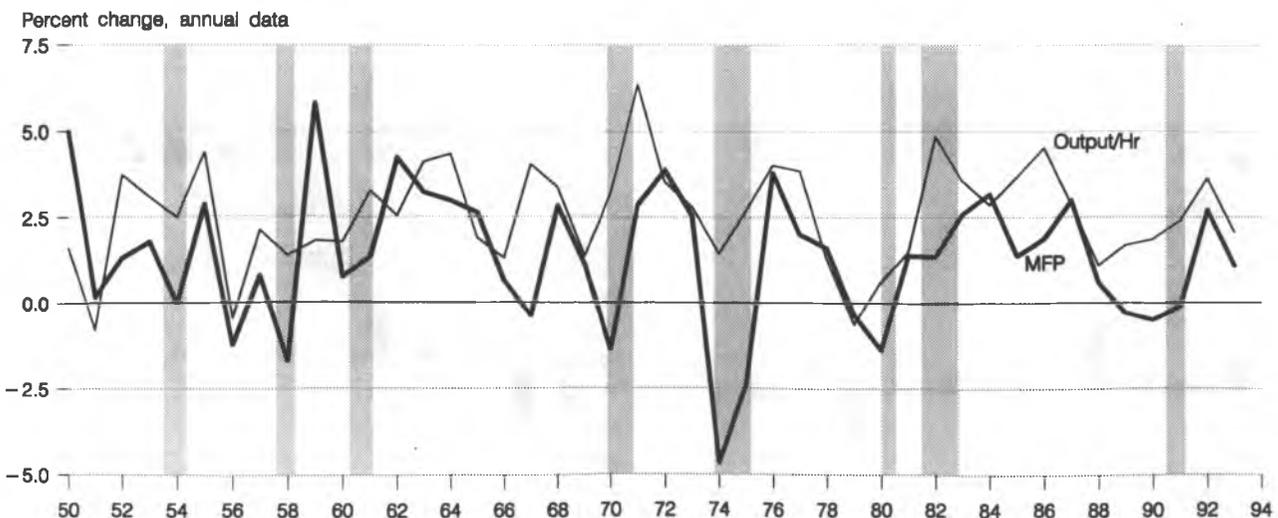
## Output per Hour and Manufacturing Capacity Utilization



## Nonfarm Compensation per Hour

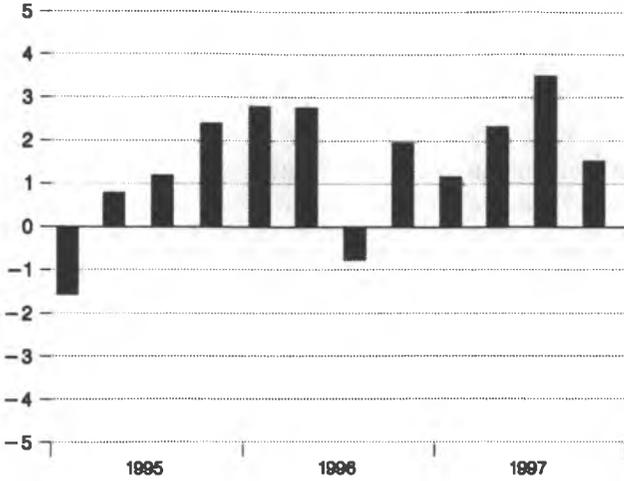


## Output per Hour and Multifactor Productivity, Manufacturing



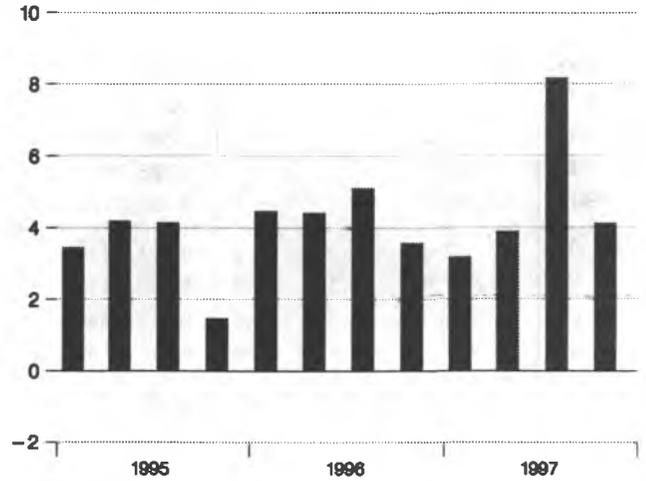
## Nonfarm Output per Hour

Percent change at annual rate



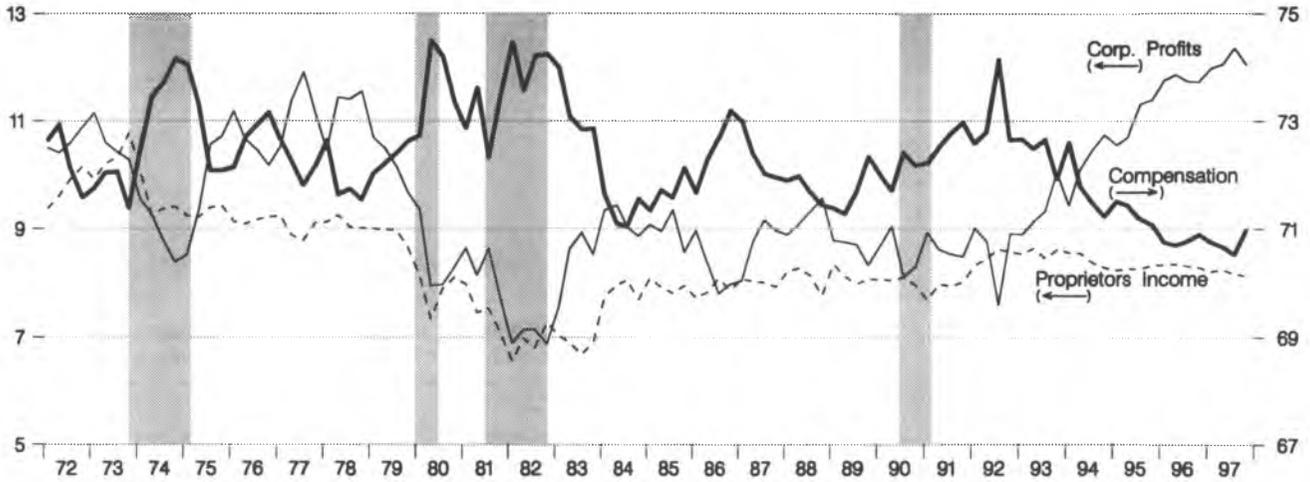
## Manufacturing Output per Hour

Percent change at annual rate



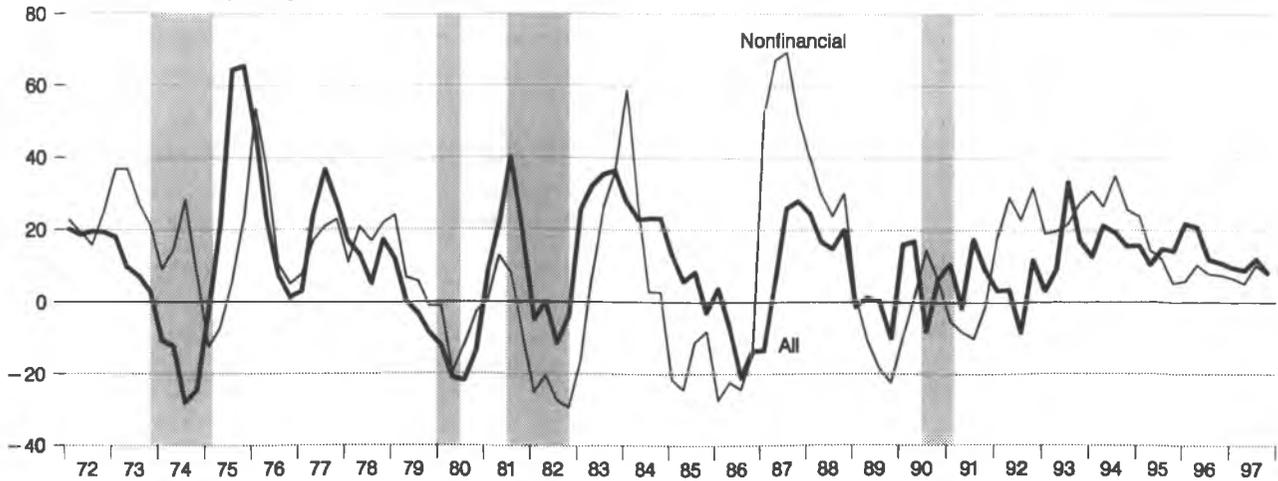
## Selected Component Shares of National Income

Percent



## Corporate Profits after Tax (with IVA and CCAAdj)

Percent change from year ago







		Household Survey Employment				Nonfarm Payroll Employment				Nonfarm Aggregate Hours			
		Thousands	Change	Percent change		Thousands	Change	Percent change		Index	Percent change		
				Annual rate	Year ago			Annual rate	Year ago		Monthly rate	Annual rate	Year ago
1993		120259	1771		1.5	110707	2116		1.9	124.5			2.9
1994		123069	2810		2.3	114145	3438		3.1	129.8			4.2
1995		124903	1834		1.5	117195	3051		2.7	133.4			2.8
1996		126708	1805		1.4	119517	2322		2.0	136.4			2.2
1997		129557	2849		2.2	122263	2746		2.3	140.6			3.1
1996 1		125656	449	1.4	0.6	118471	522	1.8	1.7	134.3	0.1	0.4	1.0
2		126323	667	2.1	1.3	119248	778	2.7	2.0	136.1	1.3	5.5	2.5
3		127067	744	2.4	1.8	119898	649	2.2	2.1	137.0	0.7	2.7	2.5
4		127787	720	2.3	2.1	120452	555	1.9	2.1	138.1	0.8	3.1	2.9
1997 1		128697	910	2.9	2.4	121138	686	2.3	2.3	139.5	1.0	4.1	3.8
2		129387	690	2.2	2.4	121854	715	2.4	2.2	140.1	0.4	1.7	2.9
3		129723	336	1.0	2.1	122575	721	2.4	2.2	140.6	0.4	1.6	2.6
4		130421	698	2.2	2.1	123487	912	3.0	2.5	142.2	1.1	4.5	3.0
1998 1		131080	659	2.0	1.9	124421	934	3.1	2.7	143.9	1.2	4.8	3.2
1996 Mar		125951	180	1.7	0.8	118804	254	2.6	1.8	135.4	0.2	2.7	2.0
Apr		126057	106	1.0	0.9	118966	162	1.6	1.8	135.1	-0.2	-2.6	1.0
May		126321	264	2.5	1.5	119263	297	3.0	2.1	135.7	0.4	5.5	2.9
Jun		126591	270	2.6	1.7	119516	253	2.6	2.1	137.6	1.4	18.2	3.5
Jul		126867	276	2.6	1.7	119691	175	1.8	2.2	136.1	-1.1	-12.3	1.9
Aug		126995	128	1.2	1.8	119983	292	3.0	2.1	137.1	0.7	9.2	2.8
Sep		127338	343	3.3	1.9	120019	36	0.4	2.0	137.9	0.6	7.2	3.0
Oct		127715	377	3.6	1.9	120248	229	2.3	2.1	137.2	-0.5	-5.9	2.1
Nov		127746	31	0.3	2.0	120450	202	2.0	2.1	137.9	0.5	6.3	2.7
Dec		127899	153	1.4	2.2	120659	209	2.1	2.1	139.1	0.9	11.0	3.9
1997 Jan		128541	642	6.2	2.6	120909	250	2.5	2.4	138.2	-0.6	-7.5	4.3
Feb		128515	-26	-0.2	2.2	121162	253	2.5	2.2	140.0	1.3	16.8	3.6
Mar		129035	520	5.0	2.4	121344	182	1.8	2.1	140.2	0.1	1.7	3.5
Apr		129275	240	2.3	2.6	121671	327	3.3	2.3	139.6	-0.4	-5.0	3.3
May		129494	219	2.1	2.5	121834	163	1.6	2.2	140.0	0.3	3.5	3.2
Jun		129392	-102	-0.9	2.2	122056	222	2.2	2.1	140.6	0.4	5.3	2.2
Jul		129661	269	2.5	2.2	122440	384	3.8	2.3	140.2	-0.3	-3.4	3.0
Aug		129747	86	0.8	2.2	122492	52	0.5	2.1	140.8	0.4	5.3	2.7
Sep		129761	14	0.1	1.9	122792	300	3.0	2.3	140.9	0.1	0.9	2.2
Oct		129910	149	1.4	1.7	123083	291	2.9	2.4	141.2	0.2	2.6	2.9
Nov		130575	665	6.3	2.2	123512	429	4.3	2.5	142.9	1.2	15.4	3.6
Dec		130777	202	1.9	2.3	123866	354	3.5	2.7	142.5	-0.3	-3.3	2.4
1998 Jan		131083	306	2.8	2.0	124265	399	3.9	2.8	143.6	0.8	9.7	3.9
Feb		131163	80	0.7	2.1	124517	252	2.5	2.8	144.5	0.6	7.8	3.2
Mar		130994	-169	-1.5	1.5	124481	-36	-0.3	2.6	143.5	-0.7	-8.0	2.4

	Unempl. Rate	Retail Sales				Industrial Production				Treasury Yields		
		Billions of dollars	Percent change			Index	Percent change			3-mo	10-yr	
			Monthly/quarterly	Annual rate	Year ago		Monthly/quarterly	Annual rate	Year ago			
1993	6.9	2072.434			6.5	103.554			3.6	3.00	5.86	
1994	6.1	2227.838			7.5	109.171			5.4	4.25	7.08	
1995	5.6	2331.617			4.7	114.543			4.9	5.49	6.58	
1996	5.4	2455.234			5.3	118.499			3.5	5.01	6.44	
1997	5.0	2568.316			4.6	124.423			5.0	5.06	6.35	
1996	1	5.6	602.441	1.7	7.1	5.2	116.105	0.5	2.0	2.3	4.93	5.91
	2	5.4	613.436	1.8	7.5	5.7	118.228	1.8	7.5	3.8	5.02	6.72
	3	5.3	614.749	0.2	0.9	4.9	119.270	0.9	3.6	3.5	5.10	6.78
	4	5.3	624.608	1.6	6.6	5.5	120.393	0.9	3.8	4.2	4.98	6.34
1997	1	5.3	638.871	2.3	9.5	6.0	121.940	1.3	5.2	5.0	5.06	6.56
	2	4.9	635.010	-0.6	-2.4	3.5	123.312	1.1	4.6	4.3	5.05	6.70
	3	4.9	646.541	1.8	7.5	5.2	125.119	1.5	6.0	4.9	5.05	6.24
	4	4.7	647.894	0.2	0.8	3.7	127.321	1.8	7.2	5.8	5.09	5.90
1998	1	4.7	660.046	1.9	7.7	3.3	127.611	0.2	0.9	4.7	5.05	5.59
1996	Apr	5.5	203.736	0.6	7.0	6.4	117.530	1.1	13.6	3.5	4.95	6.51
	May	5.5	205.513	0.9	11.0	6.0	118.257	0.6	7.7	3.8	5.02	6.74
	Jun	5.3	204.187	-0.6	-7.5	4.8	118.897	0.5	6.7	4.0	5.09	6.91
	Jul	5.5	204.374	0.1	1.1	5.1	118.943	0.0	0.5	4.1	5.15	6.87
	Aug	5.2	204.256	-0.1	-0.7	4.3	119.253	0.3	3.2	3.3	5.05	6.64
	Sep	5.2	206.119	0.9	11.5	5.2	119.613	0.3	3.7	3.2	5.09	6.83
	Oct	5.3	208.113	1.0	12.2	6.4	119.650	0.0	0.4	3.7	4.99	6.53
	Nov	5.4	207.844	-0.1	-1.5	5.2	120.587	0.8	9.8	4.3	5.03	6.20
	Dec	5.3	208.651	0.4	4.8	4.9	120.943	0.3	3.6	4.7	4.91	6.30
1997	Jan	5.3	211.170	1.2	15.5	6.4	121.288	0.3	3.5	5.2	5.03	6.58
	Feb	5.3	213.945	1.3	17.0	6.2	122.064	0.6	8.0	4.6	5.01	6.42
	Mar	5.2	213.756	-0.1	-1.1	5.5	122.468	0.3	4.0	5.3	5.14	6.69
	Apr	5.0	211.552	-1.0	-11.7	3.8	123.073	0.5	6.1	4.7	5.16	6.89
	May	4.8	210.972	-0.3	-3.2	2.7	123.316	0.2	2.4	4.3	5.05	6.71
	Jun	5.0	212.486	0.7	9.0	4.1	123.546	0.2	2.3	3.9	4.93	6.49
	Jul	4.9	215.031	1.2	15.4	5.2	124.527	0.8	10.0	4.7	5.05	6.22
	Aug	4.9	216.022	0.5	5.7	5.8	125.246	0.6	7.2	5.0	5.14	6.30
	Sep	4.9	215.488	-0.2	-2.9	4.5	125.585	0.3	3.3	5.0	4.95	6.21
	Oct	4.8	215.113	-0.2	-2.1	3.4	126.550	0.8	9.6	5.8	4.97	6.03
	Nov	4.6	215.914	0.4	4.6	3.9	127.528	0.8	9.7	5.8	5.14	5.87
	Dec	4.7	216.867	0.4	5.4	3.9	127.884	0.3	3.4	5.7	5.16	5.81
1998	Jan	4.7	219.004	1.0	12.5	3.7	127.688	-0.2	-1.8	5.3	5.04	5.54
	Feb	4.6	220.549	0.7	8.8	3.1	127.452	-0.2	-2.2	4.4	5.09	5.57
	Mar	4.7	220.493	-0.0	-0.3	3.2	127.693	0.2	2.3	4.3	5.03	5.65

# National Economic Trends

		Consumer Price Index					Consumer Price Index less Food and Energy					Producer Price Index Finished Goods			
		Index	Percent change				Index	Percent change				Index	Percent change		
			Monthly/ quarterly	Annual rate	Year ago	Year to date		Monthly/ quarterly	Annual rate	Year ago	Year to date		Monthly/ quarterly	Annual rate	Year ago
1993		144.6		3.0		152.4		3.3		124.7		1.2			
1994		148.3		2.6		156.7		2.8		125.5		0.6			
1995		152.5		2.8		161.4		3.0		127.9		1.9			
1996		157.0		2.9		165.8		2.7		131.3		2.6			
1997		160.6		2.3		169.7		2.4		131.8		0.4			
1996	1	155.1	0.8	3.2	2.8	3.2	164.2	0.7	2.6	2.9	2.6	129.9	0.9	3.8	2.2
	2	156.5	0.9	3.7	2.9	3.5	165.2	0.6	2.5	2.7	2.5	131.1	0.9	3.7	2.5
	3	157.5	0.6	2.4	2.9	3.1	166.3	0.7	2.7	2.7	2.6	131.5	0.3	1.2	2.8
	4	158.8	0.8	3.3	3.2	3.2	167.4	0.6	2.6	2.6	2.6	132.6	0.8	3.3	3.0
1997	1	159.6	0.5	2.2	2.9	2.2	168.3	0.5	2.2	2.5	2.2	132.7	0.1	0.2	2.1
	2	160.2	0.3	1.3	2.3	1.8	169.4	0.7	2.7	2.5	2.4	131.7	-0.8	-3.0	0.4
	3	160.9	0.5	1.9	2.2	1.8	170.2	0.4	1.7	2.3	2.2	131.4	-0.2	-0.8	-0.1
	4	161.8	0.5	2.1	1.9	1.9	171.1	0.5	2.1	2.2	2.2	131.6	0.2	0.6	-0.8
1998	1	162.0	0.1	0.5	1.5	0.5	172.1	0.6	2.4	2.3	2.4	130.3	-1.0	-3.9	-1.8
1996	Mar	155.6	0.4	4.7	2.9	4.0	164.6	0.2	3.0	2.9	3.0	130.4	0.5	6.7	2.4
	Apr	156.2	0.4	4.7	2.9	4.1	164.9	0.2	2.2	2.7	2.8	130.9	0.4	4.7	2.4
	May	156.6	0.3	3.1	2.9	3.9	165.2	0.2	2.2	2.7	2.7	131.1	0.2	1.8	2.4
	Jun	156.8	0.1	1.5	2.8	3.5	165.6	0.2	2.9	2.7	2.7	131.4	0.2	2.8	2.7
	Jul	157.2	0.3	3.1	2.9	3.5	166.0	0.2	2.9	2.7	2.7	131.3	-0.1	-0.9	2.6
	Aug	157.4	0.1	1.5	2.9	3.2	166.3	0.2	2.2	2.7	2.7	131.5	0.2	1.8	2.9
	Sep	157.8	0.3	3.1	3.0	3.2	166.7	0.2	2.9	2.6	2.7	131.8	0.2	2.8	2.9
	Oct	158.3	0.3	3.9	3.0	3.3	167.1	0.2	2.9	2.6	2.7	132.3	0.4	4.6	3.1
	Nov	158.8	0.3	3.9	3.2	3.3	167.4	0.2	2.2	2.6	2.7	132.5	0.2	1.8	3.0
	Dec	159.2	0.3	3.1	3.3	3.3	167.7	0.2	2.2	2.6	2.6	133.0	0.4	4.6	2.9
1997	Jan	159.4	0.1	1.5	3.0	1.5	168.0	0.2	2.2	2.5	2.2	133.0	0.0	0.0	2.5
	Feb	159.7	0.2	2.3	3.0	1.9	168.3	0.2	2.2	2.5	2.2	132.6	-0.3	-3.5	2.2
	Mar	159.8	0.1	0.8	2.7	1.5	168.6	0.2	2.2	2.4	2.2	132.4	-0.2	-1.8	1.5
	Apr	160.0	0.1	1.5	2.4	1.5	169.2	0.4	4.4	2.6	2.7	131.9	-0.4	-4.4	0.8
	May	160.1	0.1	0.8	2.2	1.4	169.4	0.1	1.4	2.5	2.5	131.7	-0.2	-1.8	0.5
	Jun	160.4	0.2	2.3	2.3	1.5	169.7	0.2	2.1	2.5	2.4	131.4	-0.2	-2.7	0.0
	Jul	160.6	0.1	1.5	2.2	1.5	170.0	0.2	2.1	2.4	2.4	131.1	-0.2	-2.7	-0.2
	Aug	160.9	0.2	2.3	2.2	1.6	170.1	0.1	0.7	2.3	2.2	131.3	0.2	1.8	-0.2
	Sep	161.3	0.2	3.0	2.2	1.8	170.4	0.2	2.1	2.2	2.2	131.8	0.4	4.7	0.0
	Oct	161.6	0.2	2.3	2.1	1.8	170.8	0.2	2.9	2.2	2.2	131.8	0.0	0.0	-0.4
	Nov	161.8	0.1	1.5	1.9	1.8	171.0	0.1	1.4	2.2	2.1	131.6	-0.2	-1.8	-0.7
	Dec	161.9	0.1	0.7	1.7	1.7	171.4	0.2	2.8	2.2	2.2	131.4	-0.2	-1.8	-1.2
1998	Jan	161.9	0.0	0.0	1.6	0.0	171.7	0.2	2.1	2.2	2.1	130.5	-0.7	-7.9	-1.9
	Feb	162.0	0.1	0.7	1.4	0.4	172.2	0.3	3.6	2.3	2.8	130.4	-0.1	-0.9	-1.7
	Mar	162.0	0.0	0.0	1.4	0.2	172.4	0.1	1.4	2.3	2.4	130.0	-0.3	-3.6	-1.8

## Notes

**Pages 4, 5: Final sales** is gross domestic product (GDP) minus change in business inventories. **Advance, preliminary, and final GDP growth rates** are released during the first, second, and third months of the following quarter. Changes result from incorporation of more complete information. The **Purchasing Managers' Index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. The National Association of Purchasing Management (NAPM) surveys over 300 firms in 20 manufacturing industries, weighting responses by industry share of GDP. **Aggregate and average weekly hours** are paid hours of production and nonsupervisory employees. The inventory-sales ratio uses nominal (current-dollar) inventory and sales data.

**Page 6:** The **contribution** of a component  $X_t$  to the overall GDP growth rate in quarter  $t$  is  $100 \times [(1 + (X_t - X_{t-1})/GDP_{t-1})^4 - 1]$ . The sign is changed for **imports**. This calculation forces components to add up to the GDP growth rate before compounding and does not exactly match *Survey of Current Business*, Table 8.2. The **residual line** is calculated using the finest level of detail in the table.

**Page 7:** **Ten-year Treasury yields** are adjusted to constant maturity. **Three-month yields** are secondary market averages, but all rates used in the yield curves are adjusted to constant maturity. The **total return on the Standard and Poor's 500** is dividends as a percent of the value of the index plus the percent change in the index.

**Pages 8,9:** **Oil prices** are monthly averages of daily spot prices for West Texas intermediate crude (*Wall Street Journal*). **Consumer price index** is for all urban consumers. The **consumption chain price index** is the index associated with the personal consumption expenditures component of GDP. The **Employment Cost Index (ECI)** covers private nonfarm employers. **ECI compensation** refers to a fixed sample of jobs, while **compensation per hour** covers all workers in the non-farm business sector in a given quarter. In both cases, **compensation** is wages and salaries plus benefits.

**Pages 10,11: Nonfarm payroll employment** is counted in a survey of about 390,000 establishments (Current Employment Survey). It excludes self-employed individuals and workers in private households, but double-counts individuals with more than one job. The **household survey** (Current Population Survey) of about 50,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. New population controls introduced in January 1997 affect levels and growth rates of household survey employment, labor force and population. The unemployment rate and other ratios are minimally affected. 90 percent confidence intervals for the unemployment rate ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 376,000$ ) measure uncertainty due to sample size. The household survey was changed in January 1994, so care should be exercised in making short-term comparisons around this date, particularly with the duration data shown on page 10. Other changes in the survey are detailed in Bureau of Labor Statistics, *Employment and Earnings*, Appendix A.

**Pages 12, 13: Debt service** is an estimate of scheduled interest and principal payments on outstanding debt. The **Michigan consumer sentiment index** shows changes in a summary measure of consumers' answers to five questions about their current and expected financial situation, expectations about future economic conditions, and attitudes about making large purchases. The survey is based on a representative sample of U.S. households.

**Pages 14, 15:** Overall **gross saving** includes government saving, which is the sum of the government surplus and capital consumption (see notes for pages 16 and 17). **Net foreign investment (NFI)** is U.S. investment abroad minus foreign investment in the U.S. Aside from a statistical discrepancy, NFI also equals the difference between gross domestic investment and saving.

**Pages 16, 17: Government consumption and investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the National Income and Product Accounts (NIPA). The **unified federal budget deficit** differs from NIPA basis in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories; and (4) various timing issues are handled differently. **Outlays and receipts** are from the NIPAs, except as noted. Since 1977, the **federal fiscal year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal debt held by the public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

**Pages 18, 19:** The **trade balance** (shown on a balance of payments basis) is the difference between exports and imports of goods (merchandise) and services. It is nearly identical in concept to the **net exports** component of GDP, but differs slightly in accounting details. The **investment income balance** equals income received from U.S.-owned assets in other countries minus income paid on foreign-owned assets in the U.S. The investment income balance is nearly identical in concept to the difference between gross national product and gross domestic product, but differs in accounting details. The **current account balance** is the trade balance plus the balance on investment income plus net unilateral transfers to the U.S. from other countries.

**Pages 20, 21: Output per hour (Y/H), unit labor cost (C/Y), and compensation per hour (C/H)** are indexes which approximately obey the following relationship:  $\%(Y/H) + \%(C/Y) = \%(C/H)$  with  $\%( )$  meaning percent changes. Unit labor cost is shown on page 9. **Real compensation per hour** uses the CPI to adjust for the effects of inflation. **Multifactor productivity** estimates changes in output that do not correspond to changes in quantities of labor, capital, or intermediate inputs. **Inventory valuation adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital consumption adjustments (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

## Sources

*Bureau of Economic Analysis (BEA), U.S. Dept. of Commerce*

National income and product accounts, international trade and investment data (except by country), auto and light truck sales

*Census Bureau, U.S. Dept. of Commerce*

Inventory-sales ratios, retail sales, capital goods orders, housing starts, exports and imports by country

*Bureau of Labor Statistics (BLS), U.S. Dept. of Labor*

All employment-related data, employment cost index, consumer and producer price indexes, unit labor cost, output per hour, compensation per hour, total factor productivity

*United States Department of Treasury*

Unified budget receipts, outlays, deficit, debt

*Federal Reserve Board*

Index of industrial production, treasury yields, exchange rates, capacity utilization, consumer debt service

*The Survey Research Center, The University of Michigan*

Consumer sentiment index

*The Conference Board*

Help-wanted advertising index

*Organization for Economic Cooperation and Development (OECD)*

GDP for major trading partners (not available on FRED)

Federal Reserve Bank of St. Louis  
Post Office Box 442  
St. Louis, Missouri 63166

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