

National Economic Trends



The Long and Short (Runs) of Investing in Equities

Many people have re-evaluated the share of equities in their portfolios as a result of recent stock market fluctuations. In their deliberations, most undoubtedly encountered this advice: Invest in equities for the long term and ignore the short-run fluctuations of the stock market because stocks offer a higher rate of return than many other types of investments. Many have heard a corollary: Investors with short investment horizons should lower their exposure to the volatility of equities.

Historically, holding an investment in equities for a long horizon has lowered the risk of losing money. Monthly total returns (returns with dividends reinvested) on Standard & Poor's 500 Composite Index (S&P 500) averaged 0.8 percent and had a standard deviation of 4.1 percent between 1871 and 1998. So an investment in the S&P 500 held for one month would have lost money nearly 40 percent of the time, but one held for 10 years would have lost money less than 2 percent of the time.

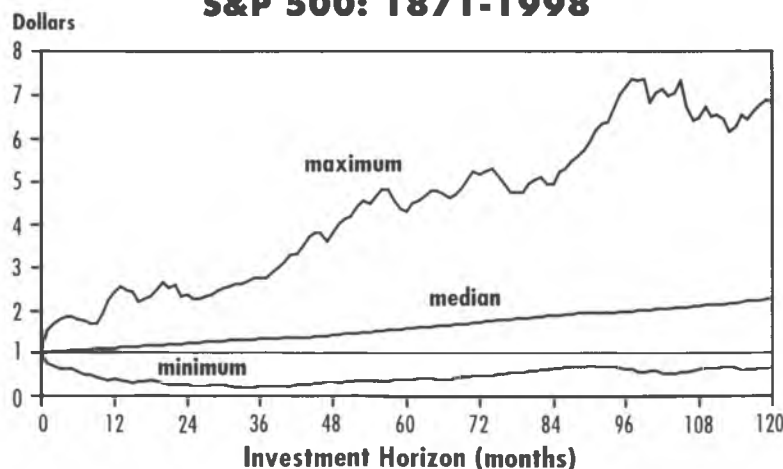
However, as noted by Paul Samuelson 35 years ago, lengthening the investment horizon does not reduce all of the uncertainties associated with equity investments. Although a long investment horizon decreases the probability of losing money, it does not reduce the variability of an investor's portfolio value. Rather, a longer horizon increases the range of probable values of her wealth. Consider a simple game where a player wins one dollar if a coin comes up heads, and loses a dollar if it comes up tails. As an inducement, the coin is weighted so that the probability of heads is 0.6. If the coin is flipped once, the player will lose one dollar with probability 0.4. But if she plays the game 100 times, the proba-

bility of a net loss falls below 0.02, largely due to the expected gain from each toss. Yet, the range of probable outcomes does not shrink; it increases. The player who tosses the coin once expects to win \$0.20 and may win or lose a dollar. If she tosses it 100 times, she expects to win \$20, may win or lose up to \$100, and will win less than \$15, or more than \$25, nearly a third of the time.

Investing in the stock market has similar implications. The chart below shows the maximum, median and minimum results of a dollar invested in an arbitrary month between 1871 and 1998 for various investment horizons. It clearly shows that holding equities for a long horizon rarely produced a loss, but it did not shrink the range of probable outcomes. Instead, the range of investment results grew with the investment horizon. So, investing for the long term may reduce one uncertainty associated with equities, but it does not reduce all of them.

—Peter Yoo

Results of a Dollar Invested in the S&P 500: 1871-1998



SOURCE: Author's calculations based on data from Robert Shiller

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 September 28, 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:

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

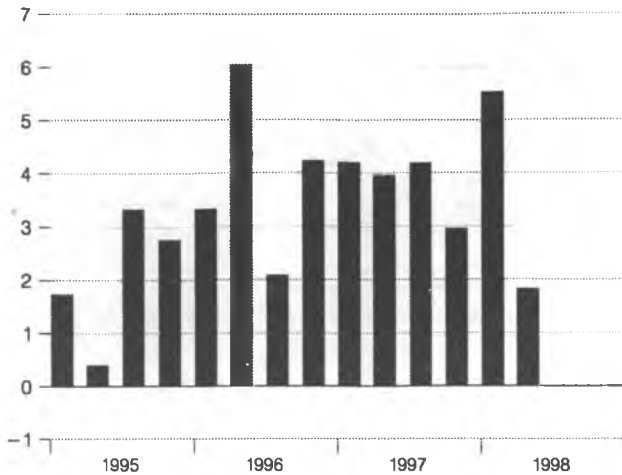
For monthly data replace 4 with 12.

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

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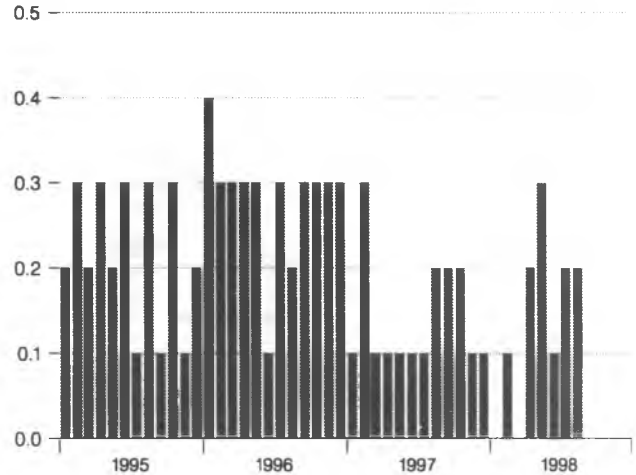
Real GDP Growth

Percent change at annual rate



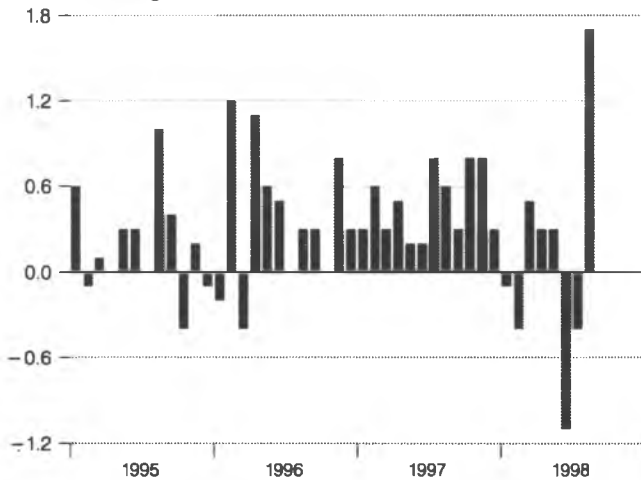
Consumer Price Index

Percent change



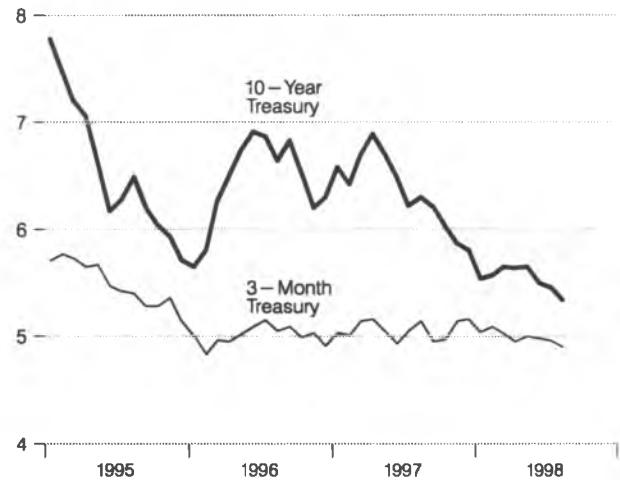
Industrial Production

Percent change



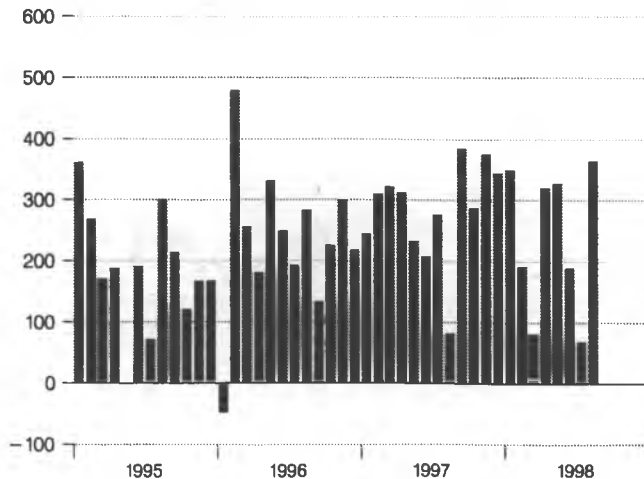
Interest Rates

Percent



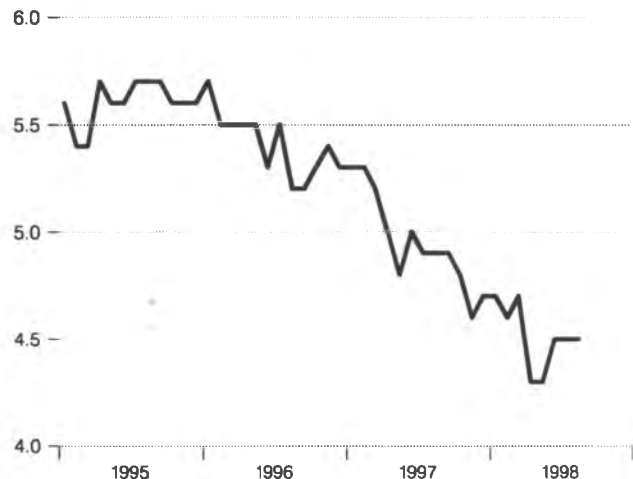
Change in Nonfarm Payrolls

Thousands



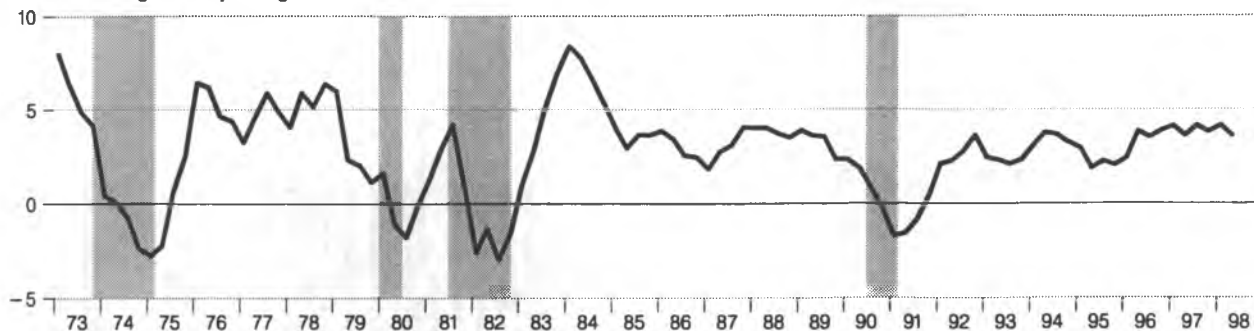
Unemployment Rate

Percent of labor force



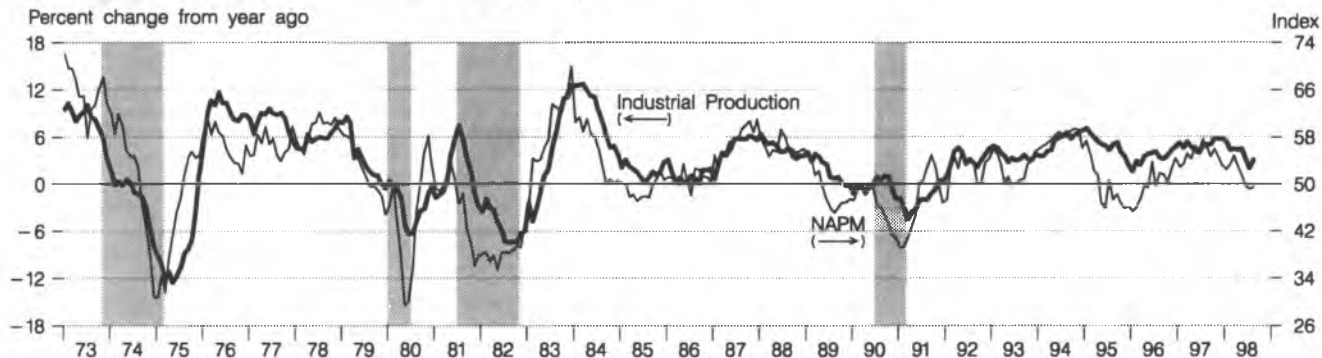
Real Gross Domestic Product

Percent change from year ago



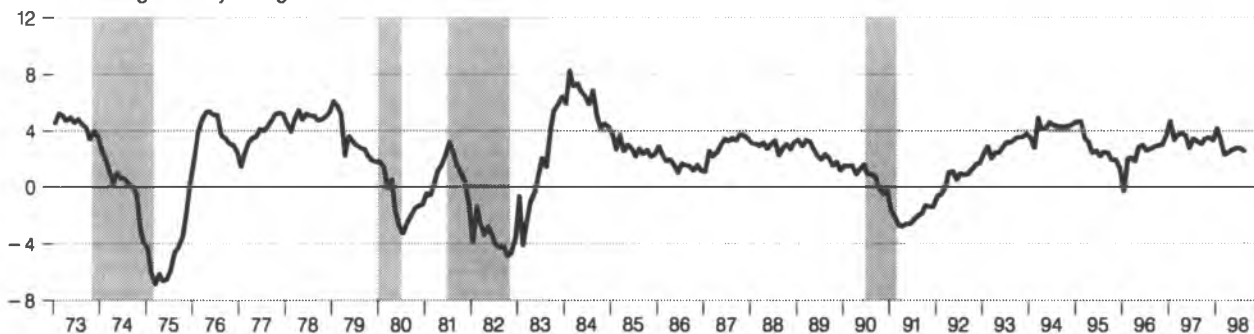
Industrial Production and Purchasing Managers' (NAPM) Indexes

Percent change from year ago



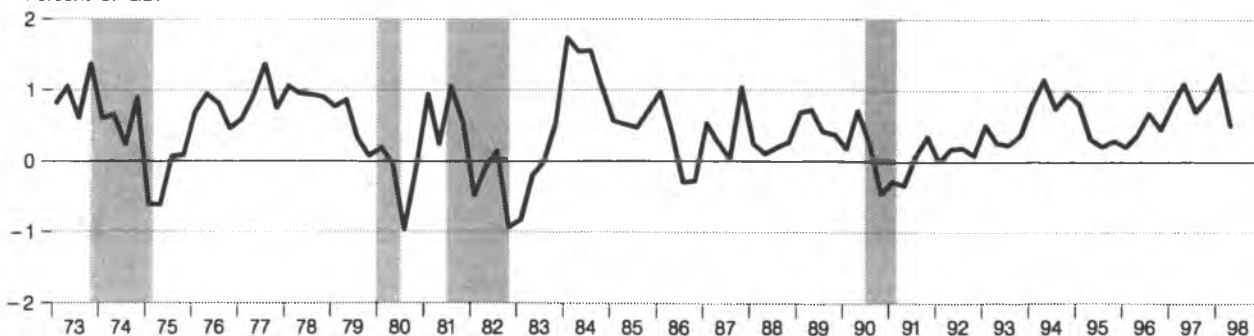
Aggregate Private Nonfarm Hours

Percent change from year ago



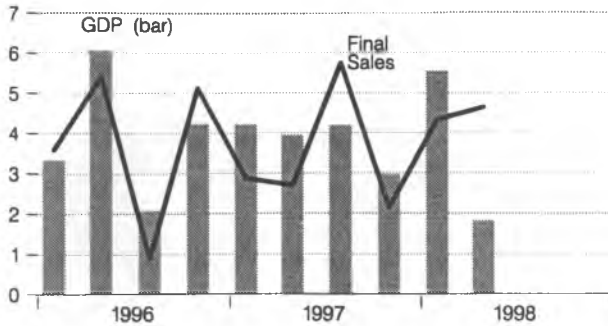
Real Change in Business Inventories

Percent of GDP



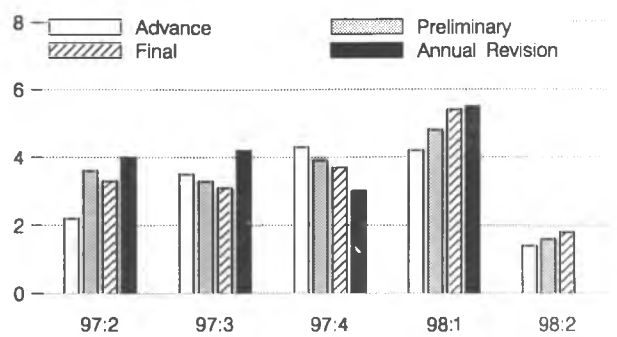
Real Final Sales and GDP

Percent change at annual rate



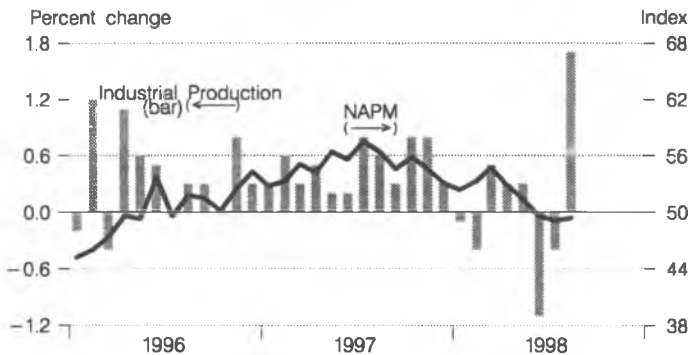
Real GDP Revisions

Percent change at annual rate



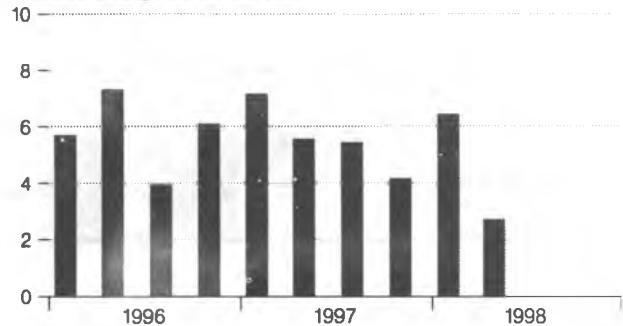
Industrial Production and NAPM Index

Percent change



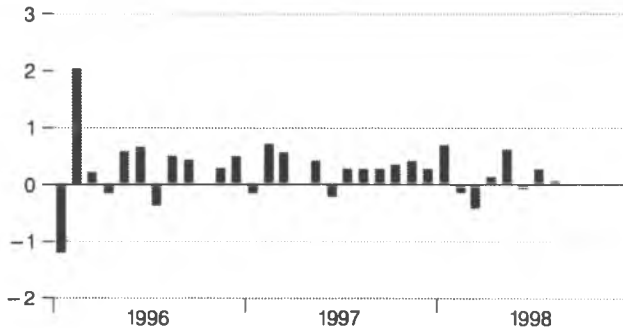
Nominal Gross Domestic Product

Percent change at annual rate



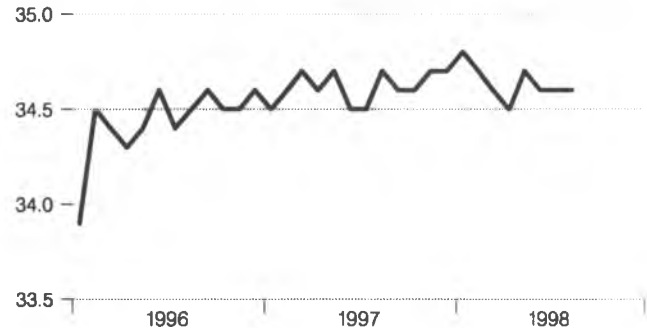
Aggregate Private Nonfarm Hours

Percent change



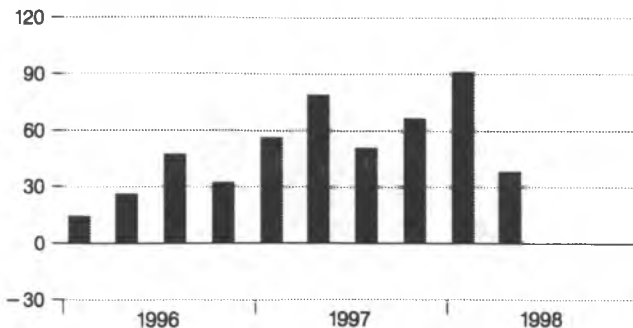
Average Weekly Private Nonfarm Hours

Hours



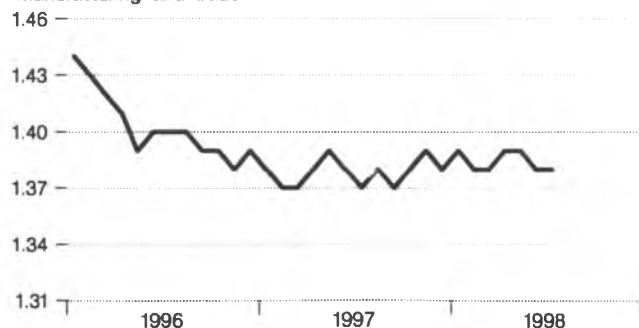
Real Change in Business Inventories

Billions of 1992 dollars



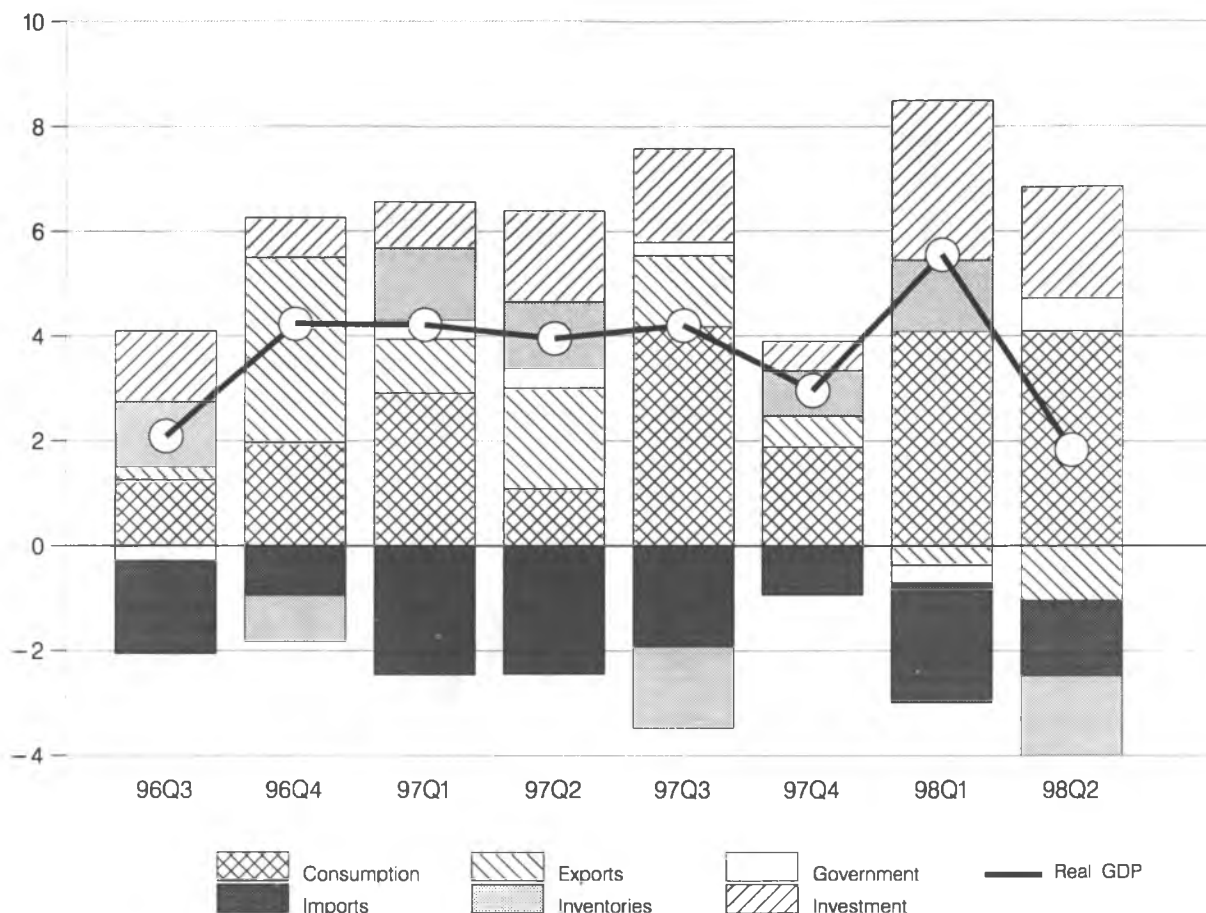
Inventory-Sales Ratio

Manufacturing and trade



Contribution of Components to Real GDP Growth

Percent change at annual rate



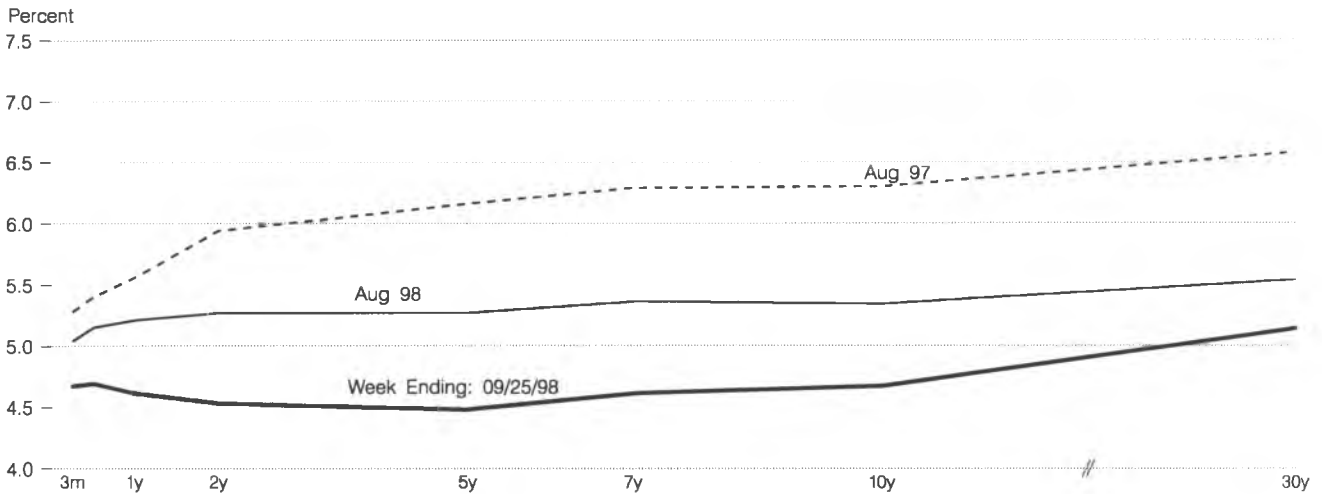
Contributions to Real GDP Growth Rate

| | 1996 | | 1997 | | | | 1998 | |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd |
| Real GDP | 2.08 | 4.23 | 4.21 | 3.95 | 4.20 | 2.95 | 5.55 | 1.83 |
| Final Sales | 0.90 | 5.08 | 2.86 | 2.68 | 5.69 | 2.13 | 4.28 | 4.58 |
| Change in Inventory | 1.23 | -0.87 | 1.37 | 1.28 | -1.54 | 0.85 | 1.36 | -2.82 |
| Consumption | 1.25 | 1.97 | 2.90 | 1.08 | 4.17 | 1.87 | 4.08 | 4.09 |
| Fixed Investment | 1.36 | 0.76 | 0.89 | 1.74 | 1.80 | 0.56 | 3.05 | 2.12 |
| Nonresidential | 1.48 | 0.97 | 0.78 | 1.53 | 1.89 | 0.22 | 2.50 | 1.54 |
| Residential | -0.07 | -0.16 | 0.12 | 0.23 | -0.02 | 0.31 | 0.58 | 0.57 |
| Government | -0.29 | 0.00 | 0.37 | 0.38 | 0.25 | 0.02 | -0.33 | 0.63 |
| Federal | -0.32 | -0.43 | -0.18 | 0.23 | -0.08 | -0.13 | -0.56 | 0.43 |
| State and Local | 0.04 | 0.43 | 0.55 | 0.15 | 0.33 | 0.15 | 0.23 | 0.20 |
| Net Exports | -1.52 | 2.54 | -1.44 | -0.56 | -0.60 | -0.36 | -2.66 | -2.48 |
| Exports | 0.25 | 3.53 | 1.04 | 1.92 | 1.36 | 0.59 | -0.38 | -1.05 |
| Imports | -1.77 | -0.96 | -2.46 | -2.45 | -1.94 | -0.94 | -2.29 | -1.43 |
| Residual | 0.00 | -0.24 | 0.10 | -0.02 | 0.06 | 0.02 | 0.03 | 0.42 |

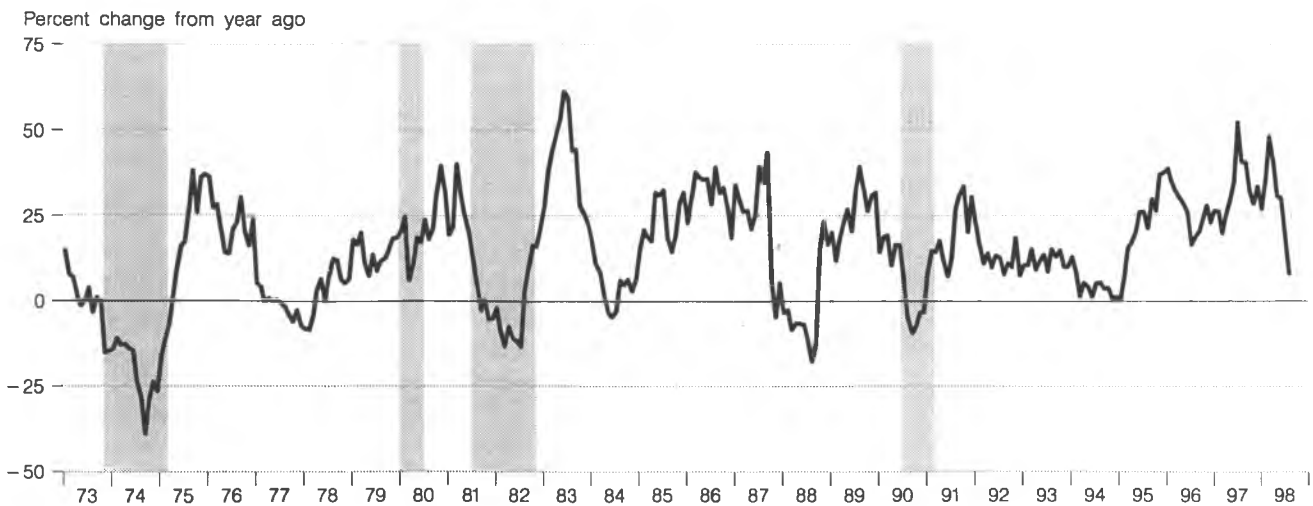
Interest Rates



Treasury Yield Curve

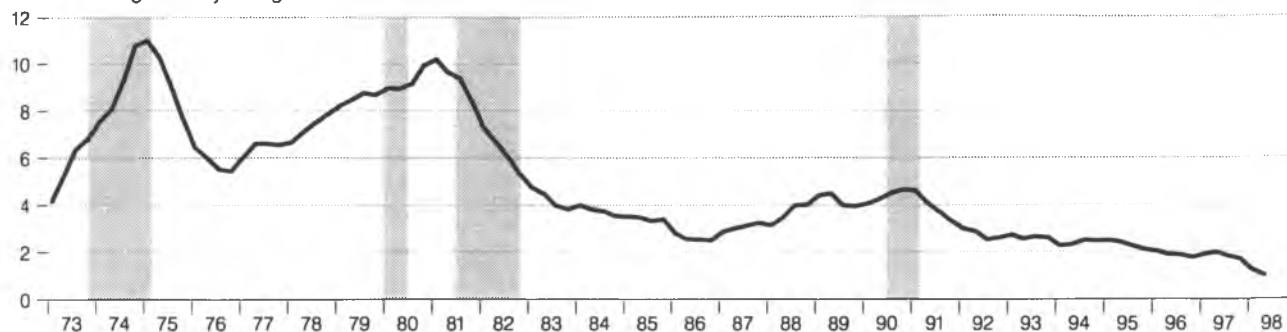


Standard and Poor's 500 Index with Reinvested Dividends



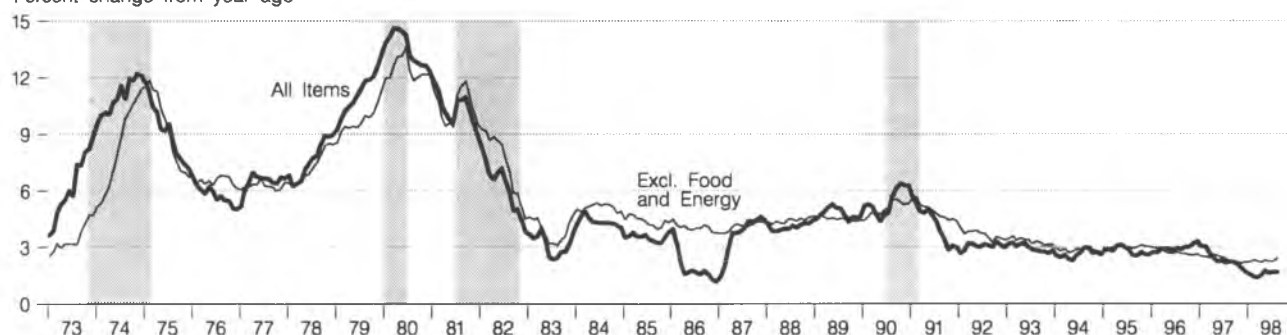
GDP Chain Price Index

Percent change from year ago



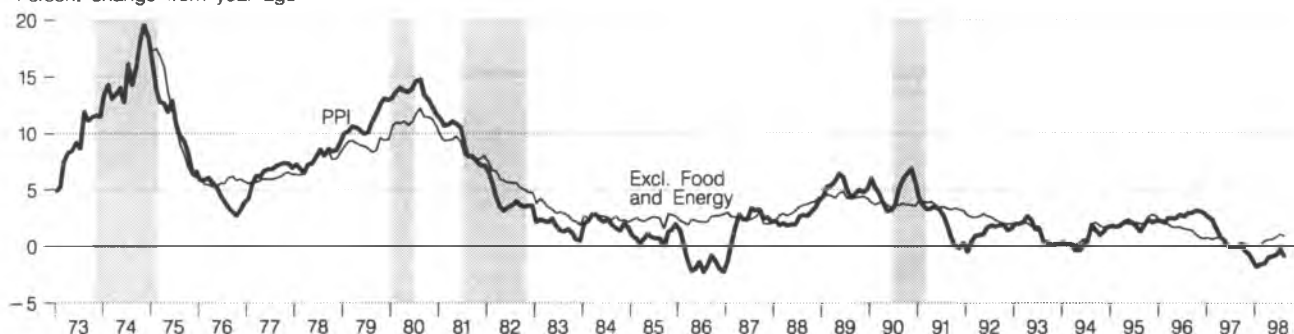
Consumer Price Index

Percent change from year ago



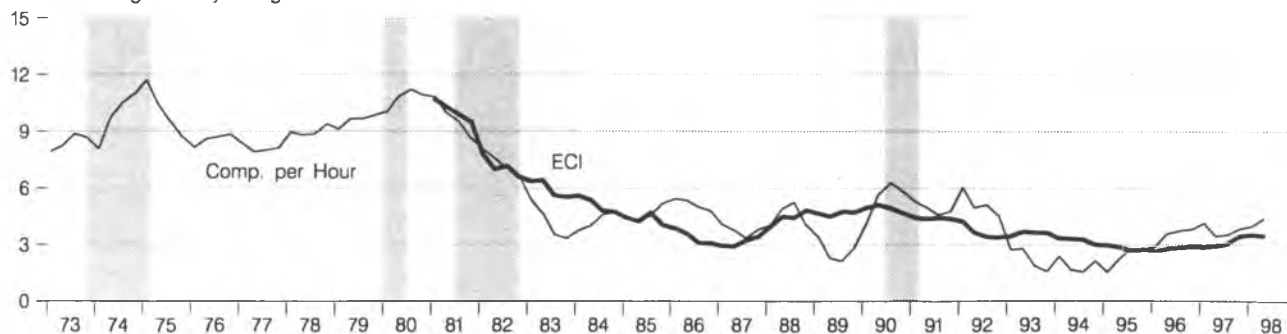
Producer Price Index, Finished Goods

Percent change from year ago



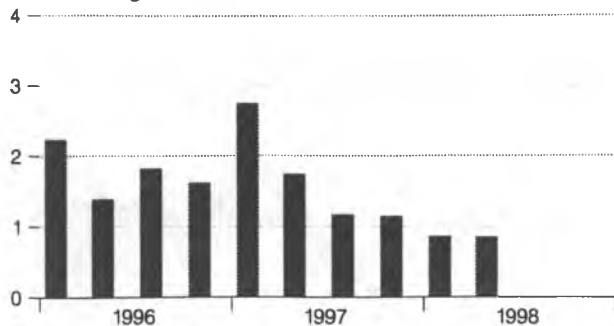
Employment Cost Index and Compensation per Hour

Percent change from year ago



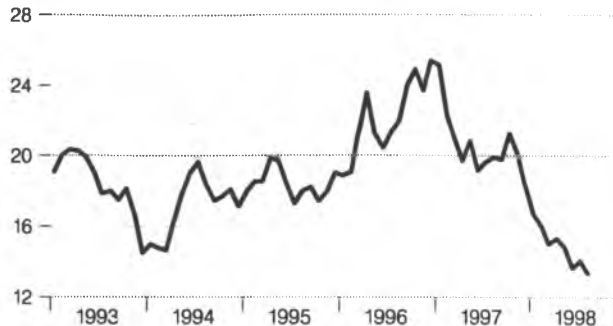
GDP Chain Price Index

Percent change at annual rate



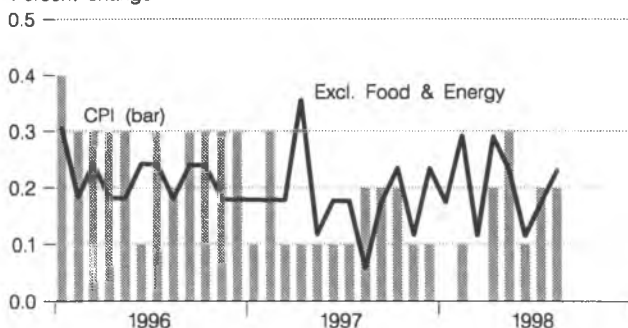
Crude Oil Price

Dollars per barrel



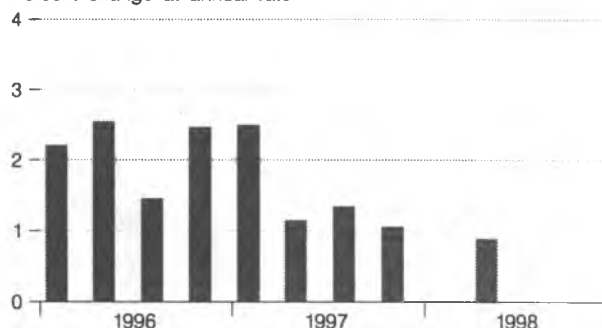
Consumer Price Index

Percent change



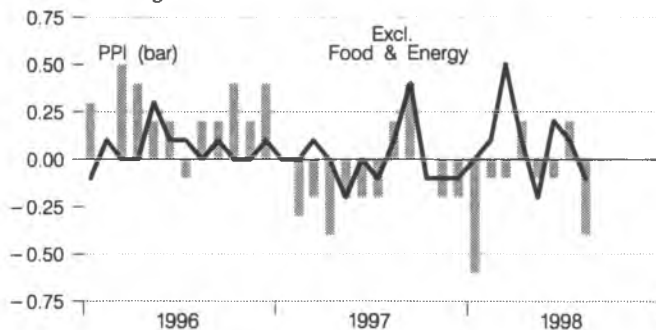
Consumption Chain Price Index

Percent change at annual rate



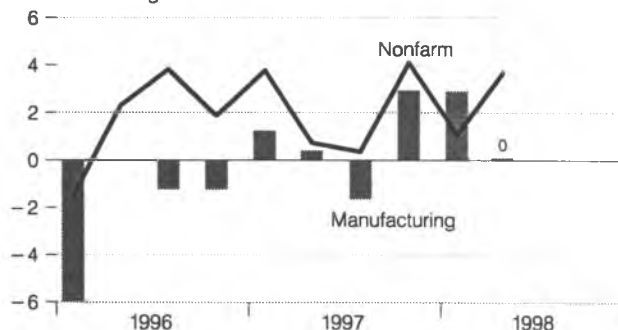
Producer Price Index, Finished Goods

Percent change



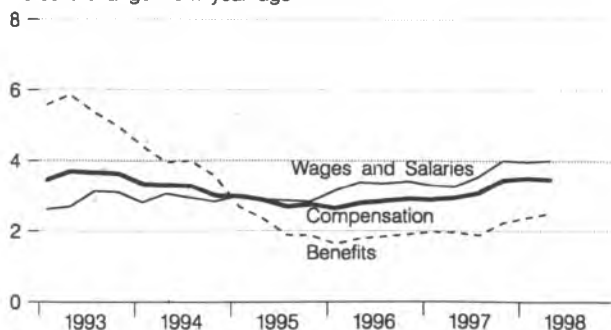
Unit Labor Cost

Percent change at annual rate



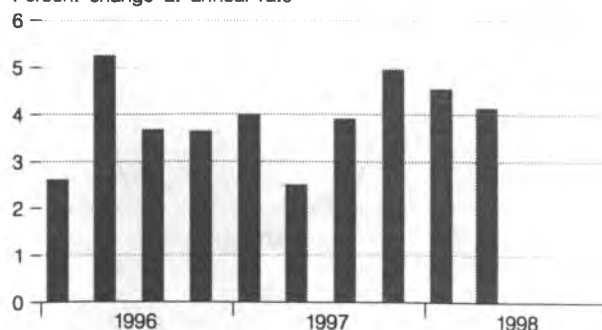
Employment Cost Index

Percent change from year ago

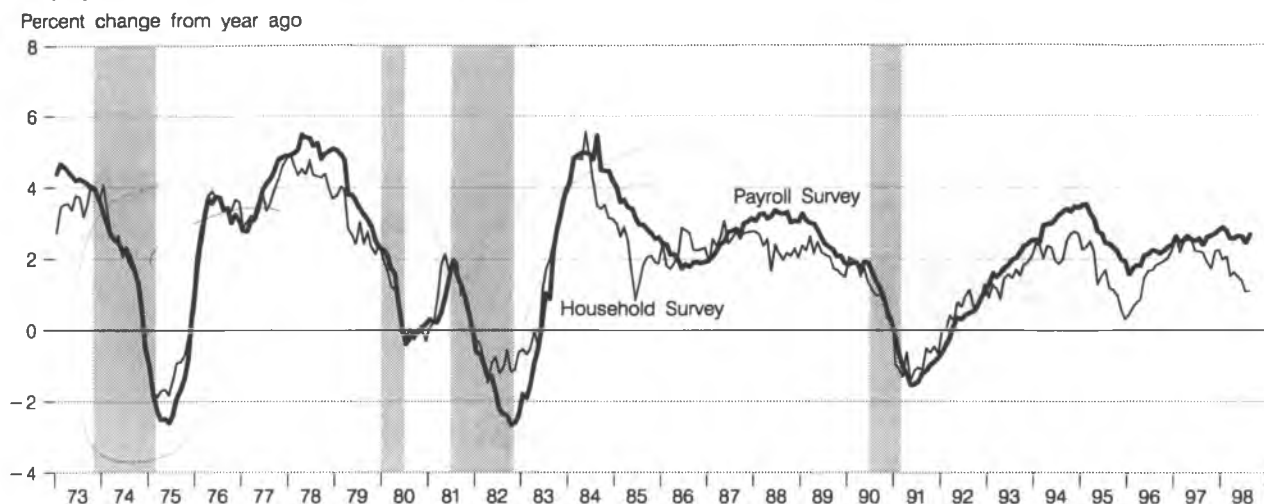


Compensation per Hour

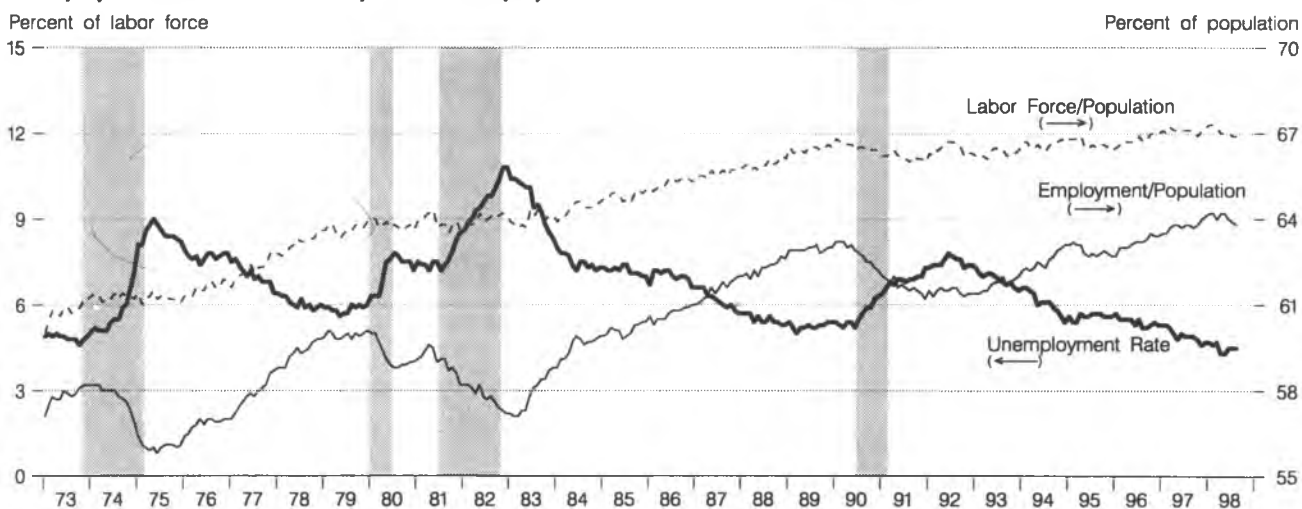
Percent change at annual rate



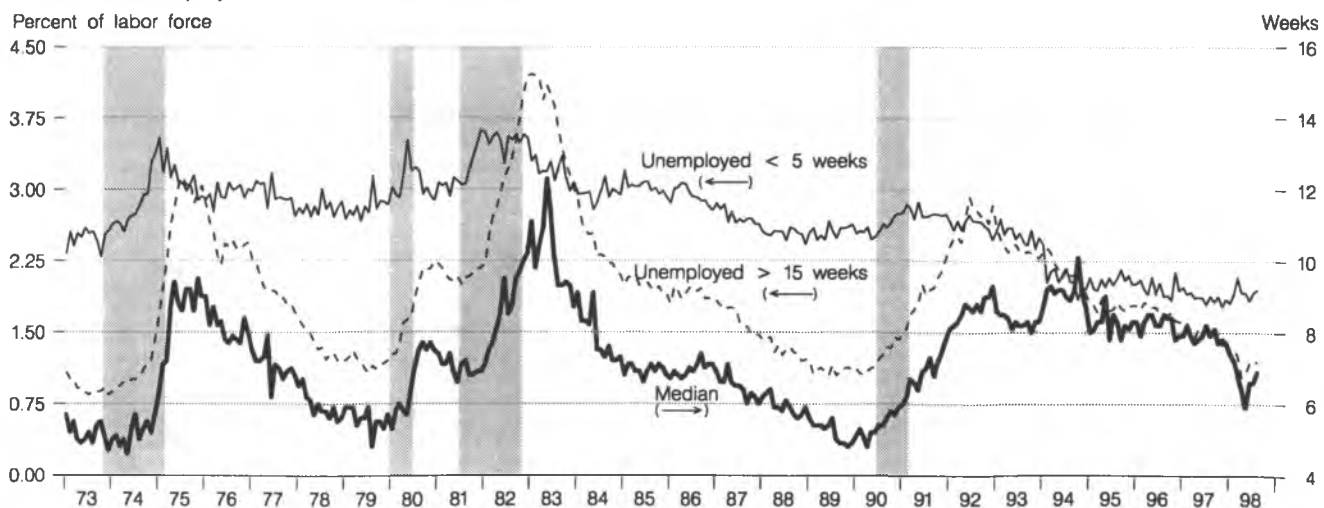
Employment



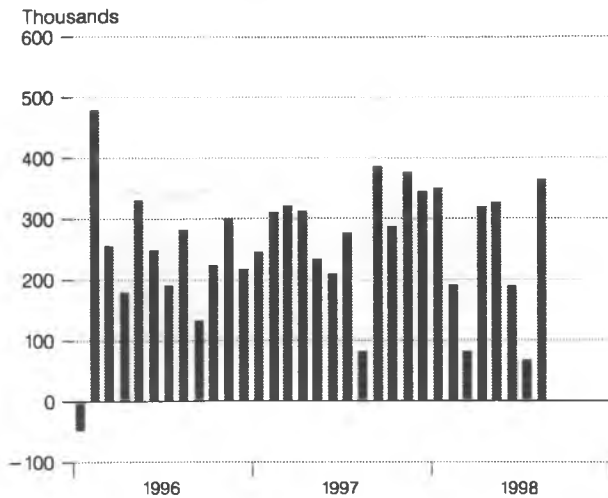
Unemployment, Labor Force Participation and Employment Rates



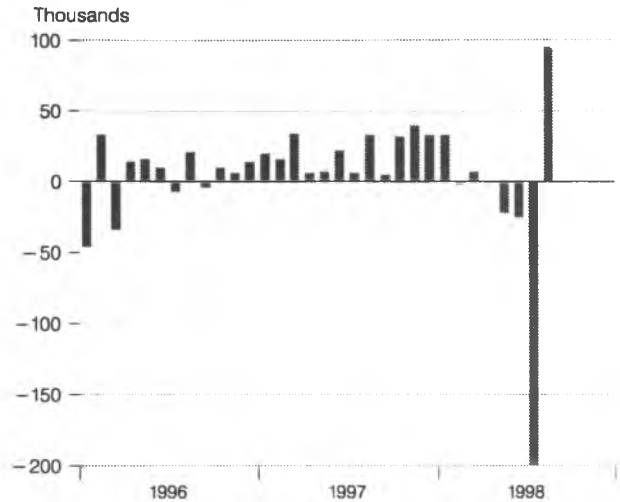
Duration of Unemployment



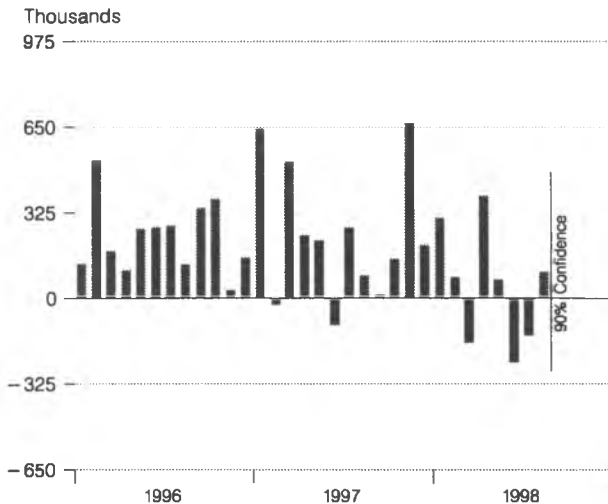
Change in Nonfarm Payrolls



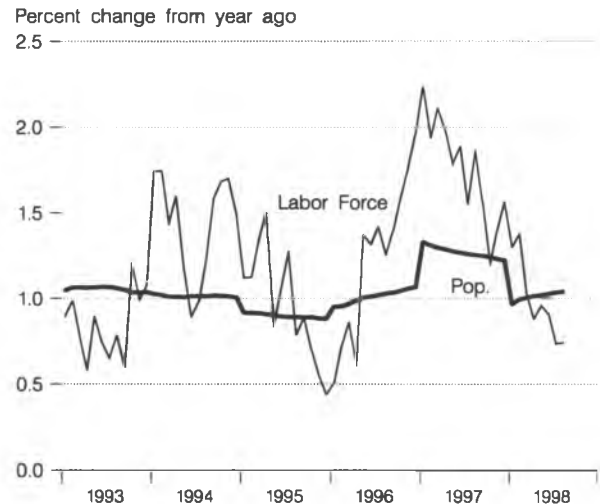
Change in Manufacturing Payrolls



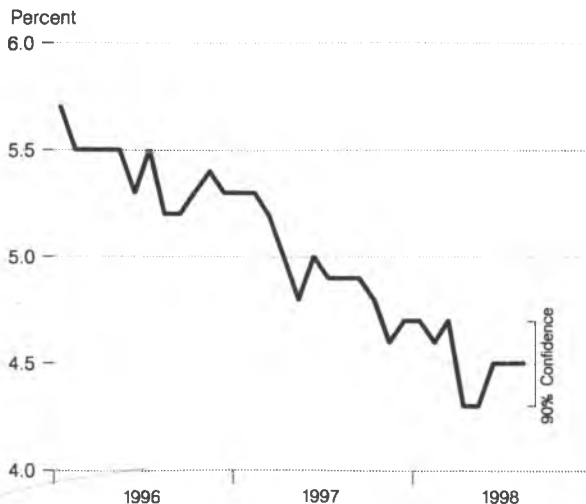
Change in Household Employment



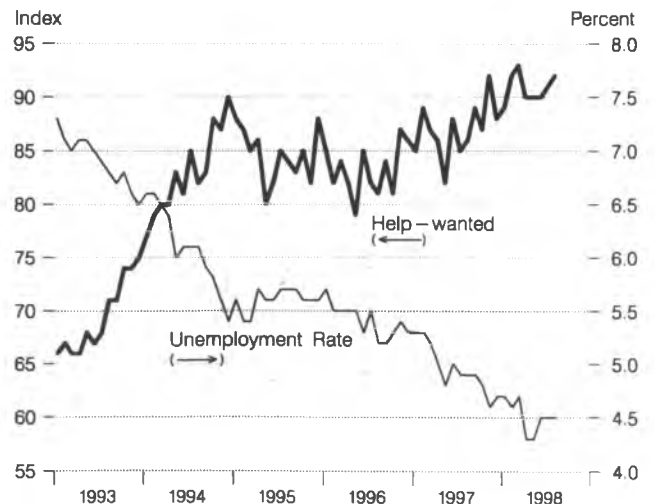
Labor Force and Population



Unemployment Rate

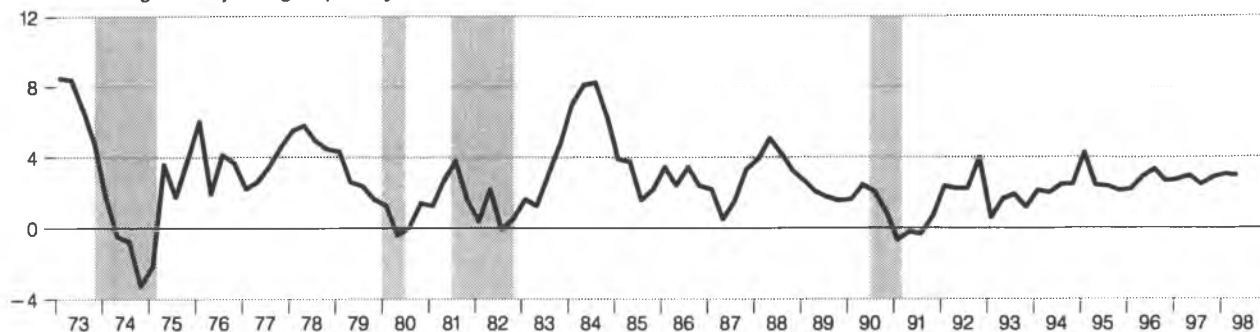


Help-Wanted Advertising



Real Disposable Income

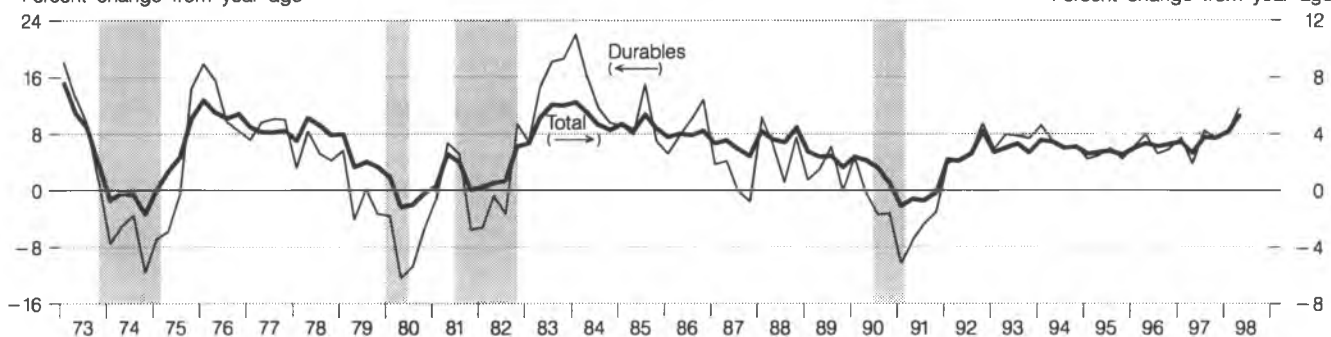
Percent change from year ago, quarterly data



Real Consumption

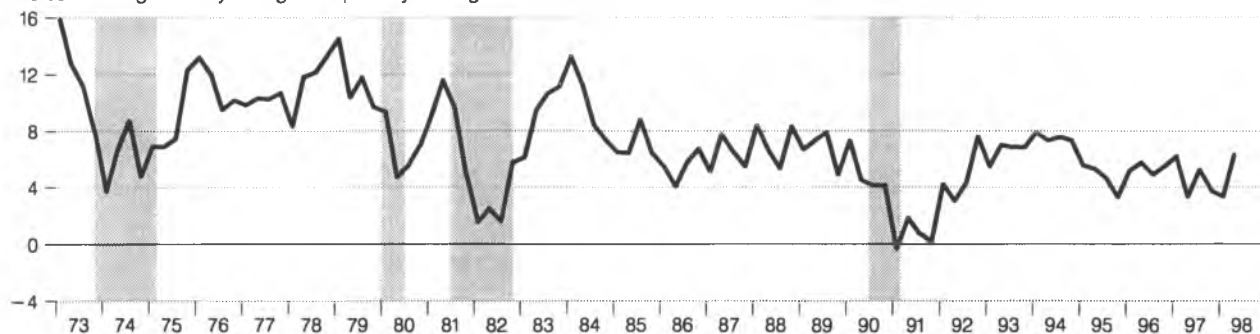
Percent change from year ago

Percent change from year ago



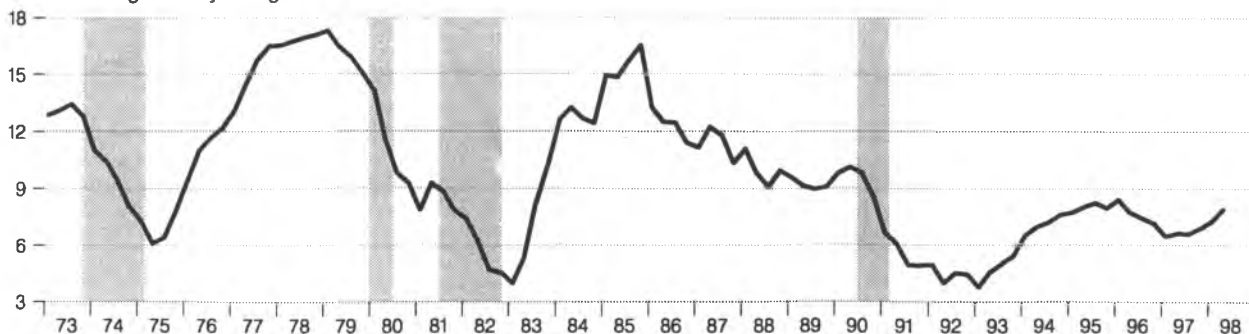
Retail Sales

Percent change from year ago of quarterly average

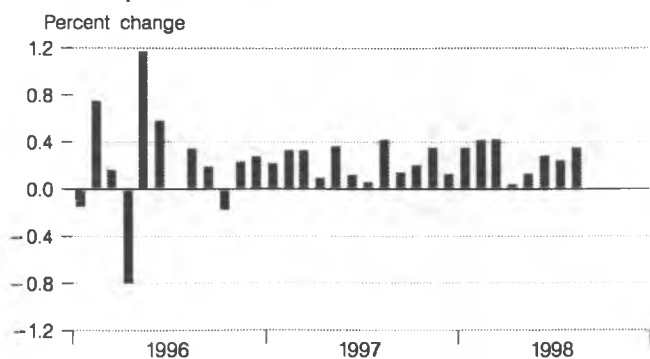


Household Debt Outstanding

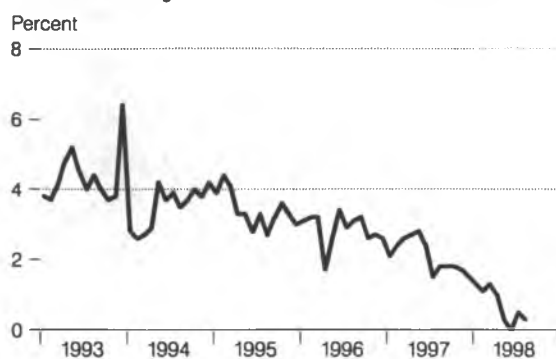
Percent change from year ago



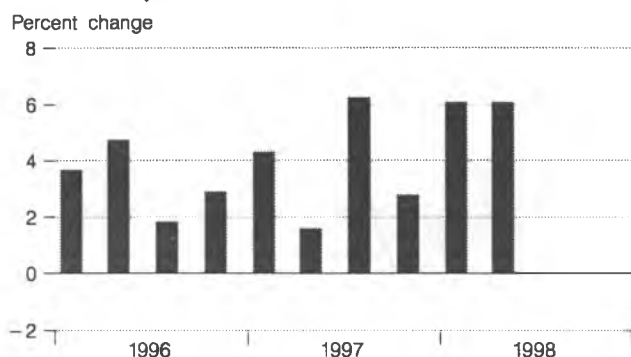
Real Disposable Income



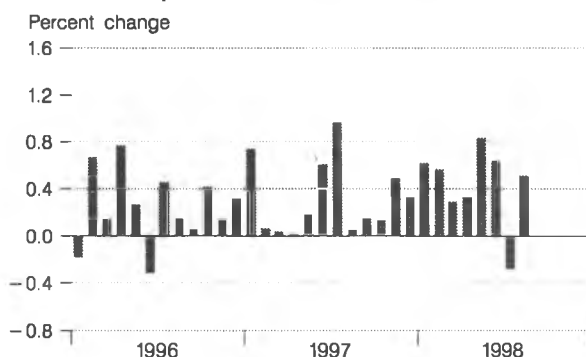
Personal Saving Rate



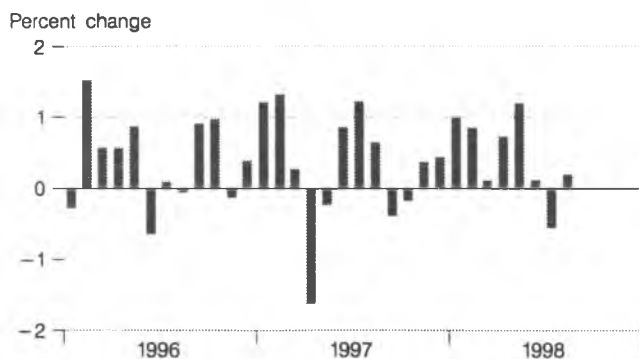
Real Consumption



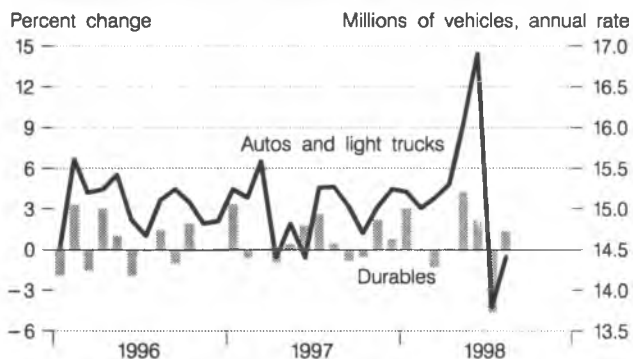
Real Consumption



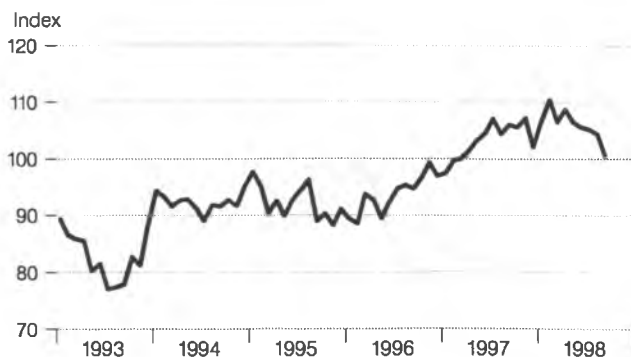
Retail Sales



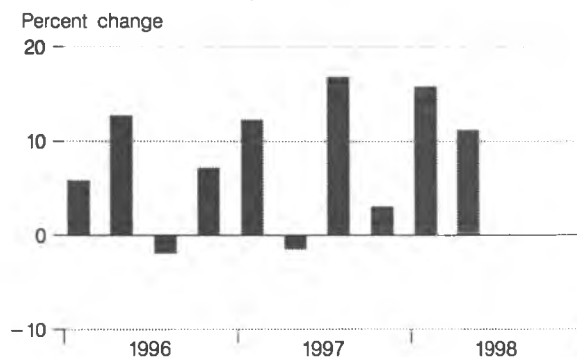
Real Durables Consumption and Vehicle Sales



Consumer Sentiment (U. of Michigan)

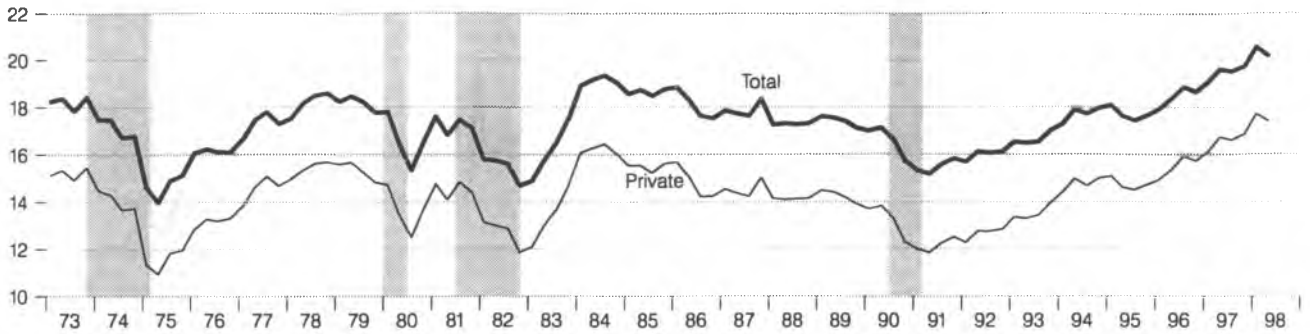


Real Durables Consumption



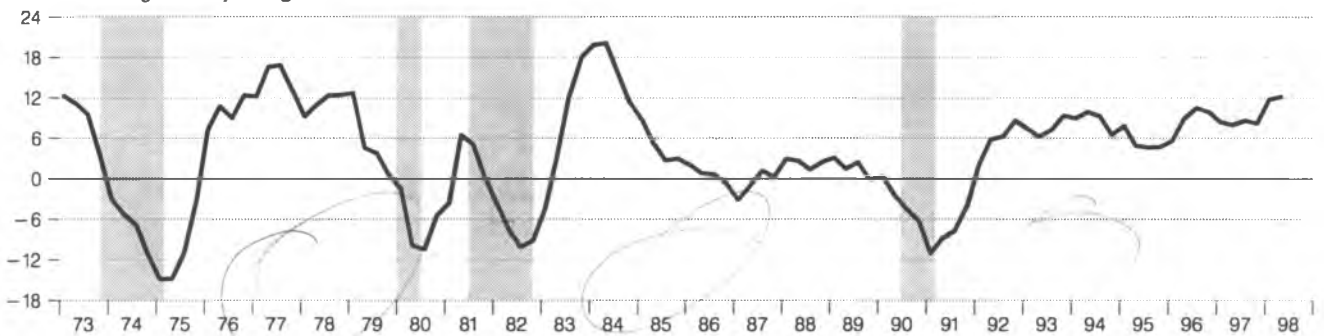
Real Investment

Percent of GDP



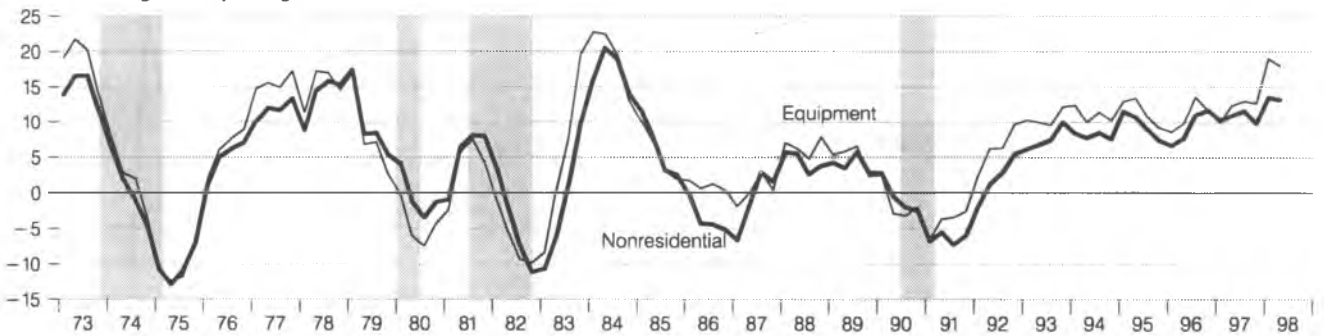
Real Private Fixed Investment

Percent change from year ago



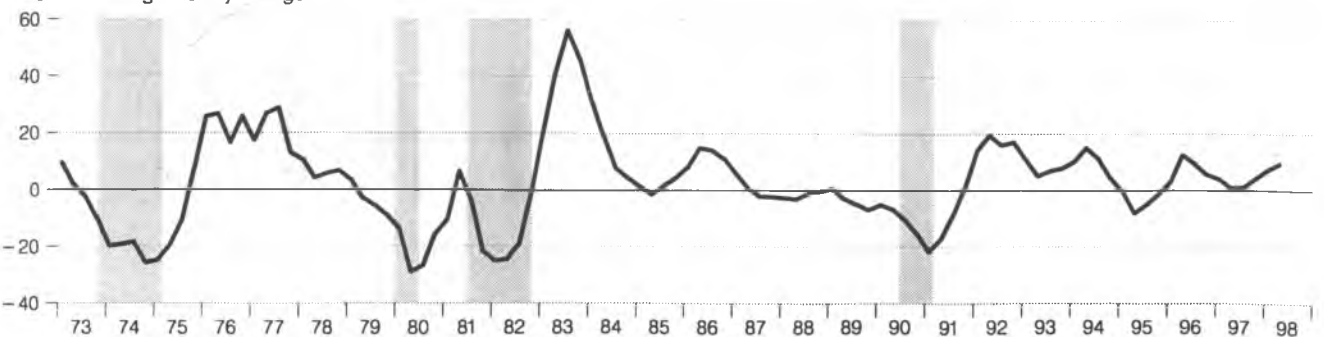
Real Nonresidential and Producers Durable Equipment Investment

Percent change from year ago

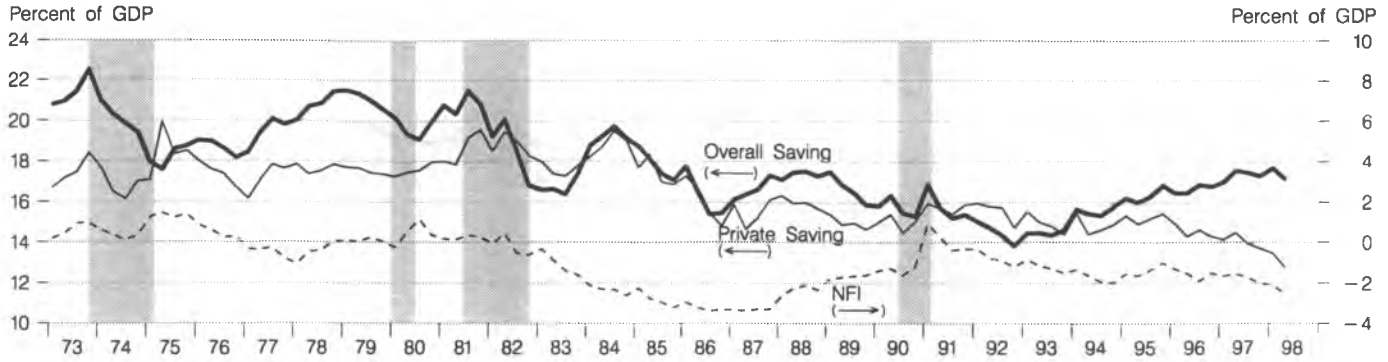


Real Residential Investment

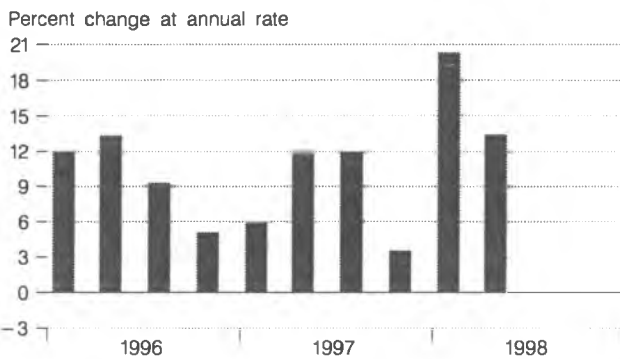
Percent change from year ago



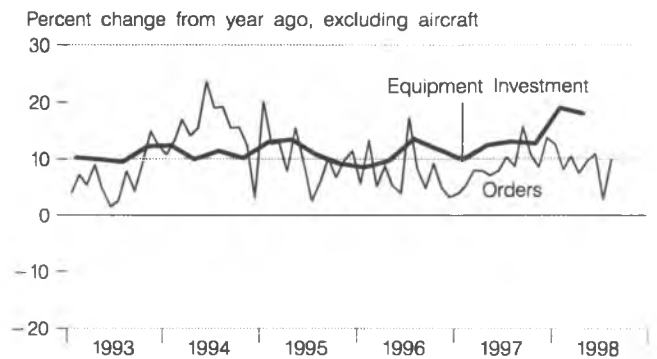
Gross Saving Rates and Net Foreign Investment



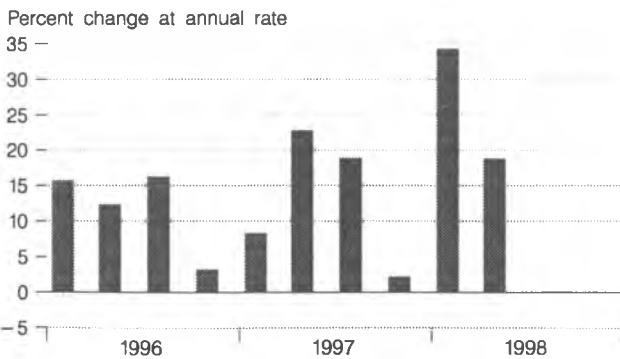
Real Private Fixed Investment



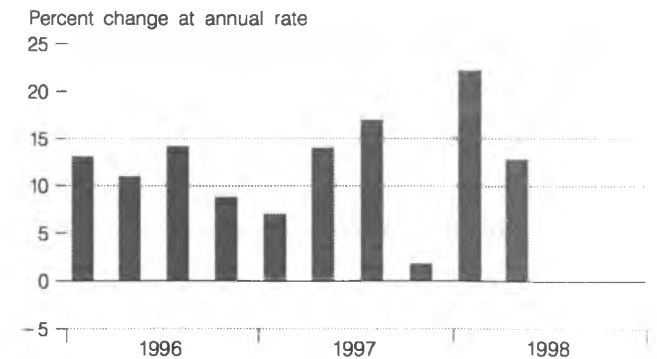
Nondefense Capital Goods Orders



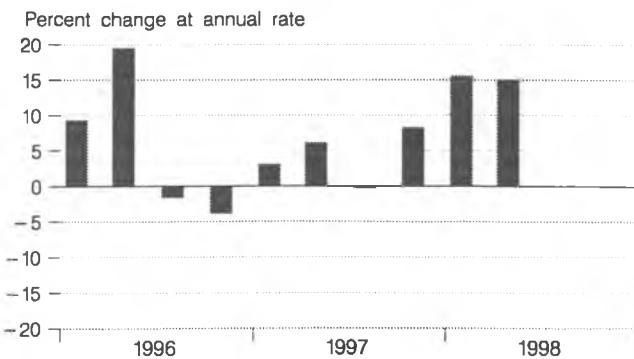
Real Equipment Investment



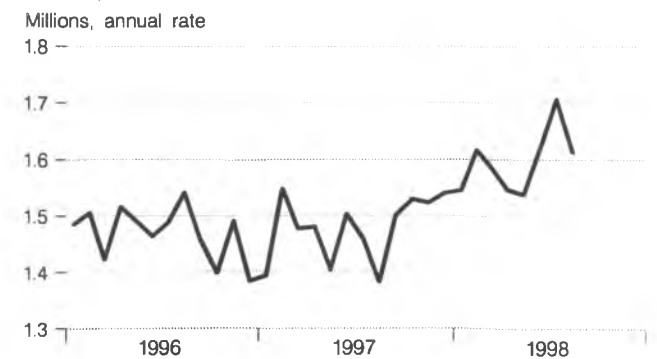
Real Nonresidential Investment



Real Residential Investment

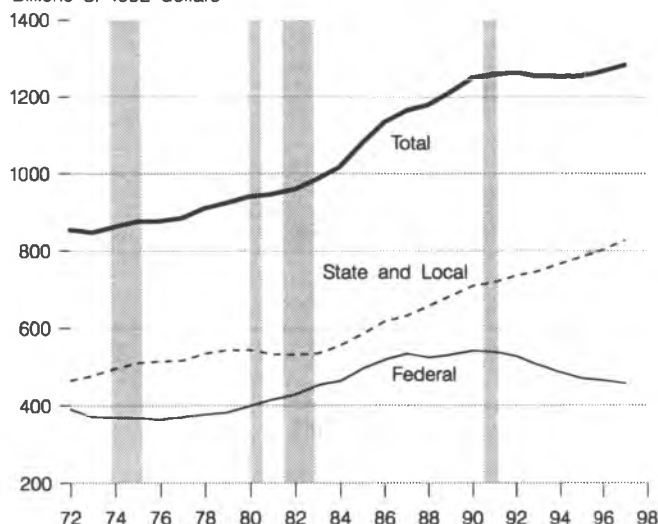


Housing Starts



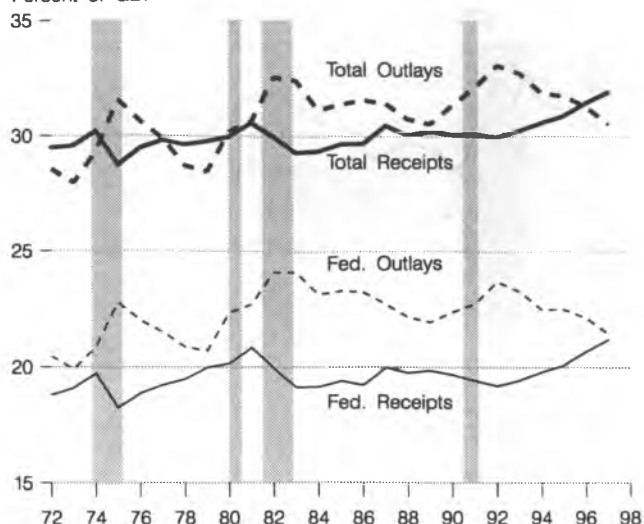
Govt. Consumption and Investment

Billions of 1992 dollars



Government Receipts and Outlays

Percent of GDP



Government Budgets

Billions of dollars

National Income Accounts Calendar Years

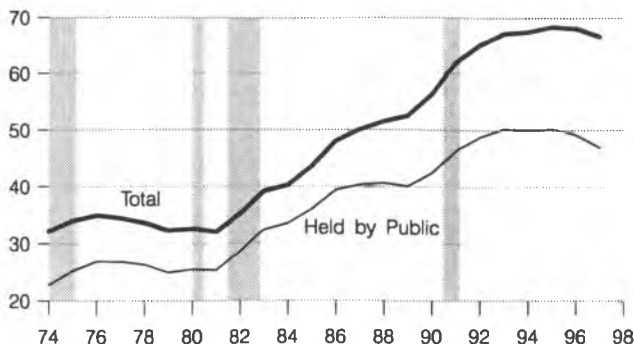
| | State and Local | | | Federal | | |
|------|-----------------|--------------|-----------------------|----------|--------------|-----------------------|
| | Receipts | Expenditures | Surplus or Deficit(-) | Receipts | Expenditures | Surplus or Deficit(-) |
| 1975 | 225.6 | 198.0 | 27.6 | 297.4 | 371.3 | -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 | 997.7 | 886.0 | 111.7 | 1460.3 | 1634.7 | -174.4 |
| 1996 | 1045.2 | 922.6 | 122.6 | 1584.7 | 1695.0 | -110.3 |
| 1997 | 1094.3 | 960.1 | 134.2 | 1719.9 | 1741.0 | -21.1 |

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 |

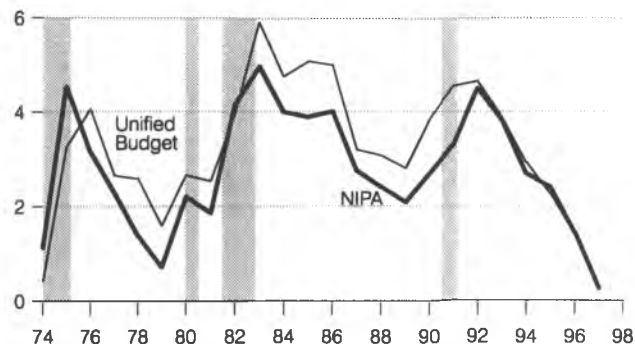
Federal Debt

Percent of GDP



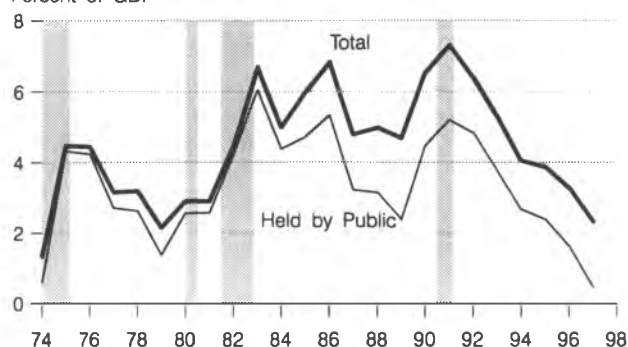
Federal Deficit

Percent of GDP



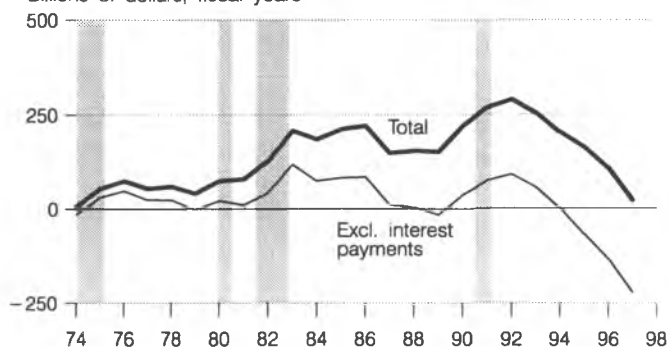
Change in Federal Debt

Percent of GDP



Federal Deficit, Unified Basis

Billions of dollars, fiscal years

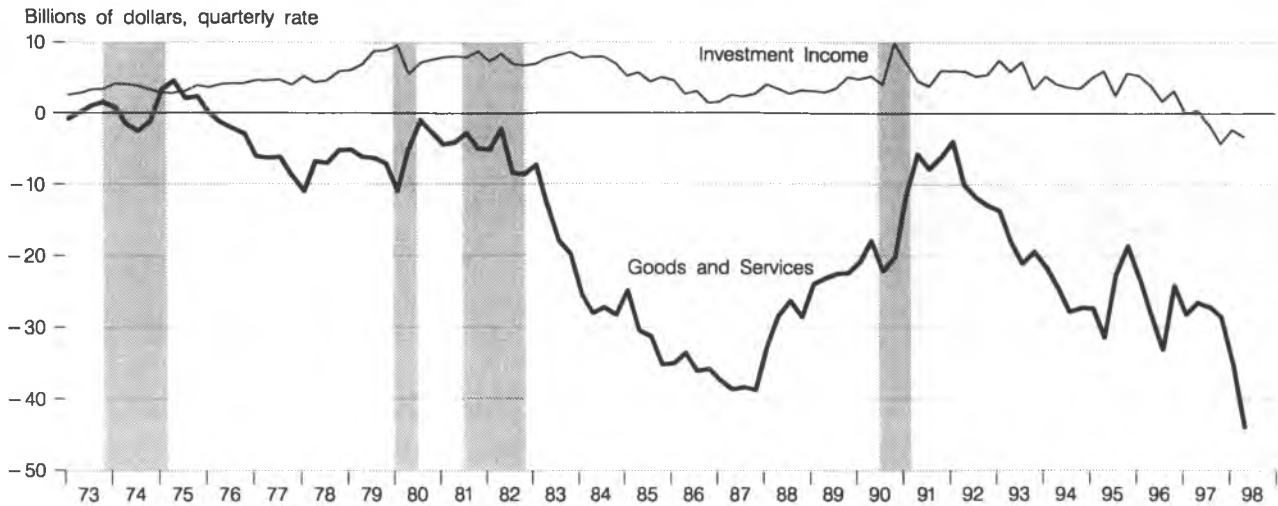


Federal Government Debt

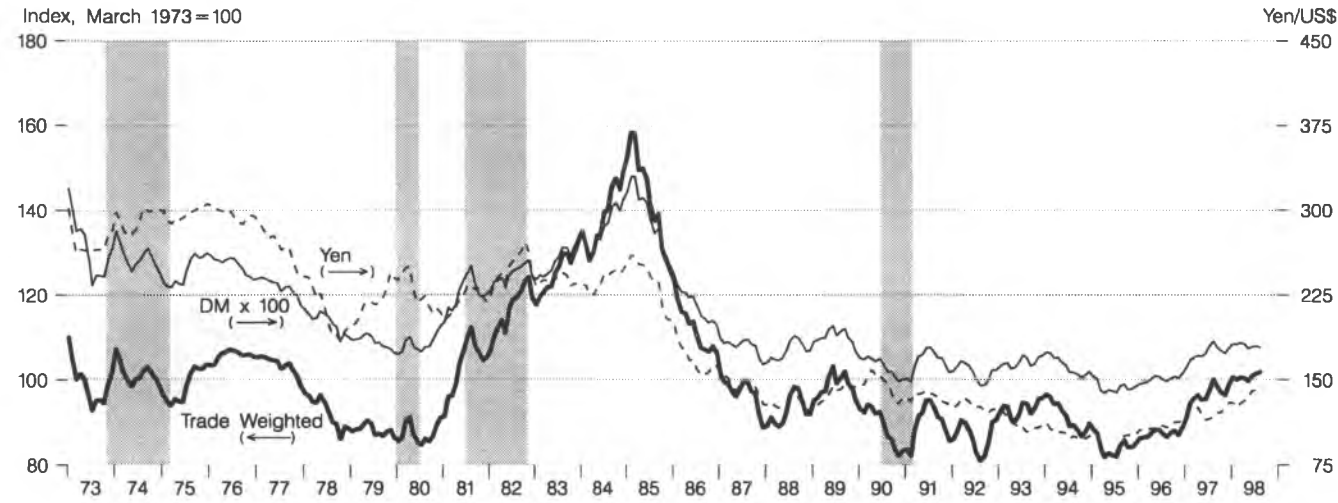
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

| | | Held by Public | | Held by Private Investors | | |
|------|-----------|-------------------|-----------------------------|---------------------------|---------------------------|--------|
| | | Total | Federal Reserve Banks | Total | Foreign and International | |
| | | Total Public Debt | Held by Agencies and Trusts | Total | | |
| 1994 | | 4692.8 | 1213.1 | 3479.7 | 3127.8 | 655.8 |
| 1995 | | 4974.0 | 1320.8 | 3653.2 | 3279.5 | 848.4 |
| 1996 | | 5224.8 | 1447.0 | 3777.8 | 3386.2 | 1026.1 |
| 1997 | | 5413.1 | 1598.5 | 3814.7 | 3388.9 | 1266.0 |
| 1995 | March | 4864.1 | 1254.7 | 3609.5 | 3239.2 | 729.2 |
| | June | 4951.4 | 1316.6 | 3634.8 | 3245.0 | 784.2 |
| | September | 4974.0 | 1320.8 | 3653.2 | 3279.5 | 848.4 |
| | December | 4988.7 | 1304.5 | 3684.2 | 3294.9 | 862.2 |
| 1996 | March | 5117.8 | 1353.8 | 3764.0 | 3382.8 | 936.6 |
| | June | 5161.1 | 1422.4 | 3738.6 | 3347.3 | 960.3 |
| | September | 5224.8 | 1447.0 | 3777.8 | 3386.2 | 1026.1 |
| | December | 5323.2 | 1497.2 | 3826.0 | 3411.2 | 1135.6 |
| 1997 | March | 5380.9 | 1506.8 | 3874.1 | 3451.7 | 1192.5 |
| | June | 5376.2 | 1571.6 | 3804.6 | 3361.7 | 1221.9 |
| | September | 5413.1 | 1598.5 | 3814.7 | 3388.9 | 1266.0 |
| | December | 5502.4 | 1655.7 | 3846.7 | 3393.4 | 1278.0 |
| 1998 | March | 5542.4 | 1670.4 | 3872.0 | 3430.7 | 1288.0 |
| | June | 5547.9 | NA | NA | NA | NA |

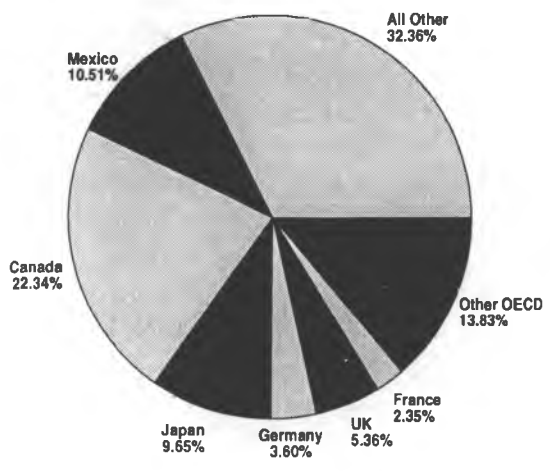
Trade and Investment Income Balances



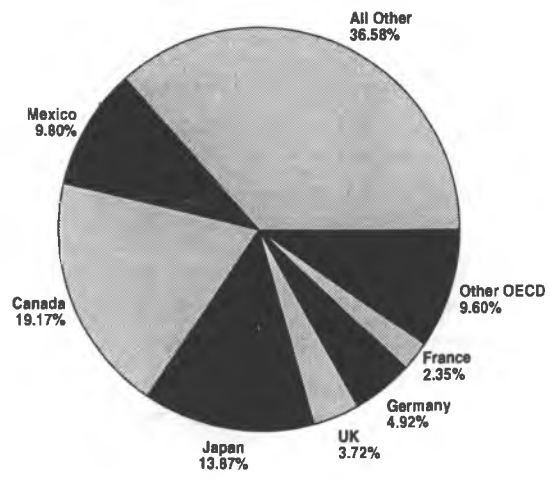
Exchange Rates



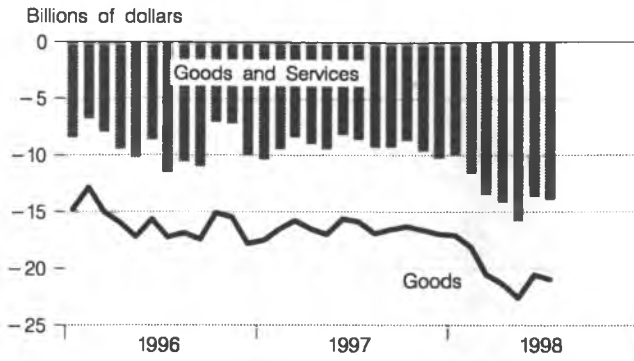
Goods Export Shares, 1997



Goods Import Shares, 1997



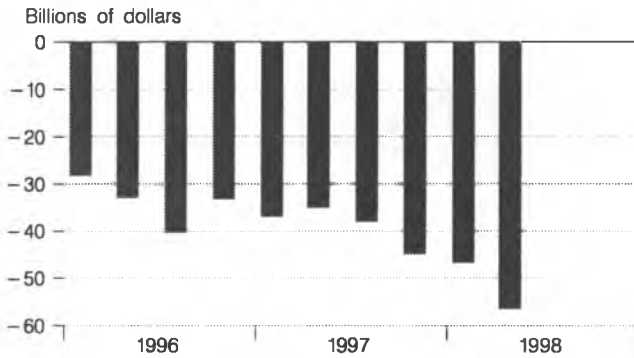
Trade Balance



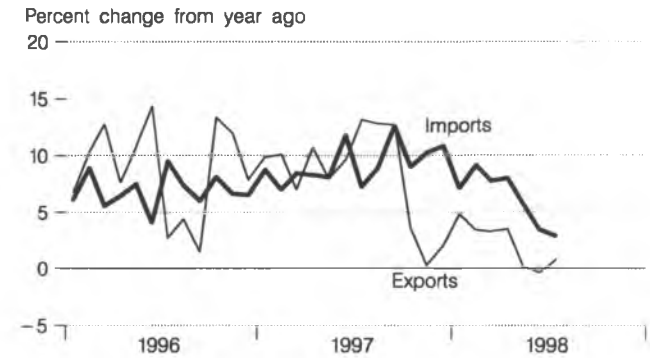
Goods Trade



Current Account Balance



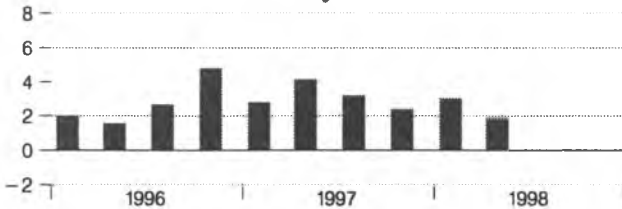
Services Trade



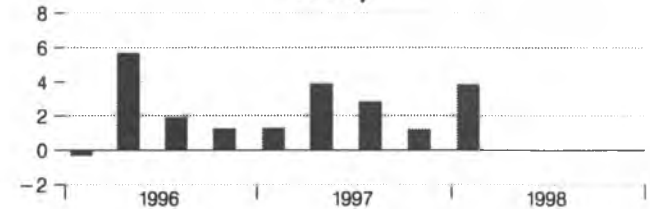
Real GDP Growth of Major Trading Partners

Percent change at annual rate

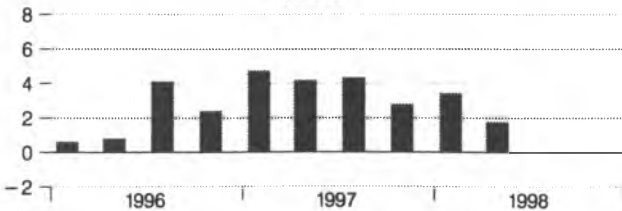
United Kingdom



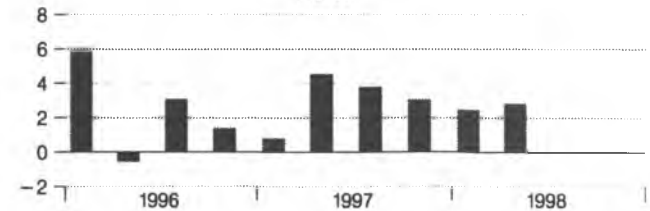
Germany



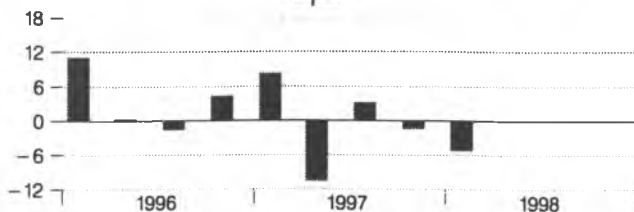
Canada



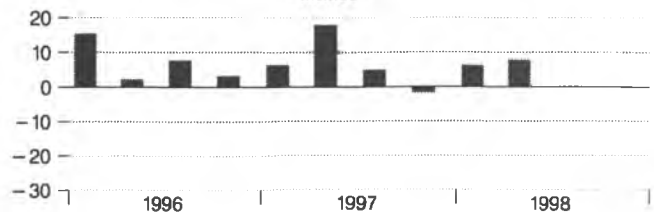
France



Japan

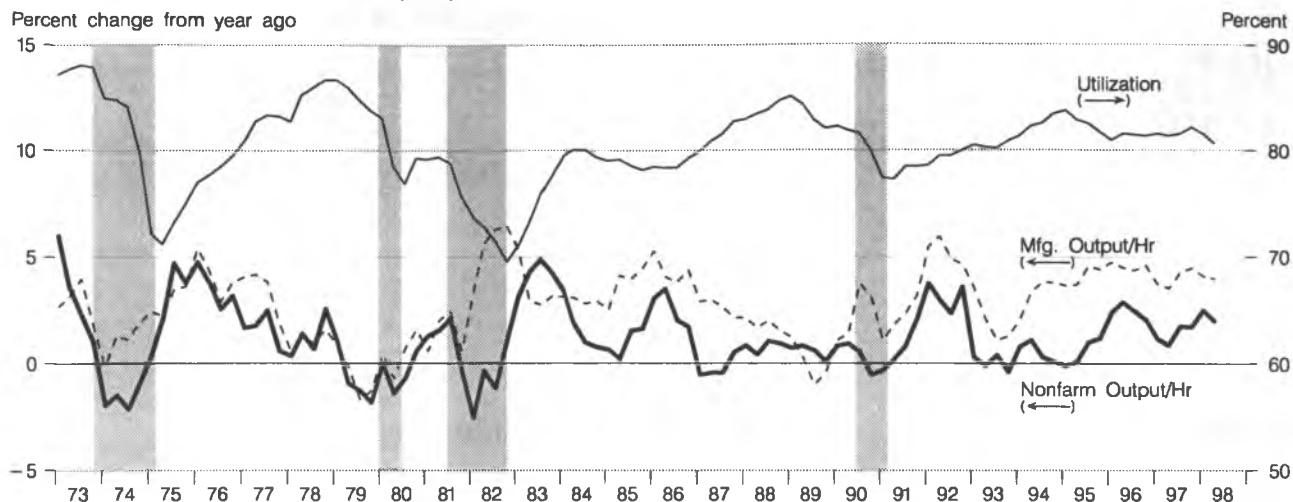


Mexico



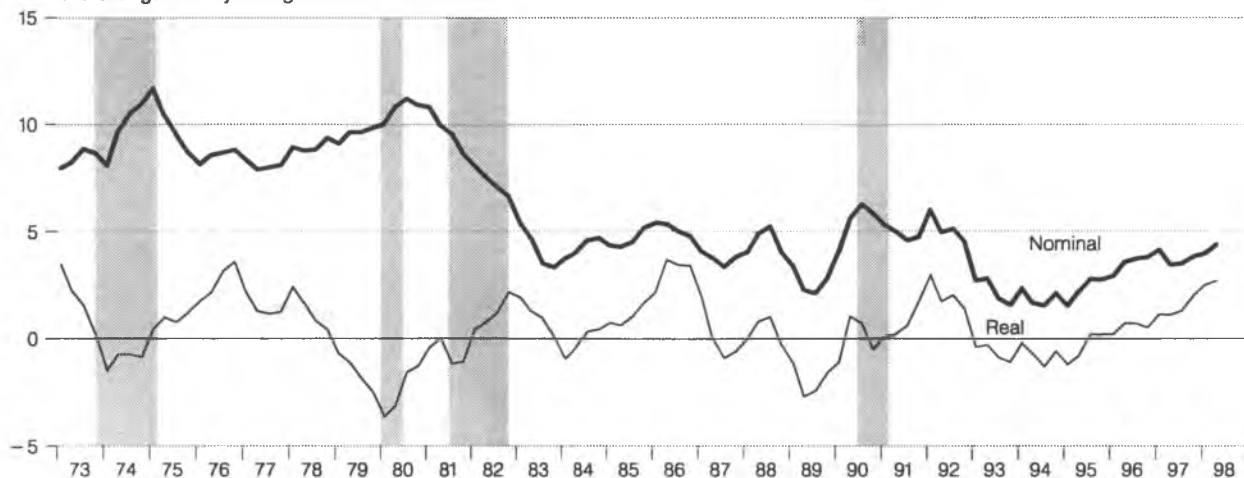
Output per Hour and Manufacturing Capacity Utilization

Percent change from year ago



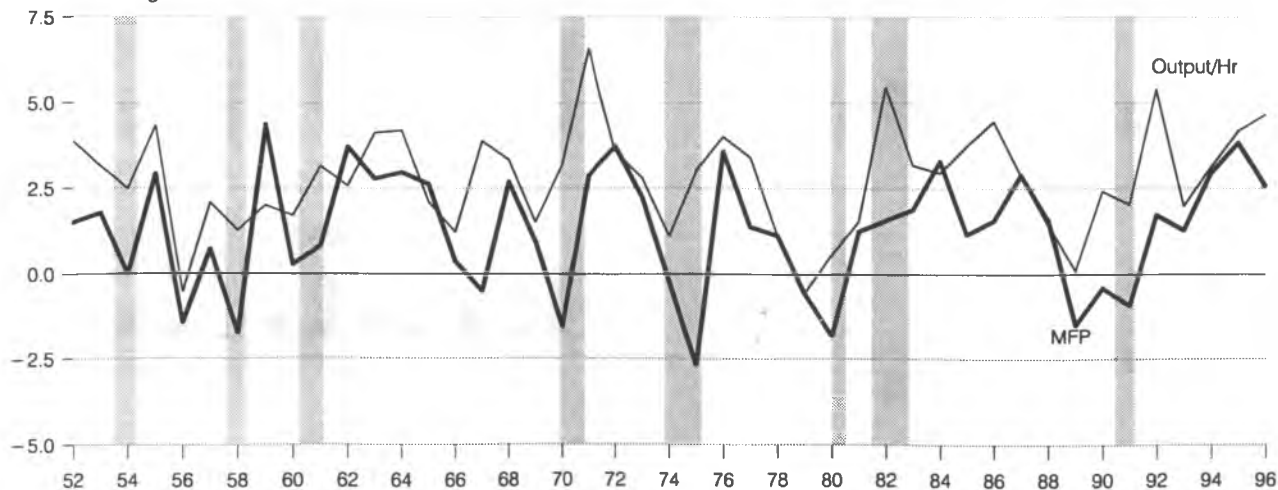
Nonfarm Compensation per Hour

Percent change from year ago



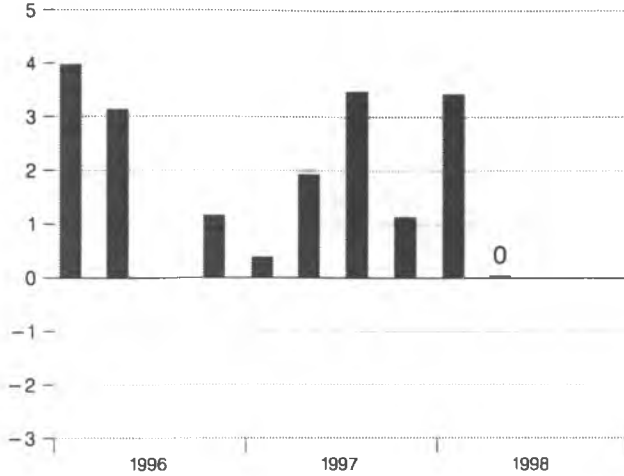
Output per Hour and Multifactor Productivity, Manufacturing

Percent change, annual data



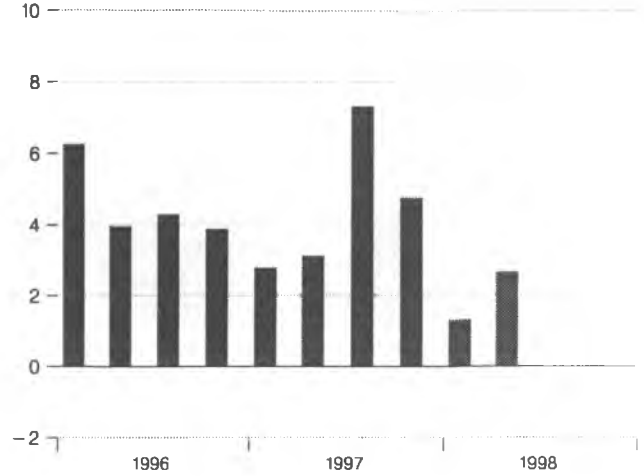
Nonfarm Output per Hour

Percent change at annual rate



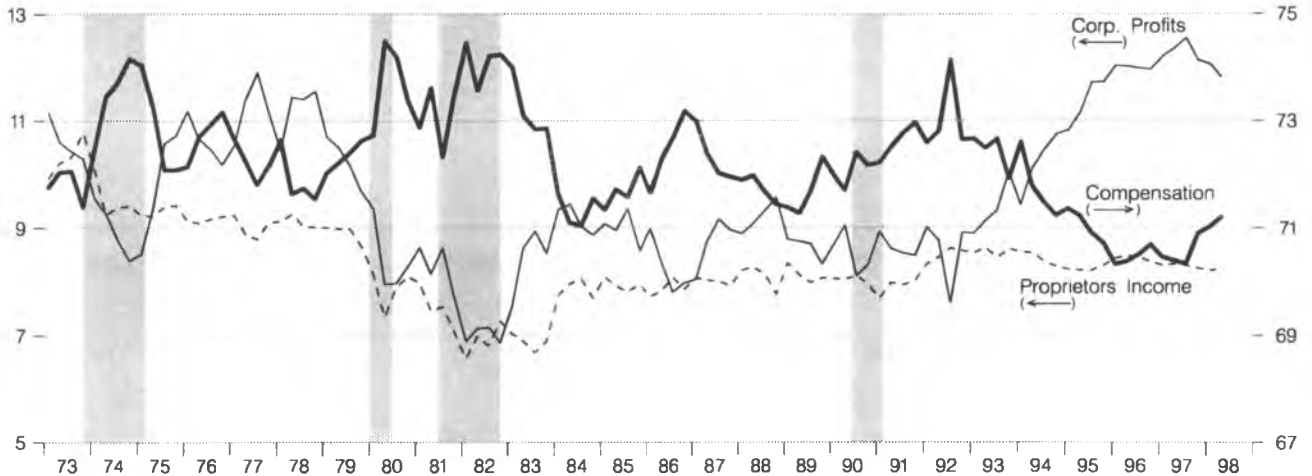
Manufacturing Output per Hour

Percent change at annual rate



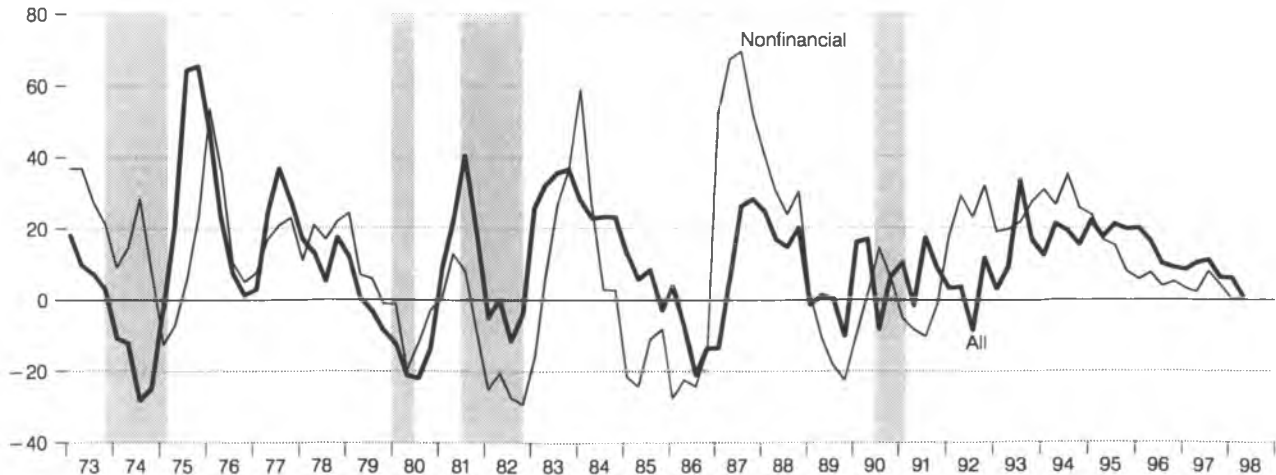
Selected Component Shares of National Income

Percent



Corporate Profits after Tax (with IVA and CCAAdj)

Percent change from year ago



National Economic Trends

| | Nominal GDP | | | Real GDP | | | Final Sales | | | Change in Business Inventories | | |
|--------|---------------------|-------------|----------|----------------------|-------------|----------|--------------------------|-------------|----------|--------------------------------|---------------|----------|
| | Percent change | | | Percent change | | | Percent change | | | Billions of 1992 \$ | | |
| | Billions of \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Last qtr | Year/Year ago | |
| 1993 | 6558.1 | | 5.0 | 6389.563 | | 2.3 | 6368.864 | | 2.1 | | 22.102 | |
| 1994 | 6947.0 | | 5.9 | 6610.741 | | 3.5 | 6551.247 | | 2.9 | | 60.552 | |
| 1995 | 7269.6 | | 4.6 | 6761.732 | | 2.3 | 6731.696 | | 2.8 | | 27.678 | |
| 1996 | 7661.6 | | 5.4 | 6994.774 | | 3.4 | 6961.608 | | 3.4 | | 30.024 | |
| 1997 | 8110.9 | | 5.9 | 7269.779 | | 3.9 | 7203.683 | | 3.5 | | 63.210 | |
| 1995 1 | 7170.8 | 4.3 | 5.5 | 6717.458 | 1.7 | 3.0 | 6661.774 | 2.2 | 2.9 | 54.278 | 60.857 | |
| 2 | 7210.9 | 2.3 | 4.3 | 6724.202 | 0.4 | 1.9 | 6700.010 | 2.3 | 2.7 | 21.668 | 47.300 | |
| 3 | 7304.8 | 5.3 | 4.6 | 6779.528 | 3.3 | 2.3 | 6761.698 | 3.7 | 2.8 | 14.705 | 38.560 | |
| 4 | 7391.9 | 4.9 | 4.2 | 6825.800 | 2.8 | 2.1 | 6803.302 | 2.5 | 2.7 | 20.061 | 27.678 | |
| 1996 1 | 7495.3 | 5.7 | 4.5 | 6882.000 | 3.3 | 2.4 | 6863.618 | 3.6 | 3.0 | 14.385 | 17.705 | |
| 2 | 7629.2 | 7.3 | 5.8 | 6983.909 | 6.1 | 3.9 | 6954.684 | 5.4 | 3.8 | 26.064 | 18.804 | |
| 3 | 7703.4 | 3.9 | 5.5 | 7020.002 | 2.1 | 3.5 | 6970.278 | 0.9 | 3.1 | 47.507 | 27.004 | |
| 4 | 7818.4 | 6.1 | 5.8 | 7093.124 | 4.2 | 3.9 | 7057.852 | 5.1 | 3.7 | 32.142 | 30.025 | |
| 1997 1 | 7955.0 | 7.2 | 6.1 | 7166.684 | 4.2 | 4.1 | 7108.063 | 2.9 | 3.6 | 56.310 | 40.506 | |
| 2 | 8063.4 | 5.6 | 5.7 | 7236.497 | 4.0 | 3.6 | 7155.530 | 2.7 | 2.9 | 79.048 | 53.752 | |
| 3 | 8170.8 | 5.4 | 6.1 | 7311.242 | 4.2 | 4.1 | 7256.265 | 5.8 | 4.1 | 50.988 | 54.622 | |
| 4 | 8254.5 | 4.2 | 5.6 | 7364.632 | 3.0 | 3.8 | 7294.812 | 2.1 | 3.4 | 66.496 | 63.211 | |
| 1998 1 | 8384.2 | 6.4 | 5.4 | 7464.668 | 5.5 | 4.2 | 7372.468 | 4.3 | 3.7 | 91.401 | 71.983 | |
| 2 | 8440.6 | 2.7 | 4.7 | 7498.638 | 1.8 | 3.6 | 7456.424 | 4.6 | 4.2 | 38.168 | 61.763 | |
| | | | | | | | | | | | | |
| | Consumption | | | Durables Consumption | | | Private Fixed Investment | | | Nonresidential Investment | | |
| | Percent change | | | Percent change | | | Percent change | | | Percent change | | |
| | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago |
| 1993 | 4343.563 | | 2.9 | 523.841 | | 7.2 | 842.772 | | 7.6 | 600.167 | | 7.6 |
| 1994 | 4485.981 | | 3.3 | 561.189 | | 7.1 | 915.536 | | 8.6 | 648.361 | | 8.0 |
| 1995 | 4605.570 | | 2.7 | 589.094 | | 5.0 | 965.965 | | 5.5 | 710.636 | | 9.6 |
| 1996 | 4752.376 | | 3.2 | 626.120 | | 6.3 | 1050.583 | | 8.8 | 776.587 | | 9.3 |
| 1997 | 4913.530 | | 3.4 | 668.602 | | 6.8 | 1137.951 | | 8.3 | 859.364 | | 10.7 |
| 1995 1 | 4555.270 | 1.9 | 2.6 | 575.185 | -1.0 | 4.5 | 957.113 | 8.2 | 7.8 | 698.402 | 16.1 | 11.5 |
| 2 | 4593.628 | 3.4 | 2.7 | 583.520 | 5.9 | 5.0 | 957.826 | 0.3 | 4.9 | 710.167 | 6.9 | 10.8 |
| 3 | 4623.419 | 2.6 | 2.8 | 595.323 | 8.3 | 6.0 | 965.832 | 3.4 | 4.7 | 711.713 | 0.9 | 9.0 |
| 4 | 4649.962 | 2.3 | 2.6 | 602.357 | 4.8 | 4.5 | 983.091 | 7.3 | 4.8 | 722.273 | 6.1 | 7.3 |
| 1996 1 | 4692.076 | 3.7 | 3.0 | 610.970 | 5.8 | 6.2 | 1011.365 | 12.0 | 5.7 | 744.777 | 13.1 | 6.6 |
| 2 | 4746.553 | 4.7 | 3.3 | 629.505 | 12.7 | 7.9 | 1043.517 | 13.3 | 8.9 | 764.403 | 11.0 | 7.6 |
| 3 | 4768.285 | 1.8 | 3.1 | 626.486 | -1.9 | 5.2 | 1067.067 | 9.3 | 10.5 | 790.138 | 14.2 | 11.0 |
| 4 | 4802.550 | 2.9 | 3.3 | 637.507 | 7.2 | 5.8 | 1080.385 | 5.1 | 9.9 | 807.036 | 8.8 | 11.7 |
| 1997 1 | 4853.398 | 4.3 | 3.4 | 656.277 | 12.3 | 7.4 | 1096.046 | 5.9 | 8.4 | 820.860 | 7.0 | 10.2 |
| 2 | 4872.683 | 1.6 | 2.7 | 653.766 | -1.5 | 3.9 | 1126.991 | 11.8 | 8.0 | 848.184 | 14.0 | 11.0 |
| 3 | 4946.993 | 6.2 | 3.7 | 679.619 | 16.8 | 8.5 | 1159.292 | 12.0 | 8.6 | 882.181 | 17.0 | 11.6 |
| 4 | 4981.005 | 2.8 | 3.7 | 684.753 | 3.1 | 7.4 | 1169.492 | 3.6 | 8.2 | 886.231 | 1.8 | 9.8 |
| 1998 1 | 5055.062 | 6.1 | 4.2 | 710.259 | 15.8 | 8.2 | 1224.943 | 20.4 | 11.8 | 931.864 | 22.2 | 13.5 |
| 2 | 5130.217 | 6.1 | 5.3 | 729.351 | 11.2 | 11.6 | 1264.130 | 13.4 | 12.2 | 960.377 | 12.8 | 13.2 |

| GDP Chain Price Index | | | | Employment Cost Index | | | ECI: Wages | | | ECI: Benefits | | |
|-----------------------|---------------------|-------|-------|-----------------------|-------|-------|-------------------------|-------|-------|-------------------------|-------|-------|
| Percent change | | | | Percent change | | | Percent change | | | Percent change | | |
| Annual rate | | | | Annual rate | | | Annual rate | | | Annual rate | | |
| Year ago | | | | Year ago | | | Year ago | | | Year ago | | |
| Index | Index | Index | Index | Index | Index | Index | Index | Index | Index | Index | Index | Index |
| 1993 | 102.643 | | 2.6 | 118.4 | | 3.6 | 115.2 | | 2.9 | 127.0 | | 5.4 |
| 1994 | 105.088 | | 2.4 | 122.2 | | 3.2 | 118.5 | | 2.9 | 132.1 | | 4.0 |
| 1995 | 107.513 | | 2.3 | 125.7 | | 2.8 | 121.9 | | 2.9 | 135.0 | | 2.2 |
| 1996 | 109.541 | | 1.9 | 129.2 | | 2.8 | 126.0 | | 3.3 | 137.4 | | 1.8 |
| 1997 | 111.569 | | 1.9 | 133.2 | | 3.1 | 130.4 | | 3.5 | 140.2 | | 2.0 |
| 1995 1 | 106.735 | 2.5 | 2.5 | 124.4 | 2.9 | 3.0 | 120.6 | 2.7 | 3.0 | 133.9 | 1.2 | 2.7 |
| 2 | 107.259 | 2.0 | 2.4 | 125.3 | 2.9 | 2.9 | 121.5 | 3.0 | 2.9 | 134.6 | 2.1 | 2.4 |
| 3 | 107.758 | 1.9 | 2.2 | 126.1 | 2.6 | 2.7 | 122.4 | 3.0 | 2.9 | 135.3 | 2.1 | 1.9 |
| 4 | 108.299 | 2.0 | 2.1 | 126.9 | 2.6 | 2.8 | 123.2 | 2.6 | 2.8 | 136.0 | 2.1 | 1.9 |
| 1996 1 | 108.900 | 2.2 | 2.0 | 127.7 | 2.5 | 2.7 | 124.4 | 4.0 | 3.2 | 136.1 | 0.3 | 1.6 |
| 2 | 109.277 | 1.4 | 1.9 | 128.8 | 3.5 | 2.8 | 125.6 | 3.9 | 3.4 | 137.0 | 2.7 | 1.8 |
| 3 | 109.772 | 1.8 | 1.9 | 129.7 | 2.8 | 2.9 | 126.5 | 2.9 | 3.3 | 137.8 | 2.4 | 1.8 |
| 4 | 110.214 | 1.6 | 1.8 | 130.6 | 2.8 | 2.9 | 127.4 | 2.9 | 3.4 | 138.6 | 2.3 | 1.9 |
| 1997 1 | 110.966 | 2.8 | 1.9 | 131.4 | 2.5 | 2.9 | 128.5 | 3.5 | 3.3 | 138.8 | 0.6 | 2.0 |
| 2 | 111.447 | 1.7 | 2.0 | 132.6 | 3.7 | 3.0 | 129.7 | 3.8 | 3.3 | 139.7 | 2.6 | 2.0 |
| 3 | 111.772 | 1.2 | 1.8 | 133.7 | 3.4 | 3.1 | 131.0 | 4.1 | 3.6 | 140.4 | 2.0 | 1.9 |
| 4 | 112.091 | 1.1 | 1.7 | 135.1 | 4.3 | 3.4 | 132.5 | 4.7 | 4.0 | 141.7 | 3.8 | 2.2 |
| 1998 1 | 112.332 | 0.9 | 1.2 | 136.0 | 2.7 | 3.5 | 133.6 | 3.4 | 4.0 | 142.1 | 1.1 | 2.4 |
| 2 | 112.571 | 0.9 | 1.0 | 137.2 | 3.6 | 3.5 | 134.9 | 3.9 | 4.0 | 143.2 | 3.1 | 2.5 |
| | | | | | | | | | | | | |
| Exports | | | | Imports | | | Nonfarm Output per Hour | | | Nonfarm Compensation/Hr | | |
| Percent change | | | | Percent change | | | Percent change | | | Percent change | | |
| Annual rate | | | | Annual rate | | | Annual rate | | | Annual rate | | |
| Year ago | | | | Year ago | | | Year ago | | | Year ago | | |
| Billions of 1992 \$ | Billions of 1992 \$ | Index | Index | Billions of 1992 \$ | Index | Index | Index | Index | Index | Index | Index | Index |
| 1993 | 658.183 | | 2.9 | 728.409 | | 8.9 | 100.1 | | 0.1 | 102.2 | | 2.2 |
| 1994 | 712.399 | | 8.2 | 817.026 | | 12.2 | 100.6 | | 0.5 | 104.2 | | 2.0 |
| 1995 | 792.575 | | 11.3 | 889.040 | | 8.8 | 101.2 | | 0.6 | 106.7 | | 2.4 |
| 1996 | 860.008 | | 8.5 | 971.248 | | 9.2 | 103.7 | | 2.5 | 110.4 | | 3.5 |
| 1997 | 969.988 | | 12.8 | 1106.124 | | 13.9 | 105.1 | | 1.4 | 114.5 | | 3.7 |
| 1995 1 | 763.885 | 9.2 | 13.0 | 873.433 | 9.8 | 12.9 | 100.6 | -0.8 | -0.1 | 105.5 | 1.9 | 1.5 |
| 2 | 774.000 | 5.4 | 9.9 | 888.705 | 7.2 | 10.0 | 100.9 | 1.2 | 0.1 | 106.2 | 2.7 | 2.2 |
| 3 | 806.291 | 17.8 | 11.7 | 893.127 | 2.0 | 7.2 | 101.3 | 1.6 | 1.0 | 107.0 | 3.0 | 2.8 |
| 4 | 826.119 | 10.2 | 10.5 | 900.900 | 3.5 | 5.6 | 102.0 | 2.8 | 1.2 | 107.9 | 3.4 | 2.8 |
| 1996 1 | 833.607 | 3.7 | 9.1 | 929.064 | 13.1 | 6.4 | 103.0 | 4.0 | 2.4 | 108.6 | 2.6 | 2.9 |
| 2 | 845.474 | 5.8 | 9.2 | 958.939 | 13.5 | 7.9 | 103.8 | 3.1 | 2.9 | 110.0 | 5.3 | 3.6 |
| 3 | 849.893 | 2.1 | 5.4 | 990.012 | 13.6 | 10.8 | 103.8 | 0.0 | 2.5 | 111.0 | 3.7 | 3.7 |
| 4 | 911.053 | 32.0 | 10.3 | 1006.971 | 7.0 | 11.8 | 104.1 | 1.2 | 2.1 | 112.0 | 3.7 | 3.8 |
| 1997 1 | 929.410 | 8.3 | 11.5 | 1050.935 | 18.6 | 13.1 | 104.2 | 0.4 | 1.2 | 113.1 | 4.0 | 4.1 |
| 2 | 963.594 | 15.5 | 14.0 | 1095.206 | 17.9 | 14.2 | 104.7 | 1.9 | 0.9 | 113.8 | 2.5 | 3.5 |
| 3 | 988.109 | 10.6 | 16.3 | 1130.521 | 13.5 | 14.2 | 105.6 | 3.5 | 1.7 | 114.9 | 3.9 | 3.5 |
| 4 | 998.838 | 4.4 | 9.6 | 1147.840 | 6.3 | 14.0 | 105.9 | 1.1 | 1.7 | 116.3 | 5.0 | 3.8 |
| 1998 1 | 991.875 | -2.8 | 6.7 | 1190.406 | 15.7 | 13.3 | 106.8 | 3.4 | 2.5 | 117.6 | 4.5 | 4.0 |
| 2 | 972.130 | -7.7 | 0.9 | 1217.298 | 9.3 | 11.1 | 106.8 | 0.0 | 2.0 | 118.8 | 4.1 | 4.4 |

NationalEconomicTrends

| | | 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 | 110692 | 2101 | | 1.9 | 124.6 | | | 2.9 |
| 1994 | | 123069 | 2810 | | 2.3 | 114131 | 3440 | | 3.1 | 129.9 | | | 4.2 |
| 1995 | | 124903 | 1834 | | 1.5 | 117187 | 3055 | | 2.7 | 133.4 | | | 2.7 |
| 1996 | | 126708 | 1805 | | 1.4 | 119590 | 2403 | | 2.1 | 136.6 | | | 2.4 |
| 1997 | | 129557 | 2849 | | 2.2 | 122677 | 3086 | | 2.6 | 141.4 | | | 3.5 |
| 1996 | 1 | 125656 | 449 | 1.4 | 0.6 | 118459 | 524 | 1.8 | 1.7 | 134.5 | 0.2 | 1.0 | 1.2 |
| | 2 | 126323 | 667 | 2.1 | 1.3 | 119273 | 814 | 2.8 | 2.0 | 136.2 | 1.3 | 5.3 | 2.5 |
| | 3 | 127067 | 744 | 2.4 | 1.8 | 119974 | 701 | 2.4 | 2.2 | 137.3 | 0.8 | 3.1 | 2.7 |
| | 4 | 127787 | 720 | 2.3 | 2.1 | 120655 | 681 | 2.3 | 2.3 | 138.4 | 0.8 | 3.3 | 3.2 |
| 1997 | 1 | 128697 | 910 | 2.9 | 2.4 | 121461 | 805 | 2.7 | 2.5 | 139.7 | 1.0 | 3.9 | 3.9 |
| | 2 | 129387 | 690 | 2.2 | 2.4 | 122317 | 856 | 2.9 | 2.6 | 140.9 | 0.8 | 3.4 | 3.4 |
| | 3 | 129723 | 336 | 1.0 | 2.1 | 122995 | 678 | 2.2 | 2.5 | 141.7 | 0.6 | 2.3 | 3.2 |
| | 4 | 130421 | 698 | 2.2 | 2.1 | 123934 | 939 | 3.1 | 2.7 | 143.1 | 1.0 | 4.1 | 3.4 |
| 1998 | 1 | 131080 | 659 | 2.0 | 1.9 | 124795 | 862 | 2.8 | 2.7 | 144.3 | 0.8 | 3.2 | 3.2 |
| | 2 | 131348 | 268 | 0.8 | 1.5 | 125516 | 720 | 2.3 | 2.6 | 144.6 | 0.2 | 0.8 | 2.6 |
| 1996 | Aug | 126995 | 128 | 1.2 | 1.8 | 120024 | 283 | 2.9 | 2.2 | 137.3 | 0.5 | 6.3 | 2.7 |
| | Sep | 127338 | 343 | 3.3 | 1.9 | 120157 | 133 | 1.3 | 2.1 | 137.9 | 0.4 | 5.4 | 2.8 |
| | Oct | 127715 | 377 | 3.6 | 1.9 | 120382 | 225 | 2.3 | 2.2 | 137.9 | 0.0 | 0.0 | 2.9 |
| | Nov | 127746 | 31 | 0.3 | 2.0 | 120683 | 301 | 3.0 | 2.3 | 138.3 | 0.3 | 3.5 | 3.0 |
| | Dec | 127899 | 153 | 1.4 | 2.2 | 120901 | 218 | 2.2 | 2.4 | 139.0 | 0.5 | 6.2 | 3.6 |
| 1997 | Jan | 128541 | 642 | 6.2 | 2.6 | 121146 | 245 | 2.5 | 2.6 | 138.8 | -0.1 | -1.7 | 4.7 |
| | Feb | 128515 | -26 | -0.2 | 2.2 | 121457 | 311 | 3.1 | 2.5 | 139.8 | 0.7 | 9.0 | 3.3 |
| | Mar | 129035 | 520 | 5.0 | 2.4 | 121779 | 322 | 3.2 | 2.5 | 140.6 | 0.6 | 7.1 | 3.7 |
| | Apr | 129275 | 240 | 2.3 | 2.6 | 122092 | 313 | 3.1 | 2.6 | 140.6 | 0.0 | 0.0 | 3.8 |
| | May | 129494 | 219 | 2.1 | 2.5 | 122325 | 233 | 2.3 | 2.5 | 141.2 | 0.4 | 5.2 | 3.7 |
| | Jun | 129392 | -102 | -0.9 | 2.2 | 122534 | 209 | 2.1 | 2.5 | 140.9 | -0.2 | -2.5 | 2.8 |
| | Jul | 129661 | 269 | 2.5 | 2.2 | 122811 | 277 | 2.7 | 2.6 | 141.3 | 0.3 | 3.5 | 3.4 |
| | Aug | 129747 | 86 | 0.8 | 2.2 | 122894 | 83 | 0.8 | 2.4 | 141.7 | 0.3 | 3.5 | 3.2 |
| | Sep | 129761 | 14 | 0.1 | 1.9 | 123280 | 386 | 3.8 | 2.6 | 142.1 | 0.3 | 3.4 | 3.0 |
| | Oct | 129910 | 149 | 1.4 | 1.7 | 123568 | 288 | 2.8 | 2.6 | 142.6 | 0.4 | 4.3 | 3.4 |
| | Nov | 130575 | 665 | 6.3 | 2.2 | 123944 | 376 | 3.7 | 2.7 | 143.2 | 0.4 | 5.2 | 3.5 |
| | Dec | 130777 | 202 | 1.9 | 2.3 | 124289 | 345 | 3.4 | 2.8 | 143.6 | 0.3 | 3.4 | 3.3 |
| | 1998 | Jan | 131083 | 306 | 2.8 | 2.0 | 124640 | 351 | 3.4 | 2.9 | 144.6 | 0.7 | 8.7 |
| Feb | | 131163 | 80 | 0.7 | 2.1 | 124832 | 192 | 1.9 | 2.8 | 144.4 | -0.1 | -1.6 | 3.3 |
| Mar | | 130994 | -169 | -1.5 | 1.5 | 124914 | 82 | 0.8 | 2.6 | 143.8 | -0.4 | -4.9 | 2.3 |
| Apr | | 131383 | 389 | 3.6 | 1.6 | 125234 | 320 | 3.1 | 2.6 | 144.0 | 0.1 | 1.7 | 2.4 |
| May | | 131453 | 70 | 0.6 | 1.5 | 125562 | 328 | 3.2 | 2.6 | 144.9 | 0.6 | 7.8 | 2.6 |
| Jun | | 131209 | -244 | -2.2 | 1.4 | 125751 | 189 | 1.8 | 2.6 | 144.8 | -0.1 | -0.8 | 2.8 |
| Jul | | 131067 | -142 | -1.3 | 1.1 | 125819 | 68 | 0.7 | 2.4 | 145.2 | 0.3 | 3.4 | 2.8 |
| Aug | | 131168 | 101 | 0.9 | 1.1 | 126184 | 365 | 3.5 | 2.7 | 145.3 | 0.1 | 0.8 | 2.5 |

| | | 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 | 2568.169 | | | 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 | 639.631 | 2.4 | 10.0 | 6.2 | 121.940 | 1.3 | 5.2 | 5.0 | 5.06 | 6.56 |
| | 2 | 4.9 | 633.893 | −0.9 | −3.5 | 3.3 | 123.312 | 1.1 | 4.6 | 4.3 | 5.05 | 6.70 |
| | 3 | 4.9 | 646.751 | 2.0 | 8.4 | 5.2 | 125.119 | 1.5 | 6.0 | 4.9 | 5.05 | 6.24 |
| | 4 | 4.7 | 647.894 | 0.2 | 0.7 | 3.7 | 127.321 | 1.8 | 7.2 | 5.8 | 5.09 | 5.90 |
| 1998 | 1 | 4.7 | 660.975 | 2.0 | 8.3 | 3.3 | 127.702 | 0.3 | 1.2 | 4.7 | 5.05 | 5.59 |
| | 2 | 4.4 | 673.702 | 1.9 | 7.9 | 6.3 | 128.237 | 0.4 | 1.7 | 4.0 | 4.98 | 5.60 |
| | | | | | | | | | | | | |
| 1996 | 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 | 214.516 | 0.3 | 3.3 | 5.9 | 122.468 | 0.3 | 4.0 | 5.3 | 5.14 | 6.69 |
| | Apr | 5.0 | 211.018 | −1.6 | −17.9 | 3.6 | 123.073 | 0.5 | 6.1 | 4.7 | 5.16 | 6.89 |
| | May | 4.8 | 210.532 | −0.2 | −2.7 | 2.4 | 123.316 | 0.2 | 2.4 | 4.3 | 5.05 | 6.71 |
| | Jun | 5.0 | 212.343 | 0.9 | 10.8 | 4.0 | 123.546 | 0.2 | 2.3 | 3.9 | 4.93 | 6.49 |
| | Jul | 4.9 | 214.935 | 1.2 | 15.7 | 5.2 | 124.527 | 0.8 | 10.0 | 4.7 | 5.05 | 6.22 |
| | Aug | 4.9 | 216.328 | 0.6 | 8.1 | 5.9 | 125.246 | 0.6 | 7.2 | 5.0 | 5.14 | 6.30 |
| | Sep | 4.9 | 215.488 | −0.4 | −4.6 | 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 | 127.813 | −0.1 | −0.7 | 5.4 | 5.04 | 5.54 |
| | Feb | 4.6 | 220.866 | 0.9 | 10.7 | 3.2 | 127.327 | −0.4 | −4.5 | 4.3 | 5.09 | 5.57 |
| | Mar | 4.7 | 221.105 | 0.1 | 1.3 | 3.1 | 127.966 | 0.5 | 6.2 | 4.5 | 5.03 | 5.65 |
| | Apr | 4.3 | 222.707 | 0.7 | 9.0 | 5.5 | 128.407 | 0.3 | 4.2 | 4.3 | 4.95 | 5.64 |
| | May | 4.3 | 225.370 | 1.2 | 15.3 | 7.0 | 128.848 | 0.3 | 4.2 | 4.5 | 5.00 | 5.65 |
| | Jun | 4.5 | 225.625 | 0.1 | 1.4 | 6.3 | 127.456 | −1.1 | −12.2 | 3.2 | 4.98 | 5.50 |
| | Jul | 4.5 | 224.372 | −0.6 | −6.5 | 4.4 | 126.981 | −0.4 | −4.4 | 2.0 | 4.96 | 5.46 |
| | Aug | 4.5 | 224.817 | 0.2 | 2.4 | 3.9 | 129.096 | 1.7 | 21.9 | 3.1 | 4.90 | 5.34 |

| | | Consumer Price Index | | | | | Consumer Price Index less Food and Energy | | | | | Producer Price Index Finished Goods | | | |
|------|-----|----------------------|-----------------------|----------------|-------------|-----------------|--|-----------------------|----------------|-------------|-----------------|--|-----------------------|----------------|-------------|
| | | Percent change | | | | | Percent change | | | | | Percent change | | | |
| | | Index | Monthly/ quarterly | Annual rate | Year ago | Year to date | Index | Monthly/ quarterly | Annual rate | Year ago | Year to date | Index | 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 | 130.5 | -0.8 | -3.3 | -1.6 |
| | 2 | 162.8 | 0.5 | 2.0 | 1.6 | 1.2 | 173.2 | 0.7 | 2.7 | 2.2 | 2.5 | 130.5 | 0.0 | 0.0 | -0.9 |
| | | | | | | | | | | | | | | | |
| 1996 | 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 | 130.6 | -0.6 | -7.1 | -1.8 |
| | Feb | 162.0 | 0.1 | 0.7 | 1.4 | 0.4 | 172.2 | 0.3 | 3.6 | 2.3 | 2.8 | 130.5 | -0.1 | -0.9 | -1.6 |
| | Mar | 162.0 | 0.0 | 0.0 | 1.4 | 0.2 | 172.4 | 0.1 | 1.4 | 2.3 | 2.4 | 130.4 | -0.1 | -0.9 | -1.5 |
| | Apr | 162.4 | 0.2 | 3.0 | 1.5 | 0.9 | 172.9 | 0.3 | 3.5 | 2.2 | 2.6 | 130.6 | 0.2 | 1.9 | -1.0 |
| | May | 162.9 | 0.3 | 3.8 | 1.7 | 1.5 | 173.3 | 0.2 | 2.8 | 2.3 | 2.7 | 130.5 | -0.1 | -0.9 | -0.9 |
| | Jun | 163.0 | 0.1 | 0.7 | 1.6 | 1.4 | 173.5 | 0.1 | 1.4 | 2.2 | 2.5 | 130.4 | -0.1 | -0.9 | -0.8 |
| | Jul | 163.3 | 0.2 | 2.2 | 1.7 | 1.5 | 173.8 | 0.2 | 2.1 | 2.2 | 2.4 | 130.7 | 0.2 | 2.8 | -0.3 |
| | Aug | 163.6 | 0.2 | 2.2 | 1.7 | 1.6 | 174.2 | 0.2 | 2.8 | 2.4 | 2.5 | 130.2 | -0.4 | -4.5 | -0.8 |

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. **Standard and Poor's 500 Index with Reinvested Dividends** shows the total return: capital gains plus dividends.

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 nonfarm 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 (± 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 13: 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, household debt

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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