

# National Economic Trends

## What Constitutes a High Price of Oil?

Economists have been concerned about oil price shocks since the 1970s and 1980s, when sharp increases in crude oil prices were associated with both declines in real output and increases in inflation in many industrialized countries. A run-up in crude oil prices over the last eighteen months has caused a good deal of concern that a new shock is in the making. A severe enough change in prices might be enough to end the long U.S. expansion and simultaneously raise inflation. But, what would “severe enough” be?

In a previous cover page (NET, April 2000), I argued that the “real” or constant-dollar price of crude oil—the spot crude oil price deflated by the consumer price index—was quite a bit higher in the past, peaking at more than \$75 per barrel (in today’s dollars) during the early 1980s, versus a price less than \$30 per barrel as of March 2000. However, one might argue that the very high prices observed during the 1970s and 1980s are irrelevant today. U.S. firms and households may have become accustomed to the

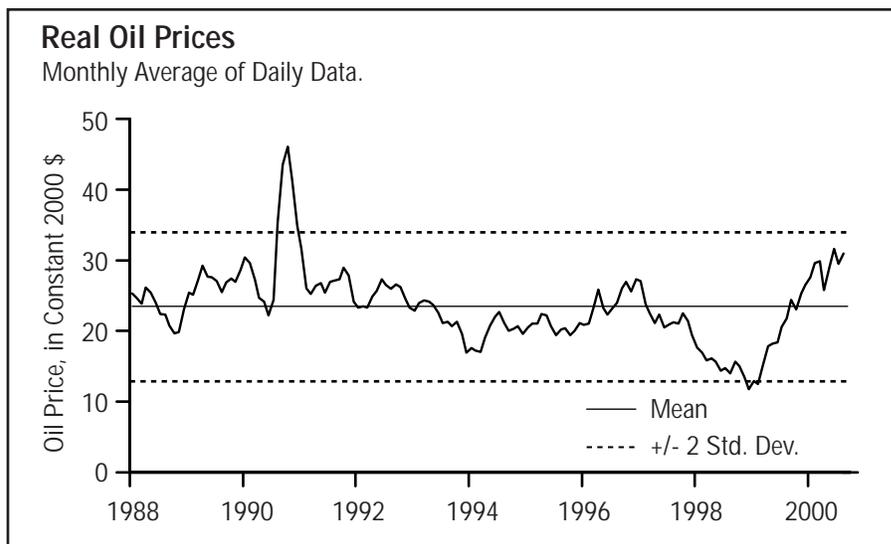
new, lower price of oil that has prevailed over the last decade and a half. If that is the case, then current prices may be moving out of that comfort zone. In particular, businesses and consumers may have become used to the very low crude oil prices associated with the Asian Crisis during 1998. So, are current prices unusual when compared to recent experience? The chart suggests that the answer is “no.”

The chart shows the monthly average of the real spot price of a barrel of West Texas Intermediate crude oil from 1988 to the present, in today’s dollars. The inflation-adjusted price has fluctuated around a mean of \$23.50, represented by

the flat line through the middle of the data. Of course, the price of oil is determined in a volatile global market, and one way to measure the volatility is to calculate a standard deviation, which is about \$5.24 for these data. The two lines through the top and bottom of the data represent the mean plus or minus two standard deviations, respectively, a rule of thumb that can help us think about what would constitute an “unusually high” oil price. Observed prices outside these bands would be considered very unusual according to the rule of thumb.

According to the chart, there are only two periods of very unusual real crude oil prices during this period. One occurred during 1990-91, when the Gulf War caused prices to spike. The other occurred during 1998, when the Asian Crisis sent prices to very low levels. Current prices, by contrast, do not seem very unusual by this calculation, since they remain well within two standard deviations of the mean. Thus, while the real price of oil has increased substantially, much of the increase represents a return to the mean from very low levels experienced during 1998.

—James Bullard



# Table of Contents

---

Page	
3	Economy at a glance
4	Output and growth
7	Interest rates
8	Inflation and prices
10	Labor markets
12	Consumer spending
14	Investment spending
16	Government revenues, spending, and debt
18	International trade
20	Productivity and profits
22	Quick reference tables
27	Notes and sources

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

1. Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.
2. *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:

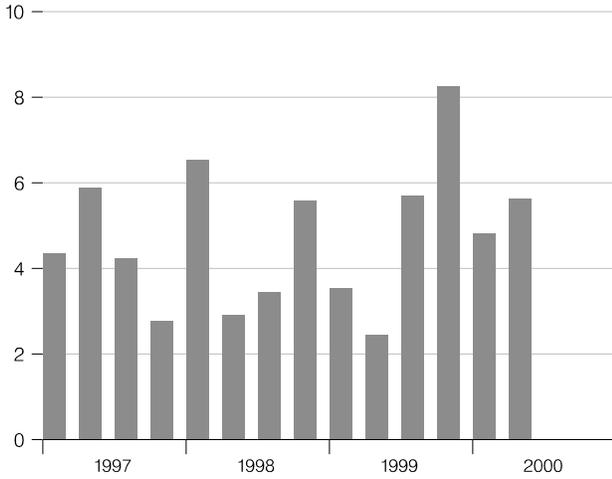
$$100 \times \left[ \left( \frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

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

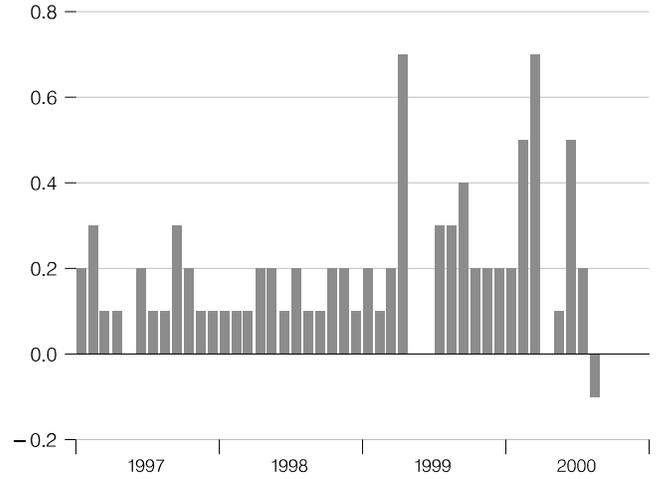
### Real GDP Growth

Percent change at annual rate



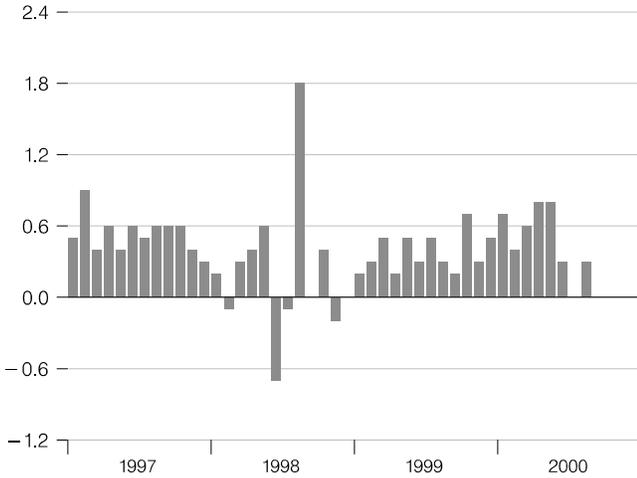
### Consumer Price Index

Percent change



### Industrial Production

Percent change



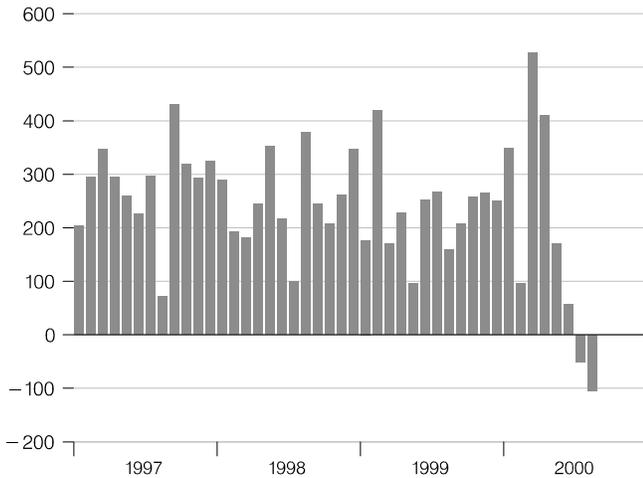
### Interest Rates

Percent



### Change in Nonfarm Payrolls

Thousands



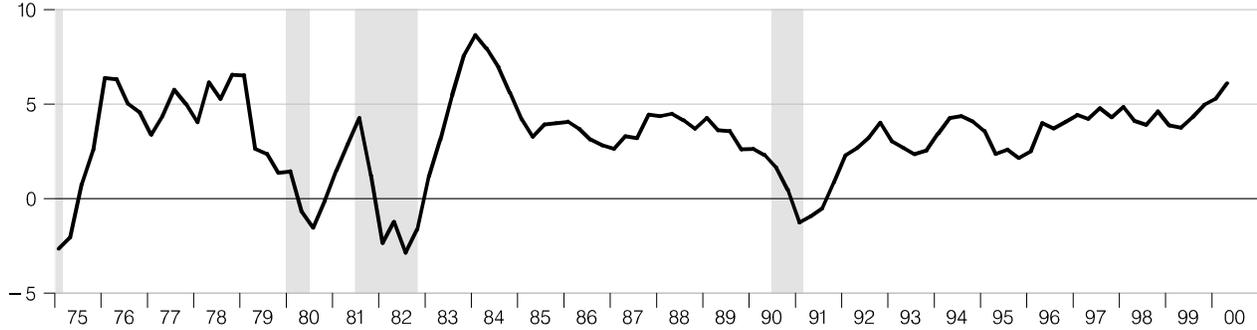
### Unemployment Rate

Percent of labor force



### Real Gross Domestic Product

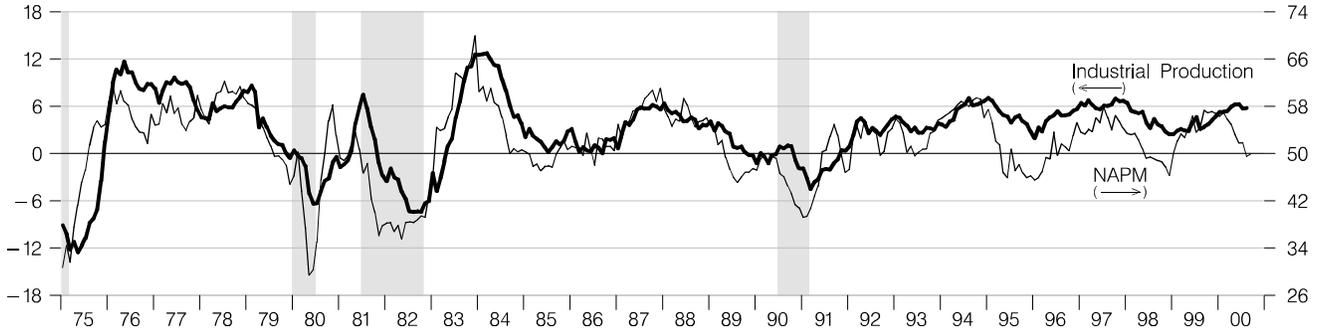
Percent change from year ago



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

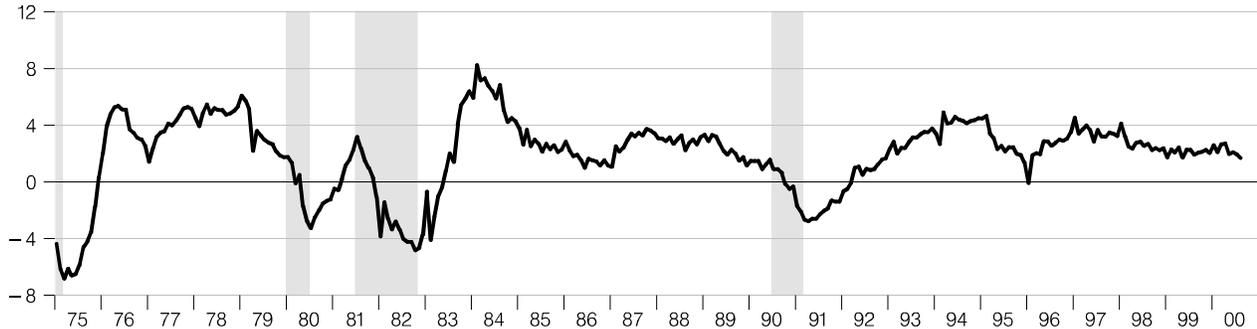
Percent change from year ago

Index



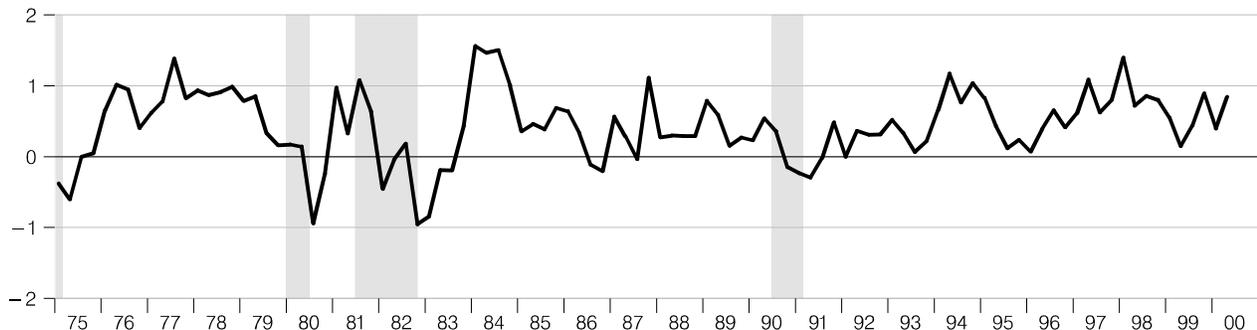
### Aggregate Private Nonfarm Hours

Percent change from year ago

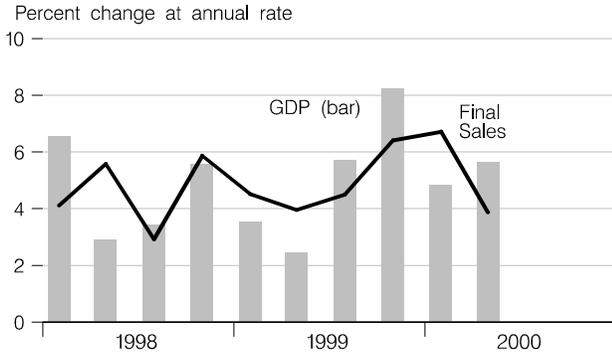


### Real Change in Private Inventories

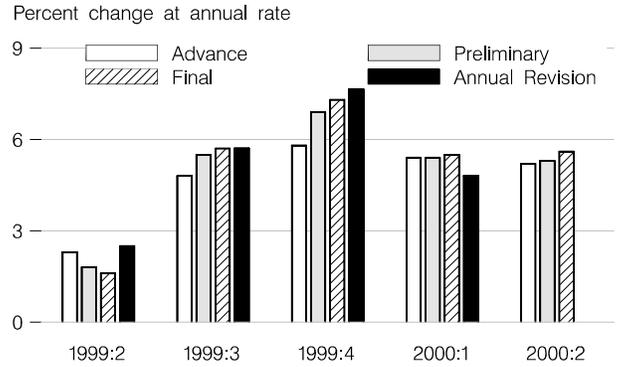
Percent of GDP



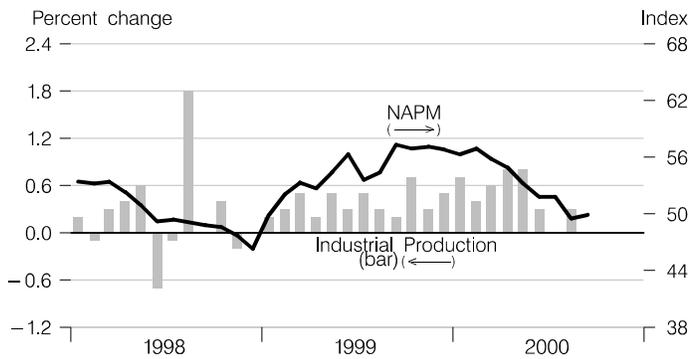
### Real Final Sales and GDP



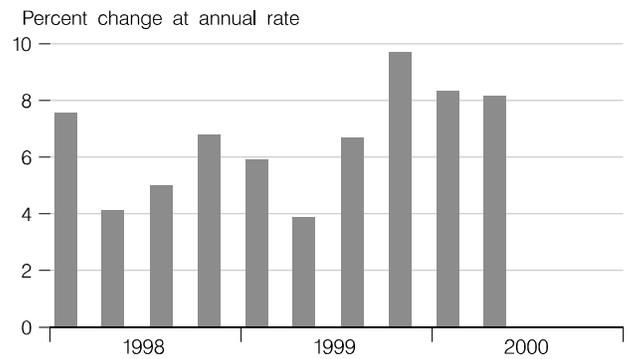
### Real GDP Revisions



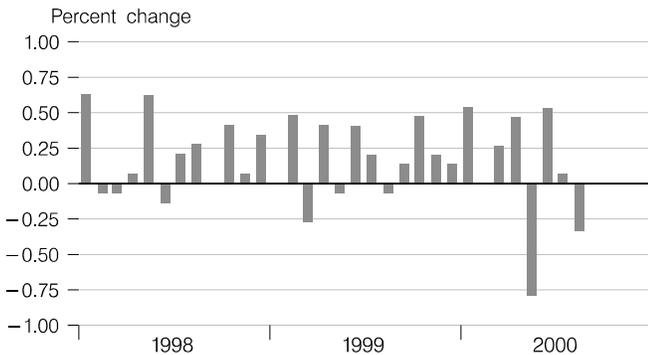
### Industrial Production and NAPM Index



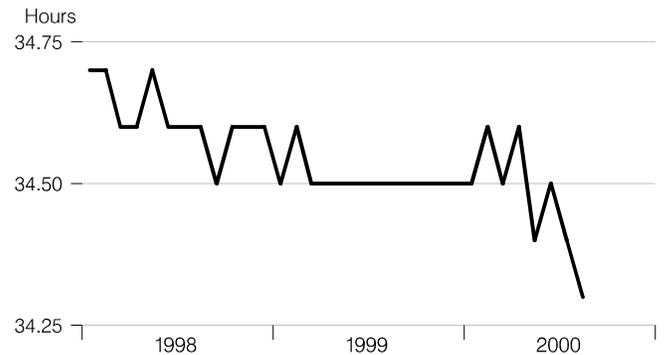
### Nominal Gross Domestic Product



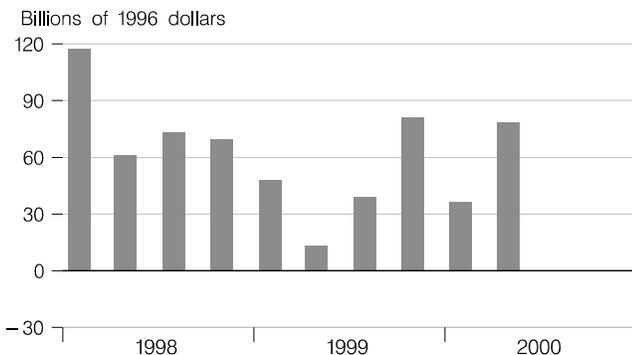
### Aggregate Private Nonfarm Hours



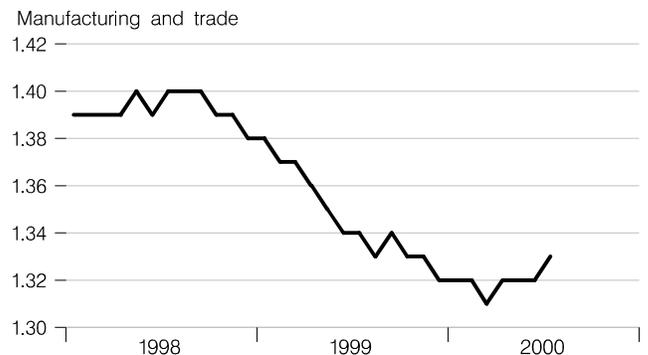
### Average Weekly Private Nonfarm Hours



### Real Change in Private Inventories

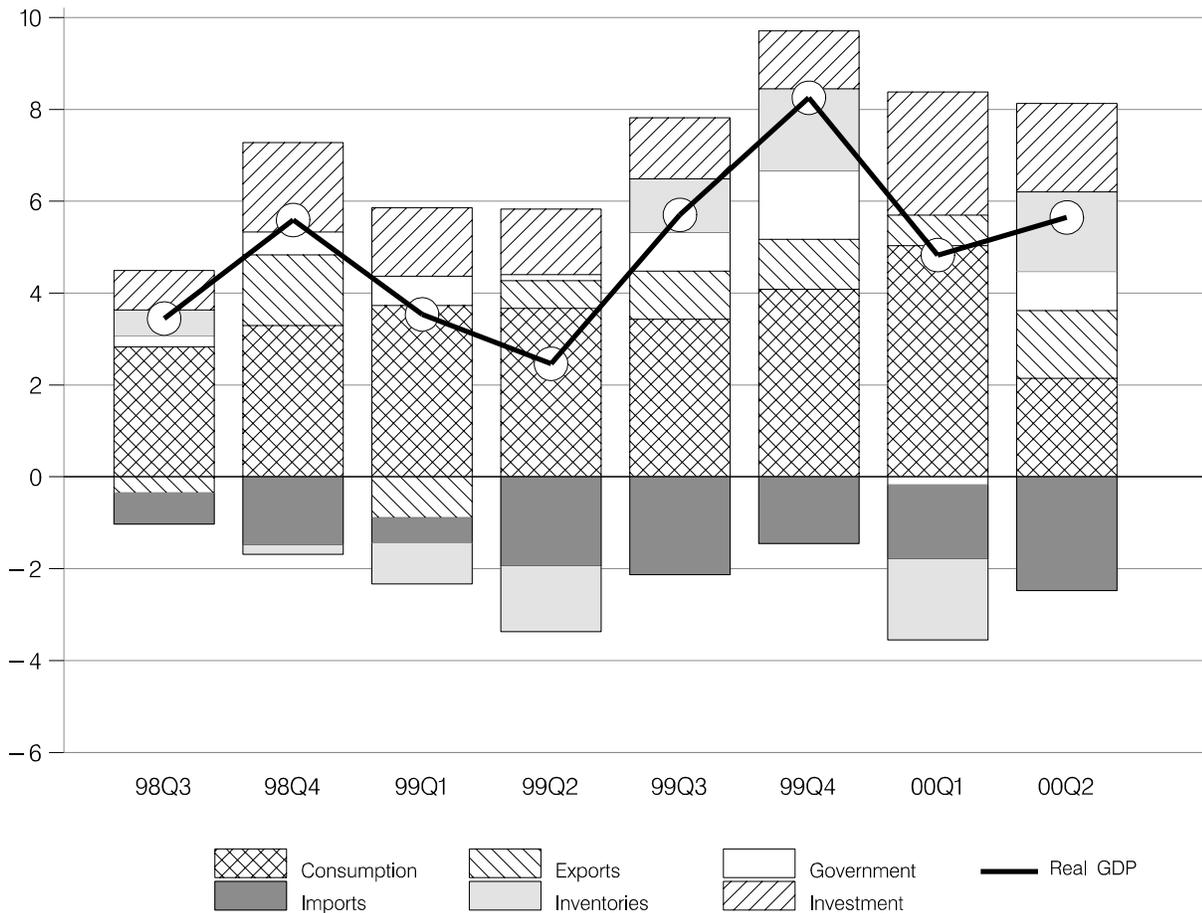


### Inventory-Sales Ratio



## Contribution of Components to Real GDP Growth

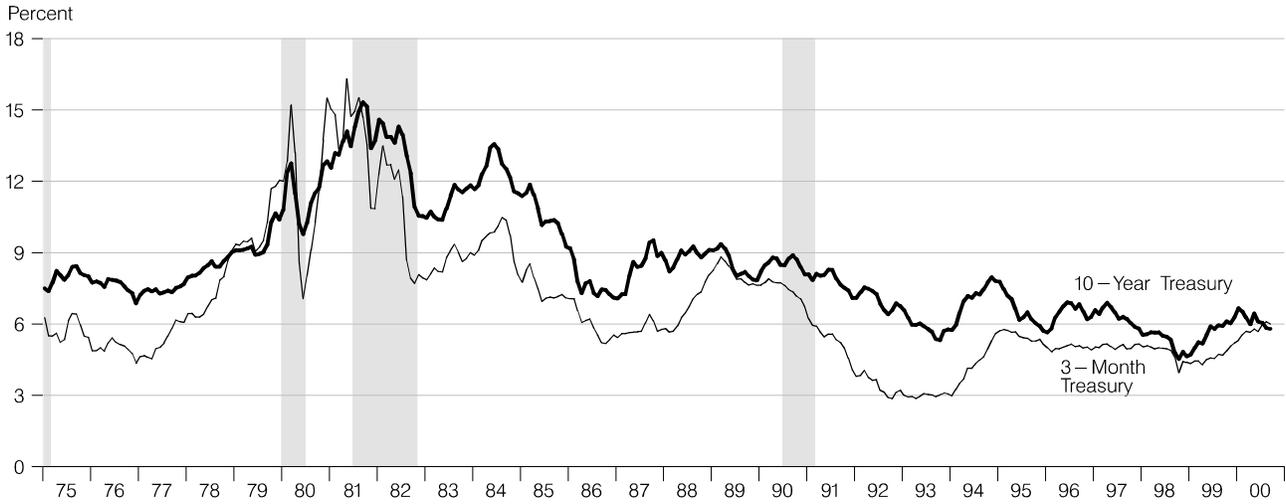
Percent change at annual rate



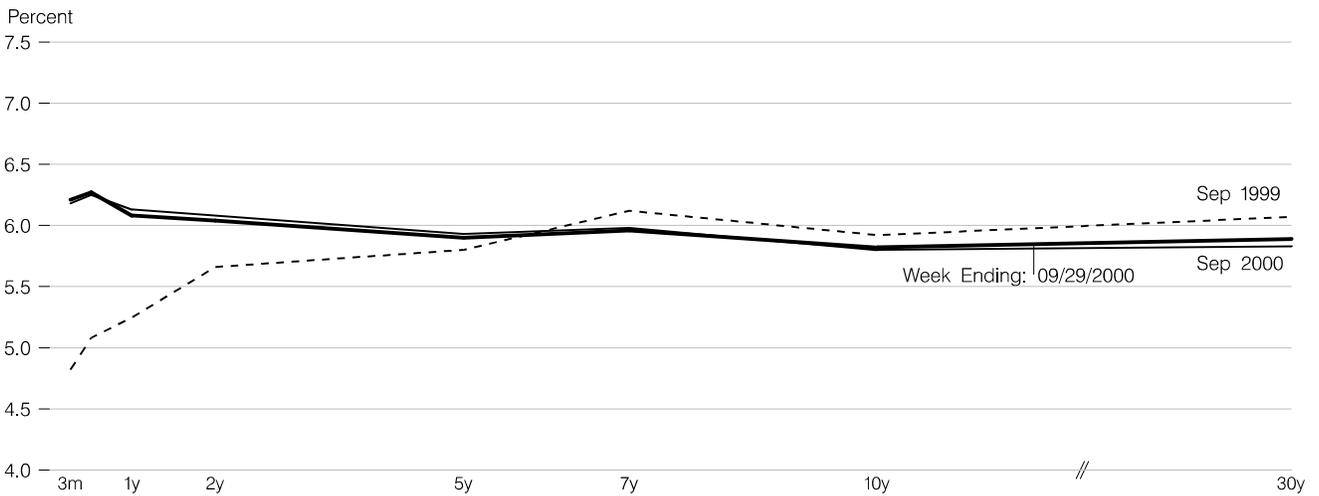
## Contributions to Real GDP Growth Rate

	1998		1999				2000	
	3rd	4th	1st	2nd	3rd	4th	1st	2nd
Real GDP	3.45	5.59	3.54	2.46	5.70	8.25	4.83	5.65
Final Sales	2.90	5.79	4.43	3.88	4.53	6.47	6.59	3.92
Change in Inventory	0.55	-0.20	-0.89	-1.42	1.17	1.78	-1.76	1.73
Consumption	2.83	3.29	3.73	3.67	3.43	4.08	5.03	2.14
Fixed Investment	0.86	1.95	1.49	1.43	1.33	1.26	2.68	1.93
Nonresidential	0.44	1.58	1.15	1.18	1.47	1.22	2.54	1.87
Residential	0.41	0.37	0.34	0.25	-0.13	0.03	0.14	0.06
Government	0.25	0.50	0.64	0.13	0.84	1.50	-0.18	0.85
Federal	-0.20	0.23	-0.13	0.12	0.41	0.79	-0.93	0.97
State and Local	0.45	0.27	0.78	0.01	0.43	0.71	0.75	-0.12
Net Exports	-1.04	0.05	-1.44	-1.35	-1.08	-0.37	-0.94	-1.00
Exports	-0.35	1.54	-0.89	0.60	1.05	1.09	0.67	1.48
Imports	-0.68	-1.49	-0.55	-1.95	-2.13	-1.45	-1.61	-2.48
Residual	0.06	-0.07	0.16	0.31	0.05	-0.11	0.10	-0.12

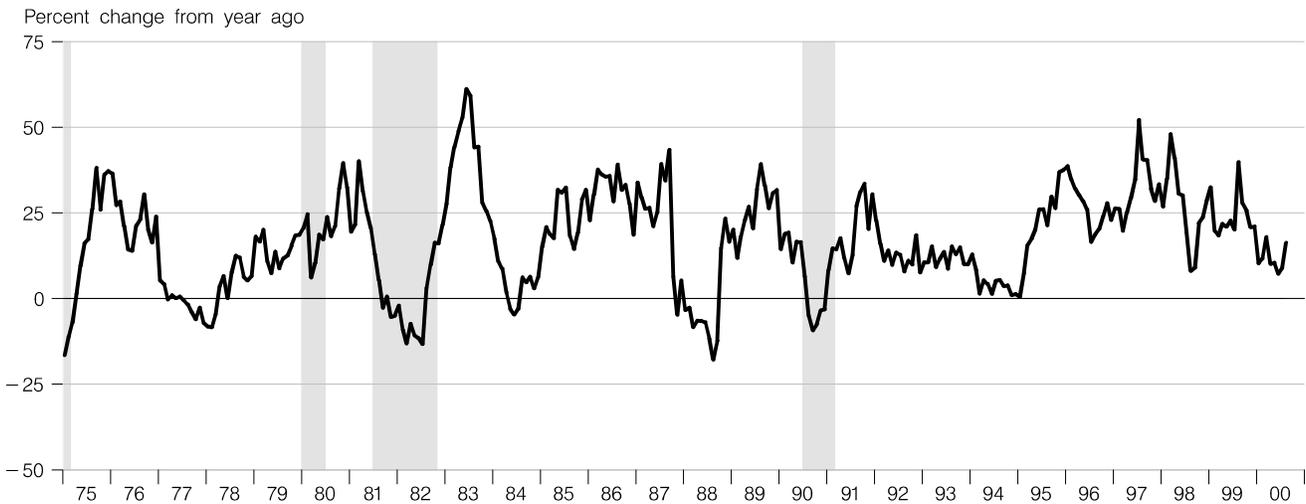
### Interest Rates



### Treasury Yield Curve

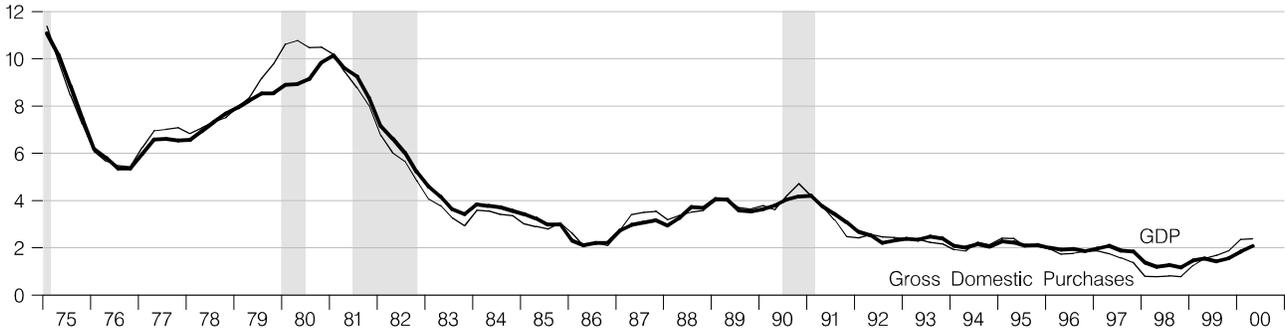


### Standard and Poor's 500 Index with Reinvested Dividends



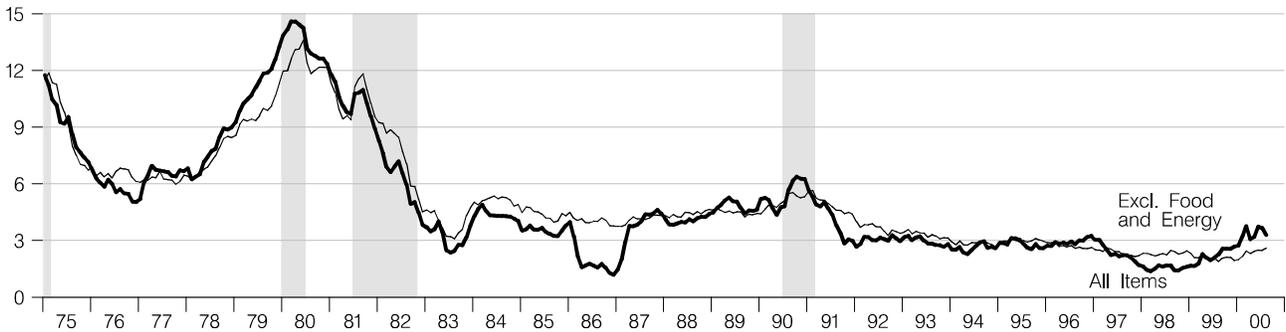
### NIPA Chain Price Indexes

Percent change from year ago



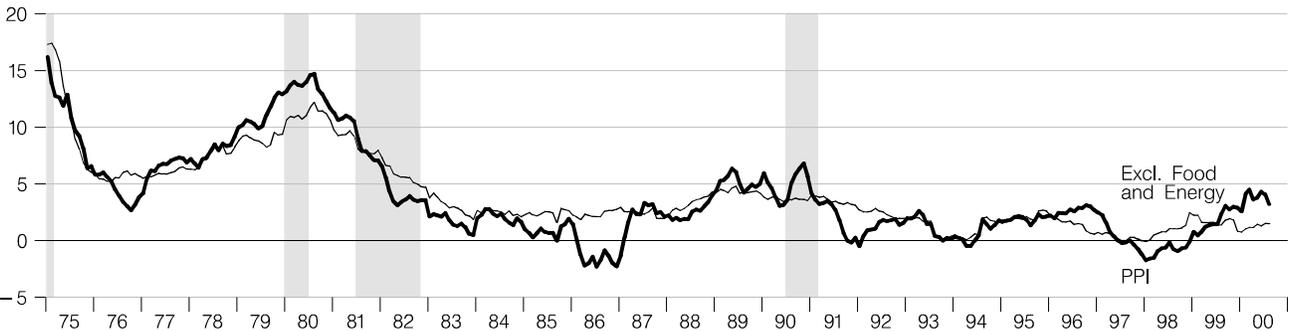
### Consumer Price Index

Percent change from year ago



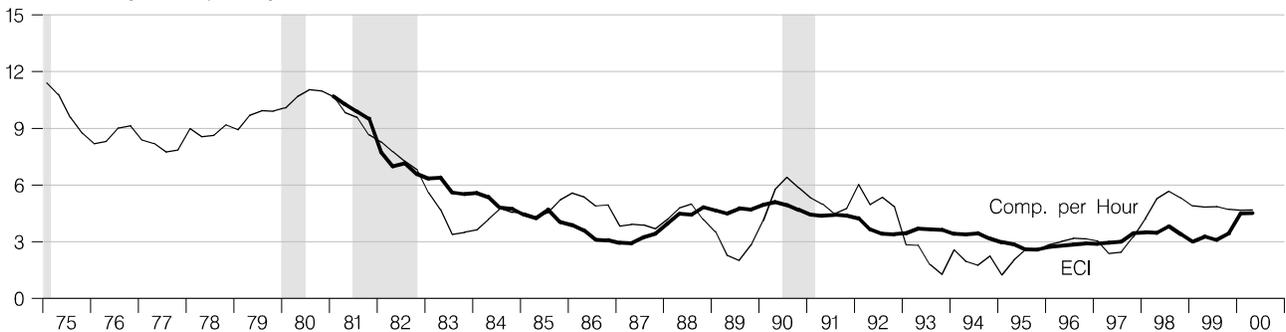
### Producer Price Index, Finished Goods

Percent change from year ago



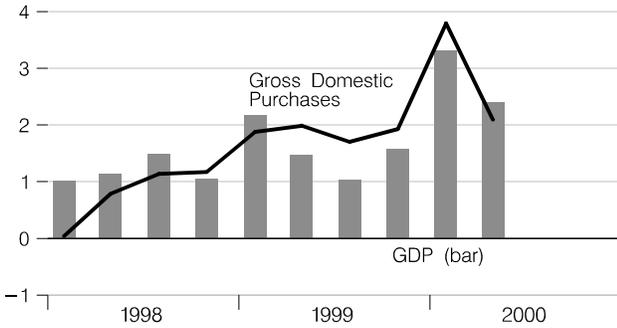
### Employment Cost Index and Compensation per Hour

Percent change from year ago



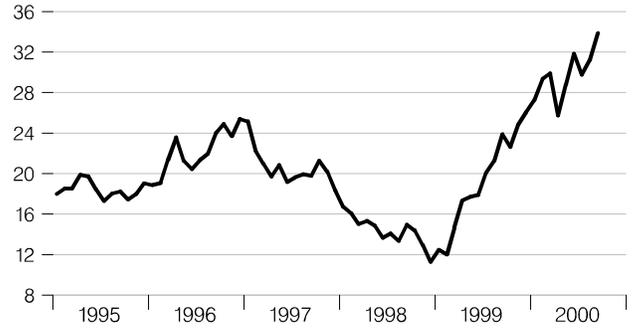
### NIPA Chain Price Indexes

Percent change at annual rate



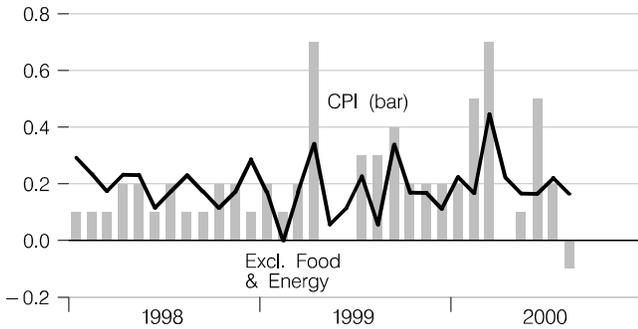
### Crude Oil Price

Dollars per barrel



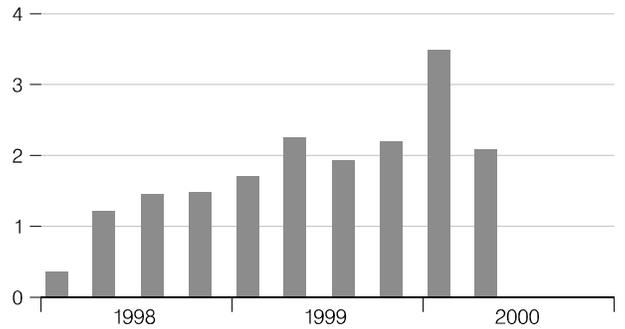
### Consumer Price Index

Percent change



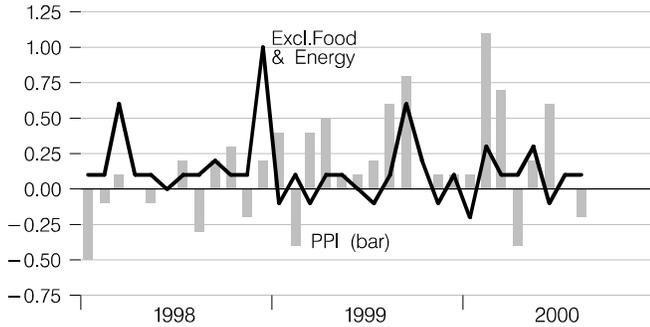
### Consumption Chain Price Index

Percent change at annual rate



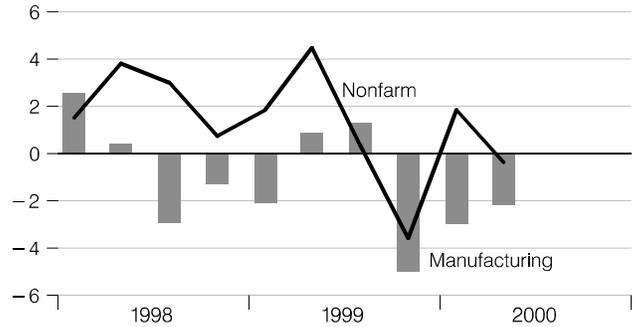
### Producer Price Index, Finished Goods

Percent change



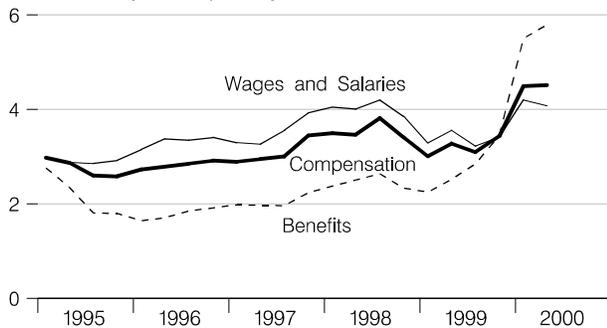
### Unit Labor Cost

Percent change at annual rate



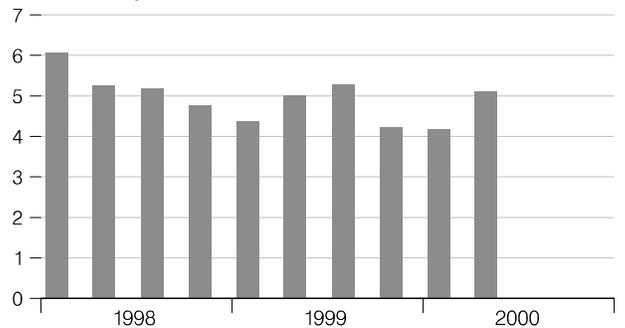
### Employment Cost Index

Percent change from year ago



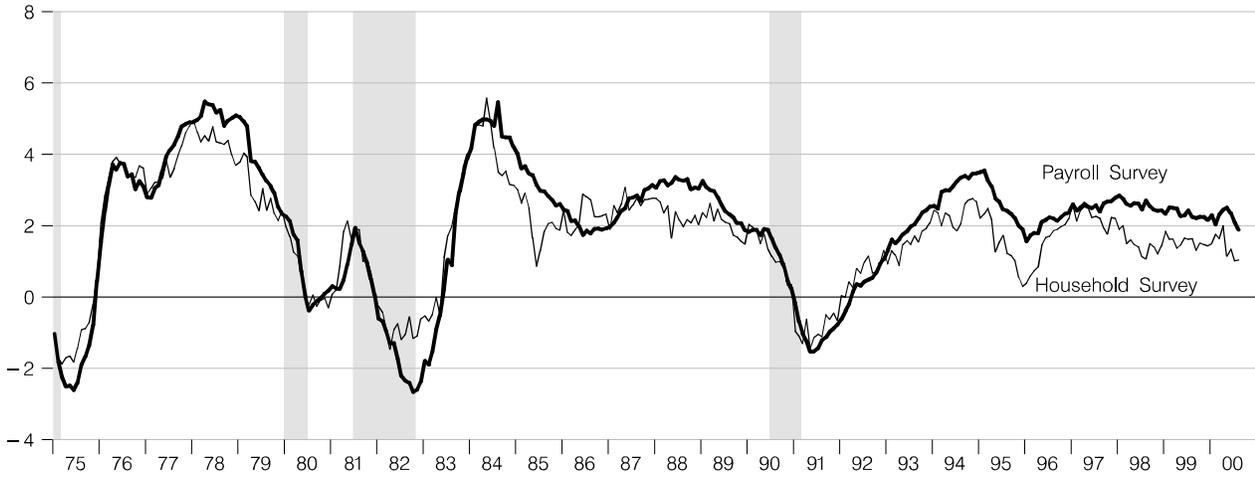
### Compensation per Hour

Percent change at annual rate



### Employment

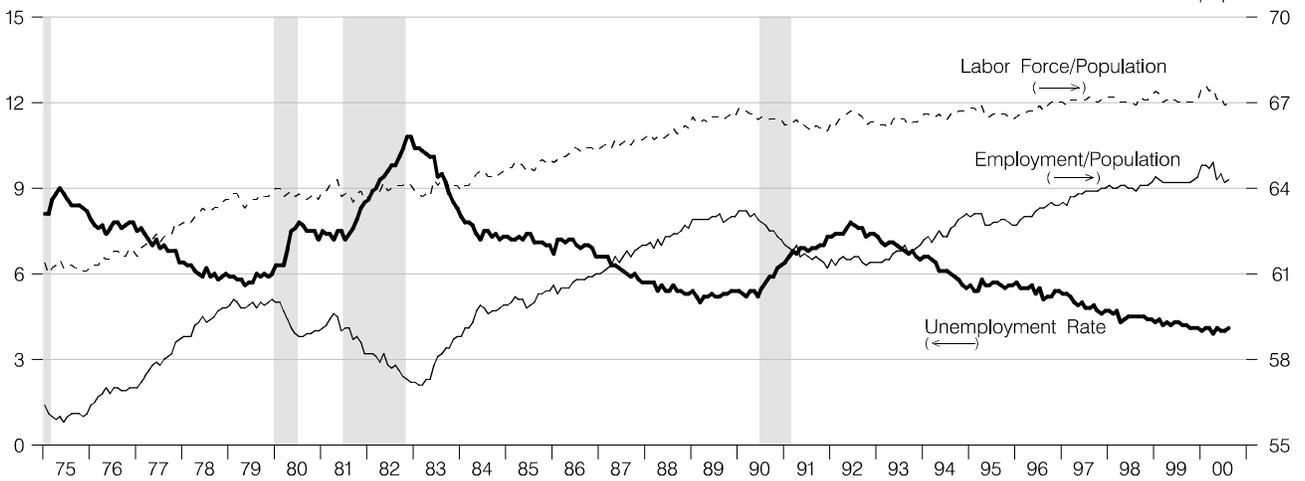
Percent change from year ago



### Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

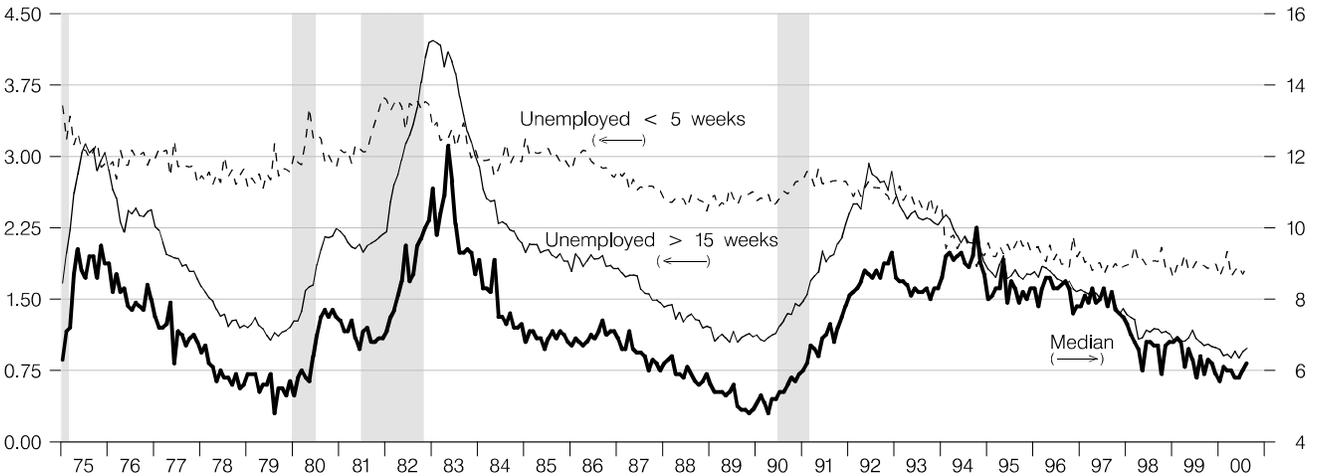
Percent of population



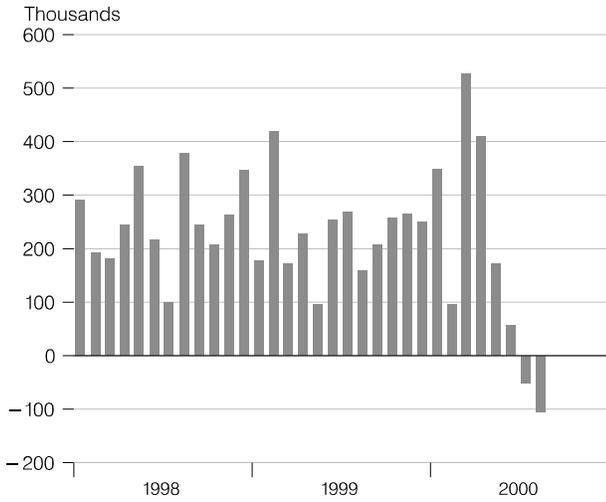
### Duration of Unemployment

Percent of labor force

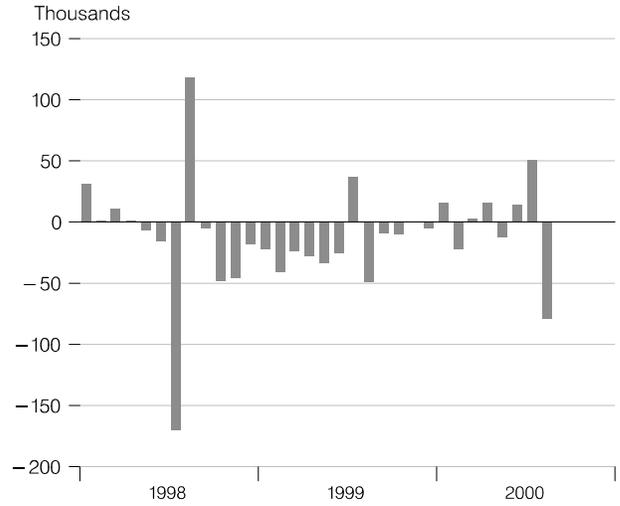
Weeks



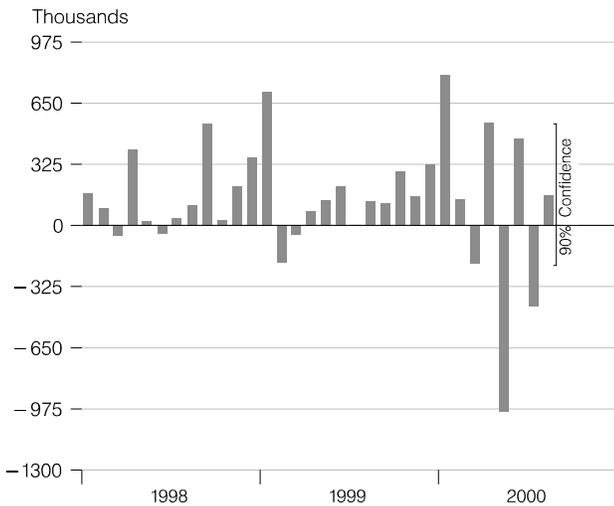
### Change in Nonfarm Payrolls



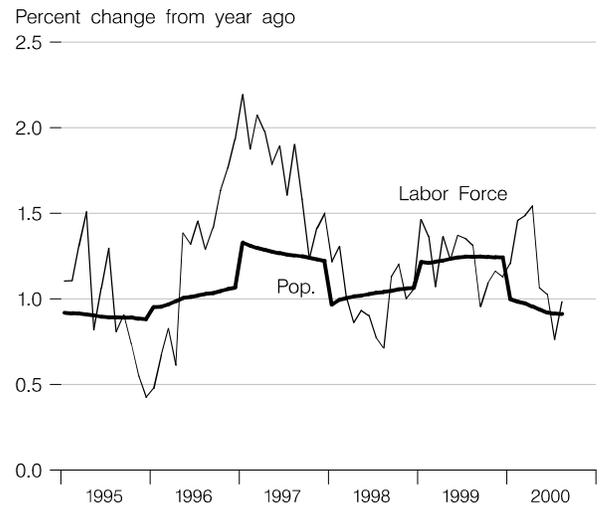
### Change in Manufacturing Payrolls



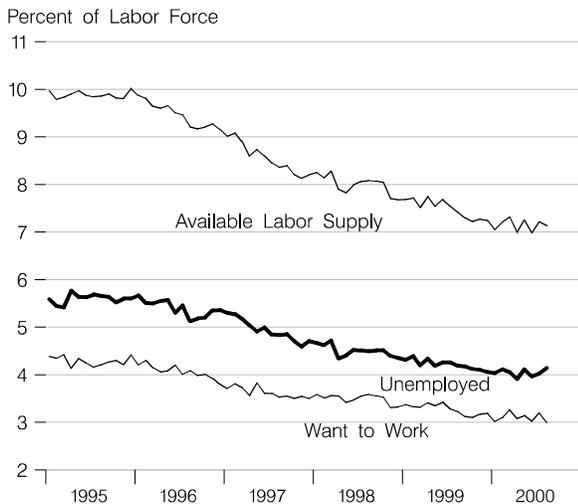
### Change in Household Employment



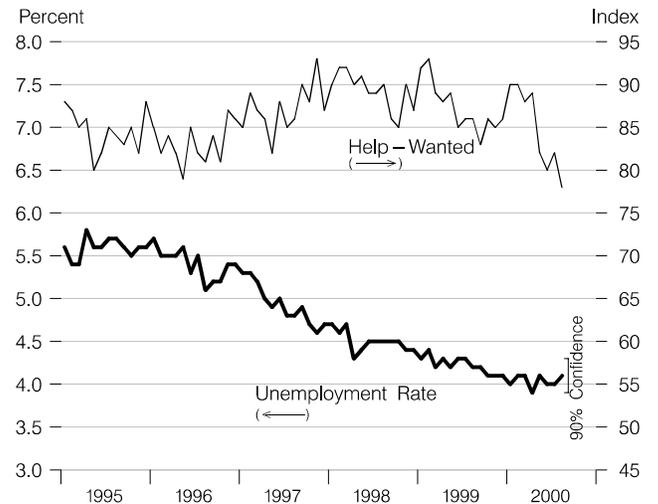
### Labor Force and Population



### Available Labor Supply and Components

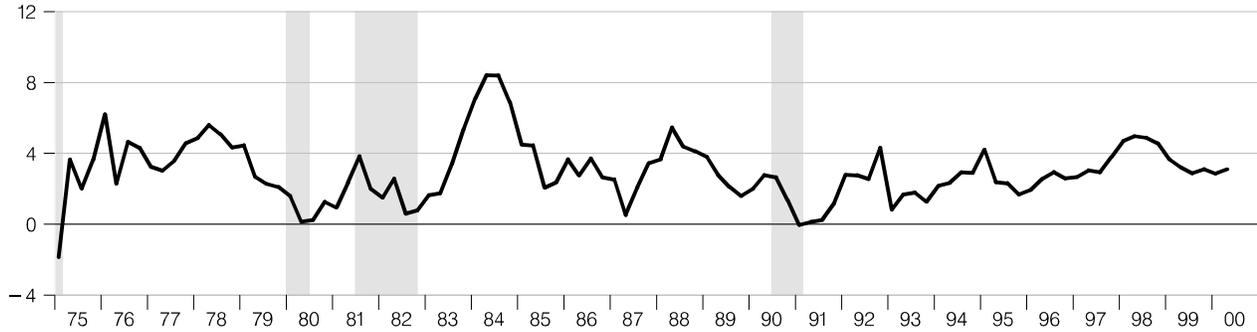


### Unemployment Rate and Help-Wanted Advertising Index



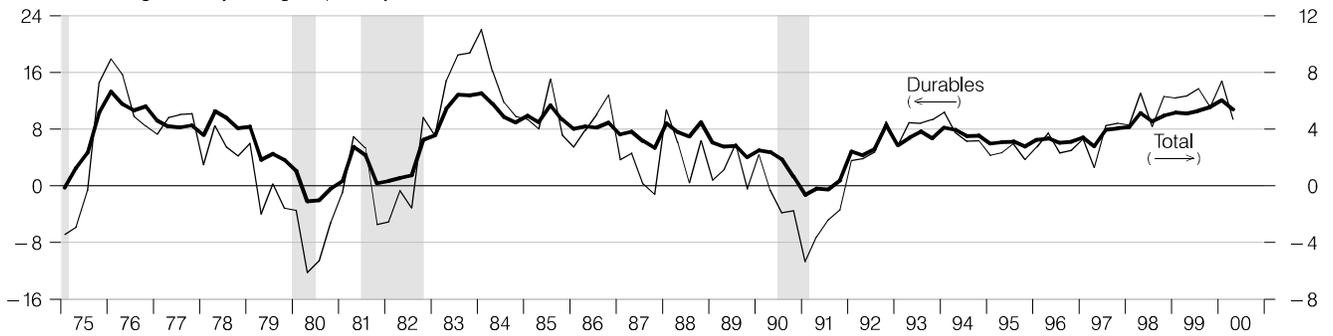
### Real Disposable Personal Income

Percent change from year ago, quarterly data



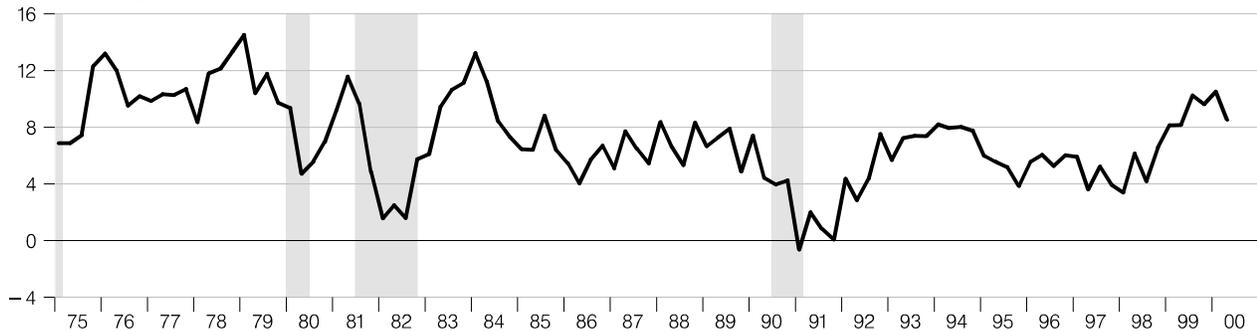
### Real Consumption

Percent change from year ago, quarterly data



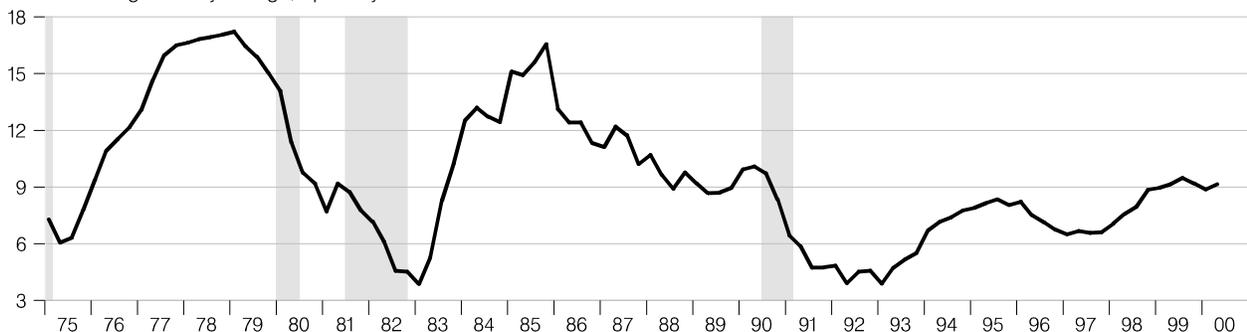
### Retail Sales

Percent change from year ago, quarterly average

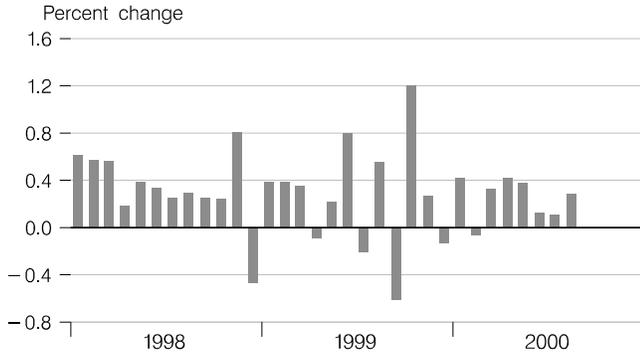


### Household Debt Outstanding

Percent change from year ago, quarterly data



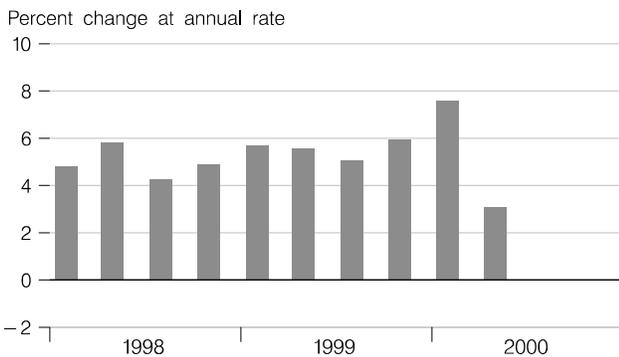
### Real Disposable Personal Income



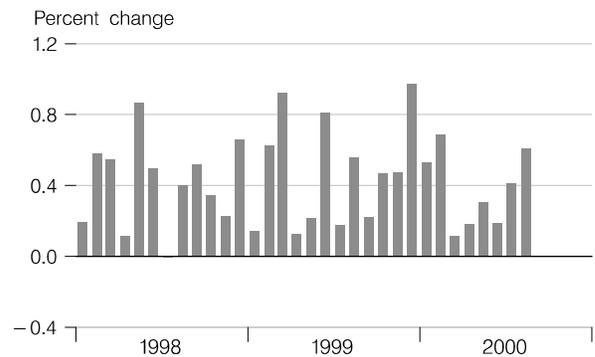
### Personal Saving Rate



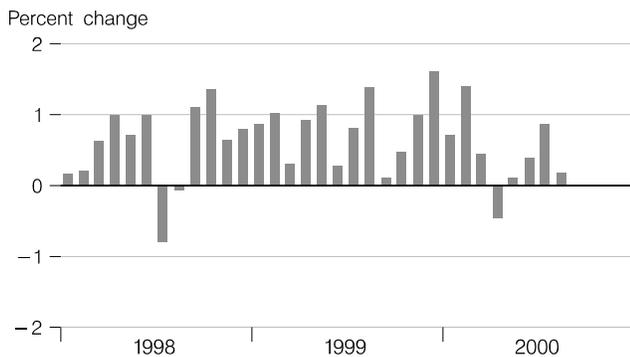
### Real Consumption



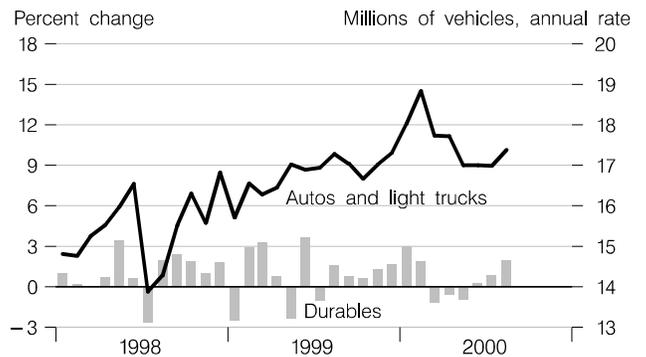
### Real Consumption



### Retail Sales



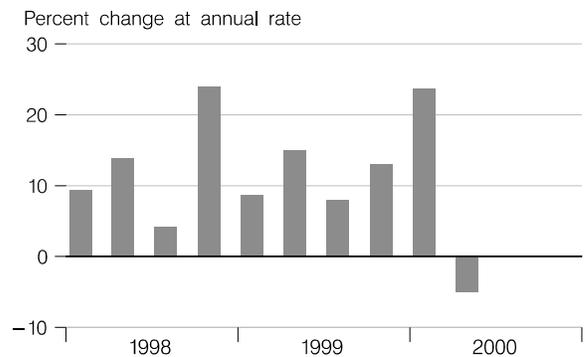
### Real Durables Consumption and Vehicle Sales



### Consumer Sentiment (U. of Michigan)

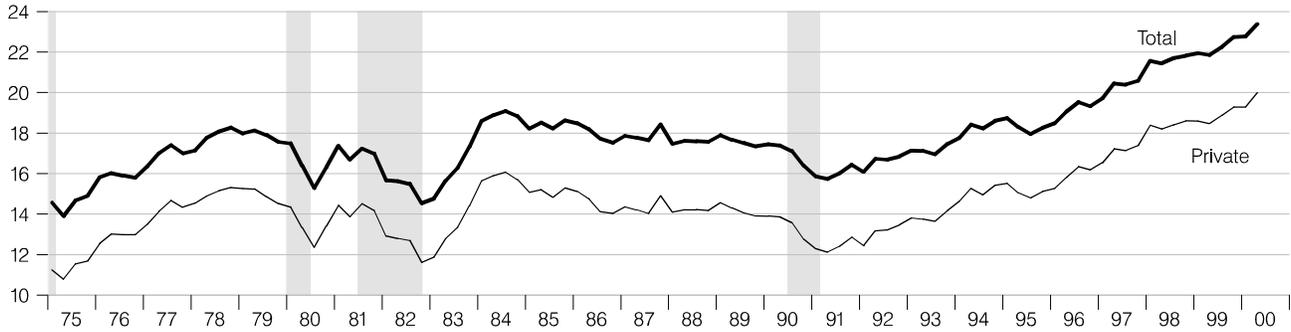


### Real Durables Consumption



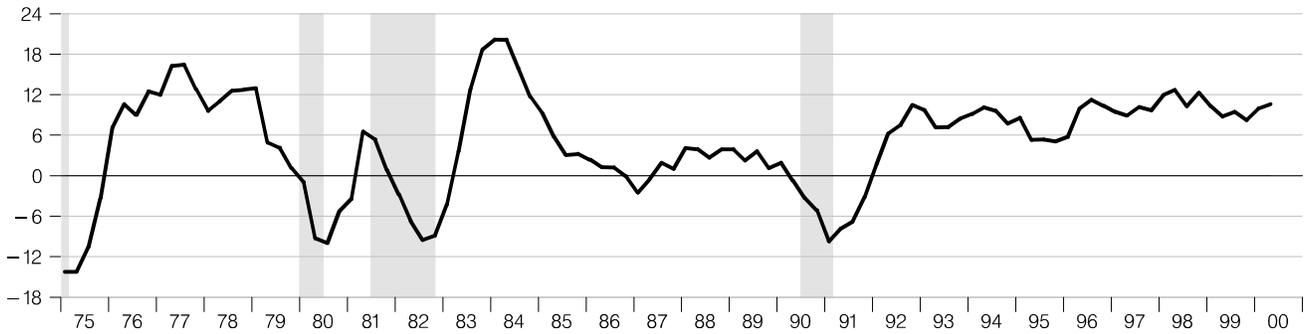
### Real Investment

Percent of GDP



### Real Private Fixed Investment

Percent change from year ago



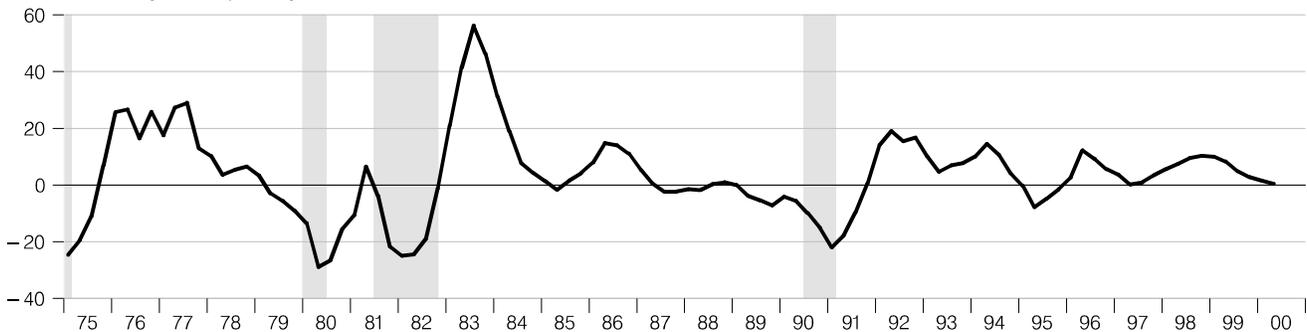
### Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

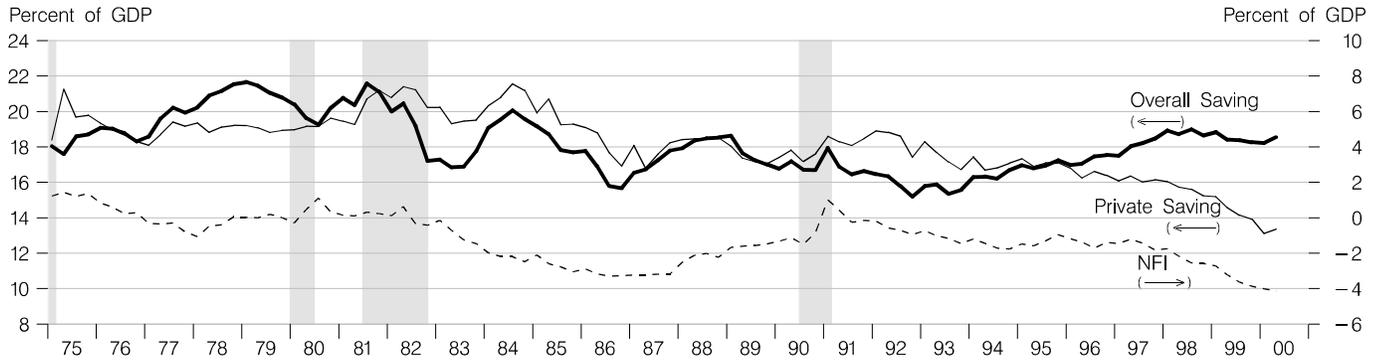


### Real Residential Fixed Investment

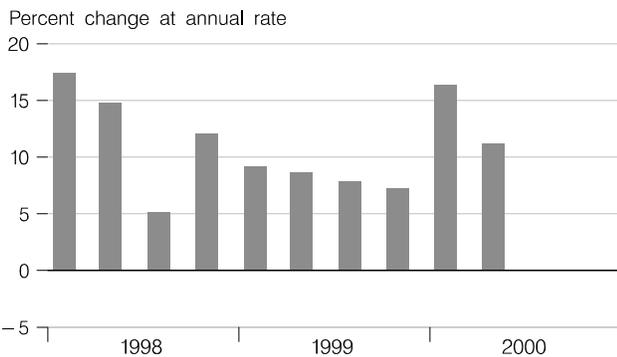
Percent change from year ago



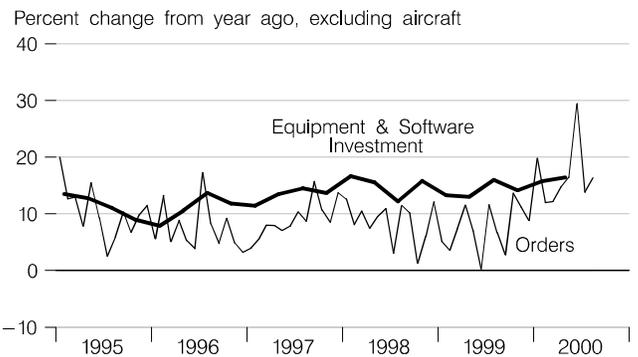
### Gross Saving Rates and Net Foreign Investment



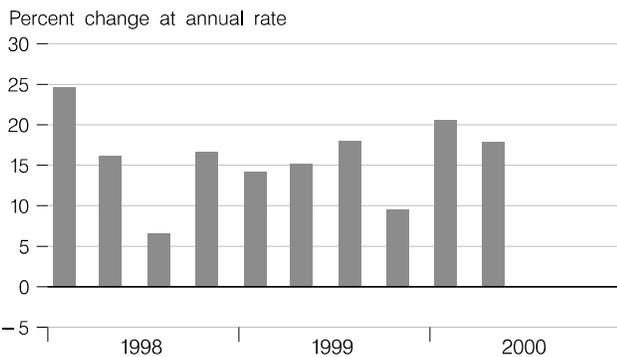
### Real Private Fixed Investment



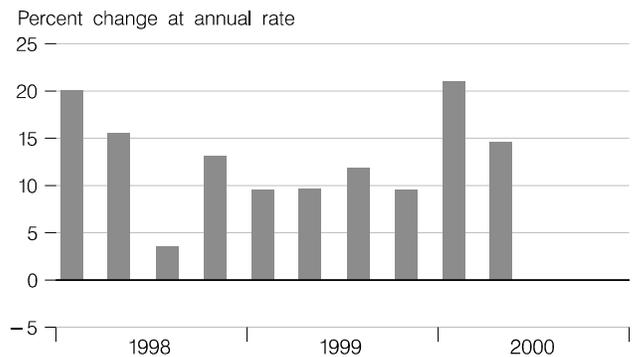
### Nondefense Capital Goods Orders



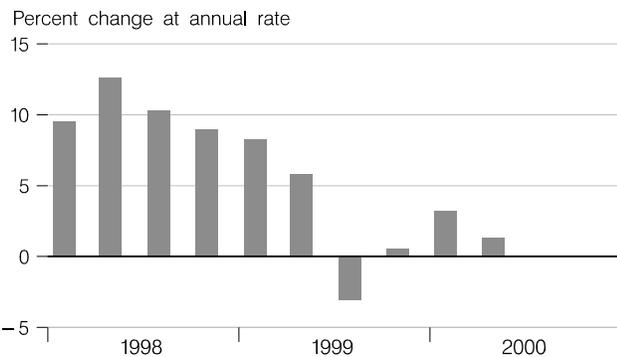
### Real Equipment & Software Investment



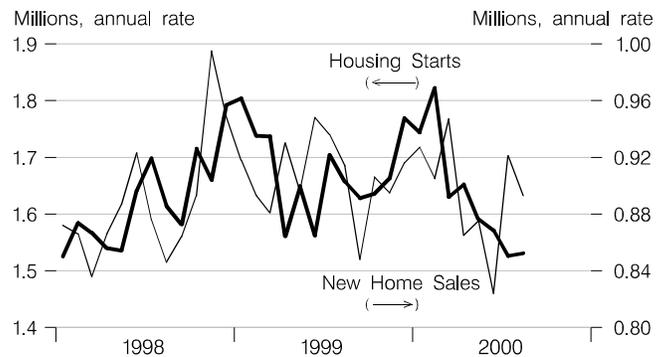
### Real Nonresidential Fixed Investment



### Real Residential Fixed Investment

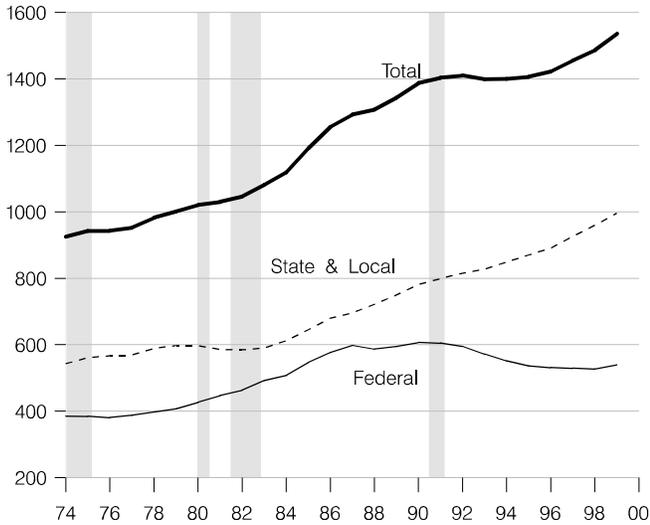


### Housing Starts and New Home Sales



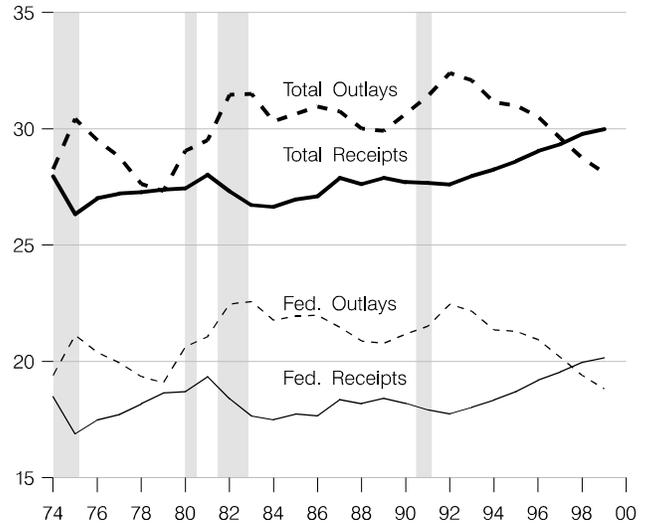
### Govt. Consumption and Investment

Billions of 1996 dollars



### Government Receipts and Outlays

Percent of GDP



### Government Budgets

Billions of dollars

#### National Income Accounts

Calendar Years

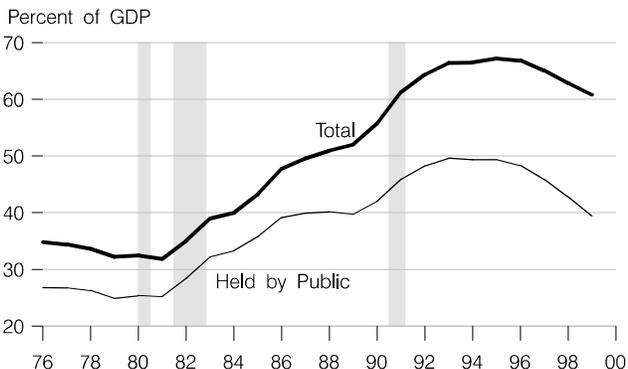
	State and Local			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)
1975	199.6	197.2	2.4	276.1	345.4	-69.3
1976	224.5	217.2	7.3	318.9	371.9	-53.0
1977	249.5	236.4	13.1	359.9	405.0	-45.1
1978	274.3	255.6	18.7	417.3	444.2	-26.9
1979	290.8	277.8	13.0	478.3	489.6	-11.3
1980	316.6	307.8	8.8	522.8	576.6	-53.8
1981	344.4	336.9	7.5	605.6	659.3	-53.7
1982	360.3	362.5	-2.2	599.5	732.1	-132.6
1983	392.1	387.3	4.8	623.9	797.8	-173.9
1984	436.4	412.6	23.8	688.1	856.1	-168.0
1985	469.2	447.0	22.2	747.4	924.6	-177.2
1986	507.9	487.2	20.7	786.4	978.5	-192.1
1987	536.0	523.8	12.2	870.5	1018.4	-147.9
1988	573.7	558.1	15.6	928.9	1066.2	-137.3
1989	618.9	599.6	19.3	1010.3	1140.3	-130.0
1990	663.4	660.8	2.6	1055.7	1228.7	-173.0
1991	716.0	723.8	-7.8	1072.3	1287.6	-215.3
1992	772.2	777.2	-5.0	1121.3	1418.9	-297.6
1993	823.2	821.7	1.5	1197.3	1471.5	-274.2
1994	873.8	865.2	8.6	1293.7	1506.0	-212.3
1995	917.9	902.5	15.4	1383.7	1575.7	-192.0
1996	960.4	939.0	21.4	1499.1	1635.9	-136.8
1997	1011.3	980.3	31.0	1625.5	1678.8	-53.3
1998	1072.3	1030.6	41.7	1754.0	1705.0	49.0
1999	1142.7	1092.7	50.0	1874.6	1750.2	124.4

#### Unified Budget

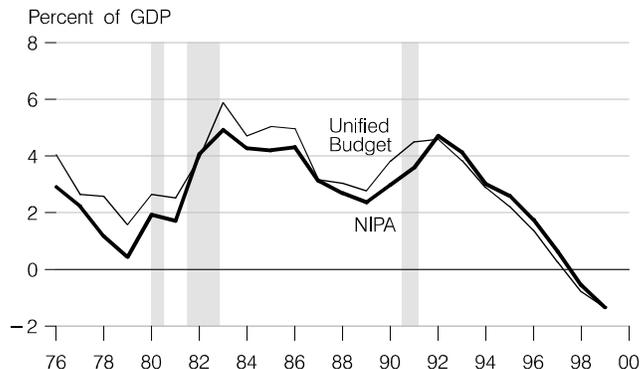
Fiscal Years

	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	1409.5	-255.1
1994	1258.6	1461.9	-203.3
1995	1351.8	1515.8	-164.0
1996	1453.1	1560.6	-107.5
1997	1579.3	1601.3	-22.0
1998	1721.8	1652.6	69.2
1999	1827.5	1703.0	124.4

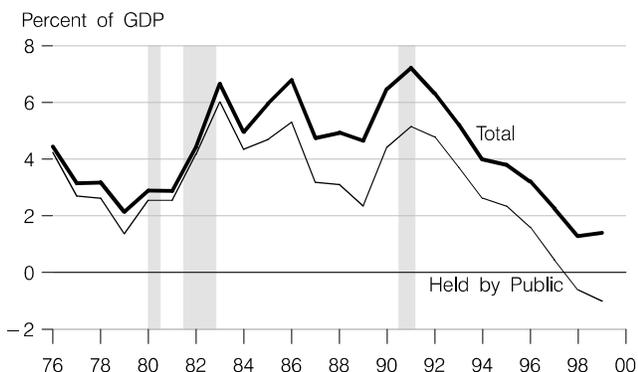
### Federal Debt



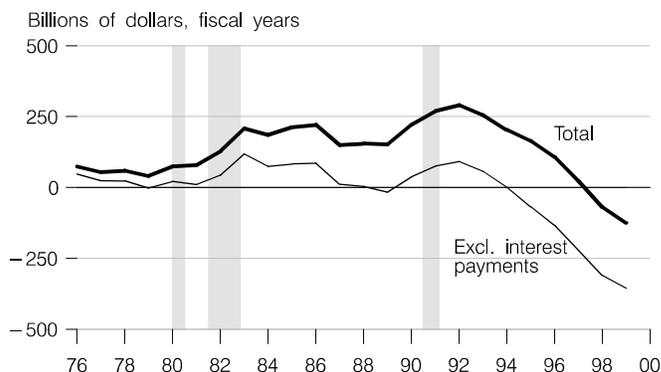
### Federal Deficit



### Change in Federal Debt



### Federal Deficit, Unified Basis

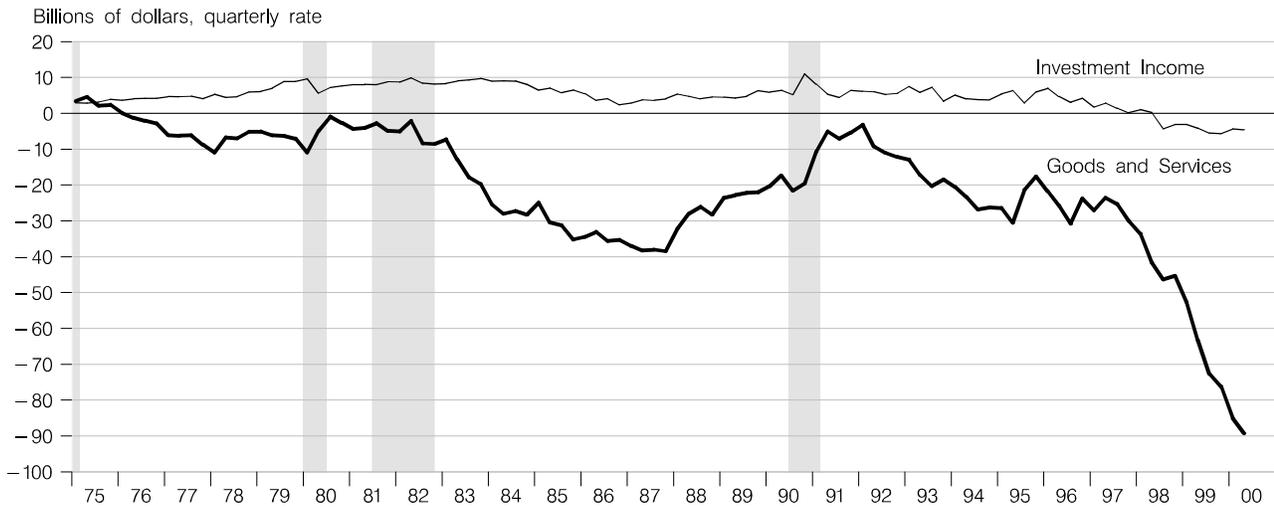


### Federal Government Debt

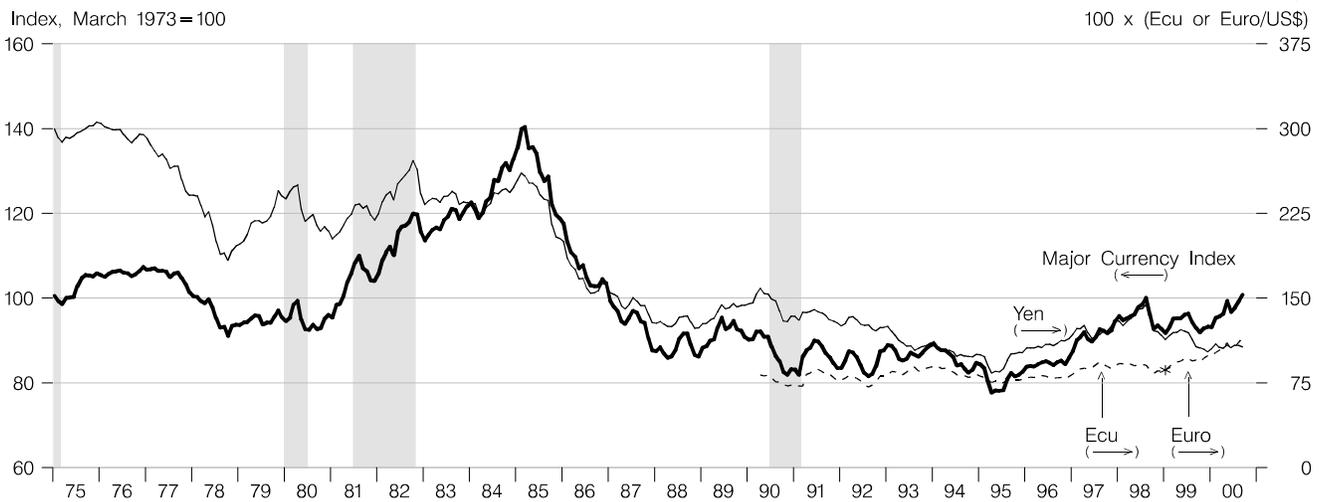
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1997		5413.1	1598.5	3814.7	436.5	3401.6	1230.5
1998		5526.2	1765.6	3760.6	458.1	3313.2	1224.2
1999		5656.3	1989.1	3667.2	496.5	3175.4	1281.3
1997	March	5380.9	1506.8	3874.1	405.6	3452.2	1157.6
	June	5376.2	1571.6	3804.6	426.4	3377.3	1182.7
	September	5413.1	1598.5	3814.7	436.5	3401.6	1230.5
	December	5502.4	1655.7	3846.7	451.9	3414.6	1241.6
1998	March	5542.4	1670.4	3872.1	400.0	3437.5	1250.5
	June	5547.9	1757.6	3790.4	458.4	3349.3	1256.0
	September	5526.2	1765.6	3760.6	458.1	3313.2	1224.2
	December	5614.2	1826.8	3787.4	471.7	3334.0	1278.7
1999	March	5651.6	1857.1	3794.6	464.5	3327.5	1272.1
	June	5638.8	1953.6	3685.2	493.8	3199.2	1258.6
	September	5656.3	1989.1	3667.2	496.5	3175.4	1281.3
	December	5776.1	2060.6	3715.5	477.7	3233.9	1268.8
2000	March	5773.4	2085.4	3688.0	501.7	3182.8	1274.0
	June	5685.9	NA	NA	505.0	2987.4	1248.9

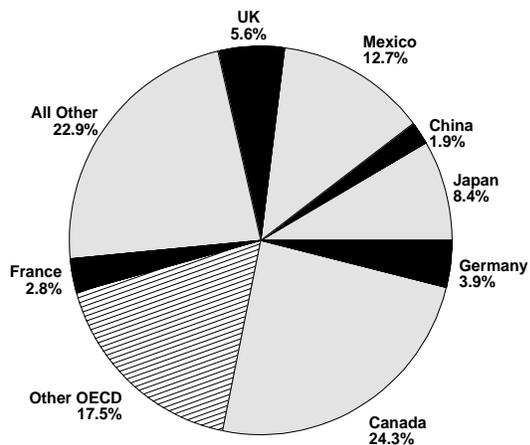
### Trade and Investment Income Balances



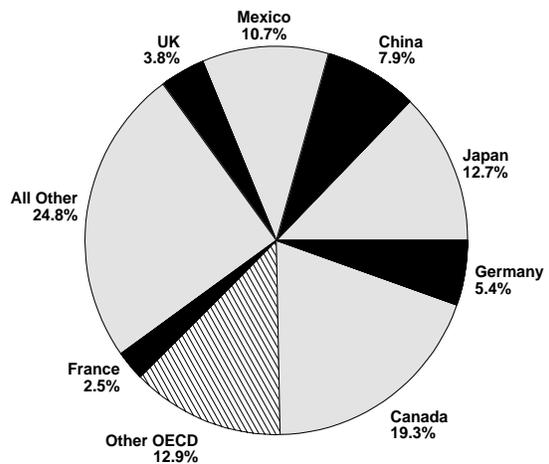
### Exchange Rates



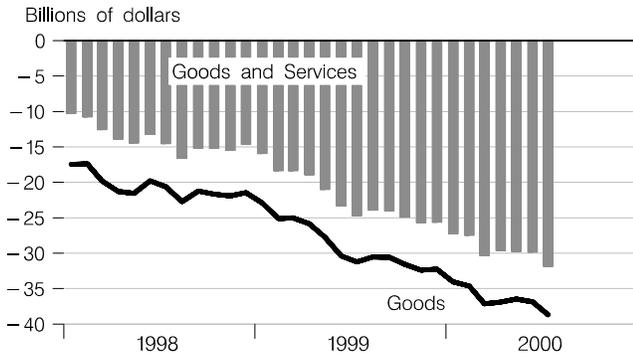
### Goods Export Shares, 1999



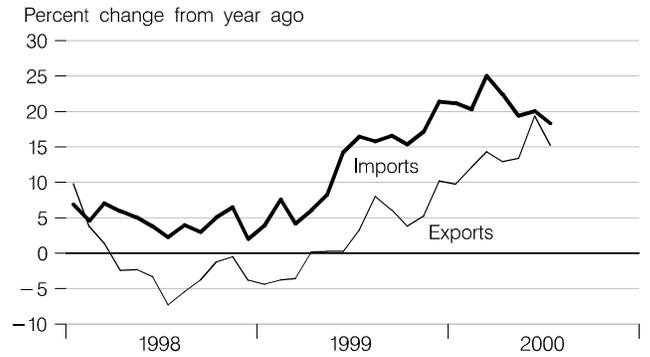
### Goods Import Shares, 1999



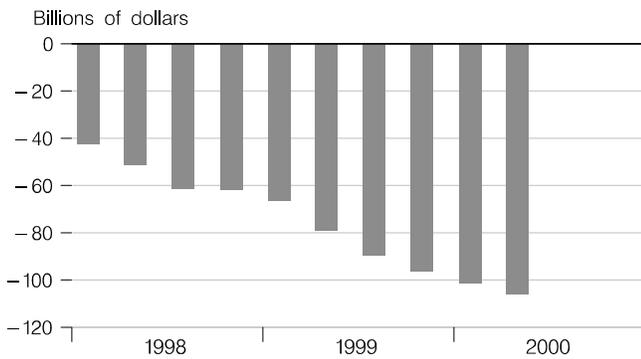
### Trade Balance



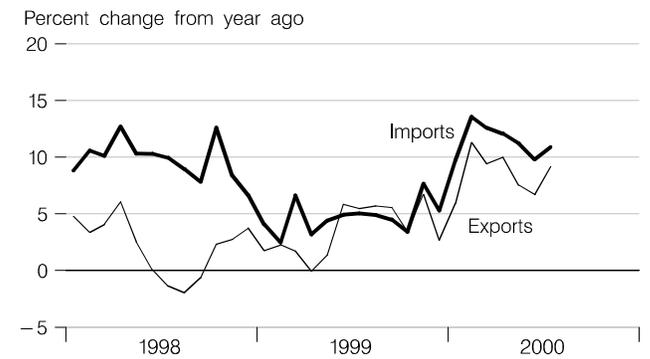
### Goods Trade



### Current Account Balance



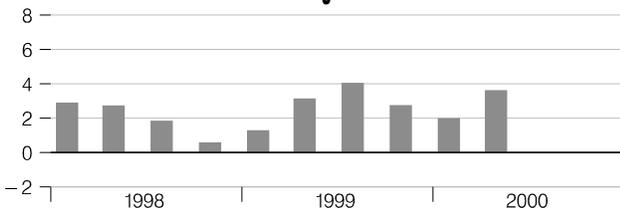
### Services Trade



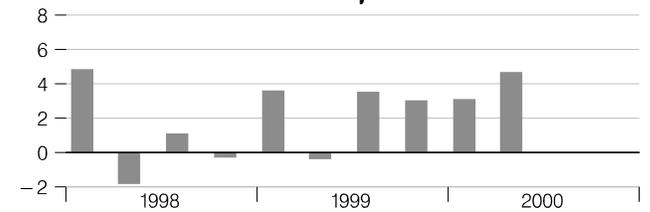
### Real GDP Growth of Major Trading Partners

Percent change at annual rate

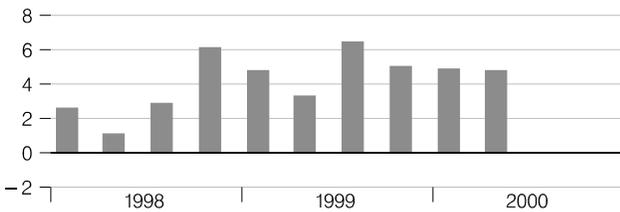
#### United Kingdom



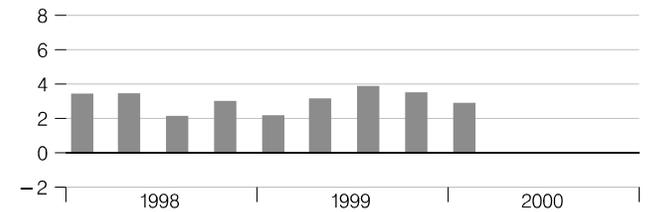
#### Germany



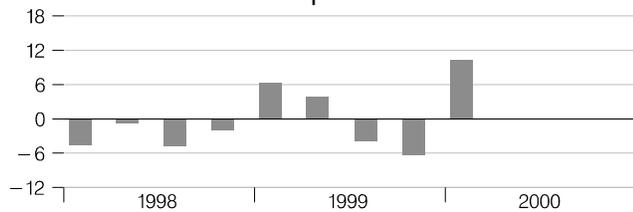
#### Canada



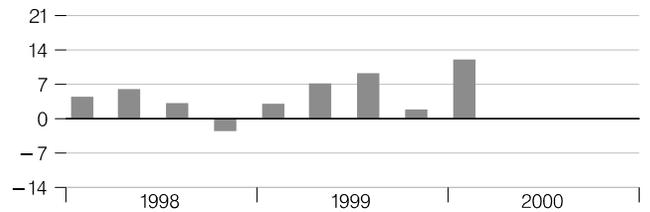
#### France



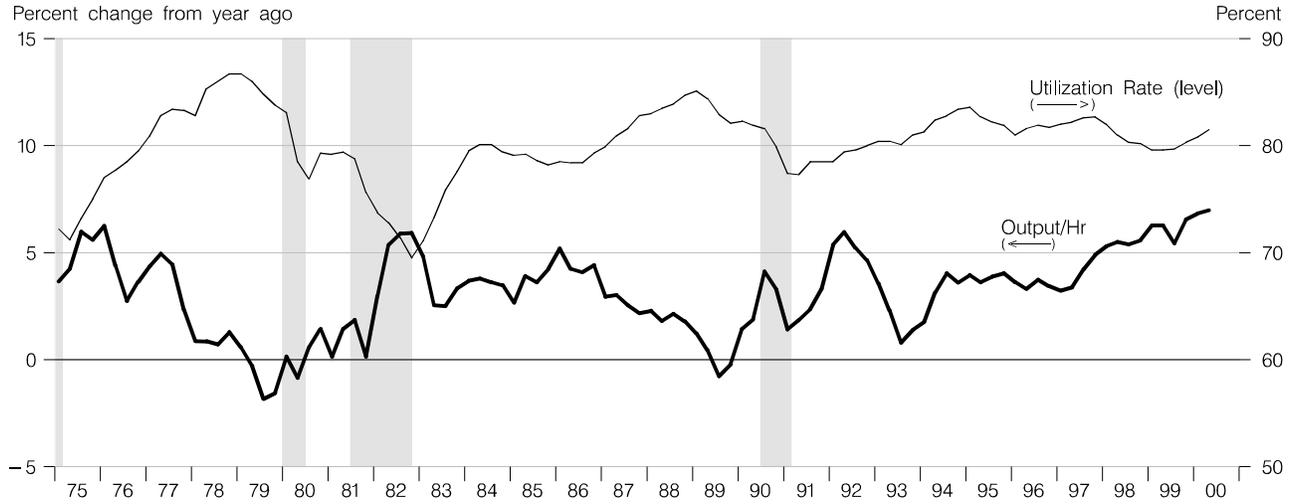
#### Japan



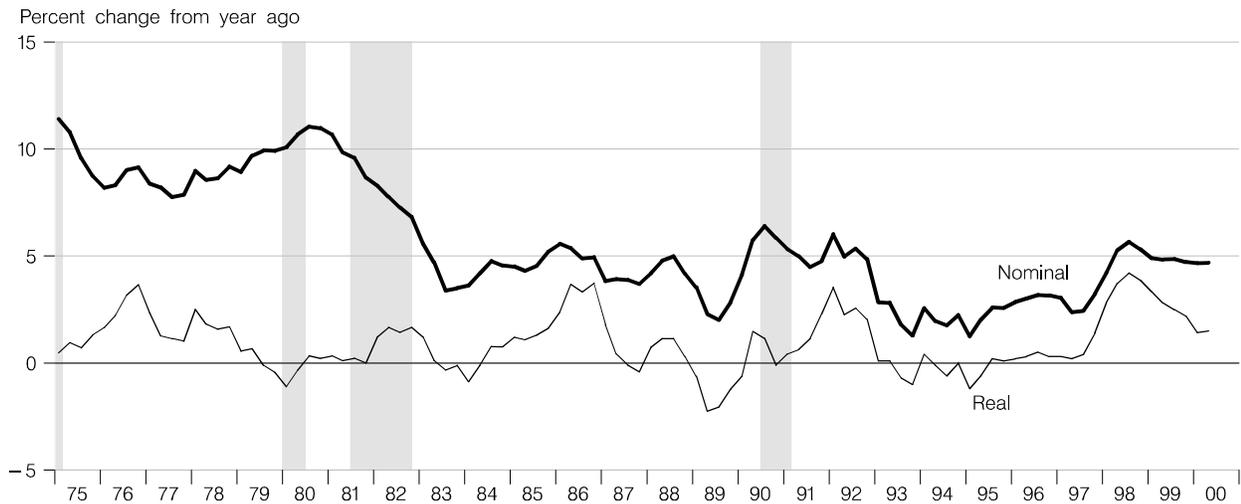
#### Mexico



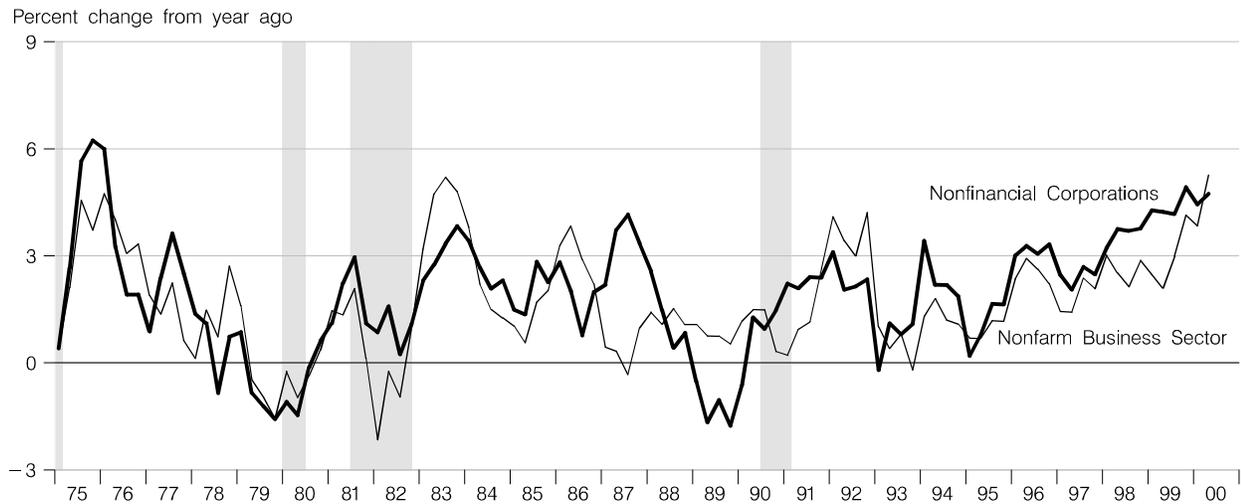
### Output per Hour and Capacity Utilization, Manufacturing



### Nonfarm Compensation per Hour

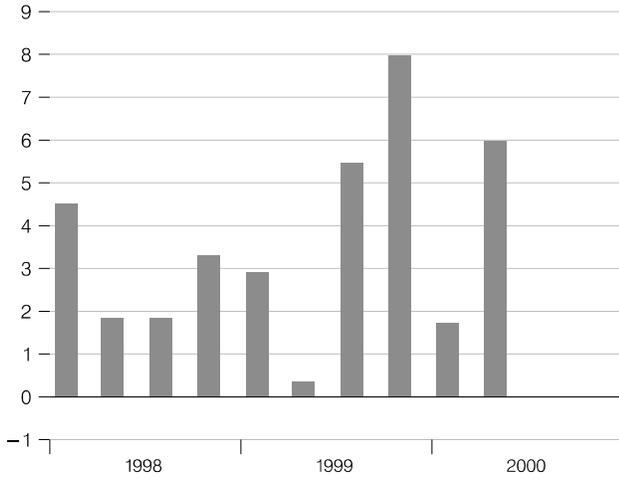


### Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



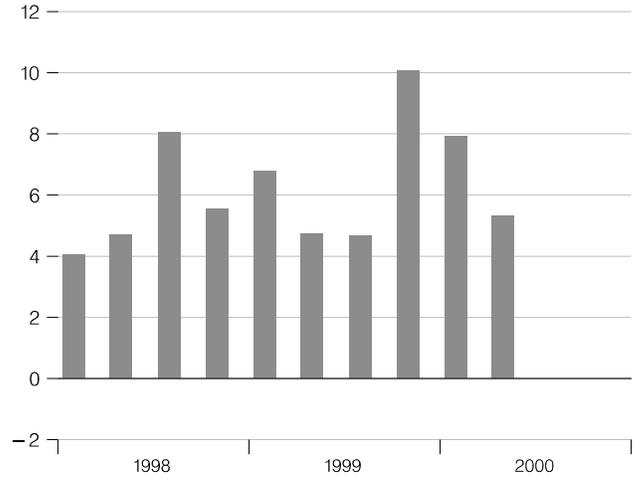
### Nonfarm Output per Hour

Percent change at annual rate



### Manufacturing Output per Hour

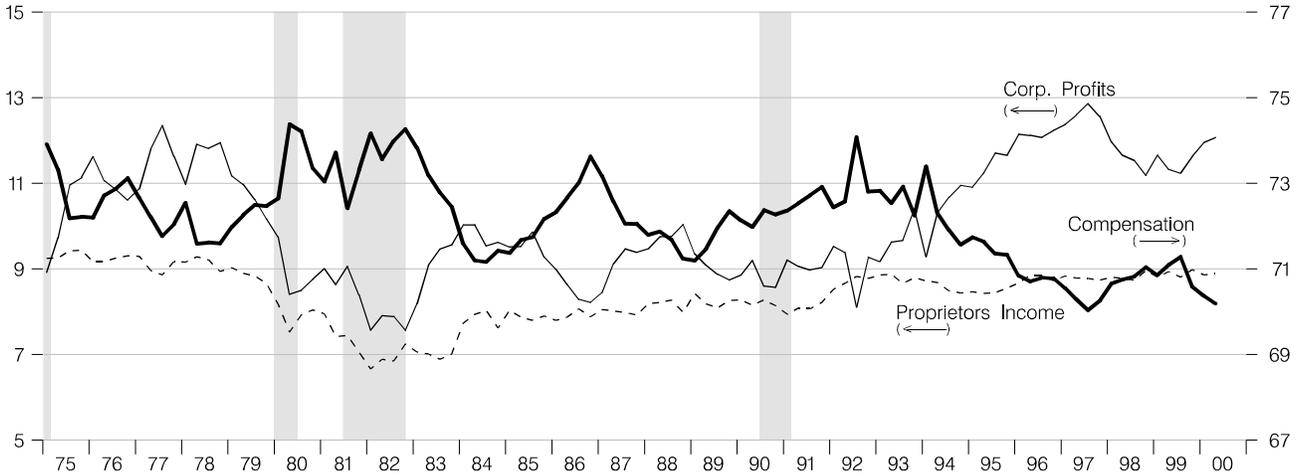
Percent change at annual rate



### Selected Component Shares of National Income

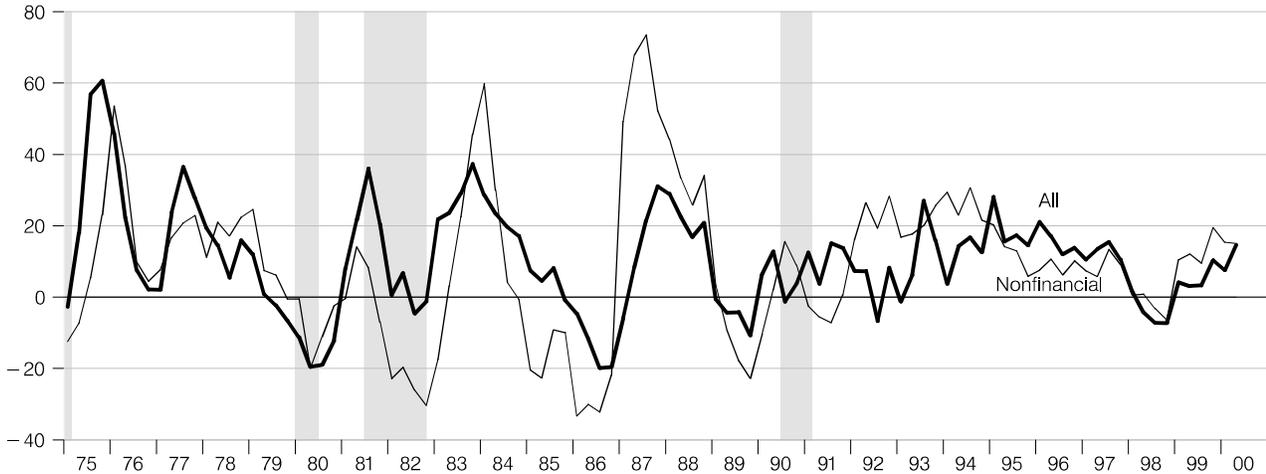
Percent

Percent



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

Percent change from year ago



	Nominal GDP			Real GDP			Final Sales			Change in Private Inventories	
	Billions of \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	
Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago	Last qtr	Year/Year ago	
1996	7813.2		5.6	7813.170		3.6	7783.176		3.6		29.994
1997	8318.4		6.5	8159.450		4.4	8095.204		4.0		63.757
1998	8790.2		5.7	8515.652		4.4	8435.173		4.2		80.169
1999	9299.2		5.8	8875.761		4.2	8826.900		4.6		45.287
1997 1	8124.2	7.4	6.5	8016.391	4.4	4.4	7966.392	3.5	3.9	49.283	40.919
2	8279.8	7.9	6.4	8131.947	5.9	4.2	8043.212	3.9	3.5	88.306	55.429
3	8390.9	5.5	6.8	8216.564	4.2	4.8	8164.863	6.2	4.8	51.336	55.452
4	8478.6	4.2	6.2	8272.897	2.8	4.3	8206.269	2.0	3.9	66.102	63.757
1998 1	8634.7	7.6	6.3	8404.861	6.5	4.8	8289.394	4.1	4.1	117.319	80.766
2	8722.0	4.1	5.3	8465.570	2.9	4.1	8402.717	5.6	4.5	60.914	73.918
3	8829.1	5.0	5.2	8537.607	3.4	3.9	8463.426	2.9	3.7	73.069	79.351
4	8974.9	6.8	5.9	8654.492	5.6	4.6	8584.999	5.9	4.6	69.374	80.169
1999 1	9104.5	5.9	5.4	8729.967	3.5	3.9	8680.265	4.5	4.7	48.073	62.858
2	9191.5	3.9	5.4	8783.175	2.5	3.8	8764.868	4.0	4.3	13.101	50.904
3	9340.9	6.7	5.8	8905.764	5.7	4.3	8861.769	4.5	4.7	39.096	42.411
4	9559.7	9.7	6.5	9084.060	8.3	5.0	9000.543	6.4	4.8	80.878	45.287
2000 1	9752.7	8.3	7.1	9191.804	4.8	5.3	9148.034	6.7	5.4	36.634	42.427
2	9945.7	8.2	8.2	9318.924	5.6	6.1	9235.283	3.9	5.4	78.603	58.803

	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment		
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change	
Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago	
1996	5237.499		3.2	616.475		5.6	1212.696		9.3	899.433		10.0
1997	5423.902		3.6	657.347		6.6	1328.630		9.6	1009.344		12.2
1998	5678.654		4.7	727.268		10.6	1485.274		11.8	1140.256		13.0
1999	5978.815		5.3	817.779		12.4	1621.375		9.2	1255.285		10.1
1997 1	5350.681	4.5	3.4	641.473	10.5	6.6	1275.405	8.3	9.5	960.756	10.9	11.5
2	5375.664	1.9	2.8	636.510	-3.1	2.6	1311.094	11.7	8.9	992.659	14.0	12.1
3	5462.083	6.6	4.0	670.509	23.1	8.5	1356.728	14.7	10.2	1036.974	19.1	13.4
4	5507.125	3.3	4.1	680.890	6.3	8.8	1371.305	4.4	9.7	1046.985	3.9	11.8
1998 1	5572.385	4.8	4.1	696.376	9.4	8.6	1427.367	17.4	11.9	1095.977	20.1	14.1
2	5651.576	5.8	5.1	719.352	13.9	13.0	1477.585	14.8	12.7	1136.398	15.6	14.5
3	5710.969	4.3	4.6	726.670	4.1	8.4	1496.394	5.2	10.3	1146.336	3.5	10.5
4	5779.790	4.9	5.0	766.673	23.9	12.6	1539.748	12.1	12.3	1182.332	13.2	12.9
1999 1	5860.238	5.7	5.2	782.677	8.6	12.4	1574.043	9.2	10.3	1209.432	9.5	10.4
2	5940.214	5.6	5.1	810.480	15.0	12.7	1607.125	8.7	8.8	1237.494	9.6	8.9
3	6013.801	5.0	5.3	826.150	8.0	13.7	1637.758	7.8	9.4	1272.464	11.8	11.0
4	6101.005	5.9	5.6	851.802	13.0	11.1	1666.560	7.2	8.2	1301.758	9.5	10.1
2000 1	6213.455	7.6	6.0	898.223	23.6	14.8	1730.930	16.4	10.0	1365.267	21.0	12.9
2	6260.644	3.1	5.4	886.688	-5.0	9.4	1777.643	11.2	10.6	1412.488	14.6	14.1

	GDP Chain Price Index			Employment Cost Index			ECI: Wages			ECI: Benefits		
	Index	Percent change		Index	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
1996	100.000		1.9	129.3		2.8	126.0		3.3	137.4		1.8
1997	101.950		2.0	133.3		3.1	130.4		3.5	140.2		2.0
1998	103.230		1.3	138.0		3.5	135.7		4.0	143.6		2.5
1999	104.770		1.5	142.4		3.2	140.2		3.4	147.6		2.8
1997 1	101.360	2.9	2.0	131.6	3.1	2.9	128.5	3.5	3.3	138.9	1.2	2.0
2	101.820	1.8	2.1	132.7	3.4	2.9	129.7	3.8	3.3	139.7	2.3	2.0
3	102.120	1.2	1.9	133.7	3.0	3.0	131.0	4.1	3.6	140.4	2.0	2.0
4	102.490	1.5	1.8	135.1	4.3	3.4	132.4	4.3	3.9	141.6	3.5	2.2
1998 1	102.750	1.0	1.4	136.2	3.3	3.5	133.7	4.0	4.0	142.2	1.7	2.4
2	103.040	1.1	1.2	137.3	3.3	3.5	134.9	3.6	4.0	143.2	2.8	2.5
3	103.420	1.5	1.3	138.8	4.4	3.8	136.5	4.8	4.2	144.1	2.5	2.6
4	103.690	1.0	1.2	139.7	2.6	3.4	137.5	3.0	3.9	144.9	2.2	2.3
1999 1	104.250	2.2	1.5	140.3	1.7	3.0	138.1	1.8	3.3	145.4	1.4	2.3
2	104.630	1.5	1.5	141.8	4.3	3.3	139.7	4.7	3.6	146.8	3.9	2.5
3	104.900	1.0	1.4	143.1	3.7	3.1	140.9	3.5	3.2	148.2	3.9	2.8
4	105.310	1.6	1.6	144.5	4.0	3.4	142.2	3.7	3.4	149.9	4.7	3.5
2000 1	106.170	3.3	1.8	146.6	5.9	4.5	143.9	4.9	4.2	153.4	9.7	5.5
2	106.800	2.4	2.1	148.2	4.4	4.5	145.4	4.2	4.1	155.3	5.0	5.8

	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation/Hr		
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
1996	874.163		8.2	963.128		8.6	105.4		2.5	109.8		3.0
1997	981.458		12.3	1094.778		13.7	107.3		1.8	112.9		2.8
1998	1003.557		2.3	1224.579		11.9	110.2		2.7	118.6		5.0
1999	1032.963		2.9	1355.333		10.7	113.4		2.9	124.4		4.9
1997 1	940.346	7.5	11.1	1034.322	15.3	12.3	106.1	0.8	1.4	111.7	2.2	3.0
2	979.229	17.6	13.9	1079.801	18.8	13.6	107.1	3.8	1.4	112.0	1.1	2.4
3	1004.186	10.6	15.8	1123.758	17.3	14.3	108.0	3.4	2.4	113.0	3.6	2.4
4	1002.071	-0.8	8.5	1141.230	6.4	14.3	108.1	0.4	2.1	114.7	6.2	3.2
1998 1	1004.509	1.0	6.8	1179.803	14.2	14.1	109.3	4.5	3.0	116.4	6.1	4.2
2	996.826	-3.0	1.8	1216.575	13.1	12.7	109.8	1.8	2.5	117.9	5.3	5.3
3	988.775	-3.2	-1.5	1232.900	5.5	9.7	110.3	1.8	2.1	119.4	5.2	5.7
4	1024.117	15.1	2.2	1269.017	12.2	11.2	111.2	3.3	2.9	120.8	4.8	5.3
1999 1	1003.277	-7.9	-0.1	1283.060	4.5	8.8	112.0	2.9	2.5	122.1	4.4	4.9
2	1017.613	5.8	2.1	1332.170	16.2	9.5	112.1	0.4	2.1	123.6	5.0	4.8
3	1042.588	10.2	5.4	1385.190	16.9	12.4	113.6	5.5	3.0	125.2	5.3	4.9
4	1068.376	10.3	4.3	1420.903	10.7	12.0	115.8	8.0	4.1	126.5	4.2	4.7
2000 1	1084.819	6.3	8.1	1461.653	12.0	13.9	116.3	1.7	3.8	127.8	4.2	4.7
2	1121.787	14.3	10.2	1525.219	18.6	14.5	118.0	6.0	5.3	129.4	5.1	4.7

	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	
1995	124908	1837		1.5	117188	3053		2.7	133.4			2.7	
1996	126715	1807		1.4	119597	2409		2.1	136.6			2.4	
1997	129565	2850		2.2	122677	3080		2.6	141.4			3.5	
1998	131463	1898		1.5	125845	3168		2.6	145.2			2.7	
1999	133492	2030		1.5	128772	2926		2.3	148.3			2.1	
1998	1	130861	413	1.3	1.8	124748	793	2.6	2.7	144.2	0.8	3.1	3.3
	2	131256	394	1.2	1.5	125486	737	2.4	2.6	144.7	0.4	1.5	2.6
	3	131526	270	0.8	1.2	126180	695	2.2	2.6	145.5	0.5	2.0	2.5
	4	132208	682	2.1	1.3	126967	787	2.5	2.4	146.4	0.7	2.7	2.3
1999	1	133077	869	2.7	1.7	127800	833	2.6	2.4	147.1	0.5	1.9	2.0
	2	133214	137	0.4	1.5	128430	630	2.0	2.3	147.8	0.5	1.9	2.1
	3	133526	312	0.9	1.5	129073	644	2.0	2.3	148.5	0.5	1.8	2.1
	4	134153	626	1.9	1.5	129783	710	2.2	2.2	149.6	0.7	2.9	2.1
2000	1	135247	1095	3.3	1.6	130626	843	2.6	2.2	150.7	0.8	3.2	2.4
	2	135200	-47	-0.1	1.5	131552	926	2.9	2.4	151.2	0.3	1.2	2.3
1998	Aug	131381	107	1.0	1.1	126225	378	3.7	2.7	145.6	0.3	3.4	2.7
	Sep	131922	541	5.1	1.5	126469	244	2.3	2.5	145.6	0.0	0.0	2.2
	Oct	131950	28	0.3	1.4	126677	208	2.0	2.4	146.2	0.4	5.1	2.4
	Nov	132156	206	1.9	1.2	126939	262	2.5	2.4	146.3	0.1	0.8	2.2
	Dec	132517	361	3.3	1.4	127286	347	3.3	2.4	146.8	0.3	4.2	2.4
1999	Jan	133225	708	6.6	1.8	127463	177	1.7	2.3	146.8	0.0	0.0	1.7
	Feb	133029	-196	-1.8	1.6	127883	420	4.0	2.5	147.5	0.5	5.9	2.3
	Mar	132976	-53	-0.5	1.6	128054	171	1.6	2.5	147.1	-0.3	-3.2	2.1
	Apr	133054	78	0.7	1.4	128282	228	2.2	2.5	147.7	0.4	5.0	2.4
	May	133190	136	1.2	1.5	128377	95	0.9	2.3	147.6	-0.1	-0.8	1.7
	Jun	133398	208	1.9	1.6	128630	253	2.4	2.3	148.2	0.4	5.0	2.3
	Jul	133399	1	0.0	1.6	128898	268	2.5	2.4	148.5	0.2	2.5	2.3
	Aug	133530	131	1.2	1.6	129057	159	1.5	2.2	148.4	-0.1	-0.8	1.9
	Sep	133650	120	1.1	1.3	129265	208	2.0	2.2	148.6	0.1	1.6	2.1
	Oct	133940	290	2.6	1.5	129523	258	2.4	2.2	149.3	0.5	5.8	2.1
	Nov	134098	158	1.4	1.5	129788	265	2.5	2.2	149.6	0.2	2.4	2.3
	Dec	134420	322	2.9	1.4	130038	250	2.3	2.2	149.8	0.1	1.6	2.0
2000	Jan	135221	801	7.4	1.5	130387	349	3.3	2.3	150.6	0.5	6.6	2.6
	Feb	135362	141	1.3	1.8	130482	95	0.9	2.0	150.6	0.0	0.0	2.1
	Mar	135159	-203	-1.8	1.6	131009	527	5.0	2.3	151.0	0.3	3.2	2.7
	Apr	135706	547	5.0	2.0	131419	410	3.8	2.4	151.7	0.5	5.7	2.7
	May	134715	-991	-8.4	1.1	131590	171	1.6	2.5	150.5	-0.8	-9.1	2.0
	Jun	135179	464	4.2	1.3	131647	57	0.5	2.3	151.3	0.5	6.6	2.1
	Jul	134749	-430	-3.8	1.0	131596	-51	-0.5	2.1	151.4	0.1	0.8	2.0
	Aug	134912	163	1.5	1.0	131491	-105	-1.0	1.9	150.9	-0.3	-3.9	1.7

	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			
1995	5.6	2361.343			5.1	114.418			4.9	5.49	6.58	
1996	5.4	2496.503			5.7	119.445			4.4	5.01	6.44	
1997	4.9	2612.931			4.7	126.953			6.3	5.06	6.35	
1998	4.5	2745.714			5.1	132.365			4.3	4.78	5.26	
1999	4.2	2994.224			9.1	136.980			3.5	4.64	5.64	
1998	1	4.7	668.657	0.9	3.8	3.4	130.897	0.6	2.4	5.7	5.05	5.59
	2	4.4	684.020	2.3	9.5	6.1	131.856	0.7	3.0	4.8	4.98	5.60
	3	4.5	686.919	0.4	1.7	4.2	132.811	0.7	2.9	3.8	4.82	5.20
	4	4.4	706.118	2.8	11.7	6.6	133.895	0.8	3.3	2.9	4.26	4.67
1999	1	4.3	723.050	2.4	9.9	8.1	134.569	0.5	2.0	2.8	4.41	4.98
	2	4.3	739.876	2.3	9.6	8.2	136.109	1.1	4.7	3.2	4.45	5.54
	3	4.2	757.222	2.3	9.7	10.2	137.721	1.2	4.8	3.7	4.65	5.88
	4	4.1	774.076	2.2	9.2	9.6	139.521	1.3	5.3	4.2	5.04	6.14
2000	1	4.1	799.014	3.2	13.5	10.5	141.724	1.6	6.5	5.3	5.52	6.48
	2	4.0	802.972	0.5	2.0	8.5	144.474	1.9	8.0	6.1	5.71	6.18
	3										6.02	5.89
1998	Sep	4.5	230.610	1.1	14.2	4.7	133.548	-0.0	-0.4	3.7	4.61	4.81
	Oct	4.5	233.751	1.4	17.6	6.3	134.108	0.4	5.1	3.5	3.96	4.53
	Nov	4.4	235.251	0.6	8.0	6.5	133.777	-0.2	-2.9	2.8	4.42	4.83
	Dec	4.4	237.116	0.8	9.9	6.9	133.801	0.0	0.2	2.5	4.39	4.64
1999	Jan	4.3	239.154	0.9	10.8	7.7	134.052	0.2	2.3	2.4	4.34	4.72
	Feb	4.4	241.580	1.0	12.9	8.5	134.509	0.3	4.2	2.9	4.44	5.00
	Mar	4.2	242.316	0.3	3.7	8.2	135.147	0.5	5.8	3.1	4.44	5.23
	Apr	4.3	244.556	0.9	11.7	8.1	135.472	0.2	2.9	2.9	4.29	5.18
	May	4.2	247.325	1.1	14.5	8.6	136.215	0.5	6.8	2.9	4.50	5.54
	Jun	4.3	247.995	0.3	3.3	7.8	136.639	0.3	3.8	3.9	4.57	5.90
	Jul	4.3	250.003	0.8	10.2	9.5	137.363	0.5	6.5	4.6	4.55	5.79
	Aug	4.2	253.471	1.4	18.0	11.1	137.736	0.3	3.3	3.1	4.72	5.94
	Sep	4.2	253.748	0.1	1.3	10.0	138.064	0.2	2.9	3.4	4.68	5.92
	Oct	4.1	254.959	0.5	5.9	9.1	139.056	0.7	9.0	3.7	4.86	6.11
	Nov	4.1	257.489	1.0	12.6	9.5	139.433	0.3	3.3	4.2	5.07	6.03
	Dec	4.1	261.628	1.6	21.1	10.3	140.075	0.5	5.7	4.7	5.20	6.28
2000	Jan	4.0	263.493	0.7	8.9	10.2	141.117	0.7	9.3	5.3	5.32	6.66
	Feb	4.1	267.164	1.4	18.1	10.6	141.635	0.4	4.5	5.3	5.55	6.52
	Mar	4.1	268.357	0.4	5.5	10.7	142.419	0.6	6.8	5.4	5.69	6.26
	Apr	3.9	267.119	-0.5	-5.4	9.2	143.528	0.8	9.8	5.9	5.66	5.99
	May	4.1	267.417	0.1	1.3	8.1	144.709	0.8	10.3	6.2	5.79	6.44
	Jun	4.0	268.436	0.4	4.7	8.2	145.185	0.3	4.0	6.3	5.69	6.10
	Jul	4.0	270.750	0.9	10.8	8.3	145.207	0.0	0.2	5.7	5.96	6.05
	Aug	4.1	271.205	0.2	2.0	7.0	145.681	0.3	4.0	5.8	6.09	5.83
	Sep										6.00	5.80

		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
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
1998		163.1			1.6		173.7			2.3		130.7			-0.9
1999		166.7			2.2		177.3			2.1		133.0			1.8
1998	1	162.1	0.2	1.0	1.5	1.0	172.2	0.7	2.7	2.3	2.7	130.6	-0.8	-3.0	-1.6
	2	162.8	0.4	1.7	1.6	1.3	173.2	0.6	2.5	2.2	2.6	130.5	-0.0	-0.1	-0.7
	3	163.5	0.4	1.7	1.6	1.5	174.2	0.5	2.2	2.4	2.5	130.6	0.1	0.2	-0.6
	4	164.2	0.4	1.7	1.5	1.5	175.1	0.5	2.1	2.4	2.4	131.0	0.3	1.1	-0.5
1999	1	164.9	0.4	1.7	1.7	1.7	175.9	0.5	1.9	2.2	1.9	131.4	0.4	1.4	0.7
	2	166.2	0.8	3.3	2.1	2.5	176.8	0.5	2.1	2.1	2.0	132.3	0.7	2.7	1.4
	3	167.2	0.6	2.5	2.3	2.5	177.7	0.5	1.9	2.0	2.0	133.6	1.0	4.0	2.3
	4	168.4	0.7	2.9	2.6	2.6	178.7	0.6	2.3	2.1	2.1	134.7	0.8	3.4	2.9
2000	1	170.2	1.0	4.3	3.2	4.3	179.8	0.6	2.5	2.2	2.5	136.3	1.2	4.8	3.7
	2	171.7	0.9	3.7	3.3	4.0	181.1	0.7	3.0	2.4	2.7	137.5	0.8	3.4	3.9
1998	Aug	163.5	0.1	1.5	1.7	1.6	174.2	0.2	2.8	2.5	2.6	130.4	-0.3	-3.6	-0.8
	Sep	163.6	0.1	0.7	1.4	1.5	174.5	0.2	2.1	2.4	2.5	130.6	0.2	1.9	-0.9
	Oct	163.9	0.2	2.2	1.4	1.6	174.7	0.1	1.4	2.3	2.4	131.0	0.3	3.7	-0.7
	Nov	164.2	0.2	2.2	1.5	1.6	175.0	0.2	2.1	2.3	2.4	130.8	-0.2	-1.8	-0.6
	Dec	164.4	0.1	1.5	1.6	1.6	175.5	0.3	3.5	2.5	2.5	131.1	0.2	2.8	-0.1
1999	Jan	164.7	0.2	2.2	1.7	2.2	175.8	0.2	2.1	2.3	2.1	131.6	0.4	4.7	0.8
	Feb	164.8	0.1	0.7	1.7	1.5	175.8	0.0	0.0	2.1	1.0	131.1	-0.4	-4.5	0.5
	Mar	165.1	0.2	2.2	1.8	1.7	176.1	0.2	2.1	2.1	1.4	131.6	0.4	4.7	0.8
	Apr	166.2	0.7	8.3	2.3	3.3	176.7	0.3	4.2	2.2	2.1	132.2	0.5	5.6	1.2
	May	166.2	0.0	0.0	2.1	2.6	176.8	0.1	0.7	2.0	1.8	132.3	0.1	0.9	1.4
	Jun	166.2	0.0	0.0	2.0	2.2	177.0	0.1	1.4	2.0	1.7	132.4	0.1	0.9	1.5
	Jul	166.7	0.3	3.7	2.1	2.4	177.4	0.2	2.7	2.1	1.9	132.7	0.2	2.8	1.5
	Aug	167.2	0.3	3.7	2.3	2.6	177.5	0.1	0.7	1.9	1.7	133.5	0.6	7.5	2.4
	Sep	167.8	0.4	4.4	2.6	2.8	178.1	0.3	4.1	2.1	2.0	134.6	0.8	10.3	3.1
	Oct	168.1	0.2	2.2	2.6	2.7	178.4	0.2	2.0	2.1	2.0	134.6	0.0	0.0	2.7
	Nov	168.4	0.2	2.2	2.6	2.7	178.7	0.2	2.0	2.1	2.0	134.7	0.1	0.9	3.0
	Dec	168.8	0.2	2.9	2.7	2.7	178.9	0.1	1.4	1.9	1.9	134.9	0.1	1.8	2.9
2000	Jan	169.2	0.2	2.9	2.7	2.9	179.3	0.2	2.7	2.0	2.7	135.0	0.1	0.9	2.6
	Feb	170.1	0.5	6.6	3.2	4.7	179.6	0.2	2.0	2.2	2.4	136.5	1.1	14.2	4.1
	Mar	171.3	0.7	8.8	3.8	6.1	180.4	0.4	5.5	2.4	3.4	137.5	0.7	9.2	4.5
	Apr	171.3	0.0	0.0	3.1	4.5	180.8	0.2	2.7	2.3	3.2	137.0	-0.4	-4.3	3.6
	May	171.5	0.1	1.4	3.2	3.9	181.1	0.2	2.0	2.4	3.0	137.3	0.2	2.7	3.8
	Jun	172.4	0.5	6.5	3.7	4.3	181.4	0.2	2.0	2.5	2.8	138.1	0.6	7.2	4.3
	Jul	172.8	0.2	2.8	3.7	4.1	181.8	0.2	2.7	2.5	2.8	138.1	0.0	0.0	4.1
	Aug	172.7	-0.1	-0.7	3.3	3.5	182.1	0.2	2.0	2.6	2.7	137.8	-0.2	-2.6	3.2

## Notes

Pages 4, 5: **Final sales** is gross domestic product (GDP) minus change in private 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. Real GDP is measured in 1996 dollars. 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: Beginning with the October 1999 **comprehensive revision** to the National Income and Product Accounts (NIPA), a new formula is used to calculate the **contribution** of a component to the overall GDP growth rate. The new formula produces estimates roughly equivalent to the old formula. For more information, see the October 1999 issue of the *Survey of Current Business*, p. 16. The sign is changed for **imports**.

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 2000 affect levels and growth rates of household survey employment, labor force and population. The unemployment rate and other series were 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 **available labor supply** is the sum of the unemployed and those persons not in the labor force but who want to work now. The household survey was significantly 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.

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. The comprehensive revision introduced the **equipment & software** component of business investment.

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 NIPAs. 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. Nonfarm business accounted for about 76 percent of the value of GDP in 1996, while nonfinancial corporations accounted for about 54 percent. **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, multifactor 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)