



## A Recession for the Educated?

In September and October of 2000, the aggregate unemployment rate bottomed out at 3.9 percent, having fallen steadily from its June 1992 level of 7.8 percent. This halving of the unemployment rate substantially improved the employment opportunities for groups—such as the less educated, teenagers, and blacks—that historically have had the highest unemployment rates.<sup>1</sup>

With the steady softening of labor markets over the past year—the unemployment rate hit 5.4 percent in October 2001—the question arises as to whether these traditionally disadvantaged groups have been bearing the brunt of the economic downturn. After all, the anecdotal evidence suggests that bad economic times hit these groups hardest. Looking at the unemployment data across education levels, however, it appears that, so far, it has instead been the most-educated group whose recent employment gains have eroded first.

Take 1994 as a reference point, a year during which the aggregate unemployment rate fell below 6 percent, which was thought by many at the time to be the natural rate of unemployment. In that year, the average unemployment rates for college graduates, those with high school diplomas but no college, and those without high school diplomas were 2.6 percent, 5.3 percent, and 9.8 percent, respectively. By September 2000, these rates had fallen to 1.9 percent, 3.4 percent, and 6.2 percent. Since then, as the aggregate unemployment rate has risen, so have the unemployment rates for these three educational categories.

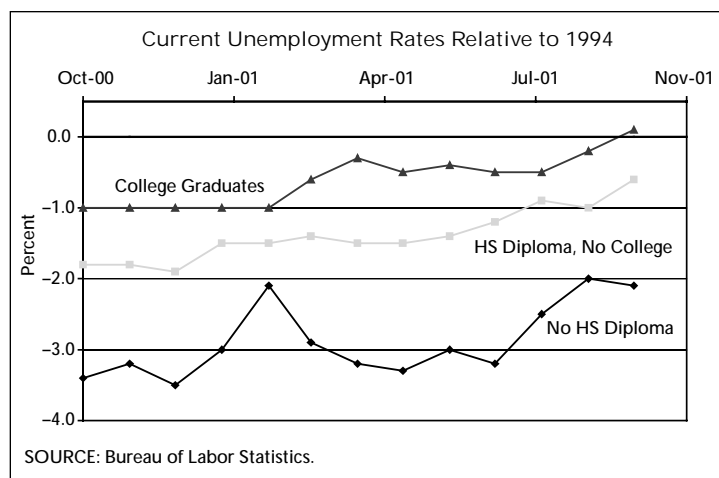
The accompanying chart tracks the movement since October 2000 in the three-month moving averages of the unemployment rates for the three education levels, relative to where those rates were in 1994. For the most-educated group, those with college degrees, the unemployment rate has already reached its 1994 level; for those with a high school diploma but no college, about two-thirds of

the gap has already been closed. In contrast, for those without a high school diploma, only about one-third of the gap between current unemployment and 1994 unemployment has been closed.

At this early stage, it is not possible to explain why this has been the case. One explanation is that this downturn has simply hit those industries where the highly educated are more likely to work. So far, the downturn has affected the telecommunications, computer services, and airline industries relatively more than traditional blue-collar industries such as home construction and automobile manufacturing. It is perhaps too early, however, to know how unemployment is eventually going to be distributed: job losses for the less educated might still be looming. It is also possible that the extremely long expansion of the 1990s has enabled more of the less educated to weather the storm because the long economic expansion enabled them to gain the skills, experience, and seniority to make it less likely for them to become unemployed now than in the past.

—Howard J. Wall

<sup>1</sup>These trends are surveyed in William Poole and Howard J. Wall, "Price Stability and the Rising Tide: How Low Inflation Lifts All Ships," Federal Reserve Bank of St. Louis, *The Regional Economist*, January 2000, pp. 5-9.



# Table of Contents

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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:

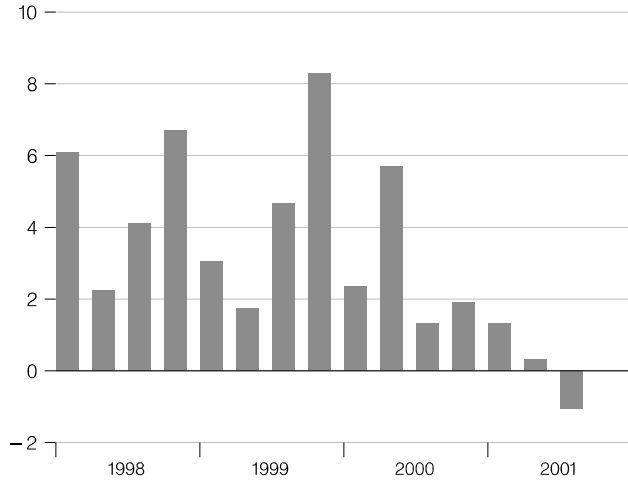
$$100 \times \left[ \left( \frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

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

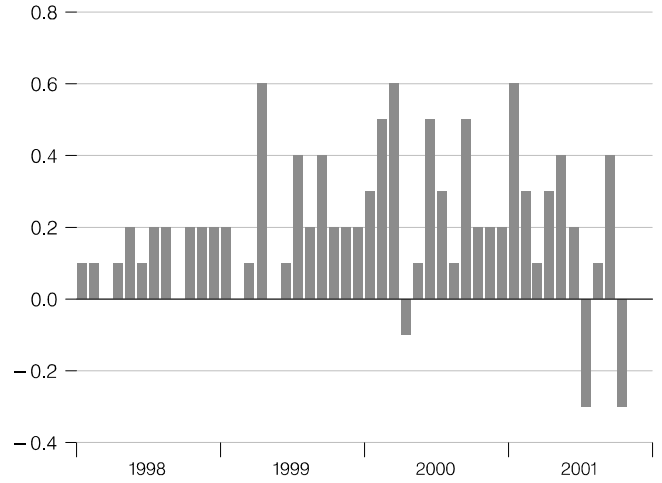
### Real GDP Growth

Percent change at annual rate



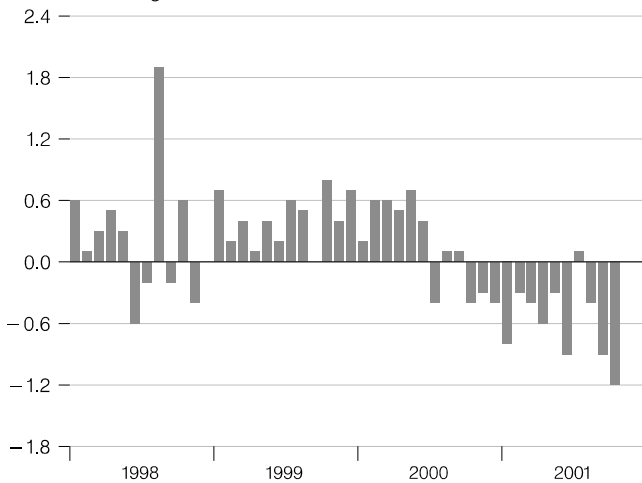
### Consumer Price Index

Percent change



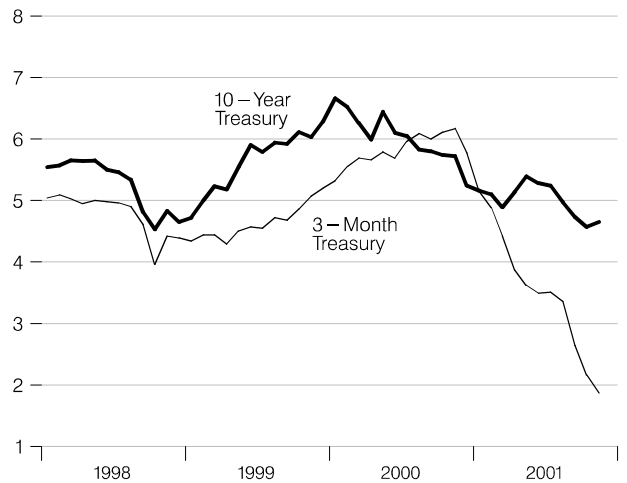
### Industrial Production

Percent change



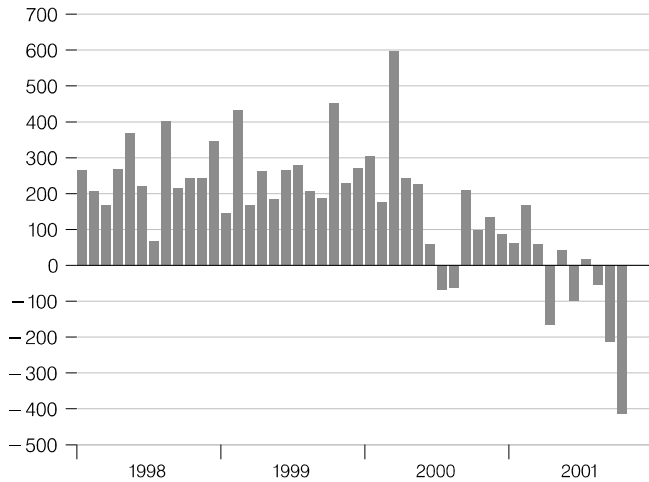
### Interest Rates

Percent



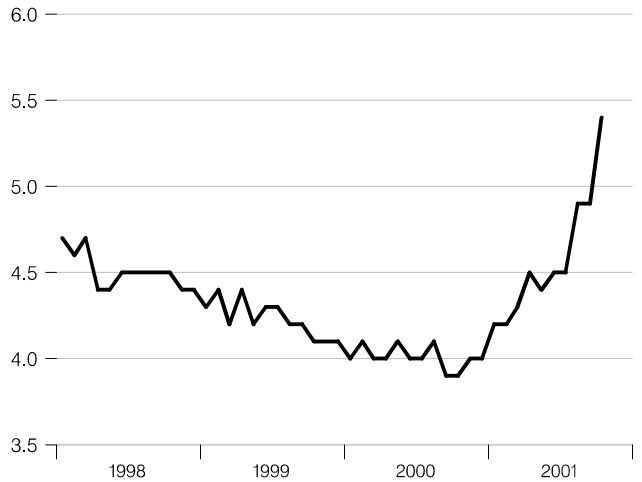
### Change in Nonfarm Payrolls

Thousands



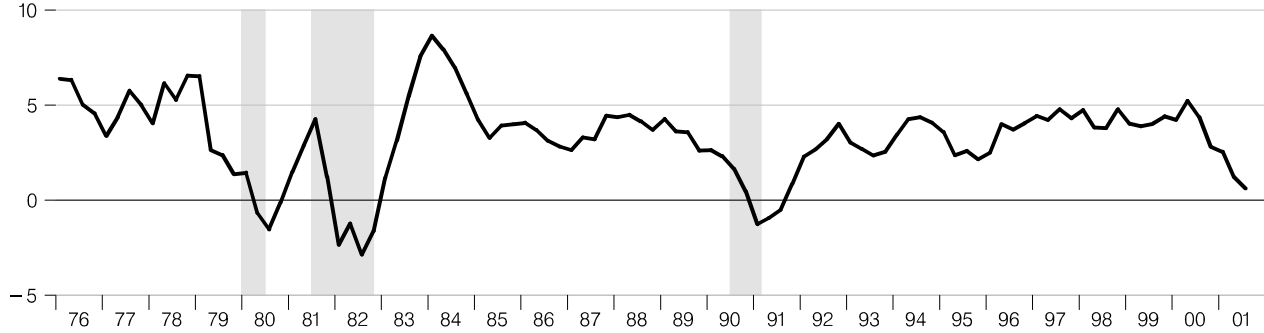
### Unemployment Rate

Percent of labor force



### Real Gross Domestic Product

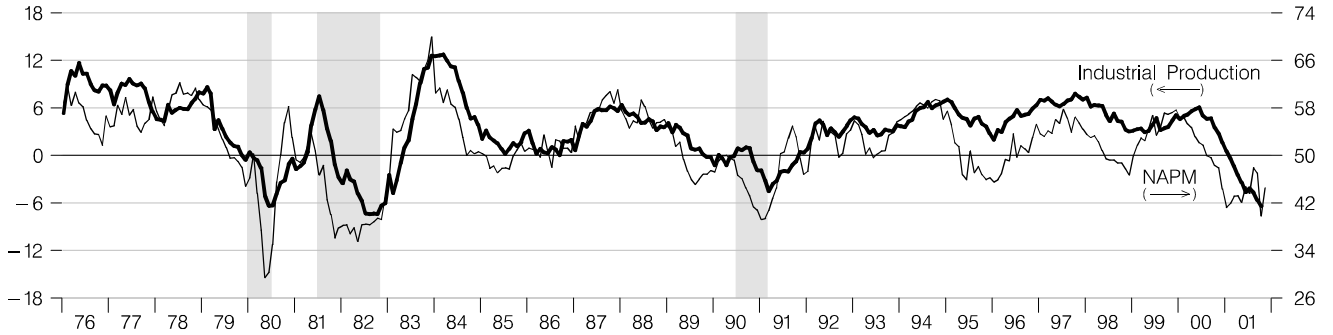
Percent change from year ago



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

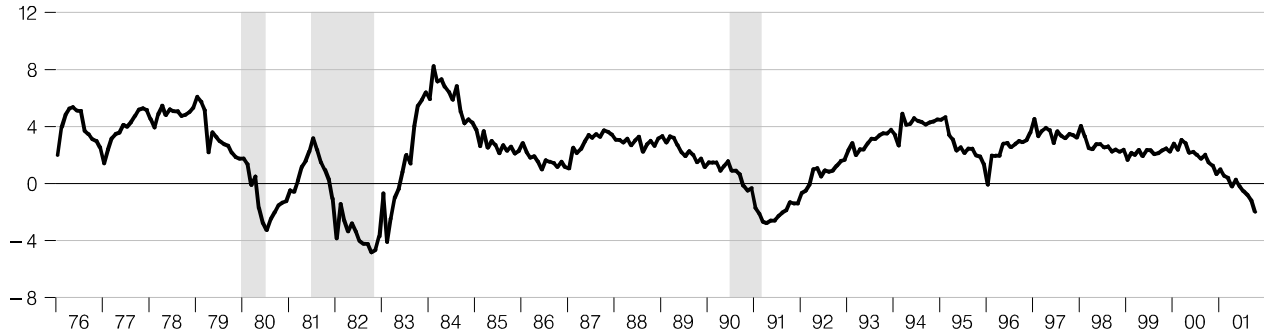
Percent change from year ago

Index



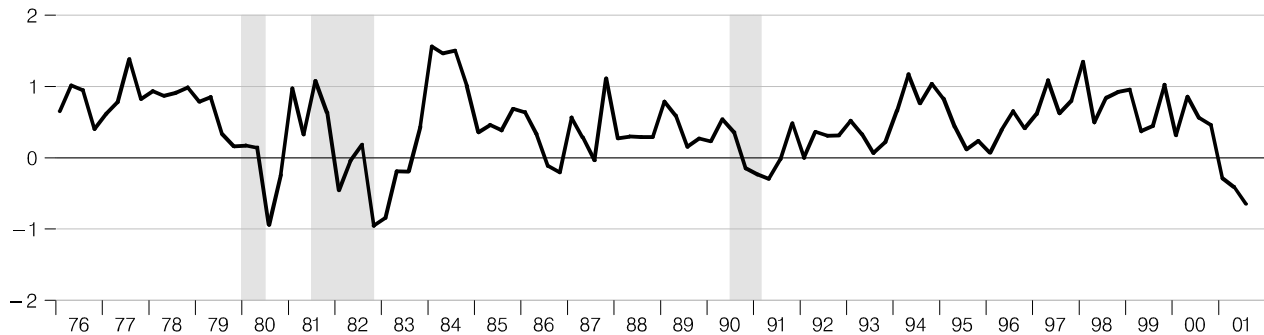
### Aggregate Private Nonfarm Hours

Percent change from year ago

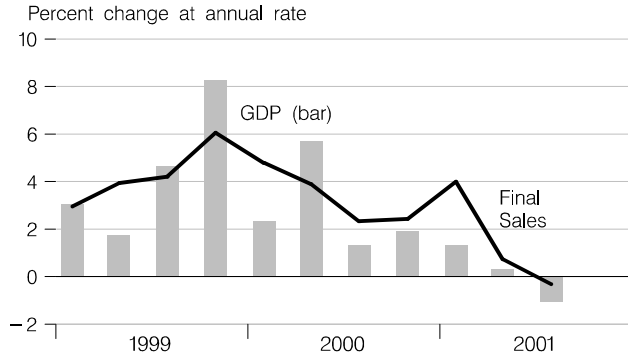


### Real Change in Private Inventories

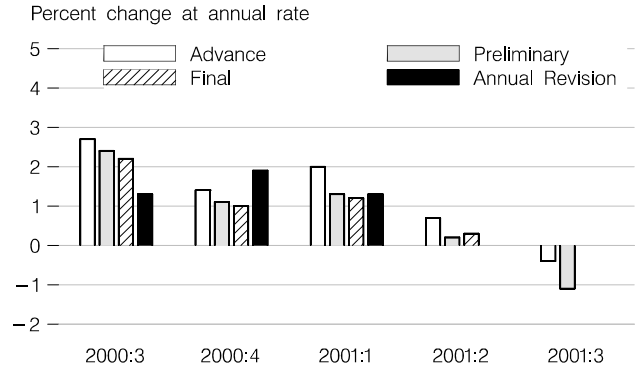
Percent of GDP



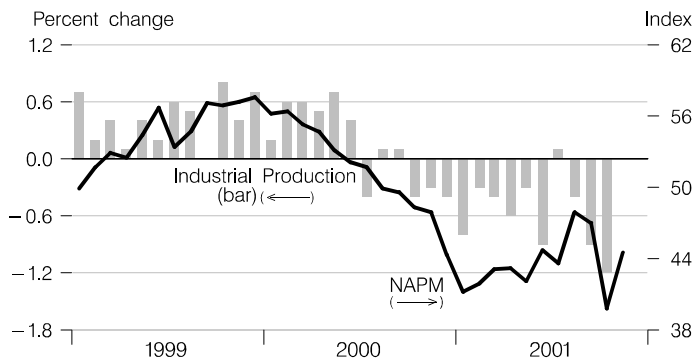
### Real Final Sales and GDP



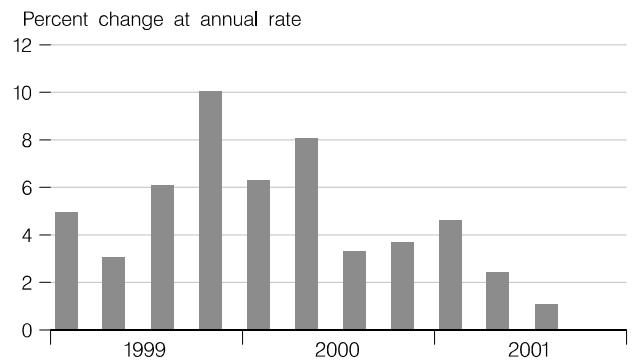
### Real GDP Revisions



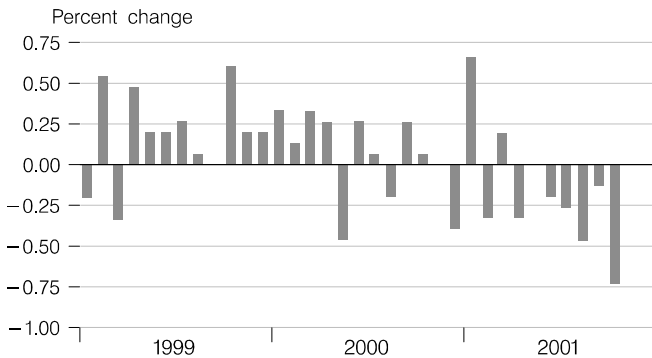
### Industrial Production and NAPM Index



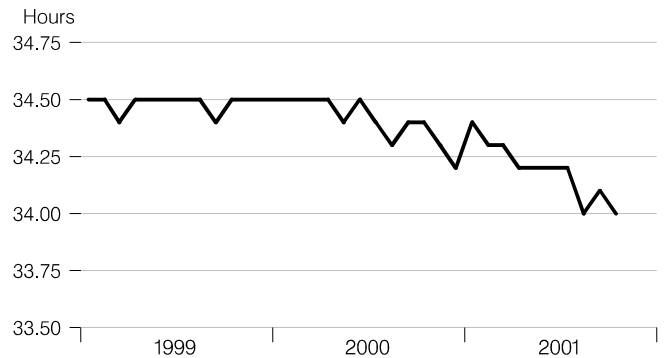
### Nominal Gross Domestic Product



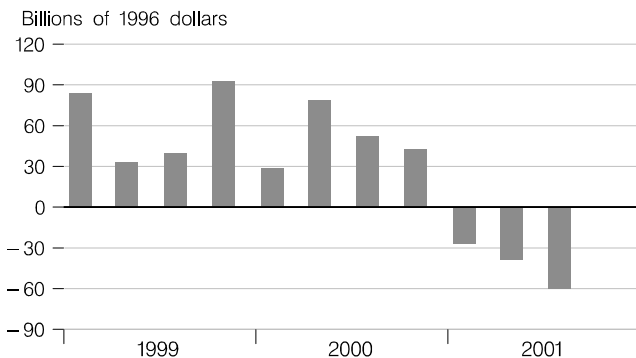
### Aggregate Private Nonfarm Hours



### Average Weekly Private Nonfarm Hours



### Real Change in Private Inventories

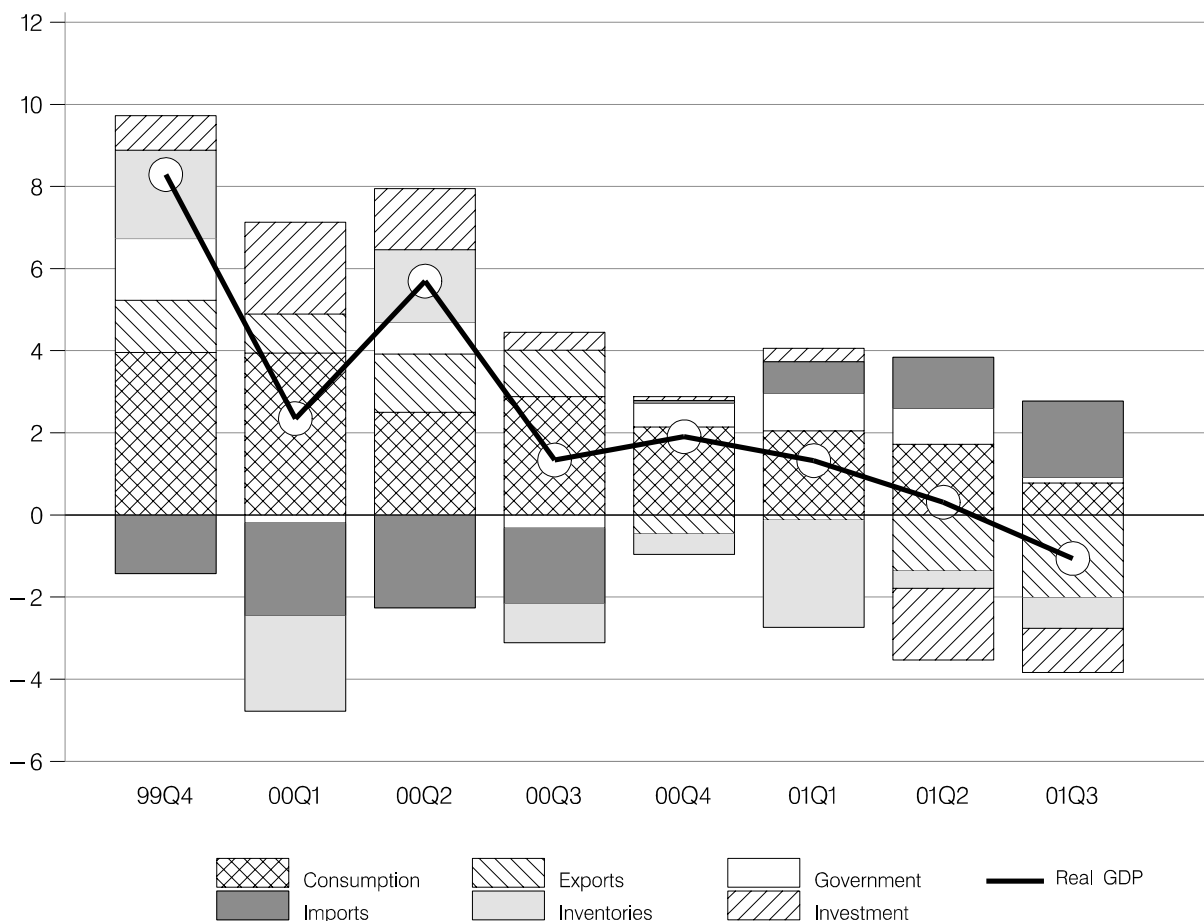


### Inventory-Sales Ratio



## Contribution of Components to Real GDP Growth

Percent change at annual rate

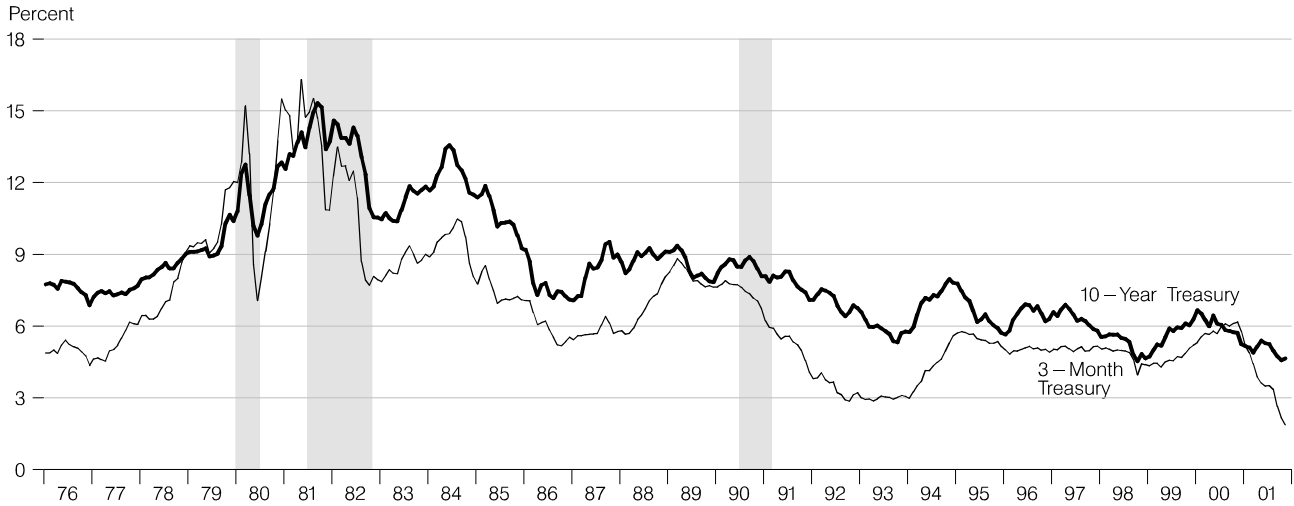


## Contributions to Real GDP Growth Rate

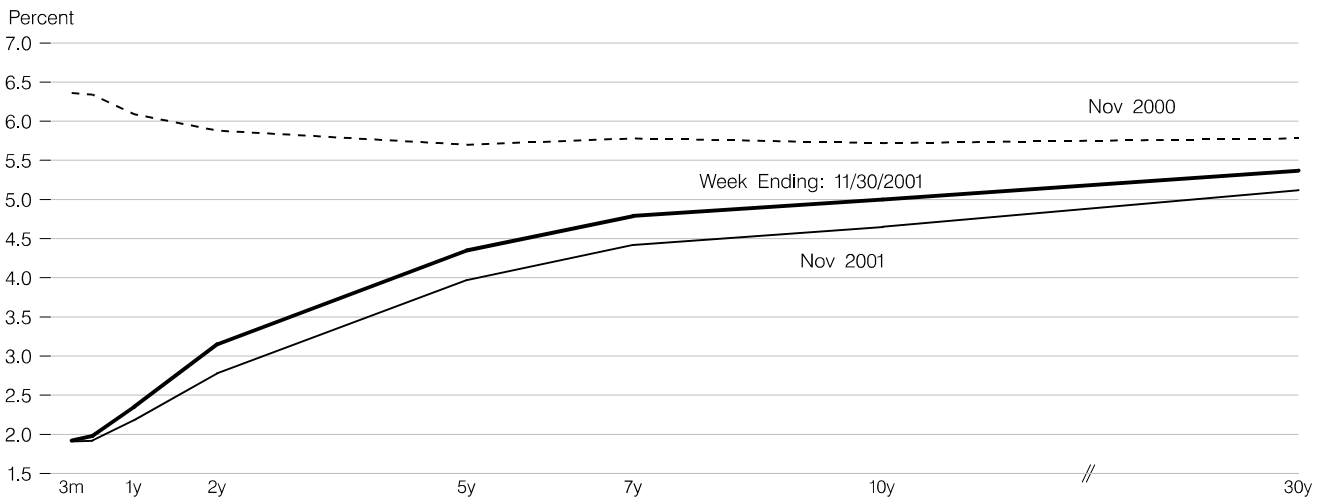
	1999	2000				2001		
	4th	1st	2nd	3rd	4th	1st	2nd	3rd
Real GDP	8.29	2.35	5.69	1.34	1.91	1.32	0.31	-1.06
Final Sales	6.14	4.67	3.93	2.29	2.41	3.93	0.73	-0.31
Change in Inventory	2.15	-2.32	1.76	-0.95	-0.50	-2.61	-0.42	-0.75
Consumption	3.96	3.94	2.50	2.88	2.14	2.05	1.72	0.78
Fixed Investment	0.84	2.24	1.49	0.44	0.09	0.33	-1.74	-1.08
Nonresidential	0.76	1.88	1.52	0.91	0.13	-0.02	-1.99	-1.19
Residential	0.08	0.36	-0.03	-0.47	-0.05	0.35	0.25	0.11
Government	1.50	-0.20	0.78	-0.32	0.58	0.92	0.87	0.14
Federal	0.85	-0.84	0.90	-0.66	0.27	0.19	0.11	0.16
State and Local	0.65	0.64	-0.12	0.34	0.31	0.73	0.76	-0.02
Net Exports	-0.15	-1.32	-0.84	-0.70	-0.39	0.63	-0.12	-0.16
Exports	1.27	0.95	1.42	1.13	-0.46	-0.13	-1.37	-2.01
Imports	-1.43	-2.26	-2.26	-1.84	0.07	0.76	1.25	1.85
Residual	-0.23	0.53	-0.47	0.22	-0.08	0.39	0.38	0.28

Federal Reserve Bank of St. Louis

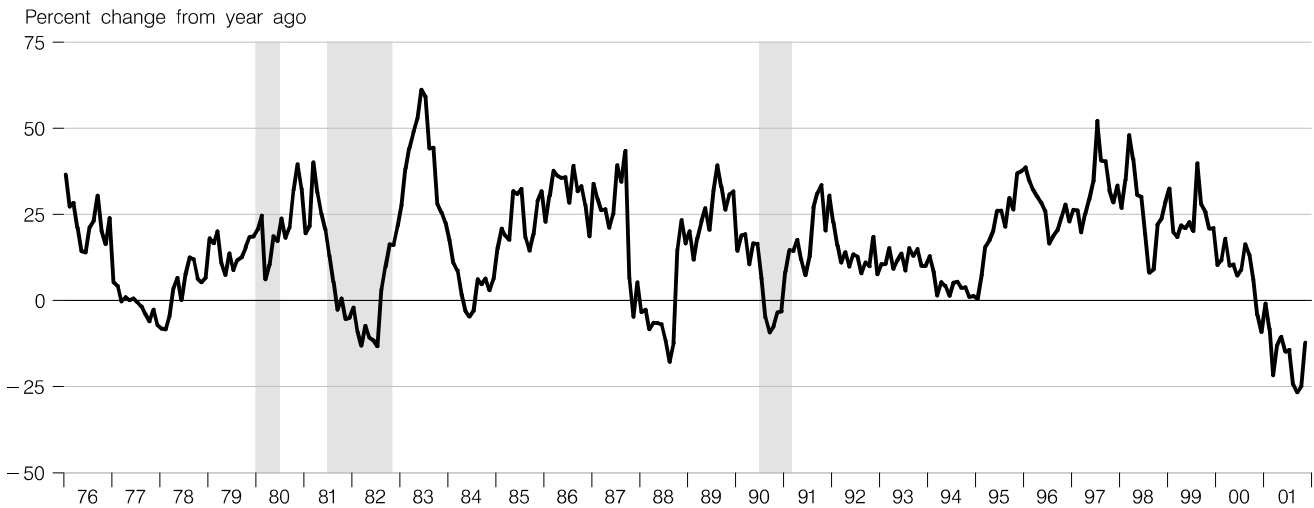
### Interest Rates



### Treasury Yield Curve

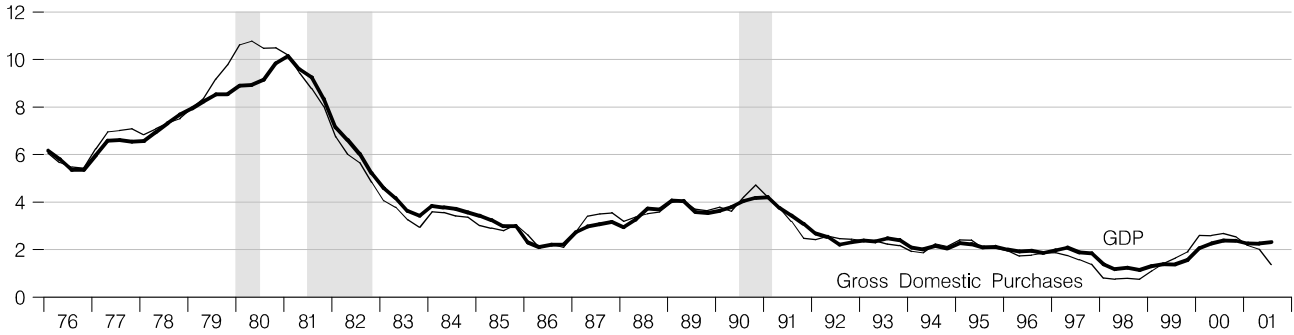


### Standard and Poor's 500 Index with Reinvested Dividends



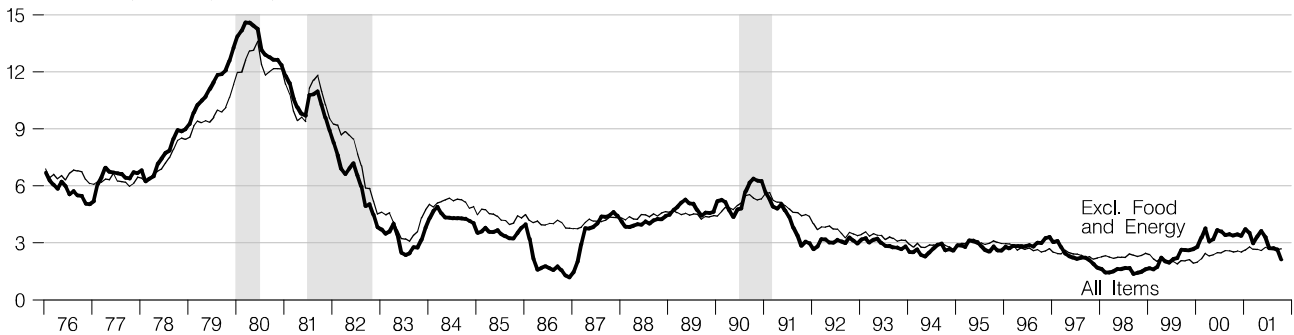
### NIPA Chain Price Indexes

Percent change from year ago



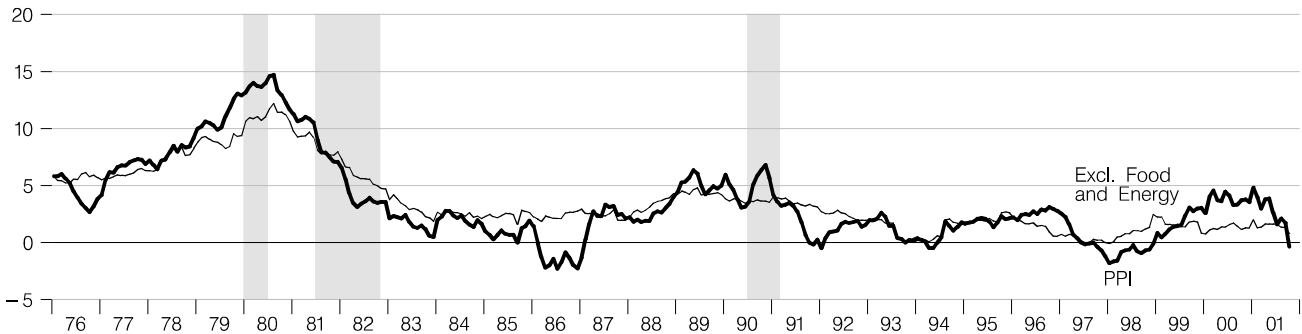
### Consumer Price Index

Percent change from year ago



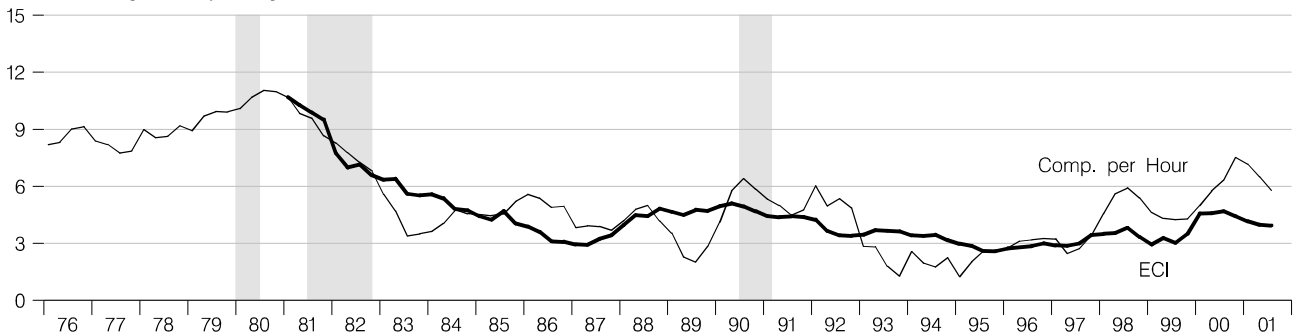
### Producer Price Index, Finished Goods

Percent change from year ago



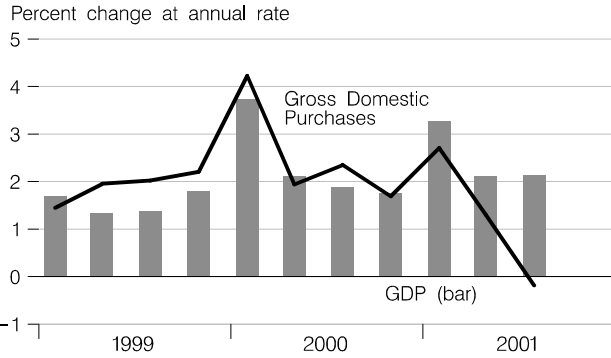
### Employment Cost Index and Compensation per Hour

Percent change from year ago

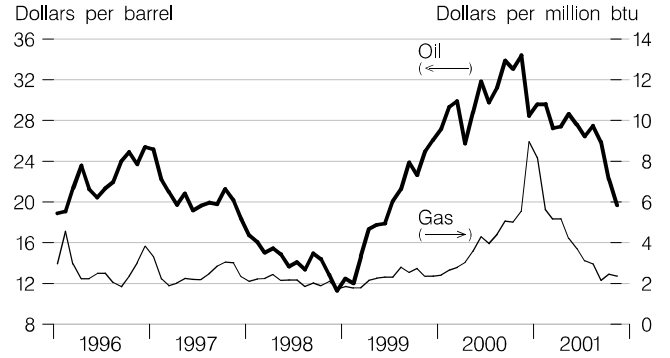




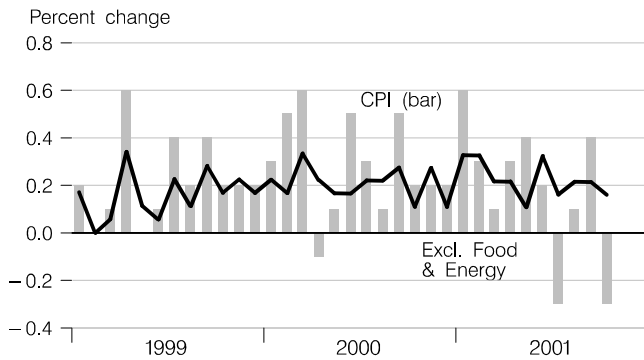
### NIPA Chain Price Indexes



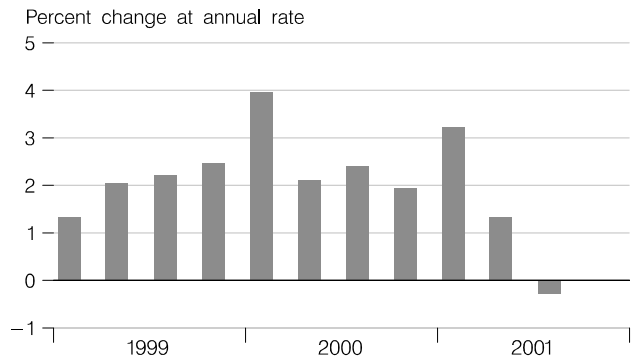
### Crude Oil and Natural Gas Prices



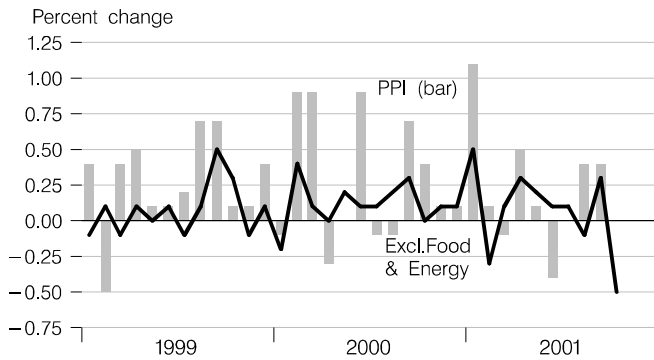
### Consumer Price Index



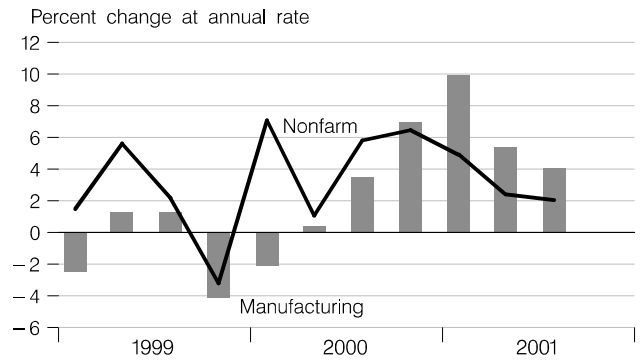
### Consumption Chain Price Index



### Producer Price Index, Finished Goods



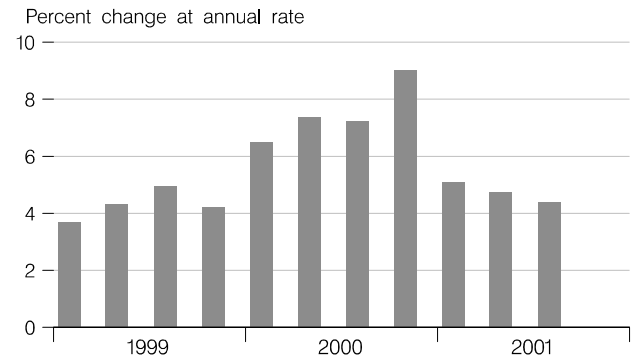
### Unit Labor Cost



### Employment Cost Index

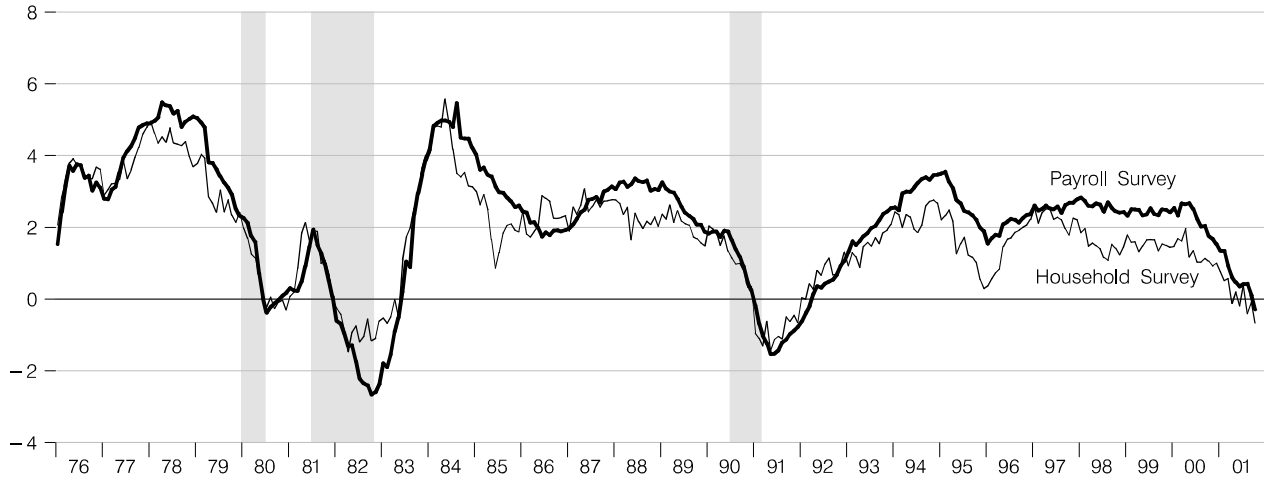


### Compensation per Hour



### Employment

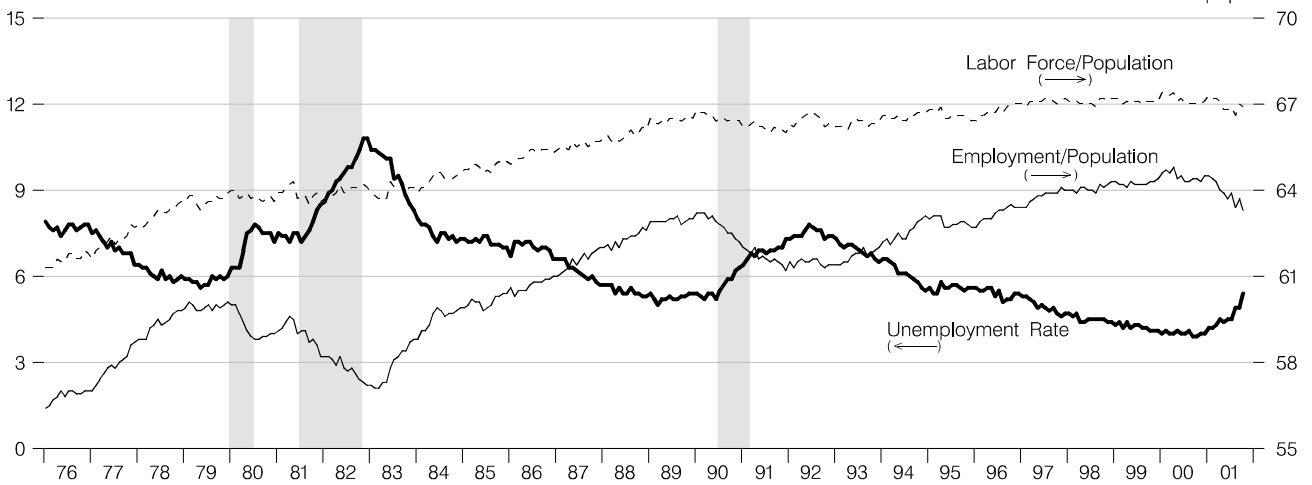
Percent change from year ago



### Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

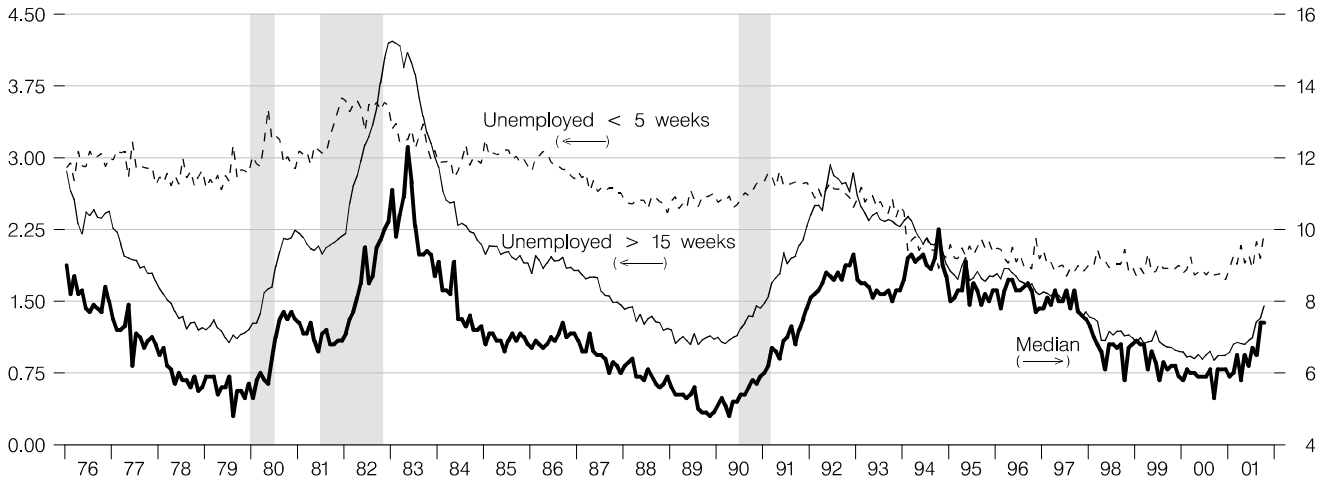
Percent of population



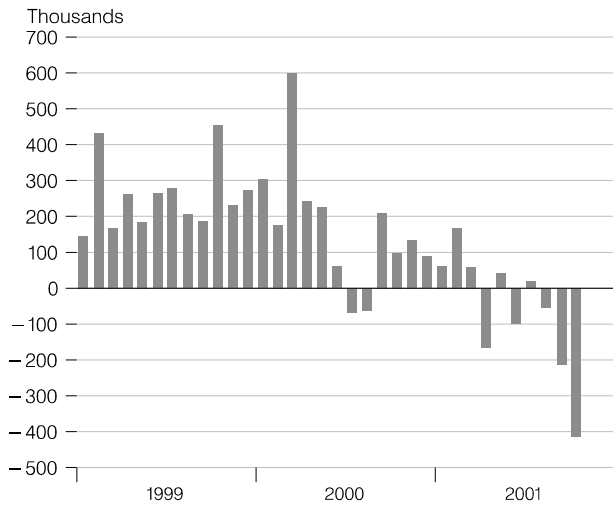
### Duration of Unemployment

Percent of labor force

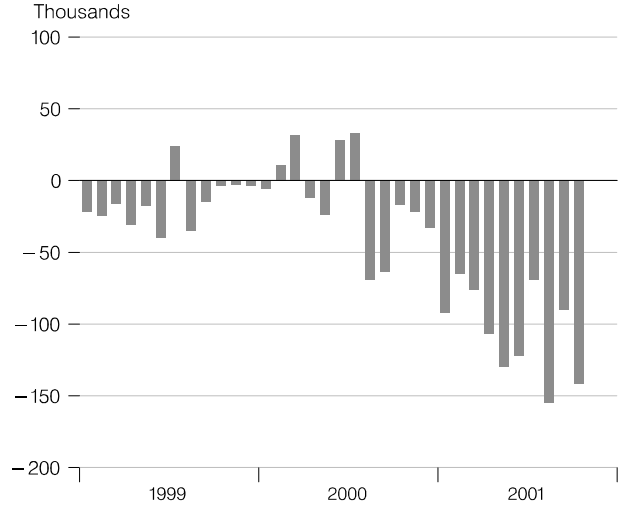
Weeks



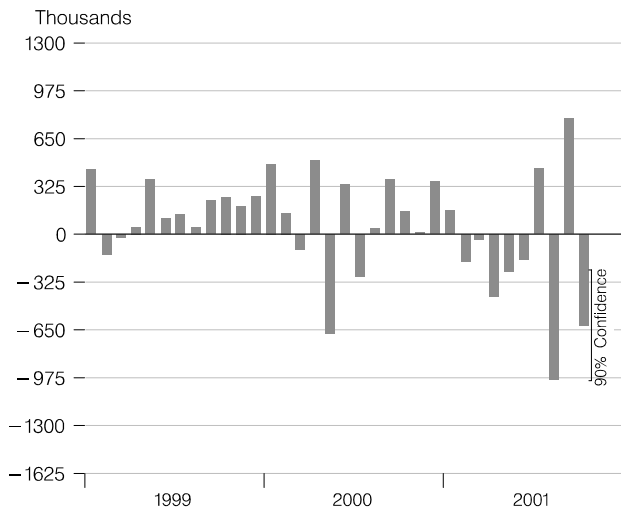
### Change in Nonfarm Payrolls



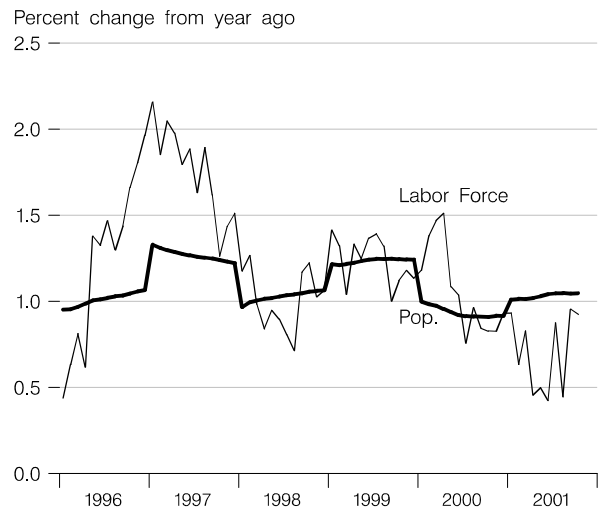
### Change in Manufacturing Payrolls



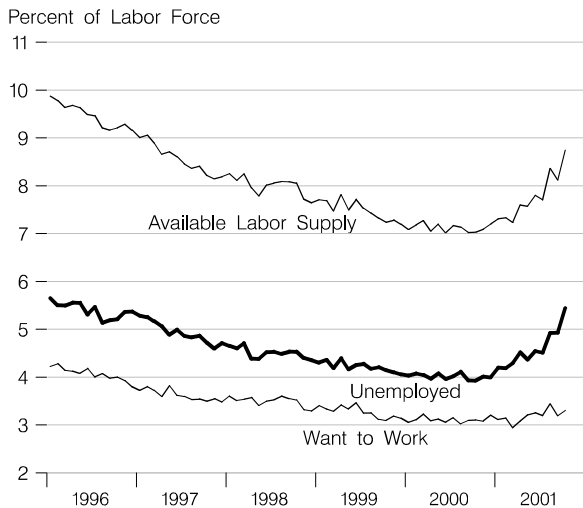
### Change in Household Employment



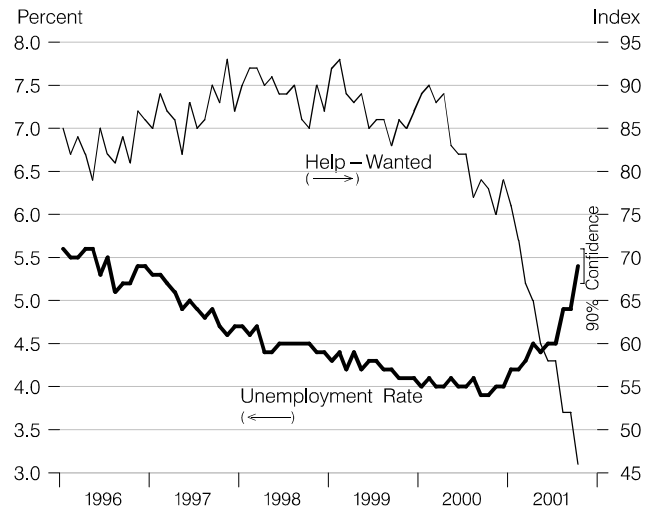
### Labor Force and Population



### Available Labor Supply and Components

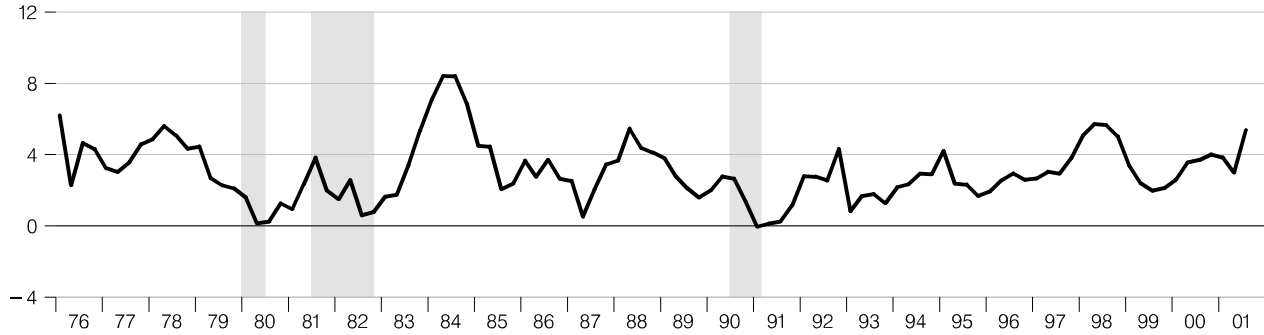


### Unemployment Rate and Help-Wanted Advertising Index



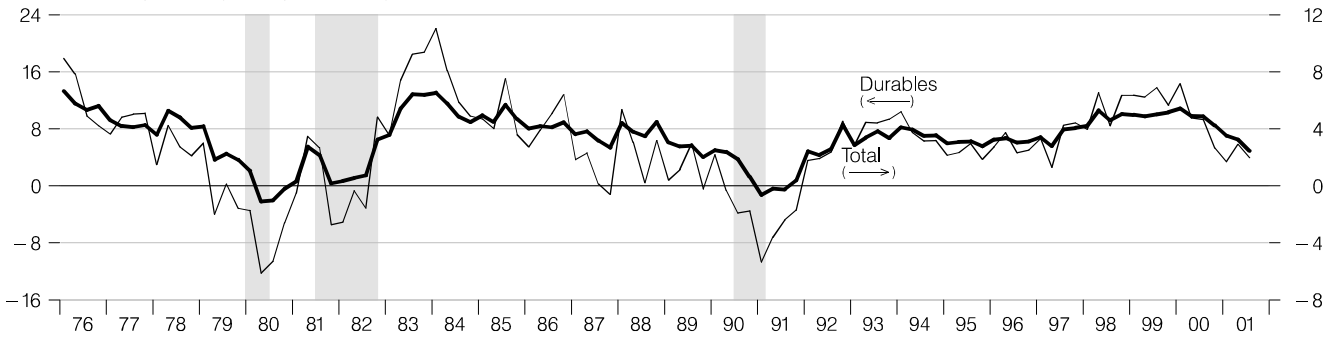
### Real Disposable Personal Income

Percent change from year ago, quarterly data



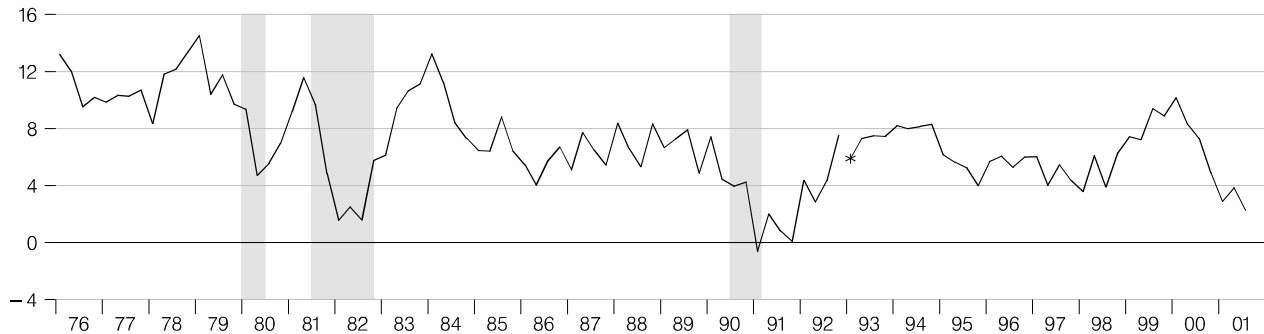
### Real Consumption

Percent change from year ago, quarterly data



### Retail and Food Services Sales

Percent change from year ago, quarterly average

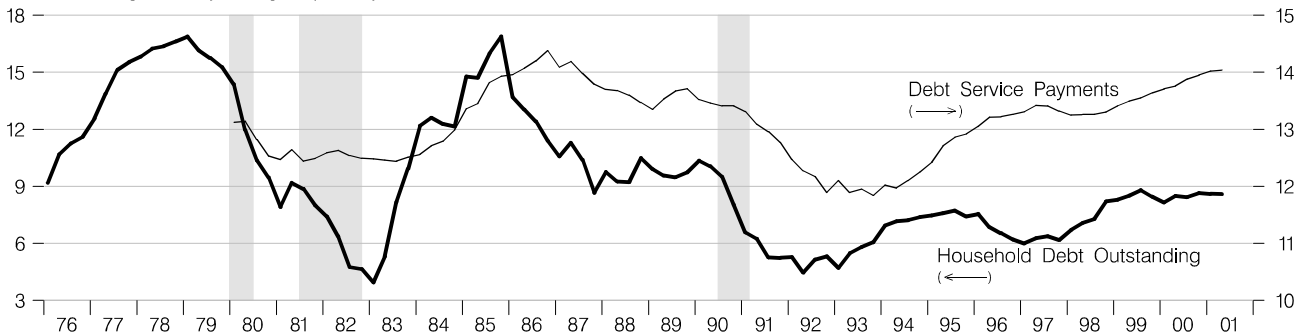


\*Data before January 1992 are not strictly comparable (see End Notes).

### Debt Service Payments as a Percent of Disposable Income and Household Debt Outstanding

Percent change from year ago, quarterly data

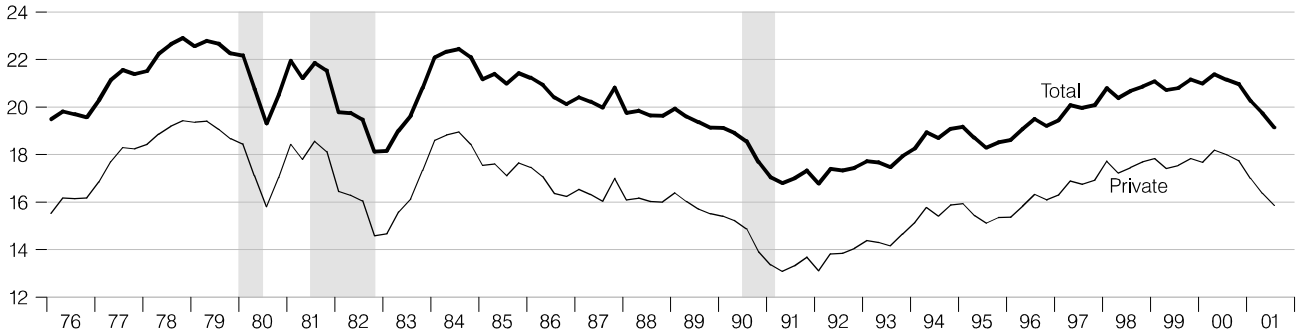
Percent





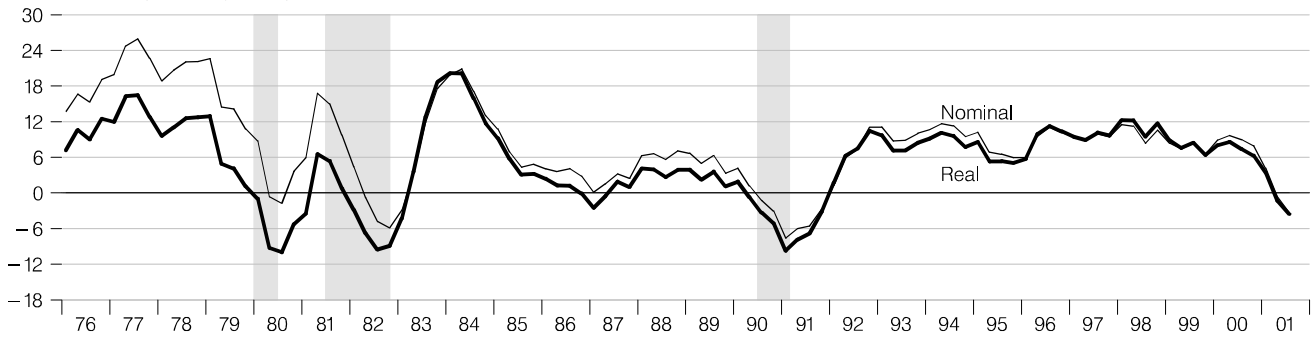
### Investment

Percent of Nominal GDP



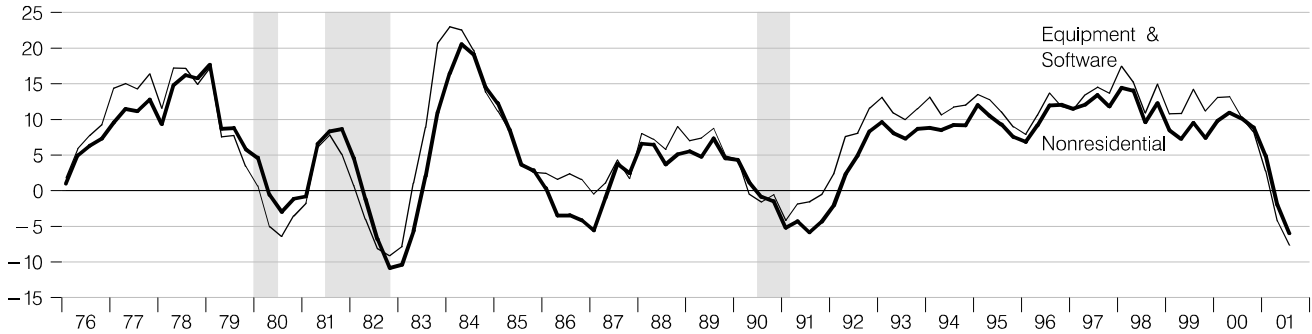
### Private Fixed Investment

Percent change from year ago



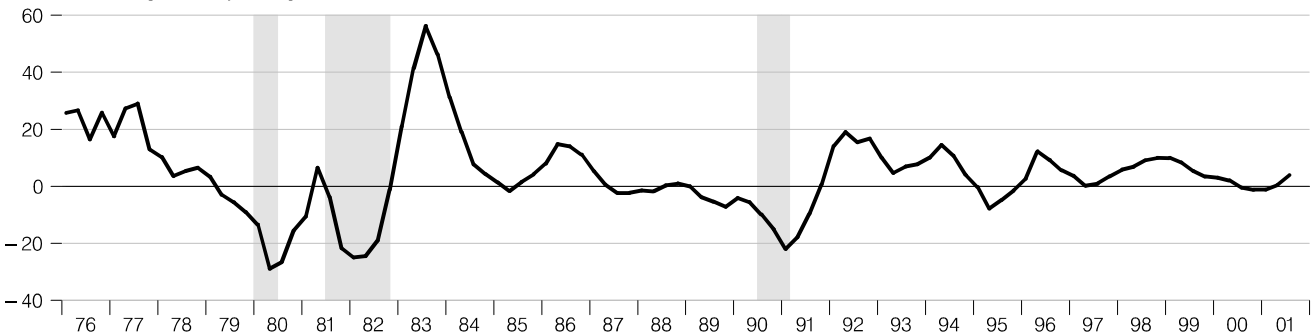
### Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

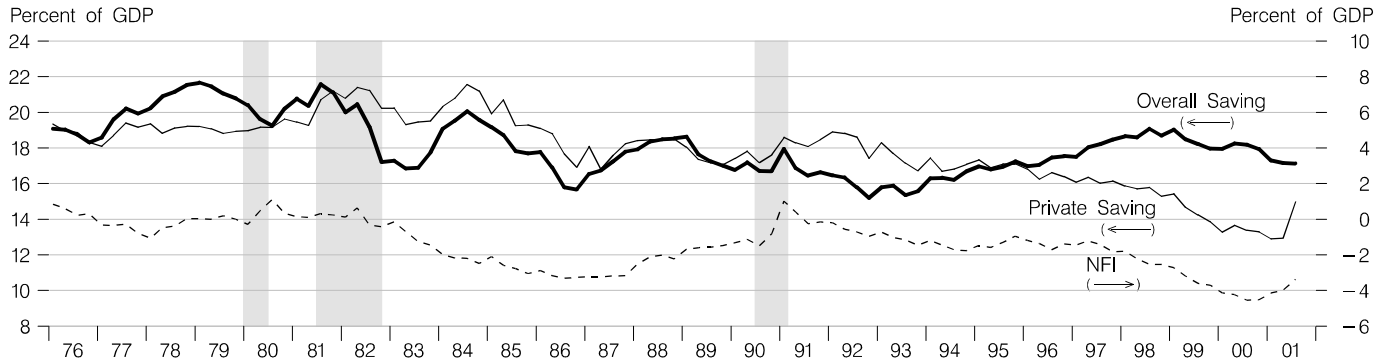


### Real Residential Fixed Investment

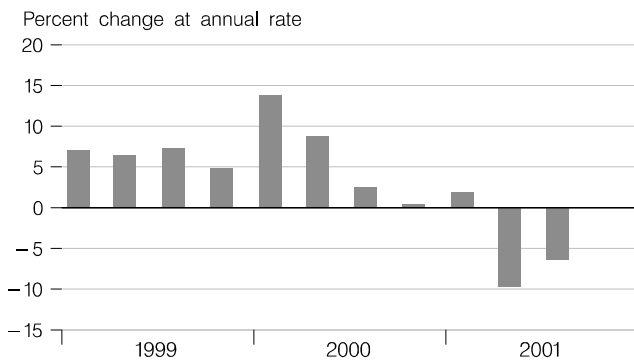
Percent change from year ago



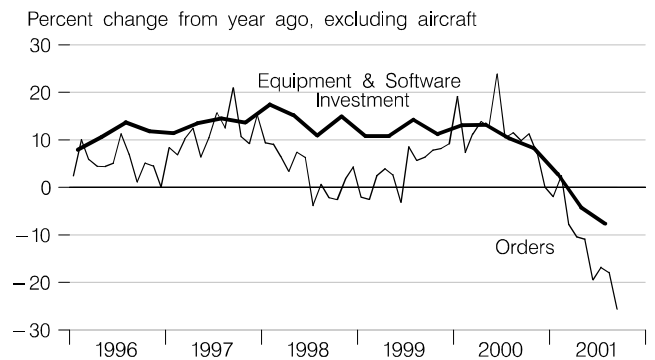
### Gross Saving Rates and Net Foreign Investment



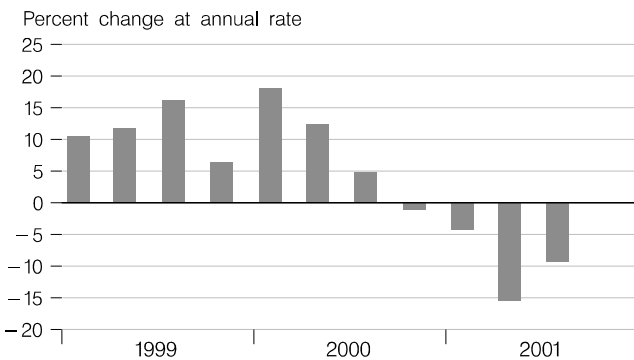
### Real Private Fixed Investment



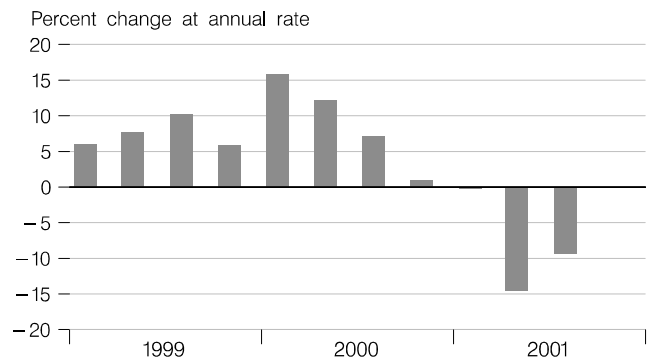
### Nondefense Capital Goods Orders



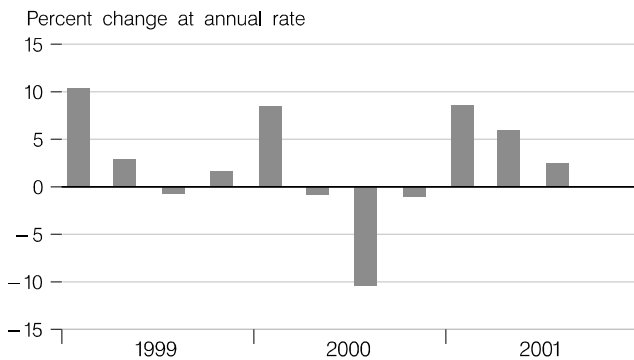
### Real Equipment & Software Investment



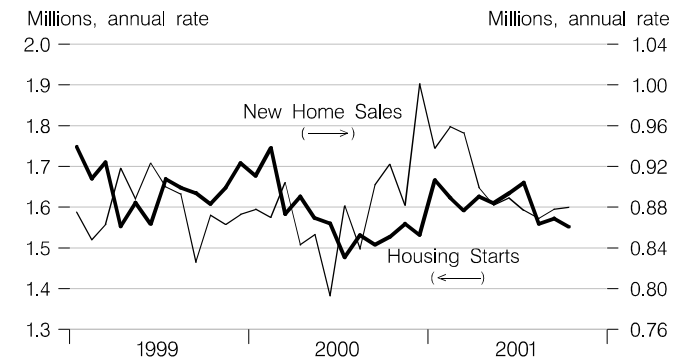
### Real Nonresidential Fixed Investment



### Real Residential Fixed Investment

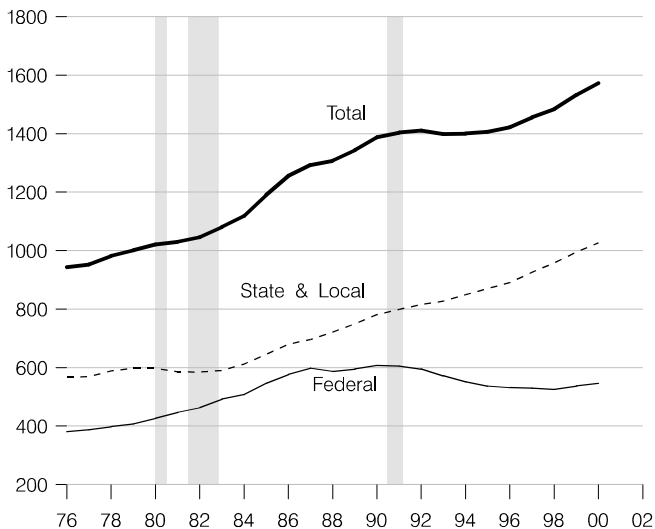


### Housing Starts and New Home Sales



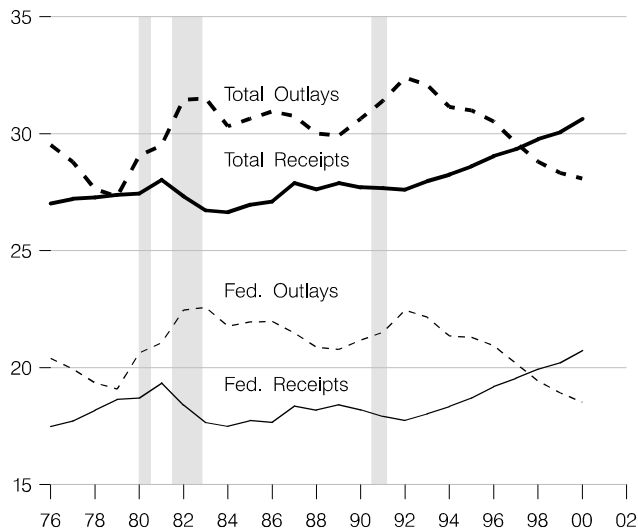
Govt. Consumption and Investment

Billions of 1996 dollars



Government Receipts and Outlays

Percent of GDP



Government Budgets

Billions of dollars

National Income Accounts

Calendar Years

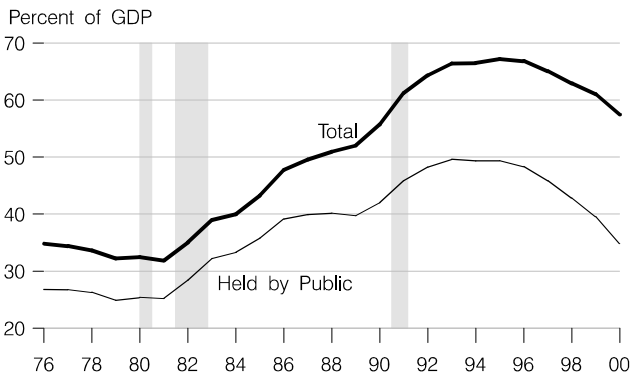
Unified Budget

Fiscal Years

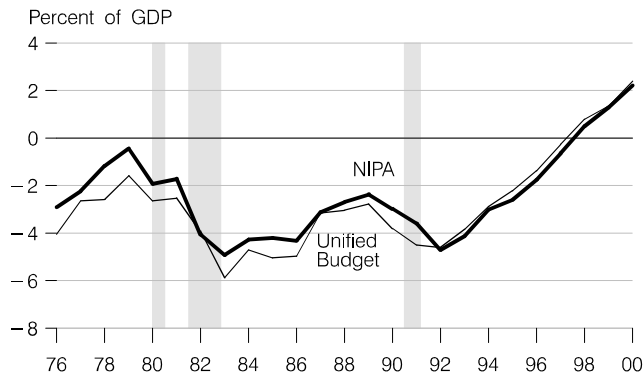
	State and Local			Federal			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Outlays	Surplus or Deficit(-)
1980	316.6	307.8	8.8	522.8	576.6	-53.8	517.1	590.9	-73.8
1981	344.4	336.9	7.5	605.6	659.3	-53.7	599.3	678.2	-79.0
1982	360.3	362.5	-2.2	599.5	732.1	-132.6	617.8	745.8	-128.0
1983	392.1	387.3	4.8	623.9	797.8	-173.9	600.6	808.4	-207.8
1984	436.4	412.6	23.8	688.1	856.1	-168.0	666.5	851.9	-185.4
1985	469.2	447.0	22.2	747.4	924.6	-177.2	734.1	946.4	-212.3
1986	507.9	487.2	20.7	786.4	978.5	-192.1	769.2	990.5	-221.2
1987	536.0	523.8	12.2	870.5	1018.4	-147.9	854.4	1004.1	-149.8
1988	573.7	558.1	15.6	928.9	1066.2	-137.3	909.3	1064.5	-155.2
1989	618.9	599.6	19.3	1010.3	1140.3	-130.0	991.2	1143.7	-152.5
1990	663.4	660.8	2.6	1055.7	1228.7	-173.0	1032.0	1253.2	-221.2
1991	716.0	723.8	-7.8	1072.3	1287.6	-215.3	1055.0	1324.4	-269.4
1992	772.2	777.2	-5.0	1121.3	1418.9	-297.6	1091.3	1381.7	-290.4
1993	823.2	821.7	1.5	1197.3	1471.5	-274.2	1154.4	1409.5	-255.1
1994	873.8	865.2	8.6	1293.7	1506.0	-212.3	1258.6	1461.9	-203.3
1995	917.9	902.5	15.4	1383.7	1575.7	-192.0	1351.8	1515.8	-164.0
1996	960.4	939.0	21.4	1499.1	1635.9	-136.8	1453.1	1560.6	-107.5
1997	1011.3	980.3	31.0	1625.5	1678.8	-53.3	1579.3	1601.3	-22.0
1998	1074.4	1033.7	40.7	1749.7	1705.9	43.8	1721.8	1652.6	69.2
1999	1143.8	1101.7	42.1	1872.8	1753.6	119.2	1827.5	1702.9	124.6
2000	1222.6	1189.8	32.8	2046.8	1828.3	218.5	2025.2	1788.8	236.4



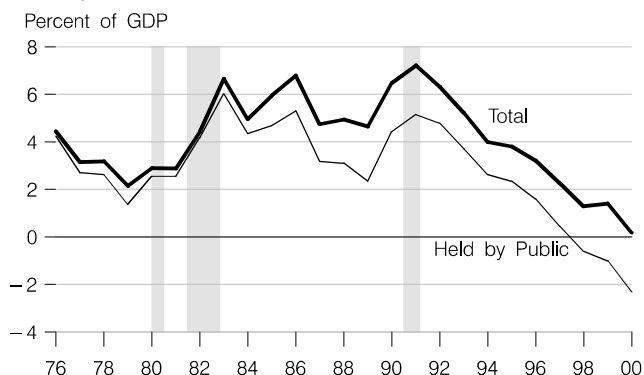
### Federal Debt



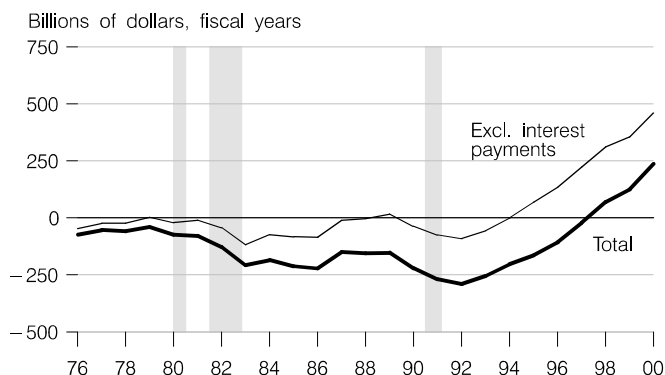
### Federal Surplus (+) / Deficit (-)



### Change in Federal Debt



### Federal Surplus (+) / Deficit (-), Unified Basis

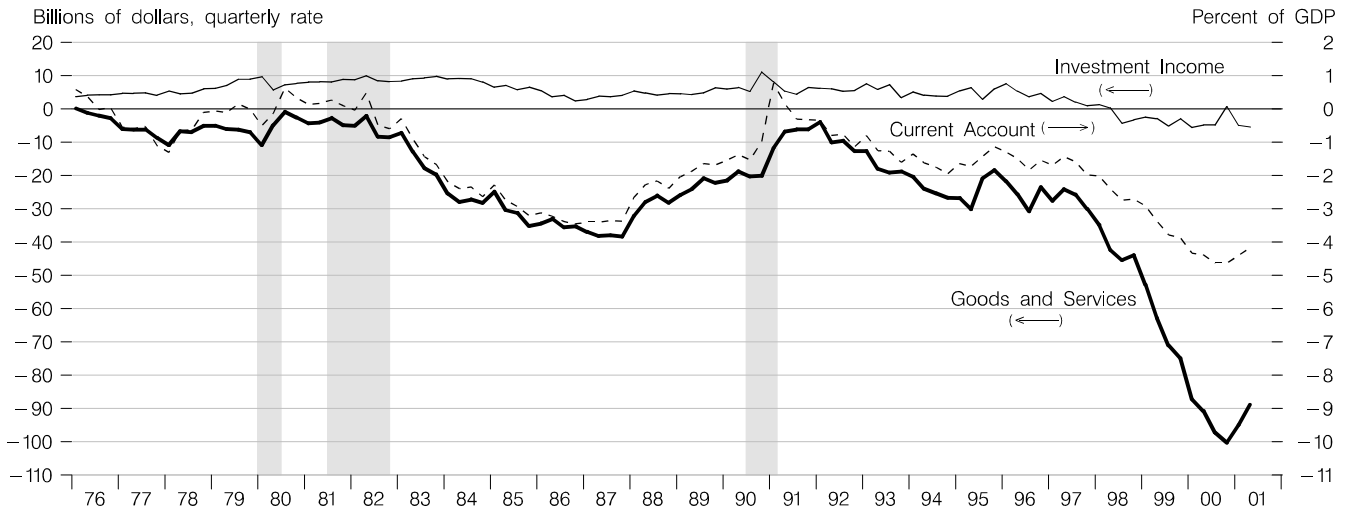


### Federal Government Debt

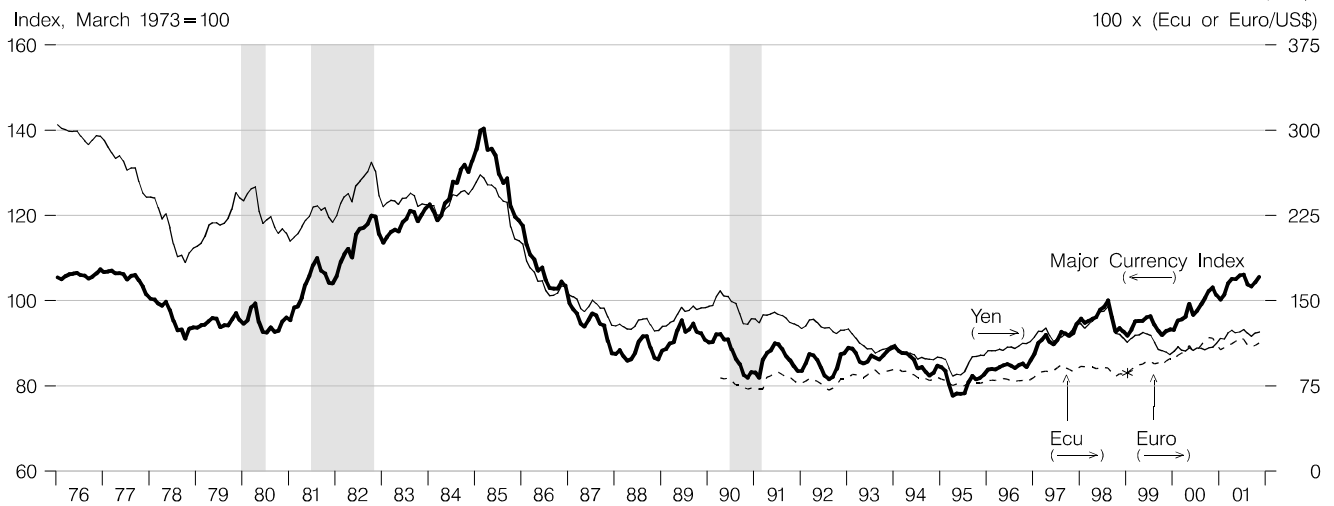
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1998		5526.2	1765.6	3760.6	446.0	3313.2	1224.2
1999		5656.3	1989.1	3667.2	489.0	3175.4	1281.4
2000		5674.2	2235.7	3438.5	511.4	2936.2	1224.9
1998	March	5542.4	1670.4	3872.1	433.2	3437.5	1250.5
	June	5547.9	1757.6	3790.4	439.8	3349.3	1256.0
	September	5526.2	1765.6	3760.6	446.0	3313.2	1224.2
	December	5614.2	1826.8	3787.4	452.1	3334.0	1278.7
1999	March	5651.6	1857.1	3794.6	465.7	3327.5	1272.3
	June	5638.8	1953.6	3685.2	484.9	3199.2	1258.8
	September	5656.3	1989.1	3667.2	489.0	3175.4	1281.4
	December	5776.1	2060.6	3715.5	478.0	3233.9	1268.7
2000	March	5773.4	2085.4	3688.0	501.7	3182.8	1273.9
	June	5685.9	2190.2	3495.7	505.0	2987.4	1249.1
	September	5674.2	2235.7	3438.5	511.4	2936.2	1224.9
	December	5662.2	2248.7	3413.5	511.7	2880.4	1201.3
2001	March	5773.7	2339.4	3434.4	523.9	2892.9	1196.1
	June	5726.8	2452.6	3274.2	535.1	2722.6	1167.1

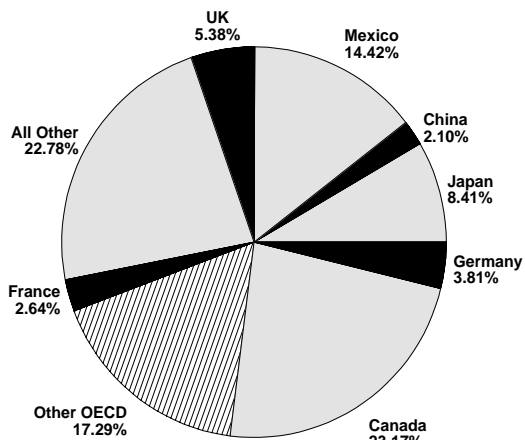
### Current Account, Trade and Investment Income Balances



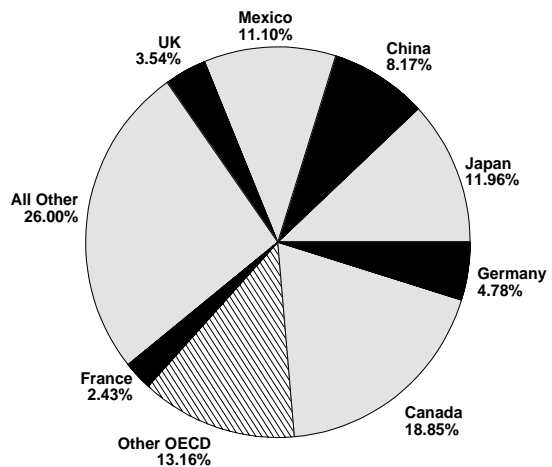
### Exchange Rates



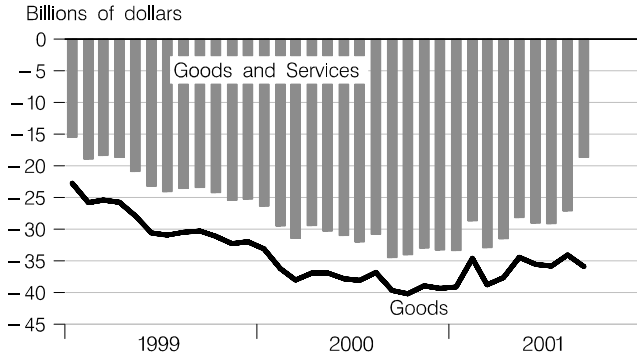
### Goods Export Shares, 2000



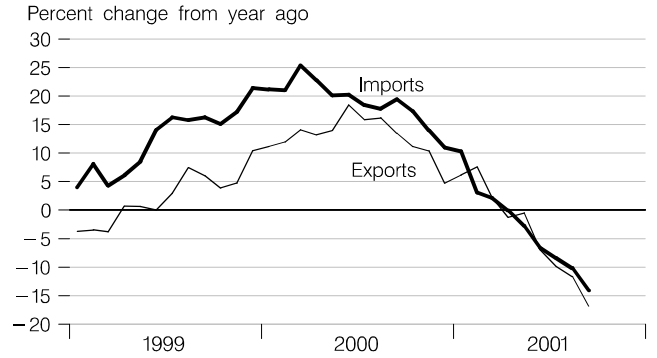
### Goods Import Shares, 2000



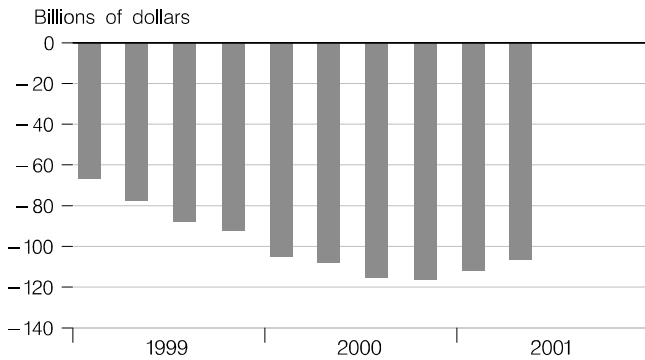
### Trade Balance



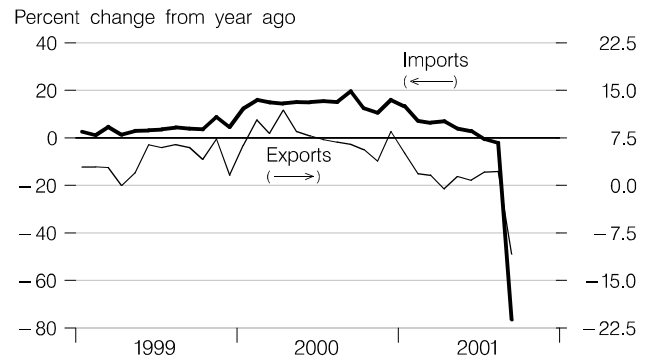
### Goods Trade



### Current Account Balance



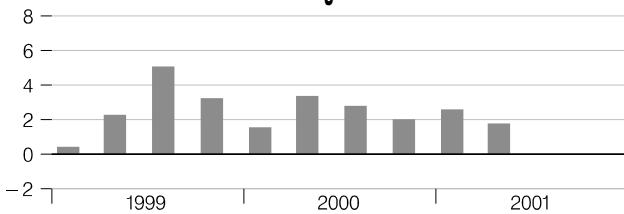
### Services Trade



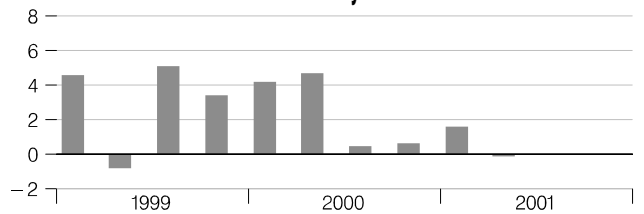
### Real GDP Growth of Major Trading Partners

Percent change at annual rate

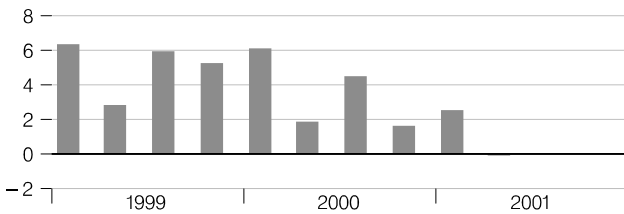
#### United Kingdom



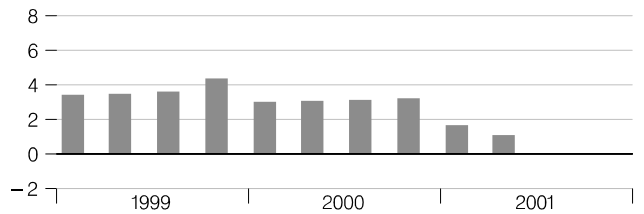
#### Germany



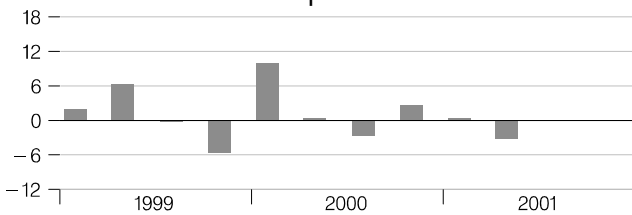
#### Canada



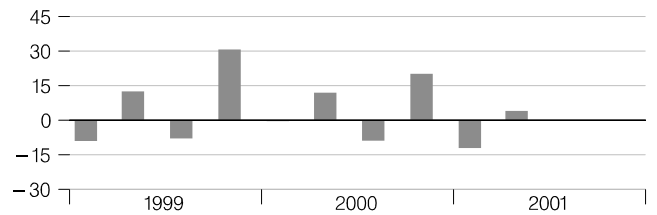
#### France



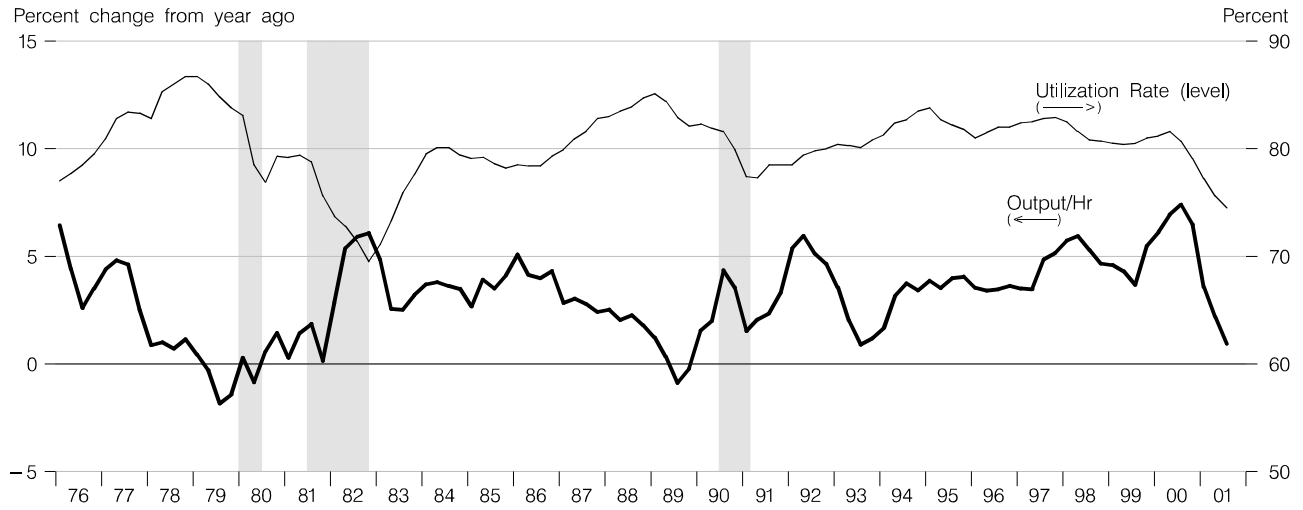
#### Japan



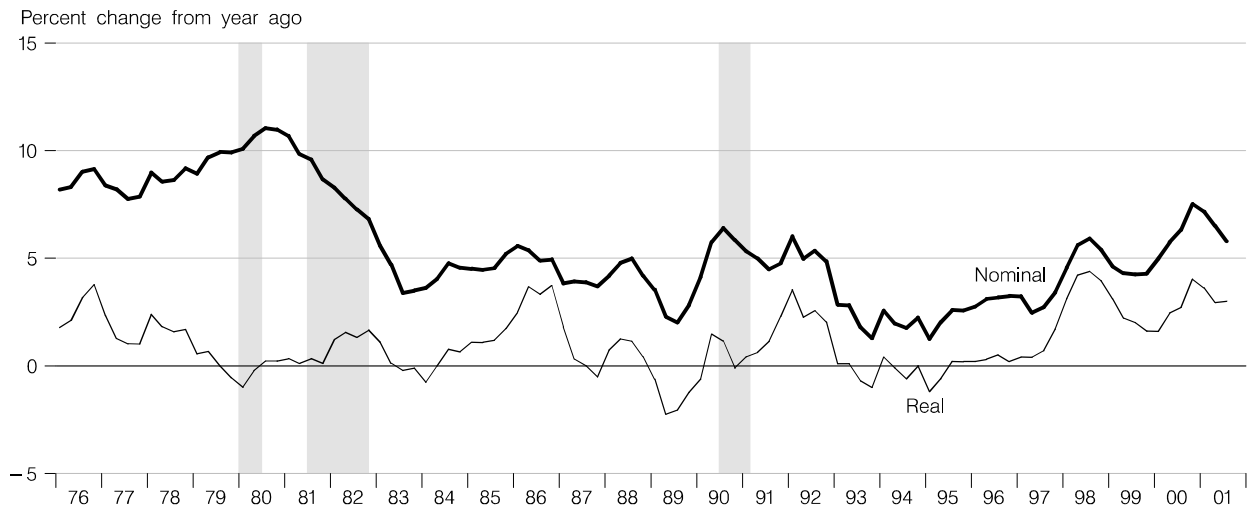
#### Mexico



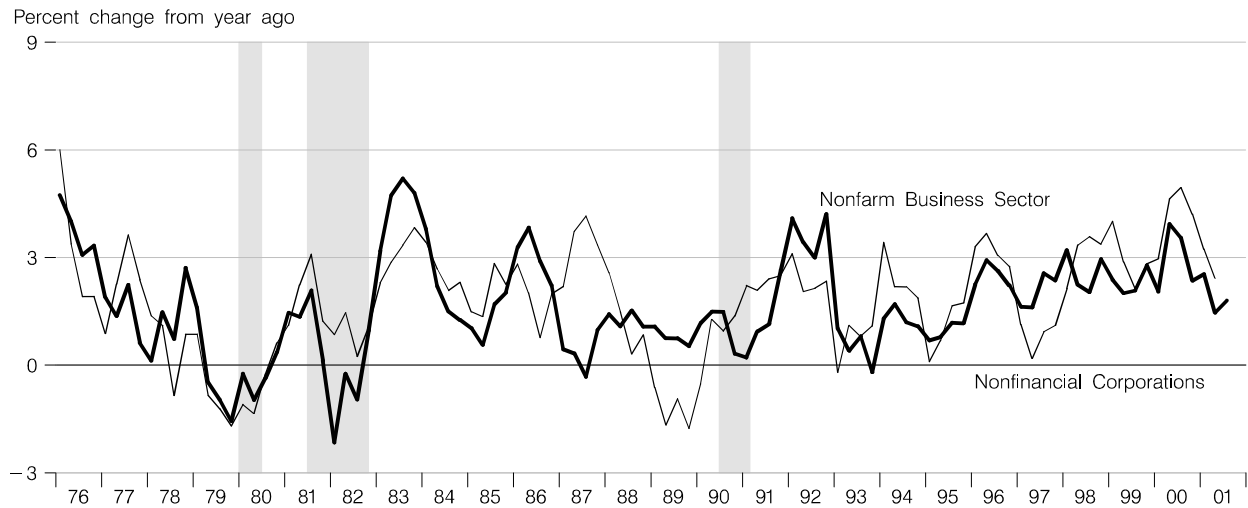
### Output per Hour and Capacity Utilization, Manufacturing



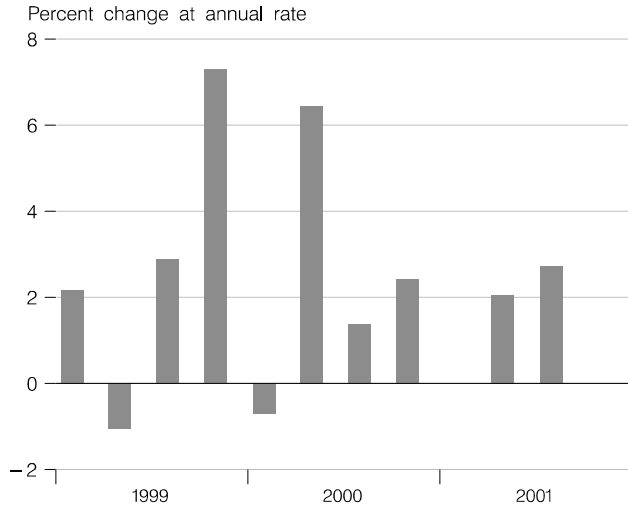
### Nonfarm Compensation per Hour



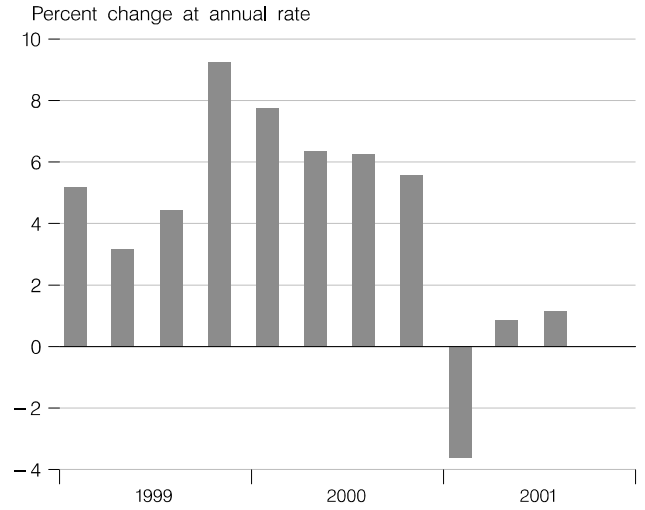
### Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



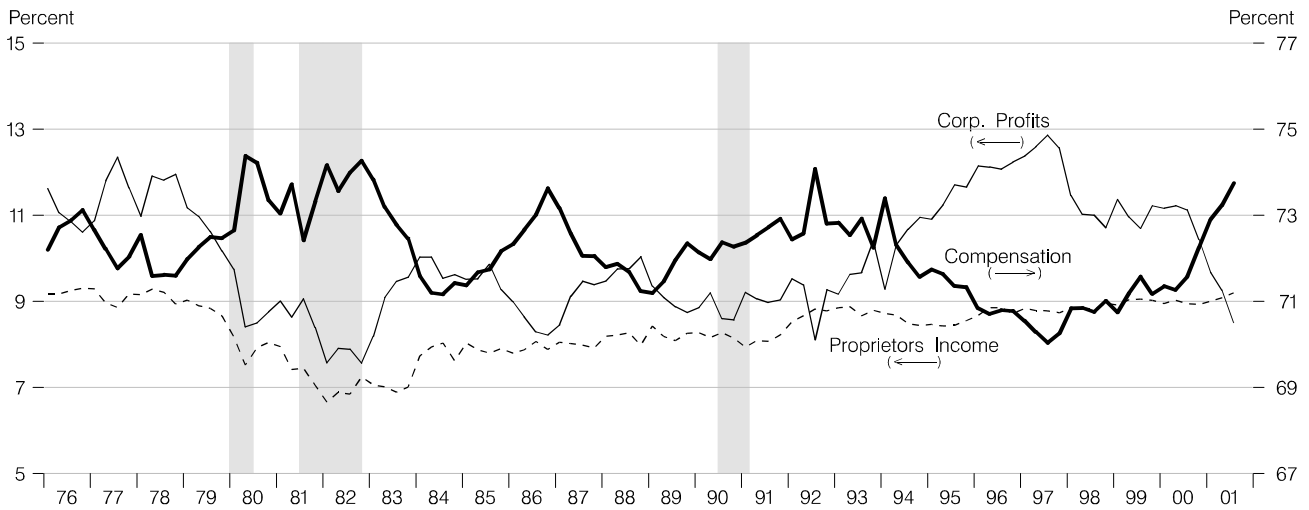
### Nonfarm Output per Hour



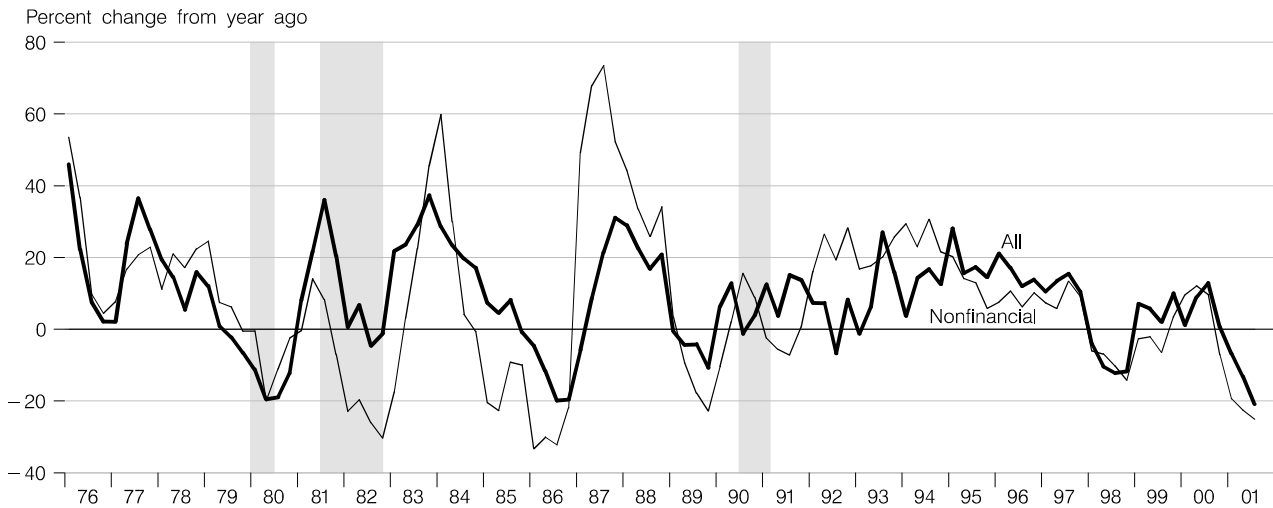
### Manufacturing Output per Hour



### Selected Component Shares of National Income



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



	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	
1997	8318.4		6.5	8159.450		4.4	8095.204		4.0		63.757
1998	8781.5		5.6	8508.933		4.3	8431.826		4.2		76.727
1999	9268.6		5.5	8856.541		4.1	8792.031		4.3		62.106
2000	9872.9		6.5	9223.994		4.1	9167.025		4.3		50.587
1998 1	8627.8	7.2	6.2	8396.345	6.1	4.7	8286.592	4.0	4.0	113.143	79.722
2	8697.3	3.3	5.0	8442.912	2.2	3.8	8397.191	5.4	4.4	41.975	68.139
3	8816.5	5.6	5.1	8528.466	4.1	3.8	8454.942	2.8	3.6	71.789	73.252
4	8984.5	7.8	6.0	8667.853	6.7	4.8	8588.501	6.5	4.7	79.999	76.727
1999 1	9093.1	4.9	5.4	8733.483	3.1	4.0	8651.156	3.0	4.4	83.378	69.285
2	9161.4	3.0	5.3	8771.221	1.7	3.9	8735.136	3.9	4.0	32.737	66.976
3	9297.4	6.1	5.5	8871.464	4.7	4.0	8825.577	4.2	4.4	39.558	58.918
4	9522.5	10.0	6.0	9049.917	8.3	4.4	8956.256	6.1	4.3	92.749	62.106
2000 1	9668.7	6.3	6.3	9102.499	2.3	4.2	9061.640	4.8	4.7	28.917	48.490
2	9857.6	8.0	7.6	9229.385	5.7	5.2	9148.501	3.9	4.7	78.942	60.042
3	9937.5	3.3	6.9	9260.091	1.3	4.4	9201.271	2.3	4.3	51.725	63.083
4	10027.9	3.7	5.3	9303.923	1.9	2.8	9256.687	2.4	3.4	42.765	50.587
2001 1	10141.7	4.6	4.9	9334.472	1.3	2.5	9347.828	4.0	3.2	-27.113	36.580
2	10202.6	2.4	3.5	9341.739	0.3	1.2	9364.795	0.7	2.4	-38.287	7.273
3	10229.7	1.1	2.9	9316.815	-1.1	0.6	9357.401	-0.3	1.7	-60.146	-20.695

	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	
1997	5423.902		3.6	657.347		6.6	1328.630		9.6	1009.344		12.2
1998	5683.734		4.8	726.658		10.5	1479.986		11.4	1135.921		12.5
1999	5968.444		5.0	817.834		12.5	1595.386		7.8	1228.634		8.2
2000	6257.816		4.8	895.529		9.5	1716.207		7.6	1350.670		9.9
1998 1	5576.260	5.1	4.2	692.530	7.0	8.0	1431.442	18.7	12.2	1099.458	21.6	14.4
2	5660.165	6.2	5.3	719.710	16.6	13.1	1471.449	11.7	12.2	1132.260	12.5	14.1
3	5713.745	3.8	4.6	727.101	4.2	8.4	1485.359	3.8	9.5	1136.578	1.5	9.6
4	5784.661	5.1	5.0	767.283	24.0	12.7	1531.720	13.1	11.7	1175.370	14.4	12.3
1999 1	5853.953	4.9	5.0	780.519	7.1	12.7	1558.242	7.1	8.9	1192.630	6.0	8.5
2	5936.129	5.7	4.9	809.499	15.7	12.5	1582.823	6.5	7.6	1214.882	7.7	7.3
3	6000.026	4.4	5.0	827.161	9.0	13.8	1610.836	7.3	8.4	1244.626	10.2	9.5
4	6083.617	5.7	5.2	854.151	13.7	11.3	1629.669	4.8	6.4	1262.408	5.8	7.4
2000 1	6171.712	5.9	5.4	892.126	19.0	14.3	1683.440	13.9	8.0	1309.449	15.8	9.8
2	6226.286	3.6	4.9	886.460	-2.5	9.5	1719.215	8.8	8.6	1347.656	12.2	10.9
3	6292.122	4.3	4.9	904.104	8.2	9.3	1730.056	2.5	7.4	1371.096	7.1	10.2
4	6341.092	3.1	4.2	899.419	-2.1	5.3	1732.106	0.5	6.3	1374.460	1.0	8.9
2001 1	6388.492	3.0	3.5	922.425	10.6	3.4	1740.340	1.9	3.4	1373.911	-0.2	4.9
2	6428.402	2.5	3.2	938.115	7.0	5.8	1696.380	-9.7	-1.3	1320.925	-14.6	-2.0
3	6446.523	1.1	2.5	939.791	0.7	3.9	1668.924	-6.3	-3.5	1289.112	-9.3	-6.0

	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
1997	101.950		2.0	133.3		3.1	130.4		3.5	140.2		2.1
1998	103.200		1.2	138.0		3.5	135.6		4.0	143.6		2.4
1999	104.660		1.4	142.4		3.2	140.3		3.4	147.6		2.8
2000	107.040		2.3	148.9		4.6	146.0		4.1	156.0		5.7
1998 1	102.760	1.1	1.4	136.2	3.0	3.5	133.7	4.0	4.0	142.2	1.1	2.4
2	103.020	1.0	1.2	137.3	3.3	3.5	134.8	3.3	3.9	143.1	2.6	2.4
3	103.380	1.4	1.2	138.8	4.4	3.8	136.5	5.1	4.3	144.1	2.8	2.6
4	103.660	1.1	1.1	139.7	2.6	3.3	137.5	3.0	3.9	145.1	2.8	2.3
1999 1	104.100	1.7	1.3	140.2	1.4	2.9	138.1	1.8	3.3	145.3	0.6	2.2
2	104.450	1.4	1.4	141.8	4.6	3.3	139.7	4.7	3.6	146.7	3.9	2.5
3	104.810	1.4	1.4	143.0	3.4	3.0	140.9	3.5	3.2	148.2	4.2	2.8
4	105.280	1.8	1.6	144.6	4.6	3.5	142.3	4.0	3.5	150.2	5.5	3.5
2000 1	106.250	3.7	2.1	146.6	5.6	4.6	143.9	4.6	4.2	153.2	8.2	5.4
2	106.810	2.1	2.3	148.3	4.7	4.6	145.4	4.2	4.1	155.1	5.1	5.7
3	107.310	1.9	2.4	149.7	3.8	4.7	146.7	3.6	4.1	157.0	5.0	5.9
4	107.780	1.8	2.4	151.0	3.5	4.4	147.9	3.3	3.9	158.7	4.4	5.7
2001 1	108.650	3.3	2.3	152.7	4.6	4.2	149.5	4.4	3.9	161.0	5.9	5.1
2	109.220	2.1	2.3	154.2	4.0	4.0	150.9	3.8	3.8	162.5	3.8	4.8
3	109.800	2.1	2.3	155.6	3.7	3.9	152.0	2.9	3.6	164.7	5.5	4.9

	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
1997	981.458		12.3	1094.778		13.7	107.5		2.0	113.1		3.0
1998	1002.420		2.1	1223.500		11.8	110.3		2.6	119.2		5.4
1999	1034.852		3.2	1351.721		10.5	112.9		2.4	124.4		4.4
2000	1133.204		9.5	1532.260		13.4	116.2		2.9	132.0		6.1
1998 1	1003.364	0.5	6.7	1184.176	15.9	14.5	109.6	4.5	3.2	116.9	6.8	4.6
2	993.110	-4.0	1.4	1216.171	11.3	12.6	109.7	0.4	2.2	118.5	5.6	5.6
3	987.612	-2.2	-1.7	1228.855	4.2	9.4	110.4	2.6	2.0	120.0	5.2	5.9
4	1025.577	16.3	2.3	1264.818	12.2	10.8	111.6	4.4	3.0	121.2	4.1	5.4
1999 1	1007.560	-6.8	0.4	1290.592	8.4	9.0	112.2	2.2	2.4	122.3	3.7	4.6
2	1018.015	4.2	2.5	1331.390	13.3	9.5	111.9	-1.1	2.0	123.6	4.3	4.3
3	1041.766	9.7	5.5	1375.106	13.8	11.9	112.7	2.9	2.1	125.1	4.9	4.2
4	1072.056	12.1	4.5	1409.808	10.5	11.5	114.7	7.3	2.8	126.4	4.2	4.3
2000 1	1095.457	9.0	8.7	1466.565	17.1	13.6	114.5	-0.7	2.0	128.4	6.5	5.0
2	1130.581	13.5	11.1	1523.380	16.4	14.4	116.3	6.4	3.9	130.7	7.4	5.7
3	1159.306	10.6	11.3	1570.554	13.0	14.2	116.7	1.4	3.5	133.0	7.2	6.3
4	1147.470	-4.0	7.0	1568.541	-0.5	11.3	117.4	2.4	2.4	135.9	9.0	7.5
2001 1	1144.061	-1.2	4.4	1548.585	-5.0	5.6	117.4	0.0	2.5	137.6	5.1	7.2
2	1108.299	-11.9	-2.0	1515.039	-8.4	-0.5	118.0	2.1	1.5	139.2	4.7	6.5
3	1055.534	-17.7	-9.0	1463.675	-12.9	-6.8	118.8	2.7	1.8	140.7	4.4	5.8

		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
1996		126720	1812		1.5	119589	2402		2.0	136.6			2.4
1997		129572	2852		2.3	122676	3087		2.6	141.4			3.5
1998		131471	1898		1.5	125845	3168		2.6	145.2			2.7
1999		133501	2030		1.5	128901	3056		2.4	148.4			2.2
2000		135215	1714		1.3	131757	2857		2.2	151.4			2.1
1999	1	132923	632	1.9	1.7	127775	801	2.5	2.4	147.0	0.3	1.4	1.9
	2	133192	269	0.8	1.5	128503	727	2.3	2.4	147.9	0.6	2.6	2.2
	3	133627	435	1.3	1.6	129217	715	2.2	2.4	148.7	0.5	2.1	2.2
	4	134263	636	1.9	1.5	130107	890	2.8	2.5	149.9	0.8	3.4	2.3
2000	1	135036	774	2.3	1.6	130984	877	2.7	2.5	151.0	0.7	3.0	2.7
	2	135181	145	0.4	1.5	131854	870	2.7	2.6	151.5	0.3	1.2	2.4
	3	135049	-132	-0.4	1.1	131927	74	0.2	2.1	151.5	0.0	0.2	1.9
	4	135593	544	1.6	1.0	132264	336	1.0	1.7	151.6	0.0	0.2	1.1
2001	1	135865	272	0.8	0.6	132559	295	0.9	1.2	152.0	0.2	1.0	0.6
	2	135130	-735	-2.1	-0.0	132483	-76	-0.2	0.5	151.4	-0.4	-1.5	-0.0
	3	134984	-145	-0.4	-0.0	132342	-141	-0.4	0.3	150.3	-0.7	-3.0	-0.8
1999	Oct	134049	254	2.3	1.5	129863	453	4.3	2.5	149.6	0.6	7.5	2.3
	Nov	134241	192	1.7	1.5	130093	230	2.1	2.5	149.9	0.2	2.4	2.5
	Dec	134498	257	2.3	1.4	130365	272	2.5	2.4	150.2	0.2	2.4	2.2
2000	Jan	134976	478	4.3	1.5	130668	303	2.8	2.5	150.7	0.3	4.1	2.8
	Feb	135120	144	1.3	1.7	130843	175	1.6	2.3	150.9	0.1	1.6	2.4
	Mar	135013	-107	-0.9	1.6	131441	598	5.6	2.7	151.4	0.3	4.0	3.1
	Apr	135517	504	4.6	2.0	131683	242	2.2	2.6	151.8	0.3	3.2	2.8
	May	134843	-674	-5.8	1.2	131909	226	2.1	2.7	151.1	-0.5	-5.4	2.2
	Jun	135183	340	3.1	1.3	131969	60	0.5	2.5	151.5	0.3	3.2	2.2
	Jul	134898	-285	-2.5	1.0	131899	-70	-0.6	2.2	151.6	0.1	0.8	2.0
	Aug	134939	41	0.4	1.0	131837	-62	-0.6	2.0	151.3	-0.2	-2.3	1.7
	Sep	135310	371	3.3	1.1	132046	209	1.9	2.0	151.7	0.3	3.2	2.0
	Oct	135464	154	1.4	1.1	132145	99	0.9	1.8	151.8	0.1	0.8	1.5
	Nov	135478	14	0.1	0.9	132279	134	1.2	1.7	151.8	0.0	0.0	1.3
	Dec	135836	358	3.2	1.0	132367	88	0.8	1.5	151.2	-0.4	-4.6	0.7
2001	Jan	135999	163	1.4	0.8	132428	61	0.6	1.3	152.2	0.7	8.2	1.0
	Feb	135815	-184	-1.6	0.5	132595	167	1.5	1.3	151.7	-0.3	-3.9	0.5
	Mar	135780	-35	-0.3	0.6	132654	59	0.5	0.9	152.0	0.2	2.4	0.4
	Apr	135354	-426	-3.7	-0.1	132489	-165	-1.5	0.6	151.5	-0.3	-3.9	-0.2
	May	135103	-251	-2.2	0.2	132530	41	0.4	0.5	151.5	0.0	0.0	0.3
	Jun	134932	-171	-1.5	-0.2	132431	-99	-0.9	0.4	151.2	-0.2	-2.4	-0.2
	Jul	135379	447	4.0	0.4	132449	18	0.2	0.4	150.8	-0.3	-3.1	-0.5
	Aug	134393	-986	-8.4	-0.4	132395	-54	-0.5	0.4	150.1	-0.5	-5.4	-0.8
	Sep	135181	788	7.3	-0.1	132182	-213	-1.9	0.1	149.9	-0.1	-1.6	-1.2
	Oct	134562	-619	-5.4	-0.7	131767	-415	-3.7	-0.3	148.8	-0.7	-8.5	-2.0



	Unempl. Rate	Retail and Food Services 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					
1996	5.4	2638.816			5.8	119.648			4.6	5.01	6.44	
1997	5.0	2769.378			4.9	127.944			6.9	5.06	6.35	
1998	4.5	2906.996			5.0	134.504			5.1	4.78	5.26	
1999	4.2	3146.523			8.2	139.447			3.7	4.64	5.64	
2000	4.0	3386.162			7.6	145.732			4.5	5.82	6.03	
1999	1	4.3	761.800	2.0	8.4	7.4	137.309	0.9	3.6	3.3	4.41	4.98
	2	4.3	777.546	2.1	8.5	7.2	138.424	0.8	3.3	3.3	4.45	5.54
	3	4.2	794.178	2.1	8.8	9.4	140.027	1.2	4.7	3.8	4.65	5.88
	4	4.1	812.999	2.4	9.8	8.9	142.029	1.4	5.8	4.3	5.04	6.14
2000	1	4.0	839.058	3.2	13.5	10.1	144.033	1.4	5.8	4.9	5.52	6.48
	2	4.0	842.109	0.4	1.5	8.3	146.480	1.7	7.0	5.8	5.71	6.18
	3	4.0	852.153	1.2	4.9	7.3	146.686	0.1	0.6	4.8	6.02	5.89
	4	4.0	852.842	0.1	0.3	4.9	145.730	-0.7	-2.6	2.6	6.02	5.57
2001	1	4.2	863.401	1.2	5.0	2.9	143.457	-1.6	-6.1	-0.4	4.82	5.05
	2	4.5	874.458	1.3	5.2	3.8	141.309	-1.5	-5.9	-3.5	3.66	5.27
	3	4.8	871.509	-0.3	-1.3	2.3	139.571	-1.2	-4.8	-4.9	3.17	4.98
1999	Nov	4.1	270.712	1.4	17.6	8.8	141.895	0.4	4.9	4.4	5.07	6.03
	Dec	4.1	275.211	1.7	21.9	9.7	142.856	0.7	8.4	5.1	5.20	6.28
2000	Jan	4.0	275.864	0.2	2.9	9.6	143.173	0.2	2.7	4.6	5.32	6.66
	Feb	4.1	279.909	1.5	19.1	10.0	144.043	0.6	7.5	5.0	5.55	6.52
	Mar	4.0	283.285	1.2	15.5	10.8	144.882	0.6	7.2	5.1	5.69	6.26
	Apr	4.0	279.961	-1.2	-13.2	8.9	145.636	0.5	6.4	5.6	5.66	5.99
	May	4.1	280.447	0.2	2.1	7.9	146.617	0.7	8.4	5.8	5.79	6.44
	Jun	4.0	281.701	0.4	5.5	8.1	147.188	0.4	4.8	6.1	5.69	6.10
	Jul	4.0	283.035	0.5	5.8	7.8	146.532	-0.4	-5.2	5.0	5.96	6.05
	Aug	4.1	282.905	-0.0	-0.5	6.5	146.700	0.1	1.4	4.6	6.09	5.83
	Sep	3.9	286.213	1.2	15.0	7.6	146.826	0.1	1.0	4.7	6.00	5.80
	Oct	3.9	285.459	-0.3	-3.1	6.9	146.266	-0.4	-4.5	3.5	6.11	5.74
	Nov	4.0	283.648	-0.6	-7.4	4.8	145.789	-0.3	-3.8	2.7	6.17	5.72
	Dec	4.0	283.735	0.0	0.4	3.1	145.135	-0.4	-5.3	1.6	5.77	5.24
2001	Jan	4.2	288.054	1.5	19.9	4.4	143.934	-0.8	-9.5	0.5	5.15	5.16
	Feb	4.2	288.245	0.1	0.8	3.0	143.509	-0.3	-3.5	-0.4	4.88	5.10
	Mar	4.3	287.102	-0.4	-4.7	1.3	142.928	-0.4	-4.8	-1.3	4.42	4.89
	Apr	4.5	291.116	1.4	18.1	4.0	142.007	-0.6	-7.5	-2.5	3.87	5.14
	May	4.4	291.691	0.2	2.4	4.0	141.595	-0.3	-3.4	-3.4	3.62	5.39
	Jun	4.5	291.651	-0.0	-0.2	3.5	140.326	-0.9	-10.2	-4.7	3.49	5.28
	Jul	4.5	292.228	0.2	2.4	3.2	140.402	0.1	0.7	-4.2	3.51	5.24
	Aug	4.9	292.869	0.2	2.7	3.5	139.816	-0.4	-4.9	-4.7	3.36	4.97
	Sep	4.9	286.412	-2.2	-23.5	0.1	138.495	-0.9	-10.8	-5.7	2.64	4.73
	Oct	5.4	306.826	7.1	128.5	7.5	136.891	-1.2	-13.0	-6.4	2.16	4.57
	Nov										1.87	4.65

		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
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			1.5		173.6			2.3		130.7			-0.9
1999		166.7			2.2		177.2			2.1		133.0			1.8
2000		172.3			3.4		181.5			2.4		138.0			3.7
1999	1	164.9	0.4	1.6	1.7	1.6	175.9	0.5	1.9	2.2	1.9	131.4	0.3	1.2	0.7
	2	166.0	0.7	2.9	2.1	2.2	176.8	0.5	1.9	2.1	1.9	132.3	0.7	2.8	1.3
	3	167.2	0.7	2.8	2.3	2.4	177.6	0.5	1.9	2.0	1.9	133.6	1.0	4.0	2.3
	4	168.5	0.8	3.2	2.6	2.6	178.7	0.6	2.4	2.0	2.0	134.8	0.9	3.7	2.9
2000	1	170.3	1.0	4.2	3.3	4.2	179.8	0.6	2.6	2.2	2.6	136.3	1.1	4.4	3.7
	2	171.5	0.7	3.0	3.3	3.6	181.0	0.7	2.7	2.4	2.6	137.5	0.9	3.6	3.9
	3	173.0	0.9	3.5	3.5	3.6	182.1	0.6	2.5	2.6	2.6	138.4	0.7	2.6	3.6
	4	174.3	0.7	2.9	3.4	3.4	183.2	0.6	2.4	2.5	2.5	139.8	1.0	4.1	3.7
2001	1	176.1	1.0	4.2	3.4	4.2	184.6	0.8	3.2	2.7	3.2	141.6	1.3	5.3	3.9
	2	177.4	0.8	3.1	3.4	3.6	185.8	0.6	2.6	2.7	2.9	142.2	0.4	1.6	3.4
	3	177.7	0.2	0.7	2.7	2.6	187.0	0.6	2.5	2.7	2.8	140.9	-0.9	-3.6	1.8
1999	Oct	168.2	0.2	2.9	2.6	2.7	178.3	0.2	2.0	2.1	1.8	134.6	0.1	0.9	2.7
	Nov	168.5	0.2	2.2	2.6	2.7	178.7	0.2	2.7	2.1	1.9	134.7	0.1	0.9	3.0
	Dec	168.9	0.2	2.9	2.7	2.7	179.0	0.2	2.0	1.9	1.9	135.2	0.4	4.5	3.0
2000	Jan	169.4	0.3	3.6	2.8	3.6	179.4	0.2	2.7	2.0	2.7	135.1	-0.1	-0.9	2.6
	Feb	170.2	0.5	5.8	3.3	4.7	179.7	0.2	2.0	2.2	2.4	136.3	0.9	11.2	4.0
	Mar	171.2	0.6	7.3	3.8	5.6	180.3	0.3	4.1	2.4	2.9	137.5	0.9	11.1	4.6
	Apr	171.1	-0.1	-0.7	3.1	4.0	180.7	0.2	2.7	2.3	2.9	137.1	-0.3	-3.4	3.7
	May	171.3	0.1	1.4	3.2	3.4	181.0	0.2	2.0	2.4	2.7	137.1	0.0	0.0	3.6
	Jun	172.2	0.5	6.5	3.7	3.9	181.3	0.2	2.0	2.5	2.6	138.3	0.9	11.0	4.5
	Jul	172.7	0.3	3.5	3.6	3.9	181.7	0.2	2.7	2.5	2.6	138.2	-0.1	-0.9	4.1
	Aug	172.8	0.1	0.7	3.4	3.5	182.1	0.2	2.7	2.6	2.6	138.0	-0.1	-1.7	3.3
	Sep	173.6	0.5	5.7	3.5	3.7	182.6	0.3	3.3	2.6	2.7	139.0	0.7	9.1	3.3
	Oct	173.9	0.2	2.1	3.4	3.6	182.8	0.1	1.3	2.5	2.6	139.6	0.4	5.3	3.7
	Nov	174.3	0.2	2.8	3.4	3.5	183.3	0.3	3.3	2.6	2.6	139.8	0.1	1.7	3.8
	Dec	174.6	0.2	2.1	3.4	3.4	183.5	0.1	1.3	2.5	2.5	140.0	0.1	1.7	3.6
2001	Jan	175.7	0.6	7.8	3.7	7.8	184.1	0.3	4.0	2.6	4.0	141.6	1.1	14.6	4.8
	Feb	176.2	0.3	3.5	3.5	5.6	184.7	0.3	4.0	2.8	4.0	141.7	0.1	0.9	4.0
	Mar	176.3	0.1	0.7	3.0	4.0	185.1	0.2	2.6	2.7	3.5	141.6	-0.1	-0.8	3.0
	Apr	176.8	0.3	3.5	3.3	3.8	185.5	0.2	2.6	2.7	3.3	142.3	0.5	6.1	3.8
	May	177.5	0.4	4.9	3.6	4.0	185.7	0.1	1.3	2.6	2.9	142.4	0.1	0.8	3.9
	Jun	177.9	0.2	2.7	3.3	3.8	186.3	0.3	3.9	2.8	3.1	141.9	-0.4	-4.1	2.6
	Jul	177.4	-0.3	-3.3	2.7	2.8	186.6	0.2	1.9	2.7	2.9	140.4	-1.1	-12.0	1.6
	Aug	177.5	0.1	0.7	2.7	2.5	187.0	0.2	2.6	2.7	2.9	140.9	0.4	4.4	2.1
	Sep	178.2	0.4	4.8	2.6	2.8	187.4	0.2	2.6	2.6	2.8	141.4	0.4	4.3	1.7
	Oct	177.6	-0.3	-4.0	2.1	2.1	187.7	0.2	1.9	2.7	2.8	139.1	-1.6	-17.9	-0.4

## 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. **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: For information on how to calculate the **contribution** of a component to the overall GDP growth rate, 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** (West Texas intermediate) and **Natural Gas** (Henry Hub) prices are monthly averages of daily spot prices listed in the *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. 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 surplus/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  $\%(C)$  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.

**NOTE:** Measures of retail sales (pp. 12-13), manufacturers' orders, shipments and inventories (p. 15), and the total business inventory-to-sales ratio (p. 5) are now based on the North American Industry Classification System (NAICS). Data from January 1992 onward are on a NAICS basis, while data before that are on the old Standard Industrial Classification (SIC) system. For more information, see <http://www.census.gov/epcd/www/naics.html>

## 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)