

## Housing and the “R” Word

There has been considerable discussion of the possibility that ongoing troubles in the housing market could push the economy into recession.<sup>1</sup> But it is very unlikely that the decline in housing alone will cause a recession. Any recessionary effect on the economy caused by housing will be a consequence of its effect on consumption.

Real GDP is a measure of the economy’s current production. Sales of existing houses have no impact on current production because these houses were produced sometime in the past. The only direct effect housing has on current economic growth comes through the “residential investment” component of GDP, which includes current construction and improvements of single- and multi-family housing. Residential investment accounts for only about 5 percent of GDP; consequently, the effect of residential investment on economic growth is relatively modest. The chart shows this effect by plotting quarterly GDP growth with and without residential investment. (It also shows the quarterly growth rate of residential investment.) Excluding residential investment has only a small effect even during the 1970s and early 1980s, when the growth of residential investment was considerably more volatile than during the past two decades.

Since residential investment peaked in the fourth quarter of 2005, its decline has reduced growth of real GDP by an average of about 0.85 percentage points. This decline has largely been offset by nonresidential investment, which has continued to grow at a brisk pace.

Thus, as noted above, if the troubles in the housing industry were to cause a recession, it would have to be because of their effect on consumer spending. Consumers base their spending decisions not only on their current income, but also on their wealth. Other things the same, an increase in wealth should induce consumers to spend more of their current income. Hence, a decline in wealth could generate a decline in consumer spending. For many people the net worth of their home is the single most important source of wealth. Consequently, a decline in home prices can make people less wealthy, causing them to consume less. Because

consumption accounts for about 70 percent of GDP, even relatively small changes in consumer spending can have a relatively large effect on output growth.

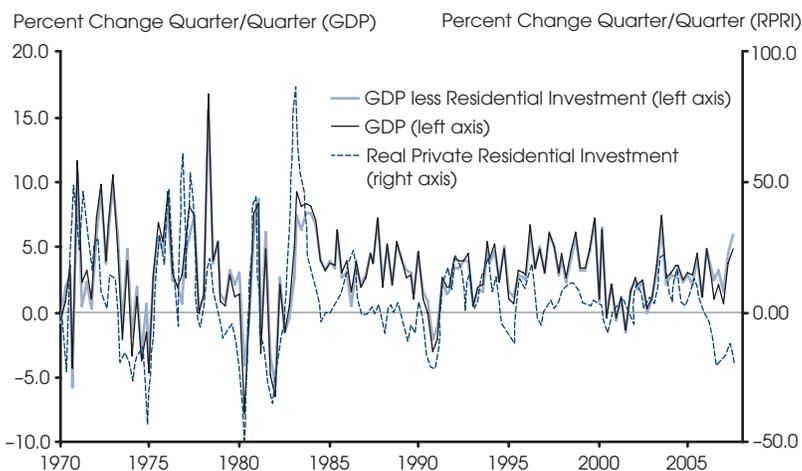
Estimates suggest that the wealth effect associated with changes in equity values is weak or nonexistent. The wealth effect associated with housing wealth is stronger.<sup>2</sup> Wealth effects are very difficult to identify and measure, however. Consequently, it is difficult to precisely determine the effect of the recent decline in home prices on consumption and, hence, output growth. It is interesting to note that growth of real consumption expenditures since the second quarter of 2006 has remained strong—in the range of 3 percent—despite the downturn in the S&P/Case-Shiller home price index since then.

—Daniel L. Thornton

<sup>1</sup> A recession is typically defined as a sustained period (two or more quarters) of negative growth in real gross domestic product (GDP).

<sup>2</sup> See Case, Karl E.; Quigley, John M. and Shiller, Robert X. “Comparing Wealth Effects: The Stock Market vs. the Housing Market.” *Advances in Macroeconomics*, 2005, 5(1), pp. 1-34.

Effect of Residential Investment on GDP



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## 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 during the previous year. *Compounded annual rate of change* 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 compounded annual rate of change of  $x$  between the previous quarter  $t-1$  and the current quarter  $t$  is:  $[(x_t/x_{t-1})^4 - 1] \times 100$ . For monthly data replace 4 with 12.
3. All data with significant seasonal patterns are adjusted accordingly, unless labeled NSA.

We welcome your comments addressed to:

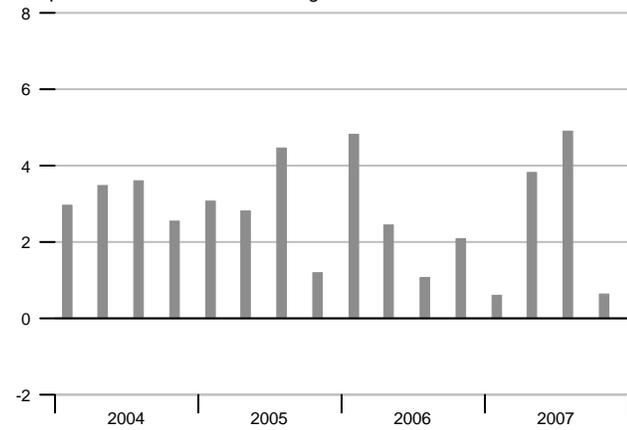
Editor, *National Economic Trends*  
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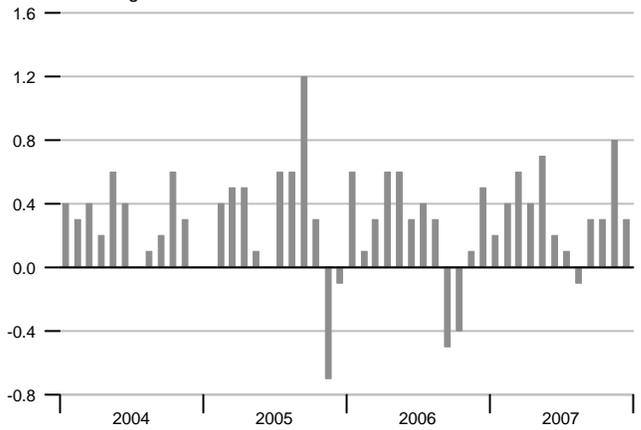
### Real GDP Growth

Compounded annual rates of change



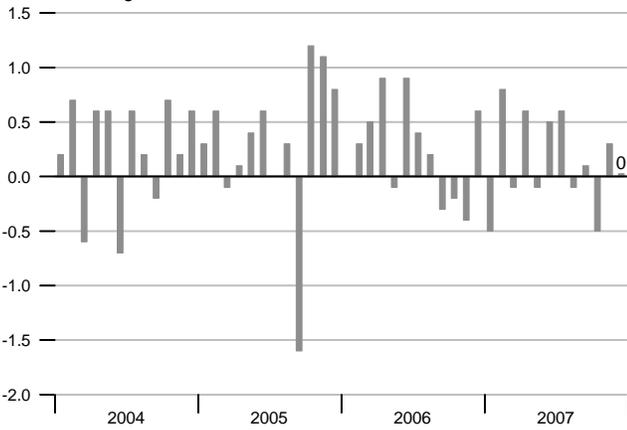
### Consumer Price Index

Percent change



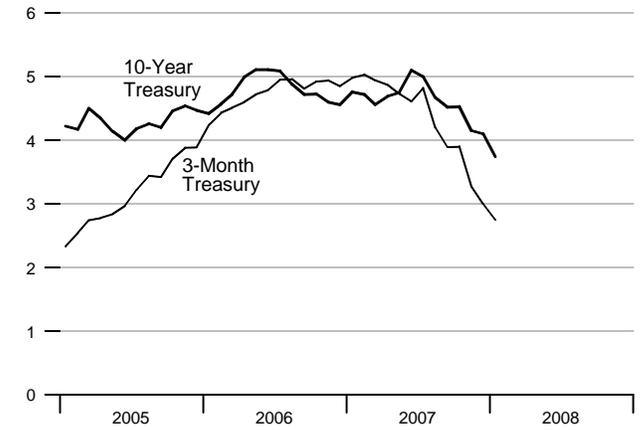
### Industrial Production

Percent change



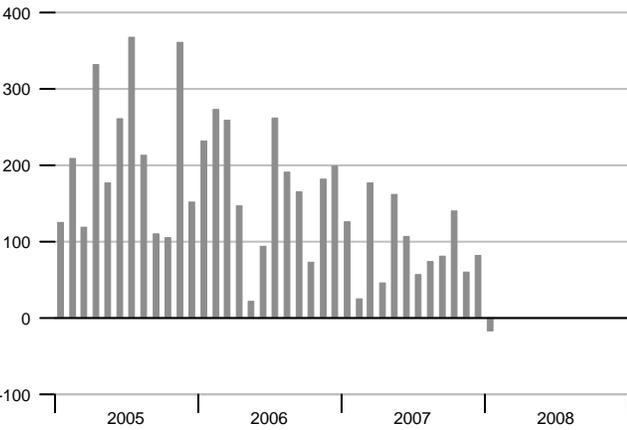
### Interest Rates

Percent



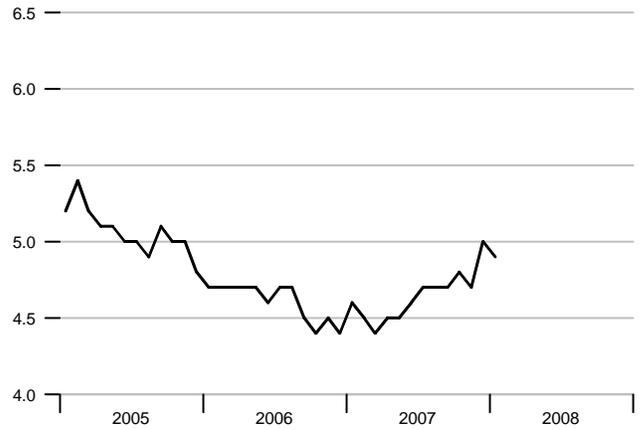
### Change in Nonfarm Payrolls

Thousands



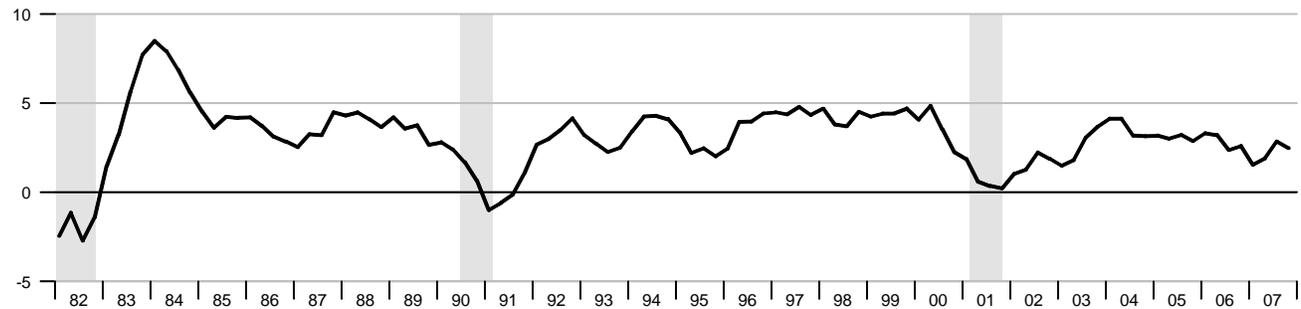
### Unemployment Rate

Percent of labor force



### Real Gross Domestic Product

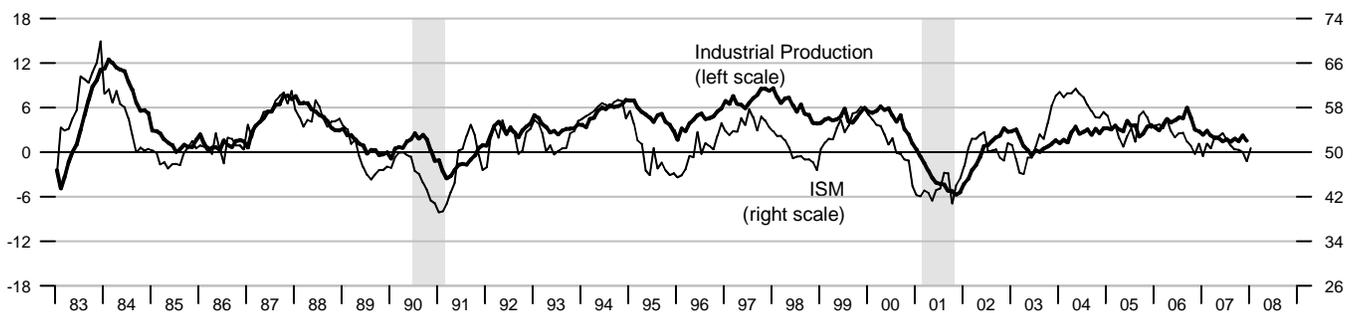
Percent change from year ago



### Industrial Production and Institute for Supply Management (ISM) Indexes

Percent change from year ago

Index



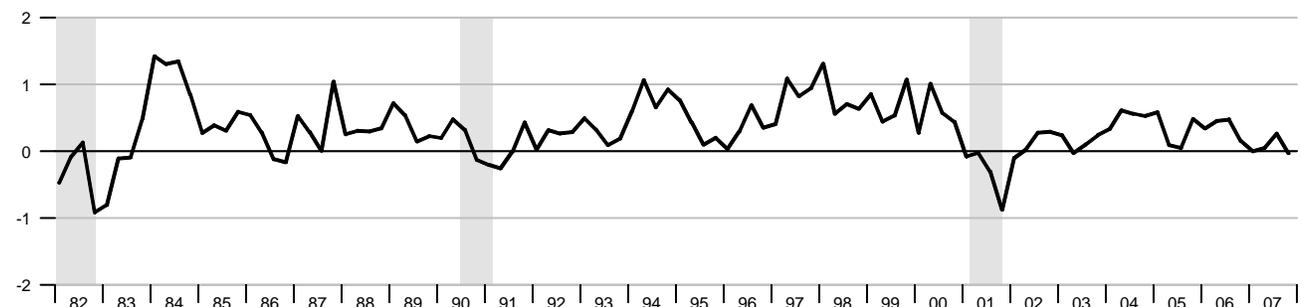
### Aggregate Private Nonfarm Hours

Percent change from year ago

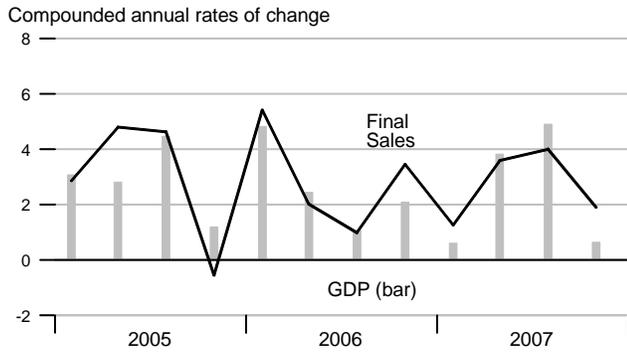


### Real Change in Private Inventories

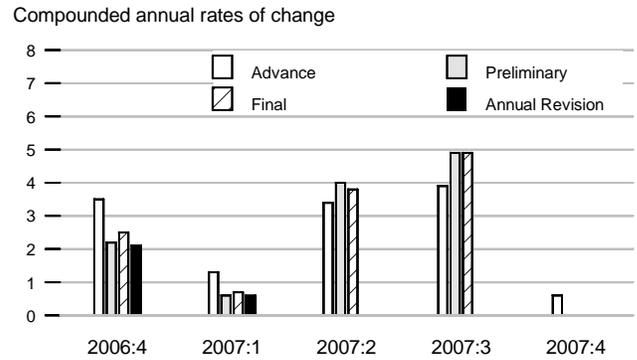
Percent of GDP



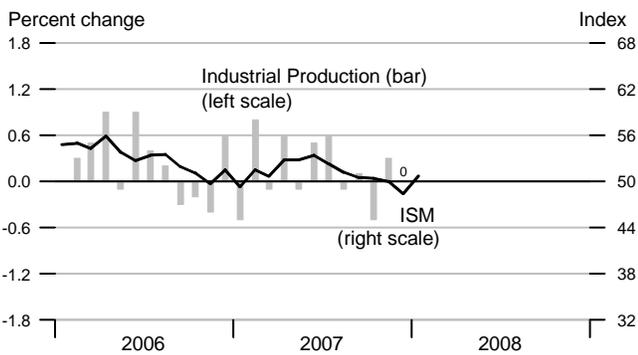
### Real Final Sales and GDP



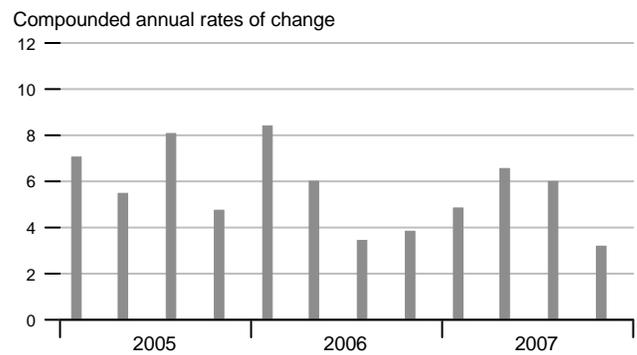
### Real GDP Revisions



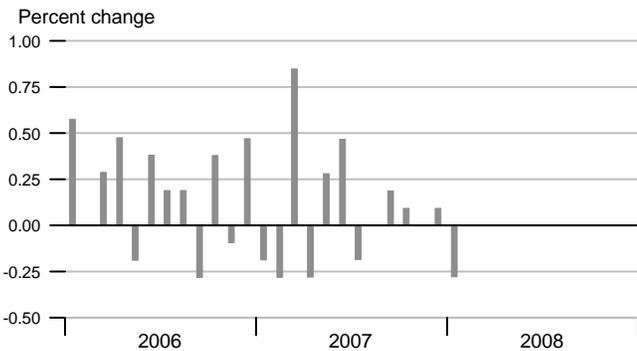
### Industrial Production and ISM Index



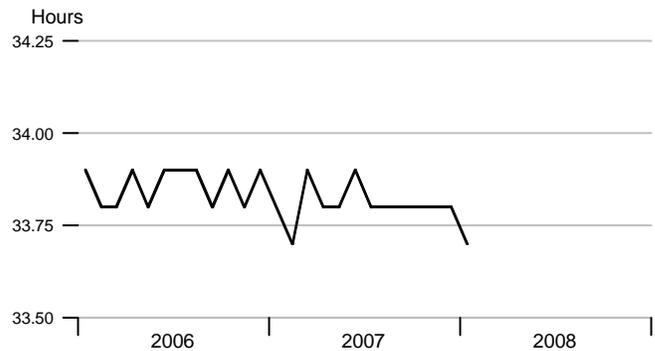
### Nominal Gross Domestic Product



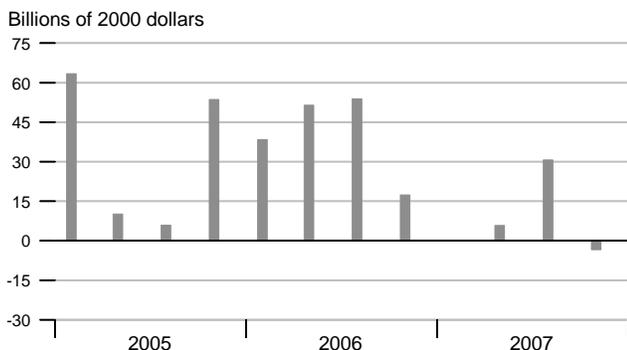
### Aggregate Private Nonfarm Hours



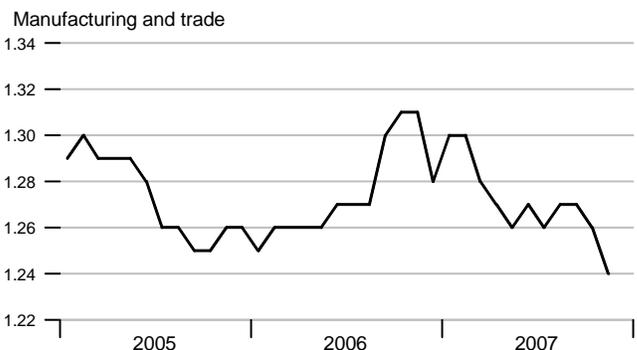
### Average Weekly Private Nonfarm Hours



### Real Change in Private Inventories

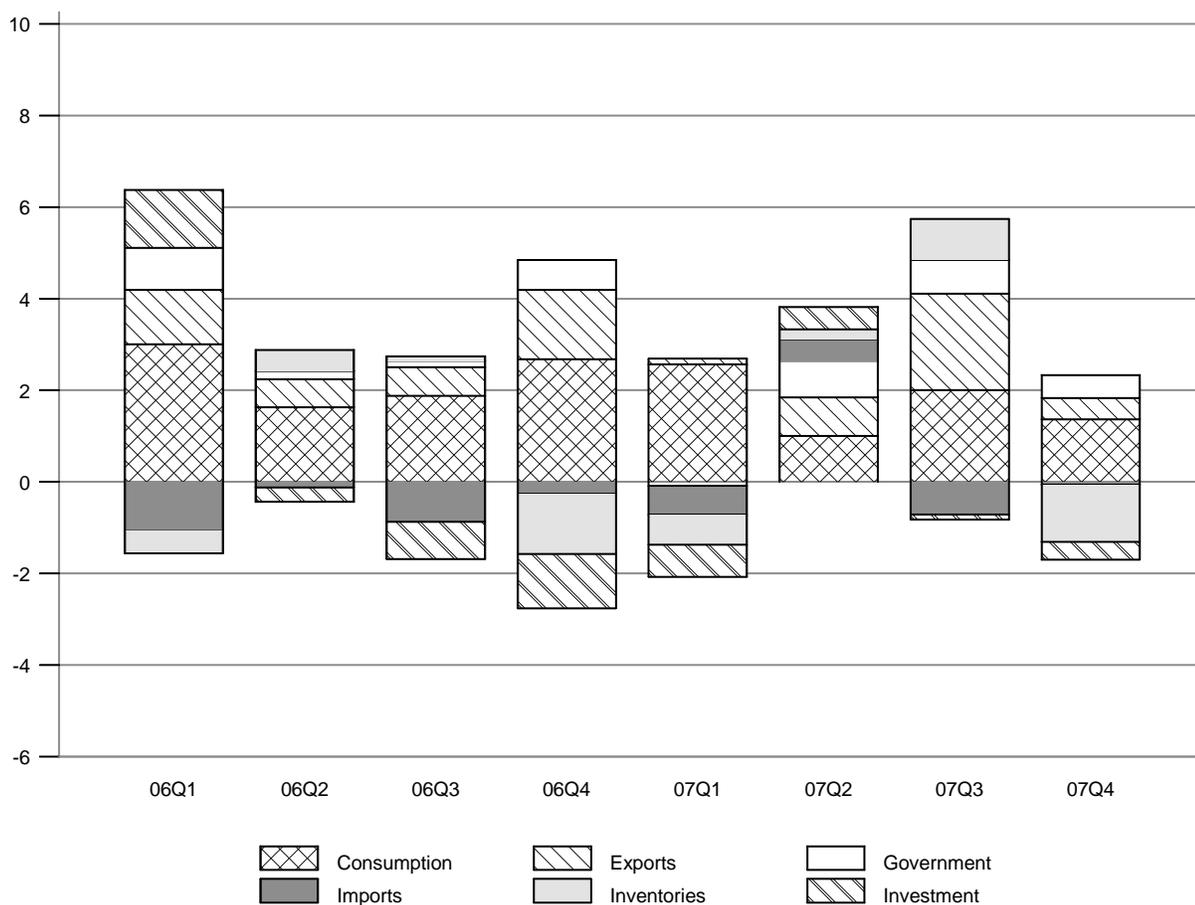


### Inventory-Sales Ratio



### Contribution of Components to Real GDP Growth

Percentage points at compounded annual rates



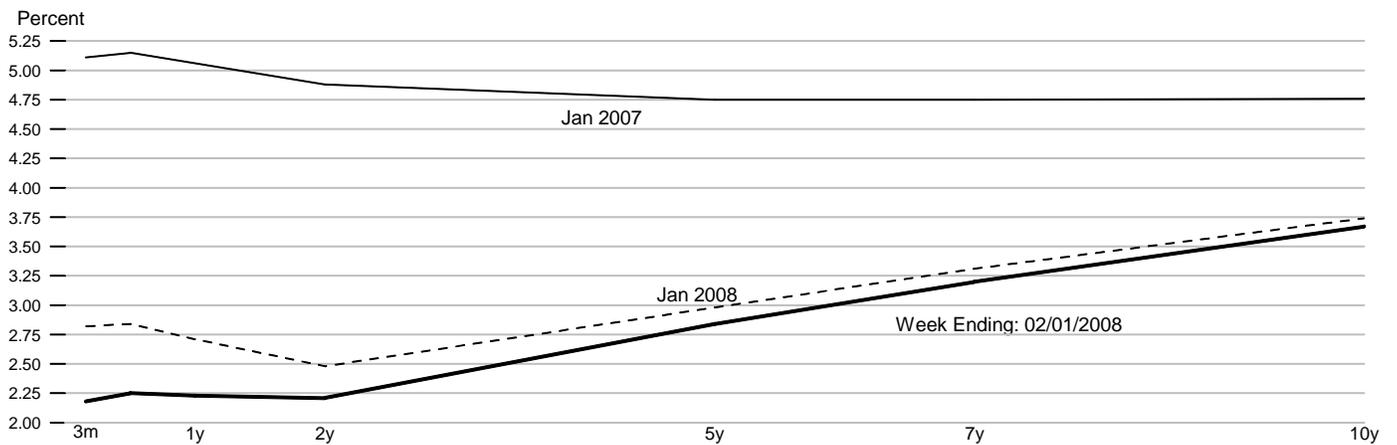
### Contributions to Real GDP Growth Rate

	2006				2007			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
<b>Final Sales</b>	5.31	1.98	0.97	3.40	1.25	3.60	4.02	1.89
<b>Consumption</b>	3.00	1.63	1.88	2.68	2.56	1.00	2.01	1.37
<b>Fixed Investment</b>	1.27	-0.32	-0.80	-1.19	-0.70	0.49	-0.11	-0.39
Nonresidential	1.31	0.44	0.53	-0.15	0.22	1.12	0.96	0.79
Residential	-0.05	-0.76	-1.33	-1.04	-0.93	-0.62	-1.08	-1.18
<b>Government</b>	0.92	0.18	0.14	0.66	-0.09	0.79	0.74	0.50
Federal	0.57	-0.11	0.06	0.50	-0.46	0.41	0.50	0.02
State and Local	0.35	0.29	0.08	0.16	0.36	0.37	0.24	0.49
<b>Net Exports</b>	0.13	0.49	-0.25	1.25	-0.51	1.32	1.38	0.41
Exports	1.19	0.61	0.62	1.51	0.13	0.85	2.10	0.46
Imports	-1.07	-0.12	-0.88	-0.26	-0.63	0.47	-0.72	-0.06
<b>Change in Inventory</b>	-0.49	0.46	0.10	-1.31	-0.65	0.22	0.89	-1.25
<b>Residual</b>	-0.11	-0.19	-0.26	-0.19	-0.22	-0.15	-0.25	-0.27
<b>Real GDP Growth</b>	4.82	2.44	1.07	2.09	0.60	3.82	4.91	0.64

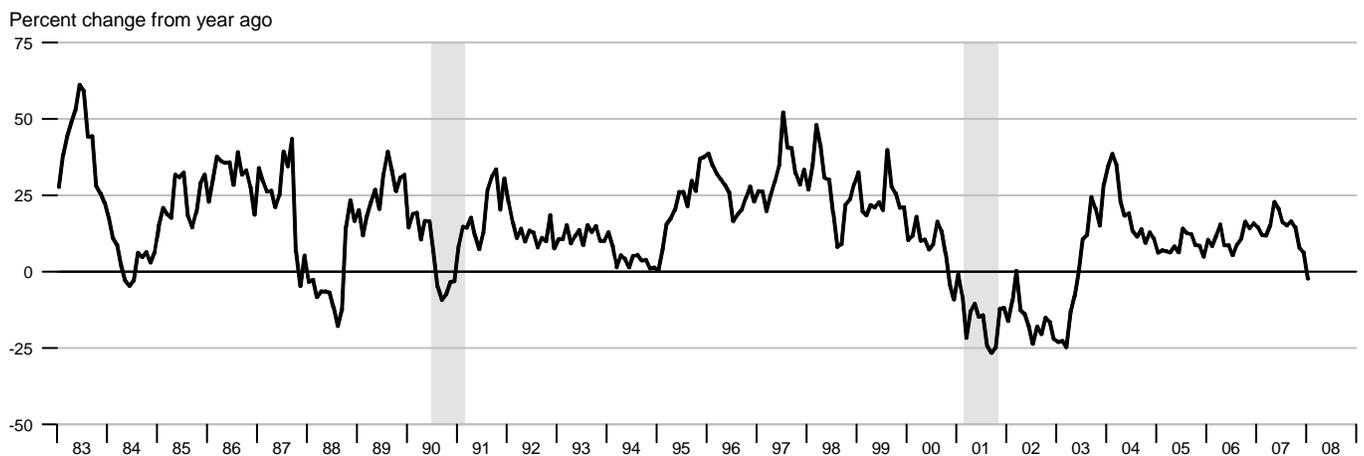
### Interest Rates



### Treasury Yield Curve

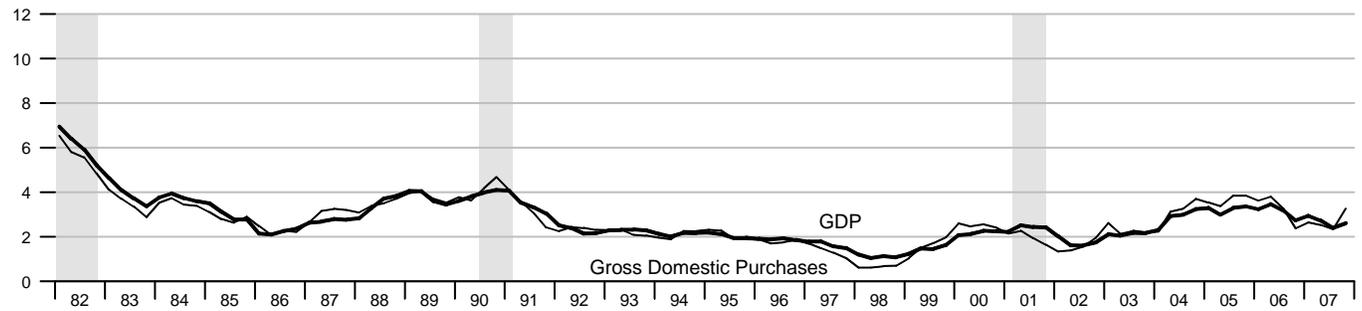


### Standard and Poor's 500 Index with Reinvested Dividends



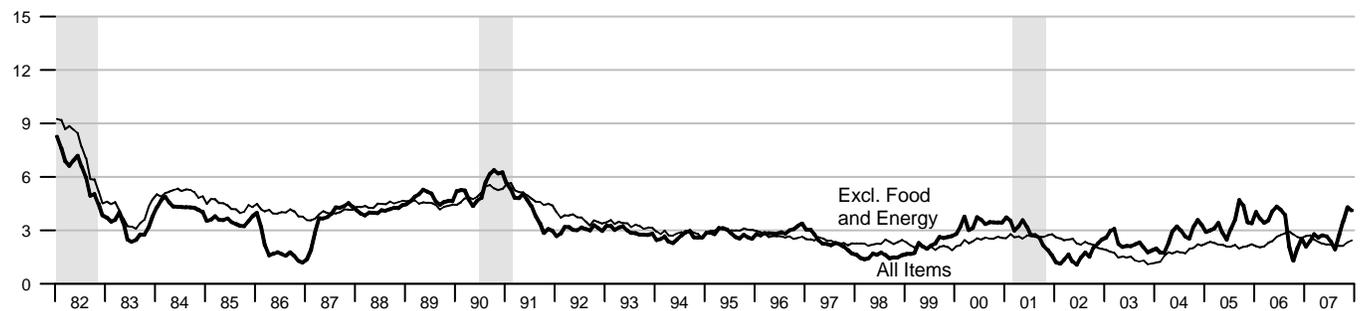
### NIPA Chain Price Indexes

Percent change from year ago



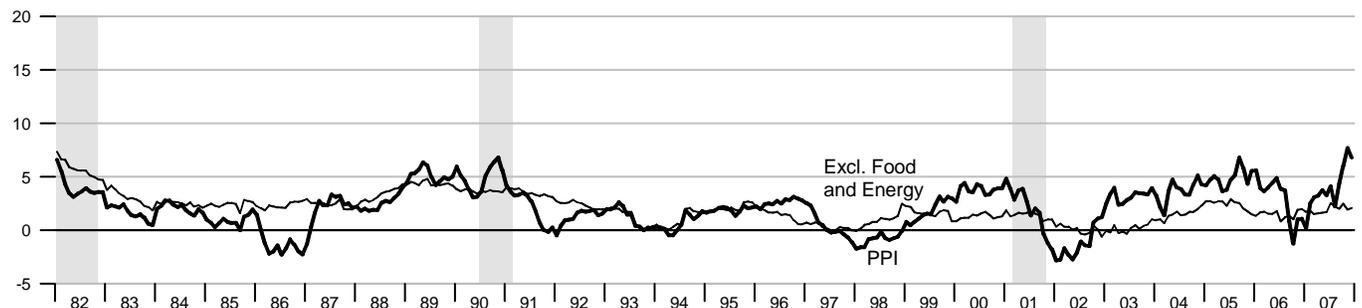
### Consumer Price Index

Percent change from year ago



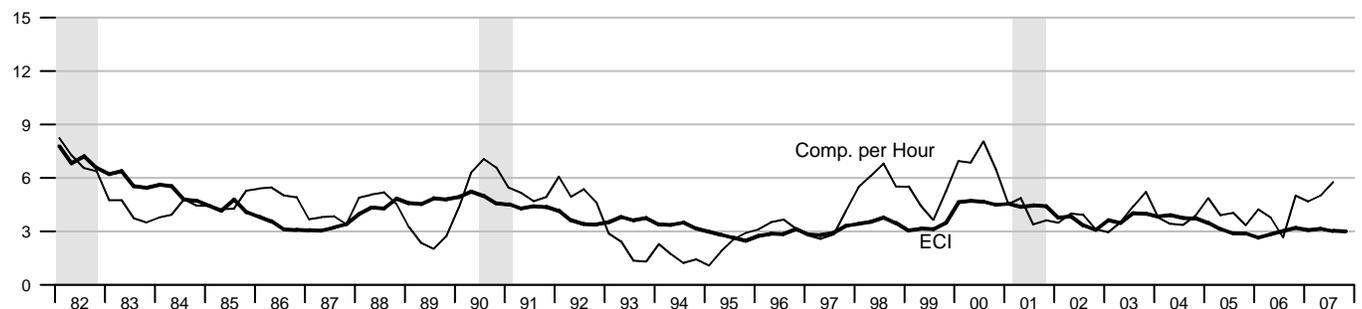
### Producer Price Index, Finished Goods

Percent change from year ago

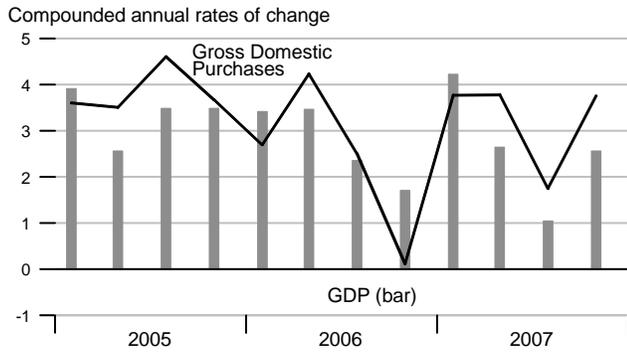


### Employment Cost Index and Compensation per Hour

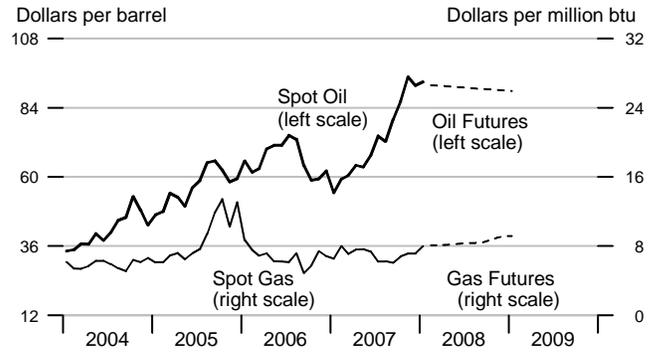
Percent change from year ago



### NIPA Chain Price Indexes

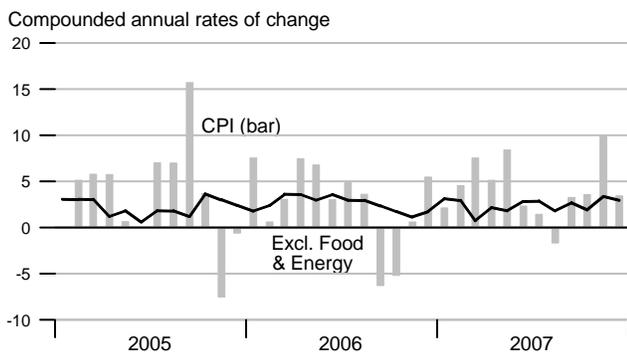


### Oil & Natural Gas Prices: Spot & Futures

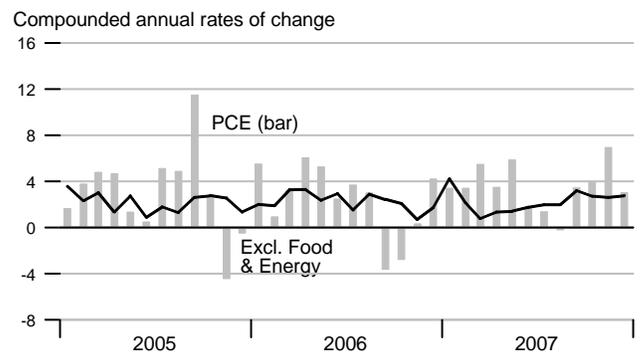


Note: Futures prices as of 01/31/2008.

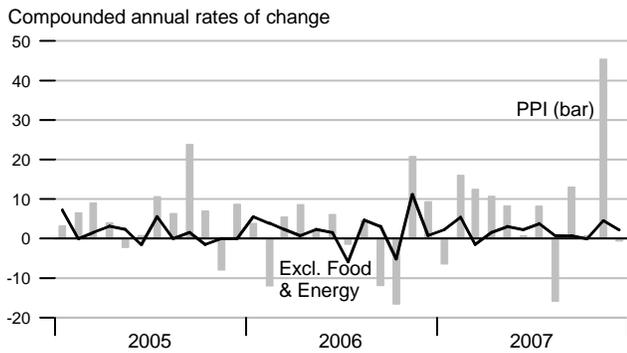
### Consumer Price Index



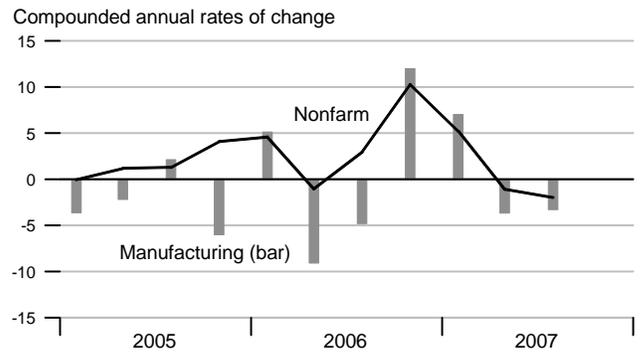
### Consumption Chain Price Index



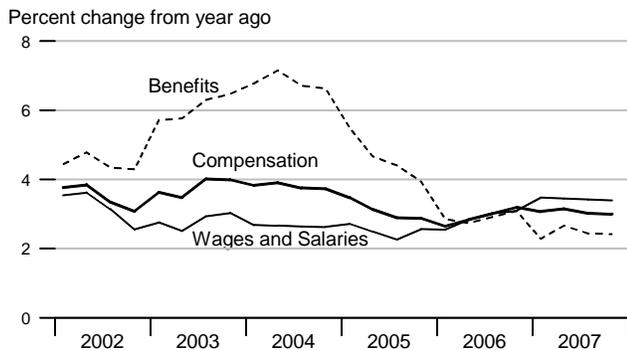
### Producer Price Index, Finished Goods



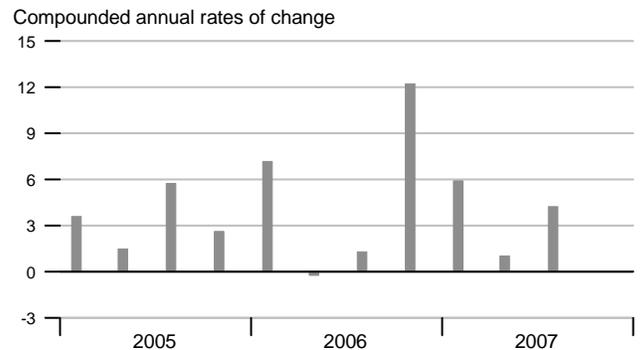
### Unit Labor Cost



### Employment Cost Index

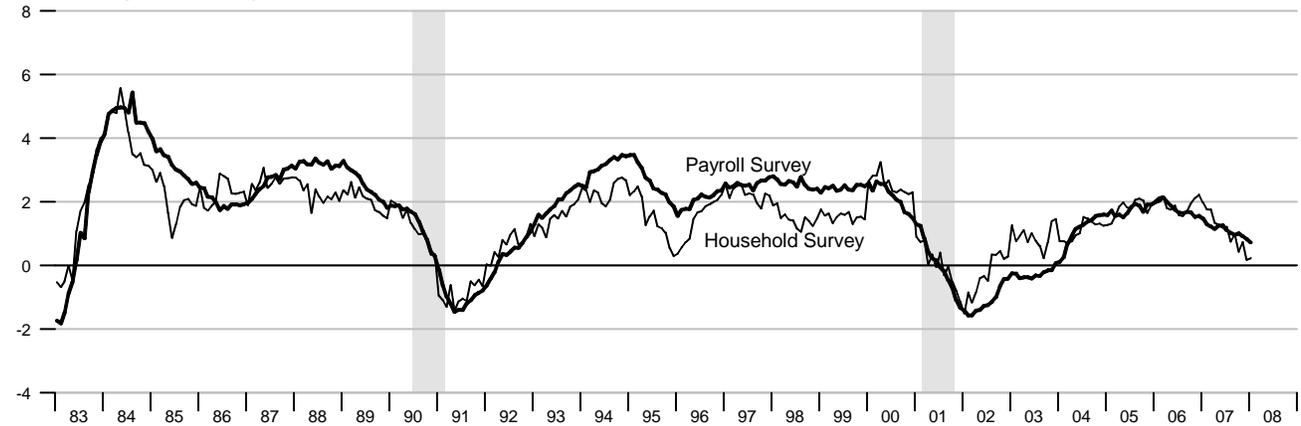


### Compensation per Hour



### Employment

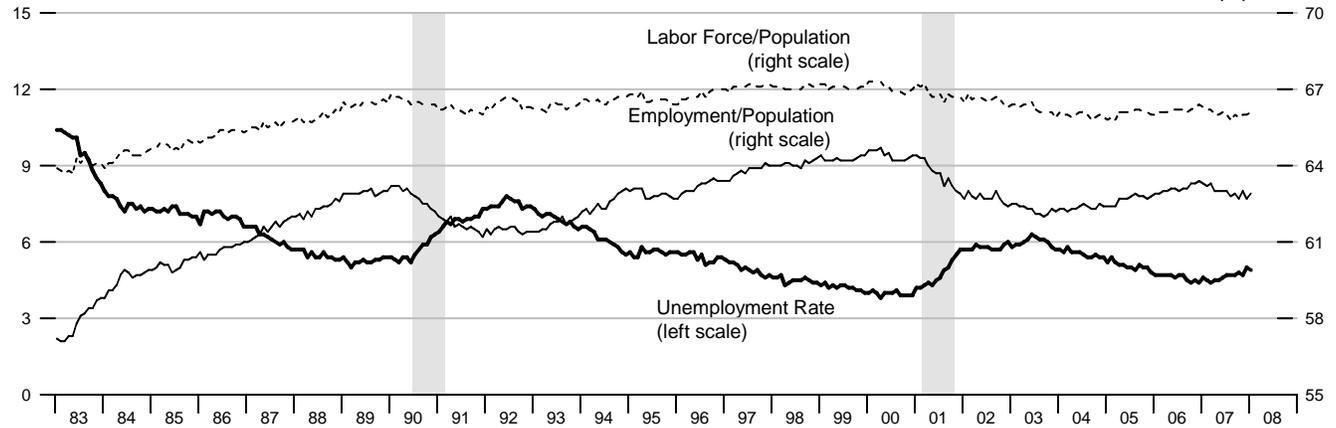
Percent change from year ago



### Unemployment, Labor Force Participation, and Employment Rates

Percent of labor force

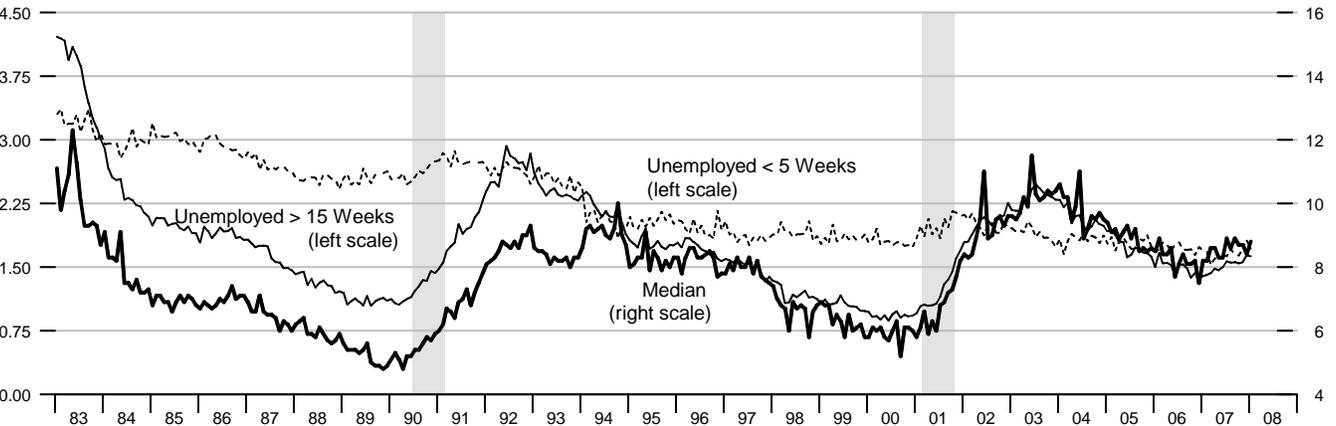
Percent of population



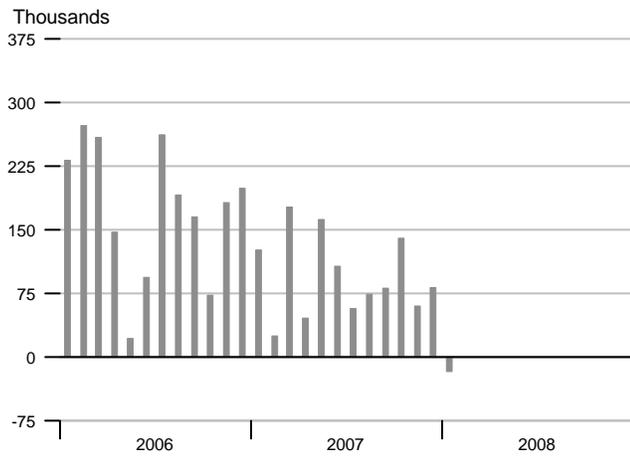
### Duration of Unemployment

Percent of labor force

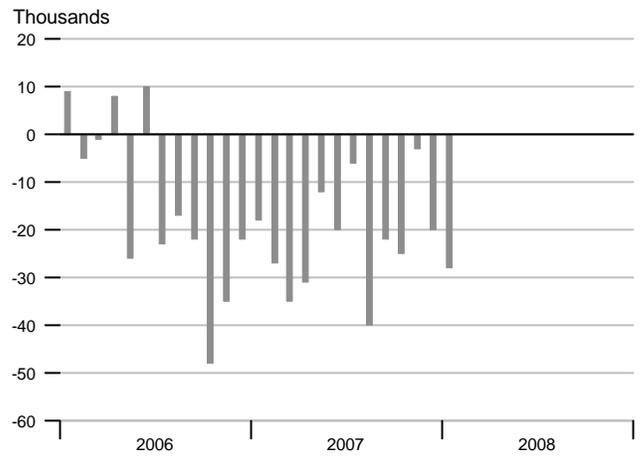
Weeks



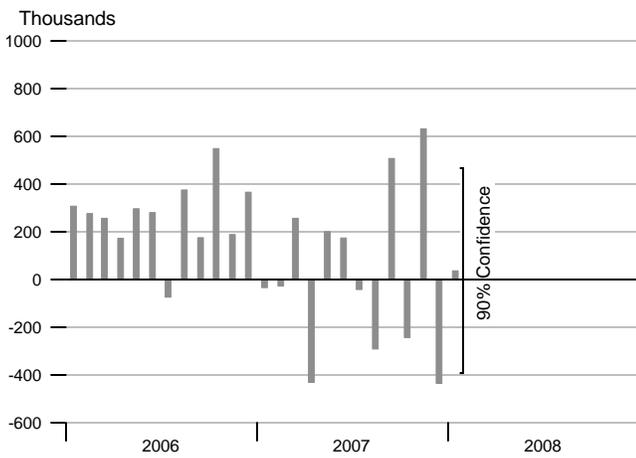
### Change in Nonfarm Payrolls



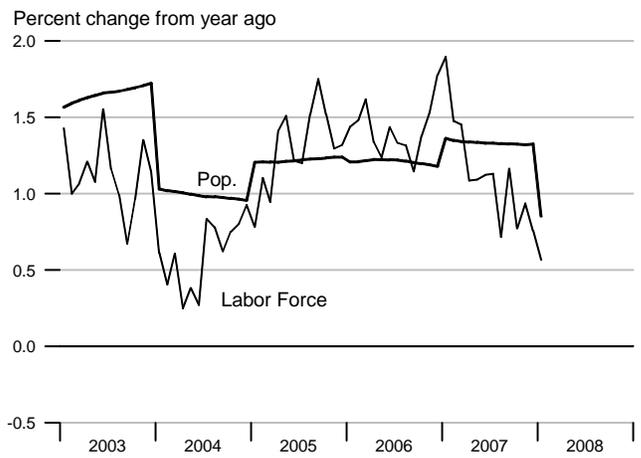
### Change in Manufacturing Payrolls



### Change in Household Employment



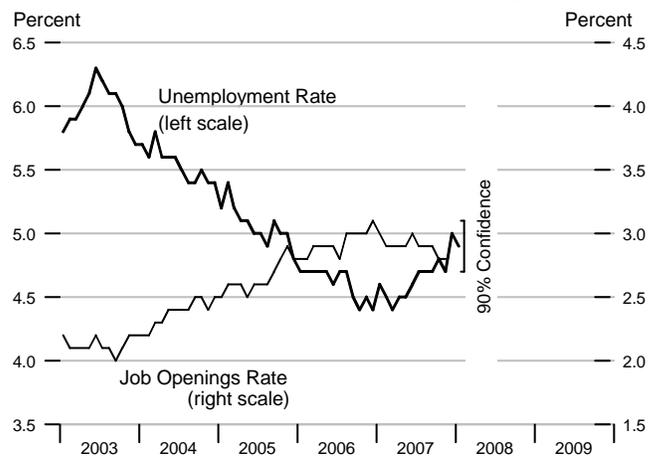
### Labor Force and Population



### Available Labor Supply and Components

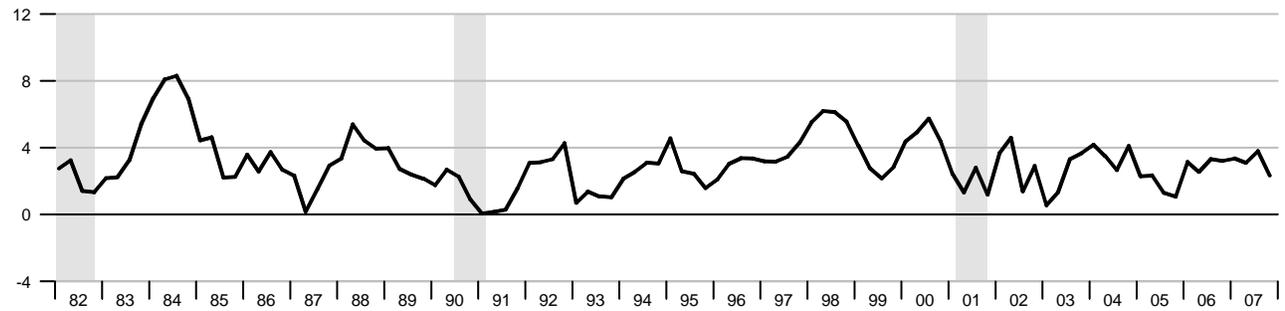


### Unemployment Rate & Job Openings Rate



### Real Disposable Personal Income

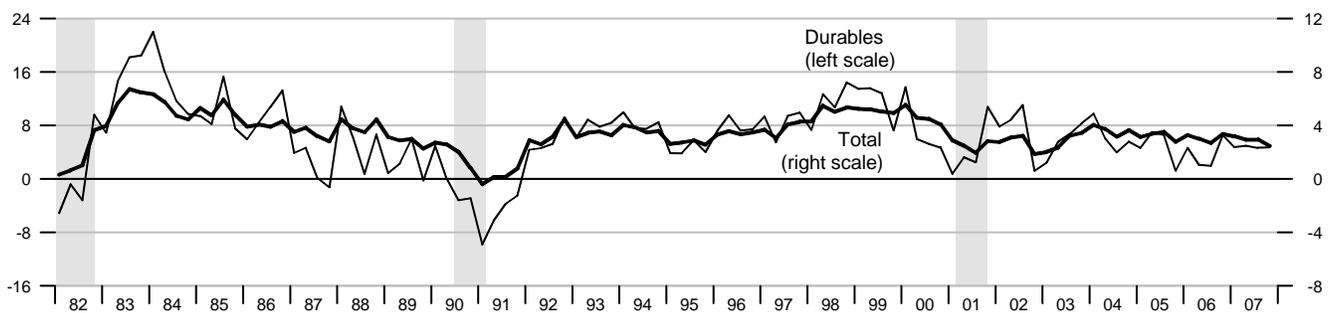
Percent change from year ago, quarterly data



### Real Consumption

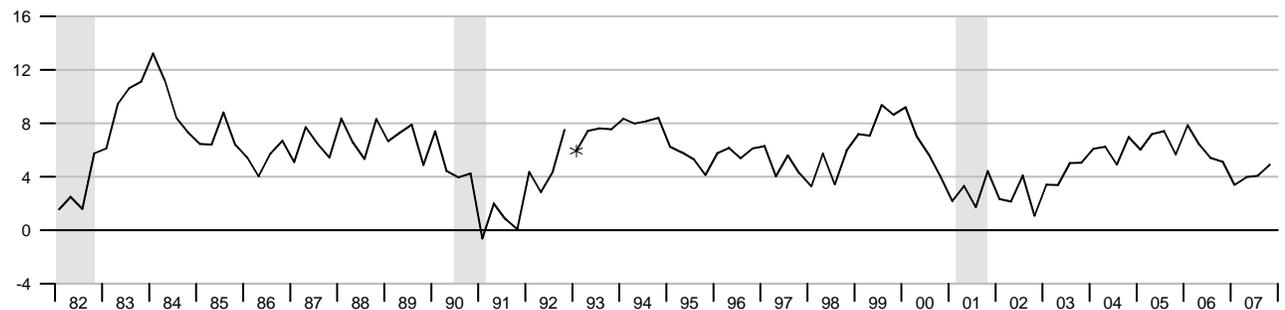
Percent change from year ago, quarterly data

Percent change from year ago, quarterly data



### Retail and Food Services Sales

Percent change from year ago, quarterly average

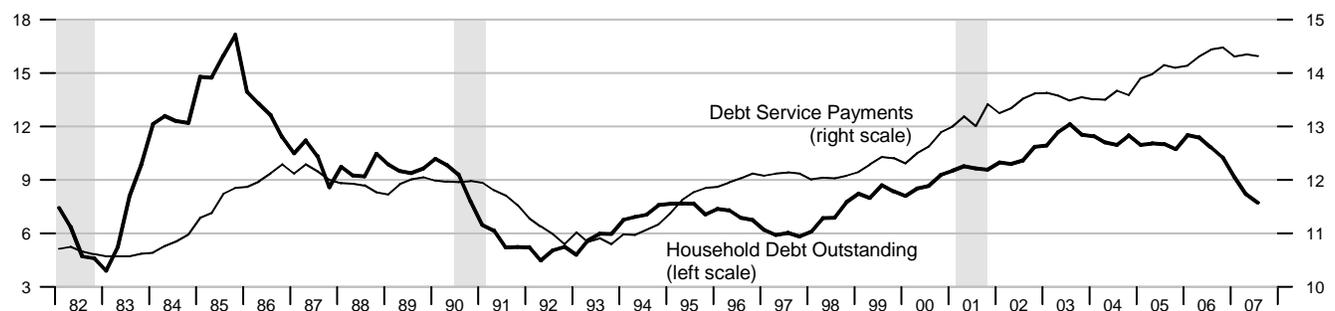


\*Data from Jan. 1992 to the present are on a NAICS basis; data prior to Jan. 1992 are on an SIC basis and are not strictly comparable (see End Note).

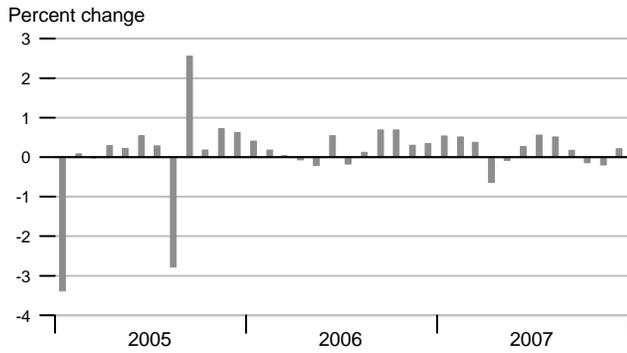
### Debt Service Payments and Household Debt Outstanding

Percent change from year ago, quarterly data

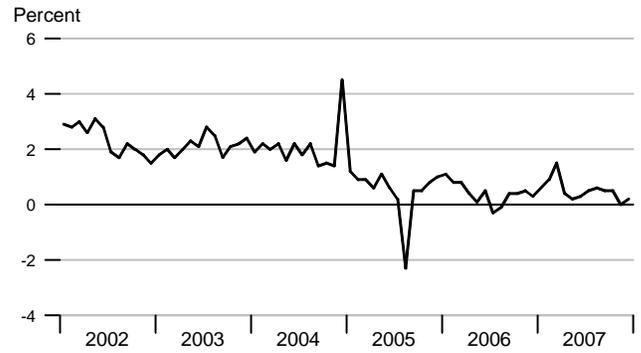
Percent of disposable personal income



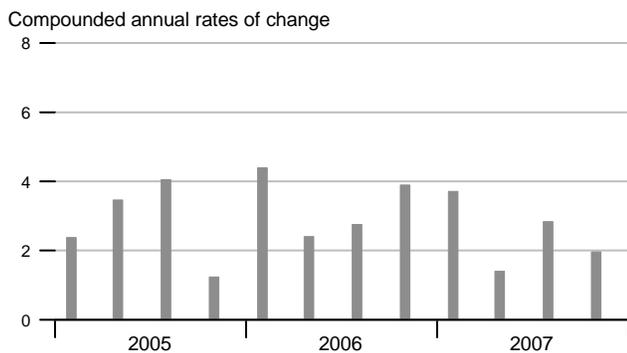
### Real Disposable Personal Income



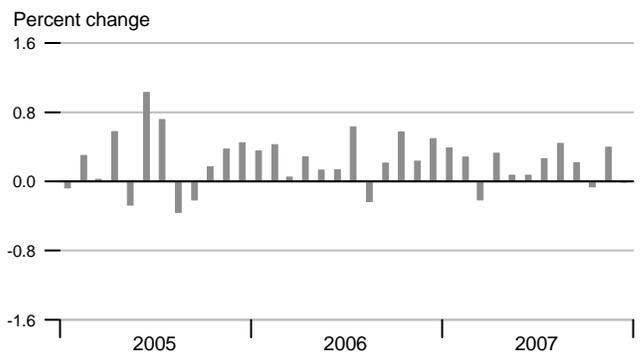
### Personal Saving Rate



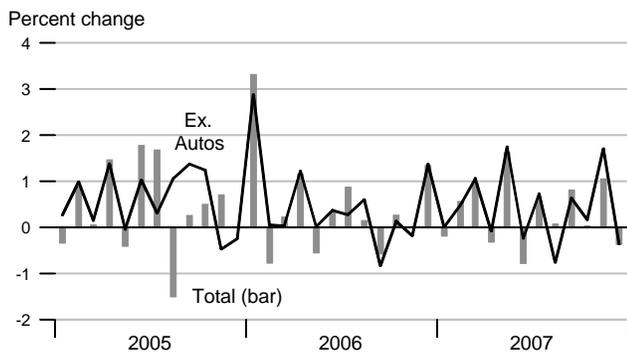
### Real Consumption



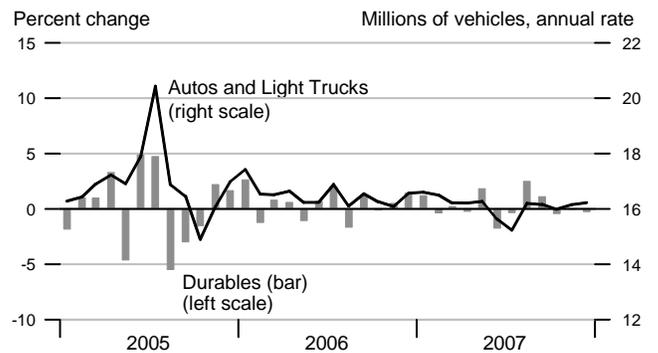
### Real Consumption



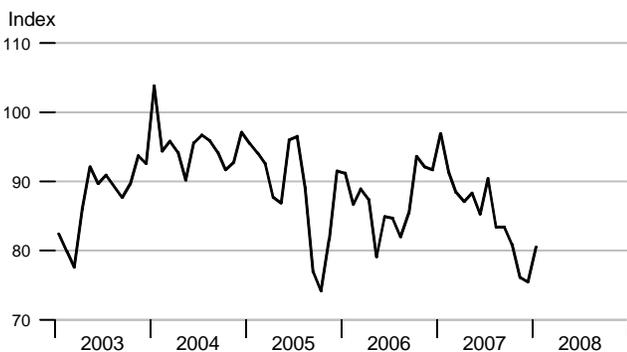
### Retail & Food Services



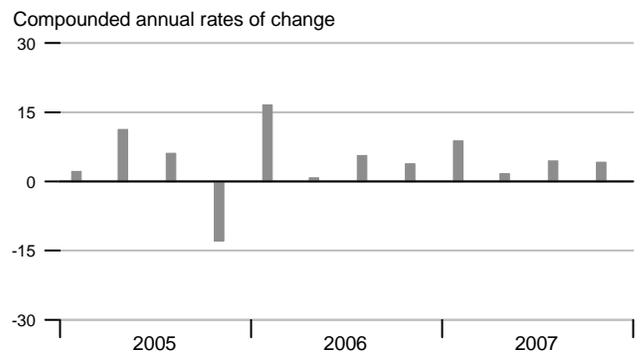
### Real Durables Consumption & Vehicle Sales



### Consumer Sentiment (U. of Michigan)

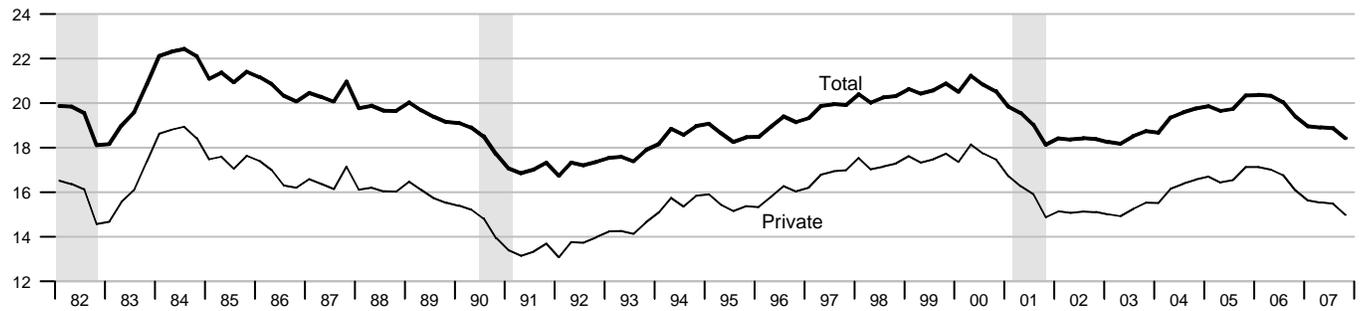


### Real Durables Consumption



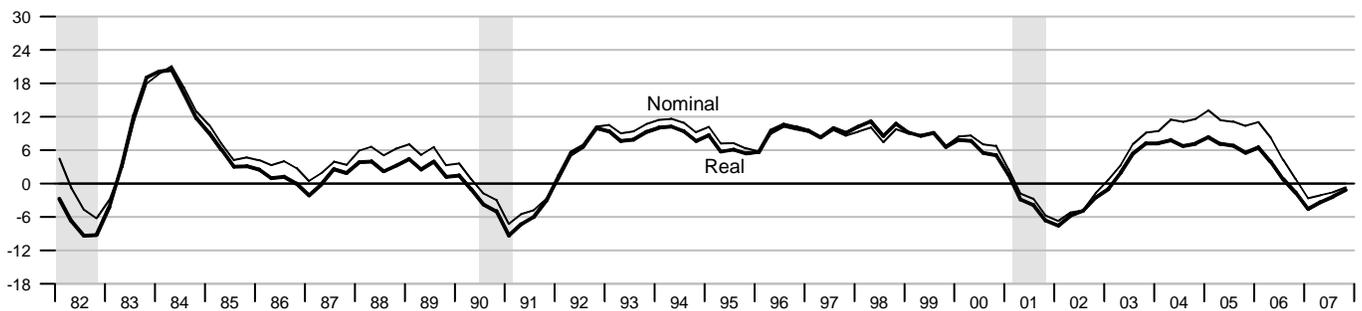
### Investment

Percent of nominal GDP



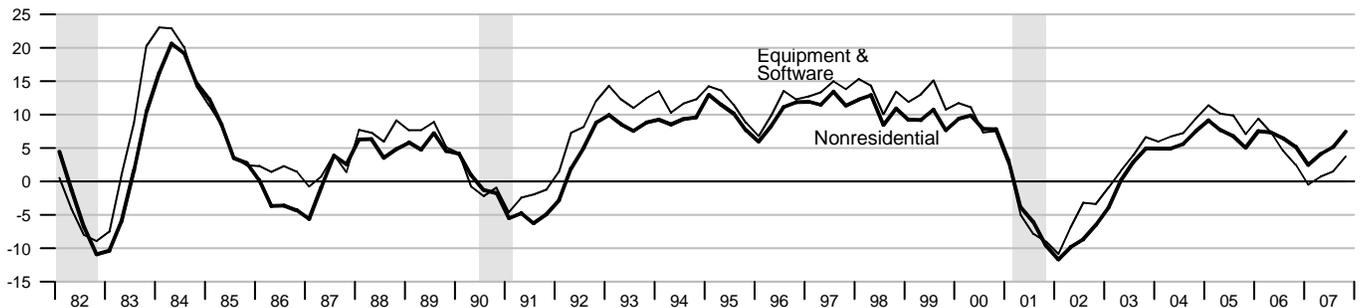
### Private Fixed Investment

Percent change from year ago



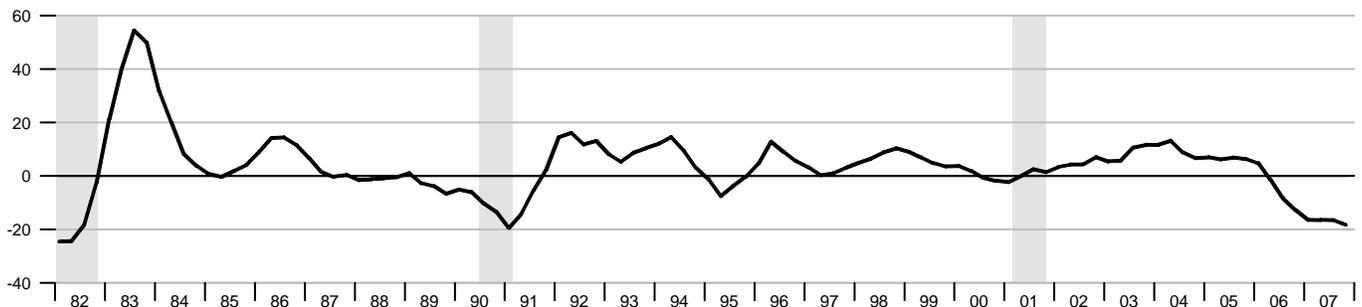
### Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

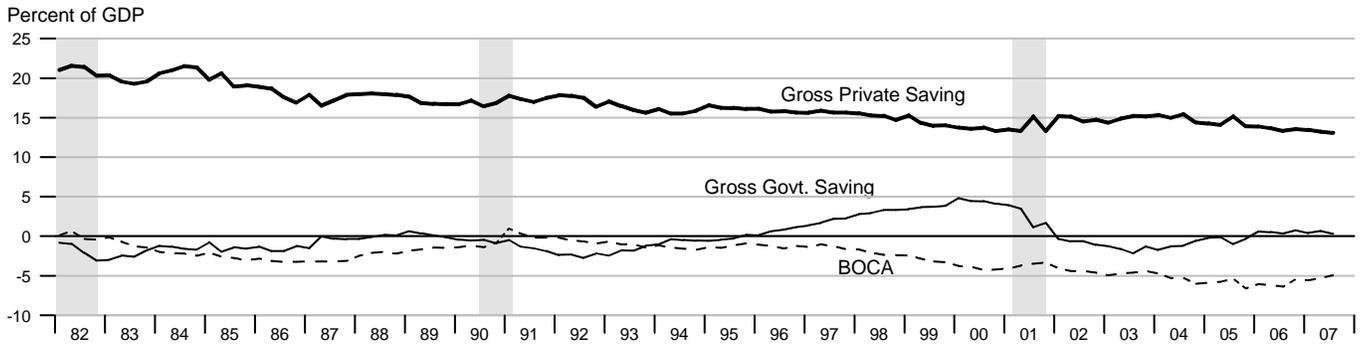


### Real Residential Fixed Investment

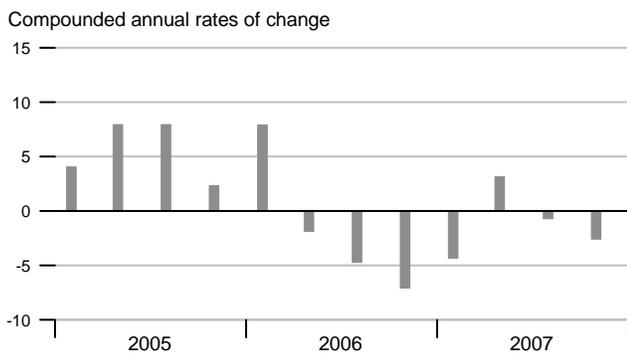
Percent change from year ago



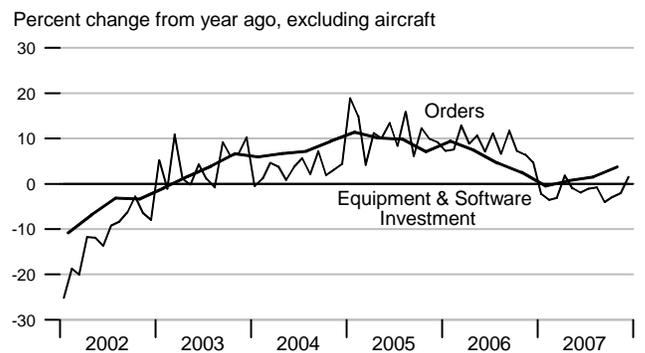
### Gross Saving Rates and Balance on Current Account (NIPA)



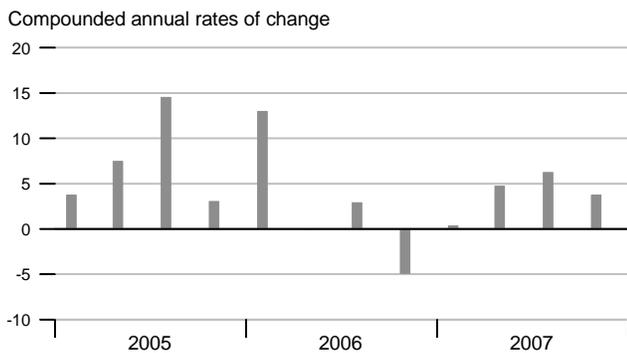
### Real Private Fixed Investment



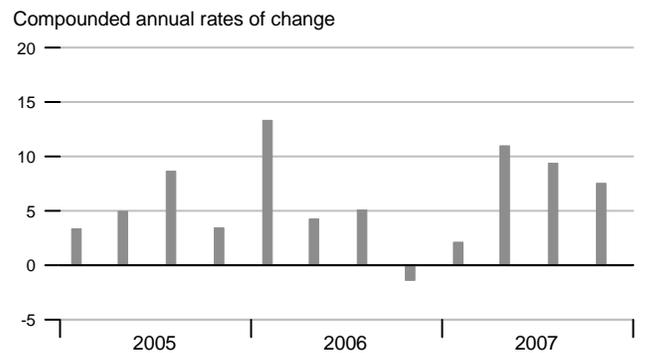
### Nondefense Capital Goods Orders



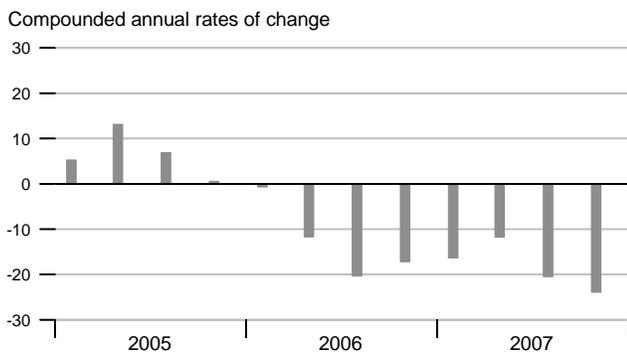
### Real Equipment & Software Investment



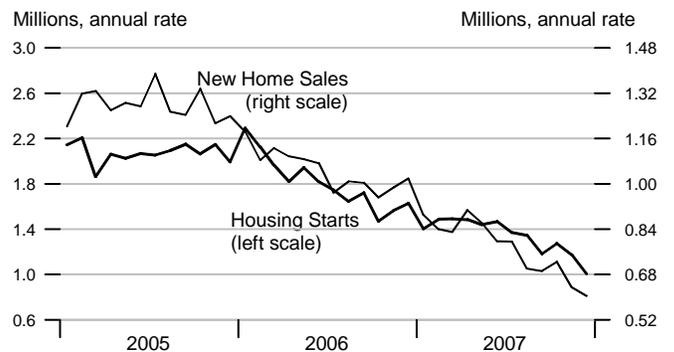
### Real Nonresidential Fixed Investment



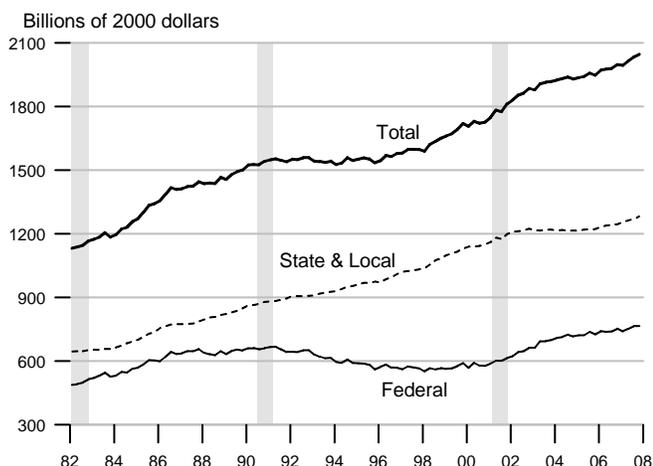
### Real Residential Fixed Investment



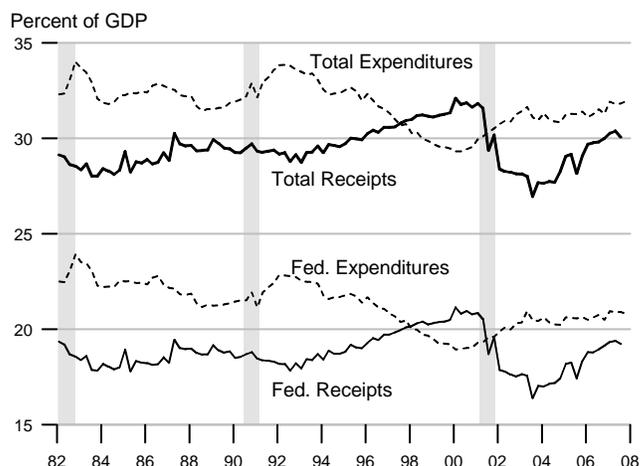
### Housing Starts and New Home Sales



### Govt. Consumption and Investment



### Govt. Current Receipts and Expenditures



### Government Budgets

Billions of dollars

#### National Income Accounts

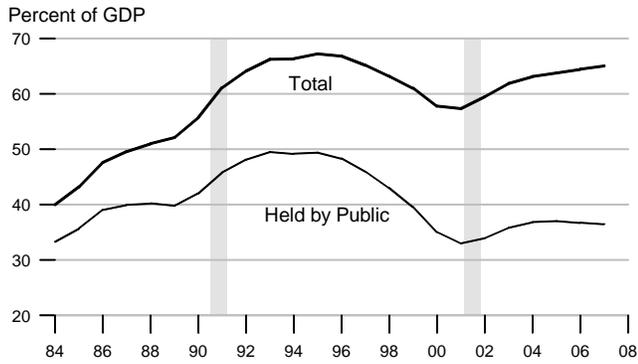
Calendar Years

#### Unified Budget

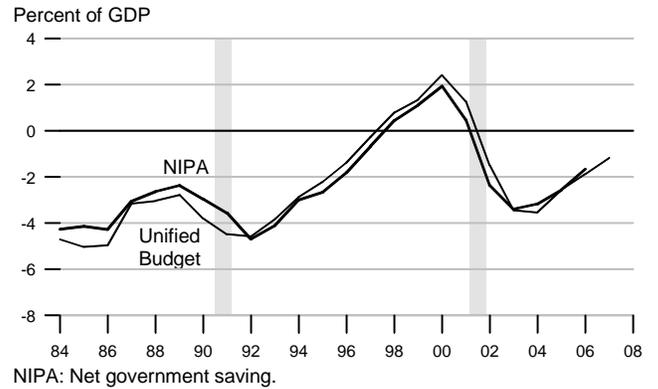
Fiscal Years

	State and Local			Federal			Federal		
	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Outlays	Surplus or Deficit (-)
1991	789.2	793.3	-4.1	1101.3	1315.0	-213.7	1055.1	1324.3	-269.2
1992	845.7	845.0	0.7	1147.2	1444.6	-297.4	1091.3	1381.6	-290.3
1993	886.9	886.0	0.9	1222.5	1496.0	-273.5	1154.5	1409.5	-255.1
1994	942.9	932.4	10.5	1320.8	1533.1	-212.3	1258.7	1461.9	-203.2
1995	990.2	978.2	12.0	1406.5	1603.5	-197.0	1351.9	1515.9	-164.0
1996	1043.3	1017.5	25.8	1524.0	1665.8	-141.8	1453.2	1560.6	-107.4
1997	1097.4	1058.3	39.1	1653.1	1708.9	-55.8	1579.4	1601.3	-21.9
1998	1163.2	1111.2	52.0	1773.8	1734.9	38.9	1722.0	1652.7	69.3
1999	1236.7	1186.3	50.4	1891.2	1787.6	103.6	1827.6	1702.0	125.6
2000	1319.5	1269.5	50.0	2053.8	1864.4	189.4	2025.5	1789.2	236.2
2001	1373.0	1368.2	4.8	2016.2	1969.5	46.7	1991.4	1863.2	128.2
2002	1410.1	1444.3	-34.2	1853.2	2101.1	-247.9	1853.4	2011.2	-157.8
2003	1494.2	1514.5	-20.3	1879.9	2252.1	-372.2	1782.5	2160.1	-377.6
2004	1594.3	1592.8	1.5	2008.9	2379.5	-370.6	1880.3	2293.0	-412.7
2005	1706.9	1691.7	15.2	2243.4	2561.6	-318.2	2153.9	2472.2	-318.3
2006	1797.7	1773.0	24.7	2495.8	2715.8	-220.0	2407.3	2655.0	-247.7
2007		1898.8			2891.1		2567.7	2730.5	-162.8
2006Q1	1767.8	1732.1	35.7	2436.5	2656.2	-219.7	507.4	691.0	-183.6
2006Q2	1803.7	1760.9	42.8	2471.5	2711.4	-239.9	772.1	675.7	96.5
2006Q3	1806.7	1794.4	12.3	2513.1	2752.3	-239.2	596.9	638.7	-41.7
2006Q4	1812.4	1804.8	7.6	2561.9	2743.4	-181.5	573.5	653.9	-80.4
2007Q1	1856.6	1862.4	-5.8	2619.7	2838.2	-218.5	547.4	725.4	-178.0
2007Q2	1889.9	1876.5	13.4	2670.1	2876.9	-206.8	824.4	686.9	137.5
2007Q3	1892.8	1905.8	-13.0	2687.0	2919.7	-232.7	622.3	664.2	-41.8
2007Q4		1950.5			2929.7		606.2	711.7	-105.5

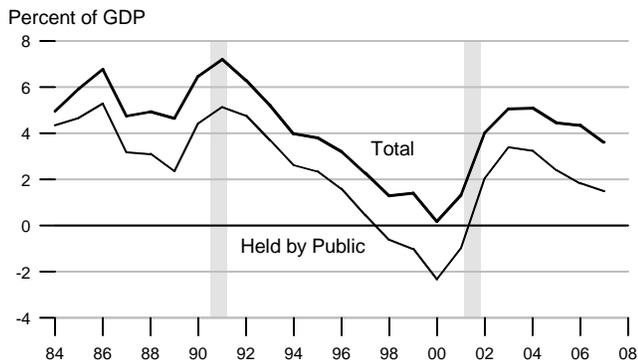
### Federal Debt



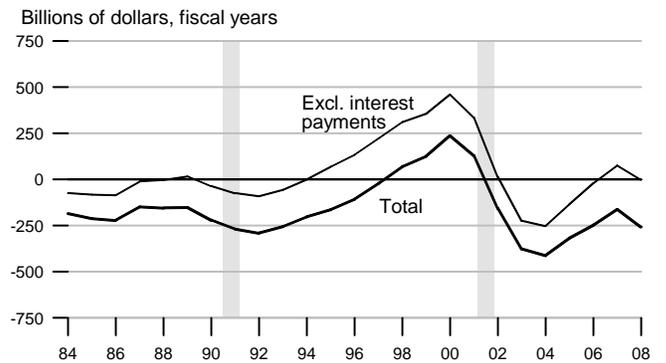
### Federal Surplus (+) / Deficit (-)



### Change in Federal Debt



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

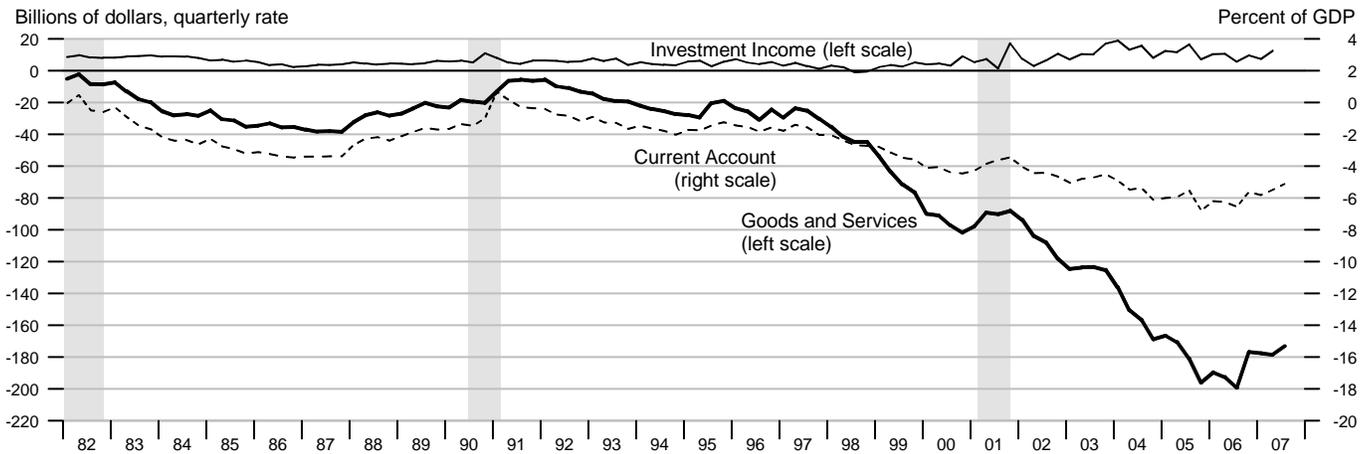


### Federal Government Debt

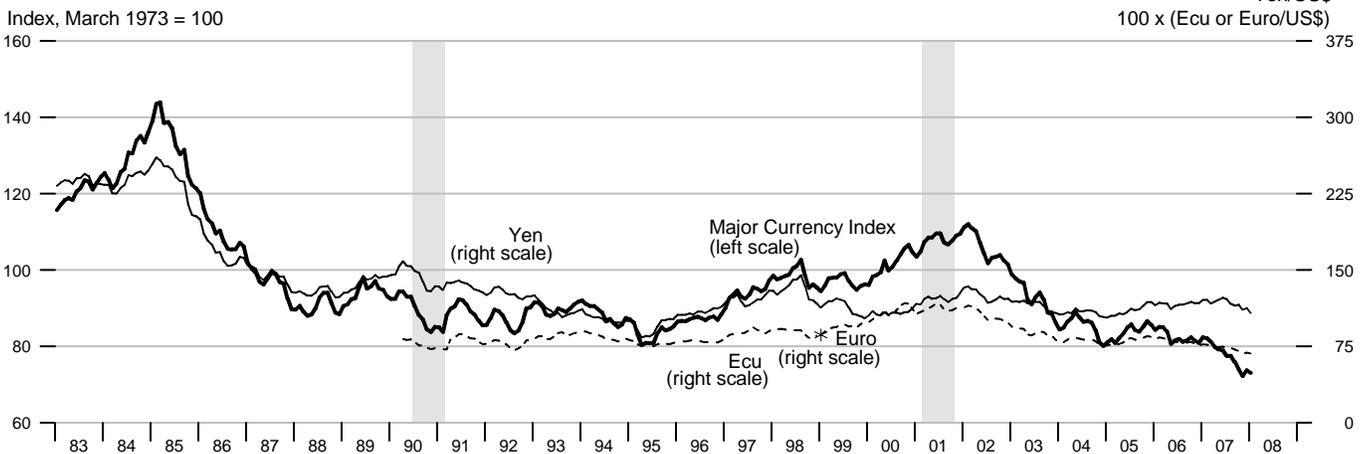
Billions of dollars, end of month or fiscal year  
Excludes Agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
2005		7932.7	3331.1	4601.6	736.4	3864.9	1930.6
2006		8507.0	3663.8	4843.2	768.9	4074.2	2027.3
2007		9007.7	3958.4	5049.2	779.6	4269.7	2248.9
2004	March	7131.1	2954.4	4176.7	674.1	3502.8	1677.1
	June	7274.3	3055.6	4218.7	687.4	3531.5	1739.6
	September	7379.1	3075.7	4303.4	700.3	3607.0	1798.7
	December	7596.1	3189.8	4406.4	717.8	3690.6	1853.4
2005	March	7776.9	3204.5	4572.4	717.3	3855.4	1956.3
	June	7836.5	3308.9	4527.6	724.7	3803.0	1879.6
	September	7932.7	3331.1	4601.6	736.4	3864.9	1930.6
	December	8170.4	3455.8	4714.6	744.2	3970.6	2036.0
2006	March	8371.2	3498.4	4872.8	758.5	4114.0	2084.5
	June	8420.0	3622.6	4797.5	766.4	4030.8	1979.8
	September	8507.0	3663.8	4843.2	768.9	4074.2	2027.3
	December	8680.2	3779.0	4901.2	778.9	4122.1	2116.7
2007	March	8849.7	3795.4	5054.3	780.9	4273.1	2208.4
	June	8867.7	3924.6	4943.0	790.5	4152.6	2205.4
	September	9007.7	3958.4	5049.2	779.6	4269.7	2248.9

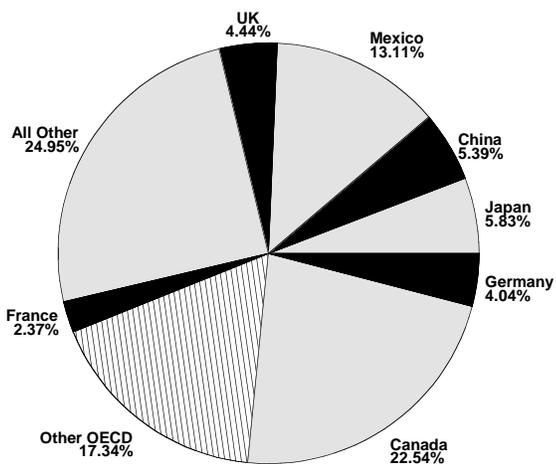
### Current Account, Trade and Investment Income Balances



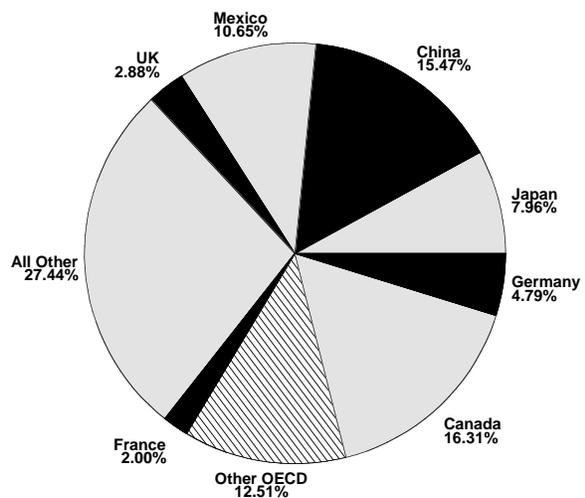
### Exchange Rates



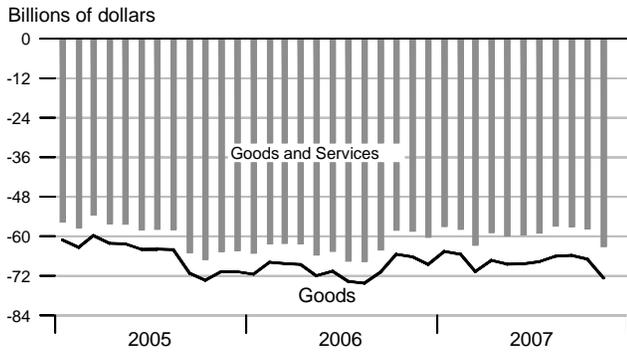
### Goods Export Shares, 2006



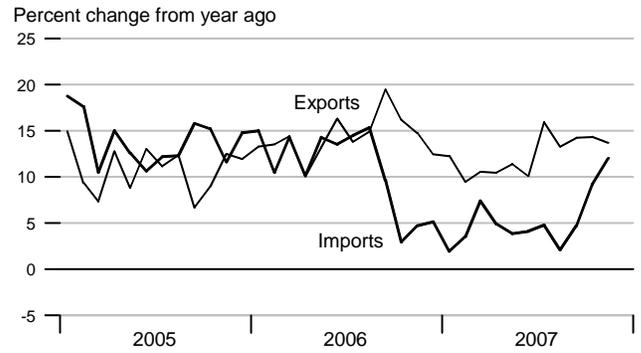
### Goods Import Shares, 2006



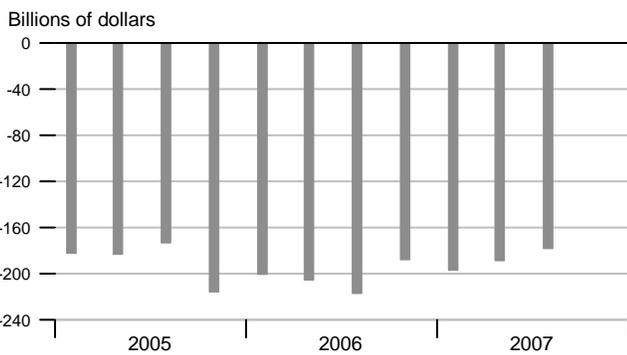
### Trade Balance



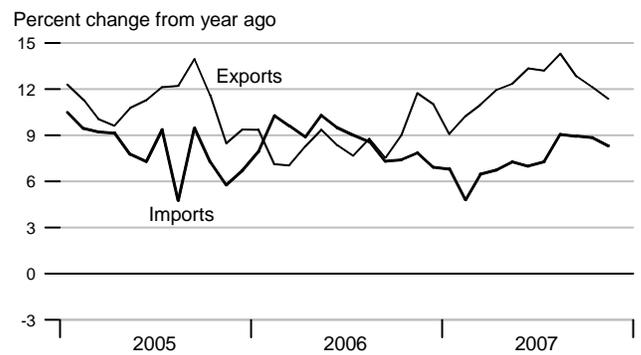
### Goods Trade



### Current Account Balance



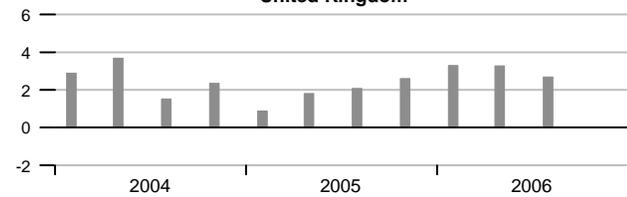
### Services Trade



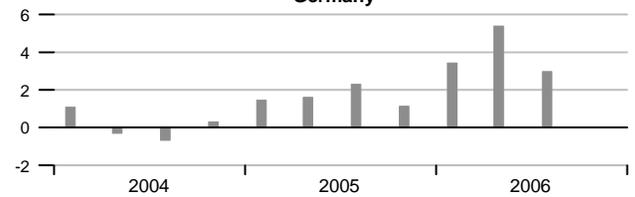
### Real GDP Growth of Major Trading Partners

Compounded annual rates of change

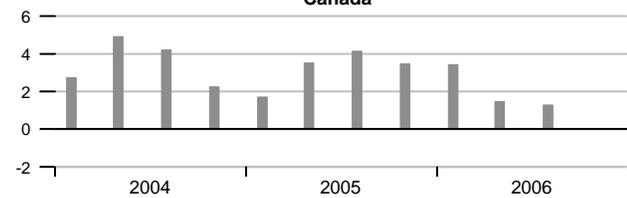
#### United Kingdom



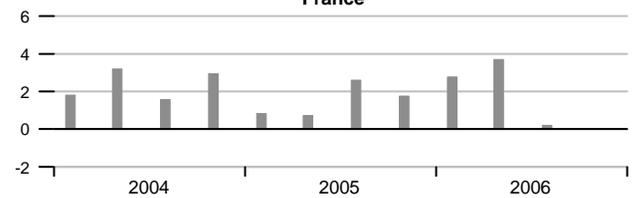
#### Germany



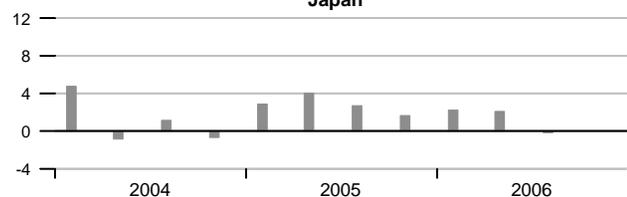
#### Canada



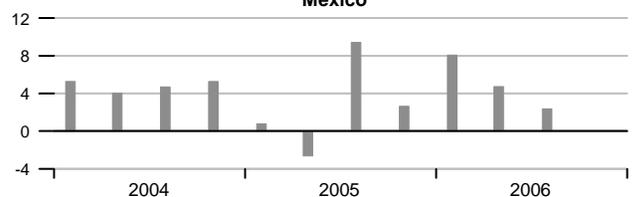
#### France



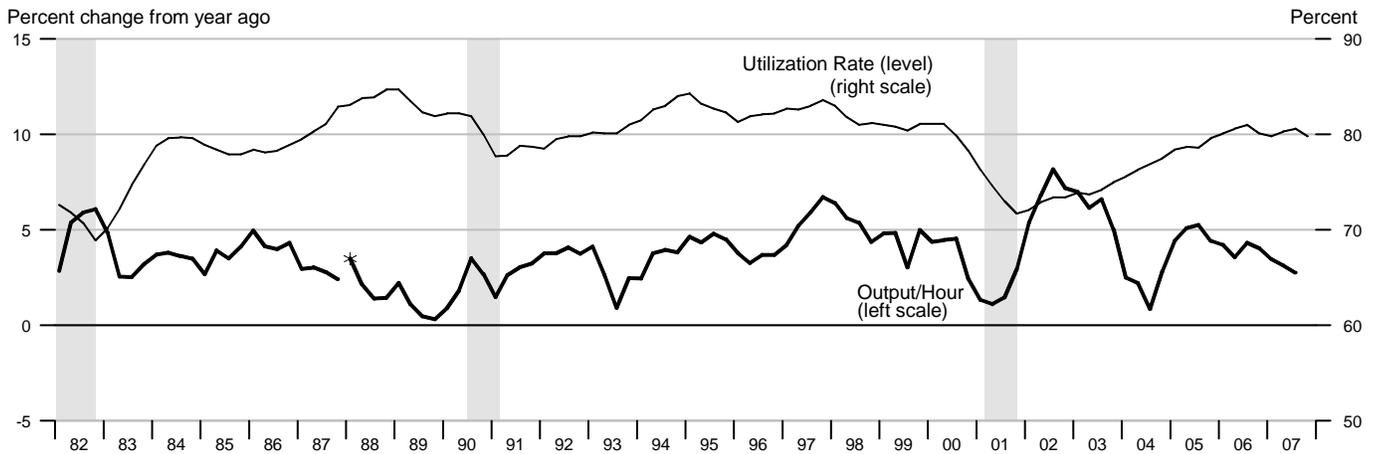
#### Japan



#### Mexico

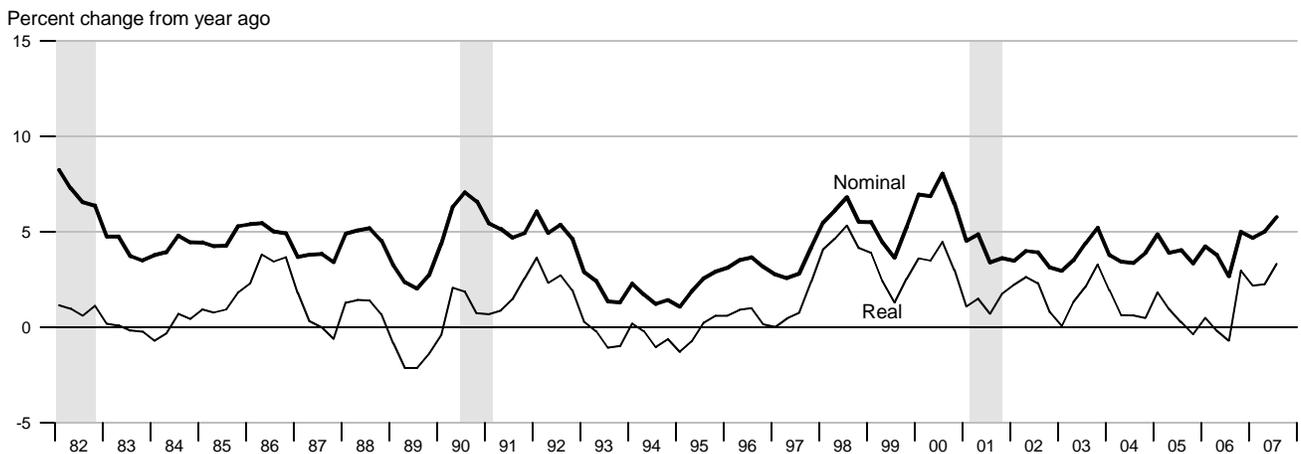


### Output per Hour and Capacity Utilization, Manufacturing

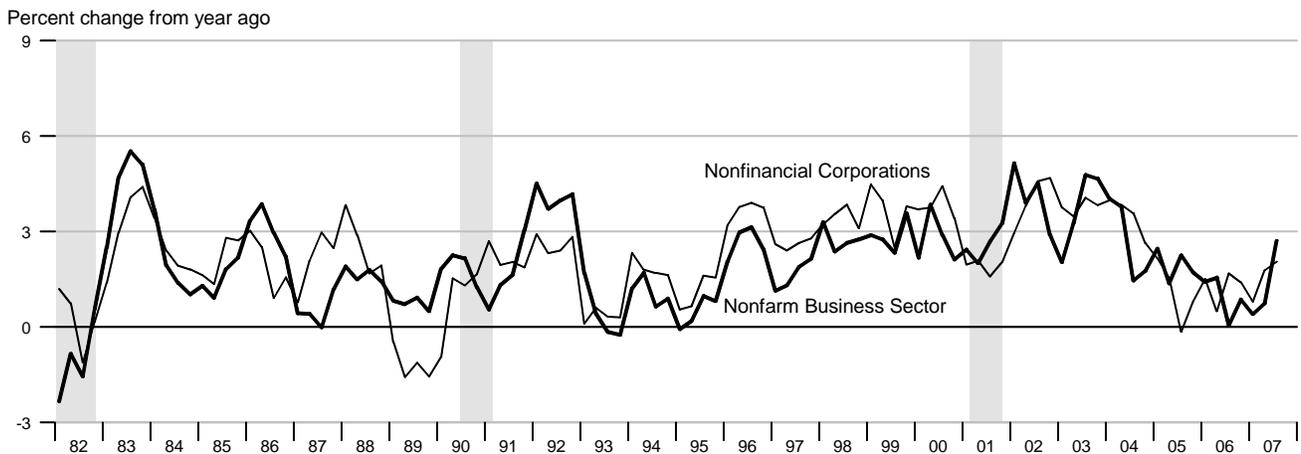


\*Data from 1987 to the present are on a NAICS basis; data prior to 1987 are on an SIC basis and are not strictly comparable (see End Note).

### Nonfarm Compensation per Hour

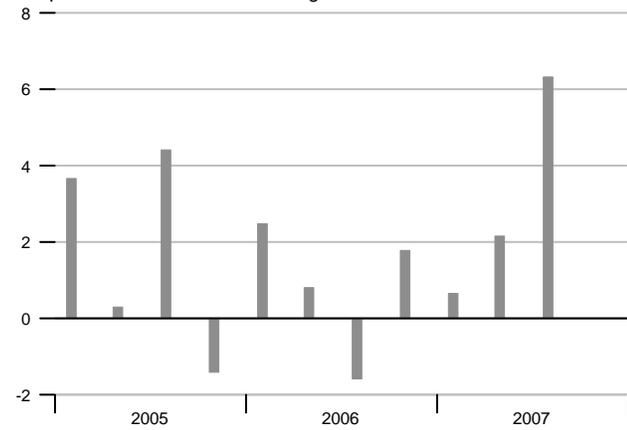


### Output per Hour, Nonfarm Business and Nonfinancial Corporations



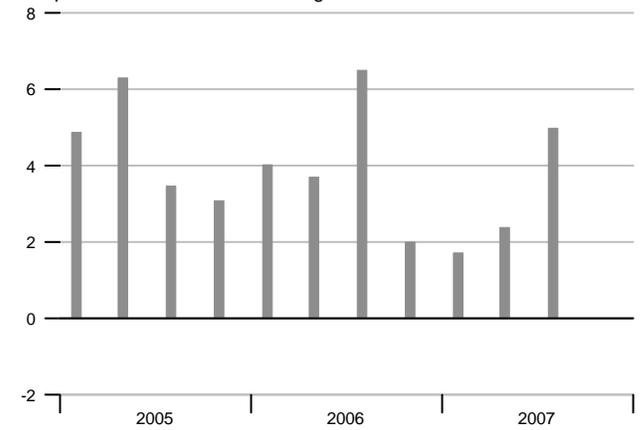
### Nonfarm Output per Hour

Compounded annual rates of change

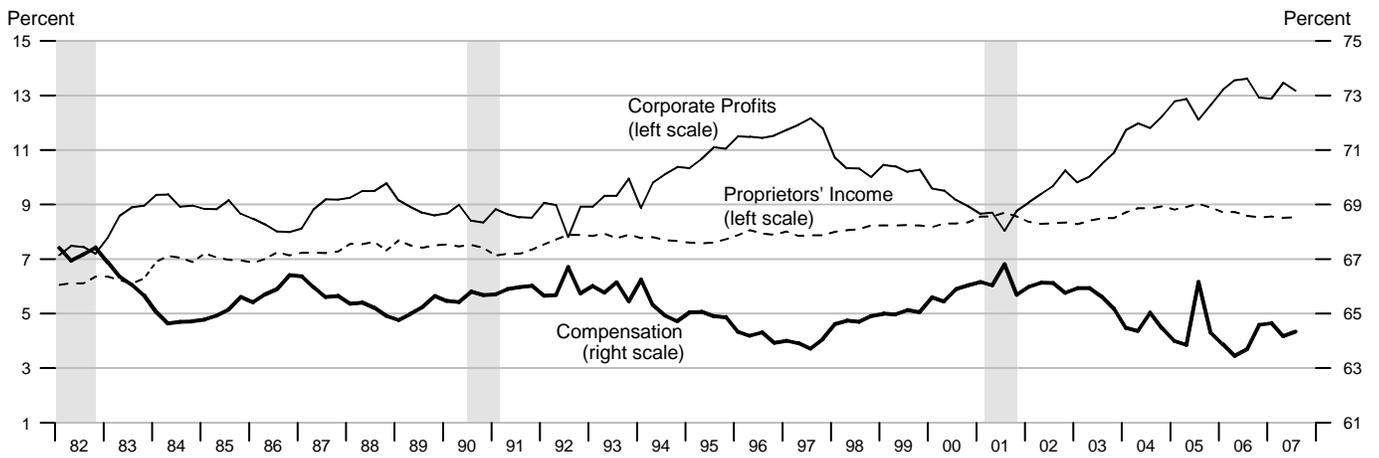


### Manufacturing Output per Hour

Compounded annual rates of change

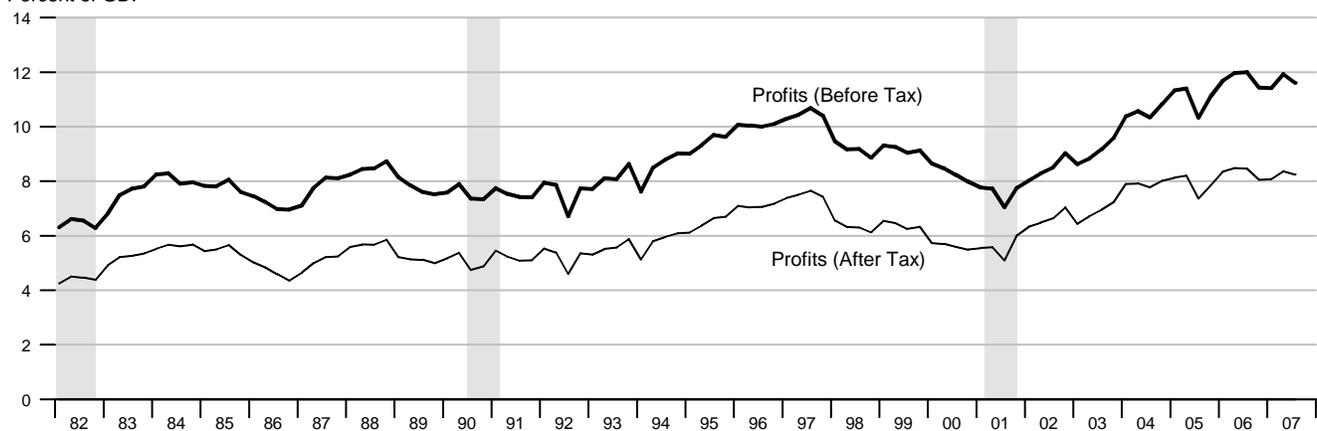


### Selected Component Shares of National Income



### Corporate Profits

Percent of GDP



	Nominal GDP			Real GDP			Final Sales			Change in Private Inventories			
	Billions of \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$			
Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago	Last qtr	Year/Year ago			
2004	11685.9		6.6	10675.757		3.6	10619.790		3.3	54.268			
2005	12433.9		6.4	11003.448		3.1	10966.873		3.3	33.237			
2006	13194.7		6.1	11319.358		2.9	11275.890		2.8	40.289			
2007	13843.0		4.9	11567.261		2.2	11558.016		2.5	8.273			
2004	1	11405.5	6.8	6.5	10543.621	3.0	4.1	10507.057	2.6	4.0	34.953	16.950	
	2	11610.3	7.4	7.2	10634.232	3.5	4.1	10568.450	2.4	3.5	64.882	33.834	
	3	11779.4	6.0	6.3	10728.671	3.6	3.2	10666.641	3.8	2.7	60.057	46.215	
	4	11948.5	5.9	6.5	10796.408	2.5	3.1	10737.014	2.7	2.8	57.180	54.268	
2005	1	12154.0	7.1	6.6	10878.380	3.1	3.2	10812.950	2.9	2.9	63.393	61.378	
	2	12317.4	5.5	6.1	10954.069	2.8	3.0	10940.422	4.8	3.5	10.070	47.675	
	3	12558.8	8.1	6.6	11074.326	4.5	3.2	11064.771	4.6	3.7	5.906	34.137	
	4	12705.5	4.8	6.3	11107.213	1.2	2.9	11049.544	-0.5	2.9	53.580	33.237	
2006	1	12964.6	8.4	6.7	11238.662	4.8	3.3	11196.147	5.4	3.5	38.422	26.995	
	2	13155.0	6.0	6.8	11306.694	2.4	3.2	11252.074	2.0	2.8	51.390	37.325	
	3	13266.9	3.4	5.6	11336.734	1.1	2.4	11279.696	1.0	1.9	53.944	49.334	
	4	13392.3	3.8	5.4	11395.538	2.1	2.6	11375.837	3.5	3.0	17.401	40.289	
2007	1	13551.9	4.9	4.5	11412.619	0.6	1.5	11411.560	1.3	1.9	0.097	30.708	
	2	13768.8	6.6	4.7	11520.115	3.8	1.9	11512.777	3.6	2.3	5.762	19.301	
	3	13970.5	6.0	5.3	11658.927	4.9	2.8	11626.389	4.0	3.1	30.638	13.475	
	4	14080.8	3.2	5.1	11677.383	0.6	2.5	11681.340	1.9	2.7	-3.406	8.273	
		Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment		
		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change	
			Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2004		7561.380		3.6	1084.786		6.3	1712.757		7.3	1144.264		5.8
2005		7803.593		3.2	1137.415		4.9	1831.427		6.9	1225.790		7.1
2006		8044.054		3.1	1180.469		3.8	1874.694		2.4	1306.762		6.6
2007		8276.243		2.9	1237.030		4.8	1821.164		-2.9	1369.583		4.8
2004	1	7475.116	4.4	4.0	1066.225	5.8	9.8	1647.881	-0.2	7.3	1099.133	-2.6	4.9
	2	7520.472	2.4	3.7	1071.336	1.9	6.1	1698.704	12.9	7.8	1127.496	10.7	4.9
	3	7585.507	3.5	3.2	1091.520	7.8	4.0	1736.716	9.3	6.8	1160.749	12.3	5.6
	4	7664.290	4.2	3.7	1110.065	7.0	5.6	1767.743	7.3	7.2	1189.666	10.3	7.5
2005	1	7709.377	2.4	3.1	1116.030	2.2	4.7	1785.306	4.0	8.3	1199.486	3.3	9.1
	2	7775.220	3.5	3.4	1146.298	11.3	7.0	1819.775	7.9	7.1	1214.147	5.0	7.7
	3	7852.791	4.1	3.5	1163.548	6.2	6.6	1854.949	8.0	6.8	1239.503	8.6	6.8
	4	7876.850	1.2	2.8	1123.791	-13.0	1.2	1865.645	2.3	5.5	1250.025	3.4	5.1
2006	1	7961.901	4.4	3.3	1167.761	16.6	4.6	1901.356	7.9	6.5	1289.723	13.3	7.5
	2	8009.279	2.4	3.0	1170.169	0.8	2.1	1892.290	-1.9	4.0	1303.165	4.2	7.3
	3	8063.801	2.8	2.7	1186.322	5.6	2.0	1869.607	-4.7	0.8	1319.428	5.1	6.4
	4	8141.236	3.9	3.4	1197.606	3.9	6.6	1835.541	-7.1	-1.6	1314.758	-1.4	5.2
2007	1	8215.706	3.7	3.2	1223.160	8.8	4.7	1815.191	-4.4	-4.5	1321.732	2.1	2.5
	2	8244.349	1.4	2.9	1228.366	1.7	5.0	1829.345	3.2	-3.3	1356.624	11.0	4.1
	3	8302.240	2.8	3.0	1241.912	4.5	4.7	1825.987	-0.7	-2.3	1387.278	9.3	5.1
	4	8342.676	2.0	2.5	1254.680	4.2	4.8	1814.134	-2.6	-1.2	1412.696	7.5	7.4

	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	
2004	109.462		2.9	96.2		3.8	96.7		2.7	94.8		6.8	
2005	113.005		3.2	99.2		3.1	99.2		2.5	99.2		4.6	
2006	116.568		3.2	102.1		2.9	102.0		2.9	102.1		2.9	
2007	119.678		2.7	105.2		3.1	105.5		3.4	104.6		2.4	
2004	1	108.180	3.7	2.3	94.9	4.8	3.8	95.7	2.5	2.7	92.9	11.0	6.8
	2	109.185	3.8	2.9	95.8	3.8	3.9	96.4	3.0	2.7	94.4	6.6	7.2
	3	109.807	2.3	3.0	96.7	3.8	3.8	97.2	3.4	2.6	95.4	4.3	6.7
	4	110.677	3.2	3.2	97.3	2.5	3.7	97.6	1.7	2.6	96.5	4.7	6.6
2005	1	111.745	3.9	3.3	98.2	3.8	3.5	98.3	2.9	2.7	98.0	6.4	5.5
	2	112.455	2.6	3.0	98.8	2.5	3.1	98.8	2.1	2.5	98.8	3.3	4.7
	3	113.422	3.5	3.3	99.5	2.9	2.9	99.4	2.5	2.3	99.6	3.3	4.4
	4	114.398	3.5	3.4	100.1	2.4	2.9	100.1	2.8	2.6	100.3	2.8	3.9
2006	1	115.363	3.4	3.2	100.8	2.8	2.6	100.8	2.8	2.5	100.8	2.0	2.9
	2	116.350	3.5	3.5	101.6	3.2	2.8	101.6	3.2	2.8	101.5	2.8	2.7
	3	117.030	2.4	3.2	102.5	3.6	3.0	102.4	3.2	3.0	102.5	4.0	2.9
	4	117.527	1.7	2.7	103.3	3.2	3.2	103.2	3.2	3.1	103.4	3.6	3.1
2007	1	118.750	4.2	2.9	103.9	2.3	3.1	104.3	4.3	3.5	103.1	-1.2	2.3
	2	119.527	2.6	2.7	104.8	3.5	3.1	105.1	3.1	3.4	104.2	4.3	2.7
	3	119.837	1.0	2.4	105.6	3.1	3.0	105.9	3.1	3.4	105.0	3.1	2.4
	4	120.597	2.6	2.6	106.4	3.1	3.0	106.7	3.1	3.4	105.9	3.5	2.4
	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation per Hour			
	Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Index	Percent change		Index	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
2004	1126.134		9.7	1719.939		11.3	131.542		2.7	155.869		3.6	
2005	1203.444		6.9	1821.457		5.9	134.097		1.9	162.149		4.0	
2006	1304.104		8.4	1928.567		5.9	135.393		1.0	168.506		3.9	
2007	1407.563		7.9	1967.583		2.0							
2004	1	1101.785	10.0	9.8	1650.888	12.3	9.3	130.220	0.9	4.0	152.871	-0.2	3.8
	2	1119.392	6.5	12.0	1710.450	15.2	12.1	131.713	4.7	3.8	154.850	5.3	3.4
	3	1128.041	3.1	9.9	1730.757	4.8	12.4	132.000	0.9	1.5	156.824	5.2	3.4
	4	1155.317	10.0	7.4	1787.662	13.8	11.5	132.222	0.7	1.8	158.890	5.4	3.9
2005	1	1172.397	6.0	6.4	1796.826	2.1	8.8	133.417	3.7	2.5	160.300	3.6	4.9
	2	1199.343	9.5	7.1	1800.339	0.8	5.3	133.515	0.3	1.4	160.889	1.5	3.9
	3	1205.647	2.1	6.9	1809.724	2.1	4.6	134.964	4.4	2.2	163.153	5.7	4.0
	4	1236.387	10.6	7.0	1878.952	16.2	5.1	134.485	-1.4	1.7	164.210	2.6	3.3
2006	1	1270.569	11.5	8.4	1910.696	6.9	6.3	135.311	2.5	1.4	167.079	7.2	4.2
	2	1288.438	5.7	7.4	1915.005	0.9	6.4	135.583	0.8	1.5	166.978	-0.2	3.8
	3	1306.571	5.7	8.4	1940.374	5.4	7.2	135.041	-1.6	0.1	167.517	1.3	2.7
	4	1350.861	14.3	9.3	1948.210	1.6	3.7	135.638	1.8	0.9	172.417	12.2	5.0
2007	1	1354.654	1.1	6.6	1966.775	3.9	2.9	135.858	0.7	0.4	174.906	5.9	4.7
	2	1379.485	7.5	7.1	1953.360	-2.7	2.0	136.584	2.2	0.7	175.353	1.0	5.0
	3	1441.150	19.1	10.3	1974.272	4.4	1.7	138.693	6.3	2.7	177.179	4.2	5.8
	4	1454.964	3.9	7.7	1975.925	0.3	1.4						

	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	
2003	137729	1248		0.9	129996	-344		-0.3	98.6			-1.4	
2004	139242	1512		1.1	131419	1423		1.1	100.2			1.6	
2005	141716	2474		1.8	133695	2276		1.7	102.8			2.6	
2006	144421	2706		1.9	136092	2397		1.8	105.7			2.9	
2007	146049	1628		1.1	137622	1530		1.1	107.2			1.4	
2005	1	140380	334	1.0	1.4	132655	421	1.3	1.6	101.6	0.6	2.3	2.3
	2	141516	1136	3.3	1.9	133341	686	2.1	1.6	102.4	0.8	3.1	2.5
	3	142314	797	2.3	2.0	134121	780	2.4	1.9	103.1	0.7	2.8	2.6
	4	142652	338	1.0	1.9	134661	541	1.6	1.8	103.9	0.8	3.3	2.8
2006	1	143356	704	2.0	2.1	135383	722	2.2	2.1	104.9	0.9	3.8	3.2
	2	144083	727	2.0	1.8	135840	457	1.4	1.9	105.6	0.7	2.7	3.1
	3	144604	521	1.5	1.6	136354	514	1.5	1.7	106.0	0.4	1.7	2.8
	4	145642	1038	2.9	2.1	136789	434	1.3	1.6	106.4	0.3	1.4	2.4
2007	1	145983	340	0.9	1.8	137184	395	1.2	1.3	106.6	0.2	0.8	1.6
	2	145904	-78	-0.2	1.3	137500	316	0.9	1.2	107.2	0.5	2.1	1.5
	3	146019	115	0.3	1.0	137758	259	0.8	1.0	107.5	0.3	1.1	1.4
	4	146291	272	0.7	0.4	138044	286	0.8	0.9	107.7	0.2	1.0	1.3
2006	Jan	143086	308	2.6	2.0	135115	232	2.1	2.0	104.8	0.6	7.1	3.5
	Feb	143362	276	2.3	2.1	135388	273	2.5	2.0	104.8	0.0	0.0	2.8
	Mar	143619	257	2.2	2.2	135647	259	2.3	2.1	105.1	0.3	3.5	3.3
	Apr	143791	172	1.4	1.8	135794	147	1.3	2.0	105.6	0.5	5.9	3.1
	May	144088	297	2.5	1.8	135816	22	0.2	1.9	105.4	-0.2	-2.2	3.1
	Jun	144369	281	2.4	1.9	135910	94	0.8	1.7	105.8	0.4	4.7	3.1
	Jul	144295	-74	-0.6	1.6	136172	262	2.3	1.7	106.0	0.2	2.3	3.1
	Aug	144671	376	3.2	1.6	136363	191	1.7	1.6	106.2	0.2	2.3	3.1
	Sep	144846	175	1.5	1.7	136528	165	1.5	1.7	105.9	-0.3	-3.3	2.3
	Oct	145395	549	4.6	2.0	136601	73	0.6	1.7	106.3	0.4	4.6	2.6
	Nov	145583	188	1.6	2.1	136783	182	1.6	1.5	106.2	-0.1	-1.1	2.1
	Dec	145949	366	3.1	2.2	136982	199	1.8	1.6	106.7	0.5	5.8	2.4
2007	Jan	145915	-34	-0.3	2.0	137108	126	1.1	1.5	106.5	-0.2	-2.2	1.6
	Feb	145888	-27	-0.2	1.8	137133	25	0.2	1.3	106.2	-0.3	-3.3	1.3
	Mar	146145	257	2.1	1.8	137310	177	1.6	1.2	107.1	0.8	10.7	1.9
	Apr	145713	-432	-3.5	1.3	137356	46	0.4	1.2	106.8	-0.3	-3.3	1.1
	May	145913	200	1.7	1.3	137518	162	1.4	1.3	107.1	0.3	3.4	1.6
	Jun	146087	174	1.4	1.2	137625	107	0.9	1.3	107.6	0.5	5.7	1.7
	Jul	146045	-42	-0.3	1.2	137682	57	0.5	1.1	107.4	-0.2	-2.2	1.3
	Aug	145753	-292	-2.4	0.7	137756	74	0.6	1.0	107.4	0.0	0.0	1.1
	Sep	146260	507	4.3	1.0	137837	81	0.7	1.0	107.6	0.2	2.3	1.6
	Oct	146016	-244	-2.0	0.4	137977	140	1.2	1.0	107.7	0.1	1.1	1.3
	Nov	146647	631	5.3	0.7	138037	60	0.5	0.9	107.7	0.0	0.0	1.4
	Dec	146211	-436	-3.5	0.2	138119	82	0.7	0.8	107.8	0.1	1.1	1.0
2008	Jan	146248	37	0.3	0.2	138102	-17	-0.1	0.7	107.5	-0.3	-3.3	0.9

		Unempl. Rate	Retail and Food Services Sales				Industrial Production				Treasury Yields	
			Billions of dollars	Percent change			Index	Percent change			(Percent)	
				Monthly/ quarterly	Annual rate	Year ago			Monthly/ quarterly	Annual rate	Year ago	3-mo
2003		6.0	3614.093			4.2	101.0619			1.1	1.01	4.02
2004		5.5	3833.271			6.1	103.5734			2.5	1.37	4.27
2005		5.1	4085.340			6.6	106.9340			3.2	3.15	4.29
2006		4.6	4338.069			6.2	111.2407			4.0	4.73	4.79
2007		4.6	4515.377			4.1	113.3641			1.9	4.35	4.63
2005	1	5.3	994.839	1.0	4.1	6.0	105.9764	1.1	4.6	3.3	2.54	4.30
	2	5.1	1015.843	2.1	8.7	7.2	106.6983	0.7	2.8	3.4	2.86	4.16
	3	5.0	1034.026	1.8	7.4	7.4	106.9113	0.2	0.8	3.1	3.36	4.21
	4	4.9	1040.632	0.6	2.6	5.7	108.1499	1.2	4.7	3.2	3.83	4.49
2006	1	4.7	1072.960	3.1	13.0	7.9	109.4847	1.2	5.0	3.3	4.39	4.57
	2	4.7	1081.227	0.8	3.1	6.4	111.2261	1.6	6.5	4.2	4.70	5.07
	3	4.6	1089.867	0.8	3.2	5.4	112.3327	1.0	4.0	5.1	4.91	4.90
	4	4.4	1094.015	0.4	1.5	5.1	111.9193	-0.4	-1.5	3.5	4.90	4.63
2007	1	4.5	1109.368	1.4	5.7	3.4	112.2157	0.3	1.1	2.5	4.98	4.68
	2	4.5	1124.080	1.3	5.4	4.0	113.1718	0.9	3.5	1.7	4.74	4.85
	3	4.7	1134.310	0.9	3.7	4.1	114.1835	0.9	3.6	1.6	4.30	4.73
	4	4.8	1147.619	1.2	4.8	4.9	113.8854	-0.3	-1.0	1.8	3.39	4.26
2006	Jan	4.7	359.254	3.3	47.9	9.0	109.1081	-0.0	-0.5	3.3	4.24	4.42
	Feb	4.7	356.451	-0.8	-9.0	7.2	109.3862	0.3	3.1	3.0	4.43	4.57
	Mar	4.7	357.255	0.2	2.7	7.4	109.9597	0.5	6.5	3.6	4.51	4.72
	Apr	4.7	361.376	1.2	14.8	7.1	110.9443	0.9	11.3	4.5	4.60	4.99
	May	4.7	359.363	-0.6	-6.5	6.9	110.8746	-0.1	-0.8	4.0	4.72	5.11
	Jun	4.6	360.488	0.3	3.8	5.4	111.8594	0.9	11.2	4.3	4.79	5.11
	Jul	4.7	363.633	0.9	11.0	4.5	112.3067	0.4	4.9	4.7	4.95	5.09
	Aug	4.7	364.172	0.1	1.8	6.3	112.5208	0.2	2.3	4.6	4.96	4.88
	Sep	4.5	362.062	-0.6	-6.7	5.4	112.1707	-0.3	-3.7	6.0	4.81	4.72
	Oct	4.4	363.019	0.3	3.2	5.2	111.9994	-0.2	-1.8	4.6	4.92	4.73
	Nov	4.5	363.067	0.0	0.2	4.4	111.5291	-0.4	-4.9	3.0	4.94	4.60
	Dec	4.4	367.929	1.3	17.3	5.8	112.2295	0.6	7.8	2.8	4.85	4.56
2007	Jan	4.6	367.230	-0.2	-2.3	2.2	111.6827	-0.5	-5.7	2.4	4.98	4.76
	Feb	4.5	369.287	0.6	6.9	3.6	112.5319	0.8	9.5	2.9	5.03	4.72
	Mar	4.4	372.851	1.0	12.2	4.4	112.4324	-0.1	-1.1	2.2	4.94	4.56
	Apr	4.5	371.651	-0.3	-3.8	2.8	113.0619	0.6	6.9	1.9	4.87	4.69
	May	4.5	377.689	1.6	21.3	5.1	112.9510	-0.1	-1.2	1.9	4.73	4.75
	Jun	4.6	374.740	-0.8	-9.0	4.0	113.5026	0.5	6.0	1.5	4.61	5.10
	Jul	4.7	376.906	0.6	7.2	3.7	114.2392	0.6	8.1	1.7	4.82	5.00
	Aug	4.7	377.173	0.1	0.9	3.6	114.1040	-0.1	-1.4	1.4	4.20	4.67
	Sep	4.7	380.231	0.8	10.2	5.0	114.2072	0.1	1.1	1.8	3.89	4.52
	Oct	4.8	380.349	0.0	0.4	4.8	113.6710	-0.5	-5.5	1.5	3.90	4.53
	Nov	4.7	384.342	1.0	13.4	5.9	114.0178	0.3	3.7	2.2	3.27	4.15
	Dec	5.0	382.928	-0.4	-4.3	4.1	113.9673	-0.0	-0.5	1.5	3.00	4.10
2008	Jan	4.9									2.75	3.74

		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
2003		183.967			2.3		193.225			1.5		143.3			3.2
2004		188.900			2.7		196.625			1.8		148.5			3.6
2005		195.258			3.4		200.892			2.2		155.7			4.9
2006		201.583			3.2		205.925			2.5		160.3			2.9
2007		207.338			2.9		210.731			2.3		166.6			3.9
2005	1	192.133	0.5	2.1	3.0	2.1	199.500	0.6	2.6	2.3	2.6	152.7	0.8	3.2	4.7
	2	193.967	1.0	3.9	2.9	3.0	200.433	0.5	1.9	2.2	2.2	154.0	0.9	3.5	4.1
	3	196.633	1.4	5.6	3.8	3.9	201.167	0.4	1.5	2.1	2.0	156.8	1.8	7.3	5.6
	4	198.300	0.8	3.4	3.7	3.7	202.467	0.6	2.6	2.1	2.1	159.4	1.7	7.0	5.2
2006	1	199.233	0.5	1.9	3.7	1.9	203.667	0.6	2.4	2.1	2.4	159.4	-0.0	-0.1	4.4
	2	201.700	1.2	5.0	4.0	3.5	205.333	0.8	3.3	2.4	2.9	160.9	0.9	3.7	4.4
	3	203.233	0.8	3.1	3.4	3.3	206.867	0.7	3.0	2.8	2.9	161.1	0.2	0.7	2.8
	4	202.167	-0.5	-2.1	1.9	1.9	207.833	0.5	1.9	2.7	2.7	159.9	-0.8	-3.1	0.3
2007	1	204.068	0.9	3.8	2.4	3.8	209.010	0.6	2.3	2.6	2.3	162.5	1.6	6.7	1.9
	2	207.057	1.5	6.0	2.7	4.9	210.006	0.5	1.9	2.3	2.1	166.4	2.4	10.0	3.4
	3	208.019	0.5	1.9	2.4	3.9	211.299	0.6	2.5	2.1	2.2	166.9	0.3	1.2	3.6
	4	210.209	1.1	4.3	4.0	4.0	212.610	0.6	2.5	2.3	2.3	170.8	2.4	9.8	6.8
2005	Dec	197.800	-0.1	-0.6	3.4	3.4	202.900	0.2	2.4	2.2	2.2	159.8	0.7	8.6	5.5
2006	Jan	199.000	0.6	7.5	4.0	7.5	203.200	0.1	1.8	2.1	1.8	160.3	0.3	3.8	5.6
	Feb	199.100	0.1	0.6	3.6	4.0	203.600	0.2	2.4	2.1	2.1	158.6	-1.1	-12.0	3.9
	Mar	199.600	0.3	3.1	3.4	3.7	204.200	0.3	3.6	2.1	2.6	159.3	0.4	5.4	3.6
	Apr	200.800	0.6	7.5	3.6	4.6	204.800	0.3	3.6	2.3	2.8	160.4	0.7	8.6	4.0
	May	201.900	0.5	6.8	4.1	5.0	205.300	0.2	3.0	2.4	2.9	160.7	0.2	2.3	4.4
	Jun	202.400	0.2	3.0	4.3	4.7	205.900	0.3	3.6	2.6	3.0	161.5	0.5	6.1	4.9
	Jul	203.200	0.4	4.8	4.2	4.7	206.400	0.2	3.0	2.7	3.0	161.3	-0.1	-1.5	3.9
	Aug	203.800	0.3	3.6	3.9	4.6	206.900	0.2	2.9	2.8	3.0	161.9	0.4	4.6	3.7
	Sep	202.700	-0.5	-6.3	2.1	3.3	207.300	0.2	2.3	2.9	2.9	160.2	-1.1	-11.9	0.8
	Oct	201.800	-0.4	-5.2	1.3	2.4	207.600	0.1	1.8	2.8	2.8	157.8	-1.5	-16.6	-1.3
	Nov	201.900	0.0	0.6	2.0	2.3	207.800	0.1	1.2	2.6	2.6	160.3	1.6	20.8	1.0
	Dec	202.800	0.4	5.5	2.5	2.5	208.100	0.1	1.7	2.6	2.6	161.5	0.7	9.4	1.1
2007	Jan	203.153	0.2	2.1	2.1	2.1	208.632	0.3	3.1	2.7	3.1	160.6	-0.6	-6.5	0.2
	Feb	203.906	0.4	4.5	2.4	3.3	209.135	0.2	2.9	2.7	3.0	162.6	1.2	16.0	2.5
	Mar	205.146	0.6	7.5	2.8	4.7	209.263	0.1	0.7	2.5	2.3	164.2	1.0	12.5	3.1
	Apr	205.999	0.4	5.1	2.6	4.8	209.634	0.2	2.1	2.4	2.2	165.6	0.9	10.7	3.2
	May	207.387	0.7	8.4	2.7	5.5	209.948	0.1	1.8	2.3	2.1	166.7	0.7	8.3	3.7
	Jun	207.784	0.2	2.3	2.7	5.0	210.436	0.2	2.8	2.2	2.3	166.8	0.1	0.7	3.3
	Jul	208.028	0.1	1.4	2.4	4.5	210.933	0.2	2.9	2.2	2.3	167.9	0.7	8.2	4.1
	Aug	207.738	-0.1	-1.7	1.9	3.7	211.250	0.2	1.8	2.1	2.3	165.5	-1.4	-15.9	2.2
	Sep	208.292	0.3	3.2	2.8	3.6	211.714	0.2	2.7	2.1	2.3	167.2	1.0	13.0	4.4
	Oct	208.903	0.3	3.6	3.5	3.6	212.050	0.2	1.9	2.1	2.3	167.3	0.1	0.7	6.0
	Nov	210.565	0.8	10.0	4.3	4.2	212.633	0.3	3.3	2.3	2.4	172.6	3.2	45.4	7.7
	Dec	211.160	0.3	3.4	4.1	4.1	213.148	0.2	2.9	2.4	2.4	172.5	-0.1	-0.7	6.8

## 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 2000 dollars. The **ISM** (formerly 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. All rates used in the yield curves are adjusted to constant maturity. The 30-year constant maturity series was discontinued by the Treasury Department as of Feb. 18, 2002. **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) spot and futures **prices** are listed in the *Wall Street Journal*. Spot prices are monthly averages of daily prices; futures prices are usually taken from the last trading day of the month. **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: Effective with the January 2008 **Employment Situation**, the establishment survey data for employment, hours, and earnings have been converted from the 2002 NAICS system to the 2007 NAICS system. For more information see <http://www.bls.gov/ces/>. **Nonfarm Payroll Employment** is counted in a survey of about 400,000 establishments (Current Employment Statistics). 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 60,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. The 90 percent confidence intervals for the unemployment rate ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 430,000$ ) measure uncertainty due to sample size. Because the household survey was changed in January 1994, data prior to this date are not strictly comparable. The Bureau of Labor Statistics announced several revisions to the Household Survey on Feb. 7, 2003, with the release of the January 2003 data. For more information, see [www.bls.gov/cps/](http://www.bls.gov/cps/). The **Job Openings rate** is the number of job openings on the last business day of the month as a percent of total employment plus job openings.

Page 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.

Page 15: **Gross Private Saving** is the sum of personal saving, undistributed corporate profits with IVA and CCAj (see notes for pp. 18-19), and private wage accruals less disbursements. **Gross Government Saving** is net government saving (surplus/deficit) plus consumption of fixed capital. **Balance on Current Account (NIPA)** is net capital transfer payments to the rest of the world plus net lending or net borrowing (international trade and income flows).

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  $\%( )$  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 77 percent of the value of GDP in 2000, 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 (CCAj)** 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.

*Organization for Economic Cooperation and Development (OECD)*

GDP for major trading partners (not available on FRED).