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Recorded message: 606-5306

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**GROSS DOMESTIC PRODUCT: THIRD QUARTER 2002 (FINAL)
CORPORATE PROFITS: THIRD QUARTER 2002 (REVISED)**

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 4.0 percent in the third quarter of 2002, according to revised estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 1.3 percent.

The GDP estimates released today are based on more complete source data than were available for the preliminary estimates issued last month. In the preliminary estimates, the increase in real GDP was also 4.0 percent (see "Revisions" on page 3).

The major contributors to the increase in real GDP in the third quarter were personal consumption expenditures (PCE), private inventory investment, government spending, equipment and software, and exports. The contributions of these components were partly offset by a negative contribution from nonresidential structures. Imports, which are a subtraction in the calculation of GDP, increased.

The acceleration in real GDP in the third quarter reflected an acceleration in PCE, an upturn in state and local government spending, and an acceleration in equipment and software that were partly offset by decelerations in exports, in private inventory investment, and in federal government spending. There was a sharp deceleration in imports in the third quarter.

NOTE.--Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and annualized. "Real" estimates are in chained (1996) dollars. Price indexes are chain-type measures.

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The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.2 percent in the third quarter, the same as in the preliminary estimate; this index increased 2.3 percent in the second quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.2 percent in the third quarter, compared with an increase of 1.5 percent in the second.

Real personal consumption expenditures increased 4.2 percent in the third quarter, compared with an increase of 1.8 percent in the second. Real nonresidential fixed investment decreased 0.8 percent, compared with a decrease of 2.4 percent. Nonresidential structures decreased 21.4 percent, compared with a decrease of 17.6 percent. Equipment and software increased 6.7 percent, compared with an increase of 3.3 percent. Real residential fixed investment increased 1.1 percent, compared with an increase of 2.7 percent.

Real exports of goods and services increased 4.6 percent in the third quarter, compared with an increase of 14.3 percent in the second. Real imports of goods and services increased 3.3 percent, compared with an increase of 22.2 percent.

Real federal government consumption expenditures and gross investment increased 4.3 percent in the third quarter, compared with an increase of 7.5 percent in the second. National defense increased 6.9 percent, compared with an increase of 7.8 percent. Nondefense decreased 0.3 percent, in contrast to an increase of 6.9 percent. Real state and local government consumption expenditures and gross investment increased 2.2 percent, in contrast to a decrease of 1.7 percent.

The real change in private inventories added 0.58 percentage point to the third-quarter change in real GDP, after adding 1.31 percentage points to the second-quarter change. Private businesses increased inventories \$18.8 billion in the third quarter, following an increase of \$4.9 billion in the second quarter and a decrease of \$28.9 billion in the first.

Real final sales of domestic product -- GDP less change in private inventories -- increased 3.4 percent in the third quarter, in contrast to a decrease of 0.1 percent in the second.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 3.9 percent in the third quarter, compared with an increase of 2.6 percent in the second.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 4.4 percent in the third quarter, compared with an increase of 0.4 percent in the second. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$8.2 billion in the third quarter after decreasing \$20.0 billion in the second; in the third quarter, receipts increased \$9.5 billion, and payments increased \$1.3 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 5.1 percent, or \$129.3 billion, in the third quarter to a level of \$10,506.2 billion. In the second quarter, current-dollar GDP increased 2.5 percent, or \$63.8 billion.

Revisions

The final estimate of the third-quarter increase in real GDP is the same as the preliminary estimate. However, there were several offsetting revisions to major components of GDP: upward revisions to change in private inventories and to exports were offset by an upward revision to imports.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	3.1	4.0	4.0
Current-dollar GDP.....	4.3	5.0	5.1
Gross domestic purchases price index....	1.4	1.2	1.2

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) decreased \$14.0 billion in the third quarter, according to revised estimates. In the second quarter, profits decreased \$12.6 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$12.0 billion in the third quarter, compared with a decrease of \$12.6 billion in the second.

Domestic profits of financial corporations decreased \$3.4 billion in the third quarter, compared with a decrease of \$2.5 billion in the second.

Domestic profits of nonfinancial corporations decreased \$11.7 billion in the third quarter, in contrast to an increase of \$6.9 billion in the second. In the third quarter, real gross corporate product increased, and profits per unit of real product decreased. The decrease in unit profits reflected a decrease in the prices corporations received and increases in both the unit labor and nonlabor costs incurred by corporations.

The rest-of-the-world component of profits increased \$1.0 billion in the third quarter, in contrast to a decrease of \$16.9 billion in the second. This measure is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. The third-quarter increase was accounted for by a larger increase in receipts than in payments.

The revised estimate of third-quarter corporate profits from current production is \$0.1 billion higher than the preliminary estimate issued last month. The foreign component of profits (rest-of-the-world profits) was revised up \$0.2 billion. Domestic profits of financial corporations were revised up \$3.8 billion, and domestic profits of nonfinancial corporations were revised down \$3.9 billion.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. This measure reflects the depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial corporations decreased, and domestic profits of nonfinancial corporations increased. The increase in the profits of nonfinancial corporations was largely in durable and nondurable manufacturing and in "other" nonfinancial. Profits decreased in the transportation and utilities group, in retail trade, and in wholesale trade.

Profits before tax increased \$10.6 billion in the third quarter, compared with an increase of \$18.5 billion in the second. The before-tax measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments. These adjustments convert depreciation of fixed assets and inventory withdrawals reported on a tax-return, historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$15.2 billion in the third quarter (from \$132.8 billion to \$117.6 billion), compared with a decrease of \$23.5 billion in the second. The inventory valuation adjustment decreased \$9.4 billion (from -\$5.7 billion to -\$15.1 billion), compared with a decrease of \$7.6 billion.

Profits tax liability increased \$1.0 billion in the third quarter, compared with an increase of \$11.3 billion in the second. Profits after tax increased \$9.5 billion, compared with an increase of \$7.3 billion. Dividends increased \$6.9 billion, compared with an increase of \$6.6 billion; undistributed profits increased \$2.6 billion, compared with an increase of \$0.7 billion.

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Next release -- January 30, 2003, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 2002 (Advance)

Release dates in 2003

Gross domestic product

	<u>2002: IV and 2002 annual</u>	<u>2003:I</u>	<u>2003:II</u>	<u>2003:III</u>
Advance.....	January 30	April 25	July 31	October 30
Preliminary..	February 28	May 29	August 28	November 25
Final.....	March 27	June 26	September 26	December 23

Corporate Profits

Preliminary..	....	May 29	August 28	November 25
Final.....	March 27	June 26	September 26	December 23

Table 5.—Quantity and Price Indexes for Gross Domestic Product

[Index numbers, 1996=100]

	1999	2000	2001	Seasonally adjusted				
				2001		2002		
				III	IV	I	II	III ^r
Gross domestic product:								
Chain-type quantity index	113.39	117.64	117.94	117.58	118.37	119.84	120.21	121.41
Chain-type price index	104.69	106.89	109.42	109.92	109.78	110.14	110.48	110.76
Implicit price deflator	104.69	106.89	109.42	109.92	109.78	110.14	110.48	110.76
Personal consumption expenditures:								
Chain-type quantity index	113.88	118.83	121.76	121.64	123.42	124.37	124.92	126.20
Chain-type price index	104.73	107.39	109.56	109.62	109.84	110.14	110.89	111.36
Durable goods:								
Chain-type quantity index	131.80	142.58	151.16	149.66	160.91	158.30	159.08	167.47
Chain-type price index	93.03	91.46	89.70	89.29	88.95	88.00	87.36	86.94
Nondurable goods:								
Chain-type quantity index	112.14	116.50	118.79	118.69	119.76	122.07	122.03	122.35
Chain-type price index	103.69	107.59	109.17	109.42	108.45	108.52	109.75	109.92
Services:								
Chain-type quantity index	111.43	115.67	117.98	118.07	118.69	119.54	120.32	121.01
Chain-type price index	107.81	110.85	114.32	114.40	115.39	116.15	117.00	117.88
Private fixed investment:								
Chain-type quantity index	131.54	139.52	134.20	133.23	130.16	129.99	129.68	129.60
Chain-type price index	98.87	100.00	101.16	101.22	101.19	100.82	100.76	100.52
Nonresidential:								
Chain-type quantity index	136.57	147.23	139.55	138.06	134.13	132.13	131.32	131.05
Chain-type price index	95.53	95.59	95.73	95.69	95.31	94.82	94.48	94.17
Residential:								
Chain-type quantity index	117.58	118.88	119.22	119.50	118.44	122.44	123.25	123.59
Chain-type price index	109.59	114.40	119.09	119.50	120.60	120.61	121.40	121.38
Exports of goods and services:								
Chain-type quantity index	118.55	130.09	123.10	119.89	116.89	117.89	121.89	123.28
Chain-type price index	95.47	96.83	96.10	96.00	95.06	94.88	95.58	96.41
Imports of goods and services:								
Chain-type quantity index	140.88	159.48	154.91	152.32	150.26	153.37	161.24	162.56
Chain-type price index	91.34	95.49	92.70	89.93	90.97	90.61	93.03	94.05
Government consumption expenditures and gross investment:								
Chain-type quantity index	108.34	111.29	115.36	114.87	117.76	119.37	119.79	120.65
Chain-type price index	106.52	110.65	113.27	113.37	113.27	114.27	115.06	115.47
Federal:								
Chain-type quantity index	101.16	102.42	107.33	107.01	110.46	112.46	114.50	115.71
Chain-type price index	105.08	108.23	110.09	110.30	110.18	112.42	113.07	113.44
State and local:								
Chain-type quantity index	112.59	116.52	120.11	119.51	122.09	123.47	122.95	123.62
Chain-type price index	107.33	111.98	115.01	115.06	114.97	115.29	116.17	116.60
Addenda:								
Final sales of domestic product:								
Chain-type quantity index	112.99	117.19	118.95	118.60	119.81	120.51	120.49	121.51
Chain-type price index	104.79	107.02	109.55	110.05	109.91	110.28	110.62	110.91
Implicit price deflator	104.79	107.02	109.55	110.05	109.91	110.27	110.62	110.91
Gross domestic purchases:								
Chain-type quantity index	115.92	121.00	121.50	121.18	122.06	123.74	124.53	125.72
Chain-type price index	103.97	106.58	108.65	108.72	108.84	109.15	109.77	110.11
Implicit price deflator	103.97	106.58	108.65	108.72	108.83	109.15	109.77	110.11
Final sales to domestic purchasers:								
Chain-type quantity index	115.54	120.56	122.52	122.21	123.50	124.42	124.82	125.84
Chain-type price index	104.06	106.70	108.78	108.84	108.97	109.28	109.90	110.25
Implicit price deflator	104.06	106.70	108.78	108.84	108.97	109.28	109.90	110.25
Gross national product:								
Chain-type quantity index	113.44	117.69	117.96	117.48	118.54	119.62	119.73	121.03
Chain-type price index	104.65	106.86	109.39	109.89	109.75	110.11	110.45	110.73
Implicit price deflator	104.65	106.86	109.38	109.89	109.74	110.11	110.45	110.73

r Revised.

See "Explanatory Note" at the end of the tables.

Table 8.—Relation of Gross Domestic Product, Gross National Product, and National Income

[Billions of dollars]

	1999	2000	2001	Seasonally adjusted at annual rates				
				2001		2002		
				III	IV	I	II ^r	III ^r
Gross domestic product	9,274.3	9,824.6	10,082.2	10,097.7	10,152.9	10,313.1	10,376.9	10,506.2
Plus: Income receipts from the rest of the world	316.9	383.4	316.9	302.0	269.0	264.7	276.0	287.3
Less: Income payments to the rest of the world	294.1	360.0	295.0	290.5	233.7	262.8	296.1	298.2
Equals: Gross national product	9,297.1	9,848.0	10,104.1	10,109.3	10,188.1	10,314.9	10,356.8	10,495.3
Less: Consumption of fixed capital	1,145.2	1,228.9	1,329.3	1,381.8	1,338.6	1,363.5	1,389.8	1,405.3
Less: Indirect business tax and nontax liability	712.9	753.6	774.8	772.7	779.9	786.2	795.1	806.9
Less: Business transfer payments	41.5	43.7	42.5	42.6	42.8	43.8	43.9	44.4
Less: Statistical discrepancy	-38.8	-128.5	-117.3	-117.8	-132.6	-110.0	-165.0	-120.3
Plus: Subsidies less current surplus of government enterprises	32.5	34.1	47.3	59.1	37.5	37.0	35.1	29.1
Equals: National income	7,468.7	7,984.4	8,122.0	8,089.1	8,196.8	8,268.5	8,328.0	8,388.1
Compensation of employees	5,308.8	5,723.4	5,874.9	5,880.4	5,860.9	5,908.4	5,963.9	6,026.6
Wage and salary accruals	4,475.6	4,836.3	4,950.6	4,953.7	4,931.4	4,957.8	4,997.3	5,043.6
Supplements to wages and salaries	833.2	887.1	924.3	926.7	929.4	950.7	966.6	982.9
Proprietors' income with inventory valuation and capital consumption adjustments	678.4	714.8	727.9	732.4	731.3	748.4	747.5	758.7
Rental income of persons with capital consumption adjustment	149.1	146.6	137.9	140.8	139.3	141.3	153.5	144.1
Corporate profits with inventory valuation and capital consumption adjustments	805.8	788.1	731.6	687.2	811.4	797.6	785.0	771.0
Net interest	526.6	611.5	649.8	648.3	653.9	672.8	678.1	687.6
Addendum:								
Gross domestic income	9,313.1	9,953.1	10,199.4	10,215.6	10,285.5	10,423.1	10,541.8	10,626.5

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the second quarter of 2002.

Table 9.—Personal Income and Its Disposition

[Billions of dollars]

	1999	2000	2001	Seasonally adjusted at annual rates				
				2001		2002		
				III	IV	I	II ^r	III ^r
Personal income ¹	7,786.5	8,406.6	8,685.3	8,706.2	8,700.9	8,803.4	8,914.0	8,993.3
Wage and salary disbursements	4,470.4	4,836.3	4,950.6	4,953.7	4,931.4	4,957.8	4,997.3	5,043.6
Other labor income	510.2	544.2	570.4	572.4	576.3	590.8	604.1	617.5
Proprietors' income with inventory valuation and capital consumption adjustments	678.4	714.8	727.9	732.4	731.3	748.4	747.5	758.7
Farm	27.7	22.6	19.0	19.3	19.2	21.7	7.5	10.7
Nonfarm	650.7	692.2	708.8	713.1	712.1	726.7	740.0	748.0
Rental income of persons with capital consumption adjustment	149.1	146.6	137.9	140.8	139.3	141.3	153.5	144.1
Personal dividend income	328.0	375.7	409.2	411.0	417.3	423.7	430.3	437.3
Personal interest income	969.2	1,077.0	1,091.3	1,086.4	1,072.9	1,069.9	1,082.3	1,080.7
Transfer payments to persons	1,018.5	1,070.3	1,170.4	1,182.5	1,205.0	1,252.0	1,282.6	1,298.4
Less: Personal contributions for social insurance	337.4	358.4	372.3	373.1	372.7	380.5	383.6	387.0
Less: Personal tax and nontax payments	1,159.1	1,286.4	1,292.1	1,181.9	1,309.7	1,136.8	1,121.8	1,107.3
Equals: Disposable personal income	6,627.4	7,120.2	7,393.2	7,524.2	7,391.2	7,666.7	7,792.2	7,886.0
Less: Personal outlays	6,453.3	6,918.6	7,223.5	7,222.0	7,329.6	7,396.3	7,477.9	7,583.0
Equals: Personal saving	174.0	201.5	169.7	302.2	61.5	270.4	314.3	303.0
Addenda:								
Disposable personal income, billions of chained (1996) dollars ²	6,328.4	6,630.3	6,748.0	6,864.0	6,729.1	6,961.0	7,027.2	7,081.6
Personal saving as a percentage of disposable personal income	2.6	2.8	2.3	4.0	.8	3.5	4.0	3.8

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the second quarter of 2002.

¹ Personal income is also equal to national income less corporate profits with inventory valuation and capital consumption adjustments, net interest, contributions for social insurance, and wage accruals less disbursements, plus personal interest income, personal dividend income, government transfer payments to persons, and business transfer payments to persons.

² Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Table 12.—Gross Domestic Product of Nonfinancial Corporate Business

	1999	2000	2001	Seasonally adjusted at annual rates				
				2001		2002		
				III	IV	I	II ^r	III ^r
				Billions of dollars				
Gross product of nonfinancial corporate business	4,981.0	5,295.0	5,354.2	5,365.7	5,391.6	5,423.8	5,489.0	5,533.0
Consumption of fixed capital	556.2	599.4	652.8	684.9	657.0	670.7	685.1	693.7
Net product	4,424.9	4,695.6	4,701.4	4,680.8	4,734.6	4,753.1	4,803.8	4,839.3
Indirect business tax and nontax liability plus business transfer payments less subsidies	478.4	508.9	523.7	508.0	534.3	539.3	545.6	554.2
Domestic income	3,946.5	4,186.6	4,177.7	4,172.8	4,200.3	4,213.9	4,258.2	4,285.2
Compensation of employees	3,272.0	3,542.1	3,573.5	3,572.5	3,551.8	3,570.1	3,604.4	3,643.2
Wage and salary accruals	2,804.7	3,040.1	3,056.4	3,054.1	3,031.8	3,040.2	3,063.5	3,091.0
Supplements to wages and salaries	467.2	502.0	517.1	518.4	520.0	529.9	540.8	552.2
Corporate profits with inventory valuation and capital consumption adjustments	518.5	461.8	407.4	403.0	449.0	452.4	459.3	447.6
Profits before tax	460.1	437.9	328.8	349.8	234.3	289.2	324.4	336.3
Profits tax liability	166.9	172.4	123.5	129.4	94.0	119.8	130.8	133.4
Profits after tax	293.2	265.5	205.3	220.4	140.3	169.5	193.6	202.9
Dividends	239.2	259.6	278.5	283.8	285.2	293.1	280.2	275.9
Undistributed profits	54.0	5.9	-73.2	-63.4	-144.9	-123.6	-86.6	-73.0
Inventory valuation adjustment	-4.2	-15.0	5.0	8.9	27.2	1.9	-5.7	-15.1
Capital consumption adjustment	62.6	38.8	73.6	44.3	187.4	161.3	140.6	126.4
Net interest	156.1	182.7	196.8	197.3	199.5	191.4	194.6	194.3
	Billions of chained (1996) dollars							
Gross product of nonfinancial corporate business ¹	4,902.1	5,148.3	5,141.8	5,121.3	5,189.3	5,231.3	5,298.7	5,348.0
Consumption of fixed capital ²	574.5	616.7	671.9	702.9	681.0	695.2	715.4	731.6
Net product ³	4,327.6	4,531.5	4,469.9	4,418.4	4,508.4	4,536.0	4,583.3	4,616.6
	Dollars							
Price, costs, and profits per unit of real gross product of nonfinancial corporate business:								
Price per unit of real gross product of nonfinancial corporate business ⁴	1.016	1.029	1.041	1.048	1.039	1.037	1.036	1.035
Compensation of employees (unit labor cost) .....	.667	.688	.695	.698	.684	.682	.680	.681
Unit nonlabor cost .....	.243	.250	.267	.272	.268	.268	.269	.270
Consumption of fixed capital .....	.113	.116	.127	.134	.127	.128	.129	.130
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	.098	.099	.102	.099	.103	.103	.103	.104
Net interest .....	.032	.035	.038	.039	.038	.037	.037	.036
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.106	.090	.079	.079	.087	.086	.087	.084
Profits tax liability .....	.034	.033	.024	.025	.018	.023	.025	.025
Profits after tax with inventory valuation and capital consumption adjustments .....	.072	.056	.055	.053	.068	.064	.062	.059

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the second quarter of 2002.

1. Effective November 26, 2002, the estimates of chained-dollar gross product of nonfinancial corporate business beginning with 1999 have been revised to reflect the 2002 revision to the gross product price indexes for non-financial industries.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

4. The deflator for gross product of nonfinancial corporate business divided by 100.

Appendix Table A.—Real Gross Domestic Product and Related Aggregates and Price Indexes: Percent Change From Preceding Period
[Percent]

	1999	2000	2001	Seasonally adjusted at annual rates																
				1998	1999				2000				2001				2002			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III ^r
GDP and related aggregates:																				
GDP	4.1	3.8	0.3	6.7	3.0	2.0	5.2	7.1	2.6	4.8	0.6	1.1	-0.6	-1.6	-0.3	2.7	5.0	1.3	4.0	
Goods	5.3	4.7	-2.3	13.2	1.4	1.5	8.2	12.0	1.4	6.9	-5	-2.7	-4.4	-5.7	-1.5	4.3	8.3	.4	9.0	
Services	3.3	3.3	2.1	2.5	3.7	2.9	4.3	3.9	2.0	5.0	1.6	3.7	.9	1.2	1.8	3.2	2.8	3.5	2.5	
Structures	3.8	2.7	-1	5.7	5.7	-1.5	-1.9	6.2	10.7	-3.6	-1.2	1.7	6.1	-1.3	-7.1	-5.6	6.1	-8.4	-5.5	
Motor vehicle output	8.7	-2.7	-6.1	77.2	-11.1	-2.0	21.0	2.0	-1.6	-7.9	-16.4	-18.1	-19.1	19.4	10.7	16.3	9.9	8.1	37.1	
GDP less motor vehicle output	3.9	4.0	.5	4.7	3.6	2.1	4.6	7.3	2.7	5.4	1.2	1.8	0	-2.2	-.6	2.3	4.9	1.0	3.0	
Final sales of computers ¹	41.4	29.5	9.1	54.9	36.4	61.8	35.1	-3.9	56.9	45.2	9.6	10.2	30.0	-19.1	-5.3	28.9	-7.8	13.1	78.5	
GDP less final sales of computers	3.8	3.5	.2	6.3	2.8	1.5	4.9	7.2	2.2	4.5	.5	1.0	-8	-1.4	-.2	2.6	5.1	1.2	3.6	
Farm product ²	7.8	11.5	-5.1	5.5	7.3	25.7	-7.3	8.7	35.1	4.7	15.3	-19.1	-10.6	-17.5	-4.3	74.0	-14.2	-26.7	7.9	
Nonfarm business less housing product ³	4.7	4.1	-1	8.4	3.2	1.8	6.0	8.5	2.1	5.6	.3	1.2	-9	-2.8	-.8	3.0	6.3	.9	5.4	
Price indexes:																				
GDP	1.4	2.1	2.4	1.1	1.8	1.5	1.2	1.7	3.1	2.3	1.6	2.1	3.7	2.5	2.2	-.5	1.3	1.2	1.0	
GDP less food and energy	1.5	2.0	2.0	1.1	1.7	1.6	1.3	1.8	2.7	2.1	1.6	1.9	2.8	1.6	2.8	0	1.6	1.5	1.1	
GDP less final sales of computers	1.8	2.3	2.6	1.4	2.2	1.8	1.5	1.9	3.3	2.5	1.8	2.2	4.1	2.7	2.4	-.4	1.5	1.4	1.2	
Gross domestic purchases	1.5	2.5	1.9	1.2	1.4	2.1	1.9	2.2	3.7	2.2	2.2	2.1	3.3	1.7	-.2	.4	1.2	2.3	1.2	
Gross domestic purchases less food and energy	1.3	1.9	1.8	1.2	1.5	1.4	1.2	1.7	2.7	1.9	1.5	1.7	2.9	1.3	.6	2.0	1.4	1.5	1.2	
Gross domestic purchases less final sales of computers	1.9	2.8	2.2	1.6	1.8	2.4	2.2	2.4	3.9	2.4	2.4	2.3	3.8	2.0	.1	.7	1.4	2.4	1.4	
Personal consumption expenditures	1.6	2.5	2.0	1.4	1.2	2.3	2.2	2.4	3.4	2.3	2.1	2.2	3.3	1.8	-.1	.8	1.1	2.7	1.7	
Personal consumption expenditures less food and energy	1.5	1.8	1.8	1.5	1.3	1.4	1.5	1.7	2.2	1.8	1.3	1.8	2.8	1.2	.7	2.7	1.4	1.9	1.8	

^r Revised.

1. For some components of final sales of computers, includes computer parts.

2. Farm output less intermediate goods and services purchased.

3. Consists of GDP less gross product of farm, of housing, of households and institutions, and of general government.

See "Explanatory Note" at the end of the tables.

Explanatory Note: Measures of Output and Prices

This note describes the calculation of chain-type quantity and price indexes used in the NIPA's.

Changes in current-dollar GDP measure changes in the market value of goods, services, and structures produced in the economy in a particular period. These changes can be decomposed into quantity and price components. Quantities, or "real" measures, and prices are expressed as index numbers with the reference year--at present, the year 1996--equal to 100.

The annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent years. (Quarterly changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent quarters; quarterly indexes are adjusted for consistency to the annual indexes before percent changes are calculated.) For example, the 2000-01 annual percent change in real GDP uses prices for 2000 and 2001 as weights, and the 2000-01 annual percent change in GDP prices uses quantities for 2000 and 2001 as weights. These annual changes are "chained" (multiplied) together to form time series of quantity and price indexes. The Fisher formula produces percent changes in quantities and prices that are not affected by the choice of reference years. In addition, because the changes in quantities and prices calculated in this way are symmetric, in general, the product of a quantity index and the corresponding price index equals the current-dollar index. (BEA also publishes a measure of the price level known as the "implicit price deflator (IPD)," which is calculated as the ratio of current-dollar value to the corresponding chained-dollar value, multiplied by 100. The values of the IPD are very close to the values of the corresponding "chain-type" price index for all periods.)

Chain-type quantity and price indexes for GDP and its major components are presented in this release as index numbers in table 5 and in the form of percentage changes from the preceding period in tables 1, 4, 6 and from the quarter one year ago in table 7. Contributions by major components to changes in real GDP are presented in table 2. BEA also prepares measures of real GDP and its components in a dollar-denominated form, designated "chained (1996) dollar estimates." For GDP and most other series, these estimates, which are presented in table 3, are computed by multiplying the 1996 current-dollar value by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 1996 and if real output for this component increased 10 percent in 1997, then the chained (1996) dollar value of this component in 1997 would be \$110 ($\100×1.10).

For analyses of changes over time in an aggregate or in a component, the percentage changes calculated from the chained-dollar estimates and from the chain-type quantity indexes are the same; any differences will be small and due to rounding. However, because the relative prices used as weights for any period other than the reference year differ from those used for the reference year, the chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP or to any intermediate aggregate. A measure of the extent of such differences is provided by a "residual" line, which indicates the difference between GDP (or another major aggregate) and the sum of the most detailed components in the table. For periods close to the reference year, when there usually has not been much change in the relative prices that are used as weights for the chain-type index, the residuals tend to be small, and the chained (1996) dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. As one moves further from the reference year, the residual tends to become larger, and the chained-dollar estimates become less useful for analyses of contributions to growth. Thus, the contributions to percent change shown in table 2 provide a better measure of the composition of GDP growth. In particular, for components for which relative prices are changing rapidly, calculation of contributions using chained-dollar estimates may be misleading even just a few years from the reference year.

References: "A Preview of the 1999 Comprehensive Revision of the NIPA's: Statistical Changes," October 1999 Survey, pp. 6-17; "A Guide to the NIPA's," March 1998 Survey, pp. 36-40; "BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," May 1997 Survey, pp. 58-68.