



National Economic Trends



An Overstated Headline

One economic statistic that makes headlines every month is the trade deficit—the excess of imports over exports (see page 19). As with any other economic statistic, the end product contains errors if the raw data are error-prone. Sometimes the errors tend to offset one another, and sometimes they clearly do not. Merchandise (goods) exports—and therefore the merchandise trade deficit—fall into the latter category.

The Census Bureau, the agency responsible for the trade data, believes that overall merchandise exports are understated for three reasons, with corresponding overstatement of the trade deficit. First, although Census bases merchandise trade figures largely on the paperwork that importers and exporters must file with the U.S. Customs Service, exporters are not required to file paperwork for shipments valued at less than \$2,500. Instead, Census relies on a survey to estimate the fraction of total trade that ends up in these small shipments. This methodology would work reasonably well, except that the most recent survey was conducted almost ten years ago. Changes in the pattern of trade have increased the frequency of small shipments relative to large ones, but the magnitude of this shift is unknown. In particular, the boom in inexpensive air cargo services has made “just-in-time” deliveries of small shipments possible and encouraged smaller firms to enter export markets.

Second, since taxes or tariffs typically do not apply to exports, enforcement of the reporting requirements has been less rigorous than for imports. The incentive this produces is clear: Exporters, particularly those for whom paperwork is more of a burden, will be more likely than importers to ignore the reporting requirements.

Third, our exports are another country’s imports, so U.S. exporters have a direct incentive to undervalue their shipments to circumvent the other country’s tariffs or quotas, especially if the other country’s tariffs are high or enforcement is lax.

Based on fragmentary evidence, Census believes that merchandise exports are probably understated by 3 to 7 percent, but possibly by as much as 10 percent. (The sources of data for services trade are separate surveys, so these particular measurement problems do not arise in estimating service exports.) Since there is no evidence of similar errors in import data, the merchandise trade deficit is more dramatically overstated—possibly by as much as 34 percent in 1997, according to Census.

The effect of export understatement on the merchandise trade deficit is not constant, of course; even if exports were understated by exactly 5 percent in every quarter, a change in either exports or imports would change the fraction of the reported trade deficit due to error. For example, if the *reported* trade deficit equaled 5 percent of exports, the deficit would be entirely due to export understatement.

Applying the principle that import reporting is more consistent, the Census Bureau has already taken a big step toward reducing export understatement. Since January 1990, exports to Canada, our largest trading partner (see page 18), have been based on Canada’s import data. (Canadian exports are now based on U.S. import data.) Before this change, the understatement of exports was worse: It was estimated that our exports to Canada were understated by as much as 20 percent.

In principle, the strategy followed for United States-Canada trade could be applied to exports to other countries, but it requires detailed harmonization of reporting requirements, and therefore is not practical in the short run. Instead, Census and Customs are concentrating on encouraging electronic reporting and improving compliance with export reporting requirements.

—Joseph A. Ritter

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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 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:

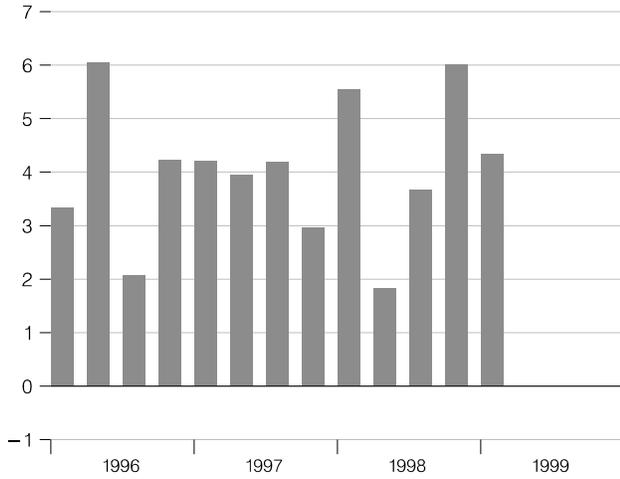
$$100 \times \left[\left(\frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

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

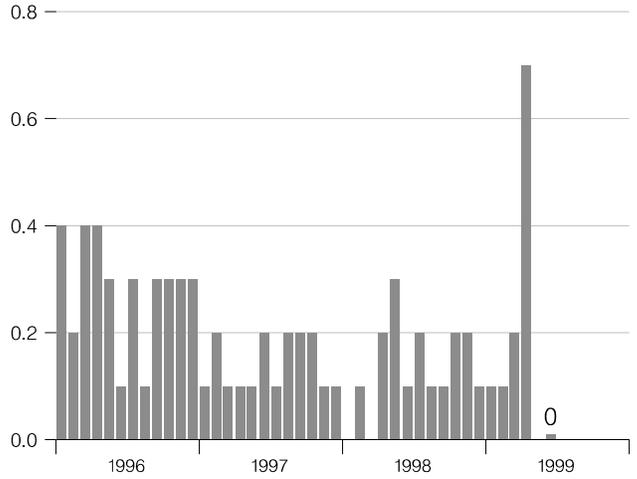
Real GDP Growth

Percent change at annual rate



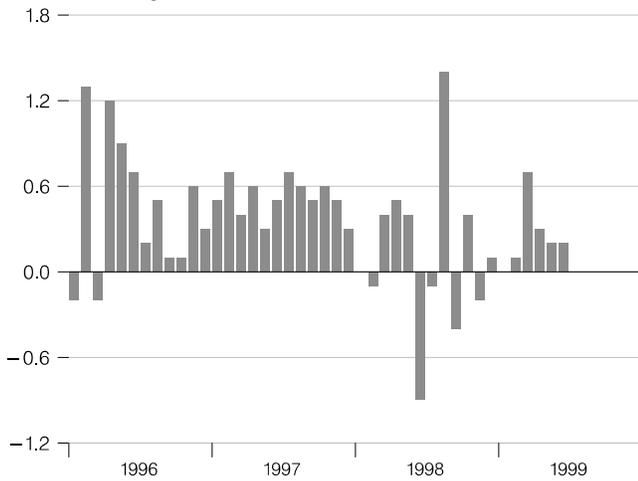
Consumer Price Index

Percent change



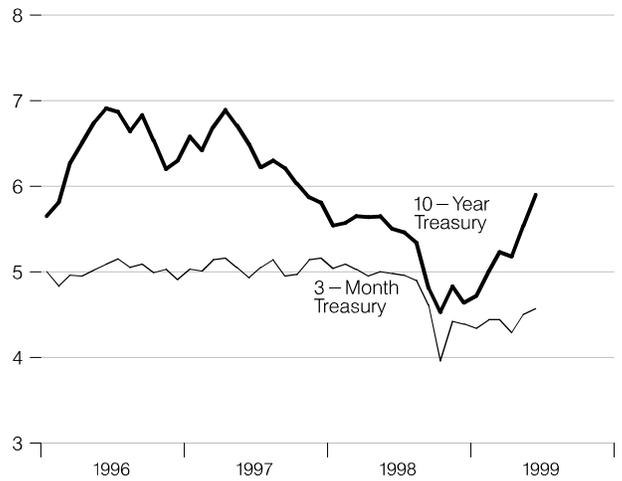
Industrial Production

Percent change



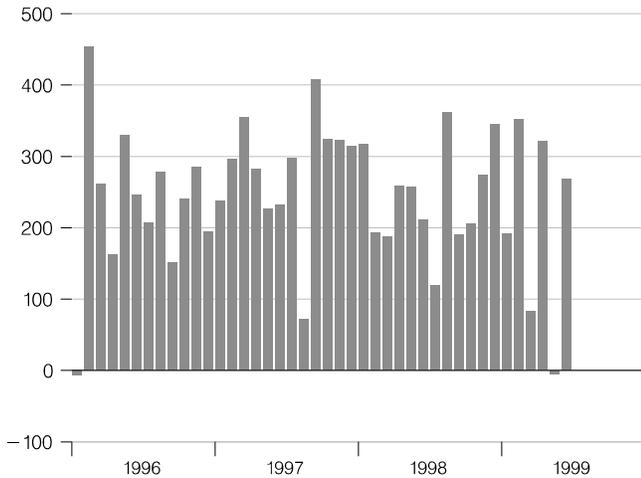
Interest Rates

Percent



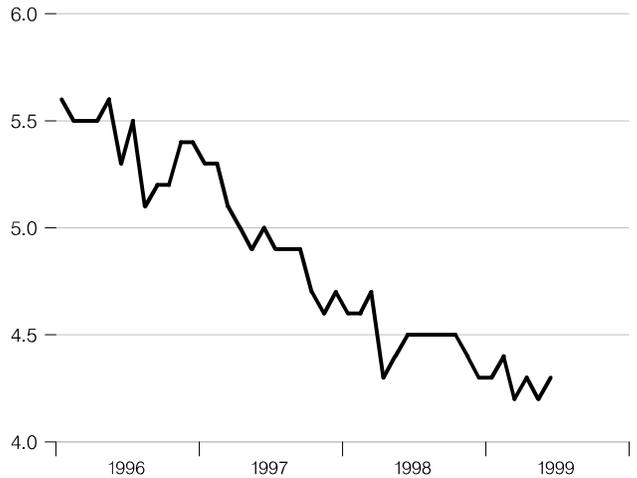
Change in Nonfarm Payrolls

Thousands



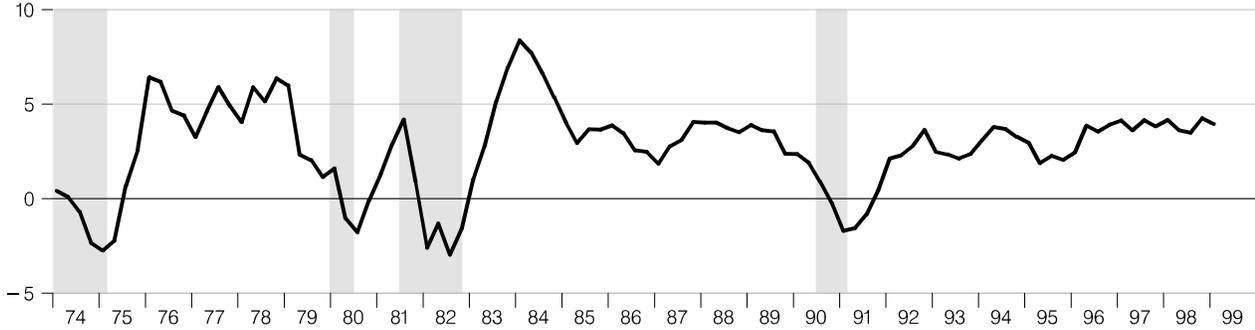
Unemployment Rate

Percent of labor force



Real Gross Domestic Product

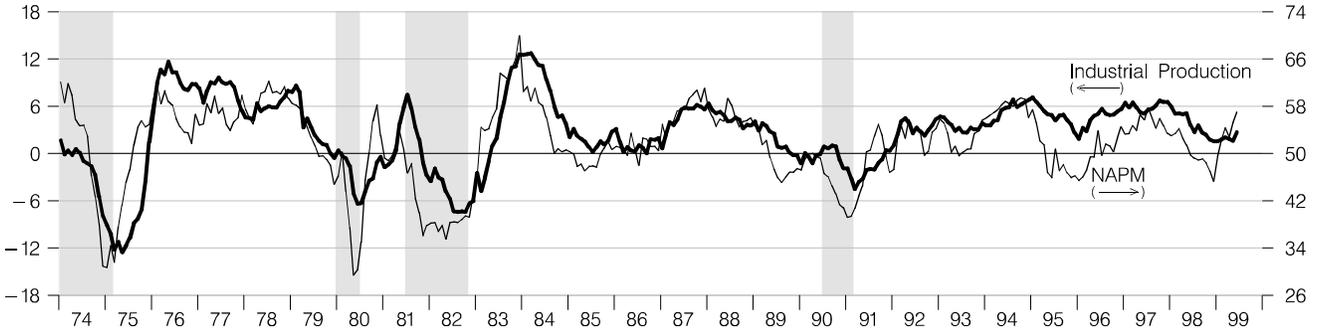
Percent change from year ago



Industrial Production and Purchasing Managers' (NAPM) Indexes

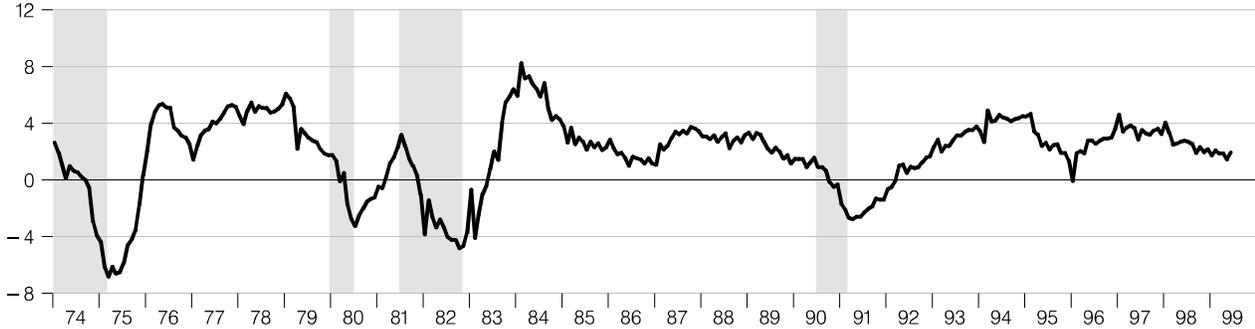
Percent change from year ago

Index
74



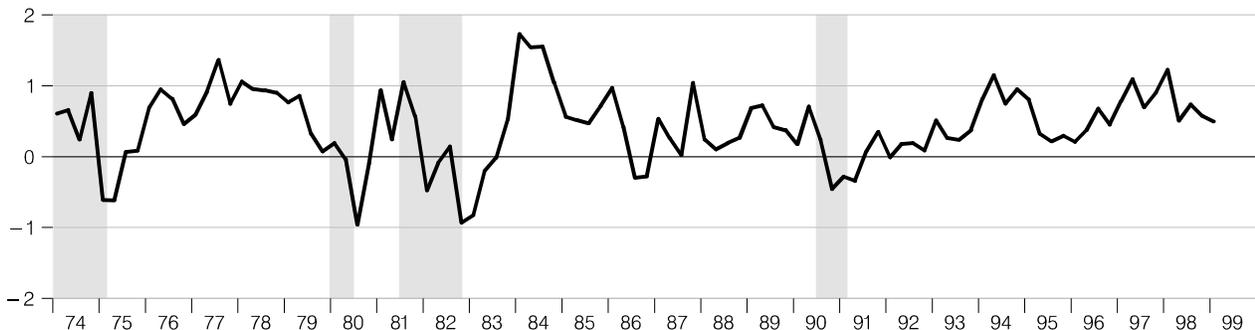
Aggregate Private Nonfarm Hours

Percent change from year ago

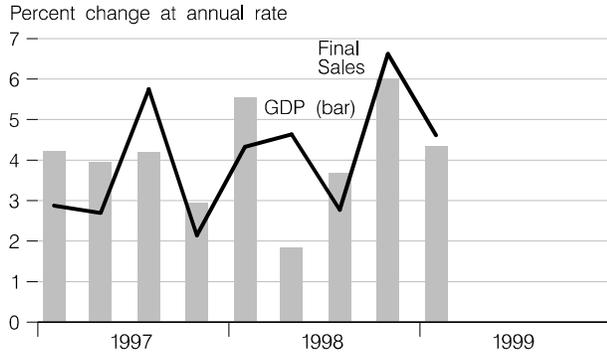


Real Change in Business Inventories

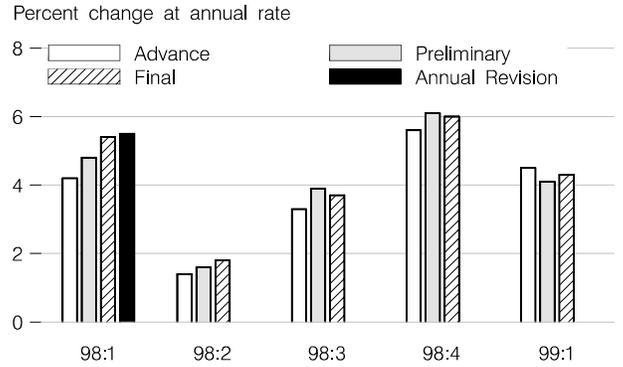
Percent of GDP



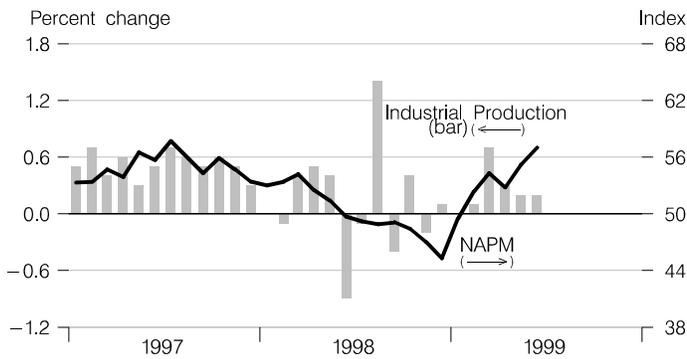
Real Final Sales and GDP



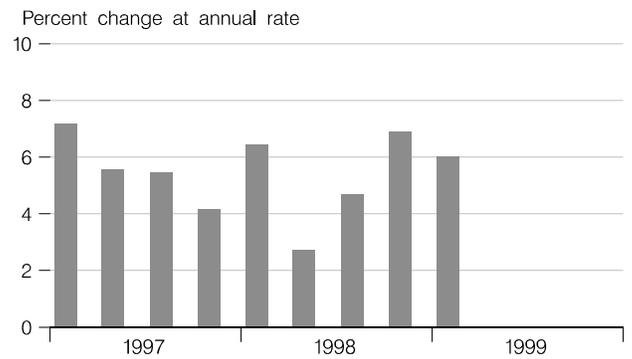
Real GDP Revisions



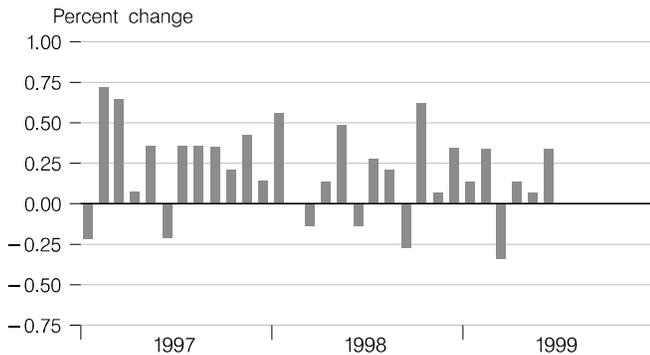
Industrial Production and NAPM Index



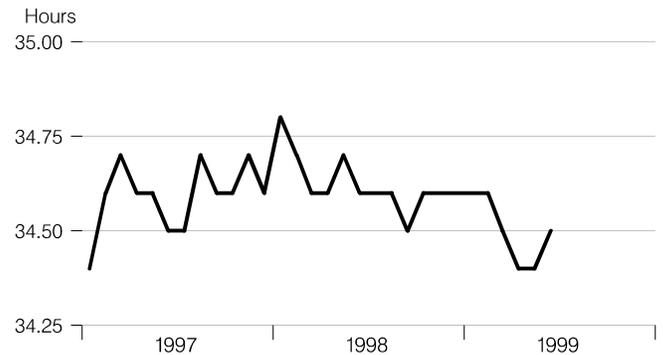
Nominal Gross Domestic Product



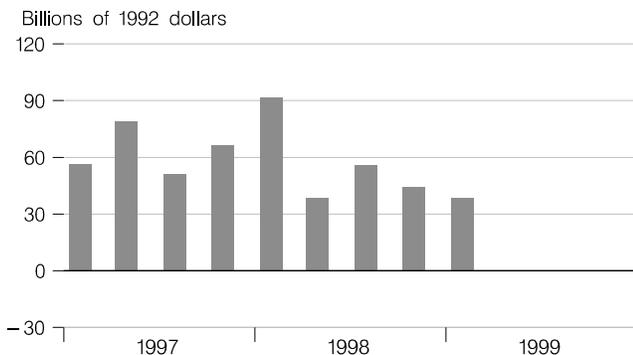
Aggregate Private Nonfarm Hours



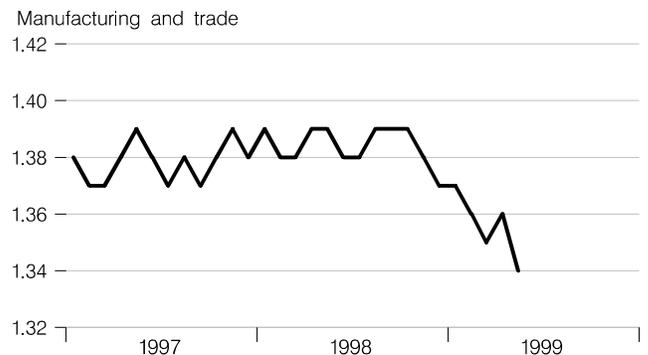
Average Weekly Private Nonfarm Hours



Real Change in Business Inventories

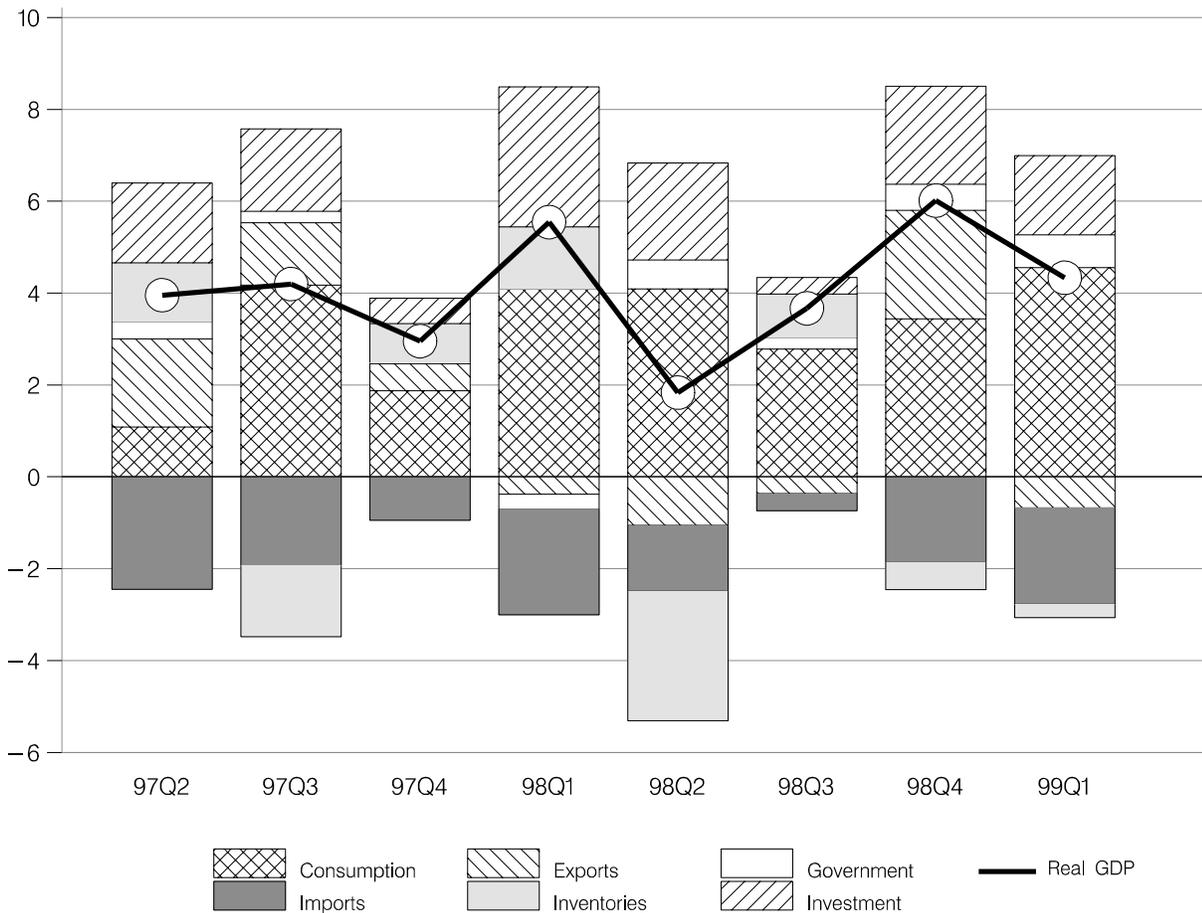


Inventory-Sales Ratio



Contribution of Components to Real GDP Growth

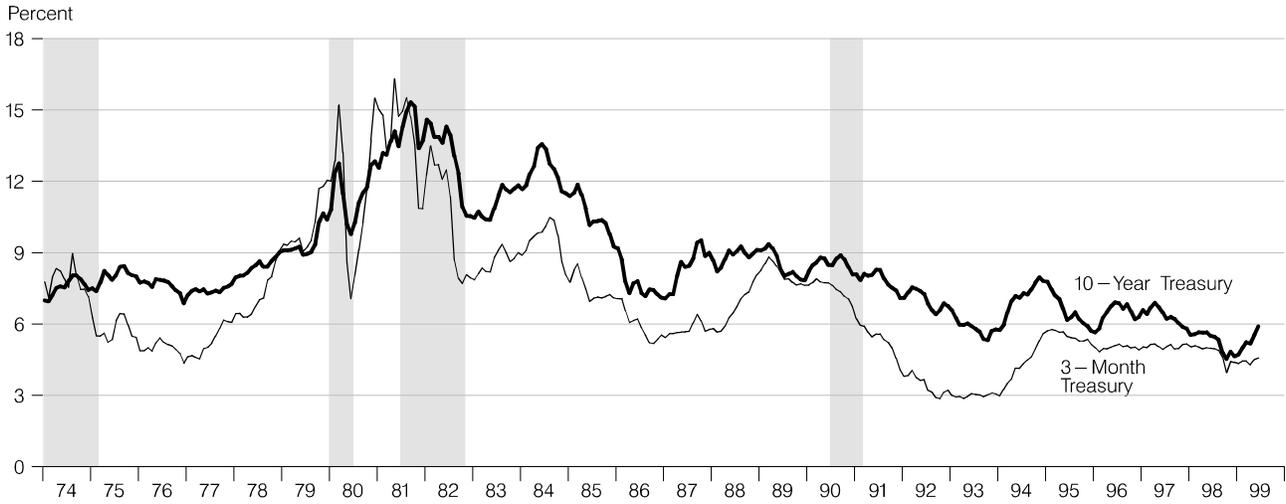
Percent change at annual rate



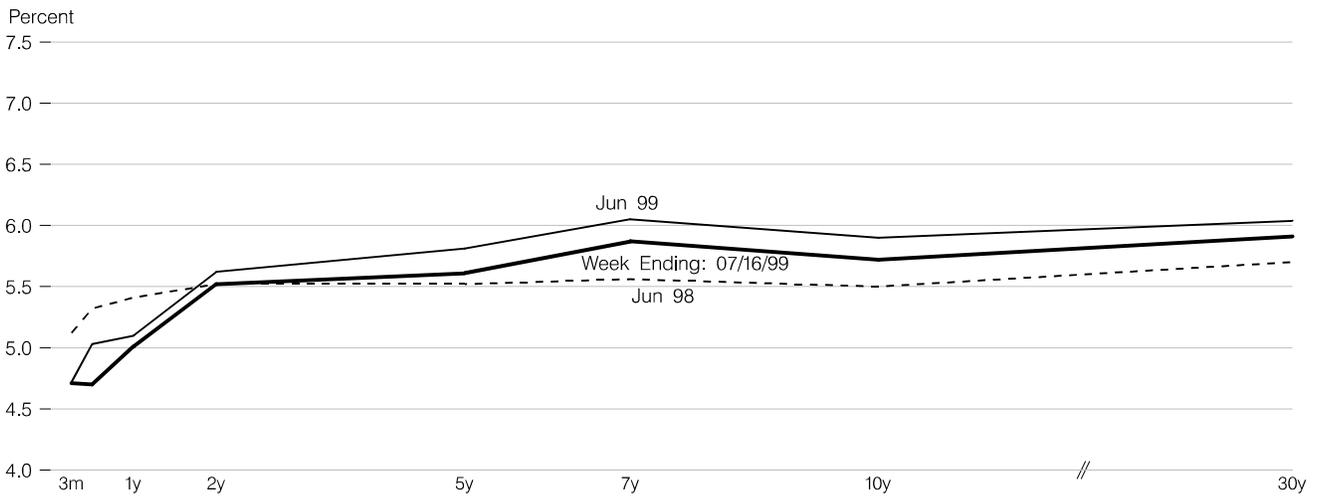
Contributions to Real GDP Growth Rate

	1997			1998				1999
	2nd	3rd	4th	1st	2nd	3rd	4th	1st
Real GDP	3.95	4.20	2.95	5.55	1.83	3.67	6.01	4.33
Final Sales	2.68	5.69	2.13	4.28	4.58	2.76	6.57	4.58
Change in Inventory	1.28	-1.54	0.85	1.36	-2.82	0.94	-0.60	-0.29
Consumption	1.08	4.17	1.87	4.08	4.09	2.78	3.44	4.55
Fixed Investment	1.74	1.80	0.56	3.05	2.12	0.36	2.14	1.73
Nonresidential	1.53	1.89	0.22	2.50	1.54	-0.09	1.77	1.06
Residential	0.23	-0.02	0.31	0.58	0.57	0.39	0.40	0.62
Government	0.38	0.25	0.02	-0.33	0.63	0.26	0.57	0.71
Federal	0.23	-0.08	-0.13	-0.56	0.43	-0.08	0.43	-0.12
State and Local	0.15	0.33	0.15	0.23	0.20	0.35	0.14	0.83
Net Exports	-0.56	-0.60	-0.36	-2.66	-2.48	-0.74	0.48	-2.76
Exports	1.92	1.36	0.59	-0.38	-1.05	-0.36	2.36	-0.68
Imports	-2.45	-1.94	-0.94	-2.29	-1.43	-0.37	-1.85	-2.09
Residual	-0.02	0.06	0.02	0.03	0.42	0.11	-0.10	0.48

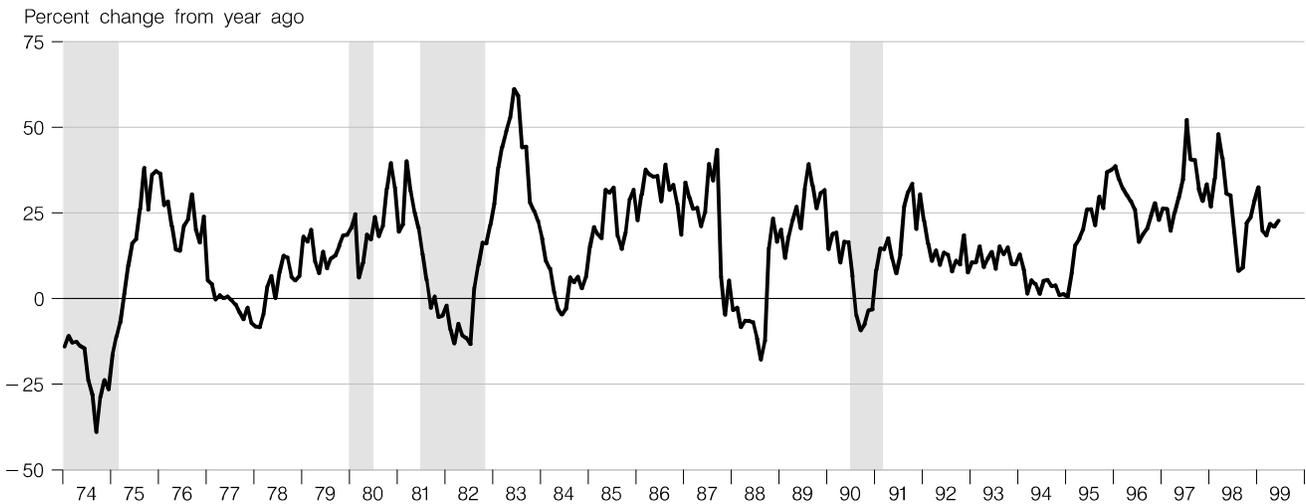
Interest Rates



Treasury Yield Curve

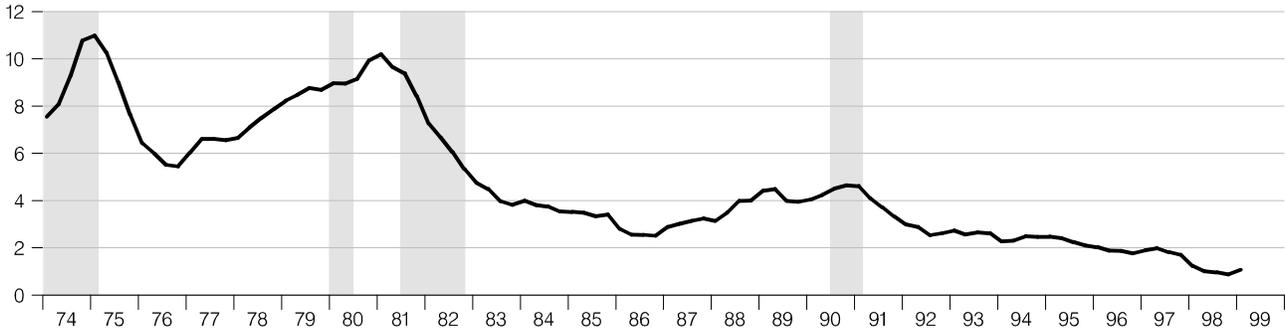


Standard and Poor's 500 Index with Reinvested Dividends



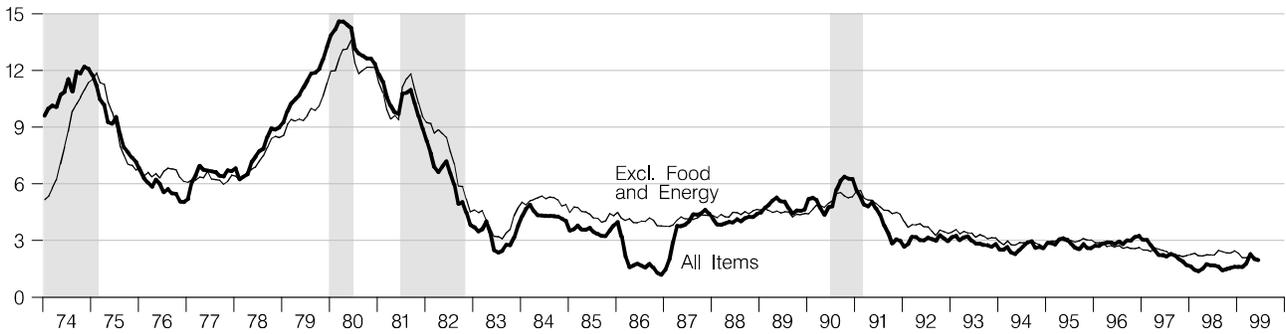
GDP Chain Price Index

Percent change from year ago



Consumer Price Index

Percent change from year ago



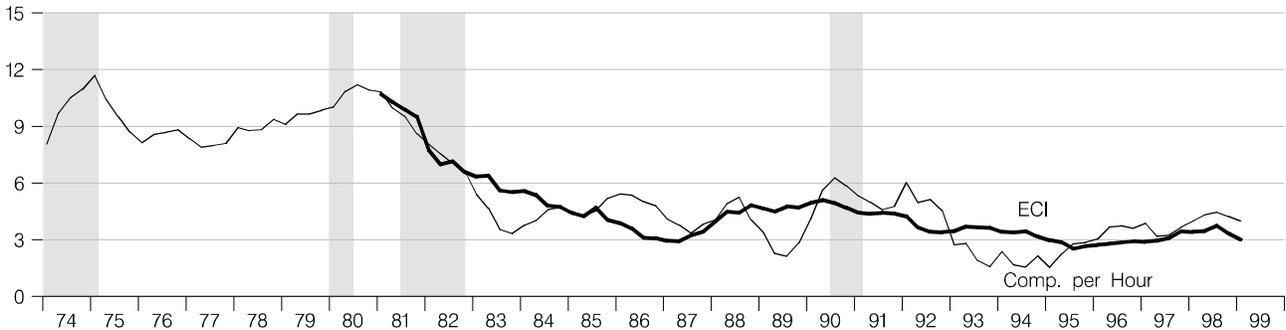
Producer Price Index, Finished Goods

Percent change from year ago



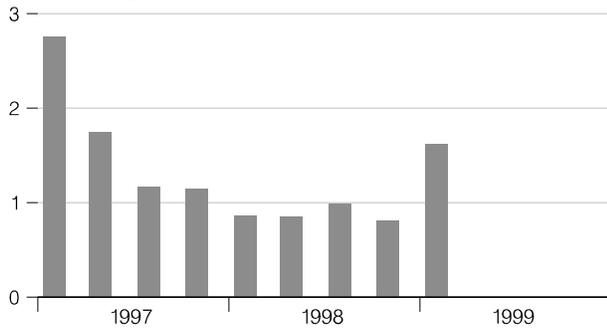
Employment Cost Index and Compensation per Hour

Percent change from year ago



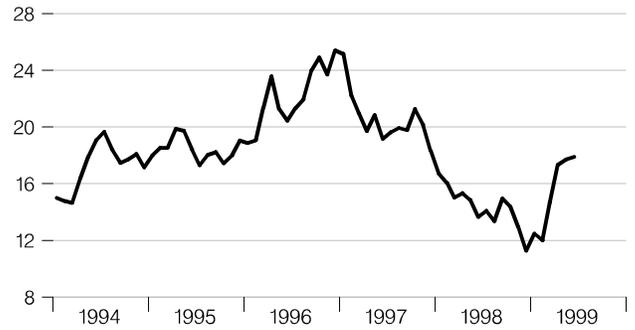
GDP Chain Price Index

Percent change at annual rate



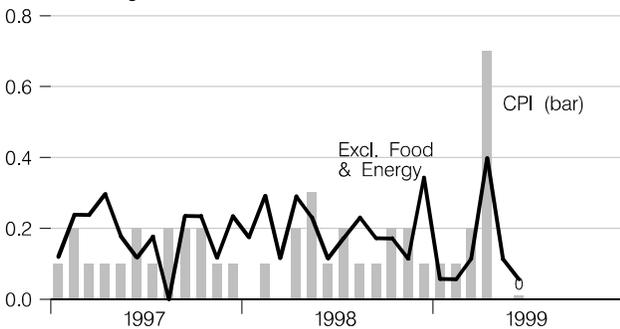
Crude Oil Price

Dollars per barrel



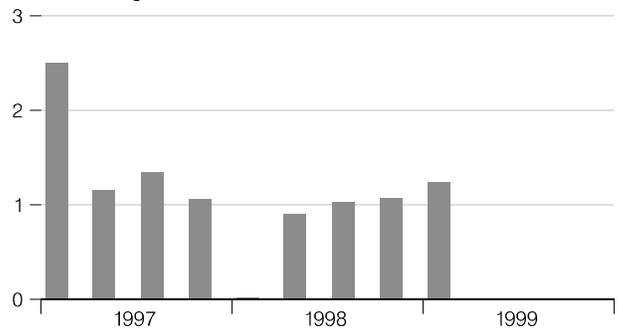
Consumer Price Index

Percent change



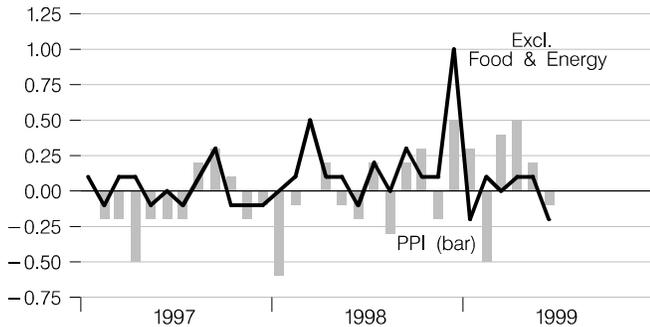
Consumption Chain Price Index

Percent change at annual rate



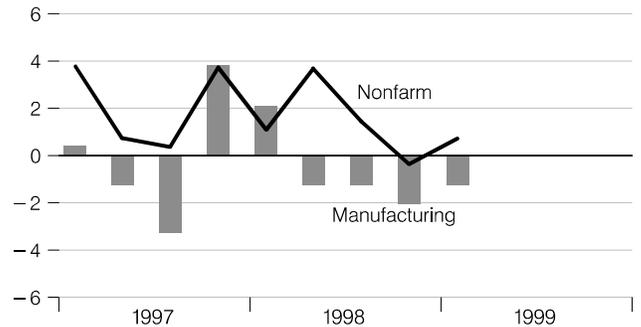
Producer Price Index, Finished Goods

Percent change



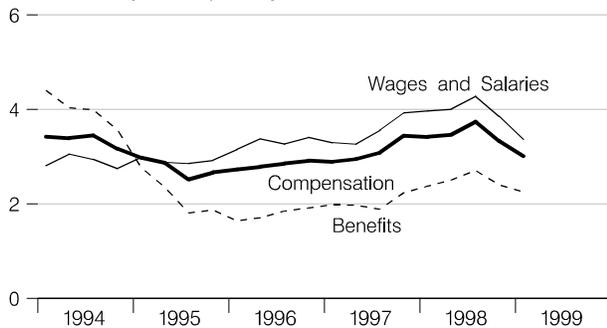
Unit Labor Cost

Percent change at annual rate



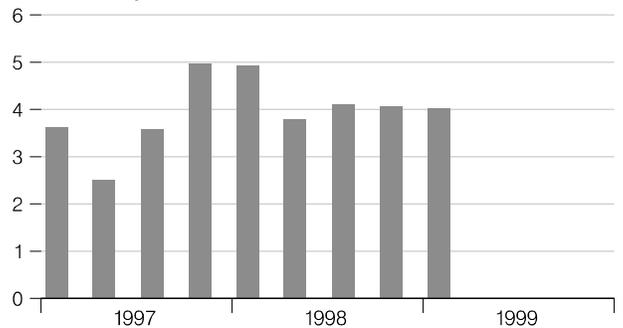
Employment Cost Index

Percent change from year ago

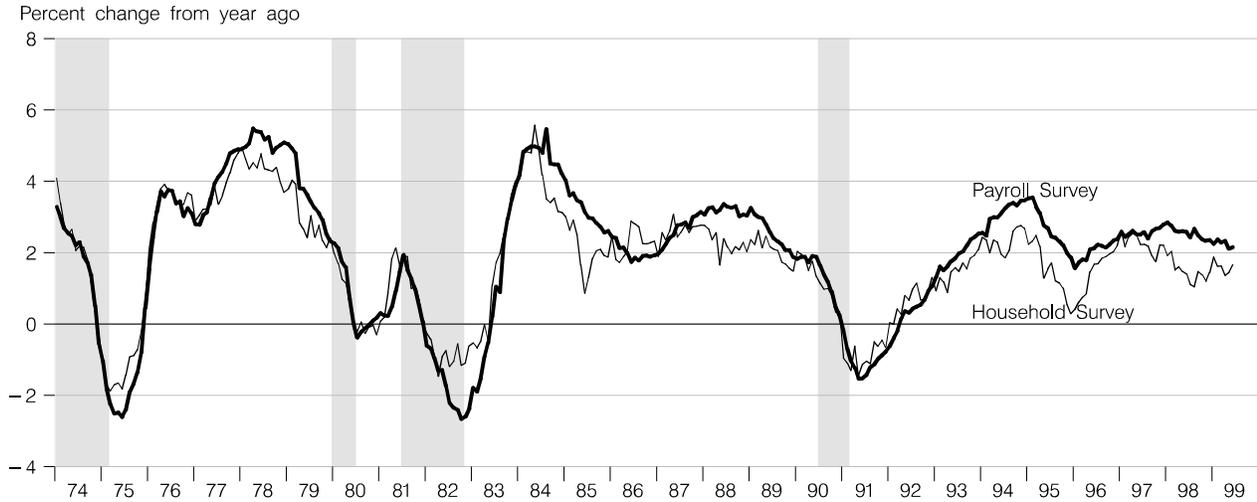


Compensation per Hour

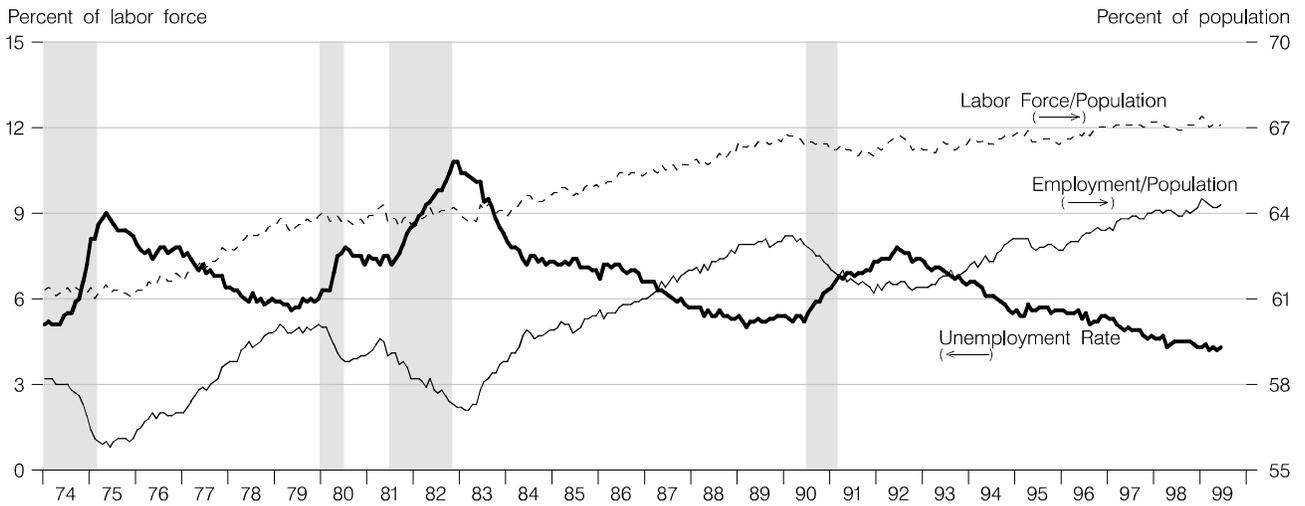
Percent change at annual rate



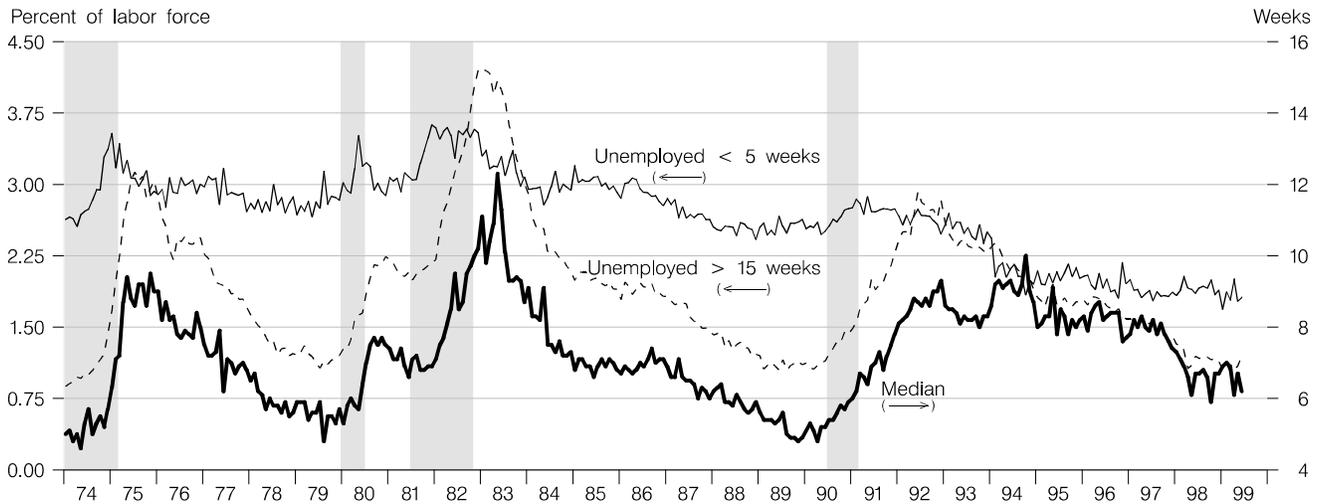
Employment



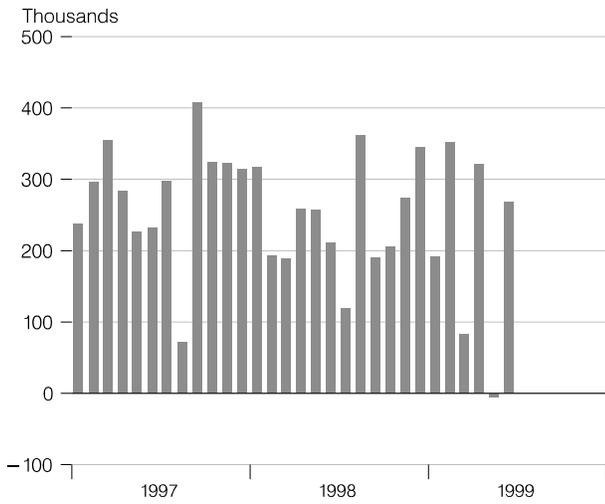
Unemployment, Labor Force Participation and Employment Rates



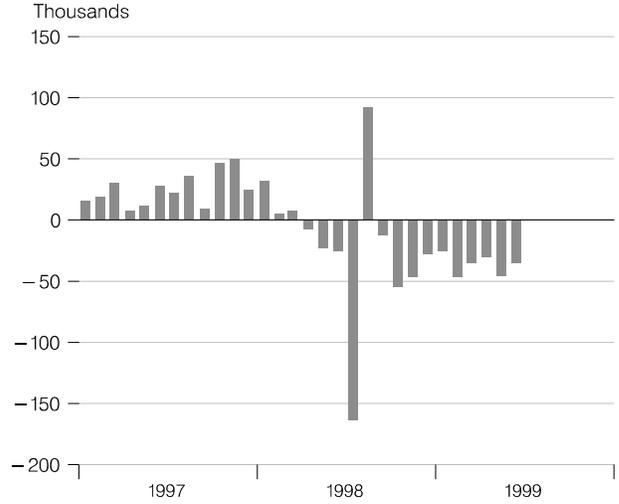
Duration of Unemployment



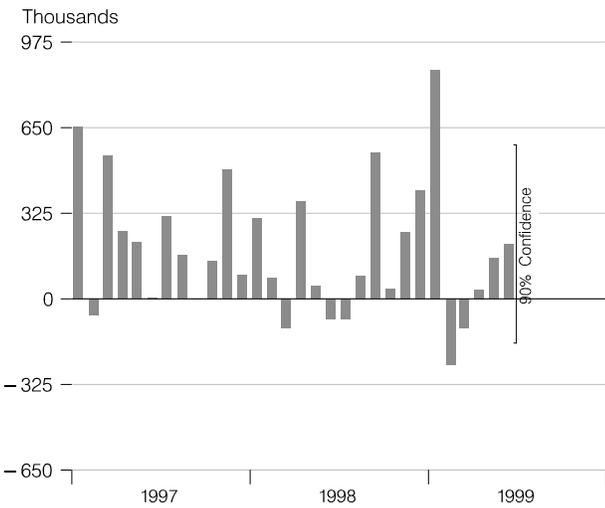
Change in Nonfarm Payrolls



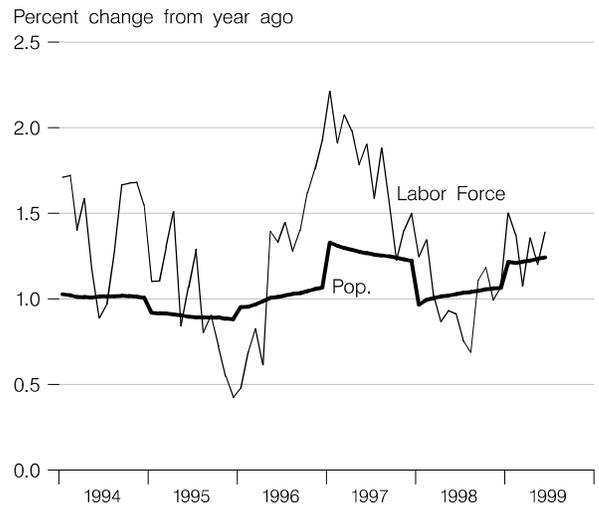
Change in Manufacturing Payrolls



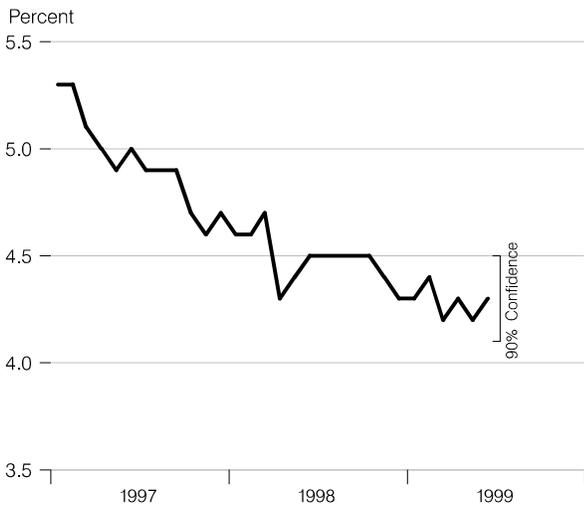
Change in Household Employment



Labor Force and Population



Unemployment Rate

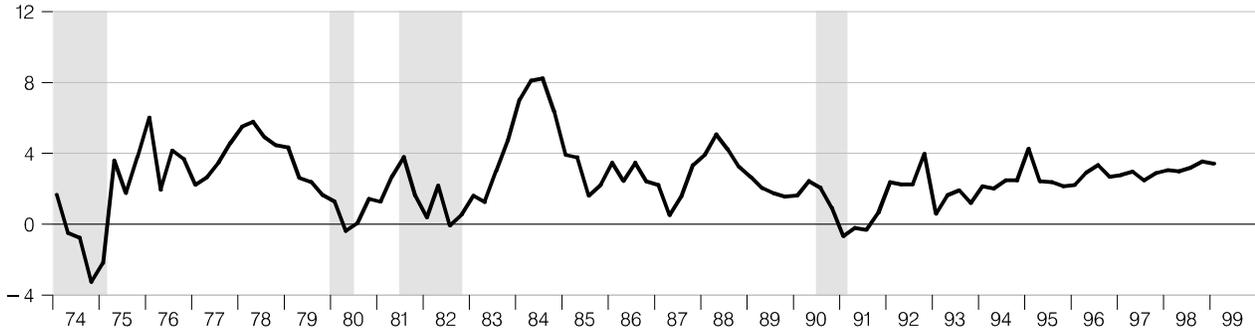


Help-Wanted Advertising



Real Disposable Income

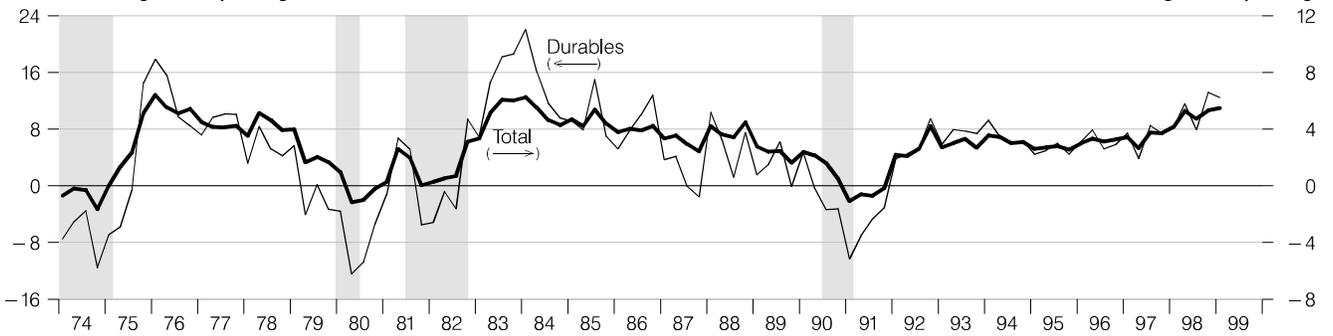
Percent change from year ago, quarterly data



Real Consumption

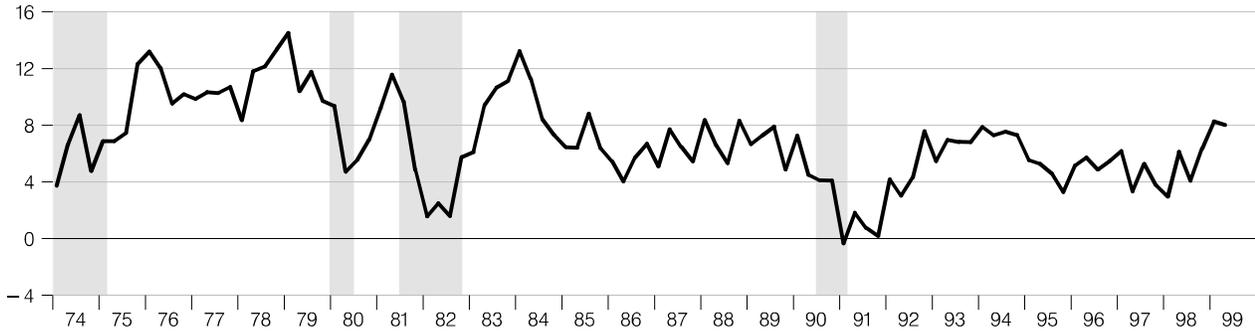
Percent change from year ago

Percent change from year ago



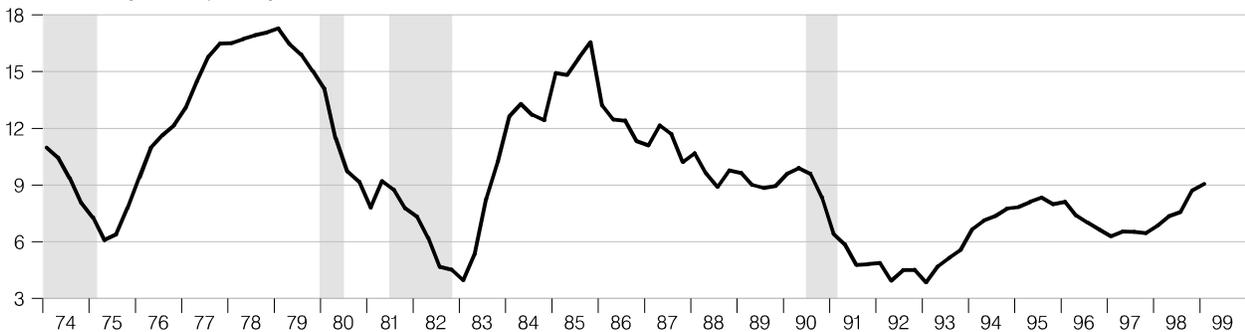
Retail Sales

Percent change from year ago of quarterly average

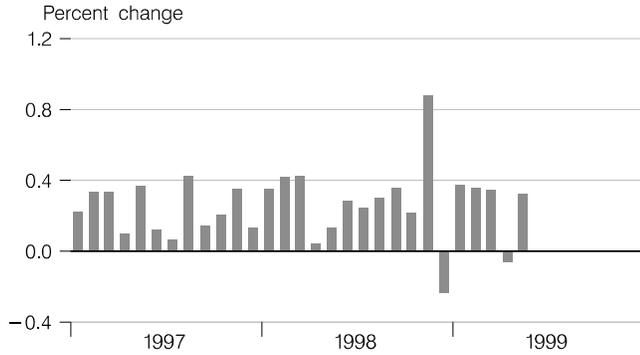


Household Debt Outstanding

Percent change from year ago



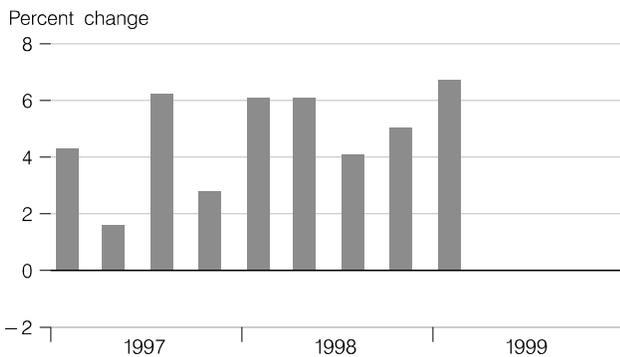
Real Disposable Income



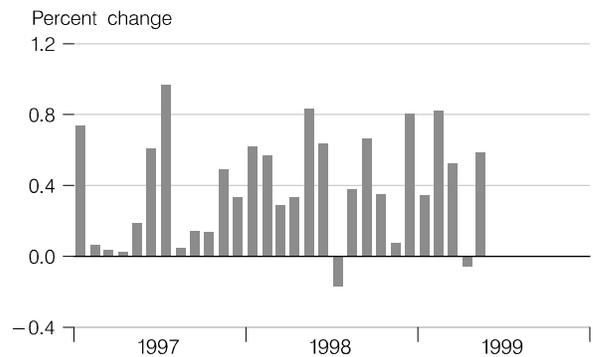
Personal Saving Rate



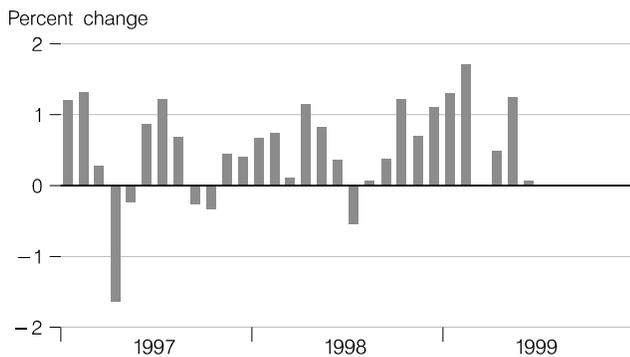
Real Consumption



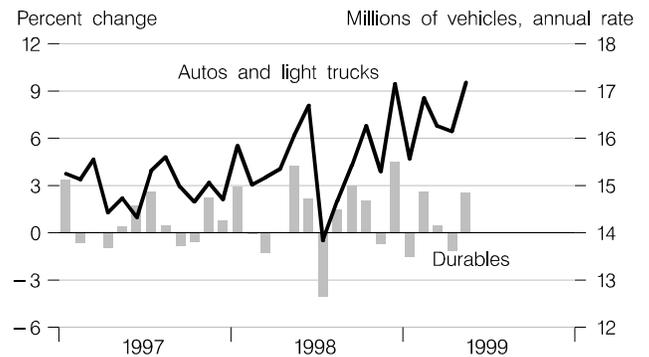
Real Consumption



Retail Sales



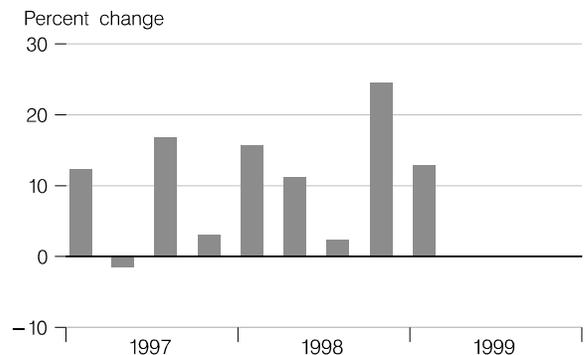
Real Durables Consumption and Vehicle Sales



Consumer Sentiment (U. of Michigan)

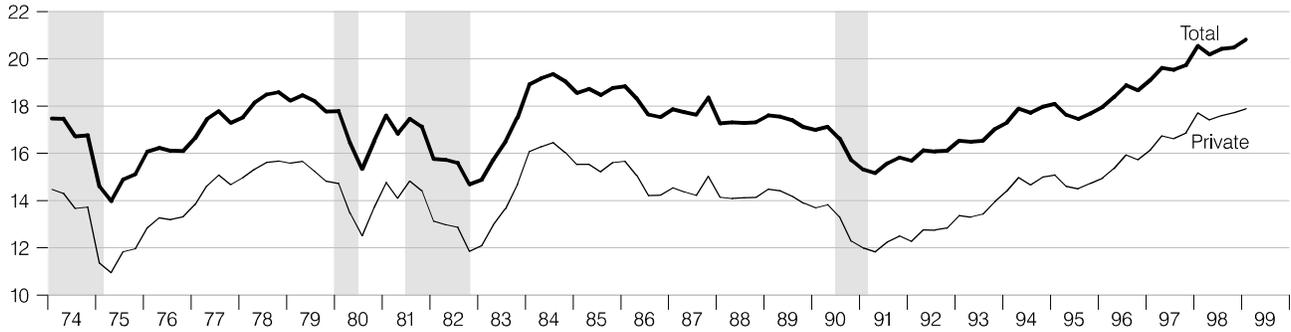


Real Durables Consumption



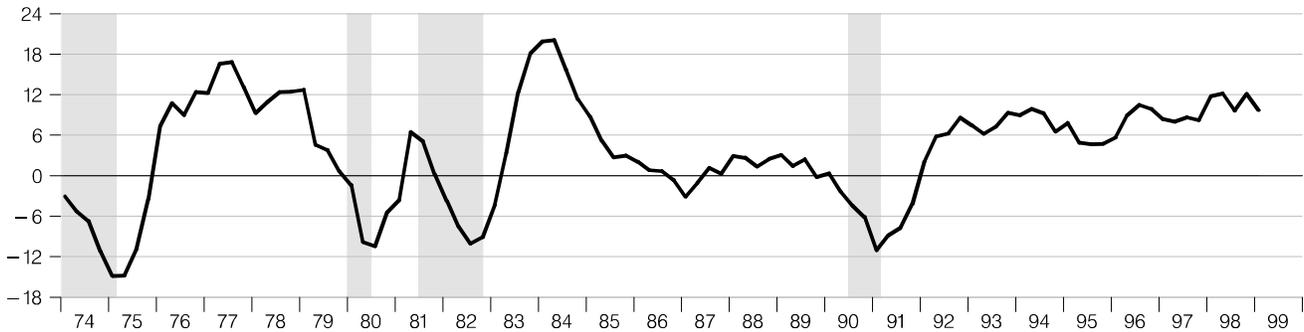
Real Investment

Percent of GDP



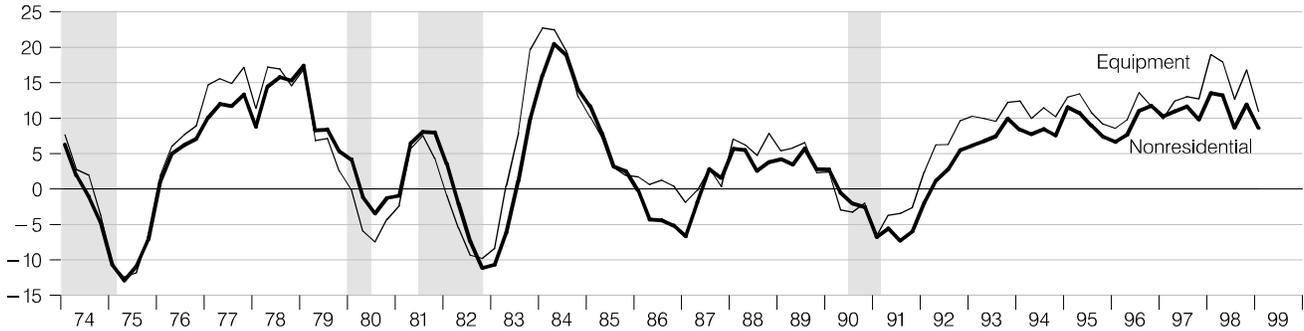
Real Private Fixed Investment

Percent change from year ago



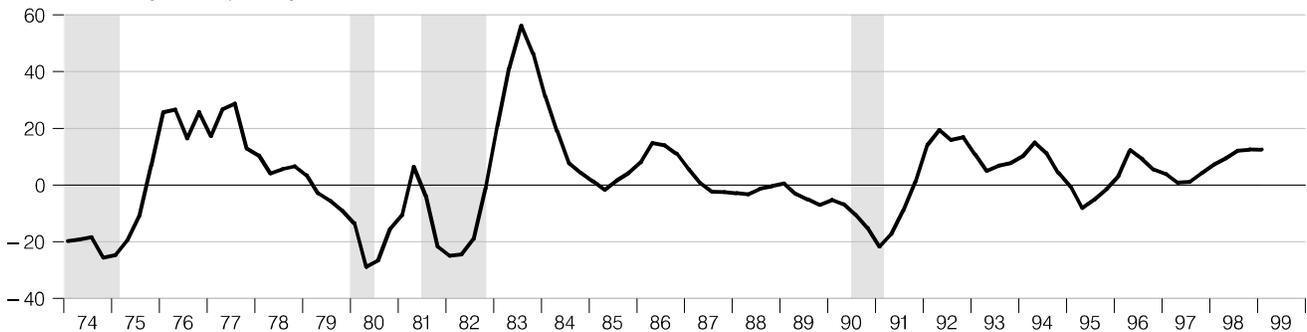
Real Nonresidential and Producers Durable Equipment Investment

Percent change from year ago

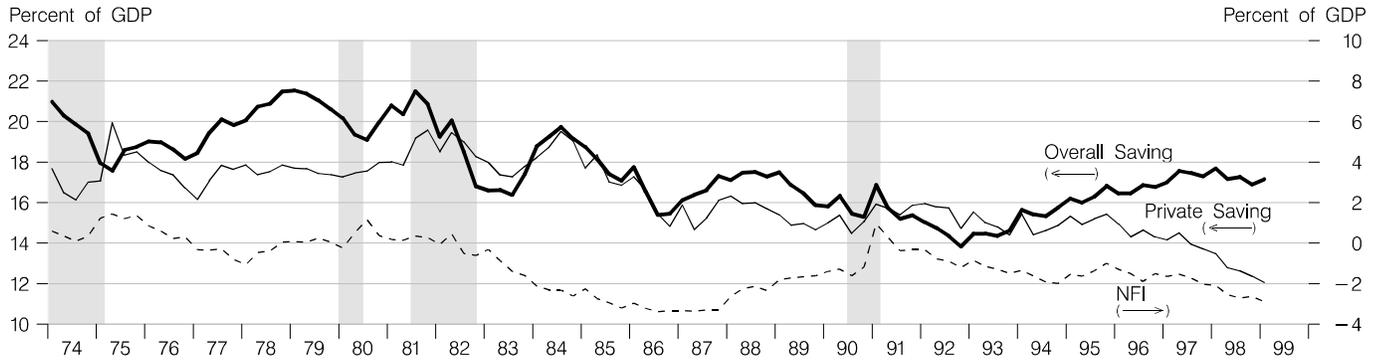


Real Residential Investment

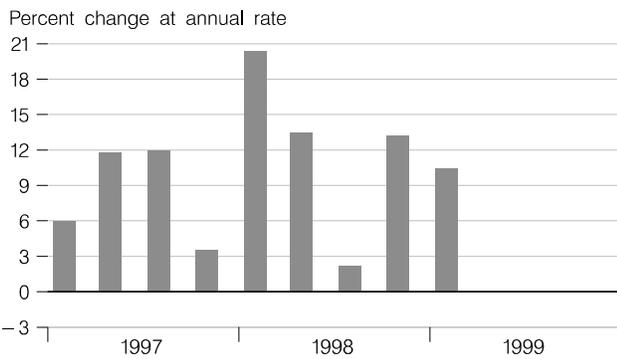
Percent change from year ago



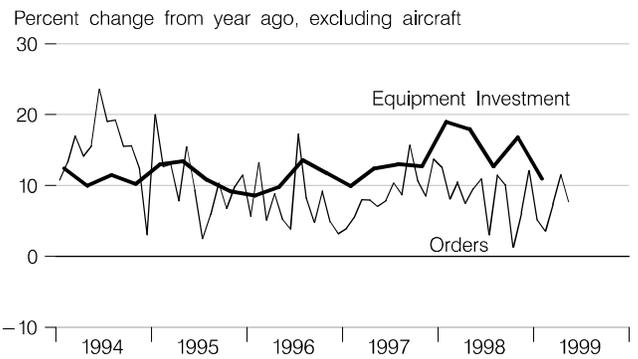
Gross Saving Rates and Net Foreign Investment



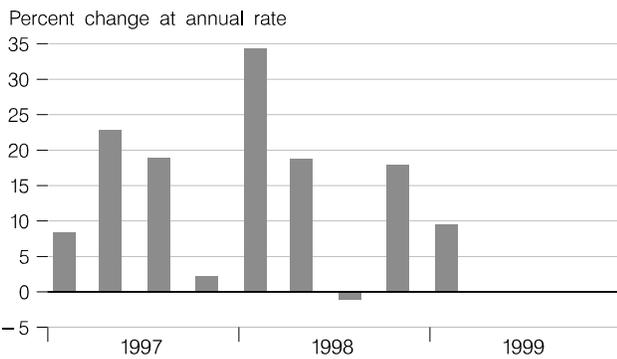
Real Private Fixed Investment



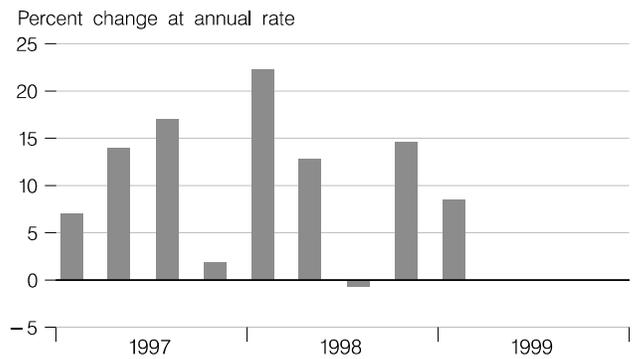
Nondefense Capital Goods Orders



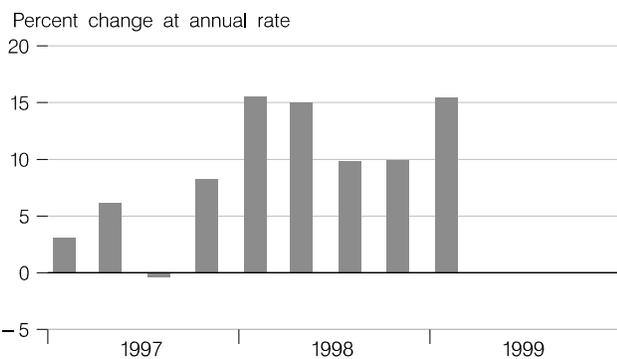
Real Equipment Investment



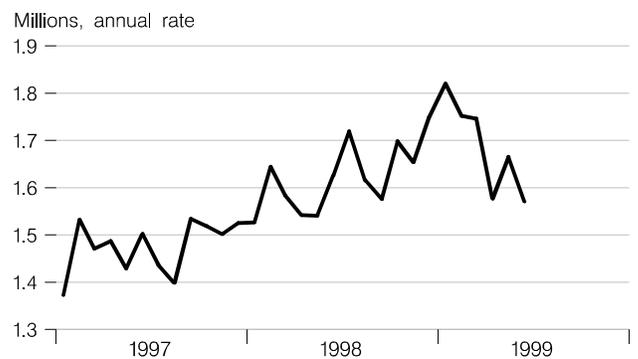
Real Nonresidential Investment



Real Residential Investment

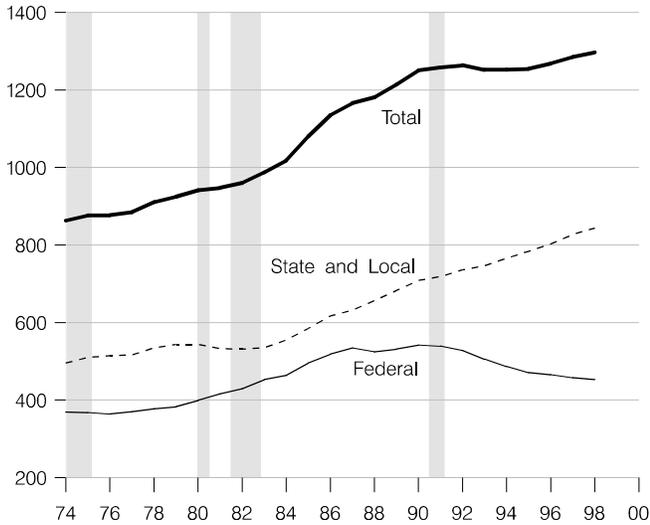


Housing Starts



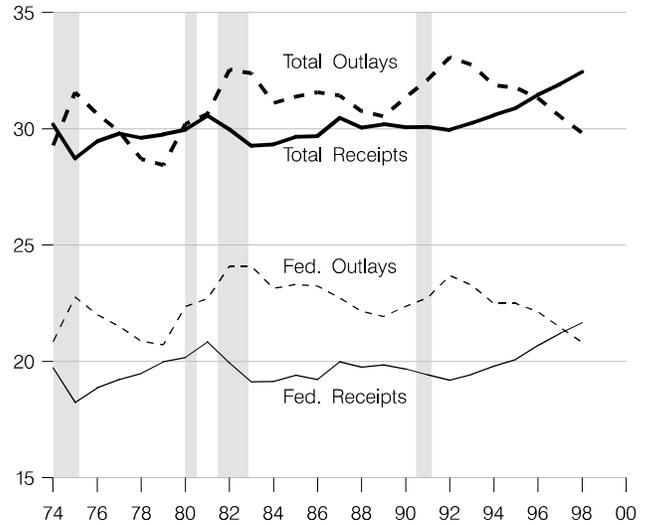
Govt. Consumption and Investment

Billions of 1992 dollars



Government Receipts and Outlays

Percent of GDP



Government Budgets

Billions of dollars

National Income Accounts

Calendar Years

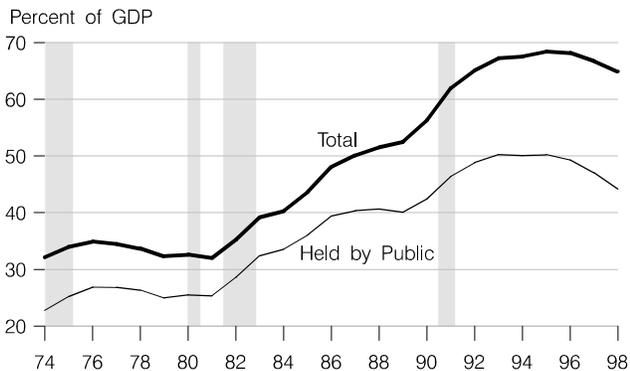
	State and Local			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)
1975	225.6	198.0	27.6	297.4	371.3	-73.9
1976	253.9	217.9	36.0	343.1	400.3	-57.2
1977	281.9	237.1	44.8	389.6	435.9	-46.3
1978	309.3	256.7	52.6	446.5	478.1	-31.6
1979	330.6	278.3	52.3	511.1	529.5	-18.4
1980	361.4	307.0	54.4	561.5	622.5	-61.0
1981	390.8	335.4	55.4	649.3	707.1	-57.8
1982	409.0	357.7	51.3	646.4	781.0	-134.6
1983	443.6	378.8	64.8	671.9	846.3	-174.4
1984	492.0	405.1	86.9	746.9	902.9	-156.0
1985	528.7	437.8	90.9	811.3	974.2	-162.9
1986	570.6	475.7	94.9	850.1	1027.6	-177.5
1987	594.9	511.1	83.8	937.4	1066.3	-128.9
1988	631.4	545.5	85.9	997.2	1118.5	-121.3
1989	681.0	585.9	95.1	1079.3	1192.7	-113.4
1990	728.9	648.8	80.1	1129.8	1284.5	-154.7
1991	784.2	708.4	75.8	1149.0	1345.0	-196.0
1992	844.3	758.0	86.3	1198.5	1479.4	-280.9
1993	894.4	807.0	87.4	1275.1	1525.7	-250.6
1994	949.2	852.3	96.9	1374.8	1561.4	-186.6
1995	997.7	886.0	111.7	1460.3	1634.7	-174.4
1996	1045.2	922.6	122.6	1584.7	1695.0	-110.3
1997	1094.3	960.1	134.2	1719.9	1741.0	-21.1
1998	1148.1	997.9	150.2	1844.2	1771.4	72.8

Unified Budget

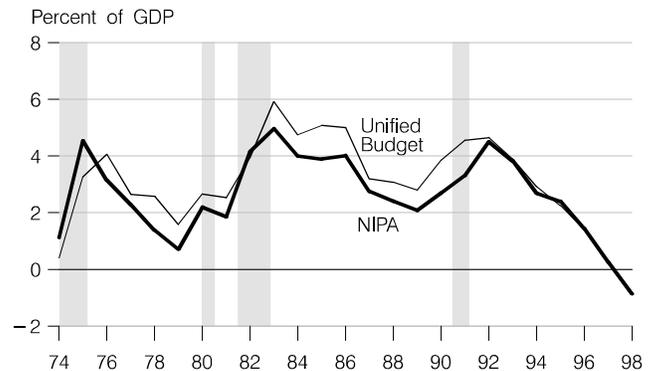
Fiscal Years

	Federal		
	Receipts	Outlays	Surplus or Deficit(-)
1975	279.1	332.3	-53.2
1976	298.1	371.8	-73.7
1977	355.6	409.2	-53.7
1978	399.6	458.7	-59.2
1979	463.3	504.0	-40.7
1980	517.1	590.9	-73.8
1981	599.3	678.2	-79.0
1982	617.8	745.8	-128.0
1983	600.6	808.4	-207.8
1984	666.5	851.9	-185.4
1985	734.1	946.4	-212.3
1986	769.2	990.5	-221.2
1987	854.4	1004.1	-149.8
1988	909.3	1064.5	-155.2
1989	991.2	1143.7	-152.5
1990	1032.0	1253.2	-221.2
1991	1055.0	1324.4	-269.4
1992	1091.3	1381.7	-290.4
1993	1154.4	1409.4	-255.0
1994	1258.6	1461.7	-203.1
1995	1351.8	1515.7	-163.9
1996	1453.1	1560.5	-107.5
1997	1579.3	1601.2	-21.9
1998	1721.8	1652.6	69.2

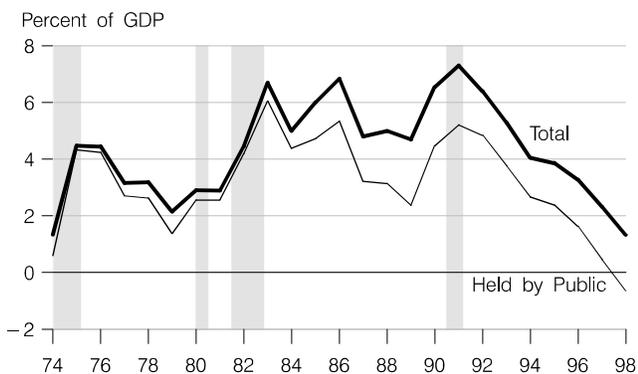
Federal Debt



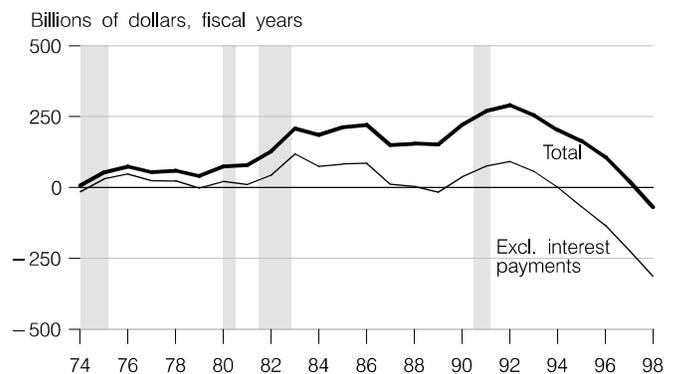
Federal Deficit



Change in Federal Debt



Federal Deficit, Unified Basis



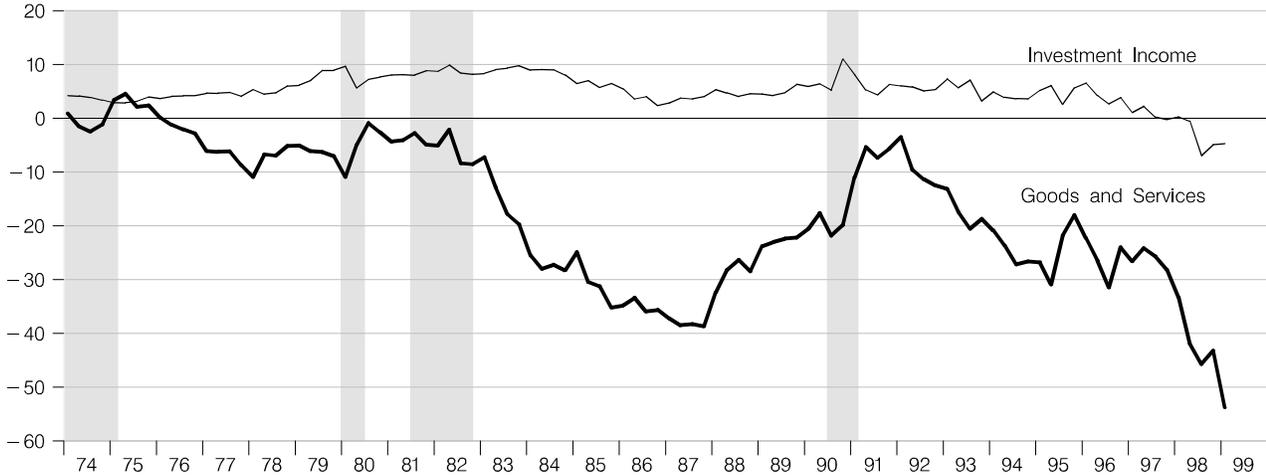
Federal Government Debt

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

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1996		5224.8	1447.0	3777.8	390.9	3393.2	993.4
1997		5413.1	1598.5	3814.7	436.5	3401.6	1230.5
1998		5526.2	1765.6	3760.6	458.1	3313.2	1221.8
1996	March	5117.8	1353.8	3764.0	381.0	3386.7	908.1
	June	5161.1	1422.4	3738.6	391.0	3354.4	929.7
	September	5224.8	1447.0	3777.8	390.9	3393.2	993.4
	December	5323.2	1497.2	3826.0	410.9	3431.2	1102.1
1997	March	5380.9	1506.8	3874.1	405.6	3452.2	1157.6
	June	5376.2	1571.6	3804.6	426.4	3377.3	1182.7
	September	5413.1	1598.5	3814.7	436.5	3401.6	1230.5
	December	5502.4	1655.7	3846.7	451.9	3414.6	1241.6
1998	March	5542.4	1670.4	3872.0	400.0	3437.5	1250.5
	June	5547.9	1757.6	3790.4	458.4	3349.3	1256.0
	September	5526.2	1765.6	3760.6	458.1	3313.2	1221.8
	December	5614.2	1826.8	3787.4	471.7	3334.0	1276.3
1999	March	5651.6	1857.1	3794.5	464.5	3327.6	1268.4

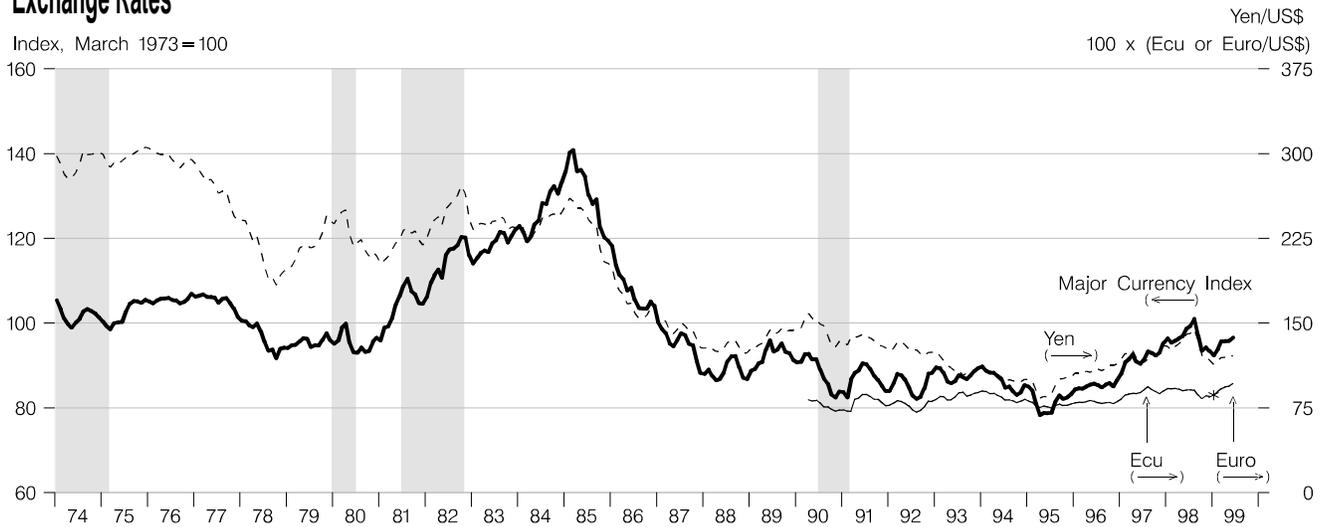
Trade and Investment Income Balances

Billions of dollars, quarterly rate

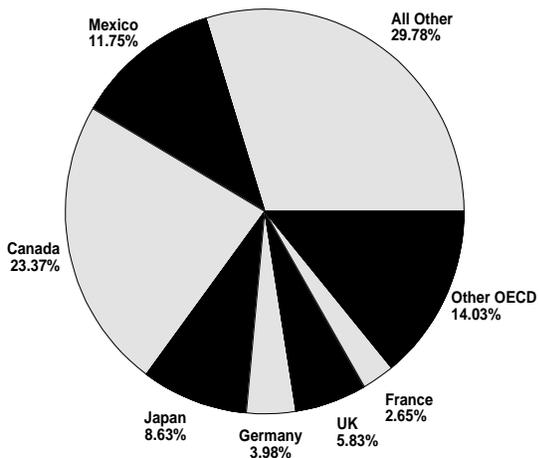


Exchange Rates

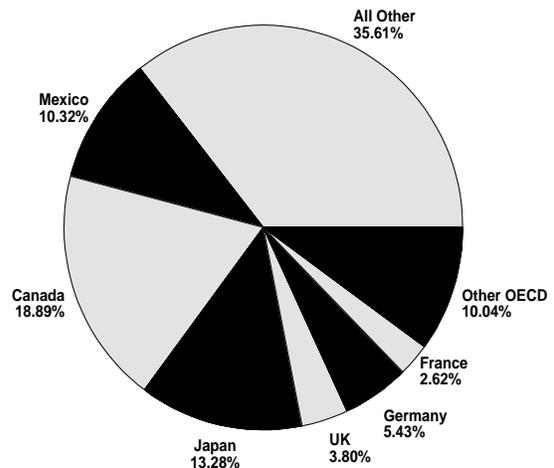
Index, March 1973=100



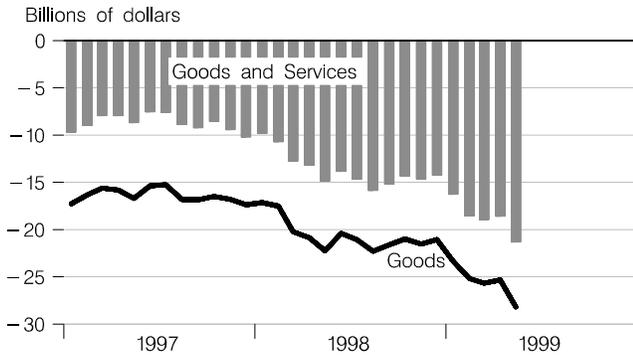
Goods Export Shares, 1998



Goods Import Shares, 1998



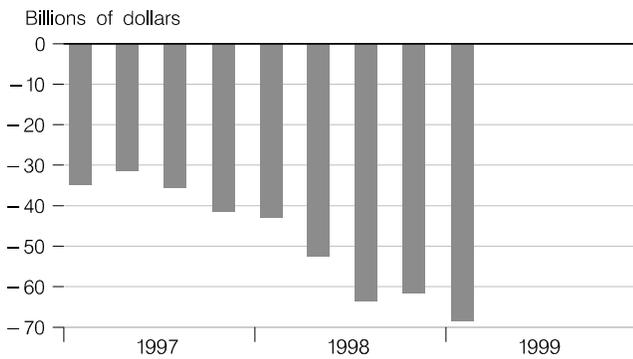
Trade Balance



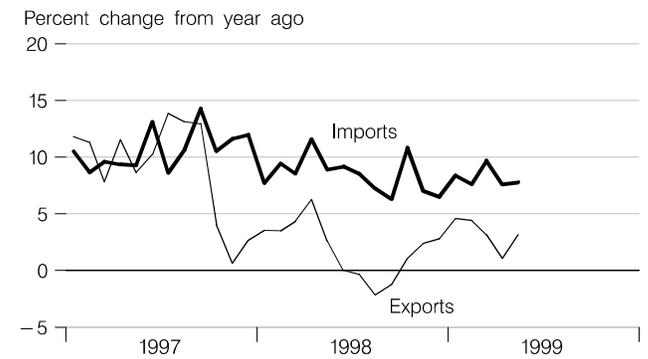
Goods Trade



Current Account Balance



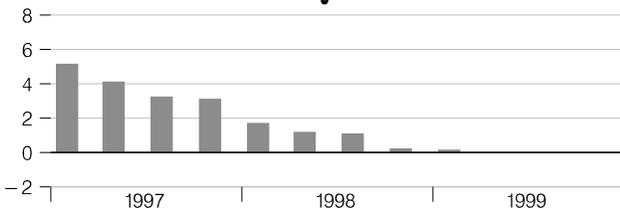
Services Trade



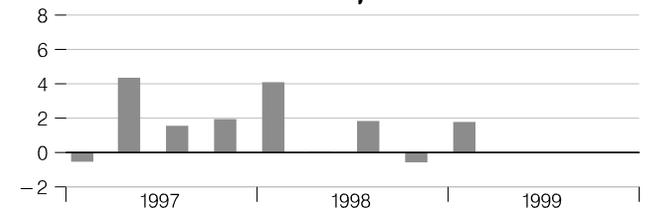
Real GDP Growth of Major Trading Partners

Percent change at annual rate

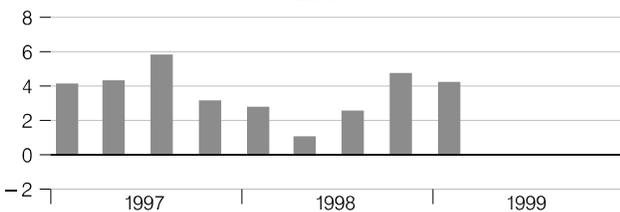
United Kingdom



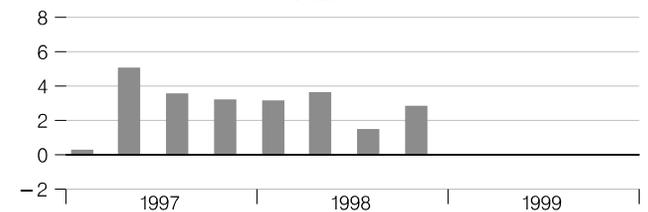
Germany



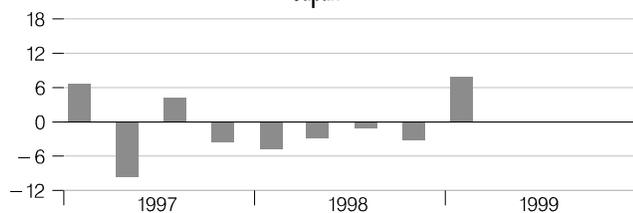
Canada



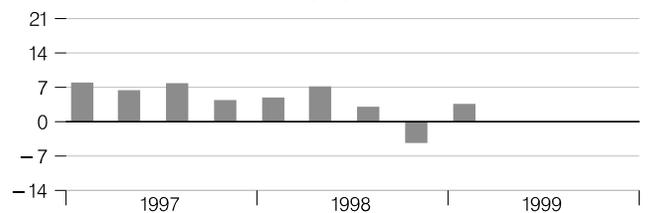
France



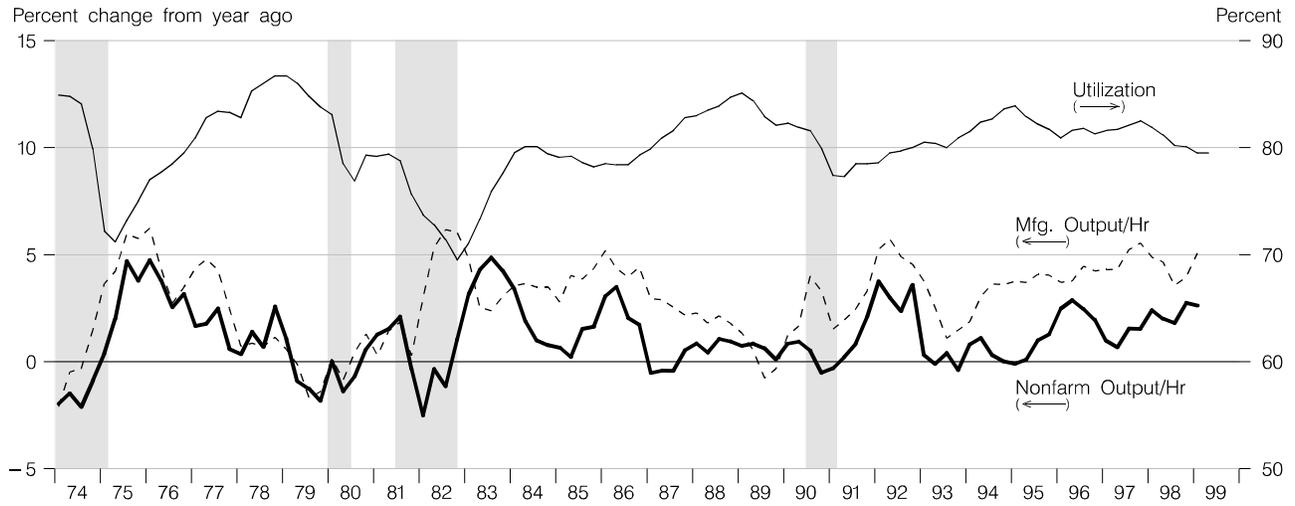
Japan



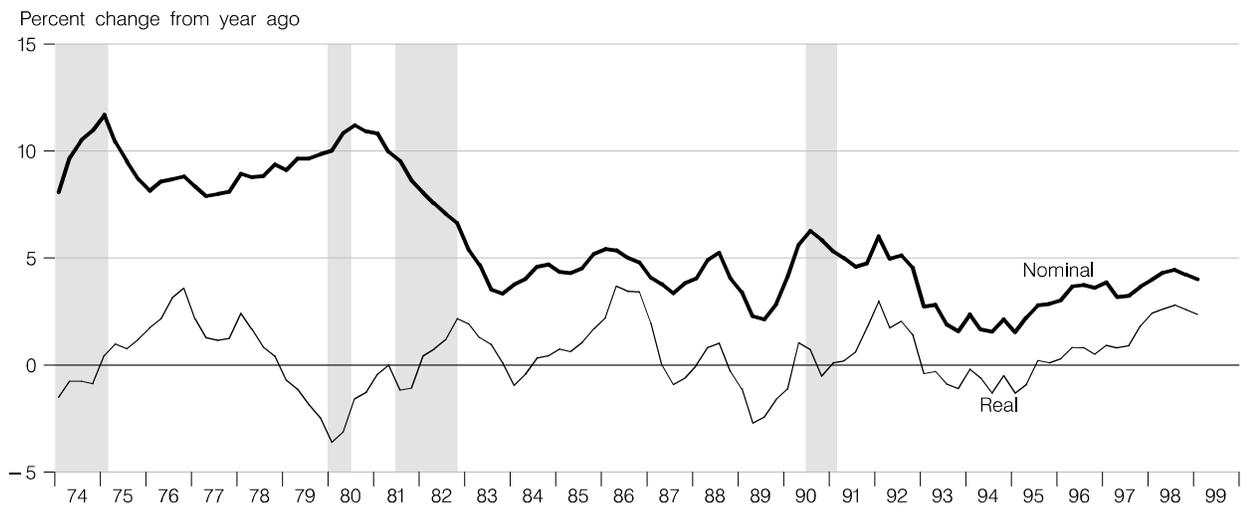
Mexico



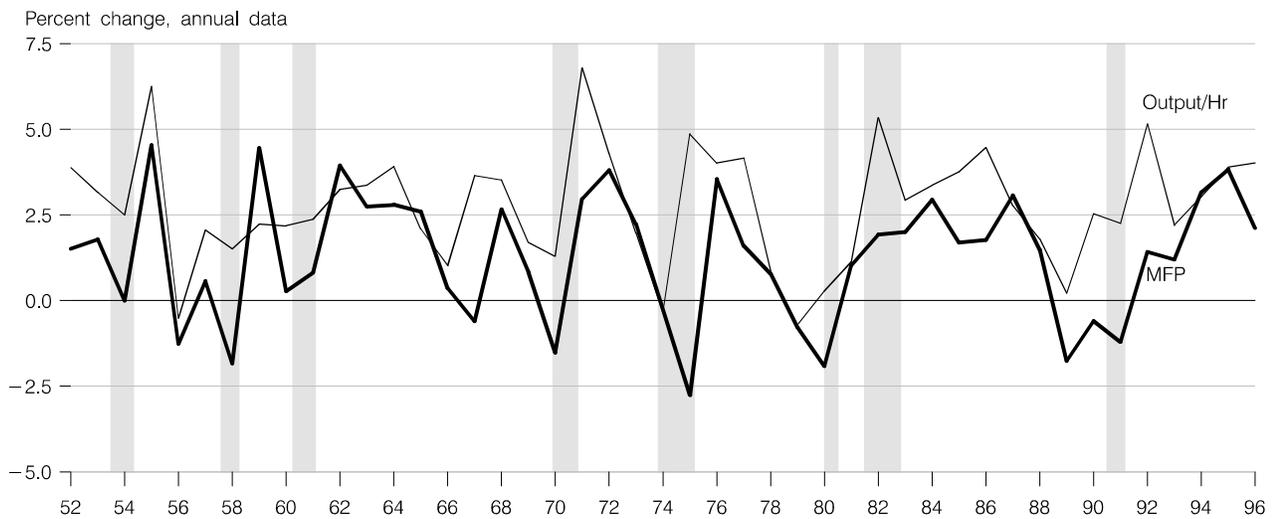
Output per Hour and Manufacturing Capacity Utilization



Nonfarm Compensation per Hour

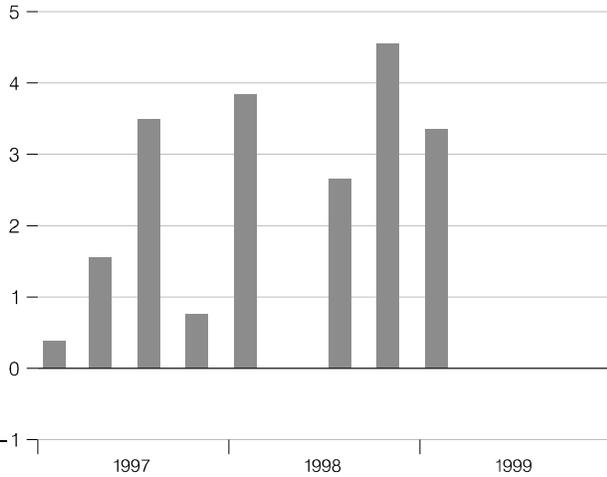


Output per Hour and Multifactor Productivity, Manufacturing



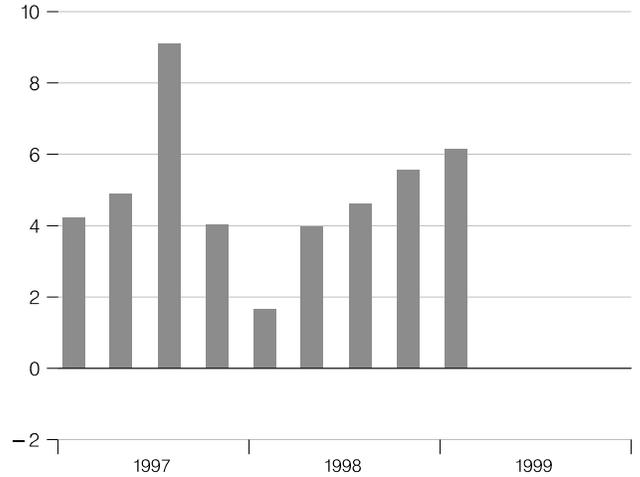
Nonfarm Output per Hour

Percent change at annual rate



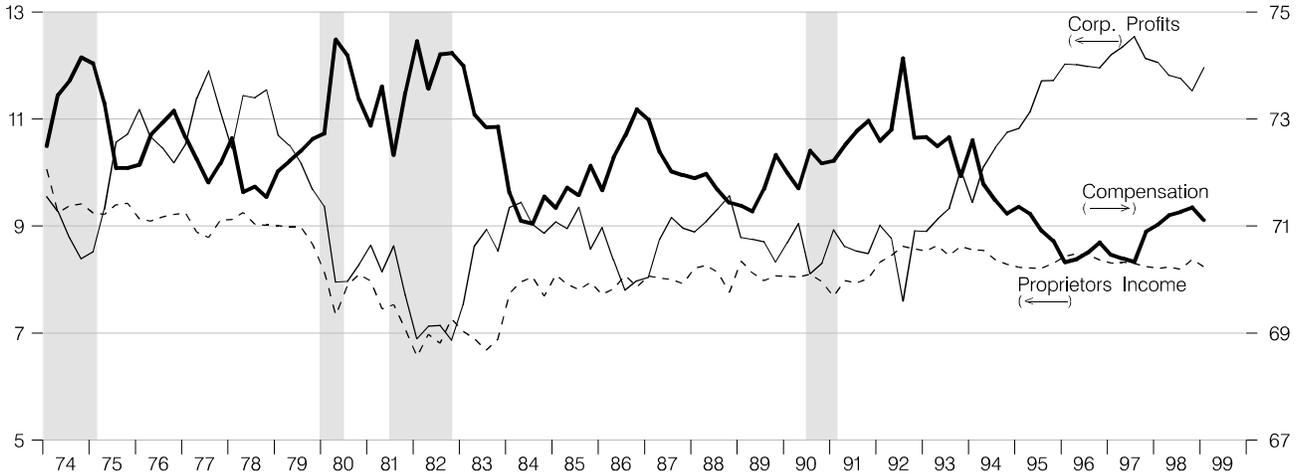
Manufacturing Output per Hour

Percent change at annual rate



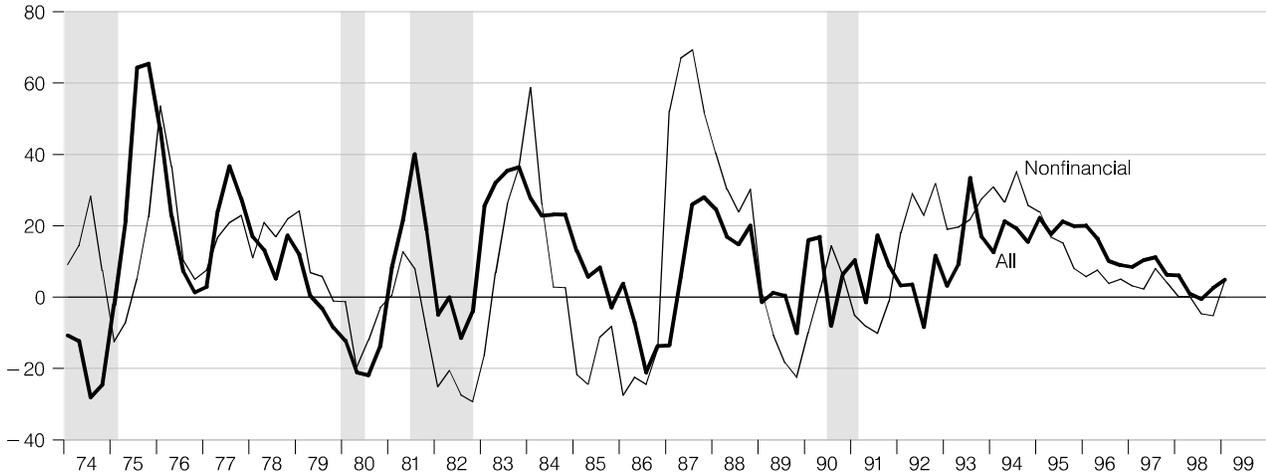
Selected Component Shares of National Income

Percent



Corporate Profits after Tax (with IVA and CCAdj)

Percent change from year ago



	Nominal GDP			Real GDP			Final Sales			Change in Business Inventories	
	Billions of \$	Percent change		Billions of 1992 \$	Percent change		Billions of 1992 \$	Percent change		Billions of 1992 \$	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	Last qtr	Year/Year ago
1995	7269.6		4.6	6761.732		2.3	6731.696		2.8		27.678
1996	7661.6		5.4	6994.774		3.4	6961.608		3.4		30.024
1997	8110.9		5.9	7269.779		3.9	7203.683		3.5		63.210
1998	8511.0		4.9	7551.872		3.9	7491.338		4.0		57.372
1996 1	7495.3	5.7	4.5	6882.000	3.3	2.4	6863.618	3.6	3.0	14.385	17.705
2	7629.2	7.3	5.8	6983.909	6.1	3.9	6954.684	5.4	3.8	26.064	18.804
3	7703.4	3.9	5.5	7020.002	2.1	3.5	6970.278	0.9	3.1	47.507	27.004
4	7818.4	6.1	5.8	7093.124	4.2	3.9	7057.852	5.1	3.7	32.142	30.025
1997 1	7955.0	7.2	6.1	7166.684	4.2	4.1	7108.063	2.9	3.6	56.310	40.506
2	8063.4	5.6	5.7	7236.497	4.0	3.6	7155.530	2.7	2.9	79.048	53.752
3	8170.8	5.4	6.1	7311.242	4.2	4.1	7256.265	5.8	4.1	50.988	54.622
4	8254.5	4.2	5.6	7364.632	3.0	3.8	7294.812	2.1	3.4	66.496	63.211
1998 1	8384.2	6.4	5.4	7464.668	5.5	4.2	7372.468	4.3	3.7	91.401	71.983
2	8440.6	2.7	4.7	7498.638	1.8	3.6	7456.424	4.6	4.2	38.168	61.763
3	8537.9	4.7	4.5	7566.453	3.7	3.5	7507.571	2.8	3.5	55.675	62.935
4	8681.2	6.9	5.2	7677.729	6.0	4.3	7628.889	6.6	4.6	44.245	57.372
1999 1	8808.7	6.0	5.1	7759.593	4.3	4.0	7715.403	4.6	4.7	38.667	44.189

	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Investment		
	Billions of 1992 \$	Percent change		Billions of 1992 \$	Percent change		Billions of 1992 \$	Percent change		Billions of 1992 \$	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
1995	4605.570		2.7	589.094		5.0	965.965		5.5	710.636		9.6
1996	4752.376		3.2	626.120		6.3	1050.583		8.8	776.587		9.3
1997	4913.530		3.4	668.602		6.8	1137.951		8.3	859.364		10.7
1998	5153.257		4.9	737.062		10.2	1267.765		11.4	960.689		11.8
1996 1	4692.076	3.7	3.0	610.970	5.8	6.2	1011.365	12.0	5.7	744.777	13.1	6.6
2	4746.553	4.7	3.3	629.505	12.7	7.9	1043.517	13.3	8.9	764.403	11.0	7.6
3	4768.285	1.8	3.1	626.486	-1.9	5.2	1067.067	9.3	10.5	790.138	14.2	11.0
4	4802.550	2.9	3.3	637.507	7.2	5.8	1080.385	5.1	9.9	807.036	8.8	11.7
1997 1	4853.398	4.3	3.4	656.277	12.3	7.4	1096.046	5.9	8.4	820.860	7.0	10.2
2	4872.683	1.6	2.7	653.766	-1.5	3.9	1126.991	11.8	8.0	848.184	14.0	11.0
3	4946.993	6.2	3.7	679.619	16.8	8.5	1159.292	12.0	8.6	882.181	17.0	11.6
4	4981.005	2.8	3.7	684.753	3.1	7.4	1169.492	3.6	8.2	886.231	1.8	9.8
1998 1	5055.062	6.1	4.2	710.259	15.8	8.2	1224.943	20.4	11.8	931.864	22.2	13.5
2	5130.217	6.1	5.3	729.351	11.2	11.6	1264.130	13.4	12.2	960.377	12.8	13.2
3	5181.783	4.1	4.7	733.655	2.4	8.0	1270.938	2.2	9.6	958.659	-0.7	8.7
4	5245.966	5.0	5.3	774.984	24.5	13.2	1311.049	13.2	12.1	991.858	14.6	11.9
1999 1	5331.923	6.7	5.5	798.878	12.9	12.5	1344.040	10.5	9.7	1012.203	8.5	8.6

	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
1995	107.513		2.3	125.8		2.8	121.9		2.9	135.0		2.2
1996	109.541		1.9	129.3		2.8	126.0		3.3	137.4		1.8
1997	111.569		1.9	133.3		3.1	130.4		3.5	140.2		2.0
1998	112.707		1.0	138.0		3.5	135.6		4.0	143.7		2.5
1996 1	108.900	2.2	2.0	127.9	2.9	2.7	124.4	4.0	3.2	136.2	0.6	1.6
2	109.277	1.4	1.9	128.9	3.2	2.8	125.6	3.9	3.4	137.0	2.4	1.7
3	109.772	1.8	1.9	129.7	2.5	2.9	126.4	2.6	3.3	137.7	2.1	1.8
4	110.214	1.6	1.8	130.7	3.1	2.9	127.4	3.2	3.4	138.6	2.6	1.9
1997 1	110.966	2.8	1.9	131.6	2.8	2.9	128.5	3.5	3.3	138.9	0.9	2.0
2	111.447	1.7	2.0	132.7	3.4	2.9	129.7	3.8	3.3	139.7	2.3	2.0
3	111.772	1.2	1.8	133.7	3.0	3.1	130.9	3.8	3.6	140.3	1.7	1.9
4	112.091	1.1	1.7	135.2	4.6	3.4	132.4	4.7	3.9	141.7	4.1	2.2
1998 1	112.332	0.9	1.2	136.1	2.7	3.4	133.6	3.7	4.0	142.2	1.4	2.4
2	112.571	0.9	1.0	137.3	3.6	3.5	134.9	3.9	4.0	143.2	2.8	2.5
3	112.847	1.0	1.0	138.7	4.1	3.7	136.5	4.8	4.3	144.1	2.5	2.7
4	113.075	0.8	0.9	139.7	2.9	3.3	137.5	3.0	3.9	145.1	2.8	2.4
1999 1	113.531	1.6	1.1	140.2	1.4	3.0	138.1	1.8	3.4	145.4	0.8	2.3

	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation/Hr		
	Billions of 1992 \$	Percent change		Billions of 1992 \$	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
1995	792.575		11.3	889.040		8.8	101.2		0.6	106.7		2.4
1996	860.008		8.5	971.248		9.2	103.7		2.5	110.4		3.5
1997	969.988		12.8	1106.124		13.9	104.9		1.2	114.3		3.5
1998	984.717		1.5	1222.916		10.6	107.2		2.2	119.1		4.2
1996 1	833.607	3.7	9.1	929.064	13.1	6.4	103.1	4.4	2.5	108.7	2.6	3.0
2	845.474	5.8	9.2	958.939	13.5	7.9	103.8	2.7	2.9	110.1	5.3	3.7
3	849.893	2.1	5.4	990.012	13.6	10.8	103.8	0.0	2.5	111.0	3.3	3.7
4	911.053	32.0	10.3	1006.971	7.0	11.8	104.0	0.8	2.0	111.9	3.3	3.6
1997 1	929.410	8.3	11.5	1050.935	18.6	13.1	104.1	0.4	1.0	112.9	3.6	3.9
2	963.594	15.5	14.0	1095.206	17.9	14.2	104.5	1.5	0.7	113.6	2.5	3.2
3	988.109	10.6	16.3	1130.521	13.5	14.2	105.4	3.5	1.5	114.6	3.6	3.2
4	998.838	4.4	9.6	1147.840	6.3	14.0	105.6	0.8	1.5	116.0	5.0	3.7
1998 1	991.875	-2.8	6.7	1190.406	15.7	13.3	106.6	3.8	2.4	117.4	4.9	4.0
2	972.130	-7.7	0.9	1217.298	9.3	11.1	106.6	0.0	2.0	118.5	3.8	4.3
3	965.282	-2.8	-2.3	1224.329	2.3	8.3	107.3	2.7	1.8	119.7	4.1	4.5
4	1009.580	19.7	1.1	1259.630	12.0	9.7	108.5	4.5	2.7	120.9	4.1	4.2
1999 1	996.517	-5.1	0.5	1300.135	13.5	9.2	109.4	3.4	2.6	122.1	4.0	4.0

	Household Survey Employment				Nonfarm Payroll Employment				Nonfarm Aggregate Hours				
	Thousands	Change	Percent change		Thousands	Change	Percent change		Index	Monthly rate	Annual rate	Year ago	
			Annual rate	Year ago			Annual rate	Year ago					
1994	123071	2813		2.3	114135	3443		3.1	129.8			4.2	
1995	124906	1834		1.5	117189	3054		2.7	133.4			2.7	
1996	126710	1805		1.4	119594	2405		2.1	136.6			2.4	
1997	129559	2848		2.2	122673	3079		2.6	141.4			3.5	
1998	131458	1899		1.5	125803	3130		2.6	145.1			2.6	
1997	1												
	1	128612	829	2.6	2.4	121447	779	2.6	2.5	139.7	0.9	3.7	3.9
	2	129355	743	2.3	2.4	122294	847	2.8	2.5	140.9	0.9	3.7	3.4
	3	129855	500	1.6	2.1	123006	712	2.4	2.5	141.9	0.7	2.8	3.3
	4	130413	558	1.7	2.1	123946	940	3.1	2.7	143.2	0.9	3.6	3.4
1998	1	130957	544	1.7	1.8	124771	825	2.7	2.7	144.2	0.7	3.0	3.3
	2	131288	330	1.0	1.5	125462	691	2.2	2.6	144.7	0.3	1.3	2.7
	3	131419	132	0.4	1.2	126113	651	2.1	2.5	145.3	0.4	1.6	2.4
	4	132166	746	2.3	1.3	126865	752	2.4	2.4	146.2	0.7	2.7	2.1
1999	1	133191	1025	3.1	1.7	127640	776	2.5	2.3	147.0	0.5	2.0	1.9
	2	133242	51	0.2	1.5	128220	580	1.8	2.2	147.2	0.2	0.7	1.8
1997	Jun	129430	5	0.0	2.2	122524	232	2.3	2.5	140.9	-0.2	-2.5	2.8
	Jul	129745	315	3.0	2.2	122822	298	3.0	2.6	141.4	0.4	4.3	3.5
	Aug	129910	165	1.5	2.2	122894	72	0.7	2.4	141.9	0.4	4.3	3.3
	Sep	129911	1	0.0	1.9	123302	408	4.1	2.6	142.4	0.4	4.3	3.2
	Oct	130055	144	1.3	1.8	123626	324	3.2	2.7	142.7	0.2	2.6	3.5
	Nov	130546	491	4.6	2.2	123949	323	3.2	2.7	143.3	0.4	5.2	3.6
	Dec	130638	92	0.8	2.2	124263	314	3.1	2.8	143.5	0.1	1.7	3.2
1998	Jan	130943	305	2.8	1.9	124580	317	3.1	2.8	144.3	0.6	6.9	4.0
	Feb	131021	78	0.7	2.0	124773	193	1.9	2.8	144.3	0.0	0.0	3.3
	Mar	130908	-113	-1.0	1.5	124961	188	1.8	2.6	144.1	-0.1	-1.7	2.5
	Apr	131280	372	3.5	1.6	125220	259	2.5	2.6	144.3	0.1	1.7	2.6
	May	131330	50	0.5	1.5	125478	258	2.5	2.6	145.0	0.5	6.0	2.7
	Jun	131253	-77	-0.7	1.4	125689	211	2.0	2.6	144.8	-0.1	-1.6	2.8
	Jul	131176	-77	-0.7	1.1	125808	119	1.1	2.4	145.2	0.3	3.4	2.7
	Aug	131264	88	0.8	1.0	126170	362	3.5	2.7	145.5	0.2	2.5	2.5
	Sep	131818	554	5.2	1.5	126361	191	1.8	2.5	145.1	-0.3	-3.2	1.9
	Oct	131858	40	0.4	1.4	126567	206	2.0	2.4	146.0	0.6	7.7	2.3
	Nov	132113	255	2.3	1.2	126841	274	2.6	2.3	146.1	0.1	0.8	2.0
	Dec	132526	413	3.8	1.4	127186	345	3.3	2.4	146.6	0.3	4.2	2.2
1999	Jan	133396	870	8.2	1.9	127378	192	1.8	2.2	146.8	0.1	1.6	1.7
	Feb	133144	-252	-2.2	1.6	127730	352	3.4	2.4	147.3	0.3	4.2	2.1
	Mar	133033	-111	-1.0	1.6	127813	83	0.8	2.3	146.8	-0.3	-4.0	1.9
	Apr	133069	36	0.3	1.4	128134	321	3.1	2.3	147.0	0.1	1.6	1.9
	May	133224	155	1.4	1.4	128129	-5	-0.0	2.1	147.1	0.1	0.8	1.4
	Jun	133432	208	1.9	1.7	128397	268	2.5	2.2	147.6	0.3	4.2	1.9

	Unempl. Rate	Retail Sales				Industrial Production				Treasury Yields		
		Billions of dollars	Percent change			Index	Percent change			3-mo	10-yr	
			Monthly/ quarterly	Annual rate	Year ago		Monthly/ quarterly	Annual rate	Year ago			
1994	6.1	2227.838			7.5	109.062			5.4	4.25	7.08	
1995	5.6	2331.617			4.7	114.441			4.9	5.49	6.58	
1996	5.4	2455.234			5.3	119.548			4.5	5.01	6.44	
1997	4.9	2568.805			4.6	126.731			6.0	5.06	6.35	
1998	4.5	2694.222			4.9	131.378			3.7	4.78	5.26	
1997	1	5.2	639.631	2.4	10.0	6.2	123.746	1.6	6.6	6.3	5.06	6.56
	2	5.0	633.893	-0.9	-3.5	3.3	125.564	1.5	6.0	5.4	5.05	6.70
	3	4.9	647.147	2.1	8.6	5.3	127.773	1.8	7.2	5.8	5.05	6.24
	4	4.7	648.134	0.2	0.6	3.8	129.840	1.6	6.6	6.6	5.09	5.90
1998	1	4.6	658.591	1.6	6.6	3.0	130.368	0.4	1.6	5.4	5.05	5.59
	2	4.4	672.696	2.1	8.8	6.1	131.278	0.7	2.8	4.6	4.98	5.60
	3	4.5	673.590	0.1	0.5	4.1	131.569	0.2	0.9	3.0	4.82	5.20
	4	4.4	689.345	2.3	9.7	6.4	132.295	0.6	2.2	1.9	4.26	4.67
1999	1	4.3	713.024	3.4	14.5	8.3	132.709	0.3	1.3	1.8	4.41	4.98
	2	4.3	726.651	1.9	7.9	8.0	133.971	1.0	3.9	2.1	4.45	5.54
1997	Jun	5.0	212.343	0.9	10.8	4.0	126.119	0.5	6.5	5.1	4.93	6.49
	Jul	4.9	214.935	1.2	15.7	5.2	127.031	0.7	9.0	5.6	5.05	6.22
	Aug	4.9	216.391	0.7	8.4	5.9	127.819	0.6	7.7	5.7	5.14	6.30
	Sep	4.9	215.821	-0.3	-3.1	4.7	128.468	0.5	6.3	6.1	4.95	6.21
	Oct	4.7	215.115	-0.3	-3.9	3.4	129.296	0.6	8.0	6.7	4.97	6.03
	Nov	4.6	216.084	0.5	5.5	4.0	129.899	0.5	5.7	6.6	5.14	5.87
	Dec	4.7	216.935	0.4	4.8	4.0	130.325	0.3	4.0	6.5	5.16	5.81
1998	Jan	4.6	218.377	0.7	8.3	3.4	130.270	-0.0	-0.5	5.9	5.04	5.54
	Feb	4.6	219.995	0.7	9.3	2.8	130.150	-0.1	-1.1	5.0	5.09	5.57
	Mar	4.7	220.219	0.1	1.2	2.7	130.684	0.4	5.0	5.1	5.03	5.65
	Apr	4.3	222.739	1.1	14.6	5.6	131.331	0.5	6.1	5.0	4.95	5.64
	May	4.4	224.576	0.8	10.4	6.7	131.861	0.4	5.0	5.1	5.00	5.65
	Jun	4.5	225.381	0.4	4.4	6.1	130.642	-0.9	-10.5	3.6	4.98	5.50
	Jul	4.5	224.153	-0.5	-6.3	4.3	130.479	-0.1	-1.5	2.7	4.96	5.46
	Aug	4.5	224.296	0.1	0.8	3.7	132.367	1.4	18.8	3.6	4.90	5.34
	Sep	4.5	225.141	0.4	4.6	4.3	131.860	-0.4	-4.5	2.6	4.61	4.81
	Oct	4.5	227.885	1.2	15.6	5.9	132.370	0.4	4.7	2.4	3.96	4.53
	Nov	4.4	229.463	0.7	8.6	6.2	132.166	-0.2	-1.8	1.7	4.42	4.83
	Dec	4.3	231.997	1.1	14.1	6.9	132.350	0.1	1.7	1.6	4.39	4.64
1999	Jan	4.3	234.999	1.3	16.7	7.6	132.295	-0.0	-0.5	1.6	4.34	4.72
	Feb	4.4	238.999	1.7	22.5	8.6	132.483	0.1	1.7	1.8	4.44	5.00
	Mar	4.2	239.026	0.0	0.1	8.5	133.348	0.7	8.1	2.0	4.44	5.23
	Apr	4.3	240.170	0.5	5.9	7.8	133.748	0.3	3.7	1.8	4.29	5.18
	May	4.2	243.165	1.2	16.0	8.3	133.980	0.2	2.1	1.6	4.50	5.54
	Jun	4.3	243.316	0.1	0.7	8.0	134.184	0.2	1.8	2.7	4.57	5.90

	Consumer Price Index					Consumer Price Index less Food and Energy					Producer Price Index Finished Goods				
	Index	Percent change				Index	Percent change				Index	Percent change			
		Monthly/ quarterly	Annual rate	Year ago	Year to date		Monthly/ quarterly	Annual rate	Year ago	Year to date		Monthly/ quarterly	Annual rate	Year ago	
1994	148.3			2.6		156.7			2.8		125.5			0.6	
1995	152.5			2.8		161.4			3.0		127.9			1.9	
1996	157.0			2.9		165.8			2.7		131.3			2.6	
1997	160.6			2.3		169.7			2.4		131.8			0.4	
1998	163.1			1.6		173.7			2.3		130.7			-0.9	
1997	1	159.7	0.6	2.5	2.9	2.5	168.3	0.5	2.2	2.5	2.2	132.7	0.1	0.4	2.1
	2	160.2	0.3	1.2	2.3	1.9	169.5	0.7	2.8	2.5	2.5	131.6	-0.9	-3.4	0.4
	3	160.9	0.5	1.9	2.2	1.9	170.1	0.4	1.6	2.3	2.2	131.3	-0.2	-0.8	-0.1
	4	161.7	0.5	1.8	1.9	1.9	171.1	0.5	2.2	2.2	2.2	131.6	0.2	0.7	-0.8
1998	1	162.1	0.2	1.0	1.5	1.0	172.1	0.6	2.4	2.3	2.4	130.5	-0.8	-3.1	-1.7
	2	162.8	0.5	1.8	1.6	1.4	173.2	0.7	2.7	2.2	2.5	130.6	0.0	0.1	-0.8
	3	163.5	0.4	1.6	1.6	1.5	174.2	0.5	2.2	2.4	2.4	130.5	-0.0	-0.1	-0.6
	4	164.2	0.4	1.7	1.5	1.5	175.1	0.6	2.2	2.4	2.4	131.0	0.4	1.4	-0.4
1999	1	164.8	0.4	1.5	1.7	1.5	175.8	0.4	1.6	2.2	1.6	131.5	0.4	1.4	0.7
	2	166.2	0.9	3.5	2.1	2.5	176.9	0.6	2.4	2.1	2.0	132.3	0.6	2.6	1.3
1997	Jun	160.3	0.1	1.5	2.2	1.5	169.7	0.1	1.4	2.5	2.4	131.3	-0.2	-2.7	0.0
	Jul	160.6	0.2	2.3	2.2	1.6	170.0	0.2	2.1	2.4	2.4	131.0	-0.2	-2.7	-0.2
	Aug	160.9	0.2	2.3	2.3	1.7	170.0	0.0	0.0	2.3	2.1	131.3	0.2	2.8	-0.2
	Sep	161.3	0.2	3.0	2.2	1.8	170.4	0.2	2.9	2.2	2.2	131.7	0.3	3.7	0.0
	Oct	161.5	0.1	1.5	2.0	1.8	170.8	0.2	2.9	2.2	2.2	131.8	0.1	0.9	-0.4
	Nov	161.7	0.1	1.5	1.9	1.8	171.0	0.1	1.4	2.2	2.1	131.5	-0.2	-2.7	-0.8
	Dec	161.8	0.1	0.7	1.7	1.7	171.4	0.2	2.8	2.2	2.2	131.4	-0.1	-0.9	-1.2
1998	Jan	162.0	0.1	1.5	1.6	1.5	171.7	0.2	2.1	2.3	2.1	130.6	-0.6	-7.1	-1.8
	Feb	162.1	0.1	0.7	1.4	1.1	172.2	0.3	3.6	2.3	2.8	130.5	-0.1	-0.9	-1.7
	Mar	162.1	0.0	0.0	1.4	0.7	172.4	0.1	1.4	2.2	2.4	130.5	0.0	0.0	-1.5
	Apr	162.5	0.2	3.0	1.5	1.3	172.9	0.3	3.5	2.2	2.6	130.7	0.2	1.9	-0.9
	May	162.9	0.2	3.0	1.7	1.6	173.3	0.2	2.8	2.2	2.7	130.6	-0.1	-0.9	-0.8
	Jun	163.0	0.1	0.7	1.7	1.5	173.5	0.1	1.4	2.2	2.5	130.4	-0.2	-1.8	-0.7
	Jul	163.3	0.2	2.2	1.7	1.6	173.8	0.2	2.1	2.2	2.4	130.7	0.2	2.8	-0.2
	Aug	163.5	0.1	1.5	1.6	1.6	174.2	0.2	2.8	2.5	2.5	130.3	-0.3	-3.6	-0.8
	Sep	163.6	0.1	0.7	1.4	1.5	174.5	0.2	2.1	2.4	2.4	130.6	0.2	2.8	-0.8
	Oct	163.9	0.2	2.2	1.5	1.6	174.8	0.2	2.1	2.3	2.4	131.0	0.3	3.7	-0.6
	Nov	164.2	0.2	2.2	1.5	1.6	175.0	0.1	1.4	2.3	2.3	130.7	-0.2	-2.7	-0.6
	Dec	164.4	0.1	1.5	1.6	1.6	175.6	0.3	4.2	2.5	2.5	131.3	0.5	5.7	-0.1
1999	Jan	164.6	0.1	1.5	1.6	1.5	175.7	0.1	0.7	2.3	0.7	131.7	0.3	3.7	0.8
	Feb	164.7	0.1	0.7	1.6	1.1	175.8	0.1	0.7	2.1	0.7	131.1	-0.5	-5.3	0.5
	Mar	165.0	0.2	2.2	1.8	1.5	176.0	0.1	1.4	2.1	0.9	131.6	0.4	4.7	0.8
	Apr	166.2	0.7	9.1	2.3	3.3	176.7	0.4	4.9	2.2	1.9	132.2	0.5	5.6	1.1
	May	166.2	0.0	0.0	2.0	2.6	176.9	0.1	1.4	2.1	1.8	132.4	0.2	1.8	1.4
	Jun	166.2	0.0	0.0	2.0	2.2	177.0	0.1	0.7	2.0	1.6	132.3	-0.1	-0.9	1.5

Notes

Pages 4, 5: **Final sales** is gross domestic product (GDP) minus change in business inventories. **Advance, preliminary, and final GDP growth rates** are released during the first, second, and third months of the following quarter. Changes result from incorporation of more complete information. The **Purchasing Managers' Index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. The National Association of Purchasing Management (NAPM) surveys over 300 firms in 20 manufacturing industries, weighting responses by industry share of GDP. **Aggregate and average weekly hours** are paid hours of production and nonsupervisory employees. The inventory-sales ratio uses nominal (current-dollar) inventory and sales data.

Page 6: The **contribution** of a component X_t to the overall GDP growth rate in quarter t is $100 \times [(1 + (X_t - X_{t-1})/GDP_{t-1})^4 - 1]$. The sign is changed for **imports**. This calculation forces components to add up to the GDP growth rate before compounding and does not exactly match *Survey of Current Business*, Table 8.2. The **residual** line is calculated using the finest level of detail in the table.

Page 7: Ten-year **Treasury yields** are adjusted to constant maturity. Three-month yields are secondary market averages, but all rates used in the yield curves are adjusted to constant maturity. **Standard and Poor's 500 Index with Reinvested Dividends** shows the total return: capital gains plus dividends.

Pages 8,9: **Oil prices** are monthly averages of daily spot prices for West Texas intermediate crude (*Wall Street Journal*). **Consumer price index** is for all urban consumers. The **consumption chain price index** is the index associated with the personal consumption expenditures component of GDP. The **Employment Cost Index (ECI)** covers private nonfarm employers. **ECI compensation** refers to a fixed sample of jobs, while **compensation per hour** covers all workers in the non-farm business sector in a given quarter. In both cases, **compensation** is wages and salaries plus benefits.

Pages 10,11: **Nonfarm payroll employment** is counted in a survey of about 390,000 establishments (Current Employment Survey). It excludes self-employed individuals and workers in private households, but double-counts individuals with more than one job. The **household survey** (Current Population Survey) of about 50,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. New population controls introduced in January 1997 affect levels and growth rates of household survey employment, labor force and population. The unemployment rate and other ratios are minimally affected. 90 percent confidence intervals for the unemployment rate (± 0.2 percentage points) and change in household survey employment ($\pm 376,000$) measure uncertainty due to sample size. The household survey was changed in January 1994, so care should be exercised in making short-term comparisons around this date, particularly with the duration data shown on page 10. Other changes in the survey are detailed in Bureau of Labor Statistics, *Employment and Earnings*, Appendix A.

Pages 13: The **Michigan consumer sentiment index** shows changes in a summary measure of consumers' answers to five questions about their current and expected financial situation, expectations about future economic conditions, and attitudes about making large purchases. The survey is based on a representative sample of U.S. households.

Pages 14, 15: Overall **gross saving** includes government saving, which is the sum of the government surplus and capital consumption (see notes for pages 16 and 17). **Net foreign investment (NFI)** is U.S. investment abroad minus foreign investment in the U.S. Aside from a statistical discrepancy, NFI also equals the difference between gross domestic investment and saving.

Pages 16, 17: **Government consumption and investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the National Income

and Product Accounts (NIPA). The **unified federal budget deficit** differs from **NIPA basis** in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories; and (4) various timing issues are handled differently. **Outlays and receipts** are from the NIPAs, except as noted. Since 1977, the federal **fiscal year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal debt held by the public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

Pages 18, 19: The **trade balance** (shown on a balance of payments basis) is the difference between exports and imports of goods (merchandise) and services. It is nearly identical in concept to the **net exports** component of GDP, but differs slightly in accounting details. The **investment income balance** equals income received from U.S.-owned assets in other countries minus income paid on foreign-owned assets in the U.S. The investment income balance is nearly identical in concept to the difference between gross national product and gross domestic product, but differs in accounting details. The **current account balance** is the trade balance plus the balance on investment income plus net unilateral transfers to the U.S. from other countries.

Pages 20, 21: **Output per hour (Y/H)**, **unit labor cost (C/Y)**, and **compensation per hour (C/H)** are indexes which approximately obey the following relationship: $\%(Y/H) + \%(C/Y) = \%(C/H)$ with $\%()$ meaning percent changes. Unit labor cost is shown on page 9. **Real compensation per hour** uses the CPI to adjust for the effects of inflation. **Multifactor productivity** estimates changes in output that do not correspond to changes in quantities of labor, capital, or intermediate inputs. **Inventory valuation adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital consumption adjustments (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

Sources

Bureau of Economic Analysis (BEA), U.S. Dept. of Commerce

National income and product accounts, international trade and investment data (except by country), auto and light truck sales

Census Bureau, U.S. Dept. of Commerce

Inventory-sales ratios, retail sales, capital goods orders, housing starts, exports and imports by country

Bureau of Labor Statistics (BLS), U.S. Dept. of Labor

All employment-related data, employment cost index, consumer and producer price indexes, unit labor cost, output per hour, compensation per hour, 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)