



## An Oil Price Shock—Or a Shocking Price of Oil?

The price of oil has increased dramatically. A barrel of West Texas Intermediate crude oil sold for just over \$11 at its recent low in December 1998, while it sold for more than \$29 a barrel during March of this year. This run-up in oil prices has caused some commentators to worry that the United States economy is experiencing another “oil price shock” similar to those observed in the 1970s and 1980s. Following those earlier oil shocks, the price level rose while output fell—a decidedly unpleasant combination that became known as “stagflation.” Is the U.S. economy suffering through a new oil price shock that will bring economic turmoil? A closer look at the data suggests not.

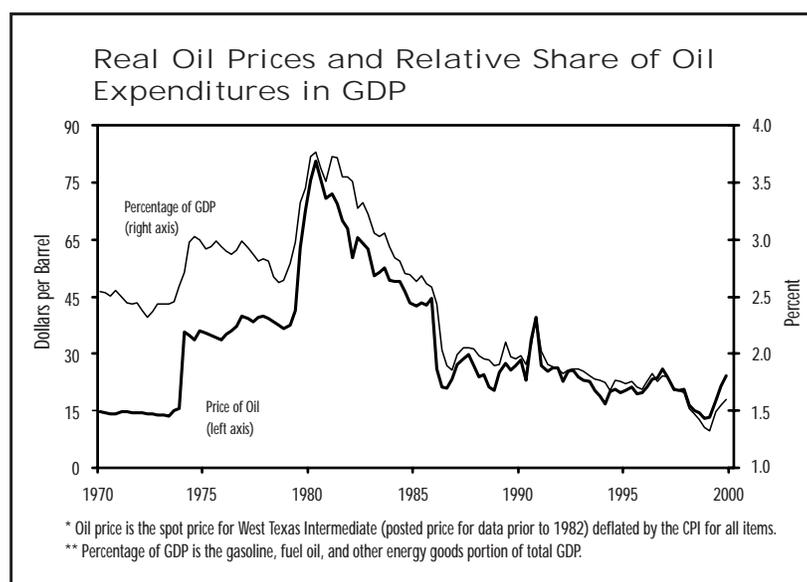
To get a handle on how today’s price of oil compares to prices in the past, it is important to adjust for inflation. The dollars used to purchase oil and other commodities today have—because of ongoing inflation—less purchasing power than the dollars used to purchase oil in days gone by. To correct for this, the darker line in the chart shows the price of crude oil deflated by the consumer price index for all items in 1999 dollars. According to the chart, the inflation-adjusted or real price of oil was much higher in the past and, in fact, peaked around 1980. In inflation-adjusted terms, today’s prices are roughly the same as they have been since the late 1980s. The chart shows that the recent run-up in the price of oil reflects not so much a high price today as a shockingly low price during the fall of 1998. The \$11 per barrel price quoted earlier, was, in real terms, the lowest price since the early 1970s.

Some commentators on the United States economy also mention that the share of oil in GDP has fallen sharply since the 1970s, and

attribute this effect to increased energy efficiency in the nation. Since the share is lower, one might think that any sharp oil price movements would have less effect on the economy than they once did. In short, the story is that the economy is not as vulnerable to oil price shocks as it once was.

To obtain a rough assessment of this story, the lighter line in the chart uses the right scale and shows the share in GDP of oil and products closely related to oil. Since the mid-1980s, the share has consistently remained below the 2.5-percent share that prevailed prior to the first oil price shock during October 1973. Thus, even as the real price of oil returned to pre-1973 levels, the energy intensiveness of the economy—as measured by the quantity of oil consumed per unit of output—remained below its pre-1973 level. The fact that the real price is not very high by recent historical standards, as well as the relatively low current share of national income devoted to oil and related products, suggests that the impact of the recent run-up in oil prices on the U.S. economy will be minimal.

—James Bullard



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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:

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

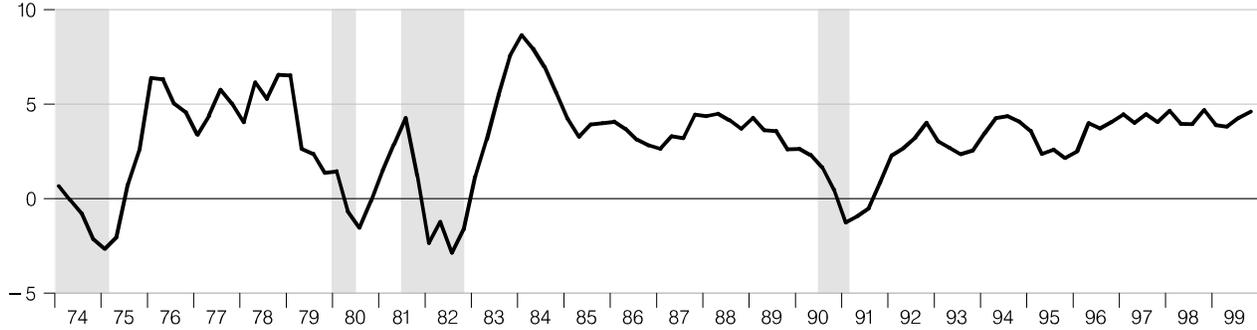
For monthly data replace 4 with 12.

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



### Real Gross Domestic Product

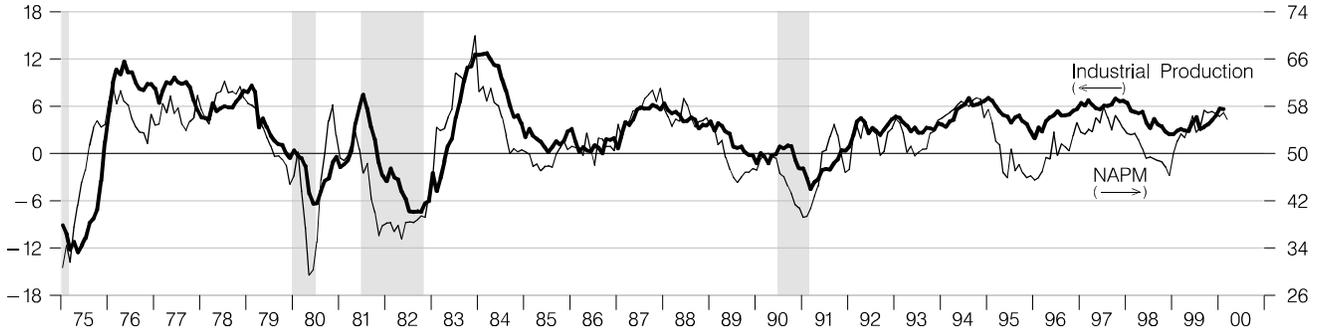
Percent change from year ago



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

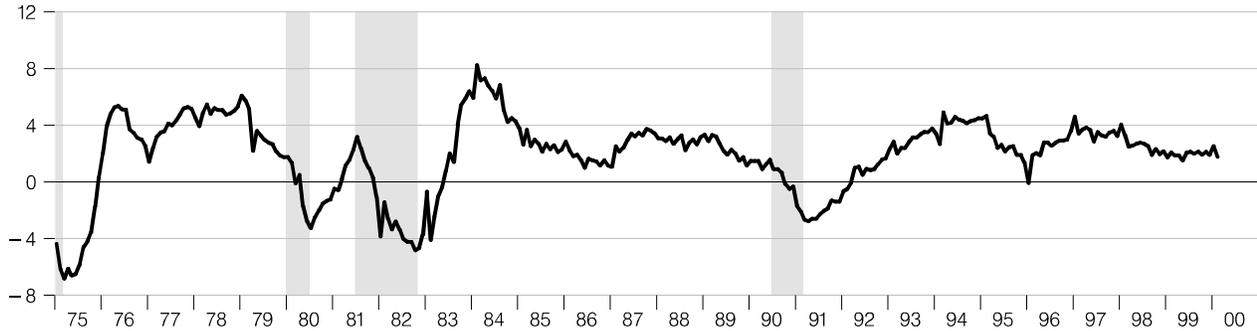
Percent change from year ago

Index  
74



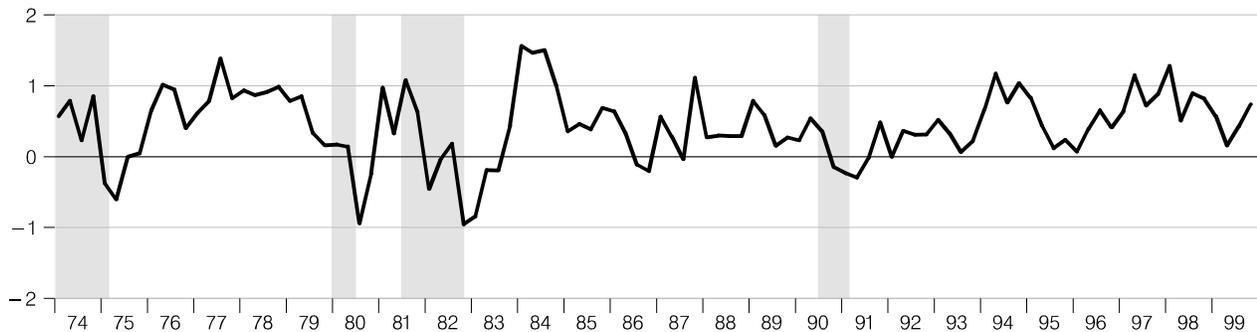
### Aggregate Private Nonfarm Hours

Percent change from year ago

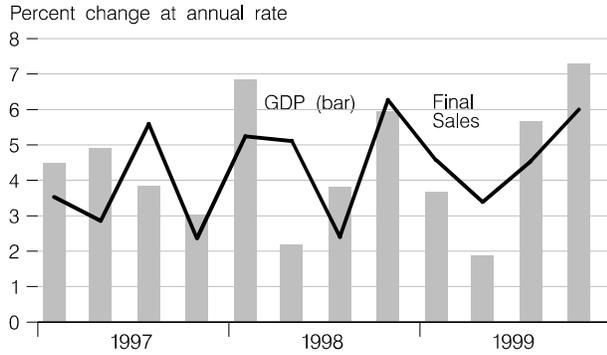


### Real Change in Private Inventories

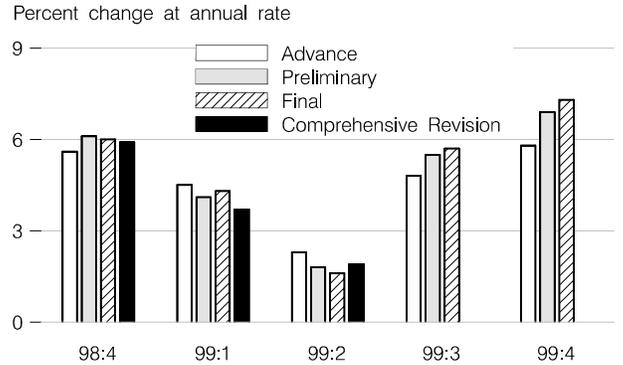
Percent of GDP



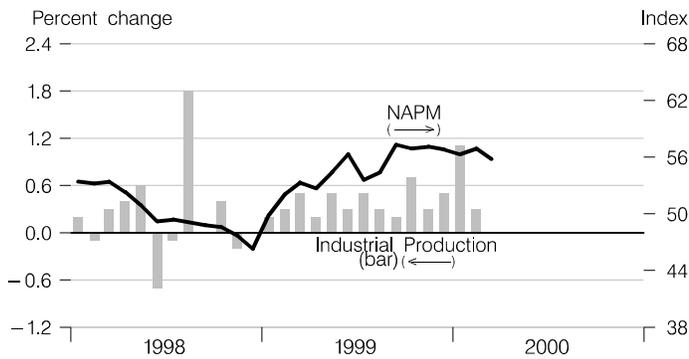
### Real Final Sales and GDP



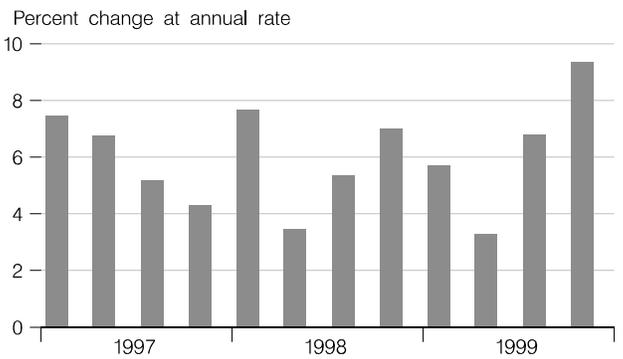
### Real GDP Revisions



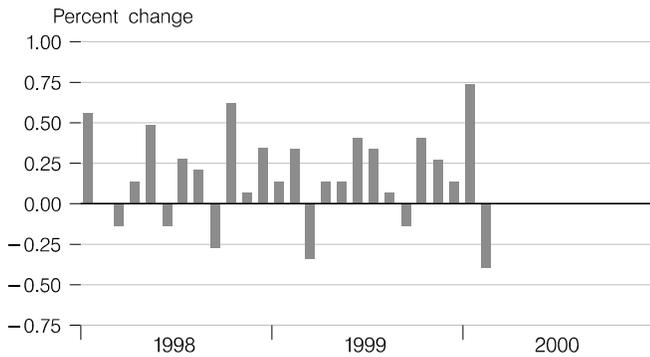
### Industrial Production and NAPM Index



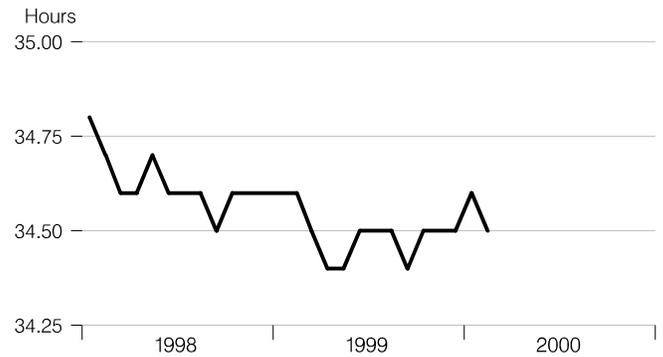
### Nominal Gross Domestic Product



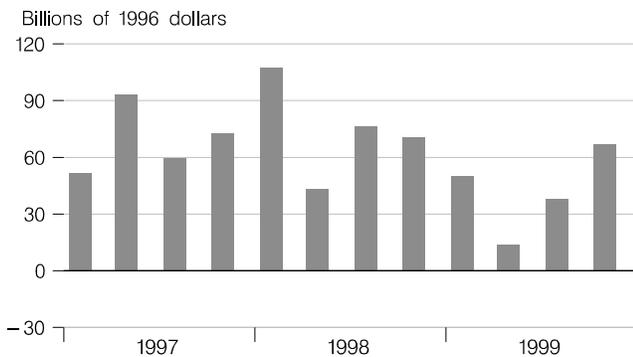
### Aggregate Private Nonfarm Hours



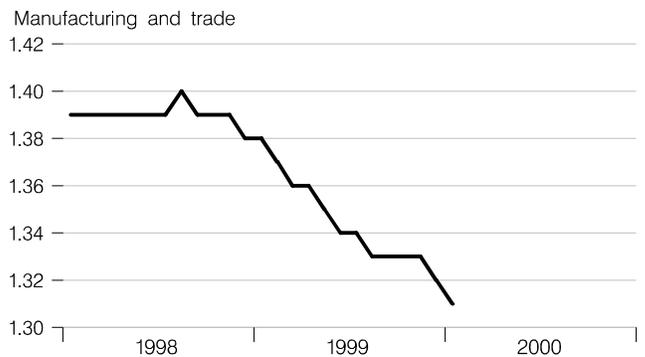
### Average Weekly Private Nonfarm Hours



### Real Change in Private Inventories

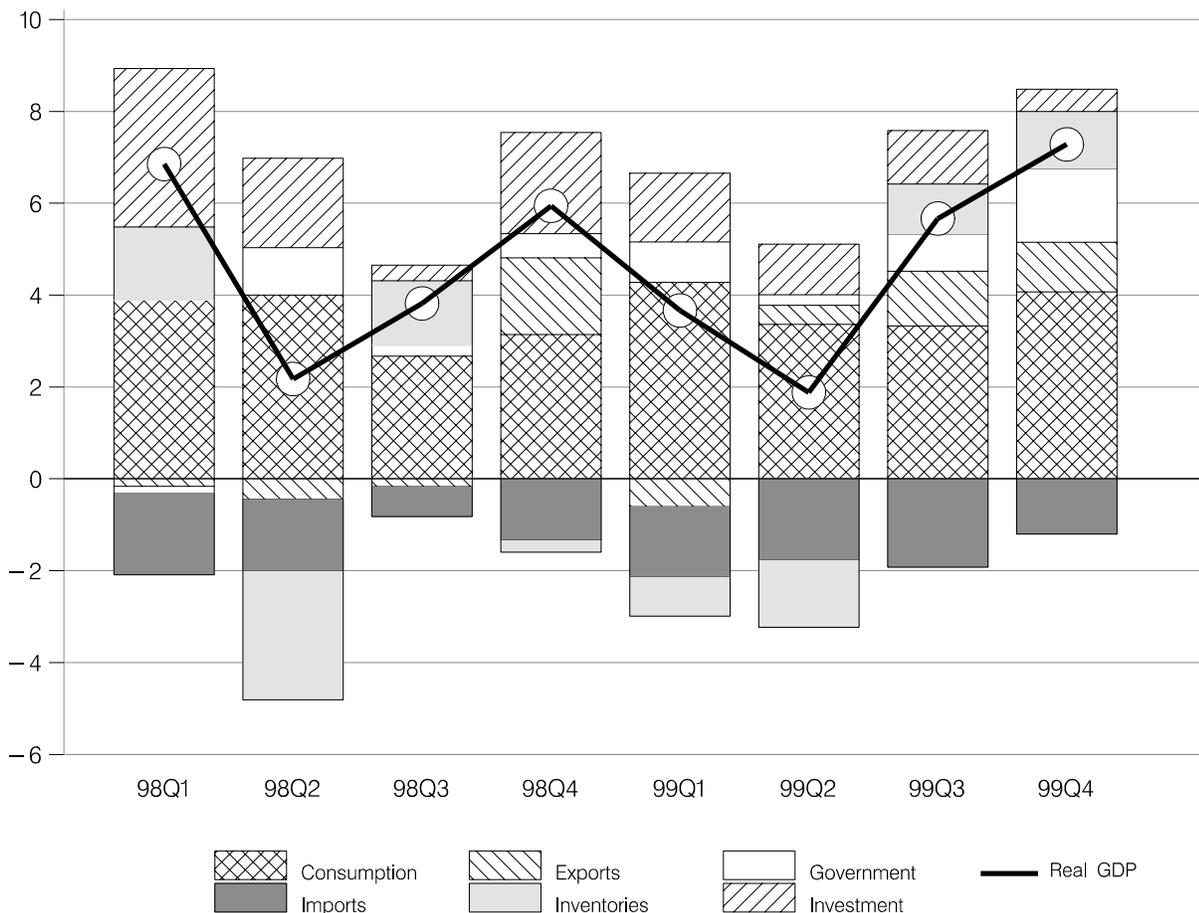


### Inventory-Sales Ratio



### Contribution of Components to Real GDP Growth

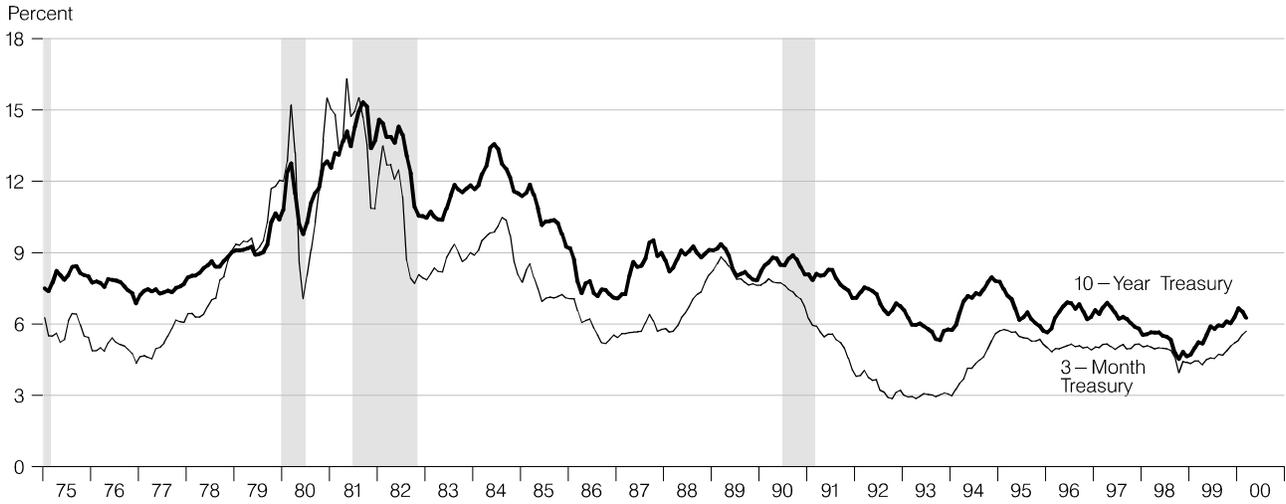
Percent change at annual rate



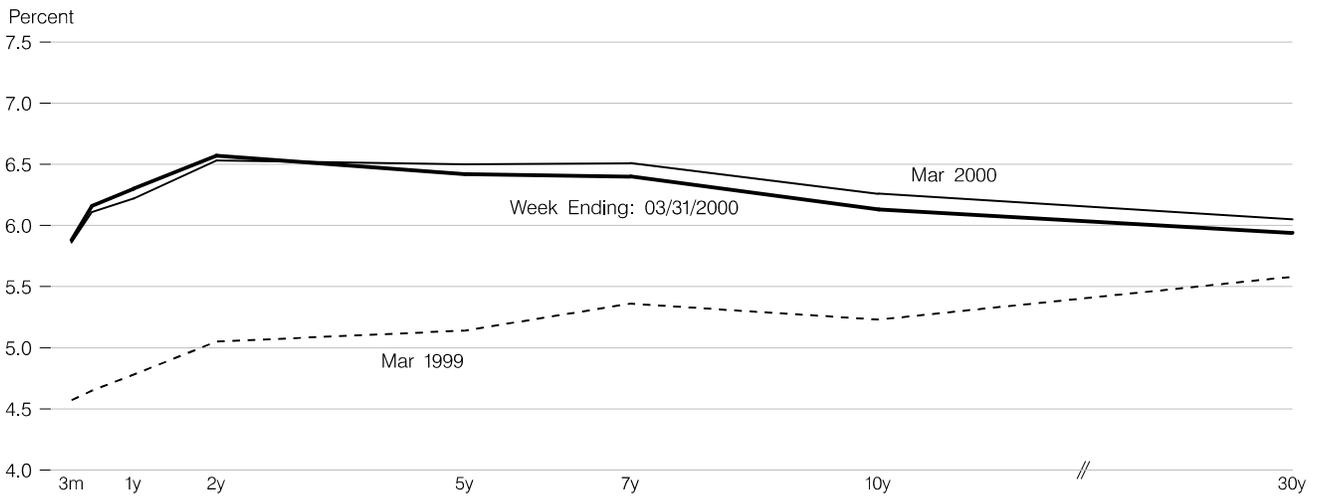
### Contributions to Real GDP Growth Rate

	1998				1999			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Real GDP	6.85	2.17	3.82	5.94	3.67	1.88	5.67	7.28
Final Sales	5.26	4.97	2.42	6.20	4.52	3.34	4.58	6.04
Change in Inventory	1.59	-2.80	1.40	-0.26	-0.85	-1.46	1.09	1.24
Consumption	3.89	4.00	2.67	3.14	4.28	3.36	3.33	4.07
Fixed Investment	3.45	1.95	0.34	2.20	1.49	1.10	1.16	0.48
Nonresidential	2.91	1.42	0.01	1.79	0.95	0.86	1.33	0.39
Residential	0.54	0.53	0.33	0.41	0.54	0.24	-0.17	0.09
Government	-0.16	1.03	0.24	0.53	0.88	0.23	0.81	1.61
Federal	-0.64	0.69	-0.14	0.24	-0.03	0.13	0.26	0.87
State and Local	0.48	0.34	0.38	0.29	0.91	0.10	0.55	0.75
Net Exports	-1.93	-2.01	-0.82	0.33	-2.13	-1.35	-0.73	-0.12
Exports	-0.16	-0.45	-0.17	1.67	-0.61	0.42	1.19	1.08
Imports	-1.77	-1.56	-0.65	-1.34	-1.53	-1.77	-1.92	-1.20
Residual	-0.04	0.40	-0.07	-0.08	0.34	0.35	0.05	0.01

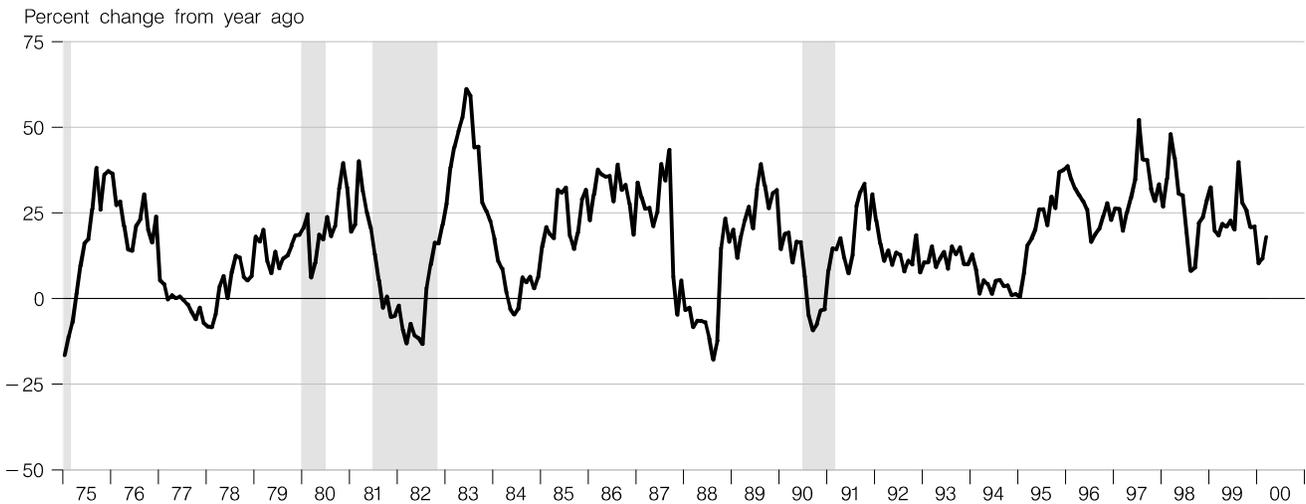
### Interest Rates



### Treasury Yield Curve

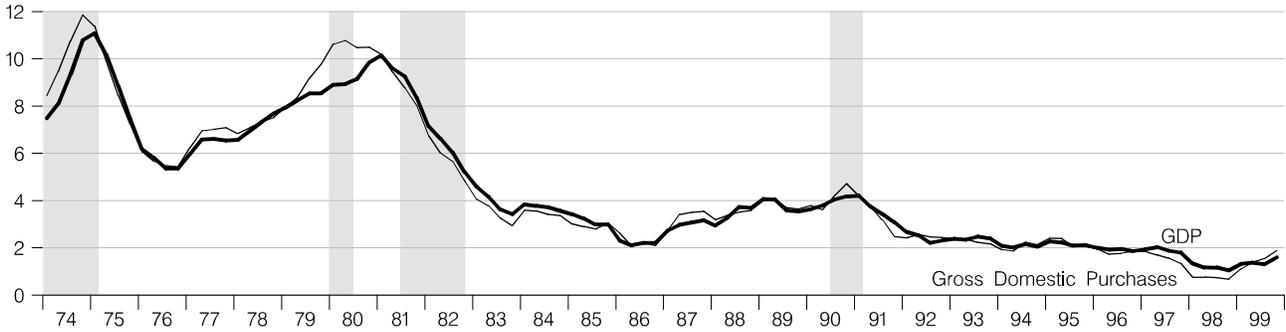


### Standard and Poor's 500 Index with Reinvested Dividends



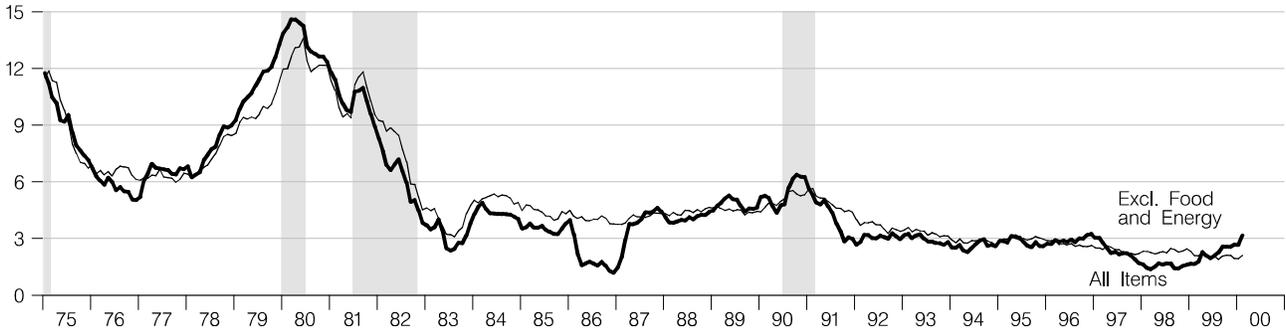
### NIPA Chain Price Indexes

Percent change from year ago



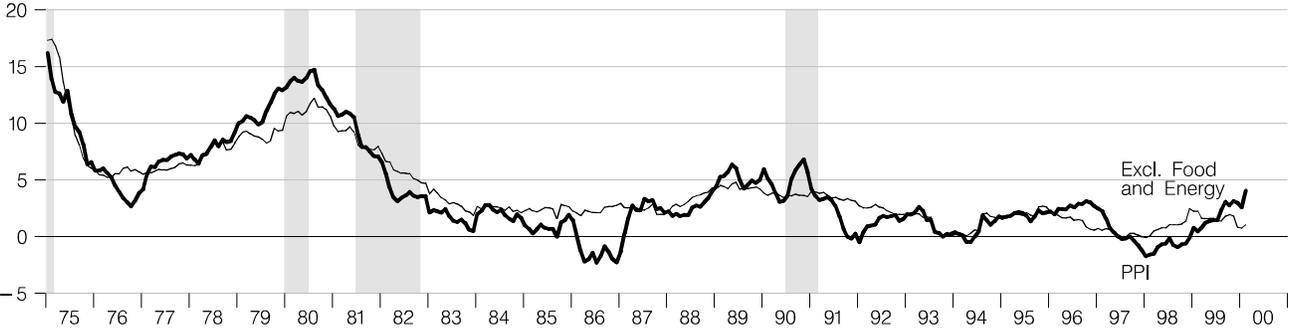
### Consumer Price Index

Percent change from year ago



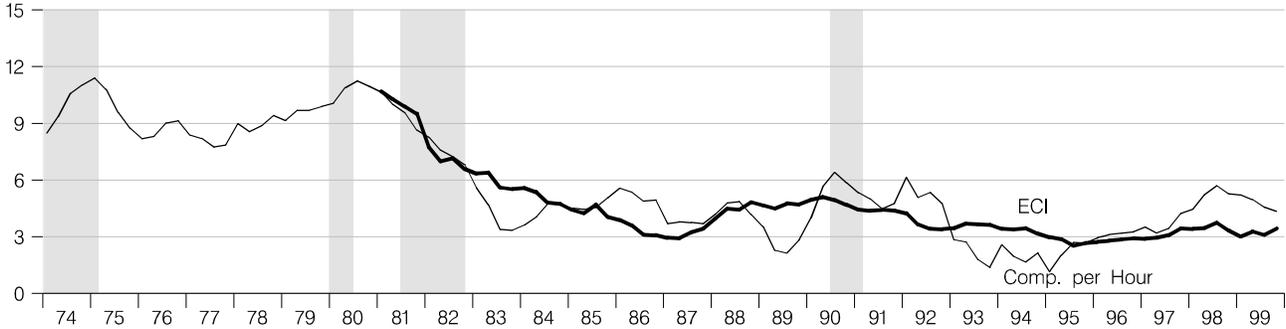
### Producer Price Index, Finished Goods

Percent change from year ago

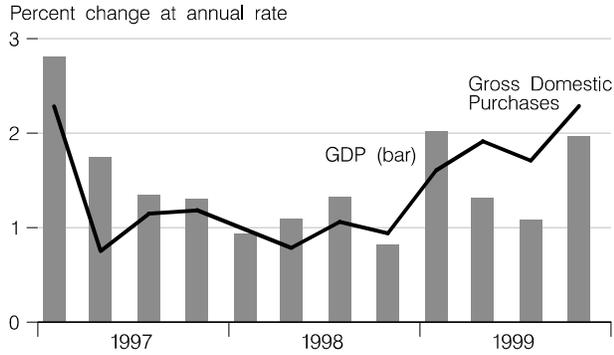


### Employment Cost Index and Compensation per Hour

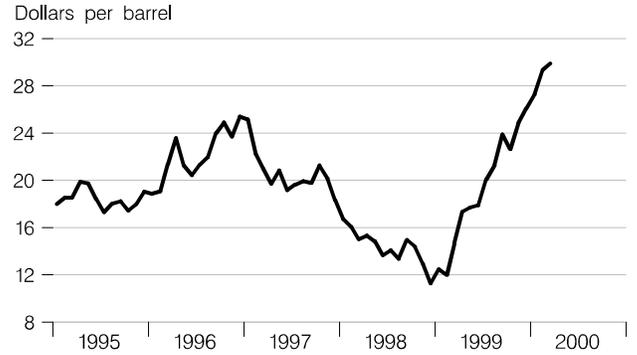
Percent change from year ago



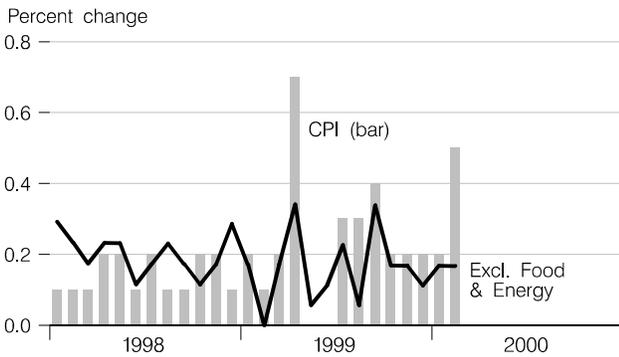
### NIPA Chain Price Indexes



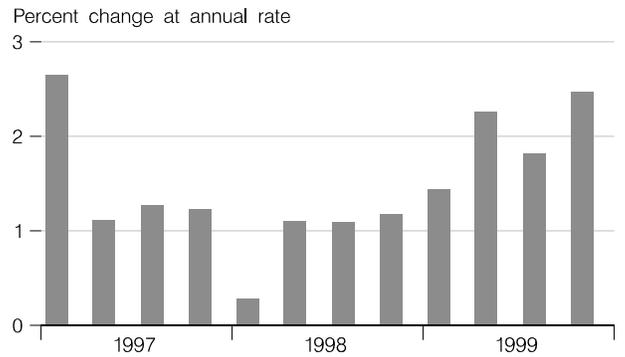
### Crude Oil Price



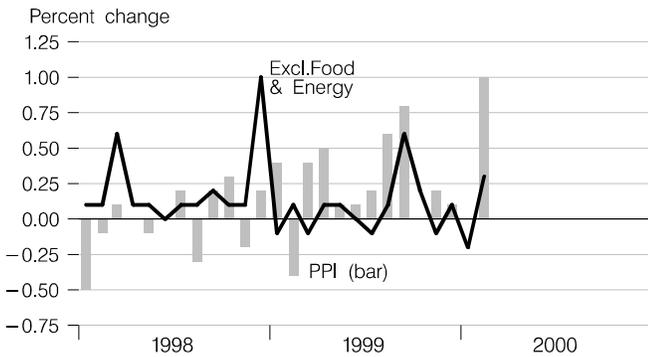
### Consumer Price Index



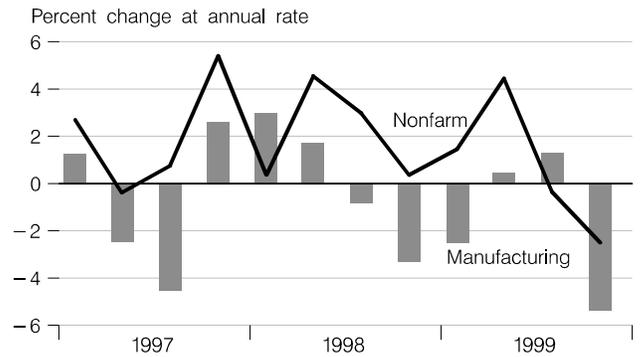
### Consumption Chain Price Index



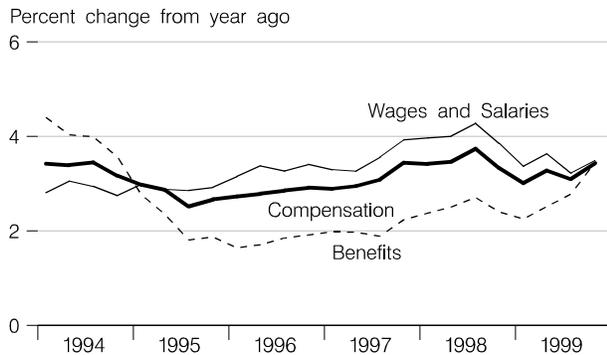
### Producer Price Index, Finished Goods



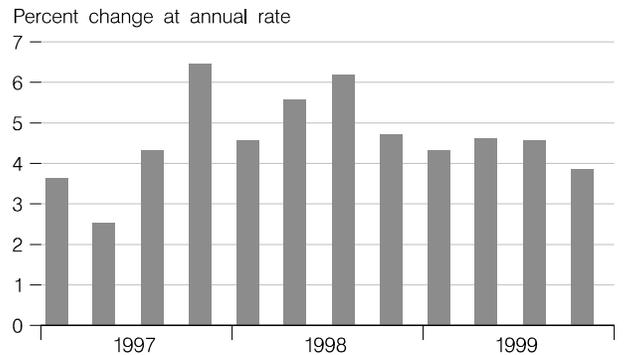
### Unit Labor Cost



### Employment Cost Index

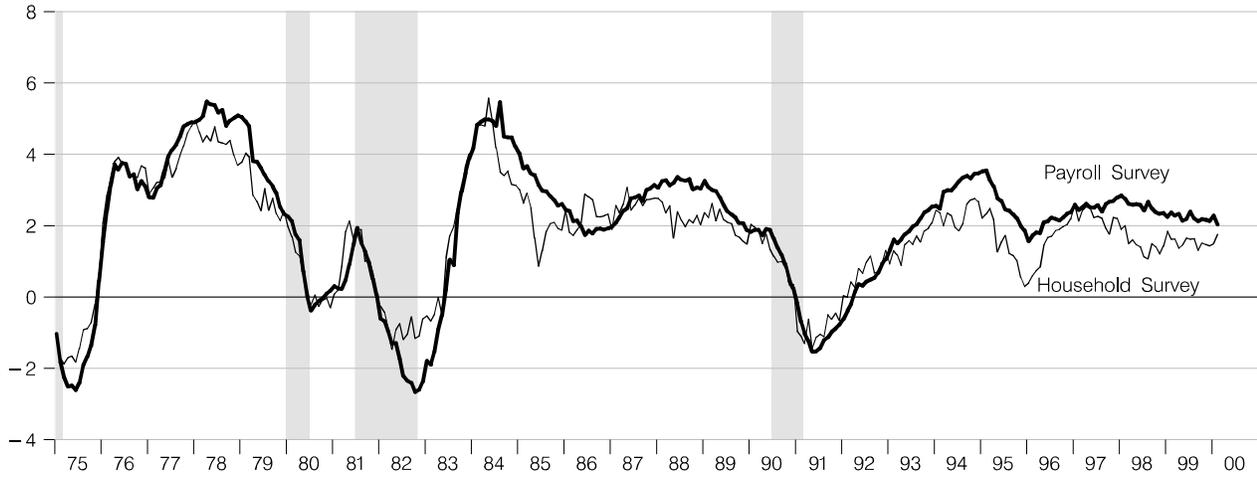


### Compensation per Hour



### Employment

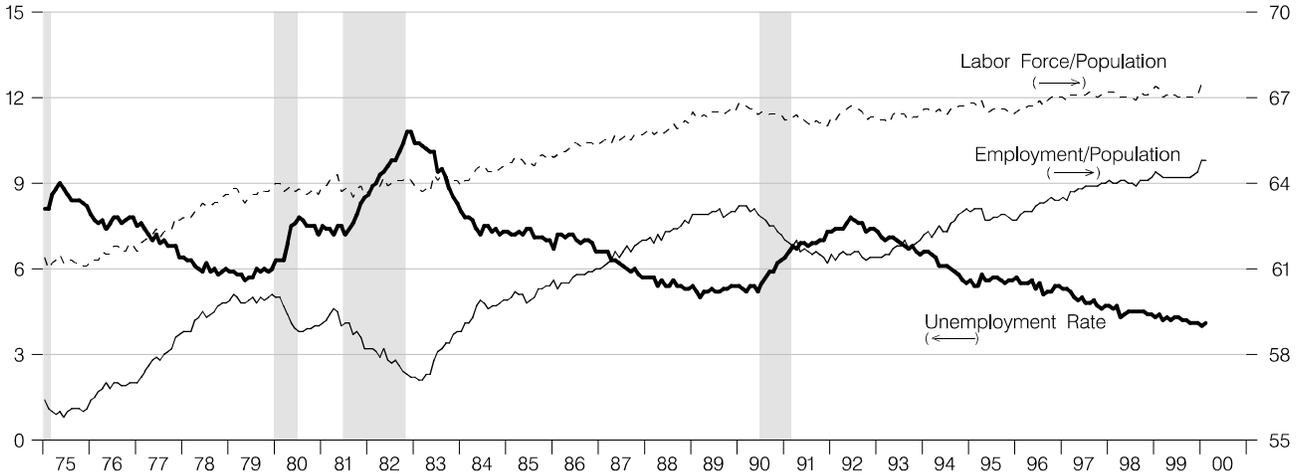
Percent change from year ago



### Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

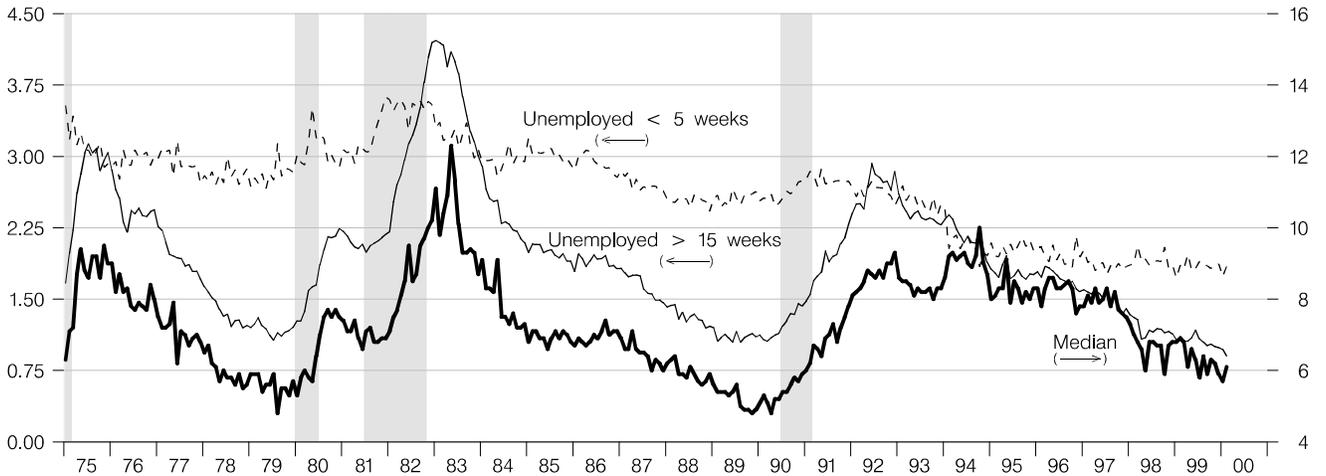
Percent of population



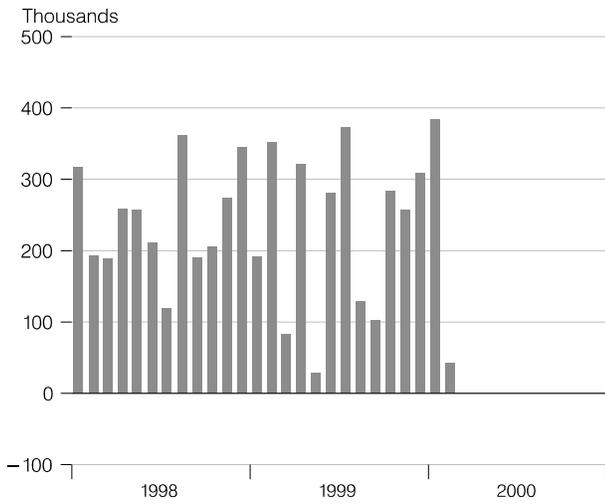
### Duration of Unemployment

Percent of labor force

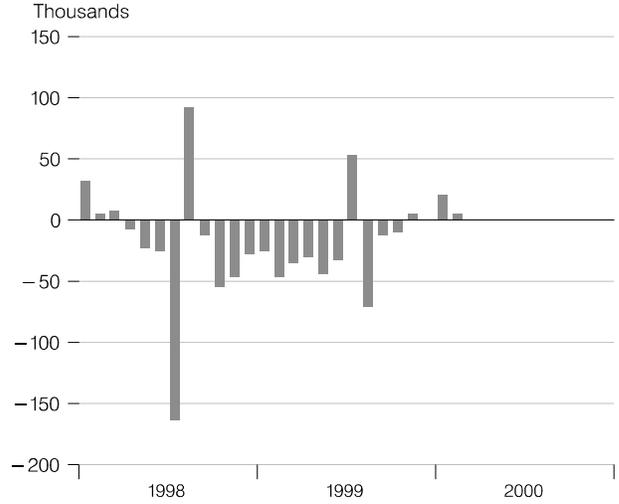
Weeks



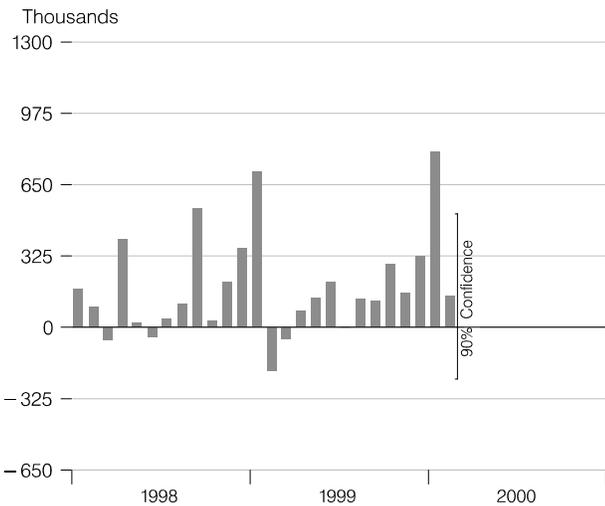
### Change in Nonfarm Payrolls



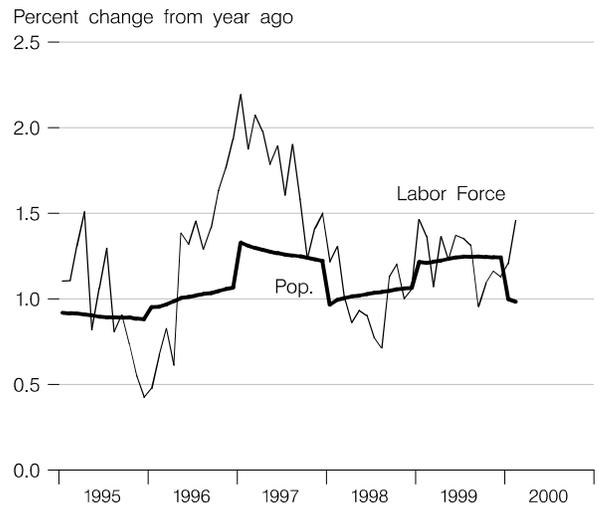
### Change in Manufacturing Payrolls



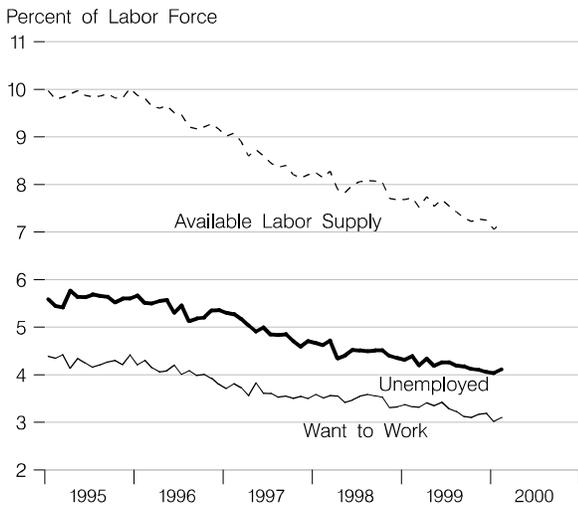
### Change in Household Employment



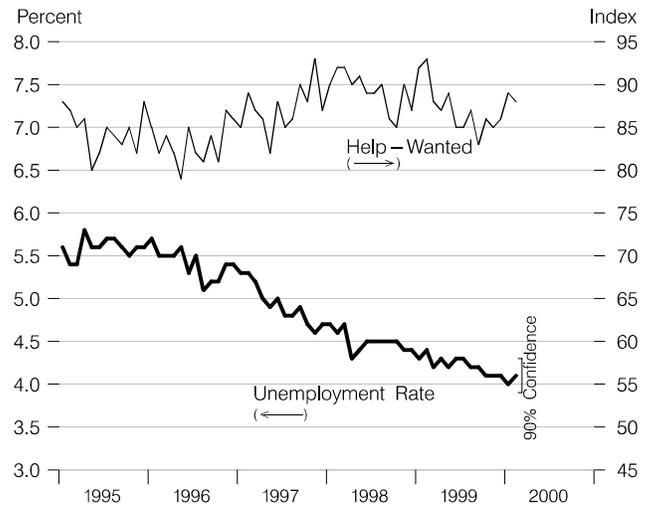
### Labor Force and Population



### Available Labor Supply and Components

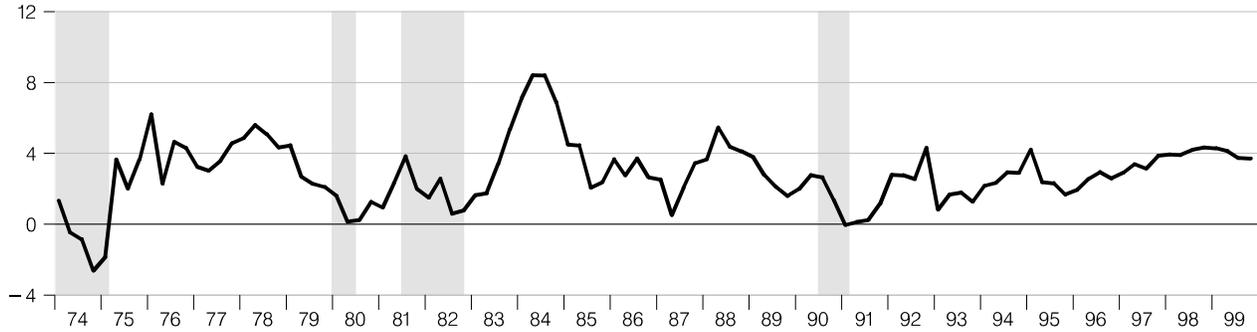


### Unemployment Rate and Help-Wanted Advertising Index



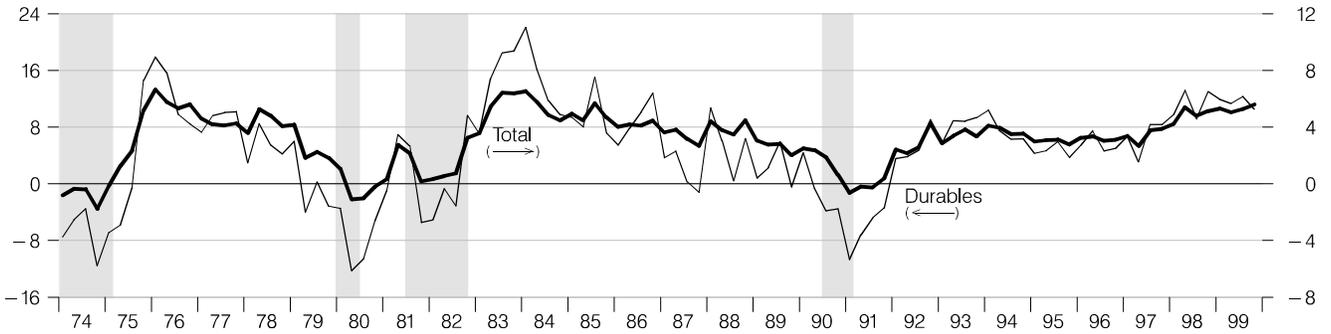
### Real Disposable Personal Income

Percent change from year ago, quarterly data



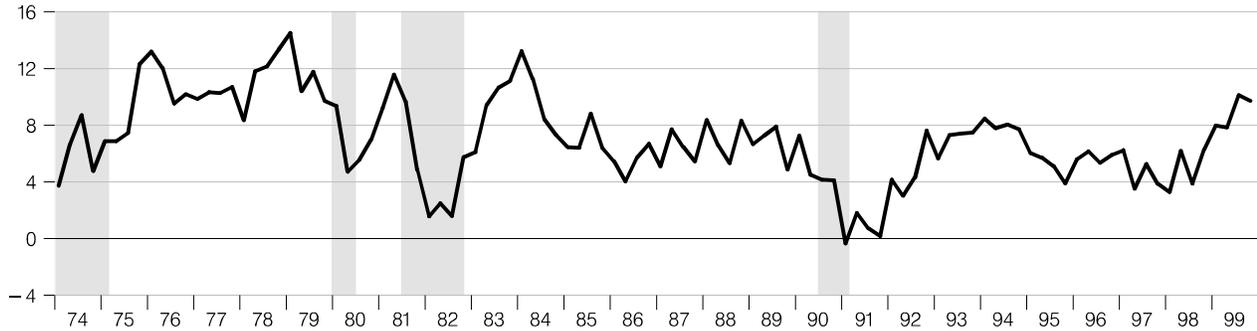
### Real Consumption

Percent change from year ago, quarterly data



### Retail Sales

Percent change from year ago, quarterly average

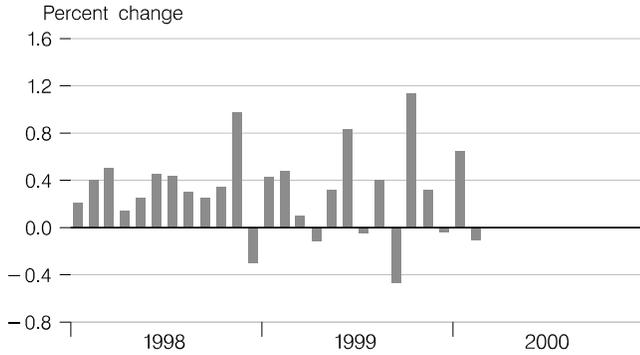


### Household Debt Outstanding

Percent change from year ago, quarterly data



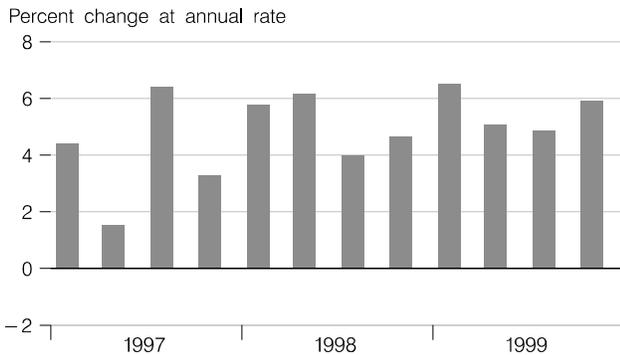
### Real Disposable Personal Income



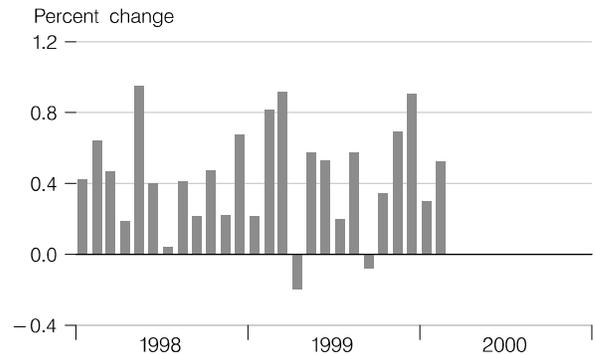
### Personal Saving Rate



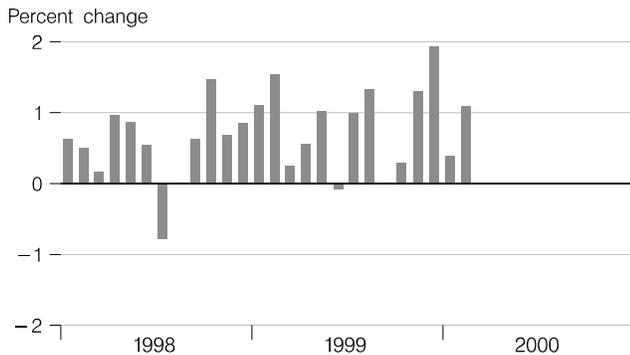
### Real Consumption



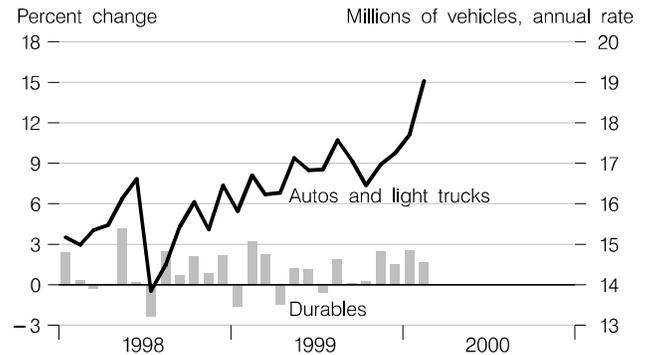
### Real Consumption



### Retail Sales



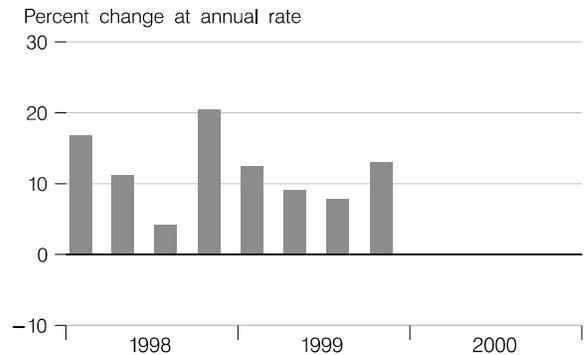
### Real Durables Consumption and Vehicle Sales



### Consumer Sentiment (U. of Michigan)

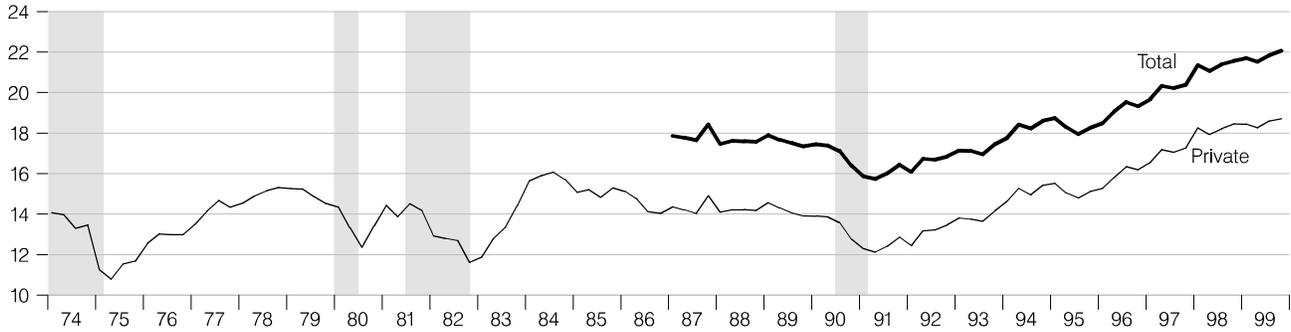


### Real Durables Consumption



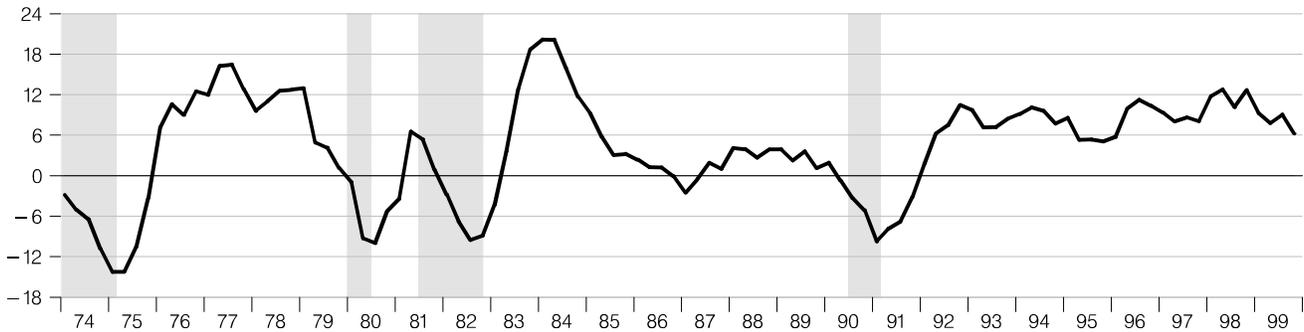
### Real Investment

Percent of GDP



### Real Private Fixed Investment

Percent change from year ago



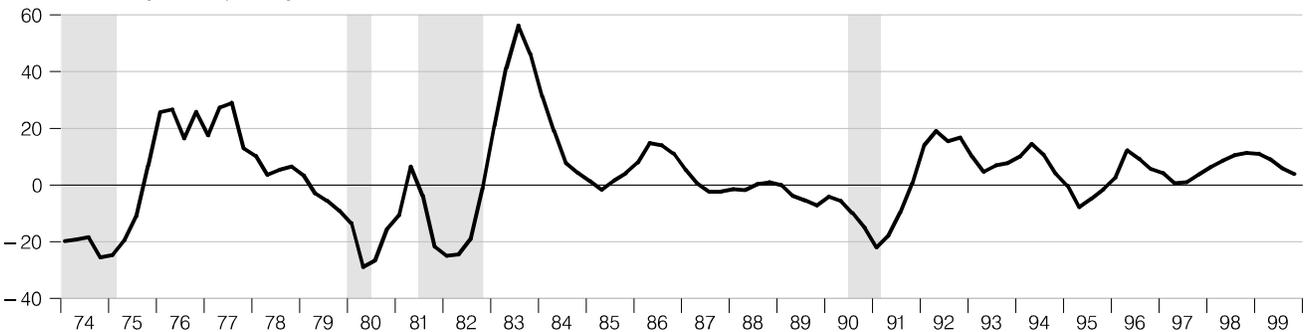
### Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago



### Real Residential Fixed Investment

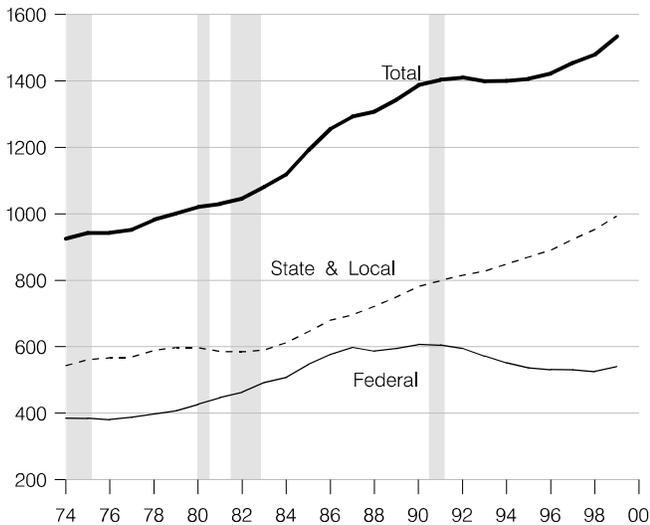
Percent change from year ago





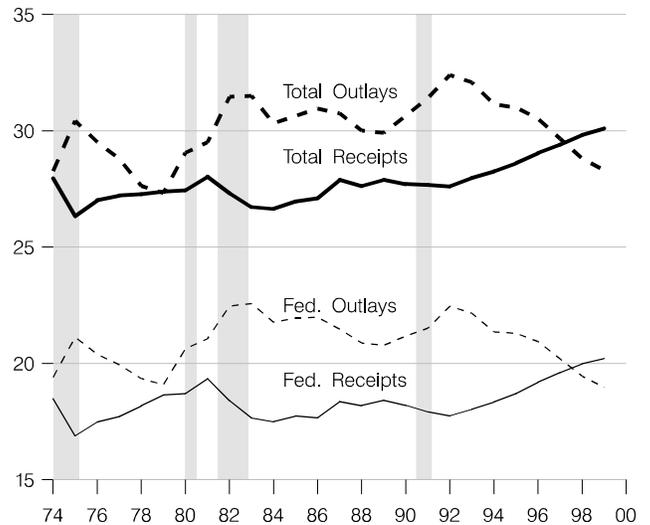
### Govt. Consumption and Investment

Billions of 1996 dollars



### Government Receipts and Outlays

Percent of GDP



### Government Budgets

Billions of dollars

#### National Income Accounts

Calendar Years

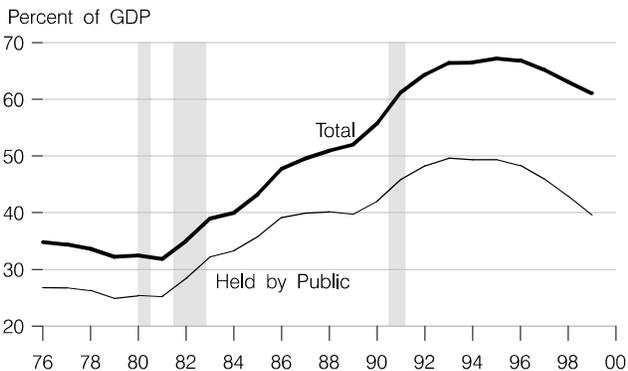
	State and Local			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)
1975	199.6	197.2	2.4	276.1	345.4	-69.3
1976	224.5	217.2	7.3	318.9	371.9	-53.0
1977	249.5	236.4	13.1	359.9	405.0	-45.1
1978	274.3	255.6	18.7	417.3	444.2	-26.9
1979	290.8	277.8	13.0	478.3	489.6	-11.3
1980	316.6	307.8	8.8	522.8	576.6	-53.8
1981	344.4	336.9	7.5	605.6	659.3	-53.7
1982	360.3	362.5	-2.2	599.5	732.1	-132.6
1983	392.1	387.3	4.8	623.9	797.8	-173.9
1984	436.4	412.6	23.8	688.1	856.1	-168.0
1985	469.2	447.0	22.2	747.4	924.6	-177.2
1986	507.9	487.2	20.7	786.4	978.5	-192.1
1987	536.0	523.8	12.2	870.5	1018.4	-147.9
1988	573.7	558.1	15.6	928.9	1066.2	-137.3
1989	618.9	599.6	19.3	1010.3	1140.3	-130.0
1990	663.4	660.8	2.6	1055.7	1228.7	-173.0
1991	716.0	723.8	-7.8	1072.3	1287.6	-215.3
1992	772.2	777.2	-5.0	1121.3	1418.9	-297.6
1993	823.2	821.7	1.5	1197.3	1471.5	-274.2
1994	873.8	865.2	8.6	1293.7	1506.0	-212.3
1995	917.9	902.5	15.4	1383.7	1575.7	-192.0
1996	960.4	939.0	21.4	1499.1	1635.9	-136.8
1997	1009.0	981.5	27.5	1627.2	1676.0	-48.8
1998	1070.4	1028.7	41.7	1750.7	1703.8	46.9
1999	1140.2	1089.2	51.0	1871.3	1755.8	115.5

#### Unified Budget

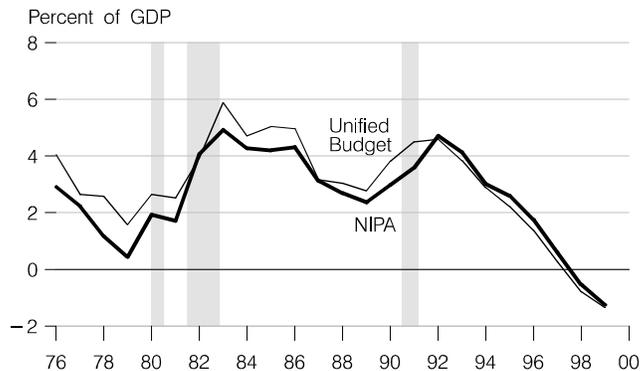
Fiscal Years

	Federal		
	Receipts	Outlays	Surplus or Deficit(-)
1975	279.1	332.3	-53.2
1976	298.1	371.8	-73.7
1977	355.6	409.2	-53.7
1978	399.6	458.7	-59.2
1979	463.3	504.0	-40.7
1980	517.1	590.9	-73.8
1981	599.3	678.2	-79.0
1982	617.8	745.8	-128.0
1983	600.6	808.4	-207.8
1984	666.5	851.9	-185.4
1985	734.1	946.4	-212.3
1986	769.2	990.5	-221.2
1987	854.4	1004.1	-149.8
1988	909.3	1064.5	-155.2
1989	991.2	1143.7	-152.5
1990	1032.0	1253.2	-221.2
1991	1055.0	1324.4	-269.4
1992	1091.3	1381.7	-290.4
1993	1154.4	1409.5	-255.1
1994	1258.6	1461.9	-203.3
1995	1351.8	1515.8	-164.0
1996	1453.1	1560.6	-107.5
1997	1579.3	1601.3	-22.0
1998	1721.8	1652.6	69.2
1999	1827.5	1703.0	124.4

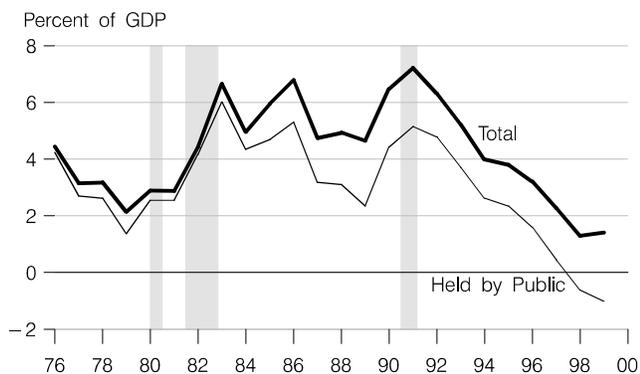
### Federal Debt



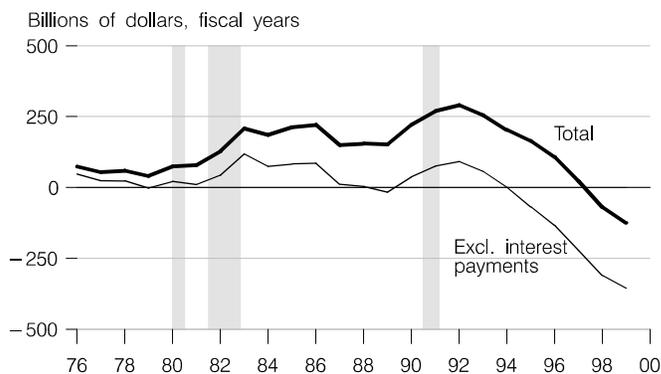
### Federal Deficit



### Change in Federal Debt



### Federal Deficit, Unified Basis

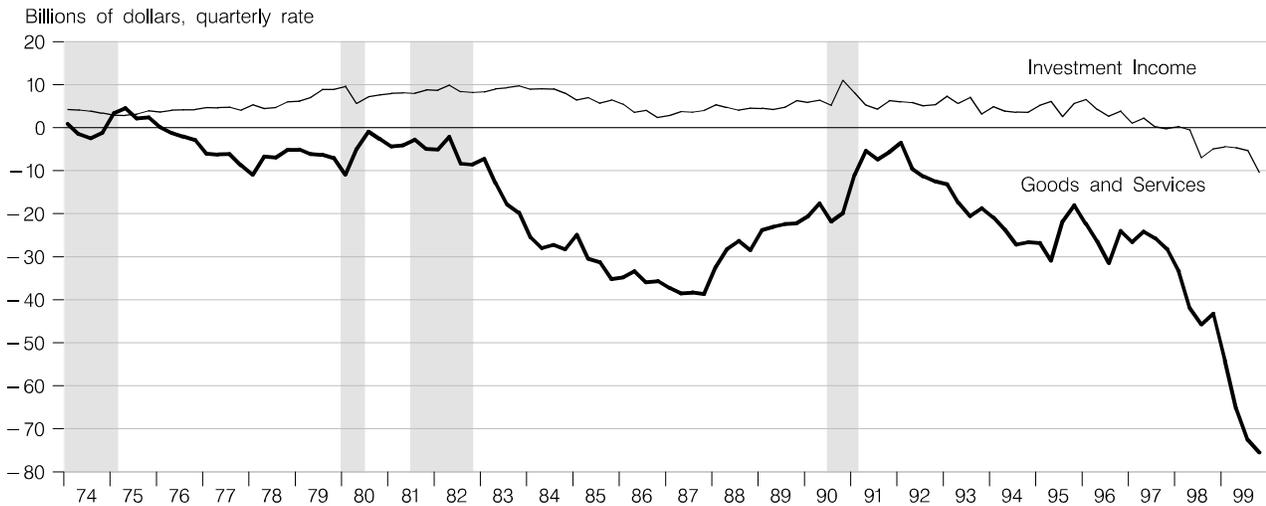


### Federal Government Debt

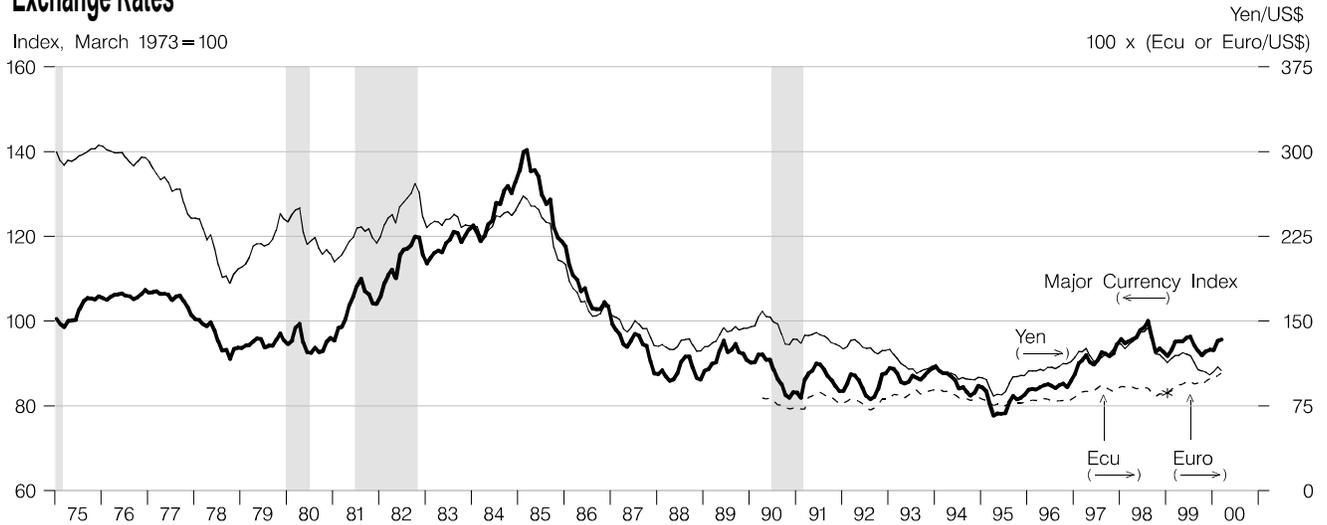
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1997		5413.1	1598.5	3814.7	436.5	3401.6	1230.5
1998		5526.2	1765.6	3760.6	458.1	3313.2	1224.2
1999		5656.3	1989.1	3667.2	496.5	3175.6	1281.3
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	3872.1	400.0	3437.5	1250.5
	June	5547.9	1757.6	3790.4	458.4	3349.3	1256.0
	September	5526.2	1765.6	3760.6	458.1	3313.2	1224.2
	December	5614.2	1826.8	3787.4	471.7	3334.0	1278.7
1999	March	5651.6	1857.1	3794.5	464.5	3327.6	1272.1
	June	5638.8	1953.6	3685.2	493.8	3199.3	1258.6
	September	5656.3	1989.1	3667.2	496.5	3175.6	1281.3
	December	5776.1	2060.6	3715.5	477.7	3234.2	1268.7

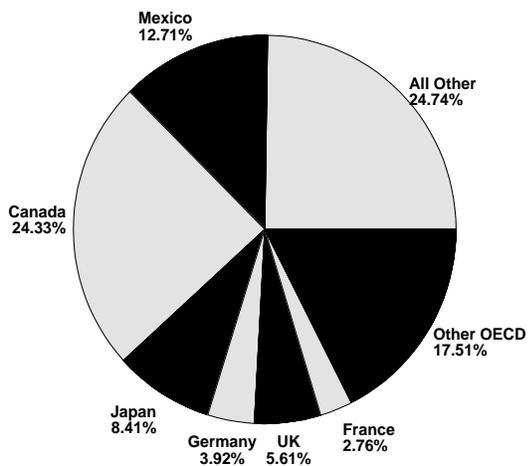
### Trade and Investment Income Balances



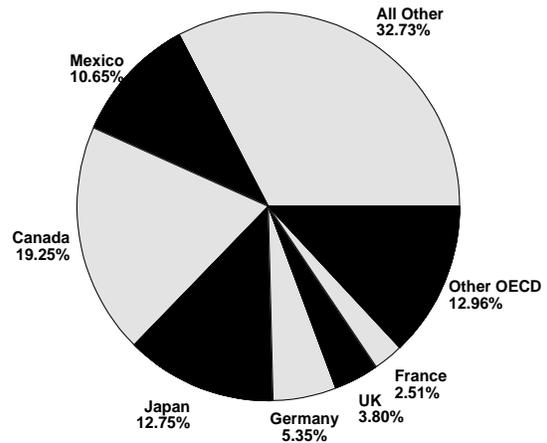
### Exchange Rates



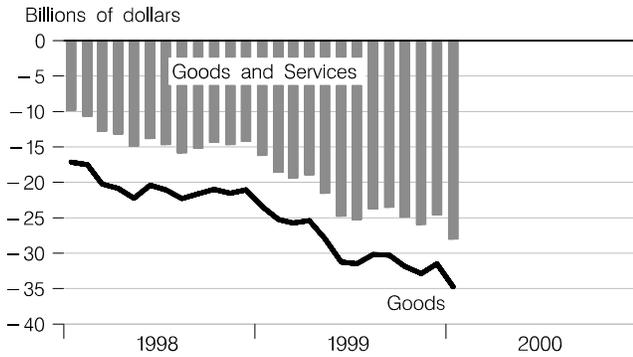
### Goods Export Shares, 1999



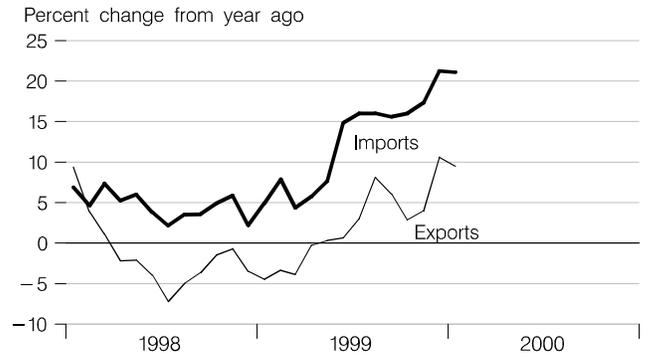
### Goods Import Shares, 1999



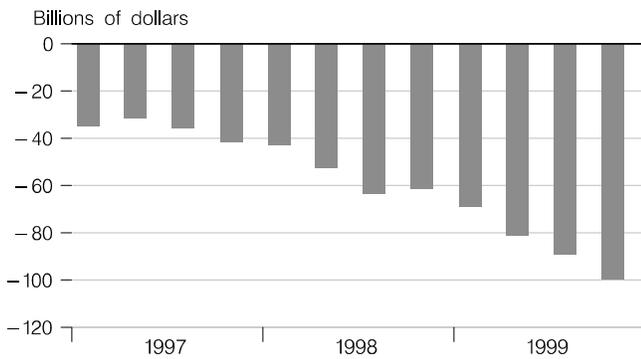
### Trade Balance



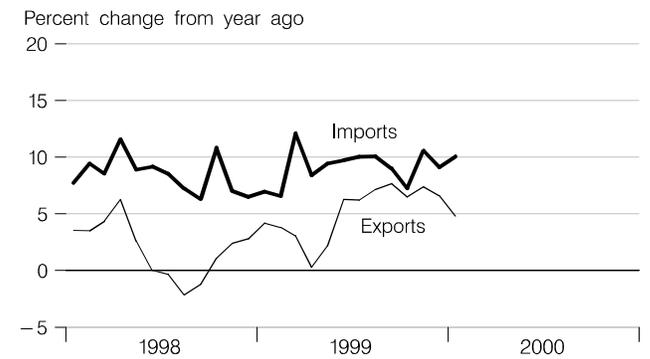
### Goods Trade



### Current Account Balance



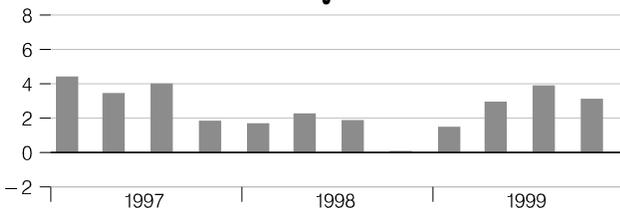
### Services Trade



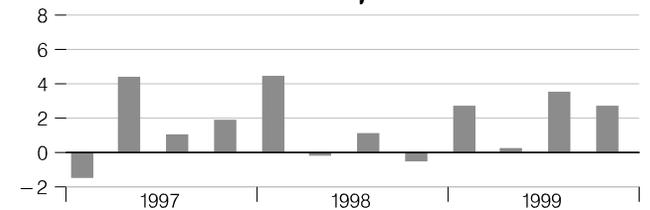
### Real GDP Growth of Major Trading Partners

Percent change at annual rate

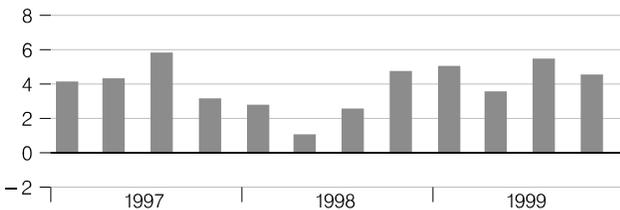
#### United Kingdom



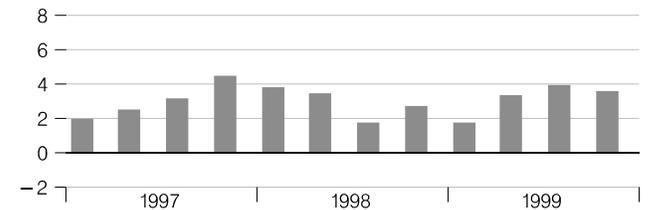
#### Germany



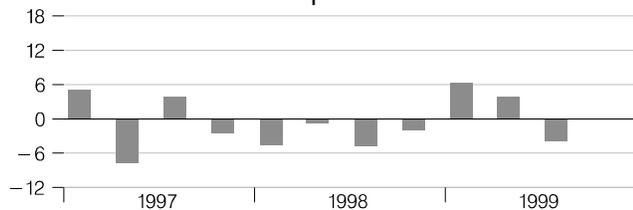
#### Canada



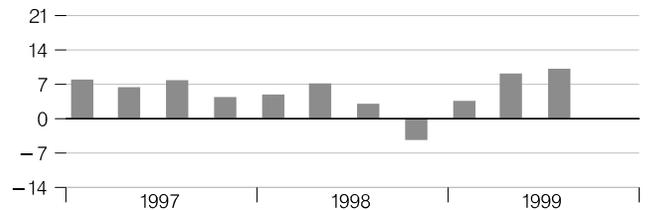
#### France



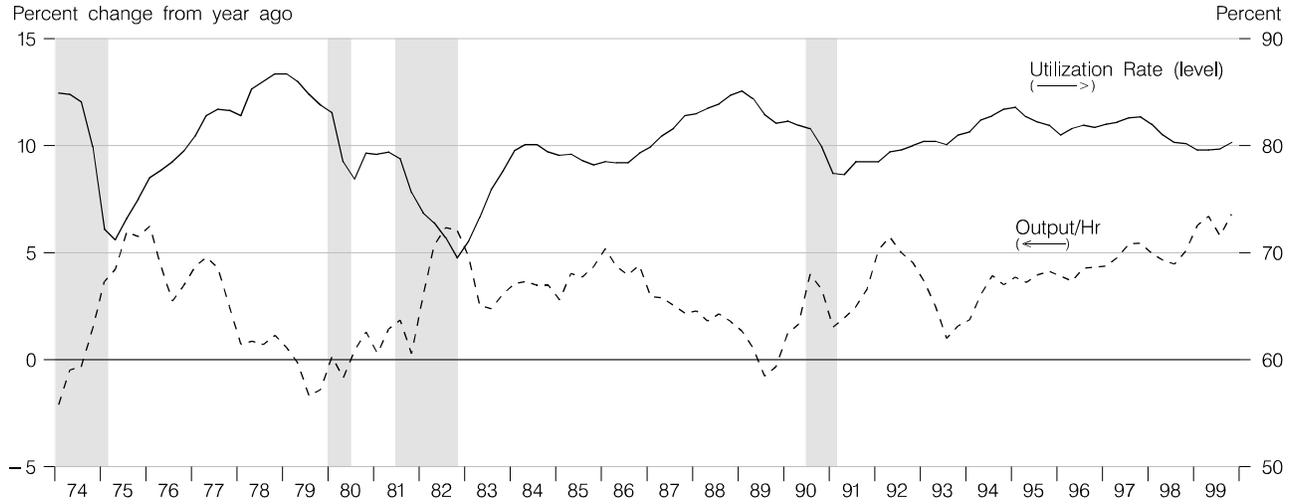
#### Japan



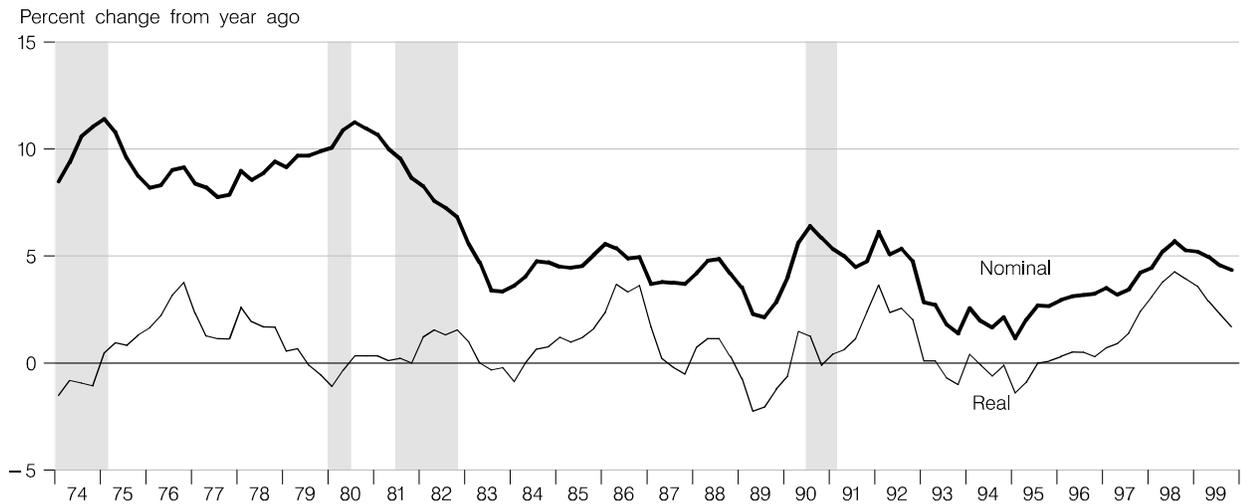
#### Mexico



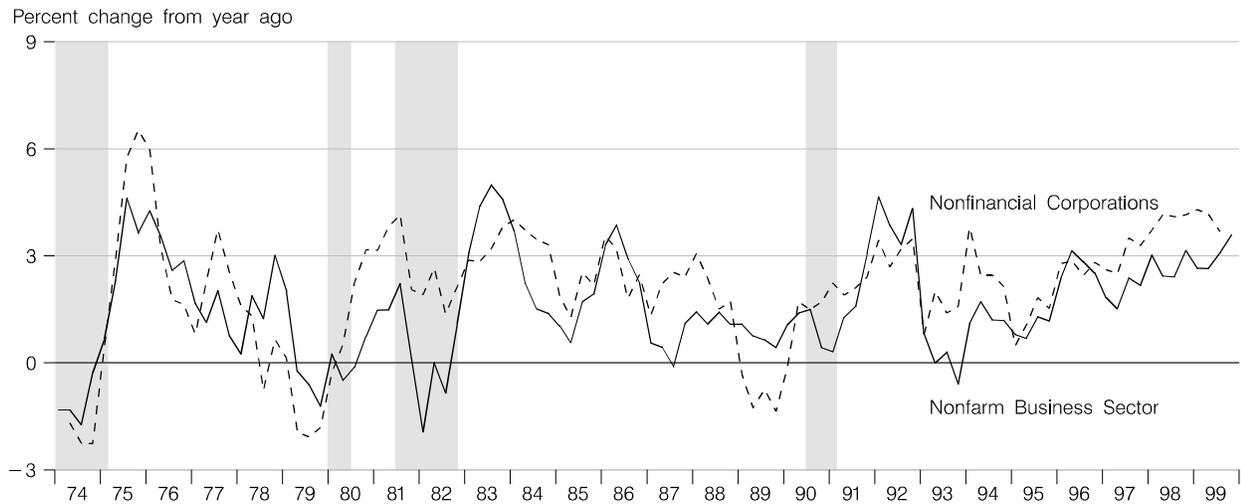
### Output per Hour and Capacity Utilization, Manufacturing



### Nonfarm Compensation per Hour

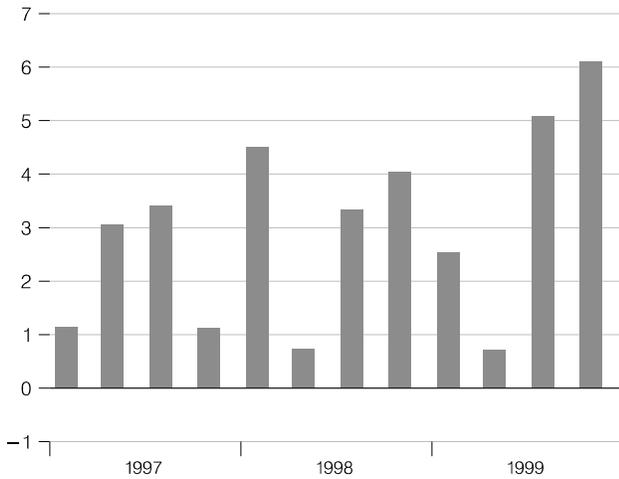


### Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



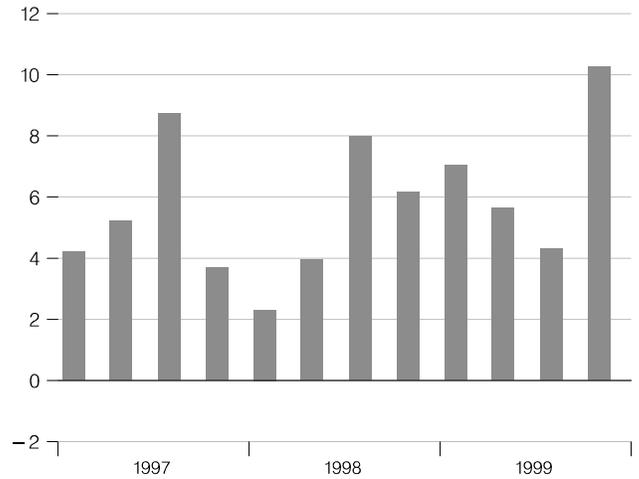
### Nonfarm Output per Hour

Percent change at annual rate



### Manufacturing Output per Hour

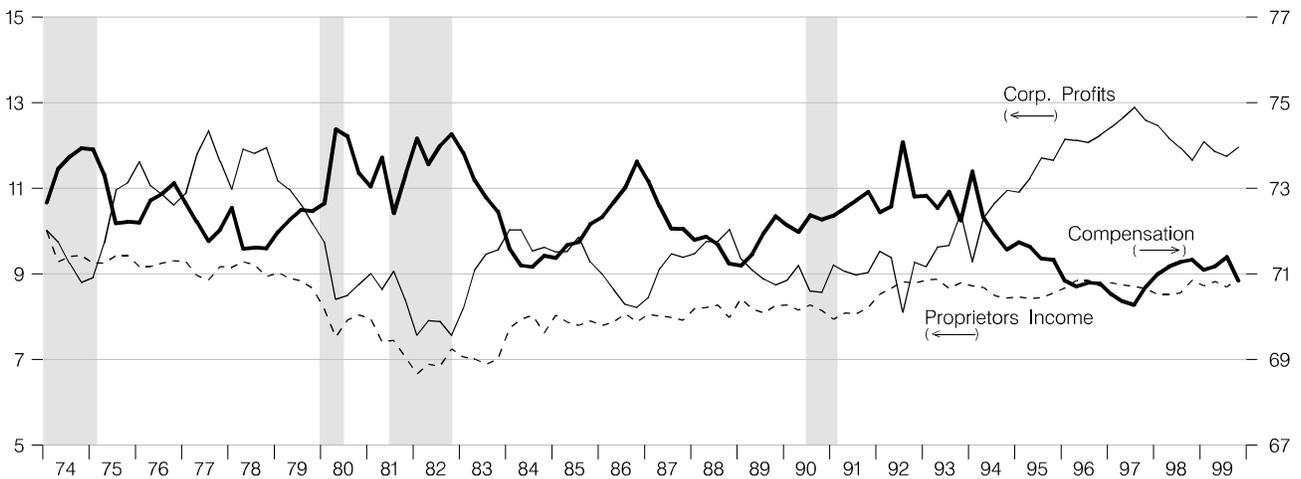
Percent change at annual rate



### Selected Component Shares of National Income

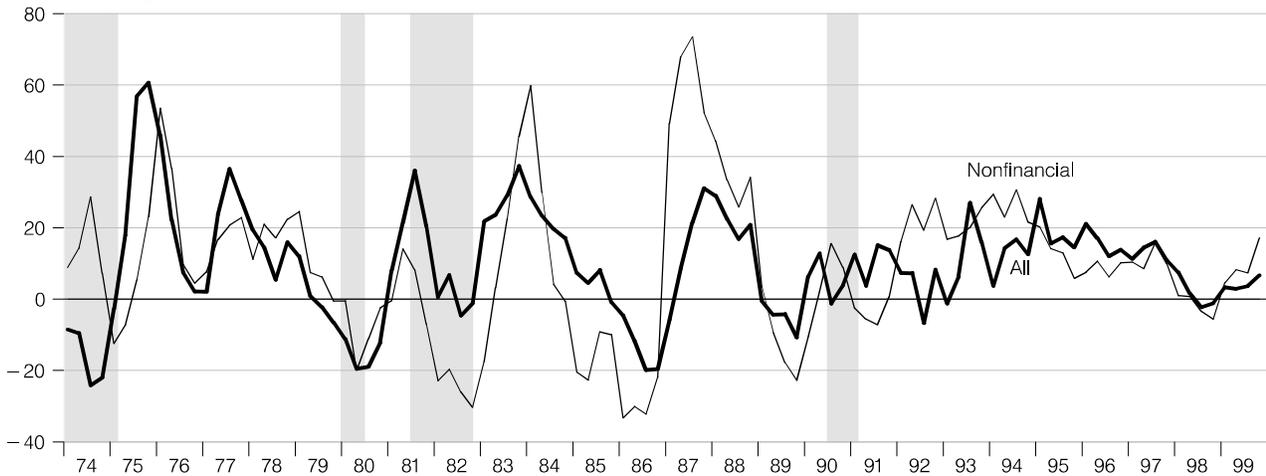
Percent

Percent



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

Percent change from year ago



	Nominal GDP			Real GDP			Final Sales			Change in Private Inventories		
	Billions of \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	Last qtr	Year/Year ago	
1996	7813.2		5.6	7813.170		3.6	7783.176		3.6		29.994	
1997	8300.8		6.2	8144.839		4.2	8075.512		3.8		69.122	
1998	8759.9		5.5	8495.650		4.3	8420.774		4.3		74.290	
1999	9256.1		5.7	8848.220		4.2	8800.515		4.5		42.205	
1996	1	7629.6	5.4	4.6	7676.440	2.9	2.5	7669.619	3.6	3.3	5.581	16.261
	2	7782.7	8.3	6.0	7802.935	6.8	4.0	7773.369	5.5	4.1	30.266	15.709
	3	7859.0	4.0	5.7	7841.922	2.0	3.7	7792.127	1.0	3.2	51.245	26.271
	4	7981.4	6.4	6.0	7931.305	4.6	4.1	7897.589	5.5	3.9	32.882	29.994
1997	1	8125.9	7.4	6.5	8018.735	4.5	4.5	7966.392	3.5	3.9	51.465	41.465
	2	8259.5	6.7	6.1	8115.383	4.9	4.0	8022.664	2.9	3.2	93.108	57.175
	3	8364.5	5.2	6.4	8192.187	3.8	4.5	8132.641	5.6	4.4	59.187	59.161
	4	8453.0	4.3	5.9	8253.208	3.0	4.1	8180.274	2.4	3.6	72.729	69.122
1998	1	8610.6	7.7	6.0	8391.110	6.9	4.6	8285.502	5.2	4.0	107.278	83.076
	2	8683.7	3.4	5.1	8436.348	2.2	4.0	8389.485	5.1	4.6	43.107	70.575
	3	8797.9	5.4	5.2	8515.730	3.8	3.9	8439.376	2.4	3.8	76.114	74.807
	4	8947.6	7.0	5.9	8639.491	5.9	4.7	8568.654	6.3	4.7	70.658	74.289
1999	1	9072.7	5.7	5.4	8717.623	3.7	3.9	8665.010	4.6	4.6	50.134	60.003
	2	9146.2	3.3	5.3	8758.251	1.9	3.8	8737.471	3.4	4.1	14.001	52.727
	3	9297.8	6.8	5.7	8879.824	5.7	4.3	8834.994	4.5	4.7	37.969	43.191
	4	9507.9	9.3	6.3	9037.181	7.3	4.6	8964.584	6.0	4.6	66.716	42.205

	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment			
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
1996	5237.499		3.2	616.475		5.6	1212.696		9.3	899.433		10.0	
1997	5417.250		3.4	657.372		6.6	1316.018		8.5	995.717		10.7	
1998	5681.848		4.9	731.503		11.3	1471.849		11.8	1122.465		12.7	
1999	5983.581		5.3	815.704		11.5	1590.484		8.1	1215.764		8.3	
1996	1	5174.335	3.3	3.2	601.729	4.1	5.5	1165.207	12.0	5.7	861.630	13.1	6.8
	2	5229.486	4.3	3.4	620.402	13.0	7.5	1203.710	13.9	9.9	885.573	11.6	9.1
	3	5254.311	1.9	3.0	618.066	-1.5	4.6	1231.626	9.6	11.2	914.283	13.6	11.9
	4	5291.864	2.9	3.1	625.697	5.0	5.0	1250.229	6.2	10.4	936.247	10.0	12.1
1997	1	5349.162	4.4	3.4	642.077	10.9	6.7	1274.143	7.9	9.3	957.923	9.6	11.2
	2	5369.327	1.5	2.7	639.673	-1.5	3.1	1300.641	8.6	8.1	980.832	9.9	10.8
	3	5453.127	6.4	3.8	669.745	20.2	8.4	1337.931	12.0	8.6	1017.978	16.0	11.3
	4	5497.279	3.3	3.9	677.981	5.0	8.4	1351.344	4.1	8.1	1026.127	3.2	9.6
1998	1	5575.108	5.8	4.2	704.908	16.9	9.8	1424.202	23.4	11.8	1088.575	26.7	13.6
	2	5658.803	6.1	5.4	723.883	11.2	13.2	1466.695	12.5	12.8	1120.181	12.1	14.2
	3	5714.216	4.0	4.8	731.232	4.1	9.2	1473.996	2.0	10.2	1120.316	0.0	10.1
	4	5779.318	4.6	5.1	766.001	20.4	13.0	1522.491	13.8	12.7	1160.799	15.3	13.1
1999	1	5871.289	6.5	5.3	788.780	12.4	11.9	1555.853	9.1	9.2	1182.664	7.8	8.6
	2	5944.457	5.1	5.0	806.084	9.1	11.4	1580.980	6.6	7.8	1202.875	7.0	7.4
	3	6015.687	4.9	5.3	821.225	7.7	12.3	1607.319	6.8	9.0	1234.274	10.9	10.2
	4	6102.891	5.9	5.6	846.728	13.0	10.5	1617.785	2.6	6.3	1243.241	2.9	7.1

	GDP Chain Price Index			Employment Cost Index			ECI: Wages			ECI: Benefits			
	Index	Percent change		Index	Percent change		Index	Percent change		Index	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
1996	100.000		1.9	129.3		2.8	126.0		3.3	137.4		1.8	
1997	101.910		1.9	133.3		3.1	130.4		3.5	140.2		2.0	
1998	103.110		1.2	138.0		3.5	135.6		4.0	143.7		2.5	
1999	104.550		1.4	142.4		3.2	140.3		3.4	147.6		2.7	
1996	1	99.400	2.5	2.0	127.9	2.9	2.7	124.4	4.0	3.2	136.2	0.6	1.6
	2	99.740	1.4	1.9	128.9	3.2	2.8	125.6	3.9	3.4	137.0	2.4	1.7
	3	100.230	2.0	2.0	129.7	2.5	2.9	126.4	2.6	3.3	137.7	2.1	1.8
	4	100.630	1.6	1.9	130.7	3.1	2.9	127.4	3.2	3.4	138.6	2.6	1.9
1997	1	101.330	2.8	1.9	131.6	2.8	2.9	128.5	3.5	3.3	138.9	0.9	2.0
	2	101.770	1.7	2.0	132.7	3.4	2.9	129.7	3.8	3.3	139.7	2.3	2.0
	3	102.110	1.3	1.9	133.7	3.0	3.1	130.9	3.8	3.6	140.3	1.7	1.9
	4	102.440	1.3	1.8	135.2	4.6	3.4	132.4	4.7	3.9	141.7	4.1	2.2
1998	1	102.680	0.9	1.3	136.1	2.7	3.4	133.6	3.7	4.0	142.2	1.4	2.4
	2	102.960	1.1	1.2	137.3	3.6	3.5	134.9	3.9	4.0	143.2	2.8	2.5
	3	103.300	1.3	1.2	138.7	4.1	3.7	136.5	4.8	4.3	144.1	2.5	2.7
	4	103.510	0.8	1.0	139.7	2.9	3.3	137.5	3.0	3.9	145.1	2.8	2.4
1999	1	104.030	2.0	1.3	140.2	1.4	3.0	138.1	1.8	3.4	145.4	0.8	2.3
	2	104.370	1.3	1.4	141.8	4.6	3.3	139.8	5.0	3.6	146.8	3.9	2.5
	3	104.650	1.1	1.3	143.0	3.4	3.1	140.9	3.2	3.2	148.1	3.6	2.8
	4	105.160	2.0	1.6	144.5	4.3	3.4	142.3	4.0	3.5	150.1	5.5	3.4
	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation/Hr			
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Index	Percent change		Index	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
1996	874.163		8.2	963.128		8.6	105.2		2.7	109.8		3.1	
1997	983.075		12.5	1095.221		13.7	107.2		1.9	113.8		3.6	
1998	1004.579		2.2	1222.152		11.6	110.2		2.8	119.7		5.2	
1999	1042.345		3.8	1365.390		11.7	113.5		3.0	125.4		4.8	
1996	1	846.146	2.3	8.4	921.136	10.8	5.5	104.2	3.9	2.4	108.4	2.6	2.9
	2	860.054	6.7	9.0	950.405	13.3	7.2	105.3	4.3	3.1	109.4	3.7	3.1
	3	866.977	3.3	5.5	982.911	14.4	10.5	105.3	0.0	2.8	110.3	3.3	3.2
	4	923.475	28.7	9.8	998.061	6.3	11.2	105.8	1.9	2.5	111.2	3.3	3.2
1997	1	942.103	8.3	11.3	1034.679	15.5	12.3	106.1	1.1	1.8	112.2	3.6	3.5
	2	977.594	15.9	13.7	1080.813	19.1	13.7	106.9	3.1	1.5	112.9	2.5	3.2
	3	1004.186	11.3	15.8	1125.502	17.6	14.5	107.8	3.4	2.4	114.1	4.3	3.4
	4	1008.399	1.7	9.2	1139.901	5.2	14.2	108.1	1.1	2.2	115.9	6.5	4.2
1998	1	1004.492	-1.5	6.6	1178.984	14.4	13.9	109.3	4.5	3.0	117.2	4.6	4.5
	2	994.518	-3.9	1.7	1215.554	13.0	12.5	109.5	0.7	2.4	118.8	5.6	5.2
	3	990.628	-1.6	-1.4	1230.974	5.2	9.4	110.4	3.3	2.4	120.6	6.2	5.7
	4	1028.671	16.3	2.0	1263.085	10.8	10.8	111.5	4.0	3.1	122.0	4.7	5.3
1999	1	1014.300	-5.5	1.0	1300.887	12.5	10.3	112.2	2.5	2.7	123.3	4.3	5.2
	2	1024.292	4.0	3.0	1345.384	14.4	10.7	112.4	0.7	2.6	124.7	4.6	5.0
	3	1052.623	11.5	6.3	1392.982	14.9	13.2	113.8	5.1	3.1	126.1	4.6	4.6
	4	1078.166	10.1	4.8	1422.309	8.7	12.6	115.5	6.1	3.6	127.3	3.9	4.3

	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					
1995	124908	1837		1.5	117189	3054		2.7	133.4			2.7	
1996	126715	1807		1.4	119594	2405		2.1	136.6			2.4	
1997	129565	2850		2.2	122673	3079		2.6	141.4			3.5	
1998	131463	1898		1.5	125803	3130		2.6	145.1			2.6	
1999	133492	2030		1.5	128607	2805		2.2	147.9			1.9	
1997	1	128553	744	2.3	2.4	121447	779	2.6	2.5	139.7	0.9	3.7	3.9
	2	129330	777	2.4	2.4	122294	847	2.8	2.5	140.9	0.9	3.7	3.4
	3	129927	597	1.9	2.1	123006	712	2.4	2.5	141.9	0.7	2.8	3.3
	4	130448	521	1.6	2.1	123946	940	3.1	2.7	143.2	0.9	3.6	3.4
1998	1	130861	413	1.3	1.8	124771	825	2.7	2.7	144.2	0.7	3.0	3.3
	2	131256	394	1.2	1.5	125462	691	2.2	2.6	144.7	0.3	1.3	2.7
	3	131526	270	0.8	1.2	126113	651	2.1	2.5	145.3	0.4	1.6	2.4
	4	132208	682	2.1	1.3	126865	752	2.4	2.4	146.2	0.7	2.7	2.1
1999	1	133077	869	2.7	1.7	127640	776	2.5	2.3	147.0	0.5	2.0	1.9
	2	133214	137	0.4	1.5	128246	606	1.9	2.2	147.3	0.2	1.0	1.8
	3	133526	312	0.9	1.5	128936	690	2.2	2.2	148.3	0.7	2.7	2.1
	4	134153	626	1.9	1.5	129606	670	2.1	2.2	149.1	0.6	2.3	2.0
1998	Feb	130911	92	0.8	2.0	124773	193	1.9	2.8	144.3	0.0	0.0	3.3
	Mar	130854	-57	-0.5	1.5	124961	188	1.8	2.6	144.1	-0.1	-1.7	2.5
	Apr	131255	401	3.7	1.6	125220	259	2.5	2.6	144.3	0.1	1.7	2.6
	May	131278	23	0.2	1.5	125478	258	2.5	2.6	145.0	0.5	6.0	2.7
	Jun	131234	-44	-0.4	1.4	125689	211	2.0	2.6	144.8	-0.1	-1.6	2.8
	Jul	131274	40	0.4	1.1	125808	119	1.1	2.4	145.2	0.3	3.4	2.7
	Aug	131381	107	1.0	1.1	126170	362	3.5	2.7	145.5	0.2	2.5	2.5
	Sep	131922	541	5.1	1.5	126361	191	1.8	2.5	145.1	-0.3	-3.2	1.9
	Oct	131950	28	0.3	1.4	126567	206	2.0	2.4	146.0	0.6	7.7	2.3
	Nov	132156	206	1.9	1.2	126841	274	2.6	2.3	146.1	0.1	0.8	2.0
	Dec	132517	361	3.3	1.4	127186	345	3.3	2.4	146.6	0.3	4.2	2.2
1999	Jan	133225	708	6.6	1.8	127378	192	1.8	2.2	146.8	0.1	1.6	1.7
	Feb	133029	-196	-1.8	1.6	127730	352	3.4	2.4	147.3	0.3	4.2	2.1
	Mar	132976	-53	-0.5	1.6	127813	83	0.8	2.3	146.8	-0.3	-4.0	1.9
	Apr	133054	78	0.7	1.4	128134	321	3.1	2.3	147.0	0.1	1.6	1.9
	May	133190	136	1.2	1.5	128162	28	0.3	2.1	147.2	0.1	1.6	1.5
	Jun	133398	208	1.9	1.6	128443	281	2.7	2.2	147.8	0.4	5.0	2.1
	Jul	133399	1	0.0	1.6	128816	373	3.5	2.4	148.3	0.3	4.1	2.1
	Aug	133530	131	1.2	1.6	128945	129	1.2	2.2	148.4	0.1	0.8	2.0
	Sep	133650	120	1.1	1.3	129048	103	1.0	2.1	148.2	-0.1	-1.6	2.1
	Oct	133940	290	2.6	1.5	129332	284	2.7	2.2	148.8	0.4	5.0	1.9
	Nov	134098	158	1.4	1.5	129589	257	2.4	2.2	149.2	0.3	3.3	2.1
	Dec	134420	322	2.9	1.4	129898	309	2.9	2.1	149.4	0.1	1.6	1.9
2000	Jan	135221	801	7.4	1.5	130282	384	3.6	2.3	150.5	0.7	9.2	2.5
	Feb	135362	141	1.3	1.8	130325	43	0.4	2.0	149.9	-0.4	-4.7	1.8

	Unempl. Rate	Retail Sales				Industrial Production				Treasury Yields		
		Billions of dollars	Percent change			Index	Percent change			3-mo	10-yr	
			Monthly/ quarterly	Annual rate	Year ago		Monthly/ quarterly	Annual rate	Year ago			
1995	5.6	2364.120			5.2	114.418			4.9	5.49	6.58	
1996	5.4	2500.076			5.8	119.445			4.4	5.01	6.44	
1997	4.9	2617.854			4.7	126.953			6.3	5.06	6.35	
1998	4.5	2746.351			4.9	132.365			4.3	4.78	5.26	
1999	4.2	2991.524			8.9	136.990			3.5	4.64	5.64	
1998	1	4.7	671.704	1.4	5.8	3.3	130.897	0.6	2.4	5.7	5.05	5.59
	2	4.4	685.168	2.0	8.3	6.2	131.856	0.7	3.0	4.8	4.98	5.60
	3	4.5	685.670	0.1	0.3	3.9	132.811	0.7	2.9	3.8	4.82	5.20
	4	4.4	703.809	2.6	11.0	6.3	133.895	0.8	3.3	2.9	4.26	4.67
1999	1	4.3	725.267	3.0	12.8	8.0	134.569	0.5	2.0	2.8	4.41	4.98
	2	4.3	739.004	1.9	7.8	7.9	136.109	1.1	4.7	3.2	4.45	5.54
	3	4.2	755.039	2.2	9.0	10.1	137.721	1.2	4.8	3.7	4.65	5.88
	4	4.1	772.214	2.3	9.4	9.7	139.560	1.3	5.4	4.2	5.04	6.14
1998	Mar	4.7	224.508	0.2	1.9	3.1	131.082	0.3	3.2	5.3	5.03	5.65
	Apr	4.3	226.659	1.0	12.1	5.4	131.654	0.4	5.4	5.1	4.95	5.64
	May	4.4	228.631	0.9	11.0	6.9	132.434	0.6	7.3	5.3	5.00	5.65
	Jun	4.5	229.878	0.5	6.7	6.3	131.481	-0.7	-8.3	3.9	4.98	5.50
	Jul	4.5	228.067	-0.8	-9.1	4.1	131.291	-0.1	-1.7	3.2	4.96	5.46
	Aug	4.5	228.098	0.0	0.2	3.4	133.593	1.8	23.2	4.4	4.90	5.34
	Sep	4.5	229.505	0.6	7.7	4.1	133.548	-0.0	-0.4	3.7	4.61	4.81
	Oct	4.5	232.881	1.5	19.2	5.9	134.108	0.4	5.1	3.5	3.96	4.53
	Nov	4.4	234.462	0.7	8.5	6.2	133.777	-0.2	-2.9	2.8	4.42	4.83
	Dec	4.4	236.466	0.9	10.8	6.7	133.801	0.0	0.2	2.5	4.39	4.64
1999	Jan	4.3	239.089	1.1	14.2	7.2	134.052	0.2	2.3	2.4	4.34	4.72
	Feb	4.4	242.783	1.5	20.2	8.3	134.509	0.3	4.2	2.9	4.44	5.00
	Mar	4.2	243.395	0.3	3.1	8.4	135.147	0.5	5.8	3.1	4.44	5.23
	Apr	4.3	244.748	0.6	6.9	8.0	135.472	0.2	2.9	2.9	4.29	5.18
	May	4.2	247.228	1.0	12.9	8.1	136.215	0.5	6.8	2.9	4.50	5.54
	Jun	4.3	247.028	-0.1	-1.0	7.5	136.639	0.3	3.8	3.9	4.57	5.90
	Jul	4.3	249.468	1.0	12.5	9.4	137.363	0.5	6.5	4.6	4.55	5.79
	Aug	4.2	252.768	1.3	17.1	10.8	137.736	0.3	3.3	3.1	4.72	5.94
	Sep	4.2	252.803	0.0	0.2	10.2	138.064	0.2	2.9	3.4	4.68	5.92
	Oct	4.1	253.548	0.3	3.6	8.9	139.056	0.7	9.0	3.7	4.86	6.11
	Nov	4.1	256.854	1.3	16.8	9.6	139.433	0.3	3.3	4.2	5.07	6.03
	Dec	4.1	261.812	1.9	25.8	10.7	140.191	0.5	6.7	4.8	5.20	6.28
2000	Jan	4.0	262.824	0.4	4.7	9.9	141.676	1.1	13.5	5.7	5.32	6.66
	Feb	4.1	265.687	1.1	13.9	9.4	142.075	0.3	3.4	5.6	5.55	6.52
	Mar										5.69	6.26

	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	
1995	152.5			2.8		161.4			3.0		127.9			1.9	
1996	157.0			2.9		165.8			2.7		131.3			2.6	
1997	160.6			2.3		169.7			2.4		131.8			0.4	
1998	163.1			1.6		173.7			2.3		130.7			-0.9	
1999	166.7			2.2		177.3			2.1		133.0			1.8	
1997	1	159.7	0.7	2.6	2.9	2.6	168.3	0.6	2.2	2.5	2.2	132.7	0.1	0.3	2.1
	2	160.2	0.3	1.2	2.3	1.9	169.4	0.7	2.7	2.5	2.5	131.5	-0.9	-3.6	0.4
	3	160.9	0.4	1.8	2.2	1.9	170.1	0.4	1.7	2.3	2.2	131.4	-0.1	-0.3	-0.1
	4	161.7	0.5	2.0	1.9	1.9	171.0	0.5	2.1	2.2	2.2	131.6	0.1	0.5	-0.8
1998	1	162.1	0.2	1.0	1.5	1.0	172.2	0.7	2.7	2.3	2.7	130.6	-0.8	-3.0	-1.6
	2	162.8	0.4	1.7	1.6	1.3	173.2	0.6	2.5	2.2	2.6	130.5	-0.0	-0.1	-0.7
	3	163.5	0.4	1.7	1.6	1.5	174.2	0.5	2.2	2.4	2.5	130.6	0.1	0.2	-0.6
	4	164.2	0.4	1.7	1.5	1.5	175.1	0.5	2.1	2.4	2.4	131.0	0.3	1.1	-0.5
1999	1	164.9	0.4	1.7	1.7	1.7	175.9	0.5	1.9	2.2	1.9	131.4	0.4	1.4	0.7
	2	166.2	0.8	3.3	2.1	2.5	176.8	0.5	2.1	2.1	2.0	132.3	0.7	2.7	1.4
	3	167.2	0.6	2.5	2.3	2.5	177.7	0.5	1.9	2.0	2.0	133.6	1.0	4.0	2.3
	4	168.4	0.7	2.9	2.6	2.6	178.7	0.6	2.3	2.1	2.1	134.8	0.9	3.7	3.0
1998	Feb	162.1	0.1	0.7	1.4	1.1	172.2	0.2	2.8	2.3	3.2	130.5	-0.1	-0.9	-1.6
	Mar	162.2	0.1	0.7	1.4	1.0	172.5	0.2	2.1	2.3	2.8	130.6	0.1	0.9	-1.5
	Apr	162.5	0.2	2.2	1.5	1.3	172.9	0.2	2.8	2.2	2.8	130.6	0.0	0.0	-0.9
	May	162.8	0.2	2.2	1.7	1.5	173.3	0.2	2.8	2.2	2.8	130.5	-0.1	-0.9	-0.7
	Jun	163.0	0.1	1.5	1.6	1.5	173.5	0.1	1.4	2.3	2.6	130.5	0.0	0.0	-0.6
	Jul	163.3	0.2	2.2	1.7	1.6	173.8	0.2	2.1	2.2	2.5	130.8	0.2	2.8	-0.2
	Aug	163.5	0.1	1.5	1.7	1.6	174.2	0.2	2.8	2.5	2.6	130.4	-0.3	-3.6	-0.8
	Sep	163.6	0.1	0.7	1.4	1.5	174.5	0.2	2.1	2.4	2.5	130.6	0.2	1.9	-0.9
	Oct	163.9	0.2	2.2	1.4	1.6	174.7	0.1	1.4	2.3	2.4	131.0	0.3	3.7	-0.7
	Nov	164.2	0.2	2.2	1.5	1.6	175.0	0.2	2.1	2.3	2.4	130.8	-0.2	-1.8	-0.6
	Dec	164.4	0.1	1.5	1.6	1.6	175.5	0.3	3.5	2.5	2.5	131.1	0.2	2.8	-0.1
1999	Jan	164.7	0.2	2.2	1.7	2.2	175.8	0.2	2.1	2.3	2.1	131.6	0.4	4.7	0.8
	Feb	164.8	0.1	0.7	1.7	1.5	175.8	0.0	0.0	2.1	1.0	131.1	-0.4	-4.5	0.5
	Mar	165.1	0.2	2.2	1.8	1.7	176.1	0.2	2.1	2.1	1.4	131.6	0.4	4.7	0.8
	Apr	166.2	0.7	8.3	2.3	3.3	176.7	0.3	4.2	2.2	2.1	132.2	0.5	5.6	1.2
	May	166.2	0.0	0.0	2.1	2.6	176.8	0.1	0.7	2.0	1.8	132.3	0.1	0.9	1.4
	Jun	166.2	0.0	0.0	2.0	2.2	177.0	0.1	1.4	2.0	1.7	132.4	0.1	0.9	1.5
	Jul	166.7	0.3	3.7	2.1	2.4	177.4	0.2	2.7	2.1	1.9	132.7	0.2	2.8	1.5
	Aug	167.2	0.3	3.7	2.3	2.6	177.5	0.1	0.7	1.9	1.7	133.5	0.6	7.5	2.4
	Sep	167.8	0.4	4.4	2.6	2.8	178.1	0.3	4.1	2.1	2.0	134.6	0.8	10.3	3.1
	Oct	168.1	0.2	2.2	2.6	2.7	178.4	0.2	2.0	2.1	2.0	134.6	0.0	0.0	2.7
	Nov	168.4	0.2	2.2	2.6	2.7	178.7	0.2	2.0	2.1	2.0	134.9	0.2	2.7	3.1
	Dec	168.8	0.2	2.9	2.7	2.7	178.9	0.1	1.4	1.9	1.9	135.0	0.1	0.9	3.0
2000	Jan	169.1	0.2	2.2	2.7	2.2	179.2	0.2	2.0	1.9	2.0	135.0	0.0	0.0	2.6
	Feb	170.0	0.5	6.6	3.2	4.3	179.5	0.2	2.0	2.1	2.0	136.4	1.0	13.2	4.0

## Notes

Pages 4, 5: **Final sales** is gross domestic product (GDP) minus change in private inventories. **Advance, preliminary, and final GDP growth rates** are released during the first, second, and third months of the following quarter. Changes result from incorporation of more complete information. Real GDP is measured in 1996 dollars. The **Purchasing Managers' Index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. The National Association of Purchasing Management (NAPM) surveys over 300 firms in 20 manufacturing industries, weighting responses by industry share of GDP. **Aggregate and average weekly hours** are paid hours of production and nonsupervisory employees. The inventory-sales ratio uses nominal (current-dollar) inventory and sales data.

Page 6: Beginning with the October 1999 **comprehensive revision** to the National Income and Product Accounts (NIPA), a new formula is used to calculate the **contribution** of a component to the overall GDP growth rate. The new formula produces estimates roughly equivalent to the old formula. For more information, see the October 1999 issue of the *Survey of Current Business*, p. 16. The sign is changed for **imports**.

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

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

Pages 10,11: **Nonfarm payroll employment** is counted in a survey of about 390,000 establishments (Current Employment Survey). It excludes self-employed individuals and workers in private households, but double-counts individuals with more than one job. The **household survey** (Current Population Survey) of about 50,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. New population controls introduced in January 2000 affect levels and growth rates of household survey employment, labor force and population. The unemployment rate and other series were minimally affected. 90 percent confidence intervals for the unemployment rate ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 376,000$ ) measure uncertainty due to sample size. The **available labor supply** is the sum of the unemployed and those persons not in the labor force but who want to work now. The household survey was significantly changed in January 1994, so care should be exercised in making short-term comparisons around this date, particularly with the duration data shown on page 10.

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

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

Pages 16, 17: **Government consumption and investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the NIPAs. The **unified federal budget deficit** differs from **NIPA basis** in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories; and (4) various timing issues are handled differently. **Outlays and receipts** are from the NIPAs, except as noted. Since 1977, the federal **fiscal year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal debt held by the public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

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

Pages 20, 21: **Output per hour (Y/H)**, **unit labor cost (C/Y)**, and **compensation per hour (C/H)** are indexes which approximately obey the following relationship:  $\%(Y/H) + \%(C/Y) = \%(C/H)$  with  $\%$  meaning percent changes. Unit labor cost is shown on page 9. **Real compensation per hour** uses the CPI to adjust for the effects of inflation. Nonfarm business accounted for about 76 percent of the value of GDP in 1996, while nonfinancial corporations accounted for about 54 percent. **Inventory valuation adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital consumption adjustments (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

## Sources

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

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

*Census Bureau, U.S. Dept. of Commerce*

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

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

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

*United States Department of Treasury*

Unified budget receipts, outlays, deficit, debt

*Federal Reserve Board*

Index of industrial production, treasury yields, exchange rates, capacity utilization, household debt

*The Survey Research Center, The University of Michigan*

Consumer sentiment index

*The Conference Board*

Help-wanted advertising index

*Organization for Economic Cooperation and Development (OECD)*

GDP for major trading partners (not available on FRED)