

National Economic Trends

Will California Short-Circuit the Expansion?

Regional disruptions in economic activity are sometimes large enough to produce economy-wide effects. Examples include the downsizing that occurred in the industrial “Rust Belt” in the early 1980s; the 1989-92 credit slowdown that adversely affected banking activity in the Northeast and elsewhere; and the protracted weak growth in California during the early 1990s that reflected, in part, the sharp declines in defense spending at the end of the Cold War. In this vein, some analysts believe that the electricity shortages that have recently hit California might be significant enough to further weaken the pace of U.S. economic activity—a pace that slowed appreciably during the second half of 2000.

California’s power problems, in short, stem from a worsening imbalance between the supply of electricity and the demand for electricity that has produced a series of temporary blackouts. The problem is exacerbated by controls on the retail price of electricity and a spike in natural gas prices that helped to push up wholesale electricity prices (which are not capped) dramatically in December. The latter effect caused a substantial financial squeeze at two important California utilities, roiling some financial markets.

The sheer size of the Golden State’s economy, if for no other reason is a cause for concern among policy-makers. After all, California’s economic woes in the early 1990s—when the state’s economy represented fully 14 percent of U.S. output—accounted for much of the national economy’s slow recovery from the 1990-91 recession.¹ But, as California’s economy weakened considerably from 1991 to 1993, there was an appreciable outflow of labor and capital, so that by 1995, California’s share of the U.S. economy had dropped to 12.6 percent.

Beginning in the latter half of the 1990s, with the advent of the so-called “New Economy” industries in

Silicon Valley, California began to grow appreciably faster than the rest of the country. By 1998 (the latest available data), its output of goods and services was up to 12.8 percent of U.S. output. Still, California does not loom as large on the American economic landscape as it did a decade ago.

We can also look at California’s share of the recent growth in the U.S. economy. During 1997 and 1998, U.S. real growth averaged nearly 5.25 percent; California’s portion of this growth was about 0.75 percentage points a year, which is undoubtedly a significant contribution, but not overwhelming.

Though the situation is still evolving, it does not yet appear that the electricity blackouts are producing the types of dislocations seen during the early 1990s, when California’s share of the U.S. economy was larger. Thus, in the short term, it is unlikely that California’s power problems will short-circuit the U.S. economy. Unless the slim margin between the state’s supply and demand for electricity widens within a year or two, however, California may experience outflows of labor and capital similar to those that occurred a decade earlier.

—Kevin L. Kliesen

¹The data on California’s output are gross state product (GSP) by industry, which are compiled by the U.S. Bureau of Economic Analysis.

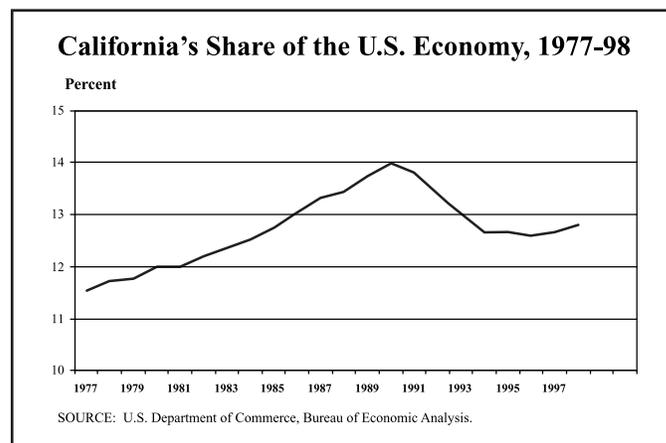


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Conventions used in this publication:

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:

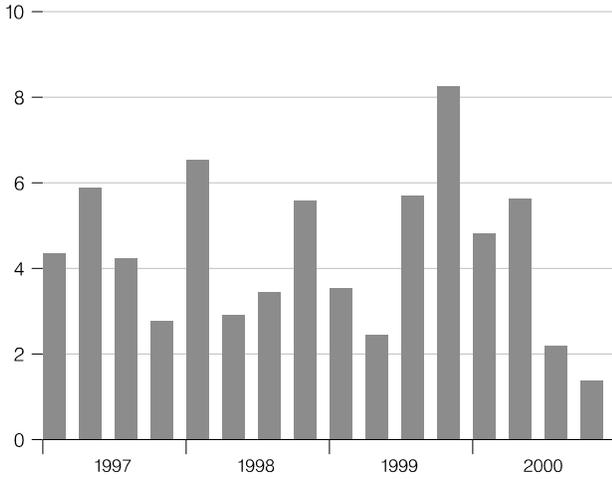
$$100 \times \left[\left(\frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

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

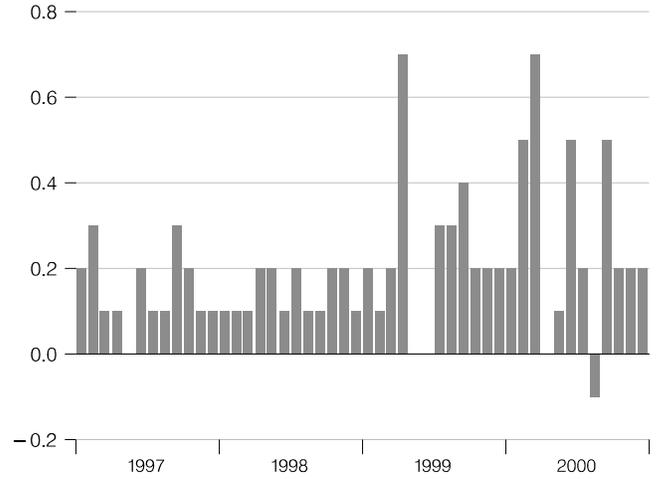
Real GDP Growth

Percent change at annual rate



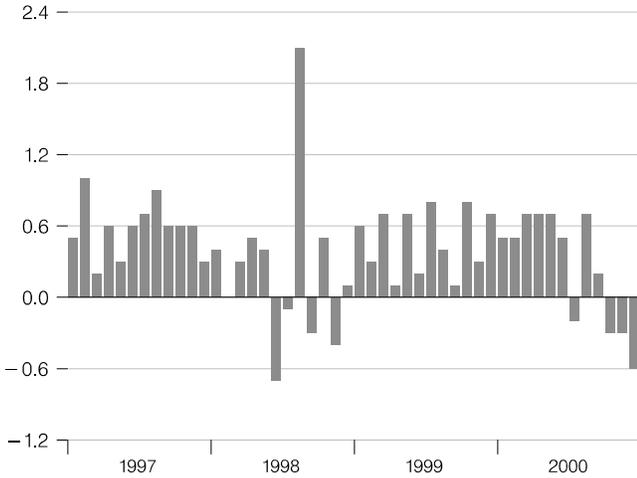
Consumer Price Index

Percent change



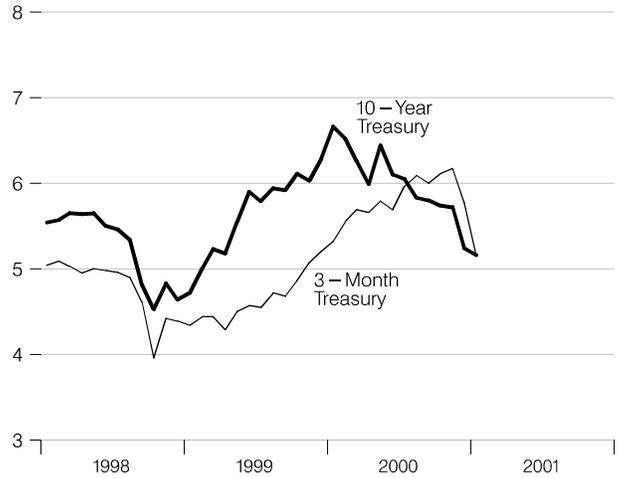
Industrial Production

Percent change



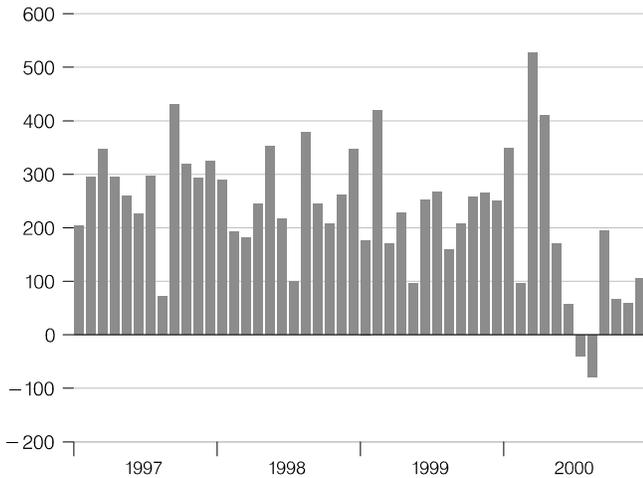
Interest Rates

Percent



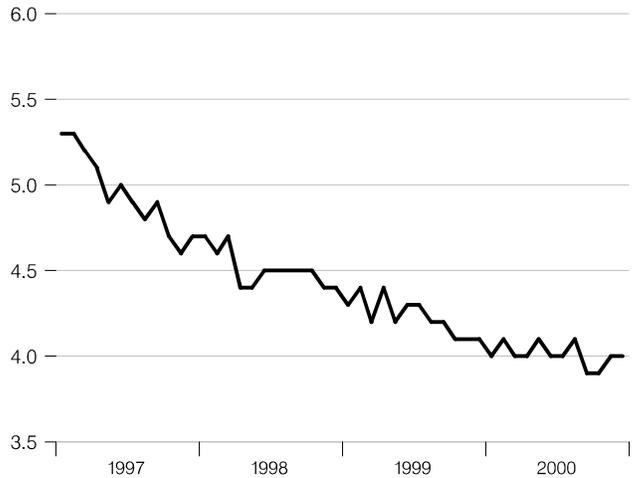
Change in Nonfarm Payrolls

Thousands



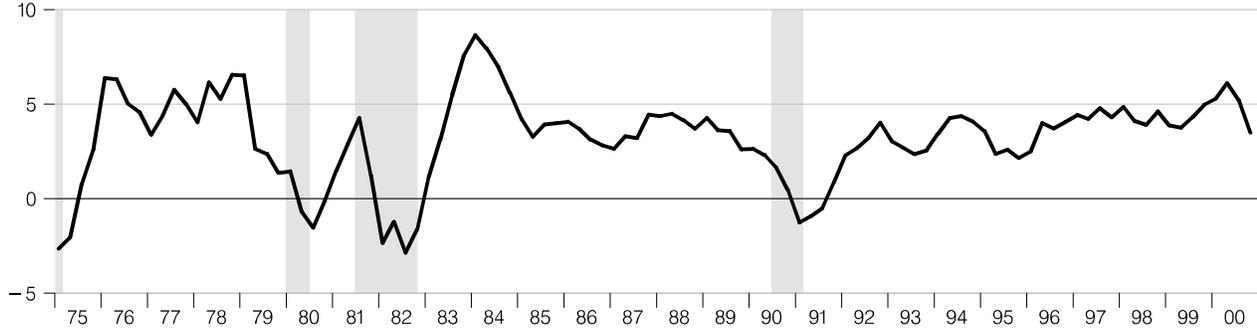
Unemployment Rate

Percent of labor force



Real Gross Domestic Product

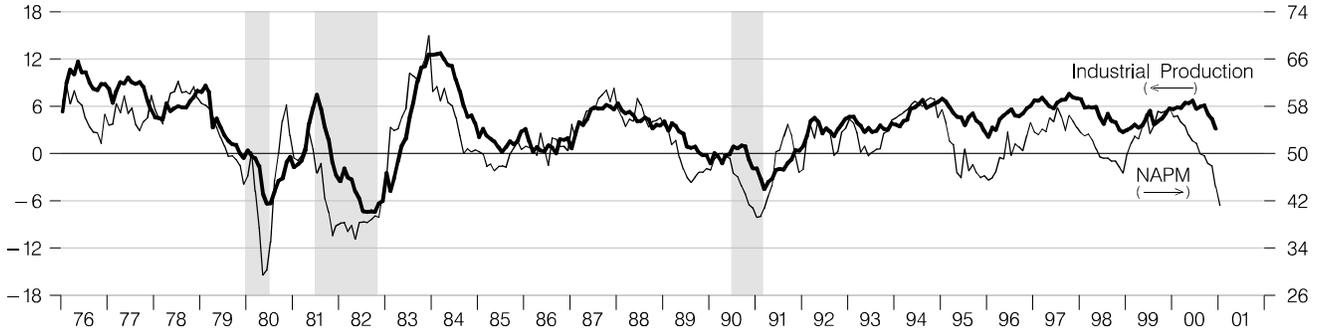
Percent change from year ago



Industrial Production and Purchasing Managers' (NAPM) Indexes

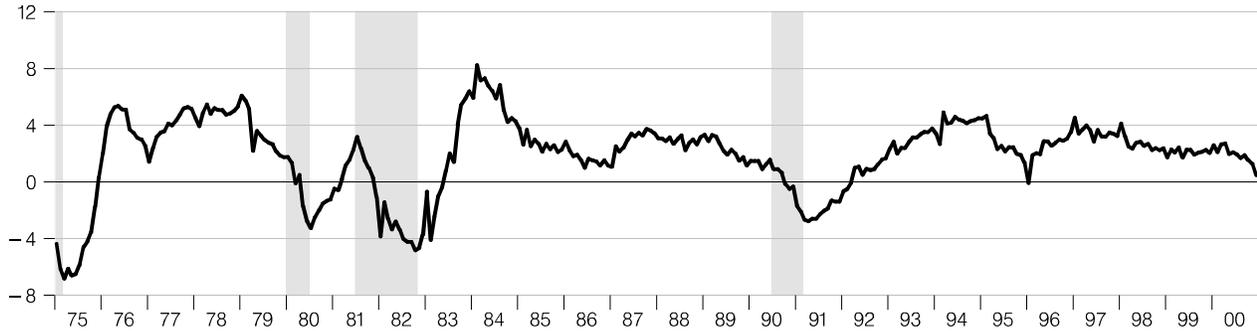
Percent change from year ago

Index



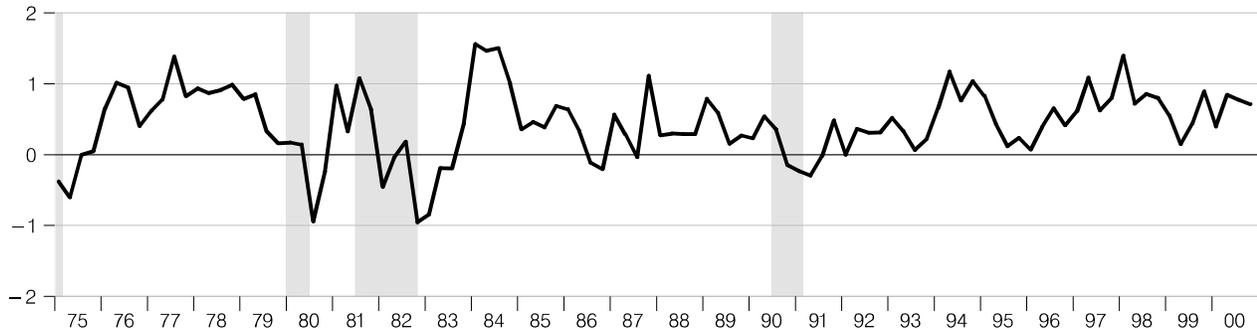
Aggregate Private Nonfarm Hours

Percent change from year ago

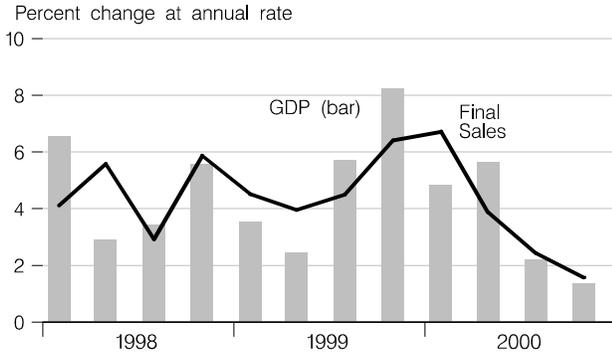


Real Change in Private Inventories

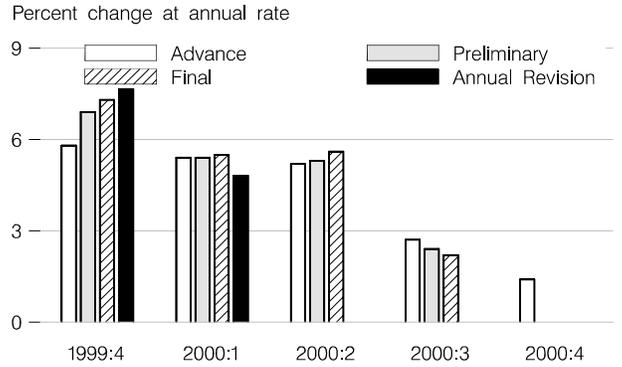
Percent of GDP



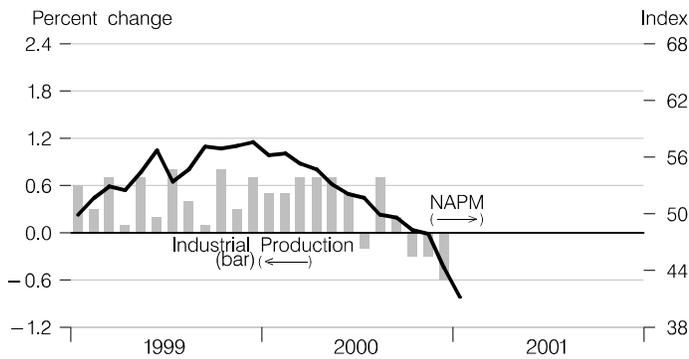
Real Final Sales and GDP



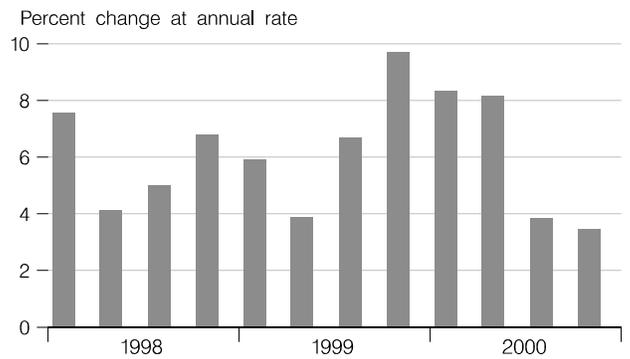
Real GDP Revisions



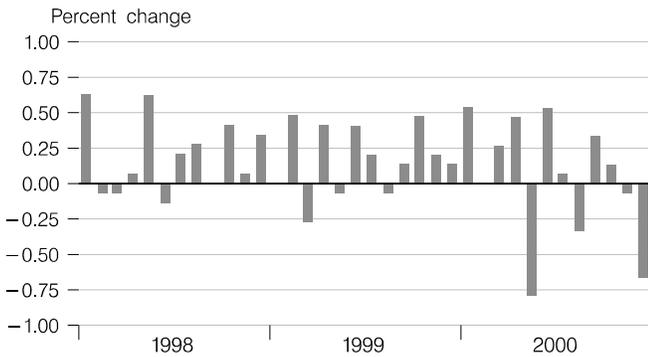
Industrial Production and NAPM Index



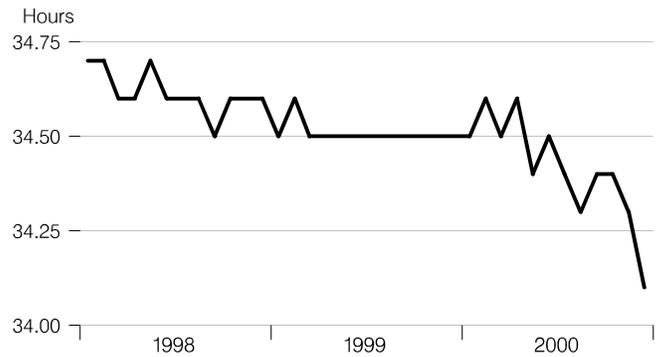
Nominal Gross Domestic Product



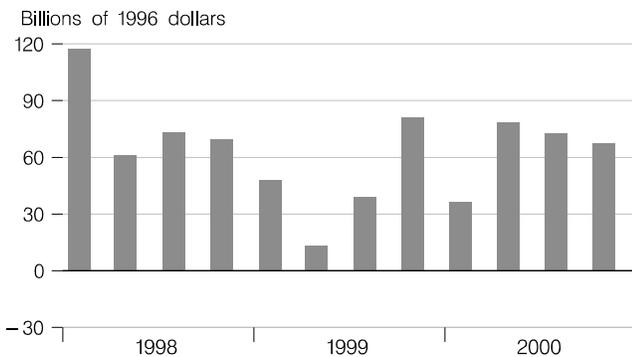
Aggregate Private Nonfarm Hours



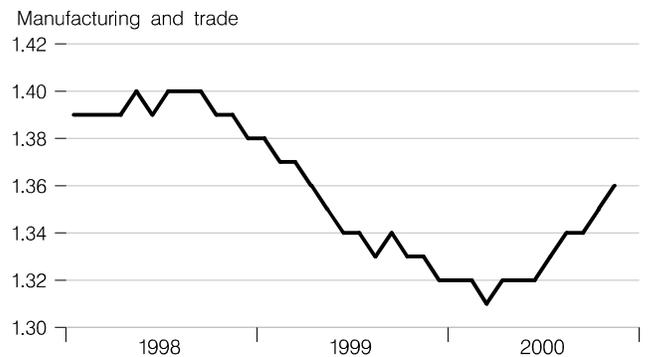
Average Weekly Private Nonfarm Hours



Real Change in Private Inventories

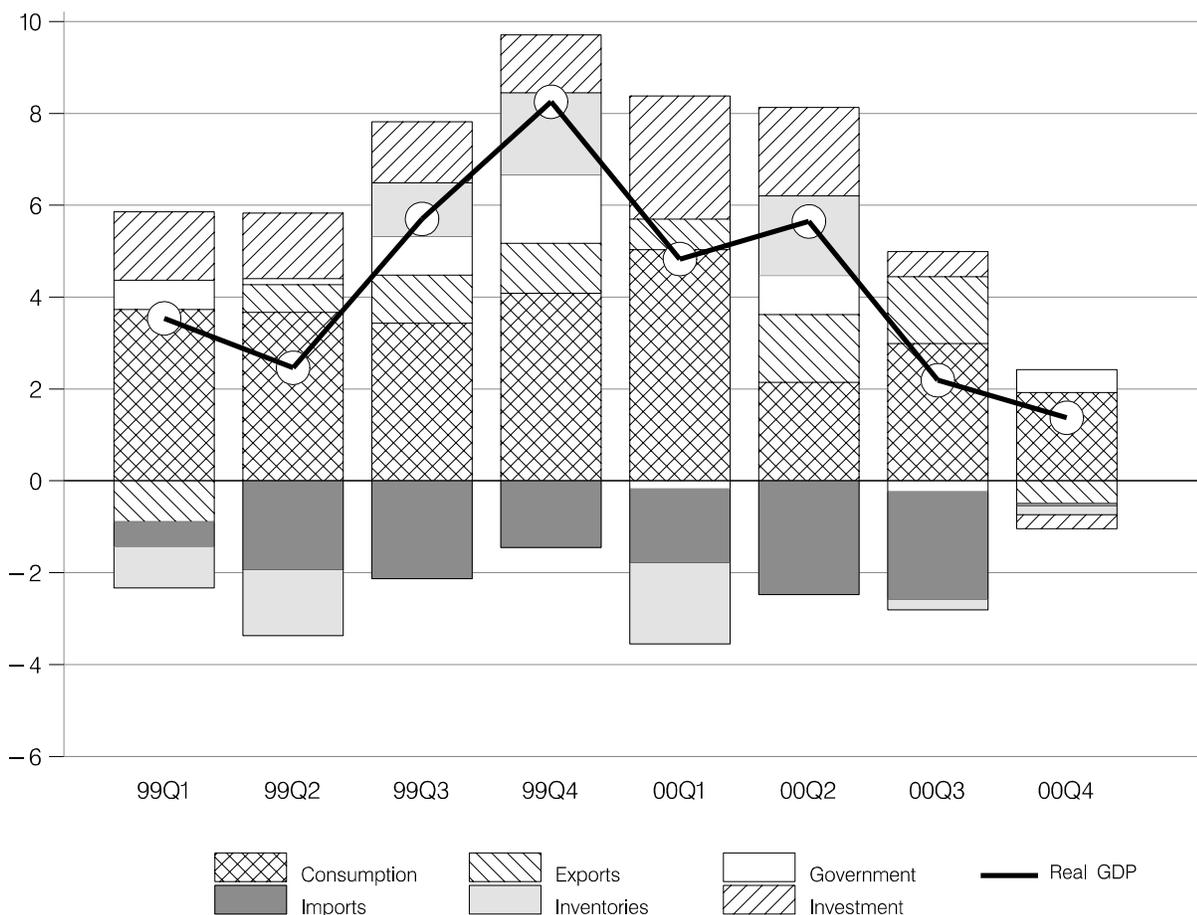


Inventory-Sales Ratio



Contribution of Components to Real GDP Growth

Percent change at annual rate

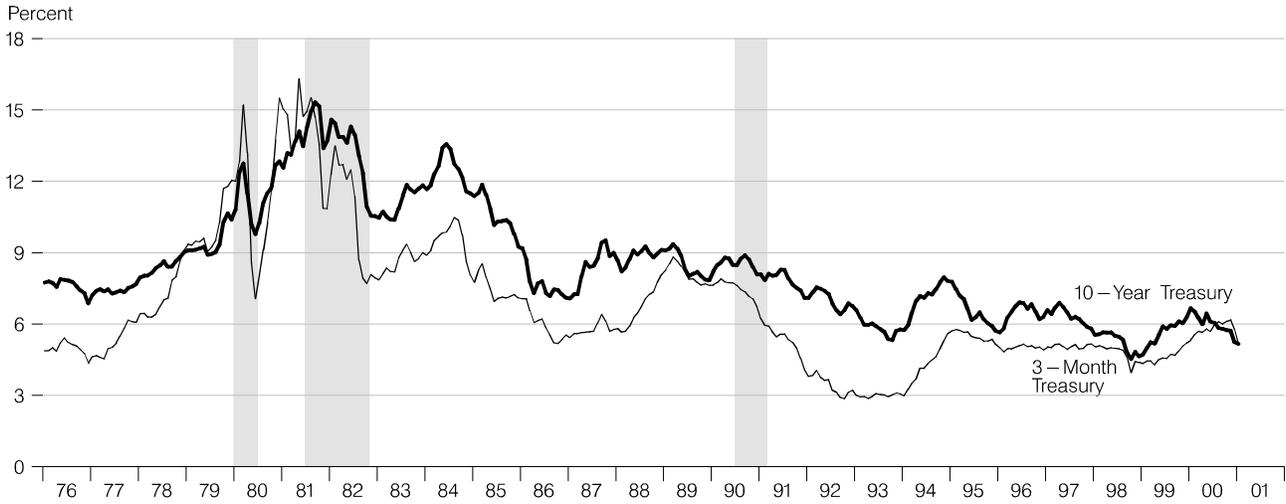


Contributions to Real GDP Growth Rate

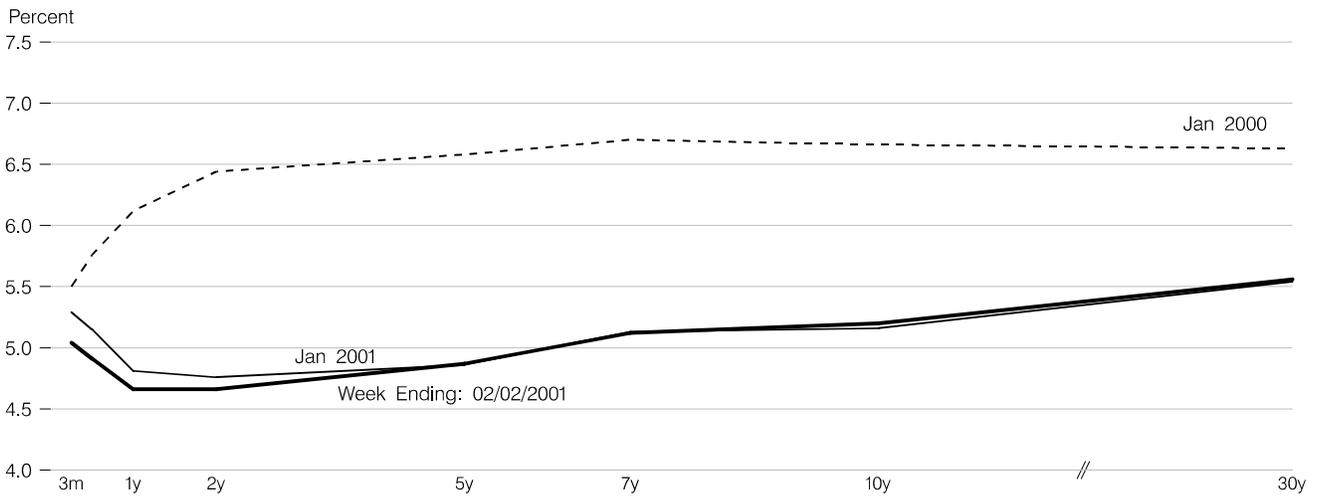
	1999				2000			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Real GDP	3.54	2.46	5.70	8.25	4.83	5.65	2.19	1.37
Final Sales	4.43	3.88	4.53	6.47	6.59	3.92	2.41	1.55
Change in Inventory	-0.89	-1.42	1.17	1.78	-1.76	1.73	-0.22	-0.18
Consumption	3.73	3.67	3.43	4.08	5.03	2.14	2.99	1.92
Fixed Investment	1.49	1.43	1.33	1.26	2.68	1.93	0.55	-0.30
Nonresidential	1.15	1.18	1.47	1.22	2.54	1.87	1.02	-0.20
Residential	0.34	0.25	-0.13	0.03	0.14	0.06	-0.47	-0.10
Government	0.64	0.13	0.84	1.50	-0.18	0.85	-0.24	0.50
Federal	-0.13	0.12	0.41	0.79	-0.93	0.97	-0.57	0.27
State and Local	0.78	0.01	0.43	0.71	0.75	-0.12	0.33	0.24
Net Exports	-1.44	-1.35	-1.08	-0.37	-0.94	-1.00	-0.90	-0.56
Exports	-0.89	0.60	1.05	1.09	0.67	1.48	1.45	-0.49
Imports	-0.55	-1.95	-2.13	-1.45	-1.61	-2.48	-2.35	-0.07
Residual	0.16	0.31	0.05	-0.11	0.10	-0.12	0.06	0.15

Federal Reserve Bank of St. Louis

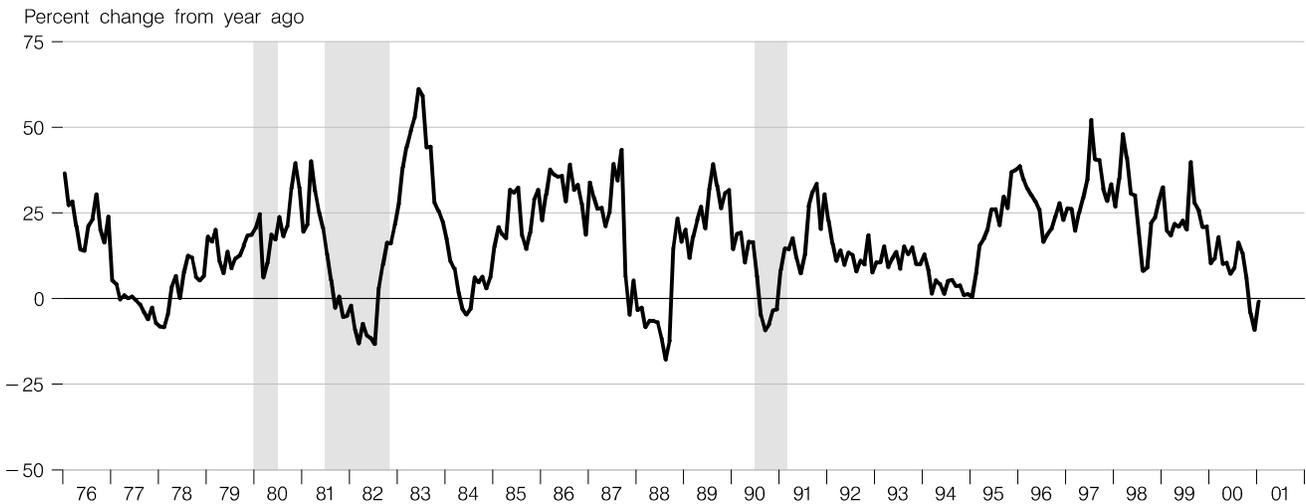
Interest Rates



Treasury Yield Curve

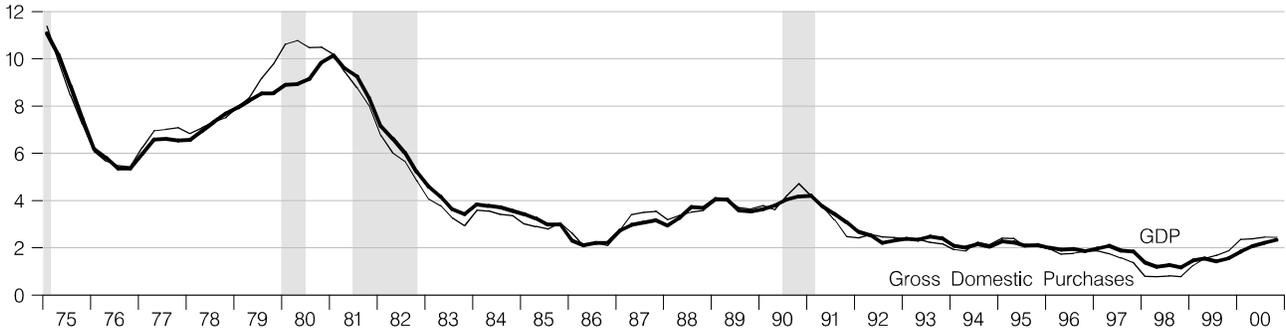


Standard and Poor's 500 Index with Reinvested Dividends



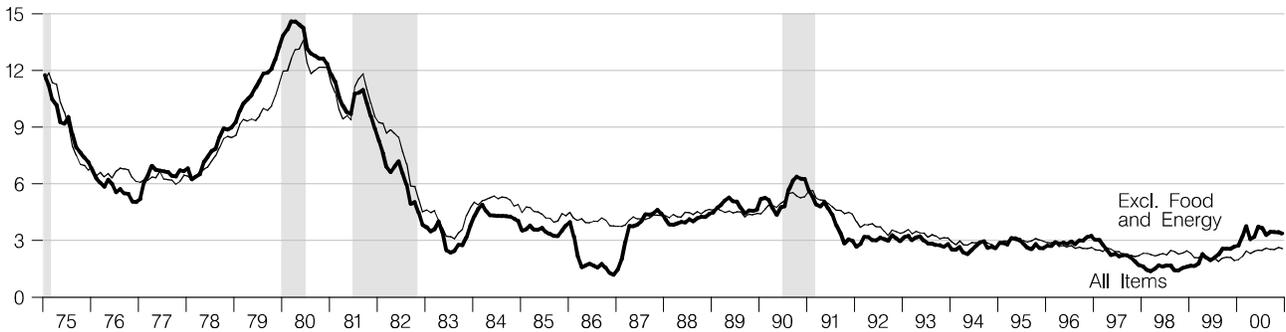
NIPA Chain Price Indexes

Percent change from year ago



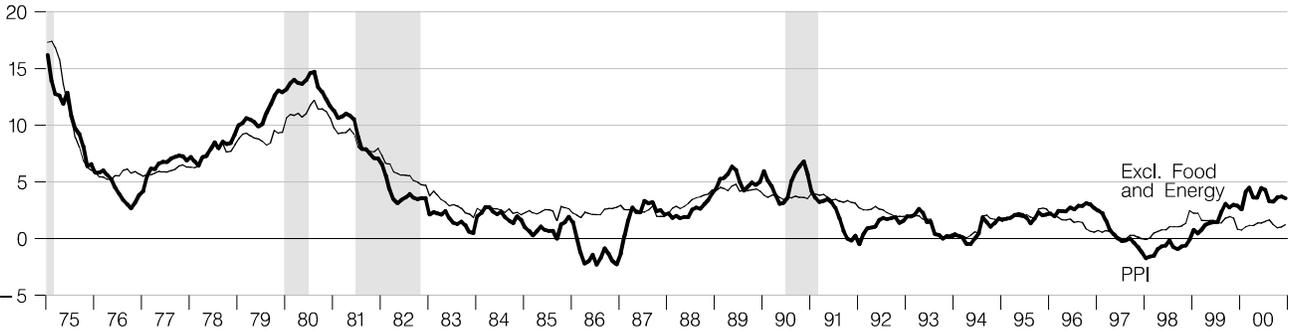
Consumer Price Index

Percent change from year ago



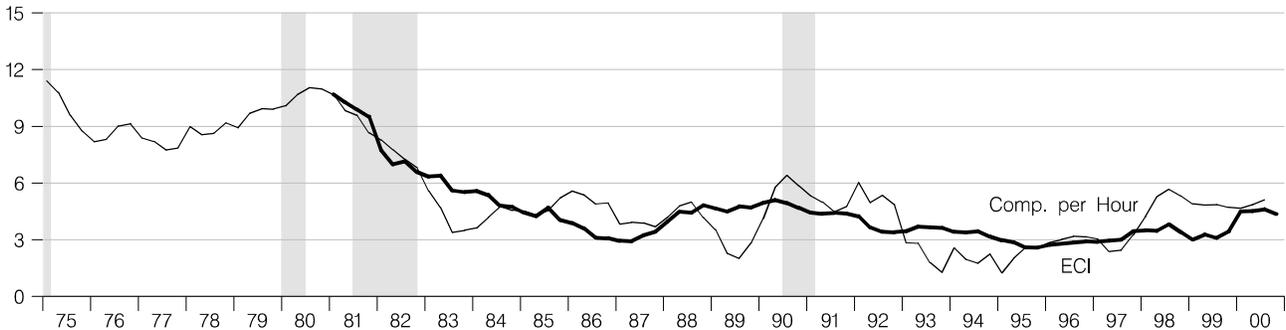
Producer Price Index, Finished Goods

Percent change from year ago



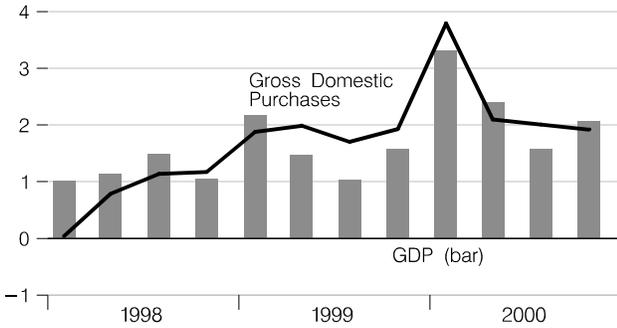
Employment Cost Index and Compensation per Hour

Percent change from year ago



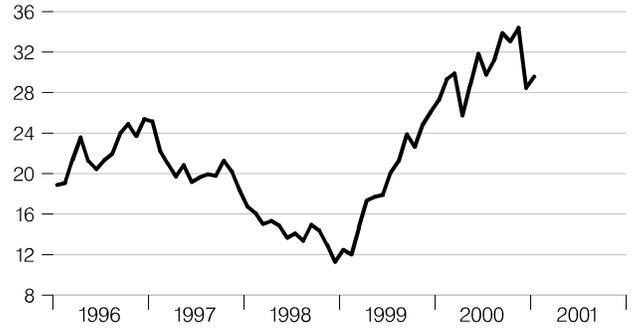
NIPA Chain Price Indexes

Percent change at annual rate



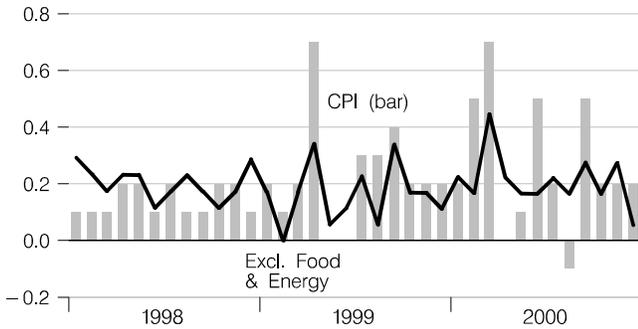
Crude Oil Price

Dollars per barrel



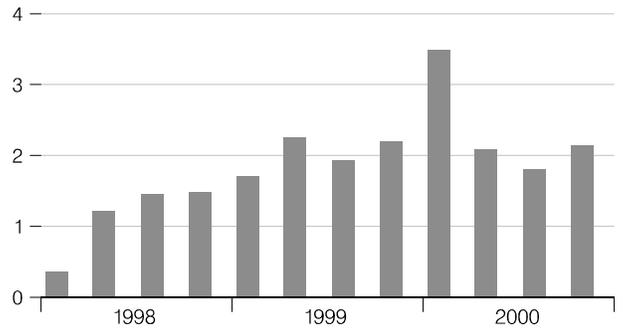
Consumer Price Index

Percent change



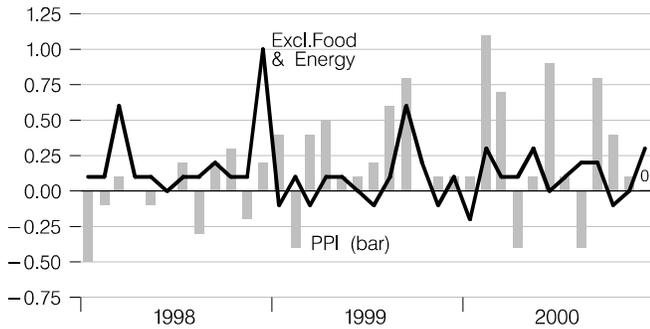
Consumption Chain Price Index

Percent change at annual rate



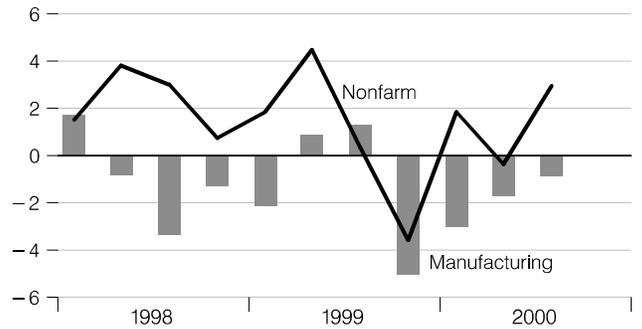
Producer Price Index, Finished Goods

Percent change



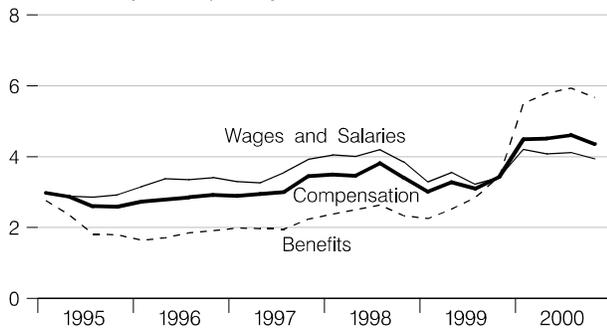
Unit Labor Cost

Percent change at annual rate



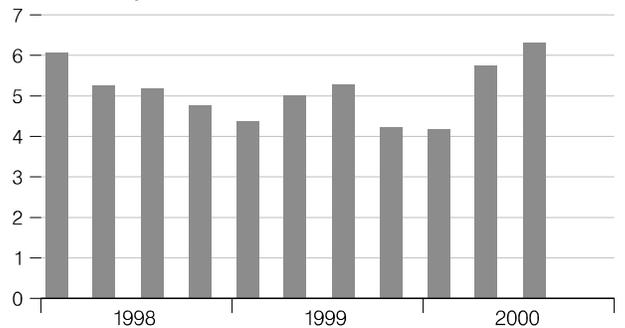
Employment Cost Index

Percent change from year ago



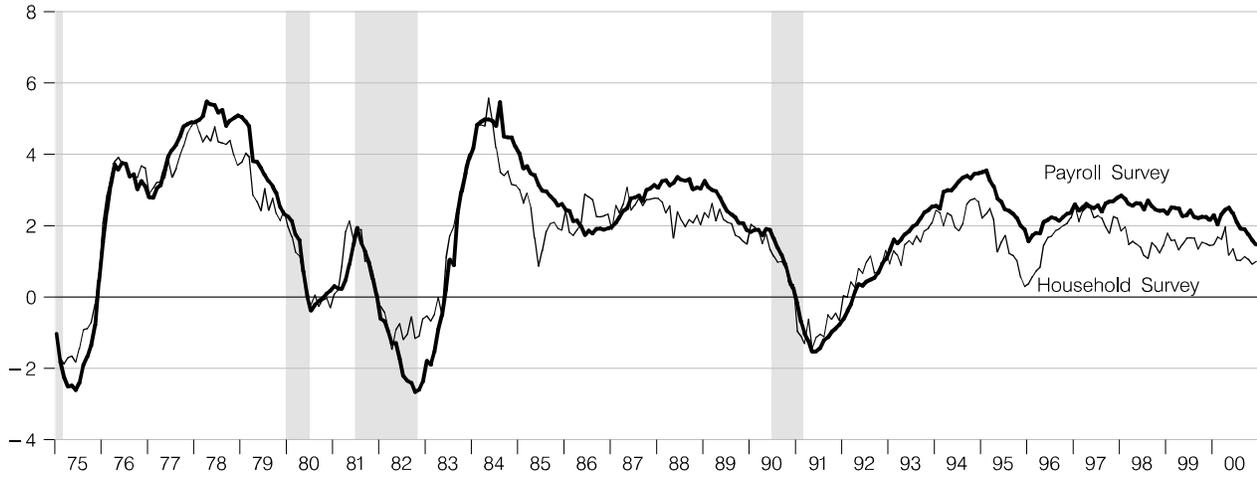
Compensation per Hour

Percent change at annual rate



Employment

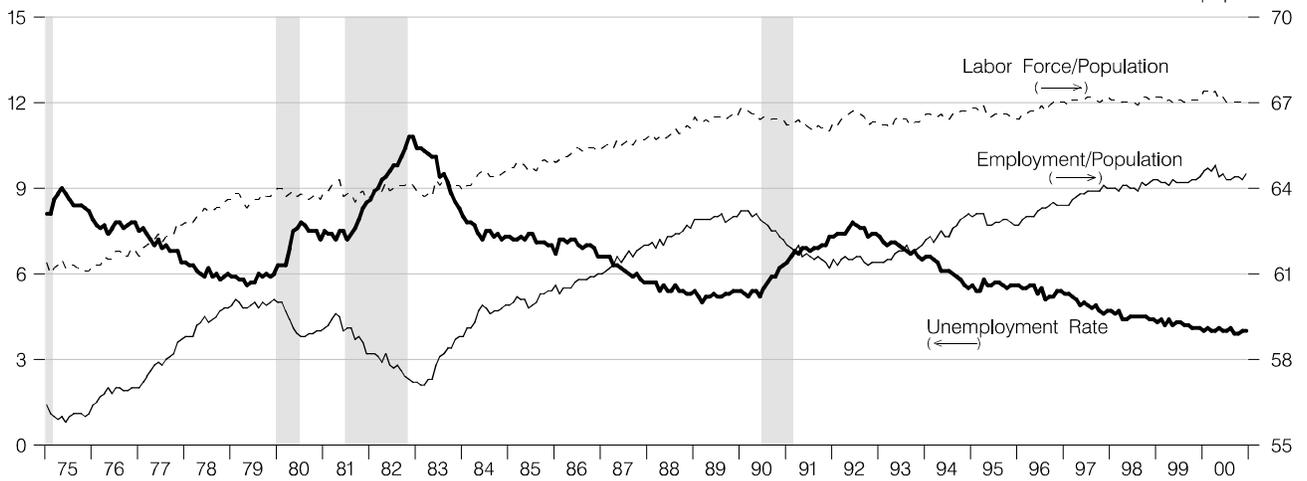
Percent change from year ago



Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

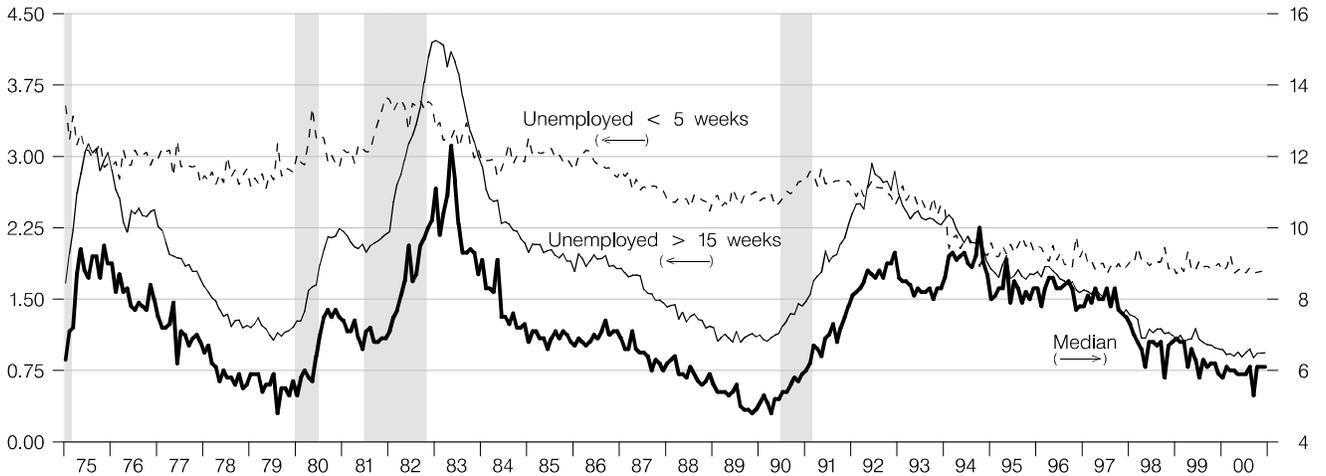
Percent of population



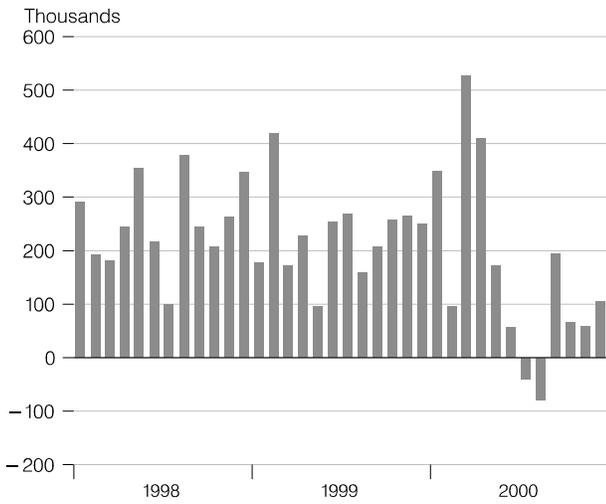
Duration of Unemployment

Percent of labor force

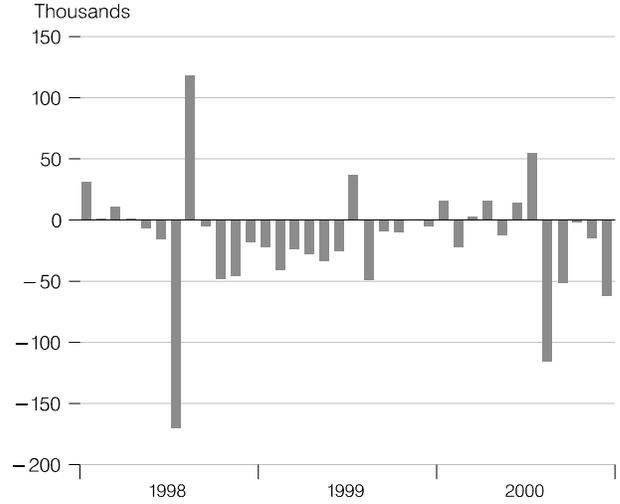
Weeks



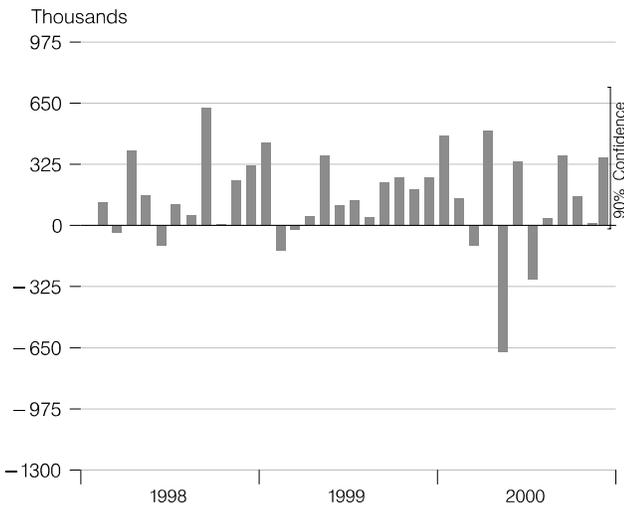
Change in Nonfarm Payrolls



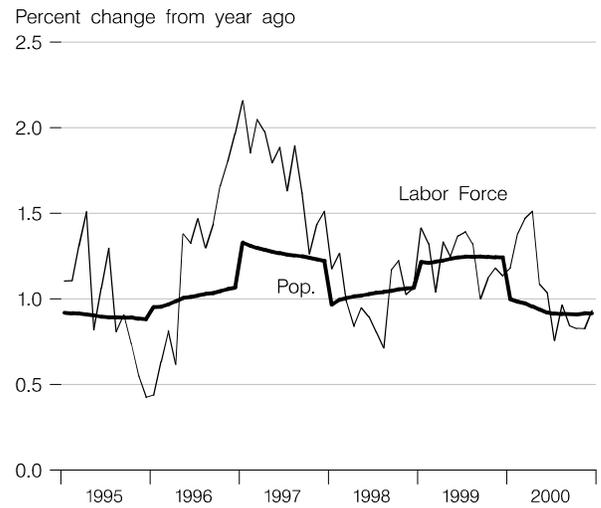
Change in Manufacturing Payrolls



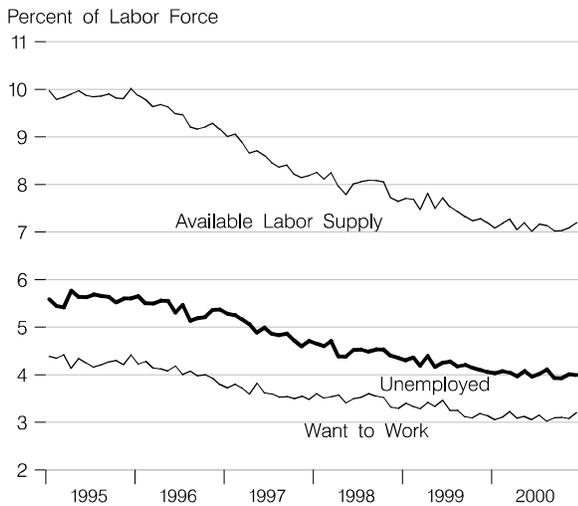
Change in Household Employment



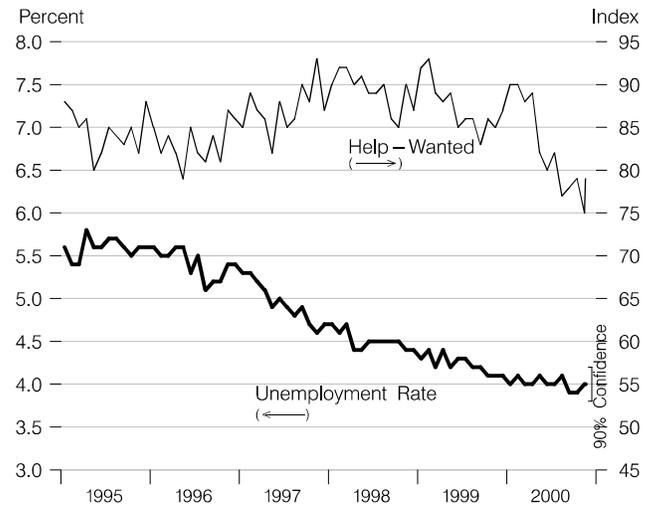
Labor Force and Population



Available Labor Supply and Components

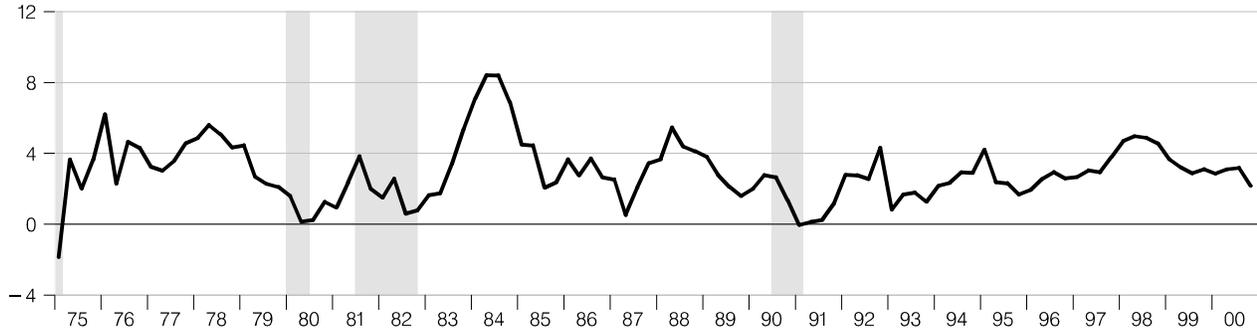


Unemployment Rate and Help-Wanted Advertising Index



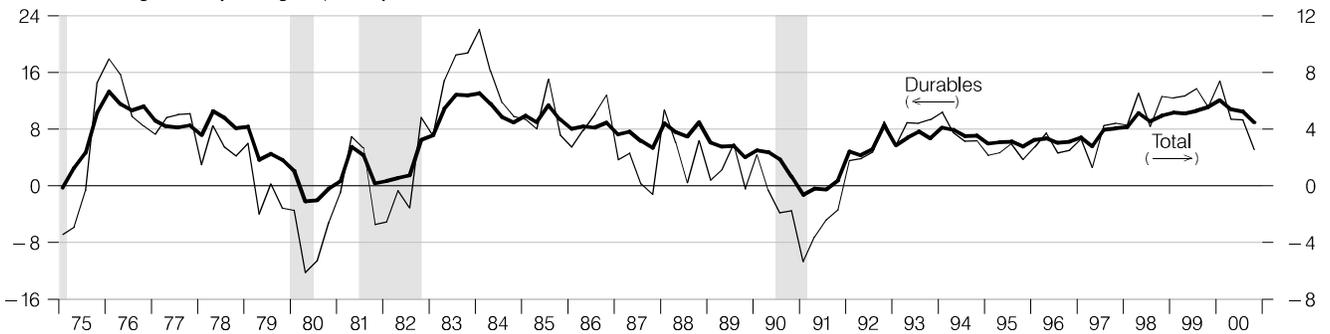
Real Disposable Personal Income

Percent change from year ago, quarterly data



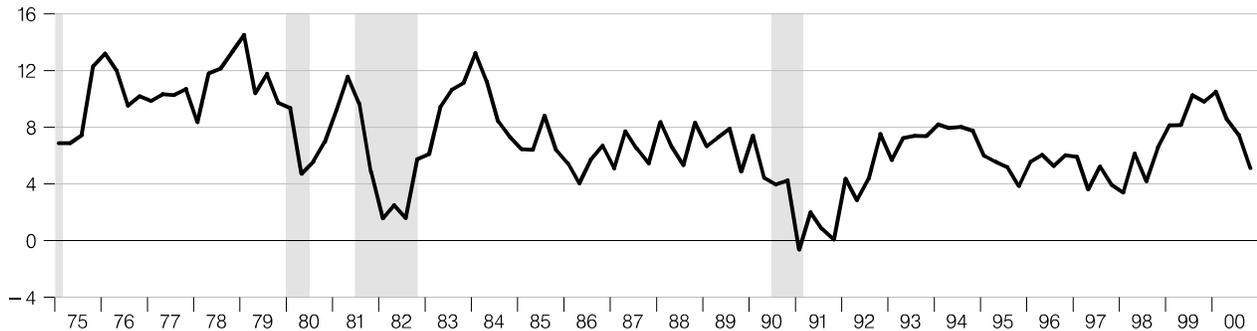
Real Consumption

Percent change from year ago, quarterly data



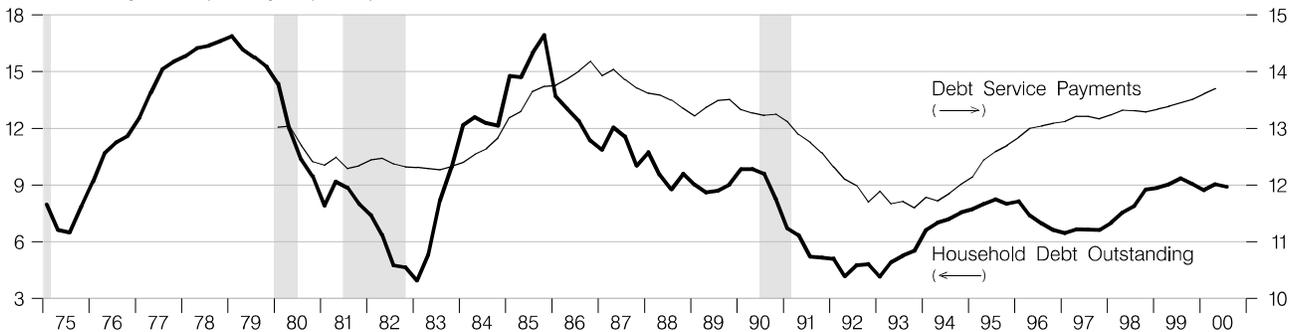
Retail Sales

Percent change from year ago, quarterly average



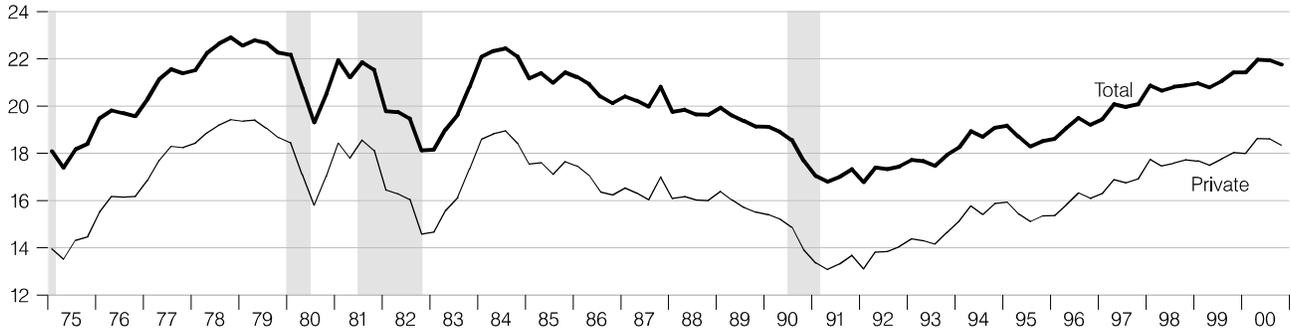
Debt Service Payments as a Percent of Disposable Income and Household Debt Outstanding

Percent change from year ago, quarterly data



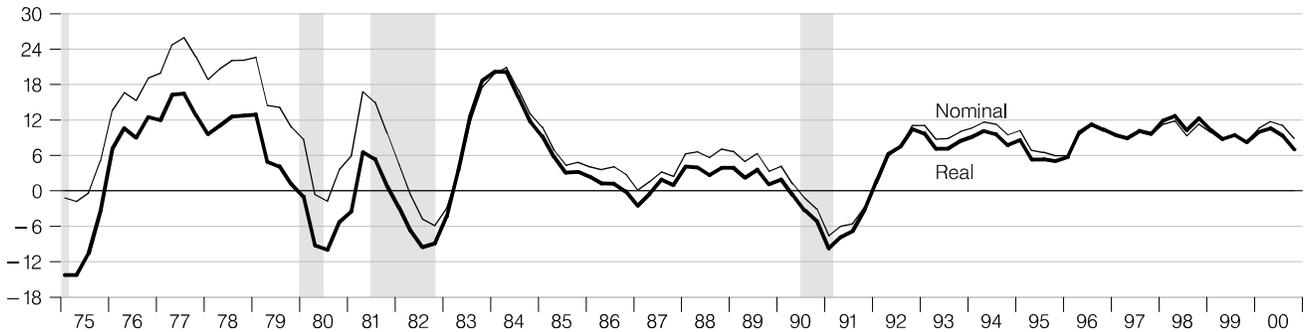
Investment

Percent of Nominal GDP



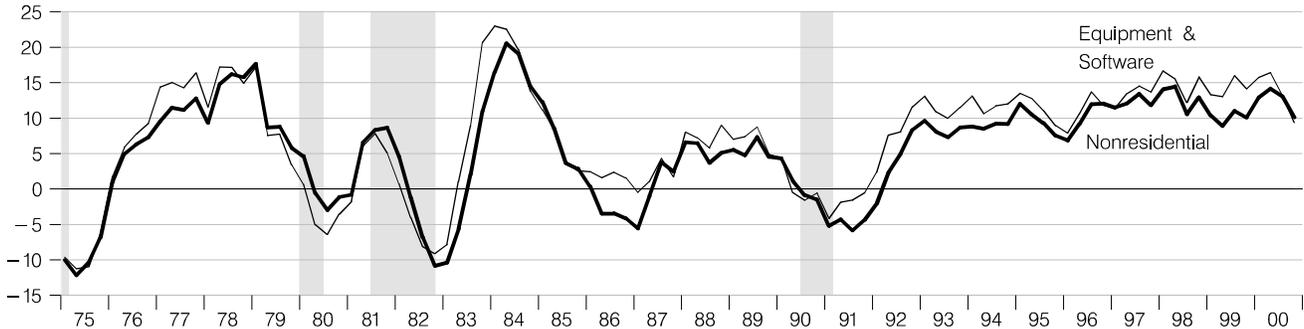
Private Fixed Investment

Percent change from year ago



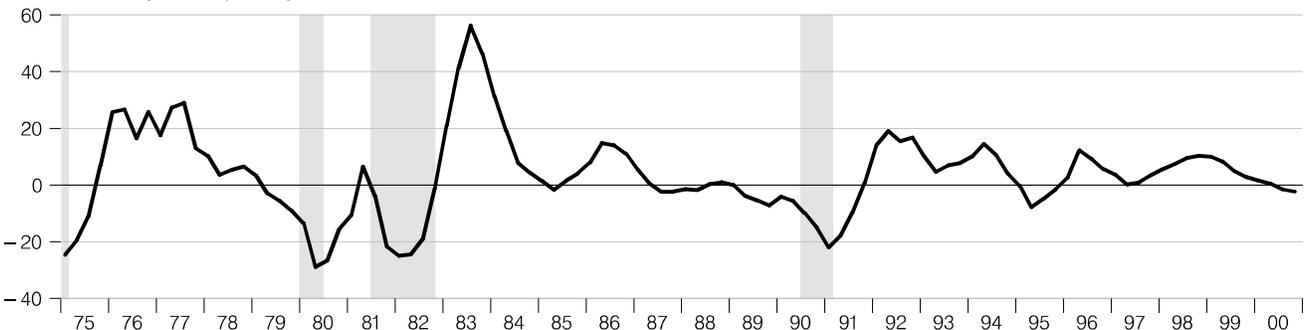
Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

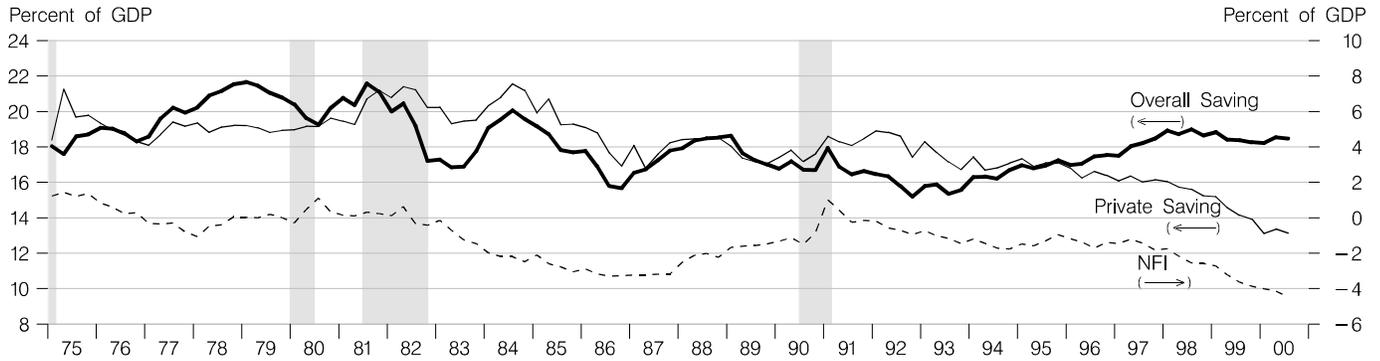


Real Residential Fixed Investment

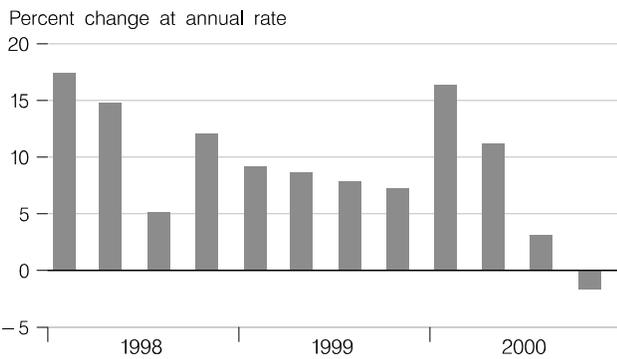
Percent change from year ago



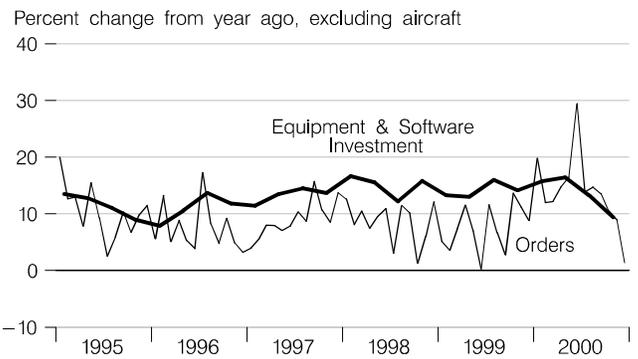
Gross Saving Rates and Net Foreign Investment



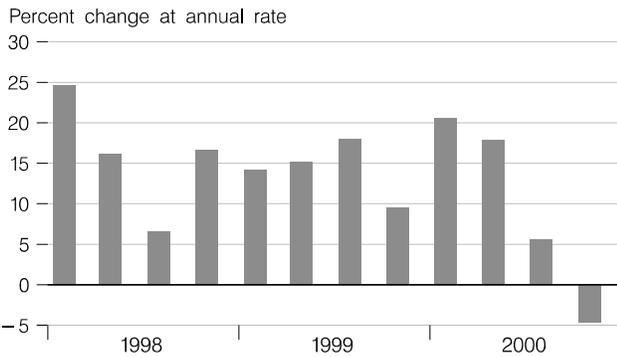
Real Private Fixed Investment



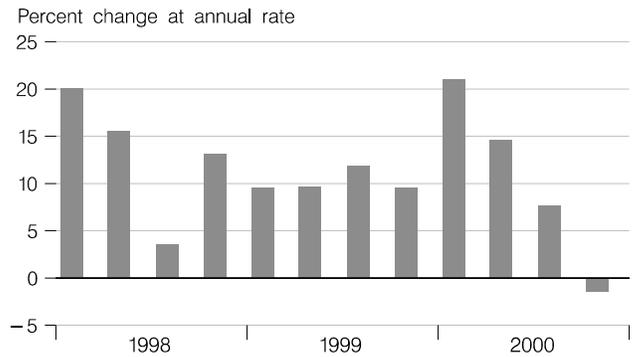
Nondefense Capital Goods Orders



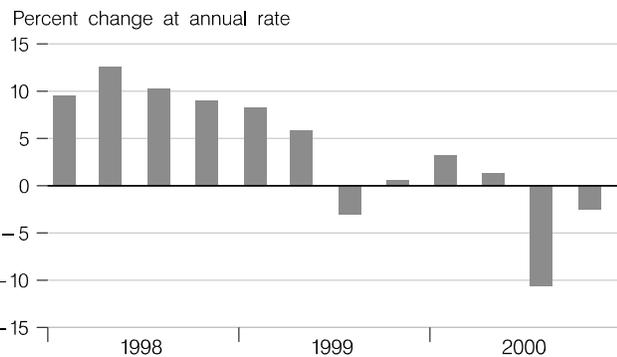
Real Equipment & Software Investment



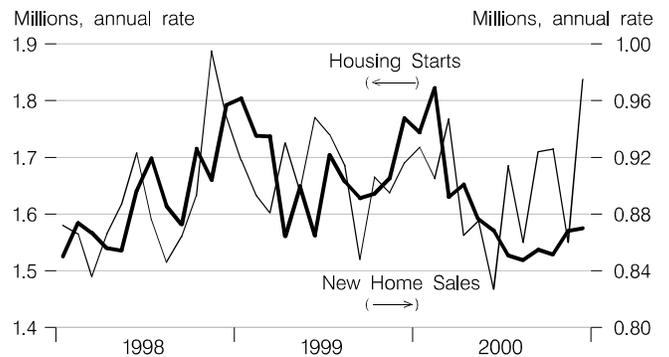
Real Nonresidential Fixed Investment



Real Residential Fixed Investment

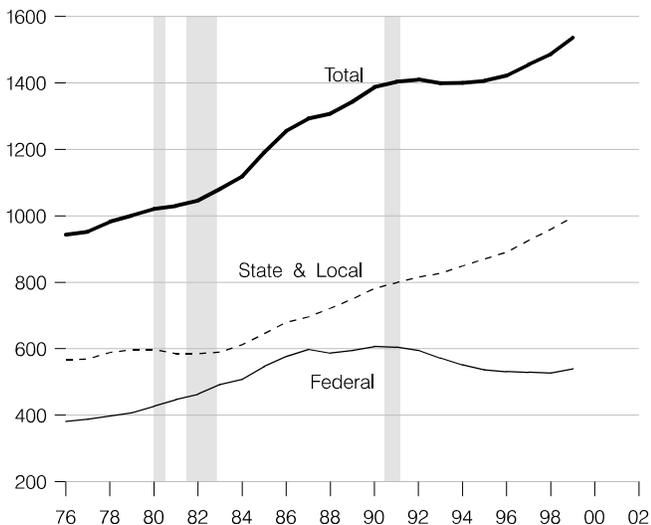


Housing Starts and New Home Sales



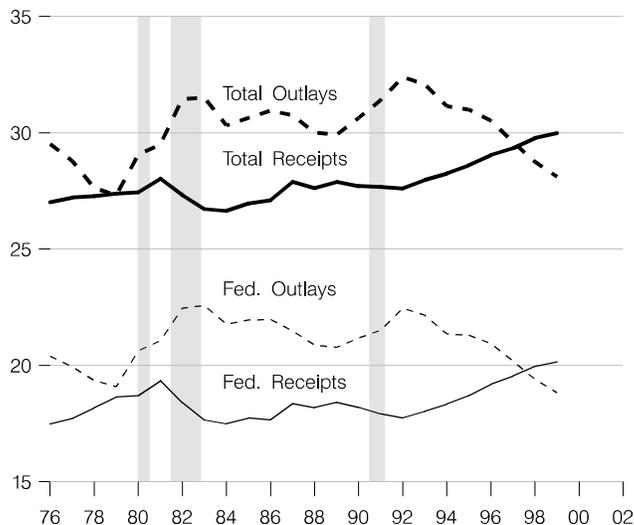
Govt. Consumption and Investment

Billions of 1996 dollars



Government Receipts and Outlays

Percent of GDP



Government Budgets

Billions of dollars

National Income Accounts

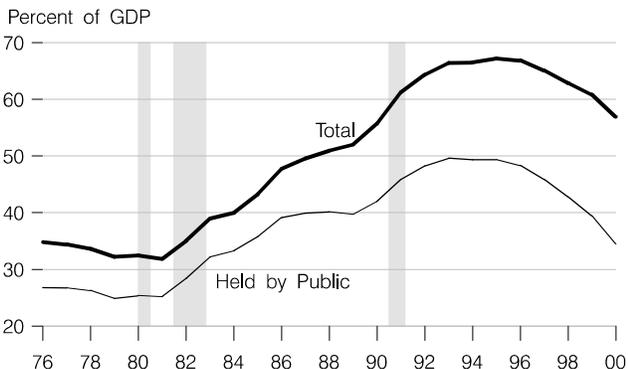
Calendar Years

Unified Budget

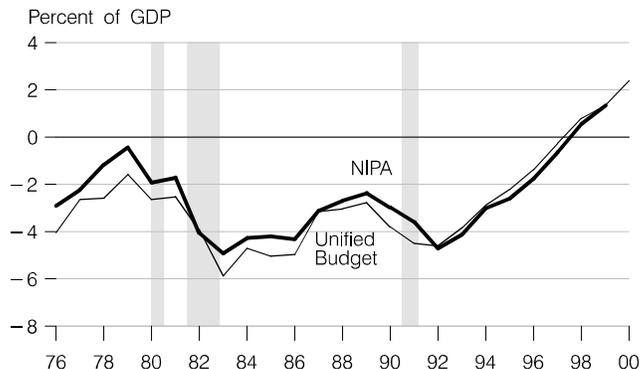
Fiscal Years

	State and Local			Federal			Federal		
	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Expenditures	Surplus or Deficit(-)	Receipts	Outlays	Surplus or Deficit(-)
1980	316.6	307.8	8.8	522.8	576.6	-53.8	517.1	590.9	-73.8
1981	344.4	336.9	7.5	605.6	659.3	-53.7	599.3	678.2	-79.0
1982	360.3	362.5	-2.2	599.5	732.1	-132.6	617.8	745.8	-128.0
1983	392.1	387.3	4.8	623.9	797.8	-173.9	600.6	808.4	-207.8
1984	436.4	412.6	23.8	688.1	856.1	-168.0	666.5	851.9	-185.4
1985	469.2	447.0	22.2	747.4	924.6	-177.2	734.1	946.4	-212.3
1986	507.9	487.2	20.7	786.4	978.5	-192.1	769.2	990.5	-221.2
1987	536.0	523.8	12.2	870.5	1018.4	-147.9	854.4	1004.1	-149.8
1988	573.7	558.1	15.6	928.9	1066.2	-137.3	909.3	1064.5	-155.2
1989	618.9	599.6	19.3	1010.3	1140.3	-130.0	991.2	1143.7	-152.5
1990	663.4	660.8	2.6	1055.7	1228.7	-173.0	1032.0	1253.2	-221.2
1991	716.0	723.8	-7.8	1072.3	1287.6	-215.3	1055.0	1324.4	-269.4
1992	772.2	777.2	-5.0	1121.3	1418.9	-297.6	1091.3	1381.7	-290.4
1993	823.2	821.7	1.5	1197.3	1471.5	-274.2	1154.4	1409.5	-255.1
1994	873.8	865.2	8.6	1293.7	1506.0	-212.3	1258.6	1461.9	-203.3
1995	917.9	902.5	15.4	1383.7	1575.7	-192.0	1351.8	1515.8	-164.0
1996	960.4	939.0	21.4	1499.1	1635.9	-136.8	1453.1	1560.6	-107.5
1997	1011.3	980.3	31.0	1625.5	1678.8	-53.3	1579.3	1601.3	-22.0
1998	1072.3	1030.6	41.7	1754.0	1705.0	49.0	1721.8	1652.6	69.2
1999	1142.7	1092.7	50.0	1874.6	1750.2	124.4	1827.5	1703.0	124.4
2000	NA	1170.2	NA	NA	1813.0	NA	2025.0	1788.0	237.0

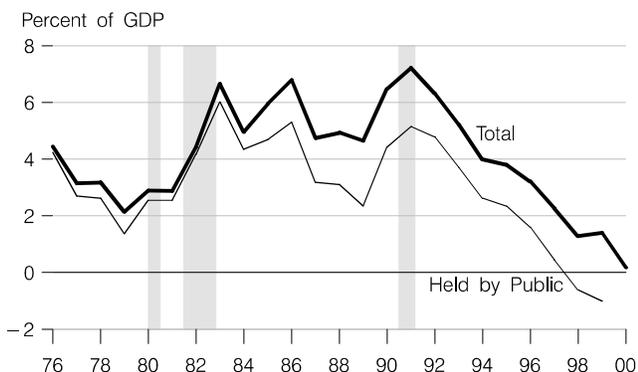
Federal Debt



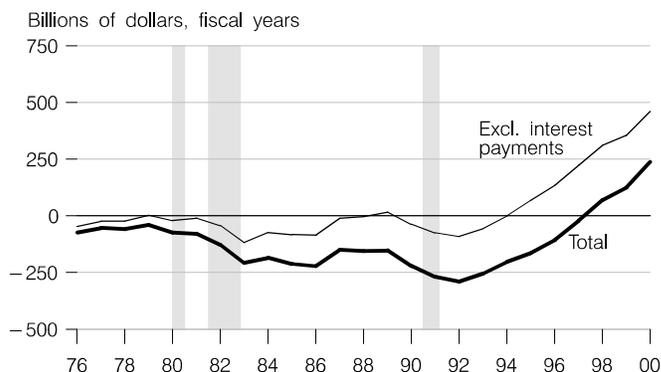
Federal Surplus (+) / Deficit (-)



Change in Federal Debt



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

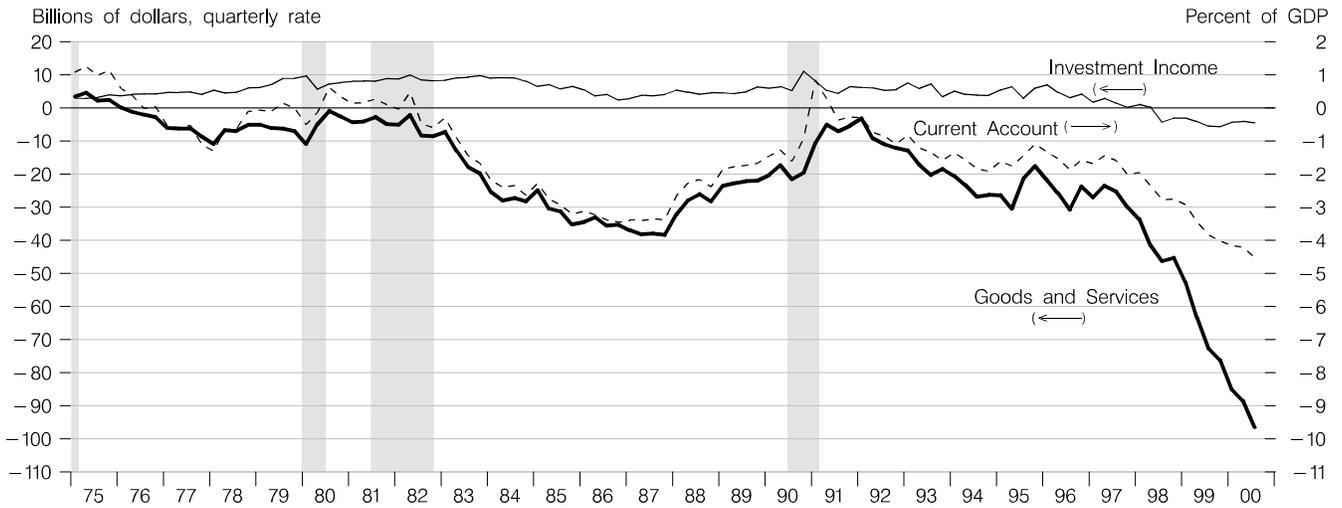


Federal Government Debt

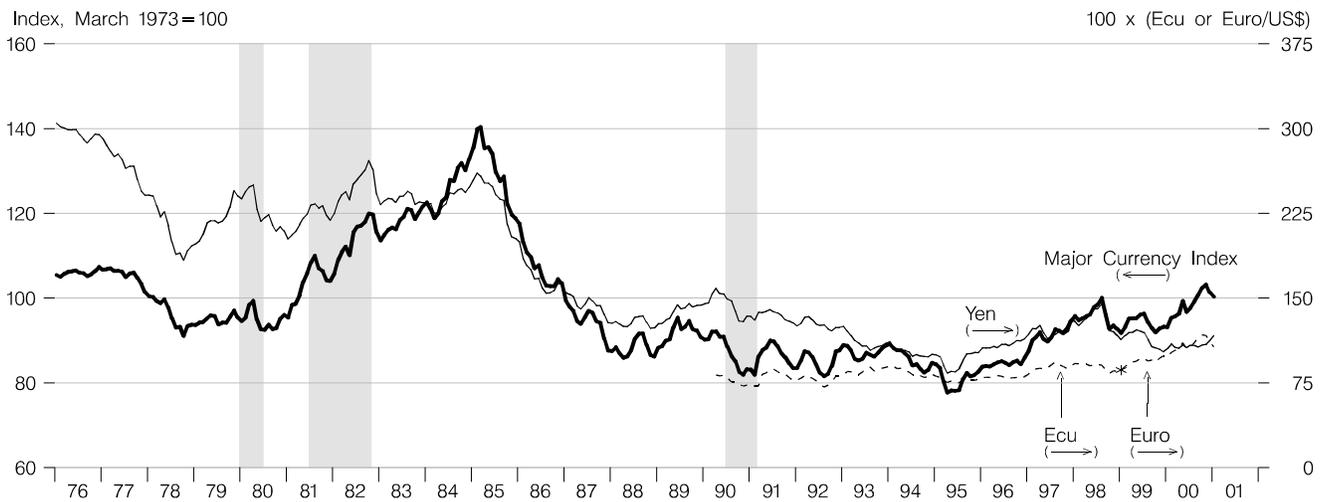
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1998		5526.2	1765.6	3760.6	458.1	3313.2	1224.2
1999		5656.3	1989.1	3667.2	496.5	3175.4	1281.3
2000		5674.2	2235.7	3438.5	511.4	2936.2	1225.2
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	5413.2	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	3794.6	464.5	3327.5	1272.1
	June	5638.8	1953.6	3685.2	493.8	3199.2	1258.6
	September	5656.3	1989.1	3667.2	496.5	3175.4	1281.3
	December	5776.1	2060.6	3715.5	477.7	3233.9	1268.8
2000	March	5773.4	2085.4	3688.0	501.7	3182.8	1273.9
	June	5685.9	2190.2	3495.7	505.0	2987.4	1248.9
	September	5674.2	2235.7	3438.5	511.4	2936.2	1225.2

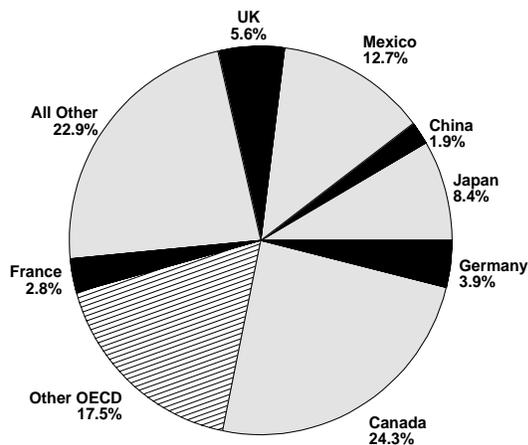
Current Account, Trade and Investment Income Balances



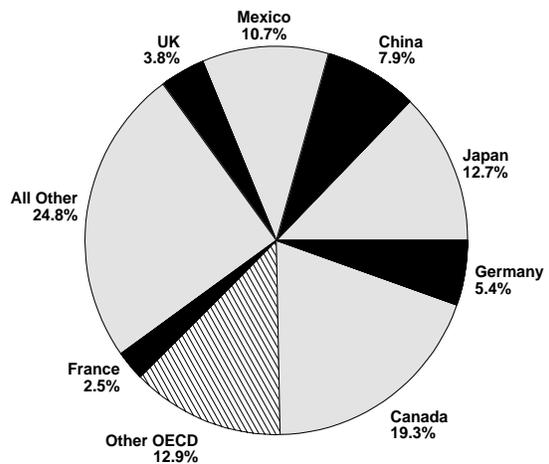
Exchange Rates



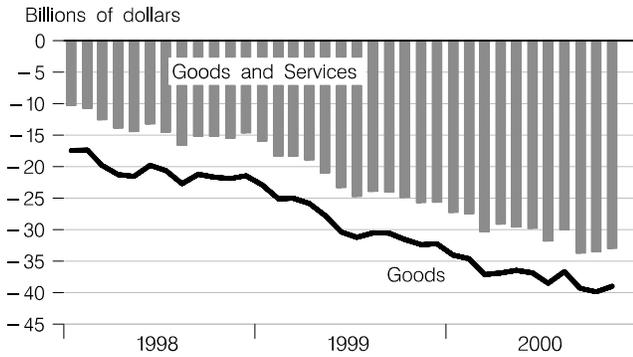
Goods Export Shares, 1999



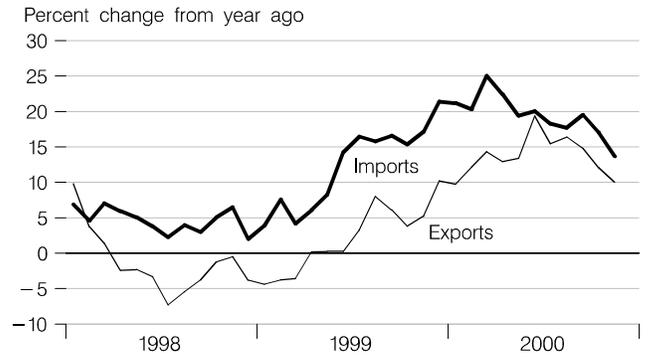
Goods Import Shares, 1999



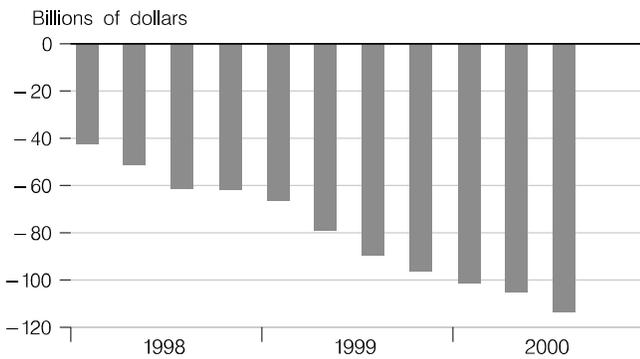
Trade Balance



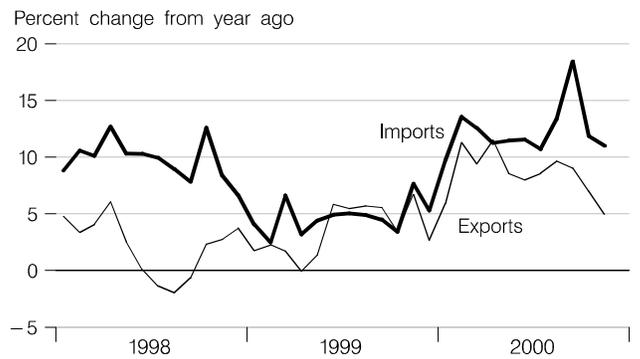
Goods Trade



Current Account Balance



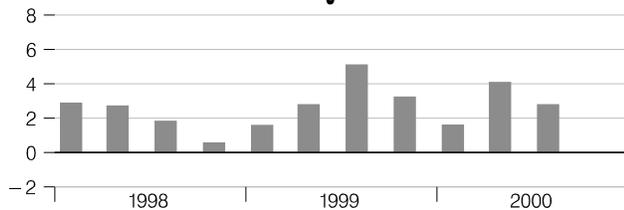
Services Trade



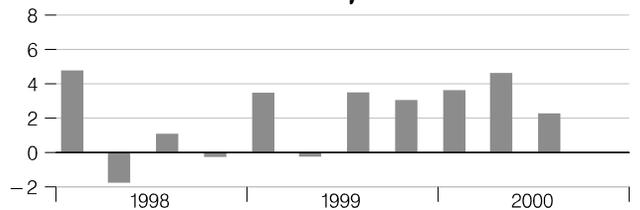
Real GDP Growth of Major Trading Partners

Percent change at annual rate

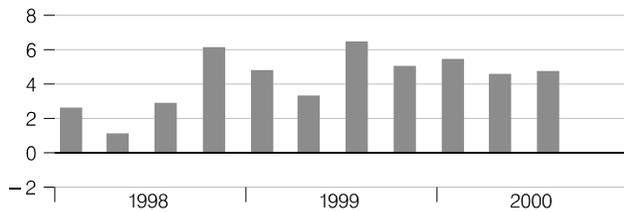
United Kingdom



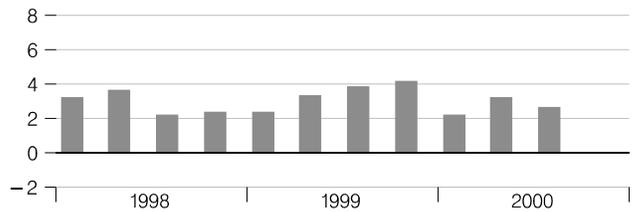
Germany



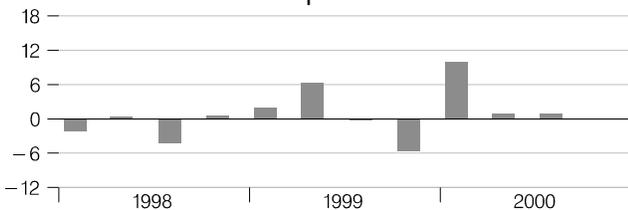
Canada



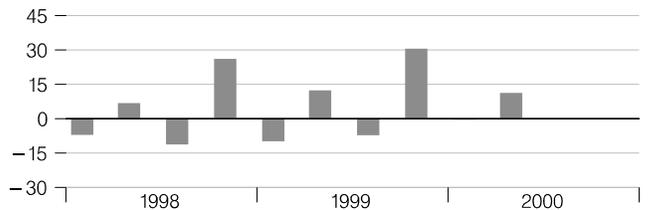
France



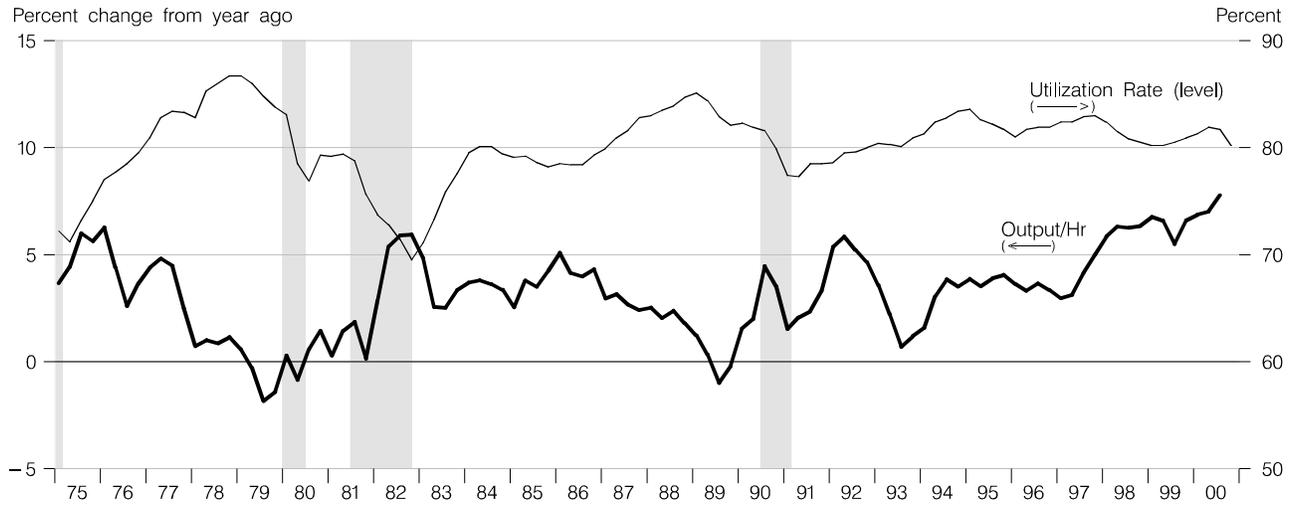
Japan



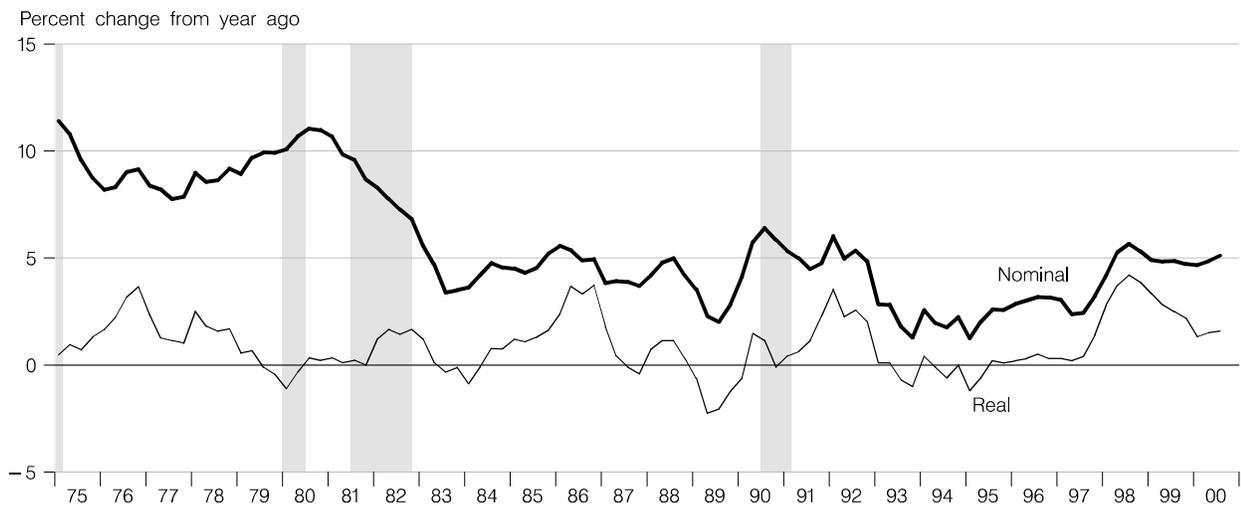
Mexico



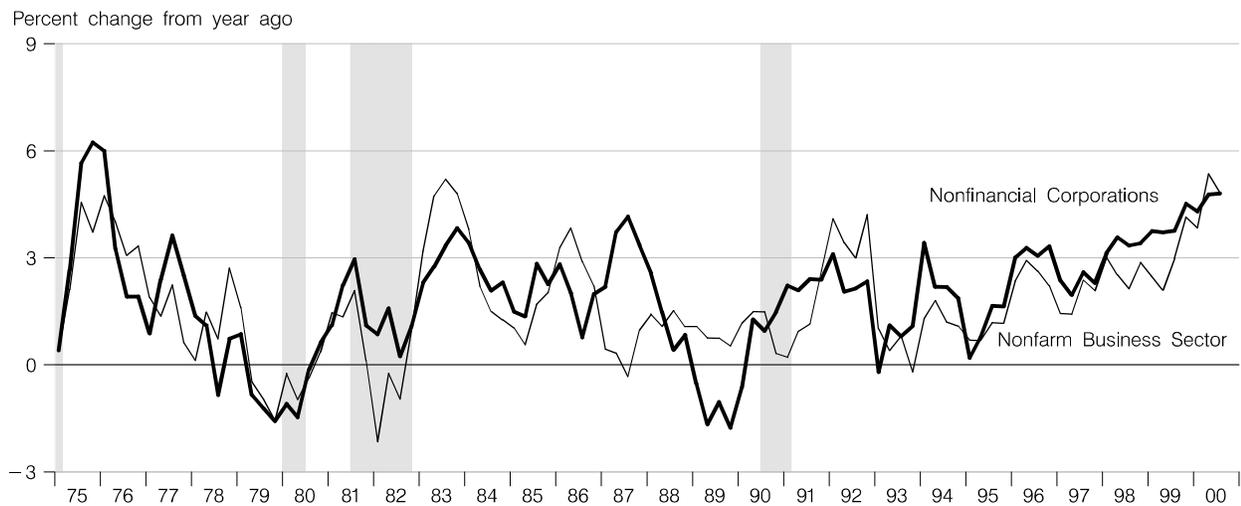
Output per Hour and Capacity Utilization, Manufacturing



Nonfarm Compensation per Hour

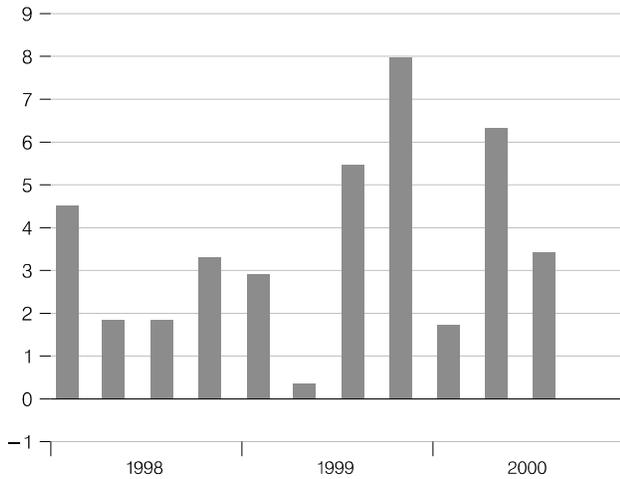


Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



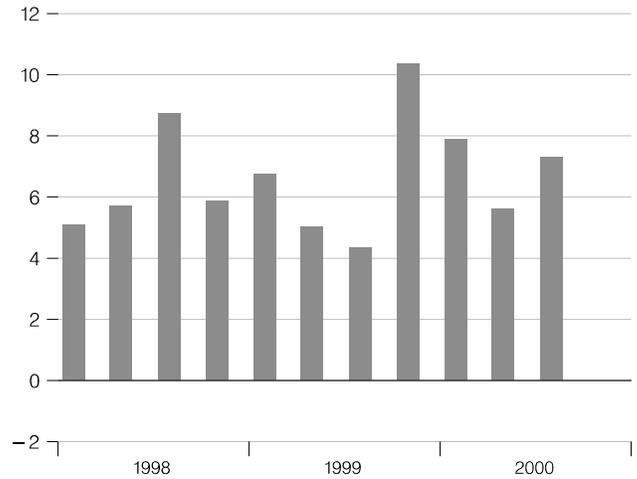
Nonfarm Output per Hour

Percent change at annual rate



Manufacturing Output per Hour

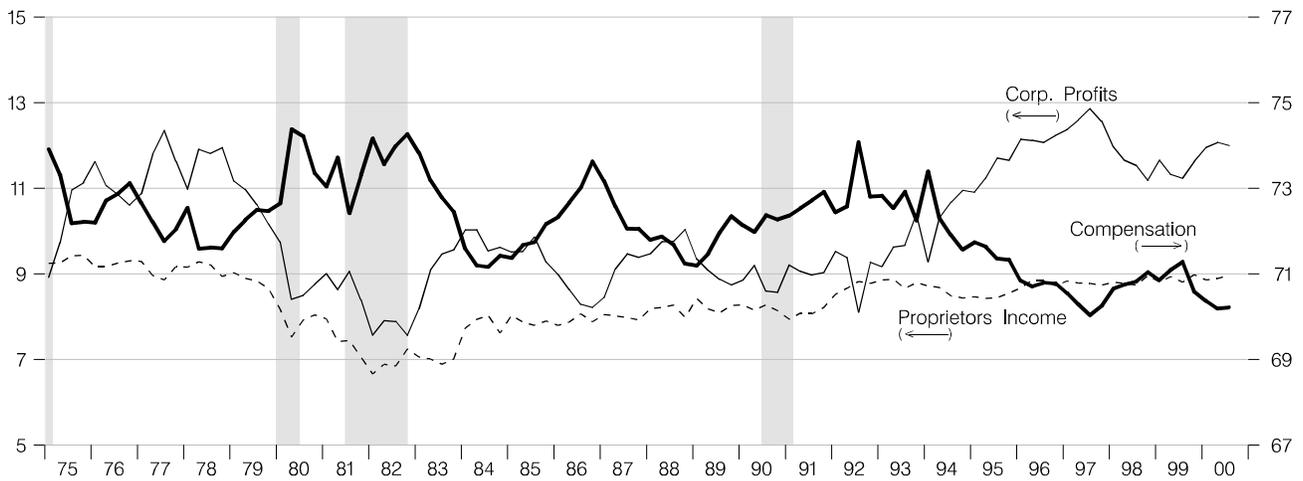
Percent change at annual rate



Selected Component Shares of National Income

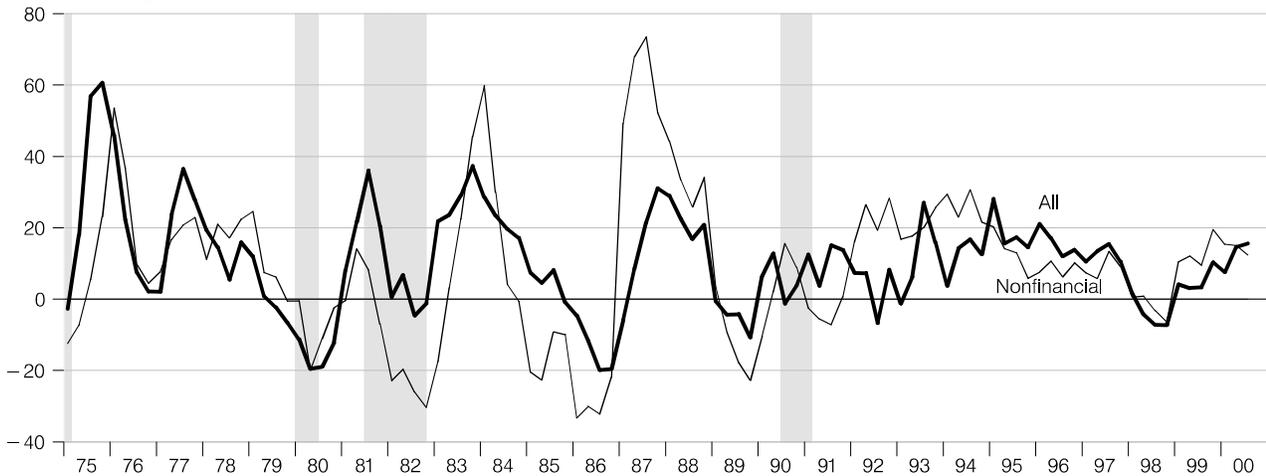
Percent

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		
1997	8318.4		6.5	8159.450		4.4	8095.204		4.0		63.757	
1998	8790.2		5.7	8515.652		4.4	8435.173		4.2		80.169	
1999	9299.2		5.8	8875.761		4.2	8826.900		4.6		45.287	
2000	9965.7		7.2	9320.428		5.0	9250.383		4.8		63.725	
1997	1	8124.2	7.4	6.5	8016.391	4.4	4.4	7966.392	3.5	3.9	49.283	40.919
	2	8279.8	7.9	6.4	8131.947	5.9	4.2	8043.212	3.9	3.5	88.306	55.429
	3	8390.9	5.5	6.8	8216.564	4.2	4.8	8164.863	6.2	4.8	51.336	55.452
	4	8478.6	4.2	6.2	8272.897	2.8	4.3	8206.269	2.0	3.9	66.102	63.757
1998	1	8634.7	7.6	6.3	8404.861	6.5	4.8	8289.394	4.1	4.1	117.319	80.766
	2	8722.0	4.1	5.3	8465.570	2.9	4.1	8402.717	5.6	4.5	60.914	73.918
	3	8829.1	5.0	5.2	8537.607	3.4	3.9	8463.426	2.9	3.7	73.069	79.351
	4	8974.9	6.8	5.9	8654.492	5.6	4.6	8584.999	5.9	4.6	69.374	80.169
1999	1	9104.5	5.9	5.4	8729.967	3.5	3.9	8680.265	4.5	4.7	48.073	62.858
	2	9191.5	3.9	5.4	8783.175	2.5	3.8	8764.868	4.0	4.3	13.101	50.904
	3	9340.9	6.7	5.8	8905.764	5.7	4.3	8861.769	4.5	4.7	39.096	42.411
	4	9559.7	9.7	6.5	9084.060	8.3	5.0	9000.543	6.4	4.8	80.878	45.287
2000	1	9752.7	8.3	7.1	9191.804	4.8	5.3	9148.034	6.7	5.4	36.634	42.427
	2	9945.7	8.2	8.2	9318.924	5.6	6.1	9235.283	3.9	5.4	78.603	58.803
	3	10039.4	3.8	7.5	9369.475	2.2	5.2	9290.933	2.4	4.8	72.517	67.158
	4	10125.0	3.5	5.9	9401.509	1.4	3.5	9327.280	1.6	3.6	67.148	63.726

	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment			
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		
Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago	Annual rate		Year ago		
1997	5423.902		3.6	657.347		6.6	1328.630		9.6	1009.344		12.2	
1998	5678.654		4.7	727.268		10.6	1485.274		11.8	1140.256		13.0	
1999	5978.815		5.3	817.779		12.4	1621.375		9.2	1255.285		10.1	
2000	6294.623		5.3	895.883		9.6	1770.885		9.2	1412.528		12.5	
1997	1	5350.681	4.5	3.4	641.473	10.5	6.6	1275.405	8.3	9.5	960.756	10.9	11.5
	2	5375.664	1.9	2.8	636.510	-3.1	2.6	1311.094	11.7	8.9	992.659	14.0	12.1
	3	5462.083	6.6	4.0	670.509	23.1	8.5	1356.728	14.7	10.2	1036.974	19.1	13.4
	4	5507.125	3.3	4.1	680.890	6.3	8.8	1371.305	4.4	9.7	1046.985	3.9	11.8
1998	1	5572.385	4.8	4.1	696.376	9.4	8.6	1427.367	17.4	11.9	1095.977	20.1	14.1
	2	5651.576	5.8	5.1	719.352	13.9	13.0	1477.585	14.8	12.7	1136.398	15.6	14.5
	3	5710.969	4.3	4.6	726.670	4.1	8.4	1496.394	5.2	10.3	1146.336	3.5	10.5
	4	5779.790	4.9	5.0	766.673	23.9	12.6	1539.748	12.1	12.3	1182.332	13.2	12.9
1999	1	5860.238	5.7	5.2	782.677	8.6	12.4	1574.043	9.2	10.3	1209.432	9.5	10.4
	2	5940.214	5.6	5.1	810.480	15.0	12.7	1607.125	8.7	8.8	1237.494	9.6	8.9
	3	6013.801	5.0	5.3	826.150	8.0	13.7	1637.758	7.8	9.4	1272.464	11.8	11.0
	4	6101.005	5.9	5.6	851.802	13.0	11.1	1666.560	7.2	8.2	1301.758	9.5	10.1
2000	1	6213.455	7.6	6.0	898.223	23.6	14.8	1730.930	16.4	10.0	1365.267	21.0	12.9
	2	6260.644	3.1	5.4	886.688	-5.0	9.4	1777.643	11.2	10.6	1412.488	14.6	14.1
	3	6329.832	4.5	5.3	903.161	7.6	9.3	1791.273	3.1	9.4	1438.805	7.7	13.1
	4	6374.560	2.9	4.5	895.461	-3.4	5.1	1783.694	-1.7	7.0	1433.552	-1.5	10.1

	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	
1997	101.950		2.0	133.3		3.1	130.4		3.5	140.2		2.0	
1998	103.230		1.3	138.0		3.5	135.7		4.0	143.6		2.5	
1999	104.770		1.5	142.4		3.2	140.2		3.4	147.6		2.8	
2000	106.990		2.1	148.8		4.5	146.0		4.1	156.0		5.7	
1997	1	101.360	2.9	2.0	131.6	3.1	2.9	128.5	3.5	3.3	138.9	1.2	2.0
	2	101.820	1.8	2.1	132.7	3.4	2.9	129.7	3.8	3.3	139.7	2.3	2.0
	3	102.120	1.2	1.9	133.7	3.0	3.0	131.0	4.1	3.6	140.4	2.0	2.0
	4	102.490	1.5	1.8	135.1	4.3	3.4	132.4	4.3	3.9	141.6	3.5	2.2
1998	1	102.750	1.0	1.4	136.2	3.3	3.5	133.7	4.0	4.0	142.2	1.7	2.4
	2	103.040	1.1	1.2	137.3	3.3	3.5	134.9	3.6	4.0	143.2	2.8	2.5
	3	103.420	1.5	1.3	138.8	4.4	3.8	136.5	4.8	4.2	144.1	2.5	2.6
	4	103.690	1.0	1.2	139.7	2.6	3.4	137.5	3.0	3.9	144.9	2.2	2.3
1999	1	104.250	2.2	1.5	140.3	1.7	3.0	138.1	1.8	3.3	145.4	1.4	2.3
	2	104.630	1.5	1.5	141.8	4.3	3.3	139.7	4.7	3.6	146.8	3.9	2.5
	3	104.900	1.0	1.4	143.1	3.7	3.1	140.9	3.5	3.2	148.2	3.9	2.8
	4	105.310	1.6	1.6	144.5	4.0	3.4	142.2	3.7	3.4	149.9	4.7	3.5
2000	1	106.170	3.3	1.8	146.6	5.9	4.5	143.9	4.9	4.2	153.4	9.7	5.5
	2	106.800	2.4	2.1	148.2	4.4	4.5	145.4	4.2	4.1	155.3	5.0	5.8
	3	107.220	1.6	2.2	149.7	4.1	4.6	146.7	3.6	4.1	157.0	4.5	5.9
	4	107.770	2.1	2.3	150.8	3.0	4.4	147.8	3.0	3.9	158.4	3.6	5.7
	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation/Hr			
	Billions of 1996 \$	Percent change		Billions of 1996 \$	Percent change		Index	Percent change		Index	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
1997	981.458		12.3	1094.778		13.7	107.3		1.8	112.9		2.8	
1998	1003.557		2.3	1224.579		11.9	110.2		2.7	118.6		5.0	
1999	1032.963		2.9	1355.333		10.7	113.4		2.9	124.4		4.9	
2000	1127.895		9.2	1540.427		13.7							
1997	1	940.346	7.5	11.1	1034.322	15.3	12.3	106.1	0.8	1.4	111.7	2.2	3.0
	2	979.229	17.6	13.9	1079.801	18.8	13.6	107.1	3.8	1.4	112.0	1.1	2.4
	3	1004.186	10.6	15.8	1123.758	17.3	14.3	108.0	3.4	2.4	113.0	3.6	2.4
	4	1002.071	-0.8	8.5	1141.230	6.4	14.3	108.1	0.4	2.1	114.7	6.2	3.2
1998	1	1004.509	1.0	6.8	1179.803	14.2	14.1	109.3	4.5	3.0	116.4	6.1	4.2
	2	996.826	-3.0	1.8	1216.575	13.1	12.7	109.8	1.8	2.5	117.9	5.3	5.3
	3	988.775	-3.2	-1.5	1232.900	5.5	9.7	110.3	1.8	2.1	119.4	5.2	5.7
	4	1024.117	15.1	2.2	1269.017	12.2	11.2	111.2	3.3	2.9	120.8	4.8	5.3
1999	1	1003.277	-7.9	-0.1	1283.060	4.5	8.8	112.0	2.9	2.5	122.1	4.4	4.9
	2	1017.613	5.8	2.1	1332.170	16.2	9.5	112.1	0.4	2.1	123.6	5.0	4.8
	3	1042.588	10.2	5.4	1385.190	16.9	12.4	113.6	5.5	3.0	125.2	5.3	4.9
	4	1068.376	10.3	4.3	1420.903	10.7	12.0	115.8	8.0	4.1	126.5	4.2	4.7
2000	1	1084.819	6.3	8.1	1461.653	12.0	13.9	116.3	1.7	3.8	127.8	4.2	4.7
	2	1121.787	14.3	10.2	1525.219	18.6	14.5	118.1	6.3	5.4	129.6	5.8	4.9
	3	1158.764	13.9	11.1	1586.436	17.0	14.5	119.1	3.4	4.8	131.6	6.3	5.1
	4	1146.211	-4.3	7.3	1588.400	0.5	11.8						

	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					
1996	126720	1812		1.5	119597	2409		2.1	136.6			2.4	
1997	129572	2852		2.3	122677	3080		2.6	141.4			3.5	
1998	131471	1898		1.5	125845	3168		2.6	145.2			2.7	
1999	133501	2030		1.5	128772	2926		2.3	148.3			2.1	
2000	135215	1714		1.3	131415	2644		2.1	151.1			1.9	
1998	1	130762	256	0.8	1.8	124748	793	2.6	2.7	144.2	0.8	3.1	3.3
	2	131246	483	1.5	1.5	125486	737	2.4	2.6	144.7	0.4	1.5	2.6
	3	131585	339	1.0	1.3	126180	695	2.2	2.6	145.5	0.5	2.0	2.5
	4	132290	706	2.2	1.4	126967	787	2.5	2.4	146.4	0.7	2.7	2.3
1999	1	132923	632	1.9	1.7	127800	833	2.6	2.4	147.1	0.5	1.9	2.0
	2	133192	269	0.8	1.5	128430	630	2.0	2.3	147.8	0.5	1.9	2.1
	3	133627	435	1.3	1.6	129073	644	2.0	2.3	148.5	0.5	1.8	2.1
	4	134263	636	1.9	1.5	129783	710	2.2	2.2	149.6	0.7	2.9	2.1
2000	1	135036	774	2.3	1.6	130626	843	2.6	2.2	150.7	0.8	3.2	2.4
	2	135181	145	0.4	1.5	131552	926	2.9	2.4	151.2	0.3	1.2	2.3
	3	135049	-132	-0.4	1.1	131619	67	0.2	2.0	151.2	0.0	0.2	1.8
	4	135593	544	1.6	1.0	131863	244	0.7	1.6	151.2	-0.0	-0.1	1.1
1998 Dec		132581	317	2.9	1.4	127286	347	3.3	2.4	146.8	0.3	4.2	2.4
1999 Jan		133021	440	4.1	1.8	127463	177	1.7	2.3	146.8	0.0	0.0	1.7
Feb		132886	-135	-1.2	1.6	127883	420	4.0	2.5	147.5	0.5	5.9	2.3
Mar		132861	-25	-0.2	1.6	128054	171	1.6	2.5	147.1	-0.3	-3.2	2.1
Apr		132909	48	0.4	1.3	128282	228	2.2	2.5	147.7	0.4	5.0	2.4
May		133279	370	3.4	1.5	128377	95	0.9	2.3	147.6	-0.1	-0.8	1.7
Jun		133388	109	1.0	1.6	128630	253	2.4	2.3	148.2	0.4	5.0	2.3
Jul		133521	133	1.2	1.7	128898	268	2.5	2.4	148.5	0.2	2.5	2.3
Aug		133565	44	0.4	1.7	129057	159	1.5	2.2	148.4	-0.1	-0.8	1.9
Sep		133795	230	2.1	1.3	129265	208	2.0	2.2	148.6	0.1	1.6	2.1
Oct		134049	254	2.3	1.5	129523	258	2.4	2.2	149.3	0.5	5.8	2.1
Nov		134241	192	1.7	1.5	129788	265	2.5	2.2	149.6	0.2	2.4	2.3
Dec		134498	257	2.3	1.4	130038	250	2.3	2.2	149.8	0.1	1.6	2.0
2000 Jan		134976	478	4.3	1.5	130387	349	3.3	2.3	150.6	0.5	6.6	2.6
Feb		135120	144	1.3	1.7	130482	95	0.9	2.0	150.6	0.0	0.0	2.1
Mar		135013	-107	-0.9	1.6	131009	527	5.0	2.3	151.0	0.3	3.2	2.7
Apr		135517	504	4.6	2.0	131419	410	3.8	2.4	151.7	0.5	5.7	2.7
May		134843	-674	-5.8	1.2	131590	171	1.6	2.5	150.5	-0.8	-9.1	2.0
Jun		135183	340	3.1	1.3	131647	57	0.5	2.3	151.3	0.5	6.6	2.1
Jul		134898	-285	-2.5	1.0	131607	-40	-0.4	2.1	151.4	0.1	0.8	2.0
Aug		134939	41	0.4	1.0	131528	-79	-0.7	1.9	150.9	-0.3	-3.9	1.7
Sep		135310	371	3.3	1.1	131723	195	1.8	1.9	151.4	0.3	4.0	1.9
Oct		135464	154	1.4	1.1	131789	66	0.6	1.7	151.6	0.1	1.6	1.5
Nov		135478	14	0.1	0.9	131848	59	0.5	1.6	151.5	-0.1	-0.8	1.3
Dec		135836	358	3.2	1.0	131953	105	1.0	1.5	150.5	-0.7	-7.6	0.5

	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			
1996	5.4	2496.503			5.7	119.556			4.6	5.01	6.44	
1997	5.0	2612.931			4.7	127.586			6.7	5.06	6.35	
1998	4.5	2745.714			5.1	133.669			4.8	4.78	5.26	
1999	4.2	2995.694			9.1	139.203			4.1	4.64	5.64	
2000	4.0	3230.925			7.9	146.972			5.6	5.82	6.03	
1998	1	4.7	668.657	0.9	3.8	3.4	132.139	0.9	3.6	6.2	5.05	5.59
	2	4.4	684.020	2.3	9.5	6.1	133.112	0.7	3.0	5.4	4.98	5.60
	3	4.5	686.919	0.4	1.7	4.2	134.229	0.8	3.4	4.3	4.82	5.20
	4	4.4	706.118	2.8	11.7	6.6	135.195	0.7	2.9	3.2	4.26	4.67
1999	1	4.3	723.050	2.4	9.9	8.1	136.506	1.0	3.9	3.3	4.41	4.98
	2	4.3	739.876	2.3	9.6	8.2	138.137	1.2	4.9	3.8	4.45	5.54
	3	4.2	757.371	2.4	9.8	10.3	140.114	1.4	5.8	4.4	4.65	5.88
	4	4.1	775.397	2.4	9.9	9.8	142.056	1.4	5.7	5.1	5.04	6.14
2000	1	4.0	799.014	3.0	12.8	10.5	144.365	1.6	6.7	5.8	5.52	6.48
	2	4.0	802.972	0.5	2.0	8.5	147.130	1.9	7.9	6.5	5.71	6.18
	3	4.0	813.908	1.4	5.6	7.5	148.406	0.9	3.5	5.9	6.02	5.89
	4	4.0	815.031	0.1	0.6	5.1	147.988	-0.3	-1.1	4.2	6.02	5.57
1999	Jan	4.3	239.154	0.9	10.8	7.7	135.912	0.6	7.6	3.0	4.34	4.72
	Feb	4.4	241.580	1.0	12.9	8.5	136.313	0.3	3.6	3.3	4.44	5.00
	Mar	4.2	242.316	0.3	3.7	8.2	137.294	0.7	9.0	3.7	4.44	5.23
	Apr	4.4	244.556	0.9	11.7	8.1	137.433	0.1	1.2	3.3	4.29	5.18
	May	4.2	247.325	1.1	14.5	8.6	138.373	0.7	8.5	3.6	4.50	5.54
	Jun	4.3	247.995	0.3	3.3	7.8	138.605	0.2	2.0	4.5	4.57	5.90
	Jul	4.3	250.003	0.8	10.2	9.5	139.671	0.8	9.6	5.4	4.55	5.79
	Aug	4.2	253.458	1.4	17.9	11.1	140.278	0.4	5.3	3.7	4.72	5.94
	Sep	4.2	253.910	0.2	2.2	10.1	140.392	0.1	1.0	4.1	4.68	5.92
	Oct	4.1	254.867	0.4	4.6	9.0	141.481	0.8	9.7	4.4	4.86	6.11
	Nov	4.1	258.115	1.3	16.4	9.7	141.879	0.3	3.4	5.1	5.07	6.03
	Dec	4.1	262.415	1.7	21.9	10.7	142.808	0.7	8.1	5.7	5.20	6.28
2000	Jan	4.0	263.493	0.4	5.0	10.2	143.569	0.5	6.6	5.6	5.32	6.66
	Feb	4.1	267.164	1.4	18.1	10.6	144.291	0.5	6.2	5.9	5.55	6.52
	Mar	4.0	268.357	0.4	5.5	10.7	145.234	0.7	8.1	5.8	5.69	6.26
	Apr	4.0	267.119	-0.5	-5.4	9.2	146.266	0.7	8.9	6.4	5.66	5.99
	May	4.1	267.417	0.1	1.3	8.1	147.228	0.7	8.2	6.4	5.79	6.44
	Jun	4.0	268.436	0.4	4.7	8.2	147.896	0.5	5.6	6.7	5.69	6.10
	Jul	4.0	270.645	0.8	10.3	8.3	147.595	-0.2	-2.4	5.7	5.96	6.05
	Aug	4.1	270.549	-0.0	-0.4	6.7	148.650	0.7	8.9	6.0	6.09	5.83
	Sep	3.9	272.714	0.8	10.0	7.4	148.973	0.2	2.6	6.1	6.00	5.80
	Oct	3.9	272.490	-0.1	-1.0	6.9	148.535	-0.3	-3.5	5.0	6.11	5.74
	Nov	4.0	271.197	-0.5	-5.5	5.1	148.123	-0.3	-3.3	4.4	6.17	5.72
	Dec	4.0	271.344	0.1	0.7	3.4	147.306	-0.6	-6.4	3.1	5.77	5.24
2001	Jan										5.15	5.16

	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	
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	
2000	172.3			3.4		181.6			2.4		138.0			3.7	
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	134.7	0.8	3.4	2.9
2000	1	170.2	1.0	4.3	3.2	4.3	179.8	0.6	2.5	2.2	2.5	136.3	1.2	4.8	3.7
	2	171.7	0.9	3.7	3.3	4.0	181.1	0.7	3.0	2.4	2.7	137.5	0.8	3.4	3.9
	3	173.0	0.8	3.1	3.5	3.7	182.2	0.6	2.4	2.5	2.6	138.4	0.7	2.8	3.6
	4	174.2	0.7	2.7	3.4	3.4	183.3	0.6	2.4	2.6	2.6	139.6	0.9	3.5	3.6
1998	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	134.7	0.1	0.9	3.0
	Dec	168.8	0.2	2.9	2.7	2.7	178.9	0.1	1.4	1.9	1.9	134.9	0.1	1.8	2.9
2000	Jan	169.2	0.2	2.9	2.7	2.9	179.3	0.2	2.7	2.0	2.7	135.0	0.1	0.9	2.6
	Feb	170.1	0.5	6.6	3.2	4.7	179.6	0.2	2.0	2.2	2.4	136.5	1.1	14.2	4.1
	Mar	171.3	0.7	8.8	3.8	6.1	180.4	0.4	5.5	2.4	3.4	137.5	0.7	9.2	4.5
	Apr	171.3	0.0	0.0	3.1	4.5	180.8	0.2	2.7	2.3	3.2	137.0	-0.4	-4.3	3.6
	May	171.5	0.1	1.4	3.2	3.9	181.1	0.2	2.0	2.4	3.0	137.1	0.1	0.9	3.6
	Jun	172.4	0.5	6.5	3.7	4.3	181.4	0.2	2.0	2.5	2.8	138.3	0.9	11.0	4.5
	Jul	172.8	0.2	2.8	3.7	4.1	181.8	0.2	2.7	2.5	2.8	138.4	0.1	0.9	4.3
	Aug	172.7	-0.1	-0.7	3.3	3.5	182.1	0.2	2.0	2.6	2.7	137.9	-0.4	-4.3	3.3
	Sep	173.6	0.5	6.4	3.5	3.8	182.6	0.3	3.3	2.5	2.8	139.0	0.8	10.0	3.3
	Oct	173.9	0.2	2.1	3.5	3.6	182.9	0.2	2.0	2.5	2.7	139.5	0.4	4.4	3.6
	Nov	174.2	0.2	2.1	3.4	3.5	183.4	0.3	3.3	2.6	2.7	139.7	0.1	1.7	3.7
	Dec	174.5	0.2	2.1	3.4	3.4	183.5	0.1	0.7	2.6	2.6	139.7	0.0	0.0	3.6

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 (± 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)