

National Economic Trends



Stag-nations

Economic growth in the United States has slowed substantially since the days of rapid expansion during the mid to late 1990s. According to preliminary estimates, growth in real gross domestic product (GDP) turned negative in the third quarter of 2001 and is projected to return slowly to its previous pace during 2002. Observers of the U.S. economy sometimes argue that deteriorating economic performance abroad is a risk in the current downturn. If the economic downturn were limited to the U.S., continued demand for U.S. exports abroad might be expected to help stabilize American income and employment. But, unfortunately, the world's three largest economies appear to be slumping simultaneously. Is this a problem inhibiting U.S. economic recovery?

The Figure shows growth rates of real GDP in the U.S., Japan, and Europe from the first quarter of 1996 through the fourth quarter of 2001. (Europe is defined as the unified GDP of the countries in the Euro zone as of 1999.) To reduce clutter, the data are smoothed by taking a five-quarter centered moving average of annualized percentage growth rates. For observations near the end of the period and into 2002 that are not yet available, forecasts from the Blue Chip Economic Indicators were used for the U.S., and forecasts from the OECD Economic Outlook were used for Europe and Japan.

Of the big three, the U.S. has been the best performer during most of the period, with average rates of growth exceeding 4 percent during much of the late 1990s. However, average growth rates have fallen sharply since the second half of 2000. Japan has been the worst-performing economy according to these data, with growth generally slow and often negative. The worst outcomes for Japan occurred during the Asian currency crisis in 1997 and 1998. After recovering during 1999 and 2000, Japan has again moved into recession. Europe has been a less volatile performer. But, since average rates of growth peaked

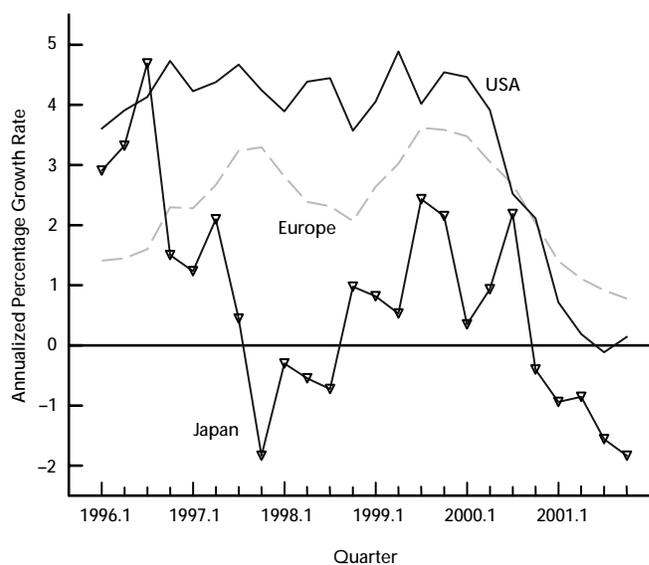
in late 1999 and early 2000, European growth has slowed as well. Thus, the world's three largest economies are slowing simultaneously for the first time in recent memory.

The synchronized nature of this downturn may be less grave than some contend, however. It is true that U.S. firms will be able to sell fewer goods and services to foreign buyers if foreign economies are slumping, but the U.S. is still a relatively closed economy. Even after the dramatic expansion of trade associated with "globalization" in the 1990s, the U.S. export-to-GDP ratio was about 12 percent as of 2000. Thus, the cross-border trade effects are small relative to domestic economic activity. For this reason, the fact that the big three economies are slumping together is less of a concern.

—James Bullard

Stag-nations

Real GDP Growth, Major Economies, Five-Quarter Centered Moving Average



SOURCES: Haver Analytics, Blue Chip Economic Indicators, and OECD Economic Outlook.

Views expressed do not necessarily reflect official positions of the Federal Reserve System.



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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:

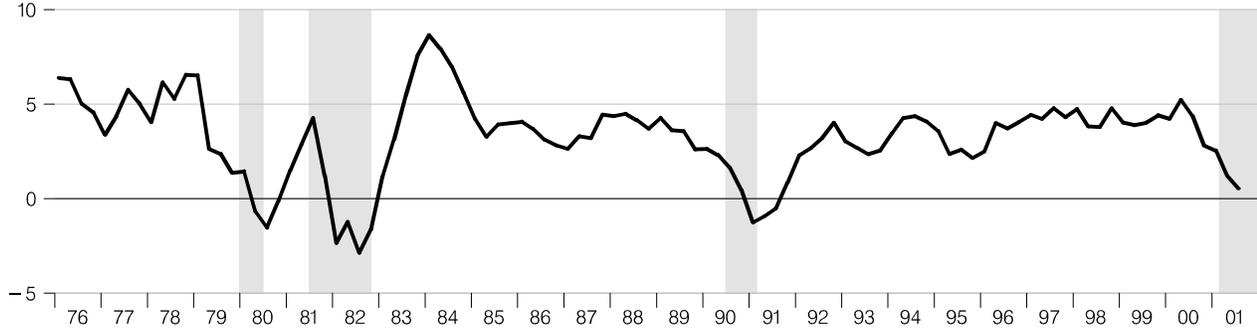
$$100 \times \left[\left(\frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

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

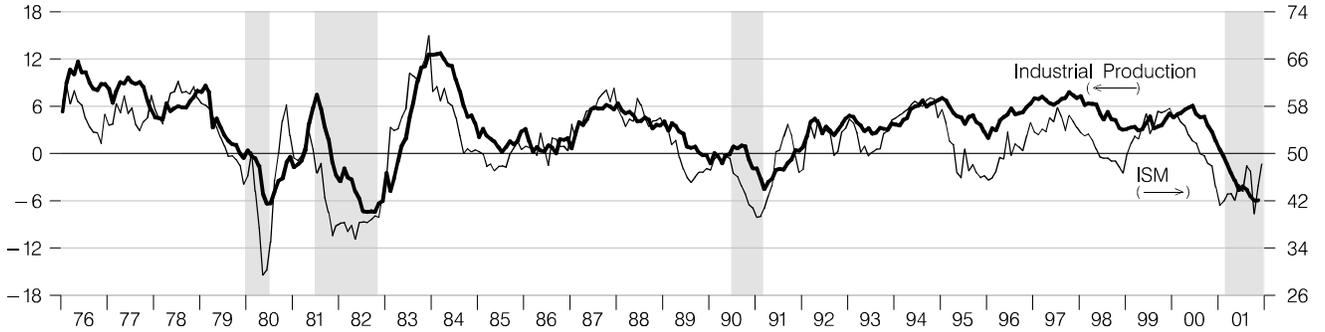
Real Gross Domestic Product

Percent change from year ago



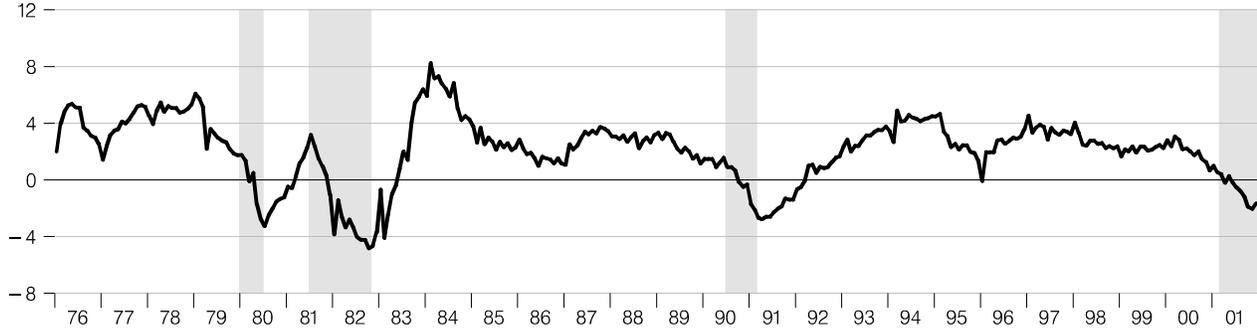
Industrial Production and Institute for Supply Management (ISM) Indexes

Percent change from year ago



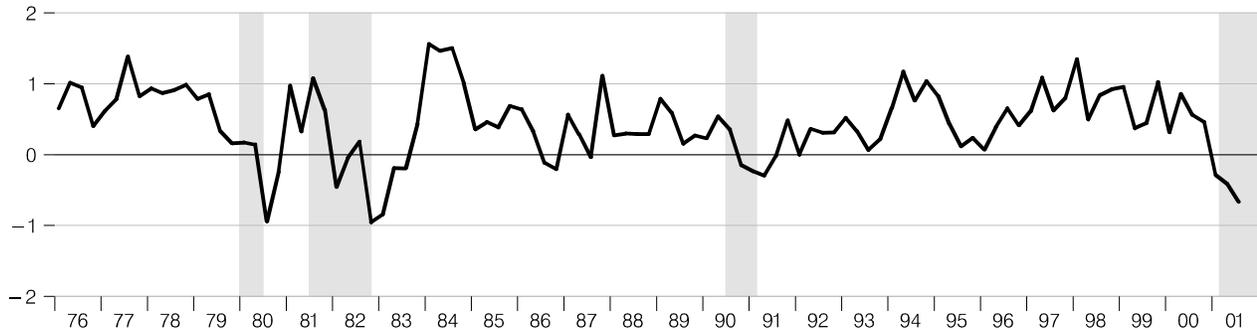
Aggregate Private Nonfarm Hours

Percent change from year ago

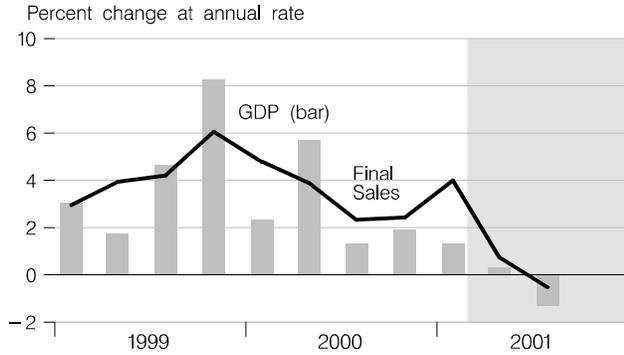


Real Change in Private Inventories

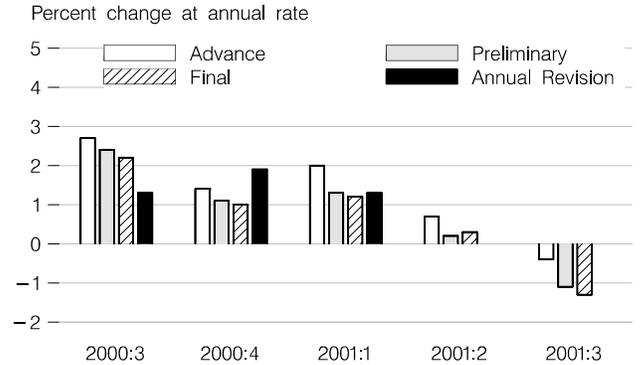
Percent of GDP



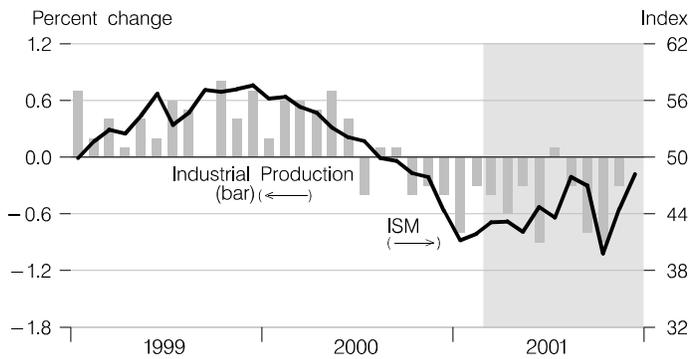
Real Final Sales and GDP



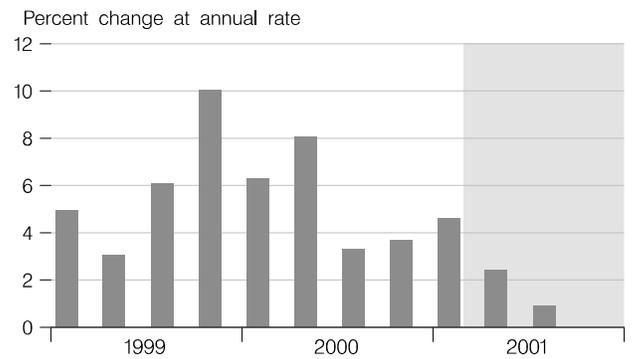
Real GDP Revisions



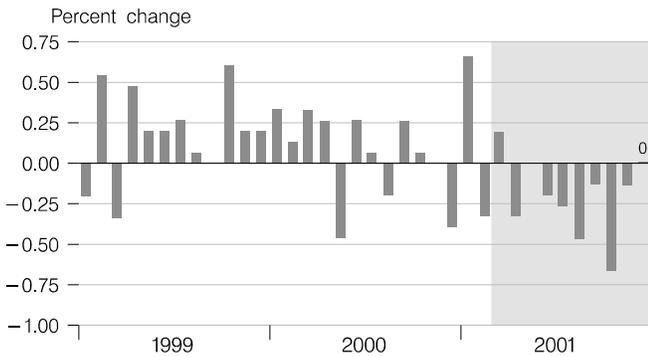
Industrial Production and ISM Index



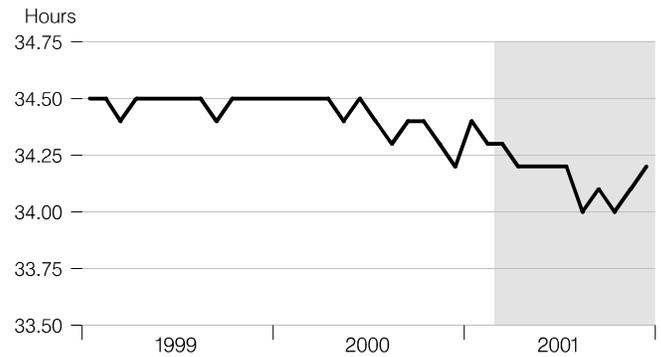
Nominal Gross Domestic Product



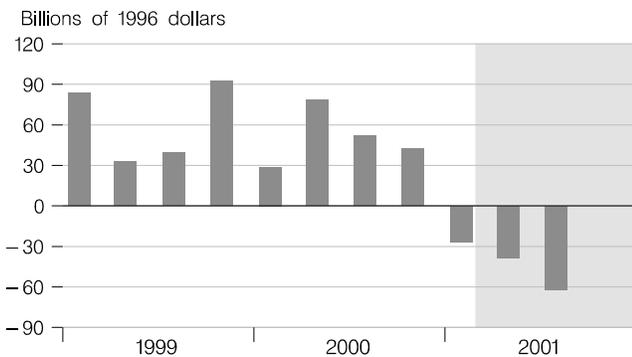
Aggregate Private Nonfarm Hours



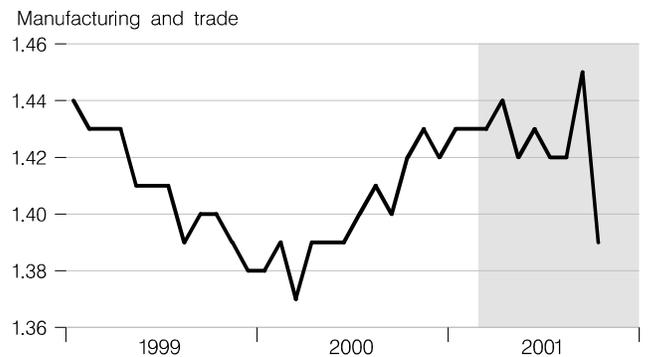
Average Weekly Private Nonfarm Hours



Real Change in Private Inventories

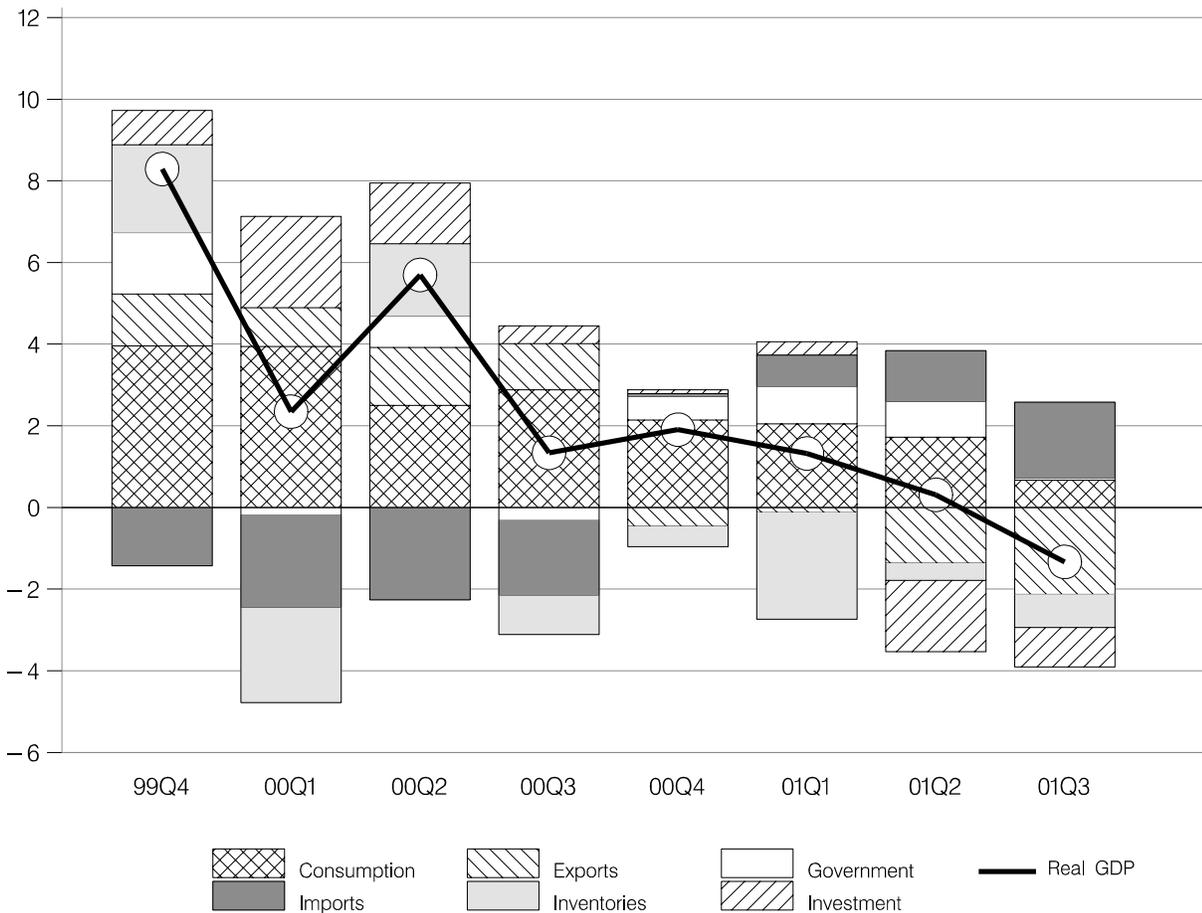


Inventory-Sales Ratio



Contribution of Components to Real GDP Growth

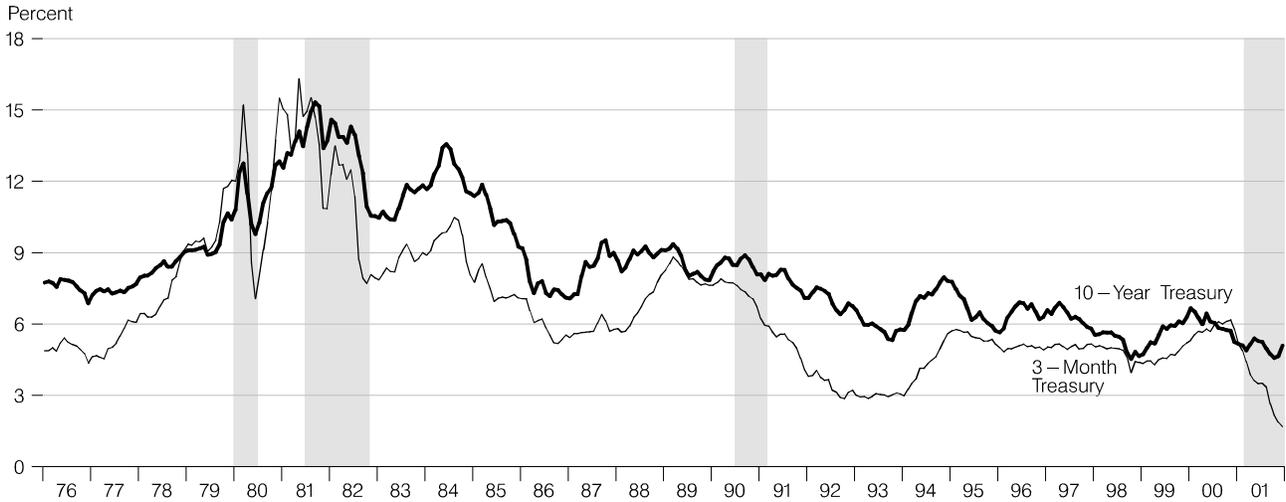
Percent change at annual rate



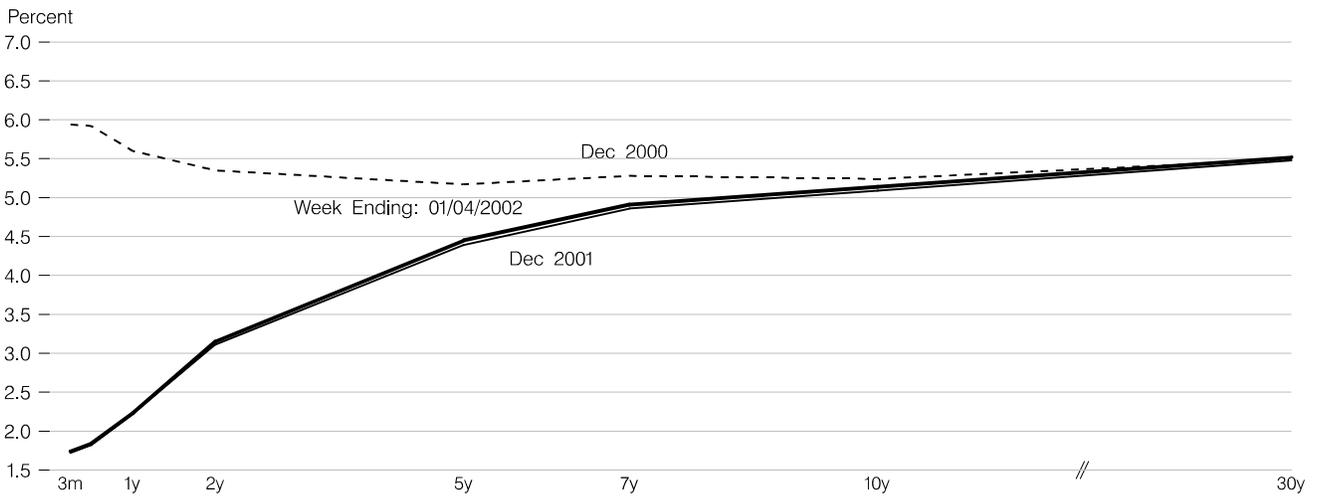
Contributions to Real GDP Growth Rate

	1999	2000				2001		
	4th	1st	2nd	3rd	4th	1st	2nd	3rd
Real GDP	8.29	2.35	5.69	1.34	1.91	1.32	0.31	-1.33
Final Sales	6.14	4.67	3.93	2.29	2.41	3.93	0.73	-0.52
Change in Inventory	2.15	-2.32	1.76	-0.95	-0.50	-2.61	-0.42	-0.81
Consumption	3.96	3.94	2.50	2.88	2.14	2.05	1.72	0.67
Fixed Investment	0.84	2.24	1.49	0.44	0.09	0.33	-1.74	-0.97
Nonresidential	0.76	1.88	1.52	0.91	0.13	-0.02	-1.99	-1.08
Residential	0.08	0.36	-0.03	-0.47	-0.05	0.35	0.25	0.10
Government	1.50	-0.20	0.78	-0.32	0.58	0.92	0.87	0.05
Federal	0.85	-0.84	0.90	-0.66	0.27	0.19	0.11	0.21
State and Local	0.65	0.64	-0.12	0.34	0.31	0.73	0.76	-0.16
Net Exports	-0.15	-1.32	-0.84	-0.70	-0.39	0.63	-0.12	-0.27
Exports	1.27	0.95	1.42	1.13	-0.46	-0.13	-1.37	-2.13
Imports	-1.43	-2.26	-2.26	-1.84	0.07	0.76	1.25	1.86
Residual	-0.23	0.53	-0.47	0.22	-0.08	0.39	0.38	0.28

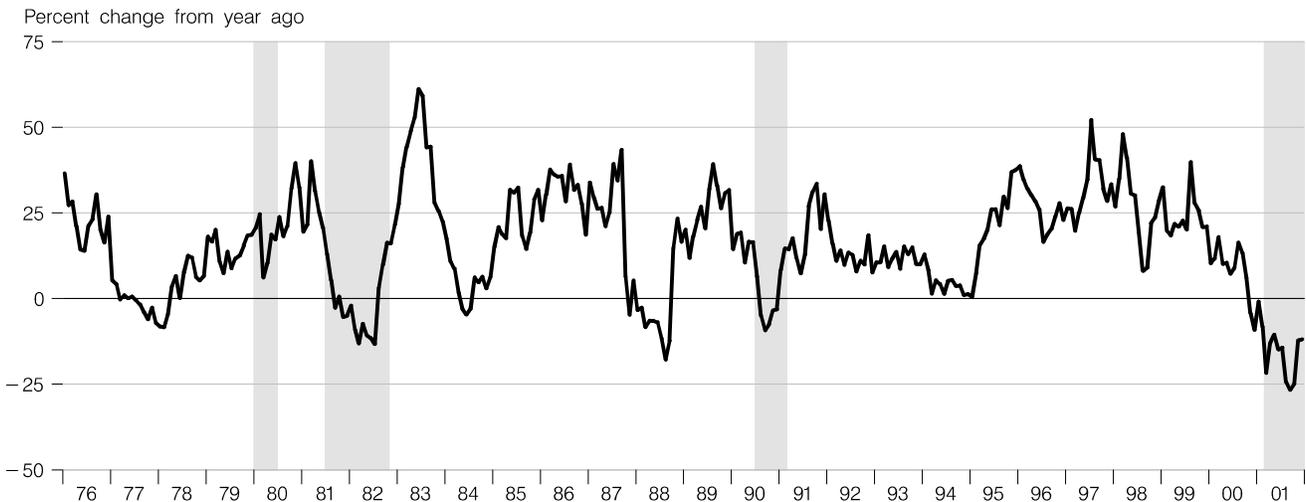
Interest Rates



Treasury Yield Curve

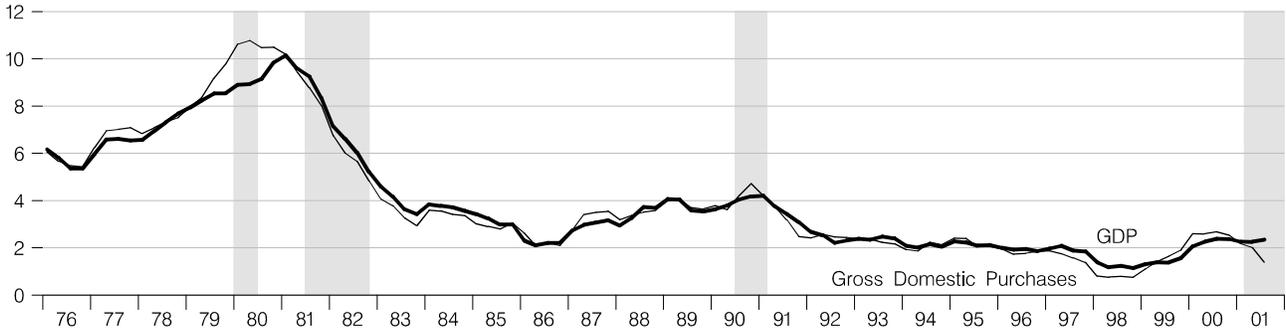


Standard and Poor's 500 Index with Reinvested Dividends



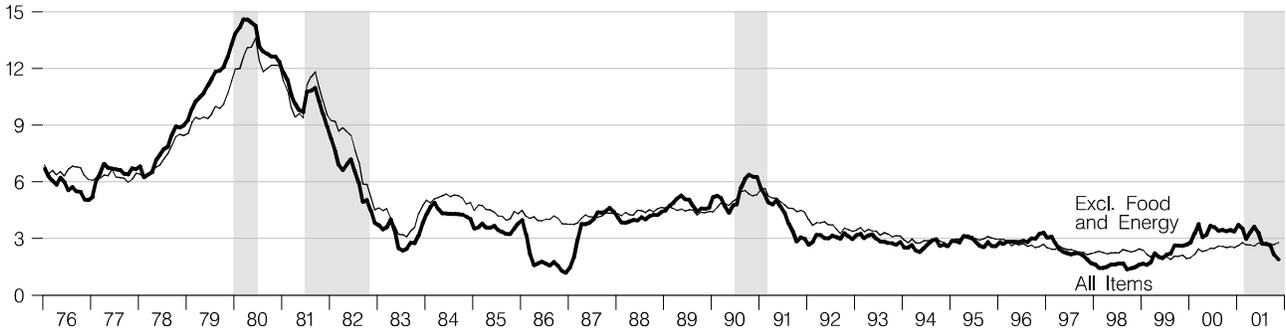
NIPA Chain Price Indexes

Percent change from year ago



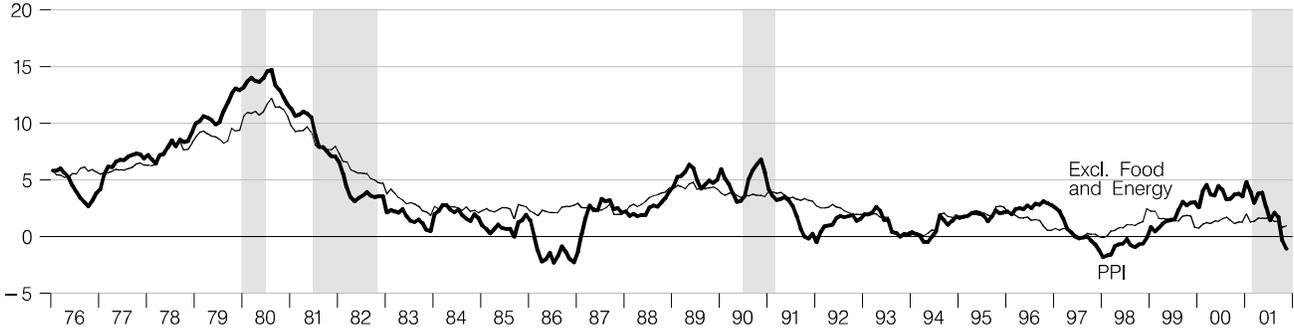
Consumer Price Index

Percent change from year ago



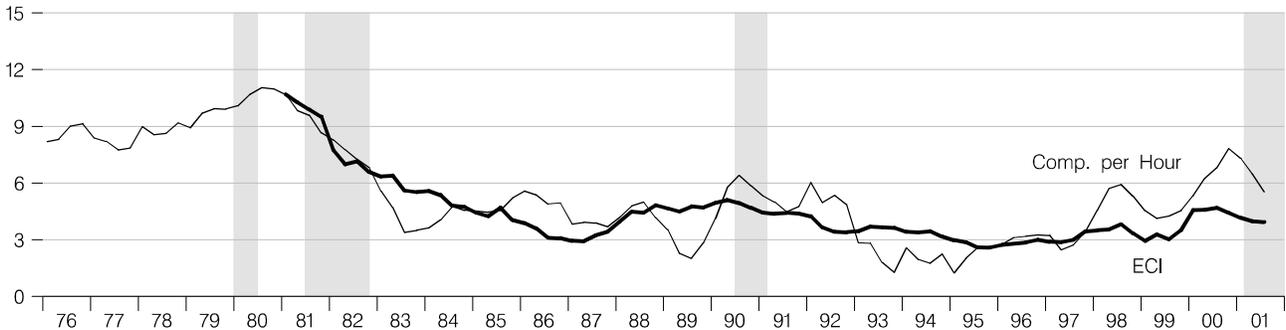
Producer Price Index, Finished Goods

Percent change from year ago

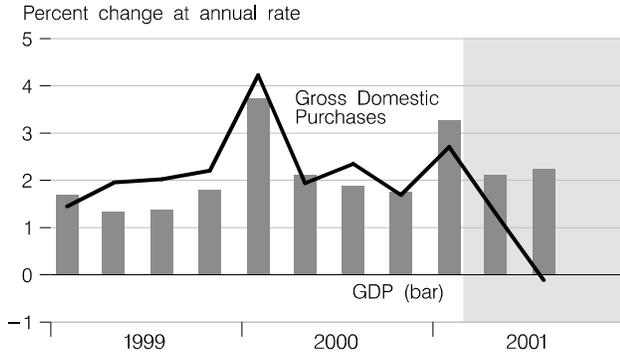


Employment Cost Index and Compensation per Hour

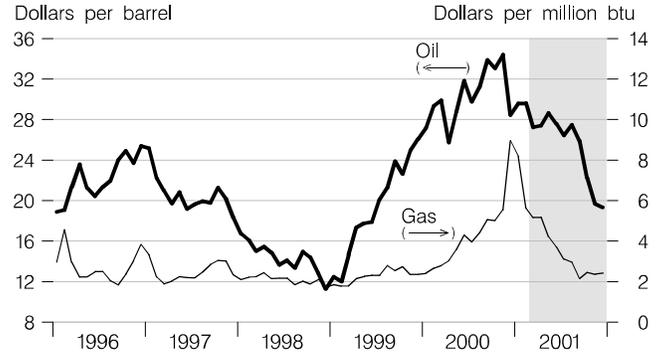
Percent change from year ago



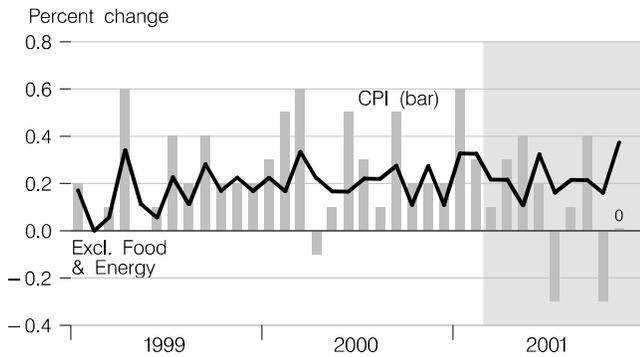
NIPA Chain Price Indexes



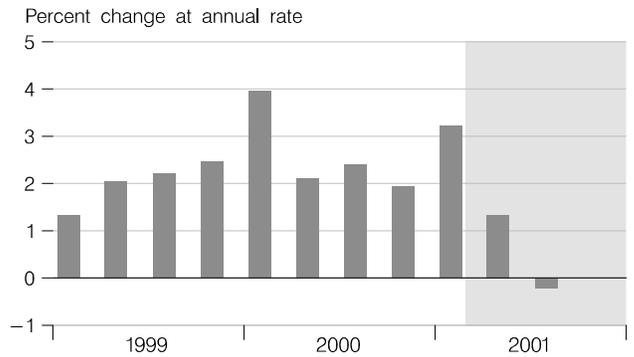
Crude Oil and Natural Gas Prices



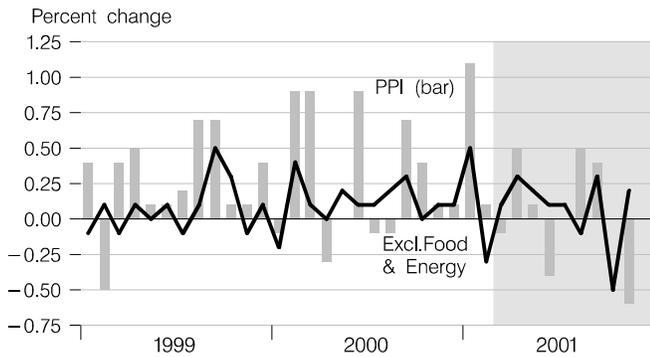
Consumer Price Index



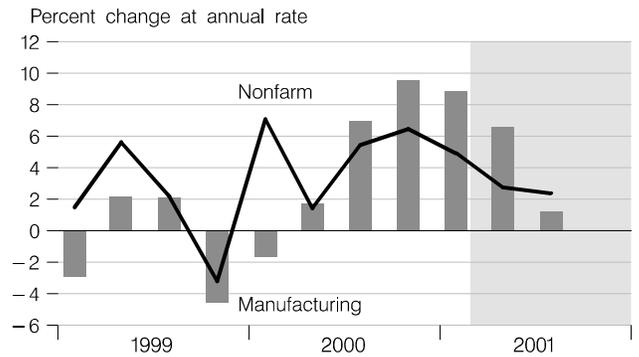
Consumption Chain Price Index



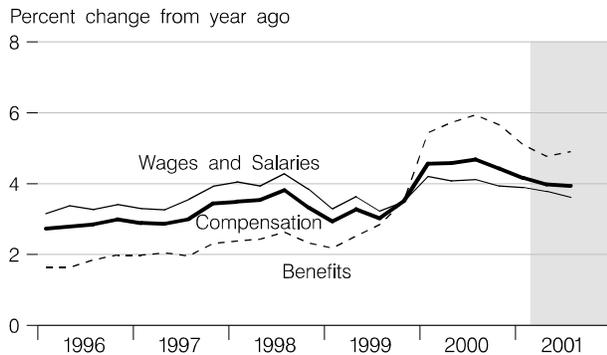
Producer Price Index, Finished Goods



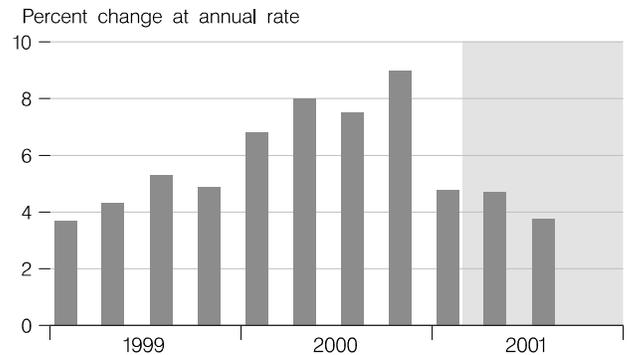
Unit Labor Cost



Employment Cost Index

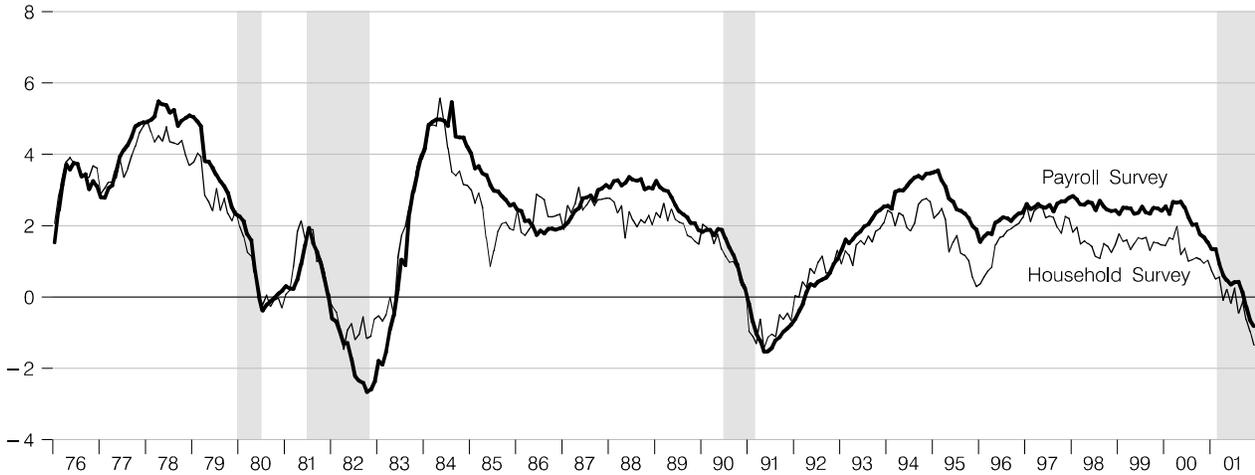


Compensation per Hour



Employment

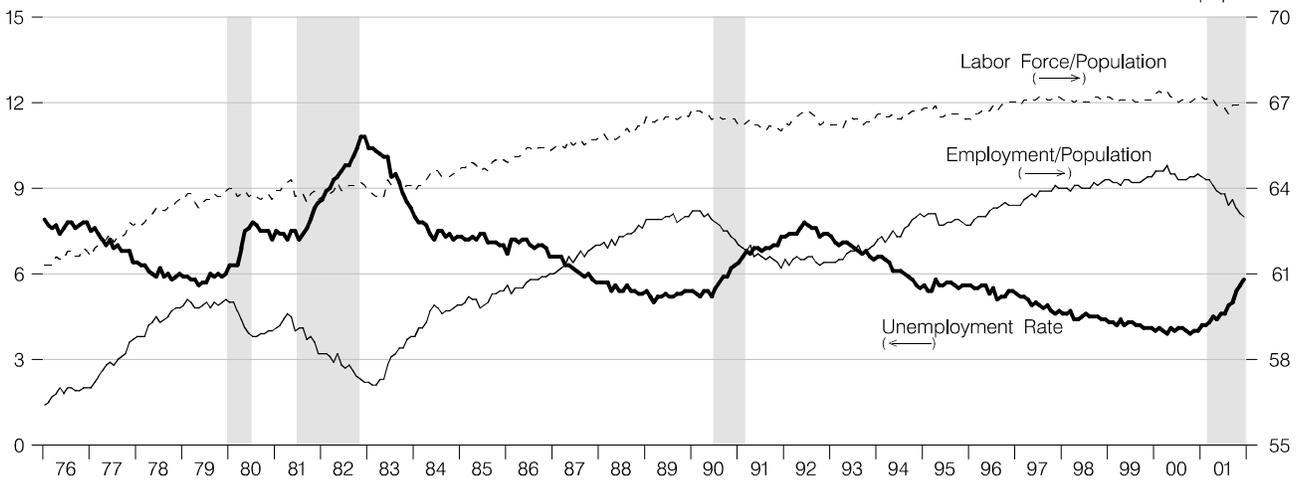
Percent change from year ago



Unemployment, Labor Force Participation and Employment Rates

Percent of labor force

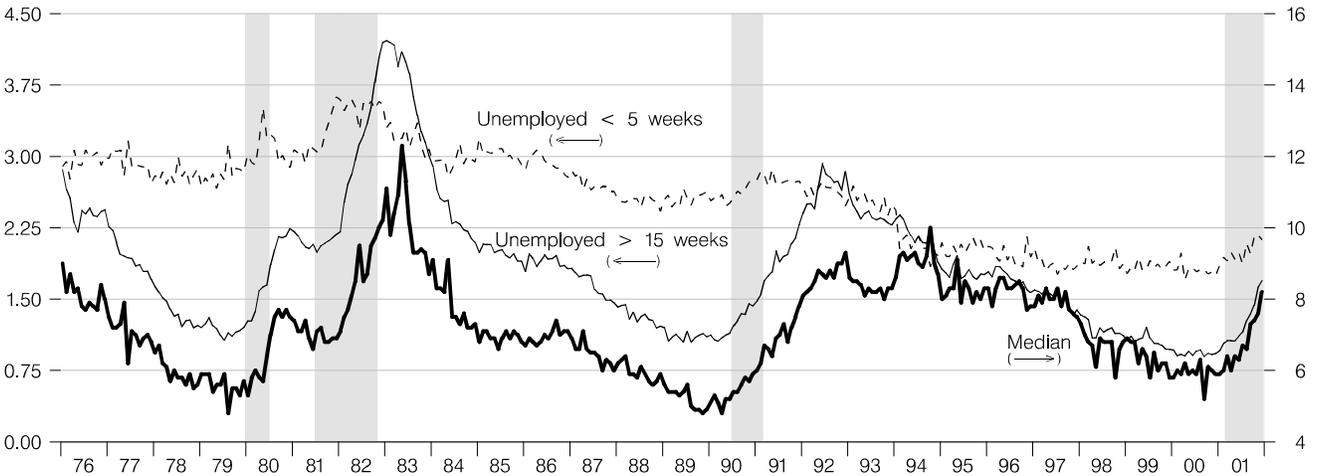
Percent of population



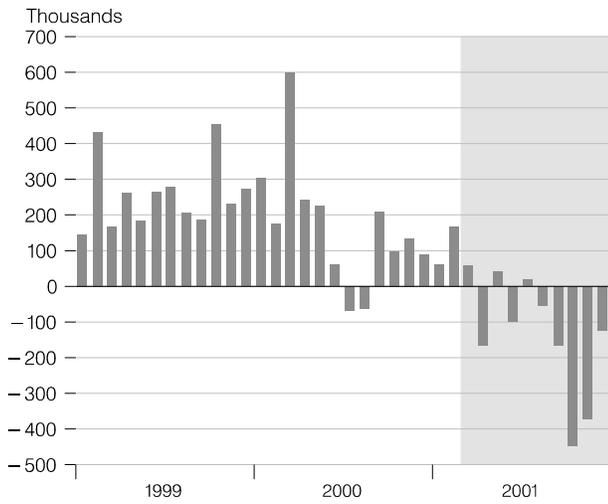
Duration of Unemployment

Percent of labor force

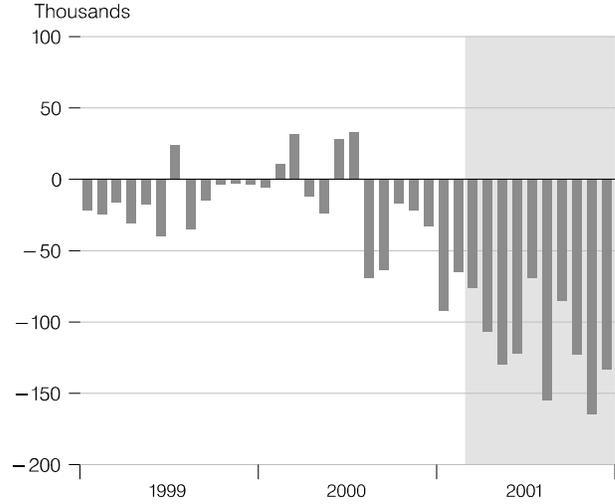
Weeks



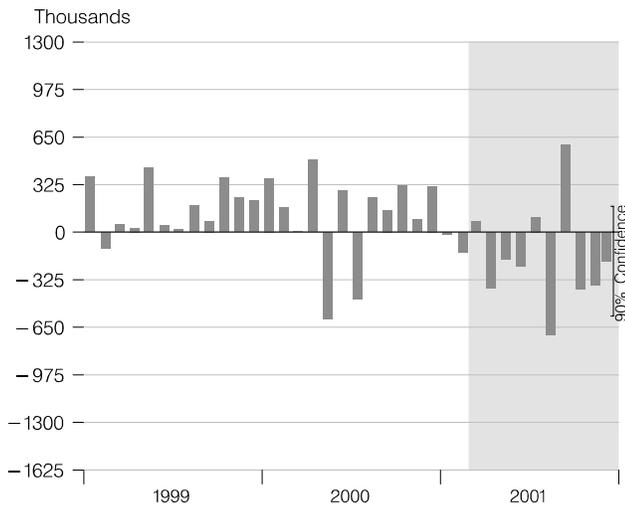
Change in Nonfarm Payrolls



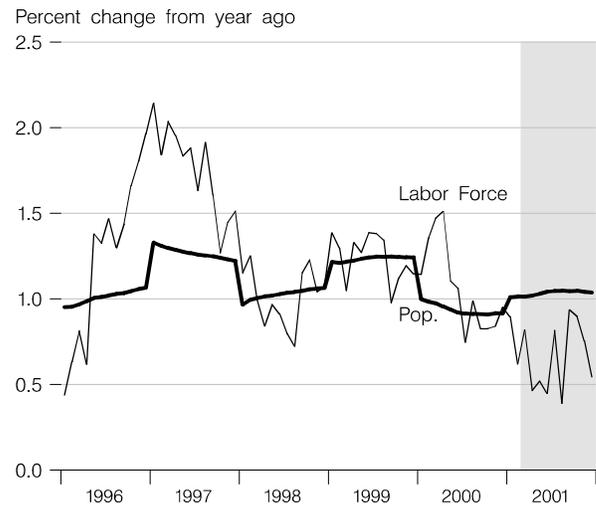
Change in Manufacturing Payrolls



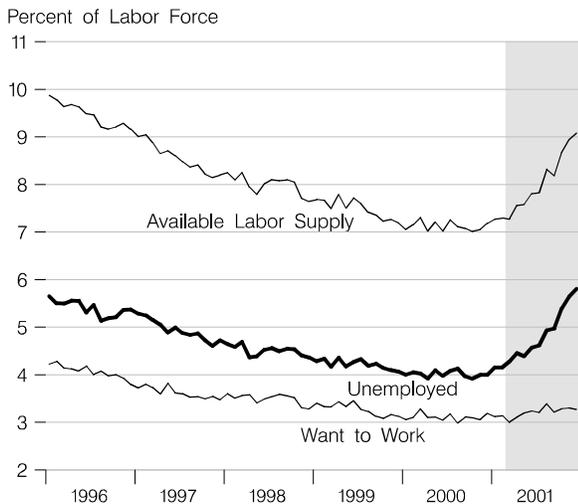
Change in Household Employment



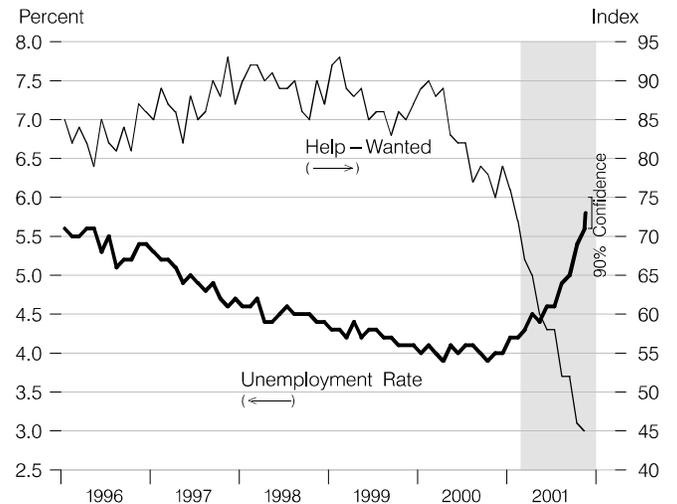
Labor Force and Population



Available Labor Supply and Components

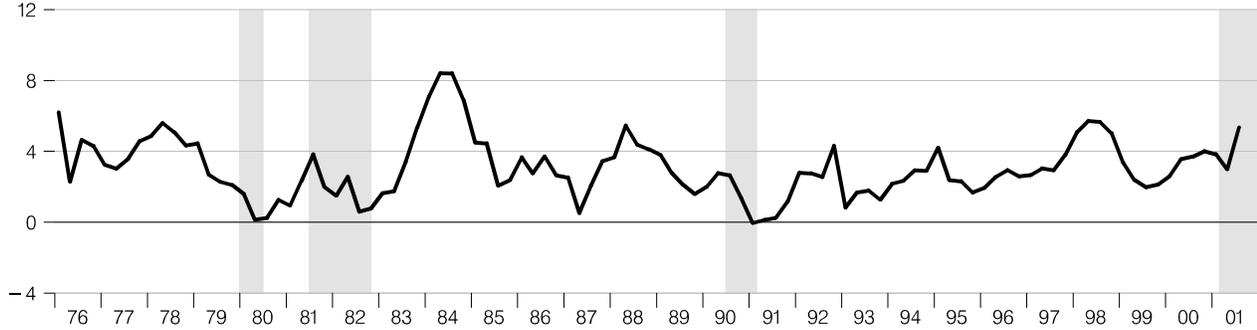


Unemployment Rate and Help-Wanted Advertising Index



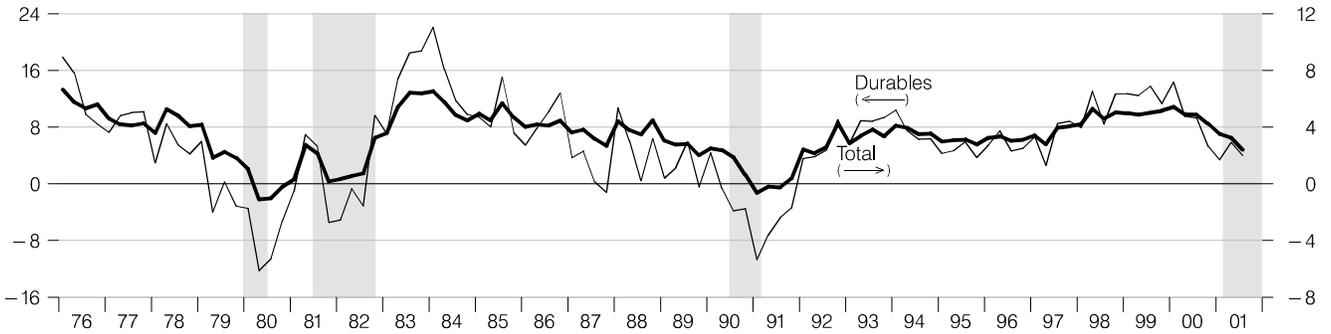
Real Disposable Personal Income

Percent change from year ago, quarterly data



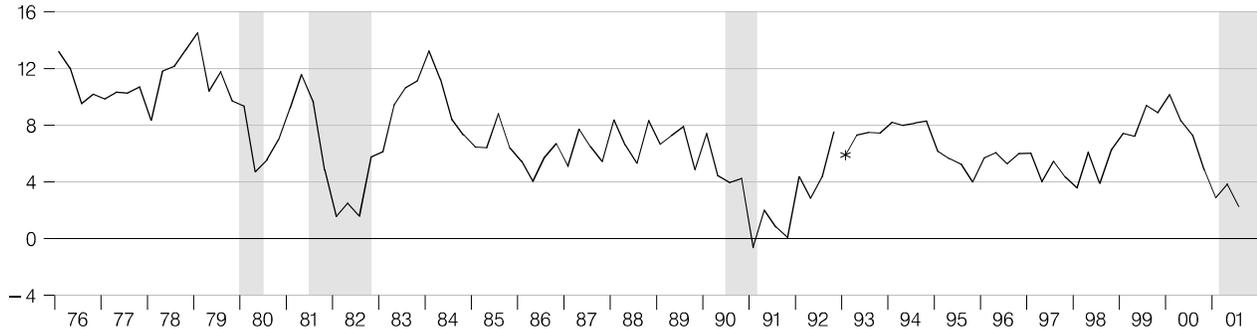
Real Consumption

Percent change from year ago, quarterly data



Retail and Food Services Sales

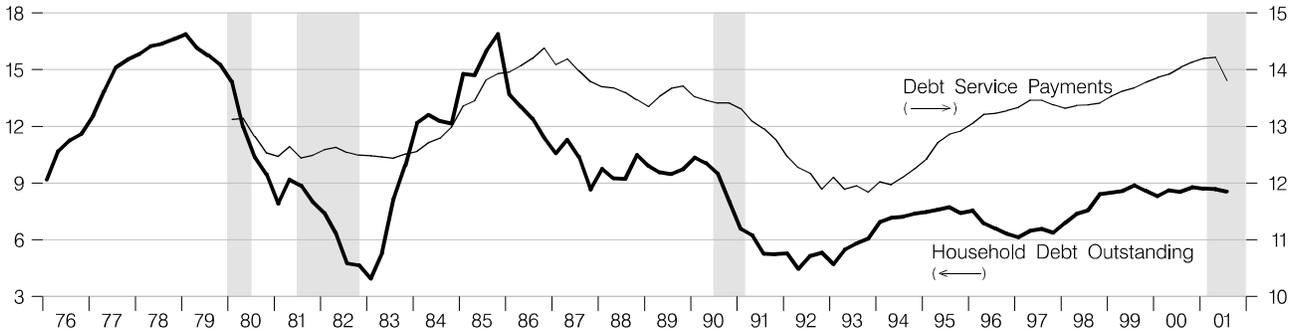
Percent change from year ago, quarterly average



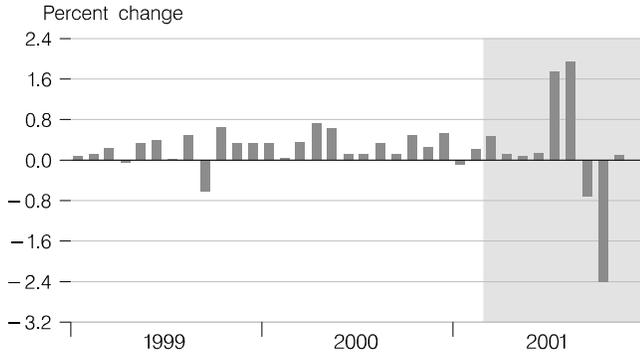
*Data before January 1992 are not strictly comparable (see End Notes).

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

Percent change from year ago, quarterly data



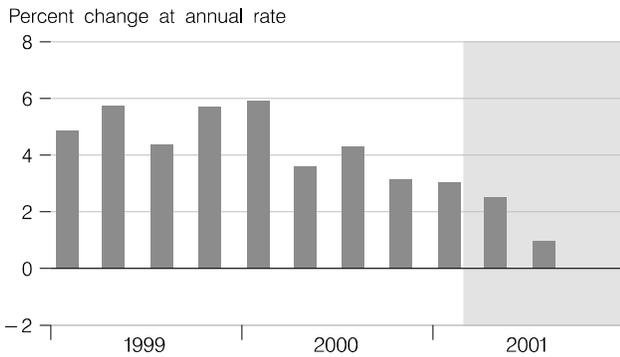
Real Disposable Personal Income



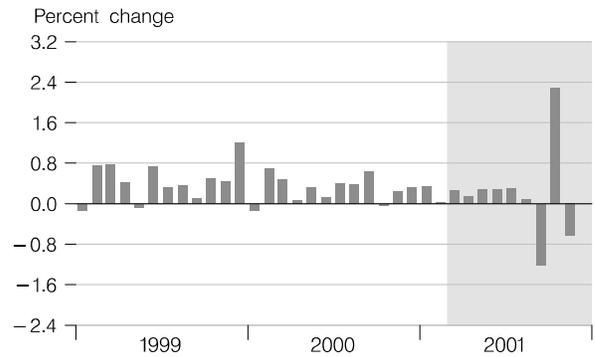
Personal Saving Rate



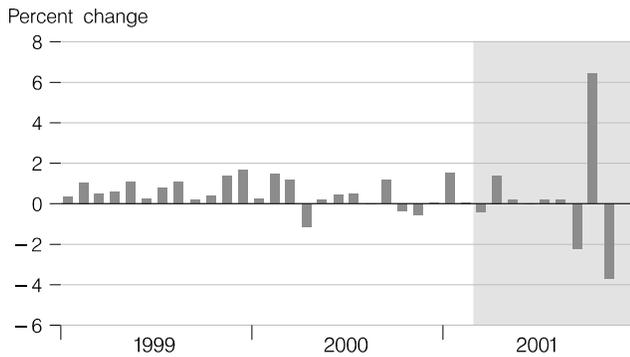
Real Consumption



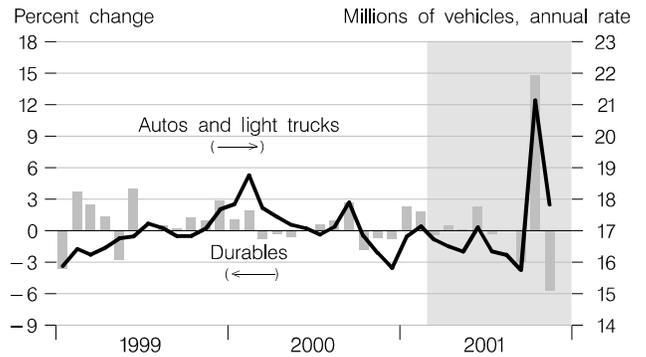
Real Consumption



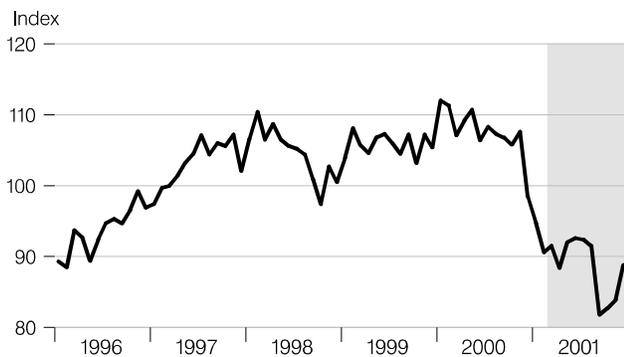
Retail and Food Services Sales



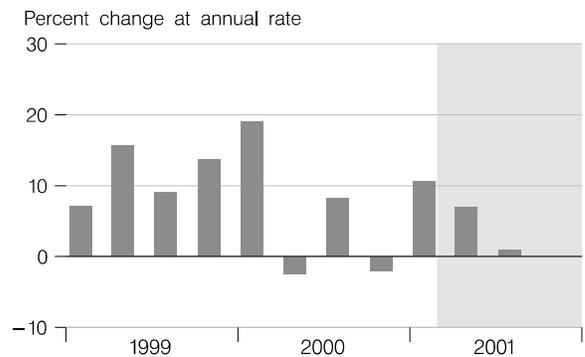
Real Durables Consumption and Vehicle Sales



Consumer Sentiment (U. of Michigan)

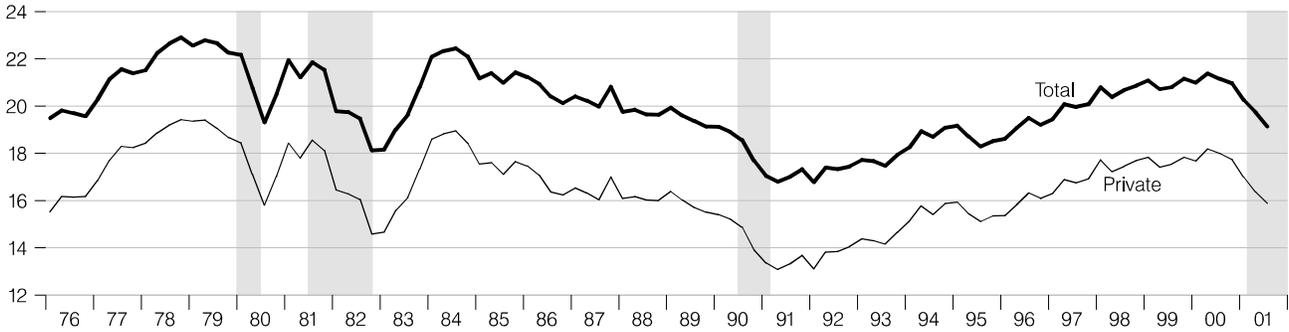


Real Durables Consumption



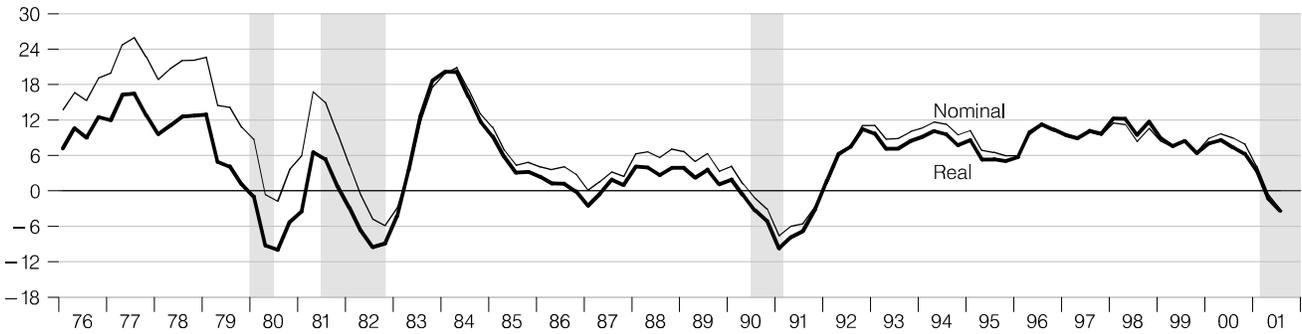
Investment

Percent of Nominal GDP



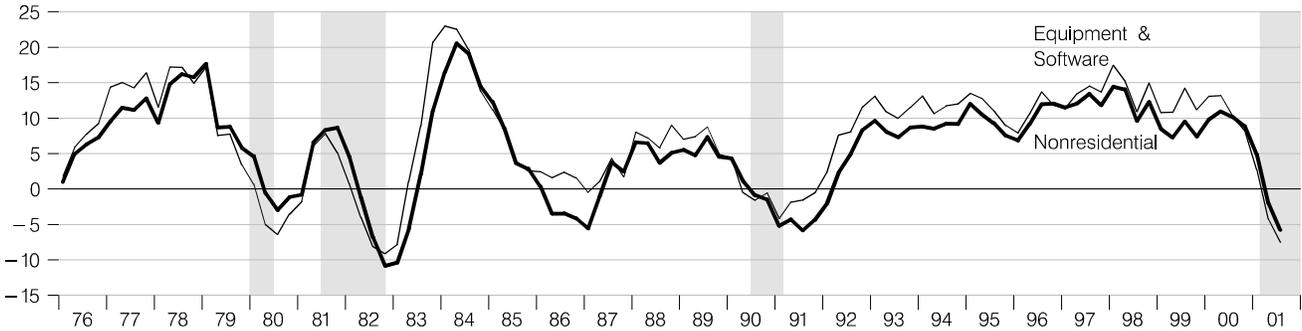
Private Fixed Investment

Percent change from year ago



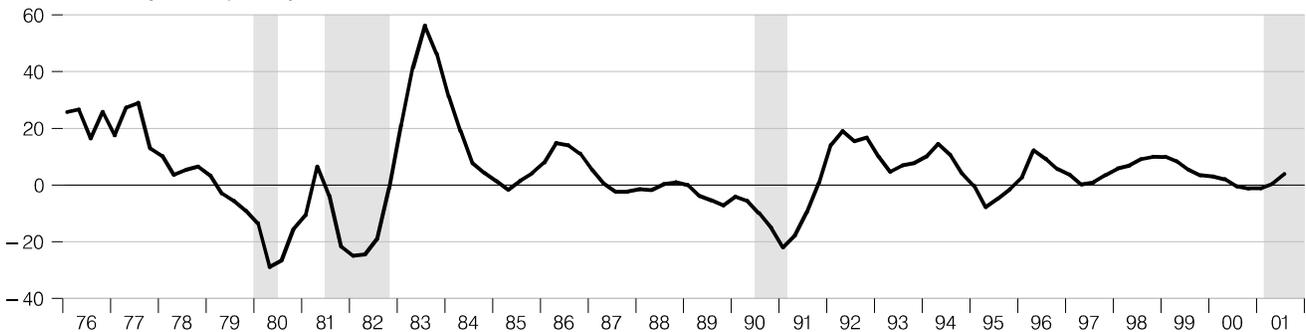
Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

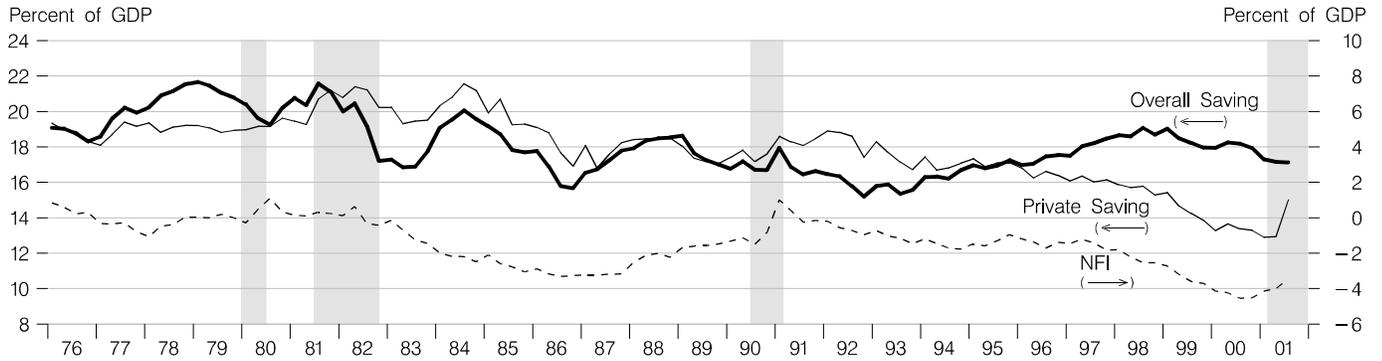


Real Residential Fixed Investment

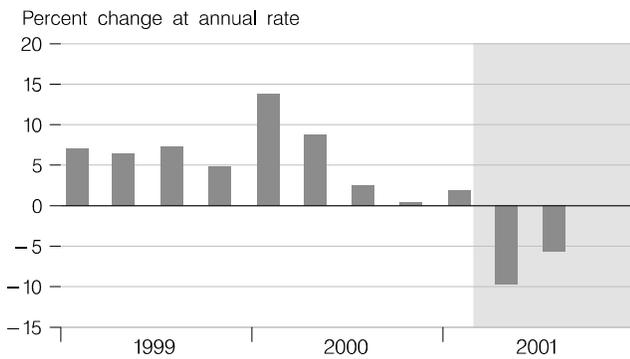
Percent change from year ago



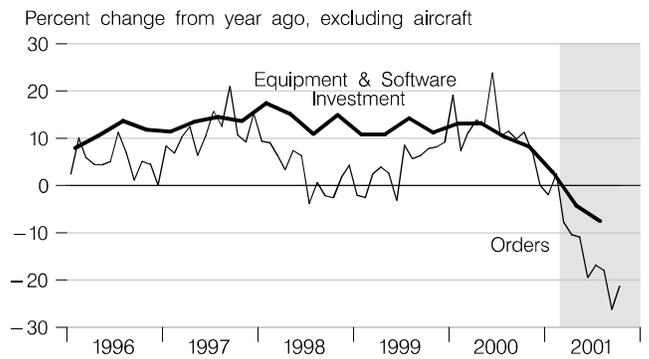
Gross Saving Rates and Net Foreign Investment



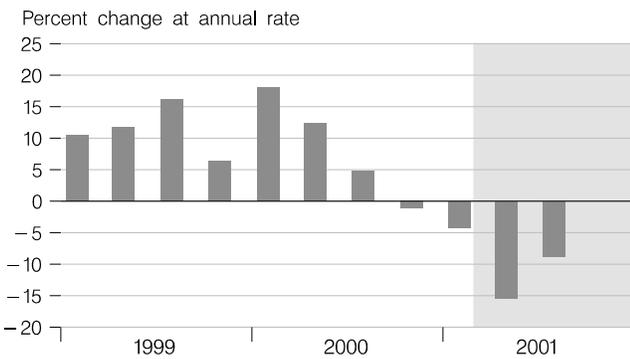
Real Private Fixed Investment



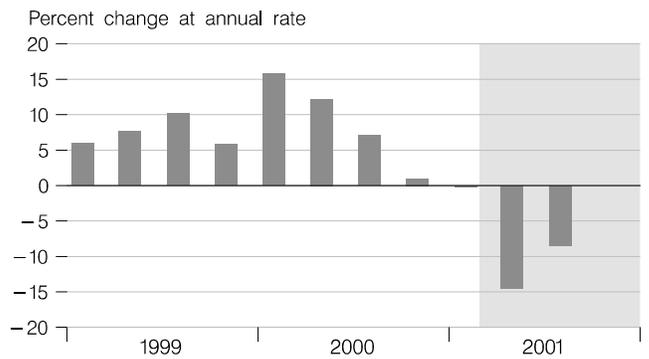
Nondefense Capital Goods Orders



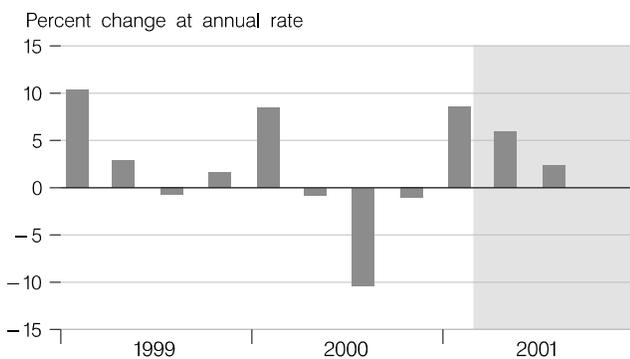
Real Equipment & Software Investment



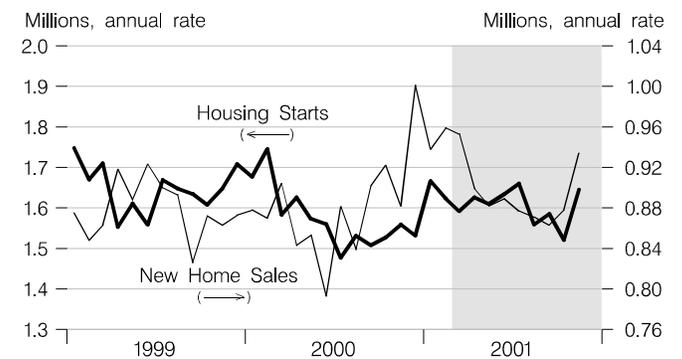
Real Nonresidential Fixed Investment



Real Residential Fixed Investment

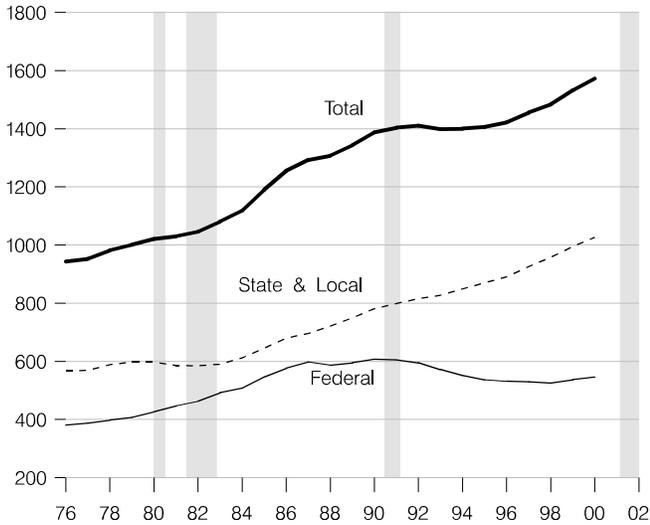


Housing Starts and New Home Sales



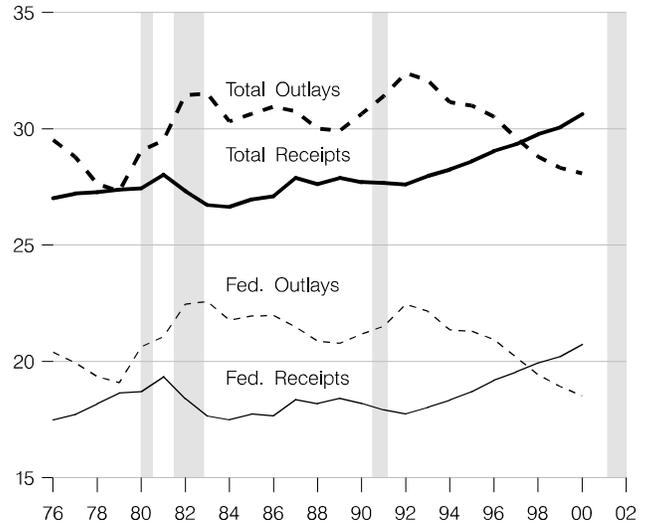
Govt. Consumption and Investment

Billions of 1996 dollars



Government Receipts and Outlays

Percent of GDP



Government Budgets

Billions of dollars

National Income Accounts

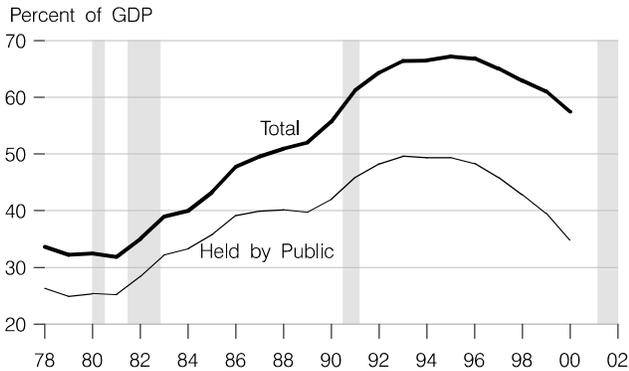
Calendar Years

Unified Budget

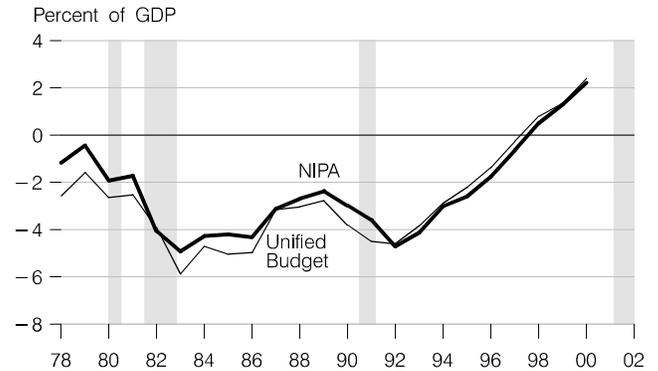
Fiscal Years

	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	1074.4	1033.7	40.7	1749.7	1705.9	43.8	1721.8	1652.6	69.2
1999	1143.8	1101.7	42.1	1872.8	1753.6	119.2	1827.5	1702.9	124.6
2000	1222.6	1189.8	32.8	2046.8	1828.3	218.5	2025.2	1788.8	236.4

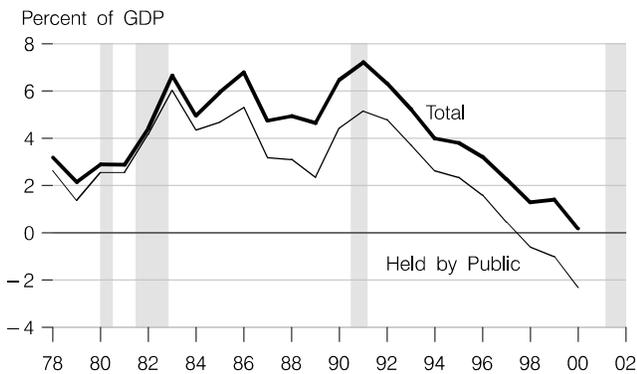
Federal Debt



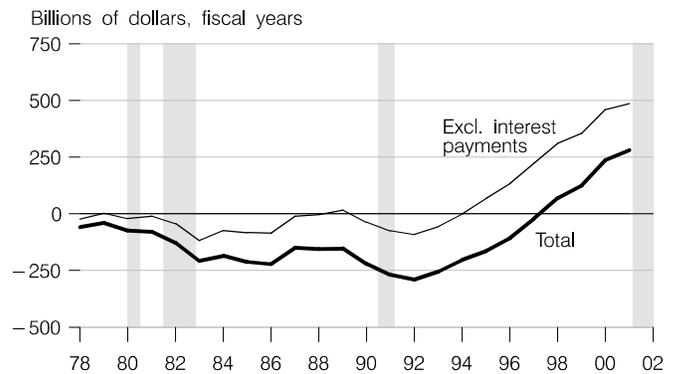
Federal Surplus (+) / Deficit (-)



Change in Federal Debt



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

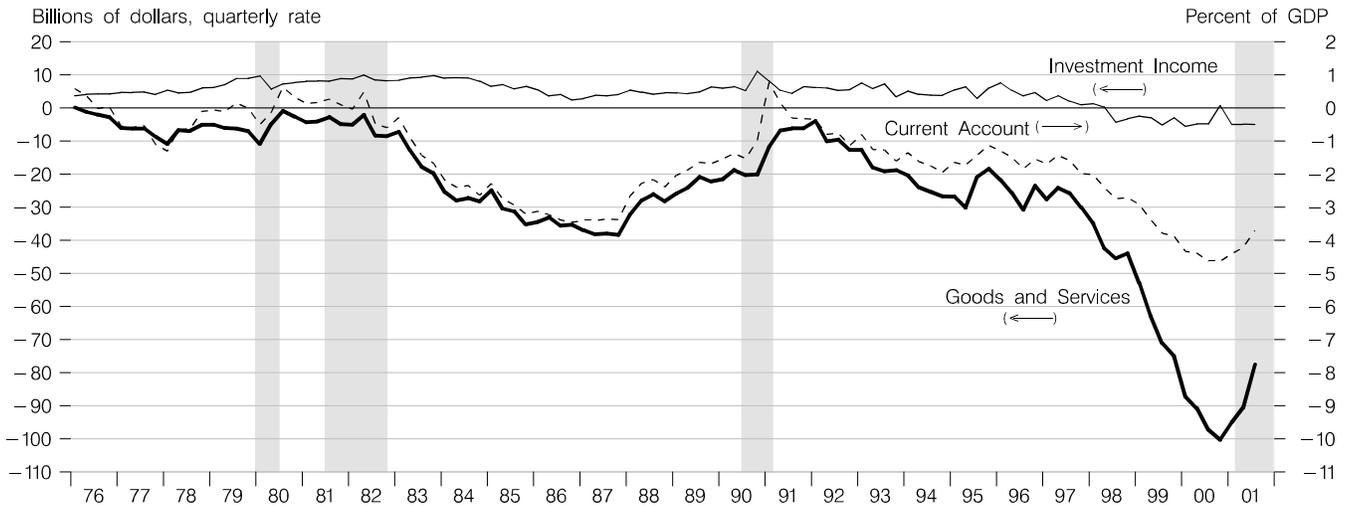


Federal Government Debt

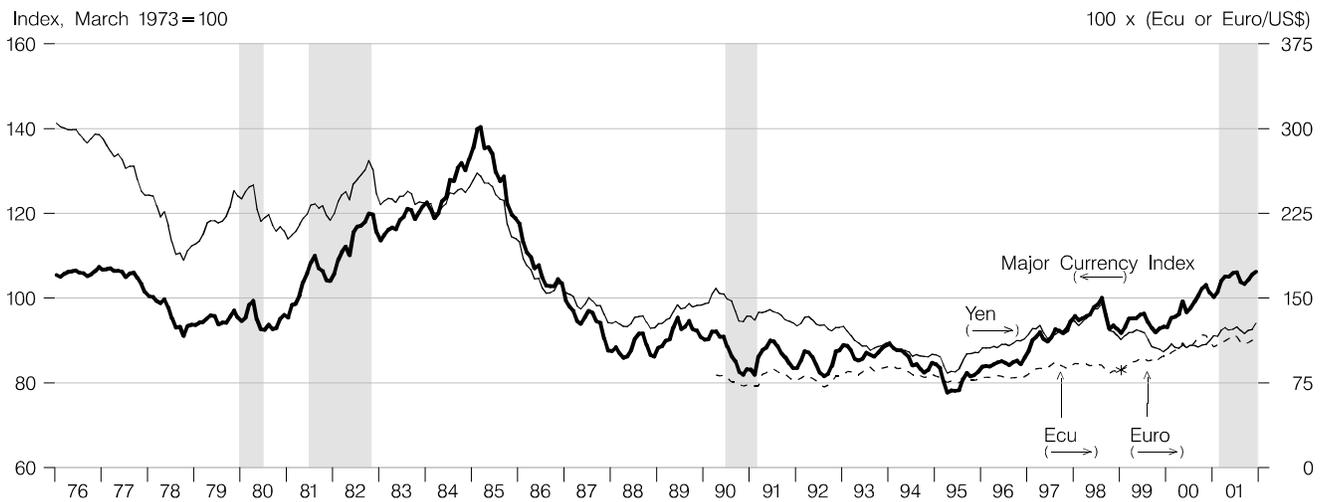
Billions of dollars, end of month or fiscal year, excluding agency-issued debt

		Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
				Total	Federal Reserve Banks	Total	Foreign and International
1999		5656.3	1989.1	3667.2	489.0	3175.4	1281.4
2000		5674.2	2235.7	3438.5	511.4	2936.2	1224.9
2001		5807.5	2468.8	3338.7	559.6	2779.7	1170.0
1998	March	5542.4	1670.4	3872.1	433.2	3437.5	1250.5
	June	5547.9	1757.6	3790.4	439.8	3349.3	1256.0
	September	5526.2	1765.6	3760.6	446.0	3313.2	1224.2
	December	5614.2	1826.8	3787.4	452.1	3334.0	1278.7
1999	March	5651.6	1857.1	3794.6	465.7	3327.5	1272.3
	June	5638.8	1953.6	3685.2	484.9	3199.2	1258.8
	September	5656.3	1989.1	3667.2	489.0	3175.4	1281.4
	December	5776.1	2060.6	3715.5	478.0	3233.9	1268.7
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	1249.1
	September	5674.2	2235.7	3438.5	511.4	2936.2	1224.9
	December	5662.2	2248.7	3413.5	532.8	2880.4	1201.3
2001	March	5773.7	2339.4	3434.4	542.2	2892.9	1196.1
	June	5726.8	2452.6	3274.2	552.2	2722.6	1167.1
	September	5807.5	2468.8	3338.7	559.6	2779.7	1170.0

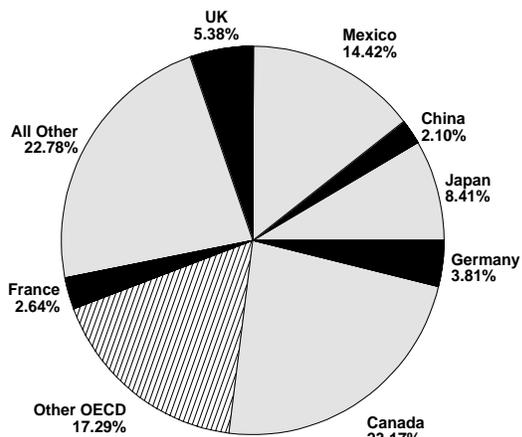
Current Account, Trade and Investment Income Balances



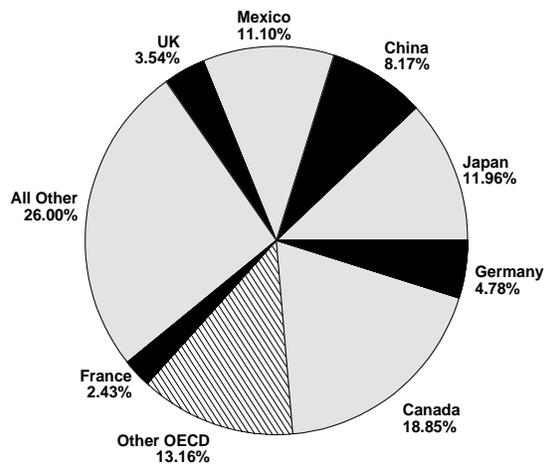
Exchange Rates



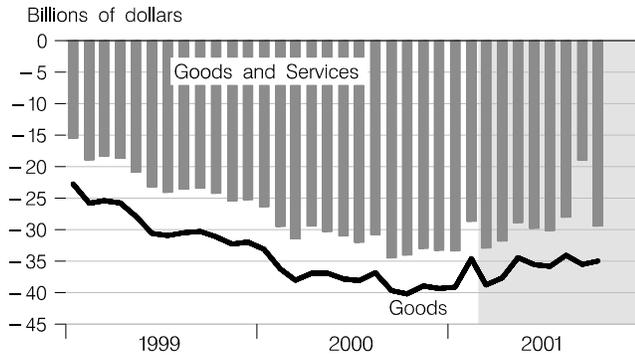
Goods Export Shares, 2000



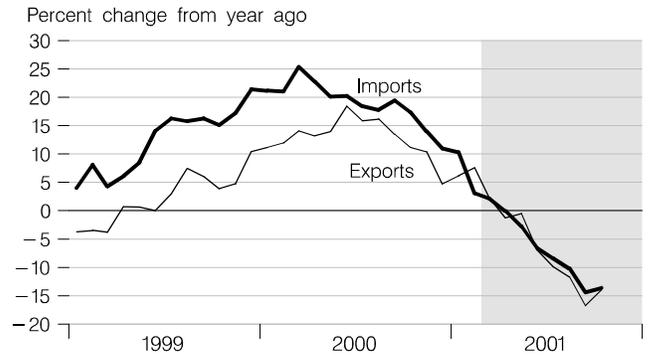
Goods Import Shares, 2000



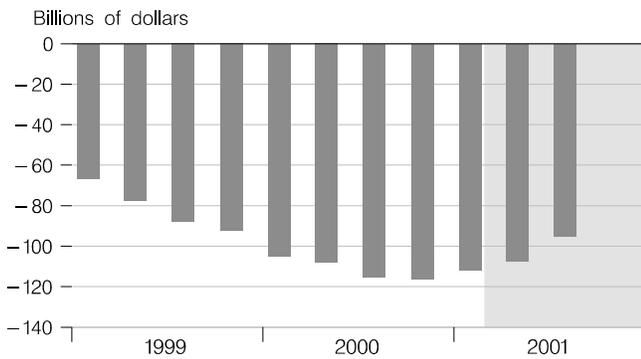
Trade Balance



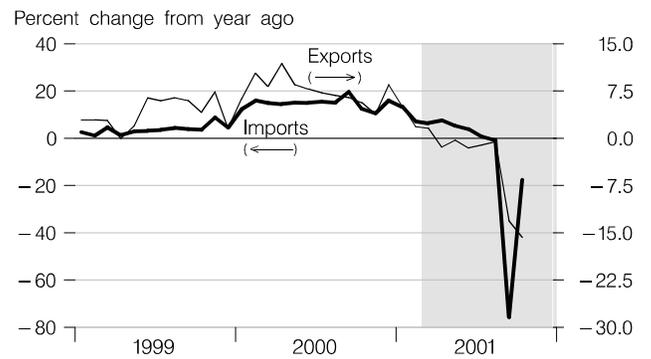
Goods Trade



Current Account Balance



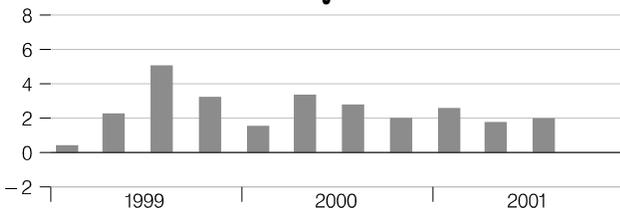
Services Trade



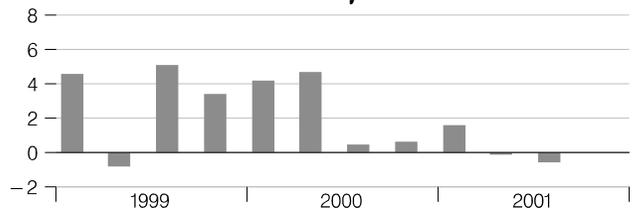
Real GDP Growth of Major Trading Partners

Percent change at annual rate

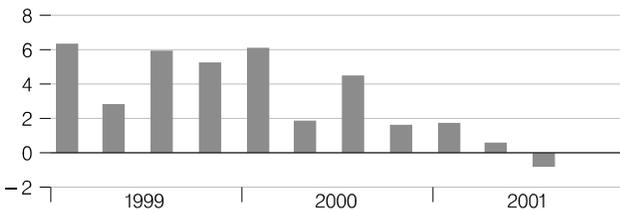
United Kingdom



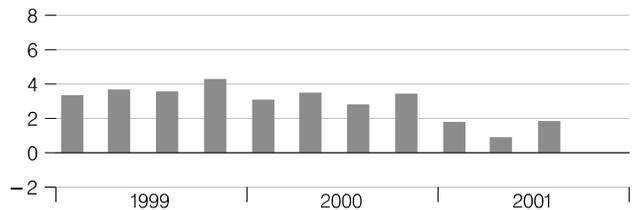
Germany



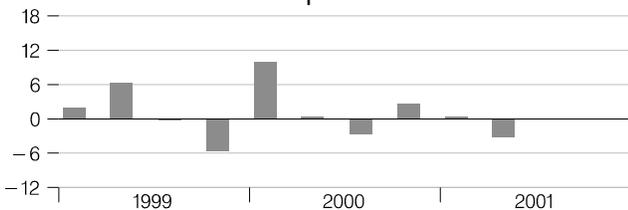
Canada



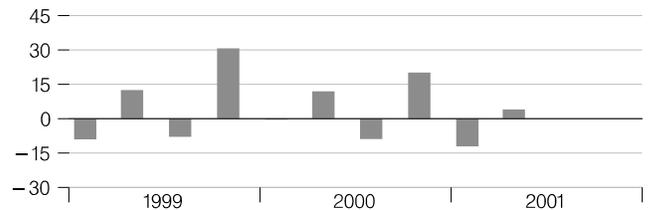
France



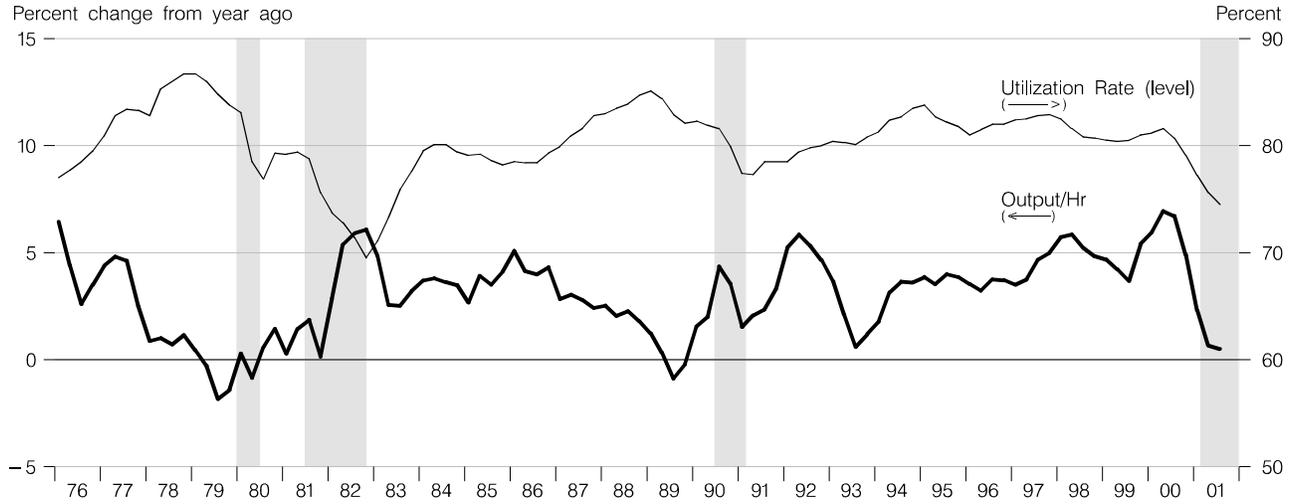
Japan



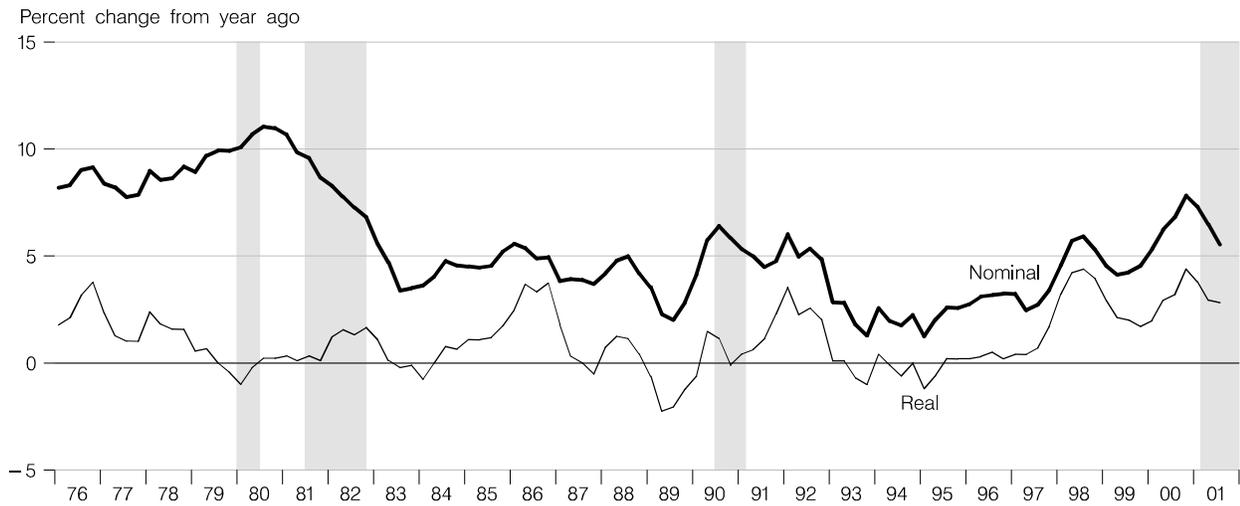
Mexico



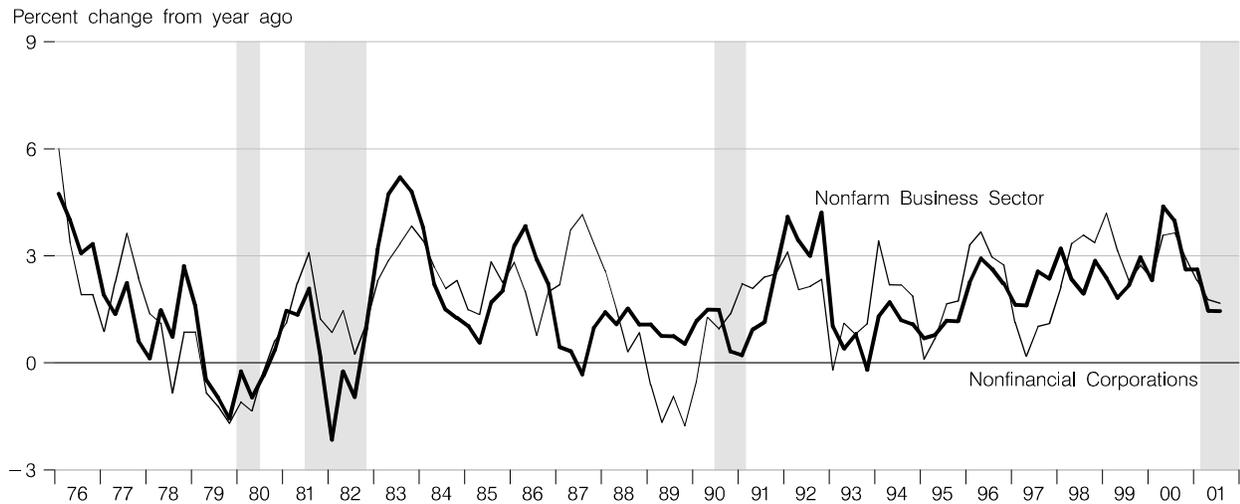
Output per Hour and Capacity Utilization, Manufacturing



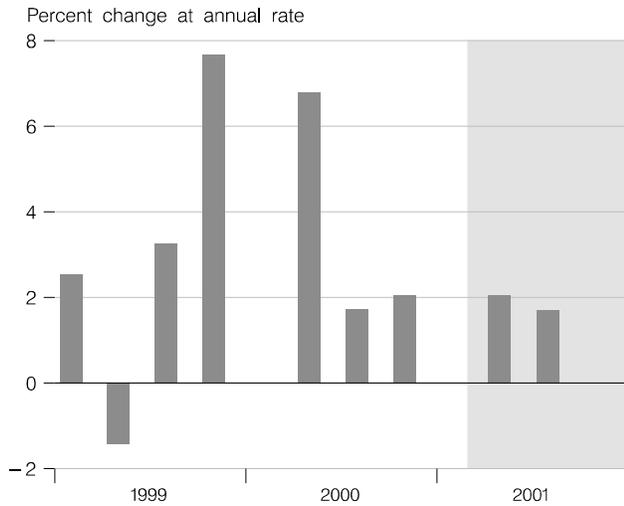
Nonfarm Compensation per Hour



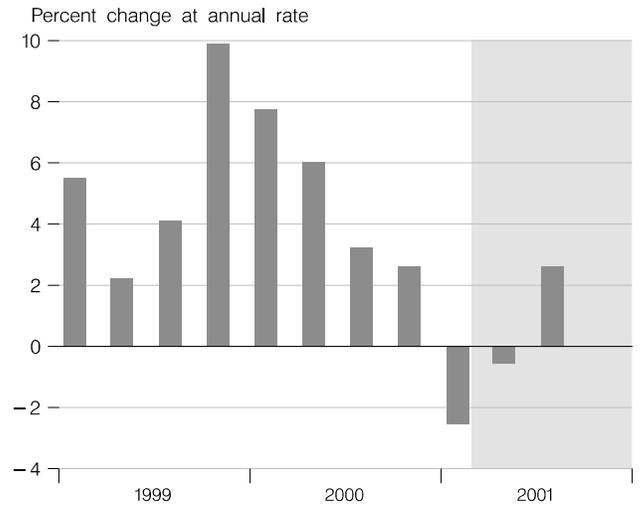
Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



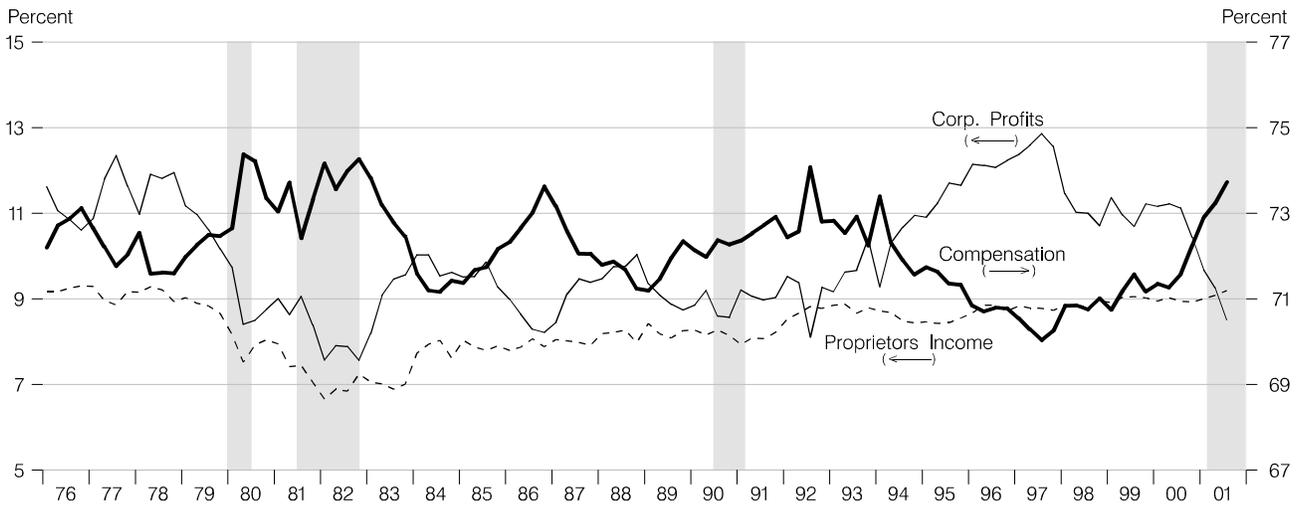
Nonfarm Output per Hour



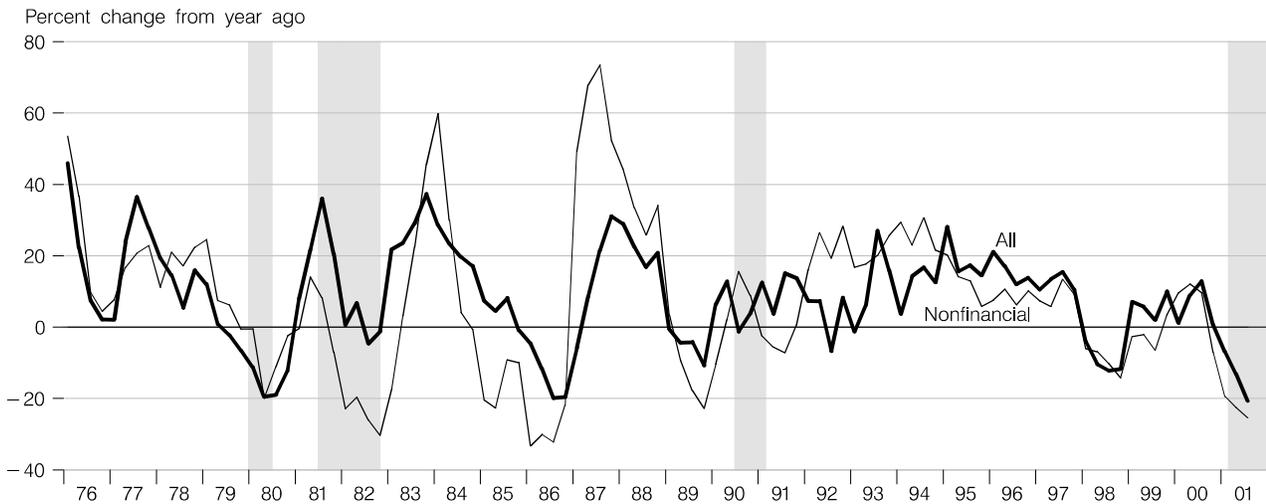
Manufacturing Output per Hour



Selected Component Shares of National Income



Corporate Profits after Tax (with IVA and CCAdj)



	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	8781.5		5.6	8508.933		4.3	8431.826		4.2		76.727
1999	9268.6		5.5	8856.541		4.1	8792.031		4.3		62.106
2000	9872.9		6.5	9223.994		4.1	9167.025		4.3		50.587
1998 1	8627.8	7.2	6.2	8396.345	6.1	4.7	8286.592	4.0	4.0	113.143	79.722
2	8697.3	3.3	5.0	8442.912	2.2	3.8	8397.191	5.4	4.4	41.975	68.139
3	8816.5	5.6	5.1	8528.466	4.1	3.8	8454.942	2.8	3.6	71.789	73.252
4	8984.5	7.8	6.0	8667.853	6.7	4.8	8588.501	6.5	4.7	79.999	76.727
1999 1	9093.1	4.9	5.4	8733.483	3.1	4.0	8651.156	3.0	4.4	83.378	69.285
2	9161.4	3.0	5.3	8771.221	1.7	3.9	8735.136	3.9	4.0	32.737	66.976
3	9297.4	6.1	5.5	8871.464	4.7	4.0	8825.577	4.2	4.4	39.558	58.918
4	9522.5	10.0	6.0	9049.917	8.3	4.4	8956.256	6.1	4.3	92.749	62.106
2000 1	9668.7	6.3	6.3	9102.499	2.3	4.2	9061.640	4.8	4.7	28.917	48.490
2	9857.6	8.0	7.6	9229.385	5.7	5.2	9148.501	3.9	4.7	78.942	60.042
3	9937.5	3.3	6.9	9260.091	1.3	4.4	9201.271	2.3	4.3	51.725	63.083
4	10027.9	3.7	5.3	9303.923	1.9	2.8	9256.687	2.4	3.4	42.765	50.587
2001 1	10141.7	4.6	4.9	9334.472	1.3	2.5	9347.828	4.0	3.2	-27.113	36.580
2	10202.6	2.4	3.5	9341.739	0.3	1.2	9364.795	0.7	2.4	-38.287	7.273
3	10224.9	0.9	2.9	9310.408	-1.3	0.5	9352.498	-0.5	1.6	-61.923	-21.140

	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	5683.734		4.8	726.658		10.5	1479.986		11.4	1135.921		12.5
1999	5968.444		5.0	817.834		12.5	1595.386		7.8	1228.634		8.2
2000	6257.816		4.8	895.529		9.5	1716.207		7.6	1350.670		9.9
1998 1	5576.260	5.1	4.2	692.530	7.0	8.0	1431.442	18.7	12.2	1099.458	21.6	14.4
2	5660.165	6.2	5.3	719.710	16.6	13.1	1471.449	11.7	12.2	1132.260	12.5	14.1
3	5713.745	3.8	4.6	727.101	4.2	8.4	1485.359	3.8	9.5	1136.578	1.5	9.6
4	5784.661	5.1	5.0	767.283	24.0	12.7	1531.720	13.1	11.7	1175.370	14.4	12.3
1999 1	5853.953	4.9	5.0	780.519	7.1	12.7	1558.242	7.1	8.9	1192.630	6.0	8.5
2	5936.129	5.7	4.9	809.499	15.7	12.5	1582.823	6.5	7.6	1214.882	7.7	7.3
3	6000.026	4.4	5.0	827.161	9.0	13.8	1610.836	7.3	8.4	1244.626	10.2	9.5
4	6083.617	5.7	5.2	854.151	13.7	11.3	1629.669	4.8	6.4	1262.408	5.8	7.4
2000 1	6171.712	5.9	5.4	892.126	19.0	14.3	1683.440	13.9	8.0	1309.449	15.8	9.8
2	6226.286	3.6	4.9	886.460	-2.5	9.5	1719.215	8.8	8.6	1347.656	12.2	10.9
3	6292.122	4.3	4.9	904.104	8.2	9.3	1730.056	2.5	7.4	1371.096	7.1	10.2
4	6341.092	3.1	4.2	899.419	-2.1	5.3	1732.106	0.5	6.3	1374.460	1.0	8.9
2001 1	6388.492	3.0	3.5	922.425	10.6	3.4	1740.340	1.9	3.4	1373.911	-0.2	4.9
2	6428.402	2.5	3.2	938.115	7.0	5.8	1696.380	-9.7	-1.3	1320.925	-14.6	-2.0
3	6443.852	1.0	2.4	940.192	0.9	4.0	1671.592	-5.7	-3.4	1292.018	-8.5	-5.8

	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		2.1
1998	103.200		1.2	138.0		3.5	135.6		4.0	143.6		2.4
1999	104.660		1.4	142.4		3.2	140.3		3.4	147.6		2.8
2000	107.040		2.3	148.9		4.6	146.0		4.1	156.0		5.7
1998 1	102.760	1.1	1.4	136.2	3.0	3.5	133.7	4.0	4.0	142.2	1.1	2.4
2	103.020	1.0	1.2	137.3	3.3	3.5	134.8	3.3	3.9	143.1	2.6	2.4
3	103.380	1.4	1.2	138.8	4.4	3.8	136.5	5.1	4.3	144.1	2.8	2.6
4	103.660	1.1	1.1	139.7	2.6	3.3	137.5	3.0	3.9	145.1	2.8	2.3
1999 1	104.100	1.7	1.3	140.2	1.4	2.9	138.1	1.8	3.3	145.3	0.6	2.2
2	104.450	1.4	1.4	141.8	4.6	3.3	139.7	4.7	3.6	146.7	3.9	2.5
3	104.810	1.4	1.4	143.0	3.4	3.0	140.9	3.5	3.2	148.2	4.2	2.8
4	105.280	1.8	1.6	144.6	4.6	3.5	142.3	4.0	3.5	150.2	5.5	3.5
2000 1	106.250	3.7	2.1	146.6	5.6	4.6	143.9	4.6	4.2	153.2	8.2	5.4
2	106.810	2.1	2.3	148.3	4.7	4.6	145.4	4.2	4.1	155.1	5.1	5.7
3	107.310	1.9	2.4	149.7	3.8	4.7	146.7	3.6	4.1	157.0	5.0	5.9
4	107.780	1.8	2.4	151.0	3.5	4.4	147.9	3.3	3.9	158.7	4.4	5.7
2001 1	108.650	3.3	2.3	152.7	4.6	4.2	149.5	4.4	3.9	161.0	5.9	5.1
2	109.220	2.1	2.3	154.2	4.0	4.0	150.9	3.8	3.8	162.5	3.8	4.8
3	109.830	2.3	2.3	155.6	3.7	3.9	152.0	2.9	3.6	164.7	5.5	4.9

	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	107.5		2.0	113.1		3.0
1998	1002.420		2.1	1223.500		11.8	110.3		2.6	119.2		5.4
1999	1034.852		3.2	1351.721		10.5	112.9		2.4	124.4		4.4
2000	1133.204		9.5	1532.260		13.4	116.6		3.3	132.5		6.5
1998 1	1003.364	0.5	6.7	1184.176	15.9	14.5	109.6	4.5	3.2	116.9	6.8	4.6
2	993.110	-4.0	1.4	1216.171	11.3	12.6	109.8	0.7	2.3	118.6	5.9	5.7
3	987.612	-2.2	-1.7	1228.855	4.2	9.4	110.3	1.8	1.9	120.0	4.8	5.9
4	1025.577	16.3	2.3	1264.818	12.2	10.8	111.5	4.4	2.9	121.1	3.7	5.3
1999 1	1007.560	-6.8	0.4	1290.592	8.4	9.0	112.2	2.5	2.4	122.2	3.7	4.5
2	1018.015	4.2	2.5	1331.390	13.3	9.5	111.8	-1.4	1.8	123.5	4.3	4.1
3	1041.766	9.7	5.5	1375.106	13.8	11.9	112.7	3.3	2.2	125.1	5.3	4.2
4	1072.056	12.1	4.5	1409.808	10.5	11.5	114.8	7.7	3.0	126.6	4.9	4.5
2000 1	1095.457	9.0	8.7	1466.565	17.1	13.6	114.8	0.0	2.3	128.7	6.8	5.3
2	1130.581	13.5	11.1	1523.380	16.4	14.4	116.7	6.8	4.4	131.2	8.0	6.2
3	1159.306	10.6	11.3	1570.554	13.0	14.2	117.2	1.7	4.0	133.6	7.5	6.8
4	1147.470	-4.0	7.0	1568.541	-0.5	11.3	117.8	2.1	2.6	136.5	9.0	7.8
2001 1	1144.061	-1.2	4.4	1548.585	-5.0	5.6	117.8	0.0	2.6	138.1	4.8	7.3
2	1108.299	-11.9	-2.0	1515.039	-8.4	-0.5	118.4	2.1	1.5	139.7	4.7	6.5
3	1052.230	-18.8	-9.2	1463.194	-13.0	-6.8	118.9	1.7	1.5	141.0	3.8	5.5

	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					
1997	129574	2854		2.3	122676	3087		2.6	141.4			3.5	
1998	131472	1898		1.5	125845	3168		2.6	145.2			2.7	
1999	133503	2031		1.5	128901	3056		2.4	148.4			2.2	
2000	135219	1716		1.3	131757	2857		2.2	151.4			2.1	
2001	135043	-176		-0.1	132223	466		0.4	150.6			-0.5	
1999	1	132901	599	1.8	1.6	127775	801	2.5	2.4	147.0	0.3	1.4	1.9
	2	133238	337	1.0	1.5	128503	727	2.3	2.4	147.9	0.6	2.6	2.2
	3	133581	343	1.0	1.5	129217	715	2.2	2.4	148.7	0.5	2.1	2.2
	4	134292	711	2.1	1.5	130107	890	2.8	2.5	149.9	0.8	3.4	2.3
2000	1	134995	703	2.1	1.6	130984	877	2.7	2.5	151.0	0.7	3.0	2.7
	2	135246	251	0.7	1.5	131854	870	2.7	2.6	151.5	0.3	1.2	2.4
	3	134987	-259	-0.8	1.1	131927	74	0.2	2.1	151.5	0.0	0.2	1.9
	4	135649	662	2.0	1.0	132264	336	1.0	1.7	151.6	0.0	0.2	1.1
2001	1	135804	155	0.5	0.6	132559	295	0.9	1.2	152.0	0.2	1.0	0.6
	2	135221	-583	-1.7	-0.0	132483	-76	-0.2	0.5	151.4	-0.4	-1.5	-0.0
	3	134839	-381	-1.1	-0.1	132358	-125	-0.4	0.3	150.3	-0.7	-3.0	-0.8
	4	134308	-532	-1.6	-1.0	131493	-865	-2.6	-0.6	148.8	-1.0	-3.9	-1.9
1999 Dec		134513	214	1.9	1.5	130365	272	2.5	2.4	150.2	0.2	2.4	2.2
2000 Jan		134881	368	3.3	1.4	130668	303	2.8	2.5	150.7	0.3	4.1	2.8
Feb		135049	168	1.5	1.7	130843	175	1.6	2.3	150.9	0.1	1.6	2.4
Mar		135055	6	0.1	1.6	131441	598	5.6	2.7	151.4	0.3	4.0	3.1
Apr		135549	494	4.5	2.0	131683	242	2.2	2.6	151.8	0.3	3.2	2.8
May		134954	-595	-5.1	1.2	131909	226	2.1	2.7	151.1	-0.5	-5.4	2.2
Jun		135235	281	2.5	1.4	131969	60	0.5	2.5	151.5	0.3	3.2	2.2
Jul		134777	-458	-4.0	1.0	131899	-70	-0.6	2.2	151.6	0.1	0.8	2.0
Aug		135016	239	2.1	1.0	131837	-62	-0.6	2.0	151.3	-0.2	-2.3	1.7
Sep		135167	151	1.4	1.1	132046	209	1.9	2.0	151.7	0.3	3.2	2.0
Oct		135485	318	2.9	1.1	132145	99	0.9	1.8	151.8	0.1	0.8	1.5
Nov		135573	88	0.8	0.9	132279	134	1.2	1.7	151.8	0.0	0.0	1.3
Dec		135888	315	2.8	1.0	132367	88	0.8	1.5	151.2	-0.4	-4.6	0.7
2001 Jan		135870	-18	-0.2	0.7	132428	61	0.6	1.3	152.2	0.7	8.2	1.0
Feb		135734	-136	-1.2	0.5	132595	167	1.5	1.3	151.7	-0.3	-3.9	0.5
Mar		135808	74	0.7	0.6	132654	59	0.5	0.9	152.0	0.2	2.4	0.4
Apr		135424	-384	-3.3	-0.1	132489	-165	-1.5	0.6	151.5	-0.3	-3.9	-0.2
May		135235	-189	-1.7	0.2	132530	41	0.4	0.5	151.5	0.0	0.0	0.3
Jun		135003	-232	-2.0	-0.2	132431	-99	-0.9	0.4	151.2	-0.2	-2.4	-0.2
Jul		135106	103	0.9	0.2	132449	18	0.2	0.4	150.8	-0.3	-3.1	-0.5
Aug		134408	-698	-6.0	-0.5	132395	-54	-0.5	0.4	150.1	-0.5	-5.4	-0.8
Sep		135004	596	5.5	-0.1	132230	-165	-1.5	0.1	149.9	-0.1	-1.6	-1.2
Oct		134615	-389	-3.4	-0.6	131782	-448	-4.0	-0.3	148.9	-0.7	-7.7	-1.9
Nov		134253	-362	-3.2	-1.0	131411	-371	-3.3	-0.7	148.7	-0.1	-1.6	-2.0
Dec		134055	-198	-1.8	-1.3	131287	-124	-1.1	-0.8	148.7	0.0	0.0	-1.7

	Unempl. Rate	Retail and Food Services 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			
1997	4.9	2769.378			4.9	127.944			6.9	5.06	6.35	
1998	4.5	2906.996			5.0	134.504			5.1	4.78	5.26	
1999	4.2	3146.523			8.2	139.447			3.7	4.64	5.64	
2000	4.0	3385.886			7.6	145.732			4.5	5.82	6.03	
2001	4.8									3.39	5.02	
1999	1	4.3	761.800	2.0	8.4	7.4	137.309	0.9	3.6	3.3	4.41	4.98
	2	4.3	777.546	2.1	8.5	7.2	138.424	0.8	3.3	3.3	4.45	5.54
	3	4.2	794.178	2.1	8.8	9.4	140.027	1.2	4.7	3.8	4.65	5.88
	4	4.1	812.999	2.4	9.8	8.9	142.029	1.4	5.8	4.3	5.04	6.14
2000	1	4.0	839.058	3.2	13.5	10.1	144.033	1.4	5.8	4.9	5.52	6.48
	2	4.0	842.109	0.4	1.5	8.3	146.480	1.7	7.0	5.8	5.71	6.18
	3	4.1	852.153	1.2	4.9	7.3	146.686	0.1	0.6	4.8	6.02	5.89
	4	4.0	852.566	0.0	0.2	4.9	145.730	-0.7	-2.6	2.6	6.02	5.57
2001	1	4.2	863.401	1.3	5.2	2.9	143.457	-1.6	-6.1	-0.4	4.82	5.05
	2	4.5	874.458	1.3	5.2	3.8	141.309	-1.5	-5.9	-3.5	3.66	5.27
	3	4.8	871.513	-0.3	-1.3	2.3	139.726	-1.1	-4.4	-4.7	3.17	4.98
	4	5.6									1.91	4.77
1999	Dec	4.1	275.211	1.7	21.9	9.7	142.856	0.7	8.4	5.1	5.20	6.28
2000	Jan	4.0	275.864	0.2	2.9	9.6	143.173	0.2	2.7	4.6	5.32	6.66
	Feb	4.1	279.909	1.5	19.1	10.0	144.043	0.6	7.5	5.0	5.55	6.52
	Mar	4.0	283.285	1.2	15.5	10.8	144.882	0.6	7.2	5.1	5.69	6.26
	Apr	3.9	279.961	-1.2	-13.2	8.9	145.636	0.5	6.4	5.6	5.66	5.99
	May	4.1	280.447	0.2	2.1	7.9	146.617	0.7	8.4	5.8	5.79	6.44
	Jun	4.0	281.701	0.4	5.5	8.1	147.188	0.4	4.8	6.1	5.69	6.10
	Jul	4.1	283.035	0.5	5.8	7.8	146.532	-0.4	-5.2	5.0	5.96	6.05
	Aug	4.1	282.905	-0.0	-0.5	6.5	146.700	0.1	1.4	4.6	6.09	5.83
	Sep	4.0	286.213	1.2	15.0	7.6	146.826	0.1	1.0	4.7	6.00	5.80
	Oct	3.9	285.215	-0.3	-4.1	6.8	146.266	-0.4	-4.5	3.5	6.11	5.74
	Nov	4.0	283.616	-0.6	-6.5	4.8	145.789	-0.3	-3.8	2.7	6.17	5.72
	Dec	4.0	283.735	0.0	0.5	3.1	145.135	-0.4	-5.3	1.6	5.77	5.24
2001	Jan	4.2	288.054	1.5	19.9	4.4	143.934	-0.8	-9.5	0.5	5.15	5.16
	Feb	4.2	288.245	0.1	0.8	3.0	143.509	-0.3	-3.5	-0.4	4.88	5.10
	Mar	4.3	287.102	-0.4	-4.7	1.3	142.928	-0.4	-4.8	-1.3	4.42	4.89
	Apr	4.5	291.116	1.4	18.1	4.0	142.007	-0.6	-7.5	-2.5	3.87	5.14
	May	4.4	291.691	0.2	2.4	4.0	141.595	-0.3	-3.4	-3.4	3.62	5.39
	Jun	4.6	291.651	-0.0	-0.2	3.5	140.326	-0.9	-10.2	-4.7	3.49	5.28
	Jul	4.6	292.228	0.2	2.4	3.2	140.402	0.1	0.7	-4.2	3.51	5.24
	Aug	4.9	292.869	0.2	2.7	3.5	139.954	-0.3	-3.8	-4.6	3.36	4.97
	Sep	5.0	286.416	-2.2	-23.5	0.1	138.821	-0.8	-9.3	-5.5	2.64	4.73
	Oct	5.4	304.851	6.4	111.4	6.9	137.551	-0.9	-10.4	-6.0	2.16	4.57
	Nov	5.6	293.584	-3.7	-36.4	3.5	137.139	-0.3	-3.5	-5.9	1.87	4.65
	Dec	5.8									1.69	5.09

	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			1.5		173.6			2.3		130.7			-0.9	
1999	166.7			2.2		177.2			2.1		133.0			1.8	
2000	172.3			3.4		181.5			2.4		138.0			3.7	
1999	1	164.9	0.4	1.6	1.7	1.6	175.9	0.5	1.9	2.2	1.9	131.4	0.3	1.2	0.7
	2	166.0	0.7	2.9	2.1	2.2	176.8	0.5	1.9	2.1	1.9	132.3	0.7	2.8	1.3
	3	167.2	0.7	2.8	2.3	2.4	177.6	0.5	1.9	2.0	1.9	133.6	1.0	4.0	2.3
	4	168.5	0.8	3.2	2.6	2.6	178.7	0.6	2.4	2.0	2.0	134.8	0.9	3.7	2.9
2000	1	170.3	1.0	4.2	3.3	4.2	179.8	0.6	2.6	2.2	2.6	136.3	1.1	4.4	3.7
	2	171.5	0.7	3.0	3.3	3.6	181.0	0.7	2.7	2.4	2.6	137.5	0.9	3.6	3.9
	3	173.0	0.9	3.5	3.5	3.6	182.1	0.6	2.5	2.6	2.6	138.4	0.7	2.6	3.6
	4	174.3	0.7	2.9	3.4	3.4	183.2	0.6	2.4	2.5	2.5	139.8	1.0	4.1	3.7
2001	1	176.1	1.0	4.2	3.4	4.2	184.6	0.8	3.2	2.7	3.2	141.6	1.3	5.3	3.9
	2	177.4	0.8	3.1	3.4	3.6	185.8	0.6	2.6	2.7	2.9	142.2	0.4	1.6	3.4
	3	177.7	0.2	0.7	2.7	2.6	187.0	0.6	2.5	2.7	2.8	140.8	-1.0	-3.8	1.8
1999	Nov	168.5	0.2	2.2	2.6	2.7	178.7	0.2	2.7	2.1	1.9	134.7	0.1	0.9	3.0
	Dec	168.9	0.2	2.9	2.7	2.7	179.0	0.2	2.0	1.9	1.9	135.2	0.4	4.5	3.0
2000	Jan	169.4	0.3	3.6	2.8	3.6	179.4	0.2	2.7	2.0	2.7	135.1	-0.1	-0.9	2.6
	Feb	170.2	0.5	5.8	3.3	4.7	179.7	0.2	2.0	2.2	2.4	136.3	0.9	11.2	4.0
	Mar	171.2	0.6	7.3	3.8	5.6	180.3	0.3	4.1	2.4	2.9	137.5	0.9	11.1	4.6
	Apr	171.1	-0.1	-0.7	3.1	4.0	180.7	0.2	2.7	2.3	2.9	137.1	-0.3	-3.4	3.7
	May	171.3	0.1	1.4	3.2	3.4	181.0	0.2	2.0	2.4	2.7	137.1	0.0	0.0	3.6
	Jun	172.2	0.5	6.5	3.7	3.9	181.3	0.2	2.0	2.5	2.6	138.3	0.9	11.0	4.5
	Jul	172.7	0.3	3.5	3.6	3.9	181.7	0.2	2.7	2.5	2.6	138.2	-0.1	-0.9	4.1
	Aug	172.8	0.1	0.7	3.4	3.5	182.1	0.2	2.7	2.6	2.6	138.0	-0.1	-1.7	3.3
	Sep	173.6	0.5	5.7	3.5	3.7	182.6	0.3	3.3	2.6	2.7	139.0	0.7	9.1	3.3
	Oct	173.9	0.2	2.1	3.4	3.6	182.8	0.1	1.3	2.5	2.6	139.6	0.4	5.3	3.7
	Nov	174.3	0.2	2.8	3.4	3.5	183.3	0.3	3.3	2.6	2.6	139.8	0.1	1.7	3.8
	Dec	174.6	0.2	2.1	3.4	3.4	183.5	0.1	1.3	2.5	2.5	140.0	0.1	1.7	3.6
2001	Jan	175.7	0.6	7.8	3.7	7.8	184.1	0.3	4.0	2.6	4.0	141.6	1.1	14.6	4.8
	Feb	176.2	0.3	3.5	3.5	5.6	184.7	0.3	4.0	2.8	4.0	141.7	0.1	0.9	4.0
	Mar	176.3	0.1	0.7	3.0	4.0	185.1	0.2	2.6	2.7	3.5	141.6	-0.1	-0.8	3.0
	Apr	176.8	0.3	3.5	3.3	3.8	185.5	0.2	2.6	2.7	3.3	142.3	0.5	6.1	3.8
	May	177.5	0.4	4.9	3.6	4.0	185.7	0.1	1.3	2.6	2.9	142.4	0.1	0.8	3.9
	Jun	177.9	0.2	2.7	3.3	3.8	186.3	0.3	3.9	2.8	3.1	141.9	-0.4	-4.1	2.6
	Jul	177.4	-0.3	-3.3	2.7	2.8	186.6	0.2	1.9	2.7	2.9	140.2	-1.2	-13.5	1.4
	Aug	177.5	0.1	0.7	2.7	2.5	187.0	0.2	2.6	2.7	2.9	140.9	0.5	6.2	2.1
	Sep	178.2	0.4	4.8	2.6	2.8	187.4	0.2	2.6	2.6	2.8	141.4	0.4	4.3	1.7
	Oct	177.6	-0.3	-4.0	2.1	2.1	187.7	0.2	1.9	2.7	2.8	139.1	-1.6	-17.9	-0.4
	Nov	177.6	0.0	0.0	1.9	1.9	188.4	0.4	4.6	2.8	2.9	138.3	-0.6	-6.7	-1.1

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 **ISM** (formerly Purchasing Managers') **index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. **Aggregate and average weekly hours** are paid hours of production and nonsupervisory employees. The **inventory-sales ratio** uses nominal (current-dollar) inventory and sales data.

Page 6: For information on how to calculate the **contribution** of a component to the overall GDP growth rate, see the October 1999 issue of the *Survey of Current Business*, p. 16. The sign is changed for **imports**.

Page 7: Ten-year **Treasury yields** are adjusted to constant maturity. Three-month yields are secondary market averages, 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** (West Texas intermediate) and **Natural Gas** (Henry Hub) **prices** are monthly averages of daily spot prices listed in the *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. 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 surplus/deficit** differs from **NIPA basis** in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories;

and (4) various timing issues are handled differently. **Outlays and receipts** are from the NIPAs, except as noted. Since 1977, the federal **fiscal year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal debt held by the public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

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

Pages 20, 21: **Output per hour (Y/H)**, **unit labor cost (C/Y)**, and **compensation per hour (C/H)** are indexes which approximately obey the following relationship: $\%(Y/H) + \%(C/Y) = \%(C/H)$ with $\%(C)$ 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.

NOTE: Measures of retail sales (pp. 12-13), manufacturers' orders, shipments and inventories (p. 15), and the total business inventory-to-sales ratio (p. 5) are now based on the North American Industry Classification System (NAICS). Data from January 1992 onward are on a NAICS basis, while data before that are on the old Standard Industrial Classification (SIC) system. For more information, see <http://www.census.gov/epcd/www/naics.html>

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)