

## PPI versus CPI Inflation

In November and December of 2002, the producer price index (PPI) declined unexpectedly, contributing to concerns about deflation. In November, the PPI for finished goods fell 0.4 percent. In December, although analysts expected a 0.3 percent increase, it was unchanged. In each of these months the core PPI (that is, the PPI excluding food and energy) surprised analysts by falling 0.3 percent.

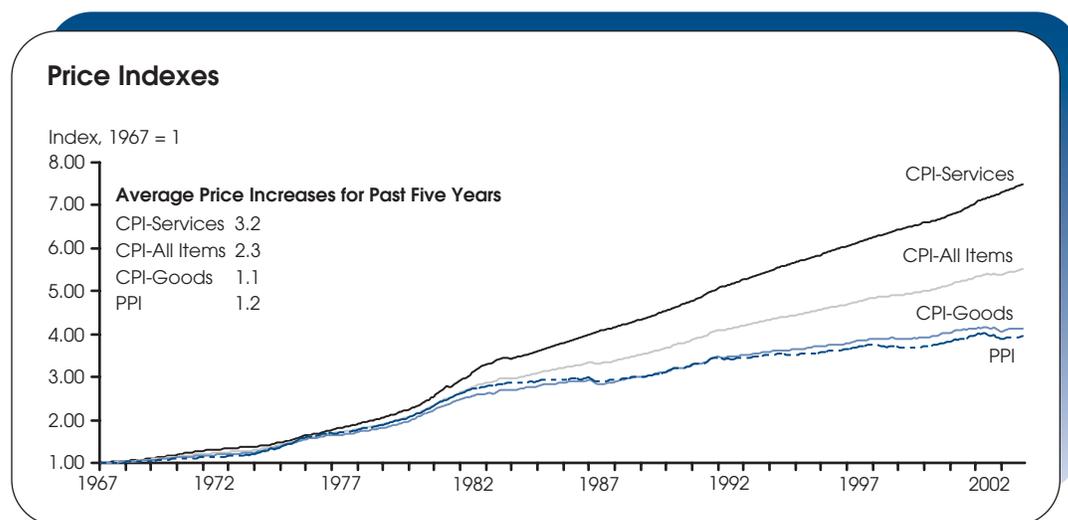
Should we be concerned about declines in the PPI as a possible harbinger of economy-wide deflation? The chart, which presents a long-run perspective on the consumer price index (CPI) and the PPI, includes four price measures that are indexed to one in January 1967: (i) the PPI, (ii) the all-item CPI, and (iii) the services and (iv) goods components of the CPI. Since at least 1980, services prices have tended to rise relative to goods prices. In just the past five years, the services component of the CPI has increased at an average rate of 3.2 percent per year, while the goods component has increased at only a 1.1 percent rate.

Why have goods prices risen so much more slowly than services prices? The answer, as shown by the data, is tremendous advances in technology and productivity in goods production. For example, the PPI component for electronic computers and computer equipment has fallen an average of 12.3 percent per year for the past five years. Computer prices are expected to decline far into the future, and no one thinks that this is a sign of deflation. Rather, it is a sign of technological advances and cost saving in computer manufacturing.

The average price changes for the eight major components of the CPI have been widely dispersed in the past five years. The food component of the CPI increased at an average rate of 2.2 percent—which is close to the all-item CPI inflation rate (2.3 percent). Four components had lower average price increases than the all-item CPI: apparel (–1.6 percent), transportation (1.5 percent), recreation (1.3 percent), and education and communications (1.8 percent). The fall in electronic equipment prices has helped moderate the relative rise in communications prices. Three components had higher average price increases than the all-item CPI: housing (2.8 percent), medical care (4.1 percent), and the “other” category (5.0 percent). The “other” category includes tobacco products and personal care services.

We should not be too concerned about price declines in the PPI (or any subset of the CPI basket) as long as the broad price indexes such as the CPI are stable. If CPI inflation remains at about 2 percent per year, then recent trends suggest that the PPI will increase at a rate of about 1 percent. Similarly, CPI inflation would have to be below 1 percent before we would expect to see ongoing price declines in the goods sector.

—William Gavin



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## Conventions used in this publication:

1. Except where otherwise noted, solid shading indicates recessions, as determined by the National Bureau of Economic Research. The NBER has not yet determined the end of the recession that began in March 2001; however, the hatched shading indicates this recession ended in November 2001, as determined by a statistical model for dating business cycle turning points developed by Marcelle Chauvet (“An Econometric Characterization of Business Cycle Dynamics with Factor Structure and Regime Switching,” *International Economic Review*, November 1998, pp. 969-96) and discussed by Marcelle Chauvet and Jeremy Piger (“Identifying Business Cycle Turning Points in Real Time,” *Federal Reserve Bank of St. Louis Review*, March/April 2003, pp. 47-62).
2. *Percent change* refers to simple percent changes. *Percent change from year ago* refers to the percent change from the same month or quarter during the previous year. *Compounded annual rate of change* 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 compounded annual rate of change of  $x$  between the previous quarter  $t-1$  and the current quarter  $t$  is:  $[(x_t/x_{t-1})^4 - 1] \times 100$ . For monthly data replace 4 with 12.
3. All data with significant seasonal patterns are adjusted accordingly, unless labeled NSA.

We welcome your comments addressed to:

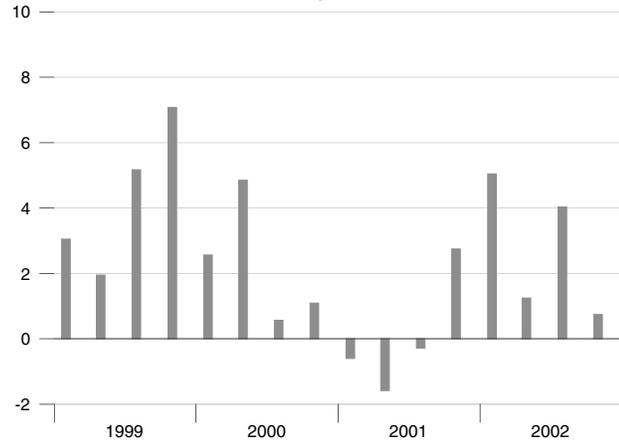
Editor, *National Economic Trends*  
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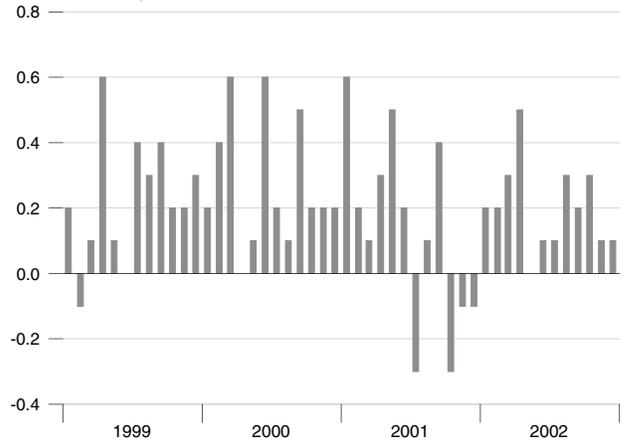
### Real GDP Growth

Compounded annual rates of change



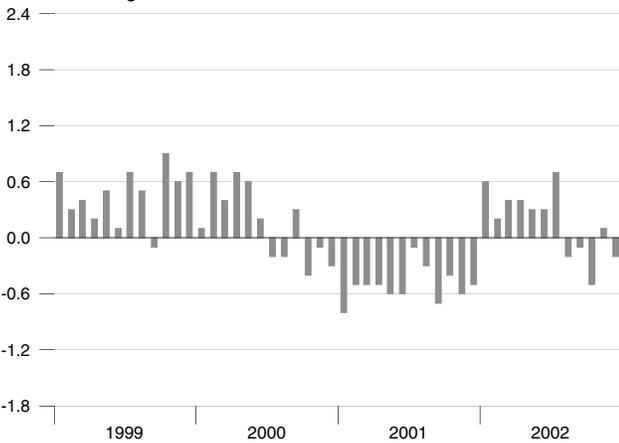
### Consumer Price Index

Percent change



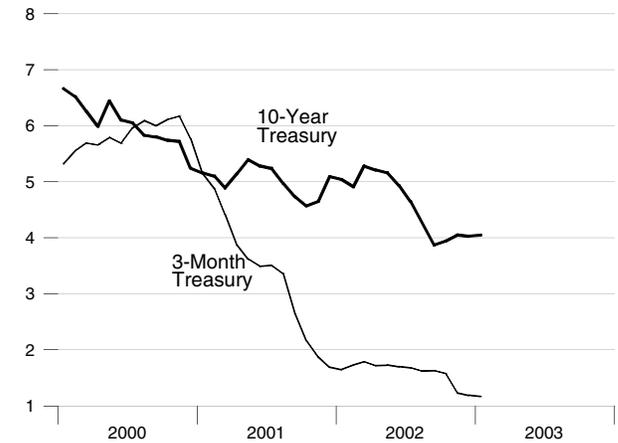
### Industrial Production

Percent change



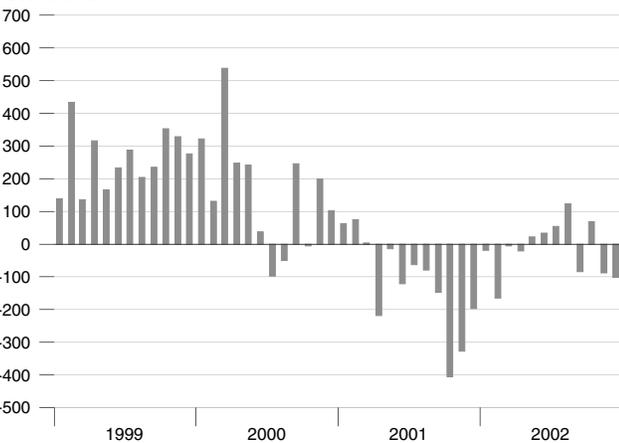
### Interest Rates

Percent



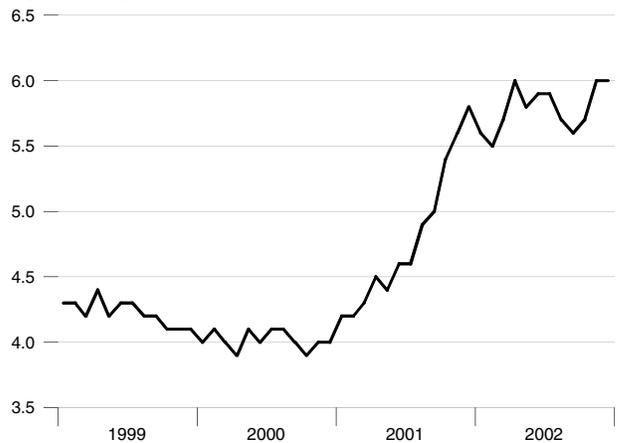
### Change in Nonfarm Payrolls

Thousands



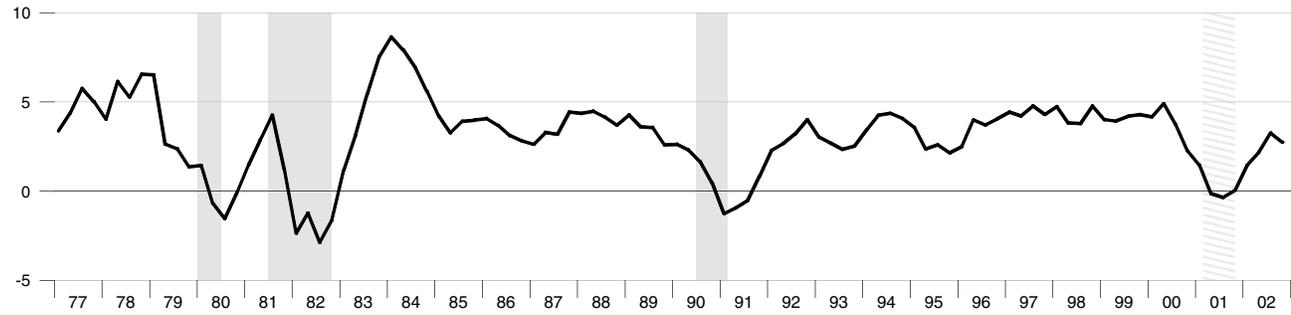
### Unemployment Rate

Percent of labor force



**Real Gross Domestic Product**

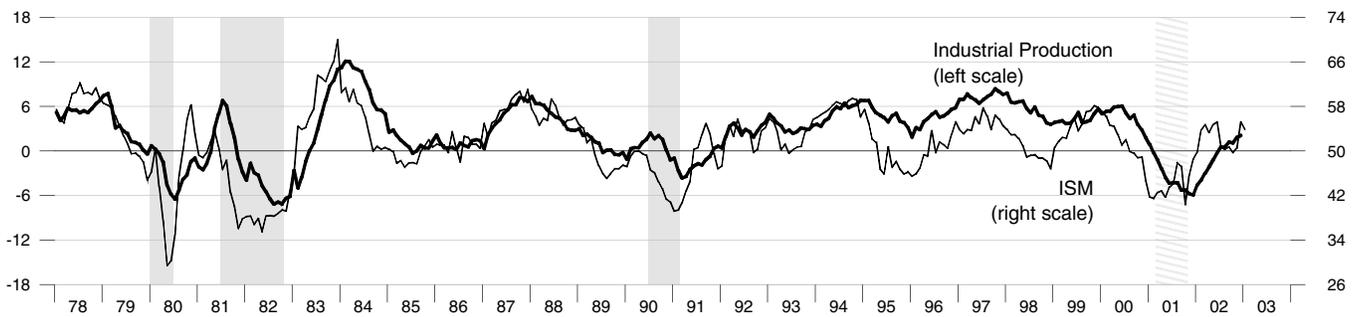
Percent change from year ago



**Industrial Production and Institute for Supply Management (ISM) Indexes**

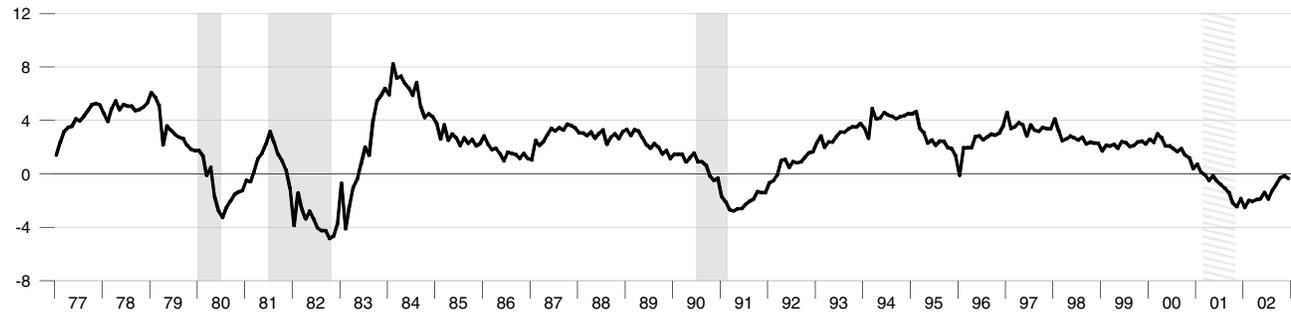
Percent change from year ago

Index



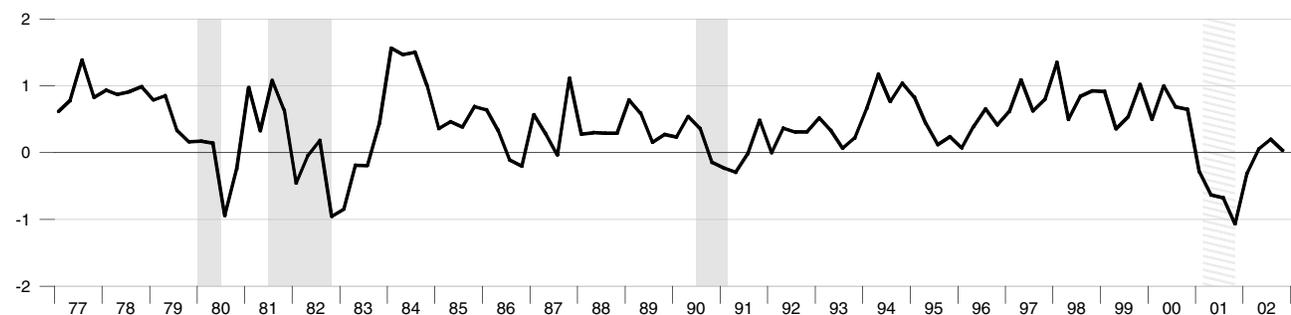
**Aggregate Private Nonfarm Hours**

Percent change from year ago

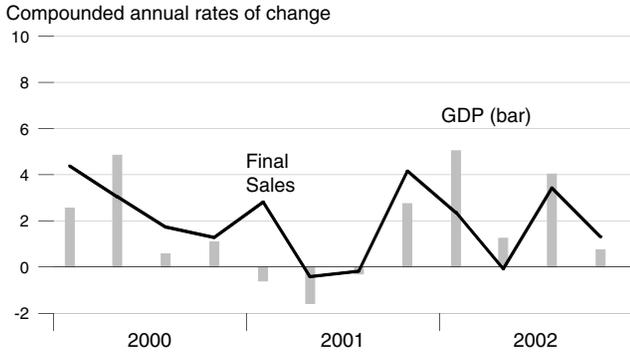


**Real Change in Private Inventories**

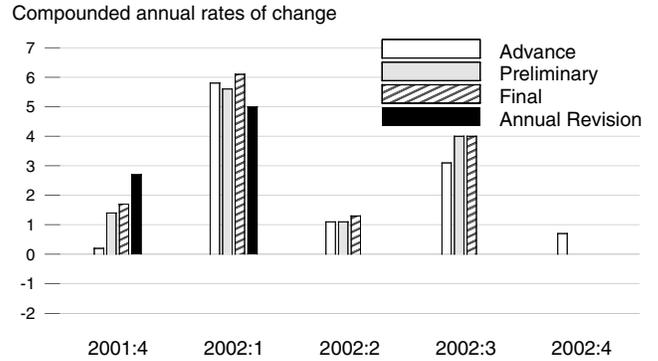
Percent of GDP



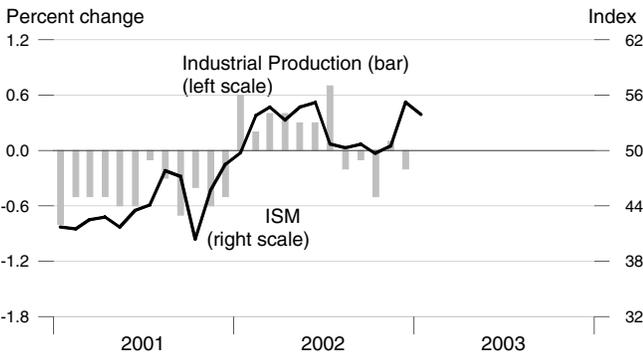
### Real Final Sales and GDP



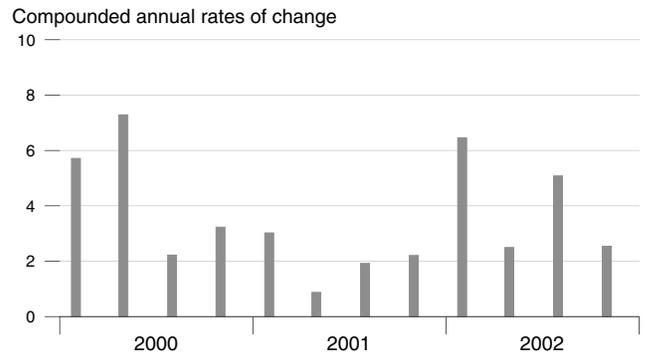
### Real GDP Revisions



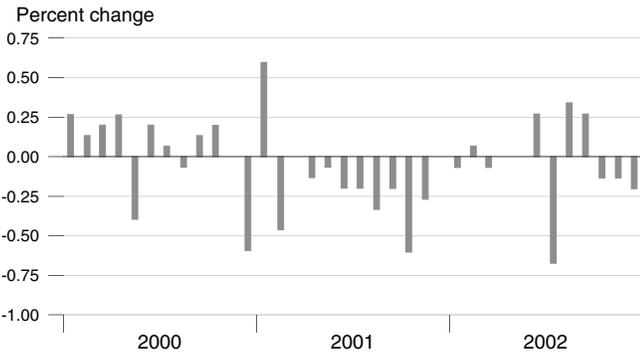
### Industrial Production and ISM Index



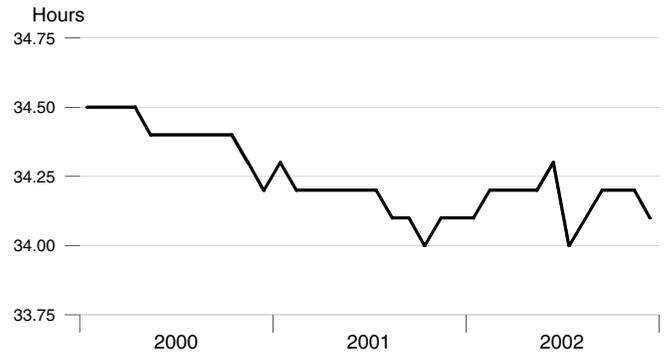
### Nominal Gross Domestic Product



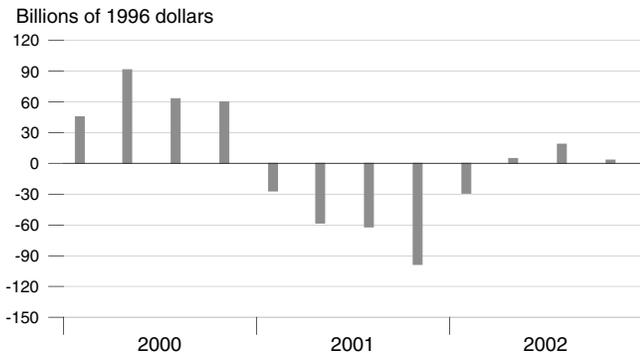
### Aggregate Private Nonfarm Hours



### Average Weekly Private Nonfarm Hours



### Real Change in Private Inventories

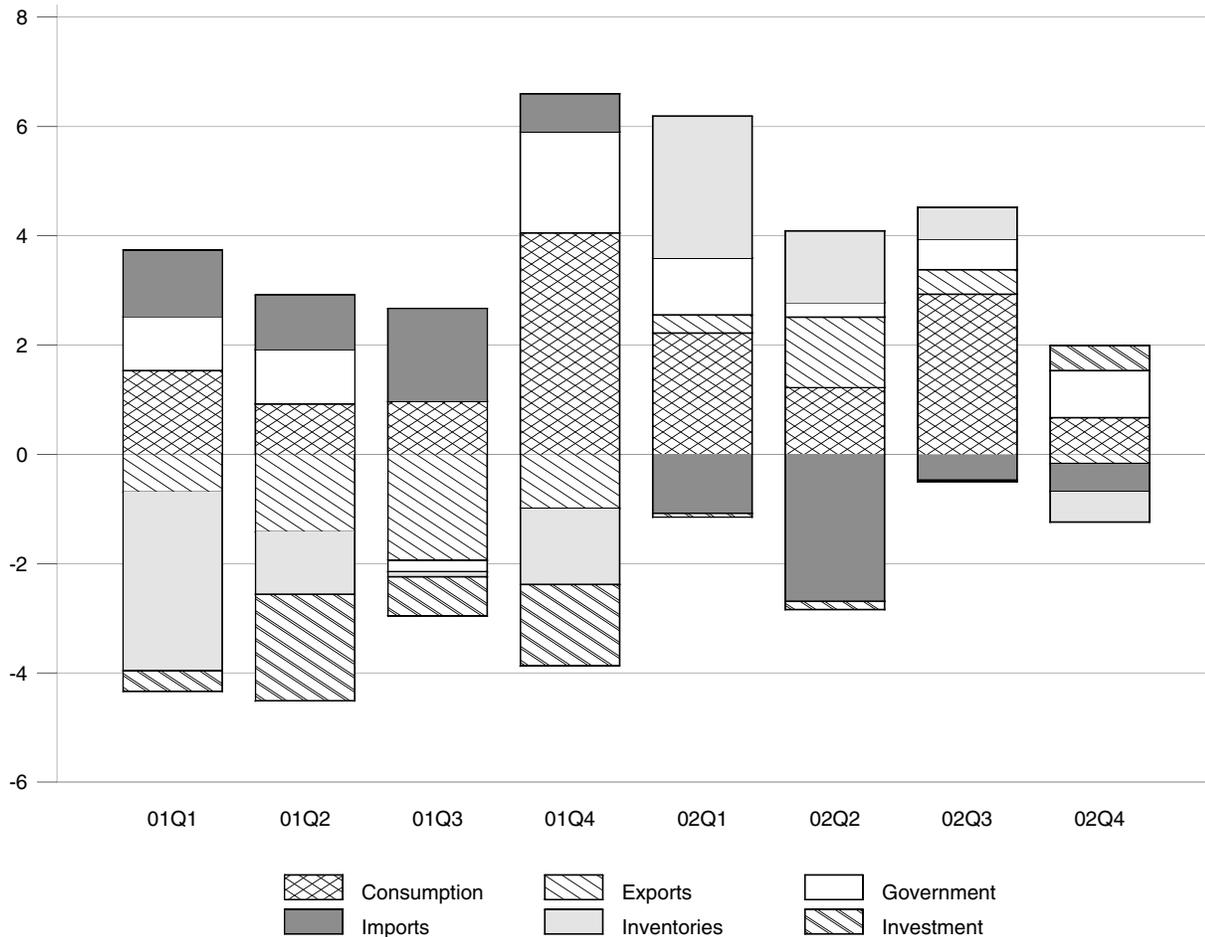


### Inventory-Sales Ratio



### Contribution of Components to Real GDP Growth

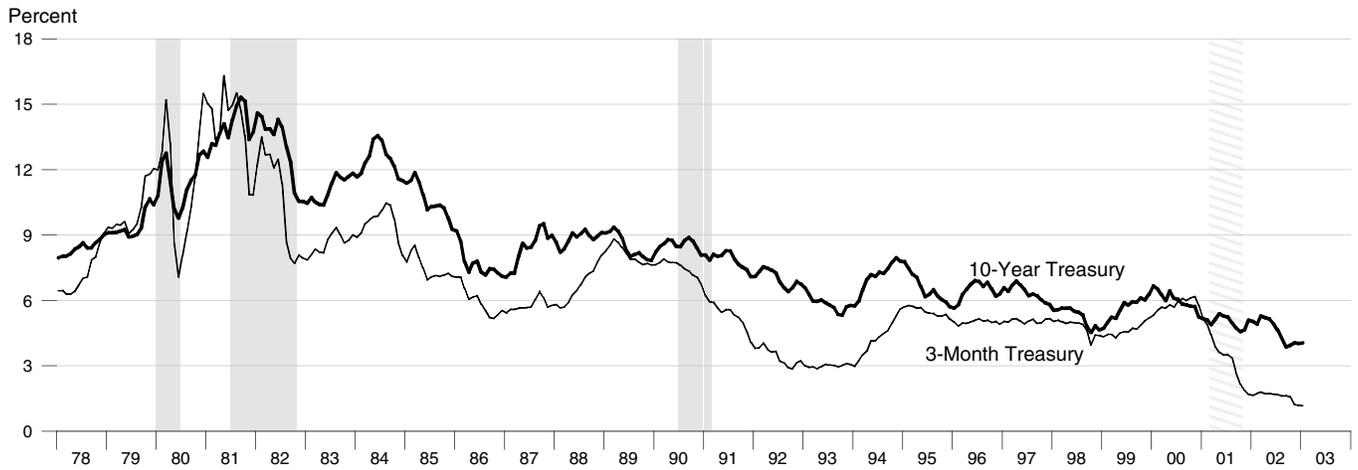
Percentage points at compounded annual rates



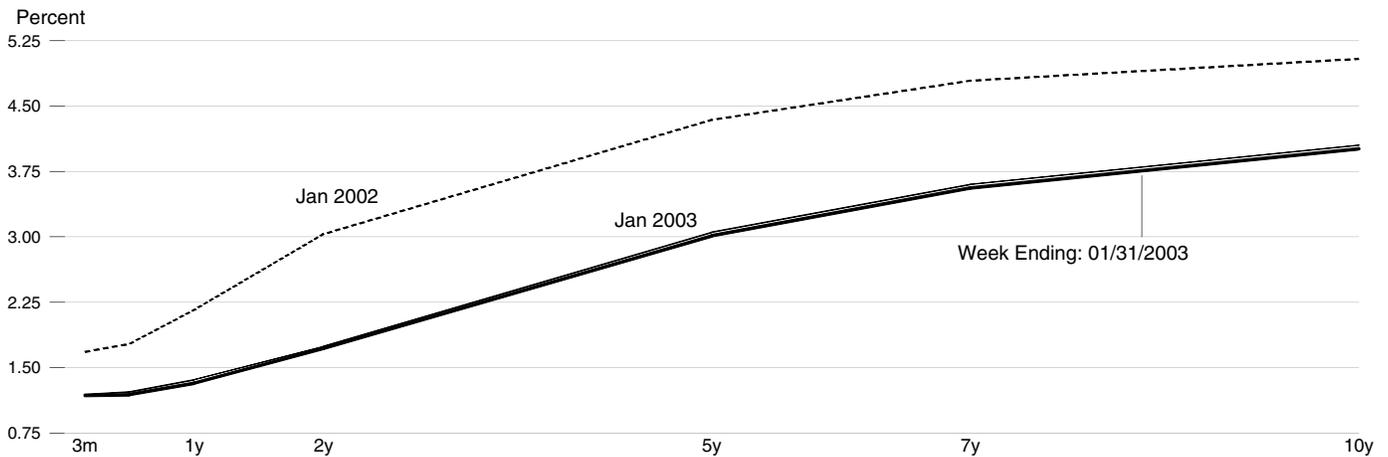
### Contributions to Real GDP Growth Rate

|                            | 2001  |       |       |       | 2002  |       |       |       |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                            | 1st   | 2nd   | 3rd   | 4th   | 1st   | 2nd   | 3rd   | 4th   |
| <b>Final Sales</b>         | 2.67  | -0.45 | -0.20 | 4.13  | 2.44  | -0.06 | 3.45  | 1.31  |
| <b>Change in Inventory</b> | -3.27 | -1.14 | -0.09 | -1.39 | 2.60  | 1.31  | 0.58  | -0.56 |
| <b>Consumption</b>         | 1.53  | 0.92  | 0.97  | 4.05  | 2.22  | 1.22  | 2.93  | 0.67  |
| <b>Fixed Investment</b>    | -0.38 | -1.95 | -0.72 | -1.49 | -0.07 | -0.15 | -0.03 | 0.46  |
| Nonresidential             | -0.71 | -1.93 | -0.73 | -1.33 | -0.66 | -0.27 | -0.08 | 0.16  |
| Residential                | 0.34  | -0.02 | 0.02  | -0.16 | 0.60  | 0.12  | 0.05  | 0.30  |
| <b>Government</b>          | 0.99  | 1.00  | -0.21 | 1.85  | 1.04  | 0.27  | 0.56  | 0.86  |
| Federal                    | 0.54  | 0.36  | 0.07  | 0.80  | 0.47  | 0.47  | 0.29  | 0.65  |
| State and Local            | 0.45  | 0.64  | -0.28 | 1.05  | 0.56  | -0.21 | 0.27  | 0.21  |
| <b>Net Exports</b>         | 0.53  | -0.42 | -0.24 | -0.28 | -0.75 | -1.40 | -0.01 | -0.68 |
| Exports                    | -0.69 | -1.42 | -1.94 | -0.99 | 0.33  | 1.29  | 0.45  | -0.17 |
| Imports                    | 1.22  | 1.00  | 1.70  | 0.70  | -1.08 | -2.69 | -0.47 | -0.51 |
| <b>Residual</b>            | 0.45  | 0.50  | 0.06  | 0.42  | -0.05 | 0.26  | 0.06  | 0.24  |
| <b>Real GDP Growth</b>     | -0.60 | -1.59 | -0.29 | 2.74  | 5.04  | 1.25  | 4.03  | 0.75  |

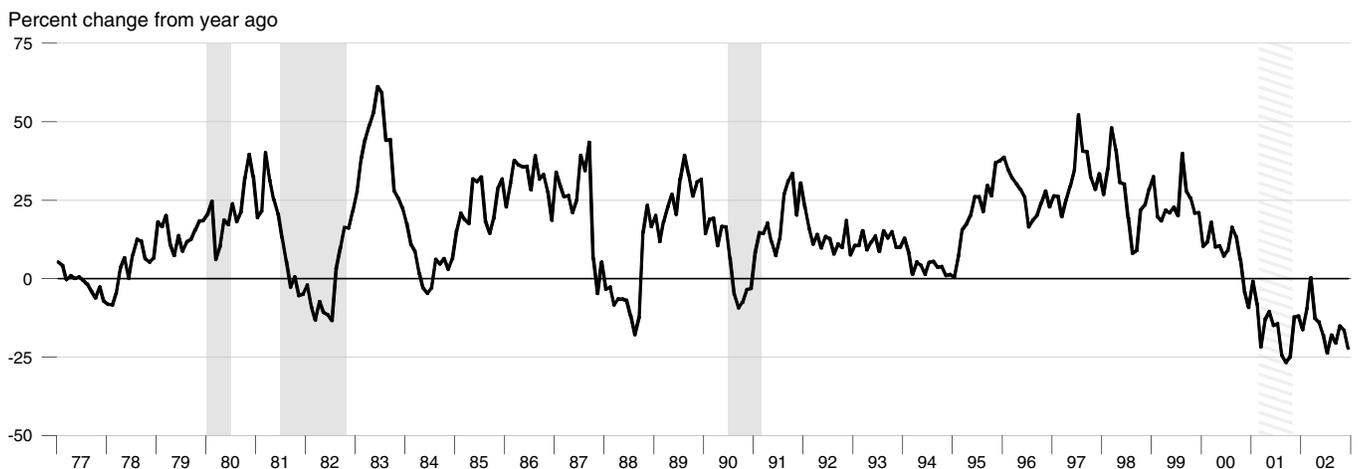
### Interest Rates



### Treasury Yield Curve

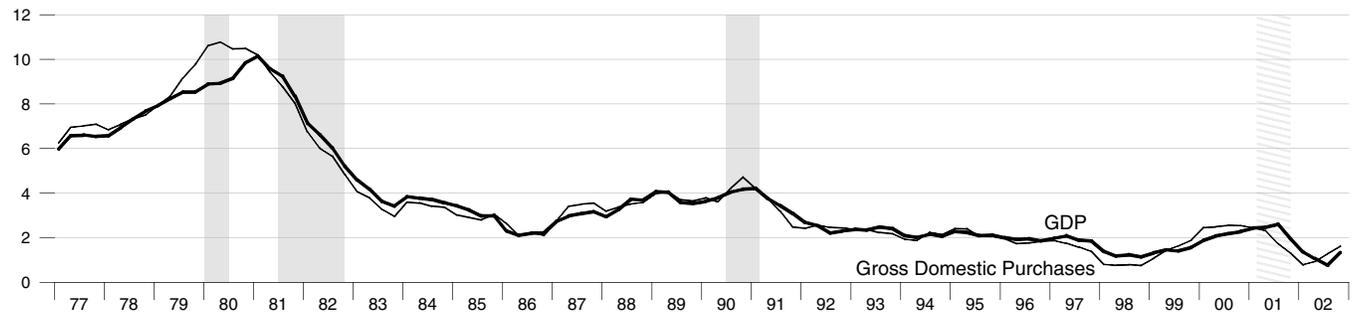


### Standard and Poor's 500 Index with Reinvested Dividends



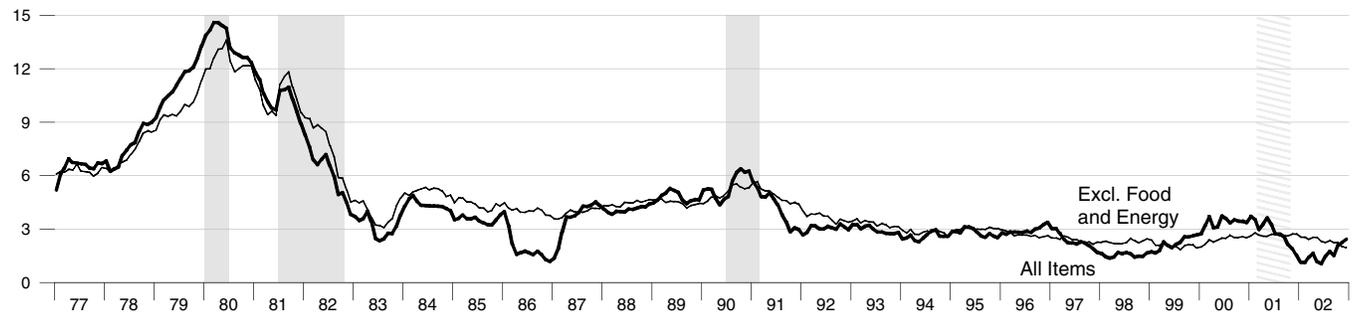
**NIPA Chain Price Indexes**

Percent change from year ago



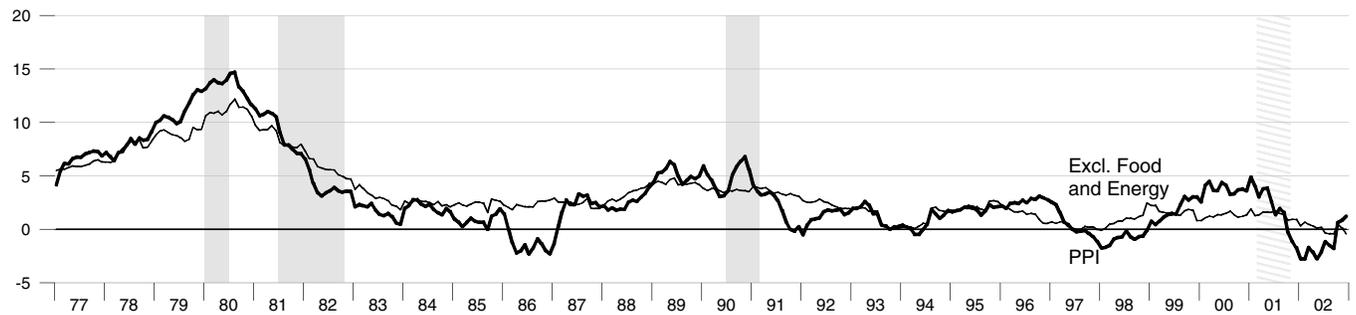
**Consumer Price Index**

Percent change from year ago



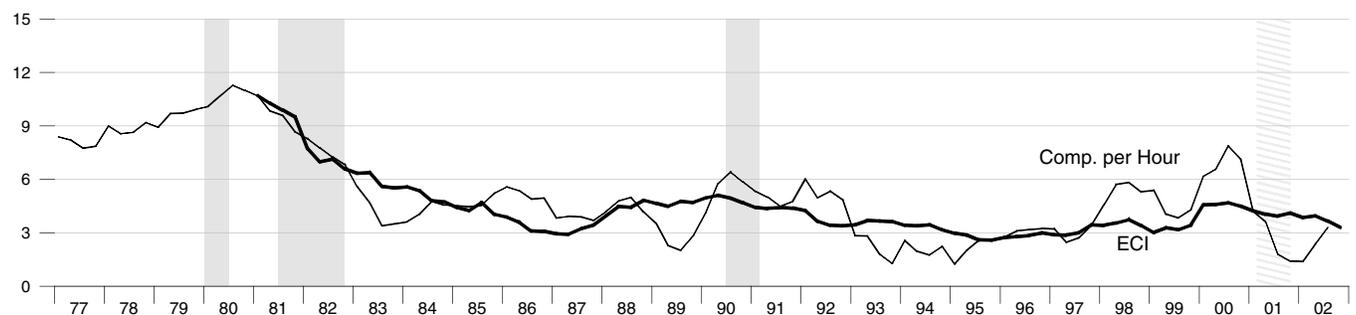
**Producer Price Index, Finished Goods**

Percent change from year ago

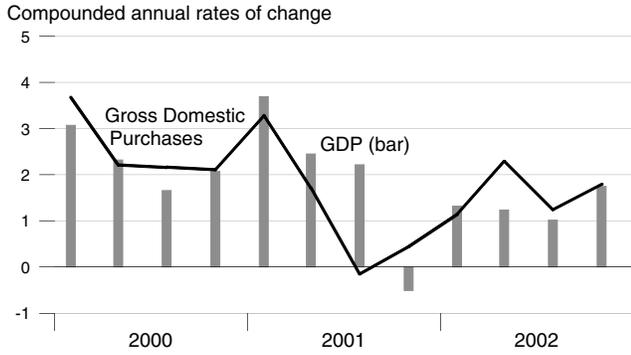


**Employment Cost Index and Compensation per Hour**

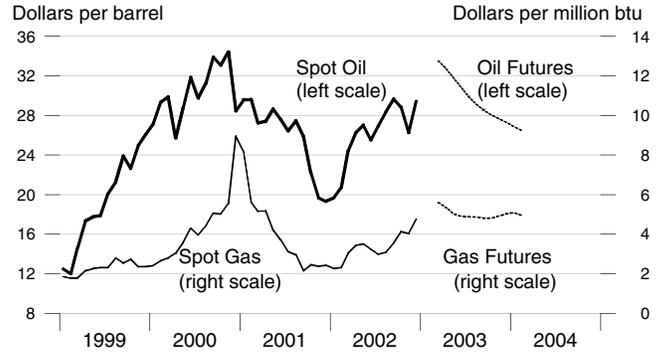
Percent change from year ago



### NIPA Chain Price Indexes

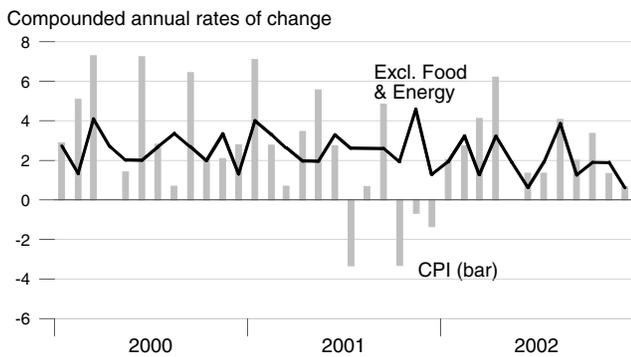


### Oil & Natural Gas Prices: Spot & Futures

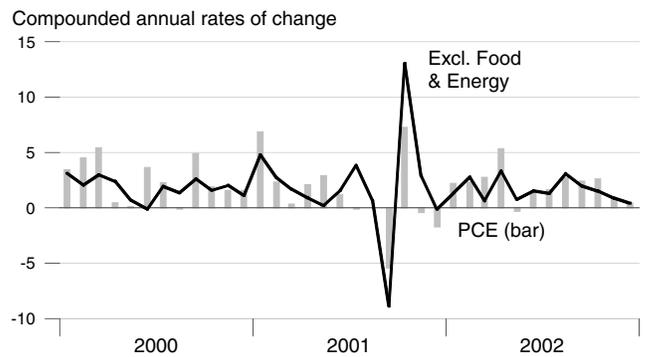


Note: Futures prices as of 1/31/2003.

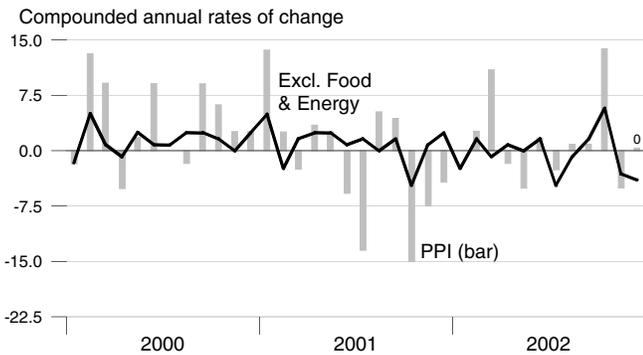
### Consumer Price Index



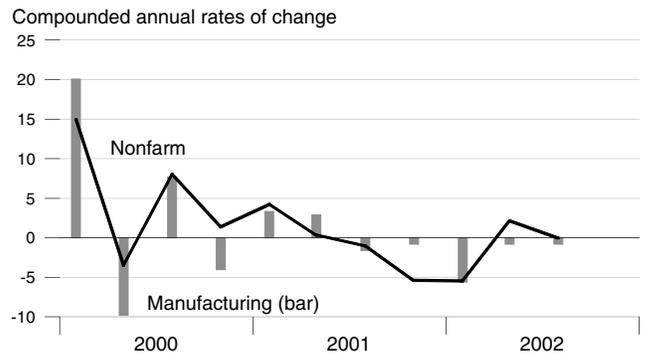
### Consumption Chain Price Index



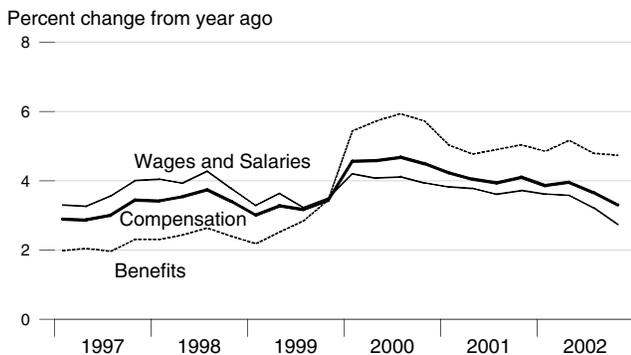
### Producer Price Index, Finished Goods



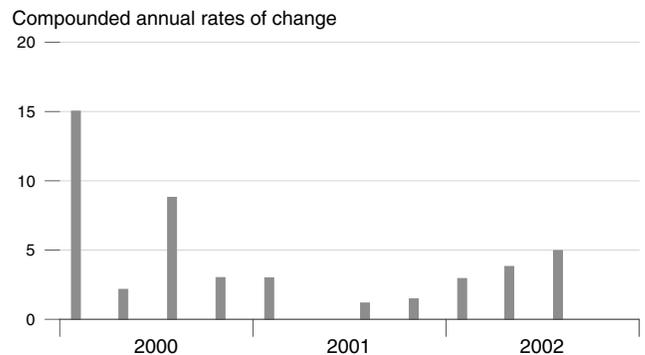
### Unit Labor Cost



### Employment Cost Index

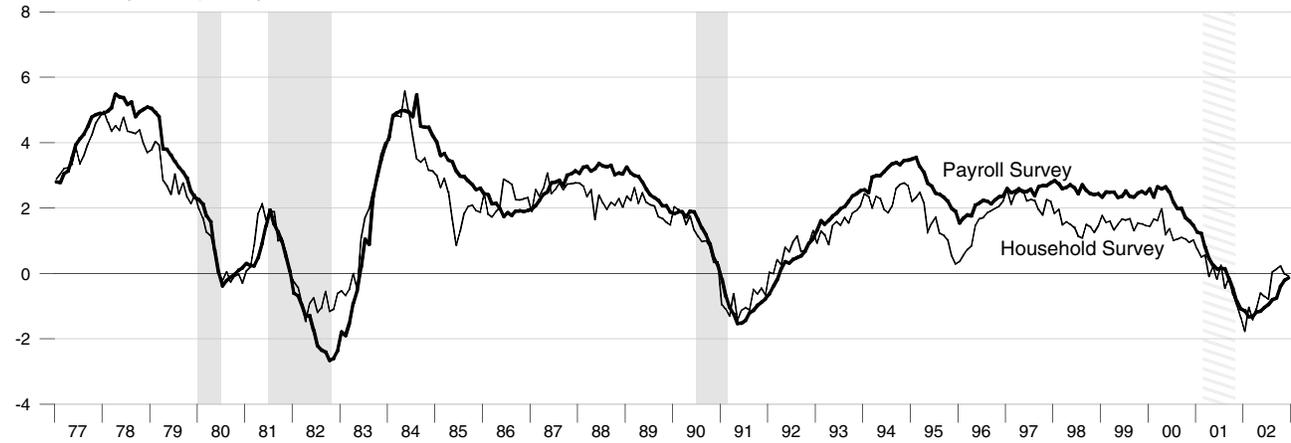


### Compensation per Hour



### Employment

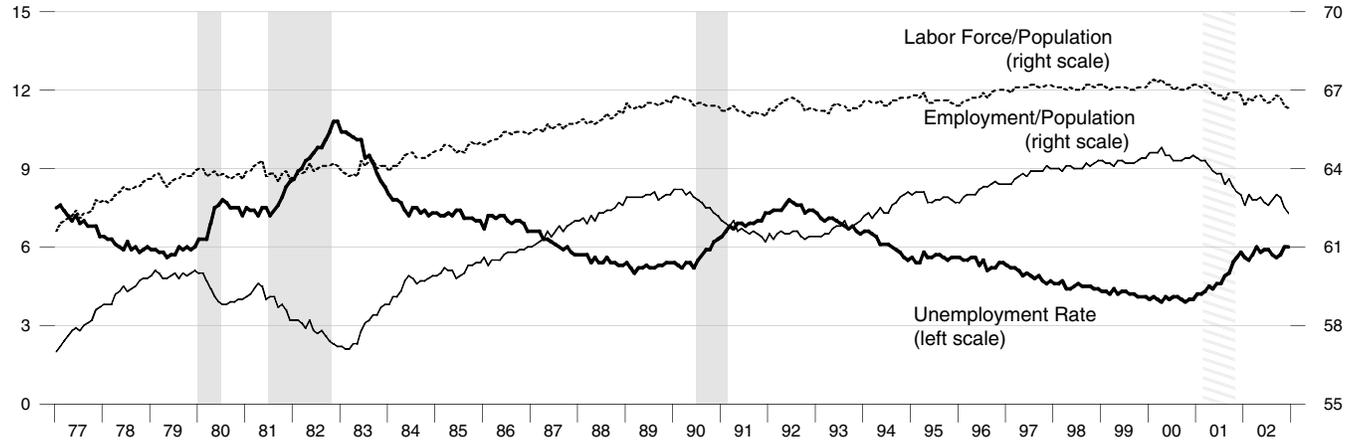
Percent change from year ago



### Unemployment, Labor Force Participation, and Employment Rates

Percent of labor force

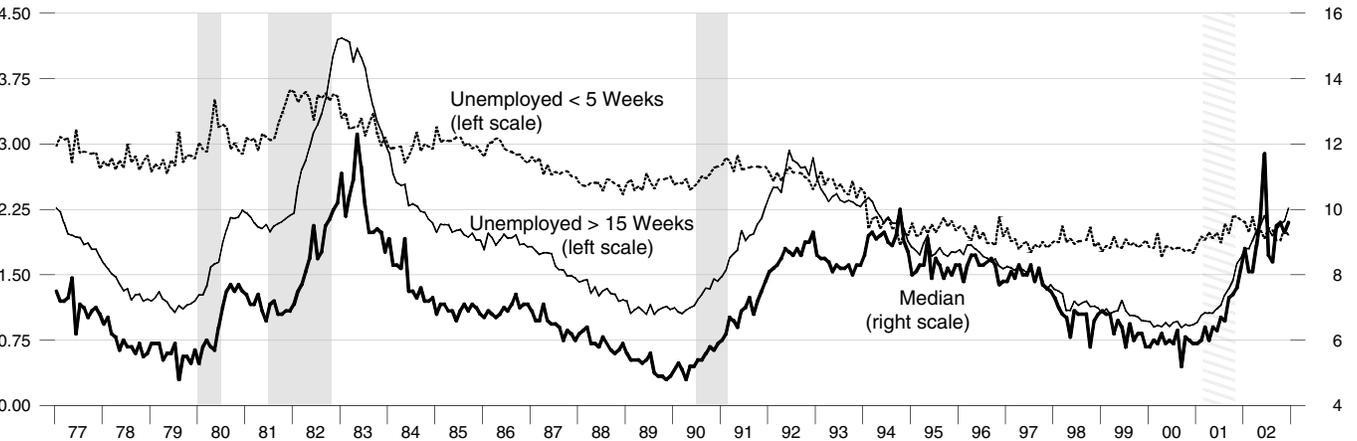
Percent of population



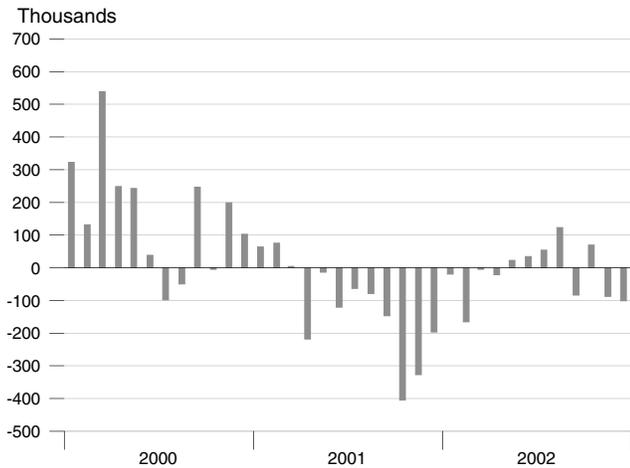
### Duration of Unemployment

Percent of labor force

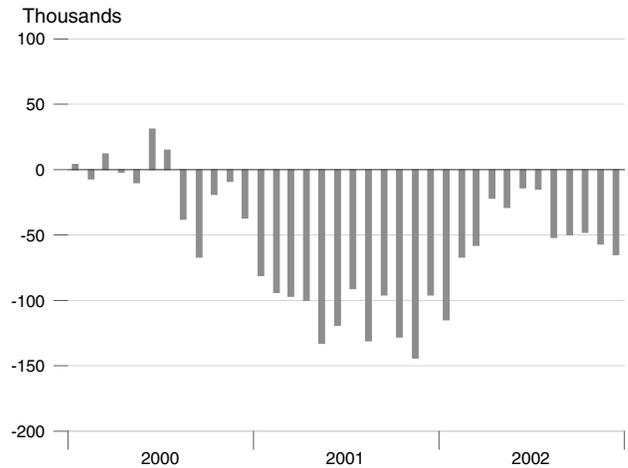
Weeks



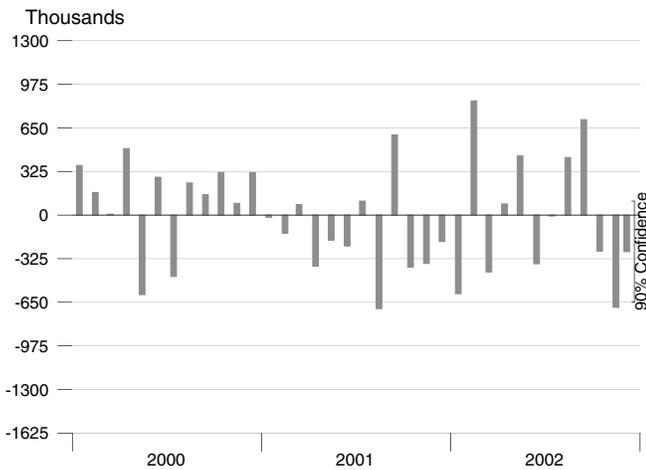
### Change in Nonfarm Payrolls



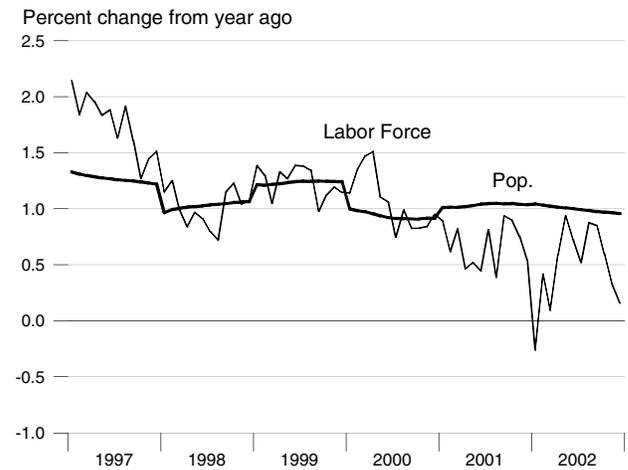
### Change in Manufacturing Payrolls



### Change in Household Employment



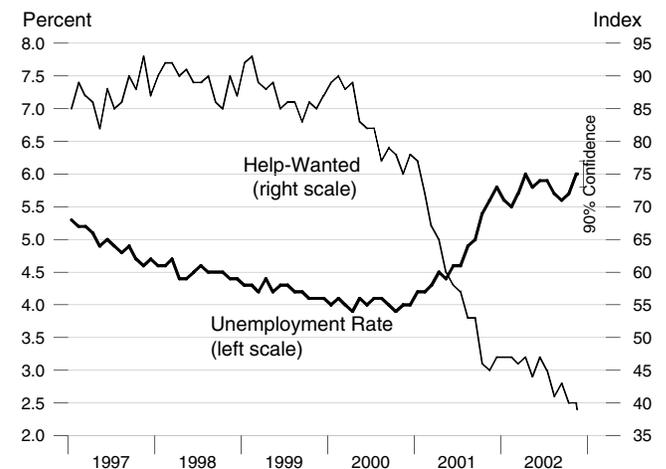
### Labor Force and Population



### Available Labor Supply and Components

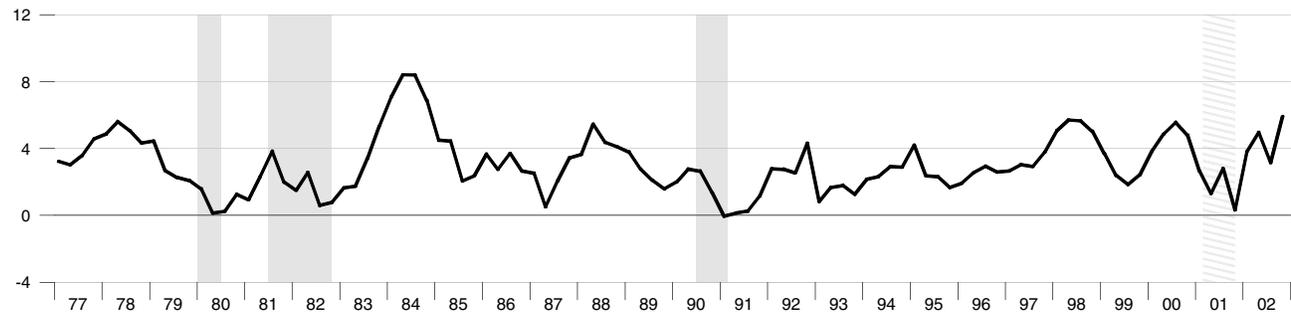


### Unemployment Rate & Help-Wanted Index



### Real Disposable Personal Income

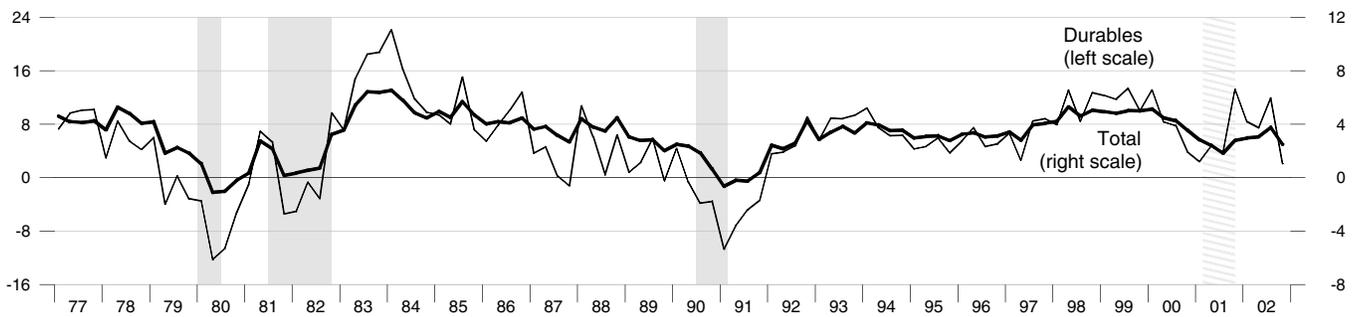
Percent change from year ago, quarterly data



### Real Consumption

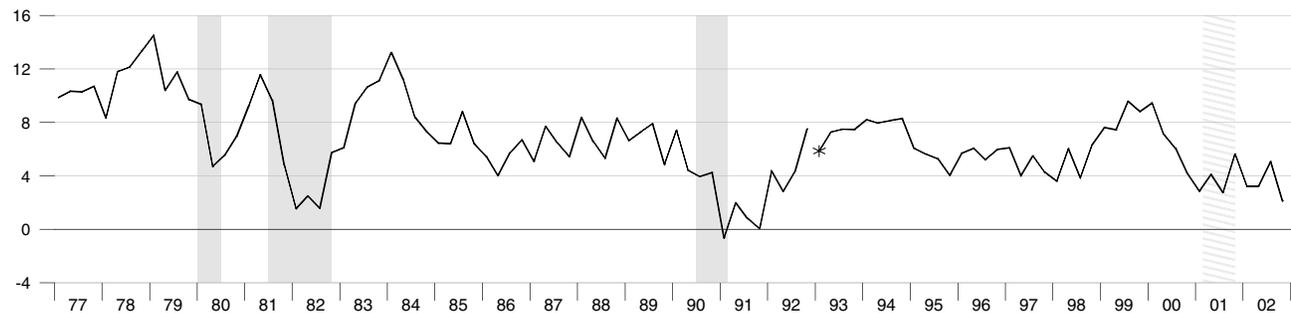
Percent change from year ago, quarterly data

Percent change from year ago, quarterly data



### Retail and Food Services Sales

Percent change from year ago, quarterly average

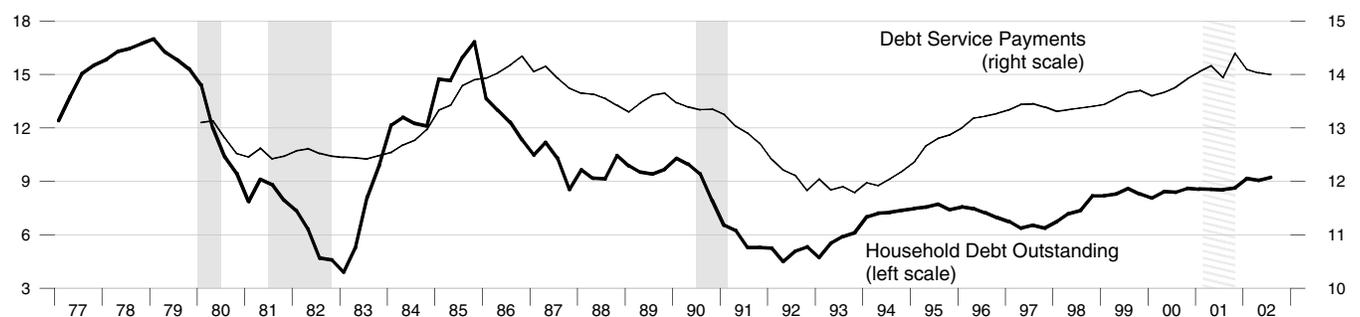


\*Data before January 1992 are not strictly comparable (see End Notes).

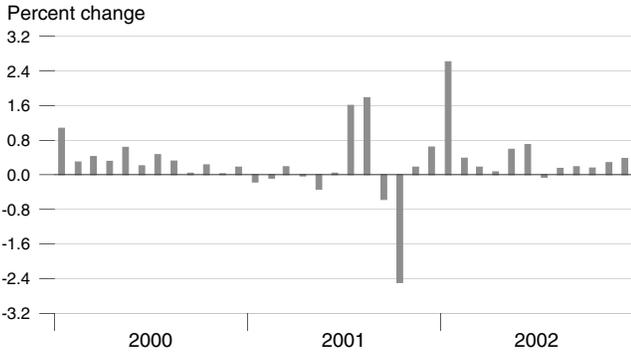
### Debt Service Payments and Household Debt Outstanding

Percent change from year ago, quarterly data

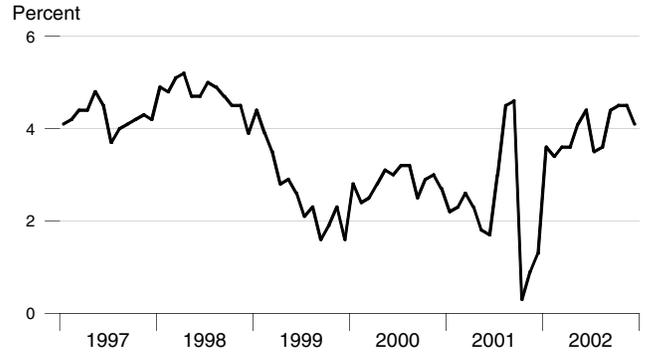
Percent of disposable personal income



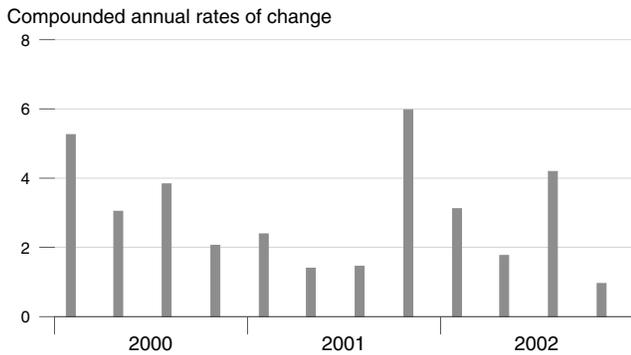
### Real Disposable Personal Income



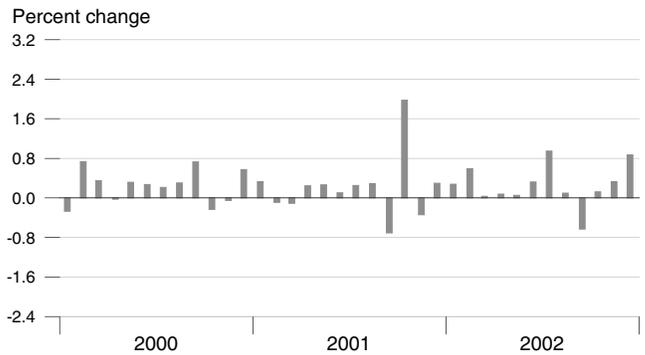
### Personal Saving Rate



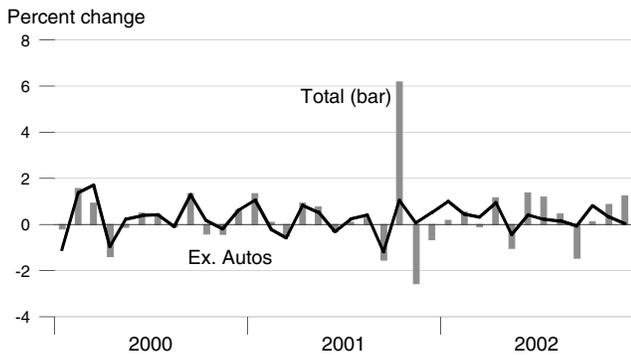
### Real Consumption



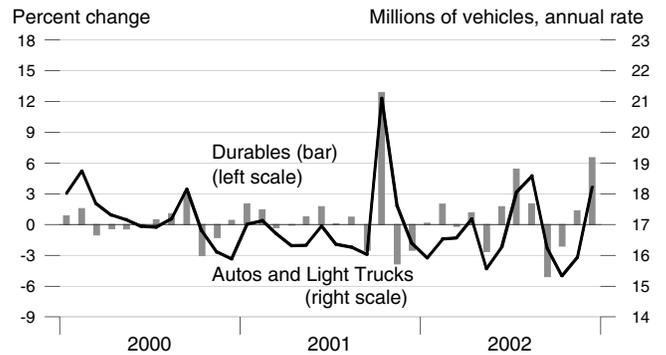
### Real Consumption



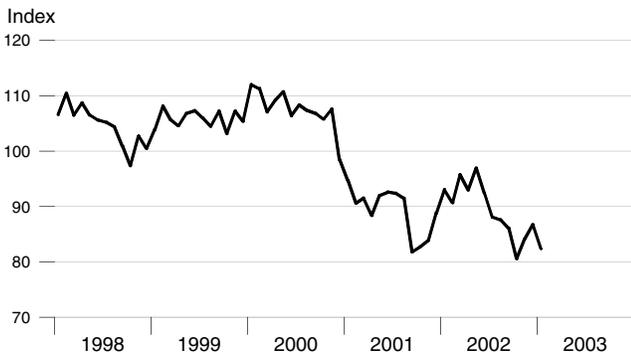
### Retail & Food Services



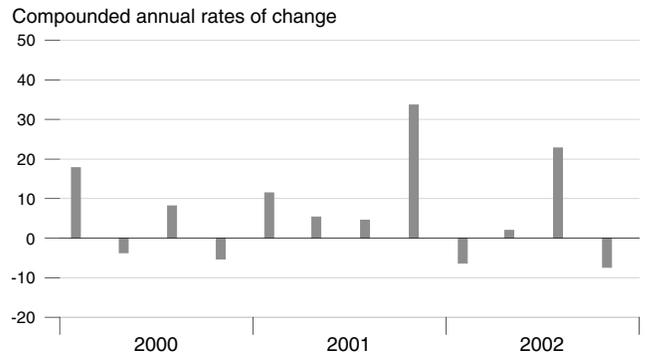
### Real Durables Consumption & Vehicle Sales



### Consumer Sentiment (U. of Michigan)

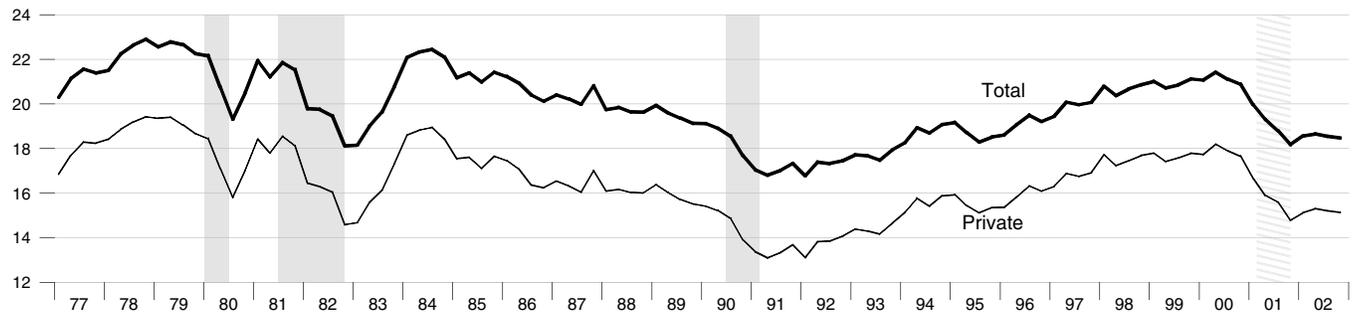


### Real Durables Consumption



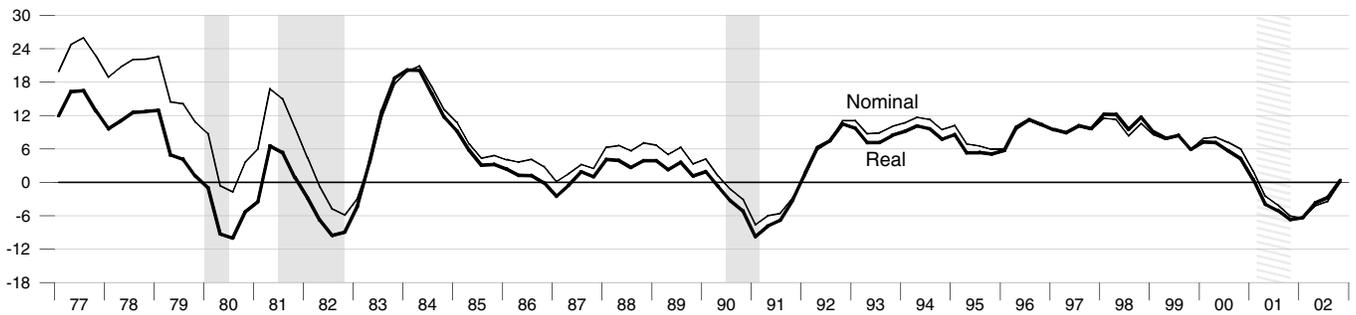
**Investment**

Percent of nominal GDP



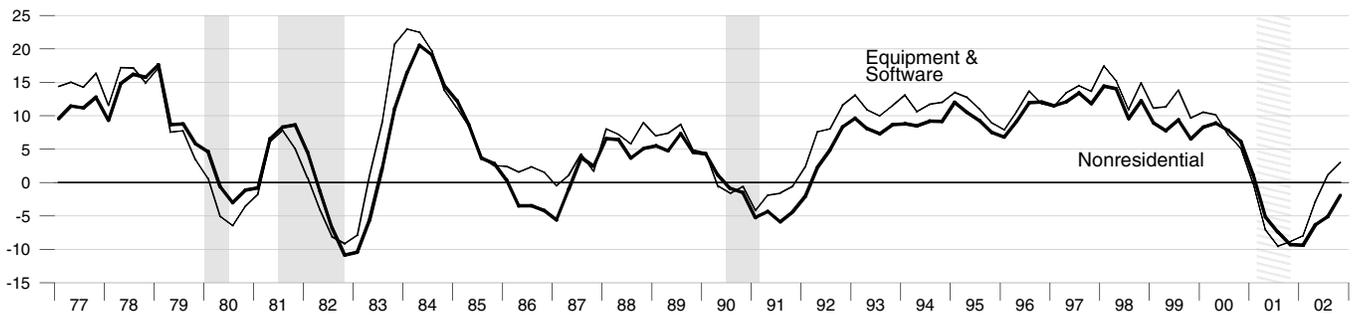
**Private Fixed Investment**

Percent change from year ago



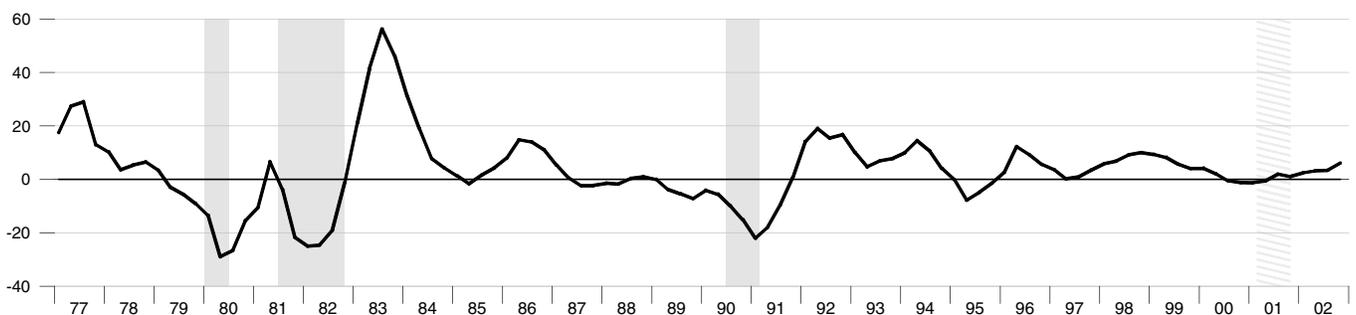
**Real Nonresidential Fixed and Equipment & Software Investment**

Percent change from year ago

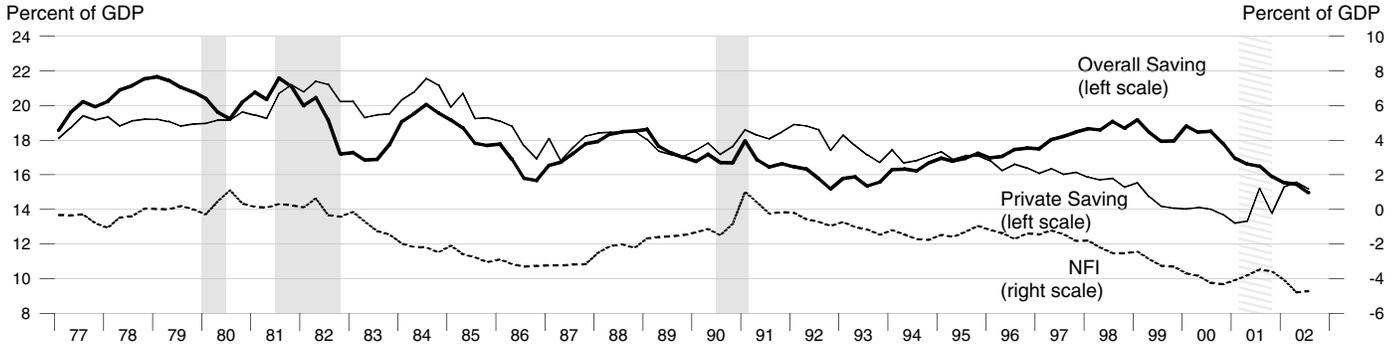


**Real Residential Fixed Investment**

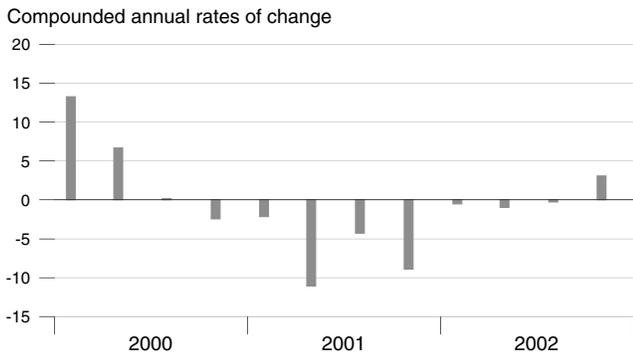
Percent change from year ago



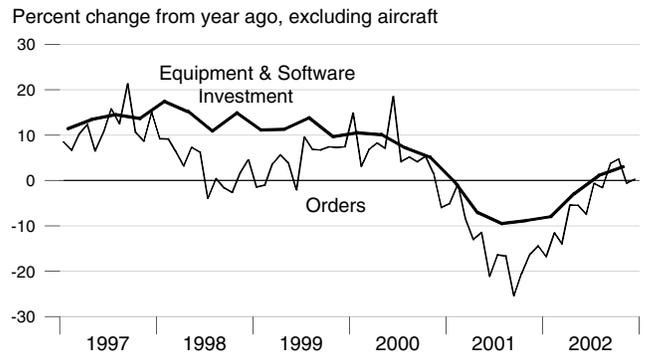
### Gross Saving Rates and Net Foreign Investment



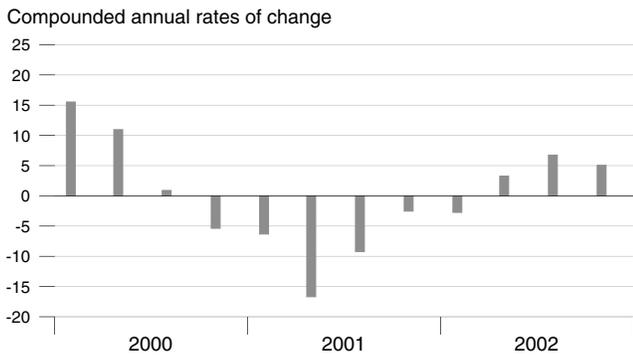
### Real Private Fixed Investment



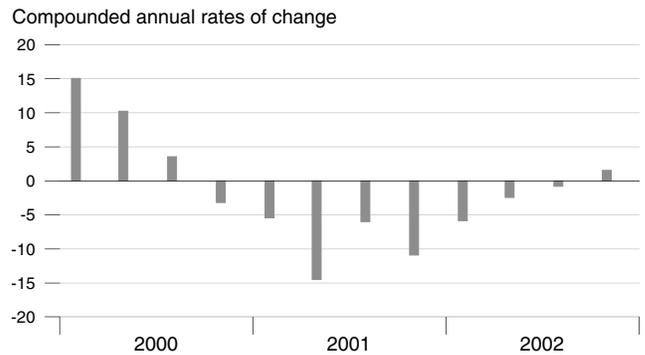
### Nondefense Capital Goods Orders



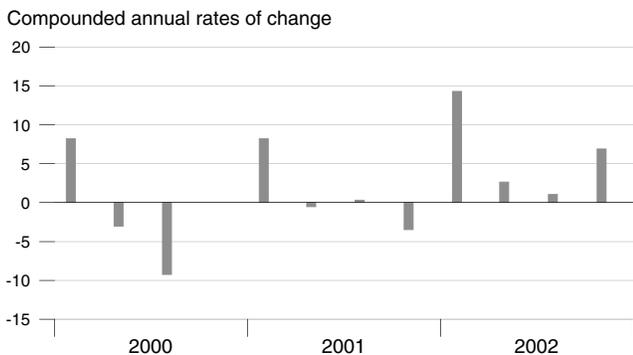
### Real Equipment & Software Investment



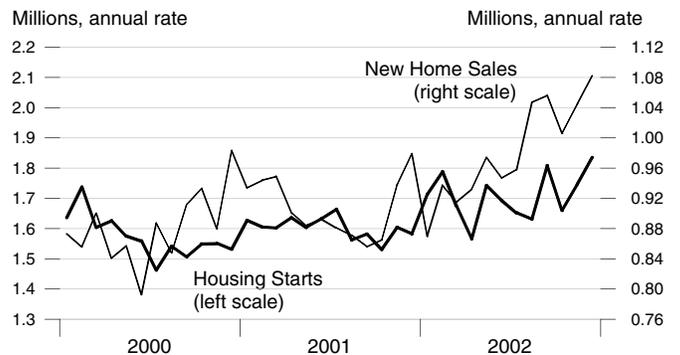
### Real Nonresidential Fixed Investment



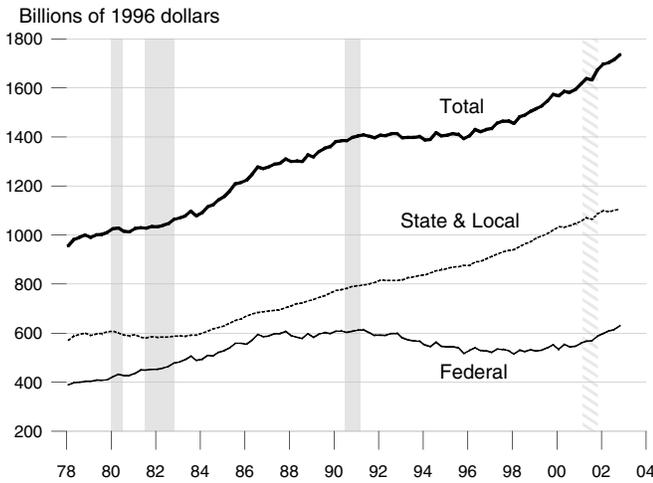
### Real Residential Fixed Investment



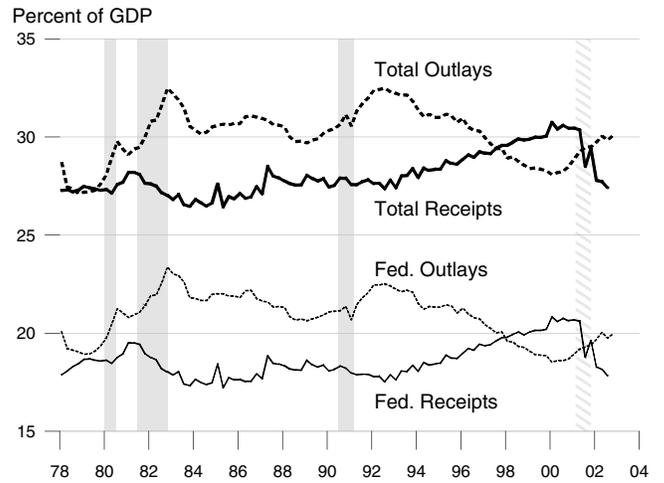
### Housing Starts and New Home Sales



**Govt. Consumption and Investment**



**Government Receipts and Outlays**



**Government Budgets**

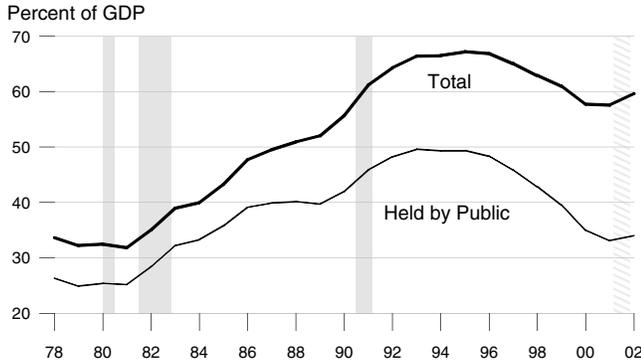
Billions of dollars

**National Income Accounts**  
Calendar Years

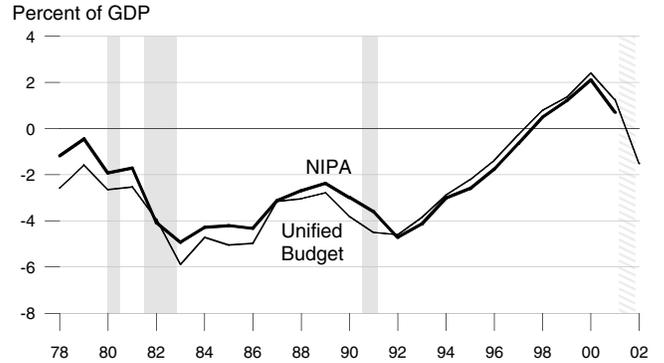
**Unified Budget**  
Fiscal Years

|        | State and Local |              |                        | Federal  |              |                        | Federal  |         |                        |
|--------|-----------------|--------------|------------------------|----------|--------------|------------------------|----------|---------|------------------------|
|        | Receipts        | Expenditures | Surplus or Deficit (-) | Receipts | Expenditures | Surplus or Deficit (-) | Receipts | Outlays | Surplus or Deficit (-) |
| 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   | 1144.1          | 1105.8       | 38.3                   | 1867.2   | 1755.3       | 111.9                  | 1827.5   | 1701.9  | 125.5                  |
| 2000   | 1214.2          | 1196.2       | 18.0                   | 2033.9   | 1827.1       | 206.8                  | 2025.2   | 1788.8  | 236.4                  |
| 2001   | 1261.3          | 1292.6       | -31.3                  | 2008.4   | 1936.4       | 72.0                   | 1991.0   | 1863.9  | 127.1                  |
| 2002   | .               | 1356.6       | .                      | .        | 2073.9       | .                      | 1853.3   | 2011.0  | -157.7                 |
| 2000Q1 | 1195.9          | 1163.2       | 32.7                   | 2009.6   | 1786.4       | 223.2                  | 433.7    | 448.7   | -15.0                  |
| 2000Q2 | 1204.7          | 1184.5       | 20.2                   | 2022.9   | 1825.7       | 197.2                  | 656.0    | 444.3   | 211.8                  |
| 2000Q3 | 1225.4          | 1206.2       | 19.2                   | 2049.1   | 1835.9       | 213.2                  | 491.7    | 431.3   | 60.4                   |
| 2000Q4 | 1230.8          | 1231.0       | -0.2                   | 2054.1   | 1860.3       | 193.8                  | 462.0    | 464.3   | -2.3                   |
| 2001Q1 | 1247.3          | 1263.8       | -16.5                  | 2072.9   | 1899.1       | 173.8                  | 459.8    | 482.2   | -22.5                  |
| 2001Q2 | 1261.1          | 1293.4       | -32.3                  | 2072.3   | 1927.8       | 144.5                  | 660.3    | 466.5   | 193.7                  |
| 2001Q3 | 1253.6          | 1299.8       | -46.2                  | 1896.0   | 1947.7       | -51.7                  | 409.0    | 450.7   | -41.7                  |
| 2001Q4 | 1283.2          | 1313.3       | -30.1                  | 1992.3   | 1971.0       | 21.3                   | 466.3    | 501.7   | -35.4                  |
| 2002Q1 | 1273.3          | 1329.1       | -55.8                  | 1884.7   | 2030.5       | -145.8                 | 412.6    | 509.2   | -96.6                  |
| 2002Q2 | 1302.5          | 1347.6       | -45.1                  | 1883.7   | 2079.3       | -195.6                 | 522.6    | 506.9   | 15.6                   |
| 2002Q3 | 1312.6          | 1365.0       | -52.4                  | 1874.0   | 2074.6       | -200.6                 | 451.8    | 493.2   | -41.4                  |
| 2002Q4 | .               | 1384.5       | .                      | .        | 2111.2       | .                      | 427.4    | 536.1   | -108.7                 |

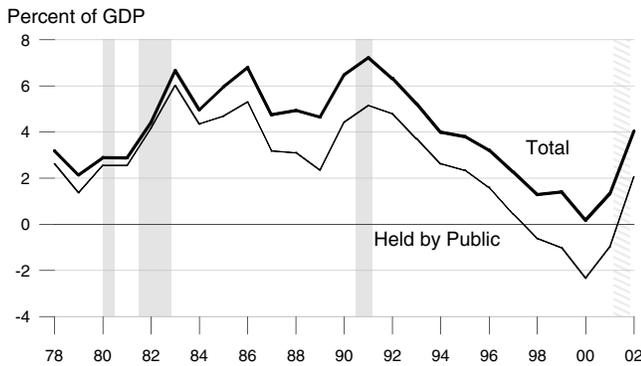
**Federal Debt**



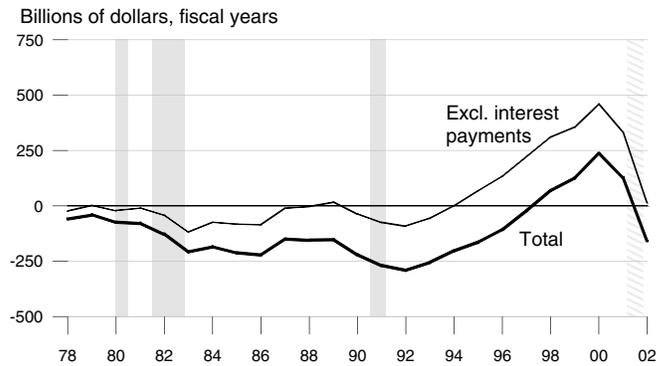
**Federal Surplus (+) / Deficit (-)**



**Change in Federal Debt**



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

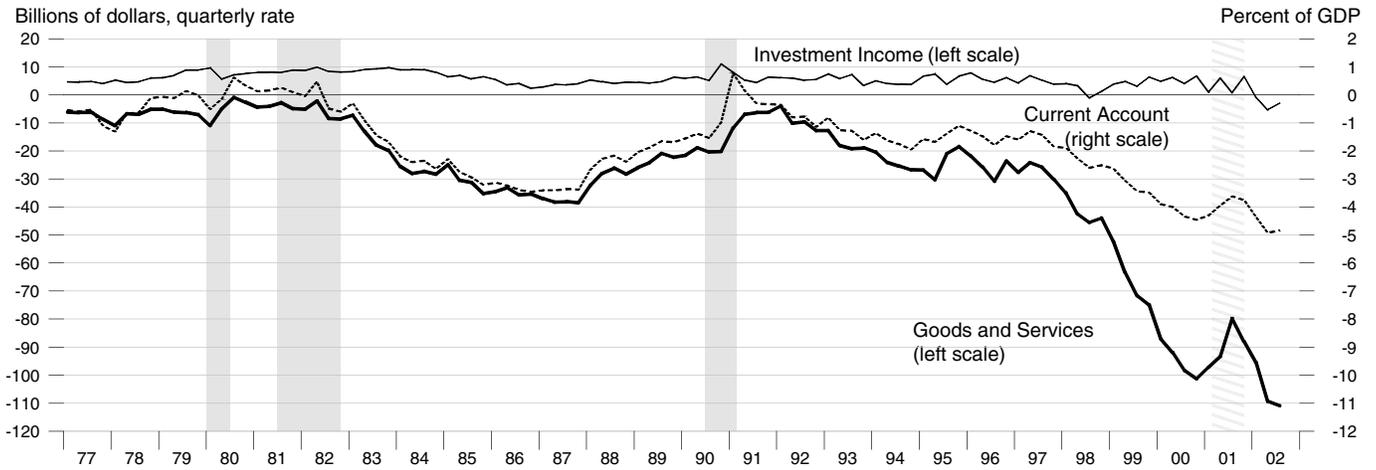


**Federal Government Debt**

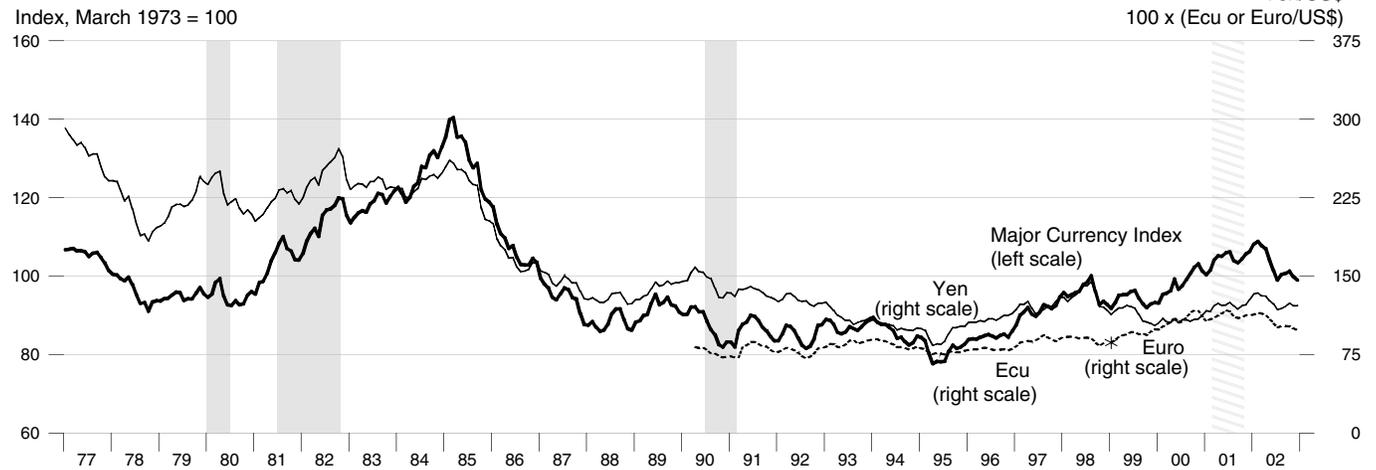
Billions of dollars, end of month or fiscal year  
Excludes Agency-issued debt

|           | Total Public Debt | Held by Agencies and Trusts | Held by Public |                       | Held by Private Investors |                           |
|-----------|-------------------|-----------------------------|----------------|-----------------------|---------------------------|---------------------------|
|           |                   |                             | Total          | Federal Reserve Banks | Total                     | Foreign and International |
| 2000      | 5674.2            | 2235.7                      | 3438.5         | 511.4                 | 2936.2                    | 1057.9                    |
| 2001      | 5807.5            | 2468.8                      | 3338.7         | 534.1                 | 2779.7                    | 1005.5                    |
| 2002      | 6228.2            | 2675.7                      | 3552.6         | 604.2                 | 2924.8                    | 1133.7                    |
| 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                    | 1106.9                    |
| June      | 5685.9            | 2190.2                      | 3495.7         | 505.0                 | 2987.4                    | 1082.0                    |
| September | 5674.2            | 2235.7                      | 3438.5         | 511.4                 | 2936.2                    | 1057.9                    |
| December  | 5662.2            | 2248.7                      | 3527.4         | 511.7                 | 2880.4                    | 1034.2                    |
| 2001      |                   |                             |                |                       |                           |                           |
| March     | 5773.7            | 2339.4                      | 3434.4         | 523.9                 | 2892.9                    | 1029.9                    |
| June      | 5726.8            | 2452.6                      | 3274.2         | 535.1                 | 2722.6                    | 1000.5                    |
| September | 5807.5            | 2468.8                      | 3338.7         | 534.1                 | 2779.7                    | 1005.5                    |
| December  | 5943.4            | 2549.7                      | 3393.8         | 551.7                 | 2819.5                    | 1053.1                    |
| 2002      |                   |                             |                |                       |                           |                           |
| March     | 6006.0            | 2562.4                      | 3443.7         | 575.4                 | 2849.2                    | 1055.7                    |
| June      | 6126.5            | 2662.9                      | 3463.5         | 590.7                 | 2849.8                    | 1071.3                    |
| September | 6228.2            | 2675.7                      | 3552.6         | 604.2                 | 2924.8                    | 1133.7                    |

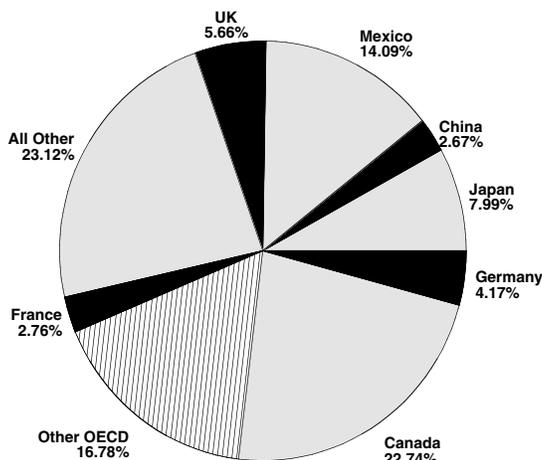
### Current Account, Trade and Investment Income Balances



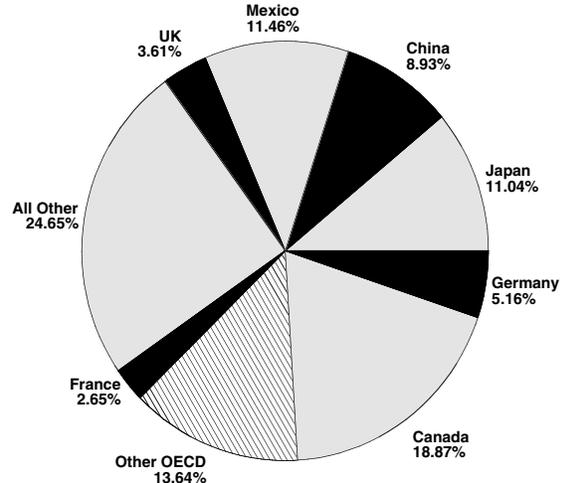
### Exchange Rates



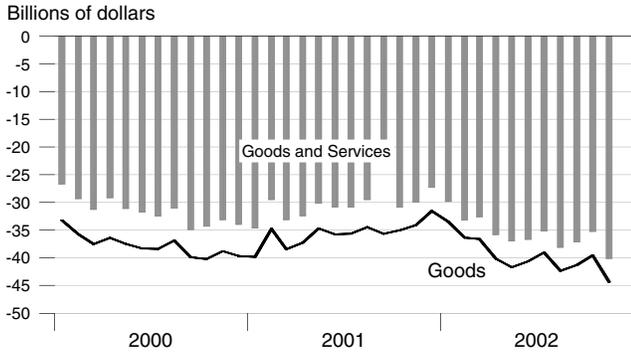
### Goods Export Shares, 2001



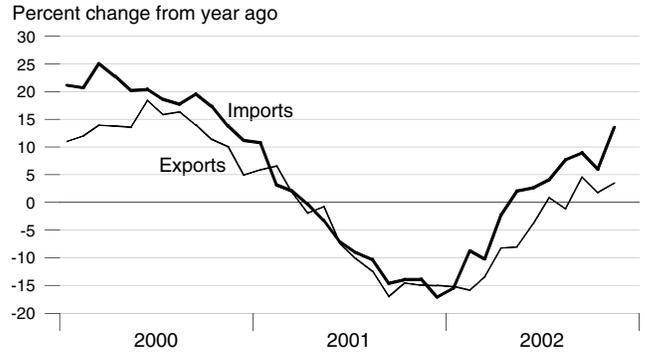
### Goods Import Shares, 2001



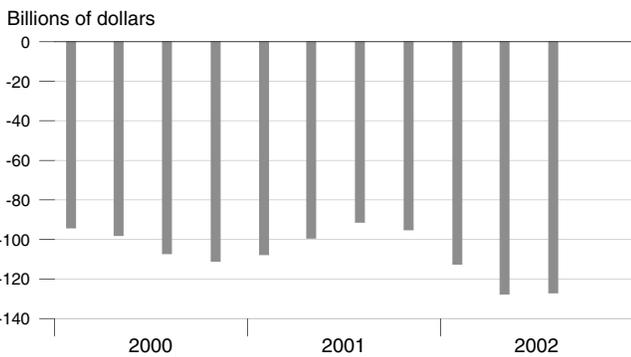
### Trade Balance



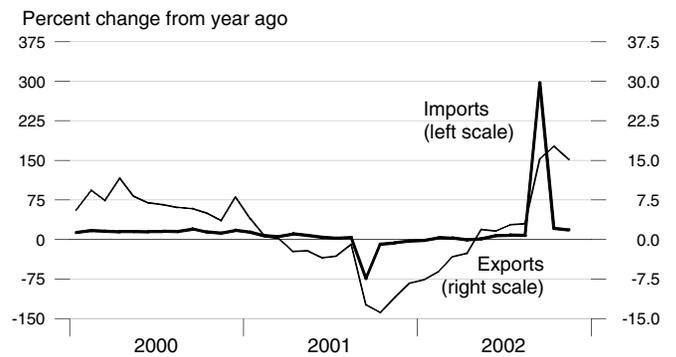
### Goods Trade



### Current Account Balance

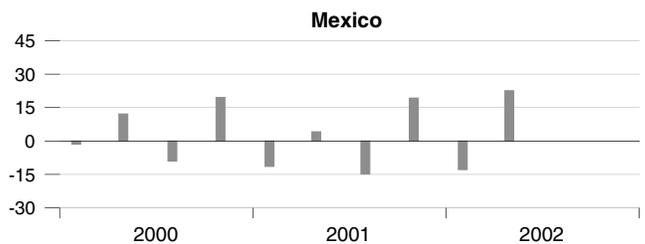
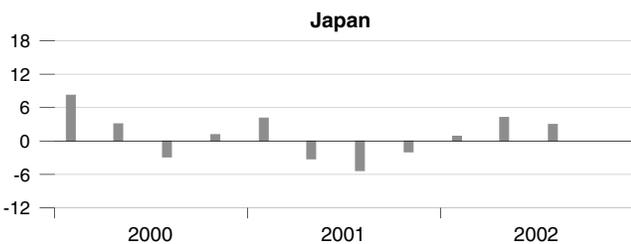
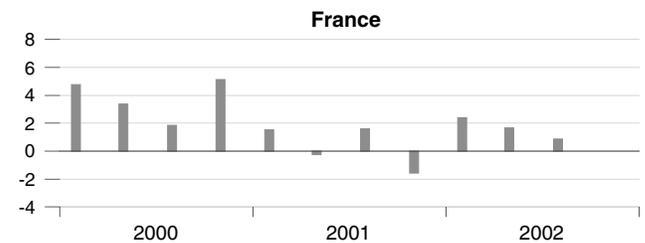
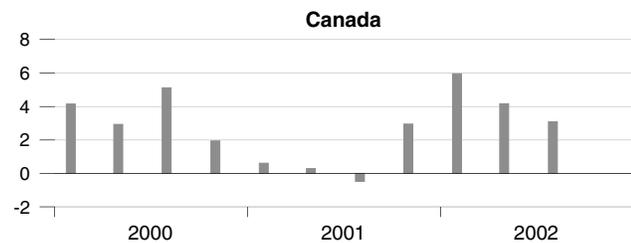
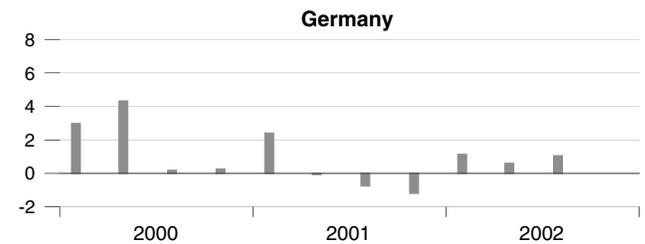
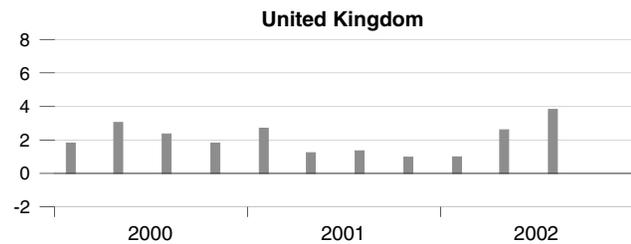


### Services Trade

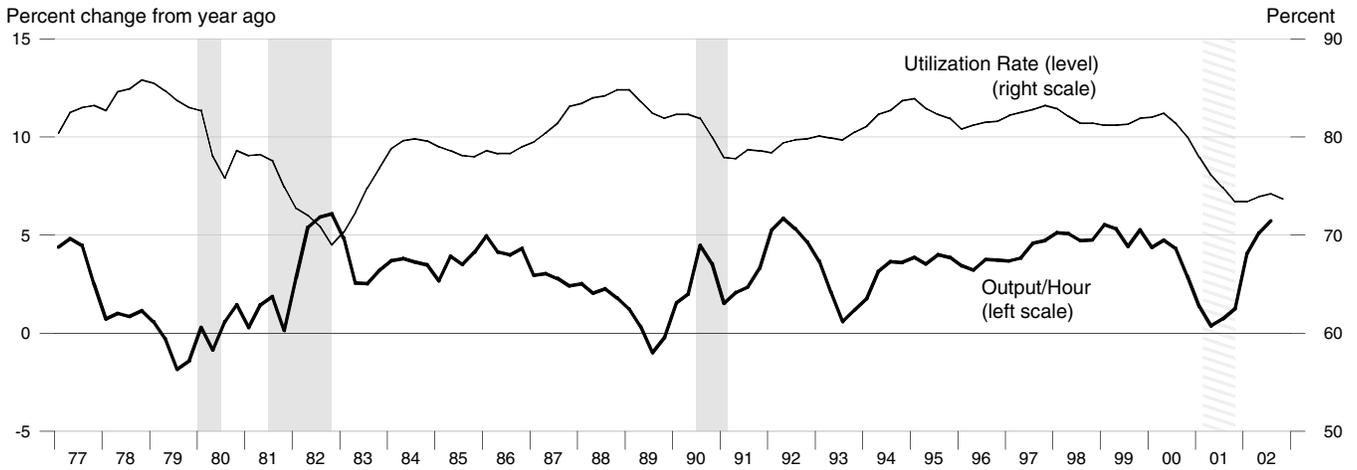


### Real GDP Growth of Major Trading Partners

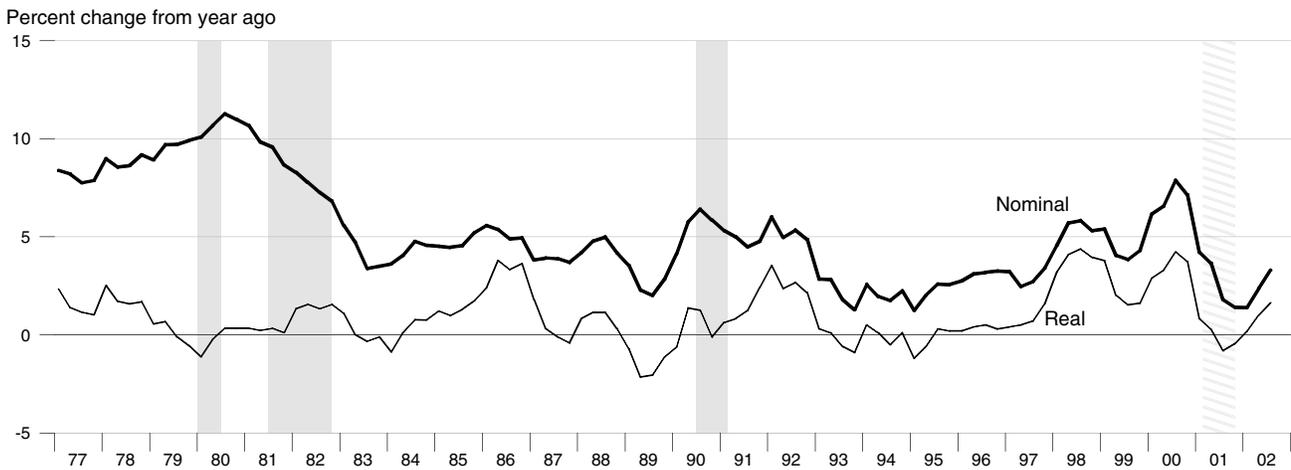
Compounded annual rates of change



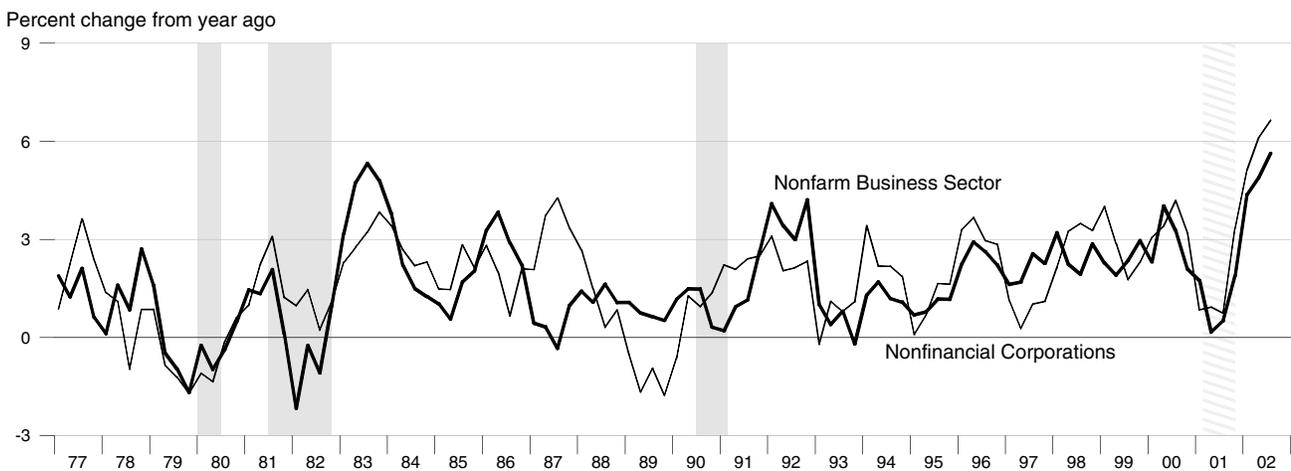
### Output per Hour and Capacity Utilization, Manufacturing



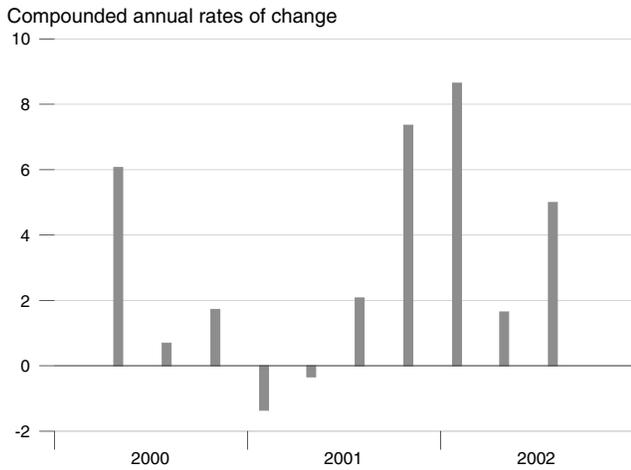
### Nonfarm Compensation per Hour



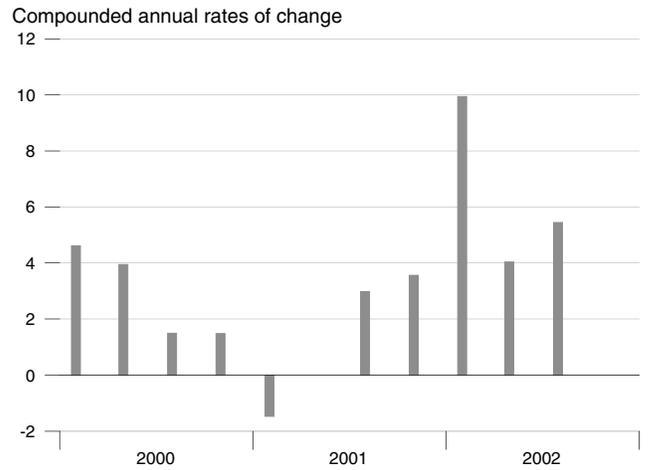
### Output per Hour, Nonfarm Business and Nonfarm, Nonfinancial Corporations



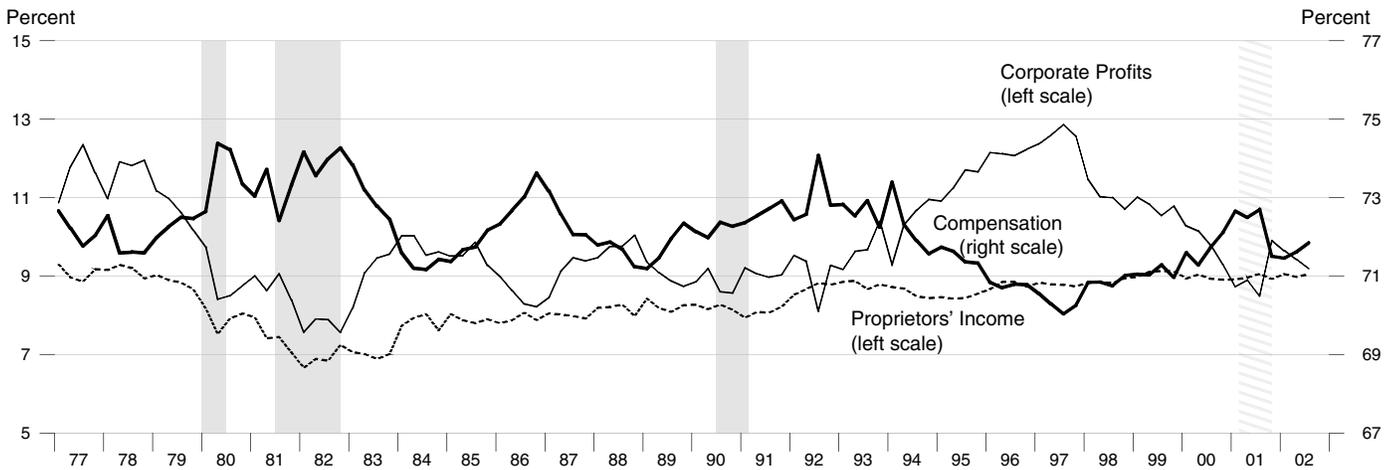
### Nonfarm Output per Hour



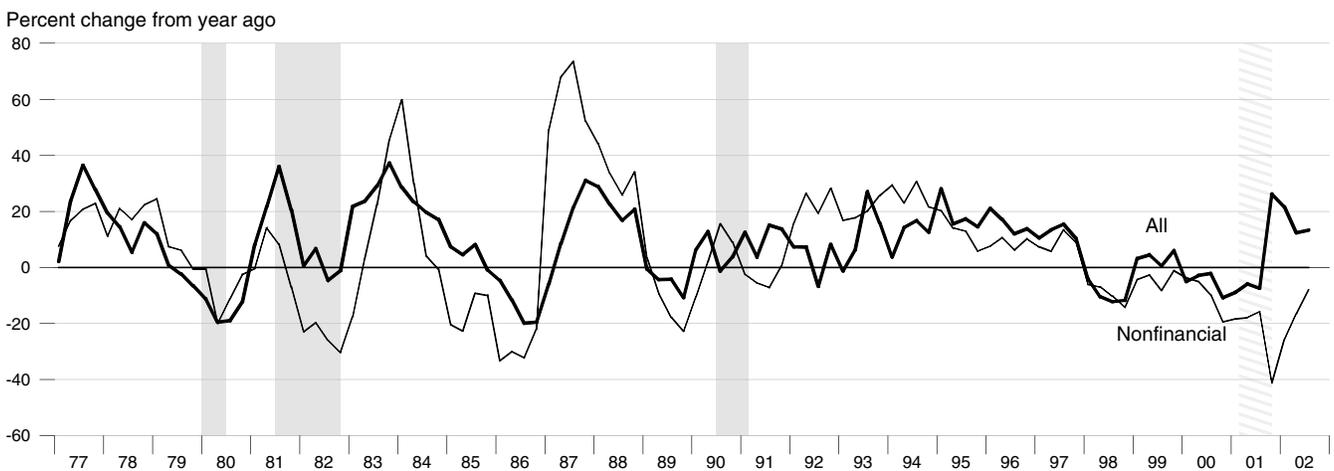
### Manufacturing Output per Hour



### 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                   |                |          |
| 1999 | 9274.3         |                     | 5.6            | 8858.963            |                      | 4.1            | 8793.899            |                          | 4.3            |                               | 62.755                          |                |          |
| 2000 | 9824.6         |                     | 5.9            | 9191.413            |                      | 3.8            | 9121.104            |                          | 3.7            |                               | 64.976                          |                |          |
| 2001 | 10082.2        |                     | 2.6            | 9214.540            |                      | 0.3            | 9258.399            |                          | 1.5            |                               | -61.357                         |                |          |
| 2002 | 10442.1        |                     | 3.6            | 9436.122            |                      | 2.4            | 9425.640            |                          | 1.8            |                               | -0.474                          |                |          |
| 1999 | 1              | 9092.7              | 4.9            | 5.4                 | 8733.200             | 3.0            | 4.0                 | 8654.300                 | 3.1            | 4.4                           | 80.000                          | 68.450         |          |
|      | 2              | 9171.7              | 3.5            | 5.5                 | 8775.500             | 2.0            | 3.9                 | 8741.000                 | 4.1            | 4.1                           | 31.200                          | 65.750         |          |
|      | 3              | 9316.5              | 6.5            | 5.7                 | 8886.900             | 5.2            | 4.2                 | 8833.600                 | 4.3            | 4.5                           | 47.600                          | 59.700         |          |
|      | 4              | 9516.4              | 8.9            | 5.9                 | 9040.100             | 7.1            | 4.3                 | 8946.600                 | 5.2            | 4.2                           | 92.200                          | 62.750         |          |
| 2000 | 1              | 9649.5              | 5.7            | 6.1                 | 9097.400             | 2.6            | 4.2                 | 9042.900                 | 4.4            | 4.5                           | 45.300                          | 54.075         |          |
|      | 2              | 9820.7              | 7.3            | 7.1                 | 9205.700             | 4.8            | 4.9                 | 9111.100                 | 3.1            | 4.2                           | 91.500                          | 69.150         |          |
|      | 3              | 9874.8              | 2.2            | 6.0                 | 9218.700             | 0.6            | 3.7                 | 9150.400                 | 1.7            | 3.6                           | 63.100                          | 73.025         |          |
|      | 4              | 9953.6              | 3.2            | 4.6                 | 9243.800             | 1.1            | 2.3                 | 9179.800                 | 1.3            | 2.6                           | 59.900                          | 64.950         |          |
| 2001 | 1              | 10028.1             | 3.0            | 3.9                 | 9229.900             | -0.6           | 1.5                 | 9243.800                 | 2.8            | 2.2                           | -26.900                         | 46.900         |          |
|      | 2              | 10049.9             | 0.9            | 2.3                 | 9193.100             | -1.6           | -0.1                | 9234.300                 | -0.4           | 1.4                           | -58.300                         | 9.450          |          |
|      | 3              | 10097.7             | 1.9            | 2.3                 | 9186.400             | -0.3           | -0.4                | 9230.500                 | -0.2           | 0.9                           | -61.800                         | -21.775        |          |
|      | 4              | 10152.9             | 2.2            | 2.0                 | 9248.800             | 2.7            | 0.1                 | 9324.900                 | 4.2            | 1.6                           | -98.400                         | -61.350        |          |
| 2002 | 1              | 10313.1             | 6.5            | 2.8                 | 9363.200             | 5.0            | 1.4                 | 9379.400                 | 2.4            | 1.5                           | -28.900                         | -61.850        |          |
|      | 2              | 10376.9             | 2.5            | 3.3                 | 9392.400             | 1.3            | 2.2                 | 9377.900                 | -0.1           | 1.6                           | 4.900                           | -46.050        |          |
|      | 3              | 10506.2             | 5.1            | 4.0                 | 9485.600             | 4.0            | 3.3                 | 9457.200                 | 3.4            | 2.5                           | 18.800                          | -25.900        |          |
|      | 4              | 10572.3             | 2.5            | 4.1                 | 9503.200             | 0.7            | 2.8                 | 9488.200                 | 1.3            | 1.8                           | 3.300                           | -0.475         |          |
|      |                | 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 |
| 1999 |                | 5964.464            |                | 4.9                 | 812.539              |                | 11.8                | 1595.205                 |                | 7.8                           | 1228.392                        |                | 8.1      |
| 2000 |                | 6223.930            |                | 4.4                 | 878.945              |                | 8.2                 | 1691.893                 |                | 6.1                           | 1324.199                        |                | 7.8      |
| 2001 |                | 6377.231            |                | 2.5                 | 931.888              |                | 6.0                 | 1627.414                 |                | -3.8                          | 1255.132                        |                | -5.2     |
| 2002 |                | 6572.956            |                | 3.1                 | 1000.474             |                | 7.4                 | 1576.059                 |                | -3.2                          | 1182.835                        |                | -5.8     |
| 1999 | 1              | 5851.400            | 4.7            | 4.9                 | 777.600              | 5.5            | 12.3                | 1560.500                 | 7.7            | 9.0                           | 1197.500                        | 7.7            | 8.9      |
|      | 2              | 5932.800            | 5.7            | 4.8                 | 804.200              | 14.4           | 11.7                | 1587.600                 | 7.1            | 7.9                           | 1220.400                        | 7.9            | 7.8      |
|      | 3              | 6000.100            | 4.6            | 5.0                 | 824.100              | 10.3           | 13.3                | 1610.600                 | 5.9            | 8.4                           | 1243.300                        | 7.7            | 9.4      |
|      | 4              | 6073.600            | 5.0            | 5.0                 | 844.200              | 10.1           | 10.0                | 1622.200                 | 2.9            | 5.9                           | 1252.400                        | 3.0            | 6.6      |
| 2000 | 1              | 6151.900            | 5.3            | 5.1                 | 879.500              | 17.8           | 13.1                | 1673.600                 | 13.3           | 7.2                           | 1297.100                        | 15.1           | 8.3      |
|      | 2              | 6198.200            | 3.0            | 4.5                 | 871.300              | -3.7           | 8.3                 | 1700.900                 | 6.7            | 7.1                           | 1329.100                        | 10.2           | 8.9      |
|      | 3              | 6256.800            | 3.8            | 4.3                 | 888.500              | 8.1            | 7.8                 | 1701.700                 | 0.2            | 5.7                           | 1340.700                        | 3.5            | 7.8      |
|      | 4              | 6288.800            | 2.1            | 3.5                 | 876.500              | -5.3           | 3.8                 | 1691.300                 | -2.4           | 4.3                           | 1329.900                        | -3.2           | 6.2      |
| 2001 | 1              | 6326.000            | 2.4            | 2.8                 | 900.600              | 11.5           | 2.4                 | 1682.100                 | -2.2           | 0.5                           | 1311.400                        | -5.4           | 1.1      |
|      | 2              | 6348.000            | 1.4            | 2.4                 | 912.400              | 5.3            | 4.7                 | 1633.500                 | -11.1          | -4.0                          | 1261.000                        | -14.5          | -5.1     |
|      | 3              | 6370.900            | 1.5            | 1.8                 | 922.600              | 4.5            | 3.8                 | 1615.700                 | -4.3           | -5.1                          | 1241.700                        | -6.0           | -7.4     |
|      | 4              | 6464.000            | 6.0            | 2.8                 | 992.000              | 33.7           | 13.2                | 1578.400                 | -8.9           | -6.7                          | 1206.400                        | -10.9          | -9.3     |
| 2002 | 1              | 6513.800            | 3.1            | 3.0                 | 975.900              | -6.3           | 8.4                 | 1576.400                 | -0.5           | -6.3                          | 1188.400                        | -5.8           | -9.4     |
|      | 2              | 6542.400            | 1.8            | 3.1                 | 980.700              | 2.0            | 7.5                 | 1572.600                 | -1.0           | -3.7                          | 1181.100                        | -2.4           | -6.3     |
|      | 3              | 6609.900            | 4.2            | 3.8                 | 1032.400             | 22.8           | 11.9                | 1571.600                 | -0.3           | -2.7                          | 1178.700                        | -0.8           | -5.1     |
|      | 4              | 6625.700            | 1.0            | 2.5                 | 1012.900             | -7.3           | 2.1                 | 1583.600                 | 3.1            | 0.3                           | 1183.200                        | 1.5            | -1.9     |

|      | 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       |          |
| 1999 | 104.690               |                     | 1.4            | 142.4                 |                     | 3.2            | 140.3                   |                | 3.4            | 147.6                         |                | 2.8            |          |
| 2000 | 106.890               |                     | 2.1            | 149.0                 |                     | 4.6            | 146.0                   |                | 4.1            | 156.0                         |                | 5.7            |          |
| 2001 | 109.420               |                     | 2.4            | 155.0                 |                     | 4.1            | 151.4                   |                | 3.7            | 163.7                         |                | 4.9            |          |
| 2002 | 110.660               |                     | 1.1            | 160.8                 |                     | 3.7            | 156.4                   |                | 3.3            | 171.7                         |                | 4.9            |          |
| 1999 | 1                     | 104.120             | 1.8            | 1.3                   | 140.2               | 1.1            | 3.0                     | 138.1          | 1.8            | 3.3                           | 145.2          | 0.0            | 2.2      |
|      | 2                     | 104.520             | 1.5            | 1.5                   | 141.8               | 4.6            | 3.3                     | 139.7          | 4.7            | 3.6                           | 146.7          | 4.2            | 2.5      |
|      | 3                     | 104.840             | 1.2            | 1.4                   | 143.1               | 3.7            | 3.2                     | 140.9          | 3.5            | 3.2                           | 148.2          | 4.2            | 2.8      |
|      | 4                     | 105.280             | 1.7            | 1.6                   | 144.6               | 4.3            | 3.4                     | 142.3          | 4.0            | 3.5                           | 150.2          | 5.5            | 3.4      |
| 2000 | 1                     | 106.080             | 3.1            | 1.9                   | 146.6               | 5.6            | 4.6                     | 143.9          | 4.6            | 4.2                           | 153.1          | 7.9            | 5.4      |
|      | 2                     | 106.690             | 2.3            | 2.1                   | 148.3               | 4.7            | 4.6                     | 145.4          | 4.2            | 4.1                           | 155.1          | 5.3            | 5.7      |
|      | 3                     | 107.130             | 1.7            | 2.2                   | 149.8               | 4.1            | 4.7                     | 146.7          | 3.6            | 4.1                           | 157.0          | 5.0            | 5.9      |
|      | 4                     | 107.680             | 2.1            | 2.3                   | 151.1               | 3.5            | 4.5                     | 147.9          | 3.3            | 3.9                           | 158.8          | 4.7            | 5.7      |
| 2001 | 1                     | 108.660             | 3.7            | 2.4                   | 152.8               | 4.6            | 4.2                     | 149.4          | 4.1            | 3.8                           | 160.8          | 5.1            | 5.0      |
|      | 2                     | 109.320             | 2.5            | 2.5                   | 154.3               | 4.0            | 4.0                     | 150.9          | 4.1            | 3.8                           | 162.5          | 4.3            | 4.8      |
|      | 3                     | 109.920             | 2.2            | 2.6                   | 155.7               | 3.7            | 3.9                     | 152.0          | 2.9            | 3.6                           | 164.7          | 5.5            | 4.9      |
|      | 4                     | 109.780             | -0.5           | 2.0                   | 157.3               | 4.2            | 4.1                     | 153.4          | 3.7            | 3.7                           | 166.8          | 5.2            | 5.0      |
| 2002 | 1                     | 110.140             | 1.3            | 1.4                   | 158.7               | 3.6            | 3.9                     | 154.8          | 3.7            | 3.6                           | 168.6          | 4.4            | 4.9      |
|      | 2                     | 110.480             | 1.2            | 1.1                   | 160.4               | 4.4            | 4.0                     | 156.3          | 3.9            | 3.6                           | 170.9          | 5.6            | 5.2      |
|      | 3                     | 110.760             | 1.0            | 0.8                   | 161.4               | 2.5            | 3.7                     | 156.9          | 1.5            | 3.2                           | 172.6          | 4.0            | 4.8      |
|      | 4                     | 111.240             | 1.7            | 1.3                   | 162.5               | 2.8            | 3.3                     | 157.6          | 1.8            | 2.7                           | 174.7          | 5.0            | 4.7      |
|      |                       | Exports             |                | Imports               |                     |                | Nonfarm Output per Hour |                |                | Nonfarm Compensation per Hour |                |                |          |
|      |                       | 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       | Annual rate                   | Year ago       | Annual rate    | Year ago |
| 1999 |                       | 1036.329            |                | 3.4                   | 1356.816            |                | 10.9                    | 112.9          |                | 2.4                           | 124.3          |                | 4.4      |
| 2000 |                       | 1137.199            |                | 9.7                   | 1535.958            |                | 13.2                    | 116.2          |                | 2.9                           | 133.0          |                | 7.0      |
| 2001 |                       | 1076.121            |                | -5.4                  | 1492.010            |                | -2.9                    | 117.5          |                | 1.1                           | 136.6          |                | 2.7      |
| 2002 |                       | 1061.682            |                | -1.3                  | 1543.904            |                | 3.5                     |                |                |                               |                |                |          |
| 1999 | 1                     | 1007.490            | -6.9           | 0.4                   | 1290.659            | 8.4            | 9.0                     | 112.1          | 2.5            | 2.3                           | 123.2          | 7.1            | 5.4      |
|      | 2                     | 1018.076            | 4.3            | 2.5                   | 1337.698            | 15.4           | 10.0                    | 111.9          | -0.7           | 1.9                           | 123.4          | 0.7            | 4.0      |
|      | 3                     | 1044.100            | 10.6           | 5.7                   | 1383.736            | 14.5           | 12.6                    | 112.9          | 3.6            | 2.4                           | 124.5          | 3.6            | 3.8      |
|      | 4                     | 1075.631            | 12.6           | 4.9                   | 1415.153            | 9.4            | 11.9                    | 114.7          | 6.5            | 3.0                           | 126.3          | 5.9            | 4.3      |
| 2000 | 1                     | 1095.781            | 7.7            | 8.8                   | 1464.619            | 14.7           | 13.5                    | 114.7          | 0.0            | 2.3                           | 130.8          | 15.0           | 6.2      |
|      | 2                     | 1133.877            | 14.6           | 11.4                  | 1528.465            | 18.6           | 14.3                    | 116.4          | 6.1            | 4.0                           | 131.5          | 2.2            | 6.6      |
|      | 3                     | 1165.469            | 11.6           | 11.6                  | 1578.615            | 13.8           | 14.1                    | 116.6          | 0.7            | 3.3                           | 134.3          | 8.8            | 7.9      |
|      | 4                     | 1153.668            | -4.0           | 7.3                   | 1572.152            | -1.6           | 11.1                    | 117.1          | 1.7            | 2.1                           | 135.3          | 3.0            | 7.1      |
| 2001 | 1                     | 1135.809            | -6.0           | 3.7                   | 1540.311            | -7.9           | 5.2                     | 116.7          | -1.4           | 1.7                           | 136.3          | 3.0            | 4.2      |
|      | 2                     | 1098.832            | -12.4          | -3.1                  | 1513.594            | -6.8           | -1.0                    | 116.6          | -0.3           | 0.2                           | 136.3          | 0.0            | 3.7      |
|      | 3                     | 1048.017            | -17.3          | -10.1                 | 1466.988            | -11.8          | -7.1                    | 117.2          | 2.1            | 0.5                           | 136.7          | 1.2            | 1.8      |
|      | 4                     | 1021.827            | -9.6           | -11.4                 | 1447.158            | -5.3           | -8.0                    | 119.3          | 7.4            | 1.9                           | 137.2          | 1.5            | 1.4      |
| 2002 | 1                     | 1030.560            | 3.5            | -9.3                  | 1477.140            | 8.5            | -4.1                    | 121.8          | 8.6            | 4.4                           | 138.2          | 2.9            | 1.4      |
|      | 2                     | 1065.526            | 14.3           | -3.0                  | 1552.919            | 22.2           | 2.6                     | 122.3          | 1.7            | 4.9                           | 139.5          | 3.8            | 2.3      |
|      | 3                     | 1077.659            | 4.6            | 2.8                   | 1565.680            | 3.3            | 6.7                     | 123.8          | 5.0            | 5.6                           | 141.2          | 5.0            | 3.3      |
|      | 4                     | 1072.983            | -1.7           | 5.0                   | 1579.877            | 3.7            | 9.2                     |                |                |                               |                |                |          |

|      |      | Household Survey Employment |        |                |          | Nonfarm Payroll Employment |        |                |          | Nonfarm Aggregate Hours |                |             |          |
|------|------|-----------------------------|--------|----------------|----------|----------------------------|--------|----------------|----------|-------------------------|----------------|-------------|----------|
|      |      | Thousands                   | Change | Percent change |          | Thousands                  | Change | Percent change |          | Index                   | Percent change |             |          |
|      |      |                             |        | Annual rate    | Year ago |                            |        | Annual rate    | Year ago |                         | Monthly rate   | Annual rate | Year ago |
|      | 1998 | 131472                      | 1900   |                | 1.5      | 125851                     | 3180   |                | 2.6      | 145.2                   |                |             | 2.7      |
|      | 1999 | 133503                      | 2031   |                | 1.5      | 128904                     | 3053   |                | 2.4      | 148.4                   |                |             | 2.2      |
|      | 2000 | 135219                      | 1716   |                | 1.3      | 131719                     | 2814   |                | 2.2      | 151.3                   |                |             | 1.9      |
|      | 2001 | 135043                      | -176   |                | -0.1     | 131925                     | 207    |                | 0.2      | 150.0                   |                |             | -0.8     |
|      | 2002 | 134244                      | -799   |                | -0.6     | 130779                     | -1146  |                | -0.9     | 148.0                   |                |             | -1.4     |
| 2000 | 1    | 134995                      | 703    | 2.1            | 1.6      | 130995                     | 882    | 2.7            | 2.5      | 150.9                   | 0.6            | 2.5         | 2.7      |
|      | 2    | 135246                      | 251    | 0.7            | 1.5      | 131819                     | 824    | 2.5            | 2.6      | 151.3                   | 0.2            | 1.0         | 2.3      |
|      | 3    | 134987                      | -259   | -0.8           | 1.1      | 131876                     | 57     | 0.2            | 2.1      | 151.4                   | 0.1            | 0.3         | 1.8      |
|      | 4    | 135649                      | 662    | 2.0            | 1.0      | 132185                     | 309    | 0.9            | 1.6      | 151.5                   | 0.1            | 0.3         | 1.0      |
| 2001 | 1    | 135804                      | 155    | 0.5            | 0.6      | 132433                     | 249    | 0.8            | 1.1      | 151.3                   | -0.1           | -0.4        | 0.3      |
|      | 2    | 135221                      | -583   | -1.7           | -0.0     | 132193                     | -240   | -0.7           | 0.3      | 150.7                   | -0.4           | -1.6        | -0.4     |
|      | 3    | 134839                      | -381   | -1.1           | -0.1     | 131943                     | -250   | -0.8           | 0.1      | 149.8                   | -0.6           | -2.5        | -1.1     |
|      | 4    | 134308                      | -532   | -1.6           | -1.0     | 131130                     | -813   | -2.4           | -0.8     | 148.2                   | -1.0           | -4.0        | -2.2     |
| 2002 | 1    | 133894                      | -414   | -1.2           | -1.4     | 130759                     | -371   | -1.1           | -1.3     | 148.0                   | -0.1           | -0.5        | -2.2     |
|      | 2    | 134149                      | 255    | 0.8            | -0.8     | 130706                     | -53    | -0.2           | -1.1     | 148.1                   | 0.1            | 0.3         | -1.7     |
|      | 3    | 134568                      | 419    | 1.3            | -0.2     | 130844                     | 138    | 0.4            | -0.8     | 147.9                   | -0.2           | -0.7        | -1.3     |
|      | 4    | 134364                      | -204   | -0.6           | 0.0      | 130806                     | -38    | -0.1           | -0.2     | 147.9                   | 0.0            | 0.0         | -0.2     |
| 2000 | Dec  | 135888                      | 315    | 2.8            | 1.0      | 132319                     | 102    | 0.9            | 1.5      | 150.9                   | -0.6           | -6.9        | 0.4      |
| 2001 | Jan  | 135870                      | -18    | -0.2           | 0.7      | 132382                     | 63     | 0.6            | 1.3      | 151.8                   | 0.6            | 7.4         | 0.7      |
|      | Feb  | 135734                      | -136   | -1.2           | 0.5      | 132457                     | 75     | 0.7            | 1.2      | 151.1                   | -0.5           | -5.4        | 0.1      |
|      | Mar  | 135808                      | 74     | 0.7            | 0.6      | 132461                     | 4      | 0.0            | 0.8      | 151.1                   | 0.0            | 0.0         | -0.1     |
|      | Apr  | 135424                      | -384   | -3.3           | -0.1     | 132243                     | -218   | -2.0           | 0.5      | 150.9                   | -0.1           | -1.6        | -0.5     |
|      | May  | 135235                      | -189   | -1.7           | 0.2      | 132229                     | -14    | -0.1           | 0.3      | 150.8                   | -0.1           | -0.8        | -0.1     |
|      | Jun  | 135003                      | -232   | -2.0           | -0.2     | 132108                     | -121   | -1.1           | 0.1      | 150.5                   | -0.2           | -2.4        | -0.5     |
|      | Jul  | 135106                      | 103    | 0.9            | 0.2      | 132045                     | -63    | -0.6           | 0.2      | 150.2                   | -0.2           | -2.4        | -0.8     |
|      | Aug  | 134408                      | -698   | -6.0           | -0.5     | 131966                     | -79    | -0.7           | 0.1      | 149.7                   | -0.3           | -3.9        | -1.1     |
|      | Sep  | 135004                      | 596    | 5.5            | -0.1     | 131819                     | -147   | -1.3           | -0.2     | 149.4                   | -0.2           | -2.4        | -1.4     |
|      | Oct  | 134615                      | -389   | -3.4           | -0.6     | 131414                     | -405   | -3.6           | -0.5     | 148.5                   | -0.6           | -7.0        | -2.2     |
|      | Nov  | 134253                      | -362   | -3.2           | -1.0     | 131087                     | -327   | -2.9           | -0.9     | 148.1                   | -0.3           | -3.2        | -2.4     |
|      | Dec  | 134055                      | -198   | -1.8           | -1.3     | 130890                     | -197   | -1.8           | -1.1     | 148.1                   | 0.0            | 0.0         | -1.9     |
| 2002 | Jan  | 133468                      | -587   | -5.1           | -1.8     | 130871                     | -19    | -0.2           | -1.1     | 148.0                   | -0.1           | -0.8        | -2.5     |
|      | Feb  | 134319                      | 851    | 7.9            | -1.0     | 130706                     | -165   | -1.5           | -1.3     | 148.1                   | 0.1            | 0.8         | -2.0     |
|      | Mar  | 133894                      | -425   | -3.7           | -1.4     | 130701                     | -5     | -0.0           | -1.3     | 148.0                   | -0.1           | -0.8        | -2.1     |
|      | Apr  | 133976                      | 82     | 0.7            | -1.1     | 130680                     | -21    | -0.2           | -1.2     | 148.0                   | 0.0            | 0.0         | -1.9     |
|      | May  | 134417                      | 441    | 4.0            | -0.6     | 130702                     | 22     | 0.2            | -1.2     | 148.0                   | 0.0            | 0.0         | -1.9     |
|      | Jun  | 134053                      | -364   | -3.2           | -0.7     | 130736                     | 34     | 0.3            | -1.0     | 148.4                   | 0.3            | 3.3         | -1.4     |
|      | Jul  | 134045                      | -8     | -0.1           | -0.8     | 130790                     | 54     | 0.5            | -1.0     | 147.4                   | -0.7           | -7.8        | -1.9     |
|      | Aug  | 134474                      | 429    | 3.9            | 0.0      | 130913                     | 123    | 1.1            | -0.8     | 147.9                   | 0.3            | 4.1         | -1.2     |
|      | Sep  | 135185                      | 711    | 6.5            | 0.1      | 130829                     | -84    | -0.8           | -0.8     | 148.3                   | 0.3            | 3.3         | -0.7     |
|      | Oct  | 134914                      | -271   | -2.4           | 0.2      | 130898                     | 69     | 0.6            | -0.4     | 148.1                   | -0.1           | -1.6        | -0.3     |
|      | Nov  | 134225                      | -689   | -6.0           | -0.0     | 130810                     | -88    | -0.8           | -0.2     | 147.9                   | -0.1           | -1.6        | -0.1     |
|      | Dec  | 133952                      | -273   | -2.4           | -0.1     | 130709                     | -101   | -0.9           | -0.1     | 147.6                   | -0.2           | -2.4        | -0.3     |

|      |     | Unempl.<br>Rate | Retail and Food Services Sales |                       |                |             | Industrial Production |                |                       |                | Treasury<br>Yields |      |
|------|-----|-----------------|--------------------------------|-----------------------|----------------|-------------|-----------------------|----------------|-----------------------|----------------|--------------------|------|
|      |     |                 | Billions<br>of dollars         | Percent change        |                |             | Index                 | Percent change |                       |                | (Percent)          |      |
|      |     |                 |                                | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago |                       |                | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago        | 3-mo |
| 1998 |     | 4.5             | 2907.356                       |                       |                | 5.0         | 105.622               |                |                       | 5.6            | 4.78               | 5.26 |
| 1999 |     | 4.2             | 3151.004                       |                       |                | 8.4         | 110.131               |                |                       | 4.3            | 4.64               | 5.64 |
| 2000 |     | 4.0             | 3360.754                       |                       |                | 6.7         | 115.252               |                |                       | 4.7            | 5.82               | 6.03 |
| 2001 |     | 4.8             | 3490.123                       |                       |                | 3.8         | 111.229               |                |                       | -3.5           | 3.39               | 5.02 |
| 2002 |     | 5.8             | 3609.096                       |                       |                | 3.4         | 110.449               |                |                       | -0.7           | 1.60               | 4.61 |
| 2000 | 1   | 4.0             | 835.780                        | 2.8                   | 11.7           | 9.5         | 113.864               | 1.3            | 5.4                   | 5.2            | 5.52               | 6.48 |
|      | 2   | 4.0             | 834.314                        | -0.2                  | -0.7           | 7.1         | 115.828               | 1.7            | 7.1                   | 6.0            | 5.71               | 6.18 |
|      | 3   | 4.1             | 843.734                        | 1.1                   | 4.6            | 6.1         | 115.888               | 0.1            | 0.2                   | 4.8            | 6.02               | 5.89 |
|      | 4   | 4.0             | 846.926                        | 0.4                   | 1.5            | 4.2         | 115.427               | -0.4           | -1.6                  | 2.7            | 6.02               | 5.57 |
| 2001 | 1   | 4.2             | 859.776                        | 1.5                   | 6.2            | 2.9         | 113.631               | -1.6           | -6.1                  | -0.2           | 4.82               | 5.05 |
|      | 2   | 4.5             | 868.614                        | 1.0                   | 4.2            | 4.1         | 111.847               | -1.6           | -6.1                  | -3.4           | 3.66               | 5.27 |
|      | 3   | 4.8             | 867.084                        | -0.2                  | -0.7           | 2.8         | 110.542               | -1.2           | -4.6                  | -4.6           | 3.17               | 4.98 |
|      | 4   | 5.6             | 894.649                        | 3.2                   | 13.3           | 5.6         | 108.895               | -1.5           | -5.8                  | -5.7           | 1.91               | 4.77 |
| 2002 | 1   | 5.6             | 887.519                        | -0.8                  | -3.1           | 3.2         | 109.268               | 0.3            | 1.4                   | -3.8           | 1.72               | 5.08 |
|      | 2   | 5.9             | 896.843                        | 1.1                   | 4.3            | 3.2         | 110.459               | 1.1            | 4.4                   | -1.2           | 1.72               | 5.10 |
|      | 3   | 5.7             | 911.015                        | 1.6                   | 6.5            | 5.1         | 111.375               | 0.8            | 3.4                   | 0.8            | 1.64               | 4.26 |
|      | 4   | 5.9             | 913.719                        | 0.3                   | 1.2            | 2.1         | 110.695               | -0.6           | -2.4                  | 1.7            | 1.33               | 4.01 |
| 2001 | Jan | 4.2             | 286.878                        | 1.3                   | 17.3           | 4.4         | 114.196               | -0.8           | -9.4                  | 0.9            | 5.15               | 5.16 |
|      | Feb | 4.2             | 287.182                        | 0.1                   | 1.3            | 2.9         | 113.622               | -0.5           | -5.9                  | -0.3           | 4.88               | 5.10 |
|      | Mar | 4.3             | 285.716                        | -0.5                  | -6.0           | 1.4         | 113.075               | -0.5           | -5.6                  | -1.2           | 4.42               | 4.89 |
|      | Apr | 4.5             | 288.366                        | 0.9                   | 11.7           | 3.8         | 112.550               | -0.5           | -5.4                  | -2.4           | 3.87               | 5.14 |
|      | May | 4.4             | 290.567                        | 0.8                   | 9.6            | 4.7         | 111.847               | -0.6           | -7.2                  | -3.6           | 3.62               | 5.39 |
|      | Jun | 4.6             | 289.681                        | -0.3                  | -3.6           | 3.9         | 111.145               | -0.6           | -7.3                  | -4.4           | 3.49               | 5.28 |
|      | Jul | 4.6             | 289.971                        | 0.1                   | 1.2            | 3.5         | 110.996               | -0.1           | -1.6                  | -4.3           | 3.51               | 5.24 |
|      | Aug | 4.9             | 290.791                        | 0.3                   | 3.4            | 3.9         | 110.696               | -0.3           | -3.2                  | -4.3           | 3.36               | 4.97 |
|      | Sep | 5.0             | 286.322                        | -1.5                  | -17.0          | 0.9         | 109.933               | -0.7           | -8.0                  | -5.3           | 2.64               | 4.73 |
|      | Oct | 5.4             | 304.043                        | 6.2                   | 105.6          | 7.6         | 109.512               | -0.4           | -4.5                  | -5.3           | 2.16               | 4.57 |
|      | Nov | 5.6             | 296.278                        | -2.6                  | -26.7          | 5.3         | 108.845               | -0.6           | -7.1                  | -5.8           | 1.87               | 4.65 |
|      | Dec | 5.8             | 294.328                        | -0.7                  | -7.6           | 4.0         | 108.327               | -0.5           | -5.6                  | -5.9           | 1.69               | 5.09 |
| 2002 | Jan | 5.6             | 294.852                        | 0.2                   | 2.2            | 2.8         | 108.967               | 0.6            | 7.3                   | -4.6           | 1.65               | 5.04 |
|      | Feb | 5.5             | 296.468                        | 0.5                   | 6.8            | 3.2         | 109.197               | 0.2            | 2.6                   | -3.9           | 1.73               | 4.91 |
|      | Mar | 5.7             | 296.199                        | -0.1                  | -1.1           | 3.7         | 109.641               | 0.4            | 5.0                   | -3.0           | 1.79               | 5.28 |
|      | Apr | 6.0             | 299.642                        | 1.2                   | 14.9           | 3.9         | 110.113               | 0.4            | 5.3                   | -2.2           | 1.72               | 5.21 |
|      | May | 5.8             | 296.567                        | -1.0                  | -11.6          | 2.1         | 110.447               | 0.3            | 3.7                   | -1.3           | 1.73               | 5.16 |
|      | Jun | 5.9             | 300.634                        | 1.4                   | 17.8           | 3.8         | 110.818               | 0.3            | 4.1                   | -0.3           | 1.70               | 4.93 |
|      | Jul | 5.9             | 304.218                        | 1.2                   | 15.3           | 4.9         | 111.577               | 0.7            | 8.5                   | 0.5            | 1.68               | 4.65 |
|      | Aug | 5.7             | 305.616                        | 0.5                   | 5.7            | 5.1         | 111.305               | -0.2           | -2.9                  | 0.6            | 1.62               | 4.26 |
|      | Sep | 5.6             | 301.181                        | -1.5                  | -16.1          | 5.2         | 111.242               | -0.1           | -0.7                  | 1.2            | 1.63               | 3.87 |
|      | Oct | 5.7             | 301.551                        | 0.1                   | 1.5            | -0.8        | 110.676               | -0.5           | -5.9                  | 1.1            | 1.58               | 3.94 |
|      | Nov | 6.0             | 304.198                        | 0.9                   | 11.1           | 2.7         | 110.807               | 0.1            | 1.4                   | 1.8            | 1.23               | 4.05 |
|      | Dec | 6.0             | 307.970                        | 1.2                   | 15.9           | 4.6         | 110.602               | -0.2           | -2.2                  | 2.1            | 1.19               | 4.03 |
| 2003 | Jan |                 |                                |                       |                |             |                       |                |                       |                | 1.17               | 4.05 |

|      |      | Consumer Price Index |                       |                |             |                 | Consumer Price Index<br>less Food and Energy |                       |                |             |                 | Producer Price Index<br>Finished Goods |                       |                |             |
|------|------|----------------------|-----------------------|----------------|-------------|-----------------|--|-----------------------|----------------|-------------|-----------------|--|-----------------------|----------------|-------------|
|      |      | Percent change       |                       |                |             |                 | Percent change                               |                       |                |             |                 | Percent change                         |                       |                |             |
|      |      | Index                | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago | Year<br>to date | Index  | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago | Year<br>to date | Index                                  | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago |
|      | 1998 | 163.0                |                       |                | 1.5         |                 | 173.4  |                       |                | 2.3         |                 | 130.7                                  |                       |                | -0.9        |
|      | 1999 | 166.6                |                       |                | 2.2         |                 | 177.0  |                       |                | 2.1         |                 | 133.0                                  |                       |                | 1.8         |
|      | 2000 | 172.2                |                       |                | 3.4         |                 | 181.3  |                       |                | 2.4         |                 | 138.0                                  |                       |                | 3.7         |
|      | 2001 | 177.1                |                       |                | 2.8         |                 | 186.1  |                       |                | 2.7         |                 | 140.7                                  |                       |                | 2.0         |
|      | 2002 | 179.9                |                       |                | 1.6         |                 | 190.5  |                       |                | 2.3         |                 | 138.8                                  |                       |                | -1.3        |
| 2000 | 1    | 170.1                | 1.0                   | 3.9            | 3.2         | 3.9             | 179.5  | 0.6                   | 2.4            | 2.2         | 2.4             | 136.4                                  | 1.1                   | 4.4            | 3.7         |
|      | 2    | 171.5                | 0.8                   | 3.3            | 3.3         | 3.6             | 180.7  | 0.6                   | 2.6            | 2.4         | 2.5             | 137.4                                  | 0.7                   | 3.0            | 3.9         |
|      | 3    | 173.0                | 0.9                   | 3.5            | 3.5         | 3.6             | 181.9  | 0.6                   | 2.6            | 2.6         | 2.5             | 138.3                                  | 0.7                   | 2.7            | 3.6         |
|      | 4    | 174.2                | 0.7                   | 3.0            | 3.4         | 3.4             | 183.0  | 0.6                   | 2.5            | 2.5         | 2.5             | 139.9                                  | 1.2                   | 4.7            | 3.7         |
| 2001 | 1    | 175.9                | 1.0                   | 3.9            | 3.4         | 3.9             | 184.4  | 0.7                   | 3.0            | 2.7         | 3.0             | 141.8                                  | 1.4                   | 5.5            | 4.0         |
|      | 2    | 177.3                | 0.8                   | 3.1            | 3.4         | 3.5             | 185.5  | 0.6                   | 2.4            | 2.6         | 2.7             | 142.1                                  | 0.2                   | 0.8            | 3.4         |
|      | 3    | 177.6                | 0.2                   | 0.8            | 2.7         | 2.6             | 186.7  | 0.7                   | 2.7            | 2.7         | 2.7             | 140.6                                  | -1.1                  | -4.2           | 1.6         |
|      | 4    | 177.5                | -0.1                  | -0.3           | 1.9         | 1.9             | 187.9  | 0.7                   | 2.7            | 2.7         | 2.7             | 138.4                                  | -1.5                  | -5.9           | -1.0        |
| 2002 | 1    | 178.1                | 0.3                   | 1.4            | 1.2         | 1.4             | 189.0  | 0.6                   | 2.3            | 2.5         | 2.3             | 138.4                                  | -0.0                  | -0.1           | -2.4        |
|      | 2    | 179.6                | 0.8                   | 3.4            | 1.3         | 2.4             | 190.0  | 0.5                   | 2.2            | 2.5         | 2.2             | 138.8                                  | 0.3                   | 1.1            | -2.3        |
|      | 3    | 180.4                | 0.5                   | 1.9            | 1.6         | 2.2             | 191.0  | 0.5                   | 2.0            | 2.3         | 2.2             | 138.5                                  | -0.2                  | -0.8           | -1.5        |
|      | 4    | 181.5                | 0.6                   | 2.4            | 2.3         | 2.3             | 191.8  | 0.5                   | 1.8            | 2.1         | 2.1             | 139.7                                  | 0.9                   | 3.5            | 0.9         |
| 2000 | Dec  | 174.6                | 0.2                   | 2.8            | 3.4         | 3.4             | 183.3  | 0.1                   | 1.3            | 2.5         | 2.5             | 140.2                                  | 0.2                   | 2.6            | 3.6         |
| 2001 | Jan  | 175.6                | 0.6                   | 7.1            | 3.7         | 7.1             | 183.9  | 0.3                   | 4.0            | 2.6         | 4.0             | 141.7                                  | 1.1                   | 13.6           | 4.9         |
|      | Feb  | 176.0                | 0.2                   | 2.8            | 3.5         | 4.9             | 184.4  | 0.3                   | 3.3            | 2.8         | 3.7             | 142.0                                  | 0.2                   | 2.6            | 4.0         |
|      | Mar  | 176.1                | 0.1                   | 0.7            | 3.0         | 3.5             | 184.8  | 0.2                   | 2.6            | 2.7         | 3.3             | 141.7                                  | -0.2                  | -2.5           | 3.1         |
|      | Apr  | 176.6                | 0.3                   | 3.5            | 3.3         | 3.5             | 185.1  | 0.2                   | 2.0            | 2.6         | 3.0             | 142.1                                  | 0.3                   | 3.4            | 3.8         |
|      | May  | 177.4                | 0.5                   | 5.6            | 3.6         | 3.9             | 185.4  | 0.2                   | 2.0            | 2.6         | 2.8             | 142.4                                  | 0.2                   | 2.6            | 3.9         |
|      | Jun  | 177.8                | 0.2                   | 2.7            | 3.3         | 3.7             | 185.9  | 0.3                   | 3.3            | 2.7         | 2.9             | 141.7                                  | -0.5                  | -5.7           | 2.6         |
|      | Jul  | 177.3                | -0.3                  | -3.3           | 2.7         | 2.7             | 186.3  | 0.2                   | 2.6            | 2.7         | 2.8             | 140.0                                  | -1.2                  | -13.5          | 1.4         |
|      | Aug  | 177.4                | 0.1                   | 0.7            | 2.7         | 2.4             | 186.7  | 0.2                   | 2.6            | 2.6         | 2.8             | 140.6                                  | 0.4                   | 5.3            | 2.0         |
|      | Sep  | 178.1                | 0.4                   | 4.8            | 2.6         | 2.7             | 187.1  | 0.2                   | 2.6            | 2.6         | 2.8             | 141.1                                  | 0.4                   | 4.4            | 1.6         |
|      | Oct  | 177.6                | -0.3                  | -3.3           | 2.1         | 2.1             | 187.4  | 0.2                   | 1.9            | 2.6         | 2.7             | 139.2                                  | -1.3                  | -15.0          | -0.3        |
|      | Nov  | 177.5                | -0.1                  | -0.7           | 1.9         | 1.8             | 188.1  | 0.4                   | 4.6            | 2.7         | 2.9             | 138.3                                  | -0.6                  | -7.5           | -1.1        |
|      | Dec  | 177.3                | -0.1                  | -1.3           | 1.5         | 1.5             | 188.3  | 0.1                   | 1.3            | 2.7         | 2.7             | 137.8                                  | -0.4                  | -4.3           | -1.7        |
| 2002 | Jan  | 177.6                | 0.2                   | 2.0            | 1.1         | 2.0             | 188.6  | 0.2                   | 1.9            | 2.6         | 1.9             | 137.8                                  | 0.0                   | 0.0            | -2.8        |
|      | Feb  | 178.0                | 0.2                   | 2.7            | 1.1         | 2.4             | 189.1  | 0.3                   | 3.2            | 2.5         | 2.6             | 138.1                                  | 0.2                   | 2.6            | -2.7        |
|      | Mar  | 178.6                | 0.3                   | 4.1            | 1.4         | 3.0             | 189.3  | 0.1                   | 1.3            | 2.4         | 2.1             | 139.3                                  | 0.9                   | 10.9           | -1.7        |
|      | Apr  | 179.5                | 0.5                   | 6.2            | 1.6         | 3.8             | 189.8  | 0.3                   | 3.2            | 2.5         | 2.4             | 139.1                                  | -0.1                  | -1.7           | -2.1        |
|      | May  | 179.5                | 0.0                   | 0.0            | 1.2         | 3.0             | 190.1  | 0.2                   | 1.9            | 2.5         | 2.3             | 138.5                                  | -0.4                  | -5.1           | -2.7        |
|      | Jun  | 179.7                | 0.1                   | 1.3            | 1.1         | 2.7             | 190.2  | 0.1                   | 0.6            | 2.3         | 2.0             | 138.7                                  | 0.1                   | 1.7            | -2.1        |
|      | Jul  | 179.9                | 0.1                   | 1.3            | 1.5         | 2.5             | 190.5  | 0.2                   | 1.9            | 2.3         | 2.0             | 138.4                                  | -0.2                  | -2.6           | -1.1        |
|      | Aug  | 180.5                | 0.3                   | 4.1            | 1.7         | 2.7             | 191.1  | 0.3                   | 3.8            | 2.4         | 2.2             | 138.5                                  | 0.1                   | 0.9            | -1.5        |
|      | Sep  | 180.8                | 0.2                   | 2.0            | 1.5         | 2.6             | 191.3  | 0.1                   | 1.3            | 2.2         | 2.1             | 138.6                                  | 0.1                   | 0.9            | -1.8        |
|      | Oct  | 181.3                | 0.3                   | 3.4            | 2.1         | 2.7             | 191.6  | 0.2                   | 1.9            | 2.2         | 2.1             | 140.1                                  | 1.1                   | 13.8           | 0.6         |
|      | Nov  | 181.5                | 0.1                   | 1.3            | 2.3         | 2.6             | 191.9  | 0.2                   | 1.9            | 2.0         | 2.1             | 139.5                                  | -0.4                  | -5.0           | 0.9         |
|      | Dec  | 181.6                | 0.1                   | 0.7            | 2.4         | 2.4             | 192.0  | 0.1                   | 0.6            | 2.0         | 2.0             | 139.5                                  | 0.0                   | 0.0            | 1.2         |

## 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. All rates used in the yield curves are adjusted to constant maturity. The 30-year constant maturity series was discontinued by the Treasury Department as of Feb. 18, 2002. **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) spot and futures **prices** are listed in the Wall Street Journal. Spot prices are monthly averages of daily prices; futures prices are usually taken from the last trading day of the month. **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. The 90 percent confidence intervals for the unemployment rate ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 376,000$ ) measure uncertainty due to sample size. The **available labor supply** is the sum of the unemployed and those persons not in the labor force but who want to work now. Because the household survey was changed in January 1994, data prior to this date are not strictly comparable.

Page 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 pp. 16-17). **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. terri-

ories; 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.

**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 based on the North American Industry Classification System (NAICS). Before January 1992, data 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)