

Can Social Security Survive the Baby Boomers?

In 2010, the first of the Baby Boom generation will reach age 65. Many will choose to begin what they hope will be a long and financially secure retirement funded in part by Social Security. Social Security, however, has a looming fiscal problem. Social Security payments to current recipients are funded mainly by taxes levied on current workers. As more and more baby boomers retire, the number of persons receiving Social Security benefits will increase rapidly relative to the number of persons paying taxes to fund those benefits. According to the Trustees of the Social Security and Medicare Trust Funds, by 2017 Social Security benefit payments will exceed payroll tax revenues and by 2041 all trust fund assets likely will be exhausted.¹

The Social Security System's revenue shortfall mainly reflects a rising *elderly dependency ratio*: that is, the number of elderly persons (65+ years) relative to the number of working-age persons (20 to 64 years). As shown in the chart, in 1950 there were some 14 persons age 65 and older for every 100 persons between the ages of 20 and 64. By 2000, there were 20; and, as more of the baby boom generation reaches age 65, the ratio will rise to 35 by 2030.

Although the coming stampede of baby boomers will cause the dependency ratio to increase sharply after 2010, rising adult life expectancy has been a major reason why the dependency ratio has risen and will continue to rise. The life expectancy of the typical 65-year-old man has risen over the years: In 1940, he could expect to live another 12.7 years; by 2005, he could expect to live another 17.1 years; and demographers expect that, by 2030, he could expect to live another 18.7 years. Although the age at which persons are eligible for full Social Security benefits—long fixed at 65—will gradually rise to 67 by 2025, this won't prevent System revenues from falling short of payments.

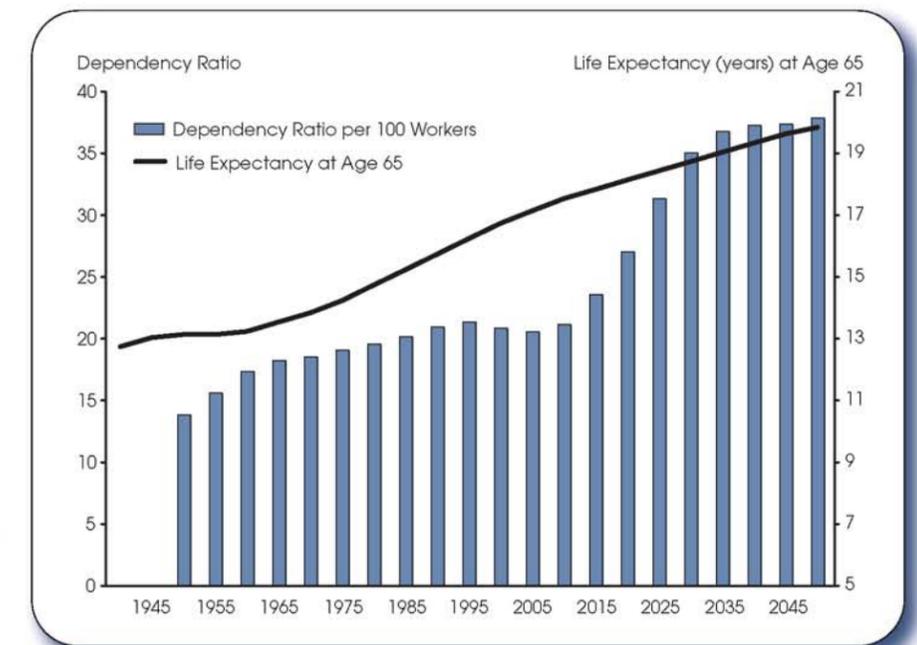
Declining fertility has also contributed to this rising dependency ratio. In 1950, the U.S. fertility rate was 3.0, meaning the average woman had three children in her lifetime. By 2002, the fertility rate had

fallen to 2.0. This decline implies that fewer young persons will enter the labor force to support the growing elderly population.

Clearly, the looming Social Security funding crisis largely reflects changing U.S. demographics. The aging baby boom generation, increased adult life expectancy, and declining fertility will rapidly increase the number of retired persons drawing benefits relative to persons paying taxes to fund those benefits. Possible solutions to the problem include policies to (i) slow the growth in the number of retired persons per worker, perhaps by larger and more rapid increases in the age at which persons become eligible for benefits; (ii) otherwise reduce promised benefits; (iii) encourage more immigration of young workers; and/or (iv) substantially raise taxes on current workers. A more radical proposal would replace all or part of the existing system with a system of private retirement accounts. Unfortunately, the funding crisis cannot be solved without cost, no matter what route is taken.

—Craig P. Aubuchon and David C. Wheelock

¹ *Annual Report of the Social Security and Medicare Boards of Trustees for 2007*; www.ssa.gov/pressoffice/pr/trustee07-pr.htm.



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

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Conventions used in this publication:

1. Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.
2. *Percent change* refers to simple percent changes. *Percent change from year ago* refers to the percent change from the same month or quarter 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.

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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 2000 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: Effective with the May 2003 **Employment Situation**, the establishment survey data for employment, hours, and earnings have been converted from the 1987 SIC system to the 2002 NAICS system. For more information see <http://www.bls.gov/ces/>. **Nonfarm Payroll Employment** is counted in a survey of about 400,000 establishments (Current Employment Statistics). 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 60,000 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 (± 0.2 percentage points) and change in household survey employment ($\pm 290,000$) measure uncertainty due to sample size. Because the household survey was changed in January 1994, data prior to this date are not strictly comparable. The Bureau of Labor Statistics announced several revisions to the Household Survey on Feb. 7, 2003, with the release of the January 2003 data. For more information, see www.bls.gov/cps/. The **Job Openings rate** is the number of job openings on the last business day of the month as a percent of total employment plus job openings.

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.

Page 15: **Gross Private Saving** is the sum of personal saving, undistributed corporate profits with IVA and CCAAdj (see notes for pp. 18-19), and private wage accruals less disbursements. **Gross Government Saving** is net government saving (surplus/deficit) plus consumption of fixed capital. **Balance on Current Account (NIPA)** is net capital transfer payments to the rest of the world plus net lending or net borrowing (international trade and income flows).

Pages 16, 17: **Government Consumption and Investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the NIPAs. The **Unified Federal Budget**

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

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

Pages 20, 21: **Output per Hour (Y/H)**, **Unit Labor Cost (C/Y)**, and **Compensation per Hour (C/H)** are indexes which approximately obey the following relationship: $\%(Y/H) + \%(C/Y) = \%(C/H)$ with $\%(C)$ meaning percent changes. Unit labor cost is shown on page 9. **Real Compensation per Hour** uses the CPI to adjust for the effects of inflation. Nonfarm business accounted for about 76 percent of the value of GDP in 1996, while nonfinancial corporations accounted for about 54 percent. **Inventory Valuation Adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital Consumption Adjustments (CCAAdj)** 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: Most measures of economic activity are now based on the 2002 North American Industry Classification System (NAICS), which replaces the 1987 Standard Industry Classification (SIC) system.

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.

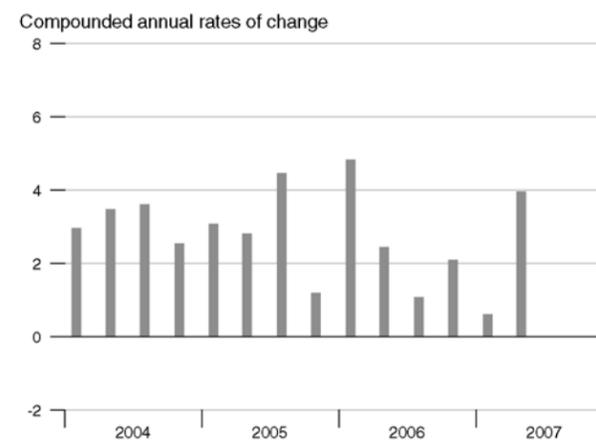
Federal Reserve Board
 Index of industrial production, treasury yields, exchange rates, capacity utilization, household debt.

The Survey Research Center, The University of Michigan
 Consumer sentiment index.

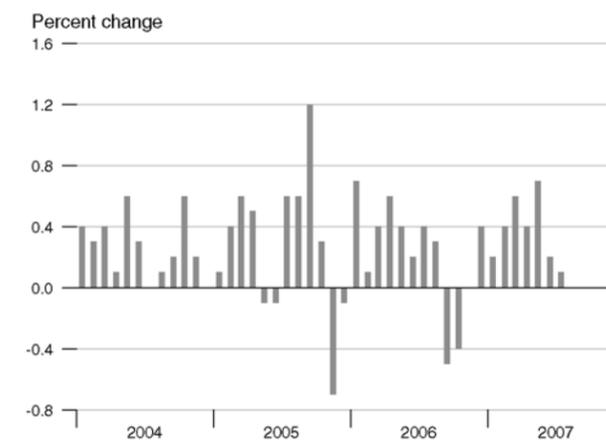
Organization for Economic Cooperation and Development (OECD)
 GDP for major trading partners (not available on FRED).

	Consumer Price Index					Consumer Price Index less Food and Energy					Producer Price Index Finished Goods				
	Index	Percent change				Index	Percent change				Index	Percent change			
		Monthly/quarterly	Annual rate	Year ago	Year to date		Monthly/quarterly	Annual rate	Year ago	Year to date		Monthly/quarterly	Annual rate	Year ago	
2002	179.867			1.6		190.442			2.3		138.9			-1.3	
2003	183.967			2.3		193.225			1.5		143.3			3.2	
2004	188.900			2.7		196.625			1.8		148.5			3.6	
2005	195.258			3.4		200.892			2.2		155.7			4.9	
2006	201.583			3.2		205.925			2.5		160.3			2.9	
2005	1	192.133	0.5	2.1	3.0	2.1	199.500	0.6	2.6	2.3	2.6	152.7	0.8	3.2	4.7
	2	193.967	1.0	3.9	2.9	3.0	200.433	0.5	1.9	2.2	2.2	154.0	0.9	3.5	4.1
	3	196.633	1.4	5.6	3.8	3.9	201.167	0.4	1.5	2.1	2.0	156.8	1.8	7.3	5.6
	4	198.300	0.8	3.4	3.7	3.7	202.467	0.6	2.6	2.1	2.1	159.4	1.7	7.0	5.2
2006	1	199.233	0.5	1.9	3.7	1.9	203.667	0.6	2.4	2.1	2.4	159.4	-0.0	-0.1	4.4
	2	201.700	1.2	5.0	4.0	3.5	205.333	0.8	3.3	2.4	2.9	160.9	0.9	3.7	4.4
	3	203.233	0.8	3.1	3.4	3.3	206.867	0.7	3.0	2.8	2.9	161.1	0.2	0.7	2.8
	4	202.167	-0.5	-2.1	1.9	1.9	207.833	0.5	1.9	2.7	2.7	159.9	-0.8	-3.1	0.3
2007	1	204.068	0.9	3.8	2.4	3.8	209.010	0.6	2.3	2.6	2.3	162.5	1.6	6.7	1.9
	2	207.057	1.5	6.0	2.7	4.9	210.006	0.5	1.9	2.3	2.1	166.4	2.4	10.0	3.4
2005	Jul	195.100	0.6	7.0	3.1	3.4	200.900	0.1	1.8	2.1	2.1	155.3	0.8	10.6	4.7
	Aug	196.200	0.6	7.0	3.6	3.9	201.200	0.1	1.8	2.2	2.0	156.1	0.5	6.4	5.2
	Sep	198.600	1.2	15.7	4.7	5.1	201.400	0.1	1.2	2.0	2.0	158.9	1.8	23.8	6.8
	Oct	199.200	0.3	3.7	4.4	5.0	202.000	0.3	3.6	2.1	2.1	159.8	0.6	7.0	5.8
	Nov	197.900	-0.7	-7.6	3.5	3.8	202.500	0.2	3.0	2.1	2.2	158.7	-0.7	-8.0	4.3
	Dec	197.800	-0.1	-0.6	3.4	3.4	202.900	0.2	2.4	2.2	2.2	159.8	0.7	8.6	5.5
2006	Jan	199.000	0.6	7.5	4.0	7.5	203.200	0.1	1.8	2.1	1.8	160.3	0.3	3.8	5.6
	Feb	199.100	0.1	0.6	3.6	4.0	203.600	0.2	2.4	2.1	2.1	158.6	-1.1	-12.0	3.9
	Mar	199.600	0.3	3.1	3.4	3.7	204.200	0.3	3.6	2.1	2.6	159.3	0.4	5.4	3.6
	Apr	200.800	0.6	7.5	3.6	4.6	204.800	0.3	3.6	2.3	2.8	160.4	0.7	8.6	4.0
	May	201.900	0.5	6.8	4.1	5.0	205.300	0.2	3.0	2.4	2.9	160.7	0.2	2.3	4.4
	Jun	202.400	0.2	3.0	4.3	4.7	205.900	0.3	3.6	2.6	3.0	161.5	0.5	6.1	4.9
	Jul	203.200	0.4	4.8	4.2	4.7	206.400	0.2	3.0	2.7	3.0	161.3	-0.1	-1.5	3.9
	Aug	203.800	0.3	3.6	3.9	4.6	206.900	0.2	2.9	2.8	3.0	161.9	0.4	4.6	3.7
	Sep	202.700	-0.5	-6.3	2.1	3.3	207.300	0.2	2.3	2.9	2.9	160.2	-1.1	-11.9	0.8
	Oct	201.800	-0.4	-5.2	1.3	2.4	207.600	0.1	1.8	2.8	2.8	157.8	-1.5	-16.6	-1.3
	Nov	201.900	0.0	0.6	2.0	2.3	207.800	0.1	1.2	2.6	2.6	160.3	1.6	20.8	1.0
	Dec	202.800	0.4	5.5	2.5	2.5	208.100	0.1	1.7	2.6	2.6	161.5	0.7	9.4	1.1
2007	Jan	203.153	0.2	2.1	2.1	2.1	208.632	0.3	3.1	2.7	3.1	160.6	-0.6	-6.5	0.2
	Feb	203.906	0.4	4.5	2.4	3.3	209.135	0.2	2.9	2.7	3.0	162.6	1.2	16.0	2.5
	Mar	205.146	0.6	7.5	2.8	4.7	209.263	0.1	0.7	2.5	2.3	164.2	1.0	12.5	3.1
	Apr	205.999	0.4	5.1	2.6	4.8	209.634	0.2	2.1	2.4	2.2	165.5	0.8	9.9	3.2
	May	207.387	0.7	8.4	2.7	5.5	209.948	0.1	1.8	2.3	2.1	167.0	0.9	11.4	3.9
	Jun	207.784	0.2	2.3	2.7	5.0	210.436	0.2	2.8	2.2	2.3	166.6	-0.2	-2.8	3.2
	Jul	208.028	0.1	1.4	2.4	4.5	210.933	0.2	2.9	2.2	2.3	167.6	0.6	7.4	3.9

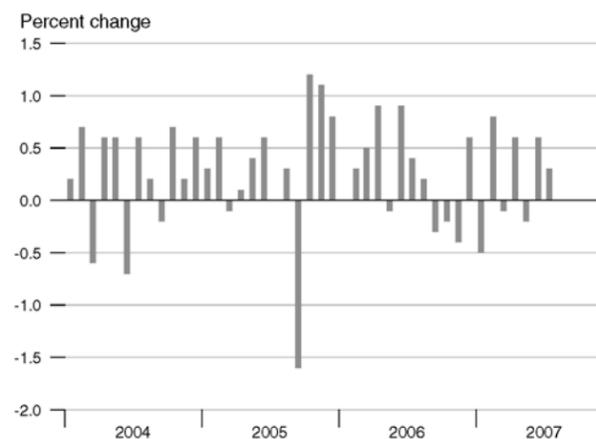
Real GDP Growth



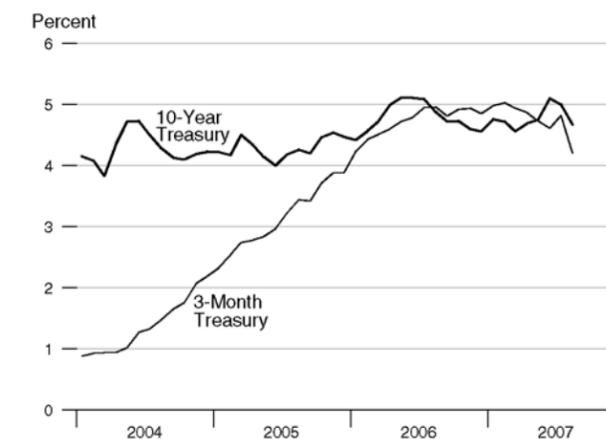
Consumer Price Index



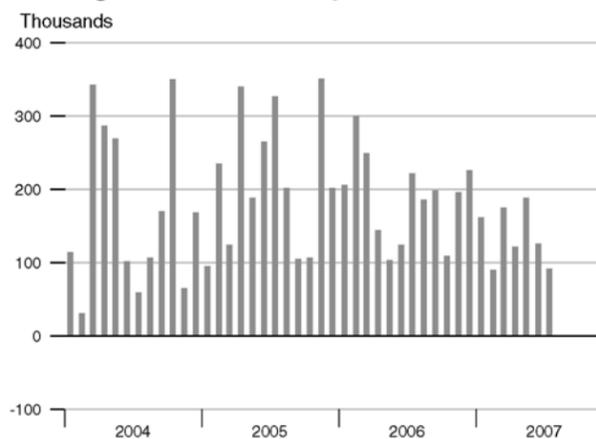
Industrial Production



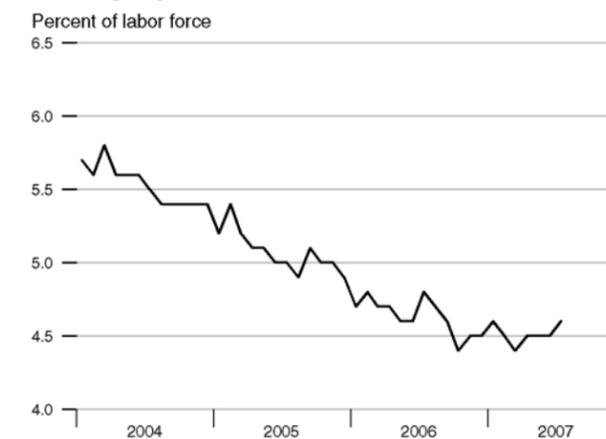
Interest Rates



Change in Nonfarm Payrolls

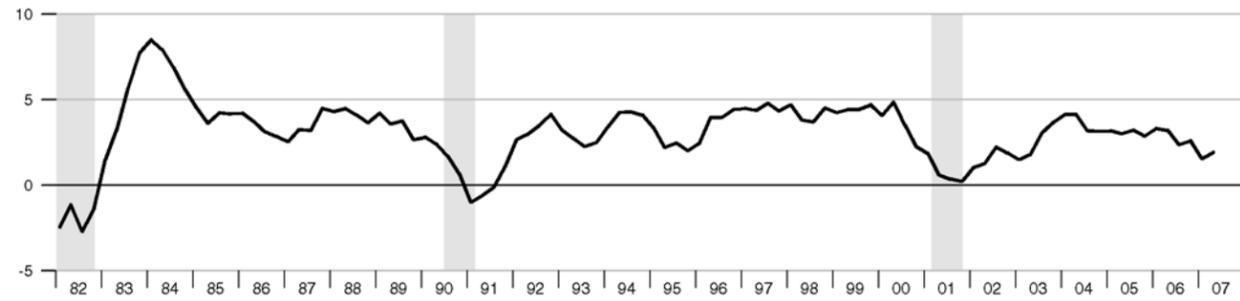


Unemployment Rate



Real Gross Domestic Product

Percent change from year ago



Industrial Production and Institute for Supply Management (ISM) Indexes

Percent change from year ago

Index



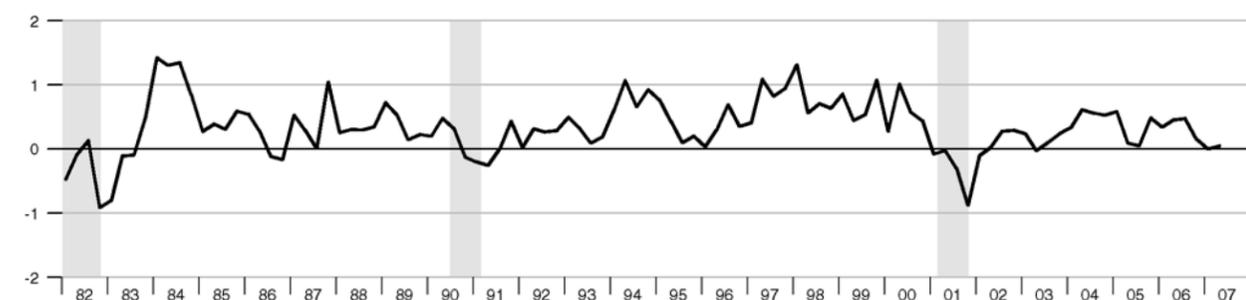
Aggregate Private Nonfarm Hours

Percent change from year ago



Real Change in Private Inventories

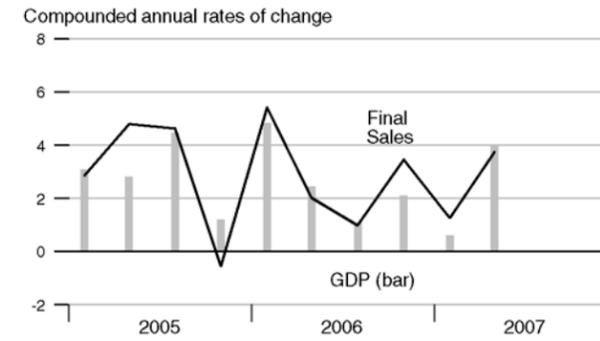
Percent of GDP



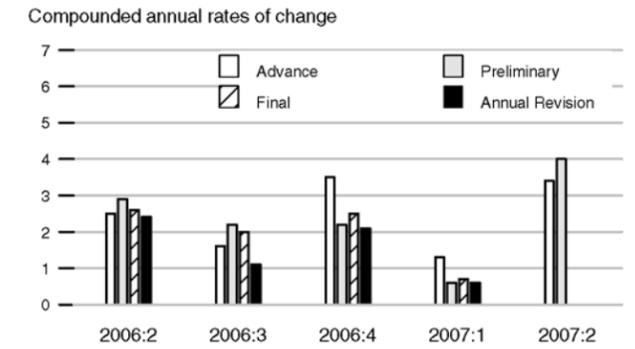
	Unempl. Rate	Retail and Food Services Sales			Industrial Production			Treasury Yields			
		Billions of dollars	Percent change		Index	Percent change		(Percent)			
			Monthly/quarterly	Annual rate	Year ago		Monthly/quarterly	Annual rate	Year ago	3-mo	10-yr
2002	5.8	3467.263			2.4	100.0000			0.0	1.60	4.61
2003	6.0	3614.093			4.2	101.0619			1.1	1.01	4.02
2004	5.5	3833.271			6.1	103.5734			2.5	1.37	4.27
2005	5.1	4085.340			6.6	106.9340			3.2	3.15	4.29
2006	4.6	4337.192			6.2	111.2407			4.0	4.73	4.79
2005	1	994.839	1.0	4.1	6.0	105.9764	1.1	4.6	3.3	2.54	4.30
	2	1015.843	2.1	8.7	7.2	106.6983	0.7	2.8	3.4	2.86	4.16
	3	1034.026	1.8	7.4	7.4	106.9113	0.2	0.8	3.1	3.36	4.21
	4	1040.632	0.6	2.6	5.7	108.1499	1.2	4.7	3.2	3.83	4.49
2006	1	1072.960	3.1	13.0	7.9	109.4847	1.2	5.0	3.3	4.39	4.57
	2	1081.227	0.8	3.1	6.4	111.2261	1.6	6.5	4.2	4.70	5.07
	3	1090.450	0.9	3.5	5.5	112.3327	1.0	4.0	5.1	4.91	4.90
	4	1092.555	0.2	0.8	5.0	111.9193	-0.4	-1.5	3.5	4.90	4.63
2007	1	1109.368	1.5	6.3	3.4	112.2157	0.3	1.1	2.5	4.98	4.68
	2	1124.297	1.3	5.5	4.0	113.1226	0.8	3.3	1.7	4.74	4.85
2005	Aug	342.635	-1.5	-16.7	7.4	107.5921	0.3	3.3	3.6	3.44	4.26
	Sep	343.511	0.3	3.1	5.8	105.8396	-1.6	-17.9	2.1	3.42	4.20
	Oct	345.231	0.5	6.2	5.7	107.0570	1.2	14.7	2.5	3.71	4.46
	Nov	347.671	0.7	8.8	6.2	108.2431	1.1	14.1	3.4	3.88	4.54
	Dec	347.730	0.0	0.2	5.1	109.1496	0.8	10.5	3.6	3.89	4.47
2006	Jan	359.254	3.3	47.9	9.0	109.1081	-0.0	-0.5	3.3	4.24	4.42
	Feb	356.451	-0.8	-9.0	7.2	109.3862	0.3	3.1	3.0	4.43	4.57
	Mar	357.255	0.2	2.7	7.4	109.9597	0.5	6.5	3.6	4.51	4.72
	Apr	361.376	1.2	14.8	7.1	110.9443	0.9	11.3	4.5	4.60	4.99
	May	359.363	-0.6	-6.5	6.9	110.8746	-0.1	-0.8	4.0	4.72	5.11
	Jun	360.488	0.3	3.8	5.4	111.8594	0.9	11.2	4.3	4.79	5.11
	Jul	364.225	1.0	13.2	4.7	112.3067	0.4	4.9	4.7	4.95	5.09
	Aug	364.247	0.0	0.1	6.3	112.5208	0.2	2.3	4.6	4.96	4.88
	Sep	361.978	-0.6	-7.2	5.4	112.1707	-0.3	-3.7	6.0	4.81	4.72
	Oct	361.980	0.0	0.0	4.9	111.9994	-0.2	-1.8	4.6	4.92	4.73
	Nov	363.234	0.3	4.2	4.5	111.5291	-0.4	-4.9	3.0	4.94	4.60
	Dec	367.341	1.1	14.4	5.6	112.2295	0.6	7.8	2.8	4.85	4.56
2007	Jan	367.230	-0.0	-0.4	2.2	111.6827	-0.5	-5.7	2.4	4.98	4.76
	Feb	369.287	0.6	6.9	3.6	112.5319	0.8	9.5	2.9	5.03	4.72
	Mar	372.851	1.0	12.2	4.4	112.4324	-0.1	-1.1	2.2	4.94	4.56
	Apr	371.651	-0.3	-3.8	2.8	113.0619	0.6	6.9	1.9	4.87	4.69
	May	377.689	1.6	21.3	5.1	112.8340	-0.2	-2.4	1.8	4.73	4.75
	Jun	374.957	-0.7	-8.3	4.0	113.4718	0.6	7.0	1.4	4.61	5.10
	Jul	376.051	0.3	3.6	3.2	113.8604	0.3	4.2	1.4	4.82	5.00
	Aug									4.20	4.67

	Household Survey Employment				Nonfarm Payroll Employment				Nonfarm Aggregate Hours			
	Thousands	Change	Percent change		Thousands	Change	Percent change		Index	Monthly rate	Percent change	
			Annual rate	Year ago			Annual rate	Year ago			Annual rate	Year ago
2002	136481	-458		-0.3	130347	-1485		-1.1	100.0			-2.0
2003	137730	1249		0.9	129990	-357		-0.3	98.6			-1.4
2004	139242	1512		1.1	131423	1433		1.1	100.2			1.6
2005	141715	2473		1.8	133696	2273		1.7	102.7			2.5
2006	144419	2705		1.9	136175	2478		1.9	105.7			2.9
2005	1	140385	326	0.9	132656	427	1.3	1.6	101.5	0.3	1.2	2.2
	2	141501	1116	3.2	133371	715	2.2	1.6	102.4	0.9	3.5	2.5
	3	142319	818	2.3	134107	736	2.2	1.9	103.1	0.7	2.8	2.6
	4	142655	336	0.9	134652	546	1.6	1.8	103.9	0.8	3.3	2.7
2006	1	143366	711	2.0	135393	741	2.2	2.1	104.8	0.8	3.4	3.2
	2	144065	699	2.0	135913	520	1.5	1.9	105.6	0.8	3.1	3.1
	3	144618	553	1.5	136442	529	1.6	1.7	106.0	0.3	1.4	2.8
	4	145629	1011	2.8	136951	509	1.5	1.7	106.5	0.5	2.0	2.5
2007	1	146043	415	1.1	137447	496	1.5	1.5	106.8	0.3	1.1	1.9
	2	145956	-87	-0.2	137883	436	1.3	1.4	107.4	0.6	2.3	1.7
2005	Jul	142084	380	3.3	133937	327	3.0	1.9	102.8	0.2	2.4	2.5
	Aug	142423	339	2.9	134139	202	1.8	1.9	103.0	0.2	2.4	2.6
	Sep	142449	26	0.2	134244	105	0.9	1.9	103.5	0.5	6.0	2.6
	Oct	142586	137	1.2	134351	107	1.0	1.7	103.6	0.1	1.2	2.4
	Nov	142597	11	0.1	134702	351	3.2	1.9	104.0	0.4	4.7	3.0
	Dec	142782	185	1.6	134904	202	1.8	1.9	104.2	0.2	2.3	2.7
2006	Jan	143099	317	2.7	135110	206	1.8	2.0	104.5	0.3	3.5	3.2
	Feb	143319	220	1.9	135410	300	2.7	2.0	104.8	0.3	3.5	3.1
	Mar	143680	361	3.1	135659	249	2.2	2.1	105.1	0.3	3.5	3.3
	Apr	143763	83	0.7	135803	144	1.3	2.0	105.6	0.5	5.9	3.1
	May	144045	282	2.4	135906	103	0.9	1.9	105.4	-0.2	-2.2	3.1
	Jun	144386	341	2.9	136030	124	1.1	1.8	105.8	0.4	4.7	3.1
	Jul	144330	-56	-0.5	136252	222	2.0	1.7	106.0	0.2	2.3	3.1
	Aug	144618	288	2.4	136438	186	1.7	1.7	105.9	-0.1	-1.1	2.8
	Sep	144906	288	2.4	136636	198	1.8	1.8	106.0	0.1	1.1	2.4
	Oct	145337	431	3.6	136745	109	1.0	1.8	106.3	0.3	3.4	2.6
	Nov	145623	286	2.4	136941	196	1.7	1.7	106.3	0.0	0.0	2.2
	Dec	145926	303	2.5	137167	226	2.0	1.7	106.9	0.6	7.0	2.6
2007	Jan	145957	31	0.3	137329	162	1.4	1.6	106.7	-0.2	-2.2	2.1
	Feb	145919	-38	-0.3	137419	90	0.8	1.5	106.4	-0.3	-3.3	1.5
	Mar	146254	335	2.8	137594	175	1.5	1.4	107.3	0.8	10.6	2.1
	Apr	145786	-468	-3.8	137716	122	1.1	1.4	107.1	-0.2	-2.2	1.4
	May	145943	157	1.3	137904	188	1.7	1.5	107.3	0.2	2.3	1.8
	Jun	146140	197	1.6	138030	126	1.1	1.5	107.8	0.5	5.7	1.9
	Jul	146110	-30	-0.2	138122	92	0.8	1.4	107.7	-0.1	-1.1	1.6

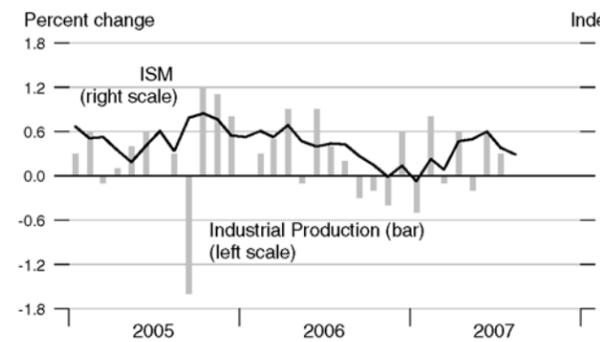
Real Final Sales and GDP



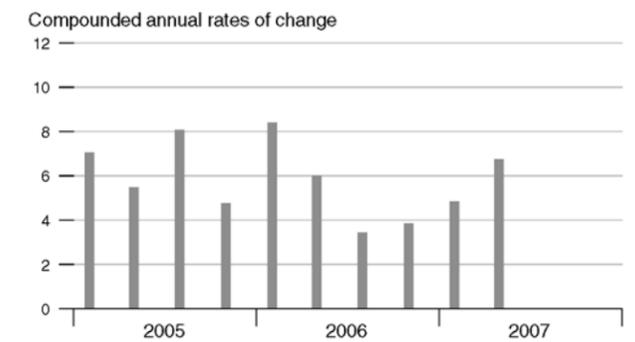
Real GDP Revisions



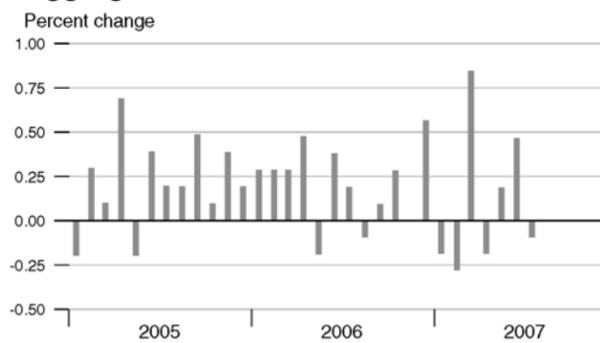
Industrial Production and ISM Index



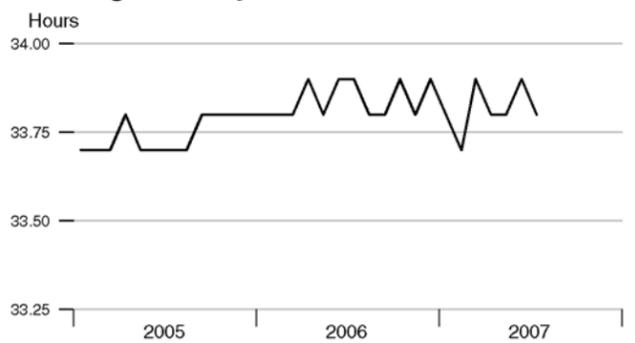
Nominal Gross Domestic Product



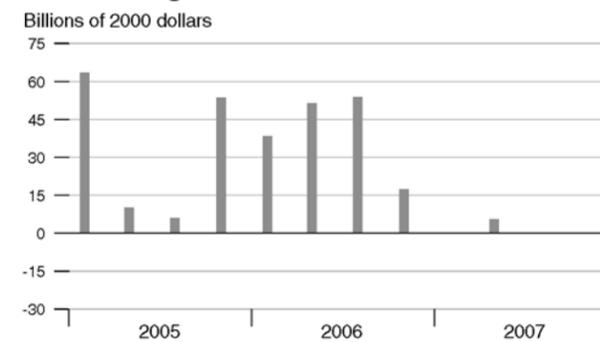
Aggregate Private Nonfarm Hours



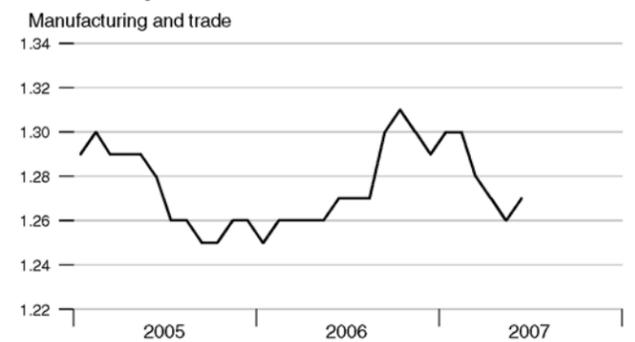
Average Weekly Private Nonfarm Hours



Real Change in Private Inventories



Inventory-Sales Ratio

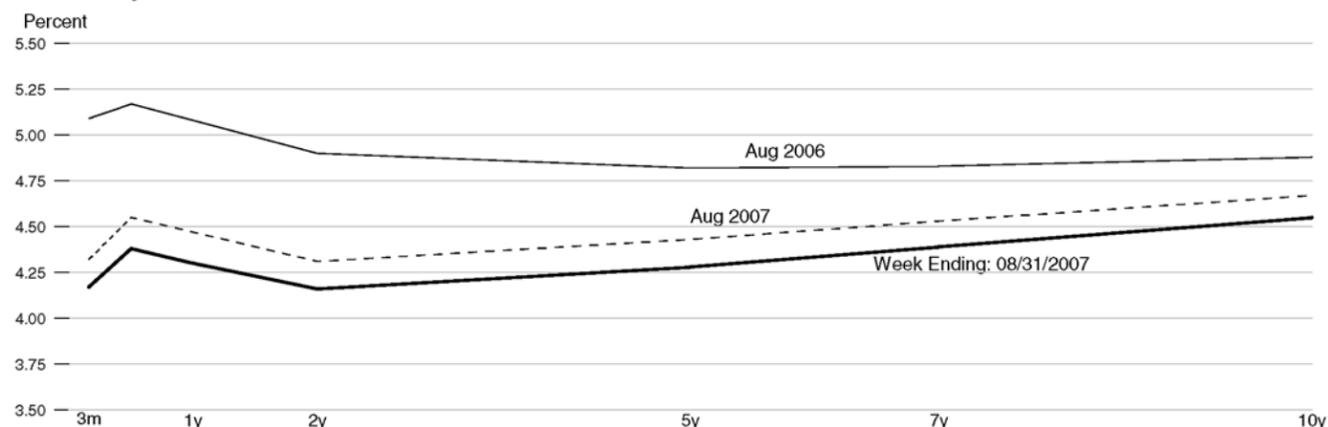


	Nominal GDP			Real GDP			Final Sales			Change in Private Inventories		
	Billions of \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	Last qtr	Year/Year ago	
2003	10960.8		4.7	10301.044		2.5	10285.104		2.5		14.282	
2004	11685.9		6.6	10675.757		3.6	10619.790		3.3		54.268	
2005	12433.9		6.4	11003.448		3.1	10966.873		3.3		33.237	
2006	13194.7		6.1	11319.358		2.9	11275.890		2.8		40.289	
2004 1	11405.5	6.8	6.5	10543.621	3.0	4.1	10507.057	2.6	4.0	34.953	16.950	
2	11610.3	7.4	7.2	10634.232	3.5	4.1	10568.450	2.4	3.5	64.882	33.834	
3	11779.4	6.0	6.3	10728.671	3.6	3.2	10666.641	3.8	2.7	60.057	46.215	
4	11948.5	5.9	6.5	10796.408	2.5	3.1	10737.014	2.7	2.8	57.180	54.268	
2005 1	12154.0	7.1	6.6	10878.380	3.1	3.2	10812.950	2.9	2.9	63.393	61.378	
2	12317.4	5.5	6.1	10954.069	2.8	3.0	10940.422	4.8	3.5	10.070	47.675	
3	12558.8	8.1	6.6	11074.326	4.5	3.2	11064.771	4.6	3.7	5.906	34.137	
4	12705.5	4.8	6.3	11107.213	1.2	2.9	11049.544	-0.5	2.9	53.580	33.237	
2006 1	12964.6	8.4	6.7	11238.662	4.8	3.3	11196.147	5.4	3.5	38.422	26.995	
2	13155.0	6.0	6.8	11306.694	2.4	3.2	11252.074	2.0	2.8	51.390	37.325	
3	13266.9	3.4	5.6	11336.734	1.1	2.4	11279.696	1.0	1.9	53.944	49.334	
4	13392.3	3.8	5.4	11395.538	2.1	2.6	11375.837	3.5	3.0	17.401	40.289	
2007 1	13551.9	4.9	4.5	11412.619	0.6	1.5	11411.560	1.3	1.9	0.097	30.708	
2	13774.7	6.7	4.7	11523.845	4.0	1.9	11516.876	3.7	2.4	5.394	19.209	
	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment		
	Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change		Billions of 2000 \$	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2003	7295.309		2.8	1020.572		5.8	1596.874		3.4	1081.810		1.0
2004	7561.380		3.6	1084.786		6.3	1712.757		7.3	1144.264		5.8
2005	7803.593		3.2	1137.415		4.9	1831.427		6.9	1225.790		7.1
2006	8044.054		3.1	1180.469		3.8	1874.694		2.4	1306.762		6.6
2004 1	7475.116	4.4	4.0	1066.225	5.8	9.8	1647.881	-0.2	7.3	1099.133	-2.6	4.9
2	7520.472	2.4	3.7	1071.336	1.9	6.1	1698.704	12.9	7.8	1127.496	10.7	4.9
3	7585.507	3.5	3.2	1091.520	7.8	4.0	1736.716	9.3	6.8	1160.749	12.3	5.6
4	7664.290	4.2	3.7	1110.065	7.0	5.6	1767.743	7.3	7.2	1189.666	10.3	7.5
2005 1	7709.377	2.4	3.1	1116.030	2.2	4.7	1785.306	4.0	8.3	1199.486	3.3	9.1
2	7775.220	3.5	3.4	1146.298	11.3	7.0	1819.775	7.9	7.1	1214.147	5.0	7.7
3	7852.791	4.1	3.5	1163.548	6.2	6.6	1854.949	8.0	6.8	1239.503	8.6	6.8
4	7876.850	1.2	2.8	1123.791	-13.0	1.2	1865.645	2.3	5.5	1250.025	3.4	5.1
2006 1	7961.901	4.4	3.3	1167.761	16.6	4.6	1901.356	7.9	6.5	1289.723	13.3	7.5
2	8009.279	2.4	3.0	1170.169	0.8	2.1	1892.290	-1.9	4.0	1303.165	4.2	7.3
3	8063.801	2.8	2.7	1186.322	5.6	2.0	1869.607	-4.7	0.8	1319.428	5.1	6.4
4	8141.236	3.9	3.4	1197.606	3.9	6.6	1835.541	-7.1	-1.6	1314.758	-1.4	5.2
2007 1	8215.706	3.7	3.2	1223.160	8.8	4.7	1815.191	-4.4	-4.5	1321.732	2.1	2.5
2	8245.157	1.4	2.9	1228.435	1.7	5.0	1829.966	3.3	-3.3	1356.858	11.1	4.1

Interest Rates



Treasury Yield Curve

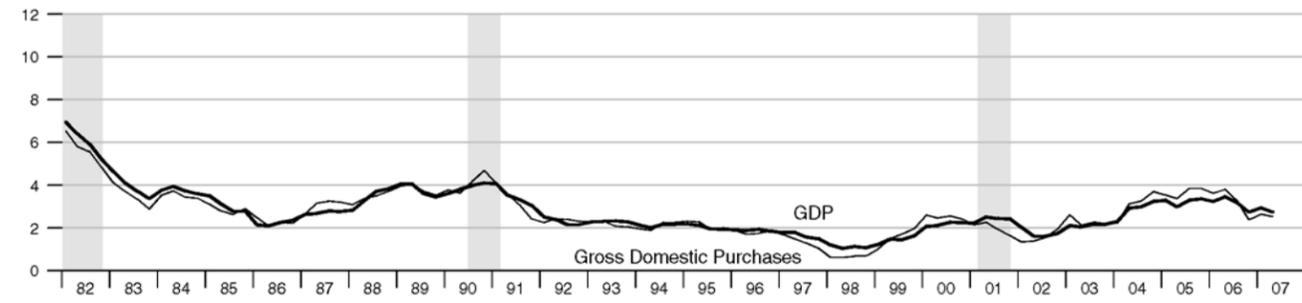


Standard and Poor's 500 Index with Reinvested Dividends



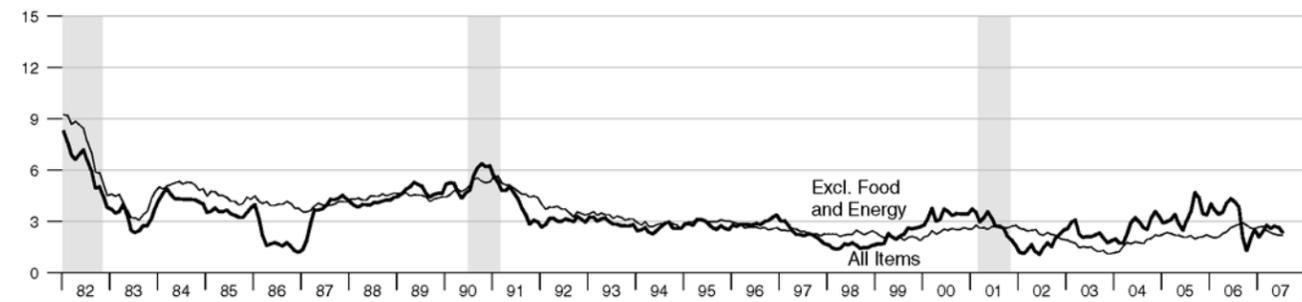
NIPA Chain Price Indexes

Percent change from year ago



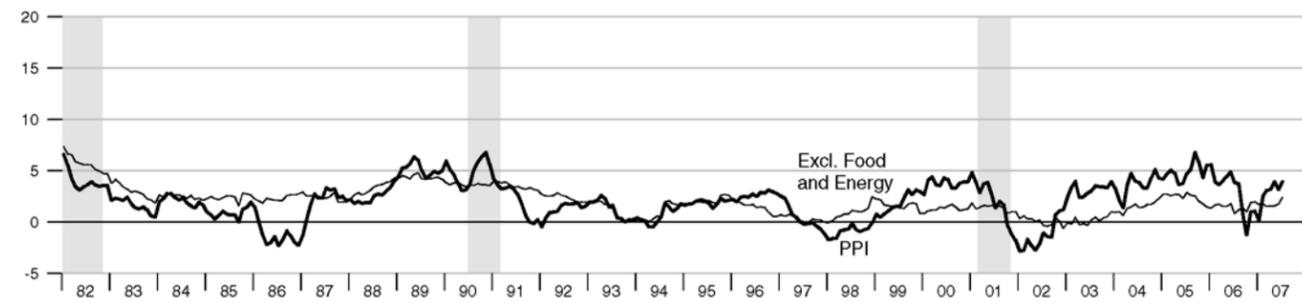
Consumer Price Index

Percent change from year ago



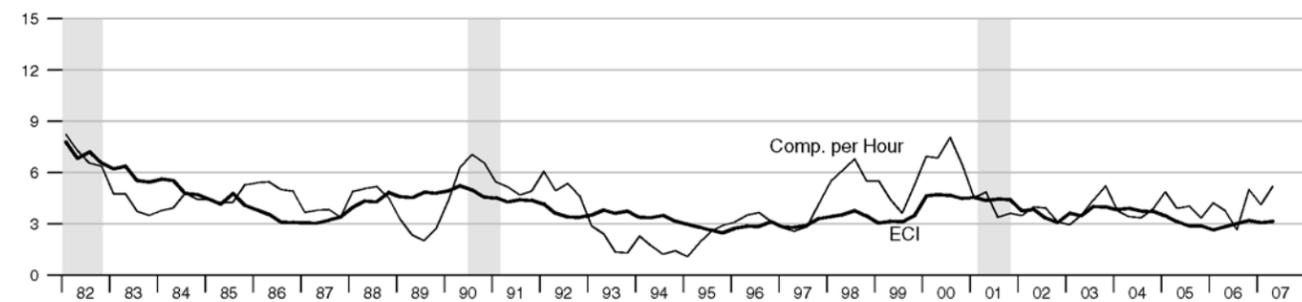
Producer Price Index, Finished Goods

Percent change from year ago



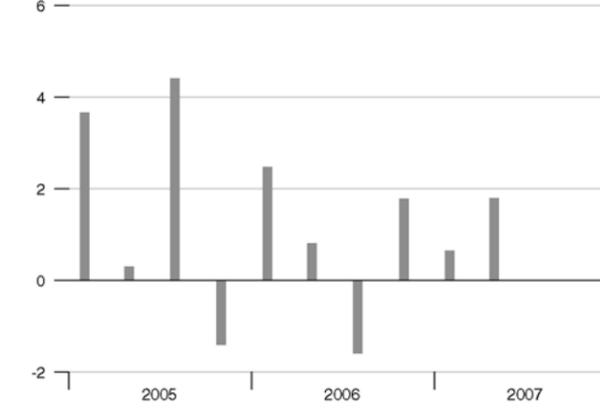
Employment Cost Index and Compensation per Hour

Percent change from year ago



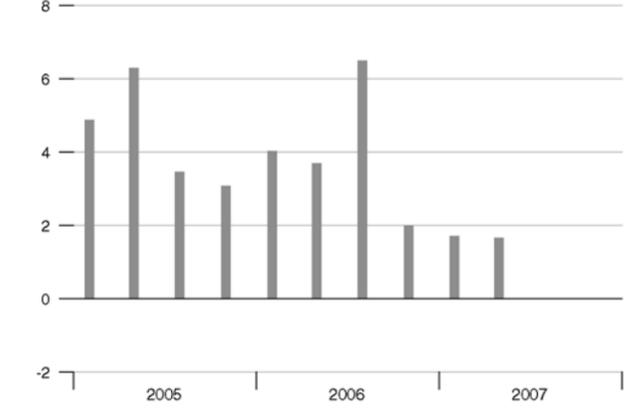
Nonfarm Output per Hour

Compounded annual rates of change

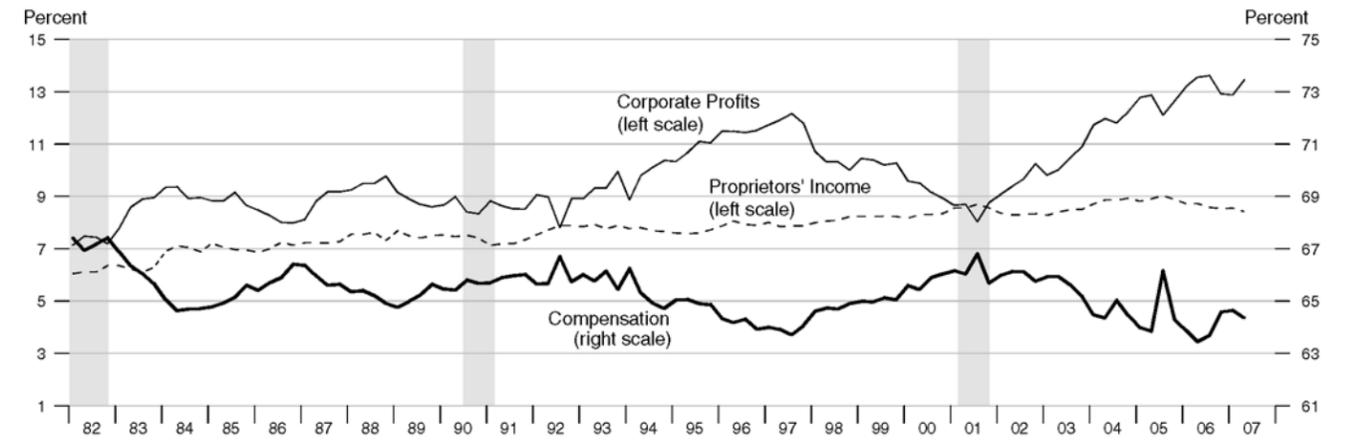


Manufacturing Output per Hour

Compounded annual rates of change

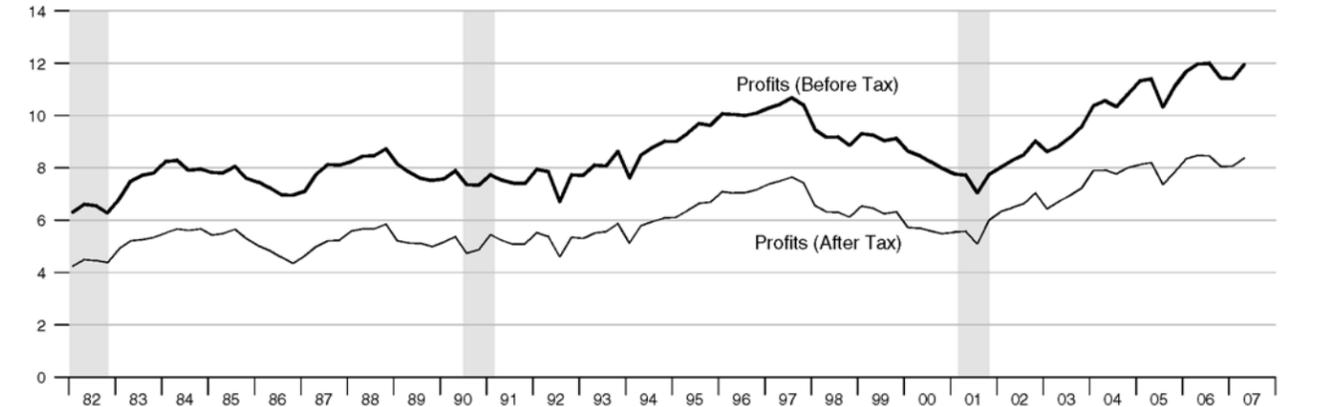


Selected Component Shares of National Income

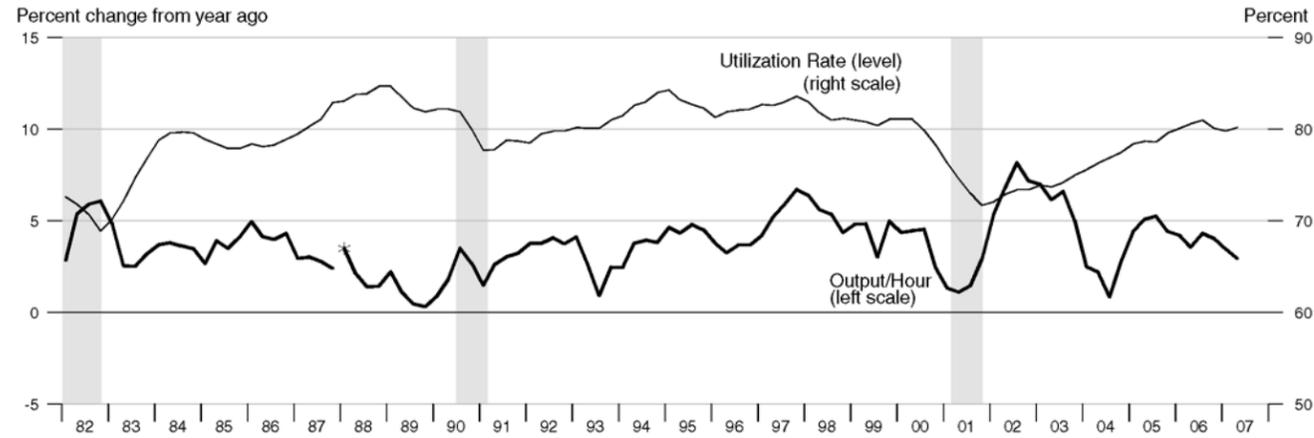


Corporate Profits

Percent of GDP

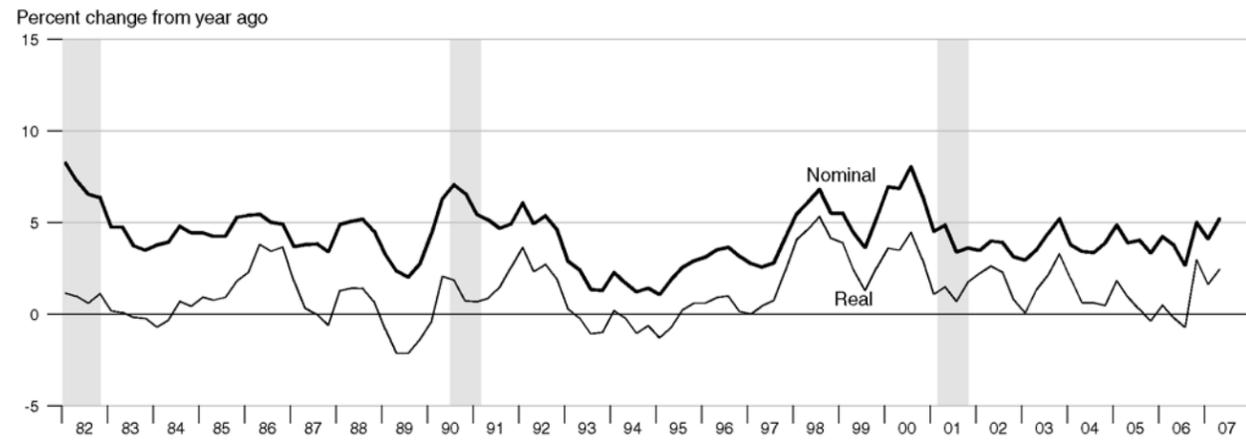


Output per Hour and Capacity Utilization, Manufacturing

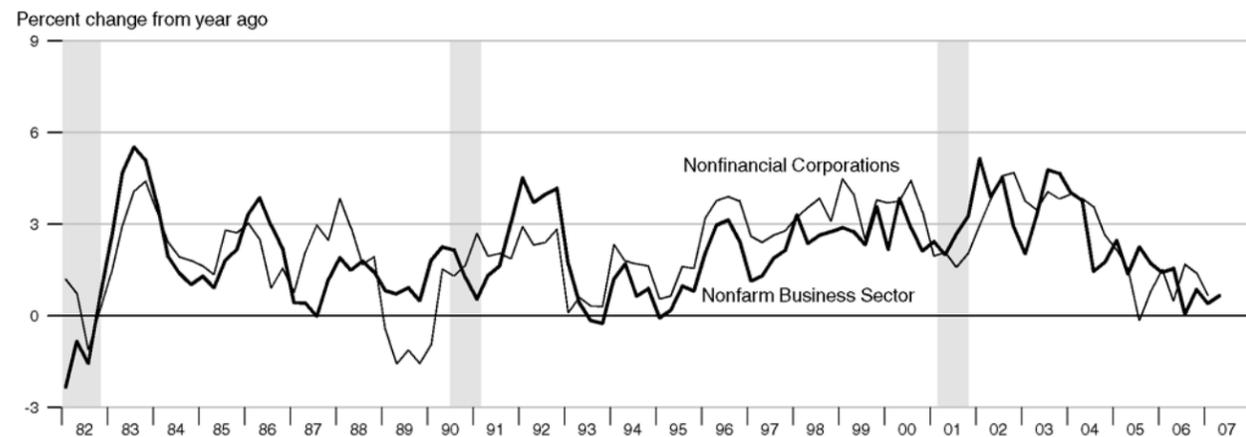


*Data from 1987 to the present are on a NAICS basis; data prior to 1987 are on an SIC basis and are not strictly comparable (see End Note).

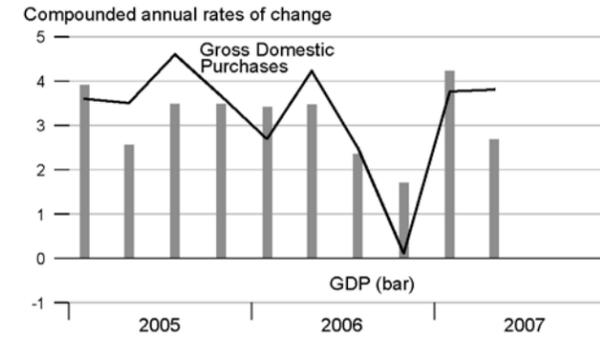
Nonfarm Compensation per Hour



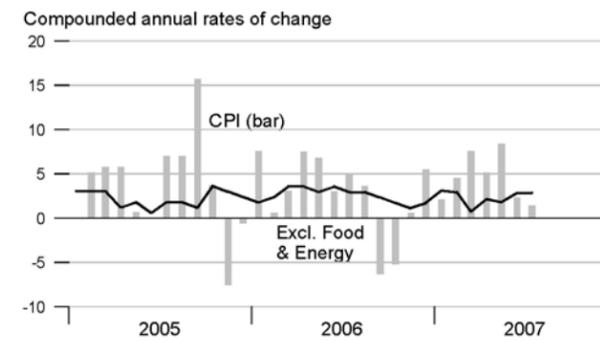
Output per Hour, Nonfarm Business and Nonfinancial Corporations



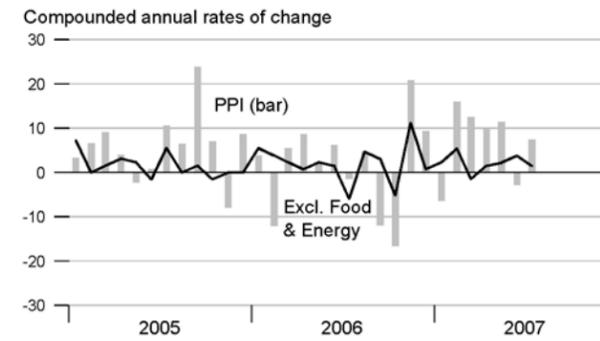
NIPA Chain Price Indexes



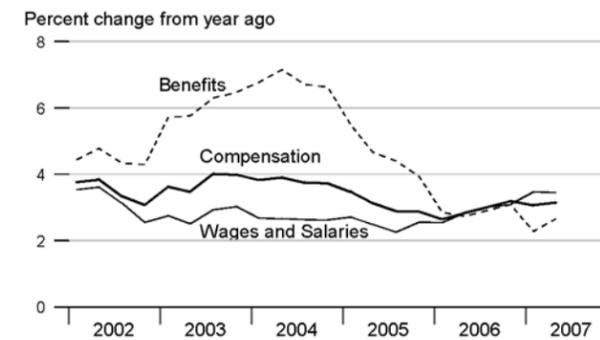
Consumer Price Index



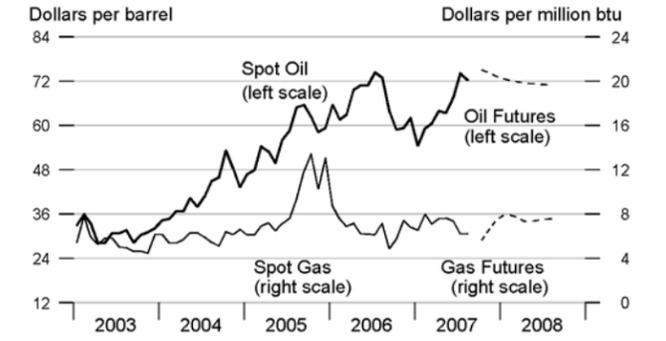
Producer Price Index, Finished Goods



Employment Cost Index

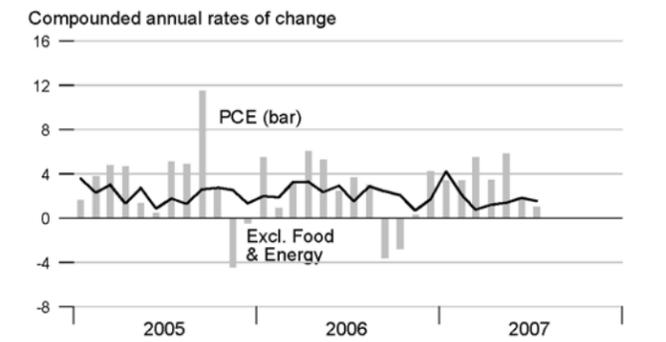


Oil & Natural Gas Prices: Spot & Futures

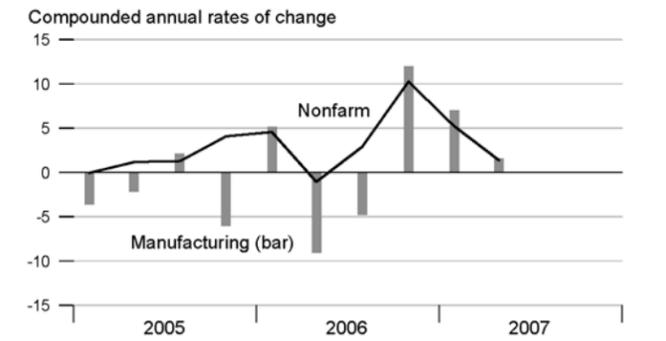


Note: Futures prices as of 09/04/2007.

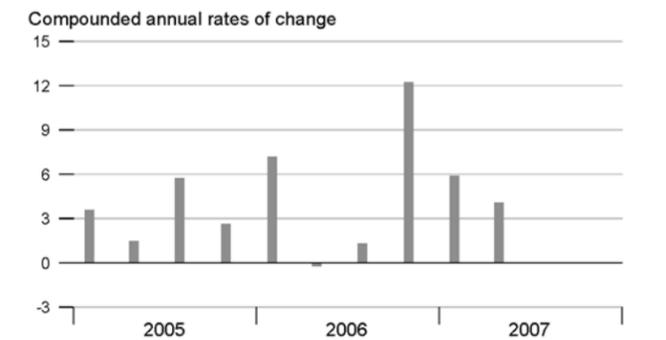
Consumption Chain Price Index



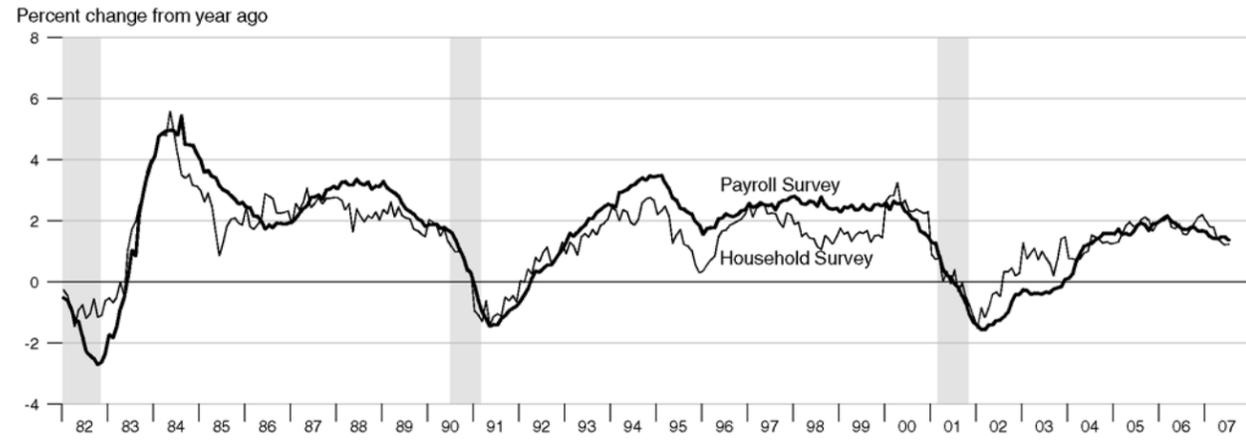
Unit Labor Cost



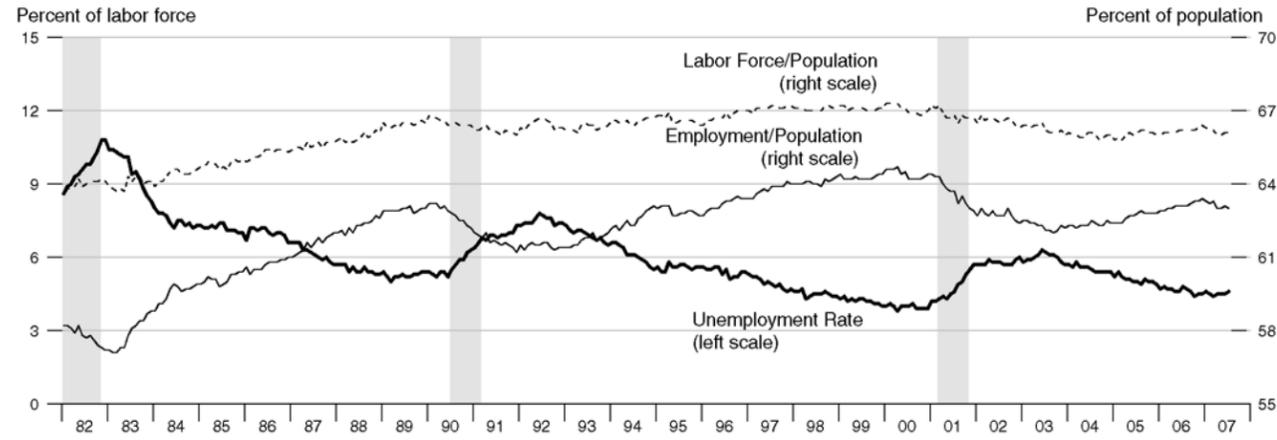
Compensation per Hour



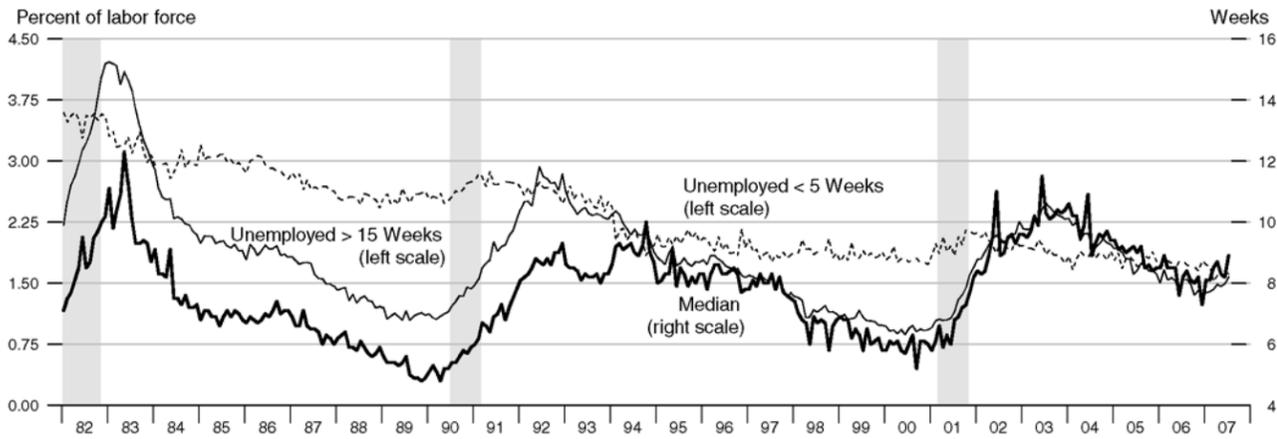
Employment



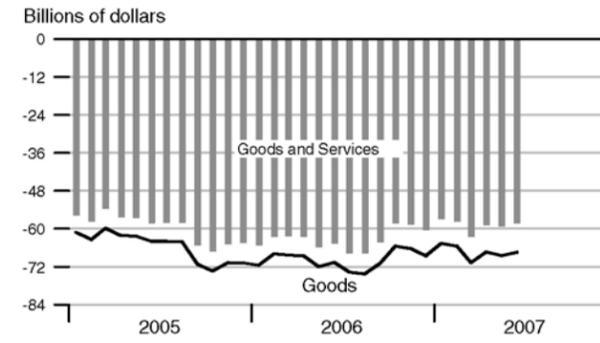
Unemployment, Labor Force Participation, and Employment Rates



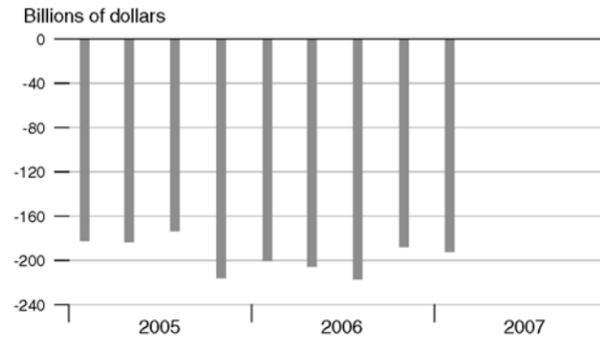
Duration of Unemployment



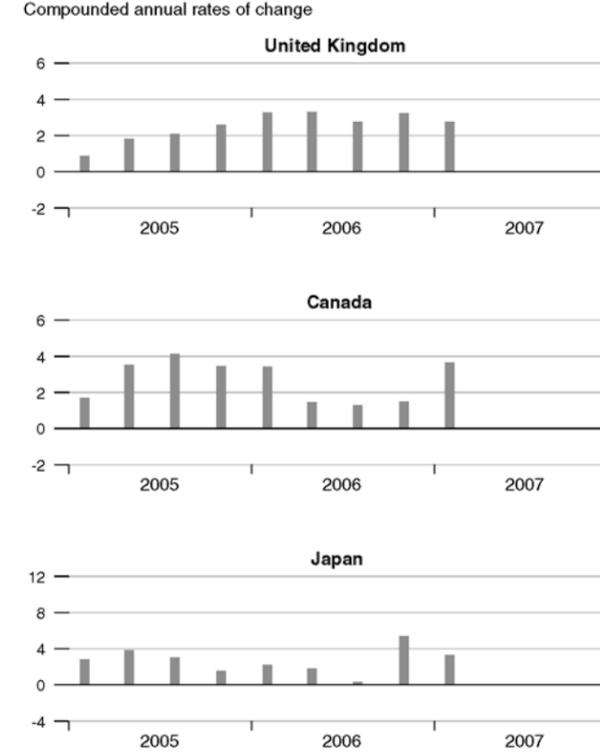
Trade Balance



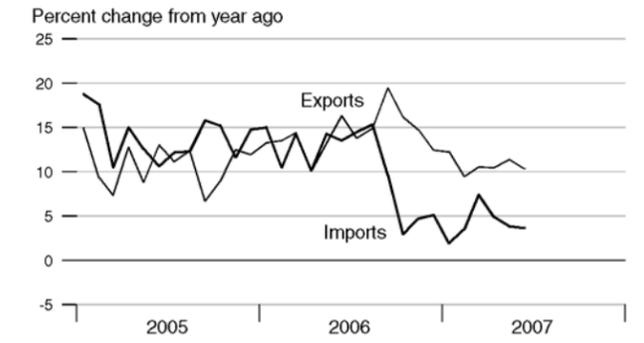
Current Account Balance



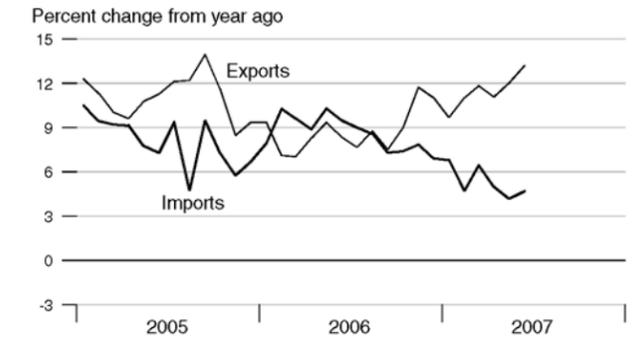
Real GDP Growth of Major Trading Partners



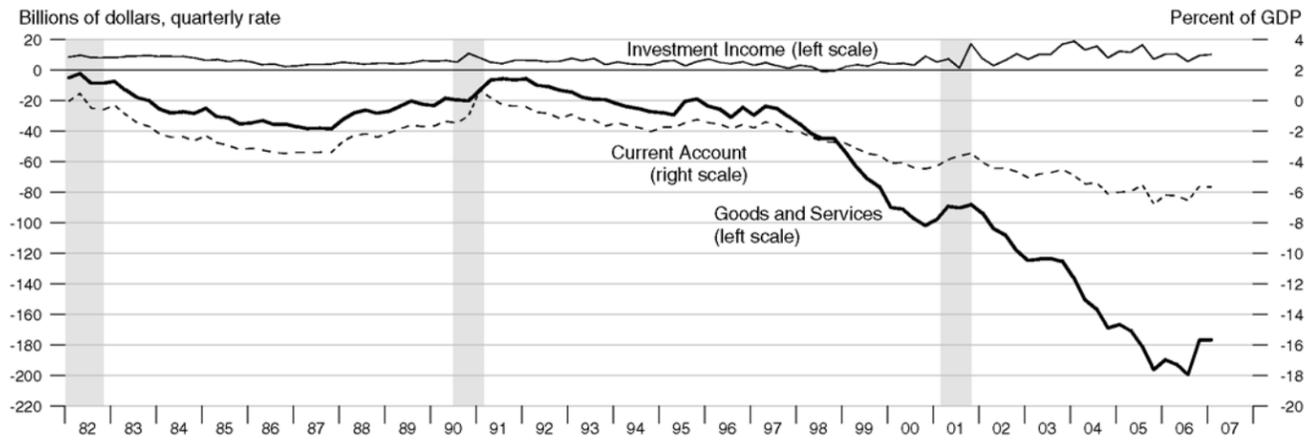
Goods Trade



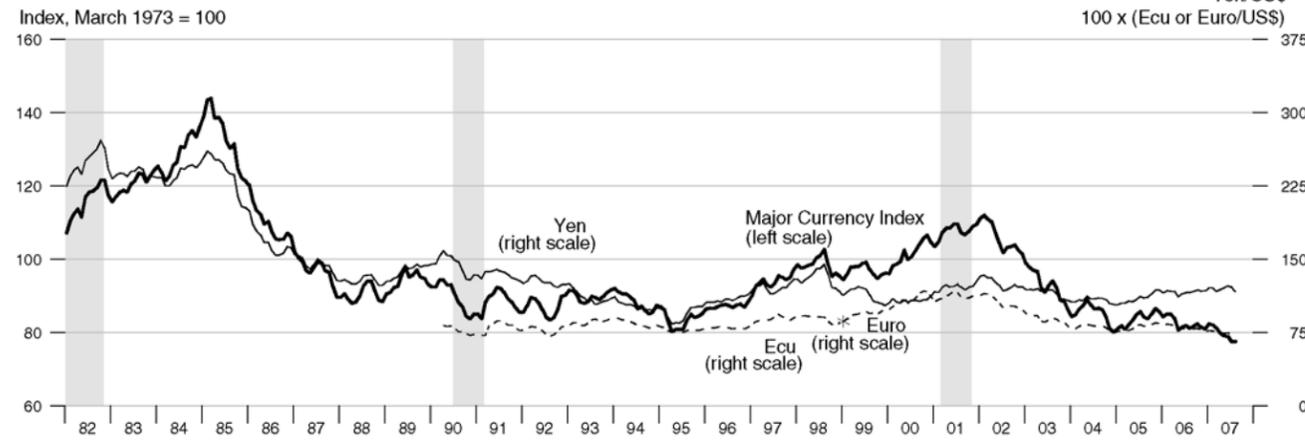
Services Trade



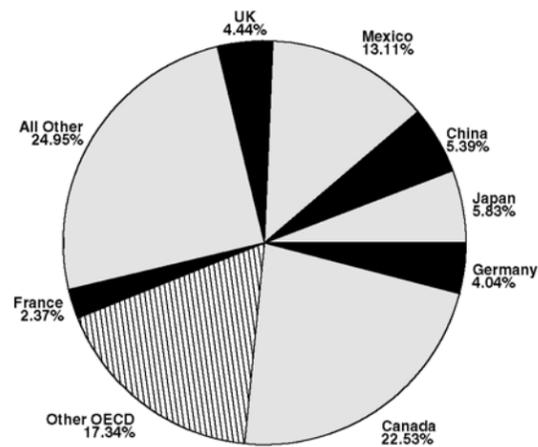
Current Account, Trade and Investment Income Balances



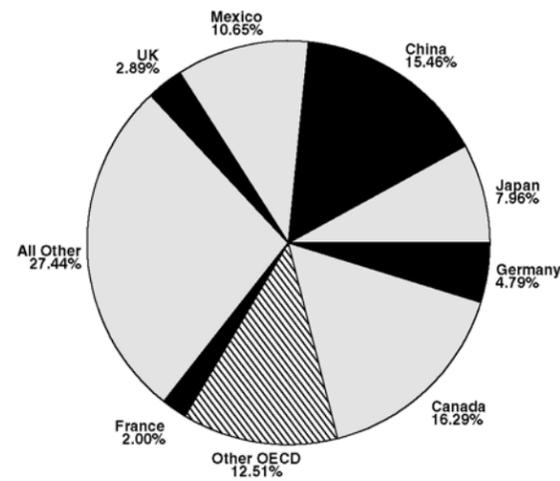
Exchange Rates



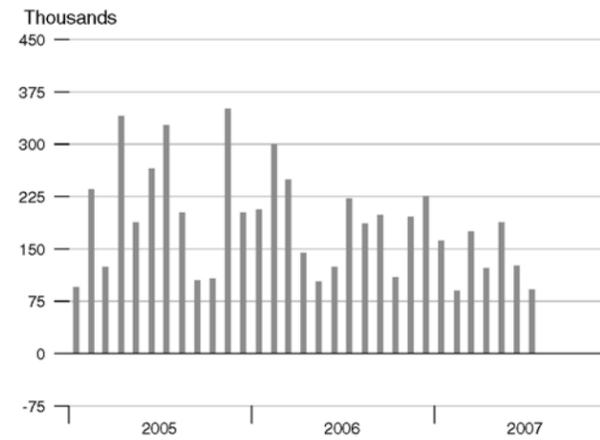
Goods Export Shares, 2006



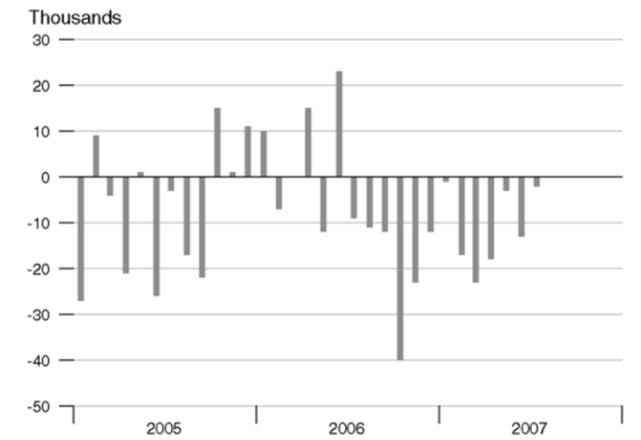
Goods Import Shares, 2006



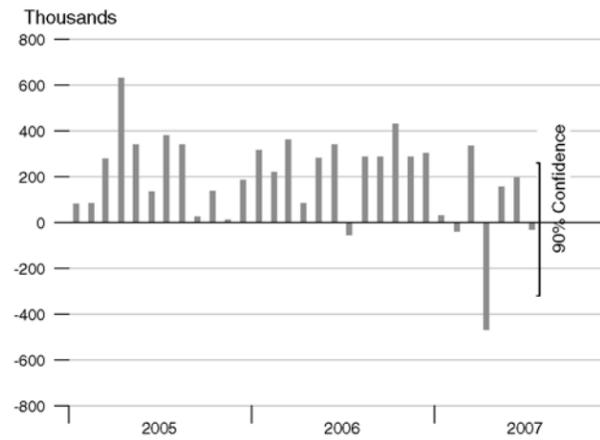
Change in Nonfarm Payrolls



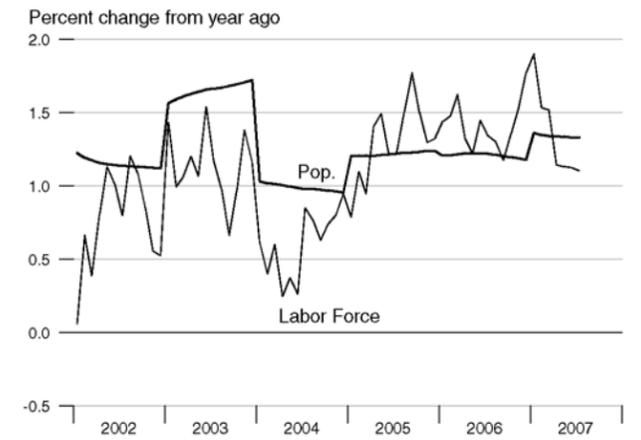
Change in Manufacturing Payrolls



Change in Household Employment



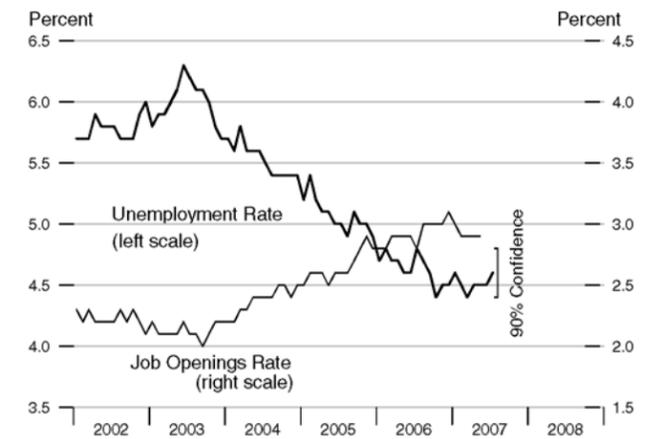
Labor Force and Population



Available Labor Supply and Components

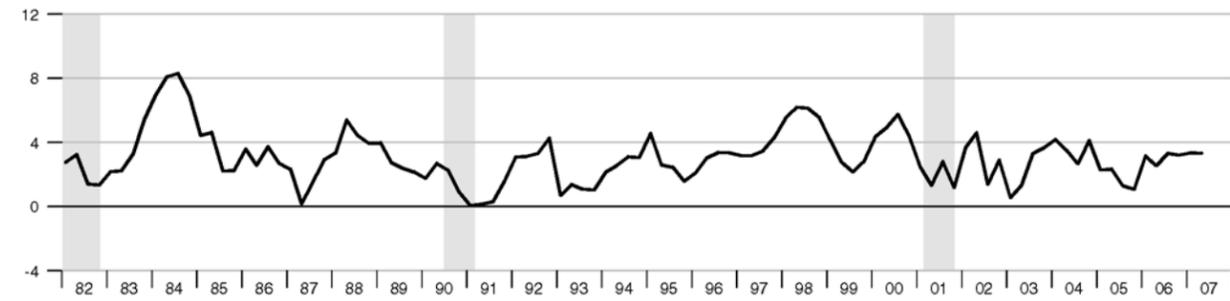


Unemployment Rate & Job Openings Rate



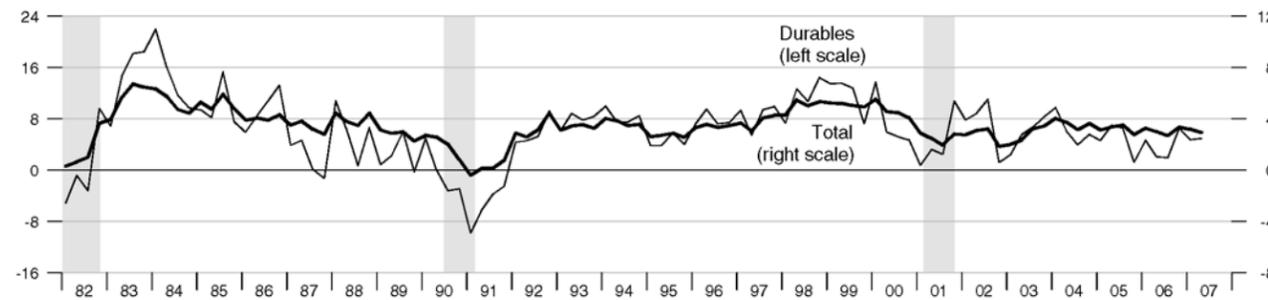
Real Disposable Personal Income

Percent change from year ago, quarterly data



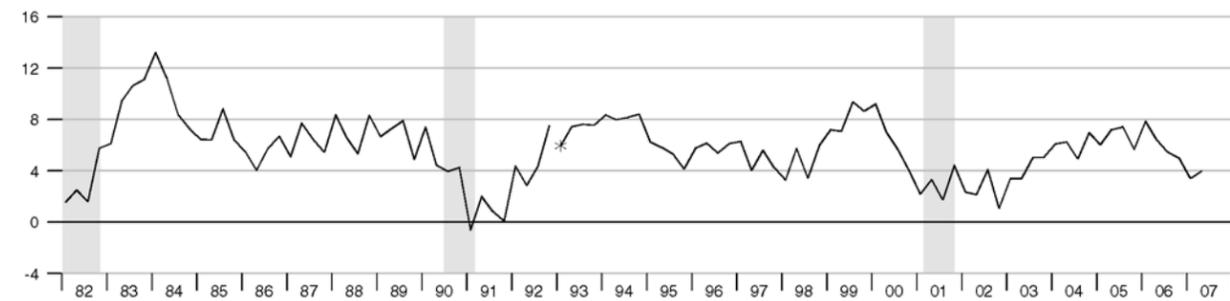
Real Consumption

Percent change from year ago, quarterly data



Retail and Food Services Sales

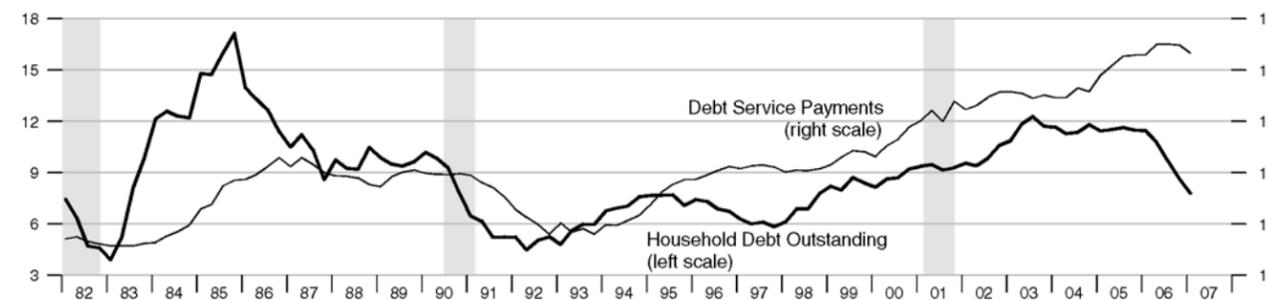
Percent change from year ago, quarterly average



*Data from Jan. 1992 to the present are on a NAICS basis; data prior to Jan. 1992 are on an SIC basis and are not strictly comparable (see End Note).

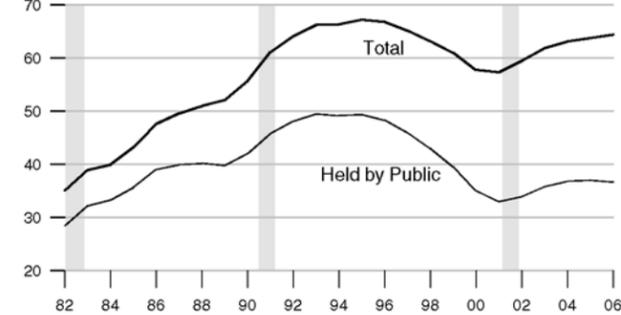
Debt Service Payments and Household Debt Outstanding

Percent change from year ago, quarterly data



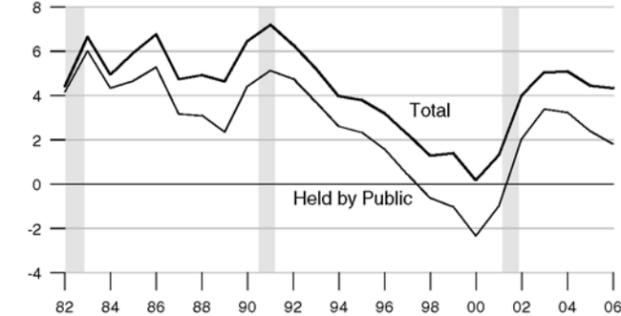
Federal Debt

Percent of GDP



Change in Federal Debt

Percent of GDP



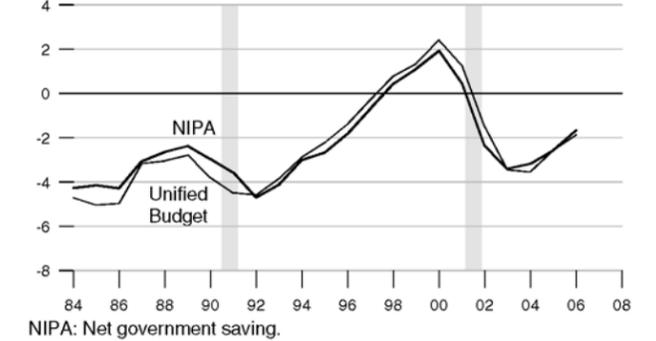
Federal Government Debt

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
2004	7379.1	3075.7	4303.4	700.3	3607.0	1798.7
2005	7932.7	3331.1	4601.6	736.4	3864.9	1930.6
2006	8507.0	3663.8	4843.2	768.9	4074.2	2027.2
2004 March	7131.1	2954.4	4176.7	674.1	3502.8	1677.1
June	7274.3	3055.6	4218.7	687.4	3531.5	1739.6
September	7379.1	3075.7	4303.4	700.3	3607.0	1798.7
December	7596.1	3189.8	4406.4	717.8	3690.6	1853.4
2005 March	7776.9	3204.5	4572.4	717.3	3855.4	1956.3
June	7836.5	3308.9	4527.6	724.7	3803.0	1879.6
September	7932.7	3331.1	4601.6	736.4	3864.9	1930.6
December	8170.4	3455.8	4714.6	744.2	3970.6	2036.0
2006 March	8371.2	3498.4	4872.8	758.5	4114.0	2084.5
June	8420.0	3622.6	4797.5	766.4	4030.8	1979.7
September	8507.0	3663.8	4843.2	768.9	4074.2	2027.2
December	8680.2	3779.0	4901.2	778.9	4122.1	2104.6
2007 March	8849.7	3795.4	5054.3	780.9	4273.1	2199.0

Federal Surplus (+) / Deficit (-)

Percent of GDP

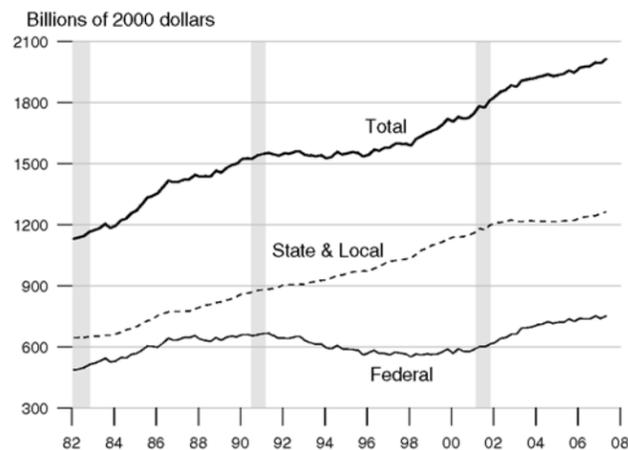


Federal Surplus (+) / Deficit (-), Unified Basis

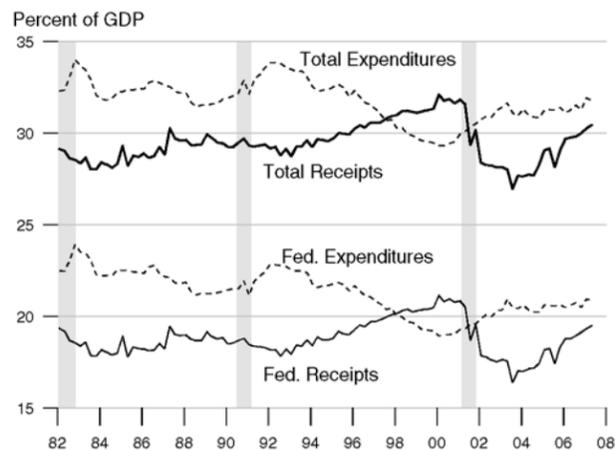
Billions of dollars, fiscal years



Govt. Consumption and Investment



Govt. Current Receipts and Expenditures

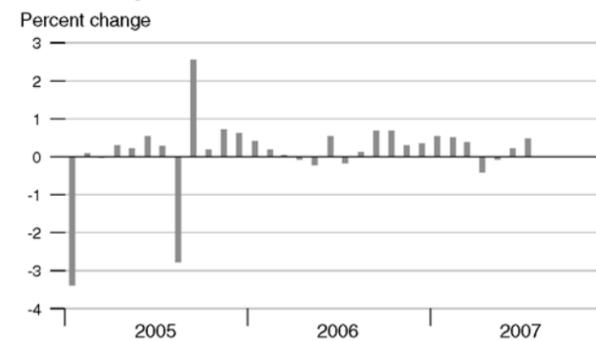


Government Budgets

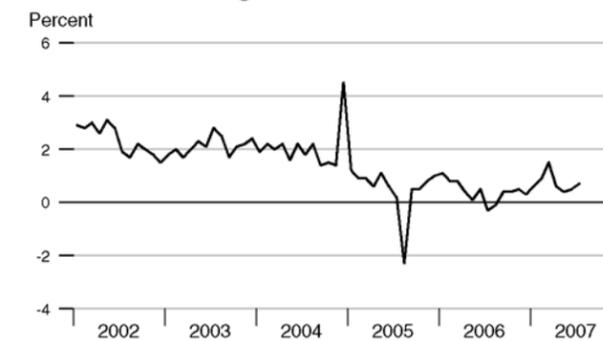
Billions of dollars

	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	789.2	793.3	-4.1	1101.3	1315.0	-213.7	1055.1	1324.3	-269.2
1992	845.7	845.0	0.7	1147.2	1444.6	-297.4	1091.3	1381.6	-290.3
1993	886.9	886.0	0.9	1222.5	1496.0	-273.5	1154.5	1409.5	-255.1
1994	942.9	932.4	10.5	1320.8	1533.1	-212.3	1258.7	1461.9	-203.2
1995	990.2	978.2	12.0	1406.5	1603.5	-197.0	1351.9	1515.9	-164.0
1996	1043.3	1017.5	25.8	1524.0	1665.8	-141.8	1453.2	1560.6	-107.4
1997	1097.4	1058.3	39.1	1653.1	1708.9	-55.8	1579.4	1601.3	-21.9
1998	1163.2	1111.2	52.0	1773.8	1734.9	38.9	1722.0	1652.7	69.3
1999	1236.7	1186.3	50.4	1891.2	1787.6	103.6	1827.6	1702.0	125.6
2000	1319.5	1269.5	50.0	2053.8	1864.4	189.4	2025.5	1789.2	236.2
2001	1373.0	1368.2	4.8	2016.2	1969.5	46.7	1991.4	1863.2	128.2
2002	1410.1	1444.3	-34.2	1853.2	2101.1	-247.9	1853.4	2011.2	-157.8
2003	1494.2	1514.5	-20.3	1879.9	2252.1	-372.2	1782.5	2160.1	-377.6
2004	1594.3	1592.8	1.5	2008.9	2379.5	-370.6	1880.3	2293.0	-412.7
2005	1706.9	1691.7	15.2	2243.4	2561.6	-318.2	2153.9	2472.2	-318.3
2006	1797.7	1773.0	24.7	2495.8	2715.8	-220.0	2407.3	2655.0	-247.7
2005Q3	1709.3	1703.8	5.5	2188.5	2582.9	-394.4	549.2	618.4	-69.2
2005Q4	1731.8	1734.3	-2.5	2328.3	2621.4	-293.1	530.2	649.6	-119.4
2006Q1	1767.8	1732.1	35.7	2436.5	2656.2	-219.7	507.4	691.0	-183.6
2006Q2	1803.7	1760.9	42.8	2471.5	2711.4	-239.9	772.1	675.7	96.5
2006Q3	1806.7	1794.4	12.3	2513.1	2752.3	-239.2	596.9	638.7	-41.7
2006Q4	1812.4	1804.8	7.6	2561.9	2743.4	-181.5	573.5	653.9	-80.4
2007Q1	1856.6	1862.4	-5.8	2619.7	2838.2	-218.5	547.4	725.4	-178.0
2007Q2	1884.7	1876.7	8.0	2685.5	2876.9	-191.4	824.4	686.9	137.5

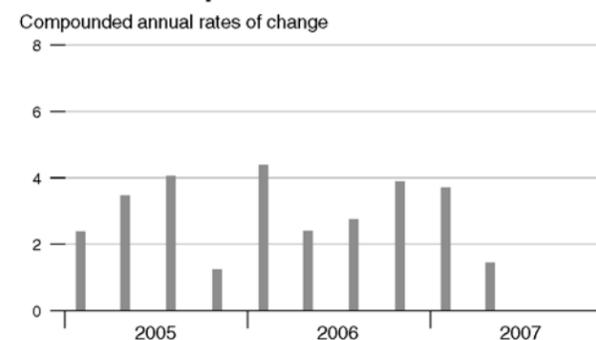
Real Disposable Personal Income



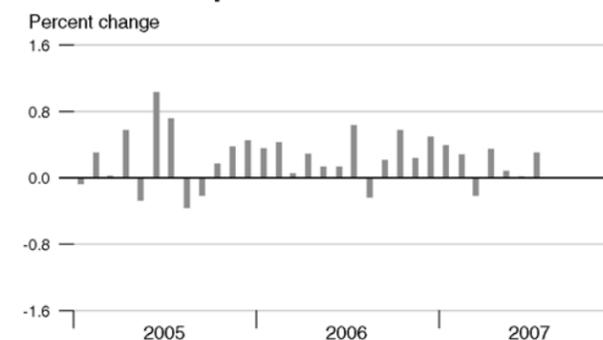
Personal Saving Rate



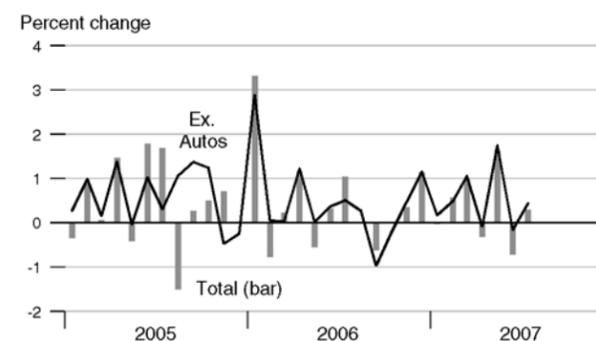
Real Consumption



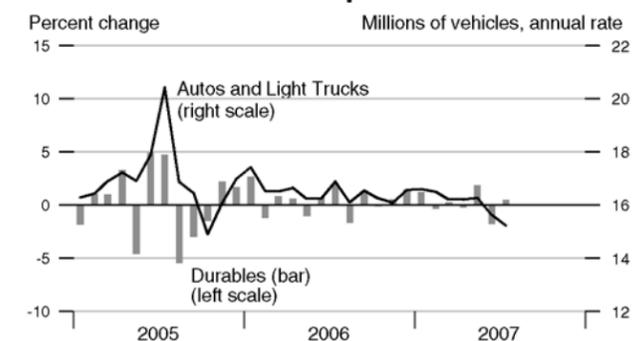
Real Consumption



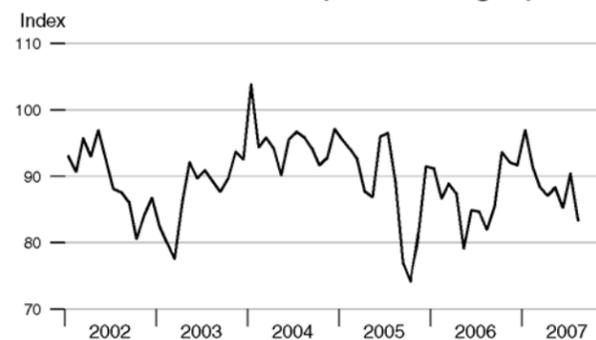
Retail & Food Services



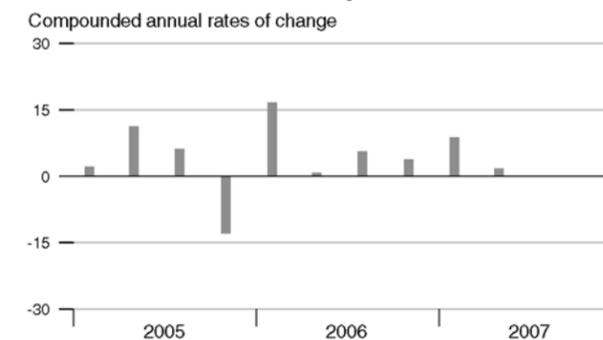
Real Durables Consumption & Vehicle Sales



Consumer Sentiment (U. of Michigan)

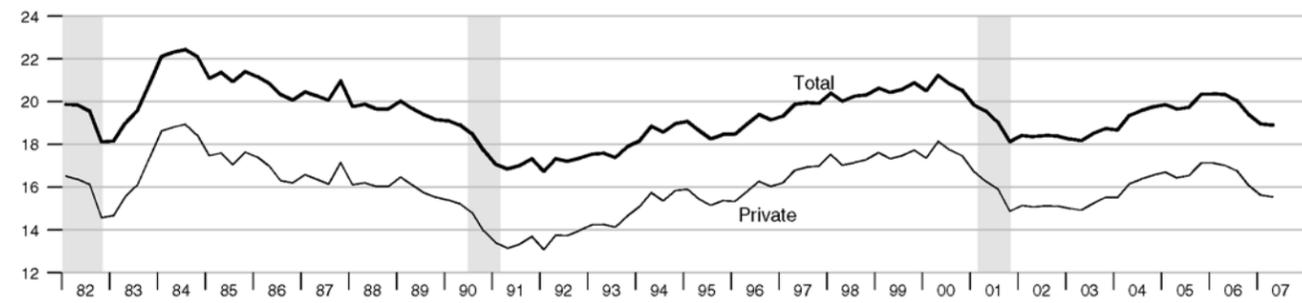


Real Durables Consumption



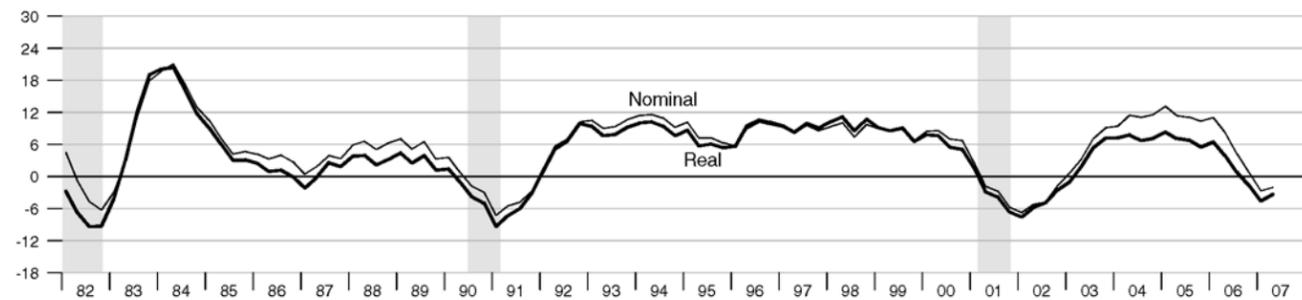
Investment

Percent of nominal GDP



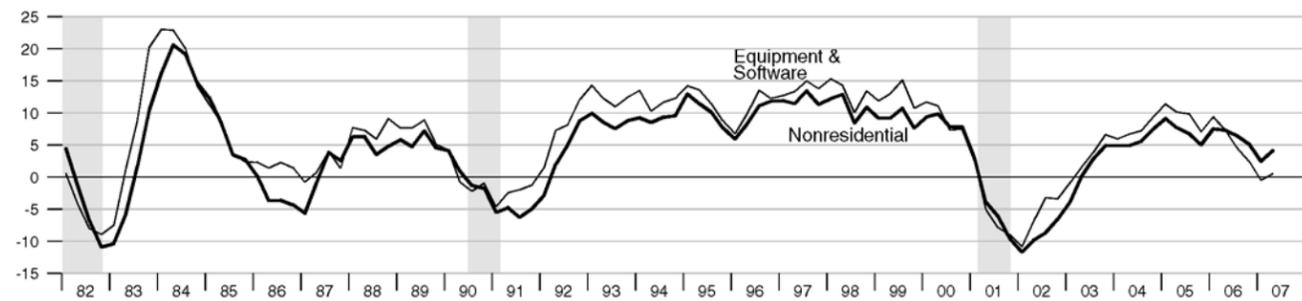
Private Fixed Investment

Percent change from year ago



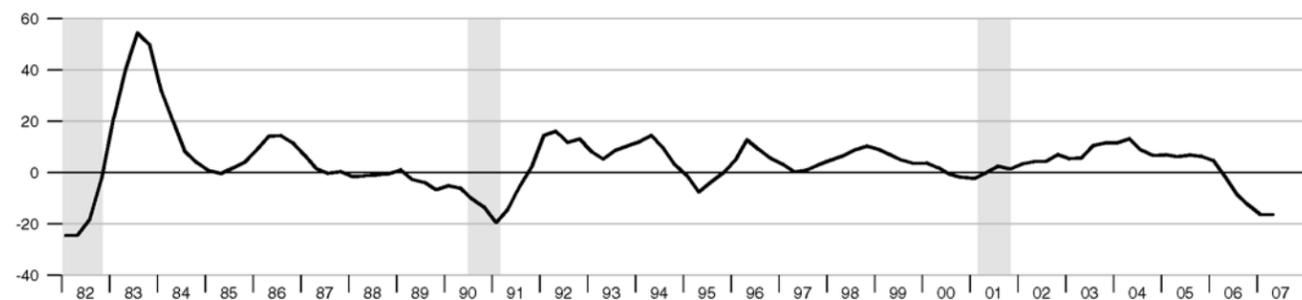
Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago



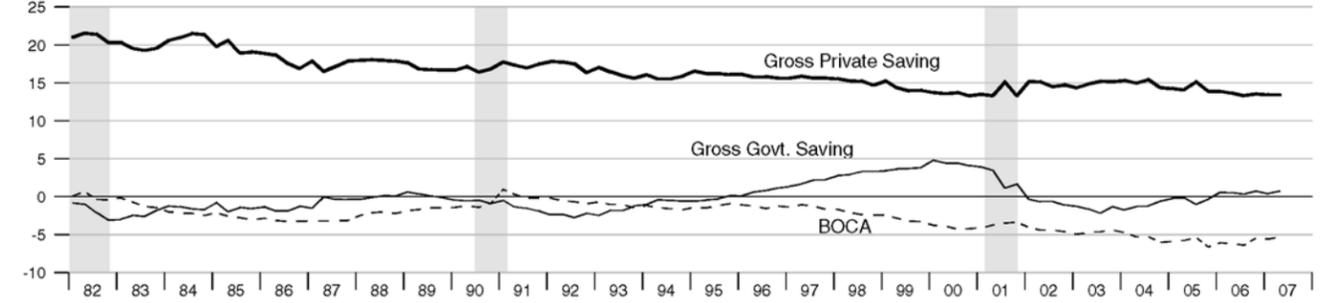
Real Residential Fixed Investment

Percent change from year ago



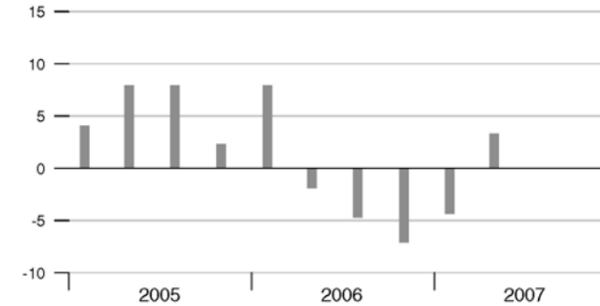
Gross Saving Rates and Balance on Current Account (NIPA)

Percent of GDP



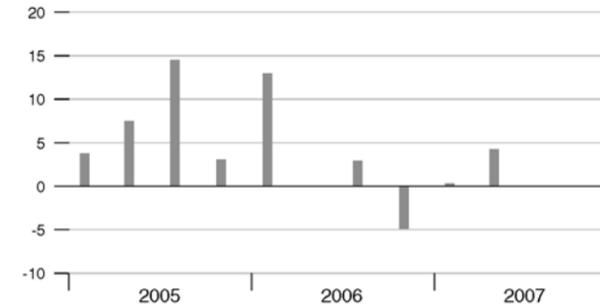
Real Private Fixed Investment

Compounded annual rates of change



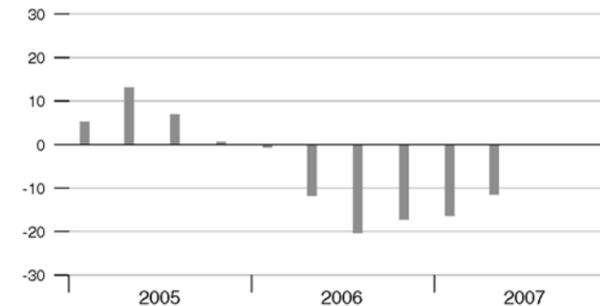
Real Equipment & Software Investment

Compounded annual rates of change



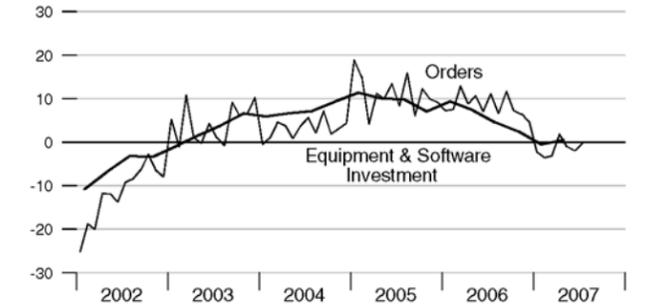
Real Residential Fixed Investment

Compounded annual rates of change



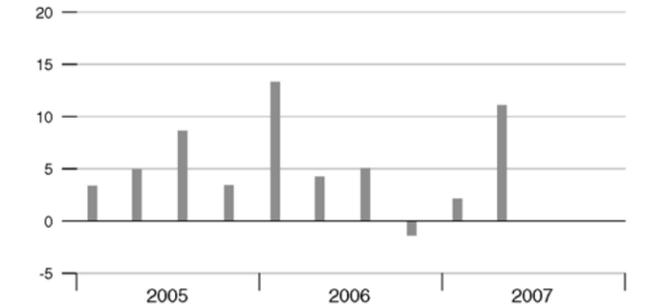
Nondefense Capital Goods Orders

Percent change from year ago, excluding aircraft



Real Nonresidential Fixed Investment

Compounded annual rates of change



Housing Starts and New Home Sales

Millions, annual rate

