

## The U.S. Financial Sector's Value Added: Trends Now and Then

The turmoil in the U.S. financial sector that began around August 2007 has fueled the current economy-wide recession. Indeed, many of the new economic policies to ameliorate the effects of the recession are directed toward financial institutions. To get a deeper perspective, we look back at the trends in the financial sector's total contribution to gross domestic product—or its value added—and the distribution of this income between labor and shareholders.

The “value added” of the financial sector measures the value of the services provided by this sector to the overall economy. We see a strong, sustained increase in the contribution of the financial sector's value added—as the most noticeable postwar trend in the ratio of the financial sector's to the nonfinancial sector's value added. This ratio changed from 1/20 in 1952 to 1/6 around its peak in 2006. This five-decade-long increasing trend culminated with a sharp 14 percent drop from 2007 to 2008.

The fractions of value added accruing to labor and shareholders are summarized in the chart. (Data on value added accrued to labor are reported quarterly, whereas data on value added accrued to shareholders are annual.) National Bureau of Economic Research-dated recessions are shaded.

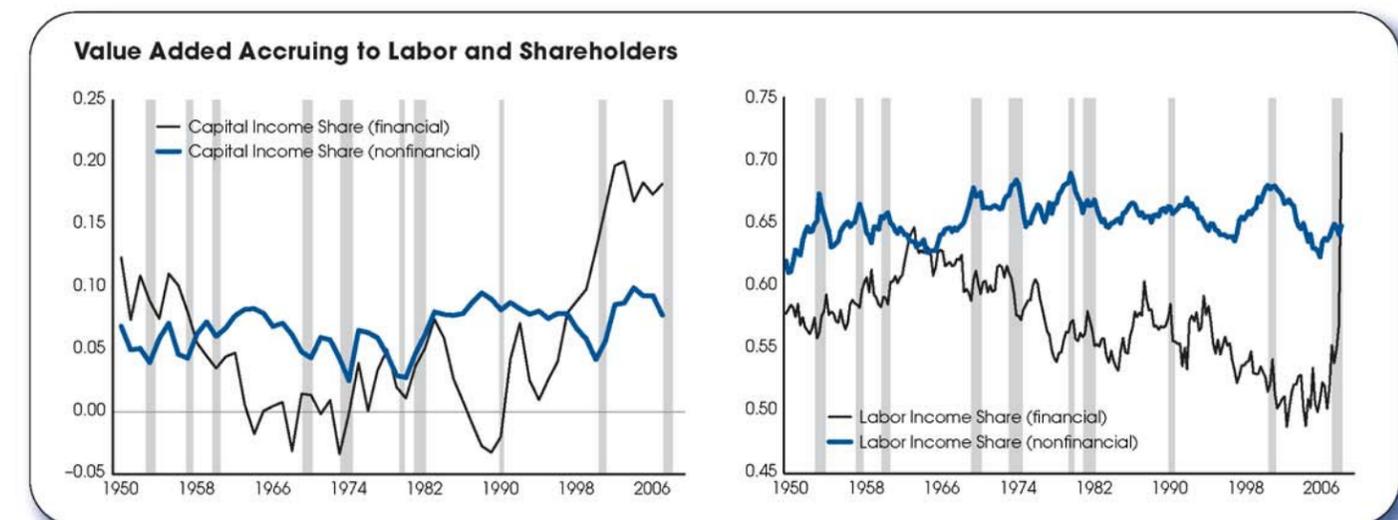
Shareholder income is the residual of value added after covering for labor costs, corporate taxes, and investment expenditures. The two most salient features of shareholder income in financial corporations are marked by wide shifts: First, shareholder income decreased dramatically during the early 1960s followed by a two-

decade-long stagnation (in fact, this share fluctuated around zero from 1965 to 1975). Second, it experienced unprecedented growth from the mid-1990s to the present. By 2007, this share had risen to twice its previous high point. More than half of this increase can be attributed to lower investment and the remainder to increased profitability of the financial sector. Shareholder income (relative to value added) in the nonfinancial corporate sector declined substantially during the mid-1970s as well but has not displayed any specific trend since the late 1980s.

What about the share of total labor compensation in value added? As the right panel of the chart shows, in the financial sector this share tends to increase at the beginning of each recession (by 2.15 percent on average), only to drop by a larger amount (–3.8 percent on average) later in the cycle. The labor compensation share in nonfinancial corporations behaves similarly up to the mid-1980s. Since then recessions have instead been associated with a drop in the labor share of nonfinancial corporations. Perhaps most curious is that the labor share for financial corporations skyrocketed in the current crisis. It increased by 44 percent—from 0.50 in mid-2007 to a record-high of 0.72—by the end of 2008. Why such a big shift? Labor compensation did not change much while value added declined dramatically.

The U.S. financial sector increased substantially during the past five decades. Growth between 1995 and 2006 certainly translated into record-high shareholder returns. Labor compensation returns in the financial sector were also dramatically high at the onset of the current crisis.

—Chanont Bantenghansa and Adrian Peralta-Alva



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

Page	
3	Economy at a Glance
4	Output and Growth
7	Interest Rates
8	Inflation and Prices
10	Labor Markets
12	Consumer Spending
14	Investment Spending
16	Government Revenues, Spending, and Debt
18	International Trade
20	Productivity and Profits
22	Quick Reference Tables
27	Notes and Sources

## 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.

We welcome your comments addressed to:

Editor, *National Economic Trends*  
 Research Division  
 Federal Reserve Bank of St. Louis  
 P.O. Box 442  
 St. Louis, MO 63166-0442

or to:

stlsFRED@stls.frb.org

## 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 January 2008 **Employment Situation**, the establishment survey data for employment, hours, and earnings have been converted from the 2002 NAICS system to the 2007 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 ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 430,000$ ) 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/](http://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 77 percent of the value of GDP in 2000, 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.

## 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.

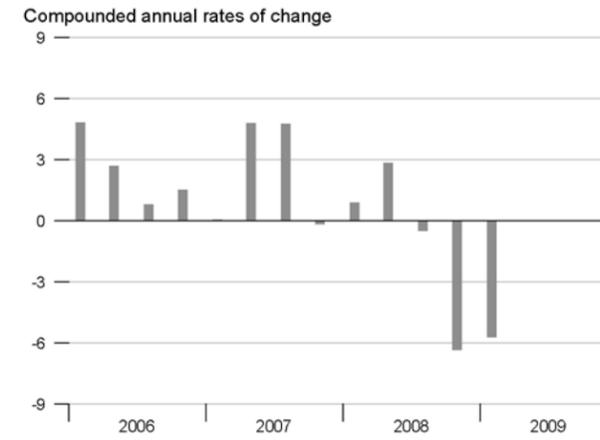
*Federal Reserve Board*  
 Index of industrial production, treasury yields, exchange rates, capacity utilization, household debt.

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

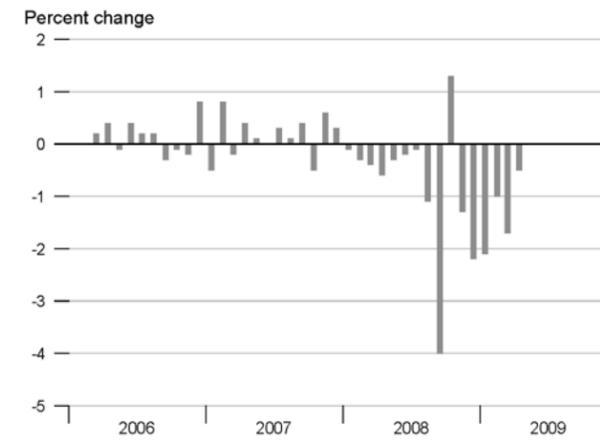
*Organization for Economic Cooperation and Development (OECD)*  
 GDP for major trading partners (not available on FRED).

	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	
2004	188.908			2.7		196.642			1.8		148.5			3.6	
2005	195.292			3.4		200.883			2.2		155.8			4.9	
2006	201.583			3.2		205.933			2.5		160.3			2.9	
2007	207.348			2.9		210.730			2.3		166.6			3.9	
2008	215.224			3.8		215.570			2.3		177.3			6.4	
2007	1	204.426	1.0	3.9	2.4	3.9	208.993	0.6	2.3	2.6	2.3	162.6	1.6	6.4	1.9
	2	206.542	1.0	4.2	2.6	4.0	210.097	0.5	2.1	2.3	2.2	166.0	2.0	8.5	3.4
	3	207.747	0.6	2.4	2.3	3.5	211.204	0.5	2.1	2.1	2.2	166.9	0.6	2.4	3.6
	4	210.679	1.4	5.8	4.0	4.0	212.627	0.7	2.7	2.3	2.3	171.0	2.4	10.1	6.8
2008	1	213.007	1.1	4.5	4.2	4.5	213.942	0.6	2.5	2.4	2.5	174.4	2.0	8.1	7.2
	2	215.358	1.1	4.5	4.3	4.5	215.007	0.5	2.0	2.3	2.3	178.5	2.4	9.9	7.6
	3	218.620	1.5	6.2	5.2	5.1	216.493	0.7	2.8	2.5	2.4	182.7	2.4	9.7	9.5
	4	213.910	-2.2	-8.3	1.5	1.5	216.836	0.2	0.6	2.0	2.0	173.4	-5.1	-19.0	1.4
2009	1	212.632	-0.6	-2.4	-0.2	-2.4	217.659	0.4	1.5	1.7	1.5	170.6	-1.6	-6.3	-2.2
2007	Apr	205.920	0.3	3.4	2.6	3.9	209.726	0.2	2.5	2.4	2.4	165.4	0.7	8.3	3.2
	May	206.682	0.4	4.5	2.7	4.0	210.072	0.2	2.0	2.3	2.3	166.4	0.6	7.5	3.7
	Jun	207.023	0.2	2.0	2.6	3.7	210.492	0.2	2.4	2.2	2.3	166.1	-0.2	-2.1	3.2
	Jul	207.338	0.2	1.8	2.3	3.4	210.866	0.2	2.2	2.2	2.3	167.2	0.7	8.2	4.0
	Aug	207.520	0.1	1.1	1.9	3.1	211.159	0.1	1.7	2.1	2.2	166.2	-0.6	-6.9	2.4
	Sep	208.382	0.4	5.1	2.8	3.3	211.587	0.2	2.5	2.1	2.2	167.4	0.7	9.0	4.5
	Oct	209.133	0.4	4.4	3.6	3.5	212.070	0.2	2.8	2.2	2.3	168.6	0.7	8.9	6.3
	Nov	211.166	1.0	12.3	4.4	4.2	212.644	0.3	3.3	2.3	2.4	172.6	2.4	32.5	7.6
	Dec	211.737	0.3	3.3	4.2	4.2	213.166	0.2	3.0	2.4	2.4	171.8	-0.5	-5.4	6.4
2008	Jan	212.495	0.4	4.4	4.4	4.4	213.714	0.3	3.1	2.5	3.1	173.4	0.9	11.8	7.8
	Feb	212.860	0.2	2.1	4.2	3.2	213.859	0.1	0.8	2.3	2.0	174.1	0.4	5.0	6.9
	Mar	213.667	0.4	4.6	4.1	3.7	214.252	0.2	2.2	2.4	2.1	175.6	0.9	10.8	6.9
	Apr	213.997	0.2	1.9	3.9	3.2	214.496	0.1	1.4	2.3	1.9	176.0	0.2	2.8	6.4
	May	215.044	0.5	6.0	4.0	3.8	214.950	0.2	2.6	2.3	2.0	178.6	1.5	19.2	7.3
	Jun	217.034	0.9	11.7	4.8	5.1	215.575	0.3	3.5	2.4	2.3	181.0	1.3	17.4	9.0
	Jul	218.610	0.7	9.1	5.4	5.6	216.162	0.3	3.3	2.5	2.4	183.4	1.3	17.1	9.7
	Aug	218.576	-0.0	-0.2	5.3	4.9	216.534	0.2	2.1	2.5	2.4	182.5	-0.5	-5.7	9.8
	Sep	218.675	0.0	0.5	4.9	4.4	216.784	0.1	1.4	2.5	2.3	182.3	-0.1	-1.3	8.9
	Oct	216.889	-0.8	-9.4	3.7	2.9	216.758	-0.0	-0.1	2.2	2.0	177.6	-2.6	-26.9	5.3
	Nov	213.263	-1.7	-18.3	1.0	0.8	216.868	0.1	0.6	2.0	1.9	172.8	-2.7	-28.0	0.1
	Dec	211.577	-0.8	-9.1	-0.1	-0.1	216.882	0.0	0.1	1.7	1.7	169.7	-1.8	-19.5	-1.2
2009	Jan	212.174	0.3	3.4	-0.2	3.4	217.265	0.2	2.1	1.7	2.1	171.1	0.8	10.4	-1.3
	Feb	213.007	0.4	4.8	0.1	4.1	217.670	0.2	2.3	1.8	2.2	171.3	0.1	1.4	-1.6
	Mar	212.714	-0.1	-1.6	-0.4	2.2	218.042	0.2	2.1	1.8	2.2	169.3	-1.2	-13.1	-3.6
	Apr	212.671	-0.0	-0.2	-0.6	1.6	218.594	0.3	3.1	1.9	2.4	169.8	0.3	3.6	-3.5

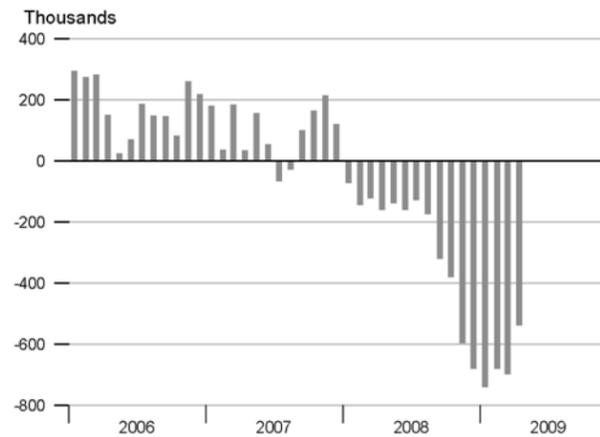
Real GDP Growth



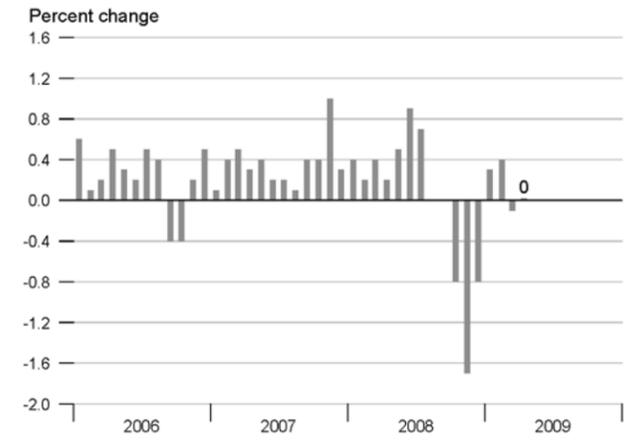
Industrial Production



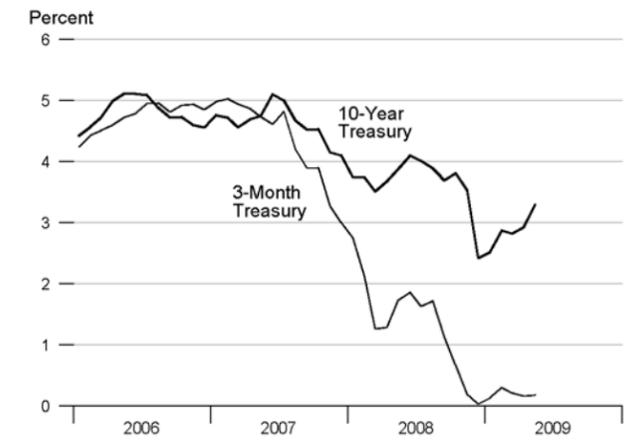
Change in Nonfarm Payrolls



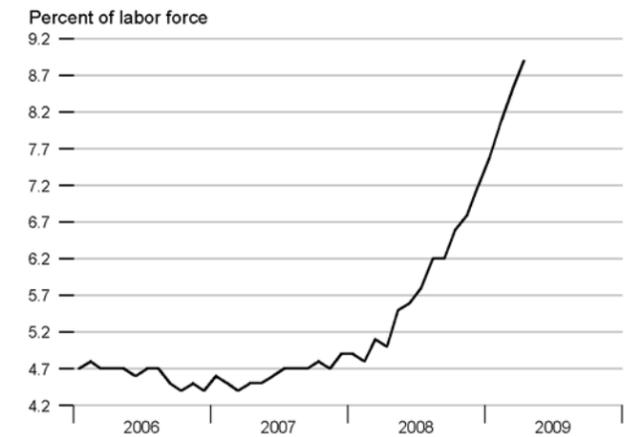
Consumer Price Index



Interest Rates

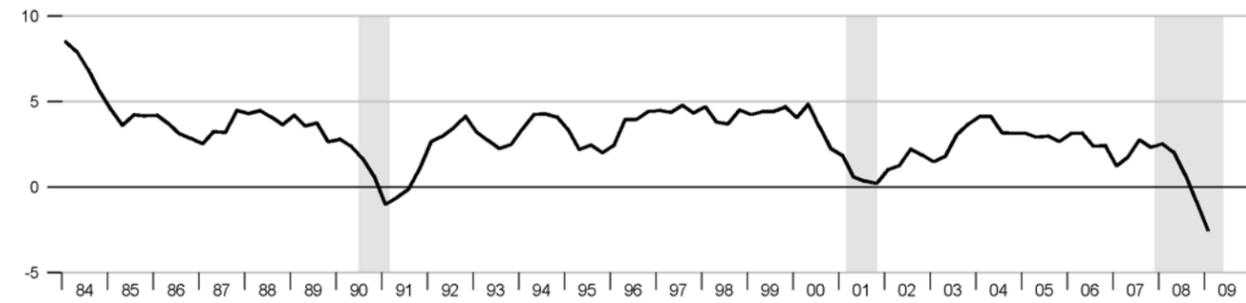


Unemployment Rate



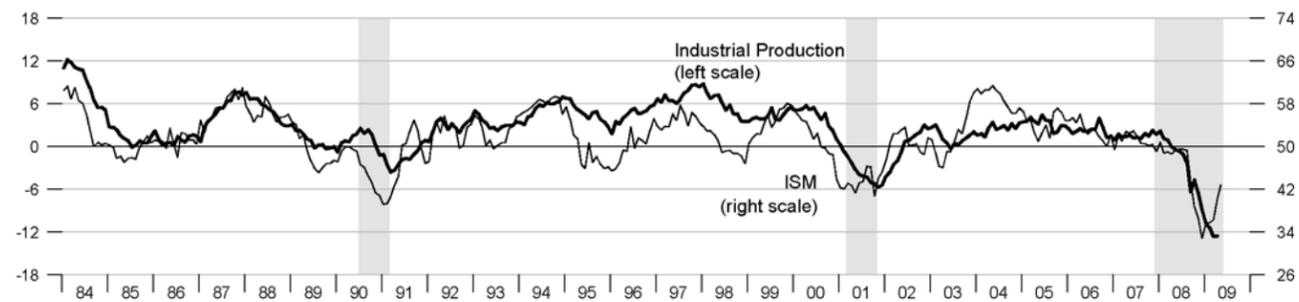
**Real Gross Domestic Product**

Percent change from year ago



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

Percent change from year ago



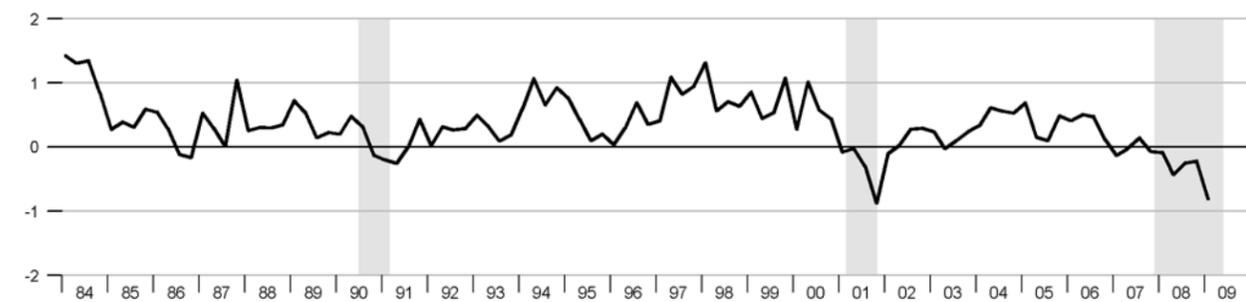
**Aggregate Private Nonfarm Hours**

Percent change from year ago



**Real Change in Private Inventories**

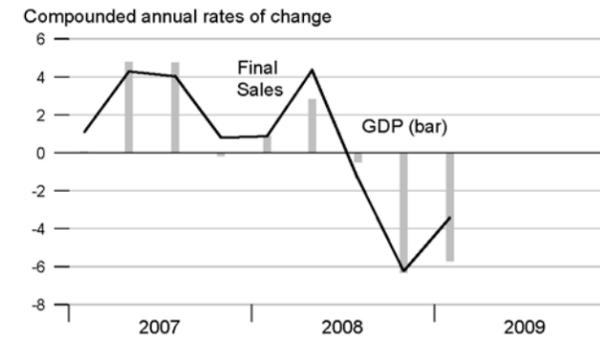
Percent of GDP



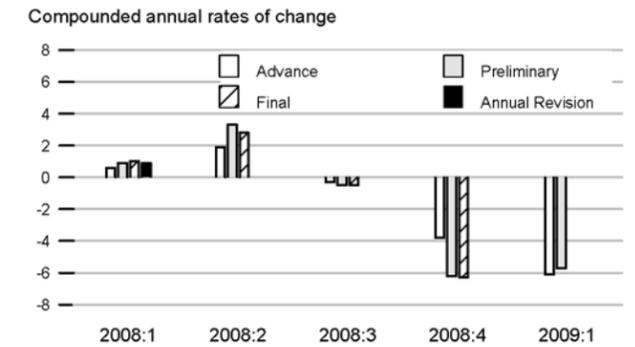
	Unempl. Rate	Retail and Food Services Sales			Industrial Production			Treasury Yields					
		Billions of dollars	Percent change		Index	Percent change		(Percent)					
			Monthly/quarterly	Annual rate	Year ago		Monthly/quarterly	Annual rate	Year ago	3-mo	10-yr		
2004	5.5	3833.094			6.1	103.8293			2.5	1.37	4.27		
2005	5.1	4078.223			6.4	107.2289			3.3	3.15	4.29		
2006	4.6	4294.467			5.3	109.6790			2.3	4.73	4.79		
2007	4.6	4435.842			3.3	111.3193			1.5	4.35	4.63		
2008	5.8	4404.211			-0.7	108.8243			-2.2	1.37	3.67		
2007	1	1095.943	1.3	5.2	2.6	110.4694	0.5	1.8	1.3	4.98	4.68		
	2	1101.816	0.5	2.2	3.0	111.1307	0.6	2.4	1.4	4.74	4.85		
	3	1108.003	0.6	2.3	3.1	111.7206	0.5	2.1	1.4	4.30	4.73		
	4	1130.080	2.0	8.2	4.4	111.9566	0.2	0.8	1.8	3.39	4.26		
2008	1	1124.247	-0.5	-2.0	2.6	112.0106	0.0	0.2	1.4	2.04	3.66		
	2	1128.137	0.3	1.4	2.4	110.7109	-1.2	-4.6	-0.4	1.63	3.89		
	3	1112.645	-1.4	-5.4	0.4	108.1232	-2.3	-9.0	-3.2	1.49	3.86		
	4	1039.182	-6.6	-23.9	-8.0	104.4524	-3.4	-12.9	-6.7	0.30	3.25		
2009	1	1024.385	-1.4	-5.6	-8.9	99.0345	-5.2	-19.2	-11.6	0.21	2.74		
2007	May	4.5	370.030	1.2	15.3	4.0	111.1430	0.1	1.0	1.6	4.73	4.75	
	Jun	4.6	366.129	-1.1	-11.9	3.0	111.1951	0.0	0.6	1.2	4.61	5.10	
	Jul	4.7	367.715	0.4	5.3	2.6	111.5406	0.3	3.8	1.3	4.82	5.00	
	Aug	4.7	368.282	0.2	1.9	2.6	111.6142	0.1	0.8	1.2	4.20	4.67	
	Sep	4.7	372.006	1.0	12.8	4.2	112.0071	0.4	4.3	1.8	3.89	4.52	
	Oct	4.8	373.893	0.5	6.3	4.5	111.4196	-0.5	-6.1	1.5	3.90	4.53	
	Nov	4.7	379.767	1.6	20.6	5.6	112.0541	0.6	7.1	2.3	3.27	4.15	
	Dec	4.9	376.420	-0.9	-10.1	3.3	112.3962	0.3	3.7	1.7	3.00	4.10	
	2008	Jan	4.9	376.262	-0.0	-0.5	3.6	112.3389	-0.1	-0.6	2.2	2.75	3.74
		Feb	4.8	373.140	-0.8	-9.5	2.4	112.0435	-0.3	-3.1	1.1	2.12	3.74
		Mar	5.1	374.845	0.5	5.6	1.8	111.6495	-0.4	-4.1	0.9	1.26	3.51
		Apr	5.0	375.614	0.2	2.5	2.7	111.0012	-0.6	-6.7	-0.0	1.29	3.68
May		5.5	375.860	0.1	0.8	1.6	110.6820	-0.3	-3.4	-0.4	1.73	3.88	
Jun		5.6	376.663	0.2	2.6	2.9	110.4494	-0.2	-2.5	-0.7	1.86	4.10	
Jul		5.8	373.898	-0.7	-8.5	1.7	110.3760	-0.1	-0.8	-1.0	1.63	4.01	
Aug		6.2	372.192	-0.5	-5.3	1.1	109.1570	-1.1	-12.5	-2.2	1.72	3.89	
Sep		6.2	366.555	-1.5	-16.7	-1.5	104.8367	-4.0	-38.4	-6.4	1.13	3.69	
Oct		6.6	355.037	-3.1	-31.8	-5.0	106.1626	1.3	16.3	-4.7	0.67	3.81	
Nov		6.8	347.707	-2.1	-22.1	-8.4	104.7607	-1.3	-14.7	-6.5	0.19	3.53	
Dec		7.2	336.438	-3.2	-32.7	-10.6	102.4338	-2.2	-23.6	-8.9	0.03	2.42	
2009	Jan	7.6	342.017	1.7	21.8	-9.1	100.2859	-2.1	-22.5	-10.7	0.13	2.52	
	Feb	8.1	343.438	0.4	5.1	-8.0	99.2533	-1.0	-11.7	-11.4	0.30	2.87	
	Mar	8.5	338.930	-1.3	-14.7	-9.6	97.5643	-1.7	-18.6	-12.6	0.21	2.82	
	Apr	8.9	337.677	-0.4	-4.3	-10.1	97.0723	-0.5	-5.9	-12.5	0.16	2.93	
	May										0.18	3.29	

	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	
2004	139240	1511		1.1	131419	1423		1.1	100.2			1.6	
2005	141714	2474		1.8	133699	2280		1.7	102.7			2.6	
2006	144420	2707		1.9	136098	2398		1.8	105.8			3.0	
2007	146050	1629		1.1	137604	1507		1.1	107.3			1.4	
2008	145368	-681		-0.5	137046	-558		-0.4	106.2			-1.0	
2007	1	146081	459	1.3	137265	498	1.5	1.4	106.8	0.2	0.8	1.8	
	2	145873	-208	-0.6	137557	292	0.9	1.2	107.3	0.4	1.8	1.5	
	3	145969	96	0.3	137595	38	0.1	1.0	107.3	0.0	0.0	1.3	
	4	146275	306	0.8	138000	406	1.2	0.9	107.7	0.4	1.5	1.0	
2008	1	146138	-137	-0.4	137943	-57	-0.2	0.5	107.5	-0.1	-0.5	0.7	
	2	145990	-149	-0.4	137509	-434	-1.3	-0.0	106.9	-0.6	-2.3	-0.3	
	3	145299	-690	-1.9	137004	-505	-1.5	-0.4	106.1	-0.7	-2.8	-1.1	
	4	144046	-1253	-3.4	135727	-1277	-3.7	-1.6	104.1	-1.9	-7.4	-3.3	
2009	1	141578	-2468	-6.7	133646	-2081	-6.0	-3.1	101.8	-2.2	-8.7	-5.4	
2007	Apr	145647	-620	-5.0	137435	35	0.3	1.2	106.9	-0.3	-3.3	1.1	
	May	145915	268	2.2	137591	156	1.4	1.3	107.4	0.5	5.8	1.9	
	Jun	146057	142	1.2	137645	54	0.5	1.2	107.5	0.1	1.1	1.6	
	Jul	145972	-85	-0.7	137580	-65	-0.6	1.1	107.3	-0.2	-2.2	1.3	
	Aug	145732	-240	-2.0	137552	-28	-0.2	0.9	107.2	-0.1	-1.1	1.0	
	Sep	146203	471	3.9	137652	100	0.9	0.9	107.3	0.1	1.1	1.4	
	Oct	145867	-336	-2.7	137817	165	1.4	1.0	107.5	0.2	2.3	1.2	
	Nov	146665	798	6.8	138032	215	1.9	0.9	107.7	0.2	2.3	1.1	
	Dec	146294	-371	-3.0	138152	120	1.0	0.8	107.8	0.1	1.1	0.7	
	2008	Jan	146317	23	0.2	138080	-72	-0.6	0.7	107.5	-0.3	-3.3	0.8
		Feb	146075	-242	-2.0	137936	-144	-1.2	0.5	107.6	0.1	1.1	0.9
		Mar	146023	-52	-0.4	137814	-122	-1.1	0.3	107.5	-0.1	-1.1	0.3
Apr		146257	234	1.9	137654	-160	-1.4	0.2	107.4	-0.1	-1.1	0.5	
May		145974	-283	-2.3	137517	-137	-1.2	-0.1	106.9	-0.5	-5.4	-0.5	
Jun		145738	-236	-1.9	137356	-161	-1.4	-0.2	106.4	-0.5	-5.5	-1.0	
Jul		145596	-142	-1.2	137228	-128	-1.1	-0.3	106.2	-0.2	-2.2	-1.0	
Aug		145273	-323	-2.6	137053	-175	-1.5	-0.4	106.4	0.2	2.3	-0.7	
Sep		145029	-244	-2.0	136732	-321	-2.8	-0.7	105.8	-0.6	-6.6	-1.4	
Oct		144657	-372	-3.0	136352	-380	-3.3	-1.1	105.0	-0.8	-8.7	-2.3	
Nov		144144	-513	-4.2	135755	-597	-5.1	-1.6	104.1	-0.9	-9.8	-3.3	
Dec		143338	-806	-6.5	135074	-681	-5.9	-2.2	103.2	-0.9	-9.9	-4.3	
2009	Jan	142099	-1239	-9.9	134333	-741	-6.4	-2.7	102.5	-0.7	-7.8	-4.7	
	Feb	141748	-351	-2.9	133652	-681	-5.9	-3.1	101.9	-0.6	-6.8	-5.3	
	Mar	140887	-861	-7.1	132953	-699	-6.1	-3.5	100.9	-1.0	-11.2	-6.1	
	Apr	141007	120	1.0	132414	-539	-4.8	-3.8	100.3	-0.6	-6.9	-6.6	

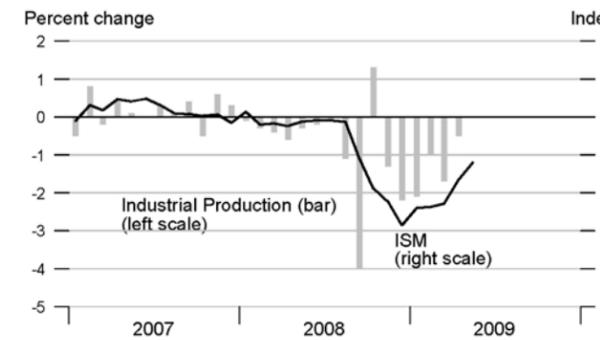
Real Final Sales and GDP



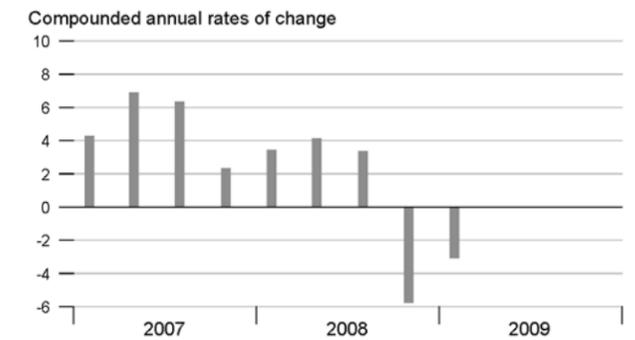
Real GDP Revisions



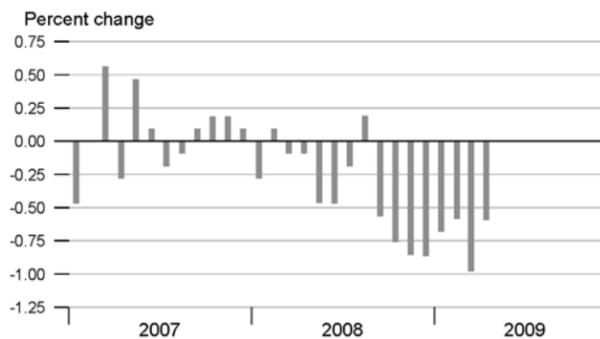
Industrial Production and ISM Index



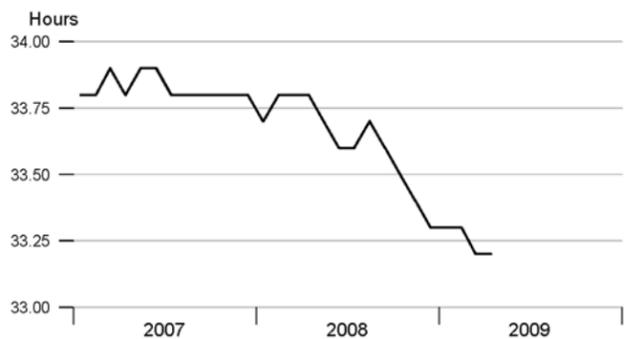
Nominal Gross Domestic Product



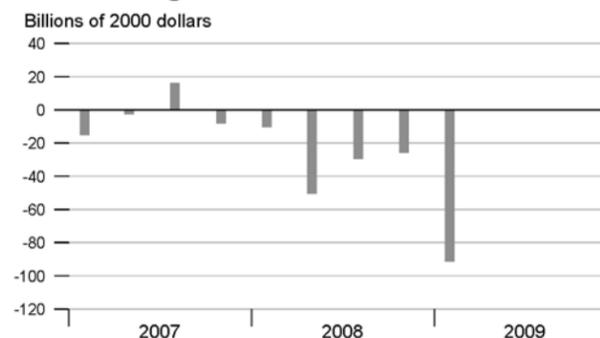
Aggregate Private Nonfarm Hours



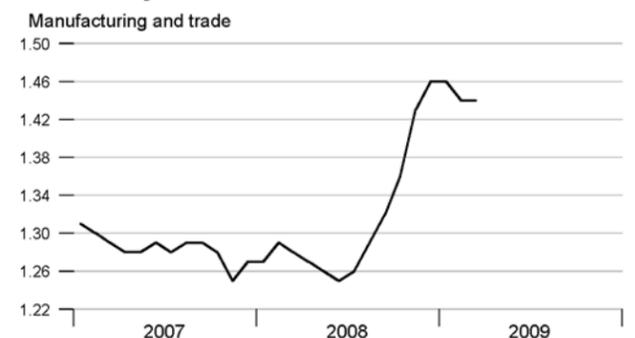
Average Weekly Private Nonfarm Hours



Real Change in Private Inventories

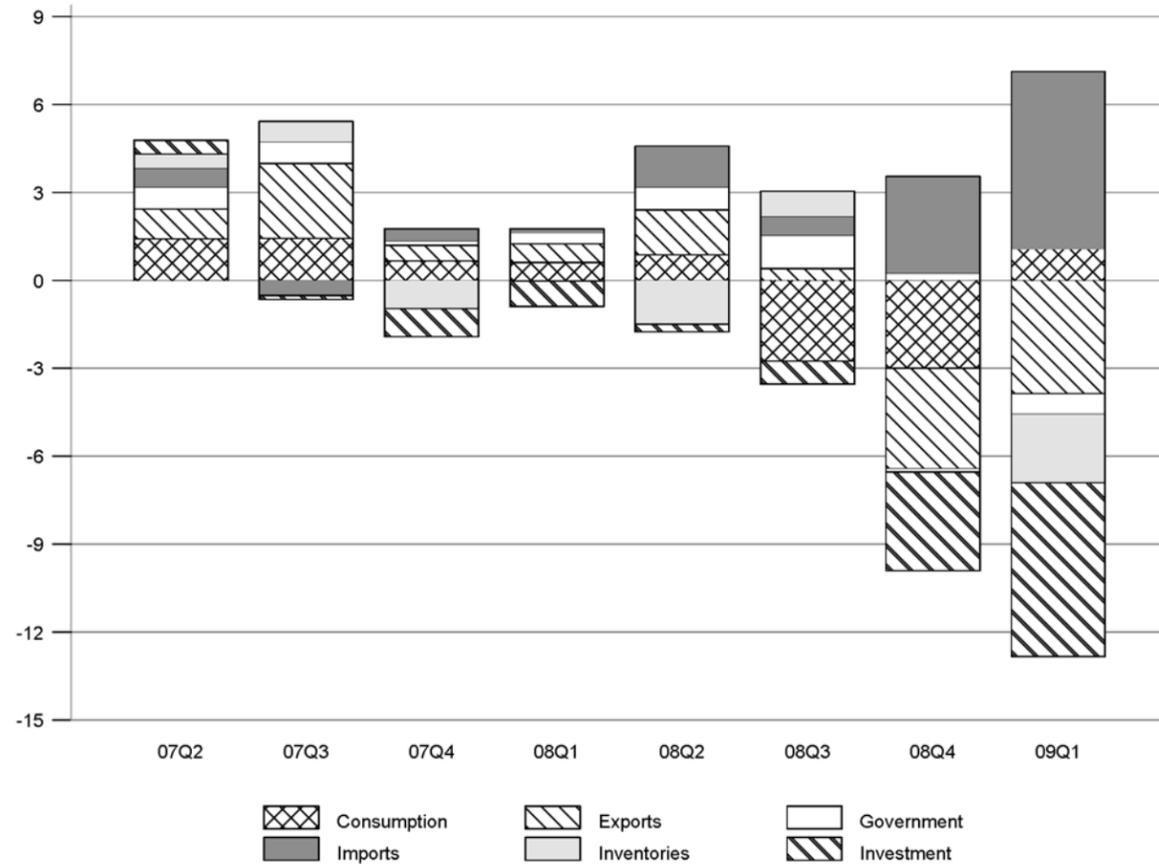


Inventory-Sales Ratio



**Contribution of Components to Real GDP Growth**

Percentage points at compounded annual rates



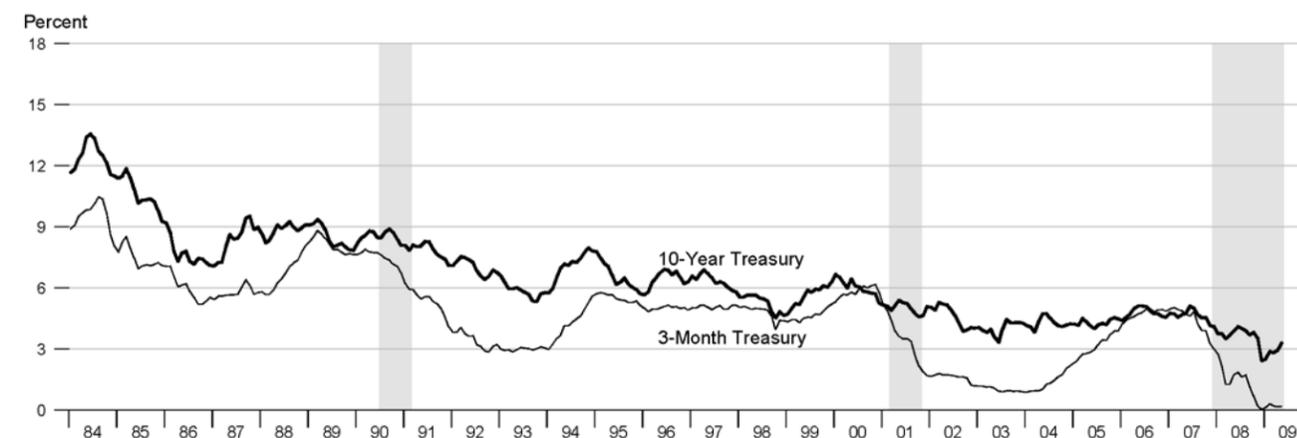
**Contributions to Real GDP Growth Rate**

	2007			2008				2009
	2nd	3rd	4th	1st	2nd	3rd	4th	1st
<b>Final Sales</b>	4.32	4.07	0.79	0.89	4.33	-1.35	-6.23	-3.38
<b>Consumption</b>	1.42	1.44	0.67	0.61	0.87	-2.75	-2.99	1.08
<b>Fixed Investment</b>	0.47	-0.15	-0.97	-0.86	-0.25	-0.79	-3.36	-5.93
Nonresidential	1.07	0.91	0.36	0.26	0.27	-0.19	-2.56	-4.54
Residential	-0.60	-1.06	-1.33	-1.12	-0.52	-0.60	-0.80	-1.39
<b>Government</b>	0.77	0.75	0.16	0.38	0.78	1.14	0.26	-0.71
Federal	0.47	0.51	-0.04	0.41	0.47	0.97	0.52	-0.34
State and Local	0.30	0.24	0.19	-0.03	0.31	0.17	-0.25	-0.37
<b>Net Exports</b>	1.66	2.03	0.94	0.77	2.93	1.05	-0.15	2.18
Exports	1.01	2.54	0.53	0.63	1.54	0.40	-3.44	-3.86
Imports	0.65	-0.51	0.40	0.14	1.39	0.65	3.29	6.05
<b>Change in Inventory</b>	0.47	0.69	-0.96	-0.02	-1.50	0.84	-0.11	-2.34
<b>Residual</b>	-0.15	-0.24	-0.34	-0.10	0.02	0.28	0.24	0.23
<b>Real GDP Growth</b>	4.79	4.76	-0.17	0.87	2.83	-0.51	-6.34	-5.72

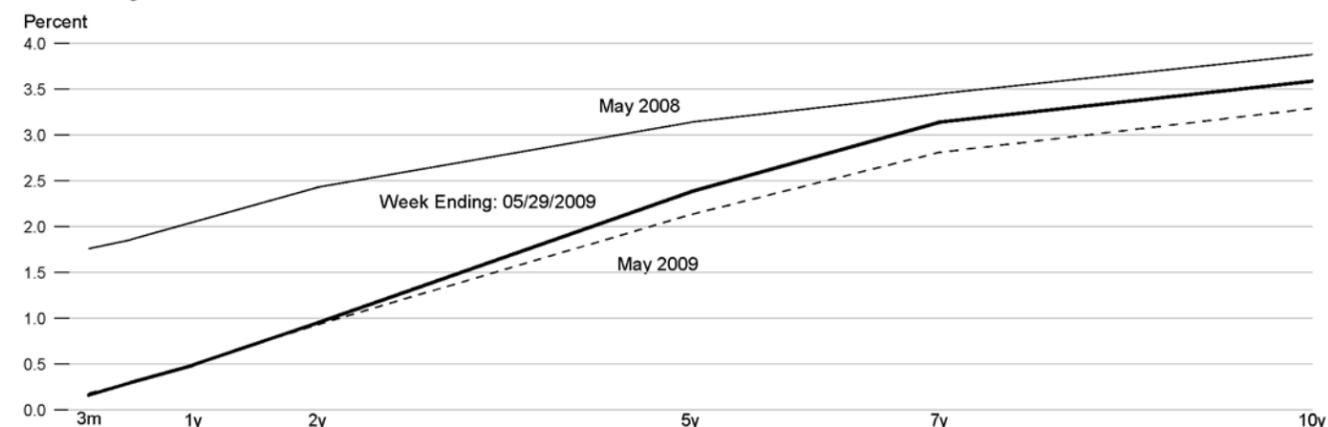
	GDP Chain Price Index			Employment Cost Index			ECI: Wages			ECI: Benefits			
	Index	Percent change		Index	Percent change		Index	Percent change		Index	Percent change		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	
2005	113.039		3.3	99.2		3.1	99.2		2.5	99.2		4.6	
2006	116.676		3.2	102.1		2.9	102.1		2.9	102.1		2.9	
2007	119.819		2.7	105.2		3.1	105.5		3.4	104.5		2.4	
2008	122.500		2.2	108.2		2.8	108.7		3.0	107.2		2.6	
2006 1	115.536	3.5	3.4	100.8	2.4	2.6	100.8	2.8	2.5	100.8	2.0	2.9	
2006 2	116.317	2.7	3.5	101.6	3.2	2.8	101.6	3.2	2.8	101.6	3.2	2.8	
2006 3	117.109	2.8	3.2	102.5	3.6	3.0	102.5	3.6	3.1	102.5	3.6	2.8	
2006 4	117.742	2.2	2.8	103.3	3.2	3.1	103.3	3.2	3.2	103.4	3.6	3.1	
2007 1	118.935	4.1	2.9	104.0	2.7	3.2	104.3	3.9	3.5	103.1	-1.2	2.3	
2007 2	119.531	2.0	2.8	104.8	3.1	3.1	105.0	2.7	3.3	104.2	4.3	2.6	
2007 3	119.984	1.5	2.5	105.6	3.1	3.0	105.9	3.5	3.3	104.9	2.7	2.3	
2007 4	120.826	2.8	2.6	106.5	3.5	3.1	106.7	3.1	3.3	105.9	3.9	2.4	
2008 1	121.613	2.6	2.3	107.2	2.7	3.1	107.6	3.4	3.2	106.5	2.3	3.3	
2008 2	121.951	1.1	2.0	107.9	2.6	3.0	108.4	3.0	3.2	106.9	1.5	2.6	
2008 3	123.134	3.9	2.6	108.6	2.6	2.8	109.1	2.6	3.0	107.5	2.3	2.5	
2008 4	123.302	0.5	2.0	109.1	1.9	2.4	109.6	1.8	2.7	107.9	1.5	1.9	
2009 1	124.168	2.8	2.1	109.3	0.7	2.0	109.8	0.7	2.0	108.1	0.7	1.5	
		<b>Exports</b>			<b>Imports</b>			<b>Nonfarm Output per Hour</b>			<b>Nonfarm Compensation per Hour</b>		
		Percent change			Percent change			Percent change			Percent change		
	Billions of 2000 \$	Annual rate	Year ago	Billions of 2000 \$	Annual rate	Year ago	Index	Annual rate	Year ago	Index	Annual rate	Year ago	
2005	1205.274		7.0	1821.900		5.9	133.862		1.7	162.132		4.0	
2006	1314.848		9.1	1930.515		6.0	135.123		0.9	168.293		3.8	
2007	1425.912		8.4	1972.412		2.2	137.049		1.4	175.248		4.1	
2008	1514.086		6.2	1904.284		-3.5	140.897		2.8	181.704		3.7	
2006 1	1284.261	16.7	9.0	1920.229	10.3	6.6	134.832	1.9	1.3	166.506	4.5	4.2	
2006 2	1301.418	5.5	8.2	1920.864	0.1	6.5	135.642	2.4	1.7	167.026	1.3	3.9	
2006 3	1312.622	3.5	9.0	1935.666	3.1	7.1	135.086	-1.6	0.3	167.961	2.3	2.9	
2006 4	1361.067	15.6	10.1	1945.317	2.0	3.8	134.938	-0.4	0.6	171.651	9.1	4.2	
2007 1	1363.150	0.6	6.1	1981.783	7.7	3.2	134.700	-0.7	-0.1	173.400	4.1	4.1	
2007 2	1392.190	8.8	7.0	1963.366	-3.7	2.2	136.300	4.8	0.5	174.000	1.4	4.2	
2007 3	1466.244	23.0	11.7	1978.005	3.0	2.2	138.700	7.2	2.7	175.800	4.2	4.7	
2007 4	1482.053	4.4	8.9	1966.509	-2.3	1.1	138.500	-0.6	2.6	177.800	4.6	3.6	
2008 1	1500.591	5.1	10.1	1962.628	-0.8	-1.0	139.400	2.6	3.5	179.400	3.6	3.5	
2008 2	1544.749	12.3	11.0	1926.000	-7.3	-1.9	141.000	4.7	3.4	180.200	1.8	3.6	
2008 3	1556.096	3.0	6.1	1909.146	-3.5	-3.5	141.700	2.0	2.2	182.700	5.7	3.9	
2008 4	1454.909	-23.6	-1.8	1819.361	-17.5	-7.5	141.500	-0.6	2.2	184.704	4.5	3.9	
2009 1	1336.839	-28.7	-10.9	1639.451	-34.1	-16.5	142.079	1.6	1.9	186.797	4.6	4.1	

	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	
2005	12421.9	6.3		10989.508	2.9		10947.255	3.1		38.946		
2006	13178.4	6.1		11294.816	2.8		11249.341	2.8		42.301		
2007	13807.5	4.8		11523.944	2.0		11523.416	2.4		-2.480		
2008	14264.6	3.3		11651.957	1.1		11680.998	1.4		-29.022		
2006 1	12959.6	8.6	6.6	11217.261	4.8	3.1	11167.646	5.1	3.4	45.924	31.778	
2006 2	13134.1	5.5	6.8	11291.674	2.7	3.2	11232.065	2.3	2.8	56.922	41.828	
2006 3	13249.6	3.6	5.7	11314.057	0.8	2.4	11257.833	0.9	2.0	53.270	52.395	
2006 4	13370.1	3.7	5.3	11356.368	1.5	2.4	11339.723	2.9	2.8	13.086	42.301	
2007 1	13510.9	4.3	4.3	11357.840	0.1	1.3	11370.469	1.1	1.8	-15.044	27.059	
2007 2	13737.5	6.9	4.6	11491.351	4.8	1.8	11490.523	4.3	2.3	-2.821	12.123	
2007 3	13950.6	6.4	5.3	11625.746	4.8	2.8	11605.013	4.0	3.1	16.001	2.806	
2007 4	14031.2	2.3	4.9	11620.739	-0.2	2.3	11627.950	0.8	2.5	-8.058	-2.481	
2008 1	14150.8	3.5	4.7	11645.968	0.9	2.5	11653.718	0.9	2.5	-10.182	-1.265	
2008 2	14294.5	4.1	4.1	11727.351	2.8	2.1	11778.847	4.4	2.5	-50.550	-13.197	
2008 3	14412.8	3.4	3.3	11712.429	-0.5	0.7	11739.220	-1.3	1.2	-29.588	-24.595	
2008 4	14200.3	-5.8	1.2	11522.078	-6.3	-0.8	11552.209	-6.2	-0.7	-25.769	-29.022	
2009 1	14089.7	-3.1	-0.4	11353.717	-5.7	-2.5	11451.871	-3.4	-1.7	-91.426	-49.333	
	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
2005	7791.732	3.0		1134.384	4.6		1829.815	6.8		1226.160	7.2	
2006	8028.958	3.0		1185.122	4.5		1865.493	1.9		1318.159	7.5	
2007	8252.773	2.8		1242.395	4.8		1808.543	-3.1		1382.929	4.9	
2008	8272.115	0.2		1188.509	-4.3		1718.852	-5.0		1405.418	1.6	
2006 1	7947.412	4.3	3.2	1173.061	18.9	5.5	1895.228	8.3	5.8	1295.218	15.9	7.9
2006 2	8002.135	2.8	3.0	1178.310	1.8	3.0	1883.072	-2.5	3.3	1315.436	6.4	7.9
2006 3	8046.346	2.2	2.7	1188.386	3.5	2.5	1859.953	-4.8	0.7	1332.661	5.3	7.7
2006 4	8119.940	3.7	3.2	1200.722	4.2	6.9	1823.721	-7.6	-1.8	1329.322	-1.0	6.5
2007 1	8197.173	3.9	3.1	1227.322	9.2	4.6	1807.821	-3.4	-4.6	1340.423	3.4	3.5
2007 2	8237.272	2.0	2.9	1242.274	5.0	5.4	1821.269	3.0	-3.3	1373.787	10.3	4.4
2007 3	8278.517	2.0	2.9	1249.405	2.3	5.1	1816.954	-0.9	-2.3	1402.876	8.7	5.3
2007 4	8298.196	1.0	2.2	1250.580	0.4	4.2	1788.160	-6.2	-1.9	1414.655	3.4	6.4
2008 1	8316.055	0.9	1.5	1237.008	-4.3	0.8	1762.404	-5.6	-2.5	1423.095	2.4	6.2
2008 2	8341.328	1.2	1.3	1228.280	-2.8	-1.1	1754.899	-1.7	-3.6	1431.818	2.5	4.2
2008 3	8260.590	-3.8	-0.2	1180.123	-14.8	-5.5	1731.058	-5.3	-4.7	1425.682	-1.7	1.6
2008 4	8170.485	-4.3	-1.5	1108.623	-22.1	-11.4	1627.045	-22.0	-9.0	1341.076	-21.7	-5.2
2009 1	8201.958	1.5	-1.4	1134.376	9.6	-8.3	1447.647	-37.3	-17.9	1195.087	-36.9	-16.0

Interest Rates



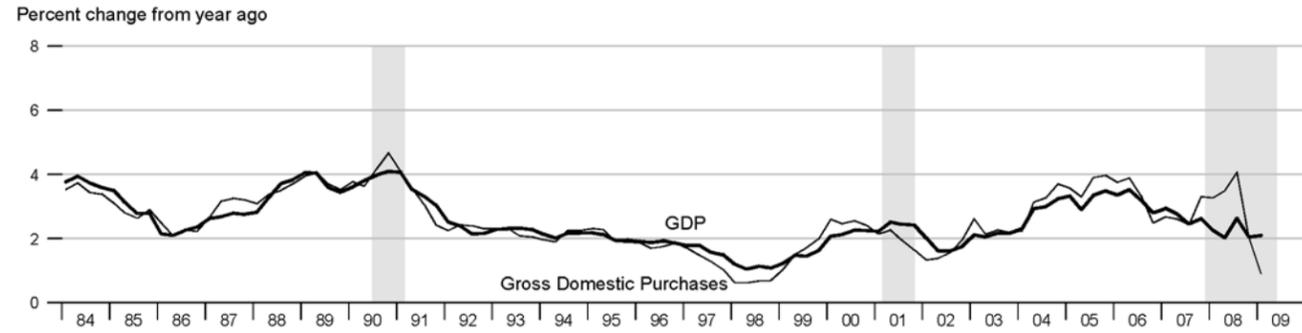
Treasury Yield Curve



Standard and Poor's 500 Index with Reinvested Dividends



**NIPA Chain Price Indexes**



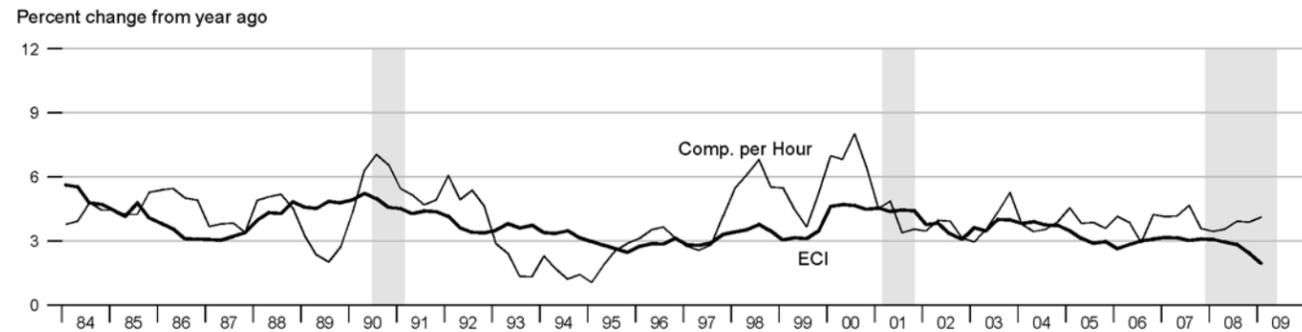
**Consumer Price Index**



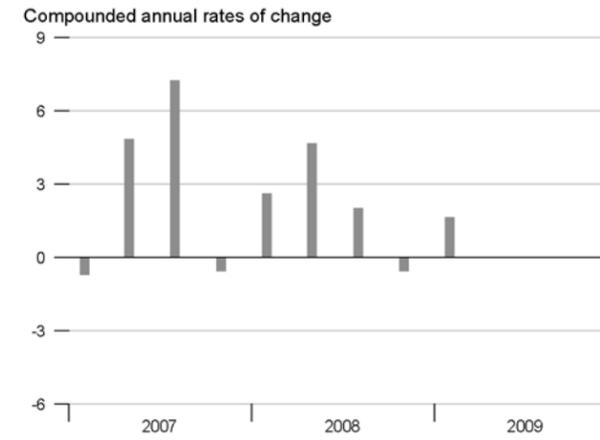
**Producer Price Index, Finished Goods**



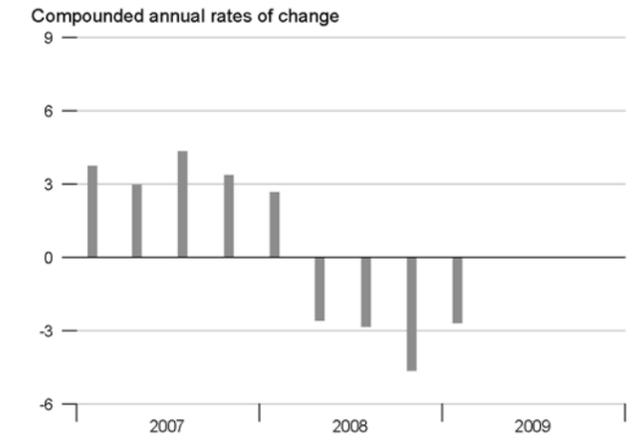
**Employment Cost Index and Compensation per Hour**



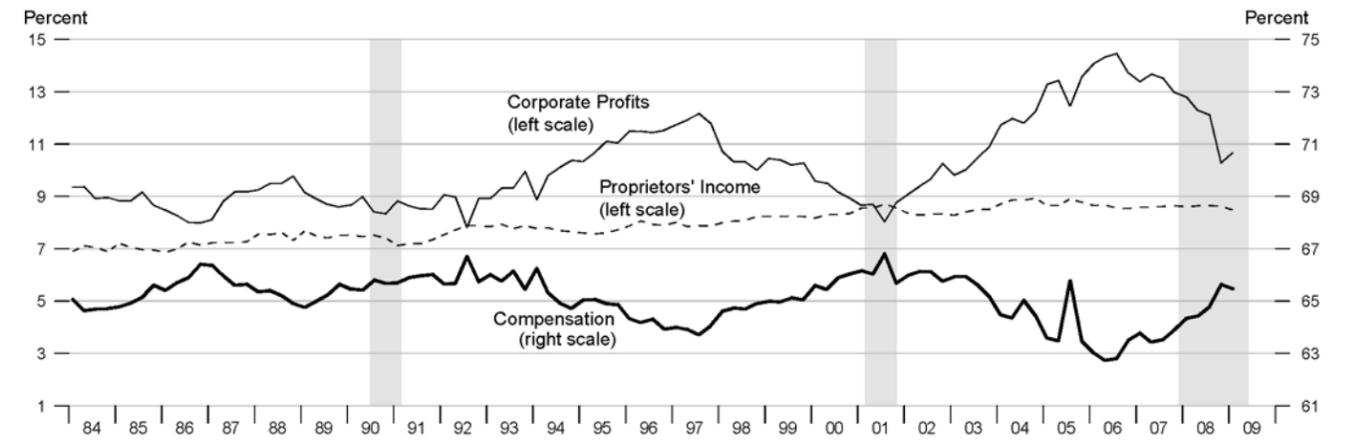
**Nonfarm Output per Hour**



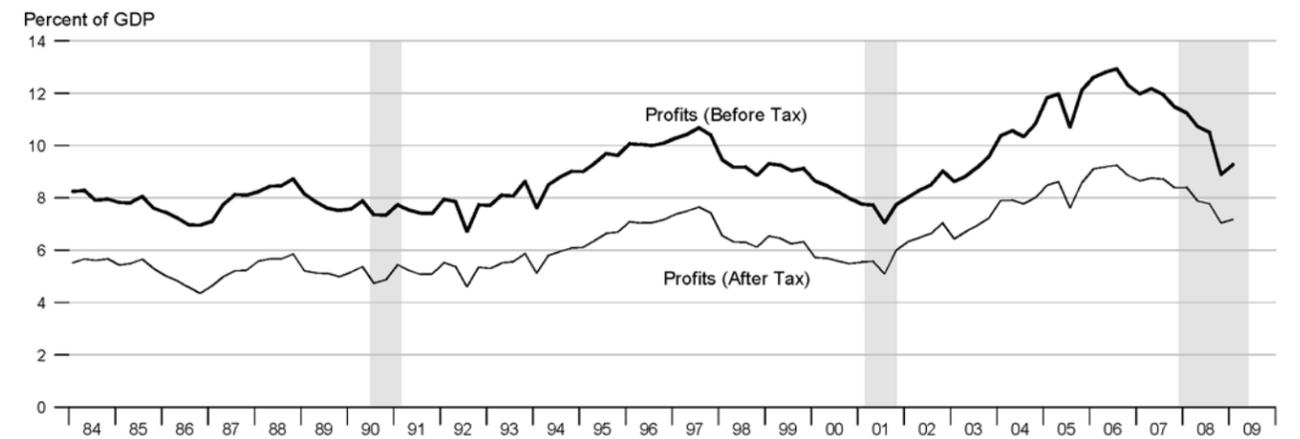
**Manufacturing Output per Hour**



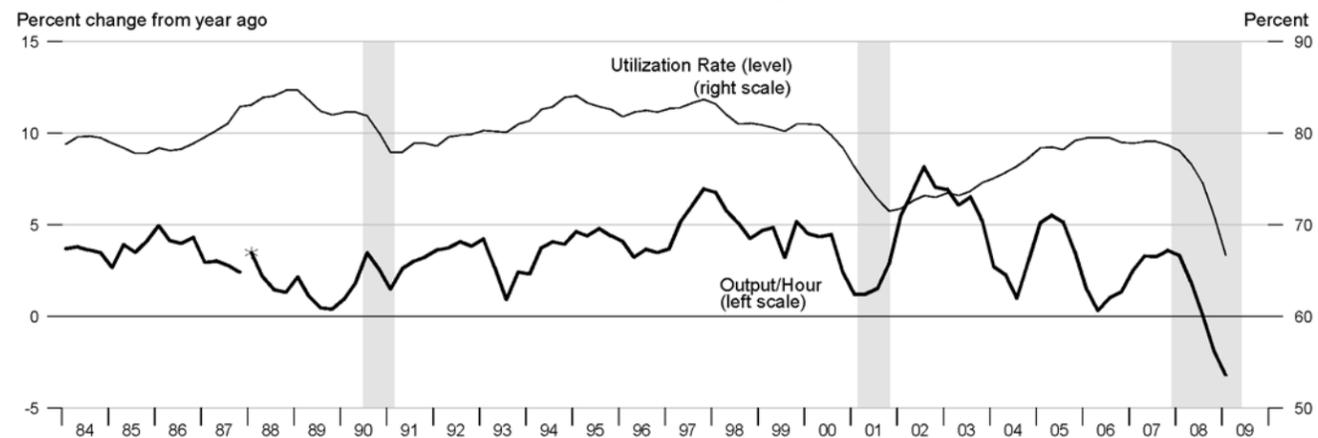
**Selected Component Shares of National Income**



**Corporate Profits**

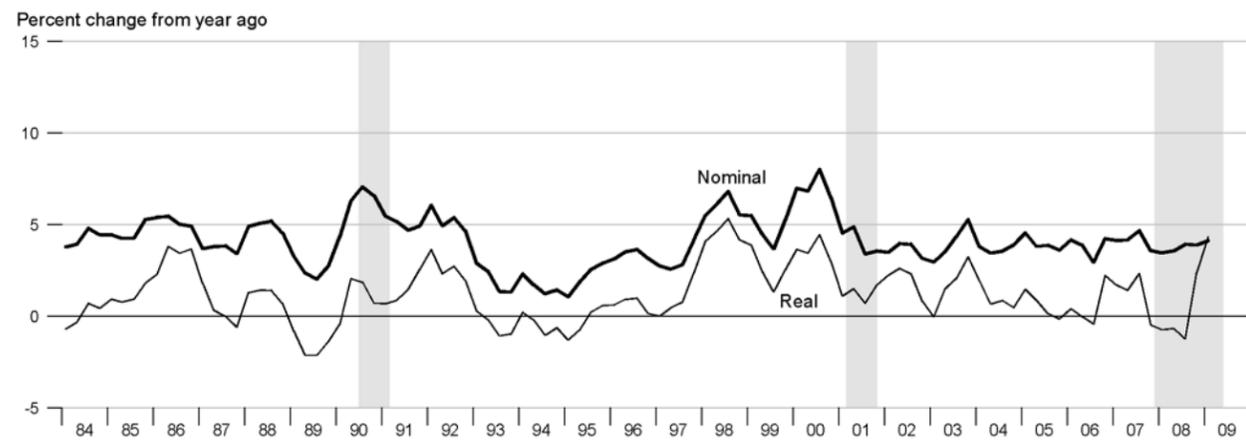


**Output per Hour and Capacity Utilization, Manufacturing**

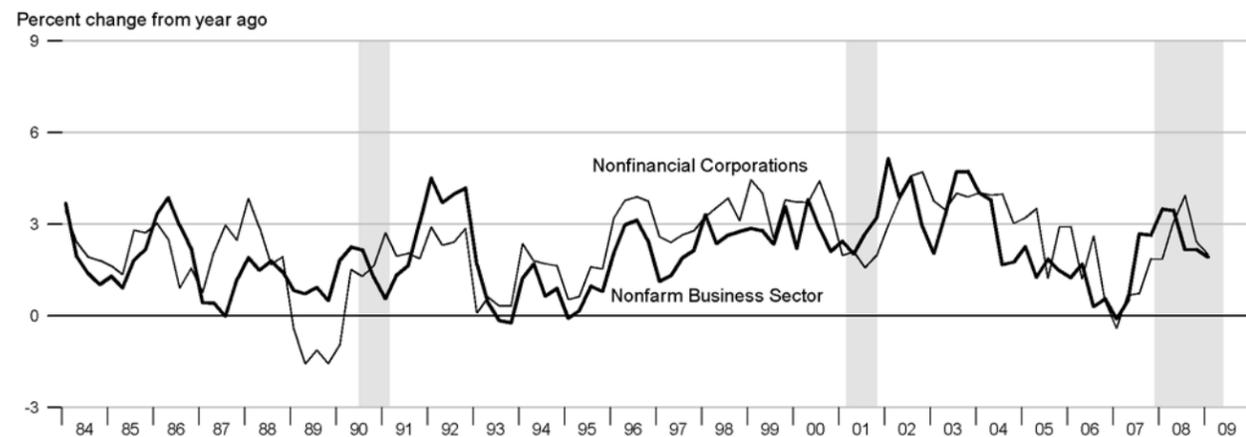


\*Data from 1987 to the present are on a NAICS basis; data prior to 1987 are on an SIC basis and are not strictly comparable (see End Note).

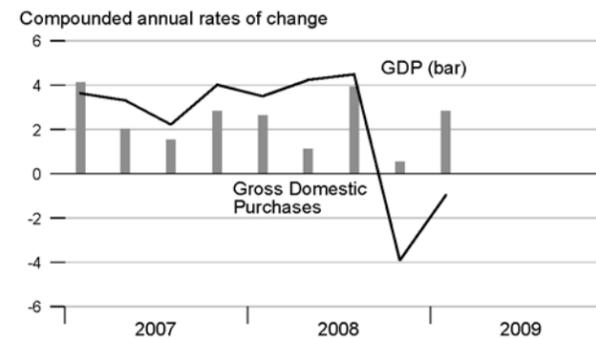
**Nonfarm Compensation per Hour**



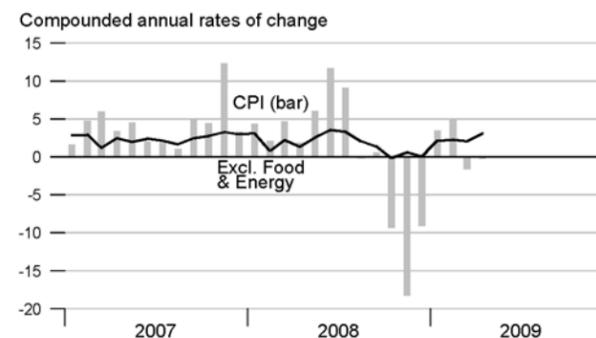
**Output per Hour, Nonfarm Business and Nonfinancial Corporations**



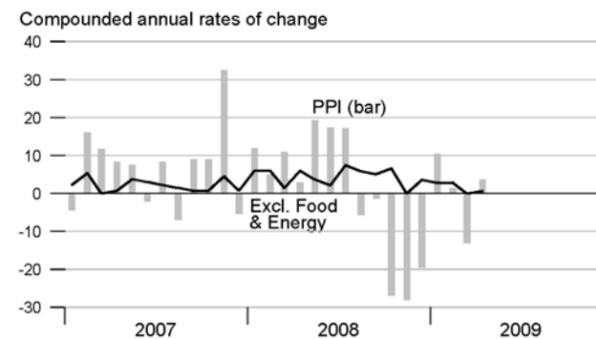
**NIPA Chain Price Indexes**



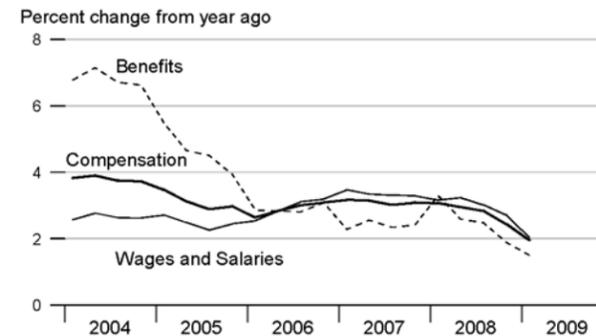
**Consumer Price Index**



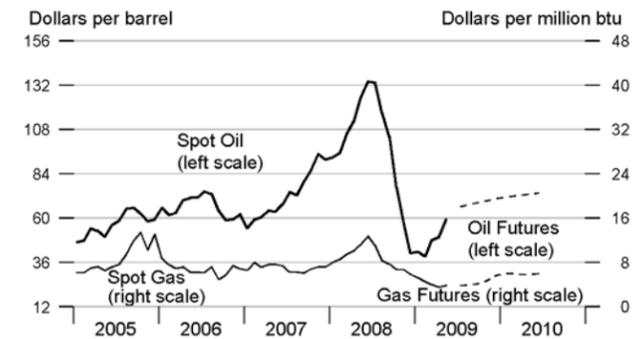
**Producer Price Index, Finished Goods**



**Employment Cost Index**

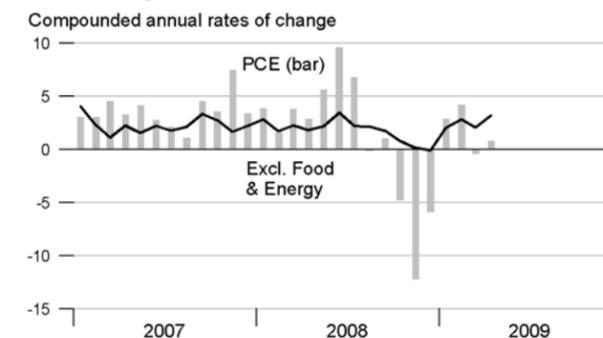


**Oil & Natural Gas Prices: Spot & Futures**

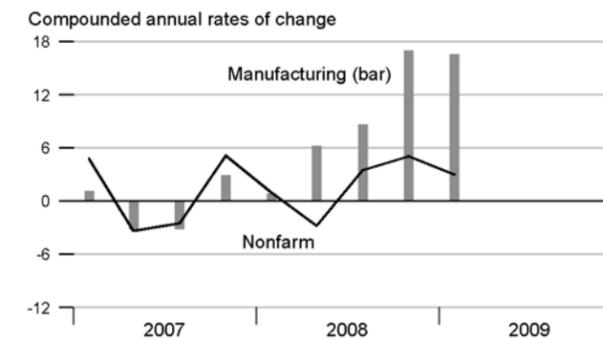


Note: Futures prices as of 6/3/2009.

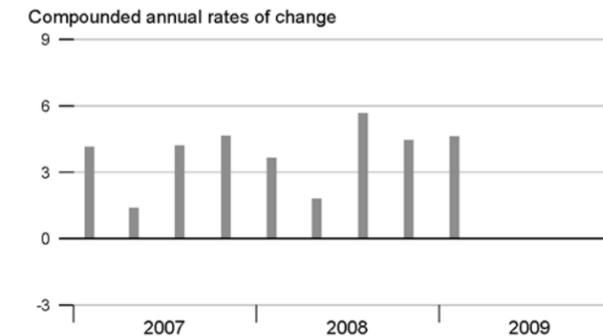
**Consumption Chain Price Index**



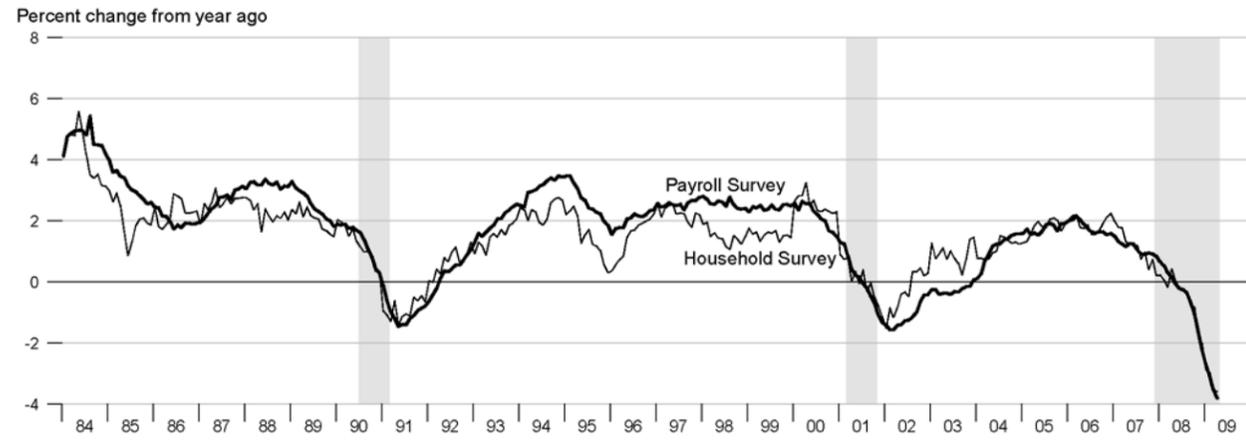
**Unit Labor Cost**



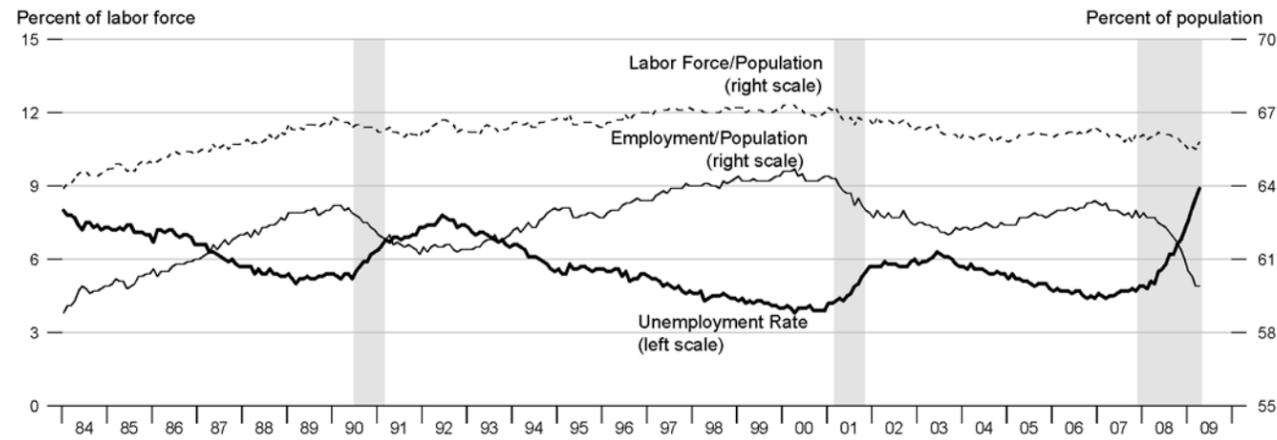
**Compensation per Hour**



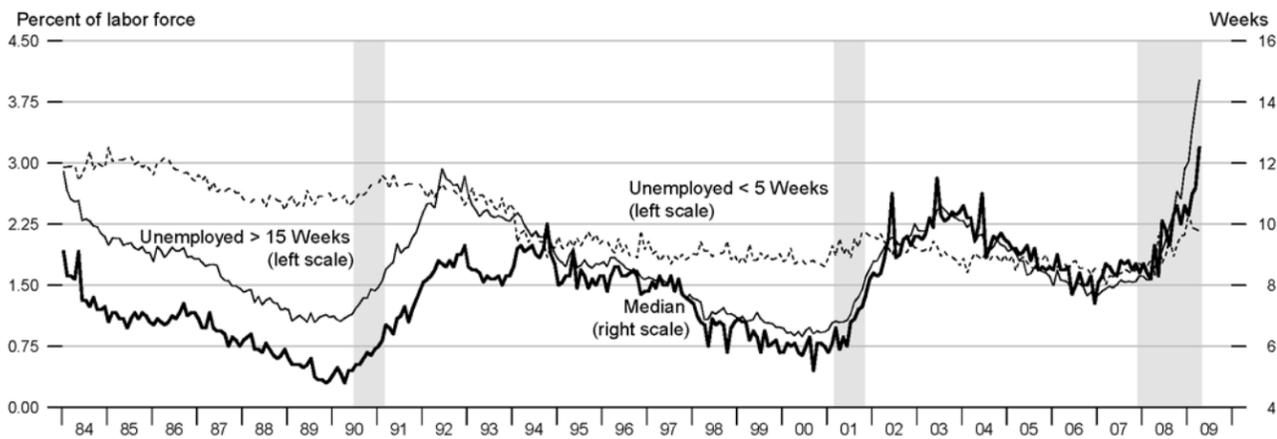
**Employment**



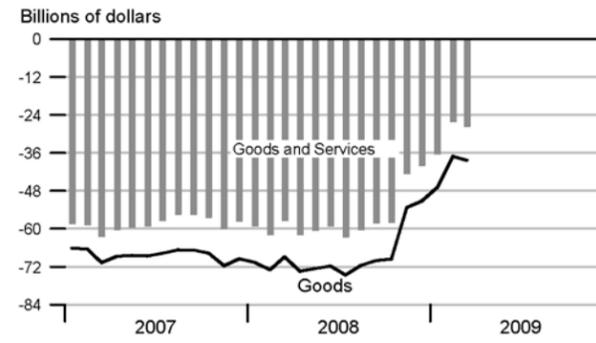
**Unemployment, Labor Force Participation, and Employment Rates**



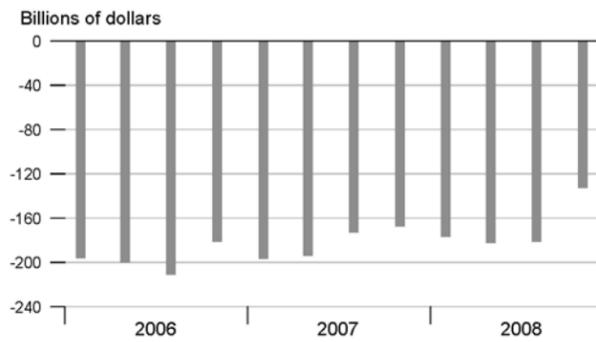
**Duration of Unemployment**



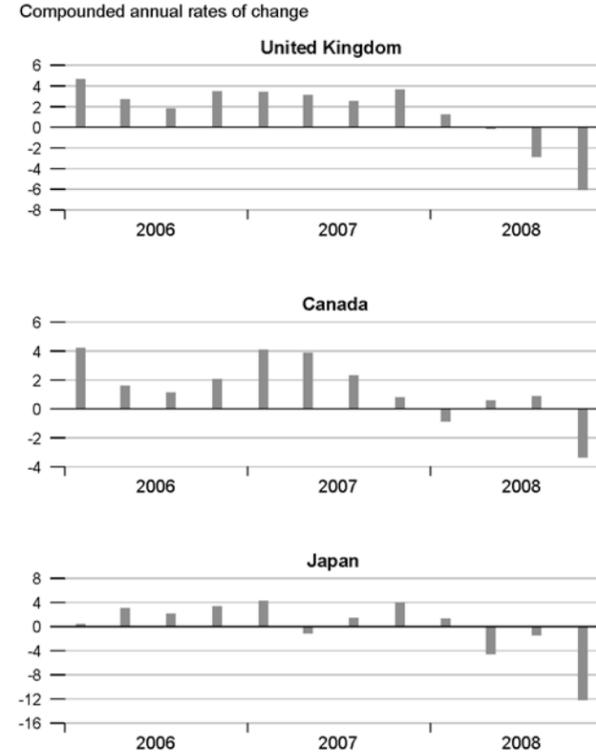
**Trade Balance**



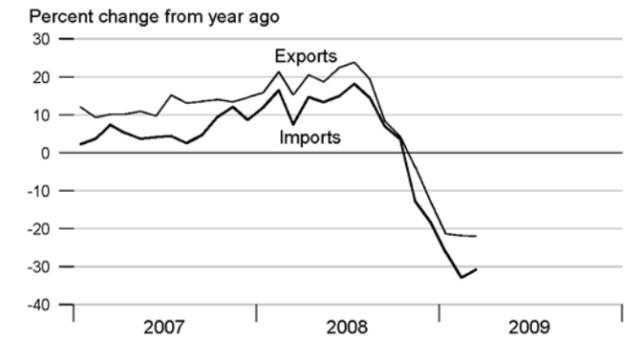
**Current Account Balance**



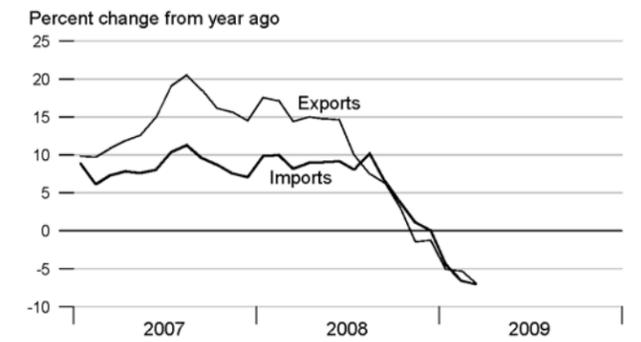
**Real GDP Growth of Major Trading Partners**



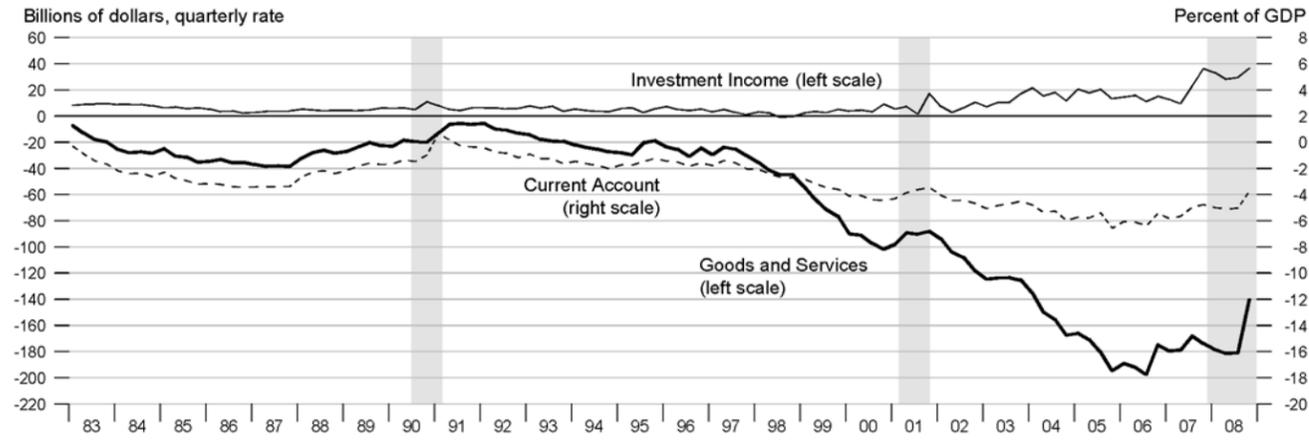
**Goods Trade**



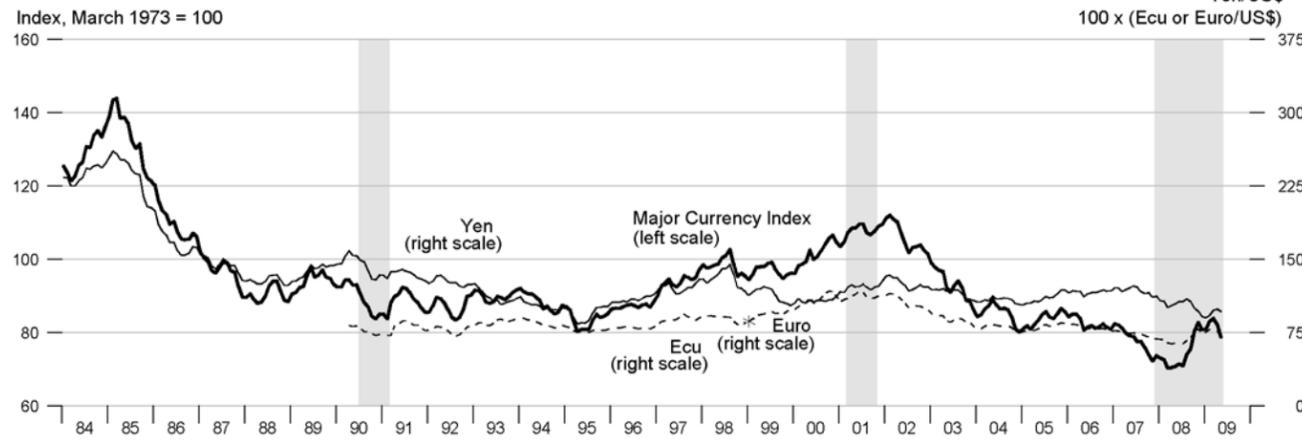
**Services Trade**



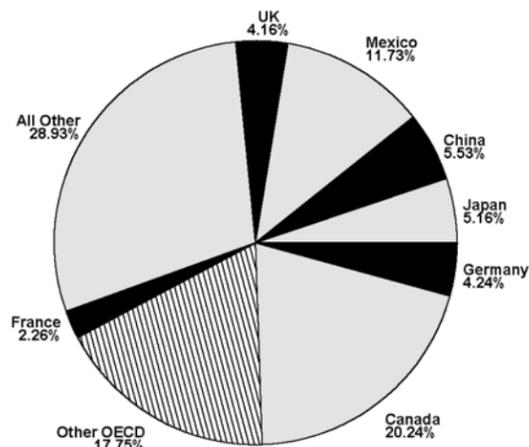
**Current Account, Trade and Investment Income Balances**



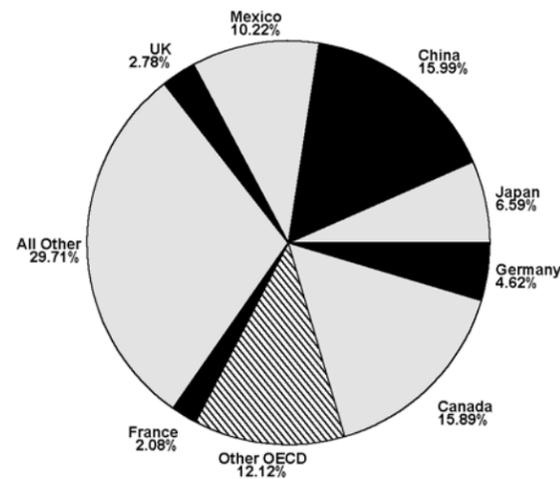
**Exchange Rates**



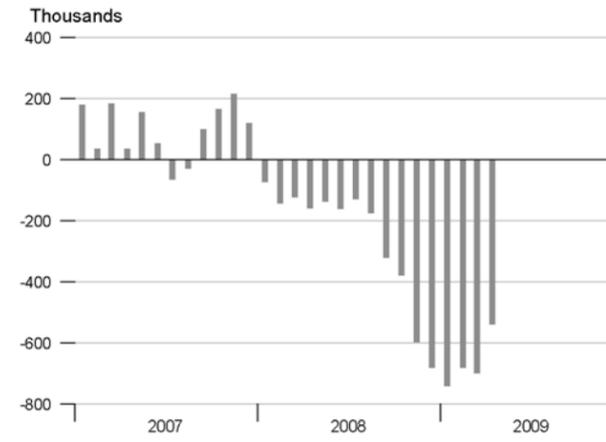
**Goods Export Shares, 2008**



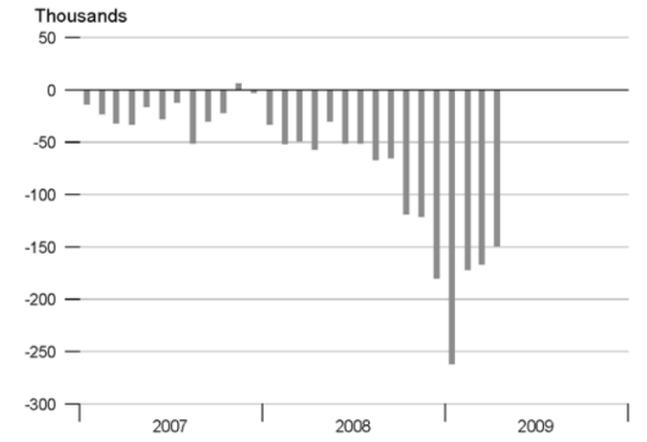
**Goods Import Shares, 2008**



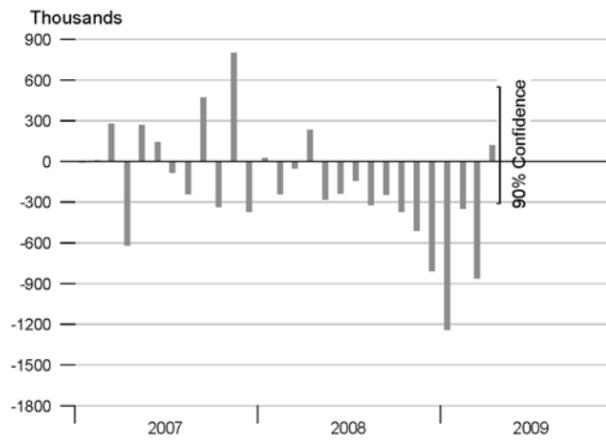
**Change in Nonfarm Payrolls**



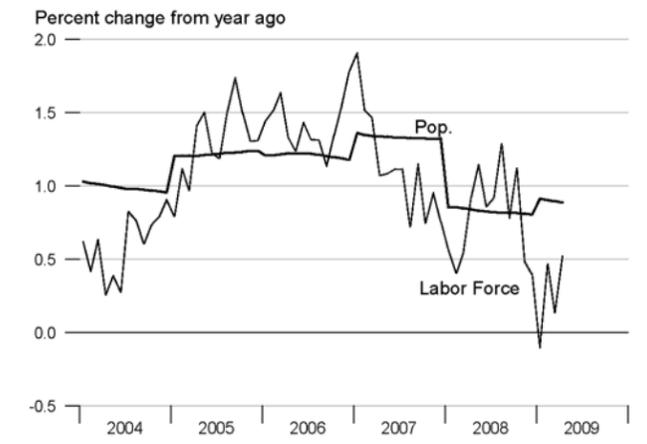
**Change in Manufacturing Payrolls**



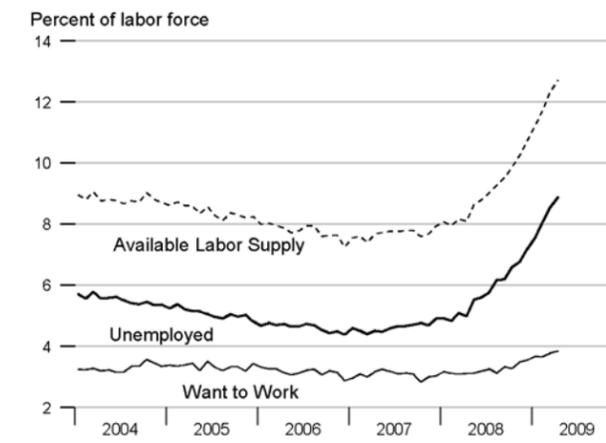
**Change in Household Employment**



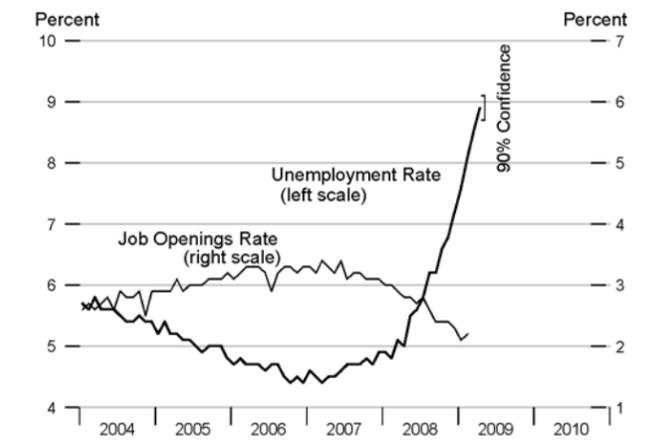
**Labor Force and Population**



**Available Labor Supply and Components**

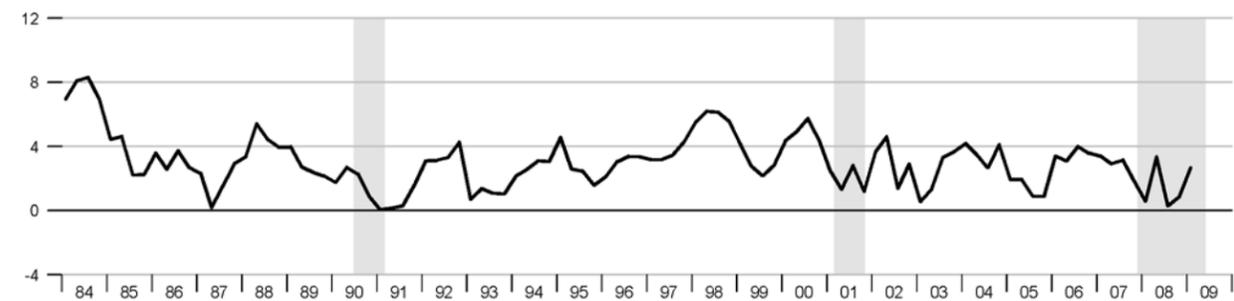


**Unemployment Rate & Job Openings Rate**



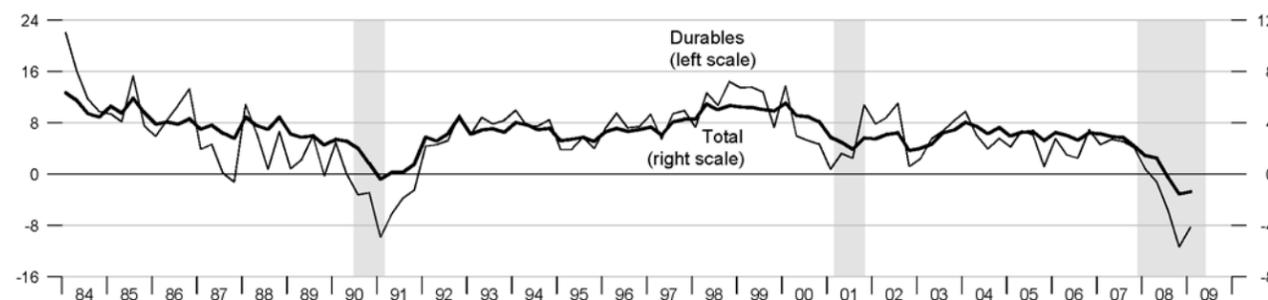
**Real Disposable Personal Income**

Percent change from year ago, quarterly data



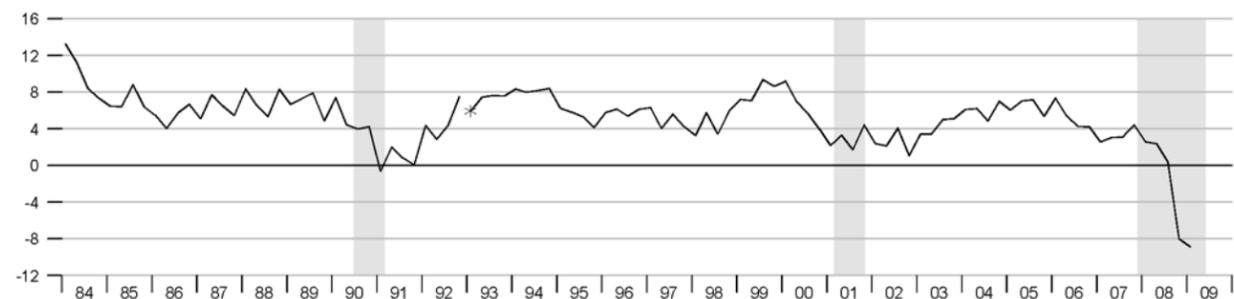
**Real Consumption**

Percent change from year ago, quarterly data



**Retail and Food Services Sales**

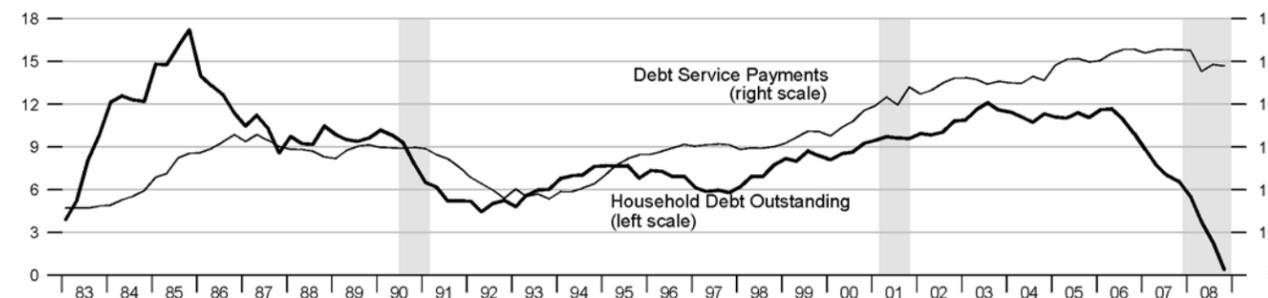
Percent change from year ago, quarterly average



\*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).

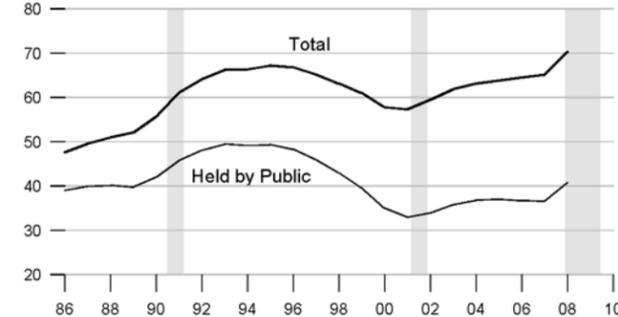
**Debt Service Payments and Household Debt Outstanding**

Percent change from year ago, quarterly data



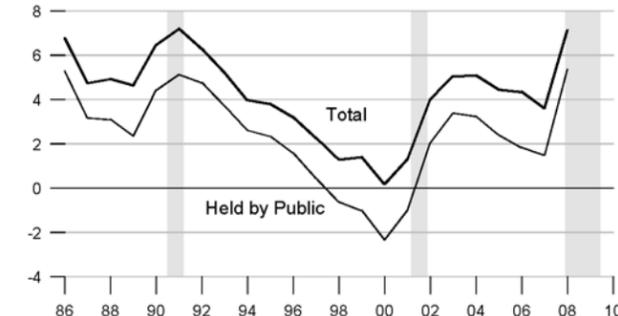
**Federal Debt**

Percent of GDP



**Change in Federal Debt**

Percent of GDP



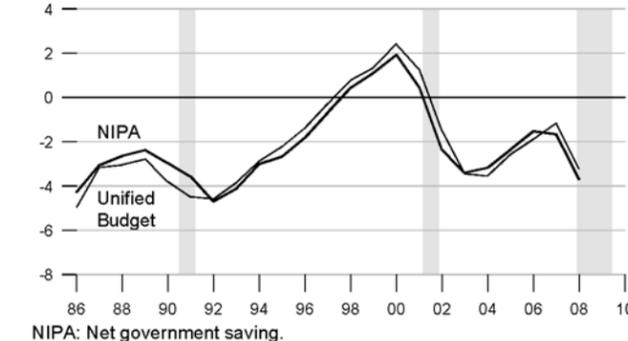
**Federal Government Debt**

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
2006		8507.0	3663.8	4843.2	768.9	4074.2	2027.3
2007		9007.7	3958.4	5049.2	779.6	4269.7	2237.2
2008		10024.7	4210.5	5814.2	476.6	5332.0	2801.9
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	1979.8
	September	8507.0	3663.8	4843.2	768.9	4074.2	2027.3
	December	8680.2	3779.0	4901.2	778.9	4122.1	2105.0
2007	March	8849.7	3795.4	5054.3	780.9	4273.1	2196.7
	June	8867.7	3924.7	4943.0	790.5	4152.6	2193.9
	September	9007.7	3958.4	5049.2	779.6	4269.7	2237.2
	December	9229.2	4092.9	5136.3	740.6	4395.7	2352.9
2008	March	9437.6	4103.6	5334.0	591.2	4742.9	2507.5
	June	9492.0	4207.0	5285.0	478.8	4806.2	2635.3
	September	10024.7	4210.5	5814.2	476.6	5332.0	2801.9
	December	10699.8	4327.2	6372.7	475.9	5893.4	3078.7
2009	March	11126.9	4290.6	6836.3	492.3	6341.7	3267.0

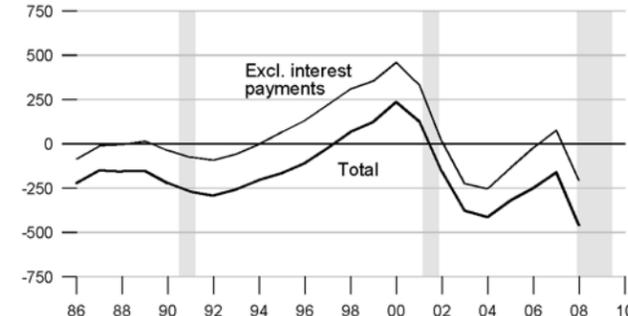
**Federal Surplus (+) / Deficit (-)**

Percent of GDP

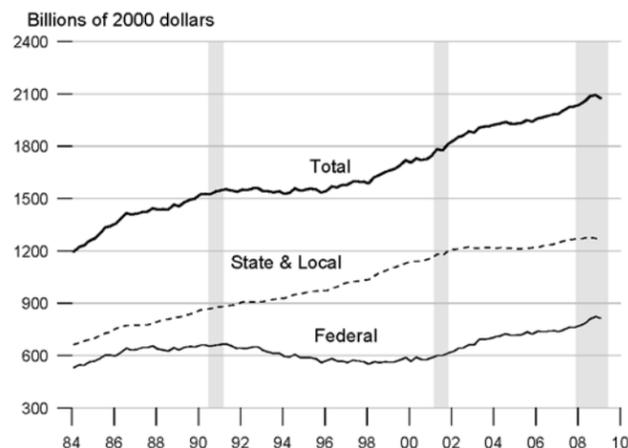


**Federal Surplus (+) / Deficit (-), Unified Basis**

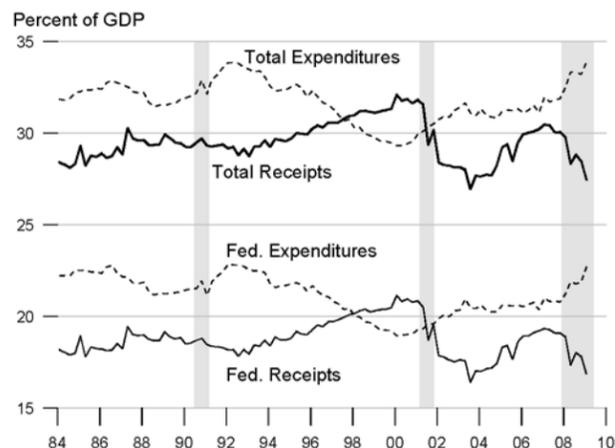
Billions of dollars, fiscal years



**Govt. Consumption and Investment**



**Govt. Current Receipts and Expenditures**

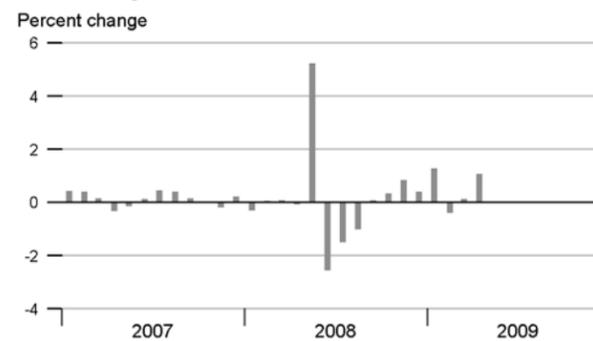


**Government Budgets**

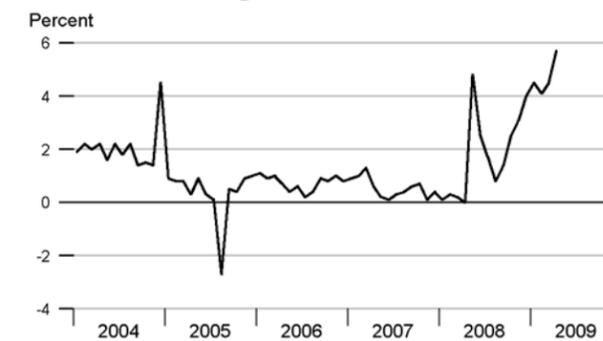
Billions of dollars

Calendar Years	National Income Accounts			Unified Budget		
	State and Local	Federal	Federal	Receipts	Outlays	Surplus or Deficit (-)
	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Expenditures	Surplus or Deficit (-)
1992	845.7	845.0	0.7	1147.2	1444.6	-297.4
1993	886.9	886.0	0.9	1222.5	1496.0	-273.5
1994	942.9	932.4	10.5	1320.8	1533.1	-212.3
1995	990.2	978.2	12.0	1406.5	1603.5	-197.0
1996	1043.3	1017.5	25.8	1524.0	1665.8	-141.8
1997	1097.4	1058.3	39.1	1653.1	1708.9	-55.8
1998	1163.2	1111.2	52.0	1773.8	1734.9	38.9
1999	1236.7	1186.3	50.4	1891.2	1787.6	103.6
2000	1319.5	1269.5	50.0	2053.8	1864.4	189.4
2001	1373.0	1368.2	4.8	2016.2	1969.5	46.7
2002	1410.1	1444.3	-34.2	1853.2	2101.1	-247.9
2003	1494.2	1514.5	-20.3	1879.9	2252.1	-372.2
2004	1594.3	1592.8	1.5	2008.9	2379.5	-370.6
2005	1714.4	1684.9	29.5	2266.9	2558.6	-291.7
2006	1811.4	1765.3	46.1	2510.4	2711.6	-201.2
2007	1902.8	1892.4	10.4	2651.2	2880.5	-229.3
2008	1935.1	2015.2	-80.1	2569.3	3094.3	-525.0
2007Q2	1909.8	1874.0	35.8	2648.1	2859.5	-211.4
2007Q3	1905.5	1900.7	4.8	2664.9	2909.2	-244.3
2007Q4	1918.4	1940.7	-22.3	2679.2	2915.6	-236.4
2008Q1	1922.9	1975.3	-52.4	2672.5	3003.2	-330.7
2008Q2	1955.4	2022.3	-66.9	2478.8	3128.4	-649.6
2008Q3	1944.9	2048.5	-103.6	2595.7	3139.8	-544.1
2008Q4	1917.3	2014.8	-97.5	2530.3	3105.9	-575.6
2009Q1	1932.4	2006.6	-74.2	2374.7	3205.2	-830.5

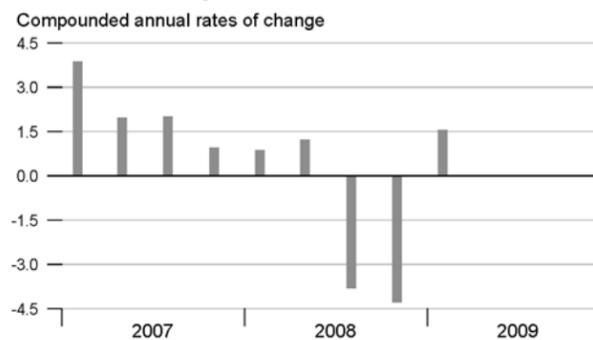
**Real Disposable Personal Income**



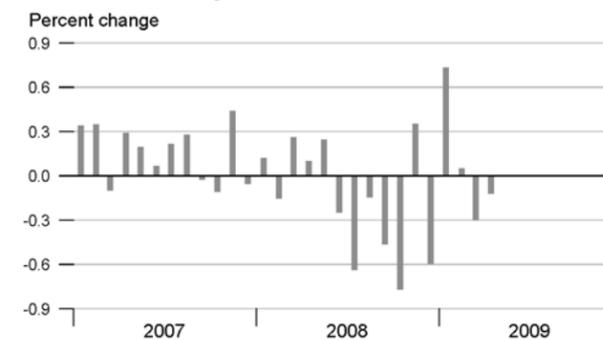
**Personal Saving Rate**



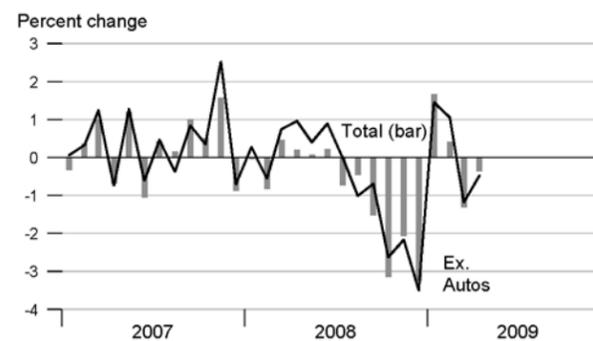
**Real Consumption**



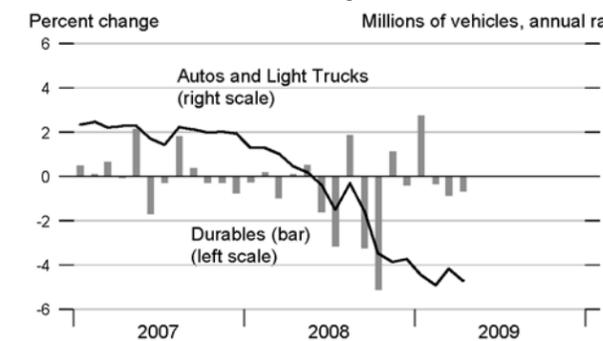
**Real Consumption**



**Retail & Food Services**



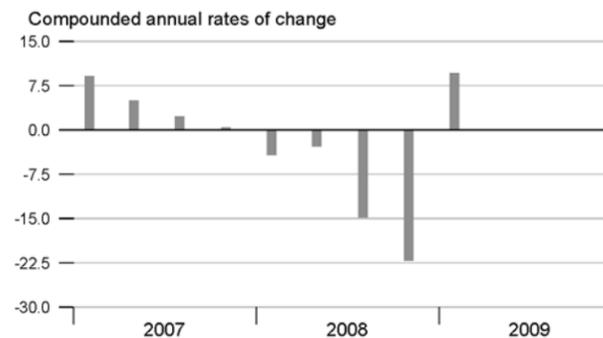
**Real Durables Consumption & Vehicle Sales**



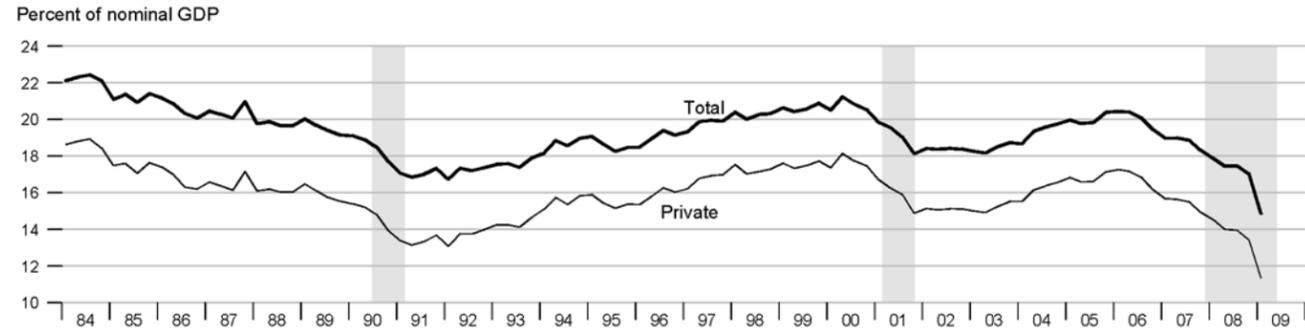
**Consumer Sentiment (U. of Michigan)**



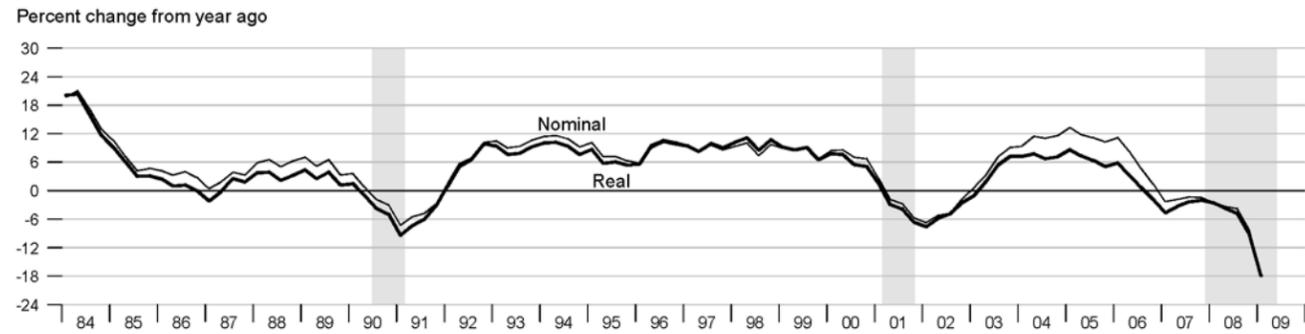
**Real Durables Consumption**



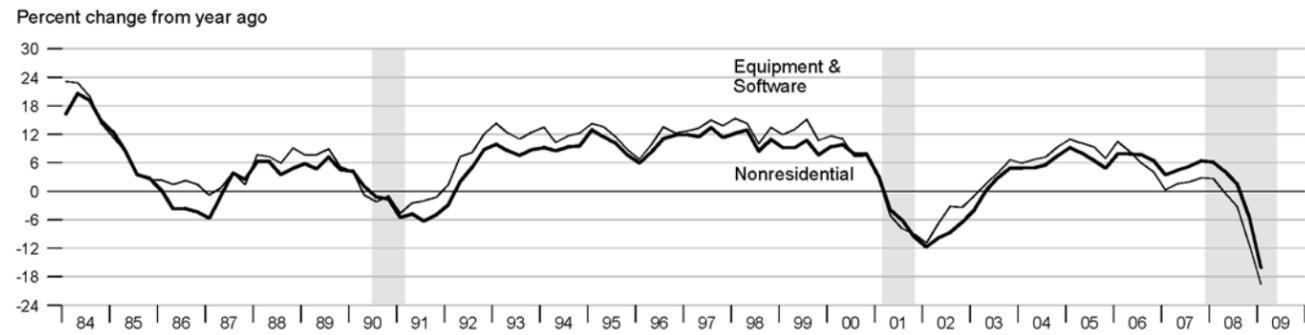
**Investment**



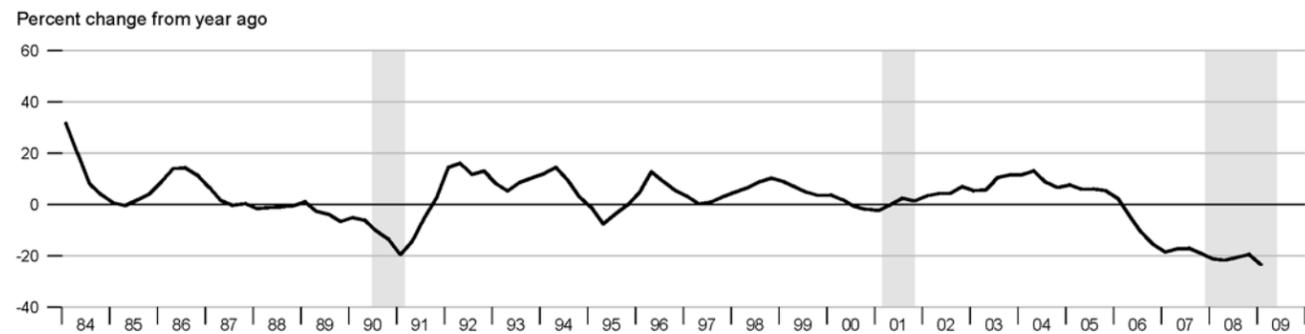
**Private Fixed Investment**



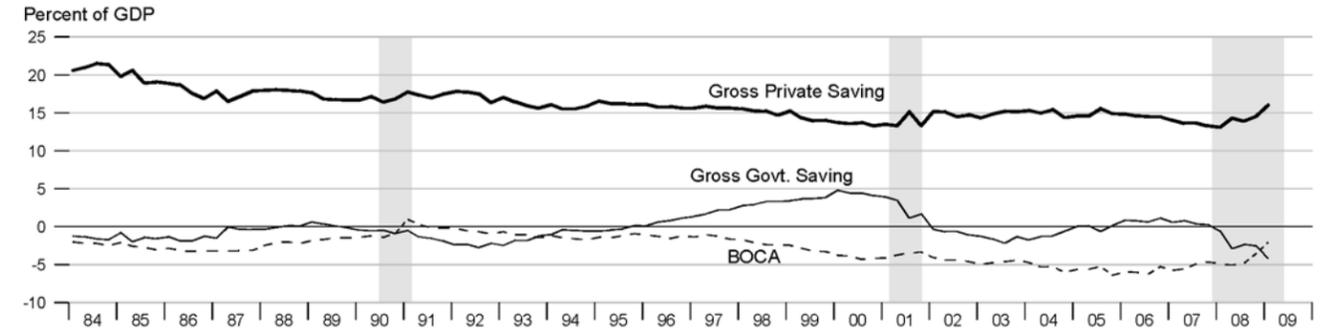
**Real Nonresidential Fixed and Equipment & Software Investment**



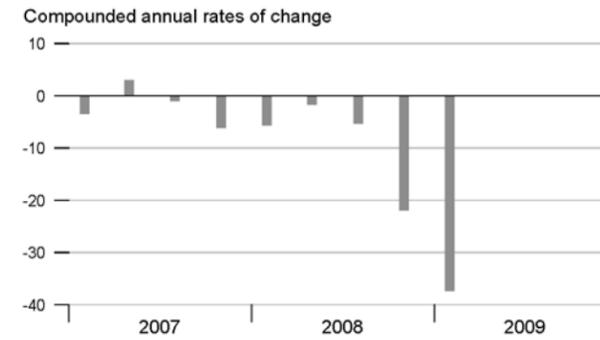
**Real Residential Fixed Investment**



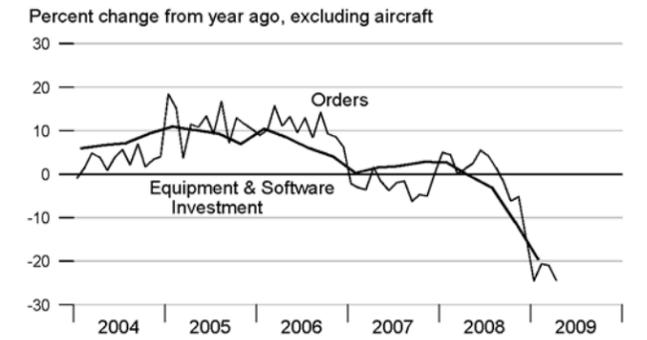
**Gross Saving Rates and Balance on Current Account (NIPA)**



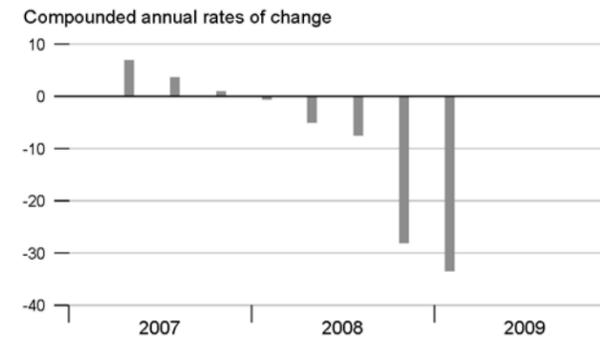
**Real Private Fixed Investment**



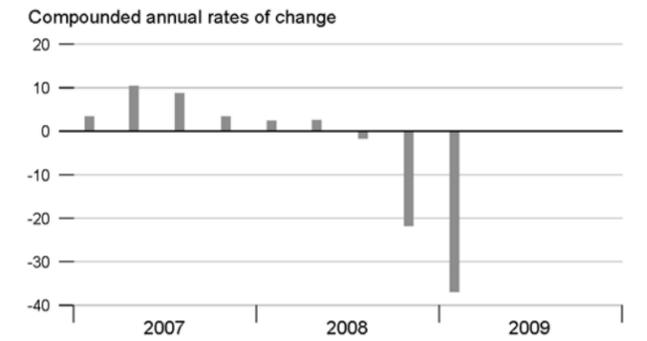
**Nondefense Capital Goods Orders**



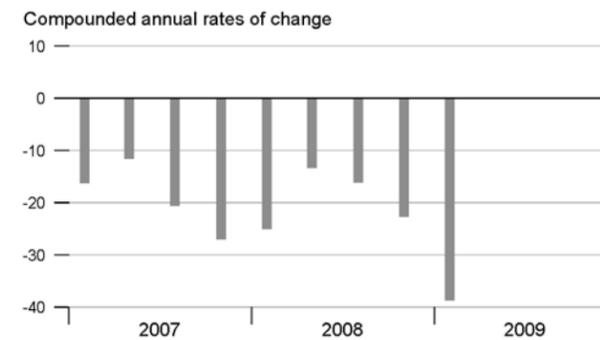
**Real Equipment & Software Investment**



**Real Nonresidential Fixed Investment**



**Real Residential Fixed Investment**



**Housing Starts and New Home Sales**

