

Why Income Per Worker Differs Worldwide

The differences in real output per worker across countries are astounding. For example, while real gross domestic product (GDP) per worker was almost \$1,000 in Burundi in 2000, it exceeded \$77,000 in the United States.¹ How such large differences in GDP per worker can persist in an increasingly global marketplace is a key question in economics.

Some fundamental factors behind this disparity are obvious, including significant differences across countries in the quantity and quality of factories and equipment (physical capital) and workers' knowledge and ability (human capital). However, most income differences across nations cannot be explained by the accumulation of physical and human capital. Unexplained income differences are attributed to differences in *total factor productivity* (TFP), which measures how effectively fixed levels of inputs are used in the production of goods and services. Thus, understanding why TFP differs across countries is important for understanding why some countries have a much lower income per worker than others.

Economic distortions that hinder business formation (e.g., entry barriers, distortionary taxes, financial constraints) affect a country's industrial structure and may explain the cross-country variation in TFP. The World Bank's *Doing Business* survey finds policy in the United States is relatively encouraging.² New businesses can begin after an average of six procedures, a six-day wait, and paying regulatory fees less than 1 percent of income per capita. In some other countries, regulatory costs exceed 500 percent of per capita income. The chart shows the relationships between regulatory fees and macroeconomic variables across countries. On the horizontal axis are entry costs, measured as a percent of GDP per capita. The white dots, which measure productivity against entry costs, show a clear negative relationship.³ A similar pattern emerges when contrasting entry costs and output per worker (blue dots).

Current research further supports the importance of entry barriers by focusing on a broader measure of entry costs that includes nonregulatory costs—for example, sunk investment, technology acquisition, and advertisement.⁴ In this framework, the total effect of entry barriers on productivity is profound (Barseghyan and DiCecio, 2010): A 1 percent higher total entry cost implies a 0.14 percent lower level of TFP. This relationship—along with large variations in entry costs—leads to large differences in economic outcomes across

countries. TFP is 35 percent higher and output per worker is 57 percent higher, on average, in countries with low entry costs than in those with high entry costs.

—Riccardo DiCecio

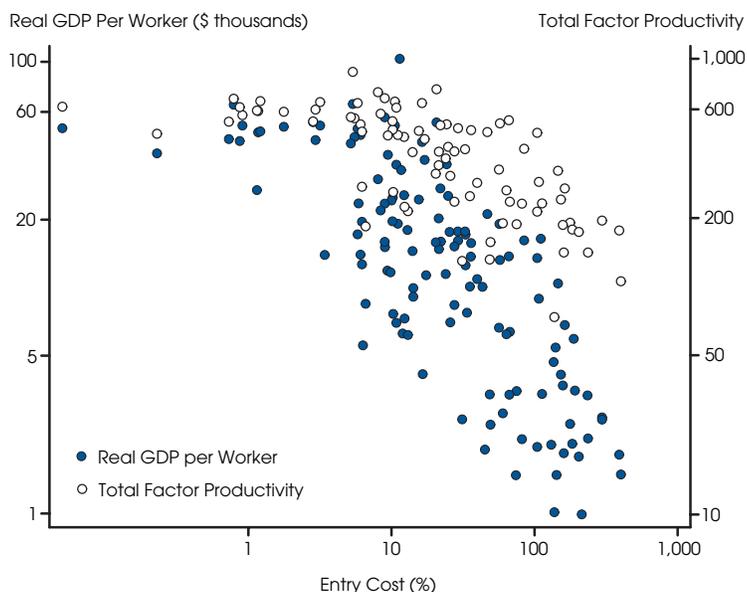
¹ See Heston, Alan; Summers, Robert and Aten, Bettina. "Penn World Table Version 6.1." Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania, October 2002. The figures reported are real GDP per worker in international dollars at 1996 constant prices.

² The *Doing Business* project conducts annual surveys to measure business regulations and their enforcement across 183 economies.

³ TFP is computed as in Klenow, Peter J. and Rodríguez-Clare, Andrés. "Externalities and Growth," in Philippe Aghion and Steven N. Durlauf, eds., *Handbook of Economic Growth, Volume 1A*. Amsterdam: Elsevier, 2005, pp. 817-64.

⁴ See Barseghyan, Levon and DiCecio, Riccardo. "Entry Costs, Industry Structure, and Cross-Country Income and TFP Differences." Federal Reserve Bank of St. Louis Working Paper 2009-005B, January 2010; <http://research.stlouisfed.org/wp/2009/2009-005.pdf>.

Entry Cost, Total Factor Productivity, and Real GDP Per Worker Across Countries



SOURCE: Heston, Summers, and Aten (real GDP per worker for the year 2000; thousands of international dollars in 1996 constant prices); Klenow and Rodríguez-Clare (TFP); World Bank (entry cost as a percentage of per capita income, averaged over 2004-8).

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

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Conventions used in this publication:

1. Except where otherwise noted, solid shading indicates recessions, as determined by the National Bureau of Economic Research. The NBER has not yet determined the end of the recession that began in December 2007; however, the hatched shading shows that the recession ended in July 2009. We made this determination based on a statistical model for dating business cycle turning points developed by Marcelle Chauvet and Jeremy Piger (“A Comparison of the Real-Time Performance of Business Cycle Dating Methods,” *Journal of Business and Economic Statistics*, 2008, 26, 42-49). For more information, see http://www.uoregon.edu/~jpiger/us_recession_probs.htm.
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:

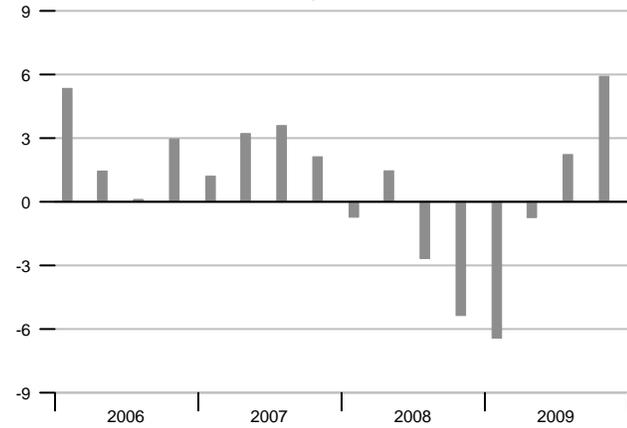
Editor, *National Economic Trends*
Research Division
Federal Reserve Bank of St. Louis
P.O. Box 442
St. Louis, MO 63166-0442

or to:

stlsFRED@stls.frb.org

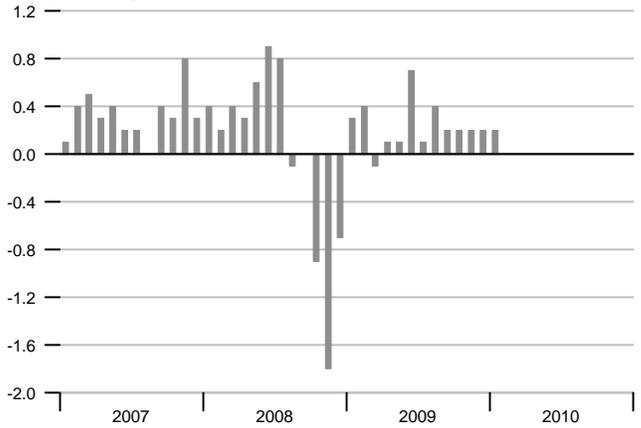
Real GDP Growth

Compounded annual rates of change



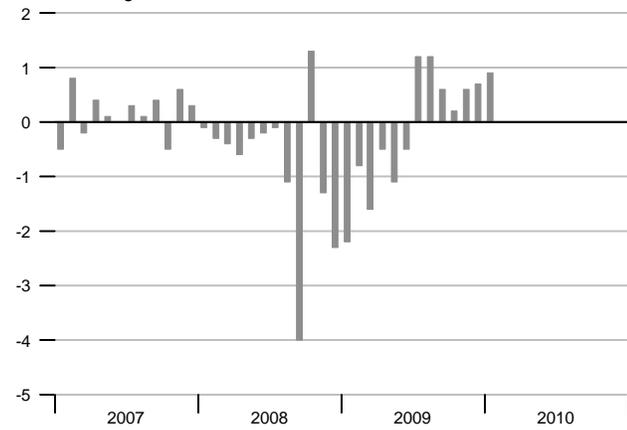
Consumer Price Index

Percent change



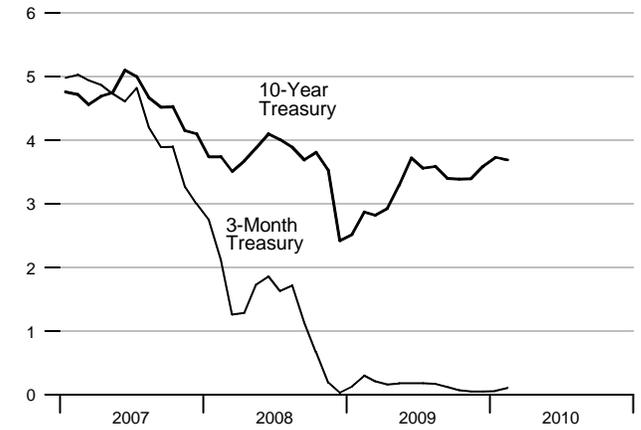
Industrial Production

Percent change



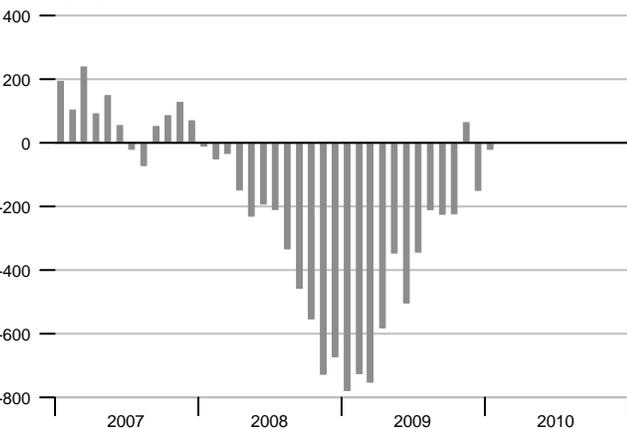
Interest Rates

Percent



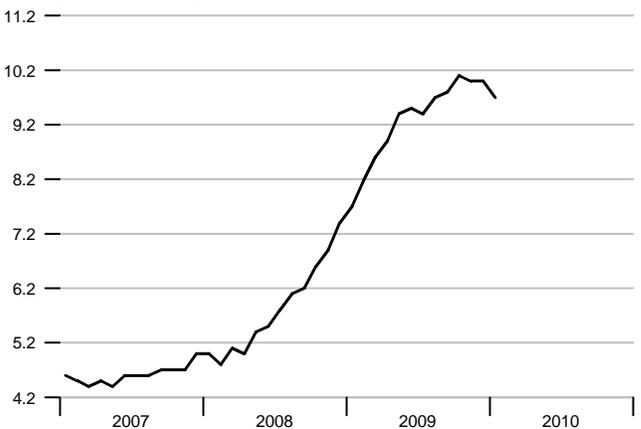
Change in Nonfarm Payrolls

Thousands



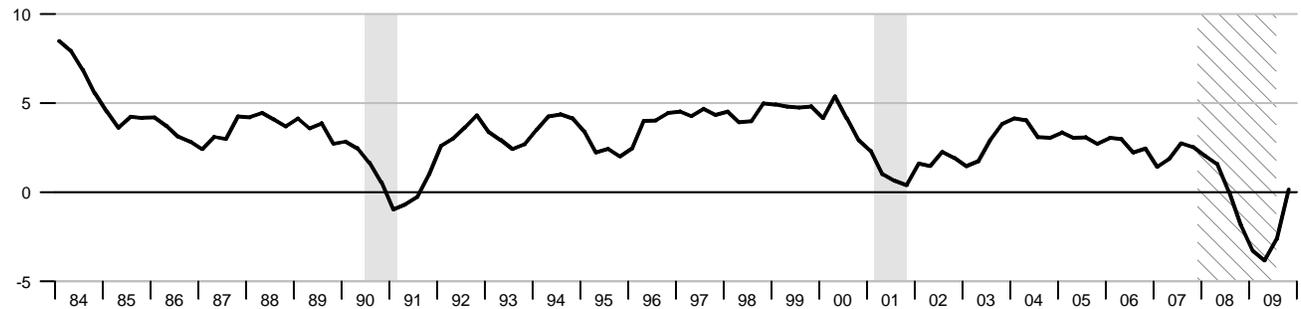
Unemployment Rate

Percent of labor force



Real Gross Domestic Product

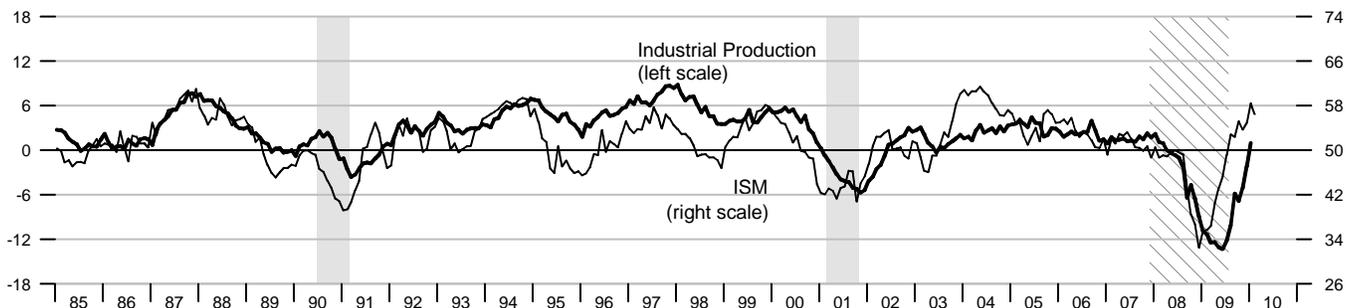
Percent change from year ago



Industrial Production and Institute for Supply Management (ISM) Indexes

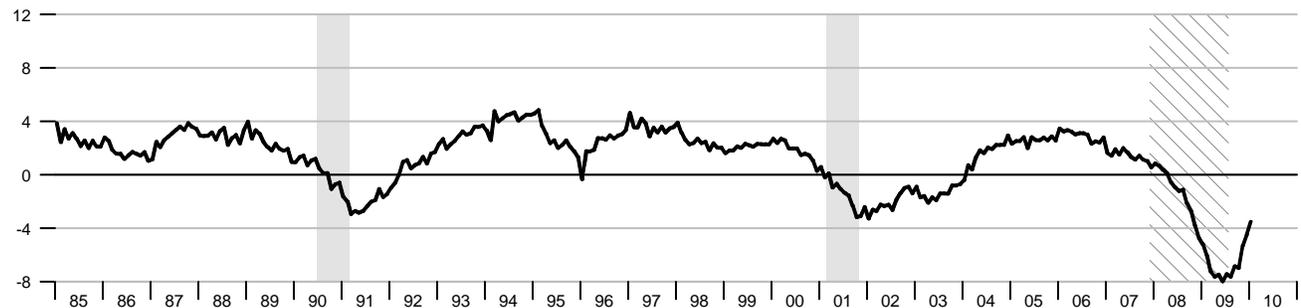
Percent change from year ago

Index



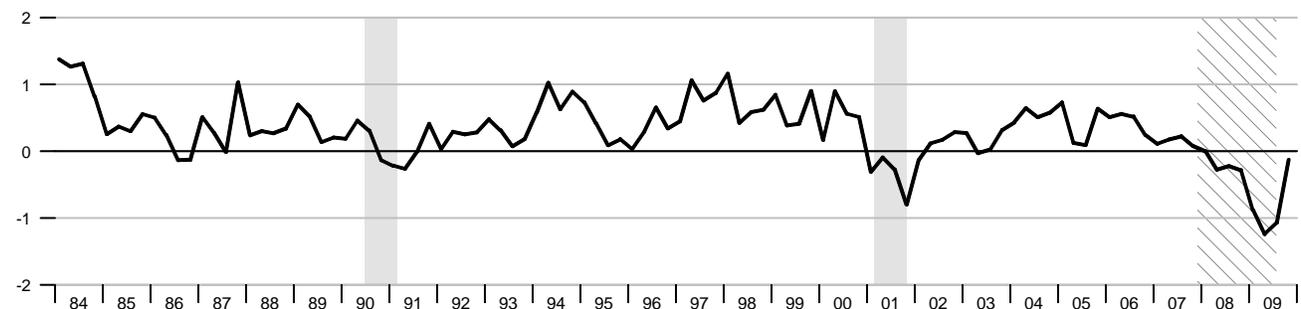
Aggregate Private Nonfarm Hours

Percent change from year ago

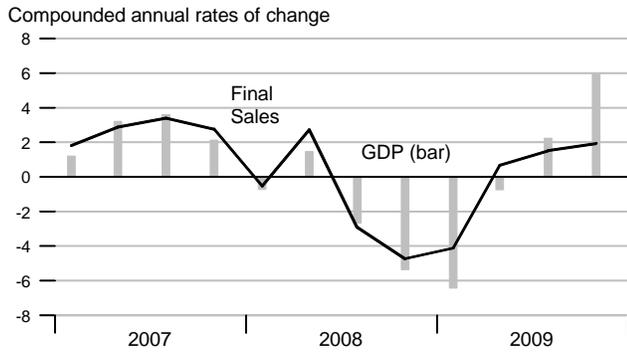


Real Change in Private Inventories

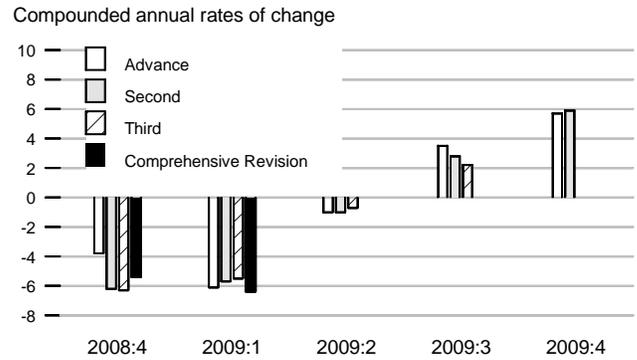
Percent of GDP



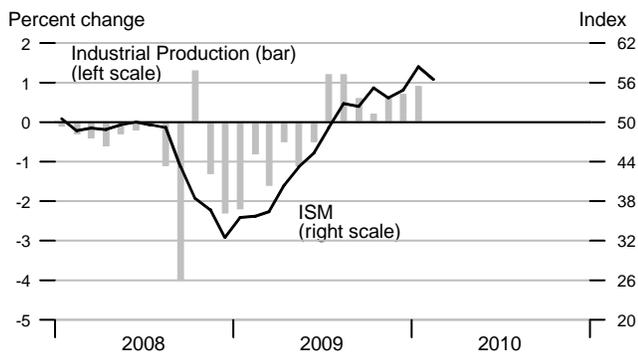
Real Final Sales and GDP



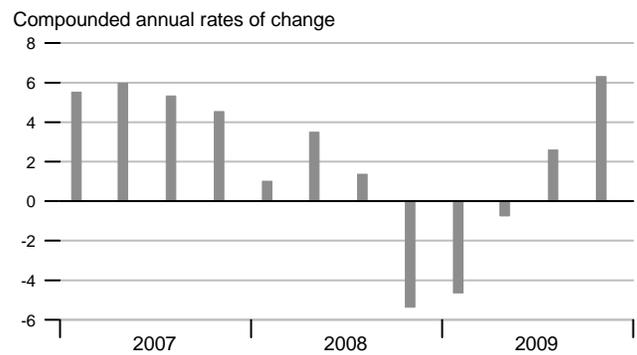
Real GDP Revisions



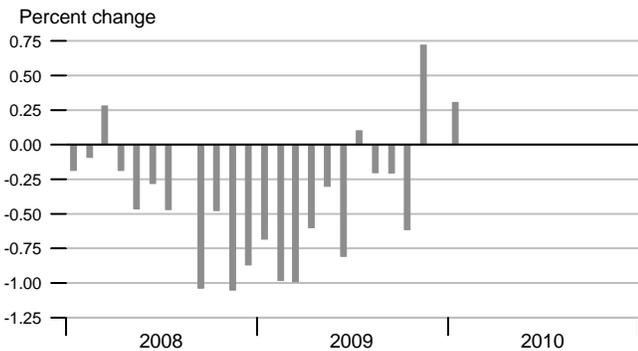
Industrial Production and ISM Index



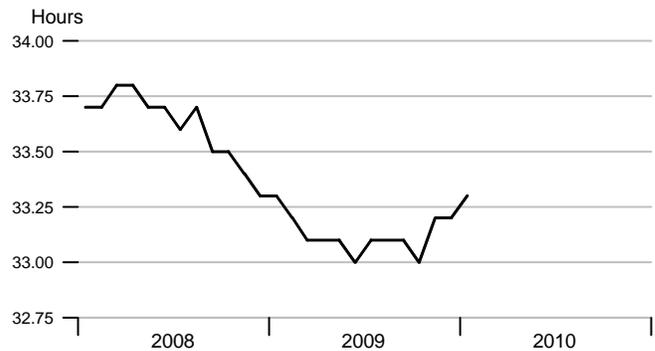
Nominal Gross Domestic Product



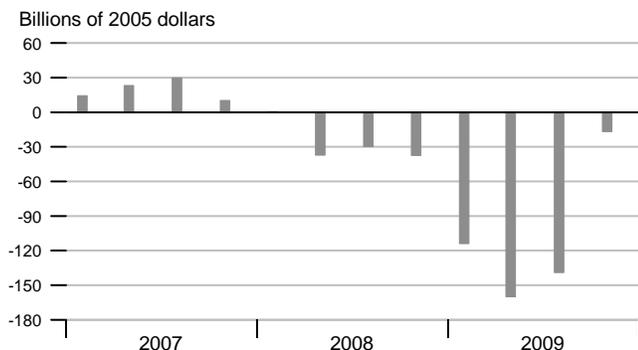
Aggregate Private Nonfarm Hours



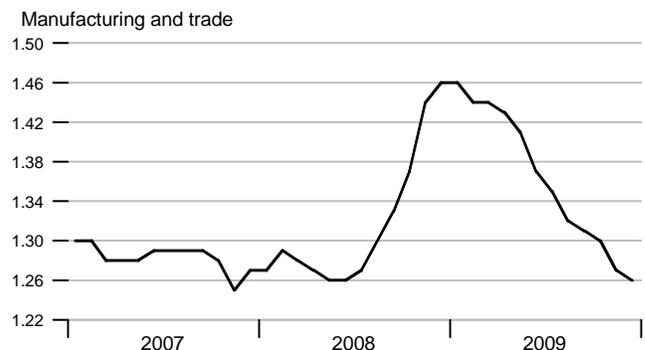
Average Weekly Private Nonfarm Hours



Real Change in Private Inventories

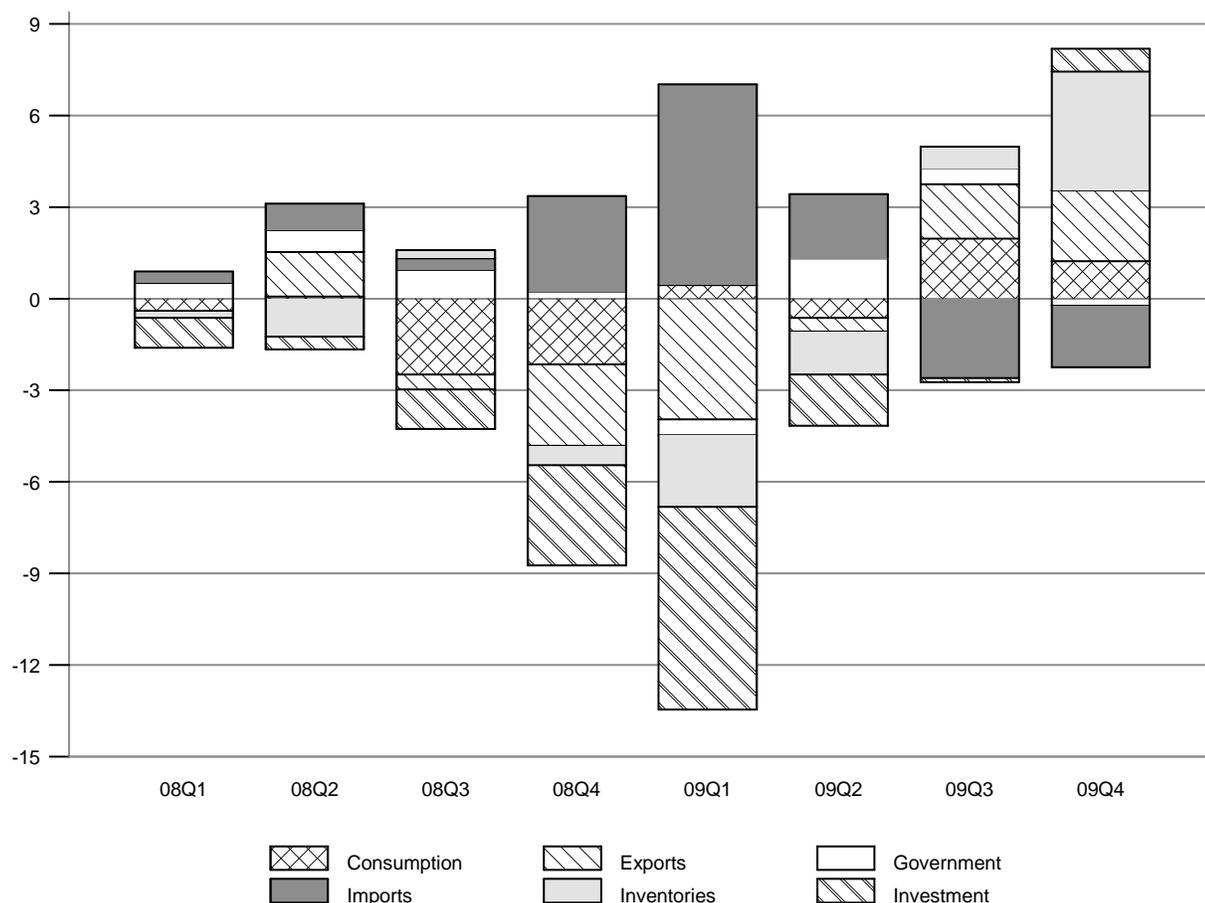


Inventory-Sales Ratio



Contribution of Components to Real GDP Growth

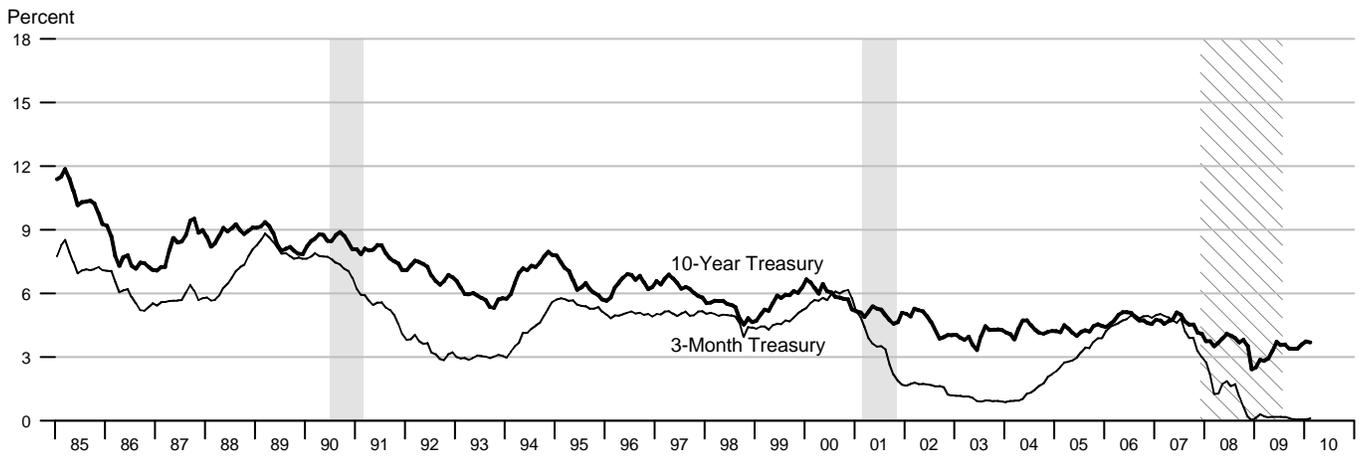
Percentage points at compounded annual rates



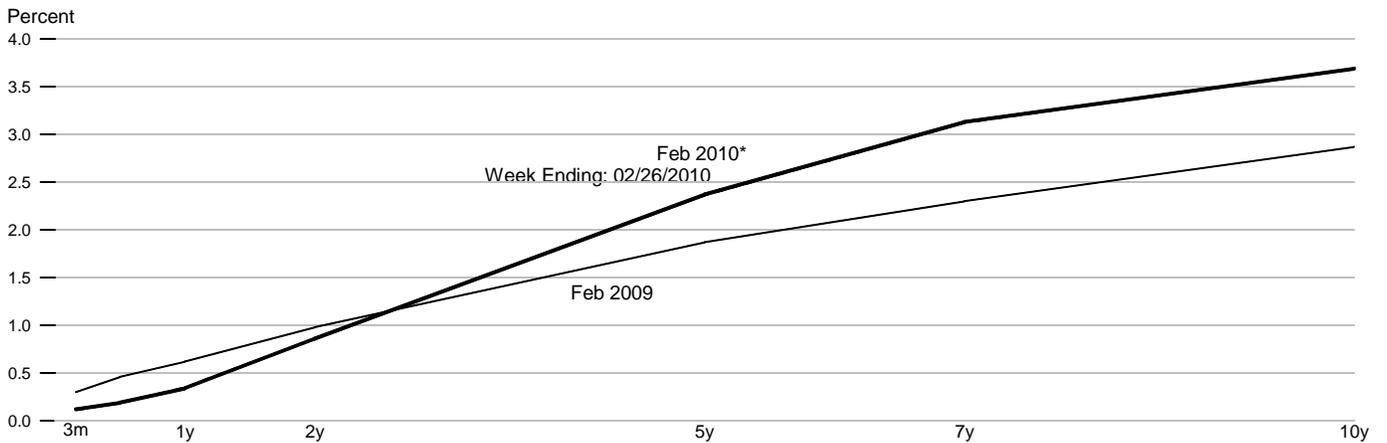
Contributions to Real GDP Growth Rate

	2008				2009			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Final Sales	-0.51	2.71	-2.94	-4.73	-4.07	0.68	1.55	2.05
Consumption	-0.39	0.06	-2.49	-2.15	0.44	-0.62	1.96	1.23
Fixed Investment	-0.99	-0.41	-1.30	-3.28	-6.62	-1.68	-0.15	0.75
Nonresidential	0.25	0.19	-0.73	-2.47	-5.29	-1.01	-0.59	0.62
Residential	-1.24	-0.60	-0.57	-0.81	-1.33	-0.67	0.43	0.13
Government	0.51	0.71	0.95	0.24	-0.52	1.33	0.55	-0.23
Federal	0.56	0.55	0.93	0.49	-0.33	0.85	0.62	0.02
State and Local	-0.05	0.15	0.01	-0.25	-0.19	0.48	-0.08	-0.25
Net Exports	0.36	2.35	-0.10	0.45	2.64	1.65	-0.81	0.30
Exports	-0.02	1.47	-0.48	-2.67	-3.95	-0.45	1.78	2.32
Imports	0.38	0.88	0.38	3.12	6.58	2.09	-2.59	-2.02
Change in Inventory	-0.21	-1.25	0.26	-0.64	-2.36	-1.42	0.69	3.88
Residual	0.12	0.06	0.07	-0.22	0.02	0.02	0.03	-0.02
Real GDP Growth	-0.72	1.46	-2.68	-5.37	-6.43	-0.74	2.24	5.93

Interest Rates

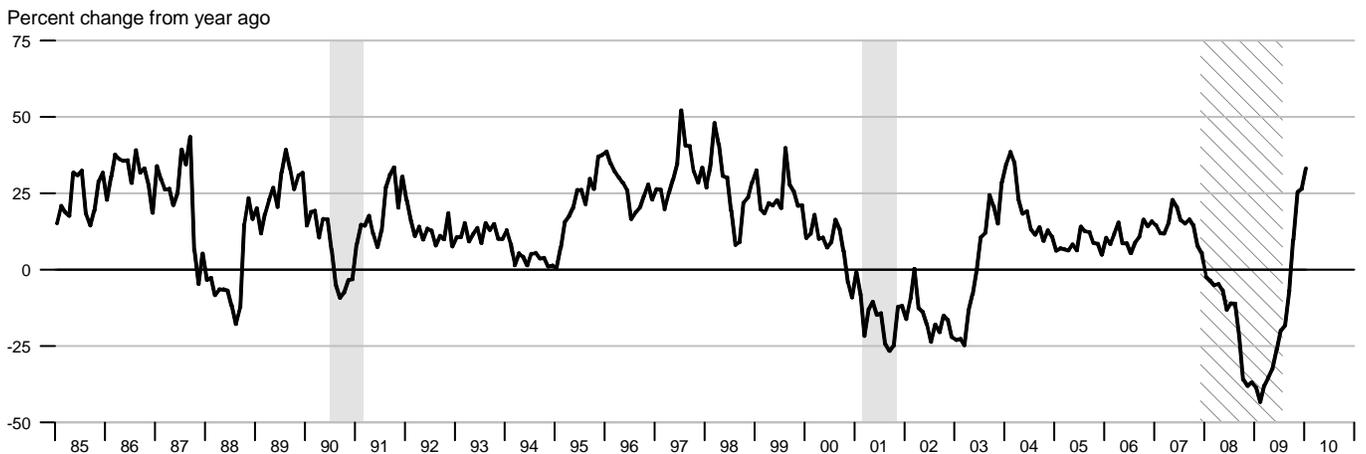


Treasury Yield Curve



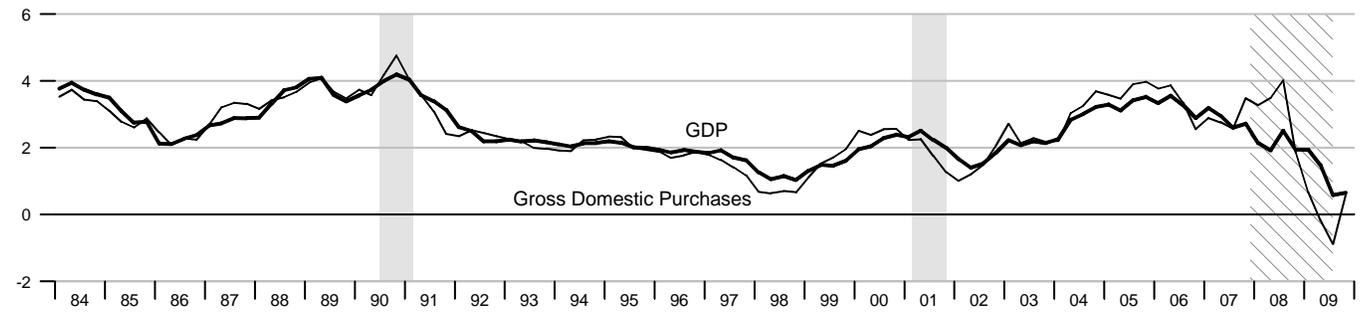
* Treasury Yield Curve for February 2010 is almost identical to Week Ending 02/26/2010.

Standard and Poor's 500 Index with Reinvested Dividends



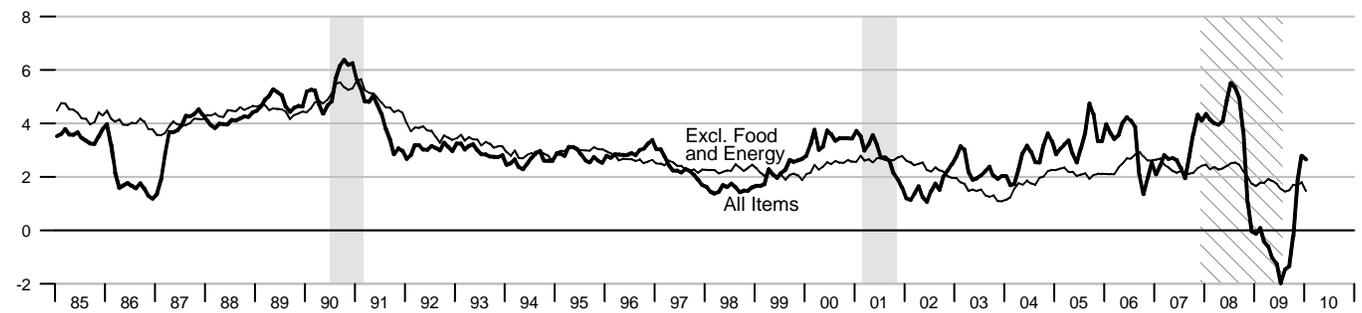
NIPA Chain Price Indexes

Percent change from year ago



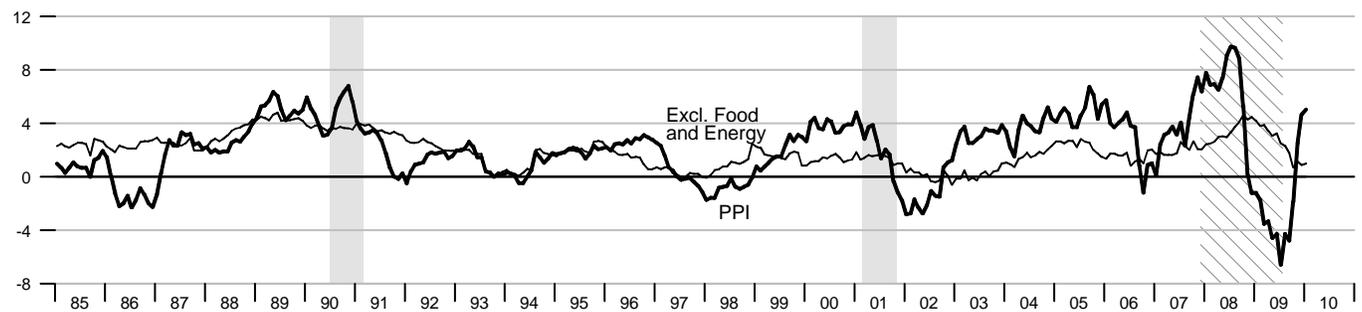
Consumer Price Index

Percent change from year ago



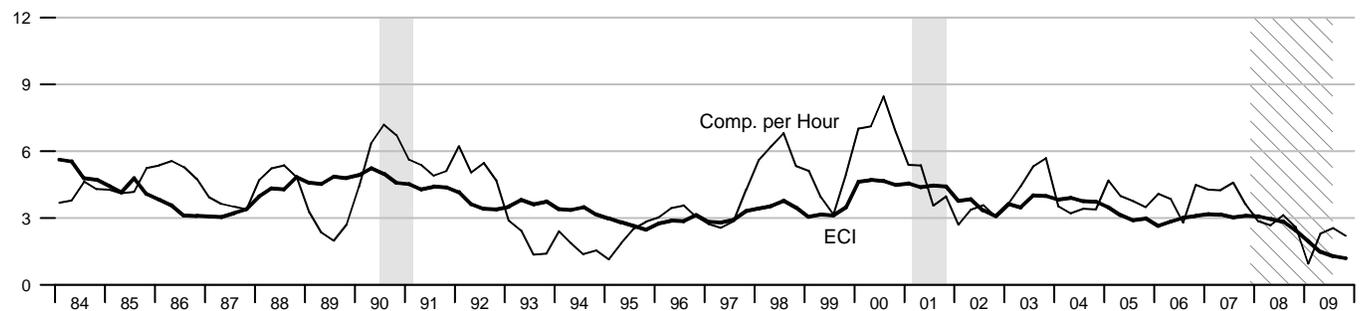
Producer Price Index, Finished Goods

Percent change from year ago

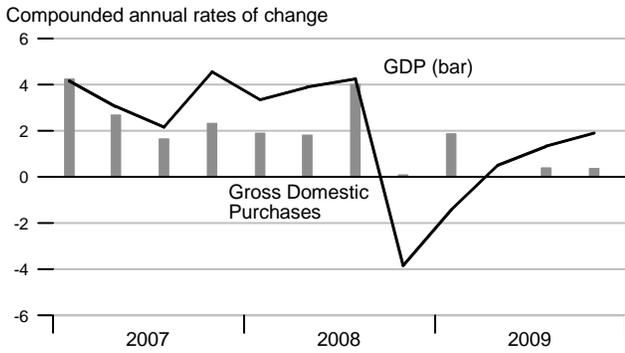


Employment Cost Index and Compensation per Hour

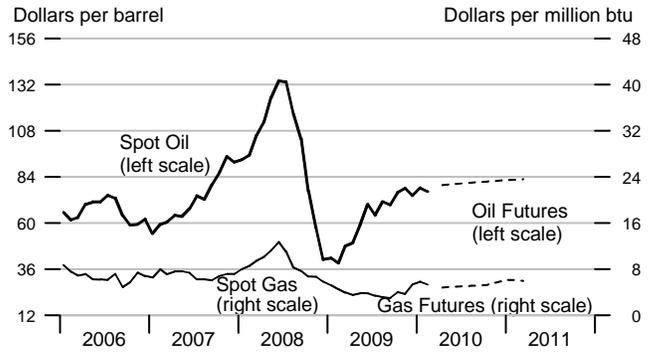
Percent change from year ago



NIPA Chain Price Indexes

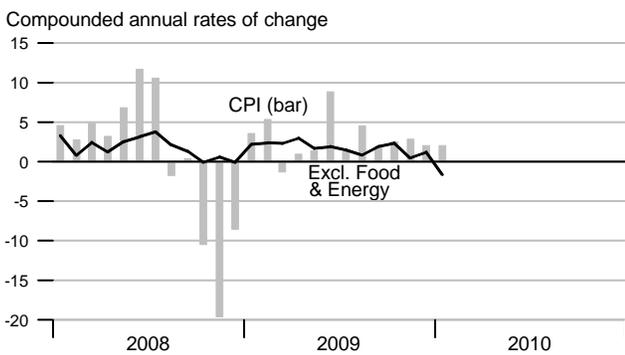


Oil & Natural Gas Prices: Spot & Futures

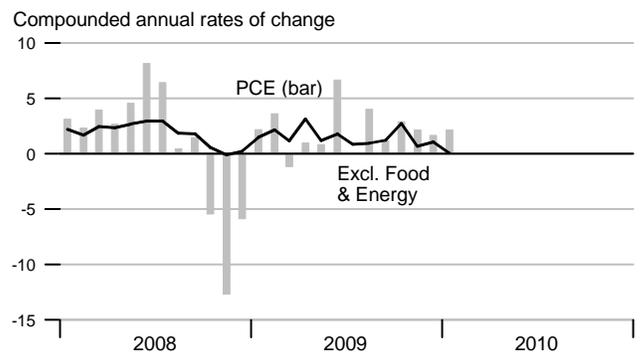


Note: Futures prices as of 2/26/2010.

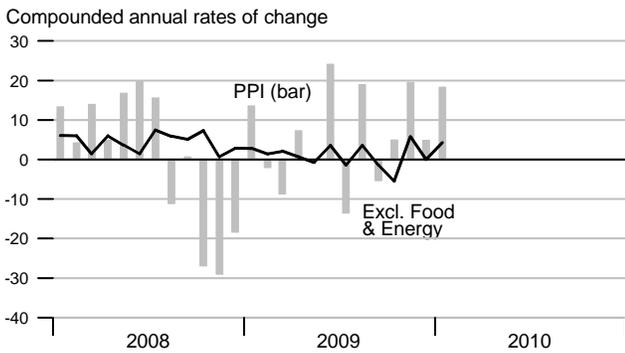
Consumer Price Index



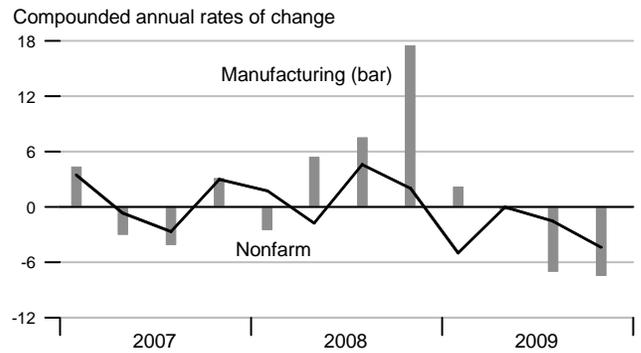
Consumption Chain Price Index



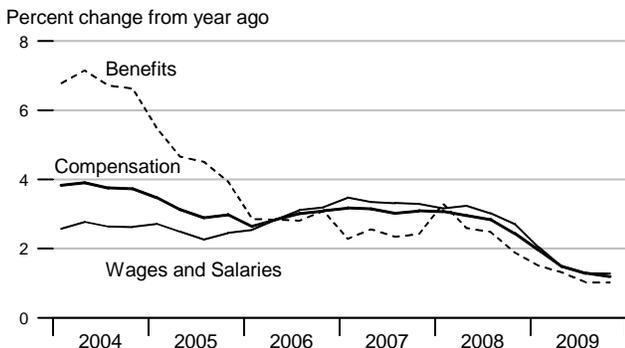
Producer Price Index, Finished Goods



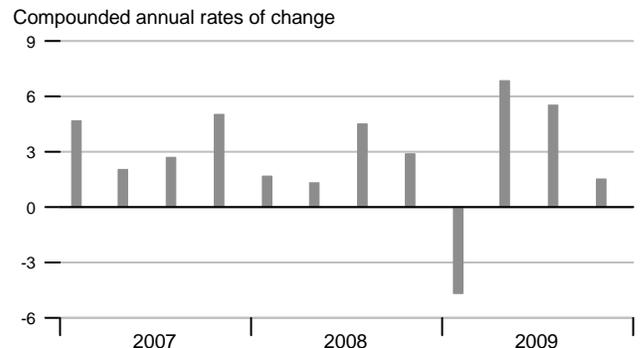
Unit Labor Cost



Employment Cost Index

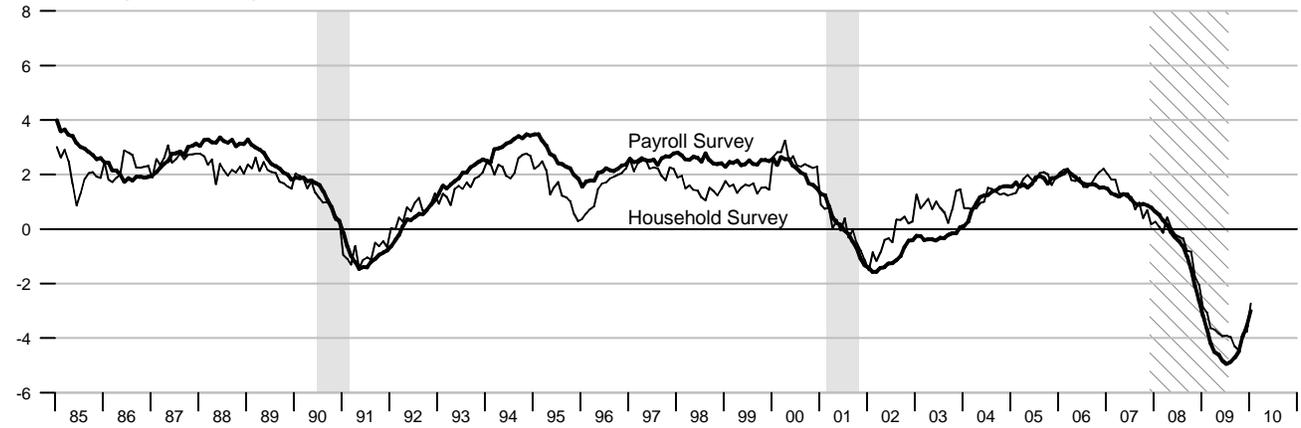


Compensation per Hour



Employment

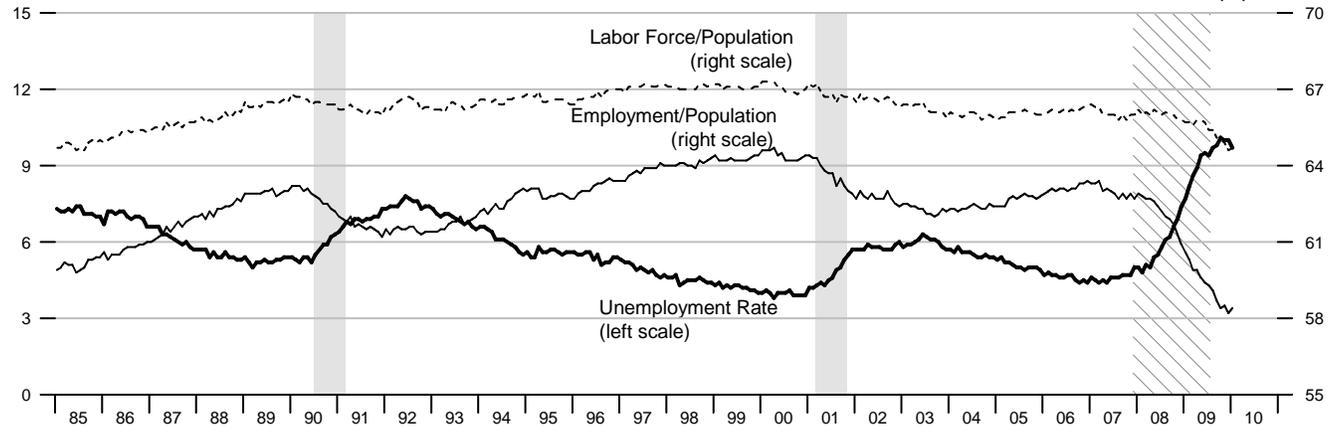
Percent change from year ago



Unemployment, Labor Force Participation, and Employment Rates

Percent of labor force

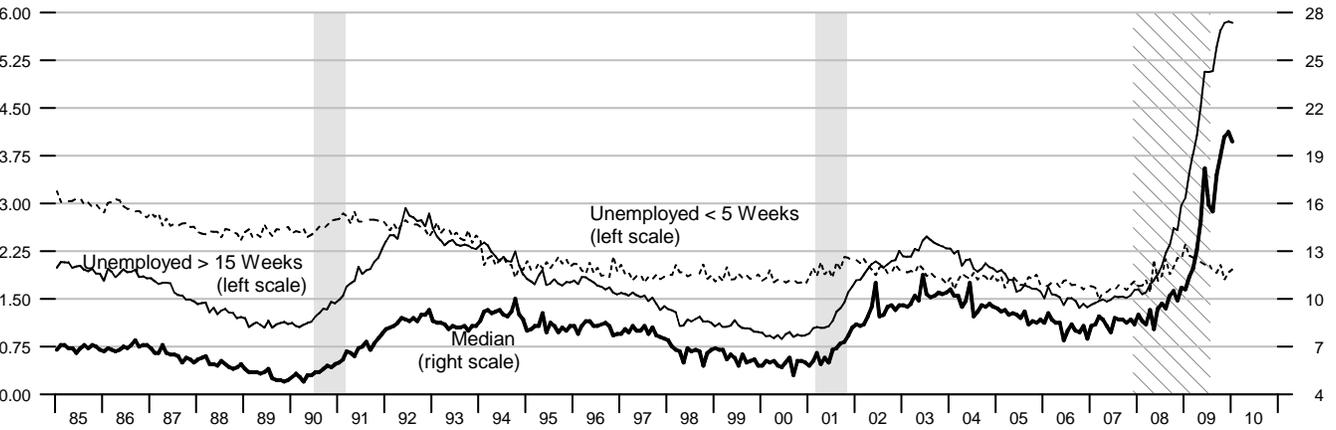
Percent of population



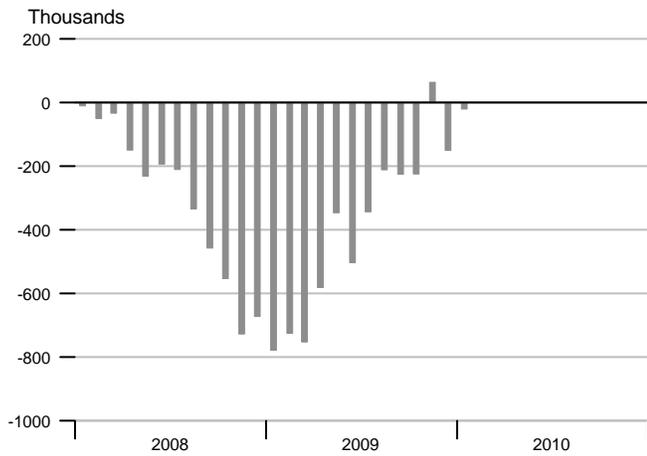
Duration of Unemployment

Percent of labor force

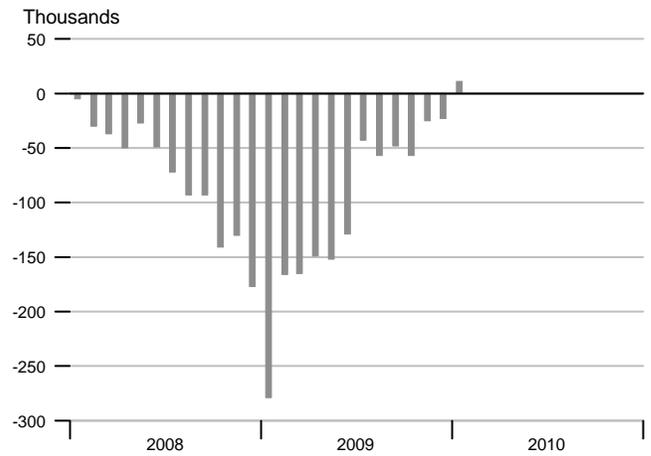
Weeks



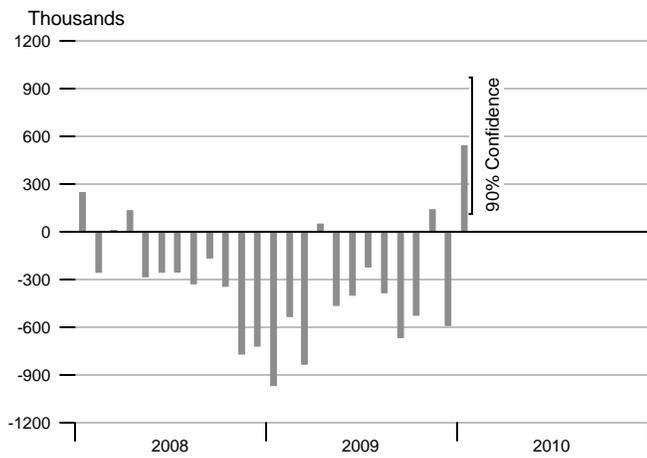
Change in Nonfarm Payrolls



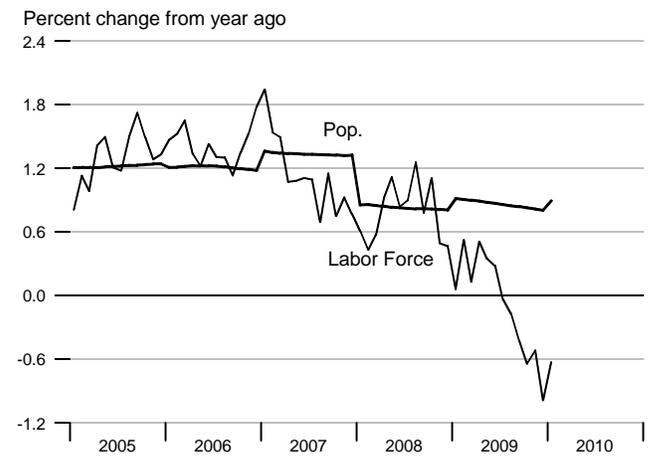
Change in Manufacturing Payrolls



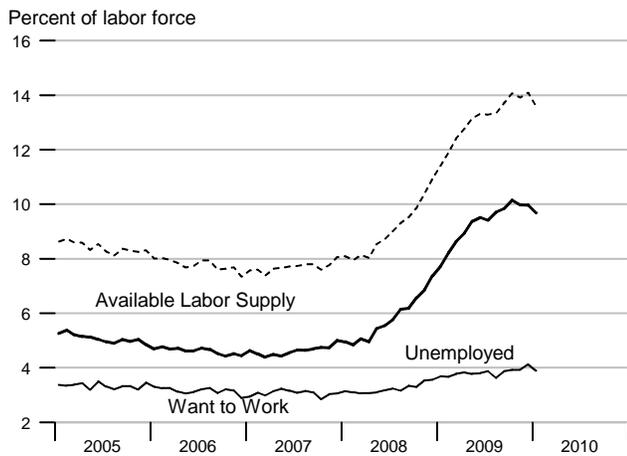
Change in Household Employment



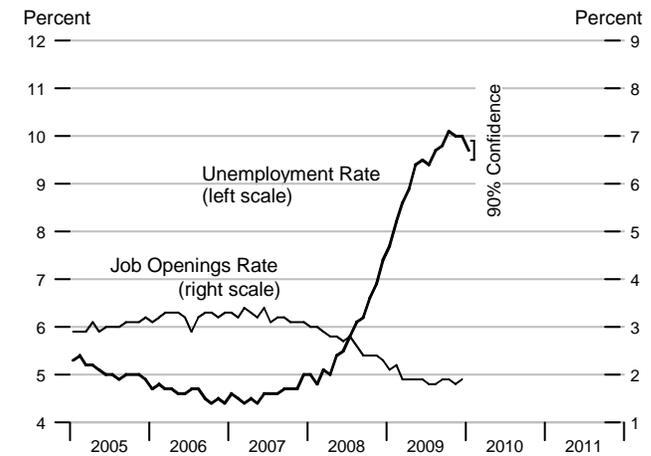
Labor Force and Population



Available Labor Supply and Components

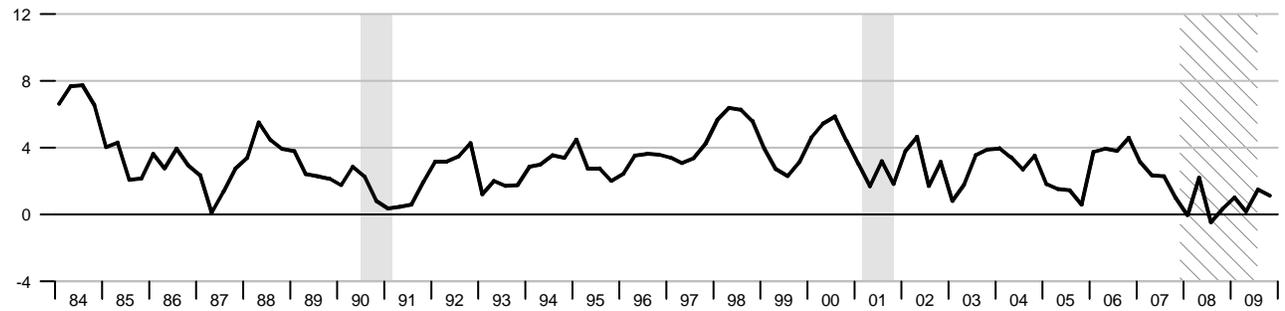


Unemployment Rate & Job Openings Rate



Real Disposable Personal Income

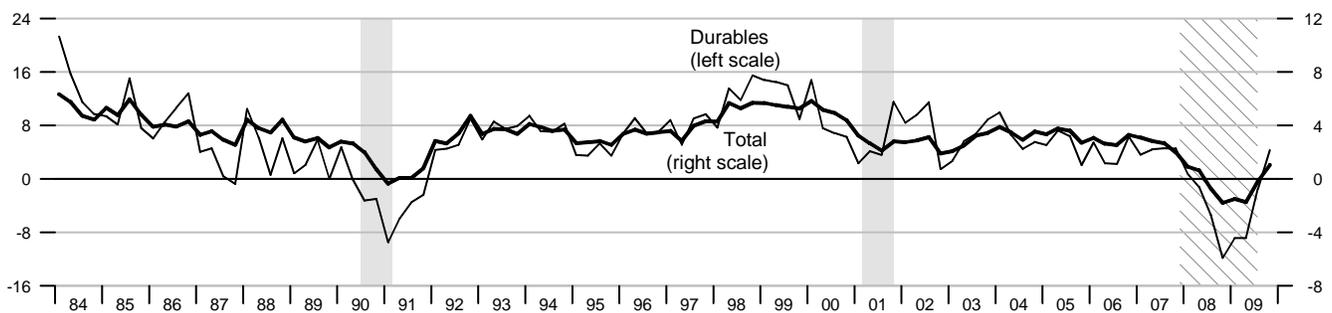
Percent change from year ago, quarterly data



Real Consumption

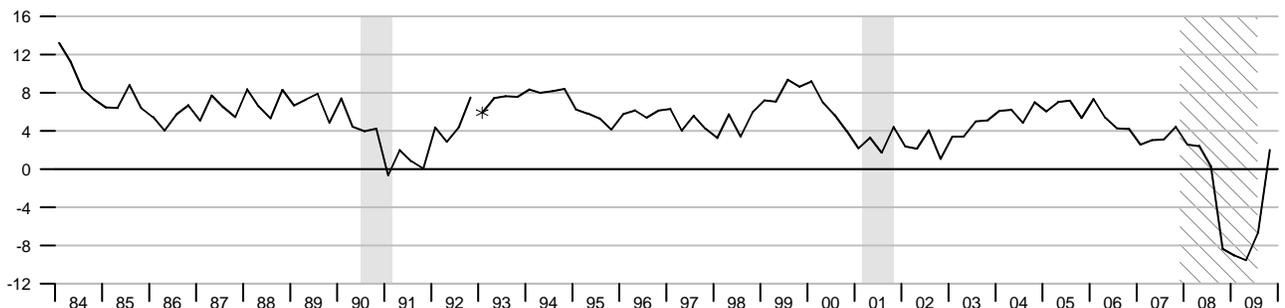
Percent change from year ago, quarterly data

Percent change from year ago, quarterly data



Retail and Food Services Sales

Percent change from year ago, quarterly average

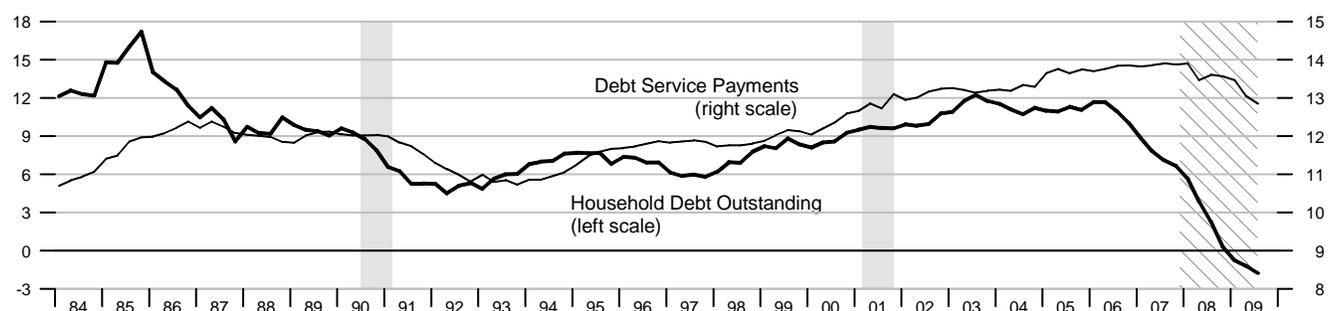


*Data from Jan. 1992 to the present are on a NAICS basis; data prior to Jan. 1992 are on an SIC basis and are not strictly comparable (see End Note).

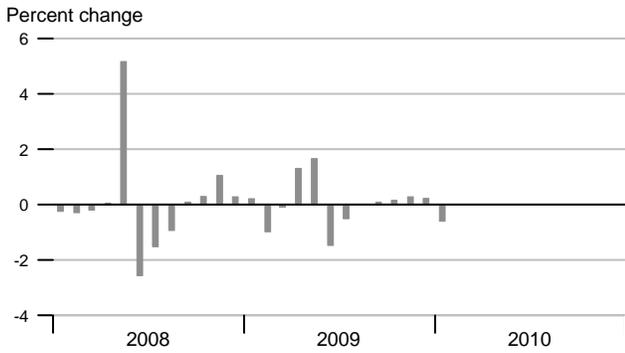
Debt Service Payments and Household Debt Outstanding

Percent change from year ago, quarterly data

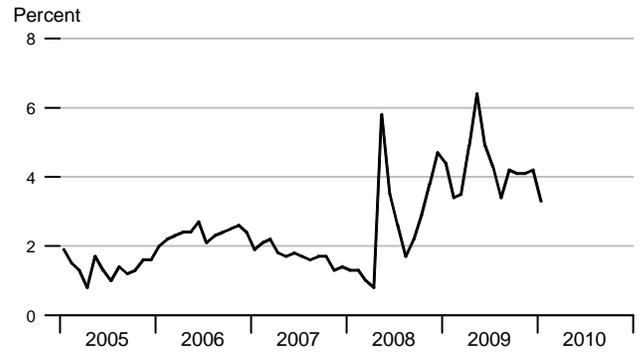
Percent of disposable personal income



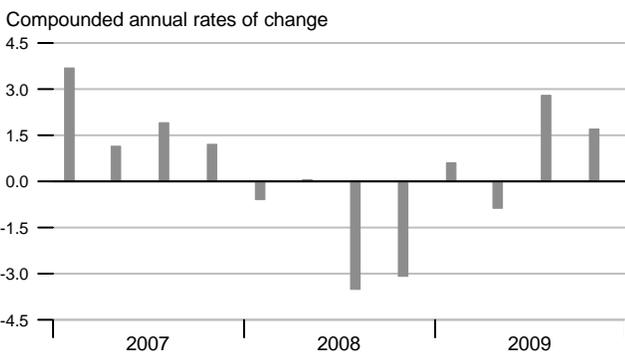
Real Disposable Personal Income



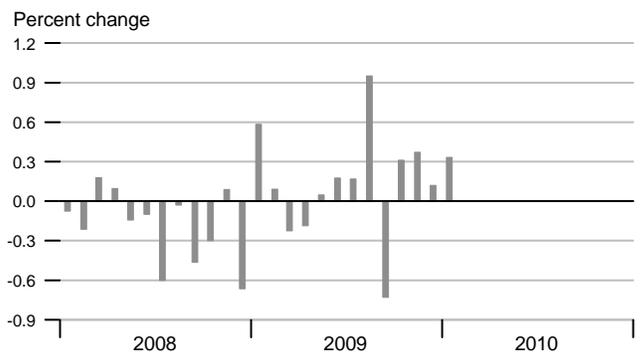
Personal Saving Rate



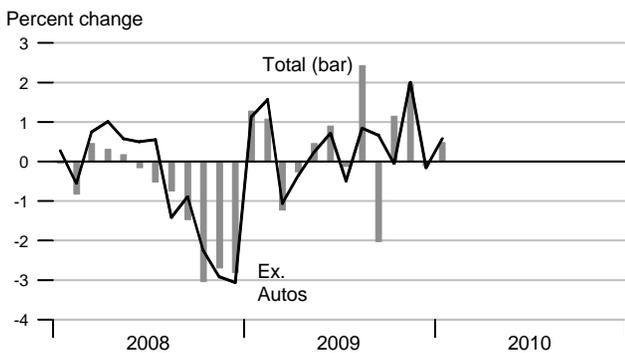
Real Consumption



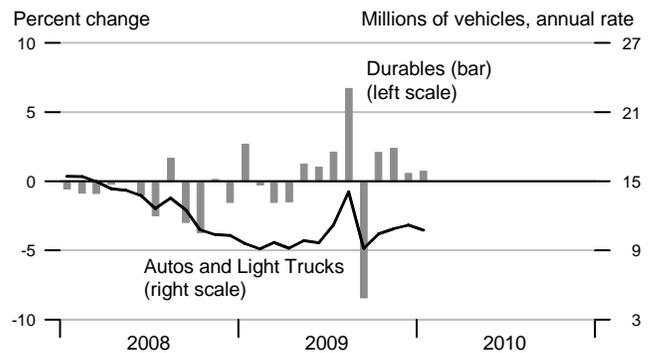
Real Consumption



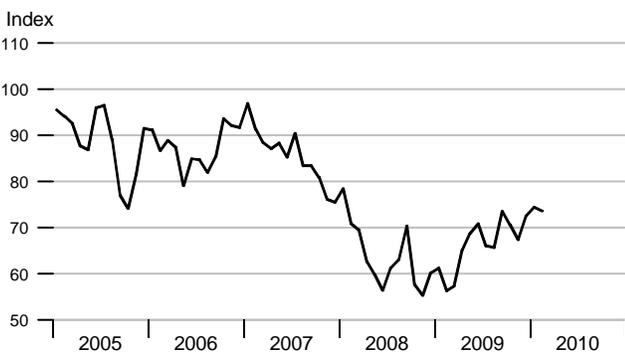
Retail & Food Services



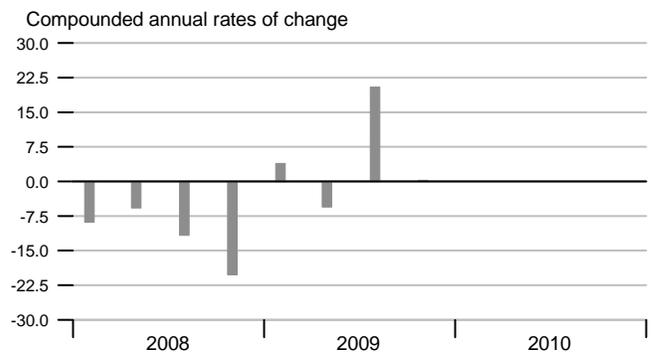
Real Durables Consumption & Vehicle Sales



Consumer Sentiment (U. of Michigan)

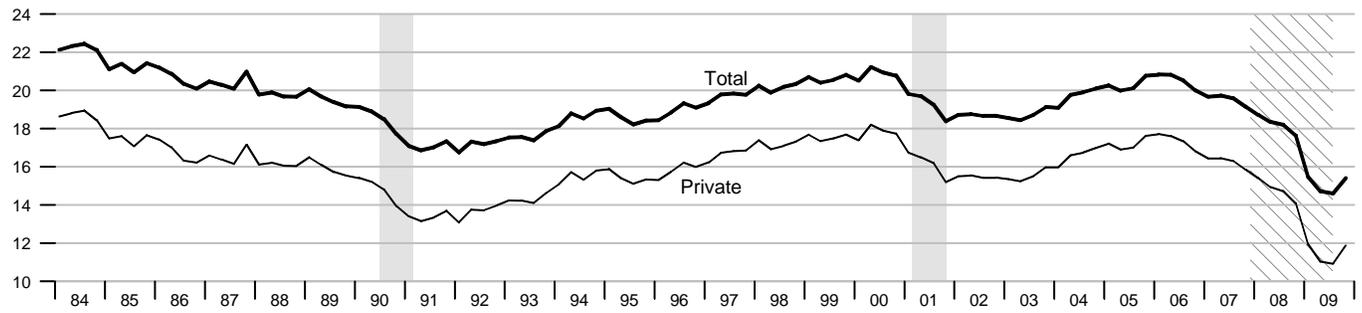


Real Durables Consumption



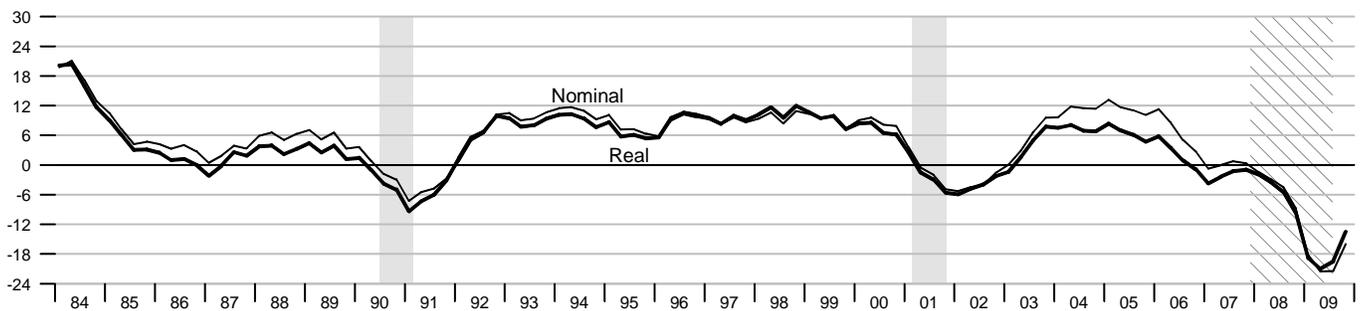
Investment

Percent of nominal GDP



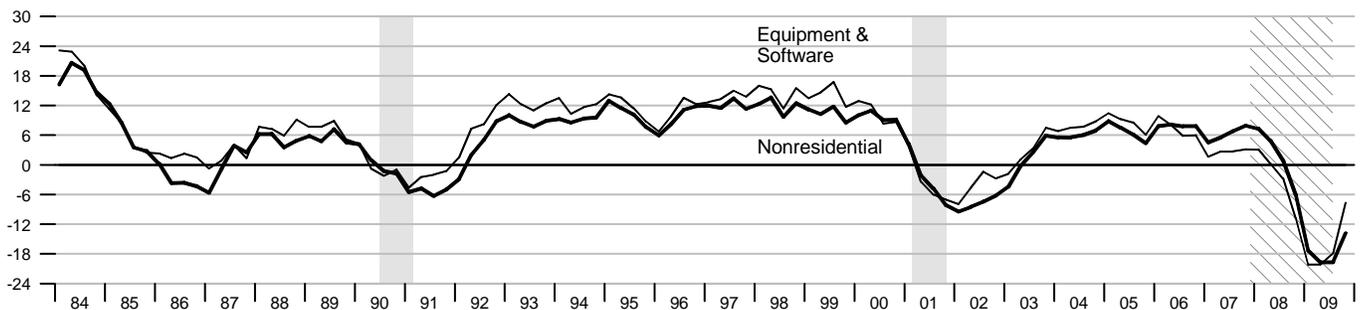
Private Fixed Investment

Percent change from year ago



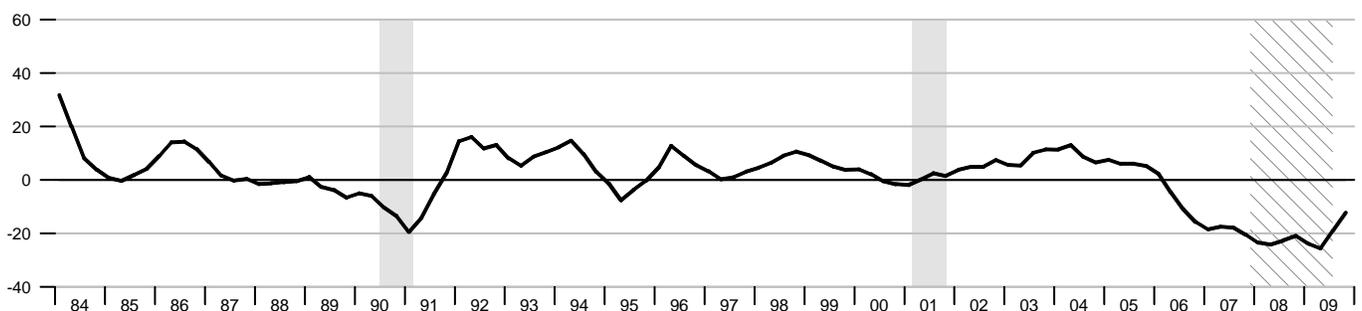
Real Nonresidential Fixed and Equipment & Software Investment

Percent change from year ago

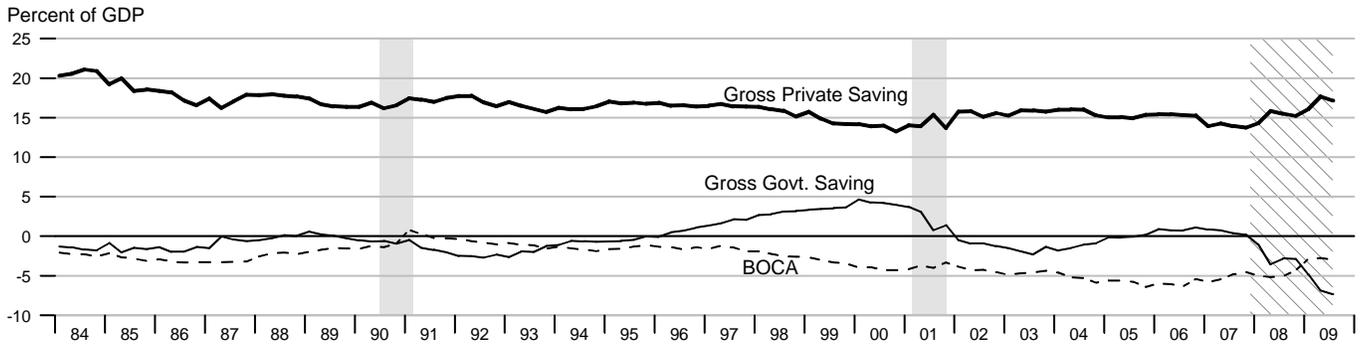


Real Residential Fixed Investment

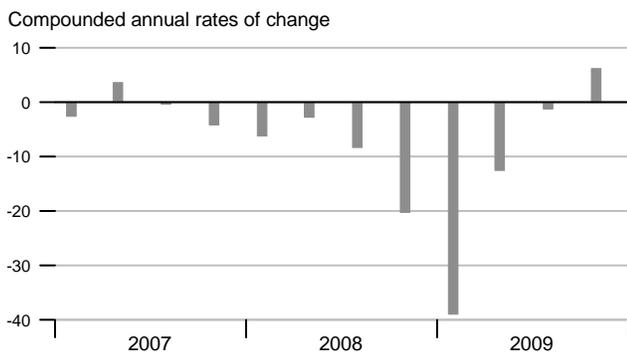
Percent change from year ago



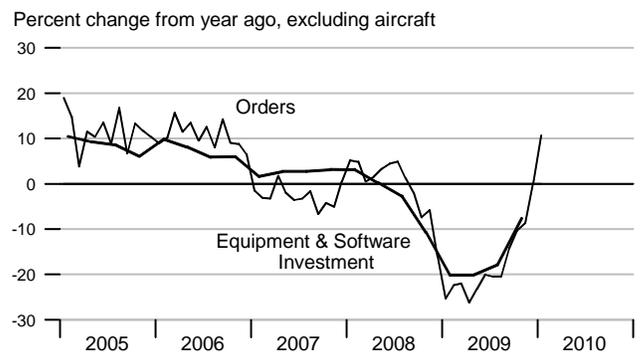
Gross Saving Rates and Balance on Current Account (NIPA)



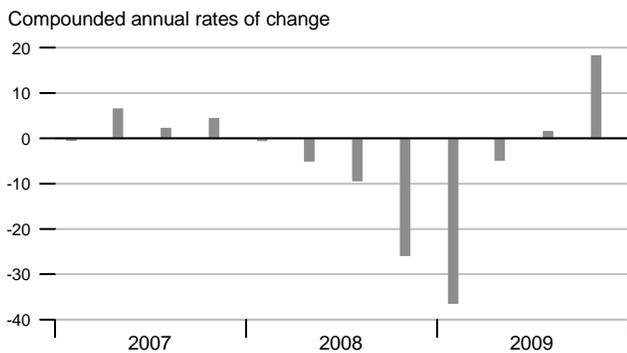
Real Private Fixed Investment



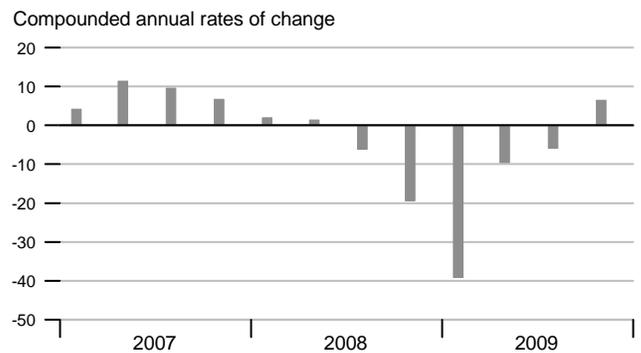
Nondefense Capital Goods Orders



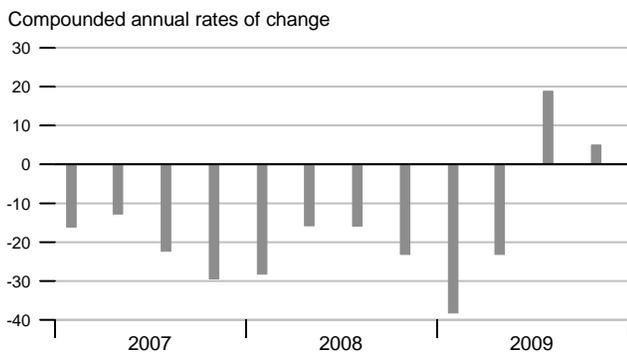
Real Equipment & Software Investment



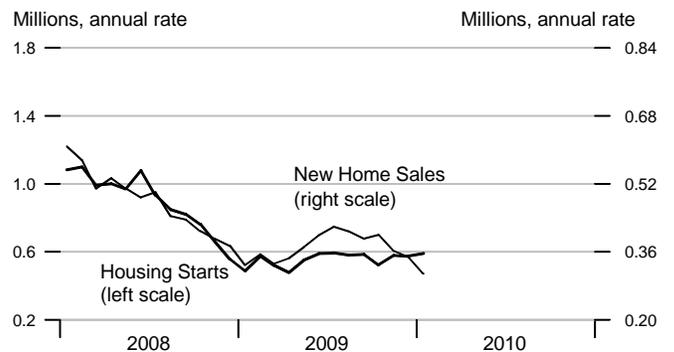
Real Nonresidential Fixed Investment



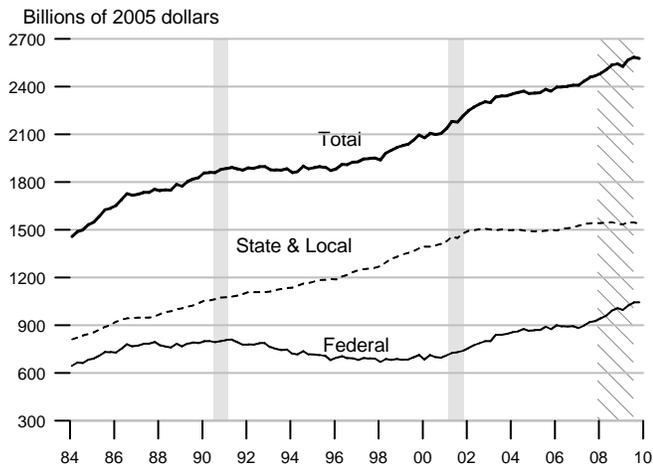
Real Residential Fixed Investment



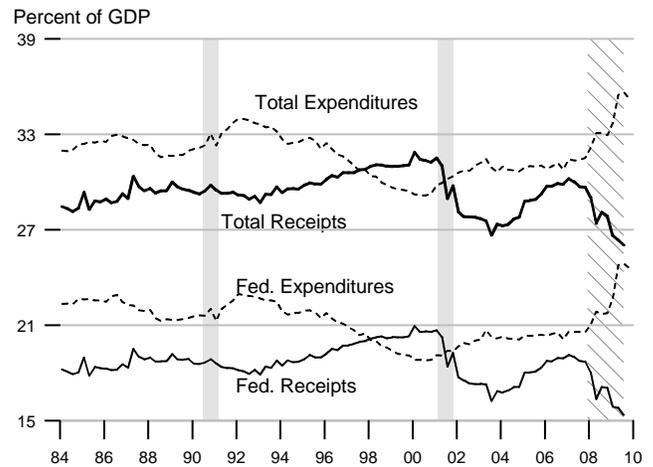
Housing Starts and New Home Sales



Govt. Consumption and Investment



Govt. Current Receipts and Expenditures



Government Budgets

Billions of dollars

National Income Accounts

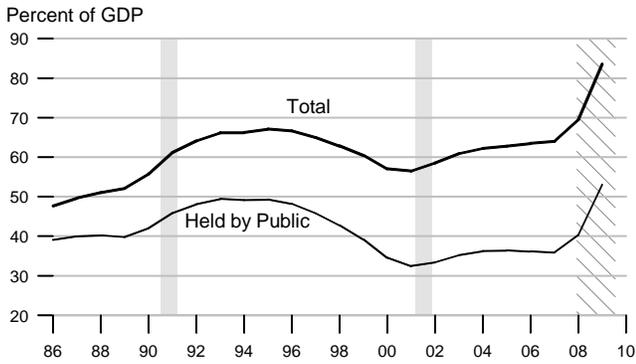
Calendar Years

Unified Budget

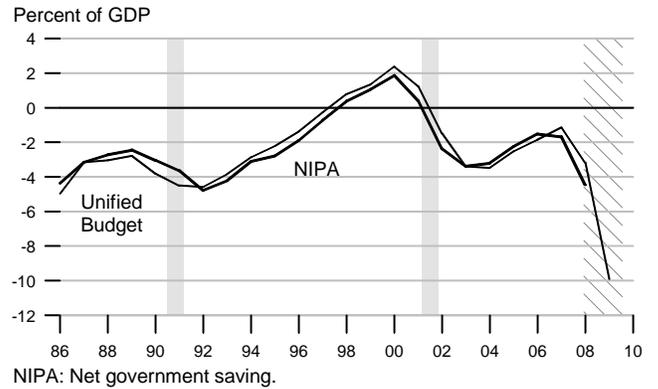
Fiscal Years

	State and Local			Federal			Federal		
	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Expenditures	Surplus or Deficit (-)	Receipts	Outlays	Surplus or Deficit (-)
1996	1045.1	1022.1	23.0	1526.4	1674.7	-148.3	1453.1	1560.5	-107.4
1997	1099.5	1063.2	36.3	1656.2	1716.3	-60.1	1579.2	1601.1	-21.9
1998	1164.5	1117.6	46.9	1777.9	1744.3	33.6	1721.7	1652.5	69.3
1999	1240.4	1198.6	41.8	1895.0	1796.2	98.8	1827.5	1701.8	125.6
2000	1322.6	1281.3	41.3	2057.1	1871.9	185.2	2025.2	1789.0	236.2
2001	1374.0	1389.9	-15.9	2020.3	1979.8	40.5	1991.1	1862.9	128.2
2002	1412.7	1466.8	-54.1	1859.3	2112.1	-252.8	1853.1	2010.9	-157.8
2003	1496.3	1535.1	-38.8	1885.1	2261.5	-376.4	1782.3	2159.9	-377.6
2004	1601.0	1609.3	-8.3	2013.9	2393.4	-379.5	1880.1	2292.9	-412.7
2005	1730.4	1704.5	25.9	2290.1	2573.1	-283.0	2153.6	2472.0	-318.3
2006	1829.7	1778.6	51.1	2524.5	2728.3	-203.8	2406.9	2655.1	-248.2
2007	1927.3	1905.6	21.7	2660.8	2897.2	-236.4	2568.0	2728.7	-160.7
2008	1974.2	2014.4	-40.2	2475.0	3117.6	-642.6	2524.0	2982.6	-458.6
2009	.	2014.6	.	.	3455.9	.	2105.0	3517.7	-1413
2008Q1	1963.7	1983.8	-20.1	2590.7	3024.2	-433.5	539.8	745.7	-205.9
2008Q2	1994.2	2019.8	-25.6	2372.1	3169.0	-796.9	787.9	761.0	26.9
2008Q3	1987.5	2046.5	-59.0	2489.5	3155.2	-665.7	590.0	758.9	-169.0
2008Q4	1951.4	2007.5	-56.1	2447.8	3121.9	-674.1	547.4	879.9	-332.5
2009Q1	1961.4	1998.0	-36.6	2251.3	3220.3	-969.0	442.3	891.2	-448.9
2009Q2	1989.3	2013.9	-24.6	2237.0	3505.9	-1269	598.8	903.7	-304.9
2009Q3	2003.6	2018.6	-15.0	2188.5	3542.1	-1354	515.9	845.3	-329.4
2009Q4	.	2027.9	.	.	3555.2	.	487.8	875.8	-388.1

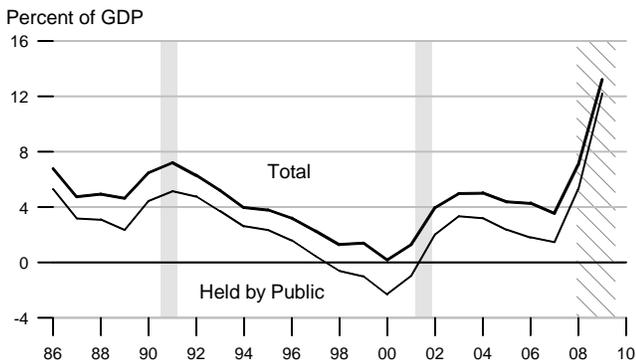
Federal Debt



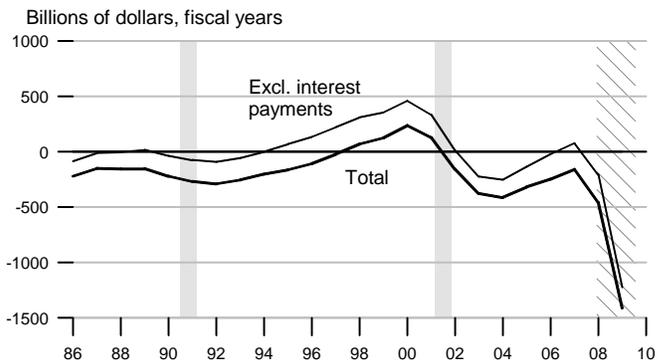
Federal Surplus (+) / Deficit (-)



Change in Federal Debt



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

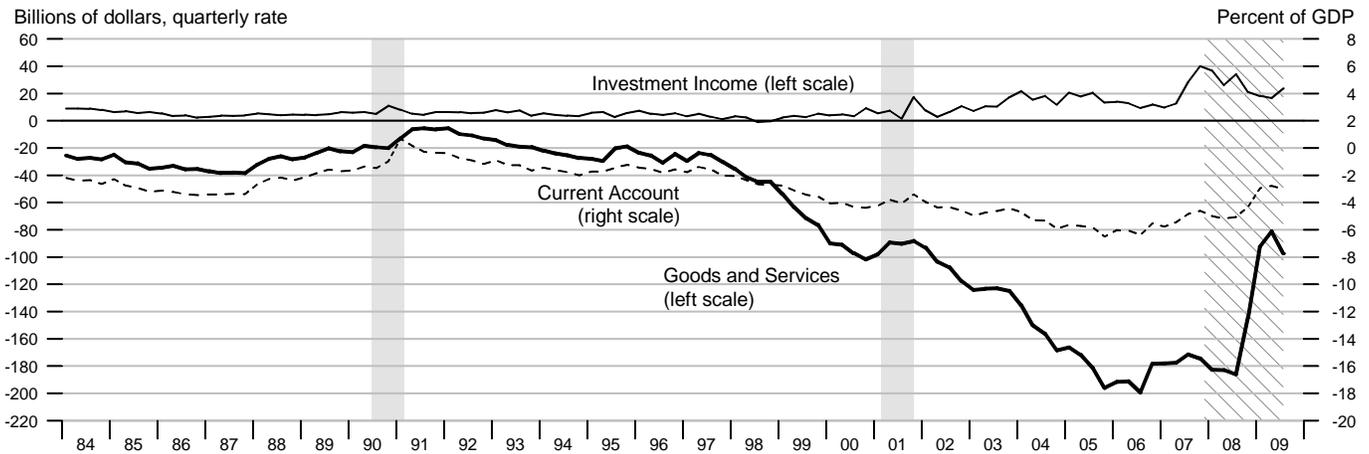


Federal Government Debt

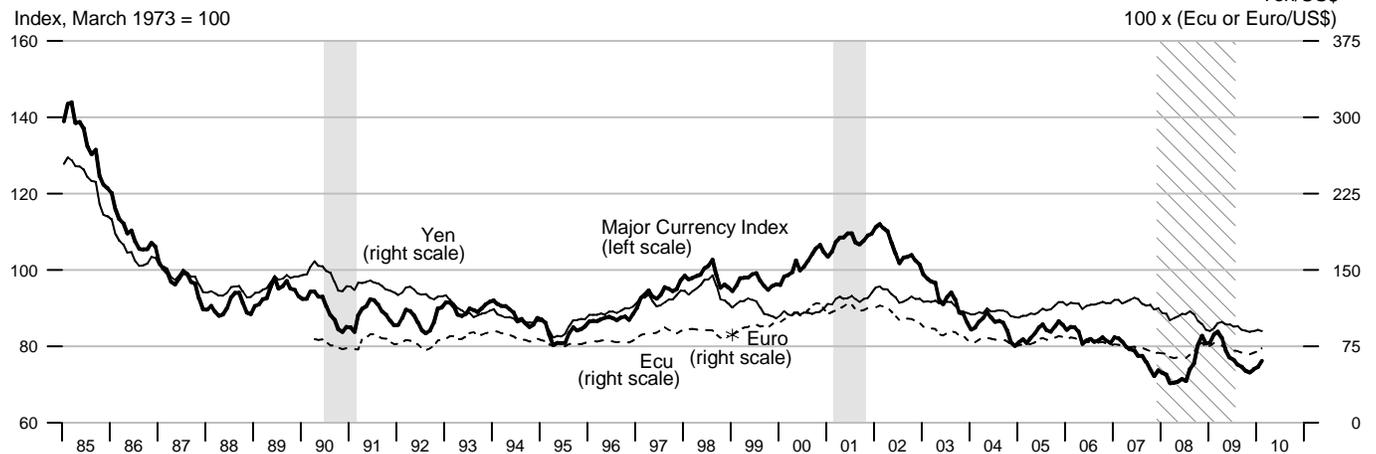
Billions of dollars, end of month or fiscal year
Excludes Agency-issued debt

	Total Public Debt	Held by Agencies and Trusts	Held by Public		Held by Private Investors	
			Total	Federal Reserve Banks	Total	Foreign and International
2007	9007.7	3958.4	5049.2	779.6	4269.7	2237.2
2008	10024.7	4210.5	5814.2	476.6	5332.0	2799.5
2009	11909.8	4355.3	7554.5	769.2	6782.7	3497.0
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	1979.8
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	2587.2
September	10024.7	4210.5	5814.2	476.6	5332.0	2799.5
December	10699.8	4327.2	6372.7	475.9	5893.4	3076.3
2009 March	11126.9	4290.6	6836.3	492.3	6341.7	3264.7
June	11545.3	4368.8	7176.5	656.5	6518.5	3382.1
September	11909.8	4355.3	7554.5	769.2	6782.7	3497.0

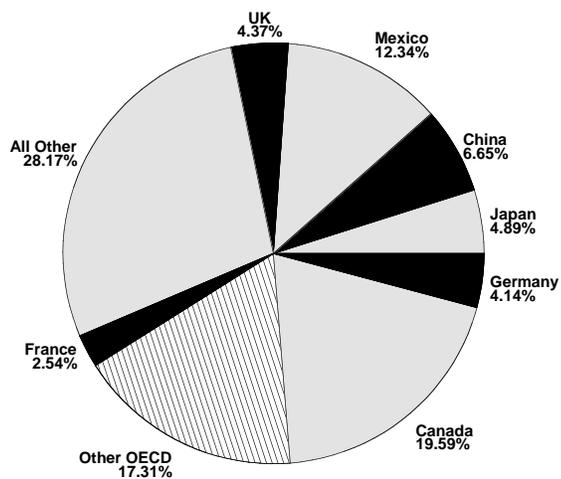
Current Account, Trade and Investment Income Balances



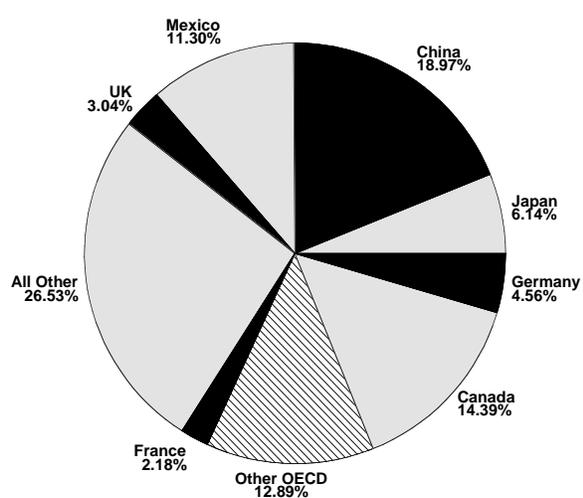
Exchange Rates



Goods Export Shares, 2009



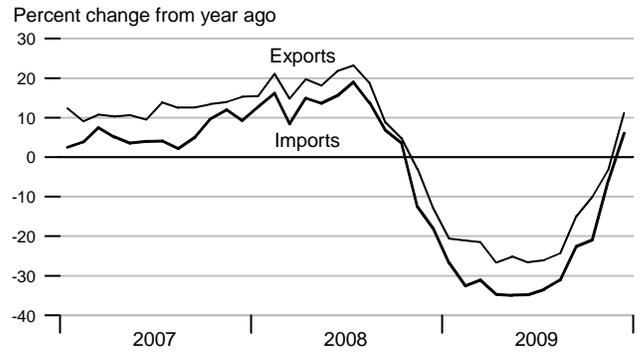
Goods Import Shares, 2009



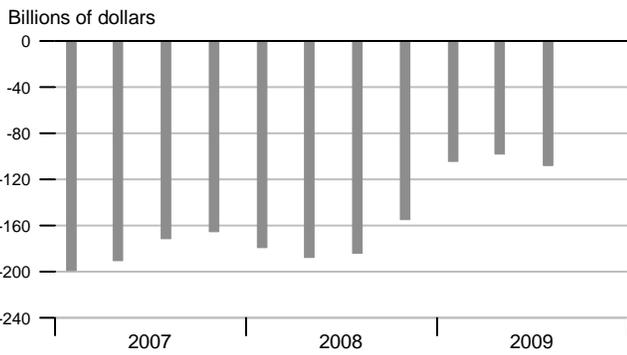
Trade Balance



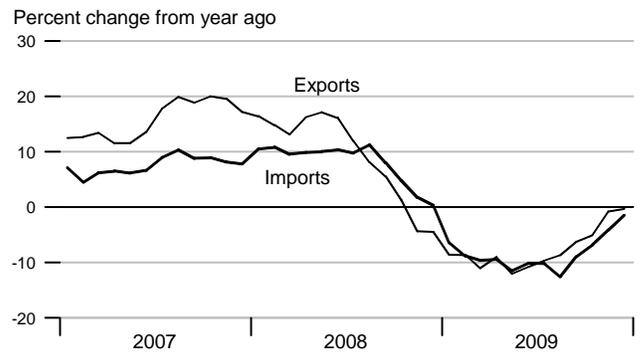
Goods Trade



Current Account Balance

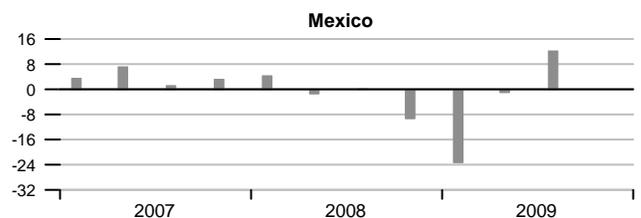
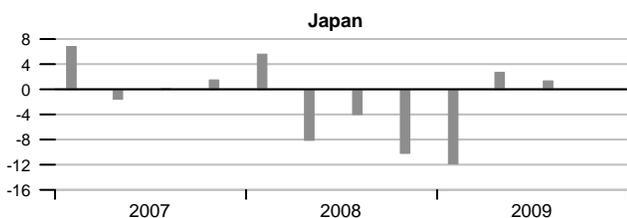
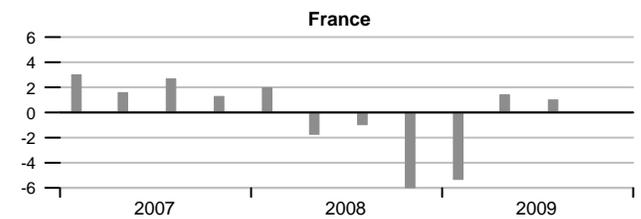
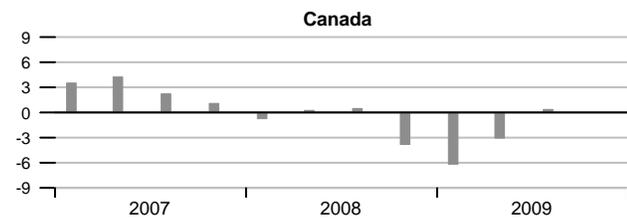
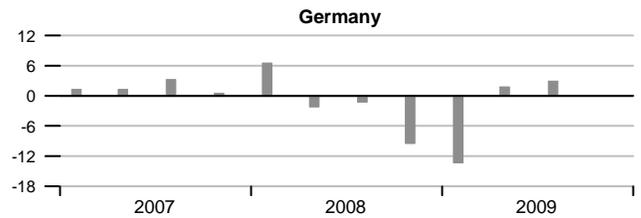
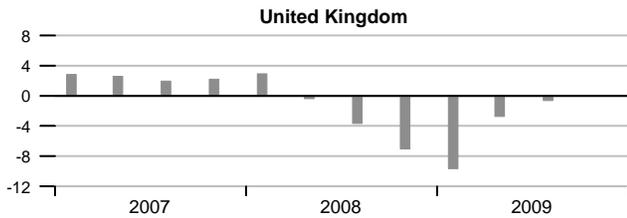


Services Trade

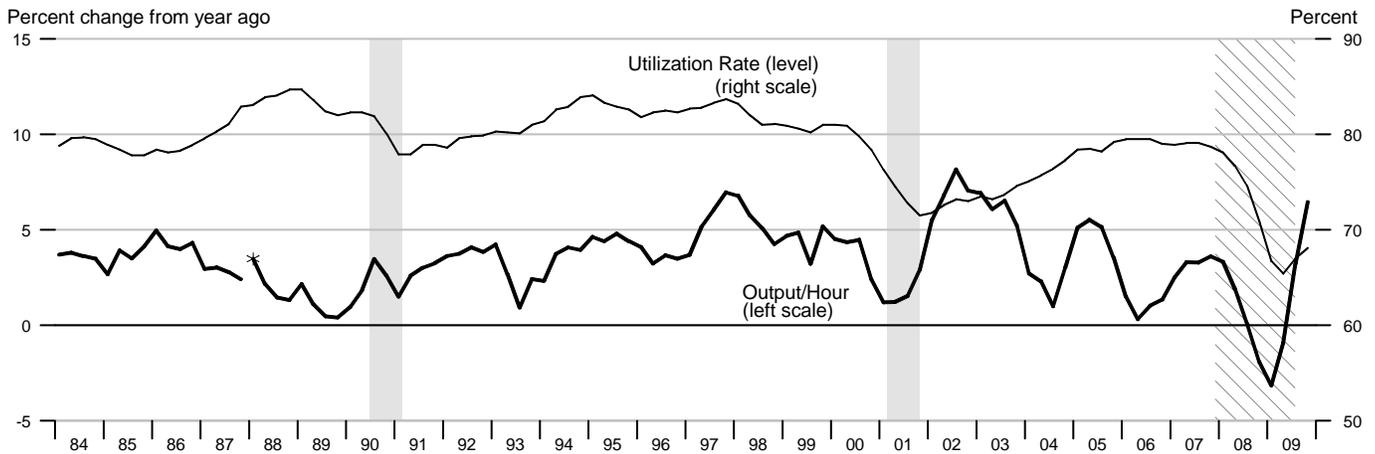


Real GDP Growth of Major Trading Partners

Compounded annual rates of change

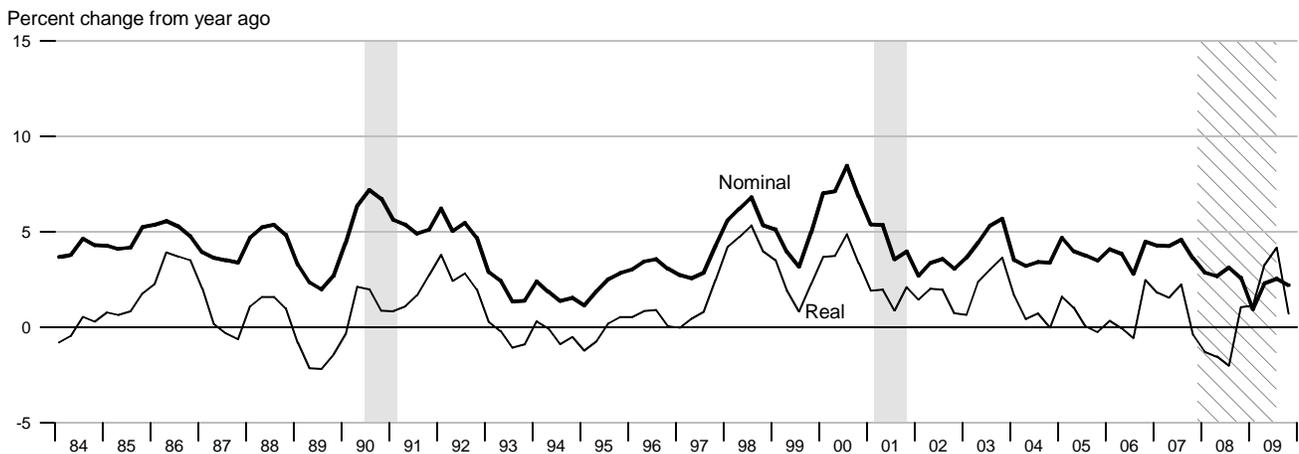


Output per Hour and Capacity Utilization, Manufacturing

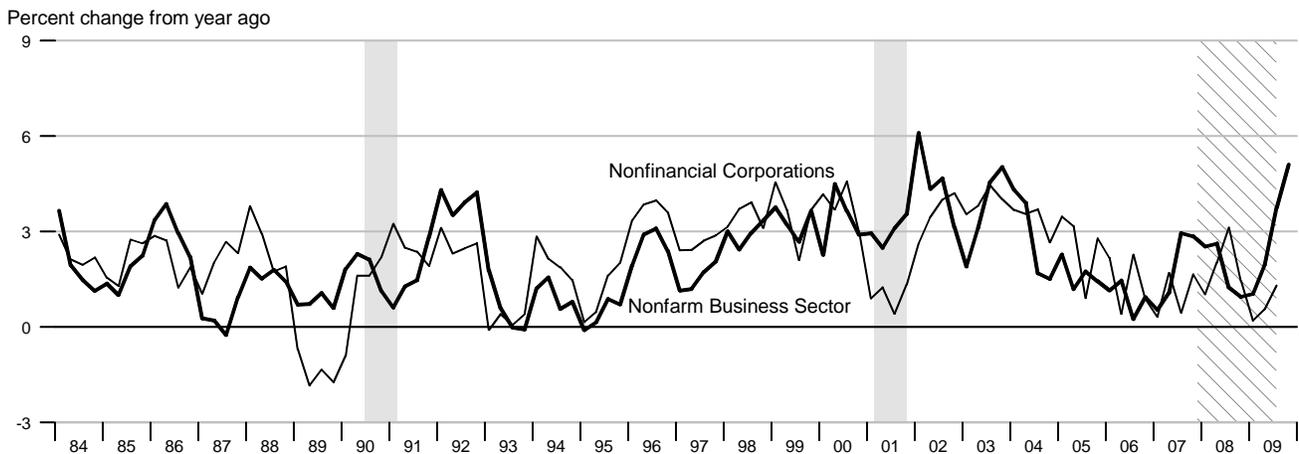


*Data from 1987 to the present are on a NAICS basis; data prior to 1987 are on an SIC basis and are not strictly comparable (see End Note).

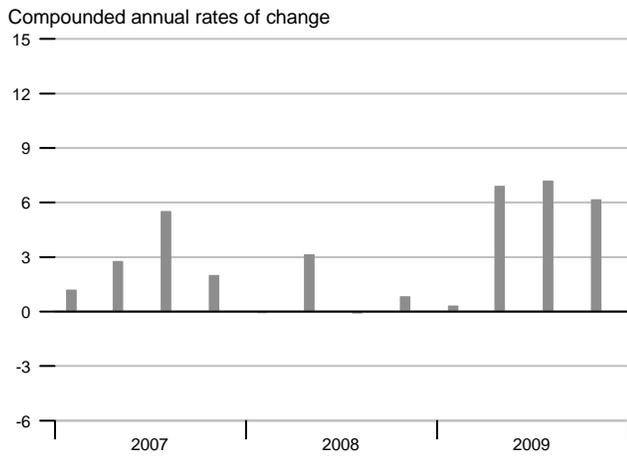
Nonfarm Compensation per Hour



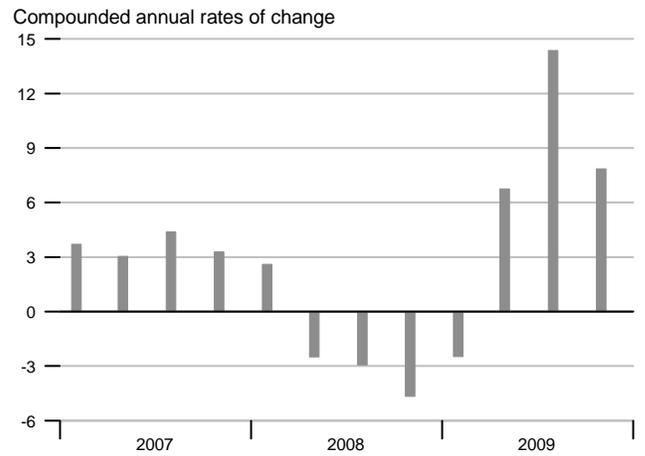
Output per Hour, Nonfarm Business and Nonfinancial Corporations



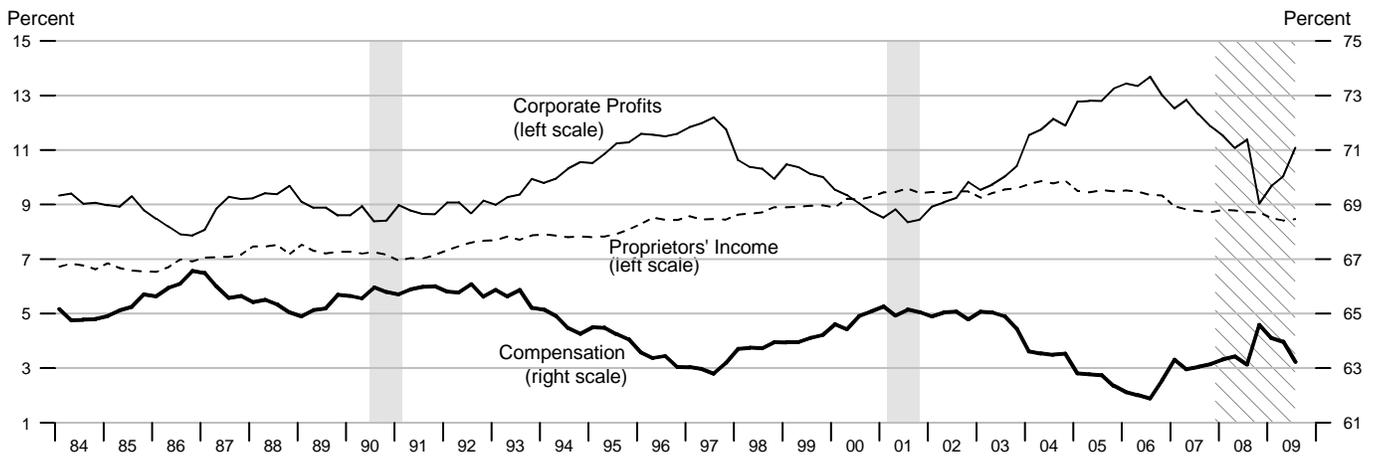
Nonfarm Output per Hour



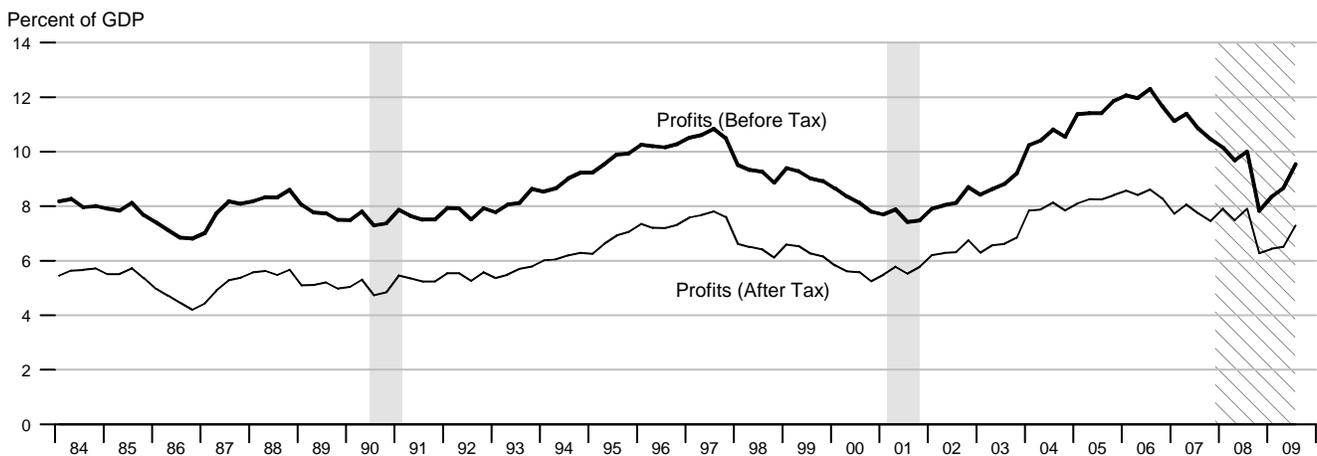
Manufacturing Output per Hour



Selected Component Shares of National Income



Corporate Profits



	Nominal GDP			Real GDP			Final Sales			Change in Private Inventories		
	Billions of \$	Percent change		Billions of 2005 \$	Percent change		Billions of 2005 \$	Percent change		Billions of 2005 \$		
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago	Last qtr	Year/Year ago	
2006	13398.9		6.0	12976.249		2.7	12917.095		2.6		59.423	
2007	14077.6		5.1	13254.059		2.1	13234.346		2.5		19.469	
2008	14441.4		2.6	13312.163		0.4	13341.170		0.8		-25.889	
2009	14258.2		-1.3	12990.262		-2.4	13112.815		-1.7		-107.553	
2006 1	13183.5	8.6	6.5	12915.938	5.4	3.0	12851.310	5.9	3.3	65.813	43.548	
2	13347.8	5.1	6.6	12962.462	1.4	3.0	12890.967	1.2	2.5	72.544	57.799	
3	13452.9	3.2	5.6	12965.916	0.1	2.2	12898.340	0.2	1.8	67.510	71.724	
4	13611.5	4.8	5.4	13060.679	3.0	2.4	13027.762	4.1	2.8	31.825	59.423	
2007 1	13795.6	5.5	4.6	13099.901	1.2	1.4	13086.383	1.8	1.8	14.463	46.586	
2	13997.2	6.0	4.9	13203.977	3.2	1.9	13179.586	2.9	2.2	23.297	34.274	
3	14179.9	5.3	5.4	13321.109	3.6	2.7	13290.306	3.4	3.0	29.797	24.846	
4	14337.9	4.5	5.3	13391.249	2.1	2.5	13381.108	2.8	2.7	10.321	19.470	
2008 1	14373.9	1.0	4.2	13366.865	-0.7	2.0	13363.488	-0.5	2.1	0.619	16.009	
2	14497.8	3.5	3.6	13415.266	1.5	1.6	13453.465	2.7	2.1	-37.091	0.912	
3	14546.7	1.4	2.6	13324.600	-2.7	0.0	13354.251	-2.9	0.5	-29.706	-13.964	
4	14347.3	-5.4	0.1	13141.920	-5.4	-1.9	13193.476	-4.7	-1.4	-37.380	-25.890	
2009 1	14178.0	-4.6	-1.4	12925.410	-6.4	-3.3	13055.782	-4.1	-2.3	-113.893	-54.518	
2	14151.2	-0.8	-2.4	12901.504	-0.7	-3.8	13077.807	0.7	-2.8	-160.215	-85.299	
3	14242.1	2.6	-2.1	12973.045	2.2	-2.6	13127.159	1.5	-1.7	-139.169	-112.664	
4	14461.7	6.3	0.8	13161.088	5.9	0.1	13190.512	1.9	-0.0	-16.934	-107.553	
	Consumption			Durables Consumption			Private Fixed Investment			Nonresidential Fixed Investment		
	Billions of 2005 \$	Percent change		Billions of 2005 \$	Percent change		Billions of 2005 \$	Percent change		Billions of 2005 \$	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2006	9073.500		2.9	1150.416		4.1	2171.281		2.3	1453.944		7.9
2007	9313.943		2.6	1199.936		4.3	2126.279		-2.1	1544.262		6.2
2008	9290.883		-0.2	1146.310		-4.5	2018.406		-5.1	1569.657		1.6
2009	9235.641		-0.6	1101.264		-3.9	1649.322		-18.3	1291.889		-17.7
2006 1	8986.625	4.5	3.1	1142.277	17.0	5.4	2200.168	9.5	5.8	1424.916	18.0	7.8
2	9035.047	2.2	2.6	1139.363	-1.0	2.3	2189.898	-1.9	3.5	1450.307	7.3	8.2
3	9090.711	2.5	2.5	1152.103	4.5	2.3	2162.182	-5.0	0.9	1466.035	4.4	7.8
4	9181.617	4.1	3.3	1167.921	5.6	6.3	2132.875	-5.3	-0.8	1474.517	2.3	7.8
2007 1	9265.135	3.7	3.1	1183.693	5.5	3.6	2118.841	-2.6	-3.7	1489.617	4.2	4.5
2	9291.499	1.1	2.8	1189.884	2.1	4.4	2137.687	3.6	-2.4	1530.277	11.4	5.5
3	9335.583	1.9	2.7	1204.996	5.2	4.6	2135.557	-0.4	-1.2	1565.843	9.6	6.8
4	9363.555	1.2	2.0	1221.172	5.5	4.6	2113.032	-4.2	-0.9	1591.313	6.7	7.9
2008 1	9349.565	-0.6	0.9	1193.169	-8.9	0.8	2079.181	-6.3	-1.9	1598.923	1.9	7.3
2	9350.972	0.1	0.6	1175.732	-5.7	-1.2	2064.783	-2.7	-3.4	1604.432	1.4	4.8
3	9267.708	-3.5	-0.7	1139.580	-11.7	-5.4	2020.376	-8.3	-5.4	1579.202	-6.1	0.9
4	9195.287	-3.1	-1.8	1076.759	-20.3	-11.8	1909.282	-20.2	-9.6	1496.070	-19.5	-6.0
2009 1	9209.213	0.6	-1.5	1087.201	3.9	-8.9	1687.499	-39.0	-18.8	1321.199	-39.2	-17.4
2	9189.042	-0.9	-1.7	1071.746	-5.6	-8.8	1631.918	-12.5	-21.0	1288.355	-9.6	-19.7
3	9252.587	2.8	-0.2	1122.748	20.4	-1.5	1626.662	-1.3	-19.5	1268.950	-5.9	-19.6
4	9291.722	1.7	1.0	1123.362	0.2	4.3	1651.208	6.2	-13.5	1289.051	6.5	-13.8

	GDP Chain Price Index			Employment Cost Index			ECI: Wages			ECI: Benefits		
	Index	Percent change		Index	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2006	103.263		3.3	102.1		2.9	102.1		2.9	102.1		2.9
2007	106.221		2.9	105.2		3.1	105.5		3.4	104.5		2.4
2008	108.481		2.1	108.2		2.8	108.7		3.0	107.2		2.6
2009	109.736		1.2	109.8		1.5	110.3		1.5	108.5		1.2
2006 1	102.071	3.0	3.3	100.8	2.4	2.6	100.8	2.8	2.5	100.8	2.0	2.9
2	102.980	3.6	3.6	101.6	3.2	2.8	101.6	3.2	2.8	101.6	3.2	2.8
3	103.763	3.1	3.3	102.5	3.6	3.0	102.5	3.6	3.1	102.5	3.6	2.8
4	104.237	1.8	2.9	103.3	3.2	3.1	103.3	3.2	3.2	103.4	3.6	3.1
2007 1	105.327	4.2	3.2	104.0	2.7	3.2	104.3	3.9	3.5	103.1	-1.2	2.3
2	106.026	2.7	3.0	104.8	3.1	3.1	105.0	2.7	3.3	104.2	4.3	2.6
3	106.460	1.6	2.6	105.6	3.1	3.0	105.9	3.5	3.3	104.9	2.7	2.3
4	107.072	2.3	2.7	106.5	3.5	3.1	106.7	3.1	3.3	105.9	3.9	2.4
2008 1	107.577	1.9	2.1	107.2	2.7	3.1	107.6	3.4	3.2	106.5	2.3	3.3
2	108.061	1.8	1.9	107.9	2.6	3.0	108.4	3.0	3.2	106.9	1.5	2.6
3	109.130	4.0	2.5	108.6	2.6	2.8	109.1	2.6	3.0	107.5	2.3	2.5
4	109.155	0.1	1.9	109.1	1.9	2.4	109.6	1.8	2.7	107.9	1.5	1.9
2009 1	109.661	1.9	1.9	109.3	0.7	2.0	109.8	0.7	2.0	108.1	0.7	1.5
2	109.656	-0.0	1.5	109.5	0.7	1.5	110.0	0.7	1.5	108.3	0.7	1.3
3	109.763	0.4	0.6	110.0	1.8	1.3	110.5	1.8	1.3	108.6	1.1	1.0
4	109.865	0.4	0.7	110.4	1.5	1.2	111.0	1.8	1.3	109.0	1.5	1.0
	Exports			Imports			Nonfarm Output per Hour			Nonfarm Compensation per Hour		
	Billions of 2005 \$	Percent change		Billions of 2005 \$	Percent change		Index	Percent change		Index	Percent change	
		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago		Annual rate	Year ago
2006	1422.020		9.0	2151.204		6.1	137.520		0.9	168.985		3.8
2007	1546.124		8.7	2193.827		2.0	140.063		1.8	176.041		4.2
2008	1629.262		5.4	2123.523		-3.2	142.611		1.8	180.965		2.8
2009	1472.092		-9.6	1827.448		-13.9	146.817		2.9	184.584		2.0
2006 1	1388.773	16.5	8.8	2121.325	7.8	6.5	137.507	2.8	1.2	167.102	5.5	4.1
2	1412.067	6.9	8.3	2144.880	4.5	6.6	137.702	0.6	1.5	167.980	2.1	3.9
3	1414.069	0.6	8.5	2170.548	4.9	7.2	137.031	-1.9	0.2	168.567	1.4	2.8
4	1473.171	17.8	10.2	2168.061	-0.5	4.1	137.839	2.4	0.9	172.266	9.1	4.5
2007 1	1485.881	3.5	7.0	2190.837	4.3	3.3	138.246	1.2	0.5	174.247	4.7	4.3
2	1504.758	5.2	6.6	2188.125	-0.5	2.0	139.187	2.8	1.1	175.133	2.0	4.3
3	1569.896	18.5	11.0	2208.336	3.7	1.7	141.067	5.5	2.9	176.302	2.7	4.6
4	1623.961	14.5	10.2	2188.007	-3.6	0.9	141.761	2.0	2.8	178.478	5.0	3.6
2008 1	1623.423	-0.1	9.3	2174.293	-2.5	-0.8	141.737	-0.1	2.5	179.222	1.7	2.9
2	1670.431	12.1	11.0	2146.478	-5.0	-1.9	142.834	3.1	2.6	179.813	1.3	2.7
3	1655.183	-3.6	5.4	2134.428	-2.2	-3.3	142.807	-0.1	1.2	181.809	4.5	3.1
4	1568.010	-19.5	-3.4	2038.891	-16.7	-6.8	143.099	0.8	0.9	183.107	2.9	2.6
2009 1	1434.549	-29.9	-11.6	1821.043	-36.4	-16.2	143.209	0.3	1.0	180.921	-4.7	0.9
2	1419.458	-4.1	-15.0	1749.826	-14.7	-18.5	145.617	6.9	1.9	183.949	6.9	2.3
3	1478.825	17.8	-10.7	1836.247	21.3	-14.0	148.163	7.2	3.8	186.439	5.5	2.5
4	1555.535	22.4	-0.8	1902.676	15.3	-6.7	150.394	6.2	5.1	187.148	1.5	2.2

		Household Survey Employment				Nonfarm Payroll Employment				Nonfarm Aggregate Hours			
		Thousands	Change	Percent change		Thousands	Change	Percent change		Index	Percent change		
				Annual rate	Year ago			Annual rate	Year ago		Monthly rate	Annual rate	Year ago
	2005	141710	2470		1.8	133694	2275		1.7	102.8			2.6
	2006	144414	2704		1.9	136086	2392		1.8	105.8			3.0
	2007	146042	1629		1.1	137588	1503		1.1	107.3			1.4
	2008	145363	-680		-0.5	136777	-812		-0.6	105.9			-1.3
	2009	139881	-5482		-3.8	130901	-5875		-4.3	98.8			-6.7
2007	1	146148	587	1.6	1.9	137216	528	1.6	1.3	106.8	0.2	0.9	1.7
	2	145906	-242	-0.7	1.3	137620	404	1.2	1.2	107.5	0.7	2.6	1.7
	3	145935	29	0.1	1.0	137656	36	0.1	1.0	107.3	-0.1	-0.5	1.3
	4	146180	246	0.7	0.4	137862	206	0.6	0.9	107.5	0.2	0.6	0.9
2008	1	146253	73	0.2	0.1	137897	35	0.1	0.5	107.4	-0.1	-0.2	0.6
	2	146032	-221	-0.6	0.1	137491	-406	-1.2	-0.1	107.0	-0.4	-1.7	-0.5
	3	145241	-791	-2.2	-0.5	136700	-791	-2.3	-0.7	105.7	-1.2	-4.5	-1.5
	4	143924	-1317	-3.6	-1.5	135019	-1680	-4.8	-2.1	103.5	-2.1	-8.3	-3.8
2009	1	141587	-2337	-6.3	-3.2	132814	-2205	-6.4	-3.7	100.8	-2.6	-9.9	-6.2
	2	140459	-1128	-3.1	-3.8	131089	-1725	-5.1	-4.7	98.7	-2.1	-8.0	-7.7
	3	139339	-1120	-3.2	-4.1	130077	-1011	-3.1	-4.8	98.0	-0.7	-2.9	-7.3
	4	138138	-1201	-3.4	-4.0	129626	-452	-1.4	-4.0	97.7	-0.3	-1.4	-5.6
2008	Jan	146421	248	2.1	0.3	137941	-10	-0.1	0.6	107.4	-0.2	-2.2	0.8
	Feb	146165	-256	-2.1	0.1	137891	-50	-0.4	0.5	107.3	-0.1	-1.1	0.7
	Mar	146173	8	0.1	-0.1	137858	-33	-0.3	0.3	107.6	0.3	3.4	0.4
	Apr	146306	133	1.1	0.4	137709	-149	-1.3	0.2	107.4	-0.2	-2.2	0.1
	May	146023	-283	-2.3	0.0	137478	-231	-2.0	-0.1	106.9	-0.5	-5.4	-0.6
	Jun	145768	-255	-2.1	-0.2	137285	-193	-1.7	-0.3	106.6	-0.3	-3.3	-0.9
	Jul	145515	-253	-2.1	-0.3	137075	-210	-1.8	-0.4	106.1	-0.5	-5.5	-1.2
	Aug	145187	-328	-2.7	-0.3	136741	-334	-2.9	-0.6	106.1	0.0	0.0	-1.1
	Sep	145021	-166	-1.4	-0.8	136283	-458	-3.9	-1.0	105.0	-1.0	-11.8	-2.1
	Oct	144677	-344	-2.8	-0.8	135729	-554	-4.8	-1.5	104.5	-0.5	-5.6	-2.7
	Nov	143907	-770	-6.2	-1.8	135001	-728	-6.2	-2.1	103.4	-1.1	-11.9	-3.8
	Dec	143188	-719	-5.8	-2.0	134328	-673	-5.8	-2.6	102.5	-0.9	-10.0	-4.7
2009	Jan	142221	-967	-7.8	-2.9	133549	-779	-6.7	-3.2	101.8	-0.7	-7.9	-5.2
	Feb	141687	-534	-4.4	-3.1	132823	-726	-6.3	-3.7	100.8	-1.0	-11.2	-6.1
	Mar	140854	-833	-6.8	-3.6	132070	-753	-6.6	-4.2	99.8	-1.0	-11.3	-7.2
	Apr	140902	48	0.4	-3.7	131488	-582	-5.2	-4.5	99.2	-0.6	-7.0	-7.6
	May	140438	-464	-3.9	-3.8	131141	-347	-3.1	-4.6	98.9	-0.3	-3.6	-7.5
	Jun	140038	-400	-3.4	-3.9	130637	-504	-4.5	-4.8	98.1	-0.8	-9.3	-8.0
	Jul	139817	-221	-1.9	-3.9	130293	-344	-3.1	-4.9	98.2	0.1	1.2	-7.4
	Aug	139433	-384	-3.2	-4.0	130082	-211	-1.9	-4.9	98.0	-0.2	-2.4	-7.6
	Sep	138768	-665	-5.6	-4.3	129857	-225	-2.1	-4.7	97.8	-0.2	-2.4	-6.9
	Oct	138242	-526	-4.5	-4.4	129633	-224	-2.1	-4.5	97.2	-0.6	-7.1	-7.0
	Nov	138381	139	1.2	-3.8	129697	64	0.6	-3.9	97.9	0.7	9.0	-5.3
	Dec	137792	-589	-5.0	-3.8	129547	-150	-1.4	-3.6	97.9	0.0	0.0	-4.5
2010	Jan	138333	541	4.8	-2.7	129527	-20	-0.2	-3.0	98.2	0.3	3.7	-3.5

		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
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	4399.659			-0.8	108.8185			-2.2	1.37	3.67
2009		9.3	4136.742			-6.0	98.2184			-9.7	0.15	3.26
2007	1	4.5	1095.943	1.3	5.2	2.6	110.4694	0.5	1.8	1.3	4.98	4.68
	2	4.5	1101.816	0.5	2.2	3.0	111.1307	0.6	2.4	1.4	4.74	4.85
	3	4.6	1108.003	0.6	2.3	3.1	111.7206	0.5	2.1	1.4	4.30	4.73
	4	4.8	1130.080	2.0	8.2	4.4	111.9566	0.2	0.8	1.8	3.39	4.26
2008	1	5.0	1124.247	-0.5	-2.0	2.6	112.0106	0.0	0.2	1.4	2.04	3.66
	2	5.3	1128.726	0.4	1.6	2.4	110.7109	-1.2	-4.6	-0.4	1.63	3.89
	3	6.0	1111.269	-1.5	-6.0	0.3	108.1232	-2.3	-9.0	-3.2	1.49	3.86
	4	7.0	1035.417	-6.8	-24.6	-8.4	104.4294	-3.4	-13.0	-6.7	0.30	3.25
2009	1	8.2	1022.444	-1.3	-4.9	-9.1	99.0679	-5.1	-19.0	-11.6	0.21	2.74
	2	9.3	1021.129	-0.1	-0.5	-9.5	96.3971	-2.7	-10.4	-12.9	0.17	3.31
	3	9.6	1036.976	1.6	6.4	-6.7	97.9132	1.6	6.4	-9.4	0.16	3.52
	4	10.0	1056.193	1.9	7.6	2.0	99.4954	1.6	6.6	-4.7	0.06	3.46
2008	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	376.009	0.3	3.8	2.8	111.0012	-0.6	-6.7	-0.0	1.29	3.68
	May	5.4	376.662	0.2	2.1	1.8	110.6820	-0.3	-3.4	-0.4	1.73	3.88
	Jun	5.5	376.055	-0.2	-1.9	2.7	110.4494	-0.2	-2.5	-0.7	1.86	4.10
	Jul	5.8	374.103	-0.5	-6.1	1.7	110.3760	-0.1	-0.8	-1.0	1.63	4.01
	Aug	6.1	371.311	-0.7	-8.6	0.8	109.1570	-1.1	-12.5	-2.2	1.72	3.89
	Sep	6.2	365.855	-1.5	-16.3	-1.7	104.8367	-4.0	-38.4	-6.4	1.13	3.69
	Oct	6.6	354.744	-3.0	-30.9	-5.1	106.1626	1.3	16.3	-4.7	0.67	3.81
	Nov	6.9	345.175	-2.7	-28.0	-9.1	104.7607	-1.3	-14.7	-6.5	0.19	3.53
	Dec	7.4	335.498	-2.8	-28.9	-10.9	102.3650	-2.3	-24.2	-8.9	0.03	2.42
2009	Jan	7.7	339.778	1.3	16.4	-9.7	100.1154	-2.2	-23.4	-10.9	0.13	2.52
	Feb	8.2	343.438	1.1	13.7	-8.0	99.3397	-0.8	-8.9	-11.3	0.30	2.87
	Mar	8.6	339.228	-1.2	-13.8	-9.5	97.7486	-1.6	-17.6	-12.5	0.21	2.82
	Apr	8.9	338.344	-0.3	-3.1	-10.0	97.2344	-0.5	-6.1	-12.4	0.16	2.93
	May	9.4	339.873	0.5	5.6	-9.8	96.2033	-1.1	-12.0	-13.1	0.18	3.29
	Jun	9.5	342.912	0.9	11.3	-8.8	95.7537	-0.5	-5.5	-13.3	0.18	3.72
	Jul	9.4	342.489	-0.1	-1.5	-8.5	96.9493	1.2	16.1	-12.2	0.18	3.56
	Aug	9.7	350.800	2.4	33.3	-5.5	98.1143	1.2	15.4	-10.1	0.17	3.59
	Sep	9.8	343.687	-2.0	-21.8	-6.1	98.6761	0.6	7.1	-5.9	0.12	3.40
	Oct	10.1	347.641	1.2	14.7	-2.0	98.9072	0.2	2.8	-6.8	0.07	3.39
	Nov	10.0	354.467	2.0	26.3	2.7	99.4627	0.6	7.0	-5.1	0.05	3.40
	Dec	10.0	354.085	-0.1	-1.3	5.5	100.1162	0.7	8.2	-2.2	0.05	3.59
2010	Jan	9.7	355.777	0.5	5.9	4.7	101.0516	0.9	11.8	0.9	0.06	3.73
	Feb										0.11	3.69

		Consumer Price Index					Consumer Price Index less Food and Energy					Producer Price Index Finished Goods			
		Percent change					Percent change					Percent change			
		Index	Monthly/ quarterly	Annual rate	Year ago	Year to date	Index	Monthly/ quarterly	Annual rate	Year ago	Year to date	Index	Monthly/ quarterly	Annual rate	Year ago
2005		195.267			3.4		200.867			2.1		155.8			4.9
2006		201.550			3.2		205.942			2.5		160.3			2.9
2007		207.335			2.9		210.729			2.3		166.6			3.9
2008		215.247			3.8		215.568			2.3		177.2			6.4
2009		214.549			-0.3		219.236			1.7		172.8			-2.5
2007	1	204.314	1.0	4.0	2.4	4.0	208.995	0.6	2.3	2.6	2.3	162.6	1.7	6.8	1.9
	2	206.670	1.2	4.7	2.7	4.4	210.080	0.5	2.1	2.2	2.2	166.2	2.2	9.1	3.4
	3	207.942	0.6	2.5	2.4	3.7	211.223	0.5	2.2	2.2	2.2	166.8	0.4	1.5	3.6
	4	210.416	1.2	4.8	4.0	4.0	212.617	0.7	2.7	2.3	2.3	170.6	2.3	9.4	6.7
2008	1	212.824	1.1	4.7	4.2	4.7	213.951	0.6	2.5	2.4	2.5	174.3	2.2	9.0	7.2
	2	215.557	1.3	5.2	4.3	4.9	214.985	0.5	1.9	2.3	2.2	178.9	2.6	11.0	7.7
	3	218.909	1.6	6.4	5.3	5.4	216.501	0.7	2.9	2.5	2.4	182.5	2.0	8.3	9.4
	4	213.698	-2.4	-9.2	1.6	1.6	216.834	0.2	0.6	2.0	2.0	173.0	-5.2	-19.3	1.4
2009	1	212.493	-0.6	-2.2	-0.2	-2.2	217.670	0.4	1.6	1.7	1.6	170.6	-1.4	-5.5	-2.2
	2	213.473	0.5	1.9	-1.0	-0.2	218.934	0.6	2.3	1.8	1.9	171.6	0.6	2.5	-4.1
	3	215.417	0.9	3.7	-1.6	1.1	219.752	0.4	1.5	1.5	1.8	173.0	0.8	3.2	-5.2
	4	216.813	0.6	2.6	1.5	1.5	220.590	0.4	1.5	1.7	1.7	176.0	1.7	7.0	1.7
2008	Jan	212.225	0.4	4.6	4.4	4.6	213.711	0.3	3.3	2.5	3.3	173.3	1.0	13.3	7.8
	Feb	212.703	0.2	2.7	4.1	3.7	213.857	0.1	0.8	2.3	2.0	173.9	0.3	4.2	6.9
	Mar	213.543	0.4	4.8	4.0	4.0	214.284	0.2	2.4	2.4	2.2	175.8	1.1	13.9	6.9
	Apr	214.106	0.3	3.2	4.0	3.8	214.502	0.1	1.2	2.3	1.9	176.5	0.4	4.9	6.5
	May	215.287	0.6	6.8	4.1	4.4	214.948	0.2	2.5	2.3	2.1	178.8	1.3	16.8	7.4
	Jun	217.279	0.9	11.7	4.9	5.6	215.506	0.3	3.2	2.4	2.2	181.5	1.5	19.7	9.1
	Jul	219.102	0.8	10.5	5.5	6.3	216.173	0.3	3.8	2.5	2.5	183.7	1.2	15.6	9.7
	Aug	218.779	-0.1	-1.8	5.3	5.3	216.548	0.2	2.1	2.5	2.4	181.9	-1.0	-11.1	9.6
	Sep	218.846	0.0	0.4	5.0	4.7	216.783	0.1	1.3	2.5	2.3	182.0	0.1	0.7	8.9
	Oct	216.832	-0.9	-10.5	3.7	3.1	216.768	-0.0	-0.1	2.2	2.0	177.3	-2.6	-26.9	5.3
	Nov	212.923	-1.8	-19.6	1.0	0.8	216.873	0.0	0.6	2.0	1.9	172.3	-2.8	-29.1	0.2
	Dec	211.339	-0.7	-8.6	-0.0	-0.0	216.860	-0.0	-0.1	1.7	1.7	169.4	-1.7	-18.4	-1.2
2009	Jan	211.959	0.3	3.6	-0.1	3.6	217.249	0.2	2.2	1.7	2.2	171.2	1.1	13.5	-1.2
	Feb	212.877	0.4	5.3	0.1	4.4	217.674	0.2	2.4	1.8	2.3	170.9	-0.2	-2.1	-1.7
	Mar	212.643	-0.1	-1.3	-0.4	2.5	218.086	0.2	2.3	1.8	2.3	169.6	-0.8	-8.8	-3.5
	Apr	212.810	0.1	0.9	-0.6	2.1	218.617	0.2	3.0	1.9	2.5	170.6	0.6	7.3	-3.3
	May	213.050	0.1	1.4	-1.0	2.0	218.920	0.1	1.7	1.8	2.3	170.6	0.0	0.0	-4.6
	Jun	214.558	0.7	8.8	-1.3	3.1	219.265	0.2	1.9	1.7	2.2	173.7	1.8	24.1	-4.3
	Jul	214.774	0.1	1.2	-2.0	2.8	219.533	0.1	1.5	1.6	2.1	171.6	-1.2	-13.6	-6.6
	Aug	215.566	0.4	4.5	-1.5	3.0	219.687	0.1	0.8	1.4	2.0	174.1	1.5	19.0	-4.3
	Sep	215.911	0.2	1.9	-1.3	2.9	220.035	0.2	1.9	1.5	2.0	173.3	-0.5	-5.4	-4.8
	Oct	216.357	0.2	2.5	-0.2	2.9	220.459	0.2	2.3	1.7	2.0	174.0	0.4	5.0	-1.9
	Nov	216.859	0.2	2.8	1.8	2.9	220.546	0.0	0.5	1.7	1.9	176.6	1.5	19.5	2.5
	Dec	217.224	0.2	2.0	2.8	2.8	220.764	0.1	1.2	1.8	1.8	177.3	0.4	4.9	4.7
2010	Jan	217.587	0.2	2.0	2.7	2.0	220.463	-0.1	-1.6	1.5	-1.6	179.8	1.4	18.3	5.0

Notes

Pages 4, 5: **Final Sales** is gross domestic product (GDP) minus change in private inventories. **Advance, Second, and Third 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 2005 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. **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 (± 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/. 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 CCAj (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 $\%()$ 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 (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

Sources

Bureau of Economic Analysis (BEA), U.S. Dept. of Commerce

National income and product accounts, international trade and investment data (except by country), auto and light truck sales.

Census Bureau, U.S. Dept. of Commerce

Inventory-sales ratios, retail sales, capital goods orders, housing starts, exports and imports by country.

Bureau of Labor Statistics (BLS), U.S. Dept. of Labor

All employment-related data, employment cost index, consumer and producer price indexes, unit labor cost, output per hour, compensation per hour, multifactor productivity.

United States Department of Treasury

Unified budget receipts, outlays, deficit, debt.

Federal Reserve Board

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

The Survey Research Center, The University of Michigan

Consumer sentiment index.

Organization for Economic Cooperation and Development (OECD)

GDP for major trading partners (not available on FRED).