

ECONOMY DECLINES IN THE SECOND QUARTER

“Advance” Estimate of GDP

Real gross domestic product (GDP) declined 1.0 percent in the second quarter of 2009 after declining 6.4 percent in the first quarter, according to estimates released today by the Bureau of Economic Analysis.



Gross domestic product

The smaller decrease in real GDP reflected:

- Much smaller decreases in business investment, including inventory investment, and in exports
- An upturn in government spending
- A smaller decline in housing

Offsetting these movements:

- A downturn in consumer spending
- A smaller decline in imports

Prices

Prices of goods and services purchased by U.S. residents rose 0.7 percent, after falling 1.4 percent. Energy prices decreased much less than in the first quarter; food prices declined more. Prices less food and energy rose 1.1 percent, after rising 0.2 percent.

Disposable income

Real disposable personal income—income adjusted for inflation and taxes—rose 3.2 percent in the second quarter, after rising 1.1 percent in the first quarter.

Current-dollar disposable income turned up, rising 4.6 percent after falling 0.4 percent. The upturn reflected in part the one-time \$250 benefit payments and lower taxes from the American Recovery and Reinvestment Act. Personal saving as a percent of disposable personal income rose to 5.2 percent from 4.0 percent.

Comprehensive revision

BEA also released its 2009 comprehensive revision of the GDP accounts. For the past several years, revisions were generally small. However, for 2008, growth was revised to 0.4 percent from 1.1 percent.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “second” estimates of GDP and corporate profits for the second quarter of 2009 will be released on August 27, 2009.