

GDP and the Economy

Preliminary Estimates for the First Quarter of 2009

REAL GROSS domestic product (GDP) decreased at an annual rate of 5.7 percent in the first quarter of 2009, according to the “preliminary” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ In the advance estimate, it was 6.1 percent. In the fourth quarter, real GDP decreased 6.3 percent.

The smaller decrease in real GDP in the first quarter than in the fourth quarter reflected a larger decrease in imports and a notable upturn in consumer spending. In contrast, inventory investment and nonresidential structures both decreased more than in the fourth quarter, and federal government spending turned down.²

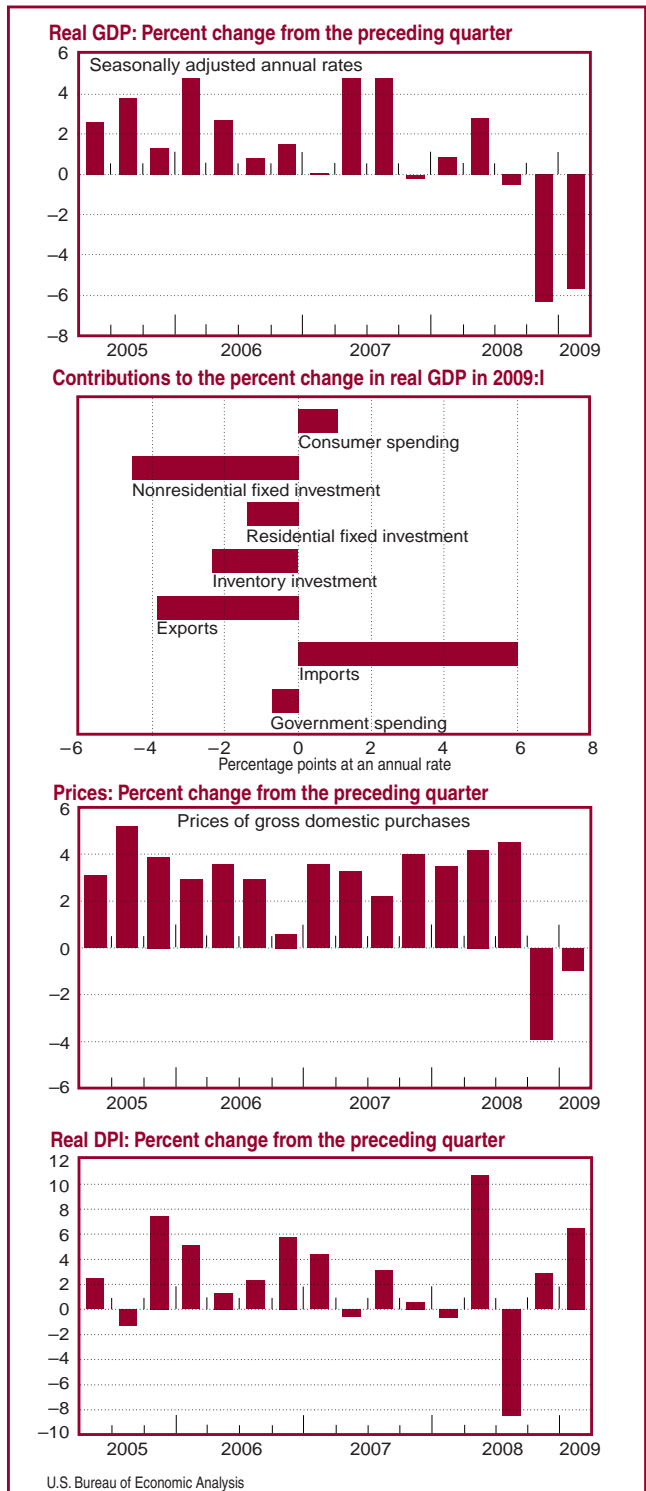
- Prices of goods and services purchased by U.S. residents decreased 1.0 percent after decreasing 3.9 percent (see page 8). Energy prices decreased less in the first quarter, and food prices decelerated. Excluding food and energy, gross domestic purchases prices increased 1.4 percent after increasing 1.2 percent. The federal pay raise for civilian and military personnel added 0.3 percentage point to the percent change in the gross domestic purchases price index in the first quarter.
- Real disposable personal income (DPI) increased 6.5 percent after increasing 2.9 percent (revised). The acceleration mainly reflected an upturn in current-dollar DPI, which was revised up 0.3 percentage point in the first quarter; it was 0.2 percentage point less negative in the fourth quarter.
- Profits from current production increased \$42.6 billion after decreasing \$250.3 billion (see page 10).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.4 percent in the first quarter; in the fourth quarter, it was 3.2 percent (unrevised).

1. “Real” estimates are in chained (2000) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, preliminary, and final) incorporates increasingly comprehensive and improved source data. More information can be found at www.bea.gov/about/infoqual.htm and www.bea.gov/faq/national/gdp_accuracy.htm. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

Christopher Swann prepared this article.

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Real GDP Overview

Table 1. Real Gross Domestic Product and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)		Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				
	2009		2008		2009	2008				2009	
	I	II	III	IV	I	II	III	IV	I		
Gross domestic product¹.....	100.0	2.8	-0.5	-6.3	-5.7	2.8	-0.5	-6.3	-5.7		
Personal consumption expenditures.....	70.6	1.2	-3.8	-4.3	1.5	0.87	-2.75	-2.99	1.08		
Durable goods.....	6.8	-2.8	-14.8	-22.1	9.6	-0.21	-1.16	-1.67	0.62		
Nondurable goods.....	19.9	3.9	-7.1	-9.4	-0.6	0.80	-1.57	-1.97	-0.11		
Services.....	43.9	0.7	-0.1	1.5	1.3	0.28	-0.03	0.66	0.58		
Gross private domestic investment.....	11.3	-11.5	0.4	-23.0	-49.3	-1.74	0.06	-3.47	-8.27		
Fixed investment.....	12.2	-1.7	-5.3	-22.0	-37.3	-0.25	-0.79	-3.36	-5.93		
Nonresidential.....	9.5	2.5	-1.7	-21.7	-36.9	0.27	-0.19	-2.56	-4.54		
Structures.....	3.5	18.5	9.7	-9.4	-42.3	0.64	0.36	-0.38	-2.02		
Equipment and software.....	6.0	-5.0	-7.5	-28.1	-33.5	-0.37	-0.55	-2.18	-2.52		
Residential.....	2.7	-13.3	-16.0	-22.8	-38.7	-0.52	-0.60	-0.80	-1.39		
Change in private inventories.....	-0.9	.....	.....	.....	.....	-1.50	0.84	-0.11	-2.34	
Net exports of goods and services.....	-2.4	.....	.....	.....	.....	2.93	1.05	-0.15	2.18	
Exports.....	10.9	12.3	3.0	-23.6	-28.7	1.54	0.40	-3.44	-3.86		
Goods.....	7.1	16.3	3.7	-32.0	-37.8	1.39	0.34	-3.38	-3.57		
Services.....	3.9	3.8	1.4	-1.5	-7.2	0.15	0.06	-0.06	-0.29		
Imports.....	13.3	-7.3	-3.5	-17.5	-34.1	1.39	0.65	3.29	6.05		
Goods.....	10.6	-7.1	-4.7	-19.6	-39.6	1.14	0.74	3.09	5.92		
Services.....	2.7	-8.0	3.3	-6.7	-4.3	0.25	-0.09	0.20	0.12		
Government consumption expenditures and gross investment.....	20.5	3.9	5.8	1.3	-3.5	0.78	1.14	0.26	-0.71		
Federal.....	7.8	6.6	13.8	7.0	-4.3	0.47	0.97	0.52	-0.34		
National defense.....	5.3	7.3	18.0	3.4	-6.8	0.36	0.85	0.18	-0.37		
Nondefense.....	2.5	5.0	5.1	15.3	1.0	0.11	0.12	0.34	0.03		
State and local.....	12.6	2.5	1.3	-2.0	-2.9	0.31	0.17	-0.25	-0.37		

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)		Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				
	2009		2008		2009	2008				2009	
	I	II	III	IV	I	II	III	IV	I		
Gross domestic product¹.....	100.0	2.8	-0.5	-6.3	-5.7	2.8	-0.5	-6.3	-5.7		
Final sales of domestic product.....	100.9	4.4	-1.3	-6.2	-3.4	4.32	-1.35	-6.23	-3.38		
Change in private inventories.....	-0.9	.....	.....	.....	.....	-1.50	0.84	-0.11	-2.34	
Goods.....	29.7	4.9	-4.2	-19.2	-7.6	1.49	-1.29	-6.16	-2.23		
Services.....	61.9	1.7	1.5	1.9	0.3	1.02	0.87	1.17	0.21		
Structures.....	8.4	3.3	-1.0	-13.8	-34.6	0.32	-0.09	-1.35	-3.70		
Addenda:											
Motor vehicle output.....	1.5	-33.8	7.3	-62.8	-56.5	-1.01	0.16	-2.01	-1.36		
GDP excluding motor vehicle output.....	98.5	4.0	-0.7	-4.5	-4.5	3.84	-0.67	-4.34	-4.36		
Final sales of computers.....	0.6	28.4	-1.7	-4.8	10.8	0.17	-0.01	-0.02	0.06		
GDP excluding final sales of computers.....	99.4	2.7	-0.5	-6.4	-5.8	2.66	-0.50	-6.32	-5.78		

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Consumer spending rebounded in the first quarter of 2009, increasing 1.5 percent after decreasing 4.3 percent; consumer spending contributed 1.08 percentage points to the percent change in real GDP. Spending for durable goods turned up, and spending for nondurable goods decreased less than in the fourth quarter. Spending for services slowed slightly.

Nonresidential fixed investment decreased more than in the fourth quarter of 2008; it reduced the first-quarter percent change in real GDP by 4.54 percentage points.

Residential investment continued to decline, decreasing 38.7 percent, the largest decrease since the second quarter of 1980. The decrease reduced the first-quarter percent change in real GDP by 1.39 percentage points.

Inventory investment reduced the first-quarter percent change in real GDP by 2.34 percentage points.

Exports decreased more than in the fourth quarter and reduced the first-quarter percent change in real GDP by 3.86 percentage points.

Imports declined substantially more in the first quarter than in the fourth quarter. The larger first-quarter decrease added 6.05 percentage points to the percent change in real GDP; imports are subtracted in the calculation of GDP.

Federal government spending turned down, decreasing 4.3 percent after increasing 7.0 percent.

State and local government spending decreased 2.9 percent after decreasing 2.0 percent.

Real final sales of domestic product, real GDP less inventory investment, decreased 3.4 percent in the first quarter after decreasing 6.2 percent in the fourth quarter.

Motor vehicle output continued to decline, decreasing 56.5 percent after decreasing 62.8 percent.

Final sales of computers turned up, increasing 10.8 percent after decreasing 4.8 percent.

Consumer Spending

Table 3. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)				Contribution to percent change in real PCE (percentage points)				
		2008				2009				
		I	II	III	IV	I	II	III	IV	I
PCE¹	100.0	1.2	-3.8	-4.3	1.5	1.2	-3.8	-4.3	1.5	
Durable goods	9.7	-2.8	-14.8	-22.1	9.6	-0.30	-1.60	-2.40	0.89	
Motor vehicles and parts	3.4	-19.7	-26.6	-37.9	19.1	-0.90	-1.15	-1.62	0.59	
Furniture and household equipment	4.0	14.0	-8.2	-8.8	4.2	0.55	-0.35	-0.37	0.16	
Other ²	2.3	2.4	-4.6	-17.0	6.2	0.06	-0.11	-0.42	0.14	
Nondurable goods	28.1	3.9	-7.1	-9.4	-0.6	1.13	-2.17	-2.83	-0.16	
Food	13.8	4.1	-7.3	-14.7	-3.1	0.56	-1.04	-2.18	-0.43	
Clothing and shoes	3.7	10.9	-13.3	-9.3	0.1	0.39	-0.52	-0.35	0.00	
Gasoline, fuel oil, and other energy goods	2.7	-6.4	-13.4	8.6	5.6	-0.28	-0.63	0.32	0.16	
Other ³	8.0	6.2	0.2	-7.8	1.3	0.46	0.02	-0.62	0.10	
Services	62.2	0.7	-0.1	1.5	1.3	0.40	-0.04	0.94	0.82	
Housing	15.5	1.7	0.7	0.4	-0.1	0.25	0.11	0.06	-0.02	
Household operation	5.7	-4.3	-8.2	8.2	7.5	-0.24	-0.47	0.44	0.41	
Electricity and gas	2.4	-11.0	-20.7	19.1	18.1	-0.27	-0.53	0.41	0.40	
Other household operation	3.3	1.0	2.1	0.9	0.4	0.03	0.07	0.03	0.01	
Transportation	3.7	-3.0	-2.3	-6.6	-5.0	-0.11	-0.09	-0.25	-0.19	
Medical care	18.5	2.8	2.5	3.0	2.0	0.49	0.44	0.54	0.37	
Recreation	4.2	1.3	-1.5	-1.1	2.3	0.05	-0.06	-0.04	0.10	
Other ⁴	14.6	-0.3	0.2	1.4	1.1	-0.05	0.03	0.20	0.16	

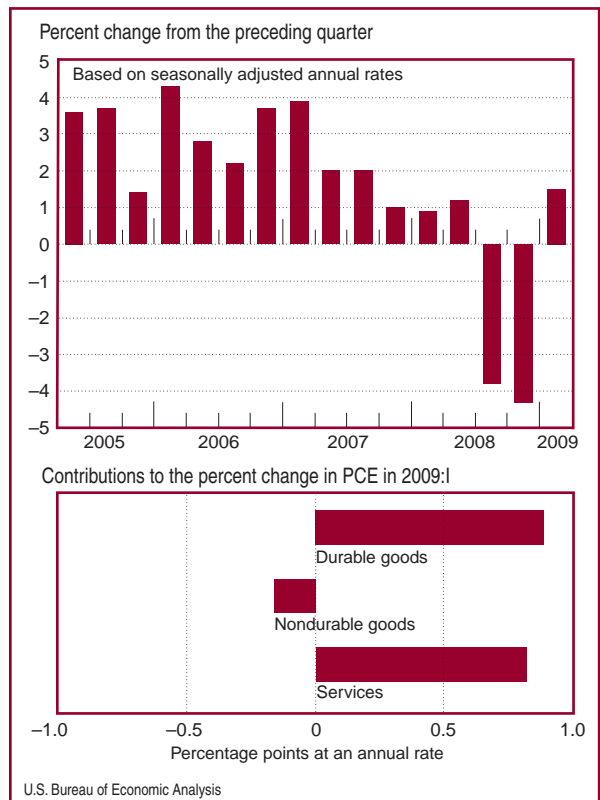
Consumer spending for durable goods turned up sharply in the first quarter, increasing 9.6 percent after decreasing 22.1 percent. The upturn primarily reflected an upturn in motor vehicles and parts. Spending for “other” durable goods and for furniture and household equipment also turned up.

Spending for nondurable goods decreased less than in the fourth quarter. Spending for food decreased much less than in the fourth quarter. Spending for “other” nondurables and for clothing and shoes turned up.

Spending for services slowed slightly. Medical care services slowed, and housing turned down. In contrast, recreation turned up, and transportation decreased less than in the fourth quarter.

1. The estimates under the contribution columns are also percent changes.
 2. Includes jewelry and watches, ophthalmic products and orthopedic equipment, books and maps, bicycles and motorcycles, guns and sporting equipment, photographic equipment, boats, and pleasure aircraft.
 3. Includes tobacco, toilet articles, drug preparations and sundries, stationery and writing supplies, toys, film, flowers, cleaning preparations and paper products, semidurable house furnishings, and magazines and newspapers.
 4. Includes personal care, personal business, education and research, religious and welfare activities, and net foreign travel.
 NOTE: Percent changes are from NIPA table 2.3.1, and contributions, from NIPA table 2.3.2; shares are calculated from NIPA table 2.3.5.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 4. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)					
		2008				2009	2008				2009
		I	II	III	IV	I	II	III	IV	I	
Private fixed investment¹.....	100.0	-1.7	-5.3	-22.0	-37.3	-1.7	-5.3	-22.0	-37.3		
Nonresidential.....	77.7	2.5	-1.7	-21.7	-36.9	1.84	-1.27	-16.71	-28.57		
Structures.....	28.6	18.5	9.7	-9.4	-42.3	4.36	2.50	-2.50	-12.71		
Commercial and health care.....	9.2	0.2	-8.8	-21.9	-31.3	0.02	-0.80	-1.98	-2.77		
Manufacturing.....	3.6	136.1	16.5	10.5	45.5	1.79	0.37	0.28	1.30		
Power and communication....	4.3	0.5	6.8	-2.0	-26.5	0.02	0.24	-0.07	-1.05		
Mining exploration, shafts, and wells.....	6.0	31.6	45.3	2.4	-78.1	1.72	2.60	0.19	-8.67		
Other structures ²	5.6	17.3	1.9	-17.1	-28.4	0.81	0.10	-0.91	-1.51		
Equipment and software.....	49.1	-5.0	-7.5	-28.1	-33.5	-2.52	-3.78	-14.21	-15.86		
Information processing equipment and software....	27.9	8.0	-4.2	-22.8	-18.0	2.01	-1.12	-6.04	-4.29		
Computers and peripheral equipment.....	4.2	13.0	-22.4	-38.7	-12.5	0.56	-1.13	-1.80	-0.44		
Software ³	12.8	2.1	-4.4	-13.3	-19.9	0.24	-0.52	-1.50	-2.19		
Other ⁴	10.9	13.0	5.3	-26.1	-17.9	1.20	0.53	-2.74	-1.66		
Industrial equipment.....	8.7	-3.6	-8.8	-14.7	-47.4	-0.32	-0.81	-1.26	-4.54		
Transportation equipment....	3.5	-46.6	-44.7	-70.0	-74.6	-3.95	-3.21	-4.89	-4.13		
Other equipment ⁵	9.1	-3.2	18.0	-23.0	-33.2	-0.26	1.37	-2.02	-2.91		
Residential.....	22.3	-13.3	-16.0	-22.8	-38.7	-3.53	-4.05	-5.25	-8.77		
Structures.....	21.8	-13.7	-16.0	-22.9	-39.2	-3.57	-3.97	-5.18	-8.73		
Permanent site.....	8.9	-23.2	-24.2	-38.0	-60.4	-3.19	-3.03	-4.39	-6.96		
Single family.....	6.6	-30.7	-30.4	-42.2	-67.1	-3.66	-3.20	-3.97	-6.38		
Multifamily.....	2.3	24.7	7.8	-19.3	-28.1	0.47	0.17	-0.42	-0.58		
Other structures ⁶	12.9	-3.1	-7.6	-7.1	-16.2	-0.38	-0.94	-0.79	-1.77		
Equipment.....	0.5	8.0	-17.4	-16.0	-8.6	0.03	-0.08	-0.07	-0.03		

Private fixed investment decreased more in the first quarter than in the fourth quarter, reflecting larger decreases in both nonresidential fixed investment and in residential investment.

Nonresidential fixed investment decreased 36.9 percent, the largest decrease on record, reflecting larger decreases in structures and in equipment and software.

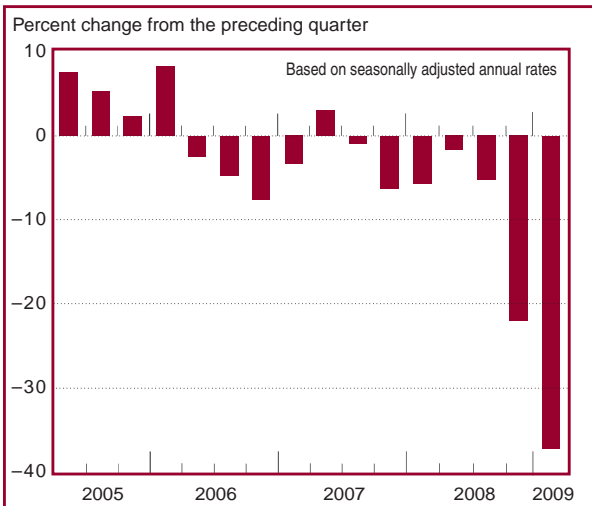
Investment in structures decreased 42.3 percent after decreasing 9.4 percent. Mining exploration, shafts, and wells turned down sharply, and power and communication decreased more than in the fourth quarter. In contrast, investment in manufacturing structures accelerated.

Investment in equipment and software decreased more than in the fourth quarter, mainly reflecting a larger decrease in industrial equipment. In contrast, information processing equipment and software decreased less in the first quarter.

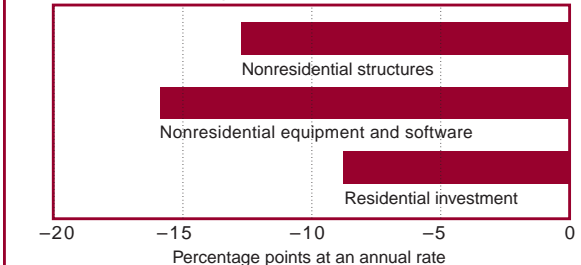
Residential investment decreased more than in the fourth quarter, mainly reflecting a larger decrease in single-family structures.

1. The estimates of fixed investment under the contribution columns are also percent changes.
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 3. Excludes software "embedded," or bundled, in computers and other equipment.
 4. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 5. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 6. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 NOTE: Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Chart 3. Real Private Fixed Investment



Contributions to the change in real private fixed investment in 2009:1



U.S. Bureau of Economic Analysis

Private Investment in Structures

Private investment in structures includes spending on structures by businesses, households and nonprofit institutions. Most structures are buildings; structures are classified as residential or nonresidential.

For more information, see the *BEA Briefing "How BEA Accounts for Investment in Private Structures"* in the February 2009 SURVEY.

Inventory Investment

Table 5. Real Change in Private Inventories by Industry

[Billions of chained (2000) dollars; seasonally adjusted at annual rates]

	Level				Change from preceding quarter				
	2009		2008		2009		2008		
	I	II	III	IV	I	II	III	IV	I
Change in private inventories¹	-10.2	-50.6	-29.6	-25.8	-91.4	-40.4	21.0	3.8	-65.6
Farm.....	6.0	2.4	2.2	3.7	4.9	-3.6	-0.2	1.5	1.2
Mining, utilities, and construction.....	-9.4	-8.0	-8.0	-6.6	-5.2	1.4	0.0	1.4	1.4
Manufacturing.....	13.7	-26.0	-25.6	-0.7	-11.2	-39.7	0.4	24.9	-10.5
Durable-goods industries.....	3.0	-14.4	-5.7	39.7	-10.3	-17.4	8.7	45.4	-50.0
Nondurable-goods industries.....	9.7	-11.3	-18.0	-34.5	-1.3	-21.0	-6.7	-16.5	33.2
Wholesale trade.....	-5.1	1.0	4.2	-1.5	-39.1	6.1	3.2	-5.7	-37.6
Durable-goods industries.....	5.6	2.3	19.7	-8.8	-51.3	-3.3	17.4	-28.5	-42.5
Nondurable-goods industries.....	-8.4	-0.8	-10.8	5.6	7.5	7.6	-10.0	16.4	1.9
Retail trade.....	-18.5	-16.0	3.5	-28.2	-45.8	2.5	19.5	-31.7	-17.6
Motor vehicle and parts dealers.....	-10.3	-13.0	5.1	-9.1	-38.9	-2.7	18.1	-14.2	-29.8
Food and beverage stores.....	0.3	0.6	0.9	-0.2	2.1	0.3	0.3	-1.1	2.3
General merchandise stores.....	-2.8	0.1	-0.7	-5.1	-3.2	2.9	-0.8	-4.4	1.9
Other retail stores.....	-6.5	-5.1	-1.2	-14.0	-9.8	1.4	3.9	-12.8	4.2
Other industries.....	0.3	-3.4	-1.0	5.4	0.5	-3.7	2.4	6.4	-4.9
Residual ²	2.3	0.0	-12.1	-1.9	13.6	.....	.....	.....	.....
Addenda: Ratios of private inventories to final sales of domestic business:³									
Private inventories to final sales.....	2.37	2.32	2.34	2.39	2.38	.....	.....	.....	.....
Nonfarm inventories to final sales....	2.19	2.14	2.15	2.19	2.18	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.56	3.45	3.48	3.64	3.66	.....	.....	.....	.....

1. The levels are from NIPA table 5.6.6B.

2. The residual is the difference between the first line and the sum of the most detailed lines. It reflects that chained-dollar estimates are usually not additive, because they are based on quantity indexes that use weights of more than one period.

3. The ratios are from NIPA table 5.7.6B.

Real inventory investment decreased \$65.6 billion in the first quarter after increasing \$3.8 billion in the fourth quarter.

Inventory investment in manufacturing industries decreased \$10.5 billion after increasing \$24.9 billion. The decrease mainly resulted from a drawdown in durable-goods industries in the first quarter after a fourth-quarter accumulation. The drawdown in nondurable-goods industries was less than in the fourth quarter.

Inventory investment in wholesale trade industries decreased \$37.6 billion after decreasing \$5.7 billion. The larger first-quarter decrease mainly reflected a larger drawdown of durable-goods industries than in the fourth quarter.

Inventory investment in retail trade industries decreased \$17.6 billion after decreasing \$31.7 billion. A larger first-quarter liquidation of inventories by motor vehicle and parts dealers was partly offset by a smaller liquidation of inventories by other retail stores.

Inventory Investment

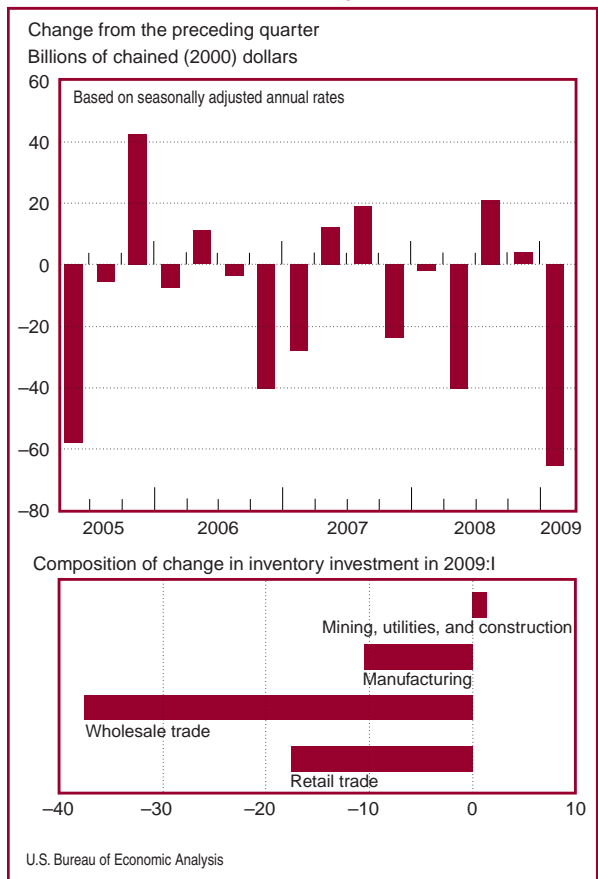
The real change in private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA does not always have complete data for every industry.

Chart 4. Real Private Inventory Investment



Exports and Imports

Table 6. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)				
		2008				2009				
		I	II	III	IV	I	II	III	IV	I
Exports of goods and services¹	100.0	12.3	3.0	-23.6	-28.7	12.3	3.0	-23.6	-28.7	
Exports of goods²	64.7	16.3	3.7	-32.0	-37.8	11.11	2.55	-23.17	-26.57	
Foods, feeds, and beverages	5.7	8.7	-10.8	-27.7	-7.3	0.52	-0.70	-1.61	-0.36	
Industrial supplies and materials	16.3	29.0	8.7	-29.0	-34.4	5.34	1.75	-5.89	-6.15	
Capital goods, except automotive	25.9	11.2	4.4	-33.2	-35.0	2.85	1.09	-8.95	-9.42	
Automotive vehicles, engines, and parts	4.5	4.3	25.9	-56.6	-82.4	0.29	1.52	-4.76	-7.89	
Consumer goods, except automotive	9.4	15.3	12.8	-29.1	-22.7	1.29	1.04	-2.67	-2.01	
Other	2.9	28.8	-53.3	28.0	-26.3	0.82	-2.15	0.71	-0.74	
Exports of services²	35.3	3.8	1.4	-1.5	-7.2	1.19	0.43	-0.41	-2.15	
Imports of goods and services¹	100.0	-7.3	-3.5	-17.5	-34.1	-7.3	-3.5	-17.5	-34.1	
Imports of goods²	79.5	-7.1	-4.7	-19.6	-39.6	-5.97	-3.97	-16.46	-33.37	
Foods, feeds, and beverages	4.3	4.7	-1.4	3.4	-22.7	0.16	-0.05	0.12	-0.86	
Industrial supplies and materials, except petroleum and products	10.9	-0.4	7.7	-25.3	-52.0	-0.03	0.92	-3.48	-7.05	
Petroleum and products	11.0	-38.1	-6.6	40.7	2.5	-8.59	-1.29	5.83	0.34	
Capital goods, except automotive	19.3	8.9	-5.4	-28.3	-45.2	1.52	-0.97	-5.52	-9.35	
Automotive vehicles, engines, and parts	7.0	-12.7	-25.7	-50.5	-79.9	-1.31	-2.66	-5.61	-10.23	
Consumer goods, except automotive	22.5	8.2	4.3	-31.3	-26.2	1.49	0.80	-6.72	-5.28	
Other	4.5	23.2	-17.7	-27.3	-23.8	0.78	-0.71	-1.08	-0.94	
Imports of services²	20.5	-8.0	3.3	-6.7	-4.3	-1.29	0.51	-1.07	-0.69	
Addenda:										
Exports of agricultural goods ³	6.3	10.5	-7.0	-15.2	-7.5					
Exports of nonagricultural goods	58.5	17.0	4.9	-33.5	-40.3					
Imports of nonpetroleum goods	68.5	4.0	-4.1	-30.5	-45.4					

1. The estimates under the contribution columns are also percent changes.

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE: Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services decreased 28.7 percent after decreasing 23.6 percent. The first-quarter decrease was the largest since the fourth quarter of 1971.

Exports of goods decreased more than in the fourth quarter, mainly reflecting a larger decrease in automotive vehicles, engines, and parts and a downturn in exports of "other" goods. In contrast, exports of foods, feeds, and beverages and nonautomotive consumer goods decreased less than in the fourth quarter.

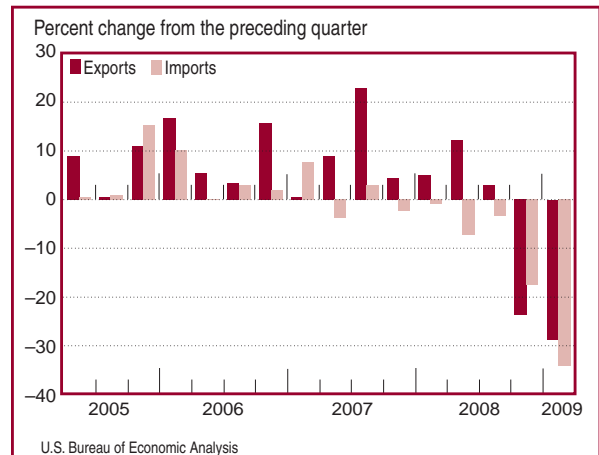
Exports of services decreased much more than in the fourth quarter. Exports of "other" services decelerated, and travel decreased more than in the fourth quarter. Other transportation and royalties and license fees both turned down, and other private services decreased more than in the fourth quarter.

Imports of goods and services decreased 34.1 percent after decreasing 17.5 percent. The first-quarter decrease was the largest since the first quarter of 1975.

Imports of goods decreased more than in the fourth quarter, primarily reflecting a sharp deceleration in petroleum and products and larger decreases in automotive vehicles, engines, and parts, in nonautomotive capital goods, and in nonpetroleum industrial supplies and materials.

Imports of services decreased less than in the fourth quarter, mainly reflecting a smaller decrease in royalties and license fees and a pickup in direct defense expenditures. In contrast, U.S. travel abroad turned down.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 7. Real Government Consumption Expenditures and Gross Investment (CEGI)

[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)				Contribution to percent change in real CEGI (percentage points)				
		2008				2009				
		I	II	III	IV	I	II	III	IV	I
Government consumption expenditures and gross investment¹	100.0	3.9	5.8	1.3	-3.5	3.9	5.8	1.3	-3.5	
Consumption expenditures.....	82.8	2.1	5.8	2.2	-1.2	1.76	4.77	1.80	-0.98	
Gross investment.....	17.2	13.4	5.9	-3.0	-13.6	2.18	1.02	-0.53	-2.51	
Federal	38.2	6.6	13.8	7.0	-4.3	2.38	4.92	2.54	-1.66	
National defense	26.0	7.3	18.0	3.4	-6.8	1.81	4.33	0.86	-1.79	
Consumption expenditures.....	22.6	3.4	17.3	3.7	-5.8	0.75	3.63	0.81	-1.33	
Gross investment.....	3.4	38.7	22.7	1.5	-12.9	1.06	0.70	0.05	-0.46	
Nondefense	12.3	5.0	5.1	15.3	1.0	0.57	0.59	1.68	0.12	
Consumption expenditures.....	10.7	4.0	5.6	10.4	6.1	0.40	0.56	1.01	0.62	
Gross investment.....	1.6	11.8	1.5	52.4	-26.2	0.17	0.02	0.67	-0.49	
State and local	61.8	2.5	1.3	-2.0	-2.9	1.56	0.87	-1.26	-1.82	
Consumption expenditures.....	49.5	1.2	1.1	0.0	-0.5	0.61	0.58	-0.02	-0.26	
Gross investment.....	12.3	7.8	2.3	-9.6	-12.0	0.95	0.29	-1.25	-1.55	

1. The estimates under the contribution columns are also percent changes.
NOTE: Percent changes are from NIPA table 3.9.1, contributions from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending turned down, decreasing 3.5 percent in the first quarter after increasing 1.3 percent in the fourth quarter. Federal government spending turned down, and state and local spending decreased more than in the fourth quarter.

The downturn in federal government spending reflected a downturn in defense spending and a slowdown in nondefense spending.

The downturn in defense spending was mainly due to a downturn in consumption expenditures.

The slowdown in nondefense spending was primarily due to a downturn in investment in equipment and software and a deceleration in consumption expenditures.

The larger decrease in state and local government spending mainly reflected larger decreases in investment in structures and in consumption expenditures.

Government Spending

“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

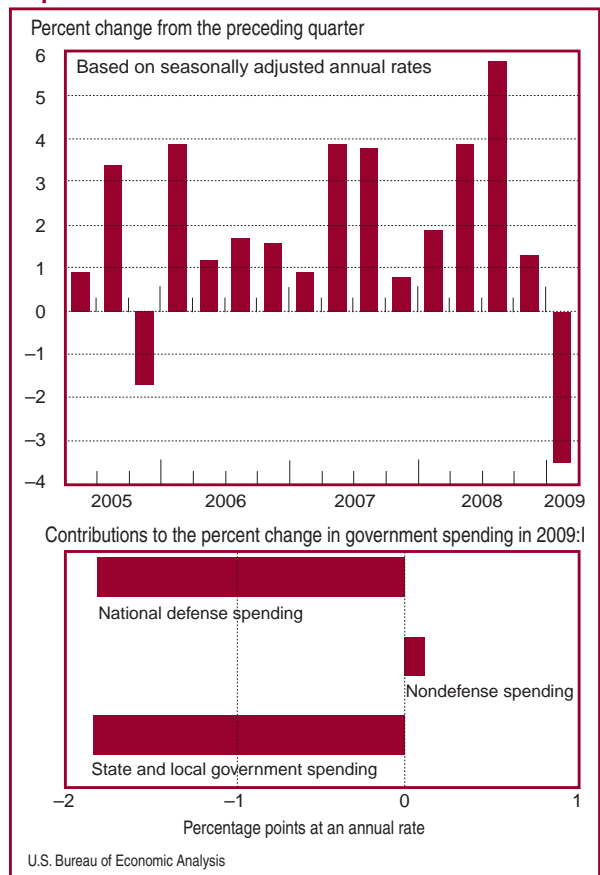
Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital.¹

Gross investment consists of new and used structures (such as highways and dams) and of equipment and software purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

1. Consumption of fixed capital represents a partial measure of the services provided by government-owned fixed capital.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 8. Prices for Gross Domestic Purchases

(Percent change at annual rates; based on seasonally adjusted index numbers (2000=100))

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2008			2009	2008			2009
	II	III	IV	I	II	III	IV	I
Gross domestic purchases¹	4.2	4.5	-3.9	-1.0	4.2	4.5	-3.9	-1.0
Personal consumption expenditures	4.3	5.0	-4.9	-1.0	2.87	3.37	-3.31	-0.68
Durable goods	-1.6	-0.6	-3.5	-1.7	-0.11	-0.04	-0.23	-0.11
Nondurable goods	6.5	10.3	-16.6	-5.2	1.29	2.02	-3.52	-1.03
Services	4.2	3.4	1.1	1.1	1.69	1.39	0.44	0.45
Gross private domestic investment	0.4	2.0	4.4	-1.9	0.05	0.27	0.56	-0.22
Fixed investment	0.8	2.3	1.2	-1.9	0.11	0.32	0.16	-0.24
Nonresidential	2.3	4.2	4.6	-1.2	0.23	0.43	0.47	-0.11
Structures	3.3	7.1	7.4	-3.2	0.12	0.26	0.27	-0.12
Equipment and software	1.7	2.6	3.0	0.1	0.12	0.17	0.19	0.01
Residential	-3.5	-3.3	-9.4	-4.6	-0.12	-0.11	-0.30	-0.13
Change in private inventories .....	.....	.....	.....	.....	-0.06	-0.05	0.40	0.02
Government consumption expenditures and gross investment	7.0	4.4	-5.8	-0.3	1.32	0.85	-1.16	-0.07
Federal	5.1	2.7	-3.4	2.7	0.36	0.19	-0.25	0.20
National defense	6.3	3.1	-4.5	2.7	0.29	0.15	-0.23	0.14
Nondefense	2.8	1.9	-0.9	2.7	0.06	0.04	-0.02	0.06
State and local	8.1	5.5	-7.3	-2.2	0.96	0.66	-0.91	-0.27
Addenda:								
Gross domestic purchases:								
Food	6.1	8.5	5.4	0.5	0.57	0.80	0.51	0.05
Energy goods and services	35.5	25.1	-66.1	-39.4	1.79	1.34	-5.48	-2.25
Excluding food and energy	2.2	2.8	1.2	1.4	1.88	2.35	1.07	1.24
Personal consumption expenditures (PCE):								
Food	6.5	8.5	5.6	0.9	.....	.....	.....	.....
Energy goods and services	27.4	31.7	-65.0	-35.8	.....	.....	.....	.....
Excluding food and energy	2.2	2.4	0.9	1.5	.....	.....	.....	.....
"Market-based" PCE	4.3	5.6	-5.9	-1.4	.....	.....	.....	.....
Excluding food and energy	1.8	2.5	1.0	1.6	.....	.....	.....	.....
Gross domestic product	1.1	3.9	0.5	2.8	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes
 NOTE. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions are from NIPA table 1.6.8.

The price index for gross domestic purchases decreased 1.0 percent in the first quarter after decreasing 3.9 percent in the fourth quarter. The federal pay raise for civilian and military personnel added 0.3 percentage point to the first-quarter percent change; the pay raise is treated as an increase in the price of employee services purchased by the federal government.

Consumer prices decreased 1.0 percent after decreasing 4.9 percent. The smaller decrease was mainly due to a smaller decrease in prices paid for gasoline, fuel oil, and other energy goods; a deceleration in food prices also contributed.

Prices paid for nonresidential fixed investment turned down, mainly reflecting a downturn in prices paid for structures. The deceleration in equipment and software prices also contributed.

Prices paid for residential investment continued to decline but at a slower rate than in the fourth quarter, decreasing 4.6 percent after decreasing 9.4 percent.

Prices paid by government decreased less than in the fourth quarter. Prices paid by the federal government turned up, mainly reflecting the federal pay raise. Prices paid by state and local government decreased less than in the fourth quarter.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, accelerated, increasing 1.5 percent after increasing 0.9 percent.

The GDP price index increased 2.8 percent, 3.8 percentage points more than the percent decrease in the price index for gross domestic purchases, reflecting a much larger decrease in import prices than in export prices.

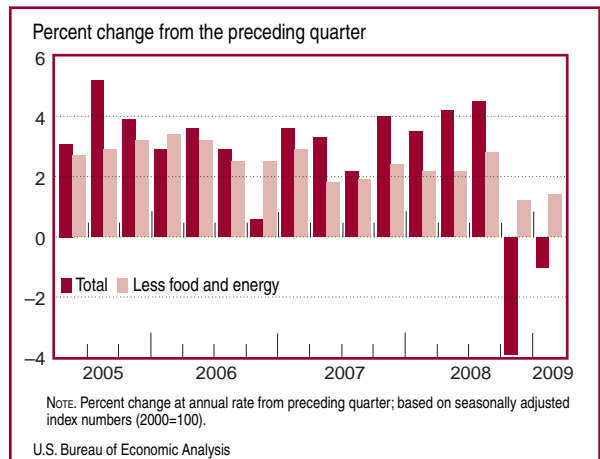
Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between the change in import prices (included in the gross domestic purchases index) and the change in export prices (included in the GDP price index). For other measures that are affected by import and export prices, see the dollar depreciation [FAQ Answer ID 498](#) on BEA's Web site.

Chart 7. Gross Domestic Purchases Prices



Revisions

Table 9. Advance and Preliminary Estimates for the First Quarter of 2009

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Preliminary	Preliminary minus advance	Advance	Preliminary	Preliminary minus advance
Gross domestic product (GDP) ¹	-6.1	-5.7	0.4	-6.1	-5.7	0.4
Personal consumption expenditures	2.2	1.5	-0.7	1.50	1.08	-0.42
Durable goods	9.4	9.6	0.2	0.61	0.62	0.01
Nondurable goods	1.3	-0.6	-1.9	0.26	-0.11	-0.37
Services	1.5	1.3	-0.2	0.63	0.58	-0.05
Gross private domestic investment	-51.8	-49.3	2.5	-8.83	-8.27	0.56
Fixed investment	-37.9	-37.3	0.6	-6.04	-5.93	0.11
Nonresidential	-37.9	-36.9	1.0	-4.68	-4.54	0.14
Structures	-44.2	-42.3	1.9	-2.13	-2.02	0.11
Equipment and software	-33.8	-33.5	0.3	-2.55	-2.52	0.03
Residential	-38.0	-38.7	-0.7	-1.36	-1.39	-0.03
Change in private inventories .....	.....	.....	.....	-2.79	-2.34	0.45
Net exports of goods and services .....	.....	.....	.....	1.99	2.18	0.19
Exports	-30.0	-28.7	1.3	-4.06	-3.86	0.20
Goods	-38.7	-37.8	0.9	-3.68	-3.57	0.11
Services	-9.3	-7.2	2.1	-0.38	-0.29	0.09
Imports	-34.1	-34.1	0.0	6.05	6.05	0.00
Goods	-39.4	-39.6	-0.2	5.89	5.92	0.03
Services	-5.6	-4.3	1.3	0.16	0.12	-0.04
Government consumption expenditures and gross investment	-3.9	-3.5	0.4	-0.81	-0.71	0.10
Federal	-4.0	-4.3	-0.3	-0.32	-0.34	-0.02
National defense	-6.4	-6.8	-0.4	-0.35	-0.37	-0.02
Nondefense	1.3	1.0	-0.3	0.03	0.03	0.00
State and local	-3.9	-2.9	1.0	-0.49	-0.37	0.12
Addenda:						
Final sales of domestic product	-3.4	-3.4	0.0	-3.35	-3.38	-0.03
Gross domestic purchases price index	-1.0	-1.0	0.0	.....	.....	.....
GDP price index	2.9	2.8	-0.1	.....	.....	.....

1. The estimates for GDP under the contribution columns are also percent changes.

Real GDP decreased 5.7 percent in the first-quarter preliminary estimate, 0.4 percentage point less of a decrease than the advance estimate. The average revision (without regard to sign) between the advance estimate and the preliminary estimate is 0.5 percentage point. The upward revision to the percent change in real GDP primarily reflected upward revisions to inventory investment and to exports that were partly offset by a downward revision to consumer spending for nondurable goods.

The largest contributor to the downward revision to consumer spending for nondurable goods was food.

The upward revision to inventory investment primarily reflected an upward revision to retail trade inventories.

The upward revision to exports was to both goods and services.

The largest contributors to the revision to exports of goods were nonautomotive consumer goods and industrial supplies and materials.

The largest contributor to the revision to exports of services was "other" private services.

Source Data for the Preliminary Estimates

Personal consumption expenditures: Retail sales for January, February, and March (revised) and the incorporation of the 2007 Annual Retail Trade Survey on a best-change basis. Motor vehicle registrations for March (new). Retail electricity sales for March (new) and natural gas sales for February (new).

Nonresidential fixed investment: Construction spending (value put in place) for January and February (revised) and March (new). Manufacturers' shipments (M3) of machinery and equipment for February and March (revised). Exports and imports for February (revised) and March (new).

Residential investment: Construction spending for January and February (revised) and March (new).

Change in private inventories: Manufacturers' inventories for February and March (revised) and trade inventories for February and March (revised).

Exports and imports of goods and services: International transactions for January and February (revised) and March (new).

Government consumption expenditures and gross investment: State and local construction spending for January and February (revised) and March (new).

Personal Income for the Fourth Quarter of 2008

With the release of the preliminary estimates of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. This revision reflects the incorporation of newly available fourth-quarter tabulations from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics.

Wage and salary disbursements decreased \$21.0 billion, a downward revision of \$8.6 billion. Personal current taxes increased \$6.7 billion, a downward revision of \$13.0 billion; the revision was primarily to nonwithheld taxes. Contributions for government social insurance, which are subtracted in calculating personal income, decreased \$4.8 billion, a downward revision of \$1.2 billion.

- Personal income decreased \$50.9 billion, a downward revision of \$8.0 billion.
- Disposable personal income decreased \$57.7 billion, an upward revision of \$4.9 billion.
- Personal saving increased \$202.5 billion, an upward revision of \$4.9 billion.
- The personal saving rate was 3.2 percent, unrevised from the previous estimate.

Corporate Profits

Table 10. Corporate Profits
[Seasonally adjusted]

	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
	Level		Change from preceding quarter							
	2009		2008			2009				
	I	II	III	IV	I	II	III	IV	I	
Current production measures:										
Corporate profits.....	1,307.1	-60.2	-18.5	-250.3	42.6	-3.8	-1.2	-16.5	3.4	
Domestic industries.....	920.5	-35.3	-23.4	-267.8	51.9	-3.0	-2.0	-23.6	6.0	
Financial.....	238.5	-31.0	-75.5	-178.7	116.1	-7.6	-20.0	-59.3	94.9	
Nonfinancial.....	682.0	-4.2	52.1	-89.1	-64.2	-0.5	6.7	-10.7	-8.6	
Rest of the world.....	386.6	-25.0	4.9	17.5	-9.3	-6.3	1.3	4.6	-2.4	
Receipts from the rest of the world.....	418.1	8.9	-10.4	-75.5	-61.7	1.6	-1.8	-13.6	-12.9	
Less: Payments to the rest of the world.....	31.5	33.9	-15.3	-93.0	-52.4	21.4	-8.0	-52.6	-62.4	
Less: Taxes on corporate income.....	294.8	3.9	-13.3	-130.3	31.6	1.0	-3.3	-33.1	12.0	
Equals: Profits after tax.....	1,012.3	-64.1	-5.2	-120.1	11.1	-5.4	-0.5	-10.7	1.1	
Net dividends.....	766.1	13.9	-5.3	-32.8	-42.2	1.7	-0.6	-3.9	-5.2	
Undistributed profits from current production.....	246.2	-78.1	0.3	-87.4	53.3	-21.8	0.1	-31.2	27.6	
Net cash flow.....	1,281.6	-60.5	43.1	-97.0	59.0	-4.5	3.4	-7.4	4.8	
Industry profits:										
Profits with IVA.....	1,452.0	-45.5	6.8	-250.2	99.4	-2.8	0.4	-15.6	7.3	
Domestic industries.....	1,065.4	-20.6	1.9	-267.7	108.7	-1.7	0.2	-21.9	11.4	
Financial.....	252.2	-29.6	-74.4	-177.9	121.3	-7.2	-19.4	-57.6	92.7	
Nonfinancial.....	813.1	9.1	76.3	-89.8	-12.7	1.1	9.1	-9.8	-1.5	
Rest of the world.....	386.6	-25.0	4.9	17.5	-9.3	-6.3	1.3	4.6	-2.4	
Addenda:										
Profits before tax (without IVA and CCAAdj).....	1,346.6	-0.9	-56.3	-499.2	152.1	-0.1	-3.2	-29.5	12.7	
Profits after tax (without IVA and CCAAdj).....	1,051.8	-4.8	-43.1	-368.9	120.6	-0.4	-3.2	-28.4	12.9	
IVA.....	105.3	-44.6	63.1	249.0	-52.8	.....	.....	.....	.....
CCAAdj.....	-144.9	-14.7	-25.3	-0.1	-56.8	.....	.....	.....	.....

NOTE: Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.

IVA Inventory valuation adjustment
CCAAdj Capital consumption adjustment

Profits from current production increased \$42.6 billion, or 3.4 percent at a quarterly rate, in the first quarter after decreasing \$250.3 billion in the fourth quarter.

Domestic profits of financial corporations increased \$116.1 billion, or 94.9 percent, after decreasing \$178.7 billion.

Domestic profits of nonfinancial corporations decreased \$64.2 billion, or 8.6 percent, after decreasing \$89.1 billion.

Profits from the rest of the world decreased \$9.3 billion, or 2.4 percent, after increasing \$17.5 billion. Receipts decreased \$61.7 billion, and payments decreased \$52.4 billion in the first quarter.

After-tax profits increased \$11.1 billion, or 1.1 percent, after decreasing \$120.1 billion.

Net dividends decreased \$42.2 billion, or 5.2 percent, after decreasing \$32.8 billion.

Undistributed corporate profits (a measure of net saving that equals after-tax profits less dividends) increased \$53.3 billion, or 27.6 percent, after decreasing \$87.4 billion.

Net cash flow from current production, a profits-related measure of internally generated funds available for investment, increased \$59.0 billion, or 4.8 percent, after decreasing \$97.0 billion.

Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the national income and product accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including Cen-

sus Bureau quarterly financial reports, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service data when the data are available for two reasons: the data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAAdj). CCAAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).