

GDP RISES 3.5 PERCENT IN THIRD QUARTER

"Advance" Estimate of GDP

Real gross domestic product (GDP) increased 3.5 percent in the third quarter of 2009 after decreasing 0.7 percent in the second quarter, according to estimates from the Bureau of Economic Analysis. The third-quarter increase was the first since the second quarter of 2008.



Gross Domestic Product

The rise in real GDP reflected the following:

- Consumer spending turned up strongly. Spending on new cars and trucks was a big contributor, reflecting the federal “cash for clunkers” program, which was in effect in July and August.
- Housing increased for the first time in 15 quarters.
- Inventory investment, exports, and government spending also added to growth.

Prices

Prices of goods and services purchased by U.S. residents increased 1.6 percent in the third quarter after increasing 0.5 percent in the second quarter, mainly reflecting an upturn in energy prices.

Excluding food and energy, prices rose 0.5 percent after rising 0.8 percent.

Personal Income

In the second quarter, personal income was boosted by government payments to recipients of social security and other benefits enacted in American Recovery and Reinvestment Act. Coming off those payments, personal income declined in the third quarter.

Current-dollar personal income fell 0.5 percent after rising 0.6 percent. Real disposable personal income— income adjusted for inflation and taxes—declined 3.4 percent in the third quarter after increasing 3.8 percent in the second quarter.

The personal saving rate—personal saving as a percent of current-dollar disposable personal income—was 3.3 percent in the third quarter. In the second quarter, it was 4.9 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” estimate of GDP and the “preliminary” estimate of corporate profits for the third quarter of 2009 will be released on November 24, 2009.