

# GDP and the Economy

## Advance Estimates for the Fourth Quarter of 2007

ECONOMIC growth decelerated sharply in the fourth quarter of 2007, according to the “advance” estimates of the national income and product accounts.<sup>1</sup> For the year 2007, real gross domestic product (GDP) decelerated, increasing 2.2 percent after increasing 2.9 percent in 2006 (see page 6).

In the fourth quarter, real GDP increased 0.6 percent, following a 4.9 percent increase in the third quarter (chart 1 and table 1).<sup>2</sup> The slowdown primarily reflected a downturn in inventory investment and decelerations in exports, consumer spending, and federal government spending.<sup>3</sup> In contrast, imports slowed, and state and local government spending accelerated.

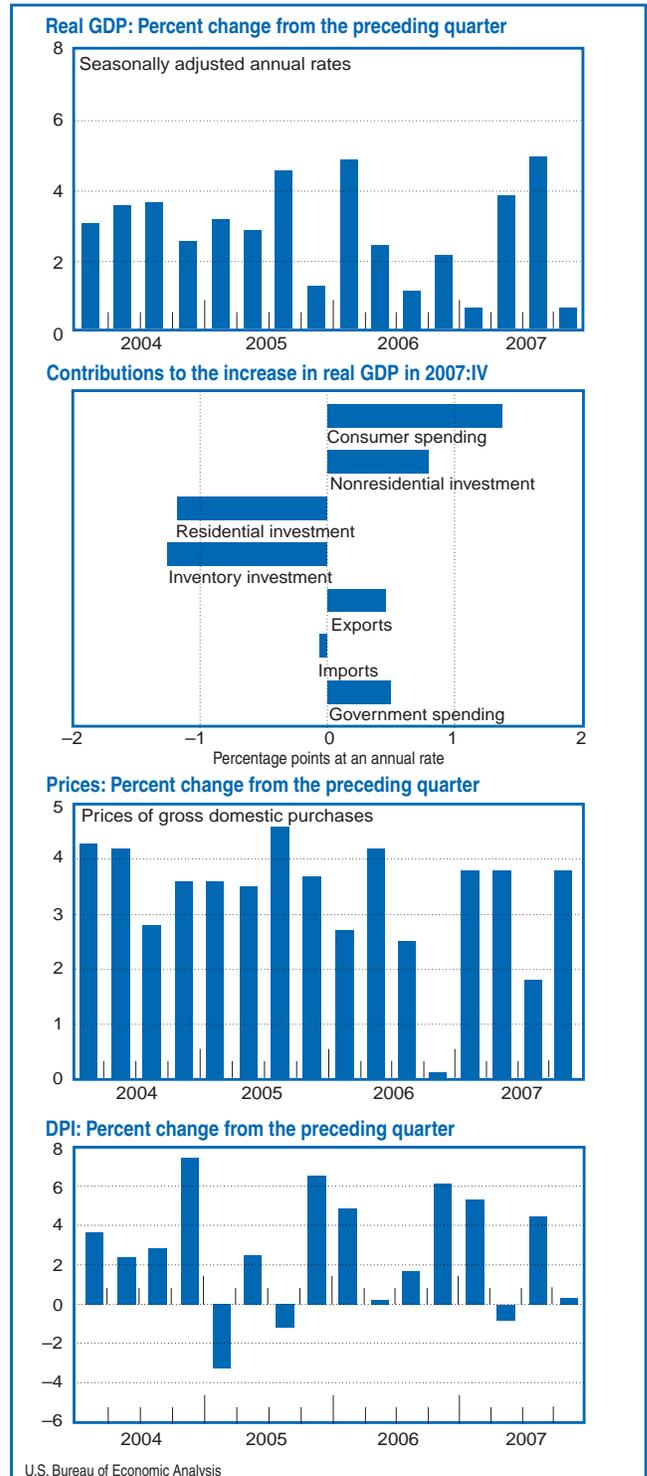
- Prices of goods and services purchased by U.S. residents accelerated, increasing 3.8 percent after increasing 1.8 percent in the third quarter (see page 3). Energy prices turned up, and food prices slowed. Excluding food and energy, prices accelerated, increasing 2.5 percent after increasing 1.9 percent.
- Real disposable personal income (DPI) increased 0.3 percent in the fourth quarter, following an increase of 4.5 percent. The deceleration reflected a deceleration in current-dollar personal income, an acceleration in personal current taxes (page 4), and an acceleration in the personal consumption expenditures (PCE) implicit price deflator used to adjust current-dollar DPI.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 0.2 percent in the fourth quarter; the rate was 0.6 percent in the third quarter.

1. 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/bea/about/infoqual.htm](http://www.bea.gov/bea/about/infoqual.htm)> and <[www.bea.gov/bea/faq/national/gdp\\_accuracy.htm](http://www.bea.gov/bea/faq/national/gdp_accuracy.htm)>. Quarterly estimates are expressed at seasonally adjusted annual rates, which assume that a rate of activity for a quarter is maintained for a year.

2. “Real” estimates are in chained (2000) dollars, and price indexes are chain-type measures.

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

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



Christopher Swann prepared this article.

## 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)			
	2007	2007					2007			
	IV	I	II	III	IV	I	II	III	IV	
<b>Gross domestic product<sup>1</sup>.....</b>	<b>100.0</b>	<b>0.6</b>	<b>3.8</b>	<b>4.9</b>	<b>0.6</b>	<b>0.6</b>	<b>3.8</b>	<b>4.9</b>	<b>0.6</b>	
<b>Personal consumption expenditures.....</b>	<b>70.5</b>	<b>3.7</b>	<b>1.4</b>	<b>2.8</b>	<b>2.0</b>	<b>2.56</b>	<b>1.00</b>	<b>2.01</b>	<b>1.37</b>	
Durable goods.....	7.7	8.8	1.7	4.5	4.2	0.67	0.14	0.35	0.32	
Nondurable goods.....	20.6	3.0	-0.5	2.2	1.9	0.61	-0.10	0.46	0.38	
Services.....	42.2	3.1	2.3	2.8	1.6	1.28	0.96	1.20	0.67	
<b>Gross private domestic investment.....</b>	<b>15.0</b>	<b>-8.2</b>	<b>4.6</b>	<b>5.0</b>	<b>-10.2</b>	<b>-1.36</b>	<b>0.71</b>	<b>0.77</b>	<b>-1.64</b>	
Fixed investment.....	15.0	-4.4	3.2	-0.7	-2.6	-0.70	0.49	-0.11	-0.39	
Nonresidential.....	10.9	2.1	11.0	9.3	7.5	0.22	1.12	0.96	0.79	
Structures.....	3.6	6.4	26.2	16.4	15.8	0.20	0.78	0.52	0.52	
Equipment and software.....	7.3	0.3	4.7	6.2	3.8	0.02	0.34	0.44	0.27	
Residential.....	4.2	-16.3	-11.8	-20.5	-23.9	-0.93	-0.62	-1.08	-1.18	
Change in private inventories.....	-0.1	.....	.....	.....	.....	-0.65	0.22	0.89	-1.25	
<b>Net exports of goods and services.....</b>	<b>-5.2</b>	.....	.....	.....	.....	<b>-0.51</b>	<b>1.32</b>	<b>1.38</b>	<b>0.41</b>	
Exports.....	12.3	1.1	7.5	19.1	3.9	0.13	0.85	2.10	0.46	
Goods.....	8.6	0.9	6.6	26.2	2.4	0.07	0.53	1.96	0.20	
Services.....	3.6	1.6	9.6	4.0	7.5	0.05	0.33	0.14	0.26	
Imports.....	17.4	3.9	-2.7	4.4	0.3	-0.63	0.47	-0.72	-0.06	
Goods.....	14.7	4.2	-2.9	4.8	0.3	-0.57	0.42	-0.67	-0.04	
Services.....	2.7	2.3	-1.7	1.7	0.5	-0.06	0.05	-0.05	-0.01	
<b>Government consumption expenditures and gross investment.....</b>	<b>19.7</b>	<b>-0.5</b>	<b>4.1</b>	<b>3.8</b>	<b>2.6</b>	<b>-0.09</b>	<b>0.79</b>	<b>0.74</b>	<b>0.50</b>	
Federal.....	7.1	-6.3	6.0	7.1	0.3	-0.46	0.41	0.50	0.02	
National defense.....	4.8	-10.8	8.5	10.1	-0.6	-0.54	0.39	0.47	-0.03	
Nondefense.....	2.3	3.8	0.9	1.1	2.2	0.08	0.02	0.03	0.05	
State and local.....	12.6	3.0	3.0	1.9	4.0	0.36	0.37	0.24	0.49	

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.

Consumer spending slowed in the fourth quarter, increasing 2.0 percent after increasing 2.8 percent in the third quarter. The deceleration mainly reflected a slowdown in spending for services, which was mostly due to downturns in spending for household electricity and gas and recreation and a deceleration in "other" services.

Nonresidential fixed investment slowed, reflecting a deceleration in equipment and software. Investment in industrial equipment and transportation equipment turned down.

Residential fixed investment fell for the eighth straight quarter, decreasing 23.9 percent after decreasing 20.5 percent. The fourth-quarter decrease subtracted 1.18 percentage points from real GDP growth.

Inventory investment turned down, mainly reflecting a downturn by retail motor vehicle and parts dealers. The downturn subtracted 1.25 percentage points from real GDP growth.

Exports slowed, mainly reflecting a sharp and widespread deceleration in exports of goods. Exports of services picked up.

Imports decelerated. Imports of goods slowed sharply despite a strong upturn in petroleum and products. Imports of services decelerated.

Federal government spending decelerated, mainly because of a downturn in national defense spending. State and local government spending picked up.

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)			
	2007	2007					2007			
	IV	I	II	III	IV	I	II	III	IV	
<b>Gross domestic product<sup>1</sup>.....</b>	<b>100.0</b>	<b>0.6</b>	<b>3.8</b>	<b>4.9</b>	<b>0.6</b>	<b>0.6</b>	<b>3.8</b>	<b>4.9</b>	<b>0.6</b>	
Final sales of domestic product.....	100.1	1.3	3.6	4.0	1.9	1.25	3.60	4.02	1.88	
Change in private inventories.....	-0.1	.....	.....	.....	.....	-0.65	0.22	0.89	-1.25	
Goods.....	30.7	0.2	5.4	11.7	-0.6	0.06	1.65	3.48	-0.17	
Services.....	59.3	2.1	3.1	3.1	2.1	1.21	1.85	1.86	1.25	
Structures.....	10.0	-6.2	3.0	-4.2	-4.2	-0.68	0.32	-0.43	-0.44	
<b>Addenda:</b>										
Motor vehicle output.....	2.7	6.2	1.0	13.1	-27.2	0.18	0.03	0.36	-0.90	
GDP excluding motor vehicle output.....	97.3	0.4	3.9	4.7	1.6	0.42	3.79	4.54	1.54	
Final sales of computers.....	0.7	-1.3	35.7	49.8	30.2	-0.01	0.21	0.28	0.18	
GDP excluding final sales of computers.....	99.3	0.6	3.6	4.6	0.5	0.61	3.61	4.63	0.45	

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.

Real final sales of domestic product, real GDP less inventory investment, increased 1.9 percent after increasing 4.0 percent.

Motor vehicle output decreased 27.2 percent after increasing 13.1 percent. The decrease subtracted 0.90 percentage point from real GDP growth. Excluding motor vehicle output, real GDP increased 1.6 percent.

Final sales of computers increased 30.2 percent, following an increase of 49.8 percent. It added 0.18 percentage point to real GDP growth in the fourth quarter.

Prices

**Table 3. 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)			
	2007				2007			
	I	II	III	IV	I	II	III	IV
<b>Gross domestic purchases<sup>1</sup></b> .....	<b>3.8</b>	<b>3.8</b>	<b>1.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>1.8</b>	<b>3.8</b>
<b>Personal consumption expenditures</b> .....	<b>3.5</b>	<b>4.3</b>	<b>1.8</b>	<b>3.9</b>	<b>2.32</b>	<b>2.84</b>	<b>1.21</b>	<b>2.61</b>
Durable goods .....	-1.9	-1.4	-1.8	-1.8	-0.14	-0.11	-0.13	-0.13
Nondurable goods .....	5.0	10.0	1.1	6.3	0.96	1.89	0.22	1.22
Services .....	3.8	2.6	2.8	3.8	1.49	1.06	1.12	1.52
<b>Gross private domestic investment</b> .....	<b>2.0</b>	<b>-0.4</b>	<b>-0.3</b>	<b>0.9</b>	<b>0.30</b>	<b>-0.05</b>	<b>-0.05</b>	<b>0.14</b>
Fixed investment .....	1.9	-0.3	-0.5	0.9	0.29	-0.04	-0.07	0.13
Nonresidential .....	1.9	0.0	-0.6	1.2	0.19	0.00	-0.06	0.12
Structures .....	4.1	-1.1	0.5	3.8	0.13	-0.04	0.02	0.13
Equipment and software .....	1.0	0.5	-1.1	-0.1	0.07	0.03	-0.07	-0.01
Residential .....	2.0	-0.8	-0.3	0.2	0.10	-0.04	-0.01	0.01
Change in private inventories .....	.....	.....	.....	.....	0.01	-0.01	0.02	0.01
<b>Government consumption expenditures and gross investment</b> .....	<b>6.4</b>	<b>5.5</b>	<b>3.2</b>	<b>5.5</b>	<b>1.15</b>	<b>1.00</b>	<b>0.59</b>	<b>1.01</b>
Federal .....	5.3	3.8	1.6	2.5	0.35	0.26	0.11	0.17
National defense .....	5.0	4.1	1.9	3.1	0.23	0.18	0.09	0.14
Nondefense .....	5.9	3.3	1.1	1.3	0.13	0.07	0.02	0.03
State and local .....	7.0	6.5	4.2	7.2	0.80	0.74	0.48	0.84
<b>Addenda:</b>								
Gross domestic purchases:								
Food .....	5.0	4.8	4.8	3.8	0.47	0.44	0.44	0.36
Energy goods and services .....	14.9	49.6	-5.2	27.2	0.65	2.02	-0.27	1.27
Excluding food and energy .....	3.1	1.5	1.9	2.5	2.65	1.32	1.58	2.13
Personal consumption expenditures (PCE):								
Food .....	4.8	4.7	4.7	3.5	.....	.....	.....	.....
Energy goods and services .....	16.1	51.3	-6.7	21.6	.....	.....	.....	.....
Excluding food and energy .....	2.4	1.4	2.0	2.7	.....	.....	.....	.....
"Market-based" PCE .....	3.6	4.7	1.4	3.8	.....	.....	.....	.....
Excluding food and energy .....	2.4	1.2	1.5	2.4	.....	.....	.....	.....
Gross domestic product .....	4.2	2.6	1.0	2.6	.....	.....	.....	.....

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, accelerated in the fourth quarter, increasing 3.8 percent after increasing 1.8 percent in the third quarter.

Consumer prices, as measured by the PCE price index, accelerated, increasing 3.9 percent after increasing 1.8 percent. Prices for nondurable goods and for services accelerated. The largest contributor to the acceleration in nondurable goods was gasoline, fuel oil, and other energy goods. The largest contributor to the acceleration in services was electricity and gas.

Prices of nonresidential fixed investment turned up, primarily reflecting an acceleration in prices paid for structures.

Prices paid for residential investment also turned up.

Prices paid by government accelerated, increasing 5.5 percent after increasing 3.2 percent. Prices paid by the federal government accelerated, primarily reflecting a step-up in prices paid for national defense. Prices paid by state and local governments accelerated.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, accelerated, increasing 2.7 percent after increasing 2.0 percent.

The GDP price index increased 2.6 percent, 1.2 percentage points less than the increase in the price index for gross domestic purchases, reflecting a larger increase in import prices than in export prices.

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.

**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. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption and investment.

BEA also produces price indexes for all components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, energy goods and services, and for all items except food and energy are also estimated and reported. However, because prices for food and energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or "core," inflation.

BEA also prepares a supplemental PCE price index, the "market-based" PCE price index, which is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as services furnished without charge by financial intermediaries, that are included in PCE and the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

More information on these market-based measures is available on BEA's Web site at <[www.bea.gov/bea/faq/national/markbsdPCE.htm](http://www.bea.gov/bea/faq/national/markbsdPCE.htm)>. See also "Comparing the Consumer Price Index and the Personal Consumption Expenditures Price Index" in the November 2007 SURVEY OF CURRENT BUSINESS.

## Personal Income

**Table 4. Personal Income and Its Disposition**

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

	Level		Change from preceding period				
	2007	2007					
		IV	I	II	III	IV	
<b>Personal income</b> .....	<b>11,875.8</b>	<b>269.0</b>	<b>108.1</b>	<b>169.4</b>	<b>129.1</b>		
Compensation of employees, received .....	7,977.5	165.0	37.0	90.8	84.8		
Wage and salary disbursements .....	6,463.0	141.4	24.5	74.6	69.5		
Private industries .....	5,377.4	127.0	14.2	63.7	56.8		
Goods-producing industries .....	1,219.6	17.5	3.7	4.9	2.1		
Manufacturing .....	754.6	12.1	-1.3	1.8	-1.3		
Services-producing industries .....	4,157.8	109.5	10.4	58.8	54.7		
Trade, transportation, and utilities .....	1,061.9	17.8	13.7	17.0	11.2		
Other services-producing industries .....	3,096.0	91.6	-3.2	41.9	43.5		
Government .....	1,085.5	14.5	10.2	11.0	12.6		
Supplements to wages and salaries .....	1,514.5	23.6	12.5	16.2	15.3		
Proprietors' income with IVA and CCAAdj .....	1,057.3	17.6	11.0	10.3	8.6		
Farm .....	45.2	5.2	4.0	5.5	6.6		
Nonfarm .....	1,012.1	12.5	7.0	4.7	2.1		
Rental income of persons with CCAAdj .....	76.0	2.3	8.9	6.3	7.6		
Personal income receipts on assets .....	1,999.6	46.3	47.1	46.2	23.4		
Personal interest income .....	1,173.0	23.3	22.3	22.7	1.9		
Personal dividend income .....	826.6	23.0	24.8	23.4	21.6		
Personal current transfer receipts .....	1,755.5	63.0	6.4	25.2	13.2		
Less: Contributions for government social insurance ..	990.1	25.2	2.4	9.3	8.6		
Less: Personal current taxes .....	1,511.5	53.7	22.9	11.6	22.3		
Equals: Disposable personal income .....	10,364.3	215.3	85.2	157.8	106.8		
Less: Personal outlays .....	10,339.2	160.3	151.7	131.7	138.3		
Equals: Personal saving .....	25.1	55.0	-66.5	26.2	-31.6		
<b>Addenda: Special factors in personal income</b>							
In government wages and salaries:							
Federal pay raise .....	5.9	5.1	0.8	0.0	0.0		
Reservists' pay .....	5.7	5.3	-0.1	0.7	-0.2		
In private wages and salaries:							
Irregular pay (bonuses and stock option exercise gains) .....	0.0	0.0	0.0	0.0	0.0		
In supplements to wages and salaries:							
Employer contributions for social insurance .....	2.4	2.4	0.0	0.0	0.0		
In personal current transfer receipts:							
Social security retroactive payments .....	2.3	-2.3	0.0	0.0	2.3		
Cost-of-living adjustments under federal transfer programs .....	22.4	21.0	0.0	0.0	1.4		
In contributions for government social insurance:							
Increase in taxable wage base .....	4.8	4.8	0.0	0.0	0.0		
Changes in premium for supplementary medical insurance .....	3.4	3.4	0.0	0.0	0.0		
In personal current taxes:							
Federal tax law changes .....	-4.0	-4.0	0.0	0.0	0.0		
Refunds, settlements, and other .....	4.1	4.1	0.0	0.0	0.0		

NOTE: Dollar levels are from NIPA tables 2.1 and 2.2B.  
IVA Inventory valuation adjustment

CCAAdj Capital consumption adjustment

Personal income, which is only measured in current dollars, increased \$129.1 billion in the fourth quarter after increasing \$169.4 billion in the third quarter. The deceleration in personal income primarily reflected decelerations in personal interest income and government social benefits to persons.

Compensation increased \$84.8 billion, compared with an increase of \$90.8 billion, primarily because of a deceleration in wages and salaries. The deceleration was spread across private industries. Government wages and salaries accelerated slightly.

Proprietors' income slowed, increasing \$8.6 billion after increasing \$10.3 billion.

Personal interest income decelerated, primarily because of a broad decline in interest rates over the quarter.

Personal current transfers decelerated, increasing \$13.2 billion after increasing \$25.2 billion. The deceleration primarily reflected a downturn in Medicare prescription drug assistance that resulted from reduced payments to drug plans in the fourth quarter in order to compensate for overpayments that were made in 2006.

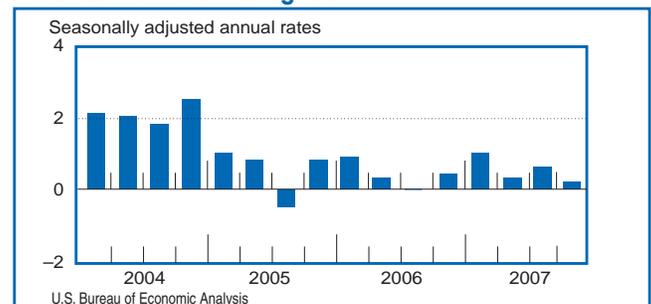
Personal current taxes accelerated, increasing \$22.3 billion after increasing \$11.6 billion. The acceleration primarily reflected an upturn in state and local income taxes.

Personal saving decreased \$31.6 billion after increasing \$26.2 billion. The downturn reflected a deceleration in current-dollar disposable personal income and a slight acceleration in personal outlays.

### Saving

Personal saving—disposable personal income less personal outlays—was \$25.1 billion in the fourth quarter; it has been positive for five consecutive quarters. Saving from current income may be near zero or negative when outlays are financed by borrowing, by selling investments or other assets, or by using saving from previous periods. See “[Alternative Measures of Personal Saving](#)” in the February 2007 SURVEY OF CURRENT BUSINESS.

**Chart 2. Personal Saving Rate**



## Source Data for the Advance Estimates

**Table 5. Monthly Advance Estimates of Key NIPA Components Based on Partial Data, 2007:IV**

[Billions of dollars, seasonally adjusted at annual rates]

	2007					
	July	August	Sept.	Oct.	Nov.	Dec. <sup>1</sup>
<b>Private fixed investment:</b>						
Nonresidential structures:						
Value of new nonresidential construction put in place .....	346.4	355.8	365.1	369.5	375.8	378.6
Equipment and software:						
Manufacturers' shipments of complete aircraft .....	42.4	50.2	42.0	49.1	47.4	39.6
Residential structures:						
Value of new residential construction put in place:						
Single family .....	308.6	298.3	286.9	274.9	261.2	246.3
Multifamily.....	48.8	48.3	47.5	47.2	47.4	48.5
<b>Change in private inventories:</b>						
Change in inventories for nondurable manufacturing.....	3.9	-1.9	24.0	-4.7	15.2	24.0
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment .....	18.8	21.3	37.0	30.4	0.7	66.7
<b>Net exports:<sup>2</sup></b>						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis .....	1,183.3	1,187.7	1,204.3	1,210.2	1,211.4	1,225.7
Excluding gold .....	1,171.4	1,170.4	1,190.7	1,197.2	1,200.9	1,211.5
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis .....	1,996.5	1,980.7	1,994.5	2,013.5	2,083.9	2,083.8
Excluding gold .....	1,984.5	1,971.5	1,983.8	2,005.2	2,078.8	2,075.3
Net exports of goods.....	-813.2	-793.0	-790.2	-803.3	-872.5	-858.1
Excluding gold .....	-813.1	-801.1	-793.1	-808.0	-877.9	-863.8
<b>State and local government structures:</b>						
Value of new construction put in place.....	267.4	269.2	275.3	277.2	284.1	283.5

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments exports and im-

ports, but it is not used directly in estimating exports and imports in the national income and product accounts.

### Summary of the Source Data for the Advance Estimates of GDP

The advance estimates of many components of GDP are based on 3 months of source data, but the estimates of some components are based on only 2 months of data. For the following items, the number of months for which data are available is shown in parentheses.

*Personal consumption expenditures:* Sales of retail stores (3), unit auto and truck sales (3), and consumers' shares of auto and truck sales (2);

*Nonresidential fixed investment:* Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment other than aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

*Residential investment:* Construction put in place (2), single-family housing starts (3), sales of new homes (2), and sales of existing houses (3);

*Change in private inventories:* Trade and nondurable-goods manufacturing inventories (2), durable-goods manufacturing inventories (3), and unit auto and truck inventories (3);

*Net exports of goods and services:* Exports and imports of goods and services (2);

*Government consumption expenditures and gross investment:* Federal outlays (3), state and local government construction put in place (2), and state and local government employment (3);

*Compensation:* Employment, average hourly earnings, and average weekly hours (3);

*GDP prices:* Consumer price indexes (3), producer price indexes (3), and values and quantities of petroleum imports (2).

#### Unavailable source data

When source data were unavailable, BEA made various assumptions for December, including the following:

- An increase in nondurable-goods manufacturing inventories,
- An increase in nonmotor vehicle merchant wholesale and retail inventories, and
- An increase in exports of goods excluding gold and a small decrease in imports of goods excluding gold.

Table 5 shows the assumptions for key series; a more comprehensive list is available on BEA's Web site at [www.bea.gov/national/index.htm#supp](http://www.bea.gov/national/index.htm#supp).

## Real GDP for 2007

**Table 6. 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)	
		2007	2006	2007	2006
<b>Gross domestic product<sup>1</sup></b> .....	<b>100.0</b>	<b>2.9</b>	<b>2.2</b>	<b>2.9</b>	<b>2.2</b>
<b>Personal consumption expenditures</b> .....	<b>70.3</b>	<b>3.1</b>	<b>2.9</b>	<b>2.15</b>	<b>2.01</b>
Durable goods .....	7.8	3.8	4.8	0.31	0.37
Nondurable goods .....	20.5	3.6	2.4	0.74	0.49
Services .....	42.0	2.7	2.8	1.11	1.15
<b>Gross private domestic investment</b> .....	<b>15.4</b>	<b>2.7</b>	<b>-4.6</b>	<b>0.45</b>	<b>-0.77</b>
Fixed investment .....	15.3	2.4	-2.9	0.39	-0.47
Nonresidential .....	10.7	6.6	4.8	0.68	0.50
Structures .....	3.4	8.4	13.2	0.24	0.41
Equipment and software .....	7.3	5.9	1.4	0.44	0.10
Residential .....	4.6	-4.6	-16.9	-0.29	-0.97
Change in private inventories .....	0.1	.....	.....	0.06	-0.30
<b>Net exports of goods and services</b> .....	<b>-5.1</b>	.....	.....	<b>-0.08</b>	<b>0.55</b>
Exports .....	11.8	8.4	7.9	0.88	0.89
Goods .....	8.3	9.9	7.8	0.73	0.61
Services .....	3.5	4.8	8.2	0.16	0.27
Imports .....	17.0	5.9	2.0	-0.96	-0.33
Goods .....	14.3	6.0	1.8	-0.83	-0.25
Services .....	2.7	5.2	3.2	-0.13	-0.08
<b>Government consumption expenditures and gross investment</b> .....	<b>19.4</b>	<b>1.8</b>	<b>2.1</b>	<b>0.35</b>	<b>0.40</b>
Federal .....	7.0	2.2	1.7	0.15	0.12
National defense .....	4.8	1.9	2.8	0.09	0.13
Nondefense .....	2.3	2.8	-0.5	0.06	-0.01
State and local .....	12.4	1.6	2.3	0.19	0.28

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.

Real GDP slowed, increasing 2.2 percent in 2007 after increasing 2.9 percent in 2006. The main contributors to the slowdown in real GDP growth were a larger decrease in residential fixed investment, a downturn in inventory investment, and slowdowns in nonresidential fixed investment and consumer spending.

Consumer spending slowed slightly in 2007, primarily reflecting a deceleration in nondurable goods that was mainly due to a slowdown in spending for food.

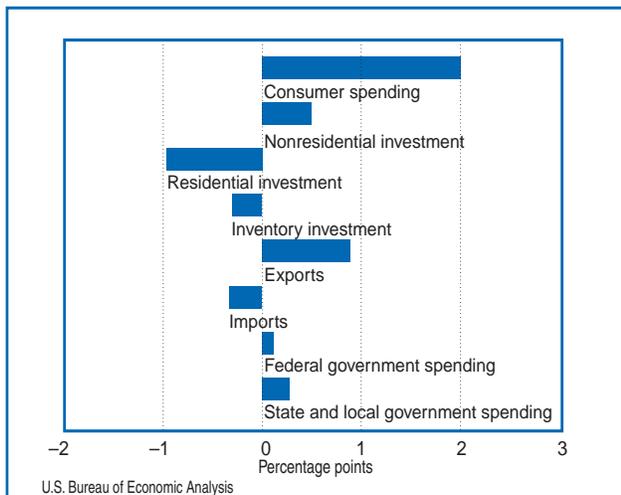
Nonresidential fixed investment decelerated, primarily reflecting a slowdown in equipment and software that was primarily due to downturns in transportation equipment and in "other" equipment. Structures investment accelerated, reflecting pickups in "other" structures, commercial and health care, and power and communication.

Residential investment declined throughout 2007 and was the largest contributor to the slowdown in real GDP growth, subtracting 0.97 percentage point from real GDP growth.

Inventory investment turned down and reduced real GDP growth by 0.30 percentage point.

Net exports contributed 0.55 percentage point to real GDP growth. Exports of goods decelerated, but exports of services picked up, primarily because of accelerations in travel and in royalties and license fees. Imports of both goods and services slowed.

**Chart 3. Contributions to the Increase in Real GDP in 2007**



**Chart 4. Growth in Exports and Imports of Goods and Services in 1997-2007**

