

# GDP and the Economy

## Second Estimates for the Fourth Quarter of 2013

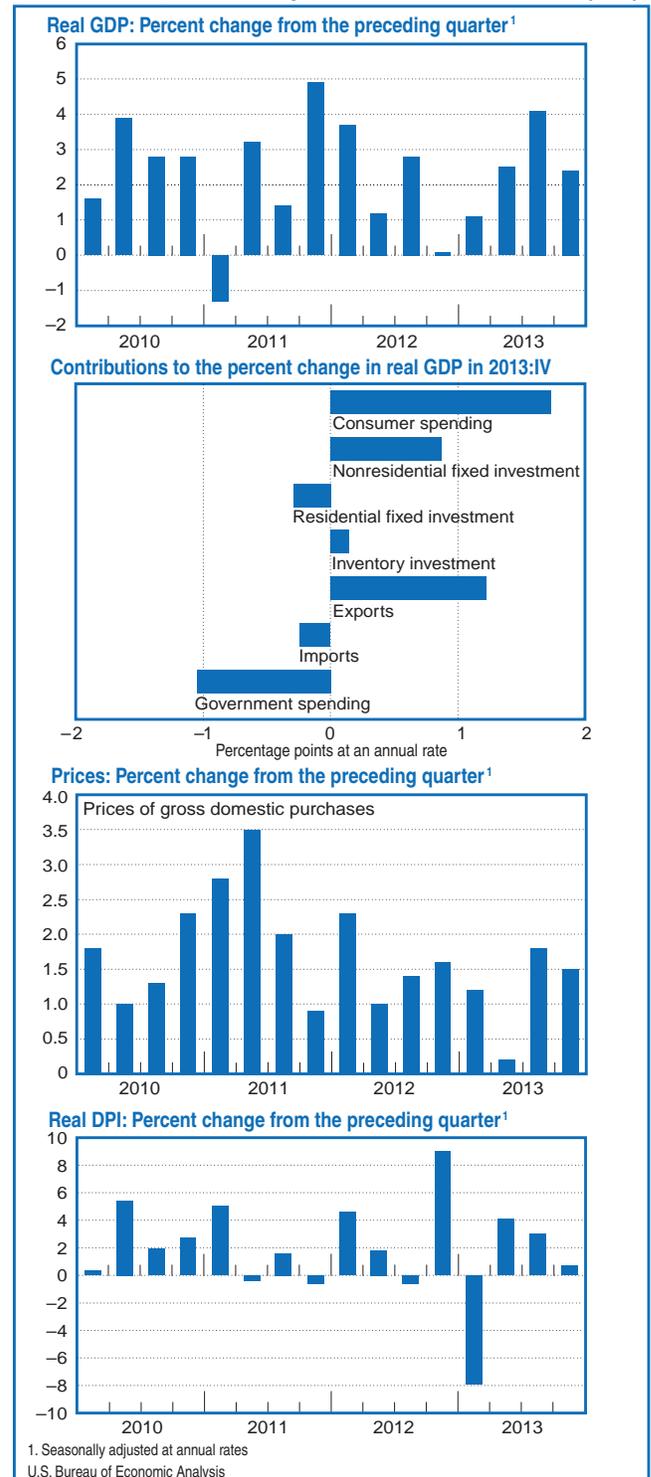
REAL GROSS domestic product (GDP) increased 2.4 percent at an annual rate in the fourth quarter of 2013, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> The estimate of real GDP growth was revised down 0.8 percentage point from the advance estimate of 3.2 percent. The downward revision primarily reflected downward revisions to consumer spending, to inventory investment, to exports, and to state and local government spending that were partly offset by an upward revision to nonresidential fixed investment.<sup>2</sup> In the third quarter, real GDP increased 4.1 percent.

- Prices of goods and services purchased by U.S. residents increased 1.5 percent in the fourth quarter after increasing 1.8 percent in the third quarter. Food prices and energy prices both turned down in the fourth quarter. Excluding food and energy, prices increased 1.8 percent in the fourth quarter after increasing 1.5 percent.
- Real disposable personal income (DPI) increased 0.7 percent in the fourth quarter, 0.1 percentage point less than in the advance estimate; in the third quarter, it increased 3.0 percent (revised) (see page 9).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.5 percent; in the third quarter, the rate was 4.9 percent (revised).
- For 2013, real GDP increased 1.9 percent (from the 2012 annual level to the 2013 annual level) after increasing 2.8 percent in 2012.

1. “Real” estimates are in chained (2009) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “Revisions to GDP, GDI, and Their Major Components” in the July 2011 SURVEY OF CURRENT BUSINESS. 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.”

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



Lisa S. Mataloni prepared this article.

## Real GDP Overview

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[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)			
		2013					2013			
		IV	I	II	III	IV	I	II	III	IV
<b>Gross domestic product</b> <sup>1</sup> .....	<b>100.0</b>	<b>1.1</b>	<b>2.5</b>	<b>4.1</b>	<b>2.4</b>	<b>1.1</b>	<b>2.5</b>	<b>4.1</b>	<b>2.4</b>	
<b>Personal consumption expenditures</b> .....	<b>68.2</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>	<b>2.6</b>	<b>1.54</b>	<b>1.24</b>	<b>1.36</b>	<b>1.73</b>	
Goods .....	23.0	3.7	3.1	4.5	3.2	0.85	0.71	1.03	0.72	
Durable goods .....	7.5	5.8	6.2	7.9	2.5	0.43	0.46	0.58	0.19	
Nondurable goods .....	15.6	2.7	1.6	2.9	3.5	0.43	0.26	0.46	0.54	
Services .....	45.1	1.5	1.2	0.7	2.2	0.69	0.53	0.32	1.00	
<b>Gross private domestic investment</b> .....	<b>16.3</b>	<b>4.7</b>	<b>9.2</b>	<b>17.2</b>	<b>4.5</b>	<b>0.71</b>	<b>1.38</b>	<b>2.56</b>	<b>0.72</b>	
Fixed investment .....	15.4	-1.5	6.5	5.9	3.8	-0.23	0.96	0.89	0.58	
Nonresidential .....	12.3	-4.6	4.7	4.8	7.3	-0.57	0.56	0.58	0.87	
Structures .....	2.8	-25.7	17.6	13.4	0.2	-0.80	0.43	0.35	0.01	
Equipment .....	5.6	1.6	3.3	0.2	10.6	0.09	0.18	0.02	0.56	
Intellectual property products .....	3.9	3.7	-1.5	5.8	8.0	0.14	-0.06	0.22	0.30	
Residential .....	3.1	12.5	14.2	10.3	-8.7	0.34	0.40	0.31	-0.29	
Change in private inventories .....	0.9	.....	.....	.....	.....	0.93	0.41	1.67	0.14	
<b>Net exports of goods and services</b> .....	<b>-2.7</b>	.....	.....	.....	.....	<b>-0.28</b>	<b>-0.07</b>	<b>0.14</b>	<b>0.99</b>	
Exports .....	13.6	-1.3	8.0	3.9	9.4	-0.18	1.04	0.52	1.22	
Goods .....	9.5	-2.8	9.4	5.6	11.7	-0.27	0.84	0.52	1.04	
Services .....	4.1	2.2	4.8	0.1	4.4	0.09	0.20	0.01	0.18	
Imports .....	16.3	0.6	6.9	2.4	1.5	-0.10	-1.10	-0.39	-0.24	
Goods .....	13.5	-0.2	7.5	2.4	1.5	0.03	-1.00	-0.32	-0.20	
Services .....	2.7	5.0	4.0	2.5	1.3	-0.13	-0.11	-0.07	-0.04	
<b>Government consumption expenditures and gross investment</b> .....	<b>18.2</b>	<b>-4.2</b>	<b>-0.4</b>	<b>0.4</b>	<b>-5.6</b>	<b>-0.82</b>	<b>-0.07</b>	<b>0.08</b>	<b>-1.05</b>	
Federal .....	7.2	-8.4	-1.6	-1.5	-12.8	-0.68	-0.12	-0.11	-1.00	
National defense .....	4.4	-11.2	-0.6	-0.5	-14.4	-0.57	-0.03	-0.02	-0.70	
Nondefense .....	2.8	-3.6	-3.1	-3.1	-10.1	-0.11	-0.09	-0.09	-0.30	
State and local .....	11.1	-1.3	0.4	1.7	-0.5	-0.14	0.05	0.19	-0.05	
<b>Addenda:</b>										
Final sales of domestic product .....	99.1	0.2	2.1	2.5	2.3	0.21	2.07	2.47	2.24	
Goods .....	31.3	5.5	3.9	10.7	8.1	1.63	1.20	3.19	2.46	
Services .....	61.2	0.3	0.7	0.2	0.6	0.21	0.46	0.14	0.37	
Structures .....	7.5	-9.2	11.9	11.1	-5.8	-0.70	0.82	0.80	-0.45	
Motor vehicle output .....	2.8	9.2	12.1	-12.9	19.0	0.24	0.32	-0.38	0.47	
GDP excluding motor vehicle output .....	97.2	0.9	2.2	4.7	2.0	0.91	2.16	4.51	1.91	
Final sales of computers .....	0.4	17.5	15.4	-12.4	-5.3	0.07	0.06	-0.05	-0.02	
GDP excluding final sales of computers .....	99.6	1.1	2.4	4.2	2.4	1.08	2.42	4.19	2.40	
Research and development (R&D) .....	2.5	-0.2	1.9	3.0	-0.8	0.00	0.05	0.08	-0.02	
GDP excluding R&D .....	97.5	1.2	2.5	4.2	2.5	1.15	2.43	4.06	2.40	
Gross domestic income (GDI) <sup>2</sup> .....	.....	2.4	3.2	1.8	.....	.....	.....	.....	.....	

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

2. GDI is deflated by the implicit price deflator for GDP. The third-quarter change in GDI reflects the incorporation of revised wage and salary estimates for the third quarter of 2013.

NOTE: Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

Real GDP decelerated in the fourth quarter. The deceleration reflected a slowdown in inventory investment, a larger decrease in federal government spending, and downturns in residential fixed investment and in state and local government spending that were partly offset by accelerations in exports, in consumer spending, and in nonresidential fixed investment and a deceleration in imports.

The acceleration in consumer spending was more than accounted for by a pickup in services. Spending for goods slowed.

The acceleration in nonresidential fixed investment primarily reflected pickups in equipment and, to a lesser extent, in intellectual property products that were partly offset by a slowdown in structures (see page 4).

The downturn in residential fixed investment primarily reflected downturns in brokers' commissions and other ownership transfer costs and in improvements (see page 4).

The slowdown in inventory investment primarily reflected a slowdown in nonfarm inventory investment (see page 5).

The acceleration in exports primarily reflected a pickup in goods; services also picked up.

The deceleration in imports reflected decelerations in both goods and services imports.

Federal spending decreased more than in the third quarter, partly reflecting the effects of the partial government shutdown (see page 7).

The downturn in state and local government spending was more than accounted for by a slowdown in investment in structures.

In the third quarter, real gross domestic income, which measures the output of the economy as the incomes earned and costs incurred in production, increased 1.8 percent (revised) after increasing 3.2 percent in the second quarter. (The fourth-quarter estimate will be available with the release of the third GDP estimate when the source data become available.) (See "Revised Third-Quarter 2013 Income Estimates" on page 9.)

## Consumer Spending

**Table 2. 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)			
		2013				2013			
		IV	I	II	III	IV	I	II	III
<b>PCE</b> <sup>1</sup> .....	<b>100.0</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>	<b>2.6</b>	<b>2.3</b>	<b>1.8</b>	<b>2.0</b>	<b>2.6</b>
<b>Goods</b> .....	<b>33.8</b>	<b>3.7</b>	<b>3.1</b>	<b>4.5</b>	<b>3.2</b>	<b>1.24</b>	<b>1.04</b>	<b>1.50</b>	<b>1.07</b>
<b>Durable goods</b> .....	<b>11.0</b>	<b>5.8</b>	<b>6.2</b>	<b>7.9</b>	<b>2.5</b>	<b>0.62</b>	<b>0.66</b>	<b>0.84</b>	<b>0.28</b>
Motor vehicles and parts .....	3.7	5.2	-0.9	5.0	-0.8	0.19	-0.03	0.18	-0.03
Furnishings and durable household equipment .....	2.5	4.1	9.0	13.2	2.5	0.10	0.21	0.31	0.06
Recreational goods and vehicles .....	3.0	8.1	11.7	11.9	3.5	0.24	0.33	0.34	0.11
Other durable goods .....	1.8	5.8	8.6	0.2	8.1	0.10	0.15	0.00	0.14
<b>Nondurable goods</b> .....	<b>22.8</b>	<b>2.7</b>	<b>1.6</b>	<b>2.9</b>	<b>3.5</b>	<b>0.62</b>	<b>0.37</b>	<b>0.66</b>	<b>0.79</b>
Food and beverages purchased for off-premises consumption .....	7.7	2.0	-1.1	2.7	3.3	0.15	-0.08	0.21	0.25
Clothing and footwear .....	3.1	1.8	5.9	-4.2	5.0	0.06	0.18	-0.14	0.16
Gasoline and other energy goods .....	3.5	4.5	-0.9	3.2	0.7	0.16	-0.03	0.11	0.03
Other nondurable goods .....	8.5	3.0	3.7	5.8	4.2	0.25	0.31	0.48	0.35
<b>Services</b> .....	<b>66.2</b>	<b>1.5</b>	<b>1.2</b>	<b>0.7</b>	<b>2.2</b>	<b>1.01</b>	<b>0.78</b>	<b>0.47</b>	<b>1.48</b>
Household consumption expenditures .....	63.7	2.4	1.4	0.5	2.3	1.53	0.87	0.35	1.43
Housing and utilities .....	18.0	4.7	0.1	-2.5	1.0	0.84	0.01	-0.45	0.19
Health care .....	16.7	1.3	3.6	2.7	1.7	0.21	0.58	0.45	0.29
Transportation services .....	2.8	2.9	0.1	-2.0	0.9	0.08	0.00	-0.06	0.03
Recreation services .....	3.7	2.4	-0.9	4.2	1.6	0.09	-0.03	0.15	0.06
Food services and accommodations .....	6.5	2.5	0.8	0.5	8.0	0.16	0.05	0.03	0.50
Financial services and insurance .....	7.4	5.5	4.0	1.8	4.0	0.39	0.29	0.13	0.30
Other services .....	8.6	-2.8	-0.4	1.0	0.9	-0.25	-0.03	0.09	0.08
Final consumption expenditures of NPISHs <sup>2</sup> .....	2.5	-18.1	-3.9	4.7	1.9	-0.51	-0.10	0.12	0.05
Gross output of NPISHs <sup>3</sup> .....	10.8	-3.0	3.4	2.1	2.2	-0.32	0.36	0.22	0.24
Less: Receipts from sales of goods and services by NPISHs <sup>4</sup> .....	8.2	2.4	5.7	1.3	2.3	0.19	0.45	0.11	0.19

1. The estimates under the contribution columns are also percent changes.  
 2. Gross operating expenses less primary sales to households.  
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).  
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.  
 NOTE: Percent changes are from NIPA table 2.3.1, contributions are from NIPA table 2.3.2, and shares are calculated from NIPA table 2.3.5.  
 NPISHs: Nonprofit institutions serving households

Consumer spending picked up in the fourth quarter, reflecting a pickup in services that was partly offset by a slowdown in goods.

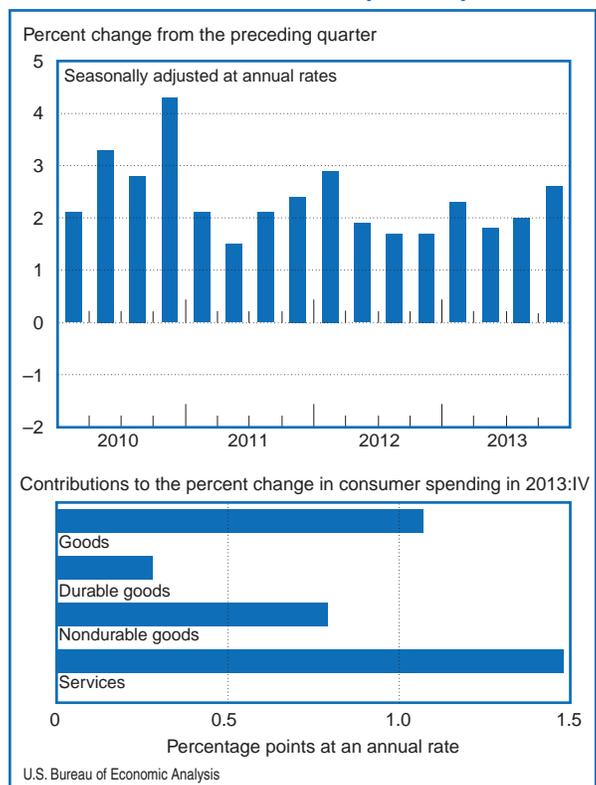
The slowdown in spending for goods was more than accounted for by a slowdown in spending for durable goods.

The slowdown in spending for durable goods reflected slowdowns in furnishings and durable household equipment and in recreational goods and vehicles and a downturn in motor vehicles and parts.

Spending for nondurable goods picked up, primarily reflecting an upturn in clothing and footwear that was partly offset by a slowdown in purchases of "other" nondurable goods.

The pickup in spending for services primarily reflected an upturn in household utilities (mainly due to an upturn in spending for electricity and gas) and pickups in food services and accommodations and in financial services and insurance that were partly offset by slowdowns in spending for health care and for recreation services.

**Chart 2. Real Personal Consumption Expenditures**



## Private Fixed Investment

**Table 3. 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)			
		2013				2013			
		IV	I	II	III	IV	I	II	III
<b>Private fixed investment<sup>1</sup>.....</b>	<b>100.0</b>	<b>-1.5</b>	<b>6.5</b>	<b>5.9</b>	<b>3.8</b>	<b>-1.5</b>	<b>6.5</b>	<b>5.9</b>	<b>3.8</b>
<b>Nonresidential.....</b>	<b>79.8</b>	<b>-4.6</b>	<b>4.7</b>	<b>4.8</b>	<b>7.3</b>	<b>-3.75</b>	<b>3.80</b>	<b>3.89</b>	<b>5.68</b>
<b>Structures.....</b>	<b>22.7</b>	<b>-25.7</b>	<b>17.6</b>	<b>13.4</b>	<b>0.2</b>	<b>-5.29</b>	<b>2.90</b>	<b>2.31</b>	<b>0.04</b>
Commercial and health care	5.0	-0.5	-5.2	18.2	32.6	-0.02	-0.22	0.72	1.25
Manufacturing.....	2.6	-5.4	-19.2	55.5	-29.6	-0.11	-0.39	0.84	-0.67
Power and communication	4.6	-68.3	37.8	2.9	-18.6	-4.67	1.19	0.11	-0.74
Mining exploration, shafts, and wells.....	7.6	-1.6	30.8	10.6	-1.9	-0.08	1.43	0.56	-0.10
Other structures <sup>2</sup> .....	2.9	-15.2	41.0	2.7	11.5	-0.42	0.90	0.08	0.30
<b>Equipment.....</b>	<b>57.0</b>	<b>1.6</b>	<b>3.3</b>	<b>0.2</b>	<b>10.6</b>	<b>0.59</b>	<b>1.27</b>	<b>0.14</b>	<b>3.68</b>
Information processing equipment.....	27.1	-2.7	9.3	2.0	-0.5	-0.31	1.05	0.24	-0.05
Computers and peripheral equipment...	3.7	-15.8	-14.9	2.2	31.2	-0.56	-0.49	0.07	0.82
Other <sup>3</sup> .....	8.8	3.0	19.8	1.9	-10.2	0.24	1.55	0.17	-0.87
Industrial equipment.....	9.6	0.3	-1.0	15.5	-4.5	0.02	-0.07	1.16	-0.36
Transportation equipment....	9.5	-7.6	6.5	3.0	26.9	-0.68	0.56	0.26	2.07
Other equipment <sup>4</sup> .....	10.7	18.8	-3.1	-16.1	26.2	1.56	-0.28	-1.52	2.03
<b>Intellectual property products.....</b>	<b>0.0</b>	<b>3.7</b>	<b>-1.5</b>	<b>5.8</b>	<b>8.0</b>	<b>0.94</b>	<b>-0.37</b>	<b>1.44</b>	<b>1.96</b>
Software <sup>5</sup> .....	0.0	7.7	-5.9	8.5	17.3	0.86	-0.70	0.95	1.85
Research and development <sup>6</sup> .....	0.0	-0.3	2.2	5.1	0.8	-0.04	0.25	0.55	0.09
Entertainment, literary, and artistic originals.....	0.0	4.0	2.8	-2.1	0.7	0.12	0.09	-0.06	0.02
<b>Residential.....</b>	<b>20.2</b>	<b>12.5</b>	<b>14.2</b>	<b>10.3</b>	<b>-8.7</b>	<b>2.27</b>	<b>2.69</b>	<b>2.03</b>	<b>-1.86</b>
<b>Structures.....</b>	<b>19.8</b>	<b>12.6</b>	<b>14.3</b>	<b>10.3</b>	<b>-8.9</b>	<b>2.23</b>	<b>2.66</b>	<b>1.99</b>	<b>-1.86</b>
Permanent site.....	8.8	30.8	16.2	5.4	5.3	1.96	1.18	0.42	0.41
Single family.....	7.5	28.2	12.5	3.8	-0.9	1.54	0.78	0.25	-0.06
Multifamily.....	1.3	46.5	38.2	14.4	43.2	0.42	0.40	0.17	0.47
Other structures <sup>7</sup> .....	11.0	2.4	13.1	13.6	-17.1	0.27	1.48	1.57	-2.27
<b>Equipment.....</b>	<b>0.5</b>	<b>9.3</b>	<b>10.3</b>	<b>11.1</b>	<b>1.2</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.00</b>

Private fixed investment slowed, reflecting a downturn in residential investment that was partly offset by a pickup in nonresidential investment.

The pickup in nonresidential investment reflected pickups in equipment and in intellectual property products that were partly offset by a slowdown in structures.

The slowdown in structures primarily reflected a sharp downturn in investment in manufacturing structures; investment in power and communication structures and in mining exploration, shafts, and wells also turned down.

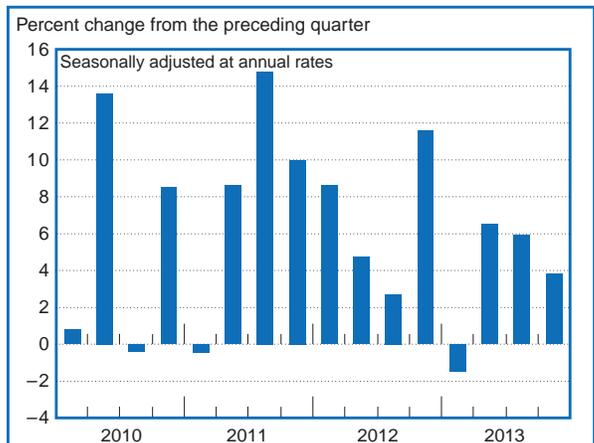
The pickup in investment in equipment primarily reflected upturns in "other" equipment, primarily agricultural machinery and construction machinery.

The pickup in intellectual property products was more than accounted for by an acceleration in software that was partly offset by a slowdown in research and development.

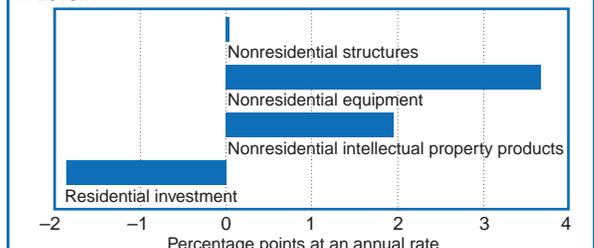
The downturn in residential fixed investment primarily reflected downturns in brokers' commissions and other ownership transfer costs and in improvements.

1. The estimates 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. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.  
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.  
 5. Excludes software "embedded," or bundled, in computers and other equipment.  
 6. Excludes expenditures for software development, which are included in expenditures for software investment.  
 7. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions and other ownership transfer costs.  
 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 percent change in real private fixed investment in 2013:IV



# Inventory Investment

**Table 4. Change in Real Private Inventories by Industry**

[Billions of chained (2009) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter				
	2012	2013				2013				
	IV	I	II	III	IV	I	II	III	IV	
<b>Change in private inventories<sup>1</sup></b>	<b>7.3</b>	<b>42.2</b>	<b>56.6</b>	<b>115.7</b>	<b>117.4</b>	<b>34.9</b>	<b>14.4</b>	<b>59.1</b>	<b>1.7</b>	
Farm.....	-9.6	16.0	19.5	22.8	20.1	25.6	3.5	3.3	-2.7	
Mining, utilities, and construction....	-2.5	-9.8	0.5	8.8	-9.8	-7.3	10.3	8.3	-18.6	
Manufacturing.....	-17.5	6.1	10.9	18.0	14.0	23.6	4.8	7.1	-4.0	
Durable-goods industries.....	3.1	5.4	8.0	17.3	16.3	2.3	2.6	9.3	-1.0	
Nondurable-goods industries.....	-18.9	0.9	3.1	1.6	-1.3	19.8	2.2	-1.5	-2.9	
Wholesale trade.....	9.7	9.7	2.7	28.6	45.4	0.0	-7.0	25.9	16.8	
Durable-goods industries.....	14.5	11.2	5.7	22.0	22.4	-3.3	-5.5	16.3	0.4	
Nondurable-goods industries.....	-3.2	-0.5	-2.3	7.6	22.6	2.7	-1.8	9.9	15.0	
Retail trade.....	24.7	17.2	19.5	31.1	43.5	-7.5	2.3	11.6	12.4	
Motor vehicle and parts dealers	13.7	6.0	14.6	14.1	29.0	-7.7	8.6	-0.5	14.9	
Food and beverage stores.....	0.4	0.8	0.9	0.3	1.3	0.4	0.1	-0.6	1.0	
General merchandise stores.....	5.5	5.7	0.9	4.8	1.9	0.2	-4.8	3.9	-2.9	
Other retail stores.....	5.3	4.9	3.4	12.2	11.7	-0.4	-1.5	8.8	-0.5	
Other industries.....	6.6	-0.9	-0.4	3.0	1.8	-7.5	0.5	3.4	-1.2	
Residual <sup>2</sup> .....	-7.6	2.5	2.7	1.2	1.4	10.1	0.2	-1.5	0.2	
<b>Addenda: Ratios of private inventories to final sales of domestic business:<sup>3</sup></b>										
Private inventories to final sales	2.30	2.31	2.31	2.32	2.32	.....	.....	.....	.....	
Nonfarm inventories to final sales	2.13	2.13	2.12	2.13	2.13	.....	.....	.....	.....	
Nonfarm inventories to final sales of goods and structures.....	3.81	3.82	3.80	3.79	3.79	.....	.....	.....	.....	

1. The levels are from NIPA table 5.7.6B.

2. The residual is the difference between the first line and the sum of the most detailed lines.

3. The ratios are from NIPA table 5.8.6B.

NOTE: The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment slowed in the fourth quarter, increasing \$1.7 billion after increasing \$59.1 billion in the third quarter. The slowdown primarily reflected downturns in mining, utilities, and construction industries and in manufacturing industries and a slowdown in wholesale trade industries.

Mining, utilities, and construction industries decreased \$18.6 billion after increasing \$8.3 billion.

The downturn in manufacturing industries primarily reflected a downturn in inventory investment by durable-goods industries. The largest contributors were the machinery industry, the primary metals industry, and the motor vehicles and parts industry.

Wholesale trade industries increased \$16.8 billion after increasing \$25.9 billion. The slowdown primarily reflected a slowdown in durable-goods industries.

### Inventory Investment

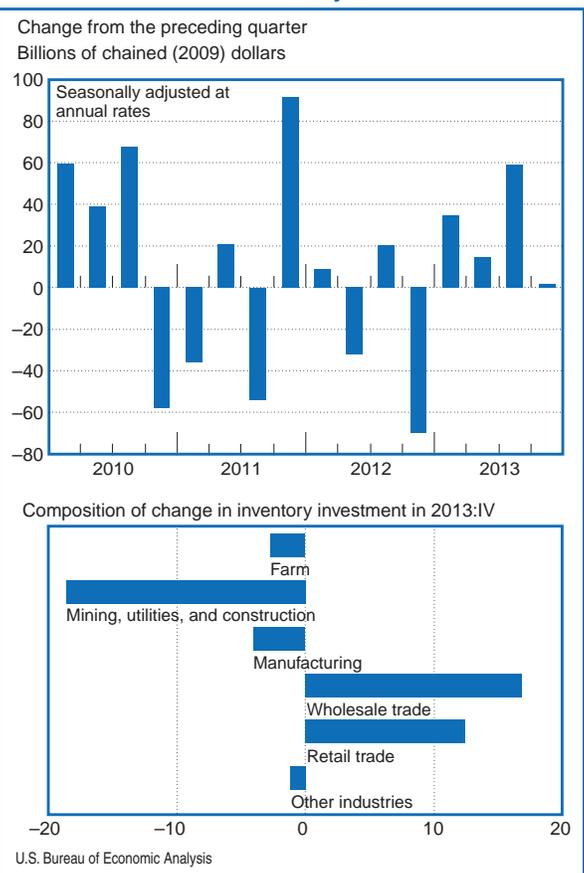
The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

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, the 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 provides estimates for incomplete industry data.

**Chart 4. Real Private Inventory Investment**



## Exports and Imports

**Table 5. 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)			
		2013					2013			
		IV	I	II	III	IV	I	II	III	IV
<b>Exports of goods and services</b> <sup>1</sup>	<b>100.0</b>	<b>-1.3</b>	<b>8.0</b>	<b>3.9</b>	<b>9.4</b>	<b>-1.3</b>	<b>8.0</b>	<b>3.9</b>	<b>9.4</b>	
<b>Exports of goods</b> <sup>2</sup>	<b>69.6</b>	<b>-2.8</b>	<b>9.4</b>	<b>5.6</b>	<b>11.7</b>	<b>-1.99</b>	<b>6.49</b>	<b>3.84</b>	<b>8.07</b>	
Foods, feeds, and beverages .....	6.3	-0.8	-27.4	41.5	85.5	-0.04	-1.79	1.93	3.87	
Industrial supplies and materials .....	22.1	-0.2	9.0	14.5	10.8	-0.05	1.92	2.96	2.35	
Capital goods, except automotive .....	23.2	-4.4	14.2	-2.2	0.5	-1.06	3.27	-0.51	0.18	
Automotive vehicles, engines, and parts .....	6.6	3.1	21.0	2.9	-4.9	0.20	1.31	0.20	-0.33	
Consumer goods, except automotive .....	8.2	0.2	36.5	-19.6	11.8	0.02	2.71	-1.84	0.96	
Other .....	3.1	-28.6	-27.5	47.2	39.4	-1.06	-0.92	1.11	1.04	
<b>Exports of services</b> <sup>2</sup>	<b>30.4</b>	<b>2.2</b>	<b>4.8</b>	<b>0.1</b>	<b>4.4</b>	<b>0.66</b>	<b>1.49</b>	<b>0.04</b>	<b>1.35</b>	
<b>Imports of goods and services</b> <sup>1</sup>	<b>100.0</b>	<b>0.6</b>	<b>6.9</b>	<b>2.4</b>	<b>1.5</b>	<b>0.60</b>	<b>6.90</b>	<b>2.40</b>	<b>1.50</b>	
<b>Imports of goods</b> <sup>2</sup>	<b>83.2</b>	<b>-0.2</b>	<b>7.5</b>	<b>2.4</b>	<b>1.5</b>	<b>-0.19</b>	<b>6.23</b>	<b>2.00</b>	<b>1.25</b>	
Foods, feeds, and beverages .....	4.2	11.9	3.6	-7.7	-0.3	0.47	0.16	-0.34	-0.01	
Industrial supplies and materials, except petroleum and products .....	10.3	10.0	-0.7	8.7	-4.8	1.02	-0.05	0.89	-0.51	
Petroleum and products .....	13.6	-10.7	-3.6	-3.1	-7.9	-1.70	-0.52	-0.44	-1.14	
Capital goods, except automotive .....	20.6	-0.7	2.9	7.9	10.2	-0.14	0.60	1.54	2.00	
Automotive vehicles, engines, and parts .....	11.5	-12.1	29.0	20.6	-1.9	-1.40	2.84	2.14	-0.22	
Consumer goods, except automotive .....	19.6	0.4	8.8	-0.5	8.1	0.07	1.70	-0.09	1.51	
Other .....	3.3	55.1	48.5	-37.2	-10.4	1.48	1.50	-1.70	-0.37	
<b>Imports of services</b> <sup>2</sup>	<b>16.8</b>	<b>5.0</b>	<b>4.0</b>	<b>2.5</b>	<b>1.3</b>	<b>0.81</b>	<b>0.68</b>	<b>0.41</b>	<b>0.22</b>	
<b>Addenda:</b>										
Exports of agricultural goods <sup>3</sup> .....	6.9	-0.6	-24.6	33.7	79.6	.....	.....	.....	.....	
Exports of nonagricultural goods .....	62.7	-3.1	13.5	3.2	6.3	.....	.....	.....	.....	
Imports of nonpetroleum goods .....	69.6	2.2	9.9	3.5	3.5	.....	.....	.....	.....	

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.

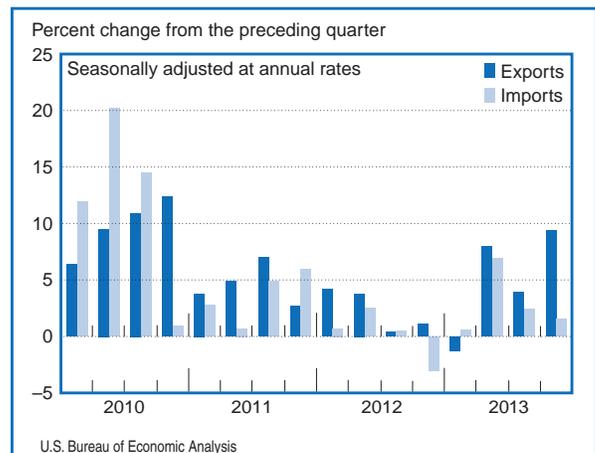
Exports of goods picked up in the fourth quarter. The pickup primarily reflected an upturn in nonautomotive consumer goods, a pickup in foods, feeds, and beverages, and an upturn in nonautomotive capital goods that were partly offset by a slowdown in industrial supplies and materials and a downturn in automotive vehicles, engines, and parts.

Exports of services also picked up. The pickup primarily reflected an upturn in "other" private services and a pickup in travel.

Imports of goods slowed. The slowdown primarily reflected downturns in automotive vehicles, engines, and parts and in nonpetroleum industrial supplies and materials and a larger decrease in petroleum and products that were partly offset by an upturn in nonautomotive consumer goods, a smaller decrease in "other" goods, and a pickup in nonautomotive capital goods.

Imports of services slowed. The slowdown reflected a larger decrease in direct defense services and a slowdown in "other" transportation services that were partly offset by a pickup in travel.

**Chart 5. Real Exports and Imports of Goods and Services**



## Government Spending

**Table 6. 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)			
		2013				2013			
	IV	I	II	III	IV	I	II	III	IV
<b>Government consumption expenditures and gross investment<sup>1</sup></b> .....	<b>100.0</b>	<b>-4.2</b>	<b>-0.4</b>	<b>0.4</b>	<b>-5.6</b>	<b>-4.2</b>	<b>-0.4</b>	<b>0.4</b>	<b>-5.6</b>
Consumption expenditures.....	80.5	-2.7	-1.1	-0.8	-5.1	-2.2	-0.9	-0.6	-4.1
Gross investment.....	19.5	-10.1	2.4	5.5	-7.3	-2.0	0.5	1.0	-1.4
<b>Federal</b> .....	<b>39.3</b>	<b>-8.4</b>	<b>-1.6</b>	<b>-1.5</b>	<b>-12.8</b>	<b>-3.5</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-5.3</b>
<b>National defense</b> .....	<b>24.2</b>	<b>-11.2</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-14.4</b>	<b>-2.9</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-3.7</b>
Consumption expenditures.....	19.2	-9.6	-3.2	-1.7	-14.0	-2.0	-0.6	-0.3	-2.9
Gross investment.....	5.0	-17.3	10.2	4.6	-16.0	-1.0	0.5	0.2	-0.9
<b>Nondefense</b> .....	<b>15.1</b>	<b>-3.6</b>	<b>-3.1</b>	<b>-3.1</b>	<b>-10.1</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-1.6</b>
Consumption expenditures.....	11.4	-2.4	-3.4	-4.2	-12.3	-0.3	-0.4	-0.5	-1.5
Gross investment.....	3.7	-7.2	-2.2	0.5	-2.8	-0.3	-0.1	0.0	-0.1
<b>State and local</b> .....	<b>60.7</b>	<b>-1.3</b>	<b>0.4</b>	<b>1.7</b>	<b>-0.5</b>	<b>-0.7</b>	<b>0.2</b>	<b>1.0</b>	<b>-0.3</b>
Consumption expenditures.....	50.0	0.1	0.4	0.4	0.4	0.1	0.2	0.2	0.2
Gross investment.....	10.7	-7.5	0.4	7.7	-4.5	-0.8	0.1	0.8	-0.5

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

Government spending turned down in the fourth quarter, reflecting a larger decrease in federal government spending and a downturn in state and local government spending.

The larger decrease in federal government spending reflected larger decreases in both national defense spending and nondefense spending.

The larger fourth-quarter decrease in national defense spending primarily reflected a large downturn in intermediate services purchased.

Nondefense spending also decreased more than in the third quarter, primarily reflecting a larger decrease in compensation of general government employees that reflected a reduction in hours worked related to the partial government shutdown in October 2013 (see the box “[Note on the Effects of the Partial Government Shutdown](#)” in the February 2014 SURVEY).

The slowdown in state and local government spending was more than accounted for by a downturn in investment in structures.

### Government Spending

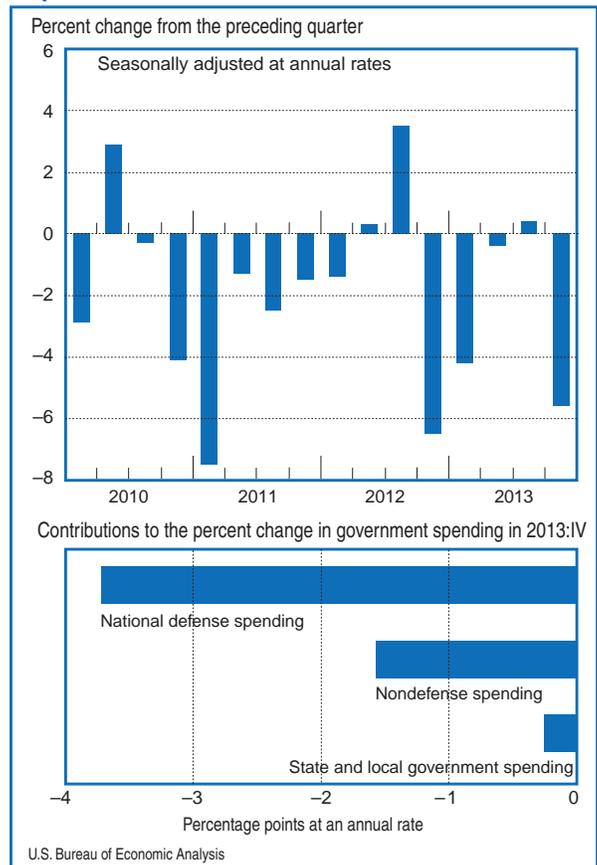
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

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 (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams), of equipment, and of intellectual property products 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.

**Chart 6. Real Government Consumption Expenditures and Gross Investment**



## Prices

**Table 7. Prices for Gross Domestic Purchases**

[Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2013				2013			
	I	II	III	IV	I	II	III	IV
<b>Gross domestic purchases<sup>1</sup></b> .....	<b>1.2</b>	<b>0.2</b>	<b>1.8</b>	<b>1.5</b>	<b>1.2</b>	<b>0.2</b>	<b>1.8</b>	<b>1.5</b>
<b>Personal consumption expenditures</b> .....	<b>1.1</b>	<b>-0.1</b>	<b>1.9</b>	<b>1.0</b>	<b>0.72</b>	<b>-0.08</b>	<b>1.27</b>	<b>0.69</b>
Goods.....	-1.0	-3.3	2.2	-1.0	-0.22	-0.76	0.50	-0.23
Durable goods.....	-1.1	-2.0	-2.3	-2.2	-0.08	-0.14	-0.17	-0.16
Nondurable goods.....	-0.9	-4.0	4.5	-0.5	-0.14	-0.62	0.67	-0.07
Services.....	2.1	1.6	1.8	2.1	0.94	0.69	0.77	0.93
<b>Gross private domestic investment</b> .....	<b>2.1</b>	<b>1.9</b>	<b>1.7</b>	<b>1.6</b>	<b>0.31</b>	<b>0.28</b>	<b>0.26</b>	<b>0.26</b>
Fixed investment.....	2.3	2.0	2.0	2.6	0.33	0.29	0.29	0.38
Nonresidential.....	1.3	1.2	1.2	1.2	0.16	0.14	0.14	0.14
Structures.....	4.0	5.2	3.1	4.4	0.10	0.13	0.08	0.12
Equipment.....	-0.3	-0.4	0.3	-0.2	-0.02	-0.02	0.02	-0.01
Intellectual property products.....	1.9	1.0	1.0	0.8	0.07	0.04	0.04	0.03
Residential.....	6.3	5.1	5.2	8.2	0.17	0.15	0.15	0.24
Change in private inventories.....	.....	.....	.....	.....	-0.02	-0.01	-0.03	-0.12
<b>Government consumption expenditures and gross investment</b> .....	<b>0.9</b>	<b>0.1</b>	<b>1.6</b>	<b>3.0</b>	<b>0.17</b>	<b>0.02</b>	<b>0.29</b>	<b>0.54</b>
Federal.....	2.4	0.8	1.0	5.3	0.18	0.06	0.08	0.37
National defense.....	2.8	0.9	1.0	3.3	0.13	0.04	0.05	0.14
Nondefense.....	1.8	0.8	1.1	8.7	0.05	0.02	0.03	0.23
State and local.....	-0.1	-0.4	2.0	1.6	-0.01	-0.04	0.22	0.17
<b>Addenda:</b>								
Gross domestic purchases:								
Food.....	1.4	0.3	0.5	-2.4	0.07	0.02	0.03	-0.13
Energy goods and services.....	-4.5	-12.2	11.8	-1.0	-0.16	-0.48	0.41	-0.04
Excluding food and energy.....	1.4	0.8	1.5	1.8	1.29	0.68	1.39	1.65
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption.....	1.3	0.5	1.2	0.1	.....	.....	.....	.....
Energy goods and services.....	-3.4	-11.9	11.8	-1.0	.....	.....	.....	.....
Excluding food and energy.....	1.4	0.6	1.4	1.3	.....	.....	.....	.....
Gross domestic product (GDP).....	1.3	0.6	2.0	1.6	.....	.....	.....	.....
Exports of goods and services.....	1.4	-3.2	1.0	0.5	.....	.....	.....	.....
Imports of goods and services.....	0.5	-5.0	0.2	0.1	.....	.....	.....	.....

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 from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, increased 1.5 percent in the fourth quarter after increasing 1.8 percent in the third quarter. The slowdown primarily reflected a deceleration in consumer prices.

The deceleration in consumer prices reflected a downturn in goods prices that was partly offset by a pickup in services prices.

The downturn in goods prices was mostly accounted for by a downturn in the prices paid for gasoline and other energy goods.

Prices paid for residential investment picked up, increasing 8.2 percent after increasing 5.2 percent. The pickup primarily reflected upturns in the prices paid for the construction of new single-family structures and for improvements.

Prices paid by the federal government accelerated, increasing 5.3 percent after increasing 1.0 percent; the acceleration primarily reflected a large pickup in prices for federal nondefense spending.

The pickup in prices paid for nondefense spending primarily reflected a temporary increase in the prices paid for the compensation of federal government employees that was related to the partial federal government shutdown (see the box “[Note on the Effects of the Partial Government Shutdown](#)” in the February 2014 SURVEY OF CURRENT BUSINESS.)

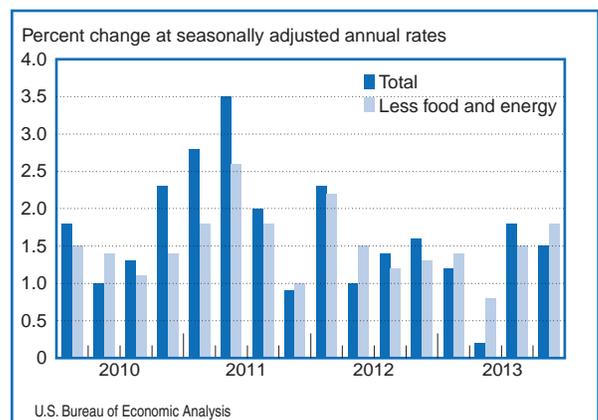
Consumer prices excluding food and energy, a measure of the “core” rate of inflation, slowed slightly, increasing 1.3 percent after increasing 1.4 percent.

**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 imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ “[How do the effects of dollar depreciation show up in the GDP accounts?](#)” on BEA's Web site.

**Chart 7. Gross Domestic Purchases Prices**

## Revisions

**Table 8. Advance and Second Estimates for the Fourth Quarter of 2013**  
 [Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
<b>Gross domestic product (GDP) <sup>1</sup></b> .....	<b>3.2</b>	<b>2.4</b>	<b>-0.8</b>	<b>3.2</b>	<b>2.4</b>	<b>-0.8</b>
<b>Personal consumption expenditures</b> .....	<b>3.3</b>	<b>2.6</b>	<b>-0.7</b>	<b>2.26</b>	<b>1.73</b>	<b>-0.53</b>
Goods .....	4.9	3.2	-1.7	1.12	0.72	-0.40
Durable goods .....	5.9	2.5	-3.4	0.44	0.19	-0.25
Nondurable goods .....	4.4	3.5	-0.9	0.68	0.54	-0.14
Services .....	2.5	2.2	-0.3	1.14	1.00	-0.14
<b>Gross private domestic investment</b> .....	<b>3.4</b>	<b>4.5</b>	<b>1.1</b>	<b>0.56</b>	<b>0.72</b>	<b>0.16</b>
Fixed investment .....	0.9	3.8	2.9	0.14	0.58	0.44
Nonresidential .....	3.8	7.3	3.5	0.46	0.87	0.41
Structures .....	-1.2	0.2	1.4	-0.03	0.01	0.04
Equipment .....	6.9	10.6	3.7	0.38	0.56	0.18
Intellectual property products .....	3.2	8.0	4.8	0.12	0.30	0.18
Residential .....	-9.8	-8.7	1.1	-0.32	-0.29	0.03
Change in private inventories .....				0.42	0.14	-0.28
<b>Net exports of goods and services</b> .....				<b>1.33</b>	<b>0.99</b>	<b>-0.34</b>
Exports .....	11.4	9.4	-2.0	1.48	1.22	-0.26
Goods .....	15.1	11.7	-3.4	1.34	1.04	-0.30
Services .....	3.4	4.4	1.0	0.14	0.18	0.04
Imports .....	0.9	1.5	0.6	-0.15	-0.24	-0.09
Goods .....	0.8	1.5	0.7	-0.11	-0.20	-0.09
Services .....	1.5	1.3	-0.2	-0.04	-0.04	0.00
<b>Government consumption expenditures and gross investment</b> .....	<b>-4.9</b>	<b>-5.6</b>	<b>-0.7</b>	<b>-0.93</b>	<b>-1.05</b>	<b>-0.12</b>
Federal .....	-12.6	-12.8	-0.2	-0.98	-1.00	-0.02
National defense .....	-14.0	-14.4	-0.4	-0.68	-0.70	-0.02
Nondefense .....	-10.3	-10.1	0.2	-0.30	-0.30	0.00
State and local .....	0.5	-0.5	-1.0	0.06	-0.05	-0.11
<b>Addenda:</b>						
Final sales of domestic product .....	2.8	2.3	-0.5	2.81	2.24	-0.57
Gross domestic purchases price index .....	1.2	1.5	0.3			
GDP price index .....	1.3	1.6	0.3			

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

The downward revision to consumer spending reflected downward revisions to spending for both goods and for services.

The downward revision to spending for goods was widespread. The largest contributors were recreational goods and vehicles and clothing and footwear.

The downward revision to spending for services was also widespread. The largest contributor was food services and accommodations.

The upward revision to nonresidential fixed investment primarily reflected upward revisions to equipment and to intellectual property products.

The downward revision to inventory investment primarily reflected a downward revision to wholesale trade industries that was partly offset by an upward revision to retail trade industries.

The downward revision to exports was more than accounted for by a downward revision to exports of goods. The largest contributors were nonautomotive capital goods and nonautomotive consumer goods.

The downward revision to state and local government spending was more than accounted for by a downward revision to gross investment, primarily reflecting a downward revision to structures.

### Major Source Data for the Second Estimates

*Consumer spending:* retail sales for October–December (revised). Motor vehicle registrations data for December (new). Energy Information Administration data for motor vehicle fuels, lubricants, and fluids for November (new), for retail electricity sales for November (new), and for natural gas usage for November (new).

*Nonresidential fixed investment:* construction spending (value put in place) for October and November (revised) and December (new). Manufacturers' shipments (M3) of machinery and equipment for November and December (revised). Exports and imports for October and November (revised) and December (new).

*Residential fixed investment:* construction spending (value put in place) for October and November (revised) and for December (new).

*Inventory investment:* manufacturers' inventories for October–December (revised) and trade inventories for October and November (revised) and December (new).

*Exports and imports:* international trade in goods and services for October and November (revised) and December (new).

*Government spending:* state and local construction spending for October and November (revised) and December (new).

*Prices:* BLS consumer price indexes for January 2009 to December 2013 (revised), reflecting updated seasonal adjustment factors.

### Revised Third-Quarter 2013 Income Estimates

With the release of the second estimate of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. The revision reflected the incorporation of third-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics (BLS).

Wages and salaries increased \$45.2 billion, a downward revision of \$0.9 billion. Personal current taxes decreased \$11.2 billion, a downward revision of \$0.2 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$5.7 billion, a downward revision of \$0.1 billion.

As a result of these revisions,

- Personal income increased \$139.1 billion, a downward revision of \$0.9 billion.
- Disposable personal income increased \$150.3 billion, a downward revision of \$0.7 billion.
- Personal saving increased \$36.9 billion, an downward revision of \$0.7 billion.