

GDP and the Economy

Advance Estimates for the Fourth Quarter of 2009

REAL GROSS domestic product (GDP) increased 5.7 percent at an annual rate in the fourth quarter of 2009, the largest increase since the third quarter of 2003, according to the “advance” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ In the third quarter, real GDP increased 2.2 percent. For the year 2009, real GDP decreased 2.4 percent after increasing 0.4 percent in 2008 (see page 6).

The acceleration in real GDP in the fourth quarter primarily reflected an acceleration in inventory investment, a deceleration in imports, and an upturn in nonresidential fixed investment. In contrast, federal government spending and consumer spending both decelerated.²

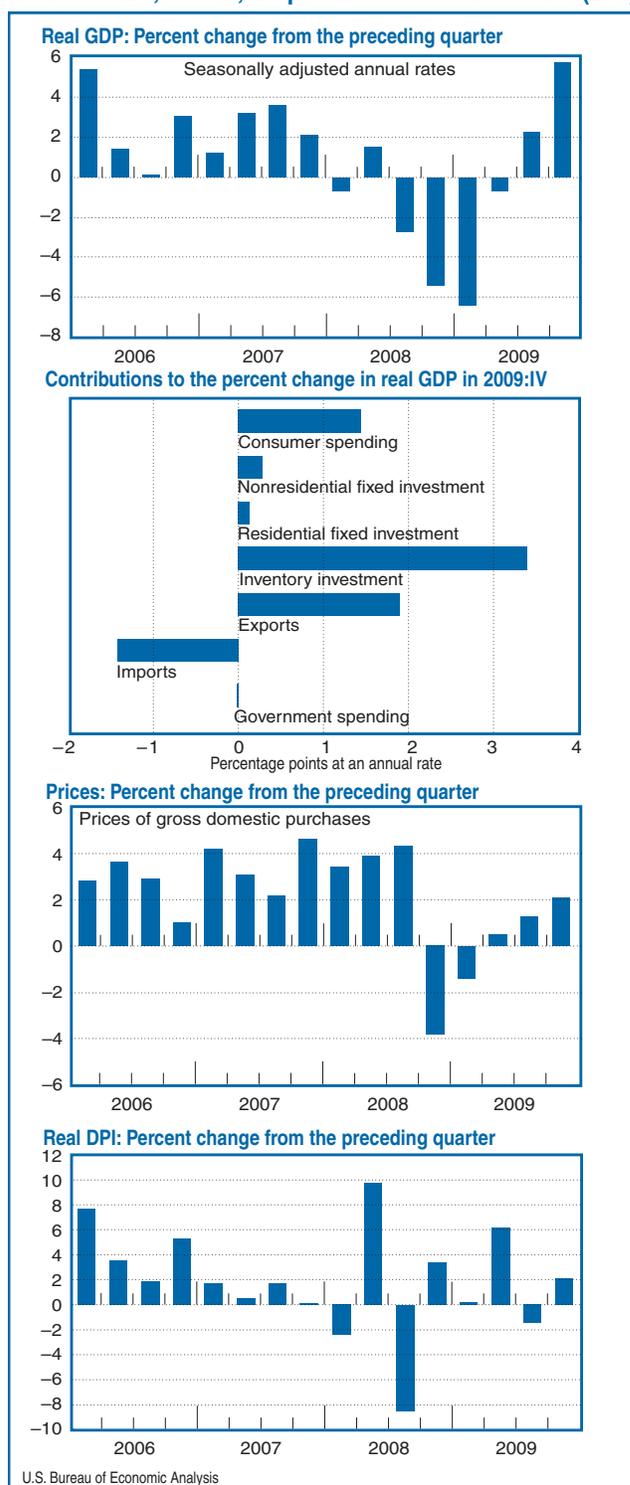
- Businesses drew down inventories for the seventh straight quarter. However, the drawdown in the fourth quarter was much less than in the third quarter, resulting in a strong contribution to GDP growth (see page 2).
- Prices of goods and services purchased by U.S. residents rose 2.1 percent in the fourth quarter after rising 1.3 percent in the third quarter (see page 3). Energy prices slowed, and food prices turned up. Excluding food and energy, gross domestic purchases prices rose 1.2 percent after rising 0.3 percent.
- Real disposable personal income (DPI) increased 2.1 percent after decreasing 1.4 percent. The upturn primarily reflected an acceleration in current-dollar DPI, which in turn resulted from a sharp acceleration in personal income and a downturn in personal current taxes.
- Personal saving as a percentage of current-dollar DPI was 4.6 percent in the fourth quarter; in the third quarter, the rate was 4.5 percent.

1. “Real” estimates are in chained (2005) 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. 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	2009					2009			
	IV	I	II	III	IV	I	II	III	IV	
Gross domestic product ¹	100.0	-6.4	-0.7	2.2	5.7	-6.4	-0.7	2.2	5.7	
Personal consumption expenditures	70.9	0.6	-0.9	2.8	2.0	0.44	-0.62	1.96	1.44	
Goods.....	23.1	2.5	-3.1	7.2	2.6	0.56	-0.71	1.59	0.61	
Durable goods.....	7.3	3.9	-5.6	20.4	-0.9	0.28	-0.41	1.36	-0.06	
Nondurable goods.....	15.9	1.9	-1.9	1.5	4.3	0.29	-0.29	0.23	0.67	
Services.....	47.7	-0.3	0.2	0.8	1.7	-0.13	0.09	0.37	0.83	
Gross private domestic investment	11.6	-50.5	-23.7	5.0	39.3	-8.98	-3.10	0.54	3.82	
Fixed investment.....	11.9	-39.0	-12.5	-1.3	3.5	-6.62	-1.68	-0.15	0.43	
Nonresidential.....	9.4	-39.2	-9.6	-5.9	2.9	-5.29	-1.01	-0.59	0.29	
Structures.....	3.0	-43.6	-17.3	-18.4	-15.4	-2.28	-0.69	-0.68	-0.52	
Equipment and software.....	6.4	-36.4	-4.9	1.5	13.3	-3.01	-0.32	0.10	0.81	
Residential.....	2.5	-38.2	-23.3	18.9	5.7	-1.33	-0.67	0.43	0.14	
Change in private inventories.....	-0.3	.....	.....	.....	.....	-2.36	-1.42	0.69	3.39
Net exports of goods and services	-3.0	.....	.....	.....	.....	2.64	1.65	-0.81	0.50
Exports.....	11.5	-29.9	-4.1	17.8	18.1	-3.95	-0.45	1.78	1.90	
Goods.....	7.8	-36.9	-6.3	24.6	28.1	-3.41	-0.45	1.58	1.90	
Services.....	3.7	-13.6	0.1	5.6	0.0	-0.54	0.00	0.20	0.00	
Imports.....	14.5	-36.4	-14.7	21.3	10.5	6.58	2.09	-2.59	-1.41	
Goods.....	11.9	-41.0	-16.5	25.1	14.5	6.25	1.89	-2.41	-1.55	
Services.....	2.7	-11.5	-7.5	7.0	-5.2	0.34	0.21	-0.18	0.14	
Government consumption expenditures and gross investment	20.5	-2.6	6.7	2.6	-0.2	-0.52	1.33	0.55	-0.02	
Federal.....	8.1	-4.3	11.4	8.0	0.1	-0.33	0.85	0.62	0.02	
National defense.....	5.5	-5.1	14.0	8.4	-3.5	-0.27	0.70	0.45	-0.19	
Nondefense.....	2.6	-2.5	6.1	7.0	8.1	-0.06	0.15	0.17	0.21	
State and local.....	12.4	-1.5	3.9	-0.6	-0.3	-0.19	0.48	-0.08	-0.04	

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	2009					2009			
	IV	I	II	III	IV	I	II	III	IV	
Gross domestic product ¹	100.0	-6.4	-0.7	2.2	5.7	-6.4	-0.7	2.2	5.7	
Final sales of domestic product.....	100.3	-4.1	0.7	1.5	2.2	-4.07	0.68	1.54	2.34	
Change in private inventories.....	-0.3	.....	.....	.....	.....	-2.36	-1.42	0.69	3.39
Goods.....	26.5	-8.7	-3.2	6.3	20.9	-2.19	-0.84	1.60	5.09	
Services.....	65.7	-0.9	1.5	1.1	1.7	-0.53	0.96	0.70	1.14	
Structures.....	7.8	-34.0	-9.7	-0.8	-6.2	-3.70	-0.86	-0.06	-0.50	
Addenda:										
Motor vehicle output.....	2.1	-64.5	13.3	131.8	35.3	-1.69	0.19	1.45	0.61	
GDP excluding motor vehicle output.....	97.9	-4.9	-0.9	0.8	5.2	-4.74	-0.93	0.78	5.12	
Final sales of computers.....	0.5	11.2	-7.3	-13.9	-6.4	0.06	-0.04	-0.08	-0.03	
GDP excluding final sales of computers.....	99.5	-6.5	-0.7	2.3	5.8	-6.49	-0.69	2.32	5.76	

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 increased 2.0 percent in the fourth quarter after increasing 2.8 percent, and contributed 1.44 percentage points to real GDP growth. The slowdown mainly reflected a downturn in durable goods that was partly offset by accelerations in services and in nondurable goods.

Nonresidential fixed investment turned up, increasing 2.9 percent after decreasing 5.9 percent. The upturn mainly reflected a sharp acceleration in equipment and software.

Residential investment increased 5.7 percent after increasing 18.9 percent. The slowdown largely reflected a slowdown in investment in single-family structures.

Inventory investment accelerated, reflecting a much slower drawdown in inventories than in the third quarter. The change in inventory investment added 3.39 percentage points to fourth-quarter real GDP growth, the largest positive contribution since the fourth quarter of 1987.

Exports picked up slightly, increasing 18.1 percent after increasing 17.8 percent. The pickup mainly reflected an acceleration in exports of goods; exports of services decelerated.

Imports slowed, primarily reflecting a downturn in petroleum and products and a slowdown in automotive vehicles, engines, and parts. Imports of services turned down.

Federal government spending decelerated, reflecting a downturn in national defense spending that was partly offset by a slight pickup in nondefense spending.

State and local government spending decreased somewhat less than in the third quarter.

Real final sales of domestic product, real GDP less inventory investment, increased 2.2 percent after increasing 1.5 percent. The largest increase since the second quarter of 2008, the fourth-quarter increase added 2.34 percentage points to real GDP growth.

Motor vehicle output slowed, increasing 35.3 percent after increasing 131.8 percent in the third quarter.

Final sales of computers decreased less than in the third quarter.

Prices

Table 3. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2005=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2009				2009			
	I	II	III	IV	I	II	III	IV
Gross domestic purchases¹	-1.4	0.5	1.3	2.1	-1.4	0.5	1.3	2.1
Personal consumption expenditures	-1.5	1.4	2.6	2.7	-1.01	0.93	1.77	1.84
Goods	-6.0	2.7	5.4	4.1	-1.35	0.58	1.17	0.91
Durable goods	-1.7	0.3	-3.1	0.1	-0.12	0.02	-0.22	0.01
Nondurable goods	-7.9	3.8	9.6	6.0	-1.23	0.56	1.39	0.90
Services	0.7	0.7	1.3	2.0	0.34	0.34	0.60	0.93
Gross private domestic investment	-1.8	-4.5	-5.7	-1.4	-0.22	-0.51	-0.63	-0.15
Fixed investment	-2.0	-4.4	-4.4	-0.8	-0.27	-0.55	-0.54	-0.09
Nonresidential	-1.3	-4.2	-4.9	-1.6	-0.13	-0.42	-0.47	-0.14
Structures	-3.5	-10.2	-10.1	-2.2	-0.14	-0.38	-0.35	-0.07
Equipment and software	0.1	-0.6	-1.9	-1.2	0.01	-0.04	-0.12	-0.08
Residential	-4.9	-5.2	-2.7	2.2	-0.14	-0.13	-0.07	0.05
Change in private inventories .....	.....	.....	.....	.....	0.05	0.04	-0.09	-0.06
Government consumption expenditures and gross investment	-1.1	0.4	0.9	2.1	-0.21	0.09	0.19	0.42
Federal	1.7	0.5	1.4	2.0	0.12	0.04	0.11	0.16
National defense	0.9	0.3	1.9	2.6	0.05	0.02	0.10	0.14
Nondefense	3.3	0.9	0.3	0.9	0.08	0.02	0.01	0.02
State and local	-2.8	0.4	0.6	2.1	-0.34	0.05	0.08	0.26
Addenda:								
Gross domestic purchases:								
Food	-1.1	-3.5	-2.0	0.2	-0.06	-0.20	-0.11	0.01
Energy goods and services	-36.1	-1.3	39.8	29.8	-1.59	-0.05	1.16	0.97
Excluding food and energy	0.2	0.8	0.3	1.2	0.22	0.75	0.28	1.13
Personal consumption expenditures (PCE):								
Food	-1.1	-3.6	-2.1	0.2	.....	.....	.....	.....
Energy goods and services	-36.7	-2.0	40.6	30.4	.....	.....	.....	.....
Excluding food and energy	1.1	2.0	1.2	1.4	.....	.....	.....	.....
"Market-based" PCE	-1.2	1.5	2.8	2.7	.....	.....	.....	.....
Excluding food and energy	1.9	2.3	1.2	1.1	.....	.....	.....	.....
Gross domestic product	1.9	0.0	0.4	0.6	.....	.....	.....	.....

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.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, picked up in the fourth quarter, increasing 2.1 percent after increasing 1.3 percent.

Consumer prices picked up slightly, increasing 2.7 percent after increasing 2.6 percent; the fourth-quarter increase contributed 1.84 percentage points to the percent change in gross domestic purchases prices.

Prices paid for nonresidential fixed investment decreased less than in the third quarter, mainly reflecting a smaller decrease in prices paid for structures.

Prices paid for residential fixed investment turned up, increasing 2.2 percent after decreasing 2.7 percent. It was the first increase in prices since the fourth quarter of 2007.

Prices paid by government accelerated, increasing 2.1 percent after increasing 0.9 percent; the acceleration reflected pickups in prices paid by both federal and state and local governments.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, picked up, increasing 1.4 percent after increasing 1.2 percent.

The GDP price index increased 0.6 percent, 1.5 percentage points less than the percent change in the price index for gross domestic purchases, reflecting a larger increase in import prices (16.3 percent) than in export prices (5.7 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. 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, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

The core PCE price index has been redefined so it now includes purchased meals and beverages, such as restaurant meals, and pet food. For more information, see FAQ 83 on the market-based PCE price index and FAQ 518 on the redefinition of the core PCE price index on BEA's Web site at www.bea.gov.

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				
	2009	2009				
		IV	I	II	III	IV
Personal income	12,203.1	-280.8	96.1	35.1	119.2	
Compensation of employees, received	7,882.1	-244.5	10.1	25.6	40.6	
Wage and salary disbursements	6,368.2	-235.7	5.3	20.1	35.0	
Private industries	5,179.2	-252.6	-7.2	19.6	30.8	
Goods-producing industries	1,048.3	-84.9	-39.5	-12.3	-7.2	
Manufacturing	659.1	-51.2	-19.0	-1.0	-1.9	
Services-producing industries	4,130.9	-167.7	32.2	31.9	38.0	
Trade, transportation, and utilities	995.8	-37.1	-13.0	0.0	6.5	
Other services-producing industries	3,135.1	-130.6	45.2	31.8	31.6	
Government	1,189.0	16.9	12.6	0.4	4.2	
Supplements to wages and salaries	1,513.8	-8.8	4.8	5.5	5.5	
Proprietors' income with IVA and CCAj	1,065.5	-45.8	-9.8	9.9	27.6	
Farm	37.4	-11.7	1.6	-3.1	11.6	
Nonfarm	1,028.1	-34.0	-11.4	12.9	16.1	
Rental income of persons with CCAj	287.4	9.2	16.1	15.9	9.5	
Personal income receipts on assets	1,784.0	-112.6	-72.1	-10.3	20.9	
Personal interest income	1,228.2	-49.5	-2.3	-6.2	-6.7	
Personal dividend income	555.8	-63.1	-69.8	-4.1	27.6	
Personal current transfer receipts	2,162.5	89.3	153.0	-2.8	25.0	
Less: Contributions for government social insurance	978.4	-23.6	1.2	3.1	4.4	
Less: Personal current taxes	1,074.4	-247.0	-104.7	3.5	-11.7	
Equals: Disposable personal income	11,128.6	-33.7	200.8	31.6	130.8	
Less: Personal outlays	10,611.8	-27.6	8.2	132.3	109.0	
Equals: Personal saving	516.9	-6.1	192.6	-100.7	21.9	
Addenda: Special factors in personal income						
In government wages and salaries:						
Federal pay raise	10.3	10.1	0.2	0.0	0.0	
Reservists' pay	9.6	0.3	0.9	0.5	-0.3	
In supplements to wages and salaries:						
Employer contributions for social insurance	3.4	3.4	0.0	0.0	0.0	
In personal current transfer receipts:						
Cost-of-living adjustments	40.5	41.1	0.0	0.0	-0.6	
Social security retroactive payments	2.8	-2.5	0.0	0.0	2.8	
Emergency unemployment compensation	49.1	12.8	6.2	10.3	3.1	
One-time ARRA payments	0.2	0.0	54.4	-53.9	-0.3	
Other AARA-related social benefit payments	68.6	8.8	27.0	16.8	16.0	
Economic Stimulus Act of 2008 rebate payments	0.0	-2.7	0.0	0.0	0.0	
In contributions for government social insurance:						
Increase in taxable wage base	6.1	6.1	0.0	0.0	0.0	
Changes in premiums for supplementary medical insurance	1.8	1.8	0.0	0.0	0.0	
In personal current taxes:						
Federal tax law changes ("Making Work Pay")	-49.8	-3.7	-46.1	0.0	0.0	
Refunds, settlements, and other	-123.4	-123.4	0.0	0.0	0.0	
Economic Stimulus Act of 2008 rebate payments	-19.8	-13.6	0.0	0.0	0.0	

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

CCAj Capital consumption adjustment

Personal income, which is measured in current dollars, accelerated in the fourth quarter, increasing \$119.2 billion after increasing \$35.1 billion. The acceleration reflected upturns in personal dividend income and in personal current transfer receipts, an acceleration in wage and salary disbursements, and an upturn in farm proprietors' income.

Wage and salary disbursements increased \$35.0 billion after increasing \$20.1 billion. The pickup resulted from accelerations in both private industries and government.

Farm proprietors' income increased \$11.6 billion after decreasing \$3.1 billion. The upturn reflected an upturn in prices received by farmers.

Personal dividend income increased \$27.6 billion after decreasing \$4.1 billion.

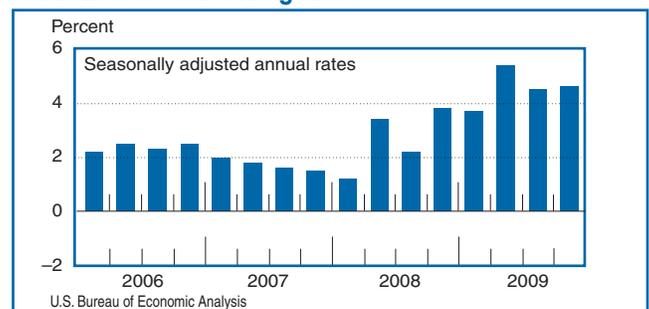
Personal current transfer receipts increased \$25.0 billion after decreasing \$2.8 billion. The upturn primarily reflected a rebound from the effects of the one-time economic recovery payments of \$250 to recipients of social security, supplemental security income, veterans' pensions, and railroad retirement that were distributed in the second quarter.

Personal current taxes decreased \$11.7 billion after increasing \$3.5 billion, reflecting a downturn in state and local income taxes.

Saving

Personal saving—disposable personal income less personal outlays—was \$516.9 billion in the fourth quarter, an increase of \$21.9 billion. The increase reflected a sharp increase of \$130.8 billion in disposable personal income that was partly offset by an increase of \$109.0 billion in personal outlays.

Chart 2. Personal Saving Rate



Source Data for the Advance Estimates

Table 5. Source Data and Key Assumptions for the Advance Estimates of GDP for the Fourth Quarter of 2009

[Billions of dollars, seasonally adjusted at annual rates]

	2009					
	July	August	Sept.	Oct.	Nov.	Dec. ¹
Private fixed investment:						
Nonresidential structures:						
Value of new nonresidential construction put in place	371.2	360.5	347.2	330.6	330.5	330.6
Equipment and software:						
Manufacturers' shipments of complete aircraft	32.5	33.8	43.0	34.0	37.0	44.1
Residential structures:						
Value of new residential construction put in place:						
Single family	102.5	106.9	109.5	111.2	112.7	112.2
Multifamily.....	28.6	26.4	24.5	24.0	23.0	22.9
Change in private inventories:						
Change in inventories for nondurable manufacturing.....	-9.6	2.3	-11.0	34.5	18.5	-21.4
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	-83.4	-80.0	-61.3	11.1	53.9	-45.9
Net exports:²						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis	1,041.2	1,042.2	1,083.6	1,121.6	1,135.6	1,145.9
Excluding gold	1,028.4	1,027.0	1,068.6	1,104.9	1,123.8	1,135.1
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis	1,554.2	1,546.2	1,652.2	1,663.8	1,716.1	1,746.4
Excluding gold	1,544.1	1,538.4	1,643.7	1,652.9	1,704.7	1,735.3
Net exports of goods.....	-513.1	-504.0	-568.6	-542.1	-580.5	-600.5
Excluding gold	-515.7	-511.4	-575.1	-548.1	-580.9	-600.2
State and local government structures:						
Value of new construction put in place.....	295.9	292.7	292.3	293.1	291.6	292.3

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.

Source Data and Key Assumptions for the Advance Estimates of GDP

While the advance estimates of many components of GDP are based on 3 months of source data, some estimates 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 spending (value put in place) (2), manufacturers' shipments of machinery and equipment excluding aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

Residential investment: construction spending (value put in place) (2), single-family housing starts (3), sales of new homes (3), 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 con-

struction spending (value put in place) (2), and state and local government employment (3);

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

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 (table 5):

- A slight increase in nonresidential structures,
- An increase in aircraft shipments,
- Small decreases in single-family and in multifamily residential structures,
- Decreases in inventories of nondurable-goods manufacturing industries and of nonmotor vehicle merchant wholesale and retail trade industries,
- An increase in exports of goods excluding gold and a larger increase in imports of goods excluding gold, and
- A small increase in state and local government structures.

A more comprehensive list is available on BEA's Web site.

Real GDP for 2009

Table 6. Real Gross Domestic Product and Components

	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
Gross domestic product ¹	100.0	0.4	-2.4	0.4	-2.4
Personal consumption expenditures	70.8	-0.2	-0.6	-0.17	-0.40
Goods	22.8	-2.1	-1.9	-0.50	-0.46
Durable goods	7.3	-4.5	-4.0	-0.36	-0.30
Nondurable goods	15.6	-0.8	-1.0	-0.13	-0.16
Services	47.9	0.7	0.1	0.32	0.06
Gross private domestic investment	11.4	-7.3	-23.5	-1.18	-3.49
Fixed investment	12.3	-5.1	-18.4	-0.81	-2.75
Nonresidential	9.7	1.6	-17.9	0.19	-2.09
Structures	3.4	10.3	-19.7	0.39	-0.83
Equipment and software	6.4	-2.6	-16.9	-0.20	-1.27
Residential	2.5	-22.9	-20.4	-1.00	-0.65
Change in private inventories	-0.9	.....	.....	-0.37	-0.74
Net exports of goods and services	-2.7	.....	.....	1.20	1.08
Exports	10.9	5.4	-9.9	0.64	-1.21
Goods	7.3	5.9	-12.5	0.48	-1.04
Services	3.7	4.2	-4.2	0.16	-0.16
Imports	13.7	-3.2	-14.2	0.56	2.28
Goods	11.0	-3.9	-16.3	0.58	2.18
Services	2.7	0.7	-3.8	-0.02	0.10
Government consumption expenditures and gross investment	20.6	3.1	1.9	0.59	0.38
Federal	8.0	7.7	5.2	0.53	0.39
National defense	5.5	7.8	5.4	0.37	0.28
Nondefense	2.6	7.3	4.7	0.16	0.11
State and local	12.5	0.5	-0.1	0.06	-0.01

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 turned down in 2009, decreasing 2.4 percent after increasing 0.4 percent in 2008. The main contributors to the downturn were downturns in nonresidential fixed investment and in exports and larger decreases in inventory investment and in consumer spending.

Consumer spending decreased more than in 2008 and reduced the percent change in real GDP by 0.40 percentage point after reducing it 0.17 percentage point. Spending for services slowed, while spending for durable goods decreased somewhat less than in 2008.

Nonresidential fixed investment turned down, reducing the percent change in real GDP 2.09 percentage points after adding 0.19 percentage point. The downturn reflected a downturn in structures and a larger decrease in equipment and software.

Residential fixed investment decreased slightly less than in 2008.

Inventory investment decreased more than in 2008, reducing the percent change in real GDP 0.74 percentage point after subtracting 0.37 percentage point.

Net exports added 1.08 percentage points to the percent change in real GDP. Exports turned down, but imports decreased more than in 2008.

Government spending slowed, reflecting a slowdown in federal government spending and a downturn in state and local government spending.

Chart 3. Contributions to the Change in Real GDP in 2009

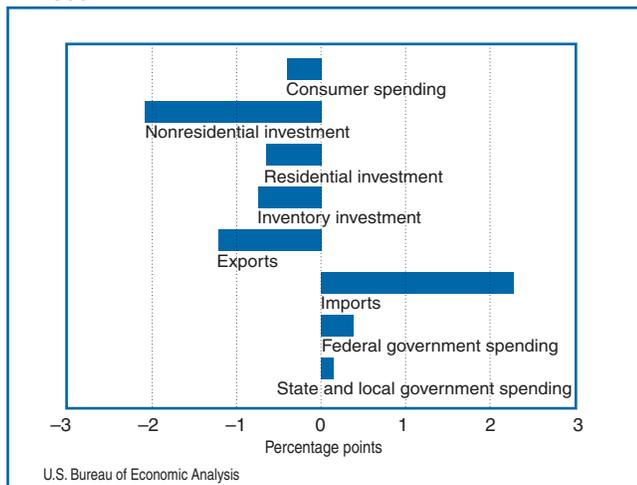


Chart 4. Nonresidential Fixed Investment in Structures and Equipment and Software

