



# Bureau of Economic Analysis

## Survey of Current Business

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November 2005

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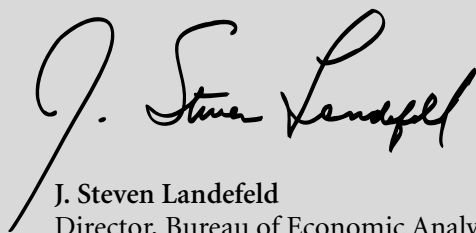
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This month's issue of the SURVEY OF CURRENT BUSINESS offers, among other items, our annual summary of the national income and product accounts methodologies. This summary provides a tabular birds-eye view of source data and methods used to produce the components of gross domestic product and gross domestic income. Another highlight is our annual comparison of the Bureau of Economic Analysis personal income measure and the Internal Revenue Services measure of adjusted gross income. This reconciliation is used in a variety of ways. For example, analysts often use it to convert adjusted gross income into a consistent time series for budget and fiscal policy analyses.

You'll also find a summary of our "advance" estimates of gross domestic product for the third quarter of 2005, an updated table of Federal personal income tax liabilities and payments, and our annual reconciliation of the United States-Canadian current account. This reconciliation is intended to show how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources.

I'd also like to note that we held our second Advisory Committee meeting of the year. We turned the tables for this meeting. With the exception of one presentation by BEA staff, we asked the Advisory Board to lead panel discussions on the following: Areas where BEA should better explain its estimates; ways that BEA can better communicate in general; and topics, such as outsourcing, on which BEA's international data might shed additional light. You can view the agenda at <[www.bea.gov/bea/about/agenda1105.pdf](http://www.bea.gov/bea/about/agenda1105.pdf)>.

The suggestions that we received were excellent, and we will be working to incorporate those ideas into our plans for the future.



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## Taking Account

### Alternatives Measures to Date Business Cycles?

According to the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER), there have been 10 recessions since World War II. To date the peaks and troughs of these recessions, the committee has mainly relied on four monthly measures: The Federal Reserve Board of Governors index of industrial production, the Bureau of Labor Statistics estimates of payroll employment, Bureau of Economic Analysis estimates of real manufacturing and trade sales, and the BEA estimates of real personal income less current transfers.

In a recent working paper, BEA economist Bruce Grimm found that the four monthly measures do not fully agree with the committee's peak and trough months. However, as a group, the four measures were found to be in general agreement with the committee's peaks and troughs.

Grimm also looked at quarterly estimates of real gross domestic product and real gross domestic income. He found that the estimates do not fully agree with the committee's peak and trough quarters or with each other. However, taken as a group, they are also again in general agreement with the committee's official peaks and troughs.

Thus, NBER's methodology

appears to be more robust than any alternative methodology that relies on just one performance measure.

In general, Grimm's paper found no reason to revise the timing of the NBER post-World War II cyclical peaks and troughs.

The working paper can be found on BEA's Web site at <[www.bea.gov/bea/papers/grimm.pdf](http://www.bea.gov/bea/papers/grimm.pdf)>.

### Effects of Hurricanes Katrina and Rita on ITAs

BEA's U.S. international transactions accounts (ITAs) will reflect the effects of recent hurricanes on trade in goods and services and on other components of the accounts. However, providers of the source data used in these accounts generally cannot isolate the effects of the hurricanes. Thus, BEA cannot quantify the effects of the hurricanes on any of the aggregates in the ITAs.

The hurricanes caused a temporary loss of petroleum production and refining capacity and other disruptions that affected the value of oil and other commodities that are traded internationally by the United States. These disruptions affect U.S. trade in goods beginning with data covering August 2005.

In addition, the hurricanes will have a large effect on net

unilateral current transfers. This component will reflect any insurance and reinsurance claims received by U.S. companies from foreign insurance companies that are in excess of "expected" claims. ("Expected" claims are estimated as premiums multiplied by the historical average of claims as a percentage of premiums.) Donations from abroad for hurricane relief also will be reflected in this account.

These two increases in U.S. receipts will result in net unilateral current transfers becoming less negative and, taken by themselves, will reduce the current account deficit in the third quarter of 2005. Because comprehensive source data on actual claims are not available for the release of the preliminary estimates for the third quarter, BEA will make adjustments to net unilateral current transfers. These adjustments will be phased out as additional source data are received.

Subsequent quarters may be affected by claims related to business interruption insurance. In addition, income payments and financial flows will reflect the effects of the hurricanes on the earnings of foreign-owned companies located in the Gulf region in the third and subsequent quarters.

For more information, see <[www.bea.gov/katrina/Trade\\_KatrinaRita.htm](http://www.bea.gov/katrina/Trade_KatrinaRita.htm)>.

# Business Situation

## Advance Estimates for the Third Quarter of 2005

ECONOMIC growth accelerated in the third quarter of 2005, according to the “advance” estimates of the national income and product accounts (NIPAs) (chart 1).<sup>1</sup> Prices increased sharply.

The advance estimates for the third quarter of 2005 show the following:

- Real gross domestic product (GDP) increased 3.8 percent after increasing 3.3 percent in the second quarter (table 1).
- Prices of goods and services purchased by U.S. residents increased 4.0 percent after increasing 3.3 per-

cent in the second quarter. The acceleration mainly reflected an acceleration in energy prices.

Third-quarter GDP was not directly affected by the insurance transactions associated with Hurricane Katrina and Hurricane Rita that struck the Gulf states during August and September, reflecting the treatment of insurance services that the Bureau of Economic Analysis introduced as part of its 2003 comprehensive revision of the NIPAs.<sup>2</sup> Estimates of other, indirect effects of the hurricanes are not available, because the effects may occur with a lag and because they generally cannot be disentangled from the regular source data that BEA uses to prepare its GDP estimates. However, some

1. Three sequential GDP estimates for each quarter are prepared—the advance, preliminary, and final estimates. Each incorporates increasingly comprehensive and improved source data. Detailed information on BEA estimates, revisions, and accuracy can be found on BEA’s Web site at <www.bea.gov/bea/about/infoqual.htm> and at <www.bea.gov/bea/faq/national/gdp\_accuracy.htm>.

Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and annualized.

2. Brent R. Moulton and Eugene P. Seskin, “Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Classifications,” *SURVEY OF CURRENT BUSINESS* 83 (June 2003): 17–34; and Baoline Chen and Dennis J. Fixler, “Measuring the Services of Property-Casualty Insurance in the NIPAs: Changes in Concepts and Methods,” *SURVEY* 83 (October 2003): 10–26.

*Christopher Swann prepared this article.*

**Table 1. Real Gross Domestic Product and Components**

[Seasonally adjusted at annual rates]

	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				Share of current- dollar GDP (percent)
	2004	2005			2004	2005			2005
	IV	I	II	III	IV	I	II	III	III
<b>Gross domestic product</b> .....	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>100.0</b>
<b>Personal consumption expenditures</b> .....	<b>4.3</b>	<b>3.5</b>	<b>3.4</b>	<b>3.9</b>	<b>3.01</b>	<b>2.44</b>	<b>2.35</b>	<b>2.73</b>	<b>70.2</b>
Durable goods.....	5.5	2.6	7.9	10.8	0.45	0.22	0.64	0.87	8.4
Nondurable goods.....	5.5	5.3	3.6	2.6	1.09	1.07	0.74	0.54	20.6
Services.....	3.6	2.8	2.3	3.2	1.47	1.15	0.97	1.32	41.2
<b>Gross private domestic investment</b> .....	<b>6.8</b>	<b>8.6</b>	<b>-3.7</b>	<b>2.3</b>	<b>1.11</b>	<b>1.42</b>	<b>-0.63</b>	<b>0.38</b>	<b>16.5</b>
Fixed investment.....	7.2	7.0	9.5	5.7	1.13	1.12	1.51	0.93	16.7
Nonresidential.....	10.4	5.7	8.8	6.2	1.04	0.58	0.90	0.65	10.6
Structures.....	4.7	-2.0	2.7	-1.4	0.12	-0.05	0.07	-0.04	2.7
Equipment and software.....	12.4	8.3	10.9	8.9	0.92	0.64	0.83	0.69	8.0
Residential.....	1.6	9.5	10.8	4.8	0.09	0.54	0.62	0.28	6.0
Change in private inventories.....					-0.03	0.29	-2.14	-0.55	-0.2
<b>Net exports of goods and services</b> .....					<b>-0.98</b>	<b>-0.40</b>	<b>1.11</b>	<b>0.08</b>	<b>-5.7</b>
Exports.....	7.1	7.5	10.7	0.8	0.70	0.74	1.07	0.08	10.4
Goods.....	3.7	5.3	16.0	2.8	0.25	0.37	1.08	0.21	7.3
Services.....	15.5	12.5	-0.4	-3.9	0.44	0.37	-0.01	-0.13	3.1
Imports.....	11.3	7.4	-0.3	0.0	-1.68	-1.14	0.04	0.00	16.1
Goods.....	13.0	8.2	-1.1	1.1	-1.60	-1.05	0.15	-0.15	13.6
Services.....	3.1	3.7	4.4	-5.8	-0.08	-0.10	-0.11	0.16	2.6
<b>Government consumption expenditures and gross investment</b> .....	<b>0.9</b>	<b>1.9</b>	<b>2.5</b>	<b>3.2</b>	<b>0.17</b>	<b>0.35</b>	<b>0.47</b>	<b>0.61</b>	<b>19.0</b>
Federal.....	-0.6	2.4	2.4	7.7	-0.04	0.17	0.17	0.53	7.1
National defense.....	-3.3	3.0	3.7	10.2	-0.16	0.14	0.17	0.47	4.8
Nondefense.....	5.2	1.1	-0.2	2.6	0.12	0.03	-0.01	0.06	2.3
State and local.....	1.8	1.6	2.6	0.7	0.21	0.19	0.31	0.08	11.9

NOTE: Percent changes are from NIPA table 1.1.1, and contributions to percent change are from NIPA table 1.1.2. Shares are from NIPA table 1.1.10.

income flows were affected by the hurricanes, and the estimates of those effects have been prepared.<sup>3</sup>

The acceleration in real GDP growth in the third quarter primarily reflected a smaller decrease in private inventory investment, an acceleration in consumer spending, and an acceleration in Federal Government spending that were partly offset by decelerations in exports and in residential fixed investment.<sup>4</sup>

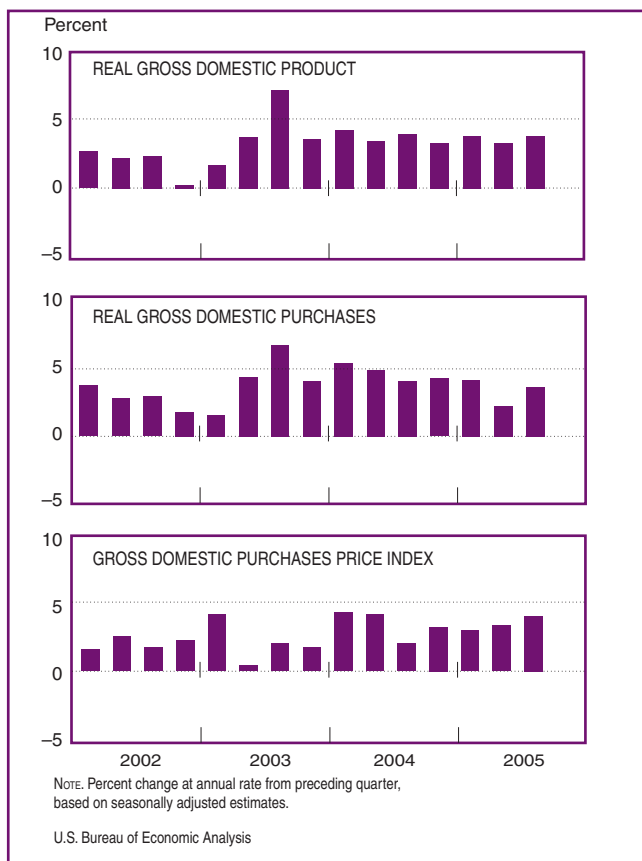
Inventory investment subtracted 0.55 percentage point from real GDP growth after subtracting 2.14 percentage points from growth in the second quarter. Businesses reduced inventory investment by \$14.9 billion in the third quarter after reducing inventory investment \$59.9 billion in the second quarter.

Consumer spending increased 3.9 percent and con-

3. For an explanation of how the NIPAs are affected by disasters, see <[www.bea.gov/bea/faq/national/FAQ.htm](http://www.bea.gov/bea/faq/national/FAQ.htm)> on BEA's Web site.

4. In this article, "inventory investment" is shorthand for the NIPA series "change in private inventories," "consumer spending" is shorthand for "personal consumption expenditures," and "government spending" is shorthand for "government consumption expenditures and gross investment."

**Chart 1. Selected Measures: Change From Preceding Quarter**



tributed 2.73 percentage points to real GDP growth after increasing 3.4 percent and contributing 2.35 percentage points in the second quarter. The largest contributors to the acceleration were accelerations in spending on motor vehicles and parts, on medical care, and on food and an upturn in spending on electricity and gas; these contributions were partly offset by a decline in spending on gasoline, fuel oil, and other energy goods and by downturns in spending on "other" durable goods and on clothing and shoes.

Federal Government spending increased 7.7 percent and contributed 0.53 percentage point to real growth after increasing 2.4 percent and contributing 0.17 percentage point in the second quarter. The acceleration was driven largely by spending on national defense, which increased 10.2 percent and contributed 0.47 percentage point to real growth after increasing 3.7 percent and contributing 0.17 percent. Nondefense spending turned up, increasing 2.6 percent and contributing 0.06 percentage point to real growth after decreasing 0.2 percent and subtracting 0.01 percentage point from growth.

Exports increased 0.8 percent in the third quarter, contributing 0.08 percentage point to real GDP growth, after increasing 10.7 percent and contributing 1.07 percentage points. The deceleration in real exports follows three successive quarters of accelerating growth. Services exports decreased more in the third quarter than in the second quarter; the largest contributors to the third-quarter decrease were decreases in travel and other transportation, which were partly offset by an upturn in transfers under U.S. military agency sales contracts. Goods exports decelerated, primarily because of downturns in civilian aircraft, engines, and parts and in foods, feeds, and beverages; the downturns were partly offset by an upturn in exports of automotive vehicles, engines, and parts and by an acceleration in consumer durable goods exports.

Residential fixed investment decelerated, increasing 4.8 percent and contributing 0.28 percentage point to real GDP growth after increasing 10.8 percent and contributing 0.62 percentage point.

The advance estimates for the third quarter also show the following:

- Business investment in equipment and software increased 8.9 percent after increasing 10.9 percent and contributed 0.69 percentage point to real GDP growth after contributing 0.83 percentage point.
- Imports were virtually unchanged in the third quarter after decreasing 0.3 percent in the second quarter. An upturn in goods imports was offset by a downturn in services imports.

- State and local government spending increased 0.7 percent and contributed 0.08 percentage point to real GDP growth after increasing 2.6 percent and contributing 0.31 percentage point. Gross investment turned down and was partly offset by an acceleration in consumption expenditures.
- Real final sales of domestic product (real GDP less the change in private inventories) increased 4.4 percent after increasing 5.6 percent in the second quarter.
- Real gross domestic purchases (GDP less net exports) increased 3.5 percent after increasing 2.1 percent in the second quarter.
- The production of both goods and services accelerated, but the production of structures decelerated (table 2).
- Motor vehicle output turned up, increasing 15.0 percent and adding 0.48 percentage point to real GDP growth after decreasing 0.3 percent and subtracting 0.01 percentage point.
- Final sales of computers increased 13.7 percent and added 0.11 percentage point to real GDP growth after increasing 45.4 percent and adding 0.32 percentage point.
- Real disposable personal income (DPI) decreased 0.9 percent in contrast to a 1.5-percent increase in the second quarter. Current-dollar DPI increased 2.8 percent after increasing 4.9 percent; the deceleration reflected a deceleration in personal income

that was partly offset by a deceleration in personal current taxes.

- The personal saving rate was a negative 1.1 percent in the third quarter; the saving rate was 0.1 percent in the second quarter.<sup>5</sup>

5. The personal saving rate is measured as personal saving as a percentage of current-dollar disposable personal income. An estimate of the national saving rate (measured as gross saving as a percentage of gross national income), along with the "preliminary" NIPA estimates for the third quarter, will be available at the end of November.

**Table 2. Real Gross Domestic Product by Type of Product**

[Seasonally adjusted at annual rates]

	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				Share of current-dollar GDP (percent)
	2004		2005		2004		2005		2005
	IV	I	II	III	IV	I	II	III	III
<b>Gross domestic product (GDP)</b> .....	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>	<b>100.0</b>
Final sales of domestic product .....	3.3	3.5	5.6	4.4	3.33	3.51	5.45	4.36	100.2
Change in private inventories .....	.....	.....	.....	.....	-0.03	0.29	-2.14	0.55	-0.2
Goods .....	3.9	4.4	5.0	5.3	1.26	1.41	1.58	1.69	31.8
Services .....	3.2	3.2	1.5	3.4	1.82	1.86	0.88	1.98	57.5
Structures .....	2.2	5.2	8.4	1.3	0.23	0.53	0.85	0.14	10.7
<b>Addenda:</b>									
Motor vehicle output .....	8.8	4.3	-0.3	15.0	0.29	0.15	-0.01	0.48	3.4
GDP excluding motor vehicle output .....	3.1	3.8	3.4	3.4	3.01	3.66	3.32	3.32	96.6
Final sales of computers .....	56.5	54.9	45.4	13.7	0.36	0.37	0.32	0.11	0.8
GDP excluding final sales of computers .....	3.0	3.5	3.0	3.7	2.95	3.44	2.98	3.69	99.2

NOTE: Percent changes are from NIPA table 1.2.1, and contributions to percent change are from NIPA table 1.2.2. Shares are calculated from NIPA table 1.2.5.



### Third-Quarter 2005 Advance NIPA Estimates: Source Data and Assumptions

The “advance” estimates for the third-quarter are based on the following major source data; as more and better data become available, the estimates will be revised. (The number of months for which data were 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 nondura-

ble manufacturing inventories (2), durable 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 construction put in place (2), and state and local employment (3);

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

BEA made assumptions for source data that were not available. Table A shows the assumptions for key series; a more comprehensive list is available on BEA’s Web site at <[www.bea.gov/bea/dn/home/gdp.htm](http://www.bea.gov/bea/dn/home/gdp.htm)>.

**Table A. Summary of Major Source Data and Assumptions for the Advance NIPA Estimates, 2005:III**

	2005					
	April	May	June	July	August	September <sup>1</sup>
<b>Private fixed investment:</b>						
Nonresidential structures:						
Value of new nonresidential construction put in place .....	246.1	243.9	240.7	241.8	243.8	242.8
Equipment and software:						
Manufacturers’ shipments of complete aircraft.....	39.8	25.5	27.7	29.6	40.2	8.9
Residential structures:						
Value of new residential construction put in place:						
Single family.....	404.8	410.1	416.5	418.0	419.1	424.6
Multifamily.....	44.4	45.5	45.8	46.2	45.6	46.2
<b>Change in private inventories:</b>						
Change in inventories for nondurable manufacturing.....	3.8	-11.6	16.3	5.0	0.4	-9.4
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment .....	28.8	34.3	21.4	3.0	48.8	16.6
<b>Net exports:<sup>2</sup></b>						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis.....	894.7	893.7	894.2	900.8	920.1	885.2
Excluding gold.....	889.3	888.2	888.5	895.8	914.8	879.8
Imports of goods:						
U.S. imports of goods international-transactions- accounts basis .....	1642.4	1623.1	1660.1	1651.3	1686.1	1709.5
Excluding gold.....	1638.5	1618.9	1656.0	1647.6	1682.1	1705.3
Net exports of goods.....	-747.8	-729.4	-766.0	-750.5	-766.1	-824.3
Excluding gold.....	-749.3	-730.7	-767.5	-751.7	-767.3	-825.5
<b>Government:</b>						
State and local:						
Structures:						
Value of new construction put in place.....	226.4	230.6	229.8	231.0	232.7	231.8

1. Assumption.

2. Nonmonetary gold is included in exports and imports in the international accounts, but not in NIPA exports and imports.

## Prices

Inflation as measured by the price index for gross domestic purchases accelerated to 4.0 percent in the third quarter after increasing 3.3 percent in the second quarter (table 3). Energy prices accelerated sharply in the third quarter, and food prices decelerated. Excluding prices for food and energy, gross domestic purchases prices increased 2.2 percent after increasing 2.1 percent (chart 2).

Prices of goods and services purchased by consumers increased 3.7 percent after increasing 3.3 percent. The prices paid for nondurable goods and for services accelerated, but the prices paid for durable goods decreased 3.0 percent after decreasing 0.5 percent.

The prices paid by consumers for gasoline and oil accelerated in the third quarter. The price index for consumer purchases excluding food and energy, which is sometimes viewed as an indicator of the underlying core rate of inflation, increased 1.3 percent after increasing 1.7 percent. The largest contributors to this deceleration were the prices paid for furniture and household equipment, for motor vehicles and parts, and for clothing and shoes.

Prices of private nonresidential fixed investment increased 2.2 percent after increasing 1.9 percent. Prices of equipment and software decreased 1.5 percent after decreasing 0.7 percent. Prices of structures accelerated, increasing 14.3 percent after increasing 9.9 percent. Growth in prices in residential fixed investment was virtually unchanged from second-quarter growth.

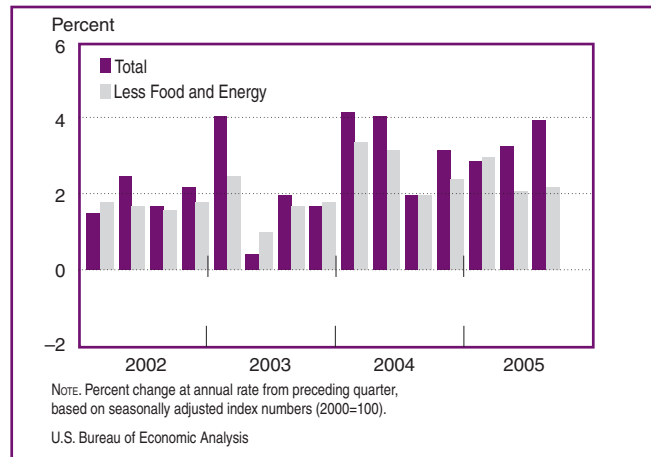
Prices paid by government increased 6.3 percent after increasing 3.7 percent. The acceleration was accounted for by a sharp acceleration in prices paid by

state and local governments and by an acceleration in the prices paid for defense structures by the Federal Government.

The GDP price index increased 3.1 percent in the third quarter, 0.9 percentage point less than the price index for gross domestic purchases.<sup>6</sup> The smaller increase in the GDP price index reflected a smaller increase in export prices (which are included in the GDP price index) than in import prices (which are included in the price index for gross domestic purchases).

6. The GDP price index measures the prices paid for goods and services produced in the United States. The price index for gross domestic purchases measures the prices paid for goods and services purchased by U.S. residents, regardless of where those goods and services were produced.

**Chart 2. Gross Domestic Purchases Prices: Change From Preceding Quarter**



**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)			
	2004	2005			2004	2005		
	IV	I	II	III	IV	I	II	III
<b>Gross domestic purchases</b> .....	<b>3.2</b>	<b>2.9</b>	<b>3.3</b>	<b>4.0</b>	<b>3.2</b>	<b>2.9</b>	<b>3.3</b>	<b>4.0</b>
<b>Personal consumption expenditures (PCE)</b> .....	<b>3.1</b>	<b>2.3</b>	<b>3.3</b>	<b>3.7</b>	<b>2.08</b>	<b>1.50</b>	<b>2.19</b>	<b>2.45</b>
Durable goods .....	0.6	0.9	-0.5	-3.0	0.05	0.07	-0.04	-0.24
Nondurable goods .....	4.5	1.3	5.7	7.9	0.86	0.25	1.09	1.51
Services .....	3.0	3.0	2.9	3.0	1.17	1.18	1.14	1.19
<b>Gross private domestic investment</b> .....	<b>2.3</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>0.37</b>	<b>0.41</b>	<b>0.44</b>	<b>0.42</b>
Fixed investment .....	2.2	2.6	2.7	2.9	0.34	0.40	0.43	0.46
Nonresidential .....	1.1	3.1	1.9	2.2	0.11	0.31	0.19	0.22
Structures.....	5.6	10.3	9.9	14.3	0.13	0.24	0.24	0.34
Equipment and software .....	-0.4	0.9	-0.7	-1.5	-0.03	0.07	-0.05	-0.12
Residential .....	4.2	1.6	4.3	4.2	0.23	0.09	0.24	0.24
Change in private inventories.....					0.03	0.01	0.01	-0.04
<b>Government consumption expenditures and gross investment</b>	<b>4.1</b>	<b>5.7</b>	<b>3.7</b>	<b>6.3</b>	<b>0.73</b>	<b>1.00</b>	<b>0.66</b>	<b>1.13</b>
Federal .....	2.6	7.0	2.1	3.1	0.18	0.46	0.14	0.21
National defense .....	2.7	6.6	1.4	3.6	0.12	0.29	0.06	0.16
Nondefense .....	2.5	7.9	3.6	1.9	0.06	0.17	0.08	0.04
State and local .....	4.9	4.9	4.7	8.3	0.55	0.54	0.52	0.92
<b>Addenda:</b>								
Gross domestic purchases:								
Food .....	2.6	1.0	3.5	1.2	0.24	0.10	0.32	0.11
Energy goods and services .....	22.1	5.1	28.1	51.4	0.87	0.23	1.15	2.02
Excluding food and energy .....	2.4	3.0	2.1	2.2	2.06	2.58	1.81	1.86
Personal consumption expenditures:								
Food .....	2.5	1.0	3.5	1.3				
Energy goods and services .....	18.3	3.6	28.6	49.8				
Excluding food and energy .....	2.3	2.4	1.7	1.3				
"Market-based" PCE .....	2.8	2.1	3.4	3.9				
Excluding food and energy .....	1.8	2.2	1.5	1.2				
Gross domestic product .....	2.7	3.1	2.6	3.1				

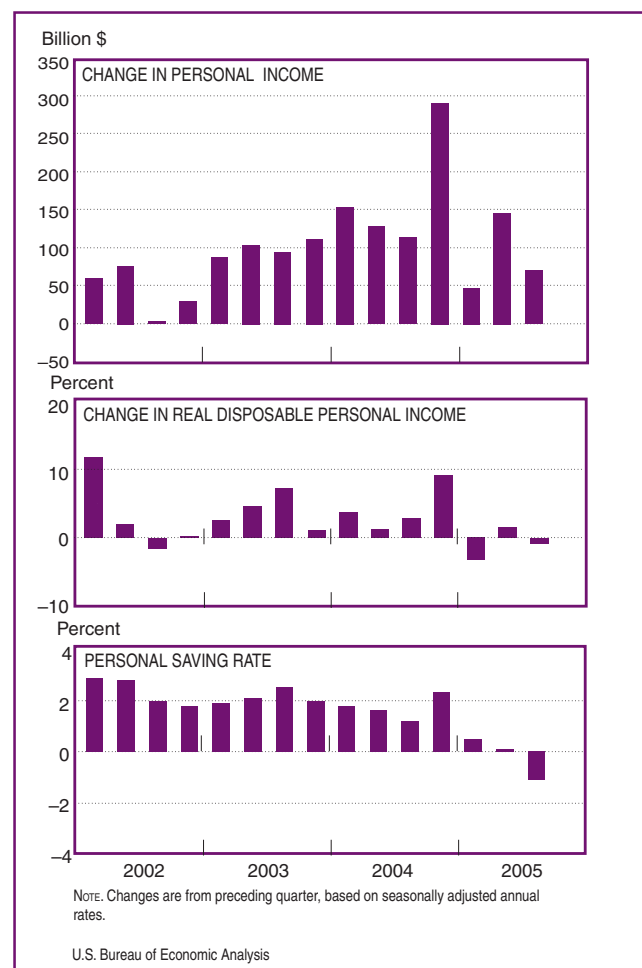
NOTE. Most percent changes are from NIPA table 1.6.7; percent changes for personal consumption expenditures on food and on energy goods and services and for personal consumption expenditures excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions to percent change are from NIPA table 1.6.8.

## Personal Income

Real disposable personal income (DPI) decreased 0.9 percent in the third quarter after increasing 1.5 percent in the second quarter (chart 3). The downturn primarily resulted from a sharp slowdown in current-dollar personal income, though the implicit price deflator for personal consumption expenditures, which is used to deflate DPI, accelerated in the third quarter. The abrupt change in personal income mainly reflected the impact of the hurricanes on key components of personal income; the damage to property and the disruption of normal business activity acutely affected rental income, proprietors' income, and wages and salaries. The decrease in personal income was partly offset by a deceleration in personal current taxes, which increased \$10.2 billion in the third quarter after increasing \$41.2 billion in the second quarter (table 4).<sup>7</sup>

7. Current-dollar DPI is defined as personal income less personal current taxes.

### Chart 3. Selected Personal Income and Saving Measures



Personal income, which is only measured in current dollars, increased \$71.8 billion (or 2.8 percent) after increasing \$147.8 billion (or 6.0 percent) in the second quarter.<sup>8</sup> The deceleration primarily reflected a much larger decrease in rental income of persons, a sharp deceleration in nonfarm proprietors' income, and decelerations in government social benefits, in wages and salaries, and in personal interest income that were partly offset by a sharp acceleration in "other" current transfer receipts from business.

8. Quarterly NIPA estimates are presented at annual rates, which show the value that would be registered if the rate of activity that is measured for a quarter were maintained for a full year. The annual rates are determined simply by multiplying the estimated rate of activity by 4.

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

(Billions of dollars; quarterly estimates are seasonally adjusted at annual rates)

	Level		Change from preceding period		
	2005	2004	2005		
	III	IV	I	II	III
Compensation of employees, received .....	7187.0	171.6	105.9	99.2	86.1
Wage and salary disbursements .....	5776.5	140.9	67.0	80.3	66.3
Private industries .....	4801.3	133.7	55.2	74.9	58.3
Goods-producing industries .....	1126.8	20.7	16.2	17.5	10.1
Manufacturing .....	727.8	11.7	7.5	9.1	3.4
Services-producing industries .....	3674.5	113.1	38.9	57.5	48.2
Trade, transportation, and utilities .....	956.7	24.8	6.7	11.3	7.6
Other services-producing industries .....	2717.8	88.3	32.2	46.2	40.6
Government .....	975.2	7.2	11.8	5.5	7.9
Supplements to wages and salaries .....	1410.5	30.6	38.9	18.8	19.9
Proprietors' income with IVA and CCAAdj .....	937.5	11.8	17.0	18.7	0.9
Farm .....	18.1	-5.1	0.1	-5.1	-1.5
Nonfarm .....	919.4	16.9	16.9	23.9	2.3
Rental income of persons with CCAAdj .....	27.5	6.6	-10.7	-13.6	-76.9
Personal income receipts on assets .....	1465.4	115.4	-85.7	31.9	25.6
Personal interest income .....	947.7	2.7	8.0	20.6	11.7
Personal dividend income .....	517.6	112.7	-93.7	11.3	13.8
Personal current transfer receipts .....	1552.8	7.7	39.6	20.8	43.2
Less: Contributions for government social insurance .....	877.3	17.6	17.5	9.1	7.2
<b>Equals: Personal income .....</b>	<b>10293.0</b>	<b>295.6</b>	<b>48.6</b>	<b>147.8</b>	<b>71.8</b>
Less: Personal current taxes .....	1222.8	35.9	77.1	41.2	10.2
Equals: Disposable personal income .....	9070.2	259.5	-28.4	106.6	61.6
Less: Personal outlays .....	9170.2	158.7	129.6	146.6	169.0
Equals: Personal saving .....	-100.1	100.8	-158.0	-40.0	-107.5
<b>Addenda: Special factors in personal income</b>					
In government wages and salaries:					
Federal pay raise .....	7.0	0.0	6.6	0.4	0.0
Reservists' pay .....	8.0	1.0	0.3	-0.9	-0.7
In supplements to wages and salaries:					
Employer contributions for social insurance .....	4.1	0.0	4.1	0.0	0.0
In nonfarm proprietors' income:					
Hurricane-related destruction of uninsured business property .....	-14.0	5.5	0.0	0.0	-14.0
In rental income of persons:					
Hurricane-related destruction of uninsured residential property .....	-68.1	14.5	0.0	0.0	-68.1
In personal dividend income:					
Microsoft "special" dividend payments .....	0.0	99.4	-99.4	0.0	0.0
In personal current transfer receipts:					
Social security retroactive payments .....	0.0	2.5	-2.5	0.0	0.0
Cost-of-living adjustments under Federal transfer programs .....	15.3	0.0	15.3	0.0	0.0
Hurricane-related net insurance settlements (personal property excluding housing) .....	42.5	-15.2	0.0	0.0	42.5
In contributions for government social insurance:					
Changes in premium for supplementary medical insurance .....	5.4	0.0	5.4	0.0	0.0
In personal current taxes:					
Federal tax law changes .....	-2.7	0.0	-2.7	0.0	0.0
Refunds, settlements, and other .....	49.6	0.0	49.6	0.0	0.0

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

Compensation of employees increased \$86.1 billion after increasing \$99.2 billion, reflecting a deceleration in wage and salary disbursements that was slightly offset by an acceleration in supplements to wages and salaries. The deceleration in wage and salary disbursements was due to a slowdown in private wages and salaries; the largest contributors to the slowdown were manufacturing, which increased \$3.4 billion after increasing \$9.1 billion, and “other” services-producing industries, which increased \$40.6 billion after increasing \$46.2 billion. Government wages and salaries increased \$7.9 billion after increasing \$5.5 billion.

Rental income of persons decreased \$76.9 billion after decreasing \$13.6 billion, and nonfarm proprietors’ income decelerated, increasing \$2.3 billion after increasing \$23.9 billion. The larger decrease in rental income and the deceleration in nonfarm proprietors’ income primarily reflected uninsured losses from the hurricanes that struck the Gulf states in the third quarter.<sup>9</sup>

Government spending on social benefits increased \$0.6 billion after increasing \$20.7 billion. The deceleration primarily reflected a downturn in state and local government spending that primarily reflected decreases in Medicaid payments, which are part of per-

sonal current transfer receipts.

Wages and salaries increased \$66.3 billion after increasing \$80.3 billion. The deceleration primarily reflected Bureau of Labor Statistics employment, hours, and earnings data.

Personal interest income increased \$11.7 billion after increasing \$20.6 billion in the second quarter. The deceleration was primarily due to a deceleration in personal monetary interest, that reflected a deceleration in interest rates.

“Other” current transfer receipts from business increased \$42.6 billion after a second-quarter increase of \$0.1 billion. The sharp acceleration reflected the net settlements paid to persons from the hurricanes.

Among the other components of personal income, personal dividend income accelerated, increasing \$13.8 billion after increasing \$11.3 billion in the second quarter.

Supplements to wages and salaries increased \$19.9 billion after increasing \$18.8 billion. The acceleration resulted from an acceleration in employer contributions for employee pensions and insurance funds that was slightly offset by a deceleration in employer contributions for government social insurance.<sup>10</sup>

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9. The effects of the hurricanes on corporate profits and other income-side components of the NIPAs are available on BEA’s Web site at <[www.bea.gov/bea/faq/national/disastersincmeas.htm](http://www.bea.gov/bea/faq/national/disastersincmeas.htm)>.

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10. Employer contributions for government social insurance do not affect personal income. In the calculation of personal income, they are added in “supplements to wages and salaries” and subtracted in “contributions for government social insurance.”

## Newly Available NIPA Tables

As part of the annual revision of the national income and product accounts (NIPAs), this report presents NIPA tables 7.20 and 2.9.

The August 2005 issue of the SURVEY OF CURRENT BUSINESS includes an article about the annual revision. It also includes most of the NIPA tables. The September and

October issues also present newly available tables. NIPA table 7.19 was published in the September issue, and NIPA tables 3.15.1–3.15.6, tables 3.16–3.19, and tables 8.1–8.6 were published in the October issue.

The full set of NIPA tables is available on BEA's Web site at <www.bea.gov>.

**Table 7.20. Comparison of Income and Outlays of Nonprofit Institutions Serving Households With Revenue and Expenses as Published by the Internal Revenue Service**

[Billions of dollars]

	Line	2001	2002	2003	2004
<b>Revenue of nonprofit institutions, IRS</b> <sup>1</sup> .....	1	<b>1,155.4</b>	<b>1,214.4</b>		
Less: Nonprofit revenue recorded by the IRS not included in nonprofit institution income and receipts from sales.....	2	348.5	350.4		
Capital gains or losses.....	3	-0.8	-13.1		
Adjustment for different accounting periods.....	4	8.0	4.2		
Nonresident institutions.....	5	10.9	8.4		
Government hospitals and schools <sup>2</sup> .....	6	85.9	93.9		
Other out-of-scope activity <sup>3</sup> .....	7	186.0	197.5		
Transfer receipts from nonprofit institutions <sup>4</sup> .....	8	58.5	59.4	61.8	65.7
Plus: Nonprofit institution income not recorded by the IRS.....	9	41.5	40.2		
Religious organizations <sup>5</sup> .....	10	38.9	38.4		
Other organizations.....	11	1.7	1.7		
Other accounting differences <sup>6</sup> .....	12	1.0	0.2		
<b>Equals: IRS-derived nonprofit institution income and receipts from sales</b> .....	13	<b>848.5</b>	<b>904.2</b>		
<b>Nonprofit institution income, NIPAs</b> <sup>7</sup> .....	14	<b>239.7</b>	<b>241.5</b>	<b>244.3</b>	<b>255.8</b>
Plus: Receipts from sales of goods and services by nonprofit institutions, NIPAs <sup>8</sup> .....	15	510.1	552.8	582.0	623.0
<b>Equals: BEA-derived nonprofit institution income and receipts from sales</b> .....	16	<b>749.8</b>	<b>794.3</b>	<b>826.3</b>	<b>878.8</b>
<b>Gap, IRS less BEA nonprofit institution income and receipts from sales</b> .....	17	<b>98.7</b>	<b>109.9</b>		
<b>Expenses of nonprofit institutions, IRS</b> <sup>1</sup> .....	18	<b>1,116.3</b>	<b>1,202.7</b>		
Less: Nonprofit institution expenses recorded by the IRS not included in nonprofit institution gross consumption expenditures and current transfer payments.....	19	360.4	381.2		
Adjustment for different accounting periods.....	20	14.6	6.0		
Nonresident institutions.....	21	10.5	7.6		
Government hospitals and schools <sup>2</sup> .....	22	90.9	110.6		
Other out-of-scope activity <sup>3</sup> .....	23	192.9	204.9		
Transfer payments to nonprofit institutions <sup>4</sup> .....	24	58.5	59.4	61.8	65.7
Capital consumption adjustment <sup>9</sup> .....	25	-7.0	-7.4		
Plus: Nonprofit institution gross consumption expenditures and current transfer payments not recorded by the IRS.....	26	32.2	32.7		
Religious organizations <sup>5</sup> .....	27	37.2	36.9		
Other organizations.....	28	1.6	1.7		
Adjustment for other accounting differences <sup>10</sup> .....	29	-6.6	-5.9		
<b>Equals: IRS-derived nonprofit institution gross consumption expenditures and current transfer payments</b> .....	30	<b>788.2</b>	<b>854.3</b>		
<b>Nonprofit institution gross consumption expenditures, NIPAs</b> <sup>11</sup> .....	31	<b>665.8</b>	<b>715.5</b>	<b>749.2</b>	<b>792.1</b>
Plus: Nonprofit institution current transfer payments, NIPAs <sup>12</sup> .....	32	59.5	62.7	66.4	69.8
<b>Equals: BEA-derived nonprofit institution gross consumption expenditures and current transfer payments</b> .....	33	<b>725.3</b>	<b>778.1</b>	<b>815.6</b>	<b>861.9</b>
<b>Gap, IRS less BEA nonprofit institution gross consumption expenditures and current transfer payments</b> .....	34	<b>62.9</b>	<b>76.1</b>		

1. For 1996, includes an adjustment to account for some classes of tax-exempt institutions not included in the IRS statistics.

2. Primarily reflects adjustment for differences between IRS and BEA in sector definitions and in treatment of scholarships and fellowships.

3. Includes activities of nonprofit institutions serving business, unrelated sales, secondary sales, and sales to business, government, and the rest of the world.

4. Includes grants and allocations made by nonprofit institutions that indirectly support households through the support of other nonprofit institutions, plus their payments to affiliates.

5. Reflects partial coverage in the IRS statistics.

6. Consists of imputed interest received for depositor and insurance services, net insurance settlements, and capital consumption adjustment for rental income.

7. Estimates of income and outlays of nonprofit institutions serving households are provided in table 2.9.

8. Equals table 2.9, line 64.

9. IRS-reported capital consumption allowance less BEA-estimated consumption of fixed capital for structures and for equipment and software of nonprofit institutions serving households.

10. Consists primarily of services furnished without payment by financial intermediaries except life insurance carriers for depositor and insurance services, less expenditures for computer software investment.

11. Equals table 2.9, line 58.

12. Equals table 2.9, line 70.

IRS Internal Revenue Service

Table 2.9. Personal Income and Its Disposition by Households and by Nonprofit Institutions Serving Households

[Billions of dollars]

	Line	2001	2002	2003	2004
<b>Personal income</b> .....	1	<b>8,724.1</b>	<b>8,881.9</b>	<b>9,169.1</b>	<b>9,713.3</b>
Compensation of employees, received.....	2	5,942.1	6,091.2	6,321.1	6,687.6
Proprietors' income with inventory valuation and capital consumption adjustments.....	3	771.9	768.4	810.2	889.6
Rental income of persons with capital consumption adjustment.....	4	167.4	152.9	131.7	134.2
Personal income receipts on assets.....	5	1,380.0	1,333.2	1,338.7	1,396.5
Personal interest income.....	6	1,011.0	936.1	917.6	905.9
Personal dividend income.....	7	369.0	397.2	421.1	490.6
Personal current transfer receipts.....	8	1,193.9	1,286.2	1,344.0	1,427.5
Government social benefits to persons.....	9	1,143.9	1,248.9	1,313.5	1,394.5
Other current transfer receipts, from business (net).....	10	50.0	37.3	30.5	33.0
Less: Contributions for government social insurance.....	11	731.1	750.0	776.6	822.2
<b>Less: Personal current taxes</b> .....	12	<b>1,237.3</b>	<b>1,051.8</b>	<b>999.9</b>	<b>1,049.1</b>
<b>Equals: Disposable personal income</b> .....	13	<b>7,486.8</b>	<b>7,830.1</b>	<b>8,169.2</b>	<b>8,664.2</b>
<b>Less: Personal outlays</b> .....	14	<b>7,354.5</b>	<b>7,645.3</b>	<b>7,996.3</b>	<b>8,512.5</b>
Personal consumption expenditures.....	15	7,055.0	7,350.7	7,709.9	8,214.3
Personal interest payments <sup>1</sup> .....	16	212.2	196.4	183.2	186.7
Personal current transfer payments.....	17	87.2	98.2	103.3	111.5
To government.....	18	54.2	58.2	62.1	68.6
To the rest of the world (net).....	19	33.0	40.0	41.2	42.9
<b>Equals: Personal saving</b> .....	20	<b>132.3</b>	<b>184.7</b>	<b>172.8</b>	<b>151.8</b>
<b>Personal saving as a percentage of disposable personal income</b> .....	21	<b>1.8</b>	<b>2.4</b>	<b>2.1</b>	<b>1.8</b>
<b>Household income</b> .....	22	<b>8,707.8</b>	<b>8,873.8</b>	<b>9,160.0</b>	<b>9,710.2</b>
Compensation of employees, received.....	23	5,942.1	6,091.2	6,321.1	6,687.6
Proprietors' income with inventory valuation and capital consumption adjustments.....	24	771.9	768.4	810.2	889.6
Rental income of households with capital consumption adjustment.....	25	165.4	150.7	129.5	132.0
Household income receipts on assets.....	26	1,341.4	1,299.8	1,303.3	1,364.6
Household interest income.....	27	982.2	912.8	895.4	885.3
Household dividend income.....	28	359.2	387.0	407.9	479.3
Household current transfer receipts.....	29	1,218.2	1,313.8	1,372.5	1,458.6
Government social benefits.....	30	1,129.7	1,233.1	1,296.1	1,376.4
From business (net).....	31	37.3	26.5	20.0	22.2
From nonprofit institutions <sup>2</sup> .....	32	51.2	54.2	56.4	60.0
Less: Contributions for government social insurance.....	33	731.1	750.0	776.6	822.2
<b>Less: Household current taxes</b> .....	34	<b>1,237.3</b>	<b>1,051.8</b>	<b>999.9</b>	<b>1,049.1</b>
<b>Equals: Disposable household income</b> .....	35	<b>7,470.5</b>	<b>7,822.0</b>	<b>8,160.1</b>	<b>8,661.1</b>
<b>Less: Household outlays</b> .....	36	<b>7,362.6</b>	<b>7,653.4</b>	<b>7,998.0</b>	<b>8,526.3</b>
Household consumption expenditures.....	37	6,899.3	7,188.0	7,542.7	8,045.2
Purchases from business and government.....	38	6,389.2	6,635.2	6,960.7	7,422.2
Purchases from nonprofit institutions <sup>3</sup> .....	39	510.1	552.8	582.0	623.0
Household interest payments <sup>1</sup> .....	40	212.2	196.4	183.2	186.7
Household transfer payments.....	41	251.1	269.0	272.2	294.4
To government.....	42	53.9	58.0	61.8	68.4
To the rest of the world (net).....	43	25.0	31.7	31.5	33.3
To nonprofit institutions <sup>4</sup> .....	44	172.2	179.3	178.9	192.7
<b>Equals: Household saving</b> .....	45	<b>107.8</b>	<b>168.6</b>	<b>162.1</b>	<b>134.8</b>
<b>Household saving as a percentage of household disposable income</b> .....	46	<b>1.4</b>	<b>2.2</b>	<b>2.0</b>	<b>1.6</b>
<b>Nonprofit institution income</b> .....	47	<b>239.7</b>	<b>241.5</b>	<b>244.3</b>	<b>255.8</b>
Rental income of nonprofit institutions with capital consumption adjustment.....	48	2.0	2.2	2.2	2.2
Nonprofit institution income receipts on assets.....	49	38.6	33.4	35.4	32.0
Nonprofit institution interest income.....	50	28.8	23.3	22.3	20.7
Nonprofit institution dividend income.....	51	9.7	10.2	13.1	11.3
Nonprofit institution transfer receipts.....	52	199.1	205.9	206.7	221.7
From government.....	53	14.3	15.8	17.4	18.1
From business (net).....	54	12.7	10.8	10.5	10.8
From households <sup>4</sup> .....	55	172.2	179.3	178.9	192.7
<b>Less: Nonprofit institution outlays</b> .....	56	<b>215.2</b>	<b>225.4</b>	<b>233.6</b>	<b>238.9</b>
Final consumption expenditures of nonprofit institutions.....	57	155.8	162.7	167.2	169.1
Nonprofit institution gross consumption expenditures <sup>5</sup> .....	58	665.8	715.5	749.2	792.1
Medical care.....	59	376.7	407.9	433.7	462.7
Recreation.....	60	25.9	27.0	28.2	28.7
Education and research.....	61	100.4	107.6	111.6	116.1
Religious and welfare activities.....	62	143.4	152.2	153.7	161.6
Personal business.....	63	19.5	20.8	22.0	23.1
Less: Receipts from sales of goods and services by nonprofit institutions <sup>3</sup> .....	64	510.1	552.8	582.0	623.0
Medical care.....	65	368.3	403.1	423.7	456.8
Recreation.....	66	19.5	20.1	20.9	22.5
Education and research.....	67	56.2	60.6	64.5	68.2
Religious and welfare activities.....	68	46.5	48.8	51.8	53.8
Personal business.....	69	19.6	20.1	21.0	21.7
Nonprofit institution current transfer payments.....	70	59.5	62.7	66.4	69.8
To government <sup>6</sup> .....	71	0.3	0.2	0.2	0.2
To the rest of the world (net).....	72	8.0	8.2	9.8	9.6
To households <sup>2</sup> .....	73	51.2	54.2	56.4	60.0
<b>Equals: Nonprofit institution saving</b> .....	74	<b>24.5</b>	<b>16.2</b>	<b>10.7</b>	<b>16.9</b>
<b>Nonprofit institution saving as a percentage of nonprofit income and receipts from sales</b> .....	75	<b>3.3</b>	<b>2.0</b>	<b>1.3</b>	<b>1.9</b>
<b>Addenda:</b>					
Nonprofit institution income included in personal income <sup>7</sup> .....	76	67.6	62.3	65.4	63.1
Transfer payments between nonprofit institutions <sup>8</sup> .....	77	58.5	59.4	61.8	65.7
Nonprofit institution income and receipts from sales.....	78	749.8	794.3	826.3	878.8

1. Consists of nonmortgage interest paid by households.

2. Includes benefits paid to members, specific assistance to individuals, and grants and allocations.

3. Excludes unrelated sales, secondary sales, and sales to business, government, and the rest of the world; includes membership dues and fees.

4. Includes individual contributions and bequests from households.

5. Expenditures are net of unrelated sales, secondary sales, and sales to business, government, and the rest of the world.

6. Consists of excise taxes paid by nonprofit institutions serving households.

7. Consists of rental income of nonprofit institutions (line 48), income receipts on assets (line 49), transfer receipts from government (line 53), and transfer receipts from business (line 54).

8. Includes grants and allocations made by nonprofit institutions that indirectly support households through the support of other nonprofit institutions, plus their payments to affiliates.

NOTE: Estimates in this table exclude nonprofit institutions serving business and government.

## Updated Summary NIPA Methodologies

The Bureau of Economic Analysis has recently improved its estimates of current-dollar gross domestic product (GDP), current-dollar gross domestic income (GDI), and real GDP as part of the 2005 annual revision of the national income and product accounts (NIPAs).<sup>1</sup> The sources of data and methodologies that are now used to prepare the NIPA estimates are presented in this report.

### Current-dollar estimates of GDP and GDI

The current-dollar estimates of GDP and GDI for 2004 are presented in table 1. The components and subcomponents of GDP and GDI are listed according to the estimation method used by BEA (column 1). Information about the sources of the data and the methods that are used to prepare the estimates for the comprehensive benchmark revisions and for the annual revisions in nonbenchmark years are also presented, and the major differences between the data and methods used in the benchmark revisions and those used in the annual revisions are noted (column 2). For example, for “most durable and nondurable goods” in personal consumption expenditures (PCE) (the first item in table 1), one methodology (commodity flow) is used to prepare estimates for benchmark years, and another methodology (retail control) is used to prepare estimates for all the other years.

In addition, information about the advance quarterly estimates, which are prepared about a month after the end of the quarter, are presented (column 3). Information about the advance quarterly estimates rather than about the preliminary or final estimates are provided because more attention tends to focus on this “first look” at the estimate for a quarter. Only the source data and methods are listed; the number of months of available source data or whether the source data will be revised by the source agency are not listed.<sup>2</sup>

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1. The concepts and methodologies that underlie the NIPAs are subject to periodic improvements as part of the comprehensive and annual NIPA revisions, and these improvements are described in a series of articles in the *SURVEY OF CURRENT BUSINESS*; for a list of these articles, see appendix B at the back of this issue. See also Eugene P. Seskin, Shelly Smith, and Teresa L. Weadock, “Annual Revision of the National Income and Product Accounts,” *SURVEY* 85 (August 2005): 13–35.

2. For information on the key monthly source data, see the “Business Situation” in the *SURVEY*.

### Source data

The source data include a variety of economic measures, such as sales or receipts, wages and salaries, unit sales, housing stock, insurance premiums, expenses, interest rates, mortgage debt, and tax collections.

For most components, the estimates are derived from source data that are “value data”; that is, they encompass both the quantity data and the price data required to prepare the current-dollar estimates. For these components, an explanation of how the value data are adjusted to derive estimates that are consistent with NIPA definitions and coverage is provided in table 1.

For the estimates that are not derived from value data, the sources of the quantity and price data that are used to prepare value estimates are indicated, and the major adjustments that are needed to derive estimates that are consistent with NIPA definitions and coverage are noted.

For the current-dollar estimates of GDP, a “physical quantity times price” method is used for several components. For example, the annual estimate of expenditures on new autos in a nonbenchmark year is calculated as unit sales times expenditure per auto (the average list price with options adjusted for transportation charges, sales tax, dealer discounts, and rebates).

For the current-dollar estimates of GDI, two methods are used for several components—an “employment times earnings times hours” method and variations of a “stock of assets/liabilities times an effective interest rate” method.

Some of the source data are used as indicators to interpolate or extrapolate annual estimates. In some cases, extrapolation and interpolation may be based on trends; in that case, the use of “judgmental trend” is indicated.<sup>3</sup>

### Estimation methods

In some cases, BEA also uses four methods to estimate values—the commodity-flow method, the retail control method, the perpetual inventory method, and the fiscal year analysis method.

The commodity-flow method involves estimating values based on various measures of output. For example, personal expenditures on new autos in benchmark years are estimated by using data from the Census Bureau on manufacturers’ shipments, and BEA adjusts the data for

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3. For a few components, the final quarterly estimates are based on newly available source data that replace judgmental trends.



imports and exports. In general, this method is used to derive estimates of various components of PCE, of equipment and software, and of the commodity detail for state and local government consumption expenditures and gross investment.<sup>4</sup> An abbreviated form of this method is used to prepare estimates of equipment and software in nonbenchmark years, and an even more abbreviated form is used to prepare the current quarterly estimates of equipment and software.

**The retail control method** uses retail sales data, usually compiled by the Census Bureau, to estimate expenditures.<sup>5</sup> It is used to prepare estimates of many subcomponents of durable goods and nondurable goods in nonbenchmark years.

**The perpetual inventory method** is used to derive estimates of fixed capital stock, which are used to estimate consumption of fixed capital. This method is based on investment flows and a geometric depreciation formula.<sup>6</sup>

**The fiscal year analysis method** is used to estimate annual and quarterly estimates of consumption expenditures and gross investment by the Federal Government. The estimates of expenditures are calculated by program, that is, by activity for a single line item or for a group of line items in the *Budget of the U.S. Government*. For most programs, BEA adjusts budget outlays to make them compatible with the NIPAs and classifies the expenditures in the appropriate NIPA category—such as current transfer payments and interest payments—and then the non-defense consumption expenditures and gross investment are determined residually. When a fiscal year analysis is completed, the detailed array of NIPA expenditures by program and by type of expenditure provides a set of control totals for the quarterly estimates.<sup>7</sup>

### International transactions accounts

The source data for the foreign transactions that are reflected in most NIPA components—such as net exports of goods and services, net income receipts and rest-of-the-world corporate profits—are from the international transactions accounts (ITAs) that are prepared by BEA.<sup>8</sup> As noted in table 1, for some NIPA components, the ITA estimates are adjusted to conform to NIPA concepts and

definitions. For the annual estimates of these adjustments and their definitions, see NIPA table 4.3B in the August 2005 SURVEY (page 121); for summary quarterly estimates, see reconciliation table 2 in appendix A of the SURVEY.

**Reconciliation tables.** In preparing the annual estimates of several components of GDI, BEA adjusts the source data for consistency with the NIPA concepts and coverage. For each subcomponent, an annual NIPA table reconciles the value published by the source agency with the NIPA value published by BEA, and the adjustments are listed. Reconciliation tables for the following subcomponents were published in “National Income and Product Accounts Tables” in the August 2005 SURVEY: Consumption of fixed capital, table 7.13; nonfarm proprietors' income, table 7.14; farm proprietors' income, table 7.15; corporate profits, table 7.16; net interest, table 7.17; and wages and salaries, table 7.18.

### Real estimates of GDP

BEA used three methods to estimate real GDP. These methods and the source data that are used to prepare the estimates are presented in table 2.

**The deflation method** is used for most components of GDP. The quantity index is derived by dividing the current-dollar index by an appropriate price index that has the base year—currently 2000—equal to 100. The result is then multiplied by 100.

**The quantity extrapolation method** uses quantity indexes that are obtained by using a quantity indicator to extrapolate from the base-year value of 100.

**The direct valuation method** uses quantity indexes that are obtained by multiplying the base-year price by actual quantity data for the index period. The result is then expressed as an index with the base year equal to 100.

The subcomponents in table 2 are the same as those in table 1, but the detail differs in order to highlight the alternative methodologies used for calculating the real estimates.<sup>9</sup>

4. For additional information on the commodity-flow method, see the BEA methodology paper *Personal Consumption Expenditures* (<[www.bea.gov/bea/pm.htm](http://www.bea.gov/bea/pm.htm)>): 31–34.

5. See *Personal Consumption Expenditures*, 41–54.

6. For additional information, see U.S. Bureau of Economic Analysis, *Fixed Assets and Consumer Durable Goods in the United States, 1925–97* (Washington, DC: U.S. Government Printing Office, September 2003): M–5–M–11; (<[www.bea.gov/bea/mp.htm](http://www.bea.gov/bea/mp.htm)>).

7. For details, see the BEA methodology paper *Government Transactions* (<[www.bea.gov/bea/mp.htm](http://www.bea.gov/bea/mp.htm)>).

8. See *The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures* at <[www.bea.gov/bea/mp/htm](http://www.bea.gov/bea/mp/htm)>. Improvements in methodology are usually introduced as part of the annual ITA revision; see Christopher L. Bach, “Annual Revision of the U.S. International Transactions Accounts, 1991–2004,” SURVEY 85 (July 2005): 54–67.

9. For real estimates, the distinction between annual and quarterly methodologies is less important than it is for the current-dollar estimates. For the relatively few cases in which the annual and quarterly source data differ, the major differences are noted in the entry.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
<b>Gross domestic product of \$11,734.3 billion for 2004</b>		
<b>Personal consumption expenditures (\$8,214.3 billion)</b>		
<b>Durable and nondurable goods (\$3,355.6 billion)<sup>1</sup></b>		
Most durable and nondurable goods except those listed below (\$2,736.7 billion) <sup>2</sup>	Benchmark years. Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau foreign trade data. Other years. Retail-control method, using retail sales from Census Bureau annual survey of retail trade or, for the most recent year, monthly survey of retail trade.	Same as the annual estimates for other years.
New autos (\$97.5 billion)	Benchmark years. Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau foreign trade data. Other years. Physical quantity purchased times average retail price: Unit sales, information to allocate sales among consumers and other purchasers, and average list price with options, all from trade sources. Transportation charges, dealer discounts, and rebates from Bureau of Labor Statistics (BLS) monthly survey of auto sales prices. Sales tax rate from Census Bureau annual survey of retail trade.	Physical quantity purchased times average retail price: Unit sales, information to allocate sales among consumers and other purchasers, and average transactions prices, all from trade sources. Sales tax rate from Census Bureau annual survey of retail trade.
Net purchases of used autos and used light trucks (\$106.1 billion)	Benchmark years. For net transactions, residual based on net sales by other sectors. For dealers' margin, retail sales from Census Bureau quinquennial census and margin rate from Census Bureau annual survey of retail trade. Other years except the most recent year. For net transactions, change in consumer stock of autos from trade sources. For dealers' margin, for franchised dealers, unit sales and sales price from trade sources times margin rate for independent dealers from Census Bureau annual survey of retail trade; for independent dealers, margin from Census Bureau annual survey of retail trade. Most recent year. For net transactions, same as other years except the most recent. For dealers' margin, for franchised dealers, unit sales and sales price from trade sources; for independent dealers, sales from Census Bureau monthly survey of retail trade.	For net transactions, residual based on net sales by other sectors. For dealers' margin, judgmental trend.
New light trucks (including utility vehicles) (\$168.5 billion)	Benchmark years. Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau foreign trade data. Other years except the most recent year. Abbreviated commodity-flow method, starting with manufacturers' shipments from Census Bureau annual survey and including an adjustment for exports and imports from Census Bureau foreign trade data. Most recent year. Physical quantity purchased times average retail price: Unit sales, information to allocate sales among consumers and other purchasers, and average list price, all from trade sources.	Same as the annual estimate for the most recent year.
Gasoline and oil (\$230.4 billion) <sup>2</sup>	Benchmark years. Physical quantity purchased times average retail price: Gallons consumed from the Department of Transportation; information to allocate that total among consumers and other purchasers from Federal agencies and trade sources; average retail price from the Energy Information Administration (EIA). Other years except the most recent year. Same as benchmark years. Most recent year. Physical quantity purchased times average retail price: Gallons consumed and average price from EIA.	Same as the annual estimate for the most recent year.
Food furnished to employees (including military) (\$10.9 billion)	Benchmark years. For commercial employees, number of employees of relevant industries from BLS tabulations times BEA estimate of per capita expenditures for food; for military personnel, outlays from the <i>Budget of the United States</i> prepared by the Office of Management and Budget (OMB). Other years. Same as benchmark years except per capita expenditures for food based on BLS consumer price index (CPI) for food.	For commercial employees, same as the annual estimates for other years; for military personnel, judgmental trend.

See the footnotes at the end of the table.

Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Expenditures abroad by U.S. residents (\$7.0 billion) less personal remittances in kind to nonresidents (\$2.0 billion)	Estimated as part of the international transactions accounts; see the entry for exports and imports of services under net exports of goods and services.	Judgmental trend.
<b>Services (\$4,858.2 billion)</b>		
Nonfarm dwellings: Space rent for owner-occupied dwellings and rent for tenant-occupied dwellings (\$1,145.2 billion)	Benchmark years. Based on data on housing stock and average annual rent from Census Bureau decennial census of housing and survey of residential finance, adjusted for utilities included in rent. Other years. Based on data on housing stock and average annual rent from Census Bureau biennial housing survey or on the number of housing units from Census Bureau monthly current population survey and BLS CPI for rent.	For housing stock, judgmental trend; for average rent, BLS CPI for rent.
Rental value of farm dwellings (\$12.9 billion)	U.S. Department of Agriculture (USDA) data on gross rental value of farm dwellings.	Judgmental trend.
Motor vehicle repair, rental, and other services; other repair services; other purchased intercity transportation; legal and funeral services; barber-shops, beauty parlors, and health clubs; nursing homes; laundries; employment agency fees; accounting and tax return preparation services; recreation (except cable TV, parimutuel net receipts, lotteries, and computer online services); hotels and motels; commercial business, trade, and correspondence schools; educational services not elsewhere classified; research organizations and foundations (\$839.6 billion)	Benchmark years. Receipts and expenses from Census Bureau quinquennial census adjusted for receipts from business and governments. Other years. For educational services not elsewhere classified and foundations, BLS tabulations from the Quarterly Census of Employment and Wages (QCEW); for others in this group, receipts and expenses from Census Bureau service annual survey.	For nursing homes, research organizations and foundations, employment agency fees, and clubs and fraternal organizations, wages and salaries derived from BLS monthly employment times earnings times hours; for commercial business, trade, and correspondence schools, and for education services not elsewhere classified, employment times BLS CPI for technical and business school tuition and fees; for legitimate theaters and motion pictures, receipts from trade sources; for radio and TV repair, number of TVs based on stock and sales from trade source times BLS CPI for video and audio; for hotels and motels, rooms rented times average price per room from trade source; for casino gambling, receipts from state agencies; for others in this group, judgmental trend.
Physicians, dentists, home health care, medical laboratories, eye examinations, all other professional medical services (\$623.2 billion)	Benchmark years. For nonprofit professional services, expenses, and for others in this group, receipts, adjusted for government consumption, all from Census Bureau quinquennial census. Other years. Receipts and expenses, adjusted for government consumption, from Census Bureau service annual survey.	For home health care, wages and salaries derived from BLS monthly employment times earnings times hours; for others in this group, judgmental trend.
Private nursery schools, elementary and secondary schools, day care, museums and libraries, welfare activities, political organizations, foundations, and trade unions and professional associations (\$228.0 billion)	Benchmark years. For elementary and secondary schools, expenses from the Department of Education; for nursery schools and day care, expenditures from BLS consumer expenditure survey; for others in this group, receipts and expenses from Census Bureau quinquennial census. Other years. For nursery schools and day care, same as benchmark years; for welfare activities, receipts and expenses from Census Bureau service annual survey; for others in this group, BLS tabulations from the QCEW.	For political organizations and foundations, judgmental trend; for elementary and secondary schools, employment times BLS CPI for all items; for others in this group, wages and salaries derived from BLS monthly employment times earnings times hours.
Financial services furnished without payment by banks, other depository institutions, and investment companies (\$197.2 billion) <sup>3</sup>	See the entry for banks, credit agencies, and investment companies under net interest and miscellaneous payments.	Judgmental trend.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Brokerage charges and investment counseling, bank service charges, intercity transportation except "other," and private higher education (\$270.4 billion)	<p>All years except the most recent year. For private higher education, expenses, and for others in this group, receipts from annual reports of government administrative agencies.</p> <p>Most recent year. For brokerage charges, bank service charges, and intercity transportation, receipts from annual reports of government administrative agencies; for investment counseling, receipts from Census Bureau service annual survey; for private higher education, enrollment from the Department of Education times price index for higher education from trade source.</p>	<p>For stock brokerage charges, stock exchange transactions from trade sources; for income from sales of investment company securities, sales of open-end investment company shares from trade source; for imputed commissions on debt securities, dealer transactions in U.S. government and agency securities from Federal Reserve Bank of New York; for commodities commissions, futures contracts from trade source; for investment counseling, wages and salaries derived from BLS monthly employment times earnings times hours; for other brokerage charges and investment counseling and for bank service charges, judgmental trend; for intercity transportation, receipts from trade sources; for private higher education, employment times BLS CPI for all items.</p>
Domestic service (\$19.5 billion)	<p>Benchmark years. For cleaning services, receipts from Census Bureau quinquennial census; for other domestic services, number of workers times weekly hours times earnings from BLS.</p> <p>Other years. Number of workers times weekly hours times earnings from BLS.</p>	<p>Judgmental trend.</p>
Public education and hospitals, water and other sanitary services, and lotteries (\$266.6 billion)	<p>All years except the most recent year. For lotteries, net receipts from Census Bureau quinquennial census and annual surveys of state and local governments, adjusted to a calendar year basis from a fiscal year basis; for others in this group, receipts from the same sources.</p> <p>Most recent year. Judgmental trend.</p>	<p>Judgmental trend.</p>
Insurance, private hospitals, religious activities, cable TV, electricity, natural gas, telephone, and local transport (\$1,131.1 billion)	<p>Benchmark years. For life insurance, expenses from trade sources; for medical and hospitalization insurance, premiums from the Agency for Healthcare Research and Quality and benefits based on ratio of benefits to premiums from Census Bureau quinquennial census; for other insurance, premiums and dividends to policyholders from trade source, normal losses and expected investment income derived using incurred losses and investment gains, respectively, from trade source; for private hospitals, receipts and expenses from Census Bureau quinquennial census; for cable TV and telephone, receipts from Census Bureau quinquennial census; for religious activities, expenses based on contributions and membership from trade sources; for electricity and gas, receipts from EIA; for local transport, receipts from trade source.</p> <p>Other years except the most recent year. For private and nonprofit hospitals, expenses from trade source; for private proprietary hospitals and cable TV, receipts from Census Bureau service annual survey; for telephone, receipts from the Federal Communications Commission; for others in this group, same as benchmark years.</p> <p>Most recent year. For life insurance, wages and salaries from BLS tabulations from the QCEW; for medical and hospitalization insurance, BLS employer costs for employee health insurance and wages and salaries from BLS tabulations from the QCEW; for other insurance, judgmental trend; for private hospitals, receipts and expenses from Census Bureau service annual survey; for religious activities, expenses based on population from the Census Bureau and per capita disposable personal income from BEA; for local transport, passenger trips from trade sources times BLS CPI for intracity mass transit; for electricity and natural gas, same as benchmark years; for cable TV, receipts from Census Bureau service annual survey; for telephone, receipts from company reports and trade sources.</p>	<p>For life insurance and private hospitals, wages and salaries derived from BLS monthly employment times earnings times hours; for cable TV, number of cable TV and direct broadcast satellite subscribers from trade source; for electricity and gas, projected quantities based on degree-day data from the National Oceanic and Atmospheric Administration times prices based on BLS CPIs for electricity and gas; for cellular telephone, number of subscribers from trade source times BLS CPI for cellular telephone service; for others in this group, judgmental trend.</p>

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Foreign travel by U.S. residents (\$96.1 billion) less expenditures in the United States by non-residents (\$96.6 billion) Other services: Motor vehicle leasing; parimutuel net receipts; other housing except hotels and motels; bridge, etc. tolls; other household operation except repairs and insurance; travel and entertainment card fees; stenographic and reproduction services; money orders and classified advertising; and computer online services (\$129.4 billion)	Estimated as part of the international transactions accounts; see the entry for exports and imports of services under net exports of goods and services.  Various source data.	Same as the annual estimates.  For motor vehicle leasing, number of leased vehicles based on registrations and terms from trade source, and lease payments based on new vehicle prices, BEA depreciation schedules, and Federal Reserve Board (FRB) interest rates on new motor vehicle loans; for others in this group, judgmental trend.
<b>Fixed investment (\$1,872.6 billion)</b>		
<b>Nonresidential structures (\$298.4 billion)</b>		
Commercial and health care (\$121.9 billion)	Benchmark years. BEA's benchmark input-output table. Other years. Value put in place from Census Bureau monthly construction survey.	Same as the annual estimates for other years.
Manufacturing (\$18.4 billion)	Value put in place from Census Bureau monthly construction survey.	Same as the annual estimates.
Power and communication (\$40.0 billion)	Value put in place from Census Bureau monthly construction survey.	Same as the annual estimates.
Mining exploration, shafts, and wells (\$56.2 billion)	Benchmark years. Expenditures from Census Bureau quinquennial census. All years except the most recent year. For petroleum and natural gas, physical quantity times average price: Footage drilled and cost per foot from trade sources; for other mining, expenditures from Census Bureau annual capital expenditure survey. Most recent year. For petroleum and natural gas, physical quantity times average price: Footage drilled and cost per foot from trade sources extrapolated by BLS producer price index for oil and gas well drilling.	For petroleum and natural gas, same as the annual estimate for the most recent year; for mining, judgmental trend.
Other structures (\$61.9 billion)	Benchmark years. BEA's benchmark input-output table. Other years. Value put in place from Census Bureau monthly construction survey.	Same as the annual estimates for other years.
<b>Nonresidential equipment and software (\$900.4 billion)</b>		
Equipment except new autos, new light trucks, and net purchases of used autos and used light trucks (\$632.6 billion)	Benchmark years. Commodity-flow method, starting with manufacturers' shipments from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau foreign trade data. Other years. Abbreviated commodity-flow method, starting with manufacturers' shipments from Census Bureau annual survey or, for the most recent year (except aircraft and heavy trucks), monthly survey of manufactures and including an adjustment for exports and imports from Census Bureau foreign trade data. For aircraft, manufactures' shipments from Census Bureau current industrial report, adjusted for exports and imports. For heavy trucks, physical quantity purchased times average price: Unit sales and information to allocate sales among business and other purchasers, from trade sources; for truck trailers, shipments from trade source.	Same as the annual estimates for other years but with less detail.
New autos, new light trucks, and net purchases of used autos and used light trucks (\$89.3 billion)	See the entries under personal consumption expenditures.	See the entries under personal consumption expenditures.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Software (\$178.5 billion)	<p>Benchmark years. For purchased software, commodity-flow method, starting with industry receipts data from Census Bureau quinquennial census and including an adjustment for exports and imports from Census Bureau foreign trade data; for own-account software, production costs based on BLS employment data and on Census Bureau quinquennial census.</p> <p>Other years. For purchased software, commodity-flow method, starting with industry receipts data from Census Bureau service annual survey and including an adjustment for exports and imports from Census Bureau foreign trade data; for own-account software, production costs based on BLS employment data.</p>	For purchased software, receipts from company reports to the Securities and Exchange Commission and retail sales of business software from trade sources; for own-account software, private fixed investment in computers and peripheral equipment.
<b>Residential investment (\$673.8 billion)<sup>4</sup></b>		
Permanent-site new single-family housing units (\$377.6 billion)	Value put in place based on phased housing starts and average construction cost from Census Bureau monthly construction survey.	Same as the annual estimates.
Permanent-site new multi-family housing units (\$38.5 billion)	Value put in place from Census Bureau monthly construction survey.	Same as the annual estimates.
Manufactured homes (\$7.5 billion)	<p>Benchmark years. See the entry for "Equipment except new autos, new light trucks, and net purchases of used autos and used light trucks" under nonresidential equipment and software.</p> <p>Other years. Physical quantity shipped times price: Shipments from trade source and average retail price from Census Bureau monthly survey.</p>	Same as the annual estimates for other years.
Improvements (\$147.0 billion)	<p>Benchmark years. For 1997, value put in place from Census Bureau construction survey based on expenditures by owner-occupants from BLS quarterly consumer expenditure survey and by landlords from Census Bureau quarterly survey of landlords.</p> <p>Others years. A weighted 3-year moving average of the improvements estimates from Census Bureau value put in place construction survey.</p>	Judgmental trend.
Brokers' commissions (\$96.0 billion)	Physical quantity times price times BEA estimate of average commission rate: Number of single-family houses sold and mean sales price from Census Bureau monthly construction survey and trade source.	Same as the annual estimates.
Equipment (\$8.4 billion)	See the entry for "Most durable and nondurable goods" under personal consumption expenditures.	Same as the annual estimates.
<b>Change in private inventories (\$55.4 billion)</b>		
Manufacturing and trade (\$46.5 billion)	<p>Benchmark years. Inventories from Census Bureau quinquennial census revalued to current replacement cost, with information on the proportions of inventories reported using different accounting methods, on the commodity composition of goods held in inventory, and on the turnover period, all from Census Bureau quinquennial censuses and annual surveys, combined with prices, largely based on BLS producer price indexes. (The difference between Census Bureau change in inventories and BEA change in private inventories is the inventory valuation adjustment.)</p> <p>Other years except the most recent year. Inventories from Census Bureau annual surveys, revalued as described above.</p> <p>Most recent year. For retail auto dealers, quantities times average prices from trade sources; for all other, inventories from Census Bureau monthly surveys, revalued as described above.</p>	Same as the annual estimate for the most recent year.
Mining, utilities, construction, and other nonfarm industries (\$5.7 billion)	<p>Benchmark years. Mining and construction inventories from Census Bureau quinquennial census revalued to current replacement cost as described above for manufacturing and trade.</p> <p>Other years except the most recent. Internal Revenue Service (IRS) tabulations of business tax returns, revalued as described above.</p> <p>Most recent year. Census Bureau quarterly survey of mining corporations, monthly physical quantities from EIA combined with BLS producer price indexes for electric utilities, and for all others, judgmental trend, revalued as described above (except when noted as physical quantity times price).</p>	For electric utilities, same as the annual estimate for the most recent year; for all others, judgmental trend.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Farm (\$3.2 billion)	USDA change in inventories adjusted to exclude Commodity Credit Corporation (CCC) forfeitures and to include net CCC loans at market value.	For crops, BEA quarterly allocation of USDA annual projections of crop output and cash receipts; for livestock, USDA quarterly data.
<b>Net exports of goods and services (–\$624.0 billion)</b>		
Exports and imports of goods, net (–\$677.8 billion)	Estimated as part of the international transactions accounts: Export and import documents compiled monthly by the Census Bureau with adjustments by BEA for coverage and valuation to convert the data to a balance-of-payments basis. Adjusted for the balance-of-payments coverage of U.S. territories and Puerto Rico with data from the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and the Census Bureau, and coverage of gold transactions adjusted with data from the U.S. Geological Survey and trade sources.	For territorial adjustment, Census Bureau foreign trade data and judgmental trend; for gold, judgmental trend; for all others, same as the annual estimates.
Exports and imports of services, net (\$53.8 billion)	Estimated as part of the international transactions accounts: For government transactions, reports by Federal agencies on their purchases and sales abroad; for most others in this group (including travel, passenger fares, other transportation, and royalties and license fees), BEA quarterly or annual surveys (supplemented by data from other sources). Adjusted for the balance-of-payments coverage of U.S. territories and Puerto Rico (see the above entry); adjusted to include financial services furnished without payment (see the entry for banks, credit agencies, and investment companies under net interest miscellaneous payments).	For territorial adjustment, judgmental trend; for all others, same as the annual estimates.
<b>Government consumption expenditures and gross investment (\$2,215.9 billion)</b>		
<b>Federal Government (\$827.6 billion)</b>		
National defense except consumption of general government fixed capital (\$488.2 billion)	Within a control total established by fiscal year analysis: For compensation, military wages from OMB's <i>Budget of the United States</i> , civilian wages and benefits from the Office of Personnel Management (OPM), and employer contributions for Federal employee retirement plans from outlays from the <i>Monthly Treasury Statement</i> ; for other than compensation by type, based mainly on data from Department of Defense (DOD) reports; for software, see the entry for software under nonresidential equipment and software.	For components of compensation, military employment from DOD and civilian employment from BLS; for other than compensation, same as the annual estimates; for software, see the entry for software under nonresidential equipment and software.
National defense consumption of general government fixed capital (\$64.5 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.
Nondefense except consumption of general government fixed capital (\$251.0 billion)	Within a control total established by fiscal year analysis: For CCC inventory change, book values of acquisitions and physical quantities of dispositions from agency reports times average market prices from USDA; for compensation, civilian wages and benefits from OPM and employer contributions for Federal employee retirement plans from outlays from the <i>Monthly Treasury Statement</i> ; for petroleum sales (Naval Petroleum Reserve), distribution and price data from the Department of Energy; for research and development, obligations from the National Science Foundation and disbursements from the National Aeronautics and Space Administration; for construction, value put in place from Census Bureau monthly construction survey; for software, see the entry for software under nonresidential equipment and software; for all others, outlays from the <i>Monthly Treasury Statement</i> . For financial services furnished without payment, see the entry for banks, credit agencies, and investment companies under net interest and miscellaneous payments.	For components of compensation, employment from BLS; for software, see the entry for software under nonresidential equipment and software; for other than compensation and software, same as the annual estimates.
Nondefense consumption of general government fixed capital (\$23.9 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
<b>State and local government (\$1,388.3 billion)</b>		
Consumption expenditures and gross investment except those items listed below (\$218.0 billion)	All years except the 3 most recent years. Total expenditures from Census Bureau quinquennial census and annual surveys of state and local governments, selectively replaced with source data that are more appropriate for the NIPAs and adjusted as follows: For coverage; for netting and grossing differences; to a calendar year basis from a fiscal year basis; for other timing differences; to exclude interest, subsidies, net expenditures of government enterprises, and transfer payments; and to exclude compensation, software, and structures. The 3 most recent years. Judgmental trend.	Judgmental trend.
Compensation of general government employees (\$827.9 billion)	For wages and salaries, BLS tabulations from the QCEW; for employer contributions for government social insurance, tabulations from the Social Security Administration and other agencies administering social insurance programs; for employer contributions for employee pension and insurance funds, data from trade sources, Centers for Medicare and Medicaid Services, Census Bureau annual surveys of state and local government retirement funds, adjusted to a calendar year basis from a fiscal year basis, and Census Bureau annual surveys of state and local governments, adjusted to a calendar year basis from a fiscal year basis.	For wages and salaries, derived from BLS monthly employment times earnings from BLS employment cost index; for other compensation, judgmental trend.
Consumption of general government fixed capital (\$103.6 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.
Structures (\$217.6 billion)	Value of construction put in place from Census Bureau monthly construction survey.	Same as the annual estimates.
Software (\$10.2 billion)	See the entry for software under nonresidential equipment and software.	Same as the annual estimates.
Brokerage charges and financial services furnished without payment (\$11.0 billion)	See the entries for brokerage charges and financial services furnished without payment under personal consumption expenditures.	Same as the annual estimates.
<b>Gross domestic income of \$11,657.5 billion for 2004</b>		

**Compensation of employees, paid (\$6,693.4 billion)<sup>5</sup>****Wage and salary accruals (\$5,395.2 billion)**

Private industries (\$4,455.8 billion)	For most industries, BLS tabulations from the QCEW; for others, wages from a variety of sources (such as USDA for farms and the Railroad Retirement Board for railroad transportation), adjusted for understatement of income on tax returns and for coverage differences.	For most industries, wages and salaries derived from BLS monthly employment times earnings times hours; for others, judgmental trend.
Federal Government (\$248.1 billion)	For civilians, wages from OPM; for military personnel, wages from OMB's <i>Budget of the United States</i> .	For civilians, employment from BLS and judgmental trend; for military personnel, DOD employment and judgmental trend.
State and local governments (\$691.4 billion)	BLS tabulations from the QCEW.	Derived from BLS monthly employment times earnings from BLS employment cost index.

**Employer contributions for employee pension and insurance funds (\$895.5 billion)**

Group health insurance (\$482.5 billion)	All years except the 3 most recent years. Total contributions from the Centers for Medicare and Medicaid Services less employee contributions from BLS consumer expenditure survey. The 3rd most recent year. Employer costs for health insurance from the Agency for Healthcare Research and Quality. The 2 most recent years. BLS employer costs for employee health insurance and BLS tabulations of wages and salaries from the QCEW.	Judgmental trend.
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See the footnotes at the end of the table.



**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Private pension and profit-sharing funds (\$198.8 billion)	All years except the 3 most recent. Tabulations from the Department of Labor. The 3 most recent years. Employer costs for employee compensation from BLS or IRS tabulations of business tax returns.	Judgmental trend.
Government employee retirement plans (\$144.4 billion)	All years except the most recent year. For Federal plans, outlays from the <i>Monthly Treasury Statement</i> ; for state and local government plans, Census Bureau annual surveys of state and local government retirement funds, adjusted to a calendar year basis from a fiscal year basis.	For Federal plans, same as the annual estimate for the most recent year; for state and local government plans, judgmental trend.
Workers' compensation (\$56.3 billion)	Most recent year. For Federal plans, same as all years except the most recent; for state and local government plans, Census Bureau annual surveys of state retirement funds, adjusted to a calendar year basis from a fiscal year basis.	Judgmental trend.
Group life insurance (\$11.7 billion)	All years except the most recent year. Employer contributions from trade sources. Most recent year. Judgmental trend.	Judgmental trend.
Employer contributions for government social insurance (\$402.7 billion)	All years except the most recent year. Group premiums and estimates of employer share from trade sources. Most recent year. Judgmental trend.	For Federal programs, BEA-derived wages and salaries of employees covered by the programs; for state and local government programs, judgmental trend.
<b>Taxes on production and imports (\$852.8 billion)</b>		
Federal Government (\$94.0 billion)	Tabulations from the Social Security Administration and other agencies administering social insurance programs.	For Federal programs, BEA-derived wages and salaries of employees covered by the programs; for state and local government programs, judgmental trend.
State and local governments (\$758.8 billion)	For excise taxes, collections from the Bureau of Alcohol, Tobacco, Firearms and Explosives and IRS; for customs duties, receipts from the <i>Monthly Treasury Statement</i> .	For customs duties, receipts from the <i>Monthly Treasury Statement</i> ; for most excise taxes, derived from indicators of activity (such as gasoline production for gasoline tax); for others, judgmental trend.
Receipts from Census Bureau quinquennial census and annual surveys, adjusted to a calendar year basis from a fiscal year basis.	Receipts from Census Bureau quinquennial census and annual surveys, adjusted to a calendar year basis from a fiscal year basis.	Judgmental trend.
<b>Less: Subsidies (\$43.5 billion)</b>		
Federal Government (\$43.0 billion)	Payments by the CCC from agency reports and, for most other agencies, outlays from the <i>Monthly Treasury Statement</i> .	CCC reports and judgmental trend.
State and local governments (\$0.5 billion)	For railroad and electric power, Census Bureau annual surveys of expenditures adjusted to a calendar year basis from a fiscal year basis and California administrative records.	Judgmental trend and California administrative records.
<b>Net operating surplus (\$2,719.4 billion)</b>		
<b>Private enterprises (\$2,722.4 billion)</b>		
<b>Net interest and miscellaneous payments (\$630.9 billion)<sup>6</sup></b>		
Domestic monetary interest, net (\$209.7 billion)	All years except the most recent year. For farm interest paid, USDA surveys; for residential mortgage interest paid, Census Bureau decennial survey of residential finance and mortgage debt from FRB times a BEA interest rate; for most other interest paid and received by business, IRS tabulations of business tax returns, adjusted for misreporting on tax returns and for conceptual differences.	Derived by combining estimates of (1) interest received by persons, (2) government interest paid less received, and (3) interest paid by persons. For (1), judgmental trend; for (2), data from the <i>Monthly Treasury Statement</i> and the Bureau of the Public Debt for Federal and judgmental trend for state and local; and for (3), consumer debt from FRB times BEA estimates of interest rates.
Most recent year. For farm and mortgage interest paid, same as all years except the most recent; for other interest, interest receipts and payments from regulatory agencies (such as the Federal Deposit Insurance Corporation), from trade sources, or derived by applying BEA interest rates to interest-bearing assets/liabilities from FRB flow-of-funds accounts.	Most recent year. For farm and mortgage interest paid, same as all years except the most recent; for other interest, interest receipts and payments from regulatory agencies (such as the Federal Deposit Insurance Corporation), from trade sources, or derived by applying BEA interest rates to interest-bearing assets/liabilities from FRB flow-of-funds accounts.	Most recent year. For farm and mortgage interest paid, same as all years except the most recent; for other interest, interest receipts and payments from regulatory agencies (such as the Federal Deposit Insurance Corporation), from trade sources, or derived by applying BEA interest rates to interest-bearing assets/liabilities from FRB flow-of-funds accounts.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
<p>Domestic imputed interest, net (\$406.8 billion)</p> <p>Banks, credit agencies, and investment companies (\$214.5 billion)</p> <p>Depositor services (\$190.8 billion)</p> <p>Borrower services (\$23.7 billion)</p> <p>Life insurance carriers (\$184.1 billion)</p> <p>Property and casualty insurance companies (\$8.2 billion)</p>	<p>For commercial banks, data from FRB tabulations of Federal Financial Examination Council <i>Call Reports</i> used to calculate the interest rate spread between a risk-free reference rate and the average interest rate paid to depositors times the average balance of deposits. Depositor services allocated to persons, government, and to the rest of the world on the basis of deposit liabilities from FRB.</p> <p>For credit agencies and investment companies, property income earned on investment of deposits less monetary interest paid to depositors (and for mutual depositories, profits from IRS tabulations of business tax returns) from annual reports of regulatory agencies and FRB. Depositor services allocated to persons, government, and to the rest of the world on the basis of deposit liabilities from FRB.</p> <p>For commercial banks, data from FRB tabulations of <i>Call Reports</i> used to calculate the interest rate spread between the average rate paid by borrowers and the reference rate times the average balance of borrowers.</p> <p>Property income earned on investment of policyholders' reserves from trade source.</p> <p>Expected investment income derived using incurred losses and investment gains from trade source.</p>	<p>Judgmental trend.</p> <p>Judgmental trend.</p> <p>Judgmental trend.</p> <p>Judgmental trend.</p>
<b>Business current transfer payments (net) (\$91.1 billion)</b>		
<p>To persons (net) (\$33.0 billion)</p>	<p>All years except the most recent year. Payments to persons for charitable contributions, IRS tabulations of business tax returns; for other components (such as liability payments for personal injury and net insurance settlements), information from government agency reports and trade sources.</p> <p>Most recent year. Judgmental trend.</p>	<p>Judgmental trend.</p>
<p>To government (net) (\$51.5 billion)</p>	<p>For Federal, receipts from OMB's <i>Budget of the United States</i>; for state and local, receipts from Census Bureau quinquennial census and annual surveys, adjusted to a calendar year basis from a fiscal year basis and net insurance settlements, as described above.</p>	<p>Judgmental trend.</p>
<p>To the rest of the world (net) (\$6.6 billion)</p>	<p>Estimated as part of the international transactions accounts.</p>	<p>Same as the annual estimates.</p>
<b>Proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj) (\$889.6 billion)</b>		
<p>Farm proprietors' income with IVA (\$41.7 billion)</p> <p>Farm proprietors' income CCAdj (-\$5.9 billion)</p>	<p>USDA data on net income, obtained by deriving gross income (cash receipts from marketing, inventory change, government payments, other cash income, and nonmoney income) and subtracting production expenses, adjusted to exclude corporate income based on USDA quinquennial census and annual survey data.</p> <p>See the entry "Less: Capital consumption adjustment" under consumption of fixed capital.</p>	<p>For crops, BEA quarterly allocation of USDA annual projections of crop output; for livestock, USDA quarterly projections of cash receipts and inventories; for both crops and livestock, quarterly allocation of USDA annual projections of government subsidy payments and production expenses.</p>
<p>Nonfarm proprietors' income (\$723.9 billion)</p>	<p>All years except the most recent year. Income from IRS tabulations of business tax returns, adjusted for understatement of income on tax returns and for conceptual differences.</p>	<p>Same as the annual estimate for the most recent year.</p>
<p>Nonfarm proprietors' income IVA (-\$4.7 billion)</p>	<p>Most recent year. For construction, trade, and services, indicators of activity (such as value of housing put in place); for most others, judgmental trend.</p> <p>See the entry for inventory valuation adjustment under corporate profits.</p>	

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI—Continues**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
Nonfarm proprietors' income CCAj (\$134.6 billion)	See the entry "Less: Capital consumption adjustment" under consumption of fixed capital.	
<b>Rental income of persons (\$149.5 billion)</b>		
Owner-occupied nonfarm housing (\$84.9 billion)	Benchmark years. Derived as space rent (see the entry for nonfarm dwellings under personal consumption expenditures) less related expenses, including property insurance from trade source and mortgage interest and property taxes from Census Bureau decennial survey of residential finance. Other years. Same as benchmark years, except mortgage interest, based on mortgage debt from FRB times a BEA interest rate, and property taxes from Census Bureau annual surveys of state and local tax collections.	For owner-occupied space rent, same as the annual estimates; for depreciation, interest, closing costs, real estate dealers' commissions, and taxes, based on NIPA estimates of those components; for other expenses, judgmental trend.
Tenant-occupied nonfarm housing (\$24.2 billion)	Same as owner-occupied nonfarm housing, adjusted to cover only rental income accruing to persons not primarily engaged in the real estate business from Census Bureau decennial survey of residential finance.	Same as owner-occupied nonfarm housing.
Farm housing (\$8.6 billion)	Benchmark years. Owner- and tenant-occupied housing derived as space rent (see the entry for farm dwellings under personal consumption expenditures) less related expenses, such as mortgage interest and property taxes from USDA. Farms owned by nonoperator landlords derived from USDA data. Other years. Space rent (see the entry for farm dwellings under personal consumption expenditures); expenses, judgmental trends. Farms owned by nonoperator landlords derived from USDA data.	Judgmental trend.
Nonfarm nonresidential properties (\$0.6 billion)	Benchmark years. Nonfarm nonresidential fixed assets from BEA capital stock series times a rate of return on capital based on IRS tabulations of business tax returns. Other years. BEA capital stock series and judgmental trend.	Judgmental trend.
Royalties (\$15.9 billion)	All years except the most recent year. IRS tabulations of royalties reported on individual income tax returns. Most recent year. Judgmental trend.	Judgmental trend.
<b>Corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAj) (\$976.6 billion)</b>		
Domestic profits before tax (\$874.4 billion)	All years except the most recent. Receipts less deductions from IRS tabulations of business tax returns, adjusted for understatement of income on tax returns and for conceptual differences. Most recent year. Profits from Census Bureau quarterly survey of corporate profits, regulatory agency reports, and compilations of publicly available corporate financial statements.	For some industries in transportation and in finance, judgmental trend; for others, same as the annual estimates for the most recent year. (Released with the preliminary estimate of GDP for the first, second, and third quarters and the final estimate for the fourth quarter.)
Inventory valuation adjustment (IVA) (-\$39.6 billion)	The IVA on the income side (for corporations and for nonfarm sole proprietorships and partnerships) and the IVA on the product side (see the entry "Change in private inventories") differ because the source data reflect different proportions of inventories reported using different accounting methods (last-in-first-out (LIFO)). The income-side IVA is based on the product-side IVA, adjusted by the relationship between non-LIFO inventories from IRS tabulations of business tax returns and non-LIFO inventories from the Census Bureau.	Same as the annual estimates.
Capital consumption adjustment (CCAj) (\$141.8 billion)	See the entry "Less: Capital consumption adjustment" under consumption of fixed capital.	
<b>Current surplus of government enterprises (-\$3.0 billion)</b>		
Federal Government (-\$0.5 billion)	Mainly reports of various agencies, such as the Postal Service, and consumption of fixed capital (CFC) estimates derived with perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Judgmental trend; for CFC estimates, the same as the annual estimates.

See the footnotes at the end of the table.

**Table 1. Source Data and Methods for Current-Dollar GDP and Current-Dollar GDI**

Component	Annual estimates: Source data and methods used to determine level for benchmark and other years or used to prepare an extrapolator or interpolator	Advance quarterly estimates: Source data and methods used to prepare an extrapolator
State and local governments (-\$2.5 billion)	For current operating receipts, mainly revenue data from Census Bureau annual surveys of state and local governments, adjusted to a calendar year basis from a fiscal year basis; for current operating expenditures, see the entries for "Consumption expenditures and gross investment" and "Consumption of general government fixed capital" under state and local government.	Judgmental trend.
<b>Consumption of fixed capital (\$1,435.3 billion)</b>		
<b>Government (\$229.1 billion)</b>		
General government (\$192.0 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.
Government enterprises (\$37.2 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.
<b>Private (\$1,206.2 billion)</b>		
Domestic business (\$973.3 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.
Capital consumption allowances (\$1,228.6 billion)	All years except the most recent year. For depreciation of corporations and of nonfarm sole proprietorships and partnerships, IRS tabulations of business tax returns, adjusted for conceptual differences; for other depreciation (including farm proprietorships and partnerships and other private business), perpetual-inventory calculations based on investment at acquisition cost; for accidental damage to fixed capital, losses reported to insurance companies and to government agencies. Most recent year. For depreciation of corporations and of nonfarm sole proprietorships and partnerships, BEA estimates of tax-return-based depreciation; for other depreciation and accidental damage to fixed capital, same as above.	Judgmental trend.
Less: Capital consumption adjustment (\$255.3 billion)	For corporations and nonfarm sole proprietorships and partnerships, the difference between tax-return-based calculations and perpetual-inventory calculations; for others (including farm proprietorships and partnerships, and other private business), the difference between perpetual-inventory calculations at historical cost and current cost.	Judgmental trend.
Households and institutions (\$232.8 billion)	Perpetual-inventory calculations at current cost, based on gross investment and on investment prices.	Same as the annual estimates.

## NIPAs National income and product accounts

1. Personal consumption expenditures (PCE) for durable and nondurable goods includes \$0.8 billion for food produced and consumed on farms and standard clothing issued to military personnel.

2. The Census Bureau data for retail sales include sales of gasoline service stations. The estimates of PCE for gasoline and oil are derived from the sources listed and are deducted from the retail-control estimates of most durable and nondurable goods.

3. This line item is also referred to as "services furnished without payment by financial intermediaries, except life insurance carriers."

4. Residential investment includes -\$1.1 billion for dormitories and net purchases of used structures.

5. Compensation of employees includes \$1.8 billion for supplemental unemployment.

6. Net interest and miscellaneous payments includes \$14.3 billion for government rents and royalties.

**Table 2. Methodology Used in Preparing Estimates of Real GDP—Continues**

Component	Deflation, using price based on		Using quantity for extrapolation or direct valuation
	CPI or PPI	Other index	
<b>Personal consumption expenditures</b>			
<b>Durable and nondurable goods</b>			
Most durable and nondurable goods except those listed below	CPI		
New autos	PPI, for military clothing		
Net purchases of used autos and used light trucks	CPI		Direct valuation. For used autos and used light trucks, in two parts: (1) Margin, unit sales from trade sources with dealers' margins from Census Bureau and trade sources; (2) net transactions, net change in unit stock of autos held by consumers by year of original sale, valued by depreciated original value in base-year dollars.
New trucks	CPI		
Gasoline and oil	CPI		
Food furnished to employees (including military)	CPI		
Expenditures abroad by U.S. residents less personal remittances in kind to nonresidents	.....	Foreign CPIs <sup>1</sup>	
<b>Services</b>			
Nonfarm dwellings: Space rent for owner-occupied dwellings and rent for tenant-occupied dwellings	CPI		
Rental value of farm dwellings	.....	.....	Quantity extrapolation. Real dollar net stock of farm housing from BEA capital stock estimates.
Motor vehicle repair, rental, and other services; other repair services; other purchased intercity transportation; legal and funeral services; barber-shops, beauty parlors, and health clubs; nursing homes; laundries; employment agency fees; accounting and tax return preparation services; recreation (except cable TV, parimutuel net receipts, lotteries and computer online services); hotels and motels; commercial business, trade, and correspondence schools; educational services not elsewhere classified; research organizations and foundations	CPI PPI, for proprietary and government nursing homes and employment agency fees	Composite index of input prices from the Centers for Medicare and Medicaid Services for private nonprofit nursing homes; for clubs and fraternal organizations and for nonprofit research and foundation expenses, BEA composite indexes of input prices.	
Physicians, dentists, home health care, medical laboratories, and other professional medical services	CPI PPI, for physicians, home health care, and medical laboratories		
Private nursery schools, elementary and secondary schools, day care, welfare activities, political organizations, foundations, and trade unions and professional associations	.....	BEA composite indexes of input prices.	

See the footnotes at the end of the table.

**Table 2. Methodology Used in Preparing Estimates of Real GDP—Continues**

Component	Deflation, using price based on		Using quantity for extrapolation or direct valuation
	CPI or PPI	Other index	
Financial services furnished without payment by banks, other depository institutions, and investment companies <sup>2</sup>	PPI, for investment companies' securities commissions	BEA composite index of input prices, for investment companies' "total deductions."	Quantity extrapolation. Banks, BLS index of total output (less BEA real bank service charges) times consumer share based on shares of deposits and loans; for other depository institutions, paid employee hours of relevant financial institutions; for investment companies' "implicit charges," BEA orders derived from volume data from trade sources.
Brokerage charges and investment counseling, bank service charges, intercity transportation except "other," and private higher education	CPI PPI, for securities commissions	BEA index based on revenue per passenger mile from DOT and trade source for air transportation; for private higher education, BEA composite index of input prices.	Quantity extrapolation. For mutual fund sales charges, value of new sales deflated by CPI.
Domestic service	CPI		
Public education and hospitals, water and other sanitary services, and lotteries	CPI PPI, for public hospitals		
Insurance, private hospitals, religious activities, cable TV, electricity, natural gas, telephone, and local transport	CPI PPI, for private for-profit hospitals	BEA composite indexes of input prices, for life insurance and religious activities; for private nonprofit hospitals, composite index of input prices from the Centers for Medicare and Medicaid Services.	Quantity extrapolation. For auto insurance, premiums deflated by CPI; for medical care and hospitalization insurance, benefits deflated by PPI; for workers' compensation, premiums deflated by PPI.
Foreign travel by U.S. residents less expenditures in the United States by nonresidents	CPI, for expenditures in the United States	BEA composite index of foreign CPIs, <sup>1</sup> for foreign travel; for airfares in foreign travel, BLS import price index.	
Other services: Motor vehicle leasing; parimutuel net receipts; other housing except hotels and motels; tolls; other household operation except repairs and insurance; travel and entertainment card fees; stenographic and reproduction services; money orders and classified advertising; and computer online services	CPI	.....	Quantity extrapolation. For parimutuel net receipts, gross winnings deflated by CPI.
<b>Fixed investment</b>			
<b>Nonresidential structures</b>			
Commercial and health care	.....	BEA index based on costs per square foot from trade source for commercial structures; for health care, BEA index based on cost index from trade source and on Census Bureau price deflator for single-family houses under construction.	
Manufacturing	.....	BEA index based on costs per square foot from trade source.	
Power and communication	PPI, for power excluding electric	Cost indexes from trade sources and government agencies, for power; for communication, cost index from trade source.	
Mining exploration, shafts, and wells	PPI, for casing, oil and gas well drilling, and oil and gas field services	BEA index based on cost index from trade source and on Census Bureau price deflator for single-family houses under construction, for mines.	Quantity extrapolation. For drilling, footage by geographic area from trade source.

See the footnotes at the end of the table.

**Table 2. Methodology Used in Preparing Estimates of Real GDP—Continues**

Component	Deflation, using price based on		Using quantity for extrapolation or direct valuation
	CPI or PPI	Other index	
Other structures	PPI, for brokers' commissions	BEA index based on costs per square foot from trade source, for educational and vocational structures; for railroads, BEA price index; for other components, BEA index based on cost index from trade source and on Census Bureau price deflator for single-family houses under construction.	
<b>Nonresidential equipment and software</b>			
Equipment except those listed below	PPI, for most domestic components and for imported transportation equipment	BLS import price indexes, for imported components except transportation equipment.	
New autos, new light trucks, and net purchases of used autos and used light trucks	CPI, for new autos PPI, for new light trucks	.....	Direct valuation. For used autos and used light trucks, see the entry "Net purchases of used autos and used light trucks" under personal consumption expenditures.
Telephone and telegraph installation	.....	BEA cost index	
Telephone switching equipment	.....	BEA price index	
Photocopying equipment	.....	BEA price index	
Software	PPI, for prepackaged software	BEA cost index, BLS employment cost index, and PPI, for own-account and custom software.	
<b>Residential investment</b>			
Permanent-site new single-family housing units	.....	Census Bureau price deflator for single-family houses under construction.	
Permanent-site new multifamily housing units	.....	BEA price index	
Manufactured homes	PPI		
Improvements	.....	BEA composite index of input prices, for major replacements; for additions and alterations, BEA index based on Census Bureau price deflator for single-family houses under construction and BEA index for major replacements.	
Brokers' commissions	PPI		
Equipment	CPI		
<b>Change in private inventories</b>			
Nonfarm			
Purchased goods of all industries	PPI	Composite price from the Energy Information Administration, for crude petroleum; BLS import price indexes, for imported goods purchased by trade industries.	Direct valuation. Quantities and prices of stocks of coal, petroleum, and natural gas for utilities from Energy Information Administration.
Work-in-process and finished goods, manufacturing	PPI	BEA indexes of unit labor costs.	
Farm	.....	USDA average market prices	

See the footnotes at the end of the table.

**Table 2. Methodology Used in Preparing Estimates of Real GDP—Continues**

Component	Deflation, using price based on		Using quantity for extrapolation or direct valuation
	CPI or PPI	Other index	
<b>Net exports of goods and services</b>			
Exports and imports of goods	PPI, for gold; semi-conductor exports, selected transportation equipment; selected agricultural foods, feeds, and beverages; and selected imports of refined petroleum	BLS export and import price indexes; for electric energy exports and imports, and for petroleum imports, unit-value indexes based on Census Bureau values and quantities.	
Exports and imports of services	CPI, for travel receipts, medical receipts, and nonresident students' expenditures PPI, for selected other transportation	Selected deflators, for military transfers and defense expenditures: see "National defense except consumption of general government fixed capital" below. BLS export and import price indexes, for passenger fares; BEA composite index of foreign CPIs, <sup>1</sup> for travel payments, for miscellaneous services, and U.S. students' expenditures abroad; BLS exports and imports price indexes, for selected other transportation; and for royalties and fees, and other private services, BEA price indexes, CPI, PPI, and implicit price deflator for final sales to domestic purchasers.	Quantity extrapolation. For exports of financial services furnished without payment, <sup>2</sup> BLS index of total bank output (less BEA real bank service charges).
<b>Government consumption expenditures and gross investment</b>			
<b>Federal Government</b>			
National defense except consumption of general government fixed capital	PPI, for selected goods and services CPI and PPI, for utilities and communications	BEA indexes based on DOD prices paid, for some goods and services and for most military structures; for some services, BLS employment cost indexes; for nonmilitary structures, cost indexes from trade sources and government agencies; for own-account software, BEA index derived from nondefense compensation; for custom software, BEA index derived from nondefense compensation price index and PPI.	Quantity extrapolation. For military compensation, full-time equivalent employment by rank and length of service; for civilian compensation, full-time equivalent employment by grade, adjusted for change from base year in hours worked. Direct valuation. For some goods and services and a few military structures, quantities and prices from DOD reports; for electricity and natural gas, quantities from DOE.
National defense consumption of general government fixed capital	.....	.....	Direct valuation. Perpetual-inventory calculations based on gross investment.
Nondefense except consumption of general government fixed capital	PPI, for most goods and selected services CPI, for rent, utilities, and communications	Cost indexes from trade sources and government agencies, for structures; for some services, BLS employment cost indexes; for own-account software, BEA index derived from nondefense compensation; for custom software, BEA index derived from nondefense compensation; for custom software, BEA index derived from nondefense compensation price index and PPI.	Quantity extrapolation. For compensation, full-time equivalent employment by grade, adjusted for change from base year in hours worked; for financial services furnished without payment, <sup>2</sup> BLS index of total bank output (less BEA real bank service charges). Direct valuation. For net purchases of agricultural commodities by the Commodity Credit Corporation, quantities by crop from agency reports and USDA prices; for selected petroleum transactions, DOE quantities and prices.



**Table 2. Methodology Used in Preparing Estimates of Real GDP**

Component	Deflation, using price based on		Using quantity for extrapolation or direct valuation
	CPI or PPI	Other index	
Nondefense consumption of general government fixed capital	.....	.....	Direct valuation. Perpetual-inventory calculations based on gross investment.
<b>State and local government</b>			
Consumption expenditures and gross investment except those listed below	CPI, for services PPI, for electricity, hospitals, most professional services, and goods	BEA indexes based on Federal nondefense prices paid, for transportation, books, and postal services; for elementary and secondary education, welfare, and libraries, BEA composite indexes of input prices; for maintenance and repair services, BEA composite price index for state and local construction.	
Compensation of general government employees	.....	.....	Quantity extrapolation. For employees in education, full-time equivalent employment by education and experience, adjusted for change from base year in hours worked; for other employees, full-time equivalent employment, adjusted for change from base year in hours worked; for other employees, full-time equivalent employment, adjusted for change from base year in hours worked.
Consumption of general government fixed capital	.....	.....	Direct valuation. Perpetual-inventory calculations based on gross investment.
Structures	.....	Cost indexes from trade sources and government agencies.	
Software	.....	See the entry for software under nonresidential equipment and software.	
Brokerage charges and financial services furnished without payment	.....	.....	Quantity extrapolation. See the entries for brokerage charges and for financial services under personal consumption expenditures.

BEA Bureau of Economic Analysis  
 BLS Bureau of Labor Statistics  
 CPI Consumer price index  
 DOD Department of Defense  
 DOE Department of Energy  
 DOT Department of Transportation

PPI Producer price index  
 USDA U.S. Department of Agriculture  
 1. The foreign CPIs have been adjusted for differences in exchange rates.  
 2. This line item is also referred to as "services furnished without payment by financial intermediaries, except life insurance carriers."

## Federal Personal Income Tax Liabilities and Payments for 1959–2003

By Mark A. Ledbetter

Each year, the Bureau of Economic Analysis updates the estimates of Federal personal income tax liabilities and of Federal personal income tax payments.<sup>1</sup> The estimates of income tax liabilities and payments for 2003 are new, and the estimates of income tax payments for 2002 have been revised. The estimates incorporate the results of the 2005 annual revision of the national income and product accounts and newly available tax return data for 2003 from the Internal Revenue Service.

For 2002, Federal personal income tax payments exceed tax liabilities by \$30.3 billion. The difference between income tax liabilities and payments can be partly accounted for by a slowdown in U.S. economic activity and by the Job Creation and Worker Assistance Act of 2002.<sup>2</sup>

1. For details about the estimates of tax liabilities and payments, see Mark A. Ledbetter, "Federal Personal Income Tax Liabilities and Payments, for 1959–2001," *SURVEY OF CURRENT BUSINESS* 84 (June 2004): 17–20.

2. For more information on the provisions of this act, see Ledbetter, "Federal Personal Income Tax Liabilities and Payments for 1959–2002," *SURVEY OF CURRENT BUSINESS* 84 (December 2004): 33.

For 2003, personal income tax payments exceeded personal income tax liabilities by \$27.9 billion. Personal tax liabilities decreased \$53.8 billion in 2003. The decrease can be partly attributed to the Economic Growth and Tax Relief Reconciliation Act of 2003.<sup>3</sup> As a result of the retroactive provisions of this act, personal tax payments withheld for January 1 to May 28, 2003, were overstated, and tax payments on certain capital gains and dividends for May 6 to May 28, 2003, were also overstated. As a result of the effects of this act and the Trade Act of 2002, net advance payments for 2003 were \$14.2 billion.<sup>4</sup>

3. The Economic Growth and Tax Relief Reconciliation Act of 2003, effective on May 28, 2003, accelerated the tax reductions in the Economic Growth and Tax Relief Act of 2001, increased the exemption for the alternative minimum tax, and included specific adjustments for married taxpayers filing joint tax returns.

4. The Jobs and Growth Tax Relief Reconciliation Act of 2003 provided advance payments of \$400 per child because of an increase in the child tax credit from \$600 to \$1,000. The Trade Act of 2002 allowed certain trade-impacted workers and recipients of the Pension and Benefit Guaranty Corporation to receive advance Health Coverage Tax Credit payments to help cover the cost of health plan premiums.

### Federal Personal Income Tax Liabilities and Payments for 1959–2003

[Billions of dollars]

	Federal personal income taxes				Federal personal income taxes		
	Liabilities basis <sup>1</sup>	Payments basis <sup>2</sup>	Difference		Liabilities basis <sup>1</sup>	Payments basis <sup>2</sup>	Difference
1959.....	39.0	38.5	0.5	1982.....	280.2	295.0	-14.8
1960.....	39.9	41.8	-1.9	1983.....	277.8	286.2	-8.4
1961.....	42.7	42.7	0.0	1984.....	306.7	301.4	5.3
1962.....	45.4	46.5	-1.1	1985.....	331.5	336.0	-4.5
1963.....	48.8	49.1	-0.3	1986.....	374.9	350.1	24.8
1964.....	47.8	46.0	1.8	1987.....	378.7	392.5	-13.8
1965.....	50.2	51.1	-0.9	1988.....	422.0	402.9	19.1
1966.....	56.8	58.6	-1.8	1989.....	440.1	451.5	-11.4
1967.....	63.7	64.4	-0.7	1990.....	453.4	470.2	-16.8
1968.....	77.5	76.4	1.1	1991.....	455.4	461.3	-5.9
1969.....	87.4	91.7	-4.3	1992.....	483.1	475.3	7.8
1970.....	84.5	88.9	-4.4	1993.....	508.5	505.5	3.0
1971.....	86.1	85.8	0.3	1994.....	540.3	542.7	-2.4
1972.....	94.3	102.8	-8.5	1995.....	592.9	586.0	6.9
1973.....	108.9	109.6	-0.7	1996.....	664.5	663.4	1.1
1974.....	124.4	126.5	-2.1	1997.....	742.5	744.3	-1.8
1975.....	117.3	120.7	-3.4	1998.....	800.5	825.8	-25.3
1976.....	142.8	141.2	1.6	1999.....	892.4	893.0	-0.6
1977.....	161.0	162.2	-1.2	2000.....	994.2	999.1	-4.9
1978.....	189.6	188.9	0.7	2001.....	857.6	994.5	-136.9
1979.....	216.1	224.6	-8.5	2002.....	800.2	830.5	-30.3
1980.....	252.3	250.0	2.3	2003.....	746.4	774.3	-27.9
1981.....	286.7	290.6	-3.9				

1. For the data sources, see footnote 1 in the text.

2. This series is presented as personal current taxes (line 3) in NIPA table 3.2.

# Comparison of BEA Estimates of Personal Income and IRS Estimates of Adjusted Gross Income

## New Estimates for 2003

## Revised Estimates for 2002

By Mark A. Ledbetter

THE Bureau of Economic Analysis (BEA) measure of personal income and the Internal Revenue Service (IRS) measure of adjusted gross income (AGI) are both widely used measures of household income. However, each measure is based on different concepts, and each is used for different purposes.

BEA annually publishes a comparison of these two measures in a reconciliation table. This comparison features the “AGI gap,” which is the difference between the BEA-derived estimates of adjusted gross income and the IRS estimates of adjusted gross income.<sup>1</sup> (For more information, see “Estimating the AGI Gap.”)

1. For more information about the source data and the methodologies that are used to prepare BEA-derived estimates of AGI and the AGI gap, see Mark A. Ledbetter, “Comparison of BEA Estimates of Personal Income and IRS Estimates of Adjusted Gross Income,” SURVEY OF CURRENT BUSINESS 84 (April 2004): 8–22.

Adjusted gross income is the key measure of individual income that is defined by the Internal Revenue Code. It is used as the basis for computing certain tax credits and itemized deductions.

BEA’s personal income estimate is a more comprehensive income measure. The personal income and outlay account records the distribution of income to the household sector and measures its value and composition in the national economy. It represents a component of a sequence of interconnected, macroeconomic flow accounts that is often used to examine trends in national economic activity.

Analysts use this comparison of personal income and adjusted gross income in a variety of ways. For example, because major changes in the tax law affect the IRS estimates of adjusted gross income, this comparison is often used by analysts to convert adjusted gross income into a consistent time series for budget and fis-

### Key Terms

**Adjusted gross income (AGI)** for Federal income tax purposes, includes all the income that is received in the form of money, property, and services and that is not explicitly exempt by law.

**Personal income** is the income received by persons from all sources. It includes income that is taxed, that is partly taxed (such as social security benefit payments), and that is tax-exempt (such as tax-exempt interest, nontaxable transfer payments, and Medicare, Medicaid, and welfare benefit payments). It is the sum of “compensation of employees (received),” proprietors’ income, rental income of persons, personal income receipts on assets, and personal current transfer receipts; contributions for government social insurance is subtracted. Personal income includes imputed income; it excludes net gains from the sale of assets (capital gains), pension benefit payments, and employee and self-employed contributions for government social insurance. For more information about personal income, see <[www.bea.gov/bea/regional/articles/spi2001](http://www.bea.gov/bea/regional/articles/spi2001)>.

“Persons” consists of individuals, nonprofit institu-

tions serving households, private noninsured welfare funds, and private trust funds.

**BEA-derived adjusted gross income** is based on IRS tabulations of data from individual income tax returns, corporate income tax returns, nonfarm sole proprietorship income tax returns, partnership income tax returns, and extrapolated estimates for tax-exempt income and for private foundation income.

The **AGI gap** is the difference between the BEA-derived adjusted gross income and the IRS adjusted gross income. The AGI gap by type of income is the difference between BEA-derived adjusted gross income for that type of income and the reallocated IRS adjusted gross income.

The **relative AGI gap** for each type of income shows the AGI gap by type of income as a percentage of the BEA-derived adjusted gross income by type of income.

**Misreporting adjustments** modify the IRS source data used in BEA’s measure of personal income. These adjustments estimate income that is underreported on tax returns and for income that is earned by individuals who do not file tax returns.

cal policy analyses or to extrapolate projections of adjusted gross income.

The components of personal income and adjusted gross income are similar. The major differences are that personal income consists of both taxable income and tax-exempt income and adjusted gross income consists only of taxable income. Personal income includes other significant items, such as misreporting adjustments, imputed income, income of nonprofit institutions serving households, the investment income of insurance carriers, and employer contributions for government social insurance, among others.

### The AGI gap for 2003

The total AGI gap for 2003, the most recent year for which AGI data are available, was \$1,041.7 billion (table 1). The misreporting adjustment, which adjusts the IRS data for underreported and unreported income, accounts for \$423.8 billion of the gap. For the remaining \$617.9 billion, no explanations are easily identifiable.<sup>2</sup>

The relative AGI gap—the gap as a percentage of BEA-derived adjusted gross income—was 14.4 percent.

2. For details, see “The AGI Gap,” in Ledbetter, “Comparison of BEA Estimates and IRS Estimates,” 10–12.

BEA also calculates the AGI gap by type of income (tables 1–4). The unexplained portion of the AGI gap by type of income can be calculated by subtracting the misreporting adjustment from the corresponding AGI gap estimate.

### Revisions to the AGI gap for 2002

The AGI gap for 2002 was revised down \$17.8 billion to \$943.2 billion (table 2 and table A). The relative AGI gap for 2002 was revised to 13.5 percent from 13.7 percent.

Because IRS adjusted gross income for 2002 was unrevised, the entire revision to the 2002 AGI gap is accounted for by the revision to BEA-derived adjusted gross income. The downward revision of BEA-derived adjusted gross income reflects a \$3.0 billion upward revision to BEA’s personal income, a \$3.7 billion upward revision to items included in personal income but not in adjusted gross income, and a \$17.1 billion downward revision to items included in adjusted gross income but not in personal income (table A).

The revision to BEA-adjusted gross income can also be viewed as the sum of revisions to BEA data (\$11.0 billion), to IRS data (–\$14.3 billion), and to data that are derived independently of both BEA personal income and IRS adjusted gross income (–\$14.5 billion) (table B).

**Table A. Revisions to the AGI Gap for 2002**

[Billions of dollars]

Line <sup>1</sup>	2002
<b>1 Personal income</b> .....	<b>3.0</b>
<b>2 Less: Portion of personal income not included in adjusted gross income</b> .....	<b>3.7</b>
3 Nontaxable transfer payments .....	3.5
4 Employer contributions for employee pension and insurance funds .....	15.5
5 Imputed income in personal income .....	–22.0
6 Investment income of life insurance carriers and pension plans .....	24.9
7 Investment income received by nonprofit institutions and retained by fiduciaries .....	–5.7
8 Differences in accounting treatment between NIPAs and tax regulations, net .....	–7.2
9 Other personal income exempt or excluded from adjusted gross income.....	–5.3
<b>10 Plus: Portion of adjusted gross income not included in personal income</b> .....	<b>–17.1</b>
11 Contributions for government social insurance .....	0.1
12 Net gain from sale of assets .....	0.0
13 Taxable pensions .....	–3.0
14 Small business corporation income .....	–14.7
15 Other types of income.....	0.5
<b>21 Equals: BEA-derived adjusted gross income</b> .....	<b>–17.8</b>
<b>22 IRS adjusted gross income</b> .....	<b>0.0</b>
<b>28 Adjusted gross income (AGI) gap</b> .....	<b>–17.8</b>
<b>30 Relative AGI gap (percentage point)</b> .....	<b>–0.2</b>

1. The line numbers in this table correspond to those in table 2.

BEA Bureau of Economic Analysis  
IRS Internal Revenue Service  
NIPAs National income and product accounts

**Table B. Sources of Revisions to BEA-Derived Adjusted Gross Income**

[Billions of dollars]

	2002
<b>Revisions to BEA-derived adjusted gross income</b> .....	<b>–17.8</b>
<b>Revisions to BEA data</b> .....	<b>11.0</b>
Personal income.....	3.0
Contributions for government social insurance .....	0.1
Less.....	–7.8
Employer contributions for employee pension and insurance funds.....	15.5
Imputed income in personal income.....	–22.0
Gain on internal revenue code section 1231 assets.....	0.1
Inventory valuation and capital consumption adjustments .....	–0.3
Nonfarm proprietors’ income .....	–0.2
Excess farm inventories .....	–0.9
Small business corporation dividends .....	–0.1
<b>Revisions to IRS data</b> .....	<b>–14.3</b>
Small business corporation income .....	–14.7
Other types of income.....	0.5
<b>Revisions to reconciliation items derived independently of BEA personal income and IRS adjusted gross income</b> .....	<b>–14.5</b>
Taxable pensions.....	–3.0
Less.....	11.6
Nontaxable transfer payments to persons .....	3.5
Investment income retained by life insurance carriers and pensions plans.....	24.9
Fiduciary income .....	–1.8
Nonprofit income .....	–3.8
IRA-Keogh income excluding capital gains .....	–4.1
Tax-exempt military pay .....	2.1
Tax-exempt interest .....	–7.3
Other items.....	–1.9

NOTE. Details may not add to totals because of rounding.

All the revisions to the estimates of the reconciliation items that are prepared independently of personal income and of adjusted gross income carry through to BEA-derived adjusted gross income (these estimates are derived from source data that are not used to prepare estimates of personal income or adjusted gross income).<sup>3</sup> Revisions to the components of adjusted gross income (parts of lines 9, 12, 14, and 15 of table 2) also carried through to BEA-derived adjusted gross income.

### Estimating the AGI gap

The AGI gap by type of income is estimated in three steps. First, an estimate of BEA-derived adjusted gross income is prepared by adjusting the estimates of BEA personal income to conform to the IRS definition of adjusted gross income. Certain types of income are subtracted from personal income because they are not

included in adjusted gross income (lines 3–9 in tables 1 and 2), and certain types of income are added to personal income to be consistent with adjusted gross income (lines 11–15).

Second, certain types of personal income are reallocated so that BEA-derived estimates of adjusted gross income by type of income conform to the definitions of adjusted gross income (lines 17–20). Certain types of adjusted gross income that are undefined in personal income, such as estate and trust income, are reallocated so that adjusted gross income by type of income conforms to the BEA-derived adjusted gross income (lines 24–26).

Third, the estimates of “AGI reallocated” (line 27) are subtracted from the estimates of BEA-derived adjusted gross income (line 21) to yield an estimate of the AGI gap (line 28).

The relative AGI gap (line 30) is the AGI gap as a percentage of BEA-derived adjusted gross income.

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3. “Carry through” is used to describe a revision to a reconciliation item in personal income or in adjusted gross income that results in a revision to the AGI gap. The revision to a reconciliation item in one measure of income that is not offset by an identical revision to the other measure of income is said to carry through to the AGI gap.

*Tables 1–4 Follow*

Table 1. Comparison of Personal Income With Adjusted Gross Income by Type of Income for 2003

[Billions of dollars]

Line		Personal Income										Income not included in personal income	
		Total	Wage and salary disbursements	Proprietors' income with IVA and CCA <sub>adj</sub>		Rental income of persons with CCA <sub>adj</sub>	Income receipts on assets		Taxable pensions and annuities	Taxable unemployment compensation	Taxable social security <sup>1</sup>		Other personal income <sup>2</sup>
				Farm	Nonfarm		Personal dividend income	Personal interest income					
1	<b>Personal income</b> .....	<b>9,169.1</b>	<b>5,111.1</b>	<b>27.7</b>	<b>782.4</b>	<b>131.7</b>	<b>421.1</b>	<b>917.6</b>	<sup>3</sup> <b>3.2</b>	<b>53.9</b>	<b>106.2</b>	<b>1,614.2</b>	<b>0.0</b>
2	<b>Less: Portion of personal income not included in adjusted gross income</b> .....	<b>3,359.9</b>	<b>152.7</b>	<b>19.9</b>	<b>38.0</b>	<b>100.0</b>	<b>260.9</b>	<b>689.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2,011.1</b>	<b>87.6</b>
3	Nontaxable transfer payments to persons.....	1,180.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,180.1	0.0
4	Employer contributions to pension and insurance funds.....	830.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	830.0	0.0
5	Imputed income in personal income <sup>4</sup> .....	271.8	13.0	0.2	3.0	77.7	0.0	177.9	0.0	0.0	0.0	0.0	0.0
6	Investment income retained by life insurance carriers and pensions plans <sup>5</sup> .....	421.8	0.0	0.0	0.0	2.2	27.2	392.4	0.0	0.0	0.0	0.0	0.0
7	Investment income received by nonprofit institutions and retained by fiduciaries.....	57.8	0.0	0.0	0.5	6.7	21.0	28.5	0.0	0.0	0.0	1.1	0.0
8	Differences in accounting treatment between NIPAs and tax regulations, net.....	127.2	0.0	19.7	34.5	13.4	22.3	37.2	0.0	0.0	0.0	0.0	0.0
9	Other personal income exempt or excluded from adjusted gross income.....	471.3	139.6	0.0	0.0	0.0	190.3	53.8	0.0	0.0	0.0	0.0	<sup>6</sup> 87.6
10	<b>Plus: Portion of adjusted gross income not included in personal income</b> .....	<b>1,439.6</b>	<b>22.0</b>	<b>0.0</b>	<b>4.3</b>	<b>5.1</b>	<b>0.0</b>	<b>0.0</b>	<b>488.9</b>	<b>0.0</b>	<b>0.0</b>	<b>395.9</b>	<b>523.4</b>
11	Contributions for government social insurance.....	396.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	396.6	0.0
12	Net gain from sale of assets.....	294.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	294.0
13	Taxable pensions <sup>7</sup> .....	488.9	0.0	0.0	0.0	0.0	0.0	0.0	488.9	0.0	0.0	0.0	0.0
14	Small business corporation income.....	148.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	148.6
15	Other types of income.....	111.5	22.0	0.0	4.3	5.1	0.0	0.0	0.0	0.0	0.0	-0.7	80.8
16	<b>Plus: Reallocation by type of NIPA income</b> .....	<b>0.0</b>	<b>16.3</b>	<b>0.0</b>	<b>-1.1</b>	<b>0.0</b>	<b>23.5</b>	<b>-23.5</b>	<b>-16.3</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>0.0</b>
17	Fiduciaries' share of partnership income <sup>8</sup> .....	0.0	0.0	0.0	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
18	Interest received by nonfarm proprietors.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Interest distributed by regulated investment companies.....	0.0	0.0	0.0	0.0	0.0	23.5	-23.5	0.0	0.0	0.0	0.0	0.0
20	Taxable disability income payments.....	0.0	16.3	0.0	0.0	0.0	0.0	0.0	-16.3	0.0	0.0	0.0	0.0
21	<b>Equals: BEA-derived adjusted gross income</b> .....	<b>7,248.8</b>	<b>4,996.8</b>	<b>7.9</b>	<b>747.6</b>	<b>36.8</b>	<b>183.7</b>	<b>204.3</b>	<b>475.8</b>	<b>53.9</b>	<b>106.2</b>	<b>0.0</b>	<b>435.8</b>
22	<b>IRS Adjusted gross income (as reported)</b> .....	<b>6,207.1</b>	<b>4,649.9</b>	<b>-12.4</b>	<b>229.7</b>	<b>29.2</b>	<b>115.1</b>	<b>127.2</b>	<b>372.9</b>	<b>44.0</b>	<b>97.8</b>	<b>117.9</b>	<b>435.8</b>
23	<b>Plus: Reallocation by type of IRS income</b> .....	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>110.3</b>	<b>7.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-117.9</b>	<b>0.0</b>
24	Estate or trust income.....	0.0	0.0	0.0	4.8	7.7	0.0	0.0	0.0	0.0	0.0	-12.4	0.0
25	Partnership income.....	0.0	0.0	0.0	105.5	0.0	0.0	0.0	0.0	0.0	0.0	-105.4	0.0
26	Other reallocations.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	<b>IRS Adjusted gross income (reallocated)</b> .....	<b>6,207.1</b>	<b>4,649.9</b>	<b>-12.4</b>	<b>339.9</b>	<b>36.9</b>	<b>115.1</b>	<b>127.2</b>	<b>372.9</b>	<b>44.0</b>	<b>97.8</b>	<b>0.0</b>	<b>435.8</b>
28	<b>Adjusted gross income (AGI) gap (line 21 - line 27)</b> .....	<b>1,041.7</b>	<b>346.9</b>	<b>20.3</b>	<b>407.7</b>	<b>-0.1</b>	<b>68.6</b>	<b>77.2</b>	<b>102.9</b>	<b>9.8</b>	<b>8.4</b>	<b>0.0</b>	<b>0.0</b>
29	Percent distribution of AGI gap.....	100.0	33.3	1.9	39.1	0.0	6.6	7.4	9.9	0.9	0.8	.....	.....
30	Relative AGI gap <sup>9</sup> .....	14.4	6.9	257.7	54.5	-0.2	37.3	37.8	21.6	18.3	7.9	.....	.....
31	<b>Addendum: Misreporting adjustment included in personal income</b> .....	<b>423.8</b>	<b>110.4</b>	<b>.....</b>	<b>326.0</b>	<b>1.9</b>	<b>.....</b>	<b>-14.5</b>	<b>.....</b>	<b>.....</b>	<b>.....</b>	<b>.....</b>	<b>.....</b>

1. These benefits also include a social security equivalent benefit portion of tier 1 railroad retirement benefits.

2. Consists primarily of employer contributions for employee pension and insurance funds and nontaxable transfer payments to persons less contributions to government social insurance.

3. Includes tier 2 railroad retirement benefits that are taxed as if the benefits were paid under private employer retirement plans.

4. Consists of all the imputations in personal income in NIPA table 7.12 except employer contributions for health and life insurance premiums; these premiums are included in line 4.

5. Consists of imputed interest received by persons from life insurance carriers (NIPA table 7.11) and the investment income of private and government employee pension plans.

6. Statutory adjustments or specific adjustments ("above-the-line deductions") from total income included to arrive at

adjusted gross income.

7. Consists of the taxable portion of private and government employee retirement plan benefit payments.

8. Consists of partnership income retained by fiduciaries.

9. Adjusted gross income gap (line 28) as a percentage of BEA-derived adjusted gross income (line 21).

BEA Bureau of Economic Analysis

CCA<sub>adj</sub> Capital consumption adjustment

IVA Inventory valuation adjustment

IRS Internal Revenue Service

NIPAs National income and product accounts

Table 2. Comparison of Personal Income With Adjusted Gross Income by Type of Income for 2002

[Billions of dollars]

Line		Personal Income										Income not included in personal income	
		Total	Wage and salary disbursements	Proprietors' income with IVA and CCAj		Rental income of persons with CCAj	Income receipts on assets		Taxable pensions and annuities	Taxable unemployment compensation	Taxable social security <sup>1</sup>		Other personal income <sup>2</sup>
				Farm	Nonfarm		Personal dividend income	Personal interest income					
1	<b>Personal income</b> .....	<b>8,881.9</b>	<b>4,980.9</b>	<b>10.6</b>	<b>757.8</b>	<b>152.9</b>	<b>397.2</b>	<b>936.1</b>	<sup>3</sup> <b>3.1</b>	<b>54.0</b>	<b>101.6</b>	<b>1,487.7</b>	<b>0.0</b>
2	<b>Less: Portion of personal income not included in adjusted gross income</b> .....	<b>3,243.9</b>	<b>142.8</b>	<b>12.0</b>	<b>57.7</b>	<b>114.4</b>	<b>254.1</b>	<b>713.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,872.5</b>	<b>77.2</b>
3	Nontaxable transfer payments to persons.....	1,126.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,126.5	0.0
4	Employer contributions to pension and insurance funds.....	745.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	745.1	0.0
5	Imputed income in personal income <sup>4</sup> .....	294.8	12.1	0.2	2.9	93.2	0.0	186.5	0.0	0.0	0.0	0.0	0.0
6	Investment income retained by life insurance carriers and pensions plans <sup>5</sup> .....	432.0	0.0	0.0	0.0	1.4	41.8	388.8	0.0	0.0	0.0	0.0	0.0
7	Investment income received by nonprofit institutions and retained by fiduciaries.....	60.0	0.0	0.0	0.5	7.8	17.5	33.3	0.0	0.0	0.0	1.0	0.0
8	Differences in accounting treatment between NIPAs and tax regulations, net.....	146.0	0.0	11.8	54.3	12.0	17.7	50.2	0.0	0.0	0.0	0.0	0.0
9	Other personal income exempt or excluded from adjusted gross income.....	439.5	130.7	0.0	0.0	0.0	177.0	54.6	0.0	0.0	0.0	0.0	<sup>6</sup> 77.2
10	<b>Plus: Portion of adjusted gross income not included in personal income</b> .....	<b>1,338.9</b>	<b>24.7</b>	<b>0.0</b>	<b>4.7</b>	<b>4.7</b>	<b>0.0</b>	<b>0.0</b>	<b>462.7</b>	<b>0.0</b>	<b>0.0</b>	<b>383.9</b>	<b>458.1</b>
11	Contributions for government social insurance.....	384.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	384.8	0.0
12	Net gain from sale of assets.....	236.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	236.4
13	Taxable pensions <sup>7</sup> .....	462.7	0.0	0.0	0.0	0.0	0.0	0.0	462.7	0.0	0.0	0.0	0.0
14	Small business corporation income.....	138.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	138.5
15	Other types of income.....	116.5	24.7	0.0	4.7	4.7	0.0	0.0	0.0	0.0	0.0	-0.9	83.2
16	<b>Plus: Reallocation by type of NIPA income</b> .....	<b>0.0</b>	<b>11.5</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>38.4</b>	<b>-38.4</b>	<b>-11.5</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>
17	Fiduciaries' share of partnership income <sup>8</sup> .....	0.0	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
18	Interest received by nonfarm proprietors.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Interest distributed by regulated investment companies.....	0.0	0.0	0.0	0.0	0.0	38.4	-38.4	0.0	0.0	0.0	0.0	0.0
20	Taxable disability income payments.....	0.0	11.5	0.0	0.0	0.0	0.0	0.0	-11.5	0.0	0.0	0.0	0.0
21	<b>Equals: BEA-derived adjusted gross income</b> .....	<b>6,976.8</b>	<b>4,874.2</b>	<b>-1.4</b>	<b>703.9</b>	<b>43.3</b>	<b>181.5</b>	<b>184.4</b>	<b>454.3</b>	<b>54.0</b>	<b>101.6</b>	<b>0.0</b>	<b>381.0</b>
22	<b>IRS Adjusted gross income (as reported)</b> .....	<b>6,033.6</b>	<b>4,559.7</b>	<b>-14.4</b>	<b>220.8</b>	<b>29.0</b>	<b>103.2</b>	<b>149.0</b>	<b>357.8</b>	<b>43.3</b>	<b>93.5</b>	<b>110.7</b>	<b>381.0</b>
23	<b>Plus: Reallocation by type of IRS income</b> .....	<b>0.0</b>	<b>0.0</b>	<b>-0.7</b>	<b>103.9</b>	<b>7.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-110.7</b>	<b>0.0</b>
24	Estate or trust income.....	0.0	0.0	0.0	3.8	7.4	0.0	0.0	0.0	0.0	0.0	-11.2	0.0
25	Partnership income.....	0.0	0.0	-0.7	100.1	0.0	0.0	0.0	0.0	0.0	0.0	-99.4	0.0
26	Other reallocations.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	<b>IRS Adjusted gross income (reallocated)</b> .....	<b>6,033.6</b>	<b>4,559.7</b>	<b>-15.1</b>	<b>324.7</b>	<b>36.4</b>	<b>103.2</b>	<b>149.0</b>	<b>357.8</b>	<b>43.3</b>	<b>93.5</b>	<b>0.0</b>	<b>381.0</b>
28	<b>Adjusted gross income (AGI) gap (line 21 - line 27)</b> .....	<b>943.2</b>	<b>314.5</b>	<b>13.7</b>	<b>379.2</b>	<b>6.9</b>	<b>78.2</b>	<b>35.4</b>	<b>96.5</b>	<b>10.7</b>	<b>8.1</b>	<b>0.0</b>	<b>0.0</b>
29	Percent distribution of AGI gap.....	100.0	33.3	1.5	40.2	0.7	8.3	3.7	10.2	1.1	0.9	.....	.....
30	Relative AGI gap <sup>9</sup> .....	13.5	6.5	( <sup>10</sup> )	53.9	15.9	43.1	19.2	21.2	19.8	8.0	.....	.....
31	<b>Addendum: Misreporting adjustment included in personal income</b> .....	<b>401.5</b>	<b>106.5</b>	.....	<b>307.9</b>	<b>1.6</b>	.....	<b>-14.4</b>	.....	.....	.....	.....	.....

1. These benefits also include a social security equivalent benefit portion of tier 1 railroad retirement benefits.

2. Consists primarily of employer contributions for employee pension and insurance funds and nontaxable transfer payments to persons less contributions to government social insurance.

3. Includes tier 2 railroad retirement benefits that are taxed as if the benefits were paid under private employer retirement plans.

4. Consists of all the imputations in personal income in NIPA table 7.12 except employer contributions for health and life insurance premiums; these premiums are included in line 4.

5. Consists of imputed interest received by persons from life insurance carriers (NIPA table 7.11) and the investment income of private and government employee pension plans.

6. Statutory adjustments or specific adjustments ("above-the-line deductions") from total income included to arrive at adjusted gross income.

7. Consists of the taxable portion of private and government employee retirement plan benefit payments.

8. Consists of partnership income retained by fiduciaries.

9. Adjusted gross income gap (line 28) as a percentage of BEA-derived adjusted gross income (line 21).

10. The calculation of the relative AGI gap for farm proprietors' income is not applicable because of a negative value for BEA-derived adjusted gross income.

BEA Bureau of Economic Analysis

CCAj Capital consumption adjustment

IVA Inventory valuation adjustment

IRS Internal Revenue Service

NIPAs National income and product accounts

**Table 3. The BEA and IRS Measures of Adjusted Gross Income (AGI) and the AGI Gap by Type of Income for 1990–2003**

[Billions of Dollars]

	BEA-derived adjusted gross income	IRS adjusted gross income	AGI gap	Wage and salary disbursements	Proprietors' income with IVA and CCAAdj		Rental income of persons with CCAAdj	Income receipts on assets			Taxable pensions and annuities	Taxable unemployment compensation	Taxable social security benefits
					Farm	Nonfarm		Total	Personal dividend income	Personal interest income			
1990.....	3,798.4	3,405.4	393.0	106.4	27.7	134.8	4.2	59.2	44.7	14.6	54.5	2.8	3.0
1991.....	3,856.8	3,464.5	392.3	92.1	29.8	138.7	8.2	66.1	45.2	20.9	50.1	3.6	3.2
1992.....	4,092.0	3,629.1	462.9	121.9	30.6	162.7	12.5	65.2	34.4	30.8	56.6	8.3	4.5
1993.....	4,245.4	3,723.3	522.1	139.3	38.1	195.6	12.3	65.4	31.2	34.2	57.1	7.4	6.1
1994.....	4,473.7	3,907.5	566.2	146.1	27.0	214.8	15.4	86.5	48.1	38.4	64.0	3.8	8.0
1995.....	4,759.8	4,189.4	570.4	153.5	36.9	233.1	17.0	49.0	31.2	17.9	68.6	2.6	8.8
1996.....	5,144.5	4,536.0	608.5	178.2	31.2	259.3	16.1	44.8	40.0	4.8	70.2	3.2	7.2
1997.....	5,578.0	4,970.0	608.0	190.2	31.3	264.4	16.4	23.8	43.8	-20.0	71.3	3.1	6.5
1998.....	6,120.2	5,416.0	704.3	227.6	26.3	286.0	15.8	71.0	47.2	23.8	72.2	3.1	2.3
1999.....	6,553.5	5,855.5	698.0	251.1	25.4	322.9	16.6	-5.1	6.3	-11.4	77.0	3.3	6.9
2000.....	7,125.4	6,365.4	760.1	280.8	21.2	368.4	13.8	-17.8	17.1	-34.9	91.4	3.8	7.3
2001.....	7,005.0	6,170.6	834.4	281.8	18.5	377.9	10.2	42.0	39.7	2.3	90.8	5.3	7.7
2002.....	6,976.8	6,033.6	943.2	314.5	13.7	379.2	6.9	113.6	78.2	35.4	96.5	10.7	8.1
2003.....	7,248.8	6,207.1	1,041.7	346.9	20.3	407.7	-0.1	145.7	68.6	77.2	102.9	9.8	8.4

BEA Bureau of Economic Analysis  
 CCAAdj Capital consumption adjustment  
 IRS Internal Revenue Service  
 IVA Inventory valuation adjustment

**Table 4. The Relative AGI Gap by Type of Income for 1990–2003**

[Percent]

	Total relative AGI gap	Wage and salary disbursements	Proprietors' income with IVA and CCAAdj		Rental income of persons with CCAAdj	Income receipts on assets			Taxable pensions and annuities	Taxable unemployment compensation	Taxable social security benefits	Addenda	
			Farm	Nonfarm		Total	Personal dividend income	Personal interest income				The sum of income items except wages, subject to the requirements for filing information returns <sup>1</sup>	The sum of income items not subject to the requirements for filing information returns <sup>2</sup>
			1990.....	10.3		3.9	96.1	44.0				38.5	16.2
1991.....	10.2	3.3	105.2	44.5	50.4	18.7	36.9	9.1	22.1	13.5	13.1	19.5	49.6
1992.....	11.3	4.2	103.8	45.7	49.4	21.3	30.6	15.9	23.3	21.0	16.2	21.8	50.1
1993.....	12.3	4.6	107.9	49.8	42.0	23.7	28.1	20.7	22.8	21.0	20.0	22.9	53.7
1994.....	12.7	4.6	134.4	50.5	43.3	29.3	36.9	23.3	23.8	15.8	17.2	25.6	53.5
1995.....	12.0	4.6	125.7	51.7	43.8	16.4	24.8	10.3	23.7	11.8	16.2	19.4	55.3
1996.....	11.8	5.0	127.7	52.2	38.0	14.2	27.7	2.8	22.7	14.0	12.0	17.7	54.4
1997.....	10.9	5.0	125.2	51.0	36.7	7.5	26.7	-13.2	21.5	15.3	9.5	14.2	53.1
1998.....	11.5	5.5	141.5	50.7	35.3	19.3	28.5	11.8	20.5	15.5	3.2	18.3	52.3
1999.....	10.7	5.7	129.5	52.2	36.3	-1.7	4.5	-6.9	20.2	15.7	8.4	10.4	53.3
2000.....	10.7	5.9	174.1	54.9	29.8	-5.4	10.4	-21.3	21.9	18.3	7.5	9.8	55.3
2001.....	11.9	5.8	242.7	54.6	20.2	11.7	25.0	1.1	21.1	16.4	7.6	15.8	54.2
2002.....	13.5	6.5	( <sup>3</sup> )	53.9	15.9	31.0	43.1	19.2	21.2	19.8	8.0	23.5	53.6
2003.....	14.4	6.9	257.7	54.5	-0.2	37.6	37.3	37.8	21.6	18.3	7.9	26.1	54.0

1. Consists of personal dividend income, personal interest income, taxable pensions, taxable unemployment compensation, and taxable social security benefits. These types of income have been subject to varying degrees of withholding since 1984.

2. Consists of farm proprietors' income, nonfarm proprietors' income, and rental income of persons.

3. The calculation of the relative AGI gap for farm proprietors' income is not applicable because of a negative value for BEA-derived adjusted gross income.

NOTE: The relative AGI gap is the AGI gap as a percentage of the BEA-derived adjusted gross income; see line 31 in tables 1 and 2.

AGI Adjusted gross income  
 CCAAdj Capital consumption adjustment  
 IVA Inventory valuation adjustment



# Reconciliation of the U.S.-Canadian Current Account, 2003 and 2004

By Renee Sauers, Patricia Abaroa, Edward Dozier, and Denis Caron

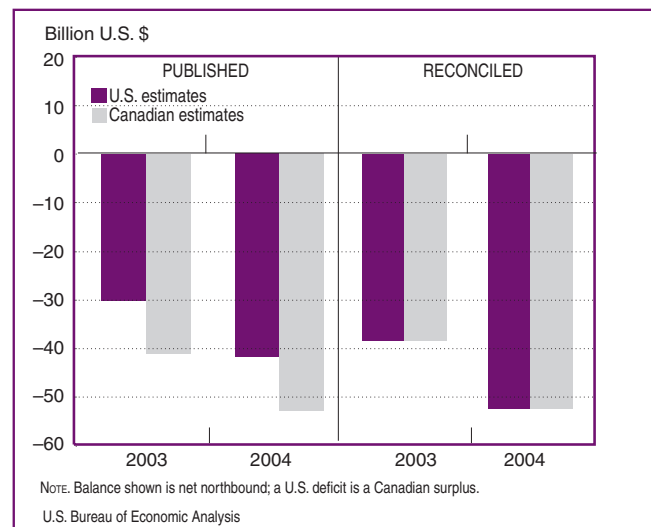
ON a reconciled basis, the U.S. deficit, or Canadian surplus, is \$38.3 billion for 2003 and \$52.2 billion for 2004 (chart 1, table 1).<sup>1</sup> The U.S.-published current-account balance with Canada is a U.S. deficit of \$30.4 billion for 2003 and a U.S. deficit of \$42.2 billion for 2004; the corresponding Canadian-published balance is a Canadian surplus of \$41.4 billion for 2003 and a Canadian surplus of \$53.4 billion for 2004.<sup>2</sup>

The results of the reconciliation of the bilateral current-account estimates of Canada and the United States for 2003 and 2004 are presented in this article.<sup>3</sup> The details of the current-account reconciliation for 2003 and 2004 are presented in the tables that follow this article. Tables 2.1 and 2.2 show the details of the major types of reconciliation adjustments—definitional, methodological, and statistical—that were made to the major current-account components. Tables 3.1 and 3.2 present the published estimates, the estimates on a common basis (after the estimates have been adjusted for definitional and methodological differences), the reconciled estimates, and the amounts of the adjustments for each major current-account com-

ponent. Tables 4–7 present the reconciliation details for goods, services, and investment income.<sup>4</sup>

4. For the reconciliation, some of the details presented in the tables in this article differ from those presented in the balance-of-payments tables regularly published by the U.S. Bureau of Economic Analysis and by Statistics Canada.

**Chart 1. U.S.-Canadian Current-Account Balance**



**Table 1. Major U.S.-Canadian Balances**

[Billions of U.S. dollars]

	Published estimates		Reconciled estimates	
	United States	Canada	United States	Canada
<b>2003</b>				
Goods and services .....	-46.7	59.6	-57.4	57.4
Goods .....	-54.3	64.3	-63.3	63.3
Services .....	7.6	-4.7	5.9	-5.9
Income .....	16.5	-20.6	19.4	-19.4
Current unilateral transfers.....	-0.2	2.4	-0.3	0.3
<b>Current account .....</b>	<b>-30.4</b>	<b>41.4</b>	<b>-38.3</b>	<b>38.3</b>
<b>2004</b>				
Goods and services .....	-59.8	72.2	-73.0	73.0
Goods .....	-69.1	77.4	-78.9	78.9
Services .....	9.2	-5.2	6.0	-6.0
Income .....	18.3	-21.6	21.4	-21.4
Current unilateral transfers.....	-0.7	2.9	-0.7	0.7
<b>Current account .....</b>	<b>-42.2</b>	<b>53.4</b>	<b>-52.2</b>	<b>52.2</b>

NOTE: A U.S. surplus (+) is a Canadian deficit (-), and a Canadian surplus (+) is a U.S. deficit (-). Details may not add to totals because of rounding.

1. The reconciled estimates are intended to show how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources. In this article, all values are expressed in U.S. dollars.

2. For this year's reconciliation, the U.S. deficit for 2003 is revised down from the previously published deficit of \$32.1 billion used in last year's reconciliation, and the Canadian surplus for 2003 is revised down from the previously published surplus of \$44.7 billion used in last year's reconciliation.

3. The reconciliation of the current account has been undertaken each year since 1970. Summary results of the reconciliations were published in the United States in the following issues of the SURVEY OF CURRENT BUSINESS: June 1975, September 1976 and 1977, December 1978 and 1979, June 1981, and each December of 1981–91. Complete details of the reconciliations were published in the following issues of the SURVEY: November 1992, each October of 1993–95, and each November of 1996–2004. In Canada, the results were published in the following issues of *Canada's Balance of International Payments* (catalogue 67–001), a publication of Statistics Canada: Fourth Quarter 1973, Second Quarter 1976 and 1977, Third Quarter 1978 and 1979, First Quarter 1981, and each Third Quarter of 1981–2004.

*This article will also be published in Canada's Balance of International Payments, Third Quarter 2005.*

## Reconciled Current-Account Balances

In the U.S. current account, the reconciliation adjustments result in an increase of \$7.9 billion in the U.S. deficit for 2003 and an increase of \$10.0 billion in the U.S. deficit for 2004. For both years, the increases reflect larger upward adjustments to the U.S. southbound estimates than to the U.S. northbound estimates (tables 2.1 and 2.2).<sup>5</sup> For both years, the largest increases in the U.S. southbound estimates result from the addition of Canadian reexports to U.S. goods imports (a definitional adjustment), from the valuation of U.S. natural gas imports to include inland freight (a definitional adjustment), and from statistical adjustments to southbound services. For both years,

5. In this article, the term "northbound" refers to U.S. exports of goods and services, U.S. income receipts, and current unilateral transfers to the United States, and it refers to Canadian imports of goods and services, Canadian income payments, and current unilateral transfers from Canada. The term "southbound" refers to U.S. imports of goods and services, U.S. income payments, and current unilateral transfers from the United States, and it refers to Canadian exports of goods and services, Canadian income receipts, and current unilateral transfers to Canada.

the largest increases in the U.S. northbound estimates result from upward adjustments to investment income for statistical differences in income on U.S. holdings of Canadian bonds and from adjustments for statistical differences in "other" services.

In the Canadian current account, the reconciliation adjustments result in a decrease of \$3.1 billion in the Canadian surplus for 2003 and in a decrease of \$1.2 billion in the Canadian surplus for 2004. For both years, the decreases in the Canadian surplus reflect larger downward adjustments to the Canadian southbound estimates than to the Canadian northbound estimates. For both years, the largest downward adjustments to the Canadian southbound estimates are from definitional adjustments to goods, from the elimination of the withholding taxes in current unilateral transfers (definitional adjustment), and from adjustments for definitional differences in "other" services. In the Canadian northbound estimates, the largest downward adjustments are to eliminate statisti-

### Note on the U.S.-Canadian Current-Account Reconciliation

The U.S.-Canadian current-account reconciliation, which explains the differences between the estimates of the bilateral current account published by the U.S. Bureau of Economic Analysis (BEA) and those published by Statistics Canada, is undertaken because of the extensive economic links between Canada and the United States. The reconciled estimates are intended to assist analysts who use both countries' statistics and to show how the current-account estimates would appear if both countries used common definitions, methodologies, and data sources.<sup>1</sup>

In principle, the bilateral current account of one country should mirror the bilateral current account of the other country. Differences occur in the published estimates of the U.S. and Canadian current accounts because of variations in the definitions, methodologies, and statistical sources that are used by each country. Some of the differences for 2004 are in components of the current account for which data are still preliminary and subject to revision; these differences may be eliminated when final data for these components become available.

The longstanding Canadian-U.S. current-account reconciliation is among the leading examples of the benefits

of international data exchanges. As a part of the reconciliation process, Canada and the United States have evaluated the accuracy of each other's estimates, and as a result, each country now includes in its published estimates some data that are provided by the other country. The exchange of data between Canada and the United States for transactions such as trade in goods, travel, passenger fares, Canadian and U.S. Government transactions, and some large transportation transactions covers a substantial portion of the value of the Canadian and U.S. current account and has eliminated some of the differences in the Canadian- and U.S.-published estimates. In addition, the reconciliation process has highlighted areas where errors and omissions may exist in each country's estimates, which has helped in targeting data improvement efforts.

Although the U.S.- and Canadian-published estimates are reconciled and there is extensive exchange of data between Canada and the United States, differences in the published estimates remain. Complete substitution of the reconciled estimates for published estimates and complete exchange of data are not feasible for several reasons. For trade in goods, imports in the U.S. accounts would be affected because the United States attributes Canadian reexports to the country of origin rather than to Canada, the last country of shipment. For some accounts, the protection of the confidentiality of the source data bars the exchange of data. Finally, a few differences are attributable to different requirements for integrating the international and national (domestic) accounts in each country.

1. A detailed article on the methodology was published by BEA in "Reconciliation of the U.S.-Canadian Current Account" in the November 1992 *Survey* and by Statistics Canada in *Reconciliation of the Canadian-United States Current Account, 1990-1991*. Statistics Canada also published a shortened version in the December 1992 *Canadian Economic Observer* and in Canada's *Balance of International Payments, Third Quarter 1992*.

cal differences in income on U.S. holdings of Canadian bonds and to eliminate withholding taxes from direct investment and “other” investment income (definitional adjustments).

### Summary of Reconciliation Methodology

In reconciling the U.S.- and Canadian-published bilateral current-account estimates, the estimates are first restated to a common basis—that is, they are adjusted for definitional and methodological differences; the remaining adjustments that are needed to reach the reconciled values are the statistical adjustments. The framework for reconciling the U.S. and Canadian estimates to a common basis mainly follows the international standards published in the International Monetary Fund’s *Balance of Payments Manual* (fifth edition). The U.S.- and Canadian-published estimates now largely conform to the international standards, but some differences with the international standards—and between the U.S. and Canadian estimates—remain in the published estimates because of data limitations, difficulties in determining country attribution, differences in classification, and because in a few cases, international standards provide for more than one acceptable treatment.

The definitional adjustments mainly reflect data limitations and differences in country attribution. For example, as part of the reconciliation, U.S.-published estimates of imports of goods from Canada are adjusted to include Canadian reexports to the United States (goods imported by Canada from third countries and then reexported to the United States without substantial changes) because U.S. imports of goods are recorded on a country-of-origin basis. Another example of a definitional adjustment is that the Canadian estimates, mainly investment income, are adjusted to a basis that is net of withholding taxes because the U.S. withholding tax estimates—which are included on a global basis in the U.S.-published accounts—cannot be allocated by country for comparison with the Canadian estimates. As a result, the reconciled estimates depart from the international statistical standards, but without this adjustment, the estimates could not be compared on a common basis.

The methodological adjustments mainly reflect differences in classification. For example, parts of the U.S. estimates of film rentals and courier services are recorded in various services accounts; for reconciliation, they are reclassified to a single account. A few U.S. and Canadian accounts, mainly interest income, are adjusted to a net or gross basis for comparability. Methodological adjustments do not affect the current-account balance because the northbound and the southbound methodological adjustments are offsetting.

Statistical differences reflect the use of different source data in the United States and Canada, the difficulty in determining country attribution because of insufficient data, the preliminary nature of some of the data (particularly for the most recent year), and the use of sample data between benchmarks. For both the northbound and the southbound estimates, most of the statistical differences are in the U.S. and Canadian estimates of “other” services and of investment income.

### Acknowledgements

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*Tables 2.1 through 7.2 follow.*

Table 2.1. Summary of Reconciliation Adjustments, Northbound, 2003

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	United States	Canada	United States	Canada	United States	Canada	United States	Canada
Goods, balance-of-payments basis.....	-38	-405	223		256	-678	441	-1,083
Definitional adjustments.....	-38	-405					-38	-405
Reclassification of equipment repairs from unaffiliated services.....			223				223	
Statistical adjustments.....					256	-678	256	-678
Services.....	-128	-769	-223	-99	507	-87	156	-955
Travel.....			877		-119	-94	758	-94
Reclassification of education from unaffiliated services.....			645				645	
Reclassification of medical services from unaffiliated services.....			232				232	
Statistical adjustments.....					-119	-94	-119	-94
Passenger fares.....					-582		-582	
Other transportation.....		-143		168	29	-61	29	-36
Definitional adjustments.....		-143						-143
Reclassification of transportation services from unaffiliated services.....				168				168
Statistical adjustments.....					29	-61	29	-61
Other services.....	-128	-626	-1,100	-267	1,179	68	-49	-825
Affiliated.....		-134	-364	33	200	-1,286	-164	-1,387
Definitional adjustments.....		-134						-134
Reclassification of film rentals and courier services to unaffiliated services.....			-364					-364
Reclassification of selected services from unaffiliated services.....				33				33
Statistical adjustments.....					200	-1,286	200	-1,286
Unaffiliated.....		-491	-736	-300	979	1,304	243	513
Definitional adjustments.....		-491						-491
Reclassification of transactions to or from other accounts.....			-736	-300				-736
Statistical adjustments.....					979	1,304	979	1,304
U.S. military sales.....	-128					50	-128	50
Definitional adjustments.....	-128						-128	
Statistical adjustments.....						50		50
Income.....	568	-2,648	-484	-660	1,761	3,109	1,845	-199
Direct investment.....	-78	-1,075		-117	-1,561	5,570	-1,639	4,378
Definitional adjustments.....	-78	-1,075					-78	-1,075
Adjustment of interest income to a net basis.....				-117				-117
Statistical adjustments.....					-1,561	5,570	-1,561	5,570
Other investment.....	646	-1,573	-484	-642	3,322	-2,461	3,484	-4,676
Definitional adjustments.....	646	-1,573					646	-1,573
Adjustment of interest income to a net basis.....			-484	-642				-484
Statistical adjustments.....					3,322	-2,461	3,322	-2,461
Compensation of employees.....				99				99
Reclassification from unaffiliated services.....				99				99
Current unilateral transfers.....		-385	902		-153	418	749	33
Definitional adjustments.....		-385						-385
Adjustment of U.S. transfers to a gross basis.....			902				902	
Statistical adjustments.....					-153	418	-153	418
<b>Total adjustments.....</b>	<b>402</b>	<b>-4,207</b>	<b>418</b>	<b>-759</b>	<b>2,371</b>	<b>2,762</b>	<b>3,191</b>	<b>-2,204</b>

Table 2.1. Summary of Reconciliation Adjustments, Northbound, 2004

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	United States	Canada	United States	Canada	United States	Canada	United States	Canada
Goods, balance-of-payments basis.....	-4	-654	152		724	-628	872	-1,282
Definitional adjustments.....	-4	-654					-4	-654
Reclassification of equipment repairs from unaffiliated services.....			152				152	
Statistical adjustments.....					724	-628	724	-628
Services.....	-89	-837	-152	-110	459	-642	218	-1,589
Travel.....			917		-699	-23	218	-23
Reclassification of education from unaffiliated services.....			671				671	
Reclassification of medical services from unaffiliated services.....			246				246	
Statistical adjustments.....					-699	-23	-699	-23
Passenger fares.....					-673		-673	
Other transportation.....		-163		146	35	46	35	29
Definitional adjustments.....		-163						-163
Reclassification of transportation services from unaffiliated services.....				146				146
Statistical adjustments.....					35	46	35	46
Other services.....	-89	-674	-1,069	-256	1,796	-665	638	-1,595
Affiliated.....		-161	-378	36	700	-1,792	322	-1,917
Definitional adjustments.....		-161						-161
Reclassification of film rentals and courier services to unaffiliated services.....			-378					-378
Reclassification of selected services from unaffiliated services.....				36				36
Statistical adjustments.....					700	-1,792	700	-1,792
Unaffiliated.....		-513	-691	-292	1,096	1,086	405	281
Definitional adjustments.....		-513						-513
Reclassification of transactions to or from other accounts.....			-691	-292			-691	-292
Statistical adjustments.....					1,096	1,086	1,096	1,086
U.S. military sales.....	-89					41	-89	41
Definitional adjustments.....	-89						-89	
Statistical adjustments.....						41		41
Income.....	578	-3,110	-513	-614	1,499	5,235	1,564	1,511
Direct investment.....	-127	-1,375		-138	-1,301	7,185	-1,428	5,672
Definitional adjustments.....	-127	-1,375					-127	-1,375
Adjustment of interest income to a net basis.....				-138				-138
Statistical adjustments.....					-1,301	7,185	-1,301	7,185
Other investment.....	705	-1,735	-513	-586	2,800	-1,950	2,992	-4,271
Definitional adjustments.....	705	-1,735					705	-1,735
Adjustment of interest income to a net basis.....			-513	-586			-513	-586
Statistical adjustments.....					2,800	-1,950	2,800	-1,950
Compensation of employees.....				110				110
Reclassification from unaffiliated services.....				110				110
Current unilateral transfers.....		-482	806		-86	344	720	-138
Definitional adjustments.....		-482						-482
Adjustment of U.S. transfers to a gross basis.....			806				806	
Statistical adjustments.....					-86	344	-86	344
<b>Total adjustments.....</b>	<b>485</b>	<b>-5,083</b>	<b>293</b>	<b>-724</b>	<b>2,596</b>	<b>4,309</b>	<b>3,374</b>	<b>-1,498</b>

Table 2.2. Summary of Reconciliation Adjustments, Southbound, 2003

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	Canada	United States	Canada	United States	Canada	United States	Canada	United States
Goods, balance-of-payments basis .....	-2,665	9,327		36	558	77	-2,107	9,440
Canadian reexports to the United States .....		6,617						6,617
Inland freight adjustment .....	2,151	2,419					2,151	2,419
Other definitional adjustments .....	-4,816	291					-4,816	291
Reclassification of equipment repairs from unaffiliated services .....				36				36
Statistical adjustments .....					558	77	558	77
Services .....	-1,597	-73	-305	-36	-252	1,960	-2,154	1,851
Travel .....				120		-17		103
Reclassification of education from unaffiliated services .....				58				58
Reclassification of medical services from unaffiliated services .....				62				62
Statistical adjustments .....						-17		-17
Passenger fares .....						-1		-1
Other transportation .....	-74	-53	90	-191	97	-4	113	-248
Definitional adjustments .....	-74	-53					-74	-53
Reclassification of courier services to unaffiliated services .....				-191				-191
Reclassification of transportation services from unaffiliated services .....			90				90	
Statistical adjustments .....					97	-4	97	-4
Other services .....	-1,523	-20	-395	35	-349	1,982	-2,267	1,997
Affiliated .....	-927		6	-41	-503	113	-1,424	72
Definitional adjustments .....	-927						-927	
Reclassification of selected services to or from unaffiliated services .....			6	-41			6	-41
Statistical adjustments .....					-503	113	-503	113
Unaffiliated .....	-596		-401	76	153	1,869	-844	1,945
Definitional adjustments .....	-596						-596	
Reclassification of transactions to or from other accounts .....			-401	76			-401	76
Statistical adjustments .....					153	1,869	153	1,869
U.S. defense expenditures .....		-20			1		1	-20
Definitional adjustments .....		-20						-20
Statistical adjustments .....					1		1	
Income .....	-794	-288	-505	-484	2,314	-240	1,015	-1,012
Direct investment .....	-304	-288	-117		1,290	269	869	-19
Definitional adjustments .....	-304	-288					-304	-288
Adjustment of interest income to a net basis .....			-117				-117	
Statistical adjustments .....					1,290	269	1,290	269
Other investment .....	-490		-642	-484	933	-509	-199	-993
Definitional adjustments .....	-490						-490	
Adjustment of interest income to a net basis .....			-642	-484			-642	-484
Statistical adjustments .....					933	-509	933	-509
Compensation of employees .....			254		91		345	
Reclassification from unaffiliated services .....			254				254	
Statistical adjustments .....					91		91	
Current unilateral transfers .....	-2,128		51	902	-24	-76	-2,101	826
Definitional adjustments .....	-2,128						-2,128	
Reclassification from unaffiliated services .....			51				51	
Adjustment of U.S. transfers to a gross basis .....				902				902
Statistical adjustments .....					-24	-76	-24	-76
<b>Total adjustments .....</b>	<b>-7,184</b>	<b>8,966</b>	<b>-759</b>	<b>418</b>	<b>2,596</b>	<b>1,721</b>	<b>-5,347</b>	<b>11,105</b>

Table 2.2. Summary of Reconciliation Adjustments, Southbound, 2004

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	Canada	United States	Canada	United States	Canada	United States	Canada	United States
Goods, balance-of-payments basis .....	-1,726	10,629		33	1,993	83	267	10,745
Canadian reexports to the United States .....		7,091						7,091
Inland freight adjustment .....	2,627	2,964					2,627	2,964
Other definitional adjustments .....	-4,353	574					-4,353	574
Reclassification of equipment repairs from unaffiliated services .....				33				33
Statistical adjustments .....					1,993	83	1,993	83
Services .....	-1,677	-94	-328	-33	-341	3,589	-2,346	3,462
Travel .....				128		277		405
Reclassification of education from unaffiliated services .....				64				64
Reclassification of medical services from unaffiliated services .....				64				64
Statistical adjustments .....						277		277
Passenger fares .....						3		3
Other transportation .....	-228	-74	108	-265	144	-29	24	-368
Definitional adjustments .....	-228	-74					-228	-74
Reclassification of courier services to unaffiliated services .....				-265				-265
Reclassification of transportation services from unaffiliated services .....			108				108	
Statistical adjustments .....					144	-29	144	-29
Other services .....	-1,449	-20	-436	104	-485	3,338	-2,370	3,422
Affiliated .....	-924		6	-56	-734	(D)	-1,652	(D)
Definitional adjustments .....	-924						-924	
Reclassification of selected services to or from unaffiliated services .....			6	-56			6	-56
Statistical adjustments .....					-734	(D)	-734	(D)
Unaffiliated .....	-525		-442	160	247	(D)	-720	(D)
Definitional adjustments .....	-525						-525	
Reclassification of transactions to or from other accounts .....			-442	160			-442	160
Statistical adjustments .....					247	(D)	247	(D)
U.S. defense expenditures .....		-20			2		2	-20
Definitional adjustments .....		-20						-20
Statistical adjustments .....					2		2	
Income .....	-526	-204	-441	-513	2,716	-759	1,749	-1,476
Direct investment .....	-328	-204	-138		1,379	-295	913	-499
Definitional adjustments .....	-328	-204					-328	-204
Adjustment of interest income to a net basis .....			-138				-138	
Statistical adjustments .....					1,379	-295	1,379	-295
Other investment .....	-198		-586	-513	1,244	-464	460	-977
Definitional adjustments .....	-198						-198	
Adjustment of interest income to a net basis .....			-586	-513			-586	-513
Statistical adjustments .....					1,244	-464	1,244	-464
Compensation of employees .....			283		93		376	
Reclassification from unaffiliated services .....			283				283	
Statistical adjustments .....					93		93	
Current unilateral transfers .....	-2,570		45	806	170	-110	-2,355	696
Definitional adjustments .....	-2,570						-2,570	
Reclassification from unaffiliated services .....			45				45	
Adjustment of U.S. transfers to a gross basis .....				806				806
Statistical adjustments .....					170	-110	170	-110
<b>Total adjustments .....</b>	<b>-6,499</b>	<b>10,331</b>	<b>-724</b>	<b>293</b>	<b>4,538</b>	<b>2,803</b>	<b>-2,685</b>	<b>13,427</b>

D Suppressed to avoid disclosure of data of individual companies.





**Table 4.1. Trade in Goods, Northbound**

[Millions of U.S. dollars]

	U.S. receipts	Canadian payments
<b>2003</b>		
<b>Balance-of-payments basis, published</b> .....	<b>169,929</b>	<b>171,453</b>
Definitional and methodological adjustments:		
Definitional adjustments .....	-38	-405
Reclassification of equipment repairs from unaffiliated services .....	223	.....
Common basis after definitional and methodological adjustments .....	170,114	171,048
Statistical adjustments .....	256	-678
<b>Reconciled, including statistical adjustments</b> .....	<b>170,370</b>	<b>170,370</b>
<b>2004</b>		
<b>Balance-of-payments basis, published</b> .....	<b>189,982</b>	<b>192,136</b>
Definitional and methodological adjustments:		
Definitional adjustments .....	-4	-654
Reclassification of equipment repairs from unaffiliated services .....	152	.....
Common basis after definitional and methodological adjustments .....	190,130	191,482
Statistical adjustments .....	724	-628
<b>Reconciled, including statistical adjustments</b> .....	<b>190,854</b>	<b>190,854</b>

**Table 4.2. Trade in Goods, Southbound**

[Millions of U.S. dollars]

	Canadian receipts	U.S. payments
<b>2003</b>		
<b>Balance-of-payments basis, published</b> .....	<b>235,796</b>	<b>224,249</b>
Definitional and methodological adjustments:		
Canadian reexports to the United States .....	.....	6,617
Inland freight adjustment .....	2,151	2,419
Other definitional adjustments .....	-4,816	291
Reclassification of equipment repairs from unaffiliated services .....	.....	36
Common basis after definitional and methodological adjustments .....	233,131	233,612
Statistical adjustments .....	558	77
<b>Reconciled, including statistical adjustments</b> .....	<b>233,689</b>	<b>233,689</b>
<b>2004</b>		
<b>Balance-of-payments basis, published</b> .....	<b>269,512</b>	<b>259,034</b>
Definitional and methodological adjustments:		
Canadian reexports to the United States .....	.....	7,091
Inland freight adjustment .....	2,627	2,964
Other definitional adjustments .....	-4,353	574
Reclassification of equipment repairs from unaffiliated services .....	.....	33
Common basis after definitional and methodological adjustments .....	267,786	269,696
Statistical adjustments .....	1,993	83
<b>Reconciled, including statistical adjustments</b> .....	<b>269,779</b>	<b>269,779</b>

Table 5.1. Travel, Passenger Fares, and Other Transportation, Northbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates			Type of adjustment
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada		
<b>2003</b>												
<b>Travel</b> .....	<b>6,844</b>	<b>7,696</b>	<b>-852</b>	<b>7,721</b>	<b>7,696</b>	<b>25</b>	<b>7,602</b>	<b>7,602</b>	<b>758</b>	<b>-94</b>		
Business and personal .....	6,844	6,725	119	6,844	6,725	119	6,725	6,725	-119		Statistical	
Education .....		687	-687	645	687	-42	645	645	645	-42	Methodological and statistical	
Medical .....		284	-284	232	284	-52	232	232	232	-52	Methodological and statistical	
<b>Passenger fares</b> .....	<b>2,114</b>	<b>1,532</b>	<b>582</b>	<b>2,114</b>	<b>1,532</b>	<b>582</b>	<b>1,532</b>	<b>1,532</b>	<b>-582</b>		Statistical	
<b>Other transportation</b> .....	<b>2,525</b>	<b>2,590</b>	<b>-65</b>	<b>2,525</b>	<b>2,615</b>	<b>-90</b>	<b>2,554</b>	<b>2,554</b>	<b>29</b>	<b>-36</b>		
Freight .....	1,958	2,088	-130	1,951	2,031	-80	1,976	1,976	18	-112		
Ocean .....	168	362	-194	161	278	-117	220	220	52	-142	Definitional, methodological, and statistical	
Air .....	104	32	72	104	59	45	59	59	-45	27	Definitional and statistical	
Truck .....	1,304	1,302	2	1,304	1,302	2	1,304	1,304		2	Statistical	
Other .....	382	392	-10	382	392	-10	393	393	11	1	Statistical	
Port services .....	567	465	102	567	547	20	541	541	-26	76		
Vessel operators .....	64	38	26	64	38	26	38	38	-26		Statistical	
Airline operators .....	309	393	-84	309	307	2	309	309		-84	Definitional and statistical	
Other .....	194	34	160	194	202	-8	194	194		160	Methodological and statistical	
Other .....		37	-37	7	37	-30	37	37	37		Methodological and statistical	
<b>2004</b>												
<b>Travel</b> .....	<b>7,930</b>	<b>8,171</b>	<b>-241</b>	<b>8,847</b>	<b>8,171</b>	<b>676</b>	<b>8,148</b>	<b>8,148</b>	<b>218</b>	<b>-23</b>		
Business and personal .....	7,930	7,231	699	7,930	7,231	699	7,231	7,231	-699		Statistical	
Education .....		606	-606	671	606	65	671	671	671	65	Methodological and statistical	
Medical .....		334	-334	246	334	-88	246	246	246	-88	Methodological and statistical	
<b>Passenger fares</b> .....	<b>2,506</b>	<b>1,833</b>	<b>673</b>	<b>2,506</b>	<b>1,833</b>	<b>673</b>	<b>1,833</b>	<b>1,833</b>	<b>-673</b>		Statistical	
<b>Other transportation</b> .....	<b>2,744</b>	<b>2,750</b>	<b>-6</b>	<b>2,744</b>	<b>2,733</b>	<b>11</b>	<b>2,779</b>	<b>2,779</b>	<b>35</b>	<b>29</b>		
Freight .....	2,165	2,173	-8	2,161	2,122	39	2,167	2,167	2	-6		
Ocean .....	204	318	-114	200	228	-28	236	236	32	-82	Definitional, methodological, and statistical	
Air .....	114	30	84	114	69	45	69	69	-45	39	Definitional and statistical	
Truck .....	1,429	1,429		1,429	1,429		1,429	1,429				
Other .....	418	396	22	418	396	22	433	433	15	37	Statistical	
Port services .....	579	544	35	579	575	4	576	576	-3	32		
Vessel operators .....	80	22	58	80	40	40	40	40	-40	18	Definitional and statistical	
Airline operators .....	330	497	-167	330	329	1	330	330		-167	Definitional and statistical	
Other .....	169	25	144	169	206	-37	206	206	37	181	Methodological and statistical	
Other .....		33	-33	4	36	-32	36	36	36	3	Definitional, methodological, and statistical	

**Table 5.2. Travel, Passenger Fares, and Other Transportation, Southbound**  
 [Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States	Type of adjustment
<b>2003</b>											
<b>Travel</b> .....	<b>6,479</b>	<b>6,376</b>	<b>103</b>	<b>6,479</b>	<b>6,496</b>	<b>-17</b>	<b>6,479</b>	<b>6,479</b>		<b>103</b>	
Business and personal .....	6,298	6,376	-78	6,298	6,376	-78	6,298	6,298		-78	Statistical
Education .....	121		121	121	58	63	121	121		121	Methodological and statistical
Medical .....	59		59	59	62	-3	59	59		59	Methodological and statistical
<b>Passenger fares</b> .....	<b>405</b>	<b>406</b>	<b>-1</b>	<b>405</b>	<b>406</b>	<b>-1</b>	<b>405</b>	<b>405</b>		<b>-1</b>	Statistical
<b>Other transportation</b> .....	<b>3,257</b>	<b>3,618</b>	<b>-361</b>	<b>3,273</b>	<b>3,374</b>	<b>-101</b>	<b>3,370</b>	<b>3,370</b>	<b>113</b>	<b>-248</b>	
Freight .....	2,635	2,851	-216	2,635	2,672	-37	2,703	2,703	68	-148	
Ocean .....	124	291	-167	124	251	-127	188	188	64	-103	Methodological and statistical
Air .....	59	59		59	59		59	59			
Truck .....	2,256	2,260	-4	2,256	2,260	-4	2,260	2,260	4		Statistical
Other .....	196	241	-45	196	102	94	196	196		-45	Methodological and statistical
Port services .....	504	767	-263	608	662	-54	627	627	123	-140	
Vessel operators .....	67	107	-40	71	54	17	54	54	-13	-53	Definitional and statistical
Airline operators .....	374	565	-191	374	374		374	374		-191	Methodological
Other .....	63	95	-32	163	234	-71	199	199	136	104	Methodological and statistical
Other .....	118		118	29	40	-11	40	40	-78	40	Definitional, methodological, and statistical
<b>2004</b>											
<b>Travel</b> .....	<b>7,583</b>	<b>7,178</b>	<b>405</b>	<b>7,583</b>	<b>7,306</b>	<b>277</b>	<b>7,583</b>	<b>7,583</b>		<b>405</b>	
Business and personal .....	7,365	7,178	187	7,365	7,178	187	7,365	7,365		187	Statistical
Education .....	154		154	154	64	90	154	154		154	Methodological and statistical
Medical .....	64		64	64	64		64	64		64	Methodological and statistical
<b>Passenger fares</b> .....	<b>445</b>	<b>442</b>	<b>3</b>	<b>445</b>	<b>442</b>	<b>3</b>	<b>445</b>	<b>445</b>		<b>3</b>	Statistical
<b>Other transportation</b> .....	<b>3,665</b>	<b>4,057</b>	<b>-392</b>	<b>3,545</b>	<b>3,718</b>	<b>-173</b>	<b>3,689</b>	<b>3,689</b>	<b>24</b>	<b>-368</b>	
Freight .....	2,937	3,183	-246	2,877	2,997	-120	2,996	2,996	59	-187	
Ocean .....	180	414	-234	196	372	-236	254	254	74	-160	Definitional, methodological, and statistical
Air .....	33	33		33	33		33	33			
Truck .....	2,485	2,485		2,485	2,485		2,485	2,485			
Other .....	239	251	-12	224	107	117	224	224	-15	-27	Methodological and statistical
Port services .....	578	874	-296	630	679	-49	651	651	73	-223	
Vessel operators .....	80	149	-69	83	75	8	75	75	-5	-74	Definitional and statistical
Airline operators .....	425	647	-222	382	382		382	382	-43	-265	Definitional and methodological
Other .....	73	78	-5	165	222	-57	194	194	121	116	Methodological and statistical
Other .....	150		150	38	42	-4	42	42	-108	42	Definitional, methodological, and statistical

Table 6.1. Other Services, Northbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates			Type of adjustment
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada		
<b>2003</b>												
<b>Total</b> .....	<b>16,155</b>	<b>16,931</b>	<b>-776</b>	<b>14,927</b>	<b>16,038</b>	<b>-1,111</b>	<b>16,106</b>	<b>16,106</b>	<b>-49</b>	<b>-825</b>		
Affiliated .....	7,850	9,073	-1,223	7,486	8,972	-1,486	7,686	7,686	-164	-1,387	Definitional, methodological, and statistical	
Royalties and license fees.....	2,925	2,762	163	2,925	2,759	166	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )		
Other services.....	4,925	6,312	-1,387	4,561	6,212	-1,651	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )		
Unaffiliated .....	8,127	7,857	270	7,391	7,066	325	8,370	8,370	243	513		
Royalties, license fees, and selected services.....	1,385	1,609	-224	1,376	1,556	-180	1,376	1,376	-9	-233	Definitional, methodological, and statistical	
Insurance .....	753	625	128	753	596	157	753	753		128	Definitional and statistical	
Financial services .....	1,156	960	196	1,156	818	338	1,250	1,250	94	290	Definitional and statistical	
Education and training .....	678	17	661	33	24	9	33	33	-645	16	Methodological and statistical	
Communications .....	684	975	-291	684	555	129	684	684		-291	Methodological and statistical	
Computer services .....	1,152	757	395	1,152	761	391	1,152	1,152		395	Methodological and statistical	
Business services .....	1,533	1,071	462	1,235	1,376	-141	1,722	1,722	189	651	Methodological and statistical	
Sports and entertainment .....	570	1,391	-821	786	1,195	-409	1,206	1,206	636	-185	Definitional, methodological, and statistical	
Other private .....		203	-203							-203	Definitional and methodological	
Government:												
United States (nonmilitary).....	84	76	8	84	76	8	84	84		8	Statistical	
Canada .....	132	173	-41	132	110	22	110	110	-22	-63	Definitional, methodological, and statistical	
U.S. military sales.....	178		178	50		50	50	50	-128	50	Definitional and statistical	
<b>2004</b>												
<b>Total</b> .....	<b>16,736</b>	<b>18,969</b>	<b>-2,233</b>	<b>15,578</b>	<b>18,039</b>	<b>-2,461</b>	<b>17,374</b>	<b>17,374</b>	<b>638</b>	<b>-1,595</b>		
Affiliated .....	8,170	10,409	-2,239	7,792	10,284	-2,492	8,492	8,492	322	-1,917	Definitional, methodological, and statistical	
Royalties and license fees.....	2,904	2,885	19	2,904	2,881	23	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )		
Other services.....	5,266	7,524	-2,258	4,888	7,403	-2,515	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )		
Unaffiliated .....	8,436	8,560	-124	7,745	7,755	-10	8,841	8,841	405	281		
Royalties, license fees, and selected services.....	1,424	1,676	-252	1,418	1,596	-178	1,418	1,418	-6	-258	Definitional, methodological, and statistical	
Insurance .....	751	782	-31	751	751		751	751		-31	Definitional and statistical	
Financial services .....	1,223	947	276	1,223	827	396	1,329	1,329	106	382	Definitional and statistical	
Education and training .....	703	18	685	32	26	6	32	32	-671	14	Methodological and statistical	
Communications .....	753	958	-205	753	483	270	753	753		-205	Methodological and statistical	
Computer services .....	1,144	1,037	107	1,144	1,041	103	1,144	1,144		107	Methodological and statistical	
Business services .....	1,528	1,162	366	1,301	1,511	-210	1,814	1,814	286	652	Methodological and statistical	
Sports and entertainment .....	688	1,536	-848	901	1,328	-427	1,396	1,396	708	-140	Definitional, methodological, and statistical	
Other private .....		186	-186							-186	Definitional and methodological	
Government:												
United States (nonmilitary).....	90	77	13	90	77	13	90	90		13	Statistical	
Canada .....	132	181	-49	132	114	18	114	114	-18	-67	Definitional, methodological, and statistical	
U.S. military sales.....	130		130	41		41	41	41	-89	41	Definitional and statistical	

1. Royalties and license fees are combined with "other" services for reconciliation.

Table 6.2. Other Services, Southbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States	Type of adjustment
<b>2003</b>											
<b>Total</b> .....	<b>13,892</b>	<b>9,628</b>	<b>4,264</b>	<b>11,974</b>	<b>9,643</b>	<b>2,331</b>	<b>11,625</b>	<b>11,625</b>	<b>-2,267</b>	<b>1,997</b>	
Affiliated.....	5,901	4,405	1,496	4,980	4,364	616	4,477	4,477	-1,424	72	Definitional, methodological, and statistical
Royalties and license fees.....	1,284	533	751	559	533	26	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	
Other services.....	4,617	3,872	745	4,422	3,831	591	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	
Unaffiliated.....	7,917	5,128	2,789	6,920	5,204	1,716	7,073	7,073	-844	1,945	
Royalties, license fees, and selected services.....	2,166	990	1,176	1,812	989	823	1,900	1,900	-266	910	Definitional and statistical
Insurance.....	200	501	-301	201	501	-300	501	501	301		Definitional and statistical
Financial services.....	349	191	158	357	191	166	207	207	-142	16	Definitional and statistical
Education and training.....	60	105	-45	26	47	-21	47	47	-13	-58	Methodological and statistical
Communications.....	1,034	381	653	647	381	266	514	514	-520	133	Methodological and statistical
Computer services.....	1,504	1,411	93	1,504	1,411	93	1,440	1,440	-64	29	Statistical
Business services.....	1,203	1,320	-117	1,251	934	317	1,332	1,332	129	12	Definitional, methodological, and statistical
Sports and entertainment.....	1,028	39	989	900	560	340	900	900	-128	861	Definitional, methodological, and statistical
Other private.....	151		151						-151		Definitional and methodological
Government:											
Canada.....	41		41	41		41	41	41		41	Statistical
United States (nondefense).....	181	190	-9	181	190	-9	190	190	9		Statistical
U.S. defense expenditures.....	74	95	-21	74	75	-1	75	75	1	-20	Definitional and statistical
<b>2004</b>											
<b>Total</b> .....	<b>14,817</b>	<b>9,025</b>	<b>5,792</b>	<b>12,932</b>	<b>9,109</b>	<b>3,823</b>	<b>12,447</b>	<b>12,447</b>	<b>-2,370</b>	<b>3,422</b>	
Affiliated.....	5,774	(D)	(D)	4,856	(D)	(D)	4,122	4,122	-1,652	(D)	Definitional, methodological, and statistical
Royalties and license fees.....	1,393	(D)	(D)	668	(D)	(D)	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	
Other services.....	4,381	3,440	941	4,188	3,384	804	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	
Unaffiliated.....	8,929	(D)	(D)	7,962	(D)	(D)	8,209	8,209	-720	(D)	
Royalties, license fees, and selected services.....	2,550	(D)	(D)	2,193	(D)	(D)	2,270	2,270	-280	(D)	Definitional and statistical
Insurance.....	170	644	-474	171	644	-473	644	644	474		Definitional and statistical
Financial services.....	436	226	210	421	226	195	252	252	-184	26	Definitional and statistical
Education and training.....	60	83	-23	26	19	7	26	26	-34	-57	Methodological and statistical
Communications.....	1,089	337	752	652	337	315	495	495	-594	158	Methodological and statistical
Computer services.....	1,649	1,189	460	1,649	1,189	460	1,593	1,593	-56	404	Statistical
Business services.....	1,396	1,231	165	1,559	1,055	504	1,553	1,553	157	322	Definitional, methodological, and statistical
Sports and entertainment.....	1,130	45	1,085	1,018	445	573	1,024	1,024	-106	979	Definitional, methodological, and statistical
Other private.....	176		176						-176		Definitional and methodological
Government:											
Canada.....	44		44	44		44	44	44		44	Statistical
United States (nondefense).....	229	308	-79	229	308	-79	308	308	79		Statistical
U.S. defense expenditures.....	114	136	-22	114	116	-2	116	116	2	-20	Definitional and statistical

D Suppressed to avoid disclosure of data of individual companies.

1. Royalties and license fees are combined with "other" services for reconciliation.

Table 7.1. Investment Income, Northbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada	Type of adjustment
<b>2003</b>											
<b>Investment Income</b> .....	<b>25,673</b>	<b>27,816</b>	<b>-2,143</b>	<b>25,757</b>	<b>24,409</b>	<b>1,348</b>	<b>27,518</b>	<b>27,518</b>	<b>1,845</b>	<b>-298</b>	
<b>Direct investment income</b> .....	<b>17,328</b>	<b>11,311</b>	<b>6,017</b>	<b>17,250</b>	<b>10,119</b>	<b>7,131</b>	<b>15,689</b>	<b>15,689</b>	<b>-1,639</b>	<b>4,378</b>	
Earnings of incorporated affiliates.....	15,915	9,627	6,288	15,877	8,773	7,104	14,298	14,298	-1,617	4,671	
Dividends.....	3,905	3,749	156	3,867	2,893	974	4,230	4,230	325	481	Definitional and statistical
Reinvested earnings.....	12,010	5,878	6,132	12,010	5,880	6,130	10,068	10,068	-1,942	4,190	Statistical
Earnings of unincorporated affiliates.....	789	837	-48	789	825	-36	807	807	18	-30	Definitional and statistical
Interest.....	624	847	-223	584	521	63	584	584	-40	-263	Definitional, methodological, and statistical
<b>Other investment income</b> .....	<b>8,345</b>	<b>16,505</b>	<b>-8,160</b>	<b>8,507</b>	<b>14,290</b>	<b>-5,783</b>	<b>11,829</b>	<b>11,829</b>	<b>3,484</b>	<b>-4,676</b>	
Securities.....	6,775	13,473	-6,698	7,422	13,208	-5,786	10,774	10,774	3,999	-2,699	
Dividends.....	2,450	2,106	344	2,450	1,841	609	2,146	2,146	-304	40	Definitional and statistical
Interest.....	4,325	11,367	-7,042	4,972	11,367	-6,395	8,628	8,628	4,303	-2,739	Definitional and statistical
U.S. claims/Canadian liabilities.....	1,570	3,032	-1,462	1,085	1,082	3	1,055	1,055	-515	-1,977	
U.S. bank claims.....	1,237	1,205	32	502	469	33	486	486	-751	-719	Definitional, methodological, and statistical
Other private U.S. claims.....	333	1,827	-1,494	583	613	-30	569	569	236	-1,258	Definitional, methodological, and statistical
<b>2004</b>											
<b>Investment Income</b> .....	<b>32,536</b>	<b>32,699</b>	<b>-163</b>	<b>32,601</b>	<b>28,865</b>	<b>3,736</b>	<b>34,100</b>	<b>34,100</b>	<b>1,564</b>	<b>1,401</b>	
<b>Direct investment income</b> .....	<b>22,567</b>	<b>15,467</b>	<b>7,100</b>	<b>22,440</b>	<b>13,954</b>	<b>8,486</b>	<b>21,139</b>	<b>21,139</b>	<b>-1,428</b>	<b>5,672</b>	
Earnings of incorporated affiliates.....	21,172	13,197	7,975	21,090	12,162	8,928	19,512	19,512	-1,660	6,315	
Dividends.....	2,971	5,275	-2,304	2,889	4,240	-1,351	4,515	4,515	1,544	-760	Definitional and statistical
Reinvested earnings.....	18,201	7,922	10,279	18,201	7,922	10,279	14,997	14,997	-3,204	7,075	Statistical
Earnings of unincorporated affiliates.....	688	1,254	-566	688	1,241	-553	965	965	277	-289	Definitional and statistical
Interest.....	707	1,016	-309	662	551	111	662	662	-45	-354	Definitional, methodological, and statistical
<b>Other investment income</b> .....	<b>9,969</b>	<b>17,232</b>	<b>-7,263</b>	<b>10,161</b>	<b>14,911</b>	<b>-4,750</b>	<b>12,961</b>	<b>12,961</b>	<b>2,992</b>	<b>-4,271</b>	
Securities.....	8,121	14,141	-6,020	8,827	13,855	-5,028	11,740	11,740	3,619	-2,401	
Dividends.....	3,401	2,272	1,129	3,402	1,986	1,416	2,694	2,694	-707	422	Definitional and statistical
Interest.....	4,720	11,869	-7,149	5,425	11,869	-6,444	9,046	9,046	4,326	-2,823	Definitional and statistical
U.S. claims/Canadian liabilities.....	1,848	3,091	-1,243	1,334	1,056	278	1,221	1,221	-627	-1,870	
U.S. bank claims.....	1,525	980	545	709	394	315	551	551	-974	-429	Methodological and statistical
Other private U.S. claims.....	323	2,111	-1,788	625	662	-37	670	670	347	-1,441	Definitional, methodological, and statistical

Table 7.2. Investment Income, Southbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States	Type of adjustment
<b>2003</b>											
<b>Investment Income</b> .....	<b>7,199</b>	<b>8,881</b>	<b>-1,682</b>	<b>5,646</b>	<b>8,109</b>	<b>-2,463</b>	<b>7,869</b>	<b>7,869</b>	<b>670</b>	<b>-1,012</b>	
<b>Direct investment income</b> .....	<b>2,148</b>	<b>3,036</b>	<b>-888</b>	<b>1,727</b>	<b>2,748</b>	<b>-1,021</b>	<b>3,017</b>	<b>3,017</b>	<b>869</b>	<b>-19</b>	
Earnings of incorporated affiliates.....	1,644	2,242	-598	1,805	1,945	-140	2,447	2,447	803	205	
Dividends.....	1,043	2,394	-1,351	1,285	2,097	-812	2,250	2,250	1,207	-144	Definitional, methodological, and statistical
Reinvested earnings.....	601	-152	753	520	-152	672	197	197	-404	349	Definitional, methodological, and statistical
Earnings of unincorporated affiliates.....	366	579	-213	-92	579	-671	346	346	-20	-233	Methodological and statistical
Interest.....	138	215	-77	14	224	-210	224	224	86	9	Definitional, methodological, and statistical
<b>Other investment income</b> .....	<b>5,051</b>	<b>5,845</b>	<b>-794</b>	<b>3,919</b>	<b>5,361</b>	<b>-1,442</b>	<b>4,852</b>	<b>4,852</b>	<b>-199</b>	<b>-993</b>	
Securities.....	2,760	4,165	-1,405	2,537	4,165	-1,628	3,400	3,400	640	-765	
Dividends.....	2,198	2,568	-370	2,017	2,568	-551	2,292	2,292	94	-276	Definitional and statistical
Interest.....	562	1,597	-1,035	520	1,597	-1,077	1,108	1,108	546	-489	Definitional and statistical
Canadian claims/U.S. liabilities.....	1,386	720	666	555	236	319	558	558	-828	-162	
Canadian bank claims.....	786	376	410	-41	158	-199	-4	-4	-790	-380	Definitional, methodological, and statistical
Other private Canadian claims.....	600	344	256	596	78	518	562	562	-38	218	Definitional, methodological, and statistical
U.S. Government liabilities.....	905	960	-55	827	960	-133	894	894	-11	-66	Definitional and statistical
<b>2004</b>											
<b>Investment Income</b> .....	<b>11,079</b>	<b>13,928</b>	<b>-2,849</b>	<b>9,829</b>	<b>13,211</b>	<b>-3,382</b>	<b>12,452</b>	<b>12,452</b>	<b>1,373</b>	<b>-1,476</b>	
<b>Direct investment income</b> .....	<b>5,108</b>	<b>6,520</b>	<b>-1,412</b>	<b>4,642</b>	<b>6,316</b>	<b>-1,674</b>	<b>6,021</b>	<b>6,021</b>	<b>913</b>	<b>-499</b>	
Earnings of incorporated affiliates.....	4,439	5,643	-1,204	4,636	5,432	-796	5,528	5,528	1,089	-115	
Dividends.....	1,382	1,837	-455	1,666	1,626	40	1,691	1,691	309	-146	Definitional, methodological, and statistical
Reinvested earnings.....	3,057	3,806	-749	2,970	3,806	-836	3,837	3,837	780	31	Definitional, methodological, and statistical
Earnings of unincorporated affiliates.....	352	676	-324	-129	676	-805	285	285	-67	-391	Definitional, methodological, and statistical
Interest.....	317	201	116	135	208	-73	208	208	-109	7	Definitional, methodological, and statistical
<b>Other investment income</b> .....	<b>5,971</b>	<b>7,408</b>	<b>-1,437</b>	<b>5,187</b>	<b>6,895</b>	<b>-1,708</b>	<b>6,431</b>	<b>6,431</b>	<b>460</b>	<b>-977</b>	
Securities.....	3,195	5,447	-2,252	3,289	5,447	-2,158	4,719	4,719	1,524	-728	
Dividends.....	2,536	3,570	-1,034	2,326	3,570	-1,244	3,259	3,259	723	-311	Definitional and statistical
Interest.....	659	1,877	-1,218	963	1,877	-914	1,460	1,460	801	-417	Definitional and statistical
Canadian claims/U.S. liabilities.....	1,805	793	1,012	965	280	685	662	662	-1,143	-131	
Canadian bank claims.....	1,187	433	754	352	161	191	60	60	-1,127	-373	Definitional, methodological, and statistical
Other private Canadian claims.....	618	360	258	613	119	494	602	602	-16	242	Definitional, methodological, and statistical
U.S. Government liabilities.....	971	1,168	-197	933	1,168	-235	1,050	1,050	79	-118	Definitional and statistical

## National Data

### A. Selected NIPA Tables

The selected set of NIPA tables presents the most recent estimates of gross domestic product (GDP) and its components that were released on October 28, 2005. These estimates include the “advance” estimates for the third quarter of 2005.

The selected set presents quarterly estimates

that are updated monthly. Annual estimates are presented in most of the tables.

The GDP news release is available on BEA's Web site within minutes after the release. To receive an e-mail notification of the release, go to <[www.bea.gov](http://www.bea.gov)>, and subscribe. The “Selected NIPA Tables” are available later that day.

#### 1. Domestic Product and Income

**Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product**  
[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	<b>1</b>	<b>2.7</b>	<b>4.2</b>	<b>4.0</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>
<b>Personal consumption expenditures .....</b>	<b>2</b>	<b>2.9</b>	<b>3.9</b>	<b>4.4</b>	<b>4.3</b>	<b>3.5</b>	<b>3.4</b>	<b>3.9</b>
Durable goods .....	3	6.6	6.0	10.8	5.5	2.6	7.9	10.8
Nondurable goods .....	4	3.2	4.7	3.9	5.5	5.3	3.6	2.6
Services .....	5	2.0	3.0	3.4	3.6	2.8	2.3	3.2
<b>Gross private domestic investment .....</b>	<b>6</b>	<b>3.9</b>	<b>11.9</b>	<b>4.6</b>	<b>6.8</b>	<b>8.6</b>	<b>-3.7</b>	<b>2.3</b>
Fixed investment .....	7	3.6	9.7	8.4	7.2	7.0	9.5	5.7
Nonresidential .....	8	1.3	9.4	11.8	10.4	5.7	8.8	6.2
Structures .....	9	-4.2	2.2	1.4	4.7	-2.0	2.7	-1.4
Equipment and software .....	10	3.2	11.9	15.5	12.4	8.3	10.9	8.9
Residential .....	11	8.4	10.3	2.6	1.6	9.5	10.8	4.8
Change in private inventories .....	12							
<b>Net exports of goods and services .....</b>	<b>13</b>							
Exports .....	14	1.8	8.4	5.5	7.1	7.5	10.7	0.8
Goods .....	15	1.8	8.9	8.2	3.7	5.3	16.0	2.8
Services .....	16	1.7	7.4	-0.6	15.5	12.5	-0.4	-3.9
Imports .....	17	4.6	10.7	4.7	11.3	7.4	-0.3	0.0
Goods .....	18	4.9	11.0	4.7	13.0	8.2	-1.1	1.1
Services .....	19	3.0	9.6	4.6	3.1	3.7	4.4	-5.8
<b>Government consumption expenditures and gross investment .....</b>	<b>20</b>	<b>2.8</b>	<b>2.2</b>	<b>1.8</b>	<b>0.9</b>	<b>1.9</b>	<b>2.5</b>	<b>3.2</b>
Federal .....	21	6.9	5.2	3.6	-0.6	2.4	2.4	7.7
National defense .....	22	8.8	7.0	9.0	-3.3	3.0	3.7	10.2
Nondefense .....	23	3.4	1.8	-6.4	5.2	1.1	-0.2	2.6
State and local .....	24	0.6	0.4	0.8	1.8	1.6	2.6	0.7

**Table 1.1.2. Contributions to Percent Change in Real Gross Domestic Product**

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Percent change at annual rate:</b>								
<b>Gross domestic product ....</b>	<b>1</b>	<b>2.7</b>	<b>4.2</b>	<b>4.0</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>
<b>Personal consumption expenditures .....</b>	<b>2</b>	<b>2.05</b>	<b>2.71</b>	<b>3.05</b>	<b>3.01</b>	<b>2.44</b>	<b>2.35</b>	<b>2.73</b>
Durable goods .....	3	0.57	0.51	0.88	0.45	0.22	0.64	0.87
Nondurable goods .....	4	0.63	0.94	0.78	1.09	1.07	0.74	0.54
Services .....	5	0.85	1.27	1.39	1.47	1.15	0.97	1.32
<b>Gross private domestic investment .....</b>	<b>6</b>	<b>0.58</b>	<b>1.82</b>	<b>0.75</b>	<b>1.11</b>	<b>1.42</b>	<b>-0.63</b>	<b>0.38</b>
Fixed investment .....	7	0.54	1.47	1.31	1.13	1.12	1.51	0.93
Nonresidential .....	8	0.13	0.92	1.15	1.04	0.58	0.90	0.65
Structures .....	9	-0.11	0.06	0.04	0.12	-0.05	0.07	-0.04
Equipment and software .....	10	0.24	0.86	1.12	0.92	0.64	0.83	0.69
Residential .....	11	0.41	0.55	0.15	0.09	0.54	0.62	0.28
Change in private inventories .....	12	0.05	0.35	-0.56	-0.03	0.29	-2.14	-0.55
<b>Net exports of goods and services .....</b>	<b>13</b>	<b>-0.46</b>	<b>-0.73</b>	<b>-0.17</b>	<b>-0.98</b>	<b>-0.40</b>	<b>1.11</b>	<b>0.08</b>
Exports .....	14	0.17	0.80	0.53	0.70	0.74	1.07	0.08
Goods .....	15	0.12	0.59	0.55	0.25	0.37	1.08	0.21
Services .....	16	0.05	0.22	-0.02	0.44	0.37	-0.01	-0.13
Imports .....	17	-0.63	-1.53	-0.70	-1.68	-1.14	0.04	0.00
Goods .....	18	-0.56	-1.30	-0.59	-1.60	-1.05	0.15	-0.15
Services .....	19	-0.07	-0.23	-0.11	-0.08	-0.10	-0.11	0.16
<b>Government consumption expenditures and gross investment .....</b>	<b>20</b>	<b>0.53</b>	<b>0.41</b>	<b>0.35</b>	<b>0.17</b>	<b>0.35</b>	<b>0.47</b>	<b>0.61</b>
Federal .....	21	0.45	0.36	0.25	-0.04	0.17	0.17	0.53
National defense .....	22	0.37	0.32	0.41	-0.16	0.14	0.17	0.47
Nondefense .....	23	0.08	0.04	-0.16	0.12	0.03	-0.01	0.06
State and local .....	24	0.08	0.05	0.10	0.21	0.19	0.31	0.08









**Table 1.2.5. Gross Domestic Product  
by Major Type of Product**  
[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	<b>1</b>	<b>10,971.2</b>	<b>11,734.3</b>	<b>11,818.8</b>	<b>11,995.2</b>	<b>12,198.8</b>	<b>12,378.0</b>	<b>12,589.6</b>
Final sales of domestic product .....	2	10,955.8	11,678.9	11,766.3	11,943.3	12,138.9	12,382.1	12,613.2
Change in private inventories .....	3	15.4	55.4	52.5	51.9	59.9	-4.2	-23.6
<b>Goods .....</b>	<b>4</b>	<b>3,536.7</b>	<b>3,783.0</b>	<b>3,804.0</b>	<b>3,850.8</b>	<b>3,906.3</b>	<b>3,954.4</b>	<b>4,004.6</b>
Final sales .....	5	3,521.2	3,727.6	3,751.5	3,799.0	3,846.4	3,958.5	4,028.1
Change in private inventories .....	6	15.4	55.4	52.5	51.9	59.9	-4.2	-23.6
Durable goods .....	7	1,599.1	1,705.7	1,710.7	1,738.9	1,758.9	1,779.4	1,835.2
Final sales .....	8	1,586.7	1,668.3	1,683.8	1,709.0	1,723.9	1,786.6	1,828.5
Change in private inventories <sup>1</sup> .....	9	12.4	37.4	26.9	29.9	35.0	-7.3	6.6
Nondurable goods .....	10	1,937.6	2,077.4	2,093.3	2,112.0	2,147.4	2,175.0	2,169.4
Final sales .....	11	1,934.6	2,059.4	2,067.7	2,090.0	2,122.5	2,171.9	2,199.6
Change in private inventories <sup>1</sup> .....	12	3.0	18.0	25.6	22.0	24.9	3.1	-30.2
<b>Services<sup>2</sup> .....</b>	<b>13</b>	<b>6,366.1</b>	<b>6,755.4</b>	<b>6,797.9</b>	<b>6,906.7</b>	<b>7,025.1</b>	<b>7,112.4</b>	<b>7,244.0</b>
<b>Structures .....</b>	<b>14</b>	<b>1,068.4</b>	<b>1,195.8</b>	<b>1,216.9</b>	<b>1,237.7</b>	<b>1,267.4</b>	<b>1,311.2</b>	<b>1,341.1</b>
<b>Addenda:</b>								
Motor vehicle output .....	15	387.8	406.2	401.3	415.2	425.0	423.7	433.1
Gross domestic product excluding motor vehicle output .....	16	10,583.4	11,328.1	11,417.5	11,580.0	11,773.8	11,954.3	12,156.5
Final sales of computers <sup>3</sup> .....	17	83.6	92.5	91.7	97.5	102.9	107.2	106.2
Gross domestic product excluding final sales of computers .....	18	10,887.7	11,641.8	11,727.1	11,897.8	12,095.9	12,270.7	12,483.5

1. Estimates for durable goods and nondurable goods for 1996 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).

2. Includes government consumption expenditures, which are for services (such as education and national defense) produced by government. In current dollars, these services are valued at their cost of production.

3. For some components of final sales of computers, includes computer parts.

**Table 1.2.6. Real Gross Domestic Product  
by Major Type of Product, Chained Dollars**  
[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	<b>1</b>	<b>10,320.6</b>	<b>10,755.7</b>	<b>10,808.9</b>	<b>10,897.1</b>	<b>10,999.3</b>	<b>11,089.2</b>	<b>11,193.2</b>
Final sales of domestic product .....	2	10,303.6	10,702.4	10,757.1	10,846.0	10,940.3	11,089.2	11,208.5
Change in private inventories .....	3	15.5	52.0	50.4	50.1	58.2	-1.7	-16.6
Residual .....	4	1.5	1.3	1.4	1.0	0.8	1.7	1.3
<b>Goods .....</b>	<b>5</b>	<b>3,549.0</b>	<b>3,778.2</b>	<b>3,809.9</b>	<b>3,846.6</b>	<b>3,888.0</b>	<b>3,935.3</b>	<b>3,986.6</b>
Final sales .....	6	3,531.2	3,721.3	3,754.7	3,792.2	3,824.9	3,937.5	4,006.0
Change in private inventories .....	7	15.5	52.0	50.4	50.1	58.2	-1.7	-16.6
Durable goods .....	8	1,694.2	1,837.5	1,848.6	1,875.5	1,894.9	1,920.2	1,987.8
Final sales .....	9	1,680.7	1,797.7	1,820.5	1,844.8	1,858.8	1,929.6	1,981.8
Change in private inventories <sup>1</sup> .....	10	12.6	36.5	25.8	28.4	33.4	-6.9	6.6
Nondurable goods .....	11	1,854.5	1,944.2	1,964.2	1,975.3	1,997.2	2,019.6	2,009.5
Final sales .....	12	1,849.3	1,925.3	1,936.8	1,950.9	1,969.3	2,013.5	2,032.6
Change in private inventories <sup>1</sup> .....	13	3.3	16.4	24.7	22.0	25.3	4.6	-21.5
<b>Services<sup>2</sup> .....</b>	<b>14</b>	<b>5,820.7</b>	<b>5,979.6</b>	<b>5,994.6</b>	<b>6,041.5</b>	<b>6,089.9</b>	<b>6,112.8</b>	<b>6,164.7</b>
<b>Structures .....</b>	<b>15</b>	<b>951.6</b>	<b>1,006.1</b>	<b>1,014.0</b>	<b>1,019.5</b>	<b>1,032.5</b>	<b>1,053.4</b>	<b>1,056.8</b>
Residual .....	16	2.4	-5.9	-7.5	-10.0	-9.9	-17.8	-27.8
<b>Addenda:</b>								
Motor vehicle output .....	17	402.5	421.2	418.5	427.5	432.0	431.7	447.1
Gross domestic product excluding motor vehicle output .....	18	9,919.7	10,336.3	10,391.7	10,471.7	10,569.4	10,659.1	10,749.3
Final sales of computers <sup>3</sup> .....	19	154.7	186.3	184.8	206.7	230.6	253.2	261.4
Gross domestic product excluding final sales of computers .....	20	10,177.7	10,594.6	10,648.1	10,726.2	10,817.7	10,898.0	10,998.1

1. Estimates for durable goods and nondurable goods for 1996 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).

2. Includes government consumption expenditures, which are for services (such as education and national defense) produced by government. In current dollars, these services are valued at their cost of production.

3. For some components of final sales of computers, includes computer parts.

NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line following change in private inventories is the difference between gross domestic product and the sum of final sales of domestic product and of change in private inventories; the residual line following structures is the difference between gross domestic product and the sum of the detailed lines of goods, of services, and of structures.

**Table 1.3.1. Percent Change From Preceding Period in Real Gross  
Value Added by Sector**  
[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	<b>1</b>	<b>2.7</b>	<b>4.2</b>	<b>4.0</b>	<b>3.3</b>	<b>3.8</b>	<b>3.3</b>	<b>3.8</b>
<b>Business<sup>1</sup> .....</b>	<b>2</b>	<b>3.4</b>	<b>4.8</b>	<b>4.4</b>	<b>3.6</b>	<b>4.4</b>	<b>4.0</b>	<b>4.3</b>
Nonfarm <sup>2</sup> .....	3	3.3	4.8	4.6	3.9	4.3	4.4	4.2
Farm .....	4	8.4	0.0	-11.3	-17.1	7.3	-31.1	23.8
<b>Households and institutions .....</b>	<b>5</b>	<b>-0.4</b>	<b>4.1</b>	<b>3.7</b>	<b>2.7</b>	<b>3.1</b>	<b>1.8</b>	<b>2.9</b>
Households .....	6	-1.3	6.5	5.6	4.3	3.3	1.6	3.0
Nonprofit institutions serving households <sup>3</sup> .....	7	0.7	1.1	1.4	0.7	2.8	2.2	2.8
<b>General government<sup>4</sup> .....</b>	<b>8</b>	<b>1.4</b>	<b>0.8</b>	<b>1.4</b>	<b>1.9</b>	<b>0.7</b>	<b>0.2</b>	<b>1.3</b>
Federal .....	9	2.6	0.9	1.6	2.5	0.5	-1.1	-0.4
State and local .....	10	0.9	0.8	1.3	1.7	0.8	0.8	2.0
<b>Addendum:</b>								
Gross housing value added .....	11	-2.8	5.2	5.3	4.8	2.3	1.1	1.9

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.

2. Equals gross domestic business value added excluding gross farm value added.

3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.

4. Equals compensation of general government employees plus general government consumption of fixed capital.

**Table 1.3.3. Real Gross Value Added by Sector,  
Quantity Indexes**  
[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	<b>1</b>	<b>105.130</b>	<b>109.562</b>	<b>110.104</b>	<b>111.003</b>	<b>112.044</b>	<b>112.959</b>	<b>114.019</b>
<b>Business<sup>1</sup> .....</b>	<b>2</b>	<b>105.268</b>	<b>110.275</b>	<b>110.892</b>	<b>111.877</b>	<b>113.082</b>	<b>114.193</b>	<b>115.406</b>
Nonfarm <sup>2</sup> .....	3	105.259	110.327	110.995	112.054	113.252	114.479	115.650
Farm .....	4	106.217	106.171	103.146	98.411	100.170	91.260	96.257
<b>Households and institutions .....</b>	<b>5</b>	<b>104.222</b>	<b>108.443</b>	<b>108.963</b>	<b>109.689</b>	<b>110.528</b>	<b>111.030</b>	<b>111.825</b>
Households .....	6	101.673	108.254	109.008	110.174	111.075	111.505	112.324
Nonprofit institutions serving households <sup>3</sup> .....	7	107.572	108.796	109.019	109.204	109.967	110.558	111.324
<b>General government<sup>4</sup> .....</b>	<b>8</b>	<b>105.299</b>	<b>106.182</b>	<b>106.263</b>	<b>106.774</b>	<b>106.951</b>	<b>107.015</b>	<b>107.355</b>
Federal .....	9	105.219	106.207	106.220	106.876	106.999	106.692	106.583
State and local .....	10	105.320	106.157	106.268	106.716	106.917	107.143	107.679
<b>Addendum:</b>								
Gross housing value added .....	11	99.025	104.215	104.822	106.052	106.647	106.945	107.444

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.

2. Equals gross domestic business value added excluding gross farm value added.

3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.

4. Equals compensation of general government employees plus general government consumption of fixed capital.

Table 1.3.4. Price Indexes for Gross Value Added by Sector

[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	1	106.310	109.102	109.371	110.111	110.950	111.655	112.516
<b>Business<sup>1</sup> .....</b>	2	104.469	106.982	107.184	107.834	108.576	109.272	110.100
Nonfarm <sup>2</sup> .....	3	104.361	106.599	106.839	107.511	108.318	109.023	109.931
Farm .....	4	115.835	147.789	143.649	141.750	134.561	133.924	124.319
<b>Households and institutions .....</b>	5	112.229	115.209	115.734	117.130	117.886	118.461	119.371
Households .....	6	111.329	112.732	113.068	113.537	113.755	114.127	114.939
Nonprofit institutions serving households <sup>3</sup> .....	7	113.354	118.345	119.110	121.727	123.196	124.042	125.081
<b>General government<sup>4</sup> .....</b>	8	113.320	117.958	118.456	119.177	120.826	121.735	122.798
Federal .....	9	115.296	121.881	122.206	122.553	125.296	125.757	126.299
State and local .....	10	112.508	116.332	116.903	117.781	118.972	120.067	121.347
<b>Addendum:</b>								
Gross housing value added.....	11	111.306	112.729	113.021	113.132	113.438	113.666	114.477

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
2. Equals gross domestic business value added excluding gross farm value added.
3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
4. Equals compensation of general government employees plus general government consumption of fixed capital.

Table 1.3.5. Gross Value Added by Sector

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product ....</b>	1	10,971.2	11,734.3	11,818.8	11,995.2	12,198.8	12,378.0	12,589.6
<b>Business<sup>1</sup> .....</b>	2	8,427.8	9,041.2	9,106.5	9,242.5	9,405.3	9,559.9	9,733.7
Nonfarm <sup>2</sup> .....	3	8,339.8	8,928.9	9,001.9	9,145.9	9,312.5	9,475.2	9,651.0
Farm .....	4	88.0	112.2	104.6	96.6	92.8	84.7	82.7
<b>Households and institutions .....</b>	5	1,267.1	1,353.5	1,366.0	1,391.7	1,411.4	1,424.7	1,445.9
Households .....	6	696.9	751.3	758.7	770.0	777.8	783.4	794.8
Nonprofit institutions serving households <sup>3</sup> .....	7	570.3	602.2	607.3	621.6	633.5	641.3	651.2
<b>General government<sup>4</sup> .....</b>	8	1,276.3	1,339.7	1,346.3	1,361.0	1,382.1	1,393.4	1,410.0
Federal .....	9	382.6	408.2	409.4	413.1	422.8	423.1	424.5
State and local .....	10	893.7	931.4	936.9	948.0	959.4	970.2	985.5
<b>Addendum:</b>								
Gross housing value added.....	11	875.5	933.1	941.0	952.9	960.9	965.5	976.9

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
2. Equals gross domestic business value added excluding gross farm value added.
3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
4. Equals compensation of general government employees plus general government consumption of fixed capital.

Table 1.3.6. Real Gross Value Added by Sector, Chained Dollars

[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product .....</b>	1	10,320.6	10,755.7	10,808.9	10,897.1	10,999.3	11,089.2	11,193.2
<b>Business<sup>1</sup> .....</b>	2	8,070.6	8,454.4	8,501.7	8,577.2	8,669.6	8,754.8	8,847.8
Nonfarm <sup>2</sup> .....	3	7,994.6	8,379.5	8,430.2	8,510.7	8,601.7	8,694.8	8,783.8
Farm .....	4	76.0	75.9	73.8	70.4	71.6	65.3	68.8
<b>Households and institutions .....</b>	5	1,126.3	1,172.0	1,177.6	1,185.4	1,194.5	1,199.9	1,208.5
Households .....	6	625.9	666.5	671.1	678.3	683.8	686.5	691.5
Nonprofit institutions serving households <sup>3</sup> .....	7	500.3	506.0	507.0	507.9	511.4	514.2	517.7
<b>General government<sup>4</sup> .....</b>	8	1,126.3	1,135.7	1,136.6	1,142.0	1,143.9	1,144.6	1,148.3
Federal .....	9	331.8	334.9	335.0	337.0	337.4	336.5	336.1
State and local .....	10	794.4	800.7	801.5	804.9	806.4	808.1	812.1
Residual.....	11	-2.4	-7.8	-9.7	-12.1	-13.0	-16.2	-16.8
<b>Addendum:</b>								
Gross housing value added.....	12	786.5	827.8	832.6	842.4	847.1	849.4	853.4

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
  2. Equals gross domestic business value added excluding gross farm value added.
  3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
  4. Equals compensation of general government employees plus general government consumption of fixed capital.
- NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table 1.4.1. Percent Change From Preceding Period in Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product .....</b>	1	2.7	4.2	4.0	3.3	3.8	3.3	3.8
Less: Exports of goods and services .....	2	1.8	8.4	5.5	7.1	7.5	10.7	0.8
Plus: Imports of goods and services .....	3	4.6	10.7	4.7	11.3	7.4	-0.3	0.0
<b>Equals: Gross domestic purchases .....</b>	4	3.0	4.7	3.9	4.1	4.0	2.1	3.5
Less: Change in private inventories.....	5							
<b>Equals: Final sales to domestic purchasers .....</b>	6	3.0	4.4	4.5	4.1	3.7	4.2	4.1
<b>Addendum:</b>								
Final sales of domestic product .....	7	2.7	3.9	4.6	3.3	3.5	5.6	4.4

**Table 1.4.3. Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers, Quantity Indexes**

[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product</b> .....	1	105.130	109.562	110.104	111.003	112.044	112.959	114.019
Less: Exports of goods and services .....	2	94.064	101.970	102.622	104.398	106.295	109.037	109.242
Plus: Imports of goods and services .....	3	105.205	116.495	117.328	120.518	122.698	122.620	122.611
<b>Equals: Gross domestic purchases</b> .....	4	106.285	111.301	111.872	113.000	114.112	114.695	115.691
Less: Change in private inventories .....	5							
<b>Equals: Final sales to domestic purchasers</b> .....	6	106.708	111.394	111.982	113.124	114.164	115.332	116.485
<b>Addendum:</b>								
Final sales of domestic product	7	105.564	109.650	110.211	111.122	112.088	113.613	114.836

**Table 1.4.4. Price Indexes for Gross Domestic Product, Gross Domestic Purchases, and Final Sales to Domestic Purchasers**

[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product</b> .....	1	106.310	109.102	109.371	110.111	110.950	111.655	112.516
Less: Exports of goods and services .....	2	101.398	104.999	105.242	106.366	107.559	108.534	109.498
Plus: Imports of goods and services .....	3	99.610	104.571	105.269	107.026	107.783	109.925	112.405
<b>Equals: Gross domestic purchases</b> .....	4	105.863	108.899	109.235	110.092	110.883	111.785	112.886
Less: Change in private inventories .....	5							
<b>Equals: Final sales to domestic purchasers</b> .....	6	105.883	108.921	109.253	110.106	110.898	111.798	112.909
<b>Addendum:</b>								
Final sales of domestic product	7	106.330	109.124	109.389	110.124	110.963	111.667	112.539

**Table 1.4.5. Relation of Gross Domestic Product, Gross Domestic Purchases, and Final Sales to Domestic Purchasers**

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product</b> .....	1	10,971.2	11,734.3	11,818.8	11,995.2	12,198.8	12,378.0	12,589.6
Less: Exports of goods and services .....	2	1,045.6	1,173.8	1,183.8	1,217.1	1,253.2	1,297.1	1,311.1
Plus: Imports of goods and services .....	3	1,546.5	1,797.8	1,821.8	1,902.5	1,950.6	1,988.1	2,032.8
<b>Equals: Gross domestic purchases</b> .....	4	11,472.1	12,358.3	12,456.8	12,680.6	12,896.3	13,069.0	13,311.4
Less: Change in private inventories .....	5	15.4	55.4	52.5	51.9	59.9	-4.2	-23.6
<b>Equals: Final sales to domestic purchasers</b> .....	6	11,456.7	12,302.9	12,404.4	12,628.7	12,836.4	13,073.1	13,334.9
<b>Addendum:</b>								
Final sales of domestic product	7	10,955.8	11,678.9	11,766.3	11,943.3	12,138.9	12,382.1	12,613.2

**Table 1.4.6. Relation of Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers, Chained Dollars**

[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic product</b> .....	1	10,320.6	10,755.7	10,808.9	10,897.1	10,999.3	11,089.2	11,193.2
Less: Exports of goods and services .....	2	1,031.2	1,117.9	1,125.0	1,144.5	1,165.3	1,195.4	1,197.6
Plus: Imports of goods and services .....	3	1,552.6	1,719.2	1,731.5	1,778.6	1,810.7	1,809.6	1,809.4
<b>Equals: Gross domestic purchases</b> .....	4	10,837.3	11,348.7	11,407.0	11,522.0	11,635.4	11,694.8	11,796.4
Less: Change in private inventories .....	5	15.5	52.0	50.4	50.1	58.2	-1.7	-16.6
<b>Equals: Final sales to domestic purchasers</b> .....	6	10,820.1	11,295.3	11,354.9	11,470.7	11,576.2	11,694.6	11,811.5
<b>Addendum:</b>								
Final sales of domestic product	7	10,303.6	10,702.4	10,757.1	10,846.0	10,940.3	11,089.2	11,208.5

NOTE. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.















Table 1.10. Gross Domestic Income by Type of Income

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross domestic income</b> .....	<b>1</b>	<b>10,924.2</b>	<b>11,657.5</b>	<b>11,728.0</b>	<b>11,964.6</b>	<b>12,159.4</b>	<b>12,340.4</b>	.....
<b>Compensation of employees, paid</b> .....	<b>2</b>	<b>6,326.7</b>	<b>6,693.4</b>	<b>6,730.0</b>	<b>6,901.6</b>	<b>7,007.3</b>	<b>7,106.5</b>	<b>7,192.7</b>
Wage and salary accruals .....	3	5,116.7	5,395.2	5,427.7	5,568.7	5,635.5	5,715.9	5,782.1
Disbursements .....	4	5,116.7	5,395.2	5,427.8	5,568.7	5,635.5	5,715.9	5,782.1
To persons .....	5	5,108.2	5,386.4	5,418.9	5,559.7	5,626.9	5,707.2	.....
To the rest of the world .....	6	8.5	8.8	8.8	9.0	8.6	8.6	.....
Wage accruals less disbursements .....	7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplements to wages and salaries .....	8	1,210.0	1,298.1	1,302.3	1,332.9	1,371.8	1,390.6	1,410.5
<b>Taxes on production and imports</b> .....	<b>9</b>	<b>801.4</b>	<b>852.8</b>	<b>855.5</b>	<b>870.9</b>	<b>883.8</b>	<b>900.1</b>	<b>911.6</b>
<b>Less: Subsidies</b> .....	<b>10</b>	<b>46.7</b>	<b>43.5</b>	<b>43.2</b>	<b>46.5</b>	<b>50.6</b>	<b>52.1</b>	<b>54.0</b>
<b>Net operating surplus</b> .....	<b>11</b>	<b>2,511.4</b>	<b>2,719.4</b>	<b>2,651.6</b>	<b>2,796.5</b>	<b>2,870.4</b>	<b>2,928.7</b>	.....
Private enterprises .....	12	2,510.1	2,722.4	2,654.6	2,801.7	2,876.5	2,935.7	.....
Net interest and miscellaneous payments, domestic industries .....	13	630.9	630.9	629.0	628.6	646.8	644.8	.....
Business current transfer payments (net) .....	14	81.6	91.1	83.0	102.6	99.0	99.6	31.8
Proprietors' income with inventory valuation and capital consumption adjustments .....	15	810.2	889.6	889.1	900.9	917.9	936.6	937.5
Rental income of persons with capital consumption adjustment .....	16	131.7	134.2	122.1	128.7	118.0	104.4	27.5
Corporate profits with inventory valuation and capital consumption adjustments, domestic industries .....	17	855.8	976.6	931.3	1,040.9	1,094.8	1,150.3	.....
Taxes on corporate income .....	18	232.1	271.1	259.0	293.0	362.6	372.5	.....
Profits after tax with inventory valuation and capital consumption adjustments .....	19	623.6	705.5	672.3	747.8	732.1	777.8	.....
Net dividends .....	20	393.4	457.1	420.5	569.1	375.4	364.3	.....
Undistributed corporate profits with inventory valuation and capital consumption adjustments .....	21	230.2	248.4	251.8	178.7	356.7	413.5	.....
Current surplus of government enterprises .....	22	1.3	-3.0	-3.0	-5.2	-6.1	-7.0	-21.7
<b>Consumption of fixed capital</b> .....	<b>23</b>	<b>1,331.3</b>	<b>1,435.3</b>	<b>1,534.1</b>	<b>1,442.0</b>	<b>1,448.4</b>	<b>1,457.2</b>	<b>1,790.4</b>
Private .....	24	1,112.8	1,206.2	1,303.5	1,207.6	1,210.9	1,216.9	1,531.6
Government .....	25	218.5	229.1	230.6	234.5	237.5	240.4	258.8
<b>Addendum:</b>								
Statistical discrepancy .....	26	47.1	76.8	90.8	30.6	39.4	37.6	.....

Table 1.12. National Income by Type of Income

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>National income</b> .....	1	<b>9,660.9</b>	<b>10,275.9</b>	<b>10,242.4</b>	<b>10,559.3</b>	<b>10,750.4</b>	<b>10,918.7</b>	.....
<b>Compensation of employees</b> .....	2	<b>6,321.1</b>	<b>6,687.6</b>	<b>6,724.2</b>	<b>6,895.8</b>	<b>7,001.7</b>	<b>7,100.9</b>	<b>7,187.0</b>
Wage and salary accruals .....	3	5,111.1	5,389.4	5,422.0	5,562.9	5,629.9	5,710.2	5,776.5
Government .....	4	903.3	939.5	942.8	950.0	961.8	967.3	975.2
Other .....	5	4,207.8	4,450.0	4,479.2	4,612.9	4,668.1	4,743.0	4,801.3
Supplements to wages and salaries .....	6	1,210.0	1,298.1	1,302.3	1,332.9	1,371.8	1,390.6	1,410.5
Employer contributions for employee pension and insurance funds .....	7	830.0	895.5	897.9	919.6	950.0	964.4	981.0
Employer contributions for government social insurance .....	8	380.0	402.7	404.4	413.4	421.9	426.2	429.5
<b>Proprietors' income with IVA and CCAAdj</b> .....	9	<b>810.2</b>	<b>889.6</b>	<b>889.1</b>	<b>900.9</b>	<b>917.9</b>	<b>936.6</b>	<b>937.5</b>
Farm .....	10	27.7	35.8	29.7	24.6	24.7	19.6	18.1
Nonfarm .....	11	782.4	853.8	859.4	876.3	893.2	917.1	919.4
<b>Rental income of persons with CCAAdj</b> .....	12	<b>131.7</b>	<b>134.2</b>	<b>122.1</b>	<b>128.7</b>	<b>118.0</b>	<b>104.4</b>	<b>27.5</b>
<b>Corporate profits with IVA and CCAAdj</b> .....	13	<b>1,031.8</b>	<b>1,161.5</b>	<b>1,117.2</b>	<b>1,219.5</b>	<b>1,288.2</b>	<b>1,347.5</b>	.....
Taxes on corporate income .....	14	232.1	271.1	259.0	293.0	362.6	372.5	.....
Profits after tax with IVA and CCAAdj .....	15	799.7	890.3	858.2	926.4	925.6	975.0	.....
Net dividends .....	16	423.2	493.0	475.9	589.3	494.9	506.3	520.1
Undistributed profits with IVA and CCAAdj .....	17	376.5	397.3	382.3	337.2	430.7	468.7	.....
<b>Net interest and miscellaneous payments</b> .....	18	<b>528.5</b>	<b>505.5</b>	<b>497.5</b>	<b>492.7</b>	<b>498.3</b>	<b>488.7</b>	<b>493.9</b>
<b>Taxes on production and imports</b> .....	19	<b>801.4</b>	<b>852.8</b>	<b>855.5</b>	<b>870.9</b>	<b>883.8</b>	<b>900.1</b>	<b>911.6</b>
<b>Less: Subsidies</b> .....	20	<b>46.7</b>	<b>43.5</b>	<b>43.2</b>	<b>46.5</b>	<b>50.6</b>	<b>52.1</b>	<b>54.0</b>
<b>Business current transfer payments (net)</b> .....	21	<b>81.6</b>	<b>91.1</b>	<b>83.0</b>	<b>102.6</b>	<b>99.0</b>	<b>99.6</b>	<b>31.8</b>
To persons (net) .....	22	30.5	33.0	44.4	29.8	29.1	29.2	71.8
To government (net) .....	23	48.9	51.5	47.8	54.7	55.7	56.1	-18.3
To the rest of the world (net) .....	24	2.3	6.6	-9.1	18.0	14.2	14.2	-21.7
<b>Current surplus of government enterprises</b> .....	25	<b>1.3</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-5.2</b>	<b>-6.1</b>	<b>-7.0</b>	<b>-21.7</b>
<b>Cash flow:</b>								
Net cash flow with IVA and CCAAdj .....	26	1,130.8	1,196.9	1,219.1	1,143.8	1,239.2	1,280.9	.....
Undistributed profits with IVA and CCAAdj .....	27	376.5	397.3	382.3	337.2	430.7	468.7	.....
Consumption of fixed capital .....	28	754.4	799.6	836.8	806.7	808.5	812.2	894.8
Less: Inventory valuation adjustment .....	29	-13.3	-39.6	-36.9	-44.4	-39.1	-18.9	.....
Equals: Net cash flow .....	30	1,144.1	1,236.6	1,256.0	1,188.3	1,278.3	1,299.8	.....
<b>Addenda:</b>								
Proprietors' income with IVA and CCAAdj .....	31	810.2	889.6	889.1	900.9	917.9	936.6	937.5
Farm .....	32	27.7	35.8	29.7	24.6	24.7	19.6	18.1
Proprietors' income with IVA .....	33	33.0	41.7	35.7	30.9	30.8	25.4	23.8
Capital consumption adjustment .....	34	-5.3	-5.9	-6.0	-6.2	-6.0	-5.9	-5.7
Nonfarm .....	35	782.4	853.8	859.4	876.3	893.2	917.1	919.4
Proprietors' income (without IVA and CCAAdj) .....	36	658.5	723.9	734.5	742.1	796.4	815.1	843.1
Inventory valuation adjustment .....	37	-1.7	-4.7	-4.2	-5.0	-4.5	-2.5	-4.2
Capital consumption adjustment .....	38	125.6	134.6	129.1	139.1	101.3	104.5	80.5
Rental income of persons with CCAAdj .....	39	131.7	134.2	122.1	128.7	118.0	104.4	27.5
Rental income of persons (without CCAAdj) .....	40	143.7	149.5	143.9	142.4	131.5	117.8	67.9
Capital consumption adjustment .....	41	-12.1	-15.3	-21.8	-13.7	-13.5	-13.4	-40.4
Corporate profits with IVA and CCAAdj .....	42	1,031.8	1,161.5	1,117.2	1,219.5	1,288.2	1,347.5	.....
Corporate profits with IVA .....	43	923.9	1,019.7	981.3	1,079.7	1,339.2	1,393.3	.....
Profits before tax (without IVA and CCAAdj) .....	44	937.2	1,059.3	1,018.2	1,124.1	1,378.3	1,412.2	.....
Taxes on corporate income .....	45	232.1	271.1	259.0	293.0	362.6	372.5	.....
Profits after tax (without IVA and CCAAdj) .....	46	705.1	788.2	759.2	831.1	1,015.7	1,039.7	.....
Net dividends .....	47	423.2	493.0	475.9	589.3	494.9	506.3	520.1
Undistributed profits (without IVA and CCAAdj) .....	48	281.9	295.2	283.4	241.8	520.8	533.4	.....
Inventory valuation adjustment .....	49	-13.3	-39.6	-36.9	-44.4	-39.1	-18.9	.....
Capital consumption adjustment .....	50	107.9	141.8	135.8	139.8	-51.0	-45.8	-64.6

IVA Inventory valuation adjustment  
 CCAAdj Capital consumption adjustment

**Table 1.14. Gross Value Added of Domestic Corporate Business in Current Dollars and Gross Value Added of Nonfinancial Domestic Corporate Business in Current and Chained Dollars**

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates					
				2004		2005			
				III	IV	I	II	III	
<b>Gross value added of corporate business<sup>1</sup></b> .....	1	<b>6,478.6</b>	<b>6,914.4</b>	<b>6,957.0</b>	<b>7,143.1</b>	<b>7,275.5</b>	<b>7,418.9</b>	.....	
Consumption of fixed capital .....	2	754.4	799.6	836.8	806.7	808.5	812.2	894.8	
Net value added .....	3	5,724.3	6,114.8	6,120.2	6,336.4	6,467.0	6,606.8	.....	
Compensation of employees.....	4	4,156.2	4,395.0	4,419.4	4,547.0	4,618.3	4,690.4	4,749.2	
Wage and salary accruals.....	5	3,381.7	3,571.6	3,594.9	3,702.2	3,746.3	3,806.3	3,853.1	
Supplements to wages and salaries .....	6	774.5	823.4	824.5	844.9	872.0	884.1	896.1	
Taxes on production and imports less subsidies.....	7	526.4	561.5	563.1	573.1	581.6	592.6	600.3	
Net operating surplus.....	8	1,041.7	1,158.3	1,137.6	1,216.2	1,267.1	1,323.8	.....	
Net interest and miscellaneous payments .....	9	124.5	97.4	91.9	90.5	93.3	93.9	.....	
Business current transfer payments .....	10	61.5	84.3	114.4	84.9	79.1	79.6	82.9	
Corporate profits with IVA and CCAAdj.....	11	855.8	976.6	931.3	1,040.9	1,094.8	1,150.3	.....	
Taxes on corporate income.....	12	232.1	271.1	259.0	293.0	362.6	372.5	.....	
Profits after tax with IVA and CCAAdj.....	13	623.6	705.5	672.3	747.8	732.1	777.8	.....	
Net dividends .....	14	393.4	457.1	420.5	569.1	375.4	364.3	.....	
Undistributed profits with IVA and CCAAdj.....	15	230.2	248.4	251.8	178.7	356.7	413.5	.....	
<b>Gross value added of financial corporate business<sup>1</sup></b> .....	16	<b>882.9</b>	<b>918.9</b>	<b>919.0</b>	<b>944.1</b>	<b>992.7</b>	<b>975.9</b>	.....	
<b>Gross value added of nonfinancial corporate business<sup>1</sup></b> .....	17	<b>5,595.7</b>	<b>5,995.4</b>	<b>6,038.0</b>	<b>6,198.9</b>	<b>6,282.8</b>	<b>6,443.0</b>	.....	
Consumption of fixed capital .....	18	652.6	690.3	722.0	696.2	697.5	700.4	776.5	
Net value added .....	19	4,943.1	5,305.1	5,316.1	5,502.8	5,585.3	5,742.6	.....	
Compensation of employees.....	20	3,703.2	3,906.8	3,928.5	4,042.0	4,105.4	4,169.5	4,221.8	
Wage and salary accruals.....	21	3,007.8	3,168.6	3,189.3	3,284.5	3,323.6	3,376.8	3,418.3	
Supplements to wages and salaries .....	22	695.4	738.3	739.2	757.5	781.8	792.7	803.5	
Taxes on production and imports less subsidies.....	23	486.5	519.1	520.6	529.9	537.7	547.9	555.0	
Net operating surplus.....	24	753.4	879.2	866.9	930.9	942.2	1,025.2	.....	
Net interest and miscellaneous payments .....	25	166.2	164.9	162.1	162.1	167.0	167.3	.....	
Business current transfer payments .....	26	62.4	60.4	37.9	69.5	58.0	58.4	7.0	
Corporate profits with IVA and CCAAdj.....	27	524.9	653.9	666.9	699.3	717.1	799.6	.....	
Taxes on corporate income.....	28	126.5	165.9	171.8	180.8	231.9	248.6	.....	
Profits after tax with IVA and CCAAdj.....	29	398.3	487.9	495.1	518.5	485.2	550.9	.....	
Net dividends .....	30	295.5	361.2	327.3	465.0	306.7	297.6	.....	
Undistributed profits with IVA and CCAAdj.....	31	102.8	126.7	167.8	53.5	178.5	253.4	.....	
<b>Addenda:</b>									
<b>Corporate business:</b>									
Profits before tax (without IVA and CCAAdj) .....	32	761.1	874.4	832.4	945.5	1,184.8	1,215.0	.....	
Profits after tax (without IVA and CCAAdj) .....	33	529.0	603.3	573.4	652.4	822.2	842.5	.....	
Inventory valuation adjustment .....	34	-13.3	-39.6	-36.9	-44.4	-39.1	-18.9	.....	
Capital consumption adjustment.....	35	107.9	141.8	135.8	139.8	-51.0	-45.8	-64.6	
<b>Nonfinancial corporate business:</b>									
Profits before tax (without IVA and CCAAdj) .....	36	448.1	573.9	589.5	626.1	807.6	865.5	.....	
Profits after tax (without IVA and CCAAdj) .....	37	321.6	407.9	417.7	445.3	575.6	616.9	.....	
Inventory valuation adjustment .....	38	-13.3	-39.6	-36.9	-44.4	-39.1	-18.9	.....	
Capital consumption adjustment.....	39	90.0	119.7	114.2	117.6	-51.3	-47.0	-65.3	
				Value added, in billions of chained (2000) dollars:					
<b>Gross value added of nonfinancial corporate business<sup>2</sup></b> .....	40	<b>5,412.5</b>	<b>5,700.9</b>	<b>5,742.0</b>	<b>5,879.5</b>	<b>5,926.8</b>	<b>6,056.5</b>	.....	
Consumption of fixed capital <sup>3</sup> .....	41	629.4	656.5	685.2	657.3	660.2	663.6	733.3	
Net value added <sup>4</sup> .....	42	4,783.1	5,044.4	5,056.9	5,222.2	5,266.5	5,392.9	.....	

1. Estimates for financial corporate business and nonfinancial corporate business for 2000 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).

2. The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

3. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

4. Chained-dollar net value added of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

IVA Inventory valuation adjustment  
CCAAdj Capital consumption adjustment

**Table 1.15. Price, Costs, and Profit Per Unit of Real Gross Value Added of Nonfinancial Domestic Corporate Business**

[Dollars]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Price per unit of real gross value added of nonfinancial corporate business<sup>1</sup></b> .....	1	<b>1.034</b>	<b>1.052</b>	<b>1.052</b>	<b>1.054</b>	<b>1.060</b>	<b>1.064</b>	.....
<b>Compensation of employees (unit labor cost)</b> .....	2	<b>0.684</b>	<b>0.685</b>	<b>0.684</b>	<b>0.687</b>	<b>0.693</b>	<b>0.688</b>	.....
<b>Unit nonlabor cost</b> .....	3	<b>0.253</b>	<b>0.252</b>	<b>0.251</b>	<b>0.248</b>	<b>0.247</b>	<b>0.244</b>	.....
Consumption of fixed capital .....	4	0.121	0.121	0.126	0.118	0.118	0.116	.....
Taxes on production and imports less subsidies plus business current transfer payments .....	5	0.101	0.102	0.097	0.102	0.101	0.100	.....
Net interest and miscellaneous payments .....	6	0.031	0.029	0.028	0.028	0.028	0.028	.....
<b>Corporate profits with IVA and CCAAdj (unit profits from current production)</b> .....	7	<b>0.097</b>	<b>0.115</b>	<b>0.116</b>	<b>0.119</b>	<b>0.121</b>	<b>0.132</b>	.....
Taxes on corporate income.....	8	0.023	0.029	0.030	0.031	0.039	0.041	.....
Profits after tax with IVA and CCAAdj.....	9	0.074	0.086	0.086	0.088	0.082	0.091	.....

1. The implicit price deflator for gross value added of nonfinancial corporate business divided by 100. Estimates for nonfinancial corporate business for 2000 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).

NOTE: The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

IVA Inventory valuation adjustment  
CCAAdj Capital consumption adjustment

## 2. Personal Income and Outlays

Table 2.1. Personal Income and Its Disposition

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Personal income</b> .....	1	<b>9,169.1</b>	<b>9,713.3</b>	<b>9,729.2</b>	<b>10,024.8</b>	<b>10,073.4</b>	<b>10,221.2</b>	<b>10,293.0</b>
Compensation of employees, received .....	2	6,321.1	6,687.6	6,724.2	6,895.8	7,001.7	7,100.9	7,187.0
Wage and salary disbursements .....	3	5,111.1	5,389.4	5,422.0	5,562.9	5,629.9	5,710.2	5,776.5
Private industries .....	4	4,207.8	4,450.0	4,479.2	4,612.9	4,668.1	4,743.0	4,801.3
Government .....	5	903.3	939.5	942.8	950.0	961.8	967.3	975.2
Supplements to wages and salaries .....	6	1,210.0	1,298.1	1,302.3	1,332.9	1,371.8	1,390.6	1,410.5
Employer contributions for employee pension and insurance funds .....	7	830.0	895.5	897.9	919.6	950.0	964.4	981.0
Employer contributions for government social insurance .....	8	380.0	402.7	404.4	413.4	421.9	426.2	429.5
Proprietors' income with inventory valuation and capital consumption adjustments .....	9	810.2	889.6	889.1	900.9	917.9	936.6	937.5
Farm .....	10	27.7	35.8	29.7	24.6	24.7	19.6	18.1
Nonfarm .....	11	782.4	853.8	859.4	876.3	893.2	917.1	919.4
Rental income of persons with capital consumption adjustment .....	12	131.7	134.2	122.1	128.7	118.0	104.4	27.5
Personal income receipts on assets .....	13	1,338.7	1,396.5	1,378.2	1,493.6	1,407.9	1,439.8	1,465.4
Personal interest income .....	14	917.6	905.9	904.7	907.4	915.4	936.0	947.7
Personal dividend income .....	15	421.1	490.6	473.5	586.2	492.5	503.8	517.6
Personal current transfer receipts .....	16	1,344.0	1,427.5	1,441.5	1,449.2	1,488.8	1,509.6	1,552.8
Government social benefits to persons .....	17	1,313.5	1,394.5	1,397.1	1,419.5	1,459.7	1,480.4	1,481.0
Old-age, survivors, disability, and health insurance benefits .....	18	739.3	789.3	793.7	805.5	828.0	842.2	850.1
Government unemployment insurance benefits .....	19	52.8	36.0	33.3	32.4	29.4	28.0	28.5
Veterans benefits .....	20	32.0	34.2	34.4	34.8	36.2	36.4	36.4
Family assistance <sup>1</sup> .....	21	18.4	18.5	18.5	18.6	18.7	18.7	18.8
Other .....	22	471.1	516.5	517.1	528.2	547.3	555.1	547.1
Other current transfer receipts, from business (net) .....	23	30.5	33.0	44.4	29.8	29.1	29.2	71.8
Less: Contributions for government social insurance .....	24	776.6	822.2	825.9	843.5	861.0	870.1	877.3
<b>Less: Personal current taxes</b> .....	25	<b>999.9</b>	<b>1,049.1</b>	<b>1,058.4</b>	<b>1,094.3</b>	<b>1,171.4</b>	<b>1,212.6</b>	<b>1,222.8</b>
<b>Equals: Disposable personal income</b> .....	26	<b>8,169.2</b>	<b>8,664.2</b>	<b>8,670.9</b>	<b>8,930.4</b>	<b>8,902.0</b>	<b>9,008.6</b>	<b>9,070.2</b>
<b>Less: Personal outlays</b> .....	27	<b>7,996.3</b>	<b>8,512.5</b>	<b>8,566.3</b>	<b>8,725.0</b>	<b>8,854.6</b>	<b>9,001.2</b>	<b>9,170.2</b>
Personal consumption expenditures .....	28	7,709.9	8,214.3	8,263.2	8,416.1	8,535.8	8,677.0	8,840.0
Personal interest payments <sup>2</sup> .....	29	183.2	186.7	190.3	196.2	198.1	205.3	210.0
Personal current transfer payments .....	30	103.3	111.5	112.8	112.7	120.8	118.8	120.2
To government .....	31	62.1	68.6	69.4	71.0	72.5	73.9	75.4
To the rest of the world (net) .....	32	41.2	42.9	43.4	41.7	48.3	44.9	44.8
<b>Equals: Personal saving</b> .....	33	<b>172.8</b>	<b>151.8</b>	<b>104.6</b>	<b>205.4</b>	<b>47.4</b>	<b>7.4</b>	<b>-100.1</b>
<b>Personal saving as a percentage of disposable personal income</b> .....	34	<b>2.1</b>	<b>1.8</b>	<b>1.2</b>	<b>2.3</b>	<b>0.5</b>	<b>0.1</b>	<b>-1.1</b>
<b>Addenda:</b>								
Disposable personal income:								
Total, billions of chained (2000) dollars <sup>3</sup> .....	35	7,741.8	8,004.3	7,993.3	8,169.2	8,098.1	8,128.7	8,110.5
Per capita:								
Current dollars .....	36	28,065	29,475	29,461	30,265	30,103	30,395	30,523
Chained (2000) dollars .....	37	26,596	27,230	27,159	27,685	27,384	27,426	27,294
Population (midperiod, thousands) .....	38	291,085	293,951	294,315	295,077	295,720	296,383	297,157
Percent change from preceding period:								
<b>Disposable personal income, current dollars</b> .....	39	<b>4.3</b>	<b>6.1</b>	<b>4.3</b>	<b>12.5</b>	<b>-1.3</b>	<b>4.9</b>	<b>2.8</b>
<b>Disposable personal income, chained (2000) dollars</b> .....	40	<b>2.4</b>	<b>3.4</b>	<b>2.8</b>	<b>9.1</b>	<b>-3.4</b>	<b>1.5</b>	<b>-0.9</b>

1. Consists of aid to families with dependent children and, beginning with 1996, assistance programs operating under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.  
2. Consists of nonmortgage interest paid by households.  
3. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Table 2.2B. Wage and Salary Disbursements by Industry

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Wage and salary disbursements</b> .....	1	<b>5,111.1</b>	<b>5,389.4</b>	<b>5,422.0</b>	<b>5,562.9</b>	<b>5,629.9</b>	<b>5,710.2</b>	<b>5,776.5</b>
<b>Private industries</b> .....	2	<b>4,207.8</b>	<b>4,450.0</b>	<b>4,479.2</b>	<b>4,612.9</b>	<b>4,668.1</b>	<b>4,743.0</b>	<b>4,801.3</b>
Goods-producing industries .....	3	1,007.2	1,049.9	1,062.3	1,083.0	1,099.2	1,116.7	1,126.8
Manufacturing .....	4	668.7	687.7	696.1	707.8	715.3	724.4	727.8
Services-producing industries .....	5	3,200.6	3,400.1	3,416.8	3,529.9	3,568.8	3,626.3	3,674.5
Trade, transportation, and utilities .....	6	858.6	899.7	906.3	931.1	937.8	949.1	956.7
Other services-producing industries <sup>1</sup> .....	7	2,342.0	2,500.4	2,510.5	2,598.8	2,631.0	2,677.2	2,717.8
<b>Government</b> .....	8	<b>903.3</b>	<b>939.5</b>	<b>942.8</b>	<b>950.0</b>	<b>961.8</b>	<b>967.3</b>	<b>975.2</b>

1. Other services-producing industries consists of information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises, administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services.

NOTE: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).





**Table 2.3.5. Personal Consumption Expenditures by Major Type of Product**  
[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Personal consumption expenditures</b> .....	1	7,709.9	8,214.3	8,263.2	8,416.1	8,535.8	8,677.0	8,840.0
<b>Durable goods</b> .....	2	950.1	987.8	993.8	1,008.6	1,017.3	1,035.5	1,054.1
Motor vehicles and parts.....	3	439.1	441.8	444.9	452.8	449.6	458.5	473.7
Furniture and household equipment.....	4	330.3	354.1	356.9	360.6	366.9	370.0	374.3
Other.....	5	180.7	191.9	192.0	195.2	200.8	207.0	206.2
<b>Nondurable goods</b> .....	6	2,189.0	2,368.3	2,378.4	2,437.1	2,476.6	2,533.7	2,599.1
Food.....	7	1,048.5	1,134.7	1,141.0	1,166.4	1,184.2	1,207.1	1,227.5
Clothing and shoes.....	8	310.8	329.0	328.3	335.2	340.5	344.9	342.8
Gasoline, fuel oil, and other energy goods.....	9	209.7	249.9	249.3	267.9	275.2	296.4	336.5
Gasoline and oil.....	10	192.6	230.4	229.0	246.5	253.1	273.9	312.1
Fuel oil and coal.....	11	17.0	19.5	20.3	21.4	22.0	22.5	24.5
Other.....	12	620.0	654.8	659.9	667.6	676.8	685.3	692.2
<b>Services</b> .....	13	4,570.8	4,858.2	4,891.0	4,970.4	5,041.8	5,107.8	5,186.8
Housing.....	14	1,158.0	1,221.1	1,230.0	1,244.7	1,260.6	1,275.3	1,288.2
Household operation.....	15	428.8	446.2	445.9	457.9	465.3	471.4	482.0
Electricity and gas.....	16	166.6	175.9	173.2	185.9	189.5	192.4	200.8
Other household operation.....	17	262.2	270.2	272.8	272.1	275.8	279.0	281.1
Transportation.....	18	296.8	306.9	308.0	309.2	312.3	318.5	324.2
Medical care.....	19	1,299.4	1,401.1	1,415.4	1,441.6	1,470.5	1,492.6	1,524.8
Recreation.....	20	318.0	338.8	341.0	344.3	350.3	353.1	356.2
Other.....	21	1,069.8	1,144.1	1,150.7	1,172.6	1,182.8	1,196.8	1,211.4
<b>Addenda:</b>								
Energy goods and services <sup>1</sup> ....	22	376.2	425.9	422.4	453.8	464.7	488.8	537.4
Personal consumption expenditures excluding food and energy.....	23	6,285.1	6,653.8	6,699.8	6,796.0	6,886.9	6,981.1	7,075.1

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

**Table 2.3.6. Real Personal Consumption Expenditures by Major Type of Product, Chained Dollars**  
[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Personal consumption expenditures</b> .....	1	7,306.6	7,588.6	7,617.5	7,698.8	7,764.9	7,829.5	7,904.7
<b>Durable goods</b> .....	2	1,028.5	1,089.9	1,100.4	1,115.1	1,122.3	1,143.9	1,173.5
Motor vehicles and parts.....	3	449.7	457.0	461.4	464.6	455.0	463.3	482.5
Furniture and household equipment.....	4	396.3	442.9	449.2	456.8	469.2	475.9	489.7
Other.....	5	184.5	195.8	196.0	200.2	206.5	212.9	209.9
<b>Nondurable goods</b> .....	6	2,101.8	2,200.4	2,206.9	2,236.5	2,265.6	2,285.9	2,300.6
Food.....	7	980.1	1,029.1	1,030.9	1,047.4	1,060.9	1,072.2	1,086.7
Clothing and shoes.....	8	334.1	355.0	354.9	363.0	367.9	374.4	376.1
Gasoline, fuel oil, and other energy goods.....	9	198.7	201.4	201.3	203.0	207.7	205.2	202.0
Gasoline and oil.....	10	183.2	185.9	185.4	188.1	192.1	190.5	187.7
Fuel oil and coal.....	11	15.5	15.5	16.0	15.0	15.6	14.8	14.4
Other.....	12	589.6	616.7	621.7	625.5	631.2	637.7	641.0
<b>Services</b> .....	13	4,183.9	4,310.9	4,324.0	4,362.1	4,392.0	4,417.6	4,452.5
Housing.....	14	1,048.4	1,078.4	1,081.9	1,089.5	1,095.6	1,101.4	1,106.6
Household operation.....	15	398.2	405.6	403.5	412.4	414.3	413.8	416.5
Electricity and gas.....	16	146.8	149.2	145.6	154.7	155.2	153.2	154.6
Other household operation.....	17	251.3	256.3	258.2	257.3	258.8	260.5	261.7
Transportation.....	18	280.1	283.4	283.4	283.0	284.6	286.3	287.6
Medical care.....	19	1,184.9	1,233.5	1,241.6	1,255.4	1,269.1	1,282.3	1,299.9
Recreation.....	20	291.1	302.4	303.6	304.1	307.7	308.3	308.5
Other.....	21	980.7	1,006.7	1,009.0	1,016.6	1,019.5	1,024.3	1,032.1
Residual.....	22	-9.7	-19.2	-21.3	-22.4	-24.0	-28.5	-34.3
<b>Addenda:</b>								
Energy goods and services <sup>1</sup> ....	23	345.5	350.6	347.0	357.5	362.8	358.4	356.1
Personal consumption expenditures excluding food and energy.....	24	5,981.1	6,209.5	6,241.0	6,294.1	6,340.9	6,400.1	6,464.7

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

## 3. Government Current Receipts and Expenditures

Table 3.1. Government Current Receipts and Expenditures

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Current receipts</b> .....	1	<b>3,018.1</b>	<b>3,208.2</b>	<b>3,208.0</b>	<b>3,321.6</b>	<b>3,497.2</b>	<b>3,576.0</b>	.....
Current tax receipts.....	2	2,031.8	2,169.9	2,168.6	2,256.5	2,413.0	2,479.8	.....
Personal current taxes.....	3	999.9	1,049.1	1,058.4	1,094.3	1,171.4	1,212.6	1,222.8
Taxes on production and imports.....	4	801.4	852.8	855.5	870.9	883.8	900.1	911.6
Taxes on corporate income.....	5	221.9	258.9	246.9	280.1	348.7	358.5	.....
Taxes from the rest of the world.....	6	8.5	9.2	7.9	11.2	9.7	8.5	8.4
Contributions for government social insurance.....	7	776.6	822.2	825.9	843.5	861.0	870.1	877.3
Income receipts on assets.....	8	97.6	99.0	99.2	101.0	101.2	103.1	102.2
Interest and miscellaneous receipts.....	9	95.4	96.6	96.9	97.9	98.8	100.7	99.7
Dividends.....	10	2.1	2.4	2.3	3.1	2.4	2.5	2.5
Current transfer receipts.....	11	110.9	120.1	117.2	125.7	128.2	130.1	57.1
From business (net).....	12	48.9	51.5	47.8	54.7	55.7	56.1	-18.3
From persons.....	13	62.1	68.6	69.4	71.0	72.5	73.9	75.4
Current surplus of government enterprises.....	14	1.3	-3.0	-3.0	-5.2	-6.1	-7.0	-21.7
<b>Current expenditures</b> .....	15	<b>3,424.7</b>	<b>3,620.6</b>	<b>3,638.9</b>	<b>3,689.2</b>	<b>3,788.1</b>	<b>3,840.3</b>	<b>3,897.0</b>
Consumption expenditures.....	16	1,736.7	1,843.4	1,859.6	1,878.2	1,918.6	1,938.5	1,987.2
Current transfer payments.....	17	1,340.0	1,423.4	1,422.2	1,448.0	1,501.2	1,507.1	1,512.3
Government social benefits.....	18	1,316.4	1,397.5	1,400.1	1,422.6	1,462.9	1,483.6	1,484.3
To persons.....	19	1,313.5	1,394.5	1,397.1	1,419.5	1,459.7	1,480.4	1,481.0
To the rest of the world.....	20	2.8	3.0	2.9	3.2	3.2	3.2	3.2
Other current transfer payments to the rest of the world (net).....	21	23.6	25.9	22.2	25.3	38.3	23.5	28.0
Interest payments.....	22	301.4	310.3	313.8	316.5	317.8	342.6	343.5
To persons and business.....	23	227.9	220.6	220.7	219.3	213.7	231.2	.....
To the rest of the world.....	24	73.5	89.7	93.1	97.2	104.1	111.5	.....
Subsidies.....	25	46.7	43.5	43.2	46.5	50.6	52.1	54.0
Less: Wage accruals less disbursements.....	26	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net government saving</b> .....	27	<b>-406.5</b>	<b>-412.3</b>	<b>-430.9</b>	<b>-367.7</b>	<b>-290.9</b>	<b>-264.3</b>	.....
Social insurance funds.....	28	42.0	54.0	56.2	63.1	61.0	58.2	58.0
Other.....	29	-448.6	-466.3	-487.1	-430.8	-352.0	-322.5	.....
<b>Addenda:</b>								
<b>Total receipts</b> .....	30	<b>3,046.1</b>	<b>3,238.4</b>	<b>3,240.3</b>	<b>3,351.0</b>	<b>3,527.6</b>	<b>3,606.0</b>	.....
Current receipts.....	31	3,018.1	3,208.2	3,208.0	3,321.6	3,497.2	3,576.0	.....
Capital transfer receipts.....	32	28.0	30.2	32.3	29.4	30.4	29.9	30.5
<b>Total expenditures</b> .....	33	<b>3,589.4</b>	<b>3,792.0</b>	<b>3,811.2</b>	<b>3,864.0</b>	<b>3,978.7</b>	<b>4,026.9</b>	<b>4,070.5</b>
Current expenditures.....	34	3,424.7	3,620.6	3,638.9	3,689.2	3,788.1	3,840.3	3,897.0
Gross government investment.....	35	355.3	372.5	372.9	381.7	383.4	399.1	405.5
Capital transfer payments.....	36	16.9	16.3	16.4	16.6	32.2	16.0	15.9
Net purchases of nonproduced assets.....	37	11.1	11.8	13.6	11.0	12.5	11.8	11.0
Less: Consumption of fixed capital.....	38	218.5	229.1	230.6	234.5	237.5	240.4	258.8
<b>Net lending or net borrowing (-)</b> .....	39	<b>-543.3</b>	<b>-553.6</b>	<b>-570.8</b>	<b>-513.0</b>	<b>-451.0</b>	<b>-421.0</b>	.....

Table 3.2. Federal Government Current Receipts and Expenditures

[Billions of dollars]

Line	2003	2004	Seasonally adjusted at annual rates					
			2004		2005			
			III	IV	I	II	III	
<b>Current receipts</b> .....	1	1,868.6	1,974.8	1,975.4	2,054.6	2,196.6	2,239.7	.....
Current tax receipts.....	2	1,059.2	1,122.4	1,119.4	1,181.3	1,305.1	1,338.4	.....
Personal current taxes.....	3	774.3	801.8	810.0	839.7	908.3	930.8	948.0
Taxes on production and imports...	4	89.7	94.0	94.0	95.1	95.4	98.3	98.0
Excise taxes.....	5	68.3	70.7	70.7	70.7	70.4	72.8	72.8
Customs duties.....	6	21.4	23.3	23.4	24.4	25.0	25.5	25.2
Taxes on corporate income.....	7	186.7	217.4	207.5	235.3	291.7	300.8	.....
Federal Reserve banks.....	8	22.0	18.1	18.0	19.9	20.6	23.4	.....
Other.....	9	164.7	199.3	189.5	215.4	271.1	277.4	.....
Taxes from the rest of the world....	10	8.5	9.2	7.9	11.2	9.7	8.5	8.4
Contributions for government social insurance.....	11	759.1	802.5	806.0	823.4	841.1	850.3	857.3
Income receipts on assets.....	12	22.7	21.9	21.8	22.2	23.0	24.3	22.8
Interest receipts.....	13	16.2	15.3	15.5	15.6	15.9	16.4	15.7
Rents and royalties.....	14	6.5	6.6	6.3	6.6	7.1	7.9	7.1
Current transfer receipts.....	15	25.7	28.6	28.7	30.0	30.4	30.2	-49.4
From business.....	16	14.7	16.0	15.9	17.0	17.3	17.1	-62.6
From persons.....	17	11.0	12.5	12.7	12.9	13.1	13.1	13.2
Current surplus of government enterprises.....	18	1.9	-0.5	-0.4	-2.3	-2.9	-3.6	-4.2
<b>Current expenditures</b> .....	19	2,251.4	2,381.3	2,387.0	2,426.2	2,494.9	2,525.2	2,563.3
Consumption expenditures.....	20	661.9	725.7	735.7	735.1	759.6	762.8	783.1
Current transfer payments.....	21	1,327.7	1,391.2	1,384.0	1,419.0	1,458.7	1,459.9	1,475.8
Government social benefits.....	22	965.0	1,017.1	1,019.9	1,034.9	1,064.2	1,077.9	1,093.7
To persons.....	23	962.2	1,014.0	1,017.0	1,031.7	1,061.0	1,074.6	1,090.5
To the rest of the world.....	24	2.8	3.0	2.9	3.2	3.2	3.2	3.2
Other current transfer payments....	25	362.7	374.1	364.1	384.1	394.5	382.1	382.1
Grants-in-aid to state and local governments.....	26	339.1	348.3	341.9	358.7	356.1	358.6	354.1
To the rest of the world (net).....	27	23.6	25.9	22.2	25.3	38.3	23.5	28.0
Interest payments.....	28	215.2	221.5	224.5	226.1	226.6	250.8	250.8
To persons and business.....	29	141.7	131.7	131.4	128.9	122.5	139.4	.....
To the rest of the world.....	30	73.5	89.7	93.1	97.2	104.1	111.5	.....
Subsidies.....	31	46.5	43.0	42.8	46.1	50.1	51.6	53.5
Less: Wage accruals less disbursements.....	32	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Federal Government saving</b> .....	33	-382.7	-406.5	-411.6	-371.6	-298.3	-285.6	.....
Social insurance funds.....	34	40.8	52.1	54.3	61.5	60.2	57.8	57.9
Other.....	35	-423.5	-458.6	-465.9	-433.2	-358.5	-343.3	.....
<b>Addenda:</b>								
<b>Total receipts</b> .....	36	1,890.6	1,999.5	2,002.2	2,078.5	2,221.5	2,264.1	.....
Current receipts.....	37	1,868.6	1,974.8	1,975.4	2,054.6	2,196.6	2,239.7	.....
Capital transfer receipts.....	38	22.0	24.6	26.8	23.9	24.9	24.4	25.1
<b>Total expenditures</b> .....	39	2,316.2	2,452.1	2,463.0	2,496.8	2,578.9	2,601.0	2,636.5
Current expenditures.....	40	2,251.4	2,381.3	2,387.0	2,426.2	2,494.9	2,525.2	2,563.3
Gross government investment... ..	41	92.9	101.9	100.8	105.7	100.7	107.0	109.7
Capital transfer payments.....	42	62.4	62.6	67.6	61.8	80.0	67.1	64.1
Net purchases of nonproduced assets.....	43	-0.2	0.0	1.8	-1.0	0.3	-0.6	-1.6
Less: Consumption of fixed capital.....	44	90.3	93.8	94.2	95.9	96.9	97.7	99.0
<b>Net lending or net borrowing (-)</b> .....	45	-425.6	-452.6	-460.7	-418.2	-357.4	-337.0	.....

Table 3.3. State and Local Government Current Receipts and Expenditures

[Billions of dollars]

Line	2003	2004	Seasonally adjusted at annual rates					
			2004		2005			
			III	IV	I	II	III	
<b>Current receipts</b> .....	1	1,488.6	1,581.7	1,574.5	1,625.7	1,656.7	1,694.9	.....
Current tax receipts.....	2	972.6	1,047.6	1,049.3	1,075.2	1,107.9	1,141.4	.....
Personal current taxes.....	3	225.6	247.2	248.4	254.6	263.1	281.8	274.7
Income taxes.....	4	203.7	224.0	224.9	230.9	238.9	257.0	249.4
Other.....	5	21.9	23.2	23.5	23.7	24.2	24.8	25.4
Taxes on production and imports....	6	711.7	758.8	761.5	775.8	788.4	801.8	813.6
Sales taxes.....	7	347.9	370.4	370.1	378.6	385.1	391.5	396.8
Property taxes.....	8	303.4	322.8	325.3	329.7	334.3	339.0	343.7
Other.....	9	60.4	65.5	66.1	67.5	69.0	71.4	73.1
Taxes on corporate income.....	10	35.3	41.5	39.4	44.8	56.4	57.7	.....
Contributions for government social insurance.....	11	17.5	19.7	19.9	20.1	19.9	19.8	19.9
Income receipts on assets.....	12	74.9	77.1	77.4	78.8	78.2	78.8	79.4
Interest receipts.....	13	65.4	67.0	67.3	67.8	67.7	68.1	68.5
Dividends.....	14	2.1	2.4	2.3	3.1	2.4	2.5	2.5
Rents and royalties.....	15	7.3	7.7	7.8	7.9	8.1	8.2	8.4
Current transfer receipts.....	16	424.3	439.8	430.5	454.5	453.9	458.4	460.6
Federal grants-in-aid.....	17	339.1	348.3	341.9	358.7	356.1	358.6	354.1
From business (net).....	18	34.1	35.5	31.9	37.7	38.4	39.0	44.3
From persons.....	19	51.1	56.0	56.7	58.0	59.4	60.8	62.3
Current surplus of government enterprises.....	20	-0.6	-2.5	-2.6	-2.9	-3.2	-3.5	-17.5
<b>Current expenditures</b> .....	21	1,512.4	1,587.5	1,593.8	1,621.7	1,649.4	1,673.7	1,687.8
Consumption expenditures.....	22	1,074.8	1,117.7	1,123.9	1,143.1	1,159.0	1,175.7	1,204.1
Government social benefit payments to persons.....	23	351.3	380.5	380.2	387.7	398.6	405.7	390.5
Interest payments.....	24	86.2	88.9	89.3	90.4	91.2	91.8	92.6
Subsidies.....	25	0.1	0.5	0.5	0.5	0.5	0.5	0.5
Less: Wage accruals less disbursements.....	26	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net state and local government saving</b> .....	27	-23.8	-5.9	-19.3	4.0	7.4	21.3	.....
Social insurance funds.....	28	1.3	1.8	1.9	1.6	0.8	0.4	0.2
Other.....	29	-25.1	-7.7	-21.2	2.3	6.5	20.8	.....
<b>Addenda:</b>								
<b>Total receipts</b> .....	30	1,540.0	1,633.6	1,631.2	1,676.4	1,710.0	1,751.5	.....
Current receipts.....	31	1,488.6	1,581.7	1,574.5	1,625.7	1,656.7	1,694.9	.....
Capital transfer receipts.....	32	51.5	51.9	56.7	50.7	53.3	56.6	53.6
<b>Total expenditures</b> .....	33	1,657.7	1,734.6	1,741.3	1,771.2	1,803.6	1,835.5	1,836.3
Current expenditures.....	34	1,512.4	1,587.5	1,593.8	1,621.7	1,649.4	1,673.7	1,687.8
Gross government investment... ..	35	262.3	270.6	272.1	276.1	282.7	292.0	295.8
Capital transfer payments.....	36	.....	.....	.....	.....	.....	.....	.....
Net purchases of nonproduced assets.....	37	11.3	11.7	11.8	12.0	12.2	12.4	12.6
Less: Consumption of fixed capital.....	38	128.3	135.3	136.4	138.6	140.6	142.6	159.8
<b>Net lending or net borrowing (-)</b> .....	39	-117.7	-101.0	-110.1	-94.8	-93.6	-84.0	.....



**Table 3.9.5. Government Consumption Expenditures and Gross Investment**  
[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures and gross investment</b> .....	<b>1</b>	<b>2,091.9</b>	<b>2,215.9</b>	<b>2,232.5</b>	<b>2,260.0</b>	<b>2,302.0</b>	<b>2,337.6</b>	<b>2,392.7</b>
Consumption expenditures <sup>1</sup> .....	2	1,736.7	1,843.4	1,859.6	1,878.2	1,918.6	1,938.5	1,987.2
Gross investment <sup>2</sup> .....	3	355.3	372.5	372.9	381.7	383.4	399.1	405.5
Structures .....	4	226.9	232.0	233.5	236.8	241.8	249.5	253.2
Equipment and software .....	5	128.3	140.5	139.4	144.9	141.5	149.6	152.3
<b>Federal</b> .....	<b>6</b>	<b>754.8</b>	<b>827.6</b>	<b>836.5</b>	<b>840.8</b>	<b>860.2</b>	<b>869.8</b>	<b>892.8</b>
Consumption expenditures .....	7	661.9	725.7	735.7	735.1	759.6	762.8	783.1
Gross investment .....	8	92.9	101.9	100.8	105.7	100.7	107.0	109.7
Structures .....	9	15.4	14.5	14.7	14.8	14.3	13.8	14.6
Equipment and software .....	10	77.6	87.4	86.1	90.9	86.3	93.3	95.1
<b>National defense</b> .....	<b>11</b>	<b>496.7</b>	<b>552.7</b>	<b>562.9</b>	<b>562.0</b>	<b>575.3</b>	<b>582.5</b>	<b>602.3</b>
Consumption expenditures .....	12	436.6	484.2	494.6	490.1	508.9	512.3	528.7
Gross investment .....	13	60.1	68.5	68.3	71.9	66.4	70.2	73.5
Structures .....	14	5.1	5.1	5.2	5.2	5.1	5.1	5.0
Equipment and software .....	15	55.0	63.4	63.1	66.7	61.3	65.1	68.5
<b>Nondefense</b> .....	<b>16</b>	<b>258.2</b>	<b>274.9</b>	<b>273.6</b>	<b>278.8</b>	<b>285.0</b>	<b>287.3</b>	<b>290.6</b>
Consumption expenditures .....	17	225.3	241.4	241.1	245.1	250.7	250.5	254.4
Gross investment .....	18	32.8	33.4	32.5	33.8	34.3	36.8	36.2
Structures .....	19	10.3	9.4	9.5	9.6	9.2	8.7	9.6
Equipment and software .....	20	22.6	24.0	23.0	24.2	25.0	28.2	26.6
<b>State and local</b> .....	<b>21</b>	<b>1,337.1</b>	<b>1,388.3</b>	<b>1,395.9</b>	<b>1,419.1</b>	<b>1,441.7</b>	<b>1,467.7</b>	<b>1,499.9</b>
Consumption expenditures .....	22	1,074.8	1,117.7	1,123.9	1,143.1	1,159.0	1,175.7	1,204.1
Gross investment .....	23	262.3	270.6	272.1	276.1	282.7	292.0	295.8
Structures .....	24	211.6	217.6	218.8	222.0	227.5	235.7	238.6
Equipment and software .....	25	50.8	53.0	53.3	54.0	55.2	56.3	57.1

**Table 3.9.6. Real Government Consumption Expenditures and Gross Investment, Chained Dollars**  
[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures and gross investment</b> .....	<b>1</b>	<b>1,911.1</b>	<b>1,952.3</b>	<b>1,958.4</b>	<b>1,962.8</b>	<b>1,971.9</b>	<b>1,984.1</b>	<b>1,999.9</b>
Consumption expenditures <sup>1</sup> .....	2	1,568.8	1,602.1	1,609.2	1,608.8	1,619.9	1,620.7	1,636.6
Gross investment <sup>2</sup> .....	3	342.2	350.1	349.0	354.1	351.9	364.1	363.7
Structures .....	4	208.4	205.4	205.3	205.9	207.1	211.3	208.5
Equipment and software .....	5	134.3	146.4	145.2	150.3	146.3	155.0	158.0
<b>Federal</b> .....	<b>6</b>	<b>687.8</b>	<b>723.7</b>	<b>728.6</b>	<b>727.6</b>	<b>731.8</b>	<b>736.1</b>	<b>749.9</b>
Consumption expenditures .....	7	593.4	622.1	628.0	623.5	632.5	631.3	642.6
Gross investment .....	8	94.4	101.9	100.6	104.7	99.1	105.4	108.0
Structures .....	9	14.1	12.7	12.8	12.7	12.1	11.4	11.9
Equipment and software .....	10	80.3	89.7	88.2	92.5	87.5	94.8	96.8
<b>National defense</b> .....	<b>11</b>	<b>449.7</b>	<b>481.3</b>	<b>487.7</b>	<b>483.7</b>	<b>487.3</b>	<b>491.7</b>	<b>503.9</b>
Consumption expenditures .....	12	388.5	413.3	419.8	413.4	421.9	422.9	432.1
Gross investment .....	13	61.3	68.5	68.2	71.2	65.3	69.2	72.4
Structures .....	14	4.7	4.4	4.5	4.4	4.3	4.3	4.1
Equipment and software .....	15	56.7	64.4	63.9	66.9	61.2	65.2	68.7
<b>Nondefense</b> .....	<b>16</b>	<b>238.0</b>	<b>242.2</b>	<b>240.6</b>	<b>243.6</b>	<b>244.3</b>	<b>244.2</b>	<b>245.7</b>
Consumption expenditures .....	17	204.8	208.6	207.9	209.9	210.4	208.2	210.3
Gross investment .....	18	33.1	33.4	32.5	33.6	33.8	36.3	35.6
Structures .....	19	9.4	8.3	8.3	8.2	7.8	7.2	7.8
Equipment and software .....	20	23.6	25.3	24.3	25.5	26.3	29.7	28.2
<b>State and local</b> .....	<b>21</b>	<b>1,223.3</b>	<b>1,228.4</b>	<b>1,229.6</b>	<b>1,235.0</b>	<b>1,239.8</b>	<b>1,247.8</b>	<b>1,249.8</b>
Consumption expenditures .....	22	975.2	979.5	980.7	984.8	986.8	988.8	993.3
Gross investment .....	23	248.2	248.9	249.0	250.3	253.2	259.4	256.7
Structures .....	24	194.3	192.8	192.6	193.2	195.0	199.9	196.6
Equipment and software .....	25	53.9	56.6	56.9	57.6	58.8	60.1	61.0
Residual .....	26	0.0	-0.9	-0.5	-1.1	-0.6	-2.2	-2.2

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

**Table 3.10.1. Percent Change From Preceding Period in Real Government Consumption Expenditures and General Government Gross Output**  
[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures<sup>1</sup></b> .....	1	<b>3.0</b>	<b>2.1</b>	<b>3.1</b>	<b>-0.1</b>	<b>2.8</b>	<b>0.2</b>	<b>4.0</b>
Gross output of general government .....	2	2.8	2.4	3.6	0.3	3.5	0.5	4.4
Value added .....	3	1.4	0.8	1.4	1.9	0.7	0.2	1.3
Compensation of general government employees.....	4	1.3	0.6	1.2	1.8	0.3	-0.1	1.1
Consumption of general government fixed capital <sup>2</sup> .....	5	2.1	2.4	2.6	2.6	2.9	2.5	2.2
Intermediate goods and services purchased <sup>3</sup> .....	6	5.3	4.9	7.4	-2.3	8.1	0.8	9.3
Durable goods.....	7	3.9	7.5	1.9	5.1	-8.5	12.8	7.3
Nondurable goods.....	8	1.3	2.9	1.0	2.7	12.1	-6.4	8.5
Services.....	9	6.7	5.3	10.1	-4.5	8.4	2.4	9.7
Less: Own-account investment <sup>4</sup> .....	10	-2.9	-0.5	-1.0	-1.4	8.4	11.4	3.6
Sales to other sectors.....	11	2.5	4.0	7.0	2.7	7.6	1.2	6.7
<b>Federal consumption expenditures<sup>1</sup></b> .....	12	<b>7.1</b>	<b>4.8</b>	<b>5.8</b>	<b>-2.8</b>	<b>5.9</b>	<b>-0.7</b>	<b>7.4</b>
Gross output of general government .....	13	7.0	4.8	7.1	-3.4	7.3	-1.7	8.6
Value added .....	14	2.6	0.9	1.6	2.5	0.5	-1.1	-0.4
Compensation of general government employees.....	15	3.1	0.7	1.5	2.6	0.0	-2.1	-1.0
Consumption of general government fixed capital <sup>2</sup> .....	16	1.0	1.7	2.0	2.1	2.2	2.3	1.9
Intermediate goods and services purchased <sup>3</sup> .....	17	13.4	9.9	14.3	-10.2	16.3	-2.4	20.2
Durable goods.....	18	7.5	12.2	1.9	7.3	-15.5	20.7	11.2
Nondurable goods.....	19	8.2	11.3	-5.9	5.0	82.1	-41.6	49.2
Services.....	20	14.8	9.5	18.3	-13.6	14.3	1.5	18.1
Less: Own-account investment <sup>4</sup> .....	21	-5.1	-3.7	11.2	-11.5	19.5	4.2	11.4
Sales to other sectors.....	22	9.3	6.0	310.3	-47.4	268.8	-63.2	218.5
<b>Defense consumption expenditures<sup>1</sup></b> .....	23	<b>8.9</b>	<b>6.4</b>	<b>9.9</b>	<b>-6.0</b>	<b>8.5</b>	<b>1.0</b>	<b>9.0</b>
Gross output of general government .....	24	8.9	6.3	10.7	-7.1	9.5	0.9	9.2
Value added .....	25	2.8	1.8	3.3	2.1	0.6	-1.0	0.7
Compensation of general government employees.....	26	3.6	1.8	3.6	2.1	0.1	-2.2	0.3
Consumption of general government fixed capital <sup>2</sup> .....	27	0.7	1.8	2.2	2.2	2.3	2.6	2.1
Intermediate goods and services purchased <sup>3</sup> .....	28	17.3	11.9	20.0	-16.7	20.6	3.2	19.2
Durable goods.....	29	8.2	11.9	1.7	6.2	-17.0	20.8	11.0
Nondurable goods.....	30	8.5	14.9	24.8	-30.9	72.9	8.0	26.2
Services.....	31	19.8	11.6	22.6	-18.6	23.9	0.4	19.9
Less: Own-account investment <sup>4</sup> .....	32	-3.1	-7.6	3.5	3.6	-6.2	2.0	3.4
Sales to other sectors.....	33	7.5	-1.4	336.5	-90.5	646.3	-8.5	58.1
<b>Nondefense consumption expenditures<sup>1</sup></b> .....	34	<b>3.8</b>	<b>1.9</b>	<b>-1.8</b>	<b>4.0</b>	<b>0.8</b>	<b>-4.1</b>	<b>4.1</b>
Gross output of general government .....	35	3.8	2.0	0.2	4.4	3.1	-6.8	7.4
Value added .....	36	2.3	-0.6	-1.4	3.1	0.2	-1.3	-2.5
Compensation of general government employees.....	37	2.5	-1.0	-2.0	3.4	-0.1	-1.9	-3.2
Consumption of general government fixed capital <sup>2</sup> .....	38	1.7	1.3	1.6	1.9	1.8	1.5	1.2
Intermediate goods and services purchased <sup>3</sup> .....	39	6.0	5.9	2.6	6.2	7.3	-13.9	22.6
Durable goods.....	40	-0.5	15.1	3.6	21.0	3.9	19.8	12.8
Nondurable goods.....	41	.....	.....	.....	.....	.....	.....	.....
Commodity Credit Corporation inventory change.....	42	.....	.....	.....	.....	.....	.....	.....
Other nondurable goods.....	43	9.9	13.9	-3.3	11.6	27.2	-15.9	-17.4
Services.....	44	5.9	5.4	9.5	-1.8	-4.0	3.9	14.3
Less: Own-account investment <sup>4</sup> .....	45	-6.9	-0.2	18.2	-22.8	46.7	6.0	18.1
Sales to other sectors.....	46	10.8	12.0	289.1	51.4	159.8	-80.4	424.9
<b>State and local consumption expenditures<sup>1</sup></b> .....	47	<b>0.6</b>	<b>0.4</b>	<b>1.4</b>	<b>1.7</b>	<b>0.8</b>	<b>0.8</b>	<b>1.9</b>
Gross output of general government .....	48	0.9	1.2	1.9	2.2	1.6	1.6	2.3
Value added .....	49	0.9	0.8	1.3	1.7	0.8	0.8	2.0
Compensation of general government employees.....	50	0.7	0.5	1.0	1.5	0.4	0.6	2.0
Consumption of general government fixed capital <sup>2</sup> .....	51	3.0	3.0	3.0	3.0	3.5	2.6	2.4
Intermediate goods and services purchased <sup>3</sup> .....	52	0.9	1.8	3.1	3.2	3.2	2.9	2.7
Durable goods.....	53	-0.3	1.6	2.0	2.1	2.3	2.7	2.1
Nondurable goods.....	54	0.1	1.5	2.3	2.3	2.2	2.4	2.1
Services.....	55	1.3	2.0	3.7	3.7	3.8	3.2	3.1
Less: Own-account investment <sup>4</sup> .....	56	-2.3	0.3	-3.9	1.3	5.7	13.4	1.7
Sales to other sectors.....	57	2.3	3.9	4.1	4.2	4.5	3.8	3.8
Tuition and related educational charges.....	58	1.1	-0.2	-1.6	-0.8	4.3	3.9	3.9
Health and hospital charges.....	59	3.4	6.2	6.5	7.0	4.3	3.9	3.9
Other sales.....	60	1.4	3.1	4.1	3.0	4.9	3.6	3.7

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

**Table 3.10.3. Real Government Consumption Expenditures and  
General Government Gross Output, Quantity Indexes**  
[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures</b> <sup>1</sup>	1	<b>110.709</b>	<b>113.057</b>	<b>113.558</b>	<b>113.530</b>	<b>114.309</b>	<b>114.367</b>	<b>115.492</b>
Gross output of general government	2	110.837	113.445	114.027	114.107	115.097	115.229	116.470
Value added	3	105.299	106.182	106.263	106.774	106.951	107.015	107.355
Compensation of general government employees	4	104.898	105.510	105.549	106.029	106.108	106.071	106.369
Consumption of general government fixed capital <sup>2</sup>	5	107.578	110.131	110.471	111.178	111.971	112.664	113.265
Intermediate goods and services purchased <sup>3</sup>	6	121.147	127.052	128.589	127.849	130.376	130.636	133.564
Durable goods	7	111.044	119.341	120.614	122.115	119.446	123.095	125.285
Nondurable goods	8	115.219	118.582	118.492	119.285	122.730	120.709	123.204
Services	9	124.222	130.788	132.939	131.409	134.097	134.901	138.065
Less: Own-account investment <sup>4</sup>	10	108.854	108.285	108.932	108.542	110.753	113.793	114.793
Sales to other sectors	11	111.792	116.245	117.308	118.086	120.273	120.630	122.605
<b>Federal consumption expenditures</b> <sup>1</sup>	12	<b>118.847</b>	<b>124.591</b>	<b>125.766</b>	<b>124.873</b>	<b>126.665</b>	<b>126.436</b>	<b>128.704</b>
Gross output of general government	13	118.304	123.967	125.392	124.307	126.513	125.968	128.602
Value added	14	105.219	106.207	106.220	106.876	106.999	106.692	106.583
Compensation of general government employees	15	106.013	106.793	106.741	107.425	107.423	106.859	106.582
Consumption of general government fixed capital <sup>2</sup>	16	102.647	104.350	104.596	105.153	105.720	106.332	106.822
Intermediate goods and services purchased <sup>3</sup>	17	140.399	154.347	158.302	154.107	160.027	159.060	166.563
Durable goods	18	114.536	128.474	130.584	132.890	127.414	133.560	137.146
Nondurable goods	19	139.431	155.163	152.194	154.049	178.953	156.442	172.889
Services	20	144.461	158.224	163.221	157.385	162.715	162.307	170.243
Less: Own-account investment <sup>4</sup>	21	120.497	116.015	119.628	116.021	121.300	123.600	125.907
Sales to other sectors	22	76.245	80.852	100.799	85.850	118.968	92.634	123.755
<b>Defense consumption expenditures</b> <sup>1</sup>	23	<b>120.847</b>	<b>124.591</b>	<b>125.766</b>	<b>124.873</b>	<b>131.219</b>	<b>131.542</b>	<b>134.402</b>
Gross output of general government	24	120.939	128.507	130.808	128.416	131.351	131.656	134.592
Value added	25	105.226	107.128	107.363	107.932	108.095	107.811	108.008
Compensation of general government employees	26	107.101	109.047	109.269	109.839	109.854	109.239	109.319
Consumption of general government fixed capital <sup>2</sup>	27	100.435	102.223	102.496	103.066	103.656	104.331	104.871
Intermediate goods and services purchased <sup>3</sup>	28	147.007	164.434	170.383	162.787	170.602	171.952	179.688
Durable goods	29	113.344	126.861	128.974	130.917	124.954	131.005	134.479
Nondurable goods	30	136.313	156.568	161.088	146.860	168.407	171.676	181.945
Services	31	155.855	173.917	180.798	171.743	181.193	181.355	189.755
Less: Own-account investment <sup>4</sup>	32	165.422	152.925	154.932	156.311	153.832	154.599	155.905
Sales to other sectors	33	110.206	108.656	152.612	84.831	140.211	137.125	153.760
<b>Nondefense consumption expenditures</b> <sup>1</sup>	34	<b>115.181</b>	<b>117.336</b>	<b>116.903</b>	<b>118.067</b>	<b>118.308</b>	<b>117.072</b>	<b>118.259</b>
Gross output of general government	35	113.616	115.869	115.729	116.981	117.888	115.833	117.931
Value added	36	105.203	104.573	104.195	105.004	105.057	104.710	104.060
Compensation of general government employees	37	104.373	103.348	102.871	103.732	103.703	103.217	102.389
Consumption of general government fixed capital <sup>2</sup>	38	108.879	110.336	110.504	111.022	111.520	111.942	112.284
Intermediate goods and services purchased <sup>3</sup>	39	128.246	135.776	136.079	138.132	140.594	135.445	142.514
Durable goods	40	129.562	149.167	151.183	158.561	160.089	167.472	172.581
Nondurable goods	41							
Commodity Credit Corporation inventory change	42							
Other nondurable goods	43	158.894	180.945	177.987	182.919	194.246	185.991	177.333
Services	44	126.008	132.751	134.679	134.084	132.730	134.017	138.583
Less: Own-account investment <sup>4</sup>	45	96.287	96.119	100.602	94.299	103.783	105.312	109.775
Sales to other sectors	46	61.673	69.049	78.422	86.986	110.432	73.472	111.210
<b>State and local consumption expenditures</b> <sup>1</sup>	47	<b>106.255</b>	<b>106.724</b>	<b>106.851</b>	<b>107.302</b>	<b>107.519</b>	<b>107.736</b>	<b>108.234</b>
Gross output of general government	48	107.522	108.766	108.969	109.571	110.017	110.452	111.075
Value added	49	105.320	106.157	106.268	106.716	106.917	107.143	107.679
Compensation of general government employees	50	104.476	105.025	105.099	105.501	105.611	105.775	106.292
Consumption of general government fixed capital <sup>2</sup>	51	112.267	115.623	116.052	116.901	117.908	118.678	119.385
Intermediate goods and services purchased <sup>3</sup>	52	111.779	113.824	114.211	115.112	116.032	116.868	117.657
Durable goods	53	106.942	108.601	108.889	109.446	110.057	110.795	111.363
Nondurable goods	54	111.721	113.382	113.669	114.322	114.953	115.624	116.233
Services	55	112.158	114.424	114.868	115.924	117.022	117.956	118.861
Less: Own-account investment <sup>4</sup>	56	106.320	106.645	106.605	106.957	108.462	111.918	112.379
Sales to other sectors	57	112.855	117.305	117.830	119.054	120.359	121.479	122.624
Tuition and related educational charges	58	108.883	108.669	108.490	108.275	109.412	110.453	111.502
Health and hospital charges	59	118.055	125.362	126.276	128.439	129.787	131.019	132.264
Other sales	60	107.609	110.978	111.413	112.247	113.609	114.610	115.668

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

**Table 3.10.4. Price Indexes for Government Consumption Expenditures and General Government Gross Output**

[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures<sup>1</sup></b>	<b>1</b>	<b>110.696</b>	<b>115.061</b>	<b>115.565</b>	<b>116.751</b>	<b>118.448</b>	<b>119.614</b>	<b>121.428</b>
Gross output of general government	2	110.872	115.428	115.940	117.150	118.771	119.923	121.616
Value added	3	113.320	117.958	118.456	119.177	120.826	121.735	122.798
Compensation of general government employees	4	115.343	120.433	120.961	121.620	123.477	124.455	125.441
Consumption of general government fixed capital <sup>2</sup>	5	102.502	104.759	105.107	106.148	106.719	107.865	108.719
Intermediate goods and services purchased <sup>3</sup>	6	106.742	111.158	111.691	113.632	115.203	116.711	119.319
Durable goods	7	100.924	102.169	102.286	102.945	103.596	103.942	104.262
Nondurable goods	8	104.053	112.261	113.179	118.837	121.054	124.771	132.451
Services	9	108.350	111.829	112.272	113.136	114.590	115.492	116.698
Less: Own-account investment <sup>4</sup>	10	109.642	113.680	114.172	115.126	116.857	117.889	118.960
Sales to other sectors	11	112.054	117.819	118.374	119.756	120.912	121.991	123.019
<b>Federal consumption expenditures<sup>1</sup></b>	<b>12</b>	<b>111.536</b>	<b>116.647</b>	<b>117.167</b>	<b>117.907</b>	<b>120.102</b>	<b>120.830</b>	<b>121.865</b>
Gross output of general government	13	111.520	116.628	117.145	117.889	120.079	120.808	121.878
Value added	14	115.296	121.881	122.206	122.553	125.296	125.757	126.299
Compensation of general government employees	15	120.113	128.117	128.481	128.495	131.998	132.509	133.084
Consumption of general government fixed capital <sup>2</sup>	16	101.381	103.806	104.014	105.338	105.867	106.180	106.630
Intermediate goods and services purchased <sup>3</sup>	17	106.277	109.628	110.356	111.536	113.091	114.105	115.723
Durable goods	18	100.230	101.232	101.316	101.902	102.373	102.612	102.794
Nondurable goods	19	97.759	99.603	102.219	106.279	106.999	111.869	123.333
Services	20	108.203	112.044	112.618	113.531	115.336	115.948	116.533
Less: Own-account investment <sup>4</sup>	21	113.074	119.522	119.990	120.522	122.928	123.784	124.130
Sales to other sectors	22	108.515	112.325	112.429	113.914	115.450	116.279	120.318
<b>Defense consumption expenditures<sup>1</sup></b>	<b>23</b>	<b>112.365</b>	<b>117.172</b>	<b>117.824</b>	<b>118.561</b>	<b>120.631</b>	<b>121.144</b>	<b>122.374</b>
Gross output of general government	24	112.368	117.181	117.832	118.568	120.642	121.158	122.375
Value added	25	116.712	123.092	123.587	124.018	126.854	127.168	127.572
Compensation of general government employees	26	122.984	130.783	131.383	131.340	135.135	135.452	135.835
Consumption of general government fixed capital <sup>2</sup>	27	101.820	104.740	104.982	106.580	107.076	107.382	107.836
Intermediate goods and services purchased <sup>3</sup>	28	106.580	109.658	110.462	111.504	112.768	113.479	115.472
Durable goods	29	100.923	102.080	102.206	102.817	103.309	103.612	103.849
Nondurable goods	30	92.042	92.183	96.684	100.483	100.118	103.002	120.945
Services	31	109.296	113.021	113.556	114.403	115.970	116.521	117.105
Less: Own-account investment <sup>4</sup>	32	112.693	119.365	120.011	120.537	123.167	124.154	124.697
Sales to other sectors	33	112.771	116.979	117.517	118.187	120.741	121.361	121.058
<b>Nondefense consumption expenditures<sup>1</sup></b>	<b>34</b>	<b>110.014</b>	<b>115.720</b>	<b>115.981</b>	<b>116.725</b>	<b>119.173</b>	<b>120.334</b>	<b>120.971</b>
Gross output of general government	35	109.988	115.667	115.922	116.684	119.101	120.253	121.027
Value added	36	112.875	119.818	119.844	120.045	122.626	123.345	124.134
Compensation of general government employees	37	115.847	124.171	124.173	124.276	127.330	128.142	129.017
Consumption of general government fixed capital <sup>2</sup>	38	100.241	101.377	101.497	102.102	102.720	103.051	103.488
Intermediate goods and services purchased <sup>3</sup>	39	105.673	109.623	110.182	111.669	113.861	115.565	116.312
Durable goods	40	92.593	91.907	91.536	91.853	92.110	91.707	91.358
Nondurable goods	41							
Commodity Credit Corporation inventory change	42							
Other nondurable goods	43	105.220	109.179	109.105	112.986	115.081	122.232	124.090
Services	44	106.291	110.383	111.037	112.091	114.406	115.150	115.740
Less: Own-account investment <sup>4</sup>	45	113.356	119.601	119.915	120.453	122.667	123.419	123.611
Sales to other sectors	46	106.073	109.619	109.452	111.305	112.368	113.335	119.988
<b>State and local consumption expenditures<sup>1</sup></b>	<b>47</b>	<b>110.213</b>	<b>114.116</b>	<b>114.611</b>	<b>116.081</b>	<b>117.462</b>	<b>118.909</b>	<b>121.225</b>
Gross output of general government	48	110.575	114.860	115.369	116.815	118.149	119.515	121.526
Value added	49	112.508	116.332	116.903	117.781	118.972	120.067	121.347
Compensation of general government employees	50	113.690	117.748	118.333	119.222	120.494	121.638	122.768
Consumption of general government fixed capital <sup>2</sup>	51	103.540	105.652	106.121	106.918	107.526	108.273	110.594
Intermediate goods and services purchased <sup>3</sup>	52	107.040	112.136	112.537	114.980	116.563	118.397	121.671
Durable goods	53	101.739	103.310	103.476	104.240	105.144	105.642	106.160
Nondurable goods	54	105.112	114.582	115.150	121.122	123.657	127.100	133.951
Services	55	108.436	111.625	111.959	112.784	113.948	115.092	116.819
Less: Own-account investment <sup>4</sup>	56	108.798	112.254	112.752	113.807	115.377	116.451	117.696
Sales to other sectors	57	112.130	117.935	118.499	119.880	121.026	122.112	123.047
Tuition and related educational charges	58	121.646	133.191	134.565	137.237	139.381	142.402	144.474
Health and hospital charges	59	112.183	117.203	117.660	118.776	119.820	120.494	121.322
Other sales	60	105.989	109.511	109.757	110.799	111.514	112.128	112.553

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.



**Table 3.10.5. Government Consumption Expenditures and General Government Gross Output**  
 [Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures</b> <sup>1</sup> .....	1	<b>1,736.7</b>	<b>1,843.4</b>	<b>1,859.6</b>	<b>1,878.2</b>	<b>1,918.6</b>	<b>1,938.5</b>	<b>1,987.2</b>
Gross output of general government .....	2	2,042.8	2,176.8	2,197.6	2,222.1	2,272.3	2,297.0	2,354.5
Value added .....	3	1,276.3	1,339.7	1,346.3	1,361.0	1,382.1	1,393.4	1,410.0
Compensation of general government employees .....	4	1,092.8	1,147.7	1,153.1	1,164.7	1,183.3	1,192.3	1,205.1
Consumption of general government fixed capital <sup>2</sup> .....	5	183.5	192.0	193.2	196.3	198.8	201.1	204.9
Intermediate goods and services purchased <sup>3</sup> .....	6	766.6	837.2	851.3	861.1	890.2	903.7	944.6
Durable goods .....	7	49.4	53.8	54.4	55.4	54.6	56.4	57.6
Nondurable goods .....	8	174.2	193.4	194.8	205.9	215.8	218.8	237.1
Services .....	9	542.9	590.0	602.0	599.7	619.8	628.4	649.9
Less: Own-account investment <sup>4</sup> .....	10	21.6	22.3	22.5	22.6	23.4	24.3	24.7
Sales to other sectors .....	11	284.6	311.2	315.4	321.2	330.3	334.3	342.6
<b>Federal consumption expenditures</b> <sup>1</sup> .....	12	<b>661.9</b>	<b>725.7</b>	<b>735.7</b>	<b>735.1</b>	<b>759.6</b>	<b>762.8</b>	<b>783.1</b>
Gross output of general government .....	13	671.8	736.2	747.9	746.1	773.5	774.8	798.0
Value added .....	14	382.6	408.2	409.4	413.1	422.8	423.1	424.5
Compensation of general government employees .....	15	297.7	319.8	320.6	322.7	331.5	331.0	331.6
Consumption of general government fixed capital <sup>2</sup> .....	16	84.9	88.4	88.8	90.4	91.3	92.1	92.9
Intermediate goods and services purchased <sup>3</sup> .....	17	289.2	327.9	338.5	333.1	350.7	351.7	373.5
Durable goods .....	18	27.6	31.3	31.8	32.5	31.3	32.9	33.9
Nondurable goods .....	19	25.8	29.2	29.4	31.0	36.2	33.1	40.3
Services .....	20	235.8	267.5	277.3	269.6	283.1	285.6	299.3
Less: Own-account investment <sup>4</sup> .....	21	4.4	4.5	4.6	4.5	4.8	4.9	5.1
Sales to other sectors .....	22	5.5	6.0	7.5	6.5	9.1	7.1	9.8
<b>Defense consumption expenditures</b> <sup>1</sup> .....	23	<b>436.6</b>	<b>484.2</b>	<b>494.6</b>	<b>490.1</b>	<b>508.9</b>	<b>512.3</b>	<b>528.7</b>
Gross output of general government .....	24	441.1	488.8	500.2	494.2	514.3	517.7	534.6
Value added .....	25	244.6	262.6	264.3	266.6	273.1	273.1	274.4
Compensation of general government employees .....	26	183.0	198.2	199.5	200.4	206.3	205.6	206.3
Consumption of general government fixed capital <sup>2</sup> .....	27	61.6	64.5	64.8	66.2	66.8	67.5	68.1
Intermediate goods and services purchased <sup>3</sup> .....	28	196.5	226.1	236.0	227.6	241.2	244.6	260.1
Durable goods .....	29	25.5	28.8	29.3	30.0	28.7	30.2	31.0
Nondurable goods .....	30	13.1	15.0	16.3	15.4	17.6	18.5	23.1
Services .....	31	157.9	182.2	190.4	182.2	194.8	195.9	206.0
Less: Own-account investment <sup>4</sup> .....	32	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Sales to other sectors .....	33	2.4	2.5	3.5	2.0	3.3	3.2	3.6
<b>Nondefense consumption expenditures</b> <sup>1</sup> .....	34	<b>225.3</b>	<b>241.4</b>	<b>241.1</b>	<b>245.1</b>	<b>250.7</b>	<b>250.5</b>	<b>254.4</b>
Gross output of general government .....	35	230.7	247.4	247.6	247.6	252.2	251.7	263.5
Value added .....	36	138.0	145.6	145.1	146.5	149.7	150.1	150.1
Compensation of general government employees .....	37	114.6	121.7	121.1	122.2	125.2	125.4	125.3
Consumption of general government fixed capital <sup>2</sup> .....	38	23.3	23.9	24.0	24.2	24.5	24.7	24.8
Intermediate goods and services purchased <sup>3</sup> .....	39	92.7	101.8	102.5	105.5	109.5	107.1	113.4
Durable goods .....	40	2.1	2.4	2.4	2.6	2.6	2.7	2.8
Nondurable goods .....	41	12.7	14.2	13.2	15.5	18.6	14.6	17.3
Commodity Credit Corporation inventory change .....	42	-0.1	-1.0	-1.8	-0.3	1.4	-2.8	0.4
Other nondurable goods .....	43	12.8	15.2	14.9	15.9	17.2	17.5	16.9
Services .....	44	77.9	85.2	86.9	87.4	88.3	89.7	93.3
Less: Own-account investment <sup>4</sup> .....	45	2.3	2.4	2.5	2.4	2.7	2.7	2.8
Sales to other sectors .....	46	3.1	3.5	4.0	4.5	5.8	3.9	6.2
<b>State and local consumption expenditures</b> <sup>1</sup> .....	47	<b>1,074.8</b>	<b>1,117.7</b>	<b>1,123.9</b>	<b>1,143.1</b>	<b>1,159.0</b>	<b>1,175.7</b>	<b>1,204.1</b>
Gross output of general government .....	48	1,371.1	1,440.7	1,449.7	1,475.9	1,498.9	1,522.2	1,556.5
Value added .....	49	893.7	931.4	936.9	948.0	959.4	970.2	985.5
Compensation of general government employees .....	50	795.2	827.9	832.5	842.0	851.9	861.3	873.5
Consumption of general government fixed capital <sup>2</sup> .....	51	98.6	103.6	104.4	106.0	107.5	108.9	111.9
Intermediate goods and services purchased <sup>3</sup> .....	52	477.4	509.2	512.7	528.0	539.5	552.0	571.1
Durable goods .....	53	21.8	22.5	22.6	22.9	23.2	23.5	23.7
Nondurable goods .....	54	148.4	164.2	165.4	175.0	179.6	185.7	196.7
Services .....	55	307.1	322.5	324.7	330.1	336.7	342.8	350.6
Less: Own-account investment <sup>4</sup> .....	56	17.2	17.8	17.9	18.1	18.6	19.4	19.7
Sales to other sectors .....	57	279.1	305.1	307.9	314.8	321.2	327.1	332.8
Tuition and related educational charges .....	58	58.7	64.1	64.7	65.8	67.6	69.7	71.4
Health and hospital charges .....	59	139.7	155.0	156.7	160.9	164.1	166.5	169.3
Other sales .....	60	80.7	86.0	86.5	88.0	89.6	90.9	92.1

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

**Table 3.10.6. Real Government Consumption Expenditures and General Government Gross Output, Chained Dollars**  
[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Government consumption expenditures<sup>1</sup></b> .....	1	<b>1,568.8</b>	<b>1,602.1</b>	<b>1,609.2</b>	<b>1,608.8</b>	<b>1,619.9</b>	<b>1,620.7</b>	<b>1,636.6</b>
Gross output of general government .....	2	1,842.5	1,885.9	1,895.6	1,896.9	1,913.3	1,915.5	1,936.2
Value added .....	3	1,126.3	1,135.7	1,136.6	1,142.0	1,143.9	1,144.6	1,148.3
Compensation of general government employees .....	4	947.4	953.0	953.3	957.7	958.4	958.0	960.7
Consumption of general government fixed capital <sup>2</sup> .....	5	179.0	183.2	183.8	185.0	186.3	187.5	188.5
Intermediate goods and services purchased <sup>3</sup> .....	6	718.1	753.1	762.3	757.9	772.8	774.4	791.7
Durable goods .....	7	49.0	52.6	53.2	53.8	52.7	54.3	55.2
Nondurable goods .....	8	167.4	172.3	172.2	173.3	178.3	175.4	179.0
Services .....	9	501.1	527.6	536.3	530.1	540.9	544.2	556.9
Less: Own-account investment <sup>4</sup> .....	10	19.7	19.6	19.7	19.6	20.0	20.6	20.8
Sales to other sectors .....	11	254.0	264.1	266.5	268.3	273.2	274.1	278.5
<b>Federal consumption expenditures<sup>1</sup></b> .....	12	<b>593.4</b>	<b>622.1</b>	<b>628.0</b>	<b>623.5</b>	<b>632.5</b>	<b>631.3</b>	<b>642.6</b>
Gross output of general government .....	13	602.4	631.2	638.5	632.9	644.2	641.4	654.8
Value added .....	14	331.8	334.9	335.0	337.0	337.4	336.5	336.1
Compensation of general government employees .....	15	247.8	249.6	249.5	251.1	251.1	249.8	249.1
Consumption of general government fixed capital <sup>2</sup> .....	16	83.8	85.2	85.4	85.8	86.3	86.8	87.2
Intermediate goods and services purchased <sup>3</sup> .....	17	272.1	299.1	306.8	298.7	310.1	308.3	322.8
Durable goods .....	18	27.5	30.9	31.4	31.9	30.6	32.1	33.0
Nondurable goods .....	19	26.4	29.3	28.8	29.1	33.8	29.6	32.7
Services .....	20	217.9	238.7	246.2	237.4	245.5	246.4	256.8
Less: Own-account investment <sup>4</sup> .....	21	3.9	3.8	3.9	3.8	3.9	4.0	4.1
Sales to other sectors .....	22	5.0	5.4	6.7	5.7	7.9	6.1	8.2
<b>Defense consumption expenditures<sup>1</sup></b> .....	23	<b>388.5</b>	<b>413.3</b>	<b>419.8</b>	<b>413.4</b>	<b>421.9</b>	<b>422.9</b>	<b>432.1</b>
Gross output of general government .....	24	392.5	417.1	424.6	416.8	426.3	427.3	436.9
Value added .....	25	209.6	213.4	213.8	215.0	215.3	214.7	215.1
Compensation of general government employees .....	26	148.8	151.5	151.8	152.6	152.6	151.8	151.9
Consumption of general government fixed capital <sup>2</sup> .....	27	60.5	61.6	61.7	62.1	62.4	62.8	63.2
Intermediate goods and services purchased <sup>3</sup> .....	28	184.4	206.2	213.7	204.1	213.9	215.6	225.3
Durable goods .....	29	25.2	28.2	28.7	29.1	27.8	29.2	29.9
Nondurable goods .....	30	14.2	16.3	16.8	15.3	17.6	17.9	19.0
Services .....	31	144.5	161.3	167.6	159.2	168.0	168.1	175.9
Less: Own-account investment <sup>4</sup> .....	32	1.9	1.7	1.8	1.8	1.7	1.8	1.8
Sales to other sectors .....	33	2.1	2.1	3.0	1.7	2.7	2.7	3.0
<b>Nondefense consumption expenditures<sup>1</sup></b> .....	34	<b>204.8</b>	<b>208.6</b>	<b>207.9</b>	<b>209.9</b>	<b>210.4</b>	<b>208.2</b>	<b>210.3</b>
Gross output of general government .....	35	209.7	213.9	213.6	215.9	217.6	213.8	217.7
Value added .....	36	122.2	121.5	121.1	122.0	122.1	121.7	120.9
Compensation of general government employees .....	37	99.0	98.0	97.5	98.4	98.3	97.9	97.1
Consumption of general government fixed capital <sup>2</sup> .....	38	23.3	23.6	23.6	23.7	23.8	23.9	24.0
Intermediate goods and services purchased <sup>3</sup> .....	39	87.7	92.9	93.1	94.5	96.2	92.7	97.5
Durable goods .....	40	2.3	2.6	2.7	2.8	2.8	3.0	3.0
Nondurable goods .....	41	12.0	12.9	11.9	13.5	16.0	11.2	14.0
Commodity Credit Corporation inventory change .....	42	-0.2	-1.0	-1.8	-0.5	1.1	-3.1	0.3
Other nondurable goods .....	43	12.2	13.9	13.7	14.1	14.9	14.3	13.6
Services .....	44	73.3	77.2	78.3	78.0	77.2	77.9	80.6
Less: Own-account investment <sup>4</sup> .....	45	2.0	2.0	2.1	2.0	2.2	2.2	2.3
Sales to other sectors .....	46	2.9	3.2	3.7	4.1	5.2	3.4	5.2
<b>State and local consumption expenditures<sup>1</sup></b> .....	47	<b>975.2</b>	<b>979.5</b>	<b>980.7</b>	<b>984.8</b>	<b>986.8</b>	<b>988.8</b>	<b>993.3</b>
Gross output of general government .....	48	1,239.9	1,254.3	1,256.6	1,263.6	1,268.7	1,273.7	1,280.9
Value added .....	49	794.4	800.7	801.5	804.9	806.4	808.1	812.1
Compensation of general government employees .....	50	699.4	703.1	703.6	706.3	707.0	708.1	711.6
Consumption of general government fixed capital <sup>2</sup> .....	51	95.2	98.0	98.4	99.1	100.0	100.6	101.2
Intermediate goods and services purchased <sup>3</sup> .....	52	446.0	454.1	455.7	459.3	462.9	466.3	469.4
Durable goods .....	53	21.5	21.8	21.8	22.0	22.1	22.2	22.3
Nondurable goods .....	54	141.2	143.3	143.7	144.5	145.3	146.1	146.9
Services .....	55	283.2	288.9	290.1	292.7	295.5	297.9	300.2
Less: Own-account investment <sup>4</sup> .....	56	15.8	15.9	15.8	15.9	16.1	16.6	16.7
Sales to other sectors .....	57	248.9	258.7	259.9	262.6	265.5	267.9	270.5
Tuition and related educational charges .....	58	48.3	48.2	48.1	48.0	48.5	48.9	49.4
Health and hospital charges .....	59	124.6	132.3	133.2	135.5	136.9	138.2	139.6
Other sales .....	60	76.1	78.5	78.8	79.4	80.4	81.1	81.8
Residual .....	61	-1.1	-2.3	-2.5	-2.2	-2.8	-3.0	-4.3

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

NOTE. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

**Table 3.11.1. Percent Change From Preceding Period in Real National Defense Consumption Expenditures and Gross Investment by Type**

[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>National defense consumption expenditures and gross investment</b> .....	<b>1</b>	<b>8.8</b>	<b>7.0</b>	<b>9.0</b>	<b>-3.3</b>	<b>3.0</b>	<b>3.7</b>	<b>10.2</b>
<b>Consumption expenditures</b> .....	<b>2</b>	<b>8.9</b>	<b>6.4</b>	<b>9.9</b>	<b>-6.0</b>	<b>8.5</b>	<b>1.0</b>	<b>9.0</b>
Gross output of general government.....	3	8.9	6.3	10.7	-7.1	9.5	0.9	9.2
Value added .....	4	2.8	1.8	3.3	2.1	0.6	-1.0	0.7
Compensation of general government employees.....	5	3.6	1.8	3.6	2.1	0.1	-2.2	0.3
Military .....	6	5.4	1.1	-0.4	3.8	0.1	-4.7	-1.6
Civilian .....	7	-0.2	3.3	12.5	-1.4	0.0	3.1	4.2
Consumption of general government fixed capital <sup>2</sup> .....	8	0.7	1.8	2.2	2.2	2.3	2.6	2.1
Intermediate goods and services purchased <sup>3</sup> .....	9	17.3	11.9	20.0	-16.7	20.6	3.2	19.2
Durable goods.....	10	8.2	11.9	1.7	6.2	-17.0	20.8	11.0
Aircraft .....	11	5.7	7.5	35.1	-3.8	-22.6	6.9	-8.4
Missiles .....	12	4.0	12.7	-57.3	-9.1	60.1	72.9	-52.0
Ships .....	13	-1.7	8.1	33.1	-56.9	-2.9	23.5	51.0
Vehicles.....	14	5.1	-5.1	80.6	42.3	0.5	65.0	177.7
Electronics .....	15	19.8	17.8	2.6	12.9	0.0	61.4	85.1
Other durable goods .....	16	10.8	18.9	-16.1	44.8	-40.0	-4.2	18.8
Nondurable goods.....	17	8.5	14.9	24.8	-30.9	72.9	8.0	26.2
Petroleum products.....	18	-2.2	9.2	50.0	-55.6	271.3	65.7	38.7
Ammunition.....	19	2.0	31.2	20.7	-1.5	-14.7	21.7	27.3
Other nondurable goods .....	20	24.2	11.8	7.0	-18.0	24.5	-42.2	5.9
Services.....	21	19.8	11.6	22.6	-18.6	23.9	0.4	19.9
Research and development.....	22	19.1	13.1	6.7	-8.4	13.4	13.0	1.0
Installation support .....	23	9.3	2.4	14.7	-17.3	8.8	-7.5	43.3
Weapons support.....	24	18.1	18.9	86.0	-36.8	41.6	-6.3	38.0
Personnel support.....	25	22.8	19.3	30.8	-22.3	18.6	-1.1	27.1
Transportation of material .....	26	67.7	-10.9	5.4	-20.3	85.3	-2.4	3.2
Travel of persons.....	27	19.8	15.2	16.1	-8.9	140.9	-13.4	1.1
Less: Own-account investment <sup>4</sup> .....	28	-3.1	-7.6	3.5	3.6	-6.2	2.0	3.4
Sales to other sectors .....	29	7.5	-1.4	336.5	-90.5	646.3	-8.5	58.1
<b>Gross investment</b> <sup>5</sup> .....	<b>30</b>	<b>8.2</b>	<b>11.8</b>	<b>2.8</b>	<b>18.5</b>	<b>-29.0</b>	<b>26.2</b>	<b>19.8</b>
Structures.....	31	11.6	-6.0	41.9	-1.0	-13.7	-1.9	-14.2
Equipment and software .....	32	7.9	13.5	0.3	20.2	-30.1	28.8	22.9
Aircraft.....	33	-0.9	36.7	-17.4	84.9	-25.6	28.7	21.5
Missiles .....	34	2.5	15.4	125.2	-26.1	-49.5	181.0	-49.7
Ships .....	35	8.4	-3.2	129.1	-56.4	4.9	-13.1	58.9
Vehicles.....	36	20.8	-9.8	-57.5	19.0	12.0	654.6	48.5
Electronics and software.....	37	7.7	10.8	-14.1	4.6	3.5	34.1	35.2
Other equipment .....	38	11.7	15.6	-20.4	75.0	-53.4	-2.0	17.8

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

5. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.



**Table 3.11.5. National Defense Consumption Expenditures and Gross Investment by Type**  
[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>National defense consumption expenditures and gross investment</b> .....	1	496.7	552.7	562.9	562.0	575.3	582.5	602.3
<b>Consumption expenditures</b> <sup>1</sup> .....	2	436.6	484.2	494.6	490.1	508.9	512.3	528.7
Gross output of general government .....	3	441.1	488.8	500.2	494.2	514.3	517.7	534.6
Value added .....	4	244.6	262.6	264.3	266.6	273.1	273.1	274.4
Compensation of general government employees .....	5	183.0	198.2	199.5	200.4	206.3	205.6	206.3
Military .....	6	125.8	134.8	135.0	136.1	140.3	138.7	138.2
Civilian .....	7	57.2	63.3	64.4	64.3	65.9	66.9	68.2
Consumption of general government fixed capital <sup>2</sup> .....	8	61.6	64.5	64.8	66.2	66.8	67.5	68.1
Intermediate goods and services purchased <sup>3</sup> .....	9	196.5	226.1	236.0	227.6	241.2	244.6	260.1
Durable goods .....	10	25.5	28.8	29.3	30.0	28.7	30.2	31.1
Aircraft .....	11	10.5	11.5	12.1	12.0	11.3	11.5	11.3
Missiles .....	12	2.7	3.0	2.9	2.9	3.3	3.8	3.1
Ships .....	13	1.3	1.4	1.6	1.3	1.3	1.4	1.6
Vehicles .....	14	0.9	0.9	0.9	1.1	1.1	1.2	1.5
Electronics .....	15	3.7	4.4	4.5	4.6	4.6	5.2	6.1
Other durable goods .....	16	6.4	7.6	7.3	8.1	7.2	7.2	7.5
Nondurable goods .....	17	13.1	15.0	16.3	15.4	17.6	18.5	23.0
Petroleum products .....	18	5.0	5.1	6.1	5.4	7.3	8.7	12.9
Ammunition .....	19	2.6	3.6	3.8	3.8	3.7	4.0	4.2
Other nondurable goods .....	20	5.5	6.3	6.5	6.2	6.6	5.8	5.9
Services .....	21	157.9	182.2	190.4	182.2	194.8	195.9	206.0
Research and development .....	22	47.1	55.3	56.6	55.9	58.7	61.0	61.6
Installation support .....	23	34.8	37.2	38.2	36.9	38.5	37.8	41.6
Weapons support .....	24	16.6	20.2	22.3	20.0	21.9	21.7	23.7
Personnel support .....	25	43.2	53.0	56.0	52.8	55.7	55.8	59.1
Transportation of material .....	26	9.9	9.1	9.4	9.0	10.5	10.5	10.6
Travel of persons .....	27	6.3	7.5	7.8	7.6	9.5	9.3	9.4
Less: Own-account investment <sup>4</sup> .....	28	2.1	2.1	2.1	2.1	2.1	2.2	2.2
Sales to other sectors .....	29	2.4	2.5	3.5	2.0	3.3	3.2	3.6
<b>Gross investment</b> <sup>5</sup> .....	30	60.1	68.5	68.3	71.9	66.4	70.2	73.5
Structures .....	31	5.1	5.1	5.2	5.2	5.1	5.1	5.0
Equipment and software .....	32	55.0	63.4	63.1	66.7	61.3	65.1	68.5
Aircraft .....	33	9.2	12.6	11.7	13.9	12.9	13.3	14.0
Missiles .....	34	3.3	3.8	4.2	4.0	3.3	4.4	3.7
Ships .....	35	9.5	10.1	11.5	9.6	9.9	9.5	10.6
Vehicles .....	36	3.0	2.7	2.4	2.6	2.7	4.4	4.9
Electronics and software .....	37	10.4	11.3	11.4	11.4	11.5	12.3	13.2
Other equipment .....	38	19.6	22.9	21.8	25.2	21.0	21.1	22.1

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

5. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

**Table 3.11.6. Real National Defense Consumption Expenditures and Gross Investment by Type, Chained Dollars**  
[Billions of chained (2000) dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>National defense consumption expenditures and gross investment</b> .....	1	449.7	481.3	487.7	483.7	487.3	491.7	503.9
<b>Consumption expenditures</b> <sup>1</sup> .....	2	388.5	413.3	419.8	413.4	421.9	422.9	432.1
Gross output of general government .....	3	392.5	417.1	424.6	416.8	426.3	427.3	436.9
Value added .....	4	209.6	213.4	213.8	215.0	215.3	214.7	215.1
Compensation of general government employees .....	5	148.8	151.5	151.8	152.6	152.6	151.8	151.9
Military .....	6	99.8	100.9	100.4	101.3	101.3	100.1	99.7
Civilian .....	7	48.9	50.5	51.4	51.2	51.2	51.6	52.2
Consumption of general government fixed capital <sup>2</sup> .....	8	60.5	61.6	61.7	62.1	62.4	62.8	63.2
Intermediate goods and services purchased <sup>3</sup> .....	9	184.4	206.2	213.7	204.1	213.9	215.6	225.3
Durable goods .....	10	25.2	28.2	28.7	29.1	27.8	29.2	29.9
Aircraft .....	11	10.3	11.0	11.6	11.5	10.8	11.0	10.7
Missiles .....	12	2.6	2.9	2.8	2.7	3.1	3.5	2.9
Ships .....	13	1.3	1.4	1.6	1.3	1.3	1.3	1.5
Vehicles .....	14	0.8	0.8	0.8	0.9	0.9	1.0	1.3
Electronics .....	15	4.0	4.7	4.8	4.9	4.9	5.5	6.4
Other durable goods .....	16	6.3	7.5	7.2	7.9	7.0	6.9	7.2
Nondurable goods .....	17	14.2	16.3	16.8	15.3	17.6	17.9	19.0
Petroleum products .....	18	6.2	6.8	6.8	5.6	7.7	8.8	9.5
Ammunition .....	19	2.6	3.4	3.5	3.5	3.4	3.5	3.8
Other nondurable goods .....	20	5.4	6.0	6.2	5.9	6.2	5.4	5.5
Services .....	21	144.5	161.3	167.6	159.2	168.0	168.1	175.9
Research and development .....	22	44.2	49.9	50.8	49.7	51.2	52.8	53.0
Installation support .....	23	31.9	32.7	33.5	31.9	32.6	32.0	35.0
Weapons support .....	24	15.5	18.4	20.3	18.1	19.8	19.4	21.1
Personnel support .....	25	38.9	46.4	48.8	45.8	47.8	47.7	50.6
Transportation of material .....	26	8.4	7.5	7.7	7.3	8.5	8.4	8.5
Travel of persons .....	27	5.6	6.4	6.7	6.5	8.1	7.9	7.9
Less: Own-account investment <sup>4</sup> .....	28	1.9	1.7	1.8	1.8	1.7	1.8	1.8
Sales to other sectors .....	29	2.1	2.1	3.0	1.7	2.7	2.7	3.0
<b>Gross investment</b> <sup>5</sup> .....	30	61.3	68.5	68.2	71.2	65.3	69.2	72.4
Structures .....	31	4.7	4.4	4.5	4.4	4.3	4.3	4.1
Equipment and software .....	32	56.7	64.4	63.9	66.9	61.2	65.2	68.7
Aircraft .....	33	10.3	14.1	13.3	15.5	14.4	15.3	16.1
Missiles .....	34	3.3	3.8	4.2	3.9	3.3	4.2	3.6
Ships .....	35	9.3	9.0	10.2	8.3	8.4	8.1	9.1
Vehicles .....	36	3.0	2.7	2.5	2.6	2.7	4.5	5.0
Electronics and software .....	37	11.3	12.5	12.6	12.7	12.8	13.8	14.9
Other equipment .....	38	19.4	22.4	21.2	24.3	20.1	20.0	20.8
Residual .....	39	-0.8	-2.6	-2.6	-2.6	-2.5	-3.6	-4.9

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

5. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

## 4. Foreign Transactions

Table 4.1. Foreign Transactions in the National Income and Product Accounts

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
Current receipts from the rest of the world .....	1	1,389.3	1,589.2	1,601.9	1,679.5	1,715.4	1,786.6	.....
<b>Exports of goods and services .....</b>	<b>2</b>	<b>1,045.6</b>	<b>1,173.8</b>	<b>1,183.8</b>	<b>1,217.1</b>	<b>1,253.2</b>	<b>1,297.1</b>	<b>1,311.1</b>
Goods <sup>1</sup> .....	3	724.3	818.1	829.7	845.0	865.4	904.7	915.1
Durable .....	4	496.1	561.4	572.1	578.5	590.9	615.3	627.3
Nondurable .....	5	228.2	256.7	257.6	266.5	274.5	289.3	287.8
Services <sup>1</sup> .....	6	321.3	355.7	354.1	372.1	387.7	392.5	396.0
<b>Income receipts .....</b>	<b>7</b>	<b>343.7</b>	<b>415.4</b>	<b>418.1</b>	<b>462.4</b>	<b>462.3</b>	<b>489.4</b>	<b>489.4</b>
Wage and salary receipts .....	8	3.0	3.0	3.1	3.2	3.0	3.0	3.0
Income receipts on assets .....	9	340.7	412.4	415.0	459.2	459.3	486.4	486.4
Interest .....	10	85.0	102.9	105.6	126.6	145.8	158.2	158.2
Dividends .....	11	97.5	104.3	104.3	102.2	195.9	201.3	201.3
Reinvested earnings on U.S. direct investment abroad .....	12	158.2	205.2	205.1	230.4	117.6	126.9	126.9
Current payments to the rest of the world .....	13	1,893.8	2,240.9	2,255.1	2,418.1	2,482.4	2,533.4	.....
<b>Imports of goods and services .....</b>	<b>14</b>	<b>1,546.5</b>	<b>1,797.8</b>	<b>1,821.8</b>	<b>1,902.5</b>	<b>1,950.6</b>	<b>1,988.1</b>	<b>2,032.8</b>
Goods <sup>1</sup> .....	15	1,283.9	1,495.9	1,515.0	1,588.4	1,627.6	1,661.8	1,706.7
Durable .....	16	801.2	930.2	946.8	974.7	999.0	1,010.7	1,019.5
Nondurable .....	17	482.7	565.7	568.2	613.7	628.6	651.1	687.2
Services <sup>1</sup> .....	18	262.6	301.9	306.8	314.1	323.0	326.3	326.1
<b>Income payments .....</b>	<b>19</b>	<b>275.6</b>	<b>361.7</b>	<b>369.6</b>	<b>425.6</b>	<b>422.9</b>	<b>453.9</b>	<b>453.9</b>
Wage and salary payments .....	20	8.5	8.8	8.8	9.0	8.6	8.6	8.6
Income payments on assets .....	21	267.1	352.8	360.8	416.6	414.3	445.3	445.3
Interest .....	22	187.4	228.2	237.2	262.6	294.3	314.3	314.3
Dividends .....	23	67.7	68.4	48.9	82.1	76.4	59.3	59.3
Reinvested earnings on foreign direct investment in the United States .....	24	12.0	56.2	74.6	71.9	43.6	71.7	71.7
<b>Current taxes and transfer payments to the rest of the world (net) .....</b>	<b>25</b>	<b>71.7</b>	<b>81.5</b>	<b>63.6</b>	<b>90.0</b>	<b>108.8</b>	<b>91.3</b>	<b>61.4</b>
From persons (net) .....	26	41.2	42.9	43.4	41.7	48.3	44.9	44.8
From government (net) .....	27	18.0	19.7	17.3	17.3	31.8	18.2	22.8
From business (net) .....	28	12.4	18.9	3.0	31.0	28.7	28.2	-6.2
<b>Balance on current account, NIPAs .....</b>	<b>29</b>	<b>-504.5</b>	<b>-651.7</b>	<b>-653.2</b>	<b>-738.6</b>	<b>-767.0</b>	<b>-746.8</b>	<b>.....</b>
<b>Addenda:</b>								
Net lending or net borrowing (-), NIPAs .....	30	-507.7	-653.4	-654.7	-740.4	-784.3	-747.3	.....
Balance on current account, NIPAs .....	31	-504.5	-651.7	-653.2	-738.6	-767.0	-746.8	.....
Less: Capital account transactions (net) <sup>2</sup> .....	32	3.2	1.6	1.6	1.8	17.3	0.5	.....

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

2. Consists of capital transfers and the acquisition and disposal of nonproduced nonfinancial assets.









## 5. Saving and Investment

**Table 5.1. Saving and Investment**  
[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Gross saving</b> .....	1	1,474.1	1,572.0	1,590.1	1,617.0	1,635.5	1,669.1	.....
<b>Net saving</b> .....	2	142.7	136.8	56.0	174.9	187.1	211.8	.....
Net private saving.....	3	549.3	549.1	486.9	542.6	478.1	476.1	.....
Personal saving.....	4	172.8	151.8	104.6	205.4	47.4	7.4	-100.1
Undistributed corporate profits with inventory valuation and capital consumption adjustments	5	376.5	397.3	382.3	337.2	430.7	468.7	.....
Undistributed profits.....	6	281.9	295.2	283.4	241.8	520.8	533.4	.....
Inventory valuation adjustment.....	7	-13.3	-39.6	-36.9	-44.4	-39.1	-18.9	.....
Capital consumption adjustment.....	8	107.9	141.8	135.8	139.8	-51.0	-45.8	-64.6
Wage accruals less disbursements.....	9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving.....	10	-406.5	-412.3	-430.9	-367.7	-290.9	-264.3	.....
Federal.....	11	-382.7	-406.5	-411.6	-371.6	-298.3	-285.6	.....
State and local.....	12	-23.8	-5.9	-19.3	4.0	7.4	21.3	.....
<b>Consumption of fixed capital</b> ....	13	1,331.3	1,435.3	1,534.1	1,442.0	1,448.4	1,457.2	1,790.4
Private.....	14	1,112.8	1,206.2	1,303.5	1,207.6	1,210.9	1,216.9	1,531.6
Domestic business.....	15	911.5	973.3	1,032.0	978.4	980.4	984.5	1,143.0
Households and institutions	16	201.3	232.8	271.5	229.2	230.5	232.4	388.6
Government.....	17	218.5	229.1	230.6	234.5	237.5	240.4	258.8
Federal.....	18	90.3	93.8	94.2	95.9	96.9	97.7	99.0
State and local.....	19	128.3	135.3	136.4	138.6	140.6	142.6	159.8
<b>Gross domestic investment, capital account transactions, and net lending, NIPAs...</b>	20	1,521.1	1,648.9	1,680.9	1,647.6	1,675.0	1,706.6	.....
Gross domestic investment.....	21	2,025.6	2,300.6	2,334.0	2,386.2	2,441.9	2,453.5	2,484.1
Gross private domestic investment.....	22	1,670.4	1,928.1	1,961.2	2,004.5	2,058.5	2,054.4	2,078.6
Gross government investment	23	355.3	372.5	372.9	381.7	383.4	399.1	405.5
Capital account transactions (net) <sup>1</sup> .....	24	3.2	1.6	1.6	1.8	17.3	0.5	.....
Net lending or net borrowing (-), NIPAs.....	25	-507.7	-653.4	-654.7	-740.4	-784.3	-747.3	.....
<b>Statistical discrepancy</b> .....	26	47.1	76.8	90.8	30.6	39.4	37.6	.....
<b>Addenda:</b>								
Gross private saving.....	27	1,662.1	1,755.3	1,790.4	1,750.2	1,688.9	1,693.0	.....
Gross government saving.....	28	-188.0	-183.2	-200.3	-133.2	-53.4	-23.9	.....
Federal.....	29	-292.5	-312.7	-317.3	-275.7	-201.4	-187.8	.....
State and local.....	30	104.5	129.4	117.1	142.5	148.0	163.9	.....
Net domestic investment.....	31	694.3	865.3	799.9	944.2	993.5	996.3	693.8
<b>Gross saving as a percentage of gross national income...</b>	32	13.4	13.4	13.5	13.5	13.4	13.5	.....
<b>Net saving as a percentage of gross national income</b> .....	33	1.3	1.2	0.5	1.5	1.5	1.7	.....

1. Consists of capital transfers and the acquisition and disposal of nonproduced nonfinancial assets.

**Table 5.3.1. Percent Change From Preceding Period in Real Private Fixed Investment by Type**  
[Percent]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Private fixed investment</b> .....	1	3.6	9.7	8.4	7.2	7.0	9.5	5.7
<b>Nonresidential</b> .....	2	1.3	9.4	11.8	10.4	5.7	8.8	6.2
<b>Structures</b> .....	3	-4.2	2.2	1.4	4.7	-2.0	2.7	-1.4
Commercial and health care	4	-6.4	2.2	-1.7	-8.4	3.3	0.5	-4.4
Manufacturing.....	5	-7.4	4.8	16.3	94.2	9.9	-2.9	-11.6
Power and communication.....	6	-14.1	-11.7	8.5	-5.8	4.5	-22.8	-5.9
Mining exploration, shafts, and wells.....	7	17.4	16.4	-5.8	32.7	-3.9	40.9	16.7
Other structures <sup>1</sup> .....	8	-4.1	0.5	6.3	-3.5	-17.1	-8.2	-9.7
<b>Equipment and software</b> .....	9	3.2	11.9	15.5	12.4	8.3	10.9	8.9
Information processing equipment and software... Computers and peripheral equipment.....	10	5.1	13.6	8.4	9.2	20.3	14.5	13.3
Software <sup>2</sup> .....	11	12.6	27.5	22.6	39.9	45.5	31.7	12.5
Software <sup>2</sup> .....	12	3.6	7.4	6.8	6.1	15.2	20.1	12.7
Other <sup>3</sup> .....	13	3.2	13.7	3.4	-1.5	13.0	0.5	14.4
Industrial equipment.....	14	0.3	3.4	27.3	4.8	18.8	-18.9	20.5
Transportation equipment.....	15	-2.3	12.7	19.2	32.8	-11.2	27.4	-0.2
Other equipment <sup>4</sup> .....	16	6.3	14.8	23.1	10.2	-10.0	18.5	-3.1
<b>Residential</b> .....	17	8.4	10.3	2.6	1.6	9.5	10.8	4.8
<b>Structures</b> .....	18	8.4	10.3	2.5	1.5	9.6	11.0	4.8
Permanent site.....	19	9.8	12.0	5.6	0.6	14.2	3.8	4.9
Single family.....	20	10.7	12.8	5.0	0.0	11.3	3.6	5.2
Multifamily.....	21	2.6	4.2	11.3	6.8	45.3	5.1	2.3
Other structures <sup>5</sup> .....	22	6.4	7.6	-2.3	3.0	2.3	23.9	4.7
<b>Equipment</b> .....	23	5.5	10.2	10.8	8.8	-0.3	1.2	1.5
<b>Addenda:</b>								
Private fixed investment in structures.....	24	3.9	7.6	2.2	2.5	5.9	8.4	2.9
Private fixed investment in equipment and software.....	25	3.3	11.9	15.5	12.4	8.2	10.8	8.8
Private fixed investment in new structures <sup>6</sup> .....	26	3.2	6.7	3.7	3.3	7.4	2.6	2.6
Nonresidential structures.....	27	-4.2	2.1	1.4	5.2	-2.1	2.7	-1.5
Residential structures.....	28	7.9	9.3	4.9	2.3	12.6	2.6	4.8

1. 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.

2. Excludes software "embedded" or bundled, in computers and other equipment.

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. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.

6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

**Table 5.3.2. Contributions to Percent Change in Real Private Fixed Investment by Type**

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Percent change at annual rate:</b>								
Private fixed investment ....	1	3.6	9.7	8.4	7.2	7.0	9.5	5.7
<b>Percentage points at annual rates:</b>								
<b>Nonresidential</b> .....	2	<b>0.85</b>	<b>6.07</b>	<b>7.44</b>	<b>6.59</b>	<b>3.64</b>	<b>5.66</b>	<b>3.97</b>
Structures .....	3	-0.75	0.37	0.23	0.75	-0.32	0.44	-0.23
Commercial and health care .....	4	-0.48	0.15	-0.11	-0.57	0.21	0.03	-0.28
Manufacturing .....	5	-0.08	0.05	0.14	0.69	0.11	-0.03	-0.13
Power and communication .....	6	-0.45	-0.31	0.17	-0.12	0.09	-0.51	-0.11
Mining exploration, shafts, and wells .....	7	0.41	0.46	-0.18	0.87	-0.13	1.21	0.60
Other structures <sup>1</sup> .....	8	-0.15	0.02	0.21	-0.12	-0.60	-0.26	-0.30
<b>Equipment and software</b> .....	9	<b>1.60</b>	<b>5.71</b>	<b>7.21</b>	<b>5.83</b>	<b>3.96</b>	<b>5.22</b>	<b>4.19</b>
Information processing equipment and software .....	10	1.27	3.25	2.01	2.15	4.43	3.31	3.02
Computers and peripheral equipment .....	11	0.58	1.23	1.03	1.71	1.94	1.46	0.61
Software <sup>2</sup> .....	12	0.37	0.74	0.65	0.58	1.35	1.80	1.17
Other <sup>3</sup> .....	13	0.31	1.28	0.33	-0.14	1.14	0.05	1.24
Industrial equipment .....	14	0.02	0.28	1.93	0.38	1.40	-1.62	1.46
Transportation equipment .....	15	-0.19	0.99	1.46	2.45	-0.99	2.07	-0.02
Other equipment <sup>4</sup> .....	16	0.50	1.19	1.81	0.85	-0.88	1.46	-0.26
<b>Residential</b> .....	17	<b>2.74</b>	<b>3.62</b>	<b>0.98</b>	<b>0.59</b>	<b>3.36</b>	<b>3.88</b>	<b>1.74</b>
Structures .....	18	2.71	3.57	0.93	0.55	3.36	3.88	1.73
Permanent site .....	19	1.89	2.55	1.25	0.14	3.06	0.87	1.09
Single family .....	20	1.84	2.46	1.02	0.00	2.23	0.75	1.04
Multifamily .....	21	0.06	0.09	0.23	0.14	0.83	0.12	0.05
Other structures <sup>5</sup> .....	22	0.82	1.02	-0.31	0.41	0.31	3.01	0.64
<b>Equipment</b> .....	23	<b>0.03</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>
<b>Addenda:</b>								
Private fixed investment in structures .....	24	1.96	3.94	1.16	1.30	3.04	4.32	1.50
Private fixed investment in equipment and software .....	25	1.63	5.75	7.26	5.87	3.96	5.23	4.20
Private fixed investment in new structures <sup>6</sup> .....	26	1.45	3.15	1.74	1.55	3.42	1.27	1.23
Nonresidential structures .....	27	-0.75	0.35	0.23	0.83	-0.33	0.43	-0.23
Residential structures .....	28	2.20	2.80	1.51	0.72	3.75	0.84	1.47

1. 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.
2. Excludes software "embedded," or bundled, in computers and other equipment.
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. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

**Table 5.3.3. Real Private Fixed Investment by Type, Quantity Indexes**  
[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Private fixed investment</b> .....	1	<b>95.297</b>	<b>104.534</b>	<b>106.027</b>	<b>107.880</b>	<b>109.722</b>	<b>112.252</b>	<b>113.819</b>
<b>Nonresidential</b> .....	2	<b>88.063</b>	<b>96.314</b>	<b>97.790</b>	<b>100.246</b>	<b>101.633</b>	<b>103.806</b>	<b>105.387</b>
Structures .....	3	77.621	79.314	79.635	80.554	80.145	80.680	80.390
Commercial and health care .....	4	74.713	76.354	77.374	75.693	76.307	76.404	75.551
Manufacturing .....	5	48.525	50.864	49.188	58.065	59.452	59.019	57.233
Power and communication .....	6	86.420	76.316	74.744	73.642	74.454	69.782	68.720
Mining exploration, shafts, and wells .....	7	106.049	123.477	122.996	132.002	130.707	142.413	148.004
Other structures <sup>1</sup> .....	8	76.785	77.197	78.722	78.030	74.460	72.888	71.046
<b>Equipment and software</b> .....	9	<b>92.154</b>	<b>103.126</b>	<b>105.087</b>	<b>108.201</b>	<b>110.376</b>	<b>113.274</b>	<b>115.715</b>
Information processing equipment and software .....	10	98.314	111.723	112.898	115.408	120.857	125.013	128.970
Computers and peripheral equipment .....	11	120.846	154.137	156.641	170.366	187.116	200.445	206.415
Software <sup>2</sup> .....	12	99.752	107.171	107.845	109.464	113.411	118.726	122.315
Other <sup>3</sup> .....	13	87.466	99.409	100.550	100.162	103.280	103.420	106.961
Industrial equipment .....	14	84.716	87.556	89.695	90.762	94.766	89.922	94.211
Transportation equipment .....	15	76.507	86.219	88.787	95.313	92.529	98.301	98.244
Other equipment <sup>4</sup> .....	16	99.599	114.335	117.561	120.448	117.325	122.398	121.429
<b>Residential</b> .....	17	<b>113.989</b>	<b>125.714</b>	<b>127.267</b>	<b>127.772</b>	<b>130.695</b>	<b>134.100</b>	<b>135.673</b>
Structures .....	18	114.051	125.784	127.341	127.819	130.781	134.226	135.813
Permanent site .....	19	114.874	128.605	130.454	130.654	135.073	136.336	137.980
Single family .....	20	115.115	129.876	131.746	131.747	135.332	136.549	138.294
Multifamily .....	21	112.735	117.433	119.089	121.052	132.906	134.579	135.332
Other structures <sup>5</sup> .....	22	112.777	121.390	122.479	123.390	124.080	130.919	132.417
<b>Equipment</b> .....	23	<b>109.868</b>	<b>121.085</b>	<b>122.387</b>	<b>124.989</b>	<b>124.882</b>	<b>125.251</b>	<b>125.703</b>
<b>Addenda:</b>								
Private fixed investment in structures .....	24	98.756	106.293	107.335	107.995	109.546	111.766	112.555
Private fixed investment in equipment and software .....	25	92.298	103.272	105.228	108.338	110.496	113.373	115.798
Private fixed investment in new structures <sup>6</sup> .....	26	96.887	103.392	104.198	105.045	106.933	107.626	108.322
Nonresidential structures .....	27	77.844	79.452	79.745	80.761	80.340	80.869	80.571
Residential structures .....	28	112.594	123.099	124.319	125.033	128.809	129.639	131.169

1. 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.
2. Excludes software "embedded," or bundled, in computers and other equipment.
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. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

Table 5.3.4. Price Indexes for Private Fixed Investment by Type

[Index numbers, 2000=100]

	Line	2003	2004	Seasonally adjusted				
				2004		2005		
				III	IV	I	II	III
<b>Private fixed investment ....</b>	1	<b>103.432</b>	<b>106.697</b>	<b>107.248</b>	<b>107.831</b>	<b>108.522</b>	<b>109.254</b>	<b>110.036</b>
<b>Nonresidential .....</b>	2	<b>99.764</b>	<b>101.025</b>	<b>101.185</b>	<b>101.455</b>	<b>102.244</b>	<b>102.715</b>	<b>103.269</b>
Structures .....	3	113.889	120.124	121.159	122.827	125.876	128.886	133.256
Commercial and health care	4	109.357	116.112	117.373	118.912	120.213	122.191	124.221
Manufacturing.....	5	108.466	113.535	114.475	116.655	117.930	119.871	121.865
Power and communication ...	6	107.739	111.944	113.169	114.659	116.260	117.815	118.709
Mining exploration, shafts, and wells .....	7	157.945	167.444	167.608	170.310	183.991	194.012	212.566
Other structures¹ .....	8	109.340	114.805	115.836	117.171	118.366	120.104	121.934
<b>Equipment and software .....</b>	9	<b>95.133</b>	<b>95.022</b>	<b>94.945</b>	<b>94.854</b>	<b>95.067</b>	<b>94.910</b>	<b>94.542</b>
Information processing equipment and software ...	10	88.257	85.559	85.388	84.540	83.958	83.222	82.448
Computers and peripheral equipment .....	11	63.273	58.577	57.991	56.274	53.972	51.837	50.033
Software² .....	12	96.735	94.540	94.704	93.892	94.243	94.354	94.165
Other³ .....	13	95.186	93.659	93.484	93.418	93.564	93.436	93.204
Industrial equipment .....	14	101.662	104.261	104.589	105.639	106.962	108.209	108.430
Transportation equipment .....	15	103.914	109.542	109.002	109.839	110.053	109.319	109.021
Other equipment⁴ .....	16	103.174	104.117	104.426	104.975	106.952	108.165	108.707
<b>Residential .....</b>	17	<b>112.379</b>	<b>119.935</b>	<b>121.312</b>	<b>122.574</b>	<b>123.062</b>	<b>124.359</b>	<b>125.638</b>
Structures .....	18	112.637	120.357	121.765	123.050	123.509	124.809	126.100
Permanent site .....	19	113.538	122.059	123.702	124.574	124.574	126.145	127.600
Single family .....	20	113.939	122.771	124.411	125.311	125.311	126.891	128.354
Multifamily .....	21	110.228	116.000	117.242	117.886	117.886	119.372	120.749
Other structures⁵ .....	22	111.267	117.728	118.763	120.719	121.926	122.789	123.823
<b>Equipment .....</b>	23	<b>96.797</b>	<b>94.208</b>	<b>93.639</b>	<b>93.426</b>	<b>95.785</b>	<b>96.867</b>	<b>97.358</b>
<b>Addenda:</b>								
Private fixed investment in structures .....	24	113.204	120.461	121.756	123.162	124.417	126.236	128.449
Private fixed investment in equipment and software .....	25	95.145	95.011	94.930	94.838	95.070	94.924	94.563
Private fixed investment in new structures⁶ .....	26	113.198	120.753	122.153	123.424	124.614	126.690	129.162
Nonresidential structures .....	27	113.941	120.218	121.260	122.941	126.002	129.028	133.415
Residential structures .....	28	112.513	120.741	122.326	123.380	123.605	125.196	126.700

1. 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.

2. Excludes software "embedded," or bundled, in computers and other equipment.

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. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.

6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

Table 5.3.5. Private Fixed Investment by Type

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Private fixed investment ....</b>	1	<b>1,654.9</b>	<b>1,872.6</b>	<b>1,908.7</b>	<b>1,952.6</b>	<b>1,998.7</b>	<b>2,058.5</b>	<b>2,102.2</b>
<b>Nonresidential .....</b>	2	<b>1,082.4</b>	<b>1,198.8</b>	<b>1,219.0</b>	<b>1,252.9</b>	<b>1,280.1</b>	<b>1,313.5</b>	<b>1,340.7</b>
Structures .....	3	276.9	298.4	302.1	309.8	315.9	325.6	335.4
Commercial and health care	4	112.4	121.9	124.9	123.8	126.2	128.4	129.1
Manufacturing.....	5	16.7	18.4	17.9	21.5	22.3	22.5	22.2
Power and communication ...	6	43.6	40.0	39.6	39.6	40.6	38.5	38.2
Mining exploration, shafts, and wells .....	7	45.5	56.2	56.0	61.1	65.3	75.0	85.4
Other structures¹ .....	8	58.7	61.9	63.7	63.8	61.5	61.1	60.5
<b>Equipment and software .....</b>	9	<b>805.6</b>	<b>900.4</b>	<b>916.9</b>	<b>943.1</b>	<b>964.3</b>	<b>987.9</b>	<b>1,005.3</b>
Information processing equipment and software ...	10	405.7	447.0	450.9	456.3	474.6	486.6	497.3
Computers and peripheral equipment .....	11	77.6	91.6	92.3	97.5	102.7	105.6	105.0
Software² .....	12	170.0	178.5	179.9	181.1	188.3	197.3	202.9
Other³ .....	13	158.2	176.9	178.6	177.8	183.6	183.6	189.4
Industrial equipment .....	14	137.1	145.3	149.3	152.6	161.3	154.9	162.6
Transportation equipment .....	15	127.9	151.9	155.6	168.4	163.8	172.8	172.2
Other equipment⁴ .....	16	134.8	156.2	161.0	165.8	164.6	173.7	173.1
<b>Residential .....</b>	17	<b>572.5</b>	<b>673.8</b>	<b>689.7</b>	<b>699.7</b>	<b>718.5</b>	<b>745.0</b>	<b>761.5</b>
Structures .....	18	564.7	665.4	681.3	691.1	709.7	736.1	752.5
Permanent site .....	19	345.7	416.1	427.6	431.2	445.8	455.7	466.5
Single family .....	20	310.6	377.6	388.1	390.9	401.6	410.3	420.3
Multifamily .....	21	35.1	38.5	39.5	40.3	44.3	45.4	46.2
Other structures⁵ .....	22	219.0	249.4	253.7	259.8	263.9	280.4	286.0
<b>Equipment .....</b>	23	<b>7.8</b>	<b>8.4</b>	<b>8.4</b>	<b>8.6</b>	<b>8.8</b>	<b>8.9</b>	<b>9.0</b>
<b>Addenda:</b>								
Private fixed investment in structures .....	24	841.5	963.8	983.4	1,000.9	1,025.6	1,061.7	1,087.9
Private fixed investment in equipment and software .....	25	813.4	908.8	925.3	951.7	973.1	996.9	1,014.3
Private fixed investment in new structures⁶ .....	26	764.6	870.4	887.1	903.6	928.7	950.3	975.1
Nonresidential structures .....	27	276.9	298.1	301.8	309.8	315.9	325.6	335.5
Residential structures .....	28	487.7	572.2	585.3	593.8	612.8	624.7	639.7

1. 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.

2. Excludes software "embedded," or bundled, in computers and other equipment.

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. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.

6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.





## 6. Income and Employment by Industry

Table 6.1D. National Income Without Capital Consumption Adjustment by Industry

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>National income without capital consumption adjustment</b> .....	1	<b>9,444.8</b>	<b>10,020.7</b>	<b>10,005.3</b>	<b>10,300.3</b>	<b>10,719.6</b>	<b>10,879.2</b>	.....
<b>Domestic industries</b> .....	2	<b>9,376.7</b>	<b>9,966.9</b>	<b>9,956.8</b>	<b>10,263.5</b>	<b>10,680.2</b>	<b>10,843.7</b>	.....
<b>Private industries</b> .....	3	<b>8,179.7</b>	<b>8,711.5</b>	<b>8,695.2</b>	<b>8,991.0</b>	<b>9,389.8</b>	<b>9,544.3</b>	.....
Agriculture, forestry, fishing, and hunting .....	4	80.0	96.9	92.0	87.2	86.9	79.4	.....
Mining .....	5	103.1	124.1	123.8	136.2	140.3	156.8	.....
Utilities .....	6	151.1	157.0	155.8	160.2	174.2	179.1	.....
Construction .....	7	483.4	529.8	537.6	552.6	589.2	604.0	.....
Manufacturing .....	8	1,133.4	1,190.2	1,192.6	1,252.3	1,287.6	1,335.8	.....
Durable goods .....	9	642.7	690.2	702.9	731.0	719.9	753.7	.....
Nondurable goods .....	10	490.7	500.0	489.7	521.3	567.7	582.1	.....
Wholesale trade .....	11	577.6	618.4	625.3	639.3	662.5	686.7	.....
Retail trade .....	12	738.9	772.5	763.1	790.0	815.0	829.2	.....
Transportation and warehousing .....	13	261.6	279.8	279.5	281.6	308.0	316.2	.....
Information .....	14	310.2	338.6	351.6	346.7	378.9	390.4	.....
Finance, insurance, real estate, rental, and leasing .....	15	1,674.6	1,766.7	1,733.1	1,811.1	1,896.1	1,878.0	.....
Professional and business services <sup>1</sup> .....	16	1,249.4	1,334.8	1,333.5	1,392.0	1,453.1	1,461.0	.....
Educational services, health care, and social assistance .....	17	824.4	877.7	880.0	905.9	932.9	948.9	.....
Arts, entertainment, recreation, accommodation, and food services .....	18	344.6	365.5	366.5	369.4	392.7	403.1	.....
Other services, except government .....	19	247.3	259.6	260.7	266.4	272.5	275.5	.....
<b>Government</b> .....	20	<b>1,197.0</b>	<b>1,255.4</b>	<b>1,261.6</b>	<b>1,272.6</b>	<b>1,290.4</b>	<b>1,299.5</b>	.....
<b>Rest of the world</b> .....	21	<b>68.1</b>	<b>53.8</b>	<b>48.5</b>	<b>36.8</b>	<b>39.4</b>	<b>35.5</b>	.....

1. Consists of professional, scientific, and technical services; management of companies and enterprises; and administrative and waste management services.  
 Note: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

Table 6.16D. Corporate Profits by Industry

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	1	<b>1,031.8</b>	<b>1,161.5</b>	<b>1,117.2</b>	<b>1,219.5</b>	<b>1,288.2</b>	<b>1,347.5</b>	.....
<b>Domestic industries</b> .....	2	<b>855.8</b>	<b>976.6</b>	<b>931.3</b>	<b>1,040.9</b>	<b>1,094.8</b>	<b>1,150.3</b>	.....
Financial <sup>1</sup> .....	3	330.9	322.7	264.4	341.6	377.6	350.7	.....
Nonfinancial .....	4	524.9	653.9	666.9	699.3	717.1	799.6	.....
<b>Rest of the world</b> .....	5	<b>176.0</b>	<b>184.9</b>	<b>185.9</b>	<b>178.6</b>	<b>193.5</b>	<b>197.2</b>	.....
Receipts from the rest of the world .....	6	255.7	309.5	309.4	332.6	313.5	328.2	.....
Less: Payments to the rest of the world .....	7	79.7	124.6	123.6	154.0	120.1	131.0	.....
<b>Corporate profits with inventory valuation adjustment</b> .....	8	<b>923.9</b>	<b>1,019.7</b>	<b>981.3</b>	<b>1,079.7</b>	<b>1,339.2</b>	<b>1,393.3</b>	.....
<b>Domestic industries</b> .....	9	<b>747.9</b>	<b>834.8</b>	<b>795.5</b>	<b>901.1</b>	<b>1,145.7</b>	<b>1,196.1</b>	.....
Financial .....	10	313.0	300.6	242.8	319.4	377.2	349.5	.....
Federal Reserve banks .....	11	20.2	20.3	20.2	22.2	23.1	26.2	.....
Other financial <sup>2</sup> .....	12	292.8	280.3	222.7	297.1	354.2	323.2	.....
Nonfinancial .....	13	434.9	534.2	552.7	581.7	768.5	846.6	.....
Utilities .....	14	11.4	12.1	11.4	14.1	23.7	26.4	.....
Manufacturing .....	15	80.7	118.9	116.2	154.7	170.2	204.7	.....
Durable goods .....	16	-4.1	34.8	42.2	58.8	35.5	59.9	.....
Fabricated metal products .....	17	8.5	10.3	9.8	13.1	8.8	11.4	.....
Machinery .....	18	1.4	1.0	3.4	-2.6	0.9	2.9	.....
Computer and electronic products .....	19	-16.1	-3.2	1.3	-0.2	0.5	4.2	.....
Electrical equipment, appliances, and components .....	20	1.9	0.3	-3.0	6.8	-1.3	5.5	.....
Motor vehicles, bodies and trailers, and parts .....	21	-11.6	-3.4	-0.7	1.3	-20.8	-15.7	.....
Other durable goods <sup>3</sup> .....	22	11.9	29.9	31.4	40.5	47.3	51.6	.....
Nondurable goods .....	23	84.8	84.0	73.9	95.9	134.7	144.8	.....
Food and beverage and tobacco products .....	24	23.5	24.0	23.4	20.5	39.6	37.7	.....
Petroleum and coal products .....	25	23.6	31.0	19.5	49.2	62.8	66.3	.....
Chemical products .....	26	20.8	13.5	16.3	8.4	18.8	20.5	.....
Other nondurable goods <sup>4</sup> .....	27	16.9	15.6	14.7	17.8	13.5	20.3	.....
Wholesale trade .....	28	56.3	63.5	69.1	66.9	81.4	98.1	.....
Retail trade .....	29	87.7	90.0	81.9	87.7	104.6	109.1	.....
Transportation and warehousing .....	30	8.1	8.4	6.1	1.7	22.9	27.9	.....
Information .....	31	-1.9	17.0	33.0	21.0	46.7	53.5	.....
Other nonfinancial <sup>5</sup> .....	32	192.4	224.3	235.0	235.6	318.9	326.9	.....
<b>Rest of the world</b> .....	33	<b>176.0</b>	<b>184.9</b>	<b>185.9</b>	<b>178.6</b>	<b>193.5</b>	<b>197.2</b>	.....

1. Consists of finance and insurance and bank and other holding companies.  
 2. Consists of credit intermediation and related activities; securities, commodity contracts, and other financial investments and related activities; insurance carriers and related activities; funds, trusts, and other financial vehicles; and bank and other holding companies.  
 3. Consists of wood products; nonmetallic mineral products; primary metals; other transportation equipment; furniture and related products; and miscellaneous manufacturing.  
 4. Consists of textile mills and textile product mills; apparel, leather and allied products; paper products; printing and related support activities; and plastics and rubber products.  
 5. Consists of agriculture, forestry, fishing, and hunting; mining; construction; real estate and rental and leasing; professional, scientific, and technical services; administrative and waste management services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services, except government.  
 Note: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

## 7. Supplemental Tables

Table 7.1. Selected Per Capita Product and Income Series in Current and Chained Dollars

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Current dollars:</b>								
Gross domestic product .....	1	37,691	39,919	40,157	40,651	41,251	41,763	42,367
Gross national product .....	2	37,925	40,102	40,322	40,776	41,384	41,883	42,488
Personal income .....	3	31,500	33,044	33,057	33,973	34,064	34,486	34,638
Disposable personal income ....	4	28,065	29,475	29,461	30,265	30,103	30,395	30,523
Personal consumption								
expenditures .....	5	26,487	27,944	28,076	28,522	28,864	29,276	29,749
Durable goods .....	6	3,264	3,360	3,377	3,418	3,440	3,494	3,547
Nondurable goods .....	7	7,520	8,057	8,081	8,259	8,375	8,549	8,746
Services .....	8	15,703	16,527	16,618	16,845	17,049	17,234	17,455
<b>Chained (2000) dollars:</b>								
Gross domestic product .....	9	35,456	36,590	36,726	36,930	37,195	37,415	37,668
Gross national product .....	10	35,677	36,760	36,879	37,047	37,320	37,527	37,734
Disposable personal income ....	11	26,596	27,230	27,159	27,685	27,384	27,426	27,294
Personal consumption								
expenditures .....	12	25,101	25,816	25,882	26,091	26,258	26,417	26,601
Durable goods .....	13	3,533	3,708	3,739	3,779	3,795	3,860	3,949
Nondurable goods .....	14	7,221	7,485	7,498	7,579	7,661	7,713	7,742
Services .....	15	14,374	14,665	14,692	14,783	14,852	14,905	14,984
Population (midperiod, thousands)	16	291,085	293,951	294,315	295,077	295,720	296,383	297,157

Table 7.2.1B. Percent Change from Preceding Period in Real Motor Vehicle Output

	Line	2003	2004	Seasonally adjusted at annual rates				
				2004		2005		
				III	IV	I	II	III
<b>Motor vehicle output</b>								
Auto output .....	1	3.8	4.6	3.0	8.8	4.3	-0.3	15.0
Truck output .....	2	-7.6	-2.6	-13.5	2.6	45.1	-7.5	-1.0
Final sales of domestic product	3	11.0	8.3	11.7	11.7	-10.7	3.5	23.6
Personal consumption	4	5.4	5.4	31.9	11.4	-0.7	14.3	16.6
<b>Personal consumption expenditures</b>								
New motor vehicles .....	5	5.0	0.8	13.2	0.3	-10.0	8.0	22.7
Autos .....	6	7.8	1.0	15.7	-8.4	-15.5	45.4	31.2
Light trucks (including utility vehicles) .....	7	-1.8	0.1	-12.1	4.0	-4.5	47.5	23.4
Net purchases of used autos and used light trucks .....	8	14.3	1.5	35.4	-14.6	-21.3	44.1	36.0
Used autos .....	9	-1.0	0.4	7.0	25.0	3.9	-48.0	1.4
Used light trucks (including utility vehicles) .....	10	-3.2	-1.2	4.4	33.0	6.0	-49.1	21.9
<b>Private fixed investment</b>	11	1.2	2.1	9.8	17.5	1.7	-46.7	-17.2
New motor vehicles .....	12	-1.6	18.8	51.4	33.4	3.2	28.6	13.5
Autos .....	13	-1.9	12.6	31.3	18.8	-9.0	10.9	9.1
Trucks .....	14	-6.7	1.4	11.2	13.2	-20.5	-13.3	30.2
Light trucks (including utility vehicles) .....	15	1.5	19.6	43.4	21.7	-2.8	24.2	0.7
Other .....	16	4.2	15.1	41.6	11.9	-11.6	40.2	0.8
Net purchases of used autos and used light trucks .....	17	-6.9	34.9	48.8	54.4	23.8	-8.8	0.4
Used autos .....	18	-2.3	2.9	1.2	-5.5	-31.1	-22.8	-1.4
Used light trucks (including utility vehicles) .....	19	-2.4	3.4	0.4	5.7	-22.7	-19.2	21.0
<b>Gross government investment</b>	20	-2.1	2.4	2.1	-15.6	-39.0	-26.6	-22.8
Autos .....	21	-0.3	17.1	-23.1	7.6	46.8	-28.9	-3.2
Trucks .....	22	-4.8	-8.7	-27.8	89.0	30.6	-38.6	11.9
Exports .....	23	1.2	25.5	-22.1	-5.6	51.1	-26.4	-6.4
<b>Net exports</b>	24	10.0	10.8	53.0	-1.6	52.0	-13.9	18.3
Autos .....	25	4.6	2.9	5.1	28.7	74.4	-18.3	13.4
Trucks .....	26	15.8	18.3	106.6	-20.1	35.3	-9.9	22.6
Imports .....	27	-0.2	5.0	-2.1	-4.3	-6.3	-4.2	28.2
Autos .....	28	-3.5	0.2	32.0	-17.6	-16.9	-12.0	71.3
Trucks .....	29	3.7	10.3	-27.2	11.8	5.2	3.5	-3.0
<b>Change in private inventories</b>	30							
Autos .....	31							
New .....	32							
Domestic .....	33							
Foreign .....	34							
Used .....	35							
Trucks .....	36							
New .....	37							
Domestic .....	38							
Foreign .....	39							
Used <sup>1</sup> .....	40							
<b>Addenda:</b>	41							
Final sales of motor vehicles to domestic purchasers .....	42	3.5	4.9	19.8	7.8	-5.4	11.6	19.4
Private fixed investment in new autos and new light trucks .....	43	-1.0	9.0	28.1	12.4	-15.3	16.2	11.2
Domestic output of new autos <sup>2</sup> .....	44	-8.8	-4.7	2.0	3.2	17.7	11.7	17.9
Sales of imported new autos <sup>3</sup> .....	45	-1.8	3.2	-13.8	19.2	-23.3	10.5	29.1

1. Consists of used light trucks only.

2. Consists of final sales and change in private inventories of new autos assembled in the United States.

3. Consists of personal consumption expenditures, private fixed investment, and gross government investment.











## C. Historical Measures

This table is derived from the “Selected NIPA Tables” that are published in this issue and from the “GDP and Other Major NIPA Series” tables that were published in the August 2005 issue. (The changes in prices are calculated from indexes expressed to three decimal places.)

**Table C.1. GDP and Other Major NIPA Aggregates—Continues**

[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (2000) dollars			Percent change from preceding period		Chain-type price indexes [2000=100]		Implicit price deflators [2000=100]		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price indexes		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959 .....	2,441.3	2,442.7	2,457.4	7.1	6.2	20.754	20.365	20.751	20.727	1.2	1.2	1.2	1.2
1960 .....	2,501.8	2,506.8	2,519.4	2.5	2.6	21.044	20.646	21.041	21.018	1.4	1.4	1.4	1.4
1961 .....	2,560.0	2,566.8	2,579.3	2.3	2.4	21.281	20.865	21.278	21.255	1.1	1.1	1.1	1.1
1962 .....	2,715.2	2,708.5	2,736.9	6.1	5.5	21.572	21.139	21.569	21.547	1.4	1.3	1.4	1.4
1963 .....	2,834.0	2,830.3	2,857.2	4.4	4.5	21.801	21.385	21.798	21.777	1.1	1.2	1.1	1.1
1964 .....	2,998.6	2,999.9	3,023.6	5.8	6.0	22.134	21.725	22.131	22.111	1.5	1.6	1.5	1.5
1965 .....	3,191.1	3,173.8	3,217.3	6.4	5.8	22.538	22.102	22.535	22.516	1.8	1.7	1.8	1.8
1966 .....	3,399.1	3,364.8	3,423.7	6.5	6.0	23.180	22.724	23.176	23.158	2.8	2.8	2.8	2.9
1967 .....	3,484.6	3,467.6	3,510.1	2.5	3.1	23.897	23.389	23.893	23.874	3.1	2.9	3.1	3.1
1968 .....	3,652.7	3,640.3	3,680.0	4.8	5.0	24.916	24.380	24.913	24.893	4.3	4.2	4.3	4.3
1969 .....	3,765.4	3,753.7	3,792.0	3.1	3.1	26.153	25.580	26.149	26.127	5.0	4.9	5.0	5.0
1970 .....	3,771.9	3,787.7	3,798.2	0.2	0.9	27.538	26.964	27.534	27.512	5.3	5.4	5.3	5.3
1971 .....	3,898.6	3,893.4	3,927.8	3.4	2.8	28.916	28.351	28.911	28.889	5.0	5.1	5.0	5.0
1972 .....	4,105.0	4,098.6	4,136.2	5.3	5.3	30.171	29.619	30.166	30.145	4.3	4.5	4.3	4.3
1973 .....	4,341.5	4,315.9	4,383.6	5.8	5.3	31.854	31.343	31.849	31.830	5.6	5.8	5.6	5.6
1974 .....	4,319.6	4,305.5	4,367.5	-0.5	-0.2	34.721	34.546	34.725	34.699	9.0	10.2	9.0	9.0
1975 .....	4,311.2	4,352.5	4,348.4	-0.2	1.1	38.007	37.761	38.002	37.976	9.5	9.3	9.4	9.4
1976 .....	4,540.9	4,522.3	4,585.3	5.3	3.9	40.202	39.938	40.196	40.175	5.8	5.8	5.8	5.8
1977 .....	4,750.5	4,721.6	4,800.3	4.6	4.4	42.758	42.634	42.752	42.731	6.4	6.8	6.4	6.4
1978 .....	5,015.0	4,981.6	5,064.4	5.6	5.5	45.762	45.663	45.757	45.737	7.0	7.1	7.0	7.0
1979 .....	5,173.4	5,161.2	5,240.1	3.2	3.6	49.553	49.669	49.548	49.527	8.3	8.8	8.3	8.3
1980 .....	5,161.7	5,196.7	5,227.6	-0.2	0.7	54.062	54.876	54.043	54.015	9.1	10.5	9.1	9.1
1981 .....	5,291.7	5,265.1	5,349.7	2.5	1.3	59.128	59.896	59.119	59.095	9.4	9.1	9.4	9.4
1982 .....	5,189.3	5,233.4	5,249.7	-1.9	-0.6	62.738	63.296	62.726	62.699	6.1	5.7	6.1	6.1
1983 .....	5,423.8	5,454.0	5,482.5	4.5	4.2	65.214	65.515	65.207	65.184	3.9	3.5	4.0	4.0
1984 .....	5,813.6	5,739.2	5,869.3	7.2	5.2	67.664	67.822	67.655	67.631	3.8	3.5	3.8	3.8
1985 .....	6,053.7	6,042.1	6,093.4	4.1	5.3	69.724	69.760	69.713	69.695	3.0	2.9	3.0	3.1
1986 .....	6,263.6	6,271.8	6,290.6	3.5	3.8	71.269	71.338	71.250	71.227	2.2	2.3	2.2	2.2
1987 .....	6,475.1	6,457.2	6,500.9	3.4	3.0	73.204	73.527	73.196	73.181	2.7	3.1	2.7	2.7
1988 .....	6,742.7	6,734.5	6,775.2	4.1	4.3	75.706	76.043	75.694	75.679	3.4	3.4	3.4	3.4
1989 .....	6,981.4	6,962.2	7,015.4	3.5	3.4	78.569	78.934	78.556	78.549	3.8	3.8	3.8	3.8
1990 .....	7,112.5	7,108.5	7,155.2	1.9	2.1	81.614	82.144	81.590	81.589	3.9	4.1	3.9	3.9
1991 .....	7,100.5	7,115.0	7,136.8	-0.2	0.1	84.457	84.836	84.444	84.440	3.5	3.3	3.5	3.5
1992 .....	7,336.6	7,331.1	7,371.8	3.3	3.0	86.402	86.828	86.385	86.375	2.3	2.3	2.3	2.3
1993 .....	7,532.7	7,522.3	7,568.6	2.7	2.6	88.390	88.730	88.381	88.382	2.3	2.2	2.3	2.3
1994 .....	7,835.5	7,777.8	7,864.2	4.0	3.4	90.265	90.583	90.259	90.262	2.1	2.1	2.1	2.1
1995 .....	8,031.7	8,010.2	8,069.8	2.5	3.0	92.115	92.483	92.106	92.114	2.0	2.1	2.0	2.1
1996 .....	8,328.9	8,306.5	8,365.3	3.7	3.7	93.859	94.145	93.852	93.863	1.9	1.8	1.9	1.9
1997 .....	8,703.5	8,636.6	8,737.5	4.5	4.0	95.415	95.440	95.414	95.420	1.7	1.4	1.7	1.7
1998 .....	9,066.9	8,997.6	9,088.7	4.2	4.2	96.475	96.060	96.472	96.475	1.1	0.6	1.1	1.1
1999 .....	9,470.3	9,404.0	9,504.7	4.5	4.5	97.868	97.556	97.868	97.869	1.4	1.6	1.4	1.4
2000 .....	9,817.0	9,760.5	9,855.9	3.7	3.8	100.000	100.000	100.000	100.000	2.2	2.5	2.2	2.2
2001 .....	9,890.7	9,920.9	9,933.6	0.8	1.6	102.402	101.994	102.399	102.396	2.4	2.0	2.4	2.4
2002 .....	10,048.8	10,036.5	10,079.0	1.6	1.2	104.193	103.583	104.187	104.179	1.7	1.6	1.7	1.7
2003 .....	10,320.6	10,303.6	10,385.2	2.7	2.7	106.310	105.863	106.305	106.299	2.0	2.2	2.0	2.0
2004 .....	10,755.7	10,702.4	10,805.7	4.2	3.9	109.102	108.899	109.099	109.091	2.6	2.9	2.6	2.6





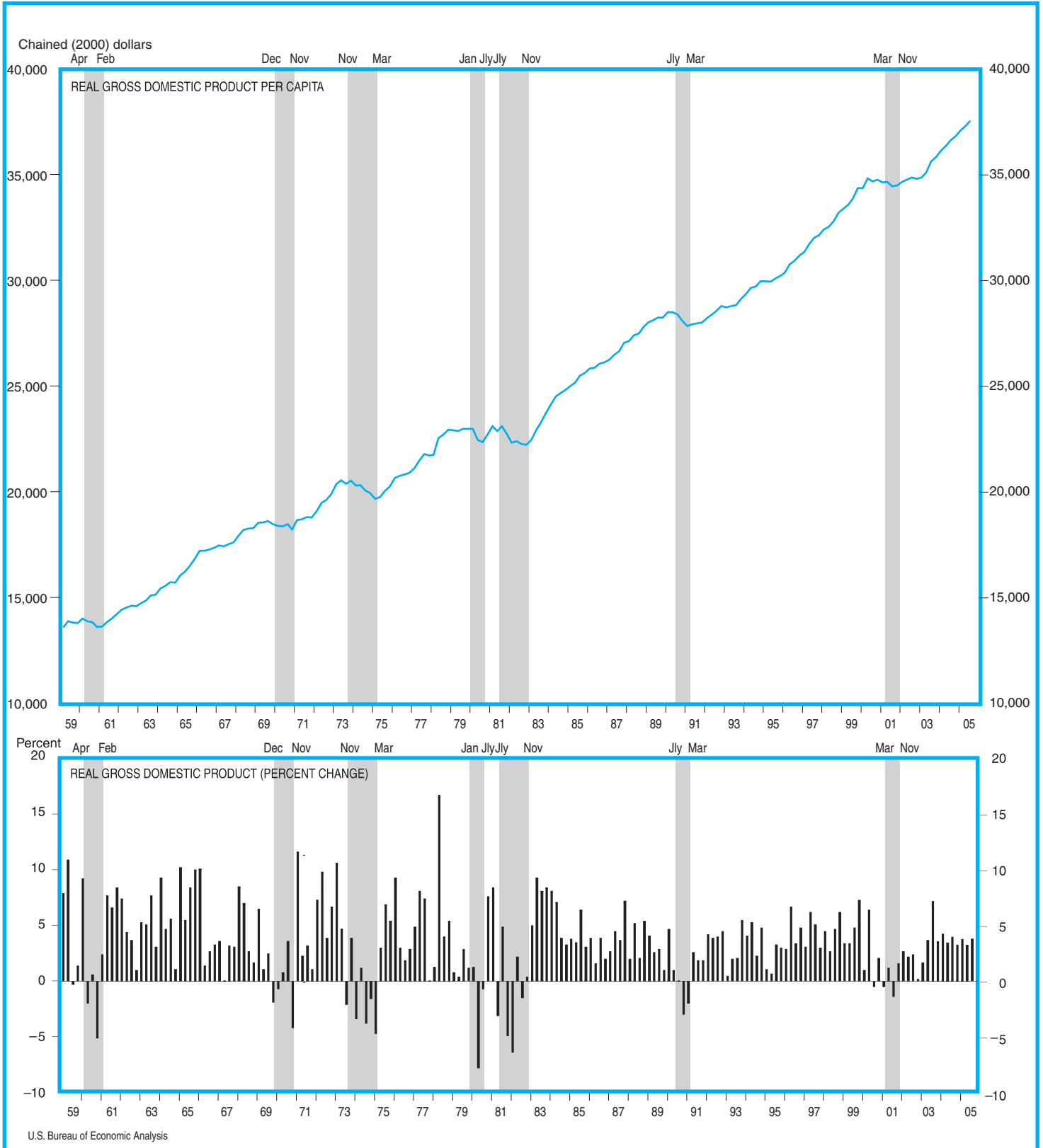




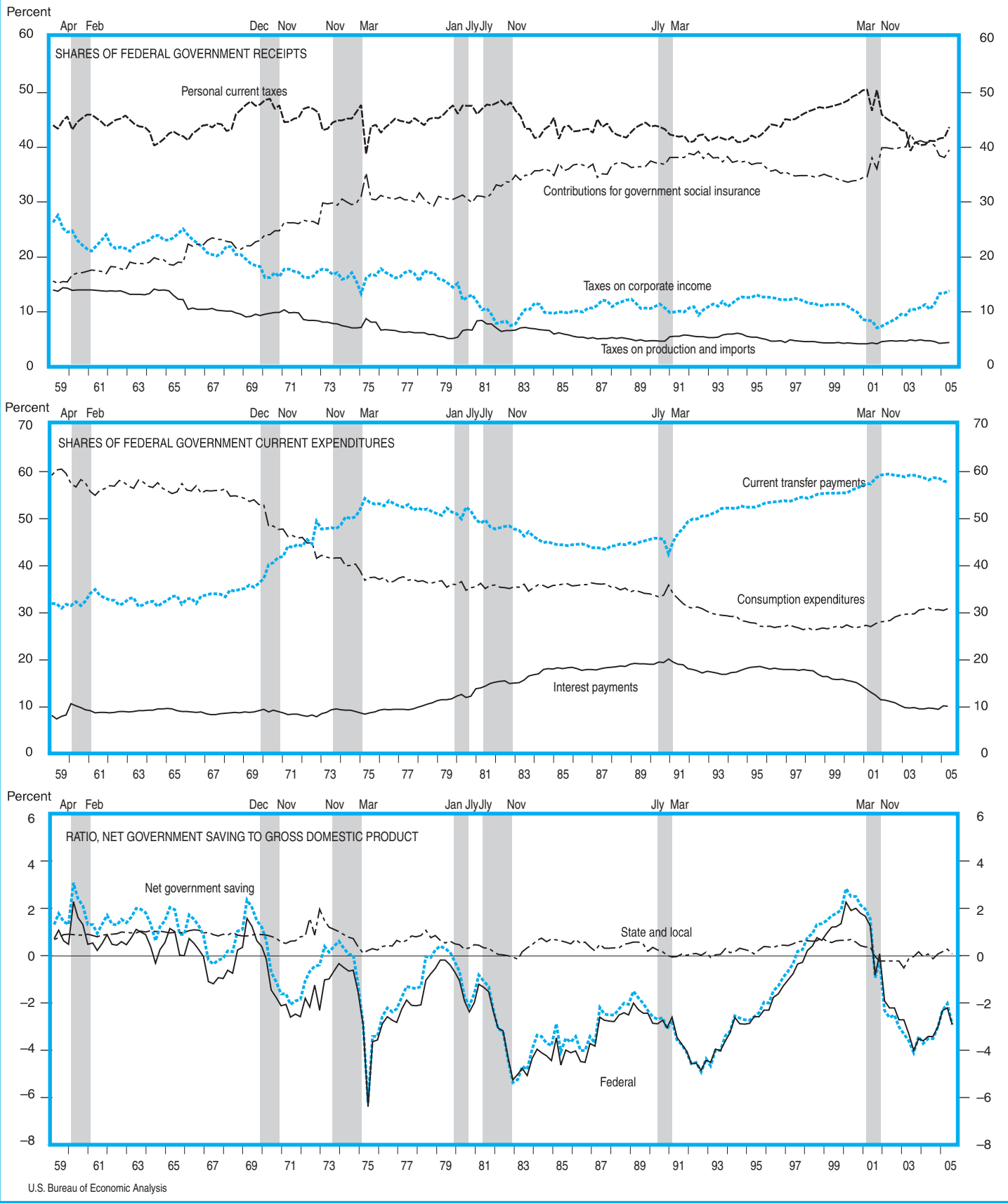
### D. Charts

The percent changes shown are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates. The levels of series are also expressed at seasonally adjusted annual rates as appropriate.

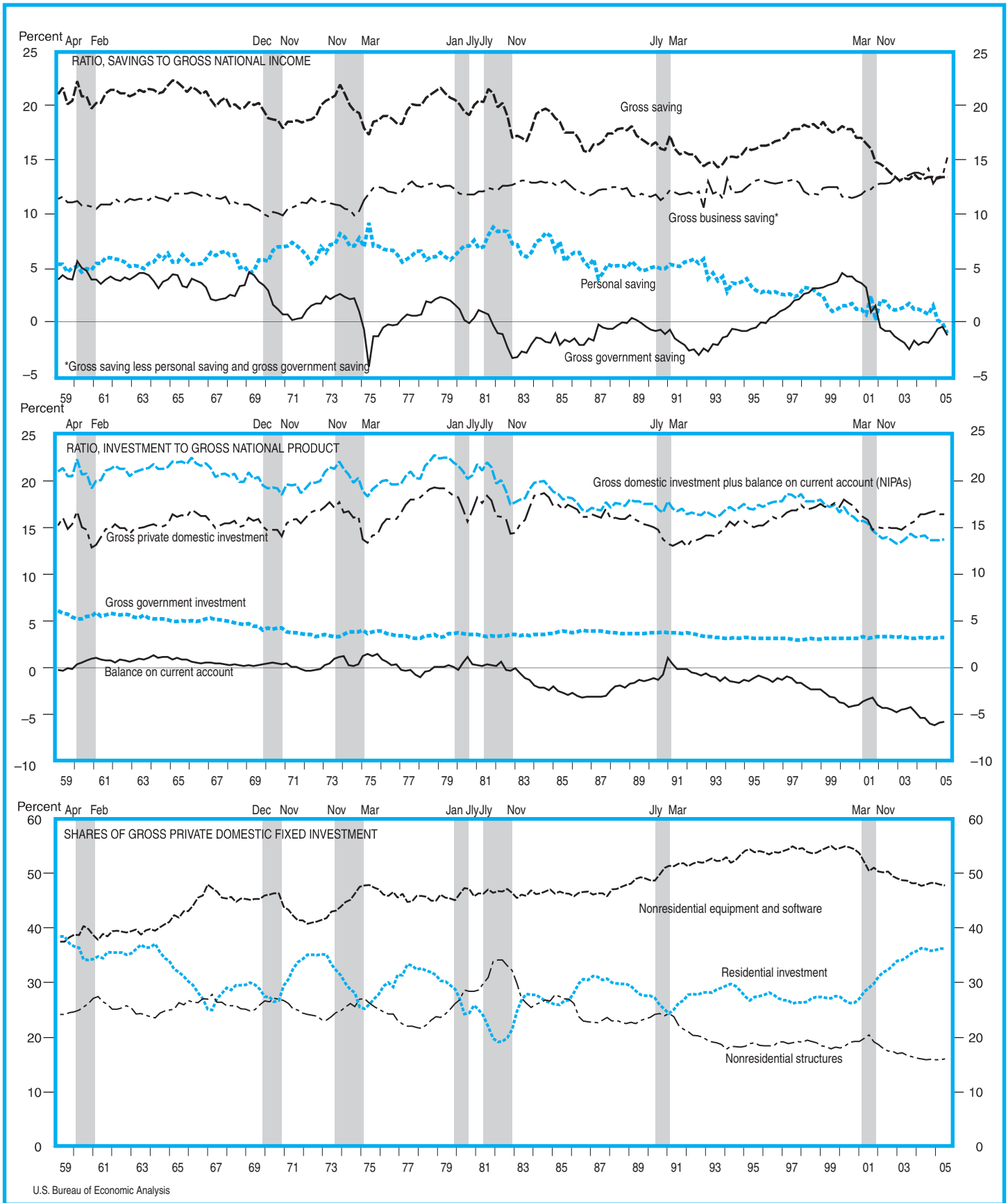
### SELECTED NIPA SERIES



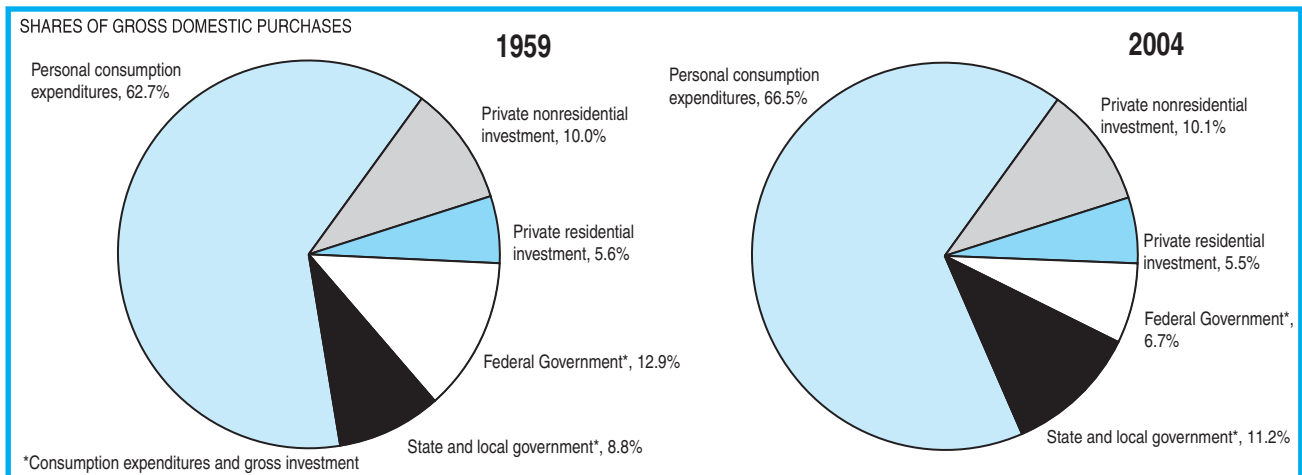
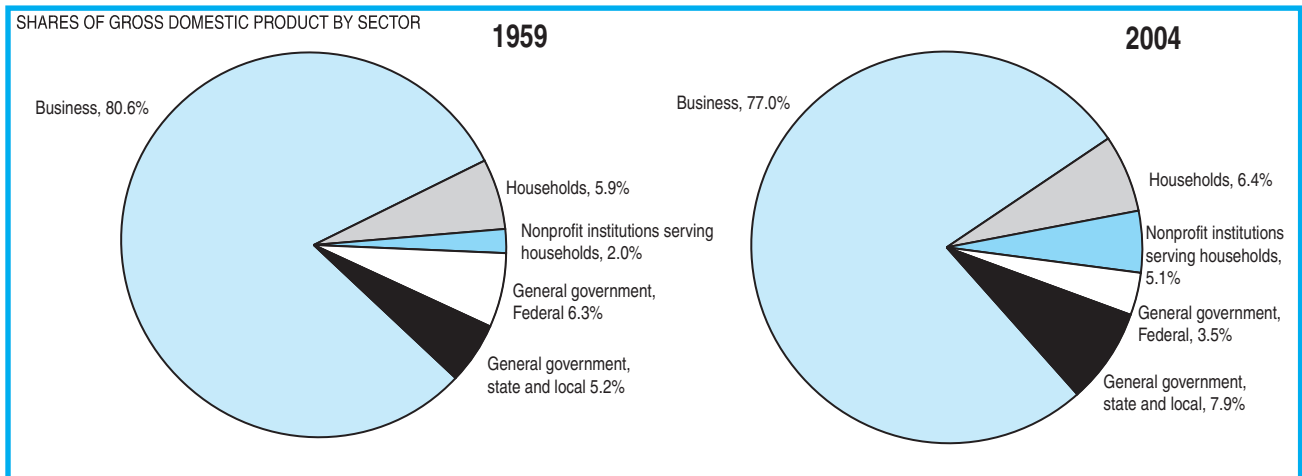
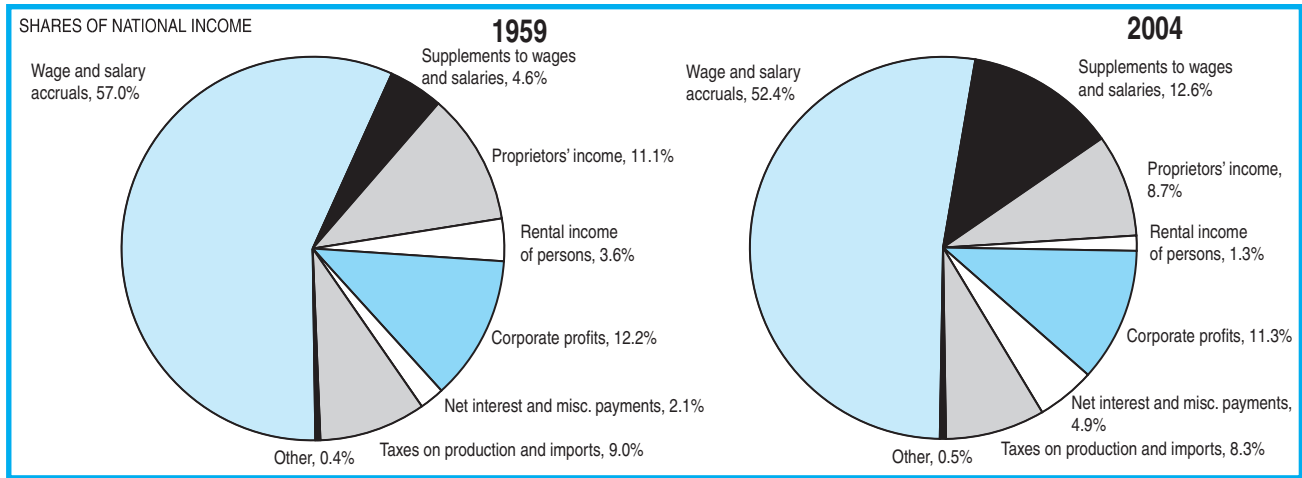
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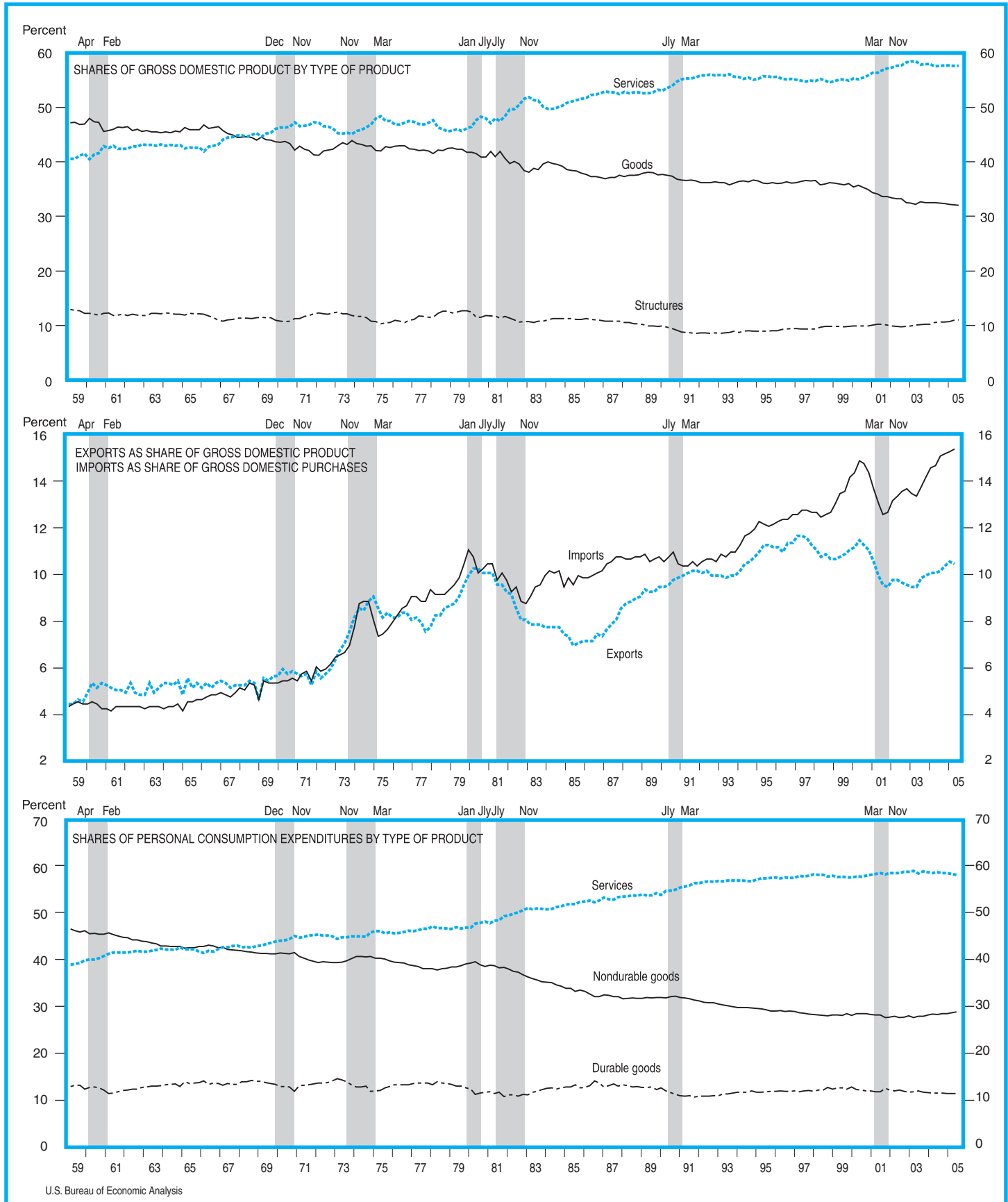
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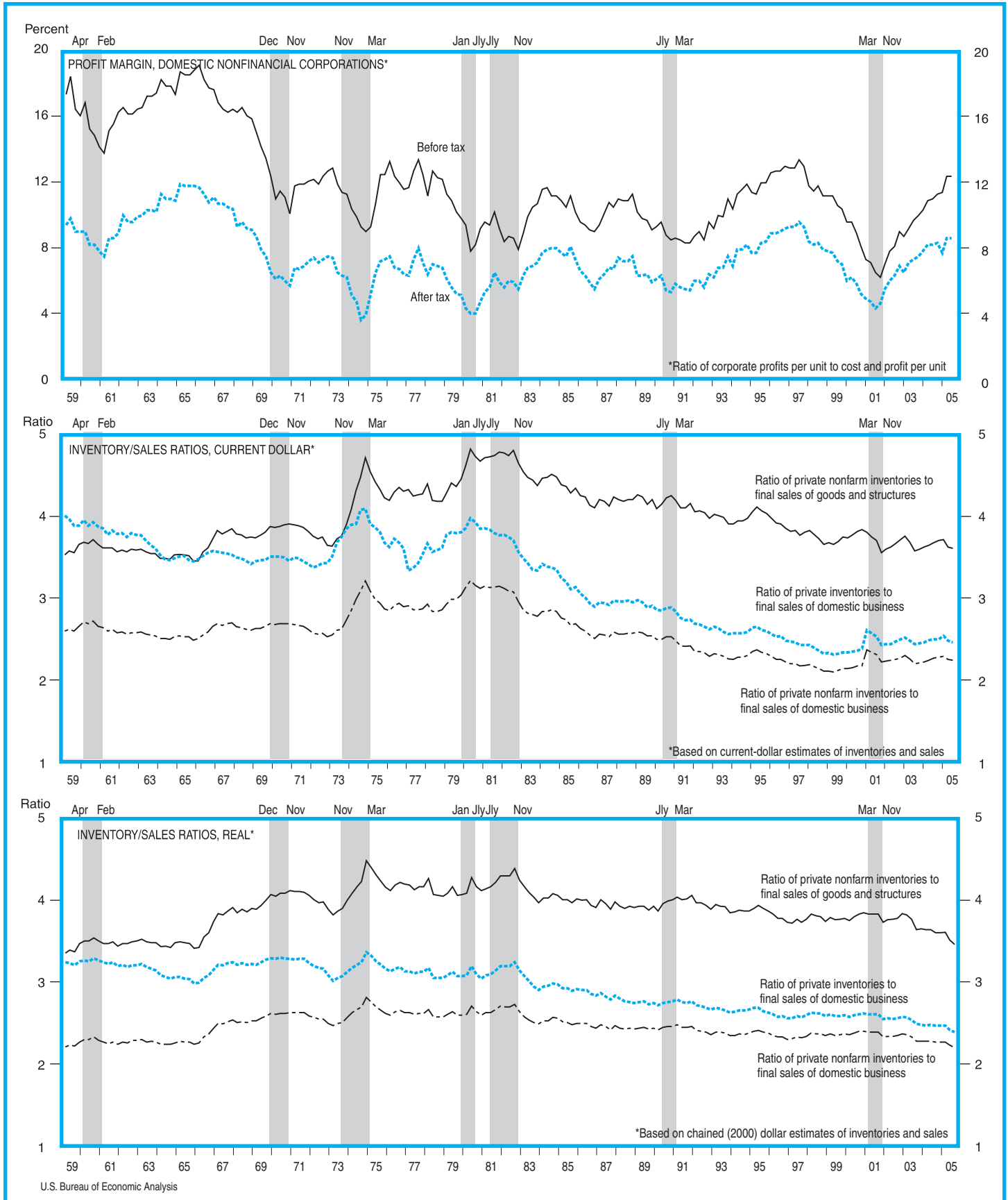
**SELECTED NIPA SERIES**



### SELECTED NIPA SERIES



SELECTED NIPA SERIES













**Table E.3. U.S. International Transactions, By Area**  
[Millions of dollars]

Line	(Credits +, debits -) <sup>1</sup>	Australia			Other countries in Asia and Africa			International organizations and unallocated <sup>16</sup>		
		2004	2005		2004	2005		2004	2005	
		IV	I <sup>r</sup>	II <sup>p</sup>	IV	I <sup>r</sup>	II <sup>p</sup>	IV	I <sup>r</sup>	II <sup>p</sup>
<b>Current account</b>										
1	<b>Exports of goods and services and income receipts</b>	<b>7,674</b>	<b>7,189</b>	<b>7,858</b>	<b>78,089</b>	<b>81,629</b>	<b>85,592</b>	<b>11,186</b>	<b>11,439</b>	<b>11,421</b>
2	Exports of goods and services	5,395	5,388	6,016	66,264	68,888	71,938	1,573	1,539	1,606
3	Goods, balance of payments basis <sup>2</sup>	3,631	3,563	3,955	49,192	49,391	53,042			
4	Services <sup>3</sup>	1,764	1,825	2,061	17,072	19,497	18,896	1,573	1,539	1,606
5	Transfers under U.S. military agency sales contracts <sup>4</sup>	45	132	139	2,585	3,136	3,507			
6	Travel	476	432	637	2,237	2,275	3,450			
7	Passenger fares	120	133	149	231	272	312			
8	Other transportation	100	96	97	3,071	2,919	3,088	215	223	285
9	Royalties and license fees <sup>5</sup>	279	256	289	2,114	2,313	2,183	770	735	724
10	Other private services <sup>5</sup>	742	773	749	6,730	8,483	6,253	588	581	596
11	U.S. Government miscellaneous services	2	3	1	104	99	103			1
12	Income receipts	2,279	1,801	1,842	11,825	12,741	13,654	9,613	9,900	9,815
13	Income receipts on U.S.-owned assets abroad	2,272	1,794	1,835	11,717	12,634	13,547	9,132	9,470	9,374
14	Direct investment receipts	1,605	1,130	1,151	9,406	10,021	11,058	5,791	5,849	5,897
15	Other private receipts	667	664	684	2,084	2,360	2,360	3,230	3,500	3,380
16	U.S. Government receipts				227	253	225	111	121	97
17	Compensation of employees	7	7	7	108	107	107	481	430	441
18	<b>Imports of goods and services and income payments</b>	<b>-5,119</b>	<b>-3,970</b>	<b>-4,542</b>	<b>-165,494</b>	<b>-155,511</b>	<b>-169,800</b>	<b>-5,907</b>	<b>-5,577</b>	<b>-5,781</b>
19	Imports of goods and services	-3,240	-2,635	-3,065	-154,282	-144,083	-157,364	-1,338	-1,377	-1,499
20	Goods, balance of payments basis <sup>2</sup>	-2,117	-1,538	-1,918	-138,595	-128,122	-140,641			
21	Services <sup>3</sup>	-1,123	-1,097	-1,147	-15,687	-15,961	-16,723	-1,338	-1,377	-1,499
22	Direct defense expenditures	-42	-50	-50	-3,866	-4,091	-4,115			
23	Travel	-253	-274	-323	-3,036	-3,068	-3,612			
24	Passenger fares	-191	-195	-158	-1,645	-1,748	-1,717			
25	Other transportation	-76	-76	-77	-4,030	-3,802	-3,817	-1,006	-1,066	-1,173
26	Royalties and license fees <sup>5</sup>	-62	-46	-61	-69	-74	-65	-301	-278	-295
27	Other private services <sup>5</sup>	-484	-435	-453	-2,801	-2,937	-3,142	-28	-29	-29
28	U.S. Government miscellaneous services	-15	-21	-25	-240	-241	-255	-3	-4	-2
29	Income payments	-1,879	-1,335	-1,477	-11,212	-11,428	-12,436	-4,569	-4,200	-4,282
30	Income payments on foreign-owned assets in the United States	-1,875	-1,331	-1,474	-10,991	-11,208	-12,281	-4,569	-4,200	-4,282
31	Direct investment payments	-1,215	-705	-793	-750	-445	-601	-2,817	-2,870	-2,925
32	Other private payments	-514	-458	-517	-3,091	-2,970	-3,258	-1,617	-1,199	-1,215
33	U.S. Government payments	-146	-168	-164	-7,150	-7,793	-8,422	-135	-131	-142
34	Compensation of employees	-4	-4	-3	-221	-220	-155			
35	<b>Unilateral current transfers, net</b>	<b>-40</b>	<b>-83</b>	<b>-102</b>	<b>-7,357</b>	<b>-12,700</b>	<b>-7,666</b>	<b>-3,235</b>	<b>-2,780</b>	<b>-2,798</b>
36	U.S. Government grants <sup>4</sup>				-4,341	-7,627	-4,035	-327	-105	-179
37	U.S. Government pensions and other transfers	-16	-16	-16	-144	-146	-142	-1,194	-118	-431
38	Private remittances and other transfers <sup>6</sup>	-24	-67	-86	-2,872	-4,927	-3,489	-1,714	-2,557	-2,188
<b>Capital and financial account</b>										
<b>Capital account</b>										
39	<b>Capital account transactions, net</b>	<b>-8</b>	<b>-8</b>	<b>-2</b>	<b>-239</b>	<b>-4,247</b>	<b>-247</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Financial account</b>										
40	<b>U.S.-owned assets abroad, net (increase/financial outflow (-))</b>	<b>-34,053</b>	<b>-353</b>	<b>-7,306</b>	<b>-10,048</b>	<b>-8,993</b>	<b>-8,583</b>	<b>-7,876</b>		<b>-7,678</b>
41	U.S. official reserve assets, net							880	5,476	-661
42	Gold <sup>7</sup>									
43	Special drawing rights							-110	1,713	-97
44	Reserve position in the International Monetary Fund							990	3,763	-564
45	Foreign currencies									
46	U.S. Government assets, other than official reserve assets, net				377	4,284	252	-244	-244	-244
47	U.S. credits and other long-term assets				-84	-163	-180	-244	-244	-244
48	Repayments on U.S. credits and other long-term assets <sup>8</sup>				459	541	432			
49	U.S. foreign currency holdings and U.S. short-term assets, net				2	3,906				
50	U.S. private assets, net	-34,053	-353	-7,306	-10,425	-13,277	-8,835	-8,512	-5,232	-6,773
51	Direct investment									
52	Foreign securities	25,007	-2,006	-4,833	-3,003	-472	-1,760	-408	-70	-127
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	19 -55,907	-748	2,223	19 -9,547	-732	914	-1	-1	
54	U.S. claims reported by U.S. banks, not included elsewhere	-3,153	2,987	-3,857	2,125	-6,331	-2,612	-2,312	688	-749
55	<b>Foreign-owned assets in the United States, net (increase/financial inflow (+))</b>	<b>27,838</b>	<b>-1,244</b>	<b>4,176</b>	<b>66,583</b>	<b>29,992</b>	<b>87,815</b>	<b>7,302</b>	<b>5,632</b>	<b>8,320</b>
56	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	8	50	5
57	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)			
58	U.S. Treasury securities <sup>9</sup>	(18)	(18)	(18)	(18)	(18)	(18)			
59	Other <sup>10</sup>	(18)	(18)	(18)	(18)	(18)	(18)			
60	Other U.S. Government liabilities <sup>11</sup>	39	-55	-57	-233	662	-50	8	50	5
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)			
62	Other foreign official assets <sup>12</sup>	(18)	(18)	(18)	(18)	(18)	(18)			
63	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	7,294	5,582	8,315
64	Direct investment	2,933	818	243	-171	6,009	4	2,817	2,870	2,925
65	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
66	U.S. securities other than U.S. Treasury securities	10,930	1,098	1,181	916	4,277	18,679	-212	52	250
67	U.S. currency							5,313	1,072	4,507
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	787	-1,574	-555	-527	1,234	-363			
69	U.S. liabilities reported by U.S. banks, not included elsewhere	18 13,149	18 -1,531	18 3,364	18 66,598	18 17,810	18 69,545	18 -624	18 1,588	18 633
70	<b>Statistical discrepancy (sum of above items with sign reversed)</b>	<b>3,708</b>	<b>-1,531</b>	<b>-82</b>	<b>38,466</b>	<b>69,830</b>	<b>12,889</b>	<b>-1,474</b>	<b>-8,718</b>	<b>-3,488</b>
<b>Memoranda:</b>										
71	Balance on goods (lines 3 and 20)	1,514	2,025	2,037	-89,403	-78,731	-87,599			
72	Balance on services (lines 4 and 21)	641	728	914	1,385	3,536	2,173	235	162	107
73	Balance on goods and services (lines 2 and 19)	2,155	2,753	2,951	-88,018	-75,195	-85,426	235	162	107
74	Balance on income (lines 12 and 29)	400	466	365	613	1,313	1,218	5,044	5,700	5,533
75	Unilateral current transfers, net (line 35)	-40	-83	-102	-7,357	-12,700	-7,666	-3,235	-2,780	-2,798
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup>	2,515	3,136	3,214	-94,762	-86,582	-91,874	2,044	3,082	2,842

Table E.4. Private Services Transactions
(Millions of dollars)

Table with 16 columns: Line, 2004, Not seasonally adjusted (2004, 2005), Seasonally adjusted (2004, 2005). Rows include Exports of private services, Imports of private services, and Supplemental data on insurance transactions.

p Preliminary
r Revised

1. Includes royalties, license fees, and other fees associated with the use of intangible assets, including patents, trade secrets, and other proprietary rights, that are used in connection with the production of goods.

2. Includes royalties, license fees, and other fees associated with the use of copyrights, trademarks, franchises, rights to broadcast live events, software licensing fees, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly film and television tape rentals and expenditures of foreign residents temporarily working in the United States. Payments (imports) include mainly expenditures of U.S. residents temporarily working abroad and film and television tape rentals.

4. These reflect the amount of premiums explicitly charged by, or paid to, insurers and reinsurers.
Source: Table 3 in "U.S. International Transactions: Second Quarter of 2005" in the October 2005 SURVEY OF CURRENT BUSINESS.

Footnotes to Tables E.2. and E.3.

1. Credits, +; Exports of goods and services and income receipts; unilateral current transfers to the United States; capital account transactions receipts; financial inflows—increase in foreign-owned assets (U.S. liabilities) or decrease in U.S.-owned assets (U.S. claims).

2. Debits, -; Imports of goods and services and income payments; unilateral current transfers to foreigners; capital account transactions payments; financial outflows—decrease in foreign-owned assets (U.S. liabilities) or increase in U.S.-owned assets (U.S. claims).

3. Includes some goods: Mainly military equipment in line 5; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 22; and fuels purchased by airline and steamship operators in lines 8 and 25.

4. Includes transfers of goods and services under U.S. military grant programs.

5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.

7. At the present time, all U.S. Treasury-owned gold is held in the United States.

8. Includes sales of foreign obligations to foreigners.

9. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.

10. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.

11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions

arranged with or through foreign official agencies; see table 5 in "U.S. International Transactions: Second Quarter of 2005" in the October 2005 SURVEY.

12. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.

13. Conceptually, the sum of line 76 and line 39 is equal to "net lending or net borrowing" in the national income and product accounts (NIPAs). However, the foreign transactions account in the NIPAs (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in reconciliation table 2 in appendix A in the SURVEY. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.3B of the full set of NIPA tables.

Additional footnotes to Table E.3:

14. The "European Union" includes Belgium, Denmark, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom; beginning with the first quarter of 1995, also includes Austria, Finland, and Sweden; and beginning with the second quarter of 2004, also includes Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. The "European Union" also includes the European Atomic Energy Community, the European Coal and Steel Community (through the third quarter of 2002), and the European Investment Bank.

15. Quarterly estimates for Mexico are available, beginning with 2004.

16. Includes, as part of international and unallocated, taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; and net U.S. currency flows. Before 1999, also includes the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Before 1996, also includes small transactions in business services that are not reported by country.

17. Details are not shown separately; see totals in lines 56 and 63.

18. Details not shown separately are included in line 69.

19. Details for lines 51 and 53 are combined and shown in line 53 for the fourth quarter of 2004 and the year 2004.

## F. Investment Tables

Table F.1. International Investment Position of the United States at Yearend, 2003 and 2004

[Millions of dollars]

Line	Type of investment	Position, 2003 <sup>r</sup>	Changes in position in 2004 (decrease(-), increase(+))				Total (a+b+c+d)	Position, 2004 <sup>p</sup>
			Attributable to					
			Financial flows	Valuation adjustments				
				Price changes	Exchange-rate changes <sup>1</sup>	Other changes <sup>2</sup>		
(a)	(b)	(c)	(d)	(a+b+c+d)				
<b>Net international investment position of the United States:</b>								
1	With direct investment positions at current cost (line 3 less line 24) .....	-2,156,703	-584,597	57,253	190,726	9,102	-327,516	-2,484,219
2	With direct investment positions at market value (line 4 less line 25) .....	-2,372,370	-584,597	146,514	272,278	-4,070	-169,875	-2,542,245
<b>U.S.-owned assets abroad:</b>								
3	With direct investment positions at current cost (lines 5+10+15) .....	7,640,986	855,508	227,413	228,630	100,259	1,411,810	9,052,796
4	With direct investment positions at market value (lines 5+10+16) .....	8,296,638	855,508	430,698	308,239	81,700	1,676,145	9,972,783
5	U.S. official reserve assets .....	183,577	-2,805	5,061	3,738	20	6,014	189,591
6	Gold .....	108,866	.....	<sup>3</sup> 5,061	.....	<sup>4</sup> 20	5,081	113,947
7	Special drawing rights .....	12,638	398	.....	592	.....	990	13,628
8	Reserve position in the International Monetary Fund .....	22,535	-3,826	.....	835	.....	-2,991	19,544
9	Foreign currencies .....	39,538	623	.....	2,311	.....	2,934	42,472
10	U.S. Government assets, other than official reserve assets .....	84,772	-1,216	.....	.....	.....	-1,216	83,556
11	U.S. credits and other long-term assets <sup>5</sup> .....	81,980	-1,177	.....	.....	.....	-1,177	80,803
12	Repayable in dollars .....	81,706	-1,176	.....	.....	.....	-1,176	80,530
13	Other <sup>6</sup> .....	274	-1	.....	.....	.....	-1	273
14	U.S. foreign currency holdings and U.S. short-term assets .....	2,792	-39	.....	.....	.....	-39	2,753
<b>U.S. private assets:</b>								
15	With direct investment at current cost (lines 17+19+22+23) .....	7,372,637	859,529	222,352	224,892	100,239	1,407,012	8,779,649
16	With direct investment at market value (lines 18+19+22+23) .....	8,028,289	859,529	425,637	304,501	81,680	1,671,347	9,699,636
<b>Direct investment abroad:</b>								
17	At current cost .....	2,062,551	252,012	10,195	36,787	5,841	304,835	2,367,386
18	At market value .....	2,718,203	252,012	213,480	116,396	-12,718	569,170	3,287,373
19	Foreign securities .....	2,953,778	102,383	212,157	168,400	.....	482,940	3,436,718
20	Bonds .....	874,356	19,180	2,088	21,031	.....	42,299	916,655
21	Corporate stocks .....	2,079,422	83,203	210,069	147,369	.....	440,641	2,520,063
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	596,961	149,001	.....	10,575	44,999	204,575	801,536
23	U.S. claims reported by U.S. banks, not included elsewhere .....	1,759,347	356,133	.....	9,130	49,399	414,662	2,174,009
<b>Foreign-owned assets in the United States:</b>								
24	With direct investment at current cost (lines 26+33) .....	9,797,689	1,440,105	170,160	37,904	91,157	1,739,326	11,537,015
25	With direct investment at market value (lines 26+34) .....	10,669,008	1,440,105	284,184	35,961	85,770	1,846,020	12,515,028
26	Foreign official assets in the United States .....	1,567,124	394,710	-7,342	.....	27,500	414,868	1,981,992
27	U.S. Government securities .....	1,192,242	311,133	-19,456	.....	15,658	307,335	1,499,577
28	U.S. Treasury securities .....	990,411	272,648	-16,010	.....	13,453	270,091	1,260,502
29	Other .....	201,831	38,485	-3,446	.....	2,205	37,244	239,075
30	Other U.S. Government liabilities <sup>7</sup> .....	16,627	488	.....	.....	.....	488	17,115
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	201,054	70,329	.....	.....	88	70,417	271,471
32	Other foreign official assets .....	157,201	12,760	12,114	.....	11,754	36,628	193,829
<b>Other foreign assets:</b>								
33	With direct investment at current cost (lines 35+37+38+41+42+43) .....	8,230,565	1,045,395	177,502	37,904	63,657	1,324,458	9,555,023
34	With direct investment at market value (lines 36+37+38+41+42+43) .....	9,101,884	1,045,395	291,526	35,961	58,270	1,431,152	10,533,036
<b>Direct investment in the United States:</b>								
35	At current cost .....	1,585,898	106,832	3,000	1,943	11,204	122,979	1,708,877
36	At market value .....	2,457,217	106,832	117,024	.....	5,817	229,673	2,686,890
37	U.S. Treasury securities .....	543,209	106,958	-5,078	.....	-5,373	96,507	639,716
38	U.S. securities other than U.S. Treasury securities .....	3,408,113	369,793	179,580	24,171	6,140	579,684	3,987,797
39	Corporate and other bonds .....	1,707,206	309,258	12,475	24,171	6,140	352,044	2,059,250
40	Corporate stocks .....	1,700,907	60,535	167,105	.....	.....	227,640	1,928,547
41	U.S. currency .....	317,908	14,827	.....	.....	.....	14,827	332,735
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	454,317	124,358	.....	5,848	-3,265	126,941	581,258
43	U.S. liabilities reported by U.S. banks, not included elsewhere .....	1,921,120	322,627	.....	5,942	54,951	383,520	2,304,640

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1. Represents gains or losses on foreign-currency-denominated assets and liabilities due to their revaluation at current exchange rates.

2. Includes changes in coverage, capital gains and losses of direct investment affiliates, and other adjustments to the value of assets and liabilities.

3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.

4. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions financial flows.

5. Also includes paid-in capital subscriptions to international financial institutions and resources provided to foreigners under foreign assistance programs requiring repayment over several years. Excludes World War I debts that are not being serviced.

6. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

7. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

Source: Table 1 in "The International Investment Position of the United States at Yearend 2004" in the July 2005 SURVEY OF CURRENT BUSINESS.

Table F.2. U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 2001-2004

[Millions of dollars]

	Direct investment position on a historical-cost basis				Capital outflows without current-cost adjustment (inflows (-))				Income without current-cost adjustment and net of withholding taxes			
	2001	2002	2003	2004	2001	2002	2003	2004	2001	2002	2003	2004
<b>All countries, all industries</b> .....	<b>1,460,352</b>	<b>1,616,548</b>	<b>1,791,891</b>	<b>2,063,998</b>	<b>124,873</b>	<b>134,946</b>	<b>119,406</b>	<b>229,294</b>	<b>110,029</b>	<b>124,940</b>	<b>171,229</b>	<b>209,338</b>
<b>By country of foreign affiliate</b>												
Canada.....	152,601	166,473	189,754	216,571	16,841	15,003	15,024	22,441	11,836	13,297	17,249	22,441
Europe.....	771,936	859,378	982,737	1,089,941	65,580	79,492	81,677	96,848	53,524	64,777	89,097	100,947
<i>Of which:</i>												
France.....	40,125	43,348	48,268	58,927	476	4,604	-790	9,757	1,697	2,699	4,045	5,711
Germany.....	63,396	61,073	68,358	79,579	11,823	2,416	2,578	9,956	3,407	2,977	4,822	6,260
Ireland.....	39,541	51,598	62,547	73,153	2,437	10,700	7,827	10,449	5,161	6,355	9,108	11,006
Netherlands.....	147,687	158,415	186,102	201,918	12,025	14,790	14,207	12,598	10,922	11,756	17,280	18,176
Switzerland.....	63,768	74,229	88,940	100,727	4,170	7,924	15,309	10,602	6,636	10,921	12,704	13,091
United Kingdom.....	228,230	247,952	278,745	302,523	7,890	15,265	23,983	22,926	9,612	11,043	14,677	19,140
Latin America and Other Western Hemisphere .....	279,611	289,413	300,690	325,891	25,691	15,192	5,486	20,979	18,006	16,583	25,498	33,278
<i>Of which:</i>												
Bermuda.....	84,969	89,473	85,077	91,265	7,007	4,313	-3,444	4,764	5,250	4,569	7,113	8,102
Brazil.....	32,027	27,598	31,741	33,267	113	-266	707	1,802	567	837	1,691	2,784
Mexico.....	52,544	56,303	59,070	66,554	14,226	7,656	4,666	7,424	4,034	3,834	5,842	7,564
United Kingdom Islands, Caribbean.....	36,443	48,305	56,870	63,066	-1,129	6,146	2,441	5,062	3,719	4,161	5,559	5,994
Africa.....	15,574	16,040	18,978	22,259	2,438	-578	1,685	2,663	1,554	1,895	3,151	4,443
Middle East.....	13,212	15,158	17,363	19,235	1,397	2,559	1,414	1,369	1,545	1,891	2,696	3,549
Asia and Pacific.....	227,418	270,086	282,370	390,101	12,927	23,277	14,120	84,995	23,564	26,498	33,538	44,681
<i>Of which:</i>												
Australia.....	27,778	39,074	48,858	(D)	-751	8,036	8,078	(D)	1,503	2,037	3,550	5,581
Hong Kong.....	32,494	40,329	37,567	43,743	4,787	1,226	-232	(D)	4,897	3,906	3,974	5,256
Japan.....	55,651	66,468	68,097	80,246	-4,731	8,711	3,107	10,690	4,892	7,146	8,748	11,319
Singapore.....	40,764	50,955	50,343	56,900	5,593	530	-153	(D)	3,334	4,438	5,989	7,828
<b>By industry of foreign affiliate</b>												
Mining.....	79,392	81,822	87,697	101,477	15,590	6,732	5,426	11,103	9,262	8,915	11,274	16,905
Utilities.....	25,528	26,401	21,822	18,985	2,887	-1,206	-685	-1,138	2,068	2,095	2,054	2,086
Manufacturing.....	328,030	337,741	375,250	428,235	25,871	32,277	27,825	54,202	27,603	26,411	35,981	48,328
<i>Of which:</i>												
Food.....	21,334	19,236	23,851	26,021	1,813	3,184	2,539	1,613	2,597	2,604	3,137	3,227
Chemicals.....	79,186	82,543	96,283	107,908	10,210	8,087	7,201	11,488	7,161	8,632	10,857	13,792
Primary and fabricated metals.....	21,814	20,790	22,126	26,328	311	1,340	-13	2,731	1,422	1,158	1,718	2,578
Machinery.....	17,655	18,349	21,077	24,543	-812	288	2,879	3,250	1,313	1,926	2,221	2,873
Computers and electronic products.....	58,651	49,580	51,099	58,615	4,107	-1,594	2,121	6,356	4,335	1,519	4,623	5,985
Electrical equipment, appliances, and components.....	9,552	9,763	10,985	12,392	1,129	1,809	311	720	669	509	591	1,348
Transportation equipment.....	40,487	45,320	47,496	48,418	1,861	4,682	1,704	-521	2,148	1,190	2,335	4,523
Wholesale trade.....	112,946	111,153	121,956	136,949	15,712	3,048	11,926	13,803	13,706	13,382	18,759	24,145
Information.....	42,996	41,723	49,057	56,422	-2,838	-1,200	4,326	5,343	-3,084	1,320	6,224	9,078
Depository institutions (banking).....	55,620	54,679	62,611	68,100	10,326	-1,934	592	285	2,343	1,347	2,528	3,247
Finance, (except depository institutions) and insurance.....	240,272	285,195	328,916	370,965	2,854	37,815	19,151	29,130	9,224	14,585	21,356	27,329
Professional, scientific, and technical services.....	34,306	31,068	35,268	42,110	3,739	-1,082	3,427	6,568	1,741	2,219	3,730	5,775
Other industries.....	541,263	646,764	709,314	840,755	50,731	60,496	47,419	109,997	47,166	54,666	69,322	72,447

D Suppressed to avoid disclosure of data of individual companies.  
 Note: The data in this table are from tables 16 and 17 in "U.S. Direct Investment Abroad: Detail for Historical-

Cost Position and Related Capital and Income Flows, 2004" in the September 2005 SURVEY OF CURRENT BUSINESS.

Table F.3. Selected Financial and Operating Data of Nonbank Foreign Affiliates of U.S. Companies by Country and by Industry of Affiliate, 2003

	All nonbank foreign affiliates						Majority-owned nonbank foreign affiliates						
	Millions of dollars					Thousands of employees	Millions of dollars						Thousands of employees
	Total assets	Sales	Net income	U.S. exports of goods shipped to affiliates	U.S. imports of goods shipped by affiliates		Total assets	Sales	Net income	Value added	U.S. exports of goods shipped to affiliates	U.S. imports of goods shipped by affiliates	
<b>All countries, all industries</b> .....	<b>8,194,207</b>	<b>3,383,010</b>	<b>372,829</b>	<b>186,155</b>	<b>231,615</b>	<b>9,878.9</b>	<b>7,468,713</b>	<b>2,905,867</b>	<b>336,153</b>	<b>704,653</b>	<b>177,432</b>	<b>210,729</b>	<b>8,363.9</b>
<b>By country of foreign affiliate</b>													
Canada .....	589,751	396,527	22,732	60,095	83,653	1,125.1	557,636	370,153	21,669	83,514	58,128	77,188	1,067.2
Europe .....	4,977,877	1,719,659	214,635	47,271	49,985	4,209.8	4,670,836	1,545,697	200,396	398,533	45,964	49,243	3,763.9
<i>Of which:</i>													
France .....	222,951	158,289	6,027	4,642	3,345	591.0	206,852	150,086	6,075	41,764	4,025	3,238	556.8
Germany.....	405,722	254,152	18,655	6,392	5,065	620.6	366,539	220,886	15,015	66,861	6,313	5,056	584.3
Netherlands.....	652,929	161,742	49,798	7,771	(D)	223.8	603,806	125,843	46,402	25,027	7,408	2,385	173.4
United Kingdom.....	1,828,095	443,388	25,607	11,060	10,235	1,285.5	1,768,473	419,416	25,400	117,516	11,049	10,222	1,171.3
Latin America and Other Western Hemisphere.....	1,157,196	391,347	71,482	38,629	52,711	1,993.0	1,024,514	334,424	62,434	71,597	36,989	49,265	1,592.0
<i>Of which:</i>													
Brazil .....	111,315	74,394	1,930	2,933	1,982	399.9	87,451	65,140	776	14,781	2,778	1,898	349.2
Mexico .....	134,223	137,639	7,458	29,965	43,240	1,047.0	106,537	112,313	5,714	22,897	28,687	40,937	827.1
Africa .....	92,872	50,199	5,586	1,126	(D)	226.8	74,356	40,845	4,812	16,881	927	2,124	151.8
Middle East.....	69,714	43,001	7,723	864	(D)	84.4	33,356	18,061	2,674	6,831	768	942	52.4
Asia and Pacific .....	1,306,796	782,276	50,671	38,171	42,082	2,239.7	1,108,015	596,687	44,167	127,298	34,655	31,967	1,736.6
<i>Of which:</i>													
Australia.....	183,207	89,704	4,837	4,308	1,354	329.0	171,705	74,486	4,401	23,865	4,228	1,351	279.7
Japan.....	524,589	282,096	11,617	10,698	11,064	501.0	409,813	170,812	9,524	38,930	9,446	2,263	238.7
<b>By industry of foreign affiliate</b>													
Mining.....	338,229	127,822	26,833	1,579	12,191	178.5	309,421	114,658	23,073	70,899	1,462	11,166	159.5
Utilities.....	138,413	61,862	3,810	5	4	101.8	98,234	38,113	2,290	11,659	1	4	70.1
Manufacturing.....	1,542,759	1,598,390	80,174	128,313	188,923	5,021.3	1,301,686	1,345,396	69,213	346,669	122,330	169,415	4,262.2
<i>Of which:</i>													
Food .....	91,478	113,741	6,052	3,379	4,040	414.9	83,966	103,380	5,441	22,200	2,892	3,924	368.9
Chemicals.....	414,197	286,083	30,826	20,926	16,610	660.3	369,757	256,906	28,011	74,343	20,179	15,611	603.7
Primary and fabricated metals .....	76,746	53,615	2,924	3,373	4,066	265.0	70,165	47,374	2,595	13,985	3,279	4,005	249.4
Machinery.....	80,228	81,516	3,672	7,359	8,255	395.0	66,266	67,276	3,305	17,883	6,926	7,512	334.5
Computers and electronic products.....	170,571	210,106	7,888	19,739	34,453	630.3	165,132	206,761	7,888	35,347	19,618	34,242	605.8
Electrical equipment, appliances, and components .....	34,340	32,123	978	2,414	4,263	256.0	31,712	29,501	871	8,379	2,358	3,408	231.4
Transportation equipment.....	284,021	391,888	5,118	55,508	94,602	1,115.1	207,354	293,709	3,303	49,292	52,587	79,645	925.9
Wholesale trade.....	521,619	769,784	37,268	46,478	28,352	837.9	499,072	735,713	33,706	110,414	44,377	28,074	792.2
Information.....	327,779	191,294	8,761	(D)	(D)	616.3	156,522	99,702	1,575	29,417	731	154	343.9
Finance (except depository institutions) and insurance.....	2,903,569	242,773	42,236	15	0	320.0	2,813,684	228,809	40,141	32,402	15	0	296.6
Professional, scientific, and technical services.....	156,611	96,159	7,126	1,344	380	466.6	152,724	90,533	6,613	36,572	1,333	380	436.6
Other industries .....	2,265,229	294,926	166,620	(D)	(D)	2,336.4	2,137,370	252,942	159,543	66,621	7,183	1,535	2,002.9

D Suppressed to avoid disclosure of data of individual companies.

NOTE: The data in this table are from "U.S. Multinational Companies: Operations in 2003" in the July 2005 SURVEY OF CURRENT BUSINESS.

**Table F.4. Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of Affiliate, 2001–2004**

[Millions of dollars]

	Direct investment position on a historical-cost basis				Capital inflows without current-cost adjustment (outflows (-))				Income without current-cost adjustment and net of withholding taxes			
	2001	2002	2003	2004	2001	2002	2003	2004	2001	2002	2003	2004
<b>All countries, all industries</b> .....	<b>1,343,987</b>	<b>1,344,697</b>	<b>1,410,672</b>	<b>1,526,306</b>	<b>159,461</b>	<b>71,331</b>	<b>56,834</b>	<b>95,859</b>	<b>3,919</b>	<b>35,256</b>	<b>59,130</b>	<b>92,766</b>
<b>By country of foreign parent</b>												
Canada .....	92,420	95,344	101,568	133,761	9,173	1,882	12,198	31,805	-5,223	-1,385	2,748	6,314
Europe .....	999,069	980,036	1,021,349	1,078,287	140,661	46,525	22,731	41,396	13,964	29,249	47,454	65,908
<i>Of which:</i>												
France .....	154,984	141,588	139,265	148,242	14,546	6,035	3,306	9,234	4,024	3,532	5,510	7,993
Germany .....	162,314	139,247	156,290	163,372	40,206	-1,149	8,876	1,545	-7,787	-3,687	1,987	7,110
Luxembourg .....	95,299	95,037	108,124	107,842	-21,498	-3,775	13,694	-538	2,414	546	-46	893
Netherlands .....	145,554	150,263	152,708	167,280	24,036	4,472	5,562	6,192	3,189	4,849	8,150	13,203
Switzerland .....	129,478	123,867	129,032	122,944	61,789	9,762	-3,500	4,732	1,299	6,597	6,939	6,841
United Kingdom .....	197,651	215,531	219,735	251,562	2,819	26,515	-5,649	19,430	9,046	11,304	17,895	21,389
Latin America and Other Western Hemisphere .....	64,842	74,561	81,768	85,864	8,232	9,407	9,096	384	-3,748	-711	1,481	3,118
<i>Of which:</i>												
Bermuda .....	7,316	11,395	8,837	8,442	-6,467	-432	-2,926	-1,790	-4,868	-2,305	-1,014	-24
Mexico .....	6,645	7,623	7,707	7,880	-716	2,285	2,045	-540	-823	-79	452	-244
Panama .....	4,385	6,111	9,203	10,707	297	1,895	2,719	1,425	499	632	1,084	(D)
United Kingdom Islands, Caribbean .....	25,620	23,871	25,575	24,243	12,961	1,361	2,745	-2,175	1,166	372	651	125
Africa .....	2,346	2,242	2,179	1,611	-308	36	-23	-571	-221	41	-2	177
Middle East .....	6,082	7,319	7,641	8,200	-401	1,224	360	508	200	-185	172	500
Asia and Pacific .....	179,228	185,196	196,167	218,583	2,104	12,257	12,472	22,337	-1,053	8,247	7,278	16,749
<i>Of which:</i>												
Australia .....	19,465	23,776	24,934	28,083	6,490	6,645	3,671	3,635	-416	456	482	3,352
Japan .....	149,859	151,333	160,452	176,906	-3,132	6,010	7,752	16,146	-244	7,613	6,988	12,325
Singapore .....	1,221	804	1,484	1,801	-1,451	-687	1,134	840	-164	-237	-138	21
<b>By industry of U.S. affiliate</b>												
Manufacturing .....	476,474	469,802	491,963	519,410	51,069	25,715	14,888	19,372	4,261	22,928	22,116	36,640
<i>Of which:</i>												
Food .....	18,577	19,817	19,517	21,108	312	1,300	-242	2,273	597	932	-5	1,959
Chemicals .....	128,630	123,341	136,466	147,952	16,823	-6,629	7,775	7,485	2,005	8,022	8,595	8,966
Primary and fabricated metals .....	19,998	18,545	17,702	18,897	-3,109	629	19	1,211	-265	-8	518	2,344
Machinery .....	43,317	47,777	48,093	49,541	3,560	5,176	611	937	-982	545	-563	1,390
Computers and electronic products .....	54,729	42,443	44,026	41,883	-1,403	-6,648	-2,043	-784	-5,609	-2,603	-276	2,383
Electrical equipment, appliances, and components .....	53,559	45,832	12,573	13,593	20,545	3,182	-959	1,064	2,413	4,790	-70	766
Transportation equipment .....	62,349	61,463	66,455	70,022	9,694	5,797	3,332	4,560	1,891	4,066	4,651	5,422
Wholesale trade .....	184,743	197,568	180,802	201,101	5,998	10,689	-5,762	15,311	9,566	12,048	16,391	21,616
Retail trade .....	22,647	20,871	23,656	26,122	5,881	51	1,506	1,810	1,335	1,486	1,711	2,201
Information .....	146,913	116,056	124,734	117,190	51,472	4,958	9,458	-4,632	-13,392	-3,577	2,575	5,924
Depository institutions (banking) .....	67,207	75,483	87,512	123,304	6,429	2,756	4,094	16,220	1,991	1,996	2,131	4,619
Finance (except depository institutions) and insurance .....	173,801	169,172	190,152	206,533	18,156	2,896	19,445	31,835	-1,443	-3,355	7,742	8,753
Real estate and rental and leasing .....	44,280	47,333	44,450	47,577	-2,178	2,615	-2,706	2,542	1,570	1,839	919	2,175
Professional, scientific, and technical services .....	31,477	26,964	34,507	38,778	9,309	1,241	186	4,425	-239	-214	-23	2,611
Other industries .....	196,446	221,448	232,896	246,290	13,326	20,411	15,725	8,976	270	2,106	5,568	8,227

D Suppressed to avoid disclosure of data of individual companies.

NOTE: The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United States:

Detail for Historical-Cost Position and Related Capital and Income Flows, 2004" in the September 2005 SURVEY OF CURRENT BUSINESS.



**Table F.5. Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 2003**

	All nonbank affiliates						Majority-owned nonbank affiliates						
	Millions of dollars			Thousands of employees	Millions of dollars		Millions of dollars				Thousands of employees	Millions of dollars	
	Total assets	Sales	Net income		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Total assets	Sales	Net income	Value added		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
<b>All countries, all industries</b> .....	<b>5,811,755</b>	<b>2,340,158</b>	<b>37,884</b>	<b>5,735.0</b>	<b>159,590</b>	<b>368,400</b>	<b>5,093,531</b>	<b>2,136,617</b>	<b>30,580</b>	<b>486,344</b>	<b>5,253.0</b>	<b>150,829</b>	<b>356,659</b>
<b>By country of ultimate beneficial owner</b>													
Canada .....	358,403	142,048	36	422.5	7,450	23,230	335,581	133,768	-407	36,279	394.1	7,110	22,741
Europe .....	4,022,837	1,386,308	27,904	3,932.5	80,038	147,326	3,870,708	1,304,694	24,500	318,778	3,686.9	76,335	144,990
<i>Of which:</i> .....													
France .....	530,722	171,691	1,212	500.0	12,874	16,819	515,925	156,880	2,093	41,175	451.8	10,621	15,284
Germany .....	591,218	315,505	281	707.5	32,926	61,539	572,120	301,072	756	63,239	673.8	32,306	61,191
Netherlands .....	585,129	216,075	10,114	513.6	(D)	14,405	572,564	207,623	8,376	44,281	502.7	4,960	14,329
Sweden .....	32,985	41,629	67	221.1	3,625	(D)	32,944	41,535	59	12,163	220.9	3,617	5,805
Switzerland .....	1,004,064	122,626	1,666	487.9	5,133	8,507	985,906	116,077	1,860	34,417	431.1	5,066	8,477
United Kingdom .....	1,108,862	399,079	14,132	1,068.4	14,246	(D)	1,026,276	366,464	10,886	95,308	995.8	13,923	25,614
Latin America and Other Western Hemisphere .....	248,385	145,247	-336	398.0	12,942	21,958	235,508	130,247	-384	37,165	336.1	12,650	18,814
<i>Of which:</i> .....													
Bermuda .....	(D)	60,909	-556	213.7	(D)	2,982	131,186	59,929	-542	20,800	211.6	9,933	2,978
Mexico .....	(D)	(D)	(D)	M	799	2,341	18,770	14,967	93	3,014	48.1	797	2,136
United Kingdom Islands, Caribbean .....	59,316	11,082	21	25.4	49	1,154	58,707	10,765	158	2,395	23.3	49	1,154
Venezuela .....	10,789	32,119	688	I	406	10,111	(D)	(D)	(D)	(D)	H	(D)	(D)
Africa .....	(D)	(D)	(D)	I	(D)	329	4,838	5,457	45	1,050	9.4	477	324
Middle East .....	(D)	36,763	472	53.9	(D)	(D)	26,737	35,115	482	8,341	47.1	715	5,285
Asia and Pacific .....	644,435	554,989	294	823.8	52,068	166,346	596,834	507,521	6,121	79,111	733.2	48,800	161,123
<i>Of which:</i> .....													
Australia .....	124,899	38,913	-6,539	79.2	(D)	528	101,333	25,990	446	8,209	58.8	320	524
Japan .....	473,536	449,638	7,236	653.5	44,228	137,749	453,391	420,716	6,047	64,025	599.0	41,364	133,695
Korea, Republic of .....	14,477	34,664	151	13.4	5,291	(D)	13,911	33,766	180	2,069	12.2	5,239	22,577
United States .....	502,384	(D)	(D)	L	(D)	(D)	23,326	19,814	223	5,620	46.1	4,743	3,383
<b>By industry of U.S. affiliate</b>													
Manufacturing .....	1,087,087	916,326	7,838	2,266.5	98,389	147,589	1,035,133	854,519	6,046	227,682	2,138.3	93,260	138,965
<i>Of which:</i> .....													
Food .....	47,636	50,156	-41	120.5	7,522	2,085	46,672	47,880	-98	9,309	114.7	7,397	2,054
Chemicals .....	253,205	177,701	8,516	331.8	16,871	21,385	235,676	160,222	6,899	49,950	305.4	16,071	21,084
Primary and fabricated metals .....	49,697	53,633	-583	152.6	(D)	(D)	44,551	46,826	-609	12,327	144.2	3,709	6,776
Machinery .....	100,007	66,280	-461	249.6	8,772	9,559	99,454	65,263	-278	19,871	247.6	8,648	9,254
Computers and electronic products .....	103,406	100,379	-4,261	243.3	15,335	26,065	92,661	91,809	-4,221	22,849	219.8	13,987	24,218
Electrical equipment, appliances, and components .....	27,218	21,985	-196	85.8	3,037	2,123	26,957	21,756	-97	5,510	84.4	3,009	2,103
Transportation equipment .....	227,812	207,567	3,146	393.7	29,210	54,076	223,885	199,677	2,971	35,191	377.1	28,713	52,705
Wholesale trade .....	462,465	675,682	18,204	538.3	56,451	209,385	453,529	656,019	16,711	83,843	512.1	53,113	206,503
Retail trade .....	68,835	133,942	1,040	655.7	597	(D)	61,254	121,967	939	27,878	564.9	597	3,545
Information .....	368,903	118,754	-8,819	317.1	(D)	1,060	265,832	81,471	-4,076	26,836	239.1	1,014	1,059
<i>Of which:</i> .....													
Publishing industries .....	(D)	34,637	-6,606	133.7	727	128	88,106	31,514	-77	14,124	119.9	726	128
Telecommunications .....	(D)	(D)	(D)	L	(D)	(D)	59,317	19,371	-3,668	4,316	39.5	1	(D)
Finance (except depository institutions) and insurance .....	3,190,263	(D)	(D)	297.6	0	0	2,710,029	174,766	6,328	25,577	244.5	0	0
Real estate and rental and leasing .....	109,525	23,281	1,098	39.8	(D)	(D)	91,170	19,839	864	10,031	36.3	(D)	396
Professional, scientific, and technical services .....	63,952	50,318	-271	172.5	(D)	368	62,246	49,068	609	17,872	167.8	(D)	366
Other industries .....	460,725	(D)	(D)	1,447.4	2,523	5,931	414,339	178,969	3,160	66,624	1,349.9	2,239	5,824

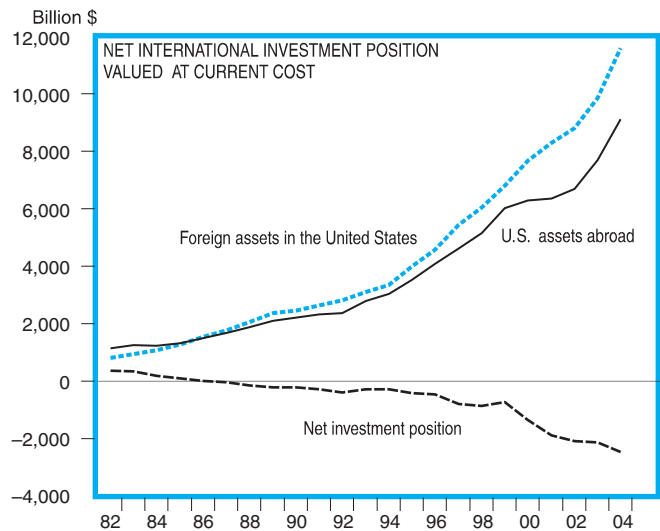
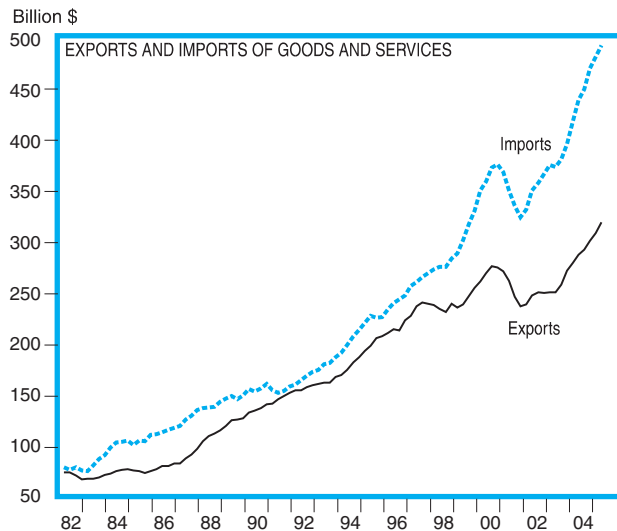
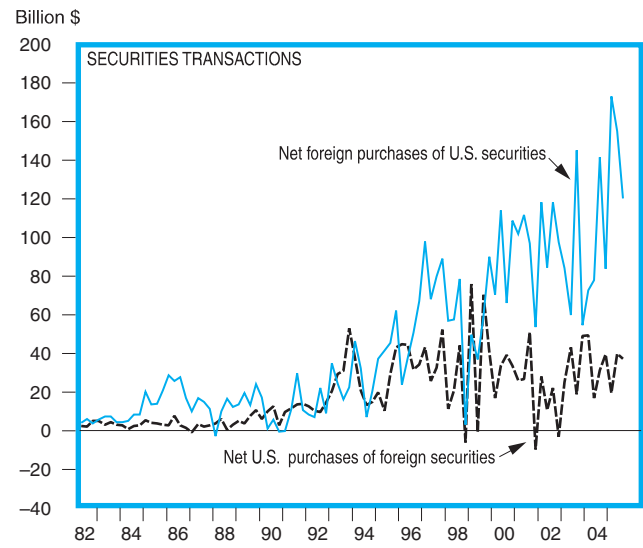
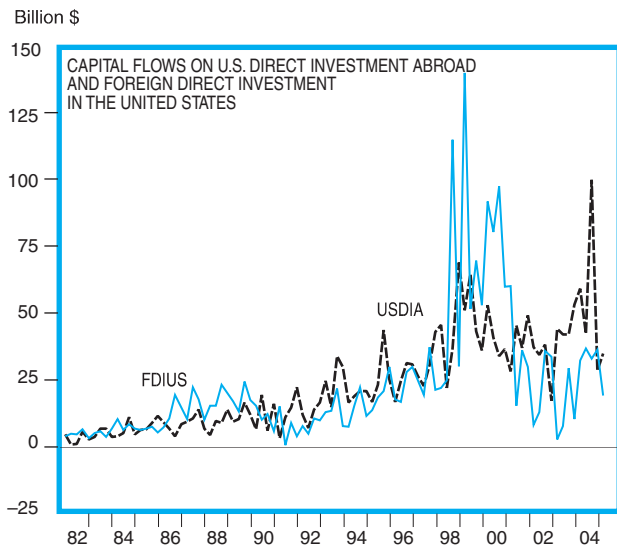
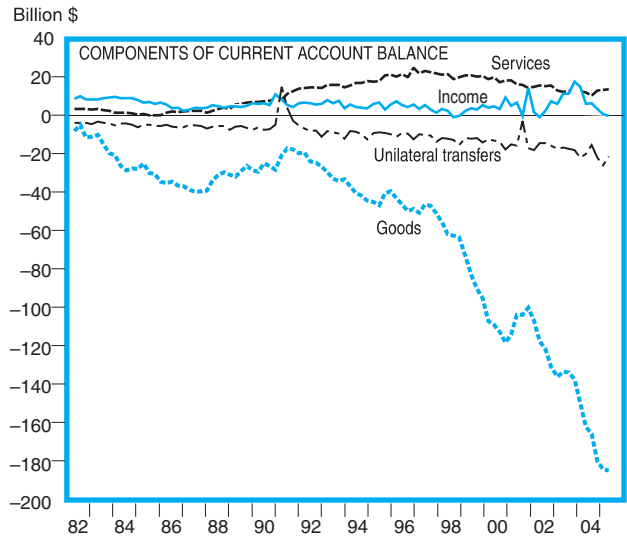
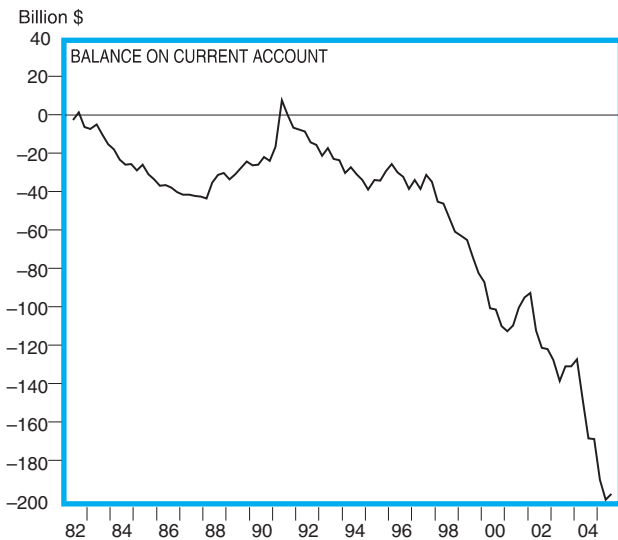
D Suppressed to avoid disclosure of data of individual companies.

NOTES. The data in this table are from BEA's annual survey of the operations of U.S. affiliates of foreign companies; see "U.S. Affiliates of Foreign Companies: Operations in 2003" in the August 2005 SURVEY OF CURRENT BUSINESS.

The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

G. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY











I. Local Area Table

Table I.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2001-2003-Continues

Table with columns: Area name, Personal income (Millions of dollars, Percent change), Per capita personal income (Dollars, Rank in U.S.), and Area name, Personal income (Millions of dollars, Percent change), Per capita personal income (Dollars, Rank in U.S.). Rows include United States, Metropolitan portion, Nonmetropolitan portion, and various metropolitan areas like Abilene, TX and Detroit-Warren-Livonia, MI.

See footnotes at the end of the table.

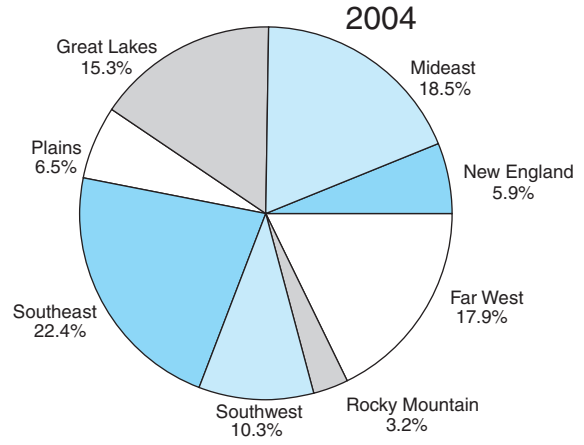
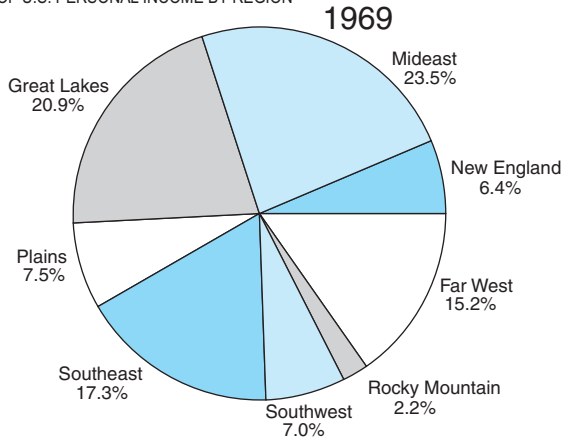




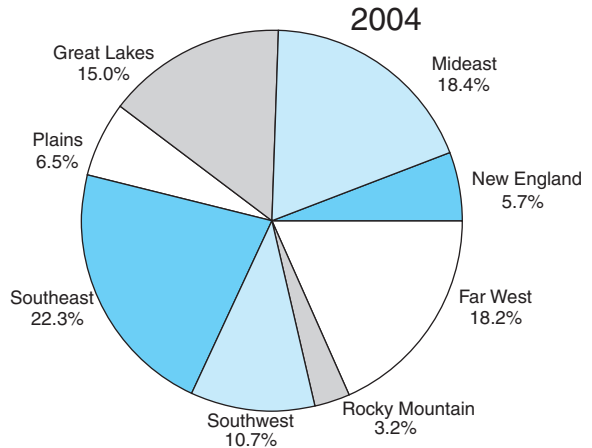
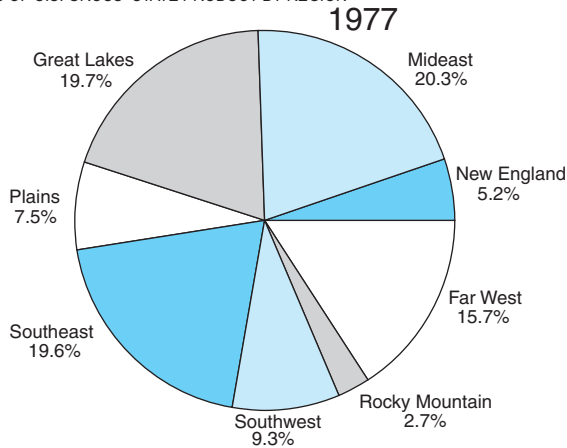
J. Charts

SELECTED REGIONAL ESTIMATES

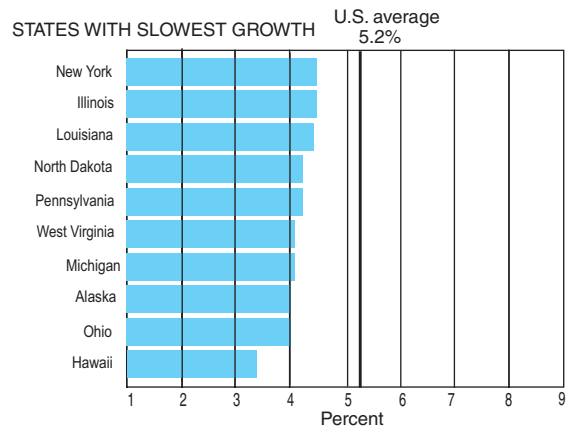
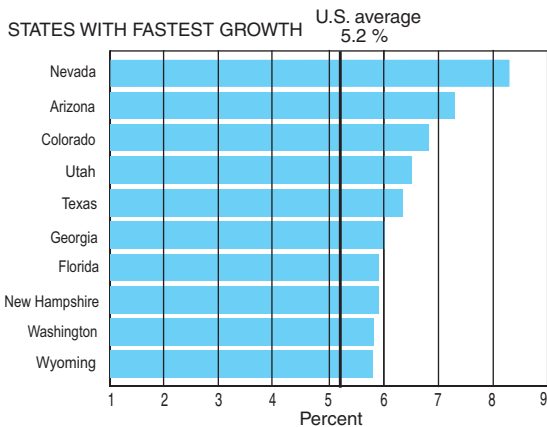
SHARES OF U.S. PERSONAL INCOME BY REGION



SHARES OF U.S. GROSS STATE PRODUCT BY REGION

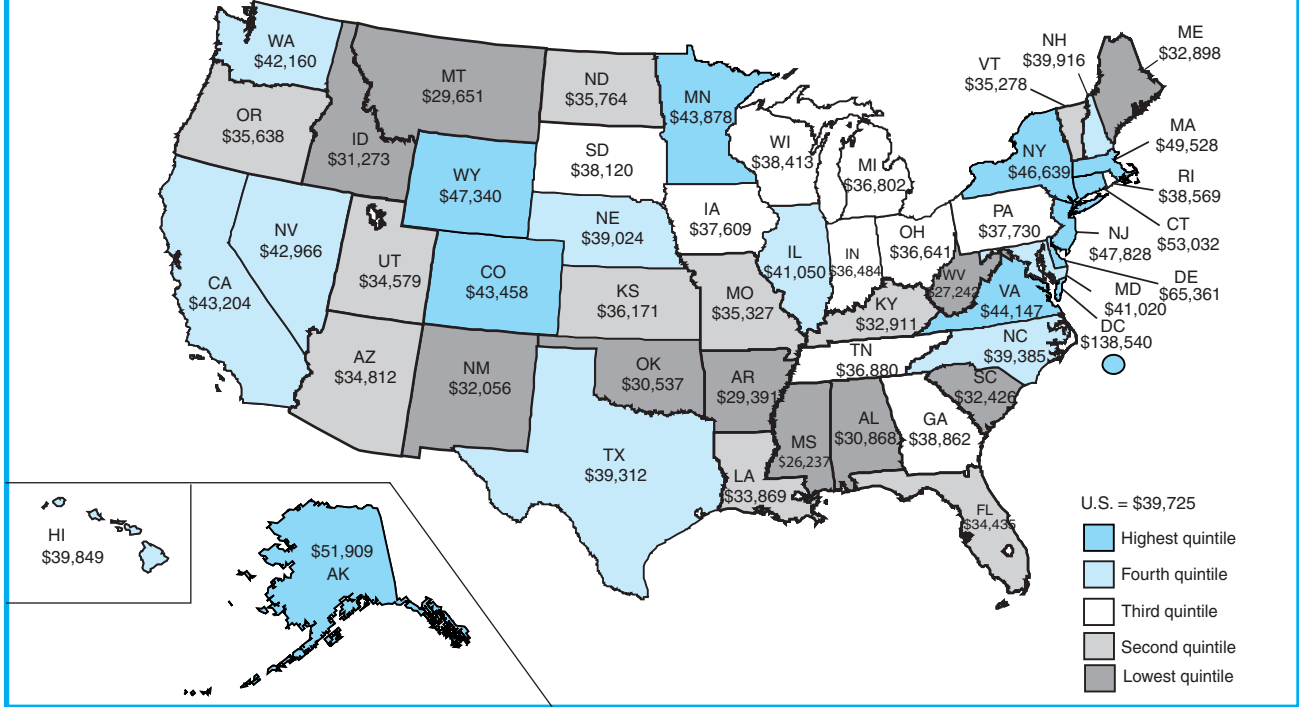


AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1994-2004

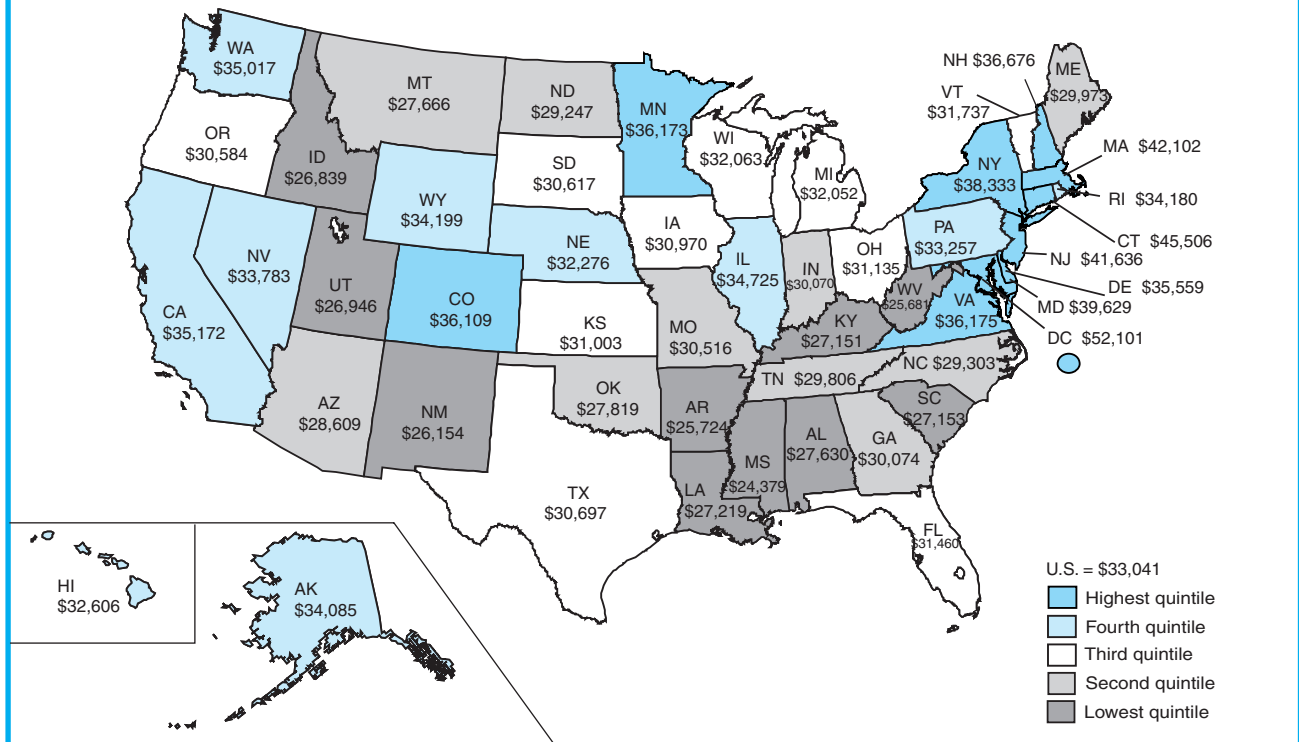


SELECTED REGIONAL ESTIMATES

PER CAPITA GROSS STATE PRODUCT IN CURRENT DOLLARS, 2004



PER CAPITA PERSONAL INCOME, 2004



## Appendix A

### Additional Information About the NIPA Estimates

#### Statistical Conventions

Current-dollar GDP is a measure of the market value of goods, services, and structures that are produced in the economy in a particular period. The changes in current-dollar GDP can be decomposed into quantity and price components. Quantities, or “real” measures, and prices are expressed as index numbers with the reference year—at present, the year 2000—equal to 100.<sup>1</sup>

The annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from 2 adjacent years. For example, the annual percent change in real GDP for 2001–2002 uses prices for 2001 and 2002 as weights, and the 2001–2002 annual percent change in the GDP price index uses quantities for 2001 and 2002 as weights. Because the Fisher formula allows for the effects of changes in relative prices and in the composition of output over time, the resulting quantity or price changes are not affected by the substitution bias that is associated with changes in quantities and prices calculated using a fixed-weighted formula. These annual changes are “chained” (multiplied) together to form time series of quantity and price indexes. The percent changes in the Fisher indexes are not affected by the choice of the reference year.

BEA also publishes implicit price deflators (IPDs), which are calculated as the ratio of the current-dollar value of a component to the chained-dollar value of the component, multiplied by 100. The values of an IPD are very close to the values of the corresponding “chain-type” price index.

The measures of real GDP and its major components are also presented in dollar-denominated form, designated “chained (2000) dollar estimates.” For most series, these estimates are computed by multiplying the current-dollar value in 2000 by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 2000 and if real output for this component increased by 10 percent in 2001, then the chained (2000) dollar value of this component in 2001 would be \$110 (\$100 × 1.10). The percent changes calculated from the chained (2000) dollar estimates and from the quantity indexes are the same; any differences will be small and due to rounding.

The chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP (or to any intermediate aggregate) in a table, because the relative prices that are used as weights for any period other than the reference year differ from those of the reference year. A measure of the effect of such

differences is provided by a “residual” line—the difference between the chained-dollar value of the main aggregate in the table and the sum of the most detailed components in the table. For periods close to the reference year, when the relative prices that are used as weights have usually not changed much, the residuals tend to be small, and the chained-dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. For periods further from the reference year, the residuals tend to be larger, and the chained-dollar estimates are less useful for analyses of contributions to growth. In particular, for components for which relative prices are changing rapidly, the calculation of contributions based on chained-dollar estimates may be misleading even just a few years from the reference year. Thus, contributions derived from quantity indexes provide a better measure than contributions derived from chained-dollar estimates; contributions based on quantity indexes are shown in selected NIPA tables 1.1.2, 1.2.2, 1.5.2, 2.3.2, 3.9.2, 4.2.2, and 5.3.2.

For quarters and months, NIPA estimates are presented at annual rates, which show the value that would be registered if the rate of activity that is measured for a quarter or for a month were maintained for a full year. Annual rates are used so that periods of different lengths—for example, quarters and years—may be more easily compared. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or by 12 (for monthly data).

For most quarterly NIPA estimates, *percent changes* in the estimates are also expressed at annual rates. Calculating these *changes* requires a variant of the compound interest formula:

$$r = \left[ \left( \frac{x_t}{x_0} \right)^{m/n} - 1 \right] \times 100$$

where  $r$  is the percent change at an annual rate;  $x_t$  is the level of activity in the later period;  $x_0$  is the level of activity in the earlier period;  $m$  is the periodicity of the data (for example, 1 for annual data, 4 for quarterly data, or 12 for monthly data); and  $n$  is the number of periods between the earlier periods and the later periods (that is,  $t-0$ ).

Quarterly and monthly NIPA estimates are seasonally adjusted if necessary. Seasonal adjustment removes from the time series the average effects of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.

1. See J. Steven Landefeld, Brent R. Moulton, and Cindy M. Vojtech, “Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes,” *SURVEY OF CURRENT BUSINESS* (November 2003): 8–16.

## Reconciliation Tables

“Table 1. Reconciliation of Changes in BEA-Derived Compensation Per Hour With BLS Average Hourly Earnings” is being revised to reflect the results of the comprehensive revision of the national income and product accounts. It will be published in an upcoming issue of the SURVEY.

**Table 2. Relation of Net Exports of Goods and Services and Net Receipts of Income in the NIPAs to Balance on Goods and Services and Income in the ITAs**

[Billions of dollars]

	Line	2003	2004	Seasonally adjusted at annual rates					
				2004				2005	
				I	II	III	IV	I	II
<b>Exports of goods and services and income receipts, ITAs</b> .....	1	1,332.4	1,531.0	1,454.0	1,506.3	1,543.5	1,620.2	1,653.6	1,722.5
<i>Less:</i> Gold, ITAs .....	2	4.8	4.4	4.4	3.5	4.9	5.0	5.5	5.5
Statistical differences <sup>1</sup> .....	3	-0.6	0	0	0	0	0	-1.5	-1.5
Other items.....	4	0.6	0.7	0.6	0.7	0.7	0.7	0.8	0.8
<i>Plus:</i> Adjustment for grossing of parent/affiliate interest payments.....	5	4.4	5.1	4.4	4.8	5.1	6.2	6.1	7.1
Adjustment for U.S. territories and Puerto Rico .....	6	50.9	52.1	51.6	51.5	52.8	52.5	54.3	55.4
Services furnished without payment by financial intermediaries except life insurance carriers .....	7	6.3	6.2	5.8	6.2	6.3	6.4	6.2	6.3
<b>Equals: Exports of goods and services and income receipts, NIPAs</b> .....	8	1,389.3	1,589.2	1,510.7	1,564.5	1,601.9	1,679.5	1,715.4	1,786.6
<b>Imports of goods and services and income payments, ITAs</b> .....	9	1,780.9	2,118.1	1,949.3	2,090.7	2,148.3	2,284.1	2,343.2	2,417.6
<i>Less:</i> Gold, ITAs .....	10	3.6	4.1	4.1	3.3	4.0	4.8	3.8	4.0
Statistical differences <sup>1</sup> .....	11	-0.6	0	0	0	0	0	16.1	16.1
Other items.....	12	0	0	0	0	0	0	0	0
<i>Plus:</i> Gold, NIPAs .....	13	-3.5	-3.3	-3.9	-3.3	-3.3	-2.9	-4.5	-3.7
Adjustment for grossing of parent/affiliate interest payments.....	14	4.4	5.1	4.4	4.8	5.1	6.2	6.1	7.1
Adjustment for U.S. territories and Puerto Rico .....	15	37.0	37.4	35.8	35.7	39.1	39.1	42.5	35.0
Imputed interest paid to rest of world.....	16	6.3	6.2	5.8	6.2	6.3	6.4	6.2	6.3
<b>Equals: Imports of goods and services and income payments, NIPAs</b> .....	17	1,822.1	2,159.5	1,987.3	2,130.9	2,191.5	2,328.1	2,373.6	2,442.1
<b>Balance on goods and services and income, ITAs (1-9)</b> .....	18	-448.5	-587.1	-495.3	-584.4	-604.8	-663.9	-689.6	-695.1
<i>Less:</i> Gold (2-10+13).....	19	-2.3	-3.0	-3.6	-3.1	-2.4	-2.7	-2.8	-2.2
Statistical differences (3-11) <sup>1</sup> .....	20	0	0	0	0	0	0	-17.6	-17.6
Other items (4-12) .....	21	0.6	0.7	0.6	0.7	0.7	0.7	0.8	0.8
<i>Plus:</i> Adjustment for U.S. territories and Puerto Rico (6-15).....	22	13.9	14.7	15.8	15.8	13.7	13.4	11.8	20.4
<b>Equals: Net exports of goods and services and net receipts of income, NIPAs (8-17)</b> .....	23	-432.8	-570.3	-476.6	-566.4	-589.6	-648.6	-658.2	-655.5

1. Consists of statistical revisions to the ITAs that have not yet been incorporated into the NIPAs.

ITAs International transactions accounts

NIPAs National income and product accounts

In table 2, the NIPA data for 2003 through the first quarter of 2005 have been updated to reflect the results of the 2005 annual revision of the NIPAs.

## Appendix B

### Suggested Reading

The Bureau of Economic Analysis (BEA) has published a wealth of information about the methodologies that are used to prepare its national, industry, international, and regional accounts. In addition, most of this information is available on BEA's Web site at <www.bea.gov>. Look under "Methodologies"; for articles from the SURVEY OF CURRENT BUSINESS, look under "Publications."

#### National accounts

The national accounts encompass the detailed estimates in the national income and product accounts (including gross domestic product) and the estimates of wealth and related estimates.

**National income and product accounts (NIPAs).** This series of papers documents the conceptual framework of the NIPAs and the methodologies that have been used to prepare the estimates.

- An Introduction to National Economic Accounting* (1985) [also in the March 1985 SURVEY]
- Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends* (2002)
- Government Transactions* (1988)
- Personal Consumption Expenditures* (1990)

The methodologies described in these papers have been updated and improved, typically as part of the comprehensive and annual revisions of the NIPAs.

The following SURVEY articles describe the most recent comprehensive revision of the NIPAs.

"Improved Estimates of the National Income and Product Accounts for 1929–2002: Results of the Comprehensive Revision" (February 2004)

"Preview of the Revised NIPA Estimates for 1997 Effects of Incorporating the 1997 Benchmark I-O Accounts and Proposed Definitional and Statistical Changes" (January 2003)

"Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts"

- Changes in Definitions and Classifications (June 2003)
- New and Redesigned Tables (August 2003)
- Statistical Changes (September 2003)

In addition, see the following articles.

"Annual Revision of the National Income and Product Accounts" (August 2005).

"Updated Summary NIPA Methodologies" (November 2004) describes the source data and the methods that are used to prepare the current-dollar and real estimates of GDP.

"Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes" (November 2003) discusses the advantages of using chain-weighted indexes and the challenges of using chained dollars.

"Measuring the Services of Commercial Banks in the NIPAs: Changes in Concepts and Methods" (September 2003)

"Measuring the Services of Property-Casualty Insurance in the NIPAs: Changes in Concepts and Methods" (October 2003)

"Reliability of the NIPA Estimates of U.S. Economic Activity" (February 2005) evaluates the principal NIPA estimates by examining the record of revisions to them.

**Fixed assets and consumer durable goods.** *Fixed Assets and Consumer Durable Goods in the United States, 1925–97* (2003) discusses the concepts and statistical considerations that underlie the estimates and their derivation.

"Fixed Assets and Consumer Durable Goods for 1925–2002" (May 2004) describes the improvements that were incorporated into these estimates as part of the comprehensive NIPA revision. "Fixed Assets and Consumer Durable Goods for 1993–2003" (September 2004) describes additional improvements that were incorporated into these estimates as part of the annual NIPA revision.

#### Mission Statement and Strategic Plan

The mission statement of the Bureau of Economic Analysis and the latest update to its strategic plan for improving the accuracy, reliability, and relevance of the national, industry, regional, and international accounts are available on BEA's Web site at <www.bea.gov> under "About BEA."

## Industry accounts

The industry accounts consist of the input-output accounts, the gross-domestic-product-by-industry accounts, and one satellite account.

“Improved Annual Industry Accounts for 1998–2003” (June 2004) describes the comprehensive revision of the annual input-output accounts and the GDP-by-industry accounts that features the integration of the two sets of accounts.

In addition, see the following articles.

“Preview of the Benchmark Input-Output Accounts for 2002” (September 2005) includes the proposed new sectors that are based on the 2002 North American Industry Classification System.

“Preview of the Comprehensive Revision of the Annual Industry Accounts: Integrating the Annual Input-Output Accounts and the Gross-Domestic-Product-by-Industry Accounts” (March 2004) provides the details about the comprehensive revision.

“Annual Industry Accounts” (January 2005)

“Benchmark Input-Output Accounts for the U.S. Economy, 1997” (December 2002)

**Satellite accounts.** These accounts extend the analytical capacity of the input-output accounts by focusing on a particular aspect of economic activity.

“U.S. Travel and Tourism Satellite Accounts”

For 1996 and 1997 (July 2000)

For 1998–2003 (September 2004)

For 2001–2004 (June 2005)

## International accounts

The international accounts encompass the international transactions accounts, direct investment, and international transactions in services.

**International transactions accounts (ITAs).** *The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures* (1990) describes the methodologies used to prepare the estimates in the ITAs and the international investment position of the United States. These methodologies are usually updated and improved as part of the annual revisions of the ITAs.

The annual revisions of the ITAs are described in a series of articles, the latest of which was published in the July 2005 SURVEY.

**Direct investment.** *International Direct Investment: Studies by the Bureau of Economic Analysis* (1999) is a collection of previously published articles on U.S. direct investment abroad and foreign direct investment in the United States. It also includes the following information.

The “Methodology for U.S. Direct Investment Abroad,” which is also available in *U.S. Direct*

*Investment Abroad: 1994 Benchmark Survey, Final Results* (1998)

“A Guide to BEA Statistics on U.S. Multinational Companies,” which is also available in the March 1995 SURVEY

“A Guide to BEA Statistics on Foreign Direct Investment in the United States,” which is also available in the February 1990 SURVEY

In addition, the updated methodology for foreign direct investment in the United States is available in *Foreign Direct Investment in the United States: Final Results From the 1997 Benchmark Survey* (2001).

**International services.** *U.S. International Transactions in Private Services: A Guide to the Surveys Conducted by the Bureau of Economic Analysis* (1998) describes 11 surveys. It includes classifications, definitions, release schedules, the methods used to prepare the estimates, and samples of the survey forms.

“Selected Issues in the Measurement of U.S. International Services” (June 2002) describes key issues in defining and measuring insurance, wholesale and retail trade, finance, construction, and utilities services and explores possible actions to address these issues.

## Regional accounts

The regional accounts include estimates of personal income and gross state product.

**Personal income.** Estimates of personal income are prepared for states and for local areas.

“Comprehensive Revision of State Personal Income for 1969–2003” (May 2004) describes the improvements in the methodology that are used to prepare the estimates and that are part of a comprehensive revision.

“The Reliability of the State Personal Income Estimates” (December 2003) evaluates the estimates of state personal income and of selected components by examining the revisions of these estimates.

“Comprehensive Revision of Local Area Personal Income for 1969–2002” (June 2004) summarizes the improvements in the methodology that is used to prepare the estimates for counties and metropolitan areas. The detailed methodology is available on the CD-DOM *Regional Economic Information System, 1969–2003*.

**Gross state product.** “Comprehensive Revision of Gross State Product” (January 2005) summarizes the sources and the methods that are used to prepare the estimates.

“Gross State Product by Industry for 1997–2004” (July 2005) presents the most recent annual revision of these estimates.