

# National Economic Trends



## Historical CPI Inflation Under Current Calculation Methods

During the 1990s, a much-discussed topic among policymakers and in financial markets has been the possibility that widely-used measures of U.S. inflation are contaminated by systematic bias. This issue is important for many policy decisions. Cost-of-living adjustments, such as those for Social Security recipients and federal government retirees, are tied to inflation measures. Federal tax brackets are also adjusted for inflation on an annual basis. In addition, measurement of inflation is a significant issue for monetary policymakers, for whom controlling inflation is a key goal.

Most of the discussion of measurement bias has focused on the consumer price index (CPI), and the possibility that measured CPI inflation rates overstate actual inflation rates. Misstatement can occur because a number of difficult issues arise when defining a price index and collecting price data to calculate the index. As just one example, adjustments must be made for changes in the quality of goods from one period to the next. If the price of a family-size refrigerator increases from one year to the next, a portion of that increase may be due to inflation, but a portion of it may also be due to improvements in the quality of the refrigerator. Assigning these portions can be difficult, because it is not obvious how much of a given price increase reflects quality improvements.

To reduce the potential for bias, the Bureau of Labor Statistics (BLS) has made numerous changes in the methodology used to calculate the CPI during the 1990s, in addition to previous changes made during the 1980s. For example, the BLS now allows for more consumer substitution between CPI item categories. This captures the effect, for example, of gasoline prices rising more than prices for all other goods, which causes con-

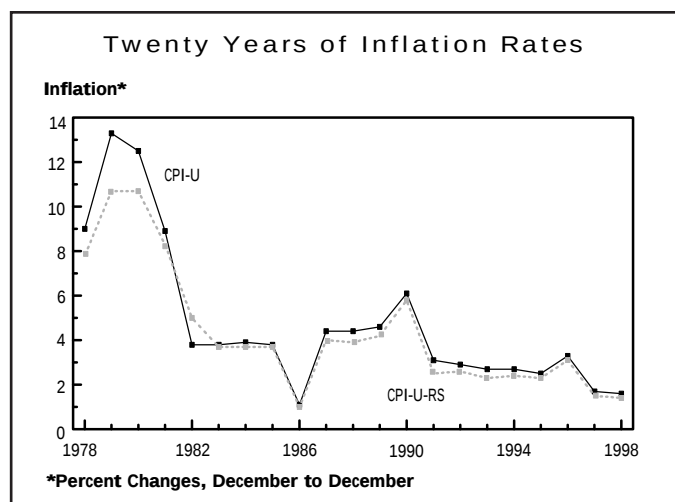
sumers to “substitute” by buying less gasoline and more of all other goods.

A question naturally arises as to how different historical CPI inflation would have been if the current methodology had been in place. The BLS has now published a series that provides an approximate answer to this question.<sup>1</sup> It is called the *CPI research series using current methods* (CPI-U-RS). Inflation rates for the last 20 years according to the historical CPI and the CPI-U-RS are plotted in the chart.

The chart shows that measured annual inflation rates would generally have been lower if the current methodology had been used during the entire period from 1978 to 1998. The average difference between the CPI-U and the CPI-U-RS annual inflation rates over this period is 0.45 percent. Much of this difference occurred during the 1978 to 1982 period, however, before the BLS began to use rental equivalence methods to measure changes in the cost of owning a home. For the period from 1983 to 1998, the average difference is only 0.28 percent.

—James Bullard

<sup>1</sup> Kenneth J. Stewart and Stephen B. Reed. (1999) “CPI Research Series Using Current Methods, 1978-1998.” *Monthly Labor Review*, U.S. Bureau of Labor Statistics, June.



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## **Conventions used in this publication:**

1. Shaded areas indicate recessions, as determined by the National Bureau of Economic Research.
2. *Percent change* refers to simple percent changes. *Percent change from year ago* refers to the percent change from the same month or quarter in the previous year. The *percent change at annual rate* shows what the growth rate would be over an entire year if the same simple percent change continued for four quarters or twelve months. The percent change at annual rate of  $X$  between the previous quarter  $t-1$  and the current quarter  $t$  is:

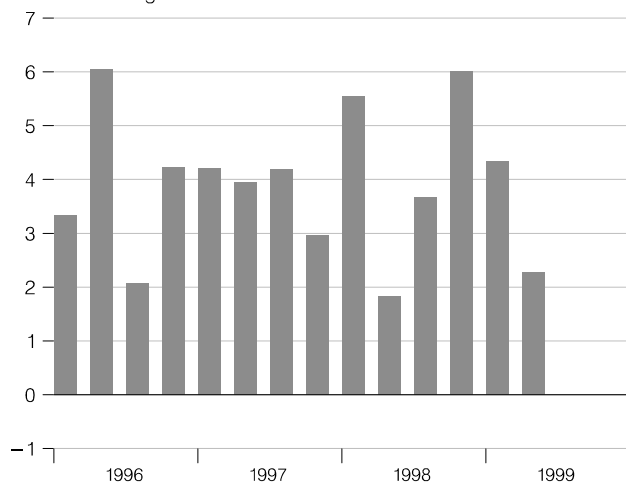
$$100 \times \left[ \left( \frac{X_t}{X_{t-1}} \right)^4 - 1 \right]$$

For monthly data replace 4 with 12.

3. All data with significant seasonal patterns are seasonally adjusted, unless labeled NSA.

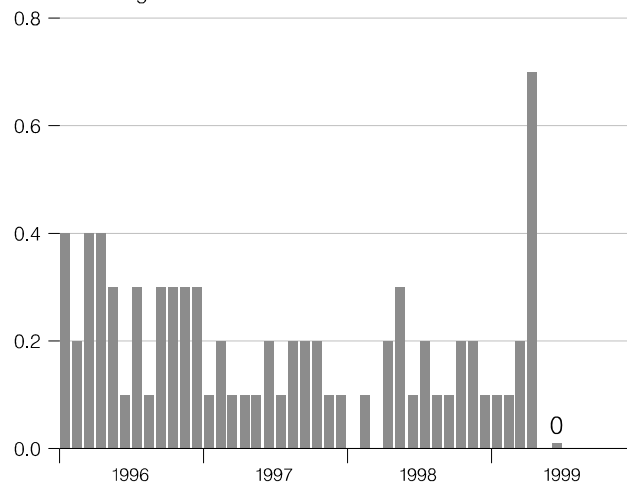
## Real GDP Growth

Percent change at annual rate



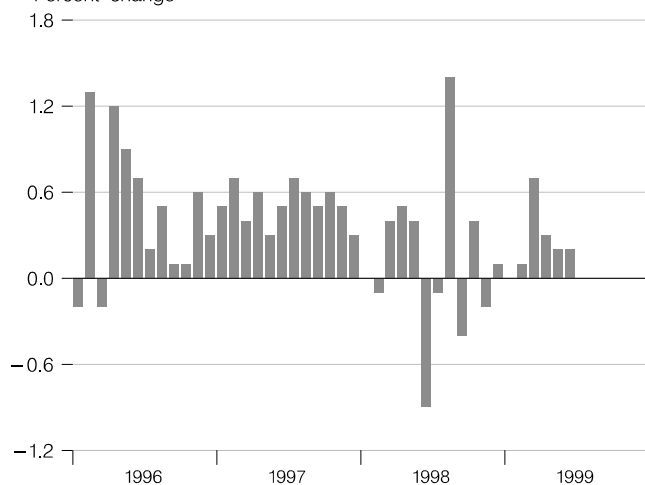
## Consumer Price Index

Percent change



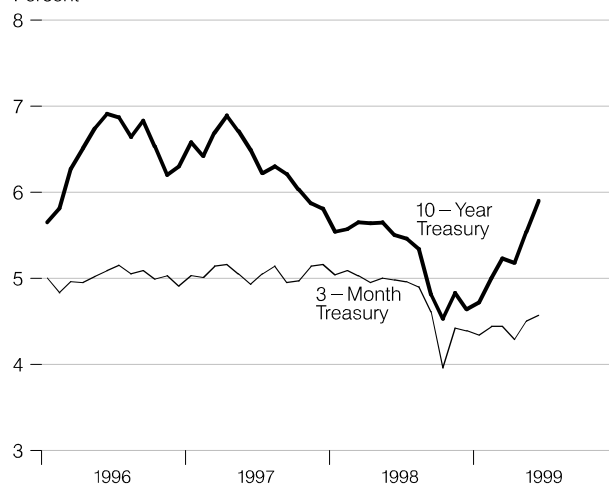
## Industrial Production

Percent change



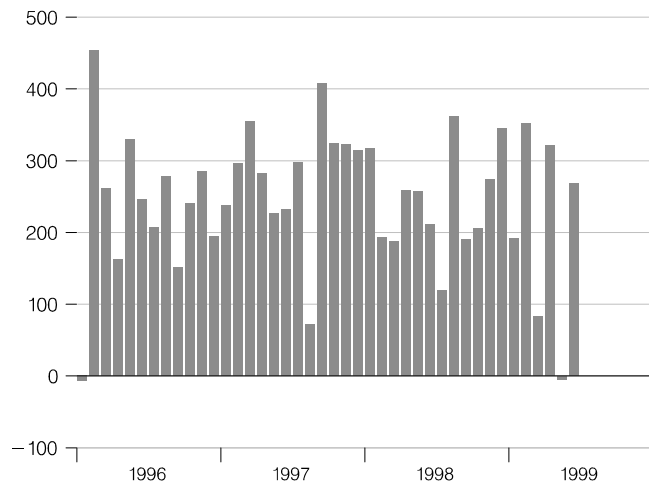
## Interest Rates

Percent



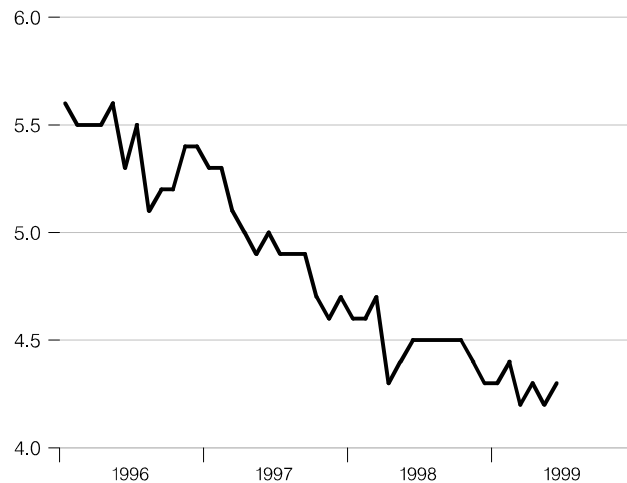
## Change in Nonfarm Payrolls

Thousands



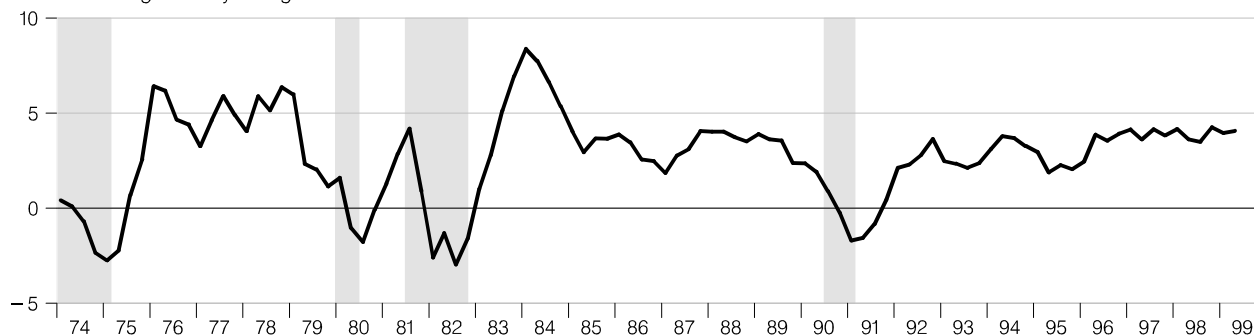
## Unemployment Rate

Percent of labor force



## Real Gross Domestic Product

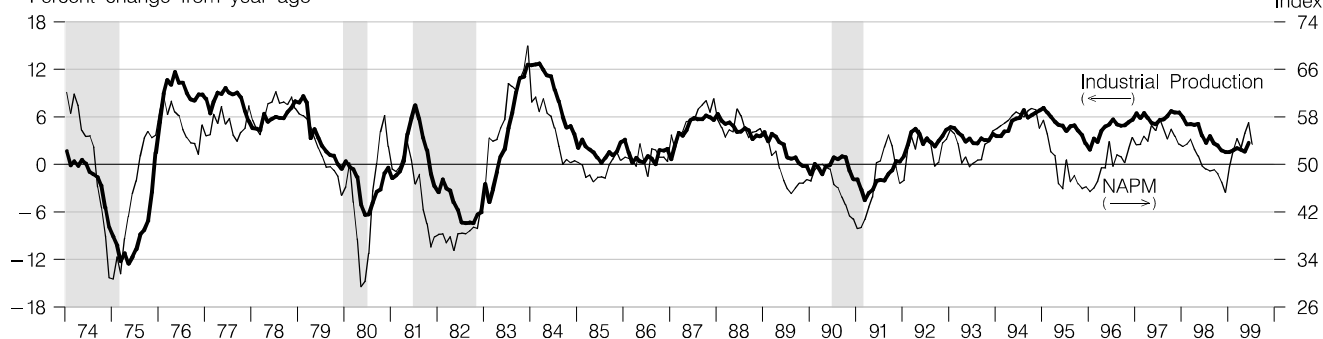
Percent change from year ago



## Industrial Production and Purchasing Managers' (NAPM) Indexes

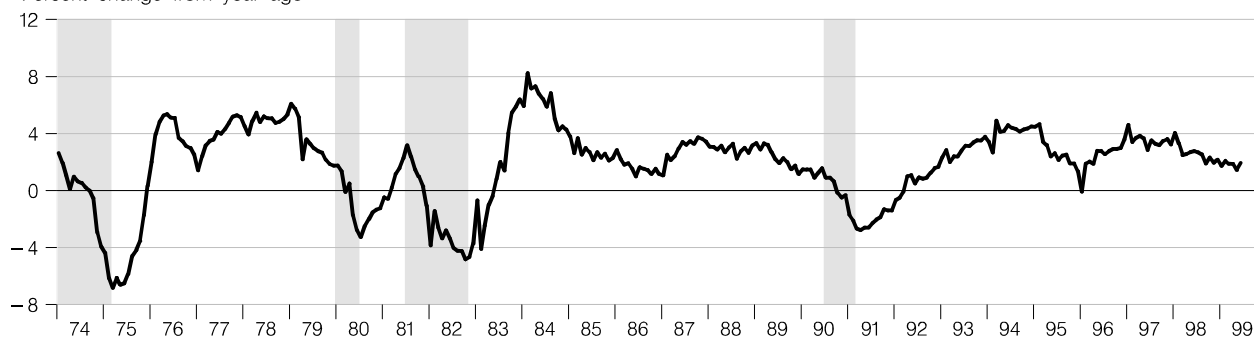
Percent change from year ago

Index



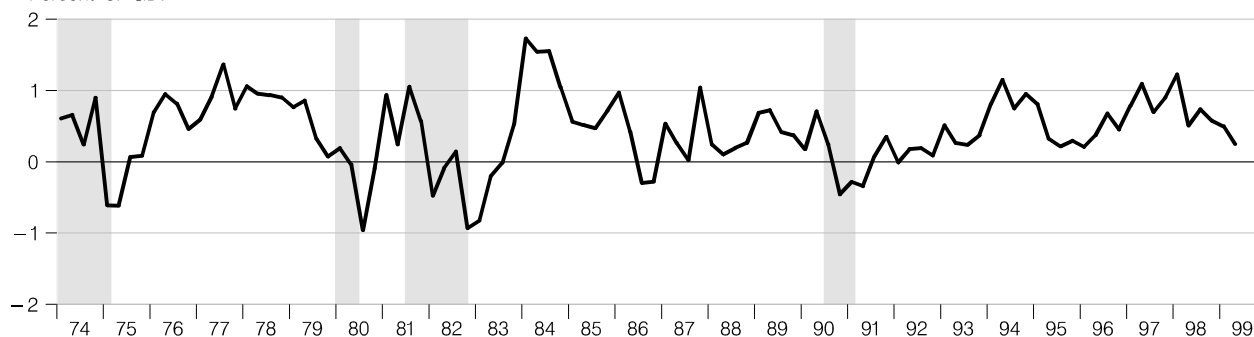
## Aggregate Private Nonfarm Hours

Percent change from year ago



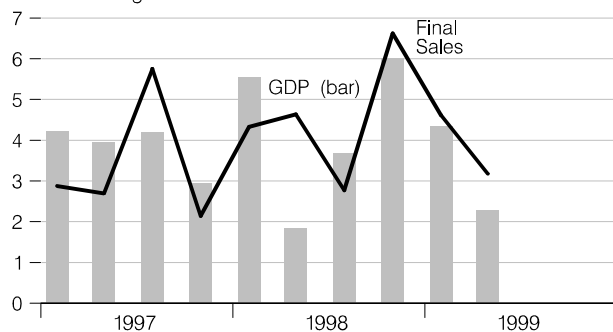
## Real Change in Business Inventories

Percent of GDP

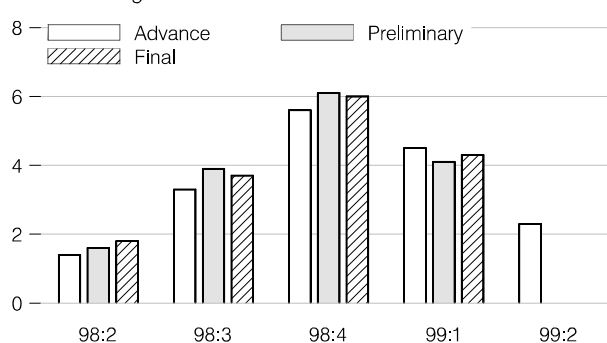


**Real Final Sales and GDP**

Percent change at annual rate

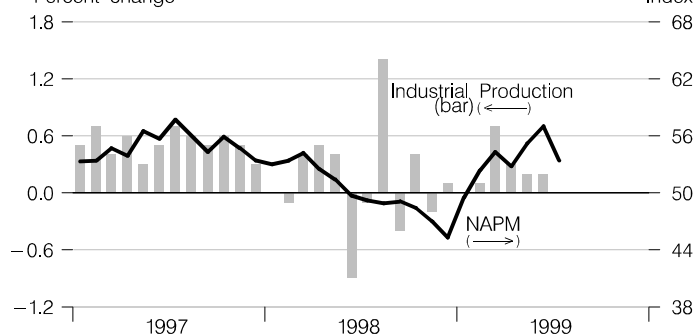
**Real GDP Revisions**

Percent change at annual rate

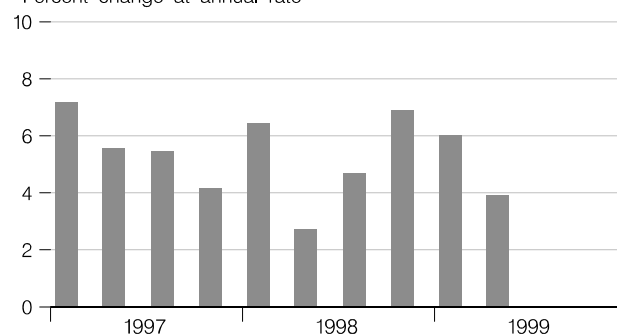
**Industrial Production and NAPM Index**

Percent change

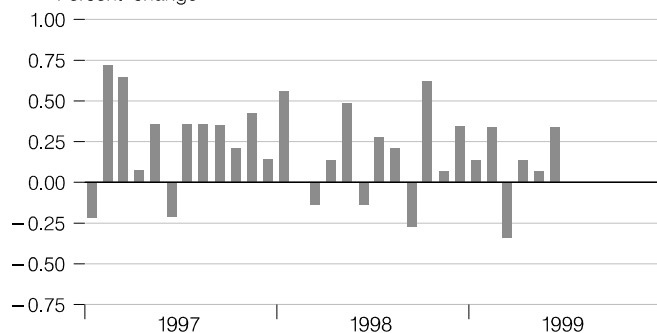
Index

**Nominal Gross Domestic Product**

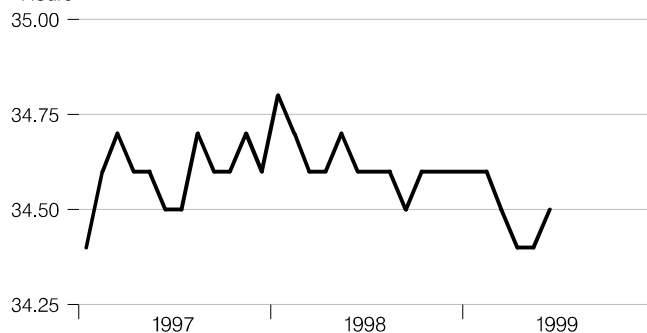
Percent change at annual rate

**Aggregate Private Nonfarm Hours**

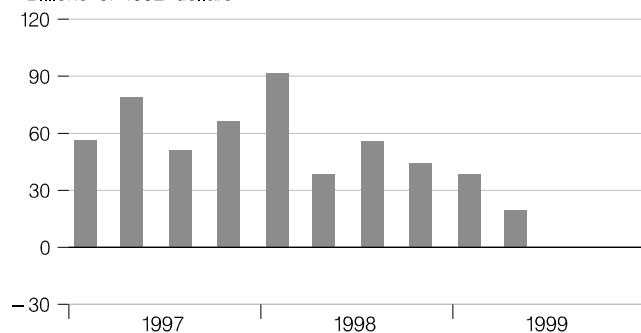
Percent change

**Average Weekly Private Nonfarm Hours**

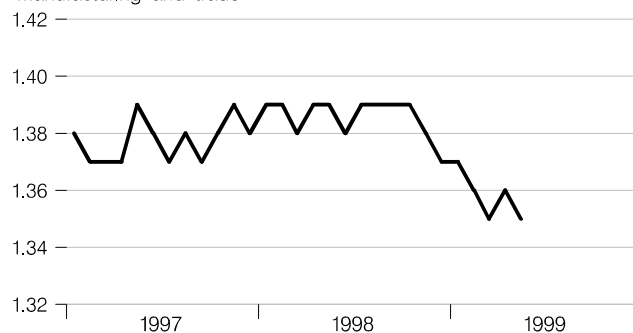
Hours

**Real Change in Business Inventories**

Billions of 1992 dollars

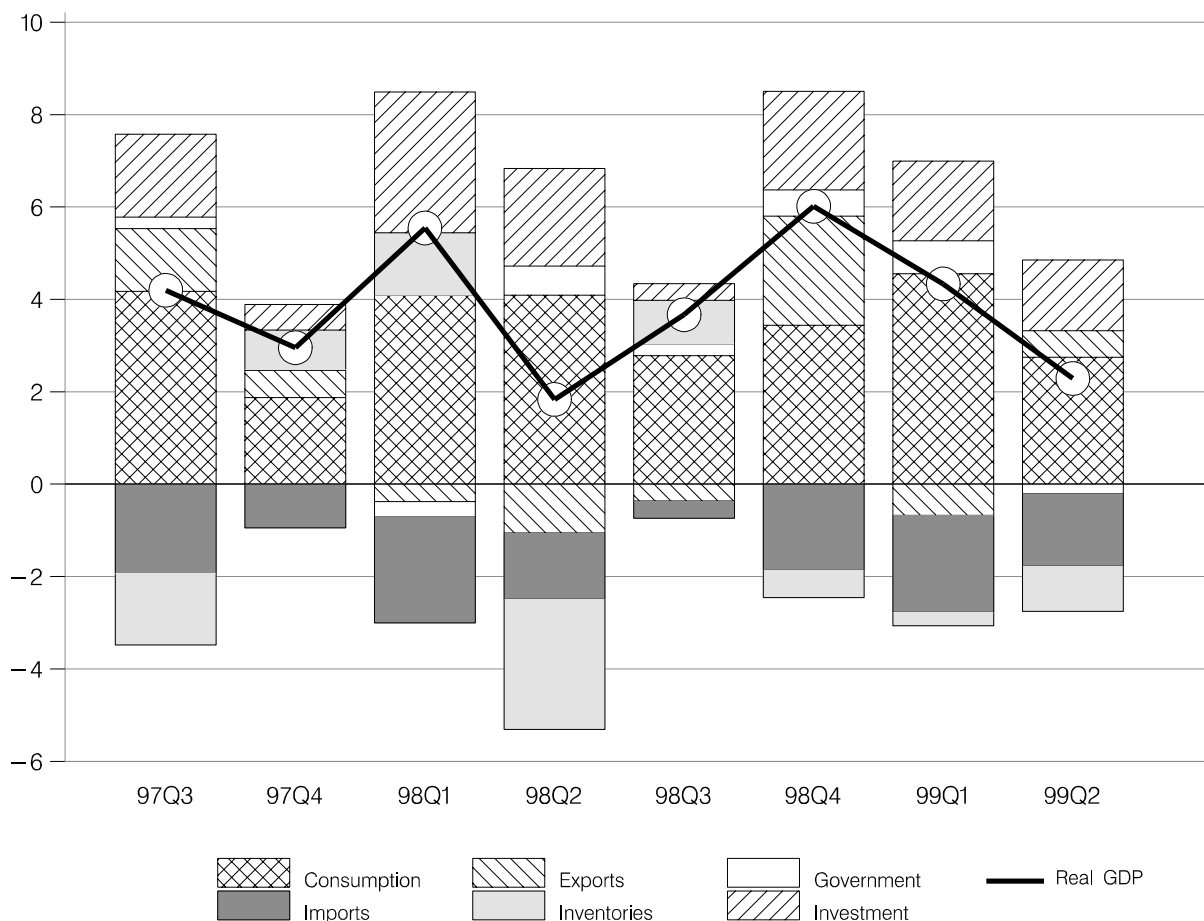
**Inventory-Sales Ratio**

Manufacturing and trade



## Contribution of Components to Real GDP Growth

Percent change at annual rate

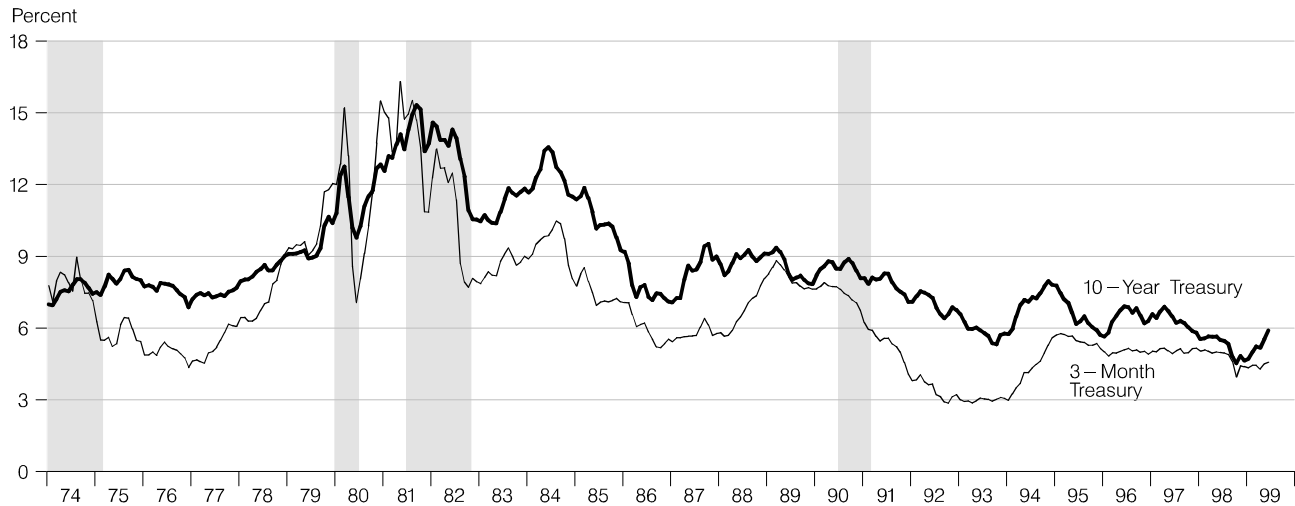


## Contributions to Real GDP Growth Rate

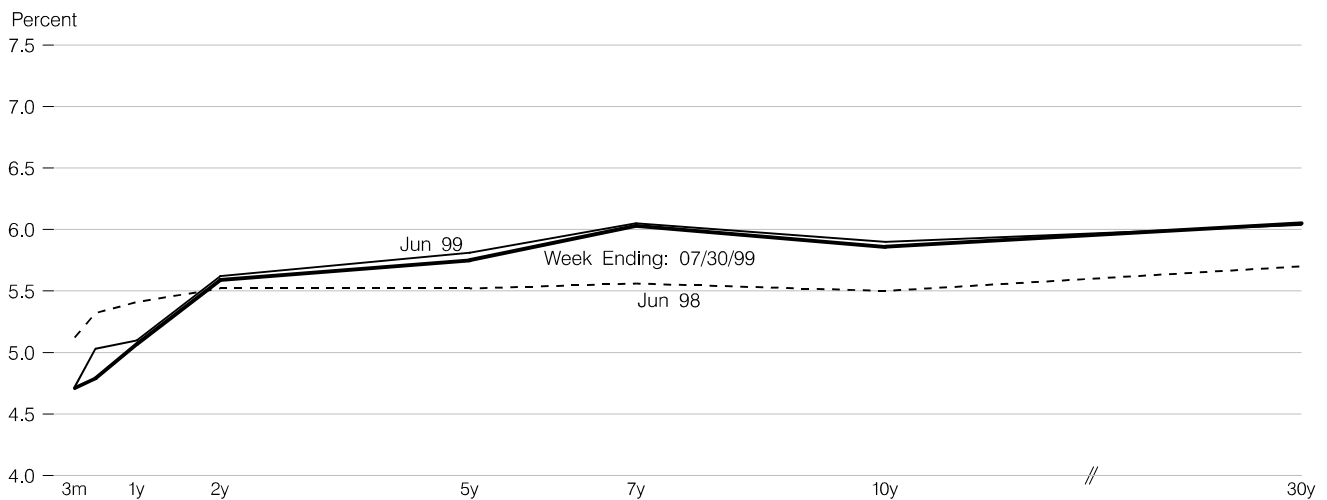
|                     | 1997  |       | 1998  |       |       |       | 1999  |       |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                     | 3rd   | 4th   | 1st   | 2nd   | 3rd   | 4th   | 1st   | 2nd   |
| Real GDP            | 4.20  | 2.95  | 5.55  | 1.83  | 3.67  | 6.01  | 4.33  | 2.29  |
| Final Sales         | 5.69  | 2.13  | 4.28  | 4.58  | 2.76  | 6.57  | 4.58  | 3.16  |
| Change in Inventory | -1.54 | 0.85  | 1.36  | -2.82 | 0.94  | -0.60 | -0.29 | -0.99 |
| Consumption         | 4.17  | 1.87  | 4.08  | 4.09  | 2.78  | 3.44  | 4.55  | 2.75  |
| Fixed Investment    | 1.80  | 0.56  | 3.05  | 2.12  | 0.36  | 2.14  | 1.73  | 1.53  |
| Nonresidential      | 1.89  | 0.22  | 2.50  | 1.54  | -0.09 | 1.77  | 1.06  | 1.36  |
| Residential         | -0.02 | 0.31  | 0.58  | 0.57  | 0.39  | 0.40  | 0.62  | 0.22  |
| Government          | 0.25  | 0.02  | -0.33 | 0.63  | 0.26  | 0.57  | 0.71  | -0.21 |
| Federal             | -0.08 | -0.13 | -0.56 | 0.43  | -0.08 | 0.43  | -0.12 | -0.19 |
| State and Local     | 0.33  | 0.15  | 0.23  | 0.20  | 0.35  | 0.14  | 0.83  | -0.01 |
| Net Exports         | -0.60 | -0.36 | -2.66 | -2.48 | -0.74 | 0.48  | -2.76 | -0.99 |
| Exports             | 1.36  | 0.59  | -0.38 | -1.05 | -0.36 | 2.36  | -0.68 | 0.58  |
| Imports             | -1.94 | -0.94 | -2.29 | -1.43 | -0.37 | -1.85 | -2.09 | -1.56 |
| Residual            | 0.06  | 0.02  | 0.03  | 0.42  | 0.11  | -0.10 | 0.48  | 0.17  |

Federal Reserve Bank of St. Louis

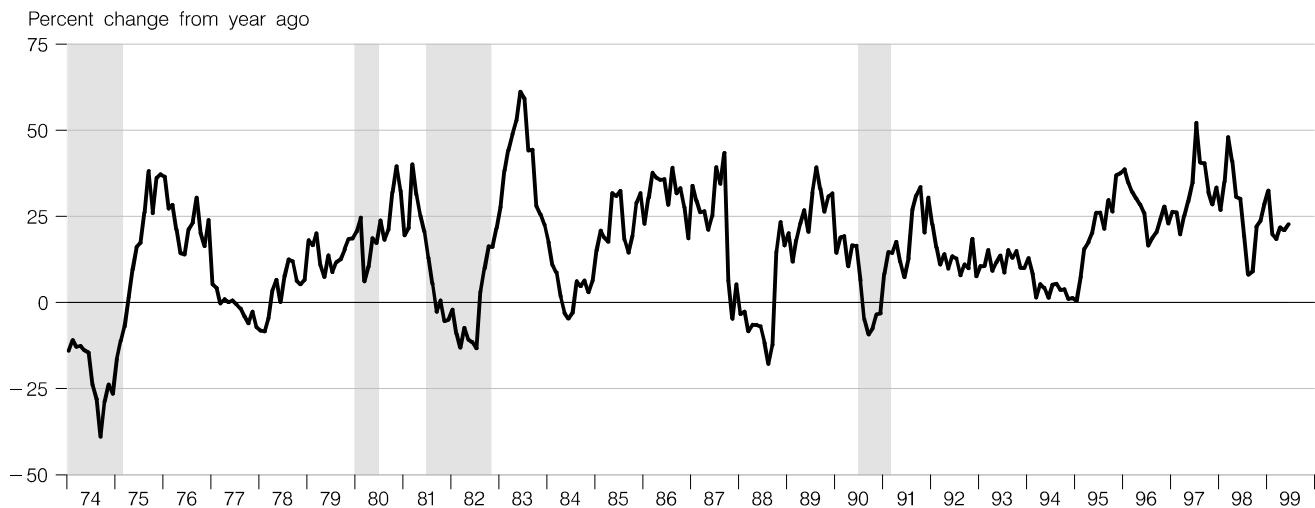
## Interest Rates



## Treasury Yield Curve

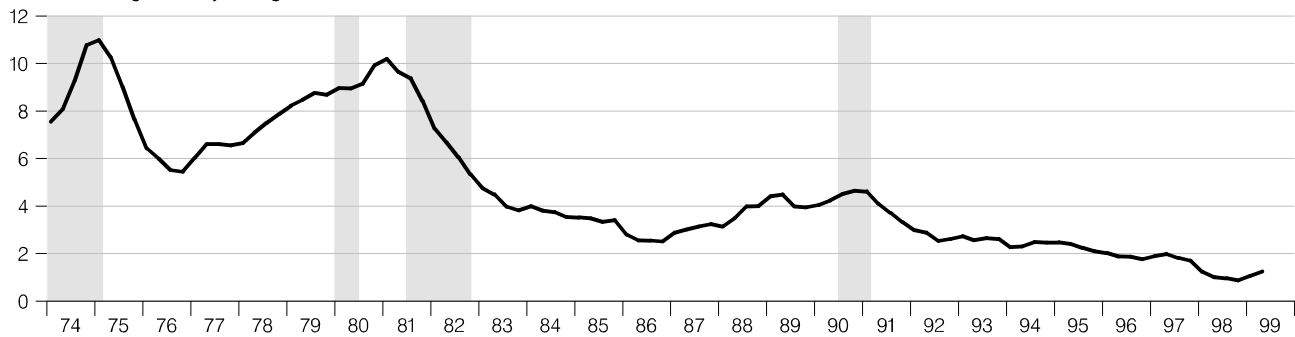


## Standard and Poor's 500 Index with Reinvested Dividends



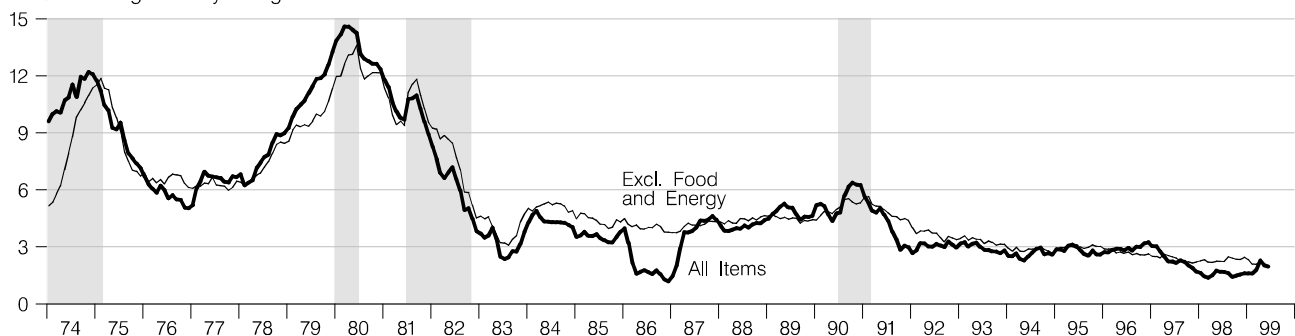
## GDP Chain Price Index

Percent change from year ago



## Consumer Price Index

Percent change from year ago



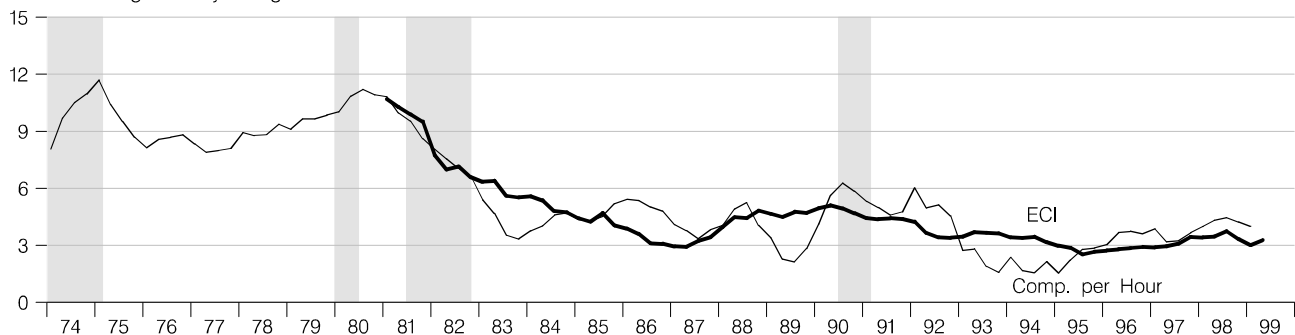
## Producer Price Index, Finished Goods

Percent change from year ago



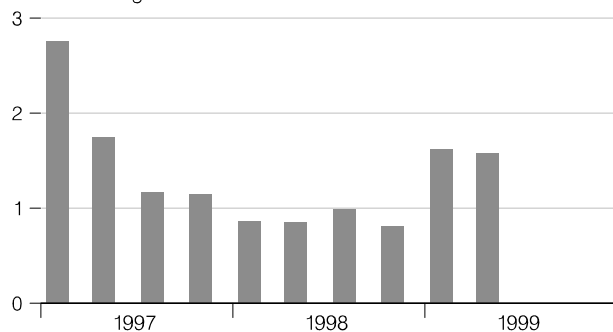
## Employment Cost Index and Compensation per Hour

Percent change from year ago

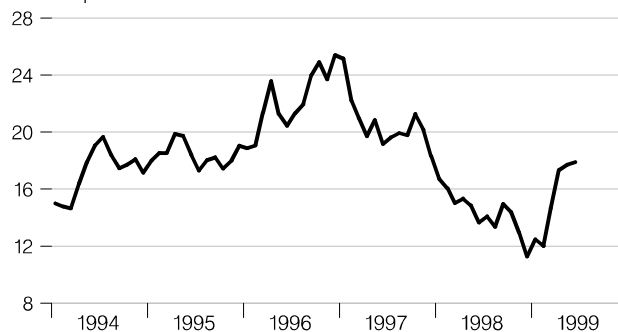


**GDP Chain Price Index**

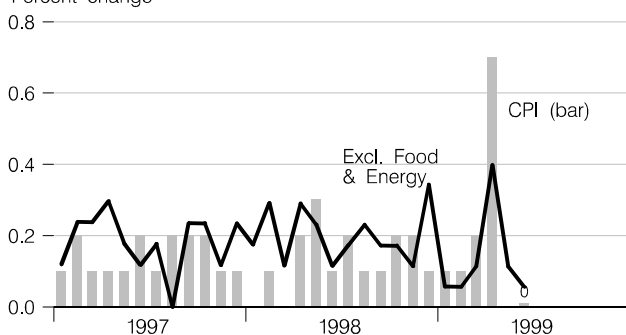
Percent change at annual rate

**Crude Oil Price**

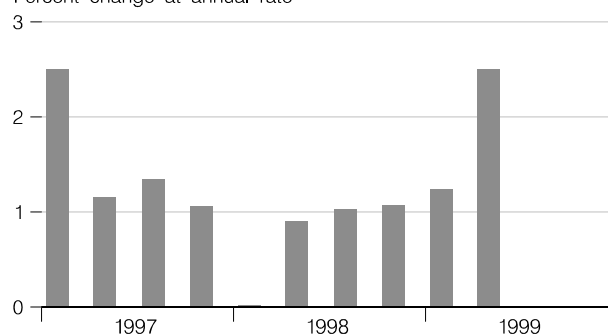
Dollars per barrel

**Consumer Price Index**

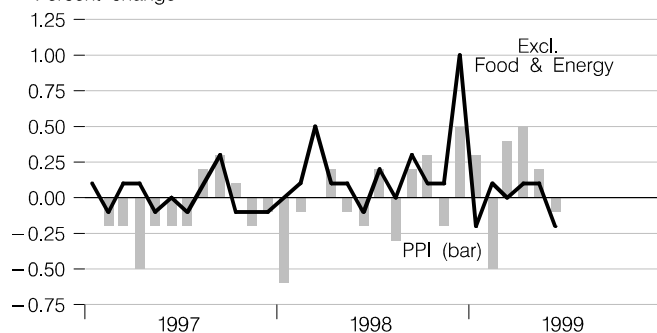
Percent change

**Consumption Chain Price Index**

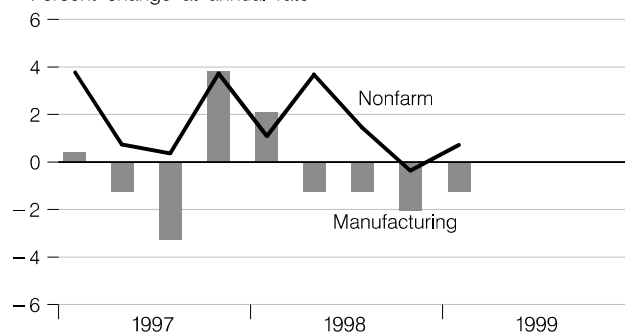
Percent change at annual rate

**Producer Price Index, Finished Goods**

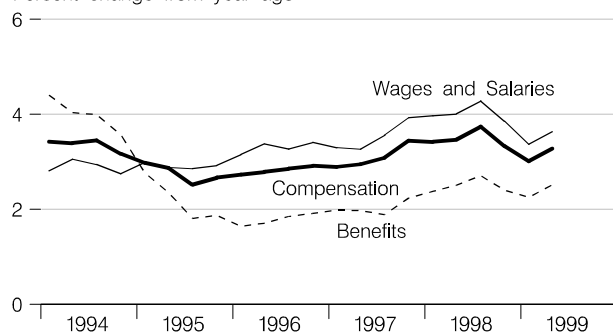
Percent change

**Unit Labor Cost**

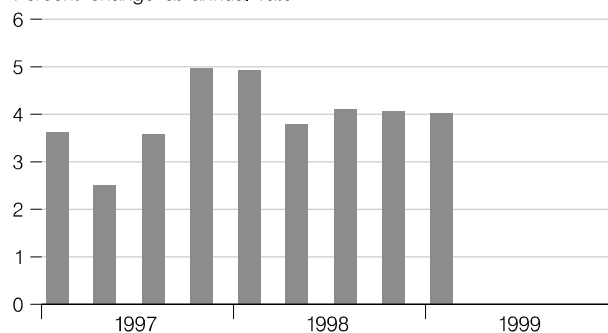
Percent change at annual rate

**Employment Cost Index**

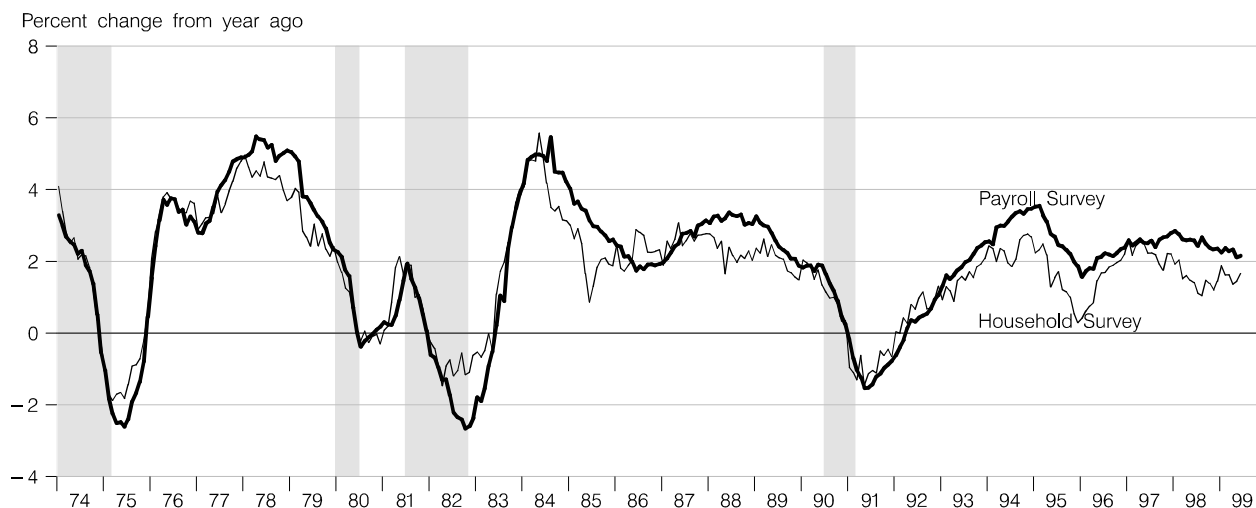
Percent change from year ago

**Compensation per Hour**

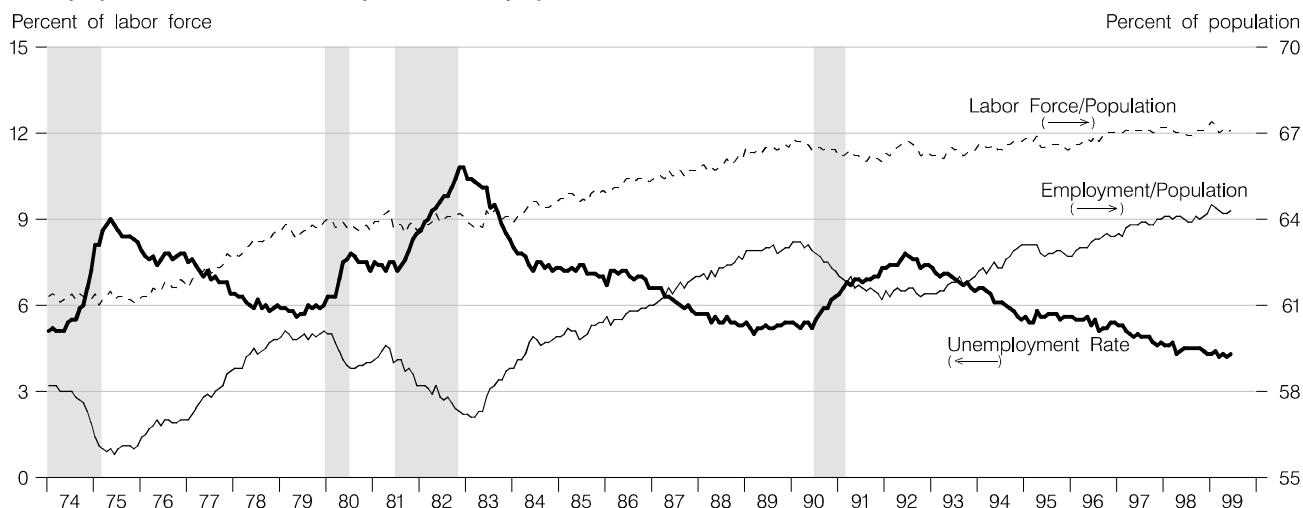
Percent change at annual rate



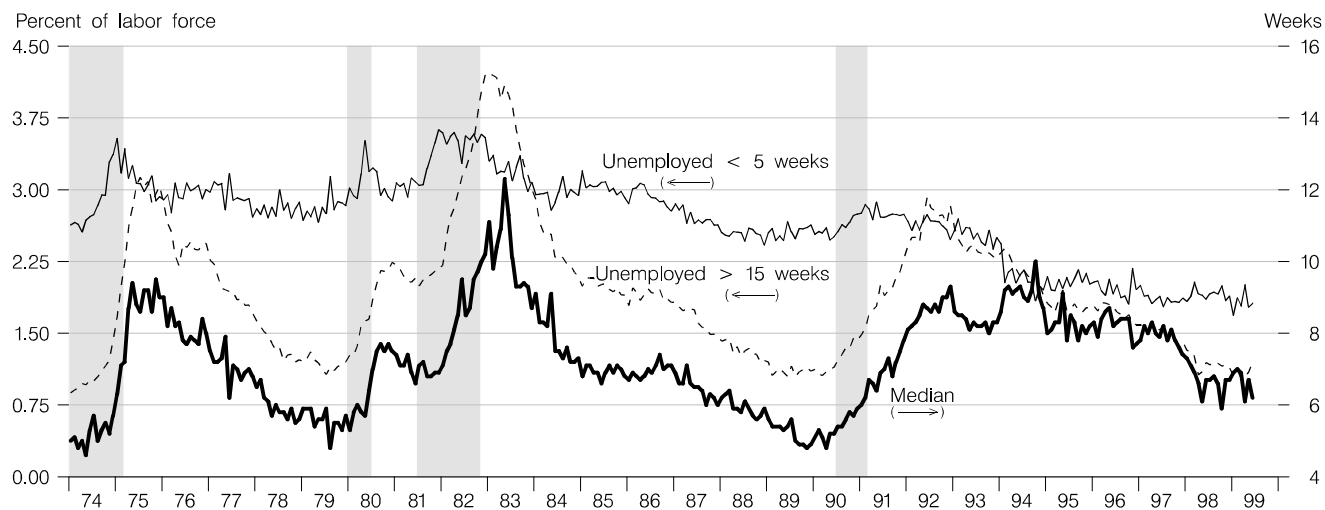
## Employment



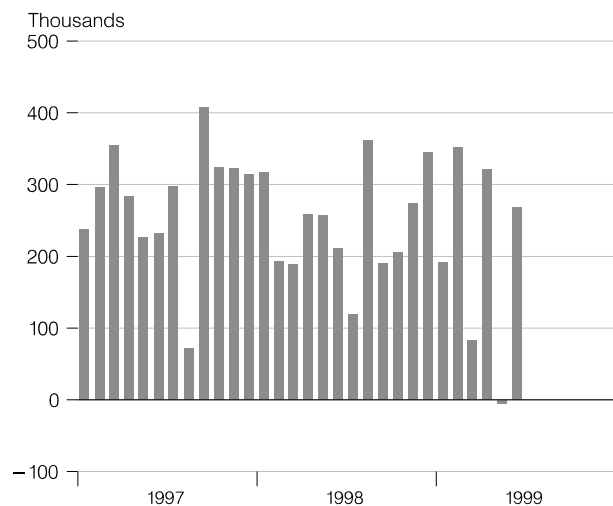
## Unemployment, Labor Force Participation and Employment Rates



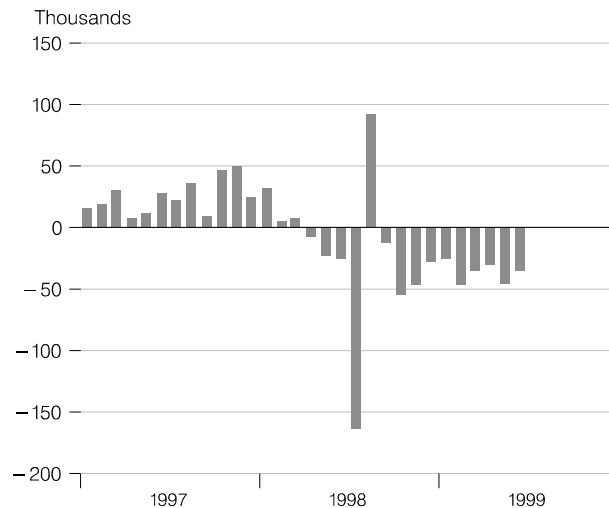
## Duration of Unemployment



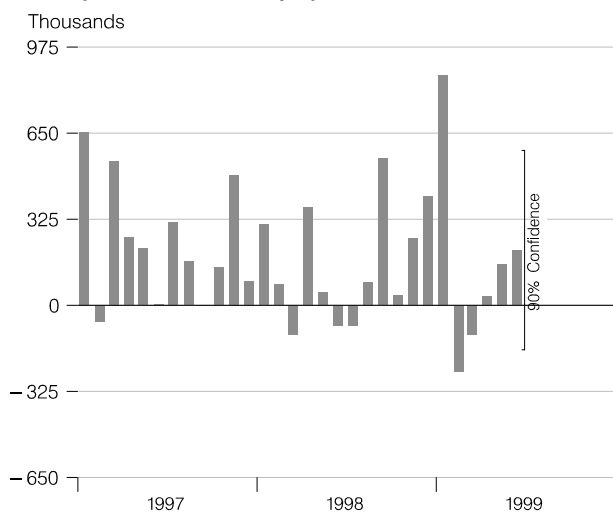
### Change in Nonfarm Payrolls



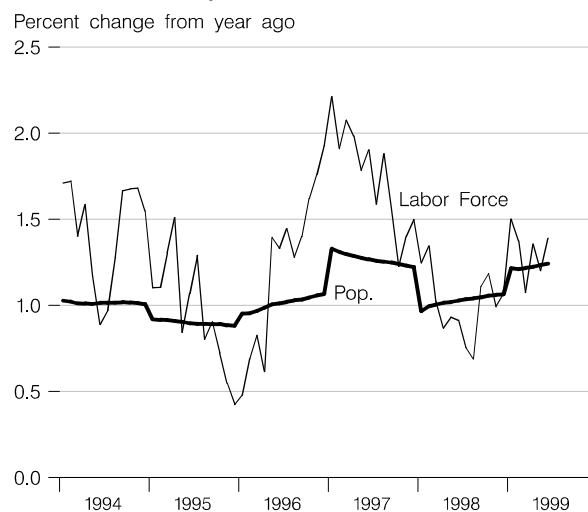
### Change in Manufacturing Payrolls



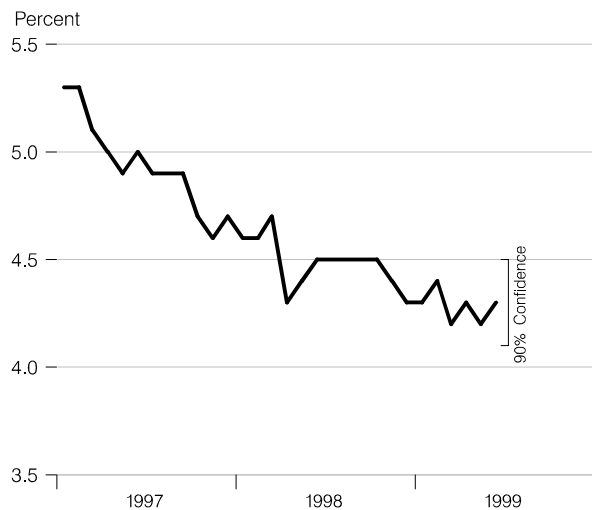
### Change in Household Employment



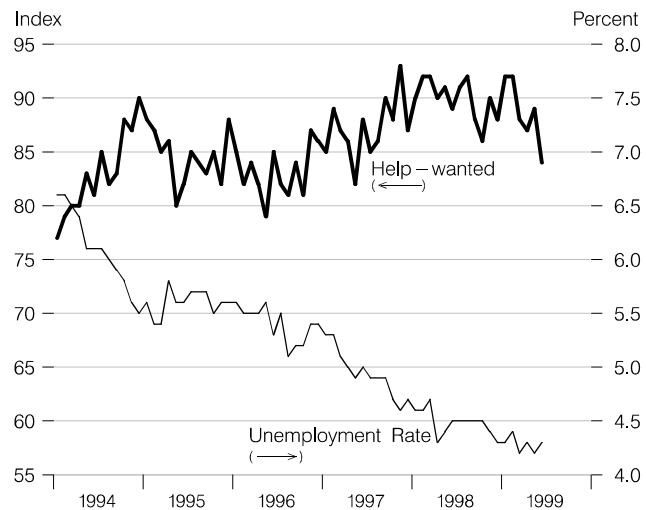
### Labor Force and Population



### Unemployment Rate

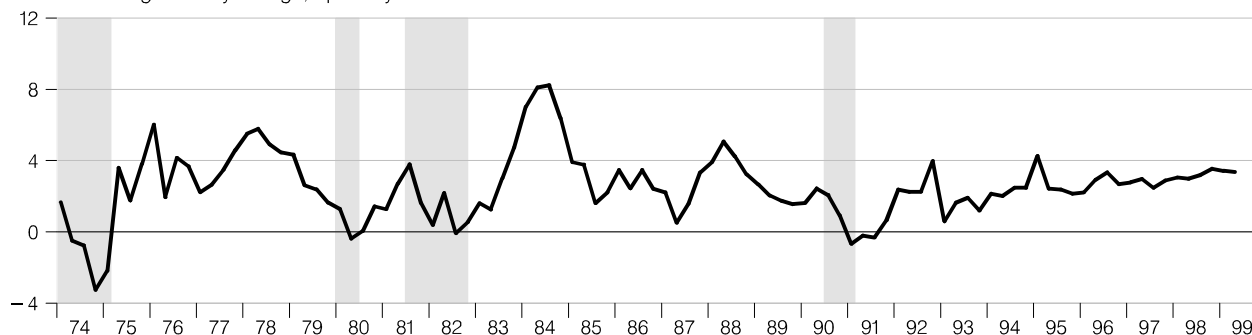


### Help-Wanted Advertising



## Real Disposable Income

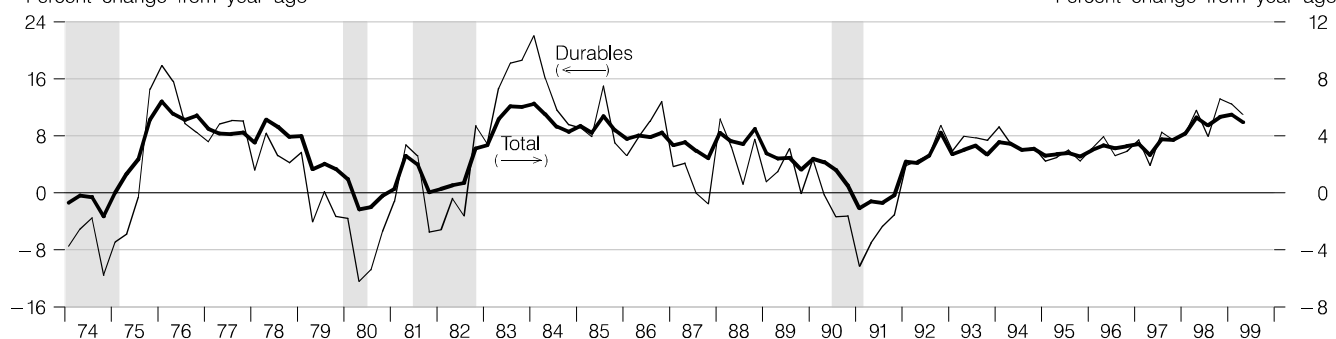
Percent change from year ago, quarterly data



## Real Consumption

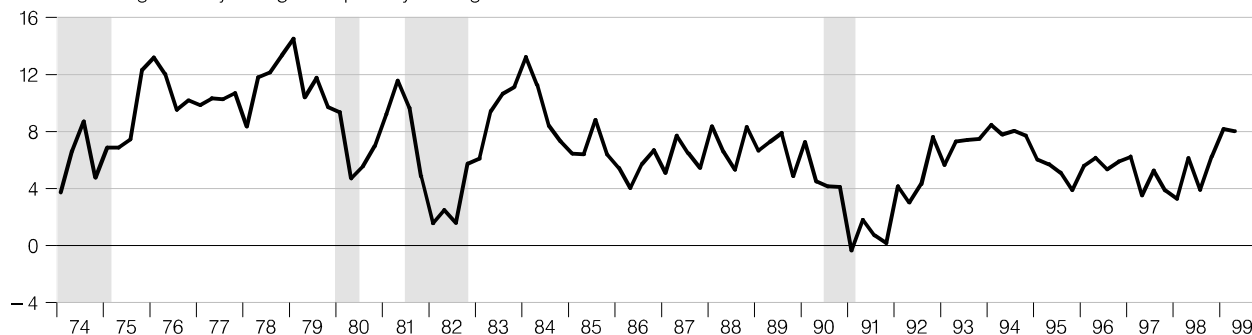
Percent change from year ago

Percent change from year ago



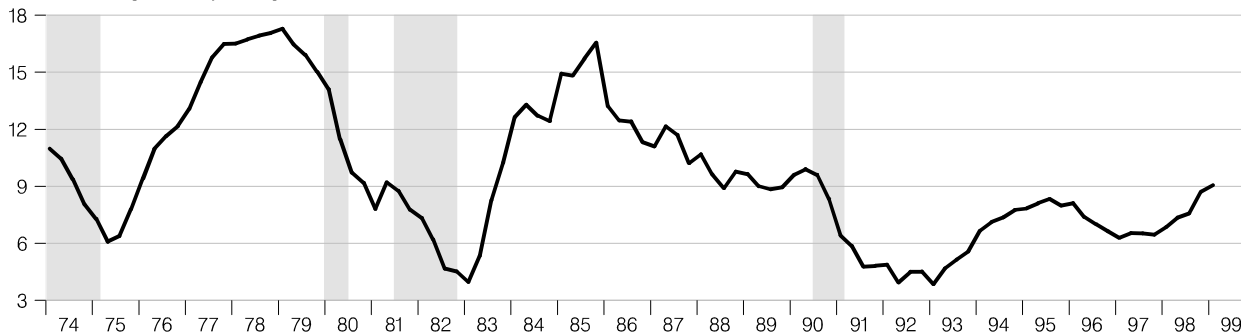
## Retail Sales

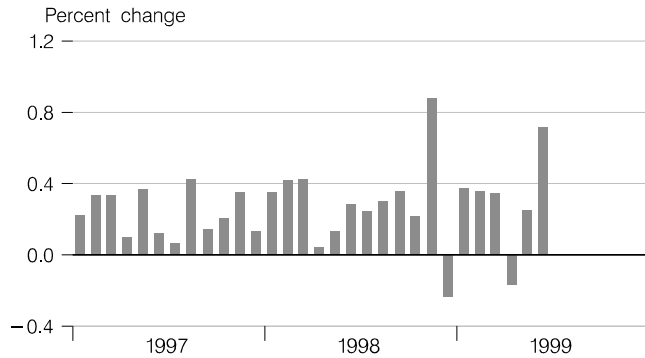
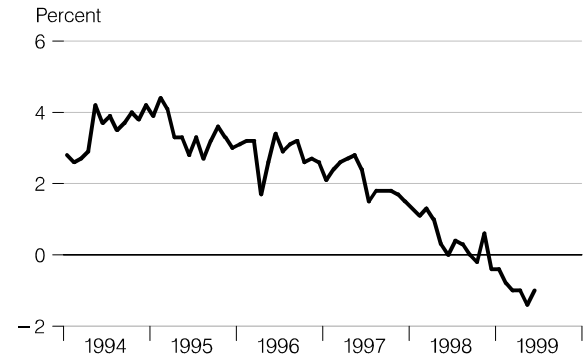
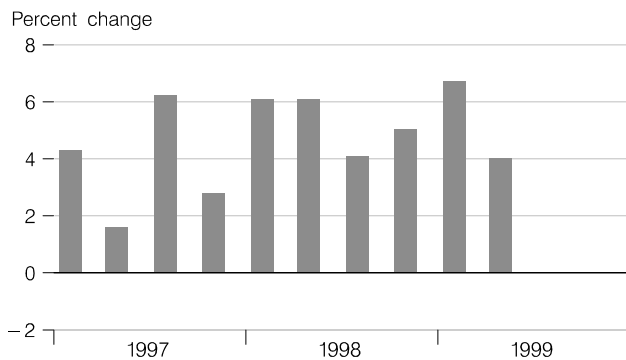
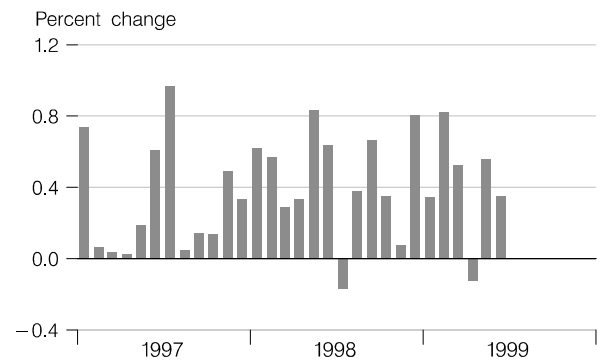
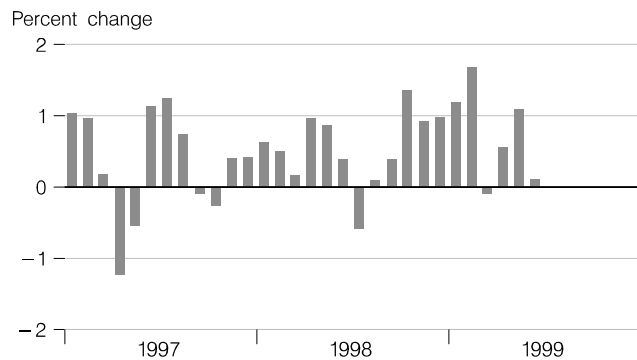
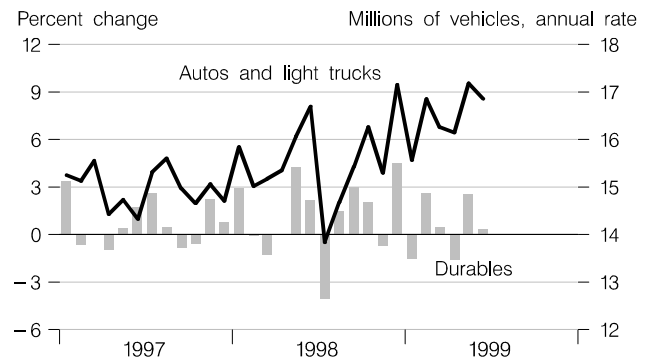
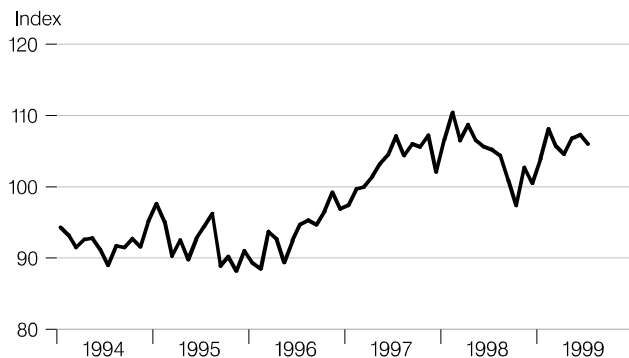
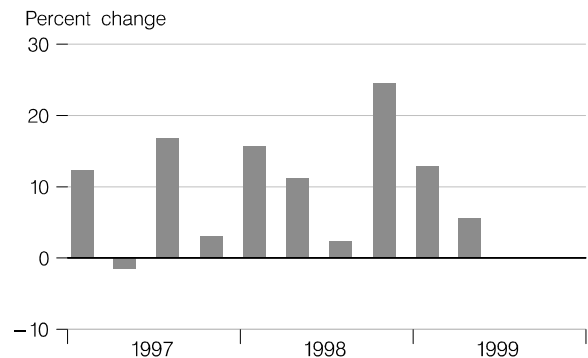
Percent change from year ago of quarterly average



## Household Debt Outstanding

Percent change from year ago



**Real Disposable Income****Personal Saving Rate****Real Consumption****Real Consumption****Retail Sales****Real Durables Consumption and Vehicle Sales****Consumer Sentiment (U. of Michigan)****Real Durables Consumption**

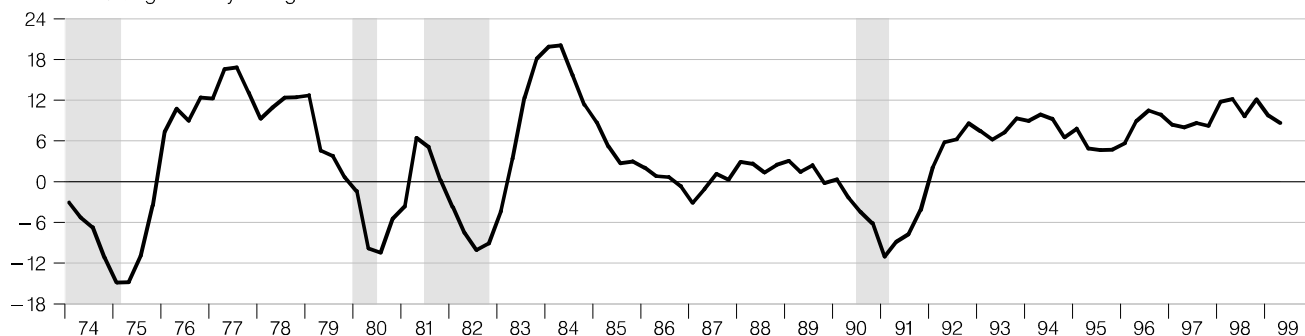
## Real Investment

Percent of GDP



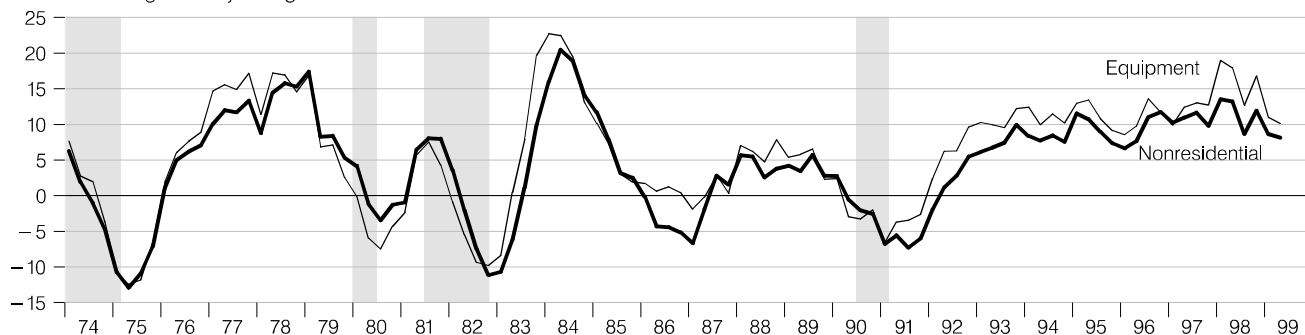
## Real Private Fixed Investment

Percent change from year ago



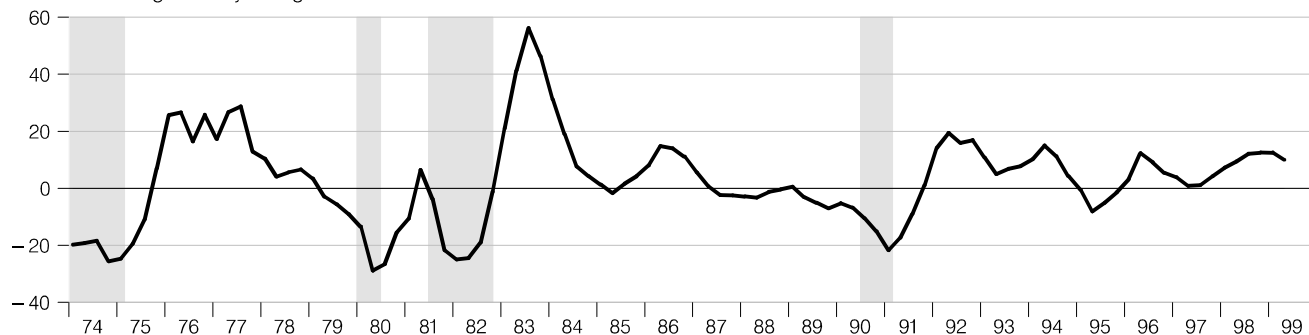
## Real Nonresidential and Producers Durable Equipment Investment

Percent change from year ago

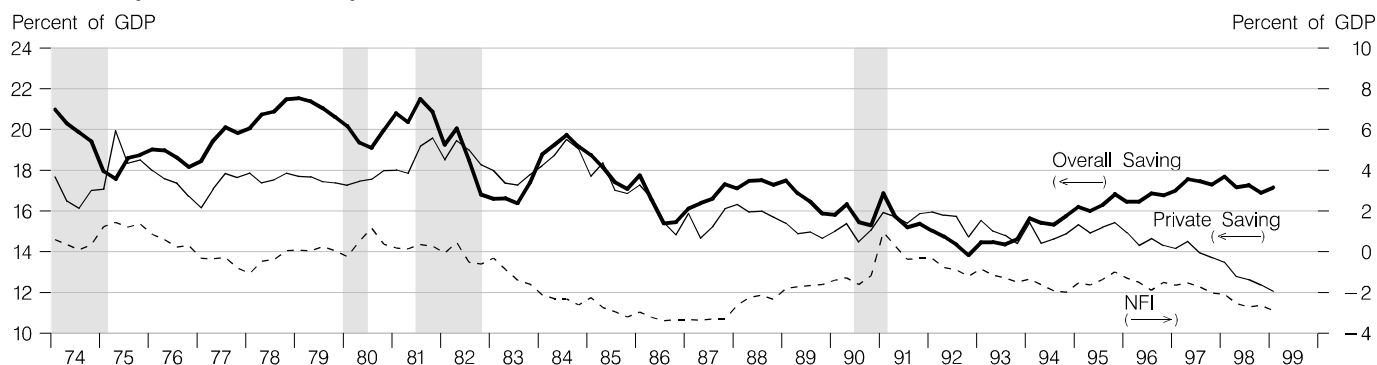


## Real Residential Investment

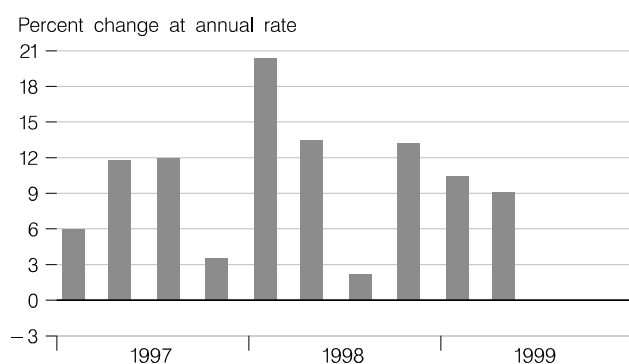
Percent change from year ago



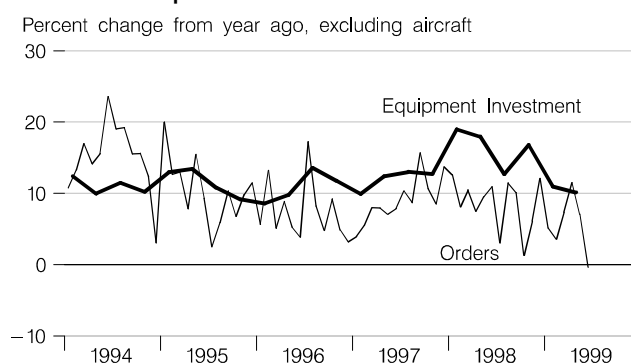
## Gross Saving Rates and Net Foreign Investment



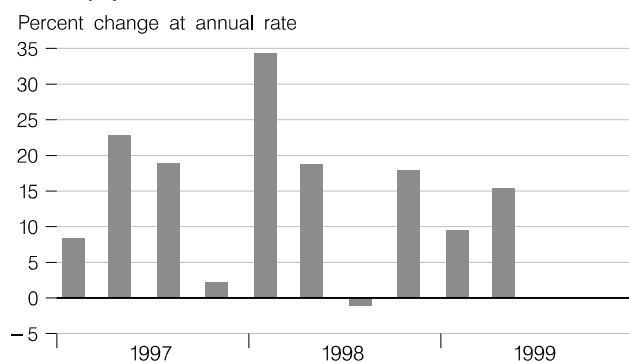
## Real Private Fixed Investment



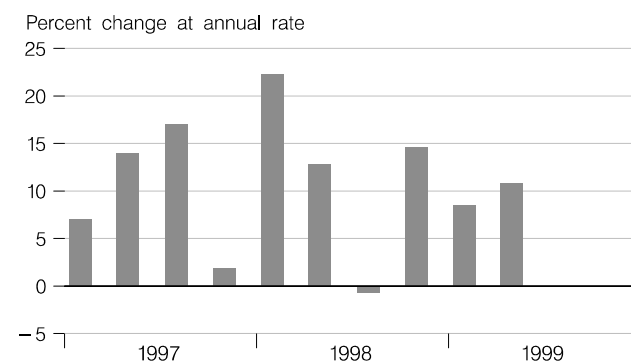
## Nondefense Capital Goods Orders



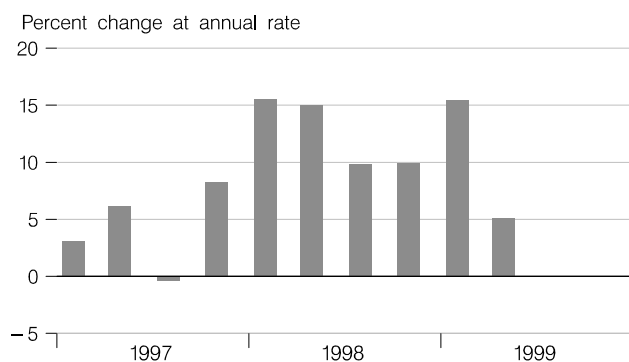
## Real Equipment Investment



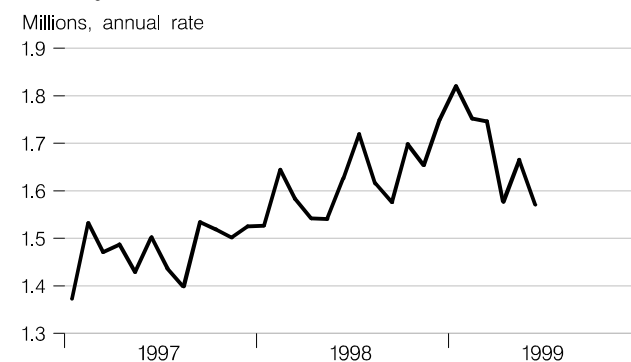
## Real Nonresidential Investment



## Real Residential Investment

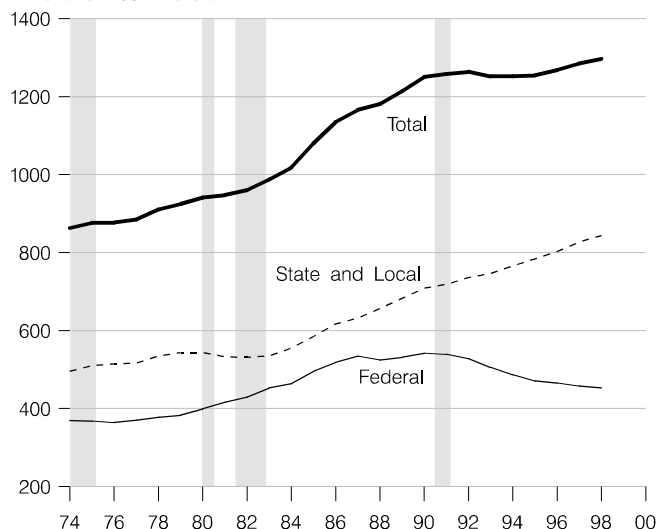


## Housing Starts

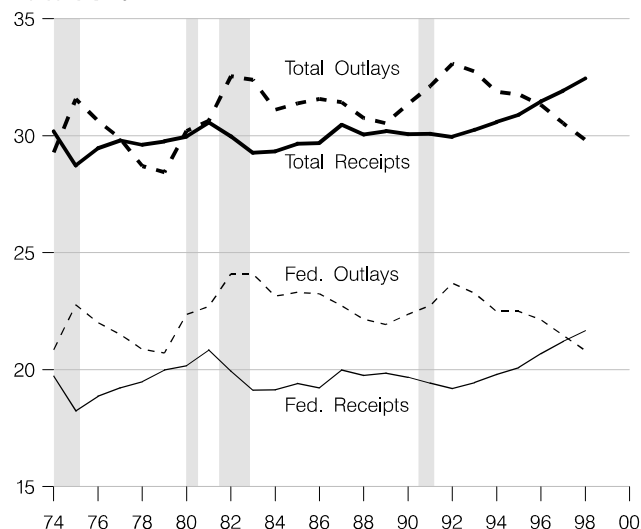


**Govt. Consumption and Investment**

Billions of 1992 dollars

**Government Receipts and Outlays**

Percent of GDP

**Government Budgets**

Billions of dollars

**National Income Accounts**

Calendar Years

|      | State and Local |              |                       | Federal  |              |                       |
|------|-----------------|--------------|-----------------------|----------|--------------|-----------------------|
|      | Receipts        | Expenditures | Surplus or Deficit(-) | Receipts | Expenditures | Surplus or Deficit(-) |
| 1975 | 225.6           | 198.0        | 27.6                  | 297.4    | 371.3        | -73.9                 |
| 1976 | 253.9           | 217.9        | 36.0                  | 343.1    | 400.3        | -57.2                 |
| 1977 | 281.9           | 237.1        | 44.8                  | 389.6    | 435.9        | -46.3                 |
| 1978 | 309.3           | 256.7        | 52.6                  | 446.5    | 478.1        | -31.6                 |
| 1979 | 330.6           | 278.3        | 52.3                  | 511.1    | 529.5        | -18.4                 |
| 1980 | 361.4           | 307.0        | 54.4                  | 561.5    | 622.5        | -61.0                 |
| 1981 | 390.8           | 335.4        | 55.4                  | 649.3    | 707.1        | -57.8                 |
| 1982 | 409.0           | 357.7        | 51.3                  | 646.4    | 781.0        | -134.6                |
| 1983 | 443.6           | 378.8        | 64.8                  | 671.9    | 846.3        | -174.4                |
| 1984 | 492.0           | 405.1        | 86.9                  | 746.9    | 902.9        | -156.0                |
| 1985 | 528.7           | 437.8        | 90.9                  | 811.3    | 974.2        | -162.9                |
| 1986 | 570.6           | 475.7        | 94.9                  | 850.1    | 1027.6       | -177.5                |
| 1987 | 594.9           | 511.1        | 83.8                  | 937.4    | 1066.3       | -128.9                |
| 1988 | 631.4           | 545.5        | 85.9                  | 997.2    | 1118.5       | -121.3                |
| 1989 | 681.0           | 585.9        | 95.1                  | 1079.3   | 1192.7       | -113.4                |
| 1990 | 728.9           | 648.8        | 80.1                  | 1129.8   | 1284.5       | -154.7                |
| 1991 | 784.2           | 708.4        | 75.8                  | 1149.0   | 1345.0       | -196.0                |
| 1992 | 844.3           | 758.0        | 86.3                  | 1198.5   | 1479.4       | -280.9                |
| 1993 | 894.4           | 807.0        | 87.4                  | 1275.1   | 1525.7       | -250.6                |
| 1994 | 949.2           | 852.3        | 96.9                  | 1374.8   | 1561.4       | -186.6                |
| 1995 | 997.7           | 886.0        | 111.7                 | 1460.3   | 1634.7       | -174.4                |
| 1996 | 1045.2          | 922.6        | 122.6                 | 1584.7   | 1695.0       | -110.3                |
| 1997 | 1094.3          | 960.1        | 134.2                 | 1719.9   | 1741.0       | -21.1                 |
| 1998 | 1148.1          | 997.9        | 150.2                 | 1844.2   | 1771.4       | 72.8                  |

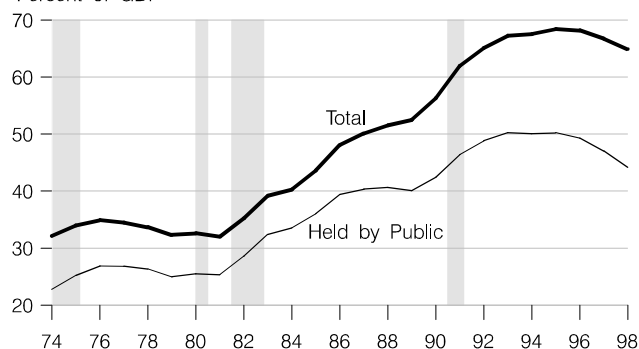
**Unified Budget**

Fiscal Years

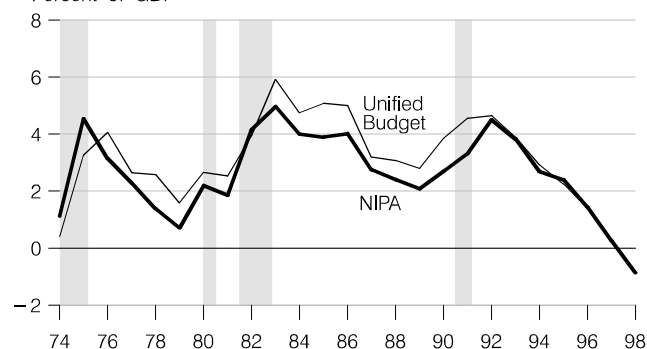
|      | Federal  |         |                       |
|------|----------|---------|-----------------------|
|      | Receipts | Outlays | Surplus or Deficit(-) |
| 1975 | 279.1    | 332.3   | -53.2                 |
| 1976 | 298.1    | 371.8   | -73.7                 |
| 1977 | 355.6    | 409.2   | -53.7                 |
| 1978 | 399.6    | 458.7   | -59.2                 |
| 1979 | 463.3    | 504.0   | -40.7                 |
| 1980 | 517.1    | 590.9   | -73.8                 |
| 1981 | 599.3    | 678.2   | -79.0                 |
| 1982 | 617.8    | 745.8   | -128.0                |
| 1983 | 600.6    | 808.4   | -207.8                |
| 1984 | 666.5    | 851.9   | -185.4                |
| 1985 | 734.1    | 946.4   | -212.3                |
| 1986 | 769.2    | 990.5   | -221.2                |
| 1987 | 854.4    | 1004.1  | -149.8                |
| 1988 | 909.3    | 1064.5  | -155.2                |
| 1989 | 991.2    | 1143.7  | -152.5                |
| 1990 | 1032.0   | 1253.2  | -221.2                |
| 1991 | 1055.0   | 1324.4  | -269.4                |
| 1992 | 1091.3   | 1381.7  | -290.4                |
| 1993 | 1154.4   | 1409.4  | -255.0                |
| 1994 | 1258.6   | 1461.7  | -203.1                |
| 1995 | 1351.8   | 1515.7  | -163.9                |
| 1996 | 1453.1   | 1560.5  | -107.5                |
| 1997 | 1579.3   | 1601.2  | -21.9                 |
| 1998 | 1721.8   | 1652.6  | 69.2                  |

**Federal Debt**

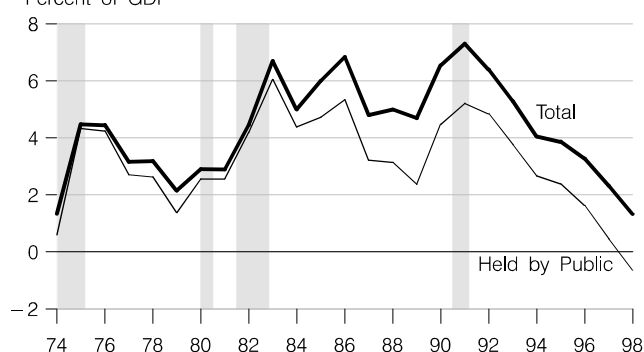
Percent of GDP

**Federal Deficit**

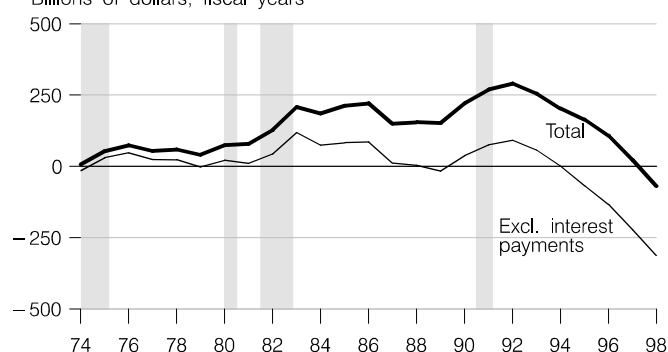
Percent of GDP

**Change in Federal Debt**

Percent of GDP

**Federal Deficit, Unified Basis**

Billions of dollars, fiscal years

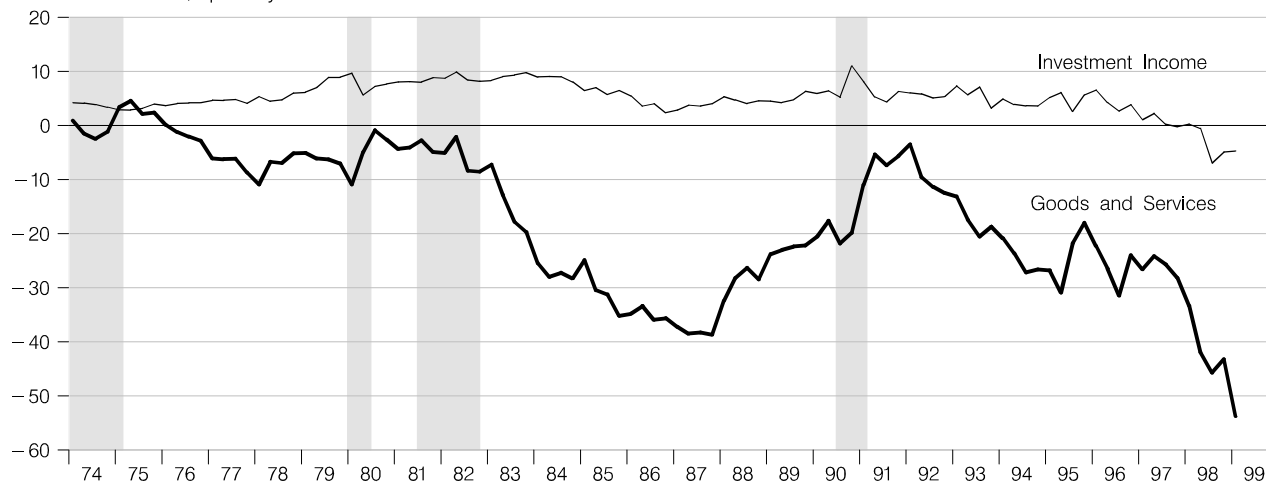
**Federal Government Debt**

Billions of dollars, end of month or fiscal year, excluding agency-issued debt

|      |           | Total<br>Public Debt | Held by<br>Agencies<br>and Trusts | Held by Public |                          | Held by Private Investors |                              |
|------|-----------|----------------------|-----------------------------------|----------------|--------------------------|---------------------------|------------------------------|
|      |           |                      |                                   | Total          | Federal<br>Reserve Banks | Total                     | Foreign and<br>International |
| 1996 |           | 5224.8               | 1447.0                            | 3777.8         | 390.9                    | 3393.2                    | 993.4                        |
| 1997 |           | 5413.1               | 1598.5                            | 3814.7         | 436.5                    | 3401.6                    | 1230.5                       |
| 1998 |           | 5526.2               | 1765.6                            | 3760.6         | 458.1                    | 3313.2                    | 1221.8                       |
| 1996 | March     | 5117.8               | 1353.8                            | 3764.0         | 381.0                    | 3386.7                    | 908.1                        |
|      | June      | 5161.1               | 1422.4                            | 3738.6         | 391.0                    | 3354.4                    | 929.7                        |
|      | September | 5224.8               | 1447.0                            | 3777.8         | 390.9                    | 3393.2                    | 993.4                        |
|      | December  | 5323.2               | 1497.2                            | 3826.0         | 410.9                    | 3431.2                    | 1102.1                       |
| 1997 | March     | 5380.9               | 1506.8                            | 3874.1         | 405.6                    | 3452.2                    | 1157.6                       |
|      | June      | 5376.2               | 1571.6                            | 3804.6         | 426.4                    | 3377.3                    | 1182.7                       |
|      | September | 5413.1               | 1598.5                            | 3814.7         | 436.5                    | 3401.6                    | 1230.5                       |
|      | December  | 5502.4               | 1655.7                            | 3846.7         | 451.9                    | 3414.6                    | 1241.6                       |
| 1998 | March     | 5542.4               | 1670.4                            | 3872.0         | 400.0                    | 3437.5                    | 1250.5                       |
|      | June      | 5547.9               | 1757.6                            | 3790.4         | 458.4                    | 3349.3                    | 1256.0                       |
|      | September | 5526.2               | 1765.6                            | 3760.6         | 458.1                    | 3313.2                    | 1221.8                       |
|      | December  | 5614.2               | 1826.8                            | 3787.4         | 471.7                    | 3334.0                    | 1276.3                       |
| 1999 | March     | 5651.6               | 1857.1                            | 3794.5         | 464.5                    | 3327.6                    | 1268.4                       |
|      | June      | 5638.8               | NA                                | NA             | NA                       | NA                        | NA                           |

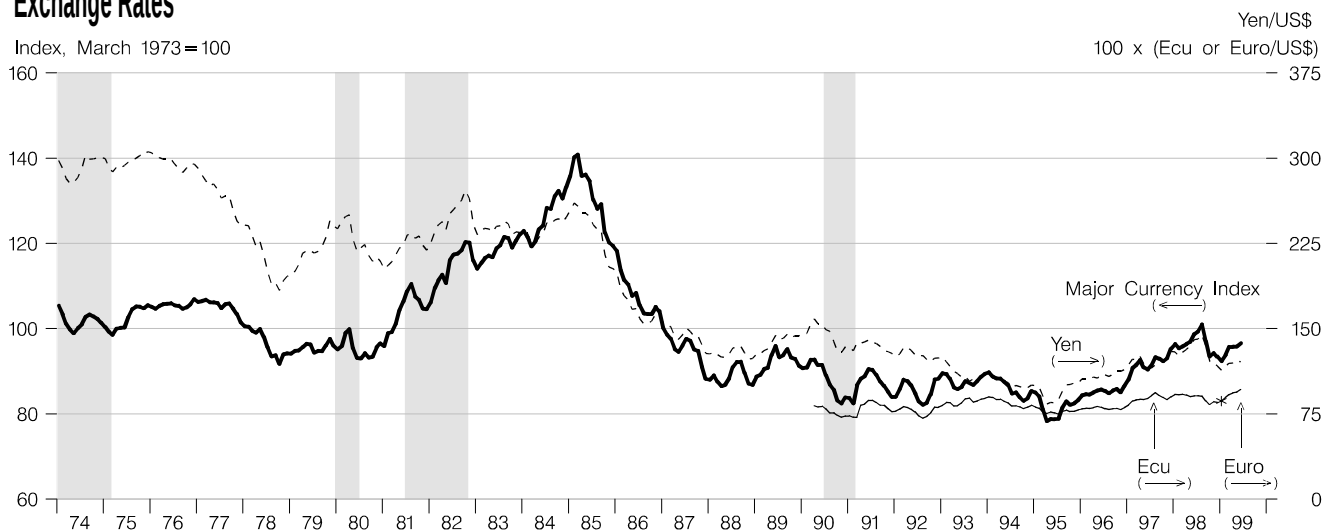
## Trade and Investment Income Balances

Billions of dollars, quarterly rate

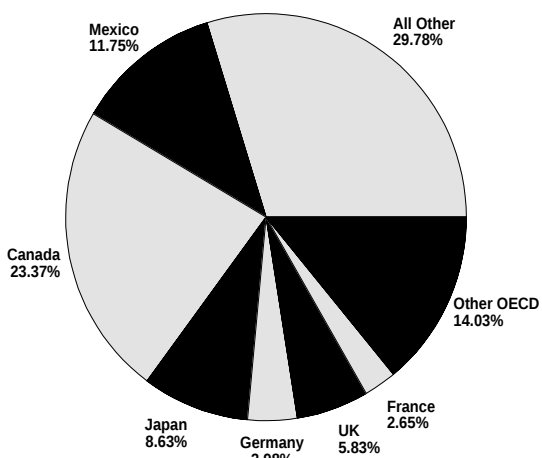


## Exchange Rates

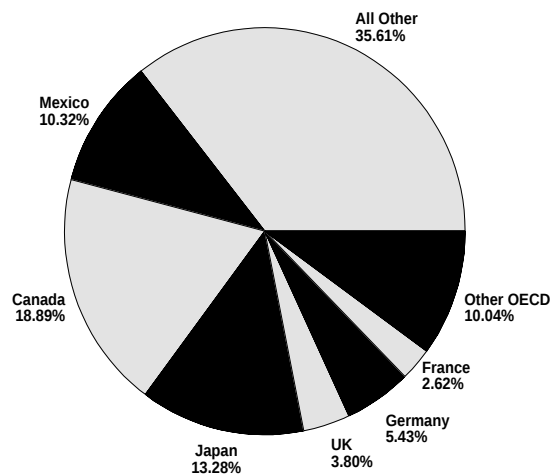
Index, March 1973 = 100



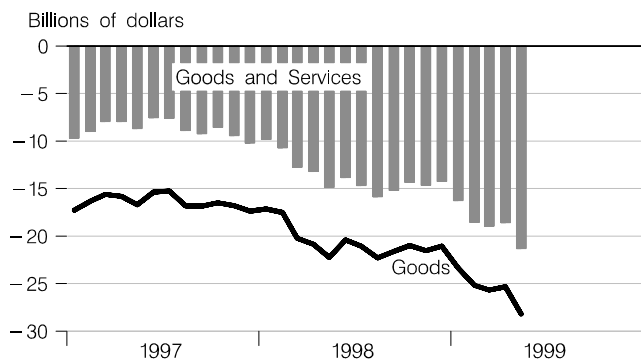
## Goods Export Shares, 1998



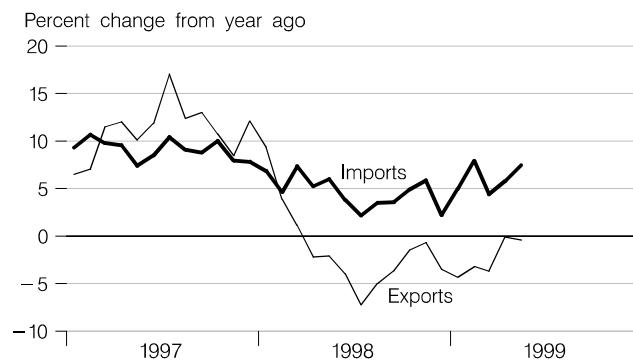
## Goods Import Shares, 1998



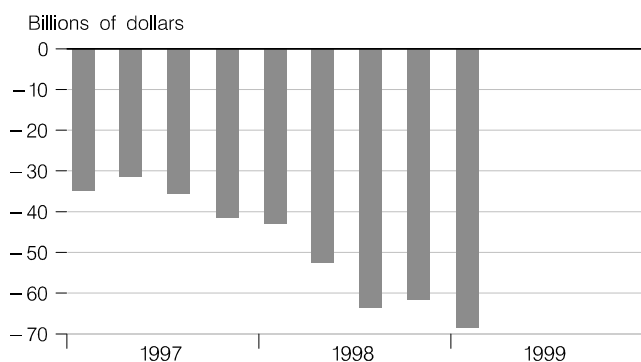
### Trade Balance



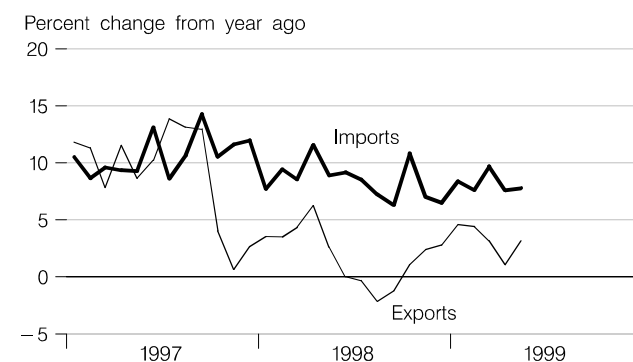
### Goods Trade



### Current Account Balance



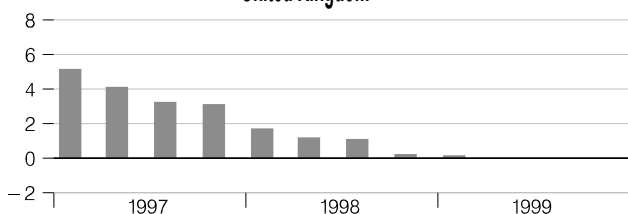
### Services Trade



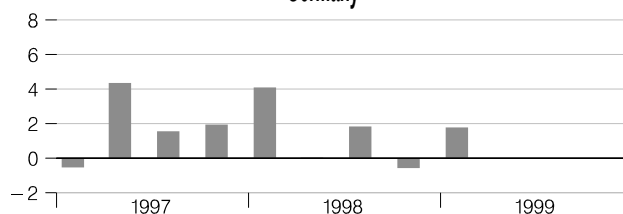
### Real GDP Growth of Major Trading Partners

Percent change at annual rate

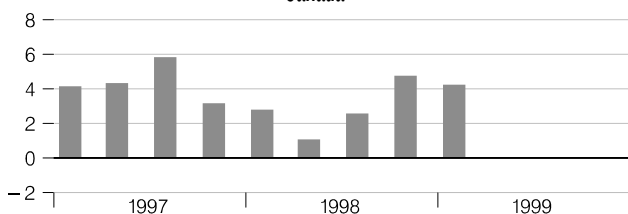
#### United Kingdom



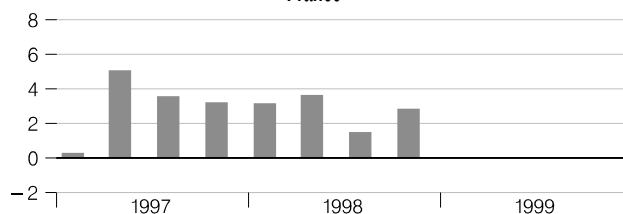
#### Germany



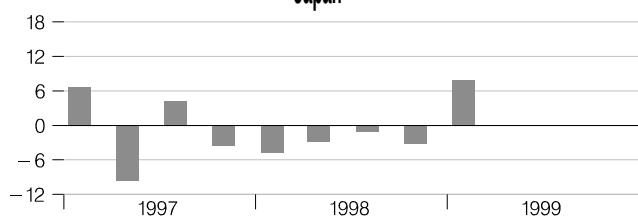
#### Canada



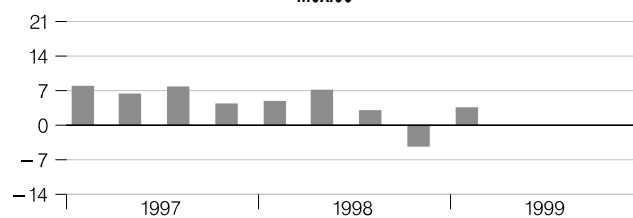
#### France



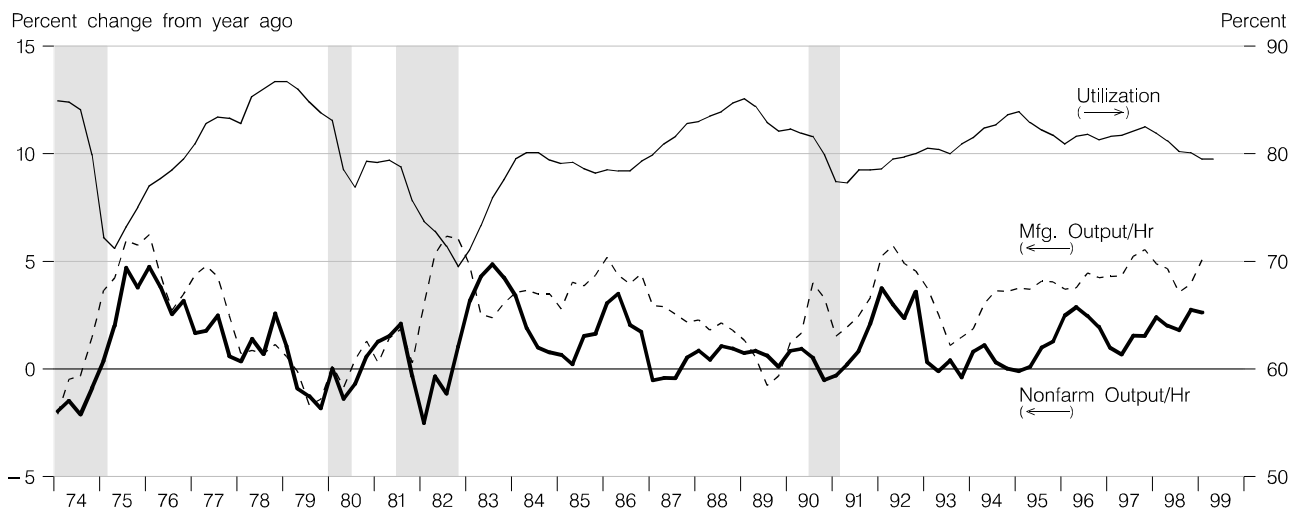
#### Japan



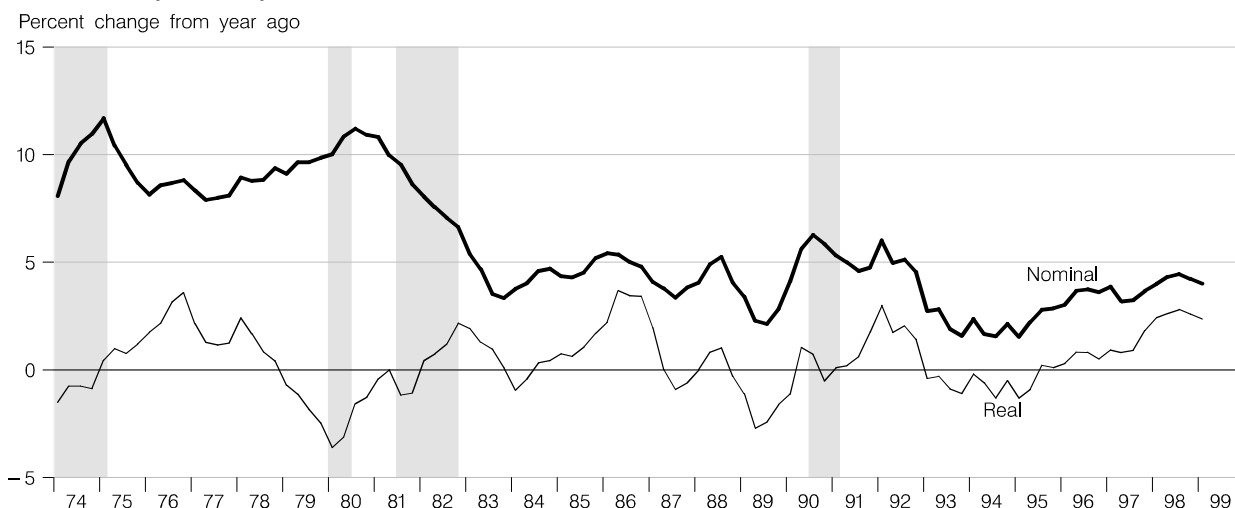
#### Mexico



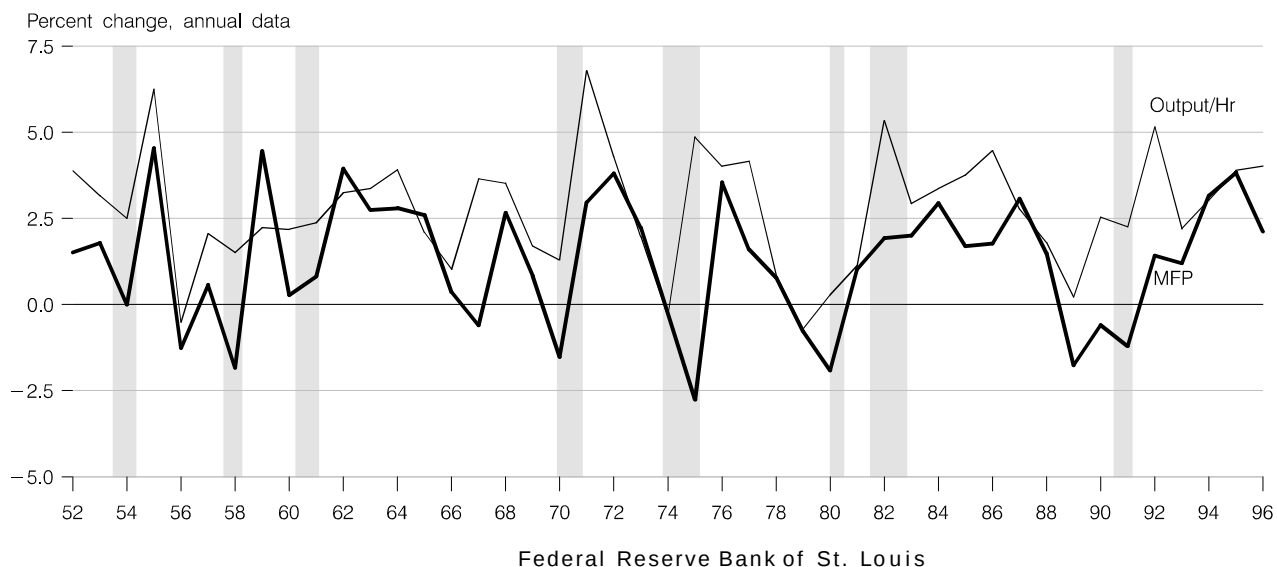
## Output per Hour and Manufacturing Capacity Utilization



## Nonfarm Compensation per Hour

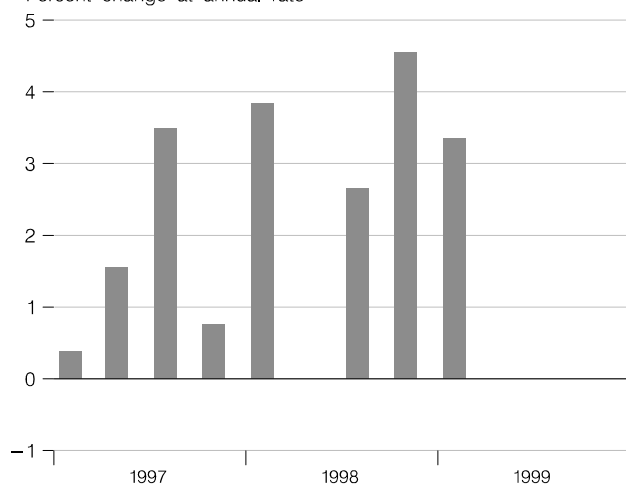


## Output per Hour and Multifactor Productivity, Manufacturing

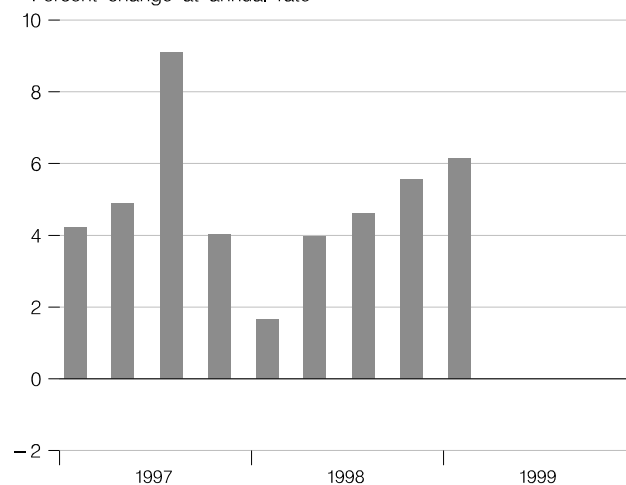


**Nonfarm Output per Hour**

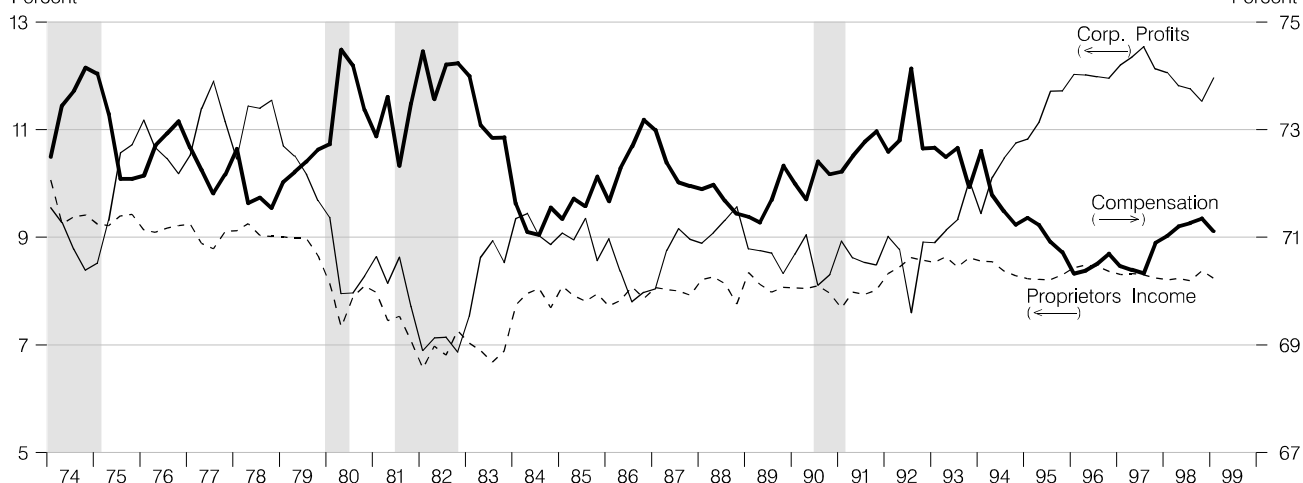
Percent change at annual rate

**Manufacturing Output per Hour**

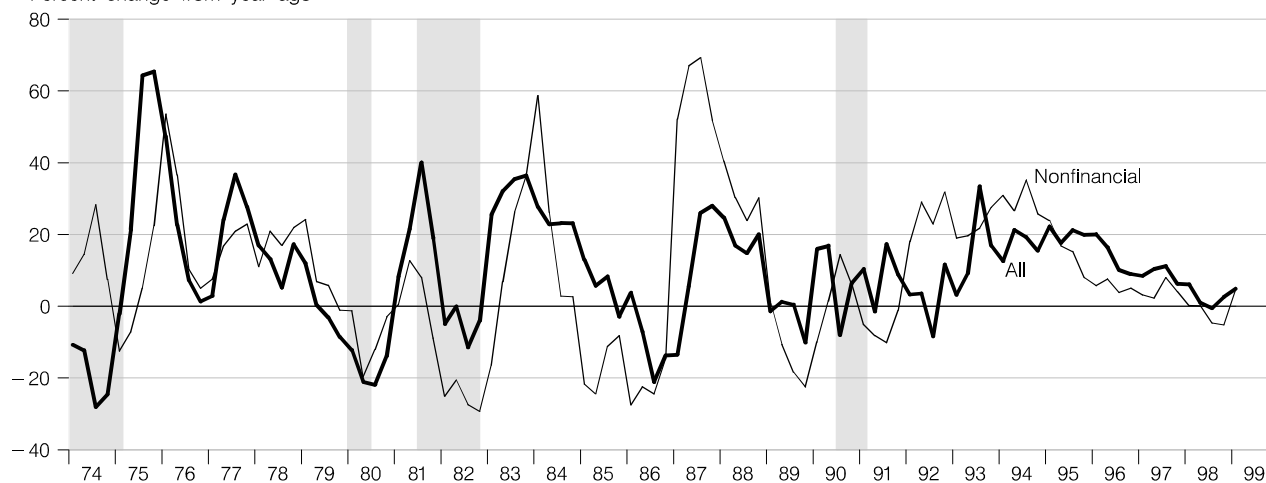
Percent change at annual rate

**Selected Component Shares of National Income**

Percent

**Corporate Profits after Tax (with IVA and CCA<sub>d</sub>)**

Percent change from year ago



|        | Nominal GDP    |             |          | Real GDP            |             |          | Final Sales         |             |          | Change in Business Inventories |               |
|--------|----------------|-------------|----------|---------------------|-------------|----------|---------------------|-------------|----------|--------------------------------|---------------|
|        | Percent change |             |          | Percent change      |             |          | Percent change      |             |          | Billions of 1992 \$            |               |
|        | Billions of \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$ | Annual rate | Year ago | Last qtr                       | Year/Year ago |
| 1995   | 7269.6         |             | 4.6      | 6761.732            |             | 2.3      | 6731.696            |             | 2.8      |                                | 27.678        |
| 1996   | 7661.6         |             | 5.4      | 6994.774            |             | 3.4      | 6961.608            |             | 3.4      |                                | 30.024        |
| 1997   | 8110.9         |             | 5.9      | 7269.779            |             | 3.9      | 7203.683            |             | 3.5      |                                | 63.210        |
| 1998   | 8511.0         |             | 4.9      | 7551.872            |             | 3.9      | 7491.338            |             | 4.0      |                                | 57.372        |
| 1996 1 | 7495.3         | 5.7         | 4.5      | 6882.000            | 3.3         | 2.4      | 6863.618            | 3.6         | 3.0      | 14.385                         | 17.705        |
| 2      | 7629.2         | 7.3         | 5.8      | 6983.909            | 6.1         | 3.9      | 6954.684            | 5.4         | 3.8      | 26.064                         | 18.804        |
| 3      | 7703.4         | 3.9         | 5.5      | 7020.002            | 2.1         | 3.5      | 6970.278            | 0.9         | 3.1      | 47.507                         | 27.004        |
| 4      | 7818.4         | 6.1         | 5.8      | 7093.124            | 4.2         | 3.9      | 7057.852            | 5.1         | 3.7      | 32.142                         | 30.025        |
| 1997 1 | 7955.0         | 7.2         | 6.1      | 7166.684            | 4.2         | 4.1      | 7108.063            | 2.9         | 3.6      | 56.310                         | 40.506        |
| 2      | 8063.4         | 5.6         | 5.7      | 7236.497            | 4.0         | 3.6      | 7155.530            | 2.7         | 2.9      | 79.048                         | 53.752        |
| 3      | 8170.8         | 5.4         | 6.1      | 7311.242            | 4.2         | 4.1      | 7256.265            | 5.8         | 4.1      | 50.988                         | 54.622        |
| 4      | 8254.5         | 4.2         | 5.6      | 7364.632            | 3.0         | 3.8      | 7294.812            | 2.1         | 3.4      | 66.496                         | 63.211        |
| 1998 1 | 8384.2         | 6.4         | 5.4      | 7464.668            | 5.5         | 4.2      | 7372.468            | 4.3         | 3.7      | 91.401                         | 71.983        |
| 2      | 8440.6         | 2.7         | 4.7      | 7498.638            | 1.8         | 3.6      | 7456.424            | 4.6         | 4.2      | 38.168                         | 61.763        |
| 3      | 8537.9         | 4.7         | 4.5      | 7566.453            | 3.7         | 3.5      | 7507.571            | 2.8         | 3.5      | 55.675                         | 62.935        |
| 4      | 8681.2         | 6.9         | 5.2      | 7677.729            | 6.0         | 4.3      | 7628.889            | 6.6         | 4.6      | 44.245                         | 57.372        |
| 1999 1 | 8808.7         | 6.0         | 5.1      | 7759.593            | 4.3         | 4.0      | 7715.403            | 4.6         | 4.7      | 38.667                         | 44.189        |
| 2      | 8893.3         | 3.9         | 5.4      | 7803.554            | 2.3         | 4.1      | 7776.031            | 3.2         | 4.3      | 19.382                         | 39.492        |

|        | Consumption         |             |          | Durables Consumption |             |          | Private Fixed Investment |             |          | Nonresidential Investment |             |          |
|--------|---------------------|-------------|----------|----------------------|-------------|----------|--------------------------|-------------|----------|---------------------------|-------------|----------|
|        | Percent change      |             |          | Percent change       |             |          | Percent change           |             |          | Percent change            |             |          |
|        | Billions of 1992 \$ | Annual rate | Year ago | Billions of 1992 \$  | Annual rate | Year ago | Billions of 1992 \$      | Annual rate | Year ago | Billions of 1992 \$       | Annual rate | Year ago |
| 1995   | 4605.570            |             | 2.7      | 589.094              |             | 5.0      | 965.965                  |             | 5.5      | 710.636                   |             | 9.6      |
| 1996   | 4752.376            |             | 3.2      | 626.120              |             | 6.3      | 1050.583                 |             | 8.8      | 776.587                   |             | 9.3      |
| 1997   | 4913.530            |             | 3.4      | 668.602              |             | 6.8      | 1137.951                 |             | 8.3      | 859.364                   |             | 10.7     |
| 1998   | 5153.257            |             | 4.9      | 737.062              |             | 10.2     | 1267.765                 |             | 11.4     | 960.689                   |             | 11.8     |
| 1996 1 | 4692.076            | 3.7         | 3.0      | 610.970              | 5.8         | 6.2      | 1011.365                 | 12.0        | 5.7      | 744.777                   | 13.1        | 6.6      |
| 2      | 4746.553            | 4.7         | 3.3      | 629.505              | 12.7        | 7.9      | 1043.517                 | 13.3        | 8.9      | 764.403                   | 11.0        | 7.6      |
| 3      | 4768.285            | 1.8         | 3.1      | 626.486              | -1.9        | 5.2      | 1067.067                 | 9.3         | 10.5     | 790.138                   | 14.2        | 11.0     |
| 4      | 4802.550            | 2.9         | 3.3      | 637.507              | 7.2         | 5.8      | 1080.385                 | 5.1         | 9.9      | 807.036                   | 8.8         | 11.7     |
| 1997 1 | 4853.398            | 4.3         | 3.4      | 656.277              | 12.3        | 7.4      | 1096.046                 | 5.9         | 8.4      | 820.860                   | 7.0         | 10.2     |
| 2      | 4872.683            | 1.6         | 2.7      | 653.766              | -1.5        | 3.9      | 1126.991                 | 11.8        | 8.0      | 848.184                   | 14.0        | 11.0     |
| 3      | 4946.993            | 6.2         | 3.7      | 679.619              | 16.8        | 8.5      | 1159.292                 | 12.0        | 8.6      | 882.181                   | 17.0        | 11.6     |
| 4      | 4981.005            | 2.8         | 3.7      | 684.753              | 3.1         | 7.4      | 1169.492                 | 3.6         | 8.2      | 886.231                   | 1.8         | 9.8      |
| 1998 1 | 5055.062            | 6.1         | 4.2      | 710.259              | 15.8        | 8.2      | 1224.943                 | 20.4        | 11.8     | 931.864                   | 22.2        | 13.5     |
| 2      | 5130.217            | 6.1         | 5.3      | 729.351              | 11.2        | 11.6     | 1264.130                 | 13.4        | 12.2     | 960.377                   | 12.8        | 13.2     |
| 3      | 5181.783            | 4.1         | 4.7      | 733.655              | 2.4         | 8.0      | 1270.938                 | 2.2         | 9.6      | 958.659                   | -0.7        | 8.7      |
| 4      | 5245.966            | 5.0         | 5.3      | 774.984              | 24.5        | 13.2     | 1311.049                 | 13.2        | 12.1     | 991.858                   | 14.6        | 11.9     |
| 1999 1 | 5331.923            | 6.7         | 5.5      | 798.878              | 12.9        | 12.5     | 1344.040                 | 10.5        | 9.7      | 1012.203                  | 8.5         | 8.6      |
| 2      | 5384.671            | 4.0         | 5.0      | 809.831              | 5.6         | 11.0     | 1373.590                 | 9.1         | 8.7      | 1038.484                  | 10.8        | 8.1      |

|        | GDP Chain Price Index |                |          | Employment Cost Index |                |          | ECI: Wages |                |          | ECI: Benefits |                |          |
|--------|-----------------------|----------------|----------|-----------------------|----------------|----------|------------|----------------|----------|---------------|----------------|----------|
|        | Index                 | Percent change |          | Index                 | Percent change |          | Index      | Percent change |          | Index         | Percent change |          |
|        |                       | Annual rate    | Year ago |                       | Annual rate    | Year ago |            | Annual rate    | Year ago |               | Annual rate    | Year ago |
| 1995   | 107.513               |                | 2.3      | 125.8                 |                | 2.8      | 121.9      |                | 2.9      | 135.0         |                | 2.2      |
| 1996   | 109.541               |                | 1.9      | 129.3                 |                | 2.8      | 126.0      |                | 3.3      | 137.4         |                | 1.8      |
| 1997   | 111.569               |                | 1.9      | 133.3                 |                | 3.1      | 130.4      |                | 3.5      | 140.2         |                | 2.0      |
| 1998   | 112.707               |                | 1.0      | 138.0                 |                | 3.5      | 135.6      |                | 4.0      | 143.7         |                | 2.5      |
| 1996 1 | 108.900               | 2.2            | 2.0      | 127.9                 | 2.9            | 2.7      | 124.4      | 4.0            | 3.2      | 136.2         | 0.6            | 1.6      |
| 2      | 109.277               | 1.4            | 1.9      | 128.9                 | 3.2            | 2.8      | 125.6      | 3.9            | 3.4      | 137.0         | 2.4            | 1.7      |
| 3      | 109.772               | 1.8            | 1.9      | 129.7                 | 2.5            | 2.9      | 126.4      | 2.6            | 3.3      | 137.7         | 2.1            | 1.8      |
| 4      | 110.214               | 1.6            | 1.8      | 130.7                 | 3.1            | 2.9      | 127.4      | 3.2            | 3.4      | 138.6         | 2.6            | 1.9      |
| 1997 1 | 110.966               | 2.8            | 1.9      | 131.6                 | 2.8            | 2.9      | 128.5      | 3.5            | 3.3      | 138.9         | 0.9            | 2.0      |
| 2      | 111.447               | 1.7            | 2.0      | 132.7                 | 3.4            | 2.9      | 129.7      | 3.8            | 3.3      | 139.7         | 2.3            | 2.0      |
| 3      | 111.772               | 1.2            | 1.8      | 133.7                 | 3.0            | 3.1      | 130.9      | 3.8            | 3.6      | 140.3         | 1.7            | 1.9      |
| 4      | 112.091               | 1.1            | 1.7      | 135.2                 | 4.6            | 3.4      | 132.4      | 4.7            | 3.9      | 141.7         | 4.1            | 2.2      |
| 1998 1 | 112.332               | 0.9            | 1.2      | 136.1                 | 2.7            | 3.4      | 133.6      | 3.7            | 4.0      | 142.2         | 1.4            | 2.4      |
| 2      | 112.571               | 0.9            | 1.0      | 137.3                 | 3.6            | 3.5      | 134.9      | 3.9            | 4.0      | 143.2         | 2.8            | 2.5      |
| 3      | 112.847               | 1.0            | 1.0      | 138.7                 | 4.1            | 3.7      | 136.5      | 4.8            | 4.3      | 144.1         | 2.5            | 2.7      |
| 4      | 113.075               | 0.8            | 0.9      | 139.7                 | 2.9            | 3.3      | 137.5      | 3.0            | 3.9      | 145.1         | 2.8            | 2.4      |
| 1999 1 | 113.531               | 1.6            | 1.1      | 140.2                 | 1.4            | 3.0      | 138.1      | 1.8            | 3.4      | 145.4         | 0.8            | 2.3      |
| 2      | 113.975               | 1.6            | 1.2      | 141.8                 | 4.6            | 3.3      | 139.8      | 5.0            | 3.6      | 146.8         | 3.9            | 2.5      |

|        | Exports             |                |          | Imports             |                |          | Nonfarm Output per Hour |                |          | Nonfarm Compensation/Hr |                |          |
|--------|---------------------|----------------|----------|---------------------|----------------|----------|-------------------------|----------------|----------|-------------------------|----------------|----------|
|        | Billions of 1992 \$ | Percent change |          | Billions of 1992 \$ | Percent change |          | Index                   | Percent change |          | Index                   | Percent change |          |
|        |                     | Annual rate    | Year ago |                     | Annual rate    | Year ago |                         | Annual rate    | Year ago |                         | Annual rate    | Year ago |
| 1995   | 792.575             |                | 11.3     | 889.040             |                | 8.8      | 101.2                   |                | 0.6      | 106.7                   |                | 2.4      |
| 1996   | 860.008             |                | 8.5      | 971.248             |                | 9.2      | 103.7                   |                | 2.5      | 110.4                   |                | 3.5      |
| 1997   | 969.988             |                | 12.8     | 1106.124            |                | 13.9     | 104.9                   |                | 1.2      | 114.3                   |                | 3.5      |
| 1998   | 984.717             |                | 1.5      | 1222.916            |                | 10.6     | 107.2                   |                | 2.2      | 119.1                   |                | 4.2      |
| 1996 1 | 833.607             | 3.7            | 9.1      | 929.064             | 13.1           | 6.4      | 103.1                   | 4.4            | 2.5      | 108.7                   | 2.6            | 3.0      |
| 2      | 845.474             | 5.8            | 9.2      | 958.939             | 13.5           | 7.9      | 103.8                   | 2.7            | 2.9      | 110.1                   | 5.3            | 3.7      |
| 3      | 849.893             | 2.1            | 5.4      | 990.012             | 13.6           | 10.8     | 103.8                   | 0.0            | 2.5      | 111.0                   | 3.3            | 3.7      |
| 4      | 911.053             | 32.0           | 10.3     | 1006.971            | 7.0            | 11.8     | 104.0                   | 0.8            | 2.0      | 111.9                   | 3.3            | 3.6      |
| 1997 1 | 929.410             | 8.3            | 11.5     | 1050.935            | 18.6           | 13.1     | 104.1                   | 0.4            | 1.0      | 112.9                   | 3.6            | 3.9      |
| 2      | 963.594             | 15.5           | 14.0     | 1095.206            | 17.9           | 14.2     | 104.5                   | 1.5            | 0.7      | 113.6                   | 2.5            | 3.2      |
| 3      | 988.109             | 10.6           | 16.3     | 1130.521            | 13.5           | 14.2     | 105.4                   | 3.5            | 1.5      | 114.6                   | 3.6            | 3.2      |
| 4      | 998.838             | 4.4            | 9.6      | 1147.840            | 6.3            | 14.0     | 105.6                   | 0.8            | 1.5      | 116.0                   | 5.0            | 3.7      |
| 1998 1 | 991.875             | -2.8           | 6.7      | 1190.406            | 15.7           | 13.3     | 106.6                   | 3.8            | 2.4      | 117.4                   | 4.9            | 4.0      |
| 2      | 972.130             | -7.7           | 0.9      | 1217.298            | 9.3            | 11.1     | 106.6                   | 0.0            | 2.0      | 118.5                   | 3.8            | 4.3      |
| 3      | 965.282             | -2.8           | -2.3     | 1224.329            | 2.3            | 8.3      | 107.3                   | 2.7            | 1.8      | 119.7                   | 4.1            | 4.5      |
| 4      | 1009.580            | 19.7           | 1.1      | 1259.630            | 12.0           | 9.7      | 108.5                   | 4.5            | 2.7      | 120.9                   | 4.1            | 4.2      |
| 1999 1 | 996.517             | -5.1           | 0.5      | 1300.135            | 13.5           | 9.2      | 109.4                   | 3.4            | 2.6      | 122.1                   | 4.0            | 4.0      |
| 2      | 1007.649            | 4.5            | 3.7      | 1330.620            | 9.7            | 9.3      |                         |                |          |                         |                |          |

|      |     | Household Survey Employment |        |                |          | Nonfarm Payroll Employment |        |                |          | Nonfarm Aggregate Hours |      |                |             |
|------|-----|-----------------------------|--------|----------------|----------|----------------------------|--------|----------------|----------|-------------------------|------|----------------|-------------|
|      |     |                             |        | Percent change |          |                            |        | Percent change |          |                         |      | Percent change |             |
|      |     |                             |        | Annual rate    | Year ago |                            |        | Annual rate    | Year ago |                         |      | Monthly rate   | Annual rate |
|      |     | Thousands                   | Change |                |          | Thousands                  | Change |                |          | Index                   |      |                |             |
| 1994 |     | 123071                      | 2813   |                | 2.3      | 114135                     | 3443   |                | 3.1      | 129.8                   |      |                | 4.2         |
| 1995 |     | 124906                      | 1834   |                | 1.5      | 117189                     | 3054   |                | 2.7      | 133.4                   |      |                | 2.7         |
| 1996 |     | 126710                      | 1805   |                | 1.4      | 119594                     | 2405   |                | 2.1      | 136.6                   |      |                | 2.4         |
| 1997 |     | 129559                      | 2848   |                | 2.2      | 122673                     | 3079   |                | 2.6      | 141.4                   |      |                | 3.5         |
| 1998 |     | 131458                      | 1899   |                | 1.5      | 125803                     | 3130   |                | 2.6      | 145.1                   |      |                | 2.6         |
|      |     |                             |        |                |          |                            |        |                |          |                         |      |                |             |
| 1997 | 1   | 128612                      | 829    | 2.6            | 2.4      | 121447                     | 779    | 2.6            | 2.5      | 139.7                   | 0.9  | 3.7            | 3.9         |
|      | 2   | 129355                      | 743    | 2.3            | 2.4      | 122294                     | 847    | 2.8            | 2.5      | 140.9                   | 0.9  | 3.7            | 3.4         |
|      | 3   | 129855                      | 500    | 1.6            | 2.1      | 123006                     | 712    | 2.4            | 2.5      | 141.9                   | 0.7  | 2.8            | 3.3         |
|      | 4   | 130413                      | 558    | 1.7            | 2.1      | 123946                     | 940    | 3.1            | 2.7      | 143.2                   | 0.9  | 3.6            | 3.4         |
| 1998 | 1   | 130957                      | 544    | 1.7            | 1.8      | 124771                     | 825    | 2.7            | 2.7      | 144.2                   | 0.7  | 3.0            | 3.3         |
|      | 2   | 131288                      | 330    | 1.0            | 1.5      | 125462                     | 691    | 2.2            | 2.6      | 144.7                   | 0.3  | 1.3            | 2.7         |
|      | 3   | 131419                      | 132    | 0.4            | 1.2      | 126113                     | 651    | 2.1            | 2.5      | 145.3                   | 0.4  | 1.6            | 2.4         |
|      | 4   | 132166                      | 746    | 2.3            | 1.3      | 126865                     | 752    | 2.4            | 2.4      | 146.2                   | 0.7  | 2.7            | 2.1         |
| 1999 | 1   | 133191                      | 1025   | 3.1            | 1.7      | 127640                     | 776    | 2.5            | 2.3      | 147.0                   | 0.5  | 2.0            | 1.9         |
|      | 2   | 133242                      | 51     | 0.2            | 1.5      | 128220                     | 580    | 1.8            | 2.2      | 147.2                   | 0.2  | 0.7            | 1.8         |
|      |     |                             |        |                |          |                            |        |                |          |                         |      |                |             |
| 1997 | Jun | 129430                      | 5      | 0.0            | 2.2      | 122524                     | 232    | 2.3            | 2.5      | 140.9                   | -0.2 | -2.5           | 2.8         |
|      | Jul | 129745                      | 315    | 3.0            | 2.2      | 122822                     | 298    | 3.0            | 2.6      | 141.4                   | 0.4  | 4.3            | 3.5         |
|      | Aug | 129910                      | 165    | 1.5            | 2.2      | 122894                     | 72     | 0.7            | 2.4      | 141.9                   | 0.4  | 4.3            | 3.3         |
|      | Sep | 129911                      | 1      | 0.0            | 1.9      | 123302                     | 408    | 4.1            | 2.6      | 142.4                   | 0.4  | 4.3            | 3.2         |
|      | Oct | 130055                      | 144    | 1.3            | 1.8      | 123626                     | 324    | 3.2            | 2.7      | 142.7                   | 0.2  | 2.6            | 3.5         |
|      | Nov | 130546                      | 491    | 4.6            | 2.2      | 123949                     | 323    | 3.2            | 2.7      | 143.3                   | 0.4  | 5.2            | 3.6         |
|      | Dec | 130638                      | 92     | 0.8            | 2.2      | 124263                     | 314    | 3.1            | 2.8      | 143.5                   | 0.1  | 1.7            | 3.2         |
|      |     |                             |        |                |          |                            |        |                |          |                         |      |                |             |
| 1998 | Jan | 130943                      | 305    | 2.8            | 1.9      | 124580                     | 317    | 3.1            | 2.8      | 144.3                   | 0.6  | 6.9            | 4.0         |
|      | Feb | 131021                      | 78     | 0.7            | 2.0      | 124773                     | 193    | 1.9            | 2.8      | 144.3                   | 0.0  | 0.0            | 3.3         |
|      | Mar | 130908                      | -113   | -1.0           | 1.5      | 124961                     | 188    | 1.8            | 2.6      | 144.1                   | -0.1 | -1.7           | 2.5         |
|      | Apr | 131280                      | 372    | 3.5            | 1.6      | 125220                     | 259    | 2.5            | 2.6      | 144.3                   | 0.1  | 1.7            | 2.6         |
|      | May | 131330                      | 50     | 0.5            | 1.5      | 125478                     | 258    | 2.5            | 2.6      | 145.0                   | 0.5  | 6.0            | 2.7         |
|      | Jun | 131253                      | -77    | -0.7           | 1.4      | 125689                     | 211    | 2.0            | 2.6      | 144.8                   | -0.1 | -1.6           | 2.8         |
|      | Jul | 131176                      | -77    | -0.7           | 1.1      | 125808                     | 119    | 1.1            | 2.4      | 145.2                   | 0.3  | 3.4            | 2.7         |
|      | Aug | 131264                      | 88     | 0.8            | 1.0      | 126170                     | 362    | 3.5            | 2.7      | 145.5                   | 0.2  | 2.5            | 2.5         |
|      | Sep | 131818                      | 554    | 5.2            | 1.5      | 126361                     | 191    | 1.8            | 2.5      | 145.1                   | -0.3 | -3.2           | 1.9         |
|      | Oct | 131858                      | 40     | 0.4            | 1.4      | 126567                     | 206    | 2.0            | 2.4      | 146.0                   | 0.6  | 7.7            | 2.3         |
|      | Nov | 132113                      | 255    | 2.3            | 1.2      | 126841                     | 274    | 2.6            | 2.3      | 146.1                   | 0.1  | 0.8            | 2.0         |
|      | Dec | 132526                      | 413    | 3.8            | 1.4      | 127186                     | 345    | 3.3            | 2.4      | 146.6                   | 0.3  | 4.2            | 2.2         |
|      |     |                             |        |                |          |                            |        |                |          |                         |      |                |             |
| 1999 | Jan | 133396                      | 870    | 8.2            | 1.9      | 127378                     | 192    | 1.8            | 2.2      | 146.8                   | 0.1  | 1.6            | 1.7         |
|      | Feb | 133144                      | -252   | -2.2           | 1.6      | 127730                     | 352    | 3.4            | 2.4      | 147.3                   | 0.3  | 4.2            | 2.1         |
|      | Mar | 133033                      | -111   | -1.0           | 1.6      | 127813                     | 83     | 0.8            | 2.3      | 146.8                   | -0.3 | -4.0           | 1.9         |
|      | Apr | 133069                      | 36     | 0.3            | 1.4      | 128134                     | 321    | 3.1            | 2.3      | 147.0                   | 0.1  | 1.6            | 1.9         |
|      | May | 133224                      | 155    | 1.4            | 1.4      | 128129                     | -5     | -0.0           | 2.1      | 147.1                   | 0.1  | 0.8            | 1.4         |
|      | Jun | 133432                      | 208    | 1.9            | 1.7      | 128397                     | 268    | 2.5            | 2.2      | 147.6                   | 0.3  | 4.2            | 1.9         |

|      |     | Unempl.<br>Rate | Retail Sales           |                       |                |             | Industrial Production |                       |                |             | Treasury<br>Yields |       |
|------|-----|-----------------|------------------------|-----------------------|----------------|-------------|-----------------------|-----------------------|----------------|-------------|--------------------|-------|
|      |     |                 | Billions<br>of dollars | Percent change        |                |             | Index                 | Percent change        |                |             |                    |       |
|      |     |                 |                        | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago |                       | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago | 3—mo               | 10—yr |
| 1994 |     | 6.1             | 2247.847               |                       |                | 8.0         | 109.062               |                       |                | 5.4         | 4.25               | 7.08  |
| 1995 |     | 5.6             | 2364.120               |                       |                | 5.2         | 114.441               |                       |                | 4.9         | 5.49               | 6.58  |
| 1996 |     | 5.4             | 2500.076               |                       |                | 5.8         | 119.548               |                       |                | 4.5         | 5.01               | 6.44  |
| 1997 |     | 4.9             | 2617.854               |                       |                | 4.7         | 126.731               |                       |                | 6.0         | 5.06               | 6.35  |
| 1998 |     | 4.5             | 2746.065               |                       |                | 4.9         | 131.378               |                       |                | 3.7         | 4.78               | 5.26  |
|      |     |                 |                        |                       |                |             |                       |                       |                |             |                    |       |
| 1997 | 1   | 5.2             | 650.319                | 2.0                   | 8.2            | 6.2         | 123.746               | 1.6                   | 6.6            | 6.3         | 5.06               | 6.56  |
|      | 2   | 5.0             | 645.245                | −0.8                  | −3.1           | 3.5         | 125.564               | 1.5                   | 6.0            | 5.4         | 5.05               | 6.70  |
|      | 3   | 4.9             | 660.049                | 2.3                   | 9.5            | 5.3         | 127.773               | 1.8                   | 7.2            | 5.8         | 5.05               | 6.24  |
|      | 4   | 4.7             | 662.241                | 0.3                   | 1.3            | 3.9         | 129.840               | 1.6                   | 6.6            | 6.6         | 5.09               | 5.90  |
| 1998 | 1   | 4.6             | 671.704                | 1.4                   | 5.8            | 3.3         | 130.368               | 0.4                   | 1.6            | 5.4         | 5.05               | 5.59  |
|      | 2   | 4.4             | 684.810                | 2.0                   | 8.0            | 6.1         | 131.278               | 0.7                   | 2.8            | 4.6         | 4.98               | 5.60  |
|      | 3   | 4.5             | 685.882                | 0.2                   | 0.6            | 3.9         | 131.569               | 0.2                   | 0.9            | 3.0         | 4.82               | 5.20  |
|      | 4   | 4.4             | 703.669                | 2.6                   | 10.8           | 6.3         | 132.295               | 0.6                   | 2.2            | 1.9         | 4.26               | 4.67  |
| 1999 | 1   | 4.3             | 726.609                | 3.3                   | 13.7           | 8.2         | 132.709               | 0.3                   | 1.3            | 1.8         | 4.41               | 4.98  |
|      | 2   | 4.3             | 739.816                | 1.8                   | 7.5            | 8.0         | 133.971               | 1.0                   | 3.9            | 2.1         | 4.45               | 5.54  |
|      |     |                 |                        |                       |                |             |                       |                       |                |             |                    |       |
| 1997 | Jun | 5.0             | 216.311                | 1.1                   | 14.5           | 4.2         | 126.119               | 0.5                   | 6.5            | 5.1         | 4.93               | 6.49  |
|      | Jul | 4.9             | 218.992                | 1.2                   | 15.9           | 5.2         | 127.031               | 0.7                   | 9.0            | 5.6         | 5.05               | 6.22  |
|      | Aug | 4.9             | 220.627                | 0.7                   | 9.3            | 5.9         | 127.819               | 0.6                   | 7.7            | 5.7         | 5.14               | 6.30  |
|      | Sep | 4.9             | 220.430                | −0.1                  | −1.1           | 4.7         | 128.468               | 0.5                   | 6.3            | 6.1         | 4.95               | 6.21  |
|      | Oct | 4.7             | 219.841                | −0.3                  | −3.2           | 3.5         | 129.296               | 0.6                   | 8.0            | 6.7         | 4.97               | 6.03  |
|      | Nov | 4.6             | 220.740                | 0.4                   | 5.0            | 4.0         | 129.899               | 0.5                   | 5.7            | 6.6         | 5.14               | 5.87  |
|      | Dec | 4.7             | 221.660                | 0.4                   | 5.1            | 4.0         | 130.325               | 0.3                   | 4.0            | 6.5         | 5.16               | 5.81  |
| 1998 | Jan | 4.6             | 223.038                | 0.6                   | 7.7            | 3.6         | 130.270               | −0.0                  | −0.5           | 5.9         | 5.04               | 5.54  |
|      | Feb | 4.6             | 224.158                | 0.5                   | 6.2            | 3.1         | 130.150               | −0.1                  | −1.1           | 5.0         | 5.09               | 5.57  |
|      | Mar | 4.7             | 224.508                | 0.2                   | 1.9            | 3.1         | 130.684               | 0.4                   | 5.0            | 5.1         | 5.03               | 5.65  |
|      | Apr | 4.3             | 226.659                | 1.0                   | 12.1           | 5.4         | 131.331               | 0.5                   | 6.1            | 5.0         | 4.95               | 5.64  |
|      | May | 4.4             | 228.631                | 0.9                   | 11.0           | 6.9         | 131.861               | 0.4                   | 5.0            | 5.1         | 5.00               | 5.65  |
|      | Jun | 4.5             | 229.520                | 0.4                   | 4.8            | 6.1         | 130.642               | −0.9                  | −10.5          | 3.6         | 4.98               | 5.50  |
|      | Jul | 4.5             | 228.189                | −0.6                  | −6.7           | 4.2         | 130.479               | −0.1                  | −1.5           | 2.7         | 4.96               | 5.46  |
|      | Aug | 4.5             | 228.410                | 0.1                   | 1.2            | 3.5         | 132.367               | 1.4                   | 18.8           | 3.6         | 4.90               | 5.34  |
|      | Sep | 4.5             | 229.283                | 0.4                   | 4.7            | 4.0         | 131.860               | −0.4                  | −4.5           | 2.6         | 4.61               | 4.81  |
|      | Oct | 4.5             | 232.379                | 1.4                   | 17.5           | 5.7         | 132.370               | 0.4                   | 4.7            | 2.4         | 3.96               | 4.53  |
|      | Nov | 4.4             | 234.504                | 0.9                   | 11.5           | 6.2         | 132.166               | −0.2                  | −1.8           | 1.7         | 4.42               | 4.83  |
|      | Dec | 4.3             | 236.786                | 1.0                   | 12.3           | 6.8         | 132.350               | 0.1                   | 1.7            | 1.6         | 4.39               | 4.64  |
| 1999 | Jan | 4.3             | 239.595                | 1.2                   | 15.2           | 7.4         | 132.295               | −0.0                  | −0.5           | 1.6         | 4.34               | 4.72  |
|      | Feb | 4.4             | 243.619                | 1.7                   | 22.1           | 8.7         | 132.483               | 0.1                   | 1.7            | 1.8         | 4.44               | 5.00  |
|      | Mar | 4.2             | 243.395                | −0.1                  | −1.1           | 8.4         | 133.348               | 0.7                   | 8.1            | 2.0         | 4.44               | 5.23  |
|      | Apr | 4.3             | 244.748                | 0.6                   | 6.9            | 8.0         | 133.748               | 0.3                   | 3.7            | 1.8         | 4.29               | 5.18  |
|      | May | 4.2             | 247.405                | 1.1                   | 13.8           | 8.2         | 133.980               | 0.2                   | 2.1            | 1.6         | 4.50               | 5.54  |
|      | Jun | 4.3             | 247.663                | 0.1                   | 1.3            | 7.9         | 134.184               | 0.2                   | 1.8            | 2.7         | 4.57               | 5.90  |
|      |     |                 |                        |                       |                |             |                       |                       |                |             |                    |       |

|          |     | Consumer Price Index |                       |                |             |                 | Consumer Price Index<br>less Food and Energy |                       |                |             |                 | Producer Price Index<br>Finished Goods |                       |                |             |
|----------|-----|----------------------|-----------------------|----------------|-------------|-----------------|----------------------------------------------|-----------------------|----------------|-------------|-----------------|----------------------------------------|-----------------------|----------------|-------------|
|          |     | Percent change       |                       |                |             |                 | Percent change                               |                       |                |             |                 | Percent change                         |                       |                |             |
|          |     | Index                | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago | Year<br>to date | Index                                        | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago | Year<br>to date | Index                                  | Monthly/<br>quarterly | Annual<br>rate | Year<br>ago |
| 1994     |     | 148.3                |                       |                | 2.6         |                 | 156.7                                        |                       |                | 2.8         |                 | 125.5                                  |                       |                | 0.6         |
| 1995     |     | 152.5                |                       |                | 2.8         |                 | 161.4                                        |                       |                | 3.0         |                 | 127.9                                  |                       |                | 1.9         |
| 1996     |     | 157.0                |                       |                | 2.9         |                 | 165.8                                        |                       |                | 2.7         |                 | 131.3                                  |                       |                | 2.6         |
| 1997     |     | 160.6                |                       |                | 2.3         |                 | 169.7                                        |                       |                | 2.4         |                 | 131.8                                  |                       |                | 0.4         |
| 1998     |     | 163.1                |                       |                | 1.6         |                 | 173.7                                        |                       |                | 2.3         |                 | 130.7                                  |                       |                | -0.9        |
|          |     |                      |                       |                |             |                 |                                              |                       |                |             |                 |                                        |                       |                |             |
| 1997     | 1   | 159.7                | 0.6                   | 2.5            | 2.9         | 2.5             | 168.3                                        | 0.5                   | 2.2            | 2.5         | 2.2             | 132.7                                  | 0.1                   | 0.4            | 2.1         |
|          | 2   | 160.2                | 0.3                   | 1.2            | 2.3         | 1.9             | 169.5                                        | 0.7                   | 2.8            | 2.5         | 2.5             | 131.6                                  | -0.9                  | -3.4           | 0.4         |
|          | 3   | 160.9                | 0.5                   | 1.9            | 2.2         | 1.9             | 170.1                                        | 0.4                   | 1.6            | 2.3         | 2.2             | 131.3                                  | -0.2                  | -0.8           | -0.1        |
|          | 4   | 161.7                | 0.5                   | 1.8            | 1.9         | 1.9             | 171.1                                        | 0.5                   | 2.2            | 2.2         | 2.2             | 131.6                                  | 0.2                   | 0.7            | -0.8        |
| 1998     | 1   | 162.1                | 0.2                   | 1.0            | 1.5         | 1.0             | 172.1                                        | 0.6                   | 2.4            | 2.3         | 2.4             | 130.5                                  | -0.8                  | -3.1           | -1.7        |
|          | 2   | 162.8                | 0.5                   | 1.8            | 1.6         | 1.4             | 173.2                                        | 0.7                   | 2.7            | 2.2         | 2.5             | 130.6                                  | 0.0                   | 0.1            | -0.8        |
|          | 3   | 163.5                | 0.4                   | 1.6            | 1.6         | 1.5             | 174.2                                        | 0.5                   | 2.2            | 2.4         | 2.4             | 130.5                                  | -0.0                  | -0.1           | -0.6        |
|          | 4   | 164.2                | 0.4                   | 1.7            | 1.5         | 1.5             | 175.1                                        | 0.6                   | 2.2            | 2.4         | 2.4             | 131.0                                  | 0.4                   | 1.4            | -0.4        |
| 1999     | 1   | 164.8                | 0.4                   | 1.5            | 1.7         | 1.5             | 175.8                                        | 0.4                   | 1.6            | 2.2         | 1.6             | 131.5                                  | 0.4                   | 1.4            | 0.7         |
|          | 2   | 166.2                | 0.9                   | 3.5            | 2.1         | 2.5             | 176.9                                        | 0.6                   | 2.4            | 2.1         | 2.0             | 132.3                                  | 0.6                   | 2.6            | 1.3         |
|          |     |                      |                       |                |             |                 |                                              |                       |                |             |                 |                                        |                       |                |             |
| 1997 Jun |     | 160.3                | 0.1                   | 1.5            | 2.2         | 1.5             | 169.7                                        | 0.1                   | 1.4            | 2.5         | 2.4             | 131.3                                  | -0.2                  | -2.7           | 0.0         |
| Jul      |     | 160.6                | 0.2                   | 2.3            | 2.2         | 1.6             | 170.0                                        | 0.2                   | 2.1            | 2.4         | 2.4             | 131.0                                  | -0.2                  | -2.7           | -0.2        |
| Aug      |     | 160.9                | 0.2                   | 2.3            | 2.3         | 1.7             | 170.0                                        | 0.0                   | 0.0            | 2.3         | 2.1             | 131.3                                  | 0.2                   | 2.8            | -0.2        |
| Sep      |     | 161.3                | 0.2                   | 3.0            | 2.2         | 1.8             | 170.4                                        | 0.2                   | 2.9            | 2.2         | 2.2             | 131.7                                  | 0.3                   | 3.7            | 0.0         |
| Oct      |     | 161.5                | 0.1                   | 1.5            | 2.0         | 1.8             | 170.8                                        | 0.2                   | 2.9            | 2.2         | 2.2             | 131.8                                  | 0.1                   | 0.9            | -0.4        |
| Nov      |     | 161.7                | 0.1                   | 1.5            | 1.9         | 1.8             | 171.0                                        | 0.1                   | 1.4            | 2.2         | 2.1             | 131.5                                  | -0.2                  | -2.7           | -0.8        |
| Dec      |     | 161.8                | 0.1                   | 0.7            | 1.7         | 1.7             | 171.4                                        | 0.2                   | 2.8            | 2.2         | 2.2             | 131.4                                  | -0.1                  | -0.9           | -1.2        |
|          |     |                      |                       |                |             |                 |                                              |                       |                |             |                 |                                        |                       |                |             |
| 1998     | Jan | 162.0                | 0.1                   | 1.5            | 1.6         | 1.5             | 171.7                                        | 0.2                   | 2.1            | 2.3         | 2.1             | 130.6                                  | -0.6                  | -7.1           | -1.8        |
|          | Feb | 162.1                | 0.1                   | 0.7            | 1.4         | 1.1             | 172.2                                        | 0.3                   | 3.6            | 2.3         | 2.8             | 130.5                                  | -0.1                  | -0.9           | -1.7        |
|          | Mar | 162.1                | 0.0                   | 0.0            | 1.4         | 0.7             | 172.4                                        | 0.1                   | 1.4            | 2.2         | 2.4             | 130.5                                  | 0.0                   | 0.0            | -1.5        |
|          | Apr | 162.5                | 0.2                   | 3.0            | 1.5         | 1.3             | 172.9                                        | 0.3                   | 3.5            | 2.2         | 2.6             | 130.7                                  | 0.2                   | 1.9            | -0.9        |
|          | May | 162.9                | 0.2                   | 3.0            | 1.7         | 1.6             | 173.3                                        | 0.2                   | 2.8            | 2.2         | 2.7             | 130.6                                  | -0.1                  | -0.9           | -0.8        |
|          | Jun | 163.0                | 0.1                   | 0.7            | 1.7         | 1.5             | 173.5                                        | 0.1                   | 1.4            | 2.2         | 2.5             | 130.4                                  | -0.2                  | -1.8           | -0.7        |
|          | Jul | 163.3                | 0.2                   | 2.2            | 1.7         | 1.6             | 173.8                                        | 0.2                   | 2.1            | 2.2         | 2.4             | 130.7                                  | 0.2                   | 2.8            | -0.2        |
|          | Aug | 163.5                | 0.1                   | 1.5            | 1.6         | 1.6             | 174.2                                        | 0.2                   | 2.8            | 2.5         | 2.5             | 130.3                                  | -0.3                  | -3.6           | -0.8        |
|          | Sep | 163.6                | 0.1                   | 0.7            | 1.4         | 1.5             | 174.5                                        | 0.2                   | 2.1            | 2.4         | 2.4             | 130.6                                  | 0.2                   | 2.8            | -0.8        |
|          | Oct | 163.9                | 0.2                   | 2.2            | 1.5         | 1.6             | 174.8                                        | 0.2                   | 2.1            | 2.3         | 2.4             | 131.0                                  | 0.3                   | 3.7            | -0.6        |
|          | Nov | 164.2                | 0.2                   | 2.2            | 1.5         | 1.6             | 175.0                                        | 0.1                   | 1.4            | 2.3         | 2.3             | 130.7                                  | -0.2                  | -2.7           | -0.6        |
|          | Dec | 164.4                | 0.1                   | 1.5            | 1.6         | 1.6             | 175.6                                        | 0.3                   | 4.2            | 2.5         | 2.5             | 131.3                                  | 0.5                   | 5.7            | -0.1        |
|          |     |                      |                       |                |             |                 |                                              |                       |                |             |                 |                                        |                       |                |             |
| 1999     | Jan | 164.6                | 0.1                   | 1.5            | 1.6         | 1.5             | 175.7                                        | 0.1                   | 0.7            | 2.3         | 0.7             | 131.7                                  | 0.3                   | 3.7            | 0.8         |
|          | Feb | 164.7                | 0.1                   | 0.7            | 1.6         | 1.1             | 175.8                                        | 0.1                   | 0.7            | 2.1         | 0.7             | 131.1                                  | -0.5                  | -5.3           | 0.5         |
|          | Mar | 165.0                | 0.2                   | 2.2            | 1.8         | 1.5             | 176.0                                        | 0.1                   | 1.4            | 2.1         | 0.9             | 131.6                                  | 0.4                   | 4.7            | 0.8         |
|          | Apr | 166.2                | 0.7                   | 9.1            | 2.3         | 3.3             | 176.7                                        | 0.4                   | 4.9            | 2.2         | 1.9             | 132.2                                  | 0.5                   | 5.6            | 1.1         |
|          | May | 166.2                | 0.0                   | 0.0            | 2.0         | 2.6             | 176.9                                        | 0.1                   | 1.4            | 2.1         | 1.8             | 132.4                                  | 0.2                   | 1.8            | 1.4         |
|          | Jun | 166.2                | 0.0                   | 0.0            | 2.0         | 2.2             | 177.0                                        | 0.1                   | 0.7            | 2.0         | 1.6             | 132.3                                  | -0.1                  | -0.9           | 1.5         |
|          |     |                      |                       |                |             |                 |                                              |                       |                |             |                 |                                        |                       |                |             |

## Notes

Pages 4, 5: **Final sales** is gross domestic product (GDP) minus change in business inventories. **Advance, preliminary, and final GDP growth rates** are released during the first, second, and third months of the following quarter. Changes result from incorporation of more complete information. The **Purchasing Managers' Index** is a weighted average of diffusion indexes for new orders, production, supplier deliveries, inventories, and employment. The National Association of Purchasing Management (NAPM) surveys over 300 firms in 20 manufacturing industries, weighting responses by industry share of GDP. **Aggregate and average weekly hours** are paid hours of production and nonsupervisory employees. The inventory-sales ratio uses nominal (current-dollar) inventory and sales data.

Page 6: The **contribution** of a component  $X_t$  to the overall GDP growth rate in quarter  $t$  is  $100 \times [(1 + (X_t - X_{t-1})/GDP_{t-1})^4 - 1]$ . The sign is changed for **imports**. This calculation forces components to add up to the GDP growth rate before compounding and does not exactly match *Survey of Current Business*, Table 8.2. The **residual** line is calculated using the finest level of detail in the table.

Page 7: Ten-year **Treasury yields** are adjusted to constant maturity. Three-month yields are secondary market averages, but all rates used in the yield curves are adjusted to constant maturity. **Standard and Poor's 500 Index with Reinvested Dividends** shows the total return: capital gains plus dividends.

Pages 8,9: **Oil prices** are monthly averages of daily spot prices for West Texas intermediate crude (*Wall Street Journal*). **Consumer price index** is for all urban consumers. The **consumption chain price index** is the index associated with the personal consumption expenditures component of GDP. The **Employment Cost Index (ECI)** covers private nonfarm employers. **ECI compensation** refers to a fixed sample of jobs, while **compensation per hour** covers all workers in the non-farm business sector in a given quarter. In both cases, **compensation** is wages and salaries plus benefits.

Pages 10,11: **Nonfarm payroll employment** is counted in a survey of about 390,000 establishments (Current Employment Survey). It excludes self-employed individuals and workers in private households, but double-counts individuals with more than one job. The **household survey** (Current Population Survey) of about 50,000 households provides estimates of civilian employment, unemployment rate, labor force participation rate, and employment-population ratio. **Population** is civilian, noninstitutional, 16 years and over. New population controls introduced in January 1997 affect levels and growth rates of household survey employment, labor force and population. The unemployment rate and other ratios are minimally affected. 90 percent confidence intervals for the unemployment rate ( $\pm 0.2$  percentage points) and change in household survey employment ( $\pm 376,000$ ) measure uncertainty due to sample size. The household survey was changed in January 1994, so care should be exercised in making short-term comparisons around this date, particularly with the duration data shown on page 10. Other changes in the survey are detailed in Bureau of Labor Statistics, *Employment and Earnings*, Appendix A.

Pages 13: The **Michigan consumer sentiment index** shows changes in a summary measure of consumers' answers to five questions about their current and expected financial situation, expectations about future economic conditions, and attitudes about making large purchases. The survey is based on a representative sample of U.S. households.

Pages 14, 15: Overall **gross saving** includes government saving, which is the sum of the government surplus and capital consumption (see notes for pages 16 and 17). **Net foreign investment (NFI)** is U.S. investment abroad minus foreign investment in the U.S. Aside from a statistical discrepancy, NFI also equals the difference between gross domestic investment and saving.

Pages 16, 17: **Government consumption and investment** is current expenditures on goods and services, including capital consumption (depreciation) and gross investment, as reported in the National Income

and Product Accounts (NIPA). The **unified federal budget deficit** differs from **NIPA basis** in four main ways: (1) NIPA excludes transactions involving existing assets; (2) NIPA outlays exclude government investment and include consumption of government capital, while unified budget outlays do the reverse; (3) NIPA accounts exclude Puerto Rico and U.S. territories; and (4) various timing issues are handled differently. **Outlays and receipts** are from the NIPAs, except as noted. Since 1977, the federal **fiscal year** starts on October 1. Excluded agency debt was 0.6 percent of federal debt at the end of fiscal 1997. **Federal debt held by the public** includes holdings of the Federal Reserve System and excludes holdings of the social security and other federal trust funds. Federal grants in aid to state and local governments appear in both state and local receipts and federal outlays.

Pages 18, 19: The **trade balance** (shown on a balance of payments basis) is the difference between exports and imports of goods (merchandise) and services. It is nearly identical in concept to the **net exports** component of GDP, but differs slightly in accounting details. The **investment income balance** equals income received from U.S.-owned assets in other countries minus income paid on foreign-owned assets in the U.S. The investment income balance is nearly identical in concept to the difference between gross national product and gross domestic product, but differs in accounting details. The **current account balance** is the trade balance plus the balance on investment income plus net unilateral transfers to the U.S. from other countries.

Pages 20, 21: **Output per hour (Y/H)**, **unit labor cost (C/Y)**, and **compensation per hour (C/H)** are indexes which approximately obey the following relationship:  $\%(Y/H) + \%(C/Y) = \%(C/H)$  with  $\%( )$  meaning percent changes. Unit labor cost is shown on page 9. **Real compensation per hour** uses the CPI to adjust for the effects of inflation. **Multifactor productivity** estimates changes in output that do not correspond to changes in quantities of labor, capital, or intermediate inputs. **Inventory valuation adjustments (IVA)** remove the effect of changes in the value of existing inventories from corporate profits and proprietors' income. (This change in value does not correspond to current production and therefore is not part of GDP). **Capital consumption adjustments (CCAdj)** increase profits and proprietors' income by the difference between estimates of economic depreciation and depreciation allowed by the tax code. Components of national income not shown are rental income of persons and net interest.

## Sources

Bureau of Economic Analysis (BEA), U.S. Dept. of Commerce

National income and product accounts, international trade and investment data (except by country), auto and light truck sales

Census Bureau, U.S. Dept. of Commerce

Inventory-sales ratios, retail sales, capital goods orders, housing starts, exports and imports by country

Bureau of Labor Statistics (BLS), U.S. Dept. of Labor

All employment-related data, employment cost index, consumer and producer price indexes, unit labor cost, output per hour, compensation per hour, multifactor productivity

United States Department of Treasury

Unified budget receipts, outlays, deficit, debt

Federal Reserve Board

Index of industrial production, treasury yields, exchange rates, capacity utilization, household debt

The Survey Research Center, The University of Michigan

Consumer sentiment index

The Conference Board

Help-wanted advertising index

Organization for Economic Cooperation and Development (OECD)

GDP for major trading partners (not available on FRED)