

GDP and the Economy

Advance Estimates for the Fourth Quarter of 2019

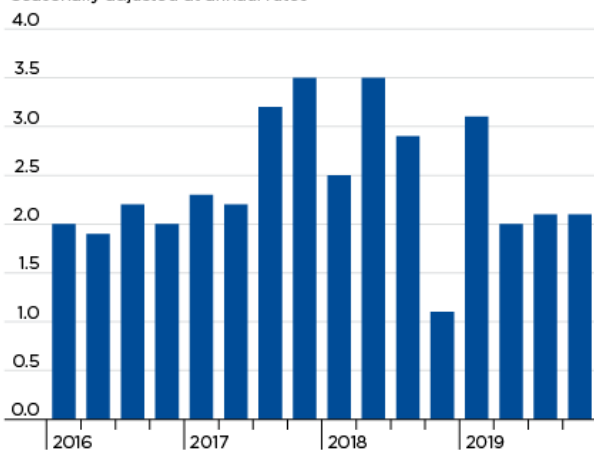
By Lisa S. Mataloni

Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the fourth quarter of 2019, according to the “advance” estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ In the third quarter, real GDP also increased 2.1 percent. The increase in real GDP in the fourth quarter reflected positive contributions from consumer spending, federal government spending, state and local government spending, residential fixed investment, and exports, that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment.² Imports, which are a subtraction in the calculation of GDP, decreased (chart 2).

In 2019 (from the 2018 annual level to the 2019 annual level), real GDP increased 2.3 percent after increasing 2.9 percent in 2018 (see “Real GDP, 2019”).

Chart 1. Real GDP: Percent Change From Preceding Quarter

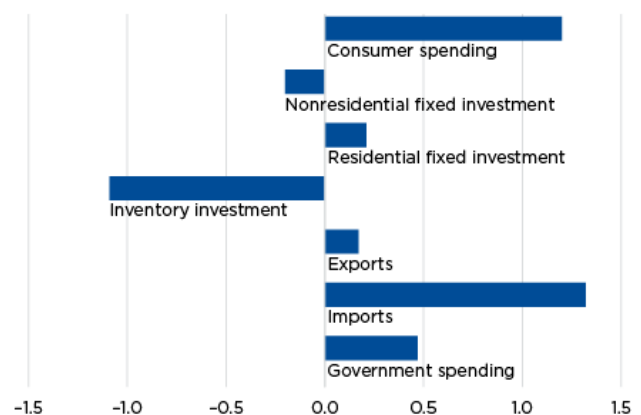
Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2019:IV

Percentage points, seasonally adjusted at annual rates



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GDP Component Detail

Real GDP growth in the fourth quarter was the same as in the third quarter. In the fourth quarter, a downturn in imports, an acceleration in state and local government spending, and a smaller decrease in nonresidential investment were offset by a larger decrease in private inventory investment and a slowdown in consumer spending.

- The downturn in imports reflected a downturn in imports of goods (mainly durable goods).
- The acceleration in state and local government spending reflected an upturn in investment in structures.
- The smaller decrease in nonresidential fixed investment reflected an acceleration in intellectual property products and a smaller decrease in equipment (mainly due to an upturn transportation equipment).
- The larger decrease in private inventory investment was primarily in nonfarm inventories (mainly retail trade).
- The slowdown in consumer spending primarily reflected slowdowns in both durable and nondurable goods.
 - The leading contributor to the slowdown in spending on durable goods was a slowdown in recreational goods and vehicles.
 - The slowdown in spending on nondurable goods reflected downturns in “other” nondurable goods (led by a slowdown in prescription drugs) and in food and beverages purchased for off-premises consumption.

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

[Seasonally adjusted at annual rates]

Line		Share of current- dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2019	2019				2019			
		IV	I	II	III	IV	I	II	III	IV
1	Gross domestic product¹	100.0	3.1	2.0	2.1	2.1	3.1	2.0	2.1	2.1
2	Personal consumption expenditures	68.1	1.1	4.6	3.2	1.8	0.78	3.03	2.12	1.20
3	Goods	21.0	1.5	8.6	5.3	1.2	0.32	1.74	1.09	0.26
4	Durable goods	7.1	0.3	13.0	8.1	2.1	0.02	0.87	0.56	0.15
5	Nondurable goods	13.9	2.2	6.5	3.9	0.8	0.30	0.87	0.53	0.11
6	Services	47.1	1.0	2.8	2.2	2.0	0.46	1.29	1.02	0.94
7	Gross private domestic investment	17.0	6.2	-6.3	-1.0	-6.1	1.09	-1.16	-0.17	-1.08
8	Fixed investment	16.9	3.2	-1.4	-0.8	0.1	0.56	-0.25	-0.14	0.01
9	Nonresidential	13.2	4.4	-1.0	-2.3	-1.5	0.60	-0.14	-0.31	-0.20
10	Structures	2.8	4.0	-11.1	-9.9	-10.1	0.12	-0.36	-0.30	-0.30
11	Equipment	5.6	-0.1	0.8	-3.8	-2.9	0.00	0.05	-0.22	-0.17
12	Intellectual property products	4.8	10.8	3.6	4.7	5.9	0.48	0.17	0.22	0.27
13	Residential	3.8	-1.0	-3.0	4.6	5.8	-0.04	-0.11	0.17	0.21
14	Change in private inventories	0.1	.....	.....	.....	.....	0.53	-0.91	-0.03	-1.09
15	Net exports of goods and services	-2.7	.....	.....	.....	.....	0.73	-0.68	-0.14	1.48
16	Exports	11.5	4.1	-5.7	1.0	1.4	0.49	-0.69	0.11	0.17
17	Goods	7.5	4.6	-5.9	2.1	-1.1	0.36	-0.48	0.17	-0.08
18	Services	4.0	3.3	-5.1	-1.3	6.4	0.13	-0.21	-0.05	0.25
19	Imports	14.1	-1.5	0.0	1.8	-8.7	0.23	0.01	-0.26	1.32
20	Goods	11.3	-2.8	0.1	1.1	-11.6	0.36	-0.02	-0.13	1.44
21	Services	2.8	4.5	-0.7	4.8	4.3	-0.13	0.02	-0.13	-0.12
22	Government consumption expenditures and gross investment	17.6	2.9	4.8	1.7	2.7	0.50	0.82	0.30	0.47
23	Federal	6.7	2.2	8.3	3.3	3.6	0.14	0.53	0.22	0.23
24	National defense	4.0	7.7	3.3	2.2	4.9	0.29	0.13	0.09	0.19
25	Nondefense	2.7	-5.4	16.1	5.0	1.6	-0.15	0.40	0.13	0.04
26	State and local	10.9	3.3	2.7	0.7	2.2	0.36	0.29	0.08	0.23
Addenda:										
27	Gross domestic income (GDI) ²	.....	3.2	0.9	2.1	.....	.....	.....	.....	.....
28	Average of GDP and GDI	.....	3.2	1.4	2.1	.....	.....	.....	.....	.....
29	Final sales of domestic product	99.9	2.6	3.0	2.1	3.2	2.57	2.92	2.13	3.17
30	Goods	29.6	7.3	2.1	4.1	2.7	2.12	0.62	1.20	0.80
31	Services	62.3	1.0	2.7	1.8	2.1	0.66	1.66	1.11	1.29
32	Structures	8.1	3.9	-3.1	-2.5	0.0	0.32	-0.26	-0.21	0.00
33	Motor vehicle output	2.6	-7.6	-7.6	34.7	-25.4	-0.22	-0.21	0.83	-0.81
34	GDP excluding motor vehicle output	97.4	3.4	2.3	1.3	3.0	3.32	2.23	1.28	2.89

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

2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 1.5 percent in the fourth quarter after increasing 1.4 percent in the third quarter (table 2 and chart 3). The slight acceleration reflected an upturn in prices for consumer goods, and price accelerations for state and local government spending, and federal defense spending that were mostly offset by a deceleration in the prices paid for consumer services and a downturn for nonresidential fixed investment (mainly a price deceleration for intellectual property products).

Food prices turned up, increasing 0.5 percent after decreasing 0.7 percent. Prices for energy goods and services also turned up, increasing 8.5 percent in the fourth quarter after decreasing 8.0 percent in the third quarter. Gross domestic purchases prices excluding food and energy slowed, increasing 1.3 percent in the fourth quarter after increasing 1.8 percent in the third quarter.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, decelerated, increasing 1.3 percent in the fourth quarter after increasing 2.1 percent in the third quarter.

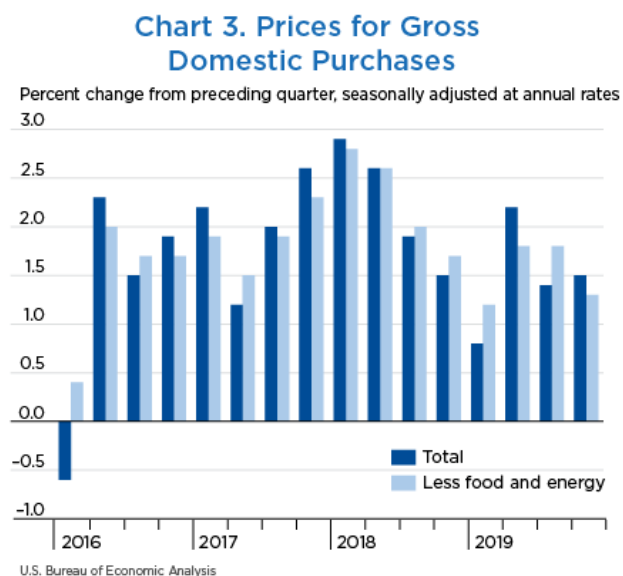


Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2019				2019			
		I	II	III	IV	I	II	III	IV
1	Gross domestic purchases¹	0.8	2.2	1.4	1.5	0.8	2.2	1.4	1.5
2	Personal consumption expenditures	0.4	2.4	1.5	1.6	0.26	1.57	0.98	1.03
3	Goods	-1.6	1.6	-0.8	0.2	-0.34	0.32	-0.16	0.05
4	Durable goods	-0.3	-1.8	-1.2	-2.4	-0.02	-0.12	-0.09	-0.17
5	Nondurable goods	-2.3	3.3	-0.5	1.6	-0.31	0.44	-0.07	0.21
6	Services	1.3	2.8	2.5	2.2	0.60	1.25	1.14	0.98
7	Gross private domestic investment	1.7	2.0	1.1	0.4	0.30	0.35	0.18	0.06
8	Fixed investment	1.8	2.0	1.2	0.4	0.30	0.33	0.19	0.07
9	Nonresidential	1.6	2.0	0.5	-0.2	0.20	0.27	0.07	-0.03
10	Structures	2.8	4.0	1.6	1.1	0.08	0.11	0.04	0.03
11	Equipment	1.0	0.4	-1.1	-1.2	0.06	0.02	-0.06	-0.07
12	Intellectual property products	1.5	2.9	2.0	0.3	0.07	0.13	0.09	0.01
13	Residential	2.6	1.7	3.4	2.7	0.09	0.06	0.12	0.10
14	Change in private inventories	.....	.....	.....	.....	0.00	0.02	-0.01	-0.01
15	Government consumption expenditures and gross investment	1.3	1.7	1.6	2.2	0.22	0.29	0.27	0.38
16	Federal	4.6	-2.1	1.5	1.9	0.29	-0.14	0.10	0.12
17	National defense	1.1	1.5	1.4	2.1	0.04	0.06	0.05	0.08
18	Nondefense	10.0	-7.2	1.7	1.6	0.25	-0.19	0.04	0.04
19	State and local	-0.6	4.1	1.6	2.4	-0.06	0.43	0.17	0.26
Addenda:									
	Gross domestic purchases:								
20	Food	3.0	0.7	-0.7	0.5	0.14	0.03	-0.03	0.02
21	Energy goods and services	-16.7	18.8	-8.0	8.5	-0.49	0.47	-0.22	0.22
22	Excluding food and energy	1.2	1.8	1.8	1.3	1.14	1.71	1.69	1.23
	Personal consumption expenditures:								
23	Food and beverages purchased for off-premises consumption	3.0	0.6	-0.5	0.6	.....	.....	.....	.....
24	Energy goods and services	-16.7	18.4	-8.2	8.6	.....	.....	.....	.....
25	Excluding food and energy	1.1	1.9	2.1	1.3	.....	.....	.....	.....
26	Gross domestic product	1.1	2.4	1.8	1.4	.....	.....	.....	.....
27	Exports of goods and services	-2.5	3.3	-2.3	-1.3	.....	.....	.....	.....
28	Imports of goods and services	-3.5	1.6	-4.0	-0.4	.....	.....	.....	.....

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

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ [“How do the effects of dollar depreciation show up in the GDP accounts?”](#) on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or “core,” inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See [“What is the core PCE price index?”](#) on BEA's website.)

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

Personal Income

Personal income (table 3), which is measured in current dollars, increased \$148.7 billion in the fourth quarter after increasing \$162.6 billion in the third quarter. The smaller increase reflected decelerations in proprietors' income, personal current transfer receipts, and personal dividend income that were partly offset by a smaller decrease in personal interest income and an acceleration in compensation.

Personal current taxes increased \$21.2 billion in the fourth quarter after decreasing \$16.9 billion in the third quarter.

Disposable personal income (DPI) increased \$127.4 billion in the fourth quarter after increasing \$179.5 billion in the third quarter.

The personal saving rate (chart 4)—personal saving as a percentage of DPI—was 7.7 percent in the fourth quarter; in the third quarter, the personal saving rate was 7.8 percent.

Real DPI (chart 5) increased 1.5 percent in the fourth quarter after increasing 2.9 percent in the third quarter. Current-dollar DPI increased 3.1 percent after increasing 4.5 percent.

Chart 4. Personal Saving Rate

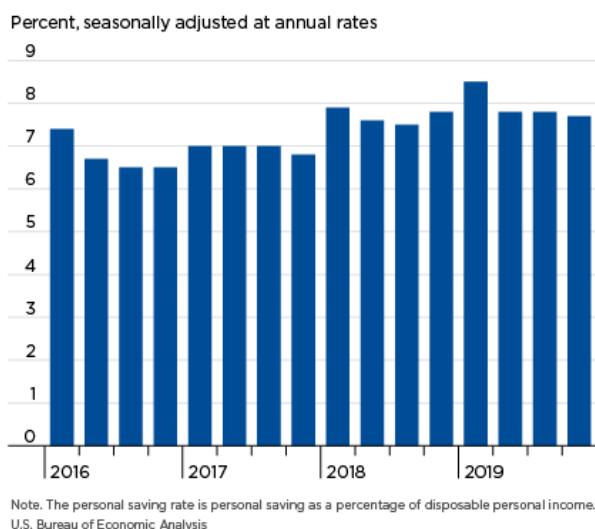


Chart 5. Real Disposable Personal Income

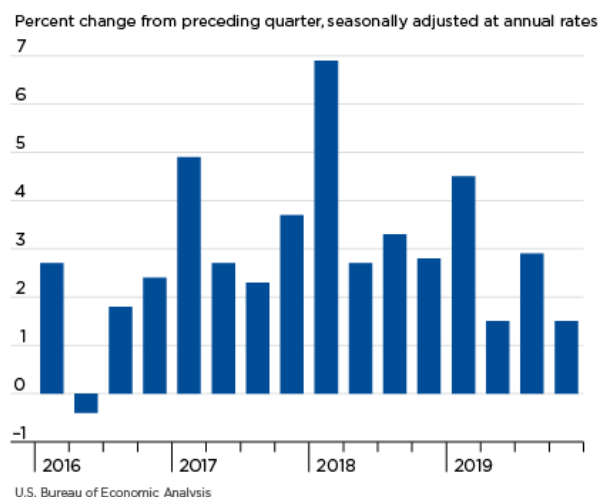


Table 3. Personal Income and Its Disposition
[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line		Level		Change from preceding period			
		2019		2019			
		III	IV	I	II	III	IV
1	Personal income	18,718.4	18,867.1	272.6	200.4	162.6	148.7
2	Compensation of employees	11,489.0	11,608.9	249.2	80.4	102.1	119.9
3	Wages and salaries	9,354.0	9,453.1	221.5	62.1	80.3	99.1
4	Private industries	7,893.8	7,980.6	212.7	51.5	62.9	86.8
5	Goods-producing industries	1,540.5	1,556.9	37.3	8.3	6.9	16.4
6	Manufacturing	915.7	926.1	15.6	4.0	4.6	10.4
7	Services-producing industries	6,353.3	6,423.8	175.4	43.1	56.0	70.5
8	Trade, transportation, and utilities	1,418.0	1,430.1	30.4	6.6	8.0	12.1
9	Other services-producing industries	4,935.3	4,993.6	145.0	36.6	48.0	58.4
10	Government	1,460.2	1,472.4	8.8	10.7	17.5	12.3
11	Supplements to wages and salaries	2,135.1	2,155.9	27.7	18.3	21.7	20.8
12	Proprietors' income with IVA and CCAAdj	1,683.4	1,687.6	-3.2	11.7	50.5	4.2
13	Farm	41.8	38.6	-11.1	-5.6	22.6	-3.2
14	Nonfarm	1,641.5	1,649.0	7.9	17.4	27.9	7.4
15	Rental income of persons with CCAAdj	779.7	788.3	2.9	10.2	2.4	8.6
16	Personal income receipts on assets	2,997.7	3,001.4	-46.8	61.4	-18.8	3.7
17	Personal interest income	1,716.8	1,715.3	-27.9	51.2	-33.7	-1.5
18	Personal dividend income	1,280.9	1,286.1	-19.0	10.2	14.9	5.3
19	Personal current transfer receipts	3,195.8	3,221.2	109.4	45.4	37.2	25.4
20	Government social benefits to persons	3,141.2	3,166.2	109.7	45.4	37.0	25.1
21	Social security	1,037.7	1,047.6	37.8	7.6	7.3	9.9
22	Medicare	809.9	823.8	20.3	18.7	16.3	13.9
23	Medicaid	644.2	642.5	12.8	21.1	12.7	-1.6
24	Unemployment insurance	25.8	26.0	0.9	-1.0	-0.1	0.2
25	Veterans' benefits	120.1	122.3	4.6	2.0	1.7	2.2
26	Other	503.5	504.0	33.5	-2.9	-0.9	0.5
27	Other current transfer receipts, from business (net)	54.6	54.9	-0.3	0.0	0.2	0.3
28	Less: Contributions for government social insurance	1,427.1	1,440.3	38.9	8.7	10.8	13.3
29	Less: Personal current taxes	2,183.2	2,204.4	79.5	43.2	-16.9	21.2
30	<i>Equals:</i> Disposable personal income (DPI)	16,535.3	16,662.7	193.1	157.2	179.5	127.4
31	Less: Personal outlays	15,237.2	15,372.9	65.2	250.1	164.2	135.6
32	<i>Equals:</i> Personal saving	1,298.0	1,289.8	127.9	-92.9	15.4	-8.2
33	Personal saving as a percentage of DPI	7.8	7.7	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
34	Current-dollar DPI	.....	.....	4.9	3.9	4.5	3.1
35	Real DPI, chained (2012) dollars	.....	.....	4.5	1.5	2.9	1.5

CCAAdj Capital consumption adjustment

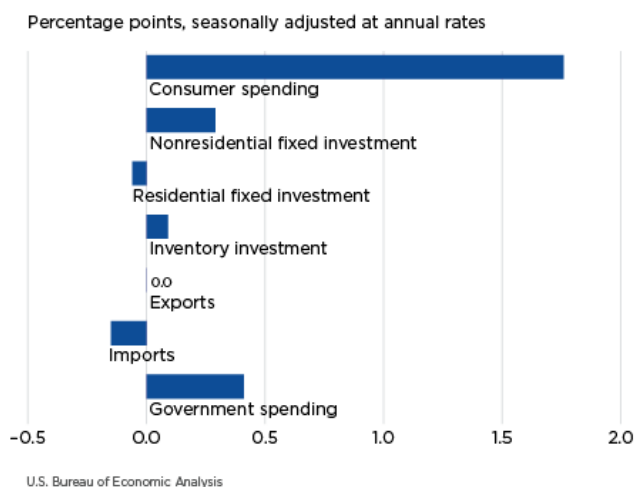
IVA Inventory valuation adjustment

Note. Dollar levels and percent changes are from NIPA tables 2.1 and 2.2B.

Real GDP, 2019

Real GDP increased 2.3 percent in 2019 (from the 2018 annual level to the 2019 annual level), compared with an increase of 2.9 percent in 2018 (table 4). The increase in real GDP in 2019 primarily reflected positive contributions from consumer spending, nonresidential fixed investment, federal government spending, state and local government spending, and private inventory investment that were partly offset by negative contributions from residential fixed investment. Imports increased, contributing negatively to the 2019 change in real GDP (chart 6).

Chart 6. Real GDP: Contributions to Percent Change in 2019



The deceleration in real GDP in 2019, compared to 2018, primarily reflected decelerations in nonresidential fixed investment and consumer spending and a downturn in exports. These movements were partly offset by accelerations in both state and local and federal government spending. Imports increased less in 2019 than in 2018.

Table 4. Real Gross Domestic Product (GDP) and Components

[Seasonally adjusted at annual rates]

Line		Share of current-dollar GDP (percent)	Change from preceding period (percent)		Contribution to percent change in real GDP (percentage points)	
		2019	2018	2019	2018	2019
1	Gross domestic product¹	100.0	2.9	2.3	2.9	2.3
2	Personal consumption expenditures	68.0	3.0	2.6	2.05	1.76
3	Goods	21.0	4.1	3.8	0.86	0.79
4	Durable goods	7.1	6.3	4.7	0.44	0.33
5	Nondurable goods	13.9	3.0	3.3	0.42	0.46
6	Services	46.9	2.5	2.1	1.18	0.97
7	Gross private domestic investment	17.5	5.1	1.8	0.87	0.32
8	Fixed investment	17.2	4.6	1.3	0.78	0.23
9	Nonresidential	13.4	6.4	2.1	0.84	0.29
10	Structures	2.9	4.1	-4.4	0.12	-0.14
11	Equipment	5.8	6.8	1.4	0.39	0.08
12	Intellectual property products	4.7	7.4	7.7	0.32	0.35
13	Residential	3.7	-1.5	-1.5	-0.06	-0.06
14	Change in private inventories	0.3	.....	.....	0.09	0.09
15	Net exports of goods and services	-2.9	.....	.....	-0.29	-0.16
16	Exports	11.7	3.0	0.0	0.37	0.00
17	Goods	7.7	4.3	0.2	0.34	0.01
18	Services	4.0	0.7	-0.4	0.03	-0.02
19	Imports	14.6	4.4	1.0	-0.66	-0.15
20	Goods	11.8	5.0	0.2	-0.61	-0.04
21	Services	2.8	1.6	4.1	-0.05	-0.12
22	Government consumption expenditures and gross investment	17.5	1.7	2.3	0.30	0.41
23	Federal	6.6	2.9	3.5	0.19	0.23
24	National defense	4.0	3.3	4.9	0.13	0.19
25	Nondefense	2.7	2.4	1.6	0.07	0.04
26	State and local	10.9	1.0	1.6	0.11	0.18
Addenda:						
27	Gross domestic income (GDI) ²	.....	2.5	.....	.....	.....
28	Average of GDP and GDI	.....	2.7	.....	.....	.....

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

2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from NIPA table 1.1.1, contributions to percent change are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the “[Key Source Data and Assumptions](#)” that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see “[Concepts and Methods of the U.S. National Income and Product Accounts](#)” on BEA's website.

1. “Real” estimates are in chained (2012) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the January 2018 *Survey of Current Business*. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.
2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”