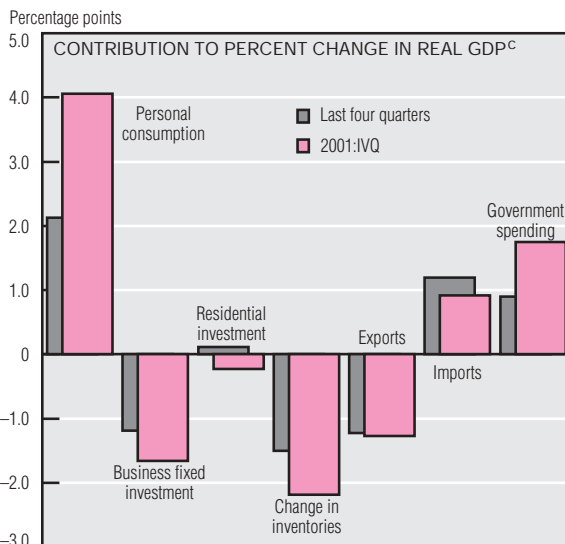
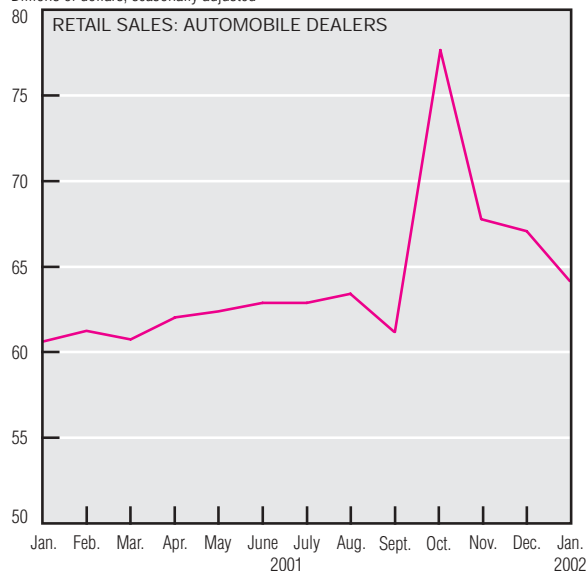


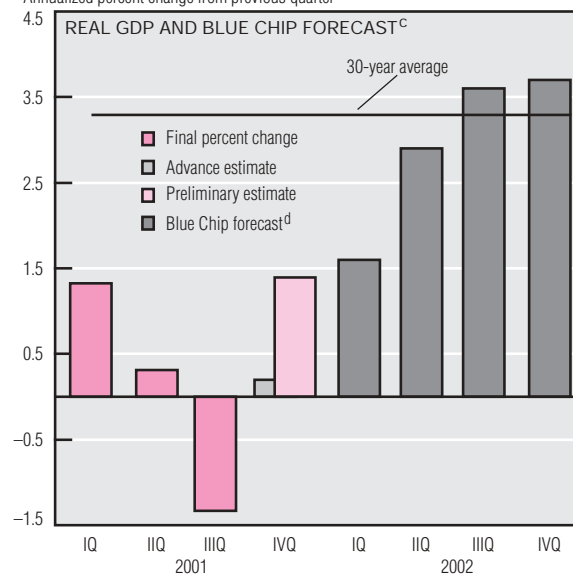
Economic Activity

Real GDP and Components, 2001:IVQ ^{a,b,c} (Preliminary estimate)	Change, billions of 1996 \$	Percent change, last:	
		Quarter	Four quarters
Real GDP	32.3	1.4	0.4
Personal consumption	94.6	6.0	3.1
Durables	81.1	39.2	13.5
Nondurables	11.3	2.4	1.4
Services	16.7	1.8	1.9
Business fixed investment	-44.5	-13.1	-9.2
Equipment	-12.5	-4.8	-8.4
Structures	-26.0	-32.6	-11.5
Residential investment	-4.8	-5.0	2.8
Government spending	39.6	10.1	5.1
National defense	8.2	9.4	5.6
Net exports	-7.5	—	—
Exports	-33.6	-12.2	-11.2
Imports	-26.0	-6.9	-8.4
Change in business inventories	-58.1	—	—

Billions of dollars, seasonally adjusted^a



Annualized percent change from previous quarter



a. Chain-weighted data in billions of 1996 dollars.

b. Components of real GDP need not add to the total because the total and all components are deflated using independent chain-weighted price indexes.

c. All data are seasonally adjusted and annualized.

d. Blue Chip panel of economists.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; and *Blue Chip Economic Indicators*, February 10, 2002.

The 2001:IVQ preliminary estimate of real GDP, released February 28, revealed a surprisingly robust 1.4% annual growth rate. The preliminary estimate represented an increase of 1.2 percentage points over the advance estimate. This substantial upward revision resulted primarily from a downward revision to imports and an upward revision to personal consumption expenditures. The trade deficit narrowed as imports fell \$26.0 billion, in contrast to the \$12.6 billion drop reported in the advance estimate (chained 1996 dollars).

Personal consumption expenditures increased \$94.6 billion (chained 1996 dollars) and grew at a 6.0% annual rate—the series' highest rate since 1998:IIQ.

Consumer spending during 2001:IVQ was driven largely by an increase in automobile sales. Following the September terrorist attacks, dealer incentives such as zero-percent financing made a tremendous impact, causing automobile sales to surge in October. Although sales fell sharply in the following months, they continued to exceed pre-September levels. In 2001:IVQ, motor vehicles and parts

comprised more than half the whopping 4.1 percentage points that personal consumption expenditures contributed to real GDP growth. Strong consumer spending helped offset drags on real GDP growth from business fixed investment and changes in inventories.

Although an official end to the recession has not yet been announced, Blue Chip forecasters expect continued growth in real GDP throughout 2002. By 2002:IIIQ, real GDP growth is forecasted to surpass its long-term average of 3.2%.