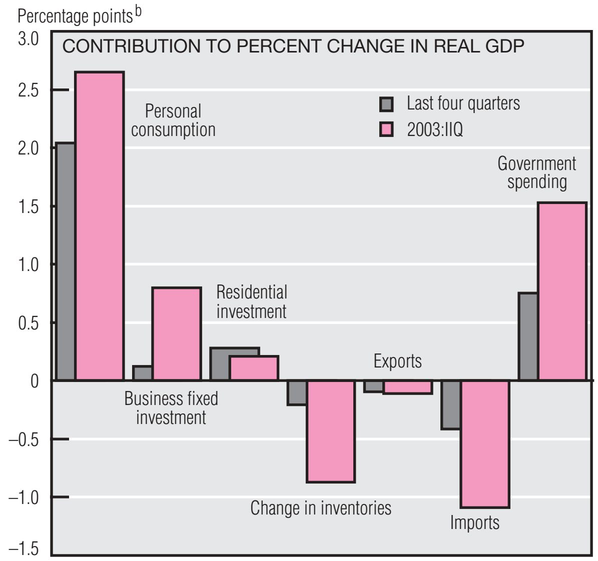
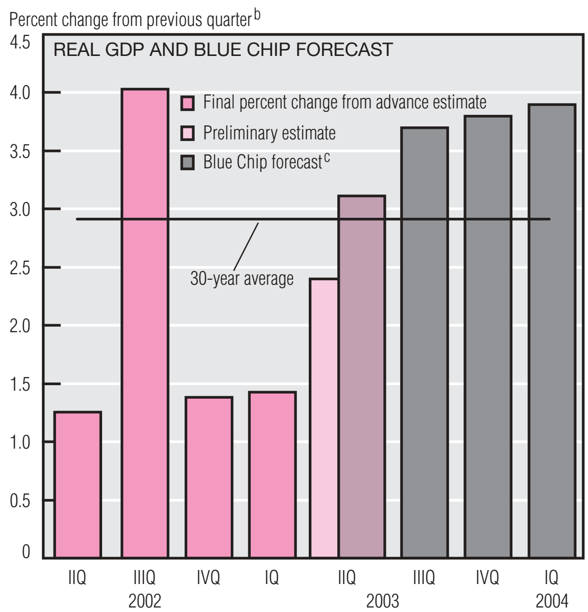
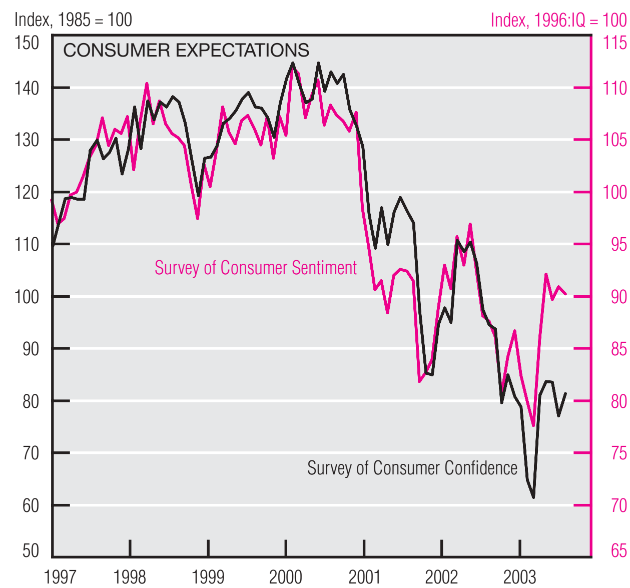
Economic Activity

Real GDP and Components, 2003:IIQ[a,b]
(Preliminary estimate)

	Change, billions of 1996 $	Annualized percent change, last: Quarter	Annualized percent change, last: Four quarters
Real GDP	73.5	3.1	2.5
Personal consumption	62.4	3.8	2.9
Durables	55.8	24.1	8.2
Nondurables	5.6	1.1	3.3
Services	13.7	1.5	1.7
Business fixed investment	22.7	8.0	1.2
Equipment	19.5	8.2	4.0
Structures	3.7	7.2	–7.3
Residential investment	4.5	4.5	6.2
Government spending	34.5	8.2	4.0
National defense	40.6	45.9	13.8
Net exports	–33.3	—	—
Exports	–3.2	–1.2	–1.0
Imports	30.1	7.9	2.9
Change in business inventories	–25.7	—	—







NOTE: All data are seasonally adjusted.
a. Chain-weighted data in billions of 1996 dollars. Components of real GDP need not sum to the total because the total and all components are deflated using independent chain-weight indexes.
b. Annualized
c. Blue Chip panel of economists.
SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; Conference Board; University of Michigan; and *Blue Chip Economic Indicators*, August 10, 2003.

The preliminary estimate of real gross domestic product (GDP) for 2003:IIQ—the first of two planned revisions to the advance estimate that the Commerce Department issued in July—shows a greater increase in output growth than initially reported. The quarterly increase (3.1% at an annualized rate, 0.7 percentage point higher than the advance estimate), results primarily from revisions to personal consumption expenditures (up $7.3 billion), net exports (up $10.0 billion), and state and local government spending (up $2.1 billion). These revisions were partly offset by a $3.0 billion downward revision to private inventory investment.

The revisions did not affect which categories contributed most to the 2003:IIQ increase in real GDP, which continued to be personal consumption expenditures, federal defense spending, and nonresidential fixed investment. Inventory investment and imports continued to exert a significant drag on real output growth.

Survey measures of consumer expectations rebounded in 2003:IIQ, consistent with the improving economic environment suggested by the rising rate of output growth. However, although the university of Michigan's *Survey of Consumer Sentiment* finds that consumer optimism has returned to its pre-recession level (consistent with the Blue Chip forecast of stronger growth in the second half of 2003), the Conference Board's *Survey of Consumer Confidence* suggests that Americans remain less sanguine about the economy than they were in early 2001. One explanation for the difference is that the Michigan survey asks respondents to look a year ahead, whereas the Conference Board asks them to look ahead only six months.