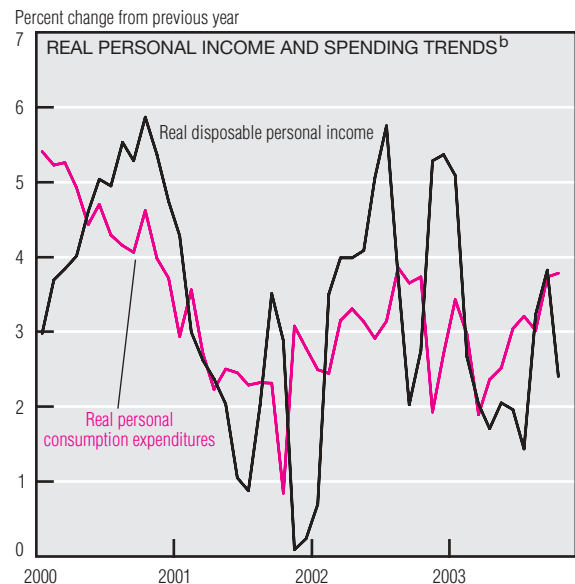
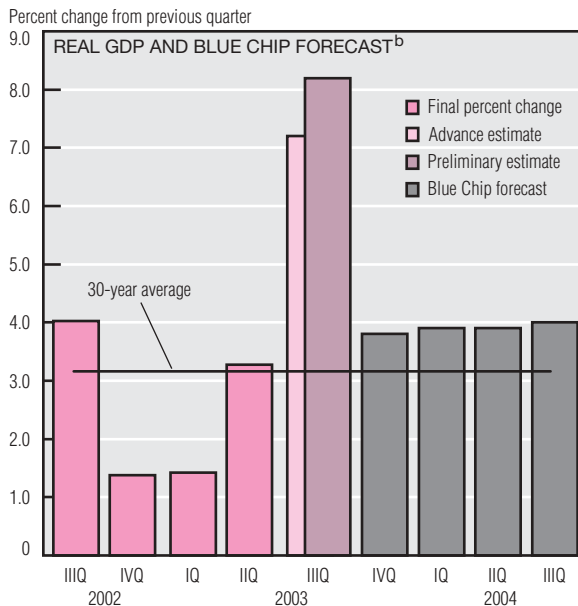
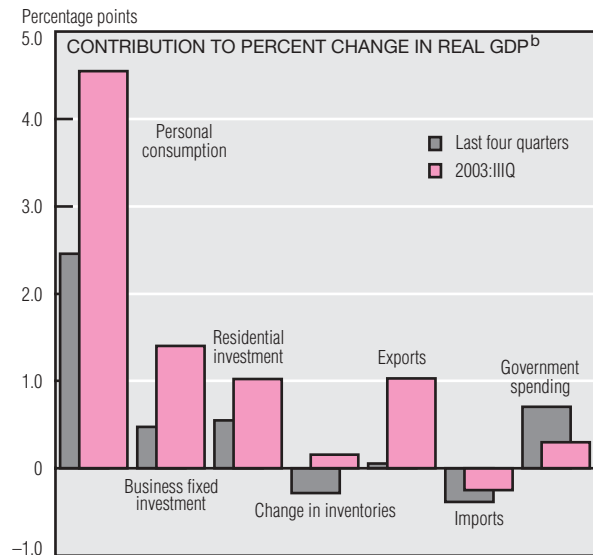


Economic Activity

	Change, billions of 1996 \$	Annualized percent change, last:	
		Quarter	Four quarters
Real GDP	191.8	8.2	3.5
Personal consumption	104.5	6.4	3.5
Durables	64.2	26.5	9.0
Nondurables	36.6	7.6	5.0
Services	19.2	2.1	1.6
Business fixed investment	39.8	14.0	4.6
Equipment	43.2	18.4	6.7
Structures	0.1	0.2	-2.2
Residential investment	21.7	22.7	12.0
Government spending	5.7	1.3	3.7
National defense	-1.9	-1.6	11.4
Net exports	21.9	—	—
Exports	28.0	11.0	0.5
Imports	6.0	1.5	2.7
Change in business inventories	3.5	—	—



a. Chain-weighted data in billions of 1996 dollars. Components of real GDP need not add to the total because the total and all components are deflated using independent chain-weighted price indexes.

b. Data are seasonally adjusted and annualized.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; and *Blue Chip Economic Indicators*, November 10, 2003.

The preliminary estimate from the U.S. Commerce Department's Bureau of Economic Analysis showed that real gross domestic product (GDP) increased during 2003:IIIQ at an annual rate of 8.2%, a full percentage point above the advance estimate and the highest growth rate since 1984:IQ. Personal consumption expenditures, which rose at an annual rate of 6.4%, made the largest contribution to real GDP growth. Consumer spending was boosted by an annualized 26.5% growth rate in durable goods expenditures. Business spending also rose

in the third quarter, reflecting increased expenditures in equipment and software as well as structures. Residential investment was robust in comparison to the previous four quarters. Vigorous housing activity led to a 22.7% increase in this category and boosted real GDP by 1.02 percentage points.

Government spending growth, however, slowed to a 1.3% pace because defense spending decreased. Net exports contributed substantially to the GDP growth rate. Real exports in goods and services increased at an annualized rate of 11.0% in the third

quarter, in sharp contrast to a decrease of 1.0% the quarter before. Real imports of goods and services increased at a rate of 1.5%, down from 8.8% the previous quarter.

The preliminary estimate put real GDP growth 5% above its long-term average, but this number may be revised when the series is re-benchmarked in December. Blue Chip forecasters predict that real GDP growth will slow in the fourth quarter and will not surpass the 30-year average rate by more than 1% in the next four quarters.