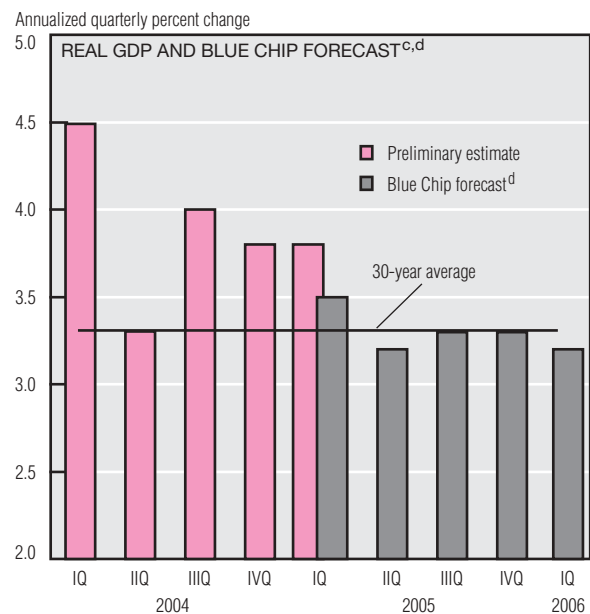
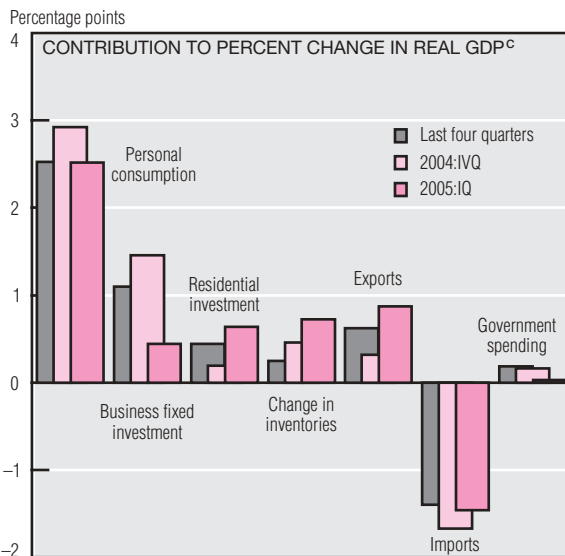
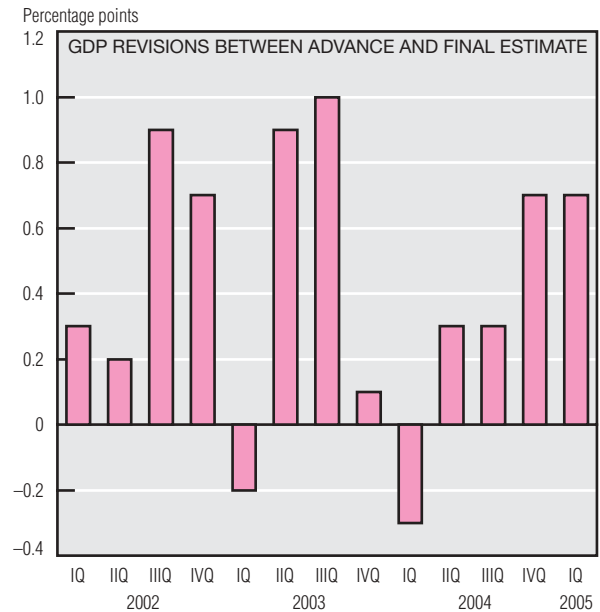


GDP Growth

	Change, billions of 2000 \$	Annualized percent change	
		Current quarter	Four quarters
Real GDP	101.9	3.6	3.7
Personal consumption	68.8	3.6	3.6
Durables	5.0	1.8	5.4
Nondurables	30.0	5.5	4.0
Services	33.2	3.1	3.0
Business fixed investment	13.0	4.1	10.9
Equipment	15.8	6.1	13.9
Structures	-1.5	-2.5	1.3
Residential investment	15.7	11.5	8.1
Government spending	0.8	0.2	1.0
National defense	0.6	0.5	2.9
Net exports	-16.4	—	—
Exports	24.6	8.9	6.3
Imports	40.9	9.6	9.5
Change in business inventories	19.6	—	—



a. Chain-weighted data in billions of 2000 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. 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*, June 10, 2005.

The Commerce Department's final reading of real GDP for 2005:IQ was 3.8%. This figure has been revised up from its advance reading of 3.1% in April and its preliminary reading of 3.5% in May. Such upward revisions are not unusual: There often are substantial changes between the advance and final estimates of real GDP growth. The final estimate has been a downward revision only twice since the beginning of 2002, and the average revision over that period has been 0.4 percentage points (pp).

The upward revision to real GDP from the preliminary estimate was largely the result of accelerations in exports, residential investment, and business fixed investment. In 2005:IQ, export's contribution to the change in real GDP increased 0.6 pp, and residential investment's contribution increased 0.5 pp, but these increases were partly offset by personal consumption expenditures and business fixed investment.

For the past three quarters, real GDP growth has remained significantly

higher than the 30-year average of 3.3%. However, in their June newsletter, the Blue Chip forecasters predicted that GDP growth will slow to between 3.2% and 3.3% over the next four quarters. In May's newsletter, they had predicted that 2005:IIQ growth would be 0.2 pp lower at 3.0% and that 2005:IIIQ growth would be 0.1 pp higher at 3.4%. The rest of their predictions remained unchanged.