



JOINT ECONOMIC COMMITTEE

Joint Economic Committee • Robert F. Bennett, Vice Chairman

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GDP Grew at a 5.3% Annualized Rate in the 1st Quarter

The Bureau of Economic Analysis released its “preliminary estimate” of growth in the inflation-adjusted (“real”) gross domestic product (GDP) for the 1st quarter of 2006. This is a revision of the first, “advance,” estimate issued on April 28.

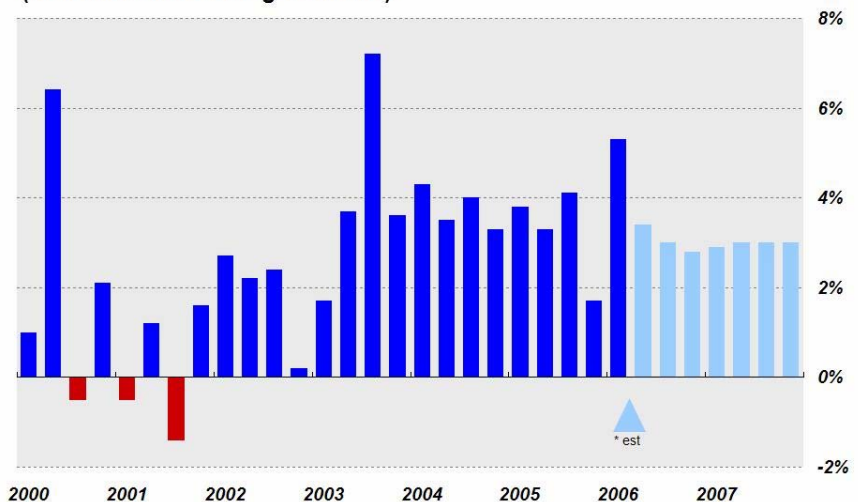
The full release is available at <http://www.bea.gov/bea/newsrelarchive/2006/gdp106p.pdf>.

Annualized GDP growth in the 1st quarter was estimated at a rapid 5.3% rate, an upward revision from the initial estimate of 4.8% growth.

Highlights:

- The preliminary estimate of the 1st-quarter increase in real GDP is \$13.3 billion (0.5 percentage point) more than last month’s advance estimate.
- The upward revision to GDP growth primarily reflects upward revisions to private inventory investment and to exports. Those revisions were partly offset by downward revisions to personal consumer spending on services and to equipment and software spending by businesses.
- Taxes on corporate income increased \$23.2 billion in the 1st quarter, compared with an increase of \$56.8 billion in the 4th quarter of last year.
- Profits after tax with inventory valuation and capital consumption adjustments increased \$93.3 billion in the 1st quarter, compared with an increase of \$129.0 billion in the 4th quarter.
- The major contributors to GDP growth in the 1st quarter were personal consumption expenditures (which grew 5.2%), business equipment and software spending (which grew 13.8%), exports (which grew 14.7%), and federal government spending (which grew 10.5%). Imports, which are a subtraction from GDP, grew 12.8%.
- The inflation-adjusted change in private inventories subtracted 0.14 percentage point from the 1st-quarter change in real GDP.

Preliminary 1st-Quarter GDP Growth Revised Up to 5.3%
(Real annualized GDP growth rate)



Sources: Bureau of Economic Analysis, Blue Chip Economic Indicators*
Prepared by Joint Economic Committee