



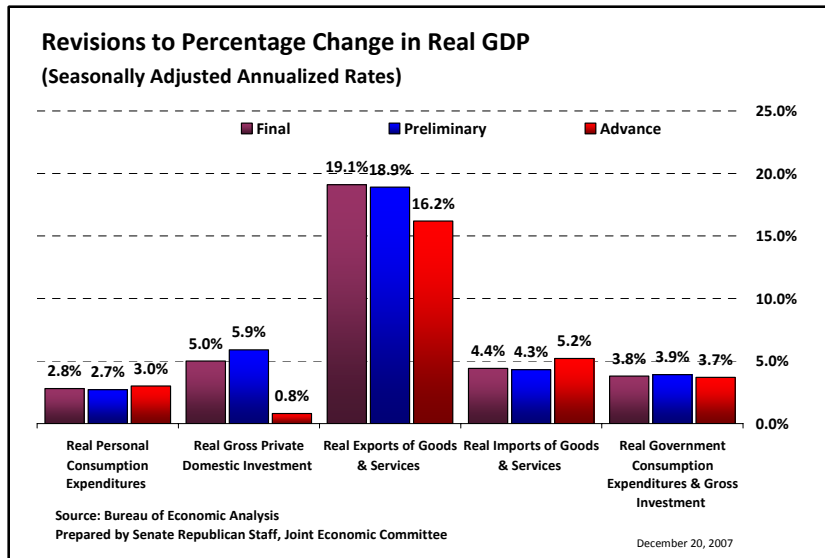
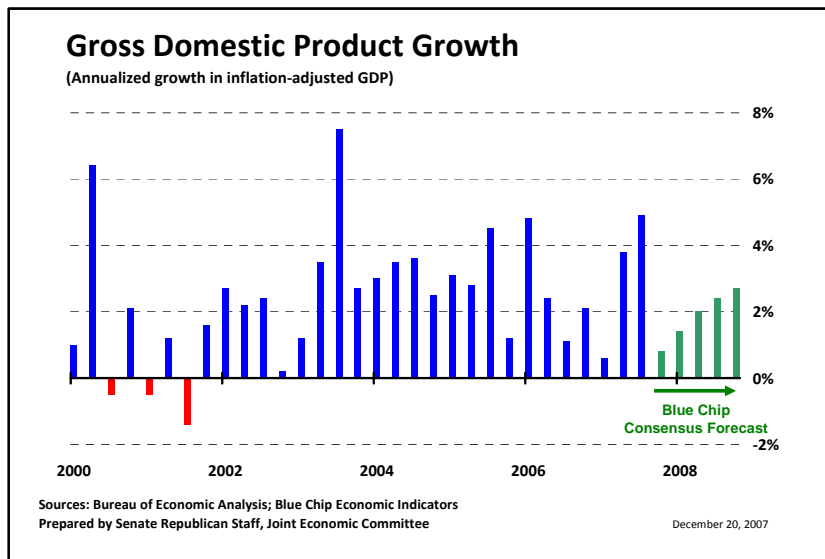
December 20, 2007

4.9% GDP Growth in the 3rd Quarter

The Bureau of Economic Analysis (BEA) released its “final” estimate of 4.9% annualized growth in the inflation-adjusted (“real”) gross domestic product (GDP) for the 3rd quarter (<http://www.bea.gov/newsreleases/national/gdp/2007/pdf/gdp307f.pdf>). The final estimate was unchanged from the earlier, “preliminary,” estimate. Real GDP grew at a 3.8% rate in the 2nd quarter of this year.

Highlights of today’s GDP report:

- The acceleration of GDP growth from the 2nd to the 3rd quarter reflected accelerations in exports, consumer spending, and inventory investment. In contrast, imports also increased and residential investment spending declined more than in the 2nd quarter.
- The final estimate of GDP growth incorporates a small upward revision to consumer spending and an offsetting downward revision to inventory investment.
- The decline in residential investment in the 3rd quarter shaved 1.08% off of real GDP growth.
- Residential investment has declined for seven consecutive quarters, reducing real GDP growth over that period by an average of 0.83 percentage point.



- There have been 24 consecutive quarters of expansion of the Nation's GDP, with growth averaging more than 2.8% over that period.
- Real GDP growth has averaged 2.9% over the past four quarters.
- Corporate profits in the 3rd quarter increased 1.8% from the same quarter a year ago.

Jeffrey Wrase

Chief Economist, Senate Republicans
 Joint Economic Committee
 H-805 Hart Senate Office Building
 (202) 224-2335
jeff_wrase@jec.senate.gov

