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EMBARGOED UNTIL RELEASE AT 8:30 A.M. EST, Friday, January 27, 2017

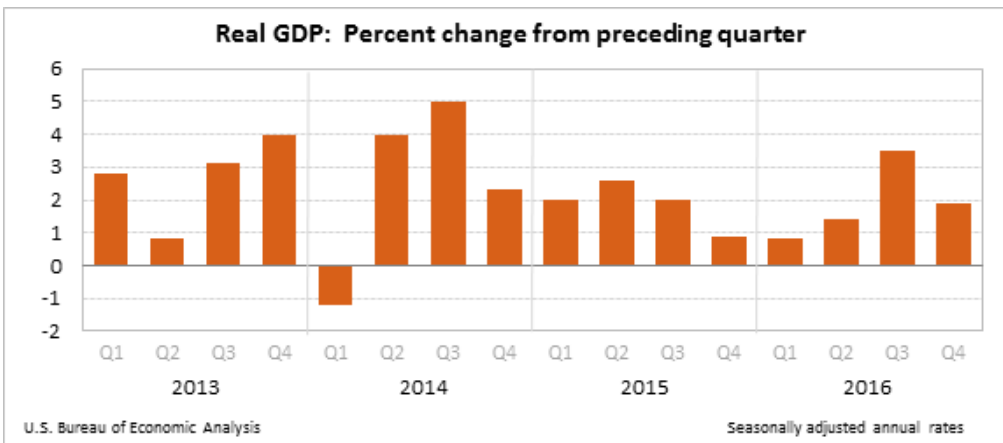
* See the navigation bar at the right side of the news release text for links to data tables, contact personnel and their telephone numbers, and supplementa

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National Income and Product Accounts Gross Domestic Product: Fourth Quarter and Annual 2016 (Advance Estimate)

Real gross domestic product (GDP) increased at an annual rate of 1.9 percent in the fourth quarter of 2016 (table 1), according to the "advance" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 3.5 percent.

The Bureau emphasized that the fourth-quarter advance estimate released today is based on source data that are incomplete or subject to further revision by the source agency (see "Source Data for the Advance Estimate" on page 3). The "second" estimate for the fourth quarter, based on more complete data, will be released on February 28, 2017.



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The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by negative contributions from exports and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased (table 2).

The deceleration in real GDP in the fourth quarter reflected a downturn in exports, an acceleration in imports, a deceleration in PCE, and a downturn in federal government spending that were partly offset by an upturn in residential fixed investment, an acceleration in private inventory investment, an upturn in state and local government spending, and an acceleration in nonresidential fixed investment.

Current-dollar GDP increased 4.0 percent, or \$185.5 billion, in the fourth quarter to a level of \$18,860.8 billion. In the third quarter, current dollar GDP increased 5.0 percent, or \$225.2 billion (table 1 and table 3).

The price index for gross domestic purchases increased 2.0 percent in the fourth quarter, compared with an increase of 1.5 percent in the third quarter (table 4). The PCE price index increased 2.2 percent, compared with an increase of 1.5 percent. Excluding food and energy prices, the PCE price index increased 1.3 percent, compared with an increase of 1.7 percent (appendix table A).

Personal Income (table 10)

Current-dollar personal income increased \$152.0 billion in the fourth quarter, compared with an increase of \$172.3 billion in the third. The deceleration in personal income primarily reflected a deceleration in wages and salaries.

Disposable personal income increased \$130.2 billion, or 3.7 percent, in the fourth quarter, compared with an increase of \$141.5 billion, or 4.1 percent, in the third. Real disposable personal income increased 1.5 percent, compared with an increase of 2.6 percent.

Personal saving was \$791.2 billion in the fourth quarter, compared with \$818.1 billion in the third. The personal saving rate -- personal saving as a percentage of disposable personal income -- was 5.6 percent in the fourth quarter, compared with 5.8 percent in the third.

2016 GDP

Real GDP increased 1.6 percent in 2016 (that is, from the 2015 annual level to the 2016 annual level), compared with an increase of 2.6 percent in 2015 (table 1).

The increase in real GDP in 2016 reflected positive contributions from PCE, residential fixed investment, state and local government spending, exports, and federal government spending that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased (table 2).

The deceleration in real GDP from 2015 to 2016 reflected a downturn in private inventory investment, a deceleration in PCE, a downturn in nonresidential fixed investment, and decelerations in residential fixed investment and in state and local government spending that were offset by a deceleration in imports and accelerations in federal government spending and in exports.

Current-dollar GDP increased 2.9 percent, or \$530.3 billion, in 2016 to a level of \$18,566.9 billion, compared with an increase of 3.7 percent, or \$643.5 billion, in 2015 (table 1 and table 3).

The price index for gross domestic purchases increased 1.0 percent in 2016, compared with an increase of 0.4 percent in 2015 (table 4).

During 2016 (that is, measured from the fourth quarter of 2015 to the fourth quarter of 2016), real GDP increased 1.9 percent, the same rate as during 2015. The price index for gross domestic purchases increased 1.5 percent during 2016, compared with an increase of 0.4 percent during 2015 (table 7).

Source Data for the Advance Estimate

Information on the assumptions used for unavailable source data in the advance estimate is

provided in a Technical Note (/newsreleases/national/gdp/2017/pdf/tech4q16_adv.pdf) that is posted with the news release on BEA's Web site after the release, a detailed "Key Source Data and Assumptions (</national/xls/GDP-SRCE.xlsx>)" file is posted on the Web site. For information on updates to GDP, see the "Additional Information" section that follows.

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Next release: February 28, 2017 at 8:30 A.M. EST
Gross Domestic Product: Fourth Quarter and Annual 2016 (Second Estimate)

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Additional Information

Resources

Additional Resources available at www.bea.gov (/):

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- Historical time series for these estimates can be accessed in BEA's Interactive Data Application ([itable/](/itable/)).
- Access BEA data by registering for BEA's Data Application Programming Interface (</API/signup/index.cfm>) (API).
- For more on BEA's statistics, see our monthly online journal, the Survey of Current Business (</scb/index.htm>).
- BEA's news release schedule (</newsreleases/2016rd.htm>)
- NIPA Handbook (</national/pdf/all-chapters.pdf>): Concepts and Methods of the U.S. National Income and Product Accounts

Definitions

Gross domestic product (GDP) is the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production. GDP is also equal to the sum of personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

Current-dollar estimates are valued in the prices of the period when the transactions occurred—that is, at "market value." Also referred to as "nominal estimates" or as "current-price estimates." Real values are inflation-adjusted estimates—that is, estimates that exclude the effects of price changes. The gross domestic purchases price index measures the prices of final goods and services purchased by U.S. residents.

The personal consumption expenditure price index measures the prices paid for the goods and services purchased by, or on the behalf of, "persons."

Personal income is the income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or business, from the ownership of financial assets, and from government and business in the form of transfers. It includes income from domestic sources as well as the rest of world. It does not include realized or unrealized capital gains or losses.

Disposable personal income is the income available to persons for spending or saving. It is equal to personal income less personal current taxes.

Personal outlays is the sum of personal consumption expenditures, personal interest payments, and personal current transfer payments.

Personal saving is personal income less personal outlays and personal current taxes. The personal saving rate is personal saving as a percentage of disposable personal income. (For a comparison of personal saving in BEA's national income and product accounts (NIPAs) with personal saving in the Federal Reserve Board's financial accounts of the United States, go to www.bea.gov/national/nipaweb/nipa-frb.asp.)

For more definitions, see the Glossary: National Income and Product Accounts (</national/pdf/glossary.pdf>).

Statistical conventions

Annual rates. Quarterly values are expressed at seasonally-adjusted annual rates (SAAR), unless otherwise specified. Dollar changes are calculated as the difference between these SAAR values. For detail, see the FAQ "Why does BEA publish estimates at annual rates? (/faq/index.cfm?faq_id=121)"

Percent changes in quarterly series are calculated from unrounded data and are displayed at annual rates, unless otherwise specified. For details, see the FAQ "How is average annual growth calculated? (/faq/index.cfm?faq_id=463)"

Quantities and prices. Quantities, or "real" volume measures, and prices are expressed as index numbers with a specified reference year equal to 100 (currently 2009). Quantity and price indexes are calculated using a Fisher-chained weighted formula that incorporates weights from two adjacent periods (quarters for quarterly data and annuals for annual data). "Real" dollar series are calculated by multiplying the published quantity index by the current dollar value in the reference year (2009) and then dividing by 100. Percent changes calculated from real quantity indexes and chained-dollar levels are conceptually the same; any differences are due to rounding.

Chained-dollar values are not additive because the relative weights for a given period differ from those of the reference year. In tables that display chained-dollar values, a "residual" line shows the difference between the sum of detailed chained-dollar series and its corresponding aggregate.

Updates to GDP

BEA releases three vintages of the current quarterly estimate for GDP: "Advance" estimates are released near the end of the first month following the end of the quarter and are based on source data that are incomplete or subject to further revision by the source agency; "second" and "third" estimates are released near the end of the second and third months, respectively, and are based on more detailed and more comprehensive data as they become available.

Annual and comprehensive updates are typically released in late July. Annual updates generally cover at least the 3 most recent calendar years (and their associated quarters) and incorporate newly available major annual source data as well as some changes in methods and definitions to improve the accounts. Comprehensive (or benchmark) updates are carried out at about 5-year intervals and incorporate major periodic source data, as well as major conceptual improvements.

The table below shows the average revisions to the quarterly percent changes in real GDP between different estimate vintages, without regard to sign.

Vintage	Average Revision Without Regard to Sign (percentage points, annual rates)
Advance to second	0.5
Advance to third	0.6
Second to third	0.2
Advance to latest	1.1

Note - Based on estimates from 1993 through 2015. For more information on GDP updates, see Revision Information (/newsreleases/national/gdp/revision_information.htm) on the BEA Web site.

The larger average revision from the advance to the latest estimate reflects the fact that periodic comprehensive updates include major statistical and methodological improvements.

Unlike GDP, an advance current quarterly estimate of GDI is not released because data on domestic profits and on net interest of domestic industries are not available. For fourth quarter estimates, these data are not available until the third estimate.

Updated: 27-Jan-17

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