
INTERNATIONAL ECONOMIC COMPARISONS

U.S. Economic Performance Relative to Other Group of Seven (G-7) Members

Michael Youssef¹
myoussef@usitc.gov
202-205-3269

Economic Growth

The real gross domestic product (GDP) of the United States—the output of goods and services produced in the United States measured in 1996 prices—increased at an annual rate of 1.4 percent in the first quarter of 2003, compared to 1.4 percent growth in the fourth quarter of 2002, according to estimates by the U.S. Department of Commerce, Bureau of Economic Analysis.² For the year 2002, real GDP grew by 2.4 percent; up from 0.3 percent growth in the previous year. The major contributors to the increase in real GDP in the first quarter of 2003 were personal consumption expenditures, and residential fixed investment. However, the contributions of these components were partly offset by a decrease in private inventory investment, and nonresidential investment. Imports, which are a subtraction in the calculation of GDP, decreased in the first quarter of 2003.

¹ Michael Youssef is an international economist in the USITC Office of Economics, Country and Regional Analysis Division. The views expressed in this article are those of the author. They are not the views of the U.S. International Trade Commission (USITC) as a whole or of any individual Commissioner.

² Data for this article were taken largely from the following sources: U.S. Department of Commerce, Bureau of Economic Analysis, “Gross Domestic Product,” BEA News Release, found at Internet address <http://www.bea.doc.gov/bea/newsrel/gdp.htm>; Federal Reserve Board, “Industrial Production and Capacity Utilization,” G.17 (419) Release, found at Internet address <http://www.federalreserve.gov/releases/G17/Current/>; U.S. Department of Labor, Bureau of Labor Statistics, “Consumer Price Index,” USDL-01, found at Internet address <http://www.bls.gov/news.release/cpi.nr0.htm>; U.S. Department of Labor, Bureau of Labor Statistics, “The Employment Situation,” USDL-01, found at Internet address <http://www.bls.gov/news.release/emp-sit.nr0.htm>; and the Conference Board, Consumer Research Center, “Forecasters’ Forecasts,” facsimile transmission, used with permission.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.4 percent in the first quarter, compared with an increase of 1.8 percent in the fourth quarter.

In other G-7 economies, the annualized rates of real GDP growth were as follows: in the United Kingdom the economy grew by 0.3 percent in the first quarter of 2003, and it grew by 2.1 percent in the year to the first quarter of 2003. In France, the economy grew by 0.3 percent in the first quarter of 2003, and grew by 1.0 percent in the year to the first quarter of 2003. In Germany, the economy declined by 0.9 percent in the first quarter of 2003, but grew by 0.2 percent in the year to the first quarter of 2003. In Italy, the economy declined by 0.4 percent, but grew by 0.8 percent in the year to the first quarter of 2003. In Japan, the economy grew by 0.6 percent the first quarter of 2003, but grew by 2.6 percent in the year to the first quarter of 2003. In Canada, the economy grew by 2.4 percent in the fourth quarter of 2002, and grew by 2.6 percent in the year to the fourth quarter of 2002. For EU members linked by the euro currency, the euro area (EU-12) GDP growth rate was nil in the first quarter of 2003, but grew by 0.8 percent in the year to the first quarter of 2003.

U.S. Gross Domestic Product by Industry 2002

Private services-producing industries led economic rebound in 2002, according to the Bureau of Economic Analysis of the U.S. Department of Commerce. Real GDP for private services-producing industries increased by 2.8 percent, compared with growth of 1.7 percent in 2001, and 5.4 percent in 2000. This

industries group recorded average annual growth of 5.3 percent over the period 1995-2000. Within this group, transportation and public utilities, wholesale and retail trades recorded highest rates of GDP growth, while finance, insurance and real estate recorded relatively slower growth.

Private goods-producing industries GDP increased in 2002 by 1.3 percent. Within this group mining and manufacturing recorded relatively higher growth rates, while agriculture, forestry, and fishing, construction and durable goods recorded relatively slower growth rates. The following table shows percent changes in real gross domestic by industry group for specified periods (table 1).

Industrial Production

The Federal Reserve Board reported that U.S. industrial production edged up 0.1 percent in May after having fallen by 0.6 percent in both March and April 2003. In May 2003 industrial production was 0.8 percent lower than its level in May 2002. Manufacturing output increased 0.2 percent in May after decreasing by 0.7 percent in April. Output at utilities fell by 0.9 percent in May, but mining output moved up 0.8 percent and was 0.2 percent above the level of May 2002. The rate of capacity utilization for total industry was unchanged at decreased to 74.3 percent, 0.7 percentage point below the rate a year earlier.

By market group, the output of consumer goods fell in May by 0.1 percent, and was driven by a drop in the production of durable goods of 0.5 percent, which in turn was driven by a drop in the production of automotive products. The production of consumer nondurable goods was unchanged. The output of business equipment was unchanged in May and was 2.8 percent below its level in May 2002.

For the first quarter as a whole, manufacturing output fell at an annual rate of 0.7 percent, its second consecutive quarterly decline. The overall factory operating rates edged down 0.2 percentage point to 72.9. A decline of 0.4 percent in the production of durable goods in March was mostly due to declines in the output of machinery, metals, and motor vehicles and parts. The output of computers and electronic products posted a 0.8 percent increase and was 5.1 percent above its earlier year level. Within non-durables, increases in the output of chemicals, paper, and petroleum and coal products were offset by declines in plastics and rubber products and other material.

Other G-7 member countries reported the following growth rates of industrial production. For the year ending April 2003, the United Kingdom reported a decrease of 1.8 percent; Canada reported a decrease of 1.0 percent, France reported a decrease of 0.5 percent; Germany reported a decrease of 0.5 percent; Italy reported a decrease of 1.7 percent, and Japan reported an increase of 1.6 percent for the year ending May 2003. The euro area reported an increase of 0.8 for the year ending April 2003.

Prices

The seasonally adjusted U.S. Consumer Price Index (CPI) was unchanged in May 2003 following a 0.3 percent decline in April, according to the U.S. Department of Labor. For the year ended May 2003, consumer prices increased 2.1 percent higher than in May 2002.

During the year ended in May 2003, prices increased 1.0 percent in Germany, 2.6 percent in Italy, 1.8 percent in France, and by 3.0 percent in the United Kingdom, 2.9 percent in Canada; however, prices declined by 0.2 percent in Japan. Prices increased by 2.0 percent in the euro area in the year ending June 2003.

Employment

The U.S. Department of Labor, Bureau of Labor Statistics reported that the U.S. unemployment rate rose to 6.4 percent in April 2003. Job losses continued in manufacturing, but were partly offset by increases in some other industries. In other G-7 countries, the latest unemployment rates were reported to be 7.8 percent in Canada, 9.3 percent in France, 10.7 percent in Germany, 8.8 percent in Italy, 5.4 percent in Japan, and 5.1 percent in the United Kingdom. The unemployment rate in the euro area was 8.8 percent.

Productivity and Costs

Productivity growth has held down business costs and inflation. The U.S. Bureau of Labor Statistics reported that U.S. labor productivity—as measured by output per hour of all persons—rose in the first quarter of 2003 by 2.2 percent in the business sector and by 1.6 percent in the non-farm business sector. In the manufacturing sector productivity rose in the first quarter by 2.1 percent. In the durable goods manufacturing, productivity rose by 2.4 percent, but in the nondurable goods manufacturing, productivity decreased by 1.7 percent.

Productivity growth in manufacturing in the first quarter of 2003 reflected decreases in both output and

Table 1
Gross domestic product by industry for 2002, with services-producing sector leading the economic rebound and manufacturing beginning the recovery

| Sector/industry | 2000 | 2001 | 2002 | 1995 to 2000 |
|---|-------|--------------------------------------|------|--------------|
| | | <i>Average annual rate of change</i> | | |
| Gross domestic product | 3.8 | 0.3 | 2.4 | 4.0 |
| Private industries | 3.9 | 0.4 | 2.5 | 4.6 |
| Private goods-producing industries | 3.6 | -4.2 | 1.3 | 4.1 |
| Agriculture, forestry, and fishing | 7.9 | -1.7 | 0.1 | 6.2 |
| Mining | -11.2 | 4.8 | 1.4 | -2.0 |
| Construction | 2.8 | -1.6 | 0.1 | 4.8 |
| Manufacturing | 4.7 | -6.0 | 1.8 | 4.3 |
| Durable goods | 10.0 | -5.2 | -0.1 | 7.9 |
| Nondurable goods | -2.2 | -7.1 | 4.3 | -0.4 |
| Private services-producing industries | 5.4 | 1.7 | 2.8 | 5.3 |
| Transportation and public utilities | 6.8 | -0.2 | 3.9 | 4.3 |
| Transportation | 5.2 | -4.3 | 3.3 | 4.6 |
| Communications | 12.3 | 12.3 | 3.2 | 7.2 |
| Electric, gas, and sanitary services | 2.4 | -9.1 | 5.6 | 0.6 |
| Wholesale trade | 5.9 | -0.2 | 5.0 | 9.2 |
| Retail trade | 7.5 | 4.6 | 5.9 | 7.2 |
| Finance, insurance, and real estate | 6.2 | 2.8 | 1.6 | 5.2 |
| Services | 3.3 | 0.9 | 1.6 | 3.9 |
| Government | 2.6 | 1.7 | 1.9 | 1.4 |

Source: United States Department of Commerce, Bureau of Economic Analysis, "Gross Domestic Product (GDP) by Industry for 2002: Services-Producing Sector Leads Economic Rebound; Manufacturing Begins Recovery," BEA News Release, BEA 03-11, Apr. 17, 2003, found at Internet address <http://www.bea.gov/bea/newsrel/gdpindy2002.htm>, retrieved on May 17, 2003.

hours; output declined by 0.6 percent, and hours of all persons fell 2.6 percent (seasonally adjusted annual rates). Output and hours in manufacturing, which includes about 15 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and non-farm business sectors.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and non-farm business series, and these measure are not directly comparable. Output measures for business and non-farm business series are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measure for manufacturing reflect indexes of industrial production prepared by the Board of Governors of the Federal Reserve System. See productivity and costs measures in table 2.

Fourth Quarter and Annual Measures for Nonfinancial Corporations

The nonfinancial corporate sector includes all corporations doing business in the United States, except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices and real estate investment trusts.

Fourth quarter productivity for nonfinancial corporations released by BLS show productivity (output per-all employee hour) grew by 5.0 percent from the third quarter to the fourth quarter of 2002 as output grew by 4.5 percent and employee hours fell 0.5 percent. Hourly compensation increased 4.9 percent in the fourth quarter, and real hourly compensation rose 2.8 percent. Unit labor costs fell 0.1 percent in the fourth quarter of 2002, the seventh consecutive drop in these costs. In the fourth quarter, unit profits increased at 20.8 percent annual rate after falling by 11.2 percent in the previous quarter.

In the calendar year 2002 productivity grew by 5.5 percent in the calendar year 2002 for non-financial corporations, following an increase of 1.4 percent in the previous year. Nonfinancial corporate output grew by 3.2 percent in 2002, and employee hours decreased 2.2 percent. This was the second consecutive decline in employee hours.

Hourly compensation grew 3.3 percent in 2002, and real hourly compensation increased 1.7 percent. Total unit costs fell 1.3 percent, reflecting a 2.1 decrease in unit labor costs and a 0.9 percent rise in

unit non-labor costs. Unit profits rose 9.0 percent in 2002, which reflects both the unit costs and the unit profits measures, dropped 0.5 percent in 2002. Annual 2002 measure of productivity and costs for the nonfinancial corporate sector are shown in table 3.

Forecasts

The U.S. economy has continued to grow at a remarkable rate despite the forces burdening it, according to the Federal Reserve Board, IMF, OECD and other major private forecasts. Despite such forces as the lengthy adjustment of capital spending following several years of decline in equity values, economic retrenchment triggered by revelations of corporate malfeasance, and the heightened political risks in areas such as the Middle East, U.S. real GDP grew by 2.4 percent in 2002, a very respectable pace compared to the sluggish growth in other major world economies.

Federal Reserve Board Forecasts³

Despite the unusual degree of uncertainty attending the economic outlook, the Federal Reserve Board believes the most probable outcome for 2003 to be a pick up in the pace of economic expansion.

The central tendency of real GDP forecasts made by the members of the Board of Governors and the Federal Reserve Bank presidents is 31/4 percent to 31/2 percent measured from the final quarter of 2002 to the final quarter of 2003. The civilian unemployment rate is expected to be in the 51/4 percent to 6.0 percent range. Consumer prices will increase less in 2003 than in 2002 if energy prices reverse last year's sharp rise, and if resource utilization remains sufficiently slack to slow down inflation forces.

Monetary policy remains stimulative to domestic demand, and activity abroad is expected to strengthen foreign demand for U.S. exports. Furthermore robust gains in U.S. labor productivity ought to promote business and household spending in 2003.

OECD Forecasts⁴

Forecasts by the Organization of Economic Co-operation and Development (OECD) in its April

³ Federal Reserve Board of Governors, "Monetary Policy Report to the Congress," *Federal Reserve Bulletin*, March 2003, p. 108, found at Internet address <http://www.federalreserve.gov/pubs/bulletin/2003/0303lead.pdf>, retrieved on May 17, 2003.

⁴ OECD, *Economic Outlook No. 72*, December 2002, found at Internet address <http://www.oecd.org/>, retrieved on Jan. 15, 2003.

Table 2
Productivity and costs: Preliminary first quarter 2003 measures, at seasonally adjusted annual rates

| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|------------------|---------------------|---------------|--|----------------------------|---------------------------------|-------------------------|
| | | | <i>Percent change from preceding quarter</i> | | | |
| Business | 2.2 | 1.7 | -0.5 | 3.9 | 0.1 | 1.7 |
| Nonfarm | | | | | | |
| business | 1.6 | 1.4 | -0.1 | 3.5 | -0.3 | 1.9 |
| Manufacturing | 2.1 | -0.6 | -2.6 | 4.8 | 1.0 | 2.7 |
| Durable | 2.4 | 0.3 | -2.0 | 4.5 | 0.7 | 2.1 |
| Nondurable ... | 1.7 | -1.7 | -3.3 | 5.2 | 1.3 | 3.4 |
| | | | <i>Percent change from same quarter a year ago</i> | | | |
| Business | 2.5 | 2.3 | -0.2 | 3.5 | 0.6 | 1.0 |
| Nonfarm | | | | | | |
| business | 2.3 | 2.3 | 0.0 | 3.3 | 0.4 | 0.9 |
| Manufacturing .. | 2.8 | 0.5 | -2.2 | 4.1 | 1.2 | 1.3 |
| Durable | 4.5 | 1.5 | -2.9 | 4.7 | 1.7 | 0.2 |
| Nondurable ... | 0.7 | -0.6 | -1.2 | 3.4 | 0.5 | 2.7 |

Source: U.S. Bureau of Labor Statistics, USDL 03-202, found at Internet address <http://www.bls.gov/lpc/>, retrieved May 7, 2003.

Table 3
Nonfinancial corporations: Annual changes in productivity and related measures, 1993-2002

| Measure | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---------------------------------------|--|------|------|------|------|------|------|-------|-------|------|
| | <i>Percent change from previous year</i> | | | | | | | | | |
| Productivity | 0.7 | 2.4 | 1.0 | 3.2 | 0.9 | 3.0 | 2.7 | 3.5 | 1.4 | 5.5 |
| Output | 3.0 | 6.4 | 4.2 | 5.0 | 5.9 | 5.8 | 5.2 | 5.0 | -0.1 | 3.2 |
| Hours | 2.3 | 3.9 | 3.1 | 1.8 | 5.0 | 2.6 | 2.4 | 1.5 | -1.5 | -2.2 |
| Hourly compensation | 2.0 | 2.1 | 1.9 | 2.7 | 1.3 | 5.1 | 4.4 | 6.7 | 2.5 | 3.3 |
| Real hourly compensation | -0.4 | 0.0 | -0.5 | 0.0 | -0.9 | 3.6 | 2.3 | 3.2 | -0.3 | 1.7 |
| Unit labor costs | 1.3 | -0.3 | 0.8 | -0.5 | 0.4 | 2.0 | 1.7 | 3.1 | 1.0 | -2.1 |
| Unit nonlabor costs . . | 0.2 | 1.0 | 0.9 | -1.5 | 0.3 | 1.2 | 1.2 | 3.3 | 6.5 | 0.9 |
| Total unit cost | 1.0 | 0.1 | 0.8 | -0.8 | 0.4 | 1.8 | 1.5 | 3.1 | 2.5 | -1.3 |
| Unit profit | 13.2 | 16.3 | 5.5 | 9.5 | 3.1 | -9.7 | -7.2 | -15.2 | -11.7 | 9.0 |
| Implicit price deflator . | 2.1 | 1.6 | 1.4 | 0.4 | 0.7 | 0.3 | 0.6 | 1.2 | 1.2 | -0.5 |

Source: United States Department of Labor, Bureau of Labor Statistics, "Productivity jump for nonfinancial corporations in 2002," May 13, 2003, USDL 03-202, found at Internet address <http://www.bls.gov/opub/ted/2003/may/wk2/art02.htm>, retrieved on May 17, 2003.

2003 *Economic Outlook* show fragile and weaker than expected growth rates for the United States, but rather disappointing growth in the euro area and Japan. Geopolitical and psychological factors and their role in weakening investors and consumer confidence caused the world economy to undershoot economic expectations by wide margins. However, the forecast sees a progressive if unspectacular world recovery. U.S. real GDP is projected to grow by 2.5 percent in 2003, and by 4.0 percent in 2004. In contrast, Japan's real GDP is projected to grow by 1.0 percent in 2003, and then grow by 1.1 percent in 2004. In the euro area (EU-12), real GDP is projected to grow by 1.0 percent in 2003, and by 2.4 percent in 2004. In the larger area of the European Union (EU-15), real GDP is projected to grow by 1.2 percent in 2003, and by 2.40 percent in 2004. Real GDP for the whole OECD area—the world's industrialized economies as a group—is projected to grow by 1.9 percent in 2003, by 3.0 percent in 2004.

Inflation is projected to remain subdued in the United States, rising by 1.6 percent in 2003 and by 1.3 percent in 2004. In Japan, deflationary price pressures are expected to remain throughout the 2-year period as prices are projected to decline by 2.2 percent in 2003, and by 1.8 percent in 2004. In the euro area, inflation is projected to slow from 1.9 percent in 2003 to 1.8 percent in 2004. In the somewhat larger area of the European Union, inflation is projected to slow from 1.9 percent in 2003 to 1.8 percent in 2004. In the overall OECD area, inflation is projected to slow from 1.7 percent in 2003 to 1.4 percent in 2004.

Unemployment is projected to remain at 6.0 percent in the United States in 2003, then decline slightly to 5.8 percent in 2004. In Japan, unemployment is projected to stay at 5.7 percent in 2003, and 2004. In the euro area, unemployment is projected to remain high at 8.8 percent in 2003, and decline slightly to 8.7 percent in 2004. In the European Union, unemployment is projected to slow from 8.0 percent in 2003 to 7.9 percent in 2004. In total OECD area, unemployment is projected to remain around 7.2 to 7.0 percent during the 2-year period.

The U.S. current account deficit, as a percent of GDP, is projected to remain high in the two years, growing from 5.4 percent in 2003 to 5.5 percent of GDP in 2004. In Japan, the current account surplus is projected to grow from 3.1 percent of GDP in 2003 to 3.9 percent in 2004. In the euro area, the current account surplus is projected to stay at 1.4 percent in 2003, and in 2004. The overall OECD current account deficit, as a percent of GDP, is projected to remain at 1.2 percent over the two years.

World trade volume—the average of world merchandise imports plus exports—is projected to increase by 5.9 percent in 2003, and by 8.8 percent in 2004, up from the much lower growth rate of 3.6 percent in 2002.

IMF Forecasts

The International Monetary Fund (IMF) in their April 2003 World Economic Outlook, expects the world recovery to continue at a moderate pace. World output is projected to grow by 3.2 percent in 2003 and by 4.1 percent in 2004. U.S. real GDP is projected to grow by 2.2 percent in 2003, and by 3.6 percent in 2004. Japan's real GDP is expected to grow by 0.8 percent in 2003 and by 1.0 percent in 2004. In the euro area real GDP is expected to grow by 1.1 percent in 2003 and by 2.3 percent in 2004. In the European Union real GDP is expected to grow by 1.3 percent in 2003, and by 2.4 percent in 2004.

U.S. inflation rate as measured by consumer prices is estimated to rise to 2.3 percent in both 2003 and 2004. In the euro area inflation is expected to slow from 2.0 percent in 2003 to 1.5 percent in 2004. In Japan deflationary pressures are expected to continue causing prices to decline by 0.7 percent in 2003 and by 0.6 percent in 2004. In the larger European Union, consumer prices are expected to rise by 2.2 percent in 2003, and slow to 1.8 percent in 2004.

U.S. unemployment rate is expected to reach 6.2 percent in 2003, and then decline to 5.9 percent in 2004. In the euro area, unemployment is to reach 8.8 percent in 2003, and then decline slightly to 8.7 percent. In Japan, the unemployment rate is to reach 5.5 percent in 2003, and 5.4 percent in 2004. In the European Union, unemployment is to reach 8.0 percent in both 2003, and 2004.

U.S. current account deficit is expected to increase to 5.3 percent of GDP in 2003, and decline slightly to 5.1 percent. Japan's current account surplus is expected to reach 2.7 percent of GDP in 2003, and to 3.0 percent in 2004. The euro area current account surplus is expected to remain at 1.1 percent of GDP in both 2003 and 2004. For the European Union the current account surplus is expected to reach 0.9 percent in both 2003 and 2004.

Private Economic Forecasts

Economic prospects also improved, according to private forecasters. Seven major U.S. forecasters expect real GDP growth in the United States during the second quarter of 2003, to reach an average annualized rate of 1.9 percent and then keeps rising to reach 3.9

percent by the end of the year. The overall growth rate for the year 2003 is expected to average 2.4 percent. Following the 1.9 percent increase in the second quarter, real GDP is projected to grow in the third, and fourth quarters of 2003, at 3.4 percent, and 3.9 percent, respectively. Table 4 shows macroeconomic projections for the U.S. economy from June 2003 to June 2004, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, are presented as percentage changes

from the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter. The average of the forecasts points to an unemployment rate of about 6.0 percent for the year 2003. Inflation, as measured by the GDP deflator, is expected to remain subdued, reaching an average of about 1.6 percent in the second quarter of 2003, and then rise thereafter. For the year 2003, inflation is projected to remain at 1.7 percent.

Table 4
Projected economic forecasts by quarter and year, April 2003-June 2004

| Item | Conference Board | Macro-economic Advisers | E.I. Dupont | UCLA | Regional Forecasting Associates | Merrill Lynch Capital Markets | WEFA | Mean of forecasts |
|-----------------------------------|------------------|-------------------------|-------------|------|---------------------------------|-------------------------------|------|-------------------|
| <i>Percent (see note)</i> | | | | | | | | |
| GDP constant dollars | | | | | | | | |
| 2003 Q:I (actual) | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Q:II | 2.3 | 1.8 | 1.5 | 2.5 | 2.0 | 1.8 | 1.6 | 1.9 |
| Q:III | 4.1 | 4.1 | 3.0 | 2.5 | 3.4 | 3.0 | 4.0 | 3.4 |
| Q:IV | 4.7 | 4.2 | 4.5 | 3.8 | 3.6 | 2.5 | 4.2 | 3.9 |
| 2004 Q:I | 4.9 | 4.1 | 4.5 | 3.9 | 3.8 | 3.3 | 5.1 | 4.2 |
| Q:II | 3.4 | 3.7 | 4.0 | 3.8 | 4.1 | 3.8 | 4.2 | 3.9 |
| Annual 2003 | 2.5 | 2.4 | 2.2 | 2.4 | 2.7 | 2.1 | 2.3 | 2.4 |
| Annual 2004 | 4.0 | 3.8 | 3.8 | 3.5 | 3.5 | 3.3 | 4.2 | 3.7 |
| Unemployment, average rate | | | | | | | | |
| 2003 Q:I (actual) | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 | 5.8 |
| Q:II | 6.1 | 6.0 | 6.1 | 6.0 | 6.0 | 6.0 | 6.1 | 6.0 |
| Q:III | 6.0 | 6.0 | 6.1 | 6.0 | 6.2 | 6.3 | 6.2 | 6.1 |
| Q:IV | 5.8 | 5.9 | 6.0 | 5.9 | 6.2 | 6.3 | 6.1 | 6.0 |
| 2004 Q:I | 5.6 | 5.7 | 5.8 | 6.0 | 6.1 | 6.2 | 6.0 | 5.9 |
| Q:II | 5.6 | 5.6 | 5.7 | 5.9 | 6.0 | 6.0 | 5.9 | 5.8 |
| Annual 2003 | 5.9 | 5.9 | 6.0 | 5.9 | 6.0 | 6.1 | 6.1 | 6.0 |
| Annual 2004 | 5.5 | 5.6 | 5.7 | 5.8 | 5.9 | 6.0 | 5.9 | 5.8 |
| GDP price deflator | | | | | | | | |
| 2003 Q:I (actual) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Q:II | 2.0 | 1.3 | 1.8 | 1.3 | 1.8 | 1.6 | 1.4 | 1.6 |
| Q:III | 2.5 | 1.3 | 1.8 | 1.8 | 1.4 | 0.9 | 1.4 | 1.6 |
| Q:IV | 1.5 | 1.5 | 1.8 | 2.3 | 1.4 | 1.2 | 1.4 | 1.6 |
| 2004 Q:I | 2.0 | 1.9 | 1.8 | 2.8 | 1.8 | 1.2 | 2.1 | 1.9 |
| Q:II | 1.7 | 1.6 | 1.8 | 3.0 | 1.8 | 1.1 | 1.8 | 1.8 |
| Annual 2003 | 1.9 | 1.6 | 1.9 | 1.5 | 1.8 | 1.6 | 1.8 | 1.7 |
| Annual 2004 | 1.9 | 1.6 | 1.8 | 2.8 | 1.9 | 1.2 | 1.8 | 1.9 |

Note.—Projected changes in percent represent annualized percentage rates of change from the preceding period, except for the unemployment rate which represents a simple percentage rate of the U.S. labor force. Quarterly data are seasonally adjusted.

Source: Calculated from data supplied by the Conference Board. Used with permission. Forecast date, April 2003.

