

# Meltdown 101: A tumble in GDP, by the numbers

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WASHINGTON (AP) — The headline number for the gross domestic product showed another stomach-churning decline in the first three months of the year, but buried inside the data were what might be termed "glimmers of hope" for better days ahead.

The details hidden deep in the latest GDP report showed a lot of cross currents buffeting the economy at the moment.

The overall figure was stark. GDP, the value of all goods and services produced within the U.S., declined at a worse-than-expected annual rate of 6.1 percent after having fallen at a 6.3 percent rate in the final three months of last year. It marked the worst two-quarter performance for the GDP in a half century.

But consumer spending, which accounts for 70 percent of total economic activity, was actually up in the first three months of the year after having fallen for two consecutive quarters.

However, many economists worry that the first quarter bounce in consumer spending was fueled by temporary factors such as heavy discounting and incentives by worried retailers and auto dealers trying to move inventory.

Many analysts expect that consumer spending could turn negative again in the current quarter, reflecting the continued heavy job losses that U.S. households are experiencing. Many analysts look for GDP to fall by a smaller 3 percent rate in the current April-June quarter before turning slightly positive either in the third quarter or the fourth quarter of this year.

Outside what could prove to be a temporary pop in consumer spending, the rest of the GDP performance in the first quarter was pretty bleak. Housing continued plummeting and business investment plunged as firms slashed plans to expand in the face of the deepening recession.

Exports dropped by the largest amount in nearly 40 years, as American manufacturers, already suffering from weak domestic demand, were battered by falling overseas sales.

However, economists did see some faint rays of sunshine, particularly in a steep fall in business inventories — which was a drag on first-quarter GDP, but it's good news for getting the economy moving, because it can set the stage for higher production in the months ahead.

Here is a look at some key numbers, with the percentage changes reflecting annual rates:

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## THE BIG PICTURE

-6.1 percent: The rate at which the GDP changed in the first quarter

-6.3 percent: The rate of change for the previous quarter

1957-58: The last time back-to-back GDP declines have been so bad

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## SPENDING, AND NOT

+2.2 percent: The change in consumer spending — after two quarterly declines — thanks in large part to a rebound in durable goods such as autos

-33.8 percent: The change in spending on business equipment — the worst decline since first quarter of 1958

-38 percent: The change in spending on housing — the biggest drop since the spring of 1980, and the 13th consecutive quarterly decline dating back to beginning of 2006

-3.9 percent: The change in government spending — the biggest drop since the fourth quarter of 1995

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#### IN STOCK

-\$103.7 billion: The change in the value of inventories held by businesses

2.79 percentage points: The amount that this decline contributed to the fall in GDP in the first quarter

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#### MADE IN THE USA

-30 percent: The rate of change in exports

1969: The last time such a big drop was recorded

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#### THE LONG VIEW

\$11.34 trillion: First quarter total GDP, if adjusted for inflation and extrapolated over a full-year period

\$11.74 trillion: The total in the second quarter of 2008

-3.3 percent: The rate of change from the second quarter of 2008 to the most recent quarter

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