Technical Note
Gross Domestic Product
Third Quarter of 2004 (Final)
December 22, 2004

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the third quarter is available on BEA's Web site <www.bea.gov>; a brief summary of "highlights" is also posted on the Web site. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("The Business Situation").

Sources of Revisions

Real GDP growth in the third quarter was revised from 3.9 percent to 4.0 percent. The upward revision to GDP growth reflected a downward revision to imports that was partly offset by a downward revision to state and local government spending.

- Imports, which are subtracted in the calculation of GDP, were revised down, mainly on the basis of newly available BEA survey data.
- State and local government spending was revised down, reflecting revised Census data on investment in structures for August and September.

The price index for gross domestic purchases increased 1.9 percent in the third quarter, 0.1 percentage point more than in the preliminary estimate. The implicit price of bank services was revised up, based on newly available FDIC Call Report data.

Corporate Profits

The current-production measure of corporate profits was revised down $28.3 billion. The downward revision mainly reflected downward revisions to profits of domestic financial corporations and to profits from the rest of the world; profits of domestic nonfinancial corporations were revised down slightly.

Profits from current production decreased $55.9 billion in third quarter, following an increase of $8.3 billion in the second. Third-quarter profits from current production were reduced about $79½ billion because of Hurricanes Charley, Frances, Ivan, and Jeanne. This reduction reflected the benefits payable by domestic insurance corporations and the loss of uninsured capital assets owned by corporations.

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