



Technical Note
Gross Domestic Product
Third Quarter of 2009 (Second Estimate)
November 24, 2009

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 at 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 ("GDP and the Economy").

Sources of Revision to Real GDP

The real GDP growth rate in the third quarter was revised from 3.5 percent to 2.8 percent (annual rate).

- Imports and exports were revised up, reflecting newly available Census Bureau goods data for September.
- Consumer spending was revised down, reflecting newly available motor vehicle registrations data for September.
- Business investment in nonresidential structures was revised down, reflecting newly available Census construction spending data (value put in place) for September and revised data for July and August.

The price index for gross domestic purchases increased 1.4 percent in the third quarter, a downward revision of 0.2 percentage point from the advance estimate. The most important contributor to the downward revision was a revision to the price index for state and local government spending, which reflected newly available BLS employment cost index data for the third quarter.

Corporate Profits

Profits from current production increased \$130.0 billion, or 10.6 percent (quarterly rate), in the third quarter, after increasing \$43.8 billion, or 3.7 percent, in the second.

Revisions to Wages and Salaries and Disposable Personal Income

In addition to presenting revised estimates for the third quarter, today's release also presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$5.3 billion in the second quarter, an upward revision of \$82.2 billion. These estimates reflect newly available wage and salary tabulations for the second quarter from the BLS quarterly census of employment and wages. These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates—the QCEW data include the pay of supervisors and irregular pay, such as bonuses and gains from the exercise of stock options.

Real disposable personal income is now estimated to have increased 6.2 percent in the second quarter and to have decreased 1.5 percent in the third. (By comparison, the

estimates that were available last month showed an increase of 3.8 percent in the second quarter and a decrease of 3.4 percent in the third.)

American Recovery and Reinvestment Act of 2009

BEA's national accounts include the effects of the federal outlays and tax cuts included in the American Recovery and Reinvestment Act of 2009. Because most of the outlays and tax reductions from ARRA during the last three quarters were in the form of grants to state and local governments, tax reductions for individual and business taxpayers, and special payments to retirees, their effects on GDP show up indirectly through the effects on GDP components such as consumer spending, residential investment, and state and local government spending. Thus, BEA's accounts do not directly identify the portion of GDP expenditures that is funded by ARRA.

During the second and third quarters, the Making Work Pay Credit provision lowered personal taxes and raised disposable personal income about \$50 billion (annual rate). During the second quarter, ARRA also provided payments of \$250 to beneficiaries of social security and other retiree programs that raised disposable personal income about \$55 billion. ARRA also provided special government social benefits for unemployment assistance, for student aid, for nutritional assistance, and for health insurance premium assistance (the COBRA program); these special benefits raised disposable income about \$65 billion in the third quarter and about \$35 billion in the second quarter. ARRA also funded current grants (such as for Medicaid) and capital grants (such as for highway construction) to state and local governments of about \$75 billion in the third quarter and \$85 billion in the second quarter.

Additional information about BEA's treatment of the COBRA program will be available in an FAQ on BEA's website (www.bea.gov) soon after the GDP release.

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Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2009

This table shows the actual data used for the "second" estimate of GDP for the third quarter of 2009. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 29, 2009, and BEA made assumptions for these source data. The numbers in brackets show the September values that had been assumed for the advance estimate. For most series, the data incorporated for August and, in some cases, for July, were preliminary, and the numbers shown in brackets are the values used last month.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

	2009					
	Apr.	May	Jun.	Jul.	Aug.	Sep.
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	401.5	398.4	382.6	371.2 {372.8}	364.5 {372.6}	357.9 {372.7}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	38.5	35.8	36.0	32.5	33.8 {33.8}	44.9 {45.6}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	95.1	91.4	95.8	102.5 {102.3}	107.1 {107.0}	109.8 {109.9}
4 Multifamily.....	35.6	32.0	29.5	28.6 {29.1}	27.0 {27.8}	25.9 {28.6}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-24.7	-2.4	-10.0	-9.8	0.6 {5.0}	-19.3 {-8.4}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	-74.3	-76.6	-109.1	-83.4	-80.0 {-62.8}	-63.9 {-72.3}
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	960.0	985.0	1008.6	1041.2	1042.2 {1041.6}	1084.1 {1064.0}
6a Excluding gold.....	949.3	970.7	996.6	1028.4	1027.0 {1026.4}	1069.1 {1049.8}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1439.1	1431.7	1468.6	1554.2	1546.2 {1544.5}	1655.4 {1596.0}
7a Excluding gold.....	1432.1	1425.9	1457.2	1544.1	1538.4 {1536.9}	1646.9 {1586.9}
8 Net exports of goods.....	-479.1	-446.8	-460.0	-513.1	-504.0 {-502.9}	-571.4 {-532.0}
8a Excluding gold.....	-482.7	-454.3	-460.5	-515.7	-511.4 {-510.4}	-577.8 {-537.1}
Government:						
State and local:						
Structures:						
9 Value of new construction put in place.....	291.7	291.5	296.5	295.9 {293.7}	294.4 {292.3}	298.5 {293.0}