

# Technical Note

## Gross Domestic Product, First Quarter 2024 (Advance Estimate)

April 25, 2024

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; a summary of "highlights" is available on BEA's website at [www.bea.gov](http://www.bea.gov).

### Real GDP and Related Aggregates

Real GDP increased at an annual rate of 1.6 percent (0.4 percent at a quarterly rate<sup>1</sup>) in the first quarter of 2024, compared with an increase of 3.4 percent (0.8 percent at a quarterly rate) in the fourth quarter of 2023. The increase in real GDP primarily reflected increases in consumer spending, residential fixed investment, nonresidential fixed investment, state and local government spending, and exports that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

- The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were health care and financial services and insurance. Within goods, the decrease was led by motor vehicles and parts as well as gasoline and other energy goods. Most categories of goods as well as spending on food services reflected Census Bureau Monthly Retail Trade Survey (MRTS) data that were recently benchmarked to results from the most recent annual survey.
  - Within health care, the increase reflected both outpatient services (led by physician services) and hospital and nursing home services (notably, hospitals), based primarily on Bureau of Labor Statistics (BLS) Current Employment Statistics (CES) employment, earnings, and hours data.
  - Within financial services and insurance, the increase was led by financial service charges, fees, and commissions (notably, portfolio management and investment advice services), based primarily on market volume data.
  - The decrease in motor vehicles and parts was led by a decrease in new light trucks, based primarily on unit sales data from Wards Intelligence and IHS Markit Polk vehicle registrations data for January and February and a projection for March.

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<sup>1</sup> Percent changes in quarterly seasonally adjusted series are displayed at annual rates, unless otherwise specified. For more information, refer to the FAQ [Why does BEA publish percent changes in quarterly series at annual rates?](#)

- The decrease in gasoline and other energy goods was based primarily on Energy Information Administration (EIA) data.
- Within residential fixed investment, the increase was led by brokers' commissions and other ownership transfer costs as well as new single-family construction. Estimates of brokers' commissions and other ownership transfer costs primarily reflected existing home sales data from the National Association of Realtors for all three months of the quarter. Estimates of new single-family construction were based on Census Bureau Value-Put-in-Place (VPIP) construction spending data for January and February and a BEA projection for March.
- The increase in nonresidential fixed investment was led by an increase in intellectual property products (notably, prepackaged software), based primarily on trends in Census Bureau Quarterly Services Survey (QSS) revenue data.
- The increase in state and local government spending primarily reflected an increase in compensation of state and local government employees, based primarily on BLS employment data.
- Estimates of exports and imports primarily reflected Census Bureau-BEA U.S. International Trade in Goods and Services data as well as the Census Advance Economic Indicators Report for March.
  - Within exports, both goods and services increased. The leading contributor to the increase in goods was foods, feeds, and beverages. Within services, the increase was led by travel.
  - Within imports, both goods and services increased. The leading contributors to the increase in goods were capital goods, except automotive; industrial supplies and materials; and consumer goods, except food and automotive. Within services, the increase was led by travel.
- The decrease in private inventory investment primarily reflected decreases in wholesale trade and manufacturing, based on Census Bureau inventory book value data as well as BLS producer price indexes for all three months of the quarter.

Compared to the fourth quarter, real GDP decelerated in the first quarter, reflecting decelerations in consumer spending, exports, and state and local government spending and a downturn in federal government spending. These movements were partly offset by an acceleration in residential fixed investment. Imports accelerated.

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 3.1 percent in the first quarter compared to an increase of 3.3 percent in the fourth quarter.

## Key Source Data and Assumptions for the Advance Estimate

The advance estimate of GDP for the first quarter is based on source data that are incomplete and subject to updates. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; manufacturing, wholesale, and retail trade inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. For series for which monthly and quarterly data were incomplete or unavailable, BEA's assumptions are informed by a variety of sources. More information on the source data and BEA assumptions that underlie the first-quarter estimate is shown in the [Key Source Data and Assumptions](#) table.

### Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 3.1 percent in the first quarter, following an increase of 1.9 percent in the fourth quarter. Excluding food and energy, gross domestic purchases prices increased 3.2 percent, after increasing 2.1 percent.

The price index for personal consumption expenditures (PCE) increased 3.4 percent in the first quarter, after increasing 1.8 percent in the fourth quarter. Excluding food and energy, the "core" PCE price index increased 3.7 percent, after increasing 2.0 percent. The first-quarter increase in core PCE prices reflected an increase in services that was partly offset by a decrease in goods. The increase in prices for services was led by housing prices. The decrease in prices for goods was led by motor vehicles and parts prices. Prices were based primarily on BLS consumer and producer price indexes. For a comparison of PCE prices to BLS consumer price indexes, refer to NIPA [Table 9.1U. Reconciliation of Percent Change in the CPI with Percent Change in the PCE Price Index](#).

### Disposable Personal Income

Real disposable personal income (DPI) increased 1.1 percent in the first quarter, compared with an increase of 2.0 percent in the fourth quarter. Current-dollar DPI increased 4.5 percent in the first quarter, after increasing 3.8 percent in the fourth quarter.

The increase in first-quarter current-dollar DPI primarily reflected increases in compensation and government social benefits that were partly offset by an increase in personal current taxes, which are a subtraction in the calculation of DPI.

- Within compensation, both private and government wages and salaries increased, based primarily on BLS CES data.
- Within government social benefits, the increase primarily reflected increases in Social Security payments, other benefits, and Medicaid.
  - The increase in Social Security primarily reflected a 3.2 percent cost-of-living adjustment that took effect in January.

- The increase in other benefits primarily reflected an increase in Affordable Care Act refundable tax credits, based on an increase in enrollments.
- The increase in Medicaid was based on data from the Monthly Treasury Statement.
- The increase in personal current taxes reflected data from the Treasury Department's Office of Tax Analysis as well as collections data from the Monthly Treasury Statement.

The personal saving rate was 3.6 percent in the first quarter, compared with 4.0 percent in the fourth quarter.

### **More Information**

The complete set of statistics for the first quarter is available on [BEA's website](#), along with a table presenting the "[Key Source Data and Assumptions](#)" that underlie the statistics. The *Survey of Current Business*, BEA's online journal, will present a more detailed analysis of the estimates ("GDP and the Economy").

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