



Technical Note
Gross Domestic Product
Fourth Quarter of 2005 (Preliminary)
February 28, 2006

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 fourth 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.

Sources of Revision to Real GDP

Real GDP growth in the fourth quarter was revised from 1.1 percent to 1.6 percent.

- Exports of goods and services were revised up, reflecting newly available Census Bureau goods data for December.
- Federal government spending was revised up, reflecting newly available defense agency financial data and a corrected seasonal adjustment.
- Investment in equipment and software was revised up, reflecting newly available motor vehicle registration data for December.
- Inventory investment was revised up, reflecting newly available Census inventory data for December and revised data for November.

These revisions were partly offset by an upward revision to imports, reflecting the newly available Census goods data for December.

Revisions to Wages and Salaries and Related Series

In addition to presenting preliminary estimates for the fourth quarter, today's news release also presents revised third-quarter estimates of wages and salaries, personal taxes, and contributions for government social insurance that are based on preliminary data from the Bureau of Labor Statistics quarterly census of employment and wages.

Wage and salary disbursements are now estimated to have increased \$90.0 billion in the third quarter, an upward revision of \$20.7 billion. Real disposable personal income is now estimated to have decreased 1.4 percent in the third quarter and to have increased 7.1 percent in the fourth. (By comparison, the estimates that were available last month showed a decrease of 2.0 percent in the third quarter and an increase of 7.0 percent in the fourth.)

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FOURTH QUARTER OF 2005**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods (other than aircraft), manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for December 2005 are shown in the last column of the table. For most series shown, the data for November are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

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.

	2005					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.*
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	242.9	248.9	250.5	249.0	250.5	249.7
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	29.6	40.2	14.3	27.8	26.6	27.2
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	421.7	425.6	435.0	440.1	446.5	448.8
4 Multifamily.....	46.3	47.2	48.1	48.8	48.5	48.4
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	5.0	-3.6	2.2	17.0	-8.0	10.7
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	3.0	47.1	25.5	-1.9	27.3	45.7
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	900.8	920.5	881.5	902.4	928.3	920.9
6a Excluding gold.....	895.8	915.2	875.6	896.4	922.5	915.0
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1651.3	1689.2	1737.3	1780.3	1754.9	1767.2
7a Excluding gold.....	1647.6	1685.1	1731.9	1775.2	1749.5	1761.9
8 Net exports of goods.....	-750.5	-768.7	-855.9	-877.9	-826.5	-846.2
8a Excluding gold.....	-751.7	-769.9	-856.3	-878.8	-827.0	-846.9
Government:						
State and local:						
Structures:						
9 Value of new construction put in place.....	229.7	231.0	231.8	234.5	236.2	235.3

*Assumption.