



Technical Note
Gross Domestic Product
First Quarter of 2008 (Preliminary)
May 29, 2008

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 first 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 first quarter was revised from 0.6 percent to 0.9 percent (annual rate).

- Imports and exports were revised down, reflecting newly available Census Bureau goods data for March.
- Business investment in nonresidential structures was revised up, reflecting newly available Census Bureau value of construction put in place data for March and revised data for January and February.
- Inventory investment was revised down, reflecting newly available Census Bureau inventory data for March and revised data for January and February.

Corporate Profits

Profits from current production increased \$5.2 billion, or 0.3 percent (quarterly rate), in the first quarter, after decreasing \$52.9 billion, or 3.3 percent, in the fourth.

The Economic Stimulus Act of 2008 provided for a first-year bonus depreciation of 50 percent for qualifying property purchased and put in place in 2008. The law also raised the ceiling for small business expensing under Internal Revenue Code Section 179 from \$128,000 to \$250,000.

Profits from current production are not affected by these provisions because they do not depend on the depreciation-accounting practices used for federal income tax returns; rather, they are based on depreciation of fixed assets valued at current cost and using consistent depreciation profiles based on used-asset prices. The additional depreciation provided for by the 2008 Act is estimated to have increased tax-based depreciation expenses in the first quarter by \$139.7 billion (annual rate) and reduced profits before tax, which is based on earnings reported on tax returns, by the same amount. The capital consumption adjustment, which is the difference between the depreciation specified in the tax code and the depreciation underlying profits from current production, also increased by the same amount because the Act raised tax depreciation by \$139.7 billion. First-quarter profits tax liability was reduced by \$37.8 billion, and profits after tax were reduced by \$102.0 billion.

Revisions to Wages and Salaries and Disposable Personal Income

In addition to presenting preliminary estimates for the first quarter, today's release also presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$85.7 billion in the fourth quarter, an upward revision of \$26.0 billion. These estimates reflect newly available wage and salary tabulations for the fourth quarter from the Bureau of Labor Statistics 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--they 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 0.9 percent in the fourth quarter and to have increased 1.8 percent in the first. (By comparison, the estimates that were available last month showed an increase of 0.1 percent in the fourth quarter and an increase of 1.4 percent in the first.)

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2008

This table shows the actual data used for the preliminary estimate of GDP for the first quarter of 2008. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 30, 2008, and BEA made assumptions for these source data. The numbers in brackets show the March values that had been assumed for the advance estimate. For most series, the data incorporated for February and, in some cases, for January, 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.

	Oct.	2007 Nov.	Dec.	Jan.	2008 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	369.1	374.4	373.8	373.2 {370.1}	375.3 {369.7}	382.3 {367.9}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	49.1	47.4	43.6	53.6	37.3 {37.3}	38.0 {35.2}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	274.6	260.5	246.3	235.3 {234.6}	223.1 {221.3}	221.3 {209.8}
4 Multifamily.....	46.6	45.9	43.6	43.1 {43.4}	43.9 {43.2}	43.7 {43.0}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-2.8 {-4.7}	21.3 {18.3}	12.0 {14.2}	62.5 {60.9}	20.7 {16.9}	26.7 {19.9}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	43.4	-0.1	64.0	77.7	32.8 {56.8}	-16.6 {37.0}
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1206.9	1209.3	1235.3	1256.8	1287.3 {1287.5}	1256.8 {1281.9}
6a Excluding gold.....	1193.9	1198.7	1222.9	1238.9	1260.8 {1261.0}	1227.4 {1256.5}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	2013.6	2083.2	2051.3	2090.2	2152.4 {2162.6}	2080.0 {2152.0}
7a Excluding gold.....	2005.3	2078.2	2043.5	2079.5	2130.8 {2140.8}	2058.6 {2131.1}
8 Net exports of goods.....	-806.7	-873.9	-816.0	-833.3	-865.1 {-875.1}	-823.2 {-870.1}
8a Excluding gold.....	-811.4	-879.5	-820.6	-840.6	-870.0 {-879.7}	-831.3 {-874.6}
Government:						
State and local:						
Structures:						
9 Value of new construction put in place.....	277.7	279.8	273.1	272.9 {273.3}	274.2 {274.3}	276.2 {273.8}