

# GDP and the Economy

## Advance Estimates for the First Quarter of 2011

REAL GROSS domestic product (GDP) increased 1.8 percent at an annual rate in the first quarter of 2011, according to the advance estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> In the fourth quarter of 2010, real GDP increased 3.1 percent.

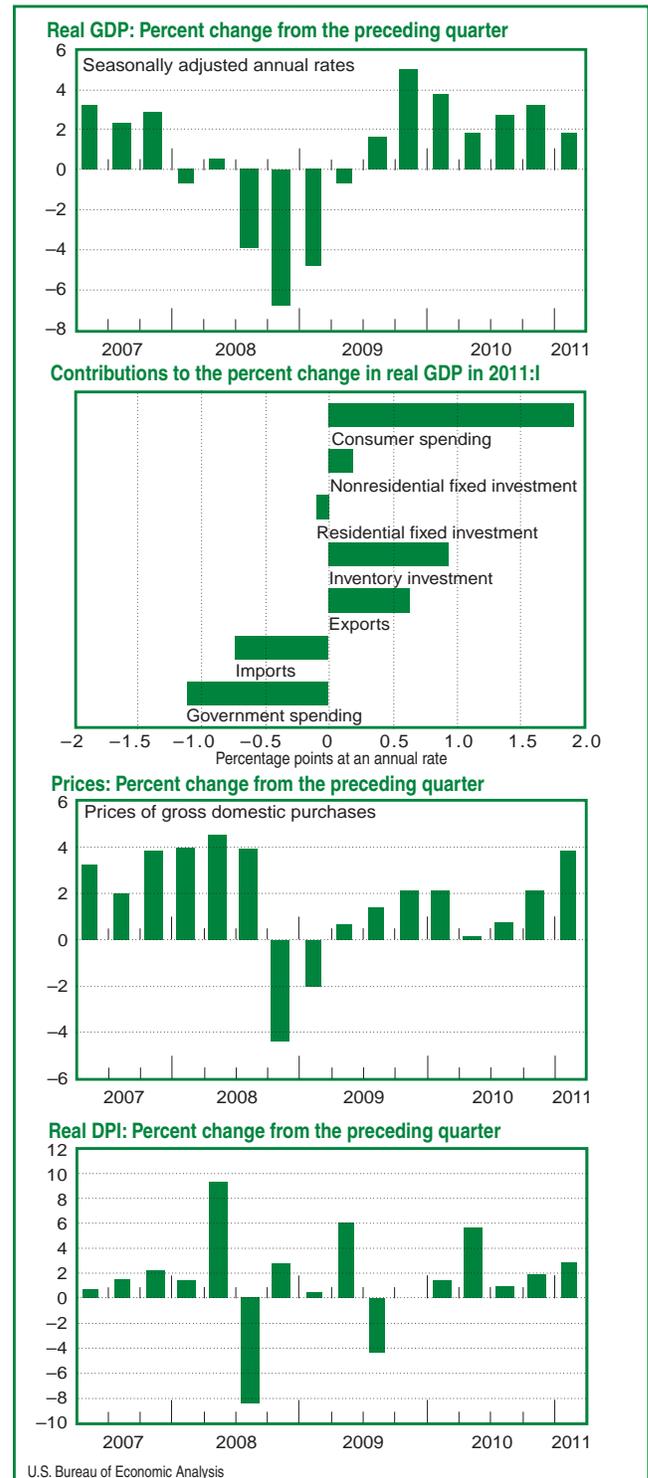
The deceleration in real GDP in the first quarter primarily reflected a sharp upturn in imports, a deceleration in consumer spending, a larger decrease in federal government spending, and decelerations in nonresidential fixed investment and in exports that were partly offset by a sharp upturn in private inventory investment.<sup>2</sup>

- Prices of goods and services purchased by U.S. residents increased 3.8 percent in the first quarter after increasing 2.1 percent in the fourth quarter. Energy prices and food prices both accelerated in the first quarter (see page 3). Excluding food and energy, gross domestic purchases prices increased 2.2 percent after increasing 1.1 percent. The federal pay raise for military personnel added about 0.1 percentage point to the first-quarter percent change in the gross domestic purchases price index.
- Real disposable personal income (DPI) increased 2.9 percent in the first quarter after increasing 1.9 percent, reflecting an acceleration in current-dollar DPI. The acceleration in current-dollar DPI reflected an acceleration in personal income that was partly offset by an acceleration in personal current taxes (see page 4).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.7 percent in the first quarter; in the fourth quarter, it was 5.6 percent.

1. “Real” estimates are in chained (2005) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data. More information can be found at [www.bea.gov/about/infoqual.htm](http://www.bea.gov/about/infoqual.htm) and [www.bea.gov/faq/national/gdp\\_accuracy.htm](http://www.bea.gov/faq/national/gdp_accuracy.htm). Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

2. In this article, “consumer spending” refers to “personal consumption expenditures (PCE),” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Christopher Swann prepared this article.

## Real GDP Overview

Table 1. Real Gross Domestic Product (GDP) and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				
	2011	2010				2011	2010			
		I	II	III	IV		I	II	III	IV
<b>Gross domestic product</b> <sup>1</sup> .....	<b>100.0</b>	<b>1.7</b>	<b>2.6</b>	<b>3.1</b>	<b>1.8</b>	<b>1.7</b>	<b>2.6</b>	<b>3.1</b>	<b>1.8</b>	
<b>Personal consumption expenditures</b> .....	<b>71.2</b>	<b>2.2</b>	<b>2.4</b>	<b>4.0</b>	<b>2.7</b>	<b>1.54</b>	<b>1.67</b>	<b>2.79</b>	<b>1.91</b>	
Goods.....	24.2	3.4	4.1	9.3	4.8	0.79	0.94	2.10	1.12	
Durable goods.....	7.7	6.8	7.6	21.1	10.6	0.49	0.54	1.45	0.78	
Nondurable goods.....	16.5	1.9	2.5	4.1	2.1	0.31	0.39	0.65	0.34	
Services.....	47.0	1.6	1.6	1.5	1.7	0.75	0.74	0.70	0.80	
<b>Gross private domestic investment</b> .....	<b>12.4</b>	<b>26.2</b>	<b>15.0</b>	<b>-18.7</b>	<b>8.5</b>	<b>2.88</b>	<b>1.80</b>	<b>-2.61</b>	<b>1.01</b>	
Fixed investment.....	12.1	18.9	1.5	6.8	0.7	2.06	0.18	0.80	0.09	
Nonresidential.....	9.9	17.2	10.0	7.7	1.8	1.51	0.93	0.73	0.18	
Structures.....	2.5	-0.5	-3.5	7.6	-21.7	-0.01	-0.09	0.19	-0.63	
Equipment and software.....	7.4	24.8	15.4	7.7	11.6	1.52	1.02	0.54	0.80	
Residential.....	2.2	25.7	-27.3	3.3	-4.1	0.55	-0.75	0.07	-0.09	
Change in private inventories.....	0.3	.....	.....	.....	.....	0.82	1.61	-3.42	0.93	
<b>Net exports of goods and services</b> .....	<b>-3.8</b>	.....	.....	.....	.....	<b>-3.50</b>	<b>-1.70</b>	<b>3.27</b>	<b>-0.08</b>	
Exports.....	13.3	9.1	6.8	8.6	4.9	1.08	0.82	1.06	0.64	
Goods.....	9.5	11.5	5.8	11.1	7.8	0.93	0.49	0.94	0.70	
Services.....	3.9	3.9	8.9	3.0	-1.7	0.15	0.33	0.12	-0.07	
Imports.....	17.2	33.5	16.8	-12.6	4.4	-4.58	-2.53	2.21	-0.72	
Goods.....	14.4	40.5	17.4	-14.2	5.9	-4.46	-2.16	2.10	-0.79	
Services.....	2.8	4.3	14.2	-4.1	-2.7	-0.12	-0.37	0.12	0.08	
<b>Government consumption expenditures and gross investment</b> .....	<b>20.2</b>	<b>3.9</b>	<b>3.9</b>	<b>-1.7</b>	<b>-5.2</b>	<b>0.80</b>	<b>0.79</b>	<b>-0.34</b>	<b>-1.09</b>	
Federal.....	8.2	9.1	8.8	-0.3	-7.9	0.72	0.71	-0.02	-0.68	
National defense.....	5.4	7.4	8.5	-2.2	-11.7	0.40	0.46	-0.12	-0.69	
Nondefense.....	2.7	12.8	9.5	3.7	0.1	0.32	0.25	0.10	0.00	
State and local.....	12.0	0.6	0.7	-2.6	-3.3	0.08	0.09	-0.31	-0.41	

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				
	2011	2010				2011	2010			
		I	II	III	IV		I	II	III	IV
<b>Gross domestic product</b> <sup>1</sup> .....	<b>100.0</b>	<b>1.7</b>	<b>2.6</b>	<b>3.1</b>	<b>1.8</b>	<b>1.7</b>	<b>2.6</b>	<b>3.1</b>	<b>1.8</b>	
Final sales of domestic product.....	99.7	0.9	0.9	6.7	0.8	0.90	0.95	6.53	0.82	
Change in private inventories.....	0.3	.....	.....	.....	.....	0.82	1.61	-3.42	0.93	
Goods.....	28.5	-0.8	7.4	9.1	9.3	-0.20	1.99	2.47	2.53	
Services.....	64.9	1.9	1.8	0.8	0.6	1.21	1.15	0.56	0.38	
Structures.....	6.6	10.6	-7.9	1.2	-15.7	0.71	-0.58	0.09	-1.16	
<b>Addenda:</b>										
Motor vehicle output.....	2.5	-2.7	25.0	-11.6	81.8	-0.06	0.49	-0.27	1.40	
GDP excluding motor vehicle output.....	97.5	1.8	2.1	3.5	0.4	1.78	2.07	3.39	0.35	
Final sales of computers.....	0.7	5.3	65.1	72.8	19.6	0.03	0.29	0.35	0.12	
GDP excluding final sales of computers.....	99.3	1.7	2.3	2.8	1.6	1.69	2.27	2.76	1.63	

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Consumer spending slowed in the first quarter of 2011, reflecting a slowdown in spending for goods that was partly offset by a slight pickup in spending for services. The largest contributor to the slowdown in goods was a slowdown in motor vehicles and parts.

Nonresidential fixed investment slowed, reflecting a downturn in structures that was partly offset by a pickup in equipment and software. A downturn in power and communications was the largest contributor to the downturn in structures. An upturn in transportation equipment was the largest contributor to the pickup in equipment and software. In contrast, information processing equipment and software slowed.

Inventory investment turned up, adding 0.93 percentage point to real GDP growth after subtracting 3.42 percentage points.

Exports slowed, reflecting a slowdown in exports of goods and a downturn in exports of services. The slowdown in goods exports mainly reflected downturns in foods, feeds, and beverages and in nonautomotive consumer goods and a slowdown in nonautomotive capital goods. In contrast, "other" exports turned up, mainly reflecting the territorial adjustment, and automotive vehicles, engines, and parts picked up. The downturn in services exports mainly reflected a downturn in travel.

Imports turned up reflecting an upturn in imports of goods and a smaller decrease in imports of services. The largest contributor to the upturn in goods was a much smaller decrease in petroleum and products. Upturns in most other major goods categories also contributed, but "other" imports of goods turned down. The largest contributor to the smaller decrease in services imports was an upturn in "other" transportation.

Federal government spending decreased more than in the fourth quarter, primarily reflecting a larger decrease in spending for national defense.

Real final sales of domestic product, real GDP less inventory investment, increased 0.8 percent in the first quarter after increasing 6.7 percent.

Motor vehicle output turned up in the first quarter, increasing 81.8 percent, the largest percent increase since the third quarter of 2009 (during the "Cash for Clunkers" program), after decreasing 11.6 percent. The upturn added 1.40 percentage points to real GDP growth after subtracting 0.27 percentage point.

Final sales of computers slowed, increasing 19.6 percent after increasing 72.8 percent.

Prices

**Table 3. Prices for Gross Domestic Purchases**

[Percent change at annual rates; based on seasonally adjusted index numbers (2005=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2010			2011	2010			2011
	II	III	IV	I	II	III	IV	I
<b>Gross domestic purchases<sup>1</sup></b> .....	<b>0.1</b>	<b>0.7</b>	<b>2.1</b>	<b>3.8</b>	<b>0.1</b>	<b>0.7</b>	<b>2.1</b>	<b>3.8</b>
<b>Personal consumption expenditures</b> .....	<b>0.0</b>	<b>0.8</b>	<b>1.7</b>	<b>3.8</b>	<b>-0.03</b>	<b>0.53</b>	<b>1.18</b>	<b>2.60</b>
Goods .....	-3.6	0.9	3.4	8.0	-0.83	0.21	0.76	1.82
Durable goods .....	-1.6	-2.2	-2.2	-0.4	-0.11	-0.16	-0.16	-0.03
Nondurable goods .....	-4.6	2.4	6.1	12.3	-0.72	0.37	0.92	1.85
Services .....	1.8	0.7	0.9	1.7	0.80	0.32	0.42	0.79
<b>Gross private domestic investment</b> .....	<b>-0.7</b>	<b>0.5</b>	<b>2.6</b>	<b>1.0</b>	<b>-0.09</b>	<b>0.06</b>	<b>0.32</b>	<b>0.13</b>
Fixed investment .....	-0.7	0.1	1.2	1.0	-0.08	0.02	0.14	0.12
Nonresidential .....	0.0	0.2	0.9	0.9	0.00	0.02	0.08	0.09
Structures .....	2.0	2.9	4.0	3.8	0.05	0.07	0.10	0.09
Equipment and software .....	-0.8	-0.8	-2.2	0.0	-0.05	-0.05	-0.02	0.00
Residential .....	-3.2	-0.1	2.7	1.3	-0.08	0.00	0.06	0.03
Change in private inventories .....					-0.01	0.05	0.18	0.01
<b>Government consumption expenditures and gross investment</b> .....	<b>0.9</b>	<b>0.3</b>	<b>3.1</b>	<b>5.3</b>	<b>0.17</b>	<b>0.07</b>	<b>0.60</b>	<b>1.02</b>
Federal .....	0.9	0.5	1.8	3.5	0.07	0.04	0.14	0.28
National defense .....	1.2	0.5	2.2	4.1	0.06	0.03	0.12	0.22
Nondefense .....	0.2	0.4	1.0	2.4	0.01	0.01	0.03	0.06
State and local .....	0.9	0.2	4.0	6.5	0.10	0.03	0.46	0.74
<b>Addenda:</b>								
Gross domestic purchases:								
Food .....	1.3	1.2	2.9	6.0	0.07	0.06	0.15	0.31
Energy goods and services .....	-17.4	5.2	26.5	40.4	-0.73	0.19	0.94	1.41
Excluding food and energy .....	0.8	0.4	1.1	2.2	0.72	0.40	1.01	2.04
Personal consumption expenditures (PCE):								
Food and beverages for off-premises consumption .....	1.6	0.3	1.4	6.3				
Energy goods and services .....	-17.5	5.4	24.3	40.5				
Excluding food and energy .....	1.0	0.5	0.4	1.5				
Gross domestic product (GDP) .....	1.9	2.1	0.4	1.9				
Exports .....	4.8	0.2	8.4	11.4				
Imports .....	-7.7	-8.1	18.7	22.3				

1. The estimates under the contribution columns are also percent changes  
 Note: Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, accelerated, increasing 3.8 percent in the first quarter after increasing 2.1 percent in the fourth. The federal pay raise for military personnel added about 0.1 percentage point to the first-quarter percent change in the gross domestic purchases price index. The pay raise is treated as an increase in the price of employee services purchased by the federal government.

Consumer prices accelerated, reflecting a sharp acceleration in goods prices and a pickup in services prices. The largest contributors to the acceleration in consumer prices were gasoline and other energy goods, food and beverages purchased for off-premises consumption (groceries), and housing and utilities.

Prices paid for nonresidential fixed investment increased 0.9 percent, the same rate as in the fourth quarter.

Prices paid by government accelerated, reflecting accelerations in prices paid by state and local governments and by the federal government, which included the military pay raise.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, picked up, increasing 1.5 percent after increasing 0.4 percent.

The GDP price index increased 1.9 percent, 1.9 percentage points less than the percent increase in the price index for gross domestic purchases, reflecting a larger increase in import prices (22.3 percent) than in export prices (11.4 percent).

**Note on Prices**

BEA’s gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

BEA also produces price indexes for all components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, energy goods and services, and for all items except food and energy are also estimated and reported. Because prices for food and energy can be volatile, the price mea-

sure that excludes food and energy is often used as a measure of underlying, or “core,” inflation. (The core PCE price index includes purchased meals and beverages, such as restaurant meals, and pet food. See [FAQ 518](#) on BEA’s Web site.)

BEA also prepares a supplemental PCE price index, the “market-based” PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

## Personal Income

**Table 4. Personal Income and Its Disposition**

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

	Level		Change from preceding period		
	2011	2010		2011	
	I	II	III	IV	I
<b>Personal income</b> .....	<b>12,980.0</b>	<b>166.8</b>	<b>78.4</b>	<b>128.5</b>	<b>256.0</b>
Compensation of employees, received.....	8,177.8	111.8	66.3	64.1	77.5
Wage and salary disbursements.....	6,553.7	97.4	54.9	52.5	57.5
Private industries.....	5,366.9	89.8	62.8	53.2	55.2
Goods-producing industries.....	1,088.9	22.1	12.7	5.5	16.4
Manufacturing.....	696.7	19.8	9.6	3.3	11.4
Services-producing industries.....	4,277.9	67.7	50.0	47.8	38.7
Trade, transportation, and utilities.....	1,039.8	17.4	11.9	12.5	10.0
Other services-producing industries.....	3,238.1	50.2	38.1	35.3	28.7
Government.....	1,186.8	7.6	-7.8	-0.8	2.3
Supplements to wages and salaries.....	1,624.1	14.4	11.3	11.7	20.0
Proprietors' income with IVA and CCAAdj.....	1,098.9	19.0	9.8	20.7	18.7
Farm.....	60.2	2.1	9.6	7.0	4.7
Nonfarm.....	1,038.7	16.8	0.2	13.7	14.0
Rental income of persons with CCAAdj.....	325.7	6.1	5.0	4.6	17.3
Personal income receipts on assets.....	1,950.6	3.3	-24.7	25.3	35.6
Personal interest income.....	1,208.3	-3.4	-30.6	16.2	17.4
Personal dividend income.....	742.4	6.8	5.8	9.2	18.2
Personal current transfer receipts.....	2,355.1	40.6	30.3	21.3	17.4
Less: Contributions for government social insurance.....	928.1	14.1	8.3	7.4	-89.5
Less: Personal current taxes.....	1,268.4	14.4	29.1	26.9	63.3
Equals: Disposable personal income.....	11,711.6	152.4	49.3	101.6	192.7
Less: Personal outlays.....	11,048.0	59.8	72.6	142.6	169.1
Equals: Personal saving.....	663.6	92.5	-23.3	-41.0	23.6
<b>Addenda: Special factors in personal income</b>					
In government wages and salaries:					
Federal pay raise.....	8.9	0.1	0.0	0.0	1.6
In supplements to wages and salaries:					
State unemployment insurance, rate and taxable wage cap changes.....	15.8	0.0	0.0	0.0	7.5
In current transfers:					
AERO (Automatic Earnings Reappraisal Operation).....	0.0	0.3	-0.3	2.5	-2.5
Earned Income and Child Tax Credits.....	64.1	0.0	0.0	0.0	-9.0
In contributions for government social insurance:					
Social security rate reduction.....	-105.4	0.0	0.0	0.0	-105.4
In personal current taxes:					
"Making Work Pay" tax credit.....	0.0	0.0	0.0	0.0	38.6
Refunds, settlements, and back taxes.....	-124.6	0.0	0.0	0.0	11.3

NOTE: Dollar levels are from NIPA tables 2.1 and 2.2B. CCAAdj Capital consumption adjustment  
IVA Inventory valuation adjustment

Personal income, which is measured in current dollars, accelerated in the first quarter, increasing \$256.0 billion after increasing \$128.5 billion. The acceleration primarily reflected a downturn in contributions for government social insurance (a subtraction in the calculation of personal income) and accelerations in rental income of persons, in personal dividend income, and in supplements to wages and salaries.

Supplements to wages and salaries accelerated, increasing \$20.0 billion after increasing \$11.7 billion. The acceleration was in employer contributions for government social insurance for regular state unemployment programs that reflected changes in state tax rates and wage caps that went into effect in January.

Rental income of persons picked up, increasing \$17.3 billion after increasing \$4.6 billion, primarily reflecting a downturn in closing costs (an expense in the calculation of rental income), reflecting the pattern of mortgage originations.

Personal dividend income accelerated, increasing \$18.2 billion after increasing \$9.2 billion.

Personal current transfer receipts, which includes government social benefits to persons, decelerated. Within government social benefits to persons, a slowdown in "other" government social benefits, mainly the earned income credit, was offset by a pickup in old-age, survivors, disability, and health insurance benefits, particularly Medicare.

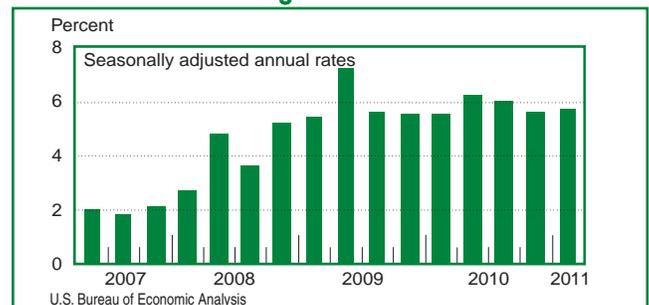
The downturn in contributions for government social insurance was more than accounted for by a 2.0 percentage point reduction in the social security contribution rate for 2011.

The acceleration in personal current taxes reflected an acceleration in federal income taxes that was partly offset by a deceleration in state and local income taxes. The acceleration in federal taxes reflected a sharp acceleration in withheld taxes resulting from the expiration of the "Making Work Pay" credit provision of the American Recovery and Reinvestment Act at the end of 2010.

### Saving

Personal saving—disposable personal income less personal outlays—was \$663.6 billion in the first quarter, an increase of \$23.6 billion. The increase reflected a sharp increase of \$192.7 billion in disposable personal income that exceeded the increase of \$169.1 billion in personal outlays. The \$23.6 billion increase in saving followed a fourth-quarter decrease of \$41.0 billion.

**Chart 2. Personal Saving Rate**



## Source Data for the Advance Estimates

**Table 5. Source Data and Key Assumptions for the Advance Estimates of GDP for the First Quarter of 2011**

[Billions of dollars, seasonally adjusted at annual rates]

	2010			2011		
	Oct.	Nov.	Dec.	Jan.	Feb.	March <sup>1</sup>
<b>Private fixed investment:</b>						
Nonresidential structures:						
Value of new nonresidential construction put in place .....	260.0	266.7	257.9	237.4	239.6	238.5
Equipment and software:						
Manufacturers' shipments of complete aircraft .....	34.9	31.3	37.3	31.5	34.1	33.7
Residential structures:						
Value of new residential construction put in place:						
Single family .....	106.5	106.5	107.1	108.0	106.1	105.5
Multifamily .....	13.5	14.5	13.1	12.8	12.6	12.5
<b>Change in private inventories:</b>						
Change in inventories for nondurable manufacturing .....	42.5	27.2	51.0	63.6	18.8	36.7
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment .....	124.0	4.8	94.2	67.0	49.5	71.5
<b>Net exports:</b> <sup>2</sup>						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis .....	1,346.2	1,363.1	1,398.2	1,445.0	1,415.5	1,444.6
Excluding gold .....	1,326.3	1,348.1	1,380.3	1,422.4	1,388.0	1,419.2
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis .....	1,959.8	1,980.4	2,041.7	2,168.6	2,127.6	2,192.1
Excluding gold .....	1,946.7	1,963.3	2,016.8	2,156.9	2,113.4	2,176.4
Net exports of goods .....	-613.6	-617.3	-643.5	-723.6	-712.1	-747.5
Excluding gold .....	-620.4	-615.2	-636.5	-734.6	-725.4	-757.2
<b>State and local government structures:</b>						
Value of new construction put in place .....	281.6	274.1	270.0	265.6	261.6	263.6

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments exports and imports, but it is

not used directly in estimating exports and imports in the national income and product accounts.

### Source Data and Key Assumptions for the Advance Estimates of GDP

While the advance estimates of many components of GDP are based on 3 months of source data, some estimates are based on only 2 months of data. For the following items, the number of months for which data are available is shown in parentheses.

*Personal consumption expenditures:* sales of retail stores (3), unit auto and truck sales (3), and consumers' shares of auto and truck sales (2);

*Nonresidential fixed investment:* unit auto and truck sales (3), construction spending (value put in place) (2), manufacturers' shipments of machinery and equipment excluding aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

*Residential investment:* construction spending (value put in place) (2), single-family housing starts (3), sales of new homes (3), and sales of existing houses (3);

*Change in private inventories:* trade and nondurable-goods manufacturing inventories (2), durable-goods manufacturing inventories (3), and unit auto and truck inventories (3);

*Net exports of goods and services:* exports and imports of goods and services (2);

*Government consumption expenditures and gross invest-*

*ment:* federal outlays (3), state and local government construction spending (value put in place) (2), and state and local government employment (3);

*Compensation:* employment, average hourly earnings, and average weekly hours (3); and

*Prices:* consumer price indexes (3), producer price indexes (3), and values and quantities of petroleum imports (2).

#### Unavailable source data

When source data were unavailable, BEA made various assumptions for March, including the following (table 5):

- A small decrease in nonresidential structures,
  - A small decrease in aircraft shipments,
  - A small decrease in single-family structures and a very slight decrease in multifamily structures,
  - An increase in the change in inventories of nondurable-goods manufacturing industries and a large increase in the change in nonmotor vehicle merchant wholesale and retail trade inventories,
  - An increase in exports of goods excluding gold and a larger increase in imports of goods excluding gold, and
  - An increase in state and local government structures.
- A more comprehensive list is available on BEA's Web site.

## Preview of the Upcoming Annual NIPA Revision

On July 29, 2011, the Bureau of Economic Analysis will release the results of the annual revision of the national income and product accounts (NIPAs) together with the advance estimate of gross domestic product (GDP) for the second quarter of 2011. In addition to the regular revision of estimates for the most recent 3 years and for the first quarter of 2011, this “flexible” annual revision will result in revisions to GDP and some components back to the first quarter of 2003.<sup>1</sup>

In cases for which the estimates for the reference year (2005) will be revised, this will result in revisions to the levels of the related index numbers and chained-dollar estimates for the entire historical period, though the percent changes will not be affected for periods before the first quarter of 2003.

The components that will be revised for longer time spans include the following:

- Personal consumption expenditures (PCE) will be revised back to 2003 to incorporate source data from the 2007 Economic Census (specifically, final data on merchandise lines) and data from the Census Bureau annual and monthly retail trade and food services surveys and from the Census Bureau service annual survey that have been benchmarked to the economic census. In addition, for 2008 forward, improved price indexes will be used for deflating PCE for property and casualty insurance.
- The estimates of petroleum imports will be revised back to 2007 to incorporate improvements in the seasonal adjustment of real petroleum imports. Under the improved method, real petroleum imports will be derived by directly seasonally adjusting the quantity data for petroleum imports; currently, BEA seasonally adjusts the petroleum price index and calculates seasonally adjusted real petroleum imports by deflation.
- The estimates of communication equipment in private fixed investment, in exports, and in imports will be

revised back to 2003 to incorporate quality-adjusted price indexes from the Federal Reserve Board. (During the 2010 NIPA annual revision, the Federal Reserve price indexes were incorporated only back to 2007.<sup>2</sup>)

In addition, the 2011 annual revision will incorporate the usual annual source data for 2008 through 2010 that are more complete and more detailed than those previously available, including the following:

- Census Bureau annual surveys of manufactures, of merchant wholesale trade, of retail trade, of services, and of state and local governments
- Census Bureau monthly surveys of construction spending (value put in place)
- Bureau of Labor Statistics quarterly census of employment and wages
- BEA international transactions accounts data;
- Federal government budget data
- Internal Revenue Service tabulations of tax returns for corporations and for sole proprietorships and partnerships
- Department of Agriculture farm statistics

The annual revision will also incorporate improvements in the presentation of the estimates and refinements to estimating methodologies, including the following:

- In NIPA tables 2.1 and 2.6, which show components of personal income, a new, consistent presentation of government social benefits will focus on the largest and most significant programs: social security, Medicare, unemployment insurance, veterans benefits, Medicaid, and “other” benefits.
- Starting with the first quarter of 2011, the quarterly and monthly estimates of PCE for portfolio management and investment advice services will reflect the incorporation of newly available Census Bureau quarterly services survey data on “other financial investment activities.”

1. BEA’s plans to undertake “flexible annual revisions” that include revisions for longer periods than the traditional 3-year period were described in the June 2008 SURVEY OF CURRENT BUSINESS at [www.bea.gov/scb](http://www.bea.gov/scb).

2. See Eugene P. Seskin and Shelly Smith, “Annual Revision of the National Income and Product Accounts,” SURVEY 90 (August 2010): 23.