

GDP and the Economy

Second Estimates for the First Quarter of 2014

REAL GROSS domestic product (GDP) decreased 1.0 percent at an annual rate in the first quarter of 2014, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The second estimate of the first-quarter percent change in real GDP was revised down 1.1 percentage points from the advance estimate of 0.1 percent. The downward revision primarily reflected a downward revision to inventory investment and an upward revision to imports that were partly offset by an upward revision to exports. In the fourth quarter, real GDP increased 2.6 percent.²

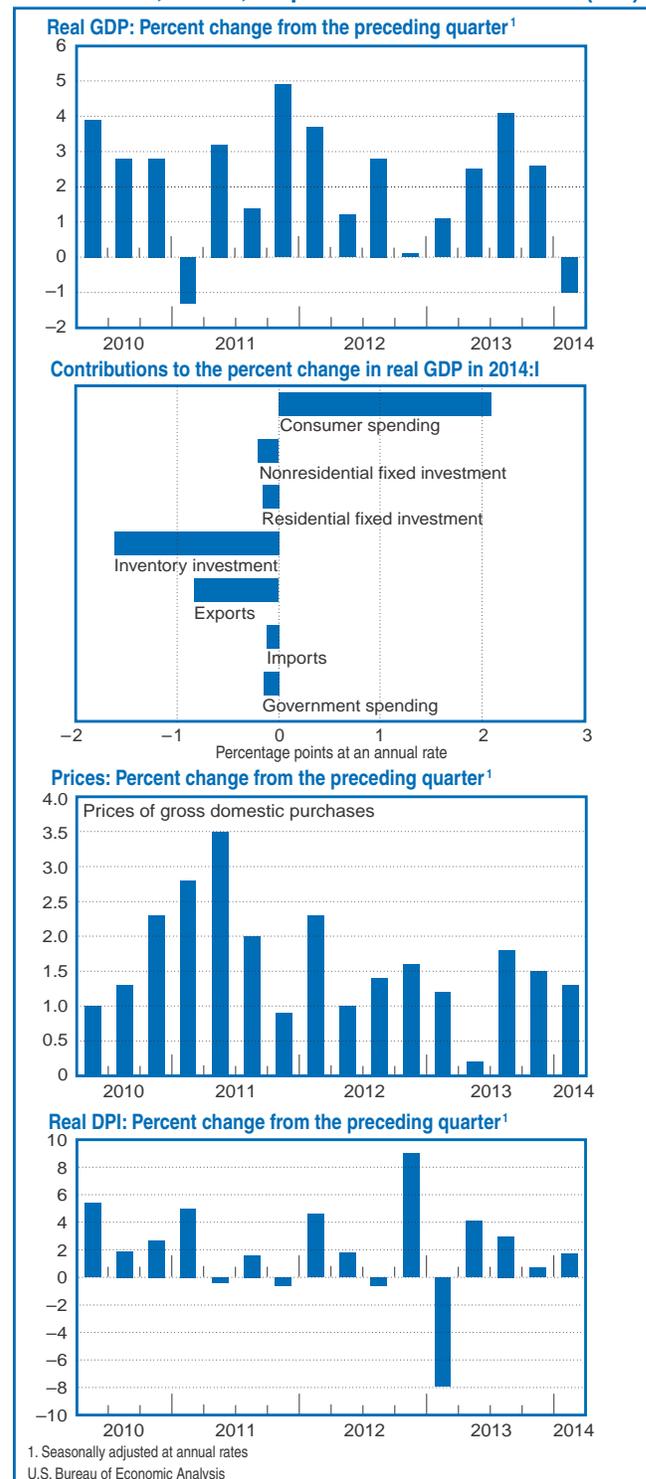
- Prices of goods and services purchased by U.S. residents increased 1.3 percent in the first quarter after increasing 1.5 percent in the fourth quarter. Food prices and energy prices both turned up in the first quarter. Excluding food and energy, prices increased 1.3 percent in the first quarter after increasing 1.8 percent (table 7).
- Real disposable personal income (DPI) increased 1.7 percent in the first quarter, 0.2 percentage point less than in the advance estimate; in the fourth quarter, it increased 0.7 percent (revised). Current-dollar DPI increased 3.1 percent, also 0.2 percentage point less than in the advance estimate; in the fourth quarter, current-dollar DPI increased 1.8 percent (revised). (See “Revised Fourth-Quarter 2013 Income Estimates” on page 9.)
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.0 percent; in the fourth quarter, the rate was 4.3 percent (revised).

1. “Real” estimates are in chained (2009) 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; for more information, see “Revisions to GDP, GDI, and Their Major Components” in the July 2011 SURVEY OF CURRENT BUSINESS. 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,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

Lisa S. Mataloni prepared this article.

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



Real GDP Overview

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[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)				
	2014		2013		2014		2013		2014				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Gross domestic product ¹	100.0	2.5	4.1	2.6	-1.0	2.5	4.1	2.6	-1.0				
Personal consumption expenditures	69.0	1.8	2.0	3.3	3.1	1.24	1.36	2.22	2.09				
Goods	23.0	3.1	4.5	2.9	0.7	0.71	1.03	0.66	0.16				
Durable goods	7.4	6.2	7.9	2.8	1.4	0.46	0.58	0.21	0.11				
Nondurable goods	15.6	1.6	2.9	2.9	0.4	0.26	0.46	0.45	0.06				
Services	46.0	1.2	0.7	3.5	4.3	0.53	0.32	1.57	1.93				
Gross private domestic investment	15.8	9.2	17.2	2.5	-11.7	1.38	2.56	0.41	-1.98				
Fixed investment	15.4	6.5	5.9	2.8	-2.3	0.96	0.89	0.43	-0.36				
Nonresidential	12.2	4.7	4.8	5.7	-1.6	0.56	0.58	0.68	-0.20				
Structures	2.7	17.6	13.4	-1.8	-7.5	0.43	0.35	-0.05	-0.21				
Equipment	5.6	3.3	0.2	10.9	-3.1	0.18	0.02	0.58	-0.18				
Intellectual property products	3.9	-1.5	5.8	4.0	5.1	-0.06	0.22	0.15	0.19				
Residential	3.1	14.2	10.3	-7.9	-5.0	0.40	0.31	-0.26	-0.16				
Change in private inventories	0.4					0.41	1.67	-0.02	-1.62				
Net exports of goods and services	-2.9					-0.07	0.14	0.99	-0.95				
Exports	13.5	8.0	3.9	9.5	-6.0	1.04	0.52	1.23	-0.83				
Goods	9.3	9.4	5.6	11.8	-9.8	0.84	0.52	1.06	-0.97				
Services	4.2	4.8	0.1	4.2	3.2	0.20	0.01	0.17	0.13				
Imports	16.4	6.9	2.4	1.5	0.7	-1.10	-0.39	-0.24	-0.12				
Goods	13.6	7.5	2.4	1.3	1.0	-1.00	-0.32	-0.18	-0.14				
Services	2.7	4.0	2.5	2.2	-0.6	-0.11	-0.07	-0.06	0.02				
Government consumption expenditures and gross investment	18.2	-0.4	0.4	-5.2	-0.8	-0.07	0.08	-0.99	-0.15				
Federal	7.1	-1.6	-1.5	-12.8	0.7	-0.12	-0.11	-1.00	0.05				
National defense	4.4	-0.6	-0.5	-14.4	-2.4	-0.03	-0.02	-0.70	-0.11				
Nondefense	2.8	-3.1	-3.1	-10.0	5.9	-0.09	-0.09	-0.29	0.16				
State and local	11.1	0.4	1.7	0.0	-1.8	0.05	0.19	0.00	-0.20				
Addenda:													
Final sales of domestic product	99.6	2.1	2.5	2.7	0.6	2.07	2.47	2.64	0.64				
Goods	30.4	3.9	10.7	6.9	-8.6	1.20	3.19	2.11	-2.78				
Services	62.2	0.7	0.2	1.5	4.0	0.46	0.14	0.92	2.41				
Structures	7.4	11.9	11.1	-5.3	-8.0	0.82	0.80	-0.41	-0.62				
Motor vehicle output	2.7	12.1	-12.9	19.0	-7.9	0.32	-0.38	0.47	-0.22				
GDP excluding motor vehicle output	97.3	2.2	4.7	2.2	-0.8	2.16	4.51	2.15	-0.76				
Final sales of computers	0.4	15.4	-12.4	-3.7	33.8	0.06	-0.05	-0.01	0.11				
GDP excluding final sales of computers	99.6	2.4	4.2	2.6	-1.1	2.42	4.19	2.64	-1.10				
Research and development (R&D)	2.6	1.9	3.0	2.1	5.8	0.05	0.08	0.05	0.14				
GDP excluding R&D	97.4	2.5	4.2	2.6	-1.2	2.43	4.06	2.57	-1.13				
Gross domestic income (GDI) ²		3.2	1.8	2.6	-2.3								

Real GDP turned down in the first quarter. The downturn primarily reflected a downturn in exports, a larger decrease in inventory investment, and downturns in nonresidential fixed investment and in state and local government spending that were partly offset by an upturn in federal government spending.

Consumer spending slowed, reflecting a slowdown in spending for goods (primarily nondurable goods) that was partly offset by a pickup in spending for services (see table 2).

The downturn in nonresidential fixed investment primarily reflected a downturn in investment in equipment (see table 3).

Inventory investment subtracted 1.62 percentage points from the change in real GDP after subtracting 0.02 percentage point (see table 4).

The downturn in exports primarily reflected a downturn in goods exports (primarily large downturns in industrial supplies and materials and in foods, feeds, and beverages (see table 5).

The upturn in federal government spending reflected a smaller decrease in national defense spending and an upturn in nondefense spending (see table 6).

The downturn in state and local government spending was primarily accounted for by a larger decrease in investment in structures (see table 6).

Real final sales of domestic product, real GDP less inventory investment, increased 0.6 percent after increasing 2.7 percent.

Real gross domestic income, which measures the output of the economy as the incomes earned and costs incurred in production, decreased 2.3 percent after increasing 2.6 percent (revised).

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

2. GDI is deflated by the implicit price deflator for GDP. The fourth-quarter change in GDI reflects the incorporation of revised wage and salary estimates.

NOTE: Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

Consumer Spending

Table 2. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)				Change from preceding period (percent)				Contribution to percent change in real PCE (percentage points)			
	2014		2013		2014		2013		2014			
	I	II	III	IV	I	II	III	IV	I			
PCE ¹	100.0	1.8	2.0	3.3	3.1	1.8	2.0	3.3	3.1			
Goods	33.4	3.1	4.5	2.9	0.7	1.04	1.50	0.97	0.25			
Durable goods	10.8	6.2	7.9	2.8	1.4	0.66	0.84	0.30	0.16			
Motor vehicles and parts....	3.7	-0.9	5.0	-0.2	3.3	-0.03	0.18	0.00	0.12			
Furnishings and durable household equipment....	2.4	9.0	13.2	2.1	-1.8	0.21	0.31	0.05	-0.04			
Recreational goods and vehicles.....	3.0	11.7	11.9	3.3	1.6	0.33	0.34	0.10	0.05			
Other durable goods.....	1.8	8.6	0.2	9.1	1.9	0.15	0.00	0.16	0.03			
Nondurable goods	22.6	1.6	2.9	2.9	0.4	0.37	0.66	0.67	0.09			
Food and beverages purchased for off-premises consumption....	7.6	-1.1	2.7	3.1	-0.5	-0.08	0.21	0.24	-0.04			
Clothing and footwear.....	3.1	5.9	-4.2	4.4	-4.1	0.18	-0.14	0.14	-0.13			
Gasoline and other energy goods.....	3.5	-0.9	3.2	-0.4	2.5	-0.03	0.11	-0.01	0.09			
Other nondurable goods....	8.4	3.7	5.8	3.6	2.0	0.31	0.48	0.30	0.17			
Services	66.6	1.2	0.7	3.5	4.3	0.78	0.47	2.32	2.85			
Household consumption expenditures.....	64.1	1.4	0.5	3.7	4.5	0.87	0.35	2.37	2.88			
Housing and utilities.....	18.3	0.1	-2.5	1.6	6.4	0.01	-0.45	0.30	1.13			
Health care.....	17.0	3.6	2.7	5.6	9.1	0.58	0.45	0.92	1.48			
Transportation services.....	2.8	0.1	-2.0	2.0	2.4	0.00	-0.06	0.06	0.07			
Recreation services.....	3.7	-0.9	4.2	0.4	-4.0	-0.03	0.15	0.02	-0.15			
Food services and accommodations.....	6.4	0.8	0.5	7.7	-1.4	0.05	0.03	0.48	-0.09			
Financial services and insurance.....	7.5	4.0	1.8	6.1	4.7	0.29	0.13	0.45	0.35			
Other services.....	8.5	-0.4	1.0	1.8	1.0	-0.03	0.09	0.15	0.08			
Final consumption expenditures of NPISHs ²	2.5	-3.9	4.7	-2.2	-1.3	-0.10	0.12	-0.05	-0.03			
Gross output of NPISHs ³	10.9	3.4	2.1	5.8	5.4	0.36	0.22	0.61	0.58			
Less: Receipts from sales of goods and services by NPISHs ⁴	8.4	5.7	1.3	8.4	7.5	0.45	0.11	0.67	0.61			

1. The estimates under the contribution columns are also percent changes.
 2. Gross operating expenses less primary sales to households.
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.
 NOTE: Percent changes are from NIPA table 2.3.1, contributions are from NIPA table 2.3.2, and shares are calculated from NIPA table 2.3.5.
 NPISHs Nonprofit institutions serving households

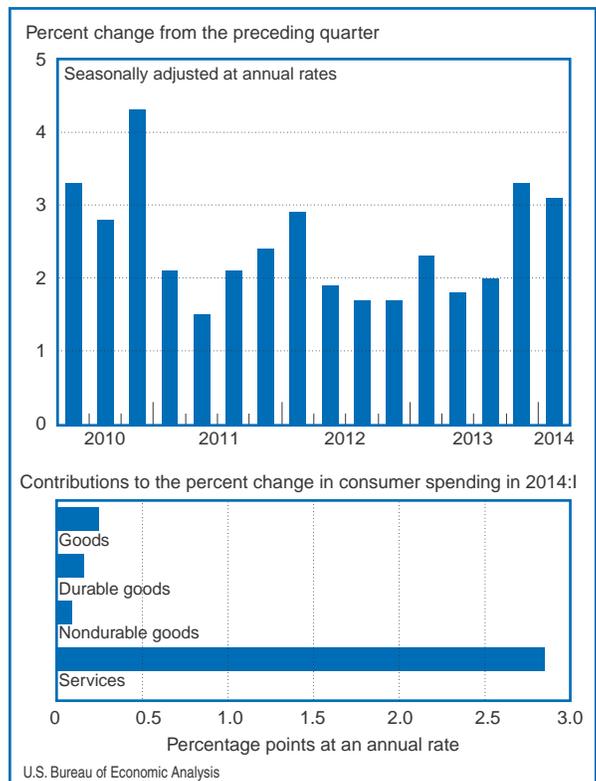
Spending for goods slowed, primarily reflecting a slowdown in spending for nondurable goods; durable goods also slowed.

The slowdown in spending for durable goods primarily reflected a slowdown in spending for “other” durable goods (mainly jewelry and corrective eyeglasses and contact lenses) and a downturn in spending for furnishings and durable household equipment.

The slowdown in spending for nondurable goods reflected downturns in spending for food and beverages purchased for off-premises consumption and for clothing and footwear and a slowdown in spending for “other” nondurable goods (mainly recreational goods and personal care products) that were partly offset by an upturn in spending for gasoline and other energy goods.

The pickup in spending for services primarily reflected pickups in spending for housing and utilities (mainly due to an upturn in spending for natural gas) and in spending for health care that were partly offset by a downturn in spending for food services and accommodations.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 3. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)				
		2013				2014				
		I	II	III	IV	I	II	III	IV	I
Private fixed investment ¹	100.0	6.5	5.9	2.8	-2.3	6.5	5.9	2.8	-2.3	
Nonresidential	79.6	4.7	4.8	5.7	-1.6	3.80	3.89	4.46	-1.26	
Structures	17.8	17.6	13.4	-1.8	-7.5	2.90	2.31	-0.32	-1.38	
Commercial and health care.....	4.3	-5.2	18.2	23.6	-15.5	-0.22	0.72	0.93	-0.74	
Manufacturing.....	1.8	-19.2	55.5	-29.9	1.1	-0.39	0.84	-0.67	0.02	
Power and communication.....	3.5	37.8	2.9	-13.1	-4.5	1.19	0.11	-0.51	-0.16	
Mining exploration, shafts, and wells.....	5.5	30.8	10.6	-2.8	-0.6	1.43	0.56	-0.16	-0.03	
Other structures ²	2.6	41.0	2.7	3.1	-16.2	0.90	0.08	0.08	-0.47	
Equipment	36.3	3.3	0.2	10.9	-3.1	1.27	0.14	3.79	-1.14	
Information processing equipment.....	10.8	9.3	2.0	-0.8	-10.7	1.05	0.24	-0.08	-1.23	
Computers and peripheral equipment.....	2.7	-14.9	2.2	32.0	-39.7	-0.49	0.07	0.84	-1.46	
Other ³	8.0	19.8	1.9	-10.7	2.9	1.55	0.17	-0.92	0.23	
Industrial equipment.....	8.1	-1.0	15.5	-3.5	13.6	-0.07	1.16	-0.28	1.01	
Transportation equipment.....	8.7	6.5	3.0	28.4	-4.4	0.56	0.26	2.16	-0.39	
Other equipment ⁴	8.8	-3.1	-16.1	25.8	-5.9	-0.28	-1.52	2.00	-0.53	
Intellectual property products	25.5	-1.5	5.8	4.0	5.1	-0.37	1.44	0.99	1.26	
Software ⁵	11.4	-5.9	8.5	2.9	1.7	-0.70	0.95	0.32	0.19	
Research and development ⁶	11.3	2.2	5.1	5.3	10.4	0.25	0.55	0.56	1.10	
Entertainment, literary, and artistic originals.....	2.9	2.8	-2.1	3.5	-0.9	0.09	-0.06	0.10	-0.03	
Residential	20.4	14.2	10.3	-7.9	-5.0	2.69	2.03	-1.68	-1.04	
Structures	20.0	14.3	10.3	-8.1	-5.0	2.66	1.99	-1.69	-1.03	
Permanent site.....	8.5	16.2	5.4	6.6	14.8	1.18	0.42	0.51	1.14	
Single family.....	7.1	12.5	3.8	-0.1	14.7	0.78	0.25	-0.01	0.94	
Multifamily.....	1.4	38.2	14.4	48.0	15.2	0.40	0.17	0.52	0.20	
Other structures ⁷	11.5	13.1	13.6	-16.6	-17.0	1.48	1.57	-2.20	-2.16	
Equipment	0.4	10.3	11.1	1.2	-4.5	0.04	0.04	0.00	-0.02	

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

2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.

3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.

4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.

5. Excludes software "embedded," or bundled, in computers and other equipment.

6. Excludes expenditures for software development, which are included in expenditures for software investment.

7. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions and other ownership transfer costs.

NOTE: Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment turned down, reflecting a downturn in nonresidential fixed investment that was partly offset by a smaller decrease in residential fixed investment.

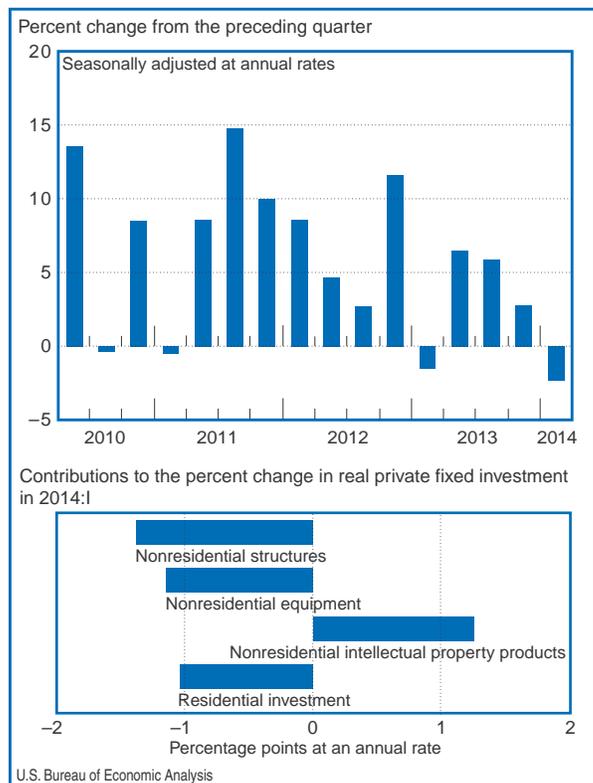
The downturn in nonresidential investment reflected a downturn in equipment and a larger decrease in structures that were partly offset by an acceleration in intellectual property products.

The larger decrease in structures was more than accounted for by a downturn in investment in commercial and health care structures.

The downturn in equipment reflected downturns in investment in transportation equipment and in "other" equipment (primarily agricultural machinery) and a larger decrease in investment in information processing equipment (which was more than accounted for by computer and peripheral equipment) that were partly offset by an upturn in investment in industrial equipment.

The smaller decrease in residential investment was more than accounted for by an upturn in investment in single-family structures that was partly offset by a slowdown in investment in multifamily structures.

Chart 3. Real Private Fixed Investment



Inventory Investment

Table 4. Change in Real Private Inventories by Industry

[Billions of chained (2009) dollars; seasonally adjusted at annual rates]

	Level				Change from preceding quarter					
	2013				2014	2013				2014
	I	II	III	IV	I	II	III	IV	I	
Change in private inventories¹	42.2	56.6	115.7	111.7	49.0	14.4	59.1	-4.0	-62.7	
Farm.....	16.0	19.5	22.8	20.2	15.8	3.5	3.3	-2.6	-4.4	
Mining, utilities, and construction....	-9.8	0.5	8.8	-8.6	-11.7	10.3	8.3	-17.4	-3.1	
Manufacturing.....	6.1	10.9	18.0	12.5	3.6	4.8	7.1	-5.5	-8.9	
Durable-goods industries.....	5.4	8.0	17.3	16.5	11.6	2.6	9.3	-0.8	-4.9	
Nondurable-goods industries.....	0.9	3.1	1.6	-2.8	-6.7	2.2	-1.5	-4.4	-3.9	
Wholesale trade.....	9.7	2.7	28.6	47.0	32.0	-7.0	25.9	18.4	-15.0	
Durable-goods industries.....	11.2	5.7	22.0	21.5	25.0	-5.5	16.3	-0.5	3.5	
Nondurable-goods industries.....	-0.5	-2.3	7.6	24.9	8.2	-1.8	9.9	17.3	-16.7	
Retail trade.....	17.2	19.5	31.1	46.3	2.3	2.3	11.6	15.2	-44.0	
Motor vehicle and parts dealers.....	6.0	14.6	14.1	28.3	-6.7	8.6	-0.5	14.2	-35.0	
Food and beverage stores.....	0.8	0.9	0.3	1.3	-0.2	0.1	-0.6	1.0	-1.5	
General merchandise stores.....	5.7	0.9	4.8	4.1	2.5	-4.8	3.9	-0.7	-1.6	
Other retail stores.....	4.9	3.4	12.2	13.0	6.6	-1.5	8.8	0.8	-6.4	
Other industries.....	-0.9	-0.4	3.0	-8.0	4.1	0.5	3.4	-11.0	12.1	
Residual ²	2.5	2.7	1.2	1.3	0.5	0.2	-1.5	0.1	-0.8	
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales.....	2.31	2.31	2.32	2.32	2.33	.....	.....	.....	.....
Nonfarm inventories to final sales.....	2.13	2.12	2.13	2.13	2.13	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.82	3.80	3.79	3.79	3.85	.....	.....	.....	.....

1. The levels are from NIPA table 5.7.6B.
 2. The residual is the difference between the first line and the sum of the most detailed lines.
 3. The ratios are from NIPA table 5.8.6B.
 Note: The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment decreased \$62.7 billion in the first quarter after decreasing \$4.0 billion in the fourth quarter. The main contributors to the larger decrease were downturns in retail trade industries and in wholesale trade industries that were partly offset by an upturn in “other” industries and a smaller decrease in mining, utilities, and construction industries.

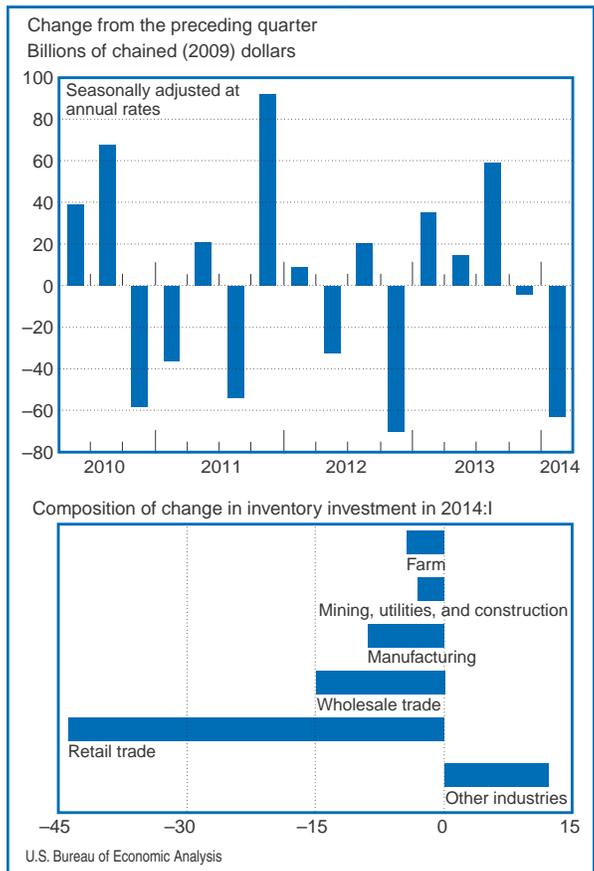
Inventory investment in mining, utilities, and construction industries decreased \$3.1 billion after decreasing \$17.4 billion (primarily mining industries).

Inventory investment in wholesale trade industries decreased \$15.0 billion after increasing \$18.4 billion. The downturn was more than accounted for by a downturn in nondurable-goods industries (primarily farm products).

The downturn in inventory investment in retail trade industries was primarily due to a downturn in inventory investment by motor vehicles and parts dealers.

The upturn in inventory investment in “other” industries primarily reflected an upturn in information industries.

Chart 4. Real Private Inventory Investment



Inventory Investment

The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, the change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA provides estimates for incomplete industry data.

Exports and Imports

Table 5. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)			
		2013		2014		2013		2014	
		I	II	III	IV	I	II	III	IV
Exports of goods and services ¹	100.0	8.0	3.9	9.5	-6.0	8.0	3.9	9.5	-6.0
Exports of goods ²	68.9	9.4	5.6	11.8	-9.8	6.49	3.84	8.15	-6.97
Foods, feeds, and beverages	6.1	-27.4	41.5	84.5	-21.0	-1.79	1.93	3.84	-1.44
Industrial supplies and materials	21.5	9.0	14.5	11.7	-20.0	1.92	2.96	2.54	-4.77
Capital goods, except automotive	23.4	14.2	-2.2	0.4	-1.1	3.27	-0.51	0.15	-0.22
Automotive vehicles, engines, and parts	6.5	21.0	2.9	-4.8	-12.1	1.31	0.20	-0.32	-0.83
Consumer goods, except automotive	8.4	36.5	-19.6	11.8	10.9	2.71	-1.84	0.95	0.87
Other	3.0	-27.5	47.2	37.2	-17.7	-0.92	1.11	0.99	-0.59
Exports of services ²	31.1	4.8	0.1	4.2	3.2	1.49	0.04	1.30	0.98
Imports of goods and services ¹	100.0	6.9	2.4	1.5	0.7	6.9	2.4	1.5	0.7
Imports of goods ²	83.2	7.5	2.4	1.3	1.0	6.23	2.00	1.12	0.85
Foods, feeds, and beverages	4.3	3.6	-7.7	-1.3	9.2	0.16	-0.34	-0.05	0.37
Industrial supplies and materials, except petroleum and products	10.9	-0.7	8.7	-5.2	8.4	-0.05	0.89	-0.56	0.85
Petroleum and products	13.9	-3.6	-3.1	-7.5	15.1	-0.52	-0.44	-1.09	1.93
Capital goods, except automotive	20.4	2.9	7.9	10.6	-0.9	0.60	1.54	2.06	-0.18
Automotive vehicles, engines, and parts	11.0	29.0	20.6	-1.5	-16.2	2.84	2.14	-0.18	-1.98
Consumer goods, except automotive	19.3	8.8	-0.5	7.0	-4.6	1.70	-0.09	1.31	-0.92
Other	3.5	48.5	-37.2	-10.5	25.4	1.50	-1.70	-0.37	0.78
Imports of services ²	16.8	4.0	2.5	2.2	-0.6	0.68	0.41	0.37	-0.11
Addenda:									
Exports of agricultural goods ³	6.7	-24.6	33.7	78.7	-19.8	.....	.....	.....	.....
Exports of nonagricultural goods	62.3	13.5	3.2	6.5	-8.7	.....	.....	.....	.....
Imports of nonpetroleum goods	69.3	9.9	3.5	3.2	-1.5	.....	.....	.....	.....

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

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE: Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services turned down in the first quarter, primarily reflecting a downturn in goods exports; exports of services slowed.

The downturn in exports of goods primarily reflected downturns in industrial supplies and materials, in foods, feeds, and beverages, and in "other" goods.

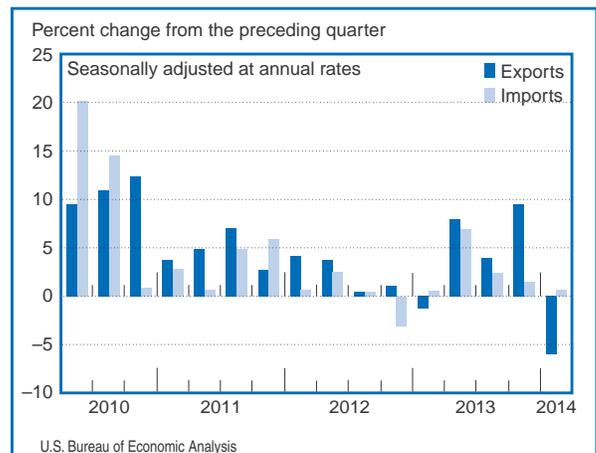
The slowdown in exports of services was more than accounted for by a downturn in travel.

Imports of goods and services also slowed, reflecting a downturn in imports of services and a slowdown in imports of goods.

The slowdown in imports of goods primarily reflected downturns in nonautomotive capital goods and in nonautomotive consumer goods and a larger decrease in automotive vehicles, engines, and parts that were partly offset by upturns in petroleum and products, in nonpetroleum industrial supplies and materials, and in "other" goods.

The downturn in imports of services primarily reflected downturns in travel, in "other" transportation services, and in passenger fares that were partly offset by a pickup in royalties and license fees, which included payments for the rights to broadcast the 2014 Winter Olympic Games.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 6. Real Government Consumption Expenditures and Gross Investment (CEGI)
[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)				Contribution to percent change in real CEGI (percentage points)				
		2013				2014				
	2014	I	II	III	IV	I	II	III	IV	I
Government consumption expenditures and gross investment¹	100.0	-0.4	0.4	-5.2	-0.8	-0.4	0.4	-5.2	-0.8	
Consumption expenditures.....	81.1	-1.1	-0.8	-5.0	2.3	-0.85	-0.64	-4.00	1.83	
Gross investment.....	18.9	2.4	5.5	-6.4	-12.8	0.45	1.04	-1.24	-2.63	
Federal	39.2	-1.6	-1.5	-12.8	0.7	-0.64	-0.59	-5.28	0.27	
National defense	24.0	-0.6	-0.5	-14.4	-2.4	-0.15	-0.11	-3.72	-0.60	
Consumption expenditures.....	19.3	-3.2	-1.7	-13.9	3.1	-0.64	-0.34	-2.83	0.58	
Gross investment.....	4.7	10.2	4.6	-16.5	-21.6	0.49	0.23	-0.89	-1.18	
Nondefense	15.1	-3.1	-3.1	-10.0	5.9	-0.49	-0.48	-1.56	0.87	
Consumption expenditures.....	11.4	-3.4	-4.2	-11.7	8.2	-0.40	-0.50	-1.39	0.90	
Gross investment.....	3.7	-2.2	0.5	-4.6	-0.8	-0.08	0.02	-0.17	-0.03	
State and local	60.8	0.4	1.7	0.0	-1.8	0.24	0.99	0.03	-1.07	
Consumption expenditures.....	50.3	0.4	0.4	0.4	0.7	0.19	0.20	0.22	0.34	
Gross investment.....	10.5	0.4	7.7	-1.8	-12.5	0.05	0.79	-0.19	-1.42	

1. The estimates under the contribution columns are also percent changes.
NOTE: Percent changes are from NIPA table 3.9.1, contributions are from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending decreased less in the first quarter than in the fourth quarter, reflecting an upturn in federal government spending that was partly offset by a downturn in state and local spending.

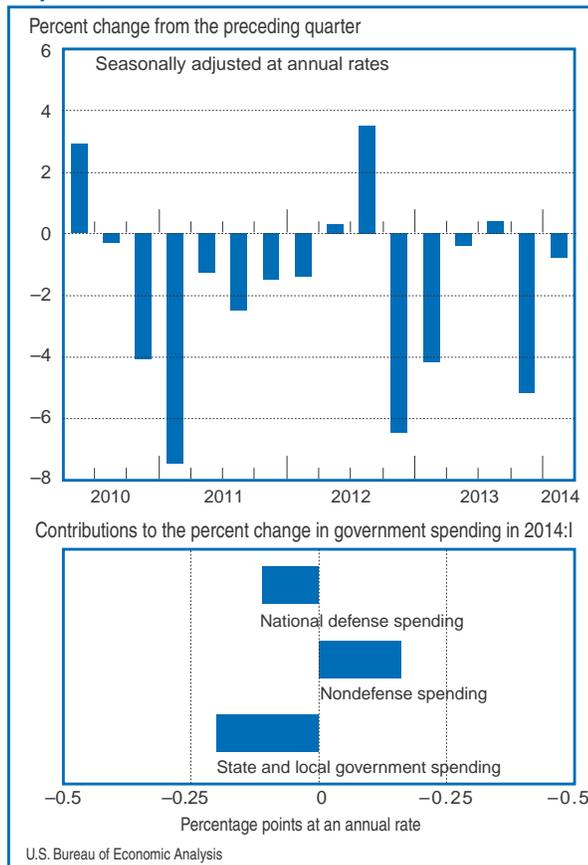
The upturn in federal government spending reflected a smaller decrease in national defense spending and an upturn in nondefense spending.

The smaller decrease in defense spending was more than accounted for by an upturn in consumption expenditures (mostly reflecting a large upturn in intermediate goods and services purchased).

The upturn in nondefense spending primarily reflected a rebound from the effects of the partial federal government shutdown in the fourth quarter of 2013 (see “[Note on the Effects of the Partial Government Shutdown](#)” in the February 2014 SURVEY OF CURRENT BUSINESS). Compensation of general government employees turned up in the first quarter as the number of hours worked by these employees returned to normal levels.

The downturn in state and local government spending was primarily accounted for by a larger decrease in investment in structures.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Government Spending

“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams), of equipment, and of intellectual property products purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

Prices

Table 7. Prices for Gross Domestic Purchases
 [Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2013			2014	2013			2014
	II	III	IV	I	II	III	IV	I
Gross domestic purchases¹	0.2	1.8	1.5	1.3	0.2	1.8	1.5	1.3
Personal consumption expenditures	-0.1	1.9	1.1	1.4	-0.08	1.27	0.71	0.93
Goods.....	-3.3	2.2	-1.0	-0.5	-0.76	0.50	-0.23	-0.10
Durable goods.....	-2.0	-2.3	-2.2	-2.5	-0.14	-0.17	-0.16	-0.18
Nondurable goods.....	-4.0	4.5	-0.5	0.5	-0.62	0.67	-0.07	0.08
Services.....	1.6	1.8	2.2	2.3	0.69	0.77	0.94	1.03
Gross private domestic investment	1.9	1.7	1.5	2.1	0.28	0.26	0.24	0.32
Fixed investment.....	2.0	2.0	2.5	2.5	0.29	0.29	0.37	0.37
Nonresidential.....	1.2	1.2	1.2	1.0	0.14	0.14	0.15	0.12
Structures.....	5.2	3.1	4.3	2.2	0.13	0.08	0.11	0.06
Equipment.....	-0.4	0.3	0.0	0.8	-0.02	0.02	0.00	0.05
Intellectual property products.....	1.0	1.0	0.9	0.5	0.04	0.04	0.03	0.02
Residential.....	5.1	5.2	7.6	8.3	0.15	0.15	0.22	0.24
Change in private inventories.....	.....	.....	.....	.....	-0.01	-0.03	-0.13	-0.05
Government consumption expenditures and gross investment	0.1	1.6	3.0	0.5	0.02	0.29	0.53	0.10
Federal.....	0.8	1.0	5.2	-1.8	0.06	0.08	0.36	-0.13
National defense.....	0.9	1.0	3.2	0.2	0.04	0.05	0.14	0.01
Nondefense.....	0.8	1.1	8.5	-5.0	0.02	0.03	0.22	-0.14
State and local.....	-0.4	2.0	1.5	2.1	-0.04	0.22	0.17	0.23
Addenda:								
Gross domestic purchases:								
Food.....	0.3	0.5	-2.5	1.0	0.02	0.03	-0.14	0.05
Energy goods and services.....	-12.2	11.8	-1.0	3.1	-0.48	0.41	-0.04	0.11
Excluding food and energy.....	0.8	1.5	1.8	1.3	0.68	1.39	1.65	1.18
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption.....	0.5	1.2	0.1	1.4	.....	.....	.....	.....
Energy goods and services.....	-11.9	11.8	-1.0	4.1	.....	.....	.....	.....
Excluding food and energy.....	0.6	1.4	1.3	1.2	.....	.....	.....	.....
Gross domestic product (GDP).....	0.6	2.0	1.6	1.3	.....	.....	.....	.....
Exports of goods and services.....	-3.2	1.0	0.5	2.7	.....	.....	.....	.....
Imports of goods and services.....	-5.0	0.2	0.2	2.8	.....	.....	.....	.....

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 from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, slowed in the first quarter, increasing 1.3 percent after increasing 1.5 percent.

Consumer prices picked up, increasing 1.4 percent after increasing 1.1 percent; the pickup primarily reflected a smaller decrease in prices paid for goods. Prices paid for services picked up slightly.

The smaller decrease in goods prices was more than accounted for by an upturn in the prices paid for non-durable goods (reflecting a pickup in prices paid for food and beverages purchased for off-premises consumption and an upturn in prices paid for clothing and footwear).

Prices paid by the federal government turned down, decreasing 1.8 percent after increasing 5.2 percent; the downturn primarily reflected a downturn in prices for federal nondefense spending.

The downturn in prices paid for nondefense spending primarily reflected a return to normal levels in the prices paid for the compensation of federal government employees; the large fourth-quarter increase was related to the partial federal government shutdown (see the box “Note on the Effects of the Partial Government Shutdown” in the February 2014 SURVEY).

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, slowed slightly, increasing 1.2 percent after increasing 1.3 percent.

The GDP price index increased 1.3 percent, the same increase as in the gross domestic purchases price index. Both export prices and import prices accelerated. Export prices increased 2.7 percent after increasing 0.5 percent, and import prices increased 2.8 percent after increasing 0.2 percent.

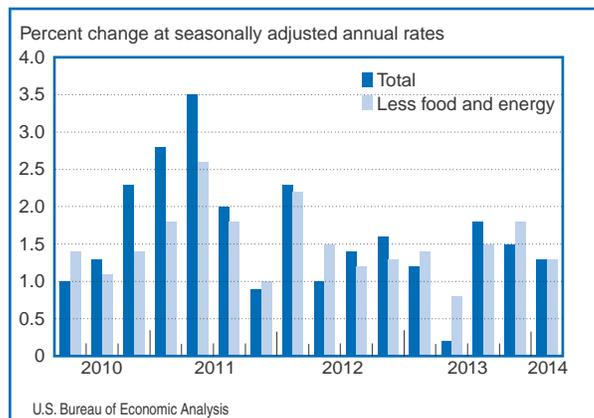
Note on Prices

BEA’s gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ “How do the effects of dollar depreciation show up in the GDP accounts?” on BEA’s Web site.

Chart 7. Gross Domestic Purchases Prices



Revisions

Table 8. Advance and Second Estimates for the First Quarter of 2014

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
Gross domestic product (GDP) ¹	0.1	-1.0	-1.1	0.1	-1.0	-1.1
Personal consumption expenditures	3.0	3.1	0.1	2.04	2.09	0.05
Goods	0.4	0.7	0.3	0.08	0.16	0.08
Durable goods	0.8	1.4	0.6	0.06	0.11	0.05
Nondurable goods	0.1	0.4	0.3	0.02	0.06	0.04
Services	4.4	4.3	-0.1	1.96	1.93	-0.03
Gross private domestic investment	-6.1	-11.7	-5.6	-1.01	-1.98	-0.97
Fixed investment	-2.8	-2.3	0.5	-0.44	-0.36	0.08
Nonresidential	-2.1	-1.6	0.5	-0.25	-0.20	0.05
Structures	0.2	-7.5	-7.7	0.00	-0.21	-0.21
Equipment	-5.5	-3.1	2.4	-0.32	-0.18	0.14
Intellectual property products	1.5	5.1	3.6	0.06	0.19	0.13
Residential	-5.7	-5.0	0.7	-0.18	-0.16	0.02
Change in private inventories .....	.....	.....	.....	-0.57	-1.62	-1.05
Net exports of goods and services .....	.....	.....	.....	-0.83	-0.95	-0.12
Exports	-7.6	-6.0	1.6	-1.07	-0.83	0.24
Goods	-12.0	-9.8	2.2	-1.19	-0.97	0.22
Services	3.0	3.2	0.2	0.12	0.13	0.01
Imports	-1.4	0.7	2.1	0.24	-0.12	-0.36
Goods	-1.6	1.0	2.6	0.21	-0.14	-0.35
Services	-0.9	-0.6	0.3	0.02	0.02	0.00
Government consumption expenditures and gross investment	-0.5	-0.8	-0.3	-0.09	-0.15	-0.06
Federal	0.7	0.7	0.0	0.05	0.05	0.00
National defense	-2.4	-2.4	0.0	-0.11	-0.11	0.00
Nondefense	5.9	5.9	0.0	0.16	0.16	0.00
State and local	-1.3	-1.8	-0.5	-0.14	-0.20	-0.06
Addenda:						
Final sales of domestic product	0.7	0.6	-0.1	0.68	0.64	-0.04
Gross domestic purchases price index	1.4	1.3	-0.1	.....	.....	.....
GDP price index	1.3	1.3	0.0	.....	.....	.....

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

The second estimate of the first-quarter percent change in real GDP is 1.1 percentage points less than the advance estimate, primarily reflecting a downward revision to inventory investment and an upward revision to imports that were partly offset by an upward revision to exports.

The downward revision to inventory investment was widespread. The largest revisions were to retail trade industries, to manufacturing industries and to mining, utilities, and construction industries.

The upward revision to exports was mainly due to an upward revision to exports of goods. Within exports of goods, the upward revisions were widespread; the largest revisions were to nonautomotive capital goods and to automotive vehicles, engines, and parts.

The upward revision to imports was mainly due to an upward revision to imports of goods. Within imports of goods, the upward revisions were also widespread; the largest revisions were to foods, feeds, and beverages, to petroleum and products, and to "other" goods, and the only notable offset was a downward revision to computers, peripherals and parts.

Revised Fourth-Quarter 2013 Income Estimates

With the release of the second estimate of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. The revision incorporates fourth-quarter data from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$66.3 billion, a downward revision of \$2.8 billion. Personal current taxes increased \$20.9 billion, a downward revision of \$0.5 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$9.1 billion, a downward revision of \$0.4 billion.

As a result of these revisions,

- Personal income increased \$76.0 billion, a downward revision of \$2.5 billion.
- Disposable personal income increased \$55.1 billion, a downward revision of \$2.0 billion.
- Personal saving decreased \$71.9 billion, a downward revision of \$2.0 billion.
- The personal saving rate was 4.3 percent, unrevised from the previous estimate.
- Real gross domestic income increased 2.6 percent, a downward revision of 0.1 percentage point.

Major Source Data for the Second Estimates

Consumer spending: retail sales for January through March (revised). Motor vehicle registrations data for March (new). Gasoline data for January (revised) and February (new). Energy Information Administration data for electricity and natural gas sales and unit value data for January and February (revised) and March (new).

Nonresidential fixed investment: construction spending (value put in place) data for January and February (revised) and March (new). Manufacturers' shipments (M3) of machinery and equipment for January through March (revised). Exports and imports for January and February (revised) and March (new).

Residential fixed investment: construction spending (value put in place) data for January and February (revised) and March (new).

Inventory investment: manufacturers' inventories of durable goods for January through March (revised). Manufacturers' inventories of nondurable goods and trade inventories for January and February (revised) and March (new).

Exports and imports: trade in goods and services for January and February (revised) and March (new).

Government spending: state and local construction spending for January and February (revised) and March (new).

