

# Technical Note

## Gross Domestic Product Third Quarter of 2017 (Second Estimate)

November 29, 2017

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 third quarter is available on BEA's Web site at [www.bea.gov](http://www.bea.gov); a brief summary of "highlights" is also posted on the Web site. BEA's source data and assumptions for the "second" estimate are shown in a "[Key Source Data and Assumptions](#)" table on the BEA Web site. In a few weeks, the *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

### Sources of Revision to Real GDP

Real GDP increased 3.3 percent (annual rate) in the third quarter of 2017, an upward revision of 0.3 percentage point from the "advance" estimate. The revision primarily reflected upward revisions to nonresidential fixed investment, state and local government spending, and private inventory investment.

- The revision to nonresidential fixed investment reflected upward revisions to equipment (mainly transportation equipment) and to intellectual property products (specifically software) that were partly offset by a downward revision to structures.
  - The revision to equipment reflected revised export and import data for August and newly available data for September from BEA's International Transactions Accounts.
  - The revision to software reflected newly available data from the Census Bureau's Advance Quarterly Services Report.
  - The revision to structures reflected revised and newly available data from the Census Bureau's Value of Construction Put in Place survey.
- The revision to state and local government spending primarily reflected an upward revision to gross investment in structures based on revised and newly available data from the Census Bureau's Value of Construction Put in Place survey.
- The revision to private inventory investment reflected an upward revision to manufacturing industries based on revised and newly available book value data from the Census Bureau's Manufacturers' Shipments, Inventories, and Orders survey.

### **Gross Domestic Income and Corporate Profits**

Real gross domestic income (GDI), which measures the output of the economy as the incomes earned and costs incurred in the production of goods and services (as measured by GDP), increased 2.5 percent in the third quarter. The average of real GDP and real GDI increased 2.9 percent.

Profits from current production increased \$91.6 billion, or 4.3 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$60.6 billion, domestic profits of nonfinancial corporations increased \$12.5 billion, and rest-of-the-world profits increased \$18.6 billion.

### **Revisions to Wages and Salaries in the Second Quarter**

In addition to presenting revised estimates for the third quarter, today's release presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$63.1 billion in the second quarter of 2017, a downward revision of \$26.5 billion. These estimates reflect revised wage and salary tabulations for the second quarter from the BLS Quarterly Census of Employment and Wages. Real GDI is now estimated to have increased 2.3 percent in the second quarter, a downward revision of 0.6 percentage point.

Erich H. Strassner  
Associate Director, National Economic Accounts  
Bureau of Economic Analysis  
(301) 278-9612