



Technical Note
Gross Domestic Product
Third Quarter of 2012 (Second Estimate)
November 29, 2012

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; 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

Real GDP increased 2.7 percent (annual rate) in the third quarter, an upward revision of 0.7 percentage point from the advance estimate. The upward revision to real GDP reflected upward revisions to private inventory investment and to exports that were partly offset by downward revisions to consumer spending and to nonresidential fixed investment.

- The upward revision to inventory investment reflected upward revisions to the inventories of manufacturing, wholesale trade, and "other" industries and was based on newly available Census Bureau manufacturing and trade inventory data for September, revised data for August, and preliminary third-quarter Census quarterly financial report data for information industries.
- The upward revision to exports was primarily to goods exports and reflected newly available Census goods data for September and revised data for August.
- The downward revision to consumer spending reflected downward revisions to both goods and services.
 - Within goods, the largest downward revision was to motor vehicle fuels, lubricants, and fluids based on newly available Energy Information Administration (EIA) data for August.
 - Within services, the largest downward revisions were to financial services and insurance and to electricity and gas. The revision to financial services was based on newly available third-quarter FOCUS report data from the Securities and Exchange Commission and on newly available Federal Reserve Board tabulations of third-quarter commercial bank *Call Report* data, and the revision to electricity and gas reflected newly available August usage and unit value data from EIA.
- The downward revision to nonresidential fixed investment reflected downward revisions to investment in transportation equipment, in software, and in computers and peripheral equipment. These revisions reflected newly available trade source data on motor vehicle registrations for September, the newly available data on exports and imports for September and revised data for August, and newly available software company revenue data.

The price index for gross domestic purchases increased 1.4 percent in the third quarter, a downward revision of 0.1 percentage point. The downward revision was to the price

index for consumer spending—specifically for financial services— and reflected the newly available commercial bank *Call Report* data for the third quarter.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the output of the economy as the costs incurred and the incomes earned in the production of GDP, increased 1.7 percent in the third quarter. For a given quarter, the estimates of GDP and GDI may differ for a variety of reasons, including the incorporation of largely independent source data. However, over longer time spans, the estimates of GDP and GDI tend to follow similar patterns of change.

Profits from current production before taxes increased \$67.3 billion, or 3.5 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$71.3 billion, domestic profits of nonfinancial corporations decreased \$1.0 billion, and rest-of-the-world profits decreased \$2.8 billion.

Revisions to Wages and Salaries, Disposable Personal Income, and GDI

In addition to presenting revised estimates for the third quarter, today's release also presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$23.3 billion in the second quarter of 2012, a downward revision of \$31.9 billion. These estimates reflect newly available wage and salary tabulations for the second quarter from the BLS quarterly census of employment and wages (QCEW). These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates—the QCEW data include irregular pay, such as bonuses and gains from the exercise of stock options.

Real disposable personal income is now estimated to have increased 2.2 percent (annual rate) in the second quarter and 0.5 percent in the third. (By comparison, the estimates that were available last month showed increases of 3.1 percent in the second quarter and 0.8 percent in the third.)

The revision to second-quarter wages and salaries also resulted in a revision to GDI. Real GDI is now estimated to have decreased 0.7 percent in the second quarter, a downward revision of 0.9 percentage point.

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Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2012

This table shows the actual data used for the second estimate of GDP for the third quarter of 2012. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 26, 2012, and BEA made assumptions for these source data. The numbers in brackets show the September values that had been assumed for the advance estimate. For most series, the data incorporated for August and, in some cases, for July 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.

| | | 2012 | | | | | |
|---|---|---------|---------|---------|---------|----------|----------|
| | | Apr. | May | Jun. | Jul. | Aug. | Sep. |
| Private fixed investment: | | | | | | | |
| Nonresidential structures: | | | | | | | |
| 1 | Value of new nonresidential construction put in place..... | 298.2 | 299.5 | 295.1 | 297.7 | 294.8 | 294.6 |
| | | | | | {293.7} | {288.7} | {291.2} |
| Residential structures: | | | | | | | |
| Value of new residential construction put in place: | | | | | | | |
| 2 | Single family..... | 119.6 | 121.8 | 125.6 | 127.7 | 132.0 | 137.1 |
| | | | | | {127.6} | {131.2} | {135.5} |
| 3 | Multifamily..... | 19.6 | 20.6 | 21.7 | 21.9 | 22.3 | 22.6 |
| | | | | | {22.2} | {23.1} | {23.8} |
| Change in private inventories: | | | | | | | |
| NOTE: Historical (April–July) data may reflect concurrent seasonal factors. | | | | | | | |
| 4 | Change in inventories for nondurable manufacturing..... | -20.6 | -28.8 | -21.3 | 5.3 | 19.5 | 32.9 |
| | | {-20.4} | {-29.1} | {-21.2} | {5.6} | {15.5} | {-1.7} |
| 4a | Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment... | 25.0 | 29.3 | -4.2 | 56.2 | 41.6 | 69.3 |
| | | {24.3} | {25.5} | {-4.7} | {53.6} | {38.1} | {60.1} |
| Net exports: | | | | | | | |
| Exports of goods: | | | | | | | |
| 5 | U.S. exports of goods, international-transactions-accounts basis..... | 1566.9 | 1569.3 | 1593.1 | 1568.0 | 1543.8 | 1608.2 |
| | | | | | | {1542.2} | {1554.7} |
| 5a | Excluding gold..... | 1525.8 | 1538.5 | 1555.3 | 1542.0 | 1514.8 | 1570.5 |
| | | | | | | {1513.2} | {1523.7} |
| Imports of goods: | | | | | | | |
| 6 | U.S. imports of goods, international-transactions-accounts basis..... | 2349.7 | 2326.8 | 2282.3 | 2262.0 | 2250.3 | 2297.6 |
| | | | | | | {2254.2} | {2286.9} |
| 6a | Excluding gold..... | 2332.4 | 2308.8 | 2265.2 | 2245.5 | 2230.4 | 2278.7 |
| | | | | | | {2234.2} | {2269.9} |
| 7 | Net exports of goods..... | -782.8 | -757.5 | -689.1 | -694.0 | -706.5 | -689.4 |
| | | | | | | {-712.0} | {-732.2} |
| 7a | Excluding gold..... | -806.7 | -770.3 | -709.9 | -703.4 | -715.6 | -708.2 |
| | | | | | | {-721.0} | {-746.2} |
| Government: | | | | | | | |
| State and local: | | | | | | | |
| Structures: | | | | | | | |
| 8 | Value of new construction put in place..... | 247.3 | 249.8 | 252.8 | 249.4 | 248.4 | 247.7 |
| | | | | | {252.1} | {249.7} | {250.9} |