



Technical Note
Gross Domestic Product
First Quarter of 2015 (Second Estimate)
May 29, 2015

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 *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 decreased 0.7 percent (annual rate) in the first quarter, a downward revision of 0.9 percentage point from the advance estimate. The revision reflected an upward revision to imports and downward revisions to inventory investment and to consumer spending that were partly offset by an upward revision to residential fixed investment.

- The upward revision to imports was mainly to goods and reflected newly available Census Bureau data for March and revised data for February.
- The downward revision to inventory investment reflected downward revisions to manufacturing, wholesale trade, and retail trade industries based on newly available Census inventory data for March and revised data for January and February. Benchmarked Census inventories data for retail and wholesale trade and for manufacturing were incorporated on a best-change basis.
- The downward revision to consumer spending was primarily to services, specifically, communication services, based on newly available cellular telephone service provider revenue data for the first quarter.
- The upward revision to residential fixed investment reflected upward revisions to single family and to "other" structures. For single family, the revision reflected newly available Census construction spending data for March and revised data for February. For "other" structures, the revision was primarily to improvements based on newly available BLS remodelers' payroll data for March.

The price index for gross domestic purchases decreased 1.6 percent in the first quarter, 0.1 percentage point more of a decrease than in the advance estimate. The largest contributor to the revision was a downward revision to residential fixed investment prices that reflected the incorporation of a revised Census price index for houses under construction.

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 1.4 percent in the first 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 decreased \$125.5 billion, or 5.9 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations decreased \$2.6 billion, domestic profits of nonfinancial corporations decreased \$100.4 billion, and rest-of-the-world profits decreased \$22.4 billion.

Taxes on corporate income increased \$9.3 billion in the first quarter, reflecting the expiration of both the 50-percent bonus depreciation provision and increased Section 179 expensing limits claimed under extensions of the 2010 tax acts. For detailed data, see the table "[Net Effects of the Tax Acts of 2002, 2003, 2008, 2009, 2010 \(and extensions\) on Selected Measures of Corporate Profits.](#)"

BEA's estimates of profits from current production ("corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)") are not affected by these tax acts because profits from current production do not depend on the depreciation-accounting practices used for federal income tax purposes. BEA's measure of current-production profits reflects economic accounting practices in which depreciation is based on an estimate of the reduction in the value of fixed capital used in the production process. For a more detailed discussion on the effect of tax act provisions on the CCAdj, see FAQ 1002, "[How do the economic stimulus acts impact NIPA Corporate Profits?](#)"

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

In addition to presenting revised estimates for the first quarter, today's release presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$117.2 billion in the fourth quarter of 2014, an upward revision of \$22.7 billion. These estimates reflect newly available wage and salary tabulations for the fourth 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 4.1 percent (annual rate) in the fourth quarter and increased 5.3 percent in the first. (By comparison, the estimates that were available last month showed an increase of 3.6 percent in the fourth quarter and an increase of 6.2 percent in the first.)

The revision to fourth-quarter wages and salaries also resulted in a revision to GDI. Real GDI is now estimated to have increased 3.7 percent in the fourth quarter, an upward revision of 0.6 percentage point.

Annual Revision Scheduled for July 30

The annual revision of the national income and product accounts will be released along with the "advance" estimate of GDP for the second quarter of 2015 on July 30. In addition to the regular revision of the estimates for the most recent 3 years and for the first quarter of 2015, some series will be revised back further. The June *Survey of Current Business* will contain an article that previews the annual revision, and the August *Survey* will contain an article that describes the results.

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Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2015

This table shows the actual data used for the second estimate of GDP for the first quarter of 2015. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 29, 2015, 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 Census Bureau.

	2014			2015		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	346.9	351.0	354.8	348.4 {346.5}	350.1 {348.4}	353.4 {347.4}
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	198.4	201.0	204.2	206.7 {206.8}	204.4 {203.9}	200.8 {200.3}
3 Multifamily.....	47.0	47.3	48.9	48.4 {48.9}	50.2 {50.9}	49.2 {50.0}
Change in private inventories:						
NOTE: Historical (Oct.–Jan.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	-19.3 {-17.5}	-15.8 {-12.0}	-60.2 {-52.8}	-71.4 {-50.6}	-2.4 {-1.0}	-15.8 {-8.3}
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	62.0 {59.4}	42.2 {54.6}	11.8 {4.9}	13.8 {16.4}	24.9 {24.0}	14.4 {73.8}
Net exports:						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1667.4	1642.9	1610.6	1542.5	1507.1 {1507.6}	1524.8 {1538.7}
5a Excluding gold.....	1636.2	1607.2	1590.3	1518.6	1489.1 {1489.6}	1500.9 {1512.8}
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2401.4	2350.9	2390.8	2292.9	2175.2 {2169.8}	2371.6 {2313.7}
6a Excluding gold.....	2386.2	2338.9	2374.0	2280.9	2163.5 {2158.0}	2359.6 {2300.1}
7 Net exports of goods.....	-734.0	-708.0	-780.2	-750.4	-668.1 {-662.1}	-846.7 {-775.0}
7a Excluding gold.....	-750.0	-731.8	-783.7	-762.4	-674.4 {-668.4}	-858.7 {-787.3}
Government:						
State and local:						
Structures:						
8 Value of new construction put in place.....	260.5	252.9	256.1	248.8 {249.3}	244.8 {245.3}	241.9 {247.3}