



Technical Note
Gross Domestic Product
First Quarter of 2015 (Advance)
April 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. 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").

Real GDP

Real GDP increased 0.2 percent (annual rate) in the first quarter of 2015, following an increase of 2.2 percent in the fourth quarter of 2014. Real GDP growth slowed in the first quarter as the dollar strengthened against other major currencies, imports and exports were delayed by the West Coast ports labor dispute, energy prices fell, and severe winter weather affected much of the nation. The deceleration in real GDP growth in the first quarter reflected a deceleration in consumer spending, downturns in exports, in nonresidential fixed investment, and in state and local government spending, and a deceleration in residential fixed investment that were partly offset by a deceleration in imports and upturns in inventory investment and in federal government spending.

Source Data for the Advance Estimate

The advance GDP estimate for the first quarter of 2015 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable manufacturing inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for most other key data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- a decrease in nondurable manufacturing inventories,
- an increase in non-motor-vehicle merchant wholesale and retail inventories,
- an increase in exports of goods, excluding gold, and
- an increase in imports of goods, excluding gold.

Prices

The price index for personal consumption expenditures (PCE) decreased 2.0 percent in the first quarter after decreasing 0.4 percent in the fourth. Excluding food and energy prices, the PCE price index increased 0.9 percent after increasing 1.1 percent.

Disposable Personal Income

Real disposable personal income increased 6.2 percent in the first quarter, following an increase of 3.6 percent in the fourth. The personal saving rate was 5.5 percent in the first quarter, compared with 4.6 percent in the fourth.

Annual Revision Scheduled for July 30

The GDP news release on July 30, in addition to presenting the advance estimate of GDP for the second quarter of 2015, will present the annual revision of the national income and product accounts. GDP will be revised for the most recent 3 years (2012 through 2014) and for the first quarter of 2015.

The 2015 annual revision will incorporate the usual annual source data for 2012 through 2014 that are more complete and more detailed than those previously available, including:

- Census Bureau annual surveys of manufactures, of merchant wholesale trade, of retail trade, of services, and of state and local governments;
- Federal government budget data;
- Internal Revenue Service tabulations of tax returns for corporations and for sole proprietorships and partnerships; and
- Department of Agriculture farm income statistics.

For this annual revision, BEA is planning to add several new series, as well as to incorporate refinements to its concepts, methods, and presentation of the data, including the following:

- Starting in July, the Census Bureau's new advance report on exports and imports of goods will be incorporated in BEA's advance GDP estimates; this should result in improved early estimates of GDP and smaller revisions from the advance to second estimate. For more information, see the FAQ, "[How will the Census Bureau's new advance trade report impact BEA's GDP estimate?](#)"
- The NIPA estimates of personal income and of government receipts and expenditures will incorporate a new treatment of refundable tax credits, such as the earned income tax credit, that are refundable to the taxpayer if the amount of the credit exceeds the tax liability. Government social benefits will record the total amount of these credits, rather than just the amount that exceeds the tax liability. This change will result in revisions to personal income and to government receipts and expenditures beginning in 1976. The estimates of GDP, personal saving, and the personal saving rate will not be affected by this change.
- As part of its regular review and update of seasonal adjustment factors, BEA expects to refine or improve its seasonal adjustments for several GDP components. For more information, see the FAQ, "[How does BEA account for seasonality in GDP?](#)"
- BEA will introduce a new series that is an average of GDP and gross domestic income, giving users another way to track U.S. economic growth.
- BEA will also introduce a new series called *final sales to private domestic purchasers*, which is the sum of personal consumption expenditures and private fixed investment. Because this series excludes the more volatile components of GDP, such as inventory investment, net exports, and government spending, it will track the more persistent movements in spending by consumers and businesses.

These and other improvements will be discussed in detail in an upcoming article in the June 2015 [Survey of Current Business](#).

Nicole M. Mayerhauser
Chief, National Income and Wealth Division
Bureau of Economic Analysis
(202) 606-9715

**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FIRST QUARTER OF 2015**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods, manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for March 2015 are shown in the last column of the table. For most series shown, the data for February are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Census Bureau.

	Oct.	2014 Nov.	Dec.	Jan.	2015 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	346.9	351.0	354.8	346.5	348.4	347.4
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	198.4	201.0	204.2	206.8	203.9	200.3
3 Multifamily.....	47.0	47.3	48.9	48.9	50.9	50.0
Change in private inventories:						
NOTE: Historical (Oct.–Jan.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	-17.5	-12.0	-52.8	-50.6	-1.0	-8.3
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	59.4	54.6	4.9	16.4	24.0	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	1507.6	1538.7
5a Excluding gold.....	1636.2	1607.2	1590.3	1518.6	1489.6	1512.8
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2401.4	2350.9	2390.8	2292.9	2169.8	2313.7
6a Excluding gold.....	2386.2	2338.9	2374.0	2280.9	2158.0	2300.1
7 Net exports of goods.....	-734.0	-708.0	-780.2	-750.4	-662.1	-775.0
7a Excluding gold.....	-750.0	-731.8	-783.7	-762.4	-668.4	-787.3
Government:						
State and local:						
Structures:						
8 Value of new construction put in place.....	260.5	252.9	256.1	249.3	245.3	247.3

*Assumption.
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