



**Technical Note**  
Gross Domestic Product  
Fourth Quarter of 2015 (Second Estimate)  
February 26, 2016

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 fourth 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. 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 1.0 percent (annual rate) in the fourth quarter of 2015, an upward revision of 0.3 percentage point from the advance estimate. The revision reflected an upward revision to private inventory investment and a downward revision to imports that were partly offset by downward revisions to state and local government spending and to consumer spending.

- The largest contributors to the upward revision to inventory investment were retail trade and mining, utilities, and construction. The revision reflected an upward revision to the "inventory valuation adjustment" (IVA), which is the difference between the historical costs at which businesses value their inventories and the current costs that are used for measuring the contribution of inventories to GDP during the quarter. The revisions to the IVA reflected revisions to the end-of-period and average prices used in the inventory investment calculation. The estimates incorporated newly available source data, primarily BLS producer price indexes for January 2016, which replaced BEA estimates of prices that were developed for the advance estimate.
- The downward revision to imports was primarily accounted for by a downward revision to goods imports. Within goods, the largest contributors were "other" goods (primarily the territorial adjustment, reflecting newly available Census Bureau data for December) and industrial supplies and materials (reflecting revised Census data on trade in goods for November and December).
- The downward revision to state and local government spending was primarily to investment in structures, based on newly available Census construction spending data for December and revised data for October and November.
- The downward revision to consumer spending was more than accounted for by goods. The largest contributors to the revision were gasoline and other energy goods (reflecting updated data from the Energy Information Administration), clothing and footwear (reflecting revised consumer price indexes from BLS), and new motor vehicles (reflecting newly available registrations data for December).

The price index for personal consumption expenditures increased 0.4 percent in the fourth quarter, an upward revision of 0.3 percentage point from the advance estimate. The revision was primarily to goods and reflected revised BLS seasonally adjusted consumer price indexes.

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

In addition to presenting revised estimates for the fourth quarter, today's release presents revised estimates of third-quarter wages and salaries, personal taxes, and contributions for

government social insurance. Wages and salaries are now estimated to have increased \$78.2 billion in the third quarter of 2015, a downward revision of \$25.8 billion. These estimates reflect the most recently available wage and salary tabulations for the third quarter from the BLS quarterly census of employment and wages.

Real disposable personal income is now estimated to have increased 3.2 percent (annual rate) in the third quarter and 2.5 percent in the fourth. (By comparison, the estimates that were available last month showed increases of 3.8 percent in the third quarter and 3.2 percent in the fourth.)

The revision to third-quarter wages and salaries also resulted in a revision to gross domestic income (GDI). Real GDI is now estimated to have increased 2.0 percent in the third quarter, a downward revision of 0.7 percentage point.

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**Table A. SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE FOURTH QUARTER OF 2015**

This table shows the actual data used for the second estimate of GDP for the fourth quarter of 2015. For these key series, actual data for December were not available in time for inclusion in the advance GDP estimate released on January 29, 2016, and BEA made assumptions for these source data. The revisions for December are calculated from the values that had been assumed for the advance estimate. Revisions for other months are based on the source data that had been incorporated in the advance estimate.

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

		<b>2015</b>					
		Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Private fixed investment:</b>							
Nonresidential structures:							
1	Value of new nonresidential construction put in place.....	399.2	400.1	398.5	403.8	403.0	394.4
	Revision.....	0.0	0.0	0.0	0.9	2.8	-7.2
Residential structures:							
Value of new residential construction put in place:							
2	Single family.....	217.2	219.8	222.7	226.1	229.0	231.3
	Revision.....	0.0	0.0	0.0	0.8	2.3	2.5
3	Multifamily.....	50.3	54.4	57.2	53.4	51.4	52.8
	Revision.....	0.0	0.0	0.0	-3.9	-5.5	-4.7
<b>Change in private inventories:</b>							
NOTE: Historical (Jul.–Oct.) data reflect concurrent seasonal factors.							
4	Change in inventories for nondurable manufacturing.....	-11.2	-18.2	-13.2	3.3	-5.5	-10.1
	Revision.....	-2.2	-0.1	-0.9	0.7	-2.7	-8.7
5	Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	-8.4	26.3	41.4	6.6	-10.3	-1.8
	Revision.....	-0.3	2.7	-0.4	-2.7	6.2	-28.3
<b>Government:</b>							
State and local:							
Structures:							
6	Value of new construction put in place.....	276.4	277.7	276.7	269.2	264.0	270.2
	Revision.....	0.0	0.0	0.0	-2.2	-6.2	-0.6

2/26/2016 8:30 AM