

# Technical Note

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

February 28, 2018

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. 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 detailed analysis of the estimates ("GDP and the Economy").

### Updates to Real GDP

Real GDP increased 2.5 percent (annual rate) in the fourth quarter of 2017, a downward revision of 0.1 percentage point from the "advance" estimate. The revision primarily reflected a revision to private inventory investment. Within private inventory investment, farm inventories were revised down, reflecting newly available data from the USDA Economic Research Service's *Farm Income Forecast*.

While consumer spending overall was unrevised, there were offsetting revisions to spending on goods and services. Spending on goods was revised down, primarily reflecting revised monthly data from the Census Bureau's Monthly Retail Trade Survey. Spending on services was revised up, primarily reflecting newly available 2017 fourth-quarter data from the Census Bureau's Advance Quarterly Services Report (QSR).

Private fixed investment in intellectual property products (notably software) was also revised down with the incorporation of newly available 2017 fourth-quarter data from the Census Bureau's Advance QSR. The advance QSR estimates were benchmarked to the Census Bureau's 2016 Service Annual Survey and were incorporated on a best-change basis in the NIPAs. For more information, see <https://www.census.gov/services/qss/qss-current.pdf>.

### Updates to Wages and Salaries in the Third and Fourth Quarters

In addition to presenting revised estimates for the fourth quarter, today's release presents revised estimates of third-quarter 2017 wages and salaries. Wages and salaries are now estimated to have increased \$97.4 billion in the third quarter, an upward revision of \$18.3 billion. These estimates reflect the most recently available wage and salary tabulations for the third quarter from the Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) program for all states. As a result, real Gross Domestic Income (GDI) is now estimated to have increased 2.4 percent in the third quarter, an upward revision of 0.4 percentage point.

Fourth quarter wages and salaries are now estimated to have increased \$91.3 billion, an upward revision of \$8.8 billion. The upward revision to the fourth quarter primarily reflects the incorporation of the QCEW for the third quarter of 2017. The estimate of real GDI along with Corporate Profits for the fourth quarter will be available with the release of the “third” estimate of GDP on March 28.

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