



Technical Note
Gross Domestic Product
Second Quarter of 2013 (Third Estimate)
September 26, 2013

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 second 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 2.5 percent (annual rate) in the second quarter, the same increase as last month's estimate, primarily reflecting downward revisions to inventory investment and to exports that were offset by an upward revision to state and local government spending:

- The downward revision to inventory investment primarily reflected downward revisions to retail trade industries and to "other" industries. The revision to retail trade industries reflected the incorporation of revised prices, and the revision to "other" industries was based on revised second-quarter quarterly financial report data from the Census Bureau for information industries.
- The downward revision to exports reflected downward revisions to goods and to services and was primarily based on revised data from the international transactions accounts.
- The upward revision to state and local government spending primarily reflected an upward revision to investment in structures and was based on revised Census construction spending data for May and June.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 0.2 percent in the second quarter, a downward revision of 0.1 percentage point. The revision was mostly accounted for by a downward revision to PCE prices for financial services and reflected the incorporation of newly available commercial bank *Call Report* data.

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 2.6 percent in the second quarter, an upward revision of 0.1 percentage point. 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 increased \$66.8 billion, or 3.3 percent (quarterly rate), in the second quarter. Domestic profits of financial corporations increased \$24.5 billion, domestic profits of nonfinancial corporations increased \$37.8 billion, and rest-of-the-world profits increased \$4.6 billion.

Dividends paid by corporations increased \$273.5 billion in the second quarter, in contrast to a decrease of \$103.8 billion in the first. The large second-quarter increase primarily reflected dividends paid by Fannie Mae to the federal government.

Brent R. Moulton
Associate Director for National Economic Accounts
Bureau of Economic Analysis
(202) 606-9606