



Technical Note
Gross Domestic Product
Third Quarter of 2013 (Second Estimate)
December 5, 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 third 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 3.6 percent (annual rate) in the third quarter, an upward revision of 0.8 percentage point from the advance estimate. The revision reflected upward revisions to private inventory investment and to nonresidential fixed investment that were partly offset by an upward revision to imports and a downward revision to exports.

- The upward revision to private inventory investment primarily reflected upward revisions to wholesale trade, to retail trade, to mining, utilities, and construction, and to "other" industries. The revisions for wholesale and retail trade industries were based primarily on the incorporation of newly available Census Bureau inventory data for September and revised data for August. The revisions for mining, utilities and construction and for "other" industries primarily reflected newly available preliminary third-quarter Census Bureau quarterly financial report data.
- The upward revision to nonresidential fixed investment primarily reflected an upward revision to equipment, which was mainly based on newly available data for exports and imports for September, revised exports and imports data for August, and revised Census Bureau shipments data for September.
- Both the upward revision to imports and the downward revision to exports were mainly to goods and reflected newly available Census goods data for September and revised data for August.

The price index for gross domestic purchases increased 1.8 percent in the third quarter, the same increase as in the advance estimate.

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 third 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 increased \$38.3 billion, or 1.8 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$8.6 billion, domestic profits of nonfinancial corporations increased \$13.0 billion, and rest-of-the-world profits increased \$16.7 billion.

Dividends paid by corporations decreased \$179.7 billion in the third quarter, in contrast to an increase of \$273.5 billion in the second. The large third-quarter decrease primarily reflected dividends paid by Fannie Mae to the federal government in the second quarter.

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

In addition to presenting revised estimates for the third quarter, today's release also presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$77.2 billion in the second quarter of 2013, an upward revision of \$22.6 billion. These estimates reflect newly available wage and salary tabulations for the second 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 second quarter and to have increased 2.9 percent in the third. (By comparison, the estimates that were available last month showed an increase of 3.5 percent in the second quarter and an increase of 2.5 percent in the third.)

The revision to second-quarter wages and salaries also resulted in a revision to GDI. Real GDI is now estimated to have increased 3.2 percent in the second quarter, an upward revision of 0.6 percentage point.

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

Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2013

This table shows the actual data used for the second estimate of GDP for the third quarter of 2013. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on November 7, 2013, and BEA made assumptions for these source data. Unless otherwise noted, the numbers in brackets show the September values that had been assumed for the advance estimate. For most series, the data incorporated for August and, in some cases, for July 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.

| | 2013 | | | | | |
|--|----------------|------------------|----------------|------------------|--------------------|--------------------|
| | Apr. | May | Jun. | Jul. | Aug. | Sep. |
| Private fixed investment: ¹ | | | | | | |
| Nonresidential structures: | | | | | | |
| 1 Value of new nonresidential construction put in place..... | 291.6 | 295.7 | 289.2 | 302.9 {299.9} | 303.2 {300.3} | 300.2 {300.1} |
| Residential structures: | | | | | | |
| Value of new residential construction put in place: | | | | | | |
| 2 Single family..... | 165.6 | 167.4 | 168.2 | 169.2 {169.0} | 171.6 {171.8} | 171.4 {175.3} |
| 3 Multifamily..... | 30.8 | 31.6 | 31.6 | 30.7 {31.3} | 32.3 {32.2} | 33.7 {32.9} |
| Change in private inventories: | | | | | | |
| NOTE: Historical (Apr.–Jul.) data may reflect concurrent seasonal factors. | | | | | | |
| 4 Change in inventories for nondurable manufacturing..... | -1.1 {-1.1} | -2.9 {-2.9} | 7.6 {7.6} | 3.6 {3.6} | 14.7 {14.7} | -6.6 {-5.2} * |
| 4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment... | 7.0 {5.8} | -18.3 {-22.5} | -3.1 {-6.7} | 39.2 {38.3} | 35.2 {32.1} | 59.4 {-7.6} |
| Net exports: ² | | | | | | |
| Exports of goods: | | | | | | |
| 5 U.S. exports of goods, international-transactions-accounts basis..... | 1570.2 | 1559.8 | 1605.9 | 1593.6 | 1590.1 {1589.2} | 1587.5 {1611.6} |
| 5a Excluding gold..... | 1525.2 | 1528.4 | 1570.6 | 1553.4 | 1560.5 {1559.6} | 1565.9 {1576.7} |
| Imports of goods: | | | | | | |
| 6 U.S. imports of goods, international-transactions-accounts basis..... | 2273.3 | 2317.3 | 2254.1 | 2290.0 | 2288.3 {2287.9} | 2336.5 {2317.0} |
| 6a Excluding gold..... | 2257.1 | 2298.7 | 2237.0 | 2274.8 | 2271.5 {2271.0} | 2323.0 {2301.0} |
| 7 Net exports of goods..... | -703.1 | -757.5 | -648.3 | -696.4 | -698.2 {-698.6} | -749.0 {-705.4} |
| 7a Excluding gold..... | -731.9 | -770.3 | -666.5 | -721.4 | -711.0 {-711.5} | -757.1 {-724.3} |
| Government: ¹ | | | | | | |
| State and local: | | | | | | |
| Structures: | | | | | | |
| 8 Value of new construction put in place..... | 240.1 | 245.3 | 249.0 | 251.8 {249.6} | 254.2 {251.6} | 249.6 {250.6} |

*Not an assumption; the advance estimate released on November 7, 2013 reflected data from the Census Bureau.

1. Source data shown for this component reflect Census *Value of Construction Put in Place* data released on December 2, 2013.

2. Source data shown for this component reflect Census-BEA *Trade in Goods and Services* data released on December 4, 2013.