



Technical Note
Gross Domestic Product
Third Quarter of 2013 (Third Estimate)
December 20, 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 online 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 4.1 percent (annual rate) in the third quarter, which was 0.5 percentage point more than the previous estimate. The revision to GDP reflected upward revisions to consumer spending and to nonresidential fixed investment that were partly offset by a downward revision to residential fixed investment:

- The upward revision to consumer spending reflected upward revisions to spending for both services and goods. Within services, there were upward revisions to health care, to recreation services, and to nonprofit consumption expenditures, which reflected newly available Census Bureau quarterly services survey (QSS) data for the third quarter. Within goods, there was an upward revision to spending on gasoline and other energy goods, which was based on revised Energy Information Administration data for September.
- The upward revision to nonresidential fixed investment was primarily to intellectual property products, specifically, software, and reflected the newly available Census QSS data for the third quarter.
- The downward revision to residential fixed investment was primarily to "other structures," specifically, brokers' commissions and other ownership transfer costs, and reflected a revised Bureau of Labor Statistics producer price index for residential real estate brokerage services and revised Census new home sales and price data for July through September.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.8 percent in the third quarter, unrevised from the second 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 1.8 percent in the third quarter, an upward revision of 0.4 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 \$39.2 billion, or 1.9 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$9.7 billion, domestic profits of nonfinancial corporations increased \$12.7 billion, and rest-of-the-world profits increased \$16.7 billion.

Dividends paid by corporations decreased \$179.0 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.

Real gross value added of nonfinancial corporations increased in the third quarter. Each December in the third GDP estimate, BEA usually revises the price index used to deflate gross value added of nonfinancial corporations, incorporating data from the latest annual industry accounts. However, due to the partial government shutdown in October, BEA had to delay the release of the annual industry accounts until January 23, 2014. Consequently, the revisions to the deflator and to the estimates of real gross value added of nonfinancial corporations will be incorporated with the next release of corporate profits on March 27, 2014.

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