



Technical Note
Gross Domestic Product
Fourth Quarter of 2012 (Third Estimate)
March 28, 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 fourth 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 0.4 percent (annual rate) in the fourth quarter, which was 0.3 percentage point more than in last month's estimate. The revision to GDP reflected upward revisions to nonresidential fixed investment and to exports that were partly offset by a downward revision to consumer spending:

- The upward revision to nonresidential fixed investment was primarily accounted for by an upward revision to structures, which was based on revised Census Bureau construction spending data for November and December.
- The upward revision to exports reflected upward revisions to both services and goods. The revisions were based on BEA's international transactions accounts and reflected data on foreign military sales and transfers under U.S. military sales contracts from the Department of Defense.
- The downward revision to personal consumption expenditures was primarily to services, reflecting downward revisions to spending by nonprofit institutions and to spending by households for recreation services. The revisions were based on newly available data from the Census quarterly services survey for the fourth quarter.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.6 percent in the fourth quarter, 0.1 percentage point more than in last month's 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 2.6 percent in the fourth quarter, following an increase of 1.6 percent in the third quarter. For a given quarter, the estimates of GDP and GDI differ due to the incorporation of largely independent source data. Over longer time spans, however, the estimates of GDP and GDI tend to follow similar patterns; over the last four quarters, real GDP increased 1.7 percent, and real GDI increased 1.8 percent.

Profits from current production increased \$45.4 billion, or 2.3 percent (quarterly rate), in the fourth quarter. Domestic profits of financial corporations decreased \$3.5 billion, domestic profits of nonfinancial corporations increased \$24.8 billion, and rest-of-the-world profits increased \$24.1 billion.

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