



Technical Note
Gross Domestic Product
Fourth Quarter of 2005 (Final)
March 30, 2006

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 Components of Real GDP

Real GDP growth in the fourth quarter was 1.7 percent, which was 0.1 percentage point more than that in the preliminary estimate. The small upward revision to real GDP reflected an upward revision to inventories that was partly offset by a downward revision to personal consumption expenditures (PCE) for services:

- Inventory investment was revised up, reflecting revised Census Bureau data for December on manufacturing and trade inventories and newly available Energy Information Administration (EIA) data for November and December on utility inventories.
- PCE services were revised down, reflecting newly available EIA data for December on electricity sales and newly available Securities and Exchange Commission data for the fourth quarter on brokerage commissions.

The price index for gross domestic purchases increased 3.7 percent in the fourth quarter, 0.1 percentage point more than in the preliminary estimate. The price index for PCE services was revised up, primarily reflecting revisions by the Bureau of Labor Statistics to the October producer price indexes for hospitals.

Corporate Profits

Profits from current production increased \$185.8 billion, or 14.4 percent, in the fourth quarter, compared with a decrease of \$54.4 billion, or 4.0 percent, in the third. Fourth-quarter profits were reduced by \$22.9 billion (at an annual rate) because of Hurricane Wilma, reflecting the net benefits paid by domestic insurance companies and the uninsured losses of corporate property. Third-quarter profits were reduced by \$165.3 billion (at an annual rate) because of Hurricanes Katrina and Rita. For further information on the treatment of the hurricanes in the national accounts, see the FAQs available on BEA's Web site, www.bea.gov.

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