



**Technical Note**  
Gross Domestic Product  
Second Quarter of 2012 (Advance)  
July 27, 2012

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](http://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").

### **Real GDP**

Real GDP increased 1.5 percent (annual rate) in the second quarter of 2012, following an increase of 2.0 percent in the first quarter (revised). The deceleration in real GDP in the second quarter reflected a deceleration in consumer spending, an acceleration in imports, and decelerations in both residential and nonresidential fixed investment that were partly offset by an upturn in inventory investment, a smaller decrease in federal government spending, and an acceleration in exports.

### **Source Data for the Advance Estimate**

The advance GDP estimate for the second quarter of 2012 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; manufacturing durables inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available from most other key data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- a decrease in nondurable manufacturing inventories,
- an increase in non-motor-vehicle merchant wholesale and retail inventories,
- a decrease in exports of goods, excluding gold, and
- a decrease in imports of goods, excluding gold.

### **Prices**

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 0.7 percent in the second quarter after increasing 2.5 percent in the first. Excluding food and energy prices, the price index for gross domestic purchases increased 1.4 percent after increasing 2.4 percent.

### **Disposable Personal Income and Personal Saving**

Real disposable personal income (DPI) increased 3.2 percent in the second quarter, following an increase of 3.4 percent in the first. The personal saving rate was 4.0 percent in the second quarter, compared with 3.6 percent in the first.

## **Annual revision**

Today's GDP news release presents results from the regular annual revision of the national income and product accounts. This year's revision includes revised estimates for the most recent 3 years (from 2009 to 2011) and for the first quarter of 2012. The revision incorporates source data that are more complete and reliable than those previously available. Shortly after the GDP release, BEA will post a table on its Web site, [www.bea.gov](http://www.bea.gov), showing selected component detail and the major source data for the revisions. A detailed discussion of the results will be published in the August issue of the *Survey*.

For 2008–2011, real GDP increased at an average annual rate of 0.3 percent; in the previously published estimates, the average growth was 0.4 percent. The largest contributor to the downward revision to GDP for 2008–2011 was a downward revision to nonresidential fixed investment, which more than offset an upward revision to state and local government spending:

- Real nonresidential fixed investment decreased at an average annual rate of 3.6 percent from 2008 to 2011, compared with the previously published decrease of 2.3 percent. The revisions primarily reflected new and revised data from the Census Bureau's annual survey of manufactures for 2009–2010.
- Real state and local government spending decreased at an average annual rate of 1.0 percent from 2008 to 2011, compared with the previously published decrease of 1.6 percent. The revisions primarily reflected new and revised data from the Census Bureau government finances survey for fiscal years 2009–2010.

The revised estimates show a slightly milder cyclical contraction in GDP during the first half of 2009 than in the previously published estimates. For the period of contraction from the fourth quarter of 2007 to the second quarter of 2009, the cumulative decrease in real GDP (*not* at an annual rate) was 4.7 percent; in the previously published estimates, the cumulative decrease was 5.1 percent. For the period of expansion from the second quarter of 2009 to the first quarter of 2012, the cumulative increase in real GDP was 6.3 percent, or an average annual rate of 2.3 percent; in the previously published estimates, it had increased 6.7 percent, or at an average rate of 2.4 percent.

### **Revision to GDP for 2012:Q1**

For the first quarter of 2012, real GDP increased 2.0 percent (annual rate), which was 0.1 percentage point more than last month's estimate. Upward revisions to nonresidential fixed investment and to federal government spending more than offset a downward revision to inventory investment.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP  
FOR THE SECOND QUARTER OF 2012**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods, manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for June 2012 are shown in the last column of the table. For most series shown, the data for May are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

	2012					
	Jan	Feb	Mar	Apr	May	Jun*
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	297.9	291.9	295.3	298.0	299.1	298.5
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	115.6	117.8	117.7	119.1	121.3	125.5
3 Multifamily.....	17.1	17.8	18.0	19.3	20.5	21.2
<b>Change in private inventories:</b>						
NOTE: Historical (Jan-Apr) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	15.0	6.1	-5.8	-20.9	-29.1	-18.8
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	43.7	66.5	15.2	25.0	31.7	35.8
<b>Net exports:</b>						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1535.5	1541.1	1585.5	1568.4	1568.6	1577.9
5a Excluding gold.....	1492.6	1500.7	1544.9	1527.2	1538.0	1536.6
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2338.0	2261.8	2395.8	2350.4	2331.0	2323.2
6a Excluding gold.....	2321.7	2245.7	2381.2	2333.1	2313.0	2306.8
7 Net exports of goods.....	-802.5	-720.8	-810.3	-782.0	-762.4	-745.3
7a Excluding gold.....	-829.1	-745.0	-836.3	-805.8	-775.0	-770.1
<b>Government:</b>						
State and local:						
Structures:						
8 Value of new construction put in place.....	251.1	249.4	245.9	245.1	242.6	243.8

\*Assumption.