



**Technical Note**  
Gross Domestic Product  
Third Quarter of 2009 (Advance)  
October 29, 2009

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](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 3.5 percent (annual rate) in the third quarter, following a decrease of 0.7 percent in the second quarter. The upturn in real GDP in the third quarter reflected upturns in consumer spending, inventory investment, exports, and residential investment and a smaller decrease in business fixed investment that were partly offset by an upturn in imports, a downturn in state and local government spending, and a deceleration in federal government spending.

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

The advance GDP estimate for the third quarter of 2009 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 other than aircraft; motor vehicle sales and inventories; manufacturing durables inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for 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,
- a decrease in non-motor-vehicle merchant wholesale and retail inventories,
- an increase in exports of goods, excluding gold, and
- an increase in imports of goods, excluding gold.

## **Prices**

The price index for gross domestic purchases increased 1.6 percent in the third quarter after increasing 0.5 percent in the second quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 0.5 percent in the third quarter, after increasing 0.8 percent in the second.

## **American Recovery and Reinvestment Act of 2009**

BEA's national accounts include the effects of the federal outlays and tax cuts included in the American Recovery and Reinvestment Act of 2009. Because most of the outlays and tax reductions from ARRA during the last three quarters were in the form of grants to state and local governments, tax reductions for individual and business taxpayers, and one-time payments to retirees, their effects on GDP show up indirectly through the effects on GDP components such as consumer spending, residential investment, and state and local government spending. Thus, BEA's accounts do not directly identify the portion of GDP expenditures that is funded by ARRA. During each of the second and third quarters, the Making Work Pay Credit provision lowered personal taxes and raised disposable personal income about \$50 billion (annual rate). During the second quarter, ARRA provided payments of \$250 to beneficiaries of social security and other programs that raised disposable personal income about \$55 billion. ARRA also provided special government social benefits for unemployment assistance, for student aid, and for nutritional assistance; these special benefits raised disposable income about \$49 billion in the third quarter and about \$35 billion in the second quarter. ARRA also funded current grants (such as Medicaid) and capital grants (such as highway construction) to state and local governments of about \$75 billion in the third quarter and \$85 billion in the second quarter.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP  
FOR THE THIRD QUARTER OF 2009**

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 (other than aircraft), 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 September 2009 are shown in the last column of the table. For most series shown, the data for August 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.

	2009					
	Apr.	May	Jun.	Jul.	Aug.	Sep.*
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	401.5	398.4	382.6	372.8	372.6	372.7
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	38.5	35.8	36.0	32.5	33.8	45.6
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	95.1	91.4	95.8	102.3	107.0	109.9
4 Multifamily.....	35.6	32.0	29.5	29.1	27.8	28.6
<b>Change in private inventories:</b>						
5 Change in inventories for nondurable manufacturing.....	-24.7	-2.4	-10.0	-9.8	5.0	-8.4
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	-74.3	-76.6	-109.1	-83.4	-62.8	-72.3
<b>Net exports:</b>						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	960.0	985.0	1008.6	1041.2	1041.6	1064.0
6a Excluding gold.....	949.3	970.7	996.6	1028.4	1026.4	1049.8
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1439.1	1431.7	1468.6	1554.2	1544.5	1596.0
7a Excluding gold.....	1432.1	1425.9	1457.2	1544.1	1536.9	1586.9
8 Net exports of goods.....	-479.1	-446.8	-460.0	-513.1	-502.9	-532.0
8a Excluding gold.....	-482.7	-454.3	-460.5	-515.7	-510.4	-537.1
<b>Government:</b>						
State and local:						
Structures:						
9 Value of new construction put in place.....	291.7	291.5	296.5	293.7	292.3	293.0

\*Assumption.