

Technical Note

Gross Domestic Product Fourth Quarter of 2019 (Advance Estimate)

January 30, 2020

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 *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

Key Source Data and Assumptions for the Advance Estimate

The advance GDP estimate for the fourth quarter is based on source data that are incomplete and subject to updates. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable goods manufacturing inventories; wholesale and retail trade inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. For major source data series for which only two months of data were available, BEA's assumptions for the third month are shown in the "[Key Source Data and Assumptions](#)" table on the BEA Web site.

Real GDP and Related Aggregates

Real GDP increased 2.1 percent (annual rate) in the fourth quarter of 2019, the same increase as in the third quarter. The increase in fourth quarter real GDP reflected increases in consumer spending, government spending, residential fixed investment, and exports that were partly offset by decreases in private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

- Consumer spending on both goods and services increased. The increase in services was led by health care as well as "other" services, which includes personal care and cellular telephone services. The increase in goods was led by clothing and footwear as well as gasoline.
- Within government spending, both federal and state and local spending increased. The increase in federal government spending was led by an increase in investment, most notably in defense equipment. Within state and local government spending, the increase also was led by an increase in investment, most notably in structures.
- The decrease in private inventory investment reflected a decrease in nonfarm inventories, led by retail trade (notably, motor vehicle dealers).

- The decrease in nonresidential fixed investment reflected decreases in structures and equipment that were partly offset by an increase in intellectual property products. The largest contributor to the decrease in structures was mining exploration, shafts, and wells. The leading contributor to the decrease in equipment was industrial equipment. The leading contributor to the increase in intellectual property products was software.
- Within imports, the decrease was more than accounted for by a decrease in goods, which was led by consumer goods and motor vehicles.

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 1.4 percent in the fourth quarter after increasing 2.3 percent in the third.

Prices

The price index for gross domestic purchases increased 1.5 percent in the fourth quarter, compared with a 1.4 percent increase in the third. Excluding food and energy, gross domestic purchases prices increased 1.3 percent, after increasing 1.8 percent.

The price index for personal consumption expenditures (PCE) increased 1.6 percent in the fourth quarter, after increasing 1.5 percent in the third. Excluding food and energy, the PCE price index increased 1.3 percent, after increasing 2.1 percent. The deceleration in the PCE price index excluding food and energy reflected a downturn in prices for clothing and footwear as well as a deceleration in prices for banking and other financial services.

Disposable Personal Income

Real disposable personal income increased 1.5 percent in the fourth quarter, following a 2.9 percent increase in the third. The personal saving rate was 7.7 percent in the fourth quarter, compared to 7.8 percent in the third quarter.

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