

Technical Note

Gross Domestic Product Fourth Quarter of 2019 (Second Estimate)

February 27, 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. BEA's source data and assumptions for the "second" estimate are shown in a "[Key Source Data and Assumptions](#)" table on the BEA 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").

Sources of Revision to Real GDP

Real GDP increased 2.1 percent (annual rate) in the fourth quarter of 2019, the same as in the "advance" estimate. The updated estimates primarily reflected an upward revision to private inventory investment, that was offset by a downward revision to nonresidential fixed investment. Additionally, there were largely offsetting revisions within consumer spending.

- Within private inventory investment, both nonfarm and farm inventories were revised up. The largest contributor to the revision to nonfarm inventories was mining, based on preliminary Census Bureau Quarterly Financial Report data. The revision to farm inventories reflected new data from the USDA Economic Research Service's Farm Income Forecast.
- Within nonresidential fixed investment, downward revisions to equipment and intellectual property products were partly offset by an upward revision to structures. The downward revision to equipment largely reflected a revision to transportation equipment (notably, light trucks), based on new and revised Polk registrations data. Within intellectual property products, the largest contributor to the revision was software, based on new fourth-quarter Census Advance Quarterly Services Report (QSR) data. The revision to structures was based on new and revised Census Value of Construction Put in Place data.
- Within consumer spending, a downward revision to goods was mostly offset by an upward revision to services. The downward revision to goods primarily reflected a revision to gasoline, based on new and revised Energy Information Administration data. The upward revision to services primarily reflected an upward revision to health care, based on new QSR data.

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 1.3 percent in the fourth quarter, a downward revision of 0.1 percentage point.

Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 1.4 percent in the fourth quarter, a downward revision of 0.1 percentage point.

The price index for personal consumption expenditures (PCE) increased 1.3 percent, a downward revision of 0.3 percentage point. Excluding food and energy prices, the PCE price index increased 1.2 percent, a downward revision of 0.1 percentage point.

Updates to Wages and Salaries in the Third Quarter

Today's release presents revised estimates of third-quarter wages and salaries, personal taxes, and contributions for government social insurance, based on new data from the Bureau of Labor Statistics Quarterly Census of Employment and Wages.

- Wages and salaries are now estimated to have increased \$36.0 billion in the third quarter, a downward revision of \$44.4 billion.
- Real disposable personal income is now estimated to have increased 2.1 percent in the third quarter, a downward revision of 0.8 percentage point.
- The revision to third-quarter wages and salaries also resulted in a revision to gross domestic income (GDI). Real GDI increased 1.2 percent in the third quarter, a downward revision of 0.9 percentage point.

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