



Technical Note
Gross Domestic Product
Third Quarter of 2015 (Second Estimate)
November 24, 2015

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; 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").

Sources of Revision to Real GDP

Real GDP increased 2.1 percent (annual rate) in the third quarter, an upward revision of 0.6 percentage point from the advance estimate. The revision reflected an upward revision to private inventory investment that was partly offset by downward revisions to consumer spending and to exports.

- The upward revision to inventory investment was primarily to retail and wholesale trade industries and reflected newly available September and revised August Census Bureau inventory data.
- The downward revision to consumer spending was primarily to services, most notably, "other" services and housing and utilities. Within "other" services, the revision reflected a downward revision to communication services based on newly available third-quarter wireless company revenue data. Within housing and utilities, the revision reflected a downward revision to natural gas based on newly available Energy Information Administration data for August.
- The downward revision to exports was primarily to goods and reflected revised trade-in-goods data for September.

The price index for personal consumption expenditures increased 1.3 percent in the third quarter, an upward revision of 0.1 percentage point from the advance estimate. The largest contributors to the revision were upward revisions to the price for health care services, which reflected revised BLS producer price indexes for hospitals and for nursing care facilities, and to the price for financial services, which reflected newly available Call Report data from the Federal Reserve.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the output of the economy as the costs incurred and the incomes earned in the production of GDP, increased 3.1 percent in the third quarter. For a given quarter, the estimates of GDP and GDI may differ for a variety of reasons, including the incorporation of largely independent source data. However, over longer time spans, the estimates of GDP and GDI tend to follow similar patterns of change. The average of real GDP and real GDI increased 2.6 percent.

Profits from current production decreased \$22.7 billion, or 1.1 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations decreased \$8.5 billion, domestic profits of nonfinancial corporations increased \$15.8 billion, and rest-of-the-world profits decreased \$30.0 billion.

One significant piece of source data used in deriving estimates of profits for domestic nonfinancial corporations is the Census Bureau's Quarterly Financial Reports (QFR). Due to a delay in reauthorization, the third-quarter 2015 QFR data were unavailable for use in estimating profits this month. In the absence of these data, BEA used information from quarterly financial statements of publicly traded companies to compile the third-quarter preliminary corporate profits estimate. We anticipate that the QFR data should be available for use in compiling next month's revised corporate profits estimate for the third quarter.

Revisions to Wages and Salaries, Disposable Personal Income, and GDI

In addition to presenting revised estimates for the third quarter, today's release presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$109.3 billion in the second quarter of 2015, an upward revision of \$61.6 billion. These estimates reflect the most recently available wage and salary tabulations for the second quarter from the BLS quarterly census of employment and wages.

Real disposable personal income is now estimated to have increased 2.6 percent (annual rate) in the second quarter and increased 3.9 percent in the third. (By comparison, the estimates that were available last month showed an increase of 1.2 percent in the second quarter and an increase of 3.5 percent in the third.)

The revision to second-quarter wages and salaries also resulted in a revision to GDI. Real GDI is now estimated to have increased 2.2 percent in the second quarter, an upward revision of 1.5 percentage points.

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Table A. SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2015

This table shows the actual data used for the second estimate of GDP for the third quarter of 2015. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 29, 2015, and BEA made assumptions for these source data. The revisions for September are calculated from the values that had been assumed for the advance estimate. Other revisions are based on the source data that had been incorporated in the advance estimate.

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

		2015					
		Apr.	May	Jun.	Jul.	Aug.	Sep.
Private fixed investment:							
Nonresidential structures:							
1	Value of new nonresidential construction put in place.....	390.4	403.4	397.4	399.2	402.2	399.5
	Revision.....	0.0	0.0	0.0	-4.6	-2.5	-4.8
Residential structures:							
Value of new residential construction put in place:							
2	Single family.....	210.4	213.0	213.9	217.2	219.4	222.2
	Revision.....	0.0	0.0	0.0	0.0	0.5	1.9
3	Multifamily.....	49.5	50.2	52.1	50.3	54.0	56.7
	Revision.....	0.0	0.0	0.0	-0.7	0.6	2.9
Change in private inventories:							
NOTE: Historical (Apr.–Jul.) data reflect concurrent seasonal factors.							
4	Change in inventories for nondurable manufacturing.....	-0.5	10.4	5.4	-8.4	-18.7	-11.0
	Revision.....	-0.7	-0.6	-1.2	-0.6	0.1	1.2
5	Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	33.7	43.0	79.4	-3.8	29.9	53.3
	Revision.....	4.1	2.5	3.4	3.6	5.5	74.2
Government:							
State and local:							
Structures:							
6	Value of new construction put in place.....	265.6	268.6	278.4	276.4	274.9	277.3
	Revision.....	0.0	0.0	0.0	2.1	-0.7	2.4

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