



Technical Note
Gross Domestic Product
Third Quarter of 2015 (Advance Estimate)
October 29, 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").

GDP

Real GDP increased 1.5 percent (annual rate) in the third quarter of 2015, following an increase of 3.9 percent in the second quarter. The deceleration in real GDP in the third quarter primarily reflected a downturn in private inventory investment and decelerations in exports, in nonresidential fixed investment, in consumer spending, in state and local government spending, and in residential fixed investment that were partly offset by a deceleration in imports.

The downturn in inventory investment was in nonfarm industries and included a downturn in manufacturing, a larger decrease in wholesale, and a downturn in retail.

The deceleration in exports was in goods exports, mainly capital goods. Exports of services accelerated.

Within nonresidential fixed investment, a downturn in structures, largely in commercial and health care structures, and a slowdown in intellectual property products, most notably in business R&D and in software, were partly offset by an acceleration in equipment investment, specifically in information processing equipment and in transportation equipment.

The deceleration in imports reflected a slowdown in goods imports, most notably automotive vehicles, engines, and parts. Imports of services accelerated.

Source Data for the Advance Estimate

The advance GDP estimate for the third quarter of 2015 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; durable goods manufacturing inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. BEA's key assumptions for the third month for other major series 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,
- a decrease in nonresidential construction,
- and an increase in residential construction.

Prices

The price index for personal consumption expenditures (PCE) increased 1.2 percent in the third quarter after increasing 2.2 percent in the second. Excluding food and energy prices, the PCE price index increased 1.3 percent after increasing 1.9 percent. Energy prices turned down, while food prices turned up.

Disposable Personal Income

Real disposable personal income increased 3.5 percent in the third quarter, following an increase of 1.2 percent in the second. The personal saving rate was 4.7 percent in the third quarter, compared with 4.6 percent in second.

Nicole Mayerhauser
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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE
ESTIMATE OF GDP FOR THE THIRD QUARTER OF 2015**

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, exports of goods, imports of 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 2015 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 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	403.8	404.7	404.3
Residential structures:							
Value of new residential construction put in place:							
2	Single family.....	210.4	213.0	213.9	217.3	218.8	220.3
3	Multifamily.....	49.5	50.2	52.1	51.0	53.5	53.8
Change in private inventories:							
NOTE: Historical (Apr.–Jul.) data reflect concurrent seasonal factors.							
4	Change in inventories for nondurable manufacturing.....	0.2	11.0	6.6	-7.8	-18.9	-12.2
5	Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment....	29.6	40.6	76.0	-7.4	24.4	-20.9
Government:							
State and local:							
Structures:							
6	Value of new construction put in place.....	265.6	268.6	278.4	274.3	275.6	274.9

*Assumption.

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