



**Technical Note**  
Gross Domestic Product  
First Quarter of 2014 (Third Estimate)  
June 25, 2014

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 first 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 online monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("GDP and the Economy").

### **Sources of Revision to Real GDP**

Real GDP decreased 2.9 percent (annual rate) in the first quarter, a downward revision of 1.9 percentage points from the second estimate. The revision to GDP reflected downward revisions to consumer spending and to exports and an upward revision to imports:

- The downward revision to consumer spending was mostly to services, especially to health care services. The revision to health care services reflected the incorporation of newly available Census Bureau quarterly services survey (QSS) data for the first quarter. The QSS data reflect the revenues of for-profit and nonprofit hospitals, physician offices, nursing homes, and other health care providers and the expenses of nonprofit hospitals and other nonprofit health care providers. Prior to receiving the Census QSS data, BEA used information on Medicaid benefits and on Affordable Care Act insurance exchange enrollments to prepare the previously published estimates of health services.
- The downward revision to exports reflected downward revisions to both services and goods, which were based on revised Census goods data for January through March and the annual revision of the international transactions accounts (ITAs), which was incorporated on a best-change basis.
- The upward revision to imports reflected upward revisions to both goods and services, which were based on revised Census goods data and the annual revision of the ITAs.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.3 percent in the first quarter, unrevised from the second estimate.

### **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, decreased 2.6 percent in the first quarter, a downward revision of 0.3 percentage point from the previous estimate. 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.

Profits from current production decreased \$198.3 billion, or 9.1 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations decreased \$71.3 billion, domestic profits of nonfinancial corporations decreased \$101.2 billion, and rest-of-the-world profits decreased \$25.7 billion.

### **Annual Revision Scheduled for July 30**

The annual revision of the national income and product accounts (NIPAs) will be released along with the “advance” estimate of GDP for the second quarter of 2014 on July 30. In addition to the regular revision of estimates for the most recent 3 years and for the first quarter of 2014, GDP and select components will be revised back to the first quarter of 1999. More information is available in "[Preview of Upcoming NIPA Revision](#)" in the *May Survey of Current Business* and on [BEA's Web site](#). The *August Survey* will contain an article that describes the annual revision in detail.

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