



Technical Note
Gross Domestic Product
Second Quarter of 2008 (Final)
September 26, 2008

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 second 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 estimates will be published in BEA's 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 growth in the second quarter (that is, from the first quarter to the second) was 2.8 percent (annual rate), which was 0.5 percentage point less than the preliminary estimate. Downward revisions to consumer spending, to business investment in equipment and software, and to exports were partly offset by an upward revision to business investment in nonresidential structures:

- The downward revision to consumer spending was mostly to services—specifically, electricity services—reflecting the incorporation of newly available Energy Information Administration electricity usage and unit value data for April and May.
- The largest contributors to the downward revision to business investment in equipment and software were prepackaged and custom software, reflecting the incorporation of Census Bureau quarterly services survey data.
- The downward revision to exports was mostly to exports of services and reflected the incorporation of quarterly international transactions accounts data.
- The largest contributor to the upward revision to nonresidential structures was manufacturing structures, based on the incorporation of Census Bureau value of construction spending data for May and June.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services, wherever produced—increased 4.2 percent in the second quarter, the same as in the preliminary estimate. The price index for GDP, which includes exports and excludes imports, increased 1.1 percent in the second quarter, a downward revision of 0.1 percentage point. The difference in these two measures primarily reflected import prices, which increased 28.8 percent in the second quarter, with petroleum prices accounting for much of the increase. For more information, see the FAQ, "[Why are some of the GDP statistics telling such a different story for the first half of 2008 than some other statistics such as employment and the CPI?](#)"

Corporate Profits

Profits from current production decreased \$60.2 billion, or 3.8 percent (quarterly rate), in the second quarter, compared with a decrease of \$37.8 billion in the preliminary estimate. Domestic profits decreased \$35.3 billion, and rest-of-the-world profits

decreased \$25.0 billion in the second quarter. The revision to profits reflected new and revised source data, which include preliminary tabulations of Census quarterly financial reports, regulatory agency reports, and compilations of publicly available corporate financial statements.

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