



**Technical Note**  
Gross Domestic Product  
Third Quarter of 2011 (Second Estimate)  
November 22, 2011

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](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 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 increased 2.0 percent (annual rate) in the third quarter, a downward revision of 0.5 percentage point from the advance estimate. Downward revisions to inventory investment, to nonresidential fixed investment, and to consumer spending were partly offset by a downward revision to imports.

- The downward revision to inventory investment was primarily to wholesale trade inventories and was based on newly available Census Bureau inventory data for September and revised data for July and August.
- The downward revision to nonresidential fixed investment primarily reflected a downward revision to equipment and software, particularly to transportation equipment and to information processing equipment and software. The revision to transportation equipment reflected newly available motor vehicle registration data for September and newly available Census data on exports and imports of nondefense aircraft. Within information processing equipment and software, the largest revision was to software and was based on a sample of software company revenue data.
- The downward revision to consumer spending was to both goods and services. The largest contributor to the revision was motor vehicle fuels, lubricants, and fluids, which was based on newly available August data from the Energy Information Administration.
- The downward revision to imports was mostly to goods and reflected newly available Census goods data for September and revised data for August.

For the third quarter, there is a sizable difference between exports in the Census goods data and the estimate of exports in GDP, which is related to gold exports. For calculating GDP, the national income and product accounts exclude exports and imports of gold that are not directly related to domestic production or consumption—that is, gold that is held solely as a store of value is not included.

The price index for gross domestic purchases increased 1.9 percent in the third quarter, a downward revision of 0.1 percentage point. The downward revision to prices was primarily to prices for consumer spending and for state and local government spending that reflected newly available BLS employment cost index data for the third quarter.

### **Corporate Profits and Gross Domestic Income**

Profits from current production increased \$39.8 billion, or 2.1 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$16.0 billion, domestic profits of nonfinancial corporations increased \$17.4 billion, and rest-of-the-world profits increased \$6.4 billion.

Real gross domestic income (GDI) increased 0.4 percent in the third quarter. GDI measures output as the costs incurred and the incomes earned in the production of GDP. In theory, GDP should equal GDI, but in practice, they can differ because they are estimated using largely independent and less-than-perfect source data.

### **Revisions to Wages and Salaries and Disposable Personal Income**

In addition to presenting revised estimates for the third quarter, today's release also presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$38.9 billion in the second quarter of 2011, a downward revision of \$39.8 billion. These estimates reflect newly available wage and salary tabulations for the second quarter from the BLS quarterly census of employment and wages (QCEW). These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates—the QCEW data include irregular pay, such as bonuses and gains from the exercise of stock options.

Real disposable personal income is now estimated to have decreased 0.5 percent in the second quarter and 2.1 percent in the third. (By comparison, the estimates that were available last month showed an increase of 0.6 percent in the second quarter and a decrease of 1.7 percent in the third.)

Brent R. Moulton  
Associate Director for National Economic Accounts  
Bureau of Economic Analysis  
(202) 606-9606

**Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2011**

This table shows the actual data used for the second estimate of GDP for the third quarter of 2011. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 27, 2011, and BEA made assumptions for these source data. The numbers in brackets show the September values that had been assumed for the advance estimate. For most series, the data incorporated for August and, in some cases, for July, were preliminary, and the numbers shown in brackets are the values used last month.

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

|  | 2011           |                |                |                  |                    |                    |
|--|----------------|----------------|----------------|------------------|--------------------|--------------------|
|  | Apr.           | May            | Jun.           | Jul.             | Aug.               | Sep.               |
| <b>Private fixed investment:</b>   |                |                |                |                  |                    |                    |
| Nonresidential structures:   |                |                |                |                  |                    |                    |
| 1 Value of new nonresidential construction put in place.....   | 250.1          | 259.8          | 271.9          | 270.7<br>{272.6} | 272.8<br>{273.1}   | 273.5<br>{272.9}   |
| Residential structures:  |                |                |                |                  |                    |                    |
| Value of new residential construction put in place:  |                |                |                |                  |                    |                    |
| 2 Single family.....   | 105.6          | 105.0          | 105.2          | 105.7<br>{105.5} | 106.6<br>{106.4}   | 107.1<br>{107.3}   |
| 3 Multifamily.....   | 13.7           | 14.1           | 14.0           | 15.0<br>{14.8}   | 15.1<br>{14.9}     | 15.1<br>{15.0}     |
| <b>Change in private inventories:</b>  |                |                |                |                  |                    |                    |
| NOTE: Historical (April-July) data may reflect concurrent seasonal factors.                                      |                |                |                |                  |                    |                    |
| 4 Change in inventories for nondurable manufacturing.....  | 54.9<br>{55.6} | -0.5<br>{-0.2} | -1.7<br>{-0.9} | -0.3<br>{0.1}    | -12.9<br>{-14.0}   | 3.4<br>{6.7}       |
| 4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment... | 54.2<br>{57.5} | 86.6<br>{93.1} | 19.0<br>{18.7} | 27.2<br>{30.1}   | 17.6<br>{23.5}     | -2.9<br>{52.2}     |
| <b>Net exports:</b>  |                |                |                |                  |                    |                    |
| Exports of goods:  |                |                |                |                  |                    |                    |
| 5 U.S. exports of goods, international-transactions-accounts basis.....  | 1519.2         | 1503.5         | 1454.3         | 1521.5           | 1520.0<br>{1520.3} | 1551.3<br>{1524.4} |
| 5a Excluding gold.....   | 1492.2         | 1475.4         | 1429.6         | 1489.6           | 1482.1<br>{1482.4} | 1494.8<br>{1493.0} |
| Imports of goods:  |                |                |                |                  |                    |                    |
| 6 U.S. imports of goods, international-transactions-accounts basis.....  | 2215.9         | 2287.9         | 2258.6         | 2256.8           | 2251.2<br>{2257.3} | 2258.1<br>{2285.6} |
| 6a Excluding gold.....   | 2200.4         | 2272.5         | 2245.0         | 2242.6           | 2235.8<br>{2242.6} | 2238.2<br>{2269.2} |
| 7 Net exports of goods.....  | -696.7         | -784.3         | -804.3         | -735.3           | -731.1<br>{-737.0} | -706.8<br>{-761.2} |
| 7a Excluding gold.....   | -708.2         | -797.1         | -818.3         | -752.9           | -753.6<br>{-760.2} | -743.3<br>{-776.2} |
| <b>Government:</b>   |                |                |                |                  |                    |                    |
| State and local:   |                |                |                |                  |                    |                    |
| Structures:  |                |                |                |                  |                    |                    |
| 8 Value of new construction put in place.....  | 250.6          | 248.7          | 254.5          | 249.2<br>{251.3} | 257.5<br>{260.2}   | 257.9<br>{255.8}   |