



**Technical Note**  
Gross Domestic Product  
Second Quarter of 2007 (Preliminary)  
August 30, 2007

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](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**

The real GDP growth rate in the second quarter was revised from 3.4 percent to 4.0 percent (annual rate).

- Exports were revised up and imports were revised down, reflecting newly available Census goods data for June.
- Business investment in nonresidential structures was revised up, reflecting newly available Census Bureau data on construction spending for June and revised data for April and May.

### **Corporate Profits**

Profits from current production increased \$98.3 billion, or 6.4 percent (quarterly rate), in the second quarter, after increasing \$16.5 billion, or 1.1 percent, in the first.

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

In addition to presenting preliminary estimates for the second quarter, today's news release also presents revised estimates of first-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$141.4 billion in the first quarter, a downward revision of \$17.0 billion. These estimates reflect newly available wage and salary tabulations for the first quarter from the Bureau of Labor Statistics quarterly census of employment and wages. These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates--they include the pay of supervisors and irregular pay, such as bonuses and gains from the exercise of stock options.

Also reflecting the newly available BLS source data, wage and salary accruals (a component of national income) are now estimated to have increased \$91.4 billion in the first quarter, an *upward* revision of \$33.0 billion. The difference between the revisions to wage accruals and to wage disbursements reflects a BEA adjustment of about \$25 billion (revised down from the previous adjustment of about \$50 billion) for bonus payments that accrued in the fourth quarter of 2006 and were disbursed in the first quarter of 2007. (Because the estimates for the fourth quarter of 2006 will not be revised until the next annual revision in July 2008, the estimate for first-quarter wage and salary accruals was based on the best quarter-to-quarter change.)

Real disposable personal income is now estimated to have increased 5.4 percent in the first quarter and to have increased 0.1 percent in the second. (By comparison, the estimates that were available last month showed an increase of 5.9 percent in the first quarter and a decrease of 0.8 percent in the second.)

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**Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY ESTIMATES OF GDP FOR THE SECOND QUARTER OF 2007**

This table shows the actual data used for the preliminary estimate of GDP for the second quarter of 2007. For these key series, actual data for June were not available in time for inclusion in the advance GDP estimate released on July 27, 2007, and BEA made assumptions for these source data. The numbers in brackets show the June values that had been assumed for the advance estimate. For most series, the data incorporated for May and, in some cases, for April, 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.

	2007					
	Jan	Feb	Mar	Apr.	May	Jun.
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	316.9	326.7	331.2	336.3 {333.6}	345.6 {343.1}	346.6 {338.4}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	54.7	34.8	37.0	39.8	39.1 {39.1}	39.1 {38.4}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	344.3	333.1	330.9	326.9 {327.5}	321.3 {323.6}	316.8 {319.1}
4 Multifamily.....	53.9	53.1	52.7	51.1 {52.1}	51.3 {51.9}	51.6 {51.2}
<b>Change in private inventories:</b>						
5 Change in inventories for nondurable manufacturing.....	-15.9	-0.3	8.5	13.1	22.0 {19.8}	13.5 {6.5}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	23.5	57.9	6.1	50.8	44.9 {46.0}	26.8 {12.3}
<b>Net exports:</b>						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1085.9	1062.8	1092.7	1091.2	1121.3 {1119.6}	1142.2 {1124.9}
6a Excluding gold.....	1078.6	1055.5	1075.6	1073.4	1107.4 {1105.7}	1124.5 {1115.0}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1861.4	1848.8	1941.6	1899.4	1943.1 {1947.6}	1952.1 {1970.1}
7a Excluding gold.....	1856.8	1845.1	1926.4	1886.7	1932.0 {1936.6}	1947.0 {1963.8}
8 Net exports of goods.....	-775.5	-786.0	-848.9	-808.1	-821.8 {-828.0}	-809.9 {-845.2}
8a Excluding gold.....	-778.2	-789.6	-850.7	-813.3	-824.6 {-830.8}	-822.5 {-848.9}
<b>Government:</b>						
State and local:						
Structures:						
9 Value of new construction put in place.....	255.9	253.8	258.4	260.3 {260.5}	266.0 {265.8}	266.3 {263.1}