



Technical Note
Gross Domestic Product
Fourth Quarter of 2014 (Third Estimate)
March 27, 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 fourth 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").

Sources of Revision to Real GDP

Real GDP increased 2.2 percent (annual rate) in the fourth quarter, unrevised from the second estimate. Upward revisions to exports and to consumer spending were largely offset by a downward revision to inventory investment.

- The upward revision to exports primarily reflected an upward revision to services, most notably travel, based on international transactions accounts data for the fourth quarter.
- The upward revision to consumer spending was primarily to services. An upward revision to health care was partly offset by a downward revision to financial services. The revisions were based on newly available fourth-quarter Census Bureau quarterly services survey data and newly available fourth-quarter FDIC *Call Report* data.
- The downward revision to inventory investment reflected downward revisions to mining, information (within "other" industries), and wholesale trade, based on newly available fourth-quarter Census quarterly financial report data for mining and information and revised December Census inventory data for wholesale trade.

The price index for personal consumption expenditures decreased 0.4 percent in the fourth quarter, unrevised from the second estimate.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the value of the production of goods and services in the United States as the costs incurred and the incomes earned in production, increased 3.1 percent in the fourth quarter, compared with an increase of 5.2 percent in the third quarter. 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 \$30.4 billion, or 1.4 percent (quarterly rate), in the fourth quarter, in contrast to an increase of \$64.5 billion, or 3.1 percent, in the third.

Profits of domestic financial corporations decreased \$12.5 billion, profits of domestic nonfinancial corporations increased \$18.1 billion, and rest-of-the-world profits decreased \$36.1 billion.

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