



Technical Note
Gross Domestic Product
Fourth Quarter of 2014 (Advance)
January 30, 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. 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").

Real GDP

Real GDP increased 2.6 percent (annual rate) in the fourth quarter of 2014, following an increase of 5.0 percent in the third quarter. The deceleration in real GDP in the fourth quarter reflected an upturn in imports, a downturn in federal government spending, and decelerations in nonresidential fixed investment and in exports that were partly offset by an upturn in inventory investment and an acceleration in consumer spending.

Source Data for the Advance Estimate

The advance GDP estimate for the fourth quarter of 2014 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable manufacturing inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for most other key data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- a decrease in nondurable manufacturing inventories,
- an increase in non-motor-vehicle merchant wholesale and retail inventories,
- a decrease in exports of goods, excluding gold, and
- an increase in imports of goods, excluding gold.

Prices

The price index for personal consumption expenditures (PCE) decreased 0.5 percent in the fourth quarter after increasing 1.2 percent in the third. Excluding food and energy prices, the PCE price index increased 1.1 percent after increasing 1.4 percent.

Disposable Personal Income

Real disposable personal income increased 3.8 percent in the fourth quarter, following an increase of 2.0 percent in the third. The personal saving rate was 4.6 percent in the fourth quarter, compared with 4.7 percent in the third.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FOURTH QUARTER OF 2014**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods, manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for December 2014 are shown in the last column of the table. For most series shown, the data for November are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

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

	2014					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.*
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	334.0	338.2	345.7	346.1	345.0	345.6
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	188.2	190.8	194.1	198.2	200.1	203.7
3 Multifamily.....	43.6	44.6	46.6	47.0	47.5	48.4
Change in private inventories:						
NOTE: Historical (Jul.–Oct.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	-16.8	-10.3	-3.2	-15.2	-6.5	-24.1
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	20.4	35.2	25.7	59.1	52.8	44.1
Net exports:						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1668.8	1668.3	1632.5	1663.0	1640.8	1612.1
5a Excluding gold.....	1656.0	1651.5	1606.3	1631.8	1605.0	1578.7
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2383.7	2385.9	2384.9	2402.3	2340.1	2376.4
6a Excluding gold.....	2365.4	2367.1	2370.9	2387.1	2328.1	2362.8
7 Net exports of goods.....	-714.9	-717.5	-752.4	-739.4	-699.3	-764.3
7a Excluding gold.....	-709.4	-715.7	-764.6	-755.4	-723.1	-784.2
Government:						
State and local:						
Structures:						
8 Value of new construction put in place.....	254.5	254.3	253.5	257.0	253.7	255.3

*Assumption.