



Technical Note
Gross Domestic Product
First Quarter of 2012 (Second Estimate)
May 31, 2012

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 first 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 increased 1.9 percent (annual rate) in the first quarter, a downward revision of 0.3 percentage point from the advance estimate. The downward revision to real GDP reflected a downward revision to private inventory investment, an upward revision to imports, and downward revisions to state and local government spending and to consumer spending that were partly offset by upward revisions to nonresidential fixed investment and to exports.

- The downward revision to inventory investment reflected downward revisions to manufacturing, wholesale trade, and retail trade inventories and was based on newly available Census Bureau inventory data for March and revised data for January and February.
- The upward revisions to both imports and exports reflected newly available Census goods data for March and revised data for February.
- The downward revision to state and local government spending was based on newly available Census construction spending data for March and revised data for January and February.
- The downward revision to consumer spending reflected downward revisions to both goods and services.
 - Within goods, the largest downward revision was to motor vehicles and parts, which was based on newly available motor vehicle registration data for March. Other revisions to goods were based on benchmarked Census retail sales data, which were incorporated on a best-change basis.
 - Within services, the largest downward revisions were to electricity services, based on newly available Energy Information Administration usage and unit value data for February, and to communication services, based on newly available first-quarter revenue data from various cellular telephone service providers.
- The upward revision to nonresidential fixed investment reflected upward revisions to both structures and equipment and software.
 - The revision to structures reflected newly available Census construction data for March and revised data for January and February and revised Department of Energy data on footage drilled.
 - The revision to equipment and software was primarily to information processing equipment and was based on benchmarked M3 manufacturing shipments data from the Census Bureau, which were incorporated on a best-

change basis, and on newly available and revised Census imports and exports data.

The price index for gross domestic purchases increased 2.4 percent in the first quarter, the same increase as in the advance estimate.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the output of the economy as the costs incurred and the incomes earned in the production of GDP, increased 2.7 percent in the first 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 before taxes increased \$11.4 billion, or 0.6 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations increased \$20.6 billion, domestic profits of nonfinancial corporations increased \$6.3 billion, and rest-of-the-world profits decreased \$15.5 billion. Profits from current production after taxes decreased \$64.4 billion, as taxes on corporate income increased \$75.8 billion. About \$50 billion of the increase in corporate taxes reflected the expiration of "bonus depreciation" claimed under the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010. For more information on the effects of bonus depreciation, see FAQ #999, "[Why does the capital consumption adjustment for domestic business decline so much in the first quarters of 2011 and 2012?](#)"

Revisions to Wages and Salaries, Disposable Personal Income, and GDI

In addition to presenting revised estimates for the first quarter, today's release also presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$28.9 billion in the fourth quarter of 2011, a downward revision of \$60.2 billion. These estimates reflect newly available wage and salary tabulations for the fourth 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 increased 0.2 percent in the fourth quarter. (By comparison, the estimates that were available last month showed an increase of 1.7 percent in the fourth quarter. The 0.4 percent increase in real DPI in the first quarter is the same as in last month's estimates.)

The revision to fourth-quarter wages and salaries also results in a revision to GDI. Real GDI is now estimated to have increased 2.6 percent in the fourth quarter, a downward revision of 1.8 percentage points.

Annual Revision Scheduled for July 27

The GDP news release on July 27 will present the regular annual revision of the national income and product accounts. In addition to presenting the advance estimate of GDP for the second quarter of 2012, most estimates, including GDP, national income, personal income, and their components, will be revised from the first quarter of 2009 through the first quarter of 2012. The revised estimates will incorporate source data that are more complete and more detailed than those previously available, including:

- Census Bureau annual surveys of manufactures, of wholesale trade, of retail trade, of services, and of state and local governments;
- revised BEA international transactions accounts data;
- federal government budget data; and
- Internal Revenue Service tabulations of tax returns for corporations and for sole proprietorships and partnerships.

The annual revision will also incorporate refinements to estimating methodologies, including the following:

- Data from the Census Bureau's expanded service annual survey (SAS) and quarterly services survey (QSS) will be incorporated into the annual and quarterly estimates of several components of household utilities, of transportation services, and of education services. The percentage of quarterly PCE services that will be based on the QSS will increase to 42 percent.

Additional information about the annual revision, including draft versions of the revised NIPA table formats, will be posted on BEA's Web site over the next few weeks.

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 FIRST QUARTER OF 2012

This table shows the actual data used for the second estimate of GDP for the first quarter of 2012. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 27, 2012, and BEA made assumptions for these source data. The numbers in brackets show the March values that had been assumed for the advance estimate. For most series, the data incorporated for February and, in some cases, for January 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.

	Oct.	2011 Nov.	Dec.	Jan.	2012 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1						
Value of new nonresidential construction put in place.....	280.8	283.6	292.0	290.7 {285.3}	285.7 {280.8}	287.8 {283.1}
Residential structures:						
Value of new residential construction put in place:						
2						
Single family.....	107.4	108.8	110.8	114.1 {113.2}	112.6 {111.5}	116.9 {116.3}
3						
Multifamily.....	15.2	16.3	16.4	16.5 {16.9}	17.1 {17.2}	16.6 {17.9}
Change in private inventories:						
NOTE: Historical (October–January) data may reflect concurrent seasonal factors.						
4						
Change in inventories for nondurable manufacturing.....	50.3 {50.4}	9.7 {11.5}	-3.2 {-4.8}	18.6 {19.7}	9.3 {10.5}	-2.0 {20.9}
4a						
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	75.9 {75.1}	26.0 {27.3}	57.0 {60.9}	44.6 {41.7}	70.1 {63.5}	19.8 {66.6}
Net exports:						
Exports of goods:						
5						
U.S. exports of goods, international-transactions-accounts basis.....	1533.8	1510.0	1520.7	1542.5	1535.2 {1535.8}	1592.0 {1557.6}
5a						
Excluding gold.....	1489.4	1478.4	1487.4	1499.6	1494.8 {1495.5}	1551.4 {1515.4}
Imports of goods:						
6						
U.S. imports of goods, international-transactions-accounts basis.....	2235.5	2264.1	2301.1	2350.5	2268.3 {2272.5}	2403.4 {2363.3}
6a						
Excluding gold.....	2219.1	2247.4	2284.2	2334.3	2252.2 {2256.3}	2388.5 {2346.3}
7						
Net exports of goods.....	-701.6	-754.0	-780.5	-808.1	-733.1 {-736.7}	-811.4 {-805.6}
7a						
Excluding gold.....	-729.6	-769.0	-796.8	-834.7	-757.4 {-760.9}	-837.1 {-830.9}
Government:						
State and local:						
Structures:						
8						
Value of new construction put in place.....	254.5	257.9	257.8	252.8 {259.2}	251.3 {253.9}	247.3 {256.5}