



Technical Note
Gross Domestic Product
First Quarter of 2013 (Third Estimate)
June 26, 2013

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 1.8 percent (annual rate) in the first quarter, which was 0.6 percentage point less than in last month's estimate. The revision to GDP reflected downward revisions to consumer spending, to exports, and to nonresidential fixed investment that were partly offset by a downward revision to imports:

- The downward revision to consumer spending reflected a downward revision to services. Within services, the revision was widespread; the largest contributors were "other" services (notably net foreign travel, legal services, and personal care services), health care (notably dental services and home health care services), and the gross output of nonprofit institutions (specifically hospitals). The revisions reflected newly available Census Bureau quarterly services survey data for the first quarter and, for net foreign travel, newly available and revised international transactions accounts (ITAs) data.
- The downward revision to exports was more than accounted for by goods, especially industrial supplies and materials and nonautomotive capital goods. The revisions reflected revised Census goods data for January through March and the annual revision of the ITAs, which was incorporated on a best-change basis.
- The downward revision to nonresidential fixed investment was primarily accounted for by structures. Within structures, the downward revision was primarily to power and communication structures and was based on revised Census construction spending data for February and March.
- The downward revision to imports was primarily accounted for by goods, especially automotive vehicles, engines, and parts and nonautomotive capital goods. The revisions reflected revised Census goods data and the annual revision of the ITAs.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.2 percent in the first quarter, the same increase as in last month's 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 2.5 percent in the first quarter, the same increase as in last month's estimate. Real GDI increased 5.5 percent in the fourth quarter. For a given quarter, the estimates of GDP and GDI differ due to the incorporation of largely independent source data. Over longer time spans, however, the estimates of GDP and GDI tend to follow similar patterns. For the year 2012, real GDP and real GDI both increased 2.2 percent.

Profits from current production decreased \$28.0 billion, or 1.4 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations decreased \$3.4 billion, domestic profits of nonfinancial corporations decreased \$5.0 billion, and rest-of-the-world profits decreased \$19.6 billion.

Comprehensive NIPA Revision Scheduled for July 31

On July 31, 2013, BEA will present the results of its comprehensive revision of the national income and product accounts (NIPAs). A series of articles in the *Survey of Current Business* discusses the revision in detail; these articles and other information about the revision are available on the BEA Web site at www.bea.gov/GDP-revisions.

As part of this comprehensive revision, BEA will:

- Incorporate the results of the 2007 Benchmark Input-Output Accounts;
- Recognize expenditures on research and development and on entertainment, literary, and artistic originals as fixed investment;
- Measure the transactions of defined benefit pension plans on an accrual accounting basis and recognize the cost of unfunded liabilities;
- Update the reference year for chain-type quantity and price indexes and chained-dollar estimates to 2009 from 2005.

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