



**Technical Note**  
Gross Domestic Product  
Fourth Quarter of 2006 (Final)  
March 29, 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 fourth 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 Components of Real GDP**

Real GDP growth in the fourth quarter was 2.5 percent (annual rate), which was 0.3 percentage point more than that in the preliminary estimate. The upward revision to real GDP primarily reflected an upward revision to private inventory investment that was partly offset by a downward revision to equipment and software investment:

- The upward revision to inventory investment was mostly accounted for by retail motor vehicle inventories and reflected a revised BLS producer price index for light trucks for October.
- The largest contributor to the downward revision to equipment and software investment was a revision to software, which reflected newly available data from the Census quarterly services survey.

The price index for gross domestic purchases increased 0.2 percent in the fourth quarter, the same as in the preliminary estimate.

### **Corporate Profits**

Profits from current production decreased \$4.9 billion, or 0.3 percent (quarterly rate), in the fourth quarter, compared with an increase of \$61.5 billion, or 3.9 percent, in the third. In the fourth quarter, real gross value added of nonfinancial corporate business increased, unit labor and nonlabor costs increased, and profits per unit of real value added decreased. Profits for 2006 were \$1,615.7 billion, an increase of 21.4 percent from 2005.

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