

Technical Note

Gross Domestic Product First Quarter of 2019 (Second Estimate)

May 30, 2019

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. BEA's source data and assumptions for the "second" estimate are shown in a "[Key Source Data and Assumptions](#)" table on the BEA 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").

Updates to Real GDP

Real GDP increased 3.1 percent (annual rate) in the first quarter of 2019, a downward revision of 0.1 percentage point from the advance estimate. The revision reflected downward revisions to nonresidential fixed investment and private inventory investment and an upward revision to imports, which are a subtraction in the calculation of GDP. These revisions were partly offset by upward revisions to exports and consumer spending.

- Within nonresidential fixed investment, downward revisions to private equipment (most notably industrial equipment) and intellectual property products (primarily software) were partly offset by an upward revision to structures. The updated estimates reflected new and revised monthly Census Bureau manufacturers' shipments, trade, and construction data, and new first quarter Census Advance Quarterly Services Report (QSR) revenue data for computer systems design services.
- Within private inventory investment, downward revisions to retail and wholesale trade industries were partly offset by an upward revision to manufacturing industries. The updated estimates were based on new and revised inventory data from the Census Bureau's Manufacturing and Trade Inventories and Sales report. The wholesale trade inventories also reflected Census data that were benchmarked to results from the most recent annual survey.
- The revisions to exports and imports were primarily to goods. For exports, the upward revision was widespread. For imports, upward revisions to motor vehicles and foods, feeds, and beverages were partly offset by a downward revision to petroleum. The revisions primarily reflect new Census trade in goods statistics for March.
- Within consumer spending, the upward revision was to goods, specifically, motor vehicles, based on new March registrations data from a trade source. Services were unrevised.

Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 0.7 percent in the first quarter, 0.1 percentage point less than previously estimated.

The price index for personal consumption expenditures (PCE) increased 0.4 percent, revised down 0.2 percentage point. Excluding food and energy prices, the PCE price index increased 1.0 percent, revised down 0.3 percentage point.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures output of the economy as the costs incurred and the incomes earned in the production of goods and services (as measured by GDP), increased 1.4 percent in the first quarter. The average of real GDP and real GDI increased 2.2 percent.

Profits from current production decreased \$65.4 billion, or 2.8 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations increased \$7.4 billion, domestic profits of nonfinancial corporations decreased \$62.1 billion, and rest-of-the-world profits decreased \$10.7 billion.

BEA's profits measure that is conceptually most similar to S&P 500 profits—national after-tax profits without inventory valuation and capital consumption adjustments—decreased \$15.9 billion in the first quarter. First-quarter national after-tax profits (shown in line 11 of table 9 of the GDP news release) increased 1.6 percent from the same quarter one year ago.

Revisions to Wages and Salaries in the Fourth Quarter

In addition to presenting updated estimates for the first quarter, today's release presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. These estimates reflect new wage and salary tabulations for the fourth quarter from the Bureau of Labor Statistics Quarterly Census of Employment and Wages report.

- Wages and salaries are now estimated to have increased \$45.3 billion in the fourth quarter of 2018, a downward revision of \$54.7 billion.
- Real disposable personal income is now estimated to have increased 3.2 percent (annual rate) in the fourth quarter and 2.2 percent in the first. (By comparison, the estimates that were available last month showed increases of 4.3 percent in the fourth quarter and 2.4 percent in the first.)
- The revision to fourth-quarter wages and salaries also resulted in a revision to gross domestic income. Real GDI is now estimated to have increased 0.5 percent in the fourth quarter, a downward revision of 1.2 percentage points.

Looking Ahead: 2019 Annual Update Scheduled for July 26th

BEA will release results from the 2019 annual update of the national income and product accounts on July 26, 2019, in conjunction with the advance estimate of GDP for the second quarter of 2019. The span of the update will cover the most recent 5 years (2014-2018) and the first quarter of 2019.

This update will incorporate annual source data that are more complete and more detailed than previously available, including:

- Census Bureau annual surveys of merchant wholesale trade; retail trade; services; and state and local governments;
- Federal government budget data; and
- Internal Revenue Service tabulations of tax returns for corporations and for sole proprietorships and partnerships.

Additionally, the update will reflect refinements to BEA's methods, including continued improvements to price indexes for information and communication technology products, more complete incorporation of Census quarterly services statistics, and the adoption of newly identified private source data.

More information on the 2019 Annual Update is available in the *May Survey of Current Business* article, [“GDP and the Economy.”](#)

David B. Wasshausen
Chief, National Income and Wealth Division
Bureau of Economic Analysis
(301) 278-9715