

Technical Note

Gross Domestic Product Second Quarter of 2017 (Advance Estimate)

July 28, 2017

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 second 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 *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 second quarter of 2017, following an increase of 1.2 percent (revised) in the first quarter of 2017. The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, exports, and federal government spending that were partly offset by negative contributions from private residential fixed investment, private inventory investment, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The acceleration in real GDP growth in the second quarter reflected a smaller decrease in private inventory investment, an acceleration in PCE, and an upturn in federal government spending. These movements were partly offset by a downturn in residential fixed investment and decelerations in exports and in nonresidential fixed investment.

Key Source Data and Assumptions for the Advance Estimate

The advance GDP estimate for the second quarter of 2017 is based on source data that are incomplete and subject to updates. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable goods manufacturing inventories; wholesale and retail trade inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. For major source data series for which only two months of data are available, BEA's key assumptions for the third month are shown in the "[Key Source Data and Assumptions](#)" table on the BEA Web site. With today's release, BEA begins publishing the "Key Source Data and Assumptions" table for each estimate vintage (advance, second, and third) on the day of the GDP release. Previously, this information was published only for advance estimates on the day of the Personal Income and Outlays release. Because quarterly key source data and assumptions will now be available on the day of the GDP release, BEA will no longer publish Technical Note Table A.

Prices

The price index for personal consumption expenditures (PCE) increased 0.3 percent in the second quarter, following an increase of 2.2 percent (revised) in the first quarter. Excluding food and energy prices, the PCE price index increased 0.9 percent after increasing 1.8 percent (revised).

Disposable Personal Income

Real disposable personal income increased 3.2 percent in the second quarter, following an increase of 2.8 percent (revised) in the first. The personal saving rate was 3.8 percent in the second quarter, compared with 3.9 percent (revised) in the first.

Annual Update

Today's GDP news release presents results from the regular annual update of the national income and product accounts. This year's update includes revised estimates for the period from the first quarter of 2014 through the first quarter of 2017. The update incorporates source data that are more complete and reliable than those previously available. Shortly after the GDP release, BEA will post a table on the BEA Web site showing the major source data for the revisions. A detailed discussion of the results will be published in the August issue of the *Survey of Current Business*.

From the fourth quarter of 2013 to the first quarter of 2017, real GDP increased at an average annual rate of 2.1 percent, the same as previously published. Over the same span, real GDI increased at an average annual rate of 2.2 percent; in the previously published estimates, real GDI had increased at an average annual rate of 2.1 percent.

Updates to GDP and GDI for 2017Q1

For the first quarter of 2017, real GDP is now estimated to have increased 1.2 percent; in the previously published estimates, first-quarter GDP was estimated to have increased 1.4 percent. The downward revision in first-quarter real GDP primarily reflected downward revisions to nonresidential fixed investment and to private inventory investment. These revisions largely reflected the incorporation of revised construction spending data from the Census Bureau and revised producer price indexes from the Bureau of Labor Statistics (BLS).

For the first quarter of 2017, real GDI is now estimated to have increased 2.6 percent, an upward revision of 1.6 percentage points. The main source of the revision was an upward revision to wages and salaries for the first quarter, based on the incorporation of preliminary Quarterly Census of Employment and Wages data from BLS.

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