

Technical Note

Gross Domestic Product Second Quarter of 2016 (Third Estimate)

September 29, 2016

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").

Sources of Revision to Real GDP

Real GDP increased 1.4 percent (annual rate) in the second quarter of 2016, an upward revision of 0.3 percentage point from the second estimate. The revision reflected upward revisions to nonresidential fixed investment, inventory investment, and exports.

- The upward revision to nonresidential fixed investment was mostly accounted for by an upward revision to structures, which was based on revised Census Bureau construction spending data for May and June.
- The upward revision to inventory investment reflected an upward revision to farm inventories that was partly offset by a downward revision to nonfarm inventories. The revision to farm inventories reflected newly available data from the Economic Research Service's farm income forecast. The downward revision to nonfarm inventories was primarily to "construction, mining, and utilities" and reflected data on mining inventories from the *Census Quarterly Financial Report*.
- The upward revision to exports was primarily to exports of services, specifically, travel and government goods and services, reflecting newly available data from BEA's international transactions accounts.

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, decreased 0.2 percent in the second quarter, a downward revision of 0.4 percentage point from the previous estimate. The largest contributor to the downward revision was a downward revision to "taxes on production and imports," which was mostly based on newly available data from the Census quarterly tax survey.

Profits from current production decreased \$12.5 billion, or 0.6 percent (quarterly rate), in the second quarter, an upward revision of \$11.6 billion. Domestic profits of financial corporations increased \$5.6

billion, domestic profits of nonfinancial corporations decreased \$56.1 billion, and rest-of-the-world profits increased \$38.0 billion.

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