



Technical Note
Gross Domestic Product
Second Quarter of 2013 (Advance)
July 31, 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 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 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").

Real GDP

Real GDP increased 1.7 percent (annual rate) in the second quarter of 2013, following an increase of 1.1 percent (revised) in the first quarter. The acceleration in real GDP in the second quarter reflected upturns in nonresidential fixed investment and in exports, a smaller decrease in federal government spending, and an upturn in state and local government spending that were partly offset by an acceleration in imports and decelerations in private inventory investment and in consumer spending.

Source Data for the Advance Estimate

The advance GDP estimate for the second quarter of 2013 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable manufacturing inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for most other key data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- a decrease in nondurable manufacturing inventories,
- a decrease in non-motor-vehicle merchant wholesale and retail inventories,
- a decrease in exports of goods, excluding gold, and
- a decrease in imports of goods, excluding gold.

Prices

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 0.3 percent in the second quarter after increasing 1.2 percent in the first. Excluding food and energy prices, the price index for gross domestic purchases increased 0.8 percent after increasing 1.4 percent.

Disposable Personal Income

Real disposable personal income (DPI) increased 3.4 percent in the second quarter, following a decrease of 8.2 percent in the first. The upturn in real DPI reflected upturns in personal dividend income and in wages and salaries and a deceleration in contributions for government social insurance. The first-quarter decline in dividend income primarily

reflected the accelerated and special dividends that were paid by many companies in the fourth quarter of 2012. The first-quarter decline in wages and salaries is based on the incorporation of preliminary quarterly census of employment and wages data from the Bureau of Labor Statistics. The first-quarter increase in contributions for government social insurance reflected the expiration of the “payroll tax holiday” that increased the social security contribution rate for employees and self-employed workers by 2.0 percentage points.

The personal saving rate was 4.5 percent in the second quarter, compared with 4.0 percent (revised) in the first.

Comprehensive Revision

Today's GDP news release presents results from the comprehensive revision of the national income and product accounts. The revision reflects previously announced changes in definitions, presentations, and methodologies, and incorporates source data that are more complete, more detailed, and otherwise more reliable than those previously available. Expenditures for research and development and for the creation of entertainment, literary, and artistic originals are now recognized as fixed investment. Transactions of defined benefit pension plans are recorded on an accrual accounting basis, which recognizes the costs of unfunded liabilities. The reference year for chain-type price and quantity indexes and chained-dollar estimates has been updated to 2009.

Shortly after the GDP release, BEA will post a table on its Web site, www.bea.gov, showing the selected component detail and major source data for the comprehensive revision. A detailed discussion of the results will be published in the September issue of the *Survey*.

In the revised estimates real GDP increased 2.8 percent in 2012; in the previously published estimates, real GDP had increased 2.2 percent. Revisions to GDP growth for years prior to 2012 were smaller and reflected the changes in definitions and methods and the incorporation of benchmark source data, such as the 2007 benchmark input-output accounts, as well as regular annual source data.

For the period of contraction from the fourth quarter of 2007 to the second quarter of 2009, real GDP decreased at an average annual rate of 2.9 percent; in the previously published estimates, it decreased 3.2 percent. For the period of expansion from the second quarter of 2009 to the first quarter of 2013, real GDP increased at an average annual rate of 2.2 percent; in the previously published estimates it had increased 2.1 percent.

Brent R. Moulton
Associate Director for National Economic Accounts
Bureau of Economic Analysis
(202) 606-9606

**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE SECOND QUARTER OF 2013**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods, manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for June 2013 are shown in the last column of the table. For most series shown, the data for May are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Census Bureau.

	2013					
	Jan.	Feb.	Mar.	Apr.	May	Jun.*
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	283.4	284.2	285.3	287.1	283.1	285.1
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	153.7	161.3	164.0	165.7	166.3	166.2
3 Multifamily.....	28.3	28.9	29.5	31.0	31.8	31.8
Change in private inventories:						
NOTE: Historical (Jan.–Apr.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	19.2	-5.4	13.6	-1.9	-2.0	-2.8
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	115.0	-14.9	-15.0	6.3	-17.7	-3.9
Net exports:						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1567.6	1573.0	1551.1	1573.5	1563.1	1571.9
5a Excluding gold.....	1527.2	1529.2	1501.7	1528.6	1531.7	1529.9
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2304.8	2320.6	2215.9	2274.4	2324.4	2299.8
6a Excluding gold.....	2284.5	2306.3	2200.2	2258.1	2305.9	2280.2
7 Net exports of goods.....	-737.3	-747.6	-664.8	-700.9	-761.3	-727.9
7a Excluding gold.....	-757.3	-777.1	-698.5	-729.6	-774.2	-750.2
Government:						
State and local:						
Structures:						
8 Value of new construction put in place.....	241.4	244.7	241.6	241.1	245.7	243.4

*Assumption.