



Technical Note
Gross Domestic Product
Third Quarter of 2012 (Third Estimate)
December 20, 2012

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 third 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").

Sources of Revision to Real GDP

Real GDP increased 3.1 percent (annual rate) in the third quarter, which was 0.4 percentage point more than in last month's estimate. The revision to GDP reflected an upward revision to consumer spending, a downward revision to imports, and upward revisions to exports and to state and local government spending:

- The upward revision to consumer spending primarily reflected an upward revision to health care services that reflected newly available data from the Census Bureau quarterly services survey for the third quarter.
- The downward revision to imports was primarily to services and reflected downward revisions to travel and to royalties and license fees that were based on revised quarterly services data from BEA's international transactions accounts.
- The upward revision to exports was primarily to goods and reflected revised export prices from the Bureau of Labor Statistics along with revised Census goods data for September.
- The upward revision to state and local government spending was primarily to investment in structures and was based on revised Census construction data for August and September.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.4 percent in the third quarter, the same increase as in last month's estimate.

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, increased 1.4 percent in the third quarter, 0.3 percentage point less than in last month's estimate. Real GDI decreased 0.7 percent in the second quarter. For a given quarter, the estimates of GDP and GDI differ due to the incorporation of largely independent source data. Over longer time spans, however, the estimates of GDP and GDI tend to follow similar patterns; over the last four quarters, real GDP increased 2.6 percent, and real GDI increased 2.2 percent.

Profits from current production increased \$45.7 billion, or 2.4 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations increased \$68.1 billion, domestic profits of nonfinancial corporations decreased \$14.1 billion, and rest-of-the-world profits decreased \$8.2 billion.

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