



**Technical Note**  
Gross Domestic Product  
Fourth Quarter of 2013 (Third Estimate)  
March 27, 2014

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 fourth quarter is available on BEA's Web site at [www.bea.gov](http://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 online 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 2.6 percent (annual rate) in the fourth quarter, which was 0.2 percentage point more than the previous estimate. The revision to GDP reflected an upward revision to consumer spending that was partly offset by downward revisions to nonresidential fixed investment and to inventory investment:

- The upward revision to consumer spending reflected an upward revision to spending for services. Within services, there were upward revisions to health care and to financial services, which were based on newly available Census Bureau quarterly services survey (QSS) data for the fourth quarter, and to electricity services, which was based on newly available usage and unit value data for December from the Energy Information Administration.
- The downward revision to nonresidential fixed investment was primarily to intellectual property products, specifically, software, and reflected the newly available Census QSS data for the fourth quarter.
- The downward revision to private inventory investment was more than accounted for by "other" industries, specifically, information industries, and was based on newly available Census quarterly financial report data for the fourth quarter.

The price index for gross domestic purchases—the prices paid by U.S. residents for goods and services wherever produced—increased 1.5 percent in the fourth quarter, unrevised from the second 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 2.7 percent in the fourth quarter, compared with an increase of 1.8 percent in the third. For a given quarter, the estimates of GDP and GDI may differ for a variety of reasons, including the incorporation of largely independent source data. However, over longer time spans, the estimates of GDP and GDI tend to follow similar patterns of change.

Profits from current production increased \$47.1 billion, or 2.2 percent (quarterly rate), in the fourth quarter. Domestic profits of financial corporations increased \$6.1 billion,

domestic profits of nonfinancial corporations increased \$18.1 billion, and rest-of-the-world profits increased \$22.9 billion.

Real gross value added of nonfinancial corporations increased in the fourth quarter. Due to the comprehensive revision of BEA's annual industry accounts, the revision to the price index that is used to deflate gross value added of nonfinancial corporations will take place later this year.

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