



**Technical Note**  
Gross Domestic Product  
Fourth Quarter of 2006 (Preliminary)  
February 28, 2007

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 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**

The real GDP growth rate in the fourth quarter was revised from 3.5 percent to 2.2 percent (annual rate). This month's GDP revision is relatively large. The average revision (without regard to sign) between the "advance" and "preliminary" estimates is 0.5 percentage point, and a revision of 1.3 percentage points or larger has occurred only seven times in 30 years. This month, most of the major components of GDP were revised down. Typically, revisions to the components tend to offset each other.

- C Inventory investment was revised down, reflecting newly available Census Bureau inventory data for December and revised data for November.
- C Consumer spending for goods was revised down, reflecting revised Census retail sales data for November and December and newly available motor vehicle registration data for December.
- C Imports were revised up, reflecting newly available Census goods data for December.

### **Revisions to Wages and Salaries and Disposable Personal Income**

Wage-and-salary accruals for the fourth quarter are now estimated to have increased \$134.2 billion, an upward revision of \$43.4 billion. The revision to fourth-quarter accrued wages and salaries mostly reflected irregular pay such as bonus payments and gains on the exercise of stock options (types of pay not included in the usual monthly source data), which added about \$50 billion to the fourth quarter. The adjustment to fourth-quarter wage-and-salary accruals is based on data from state governments and other sources. The disbursement of these accrued wages and salaries will be reflected in the personal income estimates for the first quarter of 2007.

In addition to presenting preliminary estimates for the fourth quarter, today's news release also presents revised estimates of third-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage-and-salary accruals are now estimated to have increased \$46.7 billion in the third quarter, a downward revision of \$26.9 billion. These estimates reflect newly available wage-and-salary tabulations for the third quarter from the Bureau of Labor Statistics quarterly census of employment and wages. These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates—they include the pay of supervisors and irregular pay, such as bonuses and gains from the exercise of stock options.

Real disposable personal income is now estimated to have increased 3.2 percent in the third quarter and to have increased 5.3 percent in the fourth. (By comparison, the estimates that were available last month showed an increase of 4.1 percent in the third quarter and an increase of 5.4 percent in the fourth.)

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**Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY ESTIMATES OF GDP FOR THE FOURTH QUARTER OF 2006**

This table shows the actual data used for the preliminary estimate of GDP for the fourth quarter of 2006. For these key series, actual data for December were not available in time for inclusion in the advance GDP estimate released on January 31, 2007, and BEA made assumptions for these source data. The numbers in brackets show the December values that had been assumed for the advance estimate. For most series, the data incorporated for November and, in some cases, for October, were preliminary, and the numbers shown in brackets are the values used last month.

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

	2006					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	303.0	312.1	310.5	307.5 {312.0}	311.8 {316.5}	314.5 {314.2}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	30.6	34.8	38.8	34.4	34.2 {34.2}	33.5 {33.5}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	411.3	400.1	388.7	375.1 {374.0}	363.9 {362.5}	355.8 {356.0}
4 Multifamily.....	55.4	56.4	57.3	59.0 {59.4}	59.1 {60.1}	57.8 {59.0}
<b>Change in private inventories:</b>						
5 Change in inventories for nondurable manufacturing.....	7.5	9.3	-4.4	-8.6	0.8 {4.6}	-8.8 {5.0}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	49.8	84.0	30.3	24.0	56.6 {68.5}	12.3 {71.1}
<b>Net exports:</b>						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1022.3	1053.1	1059.9	1058.9	1068.1 {1069.1}	1073.0 {1077.5}
6a Excluding gold.....	1014.7	1042.8	1049.1	1049.6	1059.9 {1060.9}	1063.5 {1069.3}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1904.8	1952.6	1904.5	1840.3	1845.4 {1845.5}	1891.2 {1872.4}
7a Excluding gold.....	1898.9	1947.7	1898.8	1934.8	1840.6 {1840.8}	1886.1 {1867.4}
8 Net exports of goods.....	-882.5	-899.5	-844.6	-781.4	-777.2 {-776.4}	-818.2 {-794.9}
8a Excluding gold.....	-884.2	-904.9	-849.7	-785.2	-780.7 {-779.8}	-822.7 {-798.1}
<b>Government:</b>						
State and local:						
Structures:						
9 Value of new construction put in place.....	252.2	252.3	253.0	253.4 {255.9}	258.7 {258.7}	261.8 {257.3}