



Technical Note
Gross Domestic Product
First Quarter of 2010 (Second Estimate)
May 27, 2010

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 first 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

The real GDP growth rate in the first quarter was revised from 3.2 percent to 3.0 percent (annual rate). Downward revisions to consumer spending, business fixed investment, and net exports were partly offset by an upward revision to inventory investment.

- Consumer spending was revised down. The largest contributor to the revision was electricity and gas, based on newly available usage and unit value data for February and March from the Energy Information Administration. Benchmarked Census retail trade source data were also incorporated on a best-change basis.
- Business fixed investment was revised down. The largest contributor to the revision was software, based on newly available revenue data from first-quarter financial statements of software companies.
- Net exports were revised down, reflecting a larger upward revision to imports than to exports. These revisions were based on newly available Census Bureau goods data for March.
- Inventory investment was revised up. The largest contributors were durable goods manufacturing and wholesale trade industries. The revisions reflected newly available Census nondurable manufacturing and trade inventories for March and benchmarked manufacturing and trade inventories, which were incorporated on a best-change basis. (BEA applies the "best change" to the level of inventories.)

The price index for gross domestic purchases increased 1.7 percent in the first quarter, the same as in the advance estimate.

Corporate Profits

Profits from current production increased \$81.4 billion, or 5.5 percent (quarterly rate), in the first quarter, after increasing \$108.7 billion, or 8.0 percent, in the fourth.

The profits estimates also show a large change in the capital consumption adjustment, which is the difference between the depreciation specified in the tax code and BEA's measure of economic depreciation ("consumption of fixed capital"). The capital consumption adjustment decreased \$107.2 billion in the first quarter, with revised estimates of "bonus depreciation" from the Office of Tax Analysis more than accounting for the decrease. Profits from current production are not affected by the revised estimates of bonus depreciation because they do not depend on the depreciation-accounting practices used for federal income tax returns; rather, they are based on depreciation of fixed assets valued at current cost and using consistent depreciation profiles based on used-asset prices.

Revisions to Wages and Salaries and Disposable Personal Income

In addition to presenting revised estimates for the first quarter, today's release also presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have decreased \$13.2 billion in the fourth quarter, a downward revision of \$30.3 billion. These estimates reflect newly available wage and salary tabulations for the fourth quarter from the BLS 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—the QCEW data include irregular pay, such as bonuses and gains from the exercise of stock options.

First-quarter disposable personal income was boosted by a downward revision to personal current taxes, which was based on federal tax collections data through April.

Real disposable personal income is now estimated to have been essentially unchanged (0.0 percent) in the fourth quarter and to have increased 1.9 percent in the first. (By comparison, the estimates that were available last month showed an increase of 1.0 percent in the fourth quarter and essentially no change in the first.)

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Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2010

This table shows the actual data used for the "second" estimate of GDP for the first quarter of 2010. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 30, 2010, and BEA made assumptions for these source data. The numbers in brackets show the March values that had been assumed for the advance estimate. For most series, the data incorporated for February and, in some cases, for January, 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.

	Oct.	2009 Nov.	Dec.	Jan.	2010 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	334.8	325.6	315.9	305.5	301.1	299.0
				{303.8}	{302.7}	{303.3}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	34.0	37.0	48.3	30.2	31.5	32.2
					{31.5}	{29.4}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	111.3	113.0	114.7	115.9	117.0	118.9
				{115.5}	{115.4}	{118.7}
4 Multifamily.....	23.2	21.4	19.6	17.4	16.9	15.8
				{17.6}	{17.6}	{18.2}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	50.1	23.1	4.2	16.6	38.1	5.3
					{30.2}	{15.4}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	7.5	36.5	-9.6	4.9	19.1	31.7
					{24.3}	{30.2}
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1120.6	1133.5	1189.0	1181.1	1181.8	1232.5
					{1182.1}	{1201.5}
6a Excluding gold.....	1103.8	1121.7	1171.7	1162.2	1166.9	1212.5
					{1167.2}	{1186.5}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1662.6	1714.6	1811.9	1773.6	1795.0	1867.4
					{1797.5}	{1847.6}
7a Excluding gold.....	1651.7	1703.4	1801.6	1763.7	1786.4	1857.0
					{1788.8}	{1838.1}
8 Net exports of goods.....	-542.0	-581.0	-622.9	-592.5	-613.2	-634.9
					{-615.4}	{-646.1}
8a Excluding gold.....	-547.9	-581.7	-629.9	-601.5	-619.5	-644.5
					{-621.6}	{-651.6}
Government:						
State and local:						
Structures:						
9 Value of new construction put in place.....	287.7	280.5	274.3	268.3	262.9	269.4
				{269.6}	{264.7}	{267.2}