



**Technical Note**  
Gross Domestic Product  
First Quarter of 2014 (Second Estimate)  
May 29, 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 first 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 decreased 1.0 percent (annual rate) in the first quarter, a downward revision of 1.1 percentage points from the advance estimate. The revision reflected a downward revision to private inventory investment and an upward revision to imports that were partly offset by an upward revision to exports.

- The downward revision to inventory investment was primarily to nonfarm inventories. Within nonfarm inventories, the largest downward revisions were to retail trade, to manufacturing, and to mining. The revisions to retail trade and to manufacturing industries primarily reflected newly available Census Bureau inventory data for March. Benchmarked Census inventories data for retail and wholesale trade and revised seasonal factors for manufacturing were incorporated on a best-change basis. (BEA applies the "best change" to the level of inventories.) The revision to mining was based on newly available preliminary Census quarterly financial report data for the first quarter.
- The upward revisions to both exports and imports were mainly to goods and were based on newly available Census goods data for March.
- There was a small upward revision to personal consumption expenditures, reflecting an upward revision to goods that more than offset a downward revision to services. Within goods, there were upward revisions to motor vehicles, to other nondurable goods, and to motor vehicle fuels, reflecting data from the Census Bureau on sales of used motor vehicle dealers, from the Department of the Treasury on tobacco, and from the Energy Information Administration on motor vehicle fuels. Within services, there was a downward revision to health care that reflected newly available data on Medicaid payments from the Centers for Medicare and Medicaid Services.

The price index for gross domestic purchases increased 1.3 percent in the first quarter, a downward revision of 0.1 percentage point.

### **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, decreased 2.3 percent in the first quarter. 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 decreased \$213.4 billion, or 9.8 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations decreased \$70.6 billion, domestic profits of nonfinancial corporations decreased \$102.3 billion, and rest-of-the-world profits decreased \$40.4 billion.

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

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. Wages and salaries are now estimated to have increased \$66.3 billion in the fourth quarter of 2013, a downward revision of \$2.8 billion. These estimates reflect newly available wage and salary tabulations for the fourth quarter from the BLS quarterly census of employment and wages (QCEW). 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.

Real disposable personal income is estimated to have increased 0.7 percent (annual rate) in the fourth quarter of 2013 and 1.7 percent in the first quarter of 2014. By comparison, the estimates that were available last month showed an increase of 0.8 percent in the fourth quarter and an increase of 1.9 percent in the first.

The revision to fourth-quarter wages and salaries also resulted in a revision to GDI. Real GDI is estimated to have grown 2.6 percent in the fourth quarter, a downward revision of 0.1 percentage point.

### **Annual Revision Scheduled for July 30**

The annual revision of the national income and product accounts (NIPAs) will be released along with the “advance” estimate of GDP for the second quarter of 2014 on July 30. In addition to the regular revision of estimates for the most recent 3 years and for the first quarter of 2014, GDP and some components will be revised back to the first quarter of 1999 (see "[Preview of the Upcoming Annual NIPA Revision](#)" in the May *Survey of Current Business*). The August *Survey* will contain an article that describes the annual revision in detail.

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**Table A.--SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2014**

This table shows the actual data used for the second estimate of GDP for the first quarter of 2014. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 30, 2014, 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 Census Bureau.

	Oct.	2013 Nov.	Dec.	Jan.	2014 Feb.	Mar.
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	306.1	307.9	319.1	310.8 {315.8}	309.3 {319.6}	309.8 {320.6}
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	172.2	175.9	180.6	185.9 {185.3}	185.4 {183.3}	185.7 {183.8}
3 Multifamily.....	34.9	36.0	36.8	36.7 {36.5}	37.5 {37.4}	39.1 {37.5}
<b>Change in private inventories:</b>						
NOTE: Historical (Oct.–Jan.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	-11.1 {-8.0}	-5.3 {-6.5}	-5.4 {-5.6}	3.0 {3.2}	16.3 {13.0}	-2.7 {21.3}
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	69.7 {68.4}	72.1 {74.9}	29.1 {32.7}	53.3 {56.1}	46.0 {35.1}	60.4 {112.5}
<b>Net exports:</b>						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1627.7	1643.7	1592.8	1605.0	1576.6 {1580.6}	1621.1 {1595.1}
5a Excluding gold.....	1600.2	1626.0	1574.6	1564.5	1550.6 {1554.5}	1603.1 {1569.8}
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2333.1	2296.1	2297.1	2319.0	2312.7 {2321.4}	2350.1 {2304.8}
6a Excluding gold.....	2315.7	2281.8	2282.9	2304.9	2294.8 {2303.1}	2334.9 {2285.3}
7 Net exports of goods.....	-705.4	-652.3	-704.3	-714.0	-736.1 {-740.8}	-729.0 {-709.8}
7a Excluding gold.....	-715.5	-655.8	-708.3	-740.5	-744.2 {-748.6}	-731.8 {-715.5}
<b>Government:</b>						
State and local:						
Structures:						
8 Value of new construction put in place.....	252.6	250.4	245.6	242.4 {243.1}	240.8 {241.9}	239.7 {245.5}