



**Technical Note**  
Gross Domestic Product  
Second Quarter of 2014 (Second Estimate)  
August 28, 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 second 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 *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

### **Sources of Revision to Real GDP**

Real GDP increased 4.2 percent (annual rate) in the second quarter, an upward revision of 0.2 percentage point from the advance estimate. The revision reflected an upward revision to nonresidential fixed investment and a downward revision to imports that were partly offset by a downward revision to inventory investment.

- The upward revision to nonresidential fixed investment reflected upward revisions to all three major components. Within equipment, the largest contributors to the upward revision were industrial equipment and information processing equipment, reflecting revised export and import data for May and newly available data for June, as well as revised Census Bureau shipments data for May and June. Within structures, the largest contributor to the upward revision was commercial and health care structures, reflecting revised Census construction spending data for April and May and newly available data for June. Within intellectual property products, the largest contributor to the upward revision was research and development, reflecting newly available second quarter R&D expenses reported by a sample of publicly traded companies.
- The downward revision to imports was more than accounted for by a downward revision to goods that was based on newly available Census goods data for June and revised data for May.
- The downward revision to inventory investment reflected downward revisions to wholesale trade, to manufacturing, and to retail trade industries, based on newly available Census inventory data for June and revised data for May.

The price index for personal consumption expenditures increased 2.3 percent in the second quarter, the same increase as in the advance 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 4.7 percent in the second 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 increased \$154.9 billion, or 8.0 percent (quarterly rate), in the second quarter. Domestic profits of financial corporations increased \$30.6

billion, domestic profits of nonfinancial corporations increased \$119.3 billion, and rest-of-the-world profits increased \$4.9 billion.

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

In addition to presenting revised estimates for the second quarter, today's release also presents revised estimates of first-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$131.3 billion in the first quarter, a downward revision of \$3.8 billion. These estimates reflect the most recently available wage and salary tabulations for the first 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 3.4 percent (annual rate) in the first quarter and 4.2 percent in the second quarter. By comparison, the estimates that were available last month showed increases of 3.5 percent in the first quarter and 3.8 percent in the second.

The revision to first-quarter wages and salaries also resulted in a revision to GDI. Real GDI is estimated to have decreased 0.8 percent in the first quarter, a downward revision of 0.1 percentage point.

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

This table shows the actual data used for the second estimate of GDP for the second quarter of 2014. For these key series, actual data for June were not available in time for inclusion in the advance GDP estimate released on July 30, 2014, and BEA made assumptions for these source data. The numbers in brackets show the June values that had been assumed for the advance estimate. For most series, the data incorporated for May and, in some cases, for April 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.

	2014					
	Jan.	Feb.	Mar.	Apr.	May	Jun.
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	330.0	328.9	324.2	328.2 {324.5}	335.0 {328.0}	329.5 {326.3}
Residential structures:						
Value of new residential construction put in place:						
2 Single family.....	186.9	185.8	186.2	189.0 {190.2}	186.8 {187.6}	184.2 {185.6}
3 Multifamily.....	37.6	38.7	39.9	41.3 {40.7}	40.8 {40.5}	41.8 {40.0}
<b>Change in private inventories:</b>						
NOTE: Historical (Jan.–Apr.) data may reflect concurrent seasonal factors.						
4 Change in inventories for nondurable manufacturing.....	4.8 {5.3}	19.1 {19.3}	-4.0 {-3.5}	22.7 {22.8}	18.4 {17.9}	3.5 {20.2}
4a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	49.0 {51.9}	42.9 {43.9}	56.4 {56.7}	67.2 {68.2}	19.0 {22.3}	37.1 {75.3}
<b>Net exports:</b>						
Exports of goods:						
5 U.S. exports of goods, international-transactions-accounts basis.....	1602.9	1564.7	1628.6	1620.6	1640.9 {1640.2}	1642.4 {1630.0}
5a Excluding gold.....	1561.5	1542.9	1609.8	1603.9	1625.8 {1625.2}	1627.5 {1613.2}
Imports of goods:						
6 U.S. imports of goods, international-transactions-accounts basis.....	2316.7	2288.5	2378.8	2408.6	2400.6 {2399.7}	2365.9 {2393.6}
6a Excluding gold.....	2301.2	2274.7	2362.2	2392.5	2386.1 {2385.1}	2351.7 {2377.8}
7 Net exports of goods.....	-713.8	-723.8	-750.2	-788.0	-759.8 {-759.5}	-723.4 {-763.6}
7a Excluding gold.....	-739.8	-731.8	-752.4	-788.5	-760.3 {-759.9}	-724.2 {-764.7}
<b>Government:</b>						
State and local:						
Structures:						
8 Value of new construction put in place.....	238.2	237.4	241.8	247.8 {247.1}	254.6 {251.9}	241.3 {249.5}