



**Technical Note**  
Gross Domestic Product  
Second Quarter of 2015 (Advance)  
July 30, 2015

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). 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").

### **Real GDP**

Real GDP increased 2.3 percent (annual rate) in the second quarter of 2015, following an increase of 0.6 percent (revised) in the first quarter. The acceleration in real GDP growth in the second quarter reflected an upturn in exports, an acceleration in consumer spending, a deceleration in imports, and an upturn in state and local government spending that were partly offset by downturns in inventory investment, in nonresidential fixed investment, and in federal government spending and a deceleration in residential fixed investment.

### **Source Data for the Advance Estimate**

The advance GDP estimate for the second quarter of 2015 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable manufacturing inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for most other key data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- no change in nondurable manufacturing inventories, and
- an increase in non-motor-vehicle merchant wholesale and retail inventories.

**Advance trade report.** Today the Census Bureau is releasing for the first time "[Advance Report: U.S. International Trade in Goods](#)," a new monthly report providing more timely statistics on exports and imports of goods. Today's advance GDP estimates reflect these advance trade statistics for June 2015. Thus, for the first time, BEA's advance GDP estimates incorporate Census data on exports and imports of goods for all three months. (Previously, the advance GDP estimates were based on Census data for two months and BEA assumptions for the third month.) We anticipate that the availability of these earlier trade data will improve the accuracy of BEA's initial estimates of net exports and GDP.

### **Prices**

The price index for personal consumption expenditures (PCE) increased 2.2 percent in the second quarter after decreasing 1.9 percent in the first. Excluding food and energy prices, the PCE price index increased 1.8 percent after increasing 1.0 percent.

## **Disposable Personal Income**

Real disposable personal income increased 1.5 percent in the second quarter, following an increase of 3.8 percent in the first. The personal saving rate was 4.8 percent in the second quarter, compared with 5.2 percent in the first.

## **Annual Revision**

Today's GDP news release presents results from the regular annual revision of the national income and product accounts. The annual revision incorporates source data that are more complete and reliable than those previously available. Shortly after the GDP release, BEA will post a table on its Web site, [www.bea.gov](http://www.bea.gov), showing the major source data for the revisions. A detailed discussion of the results will be published in the August issue of the *Survey of Current Business*.

This year's revision includes revised estimates of GDP and gross domestic income (GDI) beginning in 2012. In order to incorporate a new treatment of refundable tax credits, the estimates of personal income and of government receipts and expenditures are revised beginning in 1976. (This and other improvements were discussed in an article in the June 2015 *Survey*.)

For this revision, BEA has incorporated the usual annual update of seasonal factors and has also made improvements to the seasonal-adjustment methods for several components of GDP and GDI, including federal defense spending, consumer spending on services, and corporate profits. An updated FAQ, "[How does BEA account for seasonality in GDP?](#)" describes some of the improvements made in this year's annual revision and BEA's plans for longer-term projects to improve the seasonal adjustment of GDP.

From the fourth quarter of 2011 to the first quarter of 2015, real GDP increased at an average annual rate of 2.0 percent; in the previously published estimates, real GDP had increased at an average annual rate of 2.2 percent.

From the fourth quarter of 2011 to the first quarter of 2015, real GDI increased at an average annual rate of 2.3 percent; in the previously published estimates, real GDI had increased at an average annual rate of 2.7 percent.

## **Revisions to GDP and GDI for 2015Q1**

For the first quarter of 2015, real GDP is now estimated to have increased 0.6 percent; in the previously published estimates, first-quarter GDP was estimated to have declined 0.2 percent. The 0.8 percentage-point upward revision to real GDP reflected upward revisions to nonresidential fixed investment, to inventory investment, to residential fixed investment, and to federal government spending that were partly offset by a downward revision to consumer spending. The revisions largely reflect revised seasonal adjustments and the incorporation of revised Census construction spending data.

For the first quarter of 2015, real GDI is now estimated to have increased 0.3 percent, a downward revision of 1.6 percentage points. The main source of revision was a downward revision to wages and salaries for the first quarter, based on the incorporation

of preliminary quarterly census of employment and wages data from the Bureau of Labor Statistics.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE  
ESTIMATE OF GDP FOR THE SECOND QUARTER OF 2015**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods, manufacturers' inventories of durable goods, exports of goods, imports of goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for June 2015 are shown in the last column of the table. For most series shown, the data for May are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

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

		<b>2015</b>					
		Jan.	Feb.	Mar.	Apr.	May	Jun.*
<b>Private fixed investment:</b>							
Nonresidential structures:							
1	Value of new nonresidential construction put in place.....	357.2	360.2	372.2	387.1	392.8	390.0
Residential structures:							
Value of new residential construction put in place:							
2	Single family.....	215.8	212.5	208.3	209.3	209.4	211.6
3	Multifamily.....	45.8	48.2	47.9	48.7	48.8	49.3
<b>Change in private inventories:</b>							
NOTE: Historical (Jan.–Apr.) data reflect concurrent seasonal factors.							
4	Change in inventories for nondurable manufacturing.....	-70.1	0.0	-10.1	2.4	11.0	0.0
5	Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment....	14.5	26.5	13.5	32.4	55.0	53.0
<b>Government:</b>							
State and local:							
Structures:							
6	Value of new construction put in place.....	252.6	249.2	254.1	259.5	260.1	259.8

\*Assumption.