

# Technical Note

## Gross Domestic Product Second Quarter of 2019 (Second Estimate)

August 29, 2019

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. BEA's source data and assumptions for the "second" estimate are shown in a "[Key Source Data and Assumptions](#)" table on the BEA 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 2.0 percent (annual rate) in the second quarter of 2019, a downward revision of 0.1 percentage point from the "advance" estimate. The revision reflected downward revisions to state and local government spending, exports of goods and services, private inventory investment, and residential investment. These revisions were partly offset by an upward revision to consumer spending.

- Within state and local government spending, the downward revision reflected a downward revision to gross investment in structures based on newly available and revised Census Bureau Value of Construction Put in Place data.
- Within exports, both goods and services were revised down. The largest contributor to the revision in goods was petroleum and products, and the largest contributor to the revision in services was travel. The revised estimates primarily reflected updated statistics from BEA's International Transactions Accounts.
- The upward revision to consumer spending reflected revisions to goods and services. The upward revision to consumer spending on goods largely reflected a revision to nondurable goods based primarily on revised Census Monthly Retail Sales Report data. Within services, the revisions were widespread; the largest contributor was household consumption of health care, based on new second-quarter Census Advance Quarterly Services Report data.

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 3.5 percent in the second quarter, an upward revision of 0.3 percentage point.

## Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 2.2 percent in the second quarter, unrevised from the advance estimate.

The price index for personal consumption expenditures (PCE) increased 2.3 percent, unrevised from the advance estimate. Excluding food and energy prices, the PCE price index increased 1.7 percent, a downward revision of 0.1 percentage point from the advance estimate.

## Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures output of the economy as the incomes earned and costs incurred in the production of goods and services (as measured by GDP), increased 2.1 percent in the second quarter. The average of real GDP and real GDI increased 2.1 percent.

Profits from current production increased \$105.8 billion, or 5.3 percent (quarterly rate), in the second quarter, and increased 2.7 percent from the same quarter one year ago. Domestic profits of financial corporations increased \$4.0 billion, domestic profits of nonfinancial corporations increased \$43.5 billion, and rest-of-the-world profits increased \$58.3 billion.

BEA's profits measure that is conceptually most similar to S&P 500 profits—national after-tax profits without inventory valuation and capital consumption adjustments—increased \$86.0 billion in the second quarter. Second-quarter national after-tax profits (shown in line 11 of table 9 of the GDP news release) increased 1.7 percent from the same quarter one year ago.

## Revisions to Wages and Salaries in the First Quarter

In addition to presenting updated estimates for the second quarter, today's release presents revised estimates of first-quarter wages and salaries, personal taxes, and contributions for government social insurance. These estimates reflect revised wage and salary tabulations for the first quarter from the BLS Quarterly Census of Employment and Wages program. Wages and salaries are now estimated to have increased \$221.5 billion in the first quarter of 2019, an upward revision of \$3.0 billion. Real GDI increased 3.2 percent in the first quarter, unrevised from the previously-published estimate.

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