

Technical Note
Gross Domestic Product
Third Quarter of 2004 (Advance)
October 29, 2004

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 third quarter is available on BEA's Web site <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 ("The Business Situation").

Source Data for the Advance Estimate

The advance GDP estimate for the third quarter of 2004 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 other than aircraft; unit motor vehicle sales and inventories; manufacturing durables inventories; 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. The following assumptions were made for the third month of the quarter:

- C an increase in nondurable manufacturing inventories,
- C an increase in non-motor-vehicle merchant wholesale and retail inventories,
- C an increase in exports of goods, excluding gold, and
- C an increase in imports of goods, excluding gold.

Price Index for Market-Based Personal Consumption Expenditures

Since June of this year, the supplemental price index for "market-based" personal consumption expenditures (covering household purchases of goods and services for which explicit prices are charged) has been shown in table B of the Technical Note. Beginning next month, information on this price index will be shown in the GDP news release (in tables 6 and 8 and in appendix table A).

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Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE THIRD QUARTER OF 2004

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 (other than aircraft), manufacturers' inventories of durable 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 September 2004 are shown in the last column of the table. For most series shown, the data for August 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 Bureau of the Census.

	April	May	2004 Jun.	Jul.	Aug.	Sept. *
Private fixed investment:						
Nonresidential structures:						
1 Value of new total private construction put in place less residential (inc. improvements)...	221.6	220.9	220.4	225.3	227.0	226.2
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	24.6	31.3	25.7	27.4	23.4	20.8
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	360.0	369.0	370.4	372.8	380.7	381.2
4 Multifamily.....	37.8	38.5	39.3	39.6	40.0	40.0
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	6.3	13.7	21.9	16.6	7.2	15.6
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	34.9	72.0	58.6	49.6	47.2	64.8
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-						

	accounts basis.....	791.4	824.3	776.1	809.5	808.7	823.4
6a	Excluding gold.....	787.9	820.6	772.8	804.9	804.8	819.8
Imports of goods:							
7	U.S. imports of goods, international-transactions- accounts basis.....	1427.2	1442.0	1485.5	1466.7	1498.0	1513.1
7a	Excluding gold.....	1423.4	1439.2	1482.3	1462.3	1494.6	1509.5
8	Net exports of goods.....	-635.9	-617.7	-709.4	-657.1	-689.3	-689.7
8a	Excluding gold.....	-635.5	-618.6	-709.4	-657.5	-689.8	-689.7
State and local government structures:							
9	Value of new construction put in place.....	221.1	219.2	220.5	222.4	220.2	221.3

*Assumption.

Table B. Price Index for Market-Based Personal Consumption Expenditures

	Market-based PCE		Market-based PCE less food and energy	
	Index [2000=100]	Percent change	Index [2000=100]	Percent change
2001	101.941	1.9	101.668	1.7
2002	103.113	1.1	103.185	1.5
2003	105.040	1.9	104.388	1.2
[Seasonally adjusted at annual rates]				
2001:I	101.479	2.8	101.072	2.1
2001:II	102.003	2.1	101.408	1.3
2001:III	102.205	0.8	101.890	1.9
2001:IV	102.079	-0.5	102.304	1.6
2002:I	102.242	0.6	102.560	1.0
2002:II	102.966	2.9	103.011	1.8
2002:III	103.424	1.8	103.449	1.7
2002:IV	103.820	1.5	103.722	1.1
2003:I	104.601	3.0	103.952	0.9
2003:II	104.768	0.6	104.238	1.1
2003:III	105.294	2.0	104.572	1.3
2003:IV	105.496	0.8	104.790	0.8
2004:I	106.334	3.2	105.261	1.8
2004:II	107.292	3.7	105.798	2.1
2004:III	107.670	1.4	106.057	1.0

NOTE. -- The price index for "market-based" personal consumption expenditures (PCE) is a supplemental measure prepared by the Bureau of Economic Analysis that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. More information is available on BEA's Web site at <http://www.bea.gov/bea/faq/national/FAQ.htm>.