

Technical Note
Gross Domestic Product
Third Quarter of 2004 (Preliminary)
November 30, 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").

Sources of Revision to Real GDP

Real GDP growth in the third quarter was revised from 3.7 percent to 3.9 percent. An upward revision to net exports and upward revisions to consumer spending for nondurable goods and to business investment in equipment and software were largely offset by a downward revision to inventory investment.

- The upward revision to net exports primarily reflected newly available Census Bureau data on exports and imports of goods for September.
- The upward revision to consumer spending for nondurable goods reflected revised Census retail sales data for August and September.
- The upward revision to equipment and software investment was primarily based on revised Census shipments data for September.
- The downward revision to inventory investment was primarily to wholesale trade, manufacturing, and retail trade industries, reflecting newly available Census inventory data for September and revised data for August. Farm inventories were revised up, reflecting newly available data from the U.S. Department of Agriculture.

Revisions to Wages and Salaries and Related Series

In addition to presenting preliminary estimates for the third quarter, today's news release presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance that reflect newly available Bureau of Labor Statistics tabulations of wages and salaries of employees covered by state unemployment insurance.

Wage and salary accruals are now estimated to have increased \$70.7 billion in the second quarter, an upward revision of \$10.0 billion, and real disposable personal income (DPI) is now estimated to have increased 0.4 percent in the second quarter, an upward revision of 0.4 percentage point. Real DPI in the third quarter is now estimated to have increased 2.0 percent, an upward revision of 0.6 percentage point.

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

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY
ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2004

This table shows the actual data used for the preliminary estimate of GDP for the third quarter of 2004. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 29, 2004, 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 August and, in some cases, for July, 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 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	223.8 {225.3}	225.4 {227.0}	225.8 {226.2}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	24.6	31.3	25.7	22.2 {27.4}	28.9 {23.4}	27.4 {20.8}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	360.0	369.0	370.4	371.9 {372.8}	380.5 {380.7}	377.6 {381.2}
4 Multifamily.....	37.8	38.5	39.3	39.8 {39.6}	40.0 {40.0}	40.0 {40.0}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	6.3	13.7	21.9	16.6	12.1 { 7.2}	0.2 {15.6}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipme	34.9	72.0	58.6	49.6	50.9 {47.2}	28.3 {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	816.1 {808.7}	827.3 {823.4}
6a	Excluding gold.....	787.9	820.6	772.8	804.9	812.2 {804.8}	821.0 {819.8}

Imports of goods:

7	U.S. imports of goods, international-transactions- accounts basis.....	1427.2	1442.0	1485.5	1466.7	1499.9 {1498.0}	1494.1 {1513.1}
7a	Excluding gold.....	1423.4	1439.2	1482.3	1462.3	1496.5 {1494.6}	1489.9 {1509.5}
8	Net exports of goods.....	-635.9	-617.7	-709.4	-657.1	-683.8 {-689.3}	-666.8 {-689.7}
8a	Excluding gold.....	-635.5	-618.6	-709.4	-657.5	-684.3 {-689.8}	-668.8 {-689.7}

State and local government structures:

9	Value of new construction put in place.....	221.1	219.2	220.5	220.3 {222.4}	218.2 {220.2}	219.2 {221.3}
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