

**Technical Note**  
**Gross Domestic Product**  
**Fourth Quarter of 2004 (Advance)**  
**January 28, 2005**

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 fourth quarter is available on BEA's Web site <[www.bea.gov](http://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 fourth 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; 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 a decrease in imports of goods, excluding gold.

**The Microsoft Special Dividend**

On December 2, 2004, the Microsoft Corporation paid its shareholders a special dividend of \$3.00 per share; the total payout was about \$32 billion. The special dividend payment affects the fourth-quarter estimate of personal income that were released today, and will also affect the estimates of corporate profits, national income, and government current receipts that will be released on March 30. Within personal income, personal dividend income was boosted by \$99.4 billion (annual rate) in the fourth quarter. GDP is not affected because dividend payments do not represent goods and services from *current* production. For further information, see the FAQs on the Microsoft special dividend on BEA's Web site: <[www.bea.gov](http://www.bea.gov)>.

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Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP  
FOR THE FOURTH 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 December 2004 are shown in the last column of the table. For most series shown, the data for November 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.

	Jul.	Aug.	2004 Sep.	Oct.	Nov.	Dec.*
Private fixed investment:						
Nonresidential structures:						
1 Value of new total private construction put in place less residential (inc. improvements)...	223.8	224.3	224.9	225.0	222.3	223.6
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	22.2	28.9	27.4	29.9	20.6	23.3
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	371.9	380.3	378.9	378.9	376.1	380.0
4 Multifamily.....	39.8	39.2	39.1	38.8	38.9	39.3
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	16.6	12.1	-5.9	23.1	14.8	12.0
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment..	49.6	50.9	30.4	67.0	74.6	37.2

Net exports:

Exports of goods:

6 U.S. exports of goods, international-transactions- accounts basis.....	809.5	816.1	829.7	830.2	798.6	813.1
6a Excluding gold.....	804.9	812.2	823.4	825.0	794.0	809.0

Imports of goods:

7 U.S. imports of goods, international-transactions- accounts basis.....	1466.7	1499.9	1489.5	1551.5	1568.1	1558.6
7a Excluding gold.....	1462.3	1496.5	1485.2	1546.6	1564.0	1554.5

8 Net exports of goods.....	-657.1	-683.8	-659.8	-721.4	-769.5	-745.5
8a Excluding gold.....	-657.5	-684.3	-661.8	-721.6	-770.0	-745.5

State and local government structures:

9 Value of new construction put in place.....	220.3	213.1	214.1	218.2	218.7	218.5
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\*Assumption.