

Impact of the Coronavirus (COVID-19) Pandemic on the First-Quarter 2021 GDP Estimate

The increase in first-quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the first quarter, government assistance payments, such as direct economic impact payments, expanded unemployment benefits, and Paycheck Protection Program loans, were distributed to households and businesses through the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimates, because the impacts are generally embedded in source data and cannot be separately identified. For more information, see the [Technical Note](#).

GDP by Expenditure

The acceleration in real GDP growth in the first quarter reflected the continued economic recovery from the COVID-19 pandemic as government assistance payments were distributed to households and businesses. An acceleration in consumer spending and upturns in federal as well as state and local government spending more than accounted for the acceleration in real GDP. These were partly offset by downturns in private inventory investment and exports and by decelerations in residential fixed investment and nonresidential fixed investment. Imports slowed.

- The acceleration in consumer spending reflected an upturn in spending on goods and an acceleration in spending on services.
 - Within goods, all components of both durable and nondurable goods contributed to the upturn. The leading contributors were upturns in spending on motor vehicles and parts as well as on food and beverages purchased for off-premises consumption.
 - Within services, the leading contributors to the acceleration were upturns in spending on food services and accommodations and on transportation services.
- An upturn in federal government spending was the second largest contributor to the acceleration in real GDP. The upturn primarily reflected an upturn in nondefense spending on intermediate goods and services purchased by government. In the first quarter, the processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government added approximately \$13.2 billion (\$52.6 billion at an annual rate) to nondefense services. Federal government purchases of COVID-19 vaccines for distribution to the public contributed to the upturn in nondefense goods.
- The upturn in state and local government spending reflected an upturn in consumption expenditures, led by compensation of employees, that was partly offset by a downturn in gross investment, led by a downturn in structures.
- The downturn in private inventory investment was led by a larger decrease in retail trade and a downturn in manufacturing. Within retail trade, the largest contributor was a larger decrease in inventory investment by motor vehicle dealers. Within manufacturing, there were downturns in both durable and nondurable goods manufacturing inventory investment.
- The downturn in exports reflected downturns in both goods (led by a deceleration in industrial supplies and a downturn in foods, feeds, and beverages) and services (led by a deceleration in transport and a downturn in royalties and license fees).
- Residential fixed investment slowed, largely reflecting a slowdown in new residential structures, notably single-family units, and a downturn in brokers' commissions.

- Nonresidential fixed investment slowed, reflecting a slowdown in investment in equipment that was partly offset by a smaller decrease in investment in structures. Investment in intellectual property products grew at about the same rate as in the fourth quarter.
 - The slowdown in equipment investment was more than accounted for by a slowdown in transportation equipment that was partly offset by an acceleration in information processing equipment.
 - The smaller decrease in structures was more than accounted for by a smaller decrease in investment in industrial structures.
- Imports slowed. As a subtraction in the calculation of GDP, imports contributed to the acceleration in first-quarter GDP. The main contributor was a downturn in automotive vehicles, engines, and parts.

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2021	2020			2021	2020			2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Gross domestic product¹	100.0	-31.4	33.4	4.3	6.4	-31.4	33.4	4.3	6.4
2	Personal consumption expenditures	68.2	-33.2	41.0	2.3	10.7	-24.01	25.44	1.58	7.02
3	Goods	23.5	-10.8	47.2	-1.4	23.6	-2.06	9.55	-0.32	4.94
4	Durable goods	8.7	-1.7	82.7	-1.1	41.4	0.00	5.20	-0.09	2.95
5	Nondurable goods	14.8	-15.0	31.1	-1.6	14.4	-2.05	4.35	-0.23	2.00
6	Services	44.7	-41.8	38.0	4.3	4.6	-21.95	15.89	1.90	2.07
7	Gross private domestic investment	17.7	-46.6	86.3	27.8	-5.0	-8.77	11.96	4.41	-0.87
8	Fixed investment	18.1	-29.2	31.3	18.6	10.1	-5.27	5.39	3.04	1.77
9	Nonresidential	13.4	-27.2	22.9	13.1	9.9	-3.67	3.20	1.65	1.29
10	Structures	2.5	-33.6	-17.4	-6.2	-4.8	-1.11	-0.53	-0.17	-0.12
11	Equipment	6.0	-35.9	68.2	25.4	16.7	-2.03	3.26	1.32	0.93
12	Intellectual property products	4.9	-11.4	8.4	10.5	10.1	-0.53	0.46	0.49	0.48
13	Residential	4.7	-35.6	63.0	36.6	10.8	-1.60	2.19	1.39	0.49
14	Change in private inventories	-0.4	.....	.....	.....	.....	-3.50	6.57	1.37	-2.64
15	Net exports of goods and services	-3.8	.....	.....	.....	.....	0.62	-3.21	-1.53	-0.87
16	Exports	10.5	-64.4	59.6	22.3	-1.1	-9.51	4.89	2.04	-0.10
17	Goods	7.3	-66.8	104.3	31.1	-0.9	-6.56	4.87	1.88	-0.06
18	Services	3.1	-59.6	-0.5	5.2	-1.5	-2.95	0.03	0.16	-0.05
19	Imports	14.3	-54.1	93.1	29.8	5.7	10.13	-8.10	-3.57	-0.77
20	Goods	12.2	-49.6	110.2	31.0	5.5	7.32	-7.67	-3.12	-0.64
21	Services	2.1	-69.9	24.9	23.8	6.5	2.80	-0.43	-0.45	-0.13
22	Government consumption expenditures and gross investment	17.9	2.5	-4.8	-0.8	6.3	0.77	-0.75	-0.14	1.12
23	Federal	7.1	16.4	-6.2	-0.9	13.9	1.17	-0.38	-0.06	0.93
24	National defense	4.1	3.8	3.2	4.8	-3.4	0.18	0.17	0.20	-0.14
25	Nondefense	3.0	37.6	-18.3	-8.9	44.8	0.98	-0.55	-0.26	1.07
26	State and local	10.9	-5.4	-3.9	-0.8	1.7	-0.40	-0.37	-0.08	0.19
Addenda:										
27	Gross domestic income (GDI) ²	.....	-32.6	24.1	15.7	.....	.....	.....	.....	.....
28	Average of GDP and GDI	.....	-32.0	28.7	9.9	.....	.....	.....	.....	.....
29	Final sales of domestic product	100.4	-28.1	25.9	2.9	9.2	-27.88	26.87	2.95	9.03
30	Goods	31.2	-29.0	62.4	5.4	9.9	-7.40	17.42	1.69	3.05
31	Services	60.0	-32.9	23.7	2.1	5.3	-21.32	14.60	1.27	3.18
32	Structures	8.9	-28.4	14.9	16.7	1.7	-2.66	1.42	1.36	0.16
33	Motor vehicle output	2.7	-86.9	1,133.9	-12.7	-1.4	-3.99	5.92	-0.40	-0.04
34	GDP excluding motor vehicle output	97.3	-29.0	26.7	4.9	6.6	-27.39	27.52	4.72	6.42

1. The GDP estimates under the contribution columns are also percent changes.

2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from National Income and Product Account (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

Prices for gross domestic purchases—goods and services purchased by U.S. residents—increased 3.8 percent in the first quarter after increasing 1.7 percent in the fourth quarter (table 2 and chart 3). The leading contributors to the acceleration were accelerations in the prices that consumers paid for gasoline and other energy goods and for health care services. A notable offset was in the prices that consumers paid for motor vehicles and parts.

Food prices decreased 0.1 percent in the first quarter; they were unchanged in the fourth quarter. Prices for energy goods and services increased 46.7 percent after increasing 9.1 percent. Gross domestic purchases prices excluding food and energy increased 3.1 percent after increasing 1.6 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, accelerated, increasing 2.3 percent in the first quarter after increasing 1.3 percent in the fourth quarter.

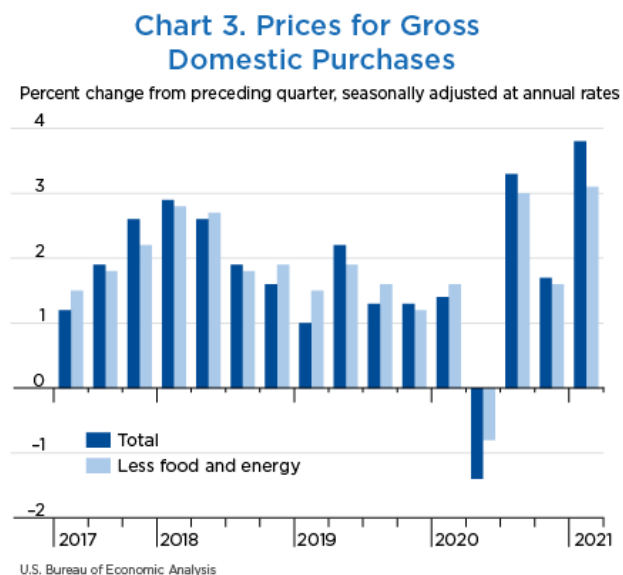


Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2020			2021	2020			2021
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Gross domestic purchases¹	-1.4	3.3	1.7	3.8	-1.4	3.3	1.7	3.8
2	Personal consumption expenditures	-1.6	3.7	1.5	3.5	-1.06	2.39	0.96	2.31
3	Goods	-5.6	5.4	0.1	5.4	-1.21	1.18	0.02	1.18
4	Durable goods	-3.1	8.2	0.0	1.0	-0.23	0.62	0.00	0.08
5	Nondurable goods	-6.8	4.0	0.2	8.0	-0.98	0.56	0.02	1.10
6	Services	0.3	2.8	2.2	2.6	0.15	1.21	0.94	1.13
7	Gross private domestic investment	-0.1	2.7	1.5	2.6	0.00	0.43	0.26	0.46
8	Fixed investment	0.8	2.2	1.8	3.2	0.14	0.38	0.30	0.56
9	Nonresidential	0.8	0.1	0.2	0.5	0.11	0.02	0.03	0.07
10	Structures	-1.1	0.5	0.1	4.0	-0.03	0.01	0.00	0.10
11	Equipment	0.0	-0.6	-1.8	1.2	0.00	-0.03	-0.10	0.07
12	Intellectual property products	2.9	0.7	2.7	-2.0	0.14	0.04	0.13	-0.10
13	Residential	1.0	9.5	6.5	11.4	0.04	0.37	0.27	0.49
14	Change in private inventories	.....	.....	.....	.....	-0.14	0.05	-0.04	-0.10
15	Government consumption expenditures and gross investment	-1.9	2.6	2.8	6.2	-0.35	0.48	0.48	1.05
16	Federal	-1.1	1.7	2.6	3.8	-0.08	0.12	0.18	0.25
17	National defense	-2.5	2.0	2.8	4.2	-0.10	0.08	0.11	0.17
18	Nondefense	1.0	1.3	2.4	3.2	0.03	0.04	0.06	0.09
19	State and local	-2.4	3.2	2.9	7.7	-0.28	0.36	0.30	0.79
Addenda:									
Gross domestic purchases:									
20	Food	15.7	-1.7	0.0	-0.1	0.77	-0.09	0.00	0.00
21	Energy goods and services	-45.7	27.4	9.1	46.7	-1.47	0.59	0.19	0.91
22	Excluding food and energy	-0.8	3.0	1.6	3.1	-0.71	2.80	1.51	2.91
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	15.4	-1.9	-0.4	0.7	.....	.....	.....	.....
24	Energy goods and services	-44.9	24.9	11.5	47.2	.....	.....	.....	.....
25	Excluding food and energy	-0.8	3.4	1.3	2.3	.....	.....	.....	.....
26	Gross domestic product	-1.8	3.5	2.0	4.1	.....	.....	.....	.....
27	Exports of goods and services	-18.8	12.8	5.9	19.7	.....	.....	.....	.....
28	Imports of goods and services	-12.8	8.6	2.2	13.3	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

Note. Most percent changes are from NIPA table 1.6.7; percent changes for personal consumption expenditures (PCE) for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ "[How do the effects of dollar depreciation show up in the GDP accounts?](#)" on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or "core," inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See "[What is the core PCE price index?](#)" on BEA's website.)

BEA also prepares a supplemental PCE price index, the "market-based" PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Personal Income

Measured in current dollars, personal income increased \$2.40 trillion in the first quarter, in contrast to a decrease of \$351.4 billion in the fourth quarter (table 3). The increase in personal income primarily reflected increases in personal current transfer receipts (notably, government social benefits) and compensation that were partly offset by decreases in proprietors' income and personal dividend income. The addenda lines in table 3 include detail on the effects of selected federal pandemic response programs on personal income.

- Within government social benefits, "other" social benefits and unemployment insurance increased, primarily reflecting increases in economic impact payments and in pandemic unemployment compensation payments.
- Within compensation, the leading contributor to the increase was private wages and salaries.
- Within proprietors' income, a decrease in farm proprietors' income was partly offset by an increase in nonfarm proprietors' income. For farm proprietors' income, the decrease primarily reflected a decrease in payments related to the Coronavirus Food Assistance Program designed to support farmers and ranchers impacted by COVID-19.
- The decrease in personal dividend income was based primarily on company financial data for the first quarter.

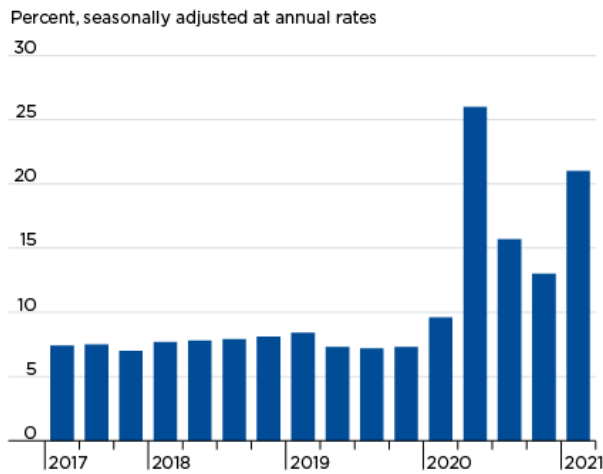
Personal current taxes increased \$36.6 billion in the first quarter after increasing \$50.7 billion in the fourth quarter.

Disposable personal income (DPI) increased \$2.36 trillion in the first quarter after decreasing \$402.1 billion in the fourth quarter. Personal outlays increased \$492.8 billion after increasing \$125.3 billion in the fourth quarter.

The personal saving rate (chart 4)—personal saving as a percentage of DPI—was 21.0 percent in the first quarter, compared with 13.0 percent in the fourth.

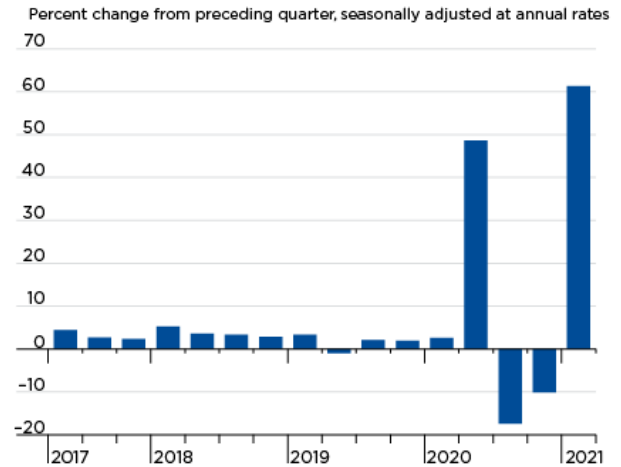
Real DPI (chart 5) increased 61.3 percent in the first quarter after decreasing 10.1 percent in the fourth quarter. Current-dollar DPI increased 67.0 percent after decreasing 8.8 percent.

Chart 4. Personal Saving Rate



Note. The personal saving rate is personal saving as a percentage of disposable personal income.
U.S. Bureau of Economic Analysis

Chart 5. Real Disposable Personal Income



U.S. Bureau of Economic Analysis

Table 3. Personal Income and Its Disposition

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line	Series	Level		Change from preceding period			
		2020	2021	2020			
		Q4	Q1	Q2	Q3	Q4	Q1
1	Personal income	19,502.1	21,900.3	1,506.3	-603.8	-351.4	2,398.2
2	Compensation of employees	11,704.1	11,898.1	-724.9	516.7	238.0	193.9
3	Wages and salaries	9,546.0	9,702.2	-617.3	434.5	202.7	156.2
4	Private industries	8,109.3	8,253.4	-557.3	413.7	208.3	144.1
5	Goods-producing industries	1,530.3	1,557.8	-112.1	75.3	23.9	27.5
6	Manufacturing	889.1	907.6	-56.0	29.2	2.1	18.5
7	Services-producing industries	6,579.0	6,695.6	-445.2	338.4	184.4	116.6
8	Trade, transportation, and utilities	1,469.9	1,494.0	-82.0	85.7	22.1	24.1
9	Other services-producing industries	5,109.1	5,201.6	-363.2	252.7	162.3	92.5
10	Government	1,436.8	1,448.8	-60.0	20.8	-5.6	12.0
11	Supplements to wages and salaries	2,158.1	2,195.9	-107.7	82.2	35.2	37.8
12	Proprietors' income with IVA and CCAAdj	1,759.7	1,737.9	-194.1	291.1	-43.3	-21.8
13	Farm	100.5	62.4	-17.5	23.8	37.8	-38.2
14	Nonfarm	1,659.1	1,675.5	-176.6	267.2	-81.1	16.4
15	Rental income of persons with CCAAdj	804.3	816.0	-6.3	8.3	-0.1	11.7
16	Personal income receipts on assets	2,904.3	2,896.8	-74.1	-57.9	52.0	-7.5
17	Personal interest income	1,624.3	1,646.7	-42.7	-17.3	4.5	22.4
18	Personal dividend income	1,280.0	1,250.1	-31.4	-40.6	47.5	-29.9
19	Personal current transfer receipts	3,792.1	6,047.0	2,442.5	-1,308.8	-577.2	2,254.9
20	Government social benefits to persons	3,745.8	6,000.1	2,437.8	-1,304.0	-577.6	2,254.3
21	Social security	1,089.6	1,107.5	6.9	5.2	8.9	18.0
22	Medicare	860.6	880.1	19.4	18.7	17.9	19.5
23	Medicaid	682.4	687.3	44.7	14.9	-1.3	4.8
24	Unemployment insurance	296.4	544.4	1,041.1	-309.4	-478.7	247.9
25	Veterans' benefits	148.2	150.9	3.5	3.3	2.9	2.7
26	Other	668.5	2,629.9	1,322.1	-1,036.7	-127.3	1,961.4
27	Other current transfer receipts, from business (net)	46.2	46.9	4.7	-4.7	0.3	0.6
28	Less: Contributions for government social insurance	1,462.4	1,495.5	-63.2	53.3	20.8	33.0
29	Less: Personal current taxes	2,242.3	2,278.8	-155.9	95.1	50.7	36.6
30	Equals: Disposable personal income (DPI)	17,259.8	19,621.5	1,662.2	-698.9	-402.1	2,361.7
31	Less: Personal outlays	15,012.4	15,505.3	-1,513.3	1,297.2	125.3	492.8
32	Personal consumption expenditures	14,537.0	15,041.1	-1,448.1	1,304.2	135.5	504.1
33	Personal interest payments ¹	270.5	257.7	-66.9	1.2	-16.7	-12.8
34	Personal current transfer payments	205.0	206.4	1.7	-8.2	6.5	1.5
35	Equals: Personal saving	2,247.3	4,116.2	3,175.5	-1,996.0	-527.4	1,868.8
36	Personal saving as a percentage of DPI	13.0	21.0	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
37	Current-dollar DPI	.....	.....	46.2	-14.4	-8.8	67.0
38	Real DPI, chained (2012) dollars	.....	.....	48.6	-17.4	-10.1	61.3
The effects of selected federal pandemic response programs on personal income (billions of dollars)							
In farm proprietors' income with IVA and CCAAdj:							
39	Coronavirus Food Assistance Program ²	46.2	0.9	16.9	1.6	27.8	-45.3
40	Paycheck Protection Program loans to businesses ³	2.8	4.9	6.5	2.7	-6.4	2.1
In nonfarm proprietors' income with IVA and CCAAdj:							

Line	Series	Level		Change from preceding period			
		2020	2021	2020			2021
		Q4	Q1	Q2	Q3	Q4	Q1
41	Paycheck Protection Program loans to businesses ³	89.3	76.8	209.1	88.0	-207.7	-12.6
	In government social benefits to persons, Medicare:						
42	Increase in Medicare reimbursement rates ⁴	15.1	15.5	9.7	5.1	0.3	0.4
	In government social benefits to persons, Unemployment insurance: ⁵						
43	Extended Unemployment Benefits	11.0	18.6	...	3.1	7.9	7.6
44	Pandemic Emergency Unemployment Compensation	63.6	74.1	7.2	16.7	39.8	10.5
45	Pandemic Unemployment Assistance	110.3	97.2	101.5	54.6	-45.8	-13.1
46	Pandemic Unemployment Compensation Payments	13.6	283.6	679.2	-306.1	-359.5	270.0
	In government social benefits to persons, Other:						
47	Economic impact payments ⁶	5.0	1,933.7	1,078.1	-1,062.5	-10.5	1,928.6
48	Lost wages supplemental payments ⁷	35.9	1.6	...	106.2	-70.4	-34.2
49	Paycheck Protection Program loans to NPISH ³	10.8	10.8	19.1	7.9	-16.2	0.0
50	Provider Relief Fund to NPISH ⁸	34.5	43.0	160.9	-102.5	-24.0	8.5
	In personal outlays, personal interest payments:						
51	Student loan forbearance ⁹	-36.0	-36.0	-28.9	0.0	0.0	0.0

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

1. Consists of nonmortgage interest paid by households. Note that mortgage interest paid by households is an expense item in the calculation of rental income of persons.
2. The Coronavirus Food Assistance Program, initially established by the Coronavirus Aid, Relief and Economic Security Act (CARES), provides direct support to farmers and ranchers where prices and market supply chains have been impacted by the COVID-19 pandemic.
3. The Paycheck Protection Program, initially established by the CARES Act, provides forgivable loans to help small businesses and nonprofit institutions make payroll and cover other expenses. It also provides funding to reimburse private lending institutions for the costs of administering these loans. For more information, see "[How does the Paycheck Protection Program impact the national income and product accounts \(NIPAs\)?](#)".
4. A two percent reduction in reimbursements paid to Medicare service providers that went into effect in 2013 was initially suspended by the CARES Act. The resulting increased reimbursement rates went into effect beginning on May 1, 2020.
5. Unemployment insurance benefits were expanded through several programs that were initially established through the CARES Act. For more information, see "[How will the expansion of unemployment benefits in response to the COVID-19 pandemic be recorded in the NIPAs?](#)".
6. Economic impact payments, initially established by the CARES Act, provide direct payments to individuals. For more information, see "[How are the economic impact payments to support individuals during the COVID-19 pandemic recorded in the NIPAs?](#)".
7. The Federal Emergency Management Agency (FEMA) was authorized to make payments from the Disaster Relief Fund to supplement wages lost as a result of the COVID-19 pandemic.
8. The Department of Health and Human Services distributes money from the Provider Relief Fund to hospitals and health care providers on the front lines of the coronavirus response. This funding supports health care-related expenses or lost revenue attributable to COVID-19 and ensures uninsured Americans can get treatment for COVID-19. In the NIPAs, funds provided to nonprofit hospitals are recorded as social benefits.
9. Interest payments due on certain categories of federally-held student loans were initially suspended by the CARES Act. For more information, see "[How does the federal response to the COVID-19 affect BEA's estimate of personal interest payments?](#)".

Note. Dollar levels and percent changes are from NIPA tables 2.1 and 2.2B.

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the “[Key Source Data and Assumptions](#)” that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see “[Concepts and Methods of the U.S. National Income and Product Accounts](#)” on BEA's website.

Preview of the 2021 Annual Update of the National Economic Accounts

The Bureau of Economic Analysis (BEA) plans to release the results of the annual update of the National Economic Accounts (NEAs), which include the National Income and Product Accounts (NIPAs) and the Industry Economic Accounts (IEAs), later this year. Results from the annual update of the NIPAs will be released on July 29, 2021, and results from the annual update of the IEAs will be released on September 30, 2021. As BEA continues to harmonize the methodologies underlying the estimates of the NIPAs, the IEAs, and the Regional Economic Accounts, many of the improvements that will be incorporated during the annual update will impact all three sets of accounts.

The update of the NEAs will cover the first quarter of 1999 through the first quarter of 2021 and will result in revisions to gross domestic product (GDP), GDP by industry, and gross domestic income. The reference year for index numbers and chained-dollar estimates will remain 2012.

Source data updates. The annual update will incorporate source data that are more complete and more detailed than those previously available, including the following:

- Census Bureau data from the 2017 Economic Census as well as from annual surveys of manufacturers, merchant wholesale trade, retail trade, services, and state and local governments
- Federal government budget data
- Internal Revenue Service tabulations of tax returns for corporations, for sole proprietorships, and for partnerships
- Department of Agriculture farm income statistics

Incorporation of International Transactions Accounts. In addition to the source data listed above, the annual update will incorporate results from the 2021 annual update of BEA's International Transactions Accounts (ITAs), scheduled for release on June 23, 2021. The NIPA and IEA update will also extend to 1999 several improvements to ITA measures of income flows and trade in services between the United States and the rest of the world that were previously introduced beginning with 2015.¹

Methodology improvements

- **Housing services.** Estimates of personal consumption expenditures for the services provided by housing to tenants and to owner-occupants in the NIPAs, the IEAs, and the Regional Economic Accounts will be updated beginning with 2002. The improved estimates will use unit-level microdata from the Census Bureau's annual American Community Survey to derive unit-level values of services that will be aggregated to state and national levels. Rental values for tenants will be estimated from actual tenant rents, and imputed rental values for owner-occupants will be estimated using a rental-equivalence method. The use of a single official data source and the rental equivalence methodology will result in more accurate and reliable data across BEA's accounts. For more information, see "[Improved Measures of Housing Services for the U.S. Accounts](#)" in this issue of the *Survey of Current Business*.
- **Presentational and classification improvements.** A new reconciliation table (NIPA table 4.3C) will reflect the improved alignment of the NIPAs and the ITAs that results from the ITA recognition of exports and imports of financial services provided without payment, which was introduced as part of the 2020 ITA annual update. Additionally, several categories of exports and imports in the NIPAs will be reclassified to further improve alignment of the NIPAs with the ITAs, including exports and imports of these "implicit" services, which will be reclassified to financial services from other services.²

● For more information on the 2020 annual update of the ITAs, see Rudy Telles Jr., Nick Martinez, and Ted Peck, "[Annual Update of the U.S. International Transactions Accounts](#)," *Survey of Current Business* 100 (July 2020). For more information on the 2020 annual update of the NIPAs, see "[The 2020 Annual Update of the National Income and Product Accounts](#)," *Survey* 100 (August 2020).

● As part of the 2020 annual update, the NIPAs introduced measures of imports of financial services provided without payment and classified both exports and imports of these services as part of other services. For more information, see "[The 2020 Annual Update of the National Income and Product Accounts](#)," *Survey* 100 (August 2020).

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1. “Real” estimates are in chained (2012) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the January 2021 *Survey of Current Business*. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.
 2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”