

GDP and the Economy

Advance Estimates for the First Quarter of 2013

REAL GROSS domestic product (GDP) increased 2.5 percent at an annual rate in the first quarter of 2013, according to the advance estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ In the fourth quarter of 2012, real GDP increased 0.4 percent.

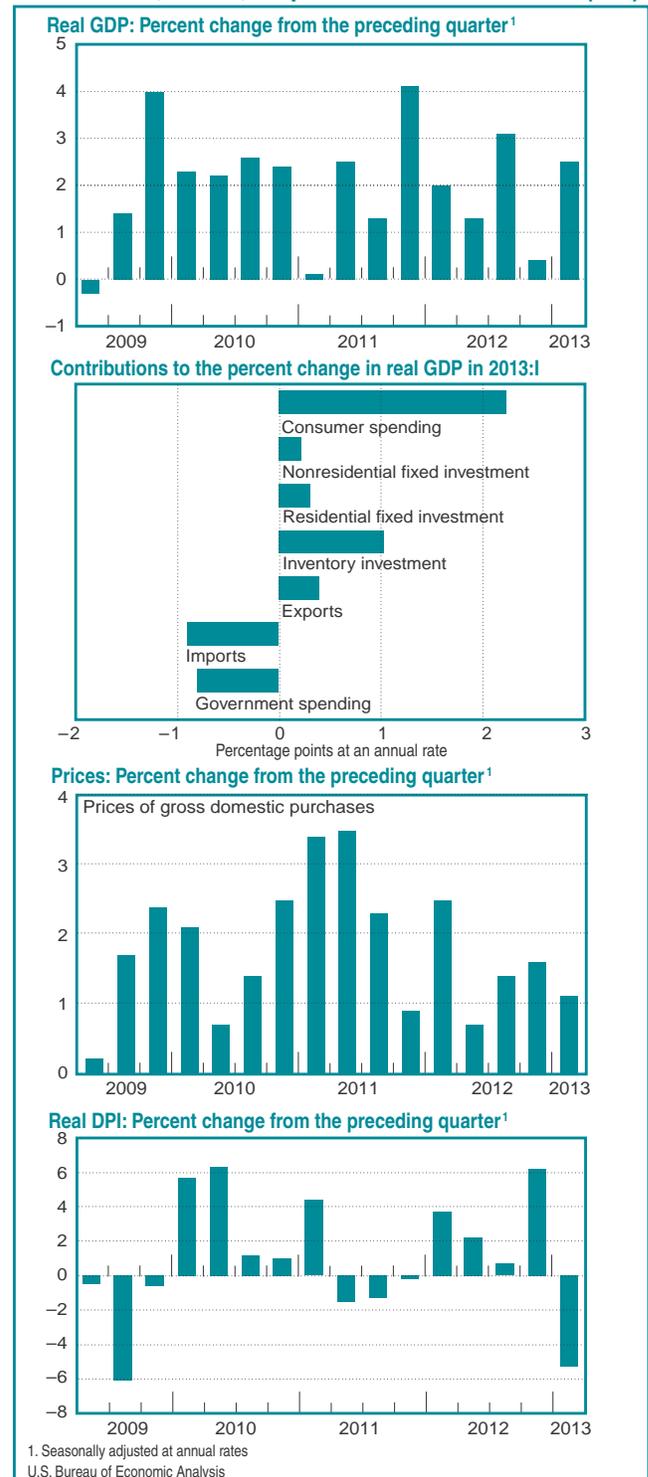
The acceleration in real GDP in the first quarter primarily reflected an upturn in private inventory investment, an acceleration in consumer spending, an upturn in exports, and a smaller decrease in federal government spending that were partly offset by an upturn in imports and a deceleration in nonresidential fixed investment.²

- Prices of goods and services purchased by U.S. residents increased 1.1 percent in the first quarter after increasing 1.6 percent in the fourth quarter. Energy prices turned down, and food prices decelerated. Excluding food and energy, gross domestic purchases prices increased 1.3 percent after increasing 1.2 percent (see page 3).
- Real disposable personal income (DPI) decreased 5.3 percent in the first quarter after increasing 6.2 percent in the fourth quarter. Current-dollar DPI decreased 4.4 percent in the first quarter after increasing 7.9 percent in the fourth quarter. The sharp downturn in DPI reflected a sharp downturn in personal income that was partly offset by a deceleration in personal current taxes (see page 4).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 2.6 percent in the first quarter; in the fourth quarter, the rate was 4.7 percent.

1. Real estimates are in chained (2005) 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 “Revisions to GDP, GDI, and Their Major Components” in the July 2011 SURVEY OF CURRENT BUSINESS. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is 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.”

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Teresita Duremdes Teensma prepared this article.

Real GDP Overview

Table 1. Real Gross Domestic Product (GDP) and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)					
	2013	2012				2013	2012				2013
		I	II	III	IV		I	II	III	IV	
Gross domestic product ¹	100.0	1.3	3.1	0.4	2.5	1.3	3.1	0.4	2.5		
Personal consumption expenditures	71.0	1.5	1.6	1.8	3.2	1.06	1.12	1.28	2.24		
Goods.....	24.1	0.3	3.6	4.3	3.3	0.08	0.85	1.02	0.78		
Durable goods.....	8.0	-0.2	8.9	13.6	8.1	-0.02	0.66	1.00	0.62		
Nondurable goods.....	16.2	0.6	1.2	0.1	1.0	0.10	0.19	0.02	0.16		
Services.....	46.8	2.1	0.6	0.6	3.1	0.99	0.26	0.27	1.46		
Gross private domestic investment	13.5	0.7	6.6	1.3	12.3	0.09	0.85	0.17	1.56		
Fixed investment.....	13.1	4.5	0.9	14.0	4.1	0.56	0.12	1.69	0.53		
Nonresidential.....	10.5	3.6	-1.8	13.2	2.1	0.36	-0.19	1.28	0.22		
Structures.....	3.0	0.6	0.0	16.7	-0.3	0.02	0.00	0.46	-0.01		
Equipment and software.....	7.5	4.8	-2.6	11.8	3.0	0.35	-0.19	0.82	0.23		
Residential.....	2.7	8.5	13.5	17.6	12.6	0.19	0.31	0.41	0.31		
Change in private inventories.....	0.4	.....	.....	.....	.....	-0.46	0.73	-1.52	1.03	
Net exports of goods and services	-3.4	.....	.....	.....	.....	0.23	0.38	0.33	-0.50	
Exports.....	13.8	5.3	1.9	-2.8	2.9	0.72	0.27	-0.40	0.40		
Goods.....	9.7	7.0	1.1	-5.0	3.5	0.67	0.11	-0.50	0.34		
Services.....	4.1	1.1	4.0	2.5	1.5	0.05	0.16	0.10	0.06		
Imports.....	17.3	2.8	-0.6	-4.2	5.4	-0.49	0.11	0.73	-0.90		
Goods.....	14.4	2.9	-1.2	-3.9	5.2	-0.42	0.18	0.57	-0.73		
Services.....	2.9	2.3	2.6	-5.6	6.0	-0.07	-0.07	0.17	-0.17		
Government consumption expenditures and gross investment	18.9	-0.7	3.9	-7.0	-4.1	-0.14	0.75	-1.41	-0.80		
Federal.....	7.4	-0.2	9.5	-14.8	-8.4	-0.02	0.71	-1.23	-0.65		
National defense.....	4.8	-0.2	12.9	-22.1	-11.5	-0.01	0.64	-1.28	-0.60		
Nondefense.....	2.6	-0.4	3.0	1.7	-2.0	-0.01	0.08	0.04	-0.05		
State and local.....	11.6	-1.0	0.3	-1.5	-1.2	-0.12	0.04	-0.18	-0.14		

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

NOTE: Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Table 2. Real Gross Domestic Product (GDP) and Related Measures

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)					
	2013	2012				2013	2012				2013
		I	II	III	IV		I	II	III	IV	
Gross domestic product ¹	100.0	1.3	3.1	0.4	2.5	1.3	3.1	0.4	2.5		
Final sales of domestic product.....	99.6	1.7	2.4	1.9	1.5	1.71	2.37	1.89	1.47		
Change in private inventories.....	0.4	.....	.....	.....	.....	-0.46	0.73	-1.52	1.03	
Goods.....	28.6	1.3	6.1	1.4	4.9	0.38	1.73	0.40	1.40		
Services.....	64.1	1.2	1.7	-1.3	1.4	0.76	1.11	-0.84	0.90		
Structures.....	7.3	1.7	3.9	12.1	2.8	0.12	0.27	0.82	0.20		
Addenda:											
Motor vehicle output.....	2.8	7.3	-8.6	6.8	9.1	0.20	-0.25	0.18	0.24		
GDP excluding motor vehicle output.....	97.2	1.1	3.5	0.2	2.3	1.06	3.36	0.20	2.26		
Final sales of computers.....	0.4	-19.9	29.5	26.5	-1.9	-0.10	0.11	0.10	-0.01		
GDP excluding final sales of computers.....	99.6	1.4	3.0	0.3	2.5	1.35	2.99	0.28	2.51		

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

NOTE: For GDP and its components, percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Consumer spending accelerated in the first quarter, reflecting a pickup in spending for services that was partly offset by a slowdown in spending for goods.

The slowdown in spending for goods reflected widespread slowdowns in the durable-goods categories, but especially motor vehicles (new and used), that were partly offset by a pickup in nondurable goods, primarily food and nonalcoholic beverages for off-premises consumption, clothing and footwear, and fuel oil and other fuels.

The pickup in spending for services reflected an upturn in electricity and gas and a pickup in financial services and insurance that was partly offset by a slowdown in food services and accommodations, mainly in food services.

Private fixed investment slowed, reflecting a slowdown in equipment and software, primarily information processing equipment and software and transportation equipment, and a downturn in structures, primarily power and communication structures.

Inventory investment turned up, reflecting an upturn in nonfarm inventory investment (mainly in manufacturing and wholesale trade industries) and a pickup in farm inventory investment that primarily reflected a pickup in crop output in the first quarter.

Exports turned up; the upturn was more than accounted for by widespread upturns in goods exports.

Imports turned up, reflecting upturns in imports of both goods and services.

Federal government spending decreased less than in the fourth quarter; the smaller decrease was more than accounted for by a smaller decrease in national defense spending.

Real final sales of domestic product, real GDP less inventory investment, increased 1.5 percent in the first quarter after increasing 1.9 percent.

Motor vehicle output accelerated, adding 0.24 percentage point to the change in real GDP after adding 0.18 percentage point.

Final sales of computers turned down, subtracting 0.01 percentage point from the change in real GDP after adding 0.10 percentage point.

Prices

Table 3. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2005=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2012			2013	2012			2013
	II	III	IV	I	II	III	IV	I
Gross domestic purchases ¹	0.7	1.4	1.6	1.1	0.7	1.4	1.6	1.1
Personal consumption expenditures	0.7	1.6	1.6	0.9	0.47	1.09	1.09	0.62
Goods	-1.8	1.9	1.1	-0.9	-0.43	0.44	0.25	-0.21
Durable goods	-1.2	-2.3	-2.0	-1.1	-0.09	-0.18	-0.15	-0.08
Nondurable goods	-2.2	4.0	2.6	-0.8	-0.34	0.62	0.40	-0.13
Services	2.0	1.4	1.9	1.9	0.90	0.65	0.85	0.84
Gross private domestic investment	1.3	0.6	1.5	1.5	0.17	0.08	0.20	0.19
Fixed investment	1.2	1.3	1.5	1.5	0.14	0.16	0.19	0.19
Nonresidential	1.2	0.8	1.2	0.6	0.12	0.08	0.12	0.06
Structures	3.2	1.0	1.4	1.5	0.09	0.03	0.04	0.04
Equipment and software	0.4	0.7	1.1	0.3	0.03	0.05	0.08	0.02
Residential	1.2	3.3	3.0	5.2	0.03	0.08	0.07	0.13
Change in private inventories .....	.....	.....	.....	.....	0.02	-0.08	0.01	-0.01
Government consumption expenditures and gross investment	0.6	1.4	1.6	1.7	0.11	0.26	0.30	0.31
Federal	1.2	0.9	1.6	2.4	0.09	0.07	0.12	0.17
National defense	0.9	0.9	1.9	3.0	0.04	0.05	0.10	0.14
Nondefense	2.0	1.0	0.8	1.3	0.05	0.02	0.02	0.03
State and local	0.1	1.6	1.6	1.2	0.02	0.19	0.18	0.14
Addenda:								
Gross domestic purchases:								
Food	0.7	-0.6	1.8	1.6	0.03	-0.03	0.09	0.08
Energy goods and services	-13.1	10.3	9.9	-4.4	-0.55	0.40	0.39	-0.17
Excluding food and energy	1.4	1.2	1.2	1.3	1.26	1.06	1.11	1.22
Personal consumption expenditures (PCE):								
Food and beverages for off-premises consumption	0.7	0.6	1.8	1.3	.....	.....	.....	.....
Energy goods and services	-13.6	10.5	9.9	-3.8	.....	.....	.....	.....
Excluding food and energy	1.7	1.1	1.0	1.2	.....	.....	.....	.....
Gross domestic product (GDP)	1.6	2.7	1.0	1.2	.....	.....	.....	.....
Exports	0.5	0.0	1.5	1.5	.....	.....	.....	.....
Imports	-3.9	-6.5	5.3	1.1	.....	.....	.....	.....

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 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.

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, increased 1.1 percent in the first quarter after increasing 1.6 percent. The pay raise for military personnel added less than 0.1 percentage point to the first-quarter change in the price index.

Consumer prices slowed, increasing 0.9 percent after increasing 1.6 percent. The slowdown was more than accounted for by a downturn in nondurable goods, primarily gasoline and other motor fuel.

Prices paid for nonresidential fixed investment decelerated, reflecting a deceleration in equipment and software prices.

Prices paid for residential investment accelerated, increasing 5.2 percent after increasing 3.0 percent.

Prices paid by the federal government picked up, increasing 2.4 percent after increasing 1.6 percent. The pickup was primarily in prices for national defense consumption expenditures, specifically military compensation.

Prices paid by state and local governments increased 1.2 percent, after increasing 1.6 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, picked up, increasing 1.2 percent after increasing 1.0 percent.

The GDP price index increased 1.2 percent, 0.1 percentage point more than the percent change in the price index for gross domestic purchases, reflecting differences between the movements in import prices and in export prices. Export prices increased 1.5 percent, the same increase as in the fourth quarter. Import prices decelerated, increasing 1.1 percent after increasing 5.3 percent.

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. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

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, energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and 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. (See the FAQ “[What is the core PCE price index?](#)” on BEA’s Web site.)

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 the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Personal Income

Table 4. Personal Income and Its Disposition

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

	Level		Change from preceding period			
	2012	2013	2012		2013	
	IV	I	II	III	IV	I
Personal income	13,668.5	13,559.4	99.9	79.2	262.3	-109.1
Compensation of employees, received	8,662.1	8,734.2	32.0	49.9	84.5	72.1
Wage and salary disbursements	6,959.3	7,013.5	23.3	39.3	70.8	54.2
Private industries	5,755.6	5,806.9	22.6	35.9	70.3	51.3
Goods-producing industries	1,165.1	1,181.4	17.8	0.3	3.0	16.3
Manufacturing	746.6	756.3	21.2	1.9	0.4	9.7
Services-producing industries	4,590.5	4,625.5	4.9	35.5	67.4	35.0
Trade, transportation, and utilities	1,120.4	1,135.6	15.1	6.8	15.2	15.2
Other services-producing industries	3,470.2	3,489.9	-10.2	28.7	52.3	19.7
Government	1,203.7	1,206.6	0.7	3.5	0.4	2.9
Supplements to wages and salaries	1,702.8	1,720.7	8.7	10.6	13.7	17.9
Proprietors' income with IVA and CCAAdj	1,224.7	1,258.1	10.6	10.5	19.3	33.4
Farm	60.7	72.3	0.2	6.9	1.3	11.6
Nonfarm	1,164.0	1,185.8	10.3	3.6	18.0	21.8
Rental income of persons with CCAAdj	481.5	499.5	7.5	18.2	10.5	18.0
Personal income receipts on assets	1,858.7	1,733.3	34.4	-18.0	145.9	-125.4
Personal interest income	997.2	993.5	14.3	-30.8	21.9	-3.7
Personal dividend income	861.5	739.8	20.0	12.9	124.0	-121.7
Personal current transfer receipts	2,399.2	2,431.3	17.2	22.8	11.2	32.1
Government social benefits to persons	2,352.6	2,384.1	16.8	22.3	10.8	31.5
Social security	771.0	790.0	6.2	5.7	5.9	19.0
Medicare	569.1	580.4	1.0	9.3	2.9	11.3
Medicaid	425.4	426.5	16.3	10.3	1.2	1.1
Unemployment insurance	70.7	64.3	-10.4	-8.9	-4.2	-6.4
Veterans benefits	74.7	78.5	2.7	2.5	0.7	3.8
Other	441.7	444.5	0.9	3.5	4.3	2.8
Other current transfer receipts from business, net	46.6	47.2	0.5	0.3	0.5	0.6
Less: Contributions for government social insurance	957.6	1,097.1	1.8	4.3	8.9	139.5
Less: Personal current taxes	1,510.8	1,538.0	14.4	11.3	34.3	27.2
Equals: Disposable personal income (DPI)	12,157.7	12,021.4	85.4	67.9	228.0	-136.3
Less: Personal outlays	11,591.7	11,708.0	57.4	88.6	97.0	116.3
Equals: Personal saving	566.0	313.3	28.0	-20.6	130.9	-252.7
Personal saving as a percentage of DPI	4.7	2.6				
Addenda: The effects of special factors on changes in disposable personal income						
In government wages and salaries:						
Federal military pay raise			0.0	0.0	0.0	1.9
In supplements to wages and salaries:						
FICA increase in maximum taxable wages			0.0	0.0	0.0	1.8
State unemployment insurance changes in tax rates and taxable wage base			0.0	0.0	0.0	3.4
Federal Unemployment Tax Act credit reduction			0.0	0.0	0.0	0.5
In personal dividend income:						
Accelerated dividends			0.0	0.0	105.6	-132.6
In government social benefits to persons:						
Cost-of-living adjustments (COLAs) ¹			0.0	0.0	0.0	15.2
Automatic Earnings Reappraisal Operation			0.3	-0.3	2.3	-2.3
Refundable tax credits			0.0	0.0	0.0	2.0
In employee contributions for government social insurance:						
FICA and SECA increase in maximum taxable wages			0.0	0.0	0.0	2.1
SMI premium increase			0.0	0.0	0.0	4.0
Additional hospital insurance tax			0.0	0.0	0.0	6.7
Expiration of the "payroll tax holiday"			0.0	0.0	0.0	114.1
In personal current taxes:						
Refunds, settlements, and back taxes			0.0	0.0	0.0	-3.4

1. Includes COLAs for social security, veterans benefits, railroad retirement, and supplemental security income. In the first quarter, the social security COLA boosted benefits \$13.2 billion.

NOTE: Dollar levels are from NIPA tables 2.1 and 2.2B.

CCAAdj Capital consumption adjustment
FICA Federal Insurance Contributions Act

IVA Inventory valuation adjustment
SECA Self-Employed Contributions Act

Personal income, which is measured in current dollars, turned down in the first quarter, decreasing \$109.1 billion after increasing \$262.3 billion. The downturn primarily reflected a sharp downturn in personal dividend income, a sharp acceleration in contributions for government social insurance (a subtraction in the calculation of personal income), and a downturn in personal interest income that were partly offset by a pickup in government social benefits to persons.

The downturn in personal interest income primarily reflected a downturn in the interest payments associated with Treasury Inflation-Protected Securities.

The sharp downturn in personal dividend income followed a large increase that reflected the payment of accelerated and special dividends by many companies in the fourth quarter. (See "The Effects of Special and Accelerated Dividends on the NIPAs" in the March SURVEY.)

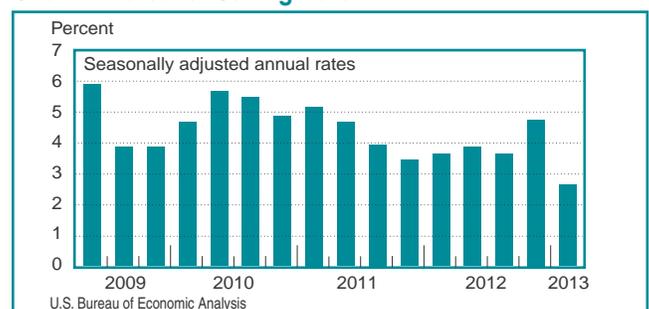
The acceleration in government social benefits to persons primarily reflected pickups in social security and in Medicare payments. The pickup in social security payments reflected a January cost-of-living adjustment of 1.7 percent for beneficiaries.

The acceleration in contributions for government social insurance primarily reflected the effect of the expiration of the "payroll tax holiday," which increased the social security contribution rate for employees and self-employed workers by 2.0 percentage points.

Personal current taxes slowed, reflecting slowdowns in federal government taxes and in state and local government income taxes.

Personal saving—disposable personal income less personal outlays—decreased \$252.7 billion after increasing \$130.9 billion.

Chart 2. Personal Saving Rate



Source Data for the Advance Estimates

Table 5. Source Data and Key Assumptions for the Advance Estimates of GDP for the First Quarter of 2013

[Billions of dollars, seasonally adjusted at annual rates]

	2012			2013		
	Oct.	Nov.	Dec.	Jan.	Feb.	March ¹
Private fixed investment:						
Nonresidential structures:						
Value of new nonresidential construction put in place	302.1	318.6	327.5	308.3	309.6	309.0
Residential structures:						
Value of new residential construction put in place:						
Single family	141.5	144.5	146.3	151.6	158.1	162.4
Multifamily	23.9	24.4	26.0	27.6	27.0	27.7
Change in private inventories:						
Change in inventories for nondurable manufacturing	-16.7	-8.8	5.1	31.1	-5.0	6.2
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment	52.2	40.3	30.8	116.2	2.6	19.9
Net exports: ²						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis	1,531.3	1,553.0	1,593.8	1,570.2	1,586.2	1,582.9
Excluding gold	1,504.0	1,519.1	1,544.8	1,529.8	1,542.5	1,544.2
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis	2,239.6	2,338.9	2,266.7	2,310.6	2,308.9	2,298.2
Excluding gold	2,221.6	2,316.0	2,247.9	2,290.2	2,294.9	2,279.3
Net exports of goods	-708.3	-785.9	-672.9	-740.4	-722.7	-715.3
Excluding gold	-717.6	-796.9	-703.1	-760.4	-752.4	-735.1
State and local government structures:						
Value of new construction put in place	248.3	249.7	244.2	245.3	248.1	246.7

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments exports and imports, but it is

not used directly in estimating exports and imports in the national income and product accounts.

Source Data and Key Assumptions for the Advance Estimates of GDP

The advance estimates of many components of GDP are based on 3 months of source data, but the estimates of some components are based on only 2 months of data. For the following items, the number of months for which data are available is shown in parentheses.

Personal consumption expenditures: sales of retail stores (3), unit auto and truck sales (3), consumers' shares of auto and truck sales (2), motor vehicle fuels data (3), and electricity and gas usage and unit-value data (3);

Nonresidential fixed investment: unit auto and truck sales (3), construction spending (value put in place) (2), manufacturers' shipments of machinery and equipment (3), and exports and imports of machinery and equipment (2);

Residential fixed investment: construction spending (value put in place) (2), single-family housing starts (3), sales of new homes (3), and sales of existing houses (3);

Change in private inventories: trade and nondurable-goods manufacturing inventories (2), durable-goods manufacturing inventories (3), and unit auto and truck inventories (3);

Net exports of goods and services: exports and imports of goods and services (2);

Government consumption expenditures and gross investment: federal government outlays (3), state and local government construction spending (value put in place) (2), and state and local government employment (3);

Compensation: employment, average hourly earnings, and average weekly hours (3); and

Prices: consumer price indexes (3), producer price indexes (3), and values and quantities of petroleum imports (2).

Key assumptions

When source data were unavailable, BEA made various assumptions for March, including the following (table 5):

- A decrease in nonresidential structures,
 - An increase in residential structures,
 - An increase in nondurable-goods manufacturing inventories,
 - An increase in nonmotor vehicle merchant wholesale and retail inventories,
 - An increase in exports of goods excluding gold,
 - A decrease in imports of goods excluding gold, and
 - A decrease in state and local government structures.
- A more comprehensive list is available on BEA's Web site.