



Technical Note
Gross Domestic Product
First Quarter of 2016 (Second Estimate)
May 27, 2016

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 first quarter is available on BEA's Web site at www.bea.gov; a brief summary of "highlights" is also posted on the Web site. In a few weeks the *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

Sources of Revision to Real GDP

Real GDP increased 0.8 percent (annual rate) in the first quarter of 2016, an upward revision of 0.3 percentage point from the advance estimate. The revision reflected upward revisions to private inventory investment, to residential fixed investment, and to exports and a downward revision to imports.

- The upward revision to inventory investment reflected upward revisions to retail trade, manufacturing, and wholesale trade industries based on newly available Census inventory data for March and revised data for January and February. Benchmarked Census inventories data for retail and wholesale trade and for manufacturing were incorporated on a best-change basis.
- The upward revision to residential fixed investment was mostly accounted for by an upward revision to multifamily structures based on newly available Census construction spending data for March and revised data for January and February.
- The upward revision to exports was primarily to goods. The largest contributors to the revision were "other" goods (primarily the territorial adjustment, reflecting newly available Census Bureau data for March) and "consumer goods, except food and automotive" (reflecting revised Census data on trade in goods for February and March).
- The downward revision to imports was primarily to goods and reflected revised Census data on trade in goods for March, including newly available quantity data and unit-value indexes for imports of petroleum products.

The price index for personal consumption expenditures increased 0.3 percent in the first quarter, the same as in the advance estimate.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the output of the economy as the costs incurred and the incomes earned in the production of GDP, increased 2.2 percent in the first quarter. For a given quarter, the estimates of GDP and GDI may differ for a variety of reasons, including the incorporation of largely independent source data. However, over longer time spans, the estimates of GDP and GDI tend to follow similar patterns of change. The average of real GDP and real GDI increased 1.5 percent.

Profits from current production increased \$6.5 billion, or 0.3 percent (quarterly rate), in the first quarter. Domestic profits of financial corporations decreased \$2.0 billion, domestic profits of nonfinancial corporations increased \$45.7 billion, and rest-of-the-world profits decreased \$37.3 billion.

Revisions to Wages and Salaries, Disposable Personal Income, and GDI

In addition to presenting revised estimates for the first quarter, today's release presents revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wages and salaries are now estimated to have increased \$125.5 billion in the fourth quarter of 2015, an upward revision of \$43.8 billion. These estimates reflect the most recently available wage and salary tabulations for the fourth quarter from the BLS quarterly census of employment and wages.

Real disposable personal income is now estimated to have increased 3.3 percent (annual rate) in the fourth quarter and 4.0 percent in the first. (By comparison, the estimates that were available last month showed increases of 2.3 percent in the fourth quarter and 2.9 percent in the first.)

The revision to fourth-quarter wages and salaries also resulted in a revision to gross domestic income (GDI). Real GDI is now estimated to have increased 1.9 percent in the fourth quarter, an upward revision of 1.0 percentage point.

Annual Revision Scheduled for July 29

The annual revision of the national income and product accounts will be released along with the "advance" estimate of GDP for the second quarter of 2016 on July 29. GDP will be revised for the most recent 3 years (2013 through 2015) and for the first quarter of 2016. For more information, see "Preview of the Upcoming Annual NIPA Revision" included in the May *Survey of Current Business* article on "[GDP and the Economy](#)". The August *Survey* will contain an article that describes the results.

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Table A. SOURCE DATA FOR THE ADVANCE AND SECOND ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2016

This table shows the actual data used for the second estimate of GDP for the first quarter of 2016. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 28, 2016, and BEA made assumptions for these source data. The revisions for March are calculated from the values that had been assumed for the advance estimate. Other revisions are based on the source data that had been incorporated in the advance estimate.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Census Bureau.

	Oct.	2015 Nov.	Dec.	Jan.	2016 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
1	Value of new nonresidential construction put in place.....					
	403.8	400.3	392.8	400.8	404.0	406.8
	<i>Revision</i>					
	0.0	0.0	0.0	-2.7	5.7	6.0
Residential structures:						
Value of new residential construction put in place:						
2	Single family.....					
	226.1	228.6	231.1	232.5	236.2	236.3
	<i>Revision</i>					
	0.0	0.0	0.0	0.3	1.2	-0.6
3	Multifamily.....					
	53.4	56.7	57.2	59.5	61.0	64.4
	<i>Revision</i>					
	0.0	0.0	0.0	0.3	1.3	4.2
Change in private inventories:						
NOTE: Historical (Oct.–Jan.) data reflect concurrent seasonal factors.						
4	Change in inventories for nondurable manufacturing.....					
	-8.4	-17.7	-30.9	-10.7	-12.5	-1.0
	<i>Revision</i>					
	-11.0	-10.1	-13.1	15.6	5.6	10.3
5	Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....					
	-3.1	-7.5	-8.1	11.3	-22.9	20.3
	<i>Revision</i>					
	-6.6	1.3	2.9	0.9	-11.1	5.2
Government:						
State and local:						
Structures:						
6	Value of new construction put in place.....					
	269.2	263.9	270.9	276.7	277.9	273.9
	<i>Revision</i>					
	0.0	0.0	0.0	-2.9	3.3	-3.2

5/27/2016 8:30 AM