



**Technical Note**  
Gross Domestic Product  
Third Quarter of 2008 (Preliminary)  
November 25, 2008

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 at [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 ("GDP and the Economy").

### **Sources of Revision to Real GDP**

Real GDP decreased 0.5 percent (annual rate) in the third quarter (that is, from the second quarter to the third). This estimate is a downward revision from the advance estimate that was released last month, which showed a decrease of 0.3 percent.

- Consumer spending was revised down, reflecting revised Census Bureau retail sales data for August and September, newly available Energy Information Administration data on gasoline, electricity, and natural gas, and a wide variety of source data for services.
- Exports and imports were revised down, reflecting newly available Census goods data for September and revised goods data for August.
- Inventory investment was revised up, reflecting newly available Census inventory data for September and newly available BLS producer price indexes for October.

The price index for gross domestic purchases increased 4.7 percent in the third quarter, which was 0.1 percentage point less than the preliminary estimate. The revision primarily reflected a downward revision to the implicit price for banking services that was based on newly available Federal Reserve Board tabulations of *Call Report* data for the third quarter. The "market-based" PCE price index, which excludes most imputed expenditures, increased 5.7 percent in the third quarter. For more information, see the FAQ on the BEA Web site, ["What is the 'market-based' PCE price index?"](#)

### **Corporate Profits**

Profits from current production decreased \$14.6 billion, or 0.9 percent (quarterly rate), in the third quarter, after decreasing \$60.2 billion, or 3.8 percent, in the second.

Third-quarter profits from current production were reduced by \$46.2 billion because of Hurricane Ike, reflecting the net benefits paid by domestic insurance companies and uninsured losses of corporate property.

### **Revisions to Wages and Salaries and Disposable Personal Income**

In addition to presenting preliminary estimates for the third quarter, today's release also presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance. Wage and salary disbursements are now estimated to have increased \$13.3 billion in the second quarter, a downward revision of

\$37.3 billion. These estimates reflect newly available wage and salary tabulations for the second quarter from the Bureau of Labor Statistics quarterly census of employment and wages. These data are more comprehensive than the monthly employment and earnings data that were used for the earlier estimates--they include the pay of supervisors and irregular pay, such as bonuses and gains from the exercise of stock options.

Real disposable personal income is now estimated to have increased 10.7 percent in the second quarter and to have decreased 9.2 percent in the third. (By comparison, the estimates that were available last month showed an increase of 11.9 percent in the second quarter and a decrease of 8.7 percent in the third.) The quarterly pattern of DPI reflects the rebate payments to individuals from the Economic Stimulus Act of 2008, which added \$311.6 billion (annual rate) to second quarter current-dollar DPI.

Brent R. Moulton  
Associate Director for National Economic Accounts  
Bureau of Economic Analysis  
(202) 606-9606

**Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY ESTIMATES OF GDP FOR THE THIRD QUARTER OF 2008**

This table shows the actual data used for the preliminary estimate of GDP for the third quarter of 2008. For these key series, actual data for September were not available in time for inclusion in the advance GDP estimate released on October 30, 2008, and BEA made assumptions for these source data. The numbers in brackets show the September 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.

	2008					
	Apr.	May	Jun.	Jul.	Aug.	Sept.
<b>Private fixed investment:</b>						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	400.2	412.8	424.0	417.0 {419.3}	410.3 {416.0}	415.2 {415.6}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	41.6	45.9	41.9	41.9	47.9 {47.9}	24.6 {14.0}
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	203.6	198.2	191.4	185.1 {184.7}	177.7 {176.9}	169.3 {168.4}
4 Multifamily.....	44.3	45.8	45.7	47.1 {46.6}	44.0 {44.6}	45.2 {42.4}
<b>Change in private inventories:</b>						
5 Change in inventories for nondurable manufacturing.....	-24.0	20.1	49.2	4.6	10.4 {10.3}	-63.8 {-42.0}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	80.0	39.8	54.6	91.3	20.5 {31.7}	14.3 {-8.2}
<b>Net exports:</b>						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1320.7	1332.0	1395.1	1450.0	1414.6 {1411.7}	1296.9 {1331.7}
6a Excluding gold.....	1296.1	1312.7	1381.8	1427.8	1403.3 {1400.4}	1277.2 {1309.5}
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	2196.1	2197.3	2250.3	2339.4	2267.3 {2262.5}	2132.1 {2167.9}
7a Excluding gold.....	2177.3	2187.7	2240.8	2325.9	2260.3 {2255.6}	2114.4 {2151.9}
8 Net exports of goods.....	-875.4	-865.3	-855.2	-889.4	-852.7 {-850.8}	-835.2 {-836.2}
8a Excluding gold.....	-881.2	-875.0	-859.0	-898.1	-856.9 {-855.1}	-837.1 {-842.5}
<b>Government:</b>						
State and local:						
Structures:						
9 Value of new construction put in place.....	278.9	281.5	283.3	284.6 {286.2}	287.9 {288.5}	285.7 {287.3}