



Technical Note
Gross Domestic Product
Second Quarter of 2006 (Preliminary)
August 30, 2006

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 second 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 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

The real GDP growth rate in the second quarter was revised from 2.5 percent to 2.9 percent (annual rate).

- Investment in nonresidential structures was revised up--and investment in residential structures was revised down--reflecting newly available Census Bureau value-put-in-place data for June and revised data for April and May.
- Inventory investment was revised up, reflecting newly available Census Bureau inventory data for June and revised data for May.
- Exports were revised up, reflecting newly available Census goods data for June.
- Spending by state and local governments was revised up, reflecting the Census Bureau value-put-in-place data.

Corporate Profits

Profits from current production increased \$49.5 billion, or 3.2 percent (quarterly rate), in the second quarter, after increasing \$175.6 billion, or 12.6 percent, in the first.

Revisions to Wages and Salaries and Disposable Personal Income

In addition to presenting preliminary estimates for the second quarter, today's news release also presents revised estimates of first-quarter wages and salaries, personal taxes, and contributions for government social insurance. These estimates reflect newly available wage-and-salary tabulations for the first quarter from the Bureau of Labor Statistics quarterly census of employment and wages. Wage and salary disbursements are now estimated to have increased \$183.1 billion in the first quarter, an upward revision of \$79.2 billion. Real disposable personal income is now estimated to have increased 4.6 percent in the first quarter and to have increased 1.5 percent in the second. (By comparison, the estimates that were available last month showed an increase of 1.7 percent in the first quarter and an increase of 1.0 percent in the second.

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY ESTIMATES OF GDP FOR THE SECOND QUARTER OF 2006

This table shows the actual data used for the preliminary estimate of GDP for the second quarter of 2006. For these key series, actual data for June were not available in time for inclusion in the advance GDP estimate released on July 28, 2006, and BEA made assumptions for these source data. The numbers in brackets show the June values that had been assumed for the advance estimate. For most series, the data incorporated for May and, in some cases, for April, 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.

| | 2006 | | | | | |
|--|--------|--------|--------|------------------|--------------------|--------------------|
| | Jan. | Feb. | Mar. | Apr. | May | Jun. |
| Private fixed investment: | | | | | | |
| Nonresidential structures: | | | | | | |
| 1 Value of new nonresidential construction put in place..... | 277.9 | 277.8 | 284.5 | 290.7 {289.0} | 295.2 {288.2} | 303.1 {288.6} |
| Equipment and software: | | | | | | |
| 2 Manufacturers' shipments of complete aircraft..... | 33.2 | 47.6 | 37.5 | 27.0 | 34.0 {34.0} | 37.7 {38.7} |
| Residential structures: | | | | | | |
| Value of new residential construction put in place: | | | | | | |
| 3 Single family..... | 455.8 | 457.5 | 457.3 | 446.5 {449.4} | 438.0 {441.8} | 428.7 {435.1} |
| 4 Multifamily..... | 54.7 | 55.6 | 56.4 | 56.1 {57.0} | 55.4 {56.7} | 55.4 {55.9} |
| Change in private inventories: | | | | | | |
| 5 Change in inventories for nondurable manufacturing..... | 35.1 | -10.1 | 14.7 | 14.3 | 16.1 {-12.1} | 20.9 {8.5} |
| 5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment... | 22.0 | 32.4 | 35.2 | 48.2 | 76.5 {74.0} | 57.1 {72.2} |
| Net exports: | | | | | | |
| Exports of goods: | | | | | | |
| 6 U.S. exports of goods, international-transactions-accounts basis..... | 976.9 | 969.0 | 988.3 | 982.0 | 1008.7 {1010.5} | 1038.9 {1011.8} |
| 6a Excluding gold..... | 969.3 | 962.3 | 979.8 | 975.1 | 999.3 {1001.2} | 1028.7 {1003.2} |
| Imports of goods: | | | | | | |
| 7 U.S. imports of goods, international-transactions-accounts basis..... | 1843.5 | 1785.4 | 1800.8 | 1816.8 | 1860.9 {1851.6} | 1883.3 {1873.7} |
| 7a Excluding gold..... | 1837.5 | 1780.1 | 1795.0 | 1811.4 | 1853.9 {1844.6} | 1878.1 {1867.6} |
| 8 Net exports of goods..... | -866.7 | -816.3 | -812.6 | -834.8 | -852.2 {-841.0} | -844.4 {-861.9} |
| 8a Excluding gold..... | -868.3 | -817.8 | -815.1 | -836.4 | -854.6 {-843.4} | -849.4 {-864.4} |
| Government: | | | | | | |
| State and local: | | | | | | |
| Structures: | | | | | | |
| 9 Value of new construction put in place..... | 235.8 | 240.0 | 243.8 | 247.6 {245.1} | 252.9 {247.1} | 255.3 {246.1} |