



Technical Note
Gross Domestic Product
First Quarter of 2006 (Preliminary)
May 25, 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 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 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 first quarter was revised from 4.8 percent to 5.3 percent.

- Inventory investment was revised up, reflecting newly available Census Bureau inventory data for March.
- Exports of goods and services were revised up, reflecting newly available Census goods data for March.

These upward revisions were partly offset by downward revisions:

- Personal consumption expenditures for services were revised down, reflecting newly available electricity and natural gas usage data for February from the Energy Information Administration.
- Investment in equipment and software was revised down, reflecting revised Census shipments data for January, February, and March from the benchmarked *Manufacturers' Shipments, Inventories, and Orders* survey, which were incorporated on a best-change basis.

Corporate Profits

Profits from current production increased \$116.5 billion, or 7.9 percent, in the first quarter, after increasing \$185.8 billion, or 14.4 percent, in the fourth.

Fourth-quarter profits from current production were reduced by \$22.9 billion (at an annual rate) because of Hurricane Wilma, reflecting the net benefits paid by domestic insurance companies and the uninsured losses of corporate property. Third-quarter profits were reduced by \$165.3 billion because of Hurricanes Katrina and Rita. For further information on the treatment of the hurricanes in the national accounts, see the FAQs available on BEA's Web site, www.bea.gov.

Revisions to Wages and Salaries and Disposable Personal Income

In addition to presenting preliminary estimates for the first quarter, today's news release also presents revised fourth-quarter estimates of wages and salaries, personal taxes, and contributions for government social insurance that are based on preliminary data from the Bureau of Labor Statistics quarterly census of employment and wages. Wage and salary disbursements are now estimated to have increased \$22.3 billion in the fourth quarter, a downward revision of \$45.5 billion.

The estimate of personal current taxes for the first quarter was also revised, reflecting newly available data on Federal nonwithheld income taxes from the *Monthly Treasury Statement* through April and from the *Daily Treasury Statement* through mid-May. Personal current taxes are now estimated to have increased \$59.0 billion in the first quarter, an upward revision of \$20.5 billion.

Real disposable personal income is now estimated to have increased 5.1 percent in the fourth quarter and to have increased 2.1 percent in the first. (By comparison, the estimates that were available last month showed an increase of 6.7 percent in the fourth quarter and an increase of 3.2 percent in the first.)

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

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

| | Oct. | 2005 Nov. | Dec. | Jan. | 2006 Feb. | Mar. |
|--|----------------|----------------------|----------------|------------------|----------------------|--------------------|
| Private fixed investment: | | | | | | |
| Nonresidential structures: | | | | | | |
| 1 Value of new total private construction put in place less residential (inc. improvements)..... | 249.5 | 253.1 | 260.1 | 265.3 {263.3} | 268.3 {265.3} | 267.9 {264.3} |
| Equipment and software: | | | | | | |
| 2 Manufacturers' shipments of complete aircraft..... | 27.8 | 26.5 | 26.3 | 33.9 | 43.4 {43.4} | 34.6 {34.6} |
| Residential structures: | | | | | | |
| Value of new residential construction put in place: | | | | | | |
| 3 Single family..... | 439.8 | 445.9 | 450.3 | 451.6 {452.6} | 456.8 {458.5} | 459.2 {457.8} |
| 4 Multifamily..... | 49.1 | 49.1 | 50.3 | 52.3 {50.5} | 53.1 {50.4} | 54.0 {50.3} |
| Change in private inventories: | | | | | | |
| 5 Change in inventories for nondurable manufacturing..... | 20.8 {17.0} | -12.1 {-7.6} | 26.5 {29.4} | 35.1 {26.8} | -10.1 {-6.7} | 13.1 {5.6} |
| 5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment... | 4.0 | 31.1 | 63.5 | 22.0 | 32.4 {24.5} | 34.1 {13.1} |
| Net exports: | | | | | | |
| Exports of goods: | | | | | | |
| 6 U.S. exports of goods, international-transactions-accounts basis..... | 900.7 | 925.7 | 949.3 | 979.2 | 964.5 {965.5} | 985.3 {966.6} |
| 6a Excluding gold..... | 894.6 | 919.9 | 943.8 | 971.6 | 957.8 {958.7} | 976.9 {958.7} |
| Imports of goods: | | | | | | |
| 7 U.S. imports of goods, international-transactions-accounts basis..... | 1776.0 | 1757.9 | 1791.0 | 1861.7 | 1802.3 {1806.4} | 1785.9 {1791.7} |
| 7a Excluding gold..... | 1770.8 | 1752.6 | 1785.2 | 1855.7 | 1797.0 {1801.1} | 1780.0 {1786.1} |
| 8 Net exports of goods..... | -875.3 | -832.2 | -841.7 | -882.5 | -837.8 {-840.9} | -800.6 {-825.1} |
| 8a Excluding gold..... | -876.2 | -832.7 | -841.4 | -884.1 | -839.3 {-842.4} | -803.2 {-827.3} |
| Government: | | | | | | |
| State and local: | | | | | | |
| Structures: | | | | | | |
| 9 Value of new construction put in place..... | 232.7 | 234.8 | 235.6 | 237.7 {236.0} | 238.5 {235.1} | 238.6 {235.6} |