GDP and the Economy

Advance Estimates for the Second Quarter of 2013

Real gross domestic product (GDP) increased 1.7 percent at an annual rate in the second quarter of 2013, according to the advance estimates of the national income and product accounts (NIPAs) (chart 1 and see table 1). In the first quarter of 2013, real GDP increased 1.1 percent (revised).[1]

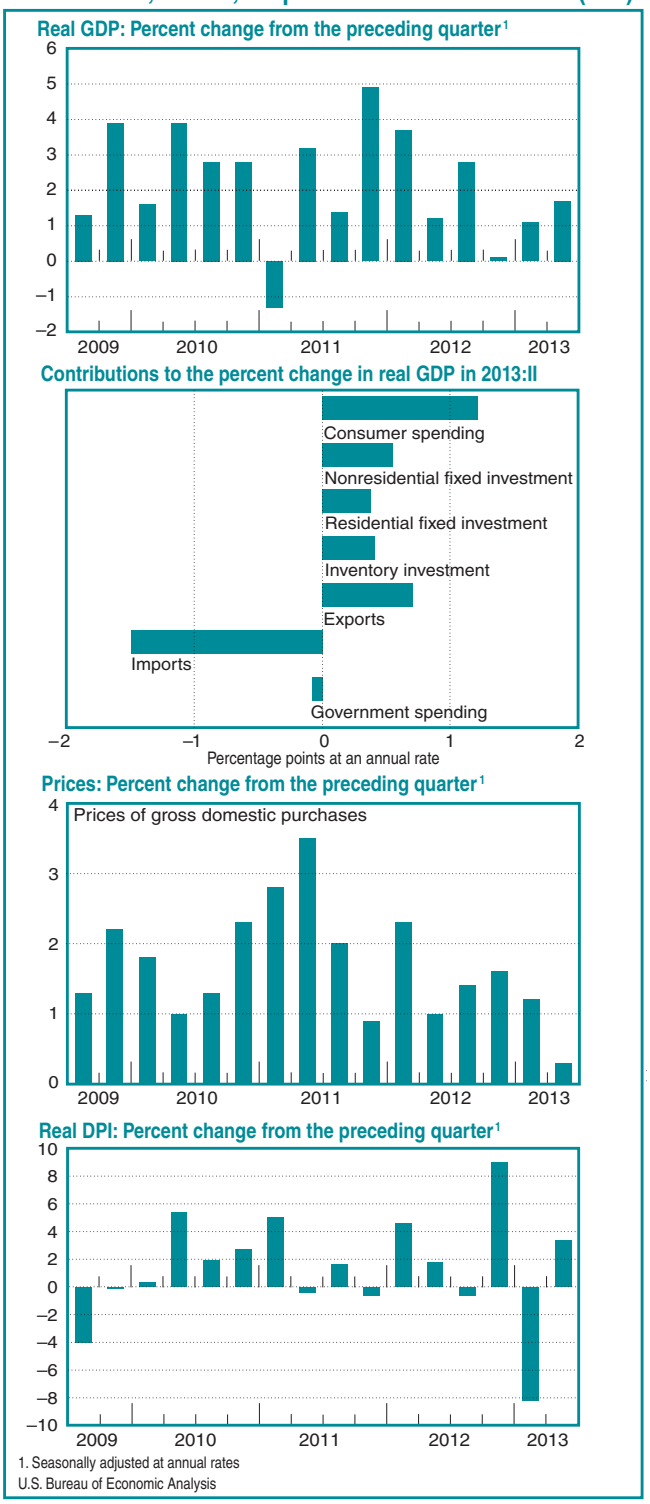
The NIPA estimates for 1929 through the first quarter of 2013 have been revised as part of the comprehensive NIPA revision. An article describing the revised statistics will be published in the September 2013 Survey of Current Business.

- The acceleration in real GDP in the second quarter of 2013 primarily reflected upturns in nonresidential fixed investment and in exports, a smaller decrease in federal government spending, and an upturn in state and local government spending that were partly offset by an acceleration in imports and by decelerations in private inventory investment and in consumer spending.[2]
- Prices of goods and services purchased by U.S. residents, as measured by the gross domestic purchases price index, increased 0.3 percent in the second quarter after increasing 1.2 percent in the first quarter. Energy prices decreased more in the second quarter than in the first quarter. Food prices slowed. Excluding food and energy, prices increased 0.8 percent after increasing 1.4 percent (see table 2).
- Real disposable personal income (DPI) increased 3.4 percent in the second quarter after decreasing 8.2 percent in the first quarter. Current-dollar DPI increased 3.4 percent after decreasing 7.2 percent. The upturn in current-dollar DPI reflected a sharp upturn in personal income and a deceleration in personal current taxes (see table 3).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.5 percent in the second quarter; in the first quarter, the rate was 4.0 percent.

1. "Real" estimates are in chained (2009) 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)



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Real GDP Overview

Table 1. 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	
	II	III	IV	I	II	III	IV	I	II
Gross domestic product [1]	**100.0**	**2.8**	**0.1**	**1.1**	**1.7**	**2.8**	**0.1**	**1.1**	**1.7**
Personal consumption expenditures	**68.7**	**1.7**	**1.7**	**2.3**	**1.8**	**1.15**	**1.13**	**1.54**	**1.22**
Goods	23.2	3.7	3.7	3.7	3.4	0.84	0.85	0.85	0.79
Durable goods	7.6	8.3	10.5	5.8	6.5	0.59	0.74	0.43	0.48
Nondurable goods	15.6	1.6	0.6	2.7	2.0	0.25	0.10	0.43	0.31
Services	45.6	0.7	0.6	1.5	0.9	0.31	0.29	0.69	0.43
Gross private domestic investment	**15.8**	**6.5**	**–2.4**	**4.7**	**9.0**	**0.99**	**–0.36**	**0.71**	**1.34**
Fixed investment	15.3	2.7	11.6	–1.5	6.3	0.39	1.63	–0.23	0.93
Nonresidential	12.2	0.3	9.8	–4.6	4.6	0.04	1.13	–0.57	0.55
Structures	2.7	5.9	17.6	–25.7	6.8	0.15	0.44	–0.80	0.17
Equipment	5.6	–3.9	8.9	1.6	4.1	–0.22	0.47	0.09	0.23
Intellectual property products	3.9	2.8	5.7	3.7	3.8	0.11	0.21	0.14	0.15
Residential	3.1	14.1	19.8	12.5	13.4	0.35	0.50	0.34	0.38
Change in private inventories	0.5	.....	.....	.....	.....	0.60	–2.00	0.93	0.41
Net exports of goods and services	**–3.2**	.....	.....	.....	.....	**–0.03**	**0.68**	**–0.28**	**–0.81**
Exports	13.4	0.4	1.1	–1.3	5.4	0.05	0.15	–0.18	0.71
Goods	9.2	1.6	–3.0	–2.8	5.4	0.16	–0.28	–0.27	0.49
Services	4.2	–2.6	11.3	2.2	5.3	–0.10	0.43	0.09	0.22
Imports	16.6	0.5	–3.1	0.6	9.5	–0.08	0.53	–0.10	–1.51
Goods	13.8	0.4	–3.5	–0.2	9.8	–0.05	0.50	0.03	–1.29
Services	2.8	1.0	–1.0	5.0	8.2	–0.03	0.03	–0.13	–0.22
Government consumption expenditures and gross investment	**18.8**	**3.5**	**–6.5**	**–4.2**	**–0.4**	**0.67**	**–1.31**	**–0.82**	**–0.08**
Federal	7.5	8.9	–13.9	–8.4	–1.5	0.69	–1.19	–0.68	–0.12
National defense	4.7	12.5	–21.6	–11.2	–0.5	0.60	–1.22	–0.57	–0.02
Nondefense	2.9	2.8	1.0	–3.6	–3.2	0.08	0.03	–0.11	–0.09
State and local	11.2	–0.2	–1.0	–1.3	0.3	–0.02	–0.12	–0.14	0.04
Addenda:									
Final sales of domestic product	99.5	2.2	2.2	0.2	1.3	2.19	2.14	0.21	1.26
Goods	30.6	4.8	–1.2	5.5	2.9	1.46	–0.36	1.63	0.88
Services	62.1	1.6	–0.6	0.3	0.4	1.00	–0.35	0.21	0.24
Structures	7.3	4.7	12.7	–9.2	7.9	0.32	0.85	–0.70	0.55
Motor vehicle output	2.8	0.2	–2.8	9.2	10.4	0.01	–0.07	0.24	0.27
GDP excluding motor vehicle output	97.2	2.9	0.2	0.9	1.4	2.78	0.22	0.91	1.40
Final sales of computers	0.4	0.9	50.3	17.5	19.3	0.00	0.16	0.07	0.07
GDP excluding final sales of computers	99.6	2.8	0.0	1.1	1.6	2.78	–0.02	1.08	1.60
Research and development (R&D)	2.6	1.7	0.4	–0.2	3.3	0.04	0.01	0.00	0.08
GDP excluding R&D	97.4	2.8	0.1	1.2	1.6	2.74	0.13	1.15	1.59

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

Note. Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from NIPA table 1.2.5.

Consumer spending slowed in the second quarter, reflecting slowdowns in services and in goods.

Spending for goods slowed slightly. The largest contributors to the slowdown were downturns in food and beverages purchased for off-premises consumption and in motor vehicle and parts (specifically used motor vehicles).

The slowdown in spending for services primarily reflected a downturn in electricity and gas that was partly offset by a widespread upturn in "other" services, but especially an upturn in cellular telephone services.

Nonresidential fixed investment turned up, primarily reflecting an upturn in structures and an acceleration in equipment. The upturn in structures primarily reflected upturns in power and communication structures and in mining exploration, shafts, and wells. The acceleration in equipment was more than accounted for by an acceleration in "other" information processing equipment (specifically imported communications equipment).

Inventory investment slowed, reflecting a slowdown in farm inventory investment that was partly offset by an acceleration in nonfarm inventory investment.

Exports turned up; the upturn was primarily accounted for by an upturn in goods exports.

Imports picked up. The pickup primarily reflected an upturn in goods imports.

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

Real final sales of domestic product, real GDP less inventory investment, increased 1.3 percent after increasing 0.2 percent.

Changes in Definitions and Presentations

As part of the comprehensive NIPA revision, several changes were made to improve the accounts to more accurately reflect the evolving economy. One of these changes is presented in table 1: intellectual property products is now a new category in fixed investment, and it consists of software, research and development, and entertainment, literary, and artistic originals.

For the details, see "Preview of the 2013 Comprehensive Revision: Changes in Definitions and Presentations" in the March 2013 Survey of Current Business.

Prices

Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2012		2013		2012		2013	
	III	IV	I	II	III	IV	I	II
Gross domestic purchases [1]	**1.4**	**1.6**	**1.2**	**0.3**	**1.4**	**1.6**	**1.2**	**0.3**
Personal consumption expenditures	**1.7**	**1.6**	**1.1**	**0.0**	**1.13**	**1.08**	**0.72**	**0.02**
Goods	1.3	0.7	–1.0	–3.3	0.30	0.16	–0.22	–0.77
Durable goods	–2.2	–2.1	–1.1	–2.0	–0.16	–0.15	–0.08	–0.14
Nondurable goods	3.0	2.0	–0.9	–4.0	0.46	0.31	–0.14	–0.62
Services	1.9	2.1	2.1	1.8	0.83	0.93	0.94	0.79
Gross private domestic investment	**1.3**	**1.5**	**2.1**	**1.8**	**0.18**	**0.21**	**0.31**	**0.26**
Fixed investment	1.4	1.3	2.3	1.8	0.21	0.20	0.33	0.26
Nonresidential	1.0	0.8	1.3	0.9	0.12	0.09	0.16	0.10
Structures	0.6	1.2	4.0	4.8	0.02	0.03	0.10	0.12
Equipment	1.4	1.5	–0.3	–0.5	0.08	0.08	–0.02	–0.03
Intellectual property products	0.7	–0.6	1.9	0.2	0.03	–0.02	0.07	0.01
Residential	3.4	4.0	6.3	5.7	0.09	0.11	0.17	0.16
Change in private inventories	.....	.....	.....	.....	–0.02	0.02	–0.02	0.00
Government consumption expenditures and gross investment	**0.3**	**1.4**	**0.9**	**0.1**	**0.06**	**0.25**	**0.17**	**0.02**
Federal	0.2	0.6	2.4	0.7	0.01	0.04	0.18	0.05
National defense	0.4	0.8	2.8	0.7	0.02	0.04	0.13	0.03
Nondefense	–0.2	0.1	1.8	0.9	–0.01	0.00	0.05	0.02
State and local	0.4	1.9	–0.1	–0.3	0.05	0.21	–0.01	–0.04
Addenda:								
Gross domestic purchases:								
Food	0.6	2.5	1.4	0.4	0.04	0.13	0.07	0.02
Energy goods and services	7.1	6.4	–4.5	–12.2	0.25	0.23	–0.16	–0.48
Excluding food and energy	1.2	1.3	1.4	0.8	1.09	1.20	1.29	0.76
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption	0.7	1.8	1.3	0.5	.....	.....	.....	.....
Energy goods and services	7.4	6.6	–3.4	–12.0	.....	.....	.....	.....
Excluding food and energy	1.4	1.3	1.4	0.8	.....	.....	.....	.....
Gross domestic product (GDP)	2.3	1.1	1.3	0.7	.....	.....	.....	.....
Exports of goods and services	0.0	1.5	1.4	–2.9	.....	.....	.....	.....
Imports of goods and services	–5.0	4.1	0.5	–4.9	.....	.....	.....	.....

1. The estimates of gross domestic purchases 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, decelerated sharply, increasing 0.3 percent in the second quarter after increasing 1.2 percent. The deceleration primarily reflected a larger decrease in energy prices. Prices excluding food and energy also decelerated.

Consumer prices slowed sharply, mainly reflecting a downturn in prices paid for gasoline and other energy goods.

Prices paid for nonresidential fixed investment slowed, primarily reflecting a slowdown in prices paid for intellectual property products (particularly research and development).

Prices paid by government slowed, primarily reflecting a slowdown in prices paid by the federal government for national defense consumption expenditures after the first-quarter pay raise for military personnel. Prices paid by state and local governments decreased slightly more than in the first quarter.

Consumer prices excluding food and energy, a measure of "core" inflation, slowed, increasing 0.8 percent after increasing 1.4 percent.

The GDP price index increased 0.7 percent in the second quarter, 0.4 percentage point more than the increase in the price index for gross domestic purchases. Export prices decreased 2.9 percent after increasing 1.4 percent, and import prices decreased 4.9 percent after increasing 0.5 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 and pet food. (See the FAQ "What is the core PCE price index and why has it been redefined?" 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 3. Personal Income and Its Disposition

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

	Level		Change from preceding period			
	2013	2013	2012		2013	
	I	II	III	VI	I	II
Personal income	**13,916.0**	**14,056.1**	**49.8**	**371.5**	**–157.1**	**140.1**
Compensation of employees	8,736.9	8,805.9	37.2	196.4	–50.5	69.0
Wages and salaries	7,029.7	7,090.0	31.2	181.9	–56.9	60.3
Private industries	5,833.9	5,895.5	31.7	177.5	–53.3	61.6
Goods-producing industries	1,181.8	1,193.1	–6.5	20.3	14.8	11.3
Manufacturing	745.1	751.0	–3.4	8.2	4.6	5.9
Services-producing industries	4,652.1	4,702.4	38.2	157.3	–68.2	50.3
Trade, transportation, and utilities	1,115.2	1,124.5	6.2	24.2	1.0	9.3
Other services-producing industries	3,536.9	3,577.9	32.0	133.1	–69.2	41.0
Government	1,195.8	1,194.5	–0.4	4.2	–3.5	–1.3
Supplements to wages and salaries	1,707.2	1,715.9	5.9	14.7	6.3	8.7
Proprietors' income with IVA and CCAdj	1,334.6	1,334.9	2.2	27.5	87.1	0.3
Farm	137.0	120.7	–1.7	–0.8	62.5	–16.3
Nonfarm	1,197.6	1,214.2	3.9	28.3	24.6	16.6
Rental income of persons with CCAdj	574.9	585.8	8.9	8.7	19.5	10.9
Personal income receipts on assets	1,935.8	1,998.8	–8.4	135.9	–127.0	63.0
Personal interest income	1,215.8	1,231.5	–15.7	14.7	–2.6	15.7
Personal dividend income	720.0	767.3	7.3	121.1	–124.3	47.3
Personal current transfer receipts	2,426.0	2,430.3	12.2	23.6	38.0	4.3
Government social benefits to persons	2,382.0	2,385.8	13.3	24.1	34.1	3.8
Social security	789.8	794.9	4.4	5.4	19.6	5.1
Medicare	589.3	587.3	9.8	13.2	12.1	–2.0
Medicaid	423.7	424.8	0.6	3.6	–1.4	1.1
Unemployment insurance	73.9	68.2	–7.2	–3.4	–1.4	–5.7
Veterans benefits	76.8	80.0	2.4	2.0	3.5	3.2
Other	428.6	430.7	3.2	3.3	1.8	2.1
Other current transfer receipts from business, net	44.0	44.4	–1.1	–0.5	3.9	0.4
Less: Contributions for government social insurance	1,092.3	1,099.6	2.3	20.5	124.4	7.3
Less: Personal current taxes	1,627.1	1,663.1	16.4	56.4	74.3	36.0
Equals: Disposable personal income (DPI)	12,288.9	12,393.0	33.2	315.3	–231.5	104.1
Less: Personal outlays	11,794.9	11,839.6	93.1	95.2	98.7	44.7
Equals: Personal saving	494.0	553.4	–59.8	220.0	–330.1	59.4
Personal saving as a percentage of DPI	4.0	4.5	.....	.....	.....	.....
Addenda: The effects of special factors on changes in DPI						
In government wages and salaries:						
Federal pay raise	.....	.....	0.0	0.0	1.9	0.0
In supplements to wages and salaries:						
FICA increase in maximum taxable wages	.....	.....	0.0	0.0	1.8	0.0
State unemployment insurance changes in tax rates and taxable wage base	.....	.....	0.0	0.0	3.4	0.0
Federal Unemployment Tax Act credit reduction	.....	.....	0.0	0.0	1.0	0.0
In personal dividend income:						
Accelerated dividends	.....	.....	0.0	105.6	–132.6	27.0
In government social benefits to persons:						
Cost-of-living adjustments (COLAs) [1]	.....	.....	0.0	0.0	15.2	0.0
Automatic Earnings Reappraisal Operation	.....	.....	–0.3	2.3	–2.3	0.3
In employee contributions for government social insurance:						
FICA and SECA increase in maximum taxable wages	.....	.....	0.0	0.0	2.1	0.0
SMI premium increase			0.0	0.0	4.3	0.0
Additional hospital insurance tax			0.0	0.0	6.7	0.0
Expiration of the "payroll tax holiday"			0.0	0.0	115.5	0.0
In personal current taxes:						
Change in indexation	.....	.....	0.0	0.0	–1.4	0.0
Refunds, settlements, and back taxes	.....	.....	0.0	0.0	61.5	0.0

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. CCAdj Capital consumption adjustment
FICA Federal Insurance Contributions Act IVA Inventory valuation adjustment
SECA Self-Employed Contributions Act SMI Supplementary Medical Insurance

Personal income, which is measured in current dollars, turned up in the second quarter, increasing $140.1 billion after decreasing $157.1 billion in the first quarter. The upturn primarily reflected sharp upturns in personal dividend income and in wages and salaries and a sharp deceleration in contributions for government social insurance (a subtraction in the calculation of personal income) that were partly offset by a downturn in farm proprietors' income and a deceleration in government social benefits to persons.

The upturn in wages and salaries primarily reflected a sharp upturn in wages and salaries of private industries. The first-quarter decrease was due to the incorporation of preliminary data from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics. Government wages and salaries decreased less than in the first quarter.

The downturn in farm proprietors' income primarily reflected a downturn in farm output.

The upturn in personal dividend income followed a first-quarter decrease that primarily reflected the accelerated and special dividends that were paid by many companies in the fourth quarter of 2012.

The deceleration in government social benefits to persons primarily reflected a deceleration in social security benefits and a downturn in Medicare benefits. First-quarter social security benefits were boosted by a January cost-of-living adjustment. The downturn in Medicare benefits reflected a 2.0-percentage-point reduction in physicians' reimbursement rates that took effect in April.

The deceleration in contributions for government social insurance primarily reflected the first-quarter expiration of the "payroll tax holiday" that resulted in a 2.0-percentage-point increase in the social security contribution rate for employees and self-employed workers.

Personal current taxes decelerated, primarily reflecting a deceleration in federal income taxes (specifically nonwithheld income taxes).

Chart 2. Personal Saving Rate

Source Data for the Advance Estimates

Table 4. Source Data and Key Assumptions for the Advance Estimates of GDP and Its Components for the Second Quarter of 2013

[Billions of dollars, seasonally adjusted at annual rates]

	2013					
	Jan.	Feb.	March	April	May	June[1]
Private fixed investment:						
Nonresidential structures:						
Value of new nonresidential construction put in place	283.4	284.2	285.3	287.1	283.1	285.1
Residential structures:						
Value of new residential construction put in place:						
Single family	153.7	161.3	164.0	165.7	166.3	166.2
Multifamily	28.3	28.9	29.5	31.0	31.8	31.8
Change in private inventories:						
Change in inventories for nondurable manufacturing	19.2	–5.4	13.6	–1.9	–2.0	–2.8
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment	115.0	–14.9	–15.0	6.3	–17.7	–3.9
Net exports: [2]						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis	1,567.6	1,573.0	1,551.1	1,573.5	1,563.1	1,571.9
Excluding gold	1,527.2	1,529.2	1,501.7	1,528.6	1,531.7	1,529.9
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis	2,304.8	2,320.6	2,215.9	2,274.4	2,324.4	2,299.8
Excluding gold	2,284.5	2,306.3	2,200.2	2,258.1	2,305.9	2,280.2
Net exports of goods	–737.3	–747.6	–664.8	–700.9	–761.3	–727.9
Excluding gold	–757.3	–777.1	–698.5	–729.6	–774.2	–750.2
State and local government structures:						
Value of new construction put in place	241.4	244.7	241.6	241.1	245.7	243.4

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 June, including the following (table 4):

- An increase in nonresidential structures,
- A slight decrease in single-family structures,
- No change in multifamily structures,
- A decrease in nondurable manufacturing inventories,
- A decrease in nonmotor vehicle merchant wholesale and retail inventories,
- A decrease in exports of goods excluding gold that was less than a decrease in imports of goods excluding gold (resulting in an improved trade balance), and
- A decrease in state and local government construction spending.

A more comprehensive list is available on BEA's Web site.