



Technical Note
Gross Domestic Product
Fourth Quarter of 2015 (Third Estimate)
March 25, 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 fourth quarter of 2015 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 1.4 percent (annual rate) in the fourth quarter, an upward revision of 0.4 percentage point from the second estimate. The revision to real GDP primarily reflected upward revisions to consumer spending and to exports that were partly offset by a downward revision to inventory investment.

- The upward revision to consumer spending was primarily to services (notably, to recreation and transportation services) and mostly reflected newly available Census Bureau quarterly services survey data for the fourth quarter.
- The upward revision to exports reflected upward revisions to both services and goods. The revision to services reflected upward revisions to "other" business services and to travel, and the revision to goods reflected an upward revision to "other" goods. The revisions were based on fourth-quarter data from the international transactions accounts.
- The downward revision to inventory investment reflected downward revisions to manufacturing and retail trade industries, based on revised Census inventory data for December.

The price index for personal consumption expenditures increased 0.3 percent in the fourth quarter, a downward revision of 0.1 percentage point from the second estimate.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures the value of the production of goods and services in the United States as the costs incurred and the incomes earned in production, increased 0.9 percent in the fourth quarter, following a 2.0 percent increase in the third quarter.

Profits from current production decreased \$159.6 billion, or 7.8 percent (quarterly rate), in the fourth quarter, compared with a decrease of \$33.0 billion, or 1.6 percent, in the third. In the fourth quarter, profits of domestic financial corporations decreased \$24.0 billion, profits of domestic nonfinancial corporations decreased \$129.2 billion, and rest-of-the-world profits decreased \$6.5 billion.

The estimate of nonfinancial corporate profits in the fourth quarter was reduced by a \$20.8 billion (\$83.2 billion at an annual rate) settlement between a U.S. subsidiary of BP, the federal government, and the five states that were most affected by the 2010 oil spill in the Gulf of Mexico. The settlement was recorded in the national income and product accounts (NIPAs) as a business current transfer payment to government; the estimate of GDI was not affected by the settlement. The NIPAs record these types of settlements on an accrual basis in the quarter when the settlement is finalized, which is not necessarily the same quarter when the charges are recorded on a company's own financial statements. For more information, see the FAQ, "[What caused the large increase to government current transfer receipts from business in the fourth quarter of 2015?](#)"

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