



Technical Note
Gross Domestic Product
First Quarter of 2008 (Advance)
April 30, 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 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").

Unchanged GDP Growth

Real GDP increased 0.6 percent (annual rate) in the first quarter, following an increase of 0.6 percent in the fourth quarter. The unchanged real GDP growth reflected the following offsetting factors:

- Inventory investment turned up, adding 0.81 percentage point to GDP growth in the first quarter, after subtracting 1.79 percentage points in the fourth.
- Business (nonresidential) fixed investment turned down, subtracting 0.28 percentage point from first quarter growth after adding 0.63 percentage point in the fourth. Investment in structures and equipment and software both turned down.
- Consumer spending slowed, contributing 0.68 percentage point to first quarter growth after contributing 1.58 percentage points in the fourth.
- The contribution of net exports to GDP growth was smaller in the first quarter (0.22 percentage point) than in the fourth (1.02 percentage points). Exports decelerated and imports turned up.

Housing investment continued to be a drag, subtracting 1.23 percentage points from GDP growth in the first quarter after subtracting 1.25 percentage points in the fourth.

Source Data for the Advance Estimate

The advance GDP estimate for the first quarter of 2008 is based on source data that are incomplete and subject to revision. Three months of source data were available for consumer spending on goods; shipments of capital equipment other than aircraft; motor vehicle sales and inventories; manufacturing durables inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data were available for most other key

data sources; BEA's assumptions for the third month are shown in table A. Among those assumptions are the following:

- An increase in nondurable manufacturing inventories,
- an increase in non-motor-vehicle merchant wholesale and retail inventories,
- a decrease in exports of goods, excluding gold, and
- a decrease in imports of goods, excluding gold.

Prices

The price index for gross domestic purchases increased 3.5 percent in the first quarter after increasing 3.7 percent in the fourth quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 2.2 percent in the first quarter, after increasing 2.3 percent in the fourth. About 0.3 percentage point of the first-quarter increase in the index was accounted for by the pay raise for federal civilian and military personnel, which is treated as an increase in the price of employee services purchased by the federal government.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FIRST QUARTER OF 2008**

For many of the key series used to prepare the advance estimate of GDP, including retail sales, unit automobile and truck sales and inventories, manufacturers' shipments of nondefense capital goods (other than aircraft), manufacturers' inventories of durable goods, federal defense spending, and consumer, producer, and international price indexes, actual data are available for all months of the quarter.

For the key series shown in this table, actual data for the third month of the quarter usually are not available in time for inclusion in the advance GDP estimate. BEA makes assumptions for the source data that are not yet available; assumptions for March 2008 are shown in the last column of the table. For most series shown, the data for February are preliminary and subject to further revision. Occasionally, the data for earlier months are also subject to revision.

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.	2007 Nov.	Dec.	Jan.	2008 Feb.	Mar.*
Private fixed investment:						
Nonresidential structures:						
1						
Value of new nonresidential construction put in place.....	369.1	374.4	373.8	370.1	369.7	367.9
Equipment and software:						
2						
Manufacturers' shipments of complete aircraft.....	49.1	47.4	43.6	53.6	37.3	35.2
Residential structures:						
Value of new residential construction put in place:						
3						
Single family.....	274.6	260.5	246.3	234.6	221.3	209.8
4						
Multifamily.....	46.6	45.9	43.6	43.4	43.2	43.0
Change in private inventories:						
5						
Change in inventories for nondurable manufacturing.....	-4.7	18.3	14.2	60.9	16.9	19.9
5a						
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	37.9	5.4	69.3	72.2	56.8	37.0
Net exports:						
Exports of goods:						
6						
U.S. exports of goods, international-transactions-accounts basis.....	1206.9	1209.3	1235.3	1256.8	1287.5	1281.9
6a						
Excluding gold.....	1193.9	1198.7	1222.9	1238.9	1261.0	1256.5
Imports of goods:						
7						
U.S. imports of goods, international-transactions-accounts basis.....	2013.6	2083.2	2051.3	2090.2	2162.6	2152.0
7a						
Excluding gold.....	2005.3	2078.2	2043.5	2079.5	2140.8	2131.1
8						
Net exports of goods.....	-806.7	-873.9	-816.0	-833.3	-875.1	-870.1
8a						
Excluding gold.....	-811.4	-879.5	-820.6	-840.6	-879.7	-874.6
Government:						
State and local:						
Structures:						
9						
Value of new construction put in place.....	277.7	279.8	273.1	273.3	274.3	273.8

*Assumption.