

Technical Note

Gross Domestic Product First Quarter of 2016 (Third Estimate)

June 28, 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 first quarter of 2016 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 1.1 percent (annual rate) in the first quarter, an upward revision of 0.3 percentage point from the second estimate. The revision to real GDP primarily reflected upward revisions to exports and to nonresidential fixed investment that were partly offset by a downward revision to consumer spending.

- The upward revision to exports was based on revised Census Bureau goods data for January through March and on the annual revision of the international transactions accounts, which was incorporated on a best-change basis.
- The upward revision to nonresidential fixed investment mostly reflected an upward revision to intellectual property products—specifically, software and research and development. The revision to software reflected newly available Census quarterly services survey (QSS) data for the first quarter, and the revision to research and development reflected data from an updated sample of corporate financial statements.
- The downward revision to consumer spending was mainly to services—specifically, downward revisions to nonprofit, transportation, financial, and recreation services, with a partially offsetting upward revision to health care services. These revisions reflected newly available Census QSS data, newly available data on air passenger revenue from the Bureau of Transportation Statistics, and newly available SEC FOCUS Report data.

The price index for personal consumption expenditures increased 0.2 percent in the first quarter, a downward revision of 0.1 percentage point. The downward revision was primarily to health care services and reflected revised producer price indexes for physician and home health care services.

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 2.9 percent in the first quarter, an upward revision of 0.7 percentage point. The upward revision primarily reflected an upward revision to corporate profits.

Profits from current production increased \$34.7 billion, or 1.8 percent (quarterly rate), in the first quarter, compared with a decrease of \$159.6 billion, or 7.8 percent, in the fourth. In the first quarter, profits of domestic financial corporations decreased \$11.3 billion, profits of domestic nonfinancial corporations increased \$72.9 billion, and rest-of-the-world profits decreased \$269.5 billion.

Annual Revision Scheduled for July 29

The annual revision of the national income and product accounts will be released along with the “advance” estimate of GDP for the second quarter of 2016 on July 29. GDP will be revised for the most recent 3 years (2013 through 2015) and for the first quarter of 2016. For more information, see [“Preview of the Upcoming Annual NIPA Revision”](#) included in the *May Survey of Current Business* article on “GDP and the Economy”. The August Survey will contain an article that describes the results.

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