



Technical Note
Gross Domestic Product
Fourth Quarter of 2009 (Advance)
January 29, 2010

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 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").

Real GDP

Real GDP increased 5.7 percent (annual rate) in the fourth quarter, following an increase of 2.2 percent in the third quarter. The acceleration in real GDP in the fourth quarter reflected an acceleration in inventory investment, a deceleration in imports, and an upturn in business fixed investment that were partly offset by decelerations in federal government and consumer spending.

Source Data for the Advance Estimate

The advance GDP estimate for the fourth quarter of 2009 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:

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

Prices

The price index for gross domestic purchases increased 2.1 percent in the fourth quarter after increasing 1.3 percent in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.2 percent in the fourth quarter, after increasing 0.3 percent in the third.

American Recovery and Reinvestment Act of 2009

BEA's national accounts include the effects of the federal outlays and tax cuts included in the American Recovery and Reinvestment Act of 2009. Because most of the outlays and tax reductions from ARRA during the last four quarters were in the form of grants to state and local governments, tax reductions for individual and business taxpayers, and social benefits to households, their effects on GDP show up indirectly through the effects on GDP components such as consumer spending, residential investment, and state and local government spending. Thus, BEA's accounts do not directly identify the portion of GDP expenditures that is funded by ARRA. It is possible, however, to identify the effects of ARRA on components of income.

During the fourth quarter, ARRA provisions lowered personal taxes about \$85 billion (annual rate) and raised government social benefits to persons about \$69 billion, thus raising disposable personal income about \$154 billion. Corporate taxes were also lowered about \$20 billion. ARRA funded about \$80 billion in current grants to state and local governments (such as Medicaid and education grants), about \$25 billion in capital transfers to state and local governments and home buyers, and about \$3 billion in subsidies for housing and energy. Further information, including estimates of the effects of ARRA for the first three quarters of 2009, is available at <http://www.bea.gov/recovery/index.htm>.

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**Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FOURTH QUARTER OF 2009**

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 December 2009 are shown in the last column of the table. For most series shown, the data for November 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.

	2009					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.*
Private fixed investment:						
Nonresidential structures:						
1 Value of new nonresidential construction put in place.....	371.2	360.5	347.2	330.6	330.5	330.6
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	32.5	33.8	43.0	34.0	37.0	44.1
Residential structures:						
Value of new residential construction put in place:						
3 Single family.....	102.5	106.9	109.5	111.2	112.7	112.2
4 Multifamily.....	28.6	26.4	24.5	24.0	23.0	22.9
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-9.6	2.3	-11.0	34.5	18.5	-21.4
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment...	-83.4	-80.0	-61.3	11.1	53.9	-45.9
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	1041.2	1042.2	1083.6	1121.6	1135.6	1145.9
6a Excluding gold.....	1028.4	1027.0	1068.6	1104.9	1123.8	1135.1
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1554.2	1546.2	1652.2	1663.8	1716.1	1746.4
7a Excluding gold.....	1544.1	1538.4	1643.7	1652.9	1704.7	1735.3
8 Net exports of goods.....	-513.1	-504.0	-568.6	-542.1	-580.5	-600.5
8a Excluding gold.....	-515.7	-511.4	-575.1	-548.1	-580.9	-600.2
Government:						
State and local:						
Structures:						
9 Value of new construction put in place.....	295.9	292.7	292.3	293.1	291.6	292.3

*Assumption.