



Technical Note
Gross Domestic Product
Third Quarter of 2014 (Third Estimate)
December 23, 2014

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 third 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 *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 5.0 percent (annual rate) in the third quarter, an upward revision of 1.1 percentage points from the second estimate. The revision to GDP primarily reflected upward revisions to consumer spending, to nonresidential fixed investment, and to inventory investment.

- The upward revision to consumer spending was primarily to services. Upward revisions to health care, to recreation services, and to financial services and insurance reflected the incorporation of newly available Census Bureau quarterly services survey data and newly available FDIC *Call Report* data for the third quarter.
- The upward revision to nonresidential fixed investment primarily reflected upward revisions to structures and to intellectual property products. The revision to structures was based on revised Census construction spending data for August and September, and the revision to intellectual property products was primarily to software, based on newly available third-quarter Census quarterly services survey data.
- The largest contributor to the upward revision to inventory investment was wholesale trade, based on revised Census inventory data for September.

The price index for personal consumption expenditures increased 1.2 percent in the third quarter, a downward revision of 0.1 percentage point. The largest contributor to the revision was a downward revision to the prices for financial services and insurance, based on newly available FOCUS report data from the SEC.

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 the production of GDP, increased 4.7 percent in the third quarter, an upward revision of 0.2 percentage point from the previous estimate. For a given quarter, the estimates of GDP and GDI may differ for a variety of reasons, including the incorporation of largely independent source data. However, over longer time spans, the estimates of GDP and GDI tend to follow similar patterns of change.

Profits from current production increased \$64.5 billion, or 3.1 percent (quarterly rate), in the third quarter. Profits of domestic financial corporations increased \$16.1 billion, profits of domestic nonfinancial corporations increased \$32.0 billion, and rest-of-the-world profits increased \$16.5 billion.

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