



Technical Note
Gross Domestic Product
First Quarter of 2015 (Third Estimate)
June 24, 2015

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 *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 decreased 0.2 percent (annual rate) in the first quarter, an upward revision of 0.5 percentage point from the second estimate. Upward revisions to exports and to consumer spending were partly offset by an upward revision to imports.

- The upward revisions to exports and to imports were based on revised Census Bureau goods data for January through March and the annual revision of the international transactions accounts (ITAs), which was incorporated on a best-change basis.
- The upward revision to consumer spending reflected upward revisions to both goods and services. The upward revision to goods was primarily to nondurable goods—notably, “food and beverages purchased for off-premises consumption”—and was based on revised Census retail sales data for March. The upward revision to services was primarily to “transportation services” and to “final consumption expenditures of nonprofit institutions serving households” and reflected newly available Census Bureau quarterly services survey (QSS) data for the first quarter.

The price index for personal consumption expenditures decreased 2.0 percent in the first quarter, unrevised 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 1.9 percent in the first quarter, an upward revision of 0.5 percentage point. 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 decreased \$110.8 billion, or 5.2 percent (quarterly rate), in the first quarter, in contrast to a decrease of \$30.4 billion, or 1.4 percent, in the fourth. Profits of domestic financial corporations decreased \$2.1 billion, profits of domestic nonfinancial corporations decreased \$79.6 billion, and rest-of-the-world profits decreased \$29.0 billion.

Taxes on corporate income increased \$25.3 billion in the first quarter, reflecting the expiration of both the 50-percent bonus depreciation provision and increased Section 179 expensing limits claimed under extensions of the 2010 tax acts. For detailed data, see the table [“Net Effects of the Tax Acts of 2002, 2003, 2008, 2009, 2010 \(and extensions\) on Selected Measures of Corporate Profits.”](#)

BEA’s estimates of profits from current production (“corporate profits with inventory valuation adjustment and capital consumption adjustment (CCAdj)”) are not affected by these tax acts because profits from current production do not depend on the depreciation-accounting practices used for federal income tax purposes. BEA’s measure of current-production profits reflects economic accounting practices in which depreciation is based on an estimate of the reduction in the value of fixed capital used in the production process. For a more detailed discussion of the effect of tax act provisions on the CCAdj, see FAQ 1002, [“How do the economic stimulus acts impact NIPA Corporate Profits?”](#)

Annual Revision Scheduled for July 30

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 2015 on July 30. In addition to the regular revision of the estimates for the most recent 3 years and for the first quarter of 2015, some series will be revised back further. An article in the June *Survey of Current Business* provides a preview of the annual revision, and the August *Survey* will contain an article that describes the results.

Nicole M. Mayerhauser
Chief, National Income and Wealth Division
Bureau of Economic Analysis
(202) 606-9715