

Technical Note

Gross Domestic Product Fourth Quarter of 2017 (Advance Estimate)

January 26, 2018

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 *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

Real GDP

Real GDP increased 2.6 percent (annual rate) in the fourth quarter of 2017, following an increase of 3.2 percent in the third quarter of 2017. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, exports, residential fixed investment, state and local government spending, and federal government spending that were partly offset by a negative contribution from private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the fourth quarter reflected a downturn in private inventory investment that was partly offset by accelerations in PCE, exports, nonresidential fixed investment, state and local government spending, and federal government spending, and an upturn in residential fixed investment. Imports, which are a subtraction in the calculation of GDP, turned up.

Key Source Data and Assumptions for the Advance Estimate

The advance GDP estimate for the fourth quarter of 2017 is based on source data that are incomplete and subject to updates. Three months of source data were available for consumer spending on goods; shipments of capital equipment; motor vehicle sales and inventories; durable goods manufacturing inventories; wholesale and retail trade inventories; exports and imports of goods; federal government outlays; and consumer, producer, and international prices. For major source data series for which only two months of data were available, BEA's key assumptions for the third month are shown in the "[Key Source Data and Assumptions](#)" table on the BEA Web site.

Prices

The PCE price index increased 2.8 percent in the fourth quarter, following an increase of 1.5 percent in the third quarter. Excluding food and energy prices, the PCE price index increased 1.9 percent after increasing 1.3 percent.

Disposable Personal Income

Real disposable personal income increased 1.1 percent in the fourth quarter, following an increase of 0.5 percent in the third. The personal saving rate was 2.6 percent in the fourth quarter, compared with 3.3 percent in the third.

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