

**Technical Note**  
**Gross Domestic Product, First Quarter 2002 (Advance)**  
**April 26, 2002**

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 note also provides some perspective on the estimates. Additional material will become available in the next several days; much of it will be posted to BEA's Web site <[www.bea.gov](http://www.bea.gov)>. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*. The *Survey* also will provide a more detailed analysis of the estimates ("The Business Situation").

**Gross Domestic Product, First Quarter 2002 (Advance)**

Real GDP: Based on data available at this time, BEA estimates that real GDP increased 5.8 percent (annual rate) in the first quarter of 2002, after increasing 1.7 percent in the fourth quarter of 2001.

Investment in business inventories increased, as the pace of inventory liquidation slowed sharply. Real final sales of domestic product -- GDP less change in private inventories -- increased 2.6 percent in the first quarter after increasing 3.8 percent in the fourth.

Prices: The price index for gross domestic purchases increased 0.7 percent in the first quarter after increasing 0.5 percent in the fourth quarter. Excluding food and energy prices, which are more volatile than most other prices, the index increased 0.9 percent in the first quarter after increasing 2.0 percent in the fourth.

Disposable personal income and personal saving: Real disposable personal income (DPI) increased 10.5 percent in the first quarter after decreasing 8.1 percent in the fourth quarter. Personal income turned up sharply, and personal tax payments, which are subtracted in the calculation of disposable personal income, decreased in the first quarter after increasing in the fourth.

Personal saving -- current-dollar DPI less personal outlays -- was \$160.7 billion in the first quarter, compared with \$27.9 billion in the fourth. The personal saving rate -- saving as a percentage of DPI -- was 2.1 percent in the first quarter; the saving rate was 0.4 percent in the fourth.

New information on annual personal income estimates: The annual change from 2000 to 2001 in the national income and product accounts (NIPA) estimate of personal income is 4.9 percent, which is 1.2 percentage points (or \$90 billion) more than the change in the U.S. total of the state estimates of personal income that BEA published on April 23. The state estimates incorporate newly available Bureau of Labor Statistics data on wages and salaries of employees covered by

unemployment insurance (UI) for the first three quarters of 2001. UI data for all of 2001 will be incorporated into the NIPA estimates in the annual NIPA revision, which is scheduled for release on July 31, 2002. The UI data cover wages and salaries, bonuses, and other nonregular payments for virtually all workers.

### **Source Data for the Advance Estimate**

The advance GDP estimate for the first quarter is based on source data that are incomplete and subject to revision.

Effective with the estimates of shipments, inventories, and orders for March 2002, the Census Bureau suspended monthly estimates for the semiconductor industry after large manufacturers decided to stop participating in the survey. As with other components of GDP where reliable survey data are not available, BEA had to use less reliable information and analyst judgment as the basis for its estimate of inventory change in the semiconductor industry for March. (Shipments of semiconductors are not used as the basis for NIPA estimates of investment in equipment and software, because semiconductors are considered to be intermediate purchases.) We hope that the companies not reporting on the Census's survey will reconsider their decision and resume participation.

Three months of source data were available for consumer spending on goods; investment in private equipment other than aircraft; motor vehicle sales and inventories; manufacturing durables inventories (except semiconductors); 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.

- For the change in nondurable manufacturing inventories, a decrease was assumed for March.
- For the change in non-motor-vehicle inventories of retailers and merchant wholesalers, a decrease was assumed for March.
- For exports of goods, excluding gold, an increase was assumed for March.
- For imports of goods, excluding gold, an increase was assumed for March.

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Table A. KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP FOR THE FIRST QUARTER OF 2002

For many of the key series used to prepare the advance estimate of GDP, including sales of retail stores, 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 and producer 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 March 2002 are shown in the last column of the table. For most series shown, the data for February 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.

	Oct.	2001 Nov.	Dec.	Jan.	2002 Feb.	Mar. *
Private fixed investment:						
Nonresidential structures:						
Buildings:						
1 Value of new nonresidential construction put in place.....	198.1	193.0	190.8	187.5	181.9	181.0
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	44.9	49.1	36.9	36.6	39.2	43.3
Residential structures:						
Value of new residential construction put in place:						
3 1-unit structures.....	248.9	247.9	246.6	250.9	258.7	259.3
4 2-unit-or-more.....	31.5	32.1	34.7	35.3	34.7	34.8
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-14.8	-21.2	-13.9	-11.0	-4.2	-5.9
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment..	-52.3	-58.0	-17.9	-8.0	-21.0	-20.9
Net exports:						
Exports of goods:						

6	U.S. exports of goods, international-transactions- accounts basis.....	677.5	672.2	659.4	660.0	661.4	667.8
6a	Excluding gold.....	675.0	669.2	656.4	657.6	659.0	665.4
Imports of goods:							
7	U.S. imports of goods, international-transactions- accounts basis.....	1098.4	1083.4	1031.2	1065.4	1104.6	1135.4
7a	Excluding gold.....	1095.5	1080.5	1029.8	1063.7	1102.6	1132.9
8	Net exports of goods.....	-421.0	-411.3	-371.8	-405.3	-443.2	-467.5
8a	Excluding gold.....	-420.5	-411.3	-373.5	-406.1	-443.6	-467.5
Government:							
State and local:							
Structures:							
9	Value of new construction put in place.....	183.1	189.5	192.7	204.0	199.9	201.4

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\*Assumption.