

Technical Note  
**Gross Domestic Product, Second Quarter 2002 (Final)**  
September 27, 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").

Real GDP (revised): Real GDP is now estimated to have increased 1.3 percent in the second quarter of 2002, 0.2 percentage point more than in the preliminary estimate; real GDP increased 5.0 percent in the first quarter of 2002.

As in the preliminary estimate, the largest contributors to the slowdown in GDP growth were imports, inventory investment, and personal consumption expenditures.

Prices (revised): The chain-type price index for gross domestic purchases increased 2.3 percent in the second quarter, 0.1 percentage point more than in the preliminary estimate. This index increased 1.2 percent in the first quarter.

Corporate Profits (revised): Profits from current production decreased 1.6 percent (quarterly rate) in the second quarter following a decrease of 1.7 percent in the first; the revised second-quarter estimate is 0.1 percentage point less of a decrease than in the preliminary estimate. Profits were 8.8 percent higher in the second quarter of 2002 than in the second quarter of 2001.

The current-production measure of profits differs from profits as they are reported in corporate financial statements. It excludes non-operating items, such as special charges and capital gains and losses, and values depreciation of fixed assets and inventory withdrawals at current cost, rather than at historical cost.

## Source of Revisions

The small upward revision to second-quarter real GDP was largely the consequence of an upward revision to real exports of services, reflecting revised and newly available BEA survey data.

The small upward revision to the price index for gross domestic purchases primarily reflected revisions to prices for PCE services. The implicit price for imputed financial services was revised up based on newly available FDIC call report data, and the price for brokerage and investment counseling was revised up based on revised producer price indexes from the Bureau of Labor Statistics and newly available Federal Reserve Board flow-of-funds data.

As previously announced, the news release also presents revised estimates of wages and salaries for the first quarter of 2002. This new revision schedule will permit the incorporation of the most recently available data from BLS tabulations of private wages and salaries from the state unemployment insurance program. This change will reduce annual revisions to wages and salaries and thus provide more timely and reliable information to data users. Based on these newly available data, wage and salary disbursements increased \$26.4 billion in the first quarter, a downward revision of \$7.4 billion. Wage and salary disbursements increased \$39.2 billion in the second quarter.

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