

Technical Note
Gross Domestic Product, Fourth Quarter 2001 (Advance)
January 30, 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.doc.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, Fourth Quarter 2001 (Advance)

Real GDP: Based on data available at this time, BEA estimates that real GDP increased 0.2 percent (annual rate) in the fourth quarter of 2001, after decreasing 1.3 percent in the third quarter.

The small upturn in real GDP reflected stronger consumer spending and government spending and less weakness in exports than in the third quarter. Consumer spending increased 5.4 percent in the fourth quarter after increasing 1.0 percent in the third; a surge in motor vehicle purchases was largely responsible for the step-up. Government spending increased 9.2 percent in the fourth quarter after increasing 0.3 percent in the third. Exports decreased 12.4 percent after decreasing 18.8 percent in the third quarter.

Real final sales of domestic product -- GDP less change in private inventories -- increased 2.5 percent in the fourth quarter after decreasing 0.5 percent in the third. For the fourth consecutive quarter businesses drew down inventories. Real change in private inventories subtracted 2.23 percentage points from the fourth-quarter change in real GDP.

Prices: The price index for gross domestic purchases increased 0.4 percent in the fourth quarter after decreasing 0.1 percent in the third quarter. Excluding food and energy prices, which are more volatile than most other prices, the index increased 1.9 percent in the fourth quarter after increasing 0.6 percent in the third. The upturn in the overall price index in the fourth quarter reflected insurance claims associated with the September 11 terrorist attacks because the claims were treated as a temporary reduction in prices in the third quarter. (Real GDP was not affected by the payment of these insurance claims.) Excluding the insurance-related price effects, the gross domestic purchases price index decreased 0.3 percent in the fourth quarter, following an increase of 0.6 percent in the third.

Disposable personal income and personal saving: Real disposable personal income (DPI) decreased 7.8 percent in the fourth quarter after increasing 12.3 percent in the

third quarter. Current-dollar DPI decreased 7.1 percent after increasing 12.1 percent. Both the large decrease in the fourth quarter and the large increase in the third quarter reflected the special refund checks that the federal government sent to taxpayers during the third-quarter, which temporarily raised DPI in the third quarter.

Personal saving -- current-dollar DPI less personal outlays -- was \$39.0 billion in the fourth quarter, compared with \$285.3 billion in the third. The personal saving rate -- saving as a percentage of DPI -- was 0.5 percent in the fourth quarter; the saving rate was 3.8 percent in the third.

GDP in 2001

The year 2001 was the first year for which current-dollar GDP exceeded \$10 trillion; GDP for the year was \$10,197.7 billion.

Real GDP increased 1.1 percent in 2001 (that is, from the 2000 annual level to the 2001 annual level) after increasing 4.1 percent in 2000. The slowdown in real GDP for the year reflected downturns in business investment and in exports, a slowdown in consumer spending, and a decline in inventory investment. Nonresidential fixed investment decreased 3.1 percent in 2001 after increasing 9.9 percent in 2000. Exports decreased 4.6 percent after increasing 9.5 percent. Consumer spending increased 3.0 percent after increasing 4.8 percent. Real change in private inventories subtracted 1.09 percentage points from GDP growth in 2001 after subtracting 0.09 percentage points from the GDP growth in 2000. Imports decreased in 2001 after increasing in 2000.

The price index for gross domestic purchases increased 1.7 percent in 2001 after increasing 2.6 percent in 2000. Excluding food and energy prices, the price index increased 1.5 percent after increasing 2.0 percent.

Real DPI increased 3.6 percent in 2001 after increasing 3.5 percent in 2000. Current-dollar DPI increased 5.5 percent after increasing 6.2 percent. The personal saving rate rose to 1.6 percent in 2001 from 1.0 percent in 2000.

Source Data for the Advance Estimate

The advance GDP estimate for the fourth quarter is based on preliminary and incomplete source data. Three months of source data are available for consumer spending on goods; investment in private equipment other than aircraft; motor vehicle sales and inventories; manufacturing durables inventories; federal government outlays; and consumer, producer, and international prices. Only two months of data are 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 December.
- For the change in non-motor-vehicle merchant wholesale and retail inventories, a large decrease was assumed for December.
- For exports of goods, excluding gold, a large decrease was assumed for December.
- For imports of goods, excluding gold, a small increase was assumed for December.

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**Table A.—KEY ASSUMPTIONS FOR THE ADVANCE ESTIMATE OF GDP
FOR THE FOURTH QUARTER OF 2001**

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 December 2001 are shown in the last column of the table. For most series shown, the data for November 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.

	2001					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.*
Private fixed investment:						
Nonresidential structures:						
Buildings:						
1 Value of new nonresidential construction put in place.....	211.0	201.9	202.0	196.8	197.7	193.7
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	48.8	44.3	39.2	44.9	48.7	31.4
Residential structures:						
Value of new residential construction put in place:						
3 1-unit structures.....	248.2	248.9	248.2	248.2	247.4	246.7
4 2-unit-or-more.....	31.8	31.3	31.1	30.9	30.1	30.0
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	-8.5	-10.8	-10.1	-14.8	-15.7	-15.1
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment..	-44.9	11.4	-29.2	-52.3	-49.1	-54.9
Net exports:						
Exports of goods:						
6 U.S. exports of goods, international-transactions-accounts basis.....	704.3	714.4	667.2	679.1	674.6	650.3
6a Excluding gold.....	701.2	711.8	665.6	676.6	671.6	647.3
Imports of goods:						
7 U.S. imports of goods, international-transactions-accounts basis.....	1134.3	1123.3	1093.5	1099.6	1082.2	1084.6
7a Excluding gold.....	1132.4	1120.9	1091.2	1096.7	1079.4	1081.6
8 Net exports of goods.....	-430.0	-408.9	-426.4	-420.5	-407.6	-434.3
8a Excluding gold.....	-431.2	-409.1	-425.6	-420.1	-407.8	-434.3
State and local government:						
Structures:						
9 Value of new construction put in place.....	182.7	179.6	177.4	189.9	201.0	195.5

*Assumption.