

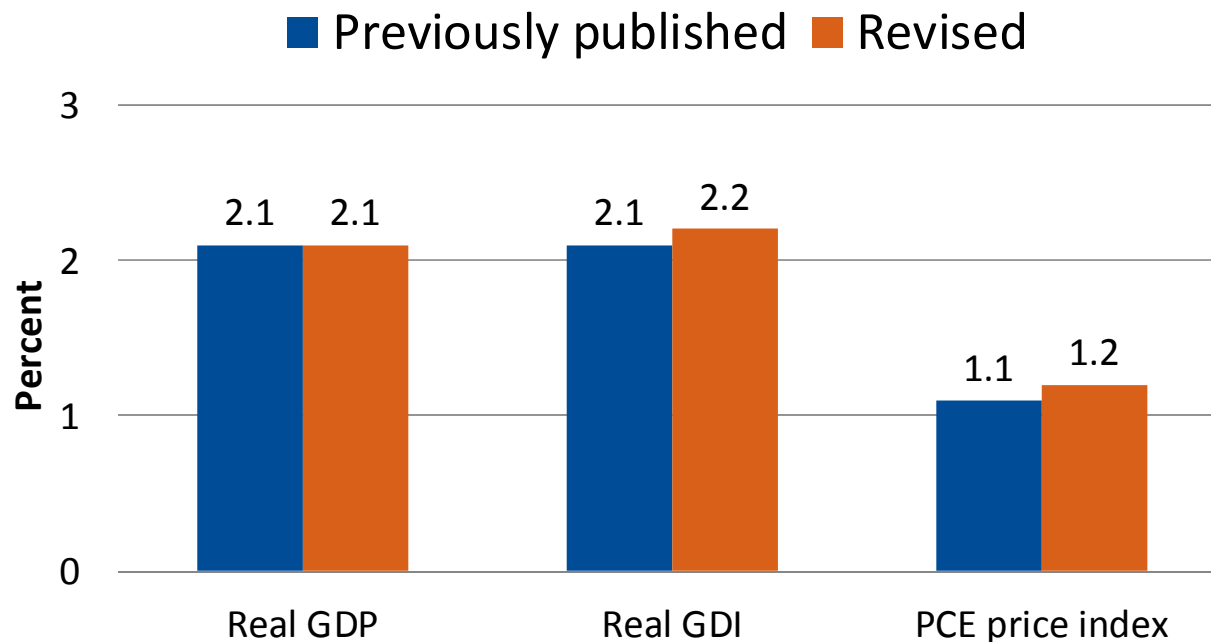
# Results of the 2017 Annual Update of the National Income and Product Accounts



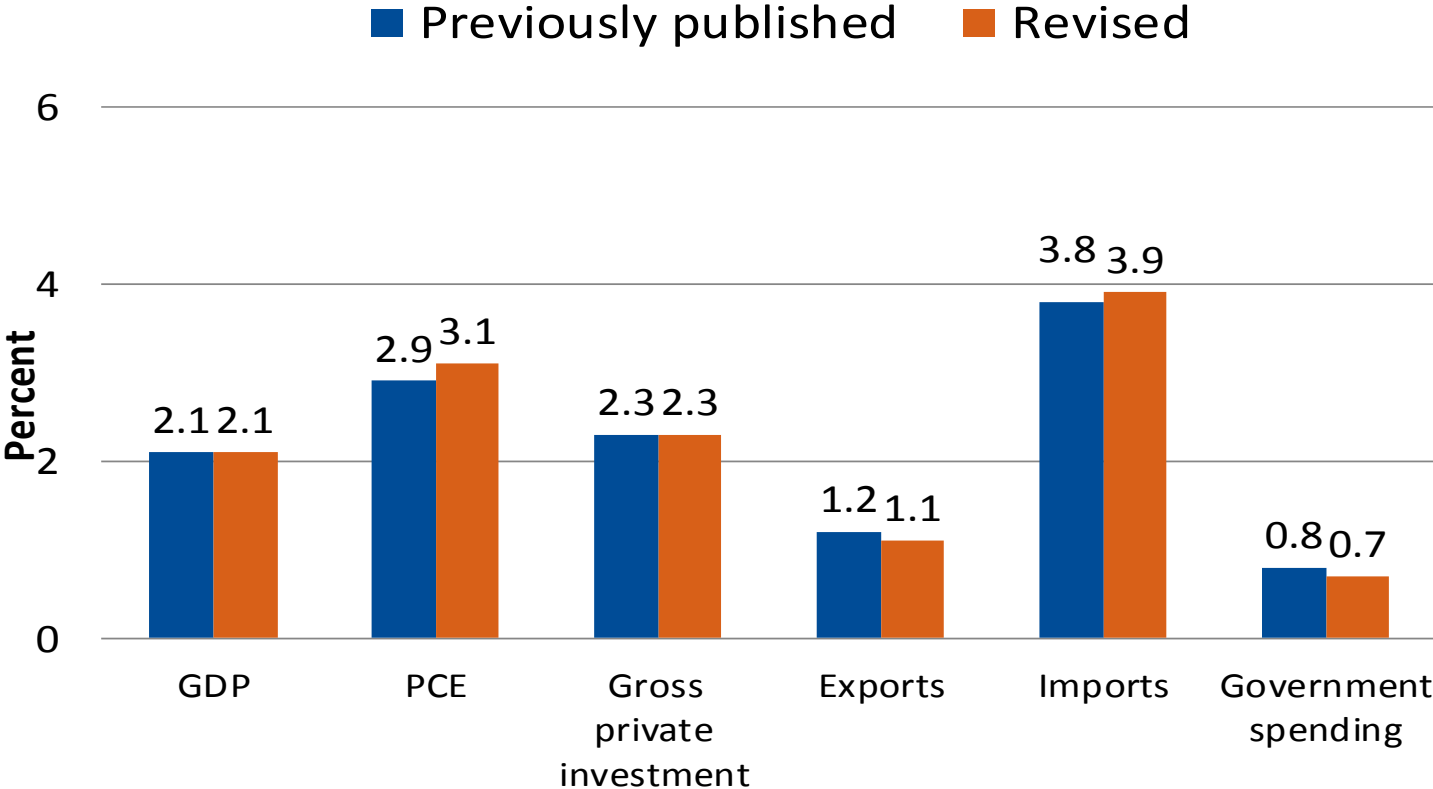
# Snapshot results of the 2017 update



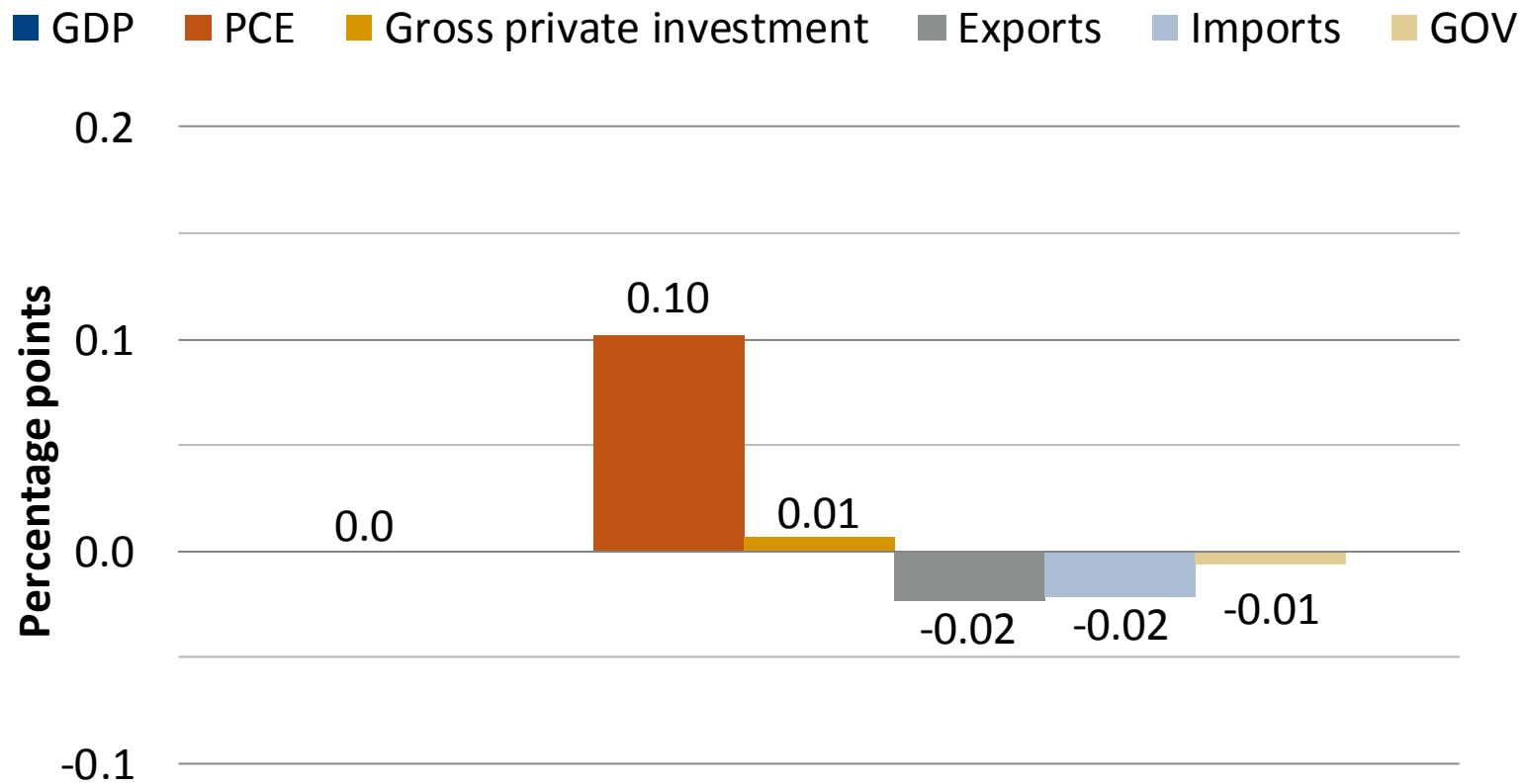
- Slight revisions to average growth rates of GDP and GDI from 2013Q4 to 2017Q1
  - GDP growth unrevised
  - GDI revised up 0.1 percentage point



# Average annual rates of change for real GDP 2013Q4 to 2017Q1



# Contributions to the revision to real GDP 2013Q4 to 2017Q1



# New and revised source data

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- Census Bureau's annual retail trade survey, services annual survey, construction spending (value-put-in-place), annual survey of manufacturers, annual wholesale trade survey, and government finances data
- BEA's international transactions accounts
- IRS business tax return data
- OMB budget data

# Methodological improvements

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- Adjust PCE retail control method to remove gasoline sales at warehouse stores and grocery stores
- Incorporate new data to measure PCE for audio CDs, vinyl, and digital downloads
- Improve merchandise line sales
- Update prepackaged software price

# Improved Retail Control

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- Adjust retail control group to remove gasoline sales at warehouse clubs and supercenters, and grocery stores
  - Use merchandise lines from the Economic Census and PCE gasoline and other motor fuel to estimate these sales
  - Subtract these sales from the retail control
  - Increased gasoline sales by these retailers exposed non-gasoline sales to the effects of large swings in gasoline prices
- Use annual “physical” music revenue from RIAA to estimate PCE audio discs, vinyl, and digital downloads

# Improved Merchandise Line Shares

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- Update merchandise line shares for non-store retailers using two data sources:
  - Annual E-Commerce sales data from the U.S. Census Bureau
    - Furniture, small household appliances, computers and software, clothing and shoes
  - Annual retail scanner data from NPD Group, including:
    - Broad coverage, similar to E-Commerce but more timely than E-Commerce
      - Televisions, video and audio equipment detail



# Improved Prepackaged Software Price

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- Incorporating a more representative producer price index (PPI) for deflating fixed investment in prepackaged software
  - Replace PPI for “Application software publishing” with PPI for “Software publishing, except games”
  - Modest impact for 2017 annual update, however, larger impact for periods prior to 2014, which will be updated as part of the 2018 comprehensive update.

# Gross Domestic Product Results



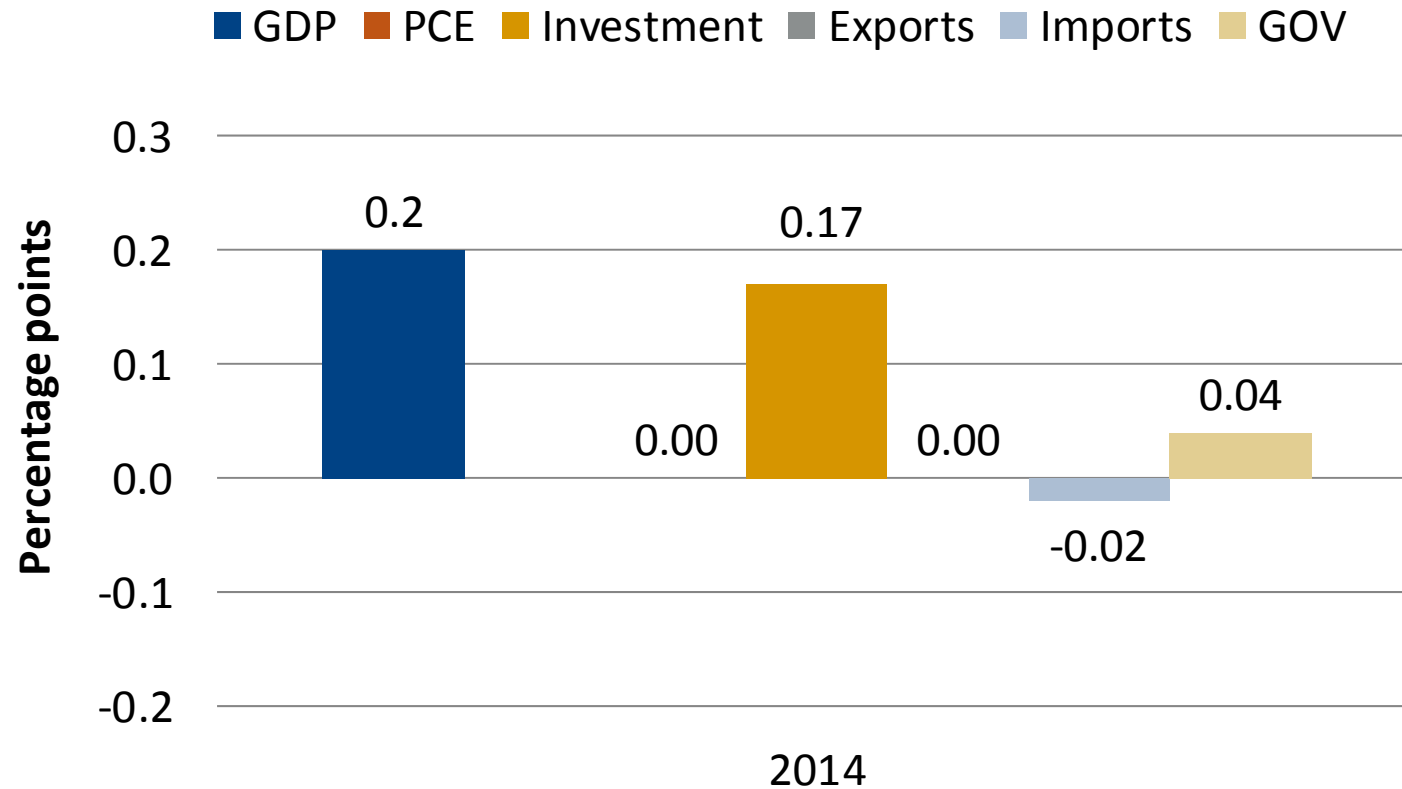
# Real GDP Growth 2014-2016



Percent change from the preceding year	Previously published	Revised
2014	2.4	<b>2.6</b>
2015	2.6	<b>2.9</b>
2016	1.6	<b>1.5</b>
Percent change fourth quarter to fourth quarter	Previously published	Revised
2014	2.5	<b>2.7</b>
2015	1.9	<b>2.0</b>
2016	2.0	<b>1.8</b>

# 2014: Contributions to revision to GDP growth

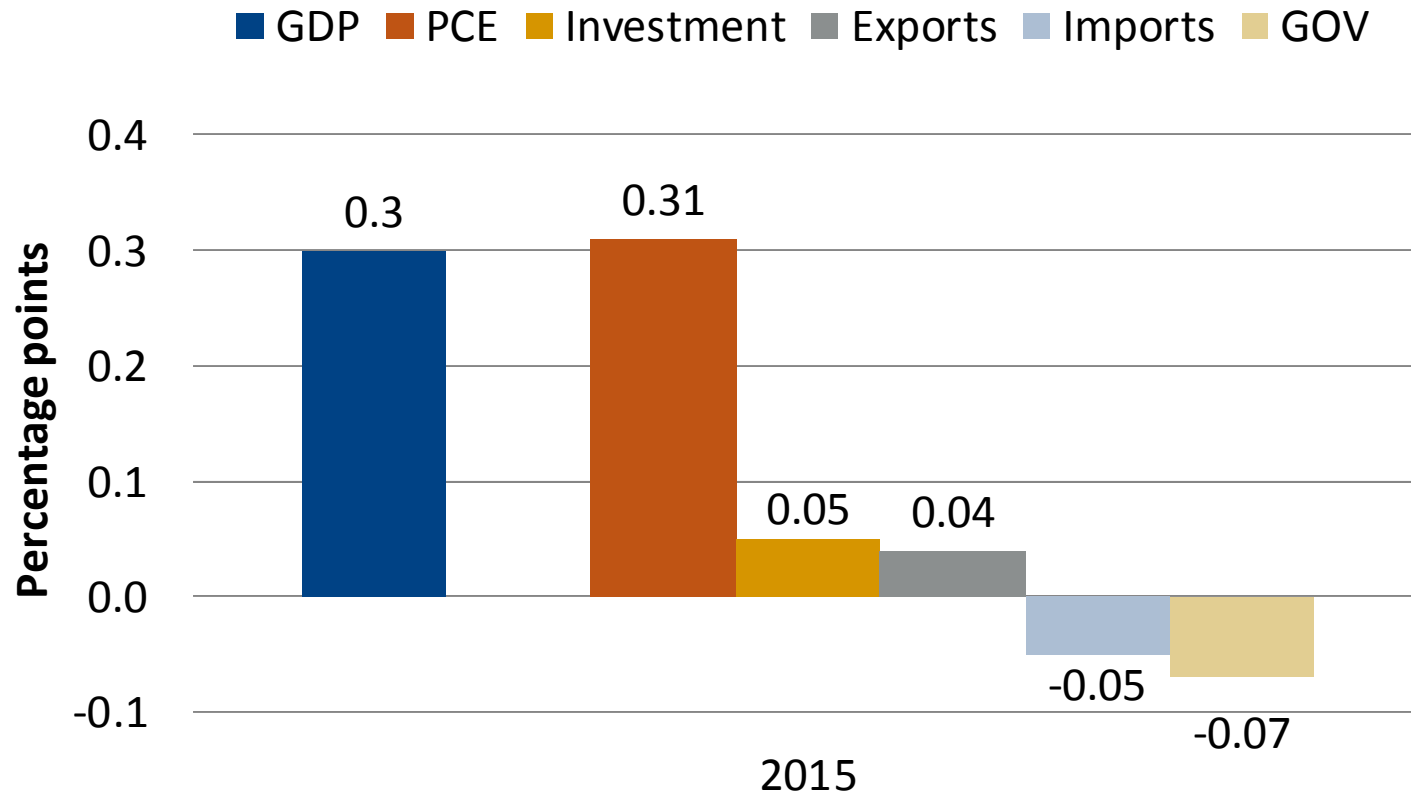
Real GDP growth was revised from 2.4 to 2.6 percent



# 2015: Contributions to revision to GDP growth

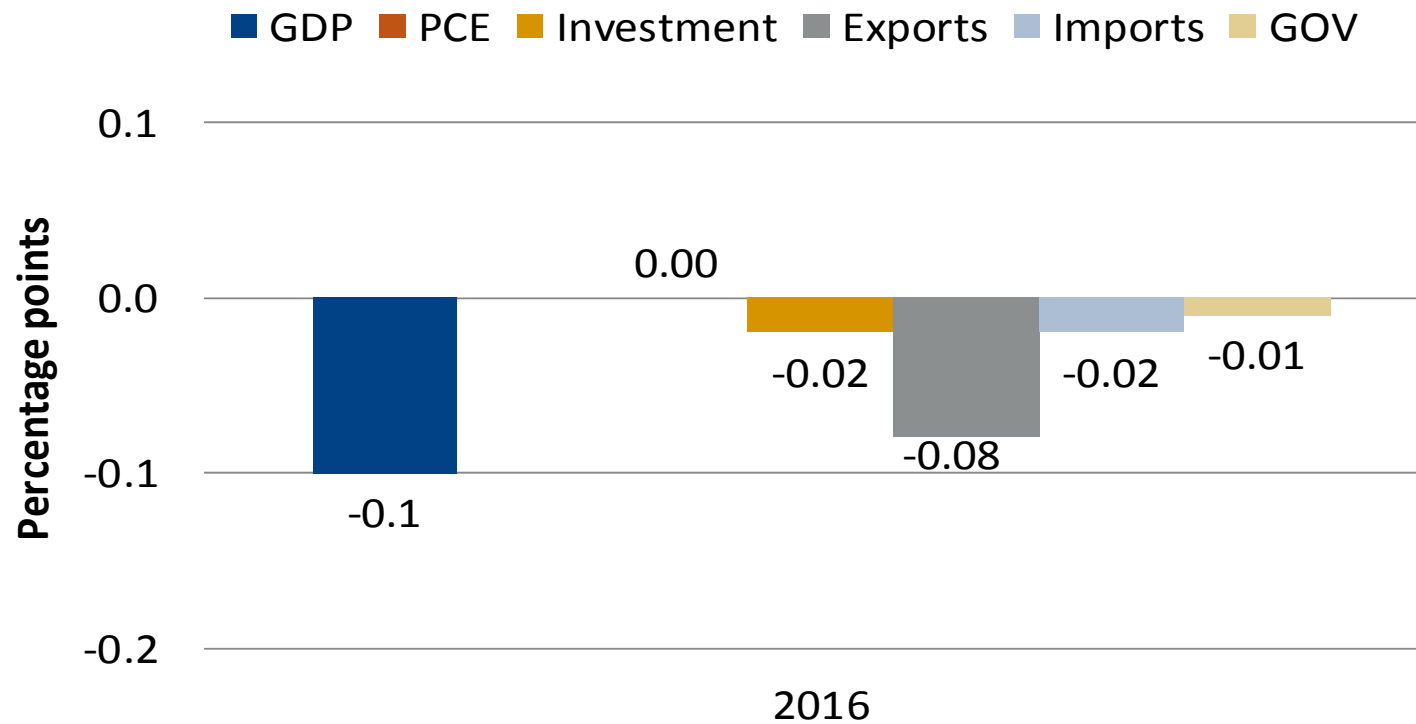


Real GDP growth was revised from 2.6 to 2.9 percent



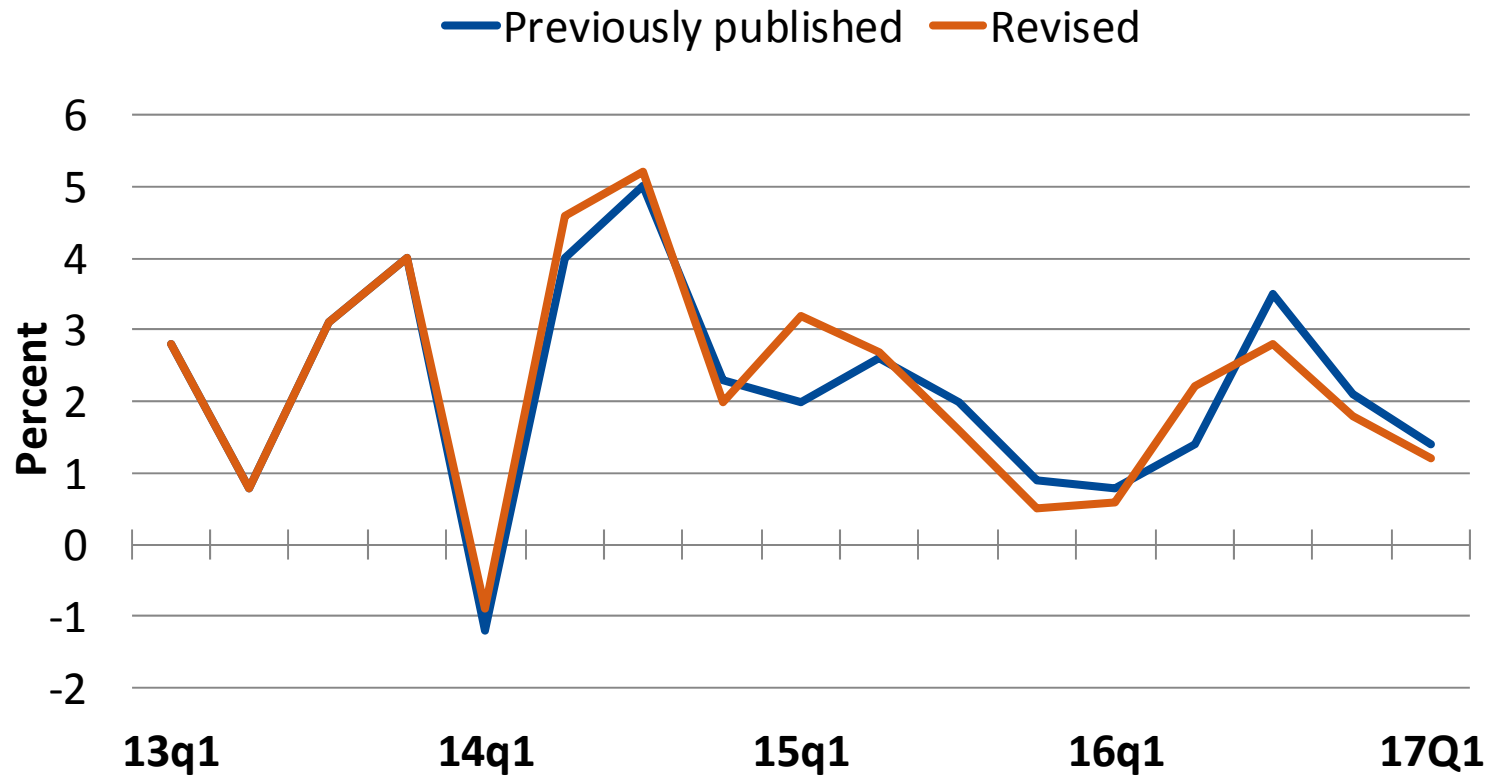
# 2016: Contributions to revision to GDP growth

Real GDP growth was revised from 1.6 to 1.5 percent



# Real Gross Domestic Product

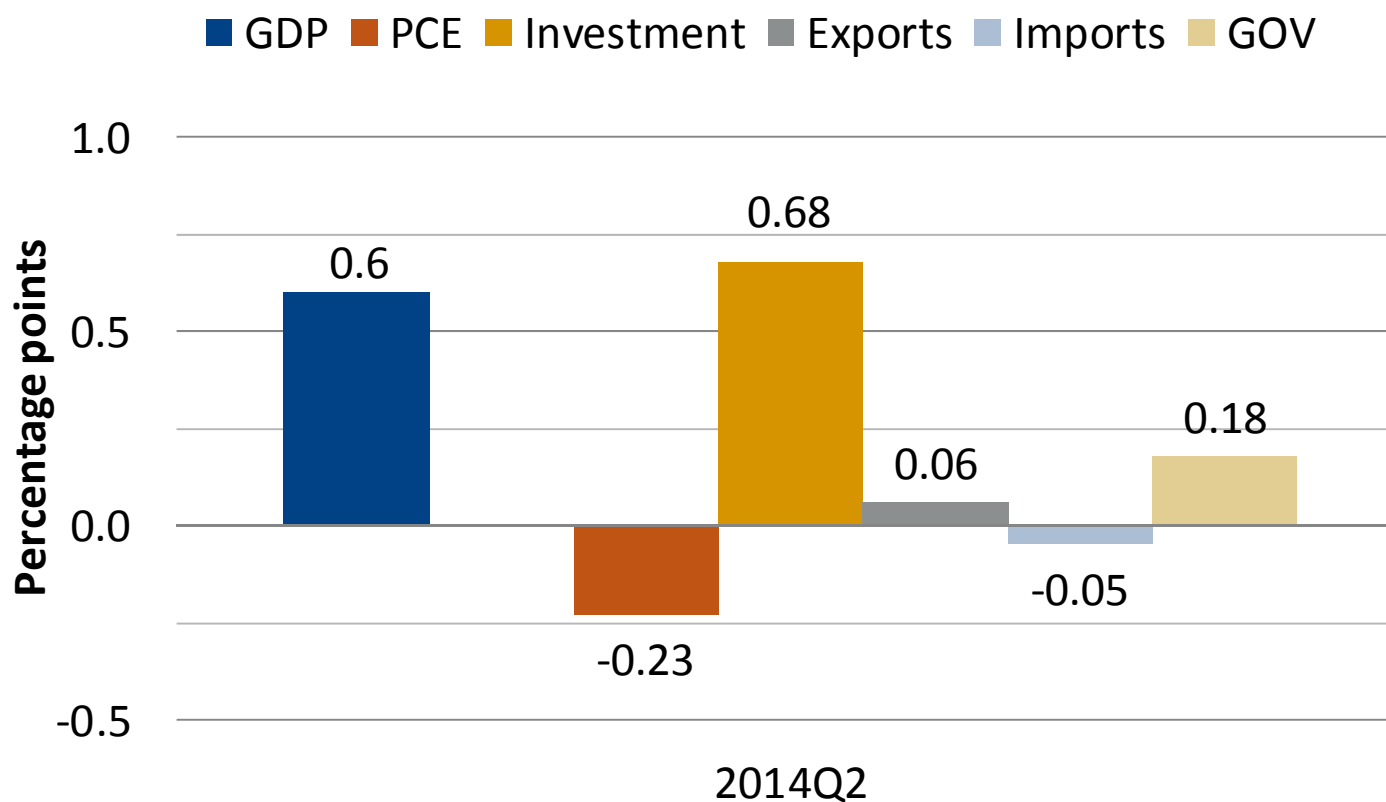
[Percent change from preceding period, SAAR]



# 2014Q2: Contributions to revision to GDP growth



Real GDP growth was revised from 4.0 to 4.6 percent [SAAR]

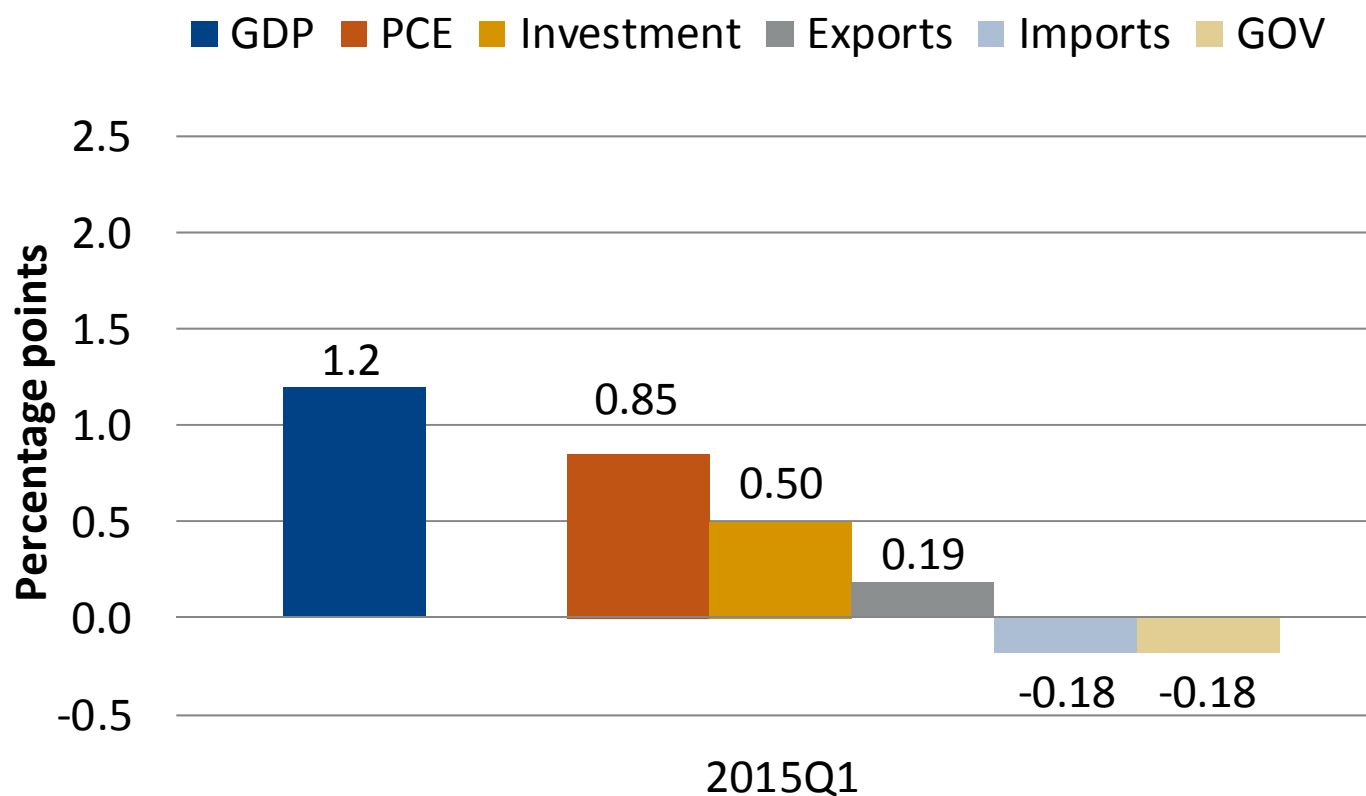




# 2015Q1: Contributions to revision to GDP growth



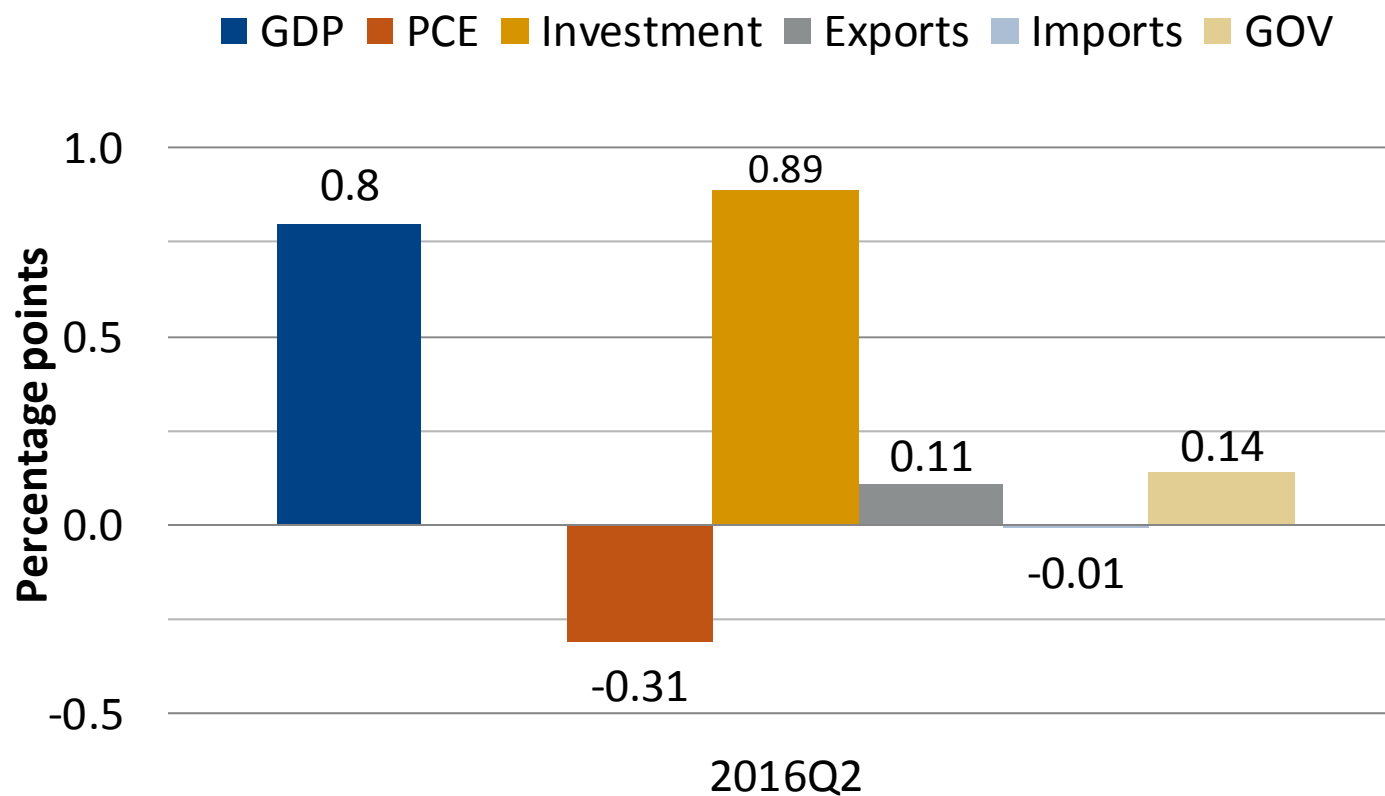
Real GDP growth was revised from 2.0 to 3.2 percent [SAAR]



# 2016Q2: Contributions to revision to GDP growth



Real GDP growth was revised from 1.4 to 2.2 percent [SAAR]

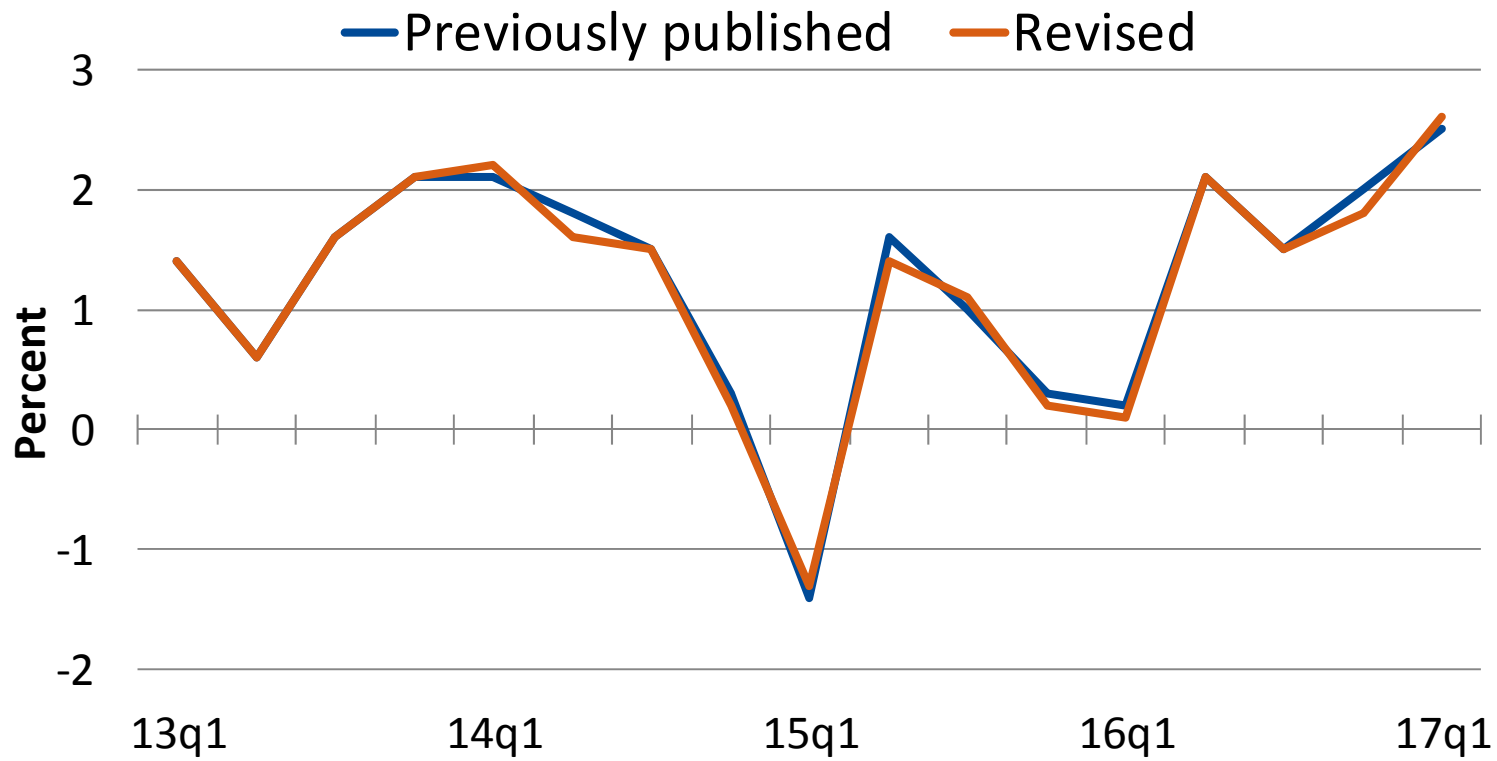


# Price Indexes



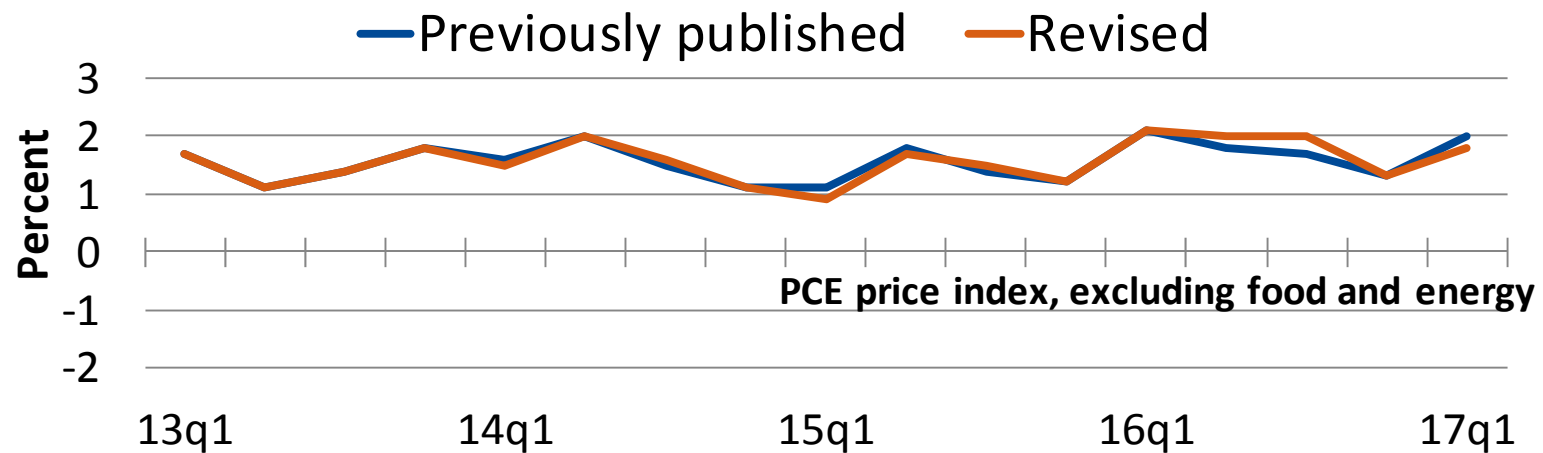
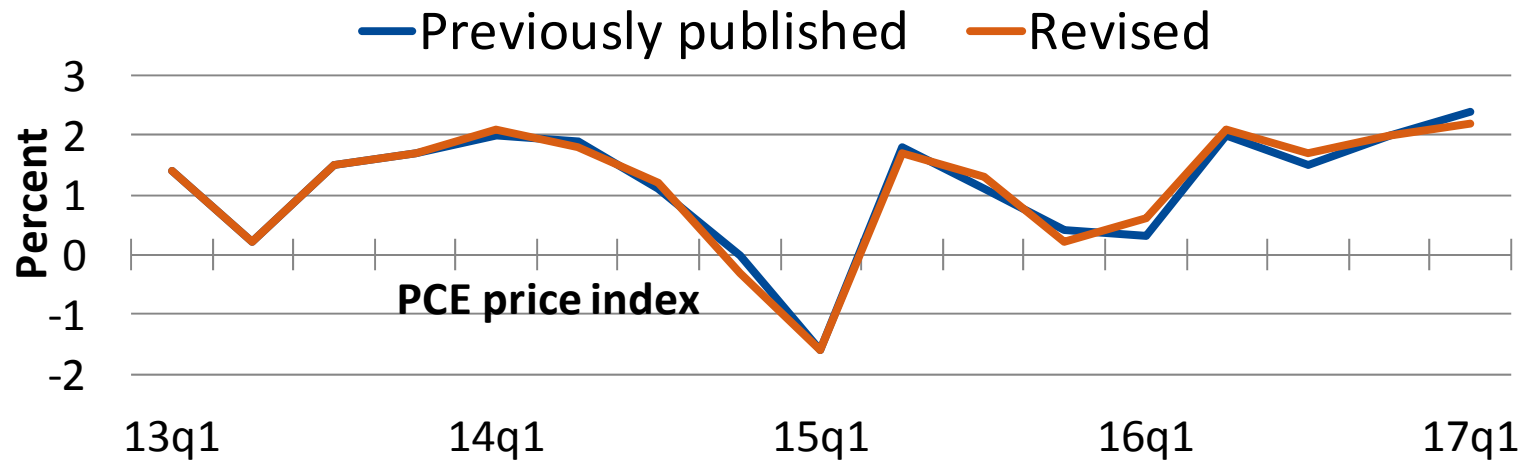
# Gross domestic purchases price index

[Percent change from preceding period, SAAR]



# Personal consumption expenditures price index

[Percent change from preceding period, SAAR]



# Gross Domestic Income



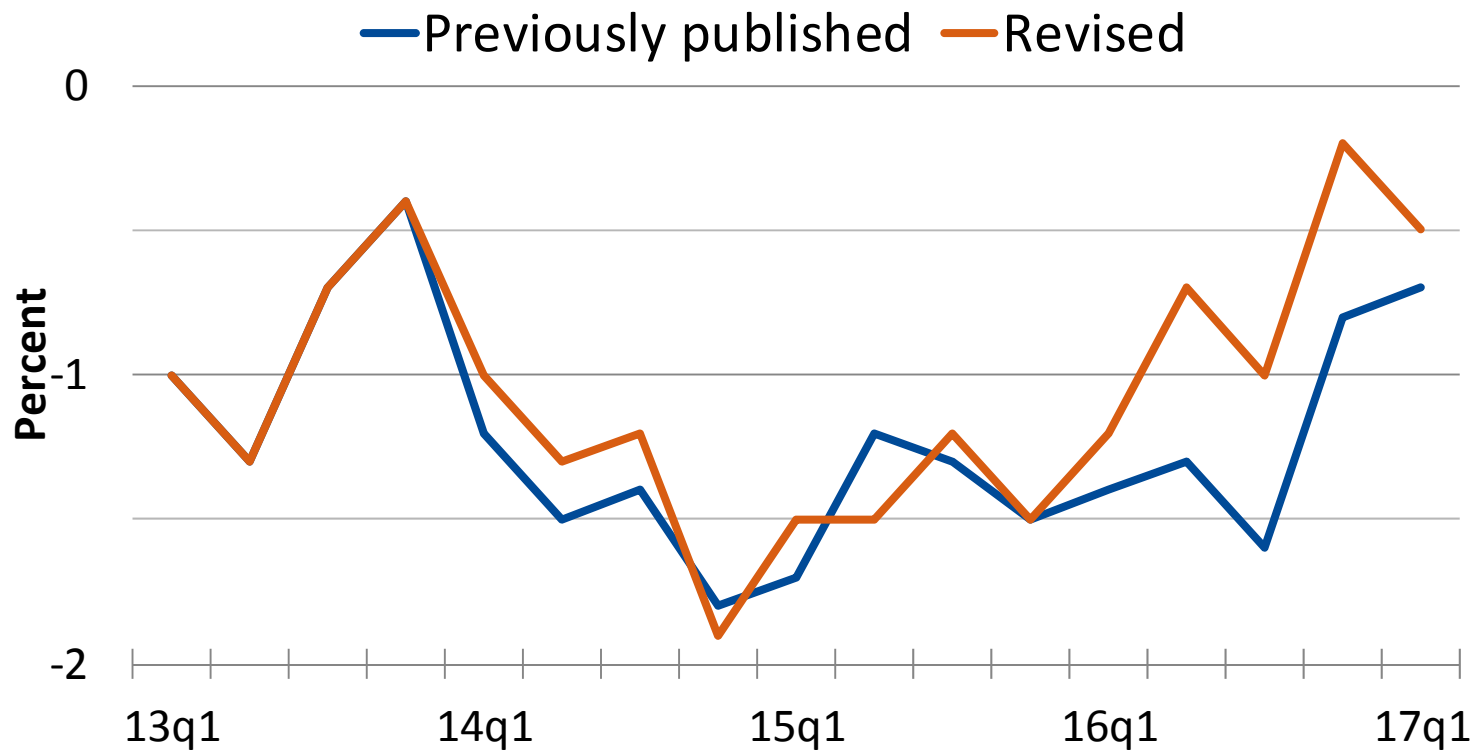
# Gross domestic income

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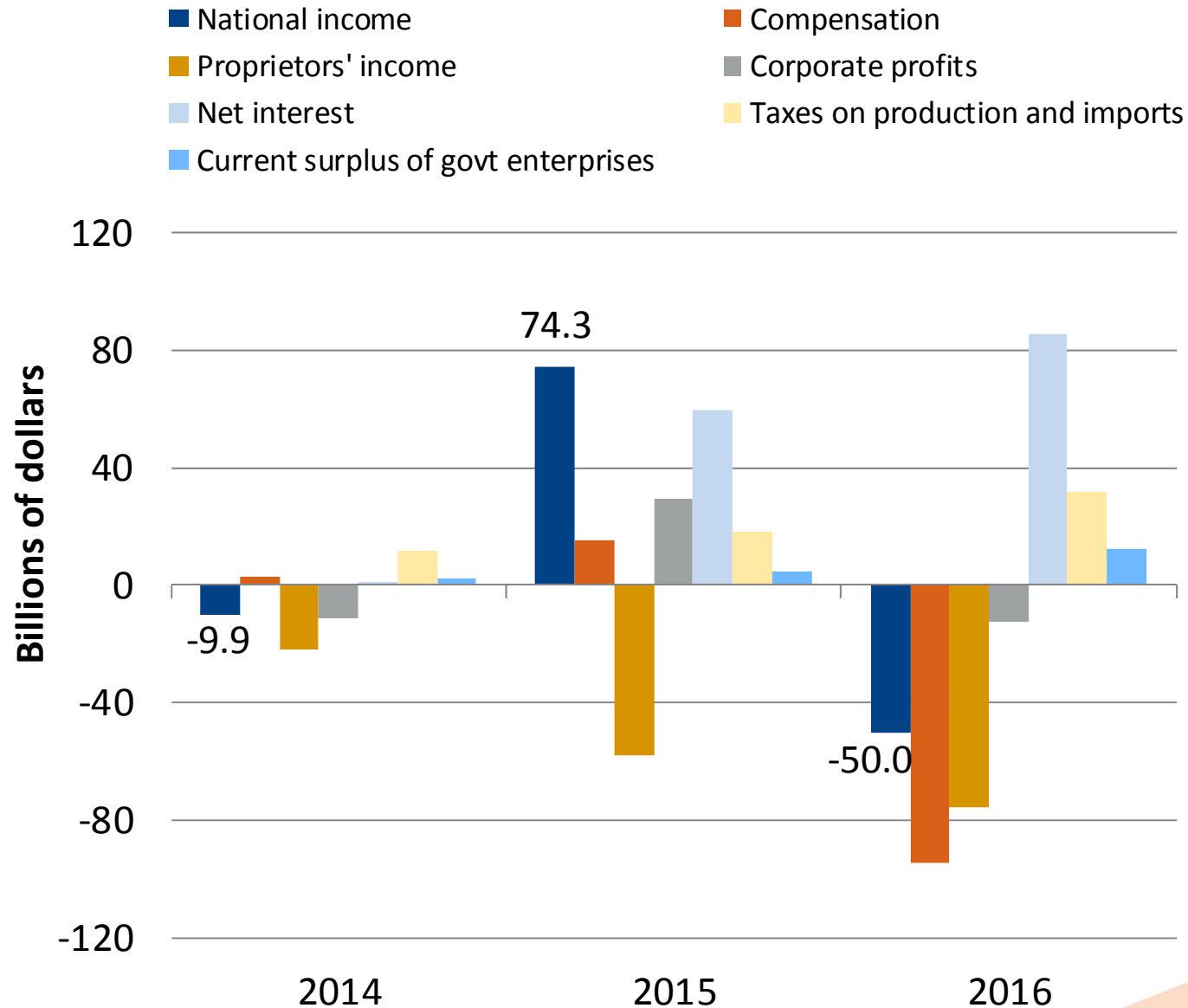
- GDI = GDP in concept
  - Incomes earned in production EQUAL the value of the final expenditures of goods and services produced
- Statistical discrepancy
  - Shows the difference (GDP – GDI) in practice
- Average of GDP and GDI
  - Simple average of the two
  - Helps reflect timing and measurement variations in GDP and GDI

# Statistical discrepancy as a percent of GDP



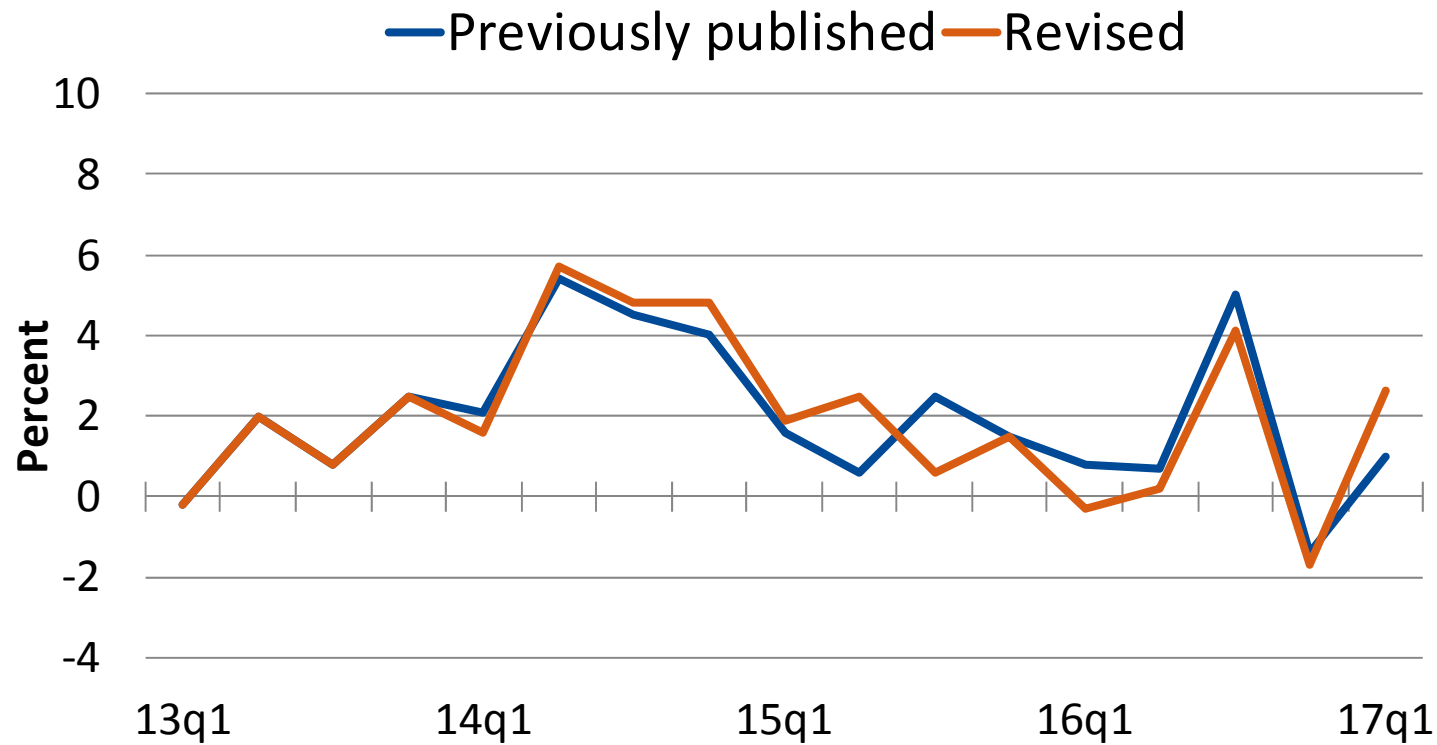


# National income revision in level 2014-2016



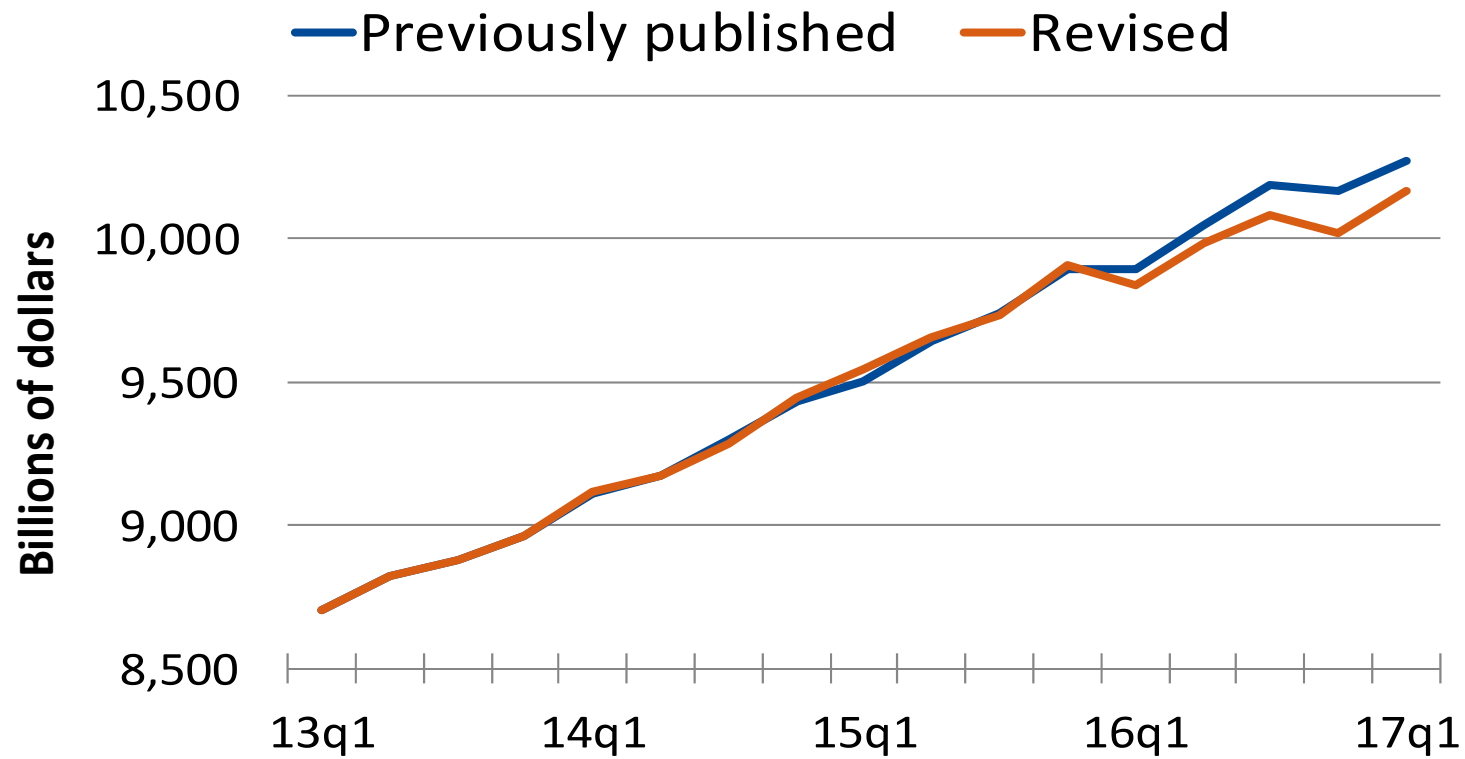
# Real gross domestic income

[Percent change from preceding period, SAAR]



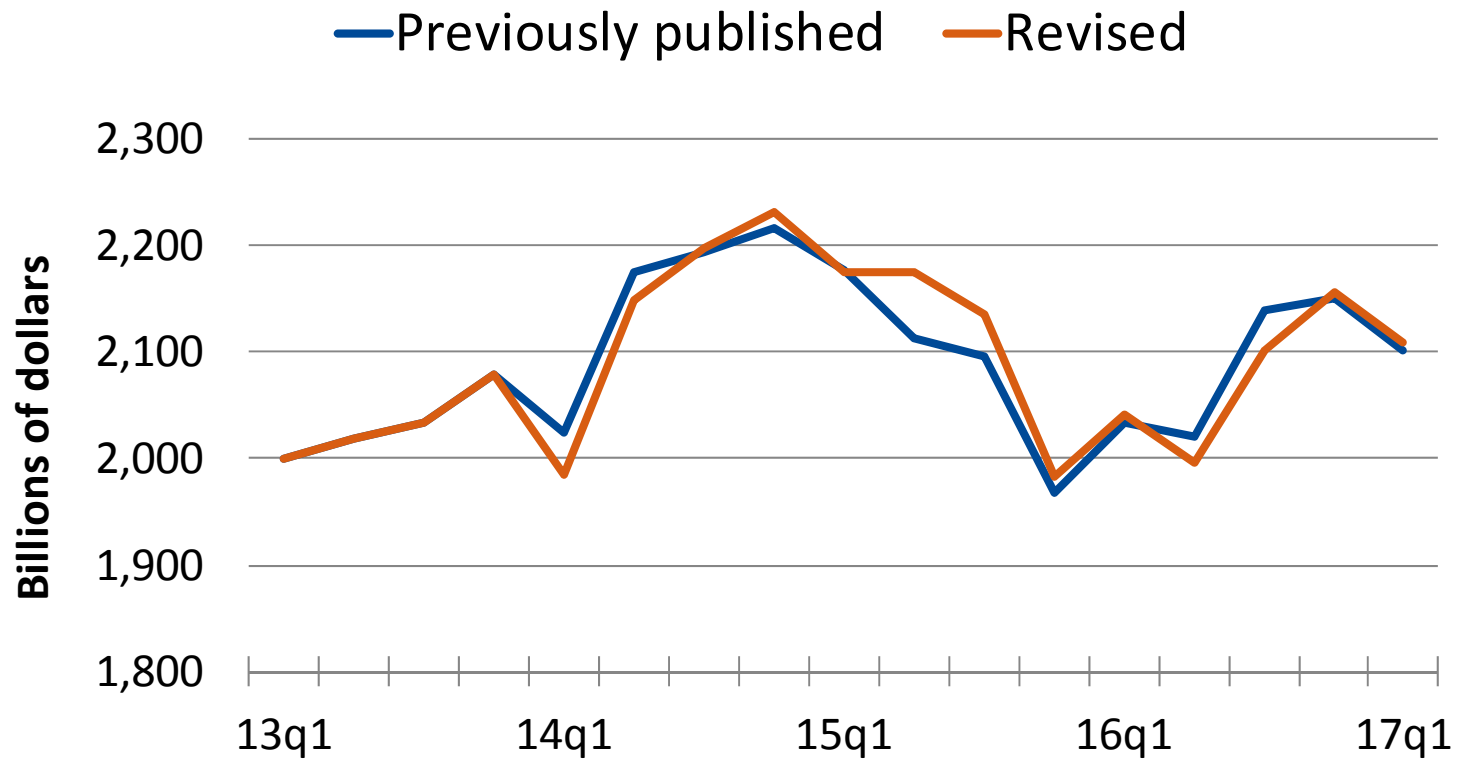
# Compensation of employees

[Billions of dollars, SAAR]



# Corporate profits

[Billions of dollars, SAAR]



# Personal income and outlays

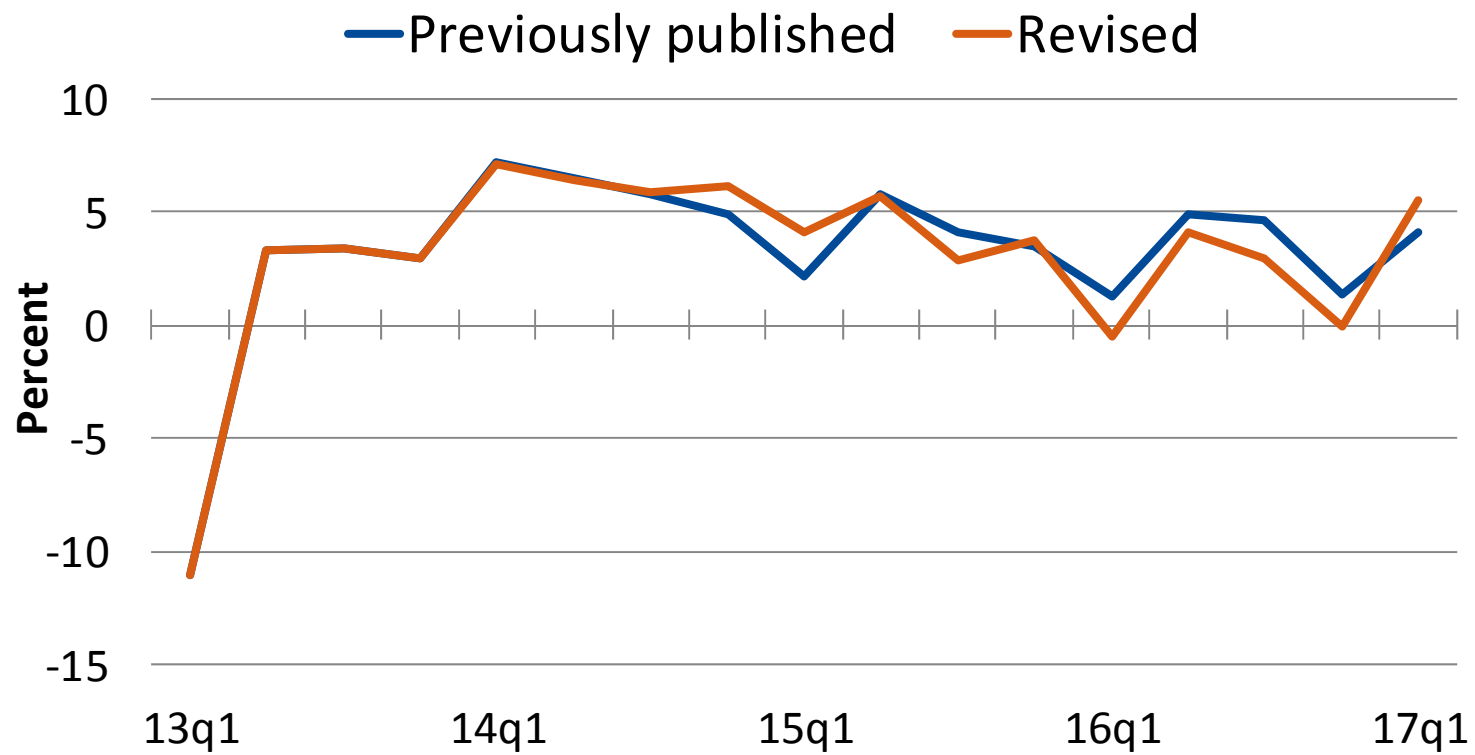


- Average annual growth 2013Q4 to 2017Q1

Component	Previously published	Revised
Personal income	4.3	4.1
Disposable personal income	4.2	4.0
Personal outlays	4.1	4.2
Real DPI	3.0	2.8
Personal saving rate* Average over 2014Q1-2017Q1	5.6	5.4

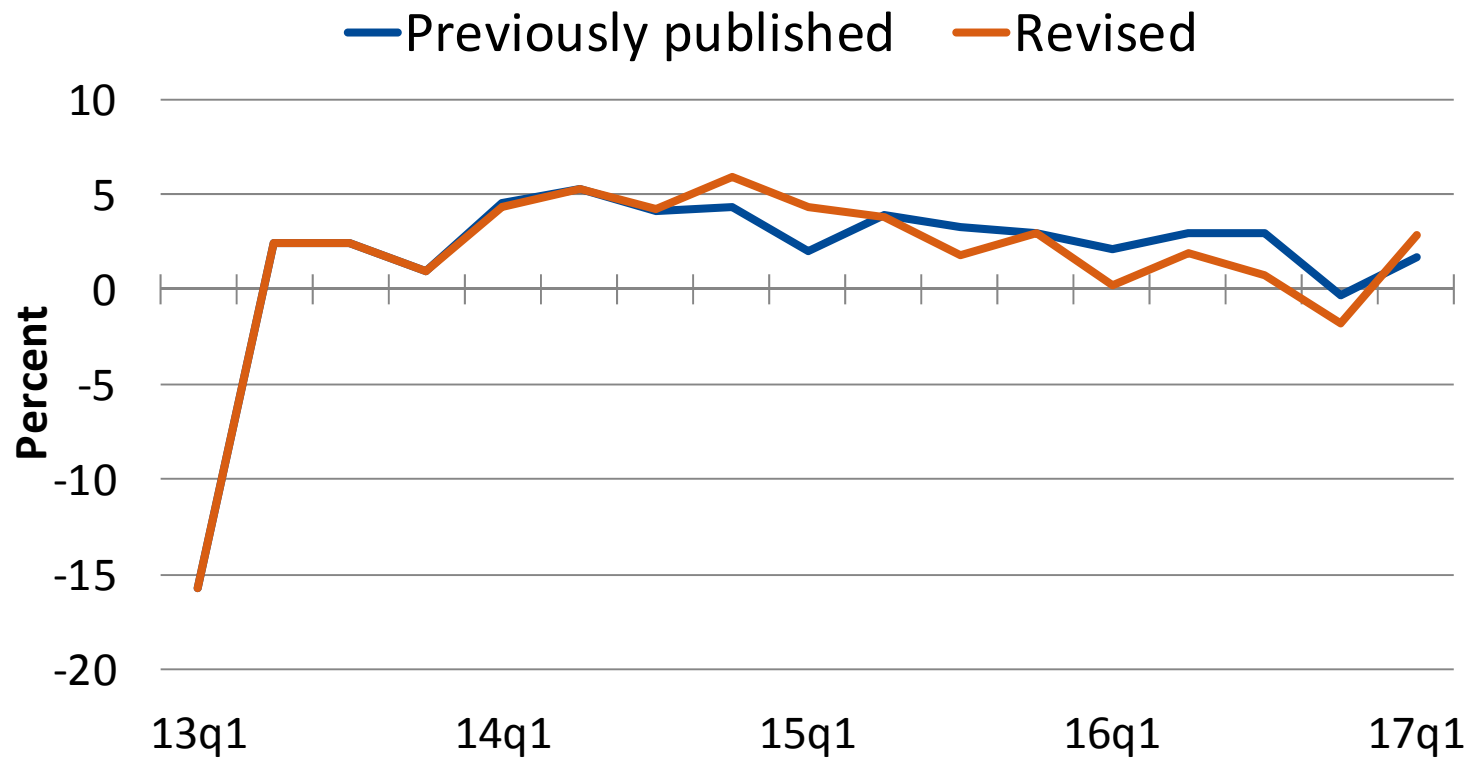
# Personal income

[Percent change from preceding period, SAAR]



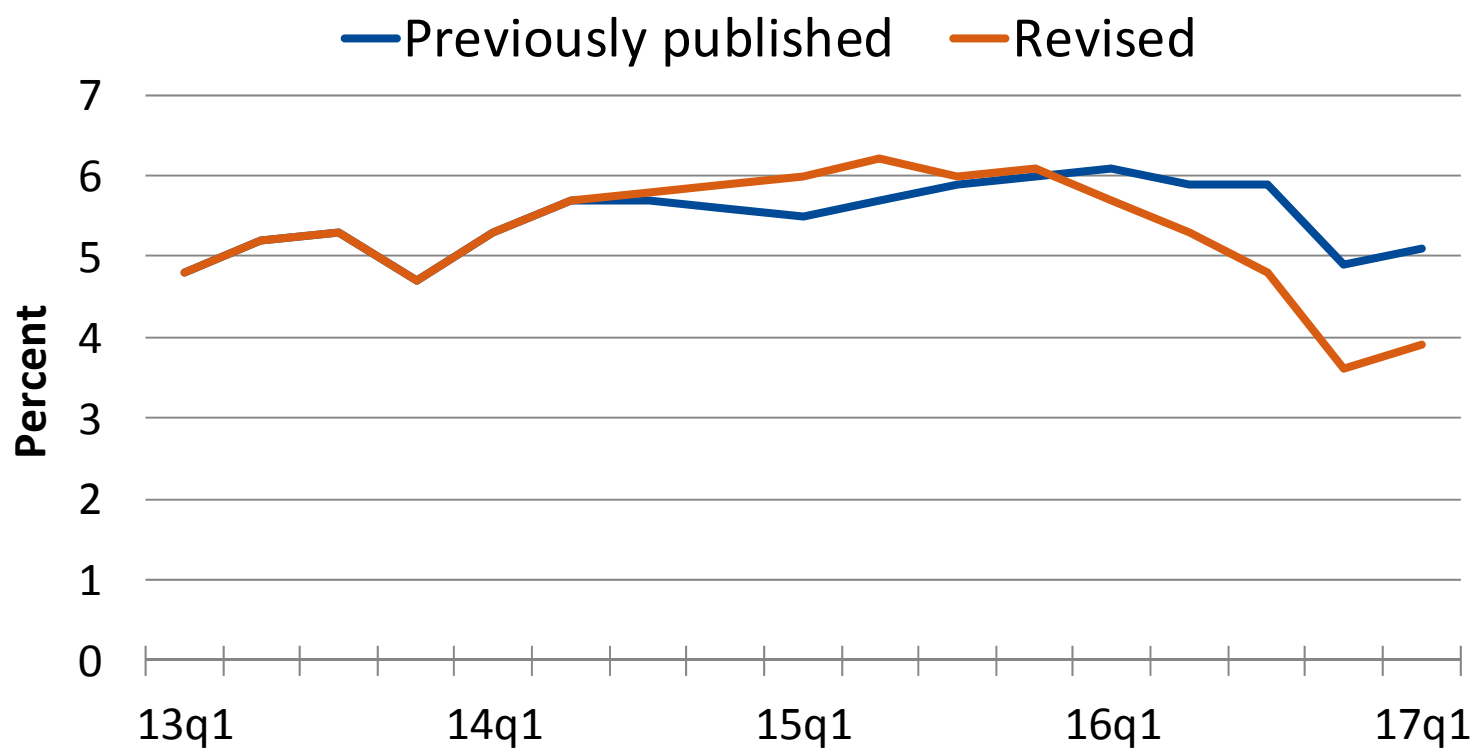
# Real disposable personal income

[Percent change from preceding period, SAAR]



# Personal saving rate

[Personal saving as a percentage of disposable personal income]





# Presentation Changes And Other Updates



# Presentation changes in annual update

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- Accelerate Key Source Data tables
- Add the percent change in the price index for '*Final sales to private domestic purchasers*' to the addenda of Table 1.6.7
- Expand the level of detail for subsidies in the Government by Function tables
  - Tables typically available in September or October

- Coming in Fall 2017
- Release quarterly underlying detail at same time as current estimate of GDP
- With CU 2018 release, evaluate concept of “underlying detail”

- Address residual seasonality in historical series
- Publish not-seasonally adjusted estimates
- Incorporate 2012 input-output accounts and other definition and methodology changes
- Update reference year to 2012

