The Commerce Department’s final reading of real GDP for 2005:IQ was 3.8%. This figure has been revised up from its advance reading of 3.1% in April and its preliminary reading of 3.5% in May. Such upward revisions are not unusual: There often are substantial changes between the advance and final estimates of real GDP growth. The final estimate has been a downward revision only twice since the beginning of 2002, and the average revision over that period has been 0.4 percentage points (pp).

The upward revision to real GDP from the preliminary estimate was largely the result of accelerations in exports, residential investment, and business fixed investment. In 2005:IQ, export’s contribution to the change in real GDP increased 0.6 pp, and residential investment’s contribution increased 0.5 pp, but these increases were partly offset by personal consumption expenditures and business fixed investment.

For the past three quarters, real GDP growth has remained significantly higher than the 30-year average of 3.3%. However, in their June newsletter, the Blue Chip forecasters predicted that GDP growth will slow to between 3.2% and 3.3% over the next four quarters. In May’s newsletter, they had predicted that 2005:IIQ growth would be 0.2 pp lower at 3.0% and that 2005:IIIQ growth would be 0.1 pp higher at 3.4%. The rest of their predictions remained unchanged.