Modifications to GDPNow Model Effective Beginning with the October 30, 2026, Forecast for 2026:Q4 GDP Growth

This update incorporates a correction to the application of equation (3)—provided below in the "Modifications to GDPNow Model Effective with the April 29, 2022, Forecast" section—used to forecast some of the monthly GDP source data. In particular, the timing of the dummy variable values in equation (3') below for 2020m3 to 2020m12 was incorrectly implemented so that retroactively applied forecasts were incorrect beginning on months 2020m3 $\leq$ t $\leq$ 2020m12 and for h $\geq$ 0

$$(3') \quad \Delta \log(\hat{y}^i_{t+h}) = \alpha_i + \sum_{k=1}^{q} \gamma^i_k \Delta \log(\hat{y}^i_{t+h-k}) + \sum_{j=0}^{r} \beta^i_j f_{t-j} + \sum_{h=0}^{9} \delta^i_h D_t^{Mar20+h}.$$ [1]

Relative to the model prior to October 30, 2026, this correction will impact the nowcasts for private fixed investment and government expenditures as well as its subcomponents but will not impact the nowcasts for personal consumption expenditures, net exports, and change in private inventories since the model removes the observations for the effected months and quarters in the key bridge or estimation equations. For the effected subcomponents, the correction should generally be more impactful early in the forecasting cycle for a quarter than later in the cycle since, in the latter case, some of the incorrect dummy interaction terms are no longer needed later in the quarter because the left-hand side of (3') are replaced by actual values that would have been available that late into the forecasting cycle. Still, in aggregate, the impact was fairly limited even early in forecasting cycle for 2026:Q3 (the last quarter before the correction). The retroactively calculated corrected initial GDP growth forecast for 2026:Q3 on July 30 was 5.0 percent, the same as the original real-time model forecast. The corrected GDP forecast increased to 6.3 percent on August 4, above the original 5.9 percent model forecast. The nowcast increase was primarily concentrated in nonresidential equipment investment (GDP contribution up 0.12 percentage points) and residential investment (GDP contribution up 0.25 percentage points). The latter residential investment increase was due to the corrected model putting more weight on the monthly data portion of that part of the model (monthly weight increased from 0.56 to 1.00) and the forecast of the monthly portion of the model being relatively higher in part because of the relatively large estimated September factor value of 0.74 on August 4 (the same as the original model). Like the effected subcomponent forecasts, the weights in equation (4) below are also generally less effected by the correction later in the forecast cycle.

Modifications to GDPNow Model Effective Beginning with the December 23, 2025, Forecast for 2025:Q4 GDP Growth

In the BEA's annual GDP revision released on September 25, 2025, investment in private nonresidential office structures was further disaggregated into investment in data centers and investment in "general,

[1] The incorrect implementation was first discovered by Isadora Salles, economist at Adam Capital. Isadora Salles, email correspondence with Patrick Higgins, October 21 and 22, 2026.

financial, and other" structures. The price deflator associated with the aggregate office structures investment category was previously the PPI for new office building construction. Based on information regarding the September 2025 annual GDP revision,[2] beginning with 2020 data we now use this same PPI for the "general, financial, and other" office structures subcategory and the geometric mean of the PPI for new industrial building construction and the PPI for new warehouse building construction as the price deflator associated with the data center subcategory (Tornqvist nominal investment shares are used as the weights). Prior to 2020, the same office price deflator that was previously used is used for the entire office structures aggregate.

A second change, particularly relevant for the 2025:Q4 forecast, is used to fill in October 2025 values for price indices which are missing because of the October–November 2025 government shutdown. For these price series—primarily in the consumer price index (CPI) and import and export price indexes (MXPI) price reports—in which the October 2025 value is missing but the adjacent September 2025 and November 2025 values are available, we generally fill in the missing October value with the square-root of the product of the September and November 2025 values. The exceptions to this are price series that are not seasonally adjusted by the US Bureau of Labor Statistics but are seasonally adjusted by us using Haver Analytics software. For these series, the X-13 algorithm implemented by Haver Analytics automatically fills in the missing October 2025 value inside the seasonal adjustment routine.

Adjustments for Gold Imports and Exports in Standard GDPNow Model—an Alternative Model Beginning March 6, 2025, that Becomes Standard GDPNow Model Beginning April 30, 2025

Standard GDPNow Model forecasting 2025:Q1 GDP growth will be discontinued on April 30, 2025.

The existing measures of goods imports and exports—BOPGIMP and BOPGEXP in FRED—are further adjusted by subtracting gold imports and exports from the balance of payments (BOP) based measures of international goods trade available from the Bureau of Economic Analysis in the so-called IDS-0182 US Trade in Goods database. These measures of gold imports (labelled MNMGLD for gold imports and XNMGLD for gold exports in the database) can differ substantially from the US Census Bureau's Census-based measures of gold imports (M14270) and gold exports (X12260) due in part to classification differences. For example, harmonized system code 7115900530: "Articles of precious metal, in rectangular shapes, 99.5% or more by weight of precious metal, not otherwise marked or decorated, of gold" is classified under "finished metal shapes and advanced manufacturer" items on a Census basis but reclassified as nonmonetary gold on a BOP basis.

After subtracting gold imports and exports from the IDS-0182 BOP measures of goods exports and imports, GDPNow generally works the same way as the standard pre-existing GDPNow model. The one exception to this is for updates after the "Advance Economic Indicators" (AEI) report, which includes some aggregate data on goods imports and exports and is released near the end of the month, but before the full international trade report that is released near the beginning of the subsequent month and includes services imports/exports and further details on goods imports/exports. In addition to aggregates of goods imports and exports on a Census basis, the AEI report includes a breakdown of

[2] See https://www.bea.gov/information-updates-national-regional-economic-accounts.

these aggregates according to the following 6 sub aggregates: (1) foods, feeds, & beverages, (2) industrial supplies and materials, (3) capital goods ex autos, (4) automotive vehicles, (5) consumer goods ex autos, and (6) other goods. Industrial supplies and materials, category (2), does not disentangle either the Census-basis measure of nonmonetary gold or "finished metal shapes" from the sub aggregate. Therefore, we simply discard the AEI reading of (2) and forecast the (price deflated) differences between industrial materials imports (exports) and BOP based gold imports (exports) using a five-variable Bayesian vector autoregression (BVAR) model. Besides price deflated imports and exports of industrial supplies and materials excluding BOP measures of gold which go through month "*t*-1," the BVAR includes the Chicago Fed National Activity Index (CFNAI) and aggregated real measures of goods imports and exports for (1) through (6) excluding (2).[3] These last three variables go through month *t* after the month *t* after the AEI report, and the conditional forecasts for the month *t* observations of real industrial supplies and materials imports and exports excluding gold are forecasted using Waggoner and Zha (1999). With observed or forecasted values of all month *t* variables, we undo the price deflation to get Census Bureau-based aggregates of goods imports and exports excluding (BOP based) gold. We use this to directly extrapolate the BOP measure of goods imports and exports excluding assuming the growth rates of the BOP and Census Bureau based measures are identical in month *t*.

Modifications to GDPNow Model Effective with the January 27, 2023, Forecast

In the previous version of this documentation, last modified in April 2022, we had not implemented the adjustment associated with equation (4) below for net exports of goods, net exports of services, and inventory investment. For these three subcomponents, we now implement an adjustment similar to the discarding of the observations between the first and fourth quarters of 2020 described below equation (4) below. For goods/services net exports and inventory investment, in equation (4) we use a contribution to GDP growth rather than a logarithmic growth rate [$\Delta \log(*)$].

Moreover, for all the GDP subcomponents apart from consumer spending that estimate either equation (4) or a similar equation using contributions to GDP growth rates, the regression used to estimate it now places more weight on observations in the recent past than observations in the more distant past. In particular, for a quarter that is *t* quarters before the most recently observed quarter with an official estimate of GDP, we assign a weight $\frac{1}{(1+\frac{t}{80})^2}$ to the observation.[4] These weights are collected in the diagonal matrix *W*. Letting *X* denote the two-column matrix with the two regressors on the right hand side of equation (4) below, and *Y* the vector collecting the observations on the left hand side of equation (4), we form the weighted least squares estimate:

$$(1)\ \delta^{WLS} = [\widehat{\delta_X^1}\ \ \widehat{\delta_X^2}]' = (X'WX)^{-1}X'WY.$$

To ensure $\widehat{\delta_X^1} + \widehat{\delta_X^2} = 1$, we let $R = [1\ 1]$, q = 1, and form the restricted weighted least squares estimate:

$$(2)\ \delta^{RLS,WLS} = \delta^{WLS} - (X'WX)^{-1}R'(R(X'WX)^{-1}R')^{-1}(R\delta^{WLS} - q).$$

[3] Real measures are constructed as a Tornqvist Index aggregate using BLS measures of import and export prices. In the 5-variable BVAR, the real measures of imports and exports are entered in logs, and there are 6-lags with a shrinkage parameter of $\lambda = 0.25$.

[4] Observations before 1985 are not included in the regression.

The two terms in $\delta^{RLS,WLS}$ sum to one and include the weight assigned to the bridge equation-based forecast of the subcomponent's growth rate or contribution to growth as well as the weight assigned to the quarterly Bayesian vector autoregression (BVAR) forecast with GDP subcomponents. If one of the weights is larger than 1.0, we replace that weight with 1.0 and the other weight with 0. The primary motivation for using weighted least squares is to increase the weight assigned to the bridge equation-based forecast for net exports of goods.

Modifications to GDPNow Model Effective with the April 29, 2022, Forecast

We have modified the factor-augmented forecasting equation used to forecast the growth rates of the monthly source data for GDP subcomponents apart from inventories. The forecasting equation

$$(3)\quad \Delta \log(\hat{y}_t^i) = \alpha_i + \sum_{k=1}^{q} \gamma_k^i \Delta \log(y_{t-k}^i) + \sum_{j=0}^{r} \beta_j^i f_{t-j} + \sum_{h=0}^{9} \delta_h^i D_t^{Mar20+h}$$

now includes the 10 dummy variables D_t^{Mar20}, $D_t^{Mar20+1}$, …, and $D_t^{Mar20+9}$, where, for each $0 \leq h \leq 9$, $D_t^{Mar20+h}$ is a dummy variable that assumes the value 1 whenever month *t* is precisely *h* months after March 2020 and the value 0 otherwise. We have also lowered the maximum value of *q*, determined from the Akaike information criterion (AIC), from 12 to 6. For the consumer spending subcomponents, the minimum value of *q* has been lowered from 6 to 3.

As described on page eight of Higgins (2014), the original version of the model used a 4-lag autoregressive, or AR(4), model to forecast the growth rate of a detailed subcomponent [that is, residential investment in dormitories] of a coarser GDP subcomponent, whenever the detailed subcomponent did not have a related monthly series for estimating a so-called bridge equation. For these detailed subcomponents, we now use an AR(1) model augmented with four dummy variables, where the *n*th dummy takes on the value 1 during the *n*th quarter of 2020 and the value 0 otherwise.

As described on page nine of Higgins (2014), for the coarser subcomponents of real GDP apart from consumer spending and inventory investment, the forecasted growth rate is a weighted average of a quarterly Bayesian vector autoregression (BVAR) forecast and a forecast built up from a collection of bridge equation forecasts using monthly GDP source data. When estimating this equation,

$$(4)\quad \Delta \log(X_t) = \delta_X \Delta \log(\hat{X}_t^{BVAR}) + (1 - \delta_X)\Delta \log(\hat{X}_t^{Bridge}) + E_t\ ,$$

for the GDP subcomponents apart from consumer spending, foreign trade, and inventory investment, we now discard the observations where time *t* is between the first and fourth quarters of 2020.

Modifications to GDPNow Model Effective with the April 30, 2020, Forecast

Prior to April 30, 2020, we removed outliers from the 126 monthly data series used to estimate the GDPNow model's dynamic factor as detailed in equations (6) to (8) below. We replaced observations that were more than 10 interquartile ranges away from their median values. We derived the replacement values by first preliminarily replacing identified outliers with median values over the entire sample and then replacing them with a three-month-centered moving average of the outlier-adjusted data after padding the starting and ending points of each series with repeats of their first and last

observed values. These adjustments generally had a very modest impact on the estimated factor through February 2020. However, given the profound impact of COVID-19 on the macroeconomy, we identified some March 2020 values as "outliers," such as the log-difference of the end-of-month four-week trailing average of initial unemployment insurance claims. Effective with the April 30, 2020, forecast, we no longer replace outliers in the monthly data used to estimate GDPNow's dynamic factor with alternative values. Instead, we now use the (standardized) 126 monthly data series inclusive of any possible outlier values to estimate the model's dynamic factor.

Modifications to GDPNow Model Effective with the April 30, 2018, Forecast

As documented in Higgins (2014), an estimated dynamic factor model is used to forecast the yet-to-be released monthly source data for the GDP subcomponents apart from inventory investment. In particular, the forecasting equations for the monthly growth rates of the source data are of the form:[1]

$$(5) \quad \Delta \log(\hat{y}_t^i) = \alpha_i + \sum_{k=1}^{q} \gamma_k^i \Delta \log(y_{t-k}^i) + \sum_{j=0}^{r} \beta_j^i f_{t-j}.$$

In equation (5), y_t^i is the value of a monthly source data series in month *t* such as private nonresidential construction spending put in place from the US Census Bureau's construction spending report adjusted for price changes, $\Delta \log(*)$ is the change in the natural logarithm of the series, which approximately equals its growth rate, f_t is the GDPNow estimate or forecast of the dynamic factor in month *t*, and the remaining terms are coefficient estimates from a regression using ordinary least squares (OLS). As documented on pages 5–6 of Higgins (2014), f_t is estimated, or forecasted, if month *t* data from the Manufacturing ISM Report on Business from the Institute for Supply Management has not been released yet, from the dynamic factor model

$$(6) \quad f_t = \rho_1 f_{t-1} + \rho_2 f_{t-2} + \rho_3 f_{t-3} + u_t$$

$$(7) \quad z_t^i = \gamma_1^i f_t + \varepsilon_t^i$$

where z_t^i is one of 126 standardized observed data series and u_t and ε_t^i are random variables from Gaussian white noise processes. As noted in this February 2018 *macroblog* post, there is autocorrelation for ε_t^i for some of the series including those released in the ISM manufacturing report. This can lead to large and somewhat predictable changes in the GDPNow forecast around the ISM manufacturing release. To mitigate the impact of the ISM report on the GDPNow forecast somewhat, we assume ε_t^i follows the first-order autoregressive process

$$(8) \quad \varepsilon_t^i = \phi_i \varepsilon_{t-1}^i + v_t^i$$

where v_t^i follows a Gaussian white noise process. We then estimate the time series of the dynamic factor using a slightly modified version of the algorithm used in Higgins (2014), which was largely based on the algorithm described in Giannone, Reichlin, and Small (2008).[2] We form an initial estimate of the dynamic factor by taking the first principal component of the standardized data series utilizing the technique described in Appendix A of Stock and Watson (2002)[3] to handle missing, or yet-to-be released, values. We then estimate equations (6) and (7) by OLS. The residuals from equation (7) are used to estimate equation (8) by OLS. Equations (6)–(8) are then recast into a state-space representation with the parameters and error variances taken from the earlier OLS regressions and the dynamic factor is reestimated using the Kalman filter and Kalman smoother. The estimated factor from this modified dynamic factor model is used to forecast the growth rates of the monthly source data in equation (5).

Modifications to GDPNow Model Effective with the October 30, 2017, Forecast

Residential investment

The bridge equation for real residential investment in improvements, which previously used the retail sales of building materials, garden equipment, and supply dealers deflated by the geometric mean of three price series described in Table A5b in Higgins (2014) has been expanded to include the number of seasonally adjusted production and nonsupervisory employees for residential remodelers (NAICS 236118). In particular, the bridge equation is a linear regression using quarterly log growth rates of the form

$$(9)\ \Delta\log(RealResInvImprovements_t) = \varphi + \theta_1\,\Delta\log\left(\widehat{RealBuildGardenSupplySales_t}\right) + \theta_2\,\Delta\log\left(\widehat{EmpResRemodelers_t}\right) + e_t$$

where "hats" on the right-hand side of the equation are used because these values are constructed from both actual and (possibly) forecasted monthly values. See pages 5–8 and equations one to six of Higgins (2014) for further details.

Nonresidential equipment investment

Several changes have been made so some monthly data from the US Census Bureau's advance durable manufacturing report and the US advance international trade in goods report are used soon, or shortly after, their releases. Previously, some of these data had not been used until the full (M3) manufacturing report or the full monthly international trade report were released. Beyond this, no changes have been made. The monthly source data and the structure of the bridge equations are essentially unchanged from the previous version of GDPNow.

GDPNow partitions nonresidential equipment investment into "New autos," "New trucks," "Used autos/light trucks [net purchases]," "Aircraft," "Computers and peripherals," and "Core," where "Core" is the difference between the total and the other five categories. For the last three of the subcomponents—"Aircraft," "Computers and peripherals," and "Core"—the monthly source data for a bridge equation like (9) is "net shipments" or "domestic supply" measured as manufacturing shipments plus imports minus exports.[4] Shipments corresponding to "Computers and peripherals" investment are the sum of shipments of (a) "Electronic computers," (b) "Computer storage devices," and (c) "Other computer peripheral equipment." These three series are not released until the full (M3) manufacturing report and, consequently, data on computer shipments from the advance durable manufacturing report were not used in the previous version of GDPNow. However, the advance durable manufacturing report includes shipments for "Computers & related products" and this series equals the sum of (a–c) in the full M3 report. Consequently, we now map "Computers & related products" shipments from the advance durable manufacturing report to the shipments series for "Computers and peripherals" investment.

In the Higgins (2014) version of GDPNow, month *t* data on exports and imports of capital goods that were mapped into "Aircraft," "Computers and peripherals," and "Core" investment were not used until the full international trade report for month *t*. We now forecast these data when the advance international trade in goods report for month *t* is released.[5] That report includes advance estimates of

month *t* imports and exports of capital goods excluding autos.[6] In the full international trade report, we can partition imports and exports of capital goods into categories mapping into "Aircraft," "Computers and peripherals," "Core," and a non-core remainder.[7] After making this partition, we construct "Aircraft," "Computers and peripherals," and "Core" exports and imports as shares of total capital goods exports and imports through month *t-1*. We include these six-time series in a six-lag Bayesian vector autoregression (BVAR) along with five other series: logarithms of manufacturer shipments for the same three categories of imports and exports, and logarithms of total capital goods exports and imports. The latter five series go through month *t* after the month *t* advance durable manufacturing and advance international trade in goods reports. Using the approach of Waggoner and Zha (1999),[8] we make conditional forecasts of the month *t* shares of "Aircraft," "Computers and peripherals," and "Core" capital goods exports and imports after these reports. We can then back out total exports and imports for the three categories using total capital goods exports and imports from the advance trade report.

Nonresidential structures investment

One of the seasonally adjusted producer price deflators used to construct the price deflator for monthly private nonresidential construction spending—"Steel mill products: Steel pipe and tube"—was discontinued in December 2013. This index has been replaced by the nonseasonally adjusted version of the deflator; no manual seasonal adjustment is applied to this series. Otherwise, the methodology for forecasting nonresidential structures investment is unchanged from Higgins (2014).

Consumption spending on services

In the previous version of GDPNow, services personal consumption expenditures (PCE) was partitioned into two categories: "Purchased meals and beverages" and "Other." Now it is partitioned into five categories: "Electricity + natural gas," "US travel outside the US," "Foreign travel in the US," "Purchased meals and beverages," and "Other."

When the Federal Reserve's industrial production report for month *t* is released, we use a linear regression[9] with the month *t* (logarithmic) growth rate of "Electric and gas utilities" industrial production, the month *t-1* growth rate of "Electricity + natural gas" real PCE, and a constant to forecast the month *t* growth rate of "Electricity + natural gas" real PCE. Apart from this wrinkle, monthly "Electricity + natural gas" real PCE growth is forecasted using the same factor-augmented autoregression approach that is used with much of the other monthly source data and described on pages 6–7 of Higgins (2014).

As described in chapter 5 of the *NIPA Handbook*,[10] the US Bureau of Economic Analysis (BEA) uses imports and exports of travel services to estimate net foreign travel PCE. However, month *t* PCE data are published about a week before the monthly international trade report with month *t* estimates of foreign trade in travel services. When month *t* nominal imports of travel services are released, we replace the month *t* (log) growth rate of real PCE "US travel outside the US" with the fitted value from a regression using a constant and the month *t* growth rate of nominal imports of travel services.[11] We use the parameter estimates from the regression to forecast revisions to the growth rate of real PCE "US travel outside the US"[12] We use a symmetric approach to forecast revisions to real PCE: "Foreign travel in the US" after month *t* nominal exports of travel services are released in the same international trade report.

The aggregation of the forecasts for "Electricity + natural gas," "US travel outside the US," "Foreign travel in the US," "Purchased meals and beverages," and "Other" PCE services is handled as in the

original version of GDPNow. Equation (15) on page 13 of Higgins (2014) is expanded so that the sum has five terms instead of two.

Change in private inventories

As described on page 13 of Higgins (2014), GDPNow approximates the monthly change in private inventories for each of four industries[13] as the sum of the monthly change in the book value of inventories published by the Census Bureau and an inventory valuation adjustment (IVA). If GDPNow is forecasting growth in quarter *t*, no monthly IVA estimates in quarter *t* are published until the first official GDP estimate for the quarter is released. However, the Underlying Detail Tables for the third estimate of quarter *t-1* GDP include end-of-month estimates of real and nominal manufacturing and trade inventories for the first month of quarter *t*. We use these data to plug in estimates of the IVAs for the first month of quarter *t* after these tables are released. The approximation used is

$$iva_{t,1}^{i} \cong 12\Delta invent_{t,1}^{i,Census-Book} + 12\Delta RealInvent_{t,1}^{i,BEA}\left(\frac{NomInvent_{t,1}^{i,BEA}}{RealInvent_{t,1}^{i,BEA}}\right)$$

where $invent_{t,1}^{i,Census-Book}$ is the Census Bureau's published book value of inventories for industry *i* in the first month of quarter *t*, $RealInvent_{t,1}^{i,BEA}$ is the end-of-month stock of inventories in chained dollars for the same month and industry published by the BEA in Underlying Detail Table 1BU, and $NomInvent_{t,1}^{i,BEA}$ is the end-month nominal stock of inventories for the same month and industry published by the BEA in Underlying Detail Table 1BUC.[14] The updated version of GDPNow treats the estimates of the IVAs in the left-hand side of the above equation as data. The rest of the programs work as before, and unavailable IVAs for months in which Census book value data have been released are still estimated using PPIs and BVAR models as described in Higgins (2014).

Underlying Detail Table 1BUC also contains an estimate of the real stock of inventories for retail motor vehicle and parts dealers. The difference in this stock, multiplied by 12 to annualize, is nearly identical to the published change in real motor vehicle dealer inventories in Underlying Detail Table 5.7.6BM. Therefore, we nowcast the motor vehicle dealer number in Table 5.7.6BM for the first month of quarter *t* with 12 times the first difference of the corresponding stock in Table 1BUC after the Underlying Detail Tables for the third estimate of quarter *t-1* GDP are released.

Government spending

As described on pages 7–9 of Higgins (2014), each of (private) real nonresidential structures investment, equipment investment, intellectual property products investment (IPP), federal government spending, and state+local government spending are disaggregated into finer subcomponents, and each of the real growth rates of these finer subcomponents are forecasted with a "bridge equation" or a four-lag autoregression [AR(4)] model. However, due to an oversight, the disaggregation used for both federal government spending and state+local government spending was not adjusted in July 2013 to account for the introduction of IPP investment. Each of the real growth rates of federal national defense, federal nondefense, and state+local IPP investment are now forecasted with AR(4) models. And these forecasts are now folded into the bridge equation-based forecast of real federal and state+local government spending using equation (7) on page 9 of Higgins (2014). See the tabs **FederalGovt** and **StateLocal** in https://www.frbatlanta.org/-/media/documents/cqer/researchcq/gdpnow/GDPTrackingModelDataAndForecasts.xlsx for these AR(4) forecasts of the real growth rates of government IPP government growth.

[1] See https://www.frbatlanta.org/research/publications/wp/2014/07.aspx. We have simplified the notation from the Higgins (2014) slightly.
[2] See https://ideas.repec.org/a/eee/moneco/v55y2008i4p665-676.html.
[3] See https://www.princeton.edu/~mwatson/papers/Stock_Watson_JBES_2002.pdf.
[4] For both the "Computers and peripherals" and "Core" categories, the monthly source data on shipments, exports, and imports are independently forecasted and then combined. For "Aircraft," the monthly source data are first combined into "net shipments" and then unavailable values of "net shipments" are forecasted. For the previous version of GDPNow, this had the implication that month *t* data on manufacturing shipments of (nondefense) aircraft were not used until the full monthly international trade report. The changes made in the current version imply month *t* aircraft shipments data are used after the advance international trade in goods release.
[5] We simply plug these estimates in and treat them as actual values of month *t* capital goods imports/exports. No econometrics are used and no forecasted revisions to prior month values are made after the advance international trade report.
[6] Everywhere in this section on equipment investment where capital goods are referred to, we mean "capital goods excluding autos."
[7] For both exports and imports, trade in "Computers" and "Computer accessories" are mapped to "Computers and peripherals" investment, trade in "Civilian aircraft," "Civilian aircraft: parts," and "Civilian aircraft: engines" are mapped to "Aircraft" investment, and trade in "Marine engines," "Semiconductors," "Industrial engines," and "Electrical apparatus" are mapped to the non-core remainder. As of July 2017, non-core remainder exports (imports) have been just over 20 percent of capital goods exports (imports), on average, over the past 12 months.
[8] See https://ideas.repec.org/a/tpr/restat/v81y1999i4p639-651.html.
[9] The sample period for this regression and for the regressions for net foreign travel described below are January 2000 to the latest available month.
[10] See https://bea.gov/national/pdf/all-chapters.pdf.
[11] The regression uses current vintage data.
[12] The predicted revisions are the difference between the current fitted growth rates and fitted growth rates using the previous published values. Typically, only the previous month's value is revised. If a previous monthly PCE value isn't subject to revision in the next PCE or GDP report, then the model does not forecast a revision even if the foreign trade data have been revised.
[13] Durable manufacturing, nondurable manufacturing, merchant wholesalers, and retail trade excluding motor vehicle and parts dealers.
[14] The factor of 12 appears in the above equation because the BEA expresses monthly IVAs at annual rates.