Massachusetts Department of Revenue
Division of Local Services
Municipal Databank/Local Aid Section

Implicit Price Deflator for Gross Domestic Product

Data in this file are compiled from the United States Department of Commerce's, Bureau of Economic Analysis.

The Implicit Price Deflator GDP is arrived at by taking the current dollar GDP and dividing by constant dollar GDP. This ratio is used to account for the effects of inflation, by reflecting the change in the prices of the bundle of goods that make up the GDP as well as the changes to the bundle itself.

Seasonal adjustments remove recurring seasonal variations (variations that occur in the same month or quarter each year) from economic series so that the remaining movements in the series better reflect cyclical patterns in economic activity. For example, consumer spending for jewelry always declines in January, after the Christmas buying season ends. If spending for jewelry decreases at the “normal” rate, the seasonally adjusted spending series would indicate spending increased at the trend rate.

Other examples of economic series affected by seasonal patterns include: automobile production, which drops in July as factories retool for new models; heating oil production, which increases during September as producers anticipate the winter heating season; and home construction, which increases in March as weather conditions improve.