

GDP and the Economy

Second Estimates for the Second Quarter of 2019

By Lisa S. Mataloni and David F. Sullivan

Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the second quarter of 2019, according to the second estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ With the second estimate, real GDP growth for the second quarter was revised down 0.1 percentage point from the advance estimate issued last month (see “Updates”). In the first quarter of 2019, real GDP increased 3.1 percent.

The increase in real GDP in the second quarter reflected positive contributions from consumer spending, federal government spending, and state and local government spending that were partly offset by negative contributions from private inventory investment, exports, residential fixed investment, and nonresidential fixed investment.² Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).

Chart 1. Real GDP: Percent Change from Preceding Quarter

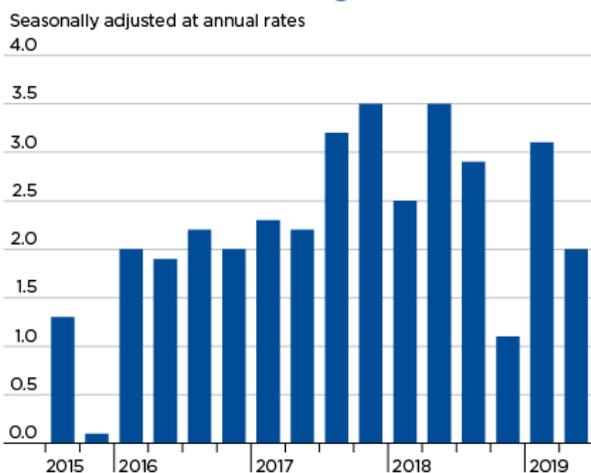
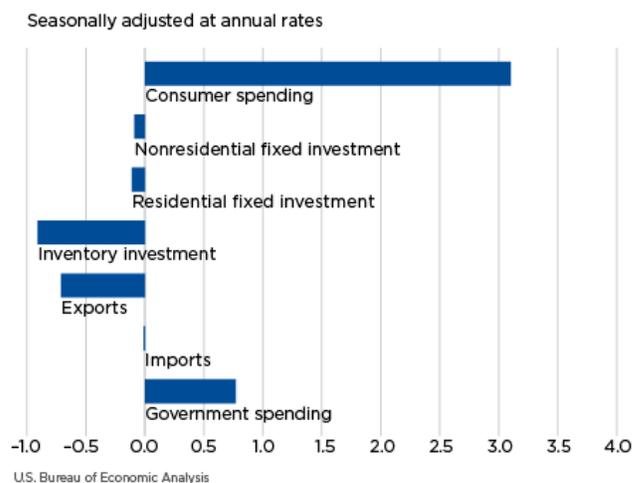


Chart 2. Real GDP: Contributions to the Percent Change in 2019:II



GDP Component Detail

The deceleration in real GDP in the second quarter primarily reflected downturns in inventory investment (line 14), exports (line 16), and nonresidential fixed investment (line 9). These downturns were partly offset by accelerations in consumer spending (line 2) and federal government spending (line 23).

- The downturn in private inventory investment primarily reflected a downturn in nondurable-goods manufacturing and larger decreases in wholesale and retail trade.
- The downturn in exports reflected downturns in both goods and services.
 - Within goods (line 17), a larger decrease in nonautomotive capital goods and downturns in automotive vehicles, engines, and parts and in consumer goods except food and automotive were partly offset by an upturn in exports of petroleum and products.
 - Within services (line 18), travel was the largest contributor to the downturn.
- The downturn in nonresidential fixed investment reflected a downturn in structures (line 10) and a deceleration in intellectual property products (IPP) (line 12). Within IPP, research and development and software investment slowed.
- The acceleration in consumer spending reflected accelerations in spending on both goods and services.
 - The acceleration in spending on goods (line 3) primarily reflected upturns in spending on motor vehicles and parts, in food purchased for off-premises consumption, and in clothing and footwear.
 - Within services (line 6), upturns in food services and accommodations and recreation services and accelerations in housing and utilities and other services were partly offset by a deceleration in health care services.
- The acceleration in federal government spending was more than accounted for by nondefense spending (line 25). Within nondefense, compensation of general government employees and intermediate goods and services purchased both turned up. These components were impacted by the partial government shutdown that occurred in the fourth quarter of 2018 and the first quarter of 2019. For more information, see [“How will the federal government shutdown be reflected in GDP for the fourth quarter of 2018 and the first quarter of 2019?”](#)

Real gross domestic income (GDI) (line 27) increased 2.1 percent in the first quarter after increasing 3.2 percent in the first quarter.

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[Seasonally adjusted at annual rates]

Line		Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2019	2018		2019		2018		2019	
		II	III	IV	I	II	III	IV	I	II
1	Gross domestic product (GDP)¹	100.0	2.9	1.1	3.1	2.0	2.9	1.1	3.1	2.0
2	Personal consumption expenditures	68.0	3.5	1.4	1.1	4.7	2.34	0.97	0.78	3.10
3	Goods	21.1	3.6	1.6	1.5	8.8	0.75	0.33	0.32	1.78
4	Durable goods	7.1	3.6	1.3	0.3	13.0	0.25	0.09	0.02	0.87
5	Nondurable goods	14.0	3.6	1.7	2.2	6.8	0.50	0.24	0.30	0.91
6	Services	46.9	3.4	1.4	1.0	2.8	1.59	0.65	0.46	1.32
7	Gross private domestic investment	17.6	13.7	3.0	6.2	-6.1	2.27	0.53	1.09	-1.11
8	Fixed investment	17.2	0.7	2.7	3.2	-1.1	0.13	0.46	0.56	-0.20
9	Nonresidential	13.6	2.1	4.8	4.4	-0.6	0.29	0.64	0.60	-0.09
10	Structures	3.0	-2.1	-9.0	4.0	-9.4	-0.07	-0.29	0.12	-0.30
11	Equipment	5.9	2.9	7.4	-0.1	0.7	0.17	0.42	0.00	0.04
12	Intellectual property products	4.7	4.1	11.7	10.8	3.7	0.18	0.51	0.48	0.17
13	Residential	3.7	-4.0	-4.7	-1.0	-2.9	-0.16	-0.18	-0.04	-0.11
14	Change in private inventories	0.3	.....	.....	.....	.....	2.14	0.07	0.53	-0.91
15	Net exports of goods and services	-3.1	.....	.....	.....	.....	-2.05	-0.35	0.73	-0.72
16	Exports	11.7	-6.2	1.5	4.1	-5.8	-0.78	0.18	0.49	-0.71
17	Goods	7.7	-9.1	2.6	4.6	-5.6	-0.78	0.21	0.36	-0.45
18	Services	4.0	-0.1	-0.7	3.3	-6.3	0.00	-0.03	0.13	-0.26
19	Imports	14.8	8.6	3.5	-1.5	0.1	-1.27	-0.53	0.23	-0.01
20	Goods	12.0	9.2	2.3	-2.8	0.3	-1.11	-0.28	0.36	-0.03
21	Services	2.8	6.1	8.9	4.5	-0.8	-0.16	-0.24	-0.13	0.02
22	Government consumption expenditures and gross investment	17.5	2.1	-0.4	2.9	4.5	0.36	-0.07	0.50	0.77
23	Federal	6.6	2.9	1.1	2.2	8.1	0.19	0.07	0.14	0.52
24	National defense	3.9	3.0	5.2	7.7	3.1	0.11	0.20	0.29	0.12
25	Nondefense	2.7	2.8	-4.5	-5.4	16.0	0.07	-0.12	-0.15	0.40
26	State and local	10.9	1.6	-1.2	3.3	2.3	0.17	-0.14	0.36	0.25
Addenda:										
27	Gross domestic income (GDI) ²	.....	3.3	0.8	3.2	2.1	.....	.....	.....	.....
28	Average of GDP and GDI	.....	3.1	0.9	3.2	2.1	.....	.....	.....	.....
29	Final sales of domestic product	99.7	0.8	1.0	2.6	3.0	0.78	1.02	2.57	2.95
30	Goods	29.6	4.8	4.8	7.3	2.2	1.41	1.39	2.12	0.65
31	Services	62.2	2.8	0.6	1.0	2.6	1.73	0.37	0.66	1.63
32	Structures	8.2	-2.5	-7.7	3.9	-2.9	-0.21	-0.67	0.32	-0.24
33	Motor vehicle output	2.7	10.3	1.3	-7.6	-8.3	0.28	0.04	-0.22	-0.24
34	GDP excluding motor vehicle output	97.3	2.7	1.1	3.4	2.3	2.65	1.05	3.32	2.27

1. The GDP estimates under the contribution columns are also percent changes.

2. GDI is deflated by the implicit price deflator for GDP. The first-quarter 2019 change in GDI reflects the incorporation of newly-available wage and salary estimates.

Note. Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 2.2 percent in the second quarter after increasing 0.8 percent in the first quarter (chart 3 and table 2, line 1). The acceleration primarily reflected an upturn in prices paid for consumer goods (notably gasoline and other energy goods) and an acceleration in prices paid for state and local government spending (notably petroleum products). Food prices decelerated (line 20), increasing 0.7 percent after increasing 3.0 percent. Energy goods and services prices turned up (line 21), increasing 18.6 percent after decreasing 16.7 percent. Gross domestic purchases prices excluding food and energy (line 22) accelerated, increasing 1.8 percent in the second quarter after increasing 1.2 percent in the first quarter.

Consumer prices excluding food and energy (line 25), a measure of the “core” rate of inflation, accelerated, increasing 1.7 percent in the second quarter after increasing 1.1 percent in the first quarter.

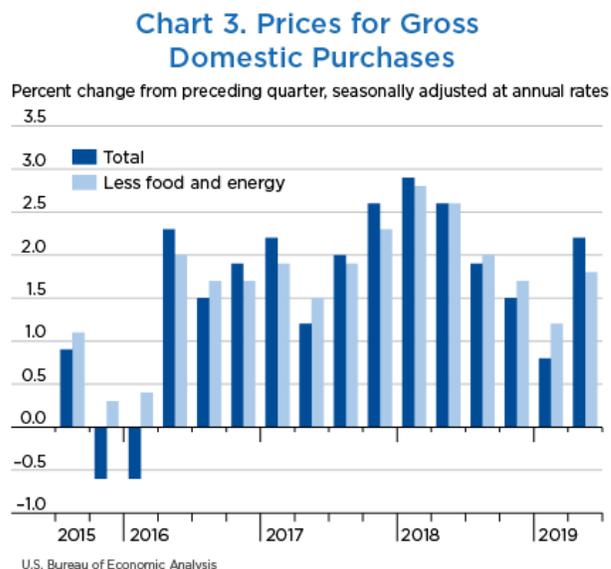


Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2018		2019		2018		2019	
		III	IV	I	II	III	IV	I	II
1	Gross domestic purchases¹	1.9	1.5	0.8	2.2	1.9	1.5	0.8	2.2
2	Personal consumption expenditures	1.6	1.3	0.4	2.3	1.05	0.88	0.26	1.50
3	Goods	-0.3	-1.4	-1.6	1.5	-0.07	-0.29	-0.34	0.32
4	Durable goods	-1.2	-1.1	-0.3	-1.8	-0.08	-0.08	-0.02	-0.12
5	Nondurable goods	0.1	-1.5	-2.3	3.3	0.01	-0.21	-0.31	0.44
6	Services	2.5	2.6	1.3	2.6	1.12	1.17	0.60	1.18
7	Gross private domestic investment	2.1	0.7	1.7	2.0	0.36	0.12	0.30	0.34
8	Fixed investment	2.1	0.5	1.8	1.9	0.35	0.09	0.30	0.33
9	Nonresidential	1.6	0.0	1.6	2.0	0.21	0.00	0.20	0.27
10	Structures	3.2	5.6	2.8	3.9	0.10	0.16	0.08	0.11
11	Equipment	1.6	-1.1	1.0	0.4	0.09	-0.06	0.06	0.02
12	Intellectual property products	0.5	-2.2	1.5	2.9	0.02	-0.10	0.07	0.13
13	Residential	3.9	2.5	2.6	1.6	0.14	0.09	0.09	0.06
14	Change in private inventories	.....	.....	.....	.....	0.01	0.03	0.00	0.02
15	Government consumption expenditures and gross investment	3.0	2.9	1.3	1.8	0.51	0.48	0.22	0.31
16	Federal	2.6	2.8	4.6	-1.9	0.16	0.18	0.29	-0.13
17	National defense	2.7	1.8	1.1	1.7	0.10	0.07	0.04	0.07
18	Nondefense	2.4	4.3	10.0	-7.1	0.06	0.11	0.25	-0.19
19	State and local	3.3	2.9	-0.6	4.1	0.35	0.30	-0.06	0.43
Addenda:									
Gross domestic purchases:									
20	Food	0.4	0.2	3.0	0.7	0.02	0.01	0.14	0.03
21	Energy goods and services	3.5	-4.9	-16.7	18.6	0.10	-0.13	-0.49	0.46
22	Excluding food and energy	2.0	1.7	1.2	1.8	1.80	1.59	1.14	1.66
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.4	0.2	3.0	0.6	.....	.....	.....	.....
24	Energy goods and services	3.9	-5.2	-16.7	18.4	.....	.....	.....	.....
25	Excluding food and energy	1.6	1.7	1.1	1.7	.....	.....	.....	.....
26	Gross domestic product	2.0	1.6	1.1	2.4	.....	.....	.....	.....
27	Exports of goods and services	1.1	-1.4	-2.5	3.2	.....	.....	.....	.....
28	Imports of goods and services	0.6	-1.8	-3.5	1.5	.....	.....	.....	.....

1. The estimates for gross domestic purchases under the contribution columns are also percent changes.

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ "[How do the effects of dollar depreciation show up in the GDP accounts?](#)" on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or "core," inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See "[What is the core PCE price index?](#)" on BEA's website.)

BEA also prepares a supplemental PCE price index, the "market-based" PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Personal Income

Personal income (table 3, line 1), which is measured in current dollars, increased \$245.4 billion in the second quarter after increasing \$272.6 billion in the first quarter (revised). The deceleration reflected decelerations in compensation (line 2) and in personal current transfer receipts (line 19) that were partly offset by an upturn in personal income receipts on assets (line 16) and a deceleration in contributions for government social insurance (line 28).

- Personal current taxes (line 29) increased \$53.5 billion in the second quarter after increasing \$79.5 billion in the first quarter.
- Disposable personal income (DPI) (line 30) increased \$191.9 billion in the second quarter after increasing \$193.1 billion in the first quarter.
- The personal saving rate (line 33 and chart 4)—personal saving as a percentage of DPI—was 8.0 percent in the second quarter; in the first quarter, the personal saving rate was 8.5 percent.
- Real DPI (line 35 and chart 5) increased 2.5 percent in the second quarter after increasing 4.5 percent in the first quarter. Current-dollar DPI (line 34) increased 4.8 percent after increasing 4.9 percent. The differences in the movements in real DPI and current-dollar DPI reflected an acceleration in the implicit price deflator for consumer spending, which is used to deflate DPI.

With the release of the second estimate of GDP, the Bureau of Economic Analysis also released revised estimates of first-quarter wages and salaries, personal taxes, and contributions for social insurance. These estimates reflect new wage and salary tabulations for the first quarter from the Bureau of Labor Statistics Quarterly Census of Employment and Wages program. As a result:

- Wages and salaries (line 3) is now estimated to have increased \$221.5 billion in the first quarter, an upward revision of \$3.0 billion.
- Personal income (line 1) is now estimated to have increased \$272.6 billion, an upward revision of \$2.8 billion.
- Real DPI is now estimated to have increased 4.5 percent (line 35) in the first quarter; in the previously published estimate, real DPI increased 4.4 percent.
- The personal saving rate (line 33) is now estimated at 8.5 percent, the same as in the previously published estimate.
- The percent change in real GDI (table 1, line 27) is now estimated at 3.2 percent, the same as in the previously published estimate.

Table 3. Personal Income and Its Disposition

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line		Level		Change from preceding period			
		2019		2018		2019	
		I	II	III	IV	I	II
1	Personal income	18,355.4	18,600.8	203.5	154.3	272.6	245.4
2	Compensation of employees	11,306.6	11,436.1	118.1	63.1	249.2	129.5
3	Wages and salaries	9,211.5	9,319.6	97.2	47.8	221.5	108.1
4	Private industries	7,779.5	7,876.8	78.7	37.2	212.7	97.4
5	Goods-producing industries	1,525.3	1,548.5	17.9	10.6	37.3	23.2
6	Manufacturing	907.1	915.0	9.6	6.9	15.6	7.9
7	Services-producing industries	6,254.2	6,328.4	60.8	26.6	175.4	74.2
8	Trade, transportation, and utilities	1,403.5	1,408.3	9.5	6.8	30.4	4.8
9	Other services-producing industries	4,850.7	4,920.1	51.2	19.8	145.0	69.4
10	Government	1,432.0	1,442.7	18.5	10.6	8.8	10.7
11	Supplements to wages and salaries	2,095.1	2,116.5	20.9	15.3	27.7	21.4
12	Proprietors' income with IVA and CCAAdj	1,621.2	1,632.7	16.7	34.4	-3.2	11.5
13	Farm	24.8	19.8	-10.2	18.6	-11.1	-5.0
14	Nonfarm	1,596.3	1,612.9	26.8	15.8	7.9	16.5
15	Rental income of persons with CCAAdj	767.0	778.6	11.2	-1.1	2.9	11.5
16	Personal income receipts on assets	2,955.1	3,016.2	48.4	44.3	-46.8	61.1
17	Personal interest income	1,699.3	1,750.8	24.7	8.0	-27.9	51.5
18	Personal dividend income	1,255.8	1,265.4	23.7	36.4	-19.0	9.6
19	Personal current transfer receipts	3,113.1	3,159.7	20.7	19.9	109.4	46.5
20	Government social benefits to persons	3,058.7	3,105.2	19.4	19.5	109.7	46.5
21	Social security	1,022.9	1,030.5	8.0	9.1	37.8	7.6
22	Medicare	774.9	793.6	14.8	17.9	20.3	18.7
23	Medicaid	610.3	632.3	2.5	-5.3	12.8	21.9
24	Unemployment insurance	26.9	25.9	-0.7	-0.5	0.9	-1.0
25	Veterans' benefits	116.4	118.4	0.9	1.9	4.6	2.0
26	Other	507.3	504.6	-6.2	-3.6	33.5	-2.7
27	Other current transfer receipts, from business (net)	54.4	54.4	1.4	0.4	-0.3	0.0
28	Less: Contributions for government social insurance	1,407.6	1,422.4	11.5	6.3	38.9	14.8
29	Less: Personal current taxes	2,156.9	2,210.4	14.8	-9.1	79.5	53.5
30	<i>Equals:</i> Disposable personal income (DPI)	16,198.5	16,390.4	188.8	163.4	193.1	191.9
31	Less: Personal outlays	14,823.0	15,074.2	189.8	102.2	65.2	251.2
32	<i>Equals:</i> Personal saving	1,375.5	1,316.2	-1.0	61.2	127.9	-59.3
33	Personal saving as a percentage of DPI	8.5	8.0	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
34	Current-dollar DPI	.....	.....	4.9	4.2	4.9	4.8
35	Real DPI, chained (2012) dollars	.....	.....	3.3	2.8	4.5	2.5

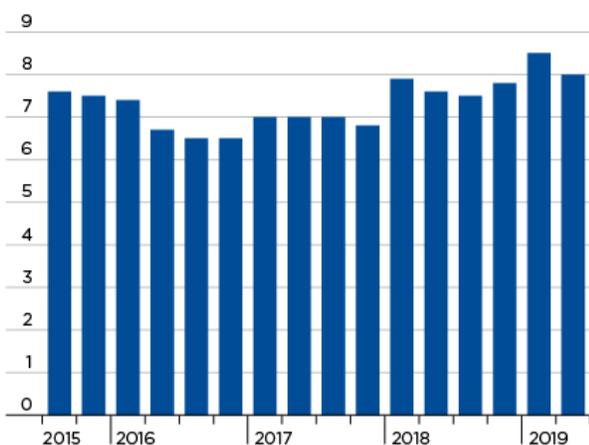
CCAAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Dollar levels and percent changes are from NIPA tables 2.1 and 2.2B.

Chart 4. Personal Saving Rate

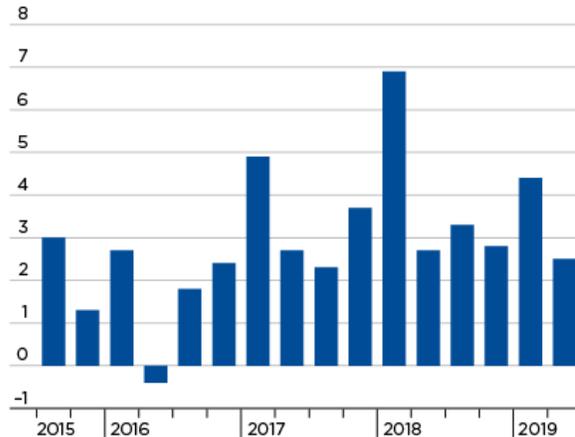
Percent, seasonally adjusted at annual rates



Note. The personal saving rate is personal saving as a percentage of disposable personal income.
U.S. Bureau of Economic Analysis

Chart 5. Real Disposable Personal Income

Percent change from preceding quarter, seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Updates

Real GDP increased 2.0 percent in the second quarter of 2019, a downward revision of 0.1 percentage point from the advance estimate (table 4, line 1). The revision primarily reflected downward revisions to state and local government spending (line 26), exports (line 16), inventory investment (line 14), and residential investment (line 13) that were partly offset by an upward revision to consumer spending (line 2).

- The downward revision to state and local government spending reflected a downward revision to gross investment in structures (notably highways and streets).
- The downward revision to exports was in both goods (notably petroleum and products) and in services (notably travel).
- The downward revision to inventory investment primarily reflected downward revisions to manufacturing and retail industries that were partly offset by an upward revision to other industries (notably information).
- The downward revision to residential investment was primarily in single-family housing.
- The upward revision to consumer spending reflected upward revisions to goods (largely nondurable goods) and to services (the largest contributor was household consumption of health care).

Table 4. Advance and Second Estimates for the Second Quarter of 2019

[Seasonally adjusted at annual rates]

Line		Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Advance estimate	Second estimate	Second estimate minus advance estimate	Advance estimate	Second estimate	Second estimate minus advance estimate
1	Gross domestic product (GDP)¹	2.1	2.0	-0.1	2.1	2.0	-0.1
2	Personal consumption expenditures	4.3	4.7	0.4	2.85	3.10	0.25
3	Goods	8.3	8.8	0.5	1.67	1.78	0.11
4	Durable goods	12.9	13.0	0.1	0.86	0.87	0.01
5	Nondurable goods	6.0	6.8	0.8	0.81	0.91	0.10
6	Services	2.5	2.8	0.3	1.17	1.32	0.15
7	Gross private domestic investment	-5.5	-6.1	-0.6	-1.00	-1.11	-0.11
8	Fixed investment	-0.8	-1.1	-0.3	-0.14	-0.20	-0.06
9	Nonresidential	-0.6	-0.6	0.0	-0.08	-0.09	-0.01
10	Structures	-10.6	-9.4	1.2	-0.34	-0.30	0.04
11	Equipment	0.7	0.7	0.0	0.04	0.04	0.00
12	Intellectual property products	4.7	3.7	-1.0	0.22	0.17	-0.05
13	Residential	-1.5	-2.9	-1.4	-0.06	-0.11	-0.05
14	Change in private inventories	.....	.....	.....	-0.86	-0.91	-0.05
15	Net exports of goods and services	.....	.....	.....	-0.65	-0.72	-0.07
16	Exports	-5.2	-5.8	-0.6	-0.63	-0.71	-0.08
17	Goods	-5.0	-5.6	-0.6	-0.40	-0.45	-0.05
18	Services	-5.6	-6.3	-0.7	-0.23	-0.26	-0.03
19	Imports	0.1	0.1	0.0	-0.01	-0.01	0.00
20	Goods	0.2	0.3	0.1	-0.02	-0.03	-0.01
21	Services	-0.3	-0.8	-0.5	0.01	0.02	0.01
22	Government consumption expenditures and gross investment	5.0	4.5	-0.5	0.85	0.77	-0.08
23	Federal	7.9	8.1	0.2	0.51	0.52	0.01
24	National defense	2.8	3.1	0.3	0.11	0.12	0.01
25	Nondefense	15.9	16.0	0.1	0.40	0.40	0.00
26	State and local	3.2	2.3	-0.9	0.35	0.25	-0.10
Addenda:							
27	Final sales of domestic product	3.0	3.0	0.0	2.92	2.95	0.03
28	Gross domestic purchases price index	2.2	2.2	0.0	.....	.....	.....
29	GDP price index	2.4	2.4	0.0	.....	.....	.....

1. The GDP estimates under the contribution columns are also percent changes.

Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment (CCAdj)) increased \$105.8 billion, or 5.3 percent at a quarterly rate, in the second quarter after decreasing \$78.7 billion, or 3.8 percent, in the first quarter (table 5, line 2). Profits of domestic financial corporations increased \$4.0 billion (line 4), profits of domestic nonfinancial corporations increased \$43.5 billion (line 5), and rest-of-the-world profits increased \$58.3 billion (line 6).

Profits after tax (without the IVA and the CCAdj) increased \$86.0 billion in the second quarter (line 20).

Table 5. Corporate Profits
[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
			2019	2018		2019					
		II	III	IV	I	II	III	IV	I	II	
1	Current production measures:										
2	Corporate profits with IVA and CCAdj	2,112.6	47.8	-18.6	-78.7	105.8	2.3	-0.9	-3.8	5.3	
3	Domestic industries	1,554.7	31.2	0.7	-86.0	47.4	2.0	0.0	-5.4	3.1	
4	Financial	411.2	-21.8	-6.7	22.2	4.0	-5.3	-1.7	5.8	1.0	
5	Nonfinancial	1,143.6	53.0	7.4	-108.2	43.5	4.6	0.6	-9.0	4.0	
6	Rest of the world	557.9	16.6	-19.3	7.3	58.3	3.4	-3.8	1.5	11.7	
7	Receipts from the rest of the world	909.2	1.7	-5.0	13.7	39.9	0.2	-0.6	1.6	4.6	
8	Less: Payments to the rest of the world	351.3	-14.9	14.3	6.4	-18.5	-4.1	4.1	1.8	-5.0	
9	Less: Taxes on corporate income	229.7	7.7	-11.8	-3.0	14.2	3.5	-5.1	-1.4	6.6	
10	Equals: Profits after tax	1,883.0	40.1	-6.8	-75.7	91.5	2.2	-0.4	-4.1	5.1	
11	Net dividends	1,346.2	37.8	32.8	-37.9	21.6	2.9	2.5	-2.8	1.6	
12	Undistributed profits from current production	536.7	2.3	-39.6	-37.8	69.9	0.4	-7.3	-7.5	15.0	
13	Net cash flow	2,430.0	13.9	-32.1	23.2	98.8	0.6	-1.4	1.0	4.2	
	Industry profits:										
14	Profits with IVA	2,110.3	53.5	-13.7	-31.4	110.3	2.7	-0.7	-1.5	5.5	
15	Domestic industries	1,552.4	36.9	5.6	-38.7	52.0	2.5	0.4	-2.5	3.5	
16	Financial	423.8	-21.0	-6.5	28.1	4.9	-5.0	-1.6	7.2	1.2	
17	Nonfinancial	1,128.6	57.9	12.2	-66.8	47.1	5.4	1.1	-5.8	4.4	
18	Rest of the world	557.9	16.6	-19.3	7.3	58.3	3.4	-3.8	1.5	11.7	
	Addenda:										
19	Profits before tax (without IVA and CCAdj)	2,115.7	10.7	-40.6	-31.1	100.2	0.5	-1.9	-1.5	5.0	
20	Profits after tax (without IVA and CCAdj)	1,886.0	3.0	-28.7	-28.0	86.0	0.2	-1.5	-1.5	4.8	
21	IVA	-5.4	42.8	26.8	-0.3	10.2	.....	.....	.....	.....
22	CCAdj	2.4	-5.7	-4.9	-47.4	-4.6	.....	.....	.....	.....

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables [1.12](#), [1.14](#), [1.15](#), and [6.16D](#).

Note on Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the national income and product accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including the Census Bureau *Quarterly Financial Report*, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service (IRS) data when these data are available for two reasons: the IRS data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAdj). CCAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the “[Key Source Data and Assumptions](#)” (under Current Release) that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see “[Concepts and Methods of the U.S. National Income and Product Accounts](#)” on BEA's website.

1. “Real” estimates are in chained (2012) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the January 2018 *Survey of Current Business*. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.
2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”