

GDP and the Economy

Advance Estimates for the Third Quarter of 2019

By Lisa S. Mataloni

Real gross domestic product (GDP) increased at an annual rate of 1.9 percent in the third quarter of 2019, according to the advance estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ In the second quarter, real GDP increased 2.0 percent.

The increase in real GDP in the third quarter reflected positive contributions from consumer spending, federal government spending, residential fixed investment, state and local government spending, and exports that were partly offset by negative contributions from nonresidential fixed investment and private inventory 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

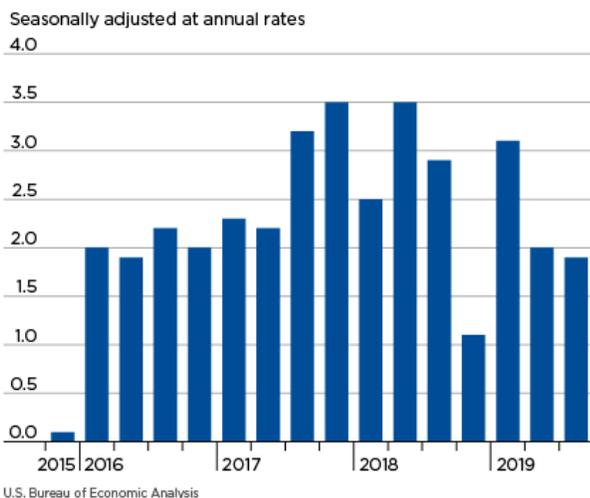
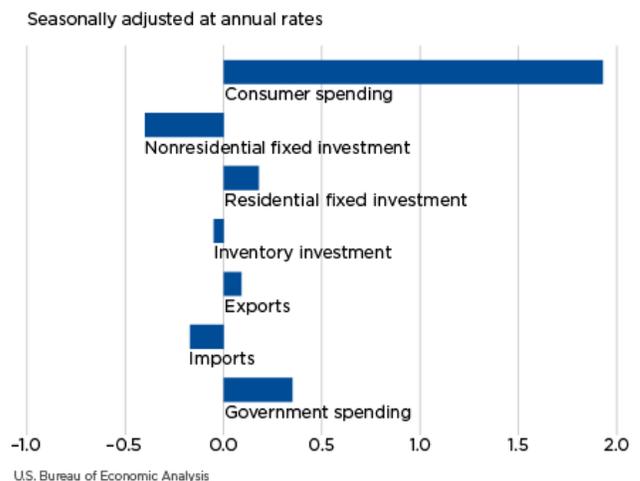


Chart 2. Real GDP: Contributions to the Percent Change in 2019:III



GDP Component Detail

The deceleration in real GDP in the third quarter reflected decelerations in consumer spending, federal government spending, and state and local spending and a larger decrease in nonresidential fixed investment. These movements were partly offset by a smaller decrease in private inventory investment and upturns in exports and in residential fixed investment.

- The deceleration in consumer spending reflected decelerations in spending on both goods and services. The deceleration in spending on goods was led by a deceleration in motor vehicles and a downturn in clothing and footwear. The deceleration in spending on services primarily reflected a downturn in recreation services and a slowdown in health care.
- The slowdown in federal government spending primarily reflected a deceleration in nondefense spending. Second-quarter spending had been boosted as the federal government returned to normal operations after 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?”](#)
- The deceleration in state and local spending mainly reflected a downturn in gross investment in structures.
- The larger decrease in nonresidential fixed investment reflected a downturn in spending on equipment, which was more than accounted for by a downturn in computers and peripheral equipment, and a larger decrease in spending on structures. These movements were partly offset by an acceleration in spending on intellectual property products.
- The smaller decrease in private inventory investment primarily reflected upturns in retail trade and nondurable goods manufacturing industries.
- The upturn in exports reflected an upturn in exports of goods, led by a smaller decrease in nonautomotive capital goods and an upturn in automotive vehicles, engines, and parts.

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		
		III	IV	I	II	III	IV	I	II	III
1	Gross domestic product¹	100.0	1.1	3.1	2.0	1.9	1.1	3.1	2.0	1.9
2	Personal consumption expenditures	68.1	1.4	1.1	4.6	2.9	0.97	0.78	3.03	1.93
3	Goods	21.2	1.6	1.5	8.6	5.5	0.33	0.32	1.74	1.14
4	Durable goods	7.2	1.3	0.3	13.0	7.6	0.09	0.02	0.87	0.53
5	Nondurable goods	14.0	1.7	2.2	6.5	4.4	0.24	0.30	0.87	0.61
6	Services	47.0	1.4	1.0	2.8	1.7	0.65	0.46	1.29	0.79
7	Gross private domestic investment	17.4	3.0	6.2	-6.3	-1.5	0.53	1.09	-1.16	-0.27
8	Fixed investment	17.1	2.7	3.2	-1.4	-1.3	0.46	0.56	-0.25	-0.22
9	Nonresidential	13.3	4.8	4.4	-1.0	-3.0	0.64	0.60	-0.14	-0.40
10	Structures	2.8	-9.0	4.0	-11.1	-15.3	-0.29	0.12	-0.36	-0.48
11	Equipment	5.8	7.4	-0.1	0.8	-3.8	0.42	0.00	0.05	-0.23
12	Intellectual property products	4.8	11.7	10.8	3.6	6.6	0.51	0.48	0.17	0.30
13	Residential	3.7	-4.7	-1.0	-3.0	5.1	-0.18	-0.04	-0.11	0.18
14	Change in private inventories	0.3	.....	.....	.....	.....	0.07	0.53	-0.91	-0.05
15	Net exports of goods and services	-3.0	.....	.....	.....	.....	-0.35	0.73	-0.68	-0.08
16	Exports	11.6	1.5	4.1	-5.7	0.7	0.18	0.49	-0.69	0.09
17	Goods	7.6	2.6	4.6	-5.9	1.6	0.21	0.36	-0.48	0.12
18	Services	4.0	-0.7	3.3	-5.1	-0.8	-0.03	0.13	-0.21	-0.03
19	Imports	14.6	3.5	-1.5	0.0	1.2	-0.53	0.23	0.01	-0.17
20	Goods	11.8	2.3	-2.8	0.1	0.4	-0.28	0.36	-0.02	-0.05
21	Services	2.8	8.9	4.5	-0.7	4.4	-0.24	-0.13	0.02	-0.12
22	Government consumption expenditures and gross investment	17.5	-0.4	2.9	4.8	2.0	-0.07	0.50	0.82	0.35
23	Federal	6.7	1.1	2.2	8.3	3.4	0.07	0.14	0.53	0.22
24	National defense	3.9	5.2	7.7	3.3	2.2	0.20	0.29	0.13	0.08
25	Nondefense	2.7	-4.5	-5.4	16.1	5.2	-0.12	-0.15	0.40	0.14
26	State and local	10.9	-1.2	3.3	2.7	1.1	-0.14	0.36	0.29	0.12
Addenda:										
27	Gross domestic income (GDI) ²	.....	0.8	3.2	1.8	.....	.....	.....	.....	.....
28	Average of GDP and GDI	.....	0.9	3.2	1.9	.....	.....	.....	.....	.....
29	Final sales of domestic product	99.7	1.0	2.6	3.0	2.0	1.02	2.57	2.92	1.97
30	Goods	29.6	4.8	7.3	2.1	4.6	1.39	2.12	0.62	1.35
31	Services	62.2	0.6	1.0	2.7	1.5	0.37	0.66	1.66	0.91
32	Structures	8.1	-7.7	3.9	-3.1	-4.0	-0.67	0.32	-0.26	-0.33
33	Motor vehicle output	2.8	1.3	-7.6	-7.6	32.6	0.04	-0.22	-0.21	0.78
34	GDP excluding motor vehicle output	97.2	1.1	3.4	2.3	1.2	1.05	3.32	2.23	1.14

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

2. GDI is deflated by the implicit price deflator for GDP.

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 1.4 percent in the third quarter after increasing 2.2 percent in the second quarter (chart 3 and table 2). The deceleration primarily reflected a deceleration in the prices for consumer goods; the main contributor was a downturn in prices for gasoline and other energy goods.

Food prices turned down, decreasing 0.6 percent in the third quarter after increasing 0.7 percent in the second quarter. Energy goods and services decreased 8.0 percent after increasing 18.8 percent in the second quarter. Gross domestic purchases prices excluding food and energy increased 1.8 percent in the third quarter, the same rate as in the second quarter.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, accelerated, increasing 2.2 percent in the third quarter after increasing 1.9 percent in the second quarter.

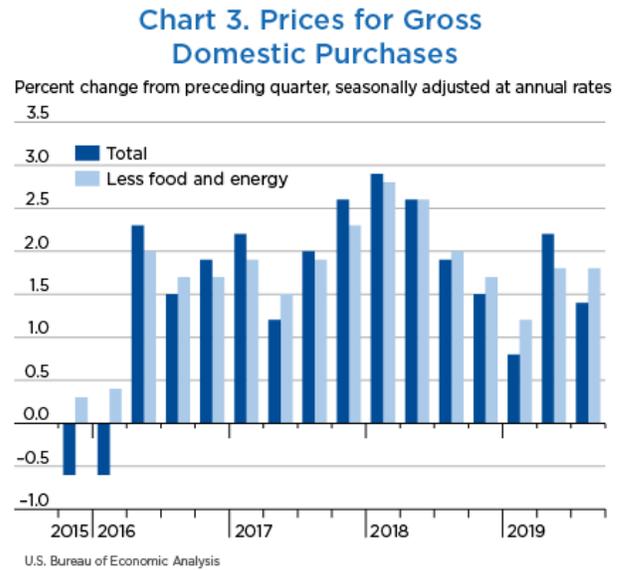


Table 2. Prices for Gross Domestic Purchases

[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		
		IV	I	II	III	IV	I	II	III
1	Gross domestic purchases¹	1.5	0.8	2.2	1.4	1.5	0.8	2.2	1.4
2	Personal consumption expenditures	1.3	0.4	2.4	1.5	0.88	0.26	1.57	1.01
3	Goods	-1.4	-1.6	1.6	-0.8	-0.29	-0.34	0.32	-0.16
4	Durable goods	-1.1	-0.3	-1.8	-1.3	-0.08	-0.02	-0.12	-0.09
5	Nondurable goods	-1.5	-2.3	3.3	-0.5	-0.21	-0.31	0.44	-0.07
6	Services	2.6	1.3	2.8	2.6	1.17	0.60	1.25	1.17
7	Gross private domestic investment	0.7	1.7	2.0	1.1	0.12	0.30	0.35	0.19
8	Fixed investment	0.5	1.8	2.0	1.2	0.09	0.30	0.33	0.20
9	Nonresidential	0.0	1.6	2.0	0.6	0.00	0.20	0.27	0.08
10	Structures	5.6	2.8	4.0	1.5	0.16	0.08	0.11	0.04
11	Equipment	-1.1	1.0	0.4	-0.9	-0.06	0.06	0.02	-0.05
12	Intellectual property products	-2.2	1.5	2.9	2.0	-0.10	0.07	0.13	0.09
13	Residential	2.5	2.6	1.7	3.3	0.09	0.09	0.06	0.12
14	Change in private inventories	.....	.....	.....	.....	0.03	0.00	0.02	-0.01
15	Government consumption expenditures and gross investment	2.9	1.3	1.7	1.1	0.48	0.22	0.29	0.18
16	Federal	2.8	4.6	-2.1	1.4	0.18	0.29	-0.14	0.09
17	National defense	1.8	1.1	1.5	1.4	0.07	0.04	0.06	0.05
18	Nondefense	4.3	10.0	-7.2	1.5	0.11	0.25	-0.19	0.04
19	State and local	2.9	-0.6	4.1	0.9	0.30	-0.06	0.43	0.09
Addenda:									
Gross domestic purchases:									
20	Food	0.2	3.0	0.7	-0.6	0.01	0.14	0.03	-0.03
21	Energy goods and services	-4.9	-16.7	18.8	-8.0	-0.13	-0.49	0.47	-0.22
22	Excluding food and energy	1.7	1.2	1.8	1.8	1.59	1.14	1.71	1.64
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.2	3.0	0.6	-0.5	.....	.....	.....	.....
24	Energy goods and services	-5.2	-16.7	18.4	-8.2	.....	.....	.....	.....
25	Excluding food and energy	1.7	1.1	1.9	2.2	.....	.....	.....	.....
26	Gross domestic product	1.6	1.1	2.4	1.7	.....	.....	.....	.....
27	Exports of goods and services	-1.4	-2.5	3.3	-2.3	.....	.....	.....	.....
28	Imports of goods and services	-1.8	-3.5	1.6	-3.3	.....	.....	.....	.....

1. The estimates 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, which is measured in current dollars, increased \$172.8 billion in the third quarter after increasing \$244.2 billion in the second quarter (table 3). The deceleration primarily reflected a downturn in personal interest income and a deceleration in private wages and salaries that were partly offset by an upturn in farm proprietors' income.

Personal current taxes decreased \$8.9 billion in the third quarter after increasing \$51.5 billion in the second quarter.

Disposable personal income (DPI) increased \$181.7 billion in the third quarter after increasing \$192.6 billion in the second quarter.

The personal saving rate—personal saving as a percentage of DPI—was 8.1 percent in the third quarter; in the second quarter, the personal saving rate was 8.0 percent (chart 4).

Real DPI increased 2.9 percent in the third quarter after increasing 2.4 percent in the second quarter (chart 5). Current-dollar DPI increased 4.5 percent after increasing 4.8 percent. The differences in the movements in real DPI and current-dollar DPI reflected a deceleration in the implicit price deflator for consumer spending, which is used to deflate DPI.

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		
		II	III	IV	I	II	III
1	Personal income	18,599.6	18,772.4	154.3	272.6	244.2	172.8
2	Compensation of employees	11,436.8	11,549.6	63.1	249.2	130.3	112.7
3	Wages and salaries	9,320.3	9,411.2	47.8	221.5	108.8	90.9
4	Private industries	7,877.6	7,954.5	37.2	212.7	98.2	76.9
5	Goods-producing industries	1,549.1	1,559.0	10.6	37.3	23.8	9.8
6	Manufacturing	915.5	921.0	6.9	15.6	8.4	5.5
7	Services-producing industries	6,328.5	6,395.5	26.6	175.4	74.3	67.0
8	Trade, transportation, and utilities	1,409.1	1,420.4	6.8	30.4	5.6	11.4
9	Other services-producing industries	4,919.5	4,975.1	19.8	145.0	68.7	55.7
10	Government	1,442.7	1,456.7	10.6	8.8	10.7	14.0
11	Supplements to wages and salaries	2,116.5	2,138.4	15.3	27.7	21.5	21.9
12	Proprietors' income with IVA and CCAAdj	1,632.9	1,680.6	34.4	-3.2	11.7	47.7
13	Farm	19.2	41.4	18.6	-11.1	-5.6	22.2
14	Nonfarm	1,613.7	1,639.2	15.8	7.9	17.4	25.5
15	Rental income of persons with CCAAdj	777.2	781.0	-1.1	2.9	10.2	3.8
16	Personal income receipts on assets	3,016.5	3,001.2	44.3	-46.8	61.4	-15.3
17	Personal interest income	1,750.5	1,719.8	8.0	-27.9	51.2	-30.7
18	Personal dividend income	1,266.0	1,281.4	36.4	-19.0	10.2	15.4
19	Personal current transfer receipts	3,158.6	3,194.9	19.9	109.4	45.4	36.3
20	Government social benefits to persons	3,104.2	3,140.3	19.5	109.7	45.4	36.1
21	Social security	1,030.5	1,037.5	9.1	37.8	7.6	7.0
22	Medicare	793.6	809.9	17.9	20.3	18.7	16.3
23	Medicaid	631.4	643.2	-5.3	12.8	21.1	11.7
24	Unemployment insurance	25.9	25.8	-0.5	0.9	-1.0	-0.1
25	Veterans' benefits	118.4	120.1	1.9	4.6	2.0	1.7
26	Other	504.4	503.8	-3.6	33.5	-2.9	-0.5
27	Other current transfer receipts, from business (net)	54.4	54.6	0.4	-0.3	0.0	0.2
28	<i>Less:</i> Contributions for government social insurance	1,422.5	1,434.8	6.3	38.9	14.9	12.3
29	<i>Less:</i> Personal current taxes	2,208.4	2,199.6	-9.1	79.5	51.5	-8.9
30	<i>Equals:</i> Disposable personal income (DPI)	16,391.2	16,572.9	163.4	193.1	192.6	181.7
31	<i>Less:</i> Personal outlays	15,073.1	15,231.1	102.2	65.2	250.1	158.0
32	<i>Equals:</i> Personal saving	1,318.1	1,341.7	61.2	127.9	-57.4	23.7
33	Personal saving as a percentage of DPI	8.0	8.1	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
34	Current-dollar DPI	.....	.....	4.2	4.9	4.8	4.5
35	Real DPI, chained (2012) dollars	.....	.....	2.8	4.5	2.4	2.9

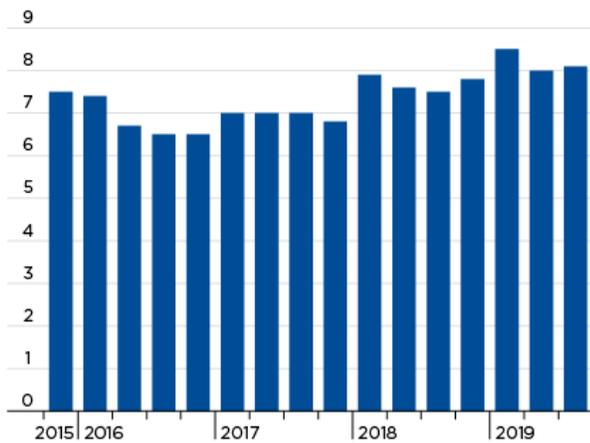
CCAAdj Capital consumption adjustment

IVA Inventory valuation adjustment

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

Chart 4. Personal Saving Rate

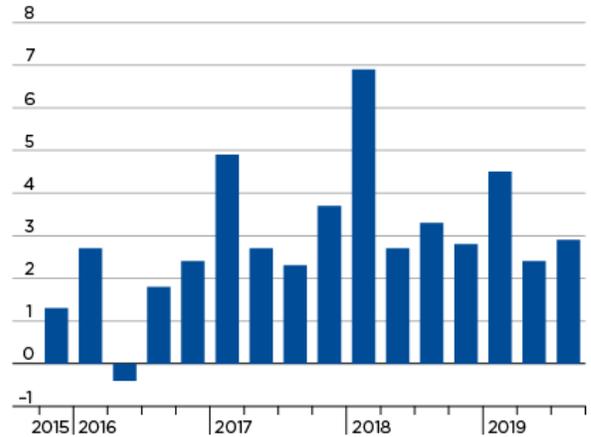
Percent, seasonally adjusted at annual rates



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

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.”