

GDP and the Economy

Second Estimates for the First Quarter of 2019

By Lisa S. Mataloni

Real gross domestic product (GDP) increased at an annual rate of 3.1 percent in the first 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 first quarter was revised down 0.1 percentage point from the advance estimate issued last month (see “[Updates](#)”). In the fourth quarter of 2018, real GDP increased 2.2 percent.

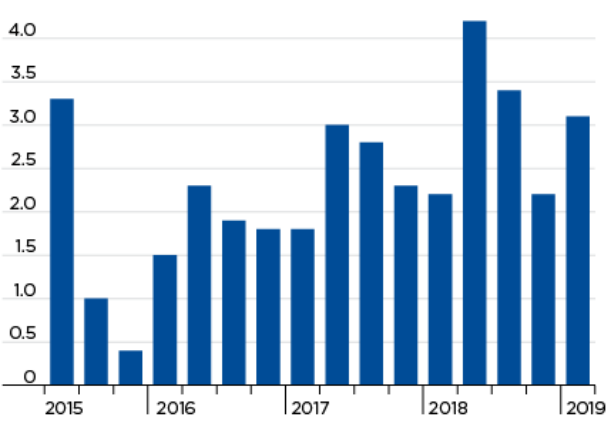
The increase in real GDP in the first quarter reflected positive contributions from consumer spending, inventory investment, exports, state and local government spending, and nonresidential fixed investment that were partly offset by a negative contribution from residential fixed investment.² Imports,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

Note on the Effects of the Partial Federal Government Shutdown on the Estimation of the First Quarter of 2019

Due to a lapse in fiscal year 2019 appropriations, some federal government agencies were closed and some federal employees were furloughed December 22, 2018, through January 25, 2019. The full effects of the partial federal government shutdown on the first-quarter 2019 estimates cannot be quantified, because they are embedded in the regular source data that underlie the estimates and cannot be separately identified. However, the Bureau of Economic Analysis (BEA) did estimate the effects of a reduction in the labor services supplied by federal employees and a reduction in intermediate purchases of goods and services by nondefense agencies. BEA estimates the impact of these reductions in services subtracted 0.3 percentage point from real GDP growth in the first quarter after subtracting 0.1 percentage point in the fourth quarter of 2018. For more information, see the FAQ “[How will the federal government shutdown be reflected in GDP for the fourth quarter of 2018 and the first quarter of 2019?](#)” on BEA’s website.

Chart 1. Real GDP: Percent Change From Preceding Quarter

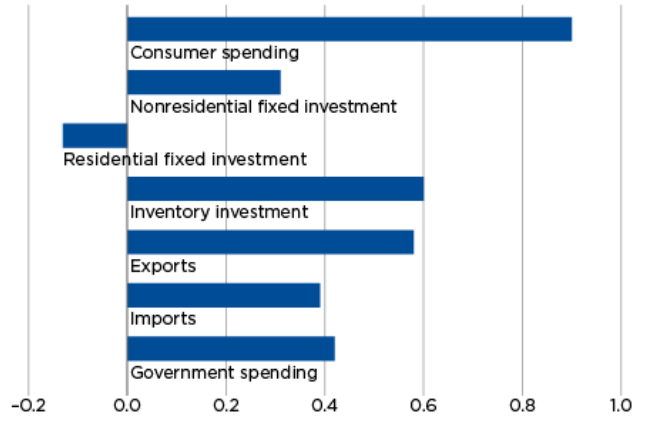
Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

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

Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

GDP Component Detail

The acceleration in real GDP in the first quarter reflected an upturn in state and local government spending (line 26), accelerations in inventory investment (line 14) and in exports (line 16), and a smaller decrease in residential investment (line 13). These movements were partly offset by decelerations in consumer spending (line 2) and nonresidential fixed investment (line 9) and a downturn in federal government spending (line 23). Imports turned down (line 19).

- The upturn in state and local government spending primarily reflected an upturn in gross investment in structures.
- The acceleration in inventory investment primarily reflected an upturn in manufacturing inventory investment, for both durable and nondurable-goods industries.
- The acceleration in exports primarily reflected upturns in foods, feeds, and beverages and in automotive vehicles, engines, and parts. These movements were partly offset by downturns in industrial supplies and materials and in nonautomotive capital goods.
- The smaller decrease in residential investment primarily reflected an upturn in brokers' commissions and other ownership transfer costs, following four consecutive quarters of decline.
- The deceleration in consumer spending primarily reflected a downturn in goods, mainly for spending on new motor vehicles (most notably, new light-truck purchases). Spending on services decelerated, primarily reflecting a downturn in spending by nonprofit institutions serving households (most notably, professional advocacy and hospitals) that was partly offset by an acceleration in spending for health care.
- The downturn in federal government spending reflected a downturn in gross investment for defense equipment (mainly aircraft).
- The downturn in imports reflected a downturn in goods and a deceleration in services. Within goods imports, the downturn was widespread; the leading contributors were motor vehicles and consumer goods (nonfood, nonautomotive). Within services imports, travel services decelerated and transport services turned down.

Real gross domestic income (line 27) increased 1.4 percent in the first quarter after increasing 0.5 percent in the fourth quarter (revised).

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
		I	II	III	IV	I	II	III	IV	I
1	Gross domestic product¹	100.0	4.2	3.4	2.2	3.1	4.2	3.4	2.2	3.1
2	Personal consumption expenditures	67.7	3.8	3.5	2.5	1.3	2.57	2.37	1.66	0.90
3	Goods	20.7	5.5	4.3	2.6	-0.3	1.16	0.90	0.54	-0.06
4	Durable goods	6.9	8.6	3.7	3.6	-4.6	0.60	0.26	0.25	-0.33
5	Nondurable goods	13.8	4.0	4.6	2.1	2.0	0.56	0.64	0.29	0.27
6	Services	47.0	3.0	3.2	2.4	2.1	1.42	1.47	1.12	0.96
7	Gross private domestic investment	18.1	-0.5	15.2	3.7	4.3	-0.07	2.53	0.66	0.78
8	Fixed investment	17.5	6.4	1.1	3.1	1.0	1.10	0.21	0.54	0.18
9	Nonresidential	13.7	8.7	2.5	5.4	2.3	1.15	0.35	0.73	0.31
10	Structures	3.1	14.5	-3.4	-3.9	1.7	0.43	-0.11	-0.12	0.05
11	Equipment	6.0	4.6	3.4	6.6	-1.0	0.27	0.21	0.39	-0.06
12	Intellectual property products	4.6	10.5	5.6	10.7	7.2	0.45	0.25	0.46	0.32
13	Residential	3.8	-1.3	-3.6	-4.7	-3.5	-0.05	-0.14	-0.18	-0.13
14	Change in private inventories	0.6	.....	.....	.....	.....	-1.17	2.33	0.11	0.60
15	Net exports of goods and services	-2.9	.....	.....	.....	.....	1.22	-1.99	-0.08	0.96
16	Exports	12.1	9.3	-4.9	1.8	4.8	1.12	-0.62	0.22	0.58
17	Goods	7.9	13.5	-8.4	1.2	6.3	1.06	-0.72	0.10	0.49
18	Services	4.2	1.5	2.4	2.7	2.0	0.07	0.10	0.11	0.08
19	Imports	15.0	-0.6	9.3	2.0	-2.5	0.10	-1.37	-0.30	0.39
20	Goods	12.1	-0.4	10.5	0.5	-3.1	0.06	-1.24	-0.06	0.39
21	Services	2.9	-1.4	4.3	8.6	0.3	0.04	-0.12	-0.24	-0.01
22	Government consumption expenditures and gross investment	17.1	2.5	2.6	-0.4	2.5	0.43	0.44	-0.07	0.42
23	Federal	6.4	3.7	3.5	1.1	-0.1	0.24	0.23	0.07	0.00
24	National defense	3.8	5.9	4.9	6.4	4.0	0.22	0.18	0.24	0.15
25	Nondefense	2.6	0.5	1.6	-6.1	-5.9	0.01	0.04	-0.16	-0.16
26	State and local	10.7	1.8	2.0	-1.3	4.0	0.20	0.22	-0.14	0.42
Addenda:										
27	Gross domestic income (GDI) ²	.....	0.9	4.6	0.5	1.4	.....	.....	.....	.....
28	Average of GDP and GDI	.....	2.5	4.0	1.3	2.2	.....	.....	.....	.....
29	Final sales of domestic product	99.4	5.4	1.0	2.1	2.5	5.33	1.03	2.05	2.47
30	Goods	29.6	6.5	6.1	5.7	6.0	1.91	1.77	1.66	1.74
31	Services	62.0	2.9	2.8	1.6	1.7	1.78	1.76	0.99	1.06
32	Structures	8.4	5.5	-2.0	-5.5	3.1	0.47	-0.17	-0.48	0.26
33	Motor vehicle output	2.7	-5.8	9.6	3.3	-8.3	-0.17	0.25	0.09	-0.24
34	GDP excluding motor vehicle output	97.3	4.5	3.2	2.1	3.4	4.33	3.10	2.08	3.31

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

2. GDI is deflated by the implicit price deflator for GDP. The fourth-quarter 2018 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 0.7 percent in the first quarter after increasing 1.7 percent in the fourth quarter (table 2, line 1, and chart 3). The deceleration primarily reflected a deceleration in prices paid for consumer services (led by a downturn in financial services and insurance). Food prices accelerated (line 20), increasing 3.1 percent after increasing 0.2 percent. Energy goods and services decreased 16.8 percent in the first quarter after decreasing 1.6 percent in the fourth quarter (line 21). Gross domestic purchases prices excluding food and energy (line 22) decelerated, increasing 1.2 percent in the first quarter after increasing 1.8 percent in the fourth quarter.

Consumer prices excluding food and energy (line 25), a measure of the “core” rate of inflation, decelerated, increasing 1.0 percent in the first quarter after increasing 1.8 percent in the fourth quarter.

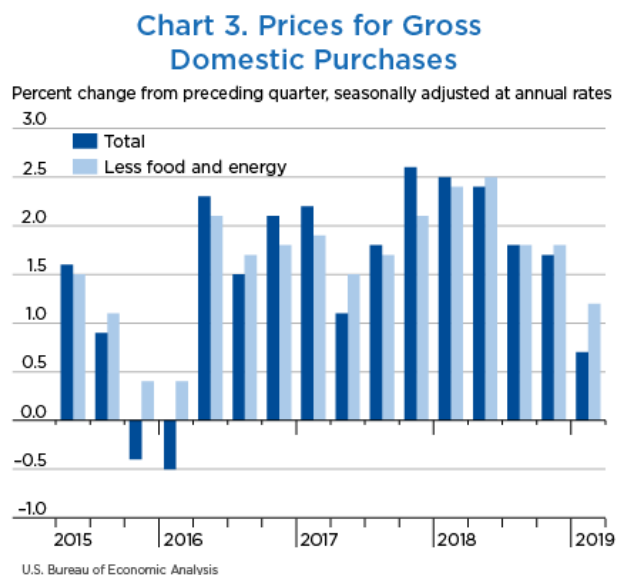


Table 2. Prices for Gross Domestic Purchases

[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
		II	III	IV	I	II	III	IV	I
1	Gross domestic purchases¹	2.4	1.8	1.7	0.7	2.4	1.8	1.7	0.7
2	Personal consumption expenditures	2.0	1.6	1.5	0.4	1.32	1.04	0.98	0.25
3	Goods	0.4	-0.4	-1.1	-1.7	0.08	-0.07	-0.23	-0.36
4	Durable goods	-1.6	-0.9	-1.5	-0.5	-0.11	-0.06	-0.10	-0.04
5	Nondurable goods	1.4	0.0	-1.0	-2.4	0.19	-0.01	-0.13	-0.32
6	Services	2.7	2.5	2.7	1.3	1.24	1.11	1.22	0.61
7	Gross private domestic investment	3.1	2.0	1.4	1.6	0.53	0.35	0.25	0.28
8	Fixed investment	3.2	2.0	1.4	1.7	0.53	0.34	0.24	0.28
9	Nonresidential	2.0	1.6	1.1	1.5	0.26	0.21	0.14	0.19
10	Structures	5.1	3.1	5.8	2.8	0.15	0.09	0.17	0.08
11	Equipment	0.8	1.2	-0.7	0.8	0.05	0.07	-0.04	0.05
12	Intellectual property products	1.4	1.0	0.3	1.5	0.06	0.04	0.01	0.07
13	Residential	7.3	3.6	2.6	2.5	0.27	0.13	0.10	0.09
14	Change in private inventories	.....	.....	.....	.....	-0.01	0.01	0.01	-0.01
15	Government consumption expenditures and gross investment	3.3	2.5	2.6	1.1	0.55	0.41	0.42	0.18
16	Federal	2.0	1.5	2.7	4.1	0.13	0.10	0.16	0.25
17	National defense	1.3	1.2	1.6	0.8	0.05	0.04	0.06	0.03
18	Nondefense	3.0	2.0	4.2	9.2	0.08	0.05	0.10	0.22
19	State and local	4.1	3.0	2.5	-0.7	0.42	0.32	0.26	-0.08
Addenda:									
Gross domestic purchases:									
20	Food	1.1	0.5	0.2	3.1	0.05	0.03	0.01	0.14
21	Energy goods and services	0.4	3.3	-1.6	-16.8	0.01	0.09	-0.04	-0.50
22	Excluding food and energy	2.5	1.8	1.8	1.2	2.33	1.68	1.68	1.06
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	1.2	0.4	0.3	3.0	.....	.....	.....	.....
24	Energy goods and services	0.7	3.3	-2.0	-16.8	.....	.....	.....	.....
25	Excluding food and energy	2.1	1.6	1.8	1.0	.....	.....	.....	.....
26	Gross domestic product	3.0	1.8	1.7	0.8	.....	.....	.....	.....
27	Exports of goods and services	5.8	0.3	-1.4	-3.5	.....	.....	.....	.....
28	Imports of goods and services	0.8	0.4	-1.0	-3.0	.....	.....	.....	.....

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 \$143.7 billion in the first quarter after increasing \$177.8 billion in the fourth quarter (revised). The deceleration reflected downturns in personal interest income (line 17), personal dividend income (line 18), and farm proprietors' income (line 13) that were partly offset by an acceleration in government social benefits to persons (line 20).

- Personal current taxes (line 29) increased \$42.0 billion in the first quarter after decreasing \$4.0 billion in the fourth quarter.
- Disposable personal income (DPI) (line 30 and chart 4) increased \$101.7 billion in the first quarter after increasing \$181.7 billion in the fourth quarter.
- The personal saving rate (line 33 and chart 5)—personal saving as a percentage of DPI—was 6.7 percent in the first quarter; in the fourth quarter, the personal saving rate was 6.5 percent.
- Real DPI (line 35) increased 2.2 percent in the first quarter after increasing 3.2 percent in the fourth quarter. Current-dollar DPI (line 34) increased 2.6 percent after increasing 4.7 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.

With the release of the second estimate of GDP, the Bureau of Economic Analysis also released revised estimates of fourth-quarter wages and salaries, personal taxes, and contributions for government social insurance. These estimates reflect new wage and salary tabulations for the fourth 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 \$45.3 billion in the fourth quarter, a downward revision of \$54.7 billion.
- Personal income (line 1) is now estimated to have increased \$177.8 billion, a downward revision of \$51.3 billion.
- Real DPI is now estimated to have increased 3.2 percent (line 35) in the fourth quarter; in the advance estimate, real DPI increased 4.3 percent.
- The personal saving rate (line 33) is now estimated at 6.5 percent, a downward revision of 0.3 percentage points.
- The percent change in real gross domestic income (table 1, line 27) is now estimated at 0.5 percent, 1.2 percentage points lower than previously estimated.

Table 3. Personal Income and Its Disposition

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

Line		Level		Change from preceding period			
		2018	2019	2018		2019	
		IV	I	II	III	IV	I
1	Personal income	17,835.0	17,978.7	147.6	190.6	177.8	143.7
2	Compensation of employees	10,964.4	11,067.0	72.8	125.0	56.5	102.6
3	Wages and salaries	8,924.5	9,011.2	60.2	108.4	45.3	86.7
4	Private industries	7,530.0	7,607.0	52.0	94.0	36.5	76.9
5	Goods-producing industries	1,478.4	1,488.7	-3.1	19.0	10.2	10.3
6	Manufacturing	887.3	890.6	-7.1	9.8	6.6	3.3
7	Services-producing industries	6,051.6	6,118.3	55.1	75.0	26.2	66.6
8	Trade, transportation, and utilities	1,372.0	1,388.2	6.8	14.1	6.3	16.3
9	Other services-producing industries	4,679.7	4,730.0	48.3	60.9	19.9	50.4
10	Government	1,394.4	1,404.2	8.1	14.4	8.8	9.8
11	Supplements to wages and salaries	2,040.0	2,055.8	12.6	16.6	11.3	15.9
12	Proprietors' income with IVA and CCAAdj	1,616.7	1,606.1	18.6	11.5	36.7	-10.6
13	Farm	47.9	35.5	1.8	-9.1	19.9	-12.3
14	Nonfarm	1,568.9	1,570.6	16.8	20.6	16.8	1.7
15	Rental income of persons with CCAAdj	768.6	783.2	5.0	13.2	1.2	14.6
16	Personal income receipts on assets	2,833.4	2,779.8	28.3	24.4	61.3	-53.6
17	Personal interest income	1,645.6	1,612.6	8.9	9.7	29.4	-33.0
18	Personal dividend income	1,187.9	1,167.2	19.3	14.7	31.9	-20.7
19	Personal current transfer receipts	3,025.8	3,136.7	31.9	31.4	28.6	110.9
20	Government social benefits to persons	2,963.2	3,073.7	29.7	30.2	27.6	110.5
21	Social security	989.0	1,022.7	8.2	8.7	11.3	33.7
22	Medicare	759.5	782.5	10.8	15.4	19.6	23.0
23	Medicaid	604.6	615.4	12.3	5.2	-3.2	10.9
24	Unemployment insurance	24.1	25.2	-2.0	-0.8	-0.6	1.0
25	Veterans' benefits	113.1	116.2	2.4	3.0	2.1	3.1
26	Other	472.9	511.7	-2.0	-1.3	-1.6	38.8
27	Other current transfer receipts, from business (net)	62.6	63.0	2.2	1.2	1.0	0.4
28	Less: Contributions for government social insurance	1,373.9	1,394.1	8.9	14.9	6.6	20.1
29	Less: Personal current taxes	2,060.9	2,102.9	5.3	29.6	-4.0	42.0
30	<i>Equals:</i> Disposable personal income (DPI)	15,774.1	15,875.8	142.3	160.9	181.7	101.7
31	Less: Personal outlays	14,744.1	14,819.2	208.9	192.6	147.7	75.1
32	<i>Equals:</i> Personal saving	1,030.1	1,056.6	-66.7	-31.6	34.0	26.6
33	Personal saving as a percentage of DPI	6.5	6.7	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
34	Current-dollar DPI	.....	.....	3.8	4.2	4.7	2.6
35	Real DPI, chained (2012) dollars	.....	.....	1.8	2.6	3.2	2.2

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. Real Disposable Personal Income

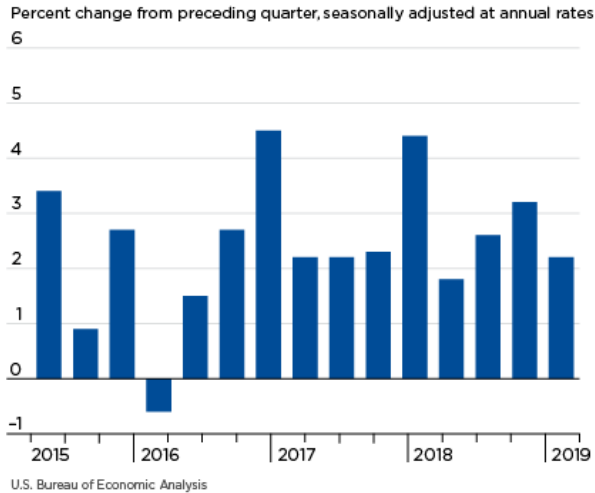
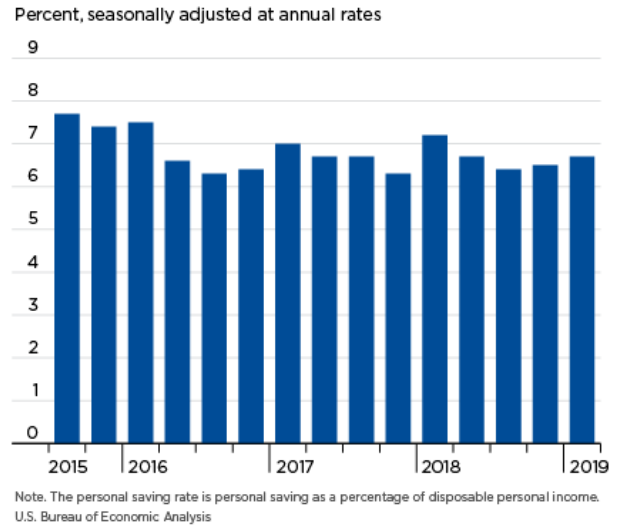


Chart 5. Personal Saving Rate



Updates

Real GDP increased 3.1 percent in the first 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 nonresidential fixed investment (line 9) and inventory investment (line 14) and an upward revision to imports (line 19) that were mostly offset by upward revisions to exports (line 16) and to consumer spending on goods (line 3).

- Within nonresidential fixed investment, downward revisions to investment in equipment (most notably industrial equipment) and intellectual property products (primarily software) were partly offset by an upward revision to structures.
- The downward revision to inventory investment reflected downward revisions in retail and wholesale trade industries that were partly offset by an upward revision to inventory investment in manufacturing industries.
- The revisions to exports and imports were primarily to goods. For exports, the upward revision was widespread. For imports, upward revisions to motor vehicles and foods, feeds, and beverages were partly offset by a downward revision to petroleum.
- Within consumer spending, the upward revision was to goods, specifically, motor vehicles and parts.

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

[Seasonally adjusted at annual rates]

Line		Change from preceding period (percent)			Contribution to percent change in real gross domestic product (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	3.2	3.1	-0.1	3.2	3.1	-0.1
2	Personal consumption expenditures	1.2	1.3	0.1	0.82	0.90	0.08
3	Goods	-0.7	-0.3	0.4	-0.14	-0.06	0.08
4	Durable goods	-5.3	-4.6	0.7	-0.38	-0.33	0.05
5	Nondurable goods	1.7	2.0	0.3	0.24	0.27	0.03
6	Services	2.0	2.1	0.1	0.96	0.96	0.00
7	Gross private domestic investment	5.1	4.3	-0.8	0.92	0.78	-0.14
8	Fixed investment	1.5	1.0	-0.5	0.27	0.18	-0.09
9	Nonresidential	2.7	2.3	-0.4	0.38	0.31	-0.07
10	Structures	-0.8	1.7	2.5	-0.02	0.05	0.07
11	Equipment	0.2	-1.0	-1.2	0.01	-0.06	-0.07
12	Intellectual property products	8.6	7.2	-1.4	0.39	0.32	-0.07
13	Residential	-2.8	-3.5	-0.7	-0.11	-0.13	-0.02
14	Change in private inventories	.....	.....	.....	0.65	0.60	-0.05
15	Net exports of goods and services	.....	.....	.....	1.03	0.96	-0.07
16	Exports	3.7	4.8	1.1	0.45	0.58	0.13
17	Goods	4.7	6.3	1.6	0.37	0.49	0.12
18	Services	1.8	2.0	0.2	0.08	0.08	0.00
19	Imports	-3.7	-2.5	1.2	0.58	0.39	-0.19
20	Goods	-4.4	-3.1	1.3	0.56	0.39	-0.17
21	Services	-0.8	0.3	1.1	0.02	-0.01	-0.03
22	Government consumption expenditures and gross investment	2.4	2.5	0.1	0.41	0.42	0.01
23	Federal	0.0	-0.1	-0.1	0.00	0.00	0.00
24	National defense	4.1	4.0	-0.1	0.16	0.15	-0.01
25	Nondefense	-5.9	-5.9	0.0	-0.16	-0.16	0.00
26	State and local	3.9	4.0	0.1	0.41	0.42	0.01
Addenda:							
27	Final sales of domestic product	2.5	2.5	0.0	2.53	2.47	-0.06
28	Gross domestic purchases price index	0.8	0.7	-0.1	.....	.....	.....
29	GDP price index	0.9	0.8	-0.1	.....	.....	.....

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 (IVA) adjustment and the capital consumption adjustment (CCAdj)) decreased \$65.4 billion, or 2.8 percent at a quarterly rate, in the first quarter of 2019 after decreasing \$9.7 billion, or 0.4 percent, in the fourth quarter of 2018 (table 5, line 2). Profits of domestic financial corporations increased \$7.4 billion (line 4), profits of domestic nonfinancial corporations decreased \$62.1 billion (line 5), and rest-of-the-world profits decreased \$10.7 billion (line 6).

Profits after tax (without the IVA and the CCAdj) decreased \$16.0 billion in the first quarter, after decreasing \$34.2 billion in the fourth 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	2018			
		I	II	III	IV	I	II	III	IV	I	
1	Current production measures:										
2	Corporate profits with IVA and CCAAdj	2,245.5	65.0	78.2	-9.7	-65.4	3.0	3.5	-0.4	-2.8	
3	Domestic industries	1,770.9	69.5	76.9	-11.6	-54.6	4.1	4.4	-0.6	-3.0	
4	Financial	433.9	16.5	-6.1	-25.2	7.4	3.7	-1.3	-5.6	1.7	
5	Nonfinancial	1,337.1	53.0	83.0	13.6	-62.1	4.2	6.4	1.0	-4.4	
6	Rest of the world	474.5	-4.5	1.3	1.9	-10.7	-0.9	0.3	0.4	-2.2	
7	Receipts from the rest of the world	823.4	0.5	-9.5	8.8	4.0	0.1	-1.2	1.1	0.5	
8	Less: Payments to the rest of the world	348.8	5.0	-10.8	6.9	14.8	1.5	-3.2	2.1	4.4	
9	Less: Taxes on corporate income	242.0	22.8	8.9	-9.0	7.4	10.7	3.8	-3.7	3.1	
10	Equals: Profits after tax	2,003.4	42.2	69.3	-0.7	-72.7	2.1	3.5	0.0	-3.5	
11	Net dividends	1,237.9	9.8	27.6	28.9	-41.5	0.8	2.3	2.3	-3.2	
12	Undistributed profits from current production	765.5	32.4	41.7	-29.5	-31.2	4.3	5.3	-3.6	-3.9	
13	Net cash flow	2,621.0	59.4	56.2	0.6	6.1	2.4	2.2	0.0	0.2	
	Industry profits:										
14	Profits with IVA	2,165.3	70.4	82.3	-5.9	-18.3	3.5	3.9	-0.3	-0.8	
15	Domestic industries	1,690.7	74.9	81.0	-7.8	-7.6	4.8	5.0	-0.5	-0.4	
16	Financial	443.8	17.1	-5.3	-25.4	12.9	3.8	-1.1	-5.6	3.0	
17	Nonfinancial	1,246.9	57.8	86.3	17.5	-20.5	5.2	7.4	1.4	-1.6	
18	Rest of the world	474.5	-4.5	1.3	1.9	-10.7	-0.9	0.3	0.4	-2.2	
	Addenda:										
19	Profits before tax (without IVA and CCAAdj)	2,172.1	86.1	26.8	-43.2	-8.6	4.1	1.2	-1.9	-0.4	
20	Profits after tax (without IVA and CCAAdj)	1,930.1	63.4	17.9	-34.2	-16.0	3.3	0.9	-1.7	-0.8	
21	IVA	-6.8	-15.7	55.5	37.3	-9.8	.....	.....	.....	.....
22	CCAAdj	80.2	-5.4	-4.1	-3.8	-47.0	.....	.....	.....	.....

CCAAdj 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.”



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