

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 1.7 percent in the first quarter after increasing 1.4 percent in the fourth quarter (table 2 and chart 3). The larger increase reflected accelerations in the prices paid for state and local government spending, for inventory investment, and for nonresidential fixed investment, which were partly offset by a deceleration in prices paid for consumer spending.

Food prices increased 3.2 percent after increasing 0.4 percent. Prices for energy goods and services turned down, decreasing 5.8 percent in the first quarter after increasing 4.7 percent in the fourth quarter. Gross domestic purchases prices excluding food and energy increased 1.8 percent in the first quarter after increasing 1.3 percent in the fourth quarter.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, accelerated, increasing 1.7 percent in the first quarter after increasing 1.3 percent in the fourth quarter.

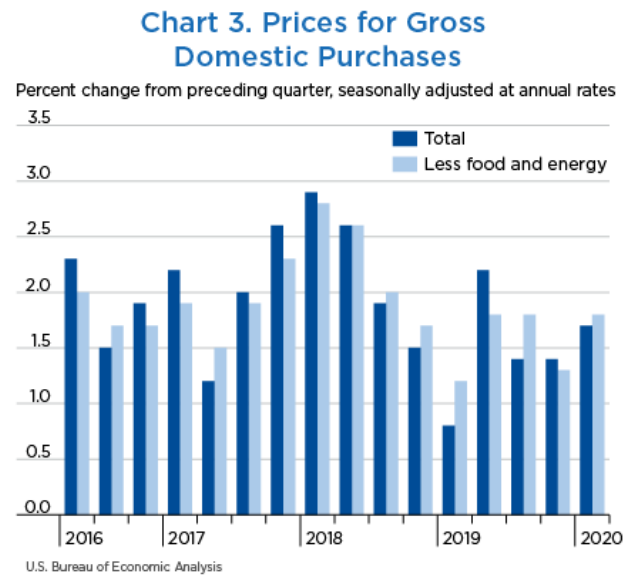


Table 2. Prices for Gross Domestic Purchases

[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)			
		2019			2020	2019			2020
		II	III	IV	I	II	III	IV	I
1	Gross domestic purchases¹	2.2	1.4	1.4	1.7	2.2	1.4	1.4	1.7
2	Personal consumption expenditures	2.4	1.5	1.4	1.3	1.57	0.98	0.91	0.87
3	Goods	1.6	-0.8	-0.4	-0.9	0.32	-0.16	-0.08	-0.19
4	Durable goods	-1.8	-1.2	-3.2	-1.7	-0.12	-0.09	-0.23	-0.12
5	Nondurable goods	3.3	-0.5	1.1	-0.5	0.44	-0.07	0.15	-0.07
6	Services	2.8	2.5	2.2	2.3	1.25	1.14	0.98	1.06
7	Gross private domestic investment	2.0	1.1	0.8	1.8	0.35	0.18	0.13	0.30
8	Fixed investment	2.0	1.2	0.8	1.2	0.33	0.19	0.14	0.20
9	Nonresidential	2.0	0.5	0.4	1.0	0.27	0.07	0.06	0.13
10	Structures	4.0	1.6	1.1	1.2	0.11	0.04	0.03	0.03
11	Equipment	0.4	-1.1	0.2	0.7	0.02	-0.06	0.01	0.04
12	Intellectual property products	2.9	2.0	0.2	1.3	0.13	0.09	0.01	0.06
13	Residential	1.7	3.4	2.4	2.0	0.06	0.12	0.09	0.07
14	Change in private inventories	.....	.....	.....	.....	0.02	-0.01	-0.01	0.10
15	Government consumption expenditures and gross investment	1.7	1.6	1.8	3.0	0.29	0.27	0.31	0.51
16	Federal	-2.1	1.5	1.6	0.9	-0.14	0.10	0.10	0.06
17	National defense	1.5	1.4	1.7	0.7	0.06	0.05	0.07	0.03
18	Nondefense	-7.2	1.7	1.4	1.1	-0.19	0.04	0.04	0.03
19	State and local	4.1	1.6	2.0	4.2	0.43	0.17	0.21	0.45
Addenda:									
Gross domestic purchases:									
20	Food	0.7	-0.7	0.4	3.2	0.03	-0.03	0.02	0.15
21	Energy goods and services	18.8	-8.0	4.7	-5.8	0.47	-0.22	0.12	-0.16
22	Excluding food and energy	1.8	1.8	1.3	1.8	1.71	1.69	1.21	1.69
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.6	-0.5	0.5	3.1	.....	.....	.....	.....
24	Energy goods and services	18.4	-8.2	4.9	-10.0	.....	.....	.....	.....
25	Excluding food and energy	1.9	2.1	1.3	1.7	.....	.....	.....	.....
26	Gross domestic product	2.4	1.8	1.3	1.4	.....	.....	.....	.....
27	Exports of goods and services	3.3	-2.3	-1.6	-3.0	.....	.....	.....	.....
28	Imports of goods and services	1.6	-4.0	-0.5	-0.2	.....	.....	.....	.....

1. The estimated prices 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.

Updates

Real GDP decreased 5.0 percent in the first quarter of 2020, the same decrease as in the second estimate (table 3). The revision reflected upward revisions to nonresidential fixed investment and government spending that were offset by downward revisions to private inventory investment, exports of goods, and consumer spending on durable goods.

- The upward revision to nonresidential fixed investment was mainly to investment in structures, notably power and communication structures.
- The upward revision to government spending was to investment in structures.
- The downward revision to exports of goods primarily reflected downward revisions to automotive vehicles and parts and to foods, feeds, and beverages.
- Within consumer spending, the downward revision primarily reflected a downward revision to services, led by financial services and "other" services (mainly social services and religious activities). These downward revisions were partly offset by an upward revision to spending by nonprofit institutions on behalf of households for health care services.
- Within private inventory investment, wholesale trade and nondurable goods manufacturing inventories were the largest contributors to the downward revision.

Table 3. Second and Third Estimates for the First Quarter of 2020

[Seasonally adjusted at annual rates]

Line		Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP)¹	-5.0	-5.0	0.0	-5.0	-5.0	0.0
2	Personal consumption expenditures	-6.8	-6.8	0.0	-4.69	-4.73	-0.04
3	Goods	0.2	0.2	0.0	0.06	0.05	-0.01
4	Durable goods	-13.2	-13.8	-0.6	-0.98	-1.03	-0.05
5	Nondurable goods	7.7	8.0	0.3	1.04	1.08	0.04
6	Services	-9.7	-9.8	-0.1	-4.75	-4.78	-0.03
7	Gross private domestic investment	-10.5	-10.2	0.3	-1.83	-1.77	0.06
8	Fixed investment	-2.4	-1.3	1.1	-0.41	-0.21	0.20
9	Nonresidential	-7.9	-6.4	1.5	-1.06	-0.85	0.21
10	Structures	-3.9	2.6	6.5	-0.11	0.07	0.18
11	Equipment	-16.7	-16.6	0.1	-1.00	-0.99	0.01
12	Intellectual property products	1.0	1.3	0.3	0.05	0.06	0.01
13	Residential	18.5	18.2	-0.3	0.66	0.65	-0.01
14	Change in private inventories	.....	.....	.....	-1.43	-1.56	-0.13
15	Net exports of goods and services	.....	.....	.....	1.32	1.31	-0.01
16	Exports	-8.7	-9.0	-0.3	-1.02	-1.06	-0.04
17	Goods	-1.2	-1.9	-0.7	-0.08	-0.14	-0.06
18	Services	-21.5	-21.1	0.4	-0.94	-0.92	0.02
19	Imports	-15.5	-15.7	-0.2	2.34	2.37	0.03
20	Goods	-11.5	-12.2	-0.7	1.37	1.45	0.08
21	Services	-29.9	-28.6	1.3	0.97	0.92	-0.05
22	Government consumption expenditures and gross investment	0.8	1.1	0.3	0.15	0.20	0.05
23	Federal	1.9	2.0	0.1	0.12	0.13	0.01
24	National defense	1.0	1.1	0.1	0.04	0.05	0.01
25	Nondefense	3.1	3.3	0.2	0.08	0.09	0.01
26	State and local	0.2	0.5	0.3	0.03	0.06	0.03
Addenda:							
27	Final sales of domestic product	-3.7	-3.5	0.2	-3.62	-3.43	0.19
28	Gross domestic income (GDI)	-4.2	-4.4	-0.2	.....	.....	.....
29	Average of GDP and GDI	-4.6	-4.7	-0.1	.....	.....	.....
30	Gross domestic purchases price index	1.7	1.7	0.0	.....	.....	.....
31	GDP price index	1.4	1.4	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 (IVA) adjustment and the capital consumption adjustment) decreased \$262.8 billion, or 12.3 percent at a quarterly rate, in the first quarter of 2020 after increasing \$53.0 billion, or 2.6 percent, in the fourth quarter of 2019 (table 4). Profits of domestic financial corporations decreased \$37.5 billion, profits of domestic nonfinancial corporations decreased \$181.8 billion, and rest-of-the-world profits decreased \$43.5 billion.

Profits after tax decreased \$235.9 billion in the first quarter after increasing \$39.6 billion in the fourth quarter.

Table 4. Corporate Profits
[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2020	2019				2020	2019			
		I	II	III	IV	I	II	III	IV	I	
	Current production measures:										
1	Corporate profits with IVA and CCAdj	1,868.2	75.8	-4.7	53.0	-262.8	3.8	-0.2	2.6	-12.3	
2	Domestic industries	1,369.4	37.2	-10.3	54.4	-219.3	2.5	-0.7	3.5	-13.8	
3	Financial	368.2	2.5	-4.7	0.7	-37.5	0.6	-1.2	0.2	-9.2	
4	Nonfinancial	1,001.2	34.7	-5.5	53.7	-181.8	3.2	-0.5	4.8	-15.4	
5	Rest of the world	498.8	38.7	5.5	-1.4	-43.5	7.7	1.0	-0.3	-8.0	
6	Receipts from the rest of the world	797.7	25.3	-10.0	3.4	-90.3	2.9	-1.1	0.4	-10.2	
7	Less: Payments to the rest of the world	298.9	-13.4	-15.5	4.8	-46.8	-3.6	-4.3	1.4	-13.5	
9	Less: Taxes on corporate income	195.9	9.7	-15.9	13.5	-26.9	4.5	-7.0	6.4	-12.1	
10	<i>Equals:</i> Profits after tax	1,672.3	66.1	11.1	39.6	-235.9	3.7	0.6	2.1	-12.4	
11	Net dividends	1,375.8	22.2	-7.3	12.8	23.3	1.7	-0.5	1.0	1.7	
12	Undistributed profits from current production	296.6	43.9	18.4	26.7	-259.2	9.4	3.6	5.1	-46.6	
13	Net cash flow with IVA	2,251.3	72.9	40.0	45.2	-238.0	3.1	1.7	1.8	-9.6	

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

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

Corporate Profits by Industry

Industry profits (corporate profits by industry with IVA) decreased \$227.4 billion, or 10.7 percent at a quarterly rate, in the first quarter of 2020 after increasing \$49.4 billion, or 2.4 percent, in the fourth quarter (table 5).

Table 5. Corporate Profits by Industry
[Seasonally adjusted]

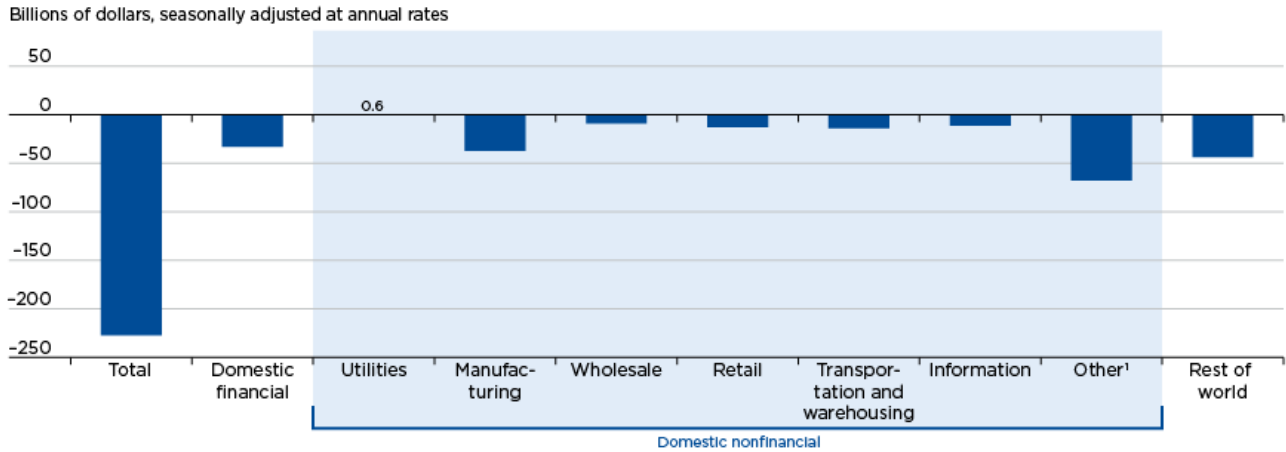
Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)					
		Level	Change from preceding quarter									
		2020	2019				2020	2019				2020
		I	II	III	IV	I	II	III	IV	I		
	Industry profits:											
1	Corporate profits with IVA	1,895.9	80.6	-6.7	49.4	-227.4	4.0	-0.3	2.4	-10.7		
2	Domestic industries	1,397.0	41.9	-12.2	50.8	-183.9	2.8	-0.8	3.3	-11.6		
3	Financial	384.2	3.4	-4.6	-0.5	-33.0	0.8	-1.1	-0.1	-7.9		
4	Nonfinancial	1,012.9	38.5	-7.5	51.3	-150.9	3.6	-0.7	4.6	-13.0		
5	Utilities	-1.8	2.8	-0.6	-0.5	0.6	.....	.....	.....	.....
6	Manufacturing	253.5	5.4	9.2	15.9	-37.2	2.1	3.5	5.8	-12.8		
7	Wholesale trade	115.6	4.5	0.1	3.7	-8.8	3.9	0.1	3.1	-7.0		
8	Retail trade	166.1	10.3	2.8	14.4	-12.6	6.8	1.7	8.7	-7.0		
9	Transportation and warehousing	25.9	-3.0	5.3	-3.7	-13.8	-7.4	14.0	-8.5	-34.8		
10	Information	97.0	2.9	-33.6	30.3	-11.3	2.7	-30.1	38.9	-10.5		
11	Other nonfinancial	356.6	15.6	9.2	-8.8	-67.9	3.8	2.2	-2.0	-16.0		
12	Rest of the world	498.8	38.7	5.5	-1.4	-43.5	7.7	1.0	-0.3	-8.0		
	Addenda:											
13	Profits before tax (without IVA and CCAAdj)	1,831.4	69.4	-39.0	80.6	-295.1	3.4	-1.9	3.9	-13.9		
14	Profits after tax (without IVA and CCAAdj)	1,635.6	59.7	-23.1	67.1	-268.2	3.3	-1.2	3.7	-14.1		
15	IVA	64.4	11.2	32.3	-31.2	67.7	.....	.....	.....	.....
16	CCAAdj	-27.7	-4.8	1.9	3.6	-35.4	.....	.....	.....	.....

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](#).

**Chart 4. Corporate Profits with Inventory Valuation Adjustment in 2020:I,
Change from Preceding Quarter**



1. "Other" nonfinancial corporations include the agriculture, mining, construction, and services industries.
U.S. Bureau of Economic Analysis

Note on Corporate Profits by Industry

Industry profits are corporate profits by industry with inventory valuation adjustment (IVA). The IVA removes the effect of price changes on inventories. The IVA is the difference between the cost of inventory withdrawals at acquisition cost and replacement cost. Ideally, BEA would also add the capital consumption adjustment (CCAdj) for each industry. However, estimates of the CCAdj are only available for two broad categories: total financial industries and total nonfinancial industries. For more information about BEA's methodology, see "Corporate Profits" in [Concepts and Methods of the U.S. National Income and Product Accounts](#) on BEA's website.

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the “[Key Source Data and Assumptions](#)” 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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apps.bea.gov/scb
scb@bea.gov
(301) 278-9004