



GDP and the Economy

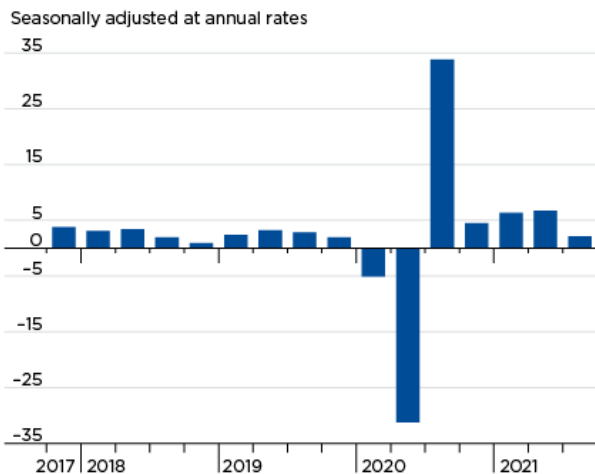
Second Estimates for the Third Quarter of 2021

Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the third quarter of 2021, 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 third quarter was revised up by 0.1 percentage point from the advance estimate. In the second quarter of 2021, real GDP increased 6.7 percent.

COVID-19 Impact on the Third-Quarter 2021 GDP Estimate

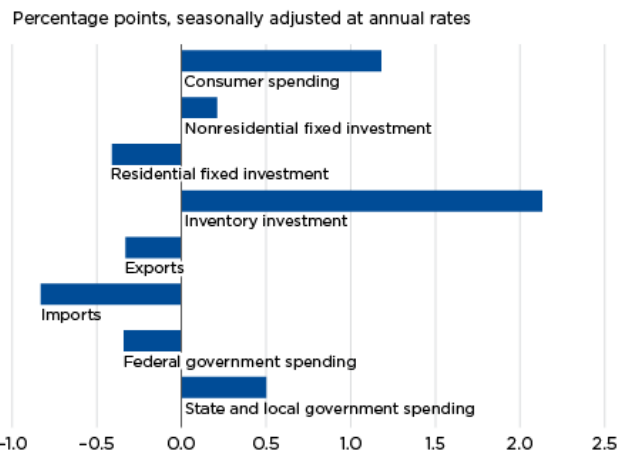
The increase in third-quarter GDP reflected the continued economic impact of the COVID-19 pandemic. A resurgence of COVID-19 cases resulted in new restrictions and delays in the reopening of establishments in some parts of the country. Government assistance payments in the form of forgivable loans to businesses, grants to state and local governments, and social benefits to households all decreased. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the third quarter, because the impacts are generally embedded in source data and cannot be separately identified. For more information, see the [“Technical Note”](#) and [“Federal Recovery Programs and BEA Statistics,”](#) a webpage where the Bureau of Economic Analysis (BEA) consolidates information about the federal stimulus programs in response to the COVID-19 pandemic and how they relate to BEA's economic data.

Chart 1. Real GDP: Percent Change from Preceding Quarter



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2021:Q3



U.S. Bureau of Economic Analysis

GDP by Expenditure

The increase in real GDP in the third quarter reflected increases in private inventory investment, consumer spending, state and local government spending, and nonresidential fixed investment that were partly offset by decreases in residential fixed investment, federal government spending, and exports.² Imports, which are a subtraction in the calculation of GDP, increased.

- The increase in private inventory investment reflected increases in wholesale trade (led by nondurable goods industries) and in retail trade (led by motor vehicles and parts dealers).
- The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods.
 - Within services, increases were widespread, with the largest contributions coming from “other” services (mainly international travel), transportation services (notably, air transportation), and health care (notably, nonprofit hospitals).
 - The decrease in goods primarily reflected a decrease in spending on motor vehicles and parts.
- The increase in state and local government spending was led by employee compensation (notably, education).
- The increase in nonresidential fixed investment reflected an increase in intellectual property products (led by software and research and development) that was partly offset by decreases in structures and equipment.
- The decrease in residential fixed investment primarily reflected decreases in improvements and in new single-family structures.
- The decrease in federal government spending primarily reflected a decrease in nondefense spending on intermediate goods and services after the processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government ended in the second quarter.
- The decrease in exports reflected a decrease in goods that was partly offset by an increase in services.
- The increase in imports primarily reflected an increase in services (led by travel and transport).

The 2.1 percent increase in real GDP in the third quarter followed an increase of 6.7 percent in the second quarter. The deceleration in real GDP in the third quarter was more than accounted for by a slowdown in consumer spending. From the second quarter to the third quarter, spending for goods turned down (led by motor vehicles and parts) and services decelerated (led by food services and accommodations).

Real gross domestic income, which is the sum of incomes earned and costs incurred in the production of GDP, increased 6.7 percent in the third quarter after increasing 4.3 percent (revised) in the second quarter.

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

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2021	2020	2021			2020	2021		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic product¹	100.0	4.5	6.3	6.7	2.1	4.5	6.3	6.7	2.1
2	Personal consumption expenditures	68.8	3.4	11.4	12.0	1.7	2.26	7.44	7.92	1.18
3	Goods	23.7	-0.3	27.4	13.0	-8.4	-0.07	5.69	2.99	-2.11
4	Durable goods	8.6	1.1	50.0	11.6	-24.4	0.10	3.50	1.01	-2.50
5	Nondurable goods	15.1	-1.1	15.9	13.9	2.6	-0.17	2.19	1.98	0.39
6	Services	45.1	5.3	3.9	11.5	7.6	2.34	1.75	4.93	3.29
7	Gross private domestic investment	17.6	24.7	-2.3	-3.9	11.6	4.01	-0.37	-0.65	1.93
8	Fixed investment	17.9	17.7	13.0	3.3	-1.1	2.92	2.25	0.61	-0.20
9	Nonresidential	13.3	12.5	12.9	9.2	1.5	1.57	1.65	1.21	0.21
10	Structures	2.5	-8.2	5.4	-3.0	-5.0	-0.22	0.14	-0.08	-0.13
11	Equipment	5.5	26.4	14.1	12.1	-2.4	1.29	0.75	0.66	-0.13
12	Intellectual property products	5.2	10.2	15.6	12.5	9.3	0.50	0.76	0.62	0.47
13	Residential	4.7	34.4	13.3	-11.7	-8.3	1.34	0.60	-0.60	-0.41
14	Change in private inventories	-0.3	.....	.....	.....	.....	1.10	-2.62	-1.26	2.13
15	Net exports of goods and services	-4.1	.....	.....	.....	.....	-1.65	-1.56	-0.18	-1.16
16	Exports	10.8	22.5	-2.9	7.6	-3.0	2.07	-0.30	0.80	-0.33
17	Goods	7.5	25.6	-1.4	6.4	-5.8	1.59	-0.10	0.48	-0.45
18	Services	3.2	16.0	-6.0	10.4	3.7	0.49	-0.20	0.32	0.12
19	Imports	14.8	31.3	9.3	7.1	5.8	-3.73	-1.26	-0.99	-0.83
20	Goods	12.3	30.1	10.6	4.3	-0.1	-3.04	-1.21	-0.51	0.01
21	Services	2.5	37.5	2.2	23.6	41.5	-0.69	-0.05	-0.48	-0.84
22	Government consumption expenditures and gross investment	17.6	-0.5	4.2	-2.0	0.9	-0.09	0.77	-0.36	0.16
23	Federal	6.7	-3.1	11.3	-5.3	-4.9	-0.22	0.78	-0.38	-0.34
24	National defense	3.9	5.3	-5.8	-1.1	-1.6	0.22	-0.25	-0.04	-0.06
25	Nondefense	2.8	-14.1	40.8	-10.7	-9.3	-0.44	1.02	-0.34	-0.28
26	State and local	10.9	1.2	-0.1	0.2	4.7	0.14	-0.01	0.02	0.50
Addenda:										
27	Gross domestic income (GDI) ²	.....	19.6	6.3	4.3	6.7	.....	.....	.....	.....
28	Average of GDP and GDI	.....	11.9	6.3	5.5	4.4	.....	.....	.....	.....
29	Final sales of domestic product	100.3	3.4	9.1	8.1	0.0	3.44	8.90	7.99	-0.02
30	Goods	31.4	4.6	10.8	9.8	0.0	1.46	3.31	3.05	0.00
31	Services	59.9	3.1	4.2	7.9	4.6	1.86	2.52	4.62	2.69
32	Structures	8.7	14.7	5.0	-10.0	-6.5	1.22	0.45	-0.94	-0.59
33	Motor vehicle output	2.5	-12.8	1.1	-14.1	-38.4	-0.40	0.03	-0.42	-1.26
34	GDP excluding motor vehicle output	97.5	5.1	6.4	7.4	3.5	4.94	6.25	7.15	3.37

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 5.5 percent in the third quarter after increasing 5.8 percent in the second quarter (table 2 and chart 3). Except for private inventory investment, software investment, and “other” information processing equipment (specifically, medical equipment and instruments), price increases were widespread across the components of gross domestic purchases and were led by increases for consumer goods and services.

Within consumer goods, prices for both durable and nondurable goods increased. The leading contributors were price increases for motor vehicles and parts (for both new and used motor vehicles), food and beverages purchased for off-premises consumption (groceries), and gasoline and other energy goods.

Within gross domestic purchases, food prices increased 7.9 percent in the third quarter after increasing 1.6 percent in the second quarter. Prices for energy goods and services increased 19.3 percent after increasing 21.2 percent. Gross domestic purchases prices excluding food and energy increased 5.0 percent after increasing 5.6 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, increased 4.5 percent in the third quarter after increasing 6.1 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	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2020	2021			2020	2021		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic purchases¹	1.8	3.9	5.8	5.5	1.8	3.9	5.8	5.5
2	Personal consumption expenditures	1.5	3.8	6.5	5.3	1.00	2.51	4.23	3.50
3	Goods	0.3	5.9	9.3	7.3	0.08	1.29	2.11	1.67
4	Durable goods	0.2	2.3	16.8	9.6	0.02	0.19	1.38	0.81
5	Nondurable goods	0.4	8.0	5.0	5.9	0.06	1.10	0.73	0.86
6	Services	2.1	2.8	5.0	4.2	0.92	1.21	2.12	1.83
7	Gross private domestic investment	1.9	2.8	2.9	5.9	0.32	0.50	0.52	0.99
8	Fixed investment	1.9	3.7	4.5	6.8	0.33	0.64	0.80	1.17
9	Nonresidential	0.4	0.8	0.9	4.3	0.06	0.10	0.13	0.55
10	Structures	0.5	3.9	8.9	11.0	0.01	0.10	0.21	0.26
11	Equipment	-2.2	2.2	-3.2	4.6	-0.11	0.12	-0.16	0.25
12	Intellectual property products	3.2	-2.3	1.5	0.9	0.16	-0.12	0.08	0.05
13	Residential	6.5	12.4	15.3	14.4	0.27	0.54	0.67	0.62
14	Change in private inventories	.....	.....	.....	.....	-0.01	-0.14	-0.28	-0.18
15	Government consumption expenditures and gross investment	3.0	5.4	6.1	6.0	0.52	0.93	1.04	1.01
16	Federal	2.5	4.0	4.1	4.8	0.17	0.27	0.28	0.31
17	National defense	2.5	4.4	4.3	4.7	0.10	0.18	0.17	0.18
18	Nondefense	2.5	3.3	3.9	4.9	0.07	0.09	0.11	0.13
19	State and local	3.3	6.3	7.3	6.7	0.35	0.66	0.76	0.70
Addenda:									
Gross domestic purchases:									
20	Food	0.4	-0.1	1.6	7.9	0.02	0.00	0.09	0.40
21	Energy goods and services	12.4	47.8	21.2	19.3	0.26	0.91	0.49	0.48
22	Excluding food and energy	1.7	3.2	5.6	5.0	1.56	3.02	5.20	4.63
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.0	0.7	4.1	7.7	.....	.....	.....	.....
24	Energy goods and services	13.3	47.7	20.4	18.9	.....	.....	.....	.....
25	Excluding food and energy	1.2	2.7	6.1	4.5	.....	.....	.....	.....
26	Gross domestic product	2.2	4.3	6.1	5.9	.....	.....	.....	.....
27	Exports of goods and services	6.2	21.0	19.4	9.8	.....	.....	.....	.....
28	Imports of goods and services	2.2	13.3	13.4	6.0	.....	.....	.....	.....

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

Measured in current dollars, personal income increased \$132.8 billion in the third quarter, in contrast to a decrease of \$1.20 trillion in the second quarter (table 3). The increase primarily reflected an increase in compensation that was partly offset by a decrease in government social benefits to persons.

- Within compensation, both private and government wages and salaries increased.
- Within government social benefits to persons, unemployment insurance and “other” social benefits decreased, reflecting decreased economic impact payments to households established by the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act. The addenda lines in table 3 include detail on the effects of selected federal pandemic response programs on personal income.

Personal current taxes increased \$86.7 billion in the third quarter after increasing \$120.4 billion (revised) in the second quarter.

Disposable personal income (DPI) increased \$46.1 billion in the third quarter after decreasing \$1.32 trillion in the second quarter (revised). Personal outlays increased \$279.4 billion after increasing \$689.4 billion.

The personal saving rate (chart 4)—personal saving as a percentage of DPI—was 9.6 percent in the third quarter, compared with 10.9 percent in the second quarter (revised).

Real DPI (chart 5) decreased 4.0 percent in the third quarter after decreasing 29.1 percent in the second quarter (revised). Current-dollar DPI increased 1.0 percent after decreasing 24.5 percent (revised).

In addition to presenting updated estimates for the third quarter, this estimate presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance, based on updated data from the Bureau of Labor Statistics Quarterly Census of Employment and Wages program. Wages and salaries are now estimated to have increased \$301.2 billion in the second quarter, an upward revision of \$101.3 billion. Personal current taxes are now estimated to have increased \$120.4 billion, an upward revision of \$17.7 billion. Contributions for government social insurance are now estimated to have increased \$38.4 billion, an upward revision of \$13.5 billion. With the incorporation of these new data, real gross domestic income is now estimated to have increased 4.3 percent in the second quarter, an upward revision of 2.0 percentage points from the previously published estimate.

Table 3. Personal Income and Its Disposition

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

Line	Series	Level		Change from preceding period			
		2021		2020	2021		
		Q2	Q3	Q4	Q1	Q2	Q3
1	Personal income	20,669.9	20,802.7	-235.4	2,325.3	-1,197.4	132.8
2	Compensation of employees	12,416.6	12,729.9	424.5	124.7	327.7	313.3
3	Wages and salaries	10,180.4	10,462.4	372.7	96.2	301.2	282.0
4	Private industries	8,661.3	8,908.2	375.1	89.9	284.8	246.9
5	Goods-producing industries	1,622.0	1,657.8	57.7	19.2	36.0	35.8
6	Manufacturing	969.8	993.7	40.5	13.0	20.6	23.8
7	Services-producing industries	7,039.3	7,250.5	317.4	70.7	248.8	211.1
8	Trade, transportation, and utilities	1,582.0	1,621.2	59.0	17.7	56.7	39.2
9	Other services-producing industries	5,457.4	5,629.3	258.4	53.0	192.1	171.9
10	Government	1,519.1	1,554.2	-2.4	6.3	16.4	35.1
11	Supplements to wages and salaries	2,236.2	2,267.5	51.8	28.6	26.5	31.3
12	Proprietors' income with IVA and CCAAdj	1,848.2	1,854.2	-30.7	-16.1	134.2	6.0
13	Farm	119.4	107.5	39.3	-35.5	46.4	-12.0
14	Nonfarm	1,728.7	1,746.7	-70.0	19.4	87.8	18.0
15	Rental income of persons with CCAAdj	716.3	728.0	-4.5	6.9	-0.7	11.7
16	Personal income receipts on assets	2,932.1	2,949.8	57.9	-10.7	33.3	17.7
17	Personal interest income	1,639.4	1,640.7	12.8	19.8	9.2	1.4
18	Personal dividend income	1,292.8	1,309.1	45.1	-30.6	24.1	16.4
19	Personal current transfer receipts	4,329.0	4,148.7	-639.9	2,253.1	-1,653.5	-180.3
20	Government social benefits to persons	4,257.8	4,080.8	-640.2	2,250.3	-1,662.8	-176.9
21	Social security	1,109.7	1,117.2	8.6	17.5	3.3	7.6
22	Medicare	815.3	826.5	-4.8	-6.8	1.1	11.2
23	Medicaid	730.5	786.3	-12.0	17.6	34.6	55.9
24	Unemployment insurance	480.4	272.3	-467.9	265.9	-85.3	-208.1
25	Veterans' benefits	156.5	162.3	2.2	2.9	4.1	5.8
26	Other	965.4	916.1	-166.2	1,953.3	-1,620.6	-49.3
27	Other current transfer receipts, from business (net)	71.2	67.9	0.3	2.8	9.3	-3.3
28	<i>Less:</i> Contributions for government social insurance	1,572.2	1,608.0	42.7	32.5	38.4	35.7
29	<i>Less:</i> Personal current taxes	2,532.5	2,619.2	78.0	152.3	120.4	86.7
30	<i>Equals:</i> Disposable personal income (DPI)	18,137.4	18,183.5	-313.5	2,173.0	-1,317.9	46.1
31	<i>Less:</i> Personal outlays	16,165.0	16,444.4	162.4	538.8	689.4	279.4
32	Personal consumption expenditures	15,681.7	15,952.4	173.8	537.8	676.3	270.7
33	Personal interest payments ¹	267.4	272.4	-18.5	-0.6	12.1	5.0
34	Personal current transfer payments	215.9	219.7	7.1	1.6	1.1	3.8
35	<i>Equals:</i> Personal saving	1,972.4	1,739.1	-475.9	1,634.2	-2,007.3	-233.3
36	Personal saving as a percentage of DPI	10.9	9.6	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
37	Current-dollar DPI	.....	.....	-6.9	60.6	-24.5	1.0
38	Real DPI, chained (2012) dollars	.....	.....	-8.3	54.7	-29.1	-4.0
The effects of selected federal pandemic response programs on personal income (billions of dollars)							
In farm proprietors' income with IVA and CCAAdj:							
39	Coronavirus Food Assistance Program ²	14.3	8.7	27.8	-45.3	13.4	-5.5
40	Paycheck Protection Program loans to businesses ³	11.3	7.0	-6.1	2.3	6.4	-4.3
In nonfarm proprietors' income with IVA and CCAAdj:							

Line	Series	Level		Change from preceding period			
		2021		2020	2021		
		Q2	Q3	Q4	Q1	Q2	Q3
41	Paycheck Protection Program loans to businesses ³	177.6	110.2	-196.7	-7.8	100.9	-67.5
	In government social benefits to persons, Medicare:						
42	Increase in Medicare reimbursement rates ⁴	14.1	14.3	-0.1	-0.2	0.0	0.1
	In government social benefits to persons, Unemployment insurance ⁵ :						
43	Extended Unemployment Benefits	5.8	5.7	9.3	12.0	-19.2	-0.2
44	Pandemic Emergency Unemployment Compensation	104.5	61.5	55.4	15.7	6.8	-43.1
45	Pandemic Unemployment Assistance	82.1	50.0	-31.4	-11.6	-13.2	-32.0
46	Pandemic Unemployment Compensation Payments	237.2	113.2	-399.1	272.2	-49.7	-124.0
47	Veterans' Benefits	156.5	162.3	2.2	2.9	4.1	5.8
	In government social benefits to persons, other:						
48	Child tax credit ⁶	34.4	218.9	0.0	4.2	0.0	184.5
49	Economic impact payments ⁷	290.1	38.9	-10.5	1,928.6	-1,643.6	-251.2
50	Lost wages supplemental payments ⁸	0.6	0.1	-70.4	-34.2	-1.0	-0.5
51	Paycheck Protection Program loans to NPISH ³	24.7	14.0	-56.8	-13.6	13.9	-10.7
52	Provider Relief Fund to NPISH ⁹	26.6	37.4	-24.0	8.3	-16.2	10.8
	In personal outlays, personal interest payments:						
53	Student loan forbearance ¹⁰	-37.8	-37.8	0.0	0.0	0.0	0.0

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

NPISH Nonprofit institutions serving households

1. Consists of nonmortgage interest paid by households. Note that mortgage interest paid by households is an expense item in the calculation of rental income of persons.
2. The Coronavirus Food Assistance Program, initially established by the Coronavirus Aid, Relief and Economic Security Act (CARES), provides direct support to farmers and ranchers where prices and market supply chains have been impacted by the COVID-19 pandemic.
3. The Paycheck Protection Program, initially established by the CARES Act, provides forgivable loans to help small businesses and nonprofit institutions make payroll and cover other expenses. It also provides funding to reimburse private lending institutions for the costs of administering these loans. For more information, see "[How does the Paycheck Protection Program impact the national income and product accounts \(NIPAs\)?](#)".
4. A 2 percent reduction in reimbursements paid to Medicare service providers that went into effect in 2013 was initially suspended by the CARES Act. The resulting increased reimbursement rates went into effect beginning on May 1, 2020
5. Unemployment insurance benefits were expanded through several programs that were initially established through the CARES Act. For more information, see "[How will the expansion of unemployment benefits in response to the COVID-19 pandemic be recorded in the NIPAs?](#)".
6. The American Rescue Plan increased the Child Tax Credit to \$3,000 per child over the age of six and \$3,600 for children under the age of six, and raised the age limit from 16 to 17. It also authorized that up to half of these credits could be distributed through advance payments during the tax year, while the rest would be claimed when parents file tax returns the following year.
7. Economic impact payments, initially established by the CARES Act, provide direct payments to individuals. For more information, see "[How are the federal economic impact payments to support individuals during the COVID-19 pandemic recorded in the NIPAs?](#)".
8. The Federal Emergency Management Agency (FEMA) was authorized to make payments from the Disaster Relief Fund to supplement wages lost as a result of the COVID-19 pandemic.
9. The Department of Health and Human Services distributes money from the Provider Relief Fund to hospitals and health care providers on the front lines of the coronavirus response. This funding supports health care-related expenses or lost revenue attributable to COVID-19 and ensures uninsured Americans can get treatment for COVID-19. In the NIPAs, funds provided to nonprofit hospitals are recorded as social benefits.
10. Interest payments due on certain categories of federally-held student loans were initially suspended by the CARES Act. For more information, see "[How does the federal response to the COVID-19 affect BEA's estimate of personal interest payments?](#)".

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

Chart 4. Personal Saving Rate

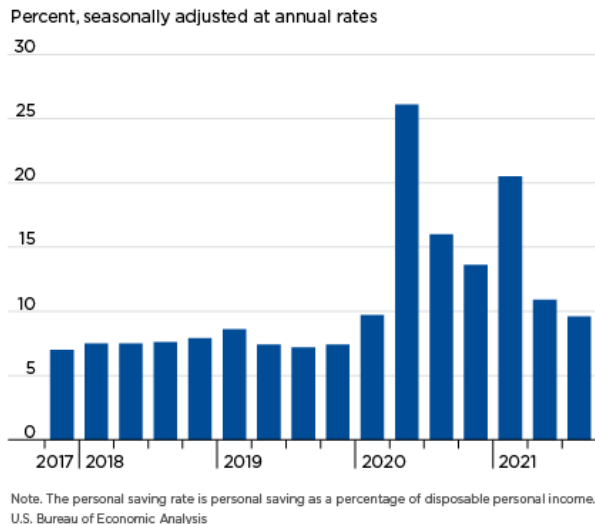
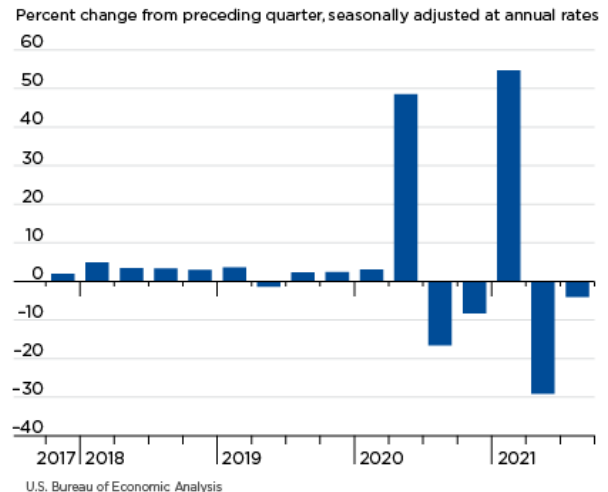


Chart 5. Real Disposable Personal Income



Updates

In the second estimate for the third quarter, real GDP increased 2.1 percent, an upward revision of 0.1 percentage point from the advance estimate. Upward revisions to consumer spending, private inventory investment, and state and local government spending were partly offset by downward revisions to exports, nonresidential fixed investment, residential fixed investment, and federal government spending. Imports, which are a subtraction in the calculation of GDP, were revised down.

- Within consumer spending, an upward revision to goods was partly offset by a downward revision to services.
 - Within goods, the leading contributor to the upward revision was motor vehicles and parts (notably, net purchases of used motor vehicles).
 - Downward revisions to services were widespread, led by “other” services (mainly personal care services) and transportation services.
- The revision to private inventory investment was led by upward revisions to wholesale trade (notably, farm products and electrical goods) and “other” industries (notably, information).
- The revision to state and local government spending primarily reflected an upward revision to structures investment (notably, highway and street construction).
- Within exports, goods were revised down, led by industrial supplies and materials (notably, durable goods).
- Within nonresidential fixed investment, a downward revision to intellectual property products was partly offset by upward revisions to structures and equipment.
 - The downward revision to intellectual property products reflected downward revisions to software investment (notably, prepackaged software) and to research and development.
 - Within structures, the leading contributor to the upward revision was investment in commercial and health care structures.

- For equipment, the leading contributor to the upward revision was information processing equipment (notably, computers and peripherals as well as communication equipment).
- Within residential fixed investment, the leading contributor to the downward revision was improvements.
- Within imports, the leading contributor to the downward revision was travel services.

Table 4. Advance and Second Estimates for the Third Quarter of 2021

[Seasonally adjusted at annual rates]

Line	Series	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	2.0	2.1	0.1	2.0	2.1	0.1
2	Personal consumption expenditures	1.6	1.7	0.1	1.09	1.18	0.09
3	Goods	-9.2	-8.4	0.8	-2.32	-2.11	0.21
4	Durable goods	-26.2	-24.4	1.8	-2.70	-2.50	0.20
5	Nondurable goods	2.6	2.6	0.0	0.39	0.39	0.00
6	Services	7.9	7.6	-0.3	3.40	3.29	-0.11
7	Gross private domestic investment	11.7	11.6	-0.1	1.94	1.93	-0.01
8	Fixed investment	-0.8	-1.1	-0.3	-0.14	-0.20	-0.06
9	Nonresidential	1.8	1.5	-0.3	0.24	0.21	-0.03
10	Structures	-7.3	-5.0	2.3	-0.19	-0.13	0.06
11	Equipment	-3.2	-2.4	0.8	-0.18	-0.13	0.05
12	Intellectual property products	12.2	9.3	-2.9	0.61	0.47	-0.14
13	Residential	-7.7	-8.3	-0.6	-0.38	-0.41	-0.03
14	Change in private inventories	.....	.....	.....	2.07	2.13	0.06
15	Net exports of goods and services	.....	.....	.....	-1.14	-1.16	-0.02
16	Exports	-2.5	-3.0	-0.5	-0.28	-0.33	-0.05
17	Goods	-5.1	-5.8	-0.7	-0.40	-0.45	-0.05
18	Services	3.8	3.7	-0.1	0.12	0.12	0.00
19	Imports	6.1	5.8	-0.3	-0.87	-0.83	0.04
20	Goods	-0.1	-0.1	0.0	0.02	0.01	-0.01
21	Services	44.4	41.5	-2.9	-0.89	-0.84	0.05
22	Government consumption expenditures and gross investment	0.8	0.9	0.1	0.14	0.16	0.02
23	Federal	-4.7	-4.9	-0.2	-0.33	-0.34	-0.01
24	National defense	-1.4	-1.6	-0.2	-0.06	-0.06	0.00
25	Nondefense	-9.2	-9.3	-0.1	-0.27	-0.28	-0.01
26	State and local	4.4	4.7	0.3	0.46	0.50	0.04
Addenda:							
27	Final sales of domestic product	-0.1	0.0	0.1	-0.06	-0.02	0.04
28	Gross domestic purchases price index	5.4	5.5	0.1	.....	.....	.....
29	GDP price index	5.7	5.9	0.2	.....	.....	.....

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

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.

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 \$121.4 billion, or 4.3 percent at a quarterly rate, in the third quarter after increasing \$267.8 billion in the second quarter (table 5). Profits of domestic financial corporations increased \$13.8 billion, profits of domestic nonfinancial corporations increased \$67.6 billion, and rest-of-the-world profits increased \$40.1 billion.

Profits after tax (without IVA and CCAdj), BEA's profits measure that is conceptually most similar to the profits for companies in the Standard & Poor's 500 Index, increased \$51.7 billion in the third quarter.

Also notable in the third quarter, subsidies, which are a subtraction in the calculation of gross domestic income, decreased in the third quarter (see [NIPA Table 1.12](#)). Government pandemic assistance continued to support corporate profits and proprietors' income, but to a lesser extent than in previous quarters. Subsidies related to the [Restaurant Revitalization Fund](#) and for shuttered entertainment venues increased, while assistance from the [Paycheck Protection Program](#) declined. More information on federal subsidy programs and their impacts on income measures is presented in the table “[Effects of Selected Federal Pandemic Response Programs on Federal Government Receipts, Expenditures, and Saving](#)” on BEA's website.

Table 5. Corporate Profits

[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2021	2020	2021			2020	2021		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Current production measures:									
2	Corporate profits with IVA and CCAdj	2,940.6	-7.9	123.9	267.8	121.4	-0.3	5.1	10.5	4.3
3	Domestic industries	2,440.4	-30.5	134.5	274.0	81.4	-1.5	6.9	13.1	3.4
4	Financial	551.5	17.0	1.3	52.8	13.8	3.6	0.3	10.9	2.6
5	Nonfinancial	1,888.8	-47.5	133.2	221.3	67.6	-3.1	9.1	13.8	3.7
6	Rest of the world	500.3	22.6	-10.6	-6.2	40.1	5.0	-2.2	-1.3	8.7
7	Receipts from the rest of the world	935.7	47.8	34.2	27.4	43.1	6.1	4.1	3.2	4.8
8	Less: Payments to the rest of the world	435.5	25.3	44.8	33.6	3.0	7.7	12.7	8.4	0.7
9	Less: Taxes on corporate income	396.9	15.3	28.1	34.9	18.3	5.1	8.9	10.1	4.8
10	Equals: Profits after tax	2,543.7	-23.3	95.8	232.9	103.1	-1.1	4.5	10.5	4.2
11	Net dividends	1,439.5	28.9	-37.8	51.4	28.5	2.1	-2.7	3.8	2.0
12	Undistributed profits from current production	1,104.2	-52.2	133.6	181.5	74.7	-6.8	18.7	21.4	7.3
13	Net cash flow	3,155.5	-30.2	154.5	224.7	76.9	-1.1	5.7	7.9	2.5
	Industry profits:									
14	Profits with IVA	2,898.3	-3.3	104.7	285.9	150.5	-0.1	4.4	11.6	5.5
15	Domestic industries	2,398.0	-25.9	115.3	292.1	110.5	-1.4	6.1	14.6	4.8
16	Financial	597.1	18.5	-1.1	57.0	20.2	3.7	-0.2	11.0	3.5
17	Nonfinancial	1,801.0	-44.4	116.4	235.1	90.3	-3.2	8.6	15.9	5.3
18	Rest of the world	500.3	22.6	-10.6	-6.2	40.1	5.0	-2.2	-1.3	8.7
	Addenda:									
19	Profits before tax (without IVA and CCAdj)	3,139.1	31.6	231.2	357.7	70.1	1.3	9.3	13.2	2.3
20	Profits after tax (without IVA and CCAdj)	2,742.1	16.3	203.1	322.8	51.8	0.8	9.4	13.6	1.9
21	IVA	-240.8	-35.0	-126.5	-71.8	80.5	.....	.....	.....	.....
22	CCAdj	42.4	-4.6	19.2	-18.1	-29.1	.....	.....	.....	.....

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).

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 2021 *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.”