

GDP and the Economy

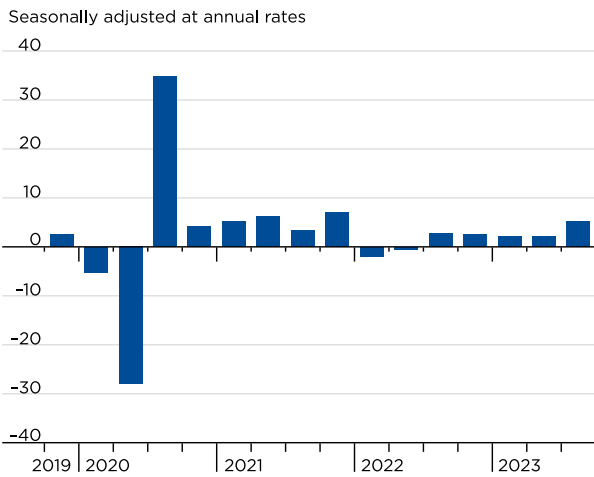
Second Estimates for the Third Quarter of 2023

December 5, 2023

This article reflects GDP statistics published on November 29, 2023. Refer to the GDP product page for the [latest statistics](#).

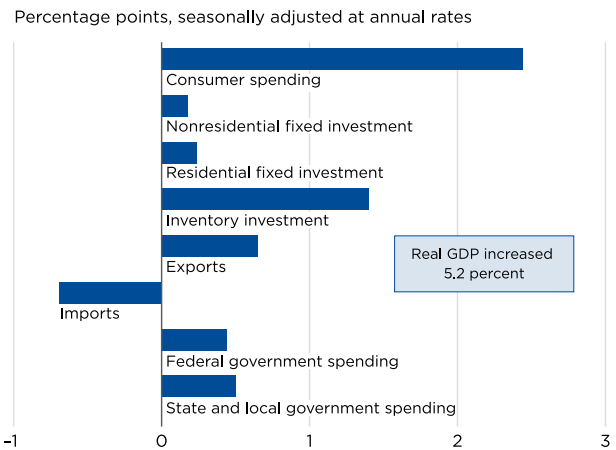
Real gross domestic product (GDP) increased at an annual rate of 5.2 percent in the third quarter of 2023, according to the “second” estimate of the National Income and Product Accounts (chart 1 and table 1).¹ In the second quarter, real GDP increased 2.1 percent.

Chart 1. Real GDP: Percent Change From Preceding Quarter



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2023:Q3



GDP Gross domestic product
U.S. Bureau of Economic Analysis

GDP by Expenditure

The increase in third-quarter real GDP reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).²

- The increase in consumer spending reflected increases in both services and goods. Within services, the leading contributors were housing and utilities, food services and accommodations, and health care. Within goods, the leading contributors to the increase were recreational goods and vehicles as well as other nondurable goods (led by prescription drugs).
- Within private inventory investment, the increase was in nonfarm inventories, led by wholesale trade, manufacturing, and retail trade industries.
- Within exports, both goods and services increased. The increase in goods was led by capital goods, except automotive; automotive vehicles, engines, and parts; and nondurable consumer goods, except food and automotive. Partly offsetting these increases was a decrease in other exports of goods. The increase in services was led by travel that was partly offset by decreases in other business services and charges for the use of intellectual property.
- The increase in state and local government spending primarily reflected increases in gross investment in structures and state and local government employee compensation.
- The increase in federal government spending reflected increases in both defense and nondefense spending.
 - The increase in defense spending was led by spending on services.
 - The increase in nondefense spending primarily reflected lower sales of crude oil from the Strategic Petroleum Reserve, based on data from the U.S. Department of Energy. Within the National Economic Accounts, sales are deducted from government consumption expenditures; therefore, a decrease in sales results in a corresponding increase in consumption expenditures. Because the oil sold by the government enters private inventories, there is no direct net effect on GDP.
- The increase in residential fixed investment primarily reflected an increase in new single-family construction. Partly offsetting this increase was a decrease in brokers' commissions and other ownership transfer costs.
- The increase in nonresidential fixed investment reflected increases in structures and intellectual property products that were partly offset by a decrease in equipment. The increase in structures was led by manufacturing structures. The increase in intellectual property products was led by software. The decrease in equipment was led by information processing equipment (mainly computers and peripherals equipment).
- Within imports, both goods and services increased. Within goods, the increase was led by automotive vehicles, engines, and parts; nondurable consumer goods, except food and automotive; and other imports of goods. Partly offsetting these increases was a decrease in industrial supplies and materials (mainly durable goods). Within services, the leading contributor to the increase was transport (which includes air transportation) that was partly offset by a decrease in other business services.

Compared to the second quarter, the acceleration in GDP in the third quarter primarily reflected accelerations in consumer spending and private inventory investment and an upturn in exports. These movements were partly offset by a deceleration in nonresidential fixed investment. Imports turned up.

Table 1. Real Gross Domestic Product 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)			
		2023	2022	2023			2022	2023			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
1	Gross domestic product (GDP)¹	100.0	2.6	2.2	2.1	5.2	2.6	2.2	2.1	5.2	
2	Personal consumption expenditures	67.7	1.2	3.8	0.8	3.6	0.79	2.54	0.55	2.44	
3	Goods	22.5	0.0	5.1	0.5	4.7	-0.01	1.14	0.11	1.05	
4	Durable goods	8.0	-1.0	14.0	-0.3	6.8	-0.08	1.07	-0.03	0.54	
5	Nondurable goods	14.6	0.5	0.5	0.9	3.5	0.07	0.07	0.14	0.51	
6	Services	45.2	1.8	3.1	1.0	3.0	0.80	1.40	0.44	1.38	
7	Gross private domestic investment	17.8	3.4	-9.0	5.2	10.5	0.62	-1.69	0.90	1.82	
8	Fixed investment	17.4	-5.4	3.1	5.2	2.4	-0.99	0.53	0.90	0.42	
9	Nonresidential	13.5	1.7	5.7	7.4	1.3	0.24	0.76	0.98	0.18	
10	Structures	3.0	6.5	30.3	16.1	6.9	0.17	0.77	0.46	0.21	
11	Equipment	5.0	-5.0	-4.1	7.7	-3.5	-0.26	-0.21	0.38	-0.18	
12	Intellectual property products	5.4	6.1	3.8	2.7	2.8	0.32	0.20	0.15	0.15	
13	Residential	3.9	-24.9	-5.3	-2.2	6.2	-1.23	-0.22	-0.09	0.24	
14	Change in private inventories	0.4	---	---	---	---	1.61	-2.22	0.00	1.40	
15	Net exports of goods and services	-2.8	---	---	---	---	0.26	0.58	0.04	-0.04	
16	Exports	11.0	-3.5	6.8	-9.3	6.0	-0.41	0.76	-1.09	0.65	
17	Goods	7.3	-6.3	12.0	-16.0	7.7	-0.52	0.89	-1.31	0.55	
18	Services	3.7	3.1	-3.5	6.2	2.7	0.11	-0.13	0.22	0.10	
19	Imports	13.8	-4.3	1.3	-7.6	5.2	0.66	-0.18	1.13	-0.69	
20	Goods	11.2	-4.4	1.9	-6.5	6.0	0.55	-0.22	0.78	-0.65	
21	Services	2.6	-3.9	-1.2	-12.2	1.9	0.11	0.04	0.35	-0.05	
22	Government consumption expenditures and gross investment	17.3	5.3	4.8	3.3	5.5	0.90	0.82	0.57	0.94	
23	Federal	6.5	9.8	5.2	1.1	7.0	0.59	0.33	0.07	0.44	
24	National defense	3.6	7.7	1.9	2.3	8.2	0.27	0.07	0.08	0.29	
25	Nondefense	2.8	12.6	9.5	-0.4	5.5	0.32	0.26	-0.01	0.15	
26	State and local	10.9	2.8	4.6	4.7	4.6	0.31	0.49	0.50	0.50	
Addenda:											
27	Gross domestic income (GDI) ²	---	-3.0	0.5	0.5	1.5	---	---	---	---	
28	Average of GDP and GDI	---	-0.3	1.4	1.3	3.3	---	---	---	---	
29	Final sales of domestic product	---	1.0	4.6	2.1	3.7	---	---	---	---	
30	Goods	31.5	6.2	-1.3	0.9	7.9	1.95	-0.40	0.29	2.48	
31	Services	60.0	2.5	3.2	1.9	3.4	1.48	1.92	1.13	2.03	
32	Structures	8.6	-9.6	8.9	7.7	7.8	-0.86	0.72	0.63	0.65	

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 National Income and Product Accounts (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

The U.S. Bureau of Economic Analysis' (BEA's) featured measure of inflation in the U.S. economy, the price index for gross domestic purchases (goods and services purchased by U.S. residents), increased 3.0 percent in the third quarter after increasing 1.4 percent in the second quarter (table 2 and chart 3).

Within gross domestic purchases, food prices increased 1.9 percent in the third quarter after increasing 0.1 percent in the second quarter. Prices for energy goods and services increased 16.0 percent after decreasing 15.6 percent. Excluding food and energy, gross domestic purchases prices increased 2.7 percent after increasing 2.1 percent.

The price index for personal consumption expenditures (PCE) increased 2.8 percent in the third quarter after increasing 2.5 percent in the second quarter. The increase in PCE prices reflected increases in prices for both services and goods.

- Within services, price increases were widespread. The leading contributors were housing and utilities (mainly accounted for by housing), financial services and insurance (led by financial service charges, fees, and commissions) as well as health care (led by hospitals).
- Within goods, the leading contributor to the increase was gasoline and other energy goods (led by motor vehicle fuels, lubricants, and fluids) that was partly offset by a decrease in recreational goods and vehicles (led by video, audio, photographic, and information processing equipment and media).

Excluding food and energy, the "core" PCE price index increased 2.3 percent in the third quarter after increasing 3.7 percent in the second quarter.

Chart 3. Prices for Gross Domestic Purchases

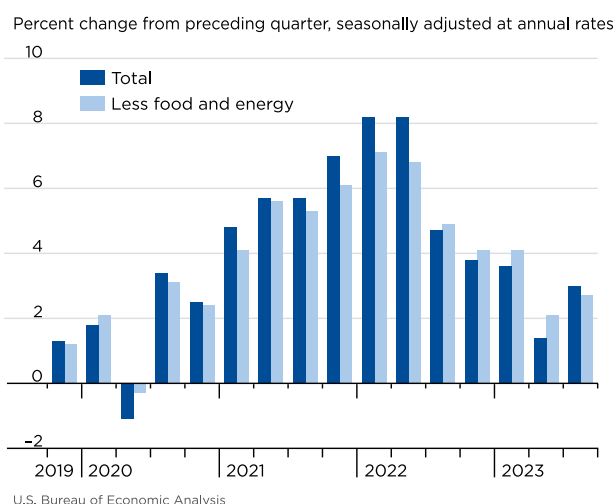


Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2017=100)]

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2022	2023			2022	2023		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic purchases¹	3.8	3.6	1.4	3.0	3.8	3.6	1.4	3.0
2	Personal consumption expenditures	4.1	4.2	2.5	2.8	2.72	2.73	1.63	1.86
3	Goods	0.1	0.7	0.2	0.9	0.04	0.16	0.05	0.20
4	Durable goods	-1.6	-0.9	0.1	-4.4	-0.13	-0.07	0.01	-0.35
5	Nondurable goods	1.0	1.6	0.3	3.9	0.16	0.23	0.04	0.55
6	Services	6.3	6.0	3.6	3.8	2.69	2.57	1.58	1.66
7	Gross private domestic investment	2.8	3.2	-0.1	1.8	0.49	0.56	-0.02	0.32
8	Fixed investment	3.6	4.2	0.0	1.8	0.61	0.71	-0.01	0.32
9	Nonresidential	3.2	6.4	0.2	0.9	0.41	0.81	0.03	0.12
10	Structures	7.0	7.2	0.9	-2.2	0.18	0.20	0.03	-0.07
11	Equipment	5.9	7.9	-1.1	2.3	0.29	0.38	-0.06	0.11
12	Intellectual property products	-1.1	4.5	1.1	1.4	-0.06	0.24	0.06	0.08
13	Residential	4.9	-2.6	-0.9	5.2	0.20	-0.10	-0.03	0.19
14	Change in private inventories	---	---	---	---	-0.12	-0.15	-0.01	0.00
15	Government consumption expenditures and gross investment	3.2	1.5	-1.1	5.1	0.54	0.26	-0.18	0.85
16	Federal	4.1	4.1	2.1	4.0	0.25	0.26	0.13	0.25
17	National defense	3.6	3.3	1.9	4.3	0.13	0.12	0.07	0.15
18	Nondefense	4.7	5.2	2.3	3.7	0.13	0.14	0.06	0.10
19	State and local	2.7	0.0	-2.9	5.8	0.29	0.00	-0.31	0.60
Addenda:									
Gross domestic purchases:									
20	Food	7.2	3.8	0.1	1.9	0.37	0.20	0.00	0.10
21	Energy goods and services	-11.9	-11.4	-15.6	16.0	-0.40	-0.36	-0.46	0.41
22	Excluding food and energy	4.1	4.1	2.1	2.7	3.78	3.72	1.90	2.52
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	7.1	3.8	0.0	2.0	---	---	---	---
24	Energy goods and services	-10.3	-9.8	-15.6	16.0	---	---	---	---
25	Excluding food and energy	4.7	5.0	3.7	2.3	---	---	---	---
26	Gross domestic product	3.9	3.9	1.7	3.6	---	---	---	---
27	Exports of goods and services	-5.6	0.1	-3.9	4.4	---	---	---	---
28	Imports of goods and services	-4.3	-1.3	-4.8	0.4	---	---	---	---

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

Note. Most percent changes are from National Income and Product Accounts (NIPA) table 1.6.7; percent changes for personal consumption expenditures (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. Gross domestic product, export, and import prices are from NIPA table 1.1.7.

Note on Prices

The U.S. Bureau of Economic Analysis' (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 gross domestic product (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 \$218.3 billion in the third quarter, compared with an increase of \$224.1 billion (revised) in the second quarter (table 3). The increase in the third quarter primarily reflected increases in compensation (led by private wages and salaries), nonfarm proprietors' income, and personal interest income that were partly offset by a decrease in personal current transfer receipts.

Personal current taxes increased \$74.3 billion in the third quarter after decreasing \$59.8 billion (revised) in the second quarter.

Current-dollar disposable personal income (DPI) increased \$144.0 billion, or 2.9 percent, in the third quarter after increasing \$284.0 billion (revised), or 5.8 percent, in the second quarter. Personal outlays increased \$356.2 billion after increasing \$204.6 billion.

Real DPI (chart 4) increased 0.1 percent in the third quarter after increasing 3.3 percent (revised) in the second quarter. Current-dollar DPI is deflated by the implicit price deflator for consumer spending, which increased 2.8 percent in the third quarter after increasing 2.5 percent in the second quarter.

The personal saving rate (chart 5)—personal saving as a percentage of DPI—was 4.0 percent in the third quarter, compared with 5.1 percent (revised) in the second quarter.

With the release of the second estimate of GDP, BEA also released revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance, based on updated data from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages.

- Wages and salaries are now estimated to have increased \$167.8 billion in the second quarter, a downward revision of \$16.5 billion.
- Personal current taxes are now estimated to have decreased \$59.8 billion, a downward revision of \$2.9 billion.
- Contributions for government social insurance are now estimated to have increased \$20.1 billion, a downward revision of \$2.2 billion.
- With the incorporation of these new data, real gross domestic income is now estimated to have increased 0.5 percent in the second quarter, a downward revision of 0.2 percentage point from the previously published estimate.

Chart 4. Real Disposable Personal Income

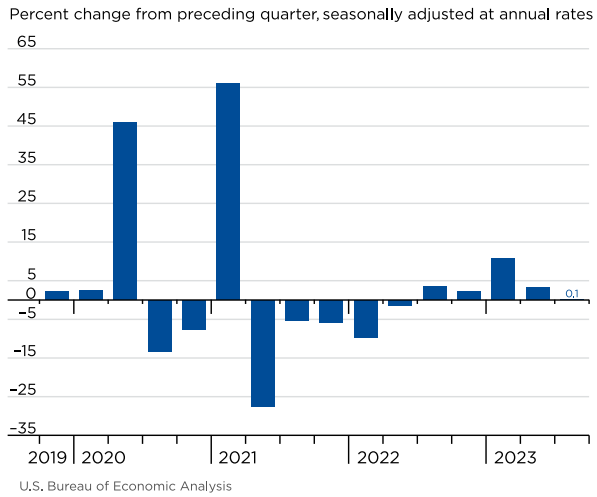


Chart 5. Personal Saving Rate

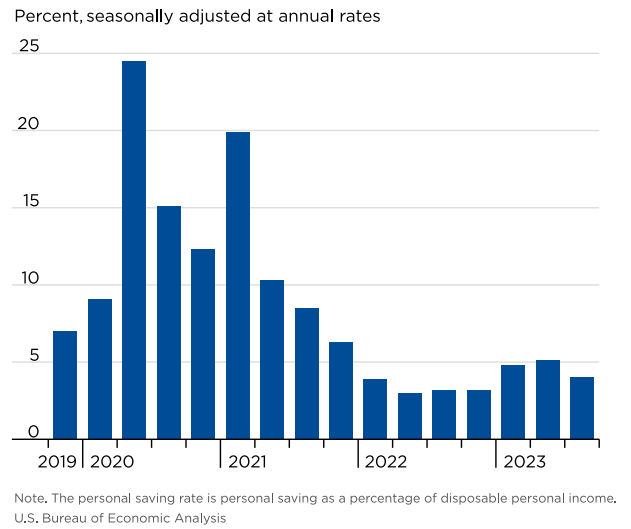


Table 3. Personal Income and Its Disposition

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

Line	Series	Level		Change from preceding period			
		2023		2022	2023		
		Q2	Q3	Q4	Q1	Q2	Q3
1	Personal income	22,868.0	23,086.3	255.3	369.8	224.1	218.3
2	Compensation of employees	14,154.1	14,348.9	65.8	290.2	188.9	194.8
3	Wages and salaries	11,733.3	11,899.0	45.6	248.4	167.8	165.7
4	Private industries	10,022.3	10,145.6	21.6	218.8	142.7	123.3
5	Goods-producing industries	1,837.4	1,864.5	9.4	33.9	27.6	27.1
6	Manufacturing	1,081.8	1,094.9	-1.3	16.7	14.6	13.1
7	Services-producing industries	8,184.9	8,281.1	12.2	184.9	115.2	96.2
8	Trade, transportation, and utilities	1,798.5	1,816.4	1.2	52.3	8.3	17.9
9	Other services-producing industries	6,386.4	6,464.7	11.0	132.7	106.9	78.3
10	Government	1,710.9	1,753.3	24.0	29.6	25.1	42.4
11	Supplements to wages and salaries	2,420.9	2,449.9	20.1	41.8	21.1	29.1
12	Proprietors' income with IVA and CCAdj	1,824.1	1,863.0	18.0	2.1	-3.3	38.9
13	Farm	58.2	52.3	0.0	-12.7	-13.0	-5.9
14	Nonfarm	1,765.9	1,810.7	18.0	14.8	9.7	44.8
15	Rental income of persons with CCAdj	961.1	973.9	14.4	38.3	15.3	12.8
16	Personal income receipts on assets	3,602.6	3,620.0	72.0	51.7	25.6	17.4
17	Personal interest income	1,754.8	1,788.9	59.1	37.7	10.4	34.1
18	Personal dividend income	1,847.8	1,831.1	12.9	14.0	15.2	-16.7
19	Personal current transfer receipts	4,120.1	4,095.2	91.9	28.7	17.7	-24.9
20	Government social benefits to persons	4,017.3	3,989.3	92.0	26.6	15.8	-28.0
21	Social security	1,353.8	1,361.0	11.4	114.1	13.8	7.2
22	Medicare	941.9	946.3	7.0	3.9	3.8	4.4
23	Medicaid	911.4	882.6	9.4	43.1	39.9	-28.8
24	Unemployment insurance	22.3	21.0	2.5	-0.2	0.3	-1.3
25	Veterans' benefits	172.6	172.8	0.9	-0.8	-0.3	0.3
26	Other	615.4	605.6	60.8	-133.6	-41.7	-9.8
27	Other current transfer receipts, from business (net)	102.8	105.9	-0.1	2.1	2.0	3.0
28	Less: Contributions for government social insurance	1,794.0	1,814.7	6.7	41.1	20.1	20.7
29	Less: Personal current taxes	2,703.8	2,778.1	-41.4	-332.0	-59.8	74.3
30	<i>Equals:</i> Disposable personal income (DPI)	20,164.2	20,308.2	296.7	701.8	284.0	144.0
31	Less: Personal outlays	19,136.6	19,492.8	286.9	376.0	204.6	356.2
32	Personal consumption expenditures	18,419.0	18,711.6	232.9	352.5	149.4	292.6
33	Personal interest payments ¹	474.7	534.8	52.8	24.5	54.9	60.1
34	Personal current transfer payments	242.9	246.4	1.2	-1.0	0.3	3.5
35	<i>Equals:</i> Personal saving	1,027.6	815.4	9.8	325.8	79.3	-212.2
36	Personal saving as a percentage of DPI	5.1	4.0	---	---	---	---

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

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.

Note. Dollar levels and percent changes are from National Income and Product Account tables [2.1](#) and [2.2B](#).

Updates

The increase in third-quarter real GDP was revised up 0.3 percentage point from the “advance” estimate, primarily reflecting upward revisions to nonresidential fixed investment, state and local government spending, residential fixed investment, and private inventory investment, that were partly offset by a downward revision to consumer spending (table 4). Imports were revised down.

- The revision to nonresidential fixed investment mainly reflected an upward revision to structures, led by commercial and health care (mainly warehouses).
- The revision to state and local government spending primarily reflected an upward revision to structures investment.
- The revision to residential fixed investment primarily reflected upward revisions to single-family structures and improvements.
- Within private inventory investment, the upward revision was led by wholesale trade industries (led by machinery equipment).
- The revision to consumer spending reflected downward revisions to spending for both services and goods. For services, the largest contributors were financial services and insurance (led by financial services indirectly measured) and other services (led by professional and other services). For goods, the largest contributor was motor vehicles and parts (led by used light trucks).
- Within imports, the downward revision was to services imports, specifically transport and travel.

Table 4. Advance and Second Estimates for the Third Quarter of 2023

[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	4.9	5.2	0.3	4.9	5.2	0.3
2	Personal consumption expenditures	4.0	3.6	-0.4	2.69	2.44	-0.25
3	Goods	4.8	4.7	-0.1	1.08	1.05	-0.03
4	Durable goods	7.6	6.8	-0.8	0.60	0.54	-0.06
5	Nondurable goods	3.3	3.5	0.2	0.48	0.51	0.03
6	Services	3.6	3.0	-0.6	1.62	1.38	-0.24
7	Gross private domestic investment	8.4	10.5	2.1	1.47	1.82	0.35
8	Fixed investment	0.8	2.4	1.6	0.15	0.42	0.27
9	Nonresidential	-0.1	1.3	1.4	0.00	0.18	0.18
10	Structures	1.6	6.9	5.3	0.05	0.21	0.16
11	Equipment	-3.8	-3.5	0.3	-0.19	-0.18	0.01
12	Intellectual property products	2.6	2.8	0.2	0.14	0.15	0.01
13	Residential	3.9	6.2	2.3	0.15	0.24	0.09
14	Change in private inventories	---	---	---	1.32	1.40	0.08
15	Net exports of goods and services	---	---	---	-0.08	-0.04	0.04
16	Exports	6.2	6.0	-0.2	0.68	0.65	-0.03
17	Goods	7.5	7.7	0.2	0.54	0.55	0.01
18	Services	3.7	2.7	-1.0	0.14	0.10	-0.04
19	Imports	5.7	5.2	-0.5	-0.75	-0.69	0.06
20	Goods	5.9	6.0	0.1	-0.63	-0.65	-0.02
21	Services	4.8	1.9	-2.9	-0.12	-0.05	0.07
22	Government consumption expenditures and gross investment	4.6	5.5	0.9	0.79	0.94	0.15
23	Federal	6.2	7.0	0.8	0.39	0.44	0.05
24	National defense	8.0	8.2	0.2	0.28	0.29	0.01
25	Nondefense	3.9	5.5	1.6	0.11	0.15	0.04
26	State and local	3.7	4.6	0.9	0.40	0.50	0.10
Addenda:							
27	Final sales of domestic product	3.5	3.7	0.2	---	---	---
28	Gross domestic purchases price index	3.0	3.0	0.0	---	---	---
29	GDP price index	3.5	3.6	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 adjustment and the capital consumption adjustment) increased \$105.7 billion, or 3.3 percent at a quarterly rate, in the third quarter. In the second quarter, profits increased \$6.9 billion, or 0.2 percent (table 5). Domestic profits of financial corporations increased \$18.8 billion, domestic profits of nonfinancial corporations increased \$76.2 billion, and rest-of-the-world profits (net) increased \$10.7 billion in the third quarter.

Table 5. Corporate Profits
[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2023	2022	2023			2022	2023			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
	Current production measures:										
1	Corporate profits with IVA and CCAdj	3,277.7	-50.9	-83.3	6.9	105.7	-1.5	-2.6	0.2	3.3	
2	Domestic industries	2,753.0	-60.5	-75.3	-15.2	95.0	-2.2	-2.7	-0.6	3.6	
3	Financial	462.4	-46.6	17.3	-54.2	18.8	-8.8	3.6	-10.9	4.2	
4	Nonfinancial	2,290.6	-13.9	-92.7	39.0	76.2	-0.6	-4.1	1.8	3.4	
5	Rest of the world	524.8	9.6	-7.9	22.1	10.7	2.0	-1.6	4.5	2.1	
6	Receipts from the rest of the world	1,029.8	-1.6	13.1	25.8	17.4	-0.2	1.3	2.6	1.7	
7	Less: Payments to the rest of the world	505.0	-11.2	21.1	3.7	6.7	-2.3	4.5	0.7	1.3	
9	Less: Taxes on corporate income	568.8	3.6	28.2	-6.3	-1.5	0.7	5.1	-1.1	-0.3	
10	<i>Equals:</i> Profits after tax	2,708.9	-54.5	-111.5	13.2	107.1	-2.0	-4.1	0.5	4.1	
11	Net dividends	1,838.3	-15.8	0.4	15.6	-17.4	-0.8	0.0	0.8	-0.9	
12	Undistributed profits from current production	870.6	-38.7	-111.8	-2.4	124.6	-4.3	-13.0	-0.3	16.7	
13	Net cash flow with IVA	3,356.8	8.6	8.5	32.3	152.8	0.3	0.3	1.0	4.8	

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Accounts 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.

The U.S. Bureau of Economic Analysis' (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 U.S. 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: (1) the IRS data are based on well-specified accounting definitions, and (2) 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 gross domestic product (GDP) for the current quarter is available on the U.S. Bureau of Economic Analysis (BEA) 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 [NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts](#) on BEA's website.

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1. “Real” estimates are in chained (2017) 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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