

GDP and the Economy

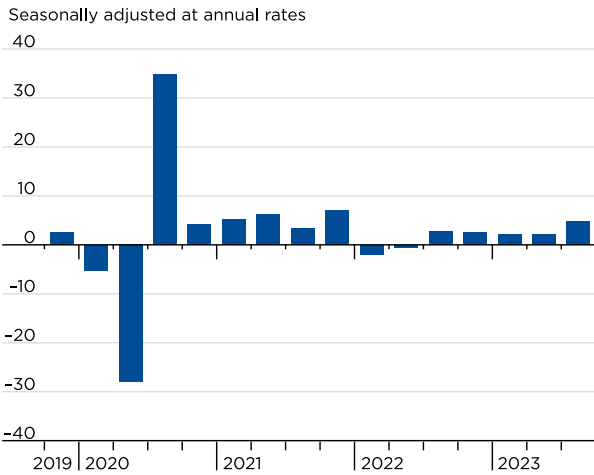
Third Estimates for the Third Quarter of 2023

January 03, 2024

This article reflects GDP statistics published on December 21, 2023. Refer to the GDP product page for the [latest statistics](#).

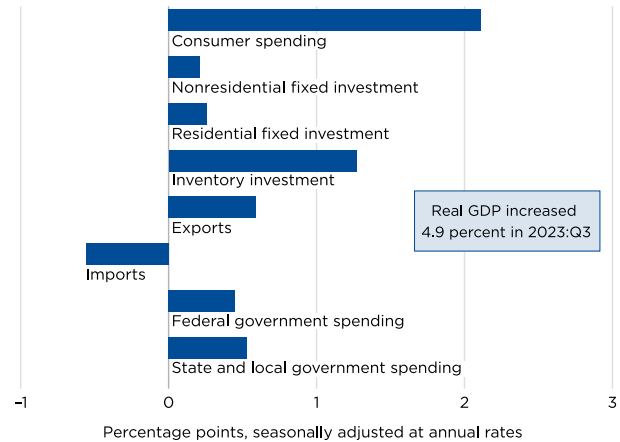
Real gross domestic product (GDP) increased at an annual rate of 4.9 percent in the third quarter of 2023, according to the “third” estimate of the National Income and Product Accounts (chart 1 and table 1).¹ In the second quarter, real GDP increased 2.1 percent.

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 goods and services. Within goods, the leading contributors to the increase were recreational goods and vehicles as well as other nondurable goods (led by pharmaceutical products). Within services, the leading contributors were housing and utilities, food services and accommodations, and health care.
- The increase in inventory investment primarily reflected increases in manufacturing, wholesale trade, 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 and 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 reflected an increase in software that was partly offset by a decrease in research and development. The decrease in equipment was led by information processing equipment (mainly computers and peripherals equipment).
- Within imports, goods increased while services decreased. 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 decrease was other business services that was partly offset by an increase in travel.

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

Real gross domestic income (GDI)—the sum of incomes earned and costs incurred in the production of GDP—increased 1.5 percent at an annual rate in the third quarter, after increasing 0.5 percent in the second quarter. The average of real GDP and real GDI—a supplemental measure of U.S. economic activity that equally weights GDP and GDI—increased 3.2 percent at an annual rate in the third quarter, after increasing 1.3 percent in second quarter.

Table 1. Real Gross Domestic Product by Expenditure 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	4.9	2.6	2.2	2.1	4.9
2	Personal consumption expenditures	67.7	1.2	3.8	0.8	3.1	0.79	2.54	0.55	2.11
3	Goods	22.6	0.0	5.1	0.5	4.9	-0.01	1.14	0.11	1.09
4	Durable goods	8.0	-1.0	14.0	-0.3	6.7	-0.08	1.07	-0.03	0.53
5	Nondurable goods	14.6	0.5	0.5	0.9	3.9	0.07	0.07	0.14	0.56
6	Services	45.1	1.8	3.1	1.0	2.2	0.80	1.40	0.44	1.02
7	Gross private domestic investment	17.8	3.4	-9.0	5.2	10.0	0.62	-1.69	0.90	1.74
8	Fixed investment	17.4	-5.4	3.1	5.2	2.6	-0.99	0.53	0.90	0.46
9	Nonresidential	13.5	1.7	5.7	7.4	1.4	0.24	0.76	0.98	0.21
10	Structures	3.1	6.5	30.3	16.1	11.2	0.17	0.77	0.46	0.33
11	Equipment	5.0	-5.0	-4.1	7.7	-4.4	-0.26	-0.21	0.38	-0.22
12	Intellectual property products	5.4	6.1	3.8	2.7	1.8	0.32	0.20	0.15	0.10
13	Residential	3.9	-24.9	-5.3	-2.2	6.7	-1.23	-0.22	-0.09	0.26
14	Change in private inventories	0.4	---	---	---	---	1.61	-2.22	0.00	1.27
15	Net exports of goods and services	-2.8	---	---	---	---	0.26	0.58	0.04	0.03
16	Exports	11.0	-3.5	6.8	-9.3	5.4	-0.41	0.76	-1.09	0.59
17	Goods	7.3	-6.3	12.0	-16.0	7.7	-0.52	0.89	-1.31	0.55
18	Services	3.6	3.1	-3.5	6.2	1.0	0.11	-0.13	0.22	0.04
19	Imports	13.8	-4.3	1.3	-7.6	4.2	0.66	-0.18	1.13	-0.56
20	Goods	11.3	-4.4	1.9	-6.5	5.9	0.55	-0.22	0.78	-0.64
21	Services	2.5	-3.9	-1.2	-12.2	-2.8	0.11	0.04	0.35	0.08
22	Government consumption expenditures and gross investment	17.4	5.3	4.8	3.3	5.8	0.90	0.82	0.57	0.99
23	Federal	6.5	9.8	5.2	1.1	7.1	0.59	0.33	0.07	0.45
24	National defense	3.7	7.7	1.9	2.3	8.4	0.27	0.07	0.08	0.30
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	5.0	0.31	0.49	0.50	0.53
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	3.2	---	---	---	---
29	Final sales of domestic product	---	1.0	4.6	2.1	3.6	---	---	---	---
30	Goods	31.5	6.2	-1.3	0.9	7.3	1.95	-0.40	0.29	2.30
31	Services	59.9	2.5	3.2	1.9	2.9	1.48	1.92	1.13	1.73
32	Structures	8.6	-9.6	8.9	7.7	10.0	-0.86	0.72	0.63	0.83

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 Account (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.

GDP by Industry

The third estimate of GDP includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP. In the third quarter, private goods-producing industries increased 10.2 percent, private services-producing industries increased 4.1 percent, and government increased 2.0 percent (chart 3 and table 2). Overall, 14 of 22 industry groups contributed to the third-quarter increase in real GDP (chart 4).

- Within private goods-producing industries, the increase was led by nondurable goods manufacturing (led by chemical products) and construction.
- Within private services-producing industries, the increase was led by retail trade, information, and finance and insurance. Partly offsetting these increases was a decrease in utilities.
- The increase in government reflected an increase in state and local government that was partly offset by a decrease in federal government.

Chart 3. Real GDP by Sector: Percent Change From Preceding Period

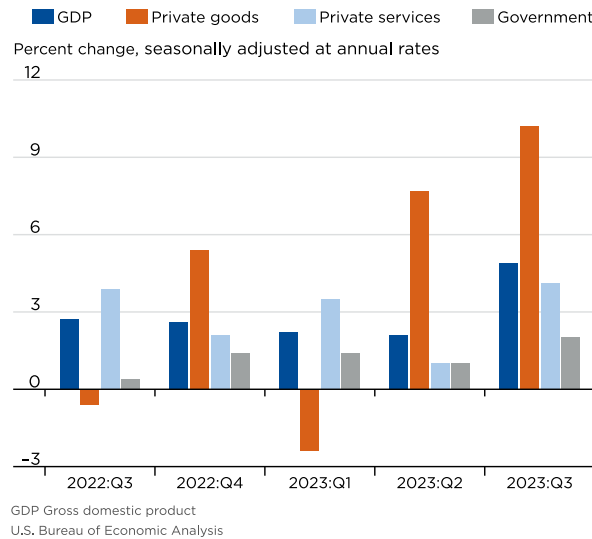
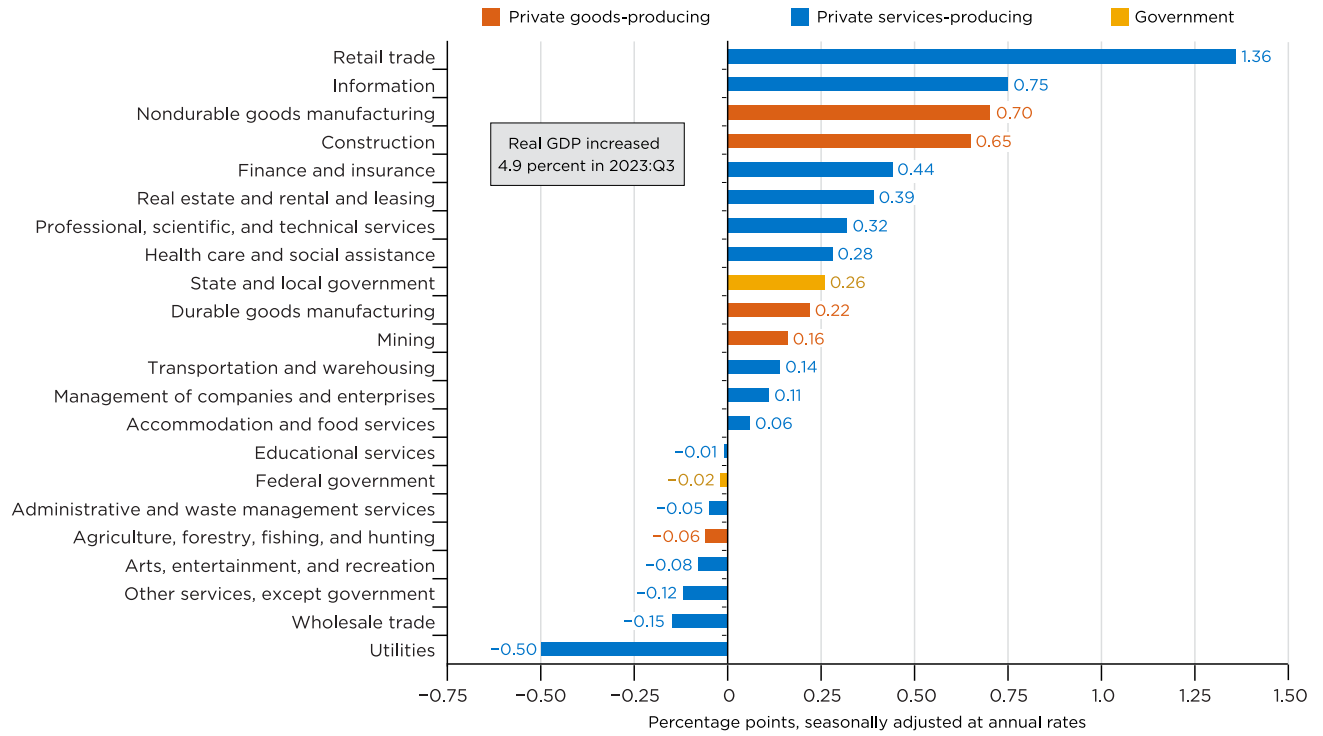


Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2023:Q3



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

Table 2. Real Gross Domestic Product by Industry Group
[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	4.9	2.6	2.2	2.1	4.9
2	Private industries	88.7	2.7	2.4	2.2	5.2	2.42	2.09	1.96	4.63
3	Agriculture, forestry, fishing, and hunting	0.9	6.6	27.8	3.6	-5.9	0.07	0.26	0.03	-0.06
4	Mining	1.4	42.7	11.9	29.1	12.1	0.63	0.17	0.35	0.16
5	Utilities	1.6	18.7	-3.1	60.9	-27.2	0.27	-0.05	0.77	-0.50
6	Construction	4.4	-0.1	3.3	5.5	15.8	-0.03	0.14	0.23	0.65
7	Manufacturing	10.3	2.5	-9.1	6.5	9.2	0.22	-0.98	0.64	0.92
8	Durable goods	5.6	3.8	-4.7	6.4	4.0	0.16	-0.26	0.35	0.22
9	Nondurable Goods	4.7	1.0	-14.0	6.6	15.9	0.06	-0.72	0.30	0.70
10	Wholesale trade	5.9	1.4	-2.3	-5.2	-2.5	0.12	-0.14	-0.32	-0.15
11	Retail trade	6.4	13.4	11.5	-2.8	23.4	0.80	0.69	-0.18	1.36
12	Transportation and warehousing	3.5	0.9	6.0	7.7	4.0	0.07	0.21	0.27	0.14
13	Information	5.4	7.8	4.4	2.2	14.6	0.40	0.23	0.12	0.75
14	Finance, insurance, real estate, rental, and leasing	20.7	-3.5	0.3	-0.1	4.0	-0.72	0.06	-0.02	0.83
15	Finance and insurance	7.3	-11.2	-1.3	-0.9	6.1	-0.87	-0.09	-0.06	0.44
16	Real estate and rental and leasing	13.4	1.0	1.2	0.3	2.9	0.14	0.16	0.04	0.39
17	Professional and business services	12.9	4.3	1.2	2.1	2.9	0.54	0.15	0.27	0.38
18	Professional, scientific, and technical services	8.0	6.2	3.6	6.0	4.0	0.48	0.28	0.46	0.32
19	Management of companies and enterprises	1.9	4.2	-2.3	-1.1	6.2	0.08	-0.04	-0.02	0.11
20	Administrative and waste management services	3.1	-0.4	-2.5	-5.2	-1.7	-0.02	-0.08	-0.17	-0.05
21	Educational services, health care, and social assistance	8.6	2.3	10.9	1.4	3.2	0.19	0.88	0.12	0.27
22	Educational services	1.1	2.7	5.9	-1.9	-0.6	0.03	0.07	-0.02	-0.01
23	Health care and social assistance	7.4	2.2	11.8	2.0	3.8	0.16	0.82	0.14	0.28
24	Arts, entertainment, recreation, accomodation, and food services	4.5	-3.2	12.3	-4.6	-0.5	-0.13	0.52	-0.21	-0.02
25	Arts, entertainment, and recreation	1.1	7.4	9.3	4.8	-6.7	0.08	0.10	0.05	-0.08
26	Accommodation and food services	3.3	-6.6	13.4	-7.7	1.8	-0.21	0.41	-0.27	0.06
27	Other services, except government	2.2	0.3	-2.5	-5.8	-5.2	0.00	-0.06	-0.13	-0.12
28	Government	11.3	1.4	1.4	1.0	2.0	0.16	0.16	0.11	0.24
29	Federal	3.6	2.1	1.7	3.9	-0.7	0.07	0.06	0.14	-0.02
30	State and local	7.7	1.1	1.2	-0.3	3.3	0.09	0.10	-0.02	0.26
Addenda:										
31	Private goods-producing industries ²	17.1	5.4	-2.4	7.7	10.2	0.88	-0.41	1.26	1.68
32	Private services-producing industries ³	71.6	2.1	3.5	1.0	4.1	1.54	2.50	0.69	2.95

- The GDP estimates under the contribution columns are also percent changes.
- Consists of agriculture, forestry, fishing and hunting; mining; construction; and manufacturing.
- Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accomodation, and food services; and other services, except government.

Note. Percent changes are from these GDP by industry tables: “Value Added by Industry as a Percentage of Gross Domestic Product,” “Percent Changes in Chain-Type Quantity Indexes for Value Added by Industry,” and “Contributions to Percent Change in Real Gross Domestic Product by Industry.”

Gross Output by Industry

Real gross output—principally a measure of an industry's sales or receipts, which includes sales to final users in the economy (GDP) and sales to other industries (intermediate inputs)—increased 3.5 percent in the third quarter (table 3 and chart 5). Private goods-producing industries increased 4.0 percent, private services-producing industries increased 3.3 percent, and government increased 3.3 percent. Overall, 16 of 22 industry groups contributed to the increase in real gross output.

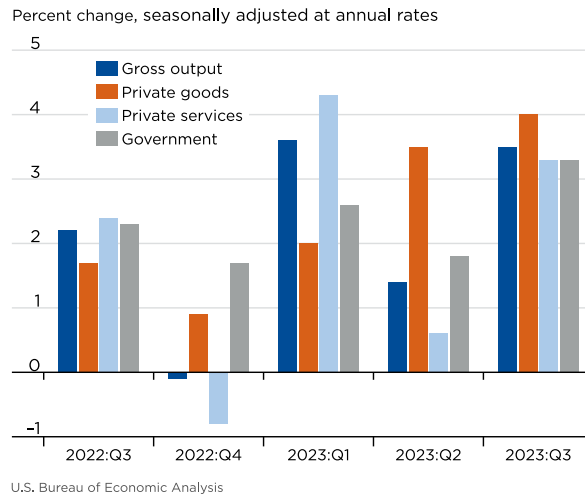
Table 3. Real Gross Output by Industry Group
[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2022	2023		
		Q4	Q1	Q2	Q3
1	All industries	-0.1	3.6	1.4	3.5
2	Private industries	-0.4	3.7	1.3	3.5
3	Agriculture, forestry, fishing, and hunting	0.5	12.0	-1.0	-1.3
4	Mining	-3.2	8.0	-7.3	1.3
5	Utilities	-6.3	-5.9	2.8	10.2
6	Construction	-4.1	7.1	7.3	14.7
7	Manufacturing	3.0	-0.9	3.9	1.6
8	Durable goods	7.3	-2.8	8.0	0.1
9	Nondurable goods	-0.9	1.0	0.0	3.1
10	Wholesale trade	-7.6	-5.4	-8.9	-1.2
11	Retail trade	1.0	5.8	-1.9	12.1
12	Transportation and warehousing	-6.4	-3.3	-0.3	1.9
13	Information	-0.3	6.1	1.7	8.4
14	Finance, insurance, real estate, rental, and leasing	-2.2	7.3	5.4	4.3
15	Finance and insurance	-0.5	16.7	11.3	8.3
16	Real estate and rental and leasing	-3.4	1.2	1.3	1.6
17	Professional and business services	2.6	2.1	0.4	-0.4
18	Professional, scientific, and technical services	7.1	1.6	0.8	-0.5
19	Management of companies and enterprises	1.7	-3.9	3.3	7.9
20	Administrative and waste management services	-5.6	6.4	-1.9	-4.2
21	Educational services, health care, and social assistance	1.6	11.2	2.8	2.9
22	Educational services	-1.4	5.8	2.8	3.1
23	Health care and social assistance	2.0	11.9	2.8	2.9
24	Arts, entertainment, recreation, accommodation, and food services	4.0	7.4	-5.4	3.6
25	Arts, entertainment, and recreation	11.8	0.4	-1.4	-8.8
26	Accommodation and food services	1.7	9.7	-6.6	7.7
27	Other services, except government	3.7	0.3	-2.7	-8.4
28	Government	1.7	2.6	1.8	3.3
29	Federal	1.1	2.5	1.0	3.4
30	State and local	1.9	2.7	2.1	3.3
	Addenda:				
31	Private goods-producing industries ¹	0.9	2.0	3.5	4.0
32	Private services-producing industries ²	-0.8	4.3	0.6	3.3

1. Consists of agriculture, forestry, fishing and hunting; mining; construction; and manufacturing.
2. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

Note. Percent changes are from the table [Percent Changes in Chain-Type Quantity Indexes for Gross Output by Industry](#), which is available through BEA's Interactive Data Application.

Chart 5. Real Gross Output by Sector: Percent Change From Preceding Period



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 2.9 percent in the third quarter after increasing 1.4 percent in the second quarter (table 4 and chart 6).

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 16.1 percent after decreasing 15.6 percent. Excluding food and energy, gross domestic purchases prices increased 2.5 percent after increasing 2.1 percent.

The price index for personal consumption expenditures (PCE) increased 2.6 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), health care (led by outpatient services), and financial services and insurance (led by financial service charges, fees, and commissions).
- 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 2.0 percent in the third quarter after increasing 3.7 percent in the second quarter.

Table 4. Prices for Gross Domestic Purchases

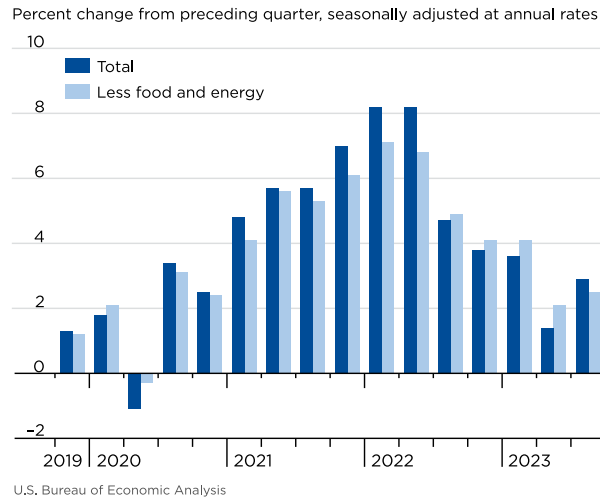
[Percent change at annual rates; based on seasonally adjusted index numbers (2017=100)]

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	2.9	3.8	3.6	1.4	2.9
2	Personal consumption expenditures	4.1	4.2	2.5	2.6	2.72	2.73	1.63	1.71
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	3.5	2.69	2.57	1.58	1.51
7	Gross private domestic investment	2.8	3.2	-0.1	1.7	0.49	0.56	-0.02	0.30
8	Fixed investment	3.6	4.2	0.0	1.7	0.61	0.71	-0.01	0.30
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	-2.3	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	4.8	0.20	-0.10	-0.03	0.18
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	0.84
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	4.2	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	5.7	0.29	0.00	-0.31	0.59
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	16.1	-0.40	-0.36	-0.46	0.42
22	Excluding food and energy	4.1	4.1	2.1	2.5	3.78	3.72	1.90	2.34
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	7.1	3.8	0.0	1.9	---	---	---	---
24	Energy goods and services	-10.3	-9.8	-15.6	16.2	---	---	---	---
25	Excluding food and energy	4.7	5.0	3.7	2.0	---	---	---	---
26	Gross domestic product	3.9	3.9	1.7	3.3	---	---	---	---
27	Exports of goods and services	-5.6	0.1	-3.9	4.0	---	---	---	---
28	Imports of goods and services	-4.3	-1.3	-4.8	0.3	---	---	---	---

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. Gross domestic product, export, and import prices are from NIPA table 1.1.7.

Chart 6. Prices for Gross Domestic Purchases



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.

Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment and the capital consumption adjustment) increased \$108.7 billion, or 3.4 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 \$9.0 billion, domestic profits of nonfinancial corporations increased \$90.8 billion, and rest-of-the-world profits (net) increased \$8.8 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					Percent change from preceding quarter (quarterly rate)			
			2022		2023			2022		2023	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Current production measures:										
1	Corporate profits with IVA and CCAj	3,280.7	-50.9	-83.3	6.9	108.7	-1.5	-2.6	0.2	3.4	
2	Domestic industries	2,757.8	-60.5	-75.3	-15.2	99.9	-2.2	-2.7	-0.6	3.8	
3	Financial	452.6	-46.6	17.3	-54.2	9.0	-8.8	3.6	-10.9	2.0	
4	Nonfinancial	2,305.3	-13.9	-92.7	39.0	90.8	-0.6	-4.1	1.8	4.1	
5	Rest of the world	522.9	9.6	-7.9	22.1	8.8	2.0	-1.6	4.5	1.7	
6	Receipts from the rest of the world	1,034.4	-1.6	13.1	25.8	22.0	-0.2	1.3	2.6	2.2	
7	Less: Payments to the rest of the world	511.5	-11.2	21.1	3.7	13.2	-2.3	4.5	0.7	2.6	
9	Less: Taxes on corporate income	582.8	3.6	28.2	-6.3	12.6	0.7	5.1	-1.1	2.2	
10	Equals: Profits after tax	2,697.9	-54.5	-111.5	13.2	96.1	-2.0	-4.1	0.5	3.7	
11	Net dividends	1,837.6	-15.8	0.4	15.6	-18.2	-0.8	0.0	0.8	-1.0	
12	Undistributed profits from current production	860.3	-38.7	-111.8	-2.4	114.3	-4.3	-13.0	-0.3	15.3	
13	Net cash flow with IVA	3,346.1	8.6	8.5	32.3	142.1	0.3	0.3	1.0	4.4	

CCAj Capital consumption adjustment

IVA Inventory valuation adjustment

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

Corporate Profits by Industry

Industry profits (corporate profits by industry with inventory valuation adjustment (IVA)) increased \$106.5 billion, or 3.0 percent at a quarterly rate, in the third quarter, after increasing \$10.8 billion, or 0.3 percent, in the second quarter (table 6 and chart 7). Domestic profits increased \$97.7 billion in the third quarter and primarily reflected increases in other nonfinancial industries, manufacturing, and retail trade.

Profits after tax (without IVA and capital consumption adjustment (CCAdj))—BEA's profits measure that is conceptually most like the profits for companies in the Standard & Poor's 500 Index—increased \$114.9 billion in the third quarter after increasing \$21.8 billion in the second quarter.

Table 6. Corporate Profits by Industry
[Seasonally adjusted]

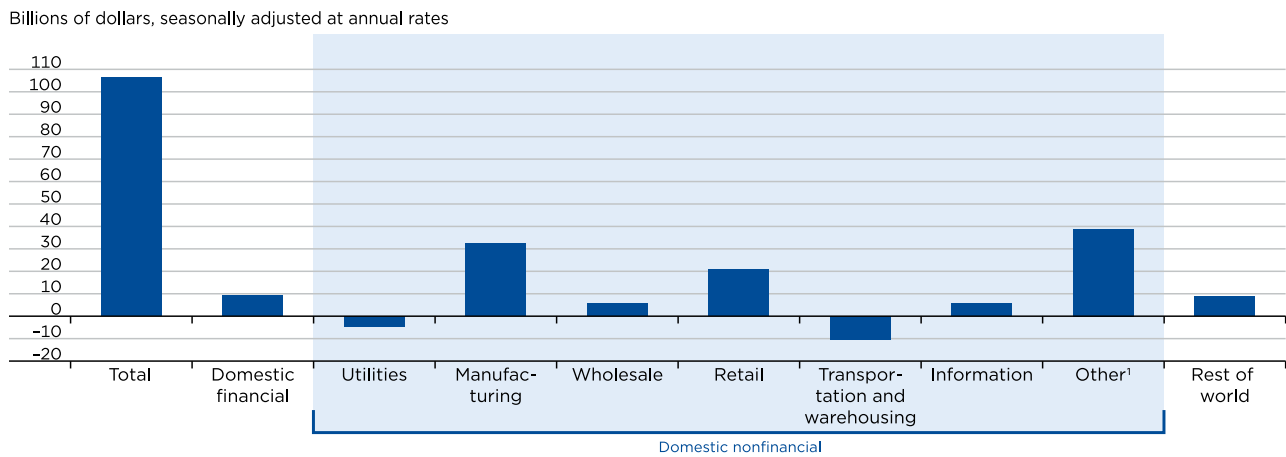
Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2023	2022	2023			2022	2023		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Industry profits:									
1	Corporate profits with IVA	3,620.1	-42.6	4.0	10.8	106.5	-1.2	0.1	0.3	3.0
2	Domestic industries	3,097.2	-52.2	11.9	-11.3	97.7	-1.7	0.4	-0.4	3.3
3	Financial	546.1	-46.0	26.9	-54.7	9.2	-7.5	4.8	-9.2	1.7
4	Nonfinancial	2,551.1	-6.1	-14.9	43.4	88.6	-0.3	-0.6	1.8	3.6
5	Utilities	45.0	-8.4	1.4	7.0	-4.6	-17.0	3.5	16.4	-9.3
6	Manufacturing	743.9	38.0	-18.6	-27.7	32.5	5.3	-2.5	-3.7	4.6
7	Wholesale trade	233.5	-3.0	-32.1	-5.6	5.6	-1.1	-12.1	-2.4	2.5
8	Retail trade	374.3	15.0	13.5	38.3	20.9	5.2	4.5	12.1	5.9
9	Transportation and warehousing	116.5	-9.3	8.0	15.6	-10.3	-8.3	7.8	14.1	-8.1
10	Information	193.3	8.2	-2.9	15.2	5.6	4.9	-1.6	8.8	3.0
11	Other nonfinancial	844.6	-46.6	15.6	0.5	38.8	-5.6	2.0	0.1	4.8
12	Rest of the world	522.9	9.6	-7.9	22.1	8.8	2.0	-1.6	4.5	1.7
	Addenda:									
13	Profits before tax (without IVA and CCAdj)	3,600.6	-159.8	59.2	15.5	127.5	-4.5	1.7	0.4	3.7
14	Profits after tax (without IVA and CCAdj)	3,017.8	-163.4	31.0	21.8	114.9	-5.4	1.1	0.8	4.0
15	IVA	19.5	117.3	-55.2	-4.8	-21.0	---	---	---	---
16	CCAdj	-339.4	-8.4	-87.3	-3.8	2.1	---	---	---	---

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Account tables [1.12](#), [1.14](#), [1.15](#), and [6.16D](#).

Chart 7. Corporate Profits With Inventory Valuation Adjustment in 2023:Q3, Change From Preceding Quarter



1. "Other" nonfinancial corporations includes 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, the U.S. Bureau of Economic Analysis (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 "Chapter 13: Corporate Profits" in *NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts* on BEA's website.

Updates

The increase in third-quarter real GDP was revised down 0.3 percentage point from the “second” estimate, primarily reflecting downward revisions to consumer spending, private inventory investment, and exports (table 7). Imports were revised down.

- The revision to consumer spending reflected a downward revision to spending on services that was partly offset by an upward revision to spending on goods. For services, the largest contributors to the downward revision were other services (led by international travel), and financial services and insurance (led by portfolio management and investment advice services). For goods, the largest contributor to the upward revision was gasoline and other motor fuel.
- Within private inventory investment, the downward revision was led by retail trade industries (specifically, general merchandise stores and other retail stores).
- Within exports, the downward revision was mainly to services (led by other business services and charges for the use of intellectual property).

Table 7. Second and Third 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)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP)¹	5.2	4.9	-0.3	5.2	4.9	-0.3
2	Personal consumption expenditures	3.6	3.1	-0.5	2.44	2.11	-0.33
3	Goods	4.7	4.9	0.2	1.05	1.09	0.04
4	Durable goods	6.8	6.7	-0.1	0.54	0.53	-0.01
5	Nondurable goods	3.5	3.9	0.4	0.51	0.56	0.05
6	Services	3.0	2.2	-0.8	1.38	1.02	-0.36
7	Gross private domestic investment	10.5	10.0	-0.5	1.82	1.74	-0.08
8	Fixed investment	2.4	2.6	0.2	0.42	0.46	0.04
9	Nonresidential	1.3	1.4	0.1	0.18	0.21	0.03
10	Structures	6.9	11.2	4.3	0.21	0.33	0.12
11	Equipment	-3.5	-4.4	-0.9	-0.18	-0.22	-0.04
12	Intellectual property products	2.8	1.8	-1.0	0.15	0.10	-0.05
13	Residential	6.2	6.7	0.5	0.24	0.26	0.02
14	Change in private inventories	---	---	---	1.40	1.27	-0.13
15	Net exports of goods and services	---	---	---	-0.04	0.03	0.07
16	Exports	6.0	5.4	-0.6	0.65	0.59	-0.06
17	Goods	7.7	7.7	0.0	0.55	0.55	0.00
18	Services	2.7	1.0	-1.7	0.10	0.04	-0.06
19	Imports	5.2	4.2	-1.0	-0.69	-0.56	0.13
20	Goods	6.0	5.9	-0.1	-0.65	-0.64	0.01
21	Services	1.9	-2.8	-4.7	-0.05	0.08	0.13
22	Government consumption expenditures and gross investment	5.5	5.8	0.3	0.94	0.99	0.05
23	Federal	7.0	7.1	0.1	0.44	0.45	0.01
24	National defense	8.2	8.4	0.2	0.29	0.30	0.01
25	Nondefense	5.5	5.5	0.0	0.15	0.15	0.00
26	State and local	4.6	5.0	0.4	0.50	0.53	0.03
Addenda:							
27	Final sales of domestic product	3.7	3.6	-0.1	---	---	---
28	Gross domestic income (GDI) ²	---	1.5	---	---	---	---
29	Average of GDP and GDI	---	3.2	---	---	---	---
30	Gross domestic purchases price index	3.0	2.9	-0.1	---	---	---
31	GDP price index	3.6	3.3	-0.3	---	---	---

1. The GDP estimates under the contribution columns are also percent changes.
2. GDI is deflated by the implicit price deflator for GDP.

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.

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.
Note: This footnote has been updated since this article was originally published. On April 2, 2024, the reference year for chained dollars was corrected from 2012 to 2017, which reflects the results of the 2023 comprehensive update of the National Economic Accounts, released on September 28, 2023.
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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