

GDP and the Economy

Second Estimates for the Third Quarter of 2015

REAL GROSS domestic product (GDP) increased 2.1 percent at an annual rate in the third quarter of 2015, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The second estimate of real GDP growth was revised up 0.6 percentage points from the advance estimate of 1.5 percent; the upward revision primarily reflected an upward revision to inventory investment that was partly offset by downward revisions to consumer spending and to exports.²

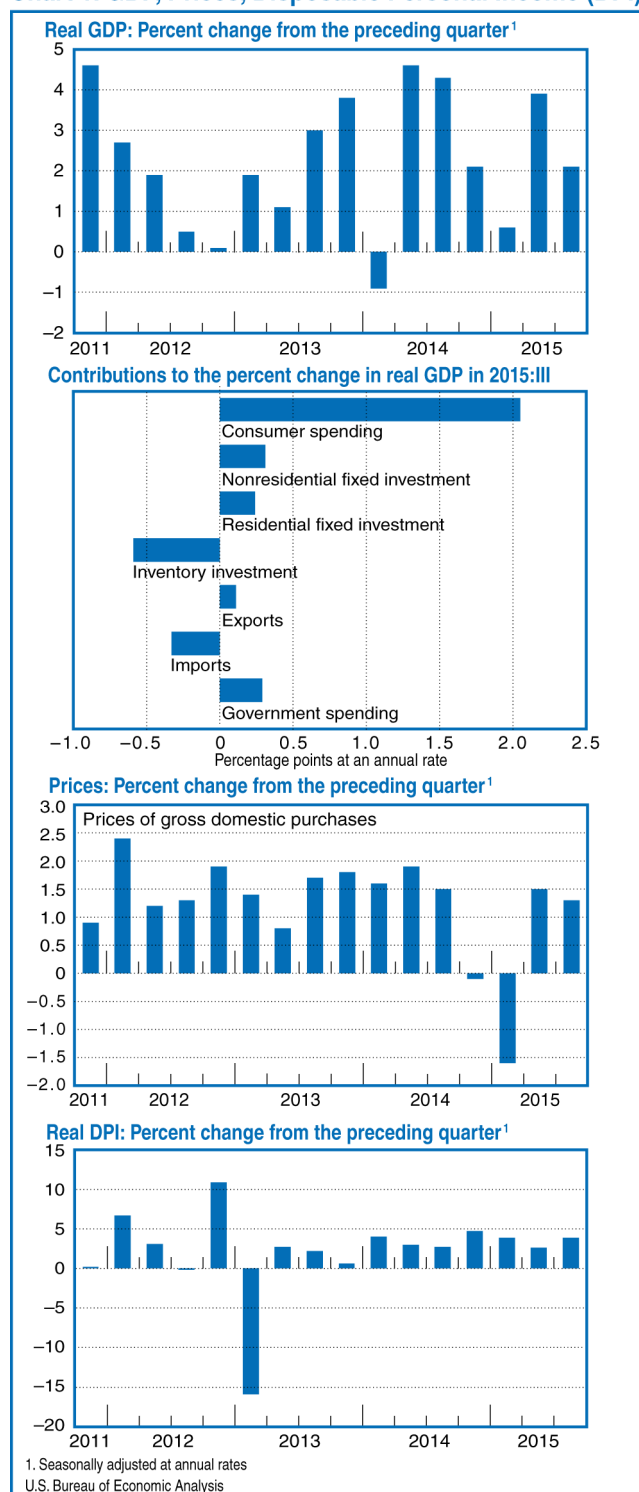
The third-quarter increase in real GDP reflected positive contributions from consumer spending, nonresidential fixed investment, state and local government spending, residential fixed investment, and exports that were partly offset by a negative contribution from inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

- Prices of goods and services purchased by U.S. residents increased 1.3 percent in the third quarter after an increase of 1.5 percent in the second quarter. Energy prices turned down in the third quarter, while food prices turned up. Excluding food and energy, prices increased 1.3 percent in the third quarter after increasing 1.2 percent in the second quarter (see table 7).
- Real disposable personal income (DPI) increased 3.9 percent in the third quarter after increasing 2.6 percent in the second quarter (revised). Current-dollar DPI increased 5.3 percent after increasing 4.9 percent (revised). (See the box “Revised Second-Quarter 2015 Income Estimates” on page 9.) The differences in the movements in real DPI and in current-dollar DPI reflected a slowdown in the implicit price deflator for consumer spending, which is used to deflate DPI.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.2 percent in the third quarter; in the second quarter, the rate was 5.0 percent (revised).

1. “Real” estimates are in chained (2009) 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 August 2014 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.”

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Lisa S. Mataloni prepared this article.

Real GDP Overview

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

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)		Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)		
	2015	2014	2015			2014	2015			
	III	IV	I	II	III	IV	I	II	III	
Gross domestic product ¹	100.0	2.1	0.6	3.9	2.1	2.1	0.6	3.9	2.1	
Personal consumption expenditures	68.4	4.3	1.8	3.6	3.0	2.86	1.19	2.42	2.05	
Goods.....	22.3	4.1	1.1	5.5	4.8	0.91	0.25	1.20	1.05	
Durable goods.....	7.4	6.1	2.0	8.0	6.5	0.44	0.14	0.57	0.47	
Nondurable goods.....	14.9	3.2	0.7	4.3	4.0	0.47	0.10	0.62	0.58	
Services.....	46.1	4.3	2.1	2.7	2.2	1.95	0.94	1.23	1.00	
Gross private domestic investment	16.8	2.1	8.6	5.0	-0.3	0.36	1.39	0.85	-0.05	
Fixed investment.....	16.2	2.5	3.3	5.2	3.4	0.39	0.52	0.83	0.54	
Nonresidential.....	12.8	0.7	1.6	4.1	2.4	0.09	0.20	0.53	0.31	
Structures.....	2.7	4.3	-7.4	6.2	-7.1	0.12	-0.22	0.18	-0.21	
Equipment.....	6.0	-4.9	2.3	0.3	9.5	-0.30	0.14	0.03	0.55	
Intellectual property products.....	4.1	6.9	7.4	8.3	-0.8	0.27	0.29	0.33	-0.03	
Residential.....	3.4	10.0	10.1	9.3	7.3	0.31	0.32	0.30	0.24	
Change in private inventories.....	0.6	.....	.....	.....	.....	-0.03	0.87	0.02	-0.59
Net exports of goods and services	-2.9	.....	.....	.....	.....	-0.89	-1.92	0.18	-0.22
Exports.....	12.5	5.4	-6.0	5.1	0.9	0.71	-0.81	0.64	0.11	
Goods.....	8.4	3.9	-11.7	6.5	-0.5	0.36	-1.10	0.55	-0.04	
Services.....	4.2	8.9	7.3	2.3	3.7	0.35	0.30	0.10	0.15	
Imports.....	15.4	10.3	7.1	3.0	2.1	-1.60	-1.12	-0.46	-0.33	
Goods.....	12.7	9.9	7.2	3.2	1.3	-1.29	-0.93	-0.41	-0.16	
Services.....	2.8	11.9	6.7	2.0	6.2	-0.31	-0.18	-0.05	-0.17	
Government consumption expenditures and gross investment	17.7	-1.4	-0.1	2.6	1.7	-0.26	-0.01	0.46	0.29	
Federal.....	6.8	-5.7	1.1	0.0	0.1	-0.41	0.08	0.00	0.01	
National defense.....	4.1	-10.3	1.0	0.3	-1.5	-0.47	0.04	0.01	-0.06	
Nondefense.....	2.7	2.1	1.2	-0.5	2.6	0.06	0.03	-0.01	0.07	
State and local.....	10.9	1.3	-0.8	4.3	2.6	0.15	-0.09	0.46	0.29	
Addenda:										
Gross domestic income (GDI) ².....	.....	2.9	0.4	2.2	3.1	.....	.....	.....	.....
Average of GDP and GDI.....	.....	2.5	0.5	3.0	2.6	.....	.....	.....	.....
Final sales of domestic product.....	99.4	2.1	-0.2	3.9	2.7	2.10	-0.23	3.90	2.67	
Goods.....	30.5	-0.2	-1.8	5.9	2.5	-0.06	-0.57	1.79	0.78	
Services.....	61.8	2.7	2.1	2.0	1.9	1.63	1.28	1.24	1.17	
Structures.....	7.7	6.8	-0.9	12.2	1.7	0.50	-0.07	0.90	0.14	
Motor vehicle output.....	3.1	-11.3	1.4	14.5	18.5	-0.35	0.04	0.40	0.51	
GDP excluding motor vehicle output.....	96.9	2.5	0.6	3.6	1.6	2.42	0.60	3.52	1.57	
Final sales of computers.....	0.4	-26.7	29.8	41.5	4.7	-0.12	0.10	0.13	0.02	
GDP excluding final sales of computers.....	99.6	2.2	0.5	3.8	2.1	2.19	0.55	3.78	2.06	
Research and development (R&D).....	2.6	5.5	5.2	9.7	-1.4	0.14	0.13	0.25	-0.04	
GDP excluding R&D.....	97.4	2.0	0.5	3.8	2.2	1.93	0.51	3.67	2.12	

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

2. GDI is deflated by the implicit price deflator for GDP. The first-quarter change in GDI reflects the incorporation of revised wage and salary estimates.

NOTE: Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

Real GDP slowed in the third quarter. The slowdown primarily reflected a downturn in inventory investment and slowdowns in exports, in consumer spending, in nonresidential fixed investment, in state and local government spending, and in residential fixed investment that were partly offset by a deceleration in imports.

The slowdown in consumer spending reflected slowdowns in spending for both goods and services.

The slowdown in nonresidential fixed investment reflected downturns in investment in structures and in intellectual property products that were partly offset by an acceleration in investment in equipment.

The slowdown in residential fixed investment primarily reflected a slowdown in investment in "other" structures.

The downturn in inventory investment reflected a downturn in nonfarm inventory investment that was partly offset by an upturn in farm inventory investment.

The slowdown in exports reflected a downturn in goods exports that was partly offset by a pickup in services exports.

The slowdown in imports reflected a slowdown in goods imports that was partly offset by a pickup in services imports.

The slowdown in state and local government spending primarily reflected a slowdown in investment in structures.

Real gross domestic income, which measures the value of the costs incurred and the incomes earned in the production of goods and services in the nation's economy, increased 3.1 percent after increasing 2.2 percent (revised).

The average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 2.6 percent after increasing 3.0 percent.

Consumer Spending

Table 2. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)					Contribution to percent change in real PCE (percentage points)				
		2014		2015			2014		2015		
		III	IV	I	II	III	IV	I	II	III	
PCE ¹	100.0	4.3	1.8	3.6	3.0	4.3	1.8	3.6	3.0		
Goods	32.6	4.1	1.1	5.5	4.8	1.36	0.37	1.76	1.55		
Durable goods	10.8	6.1	2.0	8.0	6.5	0.66	0.21	0.84	0.69		
Motor vehicles and parts	3.7	4.6	-3.5	9.7	3.1	0.17	-0.13	0.35	0.11		
Furnishings and durable household equipment	3.0	6.1	5.2	4.5	8.4	0.15	0.12	0.11	0.20		
Recreational goods and vehicles.....	3.0	8.7	6.3	8.5	10.1	0.25	0.18	0.25	0.29		
Other durable goods	1.6	5.2	2.2	8.5	5.3	0.08	0.04	0.14	0.09		
Nondurable goods	21.7	3.2	0.7	4.3	4.0	0.71	0.15	0.92	0.86		
Food and beverages purchased for off-premises consumption....	7.3	-0.7	-0.8	2.7	0.4	-0.05	-0.06	0.20	0.03		
Clothing and footwear.....	3.1	7.4	-1.1	6.6	1.8	0.23	-0.03	0.20	0.06		
Gasoline and other energy goods	2.6	8.5	5.9	-0.5	3.0	0.27	0.16	-0.01	0.08		
Other nondurable goods.....	8.8	3.1	1.0	6.2	8.2	0.27	0.09	0.53	0.69		
Services	67.4	4.3	2.1	2.7	2.2	2.91	1.38	1.81	1.48		
Household consumption expenditures.....	64.8	4.7	2.5	2.7	2.2	2.99	1.60	1.77	1.46		
Housing and utilities	18.0	1.8	3.5	-0.8	0.7	0.32	0.63	-0.14	0.13		
Health care	16.8	7.3	4.6	3.0	3.7	1.17	0.76	0.50	0.62		
Transportation services	3.1	6.4	3.3	7.1	6.1	0.19	0.10	0.21	0.18		
Recreation services.....	3.8	5.7	-2.0	2.3	-2.8	0.22	-0.08	0.09	-0.11		
Food services and accommodations.....	6.6	6.2	2.7	7.2	1.5	0.39	0.17	0.46	0.10		
Financial services and insurance	7.6	1.0	0.0	2.2	4.2	0.09	0.00	0.18	0.32		
Other services	9.0	6.8	0.1	5.2	2.5	0.60	0.01	0.46	0.22		
Final consumption expenditures of NPISHs ²	2.7	-3.1	-7.6	1.6	0.6	-0.08	-0.21	0.05	0.02		
Gross output of NPISHs ³	10.9	5.4	0.7	0.7	2.9	0.58	0.07	0.07	0.32		
Less: Receipts from sales of goods and services by NPISHs ⁴	8.2	8.5	3.6	0.3	3.7	0.66	0.29	0.03	0.30		

NPISHs Nonprofit institutions serving households
 1. The estimates under the contribution columns are also percent changes.
 2. Gross operating expenses less primary sales to households.
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.
 NOTE: Percent changes are from NIPA table 2.3.1, contributions are from NIPA table 2.3.2, and shares are calculated from NIPA table 2.3.5.

Consumer spending slowed in the third quarter, reflecting slowdowns in spending for goods and for services.

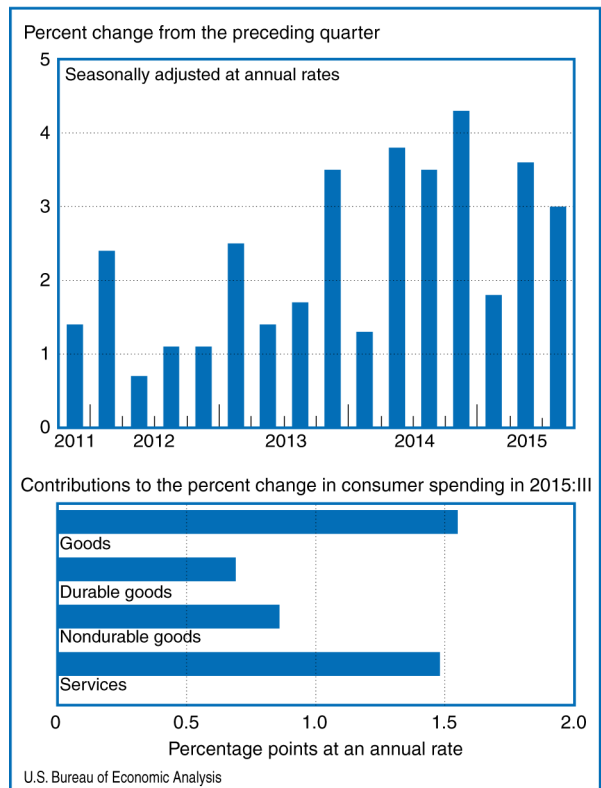
The slowdown in spending for goods reflected slowdowns in spending for both durable and nondurable goods.

The largest contributor to the slowdown in spending for durable goods was a slowdown in spending for motor vehicles and parts.

The slowdown in spending for nondurable goods reflected slowdowns in food and beverages purchased for off-premises consumption and in clothing and footwear that were partly offset by a pickup in "other" nondurable goods (largely pharmaceutical and other medical products and recreational items) and an upturn in spending for gasoline and other energy goods.

Within services, slowdowns in food services and accommodations and in "other" services (primarily communications services) and a downturn in recreation services were partly offset by an upturn in housing and utilities (specifically electricity and gas) and pickups in financial services and insurance and in health care.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 3. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)					Contribution to percent change in real PFI (percentage points)			
	2015	2014	2015			2014	2015			
			III	IV	I		II	III	IV	I	II	III
Private fixed investment¹ ...	100.0	2.5	3.3	5.2	3.4	2.5	3.3	5.2	3.4	
Nonresidential.....	79.0	0.7	1.6	4.1	2.4	0.56	1.29	3.29	1.91	
Structures.....	16.9	4.3	-7.4	6.2	-7.1	0.76	-1.36	1.09	-1.27	
Commercial and health care.....	5.1	29.8	-4.9	31.1	-1.7	1.24	-0.24	1.36	-0.09	
Manufacturing.....	3.0	57.5	94.8	64.4	7.1	0.97	1.63	1.41	0.21	
Power and communication.....	3.3	-48.0	15.3	41.8	3.2	-2.13	0.43	1.13	0.11	
Mining exploration, shafts, and wells.....	2.6	1.4	-44.5	-68.0	-47.1	0.07	-2.75	-4.13	-1.78	
Other structures ²	3.0	25.1	-14.8	60.3	10.1	0.60	-0.43	1.33	0.29	
Equipment.....	37.1	-4.9	2.3	0.3	9.5	-1.86	0.87	0.17	3.39	
Information processing equipment.....	11.2	19.6	-3.9	-4.4	26.6	1.98	-0.44	-0.49	2.61	
Computers and peripheral equipment.....	2.8	-3.7	-20.3	27.2	19.3	-0.11	-0.62	0.65	0.49	
Other ³	8.4	29.0	2.1	-12.9	29.1	2.08	0.18	-1.14	2.12	
Industrial equipment.....	8.0	-5.1	-1.5	22.4	-4.2	-0.42	-0.11	1.63	-0.35	
Transportation equipment.....	10.4	-8.2	11.5	-4.1	18.7	-0.86	1.11	-0.42	1.77	
Other equipment ⁴	7.6	-26.5	3.9	-6.9	-8.0	-2.56	0.31	-0.57	-0.64	
Intellectual property products.....	25.0	6.9	7.4	8.3	-0.8	1.66	1.78	2.03	-0.21	
Software ⁵	11.2	5.6	9.1	6.0	1.0	0.61	0.99	0.66	0.11	
Research and development ⁶	10.9	8.8	6.9	12.5	-2.7	0.91	0.73	1.32	-0.30	
Entertainment, literary, and artistic originals.....	2.8	4.9	2.2	2.0	-0.7	0.13	0.06	0.06	-0.02	
Residential.....	21.0	10.0	10.1	9.3	7.3	1.90	1.97	1.86	1.47	
Structures.....	20.7	10.0	10.2	9.4	7.3	1.88	1.95	1.84	1.46	
Permanent site.....	9.4	25.6	8.9	9.7	14.5	1.98	0.77	0.85	1.26	
Single family.....	7.5	25.2	8.8	4.8	10.6	1.59	0.62	0.35	0.76	
Multifamily.....	1.9	27.5	9.8	33.5	31.8	0.39	0.15	0.50	0.50	
Other structures ⁷	11.3	-0.9	11.2	9.2	1.8	-0.10	1.18	1.00	0.20	
Equipment.....	0.3	8.0	5.8	4.6	5.4	0.03	0.02	0.01	0.02	

1. The estimates under the contribution columns are also percent changes.
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Excludes software "embedded" or bundled, in computers and other equipment.
 6. Excludes expenditures for software development, which are included in expenditures for software investment.
 7. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions and other ownership transfer costs.
 NOTE: Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment slowed in the third quarter, reflecting slowdowns in both nonresidential fixed investment and residential fixed investment.

The slowdown in nonresidential fixed investment reflected downturns in structures and in intellectual property products that were partly offset by a pickup in equipment.

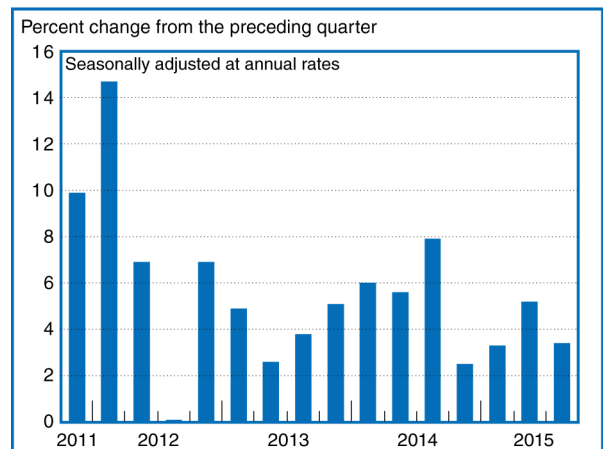
The downturn in investment in structures reflected a downturn in commercial and health care structures and slowdowns in manufacturing, in power and communications structures, and in "other" structures that were partly offset by a smaller decrease in mining exploration, shafts, and wells.

The pickup in investment in equipment primarily reflected upturns in information processing equipment and in transportation equipment that were partly offset by a downturn in industrial equipment.

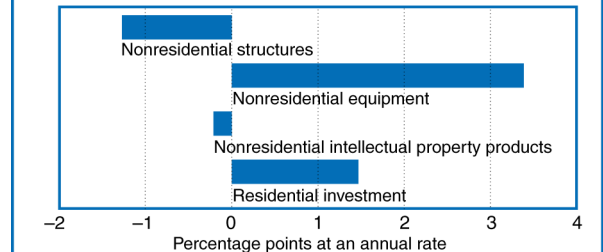
The downturn in investment in intellectual property products primarily reflected a downturn in research and development investment and a slowdown in software.

The slowdown in residential fixed investment primarily reflected a slowdown in "other" structures (brokers' commissions and ownership transfer costs) that was partly offset by a pickup in single-family structures.

Chart 3. Real Private Fixed Investment



Contributions to the percent change in real private fixed investment in 2015:III



Inventory Investment

Table 4. Change in Real Private Inventories by Industry
 [Billions of chained (2009) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter				
	2014		2015			2014		2015		
	III	IV	I	II	III	IV	I	II	III	
Change in private inventories¹	79.9	78.2	112.8	113.5	90.2	-1.7	34.6	0.7	-23.3	
Farm.....	5.8	4.2	7.0	4.1	5.7	-1.6	2.8	-2.8	1.5	
Mining, utilities, and construction....	7.5	5.6	5.4	8.0	1.9	-1.9	-0.2	2.6	-6.2	
Manufacturing.....	7.5	10.1	20.6	30.2	4.3	2.7	10.4	9.7	-25.9	
Durable-goods industries.....	19.6	23.8	19.1	17.7	2.7	4.1	-4.7	-1.4	-15.0	
Nondurable-goods industries.....	-10.3	-12.0	1.9	12.6	1.6	-1.7	14.0	10.7	-11.0	
Wholesale trade.....	32.0	37.4	48.7	40.1	27.0	5.4	11.2	-8.5	-13.1	
Durable-goods industries.....	29.2	12.4	29.8	16.1	3.7	-16.8	17.4	-13.7	-12.4	
Nondurable-goods industries.....	4.3	23.9	19.2	23.5	22.3	19.6	-4.7	4.3	-1.3	
Retail trade.....	16.9	12.6	21.0	31.4	45.0	-4.3	8.3	10.4	13.6	
Motor vehicle and parts dealers.....	11.1	3.7	4.5	13.1	25.6	-7.4	0.8	8.6	12.5	
Food and beverage stores.....	1.3	1.0	2.8	-0.3	1.4	-0.3	1.8	-3.1	1.6	
General merchandise stores.....	1.7	-0.9	0.3	8.9	0.3	-2.6	1.2	8.6	-8.6	
Other retail stores.....	2.9	8.9	13.3	9.8	17.9	6.0	4.4	-3.5	8.2	
Other industries.....	10.4	8.9	11.2	1.3	7.4	-1.6	2.3	-9.9	6.0	
Residual ²	-3.8	-1.3	-1.8	-1.6	-0.3	2.5	-0.5	0.2	1.3	
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales	2.32	2.32	2.35	2.35	2.36	.....	.....	.....	.....
Nonfarm inventories to final sales	2.14	2.14	2.18	2.18	2.18	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.79	3.81	3.90	3.88	3.89	.....	.....	.....	.....

1. The levels are from NIPA table 5.7.6B.
 2. The residual is the difference between the first line and the sum of the most detailed lines.
 3. The ratios are from NIPA table 5.8.6B.
 NOTE: The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment decreased \$23.3 billion in the third quarter after increasing \$0.7 billion in the second quarter; the downturn reflected a downturn in nonfarm inventory investment that was partly offset by an upturn in farm inventory investment. Within nonfarm inventory investment, downturns in manufacturing and in mining, utilities, and construction and a larger decrease in wholesale trade were partly offset by an upturn in “other” industries and an acceleration in retail trade industries.

Mining, utilities, and construction decreased \$6.2 billion after increasing \$2.6 billion.

Manufacturing industries decreased \$25.9 billion after increasing \$9.7 billion; the downturn reflected a downturn in nondurable-goods industries and a larger decrease in durable-goods industries.

Wholesale trade industries decreased \$13.1 billion after decreasing \$8.5 billion; the larger decrease reflected a downturn in nondurable goods that was partly offset by a smaller decrease in durable goods.

Retail trade increased \$13.6 billion after increasing \$10.4 billion.

“Other” industries increased \$6.0 billion after decreasing \$9.9 billion.

Inventory Investment

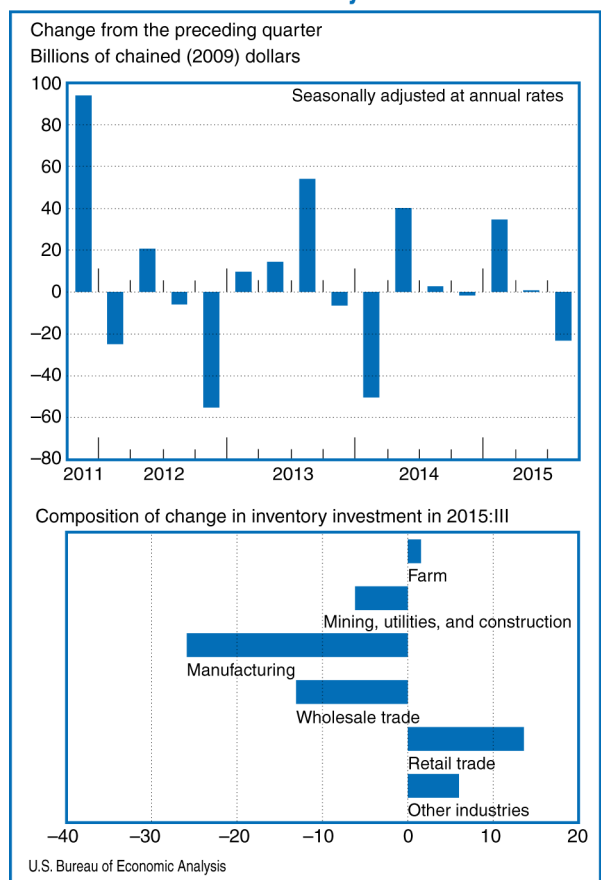
The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which measures output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, the change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA provides estimates for incomplete industry data.

Chart 4. Real Private Inventory Investment



Exports and Imports

Table 5. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)					Contribution to percent change in real exports and imports (percentage points)			
		2014		2015			2014		2015	
		III	IV	I	II	III	IV	I	II	III
Exports of goods and services¹	100.0	5.4	-6.0	5.1	0.9	5.4	-6.0	5.1	0.9	
Exports of goods²	66.8	3.9	-11.7	6.5	-0.5	2.78	-8.26	4.34	-0.32	
Foods, feeds, and beverages.....	5.6	42.7	-20.4	15.7	2.1	2.19	-1.32	0.85	0.12	
Industrial supplies and materials.....	18.6	-1.9	-6.6	6.5	-2.4	-0.38	-1.32	1.23	-0.47	
Capital goods, except automotive.....	23.7	1.6	-13.4	3.7	-5.6	0.39	-3.40	0.89	-1.37	
Automotive vehicles, engines, and parts.....	6.9	-12.1	-29.1	10.2	13.2	-0.90	-2.27	0.65	0.84	
Consumer goods, except food and automotive.....	8.7	4.7	8.8	-12.3	3.5	0.40	0.74	-1.14	0.30	
Other.....	3.3	45.0	-21.5	83.9	8.4	1.08	-0.69	1.86	0.26	
Exports of services²	33.2	8.9	7.3	2.3	3.7	2.66	2.27	0.76	1.19	
Imports of goods and services¹	100.0	10.3	7.1	3.0	2.1	10.30	7.10	3.00	2.10	
Imports of goods²	81.9	9.9	7.2	3.2	1.3	8.28	5.97	2.66	1.07	
Foods, feeds, and beverage.....	4.6	-3.1	12.0	11.0	-6.3	-0.11	0.53	0.49	-0.30	
Industrial supplies and materials.....	17.3	14.6	2.4	-6.7	3.5	3.21	0.53	-1.26	0.60	
Capital goods, except automotive.....	21.5	4.4	1.5	2.7	-5.0	0.98	0.36	0.59	-1.11	
Automotive vehicles, engines, and parts.....	12.7	3.2	4.5	23.9	2.3	0.39	0.54	2.64	0.29	
Consumer goods, except food and automotive.....	21.7	14.7	14.5	3.6	7.9	2.81	2.84	0.76	1.64	
Other.....	4.2	28.8	32.4	-12.3	-1.1	1.01	1.18	-0.56	-0.05	
Imports of services²	18.1	11.9	6.7	2.0	6.2	1.98	1.16	0.35	1.08	
Addenda:										
Exports of agricultural goods ³	6.1	1.1	-10.8	4.9	-0.5	.....	.....	.....	.....
Exports of nonagricultural goods.....	60.7	8.7	7.6	3.9	0.5	.....	.....	.....	.....
Imports of nonpetroleum goods.....	74.8	0.0	0.0	0.0	0.0	.....	.....	.....	.....

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

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE: Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services slowed in the third quarter. The slowdown reflected a downturn in goods exports that was partly offset by a pickup in services exports.

The downturn in goods exports primarily reflected downturns in nonautomotive capital goods and in industrial supplies and materials (notably a slowdown in petroleum and products) and a slowdown in "other" exports of goods (notably foods, feeds, and beverages) that were partly offset by an upturn in nonfood, nonautomotive consumer goods.

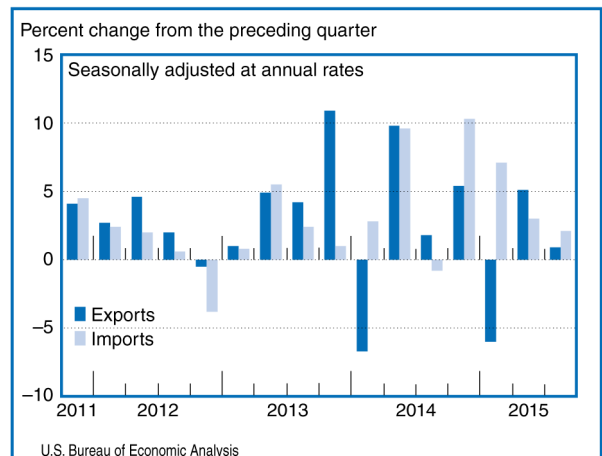
The leading contributor to the pickup in exports of services was a pickup in exports of "other" business services.

Imports of goods and services slowed in the third quarter. The slowdown reflected a slowdown in imports of goods that was partly offset by a pickup in imports of services.

The slowdown in goods imports reflected a slowdown in automotive vehicles, engines, and parts and downturns in nonautomotive capital goods and in foods, feeds, and beverages that were partly offset by an upturn in industrial supplies and materials, a pickup in nonfood, nonautomotive consumer goods, and a smaller decrease in "other" imported goods.

The pickup in services imports primarily reflected an upturn in transport services.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 6. Real Government Consumption Expenditures and Gross Investment (CEGI)
[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)		Change from preceding period (percent)					Contribution to percent change in real CEGI (percentage points)				
	2015	2014	2015			2014		2015				
	III	IV	I	II	III	IV	I	II	III			
Government consumption expenditures and gross investment¹	100.0	-1.4	-0.1	2.6	1.7	-1.4	-0.1	2.6	1.7			
Consumption expenditures.....	80.6	-2.4	1.6	-0.2	1.3	-1.94	1.27	-0.17	1.03			
Gross investment.....	19.4	2.7	-6.8	15.5	3.3	0.51	-1.34	2.78	0.63			
Federal	38.3	-5.7	1.1	0.0	0.1	-2.25	0.42	0.01	0.05			
National defense	23.1	-10.3	1.0	0.3	-1.5	-2.57	0.24	0.08	-0.34			
Consumption expenditures.....	18.6	-11.8	4.1	-1.0	-0.6	-2.38	0.75	-0.18	-0.11			
Gross investment.....	4.5	-4.1	-10.5	5.6	-5.0	-0.19	-0.51	0.26	-0.23			
Nondefense	15.2	2.1	1.2	-0.5	2.6	0.32	0.18	-0.07	0.39			
Consumption expenditures.....	11.5	0.8	1.8	-1.8	3.0	0.10	0.21	-0.21	0.34			
Gross investment.....	3.7	6.3	-0.6	3.9	1.4	0.22	-0.02	0.15	0.05			
State and local	61.7	1.3	-0.8	4.3	2.6	0.82	-0.48	2.60	1.61			
Consumption expenditures.....	50.6	0.7	0.6	0.4	1.6	0.34	0.32	0.22	0.81			
Gross investment.....	11.1	4.7	-7.3	24.5	7.5	0.48	-0.80	2.38	0.81			

1. The estimates under the contribution columns are also percent changes.
NOTE. Percent changes are from NIPA table 3.9.1, contributions are from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending slowed in the third quarter. The slowdown reflected a slowdown in state and local government spending and a downturn in federal defense spending that were partly offset by an upturn in federal nondefense spending.

The downturn in federal defense spending reflected a downturn in spending for gross investment (mainly on equipment) that was partly offset by a smaller decrease in consumption expenditures (reflecting an upturn in compensation of general government employees).

The upturn in nondefense spending reflected an upturn in consumption expenditures that was partly offset by a slowdown in spending for gross investment.

The slowdown in state and local government spending reflected a slowdown in spending for gross investment (mainly in structures) that was partly offset by a pickup in consumption expenditures.

Government Spending

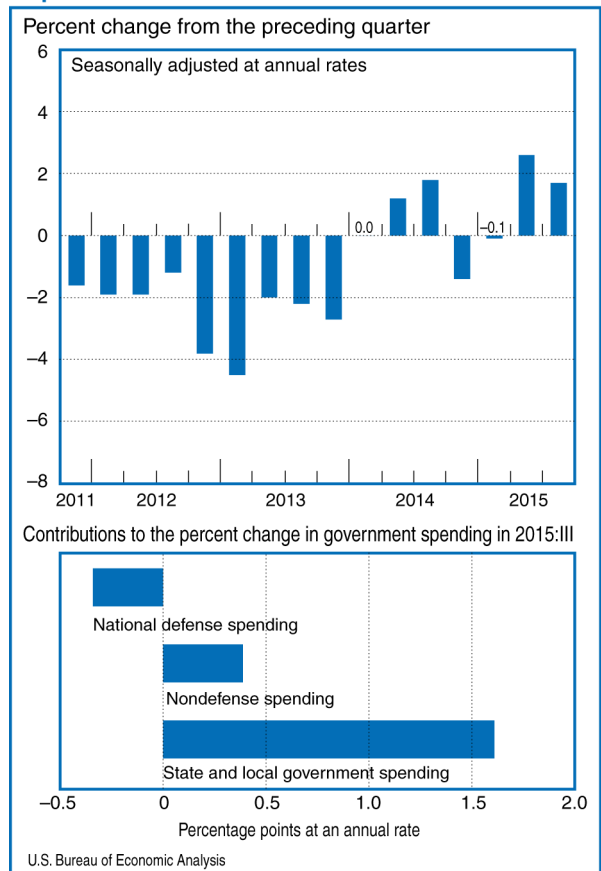
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams), of equipment, and of intellectual property products purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 7. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2014		2015		2014		2015	
	IV	I	II	III	IV	I	II	III
Gross domestic purchases¹	-0.1	-1.6	1.5	1.3	-0.1	-1.6	1.5	1.3
Personal consumption expenditures	-0.4	-1.9	2.2	1.3	-0.29	-1.27	1.46	0.83
Goods.....	-4.6	-8.7	2.5	-0.2	-1.05	-1.96	0.53	-0.05
Durable goods.....	-3.3	-2.4	-0.2	-2.3	-0.24	-0.18	-0.02	-0.17
Nondurable goods.....	-5.3	-11.6	3.8	0.8	-0.80	-1.79	0.54	0.12
Services.....	1.7	1.6	2.1	2.0	0.76	0.69	0.93	0.88
Gross private domestic investment	1.8	-0.4	-1.0	1.7	0.29	-0.06	-0.16	0.28
Fixed investment.....	1.4	-0.4	-1.0	1.7	0.21	-0.07	-0.15	0.26
Nonresidential.....	0.6	-0.4	-1.0	1.2	0.07	-0.05	-0.12	0.15
Structures.....	1.0	-2.3	-2.4	1.4	0.03	-0.07	-0.07	0.04
Equipment.....	1.1	1.0	0.0	0.3	0.06	0.06	0.00	0.02
Intellectual property products.....	-0.5	-1.1	-1.5	2.4	-0.02	-0.04	-0.06	0.09
Residential.....	4.6	-0.4	-0.8	3.4	0.14	-0.01	-0.03	0.11
Change in private inventories.....	.....	.....	.....	.....	0.08	0.01	-0.01	0.02
Government consumption expenditures and gross investment	-0.4	-1.6	1.2	1.0	-0.08	-0.27	0.20	0.18
Federal.....	-0.2	0.1	0.8	1.1	-0.01	0.01	0.06	0.07
National defense.....	-0.5	-0.6	0.3	0.5	-0.02	-0.02	0.01	0.02
Nondefense.....	0.3	1.1	1.6	2.0	0.01	0.03	0.04	0.05
State and local.....	-0.6	-2.6	1.4	1.0	-0.07	-0.28	0.15	0.10
Addenda:								
Gross domestic purchases:								
Food.....	2.0	-0.6	-1.2	2.1	0.10	-0.03	-0.06	0.10
Energy goods and services.....	-23.3	-43.9	15.1	-1.2	-0.87	-1.78	0.42	-0.03
Excluding food and energy.....	0.8	0.2	1.2	1.3	0.70	0.21	1.14	1.22
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption.....	2.3	-0.2	-1.1	2.2	.....	.....	.....	.....
Energy goods and services.....	-24.9	-44.5	15.1	-1.9	.....	.....	.....	.....
Excluding food and energy.....	1.0	1.0	1.9	1.3	.....	.....	.....	.....
Gross domestic product (GDP).....	0.1	0.1	2.1	1.3	.....	.....	.....	.....
Exports of goods and services.....	-6.9	-9.4	-1.0	-4.2	.....	.....	.....	.....
Imports of goods and services.....	-6.8	-17.2	-4.2	-3.4	.....	.....	.....	.....

1. The estimates 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.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, increased 1.3 percent in the third quarter (unrevised from the advance estimate) after increasing 1.5 percent in the second quarter. The slowdown primarily reflected a slowdown in the prices paid for consumer spending.

Within consumer spending, prices paid for goods turned down, and prices paid for services slowed slightly.

The downturn in goods prices was mostly accounted for by a slowdown in the prices paid for nondurable goods, specifically, a sharp downturn in the prices paid for gasoline and other energy goods.

Prices paid for nonresidential fixed investment turned up in the third quarter, primarily reflecting upturns in the prices paid for intellectual property products and for structures.

Prices paid for residential investment turned up, increasing 3.4 percent after decreasing 0.8 percent.

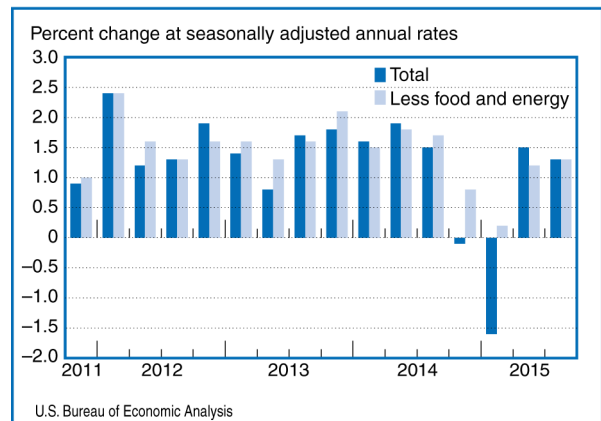
Consumer prices excluding food and energy, a measure of the “core” rate of inflation, slowed, increasing 1.3 percent after increasing 1.9 percent. Energy prices turned down, while food prices turned up slightly.

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 prices of consumer spending, private investment, and government spending.

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 Web site.

Chart 7. Gross Domestic Purchases Prices

Revisions

Table 8. Advance and Second Estimates for the Third Quarter of 2015

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
Gross domestic product (GDP) ¹	1.5	2.1	0.6	1.5	2.1	0.6
Personal consumption expenditures	3.2	3.0	-0.2	2.19	2.05	-0.14
Goods.....	4.5	4.8	0.3	0.99	1.05	0.06
Durable goods	6.7	6.5	-0.2	0.48	0.47	-0.01
Nondurable goods	3.5	4.0	0.5	0.51	0.58	0.07
Services	2.6	2.2	-0.4	1.20	1.00	-0.20
Gross private domestic investment	-5.6	-0.3	5.3	-0.97	-0.05	0.92
Fixed investment	2.9	3.4	0.5	0.47	0.54	0.07
Nonresidential	2.1	2.4	0.3	0.27	0.31	0.04
Structures	-4.0	-7.1	-3.1	-0.11	-0.21	-0.10
Equipment	5.3	9.5	4.2	0.31	0.55	0.24
Intellectual property products	1.8	-0.8	-2.6	0.07	-0.03	-0.10
Residential	6.1	7.3	1.2	0.20	0.24	0.04
Change in private inventories.....				-1.44	-0.59	0.85
Net exports of goods and services				-0.03	-0.22	-0.19
Exports.....	1.9	0.9	-1.0	0.24	0.11	-0.13
Goods.....	0.7	-0.5	-1.2	0.06	-0.04	-0.10
Services.....	4.4	3.7	-0.7	0.18	0.15	-0.03
Imports	1.8	2.1	0.3	-0.27	-0.33	-0.06
Goods.....	0.7	1.3	0.6	-0.09	-0.16	-0.07
Services.....	6.6	6.2	-0.4	-0.18	-0.17	0.01
Government consumption expenditures and gross investment	1.7	1.7	0.0	0.30	0.29	-0.01
Federal.....	0.2	0.1	-0.1	0.02	0.01	-0.01
National defense.....	-1.4	-1.5	-0.1	-0.06	-0.06	0.00
Nondefense	2.8	2.6	-0.2	0.08	0.07	-0.01
State and local	2.6	2.6	0.0	0.29	0.29	0.00
Addenda:						
Final sales of domestic product	3.0	2.7	-0.3	2.93	2.67	-0.26
Gross domestic purchases price index.....	1.3	1.3	0.0			
GDP price index.....	1.2	1.3	0.1			

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

Revised Second-Quarter 2015 Income Estimates

With the release of the second estimate of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. The revision reflected the incorporation of second-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$109.3 billion, an upward revision of \$61.6 billion. Personal current taxes increased \$38.6 billion, an upward revision of \$11.3 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$13.1 billion, an upward revision of \$8.3 billion.

As a result of these revisions,

- Personal income increased \$197.2 billion, an upward revision of \$57.6 billion.
- Disposable personal income increased \$158.6 billion, an upward revision of \$46.4 billion.
- Personal saving decreased \$23.7 billion, an upward revision of \$46.4 billion.
- The personal saving rate was 5.0 percent, an upward revision of 0.4 percentage point.

The second estimate of the third-quarter increase in real GDP is 0.6 percentage points more than the advance estimate. The upward revision primarily reflected an upward revision to inventory investment that was partly offset by downward revisions to consumer spending and to exports.

The downward revision to consumer spending was primarily to spending for services, most notably, for “other” services (mainly communication services) and for housing and utilities (mainly natural gas).

The upward revision to inventory investment was primarily to nonfarm inventory investment, specifically, retail and wholesale trade industries.

The downward revision to exports was primarily to spending for exports of goods; spending on exports of services was also revised downward.

The GDP price index increased 1.3 percent in the second estimate for the third quarter, an upward revision of 0.1 percentage point from the advance estimate.

Major Source Data for the Second Estimates

Consumer spending: retail sales for July through September (revised). Motor vehicle registrations data for September (new). Data for gasoline, electricity, and natural gas sales and unit value data for July (revised) and August (new).

Nonresidential fixed investment: construction spending (value put in place) data for July and August (revised) and September (new). Manufacturers' shipments (M3) of machinery and equipment for July through September (revised). Exports and imports of goods for July through September (revised).

Residential fixed investment: construction spending (value put in place) data for July and August (revised) and September (new).

Inventory investment: manufacturers' inventories of durable goods for July through September (revised). Manufacturers' inventories of nondurable goods and trade inventories for July and August (revised) and September (new).

Exports and imports: trade in goods for July through September (revised). Trade in services for July and August (revised) and September (new).

Government spending: state and local construction spending for July and August (revised) and September (new).

Corporate Profits

Table 9. Corporate Profits

[Seasonally adjusted]

	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)					
	Level	Change from preceding quarter					Percent change from preceding quarter (quarterly rate)				
		2015	2014	2015			2014	2015			
	III	IV	I	II	III	IV	I	II	III		
Current production measures:											
Corporate profits	2,060.3	-25.5	-123.0	70.4	-22.7	-1.2	-5.8	3.5	-1.1		
Domestic industries.....	1,685.1	-21.1	-93.9	59.0	7.3	-1.2	-5.5	3.6	0.4		
Financial	386.6	-22.6	-23.4	34.6	-8.5	-5.6	-6.1	9.6	-2.2		
Nonfinancial.....	1,298.6	1.5	-70.5	24.3	15.8	0.1	-5.3	1.9	1.2		
Rest of the world	375.1	-4.4	-29.0	11.4	-30.0	-1.0	-6.9	2.9	-7.4		
Receipts from the rest of the world	667.7	-13.5	-40.0	24.9	-7.2	-1.9	-5.8	3.8	-1.1		
Less: Payments to the rest of the world	292.6	-9.1	-11.0	13.4	22.7	-3.3	-4.1	5.2	8.5		
Less: Taxes on corporate income	551.4	-6.1	5.5	31.3	2.3	-1.2	1.1	6.0	0.4		
Equals: Profits after tax.....	1,508.9	-19.5	-128.4	39.2	-25.0	-1.2	-7.9	2.6	-1.6		
Net dividends	906.8	18.6	6.3	1.2	27.1	2.2	0.7	0.1	3.1		
Undistributed profits from current production	602.1	-38.1	-134.7	38.0	-52.2	-4.8	-17.9	6.2	-8.0		
Net cash flow	2,126.3	18.7	-135.5	48.1	-34.8	0.8	-6.0	2.3	-1.6		
Industry profits:											
Profits with IVA	2,392.9	-28.7	85.2	62.7	-21.3	-1.3	3.8	2.7	-0.9		
Domestic industries.....	2,017.8	-24.3	114.2	51.3	8.7	-1.3	6.2	2.6	0.4		
Financial	448.3	-22.4	-3.1	34.3	-7.8	-5.0	-0.7	8.1	-1.7		
Nonfinancial.....	1,569.5	-2.0	117.3	17.0	16.5	-0.1	8.3	1.1	1.1		
Rest of the world	375.1	-4.4	-29.0	11.4	-30.0	-1.0	-6.9	2.9	-7.4		
Addenda:											
Profits before tax (without IVA and CCAdj).....	2,337.1	-66.7	39.5	141.4	-56.5	-2.9	1.8	6.3	-2.4		
Profits after tax (without IVA and CCAdj).....	1,785.8	-60.7	34.0	110.2	-58.9	-3.4	2.0	6.3	-3.2		
IVA.....	55.8	38.0	45.7	-78.7	35.3	.....	.....	.....	.....
CCAdj.....	-332.7	3.2	-208.1	7.7	-1.4	.....	.....	.....	.....

NOTE: Changes in levels and the percent changes are calculated from NIPA tables 1.12 and 6.16D.
IVA Inventory valuation adjustment CCAdj Capital consumption adjustment

Profits from current production (corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)) decreased \$22.7 billion, or 1.1 percent at a quarterly rate, in the third quarter after increasing \$70.4 billion, or 3.5 percent, in the second quarter.

Profits of domestic financial corporations decreased \$8.5 billion, or 2.2 percent, after increasing \$34.6 billion, or 9.6 percent.

Profits of domestic nonfinancial corporations increased \$15.8 billion, or 1.2 percent, after increasing \$24.3 billion, or 1.9 percent.

Profits from the rest of the world decreased \$30.0 billion, or 7.4 percent, after increasing \$11.4 billion, or 2.9 percent. In the third quarter, receipts decreased \$7.2 billion, and payments increased \$22.7 billion.

Note on Source Data for the Third-Quarter Profits Estimate

One significant source of data used in deriving the estimates of profits of domestic nonfinancial corporations is the Census Bureau's Quarterly Financial Reports (QFR). However, due to a delay in the survey's reauthorization, the third-quarter 2015 QFR data were unavailable for this estimate. As a result, BEA used information from quarterly financial statements of publicly traded companies to prepare this estimate.

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 Cen-

sus Bureau Quarterly Financial Reports, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service data when the data are available for two reasons: the 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).