

GDP and the Economy

Third Estimates for the First Quarter of 2018

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Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the first quarter of 2018, according to the third estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1, line 1).¹ The third estimate of real GDP growth was revised down 0.2 percentage point from the second estimate of 2.2 percent, primarily reflecting downward revisions to inventory investment and to consumer spending that were partly offset by an upward revision to nonresidential fixed investment.² In the fourth quarter of 2017, real GDP increased 2.9 percent.

The increase in real GDP in the first quarter reflected positive contributions from nonresidential fixed investment, consumer spending, exports, federal government spending, and state and local government spending. These contributions were partly offset by negative contributions from residential fixed investment and inventory investment (chart 2). Imports, which are a subtraction in the calculation of GDP, increased.

Chart 1. Real GDP: Percent Change From Preceding Quarter

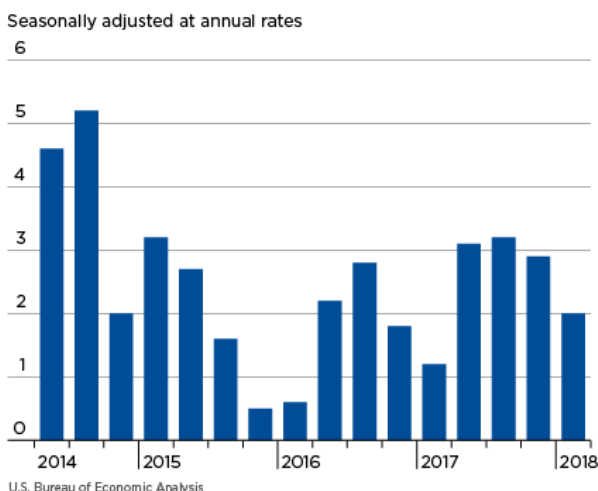
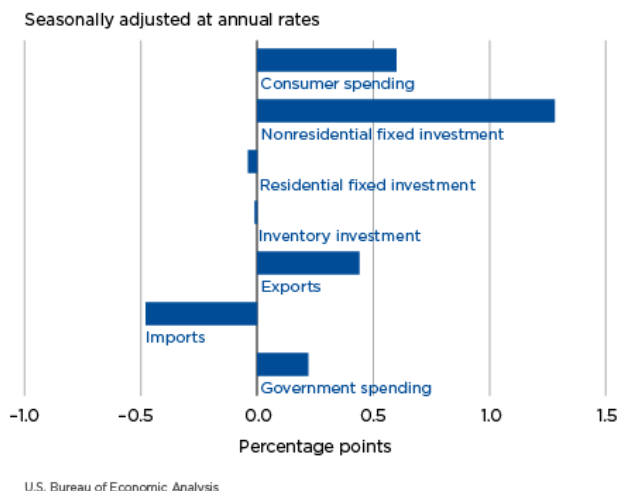


Chart 2. Real GDP: Contributions to the Percent Change in 2018:I



GDP Component Detail

The deceleration in real GDP growth in the first quarter reflected decelerations in consumer spending, exports, state and local government spending, and federal government spending and a downturn in residential fixed investment. These movements were partly offset by a larger increase in nonresidential fixed investment. Imports decelerated.

- The smaller increase in consumer spending (table 1, line 2) reflected a downturn in spending for goods (line 3) and a smaller increase in spending for services (line 6).
 - The main contributors to the downturn in spending for goods were downturns in motor vehicles and parts and in clothing and footwear and a smaller increase in food and beverages purchased for off-premises consumption.
 - The main contributors to the smaller increase in spending for services were decelerations in health care and in housing and utilities (mainly electricity and gas).
- The larger increase in nonresidential fixed investment (line 9) reflected accelerations in intellectual property products (line 12) and in structures (line 10) that were partly offset by a deceleration in investment in equipment (line 11).
 - The acceleration in intellectual property products mainly reflected an upturn in software investment and a larger increase in investment in research and development.
 - The acceleration in structures primarily reflected accelerations in investment in mining exploration, shafts, and wells and in commercial and health care structures as well as an upturn in investment in power and communication structures.
- The downturn in residential fixed investment primarily reflected a downturn in “other” structures (mainly due to a downturn in brokers’ commissions and other ownership transfer costs and to a deceleration in improvements).
- The smaller increase in exports (line 16) reflected a deceleration in exports of goods (line 17) that was partly offset by an upturn in exports of services (line 18).
 - The deceleration in exports of goods primarily reflected downturns in industrial supplies and materials (mainly petroleum and products) and in “other” goods and a deceleration in nonautomotive capital goods. These movements were partly offset by an upturn in exports of foods, feeds, and beverages (mainly soybeans) and by an acceleration in automotive vehicles, engines, and parts.
 - The upturn in exports of services mainly reflected upturns in travel services and in transport services.
- The deceleration in imports (line 19) reflected a deceleration in imports of goods (line 20) that was partly offset by a larger increase in imports of services (line 21).
 - The deceleration in imports of goods (line 20) primarily reflected downturns in “other” goods and in industrial supplies and materials and a deceleration in nonautomotive consumer durable goods.

- The smaller increase in federal government spending (line 23) primarily reflected a deceleration in national defense spending.
- The smaller increase in state and local government spending (line 26) reflected a downturn in investment in structures.
- Real gross domestic income (GDI) (line 27) increased 3.6 percent in the first quarter of 2018 after increasing 1.0 percent in the fourth quarter of 2017.

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

[Seasonally adjusted at annual rates]

Line		Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)				
		2018	2017			2018	2017				2018
		I	II	III	IV	I	II	III	IV	I	
1	Gross domestic product ¹	100.0	3.1	3.2	2.9	2.0	3.1	3.2	2.9	2.0	
2	Personal consumption expenditures	69.0	3.3	2.2	4.0	0.9	2.24	1.49	2.75	0.60	
3	Goods	22.1	5.4	4.5	7.8	-0.4	1.16	0.97	1.67	-0.09	
4	Durable goods	7.5	7.6	8.6	13.7	-2.1	0.56	0.63	0.98	-0.16	
5	Nondurable goods	14.6	4.2	2.3	4.8	0.5	0.61	0.34	0.69	0.07	
6	Services	46.8	2.3	1.1	2.3	1.5	1.08	0.52	1.08	0.69	
7	Gross private domestic investment	16.9	3.9	7.3	4.7	7.5	0.64	1.19	0.78	1.22	
8	Fixed investment	16.9	3.2	2.4	8.2	7.6	0.53	0.40	1.31	1.23	
9	Nonresidential	12.9	6.7	4.7	6.8	10.4	0.82	0.58	0.84	1.28	
10	Structures	3.0	7.0	-7.0	6.3	16.2	0.20	-0.21	0.18	0.44	
11	Equipment	5.8	8.8	10.8	11.6	5.8	0.48	0.58	0.63	0.33	
12	Intellectual property products	4.1	3.7	5.2	0.8	13.2	0.15	0.21	0.03	0.51	
13	Residential	3.9	-7.3	-4.7	12.8	-1.1	-0.30	-0.18	0.46	-0.04	
14	Change in private inventories	0.1	.....	.....	.....	.....	0.12	0.79	-0.53	-0.01
15	Net exports of goods and services	-3.2	.....	.....	.....	.....	0.21	0.36	-1.16	-0.04
16	Exports	12.3	3.5	2.1	7.0	3.6	0.42	0.25	0.83	0.44	
17	Goods	8.2	2.2	1.8	11.6	3.4	0.18	0.15	0.89	0.28	
18	Services	4.1	6.2	2.5	-1.4	4.0	0.25	0.10	-0.06	0.16	
19	Imports	15.5	1.5	-0.7	14.1	3.2	-0.22	0.11	-1.99	-0.48	
20	Goods	12.7	1.3	-0.2	17.3	2.6	-0.16	0.03	-1.96	-0.32	
21	Services	2.8	2.2	-2.6	1.1	5.9	-0.06	0.07	-0.03	-0.16	
22	Government consumption expenditures and gross investment	17.3	-0.2	0.7	3.0	1.3	-0.03	0.12	0.51	0.22	
23	Federal	6.5	1.9	1.3	3.2	1.7	0.13	0.09	0.20	0.11	
24	National defense	3.9	4.7	2.4	5.5	1.8	0.18	0.09	0.21	0.07	
25	Nondefense	2.6	-1.9	-0.2	-0.1	1.6	-0.05	-0.01	0.00	0.04	
26	State and local	10.8	-1.5	0.2	2.9	1.0	-0.16	0.03	0.31	0.11	
	Addenda:										
27	Gross domestic income (GDI) ²	.....	2.3	2.4	1.0	3.6	.....	.....	.....	.....
28	Average of GDP and GDI	.....	2.7	2.8	2.0	2.8	.....	.....	.....	.....
29	Final sales of domestic product	99.9	2.9	2.4	3.4	2.0	2.94	2.37	3.41	2.00	
30	Goods	29.5	7.3	9.6	2.6	2.4	2.10	2.74	0.78	0.73	
31	Services	62.2	2.1	1.5	1.9	1.3	1.32	0.93	1.18	0.82	
32	Structures	8.3	-4.3	-6.2	12.2	5.5	-0.36	-0.51	0.93	0.44	
33	Motor vehicle output	2.8	0.8	-10.3	35.1	8.1	0.02	-0.30	0.83	0.22	

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

2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

Prices for gross domestic purchases—prices of goods and services purchased by U.S. residents—increased 2.7 percent in the first quarter of 2018 after increasing 2.5 percent in the fourth quarter of 2017 (table 2, line 1, and chart 3). The acceleration mainly reflected an acceleration in the prices paid for residential investment.

The acceleration in prices paid for residential investment (line 13) reflected accelerations in new single-family construction and in brokers' commissions and other ownership transfer costs.

Consumer prices excluding food and energy (line 25), a measure of the “core” rate of inflation, accelerated, increasing 2.3 percent in the first quarter after increasing 1.9 percent in the fourth quarter.

The GDP price index increased 2.2 percent in the first quarter (line 26) after increasing 2.3 percent in the fourth quarter. The opposite movements in the GDP price index and the gross domestic purchases price index reflected movements in import and in export prices. Import prices (line 28), which are included in gross domestic purchases and excluded from GDP, accelerated, increasing 7.2 percent after increasing 6.1 percent. Export prices (line 27), which are included in GDP but excluded from gross domestic purchases, decelerated, increasing 3.9 percent after increasing 5.8 percent.

Chart 3. Prices of Gross Domestic Purchases

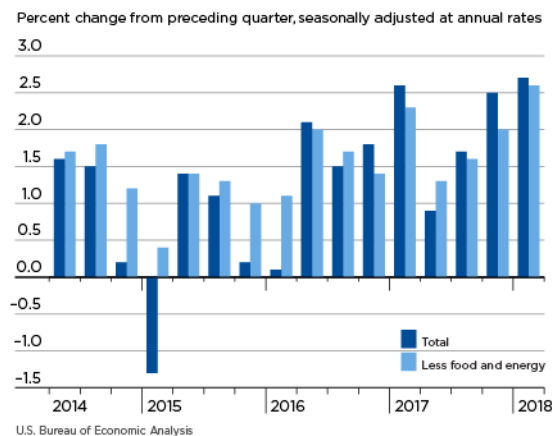


Table 2. Prices for Gross Domestic Purchases

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

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2017			2018	2017			2018
		II	III	IV	I	II	III	IV	I
1	Gross domestic purchases ¹	0.9	1.7	2.5	2.7	0.9	1.7	2.5	2.7
2	Personal consumption expenditures	0.3	1.5	2.7	2.5	0.18	1.02	1.83	1.69
3	Goods	-3.6	0.7	1.8	2.0	-0.79	0.16	0.38	0.43
4	Durable goods	-3.6	-2.5	-2.1	-1.5	-0.27	-0.19	-0.15	-0.11
5	Nondurable goods	-3.6	2.4	3.8	3.9	-0.52	0.34	0.53	0.55
6	Services	2.2	1.9	3.2	2.8	0.97	0.87	1.44	1.26
7	Gross private domestic investment	2.6	1.9	1.0	2.8	0.40	0.30	0.16	0.46
8	Fixed investment	2.5	1.9	1.0	2.9	0.40	0.30	0.16	0.47
9	Nonresidential	1.9	1.1	0.6	1.3	0.23	0.14	0.07	0.16
10	Structures	3.8	4.5	1.9	3.4	0.11	0.12	0.05	0.10
11	Equipment	0.8	0.2	0.2	0.4	0.04	0.01	0.01	0.02
12	Intellectual property products	1.9	0.1	0.0	1.2	0.08	0.00	0.00	0.05
13	Residential	4.6	4.4	2.5	8.3	0.17	0.16	0.09	0.31
14	Change in private inventories	.....	.....	.....	.....	0.01	0.00	0.00	-0.01
15	Government consumption expenditures and gross investment	1.6	2.3	3.0	3.4	0.27	0.38	0.50	0.57
16	Federal	1.8	1.1	1.7	4.1	0.11	0.07	0.11	0.25
17	National defense	1.4	0.4	1.5	3.5	0.05	0.02	0.06	0.13
18	Nondefense	2.3	2.1	2.1	4.9	0.06	0.05	0.05	0.12
19	State and local	1.5	3.0	3.8	3.1	0.16	0.31	0.39	0.32
	Addenda:								
	Gross domestic purchases:								
20	Food	2.1	0.2	0.1	0.4	0.10	0.01	0.01	0.02
21	Energy goods and services	-16.0	8.4	28.2	12.3	-0.45	0.21	0.66	0.31
22	Excluding food and energy	1.3	1.6	2.0	2.6	1.21	1.49	1.82	2.39
	Personal consumption expenditures (PCE):								
23	Food and beverages purchased for off-premises consumption	2.0	0.2	0.2	0.2	.....	.....	.....	.....
24	Energy goods and services	-16.0	8.4	27.7	12.8	.....	.....	.....	.....
25	Excluding food and energy	0.9	1.3	1.9	2.3	.....	.....	.....	.....
26	Gross domestic product (GDP)	1.0	2.1	2.3	2.2	.....	.....	.....	.....
27	Exports of goods and services	-0.1	3.3	5.8	3.9	.....	.....	.....	.....
28	Imports of goods and services	-1.0	0.4	6.1	7.2	.....	.....	.....	.....

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

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ [“How do the effects of dollar depreciation show up in the GDP accounts?”](#) on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or “core,” inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See [“What is the core PCE price index?”](#) on BEA's website.)

BEA also prepares a supplemental PCE price index, the “market-based” PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Revisions

Real GDP increased 2.0 percent in the first quarter of 2018, a downward revision of 0.2 percentage point from the second estimate (table 3, line 1). The revision primarily reflected downward revisions to inventory investment (line 14) and to consumer spending on services (line 6) that were partly offset by an upward revision to nonresidential fixed investment (line 9).

- The downward revision to consumer spending on services primarily reflected a revision to healthcare spending by nonprofit institutions serving households, based on new first-quarter data from the Census Bureau's Quarterly Services Report (QSR). In addition, spending on finance and insurance services was revised down, based primarily on new Census QSR data for financial services.
- The downward revision to inventory investment was largely attributable to retail trade inventories, based on revised March book value data from the Census Monthly Retail Trade Report.

- The upward revision to nonresidential fixed investment was mostly due to intellectual property products, specifically research and development (R&D), based on updated R&D expense data from company financial reports.
- The third estimate of the NIPAs reflected the incorporation of data from the annual update of BEA's International Transactions Accounts (ITAs), which were incorporated on a best-change basis; that is, the change in the updated source data from the fourth quarter of 2017 to the first quarter of 2018 was incorporated. (Levels will be revised in the upcoming July 2018 Comprehensive Update of the NIPAs.) With the revised source data, exports (line 16) were revised down and imports (line 19) were revised up.
- The GDP price index (line 31) increased 2.2 percent in the first quarter, an upward revision of 0.3 percentage point from the previous estimate. The upward revision primarily reflected a downward revision to import prices, notably imported petroleum prices, based on the updated ITA data. (Because imports are a subtraction in the calculation of GDP, a downward revision to import prices has the opposite impact on the revision to the GDP price index.)

Table 3. Second and Third Estimates for the First Quarter of 2018**[Seasonally adjusted at annual rates]**

Line		Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP) ¹	2.2	2.0	-0.2	2.2	2.0	-0.2
2	Personal consumption expenditures	1.0	0.9	-0.1	0.71	0.60	-0.11
3	Goods	-0.6	-0.4	0.2	-0.13	-0.09	0.04
4	Durable goods	-2.6	-2.1	0.5	-0.20	-0.16	0.04
5	Nondurable goods	0.4	0.5	0.1	0.06	0.07	0.01
6	Services	1.8	1.5	-0.3	0.84	0.69	-0.15
7	Gross private domestic investment	7.2	7.5	0.3	1.18	1.22	0.04
8	Fixed investment	6.5	7.6	1.1	1.05	1.23	0.18
9	Nonresidential	9.2	10.4	1.2	1.13	1.28	0.15
10	Structures	14.2	16.2	2.0	0.39	0.44	0.05
11	Equipment	5.5	5.8	0.3	0.31	0.33	0.02
12	Intellectual property products	10.9	13.2	2.3	0.43	0.51	0.08
13	Residential	-2.0	-1.1	0.9	-0.08	-0.04	0.04
14	Change in private inventories	.....	.....	.....	0.13	-0.01	-0.14
15	Net exports of goods and services	.....	.....	.....	0.08	-0.04	-0.12
16	Exports	4.2	3.6	-0.6	0.51	0.44	-0.07
17	Goods	5.4	3.4	-2.0	0.43	0.28	-0.15
18	Services	1.9	4.0	2.1	0.08	0.16	0.08
19	Imports	2.8	3.2	0.4	-0.43	-0.48	-0.05
20	Goods	2.2	2.6	0.4	-0.28	-0.32	-0.04
21	Services	5.5	5.9	0.4	-0.15	-0.16	-0.01
22	Government consumption expenditures and gross investment	1.1	1.3	0.2	0.20	0.22	0.02
23	Federal	1.7	1.7	0.0	0.11	0.11	0.00
24	National defense	1.8	1.8	0.0	0.07	0.07	0.00
25	Nondefense	1.6	1.6	0.0	0.04	0.04	0.00
26	State and local	0.8	1.0	0.2	0.08	0.11	0.03
	Addenda:						
27	Final sales of domestic product	2.0	2.0	0.0	2.04	2.00	-0.04
28	Gross domestic income (GDI)	2.8	3.6	0.8	.....	.....	.....
29	Average of GDP and GDI	2.5	2.8	0.3	.....	.....	.....
30	Gross domestic purchases price index	2.7	2.7	0.0	.....	.....	.....
31	GDP price index	1.9	2.2	0.3	.....	.....	.....

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 \$39.5 billion, or 1.8 percent at a quarterly rate, in the first quarter after decreasing \$1.1 billion, or 0.1 percent, in the fourth quarter (table 4, line 1). In the first quarter, profits of domestic financial corporations increased \$7.0 billion (line 3), profits of domestic nonfinancial corporations increased \$28.8 billion (line 4), and rest-of-the-world profits increased \$3.7 billion (line 5).

Profits from current production and gross domestic income are not affected by the 2017 Tax Cuts and Jobs Act (TCJA), enacted in December 2017, because these measures reflect profits before subtracting taxes and payments to shareholders. However, the TCJA resulted in significant movements among certain components of domestic corporate profits, including taxes on corporate income and net dividends.

- Taxes on corporate income decreased \$113.5 billion in the first quarter (line 9). The large decline primarily reflected a reduction in the federal domestic corporate income tax rate, which decreased from 35 percent to 21 percent. The lower corporate tax rate took effect on January 1, 2018.
- Net dividends (paid) by domestic corporations decreased \$1.1 trillion in the first quarter (NIPA table 1.10, line 18, "[Gross Domestic Income by Type of Income](#)"), reflecting an increase in dividends received from the rest of the world (NIPA table 4.1, line 11, "[Foreign Transactions in the National Income and Product Accounts](#)"). The large increase in dividends received from the rest of the world was based on preliminary data from BEA's International Transactions Accounts and reflected changes in U.S. tax law that eliminated taxes on repatriated profits to U.S. multinationals from their affiliates abroad.

For more information, see "[How does the 2017 Tax Cuts and Jobs Act affect BEA's business income statistics?](#)" and "[How are the International Transactions Accounts affected by an increase in direct investment dividend receipts?](#)"

Table 4. Corporate Profits
[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)					
		Level	Change from preceding quarter									
		2018	2017				2018	2017				2018
		I	II	III	IV	I	II	III	IV	I		
	Current production measures:											
1	Corporate profits with IVA and CCAdj	2,252.1	14.4	90.2	-1.1	39.5	0.7	4.3	-0.1	1.8		
2	Domestic industries	1,806.8	25.2	58.2	4.8	35.9	1.5	3.4	0.3	2.0		
3	Financial	481.9	-33.8	47.8	-14.6	7.0	-7.1	10.8	-3.0	1.5		
4	Nonfinancial	1,324.9	59.1	10.4	19.4	28.8	4.9	0.8	1.5	2.2		
5	Rest of the world	445.3	-10.8	32.0	-5.9	3.7	-2.5	7.7	-1.3	0.8		
6	Receipts from the rest of the world	772.7	5.5	26.9	14.9	20.9	0.8	3.8	2.0	2.8		
7	Less: Payments to the rest of the world	327.4	16.3	-5.2	20.8	17.2	5.9	-1.7	7.2	5.5		
9	<i>Less: Taxes on corporate income</i>	332.1	13.3	-4.2	-29.9	-113.5	2.9	-0.9	-6.3	-25.5		
10	<i>Equals: Profits after tax</i>	1,920.0	1.1	94.4	28.8	153.0	0.1	5.7	1.7	8.7		
11	Net dividends	985.3	6.2	4.4	-18.8	5.4	0.6	0.4	-1.9	0.6		
12	Undistributed profits from current production	934.7	-5.1	90.0	47.5	147.6	-0.8	13.9	6.4	18.8		
13	Net cash flow with IVA	2,607.0	40.8	-39.0	-792.1	1,168.1	1.8	-1.7	-35.5	81.2		

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables 1.12 and 6.16D.

Note on Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the national income and product accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including the Census Bureau *Quarterly Financial Report*, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service (IRS) data when these data are available for two reasons: the IRS data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAdj). CCAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).

Corporate Profits by Industry

Industry profits (corporate profits by industry with the inventory valuation adjustment) increased \$50.2 billion, or 2.4 percent at a quarterly rate, in the fourth quarter after decreasing \$250.9 billion, or 10.9 percent, in the third quarter (table 5, line 1).

Table 5. Corporate Profits by Industry
[Seasonally adjusted]

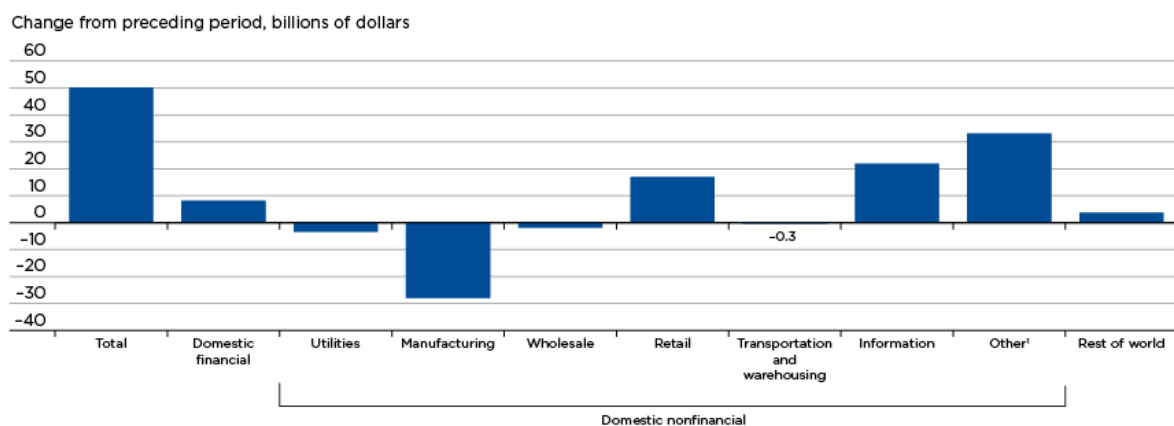
Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)					
		Level	Change from preceding quarter									
		2018	2017				2018	2017				2018
		I	II	III	IV	I	II	III	IV	I		
	Industry profits:											
1	Corporate profits with IVA	2,110.6	18.9	90.5	-250.9	50.2	0.9	4.1	-10.9	2.4		
2	Domestic industries	1,665.3	29.8	58.5	-245.0	46.5	1.7	3.2	-13.1	2.9		
3	Financial	505.5	-33.8	47.0	-39.6	8.2	-6.4	9.6	-7.4	1.7		
4	Nonfinancial	1,159.8	63.5	11.5	-205.3	38.3	5.1	0.9	-15.5	3.4		
5	Utilities	22.3	0.6	-2.0	-0.5	-3.4	2.1	-6.9	-1.9	-13.4		
6	Manufacturing	321.5	19.2	29.7	-69.7	-28.0	5.2	7.6	-16.6	-8.0		
7	Wholesale trade	68.2	17.5	-2.4	-35.3	-1.9	19.4	-2.2	-33.5	-2.8		
8	Retail trade	178.7	4.4	0.9	-23.1	17.0	2.4	0.5	-12.5	10.5		
9	Transportation and warehousing	45.6	14.5	-13.4	-14.3	-0.3	24.5	-18.2	-23.7	-0.7		
10	Information	133.6	-7.2	11.8	-31.1	21.9	-5.2	9.0	-21.8	19.6		
11	Other nonfinancial	389.8	14.5	-13.1	-31.3	33.1	3.8	-3.3	-8.1	9.3		
12	Rest of the world	445.3	-10.8	32.0	-5.9	3.7	-2.5	7.7	-1.3	0.8		
	Addenda:											
13	Profits before tax (without IVA and CCAdj)	2,191.0	-22.5	79.5	-208.0	65.2	-1.0	3.5	-8.9	3.1		
14	Profits after tax (without IVA and CCAdj)	1,858.9	-35.8	83.7	-178.1	178.7	-2.0	4.7	-9.6	10.6		
15	IVA	-80.5	41.4	11.0	-42.9	-15.0	---	---	---	---		
16	CCAdj	141.5	-4.5	-0.2	249.8	-10.7	---	---	---	---		

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.

Chart 4. Corporate Profits with Inventory Valuation Adjustment, 2018:I: Change from Preceding Period



1. "Other" nonfinancial corporations include the agriculture, mining, construction, and services industries.
 Note: Based on seasonally adjusted estimates.
 U.S. Bureau of Economic Analysis

Note on Corporate Profits by Industry

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

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the "Key Source Data and Assumptions" that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see "[Concepts and Methods of the U.S. National Income and Product Accounts](#)" on BEA's website.

Upcoming Comprehensive Update of the National Income and Product Accounts

BEA will release the results of the 15th comprehensive (or benchmark) update of the National Income and Product Accounts (NIPAs) in conjunction with the second quarter 2018 advance estimate on July 27, 2018. For more information, see the [Technical Note](#). Details on the planned changes in statistics, definitions, and presentations are available in the April *Survey of Current Business* article "[Preview of the 2018 Comprehensive Update of the National Income and Product Accounts](#)." An article in the September *Survey* will describe the results in detail. Revised NIPA table stubs are available on the [BEA website](#). News release table stubs for the 2018 Comprehensive Update will be available prior to the release in July.

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 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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