

GDP and the Economy

Advance Estimates for the Second Quarter of 2019

By Lisa S. Mataloni

Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the second quarter of 2019, according to the advance estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ In the first quarter, real GDP increased 3.1 percent (revised).

Annual Update of the National Income and Product Accounts

BEA updated estimates for 2014 through the first quarter of 2019 as part of the 2019 annual update of the National Income and Product Accounts. For more information, see [“Information on Updates to the National Income and Product Accounts”](#) on the BEA website. This issue of the *Survey of Current Business* includes an article, [“The 2019 Annual Update of the National Income and Product Accounts,”](#) describing the results in detail.

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

Chart 1. Real GDP: Percent Change From Preceding Quarter

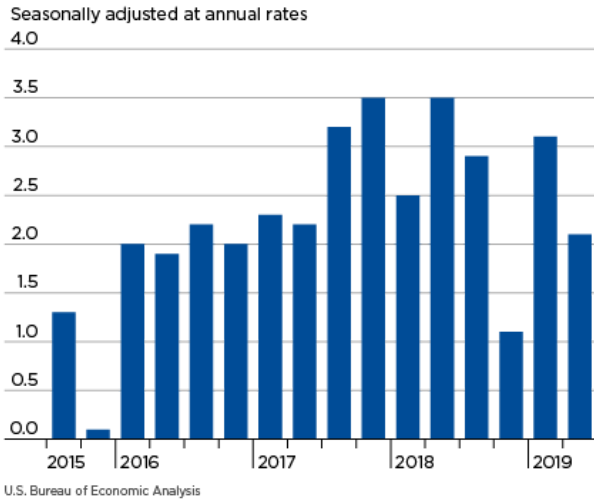
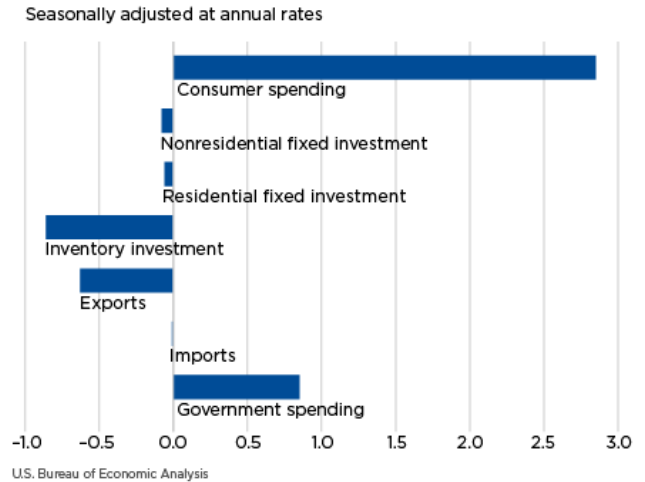


Chart 2. Real GDP: Contributions to the Percent Change in 2019:II



GDP Component Detail

The deceleration in real GDP in the second quarter reflected downturns in private inventory investment, exports, and nonresidential fixed investment. These downturns were partly offset by accelerations in consumer spending and federal government spending.

- The acceleration in consumer spending (line 2) reflected accelerations in spending on both goods and services.
 - The acceleration in spending on goods (line 3) primarily reflected upturns in motor vehicles and parts, in food and beverages purchased for off-premise consumption, and in clothing and footwear.
 - Within services (line 6), a smaller decline in nonprofit hospital services and an upturn in food services and accommodations were partly offset by a deceleration in health care services.
- The downturn in nonresidential fixed investment (line 9) reflected a downturn in structures (line 10) and a deceleration in intellectual property products (IPP) (line 12). Within IPP, research and development and software investment slowed.
- The downturn in private inventory investment (line 14) primarily reflected a downturn in nondurable-goods manufacturing and larger declines in retail and wholesale trade.
- Within exports (line 16), both goods and services exports turned down.
 - Within goods exports (line 17), a larger decrease in nonautomotive capital goods and downturns in automotive vehicles, engines, and parts and in consumer goods were partly offset by an upturn in exports of petroleum.
 - Within services (line 18), the largest contributor to the downturn was travel.
- The acceleration in federal spending (line 23) was more than accounted for by nondefense spending (line 25). Within nondefense, compensation of general government employees and intermediate goods and services purchased both turned up. These components were impacted by the partial government shutdown that occurred in the fourth quarter of 2018 and the first quarter of 2019. For more information, see [“How will the federal government shutdown be reflected in GDP for the fourth quarter of 2018 and the first quarter of 2019?”](#)

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)			
		2019	2018		2019		2018		2019	
		II	III	IV	I	II	III	IV	I	II
1	Gross domestic product¹	100.0	2.9	1.1	3.1	2.1	2.9	1.1	3.1	2.1
2	Personal consumption expenditures	67.7	3.5	1.4	1.1	4.3	2.34	0.97	0.78	2.85
3	Goods	20.7	3.6	1.6	1.5	8.3	0.75	0.33	0.32	1.67
4	Durable goods	6.9	3.6	1.3	0.3	12.9	0.25	0.09	0.02	0.86
5	Nondurable goods	13.8	3.6	1.7	2.2	6.0	0.50	0.24	0.30	0.81
6	Services	47.0	3.4	1.4	1.0	2.5	1.59	0.65	0.46	1.17
7	Gross private domestic investment	18.1	13.7	3.0	6.2	-5.5	2.27	0.53	1.09	-1.00
8	Fixed investment	17.5	0.7	2.7	3.2	-0.8	0.13	0.46	0.56	-0.14
9	Nonresidential	13.7	2.1	4.8	4.4	-0.6	0.29	0.64	0.60	-0.08
10	Structures	3.1	-2.1	-9.0	4.0	-10.6	-0.07	-0.29	0.12	-0.34
11	Equipment	6.0	2.9	7.4	-0.1	0.7	0.17	0.42	0.00	0.04
12	Intellectual property products	4.7	4.1	11.7	10.8	4.7	0.18	0.51	0.48	0.22
13	Residential	3.8	-4.0	-4.7	-1.0	-1.5	-0.16	-0.18	-0.04	-0.06
14	Change in private inventories	0.6	.....	.....	.....	.....	2.14	0.07	0.53	-0.86
15	Net exports of goods and services	-2.9	.....	.....	.....	.....	-2.05	-0.35	0.73	-0.65
16	Exports	12.1	-6.2	1.5	4.1	-5.2	-0.78	0.18	0.49	-0.63
17	Goods	7.9	-9.1	2.6	4.6	-5.0	-0.78	0.21	0.36	-0.40
18	Services	4.2	-0.1	-0.7	3.3	-5.6	0.00	-0.03	0.13	-0.23
19	Imports	14.9	8.6	3.5	-1.5	0.1	-1.27	-0.53	0.23	-0.01
20	Goods	12.1	9.2	2.3	-2.8	0.2	-1.11	-0.28	0.36	-0.02
21	Services	2.9	6.1	8.9	4.5	-0.3	-0.16	-0.24	-0.13	0.01
22	Government consumption expenditures and gross investment	17.1	2.1	-0.4	2.9	5.0	0.36	-0.07	0.50	0.85
23	Federal	6.4	2.9	1.1	2.2	7.9	0.19	0.07	0.14	0.51
24	National defense	3.8	3.0	5.2	7.7	2.8	0.11	0.20	0.29	0.11
25	Nondefense	2.6	2.8	-4.5	-5.4	15.9	0.07	-0.12	-0.15	0.40
26	State and local	10.7	1.6	-1.2	3.3	3.2	0.17	-0.14	0.36	0.35
Addenda:										
27	Gross domestic income (GDI) ²	.....	3.3	0.8	3.2	.....	.....	.....	.....	.....
28	Average of GDP and GDI	.....	3.1	0.9	3.1	.....	.....	.....	.....	.....
29	Final sales of domestic product	99.4	0.8	1.0	2.6	3.0	0.78	1.02	2.57	2.92
30	Goods	29.6	4.8	4.8	7.3	2.4	1.41	1.39	2.12	0.70
31	Services	62.0	2.8	0.6	1.0	2.4	1.73	0.37	0.66	1.50
32	Structures	8.4	-2.5	-7.7	3.9	-1.8	-0.21	-0.67	0.32	-0.15
33	Motor vehicle output	2.7	10.3	1.3	-7.6	-6.2	0.28	0.04	-0.22	-0.17
34	GDP excluding motor vehicle output	97.3	2.7	1.1	3.4	2.3	2.65	1.05	3.32	2.23

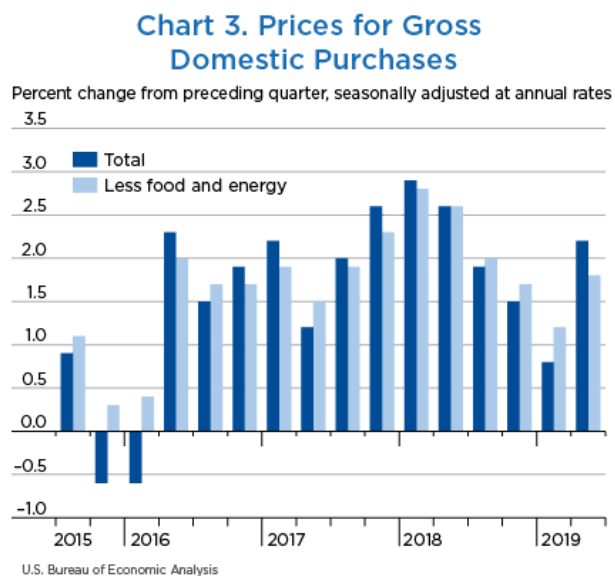
1. The GDP estimates under the contribution columns are also percent changes.

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

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

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 2.2 percent in the second quarter after increasing 0.8 percent in the first quarter (table 2, line 1, and chart 3). The acceleration reflected an acceleration in the prices paid by consumers and an upturn in prices paid for state and local spending (line 19). These movements were partly offset by a downturn in the prices paid for federal nondefense government spending (line 18).



- The acceleration in consumer spending reflected an upturn in the prices for consumer goods (line 3) and an acceleration in the prices for consumer services (line 6).
- The upturn in goods prices was more than accounted for by an upturn in gasoline and other energy goods.
- The acceleration in services mainly reflected an upturn in the prices paid for financial services and insurance.
- The upturn in prices paid for state and local government spending primarily reflected an upturn in prices for consumption expenditures (mainly for intermediate goods and services purchased).
- The downturn in prices paid for federal nondefense spending reflected a downturn in compensation of general government employees that was impacted by the partial government shutdown that occurred in the fourth quarter of 2018 and the first quarter of 2019. For more information, see [“How will the federal government shutdown be reflected in GDP for the fourth quarter of 2018 and the first quarter of 2019?”](#)

Food prices decelerated (line 20), increasing 0.7 percent in the second quarter after increasing 3.0 percent in the first quarter. Energy goods and services increased 18.8 percent after decreasing 16.7 percent in the first quarter (line 21). Gross domestic purchases prices excluding food and energy (line 22) accelerated, increasing 1.8 percent in the second quarter after increasing 1.2 percent in the first quarter.

Consumer prices excluding food and energy (line 25), a measure of the “core” rate of inflation, accelerated, increasing 1.8 percent in the second quarter after increasing 1.1 percent in the first quarter.

Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2018		2019		2018		2019	
		III	IV	I	II	III	IV	I	II
1	Gross domestic purchases¹	1.9	1.5	0.8	2.2	1.9	1.5	0.8	2.2
2	Personal consumption expenditures	1.6	1.3	0.4	2.3	1.05	0.88	0.26	1.53
3	Goods	-0.3	-1.4	-1.6	1.6	-0.07	-0.29	-0.34	0.33
4	Durable goods	-1.2	-1.1	-0.3	-1.6	-0.08	-0.08	-0.02	-0.11
5	Nondurable goods	0.1	-1.5	-2.3	3.3	0.01	-0.21	-0.31	0.44
6	Services	2.5	2.6	1.3	2.7	1.12	1.17	0.60	1.21
7	Gross private domestic investment	2.1	0.7	1.7	2.0	0.36	0.12	0.30	0.35
8	Fixed investment	2.1	0.5	1.8	1.9	0.35	0.09	0.30	0.32
9	Nonresidential	1.6	0.0	1.6	2.0	0.21	0.00	0.20	0.27
10	Structures	3.2	5.6	2.8	4.2	0.10	0.16	0.08	0.12
11	Equipment	1.6	-1.1	1.0	0.4	0.09	-0.06	0.06	0.02
12	Intellectual property products	0.5	-2.2	1.5	2.8	0.02	-0.10	0.07	0.13
13	Residential	3.9	2.5	2.6	1.4	0.14	0.09	0.09	0.05
14	Change in private inventories	.....	.....	.....	.....	0.01	0.03	0.00	0.02
15	Government consumption expenditures and gross investment	3.0	2.9	1.3	1.7	0.51	0.48	0.22	0.30
16	Federal	2.6	2.8	4.6	-1.9	0.16	0.18	0.29	-0.12
17	National defense	2.7	1.8	1.1	1.8	0.10	0.07	0.04	0.07
18	Nondefense	2.4	4.3	10.0	-7.1	0.06	0.11	0.25	-0.19
19	State and local	3.3	2.9	-0.6	4.0	0.35	0.30	-0.06	0.42
Addenda:									
Gross domestic purchases:									
20	Food	0.4	0.2	3.0	0.7	0.02	0.01	0.14	0.03
21	Energy goods and services	3.5	-4.9	-16.7	18.8	0.10	-0.13	-0.49	0.47
22	Excluding food and energy	2.0	1.7	1.2	1.8	1.80	1.59	1.14	1.68
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.4	0.2	3.0	0.6	.....	.....	.....	.....
24	Energy goods and services	3.9	-5.2	-16.7	18.4	.....	.....	.....	.....
25	Excluding food and energy	1.6	1.7	1.1	1.8	.....	.....	.....	.....
26	Gross domestic product	2.0	1.6	1.1	2.4	.....	.....	.....	.....
27	Exports of goods and services	1.1	-1.4	-2.5	3.3	.....	.....	.....	.....
28	Imports of goods and services	0.6	-1.8	-3.5	1.7	.....	.....	.....	.....

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.

Note on Prices

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

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

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

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

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

Personal Income

Personal income (table 3, line 1), which is measured in current dollars, increased \$244.2 billion in the second quarter after increasing \$269.8 billion in the first quarter. Decelerations in private wages and salaries in services-producing industries (line 7) and in personal current transfer receipts (line 19) were partly offset by an upturn in personal income receipts on assets (line 16) and a deceleration in contributions for government social insurance (line 28), which is a subtraction in the calculation of personal income.

Personal current taxes (line 29) increased \$50.8 billion in the second quarter after increasing \$79.2 billion in the first quarter.

Disposable personal income (DPI) (line 30 and chart 4) increased \$193.3 billion in the second quarter after increasing \$190.6 billion in the first quarter.

The personal saving rate (line 33 and chart 5)—personal saving as a percentage of DPI—was 8.1 percent in the second quarter; in the first quarter, the personal saving rate was 8.5 percent.

Real DPI (line 35) increased 2.5 percent in the second quarter after increasing 4.4 percent in the first quarter. Current-dollar DPI (line 34) increased 4.9 percent after increasing 4.8 percent. The differences in the movements in real DPI and current-dollar DPI reflected an acceleration in the implicit price deflator for consumer spending, which is used to deflate DPI.

Chart 4. Real Disposable Personal Income

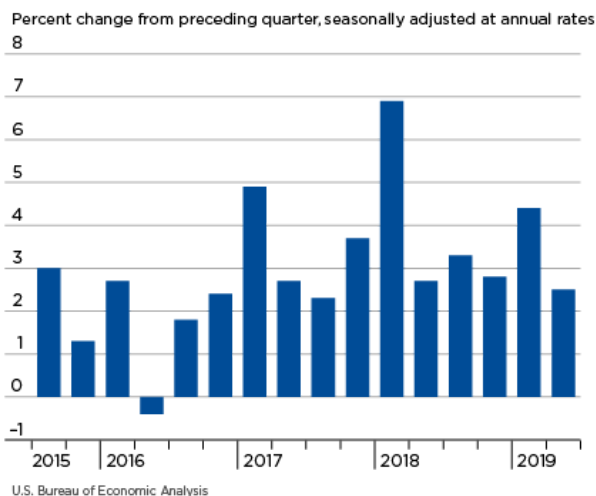


Chart 5. Personal Saving Rate

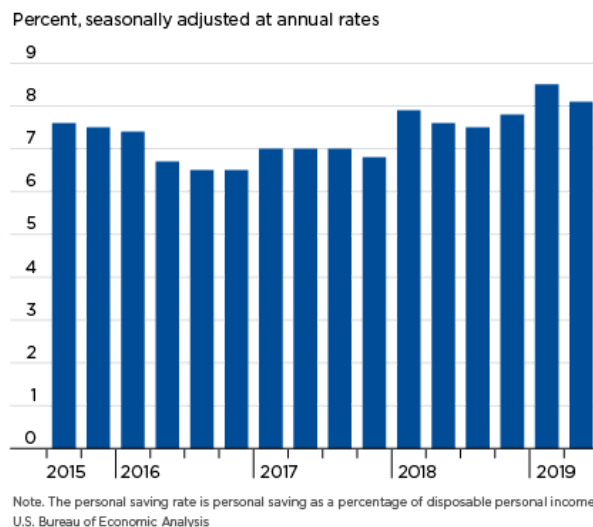


Table 3. Personal Income and Its Disposition

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

Line		Level		Change from preceding period			
		2019		2018		2019	
		I	II	III	IV	I	II
1	Personal income	18,352.6	18,596.8	203.5	154.3	269.8	244.2
2	Compensation of employees	11,303.4	11,435.1	118.1	63.1	246.0	131.7
3	Wages and salaries	9,208.5	9,318.6	97.2	47.8	218.5	110.0
4	Private industries	7,776.5	7,875.7	78.7	37.2	209.7	99.3
5	Goods-producing industries	1,524.2	1,547.9	17.9	10.6	36.2	23.7
6	Manufacturing	906.8	915.1	9.6	6.9	15.3	8.3
7	Services-producing industries	6,252.3	6,327.9	60.8	26.6	173.5	75.6
8	Trade, transportation, and utilities	1,404.1	1,409.7	9.5	6.8	31.0	5.6
9	Other services-producing industries	4,848.2	4,918.2	51.2	19.8	142.4	70.0
10	Government	1,432.0	1,442.8	18.5	10.6	8.8	10.8
11	Supplements to wages and salaries	2,094.9	2,116.6	20.9	15.3	27.5	21.7
12	Proprietors' income with IVA and CCAAdj	1,621.2	1,631.6	16.7	34.4	-3.2	10.4
13	Farm	24.8	18.3	-10.2	18.6	-11.1	-6.5
14	Nonfarm	1,596.3	1,613.3	26.8	15.8	7.9	16.9
15	Rental income of persons with CCAAdj	767.0	777.8	11.2	-1.1	2.9	10.8
16	Personal income receipts on assets	2,955.1	3,019.5	48.4	44.3	-46.8	64.4
17	Personal interest income	1,699.3	1,754.9	24.7	8.0	-27.9	55.6
18	Personal dividend income	1,255.8	1,264.6	23.7	36.4	-19.0	8.8
19	Personal current transfer receipts	3,113.1	3,155.1	20.7	19.9	109.4	42.0
20	Government social benefits to persons	3,058.7	3,100.7	19.4	19.5	109.7	42.0
21	Social security	1,022.9	1,030.5	8.0	9.1	37.8	7.7
22	Medicare	774.9	793.6	14.8	17.9	20.3	18.7
23	Medicaid	610.3	627.8	2.5	-5.3	12.8	17.5
24	Unemployment insurance	26.9	26.0	-0.7	-0.5	0.9	-0.9
25	Veterans' benefits	116.4	118.4	0.9	1.9	4.6	2.0
26	Other	507.3	504.4	-6.2	-3.6	33.5	-2.9
27	Other current transfer receipts, from business (net)	54.4	54.4	1.4	0.4	-0.3	0.0
28	Less: Contributions for government social insurance	1,407.2	1,422.3	11.5	6.3	38.5	15.1
29	Less: Personal current taxes	2,156.6	2,207.4	14.8	-9.1	79.2	50.8
30	<i>Equals:</i> Disposable personal income (DPI)	16,196.0	16,389.4	188.8	163.4	190.6	193.3
31	Less: Personal outlays	14,823.0	15,065.4	189.8	102.2	65.2	242.4
32	<i>Equals:</i> Personal saving	1,373.0	1,324.0	-1.0	61.2	125.4	-49.0
33	Personal saving as a percentage of DPI	8.5	8.1	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
34	Current-dollar DPI	.....	.....	4.9	4.2	4.8	4.9
35	Real DPI, chained (2012) dollars	.....	.....	3.3	2.8	4.4	2.5

CCAAdj Capital consumption adjustment

IVA Inventory valuation adjustment

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

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 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.

1. “Real” estimates are in chained (2012) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the January 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.”