



Chronicling 100 Years of the U.S. Economy

June 2021

Volume 101, Number 6

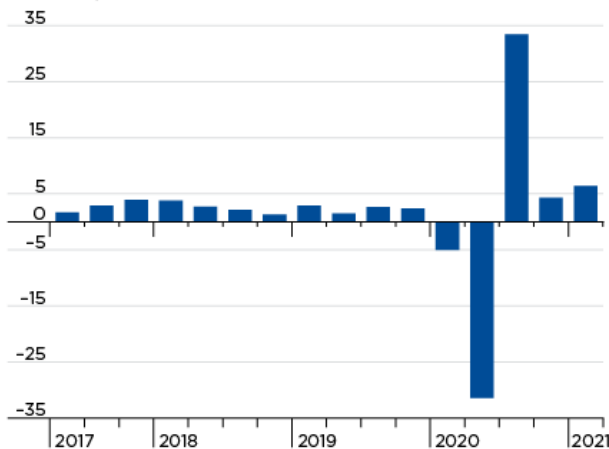
GDP and the Economy

Second Estimates for the First Quarter of 2021

Real gross domestic product (GDP) increased at an annual rate of 6.4 percent in the first quarter of 2021, according to the second estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ In the fourth quarter of 2020, real GDP increased 4.3 percent. The increase in real GDP in the first quarter reflected increases in consumer spending, nonresidential fixed investment, federal government spending, residential fixed investment, and state and local government spending that were partly offset by decreases in private inventory investment and exports.² Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).

Chart 1. Real GDP: Percent Change from Preceding Quarter

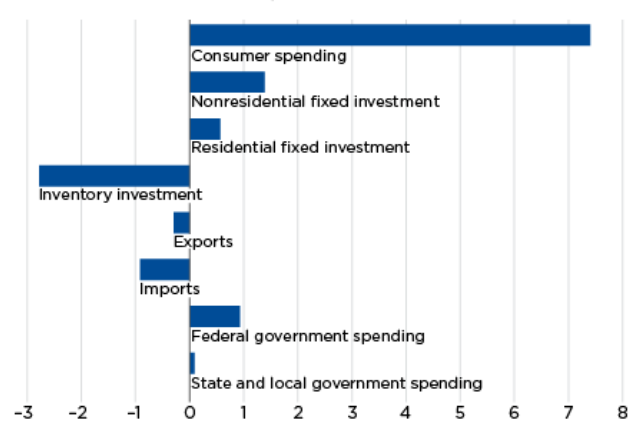
Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2021:Q1

Percentage points, seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Impact of the Coronavirus (COVID-19) Pandemic on the First-Quarter 2021 GDP Estimate

The increase in first-quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the first quarter, government assistance payments, such as direct economic impact payments, expanded unemployment benefits, and Paycheck Protection Program loans, were distributed to households and businesses through the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimates, because the impacts are generally embedded in source data and cannot be separately identified. For more information, see the [“Technical Note”](#) for the second estimate of first-quarter 2021 GDP and [“Federal Recovery Program and BEA Statistics.”](#)

GDP by Expenditure

The acceleration in real GDP growth in the first quarter reflected the continued economic recovery from the COVID-19 pandemic as government assistance payments were distributed to households and businesses. An acceleration in consumer spending and upturns in federal as well as state and local government spending more than accounted for the acceleration in real GDP. These were partly offset by downturns in private inventory investment and exports and by decelerations in residential fixed investment and nonresidential fixed investment. Imports slowed.

- The acceleration in consumer spending reflected an upturn in spending on goods and an acceleration in spending on services.
 - Within goods, all components of both durable and nondurable goods contributed to the upturn. The leading contributors were upturns in spending on motor vehicles and parts, food and beverages purchased for off-premises consumption, furnishings and durable household equipment, and recreational goods and vehicles.
 - Within services, the leading contributors to the acceleration were upturns in spending on food services and accommodations, transportation services, and recreation services. These upturns were mostly offset by a downturn in spending on health care services.
- The upturn in federal government spending primarily reflected an upturn in nondefense consumption expenditures on intermediate goods and services purchased by government. In the first quarter, the processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government added approximately \$13.2 billion (\$52.6 billion at an annual rate) to nondefense services. Federal government purchases of COVID-19 vaccines for distribution to the public contributed to the upturn in nondefense goods.
- The upturn in state and local government spending reflected an upturn in consumption expenditures, led by compensation of employees, that was partly offset by a downturn in gross investment, led by a downturn in structures.
- The downturn in private inventory investment was led by a downturn in manufacturing and a larger decrease in retail trade. The downturn in manufacturing reflected downturns in both durable and nondurable goods industries. Within retail trade, the larger decrease primarily reflected a larger decrease in inventory investment by motor vehicle dealers.
- The downturn in exports reflected downturns in both goods, led by downturns in industrial supplies and in foods, feeds, and beverages, and services, led by a deceleration in transport and a downturn in royalties and license fees.
- Residential fixed investment slowed, largely reflecting a downturn in brokers' commissions and a slowdown in new residential structures, notably single-family units.
- Nonresidential fixed investment slowed, reflecting a slowdown in investment in equipment that was partly offset by an acceleration in intellectual property products and a smaller decrease in investment in structures.
 - The slowdown in equipment investment reflected a slowdown in transportation equipment that was partly offset by an acceleration in information processing equipment.
 - The acceleration in intellectual property products was more than accounted for by a pickup in software investment.
 - The smaller decrease in structures was more than accounted for by an upturn in investment in industrial structures.
- Imports slowed. As a subtraction in the calculation of GDP, imports contributed to the acceleration in first-quarter GDP. The main contributor was a downturn in automotive vehicles, engines, and parts.

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

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2021	2020			2021	2020			2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Gross domestic product¹	100.0	-31.4	33.4	4.3	6.4	-31.4	33.4	4.3	6.4
2	Personal consumption expenditures	68.3	-33.2	41.0	2.3	11.3	-24.01	25.44	1.58	7.40
3	Goods	23.6	-10.8	47.2	-1.4	25.6	-2.06	9.55	-0.32	5.34
4	Durable goods	8.8	-1.7	82.7	-1.1	48.6	0.00	5.20	-0.09	3.40
5	Nondurable goods	14.8	-15.0	31.1	-1.6	14.0	-2.05	4.35	-0.23	1.95
6	Services	44.7	-41.8	38.0	4.3	4.6	-21.95	15.89	1.90	2.06
7	Gross private domestic investment	17.7	-46.6	86.3	27.8	-4.7	-8.77	11.96	4.41	-0.82
8	Fixed investment	18.1	-29.2	31.3	18.6	11.3	-5.27	5.39	3.04	1.96
9	Nonresidential	13.4	-27.2	22.9	13.1	10.8	-3.67	3.20	1.65	1.39
10	Structures	2.5	-33.6	-17.4	-6.2	-5.8	-1.11	-0.53	-0.17	-0.15
11	Equipment	5.9	-35.9	68.2	25.4	13.4	-2.03	3.26	1.32	0.76
12	Intellectual property products	5.0	-11.4	8.4	10.5	16.9	-0.53	0.46	0.49	0.78
13	Residential	4.8	-35.6	63.0	36.6	12.7	-1.60	2.19	1.39	0.57
14	Change in private inventories	-0.4	.....	.....	.....	.....	-3.50	6.57	1.37	-2.78
15	Net exports of goods and services	-3.9	.....	.....	.....	.....	0.62	-3.21	-1.53	-1.20
16	Exports	10.4	-64.4	59.6	22.3	-2.9	-9.51	4.89	2.04	-0.29
17	Goods	7.3	-66.8	104.3	31.1	-3.4	-6.56	4.87	1.88	-0.24
18	Services	3.1	-59.6	-0.5	5.2	-1.6	-2.95	0.03	0.16	-0.05
19	Imports	14.3	-54.1	93.1	29.8	6.7	10.13	-8.10	-3.57	-0.91
20	Goods	12.2	-49.6	110.2	31.0	6.5	7.32	-7.67	-3.12	-0.75
21	Services	2.1	-69.9	24.9	23.8	7.6	2.80	-0.43	-0.45	-0.16
22	Government consumption expenditures and gross investment	17.9	2.5	-4.8	-0.8	5.8	0.77	-0.75	-0.14	1.02
23	Federal	7.1	16.4	-6.2	-0.9	13.9	1.17	-0.38	-0.06	0.93
24	National defense	4.1	3.8	3.2	4.8	-3.4	0.18	0.17	0.20	-0.14
25	Nondefense	3.0	37.6	-18.3	-8.9	44.8	0.98	-0.55	-0.26	1.07
26	State and local	10.8	-5.4	-3.9	-0.8	0.8	-0.40	-0.37	-0.08	0.09
Addenda:										
27	Gross domestic income (GDI) ²	.....	-32.6	24.1	19.4	.....	.....	.....	.....	.....
28	Average of GDP and GDI	.....	-32.0	28.7	11.6	.....	.....	.....	.....	.....
29	Final sales of domestic product	100.4	-28.1	25.9	2.9	9.4	-27.88	26.87	2.95	9.18
30	Goods	31.2	-29.0	62.4	5.4	10.2	-7.40	17.42	1.69	3.16
31	Services	59.9	-32.9	23.7	2.1	5.2	-21.32	14.60	1.27	3.09
32	Structures	8.9	-28.4	14.9	16.7	1.6	-2.66	1.42	1.36	0.15
33	Motor vehicle output	2.8	-86.9	1,133.9	-12.7	3.7	-3.99	5.92	-0.40	0.10
34	GDP excluding motor vehicle output	97.2	-29.0	26.7	4.9	6.5	-27.39	27.52	4.72	6.29

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

2. GDI is deflated by the implicit price deflator for GDP. The fourth-quarter 2020 change in GDI reflects the incorporation of new data on private wages and salaries.

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 3.9 percent in the first quarter after increasing 1.7 percent in the fourth quarter (table 2 and chart 3). The leading contributors to the acceleration were accelerations in the prices that consumers paid for gasoline and other energy goods and for health care services, and in the prices paid by state and local governments, notably for petroleum products. Notable offsets included a downturn in the prices that consumers paid for transportation services and motor vehicles and parts and a slowdown in prices for food services and accommodations.

Food prices decreased 0.1 percent in the first quarter; they were unchanged in the fourth quarter. Prices for energy goods and services increased 46.1 percent after increasing 9.1 percent. Gross domestic purchases prices excluding food and energy increased 3.3 percent after increasing 1.6 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, accelerated, increasing 2.5 percent in the first quarter after increasing 1.3 percent in the fourth quarter.

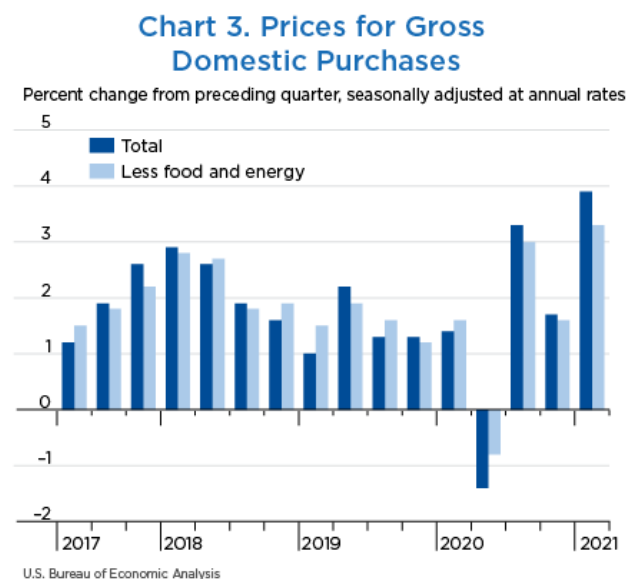


Table 2. Prices for Gross Domestic Purchases

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

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2020			2021	2020			2021
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Gross domestic purchases¹	-1.4	3.3	1.7	3.9	-1.4	3.3	1.7	3.9
2	Personal consumption expenditures	-1.6	3.7	1.5	3.7	-1.06	2.39	0.96	2.45
3	Goods	-5.6	5.4	0.1	5.6	-1.21	1.18	0.02	1.24
4	Durable goods	-3.1	8.2	0.0	1.8	-0.23	0.62	0.00	0.15
5	Nondurable goods	-6.8	4.0	0.2	8.0	-0.98	0.56	0.02	1.09
6	Services	0.3	2.8	2.2	2.8	0.15	1.21	0.94	1.21
7	Gross private domestic investment	-0.1	2.7	1.5	2.7	0.00	0.43	0.26	0.47
8	Fixed investment	0.8	2.2	1.8	3.3	0.14	0.38	0.30	0.58
9	Nonresidential	0.8	0.1	0.2	0.5	0.11	0.02	0.03	0.07
10	Structures	-1.1	0.5	0.1	4.1	-0.03	0.01	0.00	0.10
11	Equipment	0.0	-0.6	-1.8	1.2	0.00	-0.03	-0.10	0.07
12	Intellectual property products	2.9	0.7	2.7	-2.1	0.14	0.04	0.13	-0.10
13	Residential	1.0	9.5	6.5	11.9	0.04	0.37	0.27	0.51
14	Change in private inventories	.....	.....	.....	.....	-0.14	0.05	-0.04	-0.11
15	Government consumption expenditures and gross investment	-1.9	2.6	2.8	6.0	-0.35	0.48	0.48	1.02
16	Federal	-1.1	1.7	2.6	3.8	-0.08	0.12	0.18	0.25
17	National defense	-2.5	2.0	2.8	4.2	-0.10	0.08	0.11	0.17
18	Nondefense	1.0	1.3	2.4	3.1	0.03	0.04	0.06	0.09
19	State and local	-2.4	3.2	2.9	7.5	-0.28	0.36	0.30	0.77
Addenda:									
	Gross domestic purchases:								
20	Food	15.7	-1.7	0.0	-0.1	0.77	-0.09	0.00	0.00
21	Energy goods and services	-45.7	27.4	9.1	46.1	-1.47	0.59	0.19	0.90
22	Excluding food and energy	-0.8	3.0	1.6	3.3	-0.71	2.80	1.51	3.04
	Personal consumption expenditures:								
23	Food and beverages purchased for off-premises consumption	15.4	-1.9	-0.4	0.7	.....	.....	.....	.....
24	Energy goods and services	-44.9	24.9	11.5	46.9	.....	.....	.....	.....
25	Excluding food and energy	-0.8	3.4	1.3	2.5	.....	.....	.....	.....
26	Gross domestic product	-1.8	3.5	2.0	4.3	.....	.....	.....	.....
27	Exports of goods and services	-18.8	12.8	5.9	19.8	.....	.....	.....	.....
28	Imports of goods and services	-12.8	8.6	2.2	12.9	.....	.....	.....	.....

1. The estimates 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.

Personal Income

Personal income (table 3), which is measured in current dollars, increased \$2.44 trillion, in contrast to a decrease of \$203.6 billion (revised) in the fourth quarter. The increase in personal income primarily reflected increases in personal current transfer receipts (notably, government social benefits) and compensation that were partly offset by decreases in proprietors' income and personal dividend income. The addenda lines in table 3 include detail on the effects of selected federal pandemic response programs on personal income.

- Within government social benefits, “other” social benefits and unemployment insurance increased, primarily reflecting increases in economic impact payments and in pandemic unemployment compensation payments.
- Within compensation, the leading contributor to the increase was private wages and salaries.
- Within proprietors' income, a decrease in farm proprietors' income was partly offset by an increase in nonfarm proprietors' income. For farm proprietors' income, the decrease primarily reflected a decrease in payments related to the Coronavirus Food Assistance Program designed to support farmers and ranchers impacted by COVID-19.
- The decrease in personal dividend income was based primarily on company financial data for the first quarter.

Personal current taxes increased \$42.6 billion in the first quarter after increasing \$78.6 billion in the fourth quarter.

Disposable personal income (DPI) increased \$2.40 trillion in the first quarter after decreasing \$282.2 billion in the fourth quarter. Personal outlays increased \$523.0 billion after increasing \$125.3 billion in the fourth quarter.

The personal saving rate (chart 4)—personal saving as a percentage of DPI—was 21.4 percent in the first quarter, compared with 13.6 percent in the fourth.

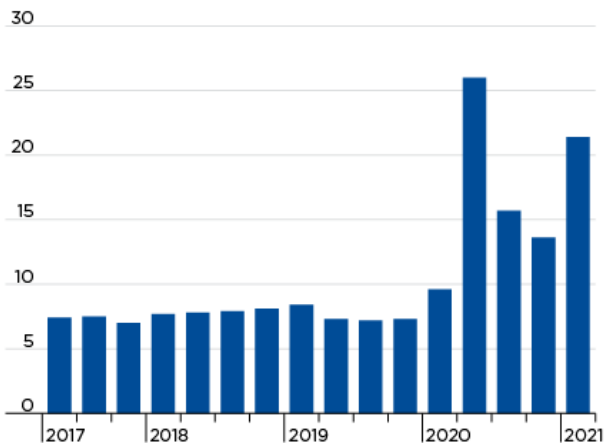
Real DPI (chart 5) increased 61.7 percent in the first quarter after decreasing 7.6 percent in the fourth quarter. Current-dollar DPI increased 67.7 percent after decreasing 6.2 percent.

With the release of the second estimate of GDP, the Bureau of Economic Analysis also released revised estimates of fourth-quarter 2020 wages and salaries, personal taxes, contributions for social insurance, and gross domestic income (GDI). These estimates reflect updated data from the Bureau of Labor Statistics Quarterly Census of Employment and Wages. As a result, for the fourth quarter of 2020:

- Wages and salaries are now estimated to have increased \$360.5 billion, an upward revision of \$157.8 billion.
- Personal income is now estimated to have decreased \$203.6 billion, an upward revision of \$147.8 billion.
- Real DPI is now estimated to have decreased 7.6 percent; in the previously published estimate, real DPI decreased 10.1 percent.
- The personal saving rate is now estimated at 13.6 percent; in the previously published estimate, the personal saving rate was 13.0 percent.
- The increase in fourth-quarter real GDI (table 1) is now estimated at 19.4 percent; in the previously published estimate, real GDI increased 15.7 percent.

Chart 4. Personal Saving Rate

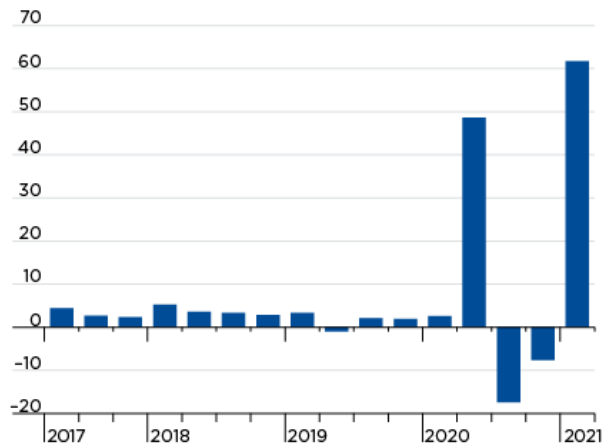
Percent, seasonally adjusted at annual rates



Note. The personal saving rate is personal saving as a percentage of disposable personal income.
U.S. Bureau of Economic Analysis

Chart 5. Real Disposable Personal Income

Percent change from preceding quarter, seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Table 3. Personal Income and Its Disposition
[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line	Series	Level		Change from preceding period			
		2020	2021	2020			2021
		Q4	Q1	Q2	Q3	Q4	Q1
1	Personal income	19,649.9	22,090.0	1,506.3	-603.8	-203.6	2,440.1
2	Compensation of employees	11,872.7	12,117.8	-724.9	516.7	406.5	245.1
3	Wages and salaries	9,703.8	9,908.2	-617.3	434.5	360.5	204.4
4	Private industries	8,267.1	8,462.3	-557.3	413.7	366.2	195.2
5	Goods-producing industries	1,563.3	1,604.7	-112.1	75.3	56.9	41.4
6	Manufacturing	926.0	958.6	-56.0	29.2	39.0	32.6
7	Services-producing industries	6,703.8	6,857.6	-445.2	338.4	309.2	153.8
8	Trade, transportation, and utilities	1,505.8	1,537.9	-82.0	85.7	58.0	32.1
9	Other services-producing industries	5,198.0	5,319.7	-363.2	252.7	251.2	121.7
10	Government	1,436.8	1,445.9	-60.0	20.8	-5.6	9.2
11	Supplements to wages and salaries	2,168.8	2,209.6	-107.7	82.2	46.0	40.8
12	Proprietors' income with IVA and CCAdj	1,759.7	1,737.1	-194.1	291.1	-43.3	-22.5
13	Farm	100.5	64.1	-17.5	23.8	37.8	-36.5
14	Nonfarm	1,659.1	1,673.1	-176.6	267.2	-81.1	13.9
15	Rental income of persons with CCAdj	804.3	811.7	-6.3	8.3	-0.1	7.4
16	Personal income receipts on assets	2,904.3	2,895.6	-74.1	-57.9	52.0	-8.7
17	Personal interest income	1,624.3	1,646.2	-42.7	-17.3	4.5	21.9
18	Personal dividend income	1,280.0	1,249.4	-31.4	-40.6	47.5	-30.6
19	Personal current transfer receipts	3,792.1	6,050.4	2,442.5	-1,308.8	-577.2	2,258.3
20	Government social benefits to persons	3,745.8	6,003.5	2,437.8	-1,304.0	-577.6	2,257.7
21	Social security	1,089.6	1,107.6	6.9	5.2	8.9	18.0
22	Medicare	860.6	880.1	19.4	18.7	17.9	19.5
23	Medicaid	682.4	694.4	44.7	14.9	-1.3	12.0
24	Unemployment insurance	296.4	544.3	1,041.1	-309.4	-478.7	247.9
25	Veterans' benefits	148.2	150.9	3.5	3.3	2.9	2.7
26	Other	668.5	2,626.1	1,322.1	-1,036.7	-127.3	1,957.6
27	Other current transfer receipts, from business (net)	46.2	46.9	4.7	-4.7	0.3	0.6
28	Less: Contributions for government social insurance	1,483.1	1,522.6	-63.2	53.3	41.5	39.4
29	Less: Personal current taxes	2,270.2	2,312.7	-155.9	95.1	78.6	42.6
30	Equals: Disposable personal income (DPI)	17,379.7	19,777.3	1,662.2	-698.9	-282.2	2,397.6
31	Less: Personal outlays	15,012.4	15,535.4	-1,513.3	1,297.2	125.3	523.0
32	Personal consumption expenditures	14,537.0	15,069.2	-1,448.1	1,304.2	135.5	532.2
33	Personal interest payments ¹	270.5	259.5	-66.9	1.2	-16.7	-11.0
34	Personal current transfer payments	205.0	206.7	1.7	-8.2	6.5	1.7
35	Equals: Personal saving	2,367.3	4,241.9	3,175.5	-1,996.0	-407.5	1,874.6
36	Personal saving as a percentage of DPI	13.6	21.4	.....	.....	.....	.....
Addenda:							
Percent change at annual rate							
37	Current-dollar DPI	.....	.....	46.2	-14.4	-6.2	67.7
38	Real DPI, chained (2012) dollars	.....	.....	48.6	-17.4	-7.6	61.7
The effects of selected federal pandemic response programs on personal income (billions of dollars)							
In farm proprietors' income with IVA and CCAdj:							
39	Coronavirus Food Assistance Program ²	46.2	0.9	16.9	1.6	27.8	-45.3
40	Paycheck Protecton Program loans to businesses ³	2.8	4.9	6.5	2.7	-6.4	2.1
In nonfarm proprietors' income with IVA and CCAdj:							
41	Paycheck Protecton Program loans to businesses ³	89.3	76.8	209.1	88.0	-207.7	-12.6
In government social benefits to persons, Medicare:							
42	Increase in Medicare reimbursement rates ⁴	15.1	15.5	9.7	5.1	0.3	0.4
In government social benefits to persons, Unemployment insurance: ⁵							

Line	Series	Level		Change from preceding period			
		2020	2021	2020			2021
		Q4	Q1	Q2	Q3	Q4	Q1
43	Extended Unemployment Benefits	11.0	185.6	.....	3.1	7.9	7.6
44	Pandemic Emergency Unemployment Compensation	63.6	74.1	7.2	16.7	39.8	10.5
45	Pandemic Unemployment Assistance	110.3	97.2	101.5	54.6	-45.8	-13.1
46	Pandemic Unemployment Compensation Payments	13.6	283.6	679.2	-306.1	-359.5	270.0
	In government social benefits to persons, Other:						
47	Economic impact payments ⁶	5.0	1,933.7	1,078.1	-1,062.5	-10.5	1,928.6
48	Lost wages supplemental payments ⁷	35.9	1.6	.....	106.2	-70.4	-34.2
49	Paycheck Protection Program loans to NPISH ³	10.8	10.8	19.1	7.9	-16.2	0.0
50	Provider Relief Fund to NPISH ⁸	34.5	43.0	160.9	-102.5	-24.0	8.5
	In personal outlays, personal interest payments:						
51	Student loan forbearance ⁹	36.0	-36.0	-28.9	0.0	0.0	0.0

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

1. Consists of nonmortgage interest paid by households. Note that mortgage interest paid by households is an expense item in the calculation of rental income of persons.
2. The Coronavirus Food Assistance Program, initially established by the Coronavirus Aid, Relief and Economic Security Act (CARES), provides direct support to farmers and ranchers where prices and market supply chains have been impacted by the COVID-19 pandemic.
3. The Paycheck Protection Program, initially established by the CARES Act, provides forgivable loans to help small businesses and nonprofit institutions make payroll and cover other expenses. It also provides funding to reimburse private lending institutions for the costs of administering these loans. For more information, see [“How does the Paycheck Protection Program impact the national income and product accounts \(NIPAs\)?”](#).
4. A 2 percent reduction in reimbursements paid to Medicare service providers that went into effect in 2013 was initially suspended by the CARES Act. The resulting increased reimbursement rates went into effect beginning on May 1, 2020.
5. Unemployment insurance benefits were expanded through several programs that were initially established through the CARES Act. For more information, see [“How will the expansion of unemployment benefits in response to the COVID-19 pandemic be recorded in the NIPAs?”](#).
6. Economic impact payments, initially established by the CARES Act, provide direct payments to individuals. For more information, see [“How are the economic impact payments to support individuals during the COVID-19 pandemic recorded in the NIPAs?”](#)
7. The Federal Emergency Management Agency (FEMA) was authorized to make payments from the Disaster Relief Fund to supplement wages lost as a result of the COVID-19 pandemic.
8. The Department of Health and Human Services distributes money from the Provider Relief Fund to hospitals and health care providers on the front lines of the coronavirus response. This funding supports health care-related expenses or lost revenue attributable to COVID-19 and ensures uninsured Americans can get treatment for COVID-19. In the NIPAs, funds provided to nonprofit hospitals are recorded as social benefits.
9. Interest payments due on certain categories of federally-held student loans were initially suspended by the CARES Act. For more information, see [“How does the federal response to the COVID-19 affect BEA's estimate of personal interest payments”](#).

Note. Dollar levels and percent changes are from NIPA tables [2.1](#) and [2.2B](#).

Updates

In the second estimate for the first quarter, real GDP increased 6.4 percent, the same rate as in the advance estimate (table 4). Upward revisions to consumer spending, nonresidential fixed investment, and residential fixed investment were offset by downward revisions to exports, private inventory investment, and state and local government spending. Imports were revised up.

- Within consumer spending, an upward revision to goods was partly offset by a downward revision to services.
 - For goods, the revision was led by upward revisions to motor vehicles (notably, used and new light trucks) and other durable goods (notably, jewelry).
 - For services, the revision primarily reflected a downward revision to health care, led by nonprofit hospital services as well as physician services.
- The revision to nonresidential fixed investment was more than accounted for by an upward revision to intellectual property products (both software and research and development) that was partly offset by a downward revision to equipment (notably, computers and peripheral equipment) and a downward revision to transportation equipment (notably, aircraft and light trucks).
- The upward revision to residential investment was led by new single-family structures.
- Within exports, the downward revision was primarily attributable to petroleum and products.
- Within imports, the revision primarily reflected an upward revision to nondurable consumer goods, except food.
- The revision to private inventory investment was led by downward revisions to manufacturing and information industries that were partly offset by an upward revision to wholesale trade.
- Within state and local government spending, the revision reflected downward revisions to structures investment and employee compensation.

Table 4. Advance and Second Estimates for the First Quarter of 2021

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Advance estimate	Second estimate	Second estimate minus advance estimate	Advance estimate	Second estimate	Second estimate minus advance estimate
1	Gross domestic product (GDP)¹	6.4	6.4	0.0	6.4	6.4	0.0
2	Personal consumption expenditures	10.7	11.3	0.6	7.02	7.40	0.38
3	Goods	23.6	25.6	2.0	4.94	5.34	0.40
4	Durable goods	41.4	48.6	7.2	2.95	3.40	0.45
5	Nondurable goods	14.4	14.0	-0.4	2.00	1.95	-0.05
6	Services	4.6	4.6	0.0	2.07	2.06	-0.01
7	Gross private domestic investment	-5.0	-4.7	0.3	-0.87	-0.82	0.05
8	Fixed investment	10.1	11.3	1.2	1.77	1.96	0.19
9	Nonresidential	9.9	10.8	0.9	1.29	1.39	0.10
10	Structures	-4.8	-5.8	-1.0	-0.12	-0.15	-0.03
11	Equipment	16.7	13.4	-3.3	0.93	0.76	-0.17
12	Intellectual property products	10.1	16.9	6.8	0.48	0.78	0.30
13	Residential	10.8	12.7	1.9	0.49	0.57	0.08
14	Change in private inventories	.....	.....	.....	-2.64	-2.78	-0.14
15	Net exports of goods and services	.....	.....	.....	-0.87	-1.20	-0.33
16	Exports	-1.1	-2.9	-1.8	-0.10	-0.29	-0.19
17	Goods	-0.9	-3.4	-2.5	-0.06	-0.24	-0.18
18	Services	-1.5	-1.6	-0.1	-0.05	-0.05	0.00
19	Imports	5.7	6.7	1.0	-0.77	-0.91	-0.14
20	Goods	5.5	6.5	1.0	-0.64	-0.75	-0.11
21	Services	6.5	7.6	1.1	-0.13	-0.16	-0.03
22	Government consumption expenditures and gross investment	6.3	5.8	-0.5	1.12	1.02	-0.10
23	Federal	13.9	13.9	0.0	0.93	0.93	0.00
24	National defense	-3.4	-3.4	0.0	-0.14	-0.14	0.00
25	Nondefense	44.8	44.8	0.0	1.07	1.07	0.00
26	State and local	1.7	0.8	-0.9	0.19	0.09	-0.10
Addenda:							
27	Final sales of domestic product	9.2	9.4	0.2	9.03	9.18	0.15
28	Gross domestic purchases price index	3.8	3.9	0.1	.....	.....	.....
29	GDP price index	4.1	4.3	0.2	.....	.....	.....

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

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.

Corporate Profits

Measured in current dollars, profit from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment (CCAdj)) decreased \$0.2 billion in the first quarter, compared with a decrease of \$31.4 billion in the fourth quarter (table 5). Profits of domestic financial corporations decreased \$3.6 billion in the first quarter, in contrast to an increase of \$17.5 billion in the fourth quarter. Profits of domestic nonfinancial corporations increased \$12.4 billion, in contrast to a decrease of \$48.2 billion. Rest-of-the-world profits decreased \$9.0 billion, compared with a decrease of \$0.7 billion. In the first quarter, receipts increased \$31.0 billion, and payments increased \$40.0 billion.

Estimates of corporate profits were affected by a legal settlement paid by Boeing in the first quarter. The NIPAs record these settlements on an accrual basis in the quarter when the settlement is finalized, regardless of when they are recorded on a company's financial statement. The settlement agreement paid by Boeing totaled \$2.5 billion (\$10.1 billion at an annual rate) and reflected payments of \$0.2 billion to the federal government, \$0.6 billion to the air transportation industry, and \$1.7 billion to the “rest of the world.”

Profits after tax (without IVA and CCAdj), BEA's profits measure that is conceptually most similar to the profits for companies in the Standard & Poor's 500 Index, increased \$95.5 billion in the first quarter.

Table 5. Corporate Profits

[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2021	2020				2021	2020			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
1	Current production measures:										
2	Corporate profits with IVA and CCAdj	2,294.1	-208.9	499.6	-31.4	-0.2	-10.3	27.4	-1.4	0.0	
3	Domestic industries	1,868.9	-119.4	448.3	-30.7	8.7	-7.6	31.1	-1.6	0.5	
4	Financial	483.7	26.5	12.1	17.5	-3.6	6.1	2.6	3.7	-0.7	
5	Nonfinancial	1,385.2	-145.9	436.2	-48.2	12.4	-12.9	44.3	-3.4	0.9	
6	Rest of the world	425.2	-89.5	51.3	-0.7	-9.0	-18.9	13.4	-0.2	-2.1	
7	Receipts from the rest of the world	829.1	-134.5	113.0	29.0	31.0	-17.0	17.2	3.8	3.9	
8	Less: Payments to the rest of the world	403.9	-45.0	61.7	29.7	40.0	-14.2	22.7	8.9	11.0	
9	Less: Taxes on corporate income	358.0	-18.8	70.5	35.6	15.2	-7.3	29.8	11.6	4.4	
10	Equals: Profits after tax	1,936.0	-190.1	429.1	-67.0	-15.4	-10.7	27.0	-3.3	-0.8	
11	Net dividends	1,336.8	-15.0	-19.5	30.4	-38.6	-1.1	-1.4	2.3	-2.8	
12	Undistributed profits from current production	599.2	-175.1	448.6	-97.4	23.2	-43.8	199.5	-14.5	4.0	
13	Net cash flow	2,589.4	-219.4	518.5	-75.6	44.6	-9.5	24.7	-2.9	1.8	
	Industry profits:										
14	Profits with IVA	2,312.4	-209.2	497.7	-28.5	-1.1	-10.2	27.0	-1.2	0.0	
15	Domestic industries	1,887.3	-119.7	446.4	-27.8	7.9	-7.6	30.6	-1.5	0.4	
16	Financial	497.4	26.3	12.3	18.7	-4.6	5.9	2.6	3.9	-0.9	
17	Nonfinancial	1,389.8	-146.1	434.1	-46.5	12.6	-12.9	43.9	-3.3	0.9	
18	Rest of the world	425.2	-89.5	51.3	-0.7	-9.0	-18.9	13.4	-0.2	-2.1	
	Addenda:										
19	Profits before tax (without IVA and CCAdj)	2,536.0	-200.8	632.3	-0.8	110.7	-10.1	35.2	0.0	4.6	
20	Profits after tax (without IVA and CCAdj)	2,177.9	-182.0	561.8	-36.4	95.5	-10.5	36.1	-1.7	4.6	
21	IVA	-223.5	-8.4	-134.5	-27.7	-111.7	.....	.....	.....	.....
22	CCAdj	-18.4	0.3	1.9	-2.9	0.8	.....	.....	.....	.....

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](#).

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).

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 2021 *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."