



GDP and the Economy

Third 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 third estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ With the third estimate, real GDP growth for the first quarter was unrevised from the second estimate issued last month (see “[Updates](#)”). 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

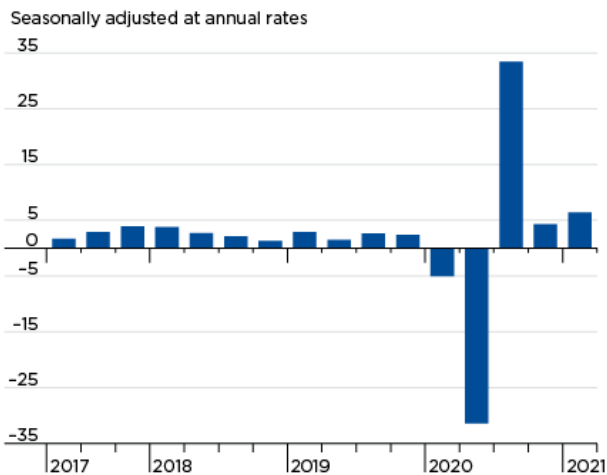
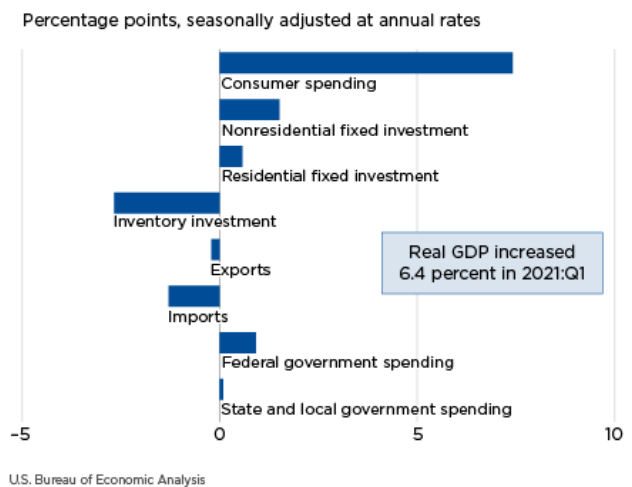


Chart 2. Real GDP: Contributions to the Percent Change in 2021:Q1



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 third 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. 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.

The upturn in federal government spending was more than accounted for by 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 materials and in foods, feeds, and beverages, and services, led by a downturn in royalties and license fees, and a deceleration in transport services.

Residential fixed investment slowed, largely reflecting a slowdown in new residential structures, notably single-family units, and a downturn in brokers' commissions.

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 primarily 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 structures for manufacturing.

Imports slowed. As a subtraction in the calculation of GDP, the slowdown in 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) by Expenditure and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2021	2020			2021	2020			2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Gross domestic product (GDP)¹	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	11.4	-24.01	25.44	1.58	7.42
3	Goods	23.7	-10.8	47.2	-1.4	26.6	-2.06	9.55	-0.32	5.53
4	Durable goods	8.8	-1.7	82.7	-1.1	49.2	0.00	5.20	-0.09	3.43
5	Nondurable goods	14.9	-15.0	31.1	-1.6	15.2	-2.05	4.35	-0.23	2.10
6	Services	44.7	-41.8	38.0	4.3	4.2	-21.95	15.89	1.90	1.89
7	Gross private domestic investment	17.8	-46.6	86.3	27.8	-3.4	-8.77	11.96	4.41	-0.58
8	Fixed investment	18.2	-29.2	31.3	18.6	12.1	-5.27	5.39	3.04	2.09
9	Nonresidential	13.4	-27.2	22.9	13.1	11.7	-3.67	3.20	1.65	1.51
10	Structures	2.5	-33.6	-17.4	-6.2	-2.0	-1.11	-0.53	-0.17	-0.05
11	Equipment	6.0	-35.9	68.2	25.4	15.0	-2.03	3.26	1.32	0.84
12	Intellectual property products	5.0	-11.4	8.4	10.5	15.3	-0.53	0.46	0.49	0.71
13	Residential	4.8	-35.6	63.0	36.6	13.1	-1.60	2.19	1.39	0.58
14	Change in private inventories	-0.4	.....	.....	.....	.....	-3.50	6.57	1.37	-2.67
15	Net exports of goods and services	-4.0	.....	.....	.....	.....	0.62	-3.21	-1.53	-1.50
16	Exports	10.4	-64.4	59.6	22.3	-2.1	-9.51	4.89	2.04	-0.21
17	Goods	7.3	-66.8	104.3	31.1	-1.7	-6.56	4.87	1.88	-0.11
18	Services	3.1	-59.6	-0.5	5.2	-3.1	-2.95	0.03	0.16	-0.10
19	Imports	14.4	-54.1	93.1	29.8	9.5	10.13	-8.10	-3.57	-1.29
20	Goods	12.3	-49.6	110.2	31.0	10.6	7.32	-7.67	-3.12	-1.21
21	Services	2.1	-69.9	24.9	23.8	3.7	2.80	-0.43	-0.45	-0.08
22	Government consumption expenditures and gross investment	17.9	2.5	-4.8	-0.8	5.7	0.77	-0.75	-0.14	1.02
23	Federal	7.1	16.4	-6.2	-0.9	13.8	1.17	-0.38	-0.06	0.92
24	National defense	4.1	3.8	3.2	4.8	-3.6	0.18	0.17	0.20	-0.15
25	Nondefense	3.0	37.6	-18.3	-8.9	45.0	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	7.6	.....	.....	.....	.....
28	Average of GDP and GDI	.....	-32.0	28.7	11.6	7.0	.....	.....	.....	.....
29	Final sales of domestic product	.....	-28.1	25.9	2.9	9.2	-27.88	26.87	2.95	9.03
30	Goods	31.2	-29.0	62.4	5.4	10.2	-7.40	17.42	1.69	3.13
31	Services	59.9	-32.9	23.7	2.1	4.9	-21.32	14.60	1.27	2.95
32	Structures	8.9	-28.4	14.9	16.7	3.0	-2.66	1.42	1.36	0.27
33	Motor vehicle output	2.8	-86.9	1,133.9	-12.7	1.3	-3.99	5.92	-0.40	0.04

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

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

Note. Percent changes are from National Income and Product Account (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

GDP by Industry

The third estimate of GDP includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP. In the first quarter, private goods-producing industries increased 5.4 percent, private services-producing industries increased 7.7 percent, and government increased 0.2 percent (table 2 and charts 3 and 4). Overall, 17 of 22 industry groups contributed to the fourth-quarter increase in real GDP.

The increase in private goods-producing industries primarily reflected an increase in durable goods manufacturing, led by computer and electronic products, fabricated metal products, and machinery. The increase was partly offset by decreases in nondurable goods manufacturing, led by petroleum and coal products, and agriculture, forestry, fishing, and hunting, led by farms.

The increase in private services-producing industries primarily reflected increases in professional, scientific, and technical services; information, led by data processing, internet publishing, and other information services; administrative and waste management services, led by administrative and support services; real estate and rental and leasing; and retail trade. These increases were partly offset by decreases in other services (which includes activities of political organizations), health care and social assistance, led by ambulatory health care services, and utilities.

The increase in government reflected increases in federal as well as state and local spending.

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

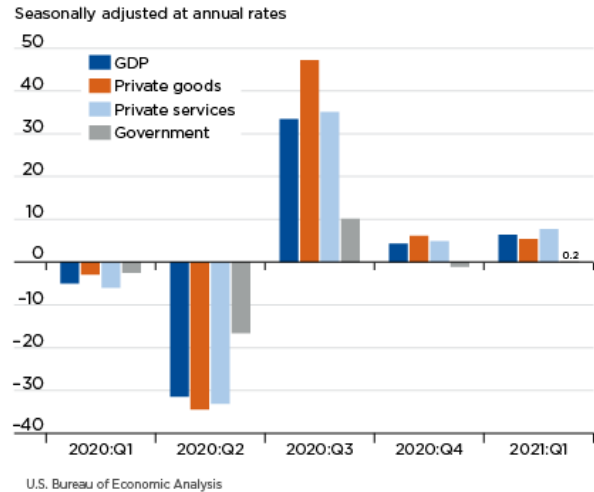
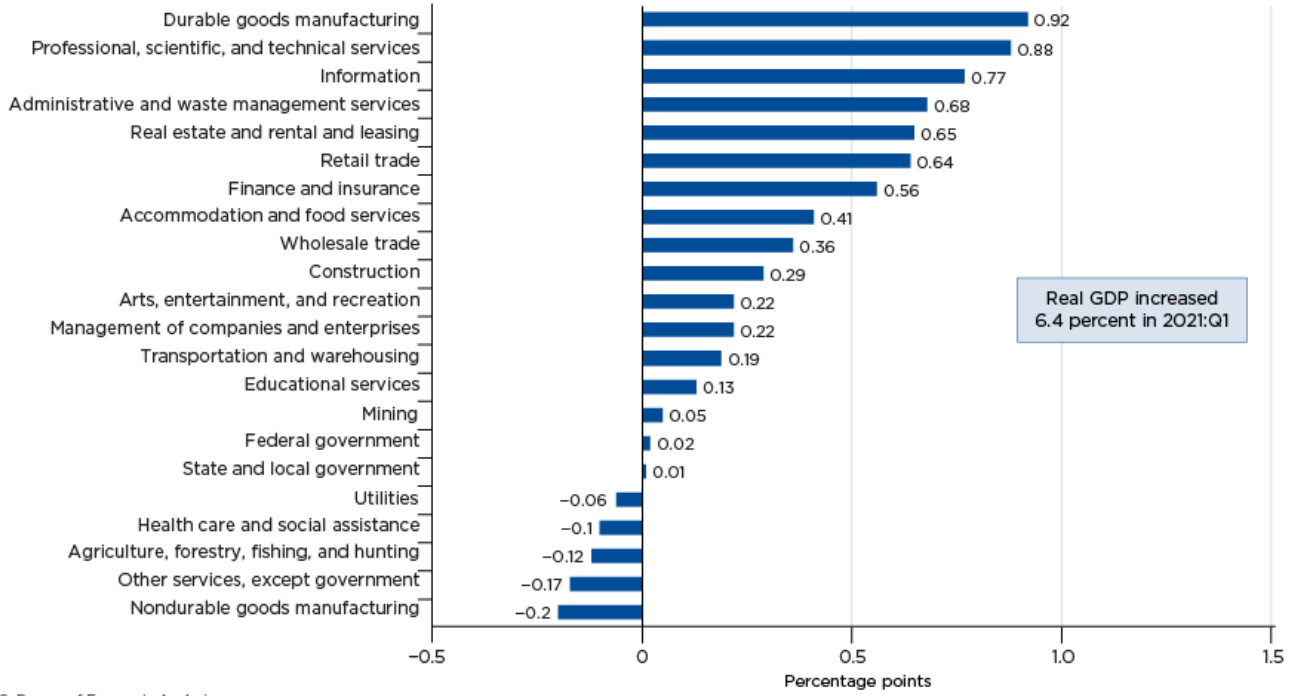


Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2021:Q1

Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Table 2. Real Gross Domestic Product by Industry Group 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 Product	100.0	-31.4	33.4	4.3	6.4	-31.4	33.4	4.3	6.4
2	Private industries	87.9	-33.3	37.3	5.1	7.3	-29.45	32.01	4.46	6.34
3	Agriculture, forestry, fishing, and hunting	1.0	-36.4	53.3	5.8	-12.5	-0.31	0.38	0.05	-0.12
4	Mining	1.2	-40.7	-14.4	6.4	4.9	-0.41	-0.11	0.06	0.05
5	Utilities	1.7	-8.6	0.8	-9.1	-3.5	-0.12	0.02	-0.15	-0.06
6	Construction	4.3	-26.5	27.4	12.0	6.9	-1.12	1.21	0.49	0.29
7	Manufacturing	11.1	-36.6	61.6	3.9	6.5	-4.10	5.98	0.43	0.73
8	Durable goods	6.2	-43.3	80.3	6.8	15.6	-2.84	4.13	0.42	0.92
9	Nondurable Goods	4.9	-27.0	40.4	0.2	-4.2	-1.25	1.85	0.01	-0.20
10	Wholesale trade	5.9	-35.0	45.3	2.9	6.2	-2.09	2.50	0.17	0.36
11	Retail trade	6.0	-31.2	46.9	1.3	11.2	-1.75	2.58	0.08	0.64
12	Transportation and warehousing	2.8	-64.8	65.4	3.2	6.9	-2.56	1.58	0.09	0.19
13	Information	5.6	-6.8	19.7	3.0	14.4	-0.29	1.17	0.17	0.77
14	Finance, insurance, real estate, rental, and leasing	21.8	-2.5	9.6	5.4	5.5	-0.24	2.43	1.18	1.22
15	Finance and insurance	8.2	11.9	12.8	12.9	6.9	1.01	1.20	1.02	0.56
16	Real estate and rental and leasing	13.6	-10.0	7.7	1.2	4.8	-1.26	1.23	0.16	0.65
17	Professional and business services	12.9	-29.9	25.5	10.6	14.5	-3.84	3.35	1.30	1.78
18	Professional, scientific, and technical services	7.8	-26.8	21.6	7.1	11.8	-2.06	1.76	0.54	0.88
19	Management of companies and enterprises	1.9	-8.5	7.5	8.8	11.7	-0.15	0.16	0.16	0.22
20	Administrative and waste management services	3.2	-47.1	50.6	21.1	23.4	-1.63	1.43	0.60	0.68
21	Educational services, health care, and social assistance	8.6	-46.9	65.6	5.4	0.2	-4.54	4.99	0.47	0.02
22	Educational services	1.2	-39.5	19.2	-11.4	11.5	-0.54	0.25	-0.14	0.13
23	Health care and social assistance	7.4	-48.1	75.1	8.3	-1.4	-4.00	4.74	0.61	-0.10
24	Arts, entertainment, recreation, accommodation, and food services	3.3	-91.5	333.5	2.3	20.8	-6.58	4.79	0.08	0.64
25	Arts, entertainment, and recreation	0.7	-96.9	293.1	47.5	36.2	-2.20	0.91	0.27	0.22
26	Accommodation and food services	2.6	-88.4	344.5	-7.1	16.9	-4.38	3.88	-0.19	0.41
27	Other services, except government	1.9	-58.8	65.6	2.2	-8.4	-1.51	1.14	0.04	-0.17
28	Government	12.1	-16.6	10.1	-1.1	0.2	-1.93	1.44	-0.13	0.03
29	Federal	3.9	3.7	6.1	-1.4	0.5	0.16	0.29	-0.05	0.02
30	State and local	8.2	-24.6	12.0	-0.9	0.0	-2.09	1.15	-0.07	0.01
Addenda:										
31	Private goods-producing industries ¹	17.5	-34.4	47.2	6.1	5.4	-5.93	7.45	1.03	0.95
32	Private services-producing industries ²	70.4	-33.1	35.1	4.9	7.7	-23.52	24.55	3.43	5.39

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

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

Gross Output by Industry

Gross output by industry—principally a measure of an industry’s sales or receipts, which includes sales to final users in the economy (GDP by expenditure) and sales to other industries (intermediate inputs)—increased 8.9 percent in the first quarter. Private goods-producing industries decreased 1.7 percent, private services-producing industries increased 13.4 percent, and government increased 6.0 percent (table 3 and chart 5). Overall, 17 of 22 industry groups contributed to the increase in real gross output, led by retail trade, finance and insurance, and information. A decrease in nondurable goods manufacturing was the most notable offset to these increases.

Chart 5. Real Gross Output by Selected Industries: Percent Change from Preceding Period

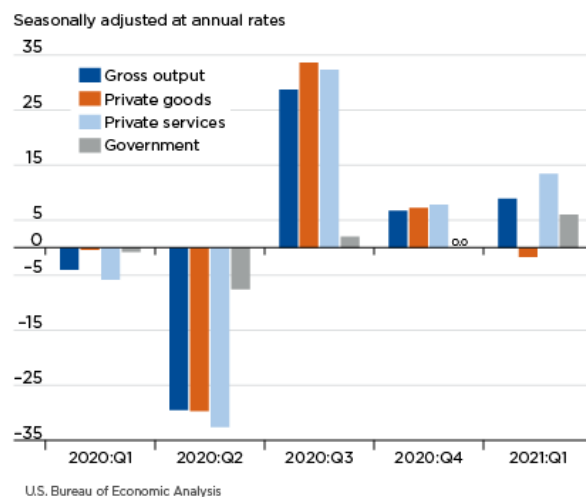


Table 3. Real Gross Output by Industry Group and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2020			2021
		Q2	Q3	Q4	Q1
1	All industries¹	-29.5	28.7	6.7	8.9
2	Private industries	-31.9	32.6	7.6	9.2
3	Agriculture, forestry, fishing, and hunting	-14.3	15.9	3.3	-5.5
4	Mining	-55.2	-12.2	10.2	0.5
5	Utilities	-2.0	-0.6	-5.9	9.0
6	Construction	-13.7	4.4	12.2	5.5
7	Manufacturing	-32.8	49.4	5.8	-3.6
8	Durable goods	-44.6	93.0	10.3	-0.9
9	Nondurable goods	-17.9	13.5	1.0	-6.6
10	Wholesale trade	-39.0	55.0	9.6	14.7
11	Retail trade	-18.2	45.1	-0.6	28.5
12	Transportation and warehousing	-64.9	64.6	18.5	18.9
13	Information	-8.5	17.3	11.8	20.1
14	Finance, insurance, real estate, rental, and leasing	-6.5	9.0	4.9	10.6
15	Finance and insurance	3.8	6.5	7.8	19.6
16	Real estate and rental and leasing	-13.8	11.0	2.8	4.0
17	Professional and business services	-31.1	21.0	15.3	15.7
18	Professional, scientific, and technical services	-33.4	21.8	13.6	13.8
19	Management of companies and enterprises	-7.2	3.2	8.0	12.1
20	Administrative and waste management services	-37.8	31.3	23.2	21.7
21	Educational services, health care, and social assistance	-41.4	45.6	8.9	-1.5
22	Educational services	-36.1	20.2	-7.0	9.0
23	Health care and social assistance	-42.1	49.7	11.3	-2.9
24	Arts, entertainment, recreation, accommodation, and food services	-88.0	277.9	1.6	30.9
25	Arts, entertainment, and recreation	-95.6	215.0	40.8	46.9
26	Accommodation and food services	-84.3	293.5	-5.7	27.4
27	Other services, except government	-63.1	61.9	3.3	-1.9
28	Government	-7.6	2.0	0.0	6.0
29	Federal	18.5	-8.3	-1.2	16.3
30	State and local	-17.7	7.3	0.5	1.5
Addenda:					
31	Private goods-producing industries ¹	-29.7	33.6	7.2	-1.7
32	Private services-producing industries ²	-32.6	32.3	7.8	13.4

1. Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

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

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

Prices

Prices for gross domestic purchases—goods and services purchased by U.S. residents—increased 4.0 percent in the first quarter after increasing 1.7 percent in the fourth quarter (table 4 and chart 6). The pickup mainly reflected accelerations in the consumer prices for gasoline and other energy goods and for health care.

Food prices decreased slightly in the first quarter after being unchanged in the fourth quarter. Prices for energy goods and services increased 45.8 percent after increasing 9.1 percent. Gross domestic purchases prices excluding food and energy increased 3.3 percent after increasing 1.6 percent.

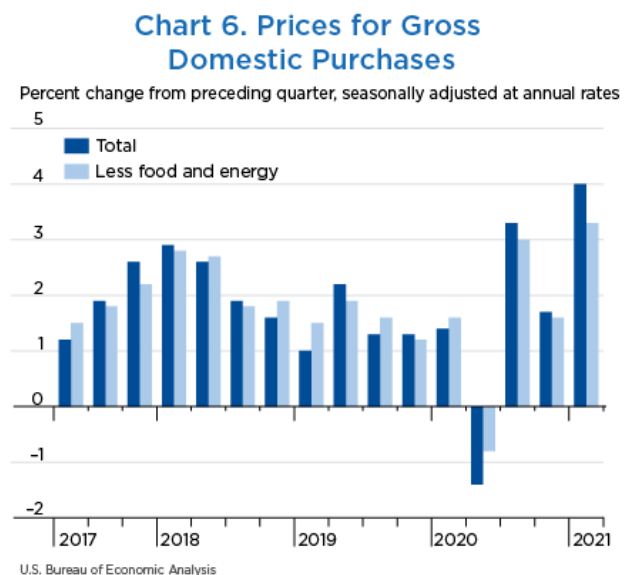


Table 4. Prices for Gross Domestic Purchases

[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	4.0	-1.4	3.3	1.7	4.0
2	Personal consumption expenditures	-1.6	3.7	1.5	3.7	-1.06	2.39	0.96	2.44
3	Goods	-5.6	5.4	0.1	5.7	-1.21	1.18	0.02	1.25
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	7.9	-0.98	0.56	0.02	1.09
6	Services	0.3	2.8	2.2	2.7	0.15	1.21	0.94	1.19
7	Gross private domestic investment	-0.1	2.7	1.5	2.8	0.00	0.43	0.26	0.49
8	Fixed investment	0.8	2.2	1.8	3.5	0.14	0.38	0.30	0.61
9	Nonresidential	0.8	0.1	0.2	0.6	0.11	0.02	0.03	0.08
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	1.3	0.00	-0.03	-0.10	0.07
12	Intellectual property products	2.9	0.7	2.7	-2.0	0.14	0.04	0.13	-0.10
13	Residential	1.0	9.5	6.5	12.3	0.04	0.37	0.27	0.53
14	Change in private inventories	.....	.....	.....	.....	-0.14	0.05	-0.04	-0.12
15	Government consumption expenditures and gross investment	-1.9	2.6	2.8	6.1	-0.35	0.48	0.48	1.03
16	Federal	-1.1	1.7	2.6	3.8	-0.08	0.12	0.18	0.26
17	National defense	-2.5	2.0	2.8	4.4	-0.10	0.08	0.11	0.17
18	Nondefense	1.0	1.3	2.4	3.1	0.03	0.04	0.06	0.08
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	-0.01
21	Energy goods and services	-45.7	27.4	9.1	45.8	-1.47	0.59	0.19	0.89
22	Excluding food and energy	-0.8	3.0	1.6	3.3	-0.71	2.80	1.51	3.07
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	46.8	.....	.....	.....	.....
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	20.0	.....	.....	.....	.....
28	Imports of goods and services	-12.8	8.6	2.2	12.6	.....	.....	.....	.....

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

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

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.

Updates

In the third estimate for the first quarter, real GDP increased at the same rate as previously reported in the second estimate (table 5). The updated estimates primarily reflected upward revisions to nonresidential fixed investment, private inventory investment, exports, and consumer spending that were offset by an upward revision to imports (which are a subtraction in the calculation of GDP).

Within nonresidential fixed investment, the revision reflected upward revisions to investment in structures, notably, warehouses, and in equipment, notably, communication equipment and computers and peripheral equipment. Partly offsetting these upward revisions was a downward revision to intellectual property products, notably, software.

The revision to private inventory investment reflected an upward revision to nonfarm inventories, notably in information industries.

Within exports, the leading contributor to the upward revision was goods exports, notably, foods, feeds, and beverages.

Within imports, the leading contributor to the upward revision was also goods, notably nonautomotive consumer and capital goods.

Within consumer spending, an upward revision to goods was mostly offset by a downward revision to services.

Within goods, the leading contributors to the revision were upward revisions to food and beverages and other nondurable goods.

Within services, downward revisions to health care, notably, physicians services and home health care, and transportation services, notably, motor vehicle maintenance and repair, were partly offset by upward revisions to financial services and insurance, notably, portfolio management and investment advice services, and recreation services, notably, casino gambling.

Table 5. Second and Third 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)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP)¹	6.4	6.4	0.0	6.4	6.4	0.0
2	Personal consumption expenditures	11.3	11.4	0.1	7.40	7.42	0.02
3	Goods	25.6	26.6	1.0	5.34	5.53	0.19
4	Durable goods	48.6	49.2	0.6	3.40	3.43	0.03
5	Nondurable goods	14.0	15.2	1.2	1.95	2.10	0.15
6	Services	4.6	4.2	-0.4	2.06	1.89	-0.17
7	Gross private domestic investment	-4.7	-3.4	1.3	-0.82	-0.58	0.24
8	Fixed investment	11.3	12.1	0.8	1.96	2.09	0.13
9	Nonresidential	10.8	11.7	0.9	1.39	1.51	0.12
10	Structures	-5.8	-2.0	3.8	-0.15	-0.05	0.10
11	Equipment	13.4	15.0	1.6	0.76	0.84	0.08
12	Intellectual property products	16.9	15.3	-1.6	0.78	0.71	-0.07
13	Residential	12.7	13.1	0.4	0.57	0.58	0.01
14	Change in private inventories	.....	.....	.....	-2.78	-2.67	0.11
15	Net exports of goods and services	.....	.....	.....	-1.20	-1.50	-0.30
16	Exports	-2.9	-2.1	0.8	-0.29	-0.21	0.08
17	Goods	-3.4	-1.7	1.7	-0.24	-0.11	0.13
18	Services	-1.6	-3.1	-1.5	-0.05	-0.10	-0.05
19	Imports	6.7	9.5	2.8	-0.91	-1.29	-0.38
20	Goods	6.5	10.6	4.1	-0.75	-1.21	-0.46
21	Services	7.6	3.7	-3.9	-0.16	-0.08	0.08
22	Government consumption expenditures and gross investment	5.8	5.7	-0.1	1.02	1.02	0.00
23	Federal	13.9	13.8	-0.1	0.93	0.92	-0.01
24	National defense	-3.4	-3.6	-0.2	-0.14	-0.15	-0.01
25	Nondefense	44.8	45.0	0.2	1.07	1.07	0.00
26	State and local	0.8	0.8	0.0	0.09	0.09	0.00
Addenda:							
27	Final sales of domestic product	9.4	9.2	-0.2	9.18	9.03	-0.15
28	Gross domestic income (GDI)	6.8	7.6	.....	.....	.....	.....
29	Average of GDP and GDI	6.6	7.0	.....	.....	.....	.....
30	Gross domestic purchases price index	3.9	4.0	0.1	.....	.....	.....
31	GDP price index	4.3	4.3	0.0	.....	.....	.....

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)) increased \$55.2 billion in the first quarter, in contrast to a decrease of \$31.4 billion in the fourth quarter (table 6). Profits of domestic financial corporations decreased \$6.4 billion, in contrast to an increase of \$17.5 billion. Profits of domestic nonfinancial corporations increased \$72.1 billion, in contrast to a decrease of \$48.2 billion. Rest-of-the-world profits decreased \$10.6 billion, compared with a decrease of \$0.7 billion. In the first quarter, receipts increased \$34.2 billion and payments increased \$44.8 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.”

Table 6. 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			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Current production measures:									
1	Corporate profits with IVA and CCAdj	2,349.5	-208.9	499.6	-31.4	55.2	-10.3	27.4	-1.4	2.4
2	Domestic industries	1,925.9	-119.4	448.3	-30.7	65.8	-7.6	31.1	-1.6	3.5
3	Financial	480.9	26.5	12.1	17.5	-6.4	6.1	2.6	3.7	-1.3
4	Nonfinancial	1,445.0	-145.9	436.2	-48.2	72.1	-12.9	44.3	-3.4	5.3
5	Rest of the world	423.6	-89.5	51.3	-0.7	-10.6	-18.9	13.4	-0.2	-2.4
6	Receipts from the rest of the world	832.2	-134.5	113.0	29.0	34.2	-17.0	17.2	3.8	4.3
7	Less: Payments to the rest of the world	408.7	-45.0	61.7	29.7	44.8	-14.2	22.7	8.9	12.3
9	<i>Less: Taxes on corporate income</i>	365.6	-18.8	70.5	35.6	22.8	-7.3	29.8	11.6	6.6
10	<i>Equals: Profits after tax</i>	1,983.8	-190.1	429.1	-67.0	32.4	-10.7	27.0	-3.3	1.7
11	Net dividends	1,337.6	-15.0	-19.5	30.4	-37.8	-1.1	-1.4	2.3	-2.8
12	Undistributed profits from current production	646.2	-175.1	448.6	-97.4	70.2	-43.8	199.5	-14.5	12.2
13	Net cash flow with IVA	2,636.3	-219.4	518.5	-75.6	91.5	-9.5	24.7	-2.9	3.6

CCAdj Capital consumption adjustment**IVA** Inventory valuation adjustmentNote. Levels of these and other profits series are shown in National Income and Product Account tables [1.12](#) and [6.16D](#).

Note on Measuring Corporate Profits

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

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).

Profits by Industry

Industry profits (corporate profits by industry with IVA) increased \$54.4 billion, or 2.4 percent at a quarterly rate, in the first quarter of 2021 after decreasing \$28.5 billion, or 1.2 percent, in the fourth quarter (table 7 and chart 7). The increase reflected increases in “other” nonfinancial industries (more than accounted for by mining), retail trade, and manufacturing industries.

Profits after tax (without IVA and CCAdj)—BEA's profits measure that is conceptually most like the profits for companies in the Standard & Poor's 500 Index—increased \$145.3 billion in the first quarter.

Table 7. Corporate Profits by Industry

[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2021	2020			2021	2020			2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Industry profits:										
1	Corporate profits with IVA	2,367.9	-209.2	497.7	-28.5	54.4	-10.2	27.0	-1.2	2.4
2	Domestic industries	1,944.3	-119.7	446.4	-27.8	65.0	-7.6	30.6	-1.5	3.5
3	Financial	494.7	26.3	12.3	18.7	-7.4	5.9	2.6	3.9	-1.5
4	Nonfinancial	1,449.6	-146.1	434.1	-46.5	72.4	-12.9	43.9	-3.3	5.3
5	Utilities	34.2	6.5	-3.3	6.9	1.6	28.9	-11.4	26.9	4.8
6	Manufacturing	351.4	-104.7	110.8	22.1	21.0	-34.6	56.1	7.2	6.3
7	Wholesale trade	103.0	-6.9	15.3	-8.3	-5.4	-6.4	15.0	-7.1	-5.0
8	Retail trade	267.4	38.0	40.3	-3.0	25.0	22.8	19.6	-1.2	10.3
9	Transportation and warehousing	30.4	-18.6	14.7	0.0	-3.5	-49.2	76.6	0.1	-10.4
10	Information	157.1	-17.2	26.9	12.5	8.2	-13.6	24.5	9.2	5.5
11	Other nonfinancial	506.2	-43.2	229.5	-76.7	25.5	-11.6	70.0	-13.8	5.3
12	Rest of the world	423.6	-89.5	51.3	-0.7	-10.6	-18.9	13.4	-0.2	-2.4
Addenda:										
13	Profits before tax (without IVA and CCAdj)	2,593.4	-200.8	632.3	-0.8	168.0	-10.1	35.2	0.0	6.9
14	Profits after tax (without IVA and CCAdj)	2,227.7	-182.0	561.8	-36.4	145.3	-10.5	36.1	-1.7	7.0
15	IVA	-225.5	-8.4	-134.5	-27.7	-113.7	.....	.....	.....	.....
16	CCAdj	-18.4	0.3	1.9	-2.9	0.8	.....	.....	.....	.....

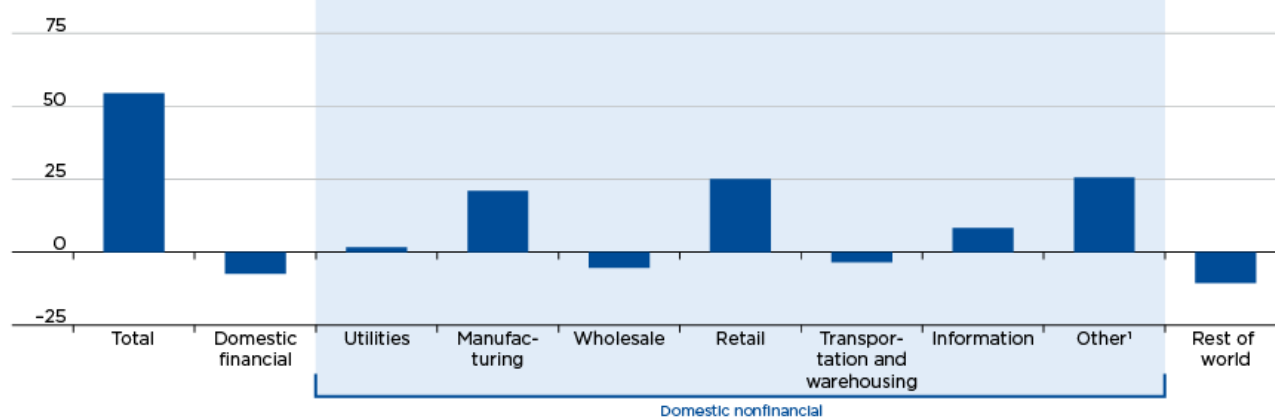
CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

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

Chart 7. Corporate Profits with Inventory Valuation Adjustment in 2021:Q1, Change from Preceding Quarter

Billions of dollars, seasonally adjusted at annual rates



1. "Other" nonfinancial corporations includes the agriculture, mining, construction, and services industries.
U.S. Bureau of Economic Analysis

Note on Corporate Profits by Industry

Industry profits are corporate profits by industry with inventory valuation adjustment (IVA). The IVA removes the effect of price changes on inventories. The IVA is the difference between the cost of inventory withdrawals at acquisition cost and replacement cost. Ideally, 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.

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."