

## GDP and the Economy

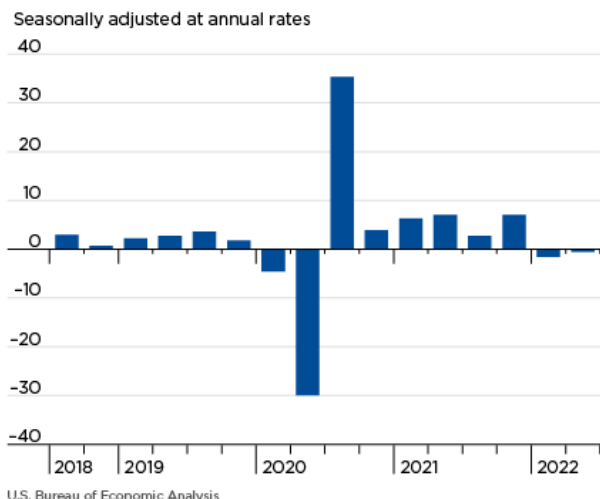
### Third Estimates for the Second Quarter of 2022

Real gross domestic product (GDP) decreased at an annual rate of 0.6 percent in the second quarter of 2022, according to the third estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> With the third estimate, real GDP growth was the same as the second estimate issued last month. In the first quarter, real GDP decreased 1.6 percent (the same as previously published; see the box “Annual Update of the National Economic Accounts”).

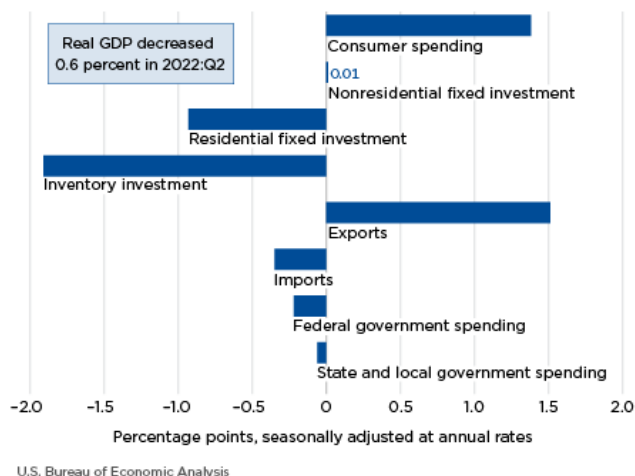
#### Annual Update of the National Economic Accounts

In conjunction with the release of the third estimate of GDP for the second quarter of 2022, the Bureau of Economic Analysis updated the estimates to reflect the results of the annual update of the National Economic Accounts, which includes the National Income and Product Accounts as well as the Industry Economic Accounts. The update includes revised estimates for the first quarter of 2017 through the first quarter of 2022 and resulted in revisions to GDP, GDP by industry, gross domestic income, and their major components. The reference year remains 2012. Refer to “[Information on Updates to the National Economic Accounts](#)” for more information. The November 2022 *Survey of Current Business* will contain an article describing the update in more detail.

**Chart 1. Real GDP: Percent Change from Preceding Quarter**



**Chart 2. Real GDP: Contributions to the Percent Change in 2022:Q2**



The decrease in real GDP in the second quarter of 2022 occurred amid continued inflation, low unemployment, ongoing supply-chain challenges, and rising interest rates. The economic effects of these factors cannot be quantified in the GDP estimate for the second quarter, because the impacts are generally embedded in source data and cannot be separately identified. Real GDP for the second quarter of 2022 is 3.5 percent above the level of real GDP for the fourth quarter of 2019, the most recent quarter prior to the onset of the COVID-19 pandemic. For more information, refer to the [“Technical Note”](#) and [“Federal Recovery Programs and BEA Statistics.”](#)

## GDP by Expenditure

Real GDP decreased 0.6 percent in the second quarter of 2022, following a decrease of 1.6 percent in the first quarter. The decrease in real GDP primarily reflected decreases in private inventory investment, residential fixed investment, federal government spending, and state and local government spending that were partly offset by increases in exports and consumer spending. Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).<sup>2</sup>

- The decrease in private inventory investment primarily reflected a decrease in retail trade (led by general merchandise stores).
- The decrease in residential fixed investment primarily reflected a decrease in brokers' commissions.
- The decrease in federal government spending was led by a decrease in nondefense spending that was partly offset by an increase in defense spending. The decrease in nondefense spending reflected the sale of crude oil from the Strategic Petroleum Reserve, which results in a corresponding decrease in consumption expenditures. Because the oil sold by the government enters private inventories, there is no direct net effect on GDP.
- The decrease in state and local government spending was led by a decrease in investment in structures (led by new educational structures and new highways and streets).
- The increase in exports reflected increases in both goods and services. Within goods, the leading contributors to the increase were industrial supplies and materials, notably natural gas and petroleum. Within services, the increase was led by travel.
- The increase in imports reflected an increase in services (led by travel).
- The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the leading contributors to the increase were accommodation and food services, primarily purchased meals and beverages, and "other services," notably international travel. Within goods, the decrease was led by food and beverages.

Real GDP decreased less in the second quarter than in the first quarter, decreasing 0.6 percent after decreasing 1.6 percent (the same as previously published). The smaller decrease reflected an upturn in exports, an acceleration in consumer spending, and a smaller decrease in federal government spending that was partly offset by a downturn in private inventory investment, a deceleration in nonresidential fixed investment, and a larger decrease in residential fixed investment. Imports decelerated.

Real gross domestic income (GDI), the sum of incomes earned and costs incurred in the production of GDP, increased 0.1 percent in the second quarter, compared with an increase of 0.8 percent (revised) in the first quarter. The average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, decreased 0.3 percent in the second quarter, compared with a decrease of 0.4 percent (revised) in the first quarter.

**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)			
		2022	2021		2022		2021		2022	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	<b>Gross domestic product (GDP)<sup>1</sup></b>	<b>100.0</b>	<b>2.7</b>	<b>7.0</b>	<b>-1.6</b>	<b>-0.6</b>	<b>2.7</b>	<b>7.0</b>	<b>-1.6</b>	<b>-0.6</b>
2	<b>Personal consumption expenditures</b>	<b>68.4</b>	<b>3.0</b>	<b>3.1</b>	<b>1.3</b>	<b>2.0</b>	<b>1.98</b>	<b>2.14</b>	<b>0.91</b>	<b>1.38</b>
3	Goods	23.6	-7.9	2.3	-0.1	-2.6	-1.96	0.55	-0.02	-0.61
4	Durable goods	8.6	-22.0	5.1	7.6	-2.8	-2.22	0.44	0.64	-0.24
5	Nondurable goods	14.9	1.7	0.7	-4.4	-2.5	0.26	0.12	-0.66	-0.37
6	Services	44.8	9.2	3.5	2.1	4.6	3.94	1.58	0.93	1.99
7	<b>Gross private domestic investment</b>	<b>18.3</b>	<b>10.4</b>	<b>32.0</b>	<b>5.4</b>	<b>-14.1</b>	<b>1.78</b>	<b>5.14</b>	<b>0.98</b>	<b>-2.83</b>
8	Fixed investment	17.7	-1.1	0.6	4.8	-5.0	-0.18	0.12	0.83	-0.92
9	Nonresidential	13.0	0.6	1.1	7.9	0.1	0.10	0.17	0.98	0.01
10	Structures	2.5	-6.7	-12.7	-4.3	-12.7	-0.18	-0.35	-0.11	-0.34
11	Equipment	5.1	-2.2	1.6	11.4	-2.0	-0.09	0.10	0.55	-0.11
12	Intellectual property products	5.4	7.4	8.1	10.8	8.9	0.38	0.42	0.54	0.46
13	Residential	4.6	-5.8	-1.1	-3.1	-17.8	-0.29	-0.05	-0.15	-0.93
14	Change in private inventories	0.6	---	---	---	---	1.96	5.01	0.15	-1.91
15	<b>Net exports of goods and services</b>	<b>-4.1</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-1.08</b>	<b>-0.16</b>	<b>-3.13</b>	<b>1.16</b>
16	Exports	12.0	-1.1	23.5	-4.6	13.8	-0.13	2.37	-0.53	1.51
17	Goods	8.5	-3.7	23.4	-7.2	15.5	-0.28	1.62	-0.58	1.18
18	Services	3.6	4.7	23.6	1.6	9.9	0.15	0.74	0.06	0.33
19	Imports	16.1	6.6	18.6	18.4	2.2	-0.95	-2.53	-2.60	-0.35
20	Goods	13.4	0.2	19.6	20.4	-0.4	-0.05	-2.20	-2.38	0.05
21	Services	2.7	45.3	14.0	9.1	16.6	-0.90	-0.33	-0.22	-0.41
22	<b>Government consumption expenditures and gross investment</b>	<b>17.5</b>	<b>-0.2</b>	<b>-1.0</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-0.02</b>	<b>-0.16</b>	<b>-0.40</b>	<b>-0.29</b>
23	Federal	6.4	-7.2	0.0	-5.3	-3.4	-0.51	0.01	-0.36	-0.22
24	National defense	3.6	-3.2	-5.3	-8.5	1.4	-0.12	-0.20	-0.33	0.05
25	Nondefense	2.8	-12.1	7.4	-1.1	-9.2	-0.39	0.21	-0.03	-0.28
26	State and local	11.1	4.5	-1.6	-0.4	-0.6	0.49	-0.17	-0.04	-0.06
<b>Addenda:</b>										
27	Gross domestic income (GDI) <sup>2</sup>	---	4.6	6.7	0.8	0.1	---	---	---	---
28	Average of GDP and GDI	---	3.6	6.8	-0.4	-0.3	---	---	---	---
29	Final sales of domestic product	---	0.7	1.9	-1.8	1.3	---	---	---	---
30	Goods	31.6	-0.3	18.6	-5.4	-3.0	-0.02	5.52	-1.76	-0.96
31	Services	59.8	5.4	3.2	1.0	3.1	3.16	1.91	0.57	1.83
32	Structures	8.6	-5.2	-5.2	-4.9	-15.3	-0.49	-0.47	-0.44	-1.44

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

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

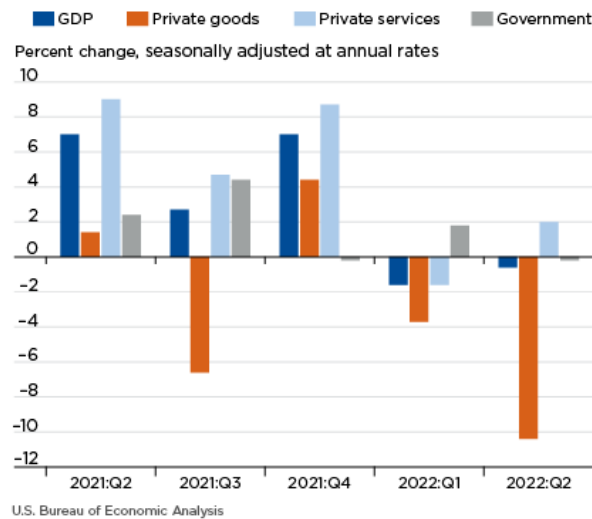
Note. Percent changes are from National Income and Product Account (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

## GDP by Industry

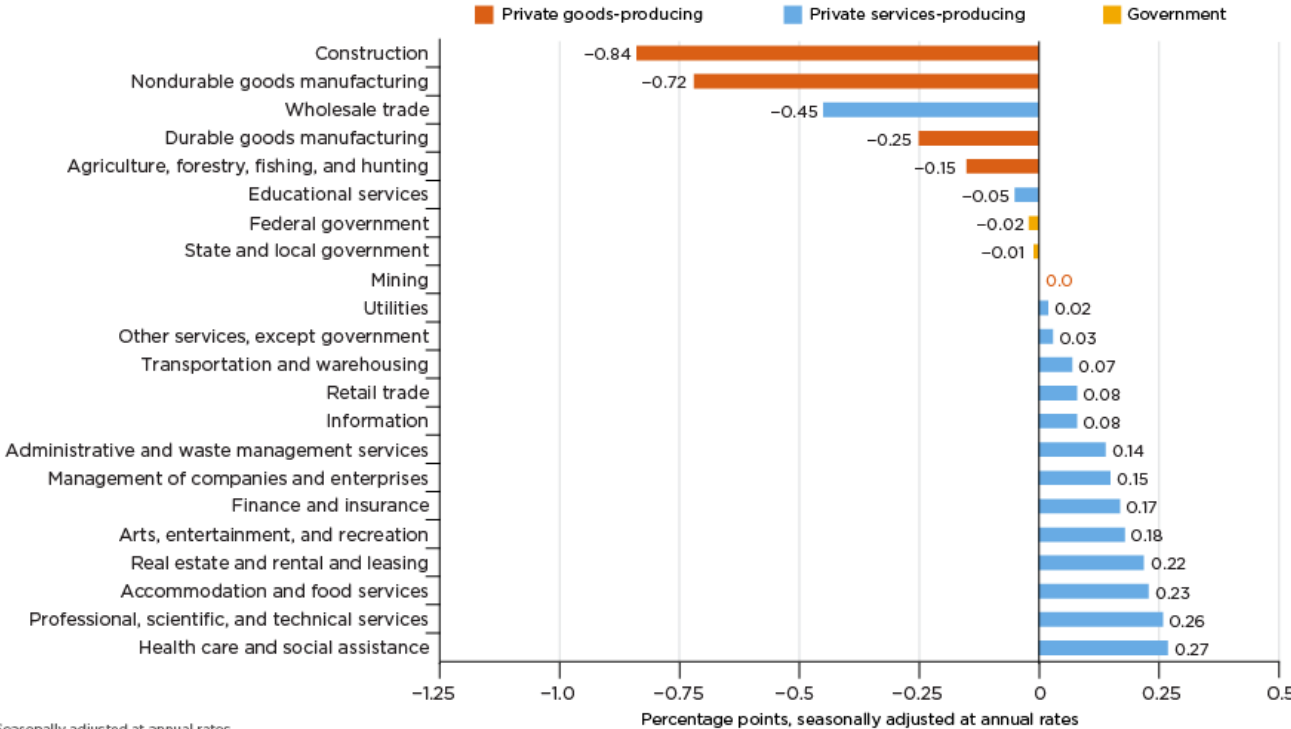
The third estimate of GDP includes estimates of GDP by industry, or value added—a measure of an industry’s contribution to GDP. In the second quarter, private goods-producing industries decreased 10.4 percent, private services-producing industries increased 2.0 percent, and government decreased 0.2 percent (chart 3 and table 2). Overall, 9 of 22 industry groups contributed to the second-quarter decline in real GDP (chart 4).

- Within private goods-producing industries, the leading contributors to the decrease were construction and nondurable goods manufacturing (led by chemical products manufacturing).
- Within private services-producing industries, the leading contributors to the increase were health care and social assistance (led by hospitals); professional, scientific, and technical services; accommodation and food services; and real estate and rental leasing. Partly offsetting these increases was a decrease in wholesale trade.
- The decrease in government reflected a decrease in federal as well as state and local governments.

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



**Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2022:Q2**



Seasonally adjusted at annual rates  
U.S. Bureau of Economic Analysis

**Table 2. Real Gross Domestic Product by Industry Group**

[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)			
		2022	2021		2022		2021		2022	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	<b>Gross domestic product (GDP)<sup>1</sup></b>	<b>100.0</b>	<b>2.7</b>	<b>7.0</b>	<b>-1.6</b>	<b>-0.6</b>	<b>2.7</b>	<b>7.0</b>	<b>-1.6</b>	<b>-0.6</b>
2	<b>Private industries</b>	<b>88.4</b>	<b>2.4</b>	<b>7.9</b>	<b>-2.0</b>	<b>-0.6</b>	<b>2.14</b>	<b>6.90</b>	<b>-1.80</b>	<b>-0.57</b>
3	Agriculture, forestry, fishing, and hunting	1.2	-4.7	4.4	0.1	-12.8	-0.07	0.03	0.00	-0.15
4	Mining	2.1	-13.7	-13.4	-13.7	-0.2	0.12	-0.03	-0.25	0.00
5	Utilities	1.8	-9.9	-7.9	8.2	1.0	-0.15	-0.12	0.13	0.02
6	Construction	3.9	-11.9	-13.2	-1.6	-19.2	-0.53	-0.57	-0.06	-0.84
7	Manufacturing	11.0	-4.4	14.2	-3.1	-8.5	-0.47	1.47	-0.34	-0.97
8	Durable goods	6.0	-7.7	15.8	1.2	-4.1	-0.54	0.86	0.07	-0.25
9	Nondurable Goods	5.0	0.0	12.3	-8.0	-13.4	0.07	0.61	-0.41	-0.72
10	Wholesale trade	6.3	-6.7	6.6	0.2	-6.8	-0.45	0.40	0.01	-0.45
11	Retail trade	5.8	-13.8	7.0	-14.8	1.4	-0.86	0.43	-0.93	0.08
12	Transportation and warehousing	3.2	18.0	8.0	-10.7	2.4	0.45	0.23	-0.35	0.07
13	Information	5.4	9.5	16.3	-2.3	1.5	0.50	0.86	-0.13	0.08
14	Finance, insurance, real estate, rental, and leasing	20.2	3.8	8.1	-1.1	1.9	0.69	1.62	-0.23	0.39
15	Finance and insurance	7.9	2.0	9.2	-5.7	2.1	0.13	0.73	-0.48	0.17
16	Real estate and rental and leasing	12.3	5.0	7.5	2.0	1.8	0.56	0.89	0.25	0.22
17	Professional and business services	13.0	12.1	13.6	3.3	4.2	1.45	1.68	0.43	0.54
18	Professional, scientific, and technical services	7.8	14.7	10.3	0.4	3.3	1.04	0.78	0.03	0.26
19	Management of companies and enterprises	1.8	-3.2	20.7	0.9	8.1	-0.07	0.36	0.02	0.15
20	Administrative and waste management services	3.4	15.6	17.5	12.0	4.1	0.47	0.54	0.38	0.14
21	Educational services, health care, and social assistance	8.3	3.0	5.5	3.1	2.7	0.26	0.47	0.26	0.23
22	Educational services	1.1	11.4	5.3	5.1	-4.1	0.12	0.06	0.06	-0.05
23	Health care and social assistance	7.2	1.8	5.6	2.8	3.8	0.14	0.41	0.20	0.27
24	Arts, entertainment, recreation, accomodation, and food services	4.1	28.5	9.5	-8.8	10.6	0.98	0.38	-0.38	0.41
25	Arts, entertainment, and recreation	1.0	61.6	33.7	-0.8	19.2	0.45	0.30	-0.01	0.18
26	Accommodation and food services	3.1	19.7	2.6	-11.4	7.9	0.53	0.08	-0.37	0.23
27	Other services, except government	2.0	10.9	3.2	2.0	1.2	0.20	0.06	0.04	0.03
28	<b>Government</b>	<b>11.6</b>	<b>4.4</b>	<b>-0.2</b>	<b>1.8</b>	<b>-0.2</b>	<b>0.51</b>	<b>-0.02</b>	<b>0.21</b>	<b>-0.03</b>
29	Federal	3.6	0.0	-1.2	0.4	-0.5	0.00	-0.04	0.01	-0.02
30	State and local	8.0	6.4	0.3	2.5	-0.1	0.51	0.02	0.20	-0.01
<b>Addenda:</b>										
31	Private goods-producing industries <sup>2</sup>	18.2	-6.6	4.4	-3.7	-10.4	-0.95	0.90	-0.65	-1.96
32	Private services-producing industries <sup>3</sup>	70.2	4.7	8.7	-1.6	2.0	3.08	6.01	-1.15	1.40

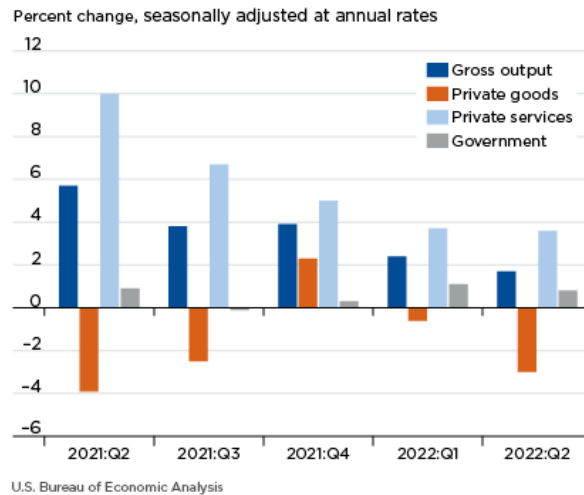
1. The GDP estimates under the contribution columns are also percent changes.
2. Consists of agriculture, forestry, fishing and hunting; mining; construction; and manufacturing.
3. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real 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

Real gross output—principally a measure of an industry's sales or receipts, which includes sales to final users in the economy (GDP) and sales to other industries (intermediate inputs)—increased 1.7 percent in the second quarter (chart 5 and table 3). Private services-producing industries increased 3.6 percent, private goods-producing industries decreased 3.0 percent, and government increased 0.8 percent. Overall, 16 of 22 industry groups contributed to the increase in real gross output.

**Chart 5. Real Gross Output by Sector: Percent Change from Preceding Period**





**Table 3. Real Gross Output by Industry Group**

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2021		2022	
		Q3	Q4	Q1	Q2
<b>1</b>	<b>All industries</b>	<b>3.8</b>	<b>3.9</b>	<b>2.4</b>	<b>1.7</b>
<b>2</b>	<b>Private industries</b>	<b>4.3</b>	<b>4.3</b>	<b>2.5</b>	<b>1.8</b>
3	Agriculture, forestry, fishing, and hunting	-2.9	-1.9	-1.6	-3.7
4	Mining	-4.2	6.9	6.3	6.2
5	Utilities	-7.5	-2.9	10.9	7.1
6	Construction	-6.3	-7.7	-6.3	-13.6
7	Manufacturing	-1.1	5.3	0.5	-0.8
8	Durable goods	1.1	7.3	2.9	5.9
9	Nondurable goods	-3.3	3.3	-2.0	-7.1
10	Wholesale trade	0.1	5.4	13.8	-2.2
11	Retail trade	-9.7	1.9	0.8	2.8
12	Transportation and warehousing	16.6	14.5	0.2	10.1
13	Information	9.6	8.1	10.8	5.8
14	Finance, insurance, real estate, rental, and leasing	6.5	2.8	0.6	0.1
15	Finance and insurance	5.8	-1.5	-4.1	3.1
16	Real estate and rental and leasing	7.1	6.3	4.2	-2.0
17	Professional and business services	10.7	9.6	5.5	6.2
18	Professional, scientific, and technical services	11.2	7.4	5.7	5.4
19	Management of companies and enterprises	-10.1	17.8	1.2	3.5
20	Administrative and waste management services	22.3	9.9	7.3	9.1
21	Educational services, health care, and social assistance	4.3	3.1	1.4	1.5
22	Educational services	6.3	4.7	6.7	2.5
23	Health care and social assistance	4.0	2.8	0.7	1.4
24	Arts, entertainment, recreation, accommodation, and food services	34.1	3.0	-1.2	19.1
25	Arts, entertainment, and recreation	88.0	16.4	5.3	22.7
26	Accommodation and food services	23.2	-0.3	-2.9	18.2
27	Other services, except government	2.7	0.1	2.1	-3.1
<b>28</b>	<b>Government</b>	<b>-0.1</b>	<b>0.3</b>	<b>1.1</b>	<b>0.8</b>
29	Federal	-10.2	1.4	-3.1	2.4
30	State and local	4.9	-0.2	2.9	0.2
<b>Addenda:</b>					
31	Private goods-producing industries <sup>1</sup>	-2.5	2.3	-0.6	-3.0
32	Private services-producing industries <sup>2</sup>	6.7	5.0	3.7	3.6

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

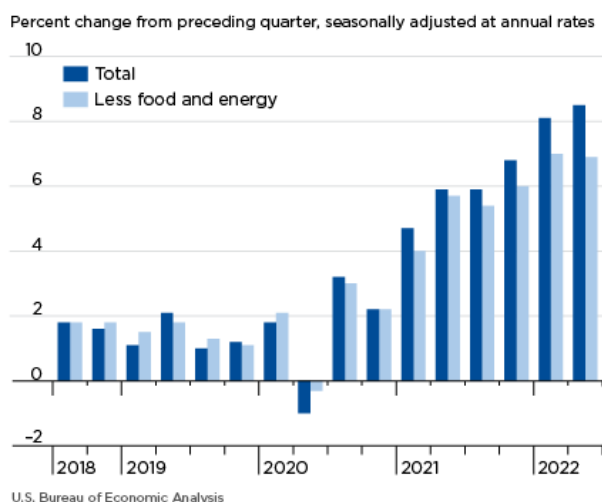
The Bureau of Economic Analysis' (BEA's) featured measure of inflation in the U.S. economy, the price index for gross domestic purchases (goods and services purchased by U.S. residents), increased 8.5 percent in the second quarter after increasing 8.1 percent in the first quarter (table 4 and chart 6). Price increases were widespread across all major expenditure categories and were led by increases in consumer goods and services.

- Within goods, the leading contributors to the price increase were gasoline and other energy goods (notably, motor vehicle fuels), food and beverages purchased for off-premises consumption (groceries), other nondurable goods (notably, household supplies, newspapers, and recreational items), and furnishings and durable household equipment.
- Within services, the leading contributor was an increase in prices paid for housing and utilities (notably, imputed rental of owner-occupied nonfarm housing and electricity and gas), transportation services (notably, air transportation), and accommodation and food services (notably, purchased meals and beverages).

Food prices increased 14.7 percent in the second quarter after increasing 11.2 percent in the first quarter. Prices for energy goods and services increased 53.6 percent after increasing 43.6 percent. Gross domestic purchases prices excluding food and energy increased 6.9 percent after increasing 7.0 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, increased 4.7 percent in the second quarter after increasing 5.6 percent in the first quarter.

**Chart 6. Prices for Gross Domestic Purchases**



**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)			
		2021		2022		2021		2022	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	<b>Gross domestic purchases<sup>1</sup></b>	<b>5.9</b>	<b>6.8</b>	<b>8.1</b>	<b>8.5</b>	<b>5.9</b>	<b>6.8</b>	<b>8.1</b>	<b>8.5</b>
2	<b>Personal consumption expenditures</b>	<b>5.6</b>	<b>6.2</b>	<b>7.5</b>	<b>7.3</b>	<b>3.74</b>	<b>4.10</b>	<b>4.90</b>	<b>4.81</b>
3	Goods	7.6	9.3	12.6	10.6	1.72	2.06	2.76	2.37
4	Durable goods	10.0	8.2	8.3	2.4	0.86	0.68	0.70	0.22
5	Nondurable goods	6.1	9.9	15.2	15.7	0.87	1.38	2.07	2.15
6	Services	4.6	4.6	4.9	5.6	2.02	2.04	2.13	2.44
7	<b>Gross private domestic investment</b>	<b>6.8</b>	<b>8.8</b>	<b>9.9</b>	<b>9.9</b>	<b>1.10</b>	<b>1.49</b>	<b>1.77</b>	<b>1.76</b>
8	Fixed investment	7.3	8.8	10.0	10.3	1.24	1.48	1.68	1.72
9	Nonresidential	4.6	7.7	6.9	8.5	0.57	0.94	0.87	1.06
10	Structures	10.2	22.8	16.7	17.5	0.26	0.52	0.39	0.40
11	Equipment	4.3	6.5	7.6	9.2	0.20	0.31	0.38	0.45
12	Intellectual property products	2.3	2.1	1.9	3.9	0.12	0.11	0.10	0.20
13	Residential	15.0	12.0	18.9	15.2	0.66	0.54	0.82	0.66
14	Change in private inventories	---	---	---	---	-0.14	0.01	0.09	0.03
15	<b>Government consumption expenditures and gross investment</b>	<b>6.0</b>	<b>7.2</b>	<b>8.7</b>	<b>11.6</b>	<b>1.02</b>	<b>1.22</b>	<b>1.45</b>	<b>1.90</b>
16	Federal	4.4	4.3	5.7	6.0	0.30	0.28	0.36	0.38
17	National defense	4.4	4.5	6.6	7.5	0.17	0.16	0.23	0.26
18	Nondefense	4.4	4.2	4.5	4.1	0.13	0.12	0.13	0.12
19	State and local	7.0	9.0	10.6	15.0	0.73	0.94	1.09	1.52
<b>Addenda:</b>									
Gross domestic purchases:									
20	Food	7.4	8.8	11.2	14.7	0.35	0.42	0.54	0.68
21	Energy goods and services	21.1	33.8	43.6	53.6	0.51	0.80	1.07	1.37
22	Excluding food and energy	5.4	6.0	7.0	6.9	5.00	5.59	6.51	6.41
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	7.2	8.7	11.4	15.3	---	---	---	---
24	Energy goods and services	21.4	33.9	43.4	52.7	---	---	---	---
25	Excluding food and energy	4.8	4.8	5.6	4.7	---	---	---	---
26	Gross domestic product	6.2	6.8	8.3	9.0	---	---	---	---
27	Exports of goods and services	9.3	6.2	17.3	20.0	---	---	---	---
28	Imports of goods and services	6.1	6.3	13.5	13.2	---	---	---	---

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.

## Second-Quarter 2022 Capital Transfers to State and Local Governments

Capital transfers received by state and local government are presented in [NIPA table 5.11U](#). Typically, these transactions reflect federal capital grants (which include investment grants and other capital transfers for transportation, housing and community services, and general public service), disaster-related insurance benefits, and other specified transfers. In the second quarter of 2022, capital transfers to state and local government increased \$467.5 billion (at an annual rate), primarily reflecting increases in capital grants from federal government and “other” capital transfers.

- Capital grants from federal government (line 42) increased \$363.9 billion (at an annual rate) in the second quarter, primarily reflecting distributions from the Coronavirus State and Local Fiscal Recovery Funds program funded by the American Rescue Plan that support future capital expenditures, including investments in property, facilities, or equipment. More information can be found in the FAQ [“How was federal assistance to the states authorized by the American Rescue Plan recorded in the NIPAs?”](#).
- The increase in “other” capital transfers (line 43) reflects the National Opioid Settlement, a legal settlement between state and local governments and four U.S. corporations, drug distributors Cardinal Health, McKesson, and AmerisourceBergen, and drug manufacturer Johnson & Johnson, that provided \$25.9 billion (\$103.5 billion at an annual rate) for opioid epidemic remediation. Settlements are recorded in the NIPAs on an accrual basis in the quarter when the settlement is finalized. This settlement was classified as a capital transfer from corporate business to state and local government. More information can be found in the FAQ [“How does the 2022 national opioid settlement impact the NIPAs?”](#).

## Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment (CCAdj)) increased \$131.6 billion, or 4.6 percent at a quarterly rate, in the second quarter after increasing \$3.7 billion in the first quarter (table 5). Profits of domestic financial corporations decreased \$46.0 billion, profits of domestic nonfinancial corporations increased \$152.2 billion, and rest-of-the-world profits increased \$25.5 billion.

Estimates of corporate profits were affected by legal settlements in the second quarter. Settlements are recorded in the NIPAs on an accrual basis in the quarter when the settlement is finalized, regardless of when they are recorded on a company's financial statement.

- In May 2022, Allianz Global Investors agreed to pay approximately \$6 billion in fines and restitution to the U.S. Securities and Exchange Commission and to investors.
- In June 2022, a settlement of approximately \$1 billion was reached between insurance companies and victims of the Surfside, Florida, condominium collapse.

These legal settlements paid by domestic corporations reduced financial corporate profits for the second quarter by \$7.0 billion (\$27.9 billion at an annual rate). The estimate of GDI was not impacted, because the settlements were recorded in the NIPAs as business current transfer payments to government and to persons, which offset the reductions to corporate profits.

**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		2022	
			2021		2022		2021		2022	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	<b>Current production measures:</b>									
1	Corporate profits with IVA and CCAdj	3,001.3	56.7	22.4	3.7	131.6	2.0	0.8	0.1	4.6
2	Domestic industries	2,538.9	24.7	11.4	-10.4	106.2	1.0	0.5	-0.4	4.4
3	Financial	464.3	18.7	1.6	-26.8	-46.0	3.6	0.3	-5.0	-9.0
4	Nonfinancial	2,074.6	6.0	9.8	16.4	152.2	0.3	0.5	0.9	7.9
5	Rest of the world	462.3	32.0	11.0	14.2	25.5	8.4	2.7	3.3	5.8
6	Receipts from the rest of the world	968.2	36.6	7.8	17.1	56.1	4.3	0.9	1.9	6.2
7	Less: Payments to the rest of the world	505.8	4.5	-3.2	2.9	30.6	1.0	-0.7	0.6	6.4
9	Less: Taxes on corporate income	478.7	2.0	42.9	65.1	-16.4	0.5	11.1	15.1	-3.3
10	Equals: Profits after tax	2,522.6	54.7	-20.5	-61.4	148.0	2.3	-0.8	-2.5	6.2
11	Net dividends	1,740.4	48.1	36.4	13.4	-3.1	2.9	2.1	0.8	-0.2
12	Undistributed profits from current production	782.2	6.6	-56.9	-74.8	151.2	0.9	-7.5	-10.6	24.0
13	Net cash flow with IVA	2,954.0	2.3	54.9	-14.6	116.4	0.1	2.0	-0.5	4.1

**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](#) and [6.16D](#).

## Note on Measuring Corporate Profits

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

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

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

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

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

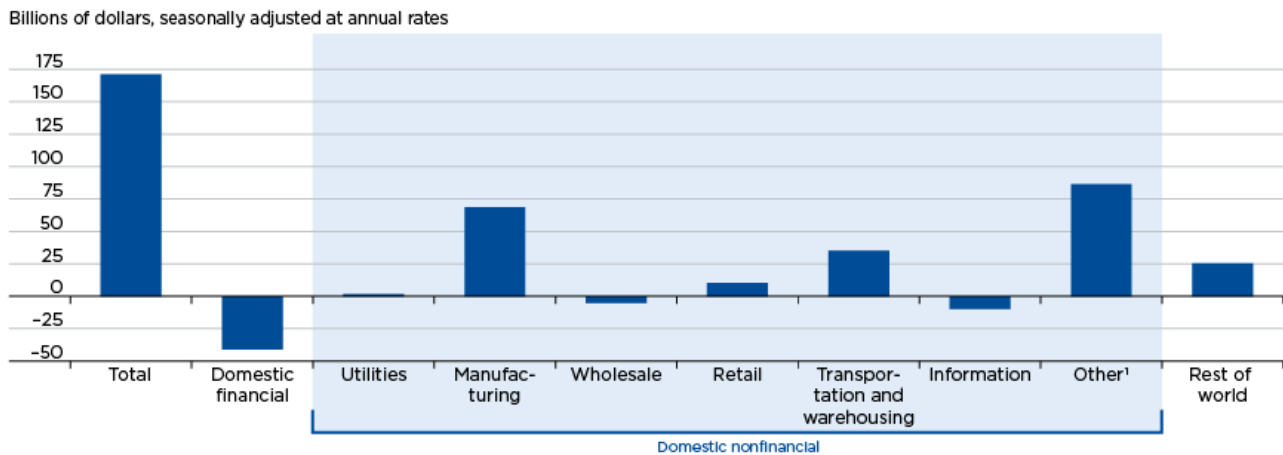
Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAdj). CCAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due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

## Corporate Profits by Industry

Industry profits (corporate profits by industry with IVA) increased \$171.1 billion, or 5.6 percent at a quarterly rate, in the second quarter after increasing \$80.2 billion, or 2.7 percent, in the first quarter (table 6 and chart 7). Domestic profits increased \$145.6 billion in the second quarter and primarily reflected increases in “other” nonfinancial industries and in manufacturing that were partly offset by a decrease in profits for financial 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 (S&P) 500 Index—increased \$209.7 billion in the second quarter.

**Chart 7. Corporate Profits with Inventory Valuation Adjustment in 2022:Q2, Change from Preceding Quarter**



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

**Table 6. 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							
		2022	2021		2022		2021		2022	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	<b>Industry profits:</b>									
1	Corporate profits with IVA	3,252.7	68.8	49.5	80.2	171.1	2.4	1.7	2.7	5.6
2	Domestic industries	2,790.4	36.7	38.5	66.1	145.6	1.5	1.5	2.6	5.5
3	Financial	552.4	20.8	5.3	-20.2	-41.0	3.5	0.9	-3.3	-6.9
4	Nonfinancial	2,237.9	15.9	33.2	86.3	186.6	0.8	1.7	4.4	9.1
5	Utilities	27.9	7.2	-1.0	2.6	1.7	41.2	-4.2	11.1	6.5
6	Manufacturing	616.9	30.2	57.2	33.2	68.7	7.1	12.5	6.5	12.5
7	Wholesale trade	184.9	16.3	5.7	14.3	-5.4	10.6	3.3	8.1	-2.8
8	Retail trade	307.4	-34.8	-3.1	-1.2	10.2	-10.3	-1.0	-0.4	3.4
9	Transportation and warehousing	124.4	-14.0	1.9	-7.4	35.0	-12.9	2.0	-7.7	39.1
10	Information	151.8	-6.9	0.3	2.2	-9.9	-4.1	0.2	1.4	-6.1
11	Other nonfinancial	824.6	18.1	-27.7	42.5	86.3	2.6	-3.8	6.1	11.7
12	Rest of the world	462.3	32.0	11.0	14.2	25.5	8.4	2.7	3.3	5.8
	<b>Addenda:</b>									
13	Profits before tax (without IVA and CCAdj)	3,521.8	4.8	-23.4	137.7	193.3	0.2	-0.7	4.3	5.8
14	Profits after tax (without IVA and CCAdj)	3,043.1	2.8	-66.3	72.7	209.7	0.1	-2.3	2.6	7.4
15	IVA	-269.1	63.9	73.0	-57.5	-22.2	---	---	---	---
16	CCAdj	-251.4	-12.1	-27.1	-76.5	-39.4	---	---	---	---

**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](#).

### 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.



## Updates

The decrease in second-quarter real GDP was the same as previously estimated in the second estimate. Upward revisions to consumer spending, federal government spending, and nonresidential fixed investment were offset by downward revisions to exports, residential fixed investment, and private inventory investment. Imports were revised down (table 7).

- Within consumer spending, an upward revision to services was partly offset by a downward revision to goods.
  - Within services, the leading contributors to the upward revision were “other” services (notably, international travel), based on updated data from BEA’s International Transactions Accounts (ITAs), and accommodation and food services (mainly purchased meals and beverages), primarily based on revised U.S. Census Bureau (Census) Monthly Retail Trade Survey (MRTS) data.
  - Within goods, a downward revision to durable goods (led by motor vehicles and parts) was mostly offset by an upward revision to nondurable goods (led by food and beverages as well as gasoline and other energy goods). For motor vehicles and parts, the revision reflected a downward revision to new light trucks, based on revised Wards Intelligence unit sales and IHS-Polk registrations, as well as used autos and trucks. For food and beverages, the upward revision was based primarily on updated Census MRTS, and for gasoline and other energy goods, the revision was based primarily on new June U.S. Energy Information Administration (EIA) data.
- For exports and imports, revisions were based primarily on updated first- and second-quarter statistics from the ITAs.
  - Within exports, the downward revision was to services (led by other government goods and services, not elsewhere classified, as well as “other” business services). The revised government services estimate in part reflected an ITA reclassification of military goods provided to Ukraine via the Presidential Drawdown Authority in the first and second quarters. For more information, refer to [“U.S. International Transactions, 2nd Quarter 2022.”](#)
  - Within imports, the downward revision was led by services (mainly charges for the use of intellectual property).
- The downward revision to residential fixed investment was to improvements, based primarily on U.S. Bureau of Labor Statistics (BLS) remodelers’ payroll data.
- Within private inventory investment, a downward revision to “other” industries (led by information) was partly offset by upward revisions to construction, mining, and utilities (led by utilities) as well as manufacturing (led by nondurable goods), based primarily on updated inventory data from Census and EIA.

Real GDI increased 0.1 percent in the second quarter, a downward revision of 1.3 percentage points from the second estimate. This update primarily reflected downward revisions to corporate profits, compensation, and proprietors’ income that was partly offset by a downward revision to subsidies, which are a subtraction in the calculation of GDI. The average of real GDP and real GDI decreased 0.3 percent at an annual rate in the second quarter, a downward revision of 0.7 percentage point.

- Within profits, the revision primarily reflected downward revisions to both financial and nonfinancial industries, based on updated publicly traded company financial report data, new Federal Deposit Insurance Corporation data, and Census Quarterly Financial Report data.
- Within compensation, the downward revision was led by private wages and salaries, based primarily on revised BLS Current Employment Statistics data.
- Within proprietors' income, the downward revision was led by nonfarm income, based on updated Federal Reserve Board Industrial Production Index data and the BLS Producer Price Index.
- For subsidies, the downward revision primarily reflected the reclassification of outlays from the Community Development Financial Institutions Fund. This fund promotes economic revitalization and community development in low-income communities to mission-driven lenders. These funds are now classified as loans and are recorded in the [Financial Accounts of the United States](#).

**Table 7. Second and Third Estimates for the Second Quarter of 2022**

[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	<b>Gross domestic product (GDP)<sup>1</sup></b>	-0.6	-0.6	0.0	-0.6	-0.6	0.0
2	<b>Personal consumption expenditures</b>	1.5	2.0	0.5	0.99	1.38	0.39
3	Goods	-2.4	-2.6	-0.2	-0.57	-0.61	-0.04
4	Durable goods	-0.1	-2.8	-2.7	-0.01	-0.24	-0.23
5	Nondurable goods	-3.7	-2.5	1.2	-0.56	-0.37	0.19
6	Services	3.6	4.6	1.0	1.56	1.99	0.43
7	<b>Gross private domestic investment</b>	-13.2	-14.1	-0.9	-2.67	-2.83	-0.16
8	Fixed investment	-4.5	-5.0	-0.5	-0.84	-0.92	-0.08
9	Nonresidential	0.0	0.1	0.1	0.00	0.01	0.01
10	Structures	-13.2	-12.7	0.5	-0.36	-0.34	0.02
11	Equipment	-2.7	-2.0	0.7	-0.15	-0.11	0.04
12	Intellectual property products	10.0	8.9	-1.1	0.51	0.46	-0.05
13	Residential	-16.2	-17.8	-1.6	-0.83	-0.93	-0.10
14	Change in private inventories	---	---	---	-1.83	-1.91	-0.08
15	<b>Net exports of goods and services</b>	---	---	---	1.42	1.16	-0.26
16	Exports	17.6	13.8	-3.8	1.88	1.51	-0.37
17	Goods	14.6	15.5	0.9	1.12	1.18	0.06
18	Services	25.4	9.9	-15.5	0.76	0.33	-0.43
19	Imports	2.8	2.2	-0.6	-0.45	-0.35	0.10
20	Goods	-0.4	-0.4	0.0	0.06	0.05	-0.01
21	Services	21.5	16.6	-4.9	-0.51	-0.41	0.10
22	<b>Government consumption expenditures and gross investment</b>	-1.8	-1.6	0.2	-0.32	-0.29	0.03
23	Federal	-3.9	-3.4	0.5	-0.25	-0.22	0.03
24	National defense	1.1	1.4	0.3	0.04	0.05	0.01
25	Nondefense	-10.4	-9.2	1.2	-0.29	-0.28	0.01
26	State and local	-0.6	-0.6	0.0	-0.06	-0.06	0.00
<b>Addenda:</b>							
27	Final sales of domestic product	1.3	1.3	0.0	---	---	---
28	Gross domestic income (GDI) <sup>2</sup>	1.4	0.1	---	---	---	---
29	Average of GDP and GDI	0.4	-0.3	---	---	---	---
30	Gross domestic purchases price index	8.4	8.5	0.1	---	---	---
31	GDP price index	8.9	9.0	0.1	---	---	---

1. The GDP estimates under the contribution columns are also percent changes.
2. GDI is deflated by the implicit price deflator for GDP.

## 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.

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.”