

# GDP and the Economy

## Third Estimates for the First Quarter of 2017

REAL GROSS domestic product (GDP) increased 1.4 percent at an annual rate in the first quarter of 2017, according to the third estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> The third estimate of real GDP growth was revised up 0.2 percentage point from the second estimate of 1.2 percent; the upward revision primarily reflected upward revisions to consumer spending and to exports that were partly offset by a downward revision to nonresidential fixed investment.<sup>2</sup> In the fourth quarter of 2016, real GDP increased 2.1 percent.

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

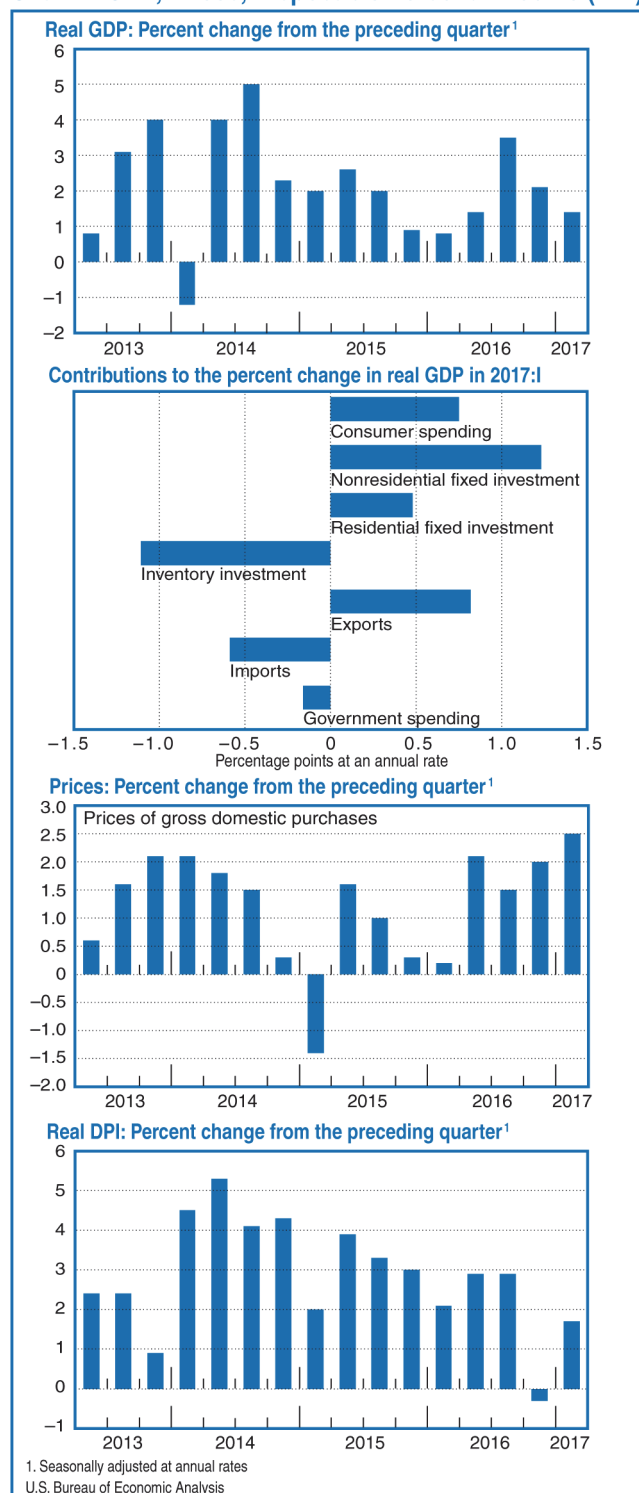
- Prices of goods and services purchased by U.S. residents, as measured by the gross domestic purchases price index, increased 2.5 percent in the first quarter after increasing 2.0 percent in the fourth quarter. Energy prices increased less in the first quarter than in the fourth quarter, and food prices turned up. Excluding food and energy, prices increased 2.2 percent after increasing 1.6 percent.
- Real disposable personal income increased 1.7 percent in the first quarter after decreasing 0.3 percent in the fourth quarter.
- Corporate profits from current production decreased \$48.4 billion in the first quarter after increasing \$11.2 billion in the fourth quarter (see table 3).

1. "Real" estimates are in chained (2009) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see "The Revisions to GDP, GDI, and Their Major Components" in the August 2014 SURVEY OF CURRENT BUSINESS. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.

2. In this article, "consumer spending" refers to "personal consumption expenditures," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."

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Chart 1. GDP, Prices, Disposable Personal Income (DPI)



## Real GDP Overview

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

[Seasonally adjusted at annual rates]

|   | Share of current-dollar GDP (percent) | Change from preceding period (percent) |            |            |             | Contribution to percent change in real GDP (percentage points) |             |              |              |      |
|---|---------------------------------------|--|------------|------------|-------------|--|-------------|--------------|--------------|------|
|   | 2017                                  | 2016                                   |            |            | 2017        | 2016   |             |              |              | 2017 |
|   | I                                     | II                                     | III        | IV         | I           | II   | III         | IV           | I            |      |
| <b>Gross domestic product</b> <sup>1</sup> .....                      | <b>100.0</b>                          | <b>1.4</b>                             | <b>3.5</b> | <b>2.1</b> | <b>1.4</b>  | <b>1.4</b>   | <b>3.5</b>  | <b>2.1</b>   | <b>1.4</b>   |      |
| <b>Personal consumption expenditures</b> .....                        | <b>69.0</b>                           | <b>4.3</b>                             | <b>3.0</b> | <b>3.5</b> | <b>1.1</b>  | <b>2.88</b>  | <b>2.03</b> | <b>2.40</b>  | <b>0.75</b>  |      |
| Goods .....   | 22.2                                  | 7.1                                    | 3.5        | 6.0        | 0.5         | 1.51   | 0.77        | 1.29         | 0.11         |      |
| Durable goods .....   | 7.6                                   | 9.8                                    | 11.6       | 11.4       | -1.6        | 0.70   | 0.84        | 0.82         | -0.12        |      |
| Nondurable goods .....  | 14.6                                  | 5.7                                    | -0.5       | 3.3        | 1.6         | 0.80   | -0.07       | 0.47         | 0.23         |      |
| Services .....  | 46.8                                  | 3.0                                    | 2.7        | 2.4        | 1.4         | 1.37   | 1.26        | 1.11         | 0.64         |      |
| <b>Gross private domestic investment</b> .....                        | <b>16.5</b>                           | <b>-7.9</b>                            | <b>3.0</b> | <b>9.4</b> | <b>3.7</b>  | <b>-1.34</b>   | <b>0.50</b> | <b>1.47</b>  | <b>0.60</b>  |      |
| Fixed investment .....  | 16.5                                  | -1.1                                   | 0.1        | 2.9        | 11.0        | -0.18  | 0.02        | 0.46         | 1.71         |      |
| Nonresidential .....  | 12.6                                  | 1.0                                    | 1.4        | 0.9        | 10.4        | 0.12   | 0.18        | 0.11         | 1.23         |      |
| Structures .....  | 2.8                                   | -2.1                                   | 12.0       | -1.9       | 22.6        | -0.06  | 0.30        | -0.05        | 0.56         |      |
| Equipment .....   | 5.6                                   | -2.9                                   | -4.5       | 1.9        | 7.8         | -0.17  | -0.26       | 0.11         | 0.42         |      |
| Intellectual property products .....                                  | 4.1                                   | 9.0                                    | 3.2        | 1.3        | 6.4         | 0.35   | 0.13        | 0.05         | 0.26         |      |
| Residential .....   | 3.9                                   | -7.7                                   | -4.1       | 9.6        | 13.0        | -0.31  | -0.16       | 0.35         | 0.48         |      |
| Change in private inventories .....                                   | 0.0                                   | .....                                  | .....      | .....      | .....       | -1.16  | 0.49        | 1.01         | -1.11        |      |
| <b>Net exports of goods and services</b> .....                        | <b>-3.0</b>                           | .....                                  | .....      | .....      | .....       | <b>0.18</b>  | <b>0.85</b> | <b>-1.82</b> | <b>0.23</b>  |      |
| Exports .....   | 12.2                                  | 1.8                                    | 10.0       | -4.5       | 7.0         | 0.21   | 1.16        | -0.55        | 0.82         |      |
| Goods .....   | 8.0                                   | 1.7                                    | 14.4       | -6.7       | 10.5        | 0.13   | 1.08        | -0.55        | 0.79         |      |
| Services .....  | 4.2                                   | 1.9                                    | 2.0        | -0.1       | 0.7         | 0.08   | 0.08        | 0.00         | 0.03         |      |
| Imports .....   | 15.1                                  | 0.2                                    | 2.2        | 9.0        | 4.0         | -0.03  | -0.31       | -1.27        | -0.59        |      |
| Goods .....   | 12.4                                  | 0.0                                    | 0.5        | 10.9       | 4.4         | 0.00   | -0.06       | -1.25        | -0.53        |      |
| Services .....  | 2.7                                   | 1.1                                    | 9.8        | 0.7        | 2.4         | -0.03  | -0.26       | -0.02        | -0.07        |      |
| <b>Government consumption expenditures and gross investment</b> ..... | <b>17.5</b>                           | <b>-1.7</b>                            | <b>0.8</b> | <b>0.2</b> | <b>-0.9</b> | <b>-0.30</b>   | <b>0.14</b> | <b>0.03</b>  | <b>-0.16</b> |      |
| Federal .....   | 6.6                                   | -0.4                                   | 2.4        | -1.2       | -2.0        | -0.02  | 0.16        | -0.08        | -0.14        |      |
| National defense .....  | 3.8                                   | -3.2                                   | 2.0        | -3.6       | -3.9        | -0.13  | 0.08        | -0.14        | -0.16        |      |
| Nondefense .....  | 2.8                                   | 3.8                                    | 3.0        | 2.3        | 0.7         | 0.10   | 0.08        | 0.06         | 0.02         |      |
| State and local .....   | 10.9                                  | -2.5                                   | -0.2       | 1.0        | -0.2        | -0.28  | -0.02       | 0.11         | -0.02        |      |
| <b>Addenda:</b>   |                                       |  |            |            |             |  |             |              |              |      |
| Gross domestic income (GDI) <sup>2</sup> .....                        | .....                                 | 0.7                                    | 5.0        | -1.4       | 1.0         | .....  | .....       | .....        | .....        |      |
| Average of GDP and GDI .....  | .....                                 | 1.1                                    | 4.3        | 0.3        | 1.2         | .....  | .....       | .....        | .....        |      |
| Final sales of domestic product .....                                 | 100.0                                 | 2.6                                    | 3.0        | 1.1        | 2.6         | 2.57   | 3.03        | 1.07         | 2.53         |      |
| Goods .....   | 29.4                                  | 2.2                                    | 7.6        | 2.2        | 0.2         | 0.66   | 2.22        | 0.67         | 0.07         |      |
| Services .....  | 62.4                                  | 2.4                                    | 2.1        | 1.6        | 0.7         | 1.48   | 1.34        | 0.97         | 0.44         |      |
| Structures .....  | 8.2                                   | -8.7                                   | -0.6       | 5.7        | 11.9        | -0.73  | -0.05       | 0.44         | 0.91         |      |
| Motor vehicle output .....  | 2.8                                   | 7.5                                    | 3.2        | 7.6        | -15.3       | 0.21   | 0.09        | 0.22         | -0.48        |      |
| GDP excluding motor vehicle output .....                              | 97.2                                  | 1.2                                    | 3.5        | 1.9        | 2.0         | 1.20   | 3.42        | 1.87         | 1.90         |      |
| Final sales of computers .....  | 0.4                                   | 17.8                                   | -9.0       | -3.9       | 41.7        | 0.07   | -0.04       | -0.02        | 0.14         |      |
| GDP excluding final sales of computers .....                          | 99.6                                  | 1.3                                    | 3.6        | 2.1        | 1.3         | 1.34   | 3.55        | 2.10         | 1.28         |      |
| Research and development (R&D) .....                                  | 2.7                                   | 11.8                                   | -0.1       | 2.2        | 7.3         | 0.29   | 0.00        | 0.06         | 0.19         |      |
| GDP excluding R&D .....   | 97.3                                  | 1.2                                    | 3.6        | 2.1        | 1.3         | 1.12   | 3.52        | 2.02         | 1.24         |      |

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

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

NOTE: For GDP and its components, percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

The deceleration in real GDP in the first quarter reflected a downturn in inventory investment, a deceleration in consumer spending, and a downturn in state and local government spending. These movements were partly offset by an upturn in exports, an acceleration in nonresidential fixed investment, and a deceleration in imports.

The deceleration in consumer spending reflected decelerations in spending for goods and for services.

The deceleration in spending for goods primarily reflected a downturn in durable goods, mainly motor vehicles and parts.

The deceleration in spending for services primarily reflected a deceleration in health care.

The acceleration in nonresidential fixed investment reflected an upturn in structures (led by an acceleration in investment in mining exploration, shafts, and wells) and accelerations in equipment and in intellectual property products.

The downturn in inventory investment primarily reflected a downturn in nonfarm inventory investment (mainly in motor vehicle wholesale trade) that was partly offset by an upturn in farm inventory investment.

The upturn in exports primarily reflected an upturn in goods exports; the largest contributors were upturns in industrial supplies and materials (mainly petroleum and products) and in foods, feeds, and beverages.

The downturn in state and local government spending primarily reflected a downturn in investment in structures.

Real gross domestic income (GDI), which is the sum of the incomes earned and the costs incurred in the production of GDP, increased 1.0 percent after decreasing 1.4 percent.

Real final sales of domestic product, real GDP less inventory investment, increased 2.6 percent in the first quarter of 2017 after increasing 1.1 percent in the fourth quarter of 2016.

## Revisions to GDP

Table 2. Second and Third Estimates for the First Quarter of 2017

[Seasonally adjusted at annual rates]

|   | Change from preceding quarter (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 |
| <b>Gross domestic product (GDP) <sup>1</sup></b> .....                | <b>1.2</b>                              | <b>1.4</b>     | <b>0.2</b>                           | <b>1.2</b>   | <b>1.4</b>     | <b>0.2</b>                           |
| <b>Personal consumption expenditures</b> .....                        | <b>0.6</b>                              | <b>1.1</b>     | <b>0.5</b>                           | <b>0.44</b>  | <b>0.75</b>    | <b>0.31</b>                          |
| Goods .....   | 0.3                                     | 0.5            | 0.2                                  | 0.07   | 0.11           | 0.04                                 |
| Durable goods .....   | -1.4                                    | -1.6           | -0.2                                 | -0.11  | -0.12          | -0.01                                |
| Nondurable goods .....  | 1.2                                     | 1.6            | 0.4                                  | 0.18   | 0.23           | 0.05                                 |
| Services .....  | 0.8                                     | 1.4            | 0.6                                  | 0.37   | 0.64           | 0.27                                 |
| <b>Gross private domestic investment</b> .....                        | <b>4.8</b>                              | <b>3.7</b>     | <b>-1.1</b>                          | <b>0.78</b>  | <b>0.60</b>    | <b>-0.18</b>                         |
| Fixed investment .....  | 11.9                                    | 11.0           | -0.9                                 | 1.85   | 1.71           | -0.14                                |
| Nonresidential .....  | 11.4                                    | 10.4           | -1.0                                 | 1.34   | 1.23           | -0.11                                |
| Structures .....  | 28.4                                    | 22.6           | -5.8                                 | 0.69   | 0.56           | -0.13                                |
| Equipment .....   | 7.2                                     | 7.8            | 0.6                                  | 0.39   | 0.42           | 0.03                                 |
| Intellectual property products .....                                  | 6.7                                     | 6.4            | -0.3                                 | 0.27   | 0.26           | -0.01                                |
| Residential .....   | 13.8                                    | 13.0           | -0.8                                 | 0.50   | 0.48           | -0.02                                |
| Change in private inventories .....                                   |   |                |                                      | -1.07  | -1.11          | -0.04                                |
| <b>Net exports of goods and services</b> .....                        |   |                |                                      | <b>0.13</b>  | <b>0.23</b>    | <b>0.10</b>                          |
| Exports .....   | 5.8                                     | 7.0            | 1.2                                  | 0.69   | 0.82           | 0.13                                 |
| Goods .....   | 8.4                                     | 10.5           | 2.1                                  | 0.64   | 0.79           | 0.15                                 |
| Services .....  | 1.2                                     | 0.7            | -0.5                                 | 0.05   | 0.03           | -0.02                                |
| Imports .....   | 3.8                                     | 4.0            | 0.2                                  | -0.55  | -0.59          | -0.04                                |
| Goods .....   | 4.2                                     | 4.4            | 0.2                                  | -0.50  | -0.53          | -0.03                                |
| Services .....  | 1.9                                     | 2.4            | 0.5                                  | -0.05  | -0.07          | -0.02                                |
| <b>Government consumption expenditures and gross investment</b> ..... | <b>-1.1</b>                             | <b>-0.9</b>    | <b>0.2</b>                           | <b>-0.20</b>   | <b>-0.16</b>   | <b>0.04</b>                          |
| Federal .....   | -2.0                                    | -2.0           | 0.0                                  | -0.14  | -0.14          | 0.00                                 |
| National defense .....  | -3.9                                    | -3.9           | 0.0                                  | -0.16  | -0.16          | 0.00                                 |
| Nondefense .....  | 0.7                                     | 0.7            | 0.0                                  | 0.02   | 0.02           | 0.00                                 |
| State and local .....   | -0.6                                    | -0.2           | 0.4                                  | -0.06  | -0.02          | 0.04                                 |
| <b>Addenda:</b>   |   |                |                                      |  |                |                                      |
| Final sales of domestic product .....                                 | 2.2                                     | 2.6            | 0.4                                  | 2.22   | 2.53           | 0.31                                 |
| Gross domestic income (GDI) .....                                     | 0.9                                     | 1.0            | 0.1                                  |  |                |                                      |
| Average of GDP and GDI .....  | 1.0                                     | 1.2            | 0.2                                  |  |                |                                      |
| Gross domestic purchases price index .....                            | 2.6                                     | 2.5            | -0.1                                 |  |                |                                      |
| GDP price index .....   | 2.2                                     | 1.9            | -0.3                                 |  |                |                                      |

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

The third estimate of the first-quarter change in real GDP was 0.2 percentage point higher than the second estimate released in May; the general picture of economic growth remains the same. The average revision from the second estimate to the third estimate for real GDP is 0.2 percentage point. The upward revision to the percent change in real GDP primarily reflected upward revisions to consumer spending and to exports that were partly offset by downward revisions to nonresidential fixed investment.

The upward revision to consumer spending was primarily to services, primarily reflecting upward revisions to financial services and insurance and to health care that were partly offset by a downward revision to transportation services.

The downward revision to nonresidential fixed investment primarily reflected a downward revision to structures (mainly commercial and health care structures and power and communication structures).

The upward revision to exports was to exports of goods, mainly reflecting an upward revision to industrial supplies and materials.

## Source Data and Methodologies

For the details about the source data and the methodologies that are used for the estimates, see *Concepts and Methods of the U.S. National Income and Product Accounts* on BEA's Web site.

**Source data for the third estimate.** The third estimate of GDP for the first quarter of 2017 incorporated the following source data.

**Consumer spending:** Census Bureau retail sales data for March (revised) and quarterly services survey data for the first quarter (new and revised), Federal Deposit Insurance Corporation Call Report data for the first quarter (new), Energy Information Administration electricity and natural gas usage and unit value data for February (revised) and March (new), and Securities and Exchange Commission (SEC) FOCUS Report data for the first quarter (new).

**Nonresidential fixed investment:** Census Bureau construction spending data for February and March (revised),

equipment shipments for March (revised), and quarterly services survey data for the first quarter (new and revised).

**Residential fixed investment:** Census Bureau construction spending data for February and March (revised).

**Inventory investment:** Census Bureau manufacturers' and trade inventories for March (revised) and Quarterly Financial Report data for the first quarter (revised).

**Exports and imports:** BEA international transactions accounts data for January, February, and March (reflects the annual update).

**Government spending:** Census Bureau construction spending data for February and March (revised).

**Prices:** Bureau of Labor statistics (BLS) export and import prices for January, February, and March (revised), BLS producer price indexes for January, February, and March (revised), and SEC FOCUS Report data for the first quarter (new).

## Corporate Profits

**Table 3. Corporate Profits**  
[Seasonally adjusted]

|  | Billions of dollars (annual rate) |                               |       |       |       |      |      |      | Percent change from preceding quarter (quarterly rate) |  |      |  |  |  |
|--|-----------------------------------|-------------------------------|-------|-------|-------|------|------|------|--|--|------|--|--|--|
|  | Level                             | Change from preceding quarter |       |       |       |      |      |      |  |  |      |  |  |  |
|  | 2017                              | 2016                          |       |       |       | 2017 | 2016 |      |  |  | 2017 |  |  |  |
|  | I                                 | II                            | III   | IV    | I     | II   | III  | IV   | I  |  |      |  |  |  |
| <b>Current production measures:</b>                |                                   |                               |       |       |       |      |      |      |  |  |      |  |  |  |
| Corporate profits with IVA and CCAdj.....          | 2,101.5                           | -12.5                         | 117.8 | 11.2  | -48.4 | -0.6 | 5.8  | 0.5  | -2.3   |  |      |  |  |  |
| Domestic industries.....                           | 1,656.9                           | -50.5                         | 116.5 | -33.9 | -39.1 | -3.0 | 7.2  | -2.0 | -2.3   |  |      |  |  |  |
| Financial.....                                     | 491.6                             | 5.6                           | 50.1  | 26.5  | -27.9 | 1.3  | 11.3 | 5.4  | -5.4   |  |      |  |  |  |
| Nonfinancial.....                                  | 1,165.3                           | -56.1                         | 66.4  | -60.4 | -11.1 | -4.6 | 5.7  | -4.9 | -0.9   |  |      |  |  |  |
| Rest of the world.....                             | 444.6                             | 38.0                          | 1.3   | 45.1  | -9.4  | 10.3 | 0.3  | 11.0 | -2.1   |  |      |  |  |  |
| Receipts from the rest of the world.....           | 694.9                             | 37.5                          | -1.3  | 9.1   | 5.3   | 5.8  | -0.2 | 1.3  | 0.8  |  |      |  |  |  |
| Less: Payments to the rest of the world.....       | 250.3                             | -0.5                          | -2.6  | -36.0 | 14.7  | -0.2 | -0.9 | 13.2 | 6.2  |  |      |  |  |  |
| Less: Taxes on corporate income....                | 534.2                             | 16.4                          | 19.5  | -24.8 | -4.4  | 3.1  | 3.6  | -4.4 | -0.8   |  |      |  |  |  |
| Equals: Profits after tax.....                     | 1,567.4                           | -28.9                         | 98.3  | 36.0  | -44.0 | -1.9 | 6.7  | 2.3  | -2.7   |  |      |  |  |  |
| Net dividends.....                                 | 991.8                             | -9.3                          | 18.5  | 9.5   | 9.8   | -1.0 | 1.9  | 1.0  | 1.0  |  |      |  |  |  |
| Undistributed profits from current production..... | 575.6                             | -19.6                         | 79.8  | 26.5  | -53.8 | -3.6 | 15.3 | 4.4  | -8.5   |  |      |  |  |  |
| Net cash flow.....                                 | 2,143.9                           | -13.4                         | 95.4  | 20.6  | -48.3 | -0.6 | 4.6  | 1.0  | -2.2   |  |      |  |  |  |

IVA Inventory valuation adjustment

CCAdj Capital consumption adjustment

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

Profits from current production decreased \$48.4 billion, or 2.3 percent at a quarterly rate, in the first quarter of 2017 after increasing \$11.2 billion, or 0.5 percent, in the fourth quarter of 2016.

Profits of domestic financial corporations decreased \$27.9 billion, or 5.4 percent, after increasing \$26.5 billion, or 5.4 percent. The first-quarter estimate was reduced by \$5.6 billion (\$22.3 billion at an annual rate), reflecting recent legal settlements.

Profits of domestic nonfinancial corporations decreased \$11.1 billion, or 0.9 percent, after decreasing \$60.4 billion, or 4.9 percent.

Profits from the rest of the world decreased \$9.4 billion, or 2.1 percent, after increasing \$45.1 billion, or 11.0 percent. In the first quarter, receipts increased \$5.3 billion, and payments increased \$14.7 billion.

Net cash flow from current production, a profits-related measure of internal funds available for investment, decreased \$48.3 billion after increasing \$20.6 billion.

### 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

Table 4. Corporate Profits by Industry

[Seasonally adjusted]

|   | Billions of dollars (annual rate) |                               |       |       | Percent change from preceding quarter (quarterly rate) |       |       |       |      |  |      |
|---|-----------------------------------|-------------------------------|-------|-------|--|-------|-------|-------|------|--|------|
|   | Level                             | Change from preceding quarter |       |       |  |       |       |       |      |  |      |
|   | 2017                              | 2016                          |       |       |  | 2017  | 2016  |       |      |  | 2017 |
|   | I                                 | II                            | III   | IV    | I  | II    | III   | IV    | I    |  |      |
| <b>Industry profits:</b>                        |                                   |                               |       |       |  |       |       |       |      |  |      |
| Corporate profits with IVA .....                | 2,199.5                           | -12.1                         | 113.7 | 10.4  | -51.6  | -0.6  | 5.3   | 0.5   | -2.3 |  |      |
| Domestic industries.....                        | 1,754.9                           | -50.1                         | 112.4 | -34.7 | -42.2  | -2.8  | 6.5   | -1.9  | -2.3 |  |      |
| Financial.....                                  | 532.3                             | 5.4                           | 49.5  | 26.5  | -28.2  | 1.1   | 10.2  | 5.0   | -5.0 |  |      |
| Nonfinancial.....                               | 1,222.6                           | -55.5                         | 62.9  | -61.2 | -14.1  | -4.3  | 5.1   | -4.7  | -1.1 |  |      |
| Utilities.....                                  | 8.7                               | -1.5                          | 5.0   | 0.5   | 0.7  | -37.9 | 197.3 | 6.8   | 9.4  |  |      |
| Manufacturing.....                              | 351.4                             | -10.5                         | 3.4   | -21.3 | -14.7  | -2.7  | 0.9   | -5.5  | -4.0 |  |      |
| Wholesale trade.....                            | 110.7                             | -37.8                         | 28.3  | -32.9 | -0.7   | -24.6 | 24.4  | -22.8 | -0.6 |  |      |
| Retail trade.....                               | 186.0                             | -3.8                          | 11.5  | -4.7  | -2.4   | -2.0  | 6.3   | -2.4  | -1.3 |  |      |
| Transportation and warehousing.....             | 62.9                              | -4.8                          | 1.3   | -9.1  | 7.0  | -7.0  | 2.0   | -14.0 | 12.5 |  |      |
| Information.....                                | 133.0                             | 2.8                           | 11.2  | -6.7  | -1.2   | 2.2   | 8.6   | -4.8  | -0.9 |  |      |
| Other nonfinancial.....                         | 369.9                             | 0.0                           | 2.3   | 13.0  | -2.8   | 0.0   | 0.6   | 3.6   | -0.7 |  |      |
| Rest of the world.....                          | 444.6                             | 38.0                          | 1.3   | 45.1  | -9.4   | 10.3  | 0.3   | 11.0  | -2.1 |  |      |
| <b>Addenda:</b>                                 |                                   |                               |       |       |  |       |       |       |      |  |      |
| Profits before tax (without IVA and CCAdj)..... | 2,263.4                           | 102.6                         | 62.2  | 37.0  | -16.4  | 4.9   | 2.9   | 1.6   | -0.7 |  |      |
| Profits after tax (without IVA and CCAdj).....  | 1,729.2                           | 86.2                          | 42.7  | 61.8  | -12.0  | 5.6   | 2.6   | 3.7   | -0.7 |  |      |
| IVA.....  | -63.8                             | -114.7                        | 51.5  | -26.6 | -35.2  |       |       |       |      |  |      |
| CCAdj.....                                      | -98.0                             | -0.4                          | 4.2   | 0.8   | 3.2  |       |       |       |      |  |      |

IVA Inventory valuation adjustment                  CCAdj Capital consumption adjustment  
NOTE. Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.

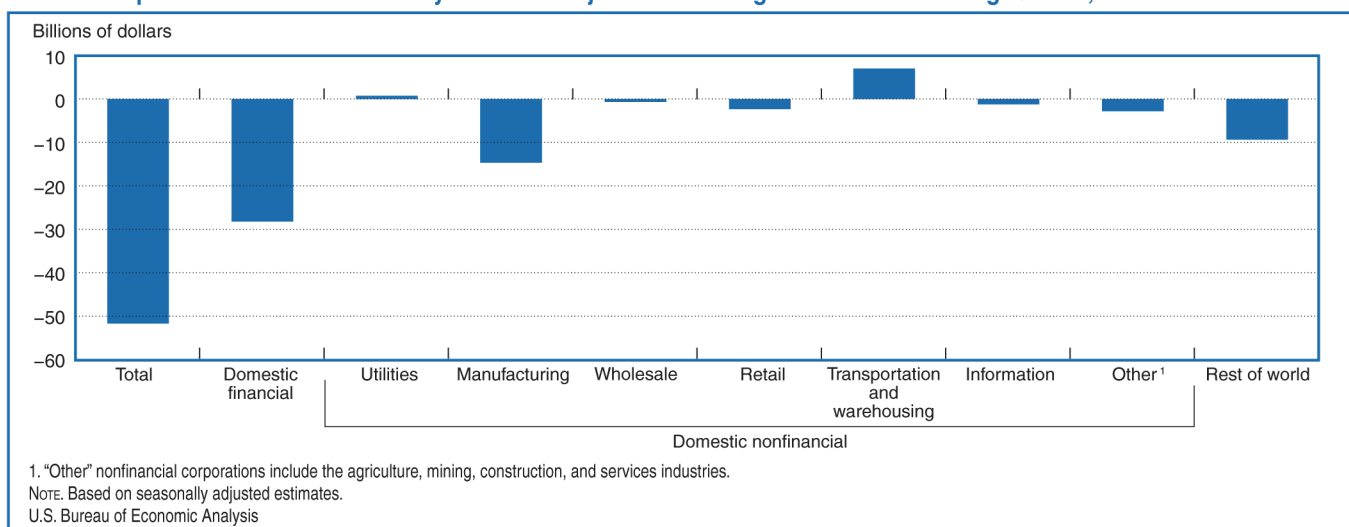
Profits with inventory valuation adjustment (IVA) decreased \$51.6 billion, or 2.3 percent at a quarterly rate, in the first quarter after increasing \$10.4 billion, or 0.5 percent, in the fourth quarter.

Profits of domestic industries decreased \$42.2 billion, or 2.3 percent, after decreasing \$34.7 billion, or 1.9 percent.

Profits of domestic financial industries decreased \$28.2 billion, or 5.0 percent, after increasing \$26.5 billion, or 5.0 percent.

Profits of domestic nonfinancial industries decreased \$14.1 billion, or 1.1 percent, after decreasing \$61.2 billion, or 4.7 percent; the smaller decrease primarily reflected a smaller decrease in wholesale trade and an upturn in transportation and warehousing.

Chart 2. Corporate Profits With Inventory Valuation Adjustment: Change From the Preceding Quarter, 2017:I



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 Web site.