



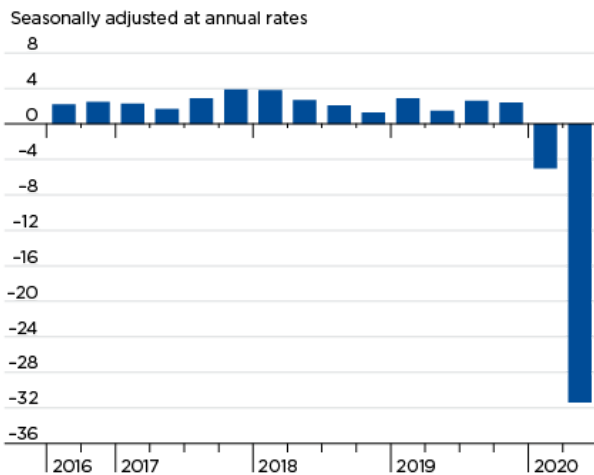
GDP and the Economy

Third Estimates for the Second Quarter of 2020

Real gross domestic product (GDP) decreased at an annual rate of 31.4 percent in the second quarter of 2020, according to the third estimates of the National Income and Product Accounts (chart 1 and table 1).¹ With the third estimate, real GDP growth for the second quarter was revised up 0.3 percentage point from the second estimate issued last month (see “[Updates](#)”). In the first quarter of 2020, real GDP decreased 5.0 percent.

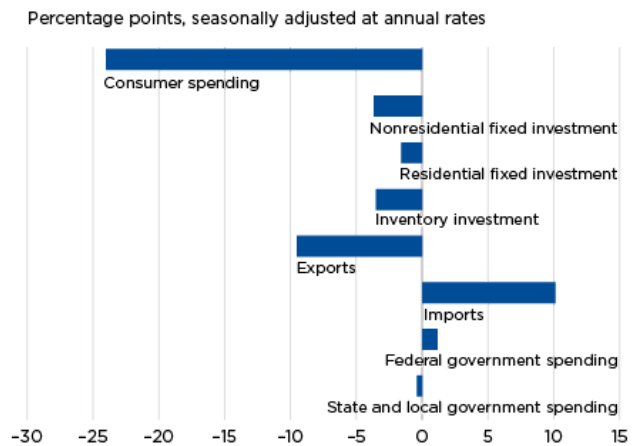
The decrease in real GDP in the second quarter reflected negative contributions from consumer spending, exports, nonresidential fixed investment, inventory investment, residential fixed investment, and state and local government spending that were partly offset by a positive contribution from federal government spending.² Imports, which are a subtraction in the calculation of GDP, decreased (chart 2 and table 1).

Chart 1. Real GDP: Percent Change from Preceding Quarter



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2020:Q2



U.S. Bureau of Economic Analysis

Bringing Together National, Industry, and State GDP Statistics

BEA has accelerated the release of its industry and state GDP statistics [to align with the quarterly estimates of national GDP](#). The September 30th release of the third estimate of second-quarter GDP, discussed in this article, was the first release to include both GDP by expenditure and GDP by industry statistics in the same release. On October 2nd, GDP by state statistics were released with a separate news release. [These three major dimensions of GDP are now synchronized](#) to cover the same quarter, giving users a fuller and more timely view of the U.S. economy.

Impact of the Coronavirus (COVID-19) Pandemic on the Second-Quarter 2020 GDP Estimate

The decline in second-quarter GDP reflected the response to COVID-19, as “stay-at-home” orders issued in March and April were partially lifted in some areas of the country in May and June, and government pandemic assistance payments were distributed to households and businesses. This led to rapid shifts in activity, as businesses and schools continued remote work and consumers and businesses canceled, restricted, or redirected their spending. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the second quarter of 2020, 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 second-quarter 2020 GDP.

GDP by Expenditure

With the exception of federal government spending, all GDP by expenditure components contributed to the larger decrease in real GDP in the second quarter. Imports decreased more in the second quarter than in the first quarter.

- Consumer spending decreased more in the second quarter than in the first, reflecting a larger decrease in spending on services and a downturn in spending on goods.
 - Within services, the main contributors to the larger decrease were health care (mainly hospitals and outpatient services), food services and accommodations (led by spending on purchased meals and beverages), and recreation services (led by spending on membership clubs, sports centers, parks, theaters, and museums), as “stay-at-home” orders to protect against COVID-19 affected both the availability of and demand for services in these categories (see [“Impact of the Coronavirus \(COVID-19\) Pandemic on the Second-Quarter 2020 GDP Estimate”](#)).
 - Within goods, the main contributors to the downturn were a downturn in spending on food and beverages purchased for off-premises consumption, a larger decrease in spending on gasoline and other energy goods, and a slowdown in spending on other nondurable goods (more than accounted for by pharmaceutical products). Notable offsets to the downturn in goods included an upturn in motor vehicles and parts and an acceleration in spending on recreational goods and vehicles.
- Exports decreased more in the second quarter than in the first quarter, reflecting larger decreases in exports of both goods and services.
 - The larger decrease in goods exports reflected larger decreases in nonautomotive capital goods and in automotive vehicles, engines, and parts and a downturn in industrial supplies and materials (primarily petroleum and related products).
 - Larger decreases in travel services and transport services led the larger decrease in exports of services.

- Nonresidential fixed investment decreased more in the second quarter than in the first quarter; all subcomponents contributed to the larger decrease.
 - The larger decrease in equipment primarily reflected larger decreases in transportation equipment, other equipment (mainly mining and oilfield machinery, furniture and fixtures, and construction machinery excluding tractors), and industrial equipment. A notable offset to these decreases was an upturn for investment in information processing equipment (mainly computers and peripheral equipment), as many businesses shifted to virtual and remote operations in response to the COVID-19 pandemic.
 - The larger decrease in structures investment was led by a sharp downturn in mining exploration, shafts, and wells.
 - Investment in intellectual property products turned down, with all subcomponents contributing.
- The downturn in residential fixed investment primarily reflected downturns in single-family structures and in brokers' commissions and other ownership transfer costs.
- The larger decrease in inventory investment primarily reflected a downturn in retail trade (led by motor vehicle and parts dealers) that was partly offset by an upturn in nondurable goods manufacturing (mainly reflecting an upturn in petroleum and coal product manufacturing).
- The larger increase in government spending was led by a larger increase in federal nondefense consumption expenditures, which in turn reflected payments to lending institutions for administering loans provided through the Paycheck Protection Program. For additional details, see [“How does the Paycheck Protection Program of 2020 impact the national income and product accounts \(NIPAs\)?”](#)
- Imports decreased more in the second quarter than in the first quarter, reflecting larger decreases in imports of both goods and services.
 - The larger decrease in imports of goods primarily reflected a larger decrease in imports of automotive vehicles, engines, and parts.
 - The larger decrease in imports of services was led by larger decreases in both travel and transport services.

Real gross domestic income decreased 33.5 percent in the second quarter after decreasing 2.5 percent in the first quarter.

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

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2020	2019		2020		2019		2020	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic product¹	100.0	2.6	2.4	-5.0	-31.4	2.6	2.4	-5.0	-31.4
2	Personal consumption expenditures	67.1	2.7	1.6	-6.9	-33.2	1.83	1.07	-4.75	-24.01
3	Goods	22.3	4.2	0.6	0.1	-10.8	0.87	0.12	0.03	-2.06
4	Durable goods	7.6	6.3	3.1	-12.5	-1.7	0.44	0.22	-0.93	0.00
5	Nondurable goods	14.8	3.1	-0.7	7.1	-15.0	0.43	-0.10	0.97	-2.05
6	Services	44.8	2.0	2.0	-9.8	-41.8	0.96	0.96	-4.78	-21.95
7	Gross private domestic investment	16.0	1.8	-3.7	-9.0	-46.6	0.34	-0.64	-1.56	-8.77
8	Fixed investment	17.6	2.4	1.0	-1.4	-29.2	0.42	0.17	-0.23	-5.27
9	Nonresidential	13.6	1.9	-0.3	-6.7	-27.2	0.25	-0.04	-0.91	-3.67
10	Structures	3.0	3.6	-5.3	-3.7	-33.6	0.11	-0.16	-0.11	-1.11
11	Equipment	5.4	-1.7	-1.7	-15.2	-35.9	-0.10	-0.10	-0.91	-2.03
12	Intellectual property products	5.2	5.3	4.6	2.4	-11.4	0.24	0.21	0.11	-0.53
13	Residential	4.0	4.6	5.8	19.0	-35.6	0.17	0.22	0.68	-1.60
14	Change in private inventories	-1.5	.....	.....	.....	.....	-0.09	-0.82	-1.34	-3.50
15	Net exports of goods and services	-2.8	.....	.....	.....	.....	0.04	1.52	1.13	0.62
16	Exports	9.2	0.8	3.4	-9.5	-64.4	0.10	0.39	-1.12	-9.51
17	Goods	5.8	3.1	2.5	-2.7	-66.8	0.23	0.19	-0.20	-6.56
18	Services	3.3	-3.2	5.1	-20.8	-59.6	-0.13	0.20	-0.92	-2.95
19	Imports	12.0	0.5	-7.5	-15.0	-54.1	-0.06	1.13	2.25	10.13
20	Goods	9.9	0.7	-9.4	-11.4	-49.6	-0.08	1.15	1.36	7.32
21	Services	2.1	-0.7	0.9	-28.5	-69.9	0.02	-0.03	0.90	2.80
22	Government consumption expenditures and gross investment	19.7	2.1	2.4	1.3	2.5	0.37	0.42	0.22	0.77
23	Federal	7.7	4.8	4.0	1.6	16.4	0.31	0.26	0.10	1.17
24	National defense	4.5	5.6	6.6	-0.3	3.8	0.22	0.26	-0.01	0.18
25	Nondefense	3.2	3.5	0.1	4.4	37.6	0.09	0.00	0.11	0.98
26	State and local	12.0	0.6	1.5	1.1	-5.4	0.06	0.16	0.12	-0.40
Addenda:										
27	Gross domestic income (GDI) ²	.....	0.8	3.3	-2.5	-33.5	.....	.....	.....	.....
28	Average of GDP and GDI	.....	1.7	2.8	-3.7	-32.5	.....	.....	.....	.....
29	Final sales of domestic product	.....	2.7	3.2	-3.6	-28.1	2.66	3.18	-3.62	-27.88
30	Goods	29.4	4.2	3.2	-3.5	-29.0	1.23	0.94	-0.98	-7.40
31	Services	61.7	1.8	2.1	-7.6	-32.9	1.12	1.29	-4.82	-21.32
32	Structures	8.9	2.6	1.5	10.3	-28.4	0.22	0.13	0.85	-2.66
33	Motor vehicle output	1.6	21.5	-14.6	-24.7	-86.9	0.54	-0.43	-0.73	-3.99

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

2. GDI is deflated by the implicit price deflator for GDP. The third-quarter 2019 change in GDI reflects the incorporation of new data on private wages and salaries.

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

For the first time, the third estimate of GDP includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP. Private goods-producing industries decreased 34.4 percent in the second quarter, and private services-producing industries decreased 33.1 percent. Government decreased 16.6 percent (table 2 and charts 3 and 4).

- Within private goods-producing industries, the leading contributor to the decrease was durable goods manufacturing (led by motor vehicles, bodies and trailers, and parts).
- Within private services-producing industries, the leading contributors to the decrease were accommodation and food services (led by food services and drinking places); health care and social assistance (led by ambulatory health care); transportation and warehousing (led by air transportation); arts, entertainment, and recreation; wholesale trade; and professional, scientific, and technical services. Offsetting these decreases was an increase in finance and insurance (led by securities and banking industries).
- The decrease in government was more than accounted for by a decrease in state and local government that was partly offset by an increase in federal government.

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

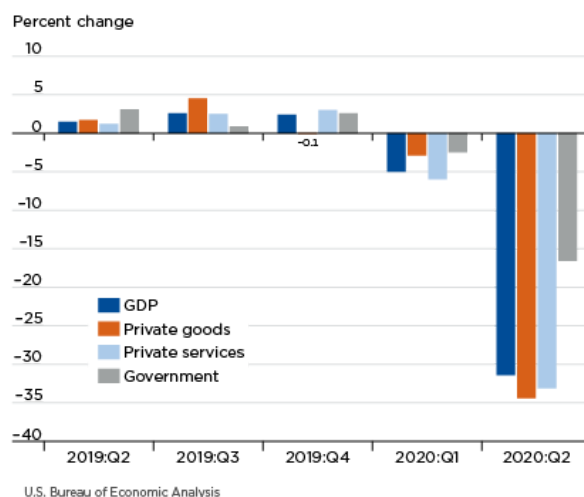


Table 2. Real Gross Domestic Product (GDP) by Industry Group and Related Measures

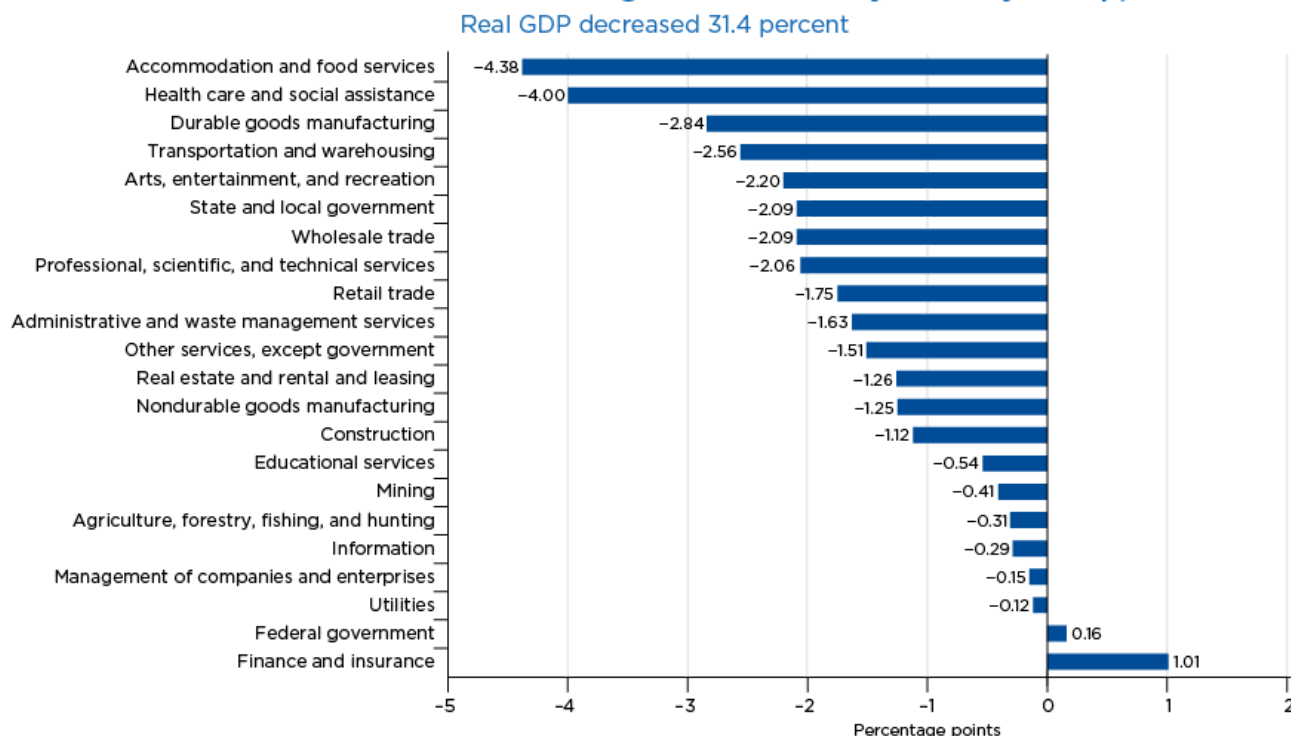
[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)		Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2020		2019		2020		2019		2020	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1	Gross domestic product	100.0	2.6	2.4	-5.0	-31.4	2.6	2.4	-5.0	-31.4	
2	Private industries	86.7	2.9	2.4	-5.4	-33.3	2.50	2.07	-4.71	-29.45	
3	Agriculture, forestry, fishing, and hunting	0.7	4.7	3.6	28.4	-36.4	0.03	0.03	0.22	-0.31	
4	Mining	0.7	7.7	-8.2	-2.2	-40.7	0.16	-0.10	-0.03	-0.41	
5	Utilities	1.7	-7.7	22.9	8.2	-8.6	-0.12	0.34	0.12	-0.12	
6	Construction	4.4	0.4	0.3	0.6	-26.5	0.00	0.00	0.02	-1.12	
7	Manufacturing	10.5	5.8	0.5	-6.4	-36.6	0.53	0.00	-0.70	-4.10	
8	Durable goods	5.9	0.1	2.6	-5.9	-43.3	0.00	0.15	-0.36	-2.84	
9	Nondurable goods	4.7	13.5	-2.0	-7.0	-27.0	0.53	-0.15	-0.34	-1.25	
10	Wholesale trade	5.7	-0.5	-0.5	-0.2	-35.0	0.06	0.01	-0.01	-2.09	
11	Retail trade	5.6	4.3	2.7	-7.0	-31.2	0.21	0.14	-0.39	-1.75	
12	Transportation and warehousing	2.7	6.9	2.1	-9.6	-64.8	0.22	0.07	-0.32	-2.56	
13	Information	5.7	7.1	7.3	-2.9	-6.8	0.37	0.38	-0.15	-0.29	
14	Finance, insurance, real estate, rental, and leasing	23.4	-0.3	3.5	-5.2	-2.5	-0.09	0.74	-1.12	-0.24	
15	Finance and insurance	8.7	-4.6	7.6	-12.9	11.9	-0.37	0.59	-1.04	1.01	
16	Real estate and rental and leasing	14.7	2.2	1.1	-0.6	-10.0	0.29	0.15	-0.08	-1.26	
17	Professional and business services	12.9	5.1	3.1	-1.9	-29.9	0.63	0.39	-0.24	-3.84	
18	Professional, scientific, and technical services	7.9	6.8	3.1	-1.0	-26.8	0.53	0.24	-0.08	-2.06	
19	Management of companies and enterprises	2.0	1.4	4.3	-3.8	-8.5	0.02	0.08	-0.07	-0.15	
20	Administrative and waste management services	3.0	3.2	2.4	-2.8	-47.1	0.09	0.07	-0.09	-1.63	
21	Educational services, health care, and social assistance	8.3	2.3	2.3	-6.7	-46.9	0.17	0.19	-0.59	-4.54	
22	Educational services	1.3	3.2	2.9	-3.1	-39.5	0.04	0.04	-0.04	-0.54	
23	Health care and social assistance	7.0	2.1	2.2	-7.3	-48.1	0.13	0.15	-0.55	-4.00	
24	Arts, entertainment, recreation, accommodation, and food services	2.4	6.6	-1.7	-26.2	-91.5	0.27	-0.08	-1.23	-6.58	
25	Arts, entertainment, and recreation	0.5	7.9	-1.5	-26.2	-96.9	0.09	-0.02	-0.32	-2.20	
26	Accommodation and food services	1.9	6.1	-1.8	-26.3	-88.4	0.18	-0.06	-0.91	-4.38	
27	Other services, except government	1.9	2.6	-1.7	-13.4	-58.8	0.05	-0.04	-0.30	-1.51	
28	Government	13.3	0.9	2.6	-2.5	-16.6	0.14	0.34	-0.30	-1.93	
29	Federal	4.3	2.8	1.9	1.9	3.7	0.12	0.07	0.07	0.16	
30	State and local	9.0	0.0	3.0	-4.4	-24.6	0.03	0.26	-0.37	-2.09	
Addenda:											
31	Private goods-producing industries ¹	16.3	4.5	-0.1	-2.9	-34.4	0.71	-0.07	-0.49	-5.93	
32	Private services-producing industries ²	70.4	2.5	3.0	-6.0	-33.1	1.79	2.15	-4.23	-23.52	

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.”

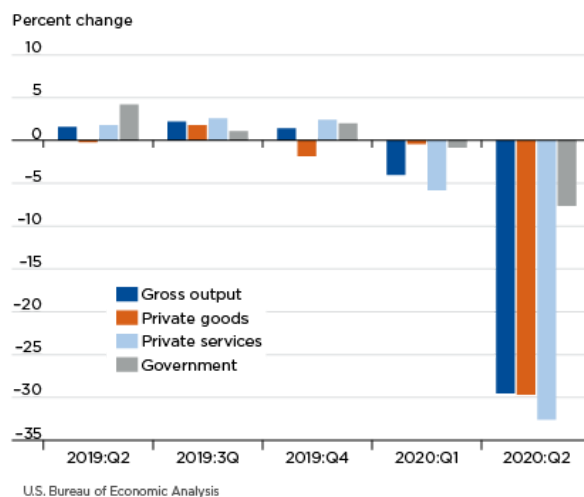
Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2020:Q2



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)—decreased 29.5 percent in the second quarter. Private services-producing industries decreased 32.6 percent, private goods-producing industries decreased 29.7 percent, and government decreased 7.6 percent (table 3 and chart 5). Overall, 20 of 22 industry groups contributed to the decrease in real gross output; only gross output for finance and insurance and for federal government increased.

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



- Within private goods-producing industries, the industry with the largest decrease was mining, which decreased 55.2 percent at an annual rate.
- Within private services-producing industries, the industries with the largest decrease were arts, entertainment, and recreation, which decreased 95.6 percent; accommodation and food services, which decreased 84.3 percent; and transportation and warehousing, which decreased 64.9 percent.

- The 7.6 percent decrease in real gross output for the government sector reflected a 17.7 percent decrease in real gross output for state and local government that was partially offset by an 18.5 percent increase for real gross output of federal government.

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

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)				
		2019	2019		2020	
			Q3	Q4	Q1	Q2
1	All industries¹	1.8	2.2	1.4	-4.0	-29.5
2	Private industries	1.9	2.4	1.3	-4.4	-31.9
3	Agriculture, forestry, fishing, and hunting	-0.1	1.8	5.2	9.2	-14.3
4	Mining	4.8	1.4	-4.8	-2.1	-55.2
5	Utilities	-3.7	-9.0	10.0	1.2	-2.0
6	Construction	-0.7	1.6	3.6	11.4	-13.7
7	Manufacturing	1.5	1.9	-3.4	-4.0	-32.8
8	Durable goods	1.5	-1.9	-3.0	-8.1	-44.6
9	Nondurable goods	1.5	6.1	-3.8	0.5	-17.9
10	Wholesale trade	-2.2	-2.1	-1.1	-1.9	-39.0
11	Retail trade	2.3	2.5	2.1	-8.1	-18.2
12	Transportation and warehousing	2.2	2.4	3.0	-12.6	-64.9
13	Information	6.0	6.1	2.7	-3.3	-8.5
14	Finance, insurance, real estate, rental, and leasing	2.2	2.4	2.9	0.7	-6.5
15	Finance and insurance	2.2	4.1	1.5	-1.3	3.8
16	Real estate and rental and leasing	2.2	1.1	3.9	2.3	-13.8
17	Professional and business services	3.8	6.4	2.5	-2.6	-31.1
18	Professional, scientific, and technical services	3.3	8.2	0.9	-1.5	-33.4
19	Management of companies and enterprises	6.3	-2.0	4.0	-2.9	-7.2
20	Administrative and waste management services	3.5	7.7	5.1	-4.5	-37.8
21	Educational services, health care, and social assistance	2.0	1.3	3.3	-5.4	-41.4
22	Educational services	1.0	3.3	2.5	-4.9	-36.1
23	Health care and social assistance	2.1	1.0	3.5	-5.5	-42.1
24	Arts, entertainment, recreation, accommodation, and food services	1.4	1.8	-1.0	-35.2	-88.0
25	Arts, entertainment, and recreation	1.9	1.9	-2.8	-34.6	-95.6
26	Accommodation and food services	1.2	1.7	-0.4	-35.4	-84.3
27	Other services, except government	-0.6	3.2	5.0	-17.7	-63.1
28	Government	1.6	1.1	2.0	-0.8	-7.6
29	Federal	2.8	2.8	2.9	1.4	18.5
30	State and local	1.0	0.4	1.6	-1.8	-17.7
Addenda:						
31	Private goods-producing industries ¹	1.2	1.8	-1.8	-0.4	-29.7
32	Private services-producing industries ²	2.1	2.6	2.4	-5.8	-32.6

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 gross output by industry tables.

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, decreased 1.4 percent in the second quarter after increasing 1.4 percent in the first quarter (table 4 and chart 6). Downturns in the prices paid for consumer spending and for state and local government spending were partly offset by an acceleration in prices paid for investment in intellectual property products.

Food prices increased 15.7 percent after increasing 3.2 percent. Prices for energy goods and services decreased 45.7 percent in the second quarter after decreasing 7.0 percent in the first quarter. Gross domestic purchases prices excluding food and energy turned down, decreasing 0.8 percent in the second quarter after increasing 1.6 percent in the first quarter.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, turned down, decreasing 0.8 percent in the second quarter after increasing 1.6 percent in the first quarter.

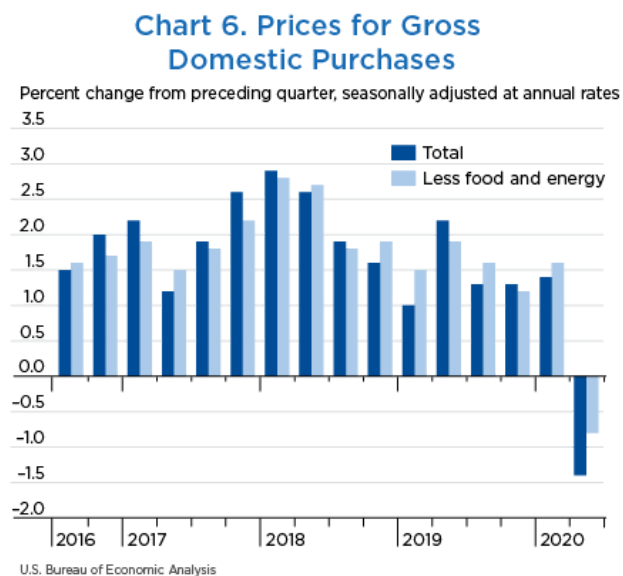


Table 4. Prices for Gross Domestic Purchases

[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)			
		2019		2020		2019		2020	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic purchases¹	1.3	1.3	1.4	-1.4	1.3	1.3	1.4	-1.4
2	Personal consumption expenditures (PCE)	1.4	1.5	1.3	-1.6	0.92	1.02	0.85	-1.06
3	Goods	-0.9	0.2	-0.9	-5.6	-0.19	0.05	-0.19	-1.21
4	Durable goods	-1.8	-2.7	-1.7	-3.1	-0.12	-0.19	-0.12	-0.23
5	Nondurable goods	-0.5	1.8	-0.5	-6.8	-0.06	0.24	-0.07	-0.98
6	Services	2.5	2.1	2.3	0.3	1.11	0.97	1.04	0.15
7	Gross private domestic investment	1.0	0.2	1.8	-0.1	0.16	0.03	0.29	0.00
8	Fixed investment	1.0	0.2	1.3	0.8	0.17	0.03	0.21	0.14
9	Nonresidential	0.4	-0.4	1.0	0.8	0.06	-0.06	0.12	0.11
10	Structures	2.1	1.5	1.5	-1.1	0.06	0.04	0.04	-0.03
11	Equipment	-1.0	-0.1	0.7	0.0	-0.05	-0.01	0.04	0.00
12	Intellectual property products	1.1	-2.0	0.9	2.9	0.05	-0.09	0.04	0.14
13	Residential	3.2	2.4	2.3	1.0	0.11	0.09	0.09	0.04
14	Change in private inventories	.....	.....	.....	.....	-0.01	0.00	0.08	-0.14
15	Government consumption expenditures and gross investment	1.0	1.7	1.8	-1.9	0.18	0.29	0.31	-0.35
16	Federal	0.6	1.3	-0.3	-1.1	0.04	0.08	-0.02	-0.08
17	National defense	0.8	1.5	-0.1	-2.5	0.03	0.06	-0.01	-0.10
18	Nondefense	0.2	1.1	-0.5	1.0	0.01	0.03	-0.01	0.03
19	State and local	1.3	1.9	3.1	-2.4	0.14	0.20	0.32	-0.28
Addenda:									
Gross domestic purchases:									
20	Food	-0.4	0.9	3.2	15.7	-0.02	0.04	0.15	0.77
21	Energy goods and services	-6.2	7.4	-7.0	-45.7	-0.17	0.19	-0.19	-1.47
22	Excluding food and energy	1.6	1.2	1.6	-0.8	1.45	1.11	1.49	-0.71
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	-0.2	0.8	3.1	15.4	.....	.....	.....	.....
24	Energy goods and services	-6.5	7.4	-9.8	-44.9	.....	.....	.....	.....
25	Excluding food and energy	1.9	1.3	1.6	-0.8	.....	.....	.....	.....
26	Gross domestic product	1.5	1.4	1.4	-1.8	.....	.....	.....	.....
27	Exports of goods and services	-2.3	-1.7	-2.5	-18.8	.....	.....	.....	.....
28	Imports of goods and services	-3.2	-1.4	-1.4	-12.8	.....	.....	.....	.....

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

Real GDP decreased 31.4 percent in the second quarter of 2020, an upward revision of 0.3 percentage point from the second estimate (table 5). The revision reflected an upward revision to consumer spending that was partly offset by downward revisions to exports and to business investment in intellectual property products.

- The upward revision to consumer spending was due to services and was partly offset by a downward revision to goods.
 - The upward revision to services primarily reflected upward revisions to other services (notably, personal care), recreation (notably, casino gambling), and health care (notably, nursing home services). A downward revision to transportation services (notably, motor vehicle maintenance and repair) partly offset the upward revisions to other services components.
 - Gasoline and energy goods led the downward revision to goods.
- Exports of both goods and services were revised down.
 - The leading contributor to the downward revision to goods was industrial supplies and materials (notably, petroleum exports).
 - The leading contributors to the downward revision to services were charges for the use of intellectual property as well as telecommunications, computer, and information services.
- The downward revision to business investment in intellectual property products was led by research and development.

Table 5. Second and Third Estimates for the Second Quarter of 2020

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real Gross domestic product (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	-31.7	-31.4	0.3	-31.7	-31.4	0.3
2	Personal consumption expenditures	-34.1	-33.2	0.9	-24.76	-24.01	0.75
3	Goods	-10.6	-10.8	-0.2	-2.00	-2.06	-0.06
4	Durable goods	-1.3	-1.7	-0.4	0.03	0.00	-0.03
5	Nondurable goods	-14.9	-15.0	-0.1	-2.02	-2.05	-0.03
6	Services	-43.1	-41.8	1.3	-22.77	-21.95	0.82
7	Gross private domestic investment	-46.2	-46.6	-0.4	-8.66	-8.77	-0.11
8	Fixed investment	-28.9	-29.2	-0.3	-5.20	-5.27	-0.07
9	Nonresidential	-26.0	-27.2	-1.2	-3.48	-3.67	-0.19
10	Structures	-33.4	-33.6	-0.2	-1.10	-1.11	-0.01
11	Equipment	-35.9	-35.9	0.0	-2.02	-2.03	-0.01
12	Intellectual property products	-7.7	-11.4	-3.7	-0.35	-0.53	-0.18
13	Residential	-37.9	-35.6	2.3	-1.72	-1.60	0.12
14	Change in private inventories	.....	.....	.....	-3.46	-3.50	-0.04
15	Net exports of goods and services	.....	.....	.....	0.90	0.62	-0.28
16	Exports	-63.2	-64.4	-1.2	-9.22	-9.51	-0.29
17	Goods	-66.3	-66.8	-0.5	-6.47	-6.56	-0.09
18	Services	-56.9	-59.6	-2.7	-2.76	-2.95	-0.19
19	Imports	-54.0	-54.1	-0.1	10.12	10.13	0.01
20	Goods	-49.5	-49.6	-0.1	7.33	7.32	-0.01
21	Services	-69.7	-69.9	-0.2	2.79	2.80	0.01
22	Government consumption expenditures and gross investment	2.8	2.5	-0.3	0.82	0.77	-0.05
23	Federal	17.6	16.4	-1.2	1.23	1.17	-0.06
24	National defense	4.2	3.8	-0.4	0.20	0.18	-0.02
25	Nondefense	40.1	37.6	-2.5	1.03	0.98	-0.05
26	State and local	-5.5	-5.4	0.1	-0.41	-0.40	0.01
Addenda:							
27	Final sales of domestic product	-28.5	-28.1	0.4	-28.25	-27.88	0.37
28	Gross domestic income (GDI)	-33.1	-33.5	-0.4	.....	.....	.....
29	Average of GDP and GDI	-32.4	-32.5	-0.1	.....	.....	.....
30	Gross domestic purchases price index	-1.5	-1.4	0.1	.....	.....	.....
31	GDP price index	-2.0	-1.8	0.2	.....	.....	.....

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

Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment) decreased \$208.9 billion, or 10.3 percent at a quarterly rate, in the second quarter of 2020 after decreasing \$276.2 billion, or 12.0 percent, in the first quarter of 2020 (table 6). Profits of domestic financial corporations increased \$26.5 billion, profits of domestic nonfinancial corporations decreased \$145.9 billion, and rest-of-the-world profits decreased \$89.5 billion.

Profits after tax decreased \$190.1 billion in the second quarter after decreasing \$219.5 billion in the first quarter.

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								
		2020	2019			2020		2019		2020	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
	Current production measures:										
1	Corporate profits with IVA and CCAAdj	1,826.1	-16.7	64.8	-276.2	-208.9	-0.7	2.9	-12.0	-10.3	
2	Domestic industries	1,442.5	-25.0	62.7	-232.7	-119.4	-1.4	3.6	-13.0	-7.6	
3	Financial	457.7	-7.0	16.7	-42.2	26.5	-1.5	3.6	-8.9	6.1	
4	Nonfinancial	984.8	-18.0	46.0	-190.5	-145.9	-1.4	3.6	-14.4	-12.9	
5	Rest of the world	383.6	8.3	2.1	-43.5	-89.5	1.6	0.4	-8.4	-18.9	
6	Receipts from the rest of the world	656.0	-2.2	3.5	-90.3	-134.5	-0.2	0.4	-10.3	-17.0	
7	Less: Payments to the rest of the world	272.4	-10.5	1.4	-46.8	-45.0	-2.8	0.4	-12.8	-14.2	
9	Less: Taxes on corporate income	236.8	-21.9	29.3	-56.8	-18.8	-7.2	10.3	-18.2	-7.3	
10	<i>Equals:</i> Profits after tax	1,589.4	5.2	35.5	-219.5	-190.1	0.3	1.8	-11.0	-10.7	
11	Net dividends	1,364.5	-20.9	7.8	23.2	-15.0	-1.5	0.6	1.7	-1.1	
12	Undistributed profits from current production	224.9	26.0	27.7	-242.7	-175.1	4.4	4.5	-37.8	-43.8	
13	Net cash flow with IVA	2,101.9	47.7	45.5	-221.6	-219.4	1.9	1.8	-8.7	-9.5	

CCAAdj 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) decreased \$209.2 billion, or 10.2 percent at a quarterly rate, in the second quarter of 2020 after decreasing \$241.4 billion, or 10.5 percent, in the first quarter (table 7).

Table 7. Corporate Profits by Industry
[Seasonally adjusted]

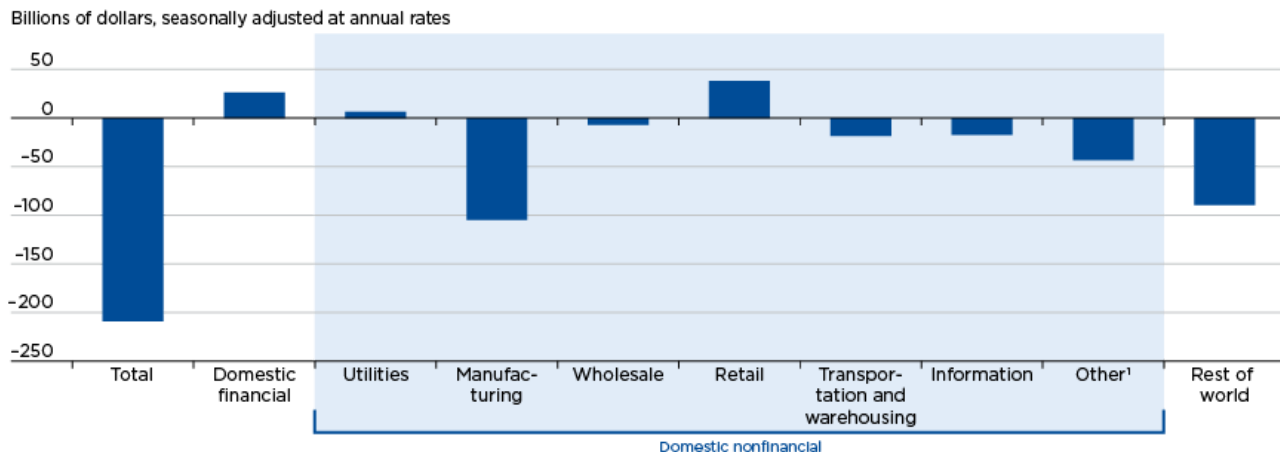
Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2020	2019			2020		2019		2020	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
	Industry profits:										
1	Corporate profits with IVA	1,844.3	-14.7	63.2	-241.4	-209.2	-0.7	2.8	-10.5	-10.2	
2	Domestic industries	1,460.7	-23.0	61.1	-197.9	-119.7	-1.3	3.6	-11.1	-7.6	
3	Financial	471.1	-5.7	16.2	-38.2	26.3	-1.2	3.5	-7.9	5.9	
4	Nonfinancial	989.6	-17.3	44.9	-159.7	-146.1	-1.4	3.6	-12.3	-12.9	
5	Utilities	29.0	-1.1	0.2	-4.8	6.5	.....	.....	.....	.....
6	Manufacturing	197.6	-3.8	-5.3	-33.5	-104.7	-1.1	-1.6	-10.0	-34.6	
7	Wholesale trade	101.4	2.9	4.0	-9.1	-6.9	2.6	3.6	-7.8	-6.4	
8	Retail trade	205.1	1.3	17.3	-17.1	38.0	0.8	10.4	-9.3	22.8	
9	Transportation and warehousing	19.2	5.1	-2.5	-19.2	-18.6	9.4	-4.2	-33.6	-49.2	
10	Information	109.5	-31.6	30.3	-12.0	-17.2	-22.6	28.0	-8.6	-13.6	
11	Other nonfinancial	327.8	10.0	0.8	-64.1	-43.2	2.4	0.2	-14.7	-11.6	
12	Rest of the world	383.6	8.3	2.1	-43.5	-89.5	1.6	0.4	-8.4	-18.9	
	Addenda:										
13	Profits before tax (without IVA and CCAdj)	1,793.8	-40.4	109.7	-318.4	-200.8	-1.8	5.0	-13.8	-10.1	
14	Profits after tax (without IVA and CCAdj)	1,557.1	-18.6	80.4	-261.6	-182.0	-1.0	4.2	-13.1	-10.5	
15	IVA	50.4	25.8	-46.5	77.0	-8.4	.....	.....	.....	.....
16	CCAdj	-18.1	-2.0	1.6	-34.8	0.3	.....	.....	.....	.....

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 2020:Q2,
Change from Preceding Quarter**



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.

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.”



Survey of Current Business
apps.bea.gov/scb
scb@bea.gov
(301) 278-9004