



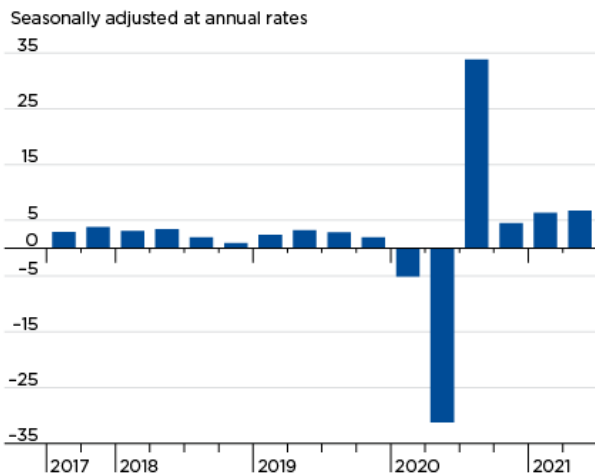
GDP and the Economy

Third Estimates for the Second Quarter of 2021

Real gross domestic product (GDP) increased at an annual rate of 6.7 percent in the second quarter of 2021, according to the third estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ With the third estimate, real GDP growth for the second quarter was revised up 0.1 percentage point from the second estimate issued last month (see “[Updates](#)”). In the first quarter of 2021, real GDP increased 6.3 percent.

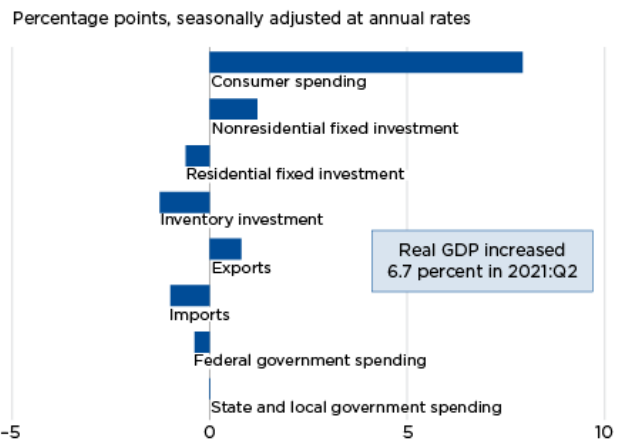
The increase in real GDP in the second quarter reflected increases in consumer spending, nonresidential fixed investment, exports, and state and local government spending that were partly offset by decreases in private inventory investment, residential fixed investment, and federal government spending.² Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).

Chart 1. Real GDP: Percent Change from Preceding Quarter



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2021:Q2



U.S. Bureau of Economic Analysis

COVID-19 Impact on the Second-Quarter 2021 GDP Estimate

The increase in second-quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the second quarter, government assistance payments in the form of loans to businesses and grants to state and local governments increased, while social benefits to households, such as the direct economic impact payments, declined. The full economic effects of the COVID-19 pandemic 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. For more information, see the [“Technical Note”](#) posted with the news release and [“Federal Recovery Programs and BEA Statistics,”](#) a webpage where the Bureau of Economic Analysis (BEA) consolidates information about the federal stimulus programs in response to the COVID-19 pandemic and how they relate to BEA's economic data.

GDP by Expenditure

Real GDP accelerated in the second quarter of 2021 as the economic recovery from the COVID-19 pandemic continued. A smaller decrease in inventory investment, an upturn in exports, an acceleration in consumer spending, and an upturn in state and local government spending were mostly offset by downturns in residential fixed investment and federal government spending and a slowdown in nonresidential fixed investment. Imports slowed.

- The smaller decrease in inventory investment primarily reflected a smaller decrease in manufacturing, an upturn in “other” industries (mainly from upturns in transportation and warehousing and in agricultural services, forestry, and fisheries), and a smaller decrease in retail trade (led by motor vehicle dealers).
- The upturn in exports reflected upturns in both goods and services exports.
 - The leading contributors to the upturn in exports of goods were consumer goods and capital goods (nonautomotive).
 - The upturn in exports of services was led by upturns in charges for the use of intellectual property and “other” business services.
- The acceleration in consumer spending reflected an acceleration in spending on services that was partly offset by a deceleration in spending on goods.
 - Within services, the leading contributors to the acceleration were an upturn in health care and a pickup in food services and accommodations.
 - Within goods, all categories of durable goods contributed to the deceleration (led by slowdowns in motor vehicles and parts and furnishings and durable household equipment).
- The upturn in state and local government spending reflected an acceleration in consumption expenditures (led by compensation of employees) that was partly offset by a larger decrease in gross investment.
- All categories contributed to the downturn in residential fixed investment. The leading contributors were a slowdown in single-family construction, a downturn in improvements, and a larger decrease in brokers’ commissions.
- The downturn in federal government spending primarily reflected a downturn in spending on nondefense consumption expenditures, led by intermediate goods and services purchased. In the second quarter, the fees associated with processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government slowed.

- The slowdown in nonresidential fixed investment reflected a downturn in structures (with all categories contributing) and slowdowns in equipment (more than accounted for by a downturn in information processing equipment) and intellectual property products (more than accounted for by a slowdown in software investment).
- The slowdown in imports reflected a deceleration in goods imports that was partly offset by an acceleration in services imports.
 - The leading contributor to the deceleration in goods imports was a downturn in imports of consumer goods (led by pharmaceuticals).
 - The acceleration in services imports primarily reflected a larger increase in travel.

Real gross domestic income, which is the sum of incomes earned and costs incurred in the production of GDP, increased 2.3 percent in the second quarter after increasing 6.3 percent 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)			
		2021	2020		2021		2020		2021	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic product (GDP)¹	100.0	33.8	4.5	6.3	6.7	33.8	4.5	6.3	6.7
2	Personal consumption expenditures	69.0	41.4	3.4	11.4	12.0	25.51	2.26	7.44	7.92
3	Goods	24.3	49.5	-0.3	27.4	13.0	9.92	-0.07	5.69	2.99
4	Durable goods	9.2	89.0	1.1	50.0	11.6	5.49	0.10	3.50	1.01
5	Nondurable goods	15.1	31.8	-1.1	15.9	13.9	4.43	-0.17	2.19	1.98
6	Services	44.6	37.5	5.3	3.9	11.5	15.59	2.34	1.75	4.93
7	Gross private domestic investment	17.3	82.1	24.7	-2.3	-3.9	11.71	4.01	-0.37	-0.65
8	Fixed investment	18.0	27.5	17.7	13.0	3.3	4.88	2.92	2.25	0.61
9	Nonresidential	13.3	18.7	12.5	12.9	9.2	2.72	1.57	1.65	1.21
10	Structures	2.5	-15.3	-8.2	5.4	-3.0	-0.46	-0.22	0.14	-0.08
11	Equipment	5.6	55.9	26.4	14.1	12.1	2.73	1.29	0.75	0.66
12	Intellectual property products	5.2	8.1	10.2	15.6	12.5	0.45	0.50	0.76	0.62
13	Residential	4.7	59.9	34.4	13.3	-11.7	2.16	1.34	0.60	-0.60
14	Change in private inventories	-0.8	.....	.....	.....	.....	6.84	1.10	-2.62	-1.26
15	Net exports of goods and services	-3.9	.....	.....	.....	.....	-3.25	-1.65	-1.56	-0.18
16	Exports	10.8	54.5	22.5	-2.9	7.6	4.64	2.07	-0.30	0.80
17	Goods	7.6	99.0	25.6	-1.4	6.4	4.75	1.59	-0.10	0.48
18	Services	3.2	-4.9	16.0	-6.0	10.4	-0.11	0.49	-0.20	0.32
19	Imports	14.7	89.2	31.3	9.3	7.1	-7.89	-3.73	-1.26	-0.99
20	Goods	12.4	103.7	30.1	10.6	4.3	-7.37	-3.04	-1.21	-0.51
21	Services	2.3	29.7	37.5	2.2	23.6	-0.52	-0.69	-0.05	-0.48
22	Government consumption expenditures and gross investment	17.7	-2.1	-0.5	4.2	-2.0	-0.19	-0.09	0.77	-0.36
23	Federal	6.9	-5.4	-3.1	11.3	-5.3	-0.32	-0.22	0.78	-0.38
24	National defense	4.0	1.7	5.3	-5.8	-1.1	0.11	0.22	-0.25	-0.04
25	Nondefense	2.9	-14.3	-14.1	40.8	-10.7	-0.43	-0.44	1.02	-0.34
26	State and local	10.8	0.1	1.2	-0.1	0.2	0.13	0.14	-0.01	0.02
Addenda:										
27	Gross domestic income (GDI) ²	.....	24.4	19.6	6.3	2.3	.....	.....	.....	.....
28	Average of GDP and GDI	.....	29.0	11.9	6.3	4.5	.....	.....	.....	.....
29	Final sales of domestic product	.....	25.9	3.4	9.1	8.1	26.95	3.44	8.90	7.99
30	Goods	31.5	62.9	4.6	10.8	9.8	17.63	1.46	3.31	3.05
31	Services	59.7	23.8	3.1	4.2	7.9	14.68	1.86	2.52	4.62
32	Structures	8.7	15.6	14.7	5.0	-10.0	1.47	1.22	0.45	-0.94
33	Motor vehicle output	2.7	1,236.8	-12.8	1.1	-14.1	5.97	-0.40	0.03	-0.42

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 increased 4.7 percent, private services-producing industries increased 7.8 percent, and government increased 3.4 percent (table 2). Overall, 19 of 22 industry groups contributed to the second-quarter increase in real GDP.

- The increase in private goods-producing industries primarily reflected increases in nondurable goods manufacturing (led by petroleum and coal products), construction, and durable goods manufacturing (led by other transportation equipment).
- The increase in private services-producing industries primarily reflected increases in accommodation and food services; information (led by data processing, internet publishing, and other information services); professional, scientific, and technical services; real estate and rental and leasing; and health care and social assistance (led by ambulatory health care services). These increases were partly offset by a decrease in retail trade (led by motor vehicle and parts dealers) (table 13).
- The increase in government mainly reflected an increase in state and local government.

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

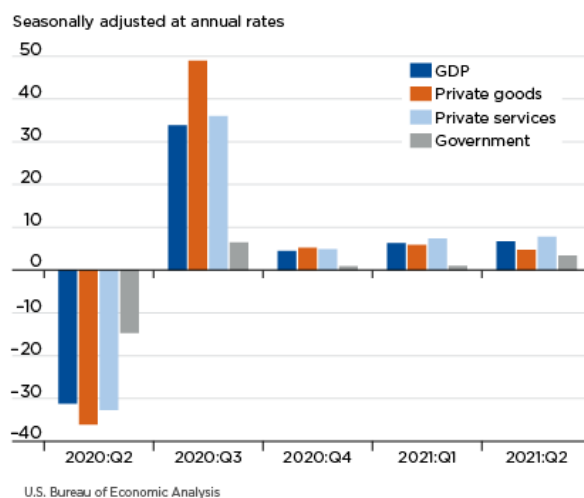
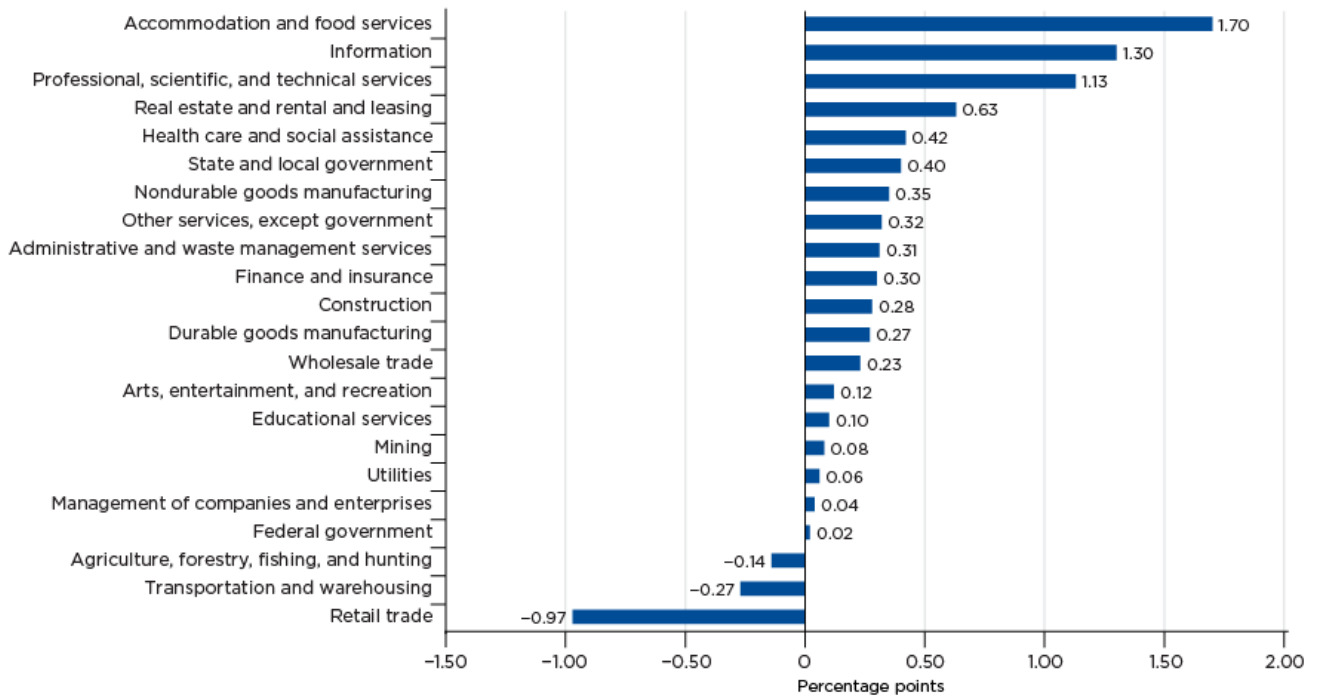


Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2021:Q2

Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

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

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2021	2020		2021		2020		2021	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross Domestic Product¹	100.0	33.8	4.5	6.3	6.7	33.8	4.5	6.3	6.7
2	Private industries	87.9	38.4	5.0	7.1	7.1	32.78	4.32	6.18	6.26
3	Agriculture, forestry, fishing, and hunting	1.1	50.8	-0.6	-13.9	-13.1	0.38	0.00	-0.14	-0.14
4	Mining	1.2	-17.4	-0.1	-3.4	7.3	-0.13	-0.01	-0.03	0.08
5	Utilities	1.6	4.0	-11.0	-8.5	3.8	0.10	-0.18	-0.15	0.06
6	Construction	4.2	27.8	10.9	5.9	6.6	1.24	0.46	0.25	0.28
7	Manufacturing	11.1	64.8	4.0	8.7	5.5	6.13	0.38	0.95	0.63
8	Durable goods	6.0	79.9	6.6	13.0	4.3	4.13	0.41	0.77	0.27
9	Nondurable Goods	5.1	47.6	0.8	3.5	7.0	2.00	-0.03	0.18	0.35
10	Wholesale trade	6.1	43.9	-1.3	3.4	3.7	2.40	-0.13	0.20	0.23
11	Retail trade	6.1	48.1	0.2	17.0	-14.7	2.66	0.01	0.96	-0.97
12	Transportation and warehousing	2.7	68.7	4.7	8.9	-9.7	1.57	0.12	0.24	-0.27
13	Information	5.7	23.3	2.0	14.7	25.2	1.37	0.12	0.79	1.30
14	Finance, insurance, real estate, rental, and leasing	21.3	10.0	6.5	6.1	4.3	2.55	1.43	1.32	0.93
15	Finance and insurance	8.5	12.6	18.9	7.4	3.4	1.28	1.55	0.64	0.30
16	Real estate and rental and leasing	12.8	8.3	-0.9	5.2	4.9	1.27	-0.12	0.68	0.63
17	Professional and business services	12.9	26.8	12.4	12.4	11.8	3.56	1.55	1.55	1.48
18	Professional, scientific, and technical services	7.7	23.5	5.4	10.0	15.3	1.92	0.41	0.76	1.13
19	Management of companies and enterprises	1.9	6.9	30.3	8.0	2.2	0.15	0.54	0.15	0.04
20	Administrative and waste management services	3.2	51.5	20.3	21.4	9.7	1.49	0.60	0.64	0.31
21	Educational services, health care, and social assistance	8.4	66.0	5.5	-1.1	6.1	5.04	0.48	-0.09	0.52
22	Educational services	1.1	16.2	-13.7	8.1	9.2	0.21	-0.17	0.09	0.10
23	Health care and social assistance	7.3	76.1	8.8	-2.5	5.7	4.83	0.65	-0.18	0.42
24	Arts, entertainment, recreation, accommodation, and food services	3.6	326.3	0.6	17.0	68.4	4.75	0.03	0.52	1.83
25	Arts, entertainment, and recreation	0.8	291.0	50.4	36.3	16.0	1.02	0.32	0.25	0.12
26	Accommodation and food services	2.8	337.3	-10.9	11.4	88.7	3.74	-0.29	0.27	1.70
27	Other services, except government	1.9	67.4	2.4	-8.8	17.5	1.17	0.05	-0.18	0.32
28	Government	12.1	6.5	0.9	1.0	3.4	0.98	0.15	0.12	0.42
29	Federal	3.8	4.8	-2.1	-0.4	0.5	0.23	-0.08	-0.01	0.02
30	State and local	8.2	7.3	2.4	1.6	4.8	0.75	0.23	0.14	0.40
Addenda:										
31	Private goods-producing industries ²	17.6	48.9	5.2	5.9	4.7	7.62	0.83	1.03	0.84
32	Private services-producing industries ³	70.4	36.0	4.9	7.4	7.8	25.17	3.49	5.16	5.42

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."

Annual Update of the Industry Economic Accounts

In conjunction with the release of the third estimate of GDP for the second quarter of 2021, BEA updated the industry estimates to reflect the results of the annual update of the Industry Economic Accounts. The timespan of the update is the first quarter of 1999 through the first quarter of 2021. The reference year remains 2012. The full results of the annual update of the Industry Economic Accounts, including updated annual supply-use tables, can be found on the [BEA website](#). For more information, see “[Information on Updates to the National Economic Accounts](#)” on the BEA website. This issue of the *Survey of Current Business* includes an article, “[The 2021 Annual Update of the Industry Economic Accounts](#),” describing the results in detail.

Gross Output by Industry

Gross output by industry—principally a measure of an industry’s sales or receipts, which includes sales to final users in the economy (GDP by expenditure) and sales to other industries (intermediate inputs)—increased 5.5 percent in the second quarter. Private services-producing industries increased 9.5 percent, while private goods-producing industries decreased 2.5 percent, and government decreased 1.6 percent (table 16). Overall, 14 of 22 industry groups contributed to the increase in real gross output.

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

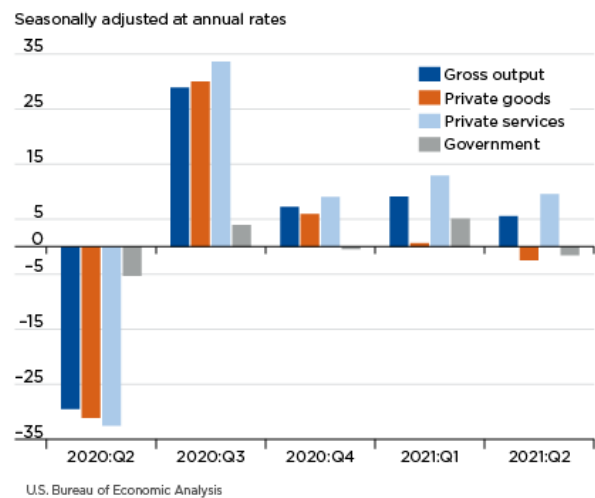


Table 3. Real Gross Output by Industry Group and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2020		2021	
		Q3	Q4	Q1	Q2
1	All industries	28.9	7.2	9.1	5.5
2	Private industries	32.7	8.2	9.6	6.3
3	Agriculture, forestry, fishing, and hunting	15.4	1.3	-5.5	-4.1
4	Mining	1.4	11.9	4.1	13.7
5	Utilities	22.7	1.0	7.2	6.9
6	Construction	1.7	9.1	5.7	-8.3
7	Manufacturing	44.8	4.9	-0.7	-1.7
8	Durable goods	74.3	7.8	3.2	-2.1
9	Nondurable goods	19.3	1.9	-4.7	-1.3
10	Wholesale trade	59.5	11.3	10.9	9.7
11	Retail trade	44.2	0.4	28.8	-4.4
12	Transportation and warehousing	62.6	20.5	20.2	4.3
13	Information	18.7	13.9	19.9	19.4
14	Finance, insurance, real estate, rental, and leasing	10.5	6.0	10.5	1.5
15	Finance and insurance	7.7	8.1	20.0	-1.2
16	Real estate and rental and leasing	12.8	4.3	3.3	3.7
17	Professional and business services	21.1	17.8	14.5	9.2
18	Professional, scientific, and technical services	21.5	14.8	14.4	9.4
19	Management of companies and enterprises	6.0	29.3	2.6	-0.5
20	Administrative and waste management services	30.1	17.7	22.3	14.3
21	Educational services, health care, and social assistance	37.6	7.2	-4.1	9.9
22	Educational services	19.2	-9.0	8.0	15.4
23	Health care and social assistance	40.4	9.6	-5.6	9.2
24	Arts, entertainment, recreation, accommodation, and food services	306.0	2.6	41.1	81.4
25	Arts, entertainment, and recreation	274.0	35.8	76.4	25.3
26	Accommodation and food services	314.4	-4.5	32.8	99.8
27	Other services, except government	61.3	2.5	-4.8	20.1
28	Government	3.9	-0.5	5.1	-1.6
29	Federal	-6.4	-3.1	15.5	-6.4
30	State and local	9.2	0.8	0.6	0.8
Addenda:					
31	Private goods-producing industries ¹	30.0	5.9	0.6	-2.5
32	Private services-producing industries ²	33.6	9.0	12.9	9.5

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

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

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

Prices

Prices for gross domestic purchases—goods and services purchased by U.S. residents—increased 5.8 percent in the second quarter after increasing 3.9 percent in the first quarter (table 4 and chart 6). The pickup mainly reflected widespread accelerations in consumer prices for both services and goods. Notable exceptions include decelerations in the prices paid for gasoline and other energy goods and for health care.

Food prices increased in the second quarter after decreasing slightly in the first quarter. Prices for energy goods and services increased 21.2 percent after increasing 47.8 percent. Gross domestic purchases prices excluding food and energy increased 5.6 percent after increasing 3.2 percent.

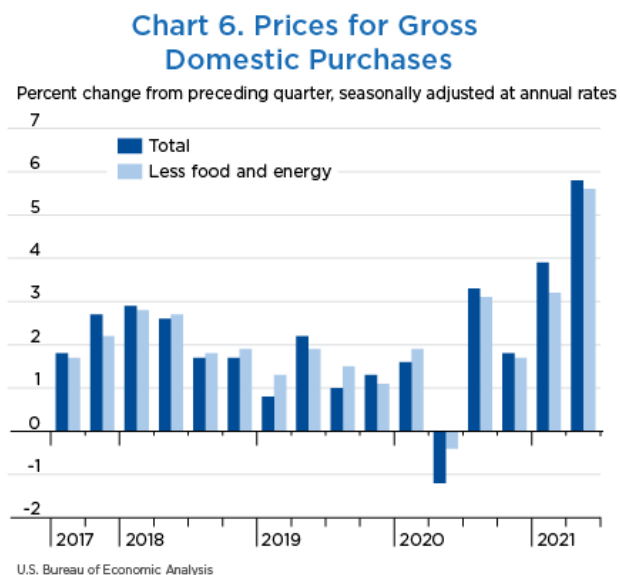


Table 4. Prices for Gross Domestic Purchases

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

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2020		2021		2020		2021	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic purchases¹	3.3	1.8	3.9	5.8	3.3	1.8	3.9	5.8
2	Personal consumption expenditures	3.7	1.5	3.8	6.5	2.39	1.00	2.51	4.23
3	Goods	4.9	0.3	5.9	9.3	1.07	0.08	1.29	2.11
4	Durable goods	7.6	0.2	2.3	16.8	0.56	0.02	0.19	1.38
5	Nondurable goods	3.5	0.4	8.0	5.0	0.51	0.06	1.10	0.73
6	Services	3.1	2.1	2.8	5.0	1.32	0.92	1.21	2.12
7	Gross private domestic investment	2.8	1.9	2.8	2.9	0.45	0.32	0.50	0.52
8	Fixed investment	2.2	1.9	3.7	4.5	0.39	0.33	0.64	0.80
9	Nonresidential	0.1	0.4	0.8	0.9	0.02	0.06	0.10	0.13
10	Structures	1.0	0.5	3.9	8.9	0.03	0.01	0.10	0.21
11	Equipment	-1.7	-2.2	2.2	-3.2	-0.09	-0.11	0.12	-0.16
12	Intellectual property products	1.6	3.2	-2.3	1.5	0.08	0.16	-0.12	0.08
13	Residential	9.3	6.5	12.4	15.3	0.36	0.27	0.54	0.67
14	Change in private inventories	.....	.....	.....	.....	0.07	-0.01	-0.14	-0.28
15	Government consumption expenditures and gross investment	2.4	3.0	5.4	6.1	0.44	0.52	0.93	1.04
16	Federal	3.0	2.5	4.0	4.1	0.22	0.17	0.27	0.28
17	National defense	3.6	2.5	4.4	4.3	0.15	0.10	0.18	0.17
18	Nondefense	2.2	2.5	3.3	3.9	0.07	0.07	0.09	0.11
19	State and local	2.0	3.3	6.3	7.3	0.22	0.35	0.66	0.76
Addenda:									
Gross domestic purchases:									
20	Food	-1.2	0.4	-0.1	1.6	-0.07	0.02	0.00	0.09
21	Energy goods and services	25.4	12.4	47.8	21.2	0.55	0.26	0.91	0.49
22	Excluding food and energy	3.1	1.7	3.2	5.6	2.80	1.56	3.02	5.20
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	-1.3	0.0	0.7	4.1	.....	.....	.....	.....
24	Energy goods and services	22.1	13.3	47.7	20.4	.....	.....	.....	.....
25	Excluding food and energy	3.5	1.2	2.7	6.1	.....	.....	.....	.....
26	Gross domestic product	3.6	2.2	4.3	6.1	.....	.....	.....	.....
27	Exports of goods and services	13.4	6.2	21.0	19.4	.....	.....	.....	.....
28	Imports of goods and services	8.0	2.2	13.3	13.4	.....	.....	.....	.....

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

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

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ "[How do the effects of dollar depreciation show up in the GDP accounts?](#)" on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or "core," inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See "[What is the core PCE price index?](#)" on BEA's website.)

BEA also prepares a supplemental PCE price index, the "market-based" PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Updates

In the third estimate for the second quarter, real GDP increased 6.7 percent, an upward revision of 0.1 percentage point from the previously reported estimate. The revision primarily reflected upward revisions to consumer spending, exports, and private inventory investment that were partly offset by an upward revision to imports and a downward revision to residential fixed investment.

- Within consumer spending, both services and goods were revised up.
 - Within services, the leading contributors to the upward revision were health care (notably, outpatient services), “other” services (notably, personal care and clothing services), and transportation services (notably, air transportation). The upward revisions were partly offset by a downward revision to financial services and insurance (notably, service charges and fees as well as portfolio management and investment advice services).
 - Within goods, the leading contributor to the upward revision was food and beverages purchased for off-premises consumption (groceries).
- The upward revision to exports primarily reflected an upward revision to services (led by “other” business services, including financial services).
- Within private inventory investment, upward revisions to retail trade (notably, general merchandise stores) and wholesale trade (notably, petroleum and petroleum products) were partly offset by a downward revision to “other” industries (specifically information).
- Within imports, both goods and services were revised up.
 - For goods, the leading contributor to the upward revision was industrial supplies and materials (notably, petroleum and related products).
 - For services, the leading contributor was an upward revision to transport (notably, passenger air transport).
- Within nonresidential fixed investment, a downward revision to intellectual property products (research and development as well as software) was offset by upward revisions to structures (notably, manufacturing structures) and to equipment (notably, computers and peripheral equipment).

Table 5. Second and Third Estimates for the Second Quarter of 2021

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP)¹	6.6	6.7	0.1	6.6	6.7	0.1
2	Personal consumption expenditures	11.9	12.0	0.1	7.80	7.92	0.12
3	Goods	12.8	13.0	0.2	2.95	2.99	0.04
4	Durable goods	11.3	11.6	0.3	0.99	1.01	0.02
5	Nondurable goods	13.7	13.9	0.2	1.96	1.98	0.02
6	Services	11.3	11.5	0.2	4.85	4.93	0.08
7	Gross private domestic investment	-4.0	-3.9	0.1	-0.67	-0.65	0.02
8	Fixed investment	3.4	3.3	-0.1	0.63	0.61	-0.02
9	Nonresidential	9.3	9.2	-0.1	1.21	1.21	0.00
10	Structures	-5.4	-3.0	2.4	-0.14	-0.08	0.06
11	Equipment	11.6	12.1	0.5	0.63	0.66	0.03
12	Intellectual property products	14.6	12.5	-2.1	0.72	0.62	-0.10
13	Residential	-11.5	-11.7	-0.2	-0.58	-0.60	-0.02
14	Change in private inventories	.....	.....	.....	-1.30	-1.26	0.04
15	Net exports of goods and services	.....	.....	.....	-0.24	-0.18	0.06
16	Exports	6.6	7.6	1.0	0.70	0.80	0.10
17	Goods	6.2	6.4	0.2	0.46	0.48	0.02
18	Services	7.5	10.4	2.9	0.24	0.32	0.08
19	Imports	6.7	7.1	0.4	-0.94	-0.99	-0.05
20	Goods	4.1	4.3	0.2	-0.48	-0.51	-0.03
21	Services	22.4	23.6	1.2	-0.46	-0.48	-0.02
22	Government consumption expenditures and gross investment	-1.9	-2.0	-0.1	-0.33	-0.36	-0.03
23	Federal	-5.2	-5.3	-0.1	-0.37	-0.38	-0.01
24	National defense	-0.9	-1.1	-0.2	-0.04	-0.04	0.00
25	Nondefense	-10.6	-10.7	-0.1	-0.33	-0.34	-0.01
26	State and local	0.3	0.2	-0.1	0.04	0.02	-0.02
Addenda:							
27	Final sales of domestic product	7.9	8.1	0.2	7.86	7.99	0.13
28	Gross domestic income (GDI) ²	1.6	2.3	.....	.....	.....	.....
29	Average of GDP and GDI	4.0	4.5	.....	.....	.....	.....
30	Gross domestic purchases price index	5.8	5.8	0.0	.....	.....	.....
31	GDP price index	6.1	6.1	0.0	.....	.....	.....

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.

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 \$267.8 billion, or 10.5 percent at a quarterly rate, in the second quarter of 2021 after increasing \$123.9 billion, or 5.1 percent, in the first quarter (table 6). Profits of domestic financial corporations increased \$52.8 billion, profits of domestic nonfinancial corporations increased \$221.3 billion, and rest-of-the-world profits decreased \$6.2 billion.

Profits after tax increased \$232.9 billion in the second quarter after increasing \$95.8 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								
		2021	2020			2021		2020		2021	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
	Current production measures:										
1	Corporate profits with IVA and CCAdj	2,819.2	492.8	-7.9	123.9	267.8	25.4	-0.3	5.1	10.5	
2	Domestic industries	2,359.0	446.7	-30.5	134.5	274.0	29.1	-1.5	6.9	13.1	
3	Financial	537.8	1.1	17.0	1.3	52.8	0.2	3.6	0.3	10.9	
4	Nonfinancial	1,821.3	445.6	-47.5	133.2	221.3	41.7	-3.1	9.1	13.8	
5	Rest of the world	460.2	46.2	22.6	-10.6	-6.2	11.3	5.0	-2.2	-1.3	
6	Receipts from the rest of the world	892.7	115.7	47.8	34.2	27.4	17.3	6.1	4.1	3.2	
7	Less: Payments to the rest of the world	432.5	69.6	25.3	44.8	33.6	26.8	7.7	12.7	8.4	
9	Less: Taxes on corporate income	378.6	59.1	15.3	28.1	34.9	24.5	5.1	8.9	10.1	
10	<i>Equals:</i> Profits after tax	2,440.6	433.7	-23.3	95.8	232.9	25.5	-1.1	4.5	10.5	
11	Net dividends	1,411.0	-27.1	28.9	-37.8	51.4	-1.9	2.1	-2.7	3.8	
12	Undistributed profits from current production	1,029.6	460.7	-52.2	133.6	181.5	150.7	-6.8	18.7	21.4	
13	Net cash flow with IVA	3,078.6	531.9	-30.2	154.5	224.7	24.2	-1.1	5.7	7.9	

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 \$285.9 billion, or 11.6 percent at a quarterly rate, in the second quarter of 2021 after increasing \$104.7 billion, or 4.4 percent, in the first quarter (table 7 and chart 7). The increase was led by increases in “other” nonfinancial industries (more than accounted for by mining), financial, and manufacturing.

Profits after tax (without IVA and CCAAdj)—BEA's profits measure that is conceptually most like the profits for companies in the Standard & Poor's 500 Index—increased \$322.8 billion in the second quarter.

Table 7. Corporate Profits by Industry
[Seasonally adjusted]

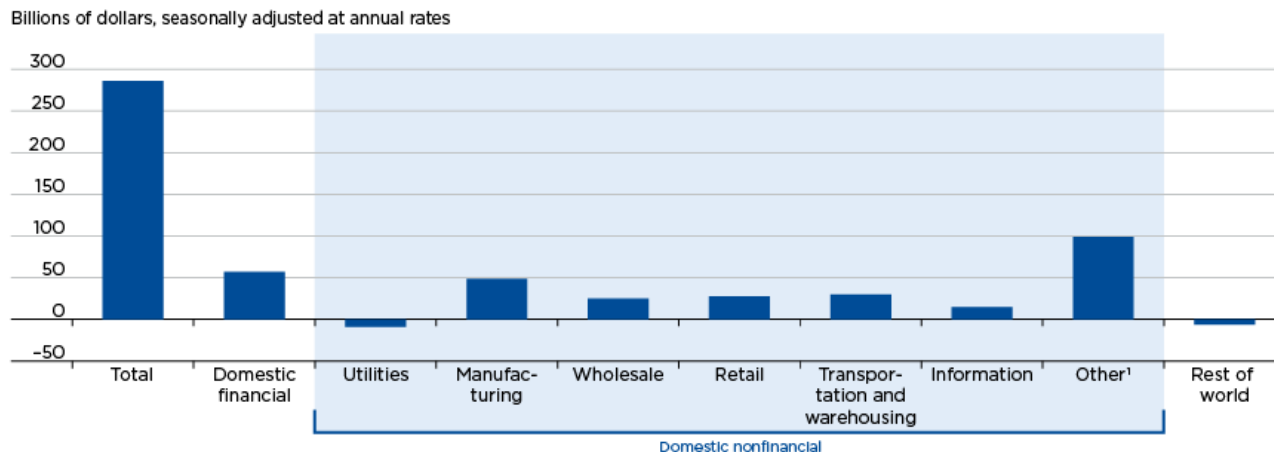
Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2021	2020		2021		2020		2021	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Industry profits:									
1	Corporate profits with IVA	2,747.7	496.5	-3.3	104.7	285.9	26.6	-0.1	4.4	11.6
2	Domestic industries	2,287.6	450.3	-25.9	115.3	292.1	30.9	-1.4	6.1	14.6
3	Financial	576.9	1.9	18.5	-1.1	57.0	0.4	3.7	-0.2	11.0
4	Nonfinancial	1,710.7	448.4	-44.4	116.4	235.1	46.9	-3.2	8.6	15.9
5	Utilities	11.9	-0.7	9.2	1.3	-9.1	-6.0	88.9	6.6	-43.4
6	Manufacturing	450.5	115.4	3.0	36.6	48.6	46.7	0.8	10.0	12.1
7	Wholesale trade	137.6	24.0	10.8	-23.6	25.0	23.6	8.6	-17.3	22.2
8	Retail trade	307.6	40.6	-7.3	37.3	27.4	19.4	-2.9	15.3	9.8
9	Transportation and warehousing	64.4	16.2	2.1	9.7	29.8	249.7	9.2	39.1	86.4
10	Information	175.5	31.4	14.4	3.3	14.5	28.0	10.0	2.1	9.0
11	Other nonfinancial	563.3	221.5	-76.7	51.9	98.8	82.8	-15.7	12.6	21.3
12	Rest of the world	460.2	46.2	22.6	-10.6	-6.2	11.3	5.0	-2.2	-1.3
	Addenda:									
13	Profits before tax (without IVA and CCAAdj)	3,069.0	629.6	31.6	231.2	357.7	34.6	1.3	9.3	13.2
14	Profits after tax (without IVA and CCAAdj)	2,690.4	570.4	16.3	203.1	322.8	36.2	0.8	9.4	13.6
15	IVA	-321.2	-133.1	-35.0	-126.5	-71.8	.....	.....	.....	.....
16	CCAAdj	71.4	-3.7	-4.6	19.2	-18.1	.....	.....	.....	.....

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](#), [1.14](#), [1.15](#), and [6.16D](#).

**Chart 7. Corporate Profits with Inventory Valuation Adjustment in 2021: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.

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."