

GDP and the Economy

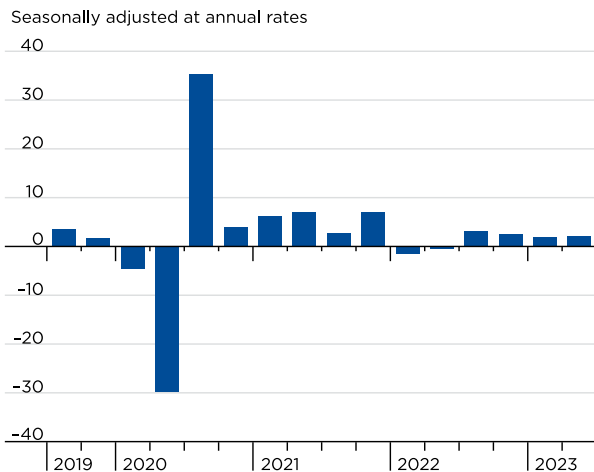
Second Estimates for the Second Quarter of 2023

September 7, 2023

This article reflects GDP statistics published on August 30, 2023. Refer to the GDP product page for the [latest statistics](#).

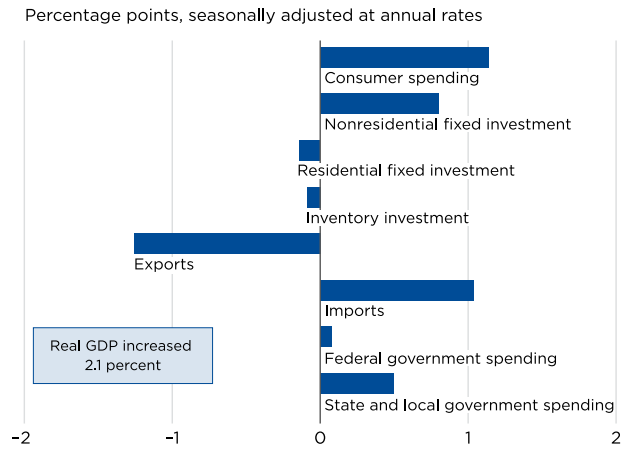
Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the second quarter of 2023, according to the “second” estimate of the National Income and Product Accounts (chart 1 and table 1).¹ With the second estimate, real GDP growth was revised down 0.3 percentage point from the advance estimate issued in July. In the first quarter, real GDP increased 2.0 percent.

Chart 1. Real GDP: Percent Change from Preceding Quarter



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2023:Q2



GDP Gross domestic product
U.S. Bureau of Economic Analysis

GDP by Expenditure

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

- The increase in consumer spending reflected increases in both services and goods. Within services, the leading contributors to the increase were housing and utilities, transportation services, and health care. Within goods, the increase was led by recreational goods and vehicles as well as gasoline and other energy goods.
- The increase in nonresidential fixed investment reflected increases in equipment, structures, and intellectual property products. The increase in equipment was led by transportation equipment, primarily reflecting increases in trucks, buses, and truck trailers as well as aircraft. The increase in structures was led by manufacturing structures. The increase in intellectual property products was led by research and development.
- The increase in state and local government spending primarily reflected increases in gross investment in structures and in state and local government employee compensation.
- The increase in federal government spending primarily reflected an increase in defense spending. The increase in defense spending was led by gross investment in equipment.
- Within exports, a decrease in goods was partly offset by an increase in services. Within goods, the decrease was led by nondurable industrial supplies and materials; consumer goods, except food and automotive; and foods, feeds, and beverages. Within services, the increase was led by travel.
- The decrease in residential fixed investment was led by a decrease in brokers' commissions.
- Within private inventory investment, a decrease in nonfarm inventories was partly offset by an increase in farm inventories. Within nonfarm, decreases in nondurable wholesale trade and nondurable-goods manufacturing were partly offset by an increase in retail trade industries.
- Within imports, both goods and services decreased. Within goods, the leading contributors to the decrease were consumer goods, except food and automotive; nondurable industrial supplies and materials; and capital goods, except automotive. Within services imports, the leading contributor to the decrease was transport.

Compared to the first quarter, the acceleration in real GDP in the second quarter primarily reflected a smaller decrease in private inventory investment and an acceleration in nonresidential fixed investment. These movements were partly offset by a downturn in exports and decelerations in consumer spending and federal government spending. Imports turned down.

Table 1. Real Gross Domestic Product 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)			
		2023	2022		2023		2022		2023	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic product (GDP)¹	100.0	3.2	2.6	2.0	2.1	3.2	2.6	2.0	2.1
2	Personal consumption expenditures	68.3	2.3	1.0	4.2	1.7	1.54	0.70	2.79	1.14
3	Goods	22.7	-0.4	-0.1	6.0	0.7	-0.08	-0.01	1.34	0.15
4	Durable goods	8.4	-0.8	-1.3	16.3	-0.3	-0.07	-0.11	1.28	-0.02
5	Nondurable goods	14.3	-0.1	0.6	0.5	1.2	-0.01	0.09	0.07	0.17
6	Services	45.6	3.7	1.6	3.2	2.2	1.63	0.72	1.44	0.99
7	Gross private domestic investment	17.2	-9.6	4.5	-11.9	3.3	-1.80	0.79	-2.22	0.57
8	Fixed investment	17.2	-3.5	-3.8	-0.4	3.9	-0.62	-0.68	-0.08	0.66
9	Nonresidential	13.4	6.2	4.0	0.6	6.1	0.80	0.52	0.08	0.80
10	Structures	2.8	-3.6	15.8	15.8	11.2	-0.09	0.38	0.40	0.30
11	Equipment	5.1	10.6	-3.5	-8.9	7.7	0.53	-0.18	-0.48	0.38
12	Intellectual property products	5.5	6.8	6.2	3.1	2.2	0.36	0.33	0.16	0.12
13	Residential	3.8	-27.1	-25.1	-4.0	-3.6	-1.42	-1.20	-0.16	-0.14
14	Change in private inventories	0.0	---	---	---	---	-1.19	1.47	-2.14	-0.09
15	Net exports of goods and services	-3.0	---	---	---	---	2.86	0.42	0.58	-0.22
16	Exports	11.0	14.6	-3.7	7.8	-10.6	1.65	-0.44	0.86	-1.26
17	Goods	7.3	17.8	-7.4	12.3	-16.4	1.38	-0.62	0.91	-1.36
18	Services	3.6	7.5	5.0	-1.3	2.6	0.26	0.18	-0.05	0.09
19	Imports	14.0	-7.3	-5.5	2.0	-7.0	1.21	0.86	-0.28	1.04
20	Goods	11.4	-8.6	-5.9	2.3	-7.2	1.19	0.76	-0.27	0.87
21	Services	2.6	-0.8	-3.7	0.4	-6.2	0.02	0.10	-0.01	0.17
22	Government consumption expenditures and gross investment	17.5	3.7	3.8	5.0	3.3	0.65	0.65	0.85	0.58
23	Federal	6.5	3.7	5.8	6.0	1.2	0.24	0.37	0.38	0.08
24	National defense	3.6	4.7	2.3	2.5	2.8	0.17	0.08	0.09	0.10
25	Nondefense	2.9	2.5	10.6	10.5	-0.7	0.07	0.29	0.29	-0.02
26	State and local	11.0	3.7	2.6	4.4	4.7	0.41	0.29	0.47	0.50
Addenda:										
27	Gross domestic income (GDI) ²	---	2.8	-3.3	-1.8	0.5	---	---	---	---
28	Average of GDP and GDI	---	3.0	-0.4	0.1	1.3	---	---	---	---
29	Final sales of domestic product	---	4.5	1.1	4.2	2.2	---	---	---	---
30	Goods	31.2	7.3	5.9	-1.4	0.7	2.28	1.83	-0.44	0.23
31	Services	60.6	3.9	2.4	3.5	2.4	2.30	1.44	2.06	1.43
32	Structures	8.2	-14.6	-8.1	4.7	5.0	-1.34	-0.70	0.38	0.40

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 Accounts (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.

Prices

The U.S. Bureau of Economic Analysis' (BEA's) featured measure of inflation in the U.S. economy, the price index for gross domestic purchases (goods and services purchased by U.S. residents), increased 1.7 percent in the second quarter after increasing 3.8 percent in the first quarter (table 2 and chart 3).

Within gross domestic purchases, food prices decreased less than 0.1 percent in the second quarter after increasing 3.8 percent in the first quarter. Prices for energy goods and services decreased 16.2 percent after decreasing 10.7 percent. Excluding food and energy, gross domestic purchases prices increased 2.4 percent after increasing 4.2 percent.

The price index for personal consumption expenditures (PCE) increased 2.5 percent in the second quarter after increasing 4.1 percent in the first quarter. The increase in PCE prices reflected increases in prices for both services and goods.

- Within services, price increases were widespread. The leading contributors were housing and utilities (led by housing), health care (led by hospitals), and other services (led by professional and other services). Food services and accommodations (led by food services) and insurance and other financial services (led by insurance) also increased. Partly offsetting these increases was a decrease in transportation services (led by air transportation).
- Within goods, the leading contributors to the increase were motor vehicles and parts (led by used light trucks) and other nondurable goods (led by pharmaceuticals). These increases were partly offset by a decrease in gasoline and other energy goods (led by gasoline).

Excluding food and energy, the “core” PCE price index increased 3.7 percent in the second quarter after increasing 4.9 percent in the first quarter.

Chart 3. Prices for Gross Domestic Purchases

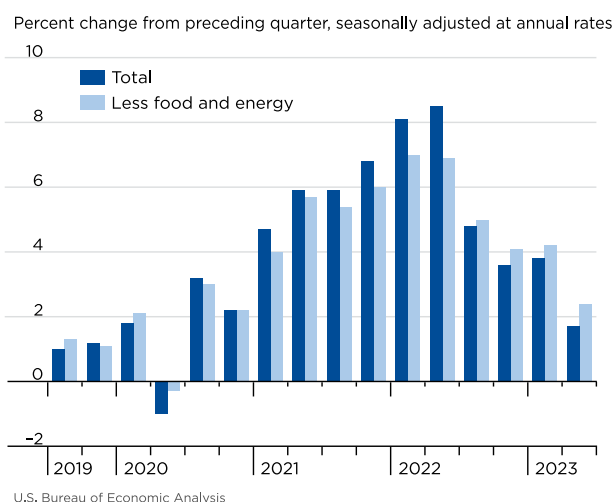


Table 2. Prices for Gross Domestic Purchases

[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)			
		2022		2023		2022		2023	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	Gross domestic purchases¹	4.8	3.6	3.8	1.7	4.8	3.6	3.8	1.7
2	Personal consumption expenditures	4.3	3.7	4.1	2.5	2.85	2.46	2.71	1.66
3	Goods	2.7	-0.5	0.7	0.4	0.64	-0.10	0.17	0.08
4	Durable goods	3.5	-1.5	-1.0	0.5	0.29	-0.12	-0.07	0.04
5	Nondurable goods	2.3	0.1	1.7	0.3	0.35	0.02	0.25	0.04
6	Services	5.2	6.0	5.9	3.6	2.22	2.56	2.54	1.58
7	Gross private domestic investment	7.6	3.3	4.5	0.6	1.30	0.57	0.76	0.10
8	Fixed investment	7.7	4.0	4.9	0.6	1.28	0.67	0.81	0.10
9	Nonresidential	7.6	3.6	7.2	1.1	0.94	0.46	0.91	0.14
10	Structures	20.1	7.7	8.6	2.4	0.45	0.19	0.22	0.06
11	Equipment	5.9	6.1	7.6	-0.9	0.29	0.31	0.37	-0.05
12	Intellectual property products	3.7	-0.6	6.1	2.4	0.19	-0.03	0.32	0.13
13	Residential	8.1	5.1	-2.5	-1.2	0.34	0.20	-0.10	-0.05
14	Change in private inventories	---	---	---	---	0.02	-0.10	-0.05	0.00
15	Government consumption expenditures and gross investment	3.6	3.6	1.6	-0.2	0.62	0.61	0.28	-0.03
16	Federal	4.8	3.2	3.2	2.4	0.30	0.20	0.20	0.15
17	National defense	2.7	3.0	2.5	2.2	0.10	0.10	0.09	0.08
18	Nondefense	7.6	3.4	4.1	2.6	0.20	0.09	0.11	0.07
19	State and local	2.9	3.9	0.7	-1.6	0.32	0.41	0.08	-0.18
Addenda:									
20	Gross domestic purchases:								
21	Food	13.4	7.1	3.8	0.0	0.60	0.33	0.18	0.00
22	Energy goods and services	-13.1	-13.9	-10.7	-16.2	-0.43	-0.46	-0.33	-0.47
23	Excluding food and energy	5.0	4.1	4.2	2.4	4.59	3.77	3.90	2.20
24	Personal consumption expenditures:								
25	Food and beverages purchased for off-premises consumption	13.0	6.9	3.7	-0.1	---	---	---	---
26	Energy goods and services	-13.3	-12.8	-9.9	-16.0	---	---	---	---
27	Excluding food and energy	4.7	4.4	4.9	3.7	---	---	---	---
28	Gross domestic product	4.4	3.9	4.1	2.0	---	---	---	---
29	Exports of goods and services	-9.7	-6.1	0.2	-3.6	---	---	---	---
30	Imports of goods and services	-4.1	-5.5	-1.6	-4.2	---	---	---	---

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

Note. Most percent changes are from National Income and Product Accounts (NIPA) table 1.6.7; percent changes for personal consumption expenditures (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

The U.S. Bureau of Economic Analysis' (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 gross domestic product (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.

Personal Income

Measured in current dollars, personal income increased \$232.1 billion in the second quarter, compared to an increase of \$278.0 billion in the first quarter (table 3). The increase in the second quarter reflected increases in compensation (led by private wages and salaries), personal income receipts on assets (both personal interest income and personal dividend income), personal current transfer receipts (led by government social benefits), and rental income of persons.

Personal current taxes decreased \$52.3 billion in the second quarter after decreasing \$310.0 billion in the first quarter.

Current-dollar disposable personal income (DPI) increased \$284.5 billion, or 5.9 percent, in the second quarter after increasing \$587.9 billion, or 12.9 percent, in the first quarter. Personal outlays increased \$233.1 billion after increasing \$395.0 billion in the first quarter.

Real DPI (chart 4) increased 3.3 percent in the second quarter after increasing 8.5 percent in the first quarter. DPI is deflated by the implicit price deflator for consumer spending, which increased 2.5 percent after increasing 4.1 percent.

The personal saving rate (chart 5)—personal saving as a percentage of DPI—was 4.5 percent in the second quarter, compared with 4.3 percent in the first quarter.

BEA’s standard practice for first-quarter estimates of wages and salaries is to incorporate data from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) program as part of the annual update of the National Economic Accounts. New QCEW data for the first quarter of 2023 will be incorporated into next month’s release along with the 2023 comprehensive update of the National Economic Accounts (refer to “[Looking Ahead](#)” for details).

Chart 4. Real Disposable Personal Income

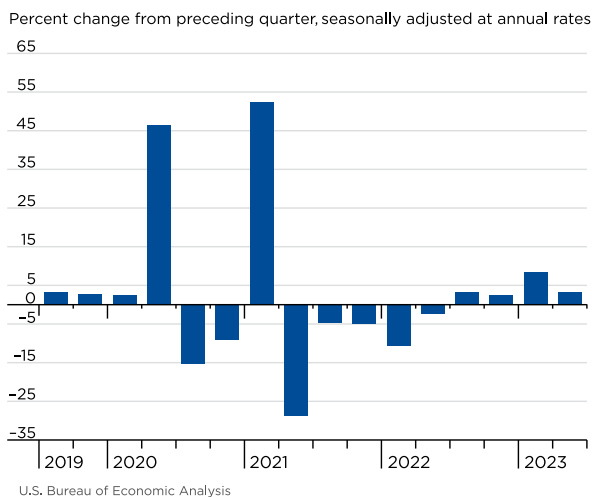


Chart 5. Personal Saving Rate

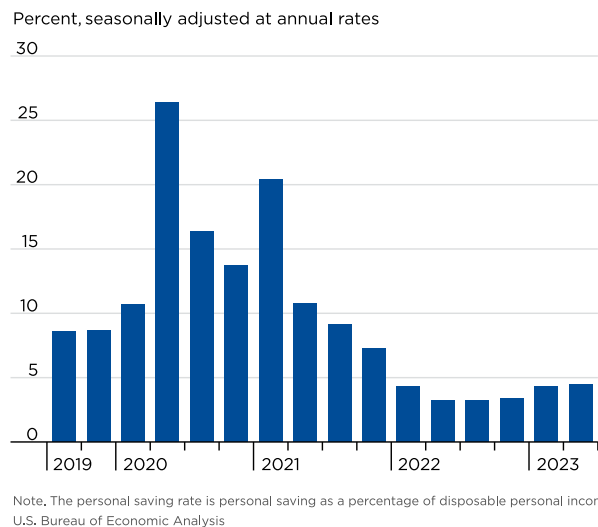


Table 3. Personal Income and Its Disposition

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line	Series	Level		Change from preceding period			
		2023		2022		2023	
		Q1	Q2	Q3	Q4	Q1	Q2
1	Personal income	22,519.2	22,751.3	391.2	271.8	278.0	232.1
2	Compensation of employees	13,985.5	14,163.3	339.8	73.1	157.4	177.8
3	Wages and salaries	11,545.6	11,698.0	303.0	52.9	131.7	152.5
4	Private industries	9,877.9	10,005.8	279.6	33.4	107.3	127.8
5	Goods-producing industries	1,814.2	1,841.8	48.9	11.4	21.2	27.6
6	Manufacturing	1,061.0	1,075.4	27.2	-0.6	6.4	14.4
7	Services-producing industries	8,063.7	8,164.0	230.7	22.0	86.1	100.3
8	Trade, transportation, and utilities	1,776.4	1,789.8	47.3	2.8	25.4	13.4
9	Other services-producing industries	6,287.3	6,374.2	183.4	19.3	60.7	86.9
10	Government	1,667.6	1,692.3	23.4	19.5	24.4	24.6
11	Supplements to wages and salaries	2,440.0	2,465.3	36.8	20.2	25.8	25.3
12	Proprietors' income with IVA and CCAdj	1,909.5	1,908.7	28.2	19.3	26.6	-0.7
13	Farm	96.7	85.2	0.3	4.9	-4.2	-11.5
14	Nonfarm	1,812.8	1,823.6	27.9	14.4	30.8	10.8
15	Rental income of persons with CCAdj	845.0	863.7	19.0	16.8	33.2	18.7
16	Personal income receipts on assets	3,452.6	3,486.3	35.8	65.2	28.6	33.7
17	Personal interest income	1,808.1	1,826.1	29.5	50.9	19.1	18.1
18	Personal dividend income	1,644.5	1,660.2	6.3	14.3	9.5	15.6
19	Personal current transfer receipts	4,057.5	4,079.0	9.6	105.4	59.2	21.5
20	Government social benefits to persons	3,986.2	4,006.8	13.9	105.7	57.5	20.6
21	Social security	1,340.1	1,354.0	7.7	11.0	114.5	13.9
22	Medicare	960.5	967.3	8.5	21.4	18.8	6.9
23	Medicaid	839.4	878.5	-3.3	10.1	43.1	39.2
24	Unemployment insurance	22.8	23.1	-0.1	1.8	2.4	0.3
25	Veterans' benefits	166.2	167.0	2.0	2.3	2.2	0.7
26	Other	657.3	616.9	-1.0	59.1	-123.5	-40.3
27	Other current transfer receipts, from business (net)	71.3	72.2	-4.2	-0.3	1.8	0.9
28	Less: Contributions for government social insurance	1,730.8	1,749.8	41.2	8.1	27.1	18.9
29	Less: Personal current taxes	2,906.2	2,853.8	48.0	-20.3	-310.0	-52.3
30	Equals: Disposable personal income (DPI)	19,613.1	19,897.5	343.2	292.1	587.9	284.5
31	Less: Personal outlays	18,772.2	19,005.3	325.9	252.7	395.0	233.1
32	Personal consumption expenditures	18,113.1	18,301.6	281.3	207.2	363.2	188.5
33	Personal interest payments ¹	435.5	479.8	44.1	45.5	32.8	44.4
34	Personal current transfer payments	223.7	223.9	0.5	-0.1	-1.0	0.2
35	Equals: Personal saving	840.9	892.3	17.3	39.5	192.9	51.4
36	Personal saving as a percentage of DPI	4.3	4.5	---	---	---	---
Addenda:							
Percent change at annual rate							
37	Current-dollar DPI	---	---	3.2	2.5	8.5	3.3
38	Real DPI, chained (2012) dollars	---	---	7.7	6.4	12.9	5.9

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

1. Consists of nonmortgage interest paid by households. Note that mortgage interest paid by households is an expense item in the calculation of rental income of persons.

Note. Dollar levels and percent changes are from National Income and Product Account tables 2.1 and 2.2B.

Updates

The increase in second-quarter real GDP was revised down 0.3 percentage point from the advance estimate, reflecting downward revisions to private inventory investment and nonresidential fixed investment that were partly offset by upward revisions to state and local government spending. Imports were revised up.

- Within private inventory investment, the downward revision was led by wholesale trade industries (mainly nondurable goods).
- The downward revision to nonresidential fixed investment reflected downward revisions to equipment and intellectual property products.
 - Within equipment, the leading contributors to the downward revision were information processing equipment (notably, computers and peripherals) and industrial equipment (notably, special industry machinery).
 - Within intellectual property products, a downward revision to software was partly offset by an upward revision to entertainment, literary, and artistic originals.
- The revision to state and local government spending primarily reflected an upward revision to structures investment.
- Within imports, the leading contributor to the upward revision was nondurable industrial supplies and materials (mainly petroleum and products).

Table 4. Advance and Second Estimates for the Second Quarter of 2023

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Advance estimate	Second estimate	Second estimate minus advance estimate	Advance estimate	Second estimate	Second estimate minus advance estimate
1	Gross domestic product (GDP)¹	2.4	2.1	-0.3	2.4	2.1	-0.3
2	Personal consumption expenditures	1.6	1.7	0.1	1.12	1.14	0.02
3	Goods	0.7	0.7	0.0	0.16	0.15	-0.01
4	Durable goods	0.4	-0.3	-0.7	0.03	-0.02	-0.05
5	Nondurable goods	0.9	1.2	0.3	0.13	0.17	0.04
6	Services	2.1	2.2	0.1	0.95	0.99	0.04
7	Gross private domestic investment	5.7	3.3	-2.4	0.97	0.57	-0.40
8	Fixed investment	4.9	3.9	-1.0	0.83	0.66	-0.17
9	Nonresidential	7.7	6.1	-1.6	0.99	0.80	-0.19
10	Structures	9.7	11.2	1.5	0.26	0.30	0.04
11	Equipment	10.8	7.7	-3.1	0.53	0.38	-0.15
12	Intellectual property products	3.9	2.2	-1.7	0.21	0.12	-0.09
13	Residential	-4.2	-3.6	0.6	-0.16	-0.14	0.02
14	Change in private inventories	---	---	---	0.14	-0.09	-0.23
15	Net exports of goods and services	---	---	---	-0.12	-0.22	-0.10
16	Exports	-10.8	-10.6	0.2	-1.28	-1.26	0.02
17	Goods	-16.3	-16.4	-0.1	-1.35	-1.36	-0.01
18	Services	1.8	2.6	0.8	0.07	0.09	0.02
19	Imports	-7.8	-7.0	0.8	1.16	1.04	-0.12
20	Goods	-8.0	-7.2	0.8	0.98	0.87	-0.11
21	Services	-6.8	-6.2	0.6	0.18	0.17	-0.01
22	Government consumption expenditures and gross investment	2.6	3.3	0.7	0.45	0.58	0.13
23	Federal	0.9	1.2	0.3	0.06	0.08	0.02
24	National defense	2.5	2.8	0.3	0.09	0.10	0.01
25	Nondefense	-1.1	-0.7	0.4	-0.03	-0.02	0.01
26	State and local	3.6	4.7	1.1	0.39	0.50	0.11
Addenda:							
27	Final sales of domestic product	2.3	2.2	-0.1	---	---	---
28	Gross domestic purchases price index	1.9	1.7	-0.2	---	---	---
29	GDP price index	2.2	2.0	-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 and the capital consumption adjustment) decreased \$10.6 billion, or 0.4 percent at a quarterly rate, in the second quarter. In the first quarter, profits decreased \$121.5 billion, or 4.1 percent (table 5). Domestic profits of financial corporations decreased \$47.8 billion, domestic profits of nonfinancial corporations increased \$17.1 billion, and rest-of-the-world profits (net) increased \$20.2 billion in the second quarter.

Table 5. Corporate Profits
[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2023	2022		2023		2022		2023	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Current production measures:									
1	Corporate profits with IVA and CCAdj	2,807.5	-1.3	-60.5	-121.5	-10.6	0.0	-2.0	-4.1	-0.4
2	Domestic industries	2,328.3	14.3	-81.9	-112.3	-30.8	0.6	-3.2	-4.5	-1.3
3	Financial	346.3	-1.8	-59.0	-9.4	-47.8	-0.4	-12.8	-2.3	-12.1
4	Nonfinancial	1,982.0	16.1	-22.9	-102.9	17.1	0.8	-1.1	-5.0	0.9
5	Rest of the world	479.2	-15.5	21.4	-9.2	20.2	-3.4	4.8	-2.0	4.4
6	Receipts from the rest of the world	1,003.9	1.0	7.2	9.4	18.2	0.1	0.7	1.0	1.8
7	Less: Payments to the rest of the world	524.8	16.5	-14.2	18.6	-2.0	3.3	-2.7	3.7	-0.4
9	Less: Taxes on corporate income	440.2	-21.6	7.3	24.4	-48.5	-4.5	1.6	5.3	-9.9
10	<i>Equals:</i> Profits after tax	2,367.2	20.4	-67.8	-145.9	37.9	0.8	-2.7	-5.9	1.6
11	Net dividends	1,667.6	-56.5	-30.1	-2.2	16.0	-3.2	-1.8	-0.1	1.0
12	Undistributed profits from current production	699.6	76.9	-37.6	-143.7	21.9	9.8	-4.4	-17.5	3.2
13	Net cash flow with IVA	3,187.3	181.6	10.4	-19.2	60.5	6.1	0.3	-0.6	1.9

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Accounts 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.

The U.S. Bureau of Economic Analysis' (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 U.S. 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: (1) the IRS data are based on well-specified accounting definitions, and (2) 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).

Looking Ahead: 2023 Comprehensive Update of the National Economic Accounts

BEA will release initial results from the 2023 comprehensive update of the National Economic Accounts, which include the National Income and Product Accounts as well as the Industry Economic Accounts, on September 28, 2023. The update will present revised statistics for GDP, GDP by industry, and gross domestic income. For details, refer to "[Information on Updates to the National Economic Accounts](#)."

The initial results of the comprehensive update of the Regional Economic Accounts will be released on September 29.

GDP by industry and GDP by state news releases for the second quarter of 2023 will be released later this fall. BEA will send out an [advisory](#) with the exact days and times when they become available.

Personal income by state for the second quarter will be released as scheduled on September 29.

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the [key source data and assumptions](#) (under “Current Release”) that are used to prepare each vintage of the estimate of gross domestic product (GDP) for the current quarter is available on the U.S. Bureau of Economic Analysis (BEA) 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 [NIPA Handbook: 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.”



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