

# GDP and the Economy

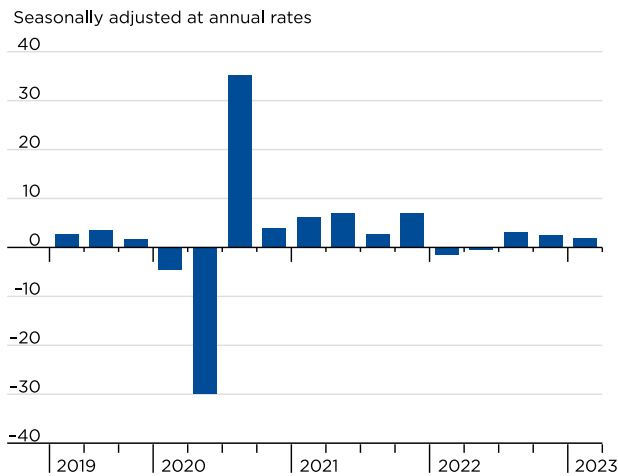
## Third Estimates for the First Quarter of 2023

July 7, 2023

*This article reflects GDP statistics published on June 29, 2023. Refer to the GDP product page for the [latest statistics](#).*

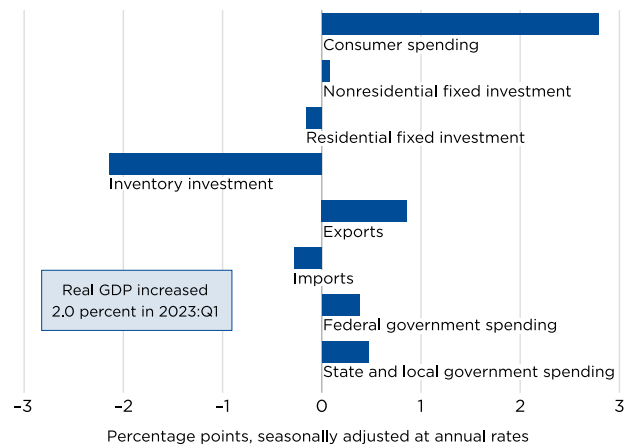
Real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the first quarter of 2023, according to the “third” estimates of the National Income and Product Accounts (chart 1 and table 1).<sup>1</sup> The increase in first-quarter real GDP was revised up 0.7 percentage point from the “second” estimate issued in May. In the fourth quarter of 2022, real GDP increased 2.6 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:Q1**



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

## GDP by Expenditure

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

- The increase in consumer spending reflected increases in both goods (led by motor vehicles and parts) and services (led by health care, food services and accommodations, and “other” services).
- Within exports, an increase in goods (led by consumer goods, except food and automotive and other exports of goods) was partly offset by a decrease in services (led by other business services).
- The increase in state and local government spending primarily reflected increases in compensation of state and local government employees and structures investment.
- The increase in federal government spending reflected increases in both nondefense and defense spending.
  - The increase in nondefense spending primarily reflected lower sales of crude oil from the Strategic Petroleum Reserve, based on data from the U.S. Department of Energy. Within the National Economic Accounts, these sales are deducted from government consumption expenditures; therefore, a decrease in sales results in a corresponding increase in consumption expenditures. Because the oil sold by the government enters private inventories, there is no direct net effect on GDP.
  - The increase in defense spending was led by spending on intermediate goods and services, notably, services.
- Within nonresidential fixed investment, increases in structures and intellectual property products (led by software) were partly offset by a decrease in equipment.
- The decrease in private inventory investment primarily reflected decreases in wholesale trade and manufacturing.
- Within residential fixed investment, the decrease primarily reflected a decline in new single-family construction that was partly offset by an increase in brokers' commissions and other ownership transfer costs.
- Within imports, the increase mainly reflected an increase in goods (led by automotive vehicles, engines, and parts and other imports of goods).

Compared to the fourth quarter, the first-quarter deceleration in real GDP primarily reflected a downturn in private inventory investment and a slowdown in nonresidential fixed investment. These movements were partly offset by an acceleration in consumer spending, an upturn in exports, and a smaller decrease in residential fixed investment. Imports turned up.

Real gross domestic income (GDI), the sum of incomes earned and costs incurred in the production of GDP, decreased 1.8 percent in the first quarter, compared with a decrease of 3.3 percent in the fourth quarter. The average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 0.1 percent in the first quarter, compared with a decrease of 0.4 percent in the fourth quarter.

**Table 1. Real Gross Domestic Product 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)			
		2023	2022			2023	2022			2023
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	<b>Gross domestic product (GDP)<sup>1</sup></b>	<b>100.0</b>	<b>-0.6</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>	<b>-0.6</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>
2	<b>Personal consumption expenditures</b>	<b>68.3</b>	<b>2.0</b>	<b>2.3</b>	<b>1.0</b>	<b>4.2</b>	<b>1.38</b>	<b>1.54</b>	<b>0.70</b>	<b>2.79</b>
3	Goods	22.9	-2.6	-0.4	-0.1	6.0	-0.61	-0.08	-0.01	1.34
4	Durable goods	8.5	-2.8	-0.8	-1.3	16.3	-0.24	-0.07	-0.11	1.28
5	Nondurable goods	14.4	-2.5	-0.1	0.6	0.5	-0.37	-0.01	0.09	0.07
6	Services	45.4	4.6	3.7	1.6	3.2	1.99	1.63	0.72	1.44
7	<b>Gross private domestic investment</b>	<b>17.2</b>	<b>-14.1</b>	<b>-9.6</b>	<b>4.5</b>	<b>-11.9</b>	<b>-2.83</b>	<b>-1.80</b>	<b>0.79</b>	<b>-2.22</b>
8	Fixed investment	17.2	-5.0	-3.5	-3.8	-0.4	-0.92	-0.62	-0.68	-0.08
9	Nonresidential	13.3	0.1	6.2	4.0	0.6	0.01	0.80	0.52	0.08
10	Structures	2.8	-12.7	-3.6	15.8	15.8	-0.34	-0.09	0.38	0.40
11	Equipment	5.1	-2.0	10.6	-3.5	-8.9	-0.11	0.53	-0.18	-0.48
12	Intellectual property products	5.5	8.9	6.8	6.2	3.1	0.46	0.36	0.33	0.16
13	Residential	3.9	-17.8	-27.1	-25.1	-4.0	-0.93	-1.42	-1.20	-0.16
14	Change in private inventories	0.0	---	---	---	---	-1.91	-1.19	1.47	-2.14
15	<b>Net exports of goods and services</b>	<b>-3.0</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1.16</b>	<b>2.86</b>	<b>0.42</b>	<b>0.58</b>
16	Exports	11.5	13.8	14.6	-3.7	7.8	1.51	1.65	-0.44	0.86
17	Goods	7.9	15.5	17.8	-7.4	12.3	1.18	1.38	-0.62	0.91
18	Services	3.6	9.9	7.5	5.0	-1.3	0.33	0.26	0.18	-0.05
19	Imports	14.5	2.2	-7.3	-5.5	2.0	-0.35	1.21	0.86	-0.28
20	Goods	11.9	-0.4	-8.6	-5.9	2.3	0.05	1.19	0.76	-0.27
21	Services	2.6	16.6	-0.8	-3.7	0.4	-0.41	0.02	0.10	-0.01
22	<b>Government consumption expenditures and gross investment</b>	<b>17.5</b>	<b>-1.6</b>	<b>3.7</b>	<b>3.8</b>	<b>5.0</b>	<b>-0.29</b>	<b>0.65</b>	<b>0.65</b>	<b>0.85</b>
23	Federal	6.5	-3.4	3.7	5.8	6.0	-0.22	0.24	0.37	0.38
24	National defense	3.6	1.4	4.7	2.3	2.5	0.05	0.17	0.08	0.09
25	Nondefense	2.9	-9.2	2.5	10.6	10.5	-0.28	0.07	0.29	0.29
26	State and local	11.0	-0.6	3.7	2.6	4.4	-0.06	0.41	0.29	0.47
<b>Addenda:</b>										
27	Gross domestic income (GDI) <sup>2</sup>	---	-0.8	2.8	-3.3	-1.8	---	---	---	---
28	Average of GDP and GDI	---	-0.7	3.0	-0.4	0.1	---	---	---	---
29	Final sales of domestic product	---	1.3	4.5	1.1	4.2	---	---	---	---
30	Goods	31.4	-3.0	7.3	5.9	-1.4	-0.96	2.28	1.83	-0.44
31	Services	60.4	3.1	3.9	2.4	3.5	1.83	2.30	1.44	2.06
32	Structures	8.2	-15.3	-14.6	-8.1	4.7	-1.44	-1.34	-0.70	0.38

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

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

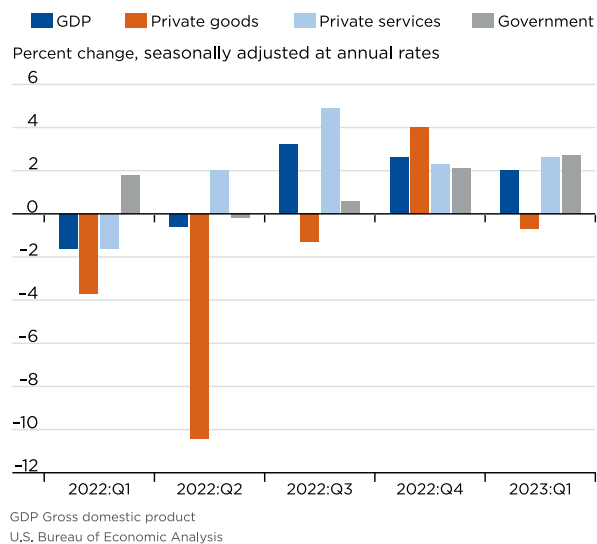
Note. Percent changes are from National Income and Product Accounts (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

## GDP by Industry

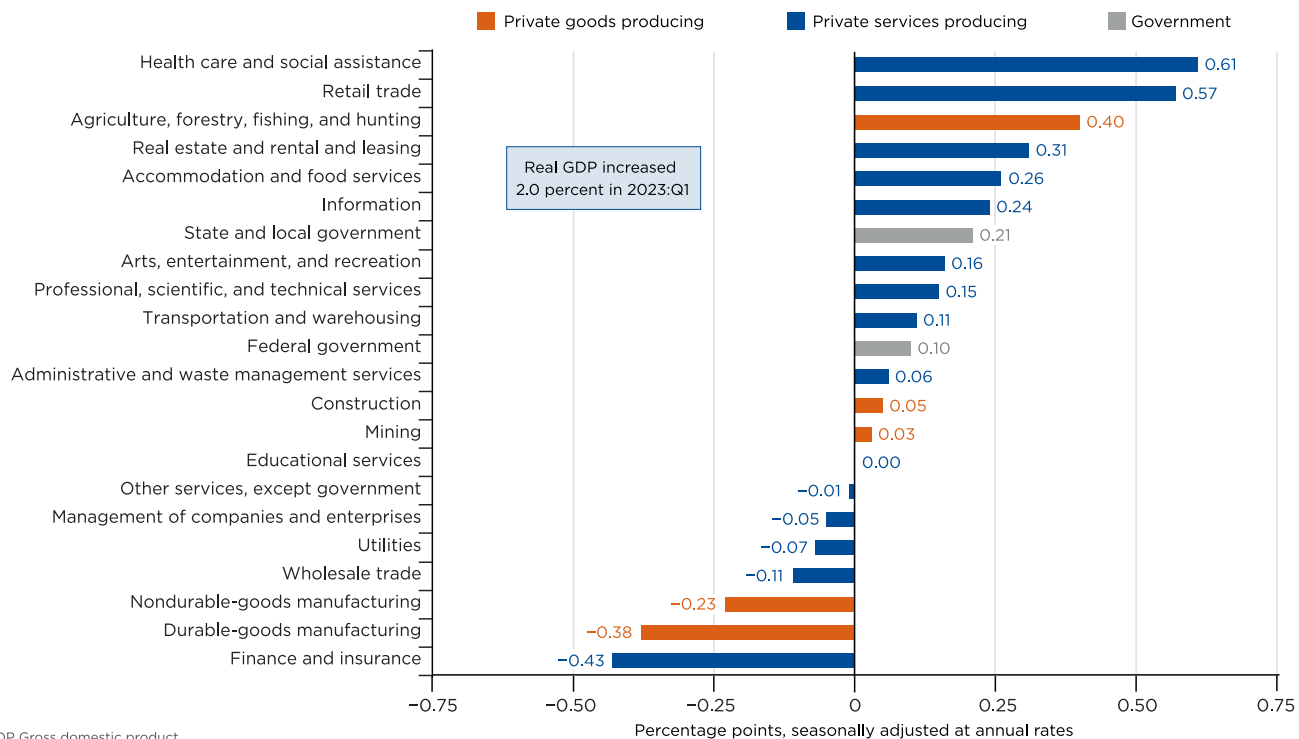
The third estimate of GDP includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP. In the first quarter, private services-producing industries increased 2.6 percent, government increased 2.7 percent, and private goods-producing industries decreased 0.7 percent (chart 3 and table 2). Overall, 15 of 22 industry groups contributed to the third-quarter increase in real GDP (chart 4).

- Within private services-producing industries, the increase was led by health care and social assistance, retail trade, real estate and rental and leasing, and accommodation and food services. Partly offsetting these increases was a decrease in finance and insurance.
- The increase in government reflected increases in state and local government and federal government.
- Within private goods-producing industries, decreases in both durable goods and nondurable goods manufacturing were partly offset by an increase in agriculture, forestry, fishing, and hunting.

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



**Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2023:Q1**



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

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

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2023	2022			2023	2022			2023
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	<b>Gross domestic product (GDP)<sup>1</sup></b>	<b>100.0</b>	<b>-0.6</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>	<b>-0.6</b>	<b>3.2</b>	<b>2.6</b>	<b>2.0</b>
2	<b>Private industries</b>	<b>88.4</b>	<b>-0.6</b>	<b>3.6</b>	<b>2.6</b>	<b>1.9</b>	<b>-0.57</b>	<b>3.17</b>	<b>2.34</b>	<b>1.69</b>
3	Agriculture, forestry, fishing, and hunting	1.1	-12.8	-1.7	1.7	41.9	-0.15	-0.02	0.02	0.40
4	Mining	1.5	-0.2	27.0	21.0	1.9	0.00	0.50	0.36	0.03
5	Utilities	1.7	1.0	-16.0	1.8	-3.9	0.02	-0.31	0.03	-0.07
6	Construction	4.0	-19.2	-17.8	-3.6	1.3	-0.84	-0.77	-0.14	0.05
7	Manufacturing	10.9	-8.5	0.5	4.5	-5.3	-0.97	0.06	0.49	-0.60
8	Durable goods	6.0	-4.1	-0.5	7.5	-6.0	-0.25	-0.03	0.44	-0.38
9	Nondurable Goods	4.9	-13.4	1.6	0.8	-4.5	-0.72	0.08	0.04	-0.23
10	Wholesale trade	6.3	-6.8	6.1	3.2	-1.7	-0.45	0.38	0.20	-0.11
11	Retail trade	5.8	1.4	6.8	8.1	10.2	0.08	0.39	0.46	0.57
12	Transportation and warehousing	3.2	2.4	10.9	5.1	3.3	0.07	0.33	0.16	0.11
13	Information	5.5	1.5	17.3	6.4	4.5	0.08	0.88	0.34	0.24
14	Finance, insurance, real estate, rental, and leasing	20.1	1.9	1.1	-3.7	-0.6	0.39	0.22	-0.75	-0.12
15	Finance and insurance	7.6	2.1	-2.7	-5.8	-5.5	0.17	-0.21	-0.46	-0.43
16	Real estate and rental and leasing	12.5	1.8	3.5	-2.4	2.5	0.22	0.43	-0.29	0.31
17	Professional and business services	13.2	4.2	5.7	6.3	1.2	0.54	0.72	0.80	0.16
18	Professional, scientific, and technical services	8.0	3.3	7.8	8.2	1.8	0.26	0.59	0.62	0.15
19	Management of companies and enterprises	1.8	8.1	4.6	11.3	-2.7	0.15	0.08	0.20	-0.05
20	Administrative and waste management services	3.3	4.1	1.4	-0.6	1.9	0.14	0.05	-0.02	0.06
21	Educational services, health care, and social assistance	8.5	2.7	5.5	4.8	7.4	0.23	0.45	0.40	0.61
22	Educational services	1.1	-4.1	5.6	4.9	0.1	-0.05	0.06	0.06	0.00
23	Health care and social assistance	7.4	3.8	5.4	4.8	8.6	0.27	0.39	0.34	0.61
24	Arts, entertainment, recreation, accomodation, and food services	4.4	10.6	7.3	-0.4	10.2	0.41	0.29	-0.02	0.42
25	Arts, entertainment, and recreation	1.2	19.2	26.1	5.4	14.9	0.18	0.25	0.06	0.16
26	Accommodation and food services	3.3	7.9	1.4	-2.4	8.5	0.23	0.04	-0.08	0.26
27	Other services, except government	2.1	1.2	2.5	0.1	-0.2	0.03	0.05	0.00	-0.01
28	<b>Government</b>	<b>11.6</b>	<b>-0.2</b>	<b>0.6</b>	<b>2.1</b>	<b>2.7</b>	<b>-0.03</b>	<b>0.08</b>	<b>0.24</b>	<b>0.31</b>
29	Federal	3.6	-0.5	-1.5	3.2	2.8	-0.02	-0.05	0.11	0.10
30	State and local	8.0	-0.1	1.6	1.5	2.6	-0.01	0.13	0.12	0.21
<b>Addenda:</b>										
31	Private goods-producing industries <sup>2</sup>	17.6	-10.4	-1.3	4.0	-0.7	-1.96	-0.23	0.72	-0.12
32	Private services-producing industries <sup>3</sup>	70.9	2.0	4.9	2.3	2.6	1.40	3.40	1.62	1.81

1. The GDP estimates under the contribution columns are also percent changes.
2. Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.
3. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

Note. Percent changes are from these GDP by industry tables: “Value Added by Industry as a Percentage of Gross Domestic Product,” “Percent Changes in Chain-Type Quantity Indexes for Value Added by Industry,” and “Contributions to Percent Change in Real Gross Domestic Product by Industry.”

## Gross Output by Industry

Real gross output—principally a measure of an industry's sales or receipts, which includes sales to final users in the economy (GDP) and sales to other industries (intermediate inputs)—increased 2.7 percent in the first quarter (table 3 and chart 5). Private goods-producing industries increased 0.4 percent, private services-producing industries increased 3.4 percent, and government increased 3.7 percent.

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

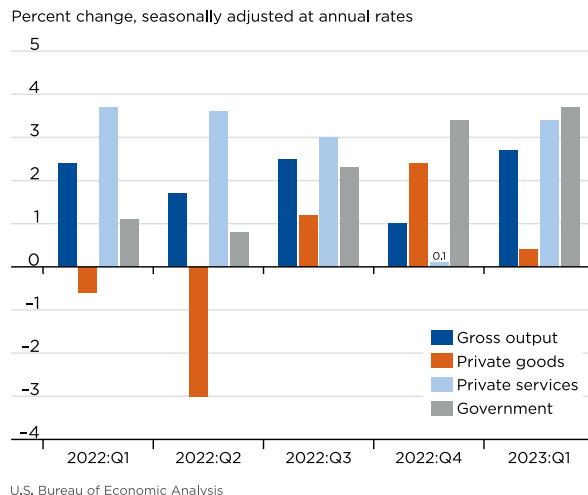
[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2022			2023
		Q2	Q3	Q4	Q1
<b>1</b>	<b>All industries</b>	<b>1.7</b>	<b>2.5</b>	<b>1.0</b>	<b>2.7</b>
<b>2</b>	<b>Private industries</b>	<b>1.8</b>	<b>2.6</b>	<b>0.7</b>	<b>2.6</b>
3	Agriculture, forestry, fishing, and hunting	-3.7	1.1	-2.0	15.1
4	Mining	6.2	9.4	-4.0	12.2
5	Utilities	7.1	-5.3	-4.5	-5.8
6	Construction	-13.6	-10.8	-1.7	0.6
7	Manufacturing	-0.8	3.9	4.9	-2.0
8	Durable goods	5.9	7.2	8.0	-6.2
9	Nondurable goods	-7.1	0.6	1.7	2.7
10	Wholesale trade	-2.2	-1.5	-5.2	-5.2
11	Retail trade	2.8	1.9	-1.7	5.2
12	Transportation and warehousing	10.1	5.4	-3.3	-4.3
13	Information	5.8	2.8	-0.2	5.0
14	Finance, insurance, real estate, rental, and leasing	0.1	3.7	-0.5	6.3
15	Finance and insurance	3.1	8.8	0.8	11.1
16	Real estate and rental and leasing	-2.0	0.0	-1.5	2.8
17	Professional and business services	6.2	3.4	3.3	1.3
18	Professional, scientific, and technical services	5.4	7.7	7.2	0.0
19	Management of companies and enterprises	3.5	2.5	8.3	-3.8
20	Administrative and waste management services	9.1	-4.3	-6.6	6.7
21	Educational services, health care, and social assistance	1.5	3.4	1.5	9.7
22	Educational services	2.5	6.4	-1.6	5.0
23	Health care and social assistance	1.4	3.0	2.0	10.4
24	Arts, entertainment, recreation, accomodation, and food services	19.1	6.5	6.1	8.0
25	Arts, entertainment, and recreation	22.7	26.3	10.5	2.5
26	Accommodation and food services	18.2	1.6	4.8	9.6
27	Other services, except government	-3.1	8.7	4.0	-2.7
<b>28</b>	<b>Government</b>	<b>0.8</b>	<b>2.3</b>	<b>3.4</b>	<b>3.7</b>
29	Federal	2.4	3.6	1.8	3.7
30	State and local	0.2	1.8	4.1	3.7
<b>Addenda:</b>					
31	Private goods-producing industries <sup>1</sup>	-3.0	1.2	2.4	0.4
32	Private services-producing industries <sup>2</sup>	3.6	3.0	0.1	3.4

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, accomodation, 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.](#)"

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



## 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 3.8 percent in the first quarter after increasing 3.6 percent in the fourth quarter (table 4 and chart 6). Within gross domestic purchases, food prices increased 3.8 percent in the first quarter after increasing 7.1 percent in the fourth quarter. Prices for energy goods and services decreased 10.7 percent after decreasing 13.9 percent. Excluding food and energy, gross domestic purchases prices increased 4.2 percent after increasing 4.1 percent.

The price index for personal consumption expenditures (PCE) increased 4.1 percent in the first quarter after increasing 3.7 percent in the fourth quarter. The increase in PCE prices reflected increases in prices for both goods and services.

- Within goods, the leading contributors to the increase were other nondurable goods (led by pharmaceuticals), food and beverages, and clothing and footwear. These increases were partly offset by decreases in gasoline and other energy goods (led by gasoline) as well as motor vehicles and parts (led by used light trucks).
- Within services, price increases were widespread. The leading contributors were housing and utilities (led by housing), food services and accommodations (led by food services), and financial services and insurance (led by banking and other financial services). Other services (led by professional services and personal care and clothing services), transportation services (led by motor vehicle services), and recreation services (led by membership clubs, sports centers, parks, theaters, and museums) also increased.

Excluding food and energy, the “core” PCE price index increased 4.9 percent in the first quarter after increasing 4.4 percent in the fourth quarter.



**Table 4. Prices for Gross Domestic Purchases**

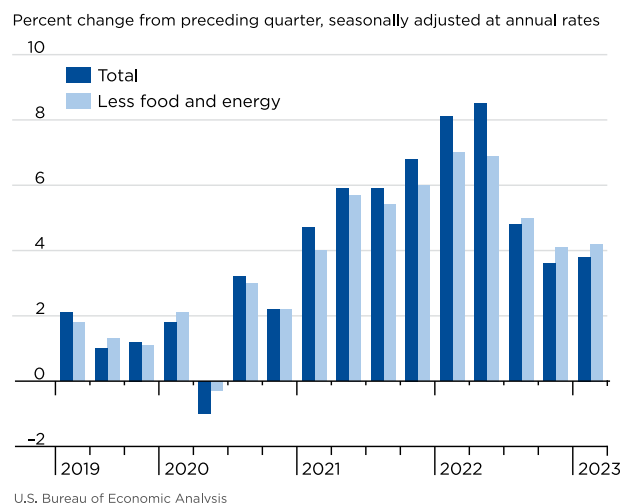
[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2022			2023	2022			2023
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	<b>Gross domestic purchases<sup>1</sup></b>	<b>8.5</b>	<b>4.8</b>	<b>3.6</b>	<b>3.8</b>	<b>8.5</b>	<b>4.8</b>	<b>3.6</b>	<b>3.8</b>
2	<b>Personal consumption expenditures</b>	<b>7.3</b>	<b>4.3</b>	<b>3.7</b>	<b>4.1</b>	<b>4.81</b>	<b>2.85</b>	<b>2.46</b>	<b>2.71</b>
3	Goods	10.6	2.7	-0.5	0.7	2.37	0.64	-0.10	0.17
4	Durable goods	2.4	3.5	-1.5	-1.0	0.22	0.29	-0.12	-0.07
5	Nondurable goods	15.7	2.3	0.1	1.7	2.15	0.35	0.02	0.25
6	Services	5.6	5.2	6.0	5.9	2.44	2.22	2.56	2.54
7	<b>Gross private domestic investment</b>	<b>9.9</b>	<b>7.6</b>	<b>3.3</b>	<b>4.5</b>	<b>1.76</b>	<b>1.30</b>	<b>0.57</b>	<b>0.76</b>
8	Fixed investment	10.3	7.7	4.0	4.9	1.72	1.28	0.67	0.81
9	Nonresidential	8.5	7.6	3.6	7.2	1.06	0.94	0.46	0.91
10	Structures	17.5	20.1	7.7	8.6	0.40	0.45	0.19	0.22
11	Equipment	9.2	5.9	6.1	7.6	0.45	0.29	0.31	0.37
12	Intellectual property products	3.9	3.7	-0.6	6.1	0.20	0.19	-0.03	0.32
13	Residential	15.2	8.1	5.1	-2.5	0.66	0.34	0.20	-0.10
14	Change in private inventories	---	---	---	---	0.03	0.02	-0.10	-0.05
15	<b>Government consumption expenditures and gross investment</b>	<b>11.6</b>	<b>3.6</b>	<b>3.6</b>	<b>1.6</b>	<b>1.90</b>	<b>0.62</b>	<b>0.61</b>	<b>0.28</b>
16	Federal	6.0	4.8	3.2	3.2	0.38	0.30	0.20	0.20
17	National defense	7.5	2.7	3.0	2.5	0.26	0.10	0.10	0.09
18	Nondefense	4.1	7.6	3.4	4.1	0.12	0.20	0.09	0.11
19	State and local	15.0	2.9	3.9	0.7	1.52	0.32	0.41	0.08
<b>Addenda:</b>									
Gross domestic purchases:									
20	Food	14.7	13.4	7.1	3.8	0.68	0.60	0.33	0.18
21	Energy goods and services	53.6	-13.1	-13.9	-10.7	1.37	-0.43	-0.46	-0.33
22	Excluding food and energy	6.9	5.0	4.1	4.2	6.41	4.59	3.77	3.90
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	15.3	13.0	6.9	3.7	---	---	---	---
24	Energy goods and services	52.7	-13.3	-12.8	-9.9	---	---	---	---
25	Excluding food and energy	4.7	4.7	4.4	4.9	---	---	---	---
26	Gross domestic product	9.0	4.4	3.9	4.1	---	---	---	---
27	Exports of goods and services	20.0	-9.7	-6.1	0.2	---	---	---	---
28	Imports of goods and services	13.2	-4.1	-5.5	-1.6	---	---	---	---

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.

## Chart 6. Prices for Gross Domestic Purchases



### 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.

## Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment (CCAdj)) decreased \$121.5 billion, or 4.1 percent at a quarterly rate, in the first quarter. In the fourth quarter, profits decreased \$60.5 billion, or 2.0 percent (table 5). In the first quarter, domestic profits of financial corporations decreased \$9.4 billion, domestic profits of nonfinancial corporations decreased \$102.9 billion, and rest-of-the-world profits (net) decreased \$9.2 billion.

**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		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	<b>Current production measures:</b>									
1	Corporate profits with IVA and CCAdj	2,818.1	131.6	-1.3	-60.5	-121.5	4.6	0.0	-2.0	-4.1
2	Domestic industries	2,359.1	106.2	14.3	-81.9	-112.3	4.4	0.6	-3.2	-4.5
3	Financial	394.2	-46.0	-1.8	-59.0	-9.4	-9.0	-0.4	-12.8	-2.3
4	Nonfinancial	1,964.9	152.2	16.1	-22.9	-102.9	7.9	0.8	-1.1	-5.0
5	Rest of the world	459.0	25.5	-15.5	21.4	-9.2	5.8	-3.4	4.8	-2.0
6	Receipts from the rest of the world	985.8	56.1	1.0	7.2	9.4	6.2	0.1	0.7	1.0
7	Less: Payments to the rest of the world	526.8	30.6	16.5	-14.2	18.6	6.4	3.3	-2.7	3.7
9	Less: Taxes on corporate income	488.7	-16.4	-21.6	7.3	24.4	-3.3	-4.5	1.6	5.3
10	Equals: Profits after tax	2,329.3	148.0	20.4	-67.8	-145.9	6.2	0.8	-2.7	-5.9
11	Net dividends	1,651.6	-3.1	-56.5	-30.1	-2.2	-0.2	-3.2	-1.8	-0.1
12	Undistributed profits from current production	677.7	151.2	76.9	-37.6	-143.7	24.0	9.8	-4.4	-17.5
13	Net cash flow with IVA	3,126.8	116.4	181.6	10.4	-19.2	4.1	6.1	0.3	-0.6

**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).

## Corporate Profits by Industry

Industry profits (corporate profits by industry with IVA) decreased \$29.7 billion, or 0.9 percent at a quarterly rate, in the first quarter after decreasing \$49.8 billion, or 1.5 percent, in the fourth quarter (table 6 and chart 7). Domestic profits decreased \$20.5 billion in the first quarter and primarily reflected decreases in other nonfinancial industries and wholesale trade.

Profits after tax (without IVA and CCAdj)—BEA's profits measure that is conceptually most like the profits for companies in the Standard & Poor's 500 Index—decreased \$33.3 billion in the first quarter after decreasing \$169.5 billion in the fourth quarter.

**Table 6. Corporate Profits by Industry**  
[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2023	2022				2023	2022			2023
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
	<b>Industry profits:</b>										
1	Corporate profits with IVA	3,208.5	171.1	35.3	-49.8	-29.7	5.6	1.1	-1.5	-0.9	
2	Domestic industries	2,749.5	145.6	50.8	-71.2	-20.5	5.5	1.8	-2.5	-0.7	
3	Financial	499.4	-41.0	3.4	-58.3	1.8	-6.9	0.6	-10.5	0.4	
4	Nonfinancial	2,250.0	186.6	47.4	-12.9	-22.4	9.1	2.1	-0.6	-1.0	
5	Utilities	32.2	1.7	8.1	-8.2	4.4	6.5	29.1	-22.8	15.9	
6	Manufacturing	657.4	68.7	18.9	28.6	-7.0	12.5	3.1	4.5	-1.1	
7	Wholesale trade	215.4	-5.4	44.9	4.3	-18.6	-2.8	24.3	1.9	-8.0	
8	Retail trade	340.1	10.2	4.6	9.8	18.3	3.4	1.5	3.1	5.7	
9	Transportation and warehousing	113.5	35.0	-2.7	-7.2	-1.0	39.1	-2.2	-5.9	-0.8	
10	Information	170.4	-9.9	0.6	9.1	8.9	-6.1	0.4	6.0	5.5	
11	Other nonfinancial	721.1	86.3	-26.8	-49.4	-27.3	11.7	-3.3	-6.2	-3.6	
12	Rest of the world	459.0	25.5	-15.5	21.4	-9.2	5.8	-3.4	4.8	-2.0	
	<b>Addenda:</b>										
13	Profits before tax (without IVA and CCAdj)	3,176.8	193.3	-173.9	-162.2	-8.9	5.8	-4.9	-4.8	-0.3	
14	Profits after tax (without IVA and CCAdj)	2,688.0	209.7	-152.3	-169.5	-33.3	7.4	-5.0	-5.9	-1.2	
15	IVA	31.7	-22.2	209.2	112.4	-20.8	---	---	---	---	
16	CCAdj	-390.4	-39.4	-36.6	-10.6	-91.8	---	---	---	---	

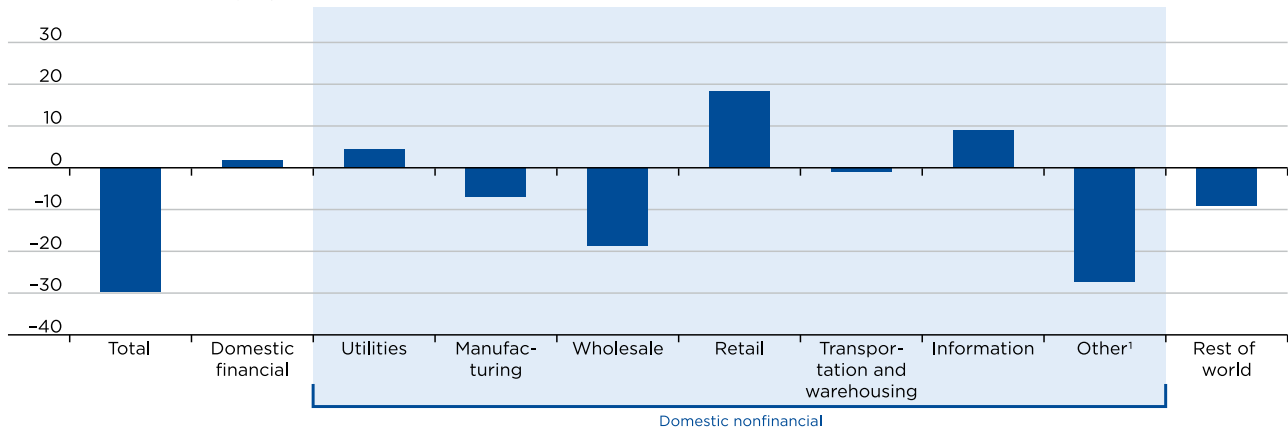
**CCAdj** Capital consumption adjustment

**IVA** Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Accounts tables 1.12, 1.14, 1.15, and 6.16D.

**Chart 7. Corporate Profits with Inventory Valuation Adjustment in 2023:Q1, Change from Preceding Quarter**

Billions of dollars, seasonally adjusted at annual rates



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, the U.S. Bureau of Economic Analysis (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 "Chapter 13: Corporate Profits" in *NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts* on BEA's website.

## Updates

In the third estimate of the first quarter, the growth rate in real GDP was revised up 0.7 percentage point from the second estimate (table 7). The updated estimates primarily reflected upward revisions to exports and consumer spending that were partly offset by downward revisions to nonresidential fixed investment and federal government spending. Imports were revised down.

- Within exports, both goods and services were revised up. For goods, the leading contributor was exports of other goods. For services, upward revisions to travel, charges for the use of intellectual property, and transport were partly offset by a downward revision to other business services.
- Within consumer spending, an upward revision to services was partly offset by a downward revision to goods. Within services, the leading contributor to the upward revision was health care (led by physician services). Within goods, the downward revision was led by food and beverages.
- Within nonresidential fixed investment, downward revisions to intellectual property products and equipment were partly offset by an upward revision to structures. The downward revision to intellectual property products was led by software (mainly prepackaged software). The downward revision to equipment was led by information processing equipment (notably, computers and peripheral equipment). The upward revision to structures was led by manufacturing structures.
- The downward revision to federal government spending primarily reflected updated estimates of transfers of military equipment and supplies.
- Within imports, the downward revision was mainly to goods (led by consumer goods and nonautomotive capital goods).

**Table 7. Second and Third Estimates for the First Quarter of 2023**

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	<b>Gross domestic product (GDP)<sup>1</sup></b>	1.3	2.0	0.7	1.3	2.0	0.7
2	<b>Personal consumption expenditures</b>	3.8	4.2	0.4	2.52	2.79	0.27
3	Goods	6.3	6.0	-0.3	1.41	1.34	-0.07
4	Durable goods	16.4	16.3	-0.1	1.29	1.28	-0.01
5	Nondurable goods	0.9	0.5	-0.4	0.12	0.07	-0.05
6	Services	2.5	3.2	0.7	1.11	1.44	0.33
7	<b>Gross private domestic investment</b>	-11.5	-11.9	-0.4	-2.14	-2.22	-0.08
8	Fixed investment	-0.2	-0.4	-0.2	-0.03	-0.08	-0.05
9	Nonresidential	1.4	0.6	-0.8	0.18	0.08	-0.10
10	Structures	11.0	15.8	4.8	0.28	0.40	0.12
11	Equipment	-7.0	-8.9	-1.9	-0.38	-0.48	-0.10
12	Intellectual property products	5.2	3.1	-2.1	0.28	0.16	-0.12
13	Residential	-5.4	-4.0	1.4	-0.22	-0.16	0.06
14	Change in private inventories	---	---	---	-2.10	-2.14	-0.04
15	<b>Net exports of goods and services</b>	---	---	---	0.00	0.58	0.58
16	Exports	5.2	7.8	2.6	0.58	0.86	0.28
17	Goods	10.4	12.3	1.9	0.77	0.91	0.14
18	Services	-5.3	-1.3	4.0	-0.20	-0.05	0.15
19	Imports	4.0	2.0	-2.0	-0.57	-0.28	0.29
20	Goods	4.8	2.3	-2.5	-0.56	-0.27	0.29
21	Services	0.5	0.4	-0.1	-0.01	-0.01	0.00
22	<b>Government consumption expenditures and gross investment</b>	5.2	5.0	-0.2	0.89	0.85	-0.04
23	Federal	7.6	6.0	-1.6	0.48	0.38	-0.10
24	National defense	5.7	2.5	-3.2	0.20	0.09	-0.11
25	Nondefense	10.0	10.5	0.5	0.27	0.29	0.02
26	State and local	3.8	4.4	0.6	0.41	0.47	0.06
	<b>Addenda:</b>						
27	Final sales of domestic product	3.4	4.2	0.8	---	---	---
28	Gross domestic income (GDI) <sup>2</sup>	---	-1.8	---	---	---	---
29	Average of GDP and GDI	---	0.1	---	---	---	---
30	Gross domestic purchases price index	3.8	3.8	0.0	---	---	---
31	GDP price index	4.2	4.1	-0.1	---	---	---

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

## Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the [key source data and assumptions](#) (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.

## Looking Ahead: 2023 Comprehensive Update of the National Economic Accounts

BEA will release initial results from the comprehensive (or benchmark) update of the National Economic Accounts (NEA), which include the National Income and Product Accounts as well as the Industry Economic Accounts, on September 28, 2023. Current-dollar measures of GDP and related components will be revised from the first quarter of 2013 through the first quarter of 2023. Current-dollar GDP by industry statistics will be revised from the first quarter of 2005 through the first quarter of 2023, although revisions prior to the first quarter of 2013 will be offsetting across industries within each period. GDI and select income components will be revised from the first quarter of 1979 through the first quarter of 2023.

Quantity and price measures will use 2017 as the reference year; currently, the reference year is 2012. Updating the reference year will not affect the percent changes in the price or quantity indexes (or in the chained-dollar estimates), because these changes are measured from chain-type indexes. Revisions to the percent changes in NEA estimates will reflect the incorporation of new and revised source data as well as changes in methodologies. For details, refer to [“Information on Updates to the National Economic Accounts.”](#)

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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