

GDP and the Economy

Third Estimates for the Third Quarter of 2021

Real gross domestic product (GDP) increased at an annual rate of 2.3 percent in the third 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 third quarter was revised up 0.2 percentage point from the second estimate issued last month (see “[Updates](#)”). In the second quarter of 2021, real GDP increased 6.7 percent.

Chart 1. Real GDP: Percent Change from Preceding Quarter

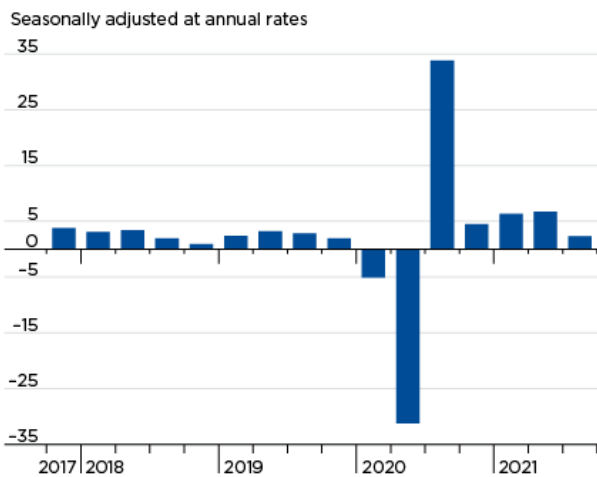
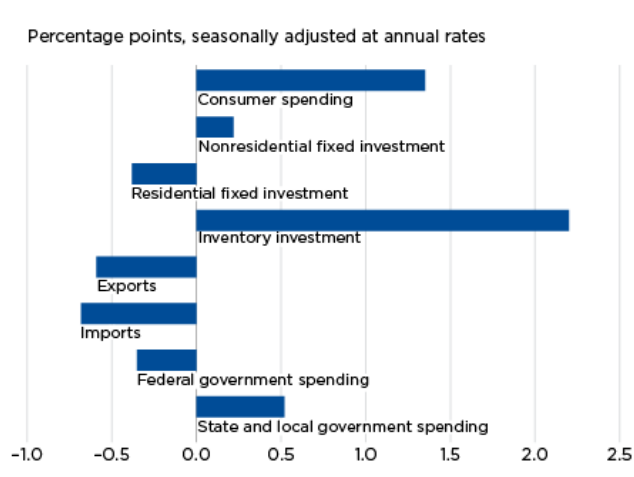


Chart 2. Real GDP: Contributions to the Percent Change in 2021:Q3



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

The increase in third-quarter GDP reflected the continued economic impact of the COVID-19 pandemic. A resurgence of COVID-19 cases resulted in new restrictions and delays in the reopening of establishments in some parts of the country. Government assistance payments in the form of forgivable loans to businesses, grants to state and local governments, and social benefits to households all decreased. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the third quarter, because the impacts are generally embedded in source data and cannot be separately identified. For more information, refer to the “[Technical Note](#)” and “[Federal Recovery Programs and BEA Statistics](#).”

GDP by Expenditure

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

- The increase in private inventory investment reflected increases in wholesale trade (led by nondurable-goods industries) and in retail trade (led by motor vehicles and parts dealers).
- The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods.
 - Within services, increases were widespread, with the largest contributions coming from “other” services (mainly international travel) and transportation services (notably, air transportation).
 - The decrease in goods primarily reflected a decrease in spending on motor vehicles and parts.
- The increase in state and local government spending was led by employee compensation (notably, education).
- The increase in nonresidential fixed investment reflected an increase in intellectual property products (led by software and research and development) that was partly offset by decreases in equipment and structures.
- The decrease in residential fixed investment primarily reflected decreases in improvements and in new single-family structures.
- The decrease in federal government spending primarily reflected a decrease in nondefense spending on intermediate goods and services after the processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government ended in the second quarter.
- The decrease in exports reflected decreases in both goods and services.
- The increase in imports primarily reflected an increase in services (led by travel and transport).

The 2.3 percent increase in real GDP in the third quarter followed an increase of 6.7 percent in the second quarter. The deceleration in real GDP in the third quarter was more than accounted for by a slowdown in consumer spending. From the second quarter to the third quarter, spending for goods turned down (led by motor vehicles and parts) and services decelerated (led by food services and accommodations).

Real gross domestic income, which is the sum of incomes earned and costs incurred in the production of GDP, increased 5.8 percent in the third quarter after increasing 4.3 percent in the second 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		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic product (GDP)¹	100.0	4.5	6.3	6.7	2.3	4.5	6.3	6.7	2.3
2	Personal consumption expenditures	68.8	3.4	11.4	12.0	2.0	2.26	7.44	7.92	1.35
3	Goods	23.7	-0.3	27.4	13.0	-8.8	-0.07	5.69	2.99	-2.21
4	Durable goods	8.6	1.1	50.0	11.6	-24.6	0.10	3.50	1.01	-2.52
5	Nondurable goods	15.1	-1.1	15.9	13.9	2.0	-0.17	2.19	1.98	0.30
6	Services	45.1	5.3	3.9	11.5	8.2	2.34	1.75	4.93	3.57
7	Gross private domestic investment	17.7	24.7	-2.3	-3.9	12.4	4.01	-0.37	-0.65	2.05
8	Fixed investment	17.9	17.7	13.0	3.3	-0.9	2.92	2.25	0.61	-0.16
9	Nonresidential	13.2	12.5	12.9	9.2	1.7	1.57	1.65	1.21	0.22
10	Structures	2.5	-8.2	5.4	-3.0	-4.1	-0.22	0.14	-0.08	-0.11
11	Equipment	5.5	26.4	14.1	12.1	-2.3	1.29	0.75	0.66	-0.13
12	Intellectual property products	5.2	10.2	15.6	12.5	9.1	0.50	0.76	0.62	0.46
13	Residential	4.7	34.4	13.3	-11.7	-7.7	1.34	0.60	-0.60	-0.38
14	Change in private inventories	-0.3	.....	.....	.....	.....	1.10	-2.62	-1.26	2.20
15	Net exports of goods and services	-4.1	.....	.....	.....	.....	-1.65	-1.56	-0.18	-1.26
16	Exports	10.7	22.5	-2.9	7.6	-5.3	2.07	-0.30	0.80	-0.59
17	Goods	7.5	25.6	-1.4	6.4	-5.0	1.59	-0.10	0.48	-0.39
18	Services	3.2	16.0	-6.0	10.4	-5.9	0.49	-0.20	0.32	-0.19
19	Imports	14.8	31.3	9.3	7.1	4.7	-3.73	-1.26	-0.99	-0.68
20	Goods	12.3	30.1	10.6	4.3	-0.3	-3.04	-1.21	-0.51	0.04
21	Services	2.5	37.5	2.2	23.6	35.0	-0.69	-0.05	-0.48	-0.72
22	Government consumption expenditures and gross investment	17.6	-0.5	4.2	-2.0	0.9	-0.09	0.77	-0.36	0.17
23	Federal	6.7	-3.1	11.3	-5.3	-5.1	-0.22	0.78	-0.38	-0.35
24	National defense	3.9	5.3	-5.8	-1.1	-1.7	0.22	-0.25	-0.04	-0.07
25	Nondefense	2.8	-14.1	40.8	-10.7	-9.5	-0.44	1.02	-0.34	-0.29
26	State and local	10.9	1.2	-0.1	0.2	4.9	0.14	-0.01	0.02	0.52
Addenda:										
27	Gross domestic income (GDI) ²	.....	19.6	6.3	4.3	5.8	.....	.....	.....	.....
28	Average of GDP and GDI	.....	11.9	6.3	5.5	4.1	.....	.....	.....	.....
29	Final sales of domestic product	.....	3.4	9.1	8.1	0.1	3.44	8.90	7.99	0.10
30	Goods	31.4	4.6	10.8	9.8	0.1	1.46	3.31	3.05	0.05
31	Services	59.9	3.1	4.2	7.9	4.7	1.86	2.52	4.62	2.77
32	Structures	8.7	14.7	5.0	-10.0	-5.8	1.22	0.45	-0.94	-0.52
33	Motor vehicle output	2.5	-12.8	1.1	-14.1	-38.4	-0.40	0.03	-0.42	-1.26

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 third quarter, private services-producing industries increased 3.9 percent, government increased 5.1 percent, and private goods-producing industries decreased 5.5 percent (table 2). Overall, 14 of 22 industry groups contributed to the third-quarter increase in real GDP.

- The increase in private services-producing industries primarily reflected increases in professional, scientific, and technical services; finance and insurance (led by securities, commodity contracts, and investments); accommodation and food services; administrative and waste management services (led by administrative and support services); and information (led by motion picture and sound recording industries). These increases were partly offset by decreases in retail trade (led by motor vehicle and parts dealers) and wholesale trade.
- The decrease in private goods-producing industries was widespread, led by construction.
- The increase in government primarily reflected an increase in state and local government.

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

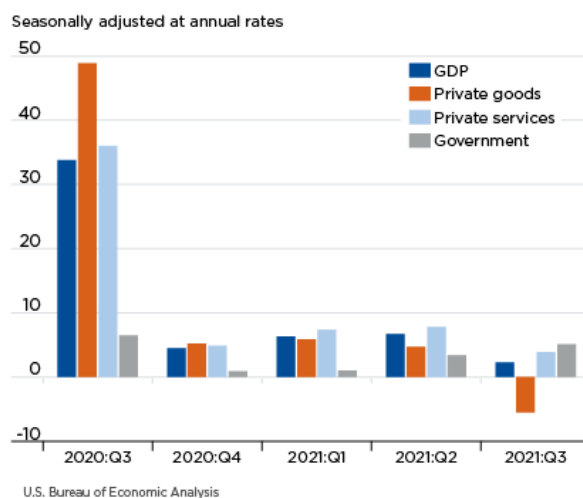
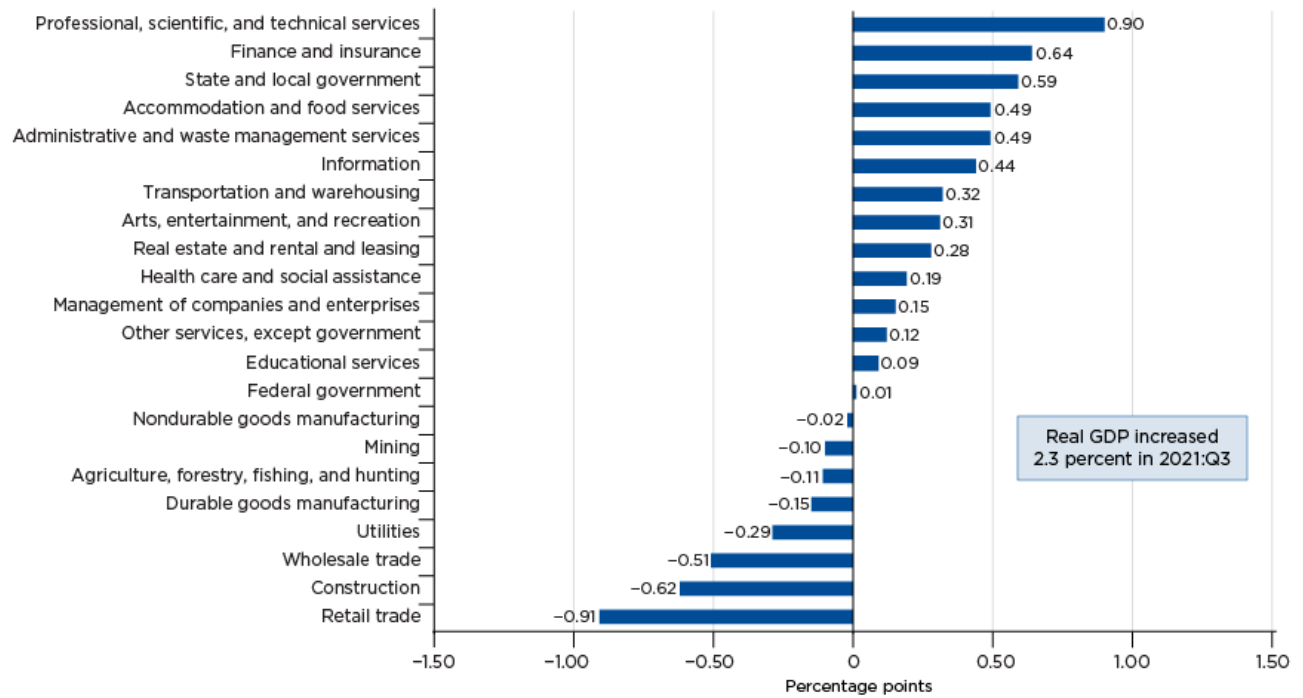


Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2021:Q3

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		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic product¹	100.0	4.5	6.3	6.7	2.3	4.5	6.3	6.7	2.3
2	Private industries	87.9	5.0	7.1	7.1	1.9	4.32	6.18	6.26	1.70
3	Agriculture, forestry, fishing, and hunting	1.1	-0.6	-13.9	-13.1	-9.0	0.00	-0.14	-0.14	-0.11
4	Mining	1.2	-0.1	-3.4	7.3	-7.9	-0.01	-0.03	0.08	-0.10
5	Utilities	1.6	-11.0	-8.5	3.8	-16.1	-0.18	-0.15	0.06	-0.29
6	Construction	4.1	10.9	5.9	6.6	-13.9	0.46	0.25	0.28	-0.62
7	Manufacturing	11.1	4.0	8.7	5.5	-1.5	0.38	0.95	0.63	-0.17
8	Durable goods	6.0	6.6	13.0	4.3	-2.5	0.41	0.77	0.27	-0.15
9	Nondurable Goods	5.1	0.8	3.5	7.0	-0.4	-0.03	0.18	0.35	-0.02
10	Wholesale trade	6.0	-1.3	3.4	3.7	-8.1	-0.13	0.20	0.23	-0.51
11	Retail trade	5.9	0.2	17.0	-14.7	-14.0	0.01	0.96	-0.97	-0.91
12	Transportation and warehousing	2.8	4.7	8.9	-9.7	12.2	0.12	0.24	-0.27	0.32
13	Information	5.6	2.0	14.7	25.2	8.0	0.12	0.79	1.30	0.44
14	Finance, insurance, real estate, rental, and leasing	21.2	6.5	6.1	4.3	4.4	1.43	1.32	0.93	0.92
15	Finance and insurance	8.5	18.9	7.4	3.4	7.8	1.55	0.64	0.30	0.64
16	Real estate and rental and leasing	12.7	-0.9	5.2	4.9	2.2	-0.12	0.68	0.63	0.28
17	Professional and business services	13.0	12.4	12.4	11.8	12.6	1.55	1.55	1.48	1.54
18	Professional, scientific, and technical services	7.8	5.4	10.0	15.3	12.3	0.41	0.76	1.13	0.90
19	Management of companies and enterprises	1.9	30.3	8.0	2.2	7.9	0.54	0.15	0.04	0.15
20	Administrative and waste management services	3.3	20.3	21.4	9.7	16.0	0.60	0.64	0.31	0.49
21	Educational services, health care, and social assistance	8.4	5.5	-1.1	6.1	3.3	0.48	-0.09	0.52	0.28
22	Educational services	1.1	-13.7	8.1	9.2	8.4	-0.17	0.09	0.10	0.09
23	Health care and social assistance	7.2	8.8	-2.5	5.7	2.6	0.65	-0.18	0.42	0.19
24	Arts, entertainment, recreation, accommodation, and food services	3.8	0.6	17.0	68.4	23.6	0.03	0.52	1.83	0.79
25	Arts, entertainment, and recreation	0.9	50.4	36.3	16.0	43.1	0.32	0.25	0.12	0.31
26	Accommodation and food services	2.9	-10.9	11.4	88.7	18.4	-0.29	0.27	1.70	0.49
27	Other services, except government	2.0	2.4	-8.8	17.5	6.4	0.05	-0.18	0.32	0.12
28	Government	12.1	0.9	1.0	3.4	5.1	0.15	0.12	0.42	0.60
29	Federal	3.8	-2.1	-0.4	0.5	0.3	-0.08	-0.01	0.02	0.01
30	State and local	8.3	2.4	1.6	4.8	7.4	0.23	0.14	0.40	0.59
Addenda:										
31	Private goods-producing industries ²	17.6	5.2	5.9	4.7	-5.5	0.83	1.03	0.84	-1.00
32	Private services-producing industries ³	70.4	4.9	7.4	7.8	3.9	3.49	5.16	5.42	2.70

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 by industry—an inflation-adjusted 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 4.4 percent in the third quarter. Private services-producing industries increased 7.6 percent, government increased 0.3 percent, and private goods-producing industries decreased 2.5 percent (table 3). 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

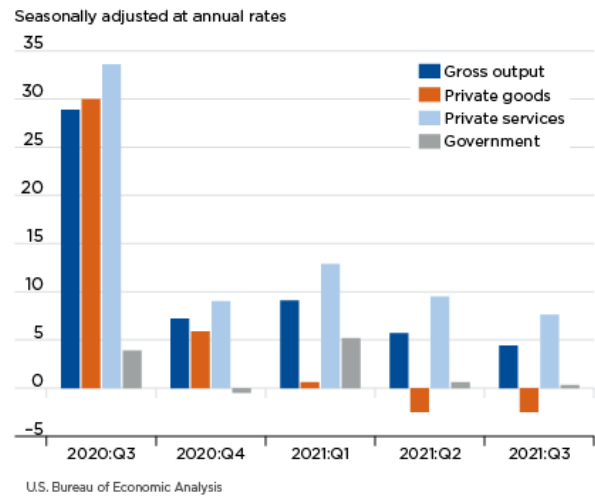


Table 3. Real Gross Output by Industry Group and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			
		2020	2021		
		Q4	Q1	Q2	Q3
1	All industries	7.2	9.1	5.7	4.4
2	Private industries	8.2	9.6	6.3	4.9
3	Agriculture, forestry, fishing, and hunting	1.3	-5.5	-4.1	-3.6
4	Mining	11.9	4.1	13.7	-0.1
5	Utilities	1.0	7.2	6.9	-0.9
6	Construction	9.1	5.7	-8.3	-8.2
7	Manufacturing	4.9	-0.7	-1.7	-0.9
8	Durable goods	7.8	3.2	-2.1	-1.7
9	Nondurable goods	1.9	-4.7	-1.3	-0.2
10	Wholesale trade	11.3	10.9	9.7	0.2
11	Retail trade	0.4	28.8	-4.4	-11.5
12	Transportation and warehousing	20.5	20.2	4.3	19.7
13	Information	13.9	19.9	19.4	12.6
14	Finance, insurance, real estate, rental, and leasing	6.0	10.5	1.5	6.7
15	Finance and insurance	8.1	20.0	-1.2	10.2
16	Real estate and rental and leasing	4.3	3.3	3.7	3.9
17	Professional and business services	17.8	14.5	9.2	13.1
18	Professional, scientific, and technical services	14.8	14.4	9.4	11.3
19	Management of companies and enterprises	29.3	2.6	-0.5	9.2
20	Administrative and waste management services	17.7	22.3	14.3	19.0
21	Educational services, health care, and social assistance	7.2	-4.1	9.9	4.1
22	Educational services	-9.0	8.0	15.4	6.7
23	Health care and social assistance	9.6	-5.6	9.2	3.8
24	Arts, entertainment, recreation, accommodation, and food services	2.6	41.1	81.4	36.9
25	Arts, entertainment, and recreation	35.8	76.4	25.3	64.8
26	Accommodation and food services	-4.5	32.8	99.8	30.6
27	Other services, except government	2.5	-4.8	20.1	3.5
28	Government	-0.5	5.2	0.6	0.3
29	Federal	-3.1	15.5	-6.4	-8.1
30	State and local	0.8	0.6	4.1	4.3
Addenda:					
31	Private goods-producing industries ¹	5.9	0.6	-2.5	-2.5
32	Private services-producing industries ²	9.0	12.9	9.5	7.6

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

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

Note. Percent changes are from 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 5.6 percent in the third quarter after increasing 5.8 percent in the second quarter (table 4 and chart 6). Except for private inventory investment, price increases were widespread across the components of gross domestic purchases and were led by increases for consumer goods and services.

Within consumer goods, prices for both durable and nondurable goods increased. The leading contributors were price increases for motor vehicles and parts (for both new and used motor vehicles), food and beverages purchased for off-premises consumption (groceries), and gasoline and other energy goods.

Within gross domestic purchases, food prices increased 7.9 percent in the third quarter after increasing 1.6 percent in the second quarter. Prices for energy goods and services increased 19.4 percent after increasing 21.2 percent. Gross domestic purchases prices excluding food and energy increased 5.1 percent after increasing 5.6 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, increased 4.6 percent in the third quarter after increasing 6.1 percent in the second quarter.

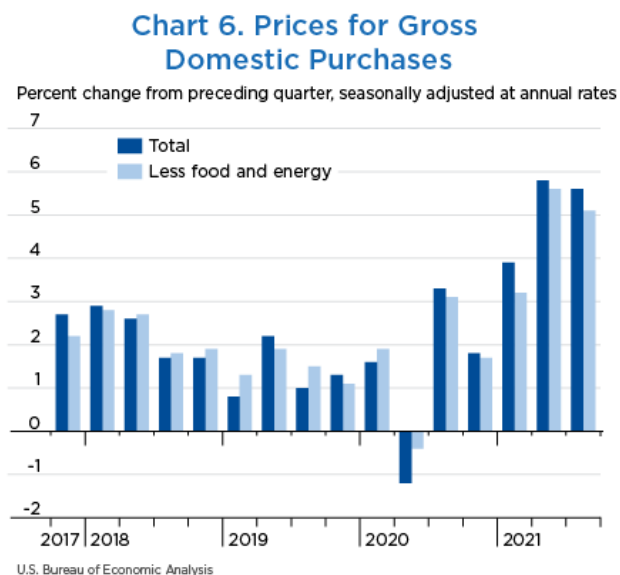


Table 4. Prices for Gross Domestic Purchases

[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)			
		2020	2021			2020	2021		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic purchases¹	1.8	3.9	5.8	5.6	1.8	3.9	5.8	5.6
2	Personal consumption expenditures	1.5	3.8	6.5	5.3	1.00	2.51	4.23	3.54
3	Goods	0.3	5.9	9.3	7.3	0.08	1.29	2.11	1.67
4	Durable goods	0.2	2.3	16.8	9.7	0.02	0.19	1.38	0.81
5	Nondurable goods	0.4	8.0	5.0	5.9	0.06	1.10	0.73	0.86
6	Services	2.1	2.8	5.0	4.3	0.92	1.21	2.12	1.87
7	Gross private domestic investment	1.9	2.8	2.9	6.1	0.32	0.50	0.52	1.03
8	Fixed investment	1.9	3.7	4.5	7.0	0.33	0.64	0.80	1.20
9	Nonresidential	0.4	0.8	0.9	4.3	0.06	0.10	0.13	0.56
10	Structures	0.5	3.9	8.9	11.1	0.01	0.10	0.21	0.26
11	Equipment	-2.2	2.2	-3.2	4.6	-0.11	0.12	-0.16	0.25
12	Intellectual property products	3.2	-2.3	1.5	0.9	0.16	-0.12	0.08	0.05
13	Residential	6.5	12.4	15.3	14.8	0.27	0.54	0.67	0.64
14	Change in private inventories	.....	.....	.....	.....	-0.01	-0.14	-0.28	-0.17
15	Government consumption expenditures and gross investment	3.0	5.4	6.1	6.1	0.52	0.93	1.04	1.02
16	Federal	2.5	4.0	4.1	5.0	0.17	0.27	0.28	0.33
17	National defense	2.5	4.4	4.3	4.9	0.10	0.18	0.17	0.18
18	Nondefense	2.5	3.3	3.9	5.2	0.07	0.09	0.11	0.14
19	State and local	3.3	6.3	7.3	6.7	0.35	0.66	0.76	0.70
Addenda:									
Gross domestic purchases:									
20	Food	0.4	-0.1	1.6	7.9	0.02	0.00	0.09	0.40
21	Energy goods and services	12.4	47.8	21.2	19.4	0.26	0.91	0.49	0.48
22	Excluding food and energy	1.7	3.2	5.6	5.1	1.56	3.02	5.20	4.72
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	0.0	0.7	4.1	7.7	.....	.....	.....	.....
24	Energy goods and services	13.3	47.7	20.4	18.9	.....	.....	.....	.....
25	Excluding food and energy	1.2	2.7	6.1	4.6	.....	.....	.....	.....
26	Gross domestic product	2.2	4.3	6.1	6.0	.....	.....	.....	.....
27	Exports of goods and services	6.2	21.0	19.4	9.7	.....	.....	.....	.....
28	Imports of goods and services	2.2	13.3	13.4	6.1	.....	.....	.....	.....

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.

Updates

In the third estimate for the third quarter, real GDP increased 2.3 percent, an upward revision of 0.2 percentage point from the second estimate (table 5). The updated estimates primarily reflected upward revisions to consumer spending and private inventory investment that were partly offset by a downward revision to exports. Imports were revised down.

- Within consumer spending, an upward revision to services was partly offset by a downward revision to goods.
 - Within services, the leading contributors to the upward revision were recreation services (notably, live entertainment as well as spectator sports) and transportation services (notably, motor vehicle maintenance and repair as well as ground transportation).
 - Within goods, downward revisions were widespread across nondurable goods; the largest contributor was food and beverages purchased for off-premises consumption (groceries).
- Within private inventory investment, both farm and nonfarm inventory investment were revised up. The leading contributor to the revision was manufacturing inventory investment (notably, petroleum and coal products).
- Within exports, a downward revision to services (led by charges for the use of intellectual property products) was partly offset by an upward revision to goods (led by industrial supplies and materials).
- Within imports, the leading contributor to the downward revision was services (notably, charges for the use of intellectual property as well as transport).

Table 5. Second and Third Estimates for the Third 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	2.1	2.3	0.2	2.1	2.3	0.2
2	Personal consumption expenditures	1.7	2.0	0.3	1.18	1.35	0.17
3	Goods	-8.4	-8.8	-0.4	-2.11	-2.21	-0.10
4	Durable goods	-24.4	-24.6	-0.2	-2.50	-2.52	-0.02
5	Nondurable goods	2.6	2.0	-0.6	0.39	0.30	-0.09
6	Services	7.6	8.2	0.6	3.29	3.57	0.28
7	Gross private domestic investment	11.6	12.4	0.8	1.93	2.05	0.12
8	Fixed investment	-1.1	-0.9	0.2	-0.20	-0.16	0.04
9	Nonresidential	1.5	1.7	0.2	0.21	0.22	0.01
10	Structures	-5.0	-4.1	0.9	-0.13	-0.11	0.02
11	Equipment	-2.4	-2.3	0.1	-0.13	-0.13	0.00
12	Intellectual property products	9.3	9.1	-0.2	0.47	0.46	-0.01
13	Residential	-8.3	-7.7	0.6	-0.41	-0.38	0.03
14	Change in private inventories	.....	.....	.....	2.13	2.20	0.07
15	Net exports of goods and services	.....	.....	.....	-1.16	-1.26	-0.10
16	Exports	-3.0	-5.3	-2.3	-0.33	-0.59	-0.26
17	Goods	-5.8	-5.0	0.8	-0.45	-0.39	0.06
18	Services	3.7	-5.9	-9.6	0.12	-0.19	-0.31
19	Imports	5.8	4.7	-1.1	-0.83	-0.68	0.15
20	Goods	-0.1	-0.3	-0.2	0.01	0.04	0.03
21	Services	41.5	35.0	-6.5	-0.84	-0.72	0.12
22	Government consumption expenditures and gross investment	0.9	0.9	0.0	0.16	0.17	0.01
23	Federal	-4.9	-5.1	-0.2	-0.34	-0.35	-0.01
24	National defense	-1.6	-1.7	-0.1	-0.06	-0.07	-0.01
25	Nondefense	-9.3	-9.5	-0.2	-0.28	-0.29	-0.01
26	State and local	4.7	4.9	0.2	0.50	0.52	0.02
Addenda:							
27	Final sales of domestic product	0.0	0.1	0.1	-0.02	0.10	0.12
28	Gross domestic income (GDI) ²	6.7	5.8	-0.9	.....	.....	.....
29	Average of GDP and GDI	4.4	4.1	-0.3	.....	.....	.....
30	Gross domestic purchases price index	5.5	5.6	0.1	.....	.....	.....
31	GDP price index	5.9	6.0	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](#)” 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 \$96.9 billion, or 3.4 percent at a quarterly rate, in the third quarter of 2021 after increasing \$267.8 billion, or 10.5 percent, in the second quarter (table 6). Profits of domestic financial corporations increased \$14.2 billion, profits of domestic nonfinancial corporations increased \$31.6 billion, and rest-of-the-world profits increased \$51.1 billion.

Profits after tax increased \$82.1 billion in the third quarter after increasing \$232.9 billion in the second 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		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Current production measures:									
1	Corporate profits with IVA and CCAdj	2,916.1	-7.9	123.9	267.8	96.9	-0.3	5.1	10.5	3.4
2	Domestic industries	2,404.8	-30.5	134.5	274.0	45.8	-1.5	6.9	13.1	1.9
3	Financial	551.9	17.0	1.3	52.8	14.2	3.6	0.3	10.9	2.6
4	Nonfinancial	1,852.9	-47.5	133.2	221.3	31.6	-3.1	9.1	13.8	1.7
5	Rest of the world	511.3	22.6	-10.6	-6.2	51.1	5.0	-2.2	-1.3	11.1
6	Receipts from the rest of the world	957.9	47.8	34.2	27.4	65.2	6.1	4.1	3.2	7.3
7	Less: Payments to the rest of the world	446.6	25.3	44.8	33.6	14.1	7.7	12.7	8.4	3.3
9	Less: Taxes on corporate income	393.3	15.3	28.1	34.9	14.7	5.1	8.9	10.1	3.9
10	Equals: Profits after tax	2,522.7	-23.3	95.8	232.9	82.1	-1.1	4.5	10.5	3.4
11	Net dividends	1,438.7	28.9	-37.8	51.4	27.7	2.1	-2.7	3.8	2.0
12	Undistributed profits from current production	1,084.0	-52.2	133.6	181.5	54.5	-6.8	18.7	21.4	5.3
13	Net cash flow with IVA	3,135.1	-30.2	154.5	224.7	56.5	-1.1	5.7	7.9	1.8

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 \$126.1 billion, or 4.6 percent at a quarterly rate, in the third quarter of 2021 after increasing \$285.9 billion, or 11.6 percent, in the second quarter (table 7 and chart 7). Domestic profits increased \$75.0 billion and were led by nondurable goods manufacturing and “other” nonfinancial industries. Rest-of-the-world profits increased \$51.1 billion. A notable offset to these increases was a decrease in retail trade profits.

Profits after tax (without IVA and CCAj)—the Bureau of Economic Analysis profits measure that is conceptually most like the profits for companies in the Standard & Poor's 500 Index—increased \$31.2 billion in the third quarter.

Table 7. Corporate Profits by Industry
[Seasonally adjusted]

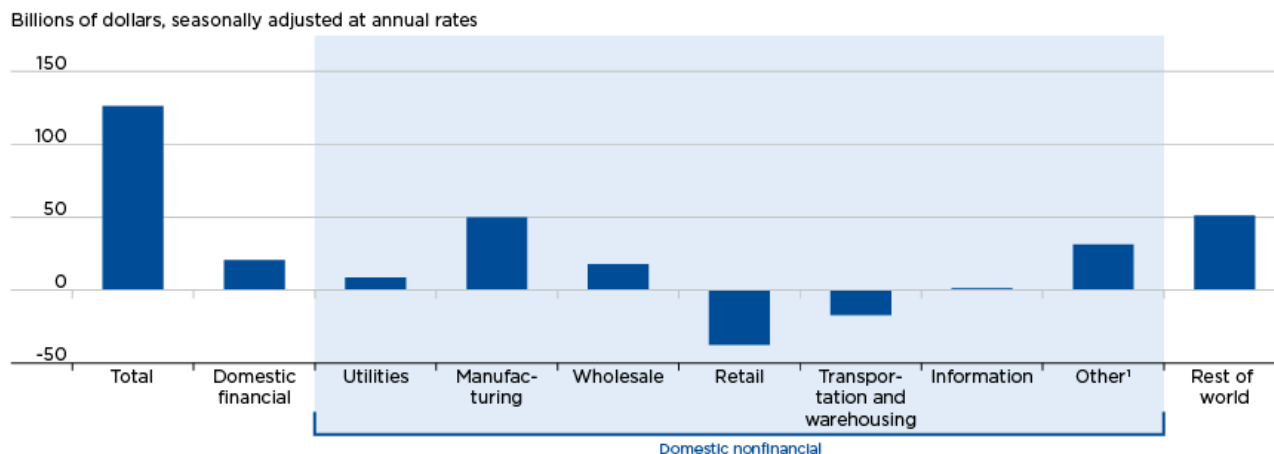
Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2021	2020	2021			2020	2021		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Industry profits:									
1	Corporate profits with IVA	2,873.9	-3.3	104.7	285.9	126.1	-0.1	4.4	11.6	4.6
2	Domestic industries	2,362.6	-25.9	115.3	292.1	75.0	-1.4	6.1	14.6	3.3
3	Financial	597.5	18.5	-1.1	57.0	20.6	3.7	-0.2	11.0	3.6
4	Nonfinancial	1,765.1	-44.4	116.4	235.1	54.4	-3.2	8.6	15.9	3.2
5	Utilities	20.4	9.2	1.3	-9.1	8.5	88.9	6.6	-43.4	71.8
6	Manufacturing	500.4	3.0	36.6	48.6	49.9	0.8	10.0	12.1	11.1
7	Wholesale trade	155.4	10.8	-23.6	25.0	17.8	8.6	-17.3	22.2	12.9
8	Retail trade	270.2	-7.3	37.3	27.4	-37.4	-2.9	15.3	9.8	-12.1
9	Transportation and warehousing	47.4	2.1	9.7	29.8	-17.0	9.2	39.1	86.4	-26.3
10	Information	176.8	14.4	3.3	14.5	1.3	10.0	2.1	9.0	0.7
11	Other nonfinancial	594.5	-76.7	51.9	98.8	31.3	-15.7	12.6	21.3	5.6
12	Rest of the world	511.3	22.6	-10.6	-6.2	51.1	5.0	-2.2	-1.3	11.1
	Addenda:									
13	Profits before tax (without IVA and CCAj)	3,114.9	31.6	231.2	357.7	45.9	1.3	9.3	13.2	1.5
14	Profits after tax (without IVA and CCAj)	2,721.6	16.3	203.1	322.8	31.2	0.8	9.4	13.6	1.2
15	IVA	-241.1	-35.0	-126.5	-71.8	80.2	.....	.....	.....	.....
16	CCAj	42.2	-4.6	19.2	-18.1	-29.2	.....	.....	.....	.....

CCAj 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:Q3,
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."