

GDP and the Economy

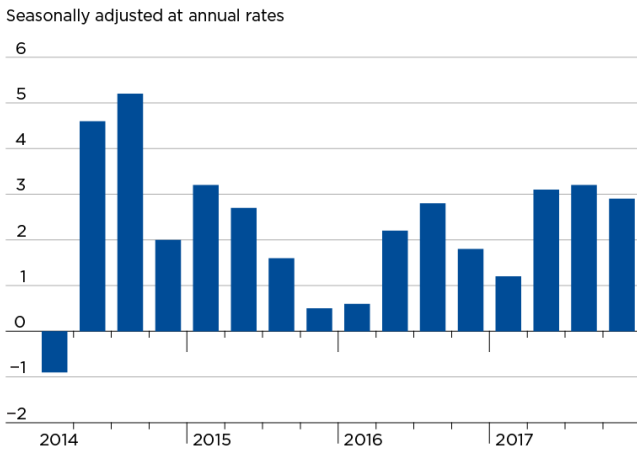
Third Estimates for the Fourth Quarter of 2017

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Real gross domestic product (GDP) increased 2.9 percent at an annual rate in the fourth quarter of 2017, according to the third estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ Real GDP growth was revised up 0.4 percentage point from the second estimate of 2.5 percent, reflecting upward revisions to consumer spending and to inventory investment. In the third quarter, real GDP increased 3.2 percent.

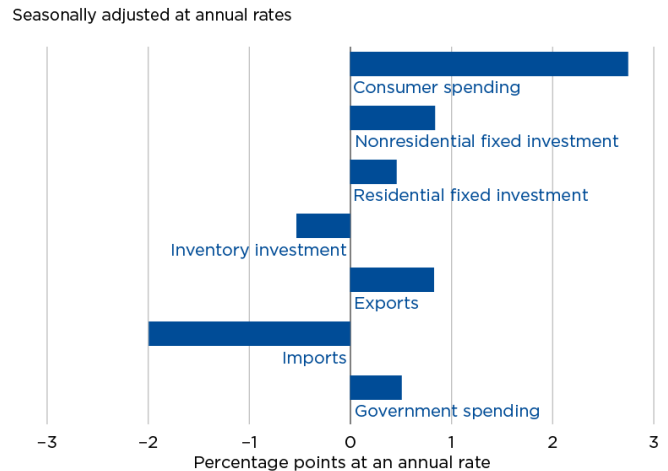
The increase in real GDP in the fourth quarter reflected increases in consumer spending, nonresidential fixed investment, exports, residential fixed investment, state and local government spending, and federal government spending that were partly offset by a decrease in inventory investment (chart 2).²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

Chart 1. Real GDP: Percent Change From Preceding Quarter



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Chart 2. Real GDP: Contributions to the Percent Change in 2017:IV



U.S. Bureau of Economic Analysis

GDP Component Detail

The deceleration in real GDP growth in the fourth quarter reflected a downturn in inventory investment that was partly offset by accelerations in consumer spending, exports, state and local government spending, nonresidential fixed investment, and federal government spending and by an upturn in residential fixed investment. Imports, which are a subtraction in the calculation of GDP, turned up.

- The acceleration in consumer spending (line 2) reflected accelerations in spending for both goods and services.
- The main contributors to the acceleration in consumer spending on goods (line 3) were accelerations in recreational goods and vehicles, in food and beverages purchased for off-premises consumption, and in motor vehicles and parts and an upturn in clothing and footwear.
- The main contributors to the acceleration in consumer spending on services (line 6) were an acceleration in housing and utilities, mainly from an upturn in spending for electricity, and an upturn in net foreign travel (foreign travel by U.S. residents less expenditures in the United States by nonresidents).
- The acceleration in nonresidential fixed investment (line 9) was mainly due to upturns in commercial and health care structures and in manufacturing structures.
- The upturn in residential fixed investment (line 13) primarily reflected an upturn in “other” structures (which was mainly due to upturns in brokers’ commissions and other ownership transfer costs and in improvements).
- The downturn in inventory investment (line 14) primarily reflected downturns in wholesale trade and in manufacturing that were partly offset by an upturn in retail trade.
- The acceleration in exports (line 16) reflected an acceleration in exports of goods that was partly offset by a downturn in exports of services. The main contributor to the acceleration in exports of goods (line 17) was an upturn in industrial supplies and materials (mainly petroleum and products).
- The acceleration in federal government spending (line 23) primarily reflected an acceleration in national defense spending. The main contributor was an acceleration in investment in equipment (primarily aircraft).
- The acceleration in state and local government spending (line 26) primarily reflected an upturn in gross investment in structures.
- Real gross domestic income (GDI) increased 0.9 percent in the fourth quarter after increasing 2.4 percent in the third quarter (line 27). The average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 1.9 percent in the fourth quarter after increasing 2.8 percent in the third quarter (line 28).

Table 1. Real GDP and Related Measures
[Seasonally adjusted at annual rates]

Line		Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2017	2017				2017			
		IV	I	II	III	IV	I	II	III	IV
1	Gross domestic product¹	100.0	1.2	3.1	3.2	2.9	1.2	3.1	3.2	2.9
2	Personal consumption expenditures	69.1	1.9	3.3	2.2	4.0	1.32	2.24	1.49	2.75
3	Goods	22.3	0.7	5.4	4.5	7.8	0.15	1.16	0.97	1.67
4	Durable goods	7.7	-0.1	7.6	8.6	13.7	-0.01	0.56	0.63	0.98
5	Nondurable goods	14.6	1.1	4.2	2.3	4.8	0.16	0.61	0.34	0.69
6	Services	46.8	2.5	2.3	1.1	2.3	1.17	1.08	0.52	1.08
7	Gross private domestic investment	16.7	-1.2	3.9	7.3	4.7	-0.20	0.64	1.19	0.78
8	Fixed investment	16.6	8.1	3.2	2.4	8.2	1.27	0.53	0.40	1.31
9	Nonresidential	12.7	7.2	6.7	4.7	6.8	0.86	0.82	0.58	0.84
10	Structures	2.9	14.8	7.0	-7.0	6.3	0.39	0.20	-0.21	0.18
11	Equipment	5.8	4.4	8.8	10.8	11.6	0.24	0.48	0.58	0.63
12	Intellectual property products	4.1	5.7	3.7	5.2	0.8	0.23	0.15	0.21	0.03
13	Residential	3.9	11.1	-7.3	-4.7	12.8	0.41	-0.30	-0.18	0.46
14	Change in private inventories	0.1	.....	.....	.....	.....	-1.46	0.12	0.79	-0.53
15	Net exports of goods and services	-3.0	.....	.....	.....	.....	0.22	0.21	0.36	-1.16
16	Exports	12.2	7.3	3.5	2.1	7.0	0.85	0.42	0.25	0.83
17	Goods	8.1	10.8	2.2	1.8	11.6	0.81	0.18	0.15	0.89
18	Services	4.1	1.0	6.2	2.5	-1.4	0.04	0.25	0.10	-0.06
19	Imports	15.3	4.3	1.5	-0.7	14.1	-0.63	-0.22	0.11	-1.99
20	Goods	12.5	4.7	1.3	-0.2	17.3	-0.56	-0.16	0.03	-1.96
21	Services	2.7	2.5	2.2	-2.6	1.1	-0.07	-0.06	0.07	-0.03
22	Government consumption expenditures and gross investment	17.2	-0.6	-0.2	0.7	3.0	-0.11	-0.03	0.12	0.51
23	Federal	6.5	-2.4	1.9	1.3	3.2	-0.16	0.13	0.09	0.20
24	National defense	3.8	-3.3	4.7	2.4	5.5	-0.13	0.18	0.09	0.21
25	Nondefense	2.6	-1.2	-1.9	-0.2	-0.1	-0.03	-0.05	-0.01	0.00
26	State and local	10.8	0.5	-1.5	0.2	2.9	0.05	-0.16	0.03	0.31
Addenda:										
27	Gross domestic income (GDI) ²	.....	2.7	2.3	2.4	0.9	.....	.....	.....	.....
28	Average of GDP and GDI	.....	2.0	2.7	2.8	1.9	.....	.....	.....	.....
29	Final sales of domestic product	99.9	2.7	2.9	2.4	3.4	2.70	2.94	2.37	3.41
30	Goods	29.6	-1.6	7.3	9.6	2.6	-0.47	2.10	2.74	0.78
31	Services	62.2	1.5	2.1	1.5	1.9	0.91	1.32	0.93	1.18
32	Structures	8.1	10.3	-4.3	-6.2	12.2	0.80	-0.36	-0.51	0.93
33	Motor vehicle output	2.8	-7.3	0.8	-10.3	35.1	-0.22	0.02	-0.30	0.83
34	GDP excluding motor vehicle output	97.2	1.5	3.1	3.6	2.1	1.45	3.04	3.45	2.05
35	Final sales of computers	0.4	23.3	22.3	-24.2	19.8	0.08	0.08	-0.10	0.07
36	GDP excluding final sales of computers	99.6	1.2	3.0	3.3	2.8	1.16	2.98	3.26	2.82
37	Research and development (R&D)	2.5	7.1	1.3	0.9	-0.4	0.18	0.03	0.02	-0.01
38	GDP excluding R&D	97.5	1.1	3.1	3.2	3.0	1.06	3.03	3.13	2.90

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

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

Note. Percent changes are from 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. For GDI, percent changes are from NIPA table 1.7.1.

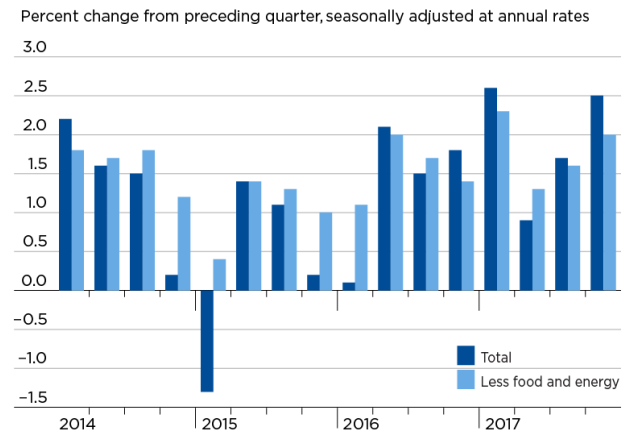
Prices

Prices of goods and services purchased by U.S. residents increased 2.5 percent in the fourth quarter after increasing 1.7 percent in the third quarter (table 2, line 1, and chart 3); the third estimates were unrevised from the second estimates. The acceleration mainly reflected an acceleration in consumer prices. Excluding food and energy, prices of goods and services purchased by U.S. residents increased 2.0 percent after increasing 1.6 percent.

- Prices paid for consumer goods (line 3) accelerated, primarily reflecting an acceleration in the prices paid for gasoline and other energy goods that was partly offset by a downturn in prices for clothing and footwear and by a larger decrease in prices for recreational goods and vehicles.

- Prices paid for consumer services (line 6) accelerated, primarily reflecting accelerations in the prices for financial services, food services and accommodations, and transportation services.
- Consumer prices for energy (line 26) increased more in the fourth quarter than in the third quarter, and food prices (line 25) increased at the same rate. Consumer prices excluding food and energy (line 27), a measure of the “core” rate of inflation, accelerated, increasing 1.9 percent in the fourth quarter after increasing 1.3 percent in the third quarter.

Chart 3. Prices of Gross Domestic Purchases



U.S. Bureau of Economic Analysis

Table 2. Prices for Gross Domestic Purchases
[Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2017				2017			
		I	II	III	IV	I	II	III	IV
1	Gross domestic purchases¹	2.6	0.9	1.7	2.5	2.6	0.9	1.7	2.5
2	Personal consumption expenditures	2.2	0.3	1.5	2.7	1.50	0.18	1.02	1.83
3	Goods	2.7	-3.6	0.7	1.8	0.57	-0.79	0.16	0.38
4	Durable goods	1.0	-3.6	-2.5	-2.1	0.07	-0.27	-0.19	-0.15
5	Nondurable goods	3.6	-3.6	2.4	3.8	0.50	-0.52	0.34	0.53
6	Services	2.0	2.2	1.9	3.2	0.92	0.97	0.87	1.44
7	Gross private domestic investment	1.7	2.6	1.9	1.0	0.27	0.40	0.30	0.16
8	Fixed investment	1.6	2.5	1.9	1.0	0.25	0.40	0.30	0.16
9	Nonresidential	1.5	1.9	1.1	0.6	0.19	0.23	0.14	0.07
10	Structures	3.1	3.8	4.5	1.9	0.08	0.11	0.12	0.05
11	Equipment	0.7	0.8	0.2	0.2	0.04	0.04	0.01	0.01
12	Intellectual property products	1.6	1.9	0.1	0.0	0.06	0.08	0.00	0.00
13	Residential	1.7	4.6	4.4	2.5	0.06	0.17	0.16	0.09
14	Change in private inventories	.....	.....	.....	.....	0.02	0.01	0.00	0.00
15	Government consumption expenditures and gross investment	4.8	1.6	2.3	3.0	0.80	0.27	0.38	0.50
16	Federal	5.5	1.8	1.1	1.7	0.34	0.11	0.07	0.11
17	National defense	4.9	1.4	0.4	1.5	0.18	0.05	0.02	0.06
18	Nondefense	6.3	2.3	2.1	2.1	0.16	0.06	0.05	0.05
19	State and local	4.4	1.5	3.0	3.8	0.46	0.16	0.31	0.39
Addenda:									
20	Gross domestic purchases:								
21	Food	0.3	2.1	0.2	0.1	0.02	0.10	0.01	0.01
22	Energy goods and services	15.9	-16.0	8.4	28.2	0.40	-0.45	0.21	0.66
23	Excluding food and energy	2.3	1.3	1.6	2.0	2.14	1.21	1.49	1.82
24	Personal consumption expenditures (PCE):								
25	Food and beverages purchased for off-premises consumption	0.3	2.0	0.2	0.2	.....	.....	.....	.....
26	Energy goods and services	15.5	-16.0	8.4	27.7	.....	.....	.....	.....
27	Excluding food and energy	1.8	0.9	1.3	1.9	.....	.....	.....	.....
28	Gross domestic product (GDP)	2.0	1.0	2.1	2.3	.....	.....	.....	.....
29	Exports of goods and services	2.5	-0.1	3.3	5.8	.....	.....	.....	.....
30	Imports of goods and services	6.2	-1.0	0.4	6.1	.....	.....	.....	.....

1. The estimates 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. GDP, export, and import prices are from NIPA table 1.1.7.

Note on Prices

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

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

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 Web site.)

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.

Revisions

According to the third estimate of the NIPAs, real GDP increased 2.9 percent in the fourth quarter, an upward revision of 0.4 percentage point from the second estimate (table 3, line 1); the general picture of economic growth remains the same. The upward revision to the growth rate in real GDP reflected upward revisions to consumer spending for services and to inventory investment.

- The revision to consumer spending for services (line 6) was primarily to transportation services, reflecting the incorporation of newly available and revised data from the Census Bureau's Quarterly Services Report.
- The revision to inventory investment (line 14) mainly reflected an upward revision to nonfarm inventory investment that was based on revised wholesale trade inventories of nondurable goods for December from the Census Bureau's Monthly Wholesale Trade Report.

Table 3. Second and Third Estimates for the Fourth Quarter of 2017
[Seasonally adjusted at annual rates]

Line		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 product¹	2.5	2.9	0.4	2.5	2.9	0.4
2	Personal consumption expenditures	3.8	4.0	0.2	2.58	2.75	0.17
3	Goods	7.5	7.8	0.3	1.61	1.67	0.06
4	Durable goods	13.8	13.7	-0.1	0.99	0.98	-0.01
5	Nondurable goods	4.3	4.8	0.5	0.62	0.69	0.07
6	Services	2.1	2.3	0.2	0.97	1.08	0.11
7	Gross private domestic investment	3.5	4.7	1.2	0.59	0.78	0.19
8	Fixed investment	8.1	8.2	0.1	1.29	1.31	0.02
9	Nonresidential	6.6	6.8	0.2	0.82	0.84	0.02
10	Structures	2.5	6.3	3.8	0.07	0.18	0.11
11	Equipment	11.8	11.6	-0.2	0.64	0.63	-0.01
12	Intellectual property products	2.4	0.8	-1.6	0.10	0.03	-0.07
13	Residential	13.0	12.8	-0.2	0.47	0.46	-0.01
14	Change in private inventories	.....	.....	.....	-0.70	-0.53	0.17
15	Net exports of goods and services	.....	.....	.....	-1.13	-1.16	-0.03
16	Exports	7.1	7.0	-0.1	0.84	0.83	-0.01
17	Goods	12.0	11.6	-0.4	0.92	0.89	-0.03
18	Services	-1.9	-1.4	0.5	-0.08	-0.06	0.02
19	Imports	14.0	14.1	0.1	-1.97	-1.99	-0.02
20	Goods	16.9	17.3	0.4	-1.92	-1.96	-0.04
21	Services	1.9	1.1	-0.8	-0.05	-0.03	0.02
22	Government consumption expenditures and gross investment	2.9	3.0	0.1	0.49	0.51	0.02
23	Federal	3.2	3.2	0.0	0.21	0.20	-0.01
24	National defense	5.6	5.5	-0.1	0.21	0.21	0.00
25	Nondefense	0.0	-0.1	-0.1	0.00	0.00	0.00
26	State and local	2.7	2.9	0.2	0.28	0.31	0.03
Addenda:							
27	Final sales of domestic product	3.3	3.4	0.1	3.23	3.41	0.18
28	Gross domestic purchases price index	2.5	2.5	0.0	.....	.....	.....
29	GDP price index	2.3	2.3	0.0	.....	.....	.....

1. The 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 (IVA) adjustment and the capital consumption adjustment) decreased \$1.1 billion, or 0.1 percent at a quarterly rate, in the fourth quarter after increasing \$90.2 billion, or 4.3 percent, in the third quarter (table 4, line 1). In the fourth quarter, profits of domestic financial corporations decreased \$14.6 billion (line 3), profits of domestic nonfinancial corporations increased \$19.4 billion (line 4), and rest-of-the-world profits decreased \$5.9 billion (line 5).

The 2017 Tax Cuts and Jobs Act, enacted in December 2017, does not affect corporate profits from current production or gross domestic income, but it does affect corporate net cash flow in the fourth quarter. Net cash flow with IVA (line 12) decreased \$792.1 billion in the fourth quarter reflecting a one-time deemed repatriation tax on accumulated foreign earnings that BEA recorded as a capital transfer from business to the federal government. For more information about the act, including provisions that will affect estimates for the first quarter of 2018, see the FAQ "[How does the 2017 Tax Cuts and Jobs Act affect BEA's business income statistics?](#)"

Table 4. Corporate Profits
[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2017	2017				2017			
		IV	I	II	III	IV	I	II	III	IV
	Current production measures:									
1	Corporate profits with IVA and CCAAdj	2,212.5	-46.2	14.4	90.2	-1.1	-2.1	0.7	4.3	-0.1
2	Domestic industries	1,770.9	-36.9	25.2	58.2	4.8	-2.1	1.5	3.4	0.3
3	Financial	474.8	-40.7	-33.8	47.8	-14.6	-7.9	-7.1	10.8	-3.0
4	Nonfinancial	1,296.1	3.8	59.1	10.4	19.4	0.3	4.9	0.8	1.5
5	Rest of the world	441.6	-9.3	-10.8	32.0	-5.9	-2.1	-2.5	7.7	-1.3
6	Receipts from the rest of the world	751.9	5.4	5.5	26.9	14.9	0.8	0.8	3.8	2.0
7	Less: Payments to the rest of the world	310.2	14.7	16.3	-5.2	20.8	5.6	5.9	-1.7	7.2
8	Less: Taxes on corporate income	445.6	-3.2	13.3	-4.2	-29.9	-0.7	2.9	-0.9	-6.3
9	Equals: Profits after tax	1,767.0	-43.0	1.1	94.4	28.8	-2.6	0.1	5.7	1.7
10	Net dividends	979.9	9.0	6.2	4.4	-18.8	0.9	0.6	0.4	-1.9
11	Undistributed profits from current production	787.1	-52.0	-5.1	90.0	47.5	-7.4	-0.8	13.9	6.4
12	Net cash flow with IVA	1,438.8	-40.0	40.8	-39.0	-792.1	-1.8	1.8	-1.7	-35.5

CCAAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables 1.12 and 6.16D.

Note on 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 (CCAAdj). CCAAdj 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 the inventory valuation adjustment) decreased \$250.9 billion, or 10.9 percent at a quarterly rate, in the fourth quarter after increasing \$90.5 billion, or 4.1 percent, in the third quarter (table 5, line 1).

BEA's estimates of industry profits are affected by the bonus depreciation provisions in the 2017 Tax Cuts and Jobs Act because these estimates of industry profits reflect a deduction for the depreciation of fixed assets reported on a tax-return basis. Because the capital consumption adjustment (CCAdj) is not available by industry, the tax-return-based depreciation cannot be converted to the current-cost economic depreciation used in the featured measures of NIPA corporate profits. The CCAdj (line 16), increased \$249.8 billion in the fourth quarter. For a more detailed discussion of the effect of bonus depreciation tax provisions, see the FAQ "[How do changes in the tax treatment of depreciation impact NIPA Corporate Profits?](#)"

Table 5. Corporate Profits by Industry
[Seasonally adjusted]

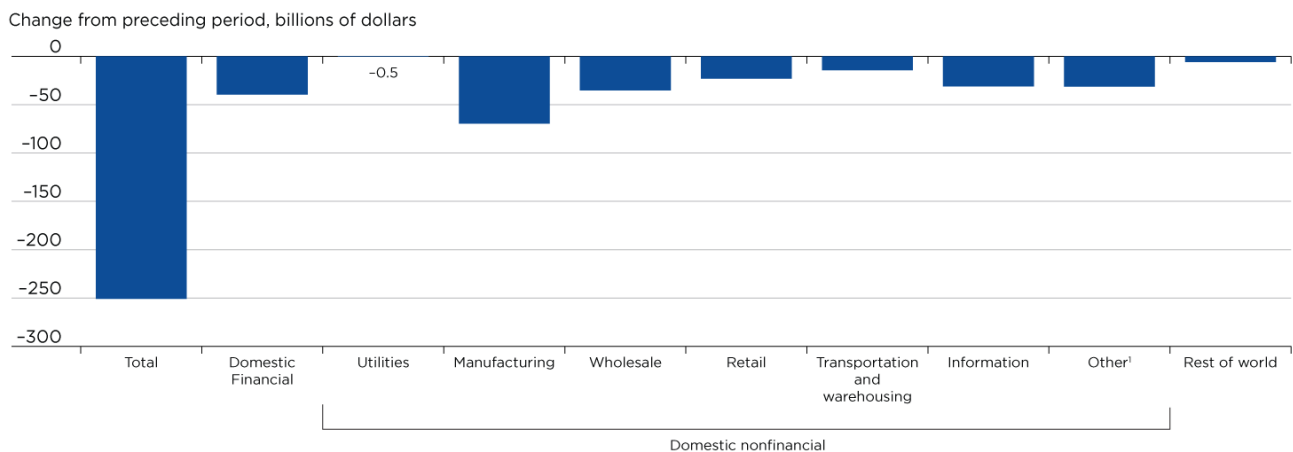
Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2017	2017				2017			
		IV	I	II	III	IV	I	II	III	IV
Industry profits:										
1	Corporate profits with IVA	2,060.4	-37.5	18.9	90.5	-250.9	-1.7	0.9	4.1	-10.9
2	Domestic industries	1,618.7	-28.2	29.8	58.5	-245.0	-1.6	1.7	3.2	-13.1
3	Financial	497.3	-41.1	-33.8	47.0	-39.6	-7.3	-6.4	9.6	-7.4
4	Nonfinancial	1,121.5	12.8	63.5	11.5	-205.3	1.0	5.1	0.9	-15.5
5	Utilities	25.8	6.5	0.6	-2.0	-0.5	30.6	2.1	-6.9	-1.9
6	Manufacturing	349.6	-16.4	19.2	29.7	-69.7	-4.2	5.2	7.6	-16.6
7	Wholesale trade	70.1	-8.0	17.5	-2.4	-35.3	-8.2	19.4	-2.2	-33.5
8	Retail trade	161.7	-4.2	4.4	0.9	-23.1	-2.3	2.4	0.5	-12.5
9	Transportation and warehousing	45.9	9.4	14.5	-13.4	-14.3	19.0	24.5	-18.2	-23.7
10	Information	111.7	-3.7	-7.2	11.8	-31.1	-2.6	-5.2	9.0	-21.8
11	Other nonfinancial	356.7	29.3	14.5	-13.1	-31.3	8.2	3.8	-3.3	-8.1
12	Rest of the world	441.6	-9.3	-10.8	32.0	-5.9	-2.1	-2.5	7.7	-1.3
Addenda:										
13	Profits before tax (without IVA and CCAdj)	2,125.8	20.0	-22.5	79.5	-208.0	0.9	-1.0	3.5	-8.9
14	Profits after tax (without IVA and CCAdj)	1,680.3	23.1	-35.8	83.7	-178.1	1.3	-2.0	4.7	-9.6
15	IVA	-65.4	-57.5	41.4	11.0	-42.9	.....	.....	.....	.....
16	CCAdj	152.2	-8.7	-4.5	-0.2	249.8	.....	.....	.....	.....

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, and 6.16D.

Chart 4. Corporate Profits With Inventory Valuation Adjustment



1. "Other" nonfinancial corporations include the agriculture, mining, construction, and services industries.

Note. Based on seasonally adjusted estimates.

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 Web site.

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 Web site. 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 Web site.

1. "Real" estimates are in chained (2009) 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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