

GDP and the Economy

Third Estimates for the Fourth Quarter of 2018

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Real gross domestic product (GDP) increased at an annual rate of 2.2 percent in the fourth quarter of 2018, according to the “third” estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ The third estimate of real GDP growth was 0.4 percentage point lower than the initial estimate released in February.² The revised estimates reflected downward revisions to consumer spending, state and local government spending, and nonresidential fixed investment. These revisions were partly offset by a downward revision to imports, which are a subtraction in the calculation of GDP.³ In the third quarter of 2018, real GDP increased 3.4 percent.

Note on the Effects of the Partial Federal Government Shutdown on the Estimation of the Fourth Quarter of 2018

Due to a lapse in fiscal year 2019 appropriations, some federal government agencies were closed and some federal employees were furloughed December 22, 2018, through January 25, 2019. The shutdown resulted in delays of many of the principal source data used to produce estimates of GDP. The estimate of GDP for the fourth quarter of 2018, released in February and called the “initial” estimate, reflected a combination of data and methods typically used for both the advance and second current quarterly estimates. The source data normally used for the third estimate of GDP was available for the March release; therefore, the original vintage name “third” was used for this estimate.

The full effects of the partial federal government shutdown on the fourth-quarter estimates cannot be quantified, because they are embedded in the regular source data that underlie the estimates and cannot be separately identified. However, the Bureau of Economic Analysis (BEA) did estimate the effects of a reduction in the labor services supplied by federal employees and a reduction in intermediate purchases of goods and services by nondefense agencies. BEA estimates the impact of these reductions in services provided by the federal government subtracted about 0.1 percentage point from real GDP growth in the fourth quarter. Congress authorized backpay for furloughed federal employees. As a result, the shutdown had no impact on current-dollar federal compensation and was reflected as a temporary increase in the prices paid for federal employee compensation. For more information, see the FAQ [“How will the federal government shutdown be reflected in GDP for the fourth quarter of 2018 and the first quarter of 2019?”](#) on BEA’s website.

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

Chart 1. Real GDP: Percent Change From Preceding Quarter

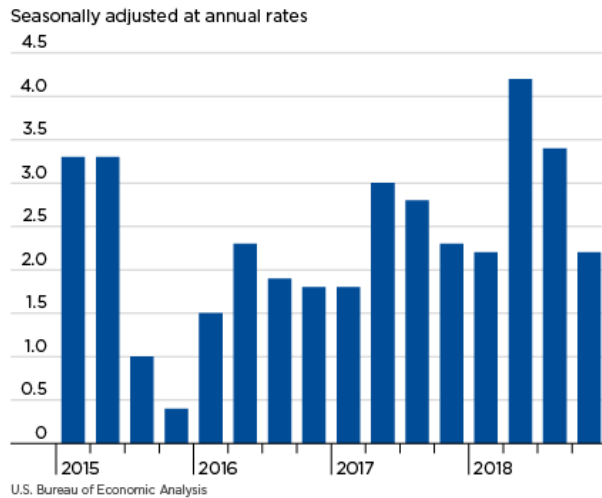
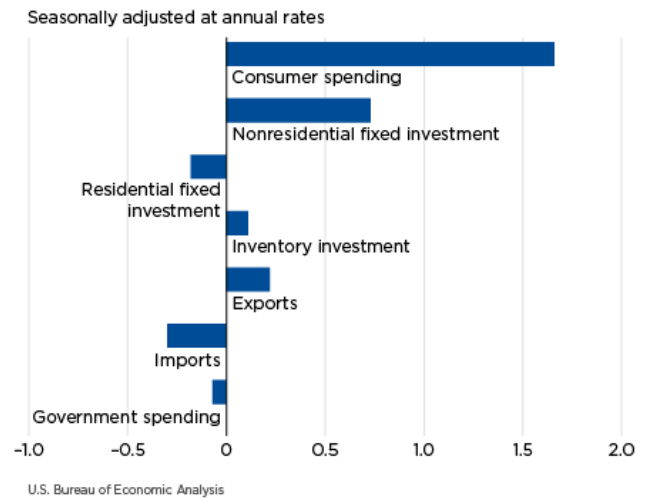


Chart 2. Real GDP: Contributions to the Percent Change in 2018:IV



GDP Component Detail

The deceleration in real GDP growth in the fourth quarter reflected decelerations in private inventory investment (line 14), consumer spending (line 2), and federal government spending (line 23) and a downturn in state and local government spending (line 26). These movements were partly offset by an upturn in exports (line 16) and an acceleration in nonresidential fixed investment (line 9). Imports increased less in the fourth quarter than in the third quarter (line 19).

- The deceleration in private inventory investment primarily reflected a downturn in manufacturing and a deceleration in wholesale trade industries.
- The deceleration in consumer spending reflected decelerations in both goods (line 3) and services (line 6). Within goods, the main contributors were widespread decelerations in spending on nondurable goods, except gasoline and other energy goods, which increased in the fourth quarter after decreasing in the third quarter. The deceleration in spending on services primarily reflected a downturn in food services and accommodations.
- Within federal government spending, the deceleration reflected a downturn in nondefense spending (line 25) that was partly offset by an acceleration in defense spending (line 24). The downturn in nondefense spending reflected a downturn in compensation of general government employees because of the reduced hours worked related to the partial government shutdown ([see the note](#)).
- The downturn in state and local government spending primarily reflected a downturn in investment in structures.

- The upturn in exports primarily reflected an upturn in exports of goods (line 17). The leading contributors to the upturn in exports of goods were petroleum and products, other exports of goods, and nonautomotive capital goods. A notable offset was in foods, feeds, and beverages, which decreased more in the fourth quarter than in the third quarter.
- The acceleration in nonresidential fixed investment reflected accelerated investment in intellectual property products (line 12), mainly for research and development, and in equipment (line 11), mainly due to an upturn in transportation equipment investment.
- The deceleration in imports reflected a deceleration in imports of goods that was partly offset by an acceleration in imports of services. Within goods imports, the leading contributors were downturns in imports of petroleum and products and of nonautomotive capital goods.

Real gross domestic income (GDI) increased 1.7 percent in the fourth quarter of 2018 after increasing 4.6 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 4.0 percent in the third quarter (line 28).

Table 1. Real Gross Domestic Product (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)			
		2018	2018				2018			
		IV	I	II	III	IV	I	II	III	IV
1	Gross domestic product¹	100.0	2.2	4.2	3.4	2.2	2.2	4.2	3.4	2.2
2	Personal consumption expenditures	68.0	0.5	3.8	3.5	2.5	0.36	2.57	2.37	1.66
3	Goods	21.0	-0.6	5.5	4.3	2.6	-0.13	1.16	0.90	0.54
4	Durable goods	7.1	-2.0	8.6	3.7	3.6	-0.15	0.60	0.26	0.25
5	Nondurable goods	13.9	0.1	4.0	4.6	2.1	0.02	0.56	0.64	0.29
6	Services	47.0	1.0	3.0	3.2	2.4	0.49	1.42	1.47	1.12
7	Gross private domestic investment	18.1	9.6	-0.5	15.2	3.7	1.61	-0.07	2.53	0.66
8	Fixed investment	17.5	8.0	6.4	1.1	3.1	1.34	1.10	0.21	0.54
9	Nonresidential	13.7	11.5	8.7	2.5	5.4	1.47	1.15	0.35	0.73
10	Structures	3.1	13.9	14.5	-3.4	-3.9	0.40	0.43	-0.11	-0.12
11	Equipment	6.0	8.5	4.6	3.4	6.6	0.49	0.27	0.21	0.39
12	Intellectual property products	4.6	14.1	10.5	5.6	10.7	0.58	0.45	0.25	0.46
13	Residential	3.8	-3.4	-1.3	-3.6	-4.7	-0.14	-0.05	-0.14	-0.18
14	Change in private inventories	0.5	.....	.....	.....	.....	0.27	-1.17	2.33	0.11
15	Net exports of goods and services	-3.2	.....	.....	.....	.....	-0.02	1.22	-1.99	-0.08
16	Exports	12.2	3.6	9.3	-4.9	1.8	0.43	1.12	-0.62	0.22
17	Goods	8.0	3.2	13.5	-8.4	1.2	0.26	1.06	-0.72	0.10
18	Services	4.2	4.2	1.5	2.4	2.7	0.18	0.07	0.10	0.11
19	Imports	15.3	3.0	-0.6	9.3	2.0	-0.45	0.10	-1.37	-0.30
20	Goods	12.4	2.4	-0.4	10.5	0.5	-0.30	0.06	-1.24	-0.06
21	Services	2.9	5.5	-1.4	4.3	8.6	-0.15	0.04	-0.12	-0.24
22	Government consumption expenditures and gross investment	17.1	1.5	2.5	2.6	-0.4	0.27	0.43	0.44	-0.07
23	Federal	6.4	2.6	3.7	3.5	1.1	0.17	0.24	0.23	0.07
24	National defense	3.8	3.0	5.9	4.9	6.4	0.11	0.22	0.18	0.24
25	Nondefense	2.6	2.1	0.5	1.6	-6.1	0.06	0.01	0.04	-0.16
26	State and local	10.7	0.9	1.8	2.0	-1.3	0.10	0.20	0.22	-0.14
Addenda:										
27	Gross domestic income (GDI) ²	.....	3.9	0.9	4.6	1.7	.....	.....	.....	.....
28	Average of GDP and GDI	.....	3.1	2.5	4.0	1.9	.....	.....	.....	.....
29	Final sales of domestic product	.....	1.9	5.4	1.0	2.1	1.94	5.33	1.03	2.05
30	Goods	29.5	4.1	6.5	6.1	5.7	1.20	1.91	1.77	1.66
31	Services	62.1	1.2	2.9	2.8	1.6	0.73	1.78	1.76	0.99
32	Structures	8.4	3.4	5.5	-2.0	-5.5	0.28	0.47	-0.17	-0.48
33	Motor vehicle output	2.8	9.5	-5.8	9.6	3.3	0.26	-0.17	0.25	0.09

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 NIPA tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 1.7 percent in the fourth quarter of 2018 after increasing 1.8 percent in the third quarter (table 2, line 1, and chart 3). Price decelerations for most major components were partly offset by an acceleration in the prices paid for federal nondefense spending, reflecting a temporary increase in the prices paid for federal government employee compensation related to the partial federal government shutdown ([see the note](#)).

Food prices decelerated slightly (line 20), increasing 0.2 percent after increasing 0.5 percent. Prices for energy goods and services (line 21) turned down, decreasing 1.6 percent in the fourth quarter after increasing 3.3 percent in the third quarter. Gross domestic purchases prices excluding food and energy (line 22) increased 1.8 percent in the fourth quarter, the same increase as in the third quarter.

Consumer prices excluding food and energy (line 25), a measure of the “core” rate of inflation, accelerated, increasing 1.8 percent in the fourth quarter after increasing 1.6 percent in the third quarter.

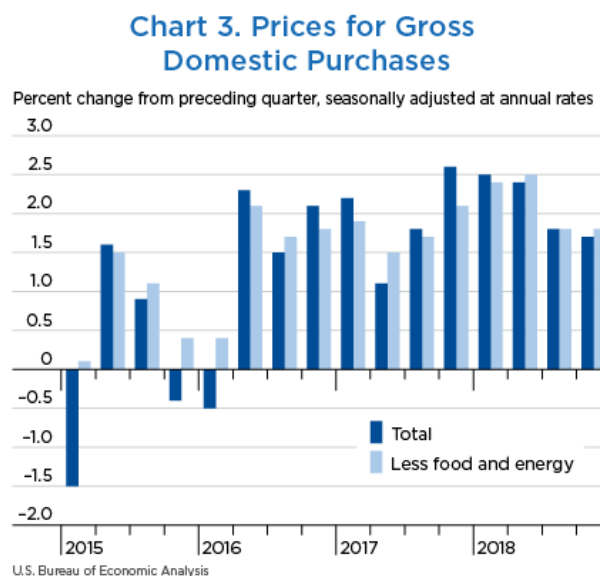


Table 2. Prices for Gross Domestic Purchases

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

Line		Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2018				2018			
		I	II	III	IV	I	II	III	IV
1	Gross domestic purchases¹	2.5	2.4	1.8	1.7	2.5	2.4	1.8	1.7
2	Personal consumption expenditures	2.5	2.0	1.6	1.5	1.63	1.32	1.04	0.98
3	Goods	2.2	0.4	-0.4	-1.1	0.46	0.08	-0.07	-0.23
4	Durable goods	-1.1	-1.6	-0.9	-1.5	-0.07	-0.11	-0.06	-0.10
5	Nondurable goods	3.9	1.4	0.0	-1.0	0.53	0.19	-0.01	-0.13
6	Services	2.6	2.7	2.5	2.7	1.17	1.24	1.11	1.22
7	Gross private domestic investment	2.5	3.1	2.0	1.4	0.42	0.53	0.35	0.25
8	Fixed investment	2.5	3.2	2.0	1.4	0.42	0.53	0.34	0.24
9	Nonresidential	0.7	2.0	1.6	1.1	0.09	0.26	0.21	0.14
10	Structures	3.2	5.1	3.1	5.8	0.09	0.15	0.09	0.17
11	Equipment	-0.3	0.8	1.2	-0.7	-0.02	0.05	0.07	-0.04
12	Intellectual property products	0.4	1.4	1.0	0.3	0.02	0.06	0.04	0.01
13	Residential	8.8	7.3	3.6	2.6	0.32	0.27	0.13	0.10
14	Change in private inventories	.....	.....	.....	.....	0.01	-0.01	0.01	0.01
15	Government consumption expenditures and gross investment	2.9	3.3	2.5	2.6	0.48	0.55	0.41	0.42
16	Federal	1.8	2.0	1.5	2.7	0.11	0.13	0.10	0.16
17	National defense	1.4	1.3	1.2	1.6	0.05	0.05	0.04	0.06
18	Nondefense	2.4	3.0	2.0	4.2	0.06	0.08	0.05	0.10
19	State and local	3.6	4.1	3.0	2.5	0.37	0.42	0.32	0.26
Addenda:									
20	Gross domestic purchases:								
	Food	0.4	1.1	0.5	0.2	0.02	0.05	0.03	0.01
21	Energy goods and services	12.6	0.4	3.3	-1.6	0.33	0.01	0.09	-0.04
22	Excluding food and energy	2.4	2.5	1.8	1.8	2.19	2.33	1.68	1.68
	Personal consumption expenditures (PCE):								
23	Food and beverages purchased for off-premises consumption	0.2	1.2	0.4	0.3	.....	.....	.....	.....
24	Energy goods and services	12.7	0.7	3.3	-2.0	.....	.....	.....	.....
25	Excluding food and energy	2.2	2.1	1.6	1.8	.....	.....	.....	.....
26	Gross domestic product	2.0	3.0	1.8	1.7	.....	.....	.....	.....
27	Exports of goods and services	4.0	5.8	0.3	-1.4	.....	.....	.....	.....
28	Imports of goods and services	7.3	0.8	0.4	-1.0	.....	.....	.....	.....

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. 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 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.

Note on the Impact of California Wildfires on Fourth-Quarter 2018 Estimates

In November 2018, wildfires burned across the state of California. These natural disasters disrupted consumption and business activities, while provision of emergency and remediation services increased in response to the disaster. These impacts on production are included, but are not separately identified, in the source data BEA uses to prepare the estimates of GDP; consequently, it is not possible to estimate the overall impact of the California wildfires on 2018 fourth-quarter GDP.

The destruction of fixed assets, such as residential and nonresidential structures, does not directly affect GDP or personal income. BEA estimates disaster losses in NIPA table [5.1. Saving and Investment by Sector](#). BEA's preliminary estimates show the California wildfires resulted in losses of \$16.0 billion in privately owned fixed assets (\$64.0 billion at an annual rate).

BEA also estimates the insurance benefits paid and received as a result of major disasters. These benefits are recorded on an accrual basis in the quarter in which the disaster occurred and are classified as capital transfers; they do not directly affect the measures of GDP, personal income, or saving. BEA's preliminary estimates, presented in NIPA table [5.11U. Capital Transfers Paid and Received, by Sector and by Type](#), show domestic insurance companies expect to pay benefits for disaster losses related to the California wildfires in the amount of \$6.3 billion (\$25.4 billion at an annual rate), and foreign insurance companies expect to pay \$8.9 billion (\$35.4 billion at an annual rate).

For additional information, see the FAQ "[How are the measures of production and income in the national accounts affected by a natural or man-made disaster?](#)"

Revisions

According to the third estimate of the NIPAs, real GDP increased 2.2 percent in the fourth quarter, a downward revision of 0.4 percentage point from the initial estimate (table 3, line 1); the general picture of economic growth remains the same. The revision primarily reflected downward revisions to consumer spending (line 2), state and local government spending (line 26), and private fixed investment (line 8) that were partly offset by a downward revision to imports (line 19).

- The downward revision to consumer spending reflected widespread revisions to spending on goods; the largest contributor was recreation goods and vehicles. Within services, a downward revision to household consumption of health care services was mostly offset by an upward revision to nonprofit hospital services.
- Within state and local government spending, the downward revision was primarily to investment in structures.
- The downward revision to private fixed investment was mainly to intellectual property products, specifically software investment.
- Within imports, the downward revision was to imports of goods, specifically imports of petroleum.

Table 3. Initial and Third Estimates for the Fourth Quarter of 2018

[Seasonally adjusted at annual rates]

Line		Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Initial estimate	Third estimate	Third estimate minus initial estimate	Initial estimate	Third estimate	Third estimate minus initial estimate
1	Gross domestic product (GDP)¹	2.6	2.2	-0.4	2.6	2.2	-0.4
2	Personal consumption expenditures	2.8	2.5	-0.3	1.92	1.66	-0.26
3	Goods	3.9	2.6	-1.3	0.80	0.54	-0.26
4	Durable goods	5.9	3.6	-2.3	0.41	0.25	-0.16
5	Nondurable goods	2.8	2.1	-0.7	0.39	0.29	-0.10
6	Services	2.4	2.4	0.0	1.11	1.12	0.01
7	Gross private domestic investment	4.6	3.7	-0.9	0.82	0.66	-0.16
8	Fixed investment	3.9	3.1	-0.8	0.69	0.54	-0.15
9	Nonresidential	6.2	5.4	-0.8	0.82	0.73	-0.09
10	Structures	-4.2	-3.9	0.3	-0.13	-0.12	0.01
11	Equipment	6.7	6.6	-0.1	0.39	0.39	0.00
12	Intellectual property products	13.1	10.7	-2.4	0.56	0.46	-0.10
13	Residential	-3.5	-4.7	-1.2	-0.14	-0.18	-0.04
14	Change in private inventories	.....	.....	.....	0.13	0.11	-0.02
15	Net exports of goods and services	.....	.....	.....	-0.22	-0.08	0.14
16	Exports	1.6	1.8	0.2	0.19	0.22	0.03
17	Goods	1.6	1.2	-0.4	0.13	0.10	-0.03
18	Services	1.4	2.7	1.3	0.06	0.11	0.05
19	Imports	2.7	2.0	-0.7	-0.41	-0.30	0.11
20	Goods	1.6	0.5	-1.1	-0.20	-0.06	0.14
21	Services	7.5	8.6	1.1	-0.21	-0.24	-0.03
22	Government consumption expenditures and gross investment	0.4	-0.4	-0.8	0.07	-0.07	-0.14
23	Federal	1.6	1.1	-0.5	0.10	0.07	-0.03
24	National defense	6.9	6.4	-0.5	0.25	0.24	-0.01
25	Nondefense	-5.6	-6.1	-0.5	-0.15	-0.16	-0.01
26	State and local	-0.3	-1.3	-1.0	-0.03	-0.14	-0.11
Addenda:							
27	Final sales of domestic product	2.5	2.1	-0.4	2.46	2.05	-0.41
28	Gross domestic income (GDI)	.....	1.7	.....	.....	.....	.....
29	Average of GDP and GDI	.....	1.9	.....	.....	.....	.....
30	Gross domestic purchases price index	1.6	1.7	0.1	.....	.....	.....
31	GDP price index	1.8	1.7	-0.1	.....	.....	.....

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

Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation (IVA) adjustment and the capital consumption adjustment (CCAdj)) decreased \$9.7 billion, or 0.4 percent at a quarterly rate, in the fourth quarter of 2018 after increasing \$78.2 billion, or 3.5 percent, in the third quarter (table 4, line 1). In the fourth quarter, profits of domestic financial corporations decreased \$25.2 billion (line 3), profits of domestic nonfinancial corporations increased \$13.6 billion (line 4), and rest-of-the-world profits increased \$1.9 billion (line 5).

Profits after tax (with IVA and CCAdj) decreased \$0.7 billion in the fourth quarter after increasing \$69.3 billion in the third quarter (line 10).

Table 4. Corporate Profits
[Seasonally adjusted]

Line		Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
		2018	2018				2018				
		IV	I	II	III	IV	I	II	III	IV	
	Current production measures:										
1	Corporate profits with IVA and CCAdj	2,310.8	26.7	65.0	78.2	-9.7	1.2	3.0	3.5	-0.4	
2	Domestic industries	1,825.5	23.0	69.5	76.9	-11.6	1.4	4.1	4.4	-0.6	
3	Financial	426.4	-9.3	16.5	-6.1	-25.2	-2.1	3.7	-1.3	-5.6	
4	Nonfinancial	1,399.1	32.3	53.0	83.0	13.6	2.7	4.2	6.4	1.0	
5	Rest of the world	485.3	3.7	-4.5	1.3	1.9	0.8	-0.9	0.3	0.4	
6	Receipts from the rest of the world	819.4	20.9	0.5	-9.5	8.8	2.6	0.1	-1.2	1.1	
7	Less: Payments to the rest of the world	334.1	17.2	5.0	-10.8	6.9	5.4	1.5	-3.2	2.1	
9	Less: Taxes on corporate income	234.7	-121.8	22.8	8.9	-9.0	-36.5	10.7	3.8	-3.7	
10	<i>Equals:</i> Profits after tax	2,076.2	148.4	42.2	69.3	-0.7	8.2	2.1	3.5	0.0	
11	Net dividends	1,279.5	18.4	9.8	27.6	28.9	1.5	0.8	2.3	2.3	
12	Undistributed profits from current production	796.7	130.0	32.4	41.7	-29.5	20.9	4.3	5.3	-3.6	
13	Net cash flow with IVA	2,614.9	1,150.1	59.4	56.2	0.6	85.3	2.4	2.2	0.0	

CCAdj 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 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) decreased \$5.9 billion, or 0.3 percent at a quarterly rate, in the fourth quarter of 2018 after increasing \$82.3 billion, or 3.9 percent, in the third quarter (table 5, line 1).

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								
		2018	2018					2018			
		IV	I	II	III	IV	I	II	III	IV	
	Industry profits:										
1	Corporate profits with IVA	2,183.6	26.6	70.4	82.3	-5.9	1.3	3.5	3.9	-0.3	
2	Domestic industries	1,698.3	23.0	74.9	81.0	-7.8	1.5	4.8	5.0	-0.5	
3	Financial	430.9	-9.2	17.1	-5.3	-25.4	-2.0	3.8	-1.1	-5.6	
4	Nonfinancial	1,267.4	32.2	57.8	86.3	17.5	3.0	5.2	7.4	1.4	
5	Utilities	-4.3	-2.5	0.4	-1.6	-2.1	---	---	---	---	
6	Manufacturing	319.4	-26.0	29.2	35.2	16.5	-9.8	12.2	13.1	5.4	
7	Wholesale trade	127.9	2.3	-5.4	33.9	10.7	2.7	-6.0	40.7	9.2	
8	Retail trade	155.2	16.2	-14.3	23.7	-9.6	11.6	-9.2	16.8	-5.8	
9	Transportation and warehousing	68.1	-2.7	6.2	-1.6	15.7	-5.4	12.9	-3.0	29.9	
10	Information	152.4	24.9	12.7	1.0	-10.2	20.1	8.5	0.6	-6.3	
11	Other nonfinancial	448.8	20.0	29.0	-4.4	-3.4	4.9	6.8	-1.0	-0.8	
12	Rest of the world	485.3	3.7	-4.5	1.3	1.9	0.8	-0.9	0.3	0.4	
	Addenda:										
13	Profits before tax (without IVA and CCAj)	2,180.7	26.4	86.1	26.8	-43.2	1.3	4.1	1.2	-1.9	
14	Profits after tax (without IVA and CCAj)	1,946.0	148.1	63.4	17.9	-34.2	8.5	3.3	0.9	-1.7	
15	IVA	2.9	0.2	-15.7	55.5	37.3	---	---	---	---	
16	CCAj	127.2	0.1	-5.4	-4.1	-3.8	---	---	---	---	

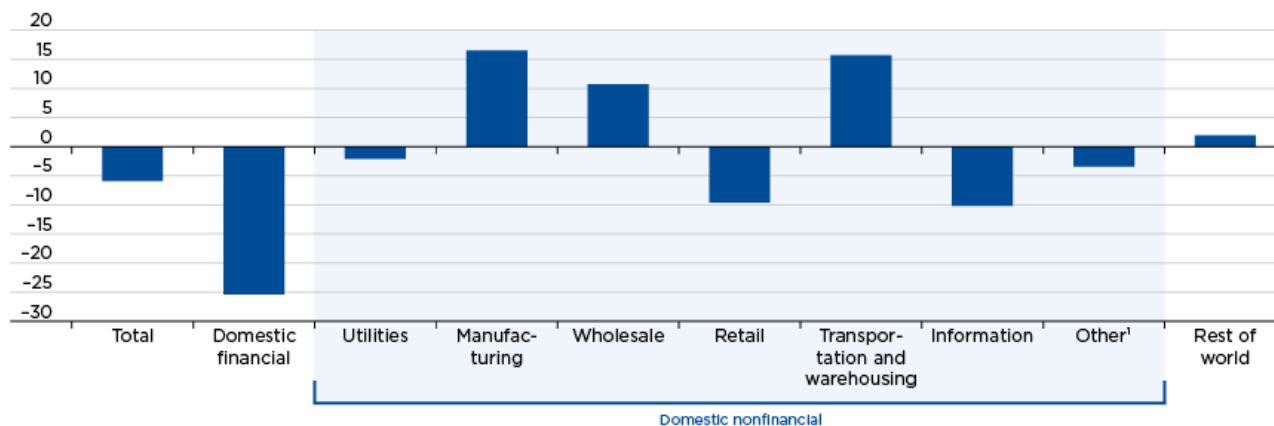
CCAj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.

Chart 4. Corporate Profits with Inventory Valuation Adjustment, 2018:IV

Change from preceding quarter, billions of dollars



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

Note. Based on seasonally adjusted estimates.

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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.

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.

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. This "initial" estimate of GDP for the fourth quarter of 2018 reflects a combination of data and methods typically used for both the advance and second current quarterly estimates.
3. 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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