

# GDP and the Economy

## Second Estimates for the Third Quarter of 2013

REAL GROSS domestic product (GDP) increased 3.6 percent at an annual rate in the third quarter of 2013, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> The estimate of real GDP growth was revised up 0.8 percentage point from the advance estimate of 2.8 percent; the upward revision primarily reflected upward revisions to inventory investment and to nonresidential fixed investment that were partly offset by an upward revision to imports and a downward revision to exports.<sup>2</sup>

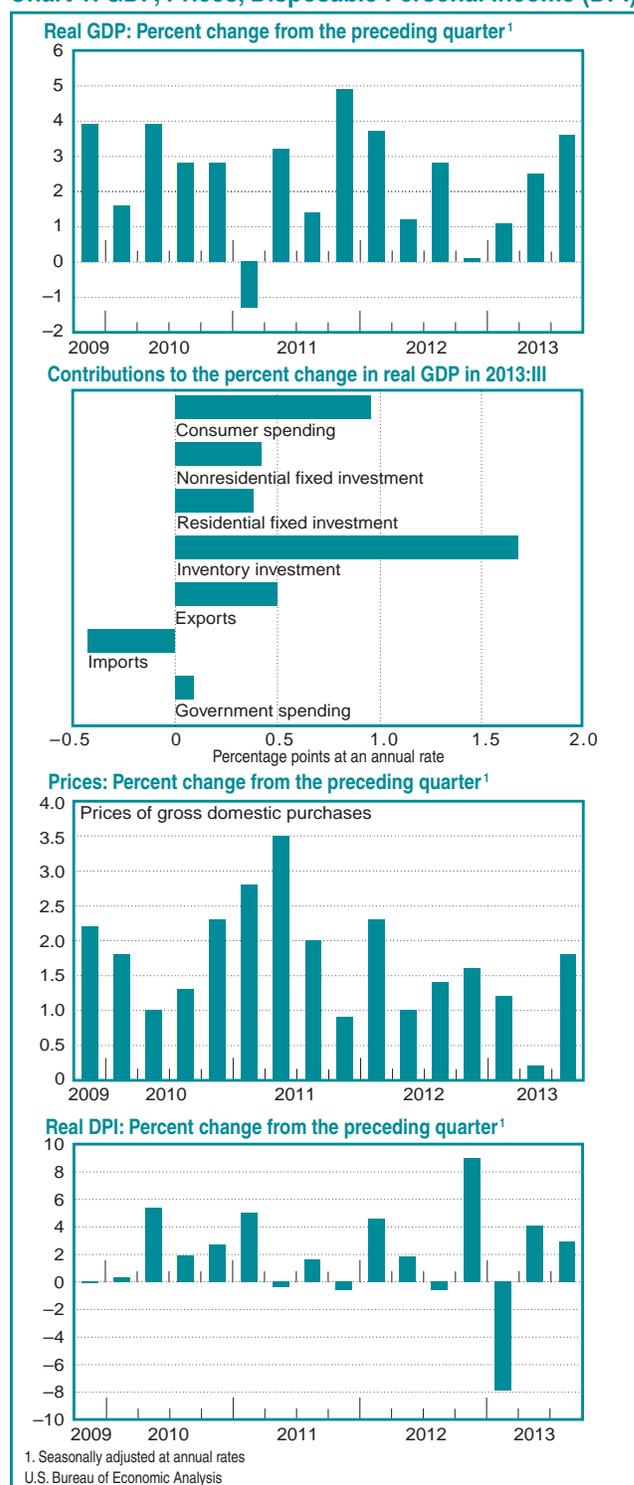
The acceleration in real GDP in the third quarter primarily reflected an acceleration in inventory investment, a deceleration in imports, and an acceleration in state and local government spending that were partly offset by decelerations in exports, in consumer spending, and in nonresidential fixed investment.

- Prices of goods and services purchased by U.S. residents increased 1.8 percent in the third quarter after increasing 0.2 percent in the second quarter. Energy prices turned up sharply in the third quarter, and food prices accelerated slightly. Excluding food and energy, prices increased 1.5 percent in the third quarter after increasing 0.8 percent.
- Real disposable personal income (DPI) increased 2.9 percent in the third quarter, 0.4 percentage point more than in the advance estimate, after increasing 4.1 percent (revised) in the second quarter (see “Personal Income for the Second Quarter of 2013” on page 9). The deceleration in real DPI reflected an upturn in the implicit price deflator for consumer spending, which is used to deflate DPI. Current-dollar DPI increased 5.0 percent after increasing 4.0 percent (revised).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.0 percent; in the second quarter, the rate was 4.7 percent (revised).
- Corporate profits from current production increased \$38.3 billion in the third quarter after increasing \$66.8 billion in the second quarter (see table 9).

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 “Revisions to GDP, GDI, and Their Major Components” in the July 2011 SURVEY OF CURRENT BUSINESS. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is 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.”

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Lisa S. Mataloni prepared this article.

## Real GDP Overview

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[Seasonally adjusted at annual rates]

|   | Share of current-dollar GDP (percent) |             | Change from preceding period (percent) |             |             |              |              | Contribution to percent change in real GDP (percentage points) |             |  |
|---|---------------------------------------|-------------|--|-------------|-------------|--------------|--------------|--|-------------|--|
|   | 2013                                  | 2012        | 2013                                   |             |             | 2012         | 2013         |  |             |  |
|   | III                                   | IV          | I                                      | II          | III         | IV           | I            | II   | III         |  |
| <b>Gross domestic product</b> <sup>1</sup> .....                      | <b>100.0</b>                          | <b>0.1</b>  | <b>1.1</b>                             | <b>2.5</b>  | <b>3.6</b>  | <b>0.1</b>   | <b>1.1</b>   | <b>2.5</b>   | <b>3.6</b>  |  |
| <b>Personal consumption expenditures</b> .....                        | <b>68.2</b>                           | <b>1.7</b>  | <b>2.3</b>                             | <b>1.8</b>  | <b>1.4</b>  | <b>1.13</b>  | <b>1.54</b>  | <b>1.24</b>  | <b>0.96</b> |  |
| Goods .....   | 23.1                                  | 3.7         | 3.7                                    | 3.1         | 4.1         | 0.85         | 0.85         | 0.71   | 0.93        |  |
| Durable goods .....   | 7.5                                   | 10.5        | 5.8                                    | 6.2         | 7.7         | 0.74         | 0.43         | 0.46   | 0.56        |  |
| Nondurable goods .....  | 15.6                                  | 0.6         | 2.7                                    | 1.6         | 2.4         | 0.10         | 0.43         | 0.26   | 0.37        |  |
| Services .....  | 45.1                                  | 0.6         | 1.5                                    | 1.2         | 0.0         | 0.29         | 0.69         | 0.53   | 0.02        |  |
| <b>Gross private domestic investment</b> .....                        | <b>16.2</b>                           | <b>-2.4</b> | <b>4.7</b>                             | <b>9.2</b>  | <b>16.7</b> | <b>-0.36</b> | <b>0.71</b>  | <b>1.38</b>  | <b>2.49</b> |  |
| Fixed investment .....  | 15.3                                  | 11.6        | -1.5                                   | 6.5         | 5.4         | 1.63         | -0.23        | 0.96   | 0.81        |  |
| Nonresidential .....  | 12.2                                  | 9.8         | -4.6                                   | 4.7         | 3.5         | 1.13         | -0.57        | 0.56   | 0.42        |  |
| Structures .....  | 2.8                                   | 17.6        | -25.7                                  | 17.6        | 13.8        | 0.44         | -0.80        | 0.43   | 0.36        |  |
| Equipment .....   | 5.5                                   | 8.9         | 1.6                                    | 3.3         | 0.0         | 0.47         | 0.09         | 0.18   | 0.00        |  |
| Intellectual property products .....                                  | 3.8                                   | 5.7         | 3.7                                    | -1.5        | 1.7         | 0.21         | 0.14         | -0.06  | 0.07        |  |
| Residential .....   | 3.2                                   | 19.8        | 12.5                                   | 14.2        | 13.0        | 0.50         | 0.34         | 0.40   | 0.38        |  |
| Change in private inventories .....                                   | 0.9                                   | .....       | .....                                  | .....       | .....       | -2.00        | 0.93         | 0.41   | 1.68        |  |
| <b>Net exports of goods and services</b> .....                        | <b>-3.0</b>                           | .....       | .....                                  | .....       | .....       | <b>0.68</b>  | <b>-0.28</b> | <b>-0.07</b>   | <b>0.07</b> |  |
| Exports .....   | 13.4                                  | 1.1         | -1.3                                   | 8.0         | 3.7         | 0.15         | -0.18        | 1.04   | 0.50        |  |
| Goods .....   | 9.3                                   | -3.0        | -2.8                                   | 9.4         | 5.4         | -0.28        | -0.27        | 0.84   | 0.49        |  |
| Services .....  | 4.1                                   | 11.3        | 2.2                                    | 4.8         | 0.1         | 0.43         | 0.09         | 0.20   | 0.00        |  |
| Imports .....   | 16.4                                  | -3.1        | 0.6                                    | 6.9         | 2.7         | 0.53         | -0.10        | -1.10  | -0.43       |  |
| Goods .....   | 13.7                                  | -3.5        | -0.2                                   | 7.5         | 2.7         | 0.50         | 0.03         | -1.00  | -0.36       |  |
| Services .....  | 2.7                                   | -1.0        | 5.0                                    | 4.0         | 2.5         | 0.03         | -0.13        | -0.11  | -0.07       |  |
| <b>Government consumption expenditures and gross investment</b> ..... | <b>18.6</b>                           | <b>-6.5</b> | <b>-4.2</b>                            | <b>-0.4</b> | <b>0.4</b>  | <b>-1.31</b> | <b>-0.82</b> | <b>-0.07</b>   | <b>0.09</b> |  |
| Federal .....   | 7.4                                   | -13.9       | -8.4                                   | -1.6        | -1.4        | -1.19        | -0.68        | -0.12  | -0.10       |  |
| National defense .....  | 4.6                                   | -21.6       | -11.2                                  | -0.6        | -0.3        | -1.22        | -0.57        | -0.03  | -0.01       |  |
| Nondefense .....  | 2.8                                   | 1.0         | -3.6                                   | -3.1        | -3.1        | 0.03         | -0.11        | -0.09  | -0.09       |  |
| State and local .....   | 11.2                                  | -1.0        | -1.3                                   | 0.4         | 1.7         | -0.12        | -0.14        | 0.05   | 0.19        |  |
| <b>Addenda:</b>   |                                       |             |  |             |             |              |              |  |             |  |
| Final sales of domestic product .....                                 | 99.1                                  | 2.2         | 0.2                                    | 2.1         | 1.9         | 2.14         | 0.21         | 2.07   | 1.92        |  |
| Goods .....   | 31.0                                  | -1.2        | 5.5                                    | 3.9         | 9.6         | -0.36        | 1.63         | 1.20   | 2.86        |  |
| Services .....  | 61.4                                  | -0.6        | 0.3                                    | 0.7         | -0.2        | -0.35        | 0.21         | 0.46   | -0.14       |  |
| Structures .....  | 7.6                                   | 12.7        | -9.2                                   | 11.9        | 12.4        | 0.85         | -0.70        | 0.82   | 0.88        |  |
| Motor vehicle output .....  | 2.7                                   | -2.8        | 9.2                                    | 12.1        | -12.7       | -0.07        | 0.24         | 0.32   | -0.37       |  |
| GDP excluding motor vehicle output .....                              | 97.3                                  | 0.2         | 0.9                                    | 2.2         | 4.1         | 0.22         | 0.91         | 2.16   | 3.98        |  |
| Final sales of computers .....  | 0.4                                   | 50.3        | 17.5                                   | 15.4        | -11.7       | 0.16         | 0.07         | 0.06   | -0.05       |  |
| GDP excluding final sales of computers .....                          | 99.6                                  | 0.0         | 1.1                                    | 2.4         | 3.7         | -0.02        | 1.08         | 2.42   | 3.65        |  |
| Research and development (R&D) .....                                  | 2.5                                   | 0.4         | -0.2                                   | 1.9         | 1.3         | 0.01         | 0.00         | 0.05   | 0.03        |  |
| GDP excluding R&D .....   | 97.5                                  | 0.1         | 1.2                                    | 2.5         | 3.7         | 0.13         | 1.15         | 2.43   | 3.57        |  |
| Gross domestic income (GDI) <sup>2</sup> .....                        | .....                                 | 4.9         | 2.4                                    | 3.2         | 1.4         | .....        | .....        | .....  | .....       |  |

Consumer spending slowed in the third quarter. Spending for services decelerated and was partly offset by a pickup in spending for goods.

Nonresidential fixed investment slowed, reflecting decelerations in equipment spending and in nonresidential structures that were partly offset by an upturn in intellectual property products (see page 4).

Inventory investment picked up, primarily reflecting a pickup in nonfarm inventory investment (see page 5). Farm inventory investment increased at about the same rate as in the second quarter.

Exports slowed; the slowdown reflected decelerations in both goods and services (see page 6).

Imports slowed; the slowdown primarily reflected a deceleration in goods, but services also slowed.

Government spending turned up, reflecting a pickup in state and local government spending and a slightly smaller decrease in federal government spending (see page 7).

Real final sales of domestic product, real GDP less inventory investment, increased 1.9 percent in the third quarter after increasing 2.1 percent in the second quarter.

Real gross domestic income, which measures the output of the economy as the incomes earned and costs incurred in production, increased 1.4 percent after increasing 3.2 percent (revised).

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

2. GDI is deflated by the implicit price deflator for GDP. The second-quarter change in GDI reflects the incorporation of revised wage and salary estimates for the second quarter of 2013.

NOTE: Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

## Consumer Spending

**Table 2. Real Personal Consumption Expenditures (PCE)**

[Seasonally adjusted at annual rates]

|  | Share of current-dollar PCE (percent) | Change from preceding period (percent) |            |            |            |             | Contribution to percent change in real PCE (percentage points) |             |             |     |  |
|--|---------------------------------------|--|------------|------------|------------|-------------|--|-------------|-------------|-----|--|
|  |                                       | 2012                                   |            | 2013       |            |             | 2012   |             | 2013        |     |  |
|  |                                       | III                                    | IV         | I          | II         | III         | IV   | I           | II          | III |  |
| <b>PCE</b> <sup>1</sup> .....  | <b>100.0</b>                          | <b>1.7</b>                             | <b>2.3</b> | <b>1.8</b> | <b>1.4</b> | <b>1.7</b>  | <b>2.3</b>   | <b>1.8</b>  | <b>1.4</b>  |     |  |
| <b>Goods</b> .....   | <b>33.9</b>                           | <b>3.7</b>                             | <b>3.7</b> | <b>3.1</b> | <b>4.1</b> | <b>1.24</b> | <b>1.24</b>  | <b>1.04</b> | <b>1.35</b> |     |  |
| <b>Durable goods</b> .....   | <b>11.1</b>                           | <b>10.5</b>                            | <b>5.8</b> | <b>6.2</b> | <b>7.7</b> | <b>1.09</b> | <b>0.62</b>  | <b>0.66</b> | <b>0.82</b> |     |  |
| Motor vehicles and parts .....   | 3.7                                   | 14.3                                   | 5.2        | -0.9       | 5.4        | 0.49        | 0.19   | -0.03       | 0.20        |     |  |
| Furnishings and durable household equipment .....                            | 2.5                                   | 4.4                                    | 4.1        | 9.0        | 12.1       | 0.11        | 0.10   | 0.21        | 0.29        |     |  |
| Recreational goods and vehicles .....  | 3.1                                   | 10.7                                   | 8.1        | 11.7       | 11.6       | 0.31        | 0.24   | 0.33        | 0.33        |     |  |
| Other durable goods .....  | 1.8                                   | 11.5                                   | 5.8        | 8.6        | 0.0        | 0.19        | 0.10   | 0.15        | 0.00        |     |  |
| <b>Nondurable goods</b> .....  | <b>22.9</b>                           | <b>0.6</b>                             | <b>2.7</b> | <b>1.6</b> | <b>2.4</b> | <b>0.15</b> | <b>0.62</b>  | <b>0.37</b> | <b>0.53</b> |     |  |
| Food and beverages purchased for off-premises consumption .....              | 7.7                                   | 0.9                                    | 2.0        | -1.1       | 2.8        | 0.07        | 0.15   | -0.08       | 0.22        |     |  |
| Clothing and footwear .....  | 3.2                                   | -1.8                                   | 1.8        | 5.9        | -3.7       | -0.06       | 0.06   | 0.18        | -0.12       |     |  |
| Gasoline and other energy goods .....  | 3.6                                   | -5.3                                   | 4.5        | -0.9       | -0.8       | -0.21       | 0.16   | -0.03       | -0.03       |     |  |
| Other nondurable goods .....   | 8.5                                   | 4.2                                    | 3.0        | 3.7        | 5.6        | 0.34        | 0.25   | 0.31        | 0.46        |     |  |
| <b>Services</b> .....  | <b>66.1</b>                           | <b>0.6</b>                             | <b>1.5</b> | <b>1.2</b> | <b>0.0</b> | <b>0.43</b> | <b>1.01</b>  | <b>0.78</b> | <b>0.03</b> |     |  |
| Household consumption expenditures .....                                     | 63.5                                  | 0.3                                    | 2.4        | 1.4        | 0.0        | 0.20        | 1.53   | 0.87        | -0.02       |     |  |
| Housing and utilities .....  | 18.1                                  | -2.7                                   | 4.7        | 0.1        | -2.2       | -0.50       | 0.84   | 0.01        | -0.41       |     |  |
| Health care .....  | 16.6                                  | 2.3                                    | 1.3        | 3.6        | 0.9        | 0.38        | 0.21   | 0.58        | 0.15        |     |  |
| Transportation services .....  | 2.8                                   | -0.2                                   | 2.9        | 0.1        | 1.3        | -0.01       | 0.08   | 0.00        | 0.04        |     |  |
| Recreation services .....  | 3.7                                   | -1.7                                   | 2.4        | -0.9       | 1.0        | -0.06       | 0.09   | -0.03       | 0.04        |     |  |
| Food services and accommodations .....                                       | 6.4                                   | 6.5                                    | 2.5        | 0.8        | 0.0        | 0.40        | 0.16   | 0.05        | 0.00        |     |  |
| Financial services and insurance .....                                       | 7.4                                   | -0.2                                   | 5.5        | 4.0        | 0.8        | -0.01       | 0.39   | 0.29        | 0.06        |     |  |
| Other services .....   | 8.6                                   | 0.2                                    | -2.8       | -0.4       | 1.3        | 0.02        | -0.25  | -0.03       | 0.11        |     |  |
| Final consumption expenditures of NPISHs <sup>2</sup> .....                  | 2.5                                   | 9.0                                    | -18.1      | -3.9       | 2.1        | 0.23        | -0.51  | -0.10       | 0.05        |     |  |
| Gross output of NPISHs <sup>3</sup> .....                                    | 10.7                                  | 1.2                                    | -3.0       | 3.4        | 0.8        | 0.13        | -0.32  | 0.36        | 0.08        |     |  |
| Less: Receipts from sales of goods and services by NPISHs <sup>4</sup> ..... | 8.2                                   | -1.3                                   | 2.4        | 5.7        | 0.4        | -0.10       | 0.19   | 0.45        | 0.03        |     |  |

1. The estimates under the contribution columns are also percent changes.  
 2. Gross operating expenses less primary sales to households.  
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).  
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.  
 NOTE: Percent changes are from NIPA table 2.3.1, contributions are from NIPA table 2.3.2, and shares are calculated from NIPA table 2.3.5.  
 NPISHs Nonprofit institutions serving households

Consumer spending slowed in the third quarter, reflecting a deceleration in spending for services that was partly offset by a pickup in spending for goods.

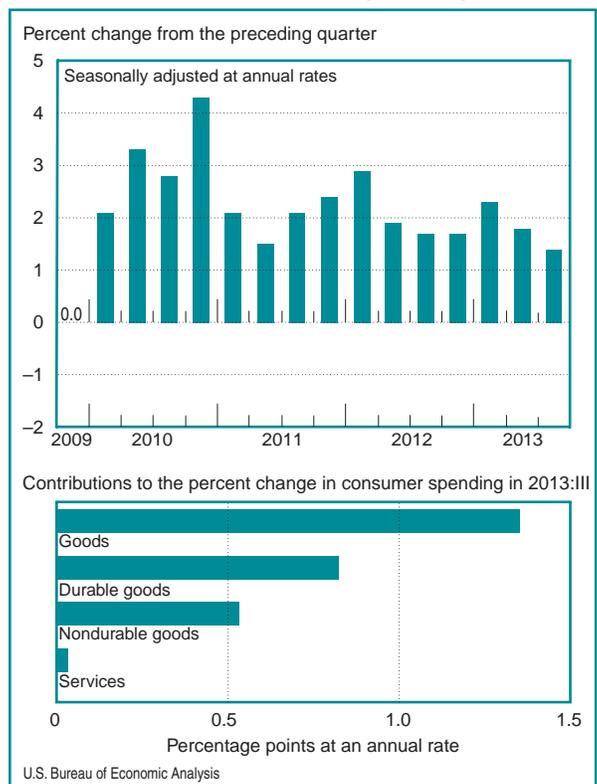
The pickup in spending for goods was for both durable and nondurable goods.

The pickup in spending for durable goods was more than accounted for by an upturn in motor vehicles and parts.

The pickup in spending for nondurable goods primarily reflected an upturn in food and beverages purchased for off-premises consumption and an acceleration in "other" nondurable goods that were partly offset by a downturn in clothing and footwear.

The slowdown in spending for services primarily reflected a downturn in housing and utilities (largely due to a downturn in spending for natural gas) and slowdowns in health care and in financial services and insurance. These were partly offset by upturns in spending by nonprofit institutions serving households and in spending for "other" services.

**Chart 2. Real Personal Consumption Expenditures**



Private Fixed Investment

**Table 3. Real Private Fixed Investment (PFI)**

[Seasonally adjusted at annual rates]

|  | Share of current-dollar PFI (percent) | Change from preceding period (percent) |              |             |             |             | Contribution to percent change in real PFI (percentage points) |              |             |     |
|--|---------------------------------------|--|--------------|-------------|-------------|-------------|--|--------------|-------------|-----|
|  |                                       | 2013                                   | 2012         | 2013        |             |             | 2012   | 2013         |             |     |
|  |                                       | III                                    | IV           | I           | II          | III         | IV   | I            | II          | III |
| <b>Private fixed investment</b> <sup>1</sup> .....   | <b>100.0</b>                          | <b>11.6</b>                            | <b>-1.5</b>  | <b>6.5</b>  | <b>5.4</b>  | <b>11.6</b> | <b>-1.5</b>  | <b>6.5</b>   | <b>5.4</b>  |     |
| <b>Nonresidential</b> .....                          | <b>79.4</b>                           | <b>9.8</b>                             | <b>-4.6</b>  | <b>4.7</b>  | <b>3.5</b>  | <b>8.09</b> | <b>-3.75</b>   | <b>3.80</b>  | <b>2.83</b> |     |
| <b>Structures</b> .....                              | <b>18.2</b>                           | <b>17.6</b>                            | <b>-25.7</b> | <b>17.6</b> | <b>13.8</b> | <b>3.10</b> | <b>-5.29</b>   | <b>2.90</b>  | <b>2.36</b> |     |
| Commercial and health care.....                      | 4.3                                   | -3.4                                   | -0.5         | -5.2        | 19.2        | -0.14       | -0.02  | -0.22        | 0.75        |     |
| Manufacturing.....                                   | 2.0                                   | 17.1                                   | -5.4         | -19.2       | 55.5        | 0.31        | -0.11  | -0.39        | 0.84        |     |
| Power and communication.....                         | 3.7                                   | 98.0                                   | -68.3        | 37.8        | 2.9         | 3.08        | -4.67  | 1.19         | 0.11        |     |
| Mining exploration, shafts, and wells.....           | 5.6                                   | -2.0                                   | -1.6         | 30.8        | 10.7        | -0.10       | -0.08  | 1.43         | 0.56        |     |
| Other structures <sup>2</sup> .....                  | 2.7                                   | -2.5                                   | -15.2        | 41.0        | 3.3         | -0.06       | -0.42  | 0.90         | 0.09        |     |
| <b>Equipment</b> .....                               | <b>36.2</b>                           | <b>8.9</b>                             | <b>1.6</b>   | <b>3.3</b>  | <b>0.0</b>  | <b>3.51</b> | <b>0.59</b>  | <b>1.27</b>  | <b>0.04</b> |     |
| Information processing equipment.....                | 11.3                                  | 20.0                                   | -2.7         | 9.3         | 1.8         | 2.21        | -0.31  | 1.05         | 0.22        |     |
| Computers and peripheral equipment.....              | 2.9                                   | 80.1                                   | -15.8        | -14.9       | 1.9         | 1.91        | -0.56  | -0.49        | 0.06        |     |
| Other <sup>3</sup> .....                             | 8.3                                   | 3.1                                    | 3.0          | 19.8        | 1.8         | 0.30        | 0.24   | 1.55         | 0.16        |     |
| Industrial equipment.....                            | 8.0                                   | 6.2                                    | 0.3          | -1.0        | 15.2        | 0.52        | 0.02   | -0.07        | 1.14        |     |
| Transportation equipment.....                        | 8.4                                   | 1.1                                    | -7.6         | 6.5         | 2.2         | 0.23        | -0.68  | 0.56         | 0.20        |     |
| Other equipment <sup>4</sup> .....                   | 8.5                                   | 5.6                                    | 18.8         | -3.1        | -16.0       | 0.54        | 1.56   | -0.28        | -1.52       |     |
| <b>Intellectual property products</b> .....          | <b>25.0</b>                           | <b>5.7</b>                             | <b>3.7</b>   | <b>-1.5</b> | <b>1.7</b>  | <b>1.49</b> | <b>0.94</b>  | <b>-0.37</b> | <b>0.43</b> |     |
| Software <sup>5</sup> .....                          | 11.3                                  | 9.4                                    | 7.7          | -5.9        | 2.0         | 1.08        | 0.86   | -0.70        | 0.22        |     |
| Research and development <sup>6</sup> .....          | 10.8                                  | 3.1                                    | -0.3         | 2.2         | 2.5         | 0.35        | -0.04  | 0.25         | 0.27        |     |
| Entertainment, literary, and artistic originals..... | 2.9                                   | 1.9                                    | 4.0          | 2.8         | -2.1        | 0.06        | 0.12   | 0.09         | -0.06       |     |
| <b>Residential</b> .....                             | <b>20.6</b>                           | <b>19.8</b>                            | <b>12.5</b>  | <b>14.2</b> | <b>13.0</b> | <b>3.48</b> | <b>2.27</b>  | <b>2.69</b>  | <b>2.52</b> |     |
| <b>Structures</b> .....                              | <b>20.3</b>                           | <b>20.1</b>                            | <b>12.6</b>  | <b>14.3</b> | <b>13.0</b> | <b>3.46</b> | <b>2.23</b>  | <b>2.66</b>  | <b>2.48</b> |     |
| Permanent site.....                                  | 7.9                                   | 42.4                                   | 30.8         | 16.2        | 6.7         | 2.48        | 1.96   | 1.18         | 0.51        |     |
| Single family.....                                   | 6.6                                   | 39.9                                   | 28.2         | 12.5        | 5.3         | 2.00        | 1.54   | 0.78         | 0.34        |     |
| Multifamily.....                                     | 1.3                                   | 57.4                                   | 46.5         | 38.2        | 14.4        | 0.48        | 0.42   | 0.40         | 0.17        |     |
| Other structures <sup>7</sup> .....                  | 12.4                                  | 8.6                                    | 2.4          | 13.1        | 17.3        | 0.98        | 0.27   | 1.48         | 1.97        |     |
| <b>Equipment</b> .....                               | <b>0.4</b>                            | <b>6.2</b>                             | <b>9.3</b>   | <b>10.3</b> | <b>12.0</b> | <b>0.02</b> | <b>0.03</b>  | <b>0.04</b>  | <b>0.04</b> |     |

1. The estimates under the contribution columns are also percent changes.  
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.  
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.  
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.  
 5. Excludes software "embedded," or bundled, in computers and other equipment.  
 6. Excludes expenditures for software development, which are included in expenditures for software investment.  
 7. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions and other ownership transfer costs.  
 NOTE: Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment slowed in the third quarter, primarily reflecting a slowdown in nonresidential fixed investment.

The slowdown in nonresidential fixed investment reflected a deceleration in equipment and a slowdown in structures that were partly offset by an upturn in intellectual property products.

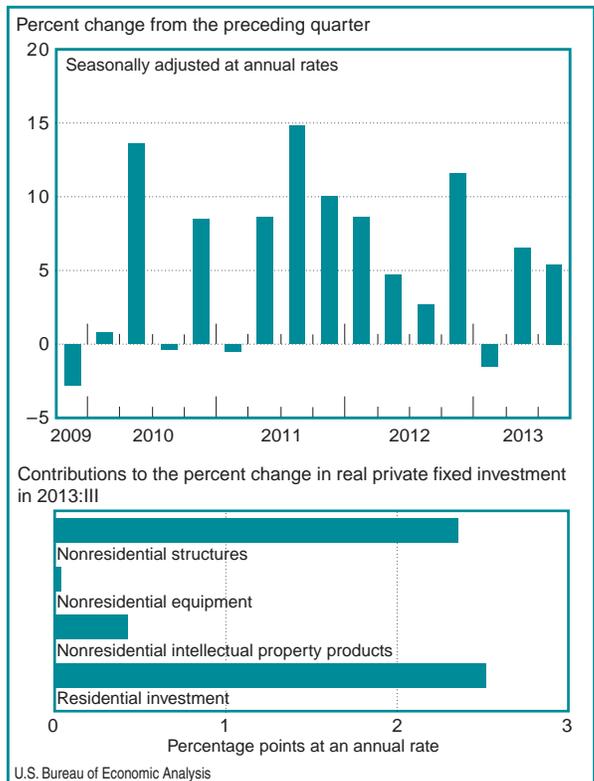
The slowdown in structures reflected slowdowns in power and communication, in mining exploration, shafts, and wells, and in "other" structures that were partly offset by upturns in manufacturing and in commercial and health care.

The deceleration in equipment primarily reflected a larger decrease in "other" equipment and a slowdown in information processing equipment (which was more than accounted for by imported communications equipment) that were partly offset by an upturn in industrial equipment.

The upturn in intellectual property products was more than accounted for by an upturn in software, primarily prepackaged software.

Residential fixed investment slowed slightly, reflecting slowdowns in single-family and multifamily structures that were partly offset by a pickup in "other" structures (mainly improvements and brokers' commissions).

**Chart 3. Real Private Fixed Investment**



## Inventory Investment

**Table 4. Change in Real Private Inventories by Industry**  
 [Billions of chained (2009) dollars; seasonally adjusted at annual rates]

|  | Level       |            |             |             |              | Change from preceding quarter |             |             |             |  |
|--|-------------|------------|-------------|-------------|--------------|-------------------------------|-------------|-------------|-------------|--|
|  | 2012        |            | 2013        |             |              | 2012                          |             | 2013        |             |  |
|  | III         | IV         | I           | II          | III          | IV                            | I           | II          | III         |  |
| <b>Change in private inventories<sup>1</sup></b>   | <b>77.2</b> | <b>7.3</b> | <b>42.2</b> | <b>56.6</b> | <b>116.5</b> | <b>-69.9</b>                  | <b>34.9</b> | <b>14.4</b> | <b>59.9</b> |  |
| Farm.....  | -13.6       | -9.6       | 16.0        | 19.5        | 22.4         | 4.0                           | 25.6        | 3.5         | 2.9         |  |
| Mining, utilities, and construction....  | -3.4        | -2.5       | -9.8        | 0.5         | 9.4          | 0.9                           | -7.3        | 10.3        | 8.9         |  |
| Manufacturing.....   | 34.3        | -17.5      | 6.1         | 10.9        | 20.0         | -51.8                         | 23.6        | 4.8         | 9.1         |  |
| Durable-goods industries.....  | 22.7        | 3.1        | 5.4         | 8.0         | 16.5         | -19.6                         | 2.3         | 2.6         | 8.5         |  |
| Nondurable-goods industries.....   | 11.9        | -18.9      | 0.9         | 3.1         | 4.2          | -30.8                         | 19.8        | 2.2         | 1.1         |  |
| Wholesale trade.....   | 31.9        | 9.7        | 9.7         | 2.7         | 28.4         | -22.2                         | 0.0         | -7.0        | 25.7        |  |
| Durable-goods industries.....  | 22.0        | 14.5       | 11.2        | 5.7         | 25.1         | -7.5                          | -3.3        | -5.5        | 19.4        |  |
| Nondurable-goods industries.....   | 10.6        | -3.2       | -0.5        | -2.3        | 4.9          | -13.8                         | 2.7         | -1.8        | 7.2         |  |
| Retail trade.....  | 26.2        | 24.7       | 17.2        | 19.5        | 30.0         | -1.5                          | -7.5        | 2.3         | 10.5        |  |
| Motor vehicle and parts dealers.....   | 22.2        | 13.7       | 6.0         | 14.6        | 13.1         | -8.5                          | -7.7        | 8.6         | -1.5        |  |
| Food and beverage stores.....  | 0.3         | 0.4        | 0.8         | 0.9         | 0.3          | 0.1                           | 0.4         | 0.1         | -0.6        |  |
| General merchandise stores.....  | -1.1        | 5.5        | 5.7         | 0.9         | 4.8          | 6.6                           | 0.2         | -4.8        | 3.9         |  |
| Other retail stores.....   | 4.9         | 5.3        | 4.9         | 3.4         | 12.0         | 0.4                           | -0.4        | -1.5        | 8.6         |  |
| Other industries.....  | 7.3         | 6.6        | -0.9        | -0.4        | 2.9          | -0.7                          | -7.5        | 0.5         | 3.3         |  |
| Residual <sup>2</sup> .....  | -6.6        | -7.6       | 2.5         | 2.7         | 0.9          | -1.0                          | 10.1        | 0.2         | -1.8        |  |
| <b>Addenda: Ratios of private inventories to final sales of domestic business:<sup>3</sup></b> |             |            |             |             |              |                               |             |             |             |  |
| Private inventories to final sales.....  | 2.33        | 2.30       | 2.31        | 2.31        | 2.32         | .....                         | .....       | .....       | .....       |  |
| Nonfarm inventories to final sales.....  | 2.15        | 2.13       | 2.13        | 2.12        | 2.13         | .....                         | .....       | .....       | .....       |  |
| Nonfarm inventories to final sales of goods and structures.....                                | 3.87        | 3.81       | 3.82        | 3.80        | 3.79         | .....                         | .....       | .....       | .....       |  |

1. The levels are from NIPA table 5.7.6B.  
 2. The residual is the difference between the first line and the sum of the most detailed lines.  
 3. The ratios are from NIPA table 5.8.6B.  
 NOTE: The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment increased \$59.9 billion in the third quarter after increasing \$14.4 billion in the second quarter. The main contributors to the pickup were an upturn in wholesale trade and a pickup in retail trade.

Farm inventory investment increased \$2.9 billion after increasing \$3.5 billion.

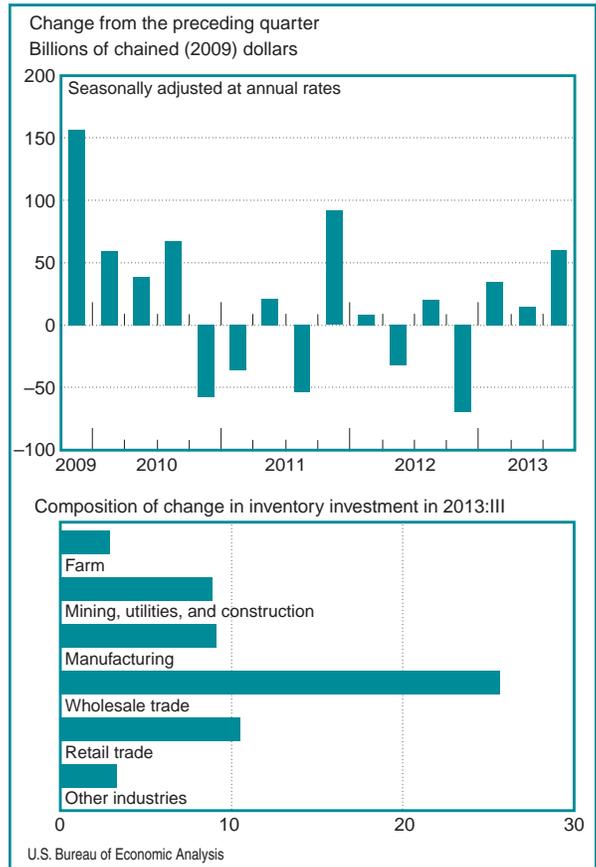
Mining, utilities, and construction increased \$8.9 billion after increasing \$10.3 billion.

Manufacturing increased \$9.1 billion after increasing \$4.8 billion. The pickup in manufacturing industries was more than accounted for by a pickup in durable-goods industries.

The upturn in wholesale trade industries was primarily accounted for by an upturn in durable-goods industries; nondurable-goods industries also turned up.

The pickup in retail trade industries was primarily due to upturns in "other" retail stores and in general merchandise stores.

**Chart 4. Real Private Inventory Investment**



### Inventory Investment

The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, the change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA provides estimates for incomplete industry data.

## Exports and Imports

**Table 5. Real Exports and Imports of Goods and Services**

[Seasonally adjusted at annual rates]

|  | Share of current-dollar exports and imports (percent) | Change from preceding period (percent) |             |            |            |              | Contribution to percent change in real exports and imports (percentage points) |             |             |     |
|--|---|--|-------------|------------|------------|--------------|--|-------------|-------------|-----|
|  |   | 2012                                   |             | 2013       |            |              | 2012   |             | 2013        |     |
|  |   | III                                    | IV          | I          | II         | III          | IV   | I           | II          | III |
| <b>Exports of goods and services</b> <sup>1</sup>                | <b>100.0</b>  | <b>1.1</b>                             | <b>-1.3</b> | <b>8.0</b> | <b>3.7</b> | <b>1.1</b>   | <b>-1.3</b>  | <b>8.0</b>  | <b>3.7</b>  |     |
| <b>Exports of goods</b> <sup>2</sup>                             | <b>69.4</b>   | <b>-3.0</b>                            | <b>-2.8</b> | <b>9.4</b> | <b>5.4</b> | <b>-2.11</b> | <b>-1.99</b>   | <b>6.49</b> | <b>3.68</b> |     |
| Foods, feeds, and beverages                                      | 5.7   | -33.8                                  | -0.8        | -27.4      | 41.5       | -2.60        | -0.04  | -1.79       | 1.94        |     |
| Industrial supplies and materials                                | 22.0  | 0.8                                    | -0.2        | 9.0        | 14.4       | 0.16         | -0.05  | 1.92        | 2.95        |     |
| Capital goods, except automotive                                 | 23.7  | -5.1                                   | -4.4        | 14.2       | -2.8       | -1.27        | -1.06  | 3.27        | -0.66       |     |
| Automotive vehicles, engines, and parts                          | 6.8   | -2.4                                   | 3.1         | 21.0       | 2.9        | -0.16        | 0.20   | 1.31        | 0.20        |     |
| Consumer goods, except automotive                                | 8.2   | 3.3                                    | 0.2         | 36.5       | -19.6      | 0.27         | 0.02   | 2.71        | -1.84       |     |
| Other  | 3.0   | 62.4                                   | -28.6       | -27.5      | 47.0       | 1.50         | -1.06  | -0.92       | 1.10        |     |
| <b>Exports of services</b> <sup>2</sup>                          | <b>30.6</b>   | <b>11.3</b>                            | <b>2.2</b>  | <b>4.8</b> | <b>0.1</b> | <b>3.23</b>  | <b>0.66</b>  | <b>1.49</b> | <b>0.02</b> |     |
| <b>Imports of goods and services</b> <sup>1</sup>                | <b>100.0</b>  | <b>-3.1</b>                            | <b>0.6</b>  | <b>6.9</b> | <b>2.7</b> | <b>-3.1</b>  | <b>0.6</b>   | <b>6.9</b>  | <b>2.7</b>  |     |
| <b>Imports of goods</b> <sup>2</sup>                             | <b>83.3</b>   | <b>-3.5</b>                            | <b>-0.2</b> | <b>7.5</b> | <b>2.7</b> | <b>-2.96</b> | <b>-0.19</b>   | <b>6.23</b> | <b>2.24</b> |     |
| Foods, feeds, and beverages                                      | 4.2   | 3.7                                    | 11.9        | 3.6        | -7.6       | 0.15         | 0.47   | 0.16        | -0.33       |     |
| Industrial supplies and materials, except petroleum and products | 10.5  | -11.2                                  | 10.0        | -0.7       | 11.5       | -1.25        | 1.02   | -0.05       | 1.16        |     |
| Petroleum and products   | 14.2  | -10.7                                  | -10.7       | -3.6       | -3.1       | -1.70        | -1.70  | -0.52       | -0.44       |     |
| Capital goods, except automotive                                 | 20.2  | 2.4                                    | -0.7        | 2.9        | 7.7        | 0.49         | -0.14  | 0.60        | 1.51        |     |
| Automotive vehicles, engines, and parts                          | 11.6  | -4.5                                   | -12.1       | 29.0       | 20.6       | -0.50        | -1.40  | 2.84        | 2.14        |     |
| Consumer goods, except automotive                                | 19.3  | 3.1                                    | 0.4         | 8.8        | -0.5       | 0.60         | 0.07   | 1.70        | -0.08       |     |
| Other  | 3.4   | -20.9                                  | 55.1        | 48.5       | -37.2      | -0.76        | 1.48   | 1.50        | -1.70       |     |
| <b>Imports of services</b> <sup>2</sup>                          | <b>16.7</b>   | <b>-1.0</b>                            | <b>5.0</b>  | <b>4.0</b> | <b>2.5</b> | <b>-0.17</b> | <b>0.81</b>  | <b>0.68</b> | <b>0.41</b> |     |
| <b>Addenda:</b>  |   |  |             |            |            |              |  |             |             |     |
| Exports of agricultural goods <sup>3</sup>                       | 6.2   | -32.9                                  | -0.6        | -24.6      | 33.8       | .....        | .....  | .....       | .....       |     |
| Exports of nonagricultural goods                                 | 63.1  | 1.0                                    | -3.1        | 13.5       | 3.0        | .....        | .....  | .....       | .....       |     |
| Imports of nonpetroleum goods                                    | 69.2  | -1.9                                   | 2.2         | 9.9        | 3.9        | .....        | .....  | .....       | .....       |     |

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

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE: Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services decelerated in the third quarter, reflecting slowdowns in exports of both goods and services.

The slowdown in exports of goods primarily reflected downturns in nonautomotive consumer goods and in nonautomotive capital goods and a slowdown in automotive vehicles, engines, and parts that were partly offset by upturns in foods, feeds, and beverages and in "other" goods and a pickup in industrial supplies and materials.

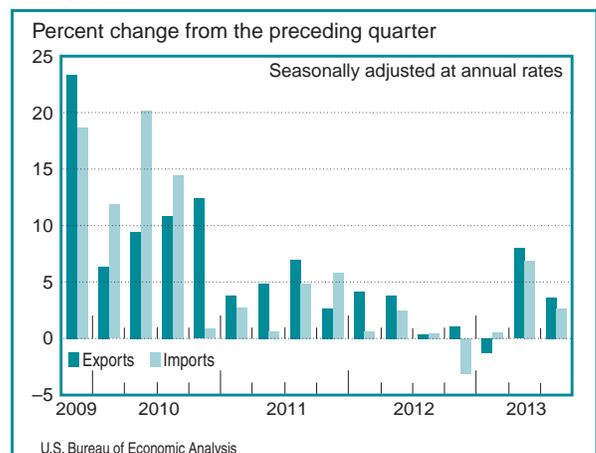
The slowdown in exports of services primarily reflected a downturn in "other" private services and a slowdown in travel.

Imports of goods and services slowed, reflecting slowdowns in imports of both goods and services.

The slowdown in imports of goods primarily reflected downturns in "other" goods and in nonautomotive consumer goods and a slowdown in automotive vehicles, engines, and parts that were partly offset by an upturn in nonpetroleum industrial supplies and a pickup in nonautomotive capital goods.

The slowdown in imports of services mainly reflected slowdowns in travel and in "other" transportation.

**Chart 5. Real Exports and Imports of Goods and Services**



## Government Spending

**Table 6. Real Government Consumption Expenditures and Gross Investment (CEGI)**  
[Seasonally adjusted at annual rates]

|   | Share of current-dollar CEGI (percent) |              | Change from preceding period (percent) |             |             |              |              | Contribution to percent change in real CEGI (percentage points) |              |  |
|---|--|--------------|--|-------------|-------------|--------------|--------------|---|--------------|--|
|   | 2013                                   | 2012         | 2013                                   |             |             | 2012         |              | 2013  |              |  |
|   | III                                    | IV           | I                                      | II          | III         | IV           | I            | II  | III          |  |
| <b>Government consumption expenditures and gross investment<sup>1</sup></b> ..... | <b>100.0</b>                           | <b>-6.5</b>  | <b>-4.2</b>                            | <b>-0.4</b> | <b>0.4</b>  | <b>-6.5</b>  | <b>-4.2</b>  | <b>-0.4</b>   | <b>0.4</b>   |  |
| Consumption expenditures.....   | 80.4                                   | -6.8         | -2.7                                   | -1.1        | -0.7        | -5.53        | -2.19        | -0.85   | -0.55        |  |
| Gross investment.....   | 19.6                                   | -5.3         | -10.1                                  | 2.4         | 5.2         | -0.99        | -2.02        | 0.45  | 0.99         |  |
| <b>Federal</b> .....  | <b>39.9</b>                            | <b>-13.9</b> | <b>-8.4</b>                            | <b>-1.6</b> | <b>-1.4</b> | <b>-5.94</b> | <b>-3.47</b> | <b>-0.64</b>  | <b>-0.56</b> |  |
| <b>National defense</b> .....   | <b>24.8</b>                            | <b>-21.6</b> | <b>-11.2</b>                           | <b>-0.6</b> | <b>-0.3</b> | <b>-6.11</b> | <b>-2.92</b> | <b>-0.15</b>  | <b>-0.09</b> |  |
| Consumption expenditures.....   | 19.6                                   | -24.9        | -9.6                                   | -3.2        | -1.6        | -5.74        | -1.97        | -0.64   | -0.31        |  |
| Gross investment.....   | 5.2                                    | -7.5         | -17.3                                  | 10.2        | 4.5         | -0.37        | -0.95        | 0.49  | 0.23         |  |
| <b>Nondefense</b> .....   | <b>15.1</b>                            | <b>1.0</b>   | <b>-3.6</b>                            | <b>-3.1</b> | <b>-3.1</b> | <b>0.17</b>  | <b>-0.55</b> | <b>-0.49</b>  | <b>-0.47</b> |  |
| Consumption expenditures.....   | 11.4                                   | 2.2          | -2.4                                   | -3.4        | -4.0        | 0.26         | -0.28        | -0.40   | -0.47        |  |
| Gross investment.....   | 3.7                                    | -2.6         | -7.2                                   | -2.2        | -0.2        | -0.09        | -0.27        | -0.08   | -0.01        |  |
| <b>State and local</b> .....  | <b>60.1</b>                            | <b>-1.0</b>  | <b>-1.3</b>                            | <b>0.4</b>  | <b>1.7</b>  | <b>-0.58</b> | <b>-0.74</b> | <b>0.24</b>   | <b>1.00</b>  |  |
| Consumption expenditures.....   | 49.4                                   | -0.1         | 0.1                                    | 0.4         | 0.5         | -0.05        | 0.06         | 0.19  | 0.23         |  |
| Gross investment.....   | 10.7                                   | -5.2         | -7.5                                   | 0.4         | 7.5         | -0.53        | -0.80        | 0.05  | 0.77         |  |

1. The estimates under the contribution columns are also percent changes.  
NOTE: Percent changes are from NIPA table 3.9.1, contributions are from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending turned up in the third quarter, reflecting a pickup in state and local government spending and a slightly smaller decrease in federal government spending.

The smaller decrease in federal government spending was mostly accounted for by a smaller decrease in national defense spending.

The smaller decrease in national defense spending reflected a smaller decrease in consumption expenditures that was mostly offset by a slowdown in gross investment. In consumption expenditures, the larger decrease in compensation of civilian employees that resulted from the sequestration furloughs was more than offset by an upturn in spending for intermediate goods and services.

Nondefense spending decreased at about the same rate as in the second quarter, reflecting a larger decrease in consumption expenditures that was mostly offset by a smaller decrease in gross investment.

The pickup in state and local government spending mainly reflected an acceleration in gross investment as a result of an upturn in investment in structures.

### Government Spending

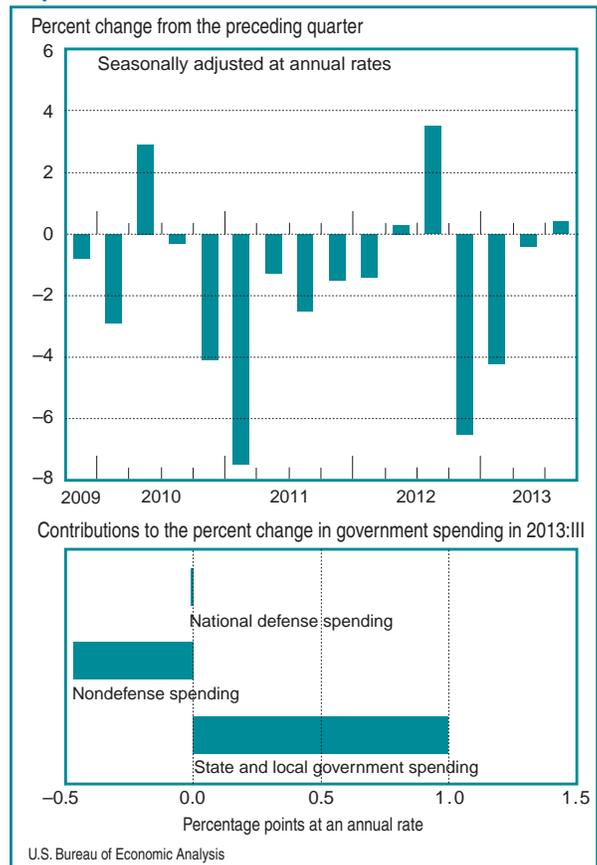
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams), of equipment, and of intellectual property products purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

**Chart 6. Real Government Consumption Expenditures and Gross Investment**



**Prices**

**Table 7. Prices for Gross Domestic Purchases**  
 [Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

|   | Change from preceding period (percent) |            |             |            | Contribution to percent change in gross domestic purchases prices (percentage points) |             |              |             |
|---|--|------------|-------------|------------|---|-------------|--------------|-------------|
|   | 2012                                   |            | 2013        |            | 2012  |             | 2013         |             |
|   | IV                                     | I          | II          | III        | IV  | I           | II           | III         |
| <b>Gross domestic purchases<sup>1</sup></b> .....                     | <b>1.6</b>                             | <b>1.2</b> | <b>0.2</b>  | <b>1.8</b> | <b>1.6</b>  | <b>1.2</b>  | <b>0.2</b>   | <b>1.8</b>  |
| <b>Personal consumption expenditures</b> .....                        | <b>1.6</b>                             | <b>1.1</b> | <b>-0.1</b> | <b>2.0</b> | <b>1.08</b>   | <b>0.72</b> | <b>-0.08</b> | <b>1.31</b> |
| Goods .....   | 0.7                                    | -1.0       | -3.3        | 2.2        | 0.16  | -0.22       | -0.76        | 0.50        |
| Durable goods .....   | -2.1                                   | -1.1       | -2.0        | -2.3       | -0.15   | -0.08       | -0.14        | -0.17       |
| Nondurable goods .....  | 2.0                                    | -0.9       | -4.0        | 4.5        | 0.31  | -0.14       | -0.62        | 0.67        |
| Services .....  | 2.1                                    | 2.1        | 1.6         | 1.9        | 0.93  | 0.94        | 0.69         | 0.81        |
| <b>Gross private domestic investment</b> .....                        | <b>1.5</b>                             | <b>2.1</b> | <b>1.9</b>  | <b>1.3</b> | <b>0.21</b>   | <b>0.31</b> | <b>0.28</b>  | <b>0.19</b> |
| Fixed investment .....  | 1.3                                    | 2.3        | 2.0         | 1.5        | 0.20  | 0.33        | 0.29         | 0.22        |
| Nonresidential .....  | 0.8                                    | 1.3        | 1.2         | 1.0        | 0.09  | 0.16        | 0.14         | 0.12        |
| Structures .....  | 1.2                                    | 4.0        | 5.2         | 2.9        | 0.03  | 0.10        | 0.13         | 0.08        |
| Equipment .....   | 1.5                                    | -0.3       | -0.4        | 0.3        | 0.08  | -0.02       | -0.02        | 0.02        |
| Intellectual property products .....                                  | -0.6                                   | 1.9        | 1.0         | 0.8        | -0.02   | 0.07        | 0.04         | 0.03        |
| Residential .....   | 4.0                                    | 6.3        | 5.1         | 3.2        | 0.11  | 0.17        | 0.15         | 0.10        |
| Change in private inventories.....                                    | .....                                  | .....      | .....       | .....      | 0.02  | -0.02       | -0.01        | -0.02       |
| <b>Government consumption expenditures and gross investment</b> ..... | <b>1.4</b>                             | <b>0.9</b> | <b>0.1</b>  | <b>1.6</b> | <b>0.25</b>   | <b>0.17</b> | <b>0.02</b>  | <b>0.28</b> |
| Federal .....   | 0.6                                    | 2.4        | 0.8         | 1.0        | 0.04  | 0.18        | 0.06         | 0.07        |
| National defense .....  | 0.8                                    | 2.8        | 0.9         | 0.9        | 0.04  | 0.13        | 0.04         | 0.04        |
| Nondefense .....  | 0.1                                    | 1.8        | 0.8         | 1.0        | 0.00  | 0.05        | 0.02         | 0.03        |
| State and local .....   | 1.9                                    | -0.1       | -0.4        | 2.0        | 0.21  | -0.01       | -0.04        | 0.21        |
| <b>Addenda:</b>   |  |            |             |            |   |             |              |             |
| Gross domestic purchases:   |  |            |             |            |   |             |              |             |
| Food .....  | 2.5                                    | 1.4        | 0.3         | 0.6        | 0.13  | 0.07        | 0.02         | 0.03        |
| Energy goods and services .....                                       | 6.4                                    | -4.5       | -12.2       | 11.7       | 0.23  | -0.16       | -0.48        | 0.41        |
| Excluding food and energy.....  | 1.3                                    | 1.4        | 0.8         | 1.5        | 1.20  | 1.29        | 0.68         | 1.35        |
| Personal consumption expenditures (PCE):                              |  |            |             |            |   |             |              |             |
| Food and beverages purchased for off-premises consumption .....       | 1.8                                    | 1.3        | 0.5         | 1.2        | .....   | .....       | .....        | .....       |
| Energy goods and services .....                                       | 6.6                                    | -3.4       | -11.9       | 11.7       | .....   | .....       | .....        | .....       |
| Excluding food and energy.....  | 1.3                                    | 1.4        | 0.6         | 1.5        | .....   | .....       | .....        | .....       |
| Gross domestic product (GDP).....                                     | 1.1                                    | 1.3        | 0.6         | 2.0        | .....   | .....       | .....        | .....       |
| Exports of goods and services .....                                   | 1.5                                    | 1.4        | -3.2        | 1.2        | .....   | .....       | .....        | .....       |
| Imports of goods and services .....                                   | 4.1                                    | 0.5        | -5.0        | 0.3        | .....   | .....       | .....        | .....       |

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.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, increased 1.8 percent in the third quarter after increasing 0.2 percent in the second quarter. The pickup primarily reflected an upturn in consumer prices.

The upturn in consumer prices reflected an upturn in goods prices and a pickup in services prices.

The upturn in goods prices was mostly accounted for by an upturn in the prices paid for gasoline and other energy goods.

Prices paid for nonresidential fixed investment slowed slightly, primarily reflecting a slowdown in prices paid for structures that was partly offset by an upturn in prices paid for equipment.

Prices paid for residential investment slowed, increasing 3.2 percent after increasing 5.1 percent.

Prices paid by government picked up, primarily reflecting an upturn in prices paid by state and local governments.

The upturn in prices paid by state and local governments primarily reflected an upturn in the prices paid for petroleum products.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, accelerated, increasing 1.5 percent after increasing 0.6 percent.

The GDP price index increased 2.0 percent in the third quarter, 0.2 percentage point more than the increase in the price index for gross domestic purchases. Both export and import prices turned up. Export prices increased 1.2 percent in the third quarter after decreasing 3.2 percent in the second quarter. Import prices increased 0.3 percent after decreasing 5.0 percent.

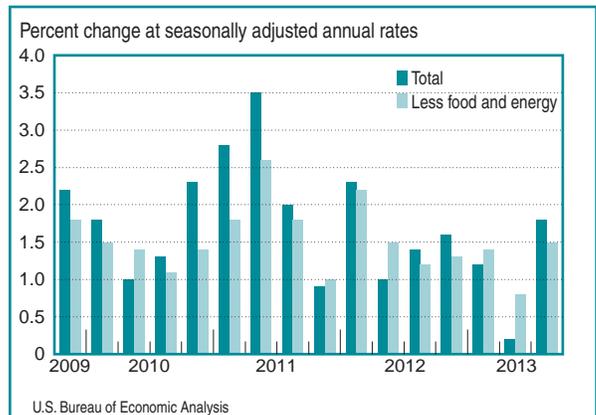
**Note on Prices**

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 prices of consumer spending, private investment, and government spending.

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.

**Chart 7. Gross Domestic Purchases Prices**



## Revisions

Table 8. Advance and Second Estimates for the Second Quarter of 2013

[Seasonally adjusted at annual rates]

|   | Change from preceding quarter (percent) |             |                      | Contribution to percent change in real GDP (percentage points) |             |                      |
|---|---|-------------|----------------------|--|-------------|----------------------|
|   | Advance                                 | Second      | Second minus advance | Advance  | Second      | Second minus advance |
| <b>Gross domestic product (GDP) <sup>1</sup></b> .....                | <b>2.8</b>                              | <b>3.6</b>  | <b>0.8</b>           | <b>2.8</b>   | <b>3.6</b>  | <b>0.8</b>           |
| <b>Personal consumption expenditures</b> .....                        | <b>1.5</b>                              | <b>1.4</b>  | <b>-0.1</b>          | <b>1.04</b>  | <b>0.96</b> | <b>-0.08</b>         |
| Goods .....   | 4.3                                     | 4.1         | -0.2                 | 0.99   | 0.93        | -0.06                |
| Durable goods .....   | 7.8                                     | 7.7         | -0.1                 | 0.57   | 0.56        | -0.01                |
| Nondurable goods .....  | 2.7                                     | 2.4         | -0.3                 | 0.42   | 0.37        | -0.05                |
| Services .....  | 0.1                                     | 0.0         | -0.1                 | 0.05   | 0.02        | -0.03                |
| <b>Gross private domestic investment</b> .....                        | <b>9.5</b>                              | <b>16.7</b> | <b>7.2</b>           | <b>1.45</b>  | <b>2.49</b> | <b>1.04</b>          |
| Fixed investment .....  | 4.1                                     | 5.4         | 1.3                  | 0.63   | 0.81        | 0.18                 |
| Nonresidential .....  | 1.6                                     | 3.5         | 1.9                  | 0.20   | 0.42        | 0.22                 |
| Structures .....  | 12.3                                    | 13.8        | 1.5                  | 0.32   | 0.36        | 0.04                 |
| Equipment .....   | -3.7                                    | 0.0         | 3.7                  | -0.21  | 0.00        | 0.21                 |
| Intellectual property products .....                                  | 2.2                                     | 1.7         | -0.5                 | 0.09   | 0.07        | -0.02                |
| Residential .....   | 14.6                                    | 13.0        | -1.6                 | 0.43   | 0.38        | -0.05                |
| Change in private inventories .....                                   | .....                                   | .....       | .....                | 0.83   | 1.68        | 0.85                 |
| <b>Net exports of goods and services</b> .....                        | .....                                   | .....       | .....                | <b>0.31</b>  | <b>0.07</b> | <b>-0.24</b>         |
| Exports .....   | 4.5                                     | 3.7         | -0.8                 | 0.60   | 0.50        | -0.10                |
| Goods .....   | 6.4                                     | 5.4         | -1.0                 | 0.58   | 0.49        | -0.09                |
| Services .....  | 0.6                                     | 0.1         | -0.5                 | 0.02   | 0.00        | -0.02                |
| Imports .....   | 1.9                                     | 2.7         | 0.8                  | -0.30  | -0.43       | -0.13                |
| Goods .....   | 1.8                                     | 2.7         | 0.9                  | -0.24  | -0.36       | -0.12                |
| Services .....  | 2.2                                     | 2.5         | 0.3                  | -0.06  | -0.07       | -0.01                |
| <b>Government consumption expenditures and gross investment</b> ..... | <b>0.2</b>                              | <b>0.4</b>  | <b>0.2</b>           | <b>0.04</b>  | <b>0.09</b> | <b>0.05</b>          |
| Federal .....   | -1.7                                    | -1.4        | 0.3                  | -0.13  | -0.10       | 0.03                 |
| National defense .....  | -0.7                                    | -0.3        | 0.4                  | -0.03  | -0.01       | 0.02                 |
| Nondefense .....  | -3.3                                    | -3.1        | 0.2                  | -0.10  | -0.09       | 0.01                 |
| State and local .....   | 1.5                                     | 1.7         | 0.2                  | 0.17   | 0.19        | 0.02                 |
| <b>Addenda:</b>   |   |             |                      |  |             |                      |
| Final sales of domestic product .....                                 | 2.0                                     | 1.9         | -0.1                 | 2.02   | 1.92        | -0.10                |
| Gross domestic purchases price index .....                            | 1.8                                     | 1.8         | 0.0                  | .....  | .....       | .....                |
| GDP price index .....   | 1.9                                     | 2.0         | 0.1                  | .....  | .....       | .....                |

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

The second estimate of the third-quarter increase in real GDP is 0.8 percentage point more than the advance estimate, primarily reflecting upward revisions to inventory investment and to nonresidential fixed investment that were partly offset by an upward revision to imports and a downward revision to exports.

The upward revision to nonresidential fixed investment primarily reflected an upward revision to equipment.

The upward revision to inventory investment primarily reflected upward revisions to wholesale trade, to retail trade, to mining, utilities, and construction, and to "other" industries.

The downward revision to exports was mainly due to widespread downward revisions to goods, and the largest contributors were nonautomotive capital goods and industrial supplies and materials.

The upward revision to imports was mainly due to widespread upward revisions to goods, and the largest contributors were nonautomotive capital goods and automotive vehicles, engines, and parts.

### Personal Income for the Second Quarter of 2013

With the release of the second estimate of GDP, BEA also releases revised estimates of income-related measures for the previous quarter. This revision reflects the incorporation of second-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$77.2 billion, an upward revision of \$22.6 billion. Personal current taxes increased \$39.8 billion, an upward revision of \$4.0 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$9.6 billion, an upward revision of \$3.0 billion.

As a result of these revisions,

- Personal income increased \$160.3 billion, an upward revision of \$21.2 billion.
- Disposable personal income increased \$120.5 billion, an upward revision of \$17.3 billion.
- Personal saving increased \$78.4 billion, an upward revision of \$17.2 billion.
- The personal saving rate was 4.7 percent, an upward revision of 0.2 percentage point.
- Real gross domestic income increased 3.2 percent, an upward revision of 0.6 percentage point.

### Major Source Data for the Second Estimates

*Consumer spending:* retail sales for July–September (revised). Motor vehicle registrations data for September (new). Energy Information Administration data for retail electricity sales for September (new). Federal Reserve Board tabulations of commercial bank *Call Report* data for the third quarter (new).

*Nonresidential fixed investment:* construction spending (value put in place) for July and August (revised) and September (new). Manufacturers' shipments (M3) of machinery and equipment for August and September (revised). Exports and imports for July and August (revised) and September (new). Software company revenue reports for the third quarter (new). Motor vehicle registrations data for September (new).

*Residential fixed investment:* construction spending for July and August (revised) and September (new).

*Inventory investment:* manufacturers' inventories for July–September (revised) and trade inventories for July and August (revised) and September (new). Census Bureau Quarterly Financial Reports for the third quarter (new).

*Exports and imports:* international transactions accounts for July and August (revised) and September (new).

*Government spending:* state and local construction spending for July and August (revised) and September (new).

## Corporate Profits

**Table 9. Corporate Profits**

[Seasonally adjusted]

|   | Billions of dollars (annual rate) |       |                               |        |        | Percent change from preceding quarter (quarterly rate) |       |       |       |  |
|---|-----------------------------------|-------|-------------------------------|--------|--------|--|-------|-------|-------|--|
|   | Level                             |       | Change from preceding quarter |        |        |  |       |       |       |  |
|   | 2013                              | 2012  | 2013                          |        |        | 2012   | 2013  |       |       |  |
|   | III                               | IV    | I                             | II     | III    | IV   | I     | II    | III   |  |
| <b>Current production measures:</b>                 |                                   |       |                               |        |        |  |       |       |       |  |
| Corporate profits .....                             | 2,125.7                           | 34.9  | -26.6                         | 66.8   | 38.3   | 1.7  | -1.3  | 3.3   | 1.8   |  |
| Domestic industries .....                           | 1,705.9                           | 29.3  | -7.0                          | 62.2   | 21.6   | 1.8  | -0.4  | 3.8   | 1.3   |  |
| Financial .....                                     | 464.8                             | -15.6 | -4.1                          | 24.5   | 8.6    | -3.5   | -0.9  | 5.7   | 1.9   |  |
| Nonfinancial .....                                  | 1,241.1                           | 45.0  | -3.1                          | 37.8   | 13.0   | 3.9  | -0.3  | 3.2   | 1.1   |  |
| Rest of the world .....                             | 419.8                             | 5.6   | -19.6                         | 4.6    | 16.7   | 1.4  | -4.7  | 1.2   | 4.1   |  |
| Receipts from the rest of the world .....           | 667.8                             | 16.1  | -19.7                         | 1.2    | 9.1    | 2.4  | -2.9  | 0.2   | 1.4   |  |
| Less: Payments to the rest of the world .....       | 248.0                             | 10.5  | -0.1                          | -3.4   | -7.6   | 4.2  | 0.0   | -1.3  | -3.0  |  |
| Less: Taxes on corporate income .....               | 413.4                             | -5.9  | -25.0                         | 10.0   | -4.8   | -1.3   | -5.8  | 2.4   | -1.1  |  |
| Equals: Profits after tax .....                     | 1,712.2                           | 40.8  | -1.7                          | 56.9   | 43.0   | 2.6  | -0.1  | 3.5   | 2.6   |  |
| Net dividends .....                                 | 857.6                             | 120.9 | -103.8                        | 273.5  | -179.7 | 16.2   | -12.0 | 35.8  | -17.3 |  |
| Undistributed profits from current production ..... | 854.7                             | -80.1 | 102.1                         | -216.6 | 222.8  | -9.7   | 13.7  | -25.5 | 35.2  |  |
| Net cash flow .....                                 | 2,287.8                           | -91.2 | 140.7                         | -205.3 | 234.5  | -4.1   | 6.6   | -9.1  | 11.4  |  |
| <b>Industry profits:</b>                            |                                   |       |                               |        |        |  |       |       |       |  |
| Profits with IVA .....                              | 2,286.8                           | 34.5  | -41.1                         | 68.6   | 38.2   | 1.6  | -1.8  | 3.1   | 1.7   |  |
| Domestic industries .....                           | 1,867.0                           | 29.0  | -21.5                         | 64.0   | 21.5   | 1.6  | -1.2  | 3.6   | 1.2   |  |
| Financial .....                                     | 520.4                             | -15.1 | -5.2                          | 25.0   | 8.5    | -3.0   | -1.0  | 5.1   | 1.7   |  |
| Nonfinancial .....                                  | 1,346.6                           | 44.1  | -16.3                         | 39.0   | 13.0   | 3.5  | -1.2  | 3.0   | 1.0   |  |
| Rest of the world .....                             | 419.8                             | 5.6   | -19.6                         | 4.6    | 16.7   | 1.4  | -4.7  | 1.2   | 4.1   |  |
| <b>Addenda:</b>                                     |                                   |       |                               |        |        |  |       |       |       |  |
| Profits before tax (without IVA and CCAadj) .....   | 2,285.1                           | 21.0  | -36.4                         | 46.6   | 45.4   | 1.0  | -1.6  | 2.1   | 2.0   |  |
| Profits after tax (without IVA and CCAadj) .....    | 1,871.7                           | 27.0  | -11.6                         | 36.6   | 50.3   | 1.5  | -0.6  | 2.1   | 2.8   |  |
| IVA .....   | 1.7                               | 13.6  | -4.6                          | 21.9   | -7.2   | .....  | ..... | ..... | ..... |  |
| CCAadj .....  | -161.1                            | 0.3   | 14.4                          | -1.6   | 0.0    | .....  | ..... | ..... | ..... |  |

NOTE: Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D. CCAadj Capital consumption adjustment IVA Inventory valuation adjustment

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$38.3 billion, or 1.8 percent at a quarterly rate, in the third quarter after increasing \$66.8 billion, or 3.3 percent, in the second quarter.

Domestic profits of financial corporations increased \$8.6 billion, or 1.9 percent, after increasing \$24.5 billion, or 5.7 percent.

Domestic profits of nonfinancial corporations increased \$13.0 billion, or 1.1 percent, after increasing \$37.8 billion, or 3.2 percent.

Profits from the rest of the world increased \$16.7 billion, or 4.1 percent, after increasing \$4.6 billion, or 1.2 percent. In the third quarter, receipts increased \$9.1 billion, and payments decreased \$7.6 billion.

Taxes on corporate income decreased \$4.8 billion, or 1.1 percent, after increasing \$10.0 billion.

Profits after tax increased \$43.0 billion, or 2.6 percent, after increasing \$56.9 billion.

Net dividends decreased \$179.7 billion in the third quarter, or 17.3 percent, after increasing \$273.5 billion. The large decrease primarily reflected dividends paid by Fannie Mae to the federal government in the second quarter.

Undistributed profits increased \$222.8 billion after decreasing \$216.6 billion.

Net cash flow, a profits-related measure of internal funds available for investment, increased \$234.5 billion, or 11.4 percent, after decreasing \$205.3 billion.

### 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 Cen-

sus Bureau Quarterly Financial Reports, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service data when the data are available for two reasons: the 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).