

GDP DECREASES IN FIRST QUARTER

Third estimate shows larger decline

Real gross domestic product (GDP) decreased 2.9 percent in the first quarter of 2014, according to the “third” estimate released today by the Bureau of Economic Analysis. In the fourth quarter of 2013, real GDP increased 2.6 percent.

First-quarter highlights

The decline in real GDP was largely accounted for by significant declines in nonfarm inventory investment and in net exports.

In addition, state and local government spending, business investment, and housing investment also contributed to the real GDP decline.

In contrast, consumer spending increased, notably in services (mainly home utilities).

Revisions

The first-quarter real GDP growth rate was revised down 1.9 percentage points from the second estimate released in May, based on newly available source data.

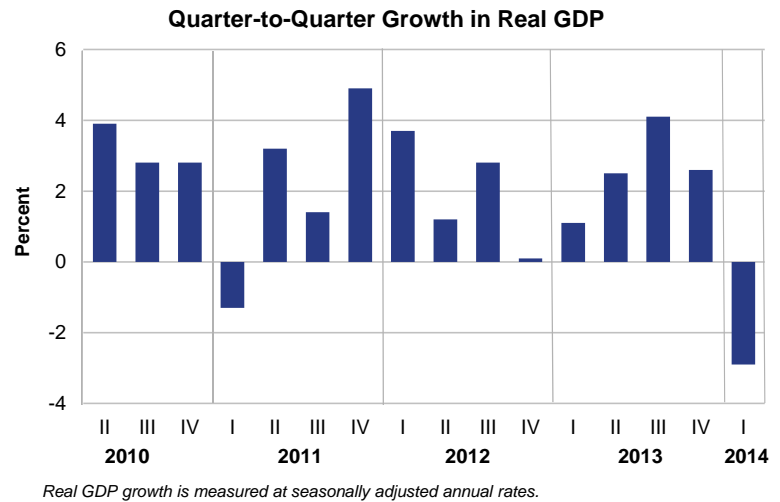
- Consumer spending was revised down, primarily reflecting a downward revision to services, mainly to health care.
- Exports of goods were revised down, reflecting revisions to industrial supplies and materials and to foods, feeds, and beverages. Exports of services were also revised down.
- Imports of goods were revised up, mainly non-auto capital goods as well as vehicles, engines, and parts. Imports of services were also revised up, mainly travel services.

Corporate profits

BEA’s featured measure of corporate profits declined 9.1 percent at a quarterly rate in the first quarter, after increasing 2.2 percent in the previous quarter, according to updated estimates. The decline was the largest since the fourth quarter of 2008.

- Profits of nonfinancial corporations fell 8.0 percent after rising 1.5 percent.
- Profits of financial corporations fell 15.1 percent after rising 1.3 percent.
- Profits from the rest of the world fell 5.8 percent after rising 5.5 percent.

Over the last 4 quarters, corporate profits fell 2.2 percent.



BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “advance” estimate of GDP for the second quarter of 2014 and the annual revision of the national income and product accounts will be released on July 30, 2014.