

GDP UP IN SECOND QUARTER

Growth revised upward

Real gross domestic product (GDP) increased 4.2 percent in the second quarter of 2014, according to the “second” estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP decreased 2.1 percent. The second-quarter growth rate was revised up 0.2 percentage point from the “advance” estimate released in July.

Second-quarter highlights

The upturn in real GDP growth was primarily driven by the following:

- Exports, mainly goods exports, increased after decreasing in the first quarter.
- Nonfarm inventory investment by motor vehicle dealers turned up.
- Consumer spending, notably motor vehicles and parts, increased more than in the first quarter.

In addition, business investment picked up, and state and local government spending increased after decreasing in the first quarter.

In contrast to these contributions, imports (a subtraction in the calculation of GDP) were higher in the second quarter than in the first quarter.

Revisions

The 0.2 percentage point revision to second-quarter GDP growth primarily reflected an upward revision to business investment and a downward revision to imports. These revisions were partly offset by a downward revision to inventory investment.

See the [Technical Note](#) for more information.

Corporate profits

BEA’s featured measure of corporate profits increased 8.0 percent at a quarterly rate in the second quarter after decreasing 9.4 percent in the first quarter. The second-quarter increase was the largest since the third quarter of 2010.

- Profits of nonfinancial corporations rose 10.6 percent after falling 7.4 percent in the first quarter.
- Profits of financial corporations rose 7.3 percent after falling 17.1 percent.
- Profits from the rest of the world rose 1.2 percent after falling 6.1 percent.

Over the last 12 months, corporate profits fell 0.3 percent.



Real GDP growth is measured at seasonally adjusted annual rates.



Corporate profits growth is measured as the percent change from the previous quarter.

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 “third” estimate of GDP for the second quarter of 2014 and a revised estimate of corporate profits will be released on September 26, 2014.