

GDP and the Economy

Second Estimates for the Second Quarter of 2013

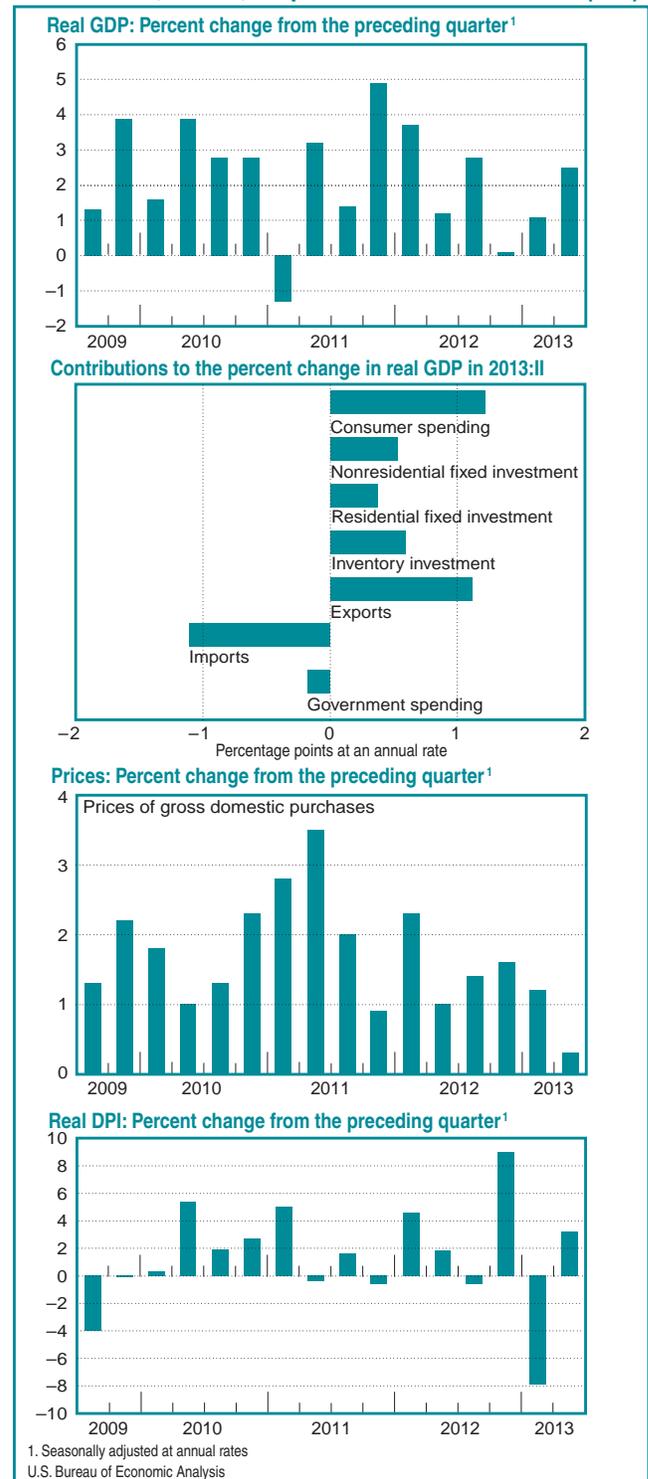
REAL GROSS domestic product (GDP) increased 2.5 percent at an annual rate in the second quarter of 2013, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The estimate of real GDP growth was revised up 0.8 percentage point from the advance estimate of 1.7 percent; the upward revision primarily reflected an upward revision to exports, a downward revision to imports, and an upward revision to private inventory investment that were partly offset by a downward revision to state and local government spending.²

- The acceleration in real GDP in the second quarter primarily reflected upturns in exports and in nonresidential fixed investment and a smaller decrease in federal government spending that were partly offset by an acceleration in imports and by decelerations in inventory investment and in consumer spending.
- Prices of goods and services purchased by U.S. residents increased 0.3 percent in the second quarter, unrevised from the advance estimate; in the first quarter, these prices increased 1.2 percent. Energy prices decreased more in the second quarter than in the first quarter. Food prices slowed. Excluding food and energy, prices increased 0.9 percent after increasing 1.4 percent (see table 7).
- Real disposable personal income (DPI) increased 3.2 percent in the second quarter after decreasing 7.9 percent in the first quarter (revised) (see “Personal Income for the First Quarter of 2013” on page 9). Current-dollar DPI increased 3.3 percent after decreasing 7.0 percent (revised).
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.5 percent; in the first quarter, the rate was 4.1 percent (revised).
- Corporate profits from current production increased \$78.3 billion in the second quarter after decreasing \$26.6 billion in the first 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	
	II	III	IV	I	II	III	IV	I	II	
Gross domestic product ¹	100.0	2.8	0.1	1.1	2.5	2.8	0.1	1.1	2.5	
Personal consumption expenditures	68.6	1.7	1.7	2.3	1.8	1.15	1.13	1.54	1.21	
Goods	23.1	3.7	3.7	3.7	3.2	0.84	0.85	0.85	0.73	
Durable goods	7.5	8.3	10.5	5.8	6.1	0.59	0.74	0.43	0.45	
Nondurable goods	15.6	1.6	0.6	2.7	1.8	0.25	0.10	0.43	0.28	
Services	45.5	0.7	0.6	1.5	1.1	0.31	0.29	0.69	0.48	
Gross private domestic investment	15.8	6.5	-2.4	4.7	9.9	0.99	-0.36	0.71	1.48	
Fixed investment	15.2	2.7	11.6	-1.5	6.0	0.39	1.63	-0.23	0.90	
Nonresidential	12.2	0.3	9.8	-4.6	4.4	0.04	1.13	-0.57	0.53	
Structures	2.7	5.9	17.6	-25.7	16.1	0.15	0.44	-0.80	0.40	
Equipment	5.6	-3.9	8.9	1.6	2.9	-0.22	0.47	0.09	0.16	
Intellectual property products	3.9	2.8	5.7	3.7	-0.9	0.11	0.21	0.14	-0.04	
Residential	3.1	14.1	19.8	12.5	12.9	0.35	0.50	0.34	0.37	
Change in private inventories	0.5	.....	.....	.....	.....	0.60	-2.00	0.93	0.59
Net exports of goods and services	-3.0	.....	.....	.....	.....	-0.03	0.68	-0.28	0.00
Exports	13.5	0.4	1.1	-1.3	8.6	0.05	0.15	-0.18	1.11	
Goods	9.3	1.6	-3.0	-2.8	10.1	0.16	-0.28	-0.27	0.90	
Services	4.1	-2.6	11.3	2.2	5.2	-0.10	0.43	0.09	0.21	
Imports	16.5	0.5	-3.1	0.6	7.0	-0.08	0.53	-0.10	-1.11	
Goods	13.7	0.4	-3.5	-0.2	7.1	-0.05	0.50	0.03	-0.95	
Services	2.8	1.0	-1.0	5.0	6.3	-0.03	0.03	-0.13	-0.17	
Government consumption expenditures and gross investment	18.7	3.5	-6.5	-4.2	-0.9	0.67	-1.31	-0.82	-0.18	
Federal	7.5	8.9	-13.9	-8.4	-1.6	0.69	-1.19	-0.68	-0.12	
National defense	4.7	12.5	-21.6	-11.2	-0.6	0.60	-1.22	-0.57	-0.03	
Nondefense	2.9	2.8	1.0	-3.6	-3.2	0.08	0.03	-0.11	-0.09	
State and local	11.2	-0.2	-1.0	-1.3	-0.5	-0.02	-0.12	-0.14	-0.06	
Addenda:										
Final sales of domestic product	99.5	2.2	2.2	0.2	1.9	2.19	2.14	0.21	1.93	
Goods	30.7	4.8	-1.2	5.5	5.0	1.46	-0.36	1.63	1.50	
Services	62.0	1.6	-0.6	0.3	0.6	1.00	-0.35	0.21	0.37	
Structures	7.3	4.7	12.7	-9.2	9.1	0.32	0.85	-0.70	0.64	
Motor vehicle output	2.8	0.2	-2.8	9.2	11.5	0.01	-0.07	0.24	0.30	
GDP excluding motor vehicle output	97.2	2.9	0.2	0.9	2.3	2.78	0.22	0.91	2.21	
Final sales of computers	0.4	0.9	50.3	17.5	17.4	0.00	0.16	0.07	0.07	
GDP excluding final sales of computers	99.6	2.8	0.0	1.1	2.5	2.78	-0.02	1.08	2.45	
Research and development (R&D)	2.5	1.7	0.4	-0.2	-0.2	0.04	0.01	0.00	0.00	
GDP excluding R&D	97.5	2.8	0.1	1.2	2.6	2.74	0.13	1.15	2.52	
Gross domestic income (GDI) ² .....	.....	0.9	4.9	2.4	2.5	.....	.....	.....	.....

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 first-quarter change in GDI reflects the incorporation of revised wage and salary estimates for the first 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.

Real GDP accelerated in the second quarter. The acceleration primarily reflected upturns in exports and in nonresidential fixed investment and a smaller decrease in federal government spending that were partly offset by an acceleration in imports and slowdowns in inventory investment and in consumer spending.

Consumer spending added 1.21 percentage points to real GDP growth after adding 1.54 percentage points. The slowdown reflected slowdowns both in services and goods.

The upturn in nonresidential fixed investment primarily reflected an upturn in structures. (See page 4.)

Inventory investment added 0.59 percentage point to the change in real GDP after adding 0.93 percentage point. (See page 5.)

Exports added 1.11 percentage points to real GDP growth after subtracting 0.18 percentage point. The upturn in exports primarily reflected an upturn in exports of goods. (See page 6.)

Imports accelerated, subtracting 1.11 percentage points from real GDP growth after subtracting 0.10 percentage point. The acceleration primarily reflected an upturn in goods imports, especially automotive vehicles, engines, and parts.

The smaller decrease in federal government spending was primarily accounted for by a smaller decrease in defense spending. (See page 7.)

Real final sales of domestic product, real GDP less inventory investment, increased 1.9 percent after increasing 0.2 percent.

Real gross domestic income, which measures the output of the economy as the incomes earned and costs incurred in production, increased 2.5 percent after increasing 2.4 percent (revised).

2013 Comprehensive NIPA Revision

The estimates for the third and fourth quarters of 2012 and for the first quarter of 2013 reflect the comprehensive NIPA revision that was released on July 31, 2013.

See "Improved Estimates of the National Income and Product Accounts: Results of the 2013 Comprehensive Revision" in this issue.

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	
		II	III	IV	I	II	III	IV	I	II
PCE ¹	100.0	1.7	1.7	2.3	1.8	1.7	1.7	2.3	1.8
Goods	33.7	3.7	3.7	3.7	3.2	1.23	1.24	1.24	1.06
Durable goods	11.0	8.3	10.5	5.8	6.1	0.86	1.09	0.62	0.65
Motor vehicles and parts	3.7	8.3	14.3	5.2	-0.8	0.28	0.49	0.19	-0.03
Furnishings and durable household equipment	2.5	5.6	4.4	4.1	8.7	0.14	0.11	0.10	0.21
Recreational goods and vehicles	3.0	11.5	10.7	8.1	11.8	0.33	0.31	0.24	0.34
Other durable goods	1.8	6.9	11.5	5.8	7.9	0.12	0.19	0.10	0.14
Nondurable goods	22.7	1.6	0.6	2.7	1.8	0.36	0.15	0.62	0.40
Food and beverages purchased for off-premises consumption	7.7	1.6	0.9	2.0	-1.3	0.13	0.07	0.15	-0.10
Clothing and footwear	3.2	5.2	-1.8	1.8	5.7	0.16	-0.06	0.06	0.18
Gasoline and other energy goods	3.4	-3.3	-5.3	4.5	0.8	-0.12	-0.21	0.16	0.03
Other nondurable goods	8.4	2.4	4.2	3.0	3.7	0.20	0.34	0.25	0.30
Services	66.3	0.7	0.6	1.5	1.1	0.47	0.43	1.01	0.71
Household consumption expenditures	63.9	0.6	0.3	2.4	1.6	0.37	0.20	1.53	1.03
Housing and utilities	18.2	1.3	-2.7	4.7	-0.1	0.23	-0.50	0.84	-0.02
Health care	16.6	2.3	2.3	1.3	2.6	0.37	0.38	0.21	0.42
Transportation services	2.8	1.0	-0.2	2.9	2.5	0.03	-0.01	0.08	0.07
Recreation services	3.7	1.1	-1.7	2.4	2.0	0.04	-0.06	0.09	0.07
Food services and accommodations	6.4	1.3	6.5	2.5	1.0	0.08	0.40	0.16	0.06
Financial services and insurance	7.4	-6.7	-0.2	5.5	3.8	-0.51	-0.01	0.39	0.28
Other services	8.7	1.5	0.2	-2.8	1.6	0.13	0.02	-0.25	0.14
Final consumption expenditures of NPISHs ²	2.5	3.4	9.0	-18.1	-12.2	0.09	0.23	-0.51	-0.32
Gross output of NPISHs ³	10.6	4.3	1.2	-3.0	0.0	0.45	0.13	-0.32	0.00
Less: Receipts from sales of goods and services by NPISHs ⁴	8.2	4.5	-1.3	2.4	4.0	0.36	-0.10	0.19	0.32

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 second quarter, reflecting slowdowns in spending for both services and goods.

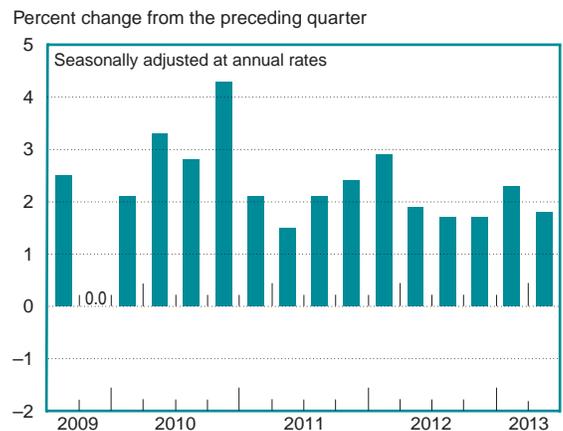
The slowdown in spending for goods primarily reflected downturns in food and beverages purchased for off-premises consumption and in motor vehicles and parts (specifically used motor vehicles).

Spending for durable goods accelerated slightly. Except for the downturn in motor vehicles and parts, the pickup in spending for durable goods was widespread; the largest contributors were furnishings and durable household equipment and recreational goods.

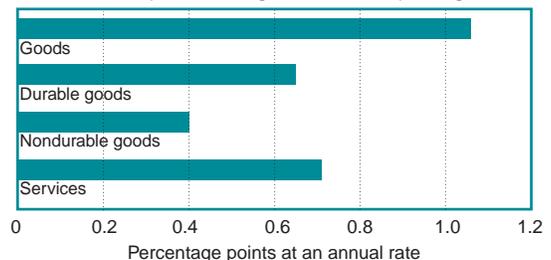
Spending for nondurable goods slowed, primarily reflecting the downturn in food and beverages purchased for off-premises consumption and a slowdown in gasoline and other energy goods, particularly fuel oil.

The slowdown in spending for services primarily reflected a downturn in housing and utilities (especially electricity and gas utilities) that was partly offset by an upturn in "other" services (especially cellular telephone services).

Chart 2. Real Personal Consumption Expenditures



Contributions to the percent change in consumer spending in 2013:II



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)			
		2012		2013			2012		2013	
		II	III	IV	I	II	III	IV	I	II
Private fixed investment¹.....	100.0	2.7	11.6	-1.5	6.0	2.7	11.6	-1.5	6.0	
Nonresidential.....	79.9	0.3	9.8	-4.6	4.4	0.28	8.09	-3.75	3.59	
Structures.....	17.8	5.9	17.6	-25.7	16.1	1.05	3.10	-5.29	2.68	
Commercial and health care.....	4.1	12.0	-3.4	-0.5	-8.5	0.49	-0.14	-0.02	-0.37	
Manufacturing.....	1.8	5.6	17.1	-5.4	-15.8	0.10	0.31	-0.11	-0.32	
Power and communication.....	3.7	17.8	98.0	-68.3	34.3	0.65	3.08	-4.67	1.09	
Mining exploration, shafts, and wells.....	5.5	-6.3	-2.0	-1.6	30.3	-0.34	-0.10	-0.08	1.41	
Other structures ²	2.7	5.5	-2.5	-15.2	39.3	0.14	-0.06	-0.42	0.87	
Equipment.....	36.8	-3.9	8.9	1.6	2.9	-1.48	3.51	0.59	1.15	
Information processing equipment.....	11.5	-4.5	20.0	-2.7	9.2	-0.53	2.21	-0.31	1.04	
Computers and peripheral equipment.....	3.0	-33.4	80.1	-15.8	-14.4	-1.28	1.91	-0.56	-0.48	
Other ³	8.5	9.2	3.1	3.0	19.4	0.75	0.30	0.24	1.52	
Industrial equipment.....	7.9	0.3	6.2	0.3	-0.5	0.03	0.52	0.02	-0.03	
Transportation equipment.....	8.4	-16.9	1.1	-7.6	4.9	-1.66	0.23	-0.68	0.43	
Other equipment ⁴	9.0	7.8	5.6	18.8	-3.3	0.69	0.54	1.56	-0.29	
Intellectual property products.....	25.4	2.8	5.7	3.7	-0.9	0.71	1.49	0.94	-0.24	
Software ⁵	11.6	3.7	9.4	7.7	-1.5	0.43	1.08	0.86	-0.18	
Research and development ⁶	10.8	2.7	3.1	-0.3	-1.0	0.30	0.35	-0.04	-0.11	
Entertainment, literary, and artistic originals.....	3.0	-0.8	1.9	4.0	1.7	-0.02	0.06	0.12	0.05	
Residential.....	20.1	14.1	19.8	12.5	12.9	2.40	3.48	2.27	2.46	
Structures.....	19.8	14.3	20.1	12.6	13.0	2.37	3.46	2.23	2.42	
Permanent site.....	7.8	31.5	42.4	30.8	13.0	1.75	2.48	1.96	0.96	
Single family.....	6.5	27.9	39.9	28.2	9.3	1.34	2.00	1.54	0.58	
Multifamily.....	1.2	54.8	57.4	46.5	36.0	0.41	0.48	0.42	0.37	
Other structures ⁷	12.0	5.6	8.6	2.4	12.9	0.63	0.98	0.27	1.46	
Equipment.....	0.4	7.9	6.2	9.3	10.0	0.03	0.02	0.03	0.04	

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 turned up in the second quarter, primarily reflecting an upturn in nonresidential fixed investment.

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

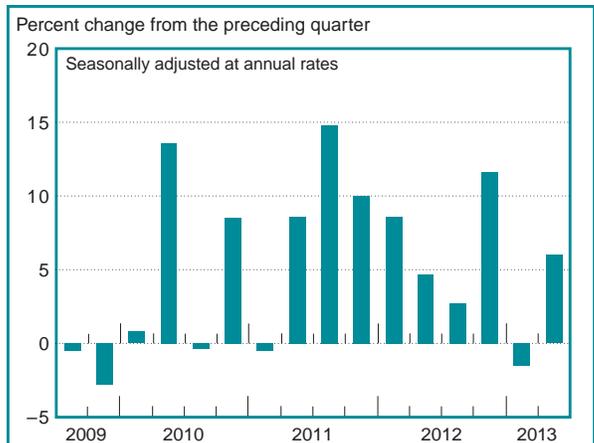
The upturn in structures primarily reflected an upturn in power and communication structures.

The acceleration in equipment was more than accounted for by an acceleration in "other" information processing equipment (specifically imported communications equipment) and an upturn in transportation equipment that were partly offset by a downturn in "other" equipment.

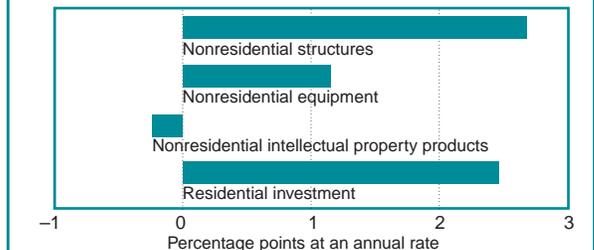
The downturn in intellectual property products primarily reflected a downturn in software. Spending on research and development decreased slightly more than in the first quarter, and spending on entertainment, literary, and artistic originals decelerated.

Residential fixed investment picked up, primarily reflecting a pickup in "other" structures (mainly improvements and brokers' commissions) that was partly offset by a slowdown in single-family structures.

Chart 3. Real Private Fixed Investment



Contributions to the percent change in real private fixed investment in 2013:II



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	
	II	III	IV	I	II	III	IV	I	II
Change in private inventories¹	56.8	77.2	7.3	42.2	62.6	20.4	-69.9	34.9	20.4
Farm.....	-4.9	-13.6	-9.6	16.0	20.0	-8.7	4.0	25.6	4.0
Mining, utilities, and construction....	7.3	-3.4	-2.5	-9.8	1.2	-10.7	0.9	-7.3	11.0
Manufacturing.....	2.9	34.3	-17.5	6.1	9.6	31.4	-51.8	23.6	3.5
Durable-goods industries.....	9.8	22.7	3.1	5.4	8.1	12.9	-19.6	2.3	2.7
Nondurable-goods industries.....	-5.9	11.9	-18.9	0.9	1.9	17.8	-30.8	19.8	1.0
Wholesale trade.....	13.0	31.9	9.7	9.7	2.6	18.9	-22.2	0.0	-7.1
Durable-goods industries.....	24.5	22.0	14.5	11.2	3.7	-2.5	-7.5	-3.3	-7.5
Nondurable-goods industries.....	-8.7	10.6	-3.2	-0.5	-0.7	19.3	-13.8	2.7	-0.2
Retail trade.....	28.7	26.2	24.7	17.2	22.7	-2.5	-1.5	-7.5	5.5
Motor vehicle and parts dealers	21.0	22.2	13.7	6.0	14.0	1.2	-8.5	-7.7	8.0
Food and beverage stores.....	-1.0	0.3	0.4	0.8	3.1	1.3	0.1	0.4	2.3
General merchandise stores.....	0.3	-1.1	5.5	5.7	2.5	-1.4	6.6	0.2	-3.2
Other retail stores.....	8.5	4.9	5.3	4.9	3.1	-3.6	0.4	-0.4	-1.8
Other industries.....	14.4	7.3	6.6	-0.9	2.7	-7.1	-0.7	-7.5	3.6
Residual ²	-8.5	-6.6	-7.6	2.5	3.0	1.9	-1.0	10.1	0.5
Addenda: Ratios of private inventories to final sales of domestic business:³									
Private inventories to final sales	2.31	2.33	2.30	2.31	2.31	.....	.....	.....	.....
Nonfarm inventories to final sales	2.13	2.15	2.13	2.13	2.13	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.85	3.87	3.81	3.82	3.80	.....	.....	.....	.....

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 \$20.4 billion in the second quarter after increasing \$34.9 billion in the first quarter. The slowdown primarily reflected a slowdown in farm inventory investment that was partly offset by upturns in mining, utilities, and construction industries and in retail trade industries that were partly offset by a deceleration in manufacturing industries.

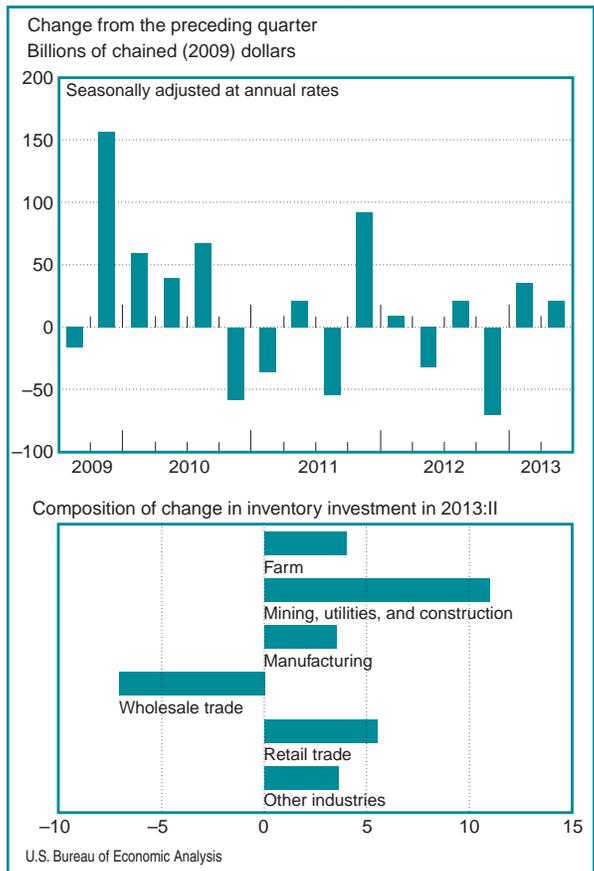
Farm inventory investment increased \$4.0 billion after increasing \$25.6 billion; the slowdown followed a first-quarter pickup in crop output after the Midwest drought in 2012.

Mining, utilities, and construction utilities increased \$11.0 billion after decreasing \$7.3 billion.

The deceleration in manufacturing industries primarily reflected a slowdown in nondurable-goods industries.

The upturn in retail trade industries was more than accounted for by an upturn in motor vehicle and parts dealers.

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	
		II	III	IV	I	II	III	IV	I	II
Exports of goods and services ¹	100.0	0.4	1.1	-1.3	8.6	0.4	1.1	-1.3	8.6	
Exports of goods ²	69.2	1.6	-3.0	-2.8	10.1	1.15	-2.11	-1.99	6.97	
Foods, feeds, and beverages	5.3	17.7	-33.8	-0.8	-27.2	1.04	-2.60	-0.04	-1.77	
Industrial supplies and materials	21.3	-4.0	0.8	-0.2	8.6	-0.90	0.16	-0.05	1.86	
Capital goods, except automotive	24.1	4.7	-5.1	-4.4	14.1	1.11	-1.27	-1.06	3.25	
Automotive vehicles, engines, and parts	6.9	-6.3	-2.4	3.1	21.0	-0.43	-0.16	0.20	1.31	
Consumer goods, except automotive	8.8	-2.1	3.3	0.2	36.5	-0.18	0.27	0.02	2.71	
Other	2.8	19.5	62.4	-28.6	-12.7	0.51	1.50	-1.06	-0.40	
Exports of services ²	30.8	-2.6	11.3	2.2	5.2	-0.78	3.23	0.66	1.60	
Imports of goods and services ¹	100.0	0.5	-3.1	0.6	7.0	0.5	-3.1	0.6	7.0	
Imports of goods ²	83.2	0.4	-3.5	-0.2	7.1	0.34	-2.96	-0.19	5.93	
Foods, feeds, and beverages	4.2	8.3	3.7	11.9	2.9	0.33	0.15	0.47	0.13	
Industrial supplies and materials, except petroleum and products	10.7	8.4	-11.2	10.0	-2.7	0.87	-1.25	1.02	-0.27	
Petroleum and products	13.6	-5.5	-10.7	-10.7	-3.0	-0.87	-1.70	-1.70	-0.43	
Capital goods, except automotive	20.0	-5.7	2.4	-0.7	2.4	-1.17	0.49	-0.14	0.50	
Automotive vehicles, engines, and parts	11.2	7.3	-4.5	-12.1	29.0	0.77	-0.50	-1.40	2.84	
Consumer goods, except automotive	19.6	2.3	3.1	0.4	8.5	0.44	0.60	0.07	1.65	
Other	3.9	-1.2	-20.9	55.1	48.6	-0.03	-0.76	1.48	1.51	
Imports of services ²	16.8	1.0	-1.0	5.0	6.3	0.16	-0.17	0.81	1.04	
Addenda:										
Exports of agricultural goods ³	5.9	16.7	-32.9	-0.6	-24.5	.....	.....	.....	.....
Exports of nonagricultural goods	63.3	0.1	1.0	-3.1	14.3	.....	.....	.....	.....
Imports of nonpetroleum goods	69.6	1.7	-1.9	2.2	9.3	.....	.....	.....	.....

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 turned up in the second quarter, reflecting an upturn in exports of goods and a pickup in exports of services.

The upturn in exports of goods primarily reflected an upturn in nonautomotive capital goods and a pickup in nonautomotive consumer goods that were partly offset by a larger decrease in foods, feeds, and beverages.

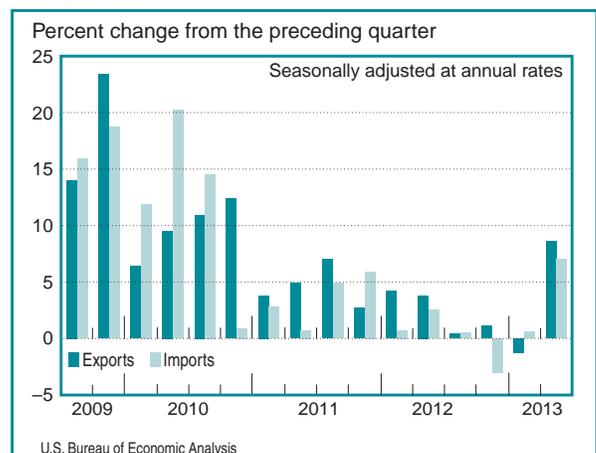
The pickup in exports of services primarily reflected an upturn in "other" private services and an acceleration in passenger fares that were partly offset by a deceleration in "other" transportation.

Imports of goods and services accelerated, reflecting an upturn in imports of goods and a small pickup in imports of services.

The upturn in imports of goods was relatively widespread among the components. The largest contributor was an upturn in automotive vehicles, engines, and parts. Nonpetroleum industrial supplies and materials turned down.

The pickup in imports of services mainly reflected an acceleration in travel and a smaller decrease in direct defense expenditures that were partly offset by decelerations in "other" transportation and in royalty and license fees.

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)			
		2012		2013		2012		2013	
	II	III	IV	I	II	III	IV	I	II
Government consumption expenditures and gross investment¹	100.0	3.5	-6.5	-4.2	-0.9	3.5	-6.5	-4.2	-0.9
Consumption expenditures.....	80.8	5.3	-6.8	-2.7	-1.0	4.22	-5.53	-2.19	-0.81
Gross investment.....	19.2	-3.9	-5.3	-10.1	-0.7	-0.76	-0.99	-2.02	-0.14
Federal	40.2	8.9	-13.9	-8.4	-1.6	3.54	-5.94	-3.47	-0.65
National defense	24.9	12.5	-21.6	-11.2	-0.6	3.12	-6.11	-2.92	-0.15
Consumption expenditures.....	19.7	16.2	-24.9	-9.6	-3.2	3.15	-5.74	-1.97	-0.65
Gross investment.....	5.2	-0.8	-7.5	-17.3	10.3	-0.03	-0.37	-0.95	0.50
Nondefense	15.3	2.8	1.0	-3.6	-3.2	0.43	0.17	-0.55	-0.50
Consumption expenditures.....	11.6	3.8	2.2	-2.4	-3.6	0.43	0.26	-0.28	-0.42
Gross investment.....	3.7	-0.1	-2.6	-7.2	-2.0	0.00	-0.09	-0.27	-0.08
State and local	59.8	-0.2	-1.0	-1.3	-0.5	-0.08	-0.58	-0.74	-0.29
Consumption expenditures.....	49.5	1.3	-0.1	0.1	0.5	0.64	-0.05	0.06	0.26
Gross investment.....	10.4	-6.6	-5.2	-7.5	-5.2	-0.72	-0.53	-0.80	-0.56

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 decreased less in the second quarter than in the first quarter, primarily reflecting a smaller decrease in federal government spending.

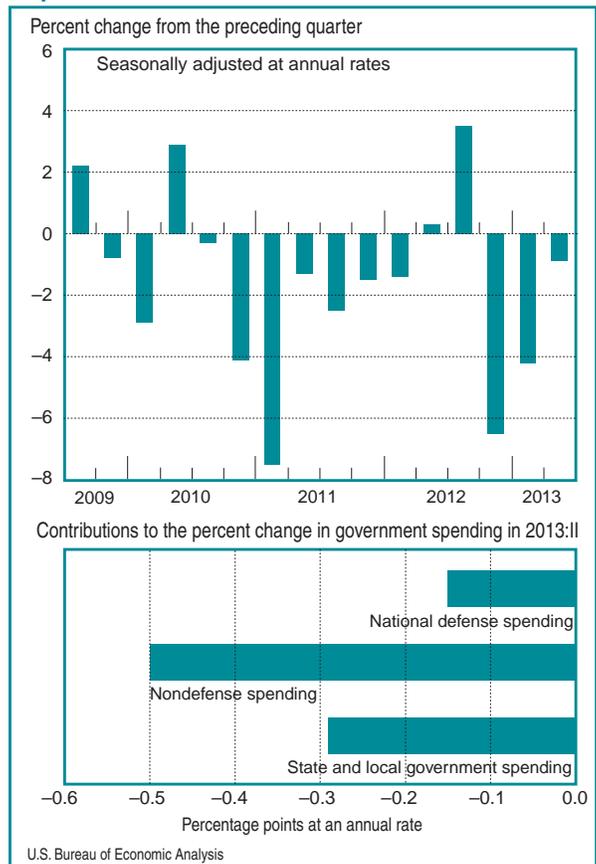
The smaller decrease in federal government spending was mostly accounted for by a smaller decrease in national defense spending.

The smaller decrease in national defense spending was accounted for by an upturn in gross investment and a smaller decrease in consumption expenditures.

Nondefense spending decreased slightly less than in the first quarter, reflecting a smaller decrease in gross investment that was mostly offset by a larger decrease in consumption expenditures.

State and local government spending decreased less than in the first quarter; the smaller decrease reflected a smaller decrease in gross investment and a slight pickup in consumption expenditures.

Chart 6. Real Government Consumption Expenditures and Gross Investment



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.

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	
	III	IV	I	II	III	IV	I	II
Gross domestic purchases¹	1.4	1.6	1.2	0.3	1.4	1.6	1.2	0.3
Personal consumption expenditures	1.7	1.6	1.1	0.0	1.13	1.08	0.72	0.02
Goods	1.3	0.7	-1.0	-3.3	0.30	0.16	-0.22	-0.76
Durable goods	-2.2	-2.1	-1.1	-2.0	-0.16	-0.15	-0.08	-0.14
Nondurable goods	3.0	2.0	-0.9	-4.0	0.46	0.31	-0.14	-0.62
Services	1.9	2.1	2.1	1.8	0.83	0.93	0.94	0.78
Gross private domestic investment	1.3	1.5	2.1	1.8	0.18	0.21	0.31	0.27
Fixed investment	1.4	1.3	2.3	2.0	0.21	0.20	0.33	0.29
Nonresidential	1.0	0.8	1.3	1.2	0.12	0.09	0.16	0.14
Structures	0.6	1.2	4.0	5.3	0.02	0.03	0.10	0.13
Equipment	1.4	1.5	-0.3	-0.4	0.08	0.08	-0.02	-0.02
Intellectual property products	0.7	-0.6	1.9	0.9	0.03	-0.02	0.07	0.03
Residential	3.4	4.0	6.3	5.1	0.09	0.11	0.17	0.15
Change in private inventories .....	.....	.....	.....	.....	-0.02	0.02	-0.02	-0.02
Government consumption expenditures and gross investment	0.3	1.4	0.9	0.2	0.06	0.25	0.17	0.03
Federal	0.2	0.6	2.4	0.9	0.01	0.04	0.18	0.07
National defense	0.4	0.8	2.8	0.9	0.02	0.04	0.13	0.04
Nondefense	-0.2	0.1	1.8	0.9	-0.01	0.00	0.05	0.03
State and local	0.4	1.9	-0.1	-0.3	0.05	0.21	-0.01	-0.04
Addenda:								
Gross domestic purchases:								
Food	0.6	2.5	1.4	0.2	0.04	0.13	0.07	0.01
Energy goods and services	7.1	6.4	-4.5	-12.2	0.25	0.23	-0.16	-0.48
Excluding food and energy	1.2	1.3	1.4	0.9	1.09	1.20	1.29	0.79
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption	0.7	1.8	1.3	0.5	.....	.....	.....	.....
Energy goods and services	7.4	6.6	-3.4	-12.0	.....	.....	.....	.....
Excluding food and energy	1.4	1.3	1.4	0.8	.....	.....	.....	.....
Gross domestic product (GDP)	2.3	1.1	1.3	0.8	.....	.....	.....	.....
Exports of goods and services	0.0	1.5	1.4	-3.2	.....	.....	.....	.....
Imports of goods and services	-5.0	4.1	0.5	-5.0	.....	.....	.....	.....

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 0.3 percent in the second quarter after increasing 1.2 percent in the first quarter. The deceleration primarily reflected a deceleration in consumer prices.

In consumer prices, the deceleration reflected a larger decrease in goods prices and a deceleration in services prices.

Goods prices decreased more than in the first quarter. The larger decrease was mostly accounted for by a larger decrease 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 research and development that was partly offset by a pickup in the prices paid for structures.

Prices paid for residential investment slowed, increasing 5.1 percent after increasing 6.3 percent.

Prices paid by government slowed, primarily reflecting a slowdown in prices paid by the federal government for national defense consumption expenditures after the first-quarter pay raise for military personnel.

Prices paid by state and local governments decreased slightly more than in the first quarter.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, slowed, increasing 0.8 percent after increasing 1.4 percent.

The GDP price index increased 0.8 percent in the second quarter, 0.5 percentage point more than the increase in the price index for gross domestic purchases. Export prices decreased 3.2 percent after increasing 1.4 percent, and import prices decreased 5.0 percent after increasing 0.5 percent.

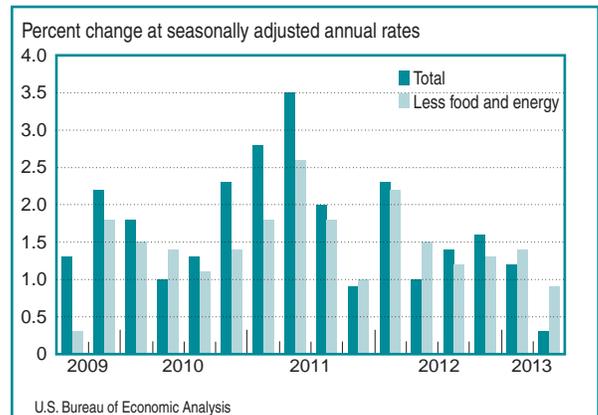
Note on Prices

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
Gross domestic product (GDP) ¹	1.7	2.5	0.8	1.7	2.5	0.8
Personal consumption expenditures	1.8	1.8	0.0	1.22	1.21	-0.01
Goods	3.4	3.2	-0.2	0.79	0.73	-0.06
Durable goods	6.5	6.1	-0.4	0.48	0.45	-0.03
Nondurable goods	2.0	1.8	-0.2	0.31	0.28	-0.03
Services	0.9	1.1	0.2	0.43	0.48	0.05
Gross private domestic investment	9.0	9.9	0.9	1.34	1.48	0.14
Fixed investment	6.3	6.0	-0.3	0.93	0.90	-0.03
Nonresidential	4.6	4.4	-0.2	0.55	0.53	-0.02
Structures	6.8	16.1	9.3	0.17	0.40	0.23
Equipment	4.1	2.9	-1.2	0.23	0.16	-0.07
Intellectual property products	3.8	-0.9	-4.7	0.15	-0.04	-0.19
Residential	13.4	12.9	-0.5	0.38	0.37	-0.01
Change in private inventories .....	.....	.....	.....	0.41	0.59	0.18
Net exports of goods and services .....	.....	.....	.....	-0.81	0.00	0.81
Exports	5.4	8.6	3.2	0.71	1.11	0.40
Goods	5.4	10.1	4.7	0.49	0.90	0.41
Services	5.3	5.2	-0.1	0.22	0.21	-0.01
Imports	9.5	7.0	-2.5	-1.51	-1.11	0.40
Goods	9.8	7.1	-2.7	-1.29	-0.95	0.34
Services	8.2	6.3	-1.9	-0.22	-0.17	0.05
Government consumption expenditures and gross investment	-0.4	-0.9	-0.5	-0.08	-0.18	-0.10
Federal	-1.5	-1.6	-0.1	-0.12	-0.12	0.00
National defense	-0.5	-0.6	-0.1	-0.02	-0.03	-0.01
Nondefense	-3.2	-3.2	0.0	-0.09	-0.09	0.00
State and local	0.3	-0.5	-0.8	0.04	-0.06	-0.10
Addenda:						
Final sales of domestic product	1.3	1.9	0.6	1.26	1.93	0.67
Gross domestic purchases price index	0.3	0.3	0.0	.....	.....	.....
GDP price index	0.7	0.8	0.1	.....	.....	.....

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

The second estimate of the second-quarter increase in real GDP is 0.8 percentage point more than the advance estimate, primarily reflecting an upward revision to exports, a downward revision to imports, and an upward revision to private inventory investment that were partly offset by a downward revision to state and local government spending. The average revision (without regard to sign) between the advance estimate and the second estimate is 0.5 percentage point.

The upward revision to inventory investment primarily reflected an upward revision to retail trade industries, reflecting newly available Census Bureau inventory data for June.

The upward revision to exports was more than accounted for by an upward revision to goods exports.

The downward revision to imports primarily reflected a downward revision to goods imports.

The downward revision to state and local government spending was more than accounted for by a downward revision to investment in structures.

Personal Income for the First Quarter of 2013

With the release of the second estimates of GDP, BEA also releases revised estimates of income-related measures for the previous quarter. This revision incorporates 50-state first-quarter tabulations from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics; for the advance estimate, BEA incorporated tabulations from an 18-state sample.

Wages and salaries decreased \$46.2 billion, an upward revision of \$10.7 billion. Personal current taxes increased \$76.2 billion, an upward revision of \$1.9 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$125.8 billion, an upward revision of \$1.4 billion.

As a result of these revisions,

- Personal income decreased \$147.2 billion, an upward revision of \$9.9 billion.
- Disposable personal income decreased \$223.5 billion, an upward revision of \$8.0 billion.
- Personal saving decreased \$322.1 billion, an upward revision of \$8.0 billion.
- The personal saving rate was 4.1 percent, an upward revision of 0.1 percentage point.

Major Source Data for the Second Estimates

Personal consumption expenditures: retail sales for April, May, and June (revised). Motor vehicle registrations for June (new). Energy Information Administration data for motor vehicle fuels, lubricants, and fluids, and for gas services and retail electricity sales for May and June (revised).

Nonresidential fixed investment: construction spending (value put in place) for April and May (revised) and June (new). Manufacturers' shipments (M3) of machinery and equipment for May and June (revised). Exports and imports for April and May (revised) and June (new).

Residential fixed investment: construction spending for April and May (revised) and June (new).

Change in private inventories: manufacturers' inventories for April, May, and June (revised) and trade inventories for April and May (revised) and June (new).

Exports and imports: international transactions accounts for April and May (revised) and June (new).

Government consumption expenditures and gross investment: state and local construction spending for April and May (revised) and June (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	
	II	III	IV	I	II	III	IV	I	II	
Current production measures:										
Corporate profits	2,098.9	13.9	34.9	-26.6	78.3	0.7	1.7	-1.3	3.9	
Domestic industries	1,686.8	30.7	29.3	-7.0	64.7	2.0	1.8	-0.4	4.0	
Financial	446.0	59.0	-15.6	-4.1	14.3	15.0	-3.5	-0.9	3.3	
Nonfinancial	1,240.7	-28.3	45.0	-3.1	50.4	-2.4	3.9	-0.3	4.2	
Rest of the world	412.1	-16.8	5.6	-19.6	13.6	-3.9	1.4	-4.7	3.4	
Receipts from the rest of the world	657.6	-1.9	16.1	-19.7	0.1	-0.3	2.4	-2.9	0.0	
Less: Payments to the rest of the world	245.5	14.9	10.5	-0.1	-13.5	6.4	4.2	0.0	-5.2	
Less: Taxes on corporate income	418.7	9.4	-5.9	-25.0	10.5	2.2	-1.3	-5.8	2.6	
Equals: Profits after tax	1,680.2	4.5	40.8	-1.7	67.9	0.3	2.6	-0.1	4.2	
Net dividends	1,037.6	7.1	120.9	-103.8	273.8	1.0	16.2	-12.0	35.9	
Undistributed profits from current production	642.6	-2.6	-80.1	102.1	-205.9	-0.3	-9.7	13.7	-24.3	
Net cash flow	2,064.0	11.3	-91.2	140.7	-194.6	0.5	-4.1	6.6	-8.6	
Industry profits:										
Profits with IVA	2,260.0	16.8	34.5	-41.1	80.0	0.8	1.6	-1.8	3.7	
Domestic industries	1,847.9	33.5	29.0	-21.5	66.4	1.9	1.6	-1.2	3.7	
Financial	501.8	59.5	-15.1	-5.2	14.9	13.3	-3.0	-1.0	3.0	
Nonfinancial	1,346.2	-26.0	44.1	-16.3	51.6	-2.0	3.5	-1.2	4.0	
Rest of the world	412.1	-16.8	5.6	-19.6	13.6	-3.9	1.4	-4.7	3.4	
Addenda:										
Profits before tax (without IVA and CCAadj)	2,249.0	48.5	21.0	-36.4	55.9	2.2	1.0	-1.6	2.6	
Profits after tax (without IVA and CCAadj)	1,830.4	39.1	27.0	-11.6	45.6	2.3	1.5	-0.6	2.6	
IVA	11.0	-31.8	13.6	-4.6	24.0	.....	.....	.....	.....
CCAadj	-161.1	-2.8	0.3	14.4	-1.6	.....	.....	.....	.....

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 \$78.3 billion, or 3.9 percent at a quarterly rate, in the second quarter after decreasing \$26.6 billion, or 1.3 percent, in the first quarter.

Domestic profits of financial corporations increased \$14.3 billion, or 3.3 percent, after decreasing \$4.1 billion, or 0.9 percent.

Domestic profits of nonfinancial corporations increased \$50.4 billion, or 4.2 percent, after decreasing \$3.1 billion, or 0.3 percent.

Profits from the rest of the world increased \$13.6 billion, or 3.4 percent, after decreasing \$19.6 billion, or 4.7 percent. In the second quarter, receipts increased \$0.1 billion, and payments decreased \$13.5 billion.

Taxes on corporate income increased \$10.5 billion, or 2.6 percent, after decreasing \$25.0 billion.

Profits after tax increased \$67.9 billion, or 4.2 percent, after decreasing \$1.7 billion.

Net dividends increased \$273.8 billion in the second quarter, or 35.9 percent, after decreasing \$103.8 billion. The large increase primarily reflected dividends paid by Fannie Mae to the federal government.

Undistributed profits decreased \$205.9 billion, after increasing \$102.1 billion.

Net cash flow, a profits-related measure of internal funds available for investment, decreased \$194.6 billion, or 8.6 percent.

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).