

# Technical Note

## Gross Domestic Product (Second Estimate) Corporate Profits (Preliminary Estimate) Second Quarter 2024 August 29, 2024

This technical note provides background information about the source data and methods used to produce the estimates presented in the GDP news release; a summary of "highlights" is available on BEA's website at [www.bea.gov](http://www.bea.gov).

### Real GDP and Related Aggregates

Real GDP increased at an annual rate of 3.0 percent (0.7 percent at a quarterly rate<sup>1</sup>) in the second quarter of 2024, compared with an increase of 1.4 percent (0.4 percent at a quarterly rate) in the first quarter. The increase in real GDP primarily reflected increases in consumer spending, private inventory investment, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

### Sources of Revision to Real GDP

The increase in second-quarter real GDP was revised up 0.2 percentage point from the "advance" estimate, primarily reflecting an upward revision to consumer spending that was partly offset by downward revisions to nonresidential fixed investment, exports, and private inventory investment.

- The revision to consumer spending reflected upward revisions to both services and goods.
  - Within services, the largest contributor to the revision was nonprofit institutions serving households (led by nonprofit hospitals), based primarily on new Census Bureau Quarterly Services Survey (QSS) data.
  - Within goods, the leading contributor was gasoline and other energy goods, based on new Energy Information Administration (EIA) gasoline supply data for May and revised EIA Short-Term Energy Outlook projections for June.
- Within nonresidential fixed investment, the revision reflected downward revisions to intellectual property products and equipment that were partly offset by an upward revision to structures.

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<sup>1</sup> Percent changes in quarterly seasonally adjusted series are displayed at annual rates, unless otherwise specified. For more information, refer to the FAQ [Why does BEA publish percent changes in quarterly series at annual rates?](#).

- For intellectual property products, the downward revision was to software, based on new Census Bureau QSS data and a revised Bureau of Labor Statistics (BLS) Producer Price Index for software publishing, except games.
- Within equipment, the downward revision was to information processing equipment, based on new and revised imports and exports from Census Bureau trade in goods data.
- For structures, the upward revision was based primarily on new June and revised April and May Census Bureau Value-Put-in-Place (VPIP) construction spending data.
- Within exports, both goods and services were revised down, based on updated data from BEA's International Transactions Accounts as well as new and revised Census Bureau trade in goods data.
- Within private inventory investment, the downward revision was led by wholesale trade industries, based primarily on new and updated Census Bureau inventory data.

## Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 2.4 percent in the second quarter, 0.1 percentage point higher than previously estimated. Excluding food and energy, the gross domestic purchases price index increased 2.6 percent, 0.1 percentage point higher than previously estimated.

The price index for personal consumption expenditures (PCE) increased 2.5 percent in the second quarter, a downward revision of 0.1 percentage point from the previous estimate. Excluding food and energy, the "core" PCE price index increased 2.8 percent, also revised down 0.1 percentage point. For a comparison of PCE prices to BLS consumer price indexes, refer to NIPA [Table 9.1U. Reconciliation of Percent Change in the CPI with Percent Change in the PCE Price Index](#).

## Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures output of the economy as the costs incurred and the incomes earned in the production of goods and services, increased 1.3 percent at an annual rate (0.3 percent at a quarterly rate) in the second quarter, the same increase as in the first quarter. The average of real GDP and real GDI increased 2.1 percent at an annual rate (0.5 percent at a quarterly rate) in the second quarter, following an increase of 1.4 percent at an annual rate (0.3 percent at a quarterly rate) in the first quarter.

Current-dollar GDI increased \$259.0 billion in the second quarter led by an increase in compensation, based on employment, hours, and earnings data from the BLS Current Employment Statistics.

Profits from current production increased \$57.6 billion, or 1.7 percent (quarterly rate), in the second quarter. Domestic profits of financial corporations increased \$46.4 billion, domestic profits of nonfinancial corporations increased \$29.2 billion, and rest-of-the-world profits decreased \$18.0 billion.

The BEA profits measure that is conceptually most like S&P 500 profits—national after-tax profits without inventory valuation and capital consumption adjustments (shown in line 11 of table 9 of the GDP news release)—increased \$60.7 billion in the second quarter. Second-quarter national after-tax profits increased 11.2 percent from the same quarter one year ago.

### **Updates to First-Quarter Wages and Salaries**

BEA's standard practice for first-quarter estimates of wages and salaries is to incorporate data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) program as part of the annual update of the National Economic Accounts. New QCEW data for the first quarter of 2024 will be incorporated in next month's release along with the 2024 Annual Update of the National Economic Accounts.

### **Looking Ahead: 2024 Annual Update of the National Economic Accounts**

BEA will release results from the annual update of the National Economic Accounts (NEA), which include the National Income and Product Accounts as well as the Industry Economic Accounts, on September 26, 2024. The update will present revised statistics for GDP, GDP by Industry, and gross domestic income from the first quarter of 2019 through the first quarter of 2024. For details, refer to [Information on 2024 Annual Updates to the National, Industry, and State and Local Economic Accounts](#).

### **More Information**

The complete set of statistics for the second quarter is available on [BEA's website](#), along with a table presenting the "[Key Source Data and Assumptions](#)" that underlie the statistics. The *Survey of Current Business*, BEA's online journal, will present a more detailed analysis of the estimates ("GDP and the Economy").

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