Technical Note

Gross Domestic Product (Second Estimate)
Corporate Profits (Preliminary Estimate)
Third Quarter 2024
November 27, 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.

Real GDP and Related Aggregates

Real GDP increased at an annual rate of 2.8 percent (0.7 percent at a quarterly rate[1]) in the third quarter of 2024, compared with an increase of 3.0 percent (0.7 percent at a quarterly rate) in the second quarter. The increase in real GDP primarily reflected increases in consumer spending, exports, federal government spending, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

Sources of Revision to Real GDP

The increase in third-quarter real GDP was the same as in the “advance” estimate. The updated estimates primarily reflected upward revisions to private inventory investment, nonresidential fixed investment, and state and local government spending as well as downward revisions to exports, consumer spending, and federal government spending. Imports were revised down.

- Within private inventory investment, the upward revision was led by other industries (notably, information), based on new and updated Census Bureau inventory data.

- Within nonresidential fixed investment, the revision reflected an upward revision to intellectual property products led by research and development, based primarily on new third-quarter R&D expense data from publicly traded companies’ financial statements.

- The revision to state and local government spending primarily reflected an upward revision to structures investment, based on new September and revised July and August Census Bureau Value Put in Place construction spending data.

[1] 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 both exports and imports, the revised estimates primarily reflected updated data from BEA's International Transactions Accounts as well as new and revised Census Bureau trade in goods data for September. Within exports, the downward revision was mainly to goods, led by industrial supplies and materials (notably, nondurable goods). Within imports, the leading contributor to the downward revision was capital goods, except automotive.

- The revision to consumer spending primarily reflected a downward revision to spending on goods. The largest contributors were recreational goods and vehicles and clothing and footwear, based on revised August and September Census Bureau Monthly Retail Sales data.

- Within federal government spending, the downward revision was led by defense consumption expenditures, based primarily on Monthly Treasury Statement data.

Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 1.9 percent in the third quarter, 0.1 percentage point higher than previously estimated. Excluding food and energy, the gross domestic purchases price index increased 2.4 percent, also 0.1 percentage point higher than previously estimated.

The price index for personal consumption expenditures (PCE) increased 1.5 percent in the third quarter, the same as previously estimated. Excluding food and energy, the "core" PCE price index increased 2.1 percent, revised down 0.1 percentage point from the previous estimate. For a comparison of PCE prices to Bureau of Labor Statistics (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 2.2 percent at an annual rate (0.6 percent at a quarterly rate) in the third quarter, following an increase of 2.0 percent (revised) in the second quarter. The average of real GDP and real GDI increased 2.5 percent at an annual rate (0.6 percent at a quarterly rate), the same increase as in the second quarter.

Current-dollar GDI increased $292.1 billion in the third quarter led by an increase in compensation, based on employment, hours, and earnings data from the BLS Current Employment Statistics.

Profits from current production decreased $10.2 billion, or 0.3 percent (quarterly rate), in the third quarter. Domestic profits of financial corporations decreased $2.6 billion, domestic profits of nonfinancial corporations increased $30.8 billion, and rest-of-the-world profits decreased $38.3 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 $0.2 billion in the third quarter. Third-quarter national after-tax profits increased 9.6 percent from the same quarter one year ago.

Updates to Second-Quarter Wages and Salaries

In addition to presenting updated estimates for the third quarter, today's release presents revised estimates of second-quarter wages and salaries, personal taxes, and contributions for government social insurance, based on updated data from the BLS Quarterly Census of Employment and Wages program. Private wages and salaries are now estimated to have increased $65.0 billion in the second quarter, a downward revision of $91.8 billion. Personal current taxes are now estimated to have increased $39.8 billion, a downward revision of $15.5 billion. Contributions for government social insurance are now estimated to have increased $7.0 billion, a downward revision of $12.4 billion. With the incorporation of these new data, real GDI is now estimated to have increased 2.0 percent in the second quarter, a downward revision of 1.4 percentage points from the previously published estimate.

Impact of Hurricane Helene on Third Quarter 2024 Estimates

Hurricane Helene made landfall in Florida's Big Bend region on September 26, bringing high wind damage and extensive inland flood damage to Georgia, Tennessee, South Carolina, and North Carolina. The hurricane devastated several towns and resulted in catastrophic infrastructure damage across the Southeastern United States.

This disaster disrupted usual consumer and business activities and prompted emergency services and remediation activities. These responses to this disaster are included, but not separately identified, in the source data that BEA uses to prepare the estimates of GDP; consequently, it is not possible to estimate the overall impact of Hurricane Helene on third-quarter GDP. The destruction of fixed assets, such as residential and nonresidential structures, does not directly affect GDP or personal income. BEA's estimates of disaster losses are presented in NIPA table 5.1, "Saving and Investment." BEA's preliminary estimates show that Hurricane Helene resulted in losses of $39.0 billion in privately owned fixed assets ($156.0 billion at an annual rate) and $2.0 billion in state and local government-owned fixed assets ($8.0 billion at an annual rate).

BEA also estimates the insurance benefits paid and received due to major disasters.[2] These benefits are recorded on an accrual basis in the quarter in which the disaster occurred and are classified as capital transfers; they do not directly affect the measures of GDP, personal income, or saving. BEA's preliminary estimates, presented in NIPA table 5.11U, "Capital Transfers," show domestic insurance companies expect to pay benefits for disaster losses related to Hurricane Helene in the amount of $10.6 billion ($42.3 billion at an annual rate). The federal government's National Flood Insurance Program is expected to pay an additional $5.5 billion ($22.0 billion at an annual rate); Florida Citizens Property Insurance Corporation is expected to pay $1.0 billion ($4.0 billion at an annual rate); and foreign insurance companies are expected to pay $1.6 billion ($6.5 billion at an annual rate).

For additional information, refer to "How are the measures of production and income in the national accounts affected by a disaster?" and "How are the fixed assets accounts (FAAs) and consumption of fixed capital (CFC) impacted by disasters?"

[2] The threshold for determining whether any single event is treated as a major disaster is if either the associated property losses or the insurance payouts exceed 0.1 percent of GDP.

More Information

The complete set of statistics for the third quarter is available on BEA's website, along with a table presenting the "Key Source Data and Assumptions" that underlie the statistics (available at 10 a.m.). 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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