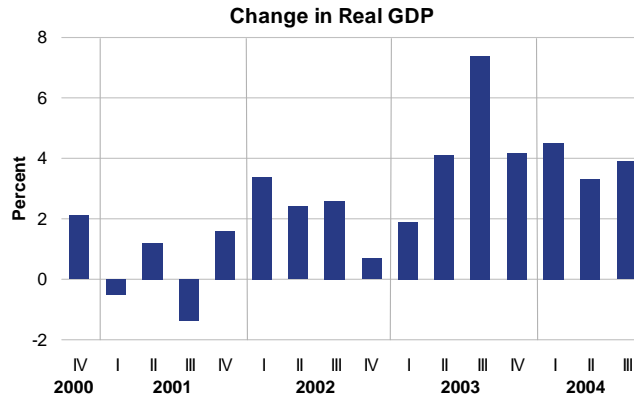




### 3<sup>RD</sup> QUARTER GDP REVISED UP; PROFITS DROP

*"Preliminary" estimates of GDP and Corporate Profits*

Estimates released today by the U.S. Bureau of Economic Analysis show that real GDP grew 3.9 percent (at an *annual* rate) in the third quarter of 2004, 0.2 percentage point more than in the "advance" estimates released a month ago. The Bureau also released its first estimate of profits for the third quarter—a \$27.6 billion decrease that reflected the impact of the August and September hurricanes on insurance company earnings.

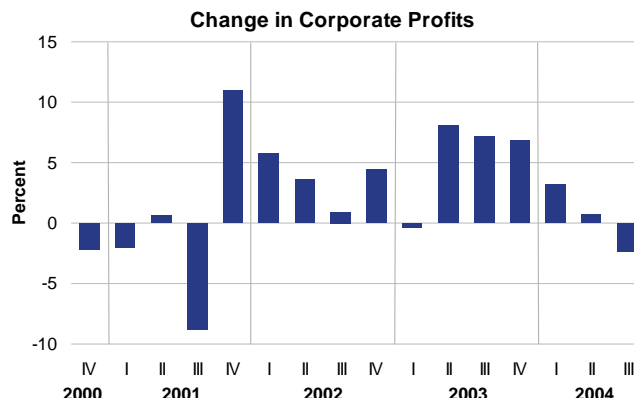


Note: The change in real GDP is measured at seasonally adjusted annual rates.

Gross domestic product (GDP) is the most comprehensive measure of U.S. economic activity. After adjusting for inflation, it grew more in the third quarter than in the second; consumer spending and (to a lesser extent) foreign trade were responsible for the step-up.

Today's revision to GDP growth mainly reflects upward revisions to net exports, consumer spending, and business investment in equipment and software that were partly offset by a downward revision to inventory investment.

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Corporate profits decreased 2.4 percent (at a *quarterly* rate) in the third quarter after increasing 0.7 percent in the second. A sharp drop in the profits of domestic financial corporations (reflecting the hurricane-related losses of insurance companies) was partly offset by increases in the profits of nonfinancial corporations and in profits from the rest of the world. For a brief explanation of how natural disasters affect profits and other incomes, visit BEA's Web site: <<http://www.bea.gov/bea/faq/national/disasters.htm>>.



Note: The change in corporate profits is measured at seasonally adjusted quarterly rates.

BEA's 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 its Web site: <[www.bea.gov](http://www.bea.gov)>.

NOTE: Additional information that becomes available in the coming weeks will be incorporated into revised estimates of third-quarter GDP and corporate profits on December 22, 2004.