

GDP and the Economy

Second Estimates for the Second Quarter of 2015

REAL GROSS domestic product (GDP) increased 3.7 percent at an annual rate in the second quarter of 2015, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The second estimate of real GDP growth was revised up 1.4 percentage points from the advance estimate of 2.3 percent; the upward revision primarily reflected upward revisions to nonresidential fixed investment, to inventory investment, to state and local government spending, and to consumer spending and a downward revision to imports.²

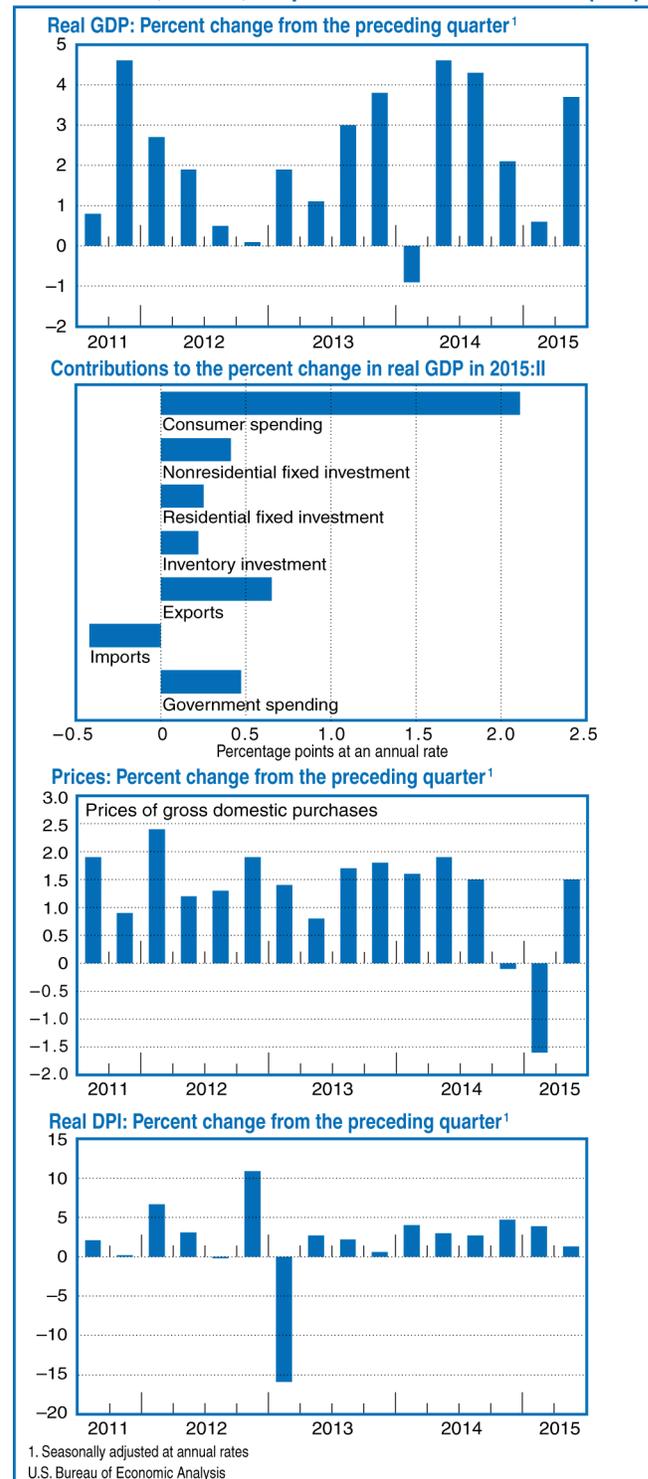
The second-quarter increase in real GDP reflected positive contributions from consumer spending, exports, state and local government spending, nonresidential fixed investment, residential fixed investment, and inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

- Prices of goods and services purchased by U.S. residents increased 1.5 percent in the second quarter, in contrast to a decrease of 1.6 percent in the first quarter. Energy prices turned up in the second quarter, while food prices decreased more in the second quarter than in the first quarter. Excluding food and energy, prices increased 1.2 percent in the second quarter after increasing 0.2 percent (see table 7).
- Real disposable personal income (DPI) increased 1.3 percent in the second quarter after increasing 3.9 percent in the first quarter (revised). Current-dollar DPI increased 3.5 percent after increasing 1.9 percent (revised). (See the box “Revised First-Quarter 2015 Income Estimates” on page 9.) The differences in the movements in real DPI and current-dollar DPI reflected an upturn in the implicit price deflator for consumer spending, which is used to deflate DPI.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.8 percent; in the first quarter, the rate was 5.2 percent (revised).

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 “The Revisions to GDP, GDI, and Their Major Components” in the August 2014 SURVEY OF CURRENT BUSINESS. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were 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)



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)				
		2015		2014		2015	2014		2015		
		II	III	IV	I	II	III	IV	I	II	
Gross domestic product ¹	100.0	4.3	2.1	0.6	3.7	4.3	2.1	0.6	3.7		
Personal consumption expenditures	68.2	3.5	4.3	1.8	3.1	2.34	2.86	1.19	2.11		
Goods	22.2	4.1	4.1	1.1	5.5	0.91	0.91	0.25	1.19		
Durable goods	7.4	7.5	6.1	2.0	8.2	0.54	0.44	0.14	0.59		
Nondurable goods	14.8	2.4	3.2	0.7	4.1	0.37	0.47	0.10	0.60		
Services	46.0	3.1	4.3	2.1	2.0	1.42	1.95	0.94	0.93		
Gross private domestic investment	16.9	7.4	2.1	8.6	5.2	1.22	0.36	1.39	0.88		
Fixed investment	16.1	7.9	2.5	3.3	4.1	1.23	0.39	0.52	0.66		
Nonresidential	12.8	9.0	0.7	1.6	3.2	1.12	0.09	0.20	0.41		
Structures	2.8	-1.9	4.3	-7.4	3.1	-0.05	0.12	-0.22	0.09		
Equipment	5.9	16.4	-4.9	2.3	-0.4	0.92	-0.30	0.14	-0.02		
Intellectual property products	4.1	6.6	6.9	7.4	8.6	0.25	0.27	0.29	0.34		
Residential	3.3	3.4	10.0	10.1	7.8	0.11	0.31	0.32	0.25		
Change in private inventories	0.8	.....	.....	.....	.....	-0.01	-0.03	0.87	0.22
Net exports of goods and services	-2.9	.....	.....	.....	.....	0.39	-0.89	-1.92	0.23
Exports	12.7	1.8	5.4	-6.0	5.2	0.24	0.71	-0.81	0.65		
Goods	8.6	6.0	3.9	-11.7	6.5	0.55	0.36	-1.10	0.55		
Services	4.2	-7.1	8.9	7.3	2.5	-0.31	0.35	0.30	0.10		
Imports	15.6	-0.8	10.3	7.1	2.8	0.15	-1.60	-1.12	-0.42		
Goods	12.8	-0.8	9.9	7.2	2.7	0.13	-1.29	-0.93	-0.34		
Services	2.8	-0.6	11.9	6.7	3.2	0.02	-0.31	-0.18	-0.09		
Government consumption expenditures and gross investment	17.8	1.8	-1.4	-0.1	2.6	0.33	-0.26	-0.01	0.47		
Federal	6.8	3.7	-5.7	1.1	0.0	0.26	-0.41	0.08	0.00		
National defense	4.1	4.5	-10.3	1.0	0.3	0.19	-0.47	0.04	0.01		
Nondefense	2.7	2.5	2.1	1.2	-0.4	0.07	0.06	0.03	-0.01		
State and local	10.9	0.6	1.3	-0.8	4.3	0.07	0.15	-0.09	0.46		
Addenda:											
Gross domestic income (GDI) ² .....	.....	5.1	2.9	0.4	0.6	.....	.....	.....	.....
Average of GDP and GDI .....	.....	4.7	2.5	0.5	2.1	.....	.....	.....	.....
Final sales of domestic product	99.2	4.3	2.1	-0.2	3.5	4.28	2.10	-0.23	3.47		
Goods	30.6	9.1	-0.2	-1.8	6.7	2.74	-0.06	-0.57	2.01		
Services	61.7	2.4	2.7	2.1	1.5	1.49	1.63	1.28	0.91		
Structures	7.7	0.6	6.8	-0.9	10.4	0.05	0.50	-0.07	0.77		
Motor vehicle output	3.0	19.8	-11.3	1.4	13.4	0.53	-0.35	0.04	0.37		
GDP excluding motor vehicle output	97.0	3.8	2.5	0.6	3.4	3.75	2.42	0.60	3.32		
Final sales of computers	0.4	4.3	-26.7	29.8	39.8	0.02	-0.12	0.10	0.13		
GDP excluding final sales of computers	99.6	4.3	2.2	0.5	3.6	4.26	2.19	0.55	3.56		
Research and development (R&D)	2.6	1.9	5.5	5.2	9.5	0.05	0.14	0.13	0.24		
GDP excluding R&D	97.4	4.3	2.0	0.5	3.5	4.23	1.93	0.51	3.45		

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.

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 picked up in the second quarter. The pickup reflected an upturn in exports, a pickup in consumer spending, a slowdown in imports, an upturn in state and local government spending, and a pickup in non-residential fixed investment that were partly offset by slowdowns in inventory investment, in federal government spending, and in residential fixed investment.

The pickup in consumer spending primarily reflected a pickup in spending for goods.

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

The slowdown in residential fixed investment reflected slowdowns in single-family structures and "other" structures.

The slowdown in inventory investment reflected a slowdown in investment in nonfarm industries and a downturn in farm inventory investment.

The upturn in exports reflected an upturn in goods exports that was partly offset by a slowdown in services exports.

The slowdown in imports reflected slowdowns in both goods and services imports.

The slowdown in federal government spending reflected a slowdown in defense spending and a downturn in nondefense spending.

The upturn in state and local government spending primarily reflected an upturn in investment in structures.

Real gross domestic income, which measures the value of the costs incurred and the incomes earned in the production of goods and services in the nation's economy, increased 0.6 percent after increasing 0.4 percent (revised).

The average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 2.1 percent after increasing 0.5 percent.

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)			
	2015		2014		2015		2014		2015	
	II	III	IV	I	II	III	IV	I	II	
PCE ¹	100.0	3.5	4.3	1.8	3.1	3.5	4.3	1.8	3.1	
Goods	32.6	4.1	4.1	1.1	5.5	1.35	1.36	0.37	1.74	
Durable goods	10.9	7.5	6.1	2.0	8.2	0.80	0.66	0.21	0.86	
Motor vehicles and parts	3.8	7.5	4.6	-3.5	10.5	0.27	0.17	-0.13	0.38	
Furnishings and durable household equipment	3.0	6.0	6.1	5.2	4.5	0.14	0.15	0.12	0.11	
Recreational goods and vehicles	3.0	12.9	8.7	6.3	8.3	0.37	0.25	0.18	0.24	
Other durable goods	1.6	0.7	5.2	2.2	8.3	0.01	0.08	0.04	0.13	
Nondurable goods	21.7	2.4	3.2	0.7	4.1	0.55	0.71	0.15	0.88	
Food and beverages purchased for off-premises consumption....	7.3	-0.7	-0.7	-0.8	2.6	-0.05	-0.05	-0.06	0.19	
Clothing and footwear	3.1	2.7	7.4	-1.1	6.2	0.08	0.23	-0.03	0.19	
Gasoline and other energy goods	2.6	0.3	8.5	5.9	-0.1	0.01	0.27	0.16	0.00	
Other nondurable goods	8.7	6.0	3.1	1.0	5.9	0.50	0.27	0.09	0.50	
Services	67.4	3.1	4.3	2.1	2.0	2.11	2.91	1.38	1.37	
Household consumption expenditures	64.8	3.1	4.7	2.5	2.2	1.98	2.99	1.60	1.40	
Housing and utilities	18.0	-1.1	1.8	3.5	-0.9	-0.19	0.32	0.63	-0.17	
Health care	16.7	5.2	7.3	4.6	2.4	0.83	1.17	0.76	0.41	
Transportation services	3.0	7.2	6.4	3.3	3.1	0.21	0.19	0.10	0.10	
Recreation services	3.8	5.0	5.7	-2.0	1.6	0.19	0.22	-0.08	0.06	
Food services and accommodations	6.6	4.1	6.2	2.7	7.4	0.26	0.39	0.17	0.48	
Financial services and insurance	7.5	3.2	1.0	0.0	2.5	0.24	0.09	0.00	0.19	
Other services	9.0	4.9	6.8	0.1	3.8	0.44	0.60	0.01	0.34	
Final consumption expenditures of NPISHs ²	2.7	4.6	-3.1	-7.6	-1.4	0.13	-0.08	-0.21	-0.04	
Gross output of NPISHs ³	10.9	3.8	5.4	0.7	1.5	0.41	0.58	0.07	0.16	
Less: Receipts from sales of goods and services by NPISHs ⁴	8.2	3.6	8.5	3.6	2.5	0.29	0.66	0.29	0.20	

NPISHs Nonprofit institutions serving households
 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.

Consumer spending accelerated in the second quarter, reflecting an acceleration in spending for goods; services increased at about the same rate in the second quarter as in the first quarter.

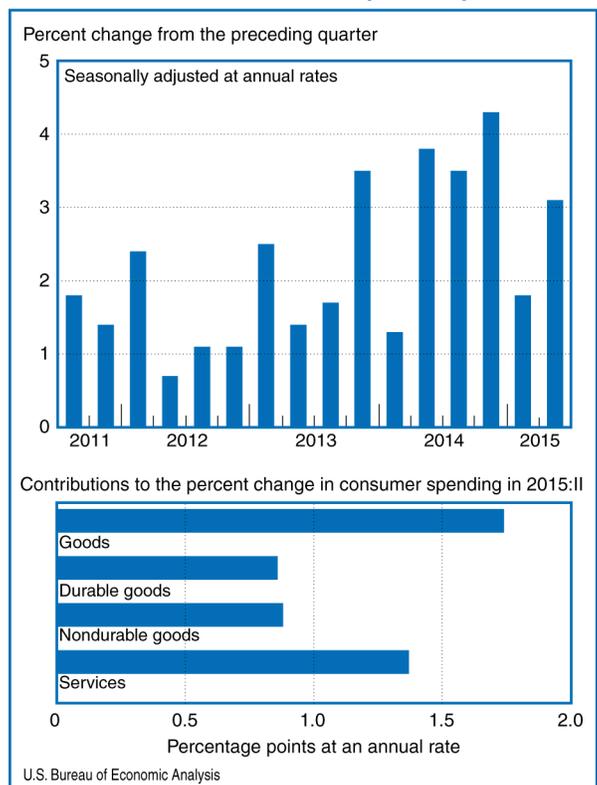
The pickup in spending for goods reflected pickups in spending for both nondurable and for durable goods.

The largest contributor to the pickup in spending for durable goods was an upturn in spending for motor vehicles and parts (mainly new motor vehicles).

The pickup in spending for nondurable goods primarily reflected a pickup in spending for “other” nondurable goods (largely pharmaceutical and other medical products and tobacco).

Within services, a downturn in housing and utilities (specifically electricity and gas) and a slowdown in health care were mostly offset by pickups in “other” services (mainly communication services and net foreign travel), in food services and accommodations, and in financial services and insurance.

Chart 2. Real Personal Consumption Expenditures



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)			
		2014		2015		2014		2015	
		II	III	IV	I	II	III	IV	I	II
Private fixed investment¹.....	100.0	7.9	2.5	3.3	4.1	7.9	2.5	3.3	4.1
Nonresidential.....	79.3	9.0	0.7	1.6	3.2	7.20	0.56	1.29	2.54
Structures.....	17.3	-1.9	4.3	-7.4	3.1	-0.29	0.76	-1.36	0.56
Commercial and health care	5.1	22.6	29.8	-4.9	24.1	0.94	1.24	-0.24	1.08
Manufacturing.....	3.0	39.8	57.5	94.8	60.5	0.67	0.97	1.63	1.34
Power and communication	3.3	-42.2	-48.0	15.3	41.1	-2.08	-2.13	0.43	1.11
Mining exploration, shafts, and wells.....	3.1	0.2	1.4	-44.5	-68.3	0.01	0.07	-2.75	-4.15
Other structures ²	2.9	6.4	25.1	-14.8	53.6	0.17	0.60	-0.43	1.20
Equipment.....	36.8	16.4	-4.9	2.3	-0.4	5.89	-1.86	0.87	-0.11
Information processing equipment.....	10.8	-7.4	19.6	-3.9	-5.2	-0.82	1.98	-0.44	-0.58
Computers and peripheral equipment.....	2.7	3.6	-3.7	-20.3	25.6	0.11	-0.11	-0.62	0.61
Other ³	8.0	-10.9	29.0	2.1	-13.5	-0.93	2.08	0.18	-1.19
Industrial equipment.....	8.2	8.5	-5.1	-1.5	22.0	0.69	-0.42	-0.11	1.60
Transportation equipment.....	10.0	43.7	-8.2	11.5	-5.4	3.65	-0.86	1.11	-0.55
Other equipment ⁴	7.8	31.5	-26.5	3.9	-7.1	2.37	-2.56	0.31	-0.58
Intellectual property products.....	25.3	6.6	6.9	7.4	8.6	1.61	1.66	1.78	2.10
Software ⁵	11.4	10.0	5.6	9.1	8.2	1.09	0.61	0.99	0.90
Research and development ⁶	11.1	4.1	8.8	6.9	12.2	0.44	0.91	0.73	1.28
Entertainment, literary, and artistic originals.....	2.8	2.6	4.9	2.2	-2.8	0.07	0.13	0.06	-0.08
Residential.....	20.7	3.4	10.0	10.1	7.8	0.68	1.90	1.97	1.56
Structures.....	20.4	3.4	10.0	10.2	7.8	0.68	1.88	1.95	1.54
Permanent site.....	9.1	2.8	25.6	8.9	6.4	0.24	1.98	0.77	0.57
Single family.....	7.3	-2.0	25.2	8.8	1.8	-0.14	1.59	0.62	0.13
Multifamily.....	1.7	27.9	27.5	9.8	29.0	0.38	0.39	0.15	0.44
Other structures ⁷	11.3	3.9	-0.9	11.2	9.0	0.44	-0.10	1.18	0.97
Equipment.....	0.3	2.4	8.0	5.8	4.3	0.01	0.03	0.02	0.01

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 picked up in the second quarter, reflecting a pickup in nonresidential fixed investment that was partly offset by a slowdown in residential fixed investment.

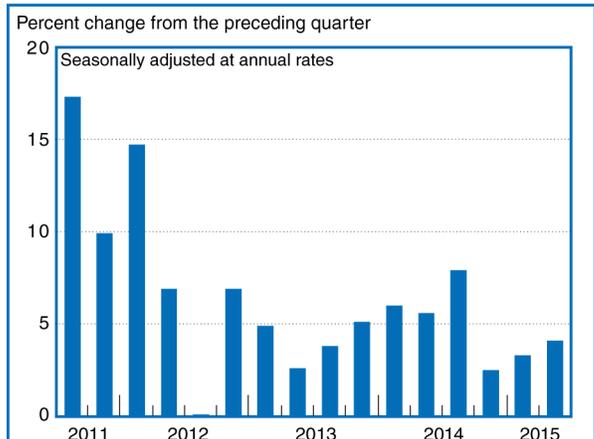
The upturn in structures primarily reflected upturns in "other" structures and in commercial and health care structures that were partly offset by a larger decrease in mining exploration, shafts, and wells, the largest decrease since the second quarter of 1986.

The downturn in equipment primarily reflected downturns in transportation equipment (most notably light trucks) and in "other" equipment (mainly construction machinery) that were partly offset by an upturn in industrial equipment (specifically, special industry machinery).

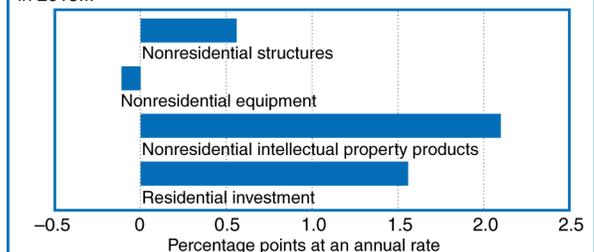
The pickup in investment on intellectual property products was more than accounted for by a pickup in research and development investment.

The slowdown in residential fixed investment primarily reflected slowdowns in single-family structures and in "other" structures. Within "other" structures, a slowdown in improvements was partly offset by a pickup in brokers' commissions and other ownership transfer costs.

Chart 3. Real Private Fixed Investment



Contributions to the percent change in real private fixed investment in 2015:II



U.S. Bureau of Economic Analysis

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				
	2014			2015		2014			2015	
	II	III	IV	I	II	III	IV	I	II	
Change in private inventories¹	77.1	79.9	78.2	112.8	121.1	2.8	-1.7	34.6	8.3	
Farm.....	3.6	5.8	4.2	7.0	4.3	2.2	-1.6	2.8	-2.6	
Mining, utilities, and construction....	6.3	7.5	5.6	5.4	9.8	1.3	-1.9	-0.2	4.4	
Manufacturing.....	28.4	7.5	10.1	20.6	32.6	-21.0	2.7	10.4	12.0	
Durable-goods industries.....	19.1	19.6	23.8	19.1	17.5	0.5	4.1	-4.7	-1.6	
Nondurable-goods industries.....	9.4	-10.3	-12.0	1.9	15.1	-19.7	-1.7	14.0	13.2	
Wholesale trade.....	22.1	32.0	37.4	48.7	44.3	9.8	5.4	11.2	-4.3	
Durable-goods industries.....	21.3	29.2	12.4	29.8	17.1	7.9	-16.8	17.4	-12.7	
Nondurable-goods industries.....	2.1	4.3	23.9	19.2	26.7	2.2	19.6	-4.7	7.4	
Retail trade.....	8.5	16.9	12.6	21.0	30.3	8.4	-4.3	8.3	9.3	
Motor vehicle and parts dealers.....	10.6	11.1	3.7	4.5	12.3	0.5	-7.4	0.8	7.8	
Food and beverage stores.....	0.0	1.3	1.0	2.8	-0.3	1.3	-0.3	1.8	-3.1	
General merchandise stores.....	-4.3	1.7	-0.9	0.3	8.5	6.0	-2.6	1.2	8.3	
Other retail stores.....	2.4	2.9	8.9	13.3	9.9	0.5	6.0	4.4	-3.4	
Other industries.....	8.5	10.4	8.9	11.2	1.7	2.0	-1.6	2.3	-9.5	
Residual ²	-2.0	-3.8	-1.3	-1.8	-1.6	-1.8	2.5	-0.5	0.2	
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales	2.33	2.32	2.32	2.35	2.36	.....	.....	.....	.....
Nonfarm inventories to final sales	2.15	2.14	2.14	2.18	2.19	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.82	3.79	3.81	3.90	3.89	.....	.....	.....	.....

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 \$8.3 billion in the second quarter after increasing \$34.6 billion in the first quarter. The slowdown primarily reflected downturns in wholesale trade industries and in “other” industries that were partly offset by an upturn in construction, mining, and utilities industries and a pickup in manufacturing industries.

Farm inventory investment decreased \$2.6 billion after increasing \$2.8 billion; the downturn reflected the pattern of change in livestock inventories.

Within construction, mining, and utilities, the pickup primarily reflected an upturn in inventory investment in utilities industries.

The pickup in manufacturing industries reflected a smaller decrease in durable-goods industries that was partly offset by a slowdown in nondurable-goods industries.

Wholesale trade decreased \$4.3 billion in the second quarter after increasing \$11.2 billion in the first quarter; durable-goods industries turned down, while nondurable-goods industries turned up.

The downturn in “other” industries was widespread; the largest contributors was transportation and warehousing industries.

Inventory Investment

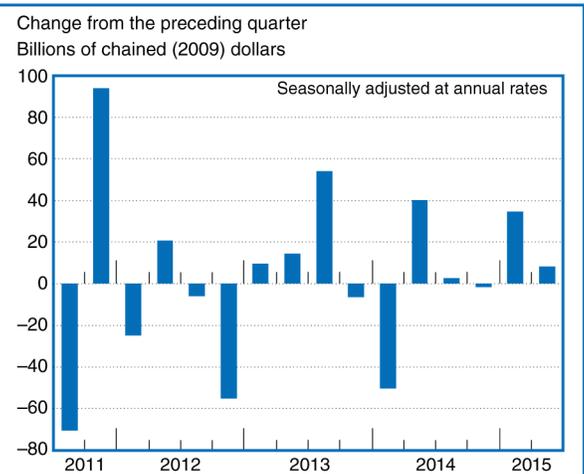
The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which measures 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.

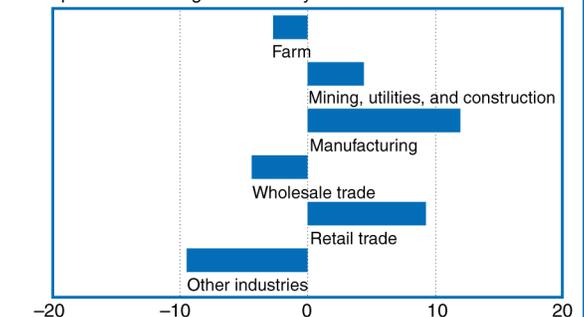
Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

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.

Chart 4. Real Private Inventory Investment



Composition of change in inventory investment in 2015:II



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)				
		2014		2015			2014		2015		
		II	III	IV	I	II	III	IV	I	II	
Exports of goods and services ¹	100.0	1.8	5.4	-6.0	5.2	1.8	5.4	-6.0	5.2		
Exports of goods ²	67.3	6.0	3.9	-11.7	6.5	4.03	2.78	-8.26	4.34		
Foods, feeds, and beverages	5.7	-2.4	42.7	-20.4	15.4	-0.14	2.19	-1.32	0.84		
Industrial supplies and materials	19.4	8.9	-1.9	-6.6	6.5	1.85	-0.38	-1.32	1.24		
Capital goods, except automotive	23.9	5.5	1.6	-13.4	3.6	1.27	0.39	-3.40	0.86		
Automotive vehicles, engines, and parts	6.6	17.6	-12.1	-29.1	10.4	1.13	-0.90	-2.27	0.66		
Consumer goods, except food and automotive	8.5	-0.7	4.7	8.8	-12.0	-0.07	0.40	0.74	-1.11		
Other	3.2	-0.3	45.0	-21.5	83.0	-0.01	1.08	-0.69	1.84		
Exports of services ²	32.7	-7.1	8.9	7.3	2.5	-2.26	2.66	2.27	0.82		
Imports of goods and services ¹	100.0	-0.8	10.3	7.1	2.8	-0.8	10.3	7.1	2.8		
Imports of goods ²	82.1	-0.8	9.9	7.2	2.7	-0.69	8.28	5.97	2.20		
Foods, feeds, and beverages	4.7	-6.1	-3.1	12.0	10.7	-0.27	-0.11	0.53	0.48		
Industrial supplies and materials	17.6	-3.9	14.6	2.4	-7.5	-0.96	3.21	0.53	-1.42		
Capital goods, except automotive	21.8	6.7	4.4	1.5	2.2	1.36	0.98	0.36	0.48		
Automotive vehicles, engines, and parts	12.6	5.2	3.2	4.5	23.4	0.59	0.39	0.54	2.59		
Consumer goods, except food and automotive	21.3	-3.3	14.7	14.5	4.0	-0.63	2.81	2.84	0.83		
Other	4.1	-18.6	28.8	32.4	-16.5	-0.78	1.01	1.18	-0.76		
Imports of services ²	17.9	-0.6	11.9	6.7	3.2	-0.10	1.98	1.16	0.57		
Addenda:											
Exports of agricultural goods ³	6.2	6.6	1.1	-10.8	4.9	.....	.....	.....	.....
Exports of nonagricultural goods	61.2	0.6	8.7	7.6	3.4	.....	.....	.....	.....
Imports of nonpetroleum goods	74.9	0.0	0.0	0.0	0.0	.....	.....	.....	.....

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 goods exports that was partly offset by a slowdown in services exports.

The upturn in goods exports was widespread; the largest contributor was nonautomotive capital goods. A notable offset was a downturn in nonfood, nonautomotive consumer goods.

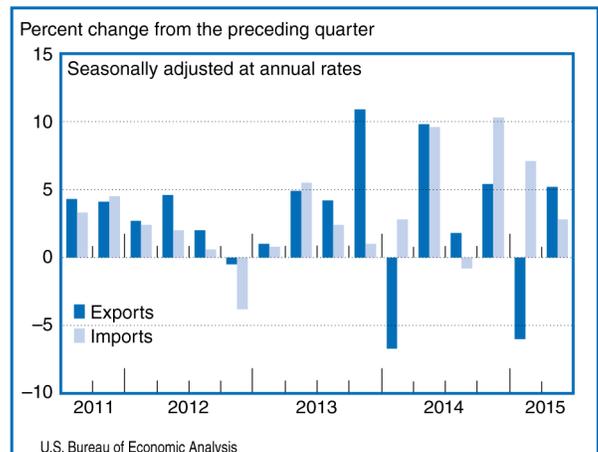
The leading contributor to the slowdown in exports of services was a slowdown in travel.

Imports of goods and services slowed in the second quarter, reflecting slowdowns in imports of both goods and services.

The slowdown in goods imports primarily reflected a slowdown in nonfood, nonautomotive consumer goods and downturns in industrial supplies and materials and in "other" imported goods that were partly offset by a pickup in automotive vehicles, engines, and parts.

The slowdown in services imports primarily reflected a downturn in transport services that was partly offset by a pickup in travel.

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)			
	2015		2014		2015		2014		2015	
	II	III	IV	I	II	III	IV	I	II	
Government consumption expenditures and gross investment¹	100.0	1.8	-1.4	-0.1	2.6	1.8	-1.4	-0.1	2.6	
Consumption expenditures.....	80.7	2.4	-2.4	1.6	-0.3	1.93	-1.94	1.27	-0.20	
Gross investment.....	19.3	-0.6	2.7	-6.8	15.8	-0.12	0.51	-1.34	2.82	
Federal	38.4	3.7	-5.7	1.1	0.0	1.42	-2.25	0.42	0.03	
National defense	23.3	4.5	-10.3	1.0	0.3	1.05	-2.57	0.24	0.08	
Consumption expenditures.....	18.7	6.7	-11.8	4.1	-0.9	1.25	-2.38	0.75	-0.16	
Gross investment.....	4.6	-4.3	-4.1	-10.5	5.5	-0.20	-0.19	-0.51	0.25	
Nondefense	15.1	2.5	2.1	1.2	-0.4	0.37	0.32	0.18	-0.06	
Consumption expenditures.....	11.4	3.3	0.8	1.8	-1.7	0.37	0.10	0.21	-0.20	
Gross investment.....	3.7	-0.2	6.3	-0.6	3.7	-0.01	0.22	-0.02	0.14	
State and local	61.6	0.6	1.3	-0.8	4.3	0.39	0.82	-0.48	2.60	
Consumption expenditures.....	50.6	0.6	0.7	0.6	0.3	0.30	0.34	0.32	0.16	
Gross investment.....	11.0	0.9	4.7	-7.3	25.2	0.09	0.48	-0.80	2.44	

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 turned up in the second quarter, reflecting an upturn in state and local government spending that was partly offset by a slowdown in federal government spending.

The slowdown in federal government spending reflected a slowdown in federal defense spending (primarily intermediate services purchased) and a downturn in nondefense spending.

The upturn in state and local government spending primarily reflected an upturn in investment in structures.

Government Spending

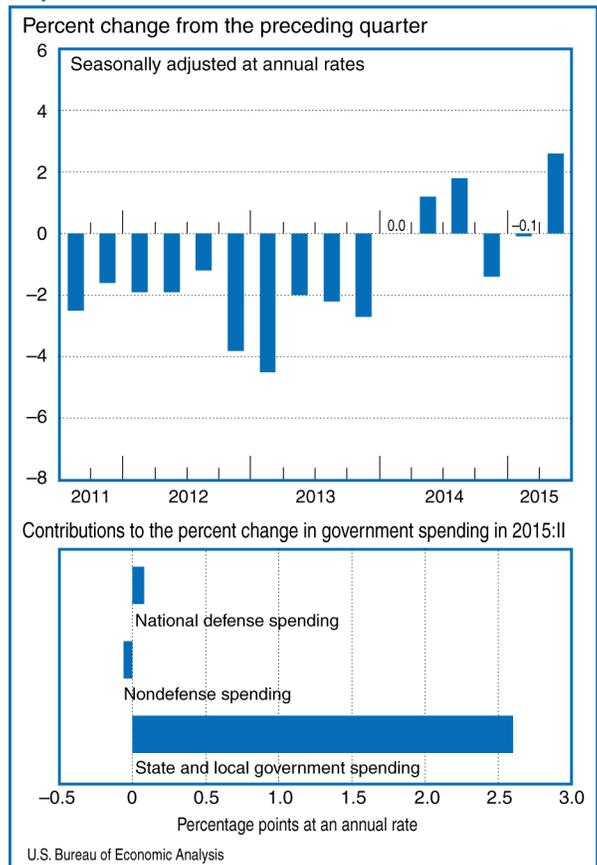
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

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.

Chart 6. Real Government Consumption Expenditures and Gross Investment



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)			
	2014		2015		2014		2015	
	III	IV	I	II	III	IV	I	II
Gross domestic purchases¹	1.5	-0.1	-1.6	1.5	1.5	-0.1	-1.6	1.5
Personal consumption expenditures	1.2	-0.4	-1.9	2.2	0.80	-0.29	-1.27	1.44
Goods.....	-0.4	-4.6	-8.7	2.5	-0.08	-1.05	-1.96	0.53
Durable goods.....	-2.3	-3.3	-2.4	-0.2	-0.16	-0.24	-0.18	-0.01
Nondurable goods.....	0.6	-5.3	-11.6	3.8	0.09	-0.80	-1.79	0.54
Services.....	2.0	1.7	1.6	2.0	0.87	0.76	0.69	0.91
Gross private domestic investment	2.2	1.8	-0.4	-1.0	0.36	0.29	-0.06	-0.17
Fixed investment.....	2.4	1.4	-0.4	-1.0	0.37	0.21	-0.07	-0.16
Nonresidential.....	1.2	0.6	-0.4	-1.1	0.16	0.07	-0.05	-0.14
Structures.....	1.7	1.0	-2.3	-2.5	0.05	0.03	-0.07	-0.07
Equipment.....	0.9	1.1	1.0	-0.1	0.05	0.06	0.06	-0.01
Intellectual property products.....	1.4	-0.5	-1.1	-1.5	0.06	-0.02	-0.04	-0.06
Residential.....	7.1	4.6	-0.4	-0.8	0.21	0.14	-0.01	-0.03
Change in private inventories.....	.....	.....	.....	.....	-0.01	0.08	0.01	-0.01
Government consumption expenditures and gross investment	2.2	-0.4	-1.6	1.2	0.38	-0.08	-0.27	0.20
Federal.....	1.7	-0.2	0.1	0.8	0.12	-0.01	0.01	0.05
National defense.....	1.5	-0.5	-0.6	0.3	0.06	-0.02	-0.02	0.01
Nondefense.....	2.0	0.3	1.1	1.6	0.05	0.01	0.03	0.04
State and local.....	2.5	-0.6	-2.6	1.4	0.26	-0.07	-0.28	0.15
Addenda:								
Gross domestic purchases:								
Food.....	2.6	2.0	-0.6	-1.2	0.14	0.10	-0.03	-0.06
Energy goods and services.....	-4.2	-23.3	-43.9	15.2	-0.15	-0.87	-1.78	0.42
Excluding food and energy.....	1.7	0.8	0.2	1.2	1.55	0.70	0.21	1.11
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption.....	3.0	2.3	-0.2	-1.1	.....	.....	.....	.....
Energy goods and services.....	-4.2	-24.9	-44.5	15.2	.....	.....	.....	.....
Excluding food and energy.....	1.4	1.0	1.0	1.8	.....	.....	.....	.....
Gross domestic product (GDP).....	1.6	0.1	0.1	2.1	.....	.....	.....	.....
Exports of goods and services.....	-1.0	-6.9	-9.4	-1.0	.....	.....	.....	.....
Imports of goods and services.....	-0.9	-6.8	-17.2	-4.2	.....	.....	.....	.....

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 1.5 percent in the second quarter after decreasing 1.6 percent in the first quarter. The upturn primarily reflected an upturn in the prices paid for consumer spending.

Within consumer spending, prices paid for goods turned up, and prices paid for services picked up.

The upturn in goods prices was mostly accounted for by an upturn in the prices paid for nondurable goods, specifically, a sharp upturn in the prices paid for gasoline and other energy goods.

The pickup in prices paid for services primarily reflected an upturn in health care prices.

Prices paid for nonresidential fixed investment turned down more in the second quarter than in the first quarter, primarily reflecting a downturn in the prices paid for equipment.

Prices paid for residential investment decreased more in the second quarter than in the first quarter, decreasing 0.8 percent after decreasing 0.4 percent.

Prices paid by government turned up, primarily reflecting an upturn in prices paid by state and local governments (mainly for petroleum products).

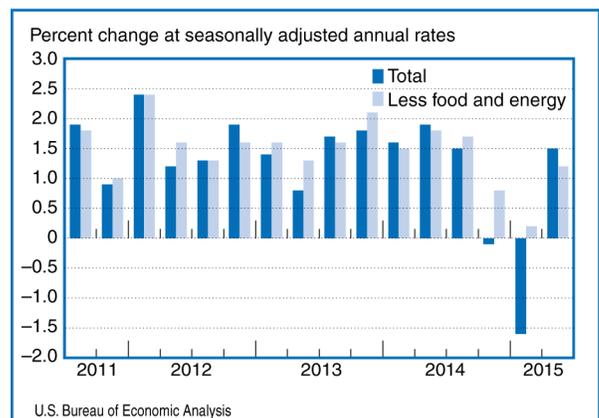
Consumer prices excluding food and energy, a measure of the "core" rate of inflation, picked up, increasing 1.8 percent after increasing 1.0 percent.

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 2015
 [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	2.3	3.7	1.4	2.3	3.7	1.4
Personal consumption expenditures	2.9	3.1	0.2	1.99	2.11	0.12
Goods	4.8	5.5	0.7	1.04	1.19	0.15
Durable goods	7.3	8.2	0.9	0.53	0.59	0.06
Nondurable goods	3.6	4.1	0.5	0.52	0.60	0.08
Services	2.1	2.0	-0.1	0.95	0.93	-0.02
Gross private domestic investment	0.3	5.2	4.9	0.06	0.88	0.82
Fixed investment	0.8	4.1	3.3	0.14	0.66	0.52
Nonresidential	-0.6	3.2	3.8	-0.07	0.41	0.48
Structures	-1.6	3.1	4.7	-0.04	0.09	0.13
Equipment	-4.1	-0.4	3.7	-0.25	-0.02	0.23
Intellectual property products	5.5	8.6	3.1	0.22	0.34	0.12
Residential	6.6	7.8	1.2	0.21	0.25	0.04
Change in private inventories				-0.08	0.22	0.30
Net exports of goods and services				0.13	0.23	0.10
Exports	5.3	5.2	-0.1	0.67	0.65	-0.02
Goods	6.8	6.5	-0.3	0.57	0.55	-0.02
Services	2.5	2.5	0.0	0.10	0.10	0.00
Imports	3.5	2.8	-0.7	-0.54	-0.42	0.12
Goods	3.7	2.7	-1.0	-0.47	-0.34	0.13
Services	2.5	3.2	0.7	-0.07	-0.09	-0.02
Government consumption expenditures and gross investment	0.8	2.6	1.8	0.14	0.47	0.33
Federal	-1.1	0.0	1.1	-0.08	0.00	0.08
National defense	-1.5	0.3	1.8	-0.06	0.01	0.07
Nondefense	-0.5	-0.4	0.1	-0.01	-0.01	0.00
State and local	2.0	4.3	2.3	0.21	0.46	0.25
Addenda:						
Final sales of domestic product	2.4	3.5	1.1	2.40	3.47	1.07
Gross domestic purchases price index	1.4	1.5	0.1			
GDP price index	2.0	2.1	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 1.4 percentage points more than the advance estimate, primarily reflecting upward revisions to all three components of nonresidential fixed investment, to inventory investment, to state and local government spending, and to consumer spending and a downward revision to imports. The average revision (without regard to sign) between the advance estimate and the second estimate is 0.5 percentage point.

The upward revision to consumer spending was more than accounted for by spending for goods.

The largest contributor to the upward revision to nonresidential fixed investment was investment in equipment, which primarily reflected upward revisions to information processing equipment.

The upward revision to structures primarily reflected upward revisions to “other” structures and to commercial and health care structures.

The upward revision to intellectual property products was primarily to research and development.

The upward revision to inventory investment was more than accounted for by nonfarm inventory investment, specifically retail trade industries.

The downward revision to imports was more than accounted for by a downward revision to imports of goods.

The upward revision to state and local government spending was primarily accounted for by an upward revision to investment in structures.

Major Source Data for the Second Estimates

Consumer spending: retail sales for April through June (revised). Motor vehicle registrations data for June (new). Data for gasoline, electricity, and natural gas sales and unit value data for April (revised) and May (new).

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

Residential fixed investment: construction spending (value put in place) data for April and May (revised) and June (new).

Inventory investment: manufacturers’ inventories of durable goods for April through June (revised). Manufacturers’ inventories of nondurable goods and trade inventories for April and May (revised) and June (new).

Exports and imports: trade in goods for April through June (revised); trade in services for April and May (revised) and June (new).

Government spending: state and local construction spending for April and May (revised) and June (new).

Revised First-Quarter 2015 Income Estimates

With the release of the second estimate of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. The revision reflected the incorporation of first-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$49.8 billion, an upward revision of \$5.6 billion. Personal current taxes increased \$61.2 billion, an upward revision of \$1.0 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$8.6 billion, an upward revision of \$0.8 billion.

- As a result of these revisions,
- Personal income increased \$124.2 billion, an upward revision of \$5.3 billion.
 - Disposable personal income increased \$62.9 billion, an upward revision of \$4.2 billion.
 - Personal saving increased \$73.2 billion, an upward revision of \$4.2 billion.

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						
	2015		2014		2015	2014		2015	
	II	III	IV	I	II	III	IV	I	II
Current production measures:									
Corporate profits	2,060.0	90.5	-25.5	-123.0	47.5	4.4	-1.2	-5.8	2.4
Domestic industries.....	1,669.3	72.1	-21.1	-93.9	50.4	4.3	-1.2	-5.5	3.1
Financial	394.3	4.4	-22.6	-23.4	33.9	1.1	-5.6	-6.1	9.4
Nonfinancial.....	1,274.9	67.7	1.5	-70.5	16.5	5.4	0.1	-5.3	1.3
Rest of the world	390.8	18.5	-4.4	-29.0	-2.9	4.5	-1.0	-6.9	-0.7
Receipts from the rest of the world	656.1	16.1	-13.5	-40.0	6.0	2.3	-1.9	-5.8	0.9
Less: Payments to the rest of the world	265.3	-2.4	-9.1	-11.0	8.9	-0.8	-3.3	-4.1	3.5
Less: Taxes on corporate income.....	546.1	-9.0	-6.1	5.5	28.3	-1.7	-1.2	1.1	5.5
Equals: Profits after tax.....	1,513.9	99.6	-19.5	-128.4	19.2	6.5	-1.2	-7.9	1.3
Net dividends	879.5	-3.5	18.6	6.3	1.0	-0.4	2.2	0.7	0.1
Undistributed profits from current production	634.4	103.1	-38.1	-134.7	18.2	15.0	-4.8	-17.9	2.9
Net cash flow	2,141.1	76.7	18.7	-135.5	28.0	3.6	0.8	-6.0	1.3
Industry profits:									
Profits with IVA	2,390.9	91.4	-28.7	85.2	39.5	4.1	-1.3	3.8	1.7
Domestic industries.....	2,000.2	72.9	-24.3	114.2	42.3	4.1	-1.3	6.2	2.2
Financial	455.4	5.6	-22.4	-3.1	33.6	1.3	-5.0	-0.7	8.0
Nonfinancial.....	1,544.7	67.3	-2.0	117.3	8.8	5.0	-0.1	8.3	0.6
Rest of the world	390.8	18.5	-4.4	-29.0	-2.9	4.5	-1.0	-6.9	-0.7
Addenda:									
Profits before tax (without IVA and CCAdj).....	2,369.9	51.9	-66.7	39.5	117.6	2.3	-2.9	1.8	5.2
Profits after tax (without IVA and CCAdj).....	1,823.7	60.9	-60.7	34.0	89.3	3.6	-3.4	2.0	5.1
IVA.....	21.1	39.5	38.0	45.7	-78.1				
CCAdj.....	-330.9	-0.8	3.2	-208.1	8.0				

NOTE: Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.
IVA Inventory valuation adjustment CCAdj Capital consumption adjustment

Profits from current production (corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)) increased \$47.5 billion, or 2.4 percent at a quarterly rate, in the second quarter after decreasing \$123.0 billion, or 5.8 percent, in the first quarter.

Profits of domestic financial corporations increased \$33.9 billion, or 9.4 percent, after decreasing \$23.4 billion, or 6.1 percent.

Profits of domestic nonfinancial corporations increased \$16.5 billion, or 1.3 percent, after decreasing \$70.5 billion, or 5.3 percent.

Profits from the rest of the world decreased \$2.9 billion, or 0.7 percent, after decreasing \$29.0 billion, or 6.9 percent. In the second quarter, receipts increased \$6.0 billion, and payments increased \$8.9 billion.

Taxes on corporate income increased \$28.3 billion, or 5.5 percent, after increasing \$5.5 billion, or 1.1 percent.

Profits after tax with IVA and CCAdj increased \$19.2 billion, or 1.3 percent, after decreasing \$128.4 billion, or 7.9 percent.

Net dividends increased \$1.0 billion in the second quarter after increasing \$6.3 billion.

Undistributed profits increased \$18.2 billion, after decreasing \$134.7 billion.

Net cash flow from current production, a profits-related measure of internal funds available for investment, increased \$28.0 billion.

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 (CCAdj). CCAdj 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).