

Technical Note

Gross Domestic Product (Third Estimate), Corporate Profits (Revised Estimate), and GDP by Industry, First Quarter 2024

June 27, 2024

This technical note provides background information about the source data and estimating 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 1.4 percent (0.4 percent at a quarterly rate) in the first quarter of 2024, compared with an increase of 3.4 percent (0.8 percent at a quarterly rate) in the fourth quarter of 2023. The increase in real GDP primarily reflected increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

Sources of Revision to Real GDP

The increase in first-quarter real GDP was revised up 0.1 percentage point from the "second" estimate released last month. The upward revision primarily reflected a downward revision to imports and upward revisions to nonresidential fixed investment and government spending. These revisions were partly offset by a downward revision to consumer spending.

- For imports, the revised estimates primarily reflected revised Census Bureau trade in goods data as well as results from the annual update of BEA's International Transactions Accounts (ITAs), which were incorporated on a best-change basis.
 - The revision to goods was led by other goods as well as durable consumer goods, except food and automotive.
 - The revision to services primarily reflected an upward revision to travel that was partly offset by a downward revision to transport.
- The revision to nonresidential fixed investment primarily reflected upward revisions to structures and equipment.

- For structures, the revision was led by manufacturing, based primarily on revised Census Bureau Value of Construction Put in Place (VPIP) data for February and March.
- The revision to equipment was led by transportation equipment (notably, railroad equipment), based primarily on updated data from BEA's ITAs as well as new and revised Census Bureau trade in goods data.
- Within consumer spending, both services and goods were revised down.
 - For services, the revision primarily reflected downward revisions to other services (led by international travel), based on revised data from BEA's ITAs, and transportation services (led by motor vehicle maintenance and repair), based on new first-quarter data from the Census Bureau Quarterly Services Survey.
 - For goods, the downward revision was led by gasoline and other energy goods, based on new Energy Information Administration data for March.

Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 3.1 percent in the first quarter, revised up 0.1 percentage point from the previous estimate. Excluding food and energy, the gross domestic purchases price index increased 3.3 percent, also revised up 0.1 percentage point.

The price index for personal consumption expenditures (PCE) increased 3.4 percent in the first quarter, revised up 0.1 percentage point from the previous estimate. The "core" PCE price index (PCE excluding food and energy) increased 3.7 percent, also revised up 0.1 percentage point. For a comparison of PCE prices to BLS consumer price indexes, refer to National Income and Product Accounts (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 (as measured by GDP), increased 1.3 percent at an annual rate (0.3 percent at a quarterly rate) in the first quarter, revised down 0.2 percentage points from the previous estimate. The average of real GDP and real GDI increased 1.4 percent (0.3 percent at a quarterly rate), the same as previously estimated.

Current-dollar GDI increased \$299.4 billion in the first quarter, a downward revision of \$11.6 billion from the previously published estimate. The downward revision was led by corporate profits.

Profits from current production decreased \$47.1 billion, or 1.4 percent (quarterly rate), in the first quarter, a downward revision of \$26.0 billion from the previous estimate. Domestic profits of financial corporations increased \$65.0 billion, a downward revision of \$8.7 billion. Domestic profits of

nonfinancial corporations decreased \$114.5 billion, a downward revision of \$0.3 billion. Rest-of-the-world profits increased \$2.3 billion, a downward revision of \$17.0 billion.

Estimates of corporate profits were reduced by several settlements that were finalized in the first quarter. Settlements are recorded in the NIPAs on an accrual basis in the quarter when the settlement is finalized, regardless of when they are recorded on a company's financial statement. In the first quarter:

- Manufacturer 3M and chemical makers Chemours, DuPont de Nemours, and Corteva reached settlements with U.S. local governments in the amount of \$10.3 billion (\$41.2 billion at an annual rate) and \$1.2 billion (\$4.7 billion at an annual rate), respectively, over contaminated water claims.
- Diesel engine manufacturer Cummins agreed to pay \$1.7 billion (\$6.7 billion at an annual rate) in penalties for alleged violations of the Clean Air Act and California law.

The estimate of GDI was not impacted because these settlements were recorded in the NIPAs as business current transfer payments to government, which offset the reduction to corporate profits.

The BEA profit 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 \$71.9 billion in the first quarter. First-quarter national after-tax profits increased 10.0 percent from the same quarter one year ago.

Real GDP by Industry

Today's release includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP (shown in table 12 of the news release). Private goods-producing industries decreased 1.1 percent (0.3 percent at a quarterly rate), private services-producing industries increased 1.9 percent (0.5 percent at a quarterly rate), and government increased 2.3 percent (0.6 percent at a quarterly rate).

Overall, 15 of 22 industry groups contributed to the first-quarter increase in real GDP. Within private goods-producing industries, the leading contributors to the decrease were durable goods manufacturing (led by primary metals) and nondurable goods manufacturing (led by petroleum and coal products). These decreases were partly offset by an increase in construction. Within private services-producing industries, the leading contributors to the increase were retail trade (led by motor vehicle and parts dealers), finance and insurance (led by Federal Reserve banks, credit intermediation, and related activities), and health care and social assistance (led by ambulatory health care services). The increase in government reflected increases in state and local as well as federal.

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 NIPAs as well as the Industry Economic Accounts, on September 26, 2024. The update will present revised statistics for GDP, GDP by Industry, and GDI 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 first 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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