

Technical Note

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

September 26, 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 the Bureau of Economic Analysis (BEA) website at www.bea.gov.

Today's release presents results from the annual update of the National Economic Accounts (NEAs), which includes the National Income and Product Accounts (NIPAs) as well as the Industry Economic Accounts. Refer to "[Information on 2024 Annual Updates to the National, Industry, and State and Local Economic Accounts](#)" for details.

Real GDP and Related Aggregates

Real GDP increased at an annual rate of 3.0 percent (0.7 percent at a quarterly rate¹) in the second quarter of 2024, compared with an increase of 1.6 percent (0.4 percent at a quarterly rate) in the first quarter (revised). 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

With the third estimate, the increase in second-quarter real GDP was the same as previously published in the "second" estimate released last month, primarily reflecting upward revisions to private inventory investment and federal government spending that were partly offset by downward revisions to nonresidential fixed investment and exports. Imports were revised up.

- Within private inventory investment, the upward revision was to both farm and nonfarm inventories.
 - The revision to farm primarily reflected new September 2024 U.S. Department of Agriculture Economic Research Service Farm Income Forecast 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?](#)

- Within nonfarm, the revision was led by retail trade based on an upward revision to the inventory valuation adjustment, reflecting updated price data from the Bureau of Labor Statistics (BLS) as well as new and revised Census Bureau inventory data.
- Within nonresidential fixed investment, the revision primarily reflected a downward revision to intellectual property products, notably research and development, based on new and revised Census Bureau Quarterly Services Survey data and updated data on R&D expenses from publicly traded companies.
- For both exports and imports, the revised estimates primarily reflected updated data from BEA's International Transactions Accounts.

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, the same as previously estimated. Excluding food and energy, the gross domestic purchases price index increased 2.6 percent, also the same as previously estimated.

The price index for personal consumption expenditures (PCE) increased 2.5 percent in the second quarter, the same as previously estimated. Excluding food and energy, the "core" PCE price index increased 2.8 percent, also the same as previously estimated. 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 3.4 percent at an annual rate (0.8 percent at a quarterly rate) in the second quarter, an upward revision of 2.1 percentage points. The average of real GDP and real GDI increased 3.2 percent at an annual rate (0.8 percent at a quarterly rate), an upward revision of 1.1 percentage points.

Current-dollar GDI increased \$420.9 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 \$132.5 billion, or 3.6 percent (quarterly rate), in the second quarter. Domestic profits of financial corporations increased \$42.5 billion, domestic profits of nonfinancial corporations increased \$108.8 billion, and rest-of-the-world profits decreased \$18.8 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 \$98.1 billion in the second quarter. Second-quarter national after-tax profits increased 14.2 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). In the second quarter, private goods-producing industries increased 6.9 percent (1.7 percent at a quarterly rate), private services-producing industries increased 2.4 percent (0.6 percent at a quarterly rate), and government increased 0.8 percent (0.2 percent at a quarterly rate).

Overall, 16 of 22 industry groups contributed to the second-quarter increase in real GDP. Within private goods-producing industries, the leading contributors to the increase were nondurable goods manufacturing (led by petroleum and coal products) and durable goods manufacturing (led by motor vehicles, bodies and trailers, and parts). Within private services-producing industries, the leading contributors to the increase were finance and insurance (led by Federal Reserve banks, credit intermediation, and related activities), health care and social assistance (led by ambulatory health care services), as well as real estate and rental and leasing. The increase in government reflected increases in state and local government as well as federal government.

Annual Update of the National Economic Accounts

Today's release presents results from the annual update of the National Economic Accounts, which include the National Income and Product Accounts and the Industry Economic Accounts. The update includes revised estimates for the first quarter of 2019 through the first quarter of 2024 and resulted in revisions to GDP, GDP by industry, GDI, and their major components. The reference year remains 2017.

With today's release, most data are available through [BEA's Interactive Data application](#) on the BEA website (www.bea.gov). Refer to "[Information on 2024 Annual Updates to the National, Industry, and State and Local Economic Accounts](#)" for the complete table release schedule and a summary of results through 2023, which includes information on methodology changes. A table showing the major current dollar revisions and their sources for each component of GDP, national income, and personal income is also provided. An article describing the update in more detail will be forthcoming in the [Survey of Current Business](#).

The updated estimates show that real GDP increased at an average annual rate of 2.3 percent from 2018 to 2023, 0.2 percentage point higher than the previously published estimate. Over the same period, real GDI increased at an average annual rate of 2.2 percent, 0.4 percentage point higher than previously published. The average of real GDP and real GDI over the same period was 2.3 percent, 0.4 percentage point higher than previously published.

For the period of economic expansion from the second quarter of 2009 through the fourth quarter of 2019, real GDP increased at an annual rate of 2.5 percent, revised up 0.1 percentage point from the previously published estimates. For the period of economic contraction from the fourth quarter of 2019 through the second quarter of 2020, real GDP decreased at an annual rate of 17.5 percent, the same as previously estimated. For the period of economic expansion from the second quarter of 2020 through

the first quarter of 2024, real GDP increased at an annual rate of 5.2 percent, 0.3 percentage point higher than previously estimated.

Previously published estimates, which are superseded by today's release, are found in [BEA's archives](#).

Updates for the First Quarter of 2024

For the first quarter of 2024, real GDP is now estimated to have increased 1.6 percent, an upward revision of 0.2 percentage point from the previously published estimate, primarily reflecting an upward revision to consumer spending that was partly offset by downward revisions to private inventory investment and residential fixed investment.

Real GDI is now estimated to have increased 3.0 percent in the first quarter; in the previously published estimates, first-quarter GDI was estimated to have increased 1.3 percent. The leading contributor to the upward revision was compensation, based primarily on new first-quarter BLS Quarterly Census of Employment and Wages data.

The average of real GDP and real GDI increased 2.3 percent in the first quarter; in the previously published estimates, the average of GDP and GDI was estimated to have increased 1.4 percent.

In terms of industry contributions to GDP, today's release now shows that private goods-producing industries decreased 2.6 percent in the first quarter, a downward revision of 1.5 percentage points; private services-producing industries increased 2.6 percent, an upward revision of 0.7 percentage point; and government increased 1.9 percent, a downward revision of 0.4 percentage point.

More Information

The complete set of statistics 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").

David B. Wasshausen
Associate Director, National Economic Accounts
Bureau of Economic Analysis
(301) 278-9752