

Technical Note

Gross Domestic Product Second Quarter of 2019 (Third Estimate)

September 26, 2019

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the second quarter is available on BEA's Web site at www.bea.gov; a brief summary of "highlights" is also posted on the Web site. BEA's source data and assumptions for the "third" estimate are shown in a "[Key Source Data and Assumptions](#)" table on the BEA Web site. In a few weeks, the *Survey of Current Business*, BEA's online monthly journal, will publish a more detailed analysis of the estimates ("GDP and the Economy").

Sources of Revision to Real GDP

Real GDP increased 2.0 percent (annual rate) in the second quarter of 2019, the same as in the "second" estimate. The estimate reflected downward revisions to consumer spending and nonresidential investment that were primarily offset by upward revisions to state and local government spending and exports, and a downward revision to imports.

- The downward revision to consumer spending reflected downward revisions to goods and services. The largest contributor to the revision in goods was food and beverages purchased for off-premises consumption based on Census Bureau Monthly Retail Sales Report data. The largest contributor to the revision in services was "other services," notably personal care and clothing services, based on updated second-quarter Census Quarterly Services Report data.
- The downward revision to nonresidential investment was primarily to structures, notably manufacturing structures. The revisions primarily reflected updated Census construction spending data.
- The upward revision to state and local government spending was to structures reflecting updated Census construction spending data.
- The revisions to exports and imports reflected updated statistics from BEA's International Transactions Accounts (ITAs).

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 3.3 percent in the second quarter, a downward revision of 0.2 percentage point.

Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 2.2 percent in the second quarter, the same as in the second estimate.

The price index for personal consumption expenditures (PCE) increased 2.4 percent, an upward revision of 0.1 percentage point from the second estimate. Excluding food and energy prices, the PCE price index increased 1.9 percent, an upward revision of 0.2 percentage point.

Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures output of the economy as the incomes earned and costs incurred in the production of goods and services (as measured by GDP), increased 1.8 percent in the second quarter, a downward revision of 0.3 percentage point from the previous estimate. The downward revision to real GDI primarily reflected a downward revision to corporate profits.

Profits from current production increased \$75.8 billion, or 1.3 percent (quarterly rate), in the second quarter, a downward revision of \$29.9 billion. Domestic profits of financial corporations increased \$2.5 billion, domestic profits of nonfinancial corporations increased \$34.7 billion, and rest-of-the-world profits increased \$38.7 billion.

- Within corporate profits, rest-of-the-world profits were revised down reflecting updated data from the ITAs. Domestic industries' profits were also revised down primarily reflecting updated Census Quarterly Financial Report data.

BEA's profits measure that is conceptually most similar to S&P 500 profits—national after-tax profits without inventory valuation and capital consumption adjustments—increased \$59.7 billion in the second quarter, a downward revision of \$26.3 billion. Second-quarter national after-tax profits (shown in line 11 of table 9 of the GDP news release) increased 0.3 percent from the same quarter one year ago.

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