

## GDP INCREASES IN FIRST QUARTER

### “Third” estimate of GDP

Real gross domestic product (GDP) increased 1.1 percent in the first quarter of 2016, according to the “third” estimate released by the Bureau of Economic Analysis. The growth rate was 0.3 percentage point higher than the “second” estimate released last month. In the fourth quarter of 2015, real GDP increased 1.4 percent.

#### GDP highlights

The first-quarter increase in real GDP mainly reflected an increase in consumer spending on services. Spending on household services increased, notably on health care and on housing and utilities. Consumer spending on nondurable goods also increased. However, consumer spending on durable goods declined, notably on motor vehicles and parts.

In addition, housing investment, state and local government expenditures, and exports each increased.

These positive contributions to GDP growth were partially offset by the following:

- Business investment in equipment and in structures decreased.
- Farm and nonfarm private inventory investment declined.
- Federal government spending declined, notably on national defense spending.

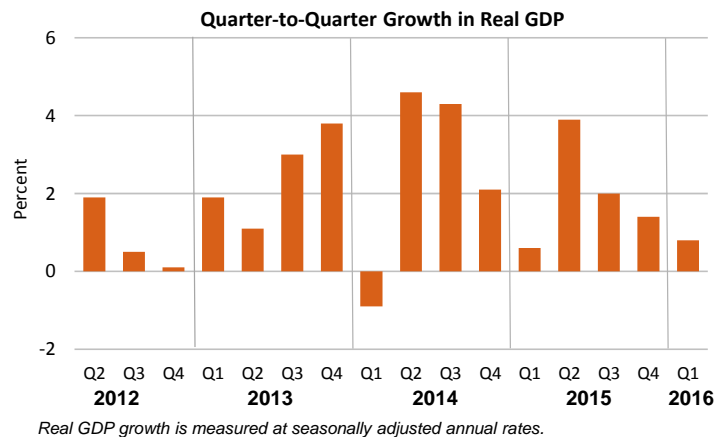
#### Revisions

The upward revision to real GDP growth reflected upward revisions to exports and to business investment, which were partly offset by a downward revision to consumer spending. [More information.](#)

#### Corporate profits

Corporate profits increased 1.8 percent at a quarterly rate in the first quarter of 2016 after decreasing 7.8 percent in the fourth quarter of 2015.

- Profits of domestic nonfinancial corporations increased 6.4 percent after decreasing 10.2 percent.
- Profits of domestic financial corporations decreased 3.0 percent after decreasing 6.0 percent.
- Profits from the rest of the world decreased 7.2 percent after decreasing 1.7 percent.



Over the last 4 quarters, corporate profits decreased 4.3 percent.