

GDP INCREASES IN SECOND QUARTER

“Third” estimate of GDP

Real gross domestic product (GDP) increased 1.4 percent in the second 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 in August. In the first quarter, real GDP rose 0.8 percent.

Second-quarter GDP highlights

The increase in real GDP was more than accounted for by an increase in consumer spending. Spending on nondurable goods increased, notably on food and beverage grocery items. Spending on durable goods increased, notably on recreational goods and vehicles. And spending on services increased, notably on health care and on housing and utilities.

The increase in consumer spending was partly offset by a decline in inventory investment.

GDP less inventory investment (real final sales of domestic product) increased 2.6 percent in the second quarter, compared with 1.2 percent in the first quarter. Also partly offsetting contributions to real GDP growth in the second quarter, housing investment declined, as did state and local government spending.

GDP update

The upward revision to GDP growth mainly reflected upward revisions to business investment, private inventory investment, and exports. With the revision, business investment increased in the second quarter; in the “second” estimate, business investment decreased. For more information, see the [technical note](#).

Corporate profits

Profits decreased 0.6 percent at a quarterly rate in the second quarter of 2016 after increasing 3.4 percent in the first quarter.

- Profits of domestic nonfinancial corporations decreased 4.6 percent after increasing 7.4 percent.
- Profits of domestic financial corporations increased 1.3 percent after increasing 1.9 percent.
- Profits from the rest of the world increased 10.3 percent after decreasing 6.8 percent.

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

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and regional economic data—are available at www.bea.gov. [E-mail](#) alerts are also available. The “advance” estimate of GDP for the third quarter of 2016 will be released on October 28, 2016.

