

GDP GREW 3.3 PERCENT IN SECOND QUARTER; PROFITS ROSE

“Preliminary” Estimates of GDP

The economy grew at an annual rate of 3.3 percent in the second quarter, compared with 3.8 percent in the first quarter, according to the U.S. Bureau of Economic Analysis. The second-quarter growth rate was revised down 0.1 percentage point from the “advance” estimates released in July. BEA also released its first estimate of second-quarter corporate profits, which increased 17.7 percent from the same quarter a year ago.

Gross Domestic Product (GDP)

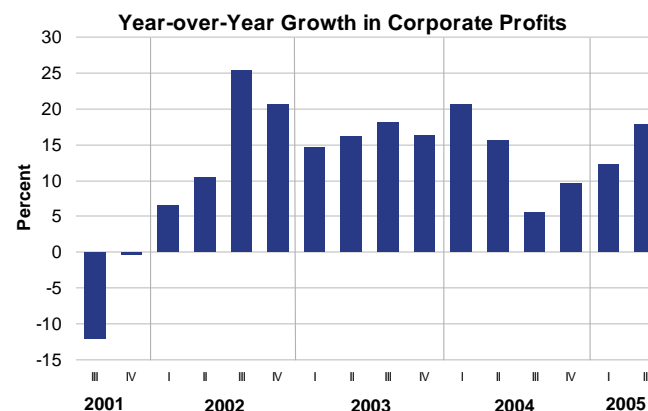
Consumer spending, business investment, and exports were the largest contributors to the 3.3-percent second-quarter increase. The slower second-quarter GDP growth rate resulted primarily from a downturn in business inventory investment.



Real GDP growth is measured at seasonally adjusted annual rates.

Corporate Profits

The 17.7-percent increase in second-quarter profits reflected a rise in profits of nonfinancial domestic corporations. Profits have accelerated for three consecutive quarters, following a slowdown in the third quarter of 2004.



Corporate profits growth is measured as the percent change from the same quarter one year ago.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a “final” estimate of second-quarter GDP—and a revised estimate of corporate profits—on September 29, 2005.