

GDP DECLINES 0.5 PERCENT IN THIRD QUARTER

Corporate Profits Lower

Real gross domestic product (GDP) fell 0.5 percent in the third quarter, compared with a 2.8 percent increase in the second quarter, according to the “preliminary” estimates from the Bureau of Economic Analysis. The third-quarter growth rate was revised down 0.2 percentage point from the “advance” estimate.

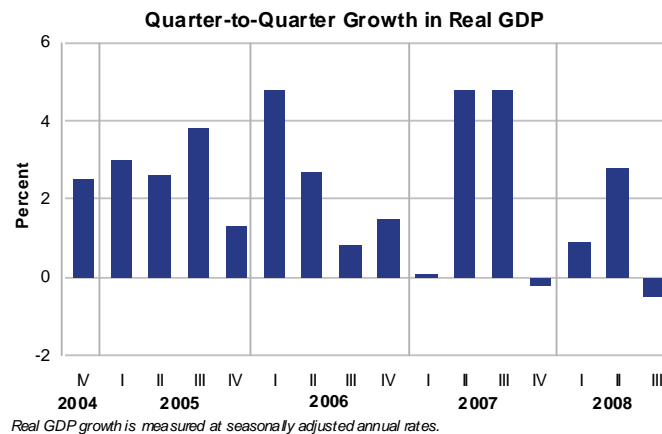
Gross Domestic Product (GDP)

The downturn in real GDP reflected a broad contraction in consumer spending, notably in food, clothing, and household items. Exports slowed. Housing continued to decline.

In contrast, businesses drew down inventories at a slower rate than in the second quarter, and defense spending accelerated.

Revision

The downward revision to third-quarter GDP growth stemmed from newly available data showing a larger decline in consumer spending and a larger deceleration in exports.



Corporate Profits

Third-quarter corporate profits fell 0.9 percent from the second quarter, the fifth quarter in which profits declined. Nonfinancial corporate profits increased 6.1 percent, but financial corporate profits fell 16.4 percent.



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. [E-mail](#) alerts are also available.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a “final” estimate of third-quarter GDP on December 23, 2008. A revised estimate of corporate profits will also be released.