

GDP INCREASES IN FOURTH QUARTER

“Third” estimate of GDP

Real gross domestic product (GDP) increased 2.1 percent in the fourth quarter of 2019, according to the “third” estimate released by the Bureau of Economic Analysis. The growth rate is the same as in the “second” estimate released in February. In the third quarter, real GDP also increased 2.1 percent.

Fourth-quarter GDP highlights

The fourth-quarter increase in real GDP reflected increases in consumer spending, government spending, exports, and housing investment, which were partially offset by decreases in inventory investment and business investment. Imports, a subtraction in the calculation of GDP, decreased.

The increase in consumer spending reflected increases in goods (led by motor vehicles and parts) and services (led by health care). The increase in government spending reflected increases in both federal as well as state and local government.

The decrease in inventory investment reflected a decrease in retail trade inventories (led by motor vehicle dealers). The decrease in business investment reflected decreases in equipment (led by industrial equipment) and structures (led by mining exploration, shafts, and wells).

Updates to GDP

The unrevised GDP growth rate primarily reflected an upward revision to consumer spending that was largely offset by downward revisions to federal government spending and business investment.

Corporate profits from current production

Profits increased 2.6 percent at a quarterly rate in the fourth quarter after decreasing 0.2 percent in the third quarter. Corporate profits increased 2.2 percent in the fourth quarter from one year ago.

- Profits of **domestic nonfinancial corporations** increased 4.8 percent after decreasing 0.5 percent.
- Profits of **domestic financial corporations** increased 0.2 percent after decreasing 1.1 percent.
- Profits from the **rest of the world** decreased 0.3 percent after increasing 1.0 percent.

