GDP and the Economy

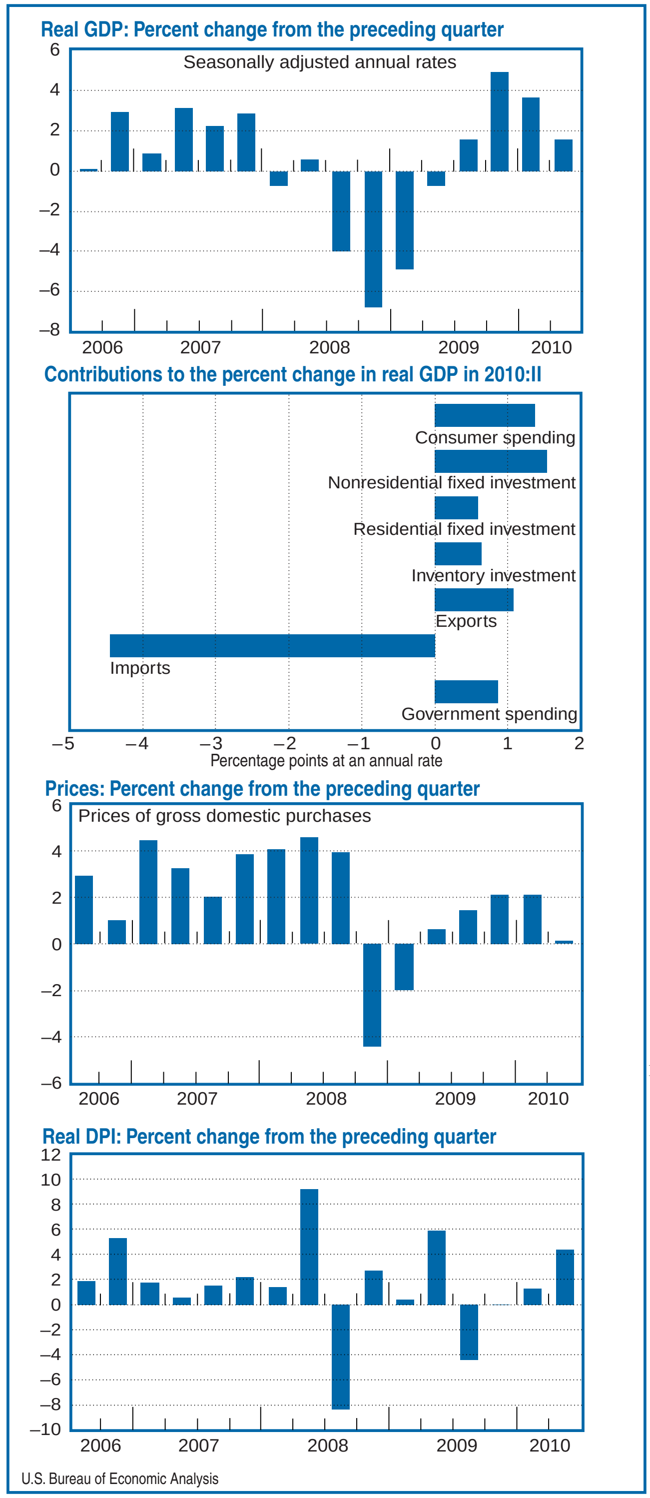
Second Estimates for the Second Quarter of 2010

REAL GROSS domestic product (GDP) increased at an annual rate of 1.6 percent in the second quarter of 2010, according to the "second" estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).[1] The "second" estimate of real GDP growth was revised down 0.8 percentage point from the "advance" estimate, reflecting an upward revision to imports, downward revisions to inventory investment and to exports, and an upward revision to consumer spending (see page 9). In the first quarter of 2010, real GDP increased 3.7 percent.

The deceleration in real GDP in the second quarter primarily reflected a sharp acceleration in imports and a sharp deceleration in inventory investment. In contrast, residential fixed investment turned up, nonresidential fixed investment accelerated, state and local government spending turned up, and federal government spending accelerated.[2]

- Prices of goods and services purchased by U.S. residents increased 0.1 percent in the second quarter, unrevised from the advance estimate, after increasing 2.1 percent in the first quarter (see page 8). Energy prices turned down in the second quarter, and food prices decelerated slightly. Excluding food and energy, gross domestic purchases prices increased 0.8 percent after increasing 1.6 percent.
- Real disposable personal income (DPI) increased 4.4 percent, unrevised from the advance estimate, after increasing 1.3 percent (revised). The acceleration resulted from an unchanged PCE implicit price deflator, a pickup in current-dollar personal income, and a deceleration in personal current taxes.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 6.1 percent in the second quarter; in the first quarter, it was 5.5 percent.

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



1. "Real" estimates are in chained (2005) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data. More information can be found at www.bea.gov/about/infoqual.htm and www.bea.gov/faq/national/gdp_accuracy.htm. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

2. In this article, "consumer spending" refers to "personal consumption expenditures," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."

Christopher Swann prepared this article.

Real GDP Overview

Table 1. Real Gross Domestic Product and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Gross domestic product [1]	**100.0**	**1.6**	**5.0**	**3.7**	**1.6**	**1.6**	**5.0**	**3.7**	**1.6**
Personal consumption expenditures	**70.5**	**2.0**	**0.9**	**1.9**	**2.0**	**1.41**	**0.69**	**1.33**	**1.38**
Goods	23.2	7.2	1.7	5.7	3.6	1.62	0.42	1.29	0.82
Durable goods	7.4	20.1	–1.1	8.8	6.9	1.35	–0.07	0.62	0.49
Nondurable goods	15.8	1.7	3.1	4.2	2.1	0.27	0.49	0.67	0.33
Services	47.4	–0.5	0.5	0.1	1.2	–0.21	0.27	0.03	0.56
Gross private domestic investment	**12.6**	**11.8**	**26.7**	**29.1**	**25.0**	**1.22**	**2.70**	**3.04**	**2.75**
Fixed investment	12.1	0.7	–1.3	3.3	19.5	0.12	–0.12	0.39	2.12
Nonresidential	9.6	–1.7	–1.4	7.8	17.6	–0.13	–0.10	0.71	1.54
Structures	2.6	–12.4	–29.2	–17.8	0.4	–0.41	–1.01	–0.53	0.01
Equipment and software	7.0	4.2	14.6	20.4	24.9	0.28	0.91	1.24	1.53
Residential	2.5	10.6	–0.8	–12.3	27.2	0.25	–0.02	–0.32	0.58
Change in private inventories	**0.5**	....	....	....	....	1.10	2.83	2.64	0.63
Net exports of goods and services	**–3.7**	....	....	....	....	**–1.37**	**1.90**	**–0.31**	**–3.37**
Exports	12.5	12.2	24.4	11.4	9.1	1.30	2.56	1.30	1.08
Goods	8.7	18.7	31.7	14.0	12.2	1.29	2.19	1.09	0.99
Services	3.8	0.1	10.2	5.8	2.5	0.01	0.37	0.21	0.09
Imports	16.1	21.9	4.9	11.2	32.4	–2.67	–0.66	–1.61	–4.45
Goods	13.4	27.4	6.2	12.0	39.3	–2.64	–0.68	–1.41	–4.34
Services	2.7	1.5	–0.5	7.8	4.2	–0.03	0.02	–0.20	–0.11
Government consumption expenditures and gross investment	**20.5**	**1.6**	**–1.4**	**–1.6**	**4.3**	**0.33**	**–0.28**	**–0.32**	**0.86**
Federal	8.3	5.7	0.0	1.8	9.1	0.45	0.01	0.15	0.72
National defense	5.6	9.0	–2.5	0.4	7.3	0.48	–0.13	0.02	0.39
Nondefense	2.7	–0.9	5.6	5.0	12.9	–0.03	0.14	0.13	0.32
State and local	12.3	–1.0	–2.3	–3.8	1.2	–0.12	–0.29	–0.48	0.14

1. The estimates under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Consumer spending picked up very slightly in the second quarter, adding 1.38 percentage points to real GDP growth after adding 1.33 percentage points.

Nonresidential fixed investment accelerated, adding 1.54 percentage points to real GDP growth after adding 0.71 percentage point. The acceleration reflected an upturn in structures and an acceleration in equipment and software (page 4).

Residential fixed investment turned up, increasing 27.2 percent after decreasing 12.3 percent, and added 0.58 percentage point to real GDP growth.

Inventory investment added 0.63 percentage point to real GDP growth after adding 2.64 percentage points in the first quarter (page 5).

Exports slowed, adding 1.08 percentage points to real GDP growth after adding 1.30 percentage points; the slowdown reflected slowdowns in both goods and services exports (page 6).

Imports accelerated sharply, subtracting 4.45 percentage points from real GDP growth after subtracting 1.61 percentage points, reflecting an acceleration in goods imports. Imports of services slowed.

Federal government spending accelerated, adding 0.72 percentage point to real GDP growth after adding 0.15 percentage point. National defense spending and nondefense spending both accelerated (page 7).

State and local government spending turned up, adding 0.14 percentage point to real GDP growth after subtracting 0.48 percentage point.

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Gross domestic product [1]	**100.0**	**1.6**	**5.0**	**3.7**	**1.6**	**1.6**	**5.0**	**3.7**	**1.6**
Final sales of domestic product	99.5	0.4	2.1	1.1	1.0	0.50	2.19	1.09	0.99
Change in private inventories	0.5	....	....	....	....	1.10	2.83	2.64	0.63
Goods	27.4	6.8	23.9	19.5	–0.7	1.67	5.74	4.90	–0.18
Services	65.5	–0.2	0.8	0.0	1.5	–0.10	0.57	0.02	0.95
Structures	7.1	–0.1	–15.9	–15.2	12.7	0.02	–1.30	–1.18	0.84
Addenda:									
Motor vehicle output	2.1	145.5	13.7	42.3	–3.8	1.56	0.25	0.74	–0.08
GDP excluding motor vehicle output	97.9	0.0	4.8	3.0	1.7	0.03	4.76	2.99	1.70
Final sales of computers	0.5	–4.0	17.3	19.2	5.3	–0.02	0.09	0.10	0.03
GDP excluding final sales of computers	99.5	1.6	5.0	3.7	1.6	1.61	4.92	3.63	1.58

1. The estimates under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Real final sales of domestic product, real GDP less inventory investment, increased 1.0 percent in the second quarter after increasing 1.1 percent in the first quarter.

Motor vehicle output turned down, decreasing 3.8 percent after increasing 42.3 percent.

Final sales of computers slowed, increasing 5.3 percent after increasing 19.2 percent.

Consumer Spending

Table 3. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)				Contribution to percent change in real PCE (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
PCE [1]	**100.0**	**2.0**	**0.9**	**1.9**	**2.0**	**2.0**	**0.9**	**1.9**	**2.0**
Goods	**32.9**	**7.2**	**1.7**	**5.7**	**3.6**	**2.28**	**0.57**	**1.82**	**1.17**
Durable goods	10.4	20.1	–1.1	8.8	6.9	1.90	–0.11	0.88	0.70
Motor vehicles and parts	3.3	42.7	–21.3	–2.6	7.2	1.16	–0.79	–0.08	0.23
Furnishings and durable household equipment	2.5	7.0	9.4	13.9	8.8	0.17	0.22	0.32	0.21
Recreational goods and vehicles	3.2	17.1	15.8	12.9	9.4	0.50	0.47	0.39	0.29
Other durable goods	1.4	4.9	–0.8	18.8	–2.5	0.07	–0.01	0.25	–0.04
Nondurable goods	22.4	1.7	3.1	4.2	2.1	0.37	0.68	0.94	0.47
Food and beverages for off-premises consumption	7.7	4.0	5.1	3.7	–3.2	0.30	0.38	0.29	–0.26
Clothing and footwear	3.3	0.5	5.8	12.0	6.3	0.02	0.18	0.37	0.20
Gasoline and other energy goods	3.3	–1.9	–2.3	0.7	4.8	–0.06	–0.07	0.02	0.16
Other nondurable goods	8.1	1.4	2.4	3.3	4.6	0.11	0.19	0.26	0.36
Services	**67.1**	**–0.5**	**0.5**	**0.1**	**1.2**	**–0.30**	**0.36**	**0.05**	**0.80**
Household consumption expenditures	64.6	–0.8	0.2	0.0	1.1	–0.53	0.15	0.02	0.69
Housing and utilities	18.4	1.8	1.7	–0.5	0.8	0.34	0.31	–0.09	0.15
Health care	16.3	–0.1	1.8	–0.3	0.8	–0.02	0.29	–0.06	0.14
Transportation services	2.9	–3.1	–1.0	3.5	4.2	–0.09	–0.03	0.10	0.12
Recreation services	3.6	–4.4	–1.0	–0.1	–4.1	–0.17	–0.04	0.00	–0.15
Food services and accommodations	6.1	–1.4	0.6	6.9	2.4	–0.09	0.03	0.40	0.15
Financial services and insurance	8.1	–3.6	–3.7	–2.8	2.9	–0.30	–0.30	–0.22	0.24
Other services	9.2	–2.2	–1.2	–1.2	0.6	–0.21	–0.11	–0.11	0.06
Final consumption expenditures of NPISHs [2]	2.6	9.3	8.6	1.2	4.0	0.23	0.21	0.03	0.10
Gross output of NPISHs [3]	10.5	–0.3	1.6	–0.9	1.5	–0.03	0.17	–0.09	0.16
Less: Receipts from sales of goods and services by NPISHs [4]	8.0	–3.2	–0.5	–1.6	0.7	–0.26	–0.04	–0.12	0.06

1. The estimates under the contribution columns are also percent changes.
2. Net of expenses, or gross operating expenses less primary sales to households.
3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).
4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.

Note. Percent changes are from NIPA table 2.3.1, and contributions, from NIPA table 2.3.2; shares are calculated from NIPA table 2.3.5.

NPISHs Nonprofit institutions serving households

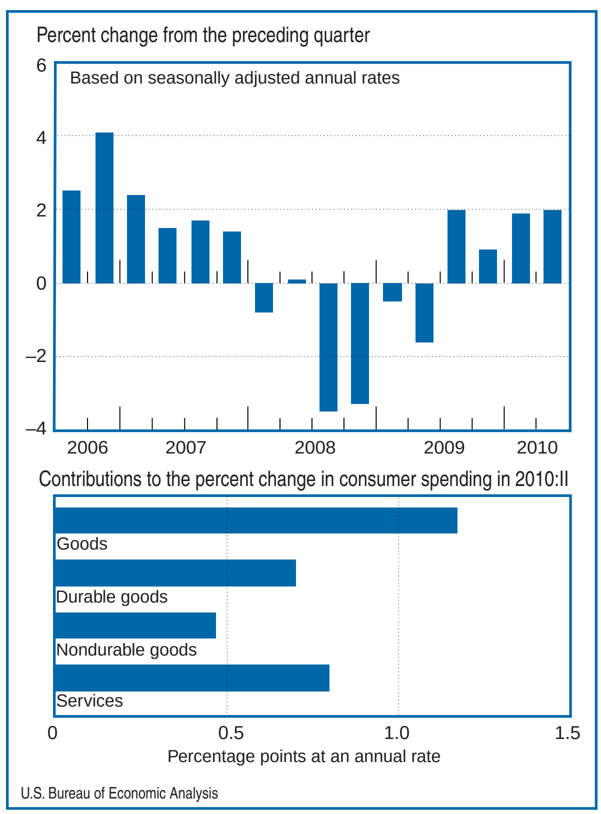
The very small second-quarter pickup in consumer spending reflected an acceleration in spending for services that was largely offset by slowdowns in spending for both durable goods and nondurable goods.

The slowdown in spending for durable goods reflected a downturn in “other” durable goods, which was widespread, and decelerations in furnishings and durable household equipment and in recreational goods and vehicles that were partly offset by an upturn in spending for motor vehicles and parts.

The slowdown in spending for nondurable goods reflected a downturn in food and beverages for off-premises consumption and a deceleration in clothing and footwear that were partly offset by accelerations in gasoline and other energy goods and in “other” nondurable goods, mainly pharmaceuticals.

The acceleration in spending for services reflected upturns in financial services and insurance, in housing and utilities, in health care, and in “other” services that were partly offset by a slowdown in food services and accommodations and a larger decrease in recreation services.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 4. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Private fixed investment [1]	**100.0**	**0.7**	**–1.3**	**3.3**	**19.5**	**0.7**	**–1.3**	**3.3**	**19.5**
Nonresidential	**79.7**	**–1.7**	**–1.4**	**7.8**	**17.6**	**–1.33**	**–1.11**	**6.03**	**14.26**
Structures	**21.7**	**–12.4**	**–29.2**	**–17.8**	**0.4**	**–3.48**	**–8.52**	**–4.52**	**0.33**
Commercial and health care	5.3	–28.7	–34.8	–28.5	–15.6	–2.55	–2.88	–2.05	–0.90
Manufacturing	2.6	–20.1	–41.8	–43.8	–7.9	–0.86	–1.86	–1.74	–0.22
Power and communication	4.8	47.0	–19.3	–33.7	–3.0	2.12	–1.19	–2.14	–0.15
Mining exploration, shafts, and wells	5.6	–8.4	–10.4	93.4	44.6	–0.41	–0.49	3.18	2.14
Other structures [2]	3.4	–30.1	–37.5	–36.0	–15.0	–1.79	–2.10	–1.78	–0.54
Equipment and software	**58.0**	**4.2**	**14.6**	**20.4**	**24.9**	**2.15**	**7.41**	**10.55**	**13.93**
Information processing equipment and software	33.2	14.7	22.4	8.4	15.1	4.23	6.51	2.70	5.07
Computers and peripheral equipment	5.6	23.1	80.6	4.8	44.9	0.96	2.96	0.25	2.17
Software [3]	15.8	7.1	14.2	9.2	7.9	1.04	2.08	1.43	1.31
Other [4]	11.8	22.3	13.5	8.8	13.0	2.23	1.47	1.02	1.59
Industrial equipment	9.2	–10.2	–3.0	0.2	44.6	–0.95	–0.27	0.02	3.52
Transportation equipment	6.3	–11.2	40.2	173.9	74.4	–0.52	1.56	5.25	3.62
Other equipment [5]	9.3	–6.4	–4.3	32.7	17.7	–0.61	–0.40	2.59	1.72
Residential	**20.3**	**10.6**	**–0.8**	**–12.3**	**27.2**	**2.02**	**–0.18**	**–2.69**	**5.23**
Structures	**19.8**	**10.5**	**–1.1**	**–12.8**	**27.7**	**1.97**	**–0.24**	**–2.75**	**5.18**
Permanent site	7.5	19.4	–1.4	1.2	16.6	1.32	–0.12	0.09	1.28
Single family	6.8	57.9	18.8	19.3	25.5	2.67	1.10	1.18	1.64
Multifamily	0.8	–56.4	–60.1	–64.9	–35.6	–1.35	–1.21	–1.09	–0.36
Other structures [6]	12.2	5.4	–1.0	–20.7	35.3	0.65	–0.12	–2.84	3.90
Equipment	**0.5**	**11.7**	**11.2**	**11.2**	**8.1**	**0.06**	**0.06**	**0.06**	**0.04**

1. The estimates under the contribution columns are also percent changes.
2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
3. Excludes software "embedded," or bundled, in computers and other equipment.
4. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
5. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
6. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.

NOTE. Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment accelerated in the second quarter, reflecting an acceleration in nonresidential fixed investment and an upturn in residential fixed investment.

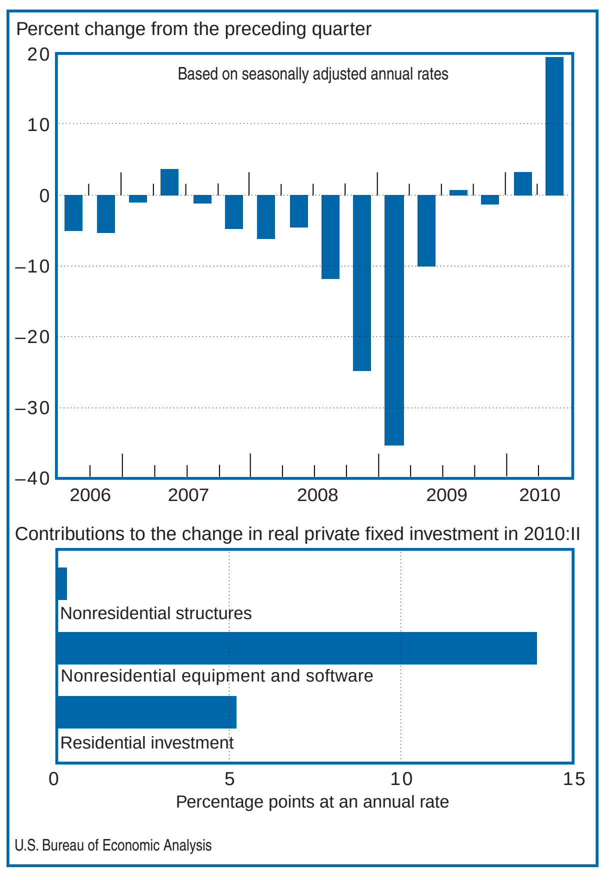
The acceleration in nonresidential fixed investment reflected an upturn in structures and a pickup in equipment and software.

Structures turned up, reflecting smaller decreases in power and communication, in manufacturing, in commercial and health care, and in "other" structures. In contrast, mining exploration, shafts, and wells decelerated.

Equipment and software accelerated, reflecting a sharp acceleration in industrial equipment and an acceleration in information processing equipment and software that were partly offset by decelerations in transportation equipment and in "other" equipment.

The upturn in residential fixed investment mainly reflected an upturn in "other" structures, especially brokers' commissions on the sale of residential structures and improvements.

Chart 3. Real Private Fixed Investment



Inventory Investment

Table 5. Change in Real Private Inventories by Industry

[Billions of chained (2005) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter			
	2009			2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Change in private inventories [1]	**–161.8**	**–128.2**	**–36.7**	**44.1**	**63.2**	**33.6**	**91.5**	**80.8**	**19.1**
Farm	6.0	–0.6	6.4	7.6	9.7	–6.6	7.0	1.2	2.1
Mining, utilities, and construction	2.3	–1.8	–15.7	–10.4	6.2	–4.1	–13.9	5.3	16.6
Manufacturing	–38.1	–32.6	–4.6	21.0	–7.3	5.5	28.0	25.6	–28.3
Durable-goods industries	–34.3	–37.9	–20.0	8.9	23.0	–3.6	17.9	28.9	14.1
Nondurable-goods industries	–4.6	4.1	13.8	11.9	–29.0	8.7	9.7	–1.9	–40.9
Wholesale trade	–74.9	–59.3	–8.7	13.2	28.0	15.6	50.6	21.9	14.8
Durable-goods industries	–58.8	–48.8	–24.9	8.3	10.8	10.0	23.9	33.2	2.5
Nondurable-goods industries	–17.5	–11.9	13.9	4.9	16.6	5.6	25.8	–9.0	11.7
Retail trade	–48.9	–25.5	–8.8	12.6	22.7	23.4	16.7	21.4	10.1
Motor vehicle and parts dealers	–30.4	–3.8	6.2	11.9	15.8	26.6	10.0	5.7	3.9
Food and beverage stores	–1.1	–0.6	–2.9	1.1	–0.9	0.5	–2.3	4.0	–2.0
General merchandise stores	–3.0	–4.4	–1.0	–0.2	2.6	–1.4	3.4	0.8	2.8
Other retail stores	–15.7	–16.3	–10.3	0.3	5.9	–0.6	6.0	10.6	5.6
Other industries	–7.9	–7.3	–6.0	–0.2	3.7	0.6	1.3	5.8	3.9
Residual [2]	3.2	1.1	3.8	0.0	–1.2	....	....	....	....
Addenda: Ratios of private inventories to final sales of domestic business: [3]									
Private inventories to final sales	2.40	2.36	2.32	2.33	2.35	....	....	....	....
Nonfarm inventories to final sales	2.18	2.14	2.11	2.11	2.13	....	....	....	....
Nonfarm inventories to final sales of goods and structures	4.09	3.99	3.92	3.91	3.95	....	....	....	....

1. The levels are from NIPA table 5.6.6B.
2. The residual is the difference between the first line and the sum of the most detailed lines.
3. The ratios are from NIPA table 5.7.6B.

NOTE. The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Inventory investment increased $19.1 billion in the second quarter after increasing $80.8 billion in the first quarter.

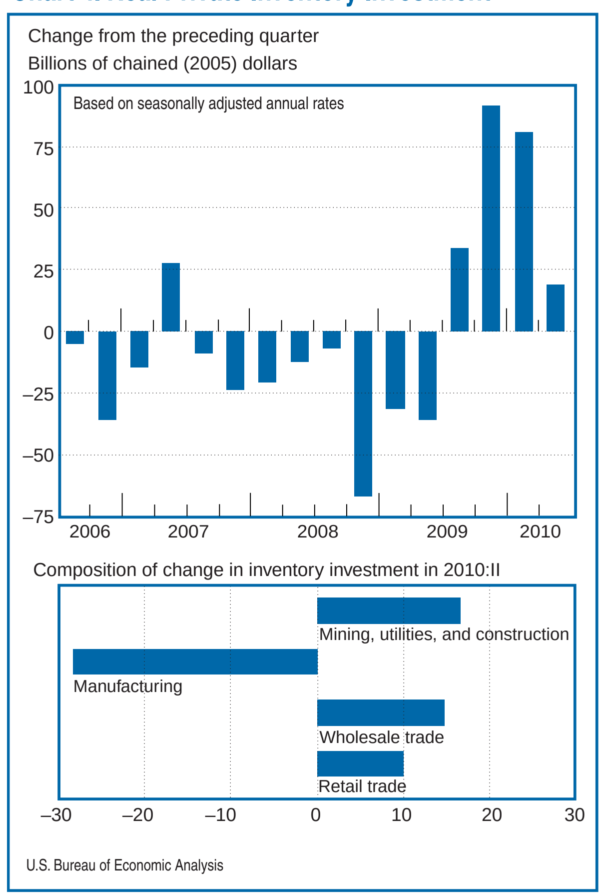
Inventory investment in manufacturing industries decreased $28.3 billion. A drawdown that followed an accumulation in nondurable goods industries was partly offset by a larger accumulation in durable goods industries.

Inventory investment in wholesale trade inventories increased $14.8 billion, reflecting larger accumulations in both nondurable goods and durable goods industries.

Inventory investment in retail trade industries increased $10.1 billion, mainly reflecting larger accumulations in "other" retail stores and in motor vehicle and parts dealers. An increase in inventory investment by general merchandise stores also contributed. Food and beverage stores reduced inventory investment.

The ratio of private inventories to final sales increased to 2.35 in the second quarter. In the first quarter, it was 2.33.

Chart 4. Real Private Inventory Investment



Inventory Investment

The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA does not always have complete data for every industry.

Exports and Imports

Table 6. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Exports of goods and services [1]	**100.0**	**12.2**	**24.4**	**11.4**	**9.1**	**12.2**	**24.4**	**11.4**	**9.1**
Exports of goods [2]	**69.6**	**18.7**	**31.7**	**14.0**	**12.2**	**12.06**	**20.66**	**9.53**	**8.35**
Foods, feeds, and beverages	5.1	–3.2	69.6	–0.9	–32.3	–0.08	3.56	0.00	–2.12
Industrial supplies and materials	21.3	33.5	11.9	19.2	16.9	5.63	2.50	3.63	3.38
Capital goods, except automotive	24.3	6.1	28.7	15.1	19.4	1.57	6.71	3.60	4.40
Automotive vehicles, engines, and parts	6.2	155.1	70.6	35.9	18.9	4.87	3.34	1.92	1.11
Consumer goods, except automotive	8.9	10.1	23.9	11.0	–4.6	0.97	2.20	1.03	–0.39
Other	3.7	–24.2	92.5	–17.5	75.2	–0.90	2.35	–0.64	1.97
Exports of services [2]	**30.4**	**0.1**	**10.2**	**5.8**	**2.5**	**0.12**	**3.70**	**1.84**	**0.79**
Imports of goods and services [1]	**100.0**	**21.9**	**4.9**	**11.2**	**32.4**	**21.90**	**4.90**	**11.20**	**32.40**
Imports of goods [2]	**83.0**	**27.4**	**6.2**	**12.0**	**39.3**	**21.54**	**5.04**	**9.81**	**31.49**
Foods, feeds, and beverages	3.9	–2.4	–2.5	18.0	5.6	–0.04	–0.10	0.68	0.32
Industrial supplies and materials, except petroleum and products	10.8	26.2	19.9	30.1	26.5	2.41	1.76	2.82	2.95
Petroleum and products	15.2	29.2	–47.4	–3.4	74.5	3.80	–9.57	–0.53	9.84
Capital goods, except automotive	19.1	20.9	32.2	15.5	49.3	3.87	5.20	2.76	8.50
Automotive vehicles, engines, and parts	9.8	231.3	52.0	12.1	69.9	10.18	3.83	1.10	5.64
Consumer goods, except automotive	20.6	6.1	19.2	7.7	25.3	1.53	3.76	1.69	5.25
Other	3.7	–5.4	4.2	35.7	–24.3	–0.21	0.15	1.30	–1.02
Imports of services [2]	**17.0**	**1.5**	**–0.5**	**7.8**	**4.2**	**0.40**	**–0.11**	**1.40**	**0.95**
Addenda:									
Exports of agricultural goods [3]	5.7	–5.4	59.2	14.6	–32.4	....	....	....	....
Exports of nonagricultural goods	63.8	21.5	29.1	13.9	17.9	....	....	....	....
Imports of nonpetroleum goods	67.8	27.2	24.3	15.9	32.1	....	....	....	....

1. The estimates under the contribution columns are also percent changes.
2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.
3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

Note. Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services slowed, reflecting decelerations in exports of both goods and services.

The deceleration in exports of goods mainly reflected a larger decrease in foods, feeds, and beverages, a downturn in nonautomotive consumer goods, and a slowdown in automotive vehicles, engines, and parts that were partly offset by an upturn in “other” exports of goods.

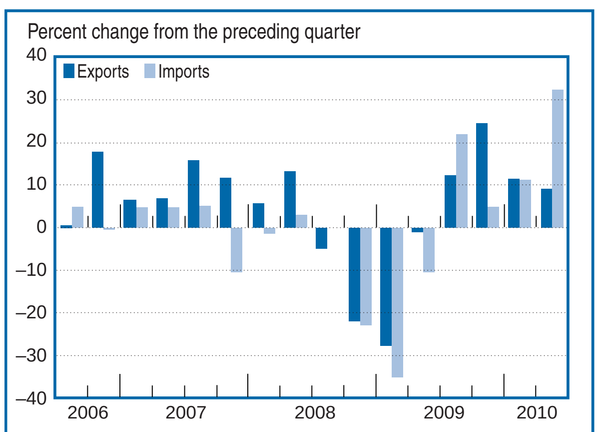
The slowdown in exports of services mainly reflected downturns in travel and in transfers under U.S. military agency sales contracts that were partly offset by an upturn in royalties and license fees and an acceleration in other private services.

Imports of goods and services accelerated sharply, reflecting an acceleration in imports of goods. Imports of services slowed.

The acceleration in imports of goods mainly reflected an upturn in petroleum and products and accelerations in nonautomotive capital goods, in automotive vehicles, engines, and parts, and in nonautomotive consumer goods that were partly offset by a downturn in “other” imports of goods.

The slowdown in imports of services reflected downturns in royalties and license fees and travel that were partly offset by an acceleration in other private services.

Chart 5. Real Exports and Imports of Goods and Services



U.S. Bureau of Economic Analysis

Government Spending

Table 7. Real Government Consumption Expenditures and Gross Investment (CEGI)

[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)				Contribution to percent change in real CEGI (percentage points)			
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Government consumption expenditures and gross investment [1]	**100.0**	**1.6**	**–1.4**	**–1.6**	**4.3**	**1.6**	**–1.4**	**–1.6**	**4.3**
Consumption expenditures	83.0	0.8	–0.5	–0.2	2.4	0.61	–0.45	–0.14	2.06
Gross investment	17.0	5.6	–5.5	–8.2	13.7	0.97	–0.95	–1.44	2.20
Federal	**40.3**	**5.7**	**0.0**	**1.8**	**9.1**	**2.17**	**0.00**	**0.73**	**3.54**
National defense	**27.2**	**9.0**	**–2.5**	**0.4**	**7.3**	**2.30**	**–0.67**	**0.10**	**1.94**
Consumption expenditures	23.2	7.9	–3.6	0.3	5.2	1.75	–0.84	0.07	1.20
Gross investment	3.9	15.6	4.5	0.7	20.4	0.55	0.17	0.03	0.73
Nondefense	**13.2**	**–0.9**	**5.6**	**5.0**	**12.9**	**–0.13**	**0.67**	**0.63**	**1.60**
Consumption expenditures	11.5	–2.8	5.4	2.9	12.3	–0.33	0.56	0.33	1.34
Gross investment	1.7	13.8	7.2	20.8	17.1	0.20	0.11	0.30	0.27
State and local	**59.7**	**–1.0**	**–2.3**	**–3.8**	**1.2**	**–0.59**	**–1.40**	**–2.31**	**0.72**
Consumption expenditures	48.3	–1.7	–0.4	–1.1	–1.0	–0.81	–0.17	–0.54	–0.48
Gross investment	11.4	1.7	–9.9	–14.4	11.0	0.22	–1.23	–1.77	1.20

1. The estimates under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 3.9.1, contributions from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending turned up, increasing 4.3 percent after decreasing 1.6 percent. State and local government spending turned up, and federal government spending accelerated.

The acceleration in federal government spending reflected pickups in both defense and nondefense spending. For defense, both consumption expenditures and investment in equipment and software accelerated. The pickup in nondefense spending was more than accounted for by an acceleration in consumption expenditures, partly as a result of spending for the 2010 census.

The upturn in state and local government spending mainly reflected an upturn in investment in structures.

Government Spending

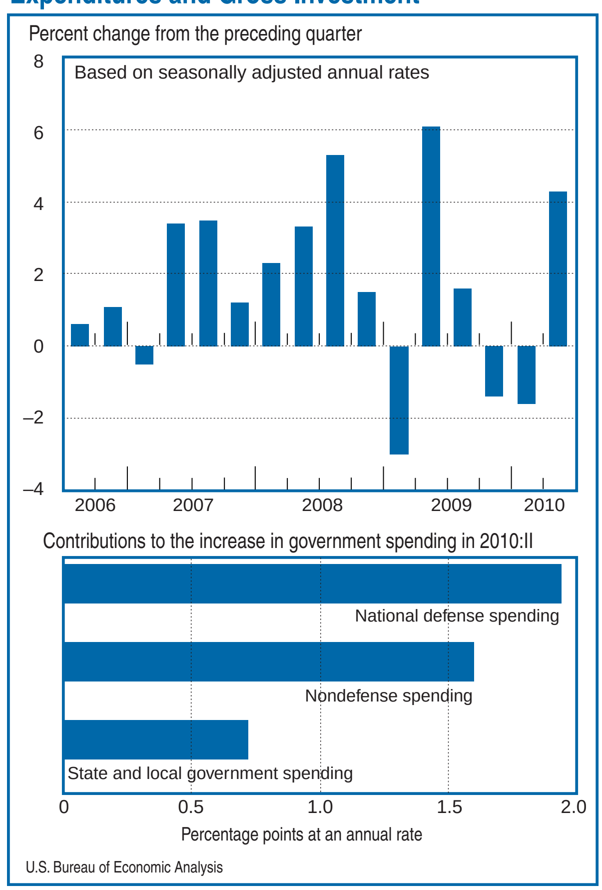
"Government consumption expenditures and gross investment," or "government spending," consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government's gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams) and of equipment and software purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 8. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2005=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2009		2010		2009		2010	
	III	IV	I	II	III	IV	I	II
Gross domestic purchases [1]	**1.4**	**2.1**	**2.1**	**0.1**	**1.4**	**2.1**	**2.1**	**0.1**
Personal consumption expenditures	**2.9**	**2.7**	**2.1**	**0.0**	**1.92**	**1.82**	**1.43**	**–0.03**
Goods	5.7	2.8	2.6	–3.6	1.19	0.61	0.57	–0.83
Durable goods	–2.5	0.7	–2.0	–1.6	–0.19	0.04	–0.15	–0.11
Nondurable goods	9.7	3.8	4.7	–4.6	1.38	0.56	0.72	–0.72
Services	1.7	2.7	1.8	1.8	0.73	1.21	0.85	0.81
Gross private domestic investment	**–6.0**	**–0.7**	**–2.0**	**–0.5**	**–0.61**	**–0.05**	**–0.22**	**–0.06**
Fixed investment	–4.8	–1.0	–1.4	–0.6	–0.60	–0.13	–0.16	–0.06
Nonresidential	–5.1	–2.4	–1.9	0.2	–0.52	–0.23	–0.18	0.02
Structures	–10.5	–2.1	0.9	2.6	–0.36	–0.07	0.02	0.07
Equipment and software	–2.4	–2.5	–3.1	–0.7	–0.16	–0.16	–0.20	–0.05
Residential	–3.3	4.3	0.6	–3.4	–0.08	0.10	0.01	–0.08
Change in private inventories	....	....	....	....	–0.01	0.07	–0.06	0.00
Government consumption expenditures and gross investment	**0.4**	**1.5**	**4.6**	**0.8**	**0.08**	**0.30**	**0.89**	**0.16**
Federal	–0.1	1.5	4.5	0.9	0.00	0.13	0.35	0.07
National defense	0.3	1.6	5.3	1.2	0.02	0.09	0.28	0.06
Nondefense	–1.0	1.5	2.8	0.2	–0.02	0.04	0.07	0.00
State and local	0.8	1.5	4.6	0.8	0.08	0.18	0.54	0.09
Addenda:								
Gross domestic purchases:								
Food	–2.5	0.0	1.3	1.2	–0.13	0.00	0.07	0.07
Energy goods and services	39.7	20.2	15.2	–17.2	1.24	0.74	0.58	–0.72
Excluding food and energy	0.4	1.5	1.6	0.8	0.28	1.32	1.45	0.73
Personal consumption expenditures (PCE):								
Food	–2.4	–0.1	1.8	1.6	....	....	....	....
Energy goods and services	41.5	18.0	16.4	–17.5	....	....	....	....
Excluding food and energy	1.5	2.1	1.2	1.1	....	....	....	....
"Market-based" PCE	3.0	2.2	1.7	–0.2	....	....	....	....
Excluding food and energy	1.3	1.4	0.7	1.1	....	....	....	....
Gross domestic product	0.7	–0.2	1.0	1.9	....	....	....	....

1. The estimates under the contribution columns are also percent changes

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions are from NIPA table 1.6.8.

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, slowed in the second quarter. Excluding food and energy, prices also slowed. About 0.2 percentage point of the first-quarter increase in the gross domestic purchases price index had reflected the pay raise for federal civilian and military personnel, which is treated as an increase in the price of employee services purchased by government.

Consumer prices were unchanged after increasing 2.1 percent. Prices paid for gasoline and other energy goods turned down, and prices paid for financial services and insurance decelerated.

Prices paid for nonresidential fixed investment turned up, primarily reflecting a smaller decrease in prices paid for transportation equipment, an upturn in prices paid for "other" equipment, and an acceleration is prices paid for structures.

Prices paid for residential fixed investment turned down, decreasing 3.4 percent after increasing 0.6 percent.

Prices paid by government decelerated, reflecting slowdowns in prices paid by state and local governments and by the federal government. The slowdown in state and local government prices primarily reflected a downturn in petroleum prices. The slowdown in federal government prices primarily reflected the effects on compensation from the first-quarter pay raise.

The GDP price index increased 1.9 percent, 1.8 percentage points more than the increase in the price index for gross domestic purchases, reflecting a downturn in import prices relative to a slight slowdown in export prices.

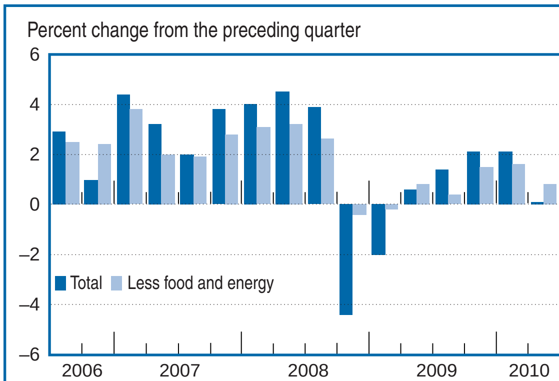
Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the dollar depreciation FAQ Answer ID 498 on BEA's Web site.

Chart 7. Gross Domestic Purchases Prices



Note. Percent change at annual rates; based on seasonally adjusted index numbers (2005=100).

U.S. Bureau of Economic Analysis

Revisions

Table 9. Advance and Second Estimates for the Second Quarter of 2010

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
Gross domestic product (GDP) [1]	**2.4**	**1.6**	**–0.8**	**2.4**	**1.6**	**–0.8**
Personal consumption expenditures	**1.6**	**2.0**	**0.4**	**1.15**	**1.38**	**0.23**
Goods	3.4	3.6	0.2	0.79	0.82	0.03
Durable goods	7.5	6.9	–0.6	0.53	0.49	–0.04
Nondurable goods	1.6	2.1	0.5	0.25	0.33	0.08
Services	0.8	1.2	0.4	0.36	0.56	0.20
Gross private domestic investment	**28.8**	**25.0**	**–3.8**	**3.14**	**2.75**	**–0.39**
Fixed investment	19.1	19.5	0.4	2.09	2.12	0.03
Nonresidential	17.0	17.6	0.6	1.50	1.54	0.04
Structures	5.2	0.4	–4.8	0.14	0.01	–0.13
Equipment and software	21.9	24.9	3.0	1.36	1.53	0.17
Residential	27.9	27.2	–0.7	0.59	0.58	–0.01
Change in private inventories	....	....	....	1.05	0.63	–0.42
Net exports of goods and services	....	....	....	**–2.78**	**–3.37**	**–0.59**
Exports	10.3	9.1	–1.2	1.22	1.08	–0.14
Goods	14.1	12.2	–1.9	1.13	0.99	–0.14
Services	2.3	2.5	0.2	0.09	0.09	0.00
Imports	28.8	32.4	3.6	–4.00	–4.45	–0.45
Goods	35.4	39.3	3.9	–3.96	–4.34	–0.38
Services	1.6	4.2	2.6	–0.04	–0.11	–0.07
Government consumption expenditures and gross investment	**4.4**	**4.3**	**–0.1**	**0.88**	**0.86**	**–0.02**
Federal	9.2	9.1	–0.1	0.72	0.72	0.00
National defense	7.4	7.3	–0.1	0.40	0.39	–0.01
Nondefense	13.0	12.9	–0.1	0.33	0.32	–0.01
State and local	1.3	1.2	–0.1	0.16	0.14	–0.02
Addenda:						
Final sales of domestic product	1.3	1.0	–0.3	1.33	0.99	–0.34
Gross domestic purchases price index	0.1	0.1	0.0	....	....	....
GDP price index	1.8	1.9	0.1	....	....	....

1. The estimates under the contribution columns are also percent changes.

The second estimate of the second-quarter increase in real GDP was 0.8 percentage point less than the advance estimate. The average revision (without regard to sign) between the advance estimate and the second estimate is 0.5 percentage point. The downward revision to the percent change in real GDP primarily reflected an upward revision to imports and downward revisions to inventory investment and to exports that were partly offset by an upward revision to consumer spending.

The upward revision to consumer spending was primarily to services. Within services, the largest contributor to the revision was electricity and gas.

The downward revision to inventory investment primarily reflected a large downward revision to manufacturing inventories that was partly offset by an upward revision to mining, utilities, and construction inventories.

The downward revision to exports was to exports of goods and was widespread; the largest contributors to the revision were computers, peripherals, and parts and nonautomotive consumer goods.

The upward revision to imports was primarily to imports of goods and was also widespread; the largest contributors to the revision were petroleum and products and "other" goods. A small upward revision to imports of services also contributed.

Personal Income for the First Quarter of 2010

With the release of the second estimates of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. This revision reflects the incorporation of newly available first-quarter tabulations from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics.

Wage and salary disbursements increased $6.5 billion, a downward revision of $12.3 billion. Personal current taxes increased $17.5 billion, a downward revision of $2.1 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased $13.0 billion, a downward revision of $1.6 billion.

As a result of these revisions,

- Personal income increased $111.3 billion, a downward revision of $11.5 billion.
- Disposable personal income increased $93.9 billion, a downward revision of $9.4 billion.
- Personal saving decreased $4.2 billion, a downward revision of $9.3 billion.
- The personal saving rate was 5.5 percent, unrevised.

Source Data for the Second Estimates

Personal consumption expenditures: retail sales for April, May, and June (revised). Motor vehicle registrations for June (new). Retail electricity sales and unit value data for May (revised) and June (new) and natural gas sales and unit value data for May (new) from the Energy Information Administration.

Nonresidential fixed investment: construction spending (value put in place) for April and May (revised) and June (new). Manufacturers' shipments (M3) of machinery and equipment for May and June (revised). Exports and imports for May (revised) and June (new).

Residential fixed investment: construction spending (value put in place) for April and May (revised) and June (new).

Change in private inventories: manufacturers' inventories for May and June (revised) and trade inventories for May (revised) and June (new).

Exports and imports of goods and services: international transactions for April and May (revised) and June (new).

Government consumption expenditures and gross investment: state and local construction spending (value put in place) for April and May (revised) and June (new).

Corporate Profits

Table 10. Corporate Profits

[Seasonally adjusted]

	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
	Level	Change from preceding quarter							
	2010	2009		2010		2009		2010	
	II	III	IV	I	II	III	IV	I	II
Current production measures:									
Corporate profits	1,639.3	119.5	120.7	148.4	72.7	10.1	9.3	10.5	4.6
Domestic industries	1,245.5	88.4	122.5	122.4	67.4	10.5	13.1	11.6	5.7
Financial	337.2	58.7	46.3	5.2	–0.4	25.8	16.2	1.6	–0.1
Nonfinancial	908.3	29.7	76.1	117.2	67.9	4.8	11.8	16.2	8.1
Rest of the world	393.8	31.0	–1.6	25.9	5.3	9.3	–0.5	7.2	1.4
Receipts from the rest of the world	571.4	30.1	41.3	32.3	10.0	6.6	8.5	6.1	1.8
Less: Payments to the rest of the world	177.7	–0.8	42.9	6.4	4.8	–0.7	34.7	3.9	2.7
Less: Taxes on corporate income	442.2	32.9	63.4	84.1	39.0	14.8	24.8	26.4	9.7
Equals: Profits after tax	1,197.1	86.5	57.4	64.1	33.8	9.1	5.5	5.8	2.9
Net dividends	724.8	–20.1	8.9	11.8	4.5	–2.8	1.3	1.7	0.6
Undistributed profits from current production	472.2	106.7	48.4	52.4	29.2	45.3	14.2	13.4	6.6
Net cash flow	1,571.0	11.5	78.4	33.3	53.7	0.8	5.6	2.2	3.5
Industry profits:									
Profits with IVA	1,810.4	110.7	120.7	255.3	73.9	8.9	8.9	17.2	4.3
Domestic industries	1,416.6	79.6	122.4	229.4	68.6	8.7	12.3	20.5	5.1
Financial	362.4	56.8	46.5	16.0	–0.3	23.4	15.5	4.6	–0.1
Nonfinancial	1,054.2	22.8	75.9	213.4	68.9	3.4	10.9	27.6	7.0
Rest of the world	393.8	31.0	–1.6	25.9	5.3	9.3	–0.5	7.2	1.4
Addenda:									
Profits before tax (without IVA and CCAdj)	1,813.9	150.0	179.2	224.5	41.0	12.3	13.1	14.5	2.3
Profits after tax (without IVA and CCAdj)	1,371.7	117.0	115.8	140.4	2.0	11.7	10.4	11.4	0.1
IVA	–3.5	–39.3	–58.5	30.8	32.9	....	....	....	....
CCAdj	–171.1	8.8	0.0	–106.9	–1.2	....	....	....	....

NOTE. Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.
IVA Inventory valuation adjustment CCAdj Capital consumption adjustment

Profits from current production increased $72.7 billion, or 4.6 percent at a quarterly rate, in the second quarter after increasing $148.4 billion in the first quarter.

Domestic profits of financial corporations decreased $0.4 billion, or 0.1 percent, after increasing $5.2 billion.

Domestic profits of nonfinancial corporations increased $67.9 billion, or 8.1 percent, after increasing $117.2 billion.

Profits from the rest of the world increased $5.3 billion, or 1.4 percent, after increasing $25.9 billion. In the second quarter, receipts increased $10.0 billion, and payments increased $4.8 billion.

Taxes on corporate income increased $39.0 billion, or 9.7 percent, after increasing $84.1 billion.

Profits after tax increased $33.8 billion, or 2.9 percent, after increasing $64.1 billion.

Undistributed corporate profits (a measure of net saving that equals after-tax profits less dividends) increased $29.2 billion, or 6.6 percent, after increasing $52.4 billion.

Net cash flow from current production, a profits-related measure of internal funds available for investment, increased $53.7 billion, or 3.5 percent, after increasing $33.3 billion.

Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the national income and product accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including Census Bureau quarterly financial reports, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service data when the data are available for two reasons: the data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAdj). CCAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).