

GDP GROWTH SLOWS IN FIRST QUARTER

Third Estimate of GDP

Real gross domestic product (GDP) rose 1.9 percent in the first quarter of 2012 after rising 3.0 percent in the fourth quarter, according to estimates released by the Bureau of Economic Analysis. The first-quarter growth rate was unchanged from the second estimate released in May.

GDP highlights

Net exports increased (after decreasing in the fourth quarter), consumer spending accelerated, and residential housing investment picked up in the first quarter. These positive economic contributions, however, were more than offset by a slowdown in inventory investment.

The slowdown in inventory investment reflected a sharp downturn in the manufacturing and wholesale industries. In contrast, retail inventory investment turned up, especially by motor vehicles dealers.



Real GDP growth is measured at seasonally adjusted annual rates.

Revisions to GDP

For the third estimate of first-quarter real GDP growth, upward revisions to net exports and business investment in structures were offset by downward revisions to consumer spending, inventory investment, and state and local government spending.

Disposable income and saving

Real disposable personal income—which adjusts personal income for taxes and inflation—rose 0.7 percent in the first quarter, compared with 0.2 percent in the fourth quarter. The personal saving rate—saving as a percentage of disposable personal income—was 3.7 percent, compared with 4.2 percent in the fourth quarter. The personal saving rate has declined for six quarters in a row.

Corporate profits

First-quarter corporate profits fell 0.3 percent at a quarterly rate following a 0.9 percent rise in the fourth quarter.

First-quarter nonfinancial profits rose 1.4 percent after rising 2.6 percent, and financial profits rose 5.7 percent after rising 7.0 percent. Profits from the rest of the world fell 11.8 percent, after declining 9.2 percent. The first-quarter decline reflected a 2.2 percent drop in receipts from abroad and a 15.9 percent rise in payments to entities abroad.



Corporate profits growth is measured as the percent change from the previous quarter.

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: The advance estimate of GDP for the second quarter and the annual revision of the national income and product accounts will be released on July 27, 2012.