

## GDP GROWTH ACCELERATES IN THIRD QUARTER

*Corporate Profits Pick Up*

Real gross domestic product (GDP) increased 3.1 percent in the third quarter of 2012 after increasing 1.3 percent in the second quarter, according to estimates released by the Bureau of Economic Analysis. The third-quarter growth rate was revised up 0.4 percentage point from the second estimate released in November.

### Real GDP highlights

Inventory investment was the main driver of the third-quarter acceleration in real economic growth. Nonfarm inventory investment turned up, more than offsetting a larger decline in farm inventory investment that stemmed from the summer drought in the Midwest.

In addition, consumer spending for durable goods picked up, as motor vehicles and parts turned up. Federal national defense spending rebounded, as did state and local government spending.

In contrast to these positive contributions to real economic growth, consumer spending for services slowed, and business investment turned down, mainly reflecting a downturn in spending on equipment and software.

### Revisions to GDP

The 0.4-percentage point upward revision of real GDP growth reflected upward revisions to:

- Net exports, as exports was revised up, mainly industrial supplies and materials, and imports was revised down, mainly travel services and industrial supplies and materials.
- Consumer spending, mainly health care services. (After the revisions, consumer spending picked up slightly after slowing modestly in the second estimate released in November.)
- State and local government gross investment in structures.

### Corporate profits

BEA released a revised estimate of third-quarter corporate profits. Profits picked up in the third quarter, rising 2.4 percent at a quarterly rate, after rising 1.1 percent in the second quarter.

Profits of financial corporations rose 17.5 percent in the third quarter, while profits of nonfinancial corporations fell 1.3 percent. Profits from the rest of the world decreased 1.9 percent.



*Real GDP growth is measured at seasonally adjusted annual rates.*



*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](http://www.bea.gov). [E-mail](#) alerts are also available.

NOTE: The advance estimate of GDP for the fourth quarter of 2012 and an estimate for the year 2012 will be released on January 30, 2013.