

# Technical Note

## Gross Domestic Product (Third Estimate), Corporate Profits (Revised Estimate), Second Quarter 2023 and Comprehensive Update

September 28, 2023

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; a summary of "highlights" is available on BEA's website at [www.bea.gov](http://www.bea.gov).

Today's release presents results from the comprehensive update of the National Economic Accounts (NEAs), which includes the National Income and Product Accounts (NIPAs) as well as the Industry Economic Accounts. Refer to "[Information on Updates to the National Economic Accounts](#)" for details.

### Real GDP and Related Aggregates

Real GDP increased at an annual rate of 2.1 percent (0.5 percent at a quarterly rate<sup>1</sup>) in the second quarter of 2023, compared with an increase of 2.2 percent (0.6 percent at a quarterly rate) in the first quarter (revised). The increase in second-quarter real GDP was the same as previously estimated in the "second" estimate and primarily reflected increases in business investment, consumer spending, and state and local government spending that were partly offset by a decrease in exports. Imports, which are a subtraction in the calculation of GDP, decreased.

### Sources of Revision to Real GDP

The updated estimates primarily reflected a downward revision to consumer spending that was partly offset by upward revisions to nonresidential fixed investment, exports, and private inventory investment. Imports were revised down.

- Within consumer spending, both services and goods were revised down.
  - Within services, the leading contributors to the downward revision were household utilities (both electric and gas) and transportation services (specifically motor vehicle maintenance and repair). Spending on utilities reflected revised April and May as well as new June Energy Information Administration usage data. Spending on transportation services reflected new second-quarter Census Bureau Quarterly Services Survey (QSS) data.

---

<sup>1</sup> Percent changes in quarterly seasonally adjusted series are displayed at annual rates, unless otherwise specified. For more information, refer to the FAQ [Why does BEA publish percent changes in quarterly series at annual rates?](#)

- Within goods, the downward revision was led by furnishings and durable household equipment as well as clothing and footwear, based on revised Census Bureau Monthly Retail Sales data.
- Within nonresidential fixed investment the upward revision was led by structures. The leading contributors to the upward revision were manufacturing structures, based primarily on revised Census Value of Construction Put in Place data, and mining exploration, shafts, and wells, based on revised American Petroleum Institute data on footage drilled.
- For exports and imports, revisions were based primarily on updated statistics from BEA's International Transactions Accounts.
  - The revision to exports primarily reflected an upward revision to services, led by travel and transport services.
  - Within imports, the downward revision was led by other business services, which includes professional and management consulting services.
- Within private inventory investment, both farm and nonfarm inventory investment were revised up. For farm, the revision primarily reflected new Farm Income Forecast data from the U.S. Department of Agriculture. For nonfarm, the leading contributor to the upward revision was manufacturing (led by other transportation products, chemical manufacturing, and petroleum and coal products), primarily reflecting revised monthly Census Bureau inventory data.

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 1.7 percent in the second quarter, 0.4 percentage point less than previously estimated. The revision reflected a downward revision to consumer spending that was partly offset by an upward revision to nonresidential fixed investment.

## Prices

BEA's featured measure of inflation in the U.S. economy, the price index for gross domestic purchases, increased 1.4 percent in the second quarter, revised down 0.3 percentage point from the second estimate. Excluding food and energy, gross domestic purchases prices increased 2.1 percent, also revised down 0.3 percentage point from the second estimate.

The price index for personal consumption expenditures (PCE) increased 2.5 percent, the same as previously estimated. Excluding food and energy prices, the "core" PCE price index increased 3.7 percent, also unrevised. For a comparison of PCE prices to BLS consumer price indexes, refer to [NIPA Table 9.1U. Reconciliation of Percent Change in the CPI with Percent Change in the PCE Price Index](#).

## Gross Domestic Income and Corporate Profits

Real gross domestic income (GDI), which measures output of the economy as the costs incurred and the incomes earned in the production of goods and services, increased 0.7 percent at an annual rate (0.2 percent at a quarterly rate) in the second quarter. The second-quarter increase in real GDI was revised up 0.2 percentage point from the second estimate. The average of real GDP and real GDI increased 1.4 percent at an annual rate (0.3 percent at a quarterly rate) in the second quarter, an upward revision of 0.1 percentage point.

Profits from current production increased \$6.9 billion, or 0.2 percent (quarterly rate), an upward revision of \$17.5 billion from the previous estimate. Domestic profits of financial corporations decreased \$54.2 billion, a downward revision of \$6.3 billion from the previous estimate. Domestic profits of nonfinancial corporations increased \$39.0 billion, an upward revision of \$21.9 billion. Rest-of-the-world profits increased \$22.1 billion, an upward revision of \$1.9 billion.

BEA's profits measure that is conceptually most similar to S&P 500 profits—national after-tax profits without inventory valuation and capital consumption adjustments—increased \$21.9 billion in the second quarter. Second-quarter national after-tax profits (shown in line 11 of table 9 of the GDP news release) decreased 7.8 percent from the same quarter one year ago.

## Summary Results from the Comprehensive Update

Today's release presents results from the comprehensive update of the National Economic Accounts (NEAs), which include the National Income and Product Accounts (NIPAs) and the Industry Economic Accounts (IEAs). The update includes revised statistics for GDP, GDP by industry, and gross domestic income. Current-dollar measures of GDP and related components are revised from the first quarter of 2013 through the first quarter of 2023. GDI and selected income components are revised from the first quarter of 1979 through the first quarter of 2023. The reference year for chain-type quantity and price indexes and for the chain-dollar estimates is updated to 2017 from 2012.

With today's release, most data are available through [BEA's Interactive Data Application](#) on the BEA website. Refer to "[Information on Updates to the National Economic Accounts](#)" for the complete table release schedule and a summary of results through 2022, including information on methodology changes. A table showing the major current-dollar revisions and the sources for each component of GDP, national income, and personal income is also provided, and a forthcoming *Survey of Current Business* article will describe the update in more detail.

Additional GDP by industry statistics will be released this fall. BEA will send an [advisory](#) with the exact date and time when available.

The picture of the economy presented in the updated estimates is very similar to the picture presented in the previously published estimates.

- For 2017-2022, the average annual growth rate of real GDP was 2.2 percent, revised up 0.1 percentage point from the previously published estimates.

- For 2017-2022, the average rate of change in the price index for gross domestic purchases, which measures prices paid by U.S. residents, was 3.2 percent, unrevised from the previously published estimates.
- For the period of expansion from the second quarter of 2009 through the fourth quarter of 2019, real GDP increased at an average annual rate of 2.4 percent, revised up 0.1 percentage point from the previously published estimates. For the pandemic-related contraction from the fourth quarter of 2019 to the second quarter of 2020, real GDP decreased 17.5 percent, revised up 0.7 percentage point from the previously published estimates. For the period of expansion from the second quarter of 2020 to the first quarter of 2023, real GDP increased at an average rate of 5.6 percent, revised down 0.2 percentage point from the previously published estimates.

### Updates for the First Quarter of 2023

For the first quarter of 2023, real GDP is now estimated to have increased 2.2 percent, an upward revision of 0.2 percentage point from the previously published estimate. Upward revisions to nonresidential fixed investment and state and local government spending were partly offset by downward revisions to consumer spending, exports, private inventory investment, residential investment and federal government spending. Imports were revised down.

Real GDI is now estimated to have increased 0.5 percent in the first quarter; in the previously published estimates, first-quarter GDI was estimated to have decreased 1.8 percent. The leading contributor to the upward revision was compensation, based primarily on new first-quarter Bureau of Labor Statistics Quarterly Census of Employment and Wages data.

The average of real GDP and real GDI increased 1.4 percent in the first quarter; in the previously published estimates, the average of GDP and GDI was estimated to have increased 0.1 percent.

### More Information

The complete set of statistics for the second quarter is available on [BEA's website](#), along with a table presenting the "[Key Source Data and Assumptions](#)" that underlie the statistics. The *Survey of Current Business*, BEA's online journal, will present a more detailed analysis of the estimates ("GDP and the Economy").

David B. Wasshausen  
Associate Director, National Economic Accounts  
Bureau of Economic Analysis  
(301) 278-9752