

GDP GROWTH MODERATES IN FIRST QUARTER

Corporate Profits Rise

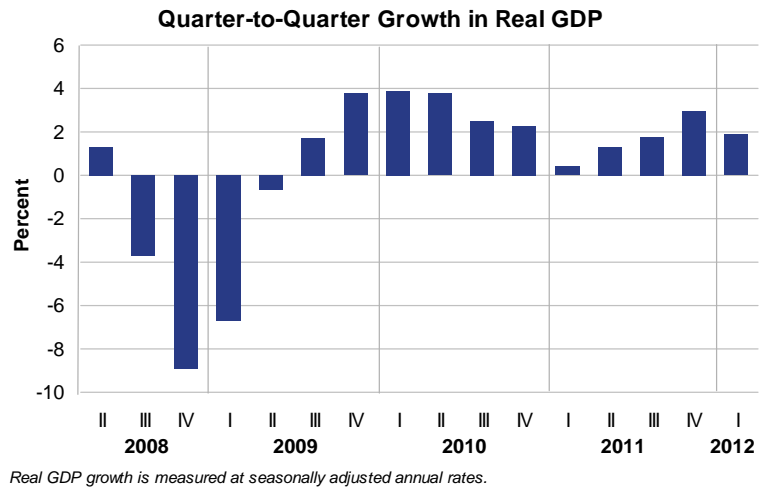
Real gross domestic product (GDP) rose 1.9 percent in the first quarter of 2012 after rising 3.0 percent in the fourth quarter, according to the second estimate released today by the Bureau of Economic Analysis. The first-quarter growth rate was 0.3 percentage point less than the “advance” estimate released in April.

Over the past 4 quarters, real GDP grew 2.0 percent.

First-quarter highlights

An acceleration in consumer spending in the first quarter was more than offset by a slowdown in inventory investment.

Consumer spending was strong in the first quarter, rising 2.7 percent after rising 2.1 percent in the fourth quarter. The first-quarter increase was the largest since the fourth quarter of 2010. Spending on services and nondurable goods accelerated, more than offsetting a slowdown in spending on durable goods (mainly motor vehicles and parts).



The slowdown in inventory investment reflected a sharp downturn in inventory investment by nondurable-goods wholesalers and manufacturers. A slowdown in business investment, mainly in industrial equipment and in computers and software, also contributed to the slowdown in economic growth.

Revisions to GDP

The downward revision of real GDP growth for the first quarter was largely accounted for by a downward revision to inventory investment; manufacturing, wholesale, and retail inventories were all revised down. In addition, imports was revised up. Partly offsetting these revisions, business investment and exports were revised up.

Corporate profits

BEA released its first estimate of first-quarter corporate profits.

Profits increased 0.6 percent at a quarterly rate, following a 0.9 percent increase in the fourth quarter of 2011. Nonfinancial profits rose 0.6 percent, while financial profits rose 4.5 percent. Profits from the rest of the world fell 3.8 percent.

Over the last 4 quarters, corporate profits increased 6.5 percent.



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 third estimate of GDP for the first quarter of 2012 and a revised estimate of corporate profits will be released on June 28, 2012.