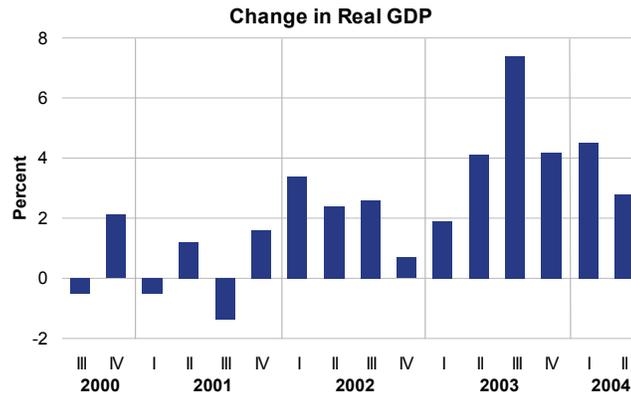# GDP GROWTH SLOWER IN 2ND QUARTER
PROFITS FLAT
"Preliminary" estimate of GDP and Corporate Profits

Estimates released today by the U.S. Bureau of Economic Analysis show inflation-adjusted GDP grew *at an annualized rate* of 2.8 percent in the second quarter of 2004; the rate is 0.2 percentage point less than the "advance" estimate released last month. Today's release also includes the Bureau's first estimate of corporate profits for the second quarter; *at a quarterly rate,* profits edged up 0.1 percent.
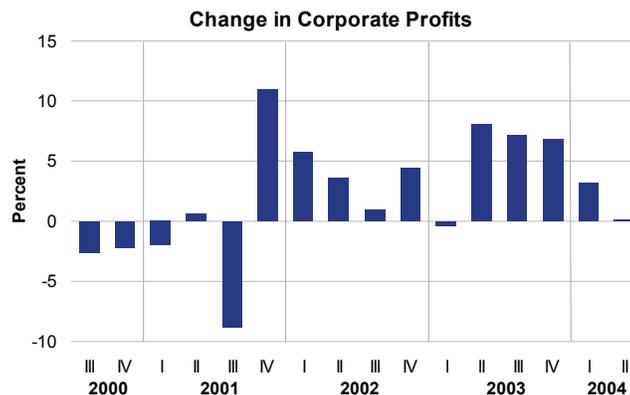

Change in Real GDP

Note: The change in real GDP is measured at seasonally adjusted annual rates.

Gross domestic product (GDP), the most comprehensive measure of U.S. economic activity, grew 1.7 percentage points less in the second quarter than in the first. The deceleration mainly reflected a slowdown in consumer spending (especially for food and clothing).

Today's 0.2-percentage-point downward revision to the second-quarter growth rate reflects the incorporation of new and revised source data. A downward revision to net exports was roughly offset by upward revisions to consumer spending and business investment; both exports and imports contributed to the downward revision to net exports.

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Corporate profits were little changed in the second quarter after a modest increase in the first; an increase in the profits of domestic corporations was offset by a decrease in profits from the rest of the world.

Change in Corporate Profits

Note: The change in corporate profits is measured at seasonally adjusted quarterly rates.

BEA's 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 its Web site: <www.bea.gov>.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a "final" estimate of second-quarter GDP and corporate profits on September 29, 2004.

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Bureau of Economic Analysis
U.S. Department of Commerce