

## GDP GROWTH SLOWS IN FIRST QUARTER

*Third Estimate of GDP*

Real gross domestic product (GDP) increased 1.9 percent in the first quarter of 2011 after increasing 3.1 percent in the fourth quarter, according to estimates released today by the Bureau of Economic Analysis. The first-quarter growth rate was revised up 0.1 percentage point from the second estimate released in May.

### First-quarter highlights

The following contributed to the slowdown in real GDP growth:

- Imports turned up sharply, and exports slowed.
- Consumer spending slowed, partly reflecting a slowdown in autos and parts.
- Government spending fell much more than in the fourth quarter. The decline in federal spending (mainly defense spending) was the largest since the first quarter of 2000. The decline in state and local spending was the largest since the second quarter of 1981.
- Business investment slowed, mainly due to a downturn in structures.



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

Offsetting these contributions to the slowdown in growth, inventory investment turned up sharply.

### Revisions

A downward revision to imports and an upward revision to inventory investment were mostly offset by downward revisions to exports, to business investment, and to state and local government spending.

### Corporate profits

First-quarter corporate profits rose 2.9 percent, following a 2.3 percent rise in the fourth quarter. (Year-over-year, first-quarter profits rose 10.2 percent.)

First-quarter nonfinancial corporate profits rose 6.9 percent but financial profits fell 15.5 percent from the fourth quarter. Profits from the rest of the world rose 14.6 percent in the first quarter.



*Growth is measured as a 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 second quarter of 2011 will be released on July 29, 2011, along with the annual revision of the GDP accounts.