

GDP and the Economy

Second Estimates for the Second Quarter of 2009

REAL GROSS domestic product (GDP) decreased at an annual rate of 1.0 percent in the second quarter of 2009, according to the “second” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ In the first quarter, real GDP decreased 6.4 percent.

The estimates reflect the recent comprehensive NIPA revision. See “Improved Estimates of the National Income and Product Accounts: Results of the 2009 Comprehensive Revision” in this issue.

The much smaller decrease in real GDP in the second quarter than in the first quarter primarily reflected much smaller decreases in nonresidential fixed investment and in exports, an upturn in federal government spending, smaller decreases in inventory investment and in residential fixed investment, and an upturn in state and local government spending. In contrast, imports decreased much less than in the first quarter, and consumer spending turned down.²

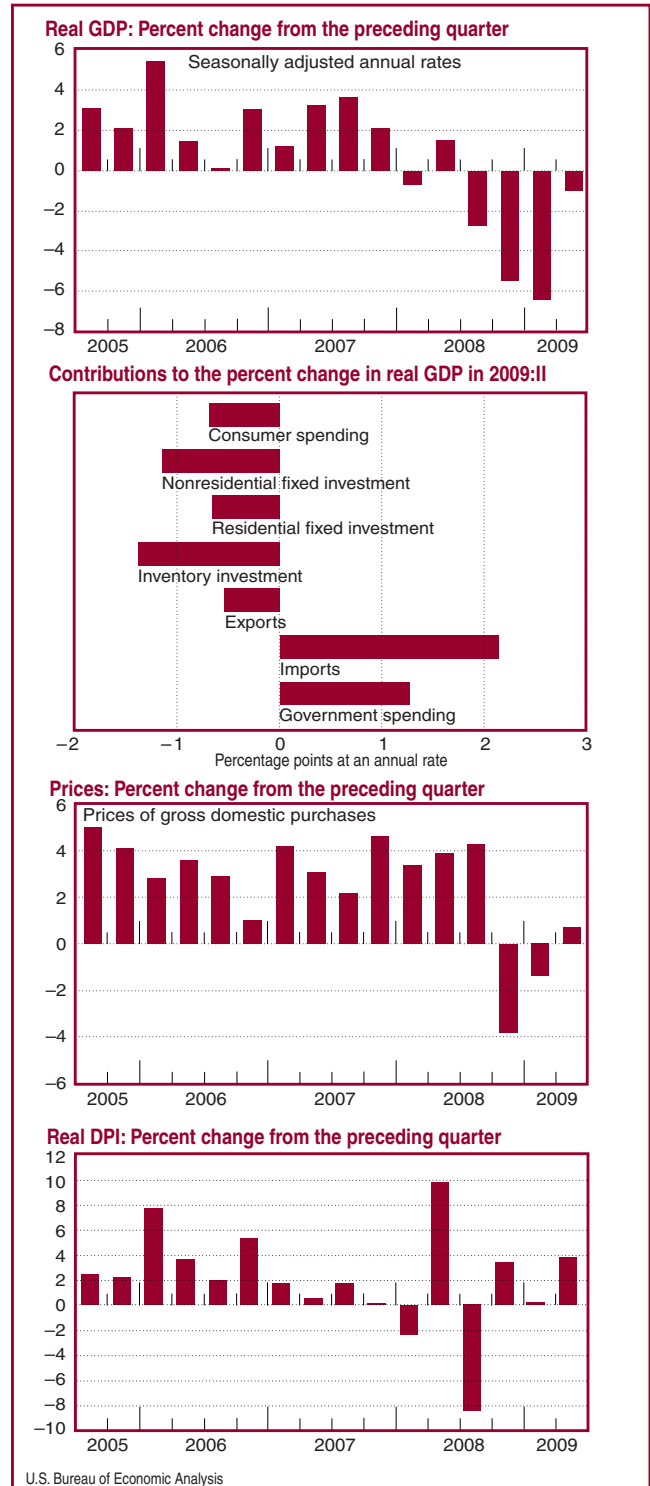
- Prices of goods and services purchased by U.S. residents increased 0.5 percent after decreasing 1.4 percent (see page 8). Energy prices decreased less and food prices decreased more. Excluding food and energy, gross domestic purchases prices increased 0.8 percent after increasing 0.2 percent.
- Real disposable personal income (DPI) increased 3.8 percent after increasing 0.2 percent (revised). The acceleration primarily reflected an upturn in current-dollar DPI that mainly resulted from a sharp upturn in personal income that was partly offset by a smaller decrease in personal current taxes.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.0 percent in the second quarter; in the first quarter, it was 3.7 percent (revised).

1. “Real” estimates are in chained (2005) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data. More information can be found at www.bea.gov/about/infoqual.htm and www.bea.gov/faq/national/gdp_accuracy.htm. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

Christopher Swann prepared this article.

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Real GDP Overview

Table 1. Real Gross Domestic Product and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)		Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
	2009		2008		2009		2008		2009	
	II	III	IV	I	II	III	IV	I	II	
Gross domestic product¹.....	100.0	-2.7	-5.4	-6.4	-1.0	-2.7	-5.4	-6.4	-1.0	
Personal consumption expenditures.....	70.7	-3.5	-3.1	0.6	-1.0	-2.49	-2.15	0.44	-0.69	
Goods.....	22.6	-7.7	-10.0	2.5	-3.4	-1.89	-2.41	0.56	-0.77	
Durable goods.....	7.1	-11.7	-20.3	3.9	-5.8	-0.95	-1.64	0.28	-0.43	
Nondurable goods.....	15.4	-5.6	-4.9	1.9	-2.2	-0.94	-0.78	0.29	-0.35	
Services.....	48.1	-1.3	0.5	-0.3	0.2	-0.60	0.26	-0.13	0.09	
Gross private domestic investment.....	11.0	-6.9	-24.2	-50.5	-24.4	-1.04	-3.91	-8.98	-3.20	
Fixed investment.....	12.3	-8.3	-20.2	-39.0	-13.5	-1.30	-3.28	-6.62	-1.81	
Nonresidential.....	9.8	-6.1	-19.5	-39.2	-10.9	-0.73	-2.47	-5.29	-1.15	
Structures.....	3.5	-0.1	-7.2	-43.6	-15.1	0.00	-0.31	-2.28	-0.59	
Equipment and software.....	6.3	-9.4	-25.9	-36.4	-8.4	-0.73	-2.15	-3.01	-0.56	
Residential.....	2.4	-15.9	-23.2	-38.2	-22.8	-0.57	-0.81	-1.33	-0.66	
Change in private inventories.....	-1.2	.....	.....	.....	.....	0.26	-0.64	-2.36	-1.39
Net exports of goods and services.....	-2.4	.....	.....	.....	.....	-0.10	0.45	2.64	1.60
Exports.....	10.6	-3.6	-19.5	-29.9	-5.0	-0.48	-2.67	-3.95	-0.54	
Goods.....	6.9	-1.8	-25.5	-36.9	-7.0	-0.17	-2.50	-3.41	-0.50	
Services.....	3.6	-7.7	-4.3	-13.6	-1.0	-0.31	-0.17	-0.54	-0.04	
Imports.....	12.9	-2.2	-16.7	-36.4	-15.1	0.38	3.12	6.58	2.14	
Goods.....	10.3	-3.7	-19.6	-41.0	-16.5	0.55	3.09	6.25	1.89	
Services.....	2.6	6.1	-0.9	-11.5	-9.0	-0.17	0.03	0.34	0.25	
Government consumption expenditures and gross investment.....	20.7	4.8	1.2	-2.6	6.4	0.95	0.24	-0.52	1.27	
Federal.....	8.0	13.2	6.5	-4.3	11.0	0.93	0.49	-0.33	0.82	
National defense.....	5.5	19.8	3.8	-5.1	13.3	0.93	0.20	-0.27	0.67	
Nondefense.....	2.6	0.1	12.7	-2.5	6.2	0.00	0.29	-0.06	0.15	
State and local.....	12.7	0.1	-2.0	-1.5	3.6	0.01	-0.25	-0.19	0.44	

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)		Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
	2009		2008		2009		2008		2009	
	II	III	IV	I	II	III	IV	I	II	
Gross domestic product¹.....	100.0	-2.7	-5.4	-6.4	-1.0	-2.7	-5.4	-6.4	-1.0	
Final sales of domestic product.....	101.2	-2.9	-4.7	-4.1	0.4	-2.94	-4.74	-4.07	0.37	
Change in private inventories.....	-1.2	.....	.....	.....	.....	0.26	-0.64	-2.36	-1.39
Goods.....	25.6	-7.0	-16.4	-8.7	-4.6	-1.91	-4.54	-2.19	-1.21	
Services.....	66.2	-0.4	0.7	-0.9	1.5	-0.22	0.46	-0.53	1.00	
Structures.....	8.3	-5.5	-12.9	-34.0	-9.1	-0.55	-1.30	-3.70	-0.80	
Addenda:										
Motor vehicle output.....	1.5	-6.6	-50.5	-64.5	13.9	-0.15	-1.41	-1.69	0.20	
GDP excluding motor vehicle output.....	98.5	-2.6	-4.1	-4.9	-1.2	-2.53	-3.96	-4.74	-1.21	
Final sales of computers.....	0.6	-3.6	2.9	11.2	-8.9	-0.02	0.02	0.06	-0.05	
GDP excluding final sales of computers.....	99.4	-2.7	-5.4	-6.5	-1.0	-2.66	-5.39	-6.49	-0.96	

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Consumer spending turned down in the second quarter, subtracting 0.69 percentage point from the percent change in real GDP. Downturns in spending for both durable goods and nondurable goods were partly offset by an upturn in spending for services.

Nonresidential fixed investment decreased much less than in the first quarter, subtracting 1.15 percentage points from the percent change in real GDP after subtracting 5.29 percentage points.

Residential fixed investment also decreased less than in the first quarter, subtracting 0.66 percentage point from the percent change in real GDP after subtracting 1.33 percentage points.

Inventory investment reduced the second-quarter percent change in real GDP by 1.39 percentage points after subtracting 2.36 percentage points.

Exports decreased much less than in the first quarter, reflecting smaller decreases in both exports of goods and services. The largest contributors were an upturn in industrial supplies and materials and a smaller decrease in automotive vehicles, engines, and parts.

Imports decreased much less than in the first quarter. All categories of goods imports except petroleum and products and imports of "other" goods contributed to the smaller decrease.

Federal government spending turned up, reflecting upturns in national defense and in nondefense spending.

State and local government spending also turned up, primarily reflecting an upturn in structures investment.

Real final sales of domestic product, real GDP less inventory investment, increased 0.4 percent in the second quarter after decreasing 4.1 percent in the first quarter.

Motor vehicle output turned up, increasing 13.9 percent after decreasing 64.5 percent.

Final sales of computers turned down, decreasing 8.9 percent after increasing 11.2 percent.

Consumer Spending

Table 3. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)				Contribution to percent change in real PCE (percentage points)			
		2008		2009		2008		2009	
		II	III	IV	I	II	III	IV	I	II
PCE ¹	100.0	-3.5	-3.1	0.6	-1.0	-3.5	-3.1	0.6	-1.0
Goods	31.9	-7.7	-10.0	2.5	-3.4	-2.67	-3.46	0.80	-1.09
Durable goods	10.1	-11.7	-20.3	3.9	-5.8	-1.34	-2.34	0.40	-0.60
Motor vehicles and parts	3.0	-23.7	-32.5	6.7	-6.2	-0.90	-1.21	0.19	-0.19
Furnishings and durable household equipment	2.5	-11.2	-14.1	-7.0	-7.7	-0.31	-0.39	-0.19	-0.20
Recreational goods and vehicles.....	3.2	-2.5	-12.4	9.3	-5.3	-0.09	-0.44	0.29	-0.18
Other durable goods	1.4	-2.7	-19.9	7.2	-2.4	-0.04	-0.31	0.10	-0.03
Nondurable goods	21.8	-5.6	-4.9	1.9	-2.2	-1.33	-1.12	0.41	-0.49
Food and beverages for off-premises consumption....	7.9	-5.2	-7.3	0.6	3.7	-0.40	-0.59	0.05	0.28
Clothing and footwear	3.2	-11.1	-8.9	-1.7	-8.7	-0.39	-0.30	-0.06	-0.29
Gasoline and other energy goods.....	2.8	-12.9	10.6	8.6	-0.3	-0.60	0.39	0.24	-0.01
Other nondurable goods.....	7.9	0.8	-7.7	2.2	-5.8	0.07	-0.61	0.17	-0.47
Services	68.1	-1.3	0.5	-0.3	0.2	-0.85	0.37	-0.19	0.12
Household consumption expenditures.....	65.4	-1.8	0.1	0.7	0.4	-1.11	0.08	0.47	0.29
Housing and utilities	18.7	-1.4	3.6	0.1	-1.1	-0.25	0.66	0.03	-0.21
Health care.....	16.2	-0.6	1.8	3.4	2.2	-0.09	0.27	0.53	0.36
Transportation services	3.0	-5.0	-7.8	-7.0	-0.3	-0.15	-0.25	-0.22	-0.01
Recreation services.....	3.8	-3.1	-3.9	1.8	-0.3	-0.12	-0.15	0.07	-0.01
Food services and accommodations.....	6.1	-2.6	-8.0	-1.6	-2.3	-0.16	-0.50	-0.10	-0.14
Financial services and insurance	8.3	-2.7	-4.1	0.4	3.4	-0.22	-0.34	0.03	0.28
Other services.....	9.4	-1.4	4.3	1.5	0.3	-0.12	0.38	0.14	0.03
Final consumption expenditures of NPISHs ²	2.6	9.9	10.8	-21.3	-6.0	0.26	0.29	-0.67	-0.16
Gross output of NPISHs ³	10.6	0.9	3.3	-3.0	-0.6	0.10	0.34	-0.32	-0.07
Less: Receipts from sales of goods and services by NPISHs ⁴	8.0	-2.1	0.7	4.5	1.2	-0.16	0.05	0.35	0.09

Spending for goods turned down, reflecting downturns in spending for both durable and nondurable goods.

The downturn in durable goods reflected downturns in recreational goods and vehicles, in motor vehicles and parts, and in "other" durable goods (such as jewelry and watches and therapeutic medical equipment).

The downturn in nondurable goods reflected downturns in "other" nondurable goods (such as personal care products) and in gasoline and other energy goods and a larger decrease in clothing and footwear. Food and beverages for off-premises consumption picked up.

Spending for services turned up. Final consumption expenditures of nonprofit institutions serving households (NPISHs) decreased less in the second quarter than in the first quarter, and spending for financial services accelerated.

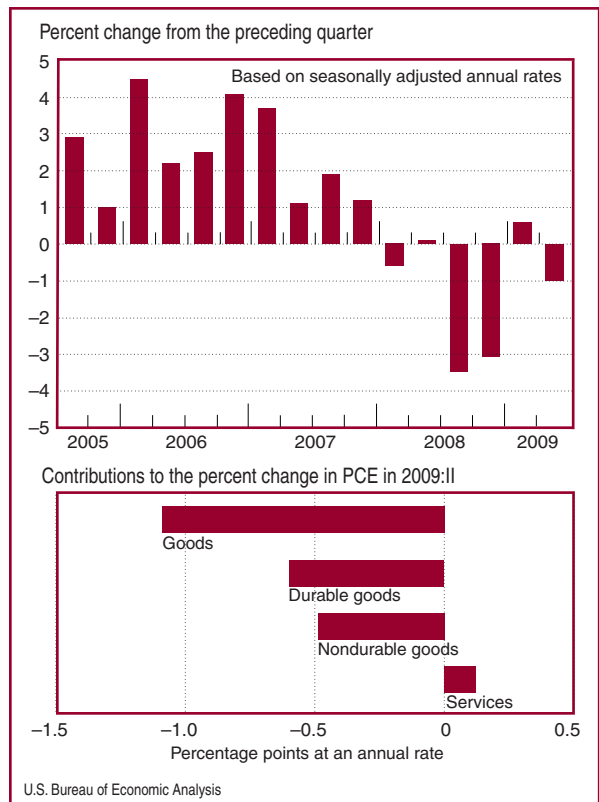
1. The estimates under the contribution columns are also percent changes.
 2. Net of expenses, or gross operating expenses less primary sales to households.
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.
 NOTE: Percent changes are from NIPA table 2.3.1, and contributions, from NIPA table 2.3.2; shares are calculated from NIPA table 2.3.5.
 NPISHs Nonprofit institutions serving households

Changes in Consumer Spending Categories

The comprehensive NIPA revision incorporated a new classification system for consumer spending, which defined new categories of expenditures by type of product and by function. Prominent among these changes are the separate identification within services of household consumption from nonprofit consumption, the addition of new major product categories (such as insurance), and the reclassification of purchased meals and beverages from nondurable goods to services under food services and accommodations.

See "Preview of the 2009 Comprehensive NIPA Revision: New Classification for Personal Consumption Expenditures" in the May 2008 SURVEY OF CURRENT BUSINESS.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 4. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)					Contribution to percent change in real PFI (percentage points)			
		2008		2009			2008		2009	
		II	III	IV	I	II	III	IV	I	II
Private fixed investment¹	100.0	-8.3	-20.2	-39.0	-13.5	-8.3	-20.2	-39.0	-13.5	
Nonresidential	80.0	-6.1	-19.5	-39.2	-10.9	-4.64	-15.16	-30.88	-8.42	
Structures	28.8	-0.1	-7.2	-43.6	-15.1	0.04	-1.72	-13.33	-4.41	
Commercial and health care	8.6	-10.8	-28.4	-35.3	-17.4	-0.95	-2.60	-3.07	-1.59	
Manufacturing.....	4.9	20.6	46.0	59.7	29.9	0.51	1.20	1.98	1.22	
Power and communication	5.7	-14.6	-18.8	-8.8	42.6	-0.67	-0.86	-0.33	1.89	
Mining exploration, shafts, and wells.....	4.4	19.4	16.1	-82.4	-69.1	1.35	1.26	-10.36	-5.89	
Other structures ²	5.2	-4.2	-15.3	-31.6	-1.3	-0.19	-0.73	-1.54	-0.05	
Equipment and software	51.3	-9.4	-25.9	-36.4	-8.4	-4.68	-13.44	-17.55	-4.00	
Information processing equipment and software	29.1	-4.4	-16.9	-19.6	-1.3	-1.10	-4.43	-4.55	-0.28	
Computers and peripheral equipment.....	4.1	-26.7	-29.2	-14.7	15.6	-1.21	-1.19	-0.46	0.59	
Software ³	13.4	-3.1	-9.1	-24.0	-11.7	-0.37	-1.08	-2.88	-1.59	
Other ⁴	11.5	4.9	-21.0	-15.6	6.4	0.49	-2.17	-1.20	0.72	
Industrial equipment.....	8.7	-10.6	-14.1	-49.7	-14.8	-0.96	-1.19	-4.98	-1.31	
Transportation equipment.....	4.1	-44.5	-68.9	-81.3	21.0	-3.51	-5.42	-5.26	0.86	
Other equipment ⁵	9.4	10.2	-24.8	-31.1	-30.0	0.89	-2.41	-2.77	-3.27	
Residential	20.0	-15.9	-23.2	-38.2	-22.8	-3.69	-5.08	-8.10	-5.06	
Structures	19.5	-15.9	-23.4	-38.8	-23.2	-3.63	-5.01	-8.07	-5.00	
Permanent site	7.3	-28.1	-39.0	-60.9	-44.1	-3.39	-4.42	-6.67	-4.33	
Single family	5.4	-32.0	-42.7	-67.5	-47.6	-3.19	-3.93	-6.11	-3.57	
Multifamily.....	1.9	-9.2	-22.9	-28.8	-32.7	-0.19	-0.49	-0.56	-0.76	
Other structures ⁶	12.2	-2.2	-6.3	-13.9	-5.7	-0.24	-0.59	-1.40	-0.68	
Equipment	0.5	-13.7	-16.2	-7.1	-10.0	-0.07	-0.07	-0.03	-0.05	

1. The estimates of fixed investment under the contribution columns are also percent changes.
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 3. Excludes software "embedded," or bundled, in computers and other equipment.
 4. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 5. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 6. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 NOTE. Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment decreased much less in the second quarter than in the first quarter, reflecting much smaller decreases in both nonresidential fixed investment and residential fixed investment.

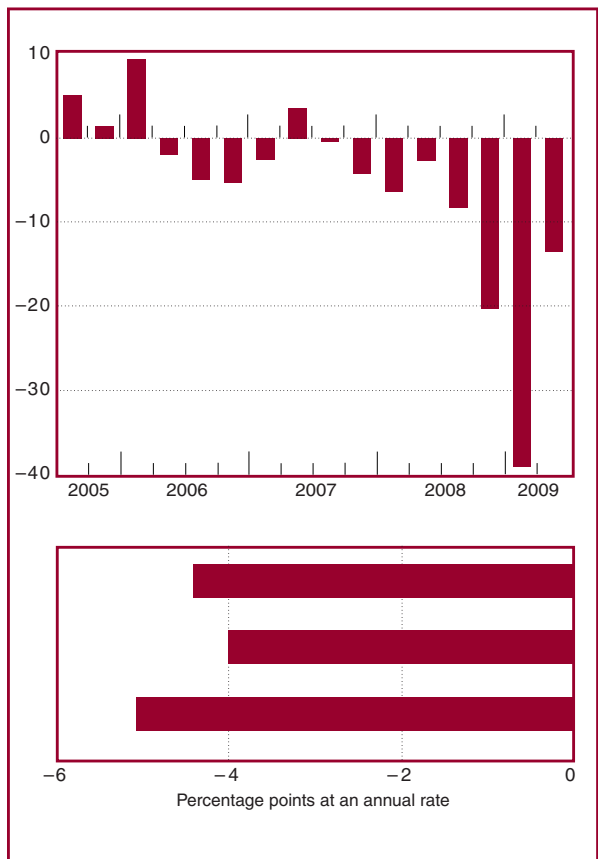
Nonresidential fixed investment decreased 10.9 percent after decreasing 39.2 percent. The much smaller decrease reflected much smaller decreases both in equipment and software and in structures.

The smaller decrease in structures primarily reflected a smaller decrease in mining exploration, shafts, and wells, an upturn in power and communication, and smaller decreases in commercial and health care and in "other" structures.

The smaller decrease in equipment and software mainly reflected an upturn in transportation equipment and much smaller decreases in information processing equipment and software and in industrial equipment.

The smaller decrease in residential fixed investment mainly reflected a smaller decrease in single-family structures.

Chart 3. Real Private Fixed Investment



Inventory Investment

Table 5. Real Change in Private Inventories by Industry

[Billions of chained (2005) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter				
	2008			2009		2008		2009		
	II	III	IV	I	II	III	IV	I	II	
Change in private inventories¹	-37.1	-29.7	-37.4	-113.9	-159.2	7.4	-7.7	-76.5	-45.3	
Farm.....	-1.6	-5.0	-1.9	0.3	3.3	-3.4	3.1	2.2	3.0	
Mining, utilities, and construction.....	2.3	-3.0	-11.3	6.6	2.4	-5.3	-8.3	17.9	-4.2	
Manufacturing.....	-23.1	-30.8	8.2	-28.9	-39.1	-7.7	39.0	-37.1	-10.2	
Durable-goods industries.....	-4.5	6.8	31.9	-23.5	-30.7	11.3	25.1	-55.4	-7.2	
Nondurable-goods industries.....	-17.6	-34.6	-22.0	-5.6	-8.7	-17.0	12.6	16.4	-3.1	
Wholesale trade.....	-1.6	3.8	-16.8	-42.3	-68.6	5.4	-20.6	-25.5	-26.3	
Durable-goods industries.....	-1.7	20.4	-1.6	-53.1	-52.7	22.1	-22.0	-51.5	0.4	
Nondurable-goods industries.....	-0.5	-13.8	-14.6	8.7	-16.9	-13.3	-0.8	23.3	-25.6	
Retail trade.....	-13.9	5.6	-21.5	-47.2	-51.2	19.5	-27.1	-25.7	-4.0	
Motor vehicle and parts dealers.....	-5.6	5.7	-3.7	-35.6	-34.1	11.3	-9.4	-31.9	1.5	
Food and beverage stores.....	1.3	0.3	-0.7	2.3	-0.4	-1.0	-1.0	3.0	-2.7	
General merchandise stores.....	-0.9	-1.5	-4.0	-3.6	-1.4	-0.6	-2.5	0.4	2.2	
Other retail stores.....	-8.9	1.3	-13.0	-12.3	-16.9	10.2	-14.3	0.7	-4.6	
Other industries.....	0.3	1.7	5.4	-3.4	-5.8	1.4	3.7	-8.8	-2.4	
Residual ²	0.3	-8.0	-1.9	5.3	2.7	-8.3	6.1	7.2	-2.6	
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales.....	2.38	2.40	2.44	2.44	2.39	.....	.....	.....	.....
Nonfarm inventories to final sales....	2.18	2.21	2.24	2.23	2.18	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures.....	3.96	4.02	4.15	4.18	4.10	.....	.....	.....	.....

1. The levels are from NIPA table 5.6.6B.

2. The residual is the difference between the first line and the sum of the most detailed lines. It reflects that chained-dollar estimates are usually not additive, because they are based on quantity indexes that use weights of more than one period.

3. The ratios are from NIPA table 5.7.6B.

Real inventory investment decreased \$45.3 billion in the second quarter after decreasing \$76.5 billion in the first quarter.

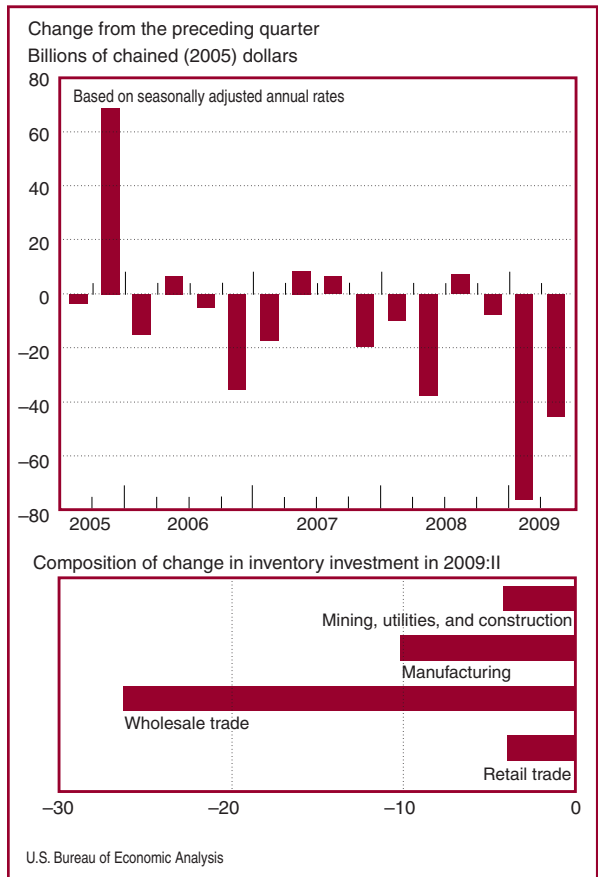
Inventory investment in manufacturing industries decreased \$10.2 billion after decreasing \$37.1 billion, reflecting larger second-quarter drawdowns in both durable-goods and nondurable-goods industries.

Inventory investment in wholesale trade industries decreased \$26.3 billion after decreasing \$25.5 billion, primarily reflecting a second-quarter drawdown in nondurable-goods industries after a first-quarter accumulation.

Inventory investment in retail trade industries decreased \$4.0 billion after decreasing \$25.7 billion. A larger drawdown by "other" retail stores and a drawdown in inventories by food and beverage stores after an accumulation were partly offset by smaller drawdowns by general merchandise stores and by motor vehicle and parts dealers.

The ratio of private inventories to final sales decreased to 2.39, a 2.0 percent decrease at a quarterly rate and the largest since the third quarter of 2003.

Chart 4. Real Private Inventory Investment



Inventory Investment

The real change in private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or year. BEA does not always have complete data for every industry.

Exports and Imports

Table 6. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)					Contribution to percent change in real exports and imports (percentage points)			
		2008		2009			2008		2009	
		II	III	IV	I	II	III	IV	I	II
Exports of goods and services¹	100.0	-3.6	-19.5	-29.9	-5.0	-3.6	-19.5	-29.9	-5.0	
Exports of goods²	65.5	-1.8	-25.5	-36.9	-7.0	-1.24	-18.31	-25.76	-4.62	
Foods, feeds, and beverages	6.3	-7.8	-16.8	-20.1	23.1	-0.60	-0.95	-1.01	1.26	
Industrial supplies and materials.....	17.6	0.4	-24.0	-34.6	10.0	0.12	-4.77	-6.34	1.66	
Capital goods, except automotive.....	25.0	2.7	-28.0	-28.3	-19.8	0.68	-7.58	-6.81	-5.57	
Automotive vehicles, engines, and parts.....	4.5	8.0	-47.2	-83.0	-17.8	0.51	-3.88	-8.50	-0.88	
Consumer goods, except automotive.....	9.7	8.4	-23.2	-23.8	-2.7	0.71	-2.16	-2.09	-0.26	
Other.....	2.5	-64.1	50.1	-35.1	-28.0	-2.67	1.03	-1.00	-0.82	
Exports of services²	34.5	-7.7	-4.3	-13.6	-1.0	-2.36	-1.15	-4.18	-0.33	
Imports of goods and services¹	100.0	-2.2	-16.7	-36.4	-15.1	-2.20	-16.70	-36.40	-15.10	
Imports of goods²	79.8	-3.7	-19.6	-41.0	-16.5	-3.12	-16.74	-34.65	-13.28	
Foods, feeds, and beverages	4.5	-1.5	7.6	-20.9	-1.4	-0.06	0.30	-0.74	-0.02	
Industrial supplies and materials, except petroleum and products.....	9.5	8.2	-25.6	-51.6	-39.6	0.98	-3.45	-6.85	-4.87	
Petroleum and products.....	12.4	2.7	10.3	-15.9	-22.3	0.50	1.72	-1.84	-2.81	
Capital goods, except automotive.....	18.9	-7.6	-24.9	-44.0	-19.9	-1.41	-4.79	-8.99	-3.92	
Automotive vehicles, engines, and parts.....	6.9	-23.9	-46.2	-82.3	-7.9	-2.49	-5.08	-11.00	-0.50	
Consumer goods, except automotive.....	23.0	-1.8	-24.6	-25.3	-3.3	-0.38	-5.13	-4.87	-0.58	
Other.....	4.6	-10.5	-10.7	-11.7	-12.5	-0.27	-0.31	-0.35	-0.57	
Imports of services²	20.2	6.1	-0.9	-11.5	-9.0	0.90	0.01	-1.72	-1.78	
Addenda:										
Exports of agricultural goods ³	6.8	-8.6	-0.6	-17.8	12.1	.....	.....	.....	.....
Exports of nonagricultural goods.....	58.8	-1.1	-27.6	-38.6	-8.9	.....	.....	.....	.....
Imports of nonpetroleum goods.....	67.4	-5.5	-26.0	-44.9	-15.5	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

Note: Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services decreased 5.0 percent in the second quarter after decreasing 29.9 percent, reflecting smaller decreases in both goods and services.

Exports of goods decreased 7.0 percent after decreasing 36.9 percent. Industrial supplies and materials turned up, and automotive vehicles, engines, and parts decreased much less than in the first quarter. Foods, feeds, and beverages also turned up, and non-automotive consumer goods and nonautomotive capital goods decreased less than in the first quarter.

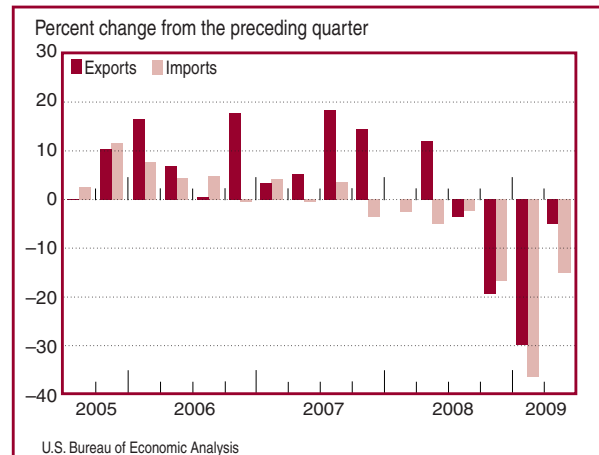
Exports of services decreased 1.0 percent after decreasing 13.6 percent. "Other" transportation, passenger fares, and other private services turned up, and travel and royalties and license fees decreased less than in the first quarter.

Imports of goods and services decreased 15.1 percent after decreasing 36.4 percent, reflecting smaller decreases in both goods and services.

Imports of goods decreased 16.5 percent after decreasing 41.0 percent, reflecting smaller decreases in automotive vehicles, engines, and parts, in nonautomotive capital goods, in nonautomotive consumer goods, in nonpetroleum industrial supplies and materials, and in foods, feeds and beverages that were partly offset by larger decreases in petroleum and products and in "other" goods imports.

Imports of services decreased 9.0 percent after decreasing 11.5 percent. Upturns in "other" private services and in passenger fares and smaller decreases in "other" transportation and in royalties and license fees were partly offset by a downturn in direct defense expenditures and a larger decrease in travel.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 7. Real Government Consumption Expenditures and Gross Investment (CEGI)
[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)					Contribution to percent change in real CEGI (percentage points)				
		2008		2009			2008		2009		
		II	III	IV	I	II	III	IV	I	II	
Government consumption expenditures and gross investment¹	100.0	4.8	1.2	-2.6	6.4	4.8	1.2	-2.6	6.4		
Consumption expenditures.....	82.3	5.3	2.0	-1.3	4.2	4.39	1.67	-1.04	3.52		
Gross investment.....	17.7	2.4	-2.9	-8.7	17.2	0.44	-0.51	-1.57	2.86		
Federal.....	38.9	13.2	6.5	-4.3	11.0	4.74	2.40	-1.66	4.15		
National defense.....	26.5	19.8	3.8	-5.1	13.3	4.73	0.97	-1.36	3.37		
Consumption expenditures.....	22.6	20.0	3.3	-4.9	11.9	4.09	0.73	-1.10	2.59		
Gross investment.....	3.9	18.6	6.7	-6.6	21.9	0.64	0.25	-0.25	0.78		
Nondefense.....	12.4	0.1	12.7	-2.5	6.2	0.01	1.42	-0.30	0.79		
Consumption expenditures.....	10.9	-0.8	7.8	2.4	7.3	-0.09	0.77	0.26	0.80		
Gross investment.....	1.5	6.8	50.9	-29.6	-1.3	0.11	0.65	-0.56	-0.01		
State and local.....	61.2	0.1	-2.0	-1.5	3.6	0.08	-1.23	-0.95	2.23		
Consumption expenditures.....	48.9	0.8	0.3	-0.4	0.2	0.39	0.17	-0.20	0.13		
Gross investment.....	12.3	-2.6	-11.1	-6.1	18.3	-0.31	-1.41	-0.75	2.10		

1. The estimates under the contribution columns are also percent changes.
NOTE: Percent changes are from NIPA table 3.9.1, contributions from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending turned up, increasing 6.4 percent in the second quarter after decreasing 2.6 percent in the first quarter, reflecting upturns in federal government spending and in state and local government spending.

The upturn in federal government spending reflected upturns in national defense and nondefense spending. The main contributors to the upturn in national defense spending were upturns in consumption expenditures and in investment in equipment and software. The primary contributors to the upturn in nondefense spending were an upturn in investment in equipment and software and an acceleration in consumption expenditures.

The upturn in state and local government spending primarily reflected an upturn in investment in structures.

Government Spending

“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

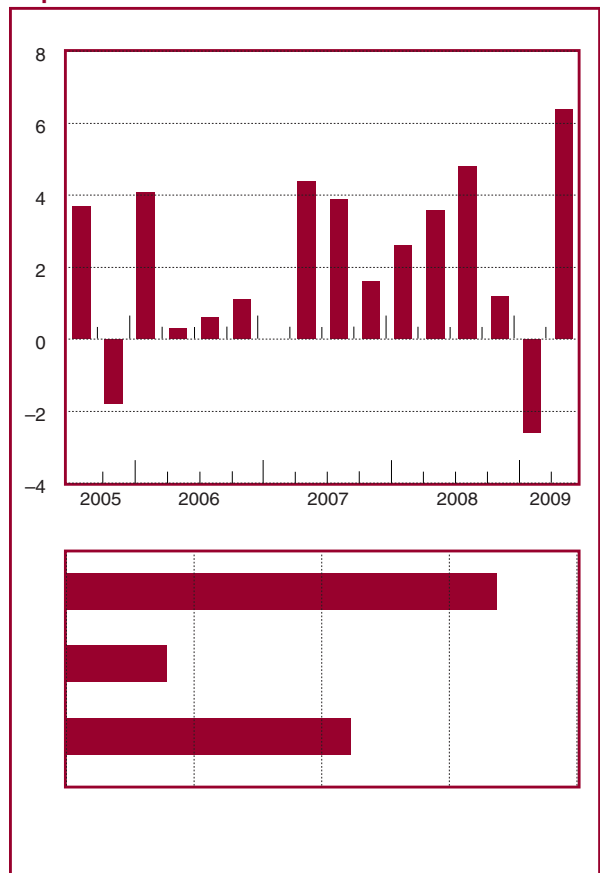
Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital.¹

Gross investment consists of new and used structures (such as highways and dams) and of equipment and software purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

1. Consumption of fixed capital represents a partial measure of the services provided by government-owned fixed capital.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 8. Prices for Gross Domestic Purchases

(Percent change at annual rates; based on seasonally adjusted index numbers (2005=100))

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2008		2009		2008		2009	
	III	IV	I	II	III	IV	I	II
Gross domestic purchases¹	4.3	-3.8	-1.4	0.5	4.3	-3.8	-1.4	0.5
Personal consumption expenditures	4.7	-5.0	-1.5	1.3	3.08	-3.43	-1.01	0.92
Goods	6.8	-16.1	-6.0	2.7	1.51	-3.86	-1.35	0.58
Durable goods	-1.2	-3.3	-1.7	0.3	-0.09	-0.23	-0.12	0.02
Nondurable goods	10.8	-21.5	-7.9	3.8	1.60	-3.63	-1.23	0.55
Services	3.6	1.0	0.7	0.7	1.57	0.43	0.34	0.34
Gross private domestic investment	2.3	5.3	-1.8	-4.3	0.38	0.74	-0.22	-0.50
Fixed investment	2.5	1.3	-2.0	-4.3	0.36	0.19	-0.27	-0.54
Nonresidential	4.4	4.4	-1.3	-4.0	0.48	0.48	-0.13	-0.40
Structures	6.7	7.9	-3.5	-9.7	0.26	0.31	-0.14	-0.36
Equipment and software	3.1	2.5	0.1	-0.6	0.22	0.17	0.01	-0.04
Residential	-3.8	-9.5	-4.9	-5.4	-0.12	-0.29	-0.14	-0.14
Change in private inventories .....	.....	.....	.....	.....	0.02	0.55	0.05	0.04
Government consumption expenditures and gross investment	4.2	-5.8	-1.1	0.4	0.80	-1.15	-0.21	0.08
Federal	1.9	-4.1	1.7	0.4	0.14	-0.30	0.12	0.03
National defense	2.4	-6.0	0.9	0.3	0.11	-0.31	0.05	0.01
Nondefense	0.8	0.2	3.3	0.7	0.02	0.01	0.08	0.02
State and local	5.6	-6.9	-2.8	0.4	0.66	-0.85	-0.34	0.05
Addenda:								
Gross domestic purchases:								
Food	9.5	6.5	-1.1	-3.5	0.47	0.33	-0.06	-0.20
Energy goods and services	30.9	-61.8	-36.1	-1.4	1.19	-3.64	-1.59	-0.05
Excluding food and energy	2.9	-0.6	0.2	0.8	2.59	-0.53	0.22	0.75
Personal consumption expenditures (PCE):								
Food and beverages for off-premises consumption	9.3	4.7	-1.1	-3.6	.....	.....	.....	.....
Energy goods and services	29.8	-64.0	-36.7	-2.1	.....	.....	.....	.....
Excluding food and energy	2.6	0.8	1.1	2.0	.....	.....	.....	.....
"Market-based" PCE	5.1	-5.3	-1.2	1.5	.....	.....	.....	.....
Excluding food and energy	2.7	1.5	1.9	2.3	.....	.....	.....	.....
Gross domestic product	4.0	0.1	1.9	0.0	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes

NOTE: Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions are from NIPA table 1.6.8.

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, increased 0.5 percent in the second quarter after decreasing 1.4 percent in the first quarter. In the first quarter, the federal pay raise for civilian and military personnel added 0.3 percentage point to the percent change; the pay raise is treated as an increase in the price of employee services purchased by the federal government.

Consumer prices increased 1.3 percent after decreasing 1.5 percent, primarily reflecting an upturn in the prices of gasoline and other energy goods. Prices paid for durable goods also turned up.

Prices paid for nonresidential fixed investment decreased more than in the first quarter. Prices paid for structures decreased more in the second quarter, and prices paid for equipment and software turned down.

Prices paid for residential investment decreased 5.4 percent after decreasing 4.9 percent.

Prices paid by government turned up, reflecting an upturn in prices paid by state and local government for consumption expenditures.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, accelerated, increasing 2.0 percent after increasing 1.1 percent. This measure has been redefined so it now includes purchased meals and beverages, such as restaurant meals, and pet food.

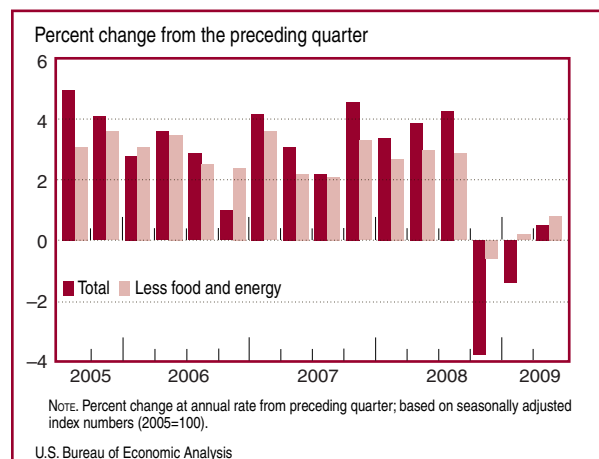
The percent change in the GDP price index was unchanged in the second quarter, but the price index for gross domestic purchases increased 0.5 percent. The difference reflects a larger increase in import prices than in export prices.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between the imports prices (included in the gross domestic purchases index) and the exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the dollar depreciation [FAQ Answer ID 498](#) on BEA's Web site.

Chart 7. Gross Domestic Purchases Prices

Revisions

Table 9. Advance and Second Estimates for the Second Quarter of 2009

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
Gross domestic product (GDP) ¹	-1.0	-1.0	0.0	-1.0	-1.0	0.0
Personal consumption expenditures	-1.2	-1.0	0.2	-0.88	-0.69	0.19
Goods	-4.0	-3.4	0.6	-0.92	-0.77	0.15
Durable goods	-7.1	-5.8	1.3	-0.52	-0.43	0.09
Nondurable goods	-2.5	-2.2	0.3	-0.40	-0.35	0.05
Services	0.1	0.2	0.1	0.04	0.09	0.05
Gross private domestic investment	-20.4	-24.4	-4.0	-2.64	-3.20	-0.56
Fixed investment	-13.5	-13.5	0.0	-1.82	-1.81	0.01
Nonresidential	-8.9	-10.9	-2.0	-0.94	-1.15	-0.21
Structures	-8.9	-15.1	-6.2	-0.34	-0.59	-0.25
Equipment and software	-9.0	-8.4	0.6	-0.59	-0.56	0.03
Residential	-29.3	-22.8	6.5	-0.88	-0.66	0.22
Change in private inventories				-0.83	-1.39	-0.56
Net exports of goods and services				1.38	1.60	0.22
Exports	-7.0	-5.0	2.0	-0.76	-0.54	0.22
Goods	-9.3	-7.0	2.3	-0.68	-0.50	0.18
Services	-2.3	-1.0	1.3	-0.09	-0.04	0.05
Imports	-15.1	-15.1	0.0	2.14	2.14	0.00
Goods	-15.9	-16.5	-0.6	1.82	1.89	0.07
Services	-11.5	-9.0	2.5	0.32	0.25	-0.07
Government consumption expenditures and gross investment	5.6	6.4	0.8	1.12	1.27	0.15
Federal	10.9	11.0	0.1	0.82	0.82	0.00
National defense	13.3	13.3	0.0	0.67	0.67	0.00
Nondefense	6.0	6.2	0.2	0.15	0.15	0.00
State and local	2.4	3.6	1.2	0.30	0.44	0.14
Addenda:						
Final sales of domestic product	-0.2	0.4	0.6	-0.19	0.37	0.56
Gross domestic purchases price index	0.7	0.5	-0.2			
GDP price index	0.2	0.0	-0.2			

1. The estimates for GDP under the contribution columns are also percent changes.

The “second” estimate of the second-quarter decrease in real GDP is the same as the advance estimate, reflecting upward revisions to exports, to residential fixed investment, to consumer spending, and to government spending that were offset by downward revisions to inventory investment and to nonresidential fixed investment. The average revision (without regard to sign) between the advance estimate and the “second” estimate is 0.5 percentage point.

The upward revision to consumer spending primarily reflected an upward revision to motor vehicles and parts.

The downward revision to nonresidential fixed investment reflected a downward revision to structures.

The upward revision to residential fixed investment reflected an upward revision to residential structures that was based on a revised one-unit deflator.

The downward revision to inventory investment primarily reflected revisions to wholesale trade inventories and to manufacturing durable-goods inventories.

The upward revision to exports was to both goods and services. The largest contributors to goods were industrial supplies and materials and civilian aircraft, engines, and parts. The largest contributor to services was “other” private services.

The upward revision to government spending primarily reflected an upward revision to state and local investment in structures.

Source Data for the Second Estimates

Personal consumption expenditures: Retail sales for May and June (revised). Motor vehicle registrations for April and May (revised) and June (new). Retail natural gas sales for May (new).

Nonresidential fixed investment: Construction spending (value put in place) for April and May (revised) and June (new). Manufacturers’ shipments (M3) of machinery and equipment for May and June (revised). Exports and imports for May (revised) and June (new).

Residential investment: Construction spending (value put in place) and one-unit deflator for April and May (revised) and June (new).

Change in private inventories: Manufacturers’ inventories for May and June (revised) and trade inventories for May (revised) and June (new).

Exports and imports of goods and services: International transactions for May (revised) and June (new).

Government consumption expenditures and gross investment: State and local construction spending (value put in place) for April and May (revised) and June (new).

Personal Income for the First Quarter of 2009

With the release of the second estimates of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. This revision reflects the incorporation of newly available first-quarter tabulations from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics.

Wage and salary disbursements decreased \$235.7 billion, a downward revision of \$31.1 billion. Personal current taxes decreased \$247.0 billion, a downward revision of \$5.3 billion. Contributions for government social insurance, which are subtracted in calculating personal income, decreased \$23.6 billion, a downward revision of \$4.2 billion.

- Personal income decreased \$280.8 billion, a downward revision of \$29.1 billion.
- Disposable personal income decreased \$33.7 billion, a downward revision of \$23.8 billion.
- Personal saving decreased \$6.1 billion, a downward revision of \$23.8 billion.
- The personal saving rate was 3.7 percent, a downward revision of 0.3 percentage point.

Corporate Profits

Table 10. Corporate Profits

[Seasonally adjusted]

	Billions of dollars (annual rate)						Percent change from preceding quarter (quarterly rate)			
	Level		Change from preceding quarter				2008		2009	
	2009	2008	2009		2008		2009			
	II	III	IV	I	II	III	IV	I	II	
Current production measures:										
Corporate profits.....	1,250.3	50.9	-331.0	59.1	67.6	3.6	-22.8	5.3	5.7	
Domestic industries.....	935.1	20.7	-266.1	75.7	68.1	2.0	-25.2	9.6	7.9	
Financial.....	277.5	-34.1	-167.9	115.9	39.7	-10.5	-57.9	95.0	16.7	
Nonfinancial.....	657.6	54.8	-98.2	-40.2	28.4	7.7	-12.8	-6.0	4.5	
Rest of the world.....	315.2	30.2	-64.8	-16.6	-0.6	8.2	-16.3	-5.0	-0.2	
Receipts from the rest of the world.....	400.9	-15.1	-79.4	-76.9	-1.3	-2.6	-14.2	-16.1	-0.3	
Less: Payments to the rest of the world.....	85.7	-45.3	-14.5	-60.4	-0.7	-21.9	-9.0	-41.1	-0.8	
Less: Taxes on corporate income	311.1	-12.7	-81.5	47.0	40.8	-4.0	-26.7	21.1	15.1	
Equals: Profits after tax.....	939.2	63.5	-249.4	12.0	26.8	5.8	-21.7	1.3	2.9	
Net dividends.....	571.1	-17.1	-6.7	-51.8	-47.0	-2.5	-1.0	-7.7	-7.6	
Undistributed profits from current production.....	368.0	80.6	-242.7	63.7	73.8	20.5	-51.3	27.7	25.1	
Net cash flow.....	1,548.5	77.0	59.8	16.2	-26.9	5.4	4.0	1.0	-1.7	
Industry profits:										
Profits with IVA.....	1,379.1	58.4	-322.9	128.3	51.5	4.0	-21.2	10.7	3.9	
Domestic industries.....	1,063.8	28.2	-258.1	145.0	51.9	2.6	-22.9	16.7	5.1	
Financial.....	291.8	-33.3	-167.2	123.6	37.9	-10.1	-56.2	94.8	14.9	
Nonfinancial.....	772.0	61.5	-90.9	21.4	14.0	8.0	-11.0	2.9	1.9	
Rest of the world.....	315.2	30.2	-64.8	-16.6	-0.6	8.2	-16.3	-5.0	-0.2	
Addenda:										
Profits before tax (without IVA and CCAAdj).....	1,360.9	-16.9	-516.5	186.4	114.4	-1.1	-32.8	17.6	9.2	
Profits after tax (without IVA and CCAAdj).....	1,049.8	-4.1	-435.1	139.3	73.7	-0.3	-34.2	16.6	7.5	
IVA.....	18.2	75.1	193.7	-58.1	-62.9	.....	.....	.....	.....
CCAAdj.....	-128.8	-7.5	-8.0	-69.3	16.1	.....	.....	.....	.....

NOTE: Levels of these and other profits series are shown in NIPA tables 1.12, 1.14, 1.15, and 6.16D.

IVA Inventory valuation adjustment
CCAAdj Capital consumption adjustment

Profits from current production increased \$67.6 billion, or 5.7 percent at a quarterly rate, in the second quarter after increasing \$59.1 billion in the first quarter.

Domestic profits of financial corporations increased \$39.7 billion, or 16.7 percent, after increasing \$115.9 billion.

Domestic profits of nonfinancial corporations increased \$28.4 billion, or 4.5 percent, after decreasing \$40.2 billion.

Profits from the rest of the world decreased \$0.6 billion, or 0.2 percent, after decreasing \$16.6 billion. In the second quarter, receipts decreased \$1.3 billion, and payments decreased \$0.7 billion.

Taxes on corporate income increased \$40.8 billion, or 15.1 percent, after increasing \$47.0 billion.

Profits after tax increased \$26.8 billion, or 2.9 percent, after increasing \$12.0 billion.

Undistributed corporate profits (a measure of net saving that equals after-tax profits less dividends) increased \$73.8 billion, or 25.1 percent, after increasing \$63.7 billion.

Net cash flow from current production, a profits-related measure of internal funds available for investment, decreased \$26.9 billion, or 1.7 percent, after increasing \$16.2 billion.

Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the national income and product accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including Cen-

sus Bureau quarterly financial reports, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service data when the data are available for two reasons: the data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAAdj). CCAAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).