

GDP INCREASES IN THIRD QUARTER

“Third” estimate of GDP

Real gross domestic product (GDP) increased 3.5 percent in the third quarter of 2016, according to the “third” estimate released by the Bureau of Economic Analysis. The growth rate was 0.3 percentage point higher than the “second” estimate released in November. In the second quarter, real GDP rose 1.4 percent.

Third-quarter GDP highlights

The increase in real GDP partly reflected an increase in consumer spending on services, notably on housing and utilities. Consumer spending on durable goods also increased, notably on motor vehicles and parts. However, spending on nondurable goods declined.

Exports of goods increased, notably in foods, feeds, and beverages and in consumer durable goods. Exports of services increased, mainly in travel. In addition, private inventory investment and federal government spending increased.

Offsetting these contributions to growth, investment in equipment and in residential housing declined.

GDP update

The upward revision to third-quarter GDP growth reflected upward revisions to business investment, to consumer spending, and to state and local government spending.

Corporate profits

Profits increased 5.8 percent at a quarterly rate in the third quarter after decreasing 0.6 percent in the second quarter.

- Profits of domestic nonfinancial corporations increased 5.7 percent after decreasing 4.6 percent.
- Profits of domestic financial corporations rose 11.3 percent after rising 1.3 percent.
- Profits from the rest of the world were nearly unchanged after increasing 10.3 percent.

Over the last 4 quarters, corporate profits increased 2.1 percent.

