

## Gross Domestic Product (Third Estimate), Corporate Profits, and GDP by Industry, Fourth Quarter and Year 2020

Real gross domestic product (GDP) increased at an annual rate of 4.3 percent in the fourth quarter of 2020, reflecting both the continued economic recovery from the sharp declines earlier in the year and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States. The increase was 0.2 percentage point higher than the “second” estimate released in February. In the third quarter, real GDP increased 33.4 percent. For more details, including source data, see the [Technical Note](#) and [Federal Recovery Programs and BEA Statistics](#).

### Quarterly GDP highlights

The fourth-quarter increase in real GDP reflected increases in exports, business investment, consumer spending, housing investment, and inventory investment that were partly offset by a decrease in government spending. Imports, a subtraction in the calculation of GDP, increased.

The increase in exports primarily reflected an increase in goods (led by industrial supplies and materials). The increase in business investment reflected an increase in equipment (led by transportation equipment). The increase in consumer spending was more than accounted for by an increase in services (led by health care). The decrease in government spending reflected decreases in state and local as well as federal.

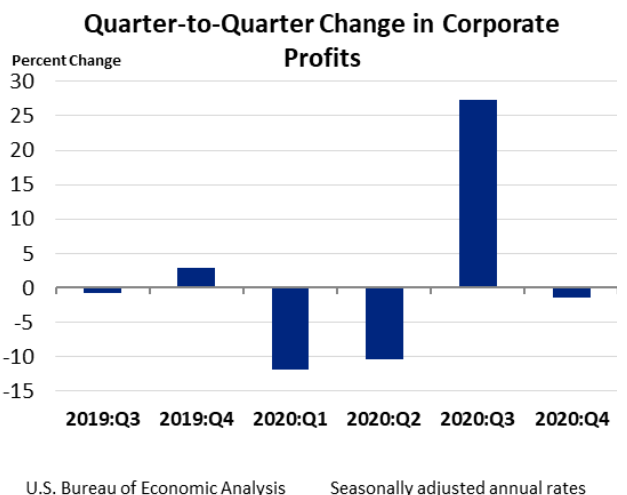
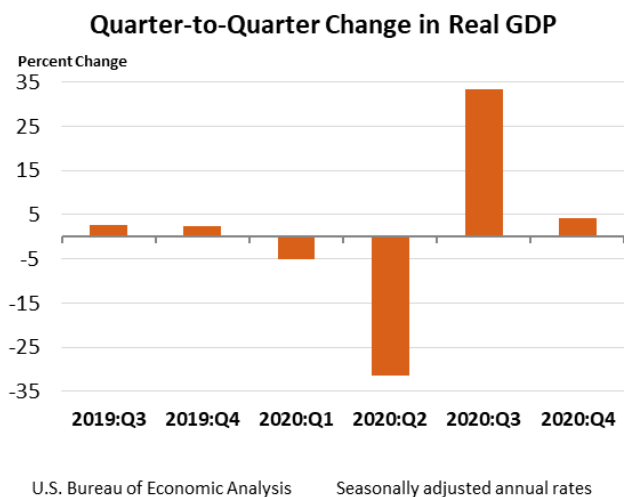
### Updates to GDP

The revision to GDP primarily reflected an upward revision to inventory investment that was partly offset by a downward revision to business investment.

### Quarterly corporate profits from current production

Profits decreased 1.4 percent at a quarterly rate in the fourth quarter after increasing 27.4 percent in the third quarter. Corporate profits decreased 0.7 percent in the fourth quarter from one year ago.

- Profits of **domestic nonfinancial corporations** decreased 3.4 percent after increasing 44.3 percent.
- Profits of **domestic financial corporations** increased 3.7 percent after increasing 2.6 percent.
- Profits from the **rest of the world** decreased 0.2 percent after increasing 13.4 percent.

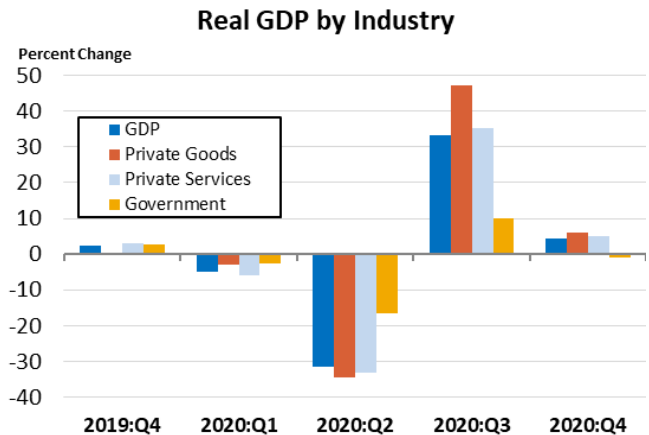


### Quarterly gross domestic product by industry

Today's release includes estimates of GDP by industry, or value added—a measure of an industry's contribution to GDP. Private goods-producing industries increased 6.1 percent, private services-producing industries increased 4.9 percent, and government decreased 1.1 percent. Overall, 17 of 22 industry groups contributed to the fourth-quarter increase in real GDP.

- The increase in private goods-producing industries reflected increases in construction as well as durable goods manufacturing (led by computer and electronic products as well as fabricated metal products).
- The increase in private services-producing industries reflected increases in finance and insurance (led by Federal Reserve banks, credit intermediation, and related activities); health care and social assistance (led by ambulatory health care services); administrative and waste management services (led by administrative and support services); and professional, scientific and technical services. These increases were partly offset by decreases in accommodation and food services (led by food services and drinking places); utilities; and educational services.
- The decrease in government reflected decreases in state and local as well as federal.

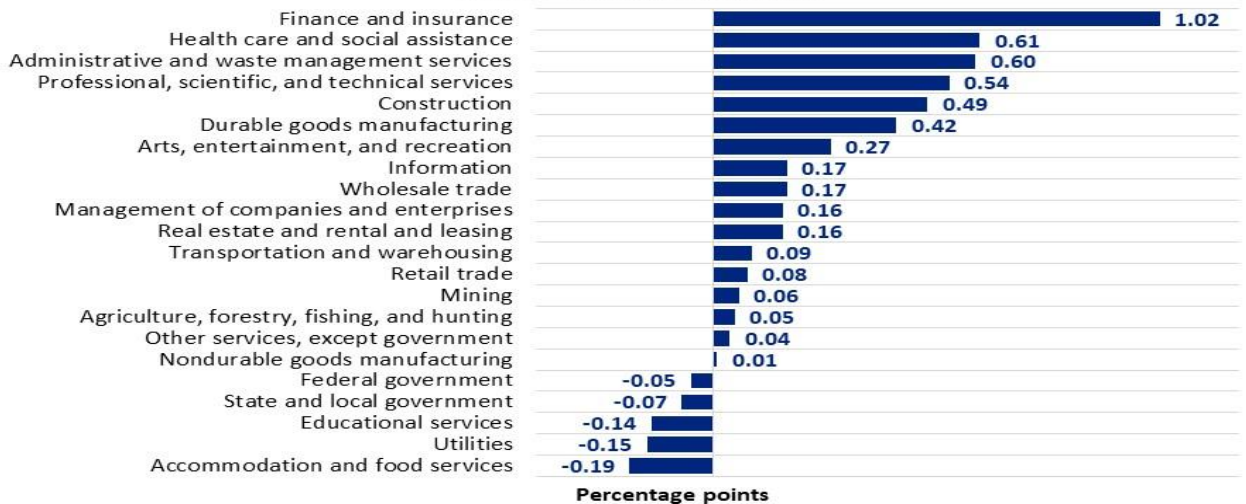
CARES Act provisions, such as Paycheck Protection Program (PPP) loans, wound down in the fourth quarter of 2020. Estimates for subsidies associated with forgivable PPP loans are available by industry in "[Paycheck Protection Program Subsidies by Industry in the National Accounts, 2020Q4](#)"; subsidies are a subtraction in the calculation of value added.



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### Contributions to Percent Change in Real GDP by Industry Group, 2020:Q4

Real GDP increased 4.3 percent



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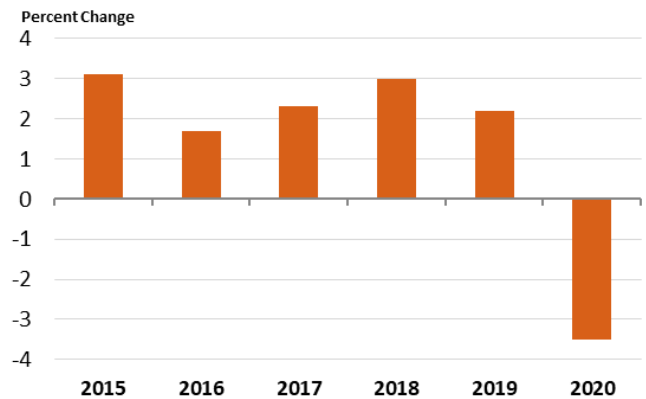
Seasonally adjusted annual rates

### Year 2020 GDP highlights

Real GDP decreased 3.5 percent (from the 2019 annual level to the 2020 annual level), compared with an increase of 2.2 percent in 2019. The decrease primarily reflected decreases in consumer spending, exports, inventory investment, and business investment that were partly offset by increases in housing investment and government spending. Imports, a subtraction in the calculation of GDP, decreased.

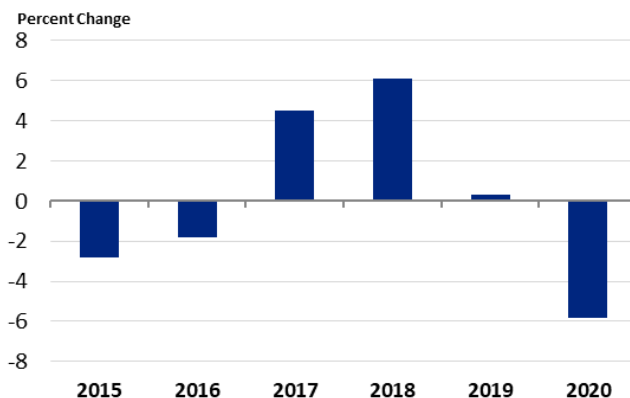
The decrease in consumer spending was more than accounted for by services (led by food services and accommodations, health care, and recreation services). The decrease in exports reflected decreases in both services (led by travel) and goods (led by non-automotive capital goods).

### Annual Change in Real GDP



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### Annual Change in Corporate Profits



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### Year 2020 corporate profits from current production

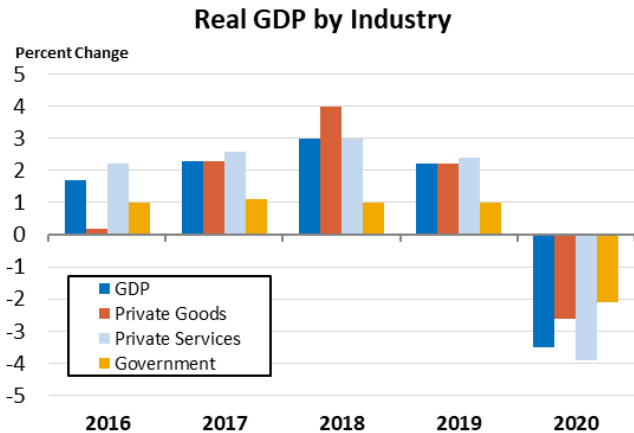
Profits decreased 5.8 percent (from the 2019 annual level to the 2020 annual level) after increasing 0.3 percent in 2019. Profits were boosted by provisions from the PPP.

- Profits of **domestic nonfinancial corporations** decreased 4.3 percent after decreasing 1.8 percent.
- Profits of **domestic financial corporations** decreased 0.1 percent after increasing 8.9 percent.
- Profits from the **rest of the world** decreased 14.6 percent after decreasing 1.4 percent.

### Year 2020 GDP by industry

Real GDP decreased 3.5 percent in 2020. Private goods-producing industries decreased 2.7 percent, private services-producing industries decreased 3.9 percent, and government decreased 2.1 percent. Overall, 16 of 22 industry groups contributed to the 2020 decline in real GDP.

- The decrease in private goods-producing industries reflected decreases in durable goods manufacturing (led by other transportation equipment) and mining.
- The decrease in private services-producing industries reflected decreases in accommodation and food services (led by food services and drinking places); arts, entertainment, and recreation (led by performing arts, spectator sports, museums, and related activities); health care and social assistance (led by ambulatory health care services); and transportation and warehousing services (led by air transportation). These decreases were partly offset by increases in information (led by data processing, internet publishing, and other information services) and in finance and insurance.



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- The decrease in government reflected a decrease in state and local.

