

GDP INCREASES IN FOURTH QUARTER

“Third” estimate of GDP

Real gross domestic product (GDP) increased 2.1 percent in the fourth quarter of 2016, according to the “third” estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 3.5 percent.

Fourth-quarter GDP highlights

The increase in real GDP reflected an increase in consumer spending, private inventory investment, residential investment, business investment, and state and local government spending. These contributions were partly offset by declines in exports and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

Revisions

The upward revision to real GDP growth was more than accounted for by an upward revision to consumer spending, largely in services. This upward revision was partly offset by downward revisions to business investment and to exports.

Prices

Prices of goods and services purchased by U.S. residents increased 2.0 percent in the fourth quarter after increasing 1.5 percent in the third quarter. Excluding energy and food, prices rose 1.6 percent after increasing 1.7 percent.

Corporate profits

Profits increased 0.5 percent at a quarterly rate in the fourth quarter after increasing 5.8 percent in the third quarter.

Profits of nonfinancial corporations decreased 4.9 percent in the fourth quarter, profits of financial corporations increased 5.4 percent, and profits from the rest of the world increased 11.0 percent.

