

GDP INCREASES IN SECOND QUARTER

“Third” estimate of GDP

Real gross domestic product (GDP) increased 4.2 percent in the second quarter of 2018, according to the “third” estimate released by the Bureau of Economic Analysis. The growth rate was unchanged from the “second” estimate released in August. In the first quarter, real GDP increased 2.2 percent.

GDP highlights

The second-quarter increase in real GDP reflected increases in consumer spending, business investment, exports, and government spending, while inventory investment and housing investment decreased. Imports, which are a subtraction in the calculation of GDP, decreased.

The increase in consumer spending reflected increases in services and in both durable and nondurable goods.

The increase in business investment reflected increases in all three components: intellectual property products, structures, and equipment.

Updates to GDP

While overall GDP growth was unrevised from the second estimate, there were small revisions in the subcomponents, reflecting upward revisions in most categories, which were offset by a downward revision to inventory investment.

Corporate profits

Corporate profits increased 3.0 percent at a quarterly rate in the second quarter of 2018 after increasing 1.2 percent in the first quarter.

- Profits of domestic nonfinancial corporations increased 4.2 percent after increasing 2.7 percent.
- Profits of domestic financial corporations increased 3.7 percent after decreasing 2.1 percent.
- Profits from the rest of the world (net) decreased 0.9 percent after increasing 0.8 percent.

Corporate profits increased 7.3 percent from the second quarter of 2017.

