

GDP DECLINES IN FIRST QUARTER

Second estimate of GDP revises growth down

Real gross domestic product (GDP) decreased 1.0 percent in the first quarter of 2014, according to the “second” estimate released today by the Bureau of Economic Analysis. In the fourth quarter of 2013, real GDP increased 2.6 percent.

First-quarter GDP highlights

The decline in real GDP was more than accounted for by a significant decline in inventory investment, notably by motor vehicle dealerships. In fact, GDP less inventory investment (real final sales of domestic product) rose 0.6 percent in the first quarter.

Declines in exports, in business investment, in state and local government spending, and in housing investment also contributed to the decrease in first-quarter real GDP.

In contrast, consumer spending increased, notably in health care and in home utilities.

Revisions

First-quarter real GDP growth was revised down 1.1 percentage points from the advance estimate released in April, based on newly available source data.

- Inventory investment was revised down, mainly in retail trade, in manufacturing, and in mining, utilities, and construction.
- Imports were revised up, notably in foods, feeds, and beverages and in petroleum and related products. Partly offsetting this revision, exports were also revised up, notably in nonautomotive capital goods and in automotive vehicles, engines, and parts.

Corporate profits

BEA’s featured measure of corporate profits declined 9.8 percent in the first quarter, after increasing 2.2 percent in the previous quarter. The decline was the largest since the fourth quarter of 2008.

- Profits of nonfinancial corporations fell 8.1 percent after rising 1.5 percent.
- Profits of financial corporations fell 15.0 percent after rising 1.3 percent.
- Profits from the rest of the world fell 9.1 percent after rising 5.5 percent.

Over the last 4 quarters, corporate profits fell 3.0 percent.



Real GDP growth is measured at seasonally adjusted annual rates.



Corporate profits growth is measured as the percent change from the previous quarter.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “third” estimate of GDP and a revised estimate of corporate profits for the first quarter of 2014 will be released on June 25, 2014.