

GDP GROWTH SLOWS IN FOURTH QUARTER

Third Estimate of GDP

Real gross domestic product (GDP) increased 0.4 percent in the fourth quarter of 2013 after increasing 3.1 percent in the third quarter, according to estimates released today by the Bureau of Economic Analysis. The fourth-quarter growth rate was revised up 0.3 percentage point from the second estimate, which was released in February. Final sales, a measure that excludes changes in the volatile inventory component of GDP, increased 1.9 percent in the fourth quarter after increasing 2.4 percent in the third quarter.

Highlights

The fourth-quarter slowdown in real economic growth largely reflected downturns in inventory investment and federal government national defense spending. In addition, exports fell in the fourth quarter after rising in the third quarter.

Offsetting these contributions to the slowdown in growth:

- Business investment turned up, as spending on equipment and software as well as on structures rebounded.
- Imports decreased more than in the third quarter.
- Consumer spending for durable goods picked up.



Real GDP growth is measured at seasonally adjusted annual rates.

Fourth-quarter revisions

The 0.3-percentage point upward revision to the third estimate of real GDP mainly reflected upward revisions to business investment in structures and to exports of both goods and services. In contrast, consumer spending for services was revised down.

Corporate profits

For 2012, corporate profits rose 6.8 percent at an annual rate, compared with 7.3 percent in 2011. Profits of nonfinancial corporations rose 8.1 percent, profits of financial corporations rose 13.5 percent, and profits from the rest of the world fell 2.0 percent.

For the fourth quarter, profits grew 2.3 percent at a quarterly rate. Profits of nonfinancial corporations rose 2.3 percent in the fourth quarter, and profits of financial corporations fell 0.8 percent. Profits from the rest of the world rose 5.6 percent.



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

In the fourth quarter, dividends increased

\$124.3 billion, compared with \$12.8 billion in the third quarter. The large increase reflected special and accelerated payments made by corporations in anticipation of expected tax law changes.

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 advance estimate of GDP for the first quarter of 2013 will be released on April 26, 2013.