

GDP GROWTH SLOWS IN SECOND QUARTER

Corporate Profits Turn Up

Real gross domestic product (GDP) increased 1.7 percent in the second quarter of 2012 after increasing 2.0 percent in the first quarter, according to estimates released today by the Bureau of Economic Analysis. The second-quarter growth rate was revised up 0.2 percentage point from the advance estimate released in July.

Real GDP second-quarter highlights

- Exports picked up, mainly driven by upturns in industrial supplies and materials and in foods, feeds, and beverages.
- Consumer spending slowed, primarily due to a decline in spending for autos. A pickup in spending for services largely reflected a turnaround in utilities.
- Business investment decelerated; lower spending for power and communication structures was the largest contributor to the slowdown. In contrast, industrial equipment picked up after a first-quarter decline.
- Federal government spending, state and local government spending, and inventory investment decreased less than in the first quarter.



Real GDP growth is measured at seasonally adjusted annual rates.

Revisions to GDP

The 0.2-percentage point upward revision to real GDP growth in the second quarter of 2012 reflected a large downward revision to imports and upward revisions to consumer spending, to exports, and to state and local government spending. In contrast, inventory investment was revised down, mainly in wholesale trade industries; business investment in equipment and software was also revised down.

Corporate profits

BEA released its preliminary estimate of second-quarter corporate profits. Profits rebounded in the second quarter, rising 0.5 percent at a quarterly rate, after falling 2.7 percent in the first quarter. Profits of nonfinancial corporations rose 2.8 percent, while profits of financial corporations fell 9.1 percent. Profits from the rest of the world rose 4.8 percent.



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 the revised estimate of corporate profits for the second quarter of 2012 will be released on September 27, 2012.