



Chronicling 100 Years of the U.S. Economy

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GDP and the Economy

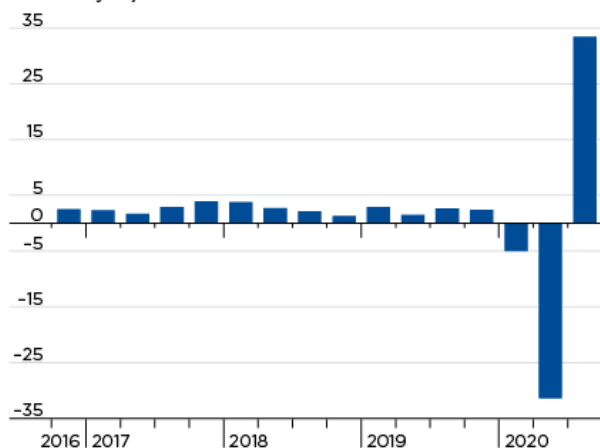
Third Estimates for the Third Quarter of 2020

Real gross domestic product (GDP) increased at an annual rate of 33.4 percent in the third quarter of 2020, according to the third estimates of the National Income and Product Accounts (NIPAs) (chart 1 and table 1).¹ With the third estimate, real GDP growth was revised up 0.3 percentage point from the second estimate issued last month. In the second quarter of 2020, real GDP decreased 31.4 percent.

The increase in real GDP in the third quarter reflected increases in consumer spending, inventory investment, exports, nonresidential fixed investment, and residential fixed investment that were partly offset by decreases in federal government spending and state and local government spending.² Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).

Chart 1. Real GDP: Percent Change from Preceding Quarter

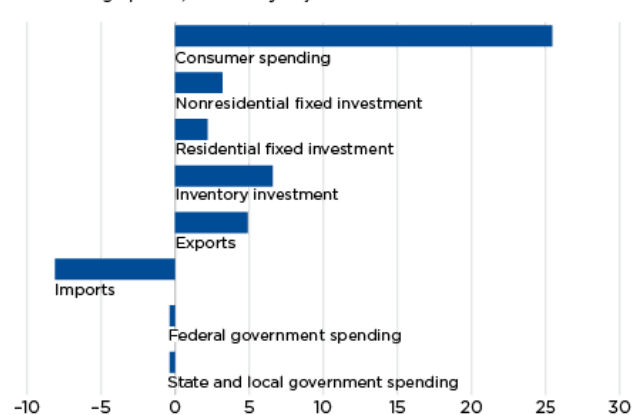
Seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2020:Q3

Percentage points, seasonally adjusted at annual rates



U.S. Bureau of Economic Analysis

Impact of the Coronavirus (COVID-19) Pandemic on the Third-Quarter 2020 GDP Estimate

The increase in third-quarter GDP reflected continued efforts to reopen businesses and resume activities that were postponed or restricted due to COVID-19. Government pandemic assistance payments that were distributed to households and businesses in the second quarter slowed or expired. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the third quarter of 2020, because the impacts are generally embedded in source data and cannot be separately identified. More information can be found in the “[Technical Note](#)” for the third estimate of third-quarter 2020 GDP.

GDP by Expenditure

Except for federal government spending, all GDP components contributed to the upturn in real GDP in the third quarter. Imports turned up strongly.

- Consumer spending was the main contributor to the upturn in real GDP, reflecting strong upturns in spending on both services and goods.
 - The upturns in spending on services were widespread, as “stay-at-home” orders to protect against the spread of COVID-19 eased in many parts of the United States (see “[Impact of the Coronavirus \(COVID-19\) Pandemic on the Third-Quarter 2020 GDP Estimate](#)”). The largest contributors to the upturn were health care (mainly hospitals and outpatient services), food services and accommodations (led by spending on purchased meals and beverages), and recreation services (led by spending on membership clubs, sports centers, parks, theaters, and museums).
 - The largest contributors to the upturn in spending on goods were upturns in clothing and footwear, in other durable goods (mainly jewelry and watches as well as therapeutic appliances and equipment), and in gasoline and other energy goods. Spending on motor vehicles and parts (mainly new light trucks) and other nondurable goods accelerated.
- Exports turned up, reflecting upturns in exports of both goods and services.
 - The upturn in goods exports primarily reflected upturns in automotive vehicles, engines, and parts and in nonautomotive capital goods.
 - A smaller decrease in travel and an upturn in transport services were the leading contributors to the upturn in exports of services.
- Inventory investment turned up, primarily reflecting an upturn in retail trade (led by motor vehicle and parts dealers) that was partly offset by downturns in nondurable goods manufacturing (mainly petroleum and coal product manufacturing and chemical manufacturing).
- Nonresidential fixed investment turned up in the third quarter, primarily reflecting upturns in spending on equipment and intellectual property products. Investment in structures decreased less in the third quarter than in the second quarter.
 - The upturn in equipment primarily reflected an upturn in transportation equipment (mainly light trucks).
 - The upturn in intellectual property products reflected upturns in research and development and in software investment and a smaller decrease in entertainment, literary, and artistic originals.

- The smaller decrease in structures investment was led by a smaller decrease in mining exploration, shafts, and wells.
- Residential investment turned up, primarily reflecting upturns in other structures (mainly brokers' commissions and other ownership transfer costs) and in new single-family structures.
- State and local government spending decreased less in the third quarter than in the second quarter, primarily reflecting a smaller decrease in consumption expenditures that was more than accounted for by an upturn in employee compensation.
- Federal government spending turned down in the third quarter, reflecting a downturn in nondefense intermediate services purchased, as the costs associated with the processing and administration of Paycheck Protection Program loan applications by banks on behalf of the federal government decreased.
- The upturn in imports reflected upturns in both goods and services, as international trade rebounded in the third quarter after being severely curtailed in the second quarter due to the COVID-19 pandemic.
 - The upturn in imports of goods was led by an upturn in imports of automotive vehicles, engines, and parts.
 - The upturn in imports of services was led by upturns in both travel and transport services.

Real gross domestic income, which is the sum of incomes earned and costs incurred in the production of GDP, increased 25.8 percent in the third quarter after decreasing 32.6 percent in the second quarter.

Table 1. Real Gross Domestic Product (GDP) and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)		
		2020	2019	2020			2019	2020		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic product (GDP)¹	100.0	2.4	-5.0	-31.4	33.4	2.4	-5.0	-31.4	33.4
2	Personal consumption expenditures	68.0	1.6	-6.9	-33.2	41.0	1.07	-4.75	-24.01	25.44
3	Goods	23.0	0.6	0.1	-10.8	47.2	0.12	0.03	-2.06	9.55
4	Durable goods	8.3	3.1	-12.5	-1.7	82.7	0.22	-0.93	0.00	5.20
5	Nondurable goods	14.7	-0.7	7.1	-15.0	31.1	-0.10	0.97	-2.05	4.35
6	Services	45.0	2.0	-9.8	-41.8	38.0	0.96	-4.78	-21.95	15.89
7	Gross private domestic investment	17.4	-3.7	-9.0	-46.6	86.3	-0.64	-1.56	-8.77	11.96
8	Fixed investment	17.4	1.0	-1.4	-29.2	31.3	0.17	-0.23	-5.27	5.39
9	Nonresidential	13.2	-0.3	-6.7	-27.2	22.9	-0.04	-0.91	-3.67	3.20
10	Structures	2.6	-5.3	-3.7	-33.6	-17.4	-0.16	-0.11	-1.11	-0.53
11	Equipment	5.7	-1.7	-15.2	-35.9	68.2	-0.10	-0.91	-2.03	3.26
12	Intellectual property products	4.9	4.6	2.4	-11.4	8.4	0.21	0.11	-0.53	0.46
13	Residential	4.3	5.8	19.0	-35.6	63.0	0.22	0.68	-1.60	2.19
14	Change in private inventories	0.0	.....	.....	.....	.....	-0.82	-1.34	-3.50	6.57
15	Net exports of goods and services	-3.5	.....	.....	.....	.....	1.52	1.13	0.62	-3.21
16	Exports	9.8	3.4	-9.5	-64.4	59.6	0.39	-1.12	-9.51	4.89
17	Goods	6.6	2.5	-2.7	-66.8	104.3	0.19	-0.20	-6.56	4.87
18	Services	3.1	5.1	-20.8	-59.6	-0.5	0.20	-0.92	-2.95	0.03
19	Imports	13.3	-7.5	-15.0	-54.1	93.1	1.13	2.25	10.13	-8.10
20	Goods	11.2	-9.4	-11.4	-49.6	110.2	1.15	1.36	7.32	-7.67
21	Services	2.0	0.9	-28.5	-69.9	24.9	-0.03	0.90	2.80	-0.43
22	Government consumption expenditures and gross investment	18.0	2.4	1.3	2.5	-4.8	0.42	0.22	0.77	-0.75
23	Federal	7.0	4.0	1.6	16.4	-6.2	0.26	0.10	1.17	-0.38
24	National defense	4.2	6.6	-0.3	3.8	3.2	0.26	-0.01	0.18	0.17
25	Nondefense	2.8	0.1	4.4	37.6	-18.3	0.00	0.11	0.98	-0.55
26	State and local	11.0	1.5	1.1	-5.4	-3.9	0.16	0.12	-0.40	-0.37
Addenda:										
27	Gross domestic income (GDI) ²	.....	3.3	-2.5	-32.6	25.8	.....	.....	.....	.....
28	Average of GDP and GDI	.....	2.8	-3.7	-32.0	29.6	.....	.....	.....	.....
29	Final sales of domestic product	.....	3.2	-3.6	-28.1	25.9	3.18	-3.62	-27.88	26.87
30	Goods	31.0	3.2	-3.5	-29.0	62.4	0.94	-0.98	-7.40	17.42
31	Services	60.4	2.1	-7.6	-32.9	23.7	1.29	-4.82	-21.32	14.60
32	Structures	8.6	1.5	10.3	-28.4	14.9	0.13	0.85	-2.66	1.42
33	Motor vehicle output	3.0	-14.6	-24.7	-86.9	1,133.9	-0.43	-0.73	-3.99	5.92

1. The GDP estimates under the contribution columns are also percent changes.

2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from National Income and Product Account (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

GDP by Industry

The third estimate of GDP includes estimates of GDP by Industry, or value added—a measure of an industry's contribution to GDP. Private goods-producing industries increased 47.2 percent, private services-producing industries increased 35.1 percent, and government increased 10.1 percent (table 2 and charts 3 and 4). Overall, 21 of 22 industry groups contributed to the third-quarter increase in real GDP.

- Within private goods-producing industries, the leading contributor to the increase was durable goods manufacturing (led by motor vehicles, bodies and trailers, and parts).
- Within private services-producing industries, the leading contributors to the increase were health care and social assistance (led by ambulatory health care), accommodation and food services (led by food services and drinking places), retail trade, and wholesale trade.
- The increase in government reflected increases in both state and local government and federal government.
- Offsetting these increases was a decrease in mining in the third quarter (led by support activities for mining).

Chart 3. Real GDP by Sector: Percent Change from Preceding Period

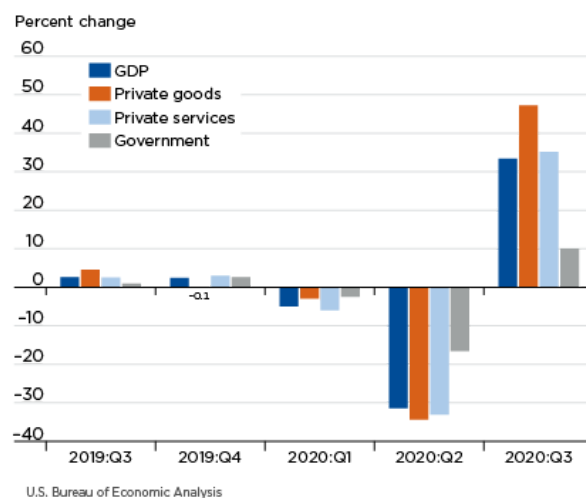


Table 2. Real Gross Domestic Product by Industry Group and Related Measures

[Seasonally adjusted at annual rates]

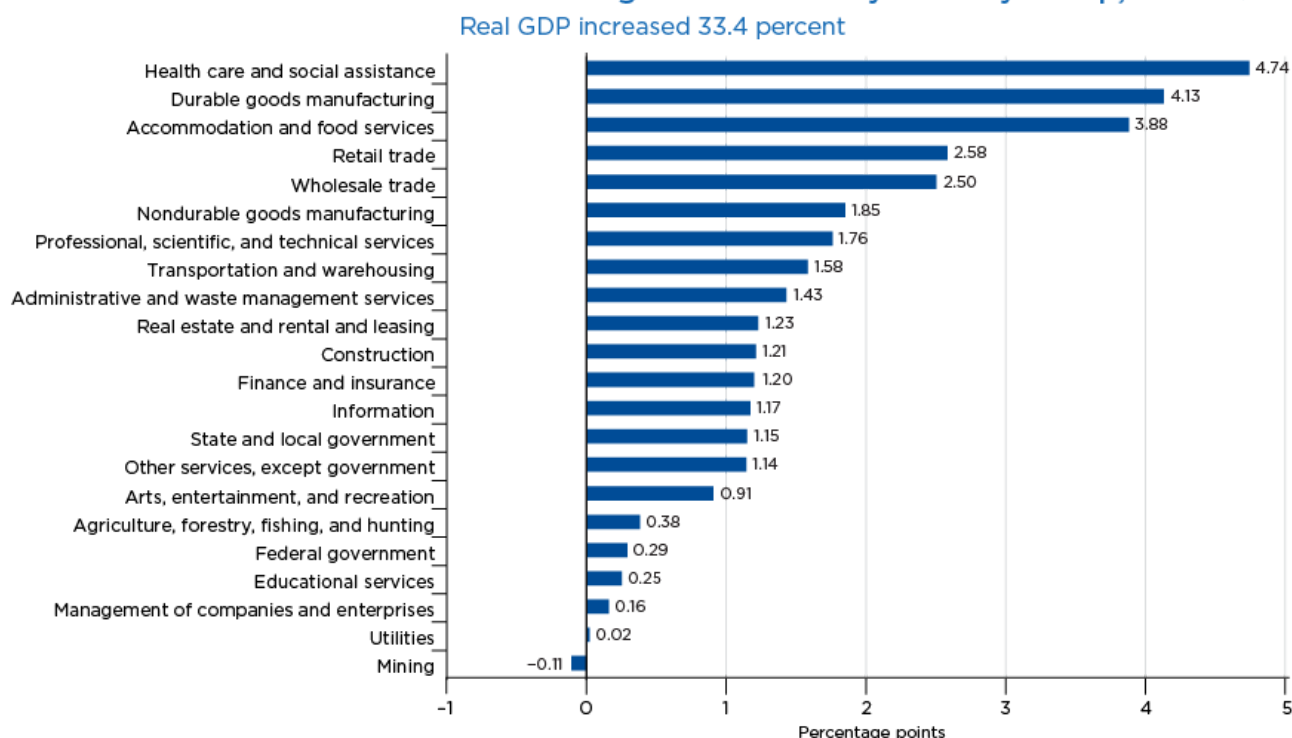
Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2020	2019	2020			2019	2020		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross Domestic Product	100.0	2.4	-5.0	-31.4	33.4	2.4	-5.0	-31.4	33.4
2	Private industries	86.7	2.9	2.4	-5.4	37.3	2.50	2.07	-4.71	32.01
3	Agriculture, forestry, fishing, and hunting	0.7	4.7	3.6	28.4	53.3	0.03	0.03	0.22	0.38
4	Mining	0.7	7.7	-8.2	-2.2	-14.4	0.16	-0.10	-0.03	-0.11
5	Utilities	1.7	-7.7	22.9	8.2	0.8	-0.12	0.34	0.12	0.02
6	Construction	4.4	0.4	0.3	0.6	27.4	0.00	0.00	0.02	1.21
7	Manufacturing	10.5	5.8	0.5	-6.4	61.6	0.53	0.00	-0.70	5.98
8	Durable goods	5.9	0.1	2.6	-5.9	80.3	0.00	0.15	-0.36	4.13
9	Nondurable Goods	4.7	13.5	-2.0	-7.0	40.4	0.53	-0.15	-0.34	1.85
10	Wholesale trade	5.7	-0.5	-0.5	-0.2	45.3	0.06	0.01	-0.01	2.50
11	Retail trade	5.6	4.3	2.7	-7.0	46.9	0.21	0.14	-0.39	2.58
12	Transportation and warehousing	2.7	6.9	2.1	-9.6	65.4	0.22	0.07	-0.32	1.58
13	Information	5.7	7.1	7.3	-2.9	19.7	0.37	0.38	-0.15	1.17
14	Finance, insurance, real estate, rental, and leasing	23.4	-0.3	3.5	-5.2	9.6	-0.09	0.74	-1.12	2.43
15	Finance and insurance	8.7	-4.6	7.6	-12.9	12.8	-0.37	0.59	-1.04	1.20
16	Real estate and rental and leasing	14.7	2.2	1.1	-0.6	7.7	0.29	0.15	-0.08	1.23
17	Professional and business services	12.9	5.1	3.1	-1.9	25.5	0.63	0.39	-0.24	3.35
18	Professional, scientific, and technical services	7.9	6.8	3.1	-1.0	21.6	0.53	0.24	-0.08	1.76
19	Management of companies and enterprises	2.0	1.4	4.3	-3.8	7.5	0.02	0.08	-0.07	0.16
20	Administrative and waste management services	3.0	3.2	2.4	-2.8	50.6	0.09	0.07	-0.09	1.43
21	Educational services, health care, and social assistance	8.3	2.3	2.3	-6.7	65.6	0.17	0.19	-0.59	4.99
22	Educational services	1.3	3.2	2.9	-3.1	19.2	0.04	0.04	-0.04	0.25
23	Health care and social assistance	7.0	2.1	2.2	-7.3	75.1	0.13	0.15	-0.55	4.74
24	Arts, entertainment, recreation, accomodation, and food services	2.4	6.6	-1.7	-26.2	333.5	0.27	-0.08	-1.23	4.79
25	Arts, entertainment, and recreation	0.5	7.9	-1.5	-26.2	293.1	0.09	-0.02	-0.32	0.91
26	Accommodation and food services	1.9	6.1	-1.8	-26.3	344.5	0.18	-0.06	-0.91	3.88
27	Other services, except government	1.9	2.6	-1.7	-13.4	65.6	0.05	-0.04	-0.30	1.14
28	Government	13.3	0.9	2.6	-2.5	10.1	0.14	0.34	-0.30	1.44
29	Federal	4.3	2.8	1.9	1.9	6.1	0.12	0.07	0.07	0.29
30	State and local	9.0	0.0	3.0	-4.4	12.0	0.03	0.26	-0.37	1.15
Addenda:										
31	Private goods-producing industries ¹	16.3	4.5	-0.1	-2.9	47.2	0.71	-0.07	-0.49	7.45
32	Private services-producing industries ²	70.4	2.5	3.0	-6.0	35.1	1.79	2.15	-4.23	24.55

1. Consists of agriculture, forestry, fishng and hunting; mining; construction; and manufacturing.

2. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

Note. Percent changes are from these GDP by industry tables: “Value Added by Industry as a Percentage of Gross Domestic Product,” “Percent Changes in Chain-Type Quantity Indexes for Value Added by Industry,” and “Contributions to Percent Change in Real Gross Domestic Product by Industry.”

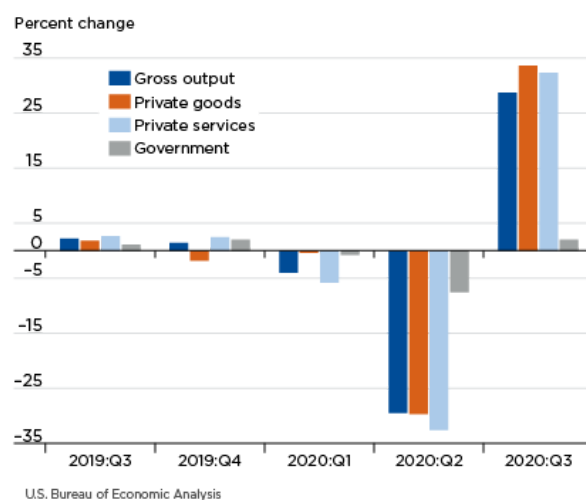
Chart 4. Contributions to Percent Change in Real GDP by Industry Group, 2020:Q3



Gross Output by Industry

Gross output by industry—principally a measure of an industry's sales or receipts, which includes sales to final users in the economy (GDP by expenditure) and sales to other industries (intermediate inputs)—increased 28.7 percent in the third quarter. Private goods-producing industries increased 33.6 percent, private services-producing industries increased 32.3 percent, and government increased 2.0 percent (table 3 and chart 5). Overall, 19 of 22 industry groups contributed to the increase in real gross output. Mining, federal government, and utilities gross output decreased.

Chart 5. Real Gross Output by Selected Industries: Percent Change from Preceding Period



- Within private goods-producing industries, the industry with the largest increase was durable-goods manufacturing.
- Within private services-producing industries, the industries with the largest increases were accommodation and food services and arts, entertainment, and recreation.
- The 2.0 percent increase in real gross output for the government sector reflected a 7.3 percent increase in real gross output for state and local government that was partially offset by an 8.3 percent decrease in real gross output for the federal government.

Table 3. Real Gross Output by Industry Group and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)				
		2019	2019	2020		
			Q4	Q1	Q2	Q3
1	All industries¹	1.8	1.4	-4.0	-29.5	28.7
2	Private industries	1.9	1.3	-4.4	-31.9	32.6
3	Agriculture, forestry, fishing, and hunting	-0.1	5.2	9.2	-14.3	15.9
4	Mining	4.8	-4.8	-2.1	-55.2	-12.2
5	Utilities	-3.7	10.0	1.2	-2.0	-0.6
6	Construction	-0.7	3.6	11.4	-13.7	4.4
7	Manufacturing	1.5	-3.4	-4.0	-32.8	49.4
8	Durable goods	1.5	-3.0	-8.1	-44.6	93.0
9	Nondurable goods	1.5	-3.8	0.5	-17.9	13.5
10	Wholesale trade	-2.2	-1.1	-1.9	-39.0	55.0
11	Retail trade	2.3	2.1	-8.1	-18.2	45.1
12	Transportation and warehousing	2.2	3.0	-12.6	-64.9	64.6
13	Information	6.0	2.7	-3.3	-8.5	17.3
14	Finance, insurance, real estate, rental, and leasing	2.2	2.9	0.7	-6.5	9.0
15	Finance and insurance	2.2	1.5	-1.3	3.8	6.5
16	Real estate and rental and leasing	2.2	3.9	2.3	-13.8	11.0
17	Professional and business services	3.8	2.5	-2.6	-31.1	21.0
18	Professional, scientific, and technical services	3.3	0.9	-1.5	-33.4	21.8
19	Management of companies and enterprises	6.3	4.0	-2.9	-7.2	3.2
20	Administrative and waste management services	3.5	5.1	-4.5	-37.8	31.3
21	Educational services, health care, and social assistance	2.0	3.3	-5.4	-41.4	45.6
22	Educational services	1.0	2.5	-4.9	-36.1	20.2
23	Health care and social assistance	2.1	3.5	-5.5	-42.1	49.7
24	Arts, entertainment, recreation, accommodation, and food services	1.4	-1.0	-35.2	-88.0	277.9
25	Arts, entertainment, and recreation	1.9	-2.8	-34.6	-95.6	215.0
26	Accommodation and food services	1.2	-0.4	-35.4	-84.3	293.5
27	Other services, except government	-0.6	5.0	-17.7	-63.1	61.9
28	Government	1.6	2.0	-0.8	-7.6	2.0
29	Federal	2.8	2.9	1.4	18.5	-8.3
30	State and local	1.0	1.6	-1.8	-17.7	7.3
Addenda:						
31	Private goods-producing industries ¹	1.2	-1.8	-0.4	-29.7	33.6
32	Private services-producing industries ²	2.1	2.4	-5.8	-32.6	32.3

1. Consists of agriculture, forestry, fishing and hunting; mining; construction; and manufacturing.

2. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

Note. Percent changes are from the table [Percent Changes in Chain-Type Quantity Indexes for Gross Output by Industry](#) which is available through BEA's Interactive Data Application.

Prices

Prices for gross domestic purchases, goods and services purchased by U.S. residents, increased 3.3 percent in the third quarter after decreasing 1.4 percent in the second quarter (table 4 and chart 6). The leading contributors to the upturn were upturns in the prices paid for consumer spending and for state and local government spending and a larger increase in prices for residential fixed investment.

Food prices decreased 1.7 percent in the third quarter after increasing 15.7 percent in the second quarter. Prices for energy goods and services increased 27.4 percent after decreasing 45.7 percent. Gross domestic purchases prices excluding food and energy turned up, increasing 3.0 percent after decreasing 0.8 percent.

Consumer prices excluding food and energy, a measure of the “core” rate of inflation, turned up, increasing 3.4 percent in the third quarter after decreasing 0.8 percent in the second quarter.

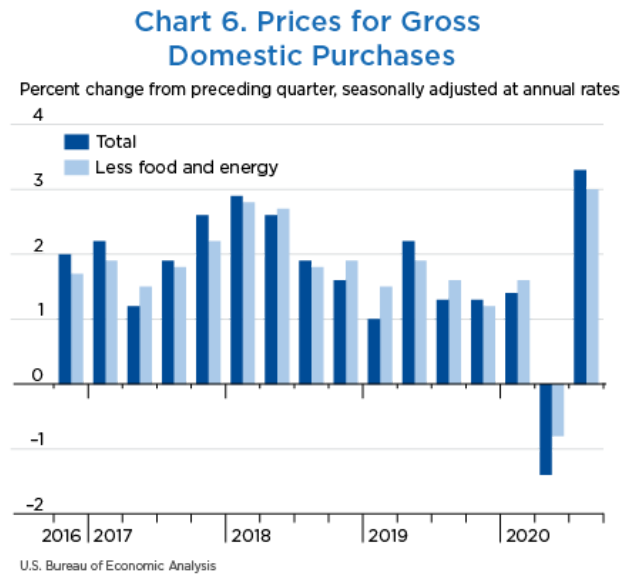


Table 4. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2012=100)]

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2019	2020			2019	2020		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	Gross domestic purchases¹	1.3	1.4	-1.4	3.3	1.3	1.4	-1.4	3.3
2	Personal consumption expenditures	1.5	1.3	-1.6	3.7	1.02	0.85	-1.06	2.39
3	Goods	0.2	-0.9	-5.6	5.4	0.05	-0.19	-1.21	1.18
4	Durable goods	-2.7	-1.7	-3.1	8.2	-0.19	-0.12	-0.23	0.62
5	Nondurable goods	1.8	-0.5	-6.8	4.0	0.24	-0.07	-0.98	0.56
6	Services	2.1	2.3	0.3	2.8	0.97	1.04	0.15	1.21
7	Gross private domestic investment	0.2	1.8	-0.1	2.7	0.03	0.29	0.00	0.43
8	Fixed investment	0.2	1.3	0.8	2.2	0.03	0.21	0.14	0.38
9	Nonresidential	-0.4	1.0	0.8	0.1	-0.06	0.12	0.11	0.02
10	Structures	1.5	1.5	-1.1	0.5	0.04	0.04	-0.03	0.01
11	Equipment	-0.1	0.7	0.0	-0.6	-0.01	0.04	0.00	-0.03
12	Intellectual property products	-2.0	0.9	2.9	0.7	-0.09	0.04	0.14	0.04
13	Residential	2.4	2.3	1.0	9.5	0.09	0.09	0.04	0.37
14	Change in private inventories	.....	.....	.....	.....	0.00	0.08	-0.14	0.05
15	Government consumption expenditures and gross investment	1.7	1.8	-1.9	2.6	0.29	0.31	-0.35	0.48
16	Federal	1.3	-0.3	-1.1	1.7	0.08	-0.02	-0.08	0.12
17	National defense	1.5	-0.1	-2.5	2.0	0.06	-0.01	-0.10	0.08
18	Nondefense	1.1	-0.5	1.0	1.3	0.03	-0.01	0.03	0.04
19	State and local	1.9	3.1	-2.4	3.2	0.20	0.32	-0.28	0.36
Addenda:									
	Gross domestic purchases:								
20	Food	0.9	3.2	15.7	-1.7	0.04	0.15	0.77	-0.09
21	Energy goods and services	7.4	-7.0	-45.7	27.4	0.19	-0.19	-1.47	0.59
22	Excluding food and energy	1.2	1.6	-0.8	3.0	1.11	1.49	-0.71	2.80
	Personal consumption expenditures:								
23	Food and beverages purchased for off-premises consumption	0.8	3.1	15.4	-1.9	.....	.....	.....	.....
24	Energy goods and services	7.4	-9.8	-44.9	24.9	.....	.....	.....	.....
25	Excluding food and energy	1.3	1.6	-0.8	3.4	.....	.....	.....	.....
26	Gross domestic product	1.4	1.4	-1.8	3.5	.....	.....	.....	.....
27	Exports of goods and services	-1.7	-2.5	-18.8	12.8	.....	.....	.....	.....
28	Imports of goods and services	-1.4	-1.4	-12.8	8.6	.....	.....	.....	.....

1. The estimated prices for gross domestic purchases under the contribution columns are also percent changes.

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. Gross domestic product, export, and import prices are from NIPA table 1.1.7.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ [“How do the effects of dollar depreciation show up in the GDP accounts?”](#) on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or “core,” inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See [“What is the core PCE price index?”](#) on BEA's website.)

BEA also prepares a supplemental PCE price index, the “market-based” PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Updates

Real GDP increased 33.4 percent in the third quarter of 2020, 0.3 percentage point higher than previously reported in the second estimate (table 5). The updated estimates primarily reflected upward revisions to consumer spending and to nonresidential fixed investment that were partly offset by a downward revision to exports.

- Within consumer spending, both services and goods were revised up.
 - For services, the revision primarily reflected upward revisions to the output of nonprofit hospitals and to spending for other services. Within other services, the leading contributors to the upward revision were professional and social services (notably, legal services and childcare). These upward revisions were partly offset by downward revisions to health care (notably, home health care as well as physician services) and recreation services (notably, casino gambling as well as live entertainment).
 - For goods, the largest contributors to the upward revision were food and beverages purchased for off-premise consumption as well as clothing and footwear.
- The upward revision to nonresidential fixed investment reflected upward revisions to intellectual property products (notably, research and development) and equipment (notably, aircraft). These upward revisions were partly offset by a downward revision to structures.
- Within exports, downward revisions to other business services and transport services were partly offset by an upward revision to royalties and license fees.

Table 5. Second and Third Estimates for the Third Quarter of 2020

[Seasonally adjusted at annual rates]

Line	Series	Change from preceding period (percent)			Contribution to percent change in real GDP (percentage points)		
		Second estimate	Third estimate	Third estimate minus second estimate	Second estimate	Third estimate	Third estimate minus second estimate
1	Gross domestic product (GDP)¹	33.1	33.4	0.3	33.1	33.4	0.3
2	Personal consumption expenditures	40.6	41.0	0.4	25.22	25.44	0.22
3	Goods	46.9	47.2	0.3	9.49	9.55	0.06
4	Durable goods	82.9	82.7	-0.2	5.20	5.20	0.00
5	Nondurable goods	30.6	31.1	0.5	4.29	4.35	0.06
6	Services	37.6	38.0	0.4	15.73	15.89	0.16
7	Gross private domestic investment	84.9	86.3	1.4	11.78	11.96	0.18
8	Fixed investment	30.4	31.3	0.9	5.23	5.39	0.16
9	Nonresidential	21.8	22.9	1.1	3.06	3.20	0.14
10	Structures	-15.8	-17.4	-1.6	-0.47	-0.53	-0.06
11	Equipment	66.6	68.2	1.6	3.19	3.26	0.07
12	Intellectual property products	6.0	8.4	2.4	0.34	0.46	0.12
13	Residential	62.3	63.0	0.7	2.17	2.19	0.02
14	Change in private inventories	.....	.....	.....	6.55	6.57	0.02
15	Net exports of goods and services	.....	.....	.....	-3.18	-3.21	-0.03
16	Exports	60.5	59.6	-0.9	4.95	4.89	-0.06
17	Goods	104.6	104.3	-0.3	4.88	4.87	-0.01
18	Services	0.8	-0.5	-1.3	0.07	0.03	-0.04
19	Imports	93.1	93.1	0.0	-8.12	-8.10	0.02
20	Goods	110.0	110.2	0.2	-7.67	-7.67	0.00
21	Services	25.9	24.9	-1.0	-0.46	-0.43	0.03
22	Government consumption expenditures and gross investment	-4.9	-4.8	0.1	-0.76	-0.75	0.01
23	Federal	-6.2	-6.2	0.0	-0.38	-0.38	0.00
24	National defense	3.1	3.2	0.1	0.17	0.17	0.00
25	Nondefense	-18.1	-18.3	-0.2	-0.55	-0.55	0.00
26	State and local	-4.0	-3.9	0.1	-0.38	-0.37	0.01
Addenda:							
27	Final sales of domestic product	25.6	25.9	0.3	26.51	26.87	0.36
28	Gross domestic income (GDI)	25.5	25.8	0.3	.....	.....	.....
29	Average of GDP and GDI	29.2	29.6	0.4	.....	.....	.....
30	Gross domestic purchases price index	3.3	3.3	0.0	.....	.....	.....
31	GDP price index	3.6	3.5	-0.1	.....	.....	.....

1. The GDP estimates under the contribution columns are also percent changes.

Corporate Profits

Measured in current dollars, profits from current production (corporate profits with the inventory valuation adjustment (IVA) and the capital consumption adjustment (CCAdj)) increased \$499.6 billion, or 27.4 percent at a quarterly rate, in the third quarter after decreasing \$208.9 billion, or 10.3 percent, in the second quarter (table 6). Profits of domestic financial corporations increased \$12.1 billion, profits of domestic nonfinancial corporations increased \$436.2 billion, and rest-of-the-world profits increased \$51.3 billion.

Table 6. Corporate Profits

[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)				
		Level	Change from preceding quarter								
			2020	2019	2020			2019	2020		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Current production measures:										
1	Corporate profits with IVA and CCAdj	2,325.7	64.8	-276.2	-208.9	499.6	2.9	-12.0	-10.3	27.4	
2	Domestic industries	1,890.8	62.7	-232.7	-119.4	448.3	3.6	-13.0	-7.6	31.1	
3	Financial	469.8	16.7	-42.2	26.5	12.1	3.6	-8.9	6.1	2.6	
4	Nonfinancial	1,421.0	46.0	-190.5	-145.9	436.2	3.6	-14.4	-12.9	44.3	
5	Rest of the world	434.9	2.1	-43.5	-89.5	51.3	0.4	-8.4	-18.9	13.4	
6	Receipts from the rest of the world	769.0	3.5	-90.3	-134.5	113.0	0.4	-10.3	-17.0	17.2	
7	Less: Payments to the rest of the world	334.1	1.4	-46.8	-45.0	61.7	0.4	-12.8	-14.2	22.7	
9	Less: Taxes on corporate income	307.2	29.3	-56.8	-18.8	70.5	10.3	-18.2	-7.3	29.8	
10	Equals: Profits after tax	2,018.5	35.5	-219.5	-190.1	429.1	1.8	-11.0	-10.7	27.0	
11	Net dividends	1,345.0	7.8	23.2	-15.0	-19.5	0.6	1.7	-1.1	-1.4	
12	Undistributed profits from current production	673.4	27.7	-242.7	-175.1	448.6	4.5	-37.8	-43.8	199.5	
13	Net cash flow with IVA	2,620.4	45.5	-221.6	-219.4	518.5	1.8	-8.7	-9.5	24.7	

CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Account tables [1.12](#) and [6.16D](#).

Note on Measuring Corporate Profits

Corporate profits is a widely followed economic indicator used to gauge corporate health, assess investment conditions, and analyze the effect on corporations of economic policies and conditions. In addition, corporate profits is an important component in key measures of income.

BEA's measure of corporate profits aims to capture the income earned by corporations from current production in a manner that is fully consistent with the National Income and Product Accounts (NIPAs). The measure is defined as receipts arising from current production less associated expenses. Receipts exclude income in the form of dividends and capital gains, and expenses exclude bad debts, natural resource depletion, and capital losses.

Because direct estimates of NIPA-consistent corporate profits are unavailable, BEA derives these estimates in three steps.

First, BEA measures profits before taxes to reflect corporate income regardless of any redistributions of income through taxes. Estimates for the current quarter are based on corporate earnings reports from sources including the Census Bureau Quarterly Financial Report, Federal Deposit Insurance Corporation call reports, other regulatory reports, and tabulations from corporate financial reports. The estimates are benchmarked to Internal Revenue Service (IRS) data when these data are available for two reasons: the IRS data are based on well-specified accounting definitions, and they are comprehensive, covering all incorporated businesses—publicly traded and privately held—in all industries.

Second, to remove the effects of price changes on inventories valued at historical cost and of tax accounting for inventory withdrawals, BEA adds an inventory valuation adjustment that values inventories at current cost.

Third, to remove the effects of tax accounting on depreciation, BEA adds a capital consumption adjustment (CCAdj). CCAdj is defined as the difference between capital consumption allowances (tax return depreciation) and consumption of fixed capital (the decline in the value of the stock of assets due to wear and tear, obsolescence, accidental damage, and aging).

Corporate Profits by Industry

Industry profits (corporate profits by industry with IVA) increased \$497.7 billion, or 27.0 percent at a quarterly rate, in the third quarter of 2020 after decreasing \$209.2 billion, or 10.2 percent, in the second quarter (table 7). Profits after tax (without IVA and CCAdj), BEA's profits measure that is conceptually most similar to the profits for companies in the Standard & Poor's 500 Index, increased \$561.8 billion in the third quarter.

Table 7. Corporate Profits by Industry
[Seasonally adjusted]

Line	Series	Billions of dollars (annual rate)					Percent change from preceding quarter (quarterly rate)			
		Level	Change from preceding quarter							
		2020	2019	2020			2019	2020		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Industry profits:									
1	Corporate profits with IVA	2,342.0	63.2	-241.4	-209.2	497.7	2.8	-10.5	-10.2	27.0
2	Domestic industries	1,907.1	61.1	-197.9	-119.7	446.4	3.6	-11.1	-7.6	30.6
3	Financial	483.4	16.2	-38.2	26.3	12.3	3.5	-7.9	5.9	2.6
4	Nonfinancial	1,423.8	44.9	-159.7	-146.1	434.1	3.6	-12.3	-12.9	43.9
5	Utilities	25.7	0.2	-4.8	6.5	-3.3	0.9	-17.6	28.9	-11.4
6	Manufacturing	308.4	-5.3	-33.5	-104.7	110.8	-1.6	-10.0	-34.6	56.1
7	Wholesale trade	116.7	4.0	-9.1	-6.9	15.3	3.6	-7.8	-6.4	15.0
8	Retail trade	245.4	17.3	-17.1	38.0	40.3	10.4	-9.3	22.8	19.6
9	Transportation and warehousing	33.9	-2.5	-19.2	-18.6	14.7	-4.2	-33.6	-49.2	76.6
10	Information	136.4	30.3	-12.0	-17.2	26.9	28.0	-8.6	-13.6	24.5
11	Other nonfinancial	557.3	0.8	-64.1	-43.2	229.5	0.2	-14.7	-11.6	70.0
12	Rest of the world	434.9	2.1	-43.5	-89.5	51.3	0.4	-8.4	-18.9	13.4
	Addenda:									
13	Profits before tax (without IVA and CCAdj)	2,426.1	109.7	-318.4	-200.8	632.3	5.0	-13.8	-10.1	35.2
14	Profits after tax (without IVA and CCAdj)	2,118.9	80.4	-261.6	-182.0	561.8	4.2	-13.1	-10.5	36.1
15	IVA	-84.1	-46.5	77.0	-8.4	-134.5	.....	.....	.....	.....
16	CCAdj	-16.3	1.6	-34.8	0.3	1.9	.....	.....	.....	.....

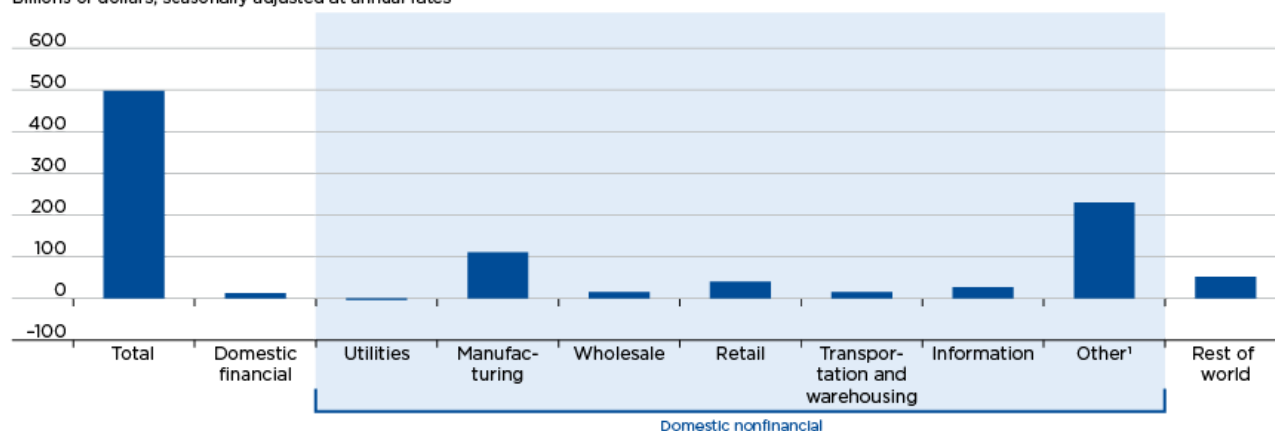
CCAdj Capital consumption adjustment

IVA Inventory valuation adjustment

Note. Levels of these and other profits series are shown in National Income and Product Account tables [1.12](#), [1.14](#), [1.15](#), and [6.16D](#).

**Chart 7. Corporate Profits with Inventory Valuation Adjustment in 2020:Q3,
Change from Preceding Quarter**

Billions of dollars, seasonally adjusted at annual rates



1. "Other" nonfinancial corporations includes the agriculture, mining, construction, and services industries.
U.S. Bureau of Economic Analysis

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the "[Key Source Data and Assumptions](#)" that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see "[Concepts and Methods of the U.S. National Income and Product Accounts](#)" on BEA's website.

1. "Real" estimates are in chained (2012) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see "[The Revisions to GDP, GDI, and Their Major Components](#)" in the January 2018 *Survey of Current Business*. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.
2. In this article, "consumer spending" refers to "personal consumption expenditures," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."