



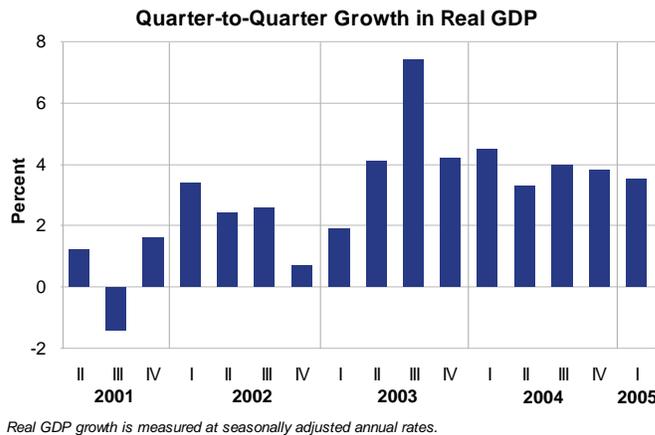
GDP GREW 3.5% IN FIRST QUARTER; PROFITS INCREASED

"Preliminary" Estimates of GDP and Corporate Profits

The economy grew at an annual rate of 3.5 percent in the first quarter of 2005, revised up 0.4 percentage point from the "advance" estimates released in April, according to the U.S. Bureau of Economic Analysis. BEA also released its first estimate of first-quarter corporate profits, which increased 13.8 percent from the same quarter one year ago.

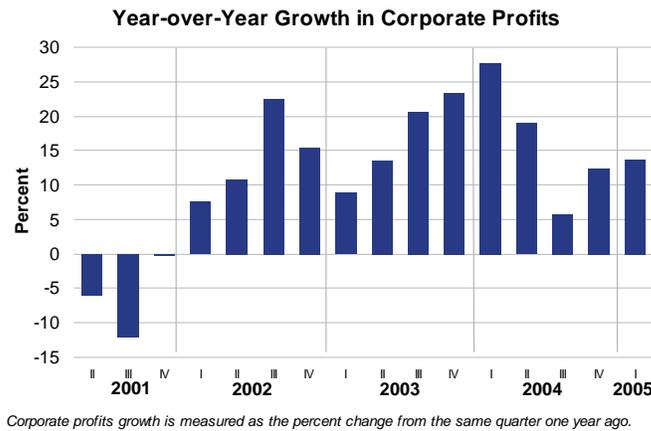
Gross Domestic Product (GDP)

The 3.5-percent increase in inflation-adjusted GDP primarily reflected increases in consumer spending, business inventory investment, and exports. GDP is the most comprehensive measure of U.S. economic activity. Today's upward revision to the GDP growth rate mainly reflected a downward revision to imports of goods that was partly offset by a downward revision to inventory investment.



Corporate Profits

The 13.8-percent increase in first-quarter profits mainly reflected a rise in profits of both financial and nonfinancial domestic corporations.



Income

BEA also released revised estimates of income for the fourth and first quarters. Real disposable personal income is now estimated to have decreased 1.2 percent in the first quarter, following a 10.8-percent increase in the fourth quarter; fourth-quarter income was boosted by a special dividend payment by the Microsoft Corporation.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states and industries—are available on its Web site: www.bea.gov.

NOTE: The "final" estimate of GDP for the first quarter of 2005 will be released on June 29, 2005.

Contact: Ralph Stewart 202-606-9690

Bureau of Economic Analysis
U.S. Department of Commerce