

Quarterly GDP by Industry

Progress and Prospects

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BEA Advisory Committee Meeting
November 2, 2007

Measuring the Nation's Economy.



Overview

- Motivation
- Proposed methodology
- Preliminary results
- Release and revision
- Tentative time frame
- Questions

Motivation

- More timely industry data for business cycle analysis and policy/research issues
- Industry price and quantity measures consistent with quarterly GDP for use in a NIPA framework
- Quarterly real output indicators for both the goods and services-producing sectors

Proposed Methodology

- Combined features used for
 - Advance annual GDP by industry
 - Quarterly travel and tourism
- Compiled experimental estimates for testing and evaluation starting with 2003 Q1

Proposed Methodology

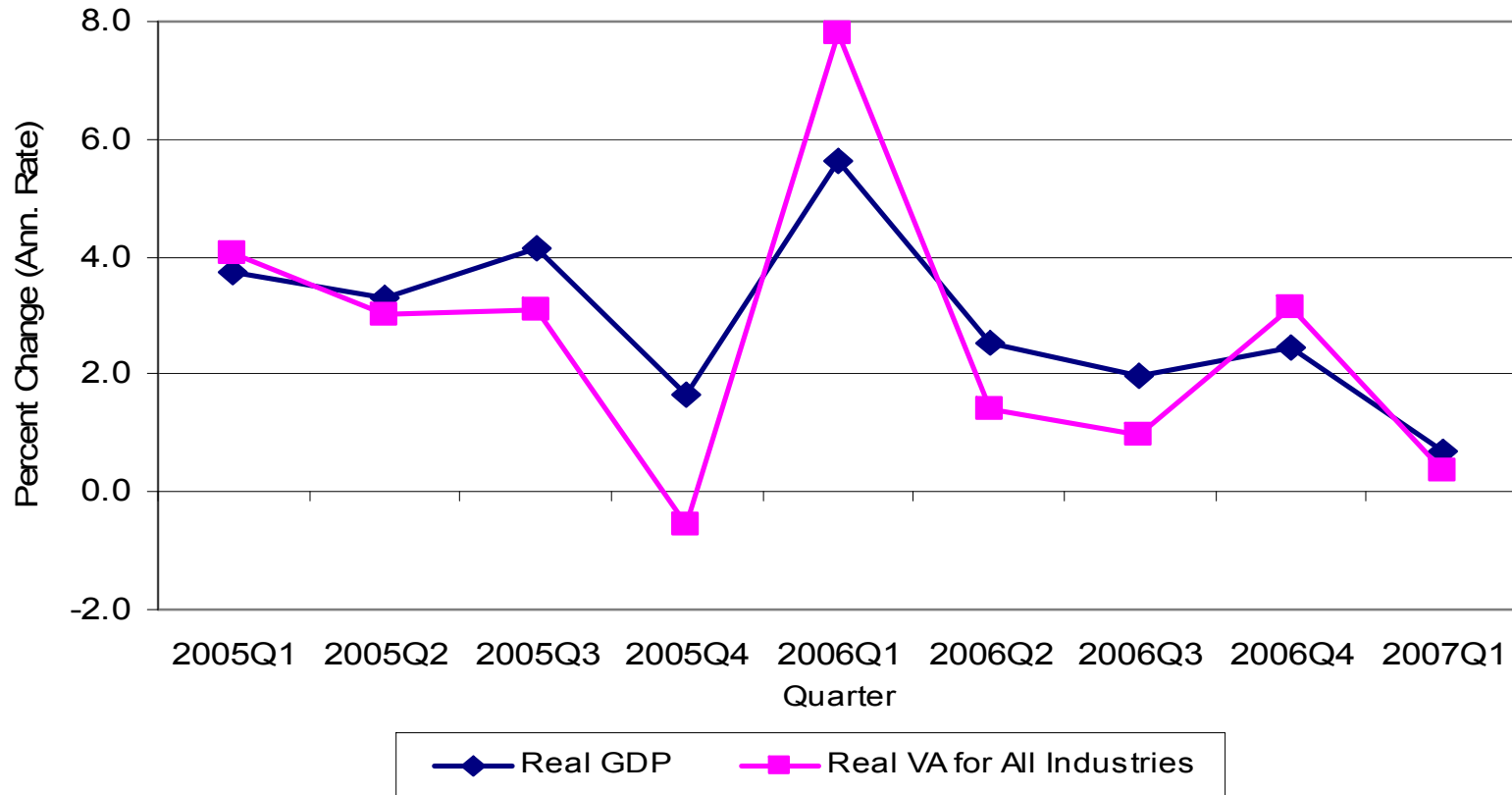
- Nominal Value Added Estimates
 - NIPA estimates for farms and general government
 - For non-farm business, extrapolate industry compensation, taxes, and GOS separately
 - Insure that industry value added sums to GDP
- Real Value Added Estimates
 - Single deflation with industry gross output price
 - Price indexes are obtained from several sources
 - Aggregation over all industries for comparison with quarterly real GDP from the NIPAs

Preliminary Results

- Aggregate (all industry) real value added roughly tracks real GDP in recent quarters
- As expected, quarterly nominal estimates are quite variable, especially for goods
- Real estimates for goods show declines in several quarters when real GDP increases
- Volatility of goods value added exceeds that of GDP goods in final expenditures

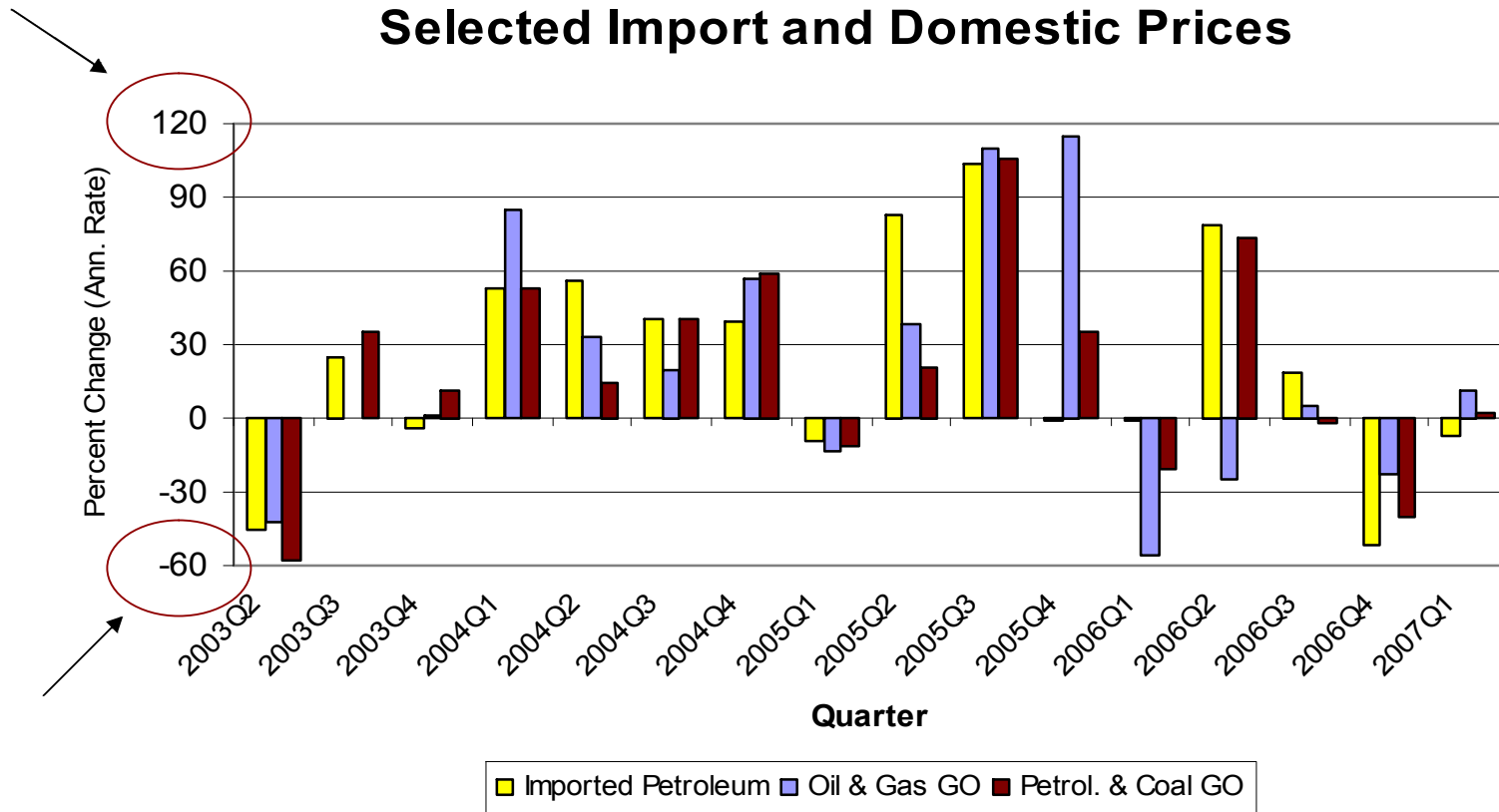
Real GDP vs. All Industries

Real GDP and Real Value Added for All Industries



Energy Price Volatility

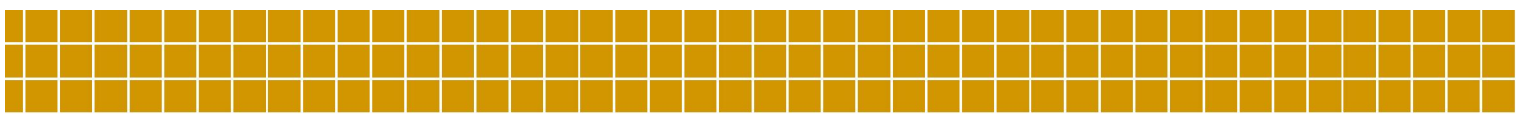
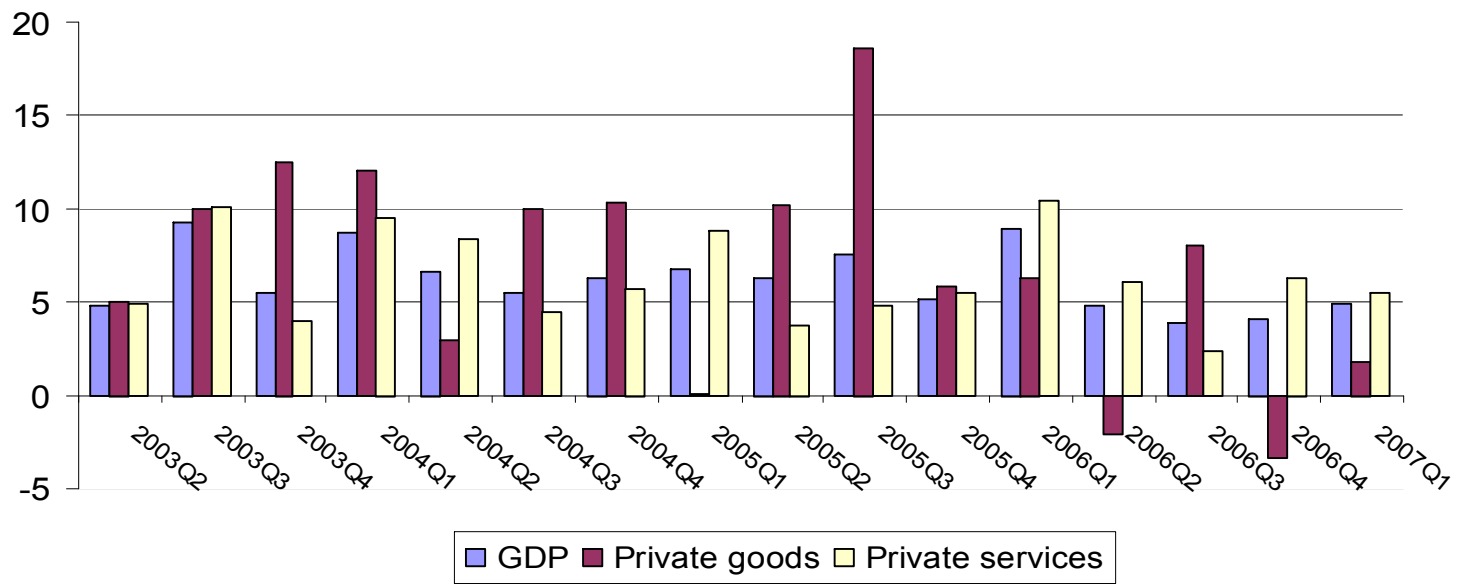
Selected Import and Domestic Prices



Nominal Growth: Goods vs. Services

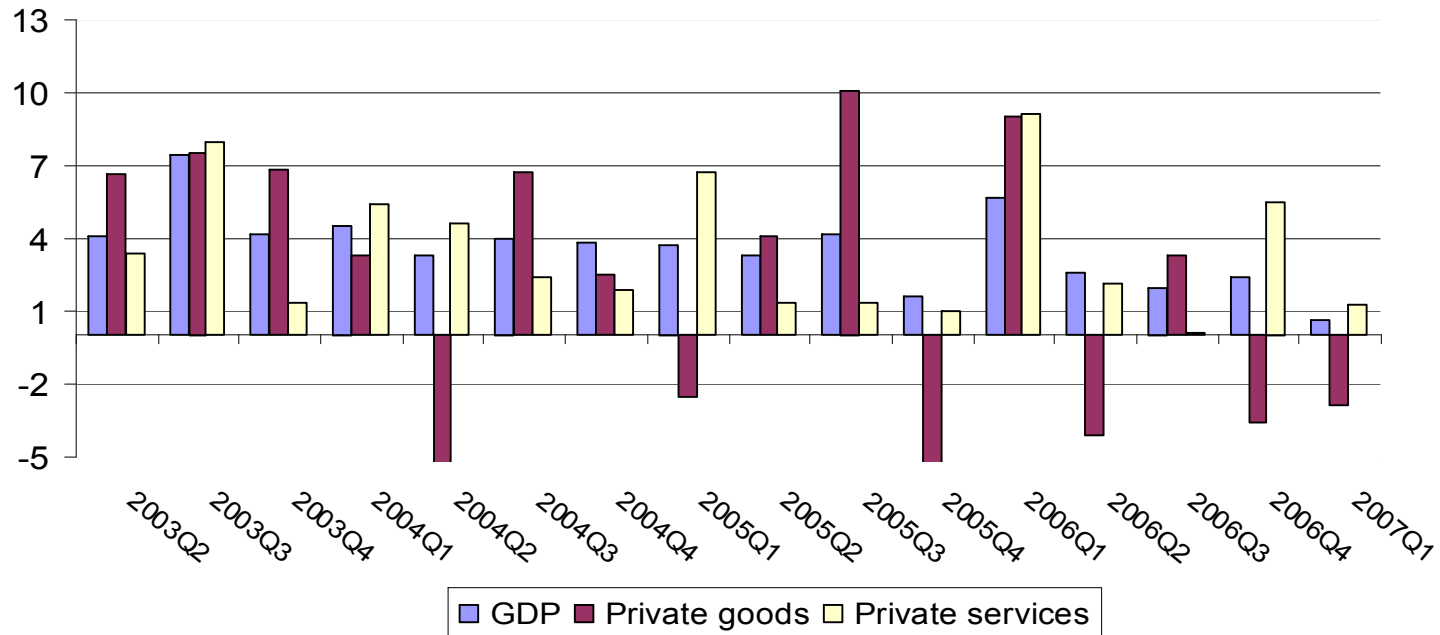
Nominal Value Added

Percent Change at Annual Rate



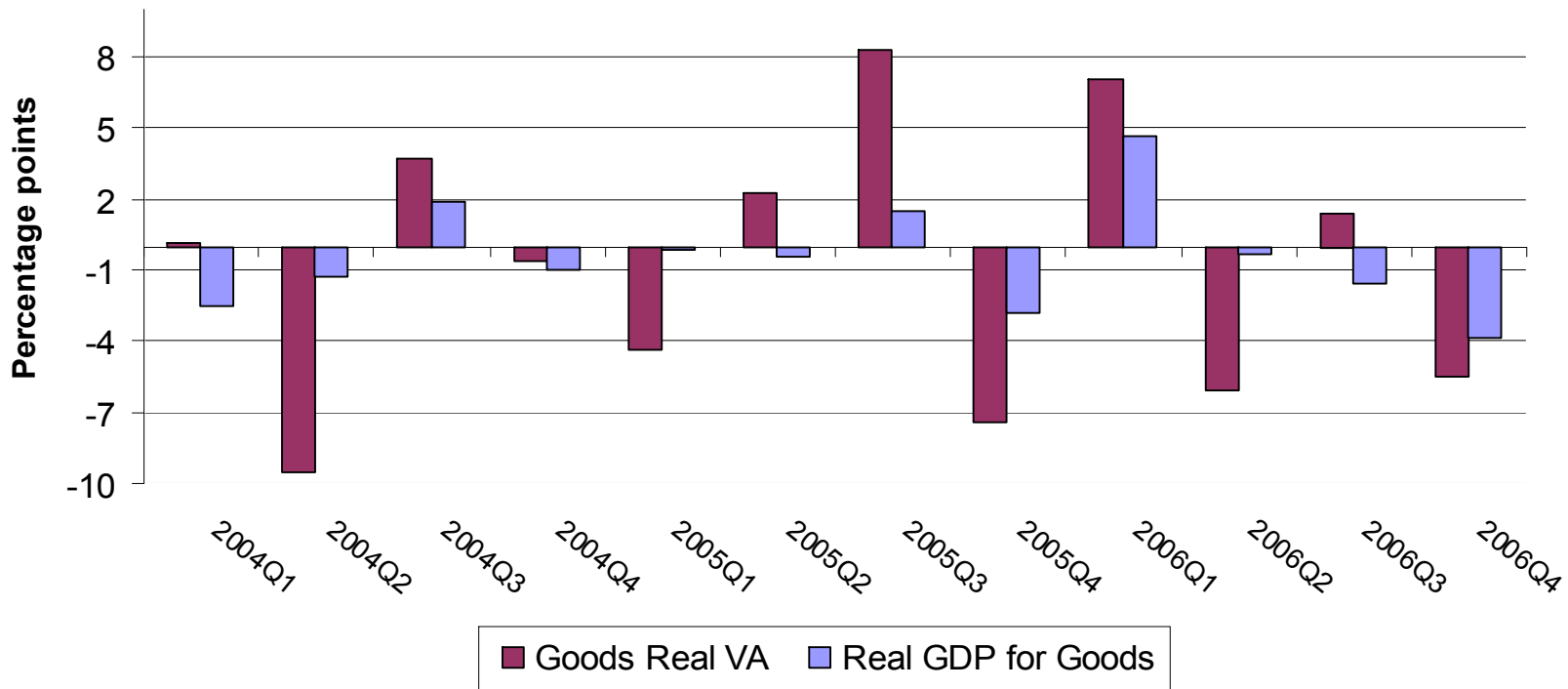
Real Growth: Goods vs. Services

Real Value Added
Percent Change at Annual Rate



Quarterly Volatility for Goods

Deviations of Quarterly Real Growth Rates from Annual Average Real Growth Rates, 2004-2006



Industry Detail: 2007 Q1

Percent Changes in Value Added by Industry Group, 2007 Q1
(seasonally adjusted at annual rates)

	<i>Nominal</i>	<i>Real</i>
Gross Domestic Product	4.9	0.7
Private industries	4.6	0.3
Agriculture, forestry, fishing, and hunting	30.1	-12.0
Mining	-24.5	-27.9
Utilities	0.3	-11.9
Construction	-13.2	-15.2
Manufacturing	10.1	7.3
Durable goods	6.8	5.7
Nondurable goods	14.5	9.2
Wholesale trade	11.6	5.6
Retail trade	1.5	-0.1
Transportation and warehousing	3.7	-1.4
Information	20.4	20.6
Finance, insurance, real estate, rental, and leasing	-4.4	-6.5
Professional and business services	14.1	6.6
Educational services, health care, and social assist.	4.5	-1.4
Arts, entertainment, recreation, accom., & food ser.	25.4	20.6
Other services, except government	5.6	2.1
Government	7.0	1.0
Addenda:		
Private goods-producing industries	1.8	-2.9
Private services-producing industries	5.4	1.2

Release and Revision Scenario

- Based on final quarterly GDP data
- Released 15-30 days later, 3 to 4 months after the end of the quarter
- Annual revisions each Spring would insure for nominal value added that
 - Sum of quarters for an industry equals annual VA
 - Sum of industry VA for a quarter equals NIPA GDP

Tentative Time Frame

- *FY08*: Complete testing and evaluation of methodology for quarterly estimates
- *FY09*: Complete systems development and testing of annual revision processes
- *FY10*: Release estimates for the first quarter of 2010 in July along with earlier quarters
- *FY11*: Release estimates for the rest of 2010 and revise estimates for earlier years

Questions

- How would quarterly GDP by industry data be used for analysis and research?
- Are the 15 broad industry groups sufficient for such uses of quarterly estimates?
- Are you concerned about differences between real GDP and aggregate real VA?
- Should BEA also consider providing gross output by industry quarterly?