



August 12, 2004

BEA Statement on the Census Bureau's New Quarterly Service Statistics

The U.S. Bureau of Economic Analysis (BEA) strongly supports the new Quarterly Service Survey being conducted by the U.S. Census Bureau and applauds the release of its first set of estimates. Working with the Census Bureau to define the new survey, BEA will be a major benefactor of this new information as it will substantially improve the GDP and related estimates.

BEA soon will begin to incorporate these new statistics into its accounts. These improvements to GDP will provide policymakers, business leaders, and the American public with significantly more accurate estimates of GDP from which they can make more informed decisions.

“The data from the Census Quarterly Services Survey is one of the most important improvements in economic statistics in decades,” says BEA Director J. Steven Landefeld. “For the first time, BEA and other users will have current information on the state of the Nation’s service sectors.”

Prior to implementation of the Quarterly Services Survey, BEA had relied on the Quinquennial Economic Census, the Census Bureau’s Annual Services Survey, and an array of monthly and quarterly public and private indicators that were used to estimate quarterly estimates of services activity, including estimates for some of the Nation’s largest and most volatile service industries. The new quarterly survey will provide BEA with quarterly information on over \$2 trillion of services activity or about 20 percent of GDP for which BEA previously only had annual estimates. By improving the accuracy of the GDP, policymakers, business leaders and others will be better informed.

- The White House and Congress – which use trend growth in GDP and the level and composition of national income – will have a more accurate baseline for budget estimates and projections,
- The Federal Reserve – which uses BEA’s real output and price indexes – will have improved information for setting interest and exchange rates,
- Wall Street – which is directly affected by changes in GDP and related estimates – will have a more accurate measure of economic activity in the service sector and the nation as a whole.
- The business community – which relies on BEA estimates for objective comprehensive economic information – will have a more accurate baseline for planning financial and investment strategies, and
- And the American public – which is affected by changes in interest rates, exchange rates, and the stock market – will have an improved basis for assessing the nation’s economic health.