How BEA Tracks the Health of America’s Businesses

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Around the Bureaus Speaker Series
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Quarterly statistics show how factories, retailers, educational services, health care providers and other industries are performing and affecting the U.S. economy.

- Most recent report released April 23, with results for the fourth quarter of 2014.
- First such quarterly report issued last year.
Real Value Added by Industry

Percent change from preceding period

2014 3rd Quarter

GDP
Manufacturing
Mining
Finance and insurance
Professional and business services
Real estate
Construction
Retail trade

2014 4th Quarter
Why that’s Important

- Provides more up-to-date and precise view of industries’ economic activity and impact on U.S. economy.
- Aids business decisions on investing and hiring.
- Helps people better understand the industries they are employed in – or want to find work in.
- Informs public policy.
A Look at Industry Performance During the Great Recession

Percentage Points

-4.00 -3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00

2007 4th Quarter 2008 1st Quarter 2008 3rd Quarter 2008 4th Quarter

-10.00 -8.00 -6.00 -4.00 -2.00

Agriculture and Mining
Construction
Finance, Insurance, and Real Estate
Government
Information and Professional Services
Manufacturing
Other Services*
Trade

* Other Services includes Utilities, Transportation, Education, Health Care, Arts, Accommodation, Food Services, and Other Services Industry Groups
A Look at Industry Performance During the Great Recession and Beginning of Recovery

Percentage Points

2009 1st Quarter
2009 2nd Quarter
2009 3rd Quarter
2009 4th Quarter

- Agriculture and Mining
- Construction
- Finance, Insurance, and Real Estate
- Government
- Information and Professional Services
- Manufacturing
- Other Services*
- Trade

* Other Services includes Utilities, Transportation, Education, Health Care, Arts, Accommodation, Food Services, and Other Services Industry Groups

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What Happened to Durable-Goods Manufacturing During the Great Recession and Recovery?

Billions of dollars inflation adjusted

- Annual value added
- Quarterly value added

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How Have Manufacturing and its Supply Chain Performed Over Time?
How Have U.S. Industries Performed Since the Great Recession?

Index: Business Cycle

2007 4th Quarter - 2014 4th Quarter

Number of Quarters After Business Cycle Peak
How Have U.S. Industries Performed Since the Great Recession?

Index: Business Cycle

- GDP (15, 2011:III)
- Manufacturing (still below 2007:IV levels)
- Construction (still below 2007:IV levels)
- Professional and Business Services (12, 2010:IV)
- Finance, Insurance, and Real Estate (6, 2009:II)

2007 4th Quarter - 2014 4th Quarter

Number of Quarters After Business Cycle Peak

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How Did the Recession and Recovery Change the Size of U.S. Industries?

Value Added by Industry Group as a Percentage of GDP

Recession Begins 2007 4th Quarter
- Agriculture and Mining: 11.9%
- Finance, Insurance, and Real Estate: 17.7%
- Information and Professional Services: 12.8%
- Trade: 16.7%
- Government: 3.3%
- Construction: 3.8%

Latest Snapshot 2014 4th Quarter
- Agriculture and Mining: 11.9%
- Finance, Insurance, and Real Estate: 18.9%
- Information and Professional Services: 12.0%
- Trade: 16.7%
- Government: 3.7%
- Construction: 20.3%

*Other Services includes Utilities, Transportation, Education, Health Care, Arts, Accommodation, Food Services, and Other Services Industry Groups

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Long-standing call for statistics on the sources of growth
- Solow (1957), Denison (1967), Griliches and Jorgenson (1967)
- Postwar Recovery, Big Slump, IT Boom, the Great Recession

What are the industry sources of GDP and multifactor productivity growth?
- For example, what is the role of manufacturing?

What is the contribution of:
- Information-communications-technology to growth and productivity?
- Intangible capital (e.g., R&D) to growth and productivity?
Sources of U.S. Economic Growth, 1998-2012

Real Value Added Contributions by Sector

Sources of Real Value Added Growth

- Non-College Labor
- IT Equipment
- Software
- R&D
- Other Capital
- College Labor
- Multifactor productivity

Average annual percentage point

- Manufacturing
- Information
- Wholesale & retail trade
- Prof & Business Services
- Finance, Insurance, Real Estate
- Other
Computers and electronic products accounts for about 50% of MFP growth!
How BEA Tracks America’s Businesses

- Quarterly Statistics on GDP by Industry
  - An economic “earnings report” for U.S. Business
  - Next report for First Quarter 2015 on July 23rd
  - On November 5th, expand detail from 22 to 71 industries!

- Integrated GDP & Productivity Account by Industry
  - Joint with the Bureau of Labor Statistics, U.S. Dept. of Labor
  - Tracks sources of U.S. growth to better understand the role of industries, factor inputs, and productivity over important periods of economic history