

Using an Input-Output Framework for Double-Deflated Quarterly U.S. Gross Domestic Product by Industry: Methods, Initial Results, and Future Plans

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The financial and economic crisis of 2008 and 2009 has focused attention on the statistical data available to understand the contributions made by different industrial sectors to aggregate economic activity. While many developed economies produce quarterly, or even monthly, statistics on gross domestic product (GDP) by industry, the U.S. Bureau of Economic Analysis (BEA) currently releases these statistics only on an annual basis. This paper provides a first look at experimental, double-deflated quarterly GDP by industry statistics prepared in a balanced I-O framework and compares these with a set of statistics produced using single-deflation. While single-deflated quarterly GDP by industry statistics have also been shown to provide a good indicator for the direction and magnitude of changes in the industrial composition of the U.S. economy, sensitivity to price changes appear to be better captured by double-deflated industry statistics that take into account price changes in both outputs and inputs. This appears to be especially true at turning points in the business cycle.