

Deflating U.S. Supply-Use Tables

Topic: Better to deflate SUTs but â€¦ how to do it well?

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Over the past decade, the Bureau of Economic Analysis (BEA) has made numerous improvements to the U.S. input-output (I-O) accounts, including full integration of the benchmark and annual I-O accounts with each other and with the national income and product accounts (NIPAs); development of quarterly GDP by industry statistics based on a fully balanced I-O framework; and a shift from a make-use framework to a supply-use framework, as recommended in the System of National Accounts (SNA). BEA's annual and quarterly GDP by industry statistics include real estimates of value added prepared using a double deflation technique based on BEA's supply-use tables (SUTs). However, the SUTs themselves are published only on a nominal basis. User demand for constant-price SUTs has been enormous. This research project responds to this interest by exploring potential approaches to preparing deflated U.S. supply-use tables. The paper gives an overview of the evolution of the U.S. input-output accounts, including recent improvements in the accounts. The paper then describes current methodologies used for generating double-deflated GDP by industry statistics, how those techniques could be leveraged to prepare constant-price SUTs, and how such an approach compares to methodologies employed by other national statistical offices that currently produce constant-price SUTs. The paper further focuses on challenges associated with generating balanced deflated SUTs and maintaining internal consistency to other inflation-adjusted statistics published by BEA.