Shadowing Our Evolving Economy: The Economic Indicators Role

Exploring the Quarterly Financial Report and the Quarterly Services Survey’s role in tracking the Service Industries.

Adam Fowler
Quarterly Financial Branch
Economic Indicators Division

Jonathan Dimedio
Services Indicator Branch
Economic Indicators Division

September 23, 2015

United States Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov
Prior Webinar Series

Available at: www.census.gov/econ/webinar
“Intro to Economic Indicators” Tab

Webinars Include:

- U.S. International Trade in Goods and Services (FT-900)
- Advanced Monthly Sales for Retail and Food Services (MARTS)
- New Residential Construction and Sales (NRC & NRS)
- Monthly Wholesale Trade Survey (MWTS)
- Quarterly Financial Report – Manufacturing, Mining, Wholesale Trade, and Selected Service Industries (QFRM) & Retail Trade (QFRR)
- Advance Report on Durable Goods Manufacturers' Shipments, Inventories, and Orders (AdvM3) & Manufacturers' Shipments, Inventories, and Orders (M3)
- Housing Vacancies and Homeownership (HVS)
- Construction Put in Place (VIP)
- Quarterly Services Survey (QSS)
How to ask us a question

- This webinar and all of the webinars in this series will be available online following the presentation at [www.census.gov/econ/webinar](http://www.census.gov/econ/webinar)
- We will take questions at different points of time during the webinar and will have formal question and answer session at the conclusion of the presentation.
- You can also use the chat window to ask a question at anytime during the presentation today.
- Send the questions to [ASK CENSUS](http://ASKCENSUS).
Webinar Overview

- How the services sectors play an important role in our economy.
- The role of the Quarterly Services Survey (QSS) in tracking the economy
- The role of the Quarterly Financial Report (QFR) in tracking the economy
- Q&A
 Definitions Used in the Webinar

- Recession – The National Bureau of Economic Research (NBER) defines recession as "a period of falling economic activity spread across the economy, lasting more than a few months."

- North American Industry Classification System (NAICS) - The standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

- Gross Domestic Product (GDP) – Measures the value of final goods and services produced in the United States in a given period of time.

- National Income and Product Accounts (NIPAs) – A set of economic accounts that provide information on the value and composition of output produced in the United States during a given period and on the types and uses of the income generated by that production.

- Seasonal Adjustment – the process of estimating and removing seasonal effects from a time series in order to better reveal certain non-seasonal features.
  - SA – Seasonally Adjusted
  - NSA – Not Seasonally Adjusted
Services Sector Importance in the Economy.

- **Defined:**
  - Useful labor that does not produce a tangible commodity

- **Importance:**
  - Measuring services is a way to measure the economy
  - Services have a long history in our economy
The United States Economy and GDP

- **United States Economy**
  - World War II - Manufacturing boom related to the war campaign.
  - Current - Our economy today has shifted to be primarily service driven.

- GDP measures the value of the goods and services produced by the U.S. economy in a given time period.

- **Who uses GDP?**
  - The White House and Congress
  - The Federal Reserve
  - Wall Street
  - The business community
What did GDP look like in 1947?

GDP – 1947
(Value Added by Industry)

- Services: 32%
- Manufacturing: 26%
- Retail Trade: 10%
- Wholesale Trade: 6%
- Government: 12%
- Other: 14%

United States Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov

Bureau of Economic Analysis
U.S. DEPARTMENT OF COMMERCE
What did GDP look like in 1980?

GDP – 1980
(Value Added by Industry)

- Services: 42%
- Manufacturing: 20%
- Government: 14%
- Other: 10%
- Retail Trade: 7%
- Wholesale Trade: 7%

United States Census Bureau
U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU
census.gov

Bureau of Economic Analysis
U.S. DEPARTMENT OF COMMERCE

9
What did GDP look like in 2014?

GDP – 2014
(Value Added by Industry)

- Services: 56%
- Government: 13%
- Manufacturing: 12%
- Retail Trade: 6%
- Wholesale Trade: 6%
- Other: 7%

United States Census Bureau
U.S. Department of Commerce
Economic and Statistics Administration
U.S. CENSUS BUREAU
CENSUS.GOV

BEA
BUREAU OF ECONOMIC ANALYSIS
U.S. DEPARTMENT OF COMMERCE
GDP 1947 – 2014

GDP - 1947
Services – 32%
Manufacturing – 26%

GDP - 1980
Services - 42%
Manufacturing - 20%

GDP - 2014
Services - 56%
Manufacturing - 12%
A Brief History of QSS

“The Census Bureau’s new Quarterly Services Survey will give the nation valuable data and will help ensure that our economic statistics continue to support private sector decision making and public policy.”

- Alan Greenspan
  Former Chairman, U.S. Federal Reserve Board
What QSS Initially Covered

- NAICS 51 - Information
- NAICS 54 - Professional, scientific and technical services
- NAICS 56 - Administrative and support and waste management and remediation services
## What QSS Currently Covers

<table>
<thead>
<tr>
<th>NAICS Sector Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>22  Utilities</td>
</tr>
<tr>
<td>48-49 Transportation and warehousing</td>
</tr>
<tr>
<td>51  Information</td>
</tr>
<tr>
<td>52  Finance and insurance</td>
</tr>
<tr>
<td>53  Real estate and rental and leasing</td>
</tr>
<tr>
<td>54  Professional, scientific, and technical services</td>
</tr>
<tr>
<td>56  Administrative and support and waste management and remediation services</td>
</tr>
<tr>
<td>61  Educational Services</td>
</tr>
<tr>
<td>62  Health care and social assistance</td>
</tr>
<tr>
<td>71  Arts, entertainment, and recreation</td>
</tr>
<tr>
<td>721 Accommodation</td>
</tr>
<tr>
<td>81  Other services (except public administration)</td>
</tr>
</tbody>
</table>
QSS Core Products

- QSS Produces 1 of the 13 Economic Indicators released by the Census Bureau
  - Press Release
  - Full Quarterly Service Report
QSS Core Products

- Press Release
  - Released 75 days after the close of the Reference quarter.
  - National level estimates for 11 sectors, 36 subsectors and 84 detailed industries.

- Full Quarterly Services Report
  - Everything that is found in the Press Release
  - Data broken out by taxable and tax exempt status
  - Source of Revenue
  - Expense Estimates
  - Inpatient Days
  - Discharges

- Time Series/Trend Charts
  https://www.census.gov/services/index.html
Question & Answer Session

- We will take a quick break to answer a few questions from our viewers at this time.
- Submit your questions in chat to **ASK CENSUS**
Data Table Example
https://www.census.gov/services/index.html
Data Table Example
https://www.census.gov/services/index.html
Not Seasonal vs. Seasonal Adjustment

https://www.census.gov/services/index.html
Not Seasonal vs. Seasonal Adjustment

https://www.census.gov/services/index.html
QSS Data Users

- Bureau of Economic Analysis
- Federal Reserve Board
- Council of Economic Advisors
- Center for Medicare and Medicaid Services
- Financial analysts
- Business owners
- Researchers
Future of QSS

- Services Total Estimate
  - Available March 2016

- Seasonally Adjusted Estimates
Now that we have covered QSS in a little detail, I want to stop and give you another chance to ask a question.

Submit your question in chat to **ASK CENSUS**
QSS and QFR

- QSS Data Collected
  - Revenue
  - Expenses
  - Source of Revenue (Business, Household or Government)
  - For Hospitals:
    - Inpatient Days
    - Discharges

- QFR Data Collected
  - Income Statement & Balance Sheet
  - Key Items
    - Sales
    - Operating Profits
    - After-Tax Profits
    - Inventories
    - Assets
    - Debt
    - Stockholders’ Equity
A Brief History of QFR

1947
QFR is conducted by the Federal Trade Commission (FTC) and Securities and Exchange Commission (SEC)

1971
The FTC takes full responsibility for the QFR

1974
Expansion to include Mining, Wholesale Trade, and Retail Trade

1982
The QFR is transferred to the U.S. Census Bureau

2000
Industry classification changed from SIC to NAICS

2010
Expansion to include selected service industries
37% GDP Coverage
## What Sectors QFR Covers

<table>
<thead>
<tr>
<th>NAICS Sector Coverage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Mining, Quarrying, and Oil and Gas Extraction</td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
</tr>
<tr>
<td>44-45</td>
<td>Retail Trade</td>
</tr>
<tr>
<td>51</td>
<td>Information</td>
</tr>
<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services (Except Legal Services)</td>
</tr>
</tbody>
</table>
QFR Core Products

www.census.gov/econ/qfr

- QFR Produces 2 of the 13 Economic Indicators released by the Census Bureau
  - QFR for Manufacturing, Mining, Wholesale Trade and Selected Service Industries
  - QFR for Retail Trade
- Press Release
- Publication
- Time Series/Trend Charts
- Navigating Indicator Databases Webinar
  - www.census.gov/econ/webinar

Second Quarter 2015 Press Release
QFR Sector 51 - All Information

All Information: U.S. Total
Q1-2010 to Q2-2015
Not Seasonally Adjusted Net Sales, Receipts, and Operating Revenues
Source: U.S. Census Bureau, Quarterly Financial Report, 2015 Quarter 2
QFR Sector 54 - All Professional and Technical Services, Except Legal Services

All Professional and Technical Services, Except Legal Services: U.S. Total
Q1-2010 to Q2-2015
Not Seasonally Adjusted Net Sales, Receipts, and Operating Revenues
Source: U.S. Census Bureau, Quarterly Financial Report, 2015 Quarter 2
QFR Data Users

- The Bureau of Economic Analysis
- The Federal Reserve Board
- The Small Business Administration
- Newspapers, trade magazines, and research papers
- Individual companies
Future of QFR

- QFR is exploring the possibility of expanding into the following services industries to increase the % of GDP it covers from 37% to 61%:
  - Sector 53 - Real Estate and Rental and Leasing
  - Sector 56 - Administrative and Support and Waste Management and Remediation Services
  - Sector 62 - Health Care and Social Assistance
  - Sector 72 - Accommodation and Food Services
QSS and QFR

- QSS
  - http://www.census.gov/services/

- QSS Data Collected
  - Revenue
  - Expenses
  - Source of Revenue (Business, Household or Government)
  - For Hospitals
    - Inpatient Days
    - Discharges

- QFR
  - http://www.census.gov/econ/qfr/

- QFR Data Collected
  - Income Statement & Balance Sheet
  - Key Items
    - Sales
    - Operating Profits
    - After-Tax Profits
    - Inventories
    - Assets
    - Debt
    - Stockholders’ Equity
Questions & Answer Session

- Short Survey
- Questions & Answers
  - Phone
  - Chat via ASK CENSUS
Upcoming Webinars

**Wholesale, Retail, and International Trade Indicators in a Global Marketplace**

Do you want to increase your understanding of the relationship between Wholesale, Retail, and International Trade? Are you interested in the association between trade indicators and other federal data? In this webinar, we will delve into these intriguing questions and explore connections between the different trade-related Economic Indicators against an ever changing global marketplace.

October 28, 2015

**Exciting Changes with USA Trade Online**

The official source for U.S. merchandise data, USA Trade Online (UTO), is now FREE to the public. In this webinar, you will learn about how to set up and manage your account in UTO. In addition, we’ll cover new data features, new fields and various functions of the database.

November 4, 2015

**Manufacturing, Products, and Goods Across Indicators**

Do you want to learn more about the relationship between Manufacturers’ Shipments, Inventories, and Orders (M3), International Trade, and Quarterly Financial Report statistics? Are you interested in how manufacturing indicators relate to other federal data? In this webinar, we will explore the relationships between the different manufacturing-related Economic Indicators.

December 16, 2015

Visit www.census.gov/econ/webinar for a full list of past & future webinars
Additional Training

- Training Resource Library -
  - http://www.census.gov/mso/www/training/library.html

- International Trade
  - Training on Foreign Trade Regulations, classification, filing, and more -
    - http://www.census.gov/foreign-trade/outreach/

- Global Reach Blog - http://globalreach.blogs.census.gov/
America’s Economy: Mobile App

Indicators Available:

- Advance Monthly Retail Sales
- Advance Report Durable Goods
- Business Inventories
- Construction Spending
- Consumer Price Index *
- Homeownership Rate
- International Trade
- Manufacturers’ Goods
- Monthly Wholesale
- New Residential Construction
- New Residential Sales
- Nonfarm Payroll*
- Personal Income
  - Producer Price Index *
- QFR—Manufacturing
- QFR—Retail Trade
- Quarterly Services Survey
- Real Gross Domestic Product
- Unemployment Rate

www.census.gov/mobile
Available for iPhone, iPad, and Android devices
New: Census Business Builder
http://www.census.gov/data/data-tools/cbb.html
For More Information & Feedback

Jonathan Dimedio, Quarterly Services Survey
Email: Jonathan.Dimedio@census.gov
Phone: (301) 763-2187
Or
Adam Fowler, Quarterly Financial Report
Email: Adam.N.Fowler@census.gov
Phone: (301) 763-1297