Re-engineering the Census Bureau’s Annual Economic Surveys

Reactions and implications for the Federal Reserve

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Appreciation

• Careful strategy and planning

• Outreach to stakeholders

• Maintain solid statistical foundation
Commitment to Data Quality: Company visits and interviews

• NAICS classifications don’t always work
  – Reflected in private industry reports
    • American Iron and Steel Institute tracks production by market (automotive, mining, construction), not product type
Commitment to Data Quality: Company visits and interviews

• Establishments aren’t always a natural unit of reporting
  – Company may be structured by geographic region or business line, and may not track data by individual locations
Commitment to Data Quality: Company visits and interviews

• Can be hard for companies to answer the questions
  – Almost always takes more than one person
  – Company info may not easily map to survey form
  – Respondents can be uncomfortable making decisions about how to answer
Data Quality

• Meeting respondents where they are...
  – Maximizes likelihood that respondents answer questions as intended
  – Minimizes respondent burden
  – Accelerate publication time?

• Better data → Better policies
Annual Data: FRB uses

• **Direct:** Census data are inputs to the annual benchmarks for FRB’s indexes of industrial production

• **Indirect:** FRB uses other high frequency data that are benchmarked to annual surveys

• **Research:** Research using annual data is important in understanding long term trends in economic activity
Annual Census data: Direct use

FEDERAL RESERVE statistical release

G.17 (419)

INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

Industrial production rose 1.6 percent in October after falling 1.3 percent in September; about half of the gain in October reflected a recovery from the effects of Hurricane Ida. Manufacturing output increased 1.2 percent in October; excluding a large gain in the production of motor vehicles and parts, factory output

(over)

Industrial Production and Capacity Utilization: Summary
Seasonally adjusted

<table>
<thead>
<tr>
<th>Industrial production</th>
<th>2017=100</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total index</td>
<td>99.9</td>
<td>100.4</td>
</tr>
<tr>
<td>Previous estimates</td>
<td>99.9</td>
<td>100.4</td>
</tr>
<tr>
<td>Major market groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Products</td>
<td>99.8</td>
<td>99.8</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>100.1</td>
<td>99.7</td>
</tr>
<tr>
<td>Business equipment</td>
<td>93.8</td>
<td>93.3</td>
</tr>
<tr>
<td>Nonindustrial supplies</td>
<td>96.6</td>
<td>96.3</td>
</tr>
<tr>
<td>Construction</td>
<td>99.2</td>
<td>98.1</td>
</tr>
<tr>
<td>Materials</td>
<td>101.1</td>
<td>102.3</td>
</tr>
</tbody>
</table>
Annual Census data: Direct use Industrial Production

• Monthly index of real output in the industrial sector (Manufacturing, Mining, and Utilities)
  – Data from a variety of sources
  – 296 individual indexes
  – Timely
  – 6-month window
  – 100 years
Annual Census data: Direct use
Industrial Production

• Monthly production indexes anchored to annual benchmarks
  – Nominal gross output deflated by a price index

• SIC vs NAICS Manufacturing
  – Publishing & Logging
Annual Census data: Indirect uses

• Higher frequency data that we follow closely can revise when benchmarked to newly-released Annual data

– BEA’s measure of Personal Consumption Expenditures (PCE) revises when the Monthly Retail Trade Survey gets benchmarked to the Annual Retail Trade Survey or Services Annual Survey
Annual Census data: Research

• Federal Reserve economists conduct academic-style research
  – Public use data
  – Microdata access at a Federal Statistical Research Data Center

• Consistent variable names/concepts will facilitate comparisons across sectors
  – Historical consistency is also important
Importance of Comprehensive Data

• Targeted, high-frequency data are important, but they can’t replace broad-based surveys with a long history

• Annual Integrated Economic Survey will provide reliable, consistent measures that continue to meet stakeholder needs
Thank you!