

Preview of the 2020 NIPA Annual Update

The Bureau of Economic Analysis plans to release the results of the annual updates of the National Income and Product Accounts (NIPAs) on July 30, 2020, and the Industry Economic Accounts (IEAs) on September 30, 2020. As BEA continues to harmonize the methodologies underlying the NIPA and the IEA estimates, many of the improvements that will be incorporated during the annual updates will impact both sets of accounts.

For most estimates of real GDP and its major components, the updates will cover the most recent 5 years (2015 through 2019) and the first quarter of 2020; for selected estimates of income and saving, the updates will extend to previous years. The reference year for index numbers and chained-dollar estimates will remain 2012.

Source data updates. The annual updates will incorporate annual source data that are more complete and more detailed than those previously available, including the following:

- Census Bureau data from the annual surveys of manufacturers, merchant wholesale trade, retail trade, services, and state and local governments
- Federal government budget data
- Internal Revenue Service tabulations of tax returns for corporations, for sole proprietorships, and for partnerships
- Department of Agriculture farm income statistics

Incorporation of international transactions accounts. In addition to the source data listed above, the annual updates of the NIPAs and the IEAs will incorporate estimates, starting with 2015 for most series, from the annual update of BEA's international transactions accounts (ITAs), which will be released on June 19, 2020. For more information, see "[Preview of the 2020 Annual Update of the International Economic Accounts](#)" in the April issue of the *Survey of Current Business*.

Updates to seasonal factors. As with every annual update of the NIPAs, the update will include the incorporation of updated quarterly and monthly seasonal factors that capture changes in seasonal patterns that emerge over time. The updated seasonal factors reflect a mix of data that are seasonally adjusted by source agencies as well as data directly adjusted by BEA.

Increased benefits from the integration of the NIPAs and the IEAs. The NIPAs and the IEAs have been conceptually integrated, and their estimates have been consistent, since 2013. With this year's updates, additional benefits will be realized by harmonizing the methodologies used to derive certain estimates. For instance, better alignment between the methodologies underlying the NIPA measures of investment in structures and the GDP by industry measures of gross output and value added for the construction industry will improve the accuracy of both measures.

Methodology improvements and presentational changes. Additionally, the annual updates will incorporate the following improvements in methodology and presentation:

- **Services furnished without payment by financial intermediaries.** Estimates in the NIPAs and the IEAs will be improved by (1) recognizing imports of these services, (2) using ITA estimates of imports and exports of these services for the NIPA and industry estimates, (3) aligning the methodology used to allocate imputed estimates of commercial bank services to sectors with the methodology used to allocate imputed estimates of savings institution services, and (4) updating the reference rate used for repurchase and resale agreements.
- **Treasury inflation-protected securities.** The allocation of annual measures of the interest paid on Treasury inflation-protected securities to businesses, persons, and the rest of the world will consistently include an adjustment for inflation; currently, the measure of interest paid to the rest of the world does not include this adjustment. In addition, the quarterly estimates will be derived by interpolating annual estimates of accrued interest. The current methodology aggregates monthly administrative data, thereby introducing into the quarterly estimates the volatility that is associated with monthly inflation adjustments.
- **Personal consumption expenditures.** Estimates of spending on video rentals will be improved by using more direct data on DVD rentals.
- **Industry estimates.** Estimates of gross output for the retail trade industry will use the most appropriate producer price indexes (PPIs) available, given the discontinuation of some detailed Bureau of Labor Statistics PPIs. Estimates of gross output for the educational services industry will be derived by using indicators that are more directly aligned with those services.
- **Expanded publication detail for research and development (R&D) investment.** The presentation of estimates for private fixed investment in intellectual property products will be expanded. Specifically, R&D expenditures for the category "All other nonmanufacturing" will be expanded to provide detail on R&D expenditures related to software publishers, to financial and real estate services, to computer systems design and related services, and to other nonmanufacturing not elsewhere classified.