

### Supply-use tables

### Supply and Use Tables (SUTs)

Late 1980s, the UK published 4 separate measures of GDP, showing different levels and growth rates

The best one was “the average”

Traditional I-O Tables were 5-yearly

Followed after the rest of the accounts were fixed

### Supply and Use Tables (SUTs)

- Government got policy wrong, partly through presentation of incoherent figures
- 1989 - Pickford Report. Survey collection system became part of Central Statistical Office, not Department of Trade and Industry
- SUTs moved to a central role in the national accounts

### Supply and Use Tables (SUTs)

- 1990 - ONS begin to use SUTs framework to produce one estimate of growth
- reconciled components of output, expenditure and income
- $GDP(P) = GDP(E) = GDP(I)$

### Supply and Use Tables (SUTs)

Down the columns of the use matrix

Operating surplus = Gross output less  
interm consumption less W&S

so

Gross output less interm. consumption =

Operating surplus + W&S

$$GDP(P) = GDP(I)$$

### Supply and Use Tables (SUTs)

Along the row of the supply use matrix

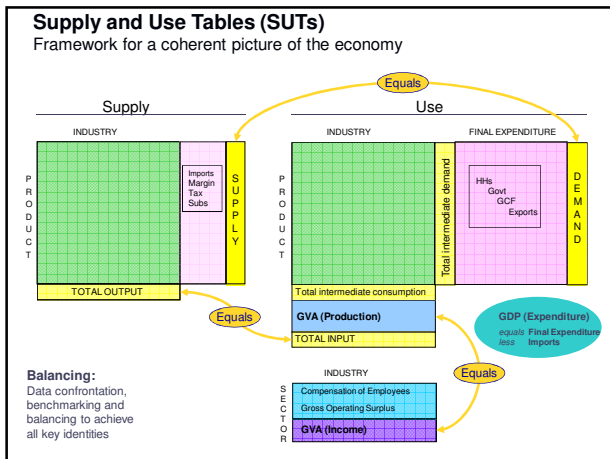
Gross output + Imports + taxes = Intermediate demand plus  
 $C + G + GFCF + \text{ch in stocks} + \text{Exports}$

For whole economy, Int demand = Int consumption

Gross output – Int cons + taxes =  $C + G + GFCF + \text{ch in stocks} + \text{exports less imports}$

$GVA + \text{taxes} = C + G + I + X - M$

Therefore  $GDP(P) + \text{taxes} = GDP(E)$



**Supply and Use Tables (SUTs)**

Examples of major data sources used:

**ONS business surveys:**

- Annual Business Inquiry (purchases questions)
- PRODCOM
- International Trade in Services
- Business Spend on Capital Items Survey
- General Household Survey

**Supply and Use Tables (SUTs)- data**

**Other government departments:**

- Central Government data - Min of Finance
- Local Government data - Local authorities
- INTRASTAT (UK imports and exports of goods with EU) data from HMRC
- Agriculture data from Defra
- Transport data from Department of Transport

**Supply and Use Tables (SUTs)**

Examples of major data sources used:

**Administrative data:**

- Profits and wages and salaries data based on tax and employment records respectively from HMRC.

**Other sources:**

- Bank of England, Civil Aviation Authority etc..
- Regulatory accounts and company accounts.

**Supply and Use Tables (SUTs)**

Balancing Process

**First estimates, unbalanced tables:**

- Set timetable and revisions policy
- Data collected from range of internal and external sources
- Validation of data generating quality adjustments, e.g. coverage, mis-reporting, conceptual

**Supply and Use Tables (SUTs)**

Balancing Process

**First estimates, unbalanced tables:**

- Compilation of initial estimates for each industry, each product, components of final demand, and each of the 7 sectors.
- Checking SUTs identities.
- Iterative balancing process begins.

### Supply and Use Tables (SUTs)

Balancing Process

#### **Changes, allocation of adjustments:**

Data investigations by industry, product and sector based on:

- Comparisons with other sources, economic indicators and key ratios
- Assessment of revisions, time series, growth rates.

### Supply and Use Tables (SUTs)

Balancing Process

- Investigations lead to several re-deliveries of estimates
- Reassessment of industry/product balances
- Role of judgmental and subjective balancing adjustments

### Supply and Use Tables (SUTs)

Outcomes of balancing through SUTs:

- For each industry:  $\Sigma \text{ INPUTS} = \Sigma \text{ OUTPUTS}$
- For each product:  $\Sigma \text{ SUPPLY} = \Sigma \text{ DEMAND}$
- For each industry:  $\text{GVA} = \text{INCOME}$

### Supply and Use Tables (SUTs)

Outcomes of balancing through SUTs:

- Consistency of the estimate in each cell in the SUTs over time (by industry, by product, by sector, and by type of factor income).
- Recording of balancing adjustments.
- Most importantly, the estimate of GDP level derived from each of the 3 approaches are equal:

**PRODUCTION = INCOME = EXPENDITURE**