BEA in Brief:

The Making of GDP

Gross domestic product measures the economy and helps size up its progress: Is it booming, slumping or something in between? GDP also helps Americans see historical trends, make projections about the economic future, and compare their economy to other nations'.

How does the Bureau of Economic Analysis come up with these numbers? Some things to know about estimating GDP:

- GDP is the market value of all goods and services produced by labor and property within the United States: about $21 trillion in 2019. But when people talk about GDP, they more often use a percentage — the rate that GDP grew (or shrank) from one quarter compared with the previous quarter. It's the most closely watched measure of the U.S. economy.

- Most of the data used to calculate GDP are collected outside BEA. The data come mostly from other federal agencies, such as the Census Bureau, the Bureau of Labor Statistics and the Treasury.

- Data were often collected for some reason other than GDP. Some numbers come from agencies that survey people or businesses to track employment, prices or trade. Other data come as byproducts of government functions such as collecting taxes, paying Social Security benefits or managing the federal budget.

- Some information for GDP comes from private industry. Trade groups and data companies provide specialized sales data on products like prescription drugs or cars.

- BEA makes adjustments as necessary to the incoming data to fill gaps and make it consistent with the concepts and definitions of the agency's national estimates.

- Virtually all nations calculate their GDP. The United States and many other countries strive to use methods in keeping with internationally accepted guidelines. That makes for more meaningful comparisons of the world's economies.

- BEA is open about the source data and methodology it uses. As often as possible, the details are available on its public website, allowing outside economists to forecast BEA's estimates and to review and comment on its methodology.

- GDP is calculated entirely by career civil servants whose work is protected from political influence. BEA follows federal statistical policies designed to preclude any actual or perceived interference into the process and also to ensure that highly sought-after economic indicators are secure from leaks until their public release.

- The White House, Congress, the Federal Reserve, business people, investors and other Americans rely on timely, accurate and impartial GDP statistics to help them understand what's happening in the U.S. economy and make informed decisions.