International work on short-term statistics

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Outline

▪ What are short-term statistics?
▪ Uses of short-term statistics
▪ International programme on short-term statistics
  • Existing collections
  • New work
    ▹ Economic tendency surveys
    ▹ Data template and analytical indicators
    ▹ Cyclical composite indicators
    ▹ Rapid estimates
What are short-term statistics?

Comprise statistics compiled and disseminated on

- Daily basis (e.g. oil prices, stock market price index)
- Weekly basis (e.g. unemployment claims)
- Monthly basis (e.g. consumer price index)
- Quarterly basis (e.g. quarterly GDP)

to track short-term developments in various aspects of the economy
Uses of short-term statistics

Policy, monitoring and analysis

▪ Provide early warning system on occurrence and timing of economic upturns and downturns
  • Example: Cyclical composite indicators and tendency indicators
▪ Measure short-term impact of internal and external shocks
▪ Support formulation of national budgets
  • Some national budgets are proposed and discussed in fourth quarter of calendar year and require various short-term statistics as inputs
▪ Allow for prompt and effective fiscal and monetary policy response
▪ Allow for forecasting and modelling
Uses of short-term statistics

Statistical use

- Input to compilation of national accounts
  - Quarterly consumer, producer, export and import price indices can be used as deflators to calculate quarterly GDP in volume terms
  - Quarterly index of production and retail sales index can be used to calculate production-based quarterly GDP in volume terms
  - Retail sales index can be used to track changes in household consumption in volume terms

- Input to construction of other short-term indicators
  - Example: Composite leading, lagging and coincident indicators

- Input to short-term forecasting of the economy
International programme on short-term statistics

- Index of Industrial Production (IIP), Producer Price Index (PPI) and Consumer Price Index (CPI) have been considered and compiled at the international level for a long time
  - Methodological guidance has been developed
- As a result of the economic crisis in 2008, the need for more short-term indicators was discussed
  - National and regional initiatives exist already
International programme on short-term statistics

- The programme was endorsed by the United Nations Statistical Commission in 2011
- Overall objective
  - provide standard methodology for generating high-quality early warning and business cycle indicators to ensure their international comparability and communication strategy for such indicators
- Four thematic areas were identified
  - Economic tendency surveys
  - Cyclical composite indicators
  - Data template and analytical indicators
  - Rapid estimates
Economic tendency surveys

- Provide cost-effective means of generating timely information on short-term economic developments
- Serve as integral part of early warning system
- Project:
  - To provide best practices and harmonized principles on tendency survey sample selection, questionnaire design, survey questions, survey execution, data processing and use of composite tendency indicators
  - Develop a Handbook on Economic Tendency Surveys to provide an internationally accepted set of guidelines applicable to all countries and multiple economic activities
Economic tendency surveys

Status

- Handbook is being translated into other UN official languages
Data template and analytical indicators

- Project:
  - To establish an internationally accepted data and metadata template for short-term economic indicators for the purpose of macroeconomic surveillance, early warning of economic and financial vulnerabilities and detection of turning points in business cycles
  - Produce a handbook for the internationally accepted data template and metadata structure

- Consists of an internationally agreed list of policy-relevant short-term statistics for use in:
  - Macroeconomic surveillance
  - Early warning of economic and financial vulnerabilities
  - Detection of turning points in business cycles
Data template and analytical indicators

Structure and content of date template

Short-term statistics are organized in these categories:

- National accounts
- Production and turnover
- Prices
- Labour market indicators

- External sector
- Financial corporations sector
- General government sector
- Household sector
- Non-financial corporations sector

- Financial market
- Real estate market

- Tendency indicators
- Composite Business Cycle indicators

Macroeconomic growth and stability

Sectoral vulnerabilities and developments

Market conditions

Economic sentiment
## Data template (example)

<table>
<thead>
<tr>
<th>Set 2: Production and turnover</th>
<th>Tier</th>
<th>Frequency</th>
<th>Timeliness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Production index for industry, by major division (mining, manufacturing, electricity, water, etc.)</td>
<td>Tier 1</td>
<td>Monthly</td>
<td>6-12 W (e-GDDS)&lt;br&gt;6W, 1M encouraged (SDDS)</td>
</tr>
<tr>
<td>2.2 Production index for construction</td>
<td>Tier 2</td>
<td>Monthly</td>
<td>6-12 W (e-GDDS)&lt;br&gt;6W, 1M encouraged (SDDS)</td>
</tr>
<tr>
<td>2.3 Turnover index for retail trade by major division</td>
<td>Tier 2</td>
<td>Monthly</td>
<td>1M (SDDS)</td>
</tr>
<tr>
<td>2.4 Turnover index for industry by major division</td>
<td>Tier 2</td>
<td>Monthly</td>
<td>1M (SDDS)</td>
</tr>
<tr>
<td>2.5 Turnover index for other services by major division (excluding financial services and non-commercial services)</td>
<td>Tier 2</td>
<td>Monthly</td>
<td>1M (SDDS)</td>
</tr>
<tr>
<td>2.6 New orders index for industry by major ISIC division (for those that work on order)</td>
<td>Tier 3</td>
<td>Monthly</td>
<td>1M (SDDS)</td>
</tr>
<tr>
<td>2.7 New orders index for construction (building permits or housing starts)</td>
<td>Tier 2</td>
<td>Monthly</td>
<td>1M (SDDS)</td>
</tr>
<tr>
<td>2.8 Commodity production as relevant and other indicators of economic activity</td>
<td>Tier 3</td>
<td>Monthly</td>
<td>6-12W (e-GDDS)&lt;br&gt;6W, 1M encouraged (SDDS)</td>
</tr>
</tbody>
</table>
Draft handbook has been circulated for global consultation (see https://unstats.un.org/unsd/nationalaccount/consultationDocs/Data_template_draft.pdf)

Status
Cyclical composite indicators

- Project:
  - Address ongoing concerns of assessing short-term changes in economic activities
  - Serve as an integral part of the early warning system because they provide information about the occurrence and timing of upturns and downturns of the economy
  - There is no existing international statistical guidance on their compilation
  - To provide best practices and harmonized principles on the compilation and reporting of business cycle composite indicators
Cyclical composite indicators

- Produce a Handbook on Cyclical Composite Indicators to address the standards for the compilation and presentation of the business cycle composite indicators

- Status:
  - Draft handbook has been circulated for global consultation: https://unstats.un.org/unsd/nationalaccount/consultationDocs/draft_HandbookCCI.pdf
Rapid estimates

- Refer to indicators that are available with a relatively shorter time lag
- Provide the first official assessment of short-term changes in economic activities
- Rapid estimates (i.e., nowcasts, flash estimates, advanced/preliminary estimates) are regularly compiled in several countries and have become a referential statistical product for many statistical institutions
- To develop international statistical guidelines on best practices and harmonized principles for the compilation and reporting of rapid estimates of key macroeconomic indicators.
Rapid estimates

- Project outputs:
  - A glossary of terms
  - A Handbook on Rapid Estimates to
    - Provide international statistical guidance for the compilation and reporting of rapid estimates; and
    - Assist compilers in producing rapid estimates of key short-term macroeconomic indicators in a comparable manner, using best international practices

- Draft handbook has been circulated for global consultation
Current status

- Handbook drafts have been submitted for global consultation
  - Handbook for tendency surveys already completed

- No dedicated data collection at UNSD yet for tendency or cyclical indicators

- Data template includes some indicators already being collected (like IIP)