

OECD SYSTEM OF COMPOSITE LEADING INDICATORS (2012)

OECD SYSTEM OF COMPOSITE LEADING INDICATORS

The OECD system of composite leading indicators was developed in the 1970's to give early signals of turning points of economic activity. This information is of prime importance for economists, businesses and policy makers to enable timely analysis of the current and short-term economic situation. OECD CLIs are constructed to predict cycles in a reference series chosen as a proxy for economic activity. Fluctuations in economic activity are measured as the variation in economic output relative to its long term potential. The difference between potential and observed output is often referred to as the output gap, and the fluctuation in the output gap as the business cycle. The output gap is not however observable directly, indeed, this is estimated as part of the overall CLI production process.

Knowledgebase on Economic Statistics - Methods and Country Practices

<http://unstats.un.org/unsd/EconStatKB/KnowledgebaseArticle10428.aspx>