

Implementation of Quarterly National Accounts and High Frequency Indicators – a status report

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Rational

- ❖ GDP Data is fundamental for Fund surveillance and policy.
- ❖ Timelines and Periodicity are criteria to assess the quality/usability of GDP.
- ❖ Implementation status help prioritize implementation
 - ⇒ future TA and training.
- ❖ IMF is a major provider of technical assistance for SNA (QNA) implementation

Themes of Queries from Fund Economists



Usefulness of GDP Data = Annual Accounts Implementation?

Not Exclusively.

Quarterly GDP: International Standards

Data template for short-term statistics

Description	Definition	Tier
Set 1: National accounts		
1.1 Quarterly national accounts: flash GDP estimate	Quarterly national accounts (QNA) constitute a system of integrated quarterly time series coordinated through an accounting framework. QNA adopt the same principles, definitions, and structure as the annual national accounts (ANA). In principle, QNA cover the entire sequence of accounts and balance sheets in the System of National Accounts (SNA); in practice, the constraints of data availability, time and resources mean that QNA are usually less complete than ANA.	Tier 1
1.2 Quarterly national accounts: GDP full release	The quarterly national accounts-GDP full release consists of the full GDP release with breakdown by expenditure components, production components by economic activity and income, and the quarterly institutional sector accounts covering the full sequence of accounts and balance sheets.	

DQAF

2. Methodological soundness:

- quarterly value added and GDP at current and constant prices by activity
- quarterly expenditures of GDP at current and constant prices

4. Serviceability

- GDP estimates are compiled quarterly (SDDS), and disseminated within three months after the end of reference quarter (SDDS)
- a set of consistent GDP estimates by activity and expenditure components is derived, and consistent with annual estimates

Minimum Required Data Set (MRDS)

NAQ Table number		Quarterly accounts
GDP, value added and employment		
	Nominal and volume measure of GDP by industry or by expenditure components	Minimum requirement
1.1	Expenditures of the GDP in current prices	Optional Min Req
1.2	Expenditures of the GDP in constant prices	Optional Min Req
2.1	Value added and GDP in current prices by industry	Optional Min Req
2.2	Value added and GDP in constant prices by industry	Optional Min Req

SDDS Data Coverage, Periodicity, and Timeliness

Category	Coverage		Periodicity	Timeliness
	Prescribed Components	Encouraged Categories and/or components		
GDP: nominal, real, and associated prices or price indices	<ul style="list-style-type: none"> — GDP in current prices and GDP volume by <u>production approach</u>, with <i>disaggregated</i> components; or — GDP in current prices and GDP volume by <u>expenditure category</u>, with <i>disaggregated</i> components 	Saving; Gross national income	Q	1Q

Production Index/es: International Standards

Production Index: SDDS Data Coverage, Periodicity, and Timeliness

Category	Coverage	Periodicity	Timeliness
	Prescribed Components		
Production index/indices	Industrial, primary commodity, or sector; coverage as relevant	M (as relevant)	6W (as relevant) (1M encouraged)

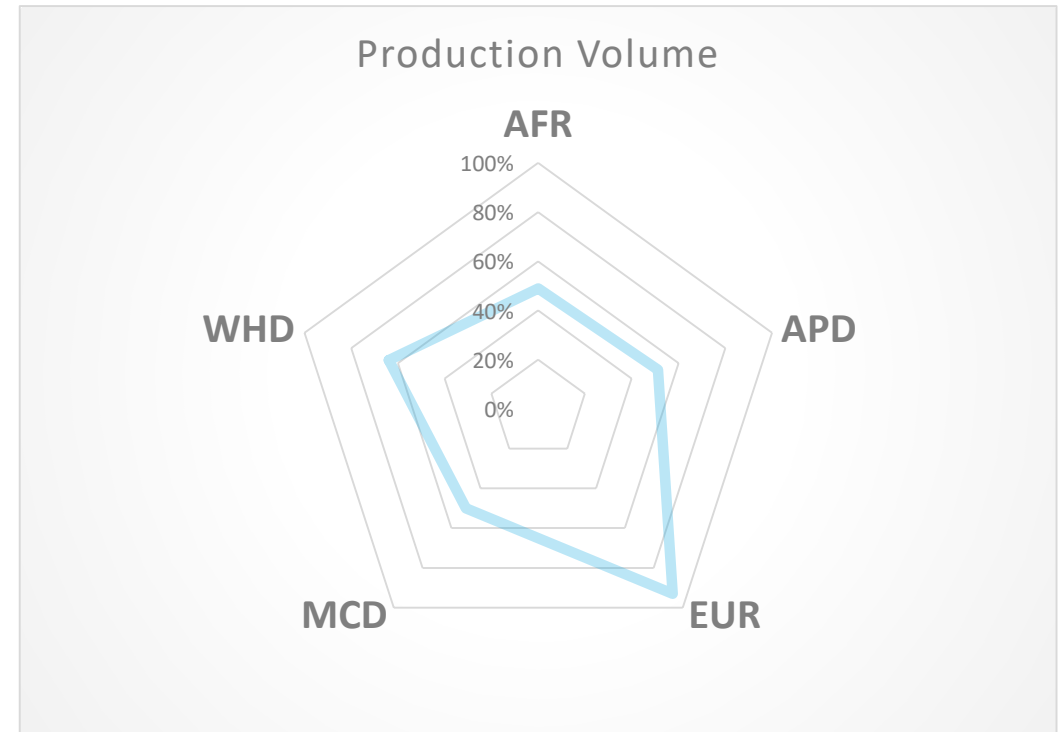
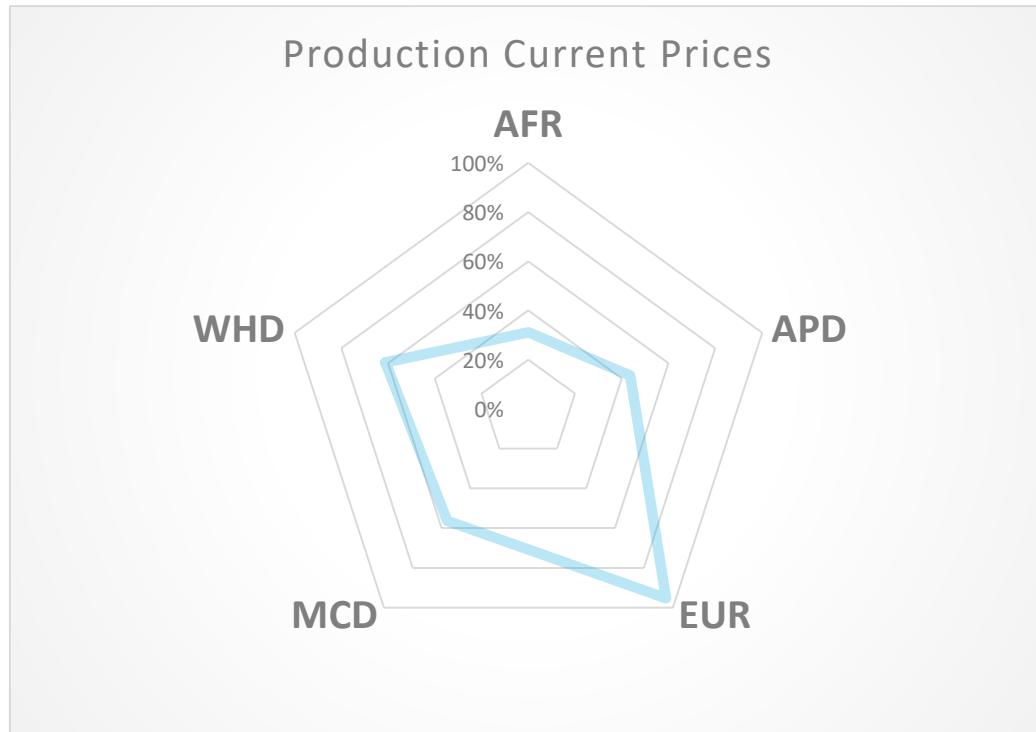
- ✓ to **track GDP** on a more timely basis.
- ✓ country specific: economic structure
- ✓ support quarterly GDP

Data template for short-term statistics

Set 2: Production and turnover				
2.1	Index of industrial production by major division (mining, manufacturing, electricity, water, etc.)	The index of industrial production (IIP) measures changes over time in the price-adjusted output of industry. The theoretical aim of the IPI is to reflect short-term developments in value added. The scope of the industrial sector is defined to cover, in terms of ISIC Rev. 4, section B (min-	Tier 1	Monthly
2.2	Production index for construction	The production index for construction measures changes over time in the price-adjusted output of construction (Section F of ISIC Rev. 4). It provides a measure of the volume trend in value added over a given reference	Tier 2	Monthly
2.3	Turnover index for retail trade	The turnover index for retail trade shows the changes over time in the activity of the retail sector in value and volume. It is a short-term indica-	Tier 2	Monthly
2.4	Turnover index for industry by major division	The turnover index for industry shows the changes over time in the activity of industries in value and volume. The scope of the industrial sector is defined to cover, in terms of ISIC Rev. 4, section B (mining and quarry-	Tier 2	Monthly
2.5	Turnover index for other services by major division (excluding financial services and non-commercial services)	The index of turnover for other services measures the development of turnover over time in the services industries in value and volume with the exception of financial services (Section K of ISIC Rev. 4) and non-commercial services (intended to refer to Section O of ISIC Rev. 4).	Tier 2	Monthly
2.8	Commodity production, as relevant and other indicators of economic activity	Commodity production refers to the volume and value of production of the relevant products by an economic unit whether as primary or secondary production. Commodity production can be measured as total	Tier 3	

- ✓ used for **policy**, monitoring and **analysis**
- ✓ used as **inputs** to the compilation of national accounts

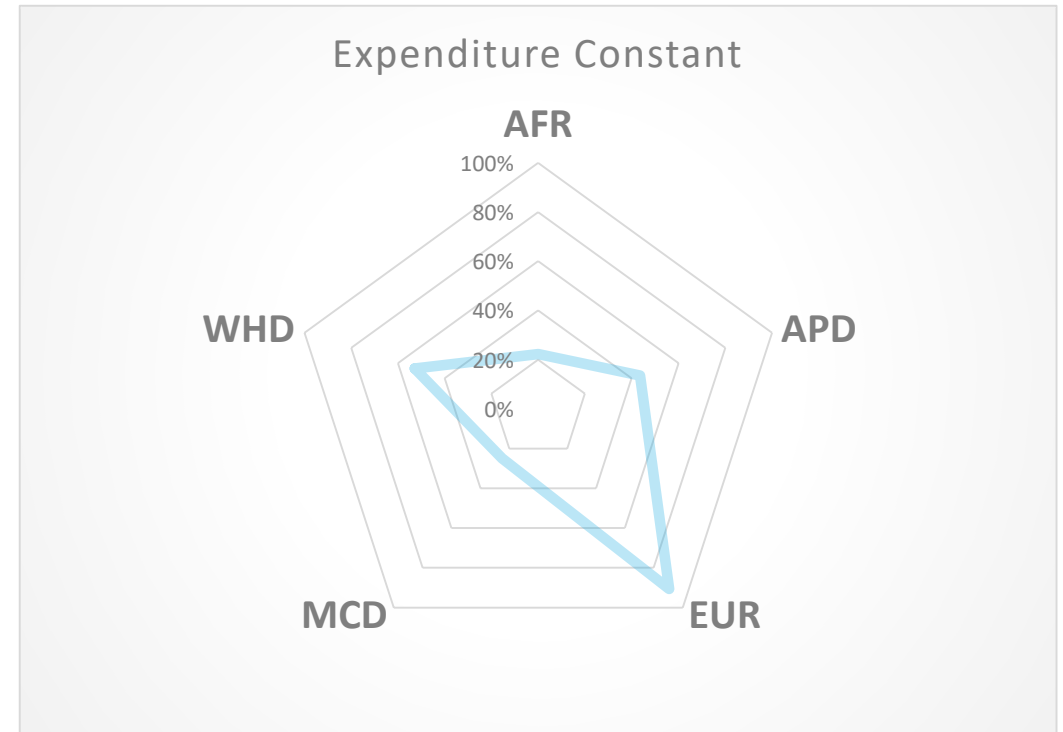
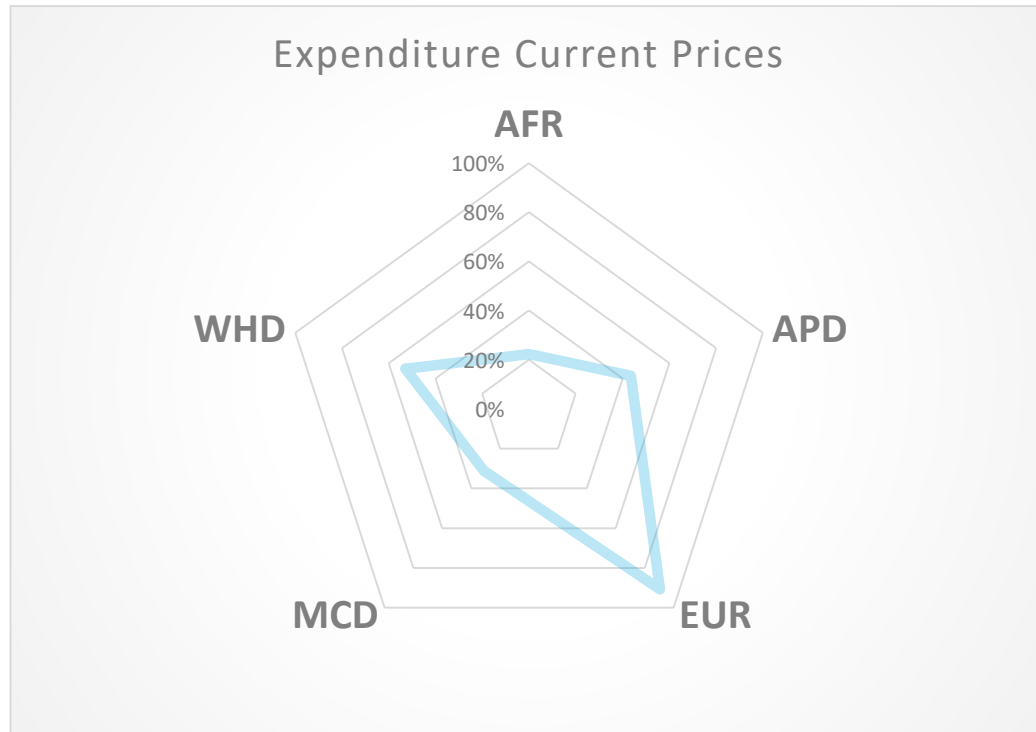
Implementation Status (Q.GDP_P)



STA estimates based on available metadata

- 57.4% of economies currently compile/disseminate quarterly GDP –**production approach at current prices**
- 62.1% of economies currently compile/disseminate quarterly GDP –**production approach in volume terms**
- EUR has the highest implementation rate (about 95%), AFR and APD reach about 50%

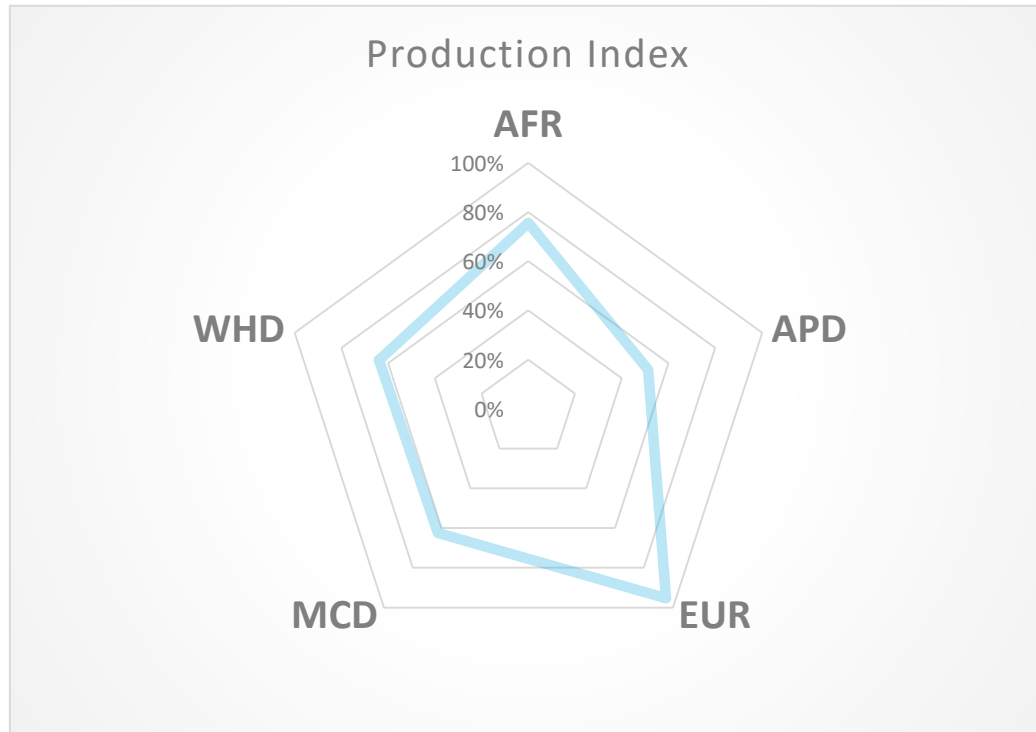
Implementation Status (Q.GDP_E)



STA estimates based on available metadata

- 48.7% of economies currently compile/disseminate quarterly GDP –**expenditure approach at current prices**
- 47.7% of economies currently compile/disseminate quarterly GDP –**expenditure approach in volume terms**
- While EUR has the highest implementation rate (about 90%), AFR, MCD and APD reach about 22%, 30% and 43% respectively. WHD reaches about 53%.

Implementation Status (Production Index)

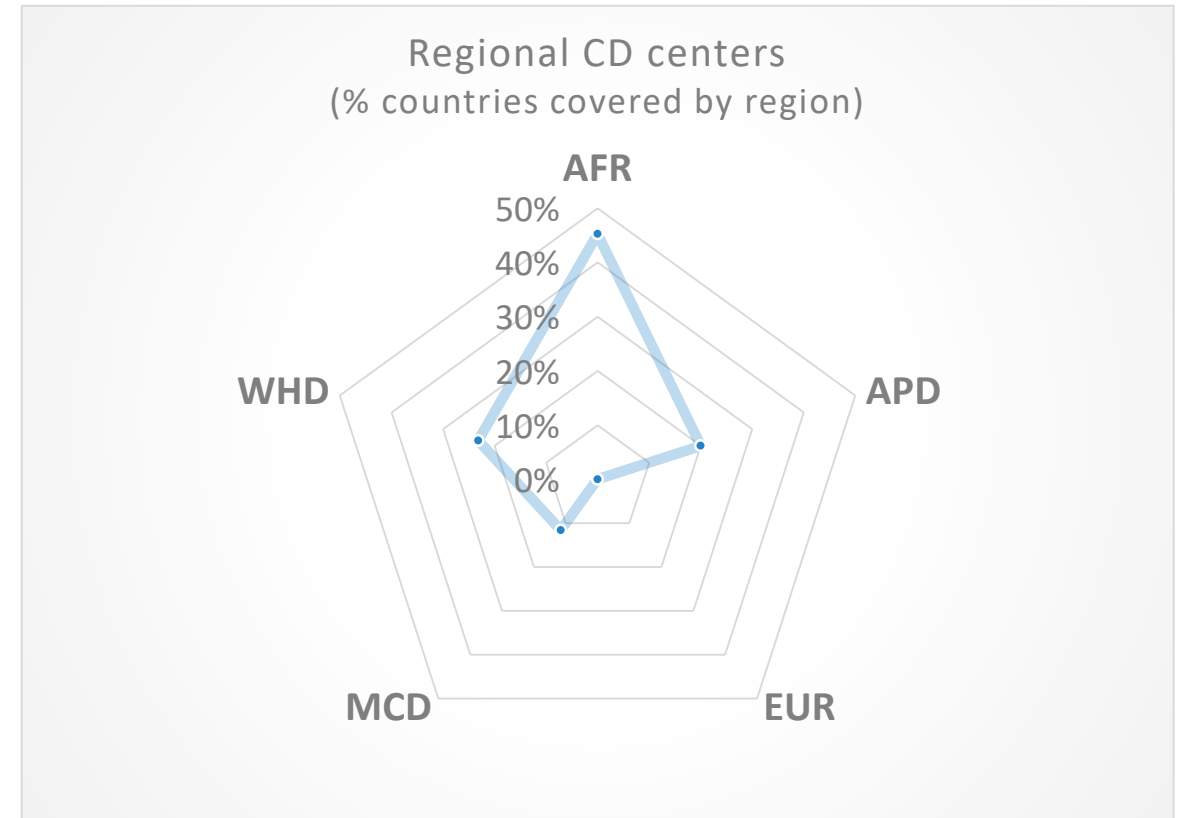
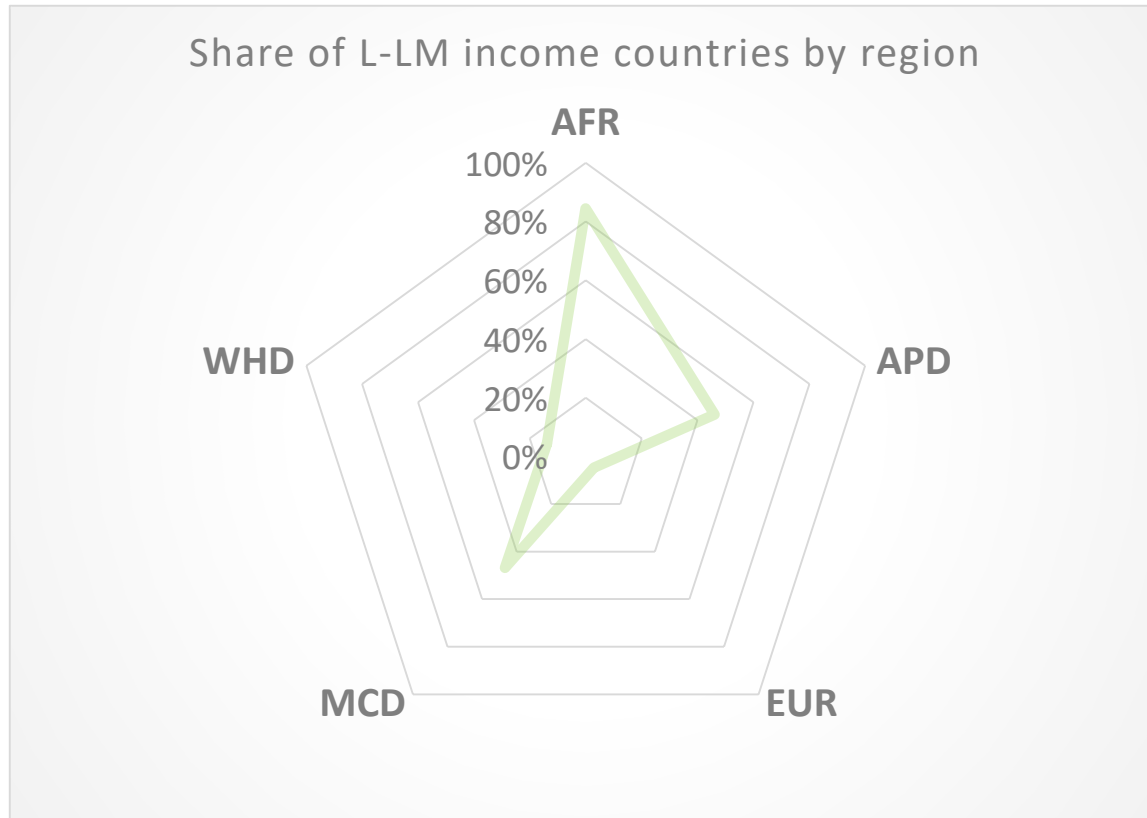


STA estimates based on available metadata

- Although implementation may look better than that of GDP, quality issues in the available indicators may limit their usefulness.
 - Frequency (includes annual data)
 - Coverage (partial)
 - Methodology (varied)
- A more detailed assessment of these indicators is needed.

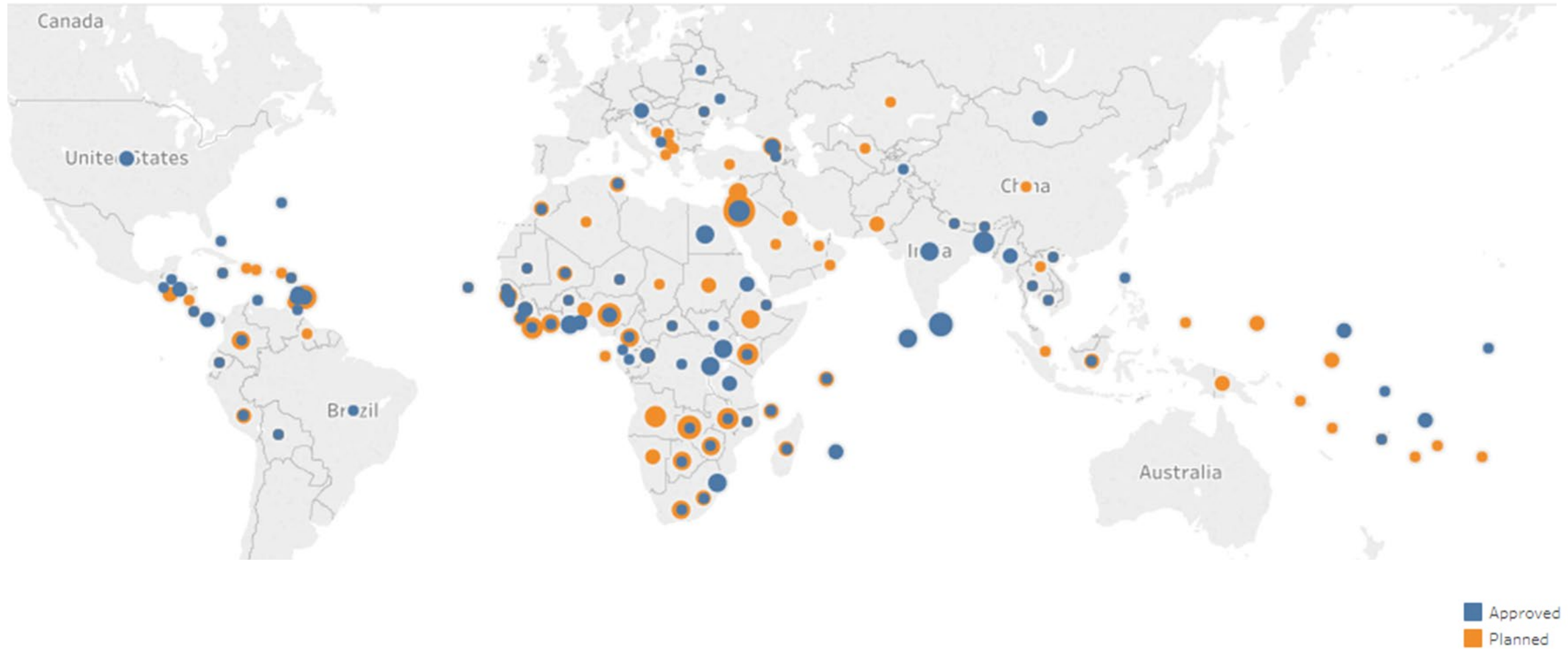
- 70.8% of economies currently compile/disseminate some sort of **production index**
- Scope, frequency, and timeliness vary among countries. Industrial production index is the most commonly available indicator.
- Other quality issues such as consistency with other statistics, coverage, methodologies, classification, techniques, revisions, and metadata vary across countries.

Improving Implementation – Focusing efforts

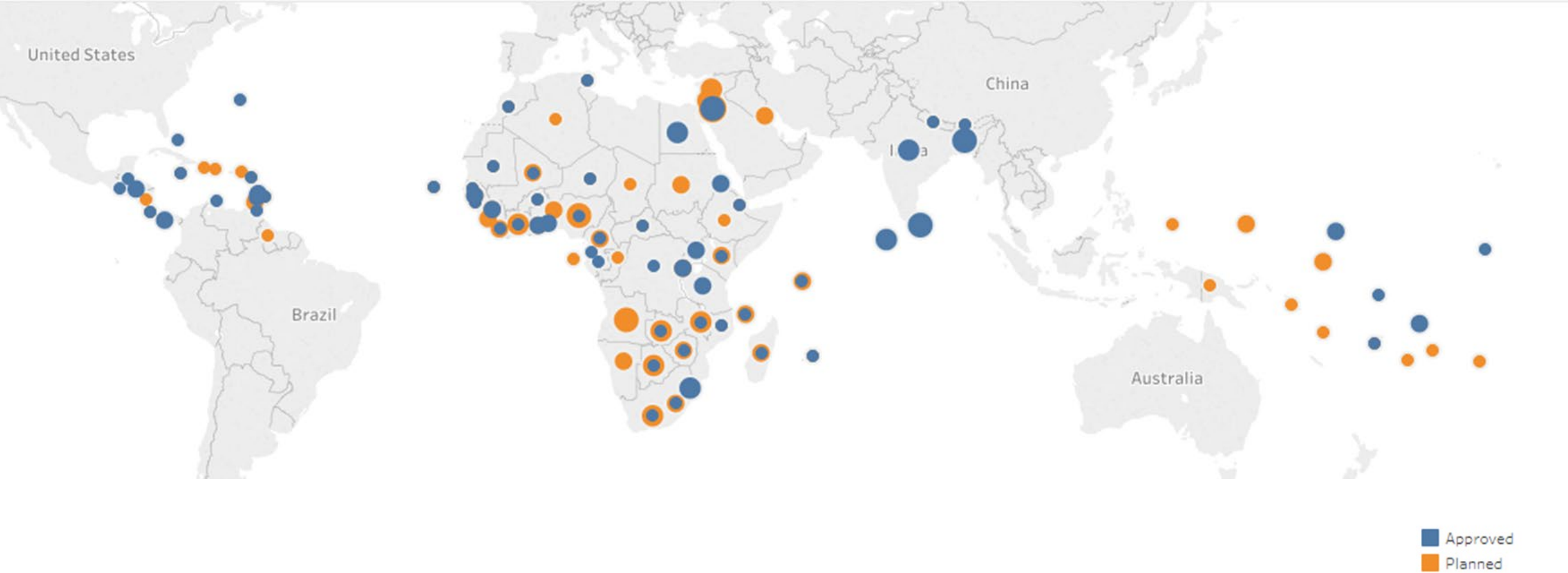


- Capacity development missions in the regional centers (300+ mission per year) include the development and enhancement of quarterly GDP
- STA (HQ and RTACs) conducts annual training courses on quarterly national accounts and on high frequency indicators of economic activity in all the regions

STA (RE) missions/training FY20



RTAC missions/training FY20



Targeted Projects

The Enhanced Data Dissemination Initiative (EDDI2)

Module 1. Establishing compilation systems for GDP estimation, including developing source data

Countries: The Gambia, Liberia, Namibia, Nigeria, Sierra Leone, Zimbabwe.

Module 3. Improving quarterly national accounts in selected fragile states

Countries: Afghanistan, Iraq, Kyrgyz Republic, Pakistan, Tajikistan, West Bank and Gaza, Yemen

Improving Real Sector Statistics in Eastern and Southeastern Europe

Aims to provide better information on national accounts and prices (including QNA).

Countries: Armenia, Bosnia and Herzegovina, Georgia, Moldova, Montenegro

Data for Decisions (D4D) Multi-Partner Initiative Fund

Module 1: Addressing Data Needs and Quality Concerns

Submodule: Real Sector Statistics => Workstream: High-frequency Indicators of Economic Activity

=> Workstream: Improved Source Data and Intermediate Statistics (including for QNA)

Countries: Low and low-middle income countries

D4D: HFI workstream

Objectives:

- Help countries compile and disseminate real sector data to support policy analysis and formulation and detect economic risks and vulnerabilities;
- Bring more and better data into the public domain, thus enhancing transparency and accountability; and
- Offer technical advice on enhancing source data and promoting higher-frequency data.

Outcomes:

- Strengthen and harmonize existing monthly indicators of economic activity
- Develop new monthly indicators of economic activity exploit existing source data to increase the coverage of the HFI system
- Develop an overall Monthly Index of Economic Growth (MIEG) and for the main expenditure components

Conclusions

- GDP data in infra-annual frequency is useful (necessary) for policy making and concurrent assessment
- Timely dissemination of quality quarterly GDP is not yet fully implemented in the world, some regions are lagging behind
- Capacity Development plays an active and focused role in assisting countries implementing quarterly GDP
- Over the last few years there has been a concerted effort in assisting countries in compiling new and enhancing monthly indicators of economic activity aiming at developing country economy-wide indicator of economic growth
- ...and to support the development and quality enhancement of quarterly GDP, give additional verification measures (transparency)

Next Steps

Quarterly GDP

- Elaborate an assessment on the “work in progress”. What countries are working towards developing quarterly GDP
- STA to develop a more detailed database with current practices (metadata) by country – assessment tool
- Research practices regarding the use of SUT on a quarterly basis
- STA is working on developing a World QNA database to facilitate cross country comparisons and the development of regional and world estimates

Production Indicators

- Finalize and disseminate the IMF working paper
- Develop a more detailed database with current practices (metadata) by country – assessment tool

THANK YOU