

## **Report**

### **International Seminar on Timeliness, Methodology and Comparability of Rapid Estimates of Economic Trends 27 – 29 May 2009, Ottawa, Canada**

#### **Executive Summary**

#### **Introduction**

1. The participants welcomed the initiative of organising a series of international seminars with the objective to review the adequacy of official statistics in rendering relevant and reliable data for analytical and policy purposes in the wake of the economic and financial crisis. The organisers of the meeting, Statistics Canada, United Nations Statistics Division/Department of Economic and Social Affairs and Eurostat, were commended in realising this meeting at short notice given the urgency of the needed response.
2. It was reiterated that a lack of data was not considered a cause of the present crisis. Much of the abundance of official and commercial data are scattered in national and international databases, not easily accessible, and made available with varied definitions, periodicity, timeliness and reliability among countries. Coordinated national and international actions are required to quickly improve the availability, periodicity and timeliness and to disseminate high frequency statistics in accessible and analytically useful formats allowing their use in the early detection of turning points of financial and economic trends.
3. The System of National Accounts (SNA) was recognised as the overarching framework for economic statistics and its latest update is an improvement of the 1993 SNA, providing a broader explanation of drivers of growth and productivity through its enlarged scope of produced and non-produced assets. Moreover, it was reiterated that the 2008 SNA is well suited for answering to the present crisis because it incorporates the measurement issues arising from the financial crises during the 1990s and early years of 2000. This extension of scope allows for the measurement and classification of present government and central bank interventions and the latest innovations in financial instruments and financial institutional sectors.
4. As the improvement to the SNA provides a broader framework that allows for a better understanding of the structural aspects of the crisis, the participants recognised the need to shift the international statistical agenda to the production and dissemination of high frequency estimates and their accelerated releases to trace developments of the business cycle. Participants agreed that the statistical community should develop a coordinated action plan to meet these immediate user requirements in addressing the economic and financial crisis as expressed by the G20 and the Secretary General of the United Nations.

## Main outcomes

5. Participants expressed their support for and agreement with the proposed international data template with 12 major categories covering national accounts, production and turnover indicators, prices, labour market indicators, sectoral indicators for the external, financial, government, non-financial and household sector, financial and real estate market indicators, and economic sentiment indicators. This data template was recognised as an appropriate extension and rearrangement of existing dissemination standards developed by Eurostat through its Principal European Economic Indicators (PEEI) and by the IMF through its Special Data Dissemination Standard (SDDS) and General Data Dissemination Standard (GDDS). The data template arranged by 12 data categories comprises around 50 to 70 high frequency statistics, which is considered a good point of departure to analyse the turning points of global and national business cycles and to identify sectoral and market exposures and vulnerabilities of the global economy.
6. Furthermore, it was agreed that the proposed data template should be assessed by the international statistical community for its relevance and feasibility in terms of availability, periodicity and timeliness. Following its refinement based on the inputs of the participants, it was recommended to undertake a global assessment within the statistical community in all Member States during 2009 to seek global support and acceptance for the data template. Thereafter, the Statistical Commission should be consulted to seek a mandate from the international statistical community to collect a limited set of indicators to track global economic trends based on the proposed data template. It was emphasised that the international and supranational organizations should maintain their close cooperation to ensure synergies among their data collection efforts and the provision of data that are easily accessible, possibly via common websites.
7. Apart from the global consultation with the statistical community, a key issue raised at the seminar was that the statistical community should extend its assessment of the data template to the user community with the question whether the data template does meet their immediate analytical and policy needs. The dialogue with the user community of analysts and policy makers in government, corporate and academic community is considered of paramount importance to ensure the alignment of the statistical, analytical and policy frameworks at national and international levels. A deliberate engagement at the highest level with the user community will allow the development of a dialogue on i) the existing reporting template and whether the data template meets the identified data gaps, ii) whether the indicators included in the data template meet their timeliness requirement, and iii) how to better disseminate data and prepare improved statistical narratives on the movement of the business cycles and trend developments.
8. In addition to the assessment of the proposed data template by the international statistical community and the user community, it was recommended that work should be initiated in developing a glossary of terms and definitions (covering terms like nowcast, forecast, flash, rapid and first estimate, etc.) to clarify the high frequency statistics framework and its compilation methodology. Moreover, the need was expressed to develop new or update existing handbooks and guidelines on composite indicators, GDP flash estimates,

and economic sentiment indicators (business tendency and consumer confidence surveys) given their extensive use in tracing the business cycles.

9. Some countries offered their services in populating the proposed data template using existing data to generate a national template in consultation with their central banks, ministries of finance, etc. When a critical mass of relevant countries could be secured to fully develop the data template with time series in the near future, initial steps could be taken to generate global and regional aggregates for a selected set of high frequency statistics.

### **The way forward**

10. The outcome of the seminar should be appreciated as part of the overall regional and global assessment of the availability, timeliness and quality of basic economic statistics in the context of the SNA implementation programme as mandated by the Statistical Commission in its fortieth session in 2009.
11. It was agreed that the Ottawa seminar will be followed up with another international seminar at the end of 2009 (December) with a strong engagement of the user community. The agenda for the second seminar has to be firmed up and initial suggestions cover issues like: i) the report on the global assessment of the data template, ii) the technical implications on SNA compilation arising from recent government and monetary interventions around the world, iii) an initial inventory of existing practices in the preparation of first GDP estimates, and iv) a proposed analytical indicator template (e.g. ratios) derived from the data template to monitor and report on the performance of the real economy and the financial markets.
12. In order to advance the work programme for 2009 on high frequency estimates and related issues arising from the financial and economic crisis, the following timetable has been proposed:

Draft report of the international seminar	30 June 2009
Data template for the global assessment	30 June 2009
Identification of host for second seminar	30 June 2009
Follow-up with agencies and countries to initiate work on glossary, populate data template, develop inventory for flash GDP estimates, etc.	30 June 2009
Global statistical assessment	September/October 2009
Second international seminar	December 2009

13. The findings and recommendations of the two seminars will be reported to the next session of the Statistical Commission in February 2010 for its consideration.

## Session 1. Opening

14. Mr. Munir A. Sheikh, Chief Statistician of Canada, Mr. Paul Cheung, Director, United Nations Statistics Division and Mr. Pieter Everaers, Director, External cooperation, communication and key indicators, Eurostat welcomed the participants to the seminar.
15. The opening address was presented by Mr. Robert A. Wright, Deputy Minister of Finance, Canada. Mr. Wright discussed the topic “Tracking economic and financial development in the current economic crisis”. He demonstrated some of the detrimental effects of the economic crisis on the housing market, the availability of credit in some developed countries, losses in world equity markets, potential financial write-downs globally and the decline in world output. He then focused on the effect of the crisis on Canada. He stated that Canada has relatively strong balance sheets, a sound banking sector, and a stable housing market; therefore, Canada has been less affected by the crisis than other industrialized nations. However, unemployment in Canada is rising. Mr. Wright outlined the key elements of Canada’s economic stimulus plan to combat this recession, including a \$12.8 billion spending measure, \$7.8 billion for housing construction, \$11.8 billion for infrastructure and \$7.5 billion in supporting businesses and communities. He concluded that reliable data is vital for public policy development. He emphasized the reliance of public policy on high quality, timely data.
16. Mr. Don Drummond, Chief Economist of Toronto Dominion Bank, Canada delivered the keynote address. Mr. Drummond stated that he did not believe that the main difficulty in understanding global economies was a lack of data; on the contrary, he proposed that there was perhaps too much information - albeit that some of the data was of questionable quality. He mentioned that using official, public data pose problems due to big gaps in the data, the timeliness of data release, the comparability across countries (different methods are often used) and the reliability of official data in emerging markets. Some specific examples to illustrate this point were the lack of official house price indices in many countries and the unavailability of straightforward syndicated debt data (different definitions of debt and the fact that many debt purchasers go through a third location to purchase debt). Mr. Drummond noted that to help fill in the gaps in public data some companies, such as Bloomberg, are compiling economic data. Although, the quality is good in many cases, this data are not freely available. He also discussed the prevalence of international data that is currently available (i.e. UN, World Bank, IMF, OECD, and others). He stressed that although there is much data available there is no single portal to obtain this data. Additionally, he recommended an enhanced cooperation across the agencies, the provision of more timely data (much is only available with an annual periodicity and 2007 is the most recent year), friendlier user formats of the data and further documentation explaining the data.

## Session 2. Policy applications of rapid estimates as official statistics

### *Overview*

17. Four presenters<sup>1</sup> explained data needs of both public and private decision makers in times of crisis. They reflected the point of view of NSOs from developing and developed countries, a global independent membership organization and a major central bank, respectively.
18. One of the NSO statisticians (Mongolia) covered the need to track the crisis itself and its social impact. Official statistics confer rights and responsibilities to measure the economic effects as well as the impact on households in poverty and vulnerable groups. Their purpose was to enhance policy making for “preventing from further difficulties and consequences” of the crisis and dealing with its redistribution effects.
19. The three other presenters focused on the measurement of the crisis as such in terms of economic data. They covered source data and techniques to derive data that would provide “any early signals of the recovery in sight” or help monetary policy decision making. The official statistician took great care in delineating the data produced in terms of “flash estimates, real time estimates and forecasting”. While these distinctions are important for official statistics they play less of a role for private data producers. Policy makers depend on all of these data; while they are predominantly interested in forecasts and an impact assessment of alternative policies, this is not possible without timely and reliable official statistics.

### *Presentations*

20. Mongolia’s presentation focused on the role of “official statistics” as response to the crisis. As such, the presentation covered the legal framework of Mongolia that gives the NSO the rights to coordinate official statistics activities in Mongolia, the responsibilities to monitor the consequences of the financial crisis both economically and socially, and the action plan adopted by Mongolia to deal with the crisis, with an Ad Hoc committee headed by the Prime Minister of Mongolia, components of the action plan, which included activities to increase the frequency of data by changing questionnaires, response schedule and dissemination. The presentation concluded about the importance of independence of national statistical institutions to improve estimates.
21. Italy’s presentation focused on “what signals users are looking for” during the time of the crisis, that is timely statistics to monitor the business cycle, notably the turning points. The challenge is the trade off between the traditional quarterly indicators, which are viewed as rather reliable but not sufficiently timely, and short term indicators that have the reverse characteristics. As the timeliness of traditional indicators is unlikely to be

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<sup>1</sup> “The Availability, Timeliness, and Quality of Rapid Estimates in Case of Mongolia” by Mr. Gerelt-Od Ganbaatar, First Vice-Chairman, NSO of Mongolia; “The quest for early indicators of turning points in economic conditions: how the official statistics is involved?” by Mr. Gian Paolo Oneto, ISTAT; “Timely statistical information for monetary policy purposes” by Mr. Werner Bier, Deputy Director-General Statistics, European Central Bank; “Decision Making and Business Cycle Indicators” by Mr. Ataman Ozyildirim, Associate Director, U.S. and Global Indicators Program.

improved, the focus is on early indicators. A number of short term indicators are needed with techniques to filter noise to take out volatility. This raised the issue of boundary between flash estimates, real time estimates and forecasting. Statisticians need to assess to what extent they can mix official statistics with other sources to produce “Leading economic indicators”? A key aspect that emerges from the current practices in both the leading indicators approach and the standard short term forecast modelling is the central role of survey data on business tendency and consumer sentiment data.

22. The European Central Bank (ECB) presentation focused on information needs for monetary policy purposes. Conducting such policy involves assessing a wide range and diversity of data in a short period of time, going from *forecasts* (‘broad’ and ‘narrow’ projection exercises); *opinion surveys* (e.g. bank lending survey, business and consumer surveys, purchasing managers surveys: at least monthly with a high timeliness); *market data* (e.g. stock market data, exchange rates, yields: at least daily, frequently “tick-by-tick”); *monetary and financial statistics* (e.g. MFI (bank) balance sheets & interest rates, securities, balance of payments: monthly); *short-term statistics* (e.g. Harmonised CPI (HICP), unemployment rate, leading indicators: monthly); to *national accounts* (e.g. GDP, sector accounts: quarterly with a timeliness between 45 - 90 days). It is therefore important to foster over time a high degree of coherence among the different data sets and an efficient access to the data. Coherence of data involves accepting main statistical standards such as 2008 SNA/ BPM6 or the statistical classification of economic activities. Accessing of data involves application of Statistical Data Warehouses and SDMX, which can provide access to different data sets instantaneously. It was also stressed that globalisation requires global statistics, which in turn involves agreed international statistical standards (e.g., 2008 SNA and the BPM6); comparable statistics at least among systemic relevant countries; a limited set of timely world-aggregates such as a quarterly global GDP; and a central and publicly accessible database for the Principal Global Economic Indicators (PGEIs) such as the one of the Inter-Agency Group on Economic and Financial Statistics that is under development.
23. The Conference Board presentation focused on the turning points of business cycles. The provision of indicators was transferred to the Conference Board from the BEA in 1996. The work programme includes producing US and global composite indicators as means to define business cycles and anticipating turning points in business cycles as well as help in forecasting and economic outlook (the Coincident Economic Index helps define business cycles, the leading Economic Index helps predict turning points). While historical data as well as monthly, seasonally adjusted and deflated data are used for real time monitoring, estimation and forecasting techniques are also used to develop the composite indicators and these series go beyond the traditional statistics. Their accuracy is judged as to whether they help establish the business cycle, including turning points.

#### *The main outcome and conclusions*

24. The main outcome of the session is that the crisis confirmed the need for a wide range of timely and reliable data starting from early warning exercises, and monitoring the evolution of the business cycle to assessing its impact on all segments of society. A first conclusion is that the crisis provides an opportunity for official statistics to demonstrate its relevance by enhancing the effectiveness of their products through new avenues

(production processes, data sources, etc.). A second conclusion is the challenge faced by national statisticians in extending the boundary of official statistics by providing early estimates without any loss in credibility expected from official statistics. The latter requires a clear communication on the quality of different types of statistics. A third conclusion is that official statisticians should be self-confident in explaining the usefulness of their products compared to other information that is also sought and used by public and private decision makers, such as stock market prices, opinion surveys and forecasts.

### **Session 3. The availability, timeliness and quality of rapid estimates**

25. The session was started by summaries of the three discussants (M. Girard, A.K. Ray, T.W. Soon). The individual authors of papers presented for this session opened the discussion by giving additional brief summaries of their papers. The remaining time was used for an open discussion among all participants.
26. The summaries of the papers, as well as interventions by authors and other participants covered a broad range of aspects of the indicators, covering the use of business registers, use of administrative data, use of private sector data, linking of financial and business data, as well as a discussion of the use and usefulness of leading vs. lagging indicators.
27. A major concern in the discussion was that any proposed set of indicators has to respond to user needs, which need to be clearly defined. User education may also be necessary to ensure that the indicators are properly used.
28. The indicators should be indicative of business performance, and be able to indicate turning points in economic trends.
29. To serve as “rapid” indicators, timeliness is a crucial element, but may come at the sacrifice of reliability. Ways to balance timeliness and reliability to obtain suitable statistics need to be found. What can be improved in terms of data collection? What needs to be covered by better estimation techniques?
30. Harmonization of indicators and methodology (e.g. for seasonal adjustment) also emerged as a major area of attention.
31. The discussion also touched upon practical matters of collection and dissemination of such a set of indicators at the global level.

### *Conclusions*

32. During the discussion it emerged that there is a strong need to clarify the terminology used and provide clear definitions for such terms as “rapid estimates”, “flash estimates”, “nowcast” and “forecast”.

33. A major concern and deciding factor for future action should be to identify main users of the rapid estimates to produce and the specific needs of these users, possibly classifying them into different categories.
34. The indicators to be considered should relate to the measurement of the economic impact of the crisis, the measurement of stability in the real and financial sector, as well as social impacts of the crisis. An appropriate set (mix) of indicators should be chosen.
35. The connection between timeliness and reliability for these indicators needs to be given high priority and needs to be further explored.

#### **Session 4. Extrapolation, modelling, econometric and sampling techniques used in the preparation of rapid estimates**

36. Session 4 was chaired by Pieter Everaers, Eurostat and consisted of presentations by the discussants David Wasshausen, Geert Bruinooge, Ramesh Kolli. Each of the discussants presented a summary of the papers they were assigned and Geert Bruinooge provided a summary of all the papers as well. These presentations were followed by additional comments from the authors of the papers and then general discussion. The presentations and discussion were about techniques utilized in the preparation of rapid estimates. The main areas covered were:

- Economic forecasts
- Monthly GDP
- Advanced estimates of GDP
- Methods for improving timeliness
- Other indicators for measuring economic activity
- Consistency with statistical frameworks

##### *Economic forecasts*

37. Different models are employed for different purposes, e.g. to forecast long-term trends or the investigation of impacts of shocks. Forecasts are validated by testing the convergence to official figures. It is important to employ the proper measures such as year over year growth rates and seasonally adjusted GDP growth rates and potential GDP. There are both synergies and the risk of unwanted influence on results when producing both statistics and forecasts in the same shop.

##### *Monthly GDP*

38. Presentations were made on the methodologies employed to produce GDP on a monthly basis. This is likely to be difficult to replicate in countries without the required data sources. An alternative approach is to collect and disseminate other high frequency measures of economic activity (e.g. industrial production, retail sales) that track GDP.

##### *Advanced estimates of GDP*

39. Presentations were made on the methodologies used for producing quarterly GDP estimates. In the case of Singapore, it was noted that the advance GDP estimates, largely



based on two months' data, provided a good early indication of GDP growth. There was discussion of the broader issue of employing forecasts in producing estimates. This issue is probably one that needs to be examined at the detailed level to judge in which cases it is appropriate.

#### *Methods for improving timelines*

40. One special case of employing econometric and statistical methods to fill gaps in data is geographic aggregation as done by Eurostat and ILO. This is one way to improve timeliness. Other recommendations are to use alternative data sources such as taxes, company accounts, and government expenditures. Alternative data sources to employ may depend on specific country characteristics. Examples of alternative indicators included freight, mobile call minutes, visitor arrivals, new car registrations.

#### *Other indicators for measuring economic activity*

41. During the discussion of monthly GDP, an alternative approach was discussed where other indicators that track GDP are used. Similarly, opinion surveys on business trends were brought up several times and there were a number of suggestions and points made on their use, on good practices, and potential for problems.

#### *Consistency with statistical frameworks*

42. Finally, it was stressed that all of the measures and methods discussed in this session should be consistent with existing statistical frameworks such as the System of National Accounts and Balance of Payments. Not only should they be consistent but there needs to be improvement in the frameworks in some areas such as the financial economy. And it was repeated in this session as well that data need to be disseminated for easy user access, preferably with the users being instructed on how to use the statistics properly, with interpretation and commentary.

### **Session 5. New requirements and the way forward**

#### *Overview*

43. During session 5, two documents were presented: the first one by the UNSD and the second one by INSEE and ISTAT. The document by the Statistics Division of the United Nations is named: "Assessment of dissemination practices for economic and financial statistics: Availability, timeliness, comparability of high frequency statistics and their accelerated first estimates in measuring the trends of the world crisis" and was introduced by Ivo Havinga from the UNSD.
44. The paper is an assessment of the existing dissemination standards, bringing together recommendations on the availability, timeliness and comparability of a broad set of high frequency statistics. The objective of the document is to review the existing practices, improving them, identifying possible data gaps and ways of accelerating the dissemination in order to meet policy needs to analyse the current economic and financial situation of advanced, emerging and developing countries, especially in case of the economic-financial crisis which affected the global economy recently.

45. In fact, there was not a lack of data from official or commercial providers' sources per se. Data showing liberal monetary policies, excessive leveraging of debt through newly created financial instruments, inadequate supervision of the financial sector and excessive consumption. These observations gave insight in the ongoing destabilization process of financial markets which was followed by the subsequent contagion among domestic sectors and by the spill over across the national borders. In this context, the document should be used firstly, to prepare a current inventory of country dissemination practices of high frequency statistics and their first estimates. Secondly, to identify data gaps and new requirements for disseminating high frequency statistics to monitor economic and financial shocks. Thirdly, to propose initiatives in the short term at national and at international level; and lastly to suggest medium term initiatives for developing a common research agenda and a coordinated implementation programme.
46. The proposed statistical dissemination framework includes, where possible, accelerated releases of traditional high frequency statistics named "rapid or first estimate". This implies an accelerated production and release of a high frequency statistic as a first estimate early after the end of the reference period. Rapid estimates are distinct from the forecasts. The latter refer to expected developments in future reference periods usually based on econometric techniques, while the rapid estimates are supported by extrapolation techniques and based on a limited coverage of direct observations.
47. The document proposes a list of variables, structured in 12 data categories covering all the relevant short term economic and financial statistics: indicators from Quarterly National accounts (QNA) supplemented by statistics for production, prices, labour market, real estate market, government sector, household sector, etc. They are listed in detail in the Annex 1 of the document.
48. The assessment focussing on high frequency statistics presents some limitations as they only provide information about the economic and financial situation and not information on governance related or environmental/socio-demographic statistics, monitoring and super-visioning frameworks of the financial sector and information on the environment or population. These limitations should be identified and directions should be proposed to remedy the shortcomings.
49. The second document by INSEE and ISTAT is named "EU project on flash estimates" and was introduced by Dominique Ladiray of INSEE. It presents the results of an exploratory study carried out by 4 national statistical offices (France, Italy, Germany and U.K.) based on a grant launched by Eurostat in 2006 and named "Flash estimates for certain Principal European Economic Indicators". This must be seen as an exploratory project, investigating the possibilities (and techniques) to improve timeliness through flash estimation techniques and the advantages and drawbacks in terms of implementation, maintenance, communication, etc.
50. The aim of the project was to investigate the feasibility of the euro area flash estimates for GDP and IPI at t+30 days and the LCI at t+45 days.

51. The work was divided in two phases: 1) a preparatory work, which included collecting experiences, checking the literature, preparing databases, developing methodologies, etc; 2) simulation, evaluation and comparison of models.
52. The document focuses on the definition of what is a flash estimate from the point of view of official statisticians as well as on the suitable characteristics of the chosen models (it is to be preferred a model which is simple, interpretable with good statistical properties and providing good estimations). These characteristics are relevant in the regular production process, in the dissemination of results and their credibility. It is pointed out that there is still disagreement on the potential to base the models on soft data (business consumer surveys); nonetheless models must incorporate as much hard data as possible. The paper also considers alternative ways to select the most relevant variables to be introduced into the models. In fact, selection a-priori criteria can be several and based on timeliness, economic theory, expert knowledge, availability of hard information; soft data are very timely, hard data may be leading. However, variables selection problems have to be faced and solved: for example for few explanatory variables, billions of possible models can be set. In this case, different methods can be applied to reduce the set of explanatory variables (NIESR approach, GETS approach, Cluster Analysis approach, Dynamic Factor Analysis approach, etc).
53. Finally, some results, concerning the three variables, have been presented. The quality of estimates varies quite a lot across the considered variables, also depending on their relative degree of volatility.
54. Annex 1 contains changes to the proposed list of variables of relevant short term economic and financial statistics as suggested in the break out sessions. Annex 2 contains the summary reports by the moderators of the break out sessions.

## **Session 6. Dissemination and communication policy for rapid estimates**

### *Introduction*

55. Eight papers were discussed, providing insight into country practices on the dissemination and communication of official statistics. National statistical offices can contribute a great deal to public understanding of events and to policy formulation simply by communicating more effectively.

### *Discussion*

56. It is important to disseminate methodology and metadata together with the information. Data dissemination should follow a rigorous transparent process. The dissemination of existing data and the quality of that data should be addressed. The trade-off between timeliness and the quality of the data – users need to trust the data and would be less demanding on timeliness if it ensures more reliable data. It is important to consult with users to ensure that relevant data are provided to analysts and policy makers.
57. Five principles of the communication on short term indicators were highlighted:

- i) What to disseminate;  
Statistical community should agree on what to disseminate, including meta data.
- ii) How;  
It should be done in a well prepared, visible and transparent way.
- iii) When;  
A fixed data set on a fixed time at a fixed location according to an advance calendar.
- iv) By Whom;  
It should be done by the NSO or specialized agency by a spokesperson assisted by experts.
- v) To Whom;  
The release of data should be done in a well communicated and transparent way to all users. The pre-released data need to be communicated as well.

58. The papers by the international organizations provide a good reference on the methodologies to disseminate and communicate data.

59. There is a priority to make existing data visible. There is a need to educate users and guide them to relevant data. Metadata should be available, but should not swamp the data. Good coordination is needed when data need to be approved or disseminated by more than one organization. Some suggestion on how to present the data: user friendly; month-to-month or quarter-to-quarter changes; seasonally adjusted data etc.

### *Conclusions*

60. It was concluded that it is better to have no data than to have bad data. There exist well established methodologies on revisions and quality. Although it is important to use existing data to its full potential, we should also look for new indicators. Key issues that need to be addressed include: engagement with users to know their needs; transparency, well educated users; equal access to data and maintain a balance between timeliness and reliability of data. Improving communications around existing information is at least as important as the development of new information sources in responding to the needs of policy analysts during periods of crisis.

## **Session 7. Global Assessment Report on rapid estimates**

### *The main outcomes*

61. Discussion throughout the seminar significantly contributed to the understanding of the production, dissemination and the use of rapid estimates with their availability, timeliness and comparability. However there is a need to tidy up the language of definitions and terms. There was also a clear message that the reliability of data should be balanced against the timeliness of data.

62. Participants have identified a list of relevant indicators that will allow for the generation of composite indicators of economic performance and economic sentiments to analyse

the turning points of the economy in support of swift and synchronized policy actions. It was agreed that the proposed indicator list should be assessed by the international statistical community for its relevance in terms of coverage, timeliness, availability of metadata and methodology. Participants also express the need for a methodology guide on the compilation of quick estimates.

63. Although there were no particular discussions on the collection of data, it may be necessary to seek a mandate from the international statistical community to collect a limited set of indicators to track global economic trends. It was however, emphasised that the international organizations should maintain their close cooperation to ensure that the duplication of efforts to monitor global economic trends is avoided to the extent possible.
64. A key issue raised at the seminar was that the statistical community should listen to its users to assess what relevant information is needed. Users should also be informed on what data is available and where to find the data. The statistical community need to have a clear communication strategy to educate users coping with the complexity and the interrelatedness of macroeconomic and sectoral data and the technical compilation issues arising from the economic and financial crisis.
65. The outcome of the seminar should be appreciated as part of the overall regional and global assessment of the availability, timeliness and quality of basic economic statistics in the context of the SNA implementation programme as mandated by the Statistical Commission in its fortieth session in 2009. It will be followed by a seminar on the technical implications on SNA compilation arising from recent government interventions around the world and the development of additional synthesis indicators on the performance of the real economy and the financial markets for effective monitoring. The findings and recommendations of the seminars will be reported back to the next session of the Statistical Commission in February 2010 for its consideration.

## Annex 1. Data and Dissemination Dimensions High Frequency Indicators

		Periodicity	Timeliness	Timeliness	Remarks
<b>Set 1 National accounts</b>					
1.1	Quarterly national accounts: Flash GDP estimate	Q	30-45D		Index, growth rate
1.2	Quarterly national accounts: GDP full release				
	by expenditure	Q	45-60D	60-90D	current, constant/chain-linked, SA
	by production	Q	45-60D	60-90D	current, constant/chain-linked, SA
	by income	Q	45-60D	60-90D	current, SA
1.3	Quarterly sector accounts				
<b>Set 2 Production and turnover</b>					
2.1	Production index for industry, by major division (mining, manufacturing, electricity, water, etc.)	M	30-45D	45-60D	SA
2.2	Production index for construction	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.3	Turnover index for retail trade by major division	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.4	Turnover index for industry by major division	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.5	Turnover index for other services by major division (excluding financial services and non-commercial services)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.6	New orders index for industry by major division (for those that work on order)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.7	New orders index for construction (building permits or housing starts)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.8	Commodity production (as relevant at country level)				
	Agricultural products	M	30-45D	45-60D	SA
	Minerals	M	30-45D	45-60D	SA
	New car registrations	M	30-45D	45-60D	SA
	Tourist arrivals	M	30-45D	45-60D	SA

		Periodicity	Timeliness	Timeliness	Remarks
<b>Set 3: Price Indicators</b>					
3.1	Consumer price indexes	M	30D		
3.2	Producer price indexes	M	45D		
3.3	Import price indexes	M	45D		
3.4	Export price indexes	M	45D		
<b>Set 4: Labour market indicators</b>					
4.1	Unemployment	Q	45D		
4.2	Unemployment rate	Q	45D		
4.3	Employment total and by economic activity	Q	45D		
4.4	Wages	Q	45D		
4.5	Hours of work	Q	45D		
<b>Set 5: External sector indicators</b>					
5.1	Exports and imports (of goods and services)	Q	45D		
5.2	International investment position (IIP), specify balances and components	Q	90D		
5.3	Official reserve assets	M	30D		
5.4	External debt (by sector, maturity and foreign currency)	Q	90D		
<b>Set 6: Financial sector indicators</b>					
6.1	Central Bank net foreign assets	M	30D		
6.2	Central Bank domestic lending	M	30D		
6.3	Central Bank reserve money	M	30D		
6.4	Depository corporations net foreign assets	M	30D		
6.5	Depository corporations domestic lending	M	30D		
6.6	Depository corporations broad money liabilities	M	30D		
6.7	Other financial corporations balance sheet, assets and liabilities by sector.	Q	90D		
6.8	Financial corporate operating surplus	Q	60-90D	90-120D	not SA
6.9	Financial corporate debt	Q	60-90D	90-120D	total financial liabilities except shares and other equity, not SA
6.10	Others as relevant: nonperforming loans of depository corporations, capital adequacy ratios, other financial stability indicators, etc.	Q	90D		

<b>Set 7: General government sector indicators</b>					
7.1	Revenue	Q	90D		
7.2	Expense	Q	90D		
7.3	Net operating balance (= Revenue – Expense)	Q	90D		
7.4	Investment (net acquisition of non-financial assets)	Q	90D		
7.5	Expenditure	Q	90D		
7.6	Net lending/net borrowing (= Revenue - Expenditure)	Q	90D		
7.7	Gross debt	Q	90D		
<b>Set 8: Household sector indicators</b>					
8.1	Household disposable income	Q	60-90D	90-120D	not SA
8.2	Household saving	Q	60-90D	90-120D	not SA
8.3	Household debt	Q	60-90D	90-120D	total financial liabilities (mainly loans), not SA
8.4	Other as relevant: disposable income, debt service and principal payments, household debt, etc.	Q	90D		
<b>Set 9: Non-financial corporations sector indicators</b>					
9.1	Non-financial corporate operating surplus	Q	60-90D	90-120D	not SA
9.2	Non-financial corporate debt	Q	60-90D	90-120D	total financial liabilities except shares and other equity, not SA
9.3	Other as relevant: operating income before tax, debt service and principal payments, household debt, etc.	Q	90D		
<b>Set 10: Financial market indicators</b>					
10.1	Interest rates, as relevant short and long term money and bond market rates	D (Daily)	1D		
10.2	Exchange rates, as relevant spot and forward markets	D	0D (same day)		
10.3	Nominal and real effective exchange rate	M (nominal),Q	45D		
10.4	Stock market indicators	D	0-1D		
10.5	Others as relevant : spreads between lending and deposit rates, highest-lowest interbank rate; etc.				



<b>Set 11: Real estate market indicators</b>					
11.1	Residential property price index	Q	90D		
11.2	New house sales	Q	90D		
11.3	Existing house sales	Q	90D		
<b>Set 12: Economic sentiment</b>					
12.1	Consumer confidence	M	5D		
12.2	Business confidence	M	5D		
12.3	Composite Business Cycle Indicators	M	5D		
12.3.1	Leading Indicator	M	5D		
12.3.2	Coincident Indicator	M	5D		
12.3.3	Lagging Indicator	M	5D		

## Annex 2. Notes of the break out session

### Break out session 1

List of indicators as discussed in break out session 1.

High frequency statistics		Periodicity	Timeliness	Timeliness	Remarks
Set 1: Quarterly national accounts					
1.1	Quarterly national accounts: Flash GDP estimate	Q	30-45D		Index, growth rate
1.2	Quarterly national accounts: GDP full release				
	by expenditure	Q	45-60D	60-90D	current, constant, SA
	by production	Q	45-60D	60-90D	current, constant, SA
	by income	Q	45-60D	60-90D	current, SA
1.3	Quarterly national accounts: sector accounts				
	Household disposable income	Q	60-90D	90-120D	not SA
	Household saving	Q	60-90D	90-120D	not SA
	Household debt	Q	60-90D	90-120D	total financial liabilities, not SA
	Non-financial corporate operating surplus	Q	60-90D	90-120D	not SA
	Non-financial corporate debt	Q	60-90D	90-120D	total financial liabilities, not SA
	Financial corporate operating surplus	Q	60-90D	90-120D	not SA
	Financial corporate debt	Q	60-90D	90-120D	total financial liabilities, not SA
	Government net lending/borrowing	Q	60-90D	90-120D	not SA
	Government debt	Q	60-90D	90-120D	total financial liabilities, not SA
Set 2: Production and turnover					
2.1	Production index for industry, by major division (mining,	M	30-45D	45-60D	SA

	manufacturing, electricity, water, etc.)				
2.2	Production index for construction	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.3	Turnover index for retail trade by major division	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.4	Turnover index for industry by major division	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.5	Turnover index for other services by major division (excluding financial services and non-commercial services)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.6	New orders index for industry by major division (for those that work on order)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.7	New orders index for construction (building permits or housing starts)	M	30-45D	45-60D	SA
		Q	30-60D	60-90D	SA
2.8	Commodity production (as relevant at country level)				
	New car registrations	M	30-45D	45-60D	SA
	Motor vehicles	M	30-45D	45-60D	SA
	Tourist arrivals	M	30-45D	45-60D	SA
	Minerals	M	30-45D	45-60D	SA

## Notes of the break out session 2: Labour Market Indicators

The session was attended by representatives from Chile, Canada, Colombia, India, Mexico, US Conference Board and UNSD, and moderated by ILO. The representative from Statistics Canada played the role of facilitator.

Before starting the discussion, the ILO informed the participants of the ILO practice and experience in collecting, compiling, and disseminating labour statistics and the problems of availability, including timelines, and comparability of data. The presentation included

Following the brief introduction by the ILO on the expected outcome of the session the group discussed the following:

- (i) the criteria for selecting the indicators,
- (ii) the recommended list of labour market indicators,
- (iii) availability, periodicity, timeliness and comparability of data,
- (iv) dissemination.

Under the criteria for selecting the indicators, the following were considered:

- existence of international standards on the concepts and definitions for the indicators that would insure comparability across countries,
- relevance of the indicators (cyclical and not structural)
- Availability of the indicators for a critical mass of countries.

Based on these criteria the group agreed that the following indicators should be regularly compiled and monitored:

- unemployment and unemployment rate,
- employment, total and by economic activity (or for 3 major sectors). The series should be compiled separately for “All Workers” and “Employees”.
- wages,
- hours of work.

All indicators should be disaggregated by sex.

As additional indicators the group suggested retaining the proposed indicator on job vacancies, and including an indicator on labour migration. These two indicators are suggested as additional indicators as they are not widely available at the country level.

Regarding the indicators on wages and hours of work, the group agreed that some additional work is needed in order to identify the most suitable concept to be used as well as the type of indicators (absolute values, indices, rates, etc.)

Given the fact that many countries are in a position to cover much wider list of indicators, it was suggested that an expanded list of indicators is used for selected representative countries from each region/continent.

In order to increase the number of countries that produce periodic data the ILO expressed its availability to assist countries in need of such assistance.

In order to be able to assess the quality and comparability of national data, the importance of disseminating appropriate metadata was stressed.

The group also agreed that the data should be disseminated in a timely fashion in order to be useful. Therefore the recommendation is that they should be disseminated as soon as possible after the end of the reference period but not later than 3 months after this period.

Although it is desirable that the data are produced with a monthly periodicity, updating the series with a quarterly periodicity would be the only feasible option for many countries.

Possibility of using a template, which is populated in regular intervals, for disseminating the data at the country level was briefly discussed.

V.Stoevska  
ILO Dept. of Statistics  
7 June 2009

## Breakout session 3

### Prices, Real Estate, Non-Financial and Household Indicators

#### 1. Approach and considerations

The group considered the three sets of indicators related to Prices, Real Estate, Non-Financial and Household Indicators. The three sets presents some interlinks and can be considered as indirectly related.

The group first analysed the approach to be followed in analysing the appropriate indicators to cover the three areas of interest of the breakout session.

Focus has been put in on "key indicators" and "complementary indicators" and consideration has been given to:

- the relevance of the indicators for the "statistical toolkit";
- the availability (at high frequency.) of the indicators;
- overlap/complement with other sets of indicators.

#### 2. Prices

The following indicators have been pointed as **key indicators** for prices:

<b>Indicator</b>	<b>Frequency</b>	<b>Timeliness</b>
Consumer Price Index (CPI)	Monthly	Within 1 month (up to 30 days)
Production Price Index (PPI)	Monthly	Within 1.5 months (up to 45 days)
Import Price	Monthly	Within 1.5 months (up to 45 days)

The following indicators have been pointed as **complementary indicators** for prices:

<b>Indicator</b>	<b>Frequency</b>	<b>Timeliness</b>
CPI – by good/service (energy, food)	- Monthly	- 30 days
PPI - raw material	- Monthly	- 45 days
- manufacturing	- Monthly	- 45 days
- services	- Quarterly	- 45 days
Export Price	- - Monthly	- - 45 days

The group analysed also specific issues related to prices indicators, in particular:

- the group noted that, concerning availability, CPIs are generally available in all countries and PPIs are available depending on the industry.
- the target for the indicators in the price area should be the general public.
- compiling agencies are not always National Statistical Institutes.
- specific methodological issues have to be considered, for example the treatment of Owner Occupied Housing, the formulae to be applied to derive indexes, the application of seasonal adjustment (dependent on items).

### 3. Real Estate

The group made a proposal for the following real estate indicators:

<b>Indicator</b>	<b>Frequency</b>	<b>Timeliness</b>
Residential property price index	- Quarterly	- 90 days
Building permits/house starts	- Quarterly	- 90 days
House sales	- Quarterly	- 90 days

In relation to these indicators, the group took into consideration the following issues:

- concerning availability the group recognised that these indicators are not yet well established in several countries and work has still to be done.
- the target for the indicators in the real estate area should be the general public.
- compiling agencies are not always National Statistical Institutes.
- the group noted also that these indicators are very often more difficult to calculate than other statistical indicators because of the differences in countries and availability of basic data. In some countries some indicators are not even applicable (i.e. building permits) or do not catch the economic reality they are looking for (i.e. building permits activated up to a couple of years after their release). These indicators will raise major problems of comparability among countries.

### 4. Household and non-financial corporations sector indicators

The group agreed that indicators in this area should be complementary to indicators covered mainly in quarterly financial and non-financial accounts.

A suggestion was made to take into consideration, as complementary indicators if not covered elsewhere "Household total debt – decomposition mortgages vs. other" and "Non-financial corporation total debt – decomposition mortgages vs. other".

## Break Out Session 4

### 1) Set 5: External sector indicators

- 5.1 Exports and imports (goods and services)
- 5.2 External debt, broken down by general government and other sectors, and by maturity
- 5.3 International Investment Position (financial assets)
- 5.4 Official reserve assets

In order to achieve a reasonable good coverage and comparability we suggested to compile 5.1-5.3 with a quarterly frequency and quarterly timeliness while 5.4 must be available monthly, both in terms of frequency and timeliness. In general, we felt that the International Investment Position (= stocks) deserves more emphasise as the changes in stocks do not only cover the balance of payments financial transactions but also the exchange rate changes and other revaluations as well as other changes in volume.

### 2) Set 7: Government sector indicators

- 7.1 Expense
- 7.2 Investment (= Net acquisition of non-financial assets)
- 7.3 Net lending/borrowing
- 7.4 Gross debt

The four most important sub-sets above would implicitly also show Revenue (= Expense + net lending/borrowing) and Net operating balance (= Revenue - Expense).

Moreover, we agreed to request the data for the general government sector as a whole because (a) the institutional set-up of countries (those of a more centralised and those of a more federal nature) would not allow cross-country comparable data for central government and (b) the treatment of social security funds either within the central government sub-sector or as a separate sub-sector is heterogeneous. The consistency with the SNA sector accounts also suggests focusing on the general government sector as a whole. In this case, it was assumed that the best practice for almost all countries is a quarterly frequency with a quarterly timeliness. We did not discuss whether the data should be seasonally adjusted, but I assume we would start with non-seasonally adjusted data.

Please provide me with your comments on the draft conclusions above by Friday, 12 June, that afterwards may be translated in a short (one) page note.

Best regards,

Werner



## **Report of Break Out session 5**

(by moderators Ibrahim Levent, World Bank and Gert Schnabel, BIS)      June 6, 2009

The breakout session was attended by participants from national offices of Egypt, Russia, Brazil, Peru, from the Reserve Bank of India and from Eurostat. Initially discussions focused on the dissemination question and staff from the National Statistical Offices raised concern that most of the data are being already reported via SDDS. There was also a concern that some of the requested data are not compiled by National Statistical Offices, e.g.-by the Ministry of Finance or by Central Banks which would make reporting through Statistical offices more difficult. The list of series was not discussed systematically. Some discussion concerned 'market capitalization' (e.g. what does it refer to: stocks listed at the major national exchange or stocks of residents of a country regardless of where they are listed) (EG, RU). Some countries would foresee problems to provide survey data of financial non-bank corporations. Some participants (Eurostat) would consider exchange rates not necessary to be included in the collection process as these time series are easily available on a daily basis. There was some discussion whether the indicators were sufficient to monitor crisis-relevant developments, the collection of securities data were seen as missing in this context (StatCan). It was pointed out that indicators proposed under section 6.7 and 6.8 might be difficult to compile. In general there was a feeling that the list of series should be reviewed and circulated with exact definitions. There was also a wish concerning a clear communication as to how the process of providing these data should be organized.

Below is a list of indicators that we could include in the draft template, these are specific to external debt in section 5. I leave the Financial Sector Indicators to Lucie, they have all the expertise needed in this area.

The following indicators, which we propose to include in the framework, are consistent with the SDDS framework and the Debt Guide. Quarterly data for these indicators are being collected by the World Bank from participating SDDS subscribers.

Public Sector and Publicly guaranteed Private sector breakdown available only for participating GDDS countries.

Gross External Debt 1/

General Government

Short-term

Long-term

Monetary Authorities

Short-term

Long-term

Banks

Short-term

Long-term

Other Sectors

Short-term

Long-term

Direct Investment: Intercompany Lending

Gross External Debt 2/

Public Sector

Short-term

Long-term

Publicly-Guaranteed Private Sector

Short-term

Long-term

Memorandum item:

Nonguaranteed Private Sector

Short-term

Long-term

Gross External Debt 3/

Foreign currency

Short-term

Long-term

Domestic currency

Short-term

Long-term

## Debt-Service Payments Schedule for Outstanding Debt

Months: Immediate 0-3 4-6 7-9 10-12 13-18 19-24 Over two years

### General Government

Principal

Interest

### Monetary Authorities

Principal

Interest

### Banks

Principal

Interest

### Other Sectors

Principal

Interest

### Direct Investment: Intercompany Lending

Principal

Interest

### Public Sector

Short-term

Long-term

### Publicly-Guaranteed Private Sector

Short-term

Long-term

1/ Data are to be broken down by maturity--short-term and long-term--on an original maturity basis and by instrument as set out in the fifth edition of the IMF's Balance of Payments Manual (BPM5), and defined in the External Debt Statistics: Guide for Compilers and Users (the Guide). Other debt liabilities are other liabilities in the international investment position (IIP) statement. It is recommended that all currency and deposits be included in the short-term category unless detailed information is available to make the short-term/long-term attribution

2/ Consistent with the GDDS external debt data category. It separates public sector external debt and publicly-guaranteed private sector debt. Data are broken down by maturity-short term and long term-on an original maturity basis, as defined in the External Debt Statistics: Guide for Compilers and Users (the Guide). Public sector coverage should be as comprehensive as possible. However, data may only cover the nonfinancial public sector (NFPS), general government (GG), or central government (CG). The public sector includes the general government, monetary authorities, and those entities in the banking and other sectors that are public corporations (Guide, paragraph 5.5). The institutional sectors are defined in the Guide, paragraphs 3.4-3.12. Publicly-guaranteed private sector external debt comprises the external debt liabilities of the private sector, the servicing of which is contractually guaranteed by a public sector entity resident in the same economy as the debtor (Guide, paragraph 5.6). Nonguaranteed private sector external debt is defined as external debt of the private sector that is not contractually guaranteed by the public sector resident in the same economy (Guide, paragraph 5.6).

3/ Foreign currency debt and domestic currency debt may not add to the gross external debt position, because of unallocated external debt. In line with the SDDS encouraged foreign currency/domestic currency split of the total gross external debt position, but presents an additional breakdown by maturity (short-term and long-term-on an original maturity basis). See the External Debt Statistics: Guide for Compilers and Users (the Guide), paragraphs 7.19-7.20. Foreign currency debt includes debt payable in domestic currency but with the amount to be paid linked to a foreign-currency. See Guide, paragraph 6.13-6.14. Domestic currency debt is debt that is payable in domestic currency not linked to a foreign currency. See Guide, paragraph 6.13.