Developing compilation guidance on composite indicators and tendency surveys

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UNECE Seminar on the Role of National Statistical Offices in the Production of Leading, Composite and Sentiment
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Outline

- Background
- Global statistical response
- International Programme on short-term economic statistics
  - Economic tendency surveys
  - Cyclical composite indicators
  - Rapid estimates
  - Data template and analytical indicators
- UNSD activities
- Conclusions
Financial crisis of 2007–2008 – Global financial crisis – is considered by many to be “the worst recession since the 1930s”.

The international statistical community came together to:

- discuss the role of official statistics (e.g. monitor trends, measure impacts, provide early warnings);
- mobilize efforts to identify and remedy data gaps for monitoring economic shocks as well as to improve the dissemination and communication of relevant information already available.
There were two major initiatives:

- The Inter Agency Group (IAG) on Economic and Financial Statistics was established.
- A series of International Seminars on short-term statistics by UNSD and Eurostat as part of a consultation on the role of official statistics.

Organised 3 International Seminars:

- International Seminar on Timeliness, Methodology and Comparability of Rapid Estimates of Economic Trends, Canada, May 2009;
- International Seminar on Early Warning and Business Cycle Indicators, Netherlands, December 2009;
- Third Seminar on Early Warning and Business Cycle Indicators, Russian Federation, November 2010.

Consultation with the academia:

The purpose of the Seminars was to formulate an *international statistical response* to the economic and financial crisis for improved monitoring of:

- the rapid and systemic changes in the global real economy and the financial markets; and
- the impacts on vulnerable countries and population groups.
Endorsed by the UN Statistical Commission in 2011

Overall objective:

- To 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
- Rapid estimates
- Cyclical composite indicators
- Data template and analytical indicators
Handbook on Economic Tendency Surveys 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

Current status of preparation

Summer 2014 – A global consultation was carried out on the Handbook

The handbook was submitted for publication after the inclusion of comments from the global consultation

A pre-edited copy of the handbook is available online at: http://unstats.un.org/unsd/nationalaccount/consultationDocs/Pre-editETS-October2015.pdf
Chapter 1: Introduction
Chapter 2: Scope of Economic Tendency surveys
Chapter 3: The questionnaire design
Chapter 4: Survey frame and sample design
Chapter 5: Estimation procedures and accuracy
Chapter 6: Data collection
Chapter 7: Managing sources of non-sampling errors
Chapter 8: Processing tendency survey data
Chapter 9: Data dissemination and publication
Chapter 10: Use of tendency survey results
Handbook on Cyclical Composite Indicators to provide statistical guidance on harmonized principles for application in the formulation of cyclical composite indicators and standards for their compilation and presentation.

Assist compilers in producing cyclical composite indicators in a comparable way, to enable reliable international comparisons of economic performance and behaviour using the best international practices.

Current status of preparation

Information about the draft Handbook is available online at: http://unstats.un.org/unsd/nationalaccount/pubsdvp.asp

A global consultation on the Handbook is scheduled for December 2015.

The Handbook is expected to be finalized by early 2016 upon inclusion of the comments from the global consultation.
Section 1: Introduction and definitions (taxonomy)
Section 2: Data requirements
Section 3: Variables and models selection techniques
Section 4: Indicators measuring cyclical movements
Section 5: Indicators for turning points detection
Section 6: Indicators measuring economic growth
Section 7: Validation
Section 8: Guidelines for the construction of cyclical composite indicators
Glossary of terms which was prepared by Eurostat and it is available on Eurostat website at

Handbook on Rapid Estimates to

Assist compilers in producing rapid estimates of key short-term macroeconomic indicators in a comparable manner, using best international practices

Assist countries that plan to set up a more comprehensive system of estimates of key macroeconomic indicators by:

- Providing methodological foundations for the compilation of rapid estimates
- Offering practical guidance on individual steps and elements of the compilation process
Current status:

- Information about the draft Handbook is available online at:
  

- A consultation on the Handbook is scheduled for December 2015.

- The Handbook is expected to be finalized by early 2016 upon inclusion of the comments from the consultation.
An internationally accepted *Data Template and Metadata for Short-Term Statistics*

*Handbook on Data Template and metadata for short-term statistics* to

- present the internationally-endorsed data template and metadata for short-term statistics for the purpose of *macroeconomic surveillance, early warning* of economic and financial vulnerabilities and *detection of turning points* in business cycles
- provide methodological guidance on the compilation of the indicators and their use
- describe the statistical and analytical properties of short-term economic indicators
- encourage the development of national data hubs for short-term statistics
Current status:

- The data template was brought to the UN Statistical Commission in 2014
- Global consultation on the Handbook launched in November 2015
- The Handbook is expected to be finalized by January 2016 upon inclusion of the comments from the global consultation.
Indicators are organized in 12 categories:

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

- External sector
- Financial 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**
Knowledge base on economic statistics

Knowledge Base on Economic Statistics - Methods and Country Practices

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Knowledgebase

Statistical Production Process Framework
- Institutional Setting
- Methodology of Data Collection and Processing
- Register and Frames
- Administrative Sources and Surveys
- Integration Frameworks
- Dissemination and Communication

Statistical Domain
- Agriculture, Forestry and Fisheries Statistics
- Balance of Payments
- Banking, Insurance and Pension Funds Statistics
- Business Statistics
- Classifications
- Construction Statistics
- Distributive Trade Statistics
- Environmental-Economic Accounting
- External Debt Statistics
- Government Finance Statistics
- Industrial Statistics
- Information Society

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Technical assistance (TA) to countries in:

- implementing the data template; and
- developing national central data hubs for short term statistics.

TA carried out in cooperation with relevant international/regional organizations, for example

- Workshops in collaboration with CIRET
  and China NBS
Building on our recent experience on the collection and dissemination of data through SDMX between international organizations and the MDG indicators

- Developing a global data hub on short term statistics within the scope of the data template.

Continuous updating of the Knowledge Base on Economic Statistics to provide the most up to date statistical standards and compilation guidance.

Development of (e-)training material on the compilation of selected short term statistics in cooperation with relevant international/regional organizations.

Foster the role of Composite and Sentiment Indicators in official statistics.

Establish a web page providing information on the short term statistics work programme.
Conclusions

- Composite business cycle indicators and tendency indicators are recognized by the statistical community as important indicators for short-term statistics for the purpose of
  - macroeconomic surveillance,
  - early warning of economic and financial vulnerabilities
  - detection of turning points in business cycles
- Different institutions may be involved in their compilation (NSO, Research institutes, Central Banks, academia, etc.)
- Importance of metadata to ensure transparency of the compilation, quality of the indicators and assessment for use,...
Guidelines for their compilation are being finalized to harmonize practices by providing standardized compilations guidance.

Importance of data hubs to facilitate the dissemination of short term statistics but also to align methods, classifications, frequency and timeliness.
Thank you!