



EUROPEAN COMMISSION
EUROSTAT

Directorate C: National Accounts, Prices and Key Indicators
Unit C-2: National accounts production

QUESTIONS AND ANSWERS REGARDING THE FIRST GDP T+30 RELEASE FOR THE EU AND EURO AREA

Q1. What is the purpose of this early estimate?

The purpose is to estimate earlier than before the trend development of the quarter-on-quarter GDP growth for the EU and the euro area. The main idea is to quickly have an estimate on the magnitude and on the direction (plus or minus sign) of GDP growth. (The later quarterly and annual GDP compilations include more data but are published later. The final GDP figures of the Member States are transmitted 36 months after the end of the year in the framework of supply and use tables.)

Q2. How have you evaluated the reliability of these estimates?

Before the publication decision was taken, there has been a two and a half years period of test work that was performed together with a large group of Member States. During this work the test GDP t+30 estimates for the quarters of 2012–2015, i.e. for 16 quarters, were compiled. The revisions were assessed by comparing t+30 test estimates with the subsequent releases at t+45, t+65, t+100 and with the t+65 release of the next quarter. The test results and the revision analysis can be found in the statistical working paper '*Euro area and European Union GDP flash estimates at 30 days*' that was published on the Eurostat website on 29 April 2016.

Q3. What if these preliminary estimates are not in line with 'final' data?

By definition, there is a trade-off between timeliness and accuracy. The main purpose of the GDP t+30 flash is to quickly have an estimate of the magnitude and on the direction (plus or minus sign) of GDP growth. The final GDP figures of the Member States are only transmitted to Eurostat at about 36 months after the quarter-end (in supply and use tables). From that perspective, it is clear that there will at least be some revisions to the quarterly GDP growth figures published at t+30. At the same time, the preliminary GDP estimate provides important information to the decision makers at an early point in time.

The revisions have been tested for the 16 test quarters in 2012–2015. The test results showed an acceptable range of revisions to the European GDP figures, and suggest that a reasonable compromise between a more timely estimate and accuracy has been achieved.

Q4. Why do some countries not publish their figures? When will they catch-up?

The GDP growth rate is typically somewhat less volatile the larger the area it is calculated for. Experience with the t+45 flash shows that early estimate is revised less for a larger economic area than for a smaller area. Therefore, it is easier to prepare and publish reliable early estimates for a larger economic area (for example the EU) than for an individual country.

Another (related) issue is, that when estimating GDP growth at 30 days, often only data for 2 out of the 3 months in the quarter are available. Therefore, one needs to nowcast parts of the economy for the third month of the quarter. There are slight differences in the traditional roles of

the NSIs in different Member States regarding these nowcasts. In some Member States the NSI traditionally produces and publishes forecasts, whereas in some other countries the tradition so far has been that the NSI does not publish any estimates on the last quarter, even if they can be based on 2/3 (or a bit more) of the data.

As mentioned before, Member States decide themselves whether or not to publish their estimates. It has been agreed that Eurostat only comments the European figures (for the EU and euro area). Eurostat will not provide information on which countries were included and which were not. Still, based on the experience of the introduction of the GDP t+45 estimates in 2003, one could expect that the number of publishing countries may gradually increase in the coming years.

Q5. How many countries are included in your t+30 estimates for the EU and euro area?

A majority of the EU Member States transmit their national GDP growth estimates to Eurostat one day before the agreed publication date. This group includes those Member States already publishing their t+30 estimates as well as a number of Member States that transmit confidential estimates to Eurostat. The number of countries of the EU included in the estimate (in each round) will be given in the news release. The country coverage (in percentage of the EU and euro area GDP) is also given in the news release. Based on the experience with the test estimates, one could expect coverage percentages of around 90%.

Q6. Do countries send their national estimate to Eurostat on a confidential basis?

(As mentioned above) The group of the Member States transmitting their estimates to Eurostat consists of those already publishing at t+30 and those who transmit a confidential estimate to Eurostat that will only be used for compiling the aggregate EU and euro area GDP growth rates.

Member States decide themselves whether or not to publish their national estimates. It has been agreed that Eurostat only comments on the European figures (for the EU and euro area) and will not provide any information on countries or country data.

Q7. What do you do for the missing Member States data?

Typically we have a rather large coverage and the missing part is fairly small. Therefore, we do not (necessarily) do anything for the missing part, but assume that the missing area would follow the same average growth rate as the one for the covered area of the EU/euro area.

If in a force major situation the growth estimate would be missing for a major EU country, its growth is estimated using available two month data for industrial production index, deflated retail trade and the turnover of services and possibly using the economic sentiment index (ESI).

As Eurostat publishes the EU/euro area growth rates on a one decimal point accuracy (0.x%) there may be cases where the compiled estimate is on border (e.g. 0.15%) to be rounded to higher (0.2%) or lower (0.1%) one decimal point. In such cases, the development of the missing data area could be estimated using economic sentiment index (and possibly the two month industrial production index, deflated retail trade and turnover of services).

Q8. Why did the improved timeliness to t+30 happen now? Why was it not possible earlier?

Since early 2000s there has been systematic work in the European Statistical System to improve the timeliness of the basic data sources for the 'Principal European Economic Indicators'. Concerning GDP estimates, the work aimed at improving timeliness in the short term business statistics (STS). Nowadays, usually STS data for two months (out of three) is available at 30 days after the quarter-end. In addition, for the third month the Member States typically also have data available on the deflated retail trade. The nowcasting techniques for the third month with partial data (with full data for two months and partial data for the third month) have improved as well.

Finally, the experience with the GDP t+45 flash estimates could now be used for developing the GDP t+30 estimates.

Q9. How good is the quality of Eurostat's GDP t+30 estimate compared with the US estimate?

The first aim when developing the GDP t+30 estimates, has been to help policymakers, analysts and businesses to better understand the economic situation and to provide them the information they need for decision making at the earliest possible point in time. We are not competing with the US. The US and the UK in Europe have been pioneers in publishing GDP estimates at 30 days. Still, when assessing the quality of the 16 GDP t+30 test estimates for the EU and the euro area, we compared the revisions of both economic areas and we do not seem to exceed the US revisions to t+30 estimate.

Q10. Why do you continue the GDP t+45 estimate? How long?

Our main users do would not only like to have GDP estimates for the EU and the euro area, but also for the Member States. For most of the countries the earliest country estimate is published at t+45. Therefore, Eurostat will continue publishing a GDP release, including country data, at 45 days after the quarter-end. No country data will be published in the GDP t+30 release.

Q11. Why are two new figures such 'a big deal'?

We will kindly leave it to the users to decide whether the two figures are a big deal or not. The main users of the European GDP figures have asked Eurostat for a long time whether it would possible to have the first GDP estimate in 30 days. The main target has been to reply to their needs for monitoring the economy and for the decision making.

However, it is fair to say that GDP growth is perhaps the most followed overall economic development measure. At the same time, the fact that now both the US and the EU publish a first estimate on the GDP trend growth at t+30 days, allows both the decision makers and the public to have information at an early point in time of the estimated development of a substantial part of the world economy.

Q12. Why only total GDP? When are you going to add more detail?

Experience in compiling national accounts data has shown that it is easier to estimate the development of an aggregate national accounts variable at an earlier time point than its details.

Q13. Why do you not just estimate it at EU-level? Why involve countries?

The representativeness of country data in European national accounts figures has traditionally been good. The NSIs of the 28 Member States take care of data collection (by surveys and from administrative data sources) and compilation of their national accounts. This is the case for the 'regular' quarterly as well as the annual national accounts estimates that are published after 2 months (and later); the transmission requirements for all quarterly and annual national accounts tables are defined in the ESA 2010 transmission programme ([Annex B of Regulation 549/2013](#)). To be in line with these 'regular' estimates it is logical to use the same strategy for the GDP t+30 estimates and to request the countries to transmit their national estimates.

In addition, the countries are in a better position than Eurostat to prepare national estimates, as they are best aware of their specific national circumstances and peculiarities.