



OECD SHORT-TERM ECONOMIC STATISTICS WORKING PARTY
(STESWP)

Country comments:
Terms of Reference for the OECD / Eurostat taskforce on:
Performing Revisions Analysis for Sub-Annual Economic Statistics

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Submitted to the Working Party under item 3 of the draft agenda

Meeting:
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Franqueville Room
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Starting at 09.30 a.m. on the first day

**STESWP 2007 – Country comments on OECD paper:
Terms of Reference for the OECD / Eurostat taskforce on Performing
Revisions Analysis for Sub-Annual Economic Statistics**

STESWP delegates are asked to provide written comment on the following issues relating to the formation of this task-force:

- (i) Does your organisation consider the terms of reference for the work of task-force as outlined in Section C as the most relevant for this topic or should additional issues be considered if the outputs of the task-force are to achieve their stated goal?
- (ii) Do the proposed governance procedures for the work of the task-force as outlined in Section D seem appropriate?
- (iii) Please provide a brief summary of past (or current) work your organisation has performed on issues which relate to any of the terms of reference items in Section C. If associated papers on this work exist, please provide them as an attachment as these will be used as reference material for the work of the task-force.

Austria

The terms of reference for the work of task-force as outlined are an appropriate selection on this topic. Also the proposed governance procedures for the work of the task-force seem appropriate.

As a remark: Statistics Austria cannot reproduce the results stated in the OECD revisions analysis table as national calculations led to other results. We recommend using the seasonally adjusted series sent to EUROSTAT and OECD by Statistics Austria, which are available since the year 2000.

Bank of Italy

As for the terms of reference for the work of the task force, the list of items reported in the document looks like well structured and covers all the relevant issues in the field. As a matter of fine tuning, under point iv) I would attach a lower emphasis on the extent itself of a revision, as it is an endogenous result depending on the impact of different underlying causes: the key requirement is preserving a high standard in the transparency and predictability in the timing of revisions and in the way they are implemented once a cause of change is to occur, and we should avoid the risk that the size of a revision may be restricted to be low, and gradually adjusted over time, also when the underlying causes would call for a prompt/higher changes in the statistics. Under point vi), whereas a significant part of a revision traces back to the seasonal adjustment it could be useful to timely report if the effect is mainly due to changes in the pre-treatment of raw data (and details on the likely new detection/correction of outliers or working days regressor could help a lot) or in the seasonal model.

An additional item that could be included in the list is the demand for coherence in the revision policy for short term indicators and for national accounts estimates that may be affected by those indicators, including the adjustment for seasonal factors. The need may go in both ways: from changes in national accounts (e.g. structural indicators to which the short term indicators may be anchored in the annual frequency) to short terms indicators and from changes in the latter to the quarterly estimates in national accounts. The closer the regular links between revisions in national accounts and in short term indicators, the more useful the latter in the view of business cycle and forecasting analysis on the part of the final users.

Bank of Belgium

The NBB agrees with the propositions made in the two first points:

- i) the terms of reference for the work of the taskforce outlined in section C of the paper;
- ii) the proposed governance procedures for the work of the taskforce outlined in section D of the paper.
- iii) The third comment is asked on the work performed on issues treated in section C of the paper. As producer of the yearly and quarterly national accounts, the NBB is continuously confronted with the problem of revision.

The politic of revision is clearly defined and published on the web site of the NBB (http://www.nbb.be/doc/DQ/F_pdf_dq/ESR1995_2006.pdf), with a clear distinction between the current revisions and the major ones.

The major revisions are always announced 1 of 2 years before their implementation. They are precisely described, with a measure of the impacts on the aggregates. See for instance the publication including the last major revision (<http://www.nbb.be/doc/DQ/F/DQ3/HISTO/NFDC04.PDF>).

Complementary analyses are often made to quantify the impact of different sources of revision.

The relationship between timeliness and size of revisions is also explored, in particular on the occasion of the shortening of the delays, as shown in the joint paper concerning the introduction of the flash estimate of GDP after 30 days.

China

- 1 I think the work of task-force is very important and the most relevant for this topic.
2. In the past few years, NBS has done a lot on compilation and dissemination of statistics data. In order to reflect objectively the real development of national economy and promote the reliability and transparency of statistical data, with reference to international standards, our annual GDP is compiled by 3 steps i.e., preliminary estimates, initial confirmed estimates and final confirmed estimates. The release date of the preliminary estimates is changed to January 20th the next year which before was released on February and May. Moreover, when economic census is

conducted, or when new basic GDP data are found, or when calculating method and classification are changed, the historical GDP data would be revised and disseminated not only for GDP aggregates but also growth rates. When releasing GDP data all other important data related with GDP are also provided to the public, and the methodology of national accounts can be also disseminated if necessary. The monthly GDP data at national or regional levels are not calculated and disseminated any more in principle, except for some specific circumstances. The Advance Release Calendar for one-year dates of data dissemination is open to the public on the website of NBS at the beginning of every year.

Czech Republic

- (i) CZSO also feel a strong need to establish good revision policy. In our opinion, the terms of reference cover all important topic dealing with the goal of task force as well as the governance procedure seem to be appropriate.
- (ii) The answer above
- (iii) Last year, CZSO presented the common revision policy on the web sites: [http://www.czso.cz/eng/redakce.nsf/i/revisions_policy_of_czso/\\$File/revision_policy_czo.doc](http://www.czso.cz/eng/redakce.nsf/i/revisions_policy_of_czso/$File/revision_policy_czo.doc)

Finland

- (i) The proposals are good and we support them. Information would be needed about the revision practices in different countries. A free of charge (available to all) tool developed for revisions analysis would be very beneficial.

It is also good if countries describe the reasons for revisions. For example, at Statistics Finland the Monthly Index of Industrial Output is based on a sample (about 1,000 establishments) and we also calculate an Annual Index of Industrial Output (based on roughly 5,000 establishments). This may lead to a corresponding difference between the monthly preliminary index and the annual final index. In 2005, the total preliminary index (NACE CDE) was (-0.2 %) and the final index was (0.1 %). We also changed the method from a base year index to a chain index, and this has also effect on revisions.

We must differentiate between different types of revisions e.g. revisions due to mistakes etc. and revisions due to methodological changes (base year index vs. chain index).

- (ii) Yes
- (iii) Statistics Finland appointed a task force on revisions and other changes in statistics at the end of last year (10th of November 2006). The task force gave its final report at end of March this year. The references will be in act later this year. For further details see Annex 1.

Annex 1. Additional information on revision policy task force in Statistics Finland

The task force distinguished two basic situations:

1. Statistical information changes as part of the normal product life cycle.

Preliminary vs. final information, change of method, change of data collection, e.g. of administrative data adjusted for seasonal factors.

These changes can generally be anticipated, and can and should be communicated well in advance. The tools used for this are up-to-date quality descriptions and releases.

2. Errors in publications or other kinds of exceptions. Data already released are discovered to contain errors, the release time of the data deviates from that announced in advance etc. Errors of this type are not generally known of in advance but occur in the here and now. It is important that the error is communicated as soon as it is noticed and corrected data are released. Statistics Finland has compiled instructions for how to proceed in various kinds of error situations of the type 2 above.

For example, corrected releases contain the text “Corrected on dd.mm.yyy”, or “Corrected on dd.mm.yyy at xx.xx” if the correction is made on the release date.

If data are released earlier than planned, a notice can be posted on the release calendar of the relevant week

If the data are accidentally released too early, dissemination to all parties must occur as soon as possible (impartiality). The Director and Head of Statistics as well as the Communications unit must be informed.

If the release of data is postponed, the change can be made before the releasing of the relevant weekly release calendar.

Further information on the results of the work can be requested from Statistics Finland.

Germany

We pretty much support the implementation of this task force and we agree to the suggested working tasks and the governance procedures. In our view it would be very helpful to create revision measures which are acknowledged by the statistical community and are easy to understand by the users. In addition, the introduction of a special software (e.g. SAS, Excel) environment which would be easy to work with would be a real asset for the outcome of this task force. Beside this, we are very interested to the outcomes of the analysis of revisions caused by the seasonal adjustment process, as this might be a further topic which seems very important for revision analysis in general.

Hungary

Revision practice in STS-data in the Hungarian Central Statistical Office

In accordance with the Code of Practice (Principle 6), errors in publications are corrected as soon as possible, using the following process:

Monthly data (industry: production, turnover, new orders and stock of orders; construction: production, new orders and stock of orders; retail trade: turnover; as well as labour data of all sections) are revised quarterly, back to the beginning of the year. After the processing of annual surveys (generally in the Summer after the reference year), monthly data are confronted with the annual ones and are corrected retrospectively, if necessary. Accordingly the data can differ from figures of the previous publications.

Time series of working day and seasonally adjusted data: As only the ARIMA models of each time series are fixed, the seasonal and trading day factors are re-calculated each month, working day and seasonally adjusted data change every month.

ISTAT

Istat comments about the three specific issues submitted to STESWP participants:

(i) Istat fully agrees with the terms of reference of activity on revision analysis (and participates to the task force).

(ii) Istat shares the proposed governance procedure.

(iii) Istat has developed in recent years both tools to disseminate revision information to users (namely for the Industrial Production Index), and applications aimed at refining revision analysis. Referring to the 8 typologies listed in section C of the paper, the following results and activities can be mentioned:

(related to point iii) Starting from the “Template triangles for revision analysis” and “The template for revision analysis”, a more simplified tool has been built. This new tool uses some Visual Basic functions that avoid many intermediate calculations reducing the number of spreadsheets in the templates.

(related to points (v) and (vi) that in our view are closely linked together) Extensive work has been carried out on the industrial production indices, developing the analysis of revisions concerning three typologies of data: raw, working-day adjusted and seasonally adjusted indexes.

The analysis has revealed interesting results:

- the revision process caused by working-day adjustment (the regression method is used) is negligible (revisions in raw data and working-day adjusted data show the same properties);
- the revision process due to seasonal adjustment differs with respect to the one inherent to raw data in two aspects: the size and the statistical properties of revisions.

The main conclusion is that analysis carried out directly on seasonally adjusted data blurs interesting aspects that can be disentangled considering also the property of revisions of raw data. Similar results have been derived on a very preliminary study concerning the retail trade index.

A paper on this issues will be shortly available.

(related to point (viii)) The revision analysis carried out on the industrial production index and on retail trade index allowed to:

- detect the sectors with a revision process that shows systematic structures and that should need further analysis on the production process of raw data.
- suggest a different approach for the seasonal adjustment: the analysis revealed that the use of the concurrent approach produces much smaller revisions in comparison to those coming from the concurrent approach.

Korea

(i) The terms of reference seems to be proper.

(ii) We think the proposed procedures are relevant.

(iii) The monthly revision and annual revision processes are carried out in Monthly Industrial Activities. 2 preceding months-are revised in monthly revision process. Annual revision process is applied for the different span of revision from the state of things, but usually 1 preceding year is

revised. The main reason for revision is to correct the errors in monthly revision and the annual revision focuses on the updating the data such as annual settlement and complementing the sample by using the structure survey.

Luxembourg

The guidelines on best practices to be developed that are described by the task force seem to be complete. Concerning point (iv), Statec wants to remark that the extent and frequency to which time series should be revised don't only depend on the quality and availability of data but also on the national revision policy. It can also depend on the specific character of the national economic structure and the size of the economy. In very small countries for example, an estimation of missing data can cause bigger problems than in larger countries: if e.g. an enterprise in manufacturing representing 10% of gross value added hasn't declared its monthly production, the correction of an approximative estimation can cause large revisions when data from that enterprise becomes available. The main reasons for revisions of e.g. the index of industrial production in Luxembourg are the incorporation of data of late respondents, the correction of (wrongly) estimated data, the use of different methodologies for the calculation of the first estimates and the official releases and also long-term revisions (of data and/or of methodology). Revisions are always considered as 'qualitative improvements': the last result should always be better than the previous ones.

Only the NSO can decide how, how often and when there will be a revision of data. Therefore, the practical implementation of a common guideline will not be possible.

Concerning the proposed governance procedures, Statec thinks that these are appropriate. Unfortunately, Luxembourg has not yet performed work on issues which relate to any of the terms of reference described in Section C.

Netherlands

- (i) The terms of reference are fine. An additional issue that might be considered is the trade-off/dilemma between consistency and stability and how different countries deal with this. Statistics Netherlands places a high value on consistency, as a result of which several short-term statistics, such as the monthly industrial production index, are revised on many occasions (see the attached paper *Statistical Benchmarking: the Dutch case*). In the end, some three years after the first published estimate, the MPI is adjusted to the (final) national accounts. Not all users appreciate this. We know of some statistical institutes that do not adjust the MPI and similar short-term statistics to national accounts statistics.
- (ii) Yes.
- (iii) For some years, Statistics Netherlands has performed revision analysis for GDP volume growth estimates. There exist several papers (mostly written in Dutch) on the subject. The paper *How to judge the reliability of provisional National Accounts* (in English) is attached.

Norway

No comments except a general remark that Statistics Norway regards the proposed terms of reference and governance for the work of task-force as outlined relevant for this topic.

Poland

The CSO of Poland agrees with the outlined directions of works for task-force taking into account in particular the basic items: period in which the revision of data should be carried out, tools used for revisions analysis, the way of revised data presentation.

From the macroeconomic analysis point of view the most important issue is also the question how to use the results from revision analysis studies to identify improvements that could be made in the statistical estimation. According to the opinion our STS users it is also important to underline the necessity to continue surveys (and publication of its results on a large scale) concerning revisions influence on predictive quality of econometric models and construction of indices.

Slovenia

- i) We found the terms of reference relevant and a good starting point for the work of the task force. Perhaps, the role of the information on the revisions in the standard quality reporting should be more explicitly stated. Also the impact of the revisions on all the quality dimensions should be considered.
- ii) The proposed governance procedures seem appropriate and we have no comment on that.
- iii) At the Statistical Office of the Republic of Slovenia most of the revisions are performed in the field of the short-term statistics. In most of the cross-sectional surveys, the first results are also the final results. There is no standard policy for the frequency and the timeliness of the revised series, but most of the short-term surveys publish the revised indices each month in the internet-available database. The monthly results of the industrial production index for year Y are for example subject of the revision approximately by June of year Y+1. After that period all the results in the database are “frozen” and can no longer be changed. With the “regular releases” only the warning that the results are provisional are provided. More information about the revisions is provided in standard quality reports (QR), which are also publicly available on our website. The problem of the revisions is in the QR treated in the chapter *Coherence*; subsection *Coherence between final and provisional results*. The following items should be reported:
 - Policy of publishing the provisional data
 - Coherence between provisional and final data in the form of the quantitative quality indicator, defined as the average relative size of the revisions.
 - Reasons for significant differences between the provisional and final data.(Department for Sampling and Survey Methodology)

Spain

With regard to the questions arisen, we find relevant the topics included in the terms of reference and we support the mandate of the task force on performing revisions analysis. I think the governance procedures are appropriate since we attend both the STESWP and the Euro-indicators WG. In the scope of European Statistical System, both the Short Term Statistics Working Group

and the Euro-indicators WG co-ordinate activities, among others, related to revision in infra-annual economic statistics. For this reason, we would like to propose that the STS Working Group is also informed on this issue.

In particular, the Directorate of Statistics of Services computes the revisions of provisional data every month. The experts make an analysis of revisions establishing the causes, specially in the most important cases. For working day and seasonally adjusted series, the revisions are annually calculated when the parameters of the econometric models are adjusted.

Sweden

The terms of reference for the TF seems very ambitious. If these guidelines are made available and a revision policy is being worked out this will mean a lot of work for the NSO's. We agree that the work is important but we also recognise that the level of detail is very extensive.

The proposed governance procedures seems appropriate. Perhaps a report for information should be made to the Eurostat's WG on short-term statistics as well.

At Statistics Sweden we are currently not working with revision analyses in a systematic way. It is only the National Accounts that revise their data on a frequently base because of new information. These revisions are only explained verbally to the users describing what has caused the revision. A more detailed analyse is not made. For other shot-term statistics revisions are made less frequently.

Switzerland

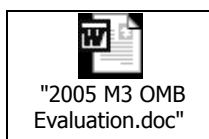
SFSO wants to thank OECD for all work done in this domain. Please find our answers to following questions.

- (i) We consider them as relevant for this topic. For us it is important that revisions are planed and coordinated within our integrated system for economic statistics.
 - (ii) Proposed governance procedures are appropriate
 - (iii) Brief summary:
 - We elaborate for all our statistics a Revision strategy based on our Revision policy.
- (points 4 and 5 in Section C)

United States

- (i) The Census Bureau considers the terms of reference outlined in the paper as both relevant and adequate to the task force to meet its goals of establishing a set of guidelines for performing revisions analysis and in formulating a revisions analysis policy.
- (ii) The terms of governance appear appropriate and reasonable.
- (iii) The U.S. Office of Management and Budget (OMB) provides policy and procedural guidance for ensuring the quality, objectivity, and integrity of statistical and other

information disseminated by federal government agencies. The Census Bureau has adopted quality standards based on these OMB guidelines. Copies of these relevant documents have been provided to the task force. The OMB provides more stringent requirements on the compilation, evaluation and release of Principal Federal Economic Indicators including a periodic evaluation of the performance of each indicator. Agencies are required to evaluate preliminary data and revisions, and take actions to improve their data if the difference between preliminary and final aggregate data are large relative to average period-to-period differences or if the preliminary estimates show signs of a consistent bias. I am attaching the most recent performance evaluation for the Census Bureau's Manufactures' Shipments, Inventories, and Orders Survey.



Canada

The list of issues being examined is quite complete. Being able to quantify the various causes of revisions, even though difficult, should remain a main goal. Due to the strong correlation between revisions and credibility of NSO, it is important to ensure findings and recommendations of the Task Force are well communicated to senior managers as well as analysts within NSO.

STC is represented on the Task Force and will not submit more documentation than already provided for the moment. STC is currently reviewing the quality of its statistics for 9 of its mission critical programs – monthly and quarterly GDP, Labour Force Survey, prices statistics and industry statistics. Based on outcome of this exercise, STC may be able to provide documents related to this exercise.