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PRESENTATION OF REVISIONS

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PRESENTATION OF REVISIONS

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The paper will start with some general remarks about revisions and its implications for users. This will be followed by the description of revision practices at the statistical offices in Germany and in other countries. The paper ends with some useful points to keep in mind when formulating a final recommendation.

1. Reasons for Revisions

Due to non-response, corrections and other reasons revisions are in many cases unavoidable. The specific reason for revisions can differ across the calculated indicators and between countries. The relevance of revisions of a main aggregate indicator on the one hand and revisions of the underlying components on the other should be taken into account. However, the implications of revisions for policy-making are much greater in the first case.

In general, revisions are made due to:

- receipt of additional or more comprehensive data
- replacement of model-based estimates with source data
- methodology reasons
- re-basing.

In addition, we may distinguish between common revisions which are common practice (e.g. re-basing, methodology reasons) and revisions that are due to the requirement for more timeliness (caused mainly by incomplete data).

The main aim of revisions is to improve the quality of the preliminary figures published.

2. User related issues regarding revisions

It seems that the most relevant figure for the general public is the first (preliminary) figure disseminated in the press release. So, it seems that a separate publication of revisions is not very informative for the usual users and it could be argued that (frequently) revisions are dispensable if the data quality is good enough.

Nevertheless, the requirement for more timeliness often leads to a lack of quality because more estimates are used. Users who require the economic indicators for policy-making seem to be interested in both things, that is high quality data and timeliness. Therefore, there is a trade-off between accuracy and

timeliness and one could ask if a limit should be fixed within which revisions are tolerable without breaking the requirement of acceptable timeliness.

However, keeping in mind the above principle that the main aim of revisions should be the improvement of the preliminary results, it makes sense to inform users (in an adequate manner which could be discussed later)

- of the status of the published data and
- of the revision history of major economic indicators.

That information could be very helpful for the expectation building process of the economic actors. In addition, the revision history could be an important tool for economic forecasts.

3. National practices regarding the presentation of revisions

The following examples show revision practices in different countries. It is obvious that presentation practices vary between countries. An exception could be made for the dissemination of the (first) provisional figures in the press release, which seems to be a common practice in most countries.

3.1. Germany

To provide current information for the industrial sector in Germany, the Federal Statistical Office publishes the first provisional result for the index of production and the index of new orders five weeks after the reference month. The corresponding press release is published by the Federal Ministry of Economics and Labour (<http://www.bmwi.de>).

In general, for all first provisional results the press release calendar is fixed one year ahead. The release calendar for each indicator is published at the web page of the Federal Statistical Office (<http://www.destatis.de/press>). Time series of the economic indicators are also available for download at the web page.

Additional information about the economic indicators in terms of calculation, press release, accuracy and time series data is available on the website of the Federal Statistical Office under the link 'Statistics from A to Z'.

In most cases (exceptions are the CPI and the GDP), the Federal Statistical Office does not explicitly make users aware of the timetable of future revisions. However, some information is given in the text of the press release, indicating that the results are based on preliminary data. While most of the revisions are not published separately by an official press release, the (internet) database is immediately updated after any revision.

The following table shows, for some examples, how future revisions are treated in the press release. In most cases (except for one example -the CPI-) there is only one (preliminary) release. The last column of the table gives information about which growth rate is used.

(Monthly) Indicator:	Dissemination form: - Press Release -		Growth rate applied in the press release:
	preliminary <i>Kind of information in terms of revisions in the press release</i>	revised (approx. 10-15 days later)	
1. Production index	expected corrections (upward/downward)	no	1. change on the previous month (in %) from seasonally adjusted data 2. change on the corresponding month of the previous year (in %) from working-day adjusted data
2. Index of new orders	normally no explicit information about revisions	no	1. change on the previous month (in %) from seasonally adjusted data 2. change on the corresponding month of the previous year (in %) from working-day adjusted data
3. Consumer price index	approx. date for the revised monthly data	yes including more detailed breakdown	1. change on the corresponding month of the previous year (in %) from original data 2. change on the previous month (in %) from original data
4. Turnover in retail trade	normally no explicit information about revisions	no	1. change on the corresponding month of the previous year (in %) from original data 2. change on the previous month (in %) from seasonally adjusted data
5. Foreign trade	normally no explicit information about revisions	no	1. change on the corresponding month of the previous year (in %) from original data 2. change on the previous month (in %) from seasonally adjusted data

3.2. Italy

Italy releases, along with the press release, a short methodological note which states the schedule of revisions. For some provisional indicators (e.g. the industrial production and the industrial output prices)

users are made aware that the revised data are published with the next provisional data. Up to the beginning of this year, there was an additional release with the final estimates of the index of production about two weeks after the first release (but without an announced timetable).

As in Germany, for the consumer price index there are two press releases. A first one with the provisional data and a second one with the final data and more detailed data.

The revision practice for the GPD is as follows: for each quarter data concerning the previous three years are revised. The yearly averages are revised once a year in March.

Istat publishes the revised data in the time series attached to the press release together with a footnote which points out that the previous month data are final. It is planned to make the status of the data clear to the users e.g. for revised data the flag "r" and for previous data the flag "p".

3.3. France

For France the presentation of revisions can be summarised as follows: For indicators which are presented only as seasonally adjusted data an indication of the revisions is rarely provided (e.g. foreign trade, quarterly accounts, household consumption). For indicators published as raw data, the indication of revisions is sometimes flagged with the addition of an "r" (rectified) as in the case of producer prices. For other short term indicators (index of production, indices of sales turnover) only significant corrections are highlighted.

Furthermore for the index of production each month the press release indicates the revision of the previous month's results. In addition, there is a graph of the revisions once a quarter (for some aggregated indices). It is planned to disseminate a summary table for some indicators of the origin and the extent of the modifications made to the index.

3.4. Switzerland

The revised value of the preceding quarter of the Index of Production is published at the same time as the preliminary current value.

3.5. Korea

In Korea revised data for the recent two months are published when the next monthly data are published. Furthermore there is an annual revision for the past twelve months and a more detailed revision along with the new base year (once in five years).

4. Recommended best practice

At this stage of the debate it seems to be appropriate to pick out some features and ideas which could be relevant in formulating a final recommendation.

The main aim of revisions is the improvement of the provisional figures. So far, the recent status of the data can give useful information about the data quality (revised results should be of better quality than preliminary results). Therefore, users should be made aware of the status of the data recently published by official agencies. A practicable way to do so is in using a data-flag in the disseminated database and at the time series in the press release (for example "p" for provisional data and "r" for revised data).

It is an open question whether the revised data should be communicated in an extra press release. This could be taken into consideration at least for some important economic indicators. Nevertheless the results

so far in the debate are indicating that an exact timetable for the revised results seems not an appropriate way.

In addition, the presentation of the revision history should be taken into consideration (at least for the most important indicators like the production index, consumer price index, quarterly national accounts). The past revisions could be an important issue for improving economic forecasts in taking advantage of the (systematic) revision process.

Furthermore, it could be useful to calculate revision measures (for example the average sum of absolute revisions (ASAR), the average balance of revisions(ABoR)). A practicable way could be to calculate the measures yearly and disseminate the results in the metadata.