

A new survey-based indicator to track Industrial Production

This study explores alternatives to the commonly used balance statistics, with specific application to the business confidence in the industry sector. We show that the proposed alternative - percentage of negative answers - has better properties and a new synthetic indicator based on this alternative outperforms both the Industry Confidence Indicator and the Business Climate Indicator. Among different possible composite indicators, the average of the percentages of negative answers for questions concerning the past and the future production is chosen.

Performance of this new synthetic indicator, in tracking and forecasting the industrial production growth in the euro area, is assessed in-sample and out-of-sample and compared to the performance of the Industry Confidence Indicator and the Business Climate Indicator.