

Composite Leading Indicators for Major OECD Non-Member Economies and Recently New OECD Member Countries

The OECD developed a System of Composite Leading Indicators (CLIs) for its Member Countries in the early 1980's based on the "growth cycle" approach and up to now the OECD compiled composite leading indicators for 23 of its 30 Member countries. The country coverage has now been expanded to include all Member countries (except Iceland) and the major six OECD non-member economies (Brazil, China, India, Indonesia, Russian Federation and South Africa) monitored by the organization in the OECD System of Composite Leading Indicators.

CLIs for the major six OECD non-member economies have been developed in co-operation with national experts, while CLIs for recently new OECD Member countries (Korea, Czech Republic, Hungary, Poland and Slovak Republic) have been constructed from potential leading indicators identified among indicators for each country available in the Main Economic Indicators database (MEI). This approach has also been applied to the CLIs constructed for New Zealand for which the unavailability of an industrial production series prevented the calculation of a CLI in the past.

The CLIs are aggregated time series, and have been compiled using a modified version of the method developed by the US National Bureau of Economic Research. In general, the index of industrial production covering all industry sectors (IIP) is used as a proxy measure for GDP as historical turning points of IIP (reference turning points) have coincided with those of the entire economies for most OECD countries. The CLI comprises a set of component series selected from a wide range of key short-term economic indicators (about 5-10 for each country). The component series selected are those known to provide an indication of future economic activity. They will also be suitable when changes in economic structures occur in future.

The new CLIs for these 12 countries have been published for the first time in this April 2006 edition of the MEI publication together with existing CLIs for the other 23 OECD countries in the Part 1 table: Composite Leading Indicators. Information on component series used for all countries CLIs (including the new countries) and reference turning points is also available on the OECD website at <http://www.oecd.org/std/cli>. In addition, a technical paper which outlines the procedures used for compiling the CLI for the twelve new countries is available at <http://www.oecd.org/dataoecd/35/22/36414874.pdf>

For further information on the inclusion of these new series, please contact Ronny Nilsson at ronny.nilsson@oecd.org.