

# Introducing the MEI Original Release Data and Revisions Database

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First releases of official statistics are often revised in subsequent releases, sometimes substantially. Such revisions can impact on policy decisions, as revisions to first published data may alter the previous assessment of the state of the economy. This may occur through a changed interpretation based on the revised data itself or the impact the revision may have on econometric models which may incorporate several statistics, each subject to revision. Whilst this is a recognised issue of key importance, most producers of official statistics do not quantify expected revisions to their data and economists do not have the required data to test the sensitivity of their econometric models to revisions in input data. This important gap in knowledge required to effectively use official statistics and demands from central banks motivated the OECD to develop a unique new product: the Main Economic Indicators Original Release Data and Revisions Database, now freely available at: <http://stats.oecd.org/mei/default.asp?rev=1>.

This product allows both users and producers of official statistics to study the magnitude and direction of subsequent revisions to official statistics and for economists to test the likely effectiveness of econometric models in simulated real-time. The above link provides access to an interface containing the following data and information.

- Full time series as far back as 1960 in some cases for 21 key economic variables as originally published in each monthly edition of the OECD Main Economic Indicators (MEI) CD-Rom from February 1999 onwards for OECD countries, the Euro area, China, India, Brazil, South Africa and the Russian Federation. This database is updated on a monthly basis and provides the raw data needed by economists to test the performance of their econometric models in simulated real time.
- Access to comprehensive revisions analysis studies performed by the OECD for Gross domestic product, Index of industrial production and Retail trade volume. Figure 1 at the end of this article shows revisions after 3 months, 1 year and 2 years to the first estimate of the Index of industrial production as published in the MEI across all countries.
- Automated programs and a detailed user guide allowing both producers or users of official statistics to perform their own revisions analysis based on the OECD methodology for any country and variable combination available in the database.
- Information on reasons for revisions, together with recommended practices to aid producers of official statistics in establishing a transparent revisions policy for economic statistics.

The following variables are included in the database: GDP and its expenditure components; Industrial production and Production in construction; OECD Composite leading indicators; Retail trade, Consumer price index; Standardised unemployment rate; Civilian employment; Hourly earnings in manufacturing; Monetary aggregates; International trade in goods and Current account balance. This list of variables was based on feedback from a survey of central bank contacts to determine which economic variables were the most important to include in such a database - based on the restriction that they had been published in the MEI. Market based financial variables also published in the MEI (e.g. interest rates, exchange rates) which are often part of econometric models were not included in the database as they are not revised - and thus originally released data will be the same as that in currently available MEI time series.

## Demand by central banks for a "real time" database

Central bankers and economic forecasters have been paying increasing attention in the recent past to the concern that their econometric models may be sensitive to revisions to input variables, which may therefore affect the performance of their models. This reflects the need to test the robustness of their models on historical originally released (and then subsequently revised) data - thus simulating the likely performance of their models in "real time". This issue has been a subject of debate over the last few years at the Euro Area Central Bankers Network (EABCN) meetings, and is the subject of a special conference being organised by the Federal Reserve Bank of Philadelphia in April 2007 titled: Real-Time Data Analysis and Methods in Economics. Consequently this has generated a considerable demand for databases which provide access to first (and subsequent) releases of data for key economic variables. The OECD Main Economic Indicators Original Release Data and Revisions Database will be the first continuously updated database freely available to the general public which provides the required data to perform this type of analysis across such a wide range of countries.

## Analysis of revisions by national statistical institutes

Analysis of revisions for key economic variables such as those included in the database enables national statistical institutes to evaluate their performance against a key dimension of statistical quality - accuracy. Ultimately this can lead to a better understanding of the statistical compilation process and enable problems to be identified and improvements to be made. This is one of the reasons why the International Monetary Fund's Special Data Dissemination Standards (SDDS) encourages countries to undertake revisions analysis and gives considerable prominence to the need for national agencies to develop a revisions policy that is both transparent (as to the underlying cause(s) of revisions) and consistent across the range of economic statistics (both structural and short-term) compiled.

Despite this recognised importance, to date few national statistical institutes (NSIs) perform detailed revisions analysis on an ongoing basis for their key economic statistics as obtaining the necessary data and developing the programs required is a resource intensive task. However this new OECD facility provides the opportunity for NSIs to easily and quickly undertake such analyses. Consequently the OECD has launched a publicity campaign for the database to make NSIs aware of its existence and reiterate the importance of undertaking such analyses to better understand and identify improvements that can be made in the compilation of their official statistics.

To access the OECD Main Economic Indicators Original Release Data and Revisions Database, see: <http://stats.oecd.org/mei/default.asp?rev=1>. For more information on this unique new product, contact [Richard.mckenzie@oecd.org](mailto:Richard.mckenzie@oecd.org).

**Figure 1: Mean absolute revision to the MEI first published estimates of year-on-year growth rates for the Index of industrial production**

