

Box 5

Non-financial statistics supporting the analysis of euro area-wide economic developments

To assess macroeconomic developments in the euro area, a comprehensive set of reliable and up-to-date euro area-wide statistics is needed. In particular, these statistics must have a sufficient coverage of euro area-wide developments and country data should, to a high degree, be comparable. However, at this juncture much of the data, particularly longer time series, are available only on a non-harmonised basis. The definition and collection of statistics has been the responsibility of individual countries and, in the past, the need for harmonised data was limited. International definitions and standards have been developed over time, while only recently have more systematic efforts been made, not least in response to certain legal obligations, to work towards a harmonised statistical base within Europe. This box briefly describes the set of euro area-wide

statistics on prices and costs, on output and demand and on the labour market that are currently available and indicates where improvements are likely in the near future (see also the “Euro area statistics” section in this Bulletin).

The ECB and its predecessor, the European Monetary Institute (EMI), have strongly supported initiatives at the European level which have aimed at providing the statistical basis for the single monetary policy. While an important impetus in this process was the provision of comparable statistics for the purpose of assessing convergence, the ECB data requirements are broader and at the same time more detailed. Moreover, the timeliness of the euro area results is crucial for their use for monetary policy purposes. These issues were recognised in a number of EU Regulations on statistics which have been enacted by the Council of the European Union on the proposal of the European Commission over the past few years (see below). Moreover, there are supplementary initiatives which will contribute to the euro area-wide statistical basis, such as the agreement between the Statistical Office of the European Communities (Eurostat) and all EU national statistical institutes (NSIs) to provide a set of existing key variables in a very timely fashion. The result of these initiatives is that the data situation has improved significantly and further improvements are expected in some areas in the course of 1999.

However, where harmonised data are not yet available in a timely fashion, it is necessary to use the best estimates which can be derived from national sources. These estimates are generally compiled on the basis of data for most, but not all, countries.

Price and cost statistics

For the conduct of monetary policy the Harmonised Index of Consumer Prices (HICP) for the euro area is of crucial importance. Eurostat provides, on a timely basis, the HICP and its sub-components on the basis of harmonised measures with respect to coverage, standards for the procedures for quality adjustment and numerous technical details. Further harmonisation and broadening of the coverage, for example to include expenditures on education and health services, are planned for the next two years. However, these series are considered to already meet the requirements of the ECB for policy analysis in terms of reliability, timeliness and comparability.

National accounts deflators, producer price statistics and labour costs are other indicators used for the analysis of price developments. They are not yet based on fully harmonised data and have a varying degree of coverage and comparability. Most of the data used in this context are provided by Eurostat and improvements can be expected as a result of the Regulation on the European System of National and Regional Accounts 1995 (ESA 95) in the second quarter of 1999 and of the Regulation on short-term statistics from 1999 onwards. In addition, a further initiative was launched to harmonise measures of real GDP in the context of the Stability and Growth Pact. Concerning the current situation, while national accounts deflators at the aggregate level provide a reasonable basis for analysis, they contain data which are estimated for several smaller countries that do not yet report quarterly national accounts. Producer price statistics vary to some degree in terms of the definitions used. Standardised labour cost measures are currently not available for all countries at a quarterly frequency, but are expected to be available as from spring 1999.

Output and demand statistics

Data on euro area GDP and its expenditure components are published by Eurostat. The quarterly statistics include an estimate for those Member States which do not yet produce quarterly accounts. Euro area-wide estimates of GDP are also constructed by the ECB on the basis of national data (not presented in the section on “Euro area statistics”). Differences between aggregates published by Eurostat and estimates based on national data can occur owing to the treatment of working days and seasonal adjustment in the respective sources, notably for German data. As mentioned above, the implementation of the ESA 95 will broaden the availability of national accounts data during 1999.

In addition, both quantitative and qualitative short-term indicators, namely industrial production and survey data (for example, on confidence in the consumer, industrial and construction sectors) are available on a monthly basis in all Member States. Many of the quantitative data examined by the ECB are covered by the EU Regulation on short-term statistics, and improvements in data provision at the euro area level are expected. The coverage of countries, the comparability of the data and the timeliness of data releases in the Member States are the main concerns in respect of the industrial output data. This is also the case for retail trade turnover and other kinds of information on activity in the services sector. Thus national data currently provide valuable supplementary information.

Labour market statistics

As regards employment statistics, quarterly and sometimes monthly data are available for most countries. The data are derived from different sources (surveys, registers) and are therefore not yet fully comparable. A reliable, timely and high frequency sectoral breakdown of employment is not yet available. Data on unemployment are published by Eurostat on a standardised basis, and may therefore differ from results quoted at the national level. A breakdown of short-term and long-term unemployment on a standardised basis at monthly frequency, though desirable, is not currently possible. Besides the two EU Regulations mentioned above, the results of the new regular labour force surveys, also introduced by EU Regulations, will improve the data available in the near future.