

## Box 7

**PRINCIPAL EUROPEAN ECONOMIC INDICATORS: PROGRESS UP TO SEPTEMBER 2004**

The Principal European Economic Indicators (PEEIs), approved by the ECOFIN Council in February 2003, consist of a list of major euro area and EU statistics and set targets for their frequency and timeliness that should be met by 2005. The PEEIs were developed from the Action Plan on EMU Statistical Requirements endorsed by the ECOFIN Council in autumn 2000, which established priorities for improving euro area statistics. The ECOFIN Council also invited the Economic and Financial Committee (EFC), with the assistance of Eurostat and the ECB, to closely monitor progress.<sup>1</sup> This box discusses recent progress made towards meeting the targets set for the PEEIs.<sup>2</sup>

1 ECOFIN Council conclusions, 2 June 2004.

2 See the box entitled “The Principal European Economic Indicators” in the article entitled “Developments in general economic statistics for the euro area” in the April 2003 issue of the ECB’s Monthly Bulletin.

Since the launch of the PEEIs in February 2003, a number of additional euro area PEEIs have become available. These have been made possible by new or more timely releases by national statistical institutes (NSIs) and the compilation by Eurostat of European aggregates from these releases (see the table). Eurostat started to publish *flash estimates of euro area GDP* in May 2003; these estimates are currently published 43 days after the end of the reference quarter. The country coverage of the flash estimate now extends to 83% of the euro area. So far, all quarter-on-quarter volume growth rates of the euro area GDP flash estimate have been confirmed by the estimate contained in the first subsequent release, which is based on more complete data. Quarterly information on *general government revenue and expenditure* was recently published for the first time.<sup>3</sup> Monthly data on *new orders in manufacturing industries* have been available for the euro area since November 2003. For new orders, a country coverage of 97% and a timeliness of four days above the target delay of 50 days have been achieved. First data on the *job vacancy rate* were made available in July 2004. The timeliness of the first release (92 days) is significantly above the target of 45 days, but this is expected to improve with subsequent releases. Further improvements are also needed with regard to the country coverage and harmonisation of the vacancy data.

<sup>3</sup> See the article entitled "Properties and use of general government quarterly accounts" in the August 2004 issue of the ECB's Monthly Bulletin.

## Principal European Economic Indicators

(situation as at summer 2004)

	Periodicity (M = monthly; Q = quarterly)	Release target for euro area indicators <sup>1)</sup>	Current release of euro area indicators <sup>1)</sup>	Current release of US indicators
<b>Consumer price indicators</b>				
HICP: flash estimate	M	0	0	NA
HICP: actual indices	M	17	17	14 <sup>2)</sup>
<b>Quarterly national accounts</b>				
First GDP (flash) estimate	Q	45	43	30
GDP release with more breakdowns	Q	60	69	30
Accounts for households and corporations	Q	90	NA	60
Government finance statistics	Q	90	100	60
<b>Business indicators</b>				
Industrial production index	M	40	47	14
Industrial output price index (domestic)	M	35	33	14
Industrial new orders index	M	50/40 <sup>3)</sup>	54	28
Industrial import price index	M	45	NA	7
Production in construction	M/Q	45	77	16
Turnover index for retail trade and repair	M	30	35	15
Turnover index for services	Q	60	NA	NA
Producer price index for market services	Q	60	NA	NA
<b>Labour market indicators</b>				
Unemployment rate	M	30	32	5
Job vacancy rate	Q	45	92	5
Employment	Q	45	100	5
Labour cost index	Q	70	76	30
<b>External trade indicators</b>				
Trade balance	M	45	50	44

Note: NA = not available.

1) Publication in calendar days after the end of the reporting period.

2) Refers to Consumer Price Index (CPI).

3) Long-term release target of 40 days.

By comparison with end-2002, timeliness has been improved for a number of euro area PEEIs. The most significant gain in timeliness, around 25 days, has been observed for the *turnover index for retail trade*. This was made possible by the introduction of a European sampling scheme. This promising new approach is based on early estimates by NSIs which are often drawn from the sub-sample of existing national samples. Furthermore, the release of the *labour cost index* has been advanced considerably (76 instead of 90 days).

Several PEEIs are still lacking. *Turnover indicators for services* are expected to become available by 2005. Data on the *quarterly accounts for the household and enterprise sectors* are currently expected to become available in 2006.<sup>4</sup> The situation is more unclear for *industrial import prices* and *producer prices for market services*, as progress with regard to these indicators is dependent on the adoption of the amendment of the Council Regulation concerning short-term statistics. European results are likely to become available only by 2007. Furthermore, the country coverage for several short-term business and labour market PEEIs is not yet sufficient (e.g. *labour cost index*). Commitments from NSIs suggest that in the course of 2005 the coverage of the *flash estimates for the HICP and GDP* will increase.

In general, the timeliness of similar indicators for the United States is still better than that achieved for the majority of the PEEIs; this is particularly true for labour market indicators. Improvements in the timeliness of the PEEIs are to be expected from the application of the “first-for-Europe” principle. This principle means that the release calendar for the PEEIs will follow European policy needs, e.g. by ensuring the simultaneous publication of area-wide and national results. As a first step, preparations are under way for a common release calendar for *GDP and HICP flash estimates* in 2005. Unfortunately, this practice was not applied in the release of the GDP flash estimate for the second quarter of 2004, where the euro area estimate was published one day after the national GDP releases. Finally, the “first-for-Europe” principle calls for the establishment of a European revision policy in order to overcome the problem of frequent and uncoordinated revisions of European aggregates. In its recent report on EMU statistics,<sup>5</sup> the EFC strongly supported efforts to further coordinate the publication of PEEIs by means of common release and revision policies that follow European needs.

Overall, the PEEIs have already generated significant improvements in the statistical information for the euro area; however, without a stronger commitment by the national authorities, the full achievement of the PEEI targets in 2005 is at risk.

4 At the end of 2003 the European Commission submitted a proposal for a European Parliament and Council Regulation on quarterly non-financial accounts by institutional sector.

5 Economic and Financial Committee: “Status Report on Information Requirements in EMU”, Brussels, 25 May 2004.