

Box 6

FURTHER PROGRESS ON THE PRINCIPAL EUROPEAN ECONOMIC INDICATORS

The Principal European Economic Indicators (PEEIs), adopted by the ECOFIN Council and the European Commission in February 2003, consist of a list of major euro area and EU economic statistics, which will be published according to an agreed timeliness. The ECOFIN Council invited the Economic and Financial Committee (EFC), with the assistance of Eurostat and the ECB, to regularly monitor progress.¹ In particular, this year's report² addressed the progress made on the availability and quality of PEEIs and on the benchmarking of the PEEIs against corresponding indicators for the United States (US PEIs).

Since the launch of these indicators in 2003, progress has been made on the availability of new PEEIs and on the timeliness of existing PEEIs. However, the overall aim to fully implement all requirements on PEEIs by 2005 has not been met. In sum, nine out of a total nineteen PEEIs

Principal European Economic Indicators

(situation as at November 2005)

Euro area indicator	Periodicity (m=monthly; q=quarterly)	Release target for euro area indicators	Current release of euro area indicators	Current release of US indicators	Memo: Release of euro area indicators as at summer 2004
Consumer price indicators					
HICP flash estimate	m	0	0	n.a.	0
HICP actual indices	m	17	17	14-23	17
Quarterly national accounts					
First GDP (flash) estimate	q	45	45	28	43
First GDP release with more breakdowns	q	60	61	28	69
Accounts for households and corporations	q	90	n.a.	56-60	n.a.
Government finance statistics ¹⁾	q	90	n.a.	56-60	n.a.
Business indicators					
Industrial production index	m	40	49	14-17	47
Industrial producer price index (domestic)	m	35	33	13-20	33
Industrial new orders index	m	50/40 ²⁾	54	23-28	54
Industrial import price index	m	45	n.a.	9-18	n.a.
Production in construction	m	45	74	31	77
Turnover index for retail trade and repair	m	30	34	11-15	35
Turnover index for other services	q	60	67	75	n.a.
Corporate output price index for services	q	60	n.a.	17	n.a.
Labour market indicators					
Unemployment rate	m	30	33	3	32
Job vacancy rate	q	45	75	40	92
Employment	q	45	104 [75]	1-8	100
Labour cost index	q	70	81	29	76
External trade indicators					
External trade balance	m	46	51	42	50

Notes: n.a. = not available; [] = available but not released.

Releases refer to the number of calendar days after the end of the reporting period. The position of weekends and public holidays within a month may cause small changes in the number of calendar days after the end of the reporting period.

1) Released by the ECB in Table 6.4 of the "Euro area statistics" section of the Monthly Bulletin.

2) Long-term release target of 40 days.

1 See the box entitled "Principal European Economic Indicators: progress up to September 2004" in the September 2004 issue of the Monthly Bulletin.

2 ECOFIN Council conclusions on the 2005 EFC Status Report on Information Requirements in EMU and on EU statistical governance, 8 November 2005.

fulfil or are close to the PEEI timeliness targets. Indicators for *services* and labour markets, in particular, *employment* data, should be improved as a matter of priority. The timeliness of most PEEIs is still lagging far behind that achieved for the US PEIs.

Overall, some progress has been made since mid-2004. One additional new indicator has become available since last year, namely the *turnover index for other services*, although the timeliness of its release still needs to be shortened. Improved timeliness is identified for the *job vacancy rate* and for *GDP and its breakdowns* (see Table). This progress notwithstanding, important challenges remain. European results for *quarterly accounts for the household and corporations*, *industrial import price index* and *output price index for services* are not yet available. As for short-term business statistics, the availability of timely and high-coverage indicators for services is currently inadequate, which represents a major weakness given the importance of *services* in the euro area and the EU. Finally, the timeliness of *employment*, *job vacancy* and *labour cost* data should be improved to enable a timely assessment of the labour market situation in Europe.

The findings of the benchmarking of the PEEIs against corresponding indicators released in the United States underline the need for the EU to catch up in a number of respects. In most cases, euro area PEEIs still lag well behind US statistics in terms of timeliness, and comparisons for selected indicators suggest that timely US data are not subject to more extensive revisions than euro area data. The lack of common practices for seasonal and working day adjustment of euro area data and across euro area countries is a further shortcoming.

Against this background, the 2005 EFC Status Report proposes that several ways to improve the PEEIs further should be explored. One important approach is the coordination of release, revision and dissemination practices across European countries. Uncoordinated release calendars and revision practices among Member States often create volatility in European aggregates, which may hamper economic analysis. Successful efforts to harmonise release calendars for the *quarterly GDP flash estimate* may be extended to other PEEIs, namely the *HICP*, the *industrial production index* and *quarterly employment*. Harmonisation of seasonal and working day adjustment is another priority. An approach involving the compilation of timely first releases for the euro area based on partial information collected in the euro area countries for this purpose has been advocated as an efficient way to increase the timeliness of euro area results. For euro area *retail trade turnover*, this approach, called European sampling, was first introduced in 2004 and accelerated the timeliness considerably from 64 to 34 days.³ The 2005 EFC Status Report proposes to extend the European sampling approach to other PEEIs, namely the monthly *industrial production index* and *new orders* statistics. The ECOFIN Council also invited the European Statistical System to study best practices in the EU for each indicator and to propose ways to apply these more widely in the 2006 EFC Status Report.

³ See Box 4 entitled "First estimates of retail trade turnover in the euro area" in the April 2004 issue of the Monthly Bulletin.