

Box 4

RECENT CHANGES IN SHORT-TERM STATISTICS

As of the reporting period 2009, data for economic indicators covered by the Short-term Statistics Regulation¹ will follow the new classification of economic activities, “NACE² Revision 2”.³ At the same time, the base year for these statistics has been changed from 2000 to 2005. This box explains the updated classification and the main changes resulting from the introduction of a new base year.

Update of the classification of economic activities

The classification of economic activities “NACE” provides the mandatory statistical framework for a wide range of European statistics, including national accounts, short-term statistics and labour market statistics.⁴ The NACE classification is fully consistent with the International Standard Industrial Classification of all Economic Activities, or “ISIC”.

It is occasionally necessary to update statistical classifications in order to reflect new economic activities and products. The last major update of NACE took place in 1990. NACE Revision 2 will be implemented in a coordinated way across all relevant statistics and all countries in the EU during the period 2008-11. Starting with the reporting period January 2009, monthly short-term statistics for industrial producer prices, production (in manufacturing and construction), retail trade turnover and industrial new orders apply the new NACE. At the same time, data for previous periods have been reclassified where possible. The final statistics to be reclassified will be national accounts, in September 2011.

The basic classification rules (allocation of statistical units on the basis of the main value added-generating activity) remain unchanged. However, 101 additional entries at the most detailed level of classification have been created to reflect different forms of production and emerging industries. The largest increase in entries is in the services industries, reflecting their increased importance and their innovative contribution to modern economies. For example, the new NACE section “Accommodation and food service activities” covers new activities such as mobile food services and event catering. For manufacturing, a few new entries at the aggregated level have been created, for example “Manufacture of computer, electronic and optical products”, which better combines high-tech activities than the former category “Manufacture of office machinery and computers”. Furthermore, “Repair and installation of machinery and equipment”, which was formerly classified under the manufacture of the corresponding type of equipment, is now identified in a separate NACE category. The new section “Information and communication” combines activities involving the production and distribution of information, information

1 Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics.

2 “NACE” is derived from the French title “Nomenclature générale des Activités économiques dans les Communautés Européennes”, the statistical classification of economic activities in the European Communities.

3 Further information on the introduction of NACE Revision 2 is available on Eurostat’s website at http://epp.eurostat.ec.europa.eu/portal/page?_pageid=3233,73049386&_dad=portal&_schema=PORTAL.

4 NACE Revision 2 and the provisions for its implementation in various statistical domains were established in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

Table A Shares of euro area short-term business indicators in 2005 and change compared with the shares in 2000

(percentages; percentage points)

	Industrial producer prices		Industrial production	
	2005	Change from 2000	2005	Change from 2000
Total (excluding construction)	100.0	0.0	100.0	0.0
<i>of which</i> : Manufacturing	83.2	-6.2	89.9	-0.4
Intermediate goods	30.0	-1.6	36.8	0.6
Capital goods	20.3	-0.8	28.8	2.0
Consumer goods	24.9	-4.7	23.5	-2.6
<i>of which</i> : Durable consumer goods	3.0	-1.0	3.5	-0.9
Non-durable consumer goods	21.9	-3.7	20.0	-1.7
Energy	24.7	7.1	11.0	0.0

Sources: Eurostat and ECB calculations.

Note: Data are provisional.

technology activities and data processing, which were formerly classified in various different categories of manufacturing and of services.

The main industry aggregates (known as the main industrial groupings) which are shown in Section 5 of the statistical annex of the Monthly Bulletin continue to be published under the same names. However, the composition of some of these aggregates will be updated. For example, whereas publishing was previously mainly covered under the non-durable consumer goods industry aggregate, it is now classified as a service.

Update of the base year to 2005 = 100 for short-term statistics

Most short-term statistics are expressed as indices using a fixed base year to aggregate more detailed developments. According to international conventions, these weights should be updated at least every five years, in years that end with a 0 or a 5. Consequently, 2005 has become the new base year at the euro area level, and the weights of the components of industrial producer prices and industrial production have changed (as shown in Table A).

For industrial producer prices, where the shares are based on turnover, the greater weight of energy (+7.1 percentage points) is mainly offset by reduced weights for consumer goods (-4.7 percentage points) and intermediate goods (-1.6 percentage points). For industrial production, where the shares are based on value added, capital goods play a larger role (+2.0 percentage points) in 2005 at the expense of consumer goods (-2.6 percentage points). Here, the energy component remains unchanged at 11.0%.

For retail trade and its two main components (not shown in the table), the share of food has decreased by -0.8 percentage point to 42.9%, whereas the share of non-food is now 57.1%. For the two main components of construction (also not shown in the table), the share of building production has strongly increased by 12.1 percentage points to reach 77.9%, whereas the share of civil engineering is now 22.1%.

Impact on the main aggregates for the key indicators

The above-mentioned changes to the NACE classification and the update of the base year have led to revisions in the indicators as shown in Table B. In general, the industrial producer

Table B Revisions in euro area short-term business indicators after the introduction of NACE Revision 2 and the change in base year

(in percentage points)

	Industrial producer prices		Industrial production	
	Average revision	Range of revisions	Average revision	Range of revisions
Total (excluding construction)	0.2	-0.2 to 0.4	-0.2	-0.9 to 0.5
<i>of which:</i> Manufacturing	-0.1	-0.4 to 0.2	-0.2	-1.5 to 0.8
Intermediate goods	0.2	-0.3 to 0.6	0.1	-0.6 to 1.0
Capital goods	-0.3	-0.8 to 0.2	-0.1	-1.8 to 1.0
Consumer goods	0.0	-0.4 to 0.4	-0.4	-1.8 to 1.1
<i>of which:</i> Durable consumer goods	-0.2	-0.7 to 0.2	-0.3	-2.2 to 2.3
Non-durable consumer goods	0.0	-0.4 to 0.5	-0.5	-1.8 to 1.3
Energy	0.8	-0.3 to 2.1	0.5	-1.0 to 1.7

Sources: Eurostat and ECB calculations.

Notes: Data are provisional. The figures shown refer to revisions in the monthly annual rates over the period 2006-08. Data before 2006 have also been revised but are more likely to be subject to further revision in the coming months.

price index has been revised less than the industrial production index. In addition, as usual, the revisions at the level of total industry are slightly smaller than those of some of the main components. For retail sales (not shown in the table), revisions are of a similar magnitude to those for industrial production, whereas revisions in total construction and its two main components (also not shown in the table) are somewhat higher.

It cannot be excluded that additional revisions of the time series will occur in the next few months until NACE Revision 2 has been fully implemented at the national level. All in all, the enhanced possibilities for economic analysis and more up-to-date short-term statistics come at the price of some temporary uncertainty with regard to the results.