

Changes to the MEI “Real Indicators” series

The OECD has enhanced the quality of Real indicators series in the Main Economic Indicators (MEI) database, which were formerly stored under the headings Production, Manufacturing, Construction, and Domestic demand. This process has involved a review of the presentation hierarchy, data and metadata collected from countries, and the definition of ‘target indicators’ for each element of the new hierarchy. From July 2005, the data are classified under the following six top categories: Production, Sales, Orders, Stocks, Worked started and Work in progress.

As a result of this process, the number of published series in MEI electronic products has increased from 865 to 964, and in the paper publication to 875. A small number of previously published series which were no longer consistently updated by the national source or were assessed to be no longer important have been discontinued.

Purpose of the changes and tasks undertaken

As the MEI database facilitates short-term economic analyses undertaken by different types of user groups, it contains a wide range of economic indicators for various countries. In order to meet these needs effectively, MEI database managers have continuously refined the database over the years. Consequently, more comprehensive reviews of the database are required at periodic intervals. For example, in 2004, MEI series for financial indicators and business tendency surveys were reviewed and the hierarchies, data and metadata were made clearer and more user-friendly.

Due to significant heterogeneity in data availability across the OECD Member countries, the hierarchy used until July 2005 to present Real indicators series in the MEI database had evolved to become a mixture of economic activities and types of indicators. The review concluded that this structure was confusing and likely to mislead the users of MEI data. As a result, the new hierarchy for Real indicators series aims to be more logical, better balanced across industry groupings including services, and more relevant for short-term economic analysis.

At the same time, the MEI database contained a non-negligible number of Real indicators series which were no longer updated at their sources or whose classifications and relevance were less straightforward due to a lack of clear statistical information. In addition, emerging user requirements needed to be taken into account due to ongoing changes in economic phenomena (e.g. increasing importance of the services sector).

To accomplish this mandate, and because of the complexity of the MEI database, a number of tasks were carried out at various stages, which could be summarised as follows:

- » review of the existing hierarchy and data with their metadata;
- » defining MEI ‘target indicators’;

- » obtaining feedback from internal OECD users on proposed changes;
- » preparation of a new hierarchy and collection of necessary data and metadata;
- » introduction of the new hierarchy, data and metadata into the MEI database;
- » amendment of MEI publications and notifications of changes to external clients;

Review of the existing hierarchy and preparation of a new hierarchy

As shown in the Table at the end of this article, the old hierarchy is less logical and sometimes confusing because it mixes economic activities and types of indicators within the same level of the hierarchy. For example, titles used in the first level of the hierarchy were production and domestic demand on one side, which represented types of indicators as well as manufacturing and construction on other side, which were related to economic activities. In the second level, titles were related to specifics of each industry without much harmonisation across all the industries.

The new hierarchy, on the other hand, is better structured as it represents types of indicators at the first level and industrial classification at the second. At the same time, the coverage of indicators and their further details are contained in the third and fourth levels of the hierarchy. Furthermore, the new hierarchy more easily facilitates the integration of emerging economic sectors such as the services sector.

Change in focus for the MEI database and its output

Target indicators

As one of the main purposes of the MEI database is to provide users with more comparable statistical information for OECD Member countries and their principal trading partners, it is important to ensure greater coverage and comparability for all the series stored in the MEI database. In reality, however, due to many restrictions and differences in priorities across countries, only a small number of Member countries are contained in most categories for the Real indicators part of the MEI database. For example, five countries are listed for Index of Service Production and twelve countries for Work started for Dwellings. In fact, less than 50% of Member countries are represented for most Real indicators subjects.

In order to better assist economic analysis undertaken by users, MEI plans to nominate at least a couple of series for each of the six top hierarchy headings for Real indicators as “target series”, where country coverage and their economic significance are the two most crucial criteria. At present, seven target series have been selected for the four most important headings. These are:

- » Index of total industrial production (IIP) for industry, manufacturing and construction are selected for Production;

- » retail trade volume and passenger car registrations for Sales;
- » dwelling permits issued for Orders; and
- » dwelling starts for Work started.

At present, twelve additional target series are under consideration and will be announced in the future following user consultation and subsequent data and metadata collection to ensure maximum representation across countries.

A list of changes made to MEI publications

From July 2005, the number of Real indicators series in MEI electronic products will be increased by 99 series (163 new series and 64 deleted series) to 964 series and from 865 to 875 in the paper publication. As a result, a list of changes has been introduced in Parts 2 and 3 of the MEI publication:

- » All Real indicators series are presented in a group;
- » Existing series, if their coverage and methodological differences across countries are not significant, were regrouped under the same code: the differences are noted in footnotes; use of one decimal point for all index series (e.g. IIP for manufacturing);
- » Harmonisation of titles and short titles, and titles for graphs; and
- » Series used for graphs in the MEI paper publication are more harmonised:
- » Production: seasonally adjusted IIP total industry is preferable but, for Mexico, IIP total industry including construction is used;
- » Demand: Passenger car registration is preferable. In situations where this series is not available, total retail trade in volume is used; and
- » Orders: Permits issued for dwellings is preferable. In situations when this series is not available, total manufacturing in volume is used.

Expected benefits from the change and future work

As a result of the hierarchy revision, Real indicators series in the MEI database have become more user-friendly, as some of the previous ambiguity has been eliminated. In addition, data in country and subject pages are now presented in a more comparable way, short titles have become clearer, data with problems (e.g. series ceased to be compiled or with low relevance) have been removed, and statistical information on the data have been enhanced. At the same time, the Real indicators part of the MEI database has become more flexible to accommodate users future data needs.

There still exists several areas where further improvements can be made. From September 2005, further changes will be introduced to Parts 1 and 4 of the MEI publication which reflects ongoing work to improve the coverage and availability of Real indicators series in the MEI database and publication. In the short-run, more emphasis will be given to the target indicators for orders, stocks, work started and work in progress. Additional series will be introduced through expanding data collection or through transformations performed at the OECD, e.g. by deflating value series. At the same time, the quality of statistical information on the data (i.e. metadata) will be enriched and more useful subject-oriented metadata will be made available for target indicators. These enhancements will be made in conjunction with ongoing improvements to OECD dissemination systems aimed at providing clients with a more user friendly comprehensive data service.

In the long-run, the OECD will encourage member countries to expand the availability of data in new emerging sectors. One important goal is for Services production activities to be measured more frequently and more comparably across OECD countries. This initiative will be supported through the publication in the near future of an OECD manual on Index of Services Production.

Table: 1st and 2nd levels in new and old hierarchies

New hierarchy		Old hierarchy	
1 st level	2 nd level	1 st level	2 nd level
Production	Top categories for ISIC	Production	Industrial production; Commodity output
Sales	Manufacturing; Retail trade; etc.	Domestic demand	Retail trade; Registration; etc.
Orders	Manufacturing; Construction		
Stocks	Manufacturing		
Work started	Construction		
Work in progress	Manufacturing; Construction		
		Manufacturing	Sales; Stocks; New orders; etc.
		Construction	Permits; New orders; Work started; Work in progress; etc.