EU Workshop on recent developments in Business and Consumer Surveys

*NACE Rev2 - User requirements*

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Eurostat: “Task Force on the implementation of the revised NACE” (2005)

ECB requirements:

- Minimise transition problems for euro area/European aggregates
- Sufficiently long euro area backdata
- “Old” NACE Rev. 1.1 data to be integrated into euro area backdata to a maximum possible, even if these “old” data are “frozen”, i.e. they are not updated any more
- DG ECFIN’s business opinion surveys (MIGs, NACE Divisions) are available since the mid-1980s. → ECB proposes NACE Rev2 backdata to begin in 1990.
DG ECFIN “Task Force on the implementation of NACE Rev2” (2007)

Workshops in 2007 and 2008

- agreement of a common changeover date: May 2010 also for back data (STS changeover in Jan-2009; national accounts in Sep 2011)

- backdata: totals and main industrial groupings (MIG) should be covered back to January 1985, while for lower breakdowns the target was back to January 2000

- ECB concerns about the different timing for changeover in STS and EC Surveys
Use of EC survey data in the ECB

• **Important indicators:**
  - Briefings, speeches
  - Publications (e.g. Monthly Bulletin)

→ Early/leading information for “hard” data: timely, monthly, harmonised (euro area/country level)

• **Input to econometric models:**
  - estimating Value Added one or two quarters ahead
  - “real time” estimate of GDP

• **Euro area sectoral analysis** (totals, components)

• **Cross-country analysis**
“The recovery of production capacity utilisation in the euro area”

- Analysis of the strong rebound since early 2009
- Spread of (major) euro area countries
- Different industries behave differently
- Large variations in capacity utilisation rates

**BUT**

→ all totals available until July 2010 (NACE Rev 2)
→ euro area sector results until Apr 2010 (NACE Rev 1.1)
Capacity utilisation: euro area and 6 major countries

Sources: European Commission and ECB calculations.
Note: The latest observations are for the third quarter of 2010 (July).
Euro area sector analysis – recent example (3)

Capacity: Peak-to-trough loss; recovery by

Sources: European Commission and ECB calculations.
Note: The latest observations are for the second quarter of 2010 (April).
ECB needs...

... full run of euro area and national series according to NACE Rev2:

- Sufficient backdata: 1985 for totals; 1990 for details
- Sufficient detail: MIGs, 2-digit industries
- Consistent data (horizontal, vertical)

DG ECFIN invited to fill existing gaps:

- Consult Eurostat “Handbook on back-casting (for STS)”
- In STS, impact from NACE Rev1 to NACE Rev2 small
- Pragmatic approach: rather series with a (small) break than no information at all
- Release of most recent sector data in NACE Rev2 (even with little backdata)