

ANNEX TO THE EUROBASE TREE

New seasonal adjustment software for Eurostat's short-term business statistics

In order to improve the quality and transparency of the calendar and seasonal adjustment in short-term business statistics (STS), Eurostat will change on 26 February 2016 from the older Tramo-Seats method to a more recent version, implemented as part of the JDemetra+ v. 2.0 package, for the data to be published from March 2016 onwards. The previous seasonal adjustment specifications have been converted for the use also in JDemetra+ in order ensure stability of the seasonal adjustment process and to minimise revisions.

The new software is recommended by Eurostat and the ECB for seasonal and calendar adjustment of official statistics in the EU (i). Moreover, the ESS guidelines on seasonal adjustment (ii) recommend the use of JDemetra+ by Eurostat and by the Members of the European Statistical System in a broader context.

The new software does not affect the approach used by Eurostat. Eurostat continues to use the geographically indirect seasonal adjustment. Thus, those time series that are adjusted for calendar and seasonal effects by the reporting countries are not affected at all by this change.

The seasonal adjustment specifications have been converted to the new production system and comparisons of the results calculated with the old and the new software show differences that are smaller than 0.1 percentage points for the headline figures (growth rates) published in Eurostat's regular STS News Releases on volume of retail trade, industrial production and production in construction. Switching to the new seasonal adjustment software will therefore not cause changes in the headline time series, their interpretation or use.

Differences may be bigger for those time series where the irregular component is very large making it difficult to split normal seasonality from irregular effects, typically for the 2- and 3-digit levels of the activity classification (NACE rev. 2.0) of volume and value indicators and for the STS labour indicators.

STS series for prices, including industrial producer and import prices, are not seasonally adjusted and will not be affected by this change.

At the same time, Eurostat is changing the method of the estimation of the missing countries' data. An ARIMA forecast replaces the previous method of applying the available countries' month-on-month growth rates, and it is applied for the 2016 data, starting in March 2016.

(i) "Release of JDemetra+ as software officially recommended for the seasonal and calendar adjustment of official statistics in the EU":

<http://ec.europa.eu/eurostat/cros/sites/crosportal/files/Jdemetra%2B%20release.pdf>

(ii) *ESS guidelines on seasonal adjustment (2015 edition)*:

<http://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-GQ-15-001>