

Table of contents

1	Introduction	23
	<i>by Dominique Ladiray and Gian Luigi Mazzi</i>	
1.1	Introduction	25
1.2	Seasonal adjustment in the production process of infra-annual statistics	26
1.3	Aim, scope and limitations of the handbook	27
1.4	Structure of the handbook	28
1.5	Conclusions	29
I	General Aspects	32
2	Seasonal Adjustment: Objectives, Definitions, Costs and Benefits	
	<i>by Estela Bee Dagum and Gian Luigi Mazzi</i>	33
2.1	Introduction	35
2.2	The Main Characteristics and Cost of Seasonality	36
2.3	Limitations of Same-Month Year-ago Comparisons	38
2.4	Seasonal Adjustment Methods	40
2.4.1	Moving Average Methods	40
2.4.2	Model-based Seasonal Adjustment Methods	41
2.4.2.1	Regression methods	41
2.4.2.2	Stochastic model based methods	42
2.5	The Calendar variations	42
2.5.1	The Moving-Holiday Component	42
2.5.2	The Trading-Day Component	44
2.5.2.1	Causes and Costs of Daily Patterns of Activity	44
2.5.2.2	A Classical Model for Trading-Day Variations	45
3	Time Series Components	
	<i>by Estela Bee Dagum and Gian Luigi Mazzi</i>	49
3.1	Introduction	51
3.2	Time Series Decomposition Models	51
3.3	The Secular or Long-Term Trend	53
3.3.1	Deterministic Trend Models	54
3.3.2	Stochastic Trends	54
3.4	The Business Cycle	55
3.4.1	Deterministic and Stochastic Models for the Business Cycle	56
3.5	The Seasonal Variations	57
3.5.1	Deterministic and Stochastic Models for Seasonality	58
3.6	Calendar Variations	59
3.6.1	The Moving-Holiday Component	59

3.6.2	The Trading-Day Component	60
3.6.3	A Classical Model for Trading-Day Variations	62
3.7	The Irregular Component	63
3.7.1	Redistribution Outliers and Strikes	64
3.7.2	Models for the Irregular Component and Outliers	64
4	A Brief History of Seasonal Adjustment Methods and Software Tools	
	<i>by Olivier Darné, Laurent Ferrara and Dominique Ladiray</i>	67
4.1	Introduction	69
4.2	Non-parametric methods (implicit models)	70
4.2.1	X-11 method	70
4.2.2	X-11 style methods	72
4.2.2.1	SEASABS	72
4.2.2.2	GLAS	72
4.2.2.3	STL	73
4.2.2.4	SABL	73
4.3	Semi-parametric methods (hybrid models)	73
4.3.1	X11-ARIMA	73
4.3.2	X12-ARIMA	74
4.4	Parametric methods (explicit models)	74
4.4.1	Determinist methods	74
4.4.1.1	DAINTES	75
4.4.1.2	BV4	75
4.4.2	Stochastic methods	75
4.4.2.1	ARIMA-model based approach	75
4.4.2.2	Structural time series approach	77
4.5	Conclusions	79
4.6	Annex: A short description of the JDemetra+ software	81
4.6.1	Statistical aspects	81
4.6.1.1	State space models	81
4.6.1.2	Seasonal adjustment	81
4.6.1.3	Other diagnostics	82
4.6.2	Technical aspects	82
II	Pre-Treatment Methods	92
5	Calendar Effects	
	<i>by Dominique Ladiray</i>	93
5.1	Introduction	95
5.2	The Various Calendar Effects	95
5.2.1	A few words on calendars	95
5.2.2	The Gregorian Calendar	96
5.2.3	The Trading-Day Effect	96
5.2.4	Moving Holidays	97
5.2.5	Impact models	97
5.2.6	Why should we take into account trading-day effects?	97
5.3	Detection and Estimation of Trading-Day Effects by Regression Analysis	98
5.3.1	The Basic Flow Day-of-Week Effect Model	98
5.3.2	The Basic Flow Week-Day Effect Model	100
5.4	Improving the Regression Model	101
5.4.1	Taking into Account National Holidays	101

5.4.2	Constructing a Relevant Set of Regressors	102
5.4.2.1	Example 1: The French Industrial Production Index	102
5.4.2.2	Example 2: The French Retail Trade Sector	102
5.4.2.3	Impact on the stability of the trading-day estimates	103
5.5	Impact Models	105
5.5.1	Models for Easter effect	105
5.5.1.1	The “SCeaster” model	106
5.5.1.2	The “Easter” model	107
5.5.1.3	Maillard’s Model	107
5.5.2	Models for the Ramadan effect	109
5.5.3	More general models	109
5.6	Spectral detection of trading-day effects	111
5.6.1	The Calendar Periodograms and the Trading-Day Frequencies	111
5.6.2	The USCB “Visual Test”	111
5.6.3	An example	112
5.7	Conclusions	114
6	Moving Trading-Day Effects with X-13 ARIMA-SEATS and TRAMO-SEATS	
	<i>by Ketty Attal-Toubert, Dominique Ladiray, Marco Marini and Jean Palate</i>	117
6.1	Introduction	119
6.2	The basic model with fixed coefficients	120
6.3	Stochastic models for time-varying trading-day coefficients	121
6.3.1	The basic structural model	121
6.3.2	Examples	124
6.3.3	RegArima Models	124
6.3.4	RegComponents Models	125
6.4	Improving the basic model for time-varying trading-day coefficients	126
6.4.1	The X-13ARIMA-SEATS “change-of-regime”, “history” and “slidingspans” specifications	127
6.4.2	Using rolling Windows to estimate moving trading-day effects	127
6.4.3	RegARIMA models with time-varying trading-day coefficients	129
6.5	Examples	130
6.5.1	Methodology	130
6.5.2	Results	130
6.6	Conclusions	133
7	Outlier Detection and Correction	
	<i>by Jens Mehrhoff</i>	137
7.1	The role of outlier modelling in seasonal adjustment	139
7.2	Aims of outlier modelling within the framework of seasonal adjustment	139
7.2.1	Elimination of factors that bias the estimation of the seasonal component	139
7.2.2	Adjustment for calendar effects with the aid of regARIMA modelling	140
7.2.3	Linearisation of the time series and Gaussian regARIMA residuals	140
7.2.4	Forecast of seasonal and calendar components	140
7.2.5	Estimation of the trend-cycle as a secondary aim	141
7.3	The different types of outliers	141
7.3.1	Overview of types of outliers	141
7.3.2	Outliers in the irregular component	142
7.3.3	Outliers in the trend-cycle	144
7.3.4	Outliers in the seasonal component	155
7.3.5	Two sides of the same coin: minimisation of false positives vs. false negatives	156
7.4	Estimation techniques for outlier modelling in the context of regARIMA models	158
7.5	Practical considerations as regards the detection and correction of outliers	161

7.5.1	Revisions of seasonally adjusted data	161
7.5.2	Treatment of (possible) outliers at the current end of the time series	162
7.6	Special issues in the treatment of outliers in seasonal adjustment	163
7.6.1	Extreme value detection in X-11	163
7.7	Conclusions	166
8	Automatic Outlier Detection for the Basic Structural Time Series Model	
	<i>by Stefano Grassi, Gian Luigi Mazzi and Tommaso Proietti</i>	169
8.1	Introduction	171
8.2	The Basic Structural Time Series Model	171
8.3	The detection of Outliers	173
8.3.1	Outlier types	173
8.4	Automatic outliers detection methods in seasonal adjustment routines	176
8.5	State space models and methods to detect outliers	178
8.5.1	The Kalman filter	179
8.5.2	State fixed interval smoother	179
8.5.3	Disturbance smoother	180
8.6	An automatic detection procedure	180
8.6.1	Critical values	181
8.6.2	Outline of the procedure	184
8.6.3	Comments	185
8.7	Illustrations	185
8.7.1	Italian industrial production: Sector CK	185
8.7.2	Italian industrial production: sector CH	186
8.7.3	Italian industrial production: sector CG	188
8.7.4	A tale of a seasonal outlier	188
8.8	Endogenous outliers and Non-Gaussian seasonal adjustment	192
8.9	Conclusions	192
9	Transformations and Seasonal Adjustment of Economic Time Series	
	<i>by Tommaso Proietti and Marco Riani</i>	195
9.1	Introduction	197
9.2	Box Cox family of transformations	198
9.3	Transformations and seasonal adjustment: state of the art	202
9.3.1	TRAMO/SEATS	202
9.3.2	X12 ARIMA	202
9.3.3	SABL	203
9.4	A unified approach to transformations and seasonal adjustment	203
9.4.1	Seasonal Adjustment and the Box-Cox Transformation	204
9.4.2	Analytical solutions	205
9.4.3	Approximate and computational solutions	206
9.5	Robustness issues in transformations	207
9.6	Conclusions	208
III	Seasonal Adjustment Methods	214
10	Background and Perspectives for ARIMA Model-Based Seasonal Adjustment	
	<i>by David F. Findley and Tucker McElroy</i>	215
10.1	Introduction	219
10.2	Conceptual Overview*	220
10.3	Fundamental Examples*	221

10.4	Linear Regression Applied for Signal Extraction*	222
10.4.1	Basic Examples of Covariance Properties Not Inherited by Estimates	223
10.5	Spectral Densities of Stationary Series*	223
10.5.1	Transfer Functions and the ARMA Spectral Density Formula*	224
10.5.1.1	ARMA Conventions	224
10.5.1.2	The Spectral Density Formula	225
10.5.2	Spectral Density Sums and Uncorrelated Decompositions*	225
10.5.2.1	The Canonical Sd Decomposition of an Invertible MA(1)	225
10.6	Canonical Decomposition of a First-Order Seasonal Autoregression*	226
10.6.1	Signal and Noise Filters of the Initial, Intermediate, and Final Years	228
10.6.2	The Error Variance Matrix of the Estimates	229
10.7	Pseudo-Spectral Densities of ARIMA Models*	230
10.8	Canonical Pseudo-Spectral Density Decompositions*	231
10.8.1	The Canonical Trend-Irregular Decomposition of the IMA(1,1)	231
10.8.2	A Sometimes Nonadmissible 3-Component Canonical Decomposition*	232
10.8.3	3-Component Pseudo-Spectral Density Decomposition of the Biannual Seasonal Random Walk	233
10.9	Matrix Formulation of Signal Extraction	234
10.9.1	Assumption A and Random Walk Forecasts and Backcasts*	234
10.9.2	Required Properties of the Stationarized Data, Signal, and Noise	234
10.9.3	The Two-Component Estimation Formulas	235
10.9.4	Filter and Error Variance Properties of The Canonical Decomposition*	236
10.10	Illustrative Seasonal Adjustment Filter and Standard Error Graphs*	236
10.11	Standard Errors of Change for Additive Estimates	237
10.11.1	Change from the Preceding Estimate	237
10.11.2	Revisions with Future Data*	239
10.12	Multiplicative Decomposition Estimates from Logs*	239
10.12.1	Standard Errors for Growth Rates*	240
10.13	ARMA and ARIMA Wiener-Kolmogorov Filters	241
10.14	W-K Filter Formula Examples	242
10.14.1	Rederiving the AR(1) _r Symmetric Filters	242
10.14.2	Infinite W-K Filters	242
10.14.2.1	A Stationary Case: The Invertible Seasonal MA(1) _r	242
10.14.2.2	Transfer Function Form and Coefficient Decay Rate of ARIMA W-K Filters	243
10.14.2.3	Nonstationary Case: IMA(1,1) Trend-Irregular Decomposition Filters	243
10.15	Biannual Seasonal Random Walk Filters*	244
10.15.1	The Symmetric Filters	245
10.15.2	The Asymmetric Filters	245
10.16	Differencing Operators of General ARIMA Filters	246
10.16.1	What Seasonal Decomposition Filters Annihilate or Preserve	246
10.17	Canonical Decomposition and Smoothing Trade-Offs*	246
10.18	Structural Models: A Trend Estimation Example	247
10.19	Spectral Factorization	247
10.19.1	The MA(1) Case	248
10.20	Regarding AMBSA Software Model Choices and Decomposition Components	248
10.21	Additional Components of Some AMBSA Software Decompositions	248
10.21.1	Stationary Components	249
10.21.2	A Trend-Cycle Decomposition Option for Long Series	249
10.22	Model-Based SA versus X-11 Filter SA	250
11	Seasonality and Unobserved Components Models: An Overview	
	<i>by Andrew Harvey</i>	255

Table of contents

11.1	Introduction	257
11.2	Dummy variable and trigonometric seasonal models	257
11.2.1	Deterministic seasonality	257
11.2.2	Stochastic dummies	258
11.2.3	Trigonometric seasonality	259
11.2.4	Restricted seasonality and daily observations	259
11.3	Basic structural model and ARIMA models	260
11.3.1	Stationary form of the BSM	260
11.3.2	Seasonal ARIMA models	260
11.4	Trading day and calendar effects	261
11.4.1	Trading day variation	261
11.4.2	Moving festivals	262
11.5	Tests	263
11.5.1	Seasonal stationarity tests	263
11.5.2	Seasonality test	264
11.5.3	Seasonal unit root tests	265
11.5.4	Testing for trading day effects	266
11.6	Seasonal adjustment	266
11.7	Breaks in the seasonal pattern	267
11.8	Seasonal splines and weekly data	269
11.9	Seasonal specific models	271
11.9.1	Seasonal heteroscedasticity	271
11.9.2	Periodic models	272
11.9.3	Relationship between periodic models and trend plus seasonal models	272
11.9.4	Partly periodic models	274
11.10	Data irregularities and survey design	276
11.11	Robust seasonal adjustment	276
11.12	Conclusions	277
12	Moving Average Based Seasonal Adjustment	
	<i>by Dominique Ladiray</i>	281
12.1	Introduction	283
12.2	Definitions and useful tools	284
12.2.1	Definitions and example	285
12.2.2	Gain and phase shift functions	286
12.3	Desirable properties of a moving average	288
12.3.1	Trend preservation	288
12.3.2	Elimination of seasonality	289
12.3.3	Reduction of the irregular component	290
12.3.4	The Slutsky-Yule effect	290
12.3.5	An optimization problem	291
12.4	Usual moving averages	291
12.4.1	Simple moving averages	291
12.4.2	Composite simple moving averages	292
12.4.3	Spencer moving averages	292
12.4.4	Kendall and Stuart moving averages	293
12.4.5	Henderson moving averages	293
12.4.6	Musgrave asymmetric moving averages	295
12.4.7	Generalization of the Whittaker-Henderson approach	297
12.5	The X11 seasonal adjustment algorithm	297
12.5.1	Components and decomposition models	297
12.5.2	A simple seasonal adjustment algorithm	298

12.5.3	The basic algorithm of the X-11 method	299
12.5.4	Extreme observations and calendar effects	300
12.5.5	The iterative principle of X-11	302
12.5.6	From Census X-11 to X-11-ARIMA and X-12-ARIMA	303
12.6	The moving averages used in X-11	304
12.6.1	Composite simple moving averages	304
12.6.2	Estimation of trend: 2x4 and 2x12 averages	304
12.6.3	Estimation of Seasonality: 3×3 , 3×5 and 3×9 Averages	306
12.6.4	Henderson moving averages	307
12.6.5	Musgrave asymmetric moving averages	311
12.6.5.1	Musgrave asymmetric moving averages associated with Henderson symmetric moving averages	311
12.6.5.2	Comment about Musgrave moving averages	311
12.6.5.3	Asymmetric moving averages associated with composite moving averages	312
12.6.6	The X-11 moving average filter	315
12.7	Conclusions	318
13	Quality of Seasonal Adjustment in the Model-Based Approach of TRAMO-SEATS	
	<i>by Agustín Maravall</i>	323
13.1	Introduction	325
13.2	Program TRAMO	325
13.3	Decomposition of the Series	326
13.3.1	Derivation of the models for the components	326
13.3.2	Estimation of the components	328
13.3.2.1	Infinite realization $[x_{-\infty}, \dots, x_t, \dots, x_{+\infty}]$ and historical estimator	328
13.3.2.2	Finite realization $[x_1, x_2, \dots, x_T]$ and preliminary estimators	329
13.3.3	Example	330
13.3.3.1	Observed series x_t	330
13.3.3.2	Seasonally adjusted series n_t	330
13.3.3.3	Seasonal component s_t	331
13.4	Some Properties of the Estimators of the Components	331
13.4.1	Correlation between the estimators of the components	331
13.4.2	Non-linearity of the seasonally adjusted series	332
13.4.3	Non-invertibility	332
13.4.4	ARIMA modeling of SA series	332
13.5	Diagnostics	333
13.5.1	Quality Assessment and Diagnostics	333
13.5.2	Idempotency	339
13.6	Inference	340
13.6.1	Estimation error	340
13.6.2	Revision in SA series	340
13.7	Quality of Seasonal Adjustment	341
13.7.1	Good Model, Bad Seasonal	341
13.7.2	Bad Model, Good Seasonal	347
13.8	Conclusions	359
IV	Improving End-Point Estimates for Seasonal Adjustment	364
14	Trend-Cycle Estimation	
	<i>by Estela Bee Dagum</i>	365
14.1	Introduction	367

14.2	Deterministic and stochastic global trend models	368
14.3	Local trend-cycle models	370
14.4	Local trend cycle estimation	372
14.4.1	Locally Weighted Regression Smoother (LOESS)	372
14.4.2	Henderson Smoothing Filters	372
14.4.3	Dagum's modified 13-term Henderson Filter (DMH)	375
14.5	Gaussian Kernel Smoother	377
14.6	Cubic Smoothing Spline	378
14.7	Theoretical properties of the symmetric and asymmetric linear trend-cycle filters	381
14.8	Illustrative Results	382
15	Asymmetric Moving Averages Minimizing Phase Shift	
	<i>by Michel Grun-Rehomme, Fabien Guggemos and Dominique Ladiray</i>	391
15.1	Introduction	393
15.2	Moving averages: definitions and design	395
15.2.1	Definitions	395
15.2.2	Preserving trends and removing seasonalities	395
15.2.3	Gain and phase shift effects	396
15.3	Optimal moving averages based on revision criteria	397
15.3.1	Musgrave's approach	397
15.3.2	Towards the Generalized Direct Filter Approach	398
15.4	A general unifying framework to derive linear filters	399
15.4.1	From the revision criteria to a very general optimization problem	399
15.4.2	Classical particular cases	400
15.4.2.1	Fidelity	400
15.4.2.2	Smoothness	400
15.5	The Timeliness criterion	401
15.5.1	Minimizing the phase shift	401
15.5.2	The choice of a convenient penalty function	402
15.5.3	Variation on the Timeliness criterion	404
15.6	Operational procedure and applications	405
15.6.1	A mixed criterion	405
15.6.2	Application	406
15.6.2.1	Surrogate Henderson's filters	406
15.6.2.2	More on the asymmetric filters with 3 terms in the future.	407
15.7	Conclusions	409
15.8	Annex: Proofs	410
16	Real Time Trend Extraction and Seasonal Adjustment	
	<i>by Marc Wildi</i>	415
16.1	Introduction	417
16.2	Frequency Domain and Filter Effect	417
16.3	Data-Dependent Filters	419
16.3.1	Mean-Square Error Criterion	419
16.3.2	Controlling Speed and Reliability	420
16.3.3	New Generalized Criterion	421
16.4	Empirical Section	423
16.4.1	Introduction	423
16.4.2	Data and Modeling	424
16.4.3	T-DFA: Replication of Model-Based Mean-Square Performances (Airline Model)	425
16.4.3.1	Trend	426
16.4.3.2	Seasonal Adjustment	428

16.4.4	Customization: Trend Applications	429
16.4.4.1	introduction	429
16.4.4.2	Visualization of the Customization Effect	430
16.4.4.3	Model-Based Customization of Real-Time Model-Based Trend	431
16.4.4.4	Model-Based Customization of Real-Time Ideal Trend	433
16.4.4.5	T-DFA Customization of Seasonal Adjustment Filters	434
16.4.5	Customization beyond the Model Based Perspective	437
16.4.5.1	Seasonal Adjustment	437
16.4.5.2	Trend	440
16.5	Conclusions	448
V	Seasonal Adjustment and Aggregation	452
17	Benchmarking and Temporal Consistency	
	<i>by Benoit Quenneville and Susie Fortier</i>	453
17.1	Introduction	455
17.2	X-12-ARIMA FORCE spec	456
17.2.1	Benchmarking formulae	457
17.2.2	The type argument	457
17.3	Example	457
17.4	Alternative Benchmarking Software	460
17.5	Model-Based Methods	460
17.6	Conclusions	461
18	Seasonal Adjustment of European Aggregates: Direct versus Indirect Approach	
	<i>by Roberto Astolfi, Dominique Ladiray and Gian Luigi Mazzi</i>	465
18.1	Introduction	467
18.2	The direct versus indirect Problem	468
18.2.1	Direct, Indirect and Mixed Indirect Seasonal Adjustments	468
18.2.2	Could Direct and Indirect Approaches Coincide ?	469
18.2.3	A Priori Advantages and Drawbacks	470
18.3	Methodology	471
18.3.1	Various Causes of Revisions	471
18.3.2	Quality Measures	472
18.3.3	Software, Methods and Parameters	474
18.4	Gross Domestic Product, Geographical Aggregation	474
18.4.1	The Data	474
18.4.2	A first comparison between seasonally adjusted series	474
18.4.3	Concordance analysis of growth rates	479
18.4.4	Quality measures of seasonal adjustments	480
18.4.5	Roughness measures	480
18.4.6	Revision analysis	484
18.4.7	Analysis of the residuals	484
18.5	Gross Value Added, Aggregation by Sector	485
18.5.1	The Data	485
18.5.2	A first comparison between seasonally adjusted series	486
18.5.3	Concordance analysis of growth rates	489
18.5.4	Quality measures of seasonal adjustments	490
18.5.5	Roughness measures	490
18.5.6	Revision analysis	490
18.5.7	Analysis of the residuals	490

18.6	Conclusions	495
19	Multivariate Benchmarking: The Direct Versus Indirect Problem <i>by Benoit Quenneville and Susie Fortier</i>	497
19.1	Introduction	499
19.2	Seasonal adjustment of variables linked by aggregation constraints	499
19.2.1	Direct and indirect seasonal adjustment	500
19.2.2	Advantages and disadvantages	500
19.2.3	Guidelines	501
19.2.4	The two-way classification	501
19.2.5	SA of a two-way table	501
19.3	Techniques to force the respect of aggregation constraints of seasonally adjusted data when a direct adjustment is performed	502
19.3.1	Pro-rating	502
19.3.2	Generalization of pro-rating	503
19.3.3	Generalization of pro-rating to higher dimensional tables	503
19.3.4	Simple numerical examples	504
19.3.5	Specifying the alterability coefficients	504
19.4	Movement preservation principle based benchmarking techniques	505
19.4.1	The 2-step based methods	505
19.4.2	The simultaneous method of Di Fonzo and Marini (2010)	506
19.5	Example	506
19.5.1	Bottom-up	506
19.5.2	Top-bottom	506
19.5.3	Middle-up middle-down	513
19.6	Conclusions	513
VI	Revision and Communication	516
20	Revisions <i>by Duncan Elliott, Robert Kirchner and Craig H. McLaren</i>	517
20.1	Introduction	519
20.2	Defining revisions	519
20.3	Causes of revisions	520
20.3.1	Causes of revisions in observed data	521
20.3.1.1	Returns from survey respondents	521
20.3.1.2	Benchmarking data	521
20.3.1.3	Methodological and classification changes	522
20.3.2	Causes of revisions in seasonal adjustment outputs	522
20.3.2.1	Changes to the original estimates	522
20.3.2.2	Seasonal adjustment processes	522
20.3.2.3	Use of filters within seasonal adjustment	523
20.3.2.4	Use of models within seasonal adjustment	527
20.3.2.5	Use of concurrent or current seasonal adjustment	527
20.4	To revise or not to revise?	528
20.5	Revision policies	530
20.5.1	Revision policies for methodological changes	531
20.5.2	Revision policies for original estimates	531
20.5.3	Revision policies for seasonally adjusted estimates	532
20.5.4	Revision policies for specific outputs and methods	533
20.6	Presenting revisions	533

20.6.1	Revision triangles	533
20.6.2	Graphical approaches	534
20.6.2.1	Magnitude of revisions	535
20.6.2.2	Sources of revisions	537
20.6.2.3	Decomposing revisions	539
20.6.2.4	Representing uncertainty	539
20.7	Analysis of revisions	542
20.7.1	Revision diagnostics	542
20.7.1.1	Terminology and notation for revision measures	542
20.7.1.2	Different measures	542
20.7.2	Decomposing revisions	544
20.7.2.1	Decomposition methodology	544
20.7.2.2	Sources of Revisions	545
20.7.2.3	Mehrhoff's model	545
20.7.2.4	Case study: Decomposition of revisions	546
20.7.3	Using X-13-ARIMA-SEATS to assess revisions	548
20.7.3.1	Revision histories	548
20.7.3.2	Producing revision histories	548
20.7.3.3	Using revision histories	549
20.7.3.4	Comparing methods of estimation	553
20.7.3.5	Comparing direct and indirect estimation	553
20.8	Dealing with revisions in practice	554
20.8.1	Case study: Argentine currency in circulation	554
20.8.1.1	Seasonal adjustment during the crisis	556
20.8.1.2	Seasonal adjustment during the crisis revisited	557
20.8.1.3	Implications for seasonal adjustment	558
20.8.2	Case study: Real time databases	560
20.8.3	Case study: Revision analysis using History	560
20.9	Discussion	561
21	Data Presentation Issues	
	<i>by Mark Boxall, Craig H. McLaren and Mark Zhang</i>	567
21.1	Introduction	569
21.2	Data accessibility and availability	569
21.2.1	Data storage	570
21.2.2	Dissemination of metadata	571
21.3	Elements of a statistical release	572
21.3.1	Summary of the principal outputs	572
21.3.2	Tables and graphical presentation of headline information	572
21.3.3	Analysis and commentary on principal indicators	573
21.3.4	Explanatory notes	573
21.3.5	Supplementary information	573
21.3.6	Contact details	574
21.4	Choosing a headline indicator	574
21.4.1	Month on month indicators	574
21.4.2	Year on year indicators	575
21.4.3	Alternative indicators	576
21.4.4	A recommended approach	576
21.5	Graphically: Presenting time series estimates	576
21.5.1	Seasonally adjusted and/or trend-cycle estimates	577
21.5.2	Growth rates	580
21.5.3	Lollypop charts	581

21.5.4	Web based presentation	582
21.6	Statistical releases	582
21.6.1	Examples of different countries presentations	582
21.6.2	Presenting revisions to published estimates	583
21.6.2.1	Revision triangles	583
21.6.2.2	Trumpet graphs (what-if charts)	585
21.7	Press releases and the media	586
21.7.1	Case example: Media interpreting published estimates	586
21.8	Discussion	587
VII	Seasonal Adjustment in Practice	590
22	Quality Measures and Reporting for Seasonal Adjustment	
	<i>by Robert Kirchner, Dominique Ladiray and Gian Luigi Mazzi</i>	591
22.1	Introduction	593
22.2	Desirable properties for a seasonal adjustment method	593
22.2.1	Some properties of “optimal” seasonal adjustment	594
22.2.2	The ESS guidelines on seasonal adjustment	595
22.3	A list of quality measures for seasonal adjustment	596
22.3.1	Common quality measures	596
22.3.2	Specific quality measures	598
22.3.3	The JDEMETRA+ quality report	599
22.3.4	Limits of a pure numerical quality approach.	601
22.4	Examples of quality assessment and quality reporting	602
22.4.1	The quality report for seasonally adjusted data used at the Deutsche Bundesbank	602
22.4.1.1	Preliminary remarks	602
22.4.1.2	Quality control for headline indicators	602
22.4.1.3	Quality control in mass production	603
22.4.1.4	Basic plausibility checks	603
22.4.2	Quality assessment of seasonally adjusted series at the European Central Bank	606
22.4.3	Quality assessment of seasonally adjusted series at ISTAT	607
22.4.3.1	General considerations	607
22.4.3.2	Comments on the measures	611
22.4.4	A quality report used at Eurostat	611
22.4.5	Quality reporting at INSEE	612
22.4.6	Statistics Canada Dashboard	614
22.5	Conclusions	617
22.6	A Detailed List of Quality Measures for Seasonal Adjustment	618
23	Short versus long time series: An empirical analysis	
	<i>by Dario Buono, Enrico Infante and Gian Luigi Mazzi</i>	629
23.1	Introduction	631
23.2	Presentation of the study	633
23.2.1	Theoretical framework	633
23.2.2	Empirical design of the study	634
23.2.3	Tools and methods	634
23.3	Quality measures and assessment criteria	635
23.4	Analysis	637
23.4.1	Results for the EA19	637
23.4.2	Results for all the series	638
23.5	Conclusions	653

24 Chain-linking of Quarterly National Accounts and Implications for Seasonal Adjustment	655
<i>by Robert Kirchner and Marcus Scheiblecker</i>	
24.1 Conceptual considerations	657
24.1.1 Properties of unadjusted data	657
24.1.1.1 Introduction	657
24.1.1.2 Annual overlap method	658
24.1.1.3 Quarterly overlap method	660
24.1.1.4 Over-the-year technique	662
24.1.1.5 Summary	663
24.1.2 Seasonal Adjustment	663
24.1.2.1 Annual overlap method	664
24.1.2.2 Over-the-year-technique	664
24.1.2.3 Quarterly overlap method	664
24.2 Empirical evidence	665
VIII Seasonal Adjustment and Business Cycles	668
25 The Effect of Alternative Seasonal Adjustment Methods on Business Cycle Analysis	
<i>by Riccardo Gatto, Dominique Ladiray and Gian Luigi Mazzi</i>	669
25.1 Introduction	671
25.2 The data	671
25.3 The different seasonal adjustment methods	671
25.4 The graphical inspection and the cluster analysis of the different seasonal adjustment methods	672
25.5 Turning points dating analysis	676
25.6 Conclusions	679
26 The Effect of Seasonal Adjustment on Turning-Point Detection	
<i>by Monica Billio, Leonardo Carati, Dominique Ladiray and Gian Luigi Mazzi</i>	681
26.1 Introduction	683
26.2 Growth Cycle Coincident Indicator	683
26.2.1 Growth Cycle Coincident Indicator components	683
26.2.2 Revision policy	685
26.3 Coincident indicators from alternatively seasonal	685
26.3.1 Description of the time-series	685
26.4 Application	687
26.4.1 Research strategy	687
26.4.2 Evaluation criteria	687
26.4.3 Reference dating chronology of the growth cycle	688
26.4.4 GCCI: X-12-ARIMA, version 0.3, with the "automdl" specification	689
26.4.5 GCCI: X-12-ARIMA, version 0.3, with the "pickmdl" specification	692
26.4.6 GCCI: X-13-AS using X11 and the "pickmdl" specification	692
26.4.7 GCCI: Tramo-Seats	695
26.4.8 GCCI: Dainties	695
26.4.9 GCCI: Baysea	699
26.4.10 GCCI: Stamp	701
26.4.11 GCCI: Decomp	702
26.4.12 GCCI: Results discussion	704
26.5 Conclusions	706
27 Seasonal Adjustment and Business Cycles	
<i>by Gian Luigi Mazzi and Tommaso Proietti</i>	709

27.1	Introduction	711
27.2	Seasonality and Business Cycles Interactions	712
27.2.1	Nonparametric methods for trend-seasonal interaction	713
27.2.2	Parametric Models of Interactions	714
27.2.3	Formal decompositions	715
27.3	The effects of Seasonal Adjustment on Business Cycle Measurement	716
27.3.1	The effect on trend-cycle interactions	717
27.3.2	Seasonal Adjustment and the Reliability of the Cycle Estimates	718
27.3.3	Empirical Evaluation of the Variance Inflation Factor	722
27.3.4	Empirical illustration	722
27.3.5	Discussion	725
27.4	Conclusions	727
IX	Seasonal Adjustment of High Frequency Data	734
28	Weekly Seasonal Adjustment: A Locally-weighted Regression Approach <i>by William P. Cleveland, Thomas Evans and Stuart Scott</i>	735
28.1	Introduction	737
28.2	The Method	737
28.3	Holidays and Outliers	740
28.4	Diagnostics	741
28.5	Example: Initial Claims, U.S. Unemployment Insurance Program	743
28.6	Software	749
28.6.1	Description	749
28.6.2	Input and output files	751
28.6.3	Run instructions with the SAS interface program	753
29	Seasonal Adjustment of Daily and Weekly Data <i>by Dominique Ladiray, Gian Luigi Mazzi, Jean Palate and Tommaso Proietti</i>	757
29.1	Introduction	759
29.2	The Main Characteristics of High Frequency Data	760
29.2.1	Why to use High Frequency Data?	760
29.2.2	Characteristics of Daily and Weekly Data	760
29.2.2.1	Multiple and Non-integer Periodicities	760
29.2.2.2	Important Remarks	760
29.2.3	Checking for the Various Periodicities in the Data	762
29.2.3.1	Spectral Analysis	762
29.2.3.2	Statistical Tests	762
29.3	Pretreatment of Daily and Weekly Data	765
29.3.1	Decomposition Model	767
29.3.2	Calendar Effects	767
29.3.3	Dealing with outliers	769
29.4	Seasonal Adjustment Based on Non-parametric Methods	770
29.4.1	Adapting X11 to multiple and non integer periodicities	770
29.4.1.1	An X11-like algorithm for multiple periodicities	770
29.4.1.2	Dealing with non integer periodicities	772
29.4.2	Improving STL for multiple periodicities	773
29.4.3	Pros and cons of the X11 and STL approaches	774
29.5	Seasonal adjustment based on parametric models	775
29.5.1	Seasonal adjustment based on ARIMA Models	775
29.5.2	Canonical decomposition	775

29.5.3	Estimation of the components	775
29.5.4	Pros and Cons of the current implementation	776
29.5.5	Seasonal adjustment based on unobserved components models	776
29.5.5.1	Pros of the UC approach	776
29.5.5.2	Limitations of the UC approach	777
29.6	Application: Seasonal adjustment of the Electricity series	778
29.6.1	The seasonal patterns	778
29.6.2	Validation of the results	780
29.7	Conclusions	782

X ESS Guidelines on Seasonal Adjustment 786

30 The ESS Guidelines on Seasonal Adjustment 787

30.1	Introduction	791
30.1.1	Motivation for guidelines	791
30.1.2	Scope of guidelines	791
30.1.3	Costs and risks	791
30.1.4	Background to guidelines and basic definitions	792
30.2	Annex: Principles for seasonal adjustment	793
30.3	A policy for seasonal adjustment	794
30.3.1	A general seasonal adjustment policy	794
30.3.2	The need for domain specific seasonal adjustment policies	794
30.3.3	Consistency of general and domain specific policies	795
30.3.4	Stability of seasonal adjustment policies	796
30.3.5	Dissemination of general and domain specific seasonal adjustment policies	797
30.3.6	Quality framework for seasonal adjustment	797
30.4	Pre-treatment	799
30.4.1	General aspects for choosing between detailed and automatic pre-treatment	799
30.4.2	Graphical analysis of the series	800
30.4.3	Calendar adjustment	800
30.4.4	National and EU/euro area calendars	801
30.4.5	Choosing the frequency of time series for calendar adjustment	802
30.4.6	Other calendar related and weather effects	803
30.4.7	General principles of outlier detection and correction	805
30.4.8	Treatment of outliers at the end of the series and at the beginning of a major economic change	806
30.4.9	Model selection	807
30.4.10	Decomposition scheme	807
30.5	Seasonal adjustment	809
30.5.1	Choice of seasonal adjustment method	809
30.5.2	Choice of the software	809
30.5.3	Temporal consistency between unadjusted and seasonally adjusted data	810
30.5.4	Direct and indirect approaches	811
30.5.5	Direct versus indirect approach: dealing with data from different agencies	812
30.5.6	Different seasonal filters for different months/quarters	813
30.6	Revision policies	814
30.6.1	General revision policy and release calendar	814
30.6.2	Concurrent versus current adjustment	815
30.6.3	Length for routine revisions	816
30.6.4	Length for major revisions	816
30.7	Accuracy of seasonal adjustment	818

Table of contents

30.7.1	Validation policy for seasonal adjustment	818
30.7.2	Measurement for individual series	818
30.7.3	Comparison of alternative approaches/strategies	819
30.8	Specific issues on seasonal adjustment	821
30.8.1	Seasonal adjustment of short and very short time series	821
30.8.2	Seasonal adjustment of long time series	821
30.8.3	Treatment of problematic series	822
30.8.4	Seasonal heteroskedasticity	823
30.8.5	Seasonal adjustment of annually chain-linked series (Laspeyres-type)	824
30.9	Data presentation issues	826
30.9.1	Data availability in databases	826
30.9.2	Press releases	826
30.9.3	Documenting metadata for seasonal adjustment	827