Glossary:Early warning system

Statistics Explained

Early warning system refers to a set of economic indicators (hard, soft, non-conventional) that give an advance notice of an incident. It is intended to detect any possible movements in economic phenomena (e.g. business cycle , turning points) as early as possible.

The difference between an early warning system and a leading indicator is that the former is composed of many variables whose role can change over different phases in time. A leading indicator provides signs of the recurrent movements in an economy. On the other hand, an early warning system often includes a network of indicators, depending on the circumstances or the position in the business cycle, some of which can indicate certain aspects of the future movements in economic phenomena. Depending on the state of an economy or the strength of a recession, for instance, the researcher might decide to choose only a subset of such indicators.

Further information

- Handbook on Data Quality - Assessment Methods and Tools

Related concepts

- Forecasting
- Rapid estimate