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An Overview of European Economic Indicators: Great Variety of Data on the Euro Area, Need for More Extensive Coverage of the New EU Member States

This contribution provides an overview of the most common short-term indicators of economic development in the euro area. These indicators are useful when official data are released with long time lags or if they are subject to major revisions. Indicators based on surveys among businesses, households, financial market analysts or forecasters have the advantage of providing detailed and timely information on individual sectors on a monthly basis and largely without later revision. As an additional instrument, composite indicators, which are calculated by combining a variety of measures into a single indicator with the help of regression and factor analysis, offer an attractive tool for drawing conclusions from different, often divergent signals. Even the most reliable economic indicators, however, can only be interpreted as constituent elements of comprehensive economic analyses. With regard to the new EU Member States, coverage is found to be limited as yet. This study also shows that the forecasting quality of the European Commission's business and consumer surveys for the new Member States is not as high as for the other EU Member States. As the quality of economic indicators increases as forecasting institutions and respondents gain more experience, coverage of established indicators should be extended early on to this group of countries, in particular as some of the new Member States may soon join the euro area.

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