

Composite indicators, synthetic indicators and scoreboards: how far can we go?

101st DGINS Conference, Lisbon, 24 September 2015

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National accounts, prices and key indicators



24-Sep-15

Is this really what we want?



Meeting the demands of users

- Broad range of users for macroeconomic statistics, different levels of sophistication
- Demand for timely, reliable, comprehensive, clear picture of "the economic situation" and "development"
- Translation of these terms into a measurable concept... then...
- Selecting and presenting the most appropriate indicators, backed by high quality basic statistics/accounts

Dashboards and scoreboards











- Creating a group of indicators – respective roles of stakeholders, policymakers and official statisticians
- Presentation of indicators – role of the indicators for monitoring (dashboards) or specific links to policy objectives (scoreboards)
- Difficulties of dealing with large (growing?) number of diverse indicators. Role of headline indicators?
- Challenge to identify underlying trends...

For example... the PEEIs dashboard

- A dashboard of key indicators for monitoring short term economic developments

European Union (*)

Download data for country

SHOW ALL	RELEASE DATE		UNIT	REFERENCE PERIOD						
	LATEST	NEXT		2015m3	2015m4	2015m5	2015m6	2015m7	2015m8	
Inflation HICP - all items	14/08/2015	16/09/2015	% (M/M-1)	0.9	0.3	0.2	0.0	-0.5 ^(ep)	(:)	
			% (M/M-12)	-0.1	0.0	0.3	0.1	0.1 ^(ep)	(:)	
Additional data (Show)				2014q1	2014q2	2014q3	2014q4	2015q1	2015q2	
GDP - current prices	09/06/2015	08/12/2015	mio euro	3445171.0	3469967.4	3505193.3	3530746.2	3599431.1	3648011.7	
Additional data (Show)										
GDP - volume	14/08/2015	13/11/2015	% (Q/Q-1)	0.3	0.3	0.4	0.5	0.5	0.4	
			% (Q/Q-4)	1.5	1.2	1.4	1.4	1.8	1.9	
Additional data (Show)				2014q1	2014q2	2014q3	2014q4	2015q1	2015q2	
Final consumption of households and NPISH - volume	09/06/2015	08/12/2015	% (Q/Q-1)	0.2	0.4	0.6	0.6	0.6	0.4	
			% (Q/Q-4)	0.9	1.3	1.4	1.8	2.3	2.1	
Additional data (Show)				2014q1	2014q2	2014q3	2014q4	2015q1	2015q2	
Gross fixed capital formation - volume	09/06/2015	08/12/2015	% (Q/Q-1)	0.9	-0.1	0.7	0.7	1.4	-0.1	
			% (Q/Q-4)	3.8	2.1	2.1	2.2	2.5	2.6	
Additional data (Show)				2014q1	2014q2	2014q3	2014q4	2015q1	2015q2	
Household saving rate	27/10/2014	NA	% of GDI	9.30	13.88	8.29	10.59	9.15	:	

Summarising information and bringing out insights – composite indicators

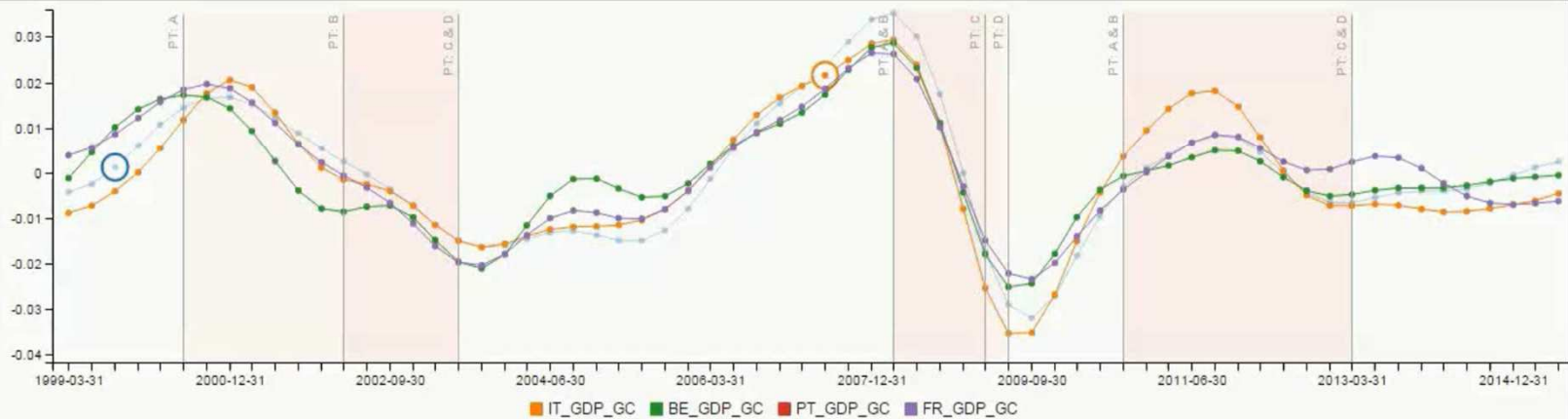
- Combining multiple indicators into one, where no unique indicator exists to measure the phenomenon.
- Role (challenge) of assumptions, notably the weighting of indicators ... subjectivity?
 - Development of techniques (e.g. POSET) to address this
- In macroeconomic statistics we are already comfortable with some types of composite indicators (GDP!); main interest is in their use for drawing out underlying evolution of the economy.

The Business Cycle Clock

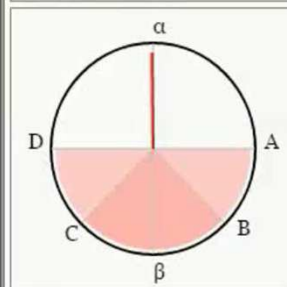
- Example of a composite indicator – presenting the position of an economy in the economic cycle

Business Cycle Clock

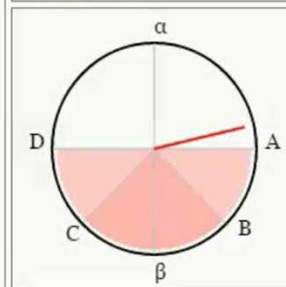
BC#1 France BC#2 Portugal BC#3 Belgium BC#4 Italy



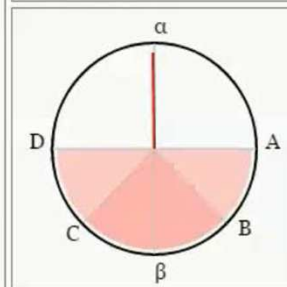
FR => 01/06/2007



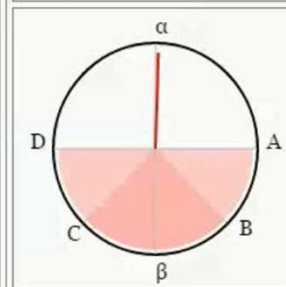
PT => 01/06/2007



BE => 01/06/2007



IT => 01/06/2007



Current Cycle Durations

EA
Slowdown = 13 quarters
Recession = 0 quarters

FR
Slowdown = 13 quarters
Recession = 0 quarters

What is the way forward (1)?

- Further development of the **conceptual backing** for composite indicators, drawing from ongoing research, and their **role in official statistics**.
- Understanding indicators in different stages of the policy cycle; intended vs. unintended use
- Room for further progress in official statistics on **standardised, controllable algorithms**. Heavy modelling should be left to researchers.
- **Harmonise ontologies** over different domains
- Joint development of methodological frames and **guidelines**, including best practices in production, cooperation and communication

What is the way forward (2)?

- Communication, **communication**, communication
- Good metadata
- Educating users
- **"branding"** of official statistics
- No solution "one fits all" to satisfy user needs, but **combination** of different approaches
- Let's be braver in official statistics, but in a controlled way

There are always other indicators...

