

Methodological note

Monthly GDP is a synthetic indicator that allows to monitor economic activity in Italy and to estimate GDP before official data releases. The indicator is disseminated on a monthly regular basis by CEIS Tor Vergata Economics University Foundation, and elaborated by using an econometric model developed by a research group exploiting the latest methodological advances in the field of economic forecasting.

Monthly GDP is innovative under two respects at least. First, the methodology employed allows to deal efficiently with ragged-edge data sets, which contain indicators released with different delay and observed at different time frequency. This fact occurs often in the practice of forecasts, given that indicators are available with different delay. As an example, industrial production index is released with a delay of 45 days, while quarterly national accounts are published as final release with a delay of about 70 days. Mixed-frequency models allow to incorporate all the available information without restricting the indicators to a common timespan.

Secondly, the model includes not only traditional indicators such as the industrial production index, but it also embodies less standard short-term indicators such as electricity consumption, paper and paperboard production and business tendency surveys which contain timely and useful information for the monitoring of the economic activity.

Moreover, the model guarantees the consistency between the estimate of monthly GDP and quarterly national accounts.

The reliability of the indicator is guaranteed since the employed methodology benefits from the long lasting experience of a research group established by Eurostat for the realization of a monthly indicator of euro area economic activity as documented in Frale, Marcellino, Mazzi and Proietti (2010b).

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