



BRIEFING PAPER

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How GDP statistics are changing from July 2018

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Article

Introducing a new publication model for GDP

Upcoming changes to the GDP publication model. The new model is outlined, as well as the benefits and trade offs and the impact on data content.

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Summary

The Office for National Statistics (ONS) publishes estimates of Gross Domestic Product (GDP) – the total value of new goods produced and services provided in the economy. These estimates rely on a wide range of sources, such as business and household surveys and tax data.

Up until mid-2018 the ONS published GDP data, including GDP growth rates, for quarters of the year only. For example, the first quarter of the year (Q1) covering the three-month period January-March, or Q2 covering April-June.

A new publication release schedule introduced in July 2018 will see estimates of monthly GDP and GDP growth published for the first time. As individual monthly data will be volatile, the ONS will also produce a rolling three-month figure that will be its preferred measure – for instance, the three-month period March-May etc. This will be similar to the way labour market statistics are published.

The monthly figures will be published around six weeks after the month in question has ended. For example, on 10 July 2018, data for May will be published.

The monthly data release will be limited in its detail, with headline GDP figures, including GDP growth rates, and economic output by industry available.

More detailed breakdowns of GDP by expenditure components – consumer and government spending, investment and trade – and by income components – household incomes and corporate profits – will still be published on a quarterly basis, as they were before.

1. What is GDP and how is it calculated?

The Office for National Statistics produces estimates of Gross Domestic Product (GDP), the total value of new goods produced and services provided (excluding production costs) in a given time period.

The ONS uses a wide range of sources in its calculation of GDP. These include surveys of businesses and households, data from reliable third parties, and administrative data from the government.

When references are made to how large an economy is, they are usually referring to GDP. When economic growth is discussed, it is usually the change in GDP – GDP growth – between two periods that is being referred to. For example, if GDP in one year is £100 billion and in the second is £102 billion, GDP growth, or economic growth, is 2%.

The UK's GDP growth figures are usually reported in real (inflation-adjusted) terms. This allows for analysis of the underlying performance of the economy.

2. Balance between timeliness and accuracy

A decision has to be made by the ONS on when they publish their estimate of GDP. It takes time to collect and review the data that goes into calculating GDP. Some information is collected relatively quickly, while others can take longer (tax returns for instance).

The ONS could wait for everything, or nearly everything, to be collected before publishing its estimate of GDP. However, without reasonably up-to-date information policymakers are at a disadvantage – evidence of how the economy is performing forms a crucial part of their decision-making. Therefore, at some point, having a recent GDP estimate will be more beneficial than waiting for slightly-more complete data to be collected.

In short, there is a trade-off between accuracy and timeliness in publishing GDP figures.

3. When and what GDP data were published up to mid-2018?

Until these changes were implemented beginning in July 2018, the Office for National Statistics (ONS) published GDP figures as follows.

GDP data were available for quarters only. For example, the first quarter of the year (Q1) covering the three-month period January-March, or Q2 covering April-June and so on. (Annual GDP data, the sum of the four individual quarters, was also available.)

4 How GDP statistics are changing from July 2018

After the end of each quarter, the ONS published three statistical releases estimating GDP for that quarter. The first, or 'preliminary' estimate was published approximately 25 days after the end of the quarter just gone. This was the fastest estimate in the G7 countries.

First release of GDP data (days after quarter ends) - as of June 2018

UK	US	Germany	Italy	Japan	France	Canada
25	30	44	44	44	45	60

Source: ONS, Introducing a new publication model for GDP

A second estimate was published a month later (two months after the previous quarter ended). By this time, additional data content has been collected allowing for greater detail on the components of GDP to be published – such as consumer spending, investment and trade – and also potentially leading to a revised headline GDP figure.

A third release was then published a month later (around three months after the end of the quarter) with even more data content and detail.

A summary of this publication cycle used up to mid-2018 is provided below. The names of the three ONS releases are shown along with when they were published in relation to the end of the past quarter (Q1, January-March, in this example):

- + 1 month (end Apr) *Preliminary estimate of GDP*
- + 2 months (end May) *Second estimate of GDP*
- + 3 months (end June) *Quarterly national accounts*

After these releases were published, the cycle began anew with the next quarter. The GDP figures from past quarters are continually updated and revised as more data becomes available and/or changes and improvements to how GDP figures are calculated are made.

Once a year, the ONS publishes the *Blue Book*, the country's annual set of national accounts. This reconciles past data and provides the most-detailed look at the country's economy.

4. Changes to way GDP data is published from July 2018

The ONS will introduce a new publication schedule for GDP data beginning in July 2018. There are two major differences between the old schedule described above and the new one.

Monthly GDP figures will now be published

The ONS will for the first time produce estimates of GDP for individual months. This is made possible by combining the monthly data for the three large industry groups – services, industrial production and construction – which make up over 99% of the economy.

Estimates of economic output in all three of these industries will be published at the same time, enabling a monthly GDP figure and GDP growth rates to be published.

Individual monthly data will be volatile, so the ONS will also publish a rolling three-month figure that will be its preferred measure. For example, the three-month period February-April, March-May etc. This release will therefore be similar to the way labour market statistics are published.¹

The monthly figures will be published around six weeks after the month in question has ended. For example, on 10 July 2018, data for May will be published.

The monthly data release will be limited in its detail, with headline GDP figures, including GDP growth rates, and economic output by industry available.

Quarterly release with more detail

More detailed breakdowns of GDP by expenditure components – consumer and government spending, investment and trade – and by income components – household incomes and corporate profits – will still be published on a quarterly basis, as they were before.

This means that in addition to the new monthly release, quarterly GDP releases containing more detail on the economy will still be published, as they are now.

There will be two such releases. The first will be published around six weeks after the end of the previous quarter. For instance, data on Q2 will be published around 10 August.

The second – the quarterly national accounts – will be published three months after the end of the quarter. For instance, data on Q2 will be published at the end of September. This release is unchanged from the previous publication schedule.

5. Calendar of upcoming GDP releases

The diagram below provides an illustration of the new GDP publication schedule from the ONS.

It shows the release date on the left-hand side with the period for which GDP estimates are published in the coloured boxes in the middle of the diagram.

For example, on 10 July 2018 the ONS will publish new GDP data for May 2018 as well as for the three-month period March-May 2018.

Then on August 10, the ONS will publish new monthly GDP estimates for June and more detailed GDP data for the three-month period April-June (the second quarter).

¹ See for instance ONS, [Labour market June 2018](#)

6. Why has this changed?

The ONS put forward this new model for the publication of GDP estimates as part of a consultation process in summer 2017.² It stated that this new approach was in response to two reviews of economic statistics in recent years: the 2014 Barker-Ridgeway review of the national accounts and the 2016 Bean review of economic statistics.³ These reviews concluded that the ONS should aim for timely GDP estimates that maintain a balance between timeliness and accuracy, so as to reduce the likelihood of frequent data revisions.⁴

The ONS said that following these reviews it reconsidered this balance and a new publication model was proposed. In addition, the ONS said that the new model was also a response to aim of “produc[ing] a more coherent picture of the UK economy on a monthly basis”.⁵

The ONS also says the publication of monthly GDP estimates would “consolidate the UK’s position at the forefront of short-term GDP estimation”.⁶

7. Regional and local GDP data are not changing

The changes detailed here are for the UK only.

A separate process is undertaken by the ONS to publish data for UK regions and countries, and local areas. These will be unaffected by these changes to the UK GDP release schedule.

8. Further information

Additional material on this topic, including where to find latest ONS publications on GDP:

- ONS, [Introducing a new publication model for GDP](#), 27 April 2018
- ONS consultation, [Changes to ONS Gross Domestic Product \(GDP\) release schedule](#), updated 19 October 2017
- ONS, [GDP publications](#)
- House of Commons Library, [Key economic indicator: GDP](#)
- House of Commons Library, [Monthly economic updates](#)

² ONS consultation, [Changes to ONS Gross Domestic Product \(GDP\) release schedule](#), updated 19 October 2017

³ For a summary of these reviews see: Royal Statistics Society, “[National Accounts are of ‘good standard’ but ‘considerable challenges’ lie ahead, says Barker report](#)”, July 2014 and Royal Statistics Society, “[Bean Review calls for excellence in UK economic statistics](#)”, March 2016

⁴ ONS, [Introducing a new publication model for GDP](#), 27 April 2018

⁵ Ibid.

⁶ Ibid.

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