

# BACKGROUND INFORMATION

## ADJUSTMENT OF TIME-SERIES OF GDP

*In order to secure comparability of macroeconomic statistics, the Statistical Office changed the methods of calculating GDP and gross national income in May 2004. The changes affected the methods of calculating imputed rent and fixed assets, hence most adjustments were made in the data regarding households. Through ownership of residential space the changes also affected the government sector and non-profit institutions providing services to households.*

*The estimated income on rent as well as the housing costs of households, local municipalities and non-profit institutions increased. Among other things, new methods were developed to calculate capital investments into fixed assets of the household sector. Thus, significant structural changes occurred both on GDP's consumption and income side.*

*Crucial methodological changes took place in calculating the depreciation of dwellings, where price indices as well as the useful life of fixed assets were*

*adjusted. Such change in methods affected all sectors and its significance by sectors can be monitored on GDP's production side.*

*After changes in the methods of calculating imputed rent and fixed assets the weight of real estate, renting and business activities in the development of the GDP increased.*

*On the basis of the above methods, the time-series of GDP in the years 1993–2003 were re-calculated. Compared to the previous method, GDP increased by 8% in 2003. Increase varied in extent in different years (see Table a).*

*The adjustment in past time-series naturally changed the analysts' perception of the past as well as forecast figures. For example, investment dynamics in real terms transformed significantly. Therefore, the interpretation of the past in the present monetary policy survey differs slightly from earlier publications.*

**Table a. GDP in 1993–2003 before and after the change in methods**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Adjusted time-series	22,956	31,374	43,078	55,967	68,328	78,341	81,640	92,717	104,338	116,869	125,832
Unadjusted time-series	21,826	29,867	40,897	52,423	64,045	73,538	76,327	87,379	97,895	108,024	116,151