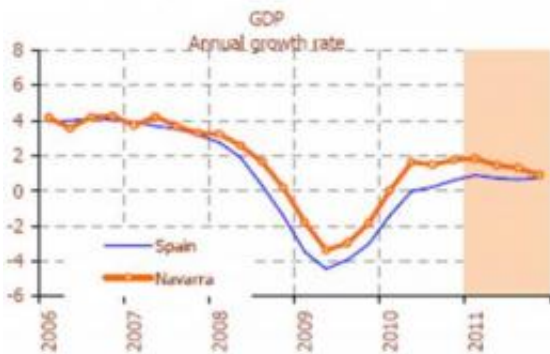# A new system for forecasting the GDP of autonomous regions

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A study coordinated by Universidad Carlos III de Madrid proposes a new methodology to carry out quarterly forecasts of GDP evolution in all autonomous regions. This forecast should be related to the budget tightening plans and public deficit objectives, according to the researchers. Credit: UC3M

A study coordinated by Universidad Carlos III de Madrid proposes a new methodology to carry out quarterly forecasts of GDP evolution in all autonomous regions. This forecast should be related to the budget tightening plans and public deficit objectives, according to the researchers.

This work presents the technical possibility to carry out within a day after the release of new economic data for the Spanish quarterly accounting, quarterly forecasts for GDP economic growth (Gross Domestic Product) for all of the autonomous regions. This forecast has

proven to be reliable and consistent with GDP growth in the Spanish economy, according to Antoni Espasa, Full Professor of [Econometrics](#) in the UC3M Statistics Department, one of the authors of this study, in which Angel Cuevas and Enrique M. Quilis, from the Ministry of Tourism, Industry and Trade, and the Ministry of Economy and Finance, respectively, have also participated. The study, entitled Combining Benchmarking and Chain-Linking for Short-Term Regional Forecasting, was presented last year at the DIW Econometric Workshop in Berlin (Germany), and this year at the International Symposium on Forecasting, in Prague (The Czech Republic) and the IWH-CIREQ Macroeconometric Workshop, in Halle (Germany).

This line of research could have applications in the current economic context. In this work, for example, the methodology described is applied to give a quarterly profile of economic growth in each autonomous region for the last 16 years, and the forecasts for the rest of 2011. "This allows us to see the differences in the economic cycles particularly in the latest recession and the budding recovery which began in 2010," Antoni Espasa pointed out. "The application," he added, "gives forecasts for growth for all of the autonomous regions that should relate them with budget tightening plans and public deficit objectives." In the current economic context which is marked by uncertainty and volatility, a tool such as the one presented in this work contributes to clearly improving analysis of the current economic situation and corresponding decision making, according to Professor Espasi.

Forecasting economic times

The data necessary to carry out this type of predictions are those related with the Los Contabilidad Nacional Trimestral de España (CNTR) (National Accounts Data), and the Contabilidad Anual Regional de España (Regional Accounts Data), as well as the monthly and quarterly data on main macroeconomic indicators from each Autonomous Region.

Next, econometric techniques of time series models are applied to obtain the forecast, seasonally adjusted and interpolation with reference index. With that, a new instrument is obtained for short-term monitoring which allows analysts to quantify the degree of synchronization among regional economic cycles.

This research is within the framework of the commitment made by the UC3M Instituto Flores de Lemus to analysis and diagnosis of the economic reality. The researchers of this center, lead by Professor Espasa, have a great deal of experience, dating back more than 17 years, in monitoring, forecasting and diagnosis of the real economy, with its monthly bilingual publication of Boletín de Inflación y Análisis Macroeconómico.

 More information: Combining Benchmarking and Chain-Linking for Short-Term Regional Forecasting
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Provided by Carlos III University of Madrid

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