



## **METHODOLOGICAL NOTE**

**INDUSTRIAL PRODUCTION INDEX (IPI) OF THE AUTONOMOUS  
COMMUNITY OF EUSKADI. Base 2005.**

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The Industrial Production Index (IPI) is a current indicator that attempts to give a close idea of the developments affecting the volume of industrial gross value added. It does not aim to be an exact measurement of the development of value added, but to show the trend according to which the variable is developing.

Use of the IPI as an indicator of the development of gross value added is conditioned by the acceptance of two suppositions:

- The measurement of value added is carried out through production volume, which means acceptance of linear production functions that are both homogeneous and stable in time.
- The structure of industrial gross value added stays constant in time.

The Industrial Production Index is a weighted Laspeyres index based on fixed calculated weightings with base year data. These indices have the advantage of being easy to calculate and interpret.

Last March 2008 work was completed that enables the base of the Industrial Production Index for 2000 to 2005 to be renewed. The process of base change has enabled a series of improvements in the indicator to be introduced that go beyond merely recalculating the weighting coefficients and the readaptation of the sampling panel. Amongst other more relevant aspects of the base change process are the following:

- The updating of weight coefficients, including a more up to date sectorial structure. The [weight coefficients](#) were calculated using data from the Industrial Accounts of the Autonomous Community of Euskadi for 2005.
- Renewal of the informing unit panel carried out with an aim to increasing the representativeness of the index, with the inclusion of new informing units and new industrial branches. The new sampling panel for the index is made up of a total of 843 industrial companies that inform monthly on the volume of production achieved.
- The new method to calculate the Index foresees including the addition and removal of companies continually, thus making it possible to maintain suitable sample representativeness.
- Calculation of the index and presentation of results carried out according to the new National Classification of Economic Activities CNAE -1993.

- A total of 160 industrial branches were considered with four digits based on the CNAE-1993 (Activity classes). Each of these activity branches appears represented by a group of “product series” or product groups (six digits in the national classification of products by activities-CNPA 1996) of homogeneous characteristics and are expressed in the same measurement unit. For these “product series” we calculate the elementary indices or first step in the aggregation chain.
- A total of 314 “product series” were considered to include 1,157 products altogether.

The new base 2005 series has been linked with the previous base 2000 one so that analysts can follow, uninterruptedly, the monthly data of this index from January 1995 onwards.

The analysis is completed with data classified according to European Community Commission Regulation (EC) No 586/2001 concerning short-term statistics as regards the definition of Main Industrial Groupings (MIGS).