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*Press office*

## PRESS OFFICE

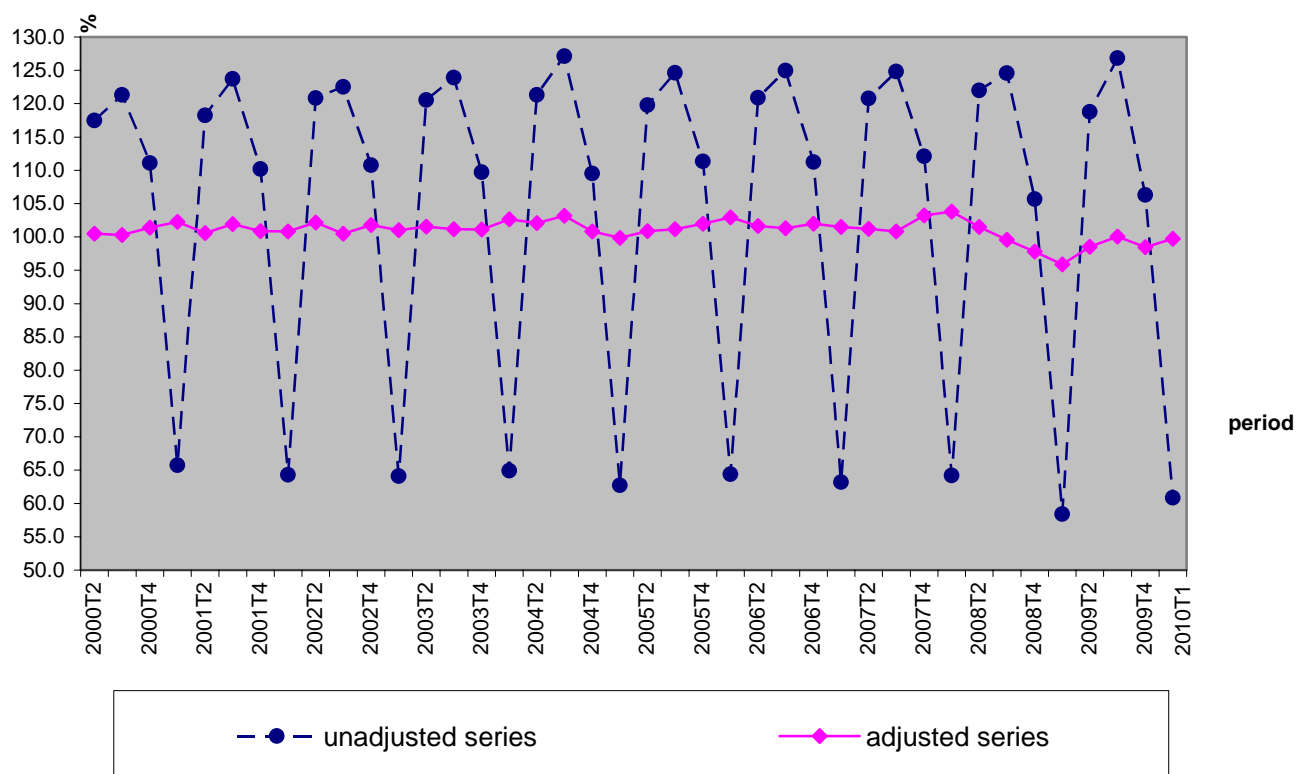
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### Gross Domestic Product in the first quarter of 2010

#### Seasonally adjusted series

**Gross Domestic Product seasonally adjusted series** - estimated for the first quarter 2010 was 124541.5 million lei current prices, decreasing in real terms by 0.3% as against the fourth quarter of 2009.

#### GDP - % as against the previous quarter



#### Unadjusted series

**Gross Domestic Product estimated for the first quarter of 2010** was 96707.4 million lei current prices, decreasing in real terms by 2.6% as against the first quarter of 2009.

Industry was the only activity branch registering a growth of activity volume by 4.2%.

Construction significantly reduced activity volume by 17.3%. Lower falls were registered in agriculture, hunting and forestry, fishing and fishery (-0.9%), in trade activities, repair of cars and housing articles; hotels and restaurants; transport and telecommunications (-2.4%), in financial, real estate, renting activities and services for enterprises (-1.5%) and in other activities of services (-2.7%). As a result of negative evolution registered per total economy, it was reduced the volume of taxes on product collected to the state budget, net taxes on products registering a fall of 10.7%.

From the viewpoint of using the Gross Domestic Product, in the first quarter of 2010, domestic demand decreased by 3.0 percentages, as compared to the same quarter of 2009, mainly due to the fall by 28.9% of gross fixed capital formation. Total final consumption reduced by 4.0%, especially because of lower volume of expenditure for final consumption of population households by 4.8 percentages, as a result of lower volume of goods' sales by retail (-19.7%).

Expenditure volume of final public administration consumption diminished by 1.8%.

A positive effect over GDP had the improvement of net export as a result of more accentuated growth of exports of goods and services (+19.5%) as compared to that of imports volume (14.9%).

### **Methodological notes**

Quarterly Gross Domestic Product at market price (QGDP), main macroeconomic aggregate of national accounting, represents final result of production activity of resident productive units, during a period, quarter respectively. Quarterly Gross Domestic Product at market price is estimated by means of two methods:

#### **a) production method:**

$$QGDP = GVA + TP - SP,$$

where:

GVA = gross value added at base price;

TP = taxes on product;

SP = subsidies on product

#### **b) expenditure method:**

$$QGDP = FC + GCF + E - I,$$

where:

FC = actual final consumption;

GCF = gross capital formation;

E = export of goods and services;

I = import of goods and services.

Main data sources used to estimate the Quarterly Gross Domestic Product:

- **Statistical sources:** infra-annual surveys regarding industrial production, construction, services, trade, agriculture production account; infra-annual surveys regarding earning and number of employees;
- **financial-accounting sources:** accounting balance sheets of financial institutions;
- **administrative sources:** state budget and local budgets execution, as well as state social insurance budget; balance of payments.

Quarterly Gross Domestic Product is estimated in current prices, in prices of corresponding period in the previous year and in average prices of 2000. Estimations in 2000 average prices are calculated chaining the volume indices.

Besides gross estimations of quarterly Gross Domestic Product, starting with 2009, seasonally adjusted estimations are also calculated by regressive method, a method recommended by European regulations.

Seasonal adjustment aims at eliminating the seasonal effects from data series to point out real economic evolution from successive periods \*).

To adjust the series of main aggregates based on which GDP is estimated by production method and expenditure method, it is used the package of programs DEMETRA (TRAMO/SEATS method). It estimates the seasonal effect (events taking place at the same moment, with the same magnitude and direction each year, such as: seasons, holidays, etc., number of working days different from one month to another and calendar effect (orthodox Easter, bissextile year and other national holidays) as well as identify and correct extreme values (occasional, transitory or permanent level changes) and interpolate the missing values.

Quarterly national accounts in Romania generally present a strong seasonality, working days and calendar having no important effect. That is why it is not necessary to apply the adjustment method for these two components.

Seasonally adjusted series was obtained eliminating the seasonal effect from gross series by means of some correction coefficients, set up according to the regression model used (additive or multiplicative). Additive or multiplicative model used for the regression is automatically identified by Demetra program according to nature of series for adjustment.

Seasonally adjusted GDP is obtained by direct method, leading to the apparition of a statistical discrepancy between GDP and the sum of its components seasonally adjusted independently.

Setting up the regression models used for each series is done at the beginning of each year and involves the recalculation of adjusted series calculated in the previous year (recalculation caused by changes of adopted models, number of regressors used and number of available observations).

Regular revision of gross data series from national accounts also involves the revision of seasonally adjusted series.

Data regarding quarterly GDP gross and seasonally adjusted series for Q1 2000 - Q1 2010 period are issued on INS site: [www.insse.ro](http://www.insse.ro).

***Gross Domestic Product for the second quarter of 2010 “flash” estimations will be issued in the press release, according to the calendar on INS site, on August 13, 2010.***

***Comparative data with other Member States of European Union can be obtained from the press release of Eurostat which is to be issued on June 4, 2010 and which can be consulted at the address: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>.***

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\*) GDP seasonally adjusted series is used to compare the reference quarter with the previous quarter, while GDP gross series is mostly used to compare with the corresponding period of the previous year. At the same time according to Eurostat, entry exit from/in economic recession is estimated by the evolution of GDP seasonally adjusted series based on the fall or growth registered in two successive quarters.

**GROSS DOMESTIC PRODUCT BY CATEGORY OF RESOURCES AND USES  
IN THE FIRST QUARTER OF 2010**

- gross series -

	Achievements – million lei current prices -	Volume indices -in % as against first quarter of 1 2009 -	Price indices - in % as against first quarter of 2009 -
Agriculture, forestry and fishery	2194,0	99,1	99,6
Industry	25286,3	104,2	103,4
Construction	5674,0	82,7	104,1
Trade; repair of cars and housing articles; hotels and restaurants; transport and telecommunications	22844,5	97,6	102,9
Financial, real estate, renting activities and services for enterprises	18072,6	98,5	101,1
Other activities of services <sup>1)</sup>	12016,6	97,3	98,2
Gross value added – total	86088,0	98,5	102,0
Net taxes on product <sup>2)</sup>	10619,4	89,3	109,2
<b>Gross Domestic Product</b>	<b>96707,4</b>	<b>97,4</b>	<b>102,7</b>
Actual final consumption	86992,4	96,0	102,6
Actual individual final consumption of population households <sup>3)</sup>	77371,8	95,9	102,9
Expenditure for final consumption of population households	65017,0	95,2	103,6
Expenditure for final consumption of non profit institutions in the service of population households	877,7	100,8	103,0
Expenditure for final individual consumption of public administration	11477,1	99,4	99,2
Actual collective final consumption of public administration <sup>4)</sup>	9620,6	96,8	99,8
Gross capital formation	15594,2	102,9	101,2
Of which:			
Gross fixed capital formation	16612,7	71,1	101,7
Net export of goods and services	-5879,2	-	-
Export of goods and services	38000,1	119,5	89,8
Import of goods and services	43879,3	114,9	90,6

Note: revised data

- 1) Include activity of public administration and defense, education, health and social assistance and other services rendered to the population.
- 2) Represent the difference between taxes on product to the state budget (VAT, excise duties, other taxes and subsidies on product paid to the state budget).
- 3) Include: expenditure of population households to purchase goods and services to meet the needs of their members, expenditure for individual consumption of public administration (education, health, social security and social actions, culture, sport, recreation activities, collection of housing waste and expenditure for individual consumption of non profit institutions in the service of population households (religious organizations, trade unions, political parties, unions, foundations, cultural and sport associations).
- 4) Include expenditure for collective consumption of public administrations (general public services, national defense and territory security, public order and security, legislative and regulation activities, R&D, etc.).

**GROSS DOMESTIC PRODUCT BY CATEGORY OF RESOURCES AND USES  
IN THE FIRST QUARTER OF 2010**

- seasonally adjusted series -

	Achievements – million lei current prices -	Volume indices -in % as against fourth quarter of 2009 -	Price indices - in % as against fourth quarter of 2009 -
Agriculture, forestry and fishery	8183,2	95,7	106,4
Industry	30242,6	99,8	99,7
Construction	11169,6	94,1	101,9
Trade; repair of cars and housing articles; hotels and restaurants; transport and telecommunications	26406,4	101,3	105,4
Financial, real estate and renting activities and services for enterprises	18525,6	101,8	95,3
Other activities of services <sup>1)</sup>	16704,6	99,2	98,0
Gross value added – total	111232,0	99,5	100,6
Net taxes on product <sup>2)</sup>	11902,1	99,1	100,5
Statistical discrepancy	1407,4	-	-
<b>Gross Domestic Product</b>	<b>124541,5</b>	<b>99,7</b>	<b>102,1</b>
Actual final consumption	99188,5	98,4	101,0
Actual individual final consumption of population households <sup>3)</sup>	89270,2	98,3	101,6
Expenditure for final consumption of population households	75429,6	98,3	101,7
Expenditure for final consumption of non profit institutions in the service of population households	1677,0	100,2	97,4
Expenditure for final individual consumption of public administration	12163,6	98,1	101,3
Actual collective final consumption of public administration <sup>4)</sup>	9918,3	99,1	95,5
Gross capital formation	32451,9	98,6	95,8
Of which:			
Gross fixed capital formation	31110,0	101,2	107,1
Net export of goods and services	-8703,7	-	-
Export of goods and services	38843,6	112,0	85,3
Import of goods and services	47547,3	108,9	96,0
Statistical discrepancy	1604,8	-	-

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3) Include: expenditure of population households to purchase goods and services to meet the needs of their members, expenditure for individual consumption of public administration (education, health, social security and social actions, culture, sport, recreation activities, collection of housing waste) and expenditure for individual consumption of non profit institutions in the service of population households (religious organizations, trade unions, political parties, unions, foundations, cultural and sport associations).

4) Include expenditure for collective consumption of public administrations (general public services, national defense and territory security, public order and security, legislative and regulation activities, R&D, etc.).