

# NORTHERN IRELAND

## QUARTERLY CONSTRUCTION ENQUIRY (QCE)

### METHODOLOGICAL NOTICE – CHAINED VOLUME MEASURES

The Q2 and Q3 2013 Northern Ireland Construction Bulletins pre-announced NISRA's intention to publish NI Construction Output statistics as chained volume measures instead of constant price (volume) series. The purpose of this note is to advise you that estimates of NI Construction Output are now available as chained volume measures up to and including Q3 2013 at the following link:

<http://www.csu.nisra.gov.uk/survey.asp84.htm>

A chained volume series is a time-series of production figures from which the effects of price changes (i.e., monetary inflation or deflation) have been removed. Production volumes are calculated for each year and weighted together using the value of output in the preceding year; then 'chain-linked' to obtain a continuous series; and finally valued at the prices of the reference year.

Annual chain-linking is considered to be an improved method over the fixed base approach used previously under which production volumes are weighted using the value of output in a fixed reference year (2005 was the reference year for the latest NI construction output series). Overtime the fixed base period requires updating and this is usually done on a five yearly basis.

The move to annual chain-linking has caused some fairly small revisions to previously published construction output growth rates. While the initial move to annual chain-linking has caused these one-off revisions, the move away from a fixed-base method ensures that revisions will generally be smaller each year because the weights are updated one year at a time rather than every five years.

By publishing NI Construction Outputs statistics as chained volume measures, we are ensuring consistency with other economic indicators such as the Northern Ireland Index of Services (IoS), the Northern Ireland Index of Production (IoP) and the Northern Ireland Composite Economic Index (NICEI) and other UK National Accounts areas.

To ensure consistency with GB Construction Output statistics, we have also rebased the NI Construction Output CVMs to 2010=100. This has also led to revisions in the constant price values which were previously valued at 2005 prices.

Further information on chain-linking can be found in the methodological article 'Annual chain-linking (58Kb Pdf)'.

<http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--630--may-2006/methodological-note--annual-chain-linking.pdf>

The Q4 2013 NI Construction Output statistics will be published as chained volume measures. In line with the commitment given in the Q3 2013 Northern Ireland Construction Bulletin, we will also publish Q4 2013 figures in Constant (2005) Prices. With effect from Q1 2014, NI Construction Output statistics will only be published as chained volume measures.