

In September, Statistics Iceland published the national accounts for Q2/2017 and a revision of previous data vintages. In addition to the periodical review of recent national accounts figures, there was a much more extensive review of private consumption figures. The review was undertaken so as to employ improved methodology in calculating several subcomponents of private consumption. The component called "other financial services" was revised back to 1997, and insurance expenditure and additional items – i.e., Icelanders' spending abroad and non-residents' spending in Iceland – were revised back to 2013.

In the early part of the period, the effects of the revision are rather small, with private consumption measuring about 0.3% higher, on average, in 1997-2008 according to the revised data. In 2009 the revision is significantly larger, with the contraction following the financial crisis now estimated to have been 0.8 percentage points smaller than previous figures had indicated (Chart 1). Over the past three years, private consumption is also estimated to have grown faster than previously thought, by 0.2-0.4 percentage points per year. The cumulative effect is that 2016 private consumption was more than 2% stronger than previous figures had suggested, and the year-2016 ratio of private consumption to GDP rises from 49.0% to 49.5%.

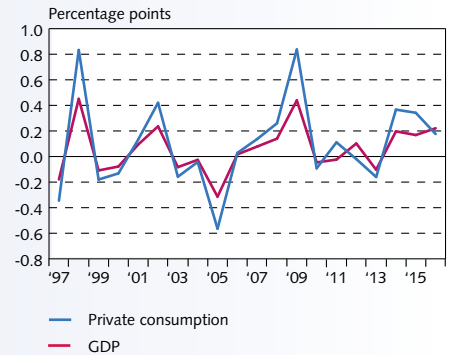
The revision also has a direct impact on GDP growth over the period. In addition to the revision of private consumption, GDP growth in 2015 and 2016 is significantly affected by periodical revisions of the national accounts, investment and external trade in particular. For the past three years, GDP growth is now estimated to be 0.2 percentage points stronger than previous numbers suggested; therefore, 2016 GDP growth measured 7.4%, Iceland's third-highest growth rate in a quarter-century. The post-crisis contraction is also estimated to have been less pronounced than previously thought: it is now estimated that GDP contracted by 6.5% in 2009 and not 6.9%. The contraction in 2010 is unchanged at 3.6%, however. The aggregate effect of the revision of 2016 GDP is to increase real GDP by 1.2% relative to the previous figures (Chart 2).

Box 4

Recent revision of the national accounts

Chart 1

Effects of revision of growth in private consumption and output¹

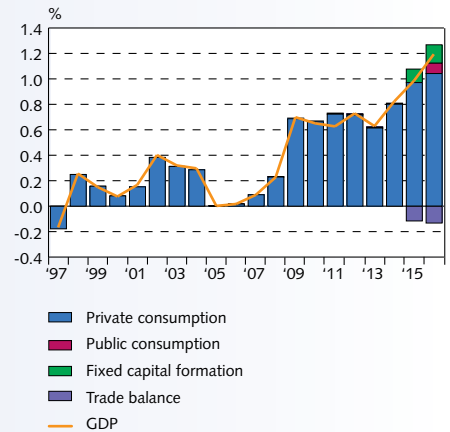


1. Measured as the difference between annual changes in new and older data.

Sources: Statistics Iceland, Central Bank of Iceland.

Chart 2

Change in GDP and effects of revision of components



Sources: Statistics Iceland, Central Bank of Iceland.