



inclusion of components that are not inter-correlated and bear the same information. Their dynamics should direct considerably the movements of the economic activity within the national economy. It is very important that the indicators used for monitoring individual components reflect correctly their changes. Also, the sources of data should be available on monthly basis and soon after expiration of the reference period, and the selected data series must not be often subject to revisions.

Consequently, for the calculation of the composite index, the national economic activity is observed in five sections:

- Industry;
- Construction;
- Trade;
- Transport and communication;
- Other services.

Those are sections which total share in the gross value added of the national economy reached approximately 88% in 2007. As one can see, this index does not cover changes in agricultural production essentially because of the typical seasonal character of the latter and the absence of timely and adequate data both on monthly and quarterly basis. Namely, the data on agricultural production, published by the relevant statistical department, are annual and therefore not suitable for short-term – monthly analysis of the economic

activity. However, irrespective of the fact that agriculture is not covered, the correlation coefficient of the gross value added of the selected sections and official quarterly GDP of Serbia, from the first quarter 2000 to the second quarter 2009, amounts to 0.98, which indicates that the selected sections are greatly expressive of the dynamics of the overall economic activity.

The selection of indicators used for monitoring the economic activity in the observed sections has been based on the Main List of European Economic Indicators for the real sector of EUROSTAT.⁴ As shown in table 2, those indicators can be divided into two groups: output indicators and input indicators. The output indicators are data on produced and sold quantities and values of products or services as direct output measures. The input indicators are data on the number of building permits, number of employees and hours worked as input measures. Those indicators are mostly used in services activities due to the lack of other indicators and assuming that inputs are directly linked with the changes of output and gross value added. And it is in that sense that they are used as indirect output indicators.

⁴ For more details see: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/is_esms.htm