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Disaggregation and nowcasting of regional GDP dynamics in Poland

Conducting the efficient regional economic policy requires accurate and up-to-date information

on the level of economic activity. In Poland, the data on regional GDP dynamics is published

only once a year with a substantial delay which makes it difficult to use them for policy design

and monitoring. In this study, we propose a method for disaggregation and nowcasting the

unknown quarterly growth rates of regional GDP. The disaggregation procedure employs a

smoothing algorithm that uses the available annual data on regional GDP dynamics as well as

the quarterly GDP growth rates at the country level. For nowcasting, we utilize several

additional higher-frequency economic indicators that are available at regional level. We

consider a few different sets of indicators and estimation procedures that are subsequently

evaluated using the ex-post accuracy measures. However, because of the short time series it is

difficult to create a clear ranking of the analysed approaches.

Keywords: regional GDP, disaggregation, forecasting