

## **Errata: State Coincident Indexes (Last updated: July 17, 2015)**

The following changes have been made to correct errors in the state coincident index historical data.

### **July 17, 2015**

#### **Corrections to May 2015 Data**

Prior to the release of the June 2015 state coincident and state leading indexes, we discovered a processing error, which was part of the retrending step of the state coincident indexes. The error underestimated the underlying long-term growth trend used by both indexes for most states and affected all releases back through October 2010. A more detail explanation with an analysis of the impact on each individual state can be found on the next page. We issued revised releases, data, and maps for the May 2015 state coincident and state leading indexes. However, our series of historical maps was not revised.

## Errata: State Coincident Indexes

Release Date: July 17, 2015

The Regional Section of the Philadelphia Fed's Research Department has been producing state coincident indexes for all 50 states for each month since January 2005. These indexes are designed to track gross state product (GSP).

The Bureau of Economic Analysis (BEA) recently released GSP data and rebased the data to 2009 from 2005. While adjusting our process for that change, we discovered an error that has affected our calculations of states' long-run average growth. These growth rates are used to retrend our state coincident indexes; therefore, the rates also affect our state leading indexes. The error affects all releases dating back to October 2010 when the BEA last rebased its GSP data from 2000 to 2005. The impact varies among states, as evidenced in the adjacent table.

This problem occurred during the retrending step, in which a statistical program calculates long-run average annual growth of each state's GSP between 1980 and the most recent year and then adjusts the overall slope of each state's coincident index. The quantity index of GSP from the SIC<sup>1</sup> system and the NAICS<sup>2</sup> is included in the calculation. Instead of adjusting the base year of both series to 2009, the SIC series was adjusted with the base year of 2000. Consequently, the difference in base year underestimates the average annual growth rate of GSP (for most states) and, subsequently, the slope of each state's coincident index (see the table).

The table shows the states' long-run average growth rates used in our previously released May indexes (column 1), the corrected growth rates (column 2), and the percentage point difference. The greatest underestimation of long-run growth was 1.1 percentage points in Wyoming; the only overestimation was 0.6 percentage point in Michigan; and no change was involved for either Kentucky or Ohio. In addition, the revised indexes incorporate updated 2014 GSP data (column 3), which slightly change the long-run average growth rate in most states.

Corrections were made, and revised state coincident and leading indexes using the most recent data are now available on our website. Our series of historical maps will not be revised.

<sup>1</sup> SIC = Standard Industrial Classification — The BEA estimated the quantity index of GSP between 1977 and 1997 based on the SIC system.

<sup>2</sup> NAICS = North American Industry Classification System — The BEA estimated the quantity index of GSP between 1997 and 2014 based on the NAICS.

State	Quantity Index Average Growth 1980–2013 (as used in previous releases)	Corrected Quantity Index Average Growth 1980–2013	Percentage Point Difference	Quantity Index Average Growth 1980–2014 (using latest BEA GSP data)	Percentage Point Difference
	(1)	(2)	(2) - (1)	(3)	(3) - (2)
AK	1.2	2.1	0.9	1.9	-0.2
AL	1.9	2.3	0.4	2.2	-0.1
AR	2.2	2.8	0.6	2.5	-0.2
AZ	3.5	4.1	0.6	4.0	-0.1
CA	2.6	3.0	0.4	3.0	0.0
CO	2.9	3.3	0.4	3.3	0.0
CT	2.3	2.5	0.2	2.5	-0.1
DE	2.4	2.8	0.4	2.7	-0.1
FL	2.8	3.3	0.5	3.4	0.0
GA	3.2	3.5	0.3	3.4	-0.1
HI	1.5	2.0	0.6	2.0	0.0
IA	1.7	2.1	0.4	2.1	0.0
ID	2.8	3.3	0.5	3.3	0.0
IL	1.7	1.8	0.2	1.8	0.0
IN	2.0	2.2	0.1	2.1	-0.1
KS	1.7	2.0	0.3	2.0	0.0
KY	2.0	2.0	0.0	2.0	0.0
LA	1.0	1.5	0.4	1.4	-0.1
MA	2.7	2.8	0.1	2.8	0.0
MD	2.1	2.7	0.5	2.6	-0.1
ME	1.9	2.1	0.2	2.0	-0.1
MI	1.7	1.1	-0.6	1.2	0.1
MN	2.6	2.8	0.3	2.7	-0.1
MO	1.6	1.9	0.3	1.9	-0.1
MS	1.8	2.1	0.3	2.0	-0.1
MT	1.3	1.9	0.6	1.8	-0.1
NC	2.7	3.2	0.5	3.2	-0.1
ND	2.6	3.5	0.9	3.3	-0.1
NE	2.1	2.6	0.5	2.5	0.0
NH	3.4	3.5	0.1	3.5	0.0
NJ	2.2	2.4	0.1	2.3	-0.1
NM	2.5	3.0	0.5	2.9	-0.1
NV	3.6	4.3	0.7	4.1	-0.2
NY	1.8	2.0	0.2	2.0	0.0
OH	1.8	1.8	0.0	1.7	0.0
OK	1.6	2.2	0.6	2.1	-0.1
OR	3.1	3.8	0.7	3.6	-0.2
PA	1.5	1.8	0.3	1.8	0.0
RI	2.0	2.1	0.1	2.1	0.0
SC	2.6	2.8	0.2	2.8	0.0
SD	2.4	3.2	0.9	3.1	-0.2
TN	2.5	2.8	0.3	2.7	0.0
TX	2.8	3.5	0.6	3.5	0.1
UT	3.2	3.9	0.8	3.7	-0.2
VT	2.5	2.9	0.4	2.8	-0.1
VA	2.4	3.0	0.6	2.9	-0.1
WA	2.5	2.9	0.4	2.9	0.0
WI	2.0	2.2	0.2	2.2	0.0
WV	1.1	1.4	0.3	1.4	0.0
WY	1.4	2.5	1.1	2.3	-0.2
<b>US</b>	<b>2.2</b>	<b>2.6</b>	<b>0.3</b>	<b>2.5</b>	<b>0.0</b>

**Note:** Due to rounding, numbers in this table may not add up precisely.