Quarterly Gross Domestic Product

Publication of the second quarter of 2011

December, 2011

Highlights

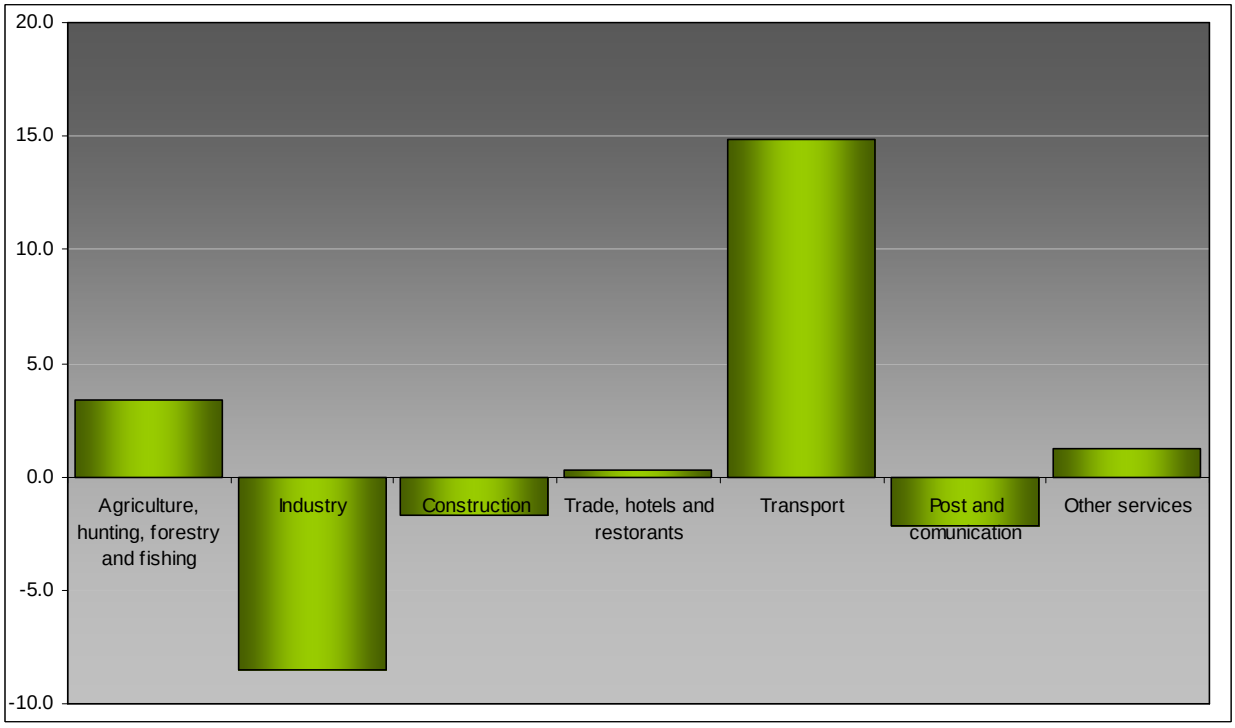
Economic activity increased ***by 0.5 percent*** *compared with the second quarter of 2010, while is decreased* ***by 1.7 percent*** *compared with the first quarter of 2011.*

Comparing this quarter with the second quarter of 2010 the industries that had higher growth rate were transport, other services and trade respectively by 14.9 percent, 1.2 percent, 0.3 percent. Meanwhile industry decreased by 8.5 percent, post and communication decreased by 2.1 percent and construction decreased by 1.7 percent compared with the second quarter of 2010.

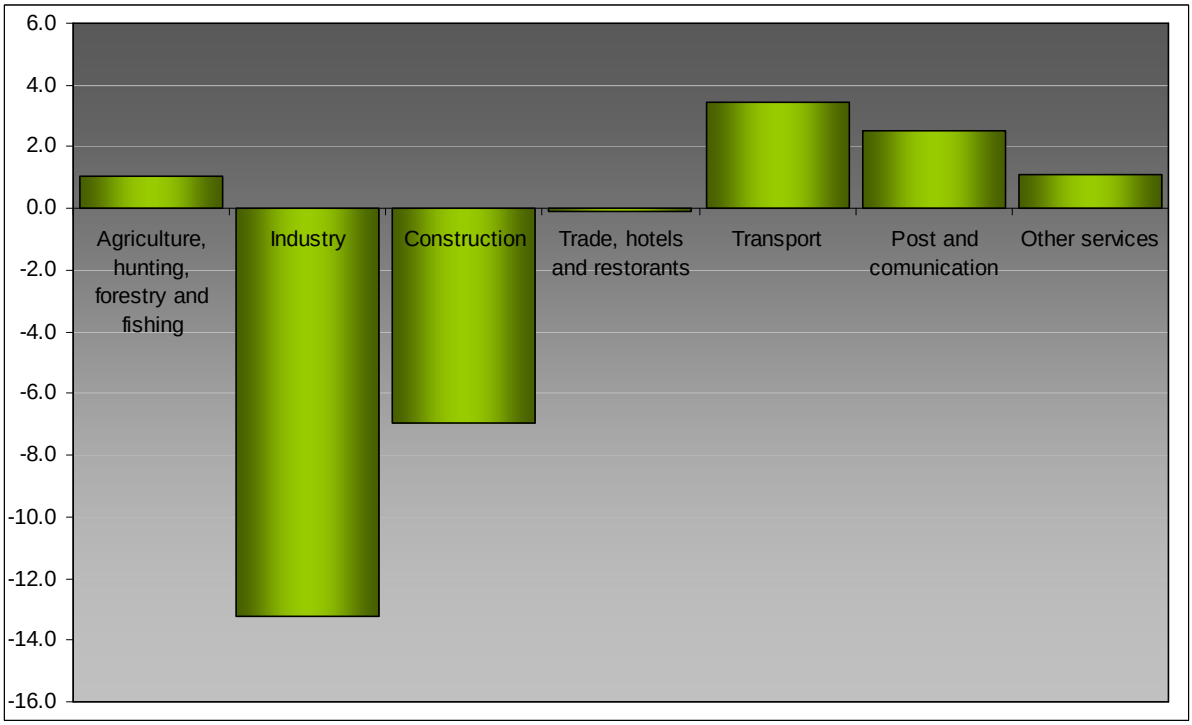
Compared with the first quarter of 2011 the industries that had higher growth were transport by 3.4 percent, post and communications by 2.5 percent and other services by 1.1 percent. A negative growth during this quarter compared with the previous quarter signed industry, construction and trade respectively by 13.2 percent, 7 percent and 0.1 percent.

Agriculture group increased by 3.4 percent, compared with the second quarter of 2010 and by 1.1 percent compared with the previous quarter.

Changes in percentage for the main branches of the economy (Q_2_2011/ Q_2_2010).



Changes in percentage for the main branches of the economy (Q_2_2011/ Q_1_2011).



Commentary

The objective of quarterly series data is to give dynamic information of economy. The publication includes estimates of quarterly volume measure of GDP where are not included taxes and subsidies on production. The volume measure is expressed in the average prices of the year 2005. The estimates of quarterly GDP are compiled in both, original and seasonally adjusted formats. The method used to estimate quarterly GDP, is considered an indirect method. The current and constant measures of Quarterly GDP are consistent with the annual national accounts statistics. The estimates are based on data available at December 2011. The main data sources that are used to estimate QGDP are in general administrative data and infra-annually data collected by INSTAT's surveys. The series are subject of revisions in the future as additional or improved information becomes available.

Quarterly GDP by industries

Agriculture
Agriculture activity in the second quarter of 2011 compared with the same quarter of 2010 was increased by 3.4 percent and by 1.1 percent compare with previous quarter.

Primary Industries
The industry group decreased by 8.5 percent in the second quarter of 2011 compare with the second quarter of 2010. Compared with the first quarter of 2011, industry decreased by 13.2 percent.

Industry:
It is necessary to specified that in this branch the estimation of the electricity is done with direct method. In this industry value added is produced as difference between output and intermediate consumption that are estimated separated.

Construction
Construction activity decreased by 1.7 percent in the second quarter of 2011 compare with the second quarter of 2010 and 7 percent compared with the first quarter of 2011.

Trade, Hotels and Restaurants
This group increased by 0.3 percent in this quarter compare with the same quarter of 2010 and decreased by 0.1 percent compared with the first quarter of 2011.

Transport
Transport activity in the second quarter of 2011 increased by 14.9 percent compared with the same quarter of 2010 and increased by 3.4 percent compared with the previous quarter.

Post-telecommunication
This activity decreased by 2.1 percent in this quarter compare with the second quarter of 2010 and increased by 2.5 percent compared with the first quarter of 2011.

Other service
Service industries in the first quarter of 2011 increased by 1.2 percent compared with second quarter of 2011 and increased by 1.1 percent compared with the previous quarter.

Technical notes

Available information for the second quarter of 2011
Statistics in the attached tables provide the first available information of GDP for the second quarter of 2011, in constant prices and seasonal adjusted. Statistics for the recent period are based on information available at December 2011 and are subject to revision as additional or improved data becomes available.
To estimate QGDP is used an indirect method. It is considered an indirect method because we have only some quarterly indicators from which we produce quarterly value added. The indirect method is based on the assumption that the proportion between the value added and output is constant in the period of estimation. At the other side in direct method we estimate output and intermediate consummation from which we produce value added.

Sequence of compilation
In the indirect method, the general way used is:

a) Data-set and balance of quarterly data in current and constant prices

from different sources for the appropriate recent year.

b) Development of time series for quarterly data in order that different periods to be comparable.
c) Benchmark the non-seasonally adjusted series to the relevant annual series.
d) Eliminate the seasonality from aggregated quarterly series
e) Comparability of seasonal series.

It is worth mentioning the fact that the sum of seasonally adjusted quarters is not necessarily to be equal to the annual total for any particular year. Under normal circumstances, there will be enough variation in seasonality and/or trading day effects to explain a gap between the two.

Chain-volume series expressed in 2005 prices

The series in this release are chain-linked and expressed in the average prices of the 2005 year. They are best described as annually reweighed chained Laspeyres volume indexes.

Series are expressed in value rather than as index numbers, since this has the advantage of showing the relative size of each component.

This procedure can be used at different levels of aggregation, but should keep in mind that the value of the amount that comes as a result of using the Laspeyres index is not equal to the amount that comes as a result of its constituents

Benchmarking

The aim of benchmarking is to ensure the consistency between Quarterly and Annually National Accounts. It should be applied to both current and constant price data, where the constant price data are expressed in prices of the same base year as the annual data. It has to be underlined that the benchmarking alters the original figures, and consequently the volume growth of the aggregates, influencing in this way the chain-linked adjusted results.

Seasonal adjustment

One of the major characteristics and issues of quarterly national accounts is seasonality. There are two methods for elimination the seasonal effect from quarter series.

Indirect method

The level at which a series is seasonally adjusted is important, since it has the potential to affect the quality of that seasonally adjusted series. The individual component series of the main economic variables can be seasonally adjusted and then summed to derive totals. This is called an indirect seasonal adjustment. The indirect approach has the advantage of retaining additively, but this applies only to the current price series. Although the indirect approach conceptually also provides additively for volume series, additively is lost by chain-linking.

Direct method

Alternatively, the main economic variables can be seasonally adjusted at the total level, independently from the seasonal adjustment of their components. The adjustment of the total of an aggregate series is called a direct seasonal adjustment. The direct approach often gives better results if the component series show similar seasonal patterns. At the most detailed level, the irregular factor may be large compared with the seasonal factor and therefore makes it difficult to perform a proper seasonal adjustment. In a small country such as Albania, irregular events can have a strong impact on particular data. However, if the component series show the same seasonal pattern, aggregation often reduces the impact of the irregular factors in the component series. This is particularly relevant for Albania, where many economic series are affected by same seasonal fluctuations in the primary industries.

INSTAT apply the direct seasonal adjustment method.

Revisions policy

One of the most important moments of the quarterly series are revisions policies. These revisions are related with quarterly and annually data changes. Revisions to the previous published series may be made each quarter. The frequency and cause of these revisions are as follows:

1. **Quarterly revisions:**

As additional data becoming available for the last quarter, they have their impact in previous quarters because:

- With data coming for the last quarter, comes and some other data or improvements data for previous nearest quarters. It is necessary to mention that most of the data used for quarter estimations are administrative one.

- Including the last quarter data in the series and later on doing the seasonality adjustment will bring some changes in the previous quarters.

2. **Annual revisions:**

Quarterly data are based on annual one, as result their changes will influence the quarterly series. Annual changes becomes as a results of new annual resources or their improvement. One year has three steps of estimations; flesh, semi final and final one. Changes that happen during these steps have their direct effect on quarterly series. The flash estimations of one year are available 11 months after the year ends, semi final are available with a time discordance of 17 months and final version with 29 months. This means that quarterly series are much depended on annual changes.

3. **Methodological revisions:**

However, note that revisions of this nature are, as far as possible, incorporated to coincide with the annual cycle of revisions outlined above.

In addition, each of the above causes for revision, and/or the addition of a new point in the actual quarterly series, has the potential to alter seasonal factors and therefore may lead to a revision in the seasonally adjusted series.

Next release

Gross Domestic Product: Third quarter of 2011 will be released on January 2012.

Gross Domestic Product by Broad Industry Group
Chain-volume series expressed in base year prices (2005=100) (1)

		Agriculture, hunting, forestry and fishing	Industry	Construction	Trade, hotels and restorants	Transport	Post and comunication	Other services	Total VA	FISIM	GDP at basic prices (2)
Values without seasonal adjustment (3)											
Quarter											
2005	Q1	34,585	16,349	17,747	31,325	6,764	6,309	41,117	**154,197**	5,659	**148,538**
	Q2	49,714	21,173	25,734	38,536	10,516	7,153	43,491	**196,317**	5,868	**190,449**
	Q3	37,216	20,155	27,058	45,059	11,994	7,511	44,933	**193,927**	6,042	**187,885**
	Q4	30,125	20,641	31,220	44,109	11,712	7,284	48,104	**193,195**	5,939	**187,256**
2006	Q1	35,998	18,836	18,804	33,289	8,210	7,600	43,495	**166,232**	6,076	**160,157**
	Q2	51,751	21,268	25,420	39,793	10,130	6,597	45,505	**200,464**	6,555	**193,909**
	Q3	38,132	22,142	29,868	43,855	12,438	8,297	46,288	**201,022**	6,776	**194,246**
	Q4	30,499	23,426	38,394	45,330	11,134	9,352	51,602	**209,737**	7,504	**202,233**
2007	Q1	36,687	17,340	24,962	34,986	9,376	8,245	46,743	**178,339**	8,335	**170,003**
	Q2	52,597	20,777	26,893	41,149	12,031	8,833	49,346	**211,627**	8,304	**203,323**
	Q3	39,178	19,489	30,493	47,111	12,629	9,876	51,679	**210,454**	8,491	**201,963**
	Q4	32,187	18,889	43,813	48,530	10,453	10,528	58,693	**223,092**	8,031	**215,061**
2008	Q1	39,626	17,961	28,727	39,923	10,313	8,884	53,947	**199,381**	8,455	**190,926**
	Q2	56,235	21,445	33,692	43,990	11,226	9,763	53,364	**229,714**	8,330	**221,385**
	Q3	41,676	22,180	35,610	50,428	11,348	11,229	54,794	**227,265**	8,879	**218,386**
	Q4	34,470	20,910	41,848	50,048	10,853	13,564	56,879	**228,571**	9,063	**219,508**
2009	Q1	40,164	19,237	28,923	39,974	9,190	12,594	56,907	**206,989**	9,394	**197,595**
	Q2	58,041	22,639	39,719	46,731	11,516	11,703	57,028	**247,378**	9,436	**237,942**
	Q3	42,142	22,823	36,070	51,929	12,357	13,732	57,233	**236,285**	9,365	**226,920**
	Q4	35,079	23,468	35,700	50,513	10,852	13,365	58,549	**227,523**	9,424	**218,099**
2010	Q1	43,509	23,507	22,674	41,765	10,046	10,991	58,064	**210,555**	8,705	**201,850**
	Q2	63,368	27,457	27,781	50,775	12,174	11,335	60,595	**253,486**	8,791	**244,695**
	Q3	45,511	26,150	28,152	57,026	13,624	12,598	64,149	**247,210**	8,941	**238,269**
	Q4	35,880	29,341	30,963	55,902	12,868	12,593	61,928	**239,475**	9,172	**230,304**
2011	Q1	44,729	26,650	23,755	43,874	11,433	10,554	57,794	**218,788**	9,250	**209,538**
	Q2	65,530	25,114	27,312	50,919	13,983	11,092	61,324	**255,275**	9,441	**245,833**

(1) Year ended 31 December
(2) Non Includes taxes and subsidy on production
(3) Values in milion Lek

Gross Domestic Product by Broad Industry Group
Chain-volume series expressed in base year prices (2005=100) (1)

	Agriculture, hunting, forestry and fishing	Industry	Construction	Trade, hotels and restorants	Transport	Post and comunication	Other services	Total VA	FISIM	GDP at basic prices (2)
Values with seasonal adjustment (3)										
Quarter										
2005 Q1	37,947	17,856	23,989	38,062	9,465	6,862	43,518	**177,699**	5,763	**171,936**
Q2	37,787	20,831	26,244	39,578	10,349	7,462	44,369	**186,621**	5,863	**180,758**
Q3	38,293	19,867	25,866	40,943	10,463	6,833	44,705	**186,970**	5,927	**181,044**
Q4	38,610	19,227	25,532	39,924	10,857	7,382	45,301	**186,833**	5,987	**180,846**
2006 Q1	38,865	21,113	24,916	40,090	10,666	7,698	45,552	**188,900**	6,016	**182,883**
Q2	39,215	20,849	26,618	40,804	10,115	7,081	46,421	**191,104**	6,550	**184,554**
Q3	39,383	21,262	29,479	40,127	10,778	8,109	46,948	**196,085**	6,824	**189,261**
Q4	39,417	21,879	31,491	41,293	10,796	8,652	48,013	**201,541**	7,545	**193,996**
2007 Q1	39,770	19,400	31,959	41,546	11,330	8,983	49,023	**202,011**	8,284	**193,727**
Q2	40,052	20,320	27,980	42,291	11,632	9,407	50,595	**202,278**	8,299	**193,979**
Q3	40,689	18,753	30,114	43,245	11,224	9,077	51,760	**204,862**	8,531	**196,330**
Q4	41,094	18,226	35,567	44,632	10,752	9,277	53,290	**212,837**	8,291	**204,546**
2008 Q1	41,896	19,439	36,022	46,814	11,238	9,500	54,446	**219,355**	8,449	**210,905**
Q2	42,463	20,976	34,110	45,174	10,776	10,467	54,572	**218,539**	8,324	**210,214**
Q3	42,981	21,940	34,480	46,227	10,436	11,285	55,408	**222,758**	8,810	**213,948**
Q4	43,684	20,214	34,539	46,506	11,009	12,725	55,982	**224,659**	9,043	**215,616**
2009 Q1	43,437	20,809	35,928	46,916	10,725	13,314	56,623	**227,753**	9,402	**218,351**
Q2	43,951	22,165	39,309	47,561	11,060	12,468	57,366	**233,880**	9,430	**224,450**
Q3	44,332	22,625	34,624	47,426	11,246	12,998	57,821	**231,072**	9,346	**221,727**
Q4	45,316	22,667	29,916	47,307	11,080	12,466	58,459	**227,210**	9,242	**217,969**
2010 Q1	46,279	25,248	28,071	49,264	11,641	11,867	59,884	**232,254**	8,877	**223,377**
Q2	46,787	26,956	27,564	51,478	11,819	12,071	60,399	**237,075**	8,785	**228,289**
Q3	47,271	25,993	27,165	51,849	12,456	11,778	61,382	**237,894**	8,758	**229,136**
Q4	47,290	28,317	26,263	52,244	12,957	11,694	61,401	**240,167**	9,057	**231,110**
2011 Q1	47,905	28,466	29,069	51,900	13,123	11,502	61,644	**243,609**	9,354	**234,255**
Q2	48,418	24,697	27,049	51,841	13,574	11,792	62,316	**239,686**	9,436	**230,250**

(1) Year ended 31 December
(2) Non Includes taxes and subsidy on production
(3) Values in milion Lek

Gross Domestic Product by Broad Industry Group
Chain-volume series expressed in base year prices (2005=100) (1)

	Agriculture, hunting, forestry and fishing	Industry	Construction	Trade, hotels and restorants	Transport	Post and comunication	Other services	Total VA	FISIM	GDP at basic prices (2)
Changes from one quarter to the same quarter of previous year not seasonal adjusted (Qt,i/Qt-1,i) (3)										
Quarter										
2005 Q1	1.5	6.5	10.0	2.2	2.9	35.6	0.1	**3.8**	-3.5	4.1
Q2	-0.6	27.4	7.4	7.4	13.3	27.1	5.8	**7.6**	5.5	**7.7**
Q3	1.6	12.9	12.1	8.3	4.8	15.7	5.2	**7.2**	8.7	**7.2**
Q4	0.5	-1.1	-0.9	4.2	16.0	12.0	3.6	**2.9**	4.3	**2.9**
2006 Q1	4.1	15.2	6.0	6.3	21.4	20.5	5.8	**7.8**	7.4	**7.8**
Q2	4.1	0.4	-1.2	3.3	-3.7	-7.8	4.6	**2.1**	11.7	**1.8**
Q3	2.5	9.9	10.4	-2.7	3.7	10.5	3.0	**3.7**	12.2	**3.4**
Q4	1.2	13.5	23.0	2.8	-4.9	28.4	7.3	**8.6**	26.4	**8.0**
2007 Q1	1.9	-7.9	32.7	5.1	14.2	8.5	7.5	**7.3**	37.2	**6.1**
Q2	1.6	-2.3	5.8	3.4	18.8	33.9	8.4	**5.6**	26.7	**4.9**
Q3	2.7	-12.0	2.1	7.4	1.5	19.0	11.6	**4.7**	25.3	**4.0**
Q4	5.5	-19.4	14.1	7.1	-6.1	12.6	13.7	**6.4**	7.0	**6.3**
2008 Q1	8.0	3.6	15.1	14.1	10.0	7.7	15.4	**11.8**	1.4	**12.3**
Q2	6.9	3.2	25.3	6.9	-6.7	10.5	8.1	**8.5**	0.3	**8.9**
Q3	6.4	13.8	16.8	7.0	-10.1	13.7	6.0	**8.0**	4.6	**8.1**
Q4	7.1	10.7	-4.5	3.1	3.8	28.8	-3.1	**2.5**	12.8	**2.1**
2009 Q1	1.4	7.1	0.7	0.1	-10.9	41.8	5.5	**3.8**	11.1	**3.5**
Q2	3.2	5.6	17.9	6.2	2.6	19.9	6.9	**7.7**	13.3	**7.5**
Q3	1.1	2.9	1.3	3.0	8.9	22.3	4.5	**4.0**	5.5	**3.9**
Q4	1.8	12.2	-14.7	0.9	0.0	-1.5	2.9	**-0.5**	4.0	**-0.6**
2010 Q1	8.3	22.2	-21.6	4.5	9.3	-12.7	2.0	**1.7**	-7.3	**2.2**
Q2	9.2	21.3	-30.1	8.7	5.7	-3.1	6.3	**2.5**	-6.8	**2.8**
Q3	8.0	14.6	-22.0	9.8	10.2	-8.3	12.1	**4.6**	-4.5	**5.0**
Q4	2.3	25.0	-13.3	10.7	18.6	-5.8	5.8	**5.3**	-2.7	**5.6**
2011 Q1	2.8	13.4	4.8	5.0	13.8	-4.0	-0.5	**3.9**	6.3	**3.8**
Q2	3.4	-8.5	-1.7	0.3	14.9	-2.1	1.2	**0.7**	7.4	**0.5**

(1) Year ended 31 December
(2) Non Includes taxes and subsidy on production
(3) Percentage changes are calculated on unrounded numbers.

Gross Domestic Product by Broad Industry Group
Chain-volume series expressed in base year prices (2005=100) (1)

	Agriculture, hunting, forestry and fishing	Industry	Construction	Trade, hotels and restorants	Transport	Post and comunication	Other services	Total VA	FISIM	GDP at basic prices (2)
Changes from one quarter to the previous quarter seasonal adjusted (3)										
Quarter										
2005 Q1	0.2	-10.4	-6.2	0.3	0.7	7.3	0.9	**-1.4**	3.3	**-1.6**
Q2	-0.4	16.7	9.4	4.0	9.3	8.7	2.0	**5.0**	1.7	**5.1**
Q3	1.3	-4.6	-1.4	3.4	1.1	-8.4	0.8	**0.2**	1.1	**0.2**
Q4	0.8	-3.2	-1.3	-2.5	3.8	8.0	1.3	**-0.1**	1.0	**-0.1**
2006 Q1	0.7	9.8	-2.4	0.4	-1.8	4.3	0.6	**1.1**	0.5	**1.1**
Q2	0.9	-1.2	6.8	1.8	-5.2	-8.0	1.9	**1.2**	8.9	**0.9**
Q3	0.4	2.0	10.7	-1.7	6.6	14.5	1.1	**2.6**	4.2	**2.6**
Q4	0.1	2.9	6.8	2.9	0.2	6.7	2.3	**2.8**	10.6	**2.5**
2007 Q1	0.9	-11.3	1.5	0.6	5.0	3.8	2.1	**0.2**	9.8	**-0.1**
Q2	0.7	4.7	-12.4	1.8	2.7	4.7	3.2	**0.1**	0.2	**0.1**
Q3	1.6	-7.7	7.6	2.3	-3.5	-3.5	2.3	**1.3**	2.8	**1.2**
Q4	1.0	-2.8	18.1	3.2	-4.2	2.2	3.0	**3.9**	-2.8	**4.2**
2008 Q1	2.0	6.7	1.3	4.9	4.5	2.4	2.2	**3.1**	1.9	**3.1**
Q2	1.4	7.9	-5.3	-3.5	-4.1	10.2	0.2	**-0.4**	-1.5	**-0.3**
Q3	1.2	4.6	1.1	2.3	-3.2	7.8	1.5	**1.9**	5.8	**1.8**
Q4	1.6	-7.9	0.2	0.6	5.5	12.8	1.0	**0.9**	2.7	**0.8**
2009 Q1	-0.6	2.9	4.0	0.9	-2.6	4.6	1.1	**1.4**	4.0	**1.3**
Q2	1.2	6.5	9.4	1.4	3.1	-6.4	1.3	**2.7**	0.3	**2.8**
Q3	0.9	2.1	-11.9	-0.3	1.7	4.2	0.8	**-1.2**	-0.9	**-1.2**
Q4	2.2	0.2	-13.6	-0.3	-1.5	-4.1	1.1	**-1.7**	-1.1	**-1.7**
2010 Q1	2.1	11.4	-6.2	4.1	5.1	-4.8	2.4	**2.2**	-3.9	**2.5**
Q2	1.1	6.8	-1.8	4.5	1.5	1.7	0.9	**2.1**	-1.0	**2.2**
Q3	1.0	-3.6	-1.4	0.7	5.4	-2.4	1.6	**0.3**	-0.3	**0.4**
Q4	0.0	8.9	-3.3	0.8	4.0	-0.7	0.0	**1.0**	3.4	**0.9**
2011 Q1	1.3	0.5	10.7	-0.7	1.3	-1.6	0.4	**1.4**	3.3	**1.4**
Q2	1.1	-13.2	-7.0	-0.1	3.4	2.5	1.1	**-1.6**	0.9	**-1.7**

(1) Year ended 31 December
(2) Non Includes taxes and subsidy on production
(3) Percentage changes are calculated on unrounded numbers.