

[Working Paper No. 194](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Fabio H. Nieto, Luis Fernando Melo

The construction of coincident indexes for the economic activity of a country is a common practice since the fifties. The methodologies vary from heuristic methods to probabilistic or statistical ones. In this paper, we present a new procedure for estimating a coincident index of the state of the economy which is optimum in a statistical sense. This procedure is based on state space models that do possess the steady-state property. We apply our methodology for computing a coincident index for the Colombian economy. Key words: State of the economy, Coincident Index, State Space Models.