Forecast reconciliation: Methodological issues and applications

Chapter 4 - Forecast reconciliation for general linearly constrained multiple time series[1]

Online appendix

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Contents

[1]Girolimetto, D. and Di Fonzo, T. (2023b) Point and probabilistic forecast reconcilia- tion for general linearly constrained multiple time series. arXiv doi:10.48550/arXiv.2305.05330

A Examples of derivation of the linear combination matrix A using the Reduced Row Echelon Form (rref)

A.1 Linearly constrained multiple time series, $n = 5$ and $p = 3$

First, consider a system of $n = 5$ linearly constrained time series such that for $t = 1, \ldots, T$

$$\begin{cases} 2x_{1,t} - 4x_{2,t} - 8x_{3,t} + 6x_{4,t} + 3x_{5,t} = 0 \\ \quad\; x_{2,t} + 3x_{3,t} + 2x_{4,t} + 3x_{5,t} = 0 \\ 3x_{1,t} - 2x_{2,t} \qquad\qquad + 8x_{5,t} = 0 \end{cases}$$

or, through a matrix representation,

$$\boldsymbol{\Gamma}_{(3\times 5)}\boldsymbol{x}_t = \mathbf{0}_{(3\times 1)}, \qquad t = 1, \ldots, T,$$

where $\boldsymbol{x}_t = [x_{1,t}\ x_{2,t}\ x_{3,t}\ x_{4,t}\ x_{5,t}]'$ and

$$\boldsymbol{\Gamma}_{(3\times 5)} = \begin{bmatrix} 2 & -4 & -8 & 6 & 3 \\ 0 & 1 & 3 & 2 & 3 \\ 3 & -2 & 0 & 0 & 8 \end{bmatrix}.$$

Reducing the coefficient matrix $\boldsymbol{\Gamma}_{(3\times 5)}$ to $\boldsymbol{Z}_{(3\times 5)}$ (rref) yields

$$\boldsymbol{\Gamma}_{(3\times 5)} \xrightarrow{\text{rref}} \boldsymbol{Z}_{(3\times 5)} = \begin{bmatrix} 1 & 0 & 2 & 0 & 4 \\ 0 & 1 & 3 & 0 & 2 \\ 0 & 0 & 0 & 1 & 0.5 \end{bmatrix}.$$

We observe that there are $n_c = 3$ constrained variables (red background) in position $\{1, 2, 4\}$ and $n_u = 2$ free variables (blue background) in position $\{3, 5\}$. Therefore, we can build the permutation matrix

$$\boldsymbol{P}_{(5\times 5)} = \begin{bmatrix} 1 & 0 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 \\ 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 1 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 \end{bmatrix}$$

and compute

$$\boldsymbol{C}_{(3\times 5)} = \boldsymbol{Z}\boldsymbol{P}' = \begin{bmatrix} \underbrace{\begin{matrix} 1 & 0 & 0 \\ 0 & 1 & 0 \\ 0 & 0 & 1 \end{matrix}}_{\boldsymbol{I}_3} & \underbrace{\begin{matrix} 2 & 4 \\ 3 & 2 \\ 0 & 0.5 \end{matrix}}_{-\boldsymbol{A}_{(2\times 3)}} \end{bmatrix}.$$

The linear combination matrix $\boldsymbol{A}$ and structural-like matrix $\boldsymbol{S}$ are given by respectively,

$$\boldsymbol{A}_{(3\times 2)} = \begin{bmatrix} -2 & -4 \\ -3 & -2 \\ 0 & -0.5 \end{bmatrix} \quad \text{and} \quad \boldsymbol{S}_{(5\times 2)} = \begin{bmatrix} -2 & -4 \\ -3 & -2 \\ 0 & -0.5 \\ \hdashline 1 & 0 \\ 0 & 1 \end{bmatrix} \begin{matrix} \left.\vphantom{\begin{matrix} a \\ a \\ a \end{matrix}}\right\} \boldsymbol{A}_{(3\times 2)} \\ \left.\vphantom{\begin{matrix} a \\ a \end{matrix}}\right\} \boldsymbol{I}_2 \end{matrix}.$$

These matrices are such that

$$\boldsymbol{c}_t = \boldsymbol{A}_{(3\times 2)}\boldsymbol{u}_t, \qquad \boldsymbol{y}_t = \boldsymbol{S}_{(5\times 2)}\boldsymbol{u}_t, \qquad \text{for } t = 1, \dots, T,$$

where

$$\boldsymbol{c}_t = \begin{bmatrix} x_{1,t} \\ x_{2,t} \\ x_{4,t} \end{bmatrix}, \qquad \boldsymbol{u}_t = \begin{bmatrix} x_{3,t} \\ x_{5,t} \end{bmatrix}, \quad \text{and} \quad \boldsymbol{y}_t = \begin{bmatrix} \boldsymbol{c}_t \\ \boldsymbol{u}_t \end{bmatrix}.$$

A.2 Linearly constrained multiple time series, $n = 4$ and $p = 3$

First, consider a system of $n = 4$ linearly constrained time series such that for $t = 1, \dots, T$

$$\begin{cases} x_{1,t} - 2x_{2,t} - x_{3,t} + 3x_{4,t} = 0 \\ 2x_{1,t} - 4x_{2,t} - 3x_{3,t} + 2x_{4,t} = 0 \\ 4x_{1,t} - 8x_{2,t} - 6x_{3,t} + 4x_{4,t} = 0 \end{cases}$$

and

$$\boldsymbol{\Gamma}_{(3\times 4)}\boldsymbol{x}_t = \boldsymbol{0}_{(3\times 1)}, \qquad t = 1, \dots, T,$$

where $\boldsymbol{x}_t = [x_{1,t}\ x_{2,t}\ x_{3,t}\ x_{4,t}]'$ and

$$\boldsymbol{\Gamma} = \begin{bmatrix} 1 & -2 & -1 & 3 \\ 2 & -4 & -3 & 2 \\ 4 & -8 & -6 & 4 \end{bmatrix} \xrightarrow{\text{rref}} \begin{bmatrix} 1 & -2 & 0 & 7 \\ 0 & 0 & 1 & 4 \\ 0 & 0 & 0 & 0 \end{bmatrix}.$$

In this case, it clearly appears that there is a redundant relationship (e.g., the third equation is equal to the second one multiplied by 2). This is confirmed by the fact that, reducing the coefficient matrix $\boldsymbol{\Gamma}$, we obtain $n_c = 2$ constrained variables (red background) in position $\{1, 4\}$, $n_u = 2$ free variables (blue background) in position $\{2, 3\}$, and the last row is null. Then,

$$\boldsymbol{P}_{(4\times 4)} = \begin{bmatrix} 1 & 0 & 0 & 0 \\ 0 & 0 & 1 & 0 \\ 0 & 1 & 0 & 0 \\ 0 & 0 & 0 & 1 \end{bmatrix}, \qquad \boldsymbol{Z}_{(2\times 4)} = \begin{bmatrix} 1 & -2 & 0 & 7 \\ 0 & 0 & 1 & 4 \end{bmatrix}$$

and

$$\boldsymbol{C}_{(2\times 4)} = \boldsymbol{Z}\boldsymbol{P}' = \left[\begin{array}{cc:cc} 1 & 0 & -2 & 7 \\ 0 & 1 & 0 & 4 \end{array}\right].$$

$$\underbrace{\phantom{\begin{matrix} 1 & 0 \\ 0 & 1 \end{matrix}}}_{\boldsymbol{I}_3} \qquad \underbrace{\phantom{\begin{matrix} -2 & 7 \\ 0 & 4 \end{matrix}}}_{-\boldsymbol{A}_{(2\times 3)}}$$

Finally,

$$\boldsymbol{A}_{(3\times 2)} = \begin{bmatrix} -2 & 7 \\ 0 & 4 \end{bmatrix} \quad \text{and} \quad \boldsymbol{S}_{(5\times 2)} = \begin{bmatrix} -2 & 7 \\ 0 & 4 \\ \hdashline 1 & 0 \\ 0 & 1 \end{bmatrix} \begin{matrix} \} \boldsymbol{A}_{(2\times 2)} \\ \} \boldsymbol{I}_2 \end{matrix}.$$

	Hierarchy				Complete
	1	2	3	4	structure
n_b	4	7	3	8	22
n_a	3	5	1	6	13
n	7	12	4	14	35

(a) *Bottom and upper variables*

	Hierarchy				Complete
	1	2	3	4	structure
n_u	4	7	3	8	20
n_c	3	5	1	6	15
n	7	12	4	14	35

(b) *Free (unconstrained) and constrained variables*

Table A.1: *Table A.1a reports the number of bottom (n_b), upper (n_a) and all (n) time series of the four component hierarchies. Table A.1b reports the number of free (n_u), constrained (n_c) and all (n) time series.*

A.3 Linearly constrained multiple time series, $n = 35$ and $p = 15$

Figure A.1 shows a rather complex linearly constrained system, consisting in four hierarchies sharing only the top-level variables. Hierarchies 1 and 2 share the same top-level variable X and hierarchies 3 and 4 share the same top-level variable Y. The total variable Z is the sum of X and Y. Table A.1a reports the number of bottom (n_b), upper (n_a) and all (n) time series of the four component hierarchies and Table A.1b, the number of free (n_u), constrained (n_c) and all (n) time series. This type of linear constrained structure is not unusual in National Accounts, for example when *GDP* from different accounting sides is considered.

Moving from the top of the structure in Figure A.1, the relationships between the 35 variables can be expressed as

1. $Z = X + Y$
2. $X = A + B$
3. $X = C + D$
4. $Y = E + F + G$
5. $Y = H + I$
6. $A = AB + AAA + AAB$
7. $AA = AAA + AAB$
8. $C = CA + CB + CC$
9. $D = DAA + DAB + DBA + DBB$
10. $DA = DAA + DAB$
11. $DB = DBA + DBB$
12. $H = HA + HB$
13. $HA = HAA + HAB + HAC$
14. $I = IB + IC + IAA + IAB$
15. $IA = IAA + IAB$

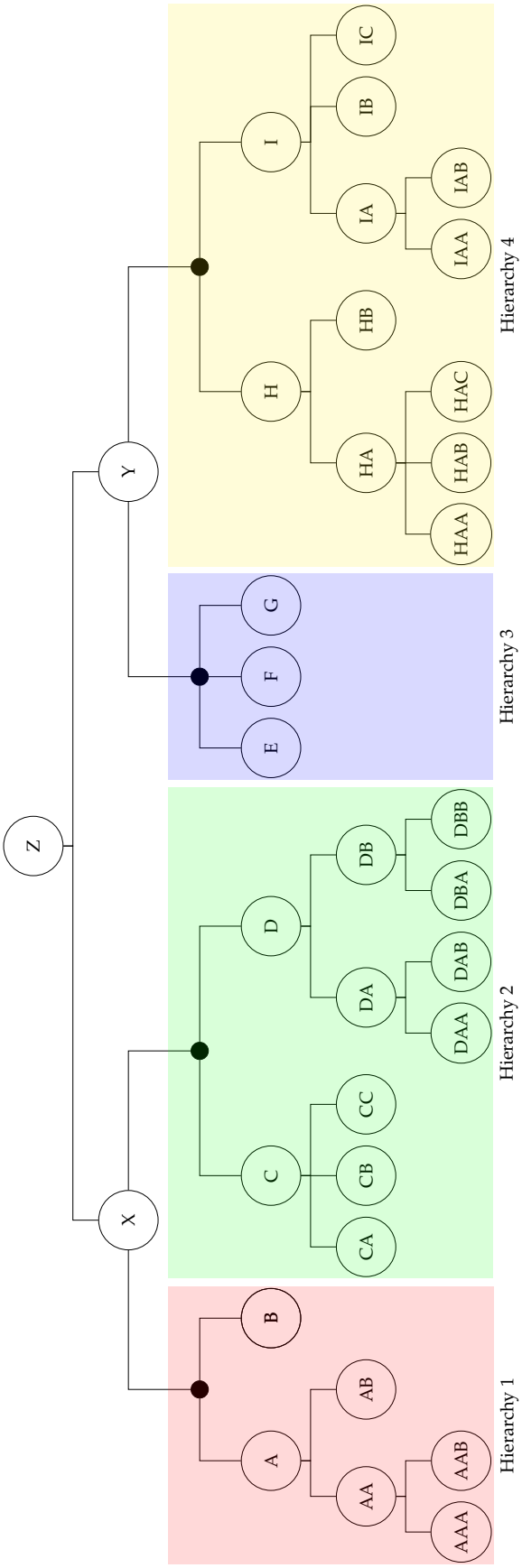

Figure A.1: *Representation of a multiple linearly constrained time series formed by four genuine hierarchies in which hierarchies 1 and 2 share the same top-level variable X and hierarchies 3 and 4 share the same top-level variable Y. The total variable Z is the sum of X and Y.*

These relationships can be grouped into a system of 15 equations:

$$
\begin{aligned}
x_{Z,t} - x_{X,t} - x_{Y,t} &= 0, & x_{D,t} - x_{DAA,t} - x_{DAB,t} - x_{DBA,t} - x_{DBB,t} &= 0,\\
x_{X,t} - x_{A,t} - x_{B,t} &= 0, & x_{DA,t} - x_{DAA,t} - x_{DAB,t} &= 0,\\
x_{X,t} - x_{C,t} - x_{D,t} &= 0, & x_{DB,t} - x_{DBA,t} - x_{DBB,t} &= 0,\\
x_{Y,t} - x_{E,t} - x_{F,t} - x_{G,t} &= 0, & x_{H,t} - x_{HA,t} - x_{HB,t} &= 0,\\
x_{Y,t} - x_{H,t} - x_{I,t} &= 0, & x_{HA,t} - x_{HAA,t} - x_{HAB,t} - x_{HAC,t} &= 0,\\
x_{A,t} - x_{AB,t} - x_{AAA,t} - x_{AAB,t} &= 0, & x_{I,t} - x_{IB,t} - x_{IC,t} - x_{IAA,t} - x_{IAB,t} &= 0,\\
x_{AA,t} - x_{AAA,t} - x_{AAB,t} &= 0, & x_{IA,t} - x_{IAA,t} - x_{IAB,t} &= 0,\\
x_{C,t} - x_{CA,t} - x_{CB,t} - x_{CC,t} &= 0
\end{aligned}
$$

with coefficient matrix

$$
\mathbf{\Gamma}_{(15\times 35)} = \begin{bmatrix}
1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 1 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 1 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1
\end{bmatrix}.
$$

$$
\begin{matrix}
Z & X & Y & A & B & C & D & E & F & G & H & I & AA & AB & CA & CB & CC & DA & DB & HA & HB & IA & IB & IC & AAA & AAB & DAA & DAB & DBA & DBB & HAA & HAB & HAC & IAA & IAB
\end{matrix}
$$

Reducing this matrix through rref yields

$$
\boldsymbol{Z}_{(15\times 35)} = \begin{bmatrix}
1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & -1 & 0 & -1 & -1 & 0 & 0 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 \\
0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & -1 & -1 \\
0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & -1 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1
\end{bmatrix}
$$

$$
\begin{matrix}
Z & X & Y & A & B & C & D & E & F & G & H & I & AA & AB & CA & CB & CC & DA & DB & HA & HB & IA & IB & IC & AAA & AAB & DAA & DAB & DBA & DBB & HAA & HAB & HAC & IAA & IAB
\end{matrix}
$$

and

$$\boldsymbol{C}_{(15\times35)} = \boldsymbol{Z}\boldsymbol{P}'$$

$$= \begin{array}{c}\left[\begin{array}{ccccccccccccccccccccccccccccccccccccc}
1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & -1 & -1 & 0 & 0 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 \\
0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & -1 \\
0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & -1 & -1 & -1 & 0 & 0 & 0 & 1 & 1 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & -1 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1
\end{array}\right] \\ \begin{array}{ccccccccccccccccccccccccccccccccccccc}
Z & X & Y & A & B & C & D & E & H & I & AA & DA & DB & HA & IA & F & G & AB & CA & CB & CC & HB & IB & IC & AAA & AAB & DAA & DAB & DBA & DBB & HAA & HAB & HAC & IAA & IAB
\end{array}\end{array},$$

where $\boldsymbol{P}$ is a (35×35) permutation matrix moving the pivot columns (red background) in $\boldsymbol{Z}$ to the left side of matrix $\boldsymbol{C}$:

$$\boldsymbol{P}_{(35\times35)} = \begin{array}{c}\left[\begin{array}{ccccccccccccccccccccccccccccccccccccc}
1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\
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\end{array}\right] \\ \begin{array}{ccccccccccccccccccccccccccccccccccccc}
Z & X & Y & A & B & C & D & E & F & G & H & I & AA & AB & CA & CB & CC & DA & DB & HA & HB & IA & IB & IC & AAA & AAB & DAA & DAB & DBA & DBB & HAA & HAB & HAC & IAA & IAB
\end{array}\end{array}.$$

Finally, the linear combination matrix $\boldsymbol{A}$ is given by:

$$\boldsymbol{A} = \begin{array}{c} \left[\begin{array}{cccccccccccccccccccc} 0 & 0 & 0 & 1 & 1 & 1 & 1 & 1 & 1 & 0 & 0 & 1 & 1 & 1 & 1 & 1 & 1 & 1 & 1 & 1 \\ 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 & 1 \\ 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & -1 & 1 & 1 & 1 & 0 & 0 & 0 & -1 & -1 & 1 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 \\ -1 & -1 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 & 1 \\ 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 & 1 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 1 \end{array}\right] \begin{array}{c} Z \\ X \\ Y \\ A \\ B \\ C \\ D \\ E \\ H \\ I \\ AA \\ DA \\ DB \\ HA \\ IA \end{array} \\ \begin{array}{cccccccccccccccccccc} F & G & AB & CA & CB & CC & HB & IB & IC & AAA & AAB & DAA & DAB & DBA & DBB & HAA & HAB & HAC & IAA & IAB \end{array} \end{array} .$$

It's worth noting that B and E, originally considered as bottom variables in hierarchies 1 and 3, respectively, in the general linear constrained representation are treated as constrained variables.

Consider now the situation in which the user works with a number of relationships larger than the minimum needed to define the set of linearly independent constraints. For example, the following 3 (redundant) relationships are added to previous ones:

6.1 $A = AA + AB$

9.1 $D = DA + DB$

14.1 $I = IA + IB + IC$

In this case, matrix $\boldsymbol{\Gamma}$ has 18 rows instead of 15, and

$$\boldsymbol{\Gamma}_{(18\times 35)} = \begin{array}{c} \left[\begin{array}{ccccccccccccccccccccccccccccccccccc} 1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & -1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & \\ 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \end{array}\right] \begin{array}{c} Z \\ X \\ Y \\ A \\ B \\ C \\ D \\ E \\ F \\ G \\ H \\ I \\ AA \\ AB \\ CA \\ CB \\ CC \\ DA \\ DB \\ HA \\ HB \\ IA \\ IB \\ IC \\ AAA \\ AAB \\ DAA \\ DAB \\ DBA \\ DBB \\ HAA \\ HAB \\ HAC \\ IAA \\ IAB \end{array} \end{array}$$

$$\downarrow \text{rref}$$

$$
\begin{bmatrix}
1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & -1 & -1 & -1 & 0 & 0 & 0 & -1 & 0 & -1 & -1 & 0 & 0 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 & -1 \\
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\end{bmatrix}.
$$

Z X Y A B C D E F G H I AA AB CA CB CC DA DB HA HB IA IB IC AAA AAB DAA DAB DBA DBB HAA HAB HAC IAA IAB

In the end, the redundant relationships have the effect of adding three null rows to the rref of matrix $\mathbf{\Gamma}$, but the same free (20) and constrained (15) variables are found.

B Australian GDP from income and expenditure sides

B.1 Australian National Accounts variables

Variable	Series ID	Description
Gdp	A2302467A	GDP - Gross Domestic Product
Sde	A2302566J	Statistical Discrepancy(E)
Exp	A2302564C	Exports of goods and services
Imp	A2302565F	Imports of goods and services
Gne	A2302563A	Gross national exp.
GneDfdFceGvtNatDef	A2302523J	Gen. gov. - National; Final consumption exp. - Defence
GneDfdFceGvtNatNdf	A2302524K	Gen. gov. - National; Final consumption exp. - Non-defence
GneDfdFceGvtNat	A2302525L	Gen. gov. - National; Final consumption exp.
GneDfdFceGvtSnl	A2302526R	Gen. gov. - State and local; Final consumption exp,
GneDfdFceGvt	A2302527T	Gen. gov.; Final consumption exp.
GneDfdFce	A2302529W	All sectors; Final consumption exp.
GneDfdGfcPvtTdwNnu	A2302543T	Pvt.; Gross fixed capital formation (GFCF)
GneDfdGfcPvtTdwAna	A2302544V	Pvt.; GFCF - Dwellings - Alterations and additions
GneDfdGfcPvtTdw	A2302545W	Pvt.; GFCF - Dwellings - Total
GneDfdGfcPvtOtc	A2302546X	Pvt.; GFCF - Ownership transfer costs
GneDfdGfcPvtPbiNdcNbd	A2302533L	Pvt. GFCF - Non-dwelling construction - New building
GneDfdGfcPvtPbiNdcNec	A2302534R	Pvt.; GFCF - Non-dwelling construction - New engineering construction
GneDfdGfcPvtPbiNdcSha	A2302535T	Pvt.; GFCF - Non-dwelling construction - Net purchase of second hand assets
GneDfdGfcPvtPbiNdc	A2302536V	Pvt.; GFCF - Non-dwelling construction - Total
GneDfdGfcPvtPbiNdmNew	A2302530F	Pvt.; GFCF - Machinery and equipment - New
GneDfdGfcPvtPbiNdmSha	A2302531J	Pvt.; GFCF - Machinery and equipment - Net purchase of second hand assets
GneDfdGfcPvtPbiNdm	A2302532K	Pvt.; GFCF - Machinery and equipment - Total
GneDfdGfcPvtPbiCbr	A2716219R	Pvt.; GFCF - Cultivated biological resources
GneDfdGfcPvtPbiIprRnd	A2716221A	Pvt.; GFCF - Intellectual property products - Research and development
GneDfdGfcPvtPbiIprMnp	A2302539A	Pvt.; GFCF - Intellectual property products - Mineral and petroleum exploration
GneDfdGfcPvtPbiIprCom	A2302538X	Pvt.; GFCF - Intellectual property products - Computer software
GneDfdGfcPvtPbiIprArt	A2302540K	Pvt.; GFCF - Intellectual property products - Artistic originals
GneDfdGfcPvtPbiIpr	A2716220X	Pvt.; GFCF - Intellectual property products Total
GneDfdGfcPvtPbi	A2302542R	Pvt.; GFCF - Total private business investment
GneDfdGfcPvt	A2302547A	Pvt.; GFCF
GneDfdGfcPubPcpCmw	A2302548C	Plc. corporations - Commonwealth; GFCF
GneDfdGfcPubPcpSnl	A2302549F	Plc. corporations - State and local; GFCF
GneDfdGfcPubPcp	A2302550R	Plc. corporations; GFCF Total
GneDfdGfcPubGvtNatDef	A2302551T	Gen. gov. - National; GFCF - Defence
GneDfdGfcPubGvtNatNdf	A2302552V	Gen. gov. - National ; GFCF - Non-defence
GneDfdGfcPubGvtNat	A2302553W	Gen. gov. - National ; GFCF Total
GneDfdGfcPubGvtSnl	A2302554X	Gen. gov. - State and local; GFCF
GneDfdGfcPubGvt	A2302555A	Gen. gov.; GFCF
GneDfdGfcPub	A2302556C	Plc.; GFCF
GneDfdGfc	A2302557F	All sectors; GFCF

Table B.2: *Variables, series IDs and their descriptions for the expenditure approach. Source: Athanasopoulos et al. (2020)*

Variable	Series ID	Description
GneDfdHfc	A2302254W	Household Final Consumption expenditure
GneDfdFceHfcFud	A2302237V	Food
GneDfdFceHfcAbt	A3605816F	Alcoholic beverages and tobacco
GneDfdFceHfcAbtCig	A2302238W	Cigarettes and tobacco
GneDfdFceHfcAbtAlc	A2302239X	Alcoholic beverages
GneDfdFceHfcCnf	A2302240J	Clothing and footwear
GneDfdFceHfcHwe	A3605680F	Housing, water, electricity, gas and other fuels
GneDfdFceHfcHweRnt	A3605681J	Actual and imputed rent for housing
GneDfdFceHfcHweWsc	A3605682K	Water and sewerage charges
GneDfdFceHfcHweEgf	A2302242L	Electricity, gas and other fuel
GneDfdFceHfcFhe	A2302243R	Furnishings and household equipment
GneDfdFceHfcFheFnt	A3605683L	Furniture, floor coverings and household goods
GneDfdFceHfcFheApp	A3605684R	Household appliances
GneDfdFceHfcFheTls	A3605685T	Household tools
GneDfdFceHfcHlt	A2302244T	Health
GneDfdFceHfcHltMed	A3605686V	Medicines, medical aids and therapeutic appliances
GneDfdFceHfcHltHsv	A3605687W	Total health services
GneDfdFceHfcTpt	A3605688X	Transport
GneDfdFceHfcTptPvh	A2302245V	Purchase of vehicles
GneDfdFceHfcTptOvh	A2302246W	Operation of vehicles
GneDfdFceHfcTptTsv	A2302247X	Transport services
GneDfdFceHfcCom	A2302248A	Communications
GneDfdFceHfcRnc	A2302249C	Recreation and culture
GneDfdFceHfcEdc	A2302250L	Education services
GneDfdFceHfcHcr	A2302251R	Hotels, cafes and restaurants
GneDfdFceHfcHcrCsv	A3605694V	Catering services
GneDfdFceHfcHcrAsv	A3605695W	Accommodation services
GneDfdFceHfcMis	A3605696X	Miscellaneous goods and services
GneDfdFceHfcMisOgd	A3605697A	Other goods
GneDfdFceHfcMisIfs	A2302252T	Insurance and other financial services
GneDfdFceHfcMisOsv	A3606485T	Other services

Table B.3: *Variables, series IDs and their descriptions for Household Final Consumption - expenditure approach. Source: Athanasopoulos et al. (2020)*

Variable	Series ID	Description
GneCii	A2302562X	Changes in Inventories
GneCiiPfm	A2302560V	Farm
GneCiiPba	A2302561W	Public authorities
GneCiiPnf	A2302559K	Private; Non-farm Total
GneCiiPnfMin	A83722619L	Private; Mining (B)
GneCiiPnfMan	A3348511X	Private; Manufacturing (C)
GneCiiPnfWht	A3348512A	Private; Wholesale trade (F)
GneCiiPnfRet	A3348513C	Private; Retail trade (G)
GneCiiPnfOnf	A2302273C	Private; Non-farm; Other non-farm industries

Table B.4: *Variables, series IDs and their descriptions for Changes in Inventories - expenditure approach. Source: Athanasopoulos et al. (2020)*

Variable	Series ID	Description
Sdi	A2302413V	Statistical discrepancy (I)
Tsi	A2302412T	Taxes less subsidies (I)
TfiCoeWns	A2302399K	Compensation of employees; Wages and salaries
TfiCoeEsc	A2302400J	Compensation of employees; Employers' social contributions
TfiCoe	A2302401K	Compensation of employees
TfiGosCopNfnPvt	A2323369L	Private non-financial corporations; Gross operating surplus
TfiGosCopNfnPub	A2302403R	Public non-financial corporations; Gross operating surplus
TfiGosCopNfn	A2302404T	Non-financial corporations; Gross operating surplus
TfiGosCopFin	A2302405V	Financial corporations; Gross operating surplus
TfiGosCop	A2302406W	Total corporations; Gross operating surplus
TfiGosGvt	A2298711F	General government; Gross operating surplus
TfiGosDwl	A2302408A	Dwellings owned by persons; Gross operating surplus
TfiGos	A2302409C	All sectors; Gross operating surplus
TfiGmi	A2302410L	Gross mixed income
Tfi	A2302411R	Total factor income

Table B.5: *Variables, series IDs and their descriptions for the income approach. Source: Athanasopoulos et al. (2020)*

B.2 Accuracy indices

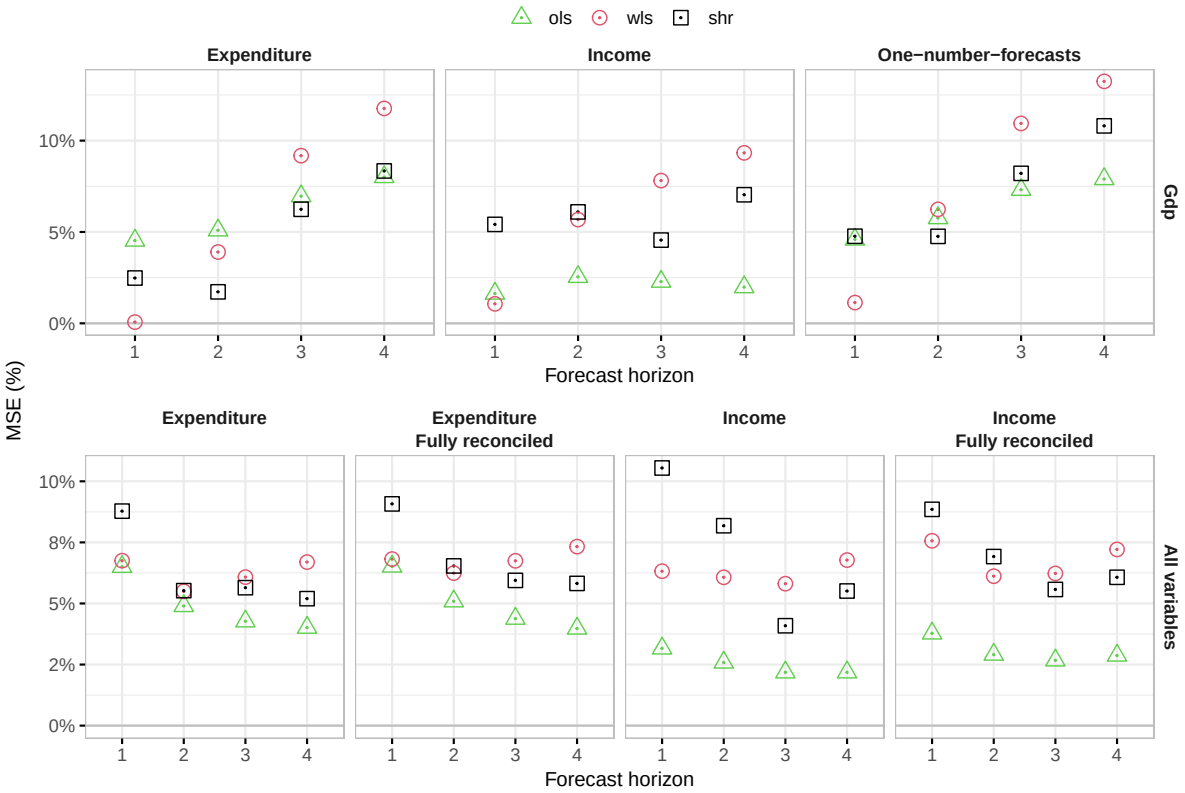


Figure B.2: *MSE-skill scores (relative to base forecasts) for point forecasts from alternative reconciliation approaches (Australian QNA variables).*

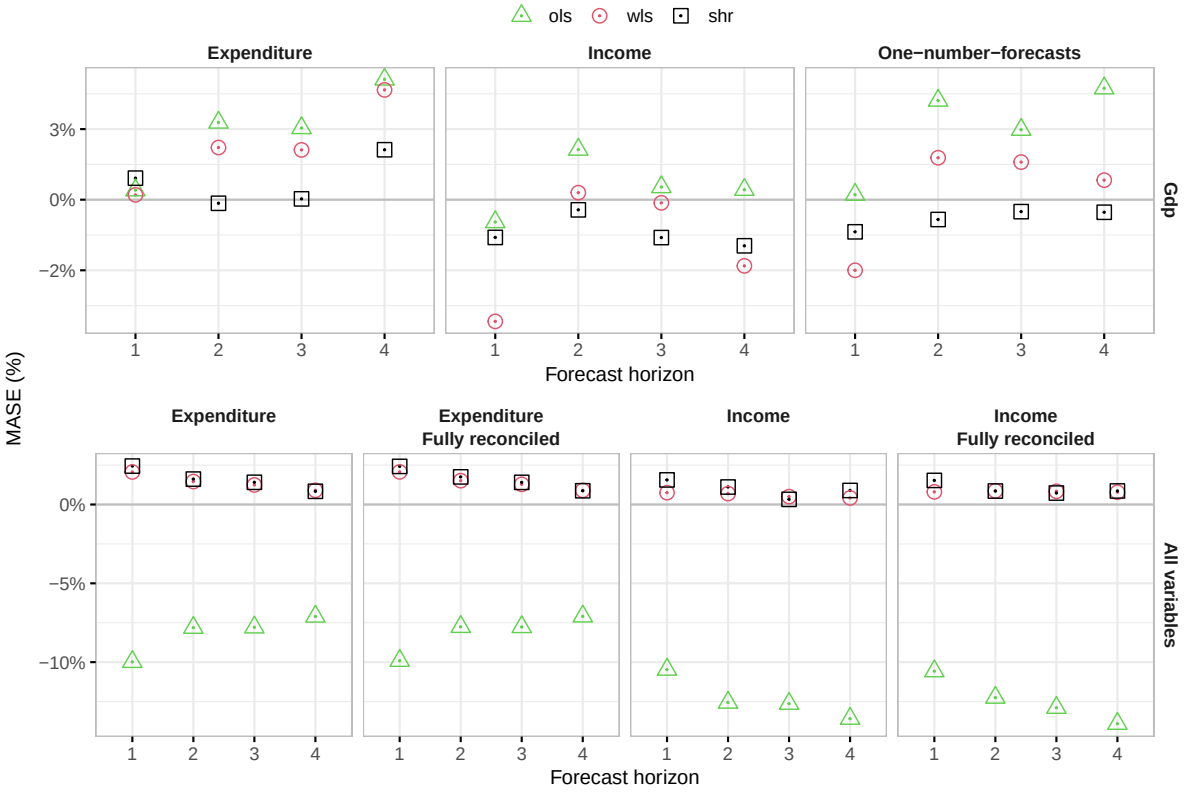
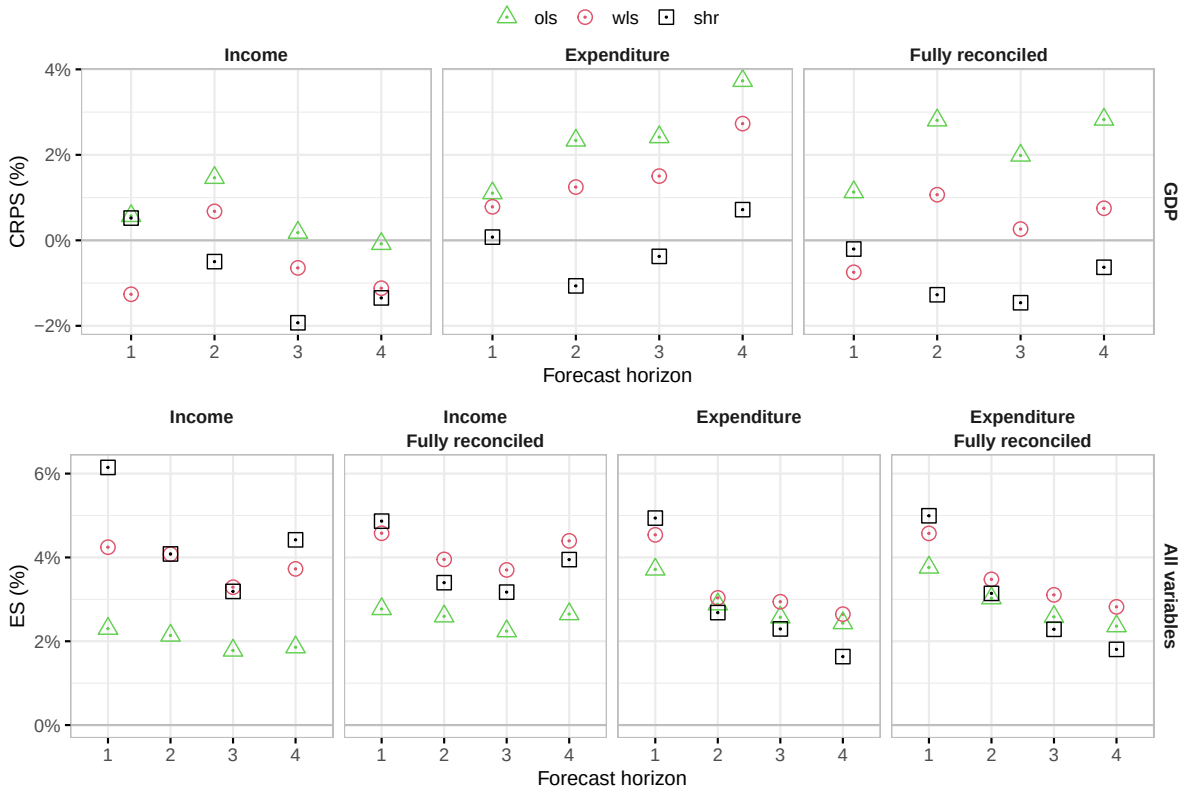
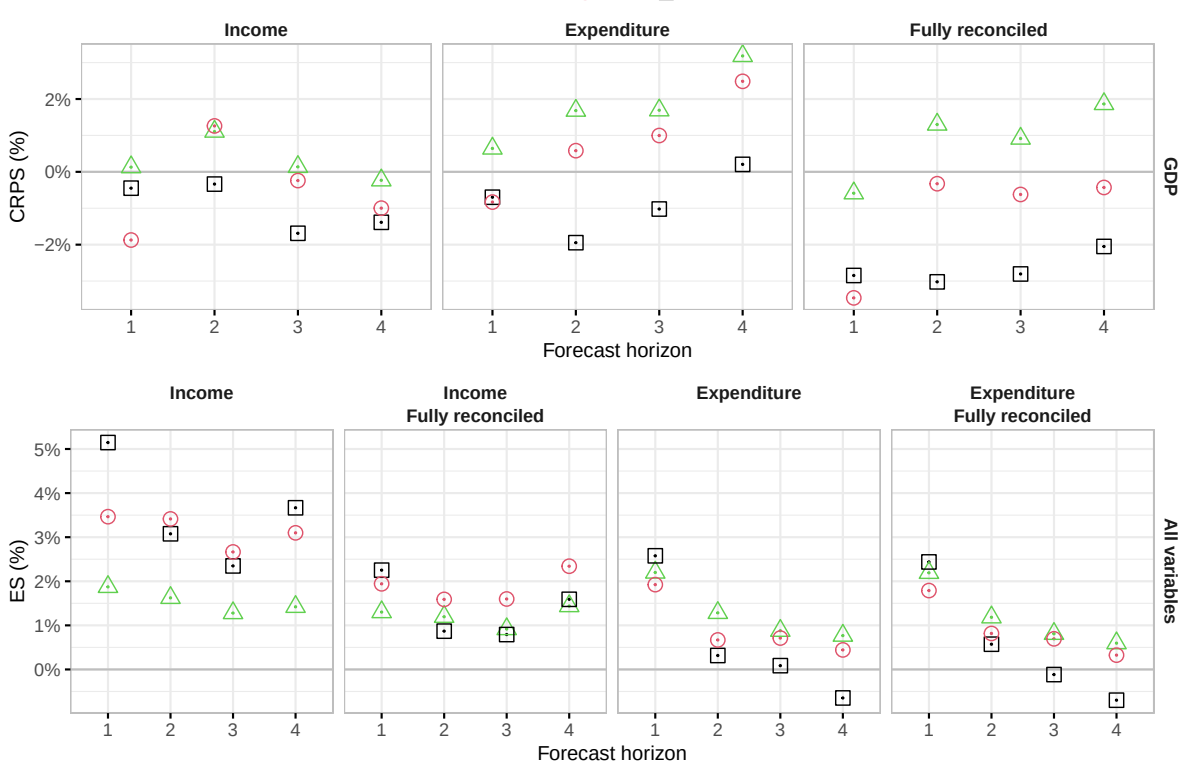


Figure B.3: *MASE-skill scores (relative to base forecasts) for point forecasts from alternative reconciliation approaches (Australian QNA variables).*

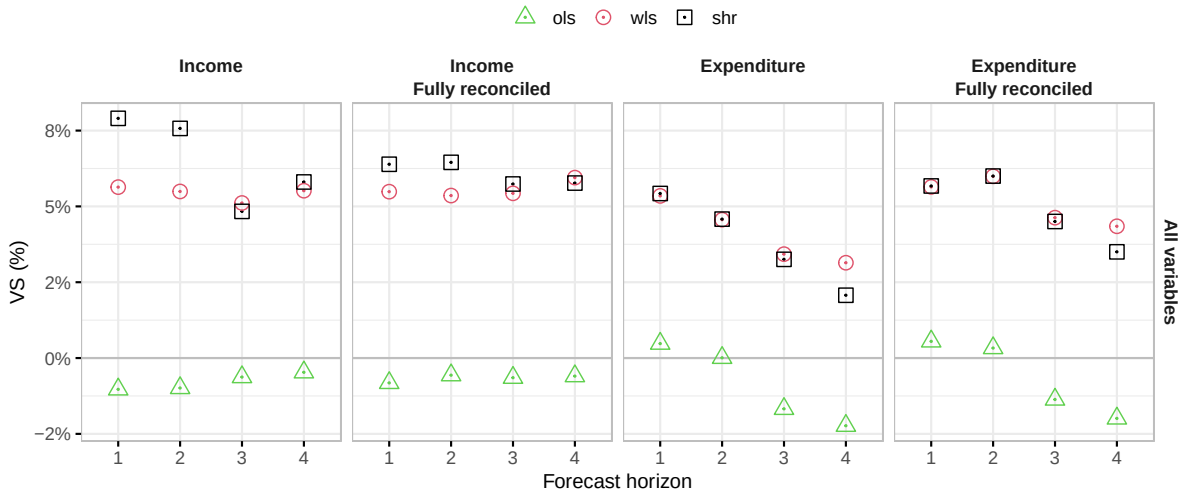


(a) *Non parametric framework*

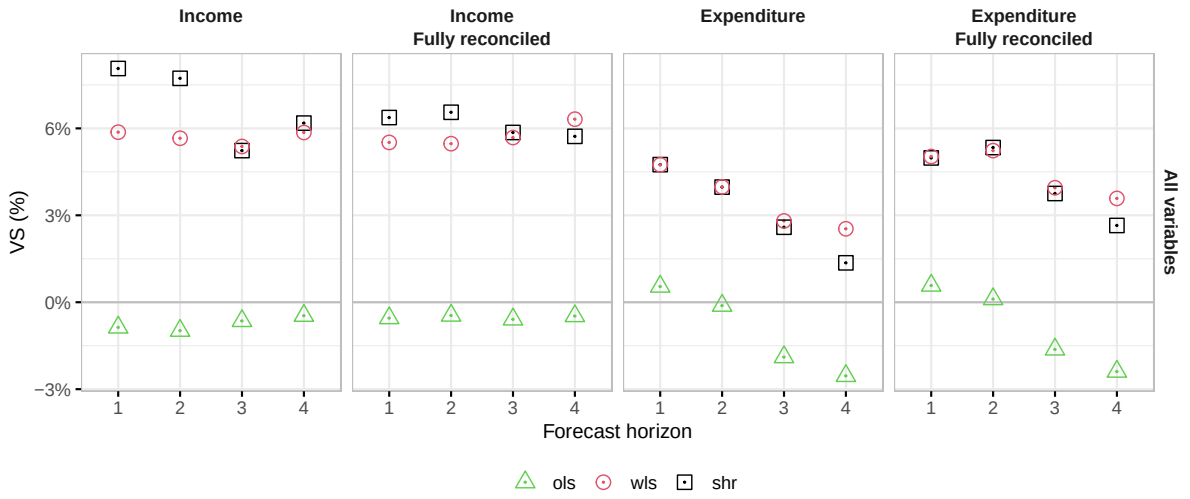


(b) *Gaussian framework*

Figure B.4: *CRPS and ES-skill scores (relative to base forecasts) for the probabilistic forecasts from alternative reconciliation approaches (Australian QNA variables).*



(a) *Non parametric joint bootstrap*



(b) *Gaussian distribution*

Figure B.5: *VS-skill scores (relative to base forecasts) for the probabilistic forecasts from alternative reconciliation approaches (Australian QNA variables).*

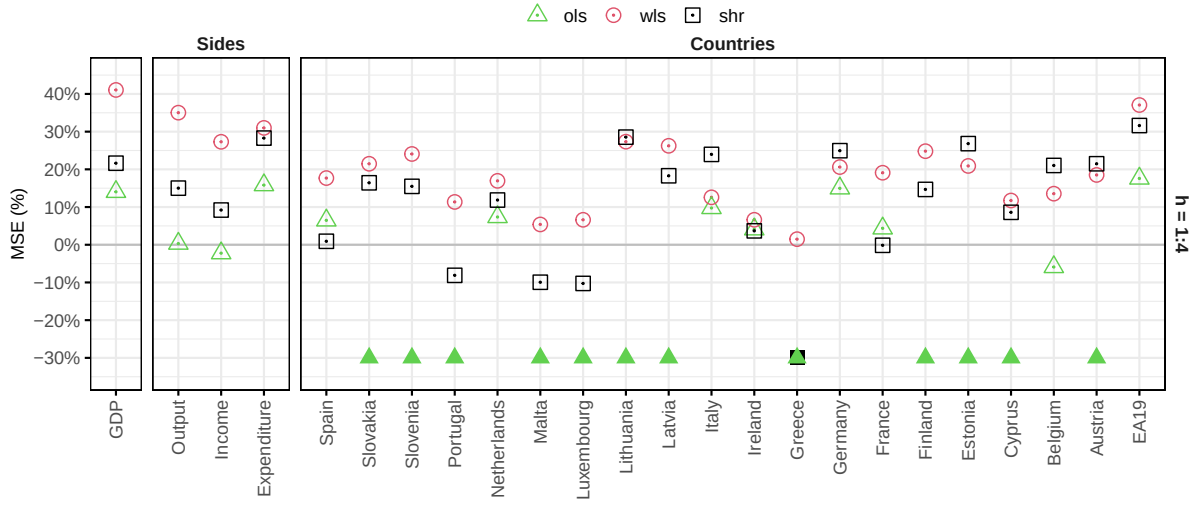
C European Area *GDP* from output, income and expenditure sides

C.1 European National Accounts variables

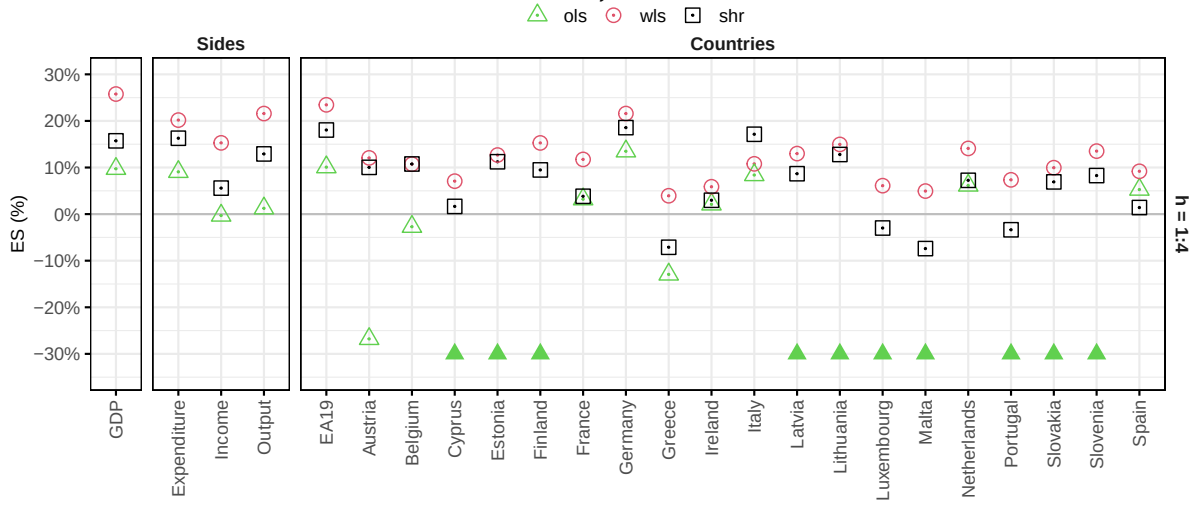
ID	Description
GDP	Gross domestic product
	expenditure side
P3	Final consumption expenditure
P3_S13	Final consumption expenditure of general government
P31_S141_S15	Household and NPISH final consumption expenditure
P31_S13	Individual consumption expenditure of general government
P5G	Gross capital formation
P521_P53	Changes in inventories and acquisitions less disposals of valuables
P6	Exports of goods and services
P7	Imports of goods and services
B11	External balance of goods and services
B111	External balance - Goods
B112	External balance - Services
P3_P5	Final consumption expenditure and gross capital formation
P3_P6	Final consumption expenditure, gross capital formation and exports of goods and services
P32_S13	Collective consumption expenditure of general government
P31_S14	Final consumption expenditure of households
P31_S15	Final consumption expenditure of NPISH
P51G	Gross fixed capital formation
P52	Changes in inventories
P53	Acquisitions less disposals of valuables
P61	Exports of goods
P62	Exports of services
P71	Imports of goods
P72	Imports of services
YA0	Statistical discrepancy (expenditure approach)
	income side
D1	Compensation of employees
D2X3	Taxes on production and imports less subsidies
D11	Wages and salaries
D12	Employers' social contributions
B2A3G	Operating surplus and mixed income, gross
D2	Taxes on production and imports
D3	Subsidies
YA2	Statistical discrepancy (income approach)
	output side
D21X31	Taxes less subsidies on products
B1G	Total gross value added
YA1	Statistical discrepancy (output/production approach)

Table C.6: *List of the European National Accounts variables (ESA 2010 classification).*
Source: `https://ec.europa.eu/eurostat/web/national-accounts/data/database`

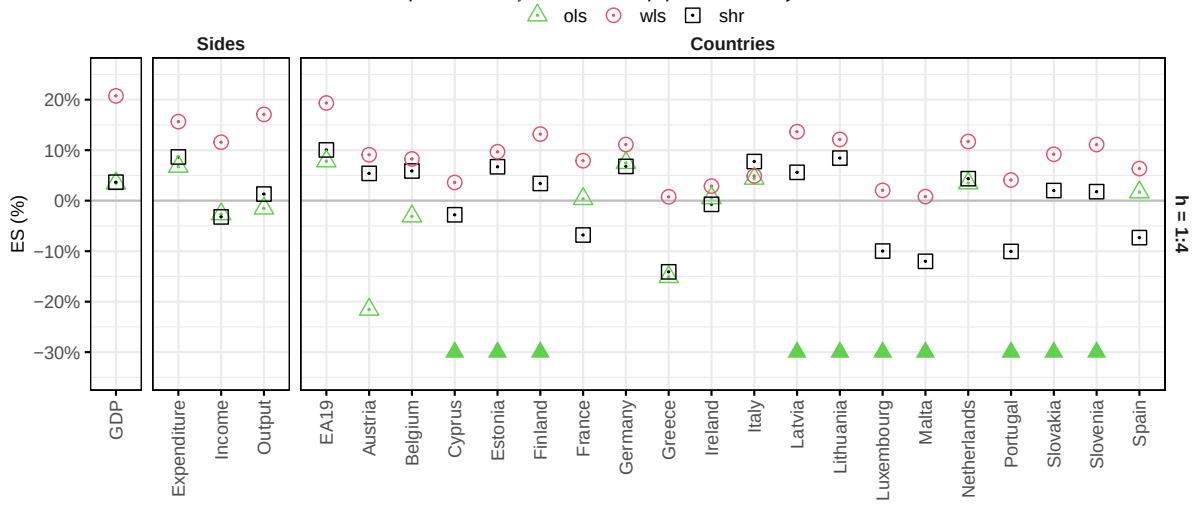
C.2 Accuracy indices



(a) *Point forecasts*

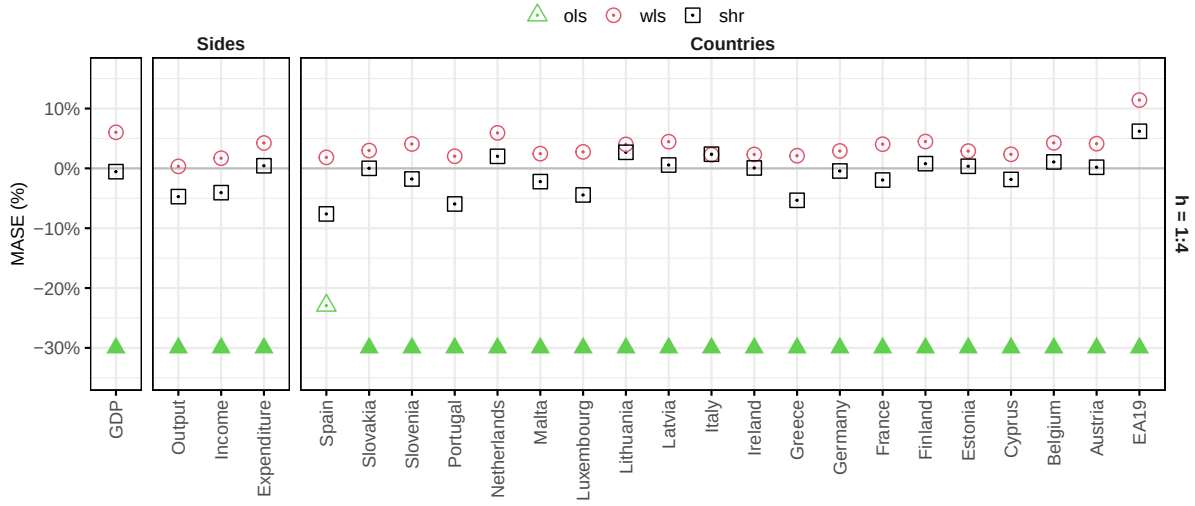


(b) *Non parametric joint bootstrap probabilistic forecasts*

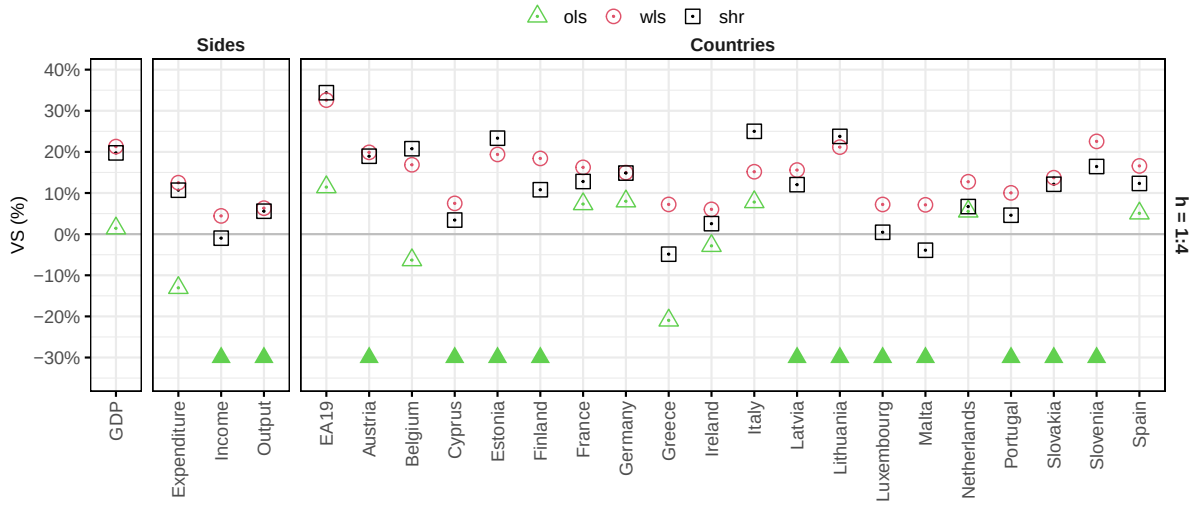


(c) *Gaussian probabilistic forecasts*

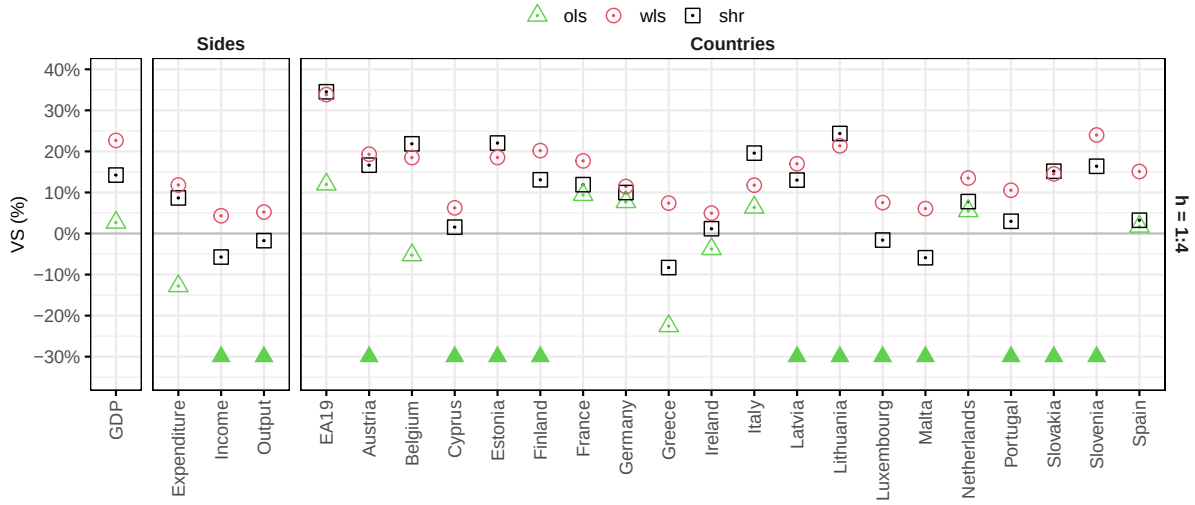
Figure C.6: *MSE and ES-skill scores (relative to base forecasts) for the point and probabilistic forecasts from alternative reconciliation approaches (European Area QNA). To make the figure more readable, the filled symbols indicate that the skill score is less than* −30%.



(a) *Point forecasts*



(b) *Non parametric joint bootstrap probabilistic forecasts*



(c) *Gaussian probabilistic forecasts*

Figure C.7: *MASE and VS-skill scores (relative to base forecasts) for the point and probabilistic forecasts from alternative reconciliation approaches (European Area QNA). To make the figure more readable, the filled symbols indicate that the skill score is less than* -30%.

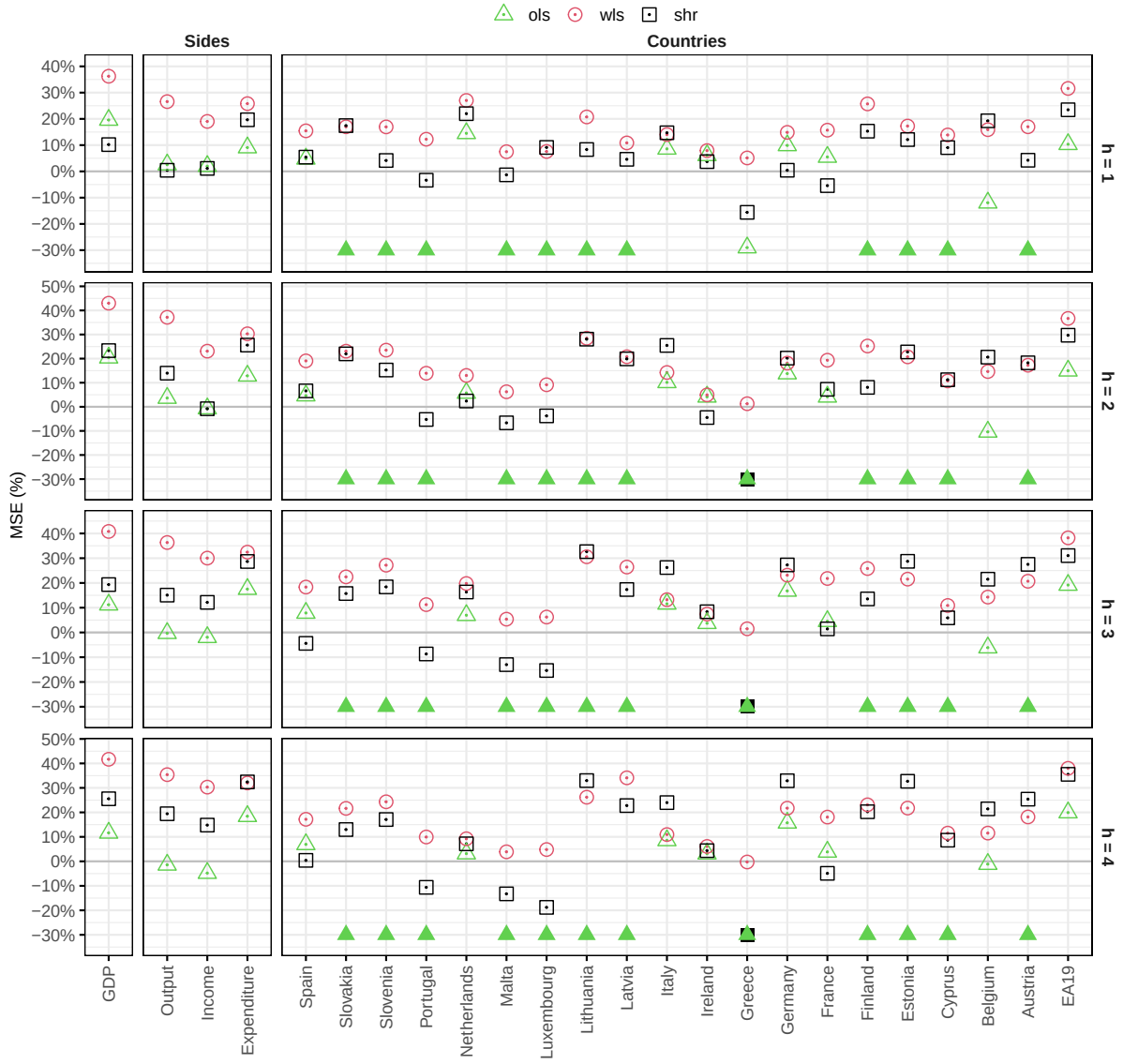


Figure C.8: *MSE-skill scores for the point forecasts from alternative reconciliation approaches (European Area QNA) for different forecast horizons. To make the figure more readable, the filled symbols indicate that the skill score is less than* -30%.

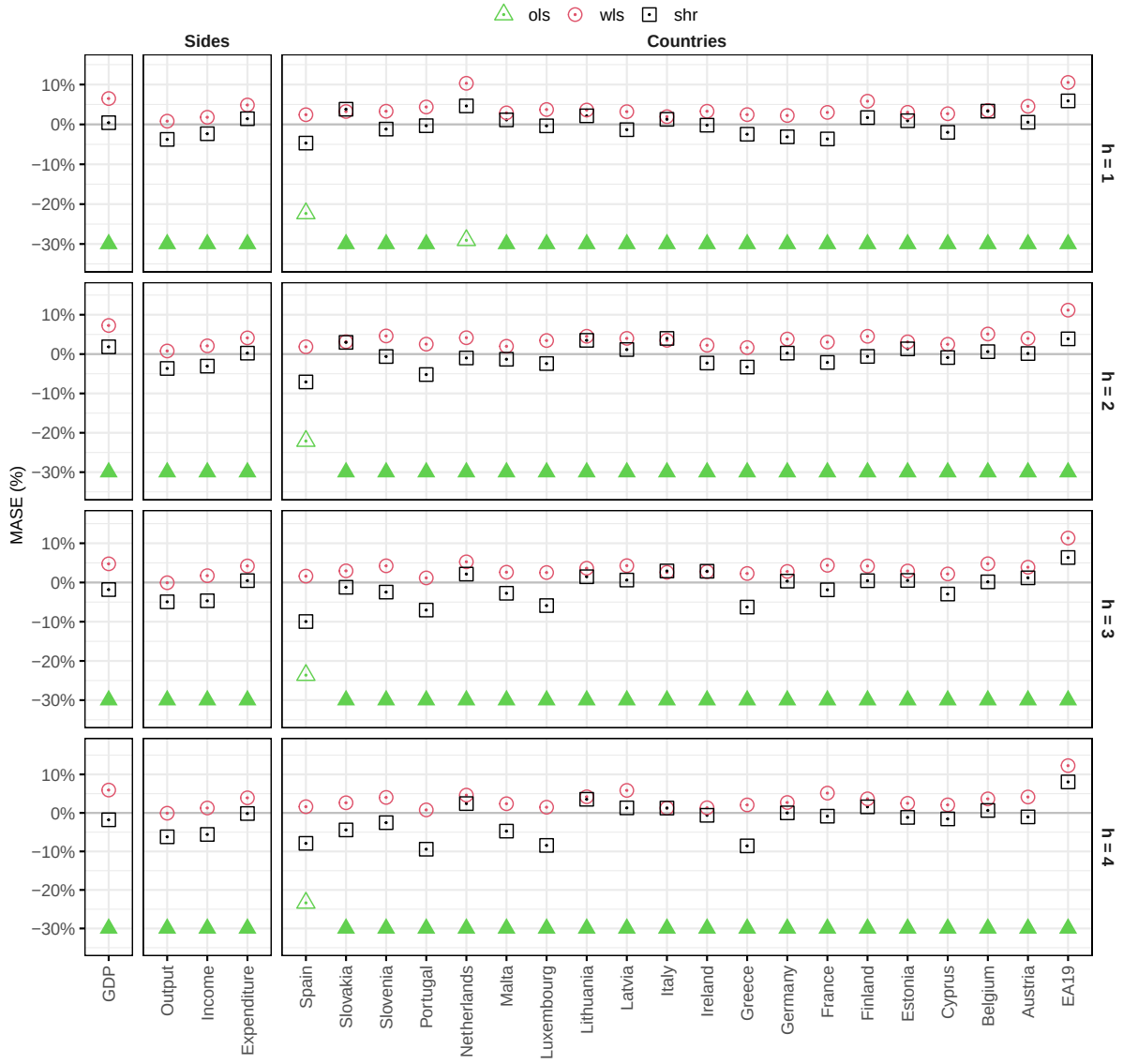


Figure C.9: *MASE-skill scores for the point forecasts from alternative reconciliation approaches (European Area QNA) for different forecast horizons. To make the figure more readable, the filled symbols indicate that the skill score is less than* -30%.

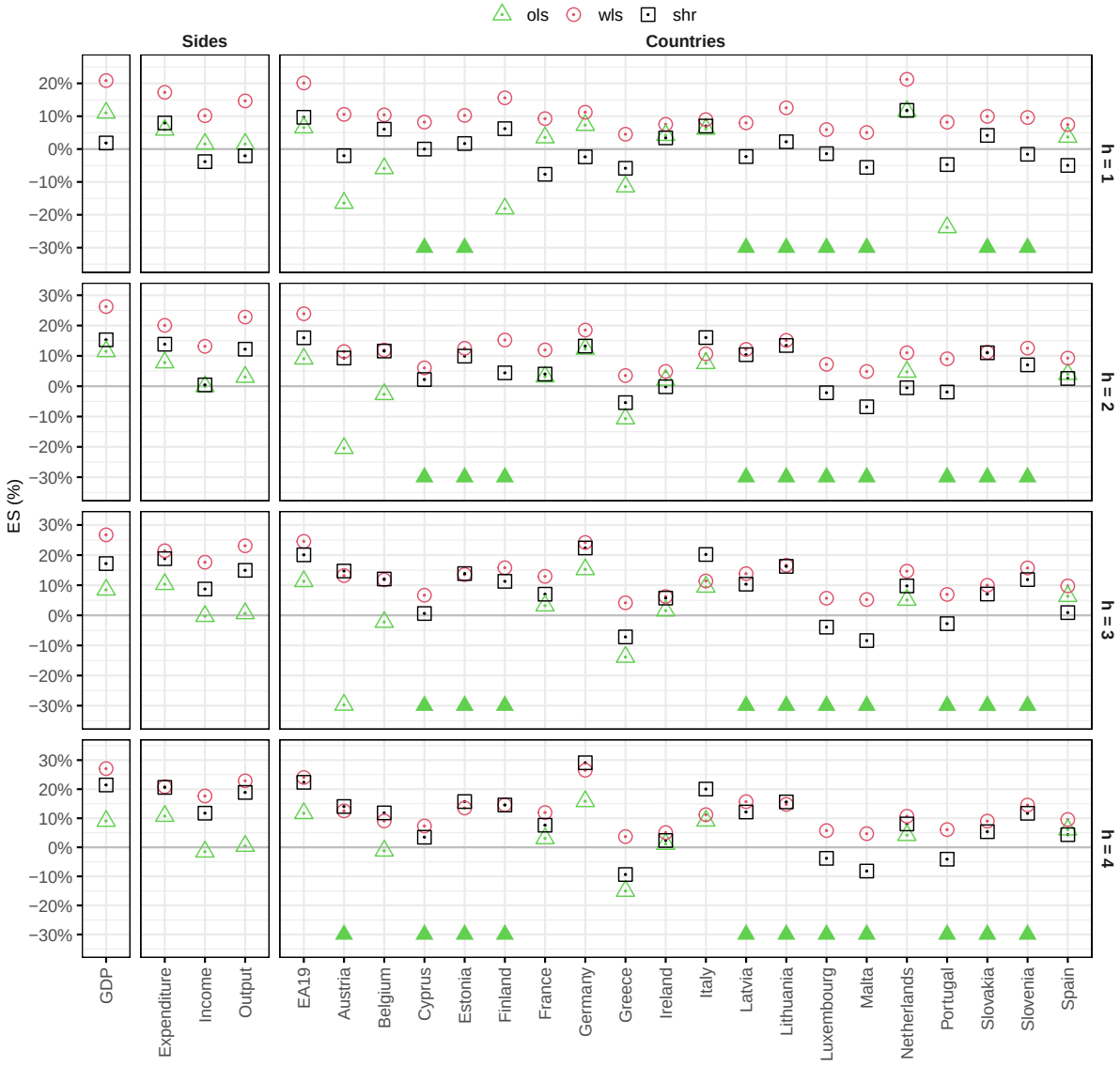


Figure C.10: *ES-skill scores for the point forecasts from alternative reconciliation approaches (European Area QNA) for different forecast horizons. To make the figure more readable, the filled symbols indicate that the skill score is less than* -30%.

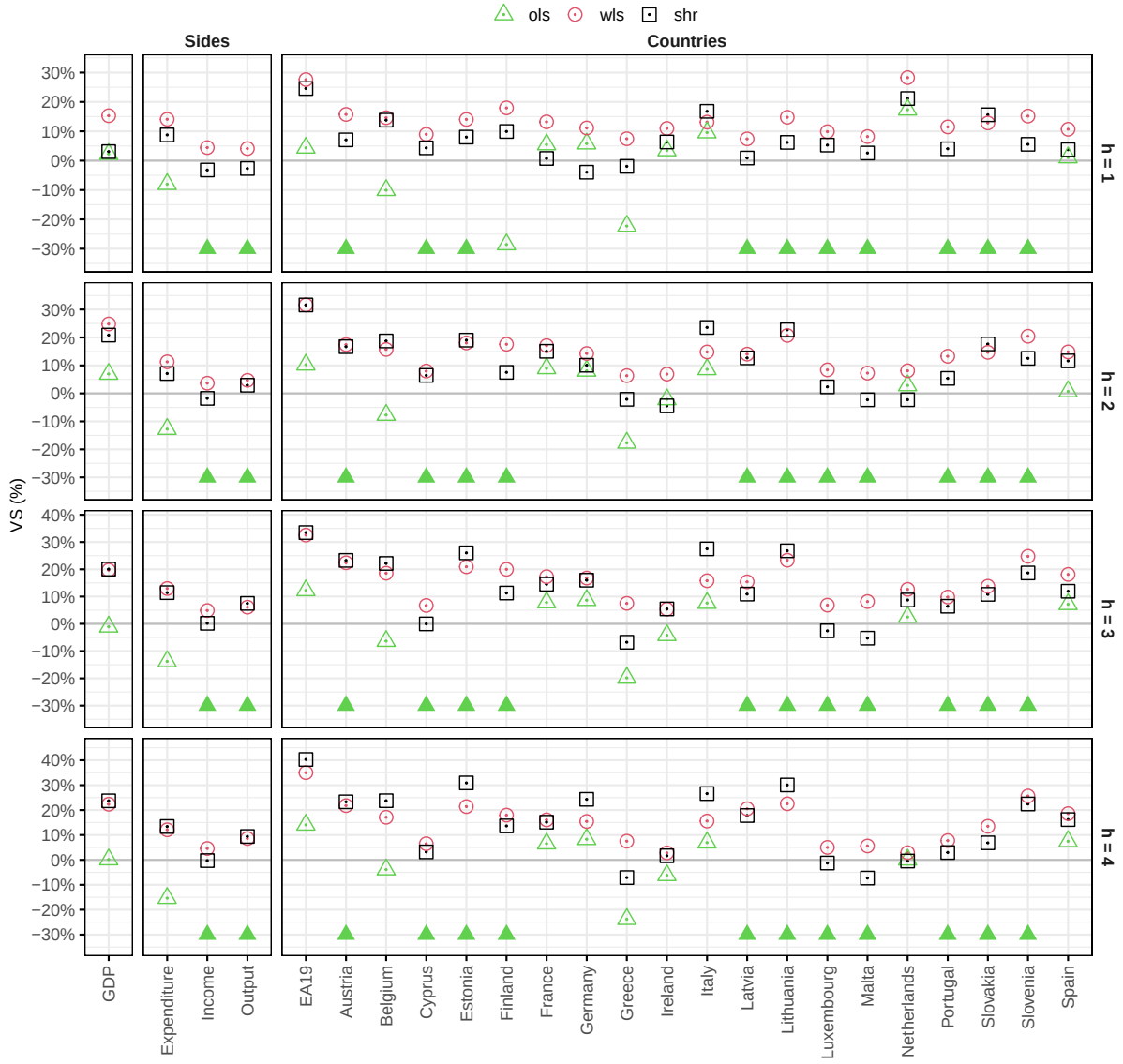


Figure C.11: *VS-skill scores for the point forecasts from alternative reconciliation approaches (European Area QNA) for different forecast horizons. To make the figure more readable, the filled symbols indicate that the skill score is less than* -30%.

References

Athanasopoulos, G., Gamakumara, P., Panagiotelis, A., Hyndman, R. J. & Affan, M. (2020), Hierarchical Forecasting, *in* P. Fuleky, ed., 'Macroeconomic Forecasting in the Era of Big Data', Vol. 52, Springer International Publishing, Cham, pp. 689–719.