

Financial market participants as users of economic statistics

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Who uses economic statistics in financial markets?

- **A rhetorical question: virtually everyone!**
 - Economic Research
 - Strategists
 - Traders / Sales
 - Asset managers

- **For which purposes?**
 - *Not* academic research
 - Cyclical analysis (timeliness, leading properties)
 - Inference about future market trends
 - Structural themes / longer-term trends (accuracy, reliability)
 - Identify and characterise structural shifts
 - Understand institutions/policies



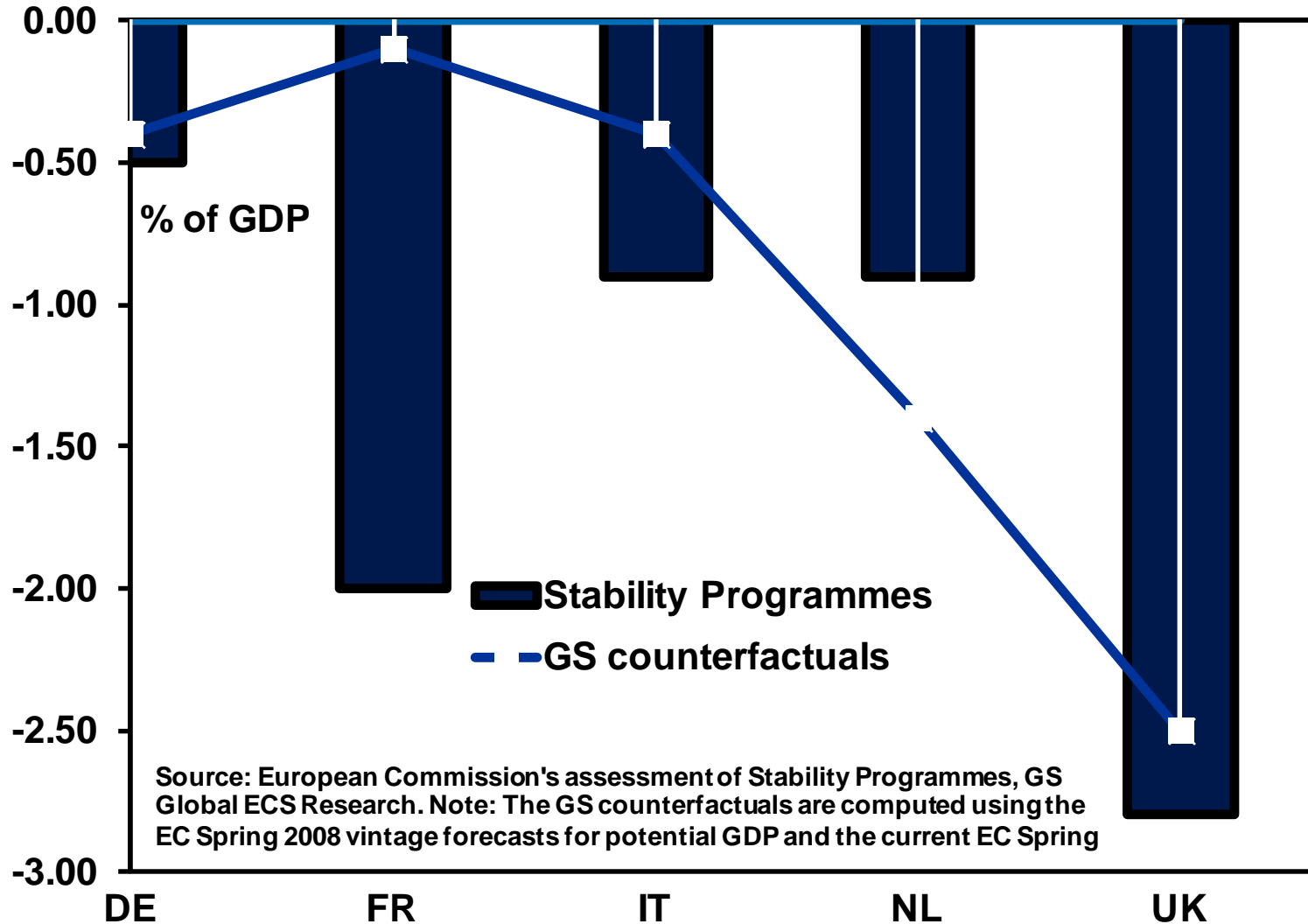
What the crisis has changed: Identifying needs

1. **Public Finances Statistics** ←
2. **Monetary Policy Statistics** ←
3. **« Structural Reforms » Statistics** ←

1. Public Finances Data More Caution Moving Forward

- **The crisis set a precedent**
 - Revisions: what do they mean?
 - New market effort on proprietary tools to assess public finances
 - Need « reliable » numbers, in particular if politically sensitive (independence)
- **Next: thinking about the perimeter of the public sector**
 - Manage expectations on possible « surprises » associated with ESA95 revisions
- **Do not overestimate market expertise on public sector accounting**
 - National accounting *versus* Maastricht accounting (mandate)
 - Some concepts are key, eg. structural deficits (impartiality, comparability)

Example: high uncertainty about potential output and structural deficits



2. Data on Structural Reforms

- **A natural follow-up to the crisis**
 - During crisis: fiscal adjustment = main market focus
 - Post-crisis: monitoring corrections to macroeconomic imbalances
 - Macroeconomic Imbalance Procedure Scoreboard*: welcome! (also as monitoring device for the « external world »)
- **Next: which data to assess the success of « structural reforms »?**
 - Markets questioning the « low frequency » of fiscal variables (!) (timeliness)
 - Issue: how to monitor progress + effects of structural reforms via high(er) frequency synthetic indicators? (mandate, methodology, comparability)

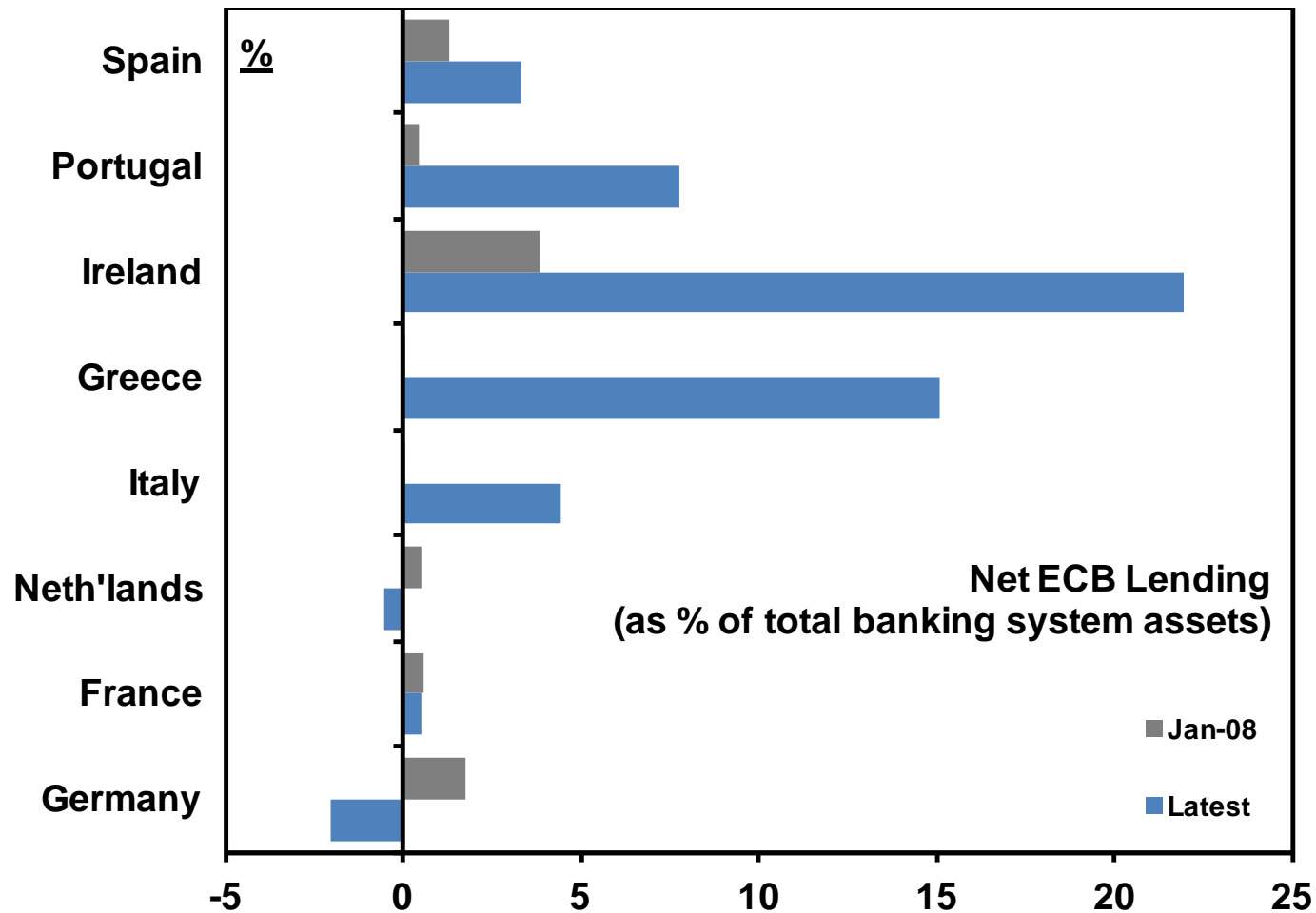
* Current account balance, Net international investment position, Real effective exchange rate (REER), Share of world exports, Nominal unit labour cost, House price developments, Private sector credit flow, Private sector debt, General government debt, Unemployment rate. <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/12/25&type=HTML>

Central Banks Statistics

More Information Moving Forward

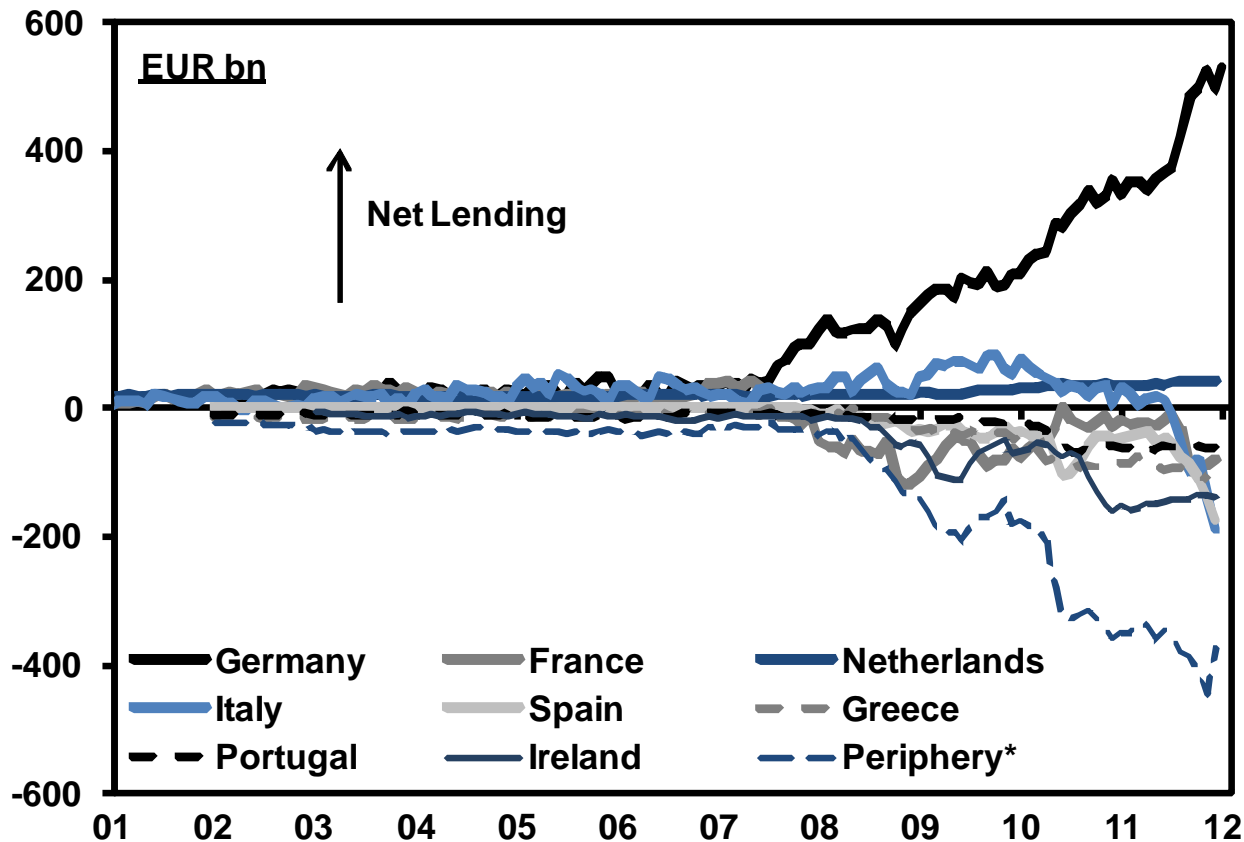
- **A whole set of new « relevant » dimensions**
 - Generally: Central Bank balance sheets
 - Collateral at refinancing operations (confidentiality issue)
 - Intra-ESCB allocation of operations, collateral, risk (accessibility)
 - P&L distribution ECB/ESCB/Governments

Example: banks' dependence on Central Bank lending by country



Source: National Central Banks

Example: intra-Eurosystem cross-country (im)balances



* Greece, Ireland, Portugal, Spain. Source: Haver Analytics

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