How things have changed…
financial market economists as users of economic statistics

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This is a very interesting paper and brings out very important points from the perspective of financial market economists and how statisticians can meet their increasing demands. The paper discusses the changing role of financial market economists following the onset of the recent financial and sovereign debt crisis and in particular how the use of statistics has changed and the improvements required.

The role of financial market economist was simple before the crisis. Before the crisis financial sector economists were preoccupied in short-term estimation of forecasts of current and future data on which to draw conclusions. The broad structure of the economy was assumed to be "known" thus the role of statistics was about the reliability and timeliness of the measurement with no preoccupation with the understanding or explaining the consequences of such data. In other words, there was little focus on cross-country, cross-sectoral or longer-term perspectives.

After the crisis, the role of financial market economist has become complex. It became evident that the broad structure of the economy was constantly changing and a great deal of economic outcomes and policy directions were less predictable. The data are more "imprecise" and the policy responses that are relevant for a financial market economist are multidimensional. In this context, a broader narrative on possible economic outcomes is required. Financial market economists are now required to add value to their narrative by providing comparisons across time, across sector and country, and by relating to different strains of thinking. The authors rightly assert that: "The strength, coherence and plausibility of the narrative, and in particular the factual, statistical underpinning, has assumed greater importance."

So how does this matter for the use of statistics? The authors argue that with the changing of the economic environment, with the financial market economists having become more demanding and with data producers wanting their output to remain relevant to the consumers of their output, the provision of statistics must necessarily evolve accordingly. They argue that improvements should be made in (a) the accessibility and presentation of the data, and in (b) the coverage of the data. They recognize the paucity of resources and warm up to the idea of a reallocation of priorities.

Less of the same, but better: The authors recognize the pressure on resources for statistical work and changing priorities and advocate for reconsideration of whether the trade-off between timeliness and accuracy of statistics is optimal. They argue that: " ...there would be few complaints from financial market economists if, in certain specific cases, data were less

[1] The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.

timely but were more accurate as a result." Highlighting the high level of revisions to data they argue that "in such cases, not publishing the statistics at the earliest opportunity may plausibly free up resources—not just for the producers of the data but also for the distractible consumers, including the financial market economist." This is an interesting request. However, while this view would probably be most welcome in the statistical world, it is not commonly shared by many data users: the emphasis has been on high-frequency data and significant effort has gone in that direction.

Easier access and better presentation: The authors rightly advocate for easier access and better presentation of statistics to facilitate analysis by financial market economists, policy makers, journalists, etc. They note advances made in this area and consider that resources freed by reallocating priorities (see above) could be used to add value to statistical output, not only by improving the quality, but also by a better presentation of data.

Better coverage and comparability of statistics is critical. The authors rightly underscore the need for relevant statistics that are up-to-date and harmonized across economies. In reference to the Euro area which, at a global level, is considered to be statistically advanced , the authors state "But when we are unable to compare even the most basic of balance sheet information across economies in a timely fashion, our analysis surely suffers."They also note strides made to close data gaps at the European level and international level including the IMF work on financial soundness indicators. This point cannot be overemphasized. Indeed, the work of the Inter-Agency Group on Economic and Financial Statistics on a G-20 GDP growth aggregate has reinforced the need for comprehensive and comparable statistics.