



*Recent developments in
macroeconomic monitoring*

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Present context

- In response to the recent global crisis started in late 2007, countries and international community have renewed the call for the establishment of an effective early warning system to prevent or temper another global economic downturn in the future.
- The international statistical community seeks to improve monitoring and evaluation of the rapid and systemic changes in the national and global economy and their financial markets, and by monitoring the impacts of these developments on vulnerable countries and populations groups.



International coordinated response

- The G20 Summit of 2 April, 2009 called for:
 - the United Nations, working with other global institutions, to establish an effective mechanism to monitor the impact of the crisis on the poorest and most vulnerable
 - the International Monetary Fund (IMF) and Financial Stability Board (FSB) to explore information gaps and provide appropriate proposals for strengthening data collection.



International coordinated response

- the United Nations System Chief Executives Board for Coordination (CEB) at its April 2009 meeting in Paris decided to “... urgently establish an United Nations system-wide vulnerability monitoring and alert mechanism to track developments, and report on the political, economic, social and environmental dimensions of the crisis”.
- the Secretary-General initiated activities to establish an UN system-wide Global Impact and Vulnerability Alert System (GIVAS) - consisting of a Global Impact and Vulnerability Data Platform and a series of Global Alert Products.



International coordinated response

- Series of meetings by statistical community prior to the UN Statistical Commission (UNSC) 2009
 1. *High Level Forum on the Long term Development of the SNA* held under the aegis of the Intersecretariat Working Group on National Accounts (ISWGNA) at the World Bank, Washington DC, in November 2008
 2. *High Level Forum on Globalization and Global Crisis*, United Nations, New York in February 2009
 3. *Informal Meeting on the Official Statistics and the Impact of the Global Financial Crisis*, United Nations, New York in February 2009



International coordinated response

- Recommendations from a series of high level statistical meetings prior to UNSC 2009:
 - Develop a work programme to meet the need of policy makers for the early detection of turning points of financial and economic trends
 - Review the availability, periodicity and timeliness high frequency statistics in accessible and analytically useful formats
 - Identify data gaps and gaps in statistical guidance for high frequency statistics
 - Prepare recommendations on a program of work for short term economic statistics to enhance their availability and accessibility in analytically useful formats



International development works since UNSC2009

1. *1st International Seminar on Timeliness, Methodology, and Comparability of Rapid Estimates of Economic Trends* (hosted by Statistics Canada in May 2009).
2. *2nd International Seminar on Early Warning and Business Cycle Indicators* (hosted by Statistics Netherlands in December 2009)



Macroeconomic monitoring – comprehensive package

- An integral package of recommendations on short term economic statistics for macroeconomic surveillance is formulated to strengthen the availability, accessibility and outreach for short term data series
 1. A standard data template of minimum core set of short term economic and financial data and related meta data structure envisaged to be disseminated through national central data
 2. Supporting analytical framework and visualization tool for analysis of short term movement of data,
 3. New and updated compilation guidance and handbooks
 4. A web based knowledge base of existing supporting manuals and guidance documents and
 5. A strategy for implementation with a supporting diagnostic tool for assessing the country's institutional and statistical capacity in compiling integrated short term economic data using the System of National Accounts as its comprehensive statistical framework



Current developments

- Continuation of work started in the breakout sessions of the Scheveningen seminar, five working groups were established following the main themes of the sessions, namely:
 1. The compilation of Flash estimates of GDP;
 2. The role of composite indicators in tracking business cycles;
 3. The role of sentiment indicators in tracking economic trends;
 4. The data and meta data structure and related analytical framework for assessing rapid economic changes; and
 5. The communication and dissemination strategy for high frequency statistics.



Current developments

- For example, there is an international collaboration on drafting of practical guidance in a Handbook on Business Cycle Composite Indicator to strengthen the understanding and capacity in the design and compilation of business cycle indicators and the properties of component data in an national statistical system
- The latest development for each respective working group will be discussed in later sessions



Current developments

- International conferences
 - *6th Colloquium on Modern Tools for Business Cycle Analysis* (hosted by Eurostat in Sept 2010)
 - *30th CIRET Conference on Economic Tendency Surveys and the Services Sector* (hosted by the Conference Board in Oct 2010)
- There is a need for closer collaboration between official statisticians with academics/research institutes
- The organization of this International Seminar is an example of this envisaged collaboration



Current developments

- Launching of the Principal Global Indicators by IAG
 - The IAG is chaired by the International Monetary Fund and comprises of the Bank for International Settlements (BIS), the European Central Bank (ECB), Eurostat, the Organisation for Economic Co-operation and Development (OECD), the United Nations and the World Bank
 - the IAG launched the Principal Global Indicators (PGI) website.
 - the website is intended to reflect the needs of users in monitoring economic and financial trends for the G20 economies, as systemically important countries
 - drawn on the experience in Europe with the PEEI and the UN data template for high frequency statistics.



Current developments

- Rising interests in the national statistical offices and their counterpart in the national statistical systems in a wide range of countries, such as OECD countries, Brazil, China, India, Russian Federations, South Africa, emerging economies, middle and low income countries to enhance capacity in early warning and business cycle monitoring



Current developments

- Use of official short-term statistics – both the quantitative (e.g. indices of industrial production) and qualitative statistics (tendency survey) – in providing early signal in their own right and as component data in business cycle indicators or as inputs for macroeconomic monitoring, such as compiling GDP flash estimates and the construction of composite indicators
- They provide coherent, consistent and timely information for macroeconomic monitoring



Issues

- Lack of statistical infrastructures in developing countries to develop a comprehensive macroeconomic monitoring system
- Boundary of official statistics as perceived – issue on interpretation
- Timeliness versus accuracy debate – Different priority from different NSOs and their perception of interpretation of data
- Comparability of short term economic statistics and harmonisation of tendency statistics and related business cycle indicators



Fundamental Principle of Official Statistics

Official statistics provide an indispensable element in the information system To this end, official statistics that meet the test of *PRACTICAL UTILITY* are to be compiled and made available on an impartial basis by official statistical agencies in a coordinated effort. Their availability will strengthen evidenced based policy making and honour the entitlement of the public and business community to coherent and consistent information.



Practical utility for official statistician on macroeconomic monitoring

- Re-iterate the practical utility:
 1. Tracking short-term changes in economic condition – is permanent, not transitory, concerns of the general public. They are of substantial importance to policy makers and their use will benefit the society
 2. Serving as inputs to economic evidence-based policy that will have direct impact to the livelihood and well-being of the general public.



Proposed actions from this seminar

- NSO might be the best placed to demonstrate the application of macroeconomic monitoring given their understanding of statistical and econometric technique
- Recommend to develop not a heavy, but a ‘lite’ international programme to improve their understanding of and to strengthen national capacity in designing short-term economic statistics and business cycle measurements.
- Recommend to devise action to provide international statistical guidance in assisting countries to strengthen the statistical capacity on macroeconomic monitoring.



Thank you.