



International Seminar on Early Warning and Business Cycle Indicators

**14 to 16 December 2009
Scheveningen, The Netherlands**

**Progress on the global statistical response to the economic and financial crisis
UNSD**

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I Introduction

1. While in recent quarters, the global economy seems to have moved away from the depths of the economic and financial recession and turmoil, these positive signals in the economy should not lead to complacency by the global statistical community. Rather, the recent global recession has made it clear that our community should remain focused and intensify its efforts in remedying the identified shortcomings of the global statistical system to monitor and analyse the interconnected global economy.

2. Ongoing collective efforts at national, regional and international level should be coordinated to put in place an integrated monitoring and analytical system for crisis responsiveness. This will allow for an early assessment of global vulnerabilities and exposures and support timely coordinated global responses to global economic shocks. Failing to realize this system could exacerbate the present socio-economic impact of the present crisis and lengthen its impact on human development and the livelihoods of billions of people.

3. This paper reports on the progress of the global statistical response to the economic and financial crisis. Following this introduction, the initiatives to address the challenges are described. In the third section, the actions of the United Nations Statistics Division/Department of Economic and Social Affairs (UNSD/DESA) in collaboration with Eurostat and countries is presented. This is followed by an overview of the work of the Inter-Agency Group on Economic and Financial Statistics (IAG) in section four. The last section contains concluding remarks.

II Initiatives addressing the challenges of the crisis

4. The programme statement of UNSD/DESA at the fortieth session of the Statistical Commission in February 2009 called for swift and coordinated statistical initiatives by countries and regional and international organizations in response to the global economic and financial crisis. These initiatives focus on identifying and remedying data gaps for monitoring economic shocks as well as to improve the dissemination and communication of relevant information already available. This call for action followed extensive consultations with countries and international organizations during a series of high level meetings organized by UNSD/DESA. These included the *High Level Forum on the Long term Development of the SNA*¹ held under the aegis of the Intersecretariat Working Group on National Accounts (ISWGNA) at the World Bank, Washington DC, in November 2008, and the *High Level Forum on Globalization and Global Crisis*² and the Informal Meeting on the *Official Statistics and the Impact of the Global Financial Crisis*³ both held at the United Nations, New York in February 2009.

¹<http://unstats.un.org/unsd/sna1993/hlg.asp>

²http://unstats.un.org/unsd/statcom/statcom_09/seminars/High_level_forum_2009/High_level_forum_2009.html

³<http://unstats.un.org/unsd/sna1993/finCrisis/lod.asp>

5. 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 G20 also requested the International Monetary Fund (IMF) and Financial Stability Board (FSB) to explore information gaps and provide appropriate proposals for strengthening data collection. This request was endorsed by the IMF's International Monetary and Financial Committee at its Spring Meetings in April 2009. Concurrently, 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". Earlier, in February 2009, the High Level Committee on Programmes (HLCP) of the United Nations had asked UN-DESA to develop an integrated monitoring and analysis system as part of the joint UN-system responses to the crisis. At the same time, on behalf of the Secretary-General, the Deputy Secretary-General has 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.

6. Throughout the series of high level meetings, the System of National Accounts 2008 (2008 SNA) was recognized as the overarching framework for economic statistics. The 2008 update of the 1993 SNA incorporates measurement issues arising from the financial crises during the 1990s and early years of new millennium. The extended scope of the 2008 SNA allows for the measurement and classification of present government and central bank interventions and the latest innovations in financial instruments and financial institutional sectors. The 2008 SNA is therefore, considered to be well suited for recording fiscal and monetary reactions to economic shocks.

7. These meetings also reiterated that a lack of macroeconomic, sectoral and market information was not considered the cause of the recession. However, it was considered vital that statisticians take note of the data needs of policy makers and develop a work programme on three main fronts: a) identify data gaps that the crisis has revealed, b) the availability, periodicity and timeliness high frequency statistics in accessible and analytically useful formats allowing their use in the early detection of turning points of financial and economic trends; and c) a public on-line website disseminating a set of economic and financial time series for a group of systemic countries, with links to relevant websites.

III International seminars on high frequency statistics

8. The UNSD/DESA organized in cooperation with Eurostat and Statistics Canada the International Seminar on Timeliness, Methodology, and Comparability of Rapid Estimates of Economic Trends in Ottawa from 27 to 29 May 2009 (Ottawa Seminar). The Ottawa seminar addressed the availability and international comparability of a data template of high frequency statistics, the communication strategy of such estimates and the development of a set of analytical indicators on the performance of the real economy and the financial markets for effective monitoring.

9. The emergence over the past several years of consistent and transparent data initiatives, such as developed by the IMF through its Special Data Dissemination Standard (SDDS) and General Data Dissemination System (GDDS) and by Eurostat through its Principal European Economic Indicators (PEEI), remain highly relevant. Further, the speed at which the crisis developed highlighted the need for indicators that could support early warning efforts. This would entail, among other things, a new perspective in assessing the trade-off between timeliness and completeness, and a new look at the traditional statistical production model to meet the needs of today. In short, the statistical community should ensure the continued relevance of economic and financial statistics in timeliness and frequency, and in the evolution from first estimates to revised statistics.

10. An important outcome of the Ottawa seminar was the support for an international data template for high frequency statistics to monitor economic activity and detecting changes brought about by economic shocks. The data template comprises 12 major categories covering national accounts, production and turnover indicators, prices, labour market indicators, sectoral indicators for the external, financial, government, non-financial and household sector, financial and real estate market indicators, and economic sentiment and composite indicators.

11. The Ottawa seminar agreed that the proposed data template should be assessed by the countries for its relevance and feasibility in terms of availability, periodicity, timeliness and dissemination. Based on a cross country analysis of the global baseline assessment of the availability and comparability of the high frequency statistics at the country level, it is suggested to re-arranged the data template in different tiers. Moreover, where possible, the high frequency statistics for individual countries should be complemented by time series of world and regional aggregates for those high frequency statistics which are sufficiently comparable.

12. Another key issue raised at the Ottawa seminar was the need to enter into dialogue with the user community on the question whether the data template meets their immediate analytical and policy needs. The dialogue with the user community is considered of paramount importance to ensure a proper alignment of the statistical, analytical and policy frameworks at national and international levels. The user perspective on the proposed data template will establish whether the data template meets the identified data gaps and their periodicity and timeliness requirements, and determine how to better disseminate data and prepare improved statistical narratives on the movement of the business cycles and trend developments.

13. Besides the agreement around the proposed data template, the Ottawa seminar identified the need to develop a glossary of terms and definitions around high frequency statistics (covering terms like nowcast, forecast, flash, rapid and first estimate, etc.) to clarify the high frequency statistics framework and its compilation methodology. Moreover, the need was expressed to develop new manuals or update existing handbooks and guidelines on composite indicators, GDP flash estimates, and economic sentiment

indicators (for business tendency and consumer confidence surveys) given their extensive use in tracing the business cycles.

14. As a way forward, the Ottawa seminar is followed up by the *International Seminar on Early Warning and Business Cycle Indicators* with a strong engagement of the user community. This is the second meeting of the series scheduled from 14 to 16 December 2009 in Scheveningen, The Netherlands, hosted by Statistics Netherlands and co-organised by UNSD, Eurostat and Statistics Netherlands⁴.

15. This seminar will discuss the results from the global assessment of the data template on availability, timeliness and comparability of high frequency and first estimates, the challenges in collecting early warning and business cycle indicators and the analytical usefulness of early warning and business cycle indicators in actually tracking economic developments. Moreover, the seminar will further elaborate on country practices in preparing first GDP estimates, composite indicators, sentiment surveys and their application in tracking the economic crisis. It is expected that the seminar will propose an analytical indicator set that can be used in conjunction with the Ottawa data template for high frequency statistics⁵ to complement basic country time series of high frequency statistics. This analytical indicator set will be based on a comparison of existing analytical frameworks applied by selected countries, international and regional organizations

IV Inter-Agency Group on Economic and Financial Statistics

16. 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 considered it vital that statisticians take note of the data needs of policy makers and both establish a public on-line website disseminating a set of economic and financial time series for a group of systemic countries and the euro area, with links to relevant websites, and identify data gaps that the crisis has revealed. The IAG has held three meetings (in February, at UNSD/DESA in New York, in June, at the BIS in Basel and November, at the IMF in Washington D.C.).

17. In April 2009, 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. It has been receiving a healthy number of hits since its launch. A second version of the Principal Global Indicators is to be launched in the coming days. In developing the site, the IAG has drawn on the experience in Europe with the PEEI, and the UN data template for high frequency statistics. The IAG intends to further develop the site and to enhance the range of relevant indicators available.

⁴ <http://unstats.un.org/unsd/nationalaccount/workshops/2009/netherlands/lod.asp>

⁵ Statistics are distinct from analytical indicators of which the latter are derived from one or more statistics through transformation in rates, ratios, indexes, etc.

18. The IMF and FSB, in close consultation with the IAG, reported on information gaps to the November 2009 meeting of the G-20 Finance Ministers and Central Bank Governors in St Andrews Scotland. From this meeting came a request that the IMF and FSB report back to the G20 Finance Ministers and Governors by June 2010 on progress, with a concrete plan of action, including a timetable, to address each of the outstanding recommendations. Work is underway to meet this request, in close cooperation with the IAG.⁶

19. In preparing the report for the November meeting, the IMF and FSB undertook a broad consultation with official users of economic and financial data in G20 countries including those institutions responsible for financial stability. The identified data gaps include those segments of the non-bank financial corporations sector where the reporting of data is not well established, in the financial accounts and balance sheets of the other sectors, particularly the non-financial corporations and household sectors; in property prices; and in issues relating the credit transfer instruments and to large and complex systemically important financial institutions.

V Conclusions

20. Based on calls for action to address the effects of the economic and financial crisis, the international agencies, countries and regions should further the work on three main fronts by:

- a. developing a multi-tier data template of high frequency statistics in accessible and analytically useful format for the early detection of economic turning points and vulnerabilities in the economy;
- b. communicating and disseminating high frequency statistics and related analytical indicators; and
- c. addressing data gaps that the crisis has revealed.

⁶ Both the PGI website and G-20 report on the Financial Crisis and Information gaps are available at <http://www.imf.org/external/data.htm#data>