Implications of COVID 19 for official statistics: A central banking perspective

Bruno Tissot (BIS / IFC) & Barend De Beer (SARB)

"Measuring the Economics of a Pandemic", IMF 8th Statistical Forum, November 17-19, 2020

The views expressed are those of the author and do not necessarily reflect those of the BIS, the IFC or the RBSA

Introduction

- **Impact of CV19 on official statistics**

- **Key issue for central banks**
  - As producers: data gaps / methodological innovations
  - As users: new needs in the face of information disruptions

- **Three main lessons**
  - "Chests" of statistics compiled since 2007–09
  - Data gaps remain, exacerbated by CV19 / financial innovation
  - Go beyond "standard" offering of official statistics

BIS

1. CV19 impact on official statistics: (i) Producers

- **Production disruptions**
  - Statistical darkness: sudden stops / new activities
  - Multiple challenges during the pandemic:
    responses rates / physical surveys / closed registers

- **Distorted economic variables**
  - Measurement bias in eg activity / inflation
  - How to disentangle impact of government actions?

- **Dilemma for policy makers**
  - Speed and specificity of CV19: call for more data
  - Compilation difficulties & other priorities: relaxation?

1. CV19 impact on official statistics: (ii) Users

- **Avoid making "decisions in the dark"**
  - ➢ Limited accuracy/availability of indicators
  - ➢ New data needs

- **Compilation difficulties & delays**
  - ➢ Statistics difficult to interpret as CV19 escalated
  - ➢ Less comparable across time/countries
  - ➢ Less representative of the economy

- **Larger uncertainty and data revisions**
  - ➢ Structural shifts, agents' responses to CV19 & policies
  - ➢ Significant revisions

2. Implications for central bank statistics

- **CV19 triggered a general review of the statistical function in central banks**
    - i.   Similar to what happened after 08/09 GFC
    - ii. Renewed opportunity to strengthen CBs' statistical role

- **Two areas of interest**
    - i.   Identifying new data needs brought by the crisis
    - ii. Adapting statistical frameworks to ensure the continuous provision of reliable statistics to support policy-making

2. Implications for CB statistics: (i) Data needs

- **Timeliness**
  - ➤ Advance the compilation process
  - ➤ Other, more timely indicators / nowcasting
  - ➤ Vs lower quality? ensure sound compilation techniques

- **Frequency:** weekly, even daily

- **New issues not covered by "traditional" apparatus**
  - ➤ Better, more granular access to monitor risks
  - ➤ Easier implementation of targeted measures
  - ➤ Economic resilience

2. Implications for CB statistics: (ii) Frameworks

- **Revised frameworks to support policy making**
  - ➤ Re-assess CBs' production functions / reorganisation
  - ➤ Focus on 3 points

i. **Comprehensive economy overview/understanding**

ii. **Flexibility to address evolving users' needs**
  - ➤ Uncertainty: "think the unthinkable" / avoid complacency
  - ➤ New methodological issues raised by CV19

iii. **Complementary sources in mainstream frameworks**
  - ➤ Integrate alternative input data (eg developing countries)
  - ➤ Auxiliary sources as "information buffer" / benchmarking

3. A wake up call for official statistics

● **Dealing with issues neglected for too long**

i. Make better use of existing data

ii. Revamp statistical frameworks by leveraging on innovation

iii. Enhance users' experience with statistics, with a focus on:

✓ Data sharing

✓ Cooperation eg CBs/NSOs (advanced & developing economies)

3. A wake up call: (i) Use existing data

- **Dealing with new developments**
  - ➢ Additional data to be collected?
  - ➢ Or fully exploit currently existing datasets?

- **CV19: shed light on "alternative" sources**
  - ➢ Lockdowns: value of web-based/digital information
  - ➢ "Untapped" micro-level/administrative datasets
  - ➢ Additional insights
    eg anecdotal information, "economic intelligence"

- **Looking for indicators to assess resilience**
  - ➢ Sustainable development
  - ➢ Well-being issues (eg governance, inequalities)

3. A wake up call: (ii) Leveraging on innovation

- **Goal: integrating supplementary data in "main stream" measurement frameworks**
  - ➤ Start by enriching the financial accounts framework
  - ➤ Develop datasets for the entire target population
  - ➤ Online surveys to increase response rate / develop proxies

- **Accelerate the production of official statistics**
  - ➤ Automated micro/macro linking
  - ➤ Compress compilation times, more frequent indicators, reduced revisions

3. A wake up call: (iii) Improving users' life

- **Opportunity to revisit users' experience with data**
  - Are statistics used to their full potential?
  - Are users aware of all data opportunities?
  - Where should users turn to?

- **The starting point: thinking the unthinkable**
  - Cooperation: exchange on initiatives/experience
  - Develop data sharing

- **CV19 response at the international level**
  - Platforms to exchange experience / methodology
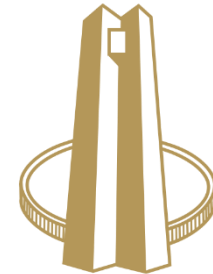 - Improve statistical literacy & data usefulness & user dialogue… part of the key objectives of the IFC!

Thank you!!

Questions?

South African Reserve Bank

bruno.tissot@bis.org

barend.debeer@resbank.co.za

IFC.secretariat@bis.org