Accuracy and availability of economic and market data

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Market participants have access to more data than ever. New tools for analysis and data management are providing more information about financial markets and the real economy. However, interpreting quality insights from this data has been hampered by increasing fragmentation in data access and political choices around data availability. The October session of DataTalk explored the accuracy of economic and markets data and how geopolitical developments and trends, like data localization, are shaping information flows. The call covered key topics such as the disruption of traditional data collection tools, publication halts around sensitive data, distinguishing between quantity and quality, and how firms are responding to these challenges. This note provides a summary of the discussion, respecting that the conversation was conducted under Chatham House Rule and comments are unattributed.

Fragmentation is driven by data regulation and non-data regulation alike. Policymakers around the globe are proposing or enforcing data use and data sharing restrictions; and there is not one universal approach to doing so, which leads to a fragmented landscape within jurisdictions and sometimes even direct conflict between regulations. Additionally, market participants and analysts must deal with barriers to transferring data across borders. The mix of all these situations poses several challenges for interested parties.

Geopolitical context has affected the sources, use and flow of data. Venezuela and Russia are examples of countries that have stopped publishing their economic data, and by doing so, pushed financial institutions (FIs) and analysts to recreate and leverage non-traditional data sets (i.e., trade information, corporate debt, etc.) to run necessary analyses. This has meant a more bottom-up approach to data-gathering efforts to fill the loss of information, especially by investment professionals that use that information for almost every aspect of the services they offer.

Comparability and frequency of data are more important now than ever. People involved in decision-making demand real-time analysis and, therefore, timely and high-frequency data is crucial. Pushing against this are issues of budget restrictions, institutional capacity, and changes in the geopolitical landscape. These situations have driven academia, the public sector, and the private sector alike to use official data -when possible-, and to complement and compare the analysis with own data and third-party information.

Data constraints anywhere affect data analysis everywhere. Less available data strains commerce, financial services, market studies, economic analysis, and the policy-making and policy-evaluation processes. In fact, the costs of not accessing reliable and timely data increase as markets become more technologically inclined, and customers thrive more in digital ecosystems. Pursuing alternative avenues for data collection and analysis can help supplant data gaps and provide an understanding of geopolitical, market, and technological trends. In this context of vast amounts of information being created and used, data quality checks should be performed to keep track of its integrity.

We look forward to continuing the DataTalk series on November 21 at 8:00 PM Washington DC / November 22 at 9:00 AM Singapore, when we will focus on credit scores, the data used for building them, how accurate they are when compared to non-traditional data sets, and how the algorithms used for credit scores leverage AI and ML to analyze these changing sets of information.