Recent ECB Activities in the Field of External and Government Finance Statistics

Prepared by the European Central Bank
Recent ECB activities in the field of external and government finance statistics

Task Force on Finance Statistics

Overview

Recent ECB activities in the field of external statistics

- **E1**: BPM6 implementation: Euro area data availability
- **E2**: BPM6 implementation: National data availability
- **E3**: BPM6 implementation: Data quality
- **E4**: Euro area gross and net external debt
- **E5**: External statistics: capacity building

Recent ECB activities in the field of government finance statistics

- **G1**: GFS: monthly indicators on government debt securities
- **G2**: GFS: debt service
- **G3**: GFS: capacity building
- **G4**: GFS: other activities
Recent ECB activities in the field of external statistics

<table>
<thead>
<tr>
<th>Rubric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>BPM6 implementation: Euro area data availability</td>
</tr>
<tr>
<td>E2</td>
<td>BPM6 implementation: National data availability</td>
</tr>
<tr>
<td>E3</td>
<td>BPM6 implementation: Data quality</td>
</tr>
<tr>
<td>E4</td>
<td>Euro area gross and net external debt</td>
</tr>
<tr>
<td>E5</td>
<td>External statistics: capacity building</td>
</tr>
</tbody>
</table>

1. Euro area data availability

• **Following up on the users’ needs:**
  
  – Need for longer time series
    • Major improvements since the first release in October 2014
    • Since April 2015 monthly and quarterly b.o.p./i.i.p. back are available back to 2009 with main current account items back to 1999
    • By April 2016 comprehensive quarterly data will be available back to 1999
  
  – Improve the understanding of the changes to the i.i.p.
    • With the next quarterly production, “other flows” will be disseminated back to 2013
    • Estimates back to 2008 will be disseminated short after
  
  – More detail…
    • New BPM6 detail, e.g. the breakdown of “other sectors” and additional instrument breakdown, will be available in the second half of 2016…
2. National data availability

• A request that came to stay…
  – National data requirements came up more intensively in the context of the financial crises
    • Understand differences between countries, inter-linkages and particular imbalances or vulnerabilities
  – But are more frequently part of the analytical work
    • Internal modelling exercises, e.g. the MF DB and the macroeconomic projections exercise
    • Ad-hoc analysis, e.g. bilateral trade with China

• What are the WG ES is doing about it…
  – National back data availability is somehow uneven at present
  – Many restrictions on national data dissemination
    • Partly related to data quality concerns and punctual confidentiality constraints
    • This heterogeneity hampers a comprehensive and inclusive analysis
  – The recent amendment of Guideline ECB/2011/23 will support the public dissemination of a minimum common dataset by mid-2016
    • More appealing and encompassing dissemination means could be offered to the public
3. Data quality

• The introduction of BPM6 and the temporary loss of quality
  – Various quality dimensions were affected by the introduction of BPM6
    • Length and detail of time series (previous slides)
    • Excess volatility and revisions (unstable compilation systems)
    • Absence of long-standing quality enhancement measures, namely the euro area
      errors and omissions (e&o) macro correction mechanism
    • Users need some time to familiarise with the new concepts and methodology
  – Several measures were and are still being introduced to mitigate this facts
    • Reassess the root causes for e&o and tackle them
    • Reinforce automatic data validation and control (major revisions and outliers)
    • Assess b.o.p./i.i.p. data consistency vis-à-vis other relevant statistical domains

• Errors and omissions:
  – Largely driven by national errors and omissions and intra-euro area asymmetries
  – National errors and omissions play a more important role for periods before
    2013 (data converted from BPM5)
  – Intra euro area asymmetries are dominating more recent developments in euro
    area e&o.
  – Preliminary results seem to support the re-introduction of the euro area macro
    correction mechanism
  – The availability of intra euro area bilateral data is crucial to tackle asymmetries!
3. Data quality

- **Consistency vis-à-vis BSI statistics:**
  - Consistency has improved after the introduction of the last legal acts, particularly for the Eurosystem
  - However notable discrepancies remain for other MFIs' stocks data

- **Consistency vis-à-vis EAA:**
  - Full methodological consistency
  - Reconciliation of the two data sets increase analytical value
  - Introduction of a regular, quarterly, data comparison exercise (WG ES, WG FA, TF QSA)

- **Holdings of currency by non-euro area residents:**
  - The 2015 WG FA reconciliation exercise showed a large excess of EUR currency issuances over holdings (around EUR 200 billion)
  - Potential underestimation of both
    - Euro area holdings
    - Non-euro area holdings
4. Euro area gross external debt by sector and instrument

- Data are available to breakdown gross external debt by country, sector, instrument and maturity
- Non-financial corporations and other financial intermediaries (other sectors) are the major external debtors
- Debt securities are the preferred instrument for cross-border debt financing

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4. From the international investment position to net external debt

- The Euro area net international investment position improved in the last few years, but it is still negative
- "Non-debt" assets and liabilities of the euro area are similar in size
- Therefore, euro area net external debt is comparable to the net international investment position
4.  Capacity building on External Statistics

Seminar on External Statistics organised by the ECB

- Objective: to elevate expertise on External Statistics including external debt
- With collaboration of experts on NCBs
- Five-day course
- Frequency: annual

Recent ECB activities in the field of government finance statistics

| G1 | GFS: monthly indicators on government debt securities |
| G2 | GFS: debt service |
| G3 | GFS: capacity building |
| G4 | GFS: other activities |
G1. Monthly indicators on government debt securities

1. GFS outputs from the Centralised Securities DB

Outstanding amounts

- Debt service
- Nominal yields
- Issuances and redemptions
- Average residual maturity

Outstanding amounts
- Sum of the face value of all individual government debt securities
- at the end of a given reference period
- issued by a country/euro area
- that did not mature yet.

CSDB government debt securities – outstanding amounts – comparison with EDP-euro area

Sources: ECB, Eurostat and ECB calculations.
## G1. Monthly indicators on government debt securities

### Issuances and redemptions

- **Issuances in primary market:**
  - new security
  - existing security (tap)
- **Redemptions**
  - at the maturity date
  - before the maturity
    - Total
    - partial

### Average residual maturity (years)

- Residual **maturity** of a debt security
  - period from the reference date
  - until the final contractually scheduled payment
- **Average weighted** by outstanding amounts

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**Sources:** ECB and ECB calculations.
G1. Monthly indicators on government debt securities

Debt service

- **Expected** future payments
- of **interest** and **principal**
- on government **debt securities**
- due in one year or less
- at a given reference period

Debt service for 2015 (at end-2014, %GDP and € billions)

- Interest to accrue in one year or less
- Face value due over three months and up to one year
- Face value due in three months or less

Sources: ECB and ECB calculations.

Average nominal yields

- **interest rate** (percentage per annum)
- that the **debtor promises** to pay debt holders
- per **unit of time**
- Calculated from **four attributes**:
  
  \[
  \text{coupon rate} + 365 \times \left( \frac{\text{redemption price} - \text{issue price}}{\text{original maturity}} \right)
  \]

- **Average weighted** by outstanding amounts

Sources: ECB and ECB calculations.
G1. Monthly indicators on government debt securities

**GFS outputs from the CSDB**

- **Jun. 2009**: First monthly indicators on government debt redemption and its inclusion in the ESRB risk dashboard
- **Jun. 2013**: New indicators on debt service and nominal yields in the Monthly Information Bulletin
- **Jun. 2014**: Dissemination to the ESCB SDW and creation of SDW reports
- **Nov. 2014**: Dissemination to the public SDW (data and reports), ECB Statistics Bulletin, ECB Economic Bulletin
- **Dec. 2014**: ECB Monthly Bulletin box on the new statistical indicators on government debt securities
- **Jun. 2015**: Statistical paper series entitled “New and timely statistical indicators on government debt securities” [Link](#)

G2. Debt service for government debt

**Working Group on Government Finance (ongoing)**

- Objective to develop **debt service statistics** for GFS
- Will follow a mixed approach based on (ranking):
  1. Granular data (e.g. debt securities)
  2. Administrative data (e.g. official loans granted to governments)
  3. Counterpart data (e.g. MFI)
  4. Indirect methods (e.g. BIS debt service calculations)
- Progress report expected for June 2016
G3. Capacity building on GFS

**Seminar on GFS organised by the ECB (forthcoming)**

- Objective: to elevate expertise on GFS by central banks
- With collaboration of other TFFS agencies
- Four-day course
- First edition planned for 2017-Q1

G4. Other activities in the field of GFS

**Government assistance to the financial sector**

- **Article** on the ECB Economic Bulletin (September 2015): “Fiscal impact of financial sector support during the crisis” [link](#)
  - Analysis of the fiscal impact of the assistance provided to the financial sector during the financial crisis.

  - Details the work achieved to assess the fiscal impact of the assistance measures provided to the financial sector during the financial crisis.
Thanks for your attention!