

Wanted datasets during the financial markets turmoil - Securities and Derivatives -
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Executive summary

1. Market observations during the turmoil

De-leveraging started in the ballooned “Shadow Banking”, and troubles swiftly spread to all the concerned parties, i.e., final borrowers, investors and intermediaries. Before the crisis, we had not closely monitored the prices/volume of Shadow Banking sector and knew very little about them. After the crisis burst, we went through the quick learning process and engaged in mining for data outside of banking system.

Other features we focused during the development of the turmoil were; “cross-border”, “correlation”, “maturity mismatch”, “hyper-leverage” and “re-intermediation”.

2. What we wanted to know

In order to estimate the magnitude of overall de-leveraging, subsequent spillovers, and the yet-to-come recovery progress, we significantly expanded the list of products/markets-to-be-monitored. Examples include the tracking of prices of numerous securitization products in order to detect the market dysfunction, volume data to estimate the size of the trouble, and so forth.

3. Then-available datasets and what we had missed

In terms of the data availability, our general observations are;

- Price data is relatively easy to obtain from various sources.
- Volume data depends. While primary issuance volume in many cases is available, outstanding amount has shorter list of data sources and the transaction (secondary) volume is in most cases difficult.
- Information about investors (holders of the risk) and secondary market participants (buyers and sellers) are hardly obtainable in many cases, even for traditional products such as listed equities.

New products, including shadow-banking related ones are not covered by traditional authorities’ surveys, thus they tend to lack the complete picture of outstanding amount and the map of risk holders, however, the issuance volume and price data are mostly

available through data vendors and/or broker-dealers. And as has always been, genuine risk exposure is difficult to identify for many products.

It seems to be apparent that the expansion of comprehensive statistics conducted by public sectors or industry associations cannot result in the perfect datasets (in terms of product/market coverage as well as the timeliness), therefore, hybrid approaches – combination of data analysis and the qualitative information including anecdotal ones, would continue to be required going forward. In terms of collecting more data on volume side, rating agencies and clearing houses may be able to offer more detailed numbers.

Also, sharing information among public sectors may greatly help, such as (to the possible extent) exchanging the results of regulatory monitoring, as well as sharing the list of available data sources.