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Feasibility of Compiling Quarterly Coordinated Portfolio Investment Survey

FEASIBILITY OF COMPILING QUARTERLY COORDINATED PORTFOLIO INVESTMENT SURVEY¹

Under the second phase of the Data Gaps Initiative (DGI-2), the recommendation related to the Coordinated Portfolio Investment Survey (CPIS) calls for an examination of the feasibility of reporting quarterly CPIS data. Accordingly, the IMF's Statistics Department (STA) conducted a feasibility survey of CPIS reporters during March 2016. The results indicate that over 60 percent of the CPIS reporters are readily able to compile quarterly CPIS data, and an even larger number (80 percent) can do so within a three-year horizon. However, drawing on the experience of moving to semi-annual reporting under DGI-1, some reporters noted that data quality issues, the possibility of more "confidential" data flags, and heavier workloads for national compilers and respondents are among the possible challenges of moving to quarterly data reporting. On the demand side, there is continued internal and external interest in enhancing data on capital movements to support analysis of spillovers and interconnections; in this regard, STA will need to weigh the benefits against the costs of moving to quarterly CPIS collections.

1. The CPIS is the only global portfolio investment survey providing counterparty information. Under the DGI-1, enhancements were introduced beginning with the end-June 2013 data collection to: (i) improve the frequency (from annual to semi-annual), timeliness (from nine months to seven months for reporting and from eleven months to nine months for dissemination) and scope of the data (sector of issuer, cross-sector classification, and short or negative positions); and (ii) enhance data accessibility.

I. RESULTS OF THE SURVEY

2. Following one of recommendations of G-20 DGI-2,² STA surveyed CPIS reporting economies in March 2016 to explore the feasibility of conducting quarterly CPIS. The survey questionnaire was sent to the 85 economies that report CPIS data and STA received 72 responses, reflecting an 85 percent response rate. The survey questionnaire consisted of the following five questions:

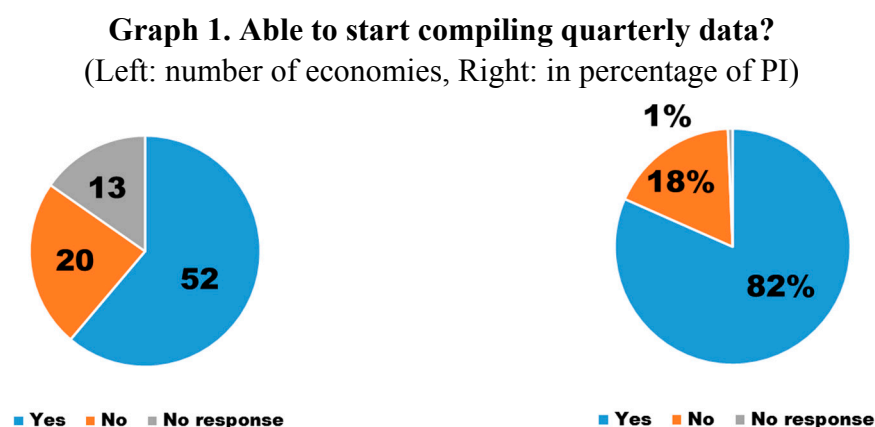
- Are you able to start compiling CPIS data quarterly? (Yes/No)
- When are you able to start compiling quarterly CPIS data?
(Within one year/Two years/Three years/More than three years)

¹ Prepared by Tatsuhiko Hagitani, Balance of Payments Division, STA.

² Recommendation II.12: CPIS states "G-20 economies to provide, on a semi-annual frequency, data for the IMF CPIS, including the sector of holder table and, preferably, also the sector of nonresident issuer table. IMF to monitor the regular reporting and consistency of data, to continue to improve the coverage of significant financial centers, and to investigate the possibility of quarterly reporting".

- What is the likely lag with which you would report quarterly CPIS data?
(Less than three months/four months/five months/six months/More than six months)
- If you have no short-term plan to compile quarterly CPIS data, what prevents you from compiling the data? Select all that apply.
(Resource limitations/Respondent overburden/ Confidentiality concerns/Other)
- Please provide any additional comments you may have.

3. The results of the survey are follows. **First, more than 60 percent of the CPIS reporting economies indicate that they are able to start compiling quarterly CPIS data.** Sixteen economies indicate in their CPIS metadata that they are already compiling quarterly CPIS data (see Annex Table 1.1). The economies that responded “yes” account for 82 percent of the total portfolio investment (PI) assets.



4. Second, **nearly 80 percent of the total respondents can start compiling quarterly data within three years.** More than 80 percent of “Yes” respondents can start compiling quarterly data “within one year”, while more than half of “No” respondents need more than three years to start compiling quarterly CPIS data.

Table 1. Time Horizon for Initiating Quarterly Reporting

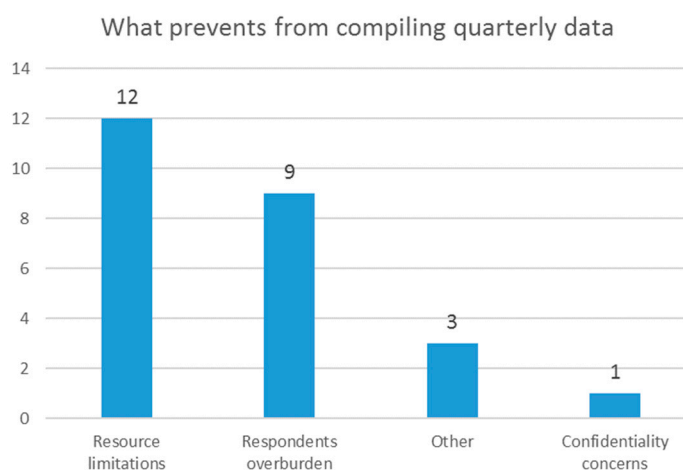
	<1Y	2Y	3Y	3Y<	N.A.
“Yes” respondents (52)	42	8	0	1	1
“No” respondents (20)	1	4	2	11	2
Total respondents (72)	43	12	2	12	3

5. Third, more than half of the survey respondents can report the data within four months ($\leq 4M$). Nearly 70 percent of “Yes” respondents can report the data within four months. Fifteen percent of “No” respondents can report the data within four months.

Table 2. Likely Lag in Reporting Quarterly Data

	<3M	4M	5M	6M	6M<	N.A.
“Yes” respondents (52)	13	23	6	8	2	0
“No” respondents (20)	1	2	1	7	6	3
Total respondents (72)	14	25	7	15	8	3

6. Fourth, on the factors that preclude CPIS reporters (with no short-term plans) from compiling quarterly CPIS data, 17 economies replied to the question. Twelve chose “resource limitations” as the key reason, while nine chose “respondent overburden.” Three respondents selected “Other”, and specified “availability of data” and “legal framework” as factors.

Graph 2. Stumbling Blocks to Quarterly CPIS

7. Fifth, additional comments are mixed. Overall, though the comments are supportive of quarterly CPIS in principle, concerns are expressed pertaining to resource limitations; and the need for training, preparation, and/or consultation. These needs can be addressed through STA’s DGI-2 work program as well as its broader capacity development program. Some respondents indicated that given the shift to semi-annual data reporting has caused data quality issues and imposed a heavy workload on national compilers and respondents, quarterly data reporting will have a similar impact. Others indicated that more “confidential” data may appear in quarterly CPIS collections, thereby lowering the usefulness of the dataset.

II. PROPOSALS ON THE WAY FORWARD

8. Taking the results of the feasibility survey into consideration, **STA would propose shifting to a quarterly CPIS within three years.** Economies would report quarterly data to STA with a lag of four months and STA would aim to disseminate the data within six months of the reference quarter. The proposal would mean an improvement in both reporting and disseminating lags—by three months earlier than the current practices (see Table 3). Beginning with the end-March 2019 CPIS round, the deadline for reporting economies would be end-July 2019; and data dissemination by end-September 2019.

Table 3. Transitions of CPIS Periodicity and Timeliness

	Past Until 2013	Current From 2014	Future From 2019 (proposed)
Frequency	Annual	Semi-annual	Quarterly
Timeliness in reporting	9 months	7 months	4 months
Timeliness in dissemination	11 months	9 months	6 months

11. If the move to a quarterly frequency under the conditions and timetable proposed in this report were to be supported by BOPCOM, STA would aim to assist CPIS reporting economies by promoting awareness of the requisite preparation work for conducting quarterly CPIS, and by facilitating the sharing of experiences of advanced ESS compilers with other ESS compilers.

Questions for the Committee:

1. *Do Committee members agree with the proposal to move to a quarterly frequency with the timeliness proposed in Table 3 as of 2019?*

2. *Do Committee members have any suggestions for STA's work for promoting quarterly CPIS?*

Annex Table 1.1. High-Frequency CPIS Compilers

Quarterly (13)	Brazil, Costa Rica, Czech Republic, Denmark, Kosovo, Latvia, Lebanon, Lithuania, Malaysia, Panama, Poland, Turkey, and Venezuela.
Monthly (3)	Bulgaria, Portugal, and Spain.

Source: CPIS Metadata (as reported by individual economies), IMF

Annex Table 1.2 Quarterly CPIS-PROS

Positives	Descriptions
Increasing Coverage	From STA's experiences in conducting semi-annual CPIS, there has been a gradual increase in number of semi-annual CPIS reporters. ³ A similar "pull" effect is likely with the move to quarterly CPIS reporting.
High Frequency and Timeliness Can promote Data use	Some users view the current nine months' lag as too late for their analytical work. Dissemination with six months' lag at least improves timeliness. Quarterly data can improve not only users' analytical work but also some countries' ESS compilation work as those countries use CPIS for estimating their PI liabilities data.
Lead time is enough	As nearly 80 percent of reporting economies indicate that they can compile quarterly CPIS "within three years", the proposed plan appears realistic.

Annex Table 1.3. Quarterly CPIS-CONS

Issues	Description
Usefulness	Unless the usefulness of quarterly CPIS data is widely acknowledged by the users, there could be opposition against conducting quarterly CPIS. Usefulness depends on data quality, data coverage and how widely the data are used.
Data Quality	Data quality should be kept high. The reporting economies will be faced with the trade-off between high frequency/timeliness and data quality.
Data Coverage	The survey suggests that 82 percent of portfolio investment assets would be reported in quarterly submissions, lowering the data coverage for end March and end September compared to end June and end December.
Usability	Break in series due to coverage variance and higher incidence of confidentiality flags may impact usability.
Resource Limitations	Quarterly CPIS doubles reporting countries' and STA's CPIS work. Resource limitations are challenges for some reporting economies and for STA.

³ The number of semi-annual reporters has increased from 58 (end-June 2013) to 71 (end-June 2015).