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Real time indicators: Opportunities, challenges, and next steps for national statistical institutes

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Abstract

Real time indicators are not new. Yet the COVID-19 pandemic has seen them play a more central role in informing government policymakers, media and the public than in the past. This reflects the need for timely and granular indicators at a time of crisis, and growing availability of high frequency data. But their emergence has been uneven across countries and has occurred in spite of their challenges and limitations.

This paper discusses the factors driving the growing use of real time indicators, based on the United Kingdom's experience. Their rapid adoption is a response not only to the pandemic but also to the call by the independent Bean review (2016) for the modernisation of economic statistics by exploiting private and public sector data sources. New data science methods and tools, such as web scraping and APIs, have also helped drive take-up.

Real time indicators can bolster the evidence base for government policymakers. They can also enhance several dimensions of statistical quality, particularly timeliness and relevance, making them a useful supplement to official statistics.

However, their growing use also pose significant challenges, both operational and conceptual, for national statistical institutes. Given the growing array of high-frequency data available to NSIs, this paper outlines some suggested criteria to help assess their relevance and to prioritise resources across the wide array of possible real-time indicators.

Finally, the paper draws on recent international experience to suggest several practical steps that government statisticians and other analysts can take towards "providing a new tool for empirical macroeconomics" (Chetty, et al, 2020) which meet the needs both of government policymakers and academic researchers.