Leading, Composite and Sentiment Indicators in Russia: Cooperation Between Rosstat and Think-Tanks is Needed

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Content

- Survey of Russian composite cyclical indicators
- Survey of Russian BTSs
- Role of Rosstat in these fields and reasons for its limited activity
- Possible cooperation between Rosstat and a think-tank in constructing a system of cyclical indicators for Russia
Six composite leading indicators for Russia

Producers of composite cyclical indicators

- **OECD**: RUCI & RULIPI (M) for business cycles (Russia is one of 21 countries)
- **ECRI**: CLI (M) for growth cycles (Russia is one of 47 countries)
- **HSE**: CLI, CCI & CLGI (M) for business cycles
- **EcFor**: CLI & CCI (Q) for business cycles
- **CMASF**: Probabilities (M) of slipping in and coming out of recessions
- **RenCap - NES**: An analogue of Eurocoin & CFNAI (M)

**Rosstat**: No composite cyclical indicators
Four Russian BTS’s, seven publishers, five resumptive indicators

Producers of the BTS’s

- **Rosstat**
  - Industrial Confidence Index (ICI), NSA

- **Giadar Institute**
  - Industrial Optimism Index (IOI)

- **Markit Economics**
  - Purchasing Managers' Index (PMI)

- **Russian Economic Barometer (REB)**
  - No resumptive indicator

Publishers of resumptive indicators

- **Rosstat**: Industrial Confidence Index (ICI), NSA
- **HSE**: Industrial Confidence Index (ICI), SA
- **"Business Russia" Association**: Industrial sentiment index (ISI)
- **Gaidar Institute**: Industrial Optimism Index (IOI)
- **OECD**: Industrial Confidence Index (ICI)
- **Markit Economics**: Purchasing Managers' Index (PMI)
- **REB**: No resumptive indicator
The role of Rosstat in the field of Russian BTSs

Rosstat is responsible for conducting the largest of the four Russian BTS’s:
- sampling
- sending questionnaires
- collecting answers
- weighting of primary data
- calculating NSA composite indices
- supporting the databases

Rosstat is not responsible for methodology, analyses, and publishing:
- determining samples requirements
- designing questionnaires
- seasonal adjustments
- calculating SA composite indices
- mass media releases
- analytical bulletins
- research

HSE is responsible for all these issues
Reasons for Rosstat’s limited activity in the field of cyclical indicators

• There are a lot of politicians and experts who still don’t believe in cyclicity of the Russian economy;
• Historically, the main aims of the NSO in Russia were to gather and aggregate information, not to analyze and/or to predict processes;
• CLI’s are instruments for forecasting, but this is not Rosstat’s priority (forecasting usually includes a significant component of a subjective or even of a political nature);
• Rosstat works only with standard methodologies that are officially adopted, and there is no such methodology for CLI’s
Possible cooperation between Rosstat and a think-tank

Possible responsibility of Rosstat

- coordination with other branches of Russian government
- compilation of all necessary time-series
- seasonal adjustments
- calculation of composite indices
- support of the databases

Possible responsibility of a think-tank

- development of a methodology, including its testing and revisions
- revealing of current tendencies
- outlooks
- mass media releases
- analytical bulletins
- research

HSE may become such a think-tank