

Data gaps on investment financing at country level: the Italian case

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Data Collection for
Long-term Investment
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Outline

1. Policy background at G20 level
2. Data gaps in macro-based statistics on gross fixed capital formation (GFCF) in Italy
(based on Giordano, Marinucci, Silvestrini (2016), Banca d'Italia QEF, No. 307)
3. Analytical challenges in assessing investment financing



Objectives of G20 policy action

- 1. Assess the impact of financial regulation on the financing of long-term investment**
- 2. Promote the financing of long-term investment**

Two G20 reports:

FSB, IMF, OECD, WBG (2014), *Development of quantitative indicators of long-term investment finance*

OECD (2015), *Addressing Data Gaps in Long-Term Investment: An Agenda For Research*



MACROECONOMIC DATA ON INVESTMENTS (Gross Fixed Capital Formation, GFCF): TYPES OF DATA AVAILABLE IN ITALY

- **By institutional sector**

1. Households
2. General government
3. Private non-financial corporations
4. Private financial corporations

- **By type of asset**

1. Residential construction
2. Non-residential construction
3. Transport equipment
4. ICTs
5. Intellectual property rights
6. "other" (machinery, equipment, weapons)

- **By industry**

- real estate
- public administration
- defence
- education
- finance
- insurance
- etc.

**Two challenges:
1) cross-
classification
2) data at constant
prices**



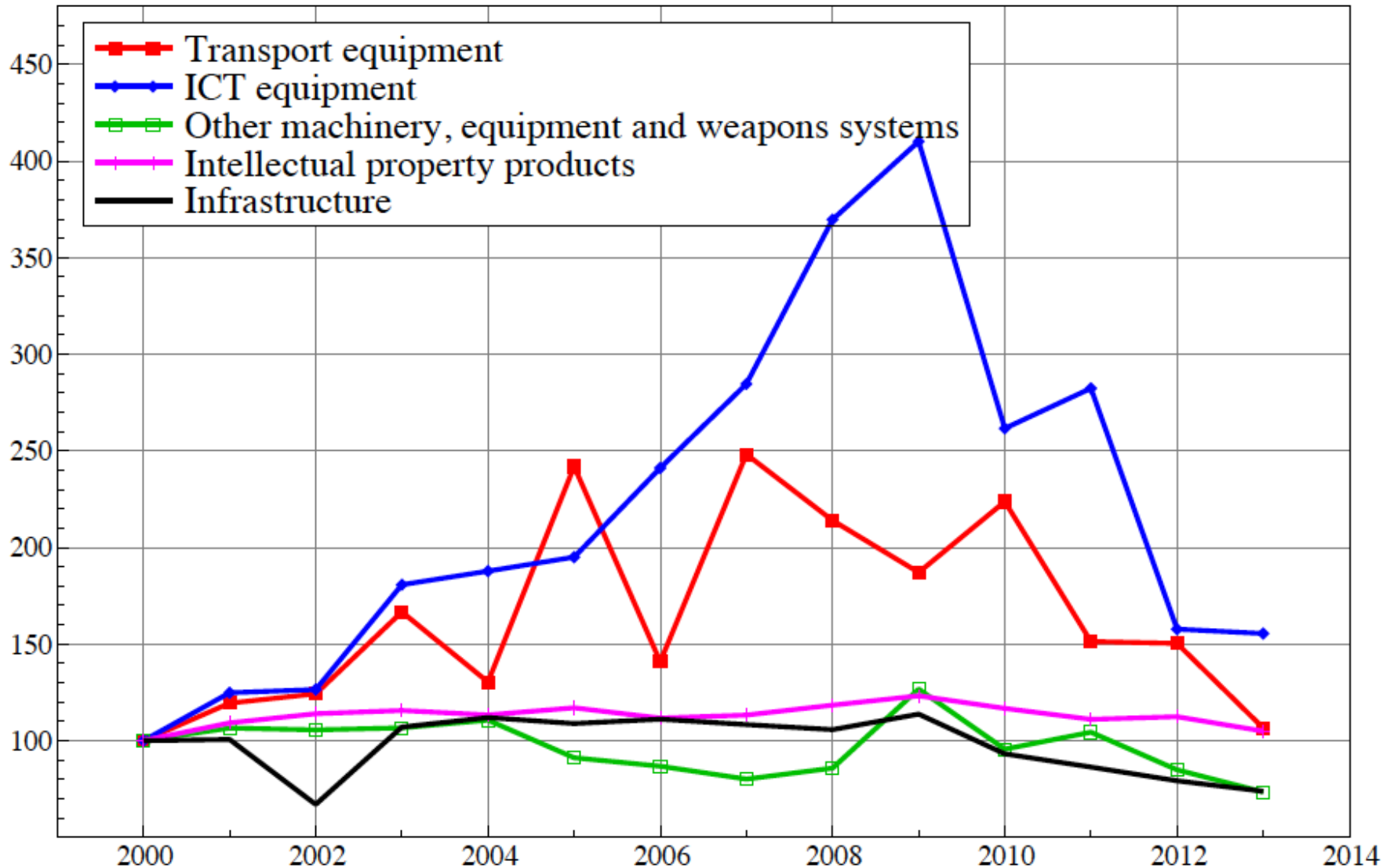
MACROECONOMIC DATA ON INVESTMENTS (GFCF): DATA AVAILABILITY IN ITALY

	Total	By asset type	By industry <i>(only yearly data)</i>	By institutional sector
		1) residential constr. 2) non-residential constr. 3) transport equipment 4) ICTs 5) intellectual property rights 6) "other" (machinery, equipment, weapons)	- real estate - public administration - defence - education - finance - insurance - etc.	1) general government 2) households 3) private non-financial corp. 4) private financial corp.
current prices	Yes	Yes	Yes	Yes
constant prices	Yes	Yes	Yes	Not available

	By industry and asset type <i>(only yearly data)</i>	By institutional sector and asset type
	- non-resid. constr. in real estate - transp. equip. in defence - ICTs in education - etc.	- gen. govt.'s infrastructures - non-financial corp.'s ICTs - non-financial corp.'s "other" - etc.
current prices	Yes	- For government: Yes - For other sectors: Not available
constant prices	Yes	Not available



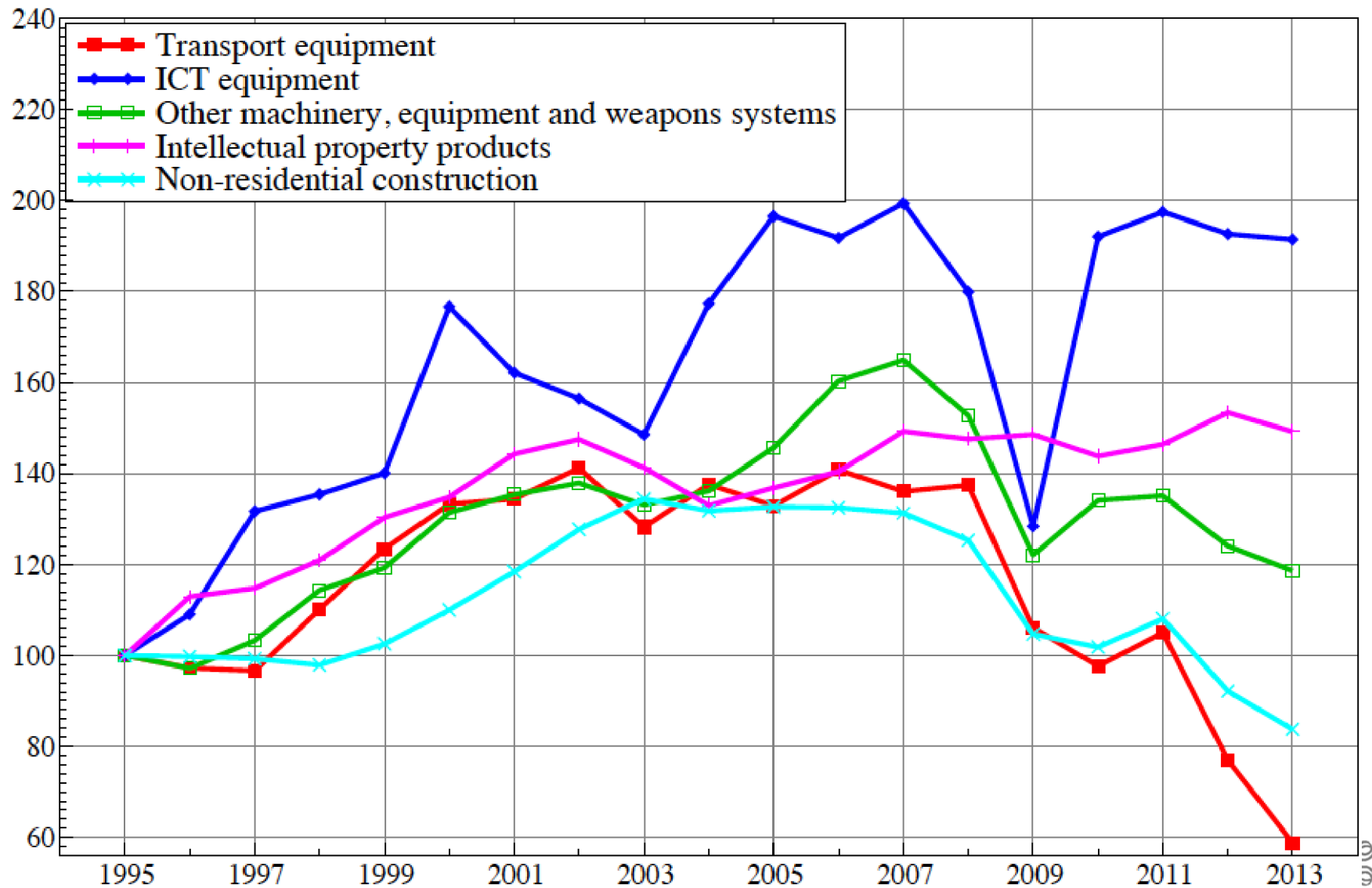
INVESTMENTS (GFCF) IN ITALY BY THE GENERAL GOVERNMENT AND BY ASSET TYPES, AT CONSTANT PRICES (1)



(1) Infrastructure is the sum of resid. and non-resid. buildings and civil engineering works.



INVESTMENTS (GFCF) IN ITALY BY NON-FINANCIAL CORPORATIONS AND BY ASSET TYPES, AT CONSTANT PRICES (1)



ANALYTICAL CHALLENGES IN ASSESSING INVESTMENT FINANCING

- **Actual trends in financial flows are the combined effect of demand and supply factors, which are driven by several determinants**
- **Potential drivers of long-term investment financing: the business cycle, capital expenditures, corporate credit risk, investors' risk aversion, banks' propensity to lend and funding conditions, regulatory developments, etc.**
- **Key difficulty: lack of counterfactual**
- **To separately identify demand and supply factors, we have to resort to fully-fledged multivariate econometric analyses (such as those found in sound academic studies)**

