SWIFT Index

Early GDP growth leading indicator based on customer payment messages for faster, better-informed, decision-making

Published monthly, the SWIFT Index gives an early and fact-based indication of economic activity based on the volume of SWIFT customer payment (MT103) messages. Given the universal nature of SWIFT payment traffic, the SWIFT Index is a barometer of the Gross Domestic Product (GDP) evolution of the EU-28, total OECD countries, Germany, France and United Kingdom.

Business background

Economic indicators are critical to effective decision-making. However, those based on factual data typically suffer several months' delay, whilst those offering less delay often measure sentiment rather than fact. The SWIFT Index offers decision makers with fact-based, leading indicator for the short-term evolution of GDP.

Benefits

- **Fact-based, early leading indicator of GDP growth**
  The SWIFT Index brings you timely, fact-based GDP forecasts based on live payments data, updated monthly.

- **Independently validated methodology and modelling**
  The model used by the SWIFT Index has been tested and validated in collaboration with a leading inter-disciplinary research institute.

- **Informs your decision making and assists your strategic planning**
  The SWIFT Index helps you react quickly to economic changes, informs your market and strategy decisions, allows increased accuracy of return-generating models.

SWIFT Index source data

The SWIFT Index measures the volumes of SWIFT MT 103 payment messages by selecting only the live sent and received messages of customer traffic, aggregated monthly at country level.

The message volumes thus obtained are transformed into daily averages using the corresponding number of working days. These country-level monthly daily averages of MT 103 message flows are further aggregated at EU-28, OECD and individual country level and form the underlying data for calculating the SWIFT Index.

Benefits

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SWIFT Index credentials

At Sibos 2009 and Sibos 2010, analyses were presented outlining preliminary evidence of the correlation of MT103 messages volumes with the evolution of GDP. The power of the SWIFT Index in anticipating GDP growth was then empirically tested in collaboration with the Center for Operations Research and Econometrics (CORE), a leading interdisciplinary research institute in the fields of econometrics, economic theory, game theory and operations research. CORE performed additional analysis and models refresh in 2016.

This econometrics expertise was essential to assess how the SWIFT Index relates to GDP growth, and to validate its forecasting performance relative to standard benchmark models.

The CORE team tested a mixed frequency static model that forecasts quarterly GDP growth with previous monthly growth of the MT 103 daily averages.

Few dynamic versions were also investigated by adding lagged GDP growth and other parameters to the static version.

The benchmark models forecasted quarterly GDP growth by using the previous results of GDP growth only (thus omitting the MT 103 data). Each of these models were tested across several regions and countries to identify the most robust approach in terms of correlation and predictive power.

Conclusions stated that when GDP growth changes (positively or negatively), the SWIFT Index gains forecasting performance against the benchmark models. To avoid subjective selection of one single model for every forecast, the SWIFT Index uses a forecast combination technique of all defined models into a single forecast.

Publication dates and content

The 2016 version SWIFT Index is comprised of five data series:

* a EU-28 level aggregate
* an OECD-country level aggregate
* France
* UK
* Germany

The nowcast and forecast values are in quarterly year-on-year growth.

In January, April, July and October:
* a nowcast for the quarter just ended
* a forecast for the current quarter

In all other months:
* a nowcast for the current quarter
* a forecast of the following quarter

Availability

The SWIFT Index is free of charge upon registration and is available as downloadable file.

Registration

To register for the SWIFT Index visit www.swift.com/swiftindex

About SWIFT

SWIFT is a global member-owned cooperative and the world's leading provider of secure financial messaging services.

We provide our community with a platform for messaging, standards for communicating and we offer products and services to facilitate access and integration; identification, analysis and financial crime compliance.

Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories, enabling them to communicate securely and exchange standardised financial messages in a reliable way.

As their trusted provider, we facilitate global and local financial flows, support trade and commerce all around the world; we relentlessly pursue operational excellence and continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

(1) Current quarter growth versus same quarter in previous year.