

As asset managers look to Asia for alpha, analytics & visualization tools take center stage

PineBridge Investments uses economic and time-series data analytics provider Macrobond Financial to better its economics research, which supports its portfolio managers and the firm's overall investment thesis. By Wei-Shen Wong



At a time when asset managers are struggling to find alpha due to fee compression and competition coming from passive strategies, as well as increased regulatory pressures in the US and Europe, some buy-side firms are looking to grow their presence in Asia by finding still-untapped or under-explored markets.

While “investing in Asia” is easily said, there are significant barriers that still exist. First, the market is

incredibly fragmented, especially when compared with the US, the UK, and the European Union. As a result—at least partially—of that fragmentation, data coming out of the region is often lacking or tough to corral. And this creates a different problem: how do you contextualize and visualize such divergent and unstructured datasets?

For PineBridge Investments—the New York subsidiary of Hong Kong-headquartered Pacific Century

Group—this has been one of the key focal points as the asset manager has looked to expand its investment footprint in Asia.

Currently, the firm, which manages over \$126 billion of assets, is looking to build out its research and products team in the region, which is where \$71.9 billion of its AUM comes from.

Paul Hsiao, a global economist responsible for providing economic forecasts, analysis and commentary for all asset class teams within the

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firm, says there's a growing demand for macroeconomic coverage on China, Hong Kong, Singapore, and other markets in the region.

Hsiao spends about 60-70% of his day providing research to PineBridge's portfolio managers. The remainder of his day is spent supporting the firm's business development teams—marketing and sales—or interacting with clients by communicating PineBridge's view on the macro economy, particularly in Asia.

"In order to do that, we need to have tools to conduct our research and present it well," he says. "We need tools, data visualization, as well as analytics."

To help bolster its macro coverage in the region, PineBridge has turned to Macrobond Financial, a global economic, aggregate financial, and sector time-series data and analytics provider.

Hsiao says that prior to using Macrobond in 2017, the firm, which has a strong focus on fixed income, followed by equities investment, had connectivity issues when using other data providers along with Microsoft Excel spreadsheets and PowerPoint decks, "which caused a lot of crashes, and it caused a lot of frustration," he says. "So far, Macrobond doesn't have nearly as many issues, which is fantastic especially for the larger spreadsheets or PowerPoints."

Additionally, the platform has a charting function that Hsiao says makes it easy for PineBridge's marketing or

compliance teams to double-check before it is used for client presentations.

For context, Hsiao says that he has forecasting presentation for clients about global interest rates that incorporates about 100 charts.

"Before Macrobond, we were using another data provider and you'd have to download all the stuff to Excel, make the chart, adjust the chart—[doing that] individually for all 100 or so charts, which takes a lot of time. It took me about a week to do this thing previously, but with Macrobond, it's simple. I hit a refresh button and everything is done. This example is for one out of the 10 to 20 investment meetings I have per month, so you can imagine that it's a lot," of time savings, he says.

Another example is Hsiao's previous efforts in compiling and maintaining a spreadsheet on gross domestic product-weighted policy rates. He says it previously took him three to four hours to update quarterly, which is when GDP figures are updated. Now, he says this process is done with the click of a button.

"Personally, I've added to my chart library, as well as increased my output. Since using Macrobond, we've been putting out something called China Weekly, where we recap the most important numbers of the week," he says. "We look at a couple of dozen of indicators, and it's much easier to do that when you're fluent with a program like Macrobond."

Goodbye, Excel

Easing economists' reliance of Excel spreadsheets is one of Macrobond's specialties, says Ian Hissey, regional managing director for Asia-Pacific at Macrobond.

"Most economists still use Excel to manipulate data and do really simple and repetitive transformations of data, and then build charts and spend a lot of time formatting them," Hissey says. "Macrobond provides all the productivity tools to them, which other industries view as standard, but economists have been left behind on that."

One big concern prospective clients have is spending weeks and weeks trying to rebuild their many different spreadsheets on the platform. But Macrobond has solved this using a mix of technology and what Hissey calls "old-fashioned elbow grease."

"There's a set of technologies that allows us to map data series to what we have in Macrobond, and there's also a team of experts based in Poland that supports clients with that process," he says.

Macrobond uses this to help clients clean their library of spreadsheets, some of which have been left untouched for years. "We need to triage these kinds of implementations," he says.

Last year, Macrobond brought on a team of about 35 economists from a single bank over to its platform.

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Macrobond's growth plans

Ian Hissey is Macrobond's latest hire. Earlier in March, Macrobond added John Leffler as vice president for the Americas and Chris Seaman as regional managing director in the UK to support its future growth plans. Similar to Leffler and Seaman, Hissey will build on the company's existing presence in the Asia-Pacific region, and will work on expanding the business into Japan and South Korea.

Hissey joins Macrobond in Hong Kong after 12 years at FactSet in Tokyo, where he was responsible for the risk and quantitative research business. The first thing he did at Macrobond was to hire a Japanese and Korean speaking team, in line with the firm's plans to expand there.

Macrobond has acquired data in Asia, and as a result, now has about 120 clients across Asia Pacific, in Australia, New Zealand, China/Hong Kong, Singapore, Malaysia, Thailand, and India. The increasing demand for deep China and Asian economic data in Apac provides Macrobond with a strong growth trajectory in the region.

It has a core database with 2,500 data sources, which

is a mix of public and private sources. It also buys data from third parties like Chinabond and Soufun, which provides data on China's real estate sector. Macrobond also aggregates data from about 25 different vendors. Hissey says this includes the benchmark vendors such as MSCI, S&P, and economic forecasting companies like Oxford Economics, and other niche datasets like EPFR for fund flows data.

Macrobond is looking to add more alternative and higher-frequency data to supplement its traditional data offering. An example of that is Covid data by Japanese prefectures, Indonesian states, and China. This includes data on hospital beds and hospital admissions, and now vaccinations data, too.

"There's also mobility data, looking at box office receipts to indicate how many people are starting to go out to the cinemas again. Then there's also high-frequency trade data, which is really popular right now. People want to see how much certain goods are going in and out of certain countries, especially with the geopolitical situation right now, so you can look at daily

coal consumption in China, for example," Hissey says.

Macrobond, which offers time-series analytics such as principal components analysis, regressions, and value-at-risk models, is working on two areas to extend the platform. Hissey says one project is more near-term and the other is a bit farther out.

"The closer one is around nowcasting, and it's basically providing a standard framework where we can take some of these higher-frequency datasets, as well as the economic release calendar, and use those to come up with an idea—what you think GDP is doing, or unemployment is doing—in between the releases. That's something where we're working on right now and we're potentially quite close to having a product in that space," he says.

The other area it's working on involves trying to offer advice around automated models. "If you deal with a forecasting model, and perhaps you want to understand if you change that methodology a little bit, how would that impact the forecast and how would you come up with the best forecast," he says. "

Hissey says this ran as a bigger project and took about four months because the client had thousands of models.

"Macrobond uses an in-house database to do this. It's an understanding of source data, like symbols from source data," he adds.

The platform encourages collaboration too. For example, if you're an economist at a big investment bank, there would be someone focusing on interest rates, and perhaps others who focus on currencies, or alternatives, perhaps doing overlapping processes, he says. "At the moment, they don't talk to each other. They have no idea about each other's underlying work, whereas in Macrobond, you can actually discover what each other are doing proactively and reuse that research," Hissey adds.

This is a feature that PineBridge's Hsiao, who is based in Hong Kong, finds useful, as his supervisor, who is in New York, can see exactly how

many charts he is working on, and vice versa. He says that when creating charts relating to specific markets like China, Hong Kong, or Singapore, for example, they know that they have the information internally to build their reports, but that information needs to be visualized in a consistent way. For example, he says, investors in Hong Kong are very focused on housing prices, but in other parts of Asia that focus can be less crystalized.

"It also helps us go to clients more," Hsiao says. "And we find that people in Asia are always curious to know more about the States, which is great since I have a bunch of charts on [economic activity in the US], and then vice versa in the States, they're very curious about places like China, so my counterpart can see all the charts I have on China already."

For data on China, Hsiao says there's a need for alternative forms of data that would help in correlating or forecasting growth and financial asset

prices. Hsiao says that Macrobond has all the government indicators he needs. This means he no longer has to get that data from a statistics website. "And then it has some useful tweaks to the numbers, like seasonally-adjusted China GDP index," he says, "which is fantastic because it really makes an apples-to-apples comparison with other growth rates in other countries, and much more tenable versus the official numbers that China puts out."

Hsiao says that he hopes that in the future Macrobond and other analytics providers will focus on China's labor market, which he says is "notoriously difficult to measure," as their official unemployment rate only goes back a couple of years, which makes it difficult to make longer-term decisions. He would also like to see more analysis around property price listings across all of Asia, "since most economies don't have the sort of data availability that the US has," he says. [wt](#)