

Inside Market Data

WFIC 2017: Alt Data Dominates Day Two of Agenda

Besides satellite, Internet of Things, and social media, firms are looking for commodities and ESG datasets.

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The second day of industry association FICD's World Financial Information Conference, held in Barcelona, was dominated by discussion of alternative data and whether data derived from social media has finally come of age.

Foremost on the data wish lists of hedge funds and asset managers are [satellite data](#) and [Internet of Things \(IoT\)](#)-related datasets. However, it's impossible to discuss alternative data without also debating whether firms can add any value to their investment process by using data derived from social media or from the use of [social media](#)-driven newsfeeds. This is especially under scrutiny now that the "Trump effect"—where more world leaders and corporate chief executives choose to cut out traditional media communications, and instead make market-moving announcements about policies and financial results via social media—is in full swing.

[Commodity data](#) is the top "cool" dataset driving adoption of alternative datasets, panelists said. Continued investment and innovation in data collection is directly contributing to the launch of thousands of satellites into space each year, which soon "could take pictures of everything on earth in real time," while sensors mounted on farming equipment to track yield means that commodities data is not only valued by those who trade commodities as an asset class, but

also by others within the firms who might be trading asset classes such as equities that could be impacted by activity in the commodities markets.

Environmental, Social and Governance (ESG) data—which panelists described as “special” data rather than alternative data—also dominated discussion as both financial firms and data providers become more finely attuned to real-market forces affecting business decisions. While it’s not hard to find people who are passionate about incorporating ESG into their investment process or encouraging companies to fully disclose their material information, data quality and timeliness of the data remains an issue, panelists said, agreeing that more could be done by regulators or investment bodies to set standards for ESG data.

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