PolicyScope Data

MEASURING PUBLIC POLICY RISKS
WORD BY WORD
DAILY | GLOBALLY | OBJECTIVELY | AUTOMATICALLY

FOR
GLOBAL INVESTORS
GLOBAL MACRO STRATEGISTS
SCENARIO ANALYSIS ARCHITECTS

BCMSTRATEGY, INC.

MEASURING TODAY'S POLICY RISK

ANTICIPATING TOMORROW'S POLICY DECISIONS

WWW.BCMSTRATEGY2.COM

Public Policy Risk is NOT a Random Variable

The Policy/Markets Nexus

POLICY IMPACTS THE COST OF DOING BUSINESS

Regulatory and policy decisions impact corporate growth prospects horizontally across entire sectors

THE CROSS-BORDER REACTION FUNCTION

Policymakers react daily to moves made by their counterparts as well as to domestic developments

INFORMATION ASYMMETRIES

Significant but technical policy moves can be obscured by the 24/7 information cycle, turbo-charged by social media

Two Inefficient Mismatches

PROCESS

Investors use next-generation technology to measure risks and monitor markets. Yet most investors continue relying on 20th century processes for assessing public policy risks by depending on potentially biased, idiosyncratic expert opinions and/or automated headline/newsletter scans.

INPUTS

Investors measure market risks at least daily with numbers. Yet public policy risks are expressed verbally and analyzed in an asynchronous cycle dominated by episodic events. Efforts to deploy advanced technology too often rely on potentially biased and often irrelevant sentiment analysis that does not align with market data.

The PolicyScope Solution
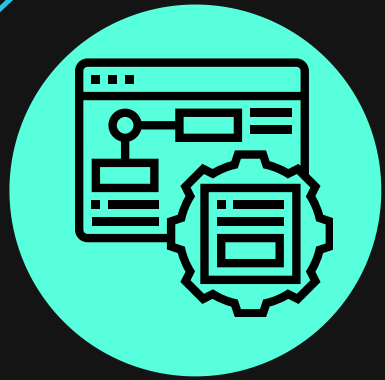
9+ LAYERS OF PATENTED, OBJECTIVE ANALYTICAL AUTOMATION & MEASUREMENT

Turning the words of the public policy process into numbers that measure public policy momentum and volatility objectively every day. Our proprietary processes automatically sift through and analyze millions of words daily from 100+ policymakers and major media around the world to find relevant information related to 900+ technical lexicon terms.

MULTIVARIATE TIME SERIES MEASURING GLOBAL POLICY REACTION FUNCTIONS

Market data represents a reaction function as investors respond to price movements. Public policy also reflects reaction functions. So our daily data delivers immediate insight into the composition and volume of global public policy activity, with variables assigned objectively in relation to decision proximity for individual issues or combinations of issues.

MAPPED TO ECONOMIC SECTORS TO SUPPORT AUTOMATED MARKET ANALYSIS

900+ lexicon terms mapped to 4-digit NAICS codes which translate policy volatility into risk factors aligned to specific economic sectors.
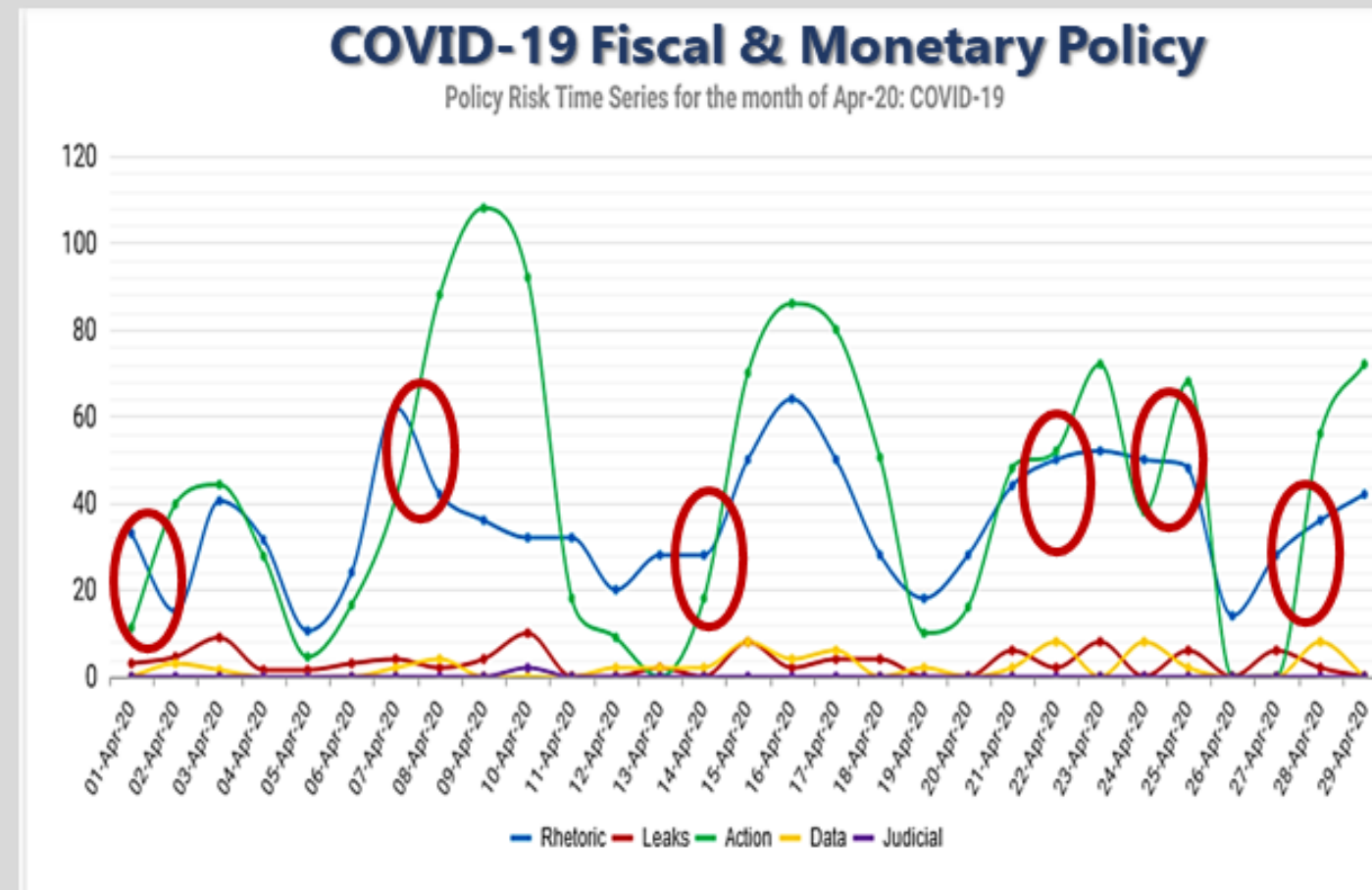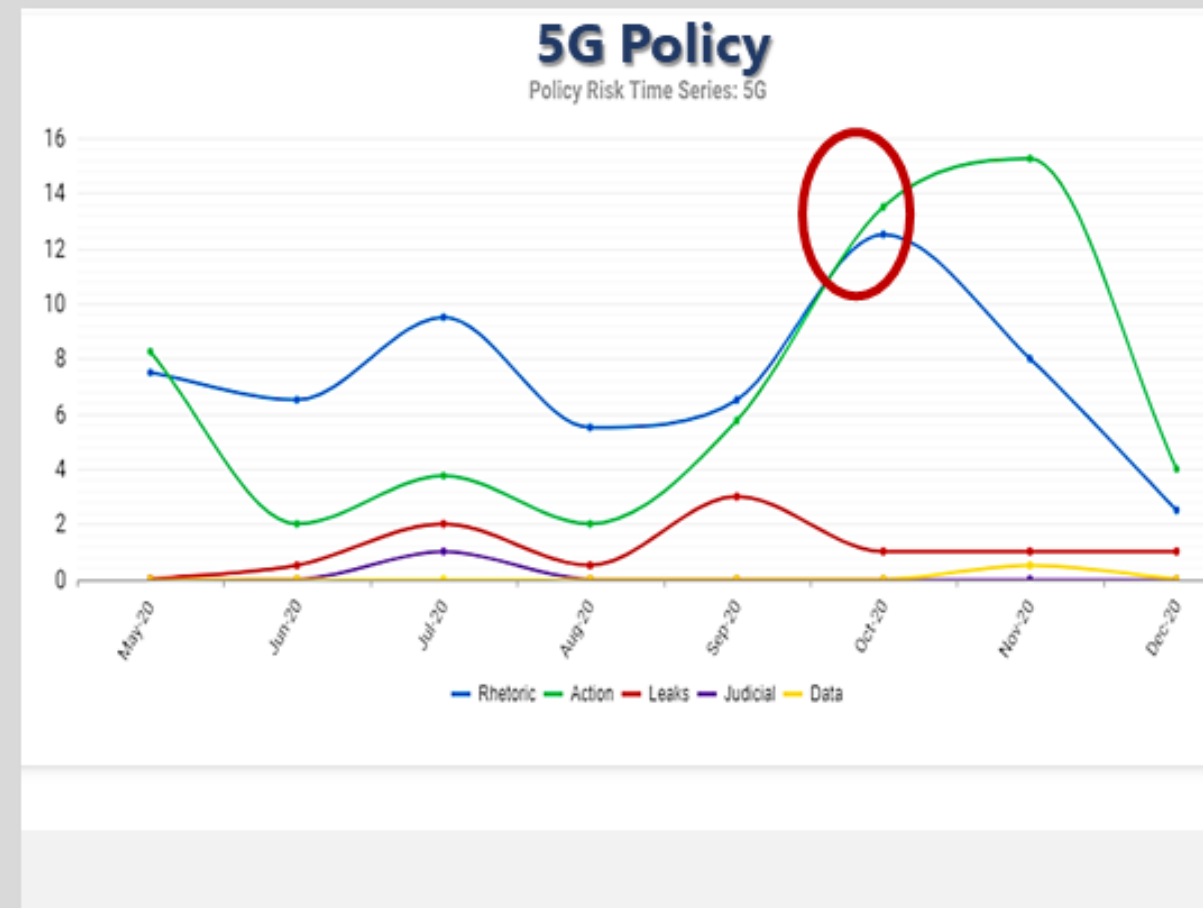
Measure Reaction Functions

POL^{risk}: Inflection Point/Volatility Signal: Ac > Rh = ∂

Basic Geometry: intersection of two lines: $P(x_p, y_p) = \left(\frac{b_2 - b_1}{a_1 - a_2}\right)$, a₁xp + b₁

The Delta between the two lines = scale of opportunity

What it means: Official sector activity not yet visible in media

Spot trends others miss when they rely only on the media cycle for updates.
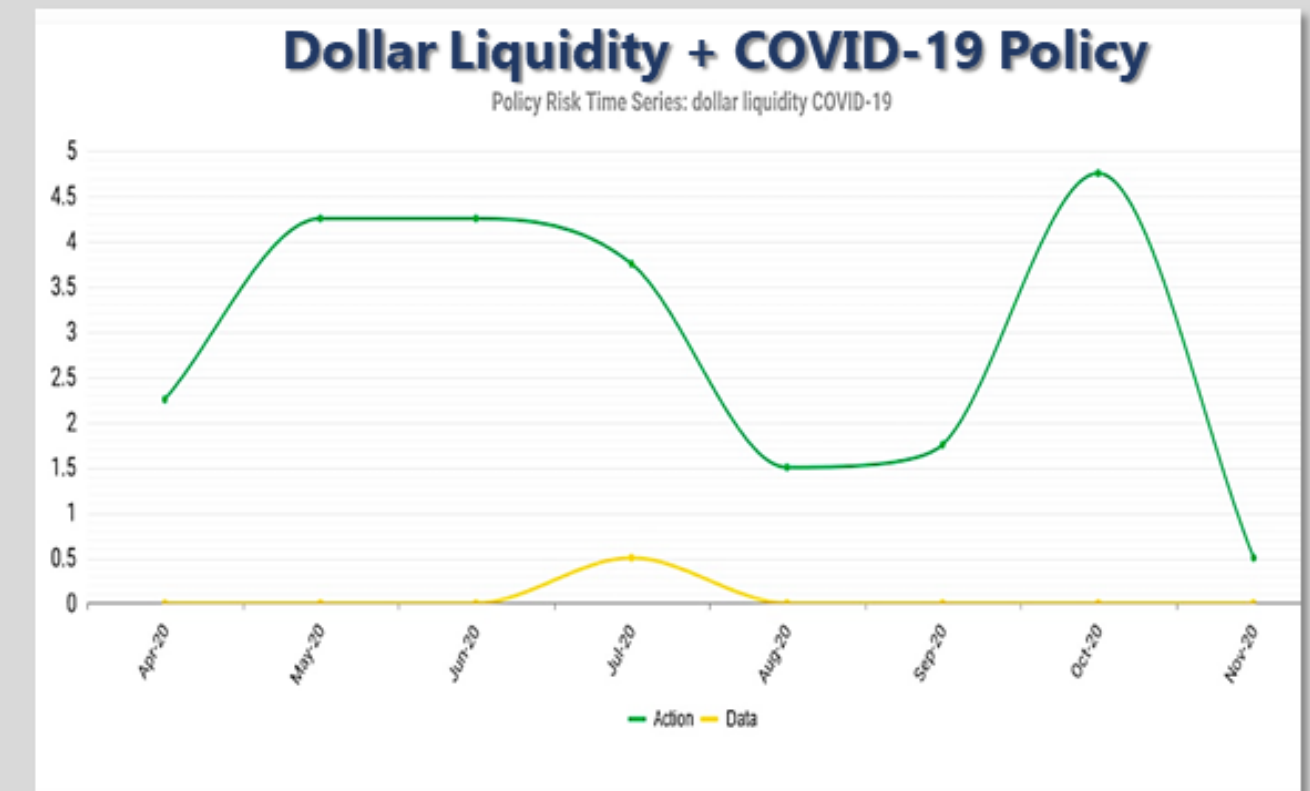
Eliminate FOMO

Create customized alerts. If policymakers mention a key term important to your portfolio or investment thesis, PolicyScope will let you know.

POL^{risk} Precision Technical Signal: Micro-issue, micro-data

Quantitative Indicator: Ac $\geq$ 0.25

What it means: Strategically Significant Moves Underway

Can be used for individual issues or issue/phrase combinations

Banking Regulation/NPL Policy

Policy Risk Indicators For Banking [Date: 09/15/2020]

Dollar Liquidity + COVID-19 Policy

Policy Risk Time Series: dollar liquidity COVID-19
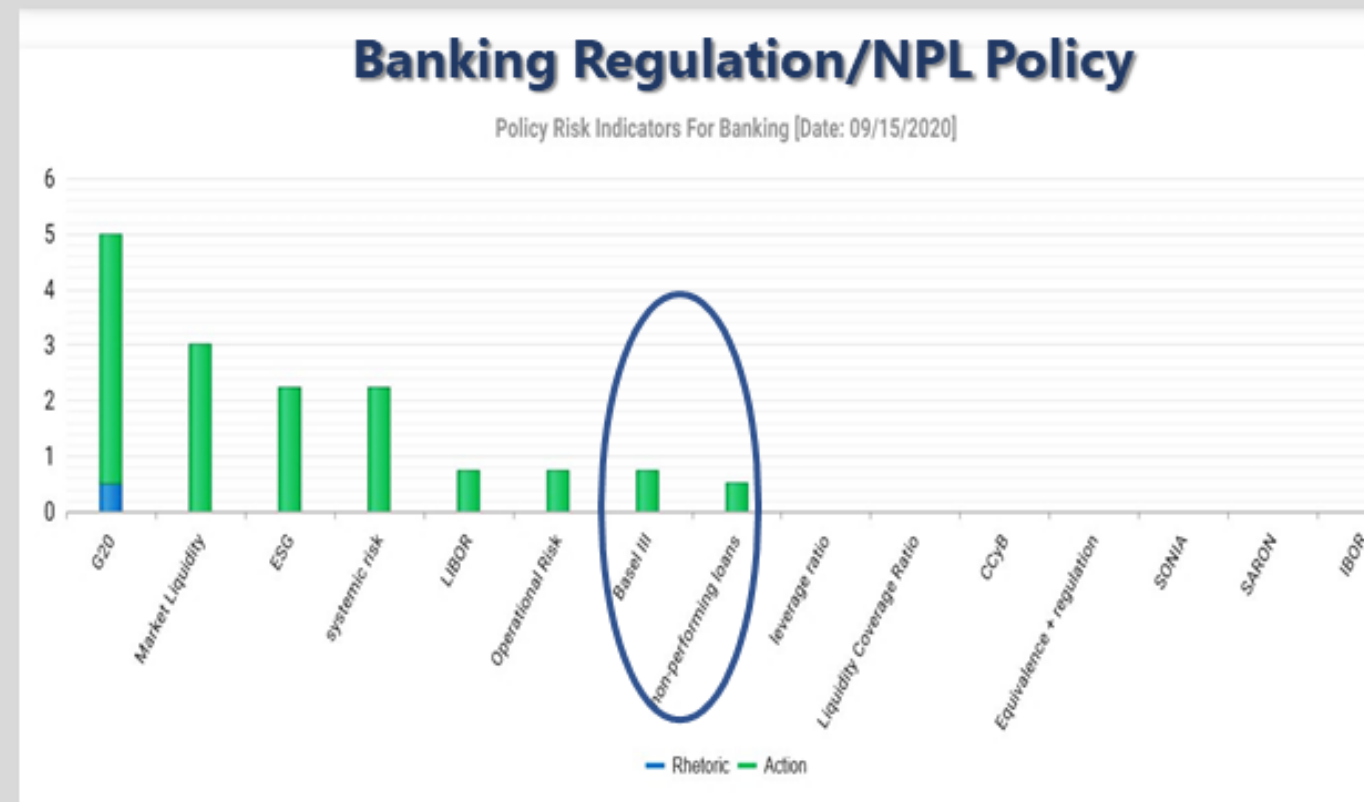
Identify Previously Invisible Market Signals

Official sector activity can drive market behavior, usually through headlines.
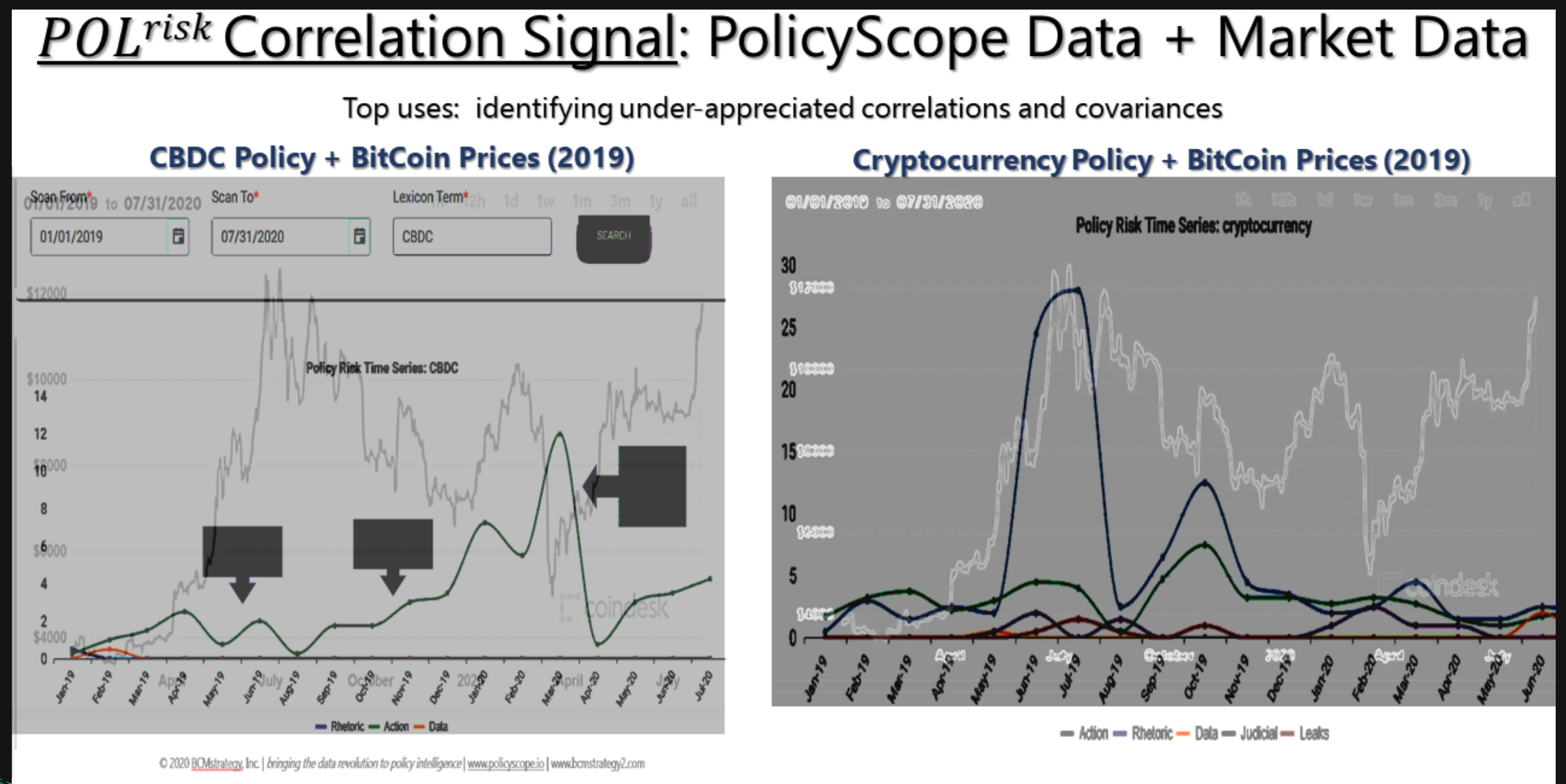
PolicyScope provides visibility to official sector action BEFORE they hit the headlines...using publicly available information. The delta between action and rhetoric can and should be considered the size of the alpha opportunity.

POL^risk Correlation Signal: PolicyScope Data + Market Data

Top uses: identifying under-appreciated correlations and covariances

CBDC Policy + BitCoin Prices (2019)

Cryptocurrency Policy + BitCoin Prices (2019)

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Upgrade your Nowcasting and Scenario Analysis

Identify trends and repeating rhythms in policy momentum and volatility for individual issue areas so you can make smarter, data-driven decisions about your exposure to a shift in public policy.

Pinpoint exposures to individual economic sectors using our NAICS-mapping.

climate-related disclosures

Cryptocurrency

All Other Information Services
All Other Nondepository Credit Intermediation

Commercial Banking
Commodity Contracts Brokerage
Commodity Contracts Dealing
Credit Unions
Data Processing, Hosting, and Related Services
Financial Transactions Processing, Reserve, and Clearinghouse Activities
Fossil Fuel Electric Power Generation
Geothermal Electric Power Generation
Wind Electric Power Generation
Investment Advice
Investment Banking and Securities Dealing
Monetary Authorities-Central Bank
Nuclear Electric Power Generation
Other Depository Credit Intermediation
Other Financial Vehicles
Portfolio Management
Public Finance Activities
Savings Institutions
Securities and Commodity Exchanges
Securities Brokerage
Solar Electric Power Generation

Use Cases

Alpha Discovery and Alerts: Acquire informational advantages and spot significant policy shifts before the headlines hit using publicly available information. Set Alerts for public policy activity regarding specific issues, like "Green QE" or "CBDC."

Investment Thesis Generation: Identify previously under-appreciated policy risk exposures within specific economic sectors using the 4-digit NAICS mapping and GIC sub-sector mapping.

Nowcasting Inputs: Anticipate headline risk by spotting increased momentum and volatility regarding public policy shifts. Example: Macrostrategists can update/adjust forecasts for supply chain economic impacts and/or trade tensions associated with "carbon adjustment border mechanism" tax issues…before those tensions generate headlines that move markets
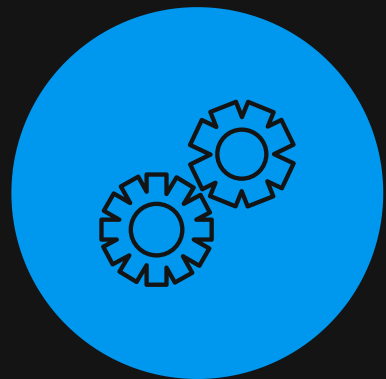
Scenario Analysis Input: Use PolicyScope Momentum and Volatility data to anticipate the magnitude of potential future policy activity.

Delivery Options

Annual contracts for data delivery configured to meet individual customer needs and security requirements.

Coming Soon
Bloomberg Terminal App

BLOOMBERG ENTERPRISE ACCESS POINT

Full time series for all issues available exclusively through the Bloomberg Enterprise Access Point. Maximizes interoperability with both internal proprietary systems and market data for optimum customization without data wrangling hassles. Directly import structured .csv daily and historical files for immediate use in your internal systems through Bloomberg, eliminating inefficient configuration delays. NAICS mapping available September 2021.

DASHBOARDS, SIGNALS, CUSTOMIZED FEEDS

For individual issues. Delivered to teams by BCMstrategy, Inc. via API, FTP, S3. NAICS-mapped data available immediately.

DATA/DASHBOARDS + DOCUMENTS

For strategists and analysts seeking access to our curated data lake of 250,000+ policy documents linked to our policy measurements. Also delivered by BCMstrategy, Inc. via API, FTP, S3. Configuration for NLP-based ML/AI available upon request.

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Objective | Patented | Daily | Global

Quantitative Data

from public policy language

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