

World Cup: Should we follow the money?

If you're looking to take a punt on the outcome of the World Cup this year, financial analysts have come up with a quirky range of models and algorithms to help you pick a winner. But, there's more fun to be had and lessons to be learnt from the World Cup than simply following the money



Source: Shutterstock

Be prepared for surprises - value for money differs from the amount spent

Money helps buy success, as [our analysis has shown](#). But the relationship between the two is loose. Germany is the highest-ranked country on [FIFA analysis](#) of past performance, with Brazil second, yet they have only the fourth and third most valuable squads in the 2018 tournament.

The difference between the ranking teams by the cost of their squad and their FIFA ranking could be considered as a measure of “value for money”.

On this basis, Peru represents the best value for money. Fielding a squad costing only €37 million (this is bettered by 86 individual players in the tournament) it ranks 30th of 32 teams on cost. Yet its FIFA ranking of 11 is 19 places higher. No other team has such a mismatch. The next closest is

Switzerland with a squad costing €218 million, ranking it 16 and a FIFA ranking of 6, giving a difference of 10 places.

ING economists in Germany plotted the value for money figures for each team against the FIFA ranking and represented the cost of each team by the size of circles on the chart below. Note an increasing dispersion of the chart as the FIFA ranking and value for money increases (the right-hand top quadrant). This suggests that if you are looking for games that could give unexpected results, consider watching World Cup games among these teams.



There is a story hidden in this data. The World Cup is designed as a tournament. Teams are likely to meet each other only once. Losing any match arguably puts a team at a disadvantage. After the initial group stages, losing will mean leaving the competition. There are unlikely to be any second chances. This is unlike a long season of football where playing many games works to the advantage of well-funded and superior clubs.

Probabilities (and to an extent, forecasts) are best understood when an event or game is repeated many times. Tournaments like the World Cup can be different. They largely preclude repeated attempts and so require different approaches to the competition. Economists have thought about this and developed ways of thinking about markets based on [tournament theory](#) and the [winner-takes-all](#) approach. Sports tournaments help economists tell better stories because they can sometimes demonstrate their ideas in a way that is more easily understood.

Incentives and rules

Economists love sport. The 2009 book [Economics 2.0](#) by Norbert Haring and Olaf Storbeck has a chapter titled “The athlete as a guinea pig – or why economists love sports.” The authors explain that the rules of sports games are well defined, the goals are clear and a great deal of data is gathered. This combination allows economists to study how changes in rules affect the way people behave.

The book was one of the first to summarise studies ranging from football, tennis, cricket and American football showing how changes in rules led to changes in the behaviour of players. Since then many others have followed suit, opening the way for updated studies after each major tournament.

Economists hate forecasting

As much as economists may love sport, they often recognise the limitations of their understanding. Although major sporting events such as the FIFA World Cup often see economists forecast likely winners, they do this partly because it is fun. It is not meant to be taken seriously.

There is a [widespread yet incorrect view](#) that forecasting is what economists do. For many economists, this is frustrating because it confuses two things.

- First, forecasts are best considered as possible rather than certain outcomes. This is a point often made by forecasters not only of economic events but also of social and political affairs. Nate Silver's [The Signal and the Noise](#) and Dan Gardner and Philip Tetlock's [Superforecasting](#) provide many examples of how to think about and use forecasts. Yet people often prefer to focus on one figure in a forecast rather than consider the story that lies behind that figure. The possible twists and turns that lead to that one figure are ignored.
- Second, inordinate attention placed on forecasts, particularly of financial markets, diverts attention from the wide variety of topics covered by economists. On Twitter, the hashtag [#WhatEconomistsDo](#) is used to let people know about the wide variety of topics that economists cover.

Few watching the World Cup over the next month are likely to spend a great deal of time analysing the matches in the way economists might. And it's likely they'll enjoy the games even more.

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Karol Pogorzelski

Senior Economist, Poland
Karol.Pogorzelski@ing.pl

Carsten Brzeski
Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com