



BANK FOR INTERNATIONAL SETTLEMENTS

Tracking dollar debt of borrowers outside the United States

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*Views expressed are those of the author and not necessarily those of the BIS.

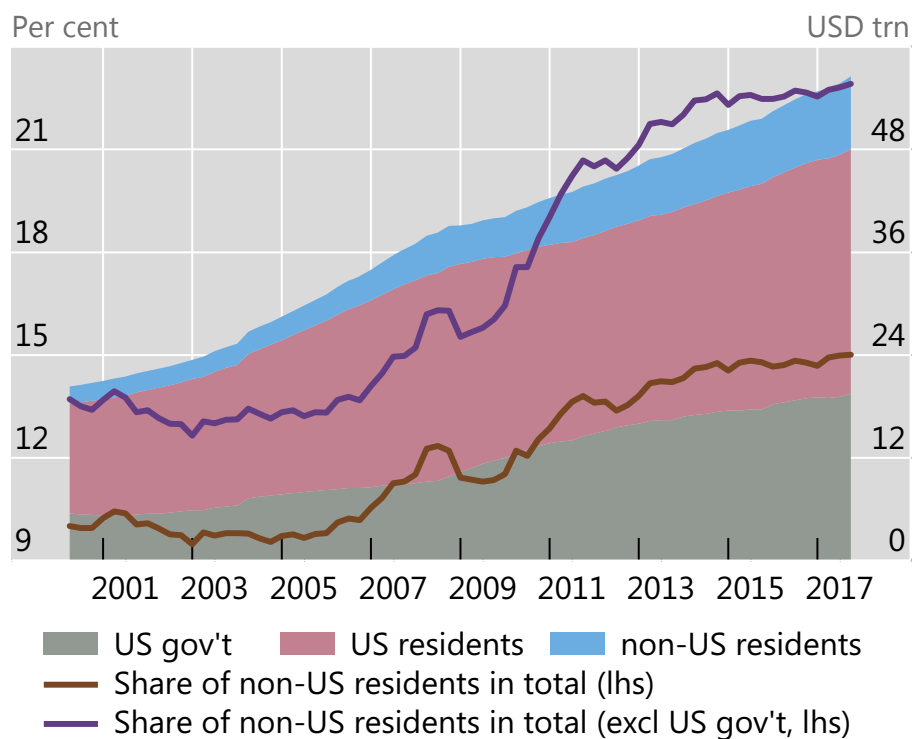
Agenda

- \$ debt outside the US: size, growth, composition, funding
- Maturity of \$ bonds of borrowers outside the US
- Dollar debt of individual emerging market economies
- Swaps/ forwards: missing dollar debt?
- Issue: Replacement of Libor

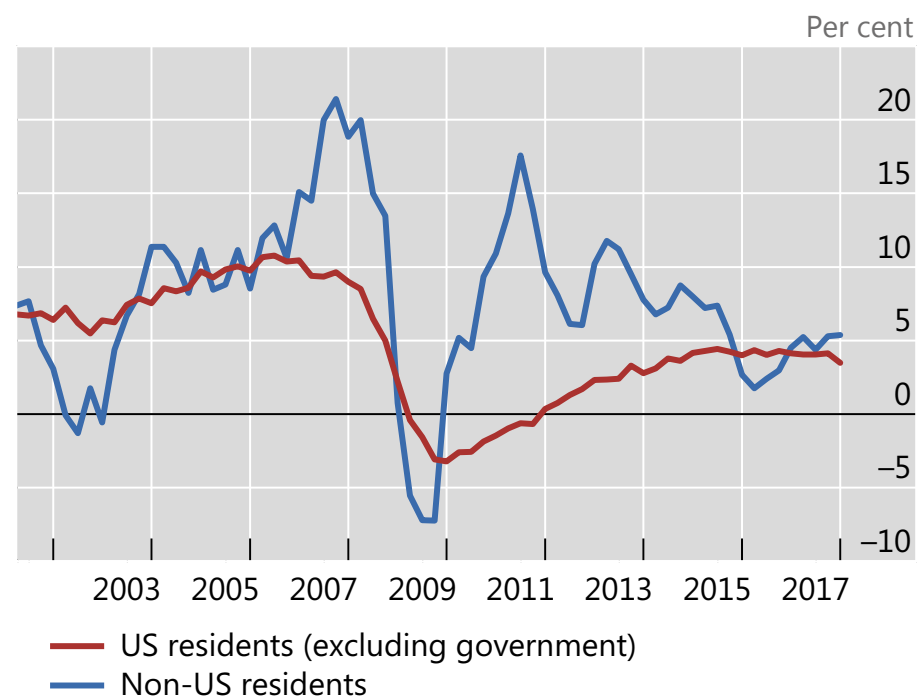
Global dollar credit includes debt of offshore nonfinancials

Outstanding amounts in trillions of US dollars

Credit denominated in US dollars



Annual change

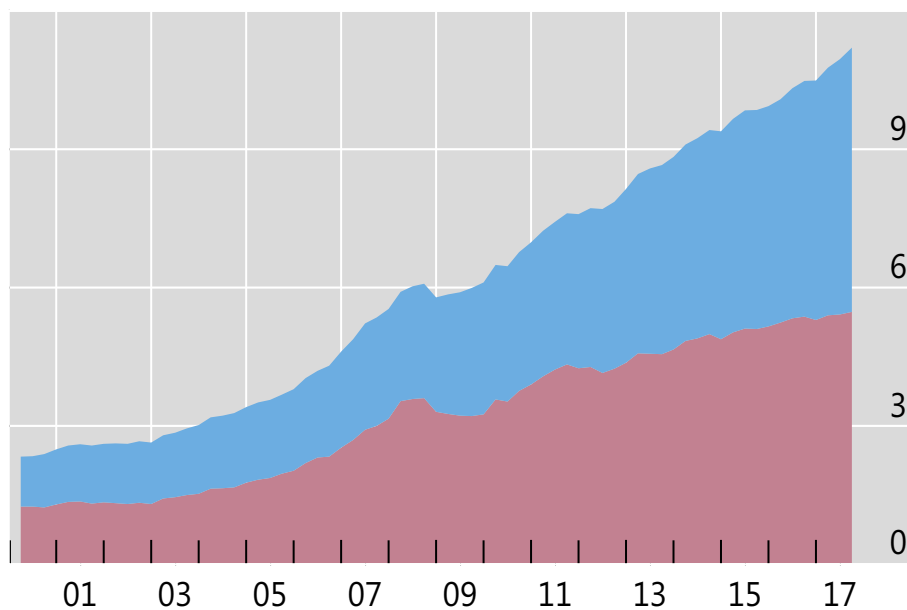


Sources: Board of Governors of the Federal Reserve, *Financial accounts of the United States*; BIS, Global liquidity indicators.

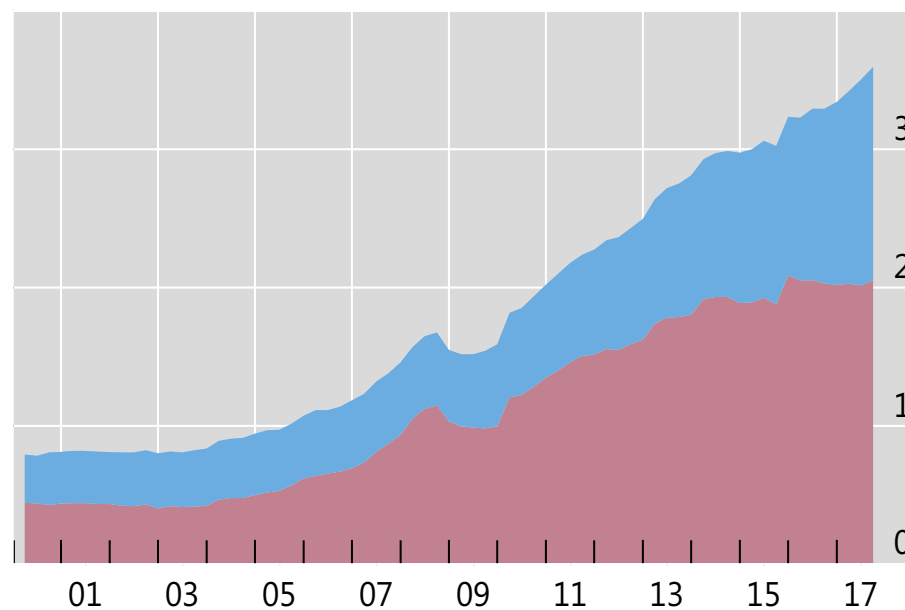
Dollar debt of nonbanks outside the United States

In trillions of dollars

World



EMEs

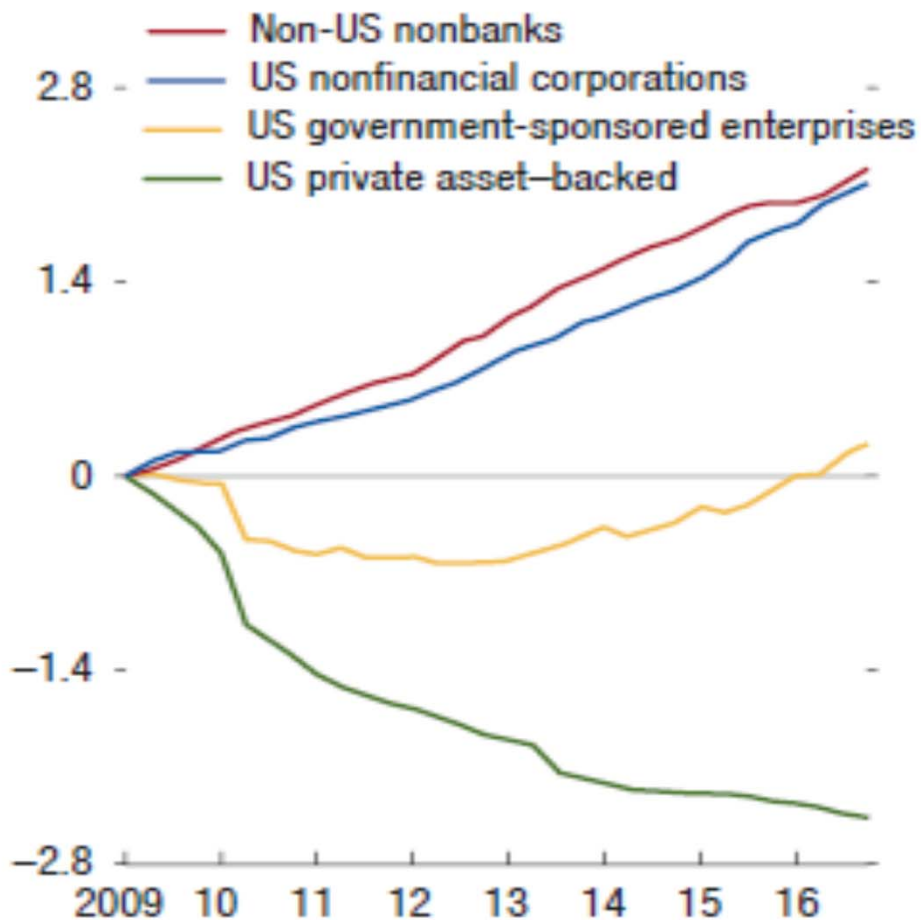


■ Bonds issued by non-banks ■ Bank loans to non-banks²

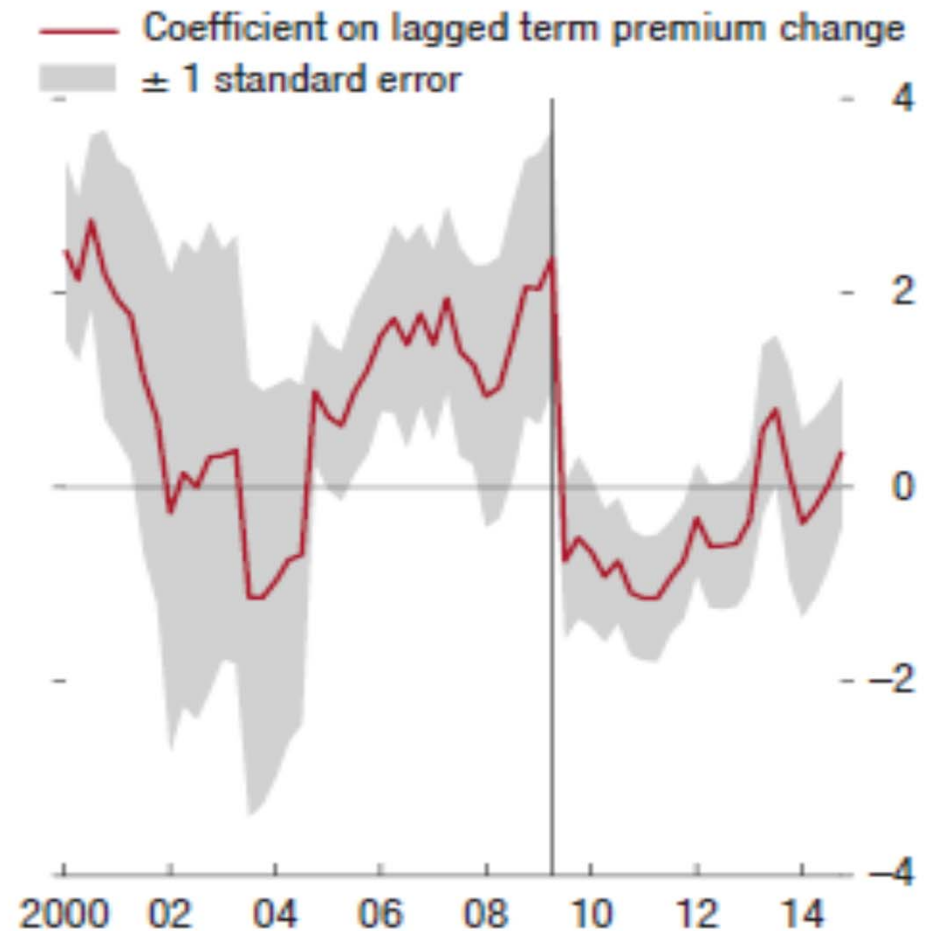
Source: BIS, Global liquidity indicators.

Unintended consequence? US monetary accommodation and offshore dollar bond issuance

1. Cumulative Net Change in Bonds Outstanding (Trillions of US dollars)

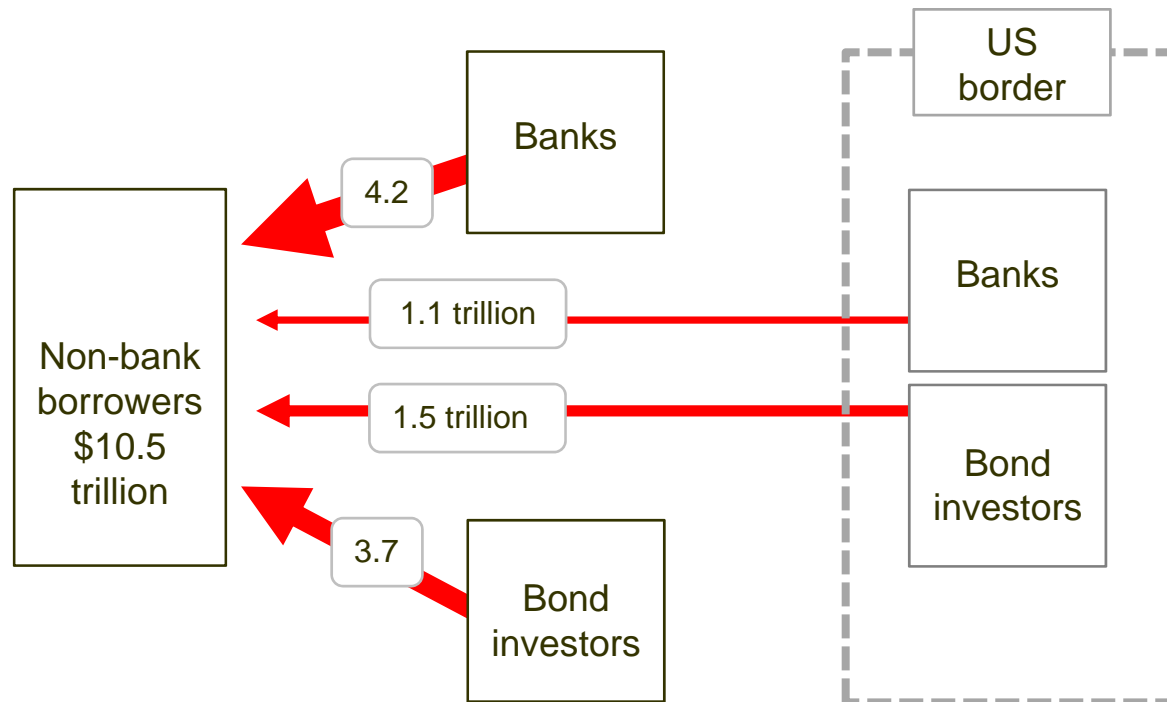


2. Offshore Dollar Issuance Response to US Term Premium¹



US dollar-denominated credit to borrowers outside US

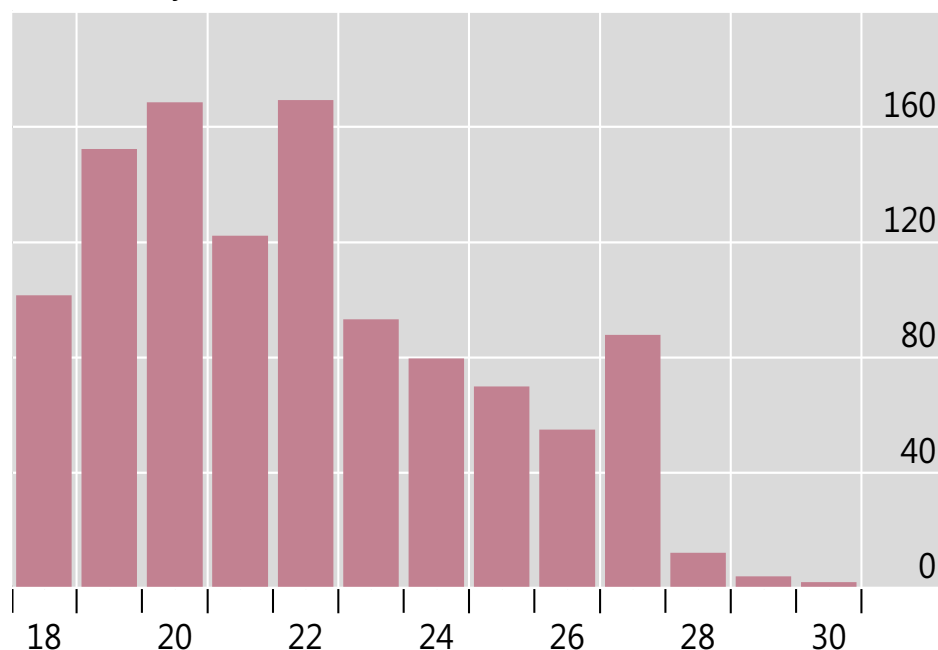
Outstanding amount at end-2016



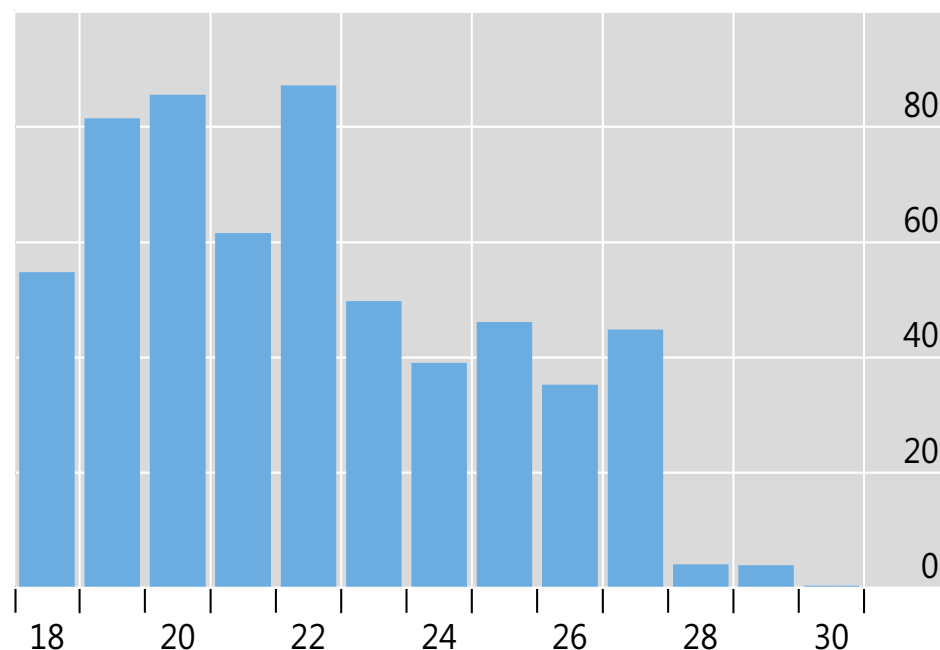
Source: Updates McCauley, McGuire and Sushko (2015): US Treasury, Federal Reserve Bank of New York, Board of Governors, *U.S. holdings of foreign securities as of December 31, 2016*; BIS international banking statistics and global liquidity indicators (total \$11.2 trillion in Q3 2017)..

Maturity profile of EM nonbanks' dollar bonds In billions of dollars

Nationality basis



Residence basis

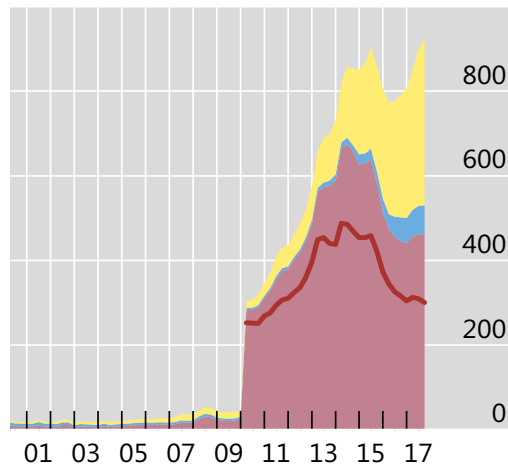


Updating Gruic, Hattori and Shin (2014): "Recent changes in global credit intermediation and potential risks", *BIS Quarterly Review*, September, pp 17-18; see source for country list.

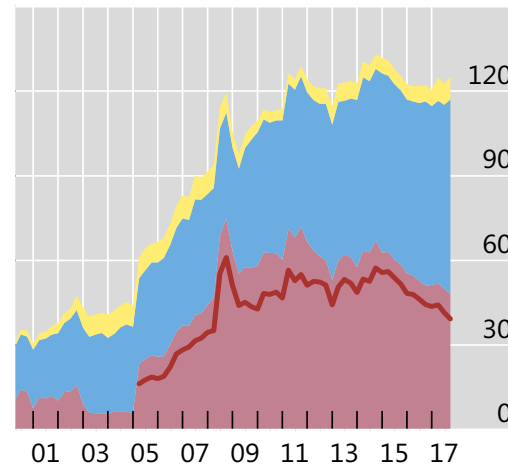
Selected dollar debts

Including local loans and bonds sold offshore, billions of dollars

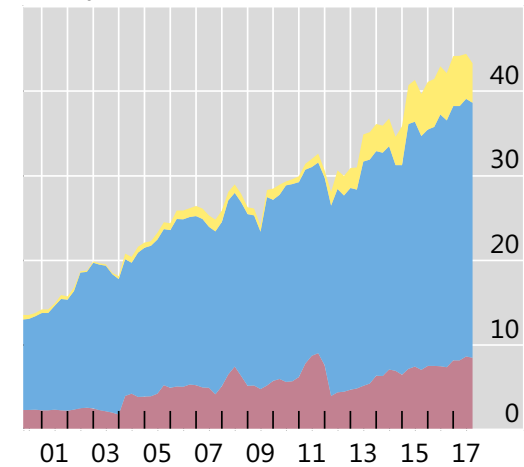
China



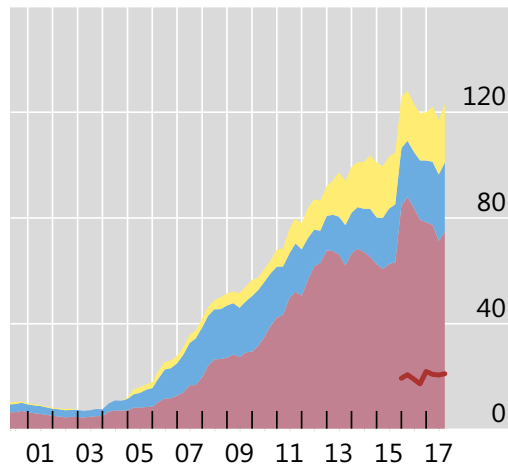
Korea



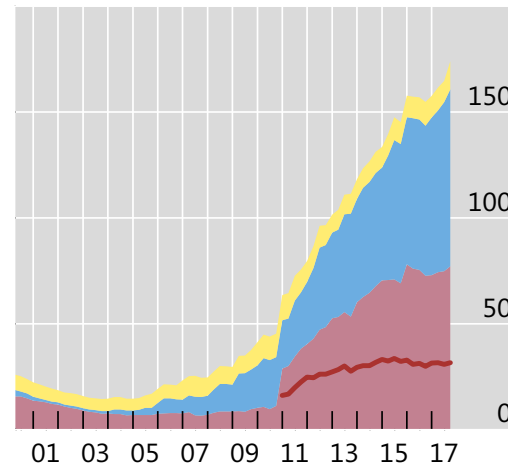
Malaysia



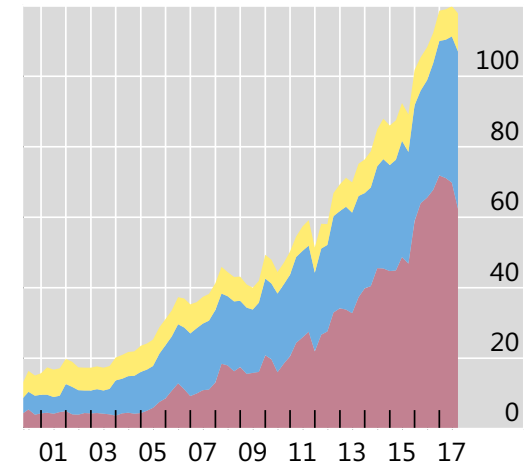
India



Indonesia



Singapore²



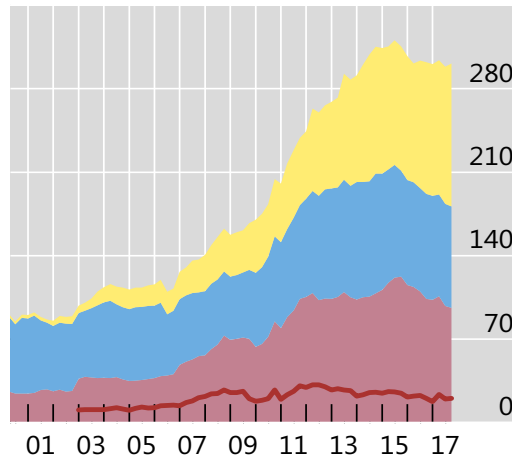
Bank loans
Of which: local loans

Bond issuance: Blue / Yellow On/offshore¹

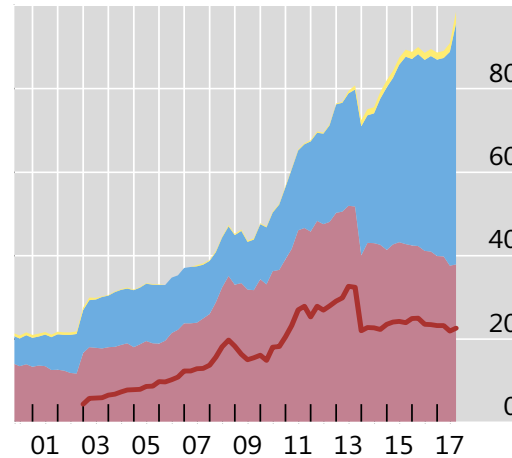
Selected dollar debts

Including local loans and bonds sold offshore, billions of dollars

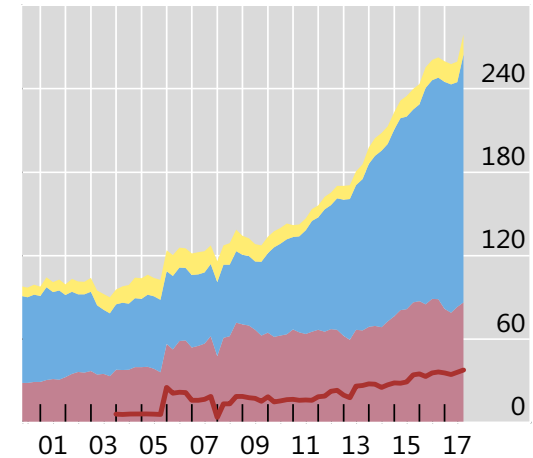
Brazil



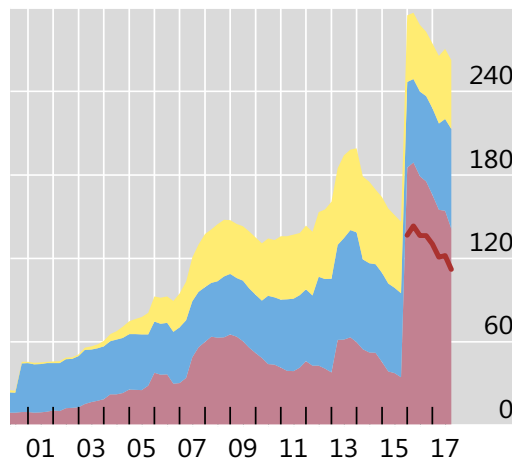
Chile



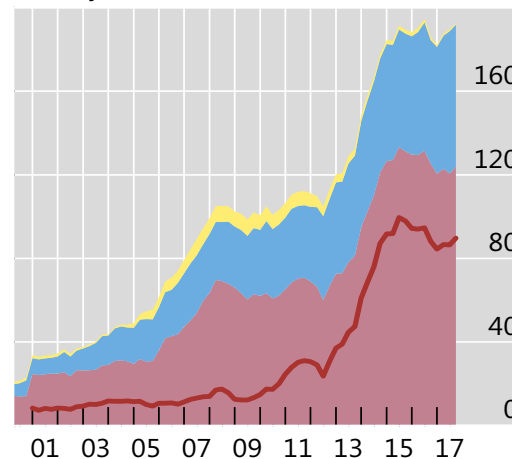
Mexico



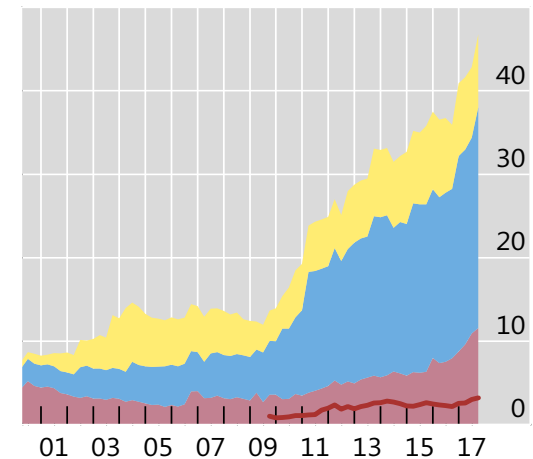
Russia



Turkey



South Africa



Bank loans
Of which: local loans

Bond issuance: / On/offshore¹

Missing dollar debt?

Outstanding FX swaps/forwards and currency swaps

In trillions of dollars at end 2016; US dollar on one side shown in parentheses

Total \$58 (\$52)					
Customer \$33 (\$28)			Inter-dealer \$25 (\$24)		
Non-financial \$7.5 (\$5.1)		Financial \$25.5 (\$22.5)			
FX swaps/forwards	\$5.1	FX swaps/forwards	\$18.9	FX swaps/forwards	\$13.3
<i>(World trade¹)</i>	<i>(\$21)</i>	<i>(Global x-border portfolio)</i>	<i>(\$44)</i>		
Currency swaps	\$2.4	Currency swaps	\$6.6	Currency swaps	\$11.9
<i>(Int'l debt securities²)</i>	<i>(\$4.8)</i>	<i>(Int'l debt securities)</i>	<i>(\$8.4)</i>		

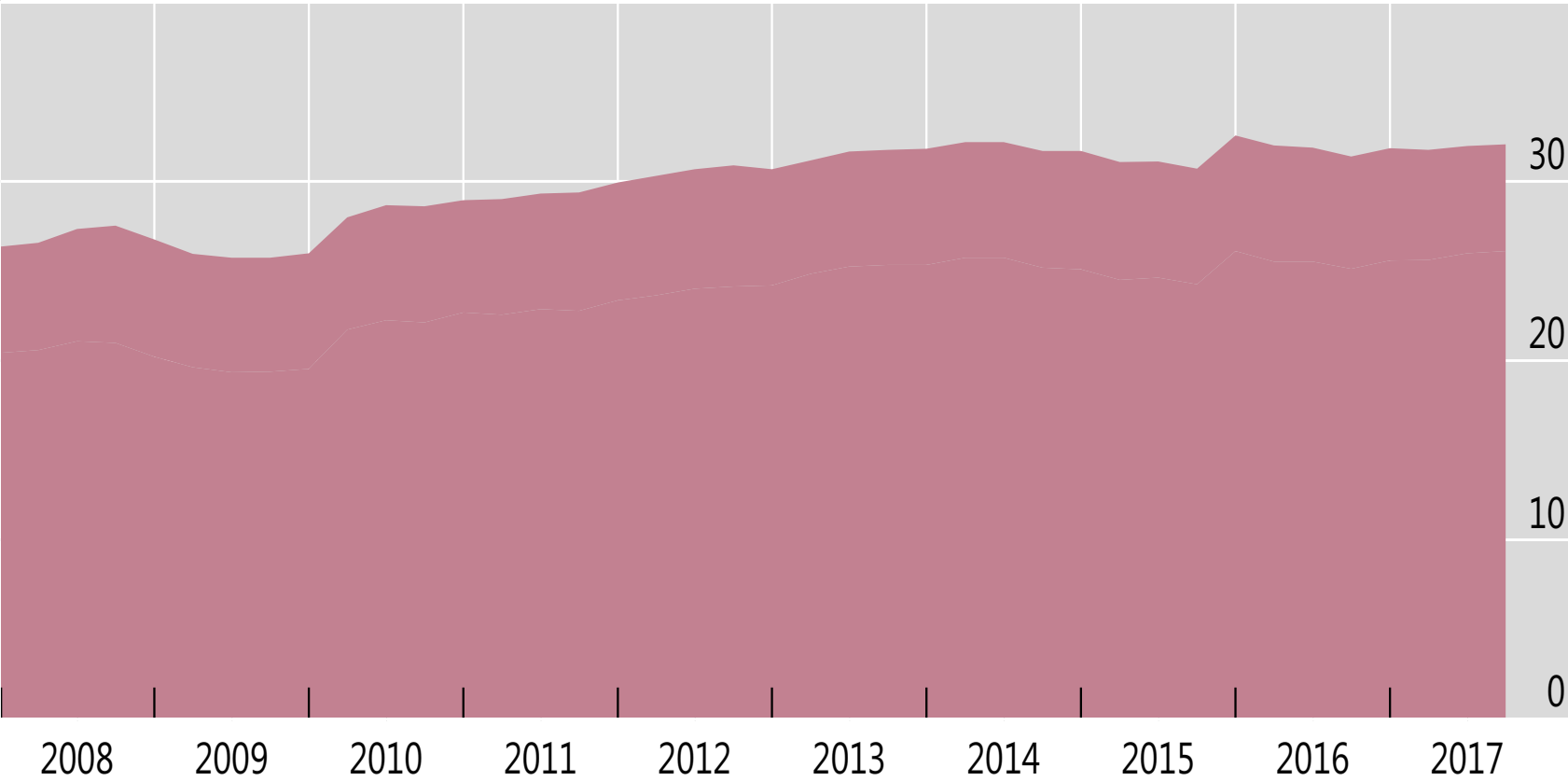
Source: Borio, McCauley and McGuire, "FX swaps and forwards: missing global debt?" *BIS Quarterly Review*, September 2017.

Issue

- Replacement of Libor



EM share of share in dollar debt of nonbanks outside the United States reaches a third



■ Share of dollar debt of all EMEs