



EUROPEAN CENTRAL BANK

EUROSYSTEM

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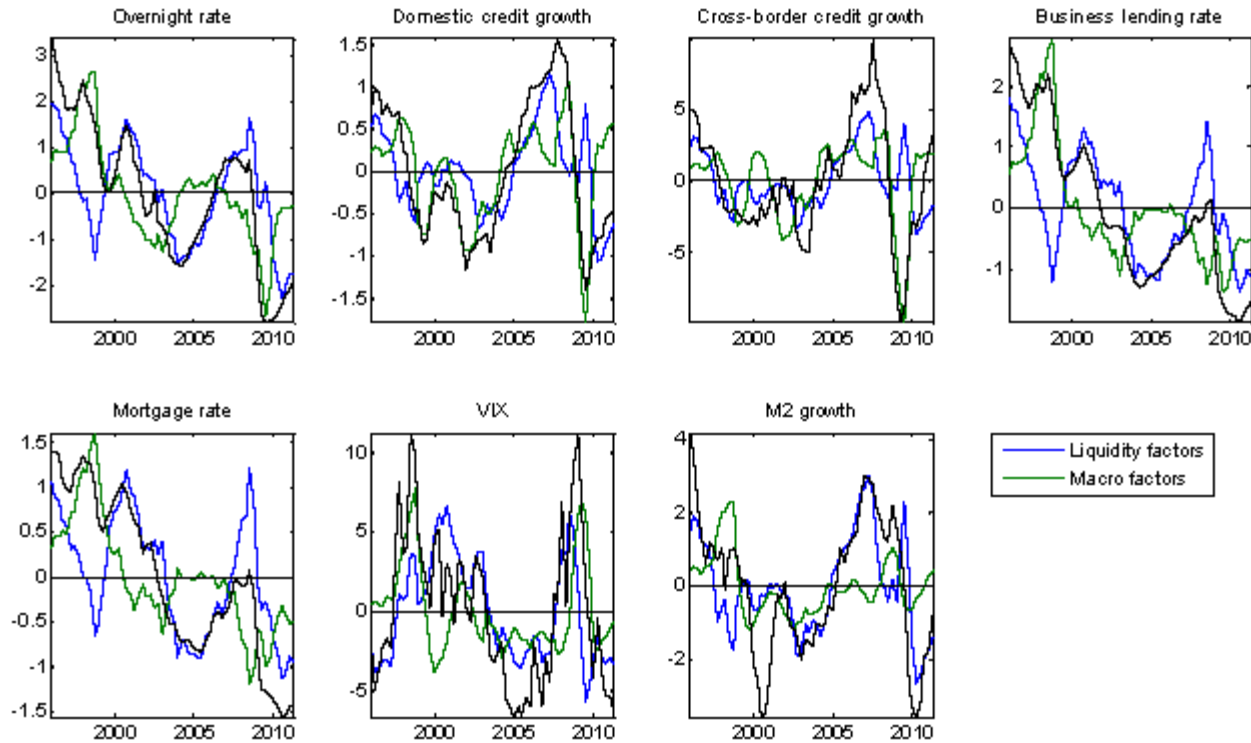
Global liquidity and international risk- sharing in the post-crisis environment

Bank of Korea
International Conference 2013

Seoul

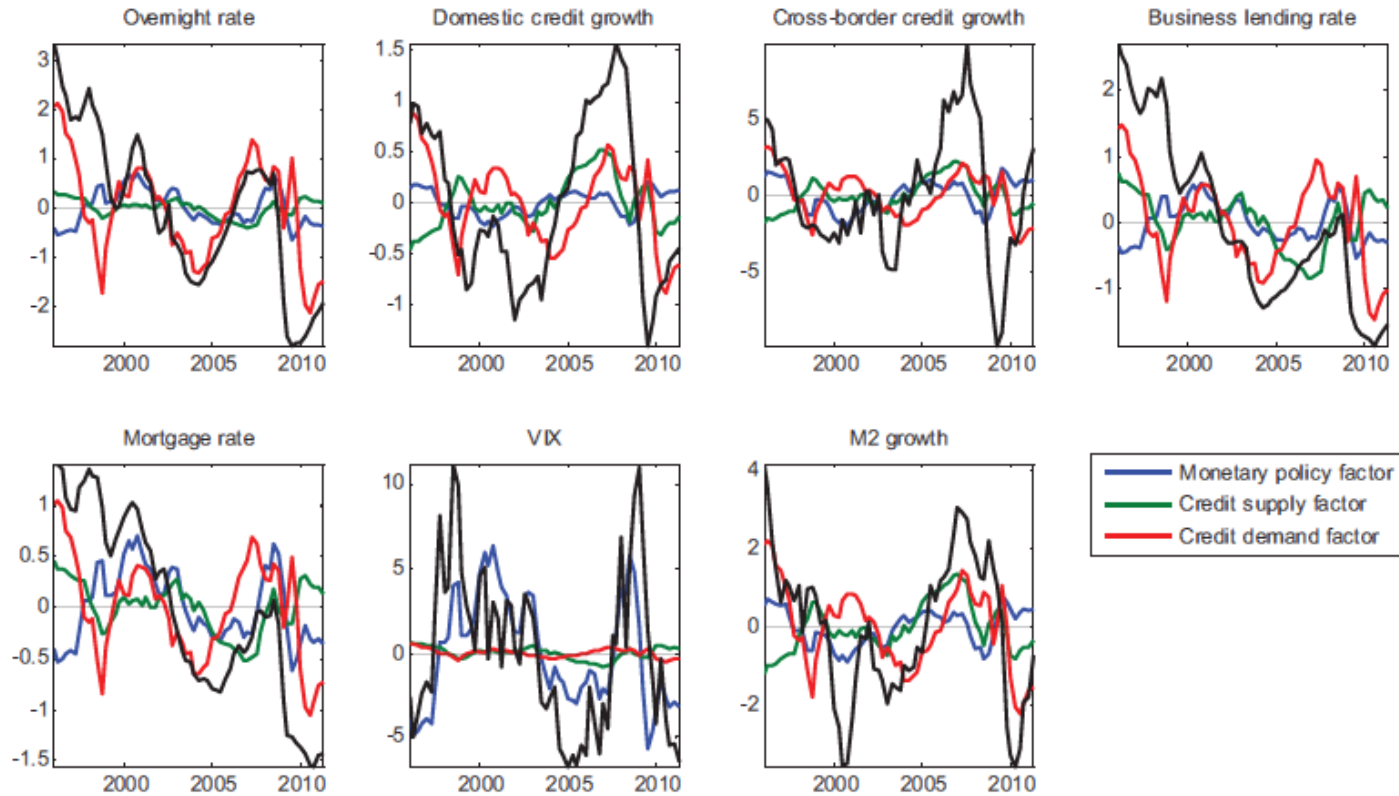
3 June 2013

Global liquidity and macro factors



Source: Eickmeier, Gambacorta and Hofmann (2013), Figure 4(a).

The role of global liquidity factors in shaping global financial dynamics



Source: Eickmeier, Gambacorta and Hofmann (2013), Figure 4(b).

Limited spillovers from the Fed's QE policies so far

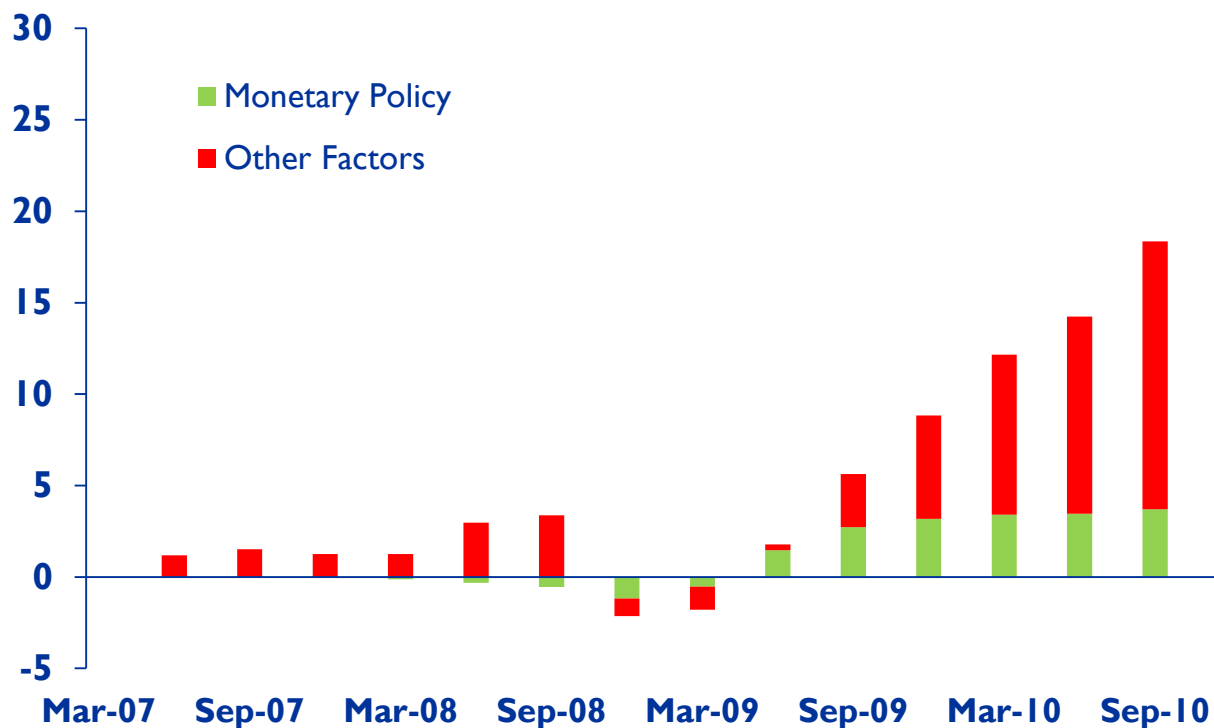
Non-standard monetary policy measure	Domestic long-term bond yields	Domestic equity prices	Global equity prices	EME equity prices	Exchange rate	VIX
QE1	-100bp	+25%	+20%	+7%	0 (effective)	(-)
QE2	0	+10%	+12%	+15%	-2% (effective)	(-)
QE3	-		+1.5%		-1.8% (against euro)	-1.3pp

Sources: Fratzscher, Lo Duca and Straub (2012), and ECB compilations.

Pull factors have been important for capital flows

Estimated cumulated impact of US QE on equity flows to emerging markets

(in % of assets under management)

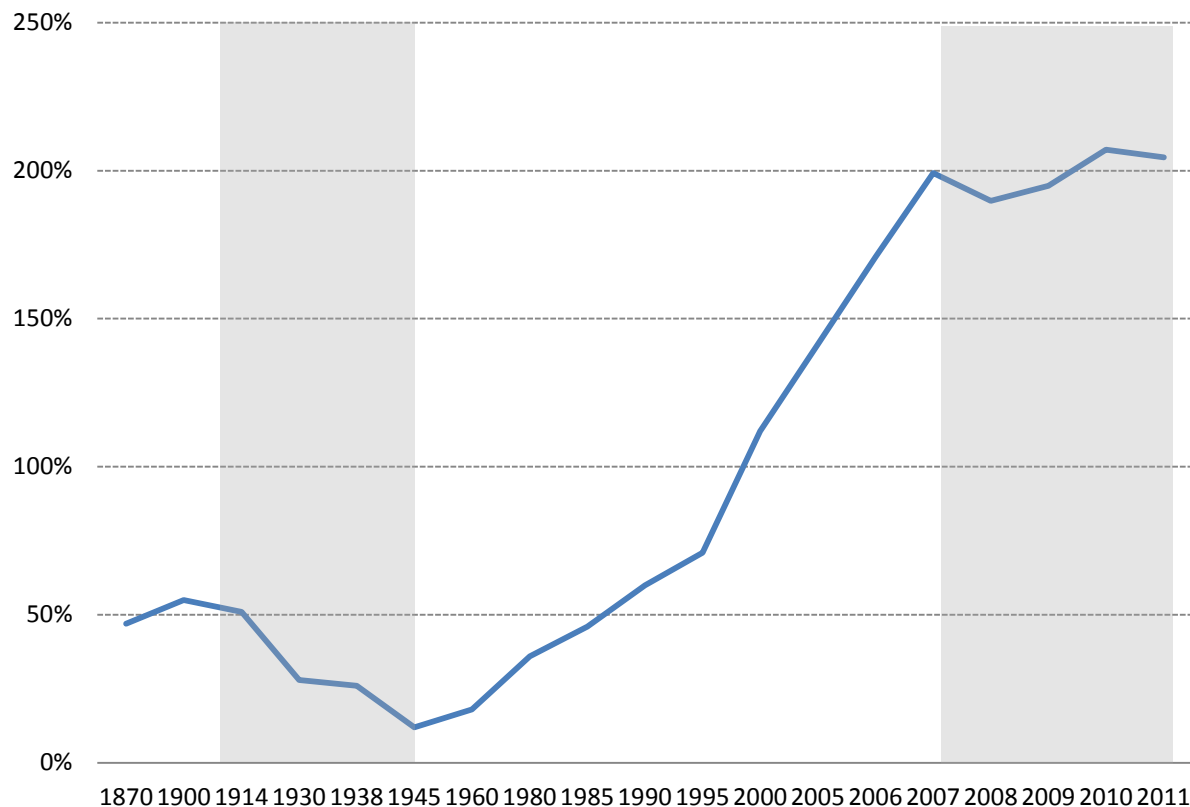


Source: Fratzscher, Lo Duca and Straub (2012).

Long cycles in financial globalisation

Foreign assets of major economies

(in % of sample GDP)

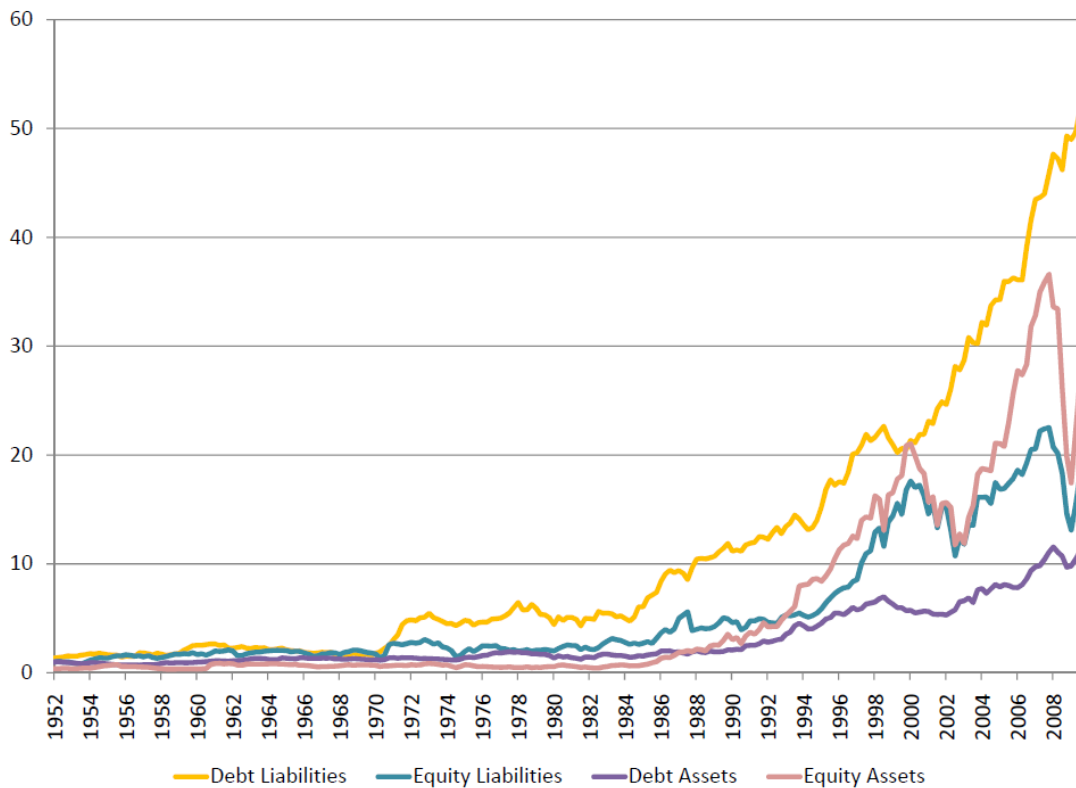


Sources: Obstfeld and Taylor (1994), IMF and ECB calculations.

Notes: Data from 1870 to 2000 are from Obstfeld and Taylor (1994) and refer to the UK, France, Germany, Netherlands, United States, Canada, Japan and "other Europe". Data for 2000 to 2011 refer to IMF data for the same countries, excluding "other Europe".

The geography of wealth transfer before and after the global financial crisis

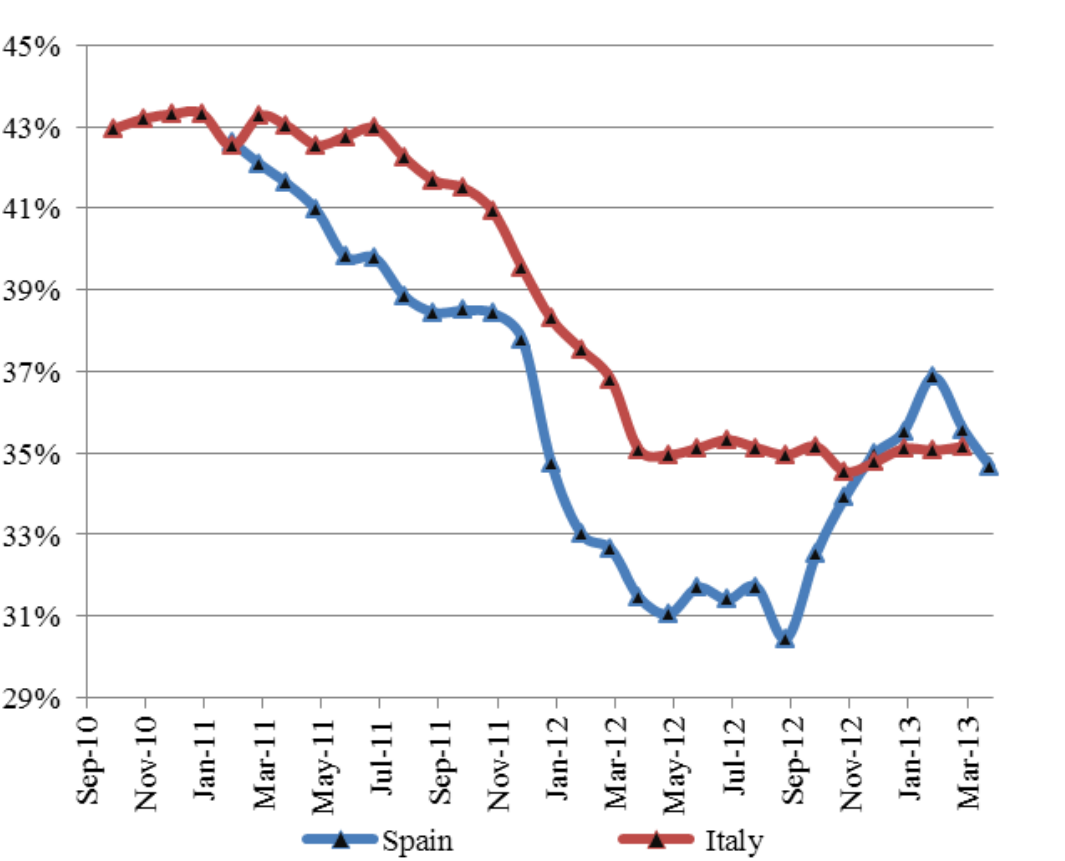
US external debt and equity
(in % of GDP)



Source: Gourinchas, Rey and Govillot (2012).

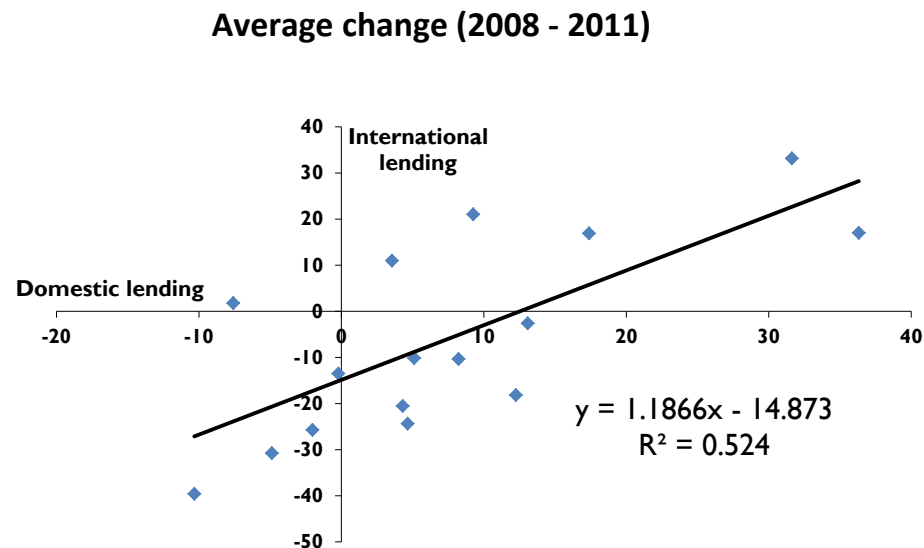
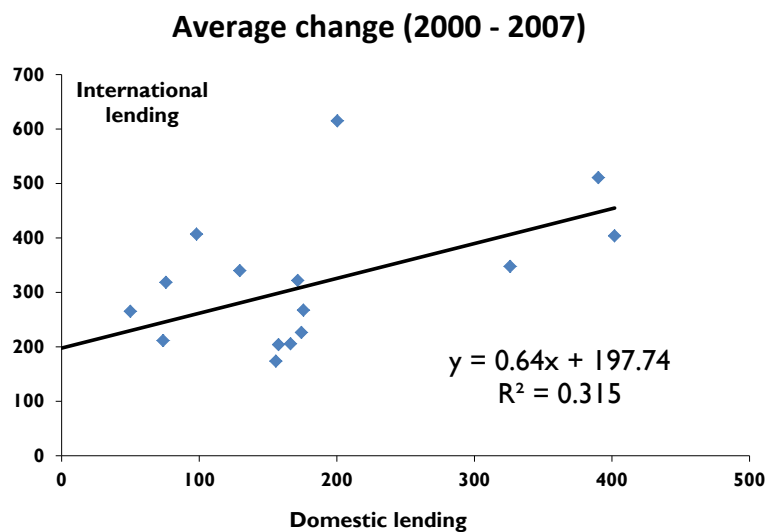
Financial fragmentation within the euro area

Non-resident holdings of government debt securities



Sources: Tesoro and Banca d'Italia.

“Home bias” during periods of deleveraging

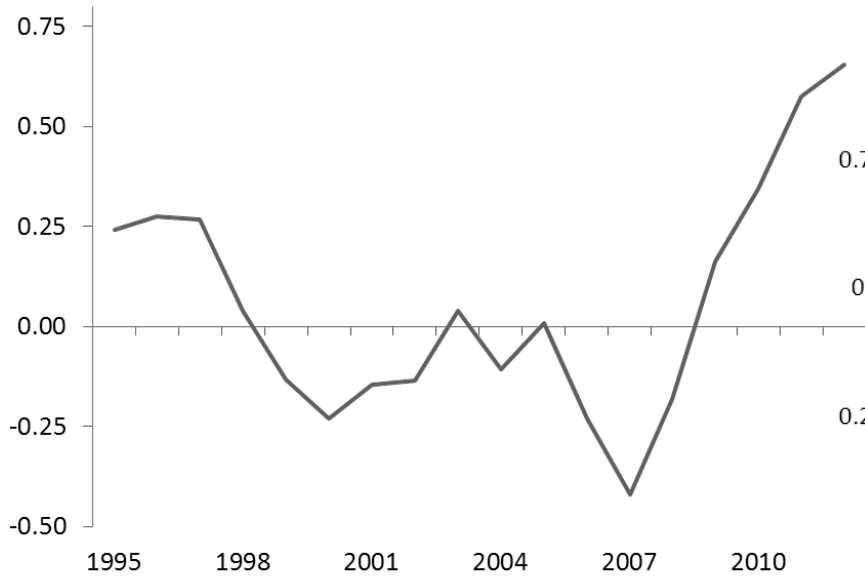


Sources: IMF, World Bank and ECB calculations.

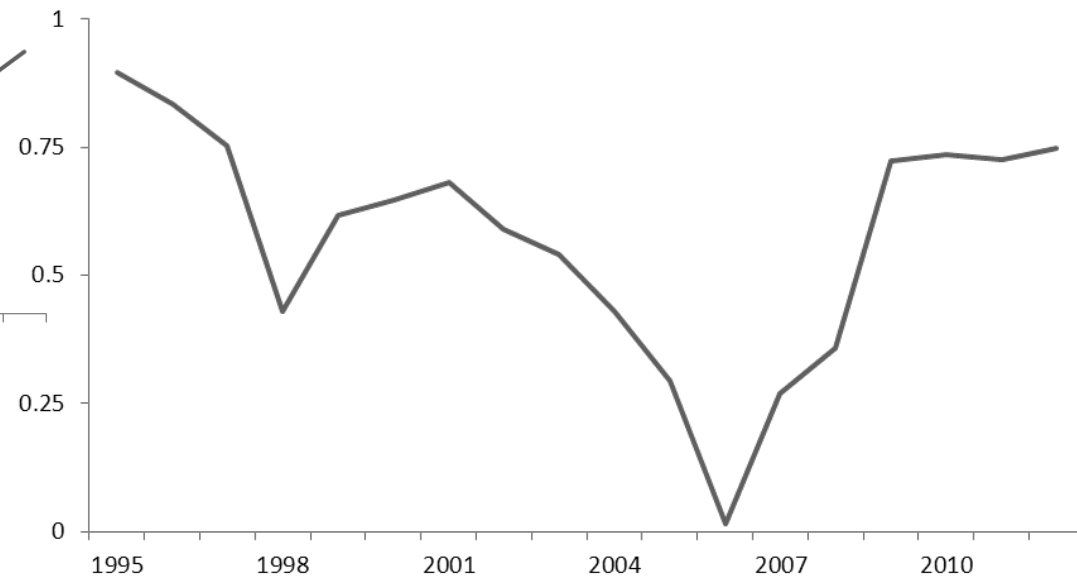
Notes: The country sample refers to advanced economies including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, the United Kingdom and the United States.

The changing correlation of saving and investment

Euro Area countries



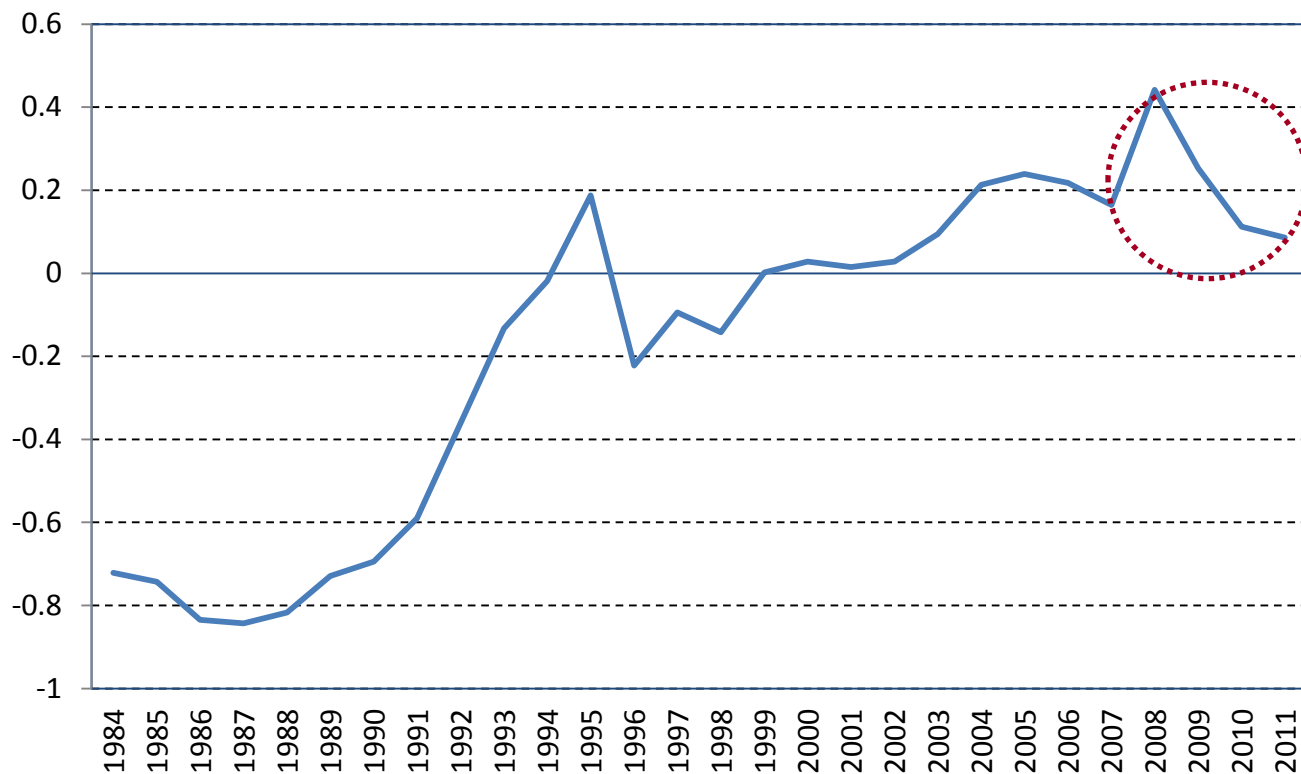
OECD (excl. euro area)



Sources: IMF and ECB calculations.

Financial openness at risk?

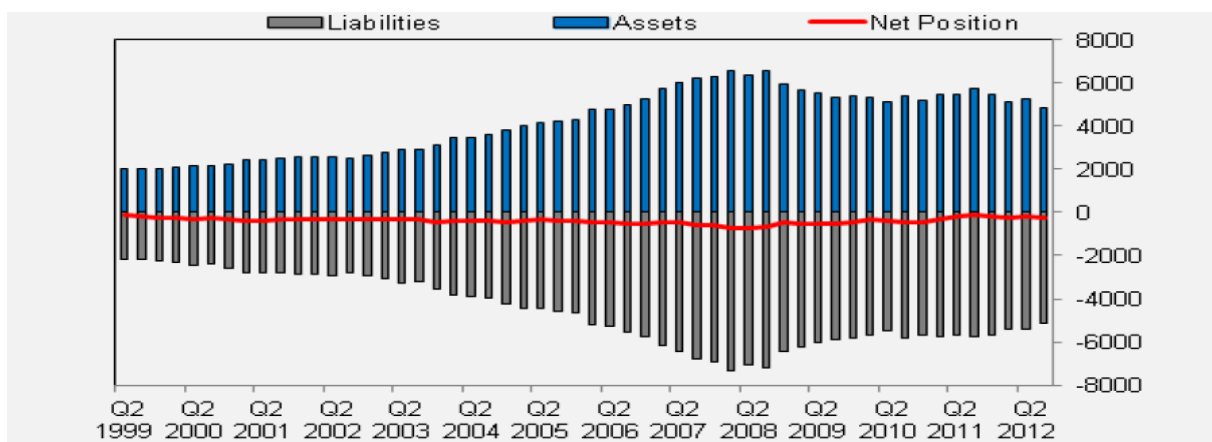
Index of capital account openness for emerging markets
(normalised score, averages)



Source: Chinn and Ito (2006 and 2013).

Gradual reduction of US dollar positions of European banks

Gross and net US dollar positions of European banks
(US dollar billions)

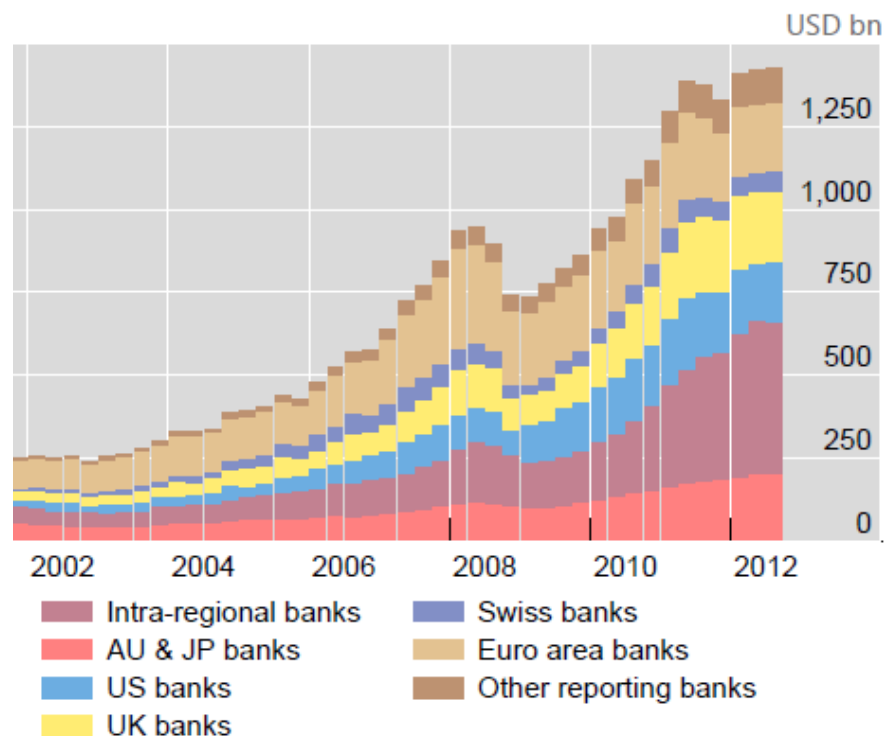


Source: Bank for International Settlements.

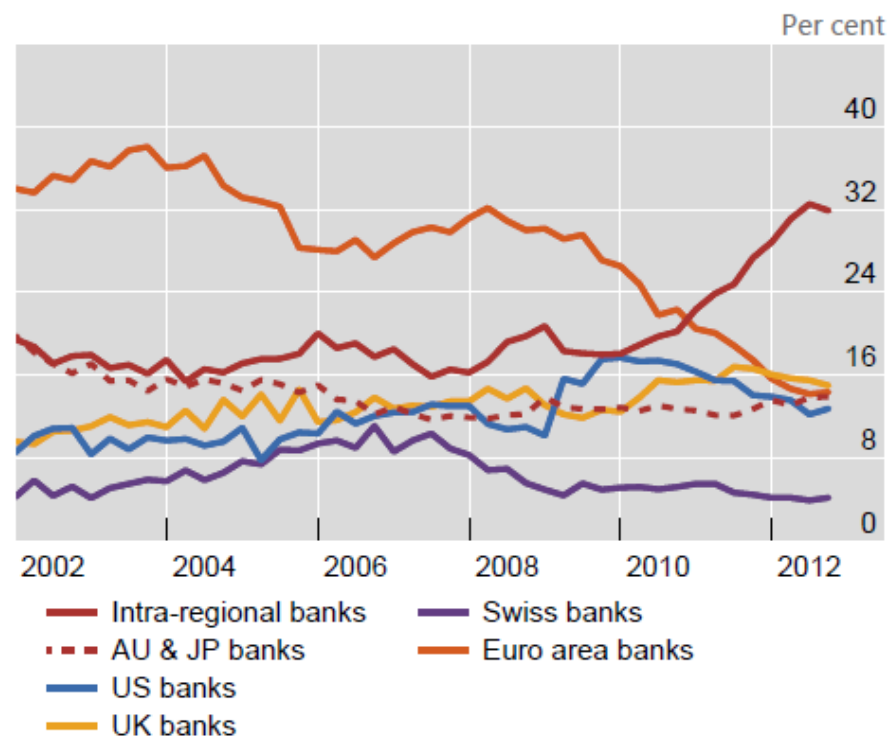
Deleveraging of euro area banks in Asia

Credit to emerging Asia-Pacific

International claims on the region¹



Share in international claims on the region



Source: BIS consolidated banking statistics (immediate borrower basis).

Notes: ¹ Sum of all cross-border claims and locally extended claims in foreign currency. ² Intra-regional share is the sum of international claims on the emerging Asia-Pacific region of banks headquartered in Chinese Taipei, Hong Kong SAR, India, Singapore, and outside-area banks (assuming these are headquartered in Asia).