

NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE

INTRODUCTION

KATHERINE S. VIRGO

EXECUTIVE VICE PRESIDENT

INTERNATIONAL ATLANTIC ECONOMIC SOCIETY

6-9 October 2022

NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC EUROPEAN CONFERENCE

PLENARY PANEL:

FLEXIBLE EXCHANGE RATES, CAPITAL MOBILITY
AND MONETARY INSTABILITY

**Robert Aliber, Gylfi Zoega, Sigridur Benediktsdottir, Edwin
Truman**

INTERNATIONAL ATLANTIC ECONOMIC SOCIETY

8 October 2022

NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC EUROPEAN CONFERENCE

PLENARY PANEL:

FLEXIBLE EXCHANGE RATES, CAPITAL MOBILITY
AND MONETARY INSTABILITY

Chair:

Robert Z. Aliber

NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE

THE ECONOMIC CONSEQUENCES OF JOHN CONNALLY AS
SECRETARY OF THE U.S. TREASURY
FEBRUARY 1971-JUNE 1972

Chair:

Robert Z. Aliber

Professor Emeritus of International Economics and Finance at the University of Chicago

OCTOBER 8, 2022

THE ECONOMIC
CONSEQUENCES OF JOHN
CONNALLY AS SECRETARY OF
THE U.S. TREASURY
FEBRUARY 1971-JUNE 1972

Robert Z. Aliber

INTERNATIONAL ATLANTIC ECONOMIC SOCIETY—
WASHINGTON OCTOBER 8, 2022

FOCUS OF PRESENTATION

- HAS THE U.S. POLICY OF BENIGN NEGLECT TOWARD FOREIGN PURCHASES OF DOLLAR SECURITIES AND THE PRICE OF THE DOLLAR ADVANCED THE U.S. ABILITY TO ACHIEVE ITS EMPLOYMENT, PRICE LEVEL, AND NATIONAL SECURITY OBJECTIVES?

U.S. CHOICES AT CAMP DAVID AUGUST 1971

- U.S. OBJECTIVE—INCREASE THE U.S. TRADE SURPLUS

- MENU—

INCREASE THE U.S. DOLLAR PRICE OF GOLD TO \$100 OR \$140

-

OR

- CLOSE THE GOLD WINDOW--MOVE TO FLEXIBLE EXCHANGE RATES --

IF THE MAJOR U.S. TRADING PARTNERS COULD HAVE VOTED

THEY WOULD HAVE VOTED FOR A HIGHER GOLD PRICE BECAUSE THEY
OWNED LARGE AMOUNTS OF GOLD

CLOSING THE GOLD WINDOW WAS A TAX ON THEIR WEALTH

“GOLDEN AVALANCHE” 1933-34 (AND 1971)

- PRODUCTION OF GOLD INCREASED
PRIVATE DEMAND FOR GOLD DECLINED
- MONETARY VALUE OF THE GOLD AVAILABLE FOR INCREASES IN
- INTERNATIONAL RESERVE ASSETS SOARED
- U.S. TRADE SURPLUS INCREASED IN RESPONSE TO GOLD INFLOWS

WHAT WAS THE PREDICTABLE IMPACT OF CLOSING THE GOLD WINDOW ON

LIQUIDITY OF GOLD AS A RESERVE ASSET?

DEMAND FOR OTHER RESERVE ASSETS?

PURCHASES OF DOLLAR SECURITIES AS INTERNATIONAL RESERVES?

IF THE U.S. DOLLAR PRICE OF GOLD HAD BEEN INCREASED TO \$140

- GOLD PRODUCTION WOULD HAVE INCREASED
- THE MONETARY VALUE OF GOLD PRODUCTION WOULD HAVE SURGED
- THE PRIVATE DEMAND FOR GOLD WOULD HAVE FALLEN
- THE AMOUNT OF GOLD AVAILABLE FOR THE INCREASE IN INTERNATIONAL RESERVE ASSETS WOULD HAVE EXPANDED TENFOLD
- GOLD WOULD HAVE FLOWED TO THE UNITED STATES AND THE UNITED STATES WOULD HAVE HAD A TRADE SURPLUS

THE CASE FOR FLEXIBLE EXCHANGE RATES— POSITIVE CLAIMS

- CHANGES IN MARKET PRICES OF CURRENCIES REDUCE NEED FOR CHANGES IN REAL VALUES (EMPLOYMENT, PRICE LEVEL)
- CHANGES IN THE PRICES OF CURRENCIES WOULD BE GRADUAL
- GREATER INSULATION FROM SHOCKS IN TRADING PARTNERS
- FEWER CURRENCY CRISES
- REDUCTION IN DEMAND FOR INTERNATIONAL RESERVE ASSETS

SCORECARD ON THE POSITIVE CLAIMS

- ZERO RIEN ZILCH
- CROSS BORDER INVESTMENT FLOWS IN A FLEXIBLE CURRENCY ARRANGEMENT ARE THE SOURCE OF MONEATY INSTABILITY

WHY THE CASE FOR FLEXIBLE EXCHANGE RATES IS INTELLECTUALLY BANKRUPT?

- DIFFERENCES BETWEEN THE CHANGE IN THE INTEREST RATE DIFFERENTIAL AND THE ANTICIPATED CHANGE IN THE PRICES OF FOREIGN CURRENCIES WILL CHANGE MORE OFTEN AND BY LARGER AMOUNTS WHEN CURRENCIES ARE NOT ANCHORED TO PARITIES
- INVESTOR PURCHASES OF FOREIGN SECURITIES WOULD BE HIGHLY VARIABLE AND LEAD TO CHANGES IN THE MARKET PRICES OF CURRENCIES RELATIVE TO PPP PRICES
- THE CASE FOR FLEXIBLE EXCHANGE RATES IS INTELLECTUALLY BANKRUPT BECAUSE IT IMPLICITLY ASSUMED CROSS BORDER CAPITAL FLOWS WOULD BE CONSTANT –AND THEY WILL BE MANY TIMES LARGER WHEN CURRENCIES ARE NOT ATTACHED TO PARITIES

HOW DOES A NATIONAL ECONOMY ADJUST IF ITS CURRENCY IS FREELY FLEXIBLE AND

- 1 IF FOREIGN PURCHASES OF ITS MANUFACTURED GOODS INCREASES?
- 2 IF FOREIGN PURCHASES OF ITS SECURITIES INCREASE (THE COUNTRY'S CAPITAL ACCOUNT SURPLUS INCREASES)?
 - ASSUME FOREIGN PURCHASES OF ICELANDIC SECURITIES
 - INCREASE—ICELAND'S CAPITAL ACCOUNT SURPLUS
 - CAN INCREASE ONLY IF ITS CURRENT ACCOUNT DEFICIT
 - INCREASES BY THE COMPARABLE AMOUNT

THE COSTS TO THE UNITED STATES OF A TRADE DEFICIT THAT IS NEARLY 4% OF U.S. GDP

- INFLOW OF FOREIGN SAVINGS DISPLACED U.S. SAVINGS
- LOSS OF THREE MILLION MANUFACTURING JOBS-- MANY HIGH-PAYING

HIGH PRICE OF THE U.S. DOLLAR DEPRESSED ANTICIPATED PROFIT RATE IN THE PRODUCTION OF TRADABLE GOODS—AND U.S. RATE OF ECONOMIC GROWTH

VARIABILITY IN FOREIGN PURCHASES OF U.S. DOLLAR GOODS HAVE LED TO ECONOMIC BOOM AND BUST CYCLE

CONCLUSION--COSTS OF BENIGN NEGLECT

- INCREASE IN U.S. INTERNATIONAL INDEBTEDNESS LED TO CONSUMPTION BOOMS
- LOSS OF THREE MILLION MANUFACTURING JOBS
- SLOWER U.S. RATE OF ECONOMIC GROWTH
- CLOSING THE GOLD WINDOW WAS AN AFFRONT TO MAJOR ALLIES
- THE OVERVALUED DOLLAR LED TO IMPORT BARRIERS, WHICH WOULD HAVE BEEN LESS LIKELY TO HAVE BEEN ADOPTED IF THE DOLLAR HAD NOT BEEN OVERVALUED

NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE

Government deficits, interest rates and trade imbalances

Organizer:

Gylfi Zoega

University of Iceland Fellow and Senior Lecturer,
Birkbeck College, University of London

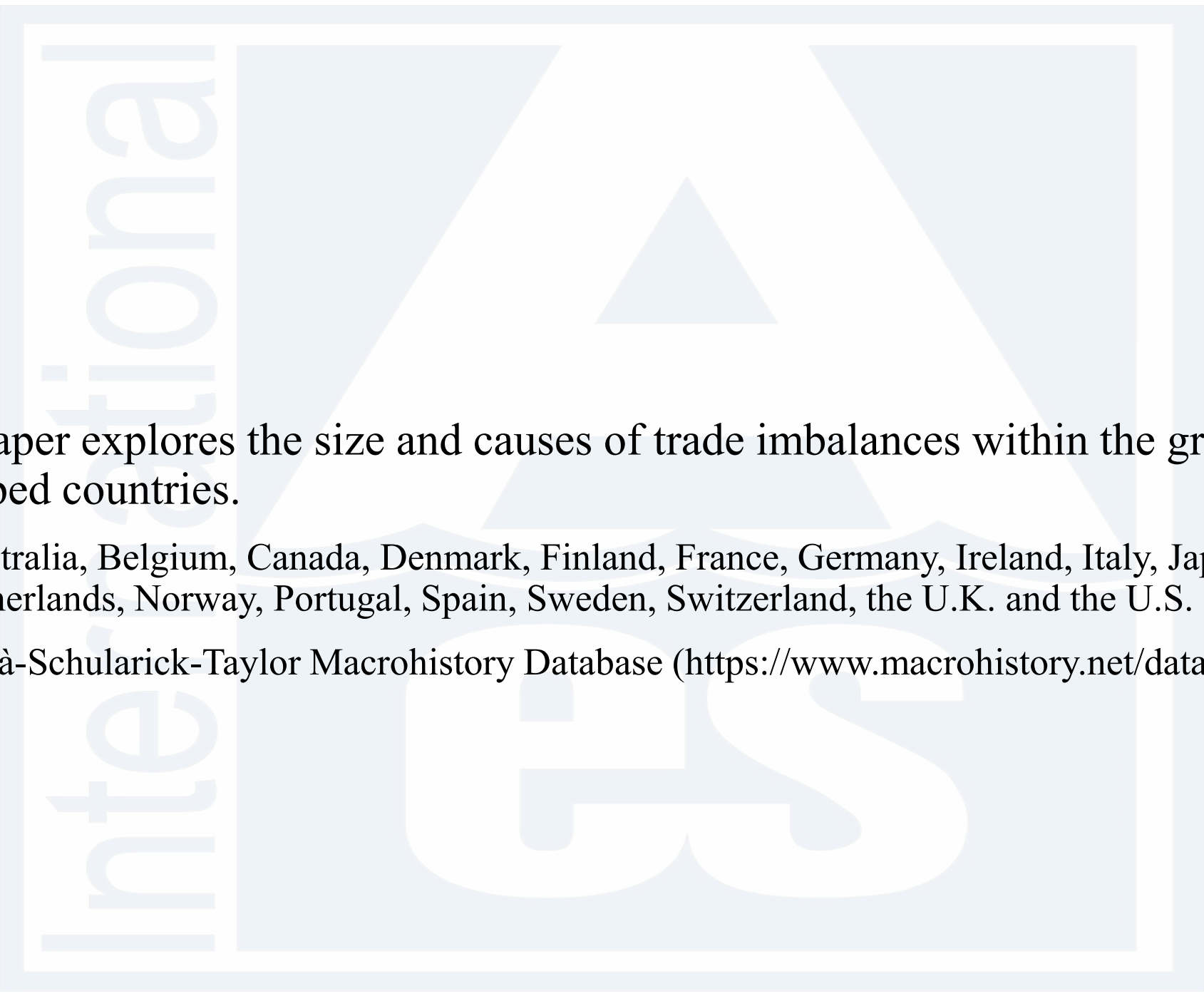
OCTOBER 8, 2022



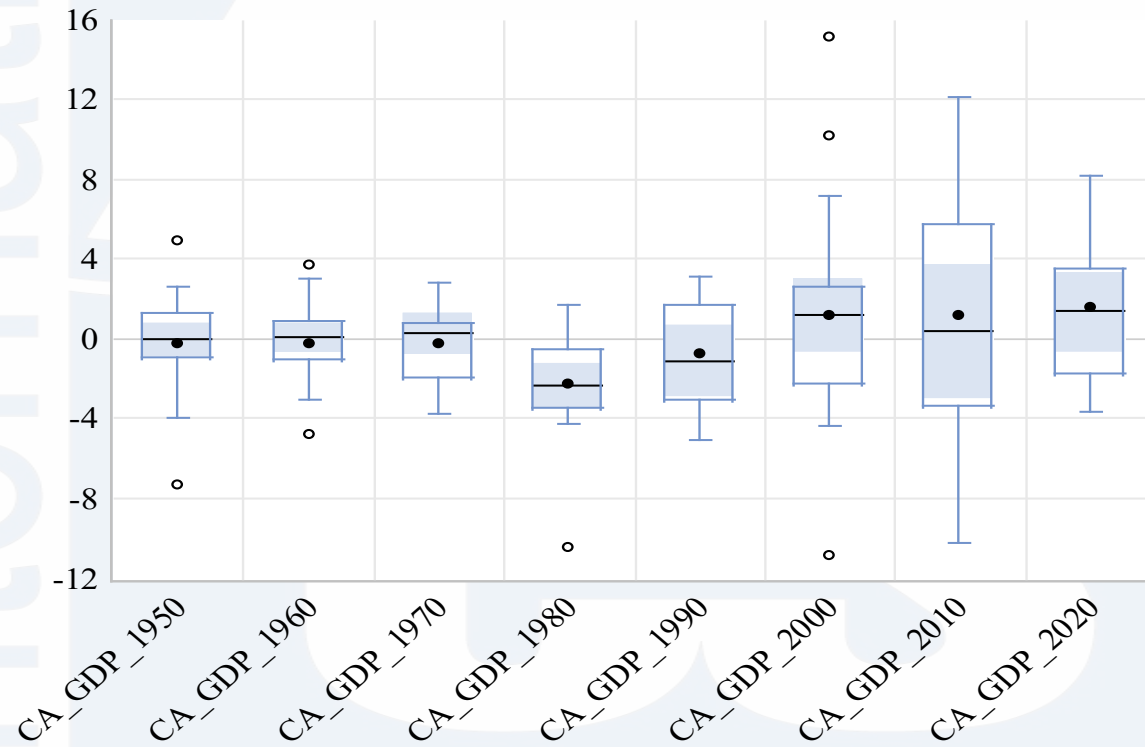
Government deficits, interest rates and trade imbalances

Gylfi Zoega
University of Iceland

The 94th International Atlantic Economic Conference
Washington, D.C., 6-9 October 2022

- 
- This paper explores the size and causes of trade imbalances within the group of developed countries.
 - Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the U.K. and the U.S.
 - Jordà-Schularick-Taylor Macrohistory Database (<https://www.macrohistory.net/database/>)

Increasing current account surpluses and deficits after 1980



Two possible explanations

Two possible explanations

- Divergent economic policies
 - Fiscal policy – twin-deficits
 - Monetary policy
- Capital flows after the collapse of Bretton Woods
 - Previous lecture by Bob Aliber

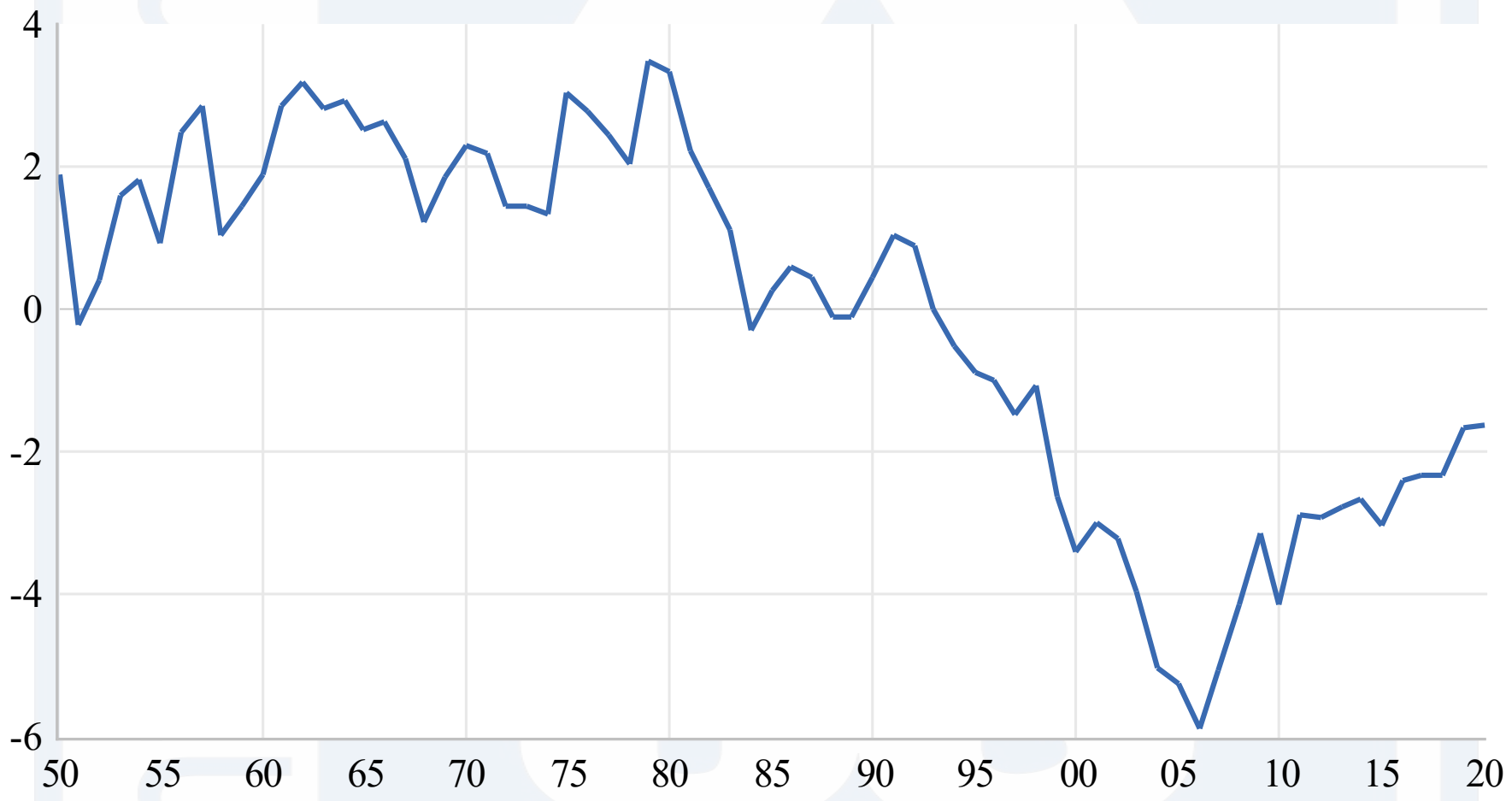
Principal components analysis

Current account surpluses

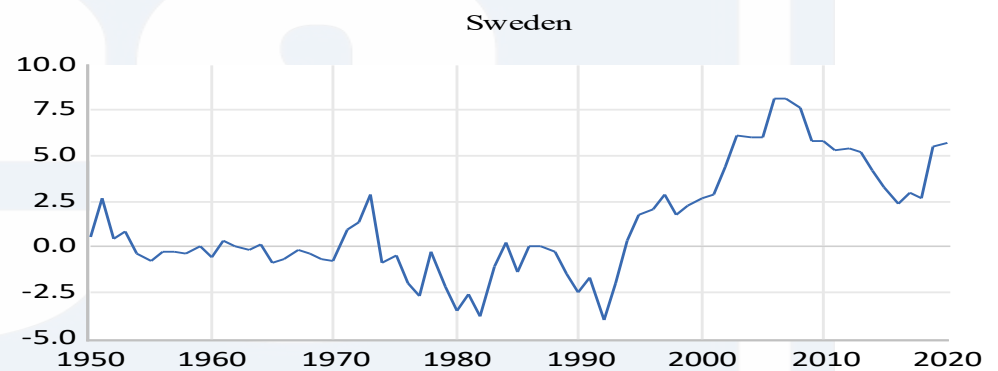
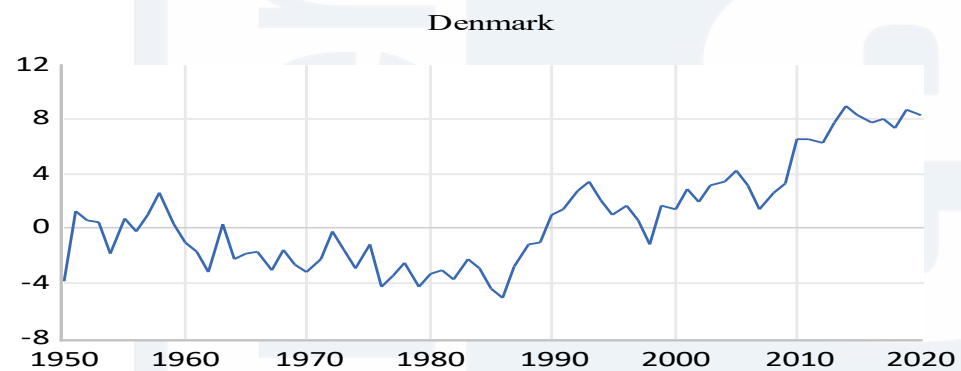
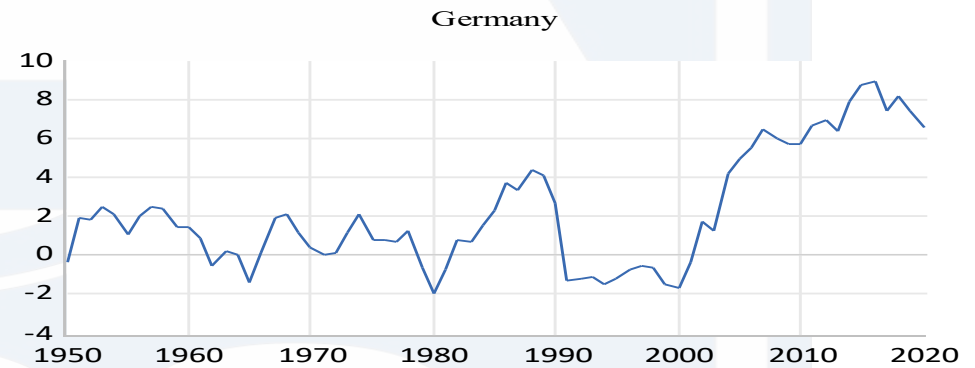
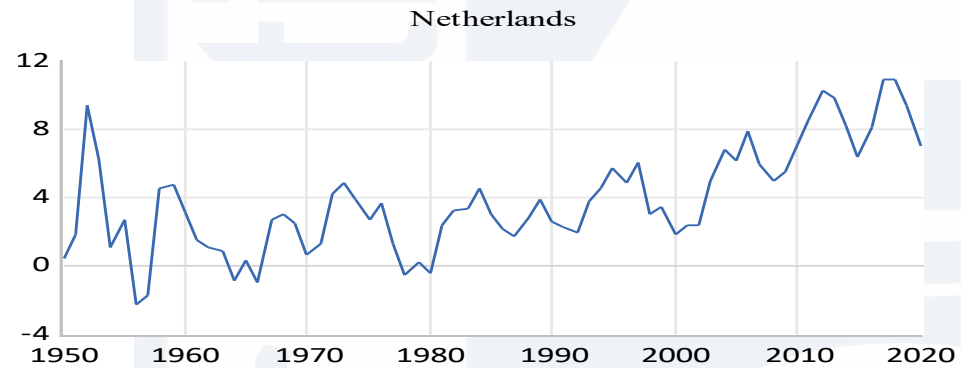
| | | | | Cumulative |
|--------|-------|------------|------------|------------|
| Number | Value | Difference | Proportion | Value |
| PC1 | 6.48 | 3.42 | 0.36 | 6.48 |
| PC2 | 3.06 | 0.78 | 0.17 | 9.54 |
| PC3 | 2.28 | 1.06 | 0.13 | 11.81 |
| PC4 | 1.22 | 0.22 | 0.07 | 13.03 |

| Variable | PC 1 | PC 2 | PC 3 | PC 4 |
|-------------|-------|-------|-------|-------|
| Australia | -0.17 | 0.20 | 0.03 | 0.52 |
| Belgium | 0.14 | -0.13 | 0.44 | -0.27 |
| Canada | 0.20 | -0.32 | 0.04 | 0.31 |
| Denmark | 0.28 | 0.31 | 0.06 | 0.09 |
| Finland | 0.21 | -0.28 | 0.17 | 0.38 |
| France | 0.02 | -0.27 | 0.40 | 0.05 |
| Germany | 0.22 | 0.39 | -0.18 | 0.03 |
| Ireland | 0.07 | 0.04 | 0.41 | -0.36 |
| Italy | -0.07 | 0.18 | 0.47 | 0.27 |
| Japan | 0.26 | 0.03 | 0.11 | -0.08 |
| Netherlands | 0.27 | 0.29 | -0.02 | 0.07 |
| Norway | 0.34 | -0.04 | -0.07 | 0.06 |
| Portugal | -0.17 | 0.34 | 0.29 | -0.06 |
| Spain | -0.15 | 0.35 | 0.27 | 0.18 |
| Sweden | 0.33 | 0.06 | -0.01 | 0.27 |
| Switzerland | 0.34 | 0.00 | 0.11 | -0.07 |
| U.K. | -0.25 | -0.28 | 0.06 | 0.24 |
| U.S. | -0.36 | 0.08 | 0.02 | 0.02 |

First PC for current account



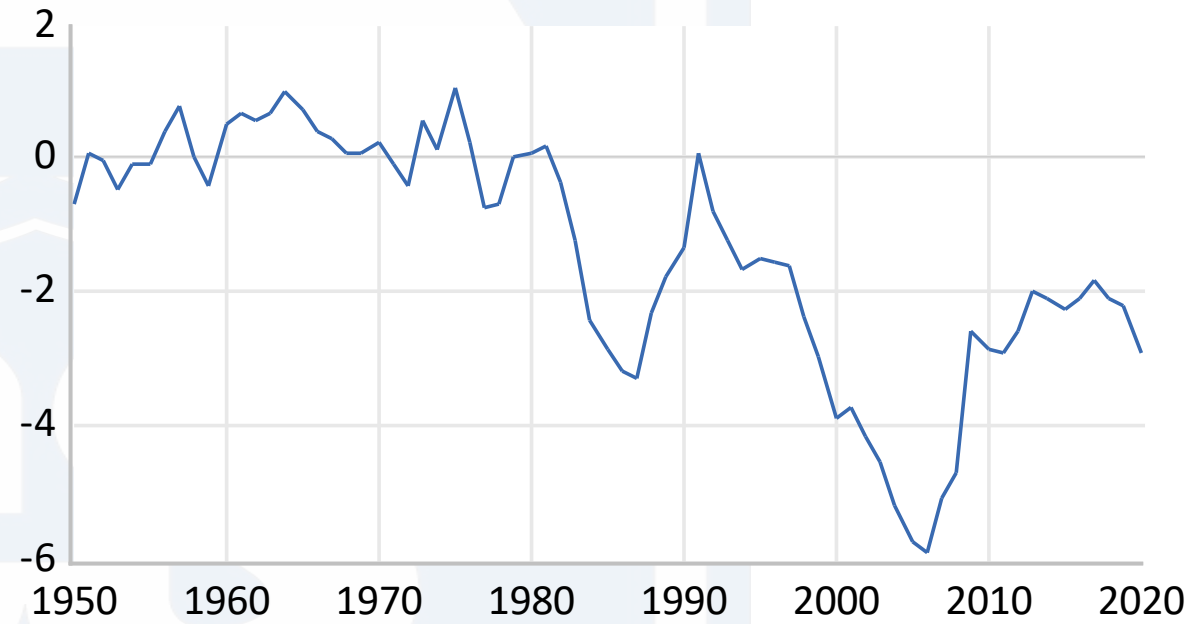
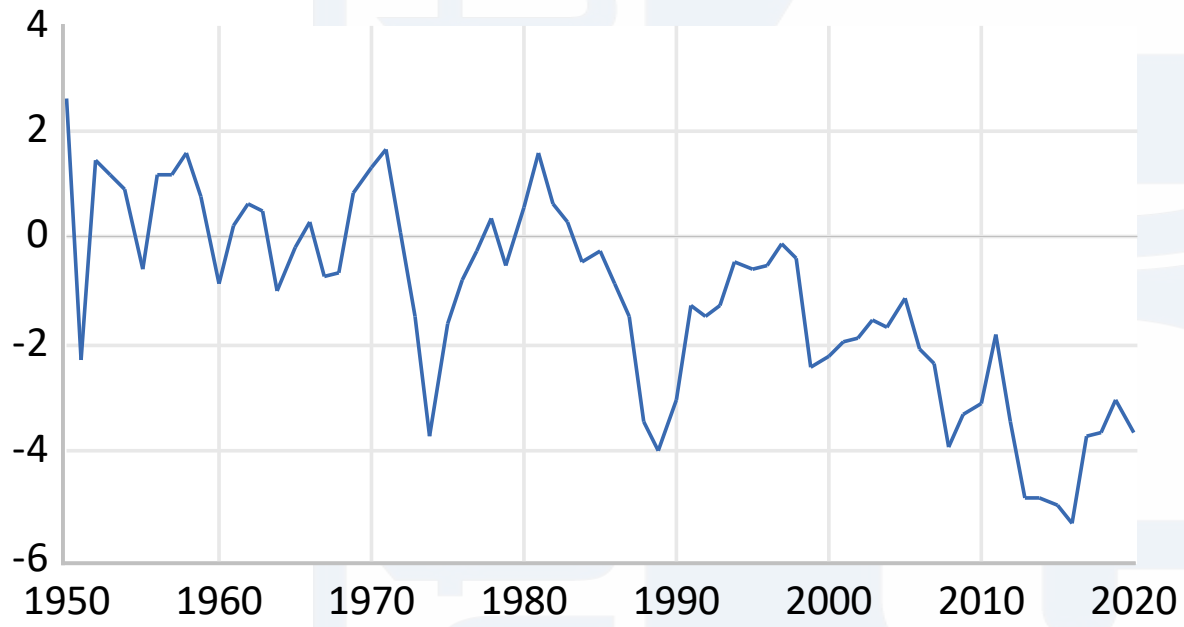
Current account surplus countries



Current account deficit countries

United Kingdom

United States

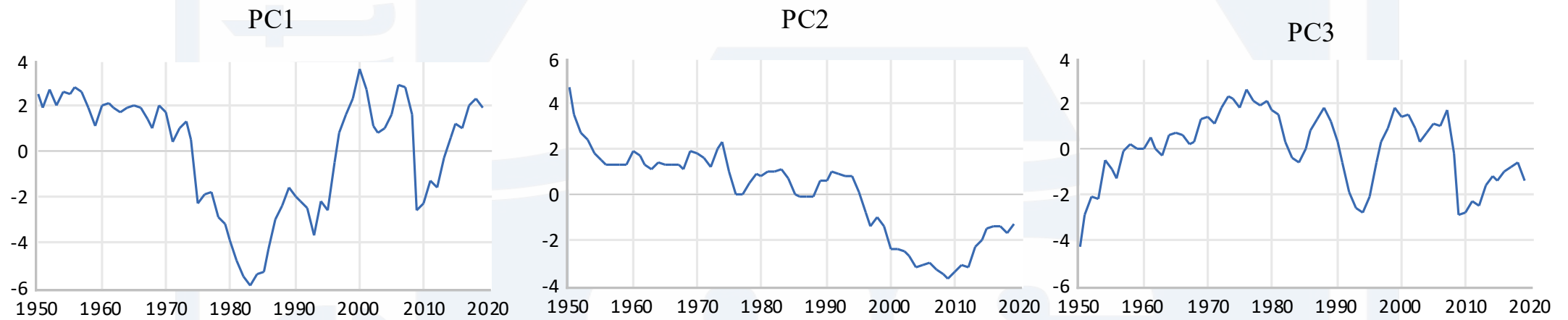


Government budget surpluses

| Number | Value | Difference | Proportion | Cumulative Value | Cumulative Proportion |
|--------|-------|------------|------------|------------------|-----------------------|
| 1 | 6.50 | 2.76 | 0.36 | 6.50 | 0.36 |
| 2 | 3.74 | 1.27 | 0.21 | 10.24 | 0.57 |
| 3 | 2.46 | 1.18 | 0.14 | 12.70 | 0.71 |
| 4 | 1.29 | 0.21 | 0.07 | 13.99 | 0.78 |

| Variable | PC 1 | PC 2 | PC 3 | PC 4 |
|-------------|-------|-------|-------|-------|
| Australia | 0.09 | -0.25 | 0.39 | 0.09 |
| Belgium | 0.31 | -0.23 | -0.11 | -0.15 |
| Canada | 0.34 | -0.19 | 0.05 | -0.11 |
| Denmark | 0.14 | -0.23 | 0.32 | 0.19 |
| Finland | -0.07 | -0.19 | 0.36 | 0.30 |
| France | 0.01 | 0.23 | 0.47 | 0.13 |
| Germany | 0.22 | 0.14 | -0.27 | 0.32 |
| Ireland | 0.34 | -0.08 | 0.06 | -0.22 |
| Italy | 0.33 | -0.10 | -0.21 | -0.08 |
| Japan | 0.16 | 0.41 | -0.08 | 0.08 |
| Netherlands | 0.28 | 0.11 | -0.08 | -0.03 |
| Norway | 0.14 | -0.44 | -0.03 | 0.07 |
| Portugal | 0.32 | 0.19 | -0.11 | 0.03 |
| Spain | 0.30 | 0.15 | 0.25 | -0.04 |
| Sweden | 0.30 | -0.18 | 0.06 | 0.22 |
| Switzerland | 0.11 | 0.09 | -0.19 | 0.73 |
| U.K. | 0.04 | 0.43 | 0.30 | 0.00 |
| U.S. | 0.26 | 0.21 | 0.21 | -0.25 |

Principal components for government surpluses



Yield on long government bonds

| Number | Value | Difference | Proportion | Cumulative Value | Cumulative Proportion |
|--------|-------|------------|------------|------------------|-----------------------|
| 1 | 6.50 | 2.76 | 0.36 | 6.50 | 0.36 |
| 2 | 3.74 | 1.27 | 0.21 | 10.24 | 0.57 |
| 3 | 2.46 | 1.18 | 0.14 | 12.70 | 0.71 |
| 4 | 1.29 | 0.21 | 0.07 | 13.99 | 0.78 |

| Variable | PC 1 | PC 2 | PC 3 | PC 4 |
|-------------|------|-------|-------|-------|
| Australia | 0.25 | -0.22 | 0.09 | 0.17 |
| Belgium | 0.27 | 0.02 | 0.02 | -0.09 |
| Canada | 0.27 | -0.12 | -0.08 | 0.05 |
| Denmark | 0.26 | 0.06 | -0.16 | -0.37 |
| Finland | 0.11 | 0.47 | 0.68 | 0.18 |
| France | 0.26 | 0.10 | 0.10 | -0.27 |
| Germany | 0.23 | 0.34 | -0.10 | 0.21 |
| Italy | 0.26 | -0.09 | 0.11 | -0.26 |
| Japan | 0.19 | 0.47 | 0.05 | -0.40 |
| Netherlands | 0.26 | 0.08 | -0.28 | 0.04 |
| Norway | 0.25 | -0.17 | 0.11 | 0.33 |
| Portugal | 0.23 | -0.34 | 0.19 | -0.13 |
| Spain | 0.23 | -0.28 | 0.38 | 0.01 |
| Sweden | 0.27 | -0.11 | 0.01 | 0.21 |
| Switzerland | 0.23 | 0.27 | -0.25 | 0.52 |
| U.K. | 0.25 | 0.07 | -0.33 | -0.08 |
| U.S. | 0.26 | -0.16 | -0.12 | -0.03 |

First PC for yield on long government bonds



Conclusions

- There is a rising gap between current account surpluses and deficits after 1980.
- The rise cannot be explained by divergent fiscal or monetary policies.
- The rising gap is consistent with an effect of increased capital flows on trade deficits and surpluses.


NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE

How the flows change when interest rates are normalized:
Risk to economic and financial stability

Sigríður Benediktsdóttir

Senior Lecturer and Assistant Dean for
Undergraduate Education at the Yale Jackson School of Global Affairs

OCTOBER 8, 2022



How the flows change when
interest rates are normalized:
*Risk to economic and financial
stability*

Sigríður Benediktsdóttir

Co-author Soha Ahmed

Motivation

- Major Central banks increasing interest rates
- Research on capital flows and risks find that monetary policy stance in major economies has significant effects on capital flows and financial stability
- Interest rate normalization in major economies plays a role in multiple financial crisis in EMEs
 - Asian Financial Crisis, Mexican Banking (peso) crisis ...



Why are major CB tightening

- Running inflation ...
 - Rates too low during Covid?
 - Supply chain issues
 - Geopolitical situation
- Have to go back to the 80s for inflation in this range...
- ... lessons from EME economic crisis in the 80s and combine that with recent literature on systemic risk and liability flows.

Road map

- Capital flows and systemic risk, recent literature
- Banking Crisis in the 80s
- Systemic risk now...

International

ES

International

es

Capital flows and systemic risk

What have we learned

- **Goldfajn and Valdes (1995)** show how changes in international interest rates and capital inflows are amplified by the intermediating role of banks and how such swings may also ...
 - *... produce an exaggerated business cycle that ends in bank runs and financial and currency crashes*
- **Calvo (1998)** shows with a simple theoretical model how liability inflows cause non-tradable goods to increase in price relative to tradable.
 - Reversal of liability flows brings about financial and balance of payments crises through the decline in the price of non-tradable good

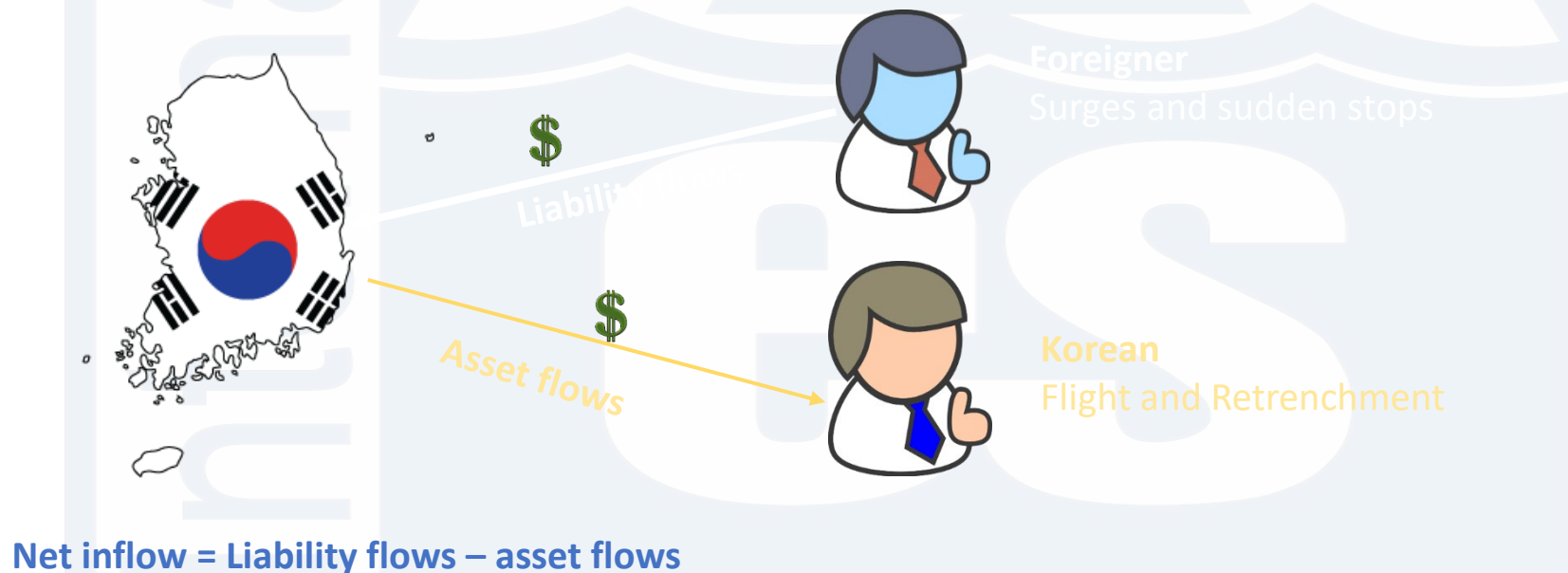



What have we learned: Capital inflow bonanza (Caballero)

- New
 - Looks at *extreme episodes*, bonanza.
 - Looks at different components of inflows
- Surges of both portfolio and other inflows increase systemic risk ... not FDI
- Mechanism is both through ***increased leverage and asset price increases.***

What have we learned: Liability v.s. asset flows (Forbes and Warnock)

- New. Foreign and domestic investors can be motivated by ***different factors*** and ***respond differently*** to various policies and shocks.
- Higher probability of a sudden stop if the inflow is “foreign”





What have we learned: Push v.s. pull

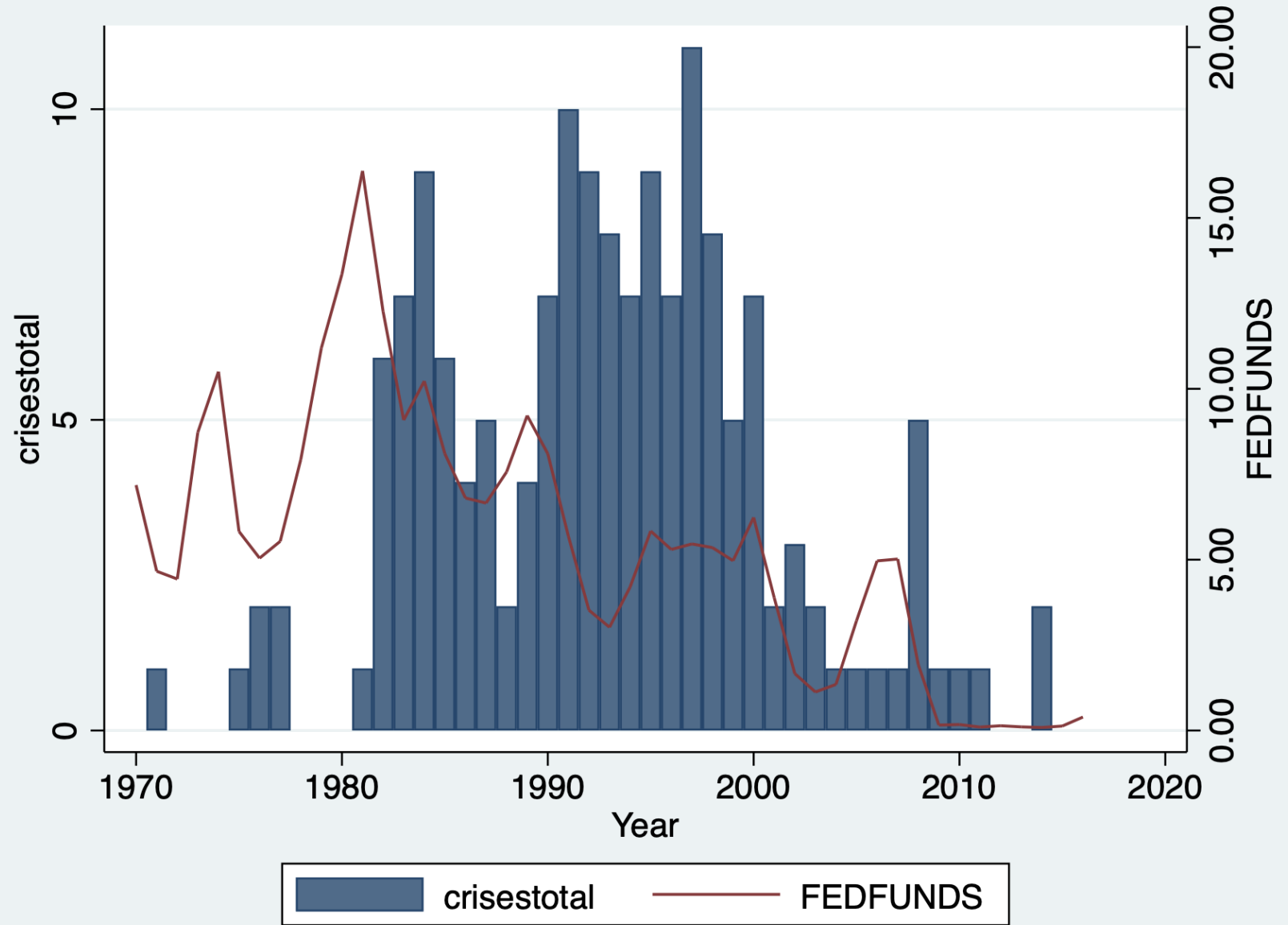
- Global factors matter more
- Domestic factors may be increasing in importance
- Liability flows that fund household credit – through financial intermediation – is the main driver behind the negative relationship between leverage and financial and economic cycles (Lukas Diebold and Björn Richter 2021)
 - Foreign funded household leverage growth is an indicator for negative GDP growth 3-4 years hence – stronger if demand driven.



Economic and financial crisis in the 80s



International



Reference: FRED and Luc Laeven and Fabian Valencia (2018)

| Country | Start | End | Output loss ^{1/} | Fiscal Costs ^{2/} (% of GDP) | Increase in public debt ^{3/} | Liquidity support ^{4/} | Peak NPLs ^{5/} |
|----------------|-------|---------|---------------------------|--|--|------------------------------------|-------------------------|
| Argentina | 1980 | 1982 6/ | 58.2 | 55.1 | 33.1 | 62.2 | 9.0 |
| Chile | 1981 | 1985 7/ | 8.6 | 42.9 | 87.9 | 52.7 | 35.6 |
| Colombia | 1982 | 1982 | 47.0 | 5.0 | 16.6 | 7.7 | 4.1 |
| Ghana | 1982 | 1983 | 45.3 | 6.0 | 15.5 | 0.1 | 35.0 |
| Israel | 1983 | 1986 | 42.7 | 30.0 | ... | ... | ... |
| Kenya | 1985 | 1985 | 23.7 | ... | 11.0 | 1.9 | ... |
| Mexico | 1981 | 1985 7/ | 26.6 | ... | 22.6 | 2.6 | ... |
| Morocco | 1980 | 1984 7/ | 21.9 | ... | 35.6 | 8.6 | ... |
| Peru | 1983 | 1983 6/ | 55.2 | ... | 14.3 | 9.7 | ... |
| Philippines | 1983 | 1986 | 91.7 | 3.0 | 44.8 | 1.5 | 19.0 |
| Thailand | 1983 | 1983 | 24.8 | 0.7 | 15.7 | 2.0 | ... |
| Turkey | 1982 | 1984 | 35.0 | 2.5 | 12.3 | 29.3 | ... |
| Uruguay | 1981 | 1985 7/ | 38.1 | 31.2 | 83.3 | 18.5 | ... |
| Average | | | 39.9 | 19.6 | 32.7 | 16.4 | 20.5 |

1/ In percent of GDP. Output losses are computed as the cumulative sum of the differences between actual and trend real GDP over the period $[T, T+3]$, expressed in percent of trend real GDP, with T denoting the starting year of the crisis. The trend is computed by applying an HP filter ($\lambda=100$) to the GDP series over $[T-20, T-1]$. No output losses are reported for crises in transition economies that took place during the period of transition to market economies.

2/ Fiscal costs refer to outlays directly related to the restructuring of the financial sector.

3/ In percent of GDP. For episodes starting in 2007 and later, the increase in public debt is measured as the change in debt projections, over $[T-1, T+3]$, relative to the pre-crisis debt projections, where T is the starting year of the crisis.

4/ Liquidity is measured as the ratio of central bank claims on deposit money banks (line 12 in IFS) and liquidity support from the Treasury to total deposits and liabilities to non-residents. Total deposits are computed as the sum of demand deposits (line 24), other deposits (line 25), and liabilities to non-residents (line 26).

5/ In percent of total loans.

6/ Credit data missing. For these countries, end dates are based on GDP growth only.

7/ We truncate the duration of crises at 5 years, starting with the first crisis year.

Source: WEO, IFS, IMF Staff reports, IMF Financial Soundness Indicators, Laeven and Valencia (2013), and authors' calculation.

Mexico

- The main shock was the decline in oil prices, which fell over half 1981-1986.
...
- ... the increase in world interest rates to over 15%, made debt repayment impossible (Oks and van Wijnbergen 1994).
- Very early realization that **foreign debt** was the destabilizing factor ... “the foreign debt will have to grow at a substantial lower rate than in the recent past.” (Ortiz and Serra-Puche 1984)

Table 1
The foreign public debt and nominal interest rates.^a

| Year | Stock D_t (millions of dollars) | Growth rate ($D_t - D_{t-1} / D_{t-1}$) | Nominal implicit interest rates, annual average (%) |
|------|--------------------------------------|--|---|
| 1960 | 3.25 | 6.0 | 1.15 |
| 1961 | 3.44 | 6.2 | 1.23 |
| 1962 | 3.55 | 3.2 | 1.81 |
| 1963 | 3.74 | 6.8 | 1.77 |
| 1964 | 4.13 | 9.0 | 1.81 |
| 1965 | 4.18 | 1.5 | 2.23 |
| 1966 | 4.42 | 5.7 | 2.84 |
| 1967 | 4.96 | 12.2 | 2.99 |
| 1968 | 5.33 | 7.5 | 3.74 |
| 1969 | 5.81 | 9.0 | 3.81 |
| 1970 | 6.25 | 7.6 | 4.64 |
| 1971 | 6.66 | 6.6 | 4.60 |
| 1972 | 6.82 | 2.4 | 4.71 |
| 1973 | 8.44 | 23.8 | 5.24 |
| 1974 | 11.37 | 34.7 | 6.21 |
| 1975 | 15.70 | 38.1 | 6.57 |
| 1976 | 20.84 | 32.7 | 6.33 |
| 1977 | 23.83 | 14.3 | 6.47 |
| 1978 | 26.42 | 10.9 | 7.66 |
| 1979 | 29.76 | 12.6 | 9.71 |
| 1980 | 33.87 | 13.8 | 11.68 |
| 1981 | 52.16 | 54.0 | 10.50 |
| 1982 | 58.14 | 11.4 | 14.45 |
| 1983 | 63.41 | 9.1 | 13.08 |

Chile

- Economic reform in the 70s to bring increase growth and bring down inflation.
 - Liberalization of the financial system among them eliminating interest rates controls, credit allocation controls, reserve requirements were lowered and banks privatized.
- **Credit grew rapidly and *foreign borrowing increased significantly.***
 - Foreign liabilities went up from 14.4% of total in 1978 to 35.8% of total in 1982.
 - Peso overvaluation current account deficit
- **High international interest rates**, a world recession, lower copper prices, and an ...
- ... abrupt cut of voluntary foreign credit to Latin America pushed Chile into a costly economic crisis
 - Amplified by among other connected lending which ranged from 12 to 45% of the total loans portfolio.
 - Financial institution liquidation, deposit losses, external debt restructuring
 - Output loss 8.6%

Lessons learned ?

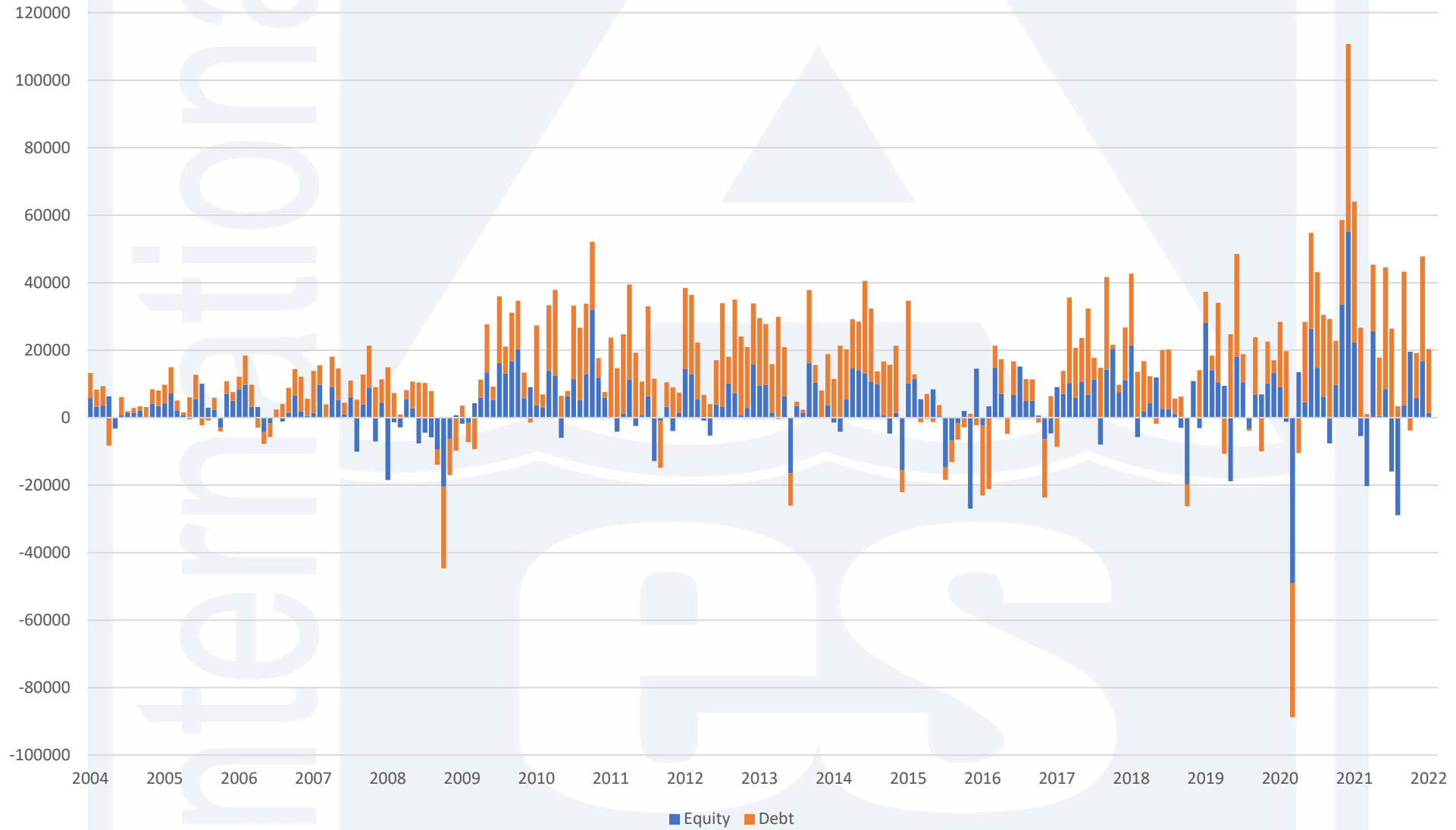
- During the next capital inflow influx in the 90s the Chilean authorities introduced RRs on capital inflows
 - **20 percent of the credit** had to be deposited in a non interest-bearing account at the central bank and at the end of the holding period (that ranged between 90 days and one year, depending on the term of the credit), the RR was reimbursed in the same currency in which the deposit was made

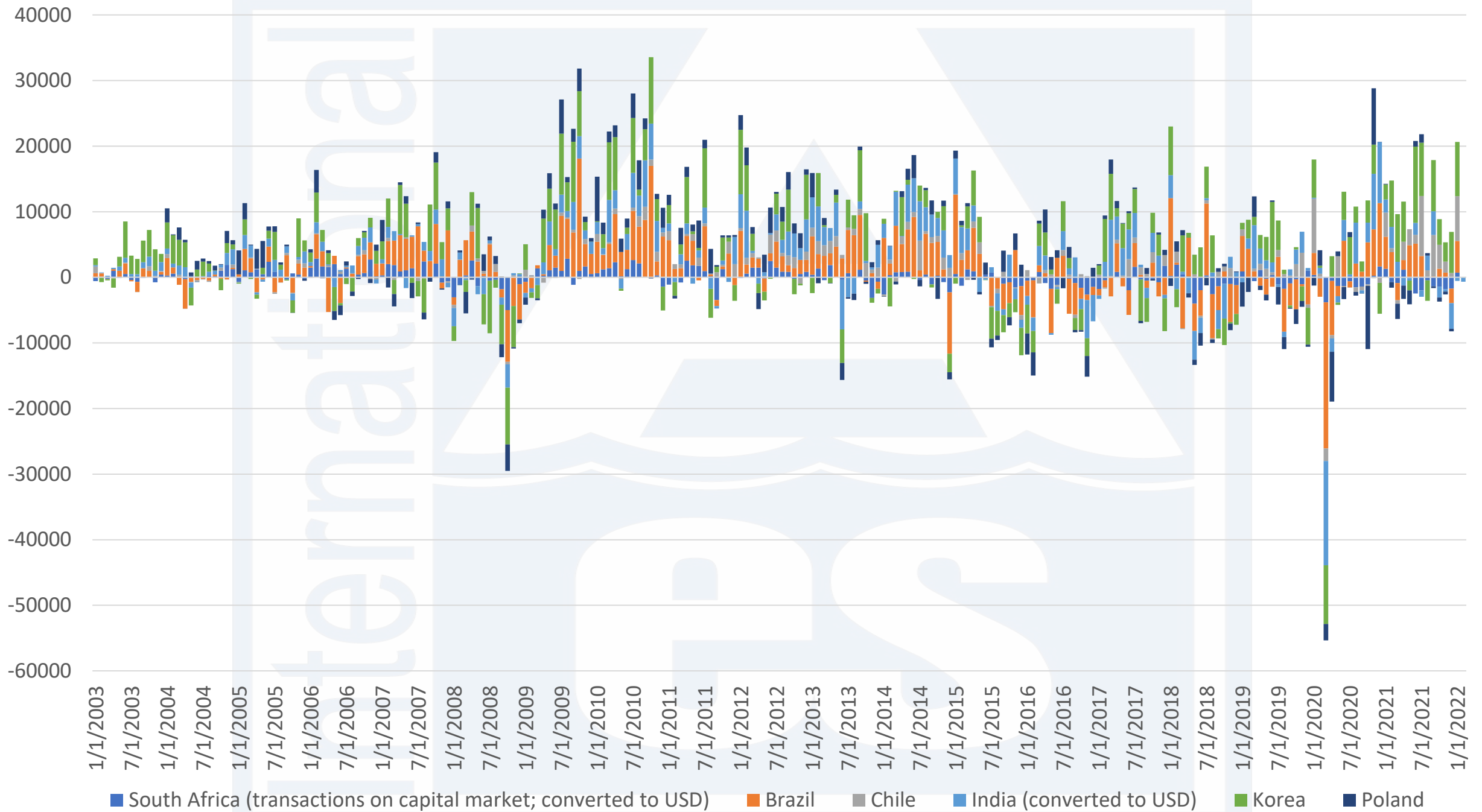
International

Systemic risk in EME now

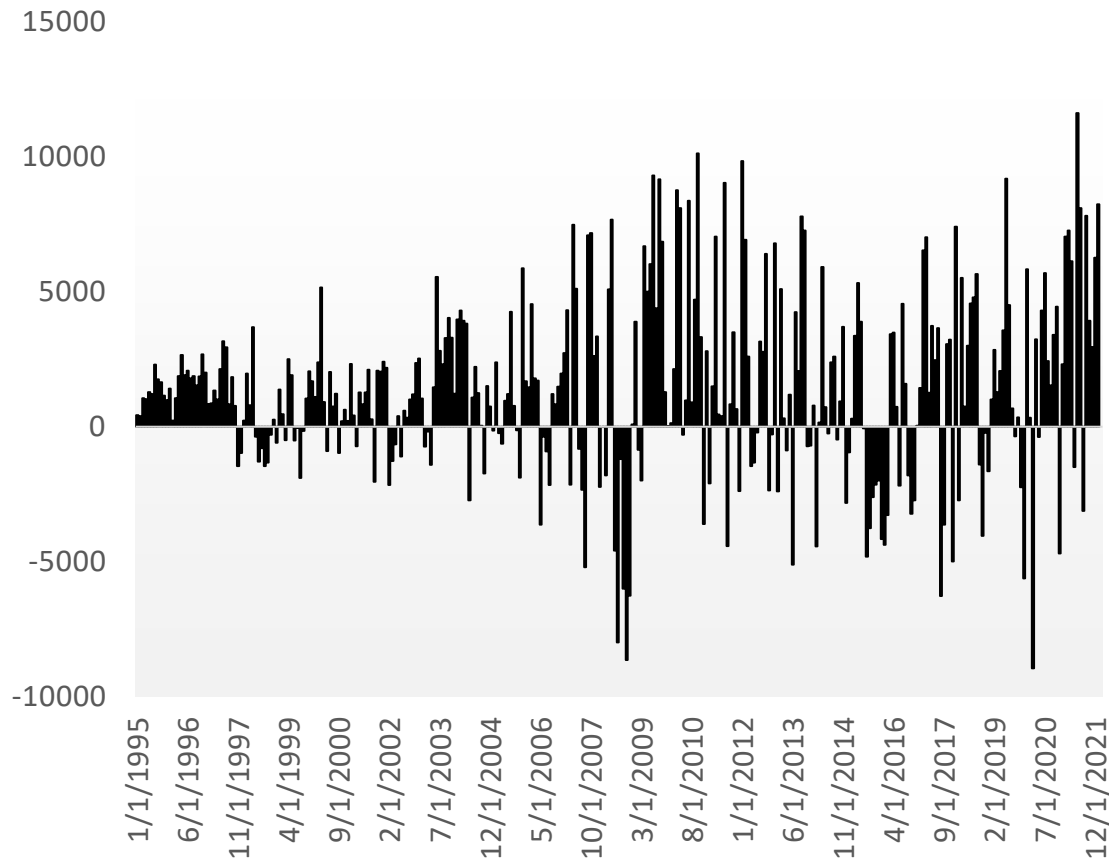
es

Emerging Markets

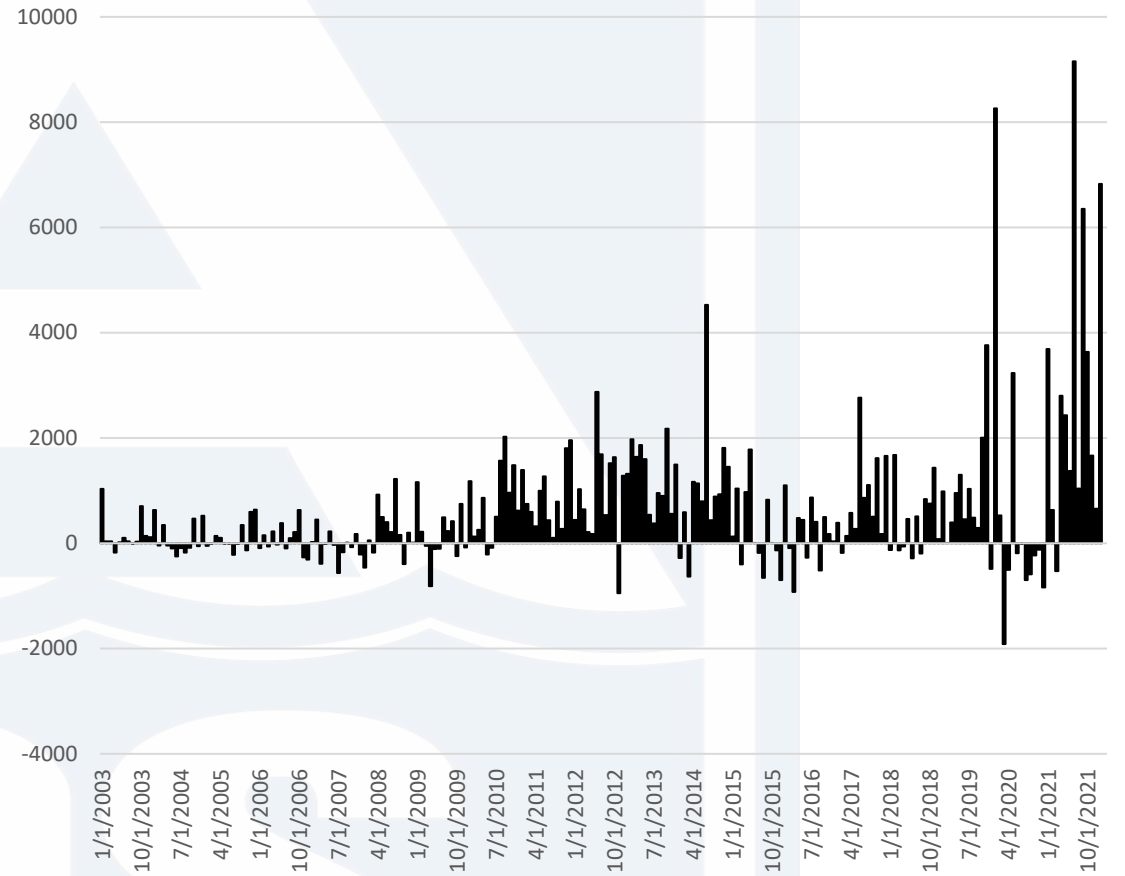




Korea

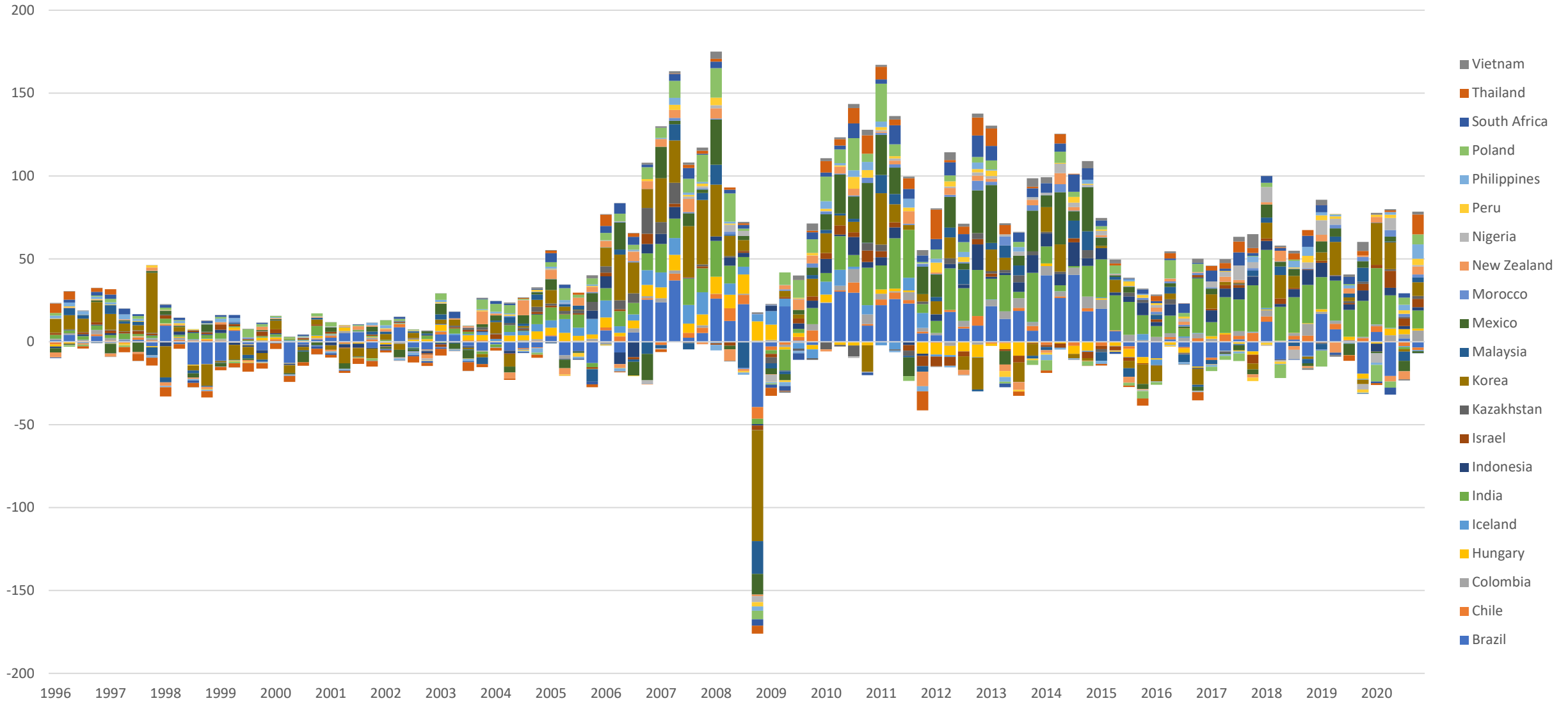


Chile

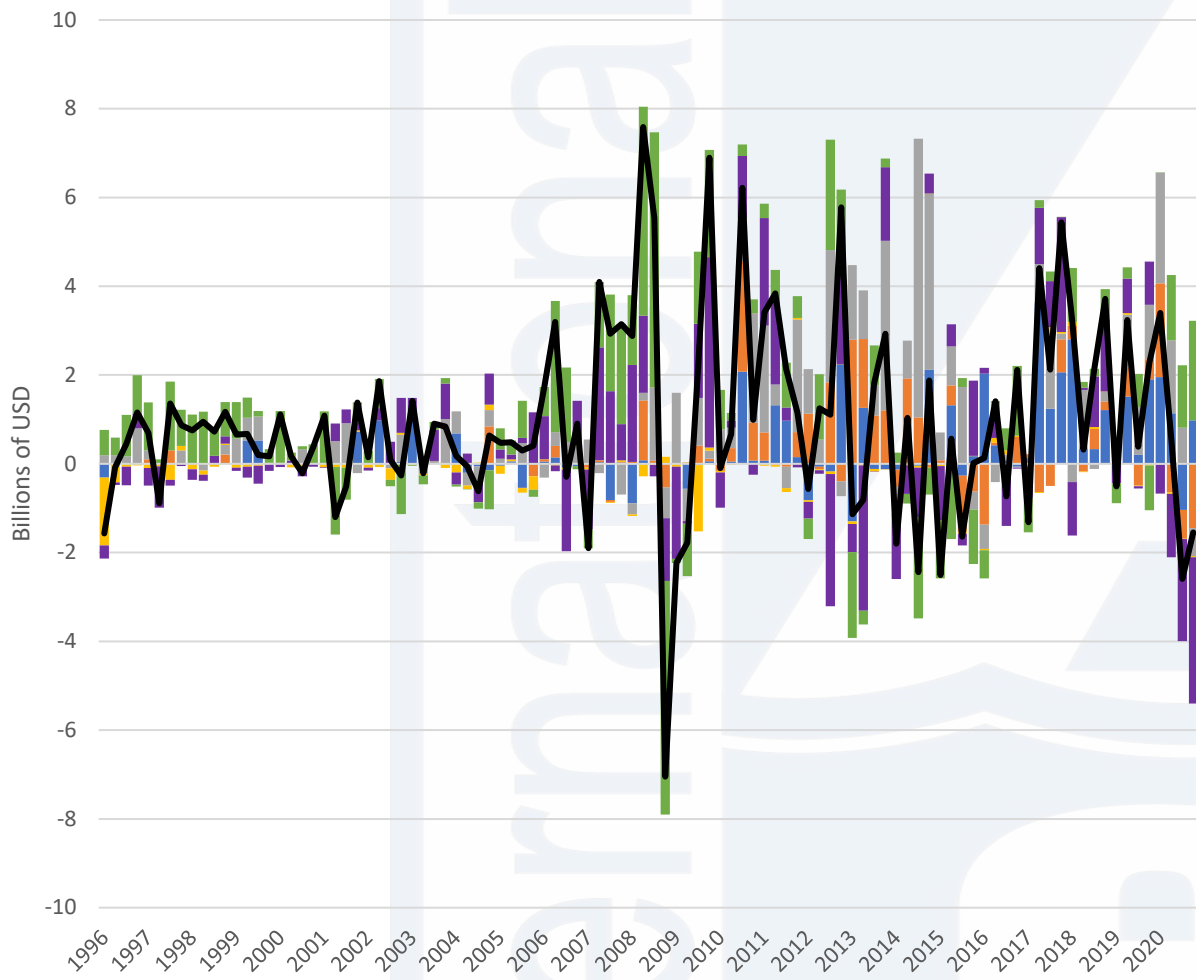


Debt and equity flows

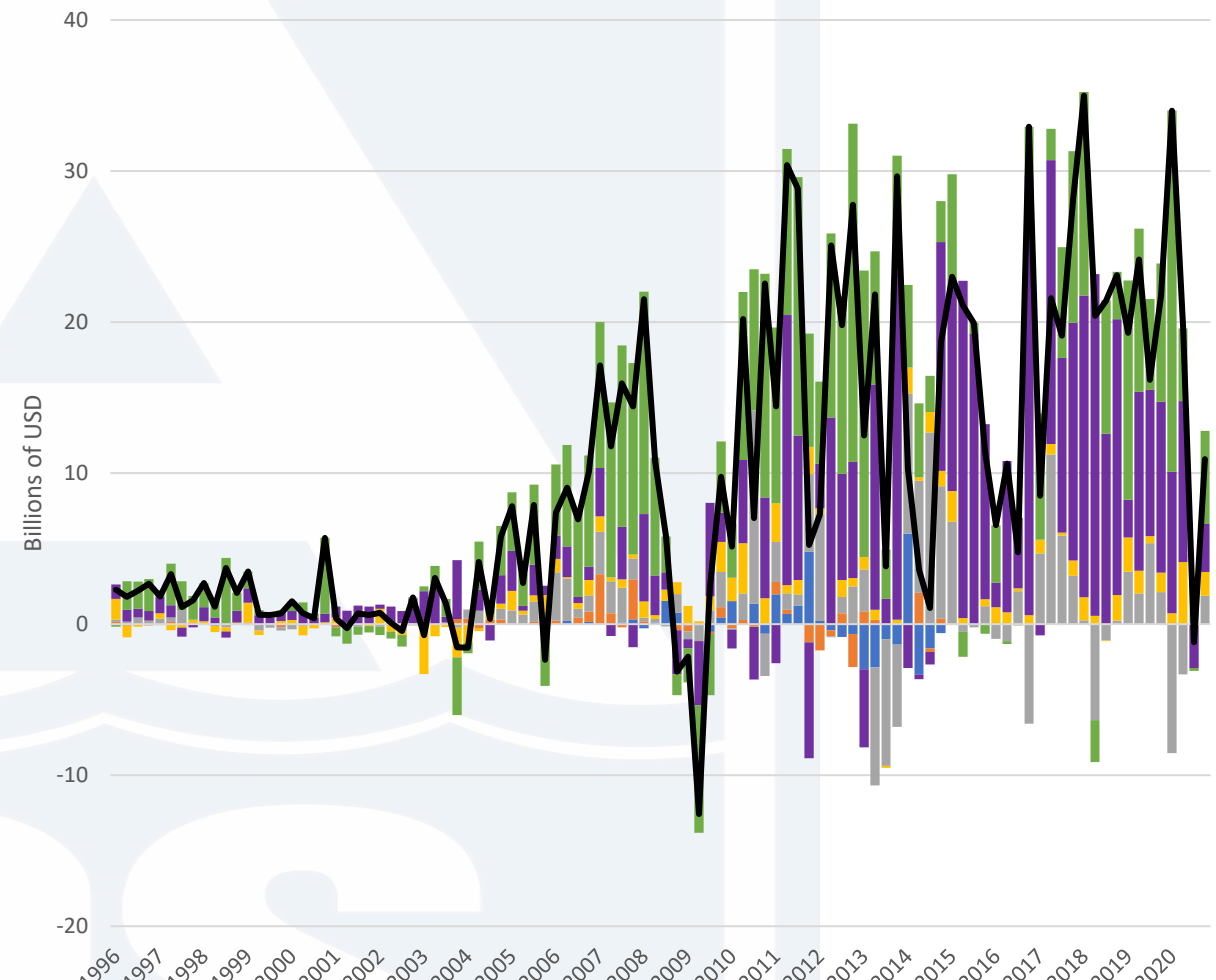
Liability flows only



Chile



India



Public_PD_inflows Bank_PD_inflows Corp_PD_inflows Public_OID_inflows
Bank_OID_inflows Corp_OID_inflows Total Inflows

Public_PD_inflows Bank_PD_inflows Corp_PD_inflows Public_OID_inflows
Bank_OID_inflows Corp_OID_inflows Total Inflows

Liability flows only ...

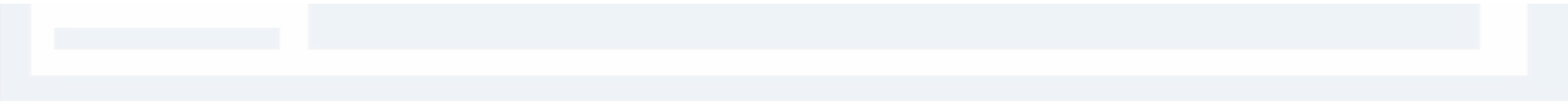
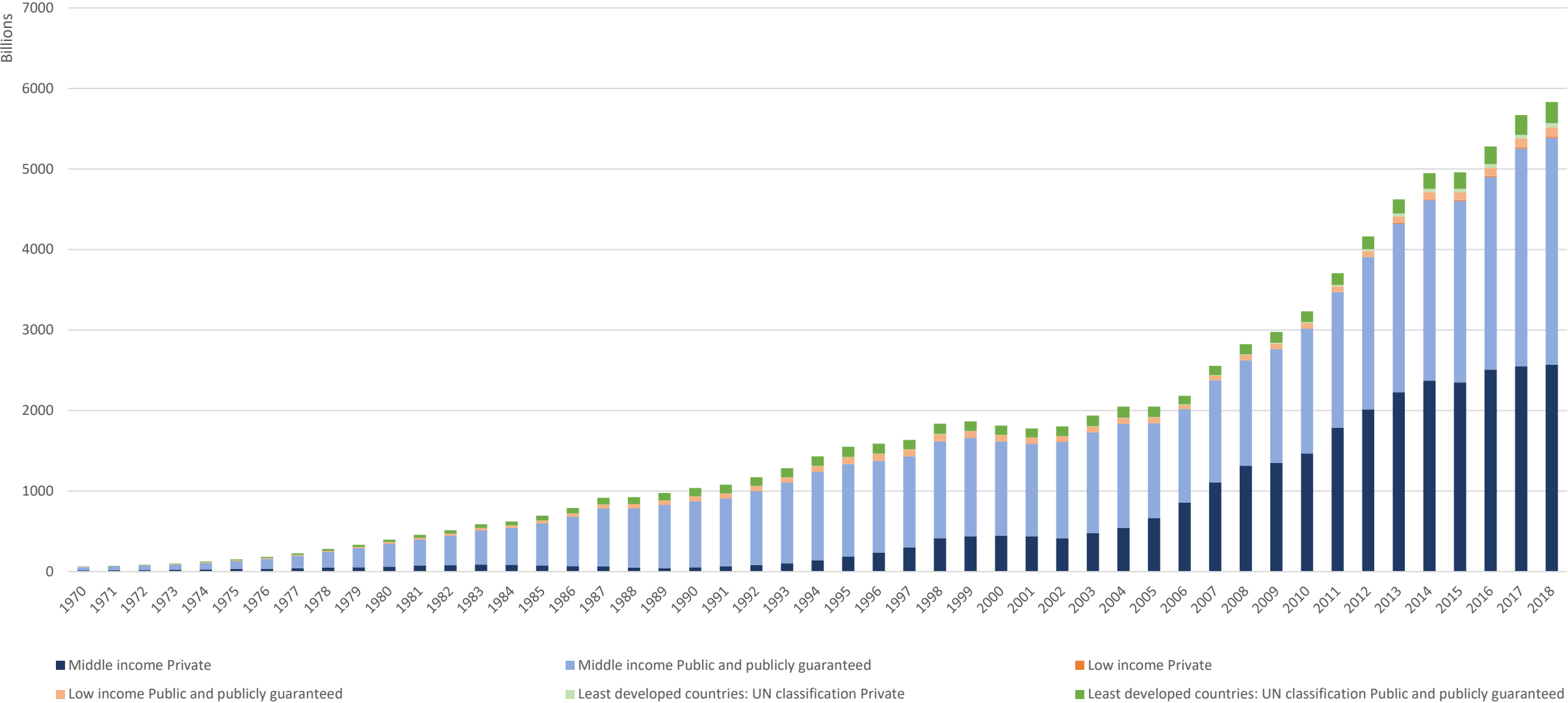
International

ES

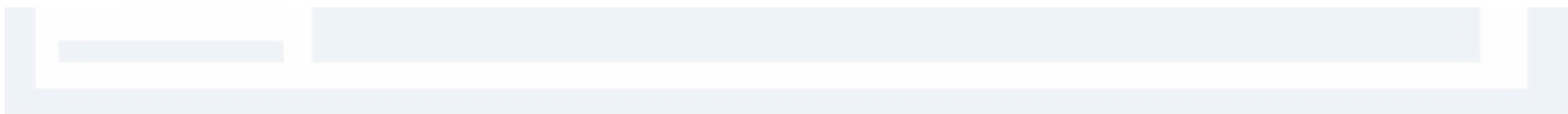
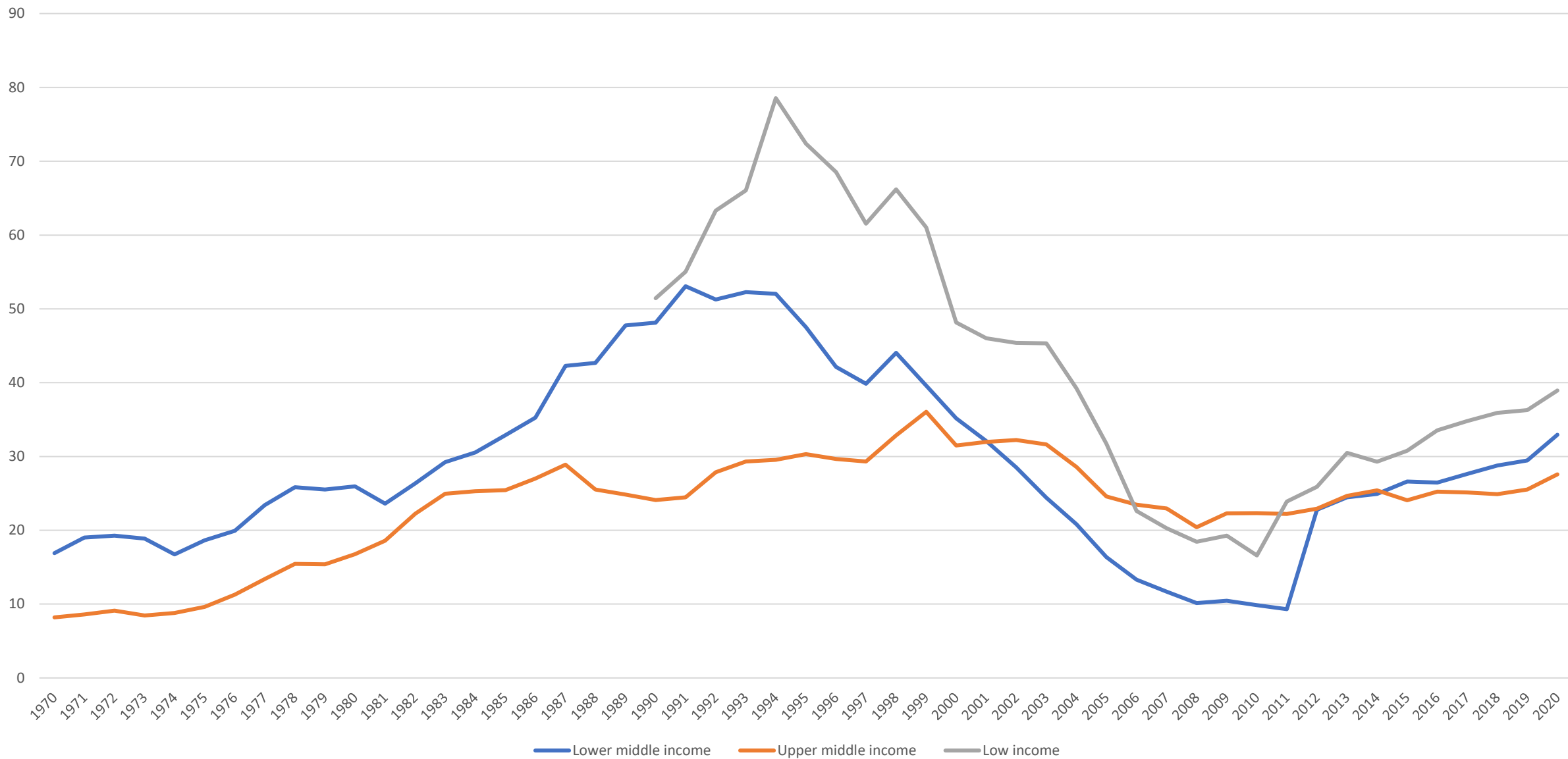
What about external debt levels

External Debt by borrowers

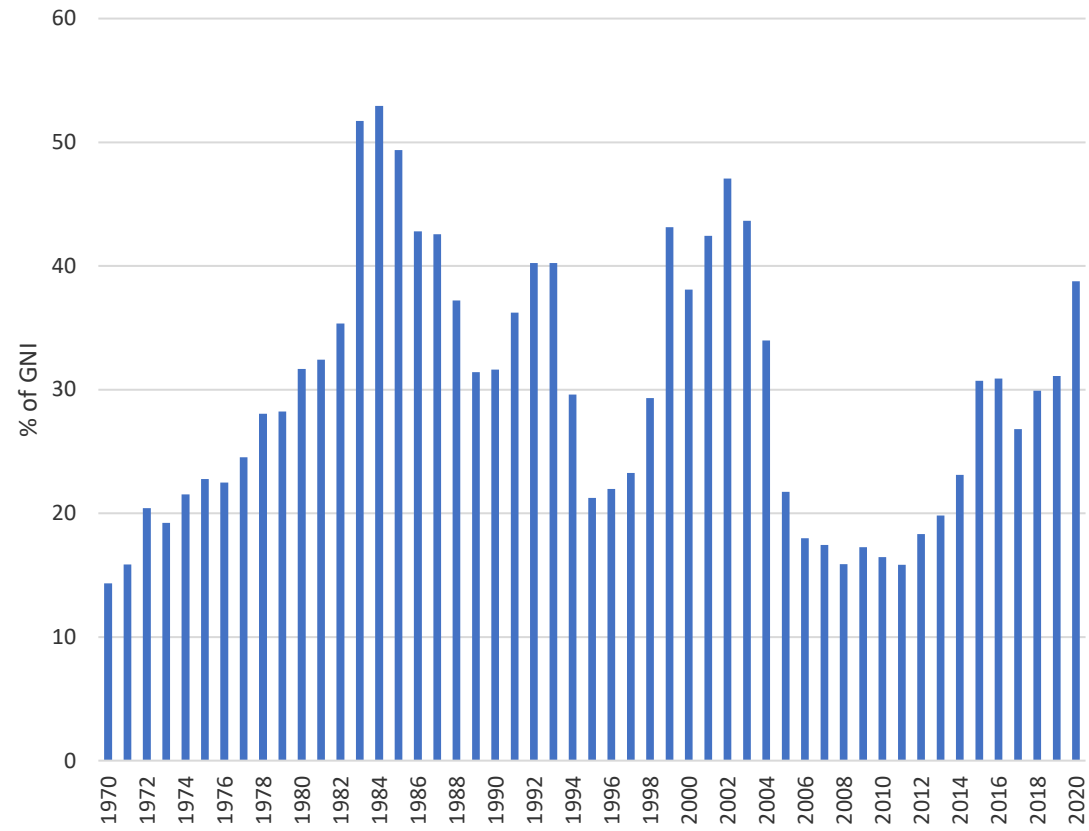
Current \$



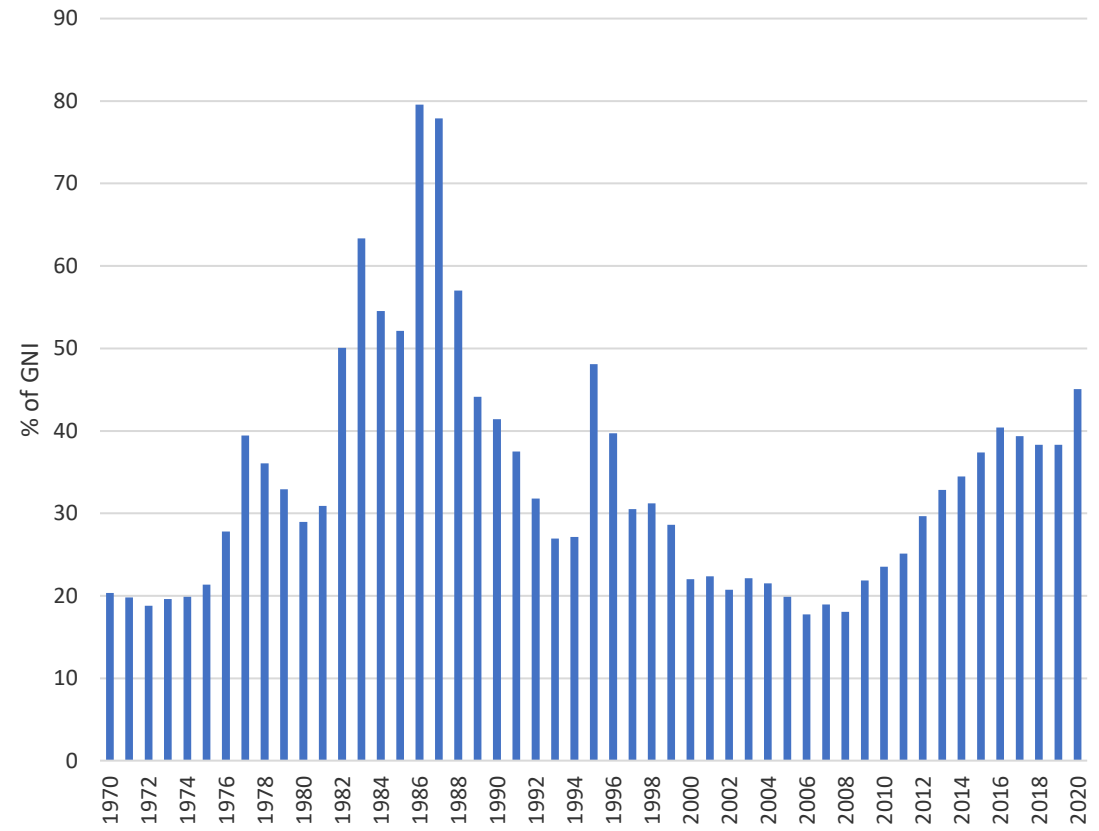
External debt % of GNI



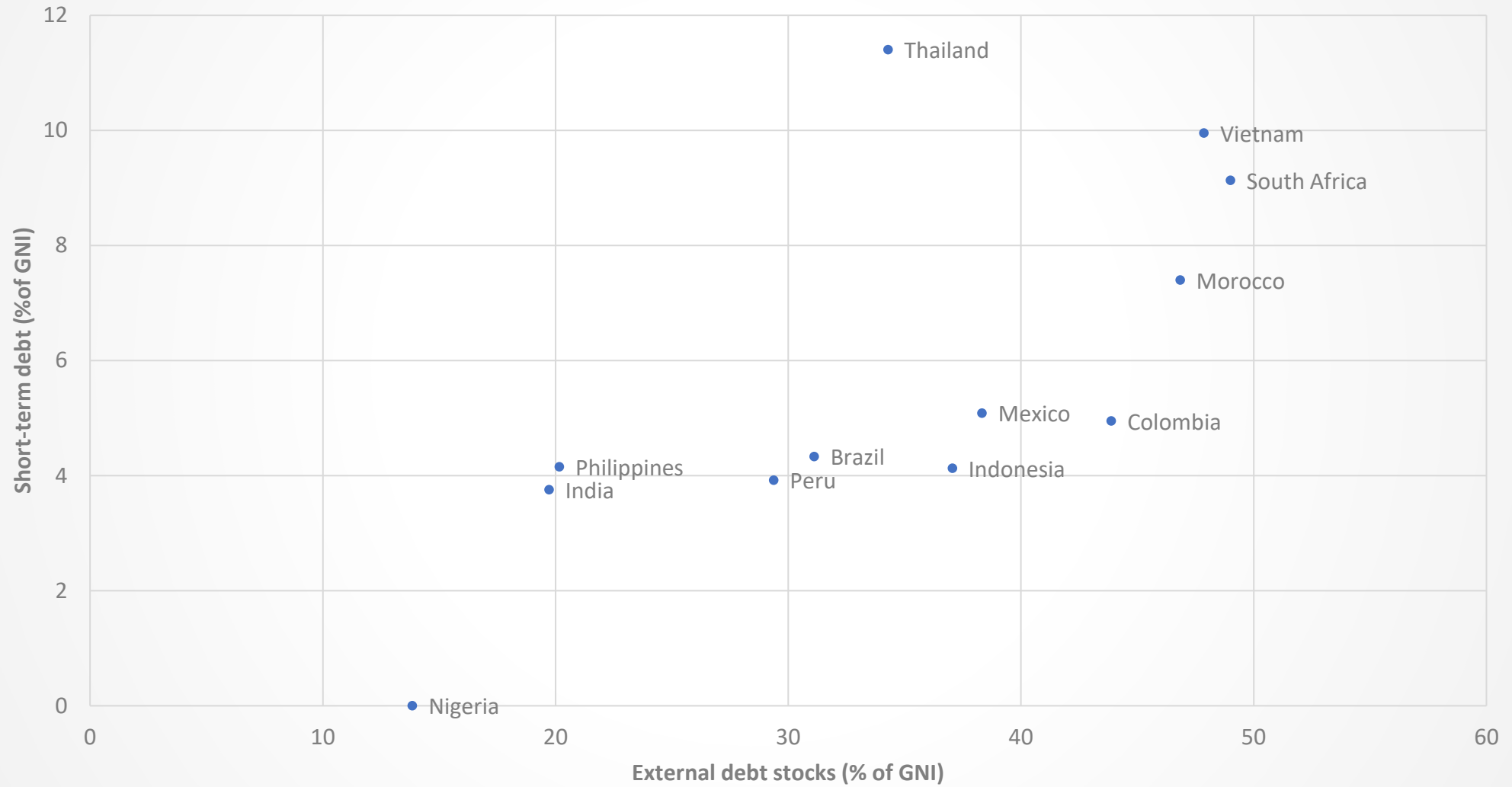
Brazil



Mexico



2019

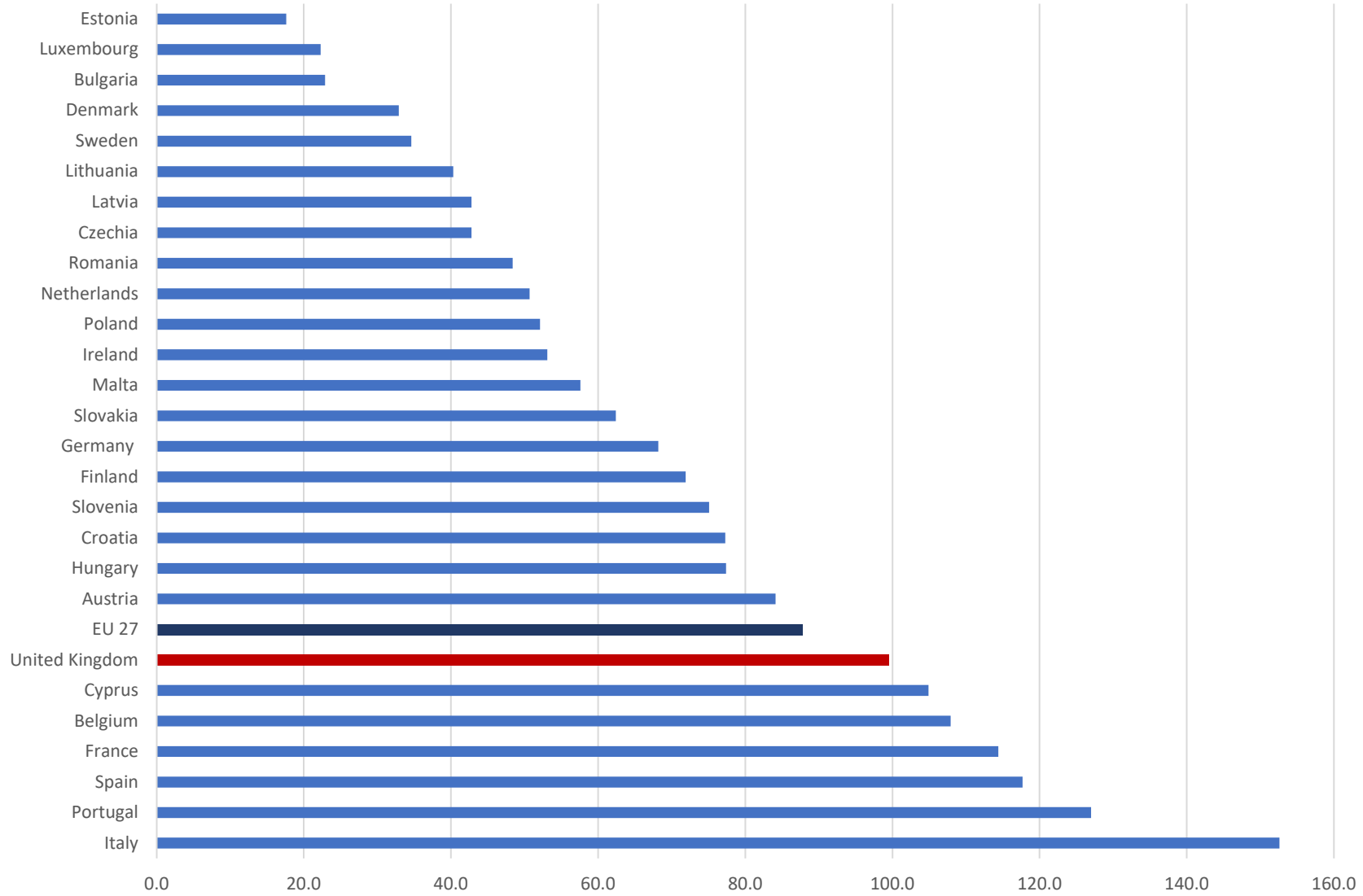


International

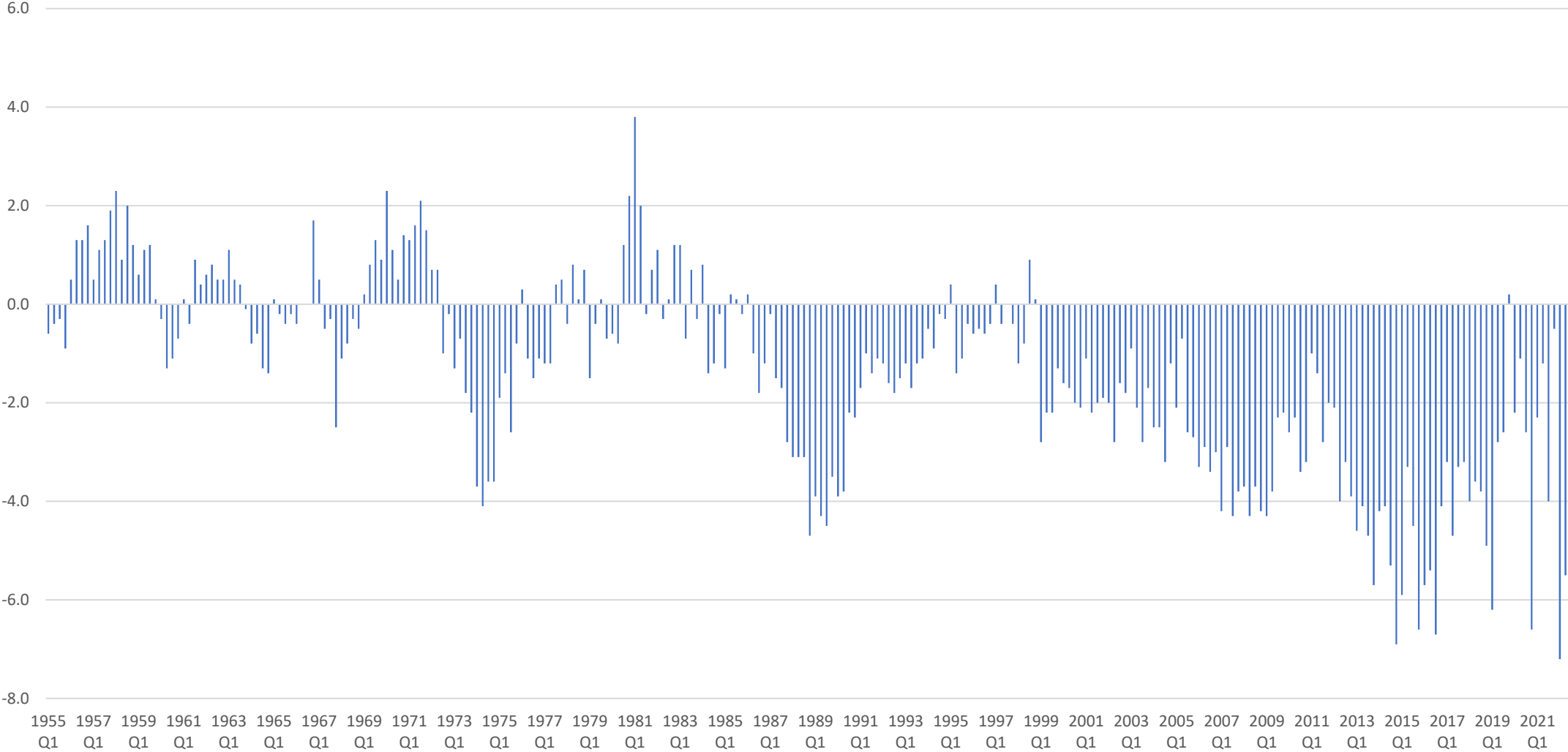


Government debt as percentage of GDP

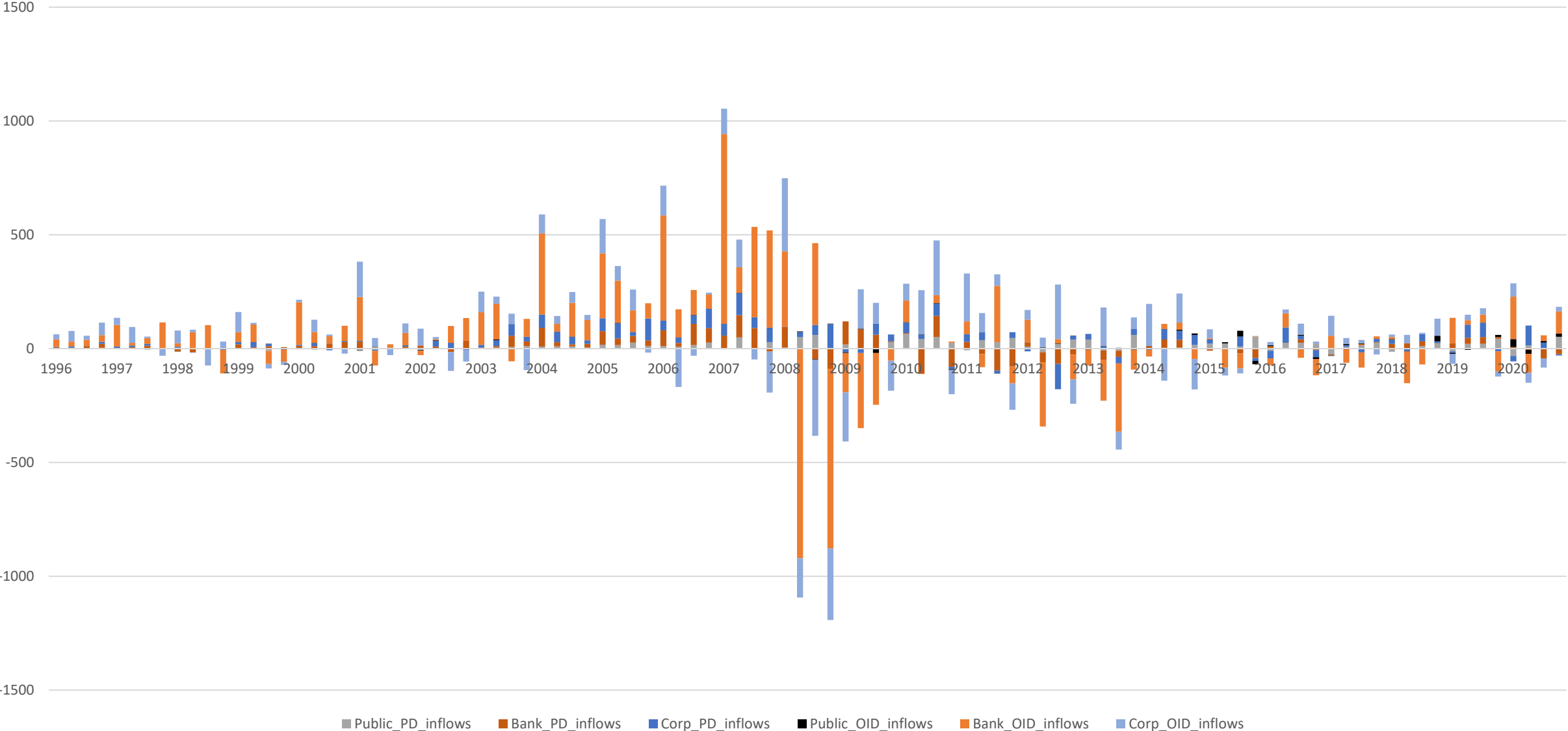
First Quarter 2022



Quarterly BoP as percentage of GDP

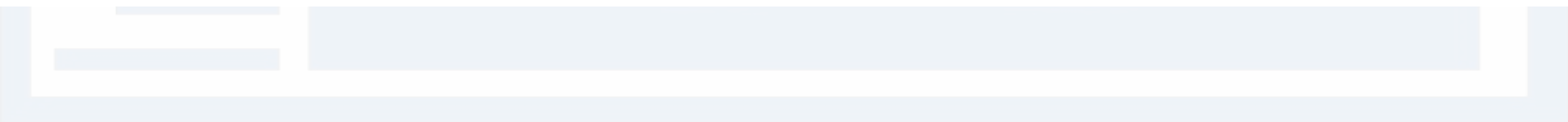
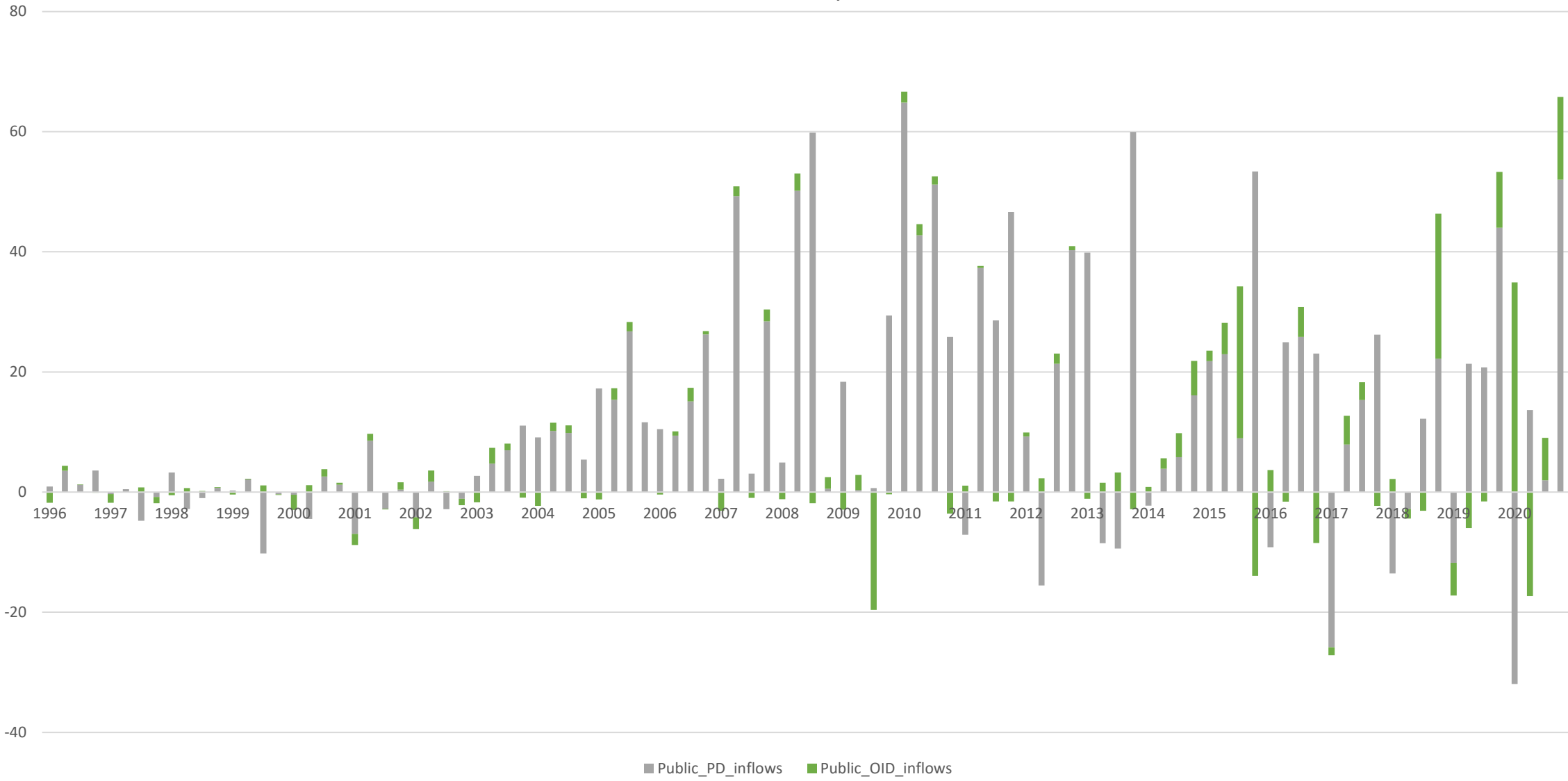


Liability flows UK



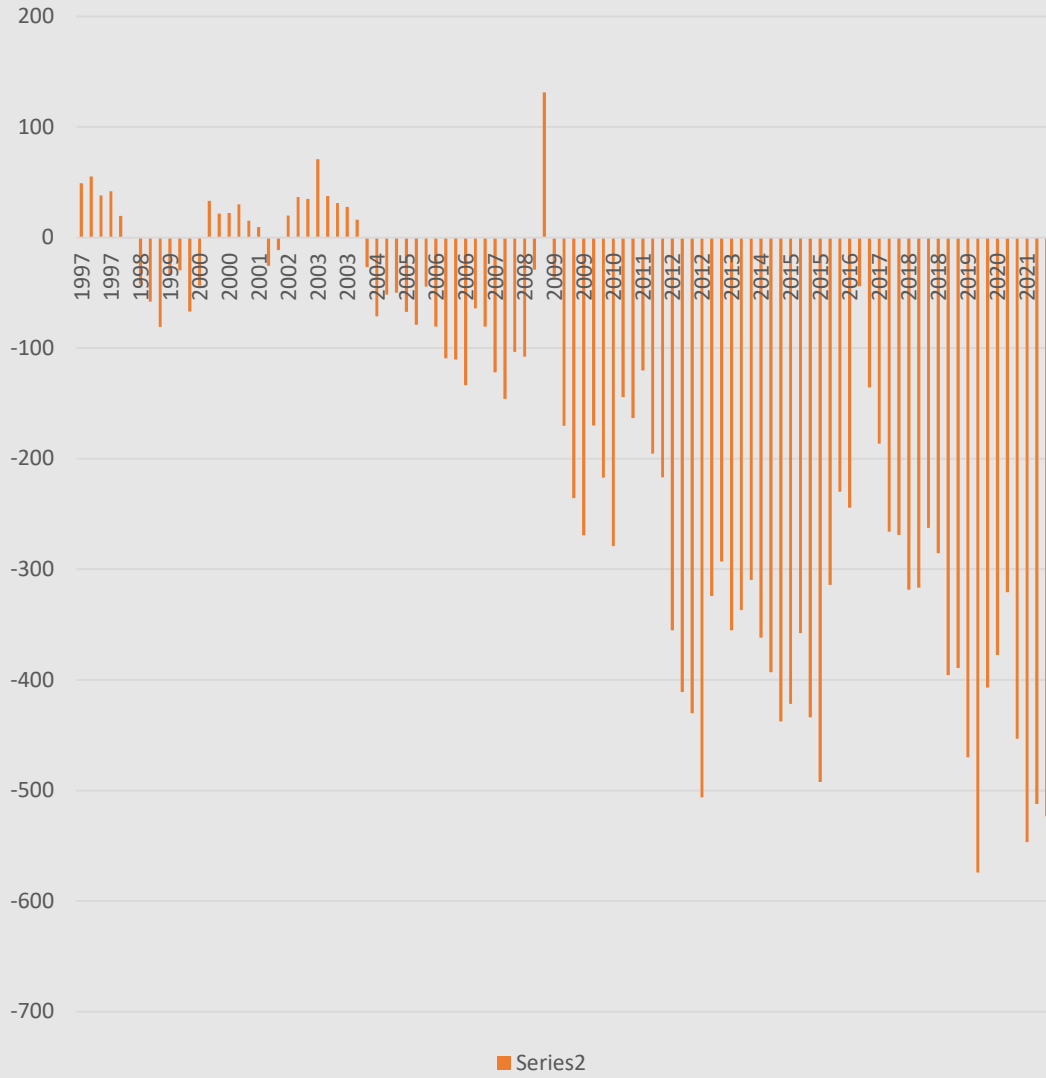


Public liability flows



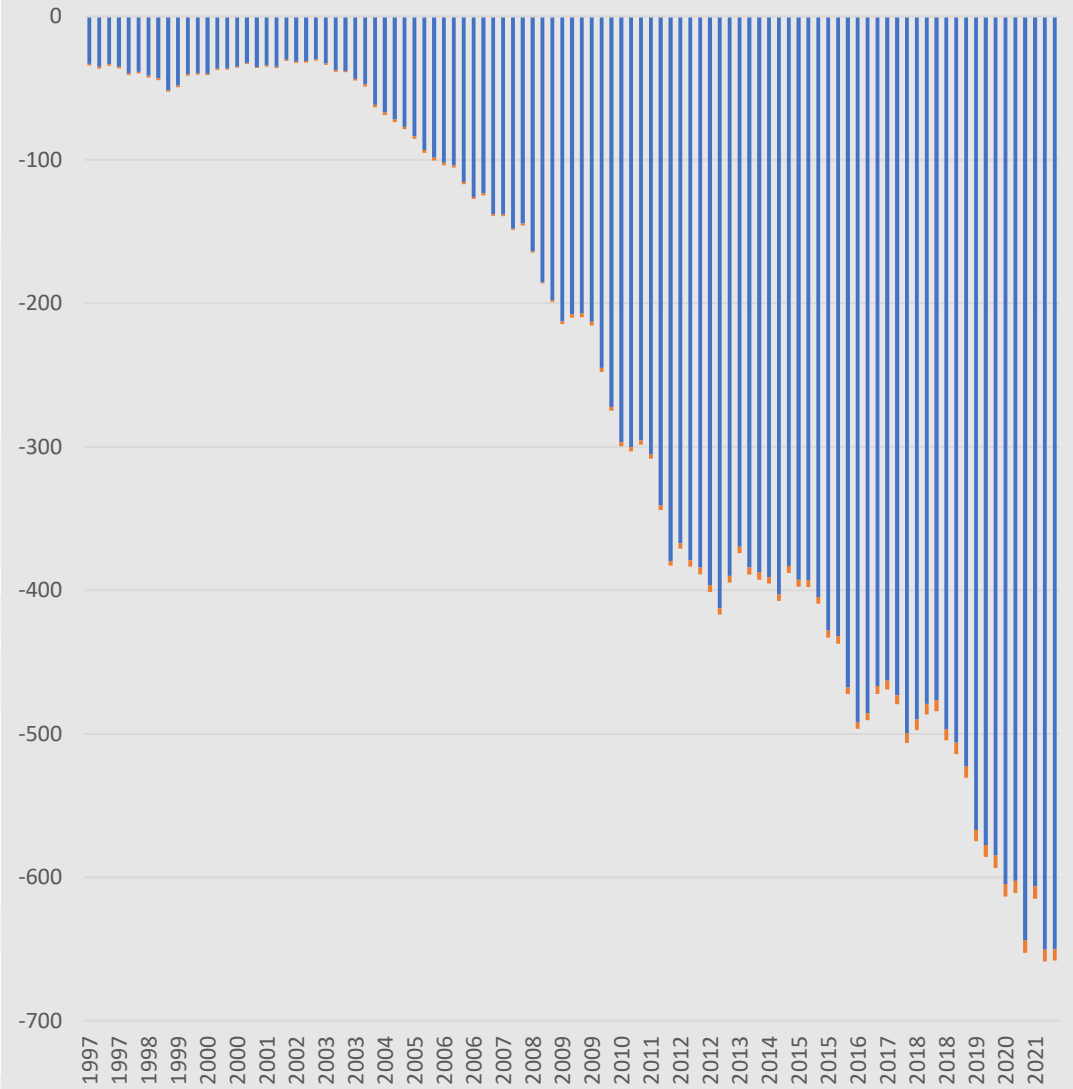
NIIP UK

Billions £



NIIP of the government

Billions £

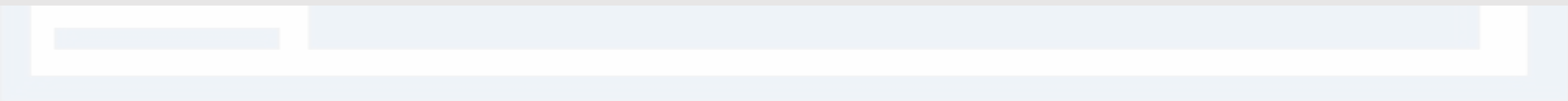
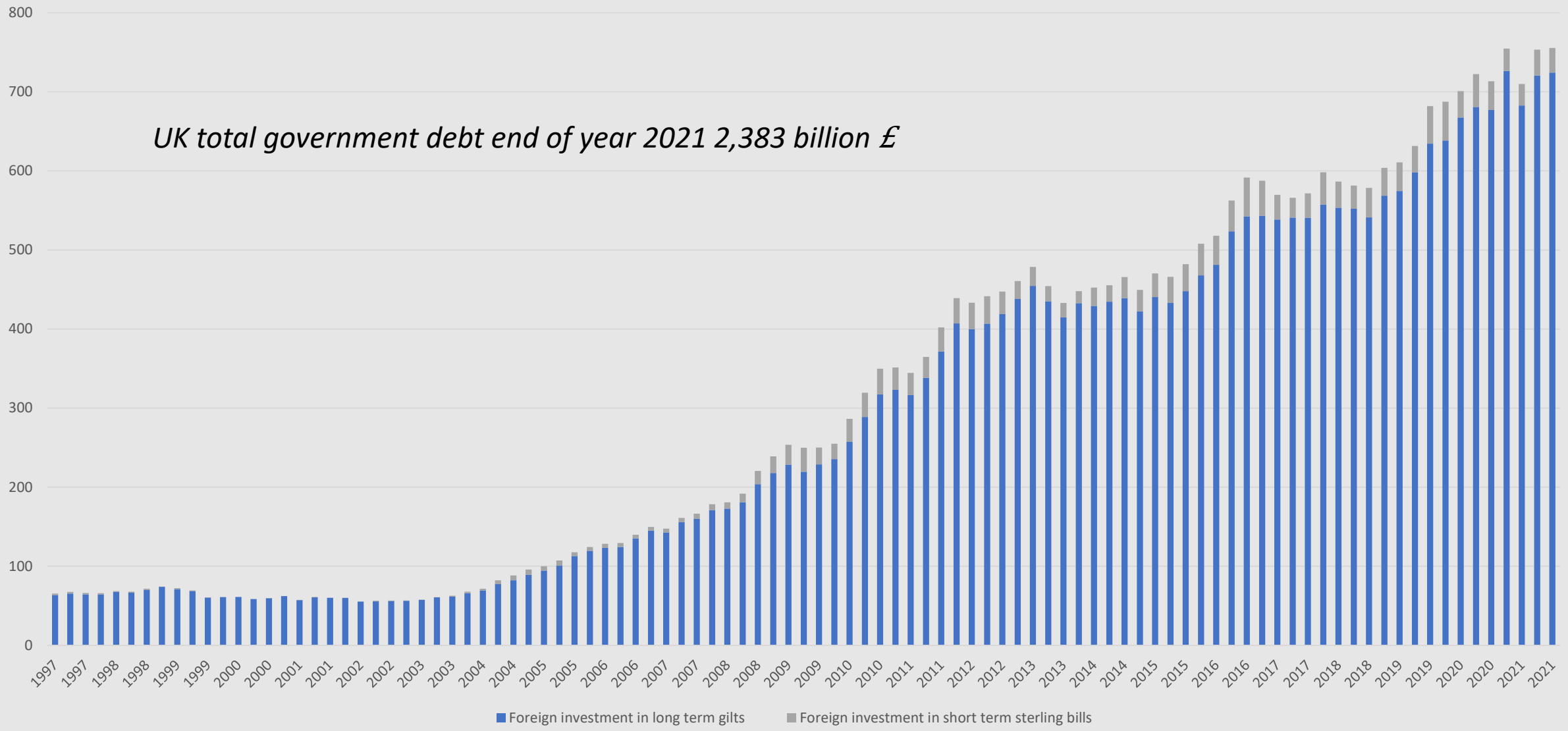




Foreign holding of UK government bonds

Billion £

UK total government debt end of year 2021 2,383 billion £



Thank you.





NINETY-FOURTH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE



6-9 October 2022

