



# **Macroprudential policy: could it have been different this time?**

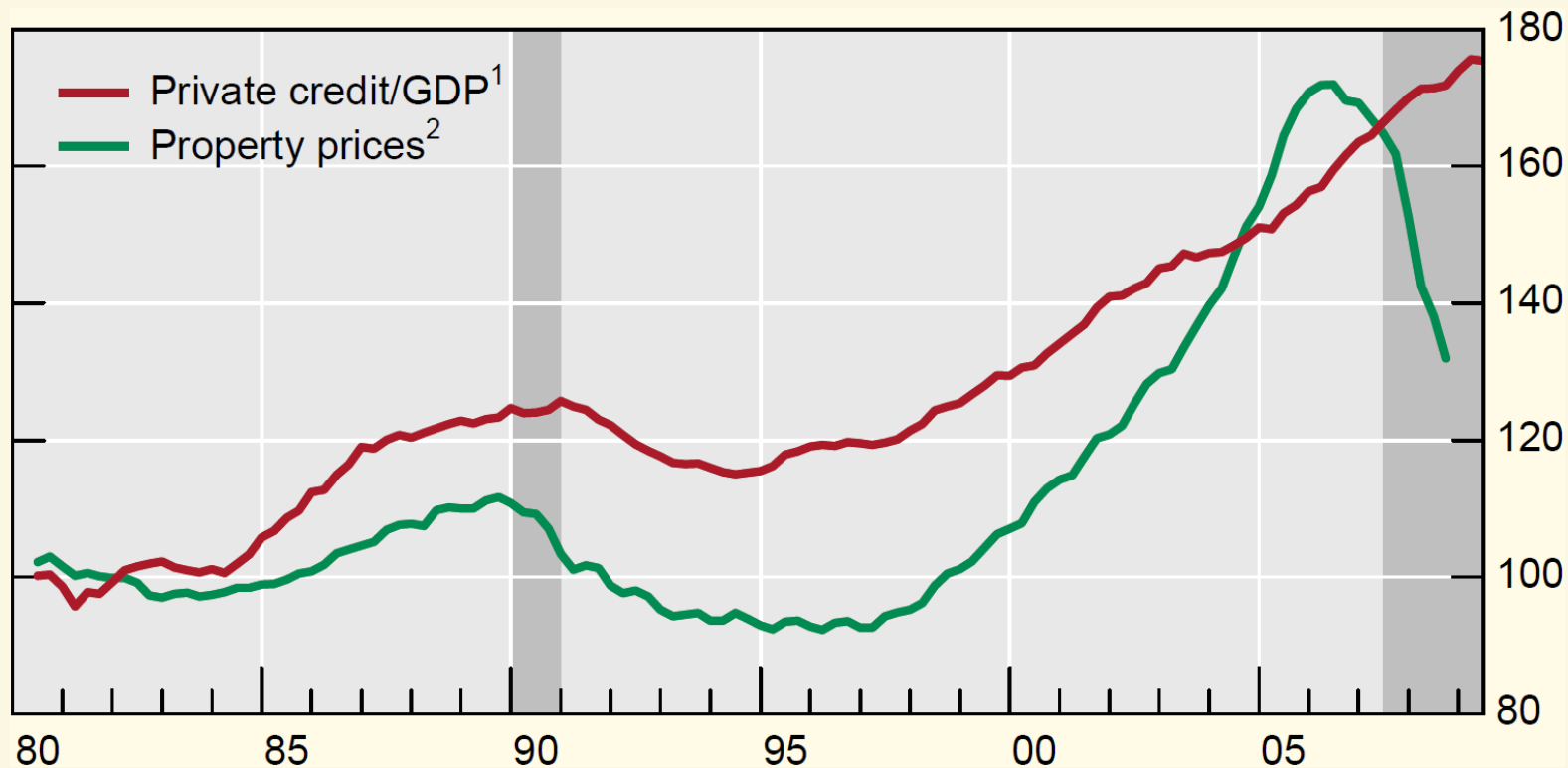
**Jaime Caruana**  
**General Manager, Bank for International Settlements**

**People's Bank of China seminar on macroprudential policy, in cooperation with the International Monetary Fund**

**Shanghai, 18 October 2010**



## Private credit/GDP ratio and property prices United States



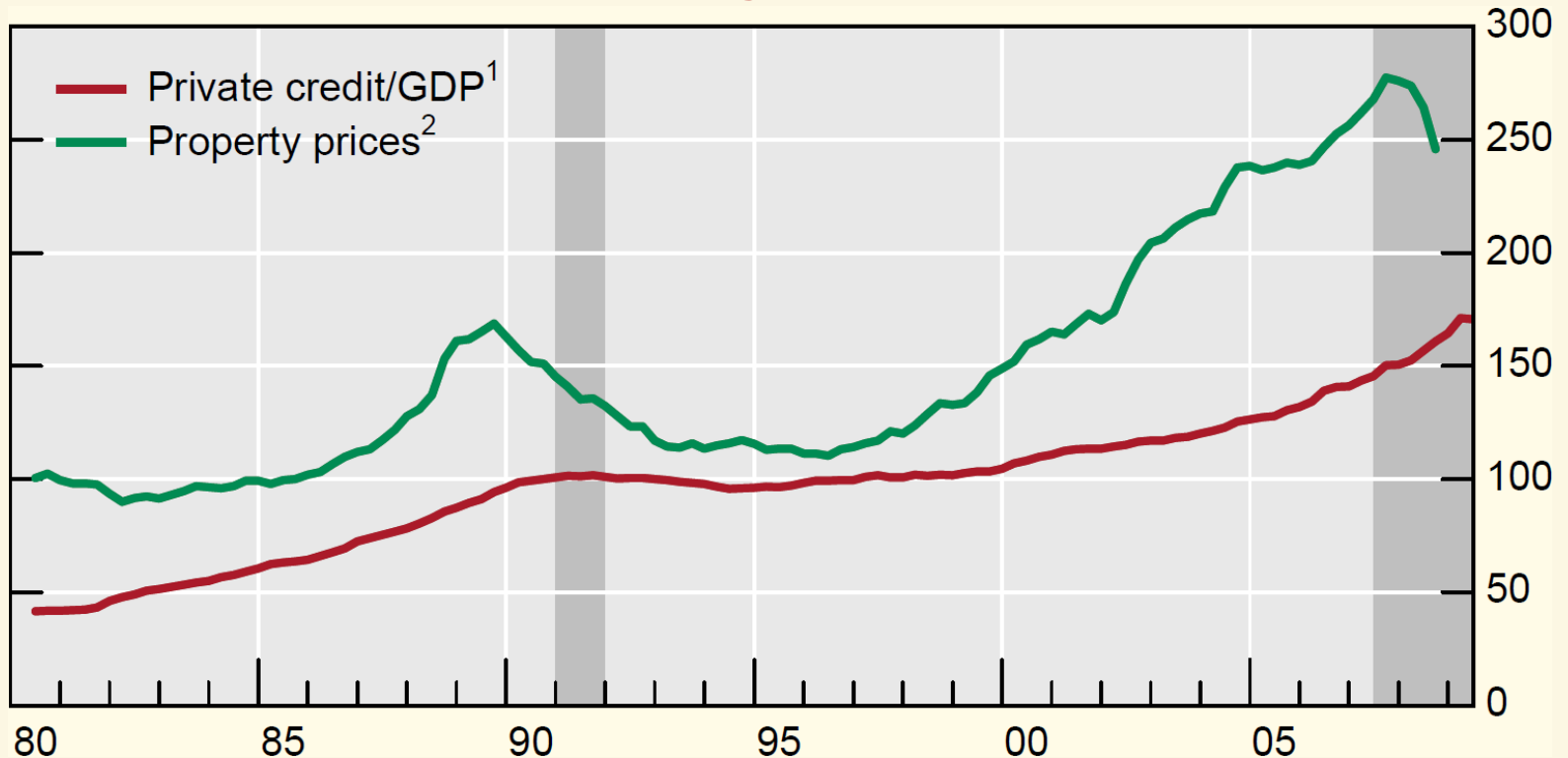
Vertical shaded areas indicate the starting years of system-wide banking crises.

<sup>1</sup> In per cent. <sup>2</sup> Aggregated index including residential and commercial property prices; 1985 = 100.

Source: National data.



## Private credit/GDP ratio and property prices United Kingdom



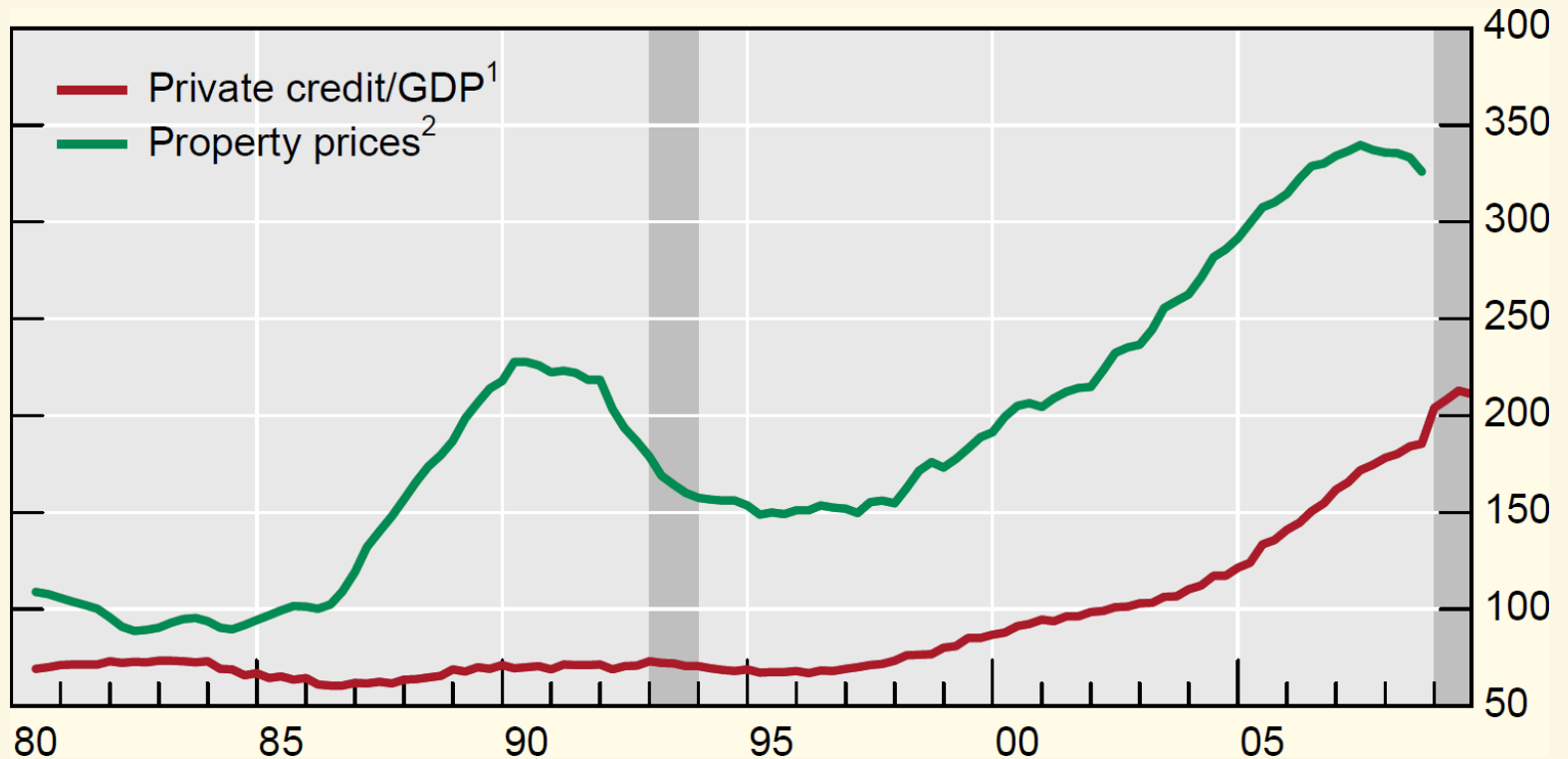
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## Private credit/GDP ratio and property prices Spain



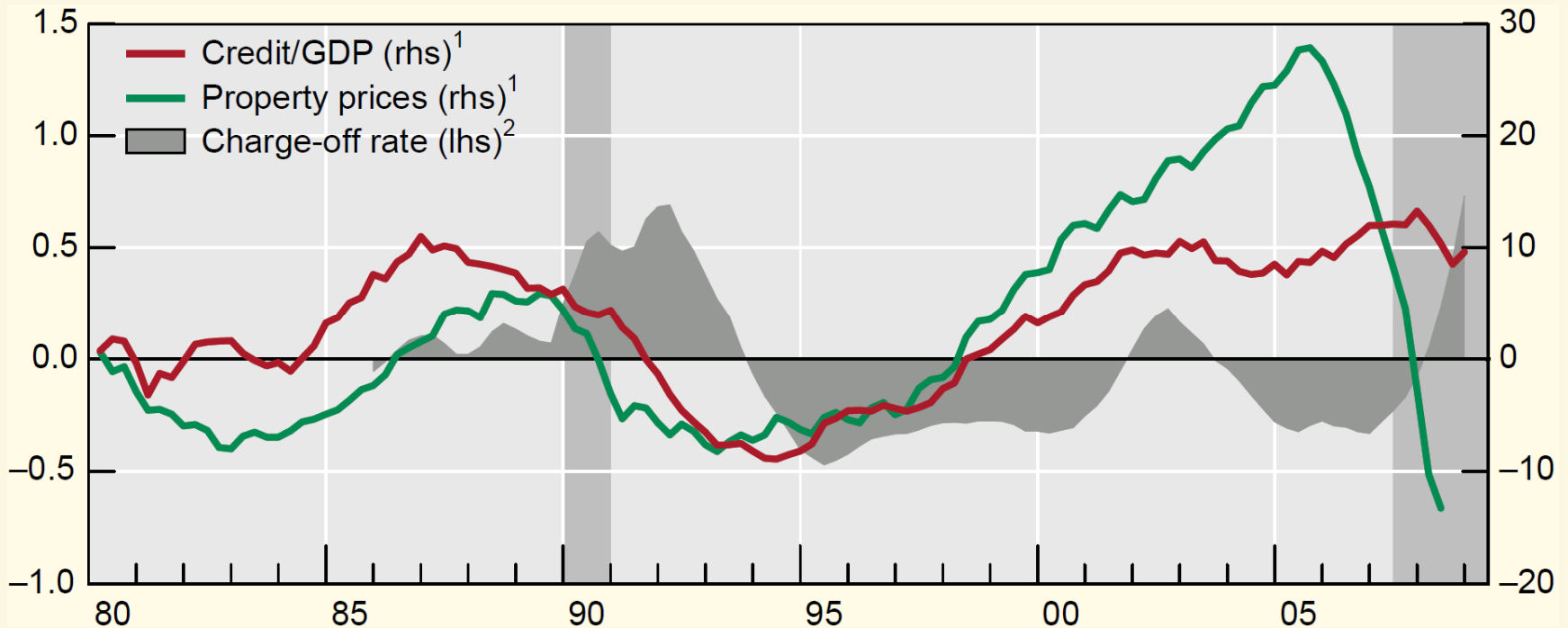
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Source: National data.



## Private credit/GDP ratio and property price gaps United States



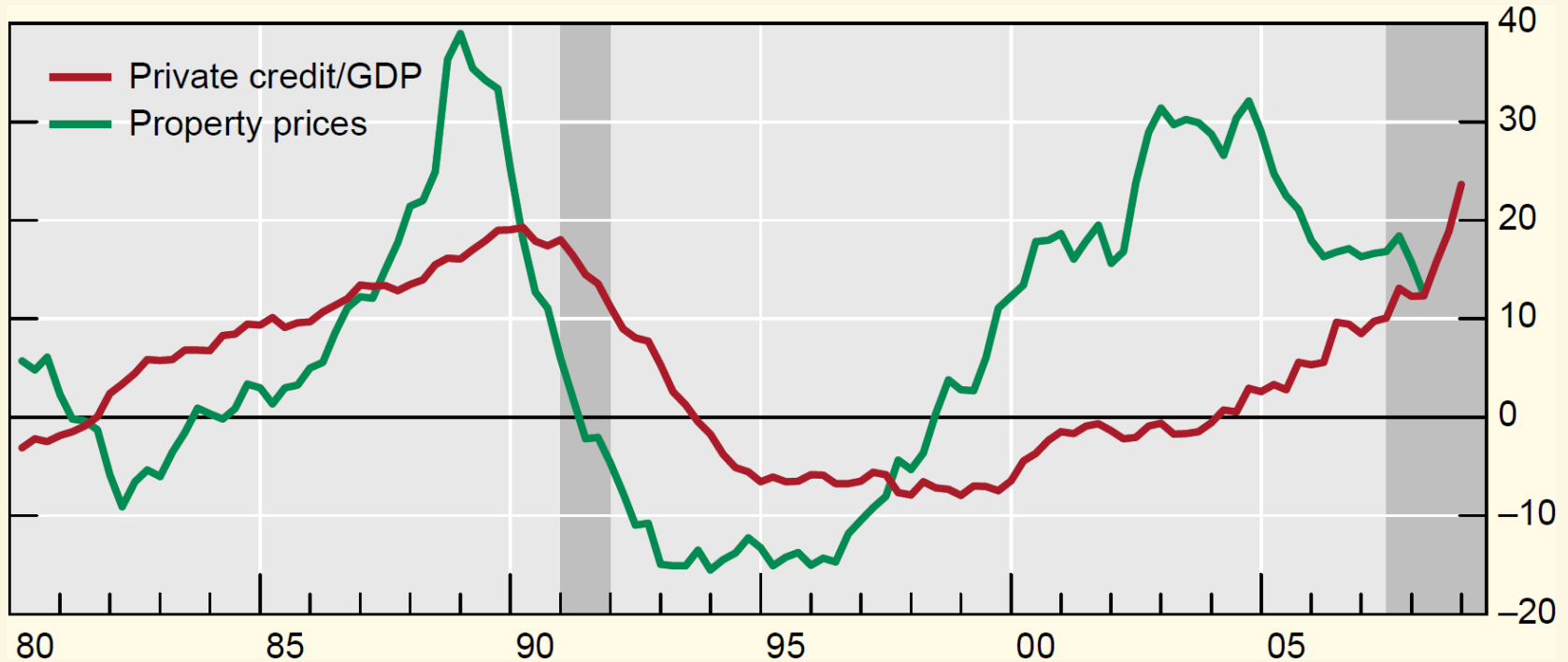
Vertical shaded areas indicate the starting years of system-wide banking crises.

<sup>1</sup> Deviation of each variable from its one-sided long-term trend (ie a trend determined only from information available at the time assessments are made); credit/GDP ratio in percentage points; property prices in per cent. <sup>2</sup> Loans and leases removed from the books and charged against loss reserves, as a percentage of average total loans.

Sources: National data; BIS calculations.



## Private credit/GDP ratio and property price gaps<sup>1</sup> United Kingdom



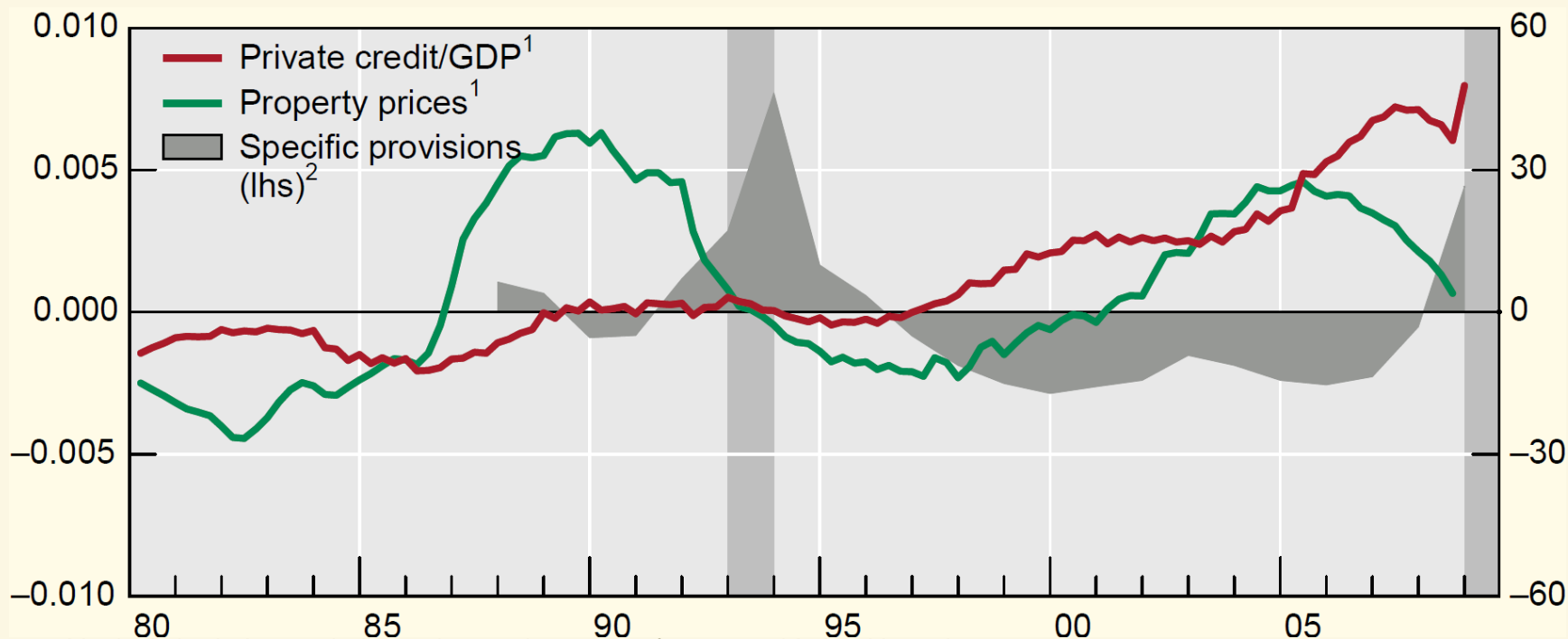
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## Private credit/GDP ratio and property price gaps Spain



Vertical shaded areas indicate the starting years of system-wide banking crises.

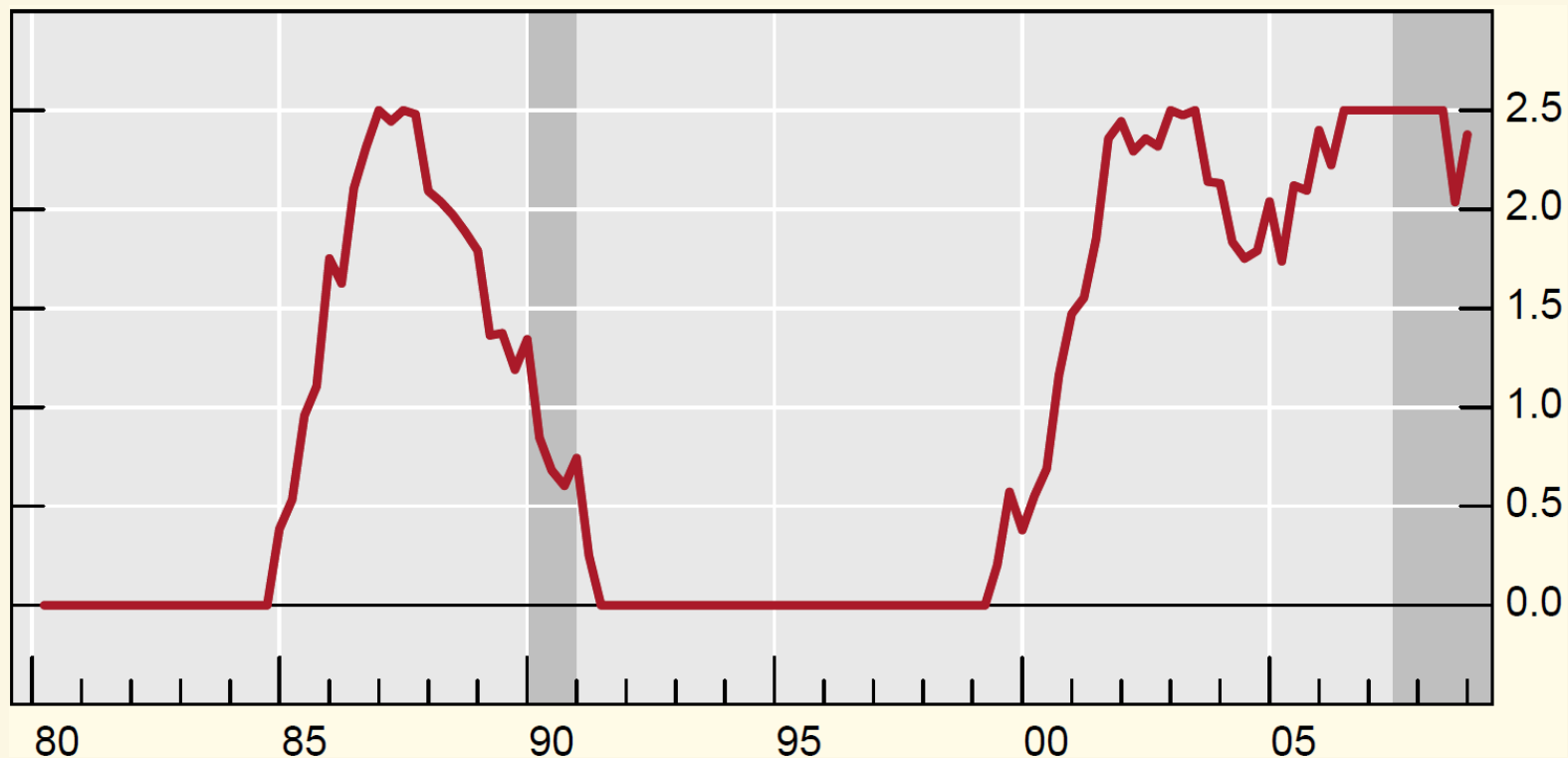
<sup>1</sup> Deviation of each variable from its one-sided long-term trend (ie a trend determined only from information available at the time assessments are made); credit/GDP ratio in percentage points; property prices in per cent.

<sup>2</sup> Flow of specific provisions as a percentage of total assets. Deviations from their 15-year rolling average.

Sources: National data; BIS calculations.



## Countercyclical capital buffer:<sup>1</sup> United States



Vertical shaded areas indicate the starting years of system-wide banking crises.

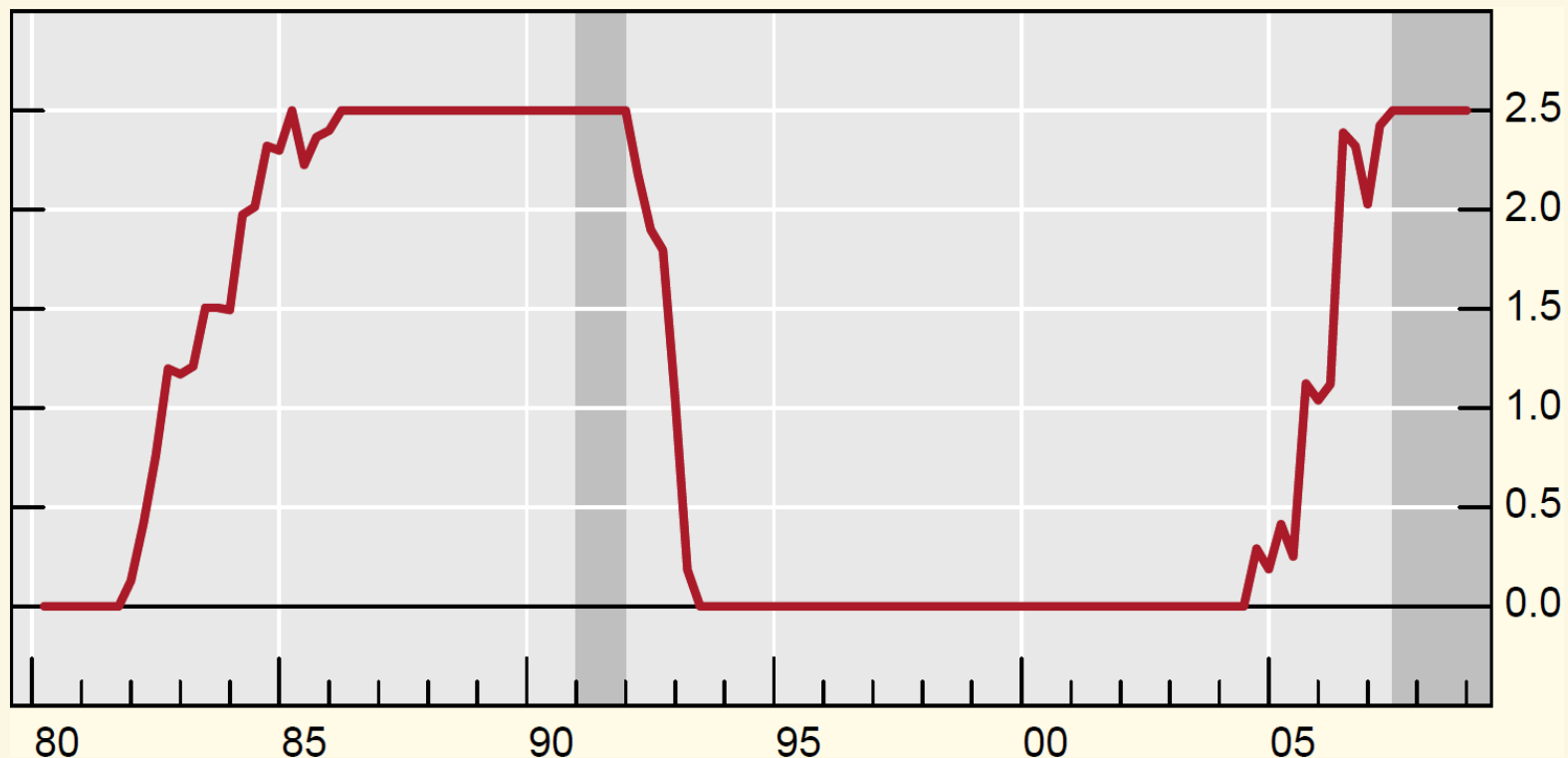
<sup>1</sup> The countercyclical buffer is 0 when the value of the credit/GDP gap is below 2, and 2.5 when it is above 10%; for gaps between 2 and 10% the buffer is calculated as 2.5/8 times the value of the credit/GDP gap exceeding 2%.

Source: BIS calculations.





## Countercyclical capital buffer:<sup>1</sup> United Kingdom



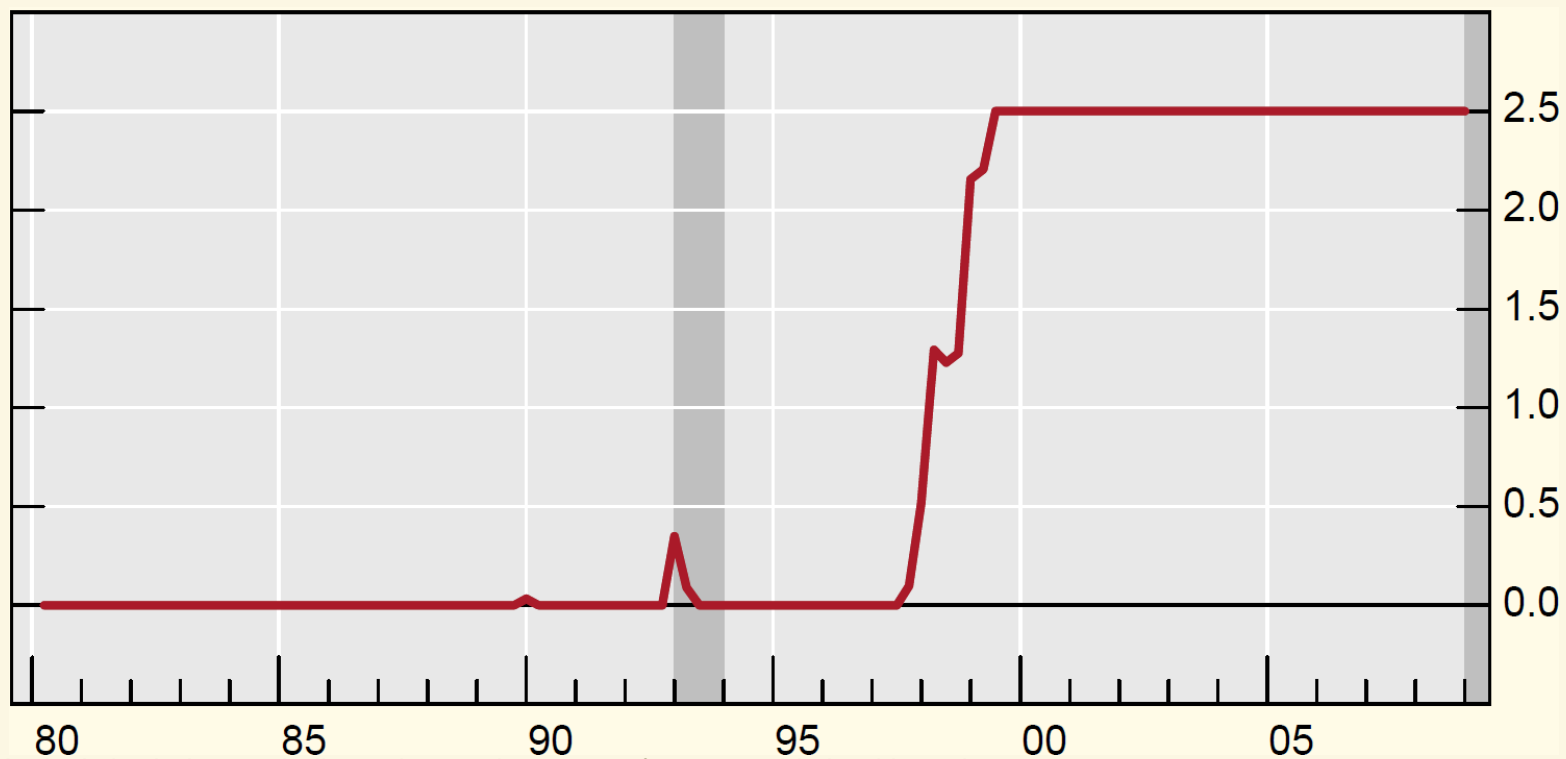
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## Countercyclical capital buffer:<sup>1</sup> Spain



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