



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# **International financial flows and the Eurosystem's asset purchase programme: evidence from b.o.p and security-by-security data**

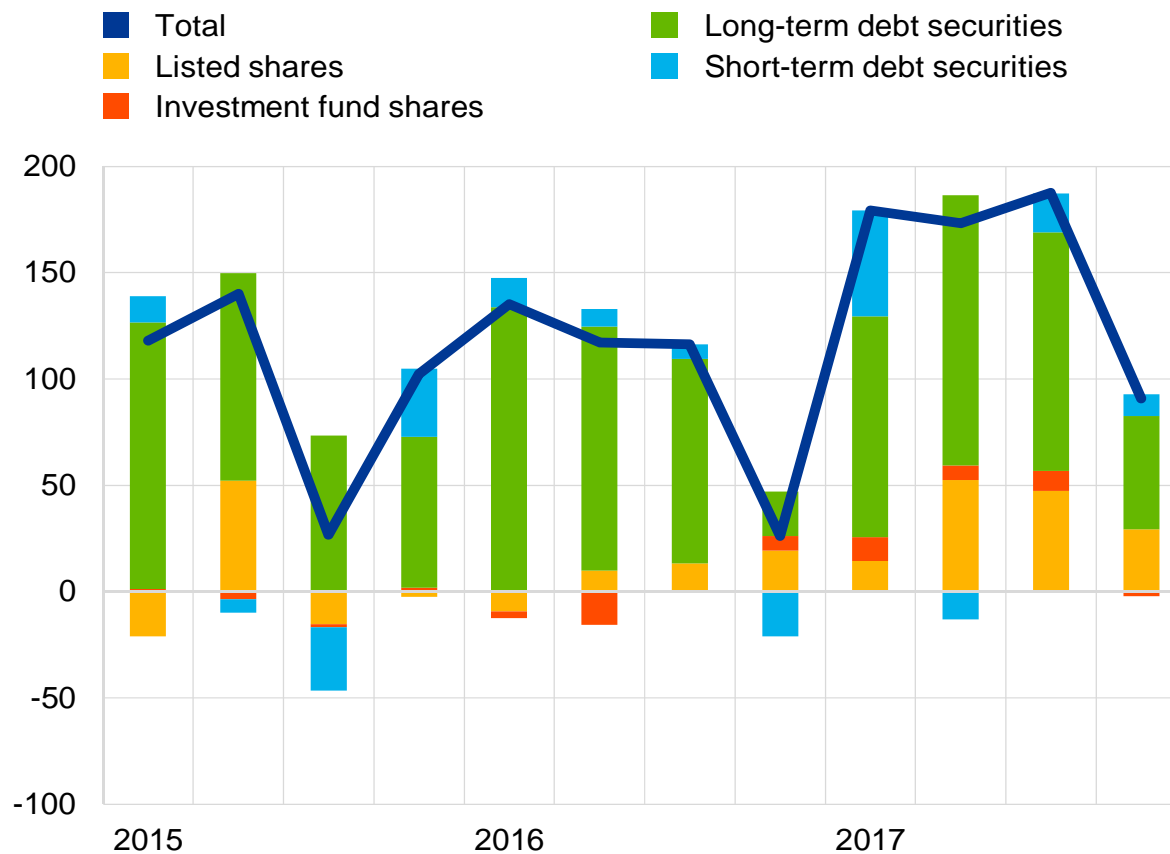
Basel, 30 and 31 August 2018

The views expressed in this paper are those of the authors and do not necessarily reflect those of the European Central Bank.

# B.o.p. evidence: euro area residents rebalanced towards foreign debt securities

## Euro area portfolio investment asset flows

(EUR bn)



Source: ECB.

Notes: For assets, a positive (negative) number indicates net purchases (sales) of non-euro area securities by euro area investors. The latest observation is for 2017Q4

- Incorporating micro data for policy analysis due to **complexity of international financial system and sector heterogeneity** (Lane 2015; Shin 2016)
- Limitations of **macroeconomic statistics**
  - Sectoral information on holders/buyers and issuers of securities
  - Integrated information on domestic and foreign securities
  - Data on country-level capital flows offer limited geographic breakdown
- **Security-by-security** data
  - Enable data users and statisticians to drill down to security-specific dimensions of financial positions and transactions
  - In this paper: ESCB's security holdings statistics by sector (SHSS)

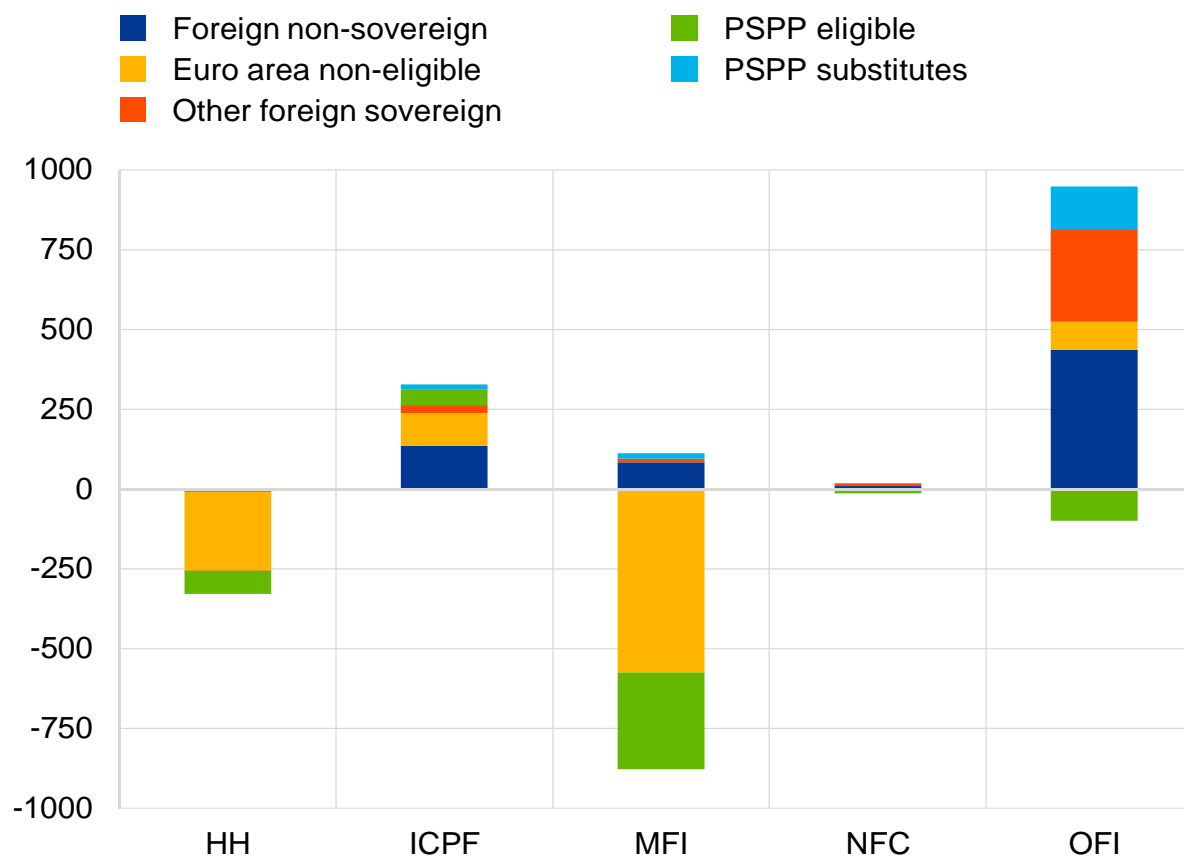
## Security holdings statistics by sector (SHSS)

- Sectoral **security-level portfolio holdings** and transactions of all 19 euro area countries
- **All securities** (domestic and foreign) held by euro area investors
  - Debt securities (short-and long-term) and equities (listed shares and investment fund shares)
- ISIN allows for obtaining **individual asset characteristics** from the ESCB's Centralised Securities Database (CSDB)
  - issuer country and institutional sector, currency denomination, yield, maturity...
- **High consistency** with euro area b.o.p./i.i.p. statistics
  - makes SHSS appealing source to construct complementary micro-based statistical indicators

# Euro area rebalancing away from PSPP eligible assets towards PSPP substitutes

## Euro area sectors' net purchases of debt securities

(EUR bn; cumulated 2015Q1 to 2017Q4)



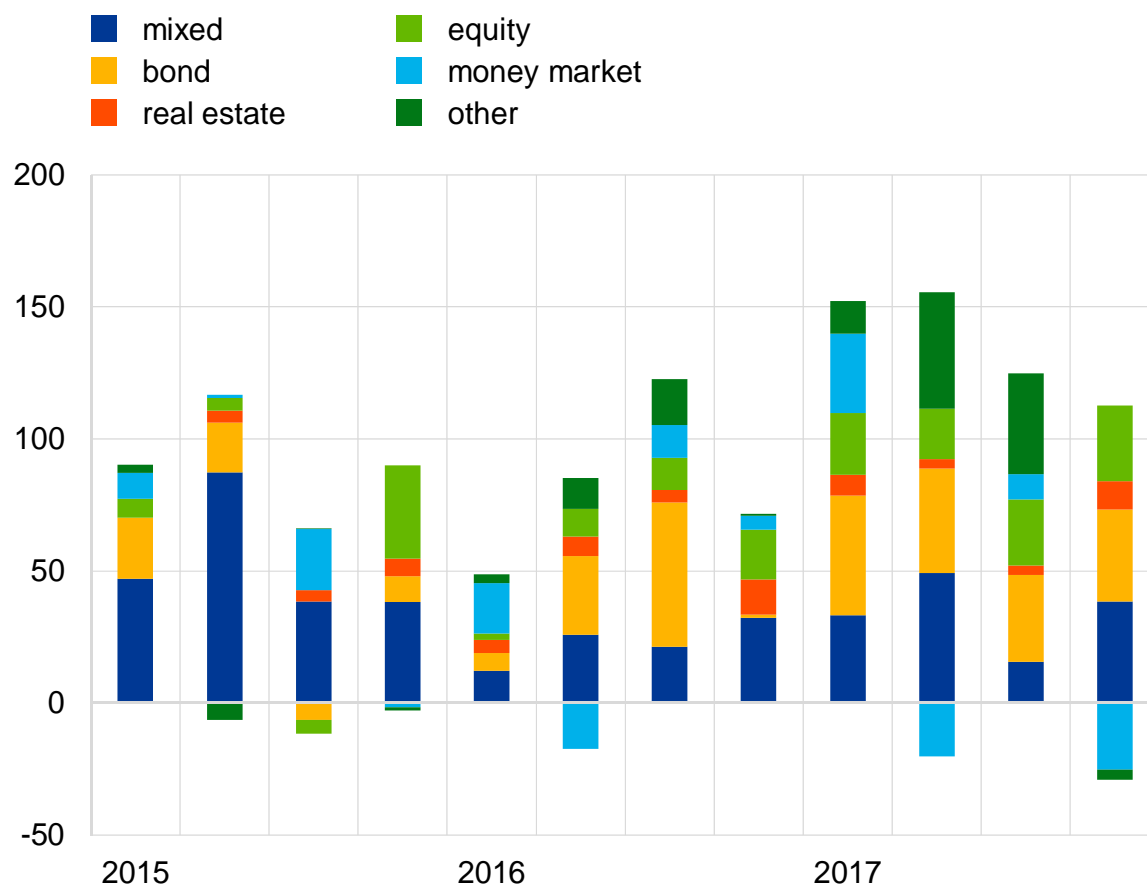
Source: ECB.

Notes: A positive (negative) number indicates net purchases (sales) of securities by euro area investors. PSPP eligible assets are securities eligible to be bought by the Eurosystem under PSPP. PSPP substitutes are sovereign debt securities from advanced countries outside the euro area which would otherwise fulfil the eligibility criteria of the PSPP programme. The latest observation is for 2017Q4.

# Rebalancing into “mixed” and bond investment funds

## Euro area investors' net purchases of investment fund shares split by main mandate

(EUR bn)

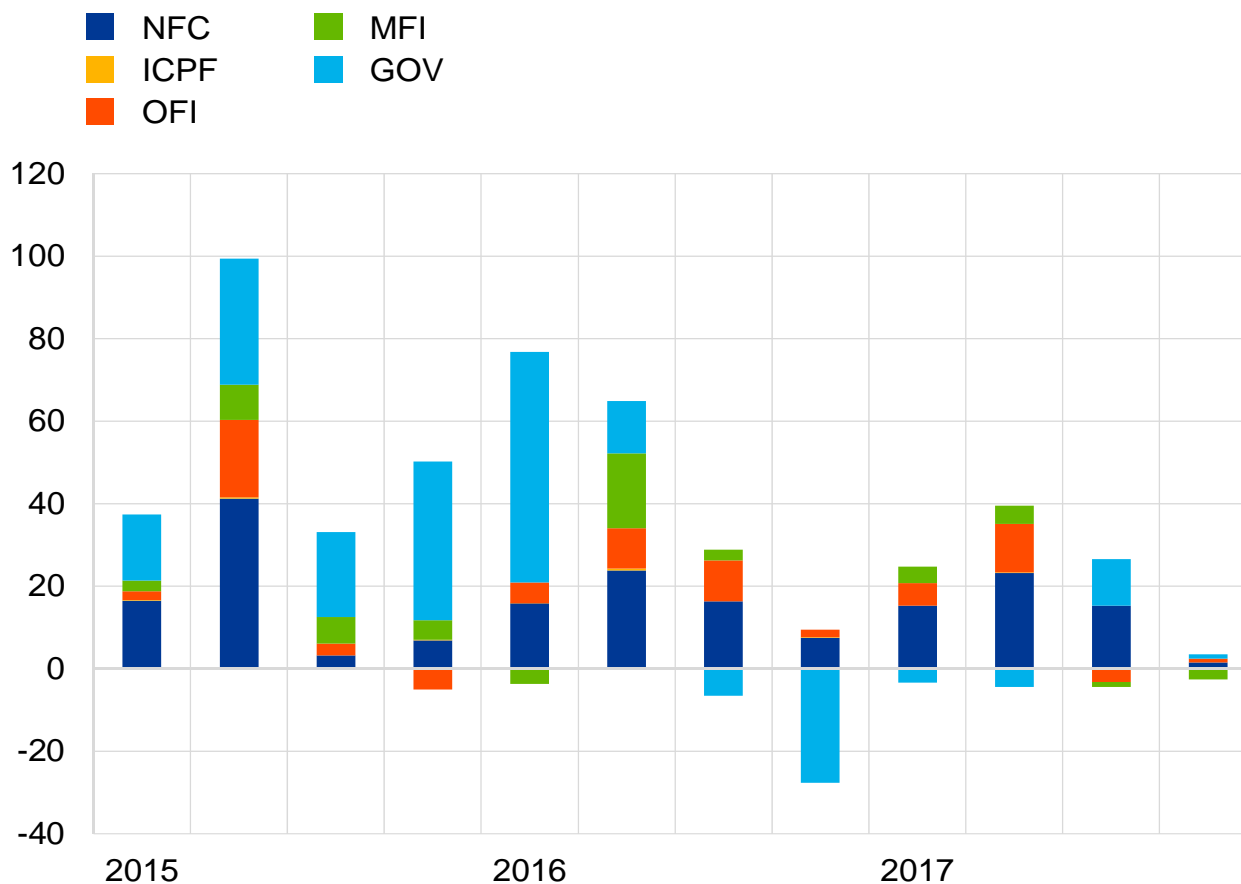


Source: ECB.

Notes: A positive (negative) number indicates net purchases (sales) of securities by euro area investors. Data on the mandate of the respective investment funds are from an extract of the CSDB on 31/01/2018. Other includes unallocated. The latest observation is for 2017Q4.

# US has been the euro area's preferred issuers of debt securities since launch of PSPP

## Euro area investors' net purchases of debt securities issued by US residents, by issuing sector (EUR bn)

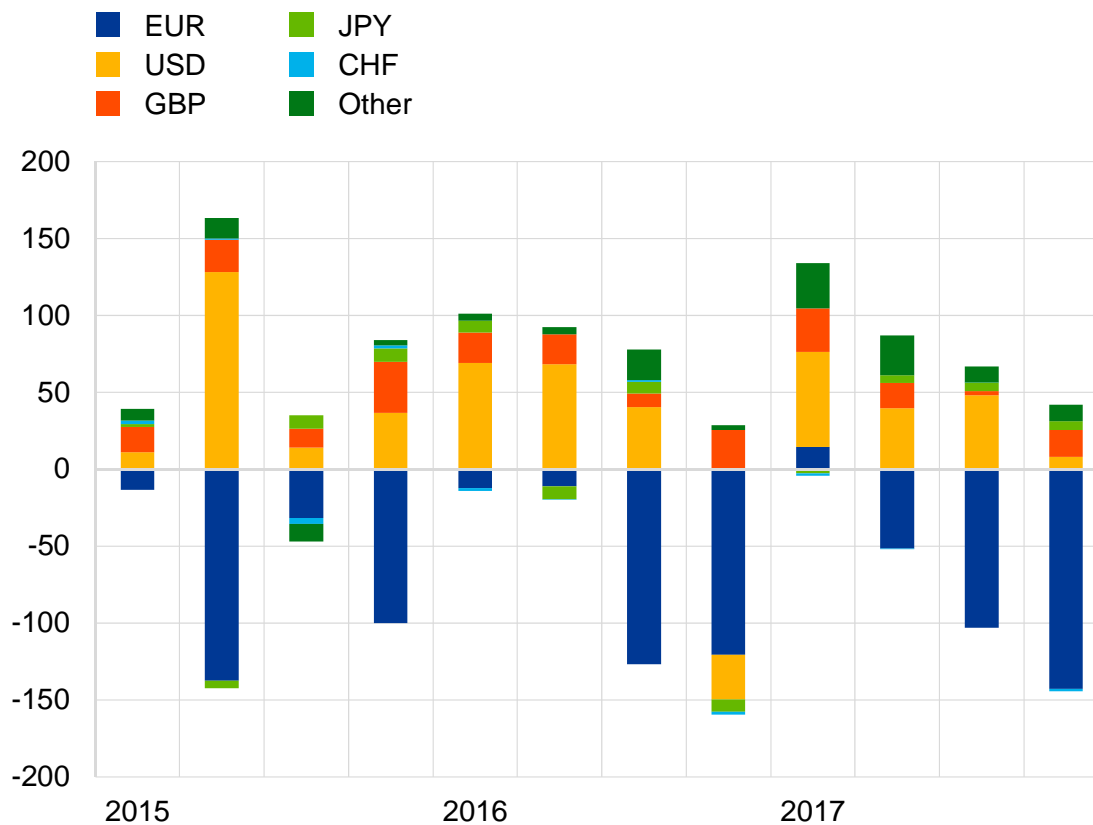


Source: ECB.

A positive (negative) number indicates net purchases (sales) of securities by euro area investors. The latest observation is for 2017Q4.

# Rebalancing into foreign-currency denominated debt (especially US dollar)

## Currency breakdown of euro area investors' net purchases of debt securities (EUR bn)



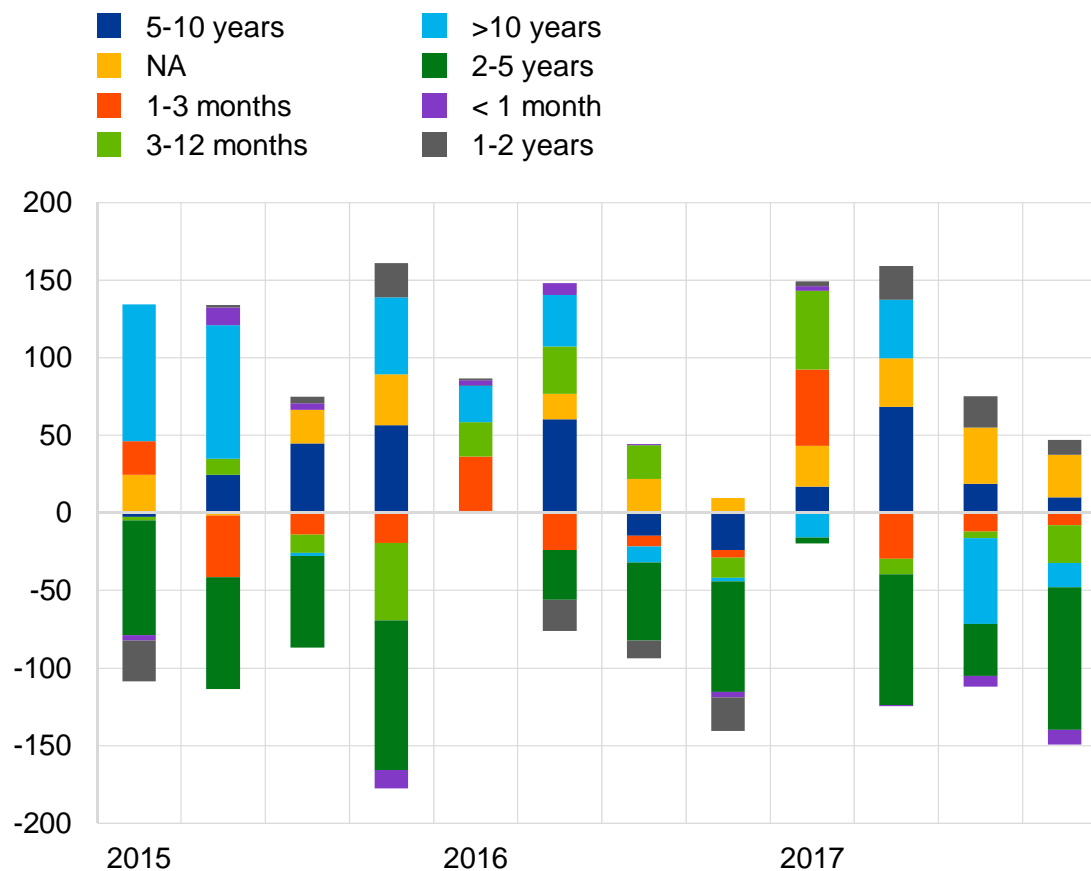
Source: ECB.

A positive (negative) number indicates net purchases (sales) of securities by euro area investors. The latest observation is for 2017Q4.



# Rebalancing into securities with original maturity exceeding five years

## Maturity breakdown of euro area investors' net purchases of debt securities (EUR bn)



Source: ECB.

A positive (negative) number indicates net purchases (sales) of securities by euro area investors. Maturity refers to original maturity of debt securities at issuance. The latest observation is for 2017Q4.

Thank you for your attention!

