



Irving Fisher Committee on
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

IFC - Central Bank of Armenia Workshop on "*External Sector Statistics*"

Dilijan, Armenia, 11-12 June 2018

BIS statistics on international debt issuance¹

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¹ This presentation was prepared for the meeting. The views expressed are those of the authors and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.



BANK FOR INTERNATIONAL SETTLEMENTS

BIS statistics on international debt issuance

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IFC-Central Bank of Armenia Workshop on External Sector Statistics, 11-12 June 2018

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Overview

- 1. Importance of the global bond market**
- 2. BIS securities statistics**
- 3. International security: definition & identification**
- 4. Benefits of a security-by-security database**
- 5. Conclusion – Overall set of BIS statistics to assess external credit**



1. Importance of international debt market – Policy issues

- **Four main factors of differentiation between domestic and international markets:**
 - **Currency**; though growing local currency issuance offshore
 - **Primary market** (ISIN)
 - **Secondary market** (exchanges, though importance of OTC transactions)
 - **Governing law** (risks associated with policy measures)
- ❖ *Historically, bonds registered & traded outside the country used to be governed by foreign law and denominated in foreign currency*
- ❖ *Bonds issued in local market typically tended to be issued in local currency under the local law*

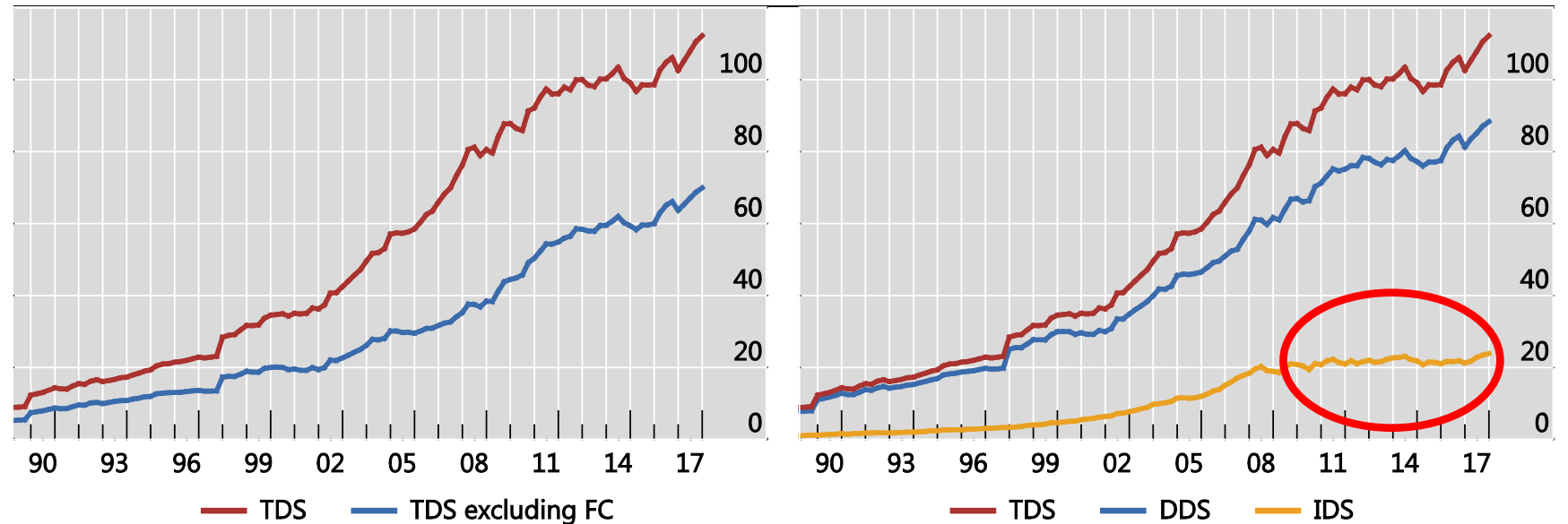


1. Importance of international debt market - Size

Size of the global bond market estimated by combining the various BIS datasets

Global debt securities markets by market of issue¹

Amounts outstanding, in trillions of US dollars²



DDS = domestic debt securities; IDS = international debt securities; TDS = total debt securities; FC = financial corporations.

¹ Sample of countries varies across breakdowns shown. For countries that do not report TDS, data are estimated by the BIS as DDS plus IDS. For countries that do not report either TDS or DDS, data are estimated by the BIS as IDS. ² At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date.

Sources: Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd.; national data; BIS debt securities statistics; BIS calculations.

2. BIS Statistics on Debt Securities: Dissemination

- ← [Statistics](#)
- [Debt securities](#)
- [About debt securities statistics](#)
- [Debt securities statistics](#)

Debt securities statistics

Updated 5 June 2018

Our data

	Table	PDF	BIS Statistics Explorer
Global tables			
C1	Summary of debt securities outstanding	PDF	
C2	Central government debt securities markets	PDF	CSV
Country tables - detailed view of debt securities markets			
C3	Debt securities issues and amounts outstanding, by residence and nationality of issuer	PDF	
<input type="text" value="Select country"/>			

Browse and download data

Debt securities statistics can be browsed using the [BIS Statistics Explorer](#) and [BIS Statistics Warehouse](#), as well as downloaded in a [single CSV file](#).

Contact

www.bis.org/



2. BIS Statistics on Debt Securities: 3 datasets

- **National data** (aggregates reported to BIS):
 - **Total** debt securities (TDS): 43 countries, mostly industrialised
 - **Domestic** debt securities (DDS): 33 countries, mostly EMEs
 - BIS disseminating role - G20 Data Gaps Initiative
- **International** debt securities (IDS, granular)
 - BIS "own" security-by-security dataset



2. BIS Statistics on Debt Securities: Challenges

- **Different reporting**
 - 59 countries report DDS or TDS
 - International data presented by the BIS for >140 countries
 - Potential overlap between IDS and DDS
- **Various reporting practices**
- Example: **valuation**
 - IDS face value
 - DDS / TDS nominal or face value or market value



3. What is an international debt security? Previous definition

- **“Traditional” definition of international issue:** targeted at international investors
 - Securities issued in a foreign market
 - Or: securities issued in a local market, if denominated in a foreign currency or underwritten by one foreign bank
- **Domestic issue:** in local currency, placed with local investors



3. What is an international debt security? Challenges with the old definition

- Limited **comparability** across countries
- **Underestimated foreign holdings** of securities issued by residents
- **Overestimated bonds targeted at international investors** but purchased by residents



3. What is an international debt security? Current definition

- Current (new) definition: an international security is **issued in a foreign market** ie outside the market where the borrower resides
- Focus on the **primary market, based on issuer residence**
 - Domestic market: where residents issue
 - International market: where non-residents issue



3. What is an international debt security? Current definition

- In practice: compare **3 characteristics** of each security with the residence of its issuer
 - registration domain
 - listing place
 - governing law

IDS: if at least 1 characteristic has a different location compared to the issuer's residence



3. What is an international debt security? Remaining challenges

- For about **half of the IDS** all the 3 characteristics allow to identify a foreign market (ie the location is different from the residence of the issuer)
 - For one third at least one characteristic is different
 - If inconclusive, the security is classified as an IDS
- Significant degree of **uncertainty**
 - across data sources
 - within datasets



4. Analytical value of BIS's international security-by-security dataset

- Multiple **indicators**: gross/net issues, repayments, amounts
- Multiple **breakdowns**: instrument, currency, maturity bands, interest rate, rating, guarantees
- Very flexible, allows to address various **policy questions**
 - **Currency mismatches**
 - Issuance both by **residence and nationality** (defined as the residency of the controlling parent)
 - Since 2015, **sector classification** based on the activity of the issuer's parent entity

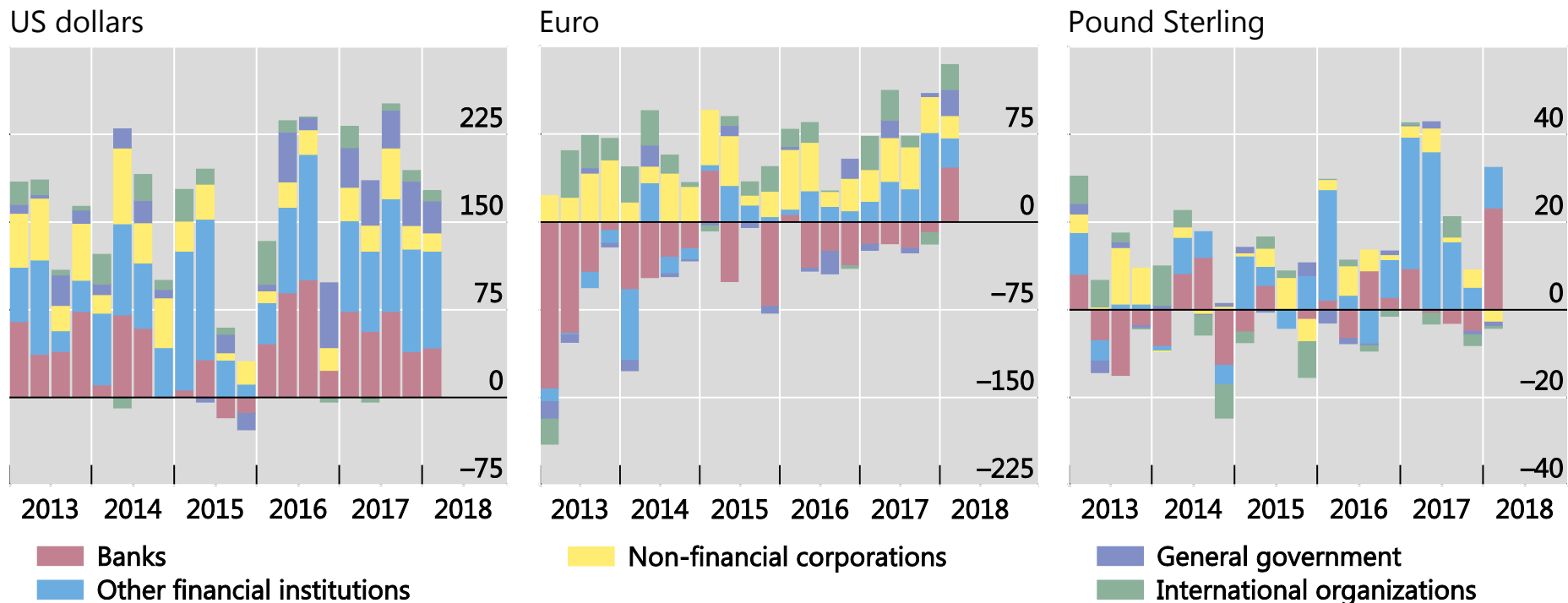


4. Example of analysis (i): Who issues what?

Net issuance of international debt securities

By issuer sector and currency of denomination, in billions of US dollars

\$ is the major issuance currency, but there are others



Further information is available at www.bis.org/statistics/secstats.htm.

Sources: Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; BIS debt securities statistics.

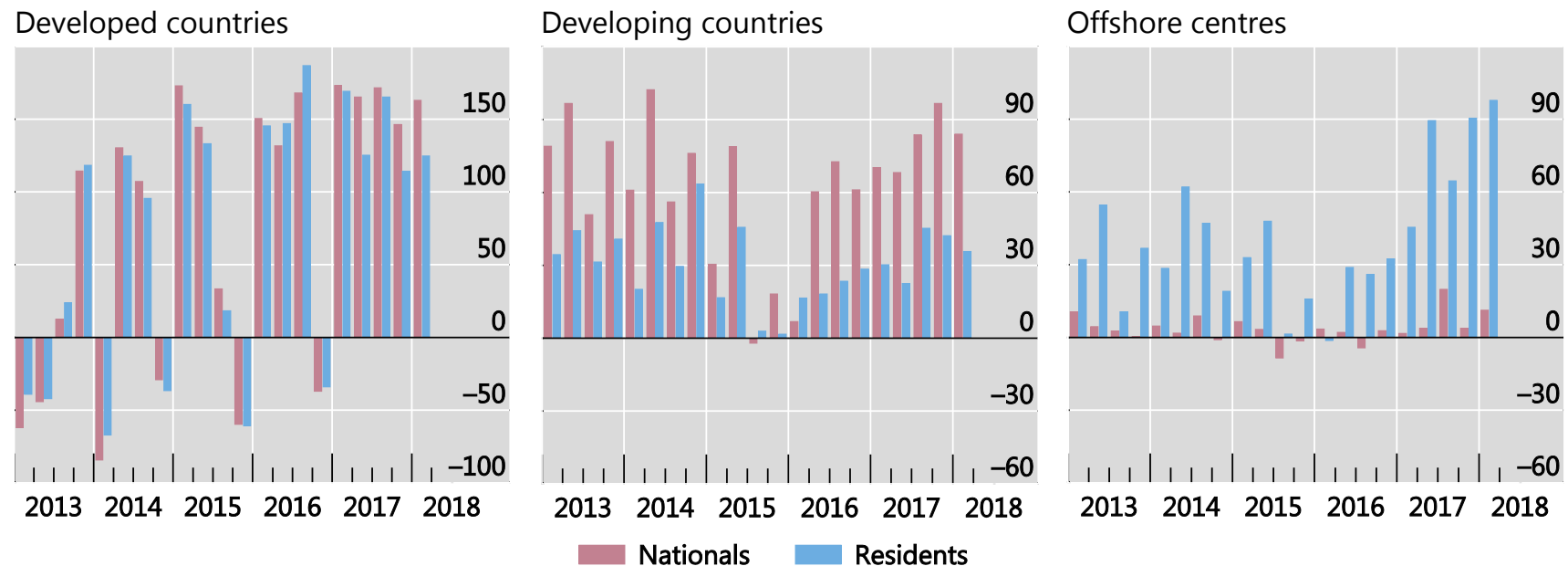


4. Example of analysis (ii): Who issues for whom?

Large activity in offshore centres by foreign affiliates

International debt securities issued by financial and non-financial corporations¹

Net issuance by region, in billions of US dollars²



Further information is available at www.bis.org/statistics/secstats.htm.

¹ Excluding general government. ² For a list of countries in each region, see Table C1 (<http://stats.bis.org/statx/srs/table/c1>).

Sources: Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; BIS debt securities statistics.

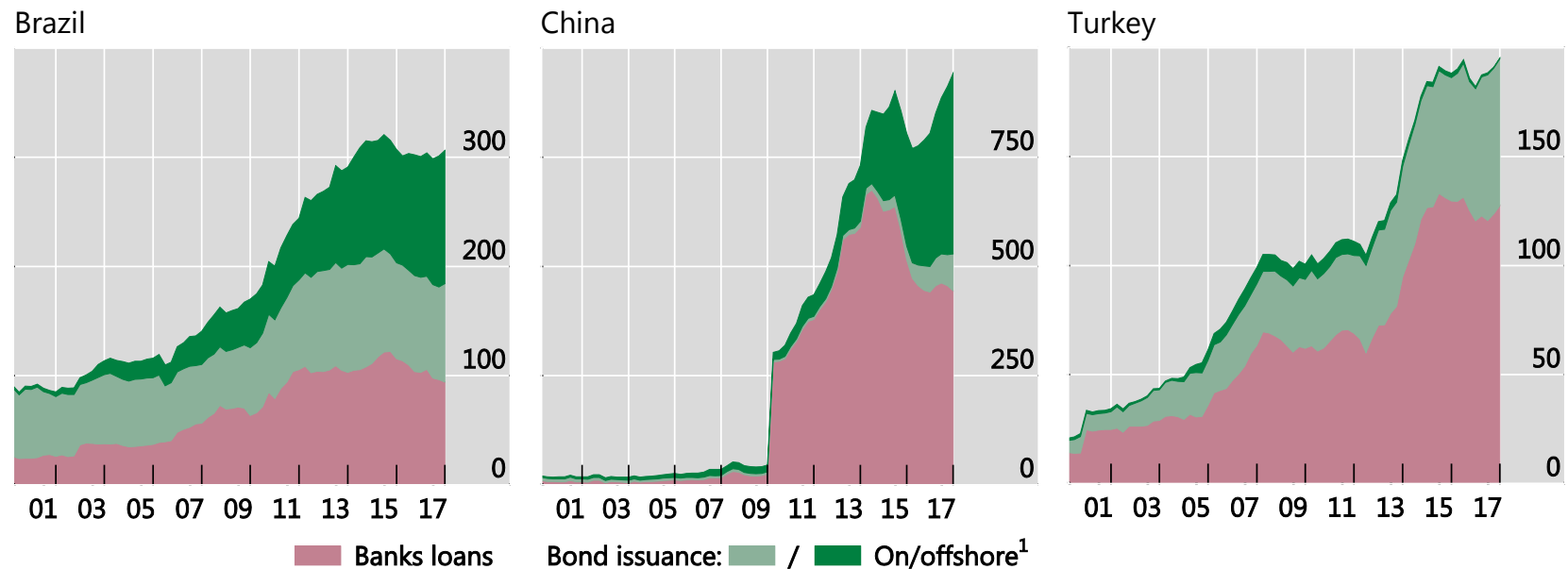


4. Example of analysis (iii): Where are issuers issuing?

- **Debt issuance: the 2nd phase of global liquidity**
- **Issuance by (non-resident) affiliates can be large**

US dollar-denominated credit to non-banks, including offshore issuance

In billions of US dollars



For definitions and sources, see www.bis.org/statistics/gli.htm. Breaks in series occur in the period in which data on LLFX become available for the respective country: for Brazil, Q4 2002; for China, Q1 2010; for Turkey, Q4 2000.

¹ Offshore bond issuance is defined as the outstanding US dollar-denominated bonds issued offshore (ie outside the country listed in the panel title) by non-banks with the nationality listed in the panel title.

Source: BIS global liquidity indicators.



5. Conclusion – Overall set of BIS external sector statistics

- **Debt securities** are one part of BIS's statistical offering
- **International Banking Statistics**
 - Balance sheets of internationally active banks
 - Geographical & currency composition of assets & liabilities
 - Locational statistics: include intragroup business (differs from consolidated statistics)
- **Long series on credit to the private non-financial sector**
 - 44 economies, advanced and emerging
 - Provided by domestic banks, other sectors of the economy and non-residents
 - All financial instruments eg credit covers loans but also debt securities



5. Conclusion – Overall set of BIS external sector statistics

- Three indicators of **global liquidity** (ie *"the ease of financing in global financial markets"*)
 - **Banks' international claims:** cross-border claims denominated in all currencies plus local claims in foreign currencies
 - **Banks' total claims** on the private non-financial sector
 - **Total credit by currency** of denomination, extended by all (foreign and domestic) lenders:
 - loans extended by banks
 - purchases of debt securities (proxied by issues of debt securities)

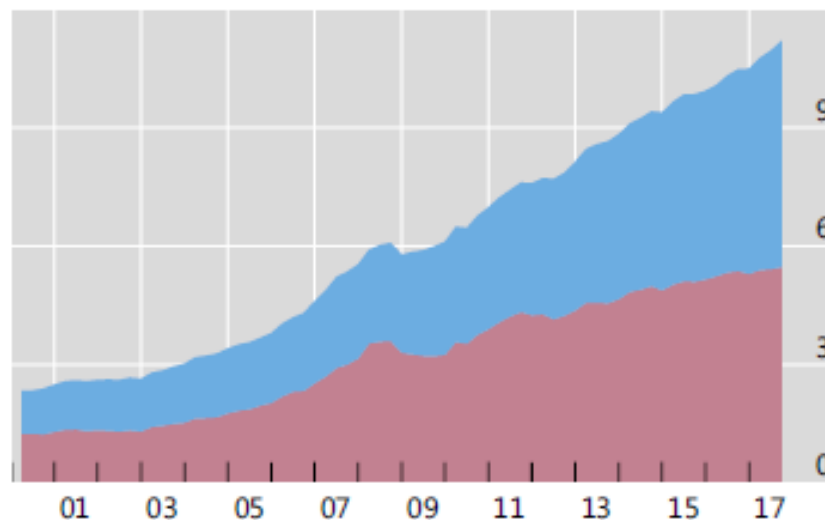


5. GLIs indicators to assess spillovers of domestic policies

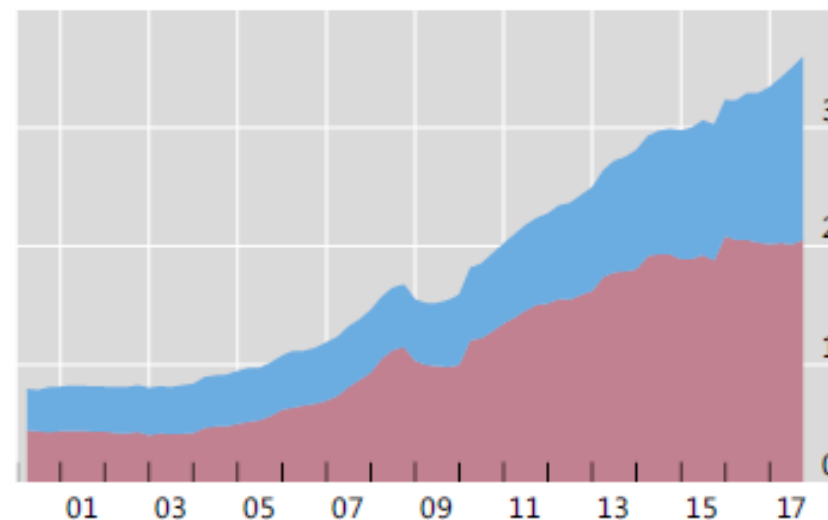
US dollar-denominated credit to non-banks outside the United States¹

Amounts outstanding, in trillions of US dollars

World



EMEs



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

Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

¹ Non-banks comprise non-bank financial entities, non-financial corporations, governments, households and international organisations. ² Loans by LBS-reporting banks to non-bank borrowers, including non-bank financial entities, comprise cross-border plus local loans.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics (LBS); BIS calculations.

\$ credit to non-banks outside US represents more than \$ 10 trillion



Thank you!!

Questions?

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BIS Statistics:

Debt securities: www.bis.org/statistics/secstats.htm?m=6%7C33%7C615

Global liquidity indicators: www.bis.org/statistics/about_gli_stats.htm?m=6%7C333%7C689

References:

- "[Changes to the BIS international debt securities statistics](#)", *BIS Quarterly Review*, September 2015.
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