**FX reserve levels**

Real USD bilateral exchange rate\(^1\) (lhs)  

FX reserves (rhs):  
- China  
- EMEs ex CN

\(^1\) Weighted average based on rolling GDP and PPP weights; an increase indicates appreciation of the domestic currency against the US dollar.

Exchange rate pass-through over time

\[ \pi_{it} = \alpha_i + \beta_t + \delta \pi_{i,t-1} - \sum_{j=0}^{3} \gamma_j \Delta \text{NEER}_{i,t-j} + \sum_{j=0}^{3} \phi_j \text{gap}_{i,t-j} + \sum_{j=0}^{3} \tau_j \Delta \text{com}_{i,t-j} + \omega \Delta \text{REER}_{i,t-1} + \epsilon_{it}. \]


Sources: Datastream; national data; BIS calculations.
The US dollar and global trade

1 Weights are based only on trade in goods. An increase indicates appreciation of the U.S. dollar against the currencies of EMEs.

Sources: Board of Governors of the Federal Reserve System; IMF, *International Financial Statistics* and *World Economic Outlook*; national data; BIS calculations.
Foreign ownership in EME local currency sovereign bond markets

Simple averages across countries in each region.

Sources: International Institute of Finance; BIS calculations.
FX reserves cushion the impact of major shocks

$y = 60.735 - 11.69 \ln(x)$
where $R^2 = 0.5451$

1 Peak-to-through depreciation of the local currency against the US dollar in EMEs between 2006 and 2009.

Use of macroprudential tools

The bars show the average number of macroprudential measures per year and per 10 economies in each group of economies.

Source: BIS 2018 Annual Economic Report, Chapter 4.