

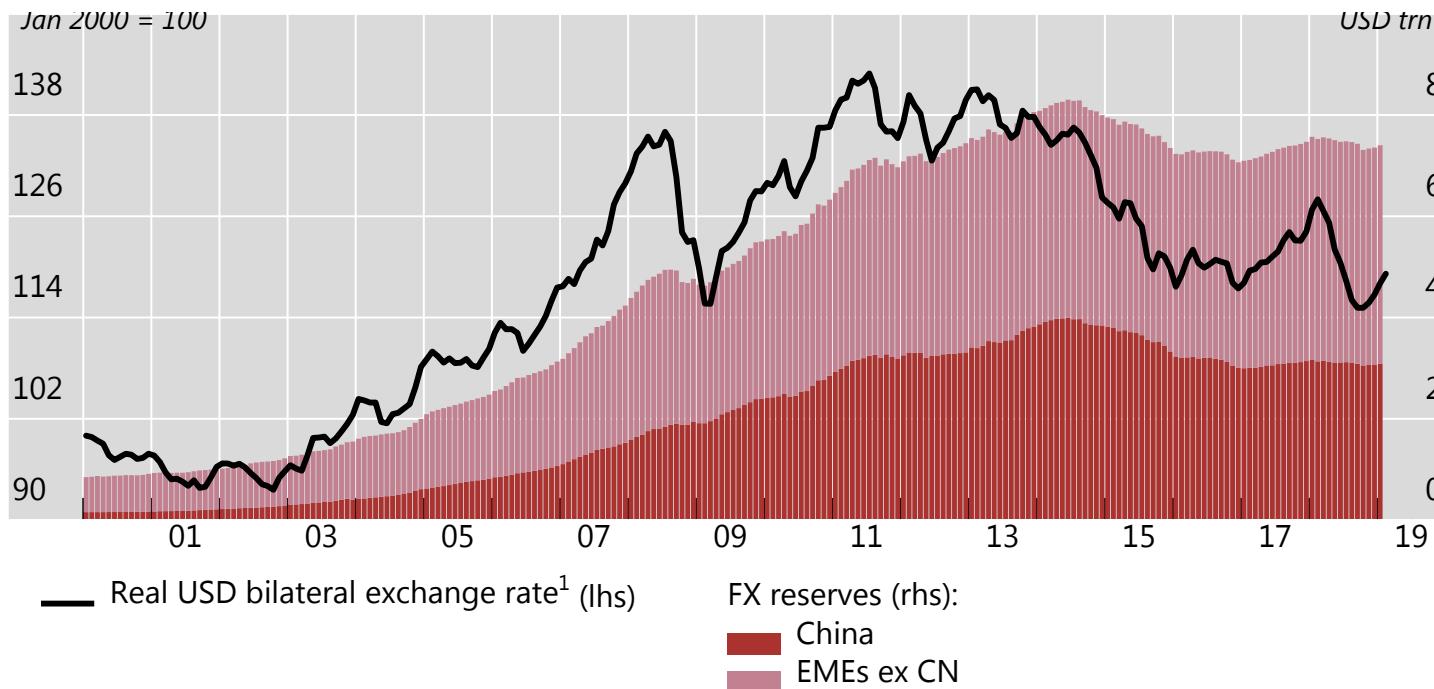


Exchange rates and monetary policy frameworks in emerging market economies

London School of Economics, London, 2 May 2019

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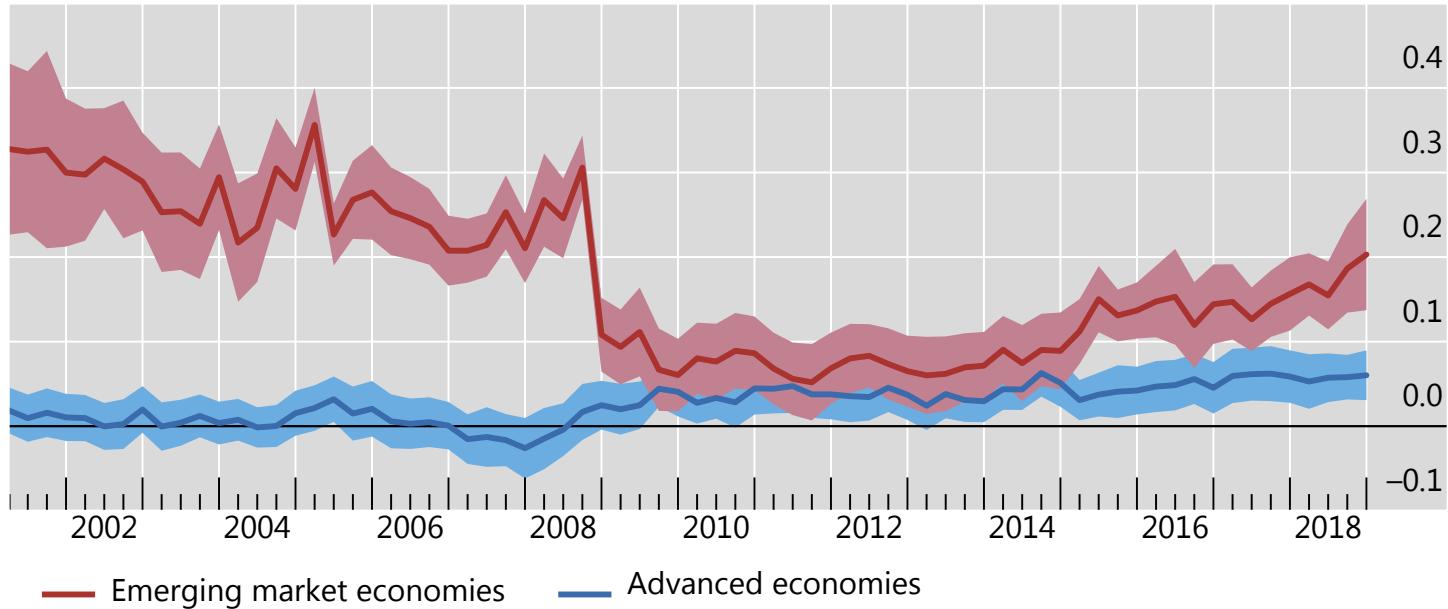
FX reserve levels



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

Sources: IMF, *International Financial Statistics*; BIS; BIS calculations.

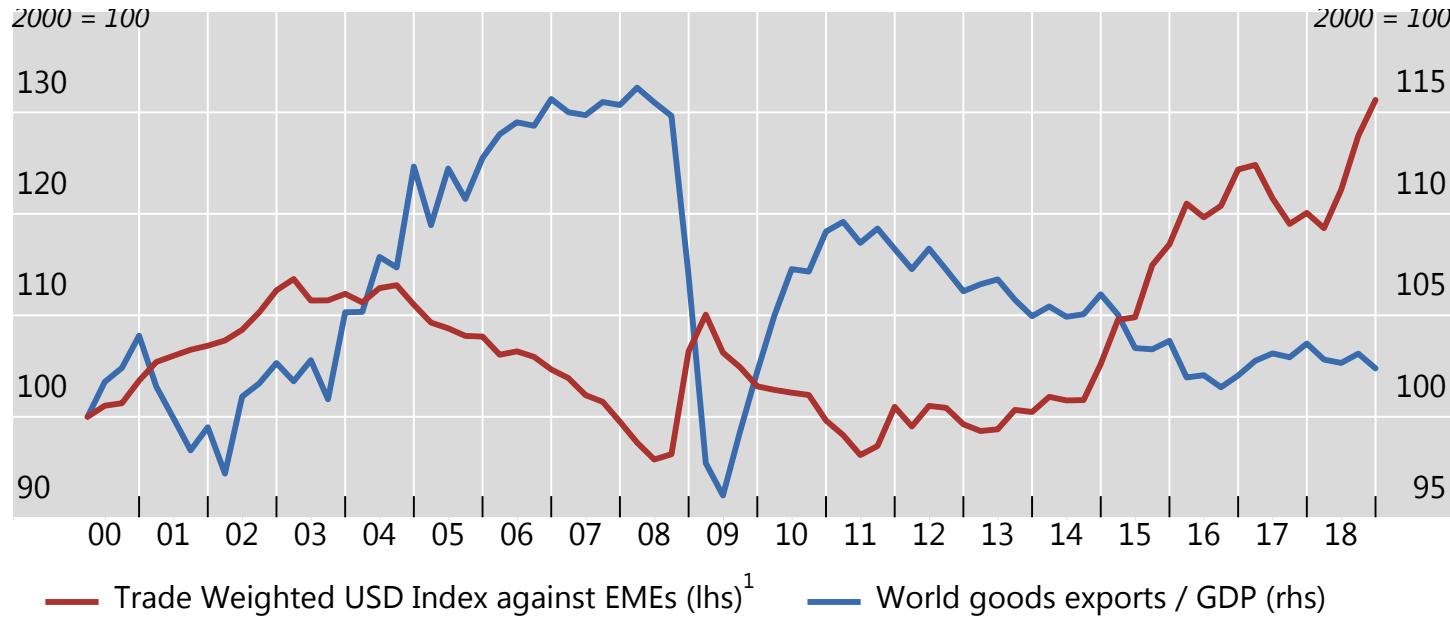
Exchange rate pass-through over time



Coefficients are six-year rolling windows estimates from the equation $\pi_{it} = \alpha_i + \beta_t + \delta \pi_{it-1} - \sum_{j=0}^3 \gamma_j \Delta NEER_{it-j} + \sum_{j=0}^3 \varphi_j ygap_{it-j} + \sum_{j=0}^3 \tau_j \Delta com_{t-j} + \omega \Delta REER_{it-1} + \varepsilon_{it}$. Sample starts in Q1 1995. See Jašová et al (2016) for details.

Sources: Datastream; national data; BIS calculations.

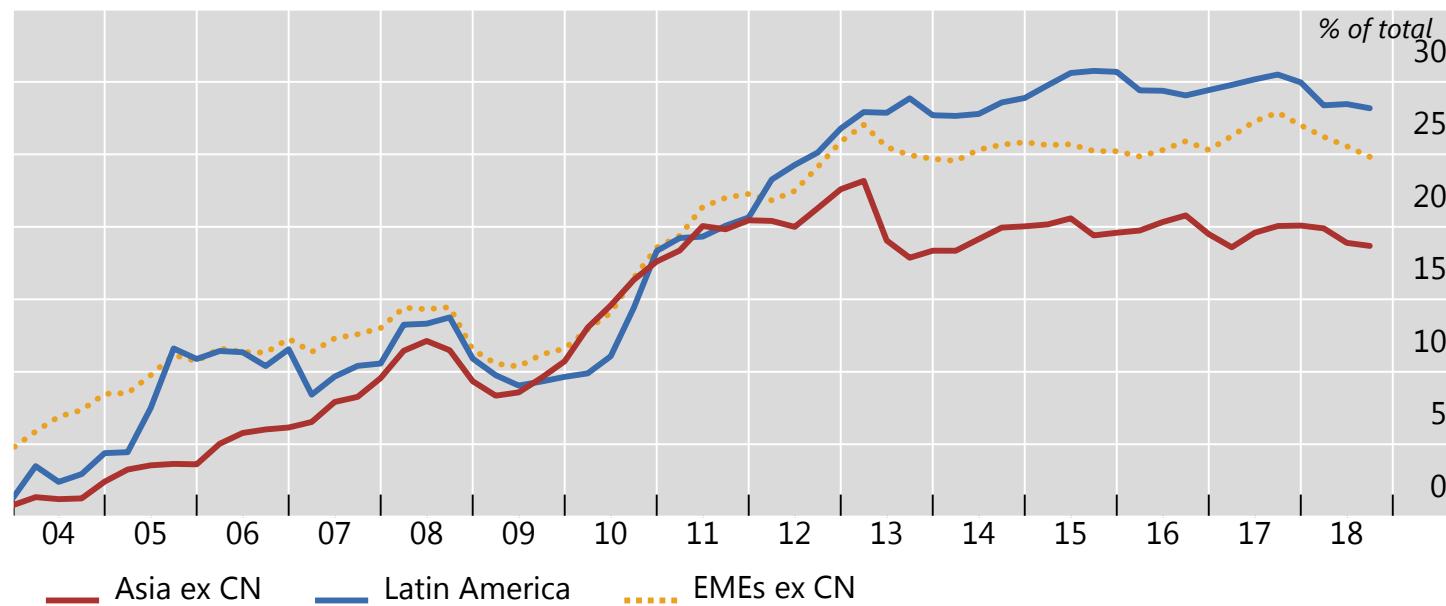
The US dollar and global trade



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.

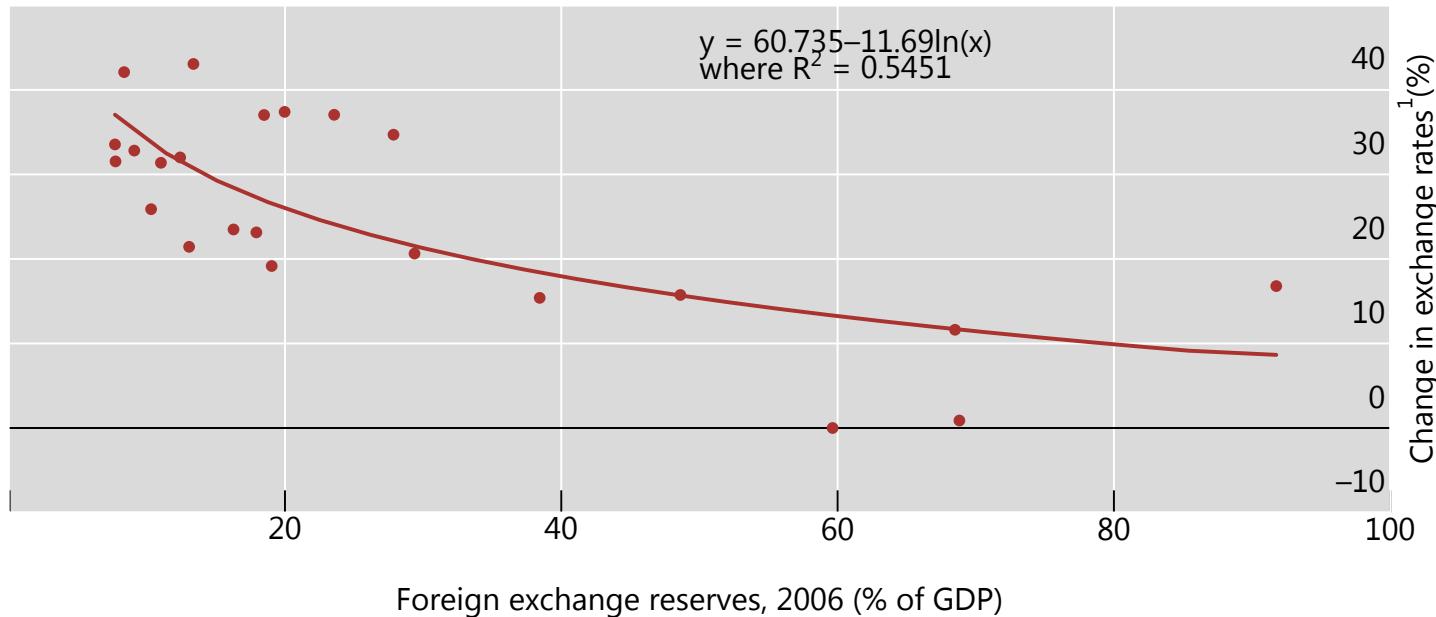
Foreign ownership in EME local currency sovereign bond markets



Simple averages across countries in each region.

Sources: International Institute of Finance; BIS calculations.

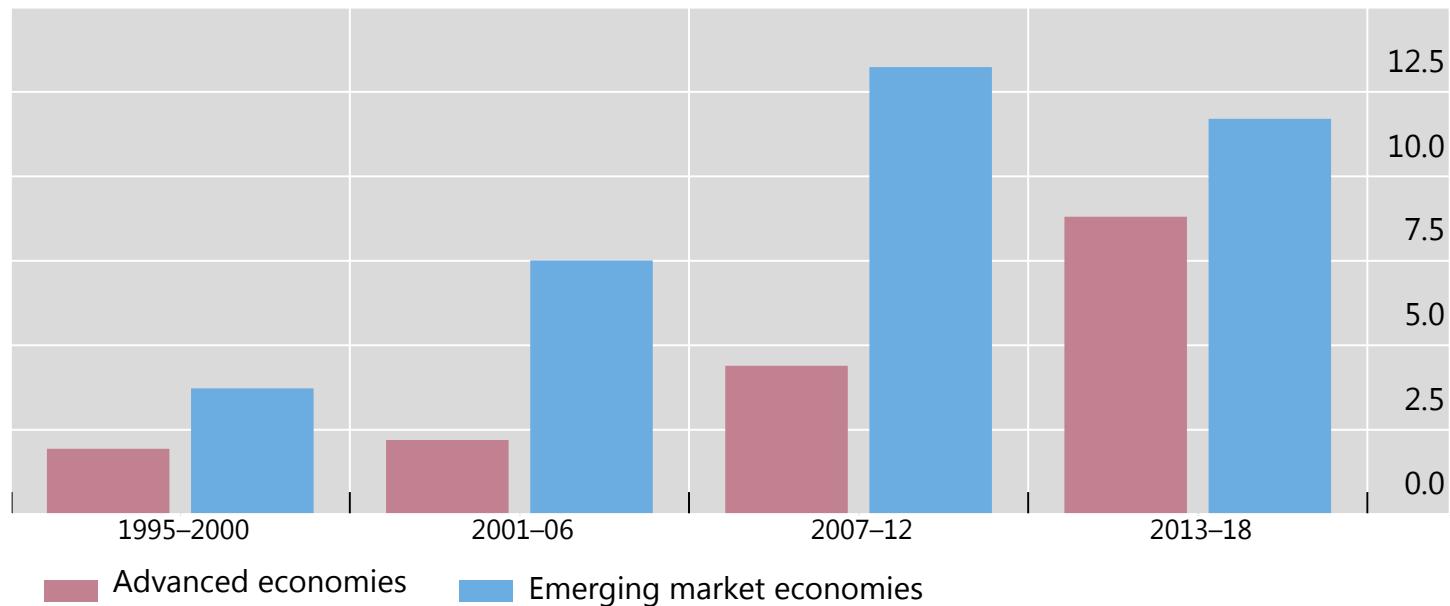
FX reserves cushion the impact of major shocks



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

Sources: IMF, *International Financial Statistics*; BIS calculations.

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.