



31 July 2019

Statistical release: BIS global liquidity indicators at end-March 2019

- In Q1 2019, US dollar credit to non-bank borrowers outside the United States grew by [4%](#) year on year, to reach \$11.8 trillion at end-March. It grew more slowly than that to borrowers inside the United States for a third consecutive quarter. Since the Great Financial Crisis (GFC), this is only the second period during which US dollar credit to US residents has outpaced that to non-residents.
- Foreign currency credit denominated in euros and Japanese yen continued to expand at a faster pace than that in US dollars, growing at annual rates of [7%](#) and [13%](#), respectively.
- US dollar credit to emerging market and developing economies (EMDEs) slowed further, growing by only [1%](#) year on year.

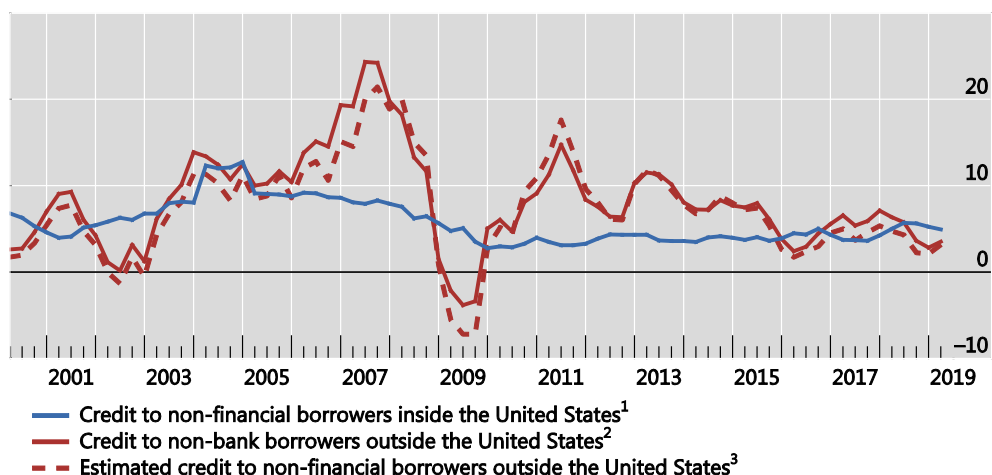
Slower growth in USD credit outside the United States than inside

For much of the period since the GFC, US dollar credit to non-bank borrowers outside the United States grew faster than dollar credit to borrowers inside the United States.¹ For those outside, these dollar liabilities are in a *foreign currency*, and thus can be a source of vulnerability in a country's financial system.² In the most recent three quarters, however, US dollar credit to borrowers outside the United States grew at a slower pace than that to borrowers inside. As of end-March 2019, credit outside the United States expanded at annual rate of 4% (Graph 1, red line), to reach \$11.8 trillion (see also Graph A3 in the PDF Annex). This is compared with 5% growth in credit inside the United States (blue line), which stood at \$51.9 trillion at end-March.

For much of the post-GFC period, the growth in international debt securities denominated in US dollars drove the growth in total dollar credit to non-bank borrowers outside the United States. In the most recent quarter, however, US dollar-denominated bank loans to these borrowers expanded by nearly [3.6%](#) year over year, the highest growth in loans in more than three years. By contrast, the rate for dollar debt securities slowed to roughly [3.5%](#), the lowest rate recorded in the global liquidity indicator sample which starts in Q1 2000.

¹ Graph 1 shows borrowing by all non-banks outside the United States (solid red line) and a proxy for borrowing by non-financials (dashed red line), constructed as described in the graph footnotes. Borrowing via FX derivatives (eg FX swaps) not included. The BIS website has more information about the history and [methodology](#) behind the [global liquidity indicators](#), and links to [BIS research pieces](#) that make use of them.

² For background, see Committee on the Global Financial System, [Global liquidity – concept, measurement and policy implications](#), CGFS Papers, no 45, November 2011.



Graph 1: Annual percentage change of US dollar credit inside and outside the United States.

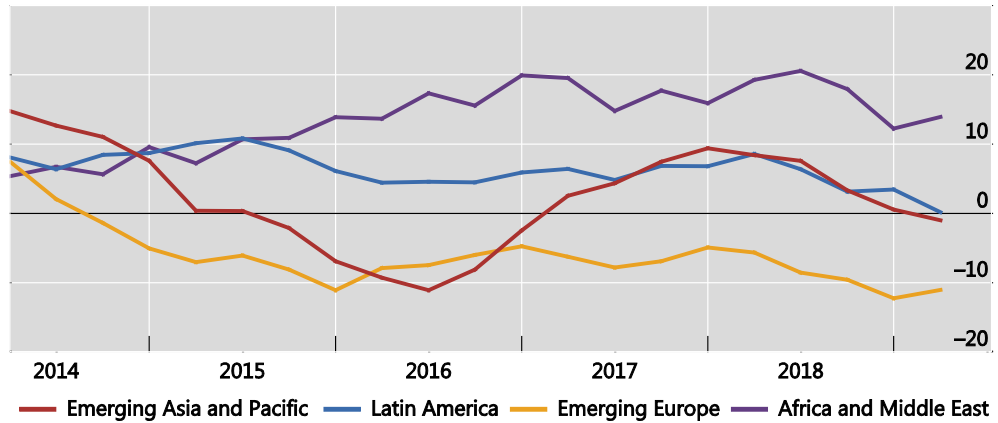
¹ National financial accounts are adjusted using BIS banking and securities statistics to exclude credit denominated in currencies other than the US dollar. ² Sum of US dollar debt securities issued by non-bank borrowers outside the United States (but excluding debt securities issued by special purpose vehicles and other financial entities controlled by non-financial parents) and loans by LBS-reporting banks to non-bank borrowers. ³ Proxy constructed as the solid red line but including bonds issued by only non-financials (ie excluding bonds issued by non-bank financials).

Source: BIS global liquidity indicators (Table [E2.1](#)).

The annual growth in euro-denominated credit to borrowers outside the euro area remained robust at [7%](#), pushing the outstanding stock to [€3.3 trillion](#) (equivalent to \$3.7 trillion) at end-March 2019. Meanwhile, the annual growth in yen-denominated credit continued to accelerate, reaching 13% and boosting the outstanding stock to [¥50.4 trillion](#) (equivalent to \$0.5 trillion).

US dollar credit to EMDEs continues to slow

The annual growth rate of US dollar credit to residents of EMDEs declined for the fourth quarter in a row, down to [1%](#) at end-March 2019. Dollar credit to emerging Europe (Graph 2, yellow line), which has continuously contracted since 2014, shrank further by 11% over the last year to [\\$0.4 trillion](#). In both Asia-Pacific (red line) and Latin America (blue line), the growth in dollar credit ground to a halt, down from its peaks near 10% in late 2017. At end-March, outstanding dollar credit to borrowers in these regions stood at \$1.4 trillion and \$1.0 trillion, respectively. By contrast, US dollar credit to Africa and the Middle East (purple line) continued to expand rapidly, at [14%](#) year on year, to reach [\\$0.9 trillion](#) by end-March.



Graph 2: Annual percentage change of US dollar credit to EMDE regions ([interactive graph](#)).

Source: BIS global liquidity indicators (Table [E2.1](#)).

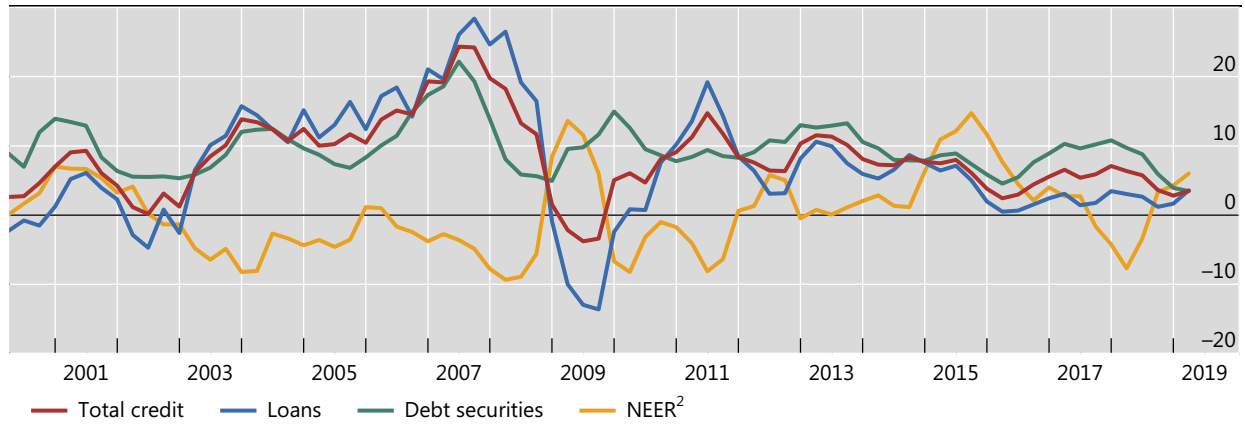
The general weakening of global dollar credit to residents of EMDEs was primarily driven by bank loans. Indeed, the annual growth rate of US dollar debt securities issued by EMDEs has remained strong (7% year on year), while that for dollar bank loans to EMDEs was considerably weaker (-4%). This divergence is in line with the trends observed since the GFC, which have resulted in a substantial decline in the bank loan share in total US dollar credit to EMDEs – from 68% at end-September 2008 to 54% at end-March 2019 (see Graph A4 in the PDF Annex).

Annex

US dollar credit outside the United States¹

Annual change, in per cent

Graph A1



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

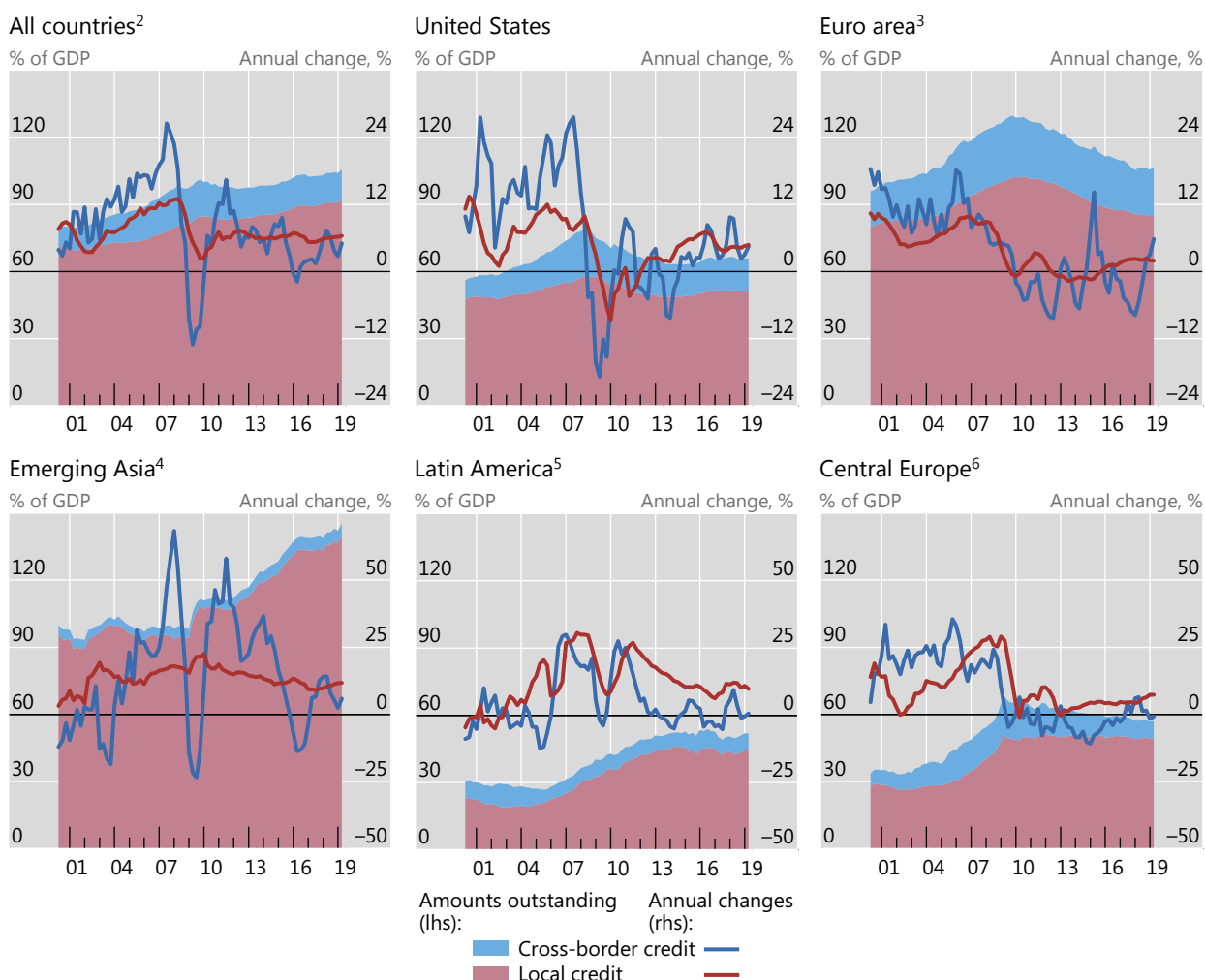
¹ Annual growth of US dollar-denominated credit to non-banks outside the United States. ² Annual growth of the US dollar nominal effective exchange rate (NEER). An increase indicates an appreciation of the US dollar NEER.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics; BIS effective exchange rate statistics; BIS calculations.

Global bank credit to the private non-financial sector, by residence of borrower

Banks' cross-border credit plus local credit in all currencies¹

Graph A2



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

¹ Cross-border claims of LBS-reporting banks to the non-bank sector plus local claims of all banks to the private non-financial sector. Weighted averages of the economies listed, based on four-quarter moving sums of GDP. ² Australia, Canada, Denmark, Japan, New Zealand, Norway, Russia, Saudi Arabia, South Africa, Sweden, Switzerland, Turkey and the United Kingdom, plus the countries in the other panels. ³ Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal and Spain. ⁴ China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Singapore and Thailand. ⁵ Argentina, Brazil, Chile and Mexico. ⁶ The Czech Republic, Hungary and Poland.

Sources: BIS statistics on credit to the non-financial sector; BIS locational banking statistics (LBS); BIS calculations.

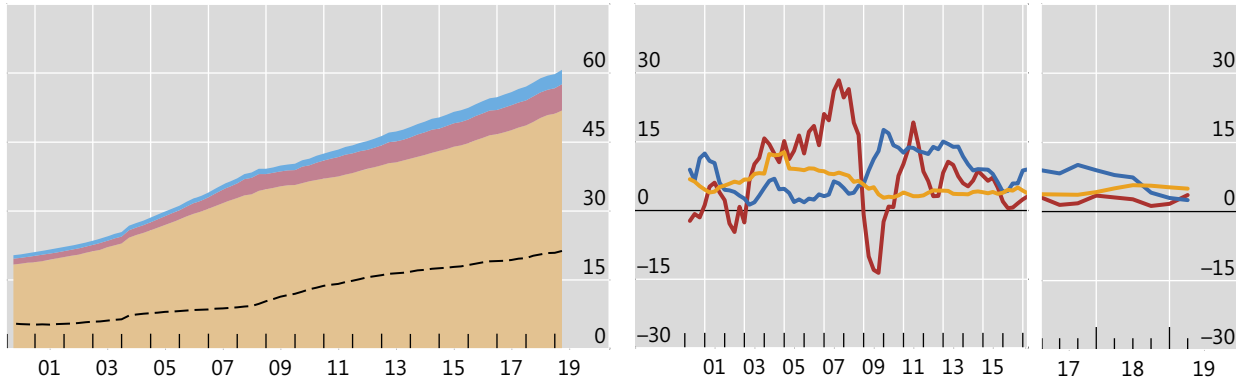
Global credit to the non-financial sector, by currency

Graph A3

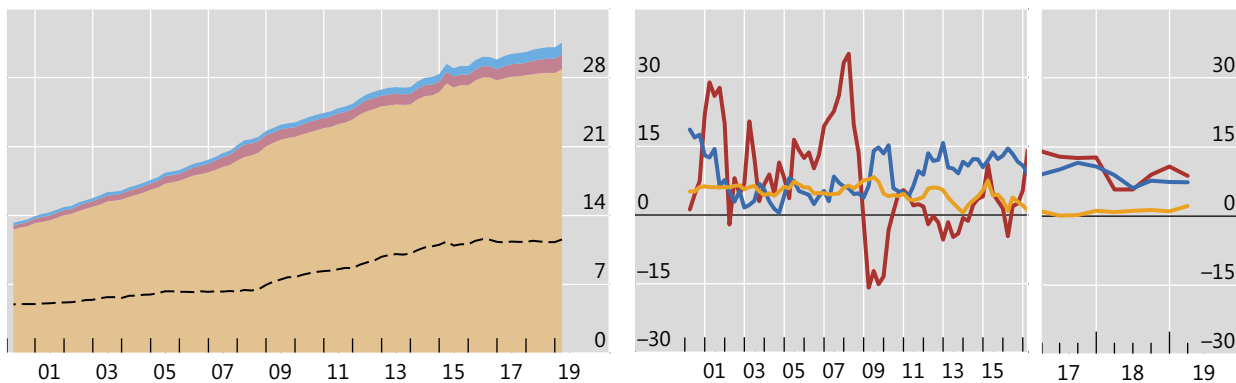
Amounts outstanding, in trillions of currency units¹

Annual change, in per cent²

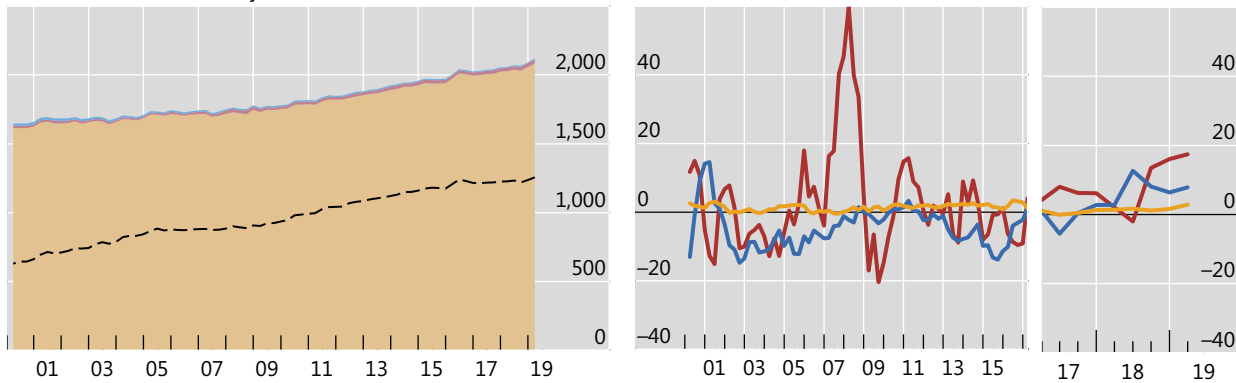
Credit denominated in US dollars



Credit denominated in euros



Credit denominated in yen



■ Credit to residents³ ■ Credit to non-residents:
■ Of which: ■ Debt securities⁴
--- Credit to government ■ Bank loans⁵

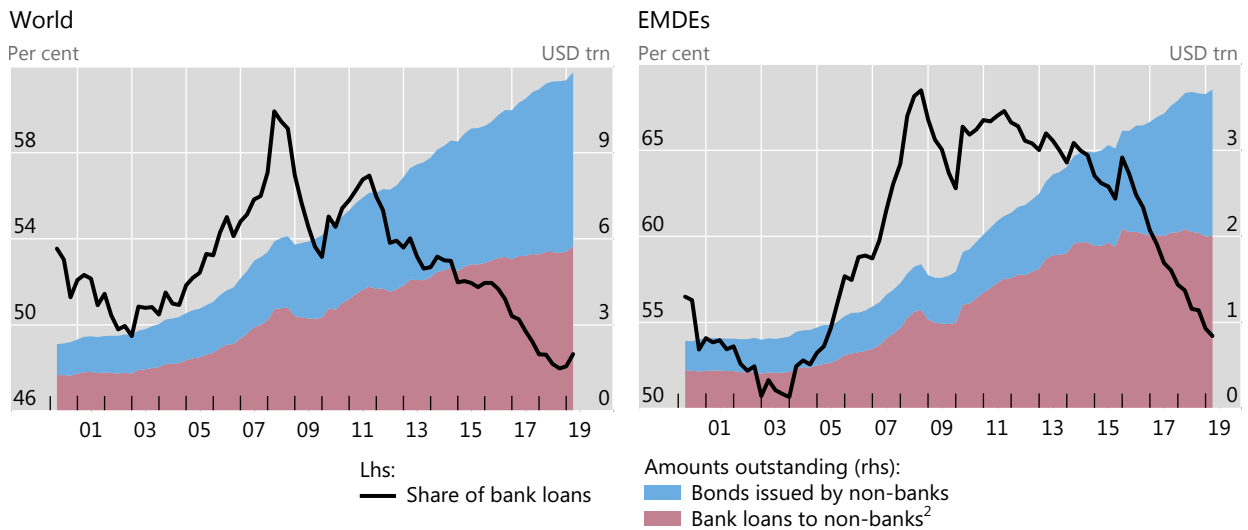
Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

¹ Amounts outstanding at quarter-end. ² Based on quarterly break- and exchange rate-adjusted changes. ³ Credit to non-financial borrowers residing in the United States/euro area/Japan. National financial accounts are adjusted using BIS banking and securities statistics to exclude credit denominated in non-local currencies. ⁴ Excluding debt securities issued by special purpose vehicles and other financial entities controlled by non-financial parents. Euro-denominated debt securities exclude those issued by institutions of the European Union. ⁵ 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.

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

Graph A4



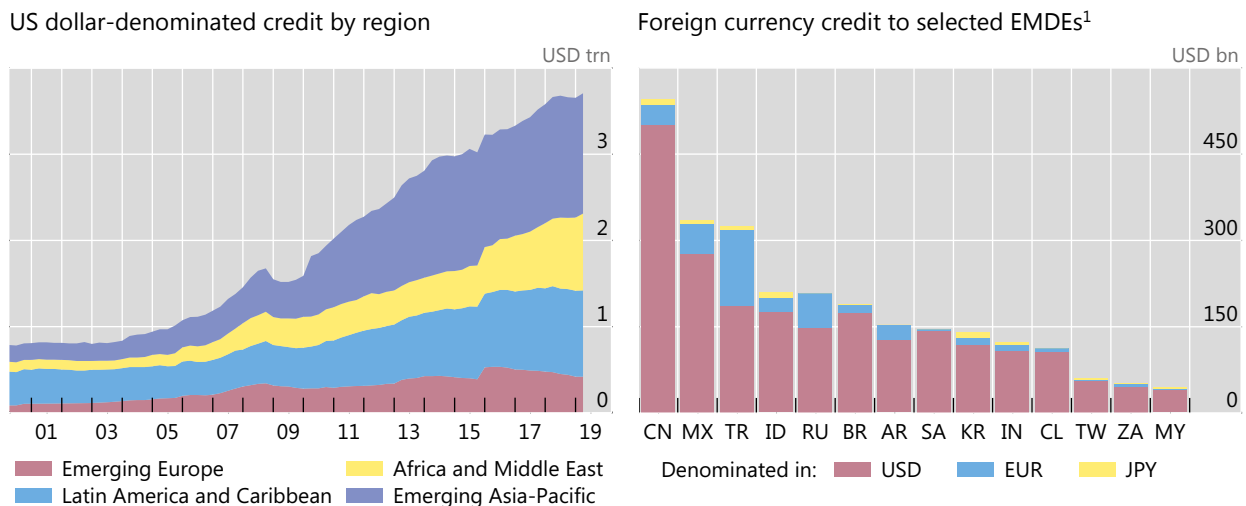
Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

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.

Foreign currency credit to non-banks in EMDEs

Graph A5



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

¹ Amounts outstanding for the latest available data.

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