

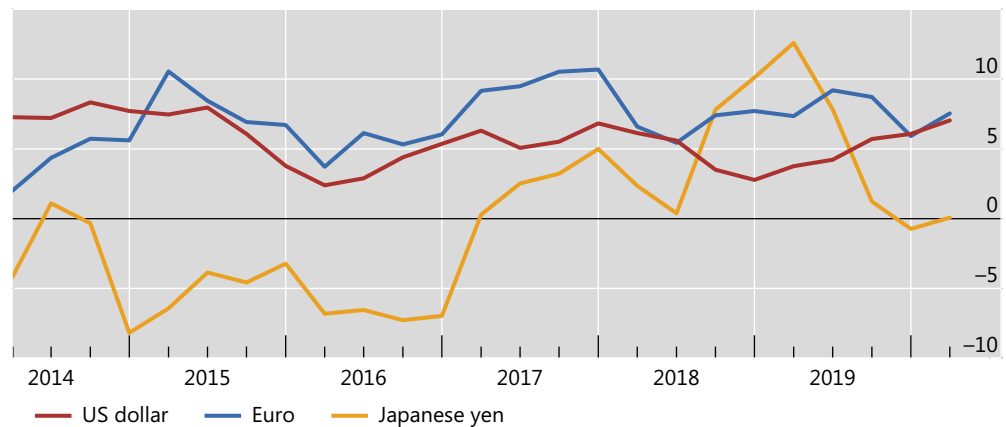


30 July 2020

## Statistical release: BIS global liquidity indicators at end-March 2020

- US dollar credit to non-bank borrowers outside the United States grew at an annual rate of **7%** (to reach \$12.6 trillion) as of end-March 2020, just as the Covid-19 pandemic was escalating.
- The component of this credit directed to emerging market and developing economies (EMDEs) expanded at an annual rate of **6%** (reaching \$3.9 trillion).
- Among EMDEs, US dollar credit continued to grow most rapidly in Africa and the Middle East, where its outstanding stock has now reached a size similar to that observed in Latin America (**\$1 trillion**).

### Growth rate of USD credit outside the US continues to rise



Graph 1: Annual percentage change of US dollar-, euro- and yen-denominated credit to non-resident non-banks ([interactive graph](#)).

Source: BIS global liquidity indicators (Tables [E2.1](#), [E2.2](#) and [E2.3](#)).

Total foreign currency credit is one of the key indicators estimated by the BIS to assess global liquidity. This variable is defined as the sum of bank loans to non-banks and debt securities issuance by non-banks. It is calculated for three major global currencies (US dollar, euro or Japanese yen).<sup>1</sup>

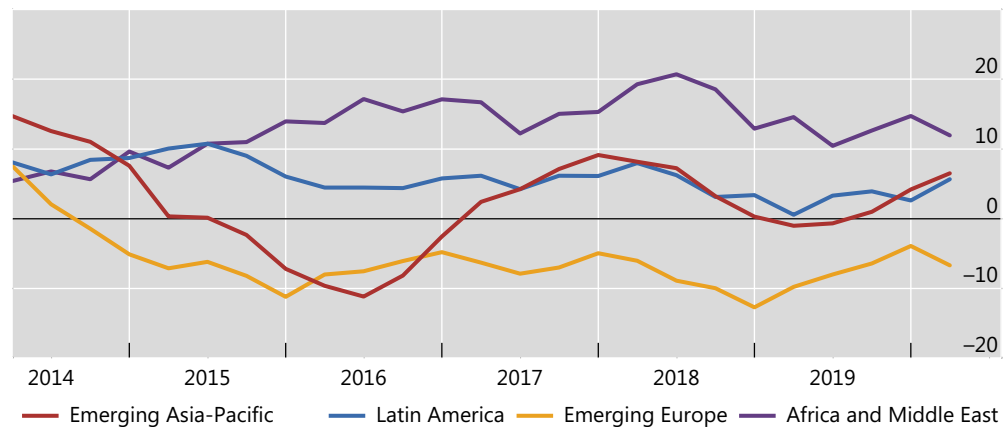
The year-on-year (yoy) growth rate of US dollar credit to non-banks borrowers residing outside the United States rose to 7% at the end of the first quarter of 2020. This compares with a rate of 6% at end-2019, and 3% at end-2018 (Graph 1, red line). The outstanding stock stood at \$12.6 trillion at end-March 2020, up from \$6.5 trillion 10 years earlier.

<sup>1</sup> Foreign currency credit is defined as credit to residents of countries for which the selected currency is foreign (eg US dollar credit outside the United States).

The uptick in US dollar credit was mainly driven by its bank loans component, which expanded at the highest annual rate (8%) in more than five years (Annex Graph A1, blue line). The yoy growth rate of US dollar debt securities remained high (6%), mainly due to strong issuance in January and February 2020 and despite the decline in issuance during March, when Covid-19 escalated into a global pandemic.<sup>2</sup>

Turning to other major global currencies, euro-denominated credit to non-banks outside the euro area (Graph 1, blue line) grew by 8% yoy, reaching €3.5 trillion (equivalent to \$3.8 trillion) at end-March 2020. Meanwhile, yen-denominated credit to non-banks outside Japan remained virtually unchanged on an annual basis (yellow line).

## USD credit to Africa and the Middle East continues to expand rapidly



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

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

US dollar credit to residents of EMDEs remained strong. It expanded by 6% yoy and reached [\\$3.9 trillion](#) at end-March 2020. This reflected a rapid expansion in credit to Africa and the Middle East (+12% yoy), which grew at double-digit annual rates for a fifth consecutive year. The outstanding stock of US dollar credit to that region is now roughly as high as that to Latin America (both at about \$1 trillion). By contrast, US dollar credit to emerging Europe, which has been contracting for almost six years now, declined at an annual rate of [7%](#).

The components of US dollar credit to emerging Asia-Pacific and Latin America, which have been [moving in tandem](#) for the past three years, expanded at annual rates of 7% and 6%, respectively, at end-March 2020. Emerging Asia-Pacific continued to account for the highest share of US dollar credit to EMDEs, with an outstanding stock of [\\$1.5 trillion](#) at end-March 2020.

<sup>2</sup> For further discussion on market funding conditions during the spread of the Covid-19 pandemic, see Chapter I of the [BIS Annual Economic Report 2020](#).

## Total bank credit to the United States accelerates

Total bank credit (denominated in all currencies) to the private non-financial sector is another key metric for assessing liquidity. This indicator picked up significantly in the first quarter of 2020 for several major advanced economies.

The expansion was most notable in the case of the United States. In particular, banks' locally extended credit to the private non-financial sector in the country grew by [8%](#) yoy at end-March 2020 (Annex Graph A2, top centre panel, red line), a rate not seen since the Great Financial Crisis (GFC) of 2007–09. Furthermore, cross-border bank credit to non-bank borrowers in the United States expanded even faster, by [14%](#) yoy, the highest growth rate since the GFC (blue line).<sup>3</sup>

Total bank credit to borrowers in the euro area also expanded, albeit not as rapidly as in the case of the United States. At end-March 2020, local bank credit grew at an annual rate of [3%](#), while cross-border bank credit expanded by [8%](#) yoy.

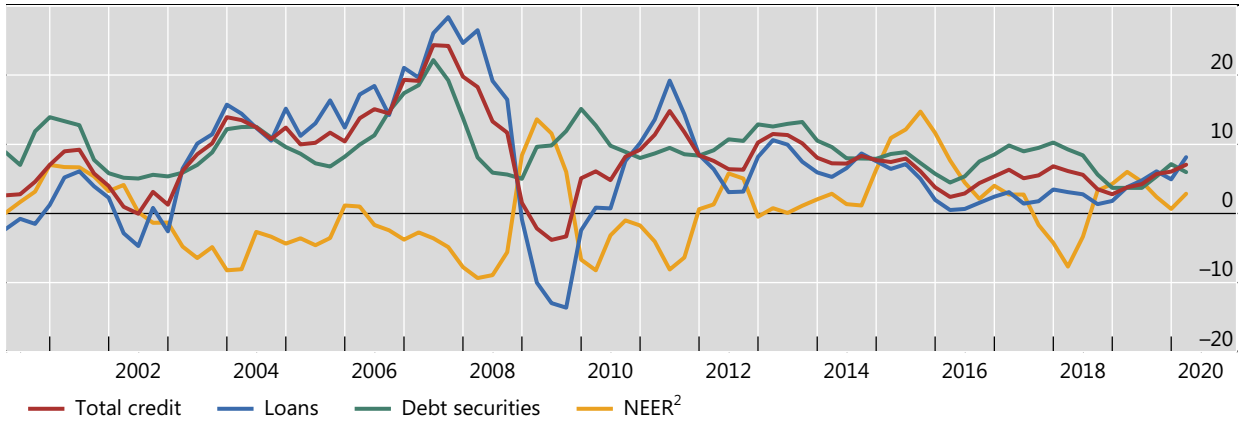
<sup>3</sup> For further discussion of the Q1 2020 expansion in foreign bank credit to the United States, see the [commentary on the BIS international banking statistics at end-March 2020](#).

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## US dollar credit outside the United States<sup>1</sup>

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](http://www.bis.org/statistics/about_gli_stats.htm).

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

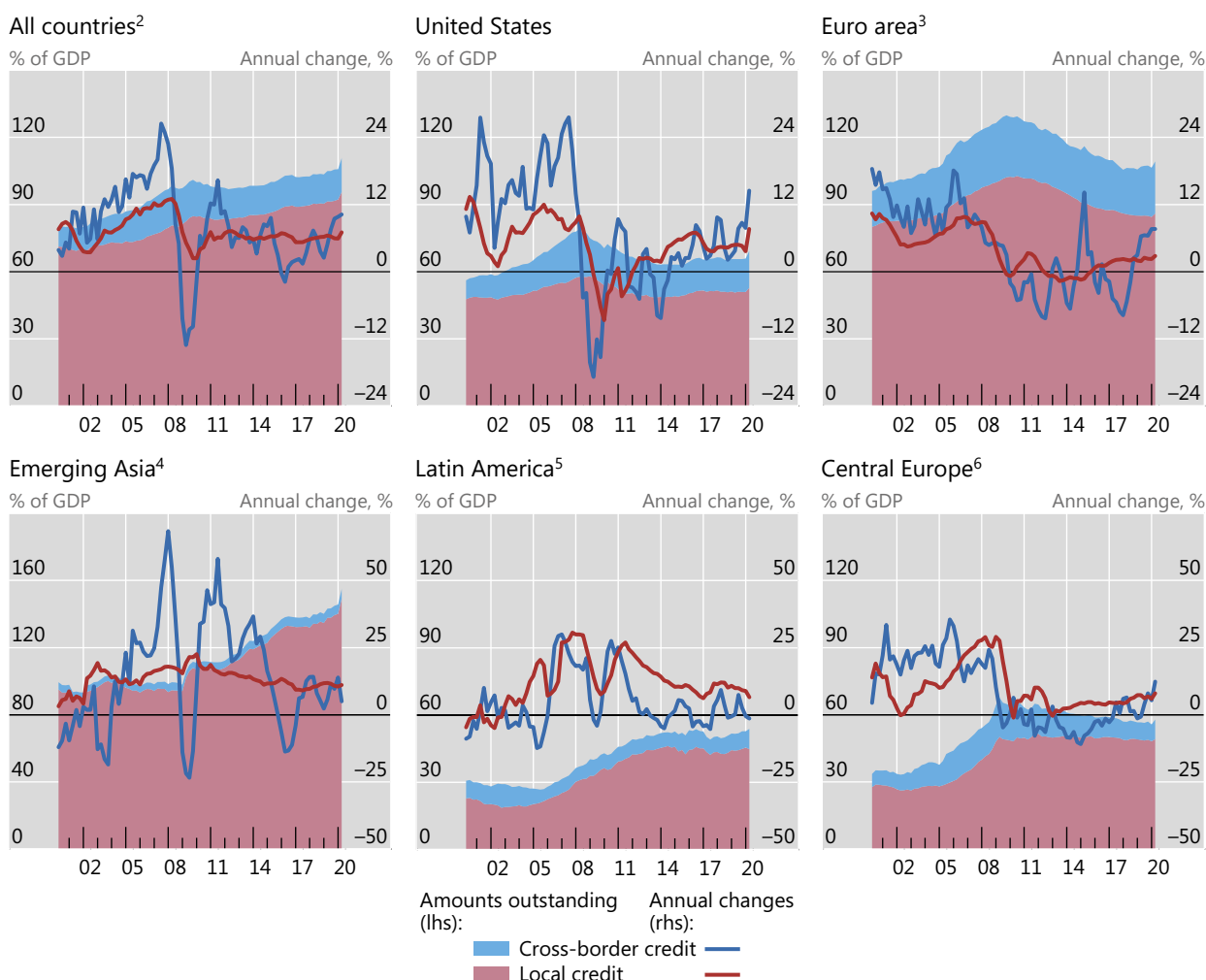
Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics; BIS effective exchange rate statistics; BIS calculations.

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

Banks' cross-border credit plus local credit in all currencies<sup>1</sup>

Graph A2



Further information on the BIS global liquidity indicators is available at [www.bis.org/statistics/about\\_gli\\_stats.htm](http://www.bis.org/statistics/about_gli_stats.htm).

<sup>1</sup> 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. <sup>2</sup> 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. <sup>3</sup> Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal and Spain. <sup>4</sup> China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Singapore and Thailand. <sup>5</sup> Argentina, Brazil, Chile and Mexico. <sup>6</sup> The Czech Republic, Hungary and Poland.

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

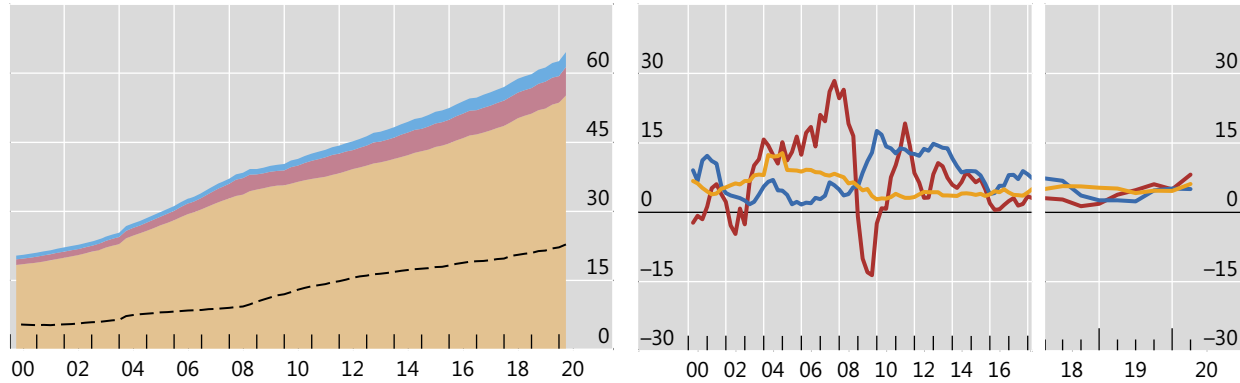
# Global credit to the non-financial sector, by currency

Graph A3

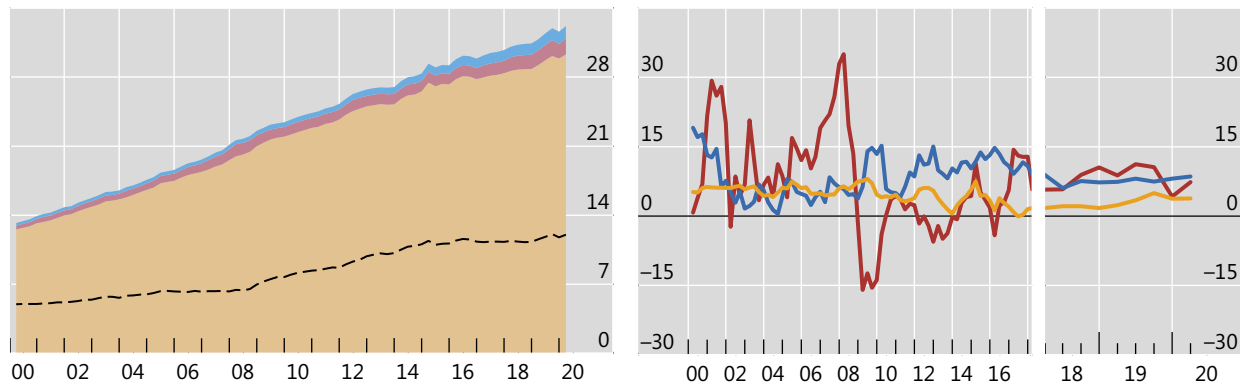
Amounts outstanding, in trillions of currency units<sup>1</sup>

Annual change, in per cent<sup>2</sup>

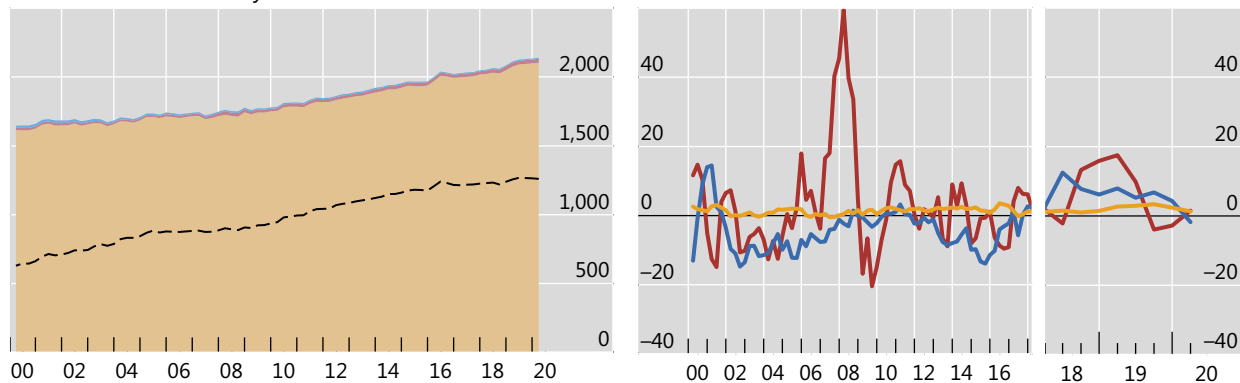
Credit denominated in US dollars



Credit denominated in euros



Credit denominated in yen



Credit to residents<sup>3</sup>
 Credit to non-residents:
   
 Debt securities<sup>4</sup>
  
 Credit to government
   
 Bank loans<sup>5</sup>

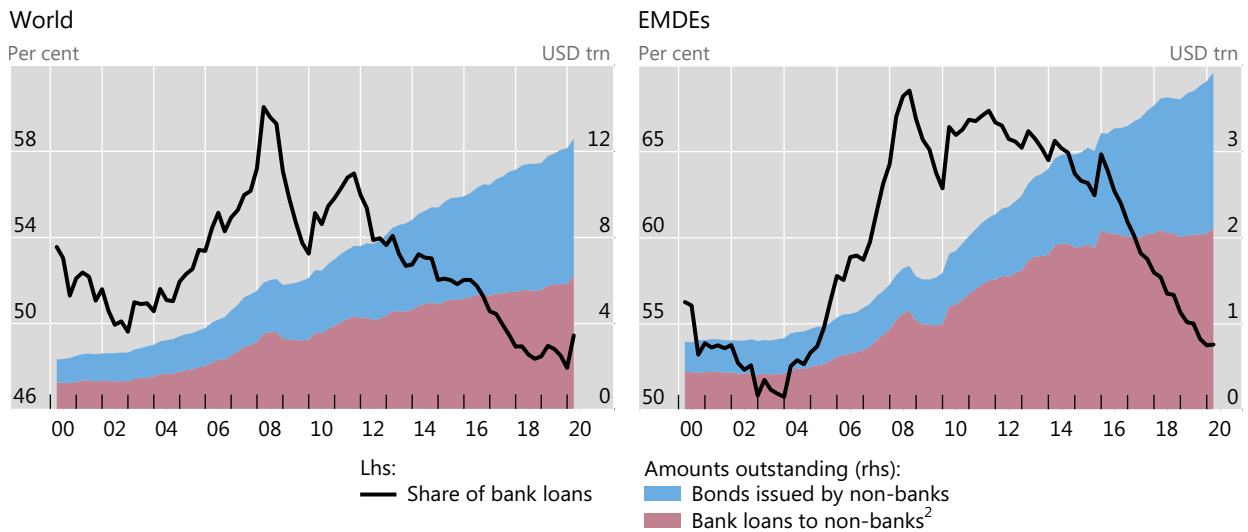
Further information on the BIS global liquidity indicators is available at [www.bis.org/statistics/about\\_gli\\_stats.htm](http://www.bis.org/statistics/about_gli_stats.htm).

<sup>1</sup> Amounts outstanding at quarter-end. <sup>2</sup> Based on quarterly break- and exchange rate-adjusted changes. <sup>3</sup> 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. <sup>4</sup> 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. <sup>5</sup> 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 States<sup>1</sup>

Graph A4



Further information on the BIS global liquidity indicators is available at [www.bis.org/statistics/about\\_gli\\_stats.htm](http://www.bis.org/statistics/about_gli_stats.htm).

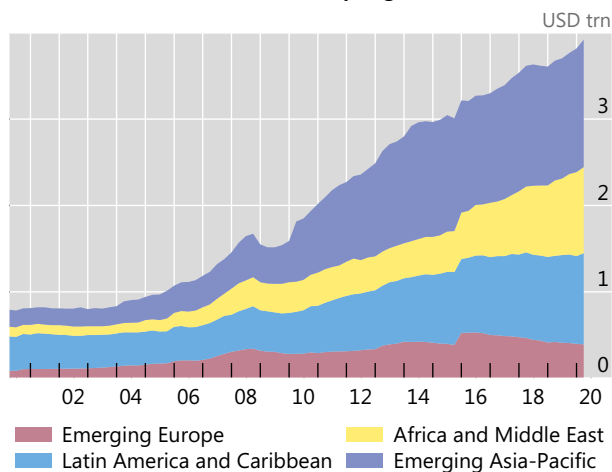
<sup>1</sup> Non-banks comprise non-bank financial entities, non-financial corporations, governments, households and international organisations. <sup>2</sup> Loans by LBS-reporting banks to non-bank borrowers, including non-bank financial entities, comprise cross-border plus local loans.

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

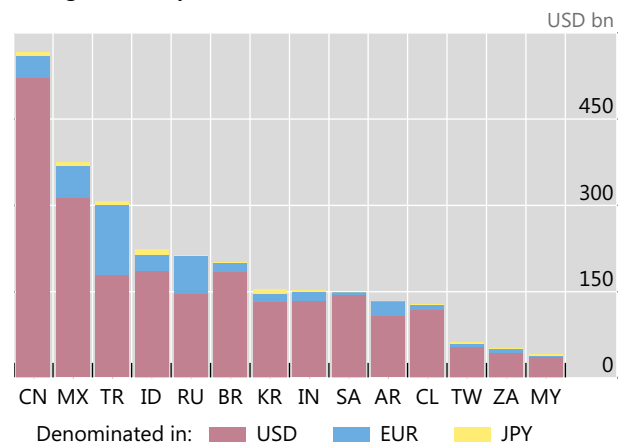
## Foreign currency credit to non-banks in EMDEs

Graph A5

### US dollar-denominated credit by region



### Foreign currency credit to selected EMDEs<sup>1</sup>



Further information on the BIS global liquidity indicators is available at [www.bis.org/statistics/about\\_gli\\_stats.htm](http://www.bis.org/statistics/about_gli_stats.htm).

<sup>1</sup> Amounts outstanding for the latest available data.

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