

**Twenty-Fifth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington D.C., USA
January 14–16, 2013
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Data on Currency Intervention Activity

**Prepared by the Statistics Department
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I. INTRODUCTION

1. At the IMF Executive Board discussion on Data Provision to the Fund for Surveillance Purposes in November 2012, staff was asked by Executive Directors about the provision of foreign exchange intervention data for the purposes of IMF surveillance. As these data are not collected by the IMF on a systematic basis, staff agreed to look into the possibilities and report back to the Board.
2. The purpose of this note is to bring this issue to the attention of the Committee for initial discussion. It is proposed that the Committee ask RESTEG, under the chair of the IMF, to address the issues set out in this note in order to inform the Committee discussion later in 2013.

II. BACKGROUND

3. The IMF Statistics Department collects a significant amount of data on reserves. Reserves data are collected on international liquidity, the balance of payments, and the IIP and presented in *International Financial Statistics* and the *Balance of Payments Statistics Yearbook*. More detailed reserves information is provided in the Reserves Data Template for SDDS subscribers. There are also the data on COFER, SEFER, and INFER that provide more details on the nature of reserves.
4. From these sources some indication of intervention activities can be gleaned. However, changes in the monthly level of reserve holdings are affected by more than intervention. While balance of payments transactions data might be considered closer to intervention data, generally these data are “only” compiled on a quarterly frequency and can be affected by more than intervention data, e.g., proceeds of foreign borrowing. COFER, SEFER, and INFER data are not available on an individual country basis except to a very few number of IMF staff, and these surveys are not designed to collect intervention data.
5. There are also some drawbacks to consider. The idea of countries providing intervention data has been discussed before, and countries were reluctant to disseminate additional data to the public on their intervention activities, both because these data may be burdensome to compile and disseminate, and also because such disclosures could reduce the effectiveness of their exchange market activities.

III. ISSUES TO ADDRESS

6. Before considering whether to collect intervention data on a systematic basis, a number of issues need to be addressed.
 - What is meant by intervention data? How should intervention be defined? Does intervention only cover transactions that directly increase or decrease reserve holdings, or does intervention also cover transactions in forwards and options market? How should intervention-type transactions conducted by public corporations, perhaps with exchange rate guarantees from the monetary

authorities, be addressed? What measures of intervention do countries presently use to compile data?

- What data collection could be of most benefit, least burdensome to the provider, and least disruptive of currency markets? For example, further collections could take the form of more frequent data (e.g., weekly instead of monthly?), more timely data (less than one month after the date of coverage), or more detailed data.
- Should the presentation of intervention data be on a stand-alone basis, or part of a broader picture e.g., the Reserves Data Template, or the balance of payments statement? How close can analysts get to data on intervention from the transactions data in the balance of payments?
- Should dissemination of additional data to the public on foreign currency intervention activities be an objective? Which countries presently disseminate intervention data?

IV. WAY FORWARD

7. We welcome Committee members' views at the meeting on the issues set out above, and any additional issues that members consider should be raised.

8. It is proposed that RESTEG, chaired by the IMF, look into the issues raised, taking account of the discussion at the Committee meeting, and present their findings to the next Committee meeting. RESTEG's objectives would be to investigate:

- the conceptual issues raised in measuring intervention;
- the practical implications of compiling, collecting and presenting such data, including whether the data should be presented within a broader framework; and
- the benefits and drawbacks of the dissemination of data.

Question: Do Committee members support the idea of RESTEG investigating the collection of foreign currency intervention data?