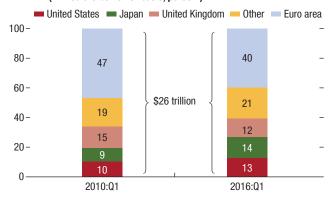
Figure 1.18. Japanese Banks and Foreign Exchange Funding

Japanese banks are expanding overseas ...

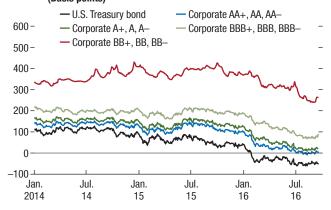
1. Share of BIS Foreign Claims by Country of Reporting Bank (Immediate borrower basis, percent)



Source: Bank for International Settlements (BIS), Consolidated Banking Statistics.

... forcing investors into riskier bonds to maintain positive yields.

3. Hedged Returns on U.S. Dollar Bonds (Basis points)



Sources: Bloomberg L.P.; and IMF staff calculations.

... but dollar funding and hedging costs have risen ...

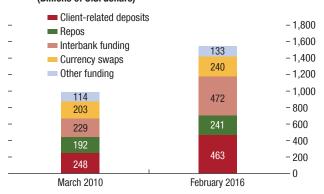
2. U.S. Dollar Funding and Hedging Costs (Basis points)



Sources: Bloomberg L.P.; and IMF staff calculations. Note: Bps = basis points; CP = commercial paper; Libor = London interbank offered rate; OIS = overnight indexed swap.

Japanese banks are more reliant on wholesale funding than deposits.

4. Japan: Major Banks' Structure of Foreign Currency Funding (Billions of U.S. dollars)



Source: Bank of Japan.

Note: Repo = repurchase agreement.