

INTERNATIONAL MONETARY FUND

Statistics Department



International Reserves and Foreign Currency Liquidity Data Template—Clarification on the Recording of Gold Under Other Foreign Currency Assets

International Reserves and Foreign Currency Liquidity Data Template—Clarification on the Recording of Gold Under Other Foreign Currency Assets¹

1. As per the existing guidance, gold held by the monetary authority not included in official reserve assets (i.e., under Section I(A)(4) in the International Reserves and Foreign Currency Liquidity Data Template, or Reserve Data Template), but with a purity of at least 995/1,000 should be recorded under other foreign currency assets of the Reserves Data Template (paragraph 98, *International Reserves and Foreign Currency Liquidity, Guidelines for a Data Template or RDT Guidelines* issued in 2013). This is further clarified in paragraph 125 wherein gold bullion with a purity of at least 995/1,000 that is not included in reserve assets is cited as an example of other foreign currency assets.

2. The above treatment is **not consistent** with the guidance provided in the *Balance of Payments and International Investment Position Manual*, sixth edition (*BPM6*), and other macroeconomic statistics manuals (*System of National Accounts 2008 (2008 SNA)*, *Monetary and Financial Statistics Manual and Compilation Guide 2016 (MFSMCG 2016)*, and *European System of Accounts 2010 (ESA 2010)*). For ready reference, **Annex 1** summarizes the relevant guidance from these manuals. This note describes such inconsistencies and provides clarification on the recording of gold not included in official reserve assets.

3. According to *BPM6* paragraphs 5.75² and 5.76³:

Gold bullion and allocated gold accounts⁴ not included in reserves assets are not considered as financial assets.

¹ A previous version of this note (prepared by Venkat Josyula, Balance of Payments Division, STA) was presented to the IMF Committee on Balance of Payments Statistics (BOPCOM) in December 2016. The paper proposed that a note be posted on the BOPCOM website to clarify the text in the *RDT Guidelines* on the recording of gold not included in official reserve assets. BOPCOM members agreed that the treatment prescribed for gold in Section I (B) of the *RDT Guidelines* is not consistent with that prescribed by *BPM6* and other macroeconomic statistics manuals and need to be clarified.

² Paragraph 5.75 mentions that "...Gold bullion not held as reserve assets is not a financial asset and is included in nonmonetary gold, within the goods and services account...".

³ Paragraph 5.76 mentions that "...When held as reserve assets, allocated gold accounts are classified as monetary gold. When not held as reserve assets, allocated gold accounts are treated as representing ownership of a good."

⁴ The inconsistency does not apply to unallocated gold accounts not held as reserve assets (i.e., unallocated gold accounts with claims on residents), since these are treated as deposits in foreign currency and can thus be included under other foreign currency assets/deposits not included in official reserve assets in the Reserves Data Template.

Therefore, they cannot qualify to be included under other foreign currency assets, Section I (B)⁵ (which are financial assets) in the Reserve Data Template.

4. It appears that the key motivation for the current treatment in the *RDT Guidelines* is based on the consideration that gold not included under reserve assets could at some stage become a liquid asset at the disposal of monetary authorities. In some instances, monetary authorities may not like to place or disclose all the gold under official reserve assets and keep some gold out of reserve assets, even though the main intention is to use such gold as a backup for foreign currency requirements and use it for liquidity in times of crisis. The *BPM6* clarifies that the gold held by monetary authorities not as a reserve asset (but as a monopoly reseller of gold)⁶ is included in nonmonetary gold.⁷ Further, nonmonetary gold may be held either as a store of value or for other (industrial) purposes. The treatment of monetary gold in *BPM6* is an exception whereby by convention the gold bullion which is part of monetary gold is treated as a financial asset with no corresponding liability.⁸

5. The *2008 SNA* clarifies that the transactions in nonmonetary gold are treated as acquisition less disposals of valuables (if the sole purpose is to provide a store of wealth) and otherwise as final or intermediate consumption, change in inventories, exports or imports. Therefore, the present treatment under the *RDT Guidelines* does not appear to be consistent with that prescribed in the other statistical manuals.

6. Against this background, this note clarifies that:

- a) Gold not held as a reserve asset is not a financial asset. Therefore, to be consistent with *BPM6* and other macroeconomic statistics manuals, gold not included in official reserve assets shall not be recorded in Section I (B) of the Reserve Data Template.
- b) In the future, gold not held as a reserve asset shall be recorded as a new separate Memo Item under Section IV.

7. At the next review of the IMF's Data Standards Initiatives during 2019/20, staff would propose the deletion of the line "gold not included in official reserve assets" from Section I (B)

⁵ This section is called "Other foreign currency assets (specify)" in the Reserve Data Template.

⁶ *International Reserves and Foreign Currency Liquidity, Guidelines for a Data Template* issued in 2001 suggest to include the gold held by the monetary authorities for trading in financial markets under other foreign currency assets.

⁷ *BPM6* paragraph 5.75 mentions that "...In some cases, a central bank may own gold bullion that is not held as reserves (such as sometimes occurs when it acts as a monopoly reseller of gold)."

⁸ Leaving aside monetary gold, gold bullion is a nonfinancial asset and that's why it has no corresponding liability. However, by convention the gold bullion held by monetary authorities is treated as a financial asset, but still with no corresponding liability, unlike any other financial assets.

of the Reserve Data Template and adding a new item under Section IV to record such information. In the interim, those countries that report gold in Section I (B), should provide data and metadata in the *International Reserves and Foreign Currency Liquidity Country Notes: Metadata Questionnaire* under Section C “Other information not included above (including period-specific country notes)”. It is also clarified that an update of the *RDT Guidelines* on this and other matters would only be undertaken once a more substantive number of issues need to be addressed.

Annex 1: Treatment of gold /allocated gold accounts/ unallocated gold accounts not held as reserve assets

<i>2008 SNA</i>	<i>BPM6</i>	<i>MFSMCG 2016</i>	<i>ESA 2010</i>
<ul style="list-style-type: none"> • Transactions in non-monetary gold (including non-reserve gold held by monetary authorities and all gold held by financial institutions other than the monetary authorities) are treated as acquisition less disposals of valuables (if the sole purpose is to provide a store of wealth) and otherwise as final or intermediate consumption, change in inventories, exports or imports (11.45). • Unallocated gold accounts ...is a deposit denominated in gold. They are thus treated as deposits in foreign currency. Accounts that are held for allocated gold, on the other hand, are treated as holdings of valuables unless they are held by monetary authorities, or other units authorized by them as reserves (11.60). • Precious metals and stones are treated as valuables when they are not held by enterprise for sale or use as inputs into process of production nor are held as monetary gold and are not held as a financial asset in the form of unallocated metal accounts (10.152). 	<ul style="list-style-type: none"> • Gold bullion not held as a reserve asset is not a financial asset and is included in nonmonetary gold, within the goods and services account. In some cases, a central bank may own gold bullion that is not held as reserves (such as sometimes occurs when it acts as a monopoly reseller of mined gold (5.75). • When not held as reserve assets, allocated gold accounts are treated as representing ownership of a good (5.76). • Unallocated gold account assets not held as reserve assets are classified as deposits (5.77). • Nonmonetary gold covers all gold other than monetary gold (10.50). • Nonmonetary gold may be held either as a store of value or for other (industrial) purposes (10.54). 	<ul style="list-style-type: none"> • Gold bullion holdings that are not part of reserve assets are classified as non-financial assets (4.17). • Allocated gold accounts are nonfinancial assets when not held as reserve assets (4.19). • Unallocated gold accounts not held as reserve assets are classified as deposits in foreign currency (4.19). • In some cases, a central bank may own gold bullion that is not held as a reserve asset and thus should be classified as nonmonetary gold (4.20). 	<ul style="list-style-type: none"> • Gold bullion not held as a reserve asset is a non-financial asset and is included in nonmonetary gold (5.61).