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Foreign Currency Exposures

Prepared by the Statistics Department
International Monetary Fund

FOREIGN CURRENCY EXPOSURES

1. This paper contains two parts. Part one summarizes the response, dated September 11, 2014, of the IMF, FSB and BIS to the request of the G20 Finance Ministers and Central Bank Governors (G20 FMCBG) (Attachment 1) to advance work to address data gaps involving foreign currency exposures. This paper seeks the Committee's endorsement of the specific modalities for advancing work in this area. In particular, it seeks Committee endorsement to utilize the existing framework and existing data collection templates, particularly the foreign currency exposure table introduced in Appendix 9 of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6).* In part two, the paper describes a set of broad and longer-term issues that were raised during the consultation with G20 economies on the IMF paper to the G20 FMCBG. Views of the Committee on these points would be welcome.

I. Summary on Advancing Work on Foreign Currency Exposures

Background

2. During the 2014 Spring Meetings, representatives from the Reserve Bank of Australia[1] and the FSB consulted the IMF on the G20 proposal (under development at that time) to undertake work to close gaps in data on foreign currency exposures. Although acknowledging that data on foreign currency exposures are not easy to collect, the Statistics Department (STA) of the IMF welcomed the initiative, expressing its support in the context of addressing data gaps.

3. Subsequent to this consultation, the April 2014 Annex to the Communiqué of the G20 Finance Ministers and Central Bank Governors was issued and included the following statement:

> *We ask the IMF, FSB and BIS to advance work by our September meeting to address data gaps involving foreign currency exposures, building as far as possible on existing statistical and data initiatives to better assess cross-border risks.*

Work at the IMF

4. As cross-border financial linkages have expanded over time and become more complex, data on foreign currency exposures have become increasingly important for IMF analyses of risks and spillovers, as well as for use in crisis prevention, in particular because they help sharpen the understanding of balance sheet effects. Thus, as part of the G20 Data Gaps Initiative, IMF staff intensified bilateral consultations with G20 economies. During

[1] Australia currently holds the Presidency of the G20.

these consultations, staff inquired about authorities' plans to report data on foreign currency exposures, particularly in the context of the International Investment Position (IIP).[2] Presently, no G20 country reports the data that are covered by Table A9-I in Appendix 9 of *BPM6*, although a few countries informed staff that they had plans to do so.

5. After the 2014 Spring Meetings, staff reviewed the several existing report forms that STA uses to collect data related to foreign currency exposures. This exercise further explored how these data fit together to provide a holistic view of the foreign currency positions of an economy. The IMF report forms for the external, financial, and government sectors provide a framework for monitoring foreign exchange exposures. In addition, the Inter-Agency Group on Economic and Financial Statistics (IAG) endorsed a sectoral accounts template that could help close the gap on foreign exchange exposures for the government, nonfinancial corporations, households and NPISH (non-profit institutions serving households) sectors.

6. Based on its review of existing report forms and templates, staff concluded that the potential for monitoring foreign currency risks and help meet the concerns raised by the G20 FMCBG exists.

7. Therefore, in the view of staff, initial steps toward the closing data gaps in this area should be aimed at increasing the availability of data that are already being sought, but are not widely disseminated. Table 1 ("Intersectoral Assets and Liabilities Positions in Foreign Currency") on page 9 of Attachment 2 ("*Advancing the Work on Foreign Currency Exposures*") presents the data that are currently sought in the form of a balance sheet matrix, including domestic and foreign currency exposures on a sector-to-sector basis.

Proposal to collect data

8. The overarching framework for monitoring the external position of an economy is the IIP. The IMF seeks to collect cross-border foreign currency exposure data through the IIP report forms. These report forms identify separately the positions of the following individual institutional sectors vis-à-vis nonresidents: central bank, general government, deposit taking corporations except the central bank, other financial corporations (OFCs), and inter-company lending. A table is included within the standard IIP presentation in *BPM6* (Table A9-I) that, for each of these sectors, provides a breakdown of debt claims and liabilities by domestic and foreign currency with short-term original maturity separately identified (see Appendix II in Attachment 2). The notional values to receive and pay in foreign currency under financial derivatives contracts are also included.

9. At the present time very few countries provide these data, and none from the G20, although a few G20 countries have plans to collect at least partial data on foreign exchange

[2] IIP data provide a comprehensive view of the external assets and liabilities of an economy.

exposures.[3] A difficulty faced by compilers is that data are frequently not available for all types of instruments and sectors, particularly outside of the financial sector. In this vein, the IMF plans to advance the work on foreign currency exposures by promoting the reporting in particular, of Table A9-I in the *BPM6*. All members of the IMF would be urged to report these data, with an initial focus on the G20 economies. Staff will continue to coordinate with FSB and BIS staff.

10. To promote data collection using Table A9-I, IMF staff would work with the IAG to incorporate this as part of Phase II of the G20 Data Gaps Initiative. At the October 1, 2014 meeting of the IAG, members viewed this proposal favorably.

11. In this context, IMF staff will draw attention to table A9-I during consultations with G20 economies in 2015. In addition, IMF staff are considering publicizing the usefulness of these data, especially as part of the IMF's efforts to strengthen surveillance and the work on risks and spillovers, at workshops and other meetings, encouraging compilation of Table A9-I data during STA technical assistance and training missions on external sector statistics, and maintaining a record of foreign currency external sector data disseminated by G20 economies.

12. Further, STA will promote the need for foreign currency data in its outreach on sectoral accounts and will continue to promote the use of Standardized Report Forms for monetary and financial statistics.[4]

13. We propose to report on progress at next year's Committee meeting.

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[3] Two specific examples are Australia and Korea. For example, Australia has conducted surveys of Australian resident enterprises with exposure to foreign currency, and has published results showing foreign equity assets, foreign currency denominated debt assets and liabilities, expected future foreign currency receipts and payments from trade, the principal value of outstanding currency derivatives contracts and policies on hedging foreign currency exposure. Korea publishes data on year end IIP assets and liabilities denominated in seven currencies (US dollars; Japanese yen; Korean won; euro; Hong Kong dollar; British pound; and Chinese yuan) and all other currencies.

[4] Sectoral accounts are being developed under Recommendation 15 of the Data Gaps Initiative. A standard template for sectoral accounts has been developed, and includes totals and "of which domestic currency" splits, which will allow the foreign currency component to be derived as a residual. The currency split is included for both assets and liabilities for each of four instruments, i.e., currency and deposits, debt securities, loans, and other accounts receivable/payable. The template is quarterly, covers each resident sector and the rest of the world, and includes both stocks and flows. Data will start to be collected by Eurostat, OECD, and the Fund, with countries reporting data as available., The domestic/foreign currency split is an integral part of the Standardized Report Forms.

II. Issues on Foreign Currency Exposures

14. Foreign currency mismatches have remained a concern since the crisis, especially with regard to the corporate sector. During the consultation with G20 economies on the draft of Attachment 2, the following points that have broad and long-term implications for statistical development were raised:

- Collaboration by the BIS, FSB and IMF on developing a data hub to include comprehensive data on sectoral exposures by currency and maturity of domestic sectors and the external sector (by counterparty).

- Harmonize the set of data across currencies across related data sets. One possible list of currencies might include, but not necessarily be limited to, the US dollar, euro, yen, British pound, Swiss franc, Canadian dollar, and Australian dollar.

- Table 1 in Attachment 2 of the IMF paper to the G20 FMCBG covers exposures between sectors, but understanding the gross size of foreign currency assets and liabilities within a sector has analytical value to assess risks. Thus, it would be useful to have data on the intra-sectoral totals of foreign exchange liabilities (i.e. forex exposures among deposit taking corporations).

- Attachment 2 notes that intercompany lending is not identifiable. However, to fully understand foreign exchange exposures, it would be useful to have data on whether those are exposures between different parts of the same company.

- Foreign currency exposure data would be greatly enhanced by having information on (residual) maturity by currency, to support analysis of both currency and maturity mismatches. During a crisis maturity mismatches may increase significantly if there is a concomitant currency mismatch. The usefulness of the data increases multifold compared with having either maturity or currency information by itself.

- Macroeconomic statistics are founded on the residency principle; however, the analysis of foreign currency risk suggests that these data need to be supplemented, especially regarding financial institutions. Having data on a consolidated basis can allow analysts a better understanding of foreign currency exposures when overseas subsidiaries and offshore debt issuance is involved.

- Analysts also seek better information on hedges by corporations. Specific survey instruments on derivatives may be required.

15. The views of the Committee would be welcome on these topics, which could be developed further, based on the Committee's reactions. However, any additional work would need to be reflected in the Medium-Term Work Program of the Committee, taking into account the resource implications and timetable for the development of any of these topics.

Questions for the Committee:

1. Do Committee members support the IMF, FSB, and BIS proposal to advance work on closing of gaps in foreign exchange data by promoting the reporting of information on existing report forms and templates, including data covered by Table A9-I of BPM6?

2. Do Committee members have comments on how the IMF might promote the reporting of data on existing report forms and templates (several modalities are listed in paragraphs 11-12).

3. What are Committee members' views on Part II of this document, which deals with expansion of the work on closing of gaps in foreign exchange data?

FINANCIAL STABILITY BOARD

BANK FOR INTERNATIONAL SETTLEMENTS

September 11, 2014

To the G20 Finance Ministers and Central Bank Governors:

We are pleased to respond to your request of April 2014 for the IMF, FSB and BIS to advance work by September 2014 to address data gaps involving foreign currency exposures, building as far as possible on existing statistical and data initiatives to better assess cross-border risks.

Given the short period of time, the IMF, FSB and BIS have advanced work on different but complementary tracks. The key outputs of the work are:

- The Report on "Advancing the Work on Foreign Currency Exposures" prepared by the Staff of the IMF

  The IMF considers the issue of foreign exchange exposures highly relevant in the context of its surveillance work on risks and spillovers, as well as crisis prevention. To this end, the Report outlines the information included in the IMF statistical report forms which provide a conceptual framework for the analysis of domestic and cross-border foreign exchange exposures, from a residence-based approach.

  The potential for monitoring foreign exchange risks exists in the IMF report forms; however there are gaps in the availability of data. Information for the financial sector is generally available, including its cross-border foreign currency exposures, but this is not the case for the other sectors of the economy including for non-financial corporations.

- The BIS and FSB Summary of the Joint CGFS/FSB-SCAV workshop on risks from currency mismatches and leverage on corporate balance sheets

  The workshop was held on June 20, 2014 with public and private sector participants, to gather views on current trends affecting corporate balance sheets in emerging market economies. The key messages of the workshop underline the rising corporate leverage, the shifting of duration risk to investors, and the unavailability of consistent granular data, which masks the concentration of risks in particular sectors or institutions.

  The two main information gaps identified by the workshop participants were, first, in corporate hedging activities and other derivatives positions; and second, in the availability of financial statements for non-listed companies.

Going forward, the IMF proposes to advance the work on compilation of foreign currency exposures, in particular through the promotion of reporting of the foreign currency exposure table introduced in the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual* (*BPM6*). The IMF intends to work primarily through the IMF

Committee on Balance of Payments Statistics, which is scheduled to conduct its annual meeting in October 2014. Also, the set of templates for internationally comparable sectoral accounts and balance sheets being promoted by the Inter-Agency Group, chaired by the IMF, under the G20 Data Gaps Initiative can be used by countries to help fill the information gap pertaining to the non-financial corporations sector. The forthcoming Triennial Surveillance Review will also look into the issue of foreign exchange exposures, particularly in the context of the effectiveness of IMF surveillance work on risks and spillovers. Moreover, the need for key financial sector data is also emphasised in the 2014 Financial Sector Assessment Program review.

In line with the approaches suggested at the workshop, the FSB will monitor progress by national jurisdictions to implement the relevant accounting standards, and will consider proposing that the accounting standard setters review disclosure requirements, in view of the changing needs of and increasing demand from stakeholders for information on foreign currency risk. Furthermore, the FSB will explore the extent to which supervisors are leveraging data collected by trade repositories and supervisory information to monitor foreign currency exposures, in order to identify key players in markets and to detect emerging vulnerabilities.

The BIS will continue to monitor and analyse these exposures closely. Mismatches between funding currencies and asset holdings on financial and non-financial balance sheets have been a central theme of recent BIS research. For example, the September 2014 issue of the *BIS Quarterly Review* looks at the impact of the increased role of asset managers on the dynamics and risks of cross-border investment flows, including foreign currency flows. In addition, work has recently been completed on enhancing the granularity of the BIS international banking statistics, including an expanded currency breakdown for the locational data. The BIS will continue to foster discussion among authorities and with the private sector on the relevant risks and vulnerabilities.

We will continue to coordinate our efforts in advancing the work on foreign exchange exposures, proposing to report back to G20 Finance Ministers and Central Bank Governors a year hence. We look forward to working further with the G20 economies on these important issues.

Christine Lagarde Managing Director	Mark Carney Chairman	Jaime Caruana General Manager
IMF	FSB	BIS

Attachments

ATTACHMENT II

Advancing the Work on Foreign Currency Exposures

Prepared by the Staff of the IMF

September 2014

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Acronyms

BIS	Bank for International Settlements
BPM6	*Balance of Payments and International Investment Position Manual,* sixth edition
COFER	Currency Composition of Foreign Exchange Reserves
CPIS	Coordinated Portfolio Investment Survey
FSB	Financial Stability Board
G-20	The Group of Twenty
GFSM	*Government Finance Statistics Manual*
IAG	Inter Agency Group on Economic and Financial Statistics
IIP	International Investment Position
IMF	International Monetary Fund
NPISH	Non-Profit Institutions Serving Households
ODC	Other Depository Corporations
OECD	Organization for Economic Co-operation and Development
OFC	Other Financial Corporations
PSDS	Public Sector Debt Statistics
RDT	Reserves Data Template
SDDS	Special Data Dissemination Standard
SDR	Special Drawing Rights
SNA	*System of National Accounts*
SRF	Standardized Report Form
STA	IMF Statistics Department

EXECUTIVE SUMMARY

In April 2014, the G-20 Finance Ministers and Central Bank Governors asked the IMF, FSB and BIS to advance work by their September meeting to address data gaps involving foreign currency exposures, building as far as possible on existing statistical and data initiatives to better assess cross-border risks.

Given the short time period in which to report back to the G-20 Finance Ministers and Central Bank Governors, the IMF and FSB/BIS have advanced work on different but complementary tracks. The main conclusions of the IMF work are:

- IMF considers the issue of foreign currency exposures highly relevant in the context of its surveillance work on risks and spillovers, as well as crisis prevention.

- The data requested by IMF statistical report forms for the external, financial, and government sectors on a residence basis provide a framework for analyzing both domestic and cross-border foreign exchange exposures.

- The potential for monitoring foreign exchange risks and help meet the concerns raised by the G-20 Finance Ministers and Central Bank Governors exists.

- Data on foreign currency exposures of the financial sector, particularly for depository corporations, are generally available; including their cross-border foreign currency exposures, but this is not the case for other sectors of the economy.

- The IMF will continue to work with countries to encourage the provision of foreign currency exposure data, particularly for the external sector, and will place this issue on the agenda of the October 2014 meeting of the IMF Committee on Balance of Payments Statistics to discuss the strategy for encouraging the reporting of such data.

G20 Finance Ministers and Central Bank Governors Communiqué, April 2014: *"We ask the IMF, FSB and BIS to advance work by our September meeting to address data gaps involving foreign currency exposures, building as far as possible on existing statistical and data initiatives to better assess cross-border risks."*

I. Summary

1. The exposure of the domestic economy to foreign currency risk varies by country but is potentially a source of vulnerability that needs to be assessed. Sharp movements in the exchange rate can cause significant wealth transfers both within an economy and between the economy and the rest of the world. In turn, the impact of wealth transfers can spillover to other economies through trade and financial connections. Work at the IMF has shown that currency (and maturity) mismatches in balance sheets have been a common theme in systemic crises.[1] So improving the availability of foreign currency data is important to the work of strengthening IMF surveillance, including the work on risks and spillovers.

2. The IMF—through its report forms for the external, financial, and government sectors—provides a framework for monitoring foreign exchange exposures. Table 1 illustrates this framework. In addition, the Inter Agency Group on Economic and Financial Statistics has developed a sectoral accounts template that could help close the gap on foreign exchange exposures for the government, nonfinancial corporations, households and NPISH (non-profit institutions serving households) sectors. So the potential for monitoring foreign currency risks and help meet the concerns raised by the G-20 Finance Ministers and Central Bank Governors exists.

3. In recent months, IMF staff has conducted bilateral consultations with G-20 economies as part of the G-20 Data Gaps Initiative. During these consultations, they have raised the issue of reporting foreign currency exposure data, particularly in the context of the International Investment Position (IIP) —which provides the comprehensive view of the external position of an economy. Presently no G-20 country reports these data as requested by the IMF, although a few informed the IMF staff that they had plans to do so. The reporting of data pertaining to foreign currency exposures for the financial sector, particularly depository corporations, and for external positions covered by specialized IMF surveys is somewhat better, as shown in Table 2.

4. Going forward, with the support of the G-20 Finance Ministers and Central Bank Governors, the IMF proposes to advance the work on the compilation of foreign currency exposures across all the domains. In particular, the IMF intends to promote reporting of the table on the Currency Composition of Assets and Liabilities in the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual (BPM6).* This table records

[1] See "*Analytics of Systemic Crises and the Role of Global Financial Safety Nets*," May 2011 - http://www.imf.org/external/np/sec/pn/2011/pn1198.htm

the currency composition of assets and liabilities between residents and nonresidents (Table A9-I). The IMF proposes to discuss the strategy for encouraging the reporting of such data at the October 2014 meeting of the IMF Committee on Balance of Payments Statistics.

II. Work at the IMF

5. This report explains that the data sets pertaining to foreign currency exposures that are included in the report forms collected by the Statistics Department (STA) of the IMF fit together to provide a holistic view of the foreign currency positions within an economy. This note also provides information on the scale of reporting by each G-20 economy. The FSB and BIS work has focused primarily on the outcomes of the recent workshop in Hong Kong on corporate leverage and foreign currency exposures and so complements the work being undertaken by the IMF.

6. As cross-border financial linkages have expanded over time and become more complex, data on foreign currency exposures have become increasingly important for our analysis of risks and spillovers, in particular because they help sharpen our understanding of balance sheet effects. To strengthen surveillance, an intensified effort is needed to make these data available. The first step involves increasing the availability of data that are already being sought or are not widely disseminated. Ultimately, additional data may be needed, such as data on un-hedged foreign exchange liabilities given that large un-hedged positions are often a factor in balance of payments crises.

7. The holistic framework from which the collection of foreign currency exposures can be assessed is set out in Table 1, Intersectoral Assets and Liabilities Positions in Foreign Currency. This table is presented in the form of a balance sheet matrix that includes domestic and foreign currency exposures on a vis-à-vis sector basis.[2]

A. Data on Cross-Border Foreign Currency Exposures

8. The overarching framework for monitoring the external position of an economy is the IIP. The framework was updated in 2009 with the publication of the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual*.

9. The IMF collects cross-border foreign currency exposure data through the IIP report forms. These report forms identify separately the positions of the following individual institutional sectors vis-à-vis nonresidents: central bank, general government, deposit taking corporations except the central bank, other financial corporations (OFCs), and inter-company lending. A table is included within the standard presentation (A9-I) that, for each of these sectors, provides a breakdown of debt claims and liabilities by domestic and foreign currency with short-term original maturity separately identified. The notional values to receive and pay in

[2] Not all sectors of the *2008 System of National Accounts* are separately represented in this matrix in order to simplify its presentation.

foreign currency under financial derivatives contracts are also included (Appendix II). These data can be used to populate the external sector column and row in Table 1.

10. Unfortunately at the present time very few countries provide these data, and none from the G-20, although as noted above a few G-20 countries have plans to collect at least partial data on foreign exchange exposures. The difficulty faced by compilers is that data are frequently not available for all types of instruments and sectors, particularly outside of the financial sector.

11. The IMF also collects foreign currency exposure data through surveys of sub-components of the IIP. The Coordinated Portfolio Investment Survey (CPIS) collects data on the foreign currency composition of portfolio investment (security) assets by the same three currencies (US dollar, euro, and yen) identified in the IIP report form plus the British pound and the Swiss franc. Forty-three economies report these data, including 12 G-20 economies.

12. The World Bank in cooperation with the IMF collects and disseminates the currency composition (domestic currency/foreign currency) of external debt. The currency composition of external debt is also an encouraged item under the IMF's Special Data Dissemination Standard (SDDS). Twenty-eight economies (eight G-20 economies) report this SDDS encouraged item to the World Bank.

13. One benefit from the data collections on security assets and external debt liabilities is that they can be used to cross-check the foreign currency exposure data from the IIP presentation.

14. The IMF also collects foreign currency composition data on reserves through the Currency Composition of Foreign Exchange Reserves (COFER) survey. The COFER survey provides a breakdown of foreign exchange reserves by seven major currencies and is monitored closely by markets. As the data and the names of reporters are confidential, individual country data are not published. The IMF is working to increase the number of COFER reporters.

15. Also, the IMF collects reserves and foreign currency liquidity data through the Reserves Data Template (RDT). The RDT includes a two-part breakdown of foreign exchange reserves into SDR basket currencies (US dollar, euro, yen and British pound), and non-SDR basket currencies. These data can be compared with the data in the IIP presentation. The RDT is a required item under the SDDS and so the data reported by economies are publicly available. Seventy-seven economies report the RDT, of which 17 are G-20 economies.

B. Data on Financial Institutions Foreign Currency Exposures

16. The IMF compiles data on financial institutions using Standardized Report Forms (SRFs). These forms cover the activities of the central bank (1SR), other depository corporations (2SR), and other financial corporations (4SR). Taken together they provide comprehensive coverage of the assets and liabilities of the financial sector.

17. The SRFs have an accounting structure, detailing the financial instrument (currency, deposits, etc.), the currency of denomination of the instruments (domestic and foreign currency), and the counterpart sector for each instrument. Counterparty institutional units are split into resident and nonresident units. Resident institutional units are grouped—slightly rearranged—into the different sectors of the *2008 System of National Accounts (SNA)*, namely the central bank, other depository corporations, including money market funds (ODCs), other financial corporations (OFCs), central, state and local government, public nonfinancial corporations, other nonfinancial corporations, and other resident sectors (households and nonprofit institutions serving households). Data are collected on an aggregated gross basis, not netting intra-sectoral positions of the institutional units of the ODC and the OFC sectors. In SRFs, intercompany lending is not separately identified from lending to other institutional units in the same sector as the related corporation (financial or nonfinancial), although it is part of total lending

18. Source data for SRF 1SR is the balance sheet of the central bank, and for SRF 2SR the aggregated balance sheet of the ODCs (commercial banks and other financial institutions that issue liabilities included in the national definition of broad money). Each is typically a reliable source from which to analyze the foreign currency exposures of the economy. 141 economies (12 G-20 economies) report foreign currency exposure data to the IMF through the SRFs 1SR and 2SR.

19. For the OFC sector, comprehensive coverage is difficult because of the large number and diversity of the financial institutions operating in this sector. Further, many of these institutions are supervised by authorities other than the central bank, or not supervised at all, meaning that data from the SRF 4SR are less widely available. 35 economies (Eight G-20 economies) report foreign currency exposure data to the IMF through the SRF 4SR.

20. SRFs contain a detailed level of information by currency and counterparty sector, and so it is possible to use the data reported to STA for monetary statistics purposes to populate the matrix in Table 1.

Table 1. Intersectoral Asset and Liability Positions in Foreign Currency (Balance Sheet Matrix)

Issuer (Debtor) \ Holder of the Asset (Creditor)	Central Bank	Deposit-taking Corporations except the Central Bank	Other Financial Corporations	General Government	Other non-financial	External	Total
Central Bank							
*Total */* *In domestic currency* *In foreign currency*		SRF 1SR 3/	SRF 1SR 3/	SRF 1SR 3/	SRF 1SR 3/	IIP 1/ SRF 1SR 3/	SRF 1SR 3/
Deposit-taking Corporations except the Central Bank							
Total *In domestic currency* *In foreign currency*	SRF 1SR 3/	SRF 2SR 4/	SRF 2SR 4/	SRF 2SR 4/	SRF 2SR 4/	IIP 1/ 7/ SRF 2SR 4/	SRF 2SR 4/
Other Financial Corporations							
Total *In domestic currency* *In foreign currency*	SRF 1SR 3/	SRF 2SR 4/	SRF 4SR 5/	SRF 4SR 5/	SRF 4SR 5/	IIP 1/ 7/ SRF 4SR 5/	SRF 4SR 5/
Government							
Total *In domestic currency* *In foreign currency*	SRF 1SR 3/	SRF 2SR 4/	SRF 4SR 5/			IIP 1/	GFS 2/
Other non-financial							
Total *In domestic currency* *In foreign currency*	SRF 1SR 3/	SRF 2SR 4/	SRF 4SR 5/			IIP 1/ 6/	IAG /8 IIP 1/ 6/
External							
Total *In domestic currency* *In foreign currency*	IIP 1/ SRF 1SR 3/	IIP 1/ 7/ SRF 2SR 4/	IIP 1/ 7/ SRF 4SR 5/	IIP 1/	IIP 1/ 6/		IIP 1/
Total							
Total *In domestic currency* *In foreign currency*	IIP 1/ SRF 1SR 3/	IIP 1/ SRF 2SR 4/	IIP 1/ SRF 4SR 5/	IIP 1/	IAG /8 IIP 1/ 6/	IIP 1/	

Notes

*/ The breakdown in the vertical axis should include domestic and foreign currency as well as short and long-term maturity.

1/ Short and long term, and a domestic/foreign currency breakdown, for debt claims and liabilities. Except for reserves, a foreign currency breakdown for these claims and liabilities is provided for US dollars, euro, yen and other currencies.

2/ Data available for total only. A domestic/foreign currency breakdown. For loans and debt securities a further breakdown by maturity (short and long both original and remaining maturity) is provided.

3/ Standardized Report Form (SRF) ISR reported for the central bank provides data with domestic/foreign currency breakdown with no maturity breakdown.

4/ Standardized Report Form (SRF) 2SR reported for deposit-taking corporations provides data with domestic/foreign currency breakdown with no maturity breakdown.

5/ Standardized Report Form (SRF) 4SR reported for other financial corporations provides data with domestic/foreign currency breakdown with no maturity breakdown.

6/ Includes intercompany lending.

7/ The IIP and SRF data can only be compared at the total financial sector level as IIP includes money market funds in OFC, while SRF include them in depository corporations and not in OFC.

8/ Data may be available from IAG templates starting Q4 2014.

C. Data on General Government Foreign Currency Exposures

21. Government finance statistics include a limited amount of data on foreign currency exposures. The data that are available focus on liabilities rather than assets. In particular, the World Bank in cooperation with the IMF and Organization of Economic Co-operation and Development (OECD) disseminates data on general governments' total debt liabilities by currency of denomination on a quarterly frequency[3]. Fifty-five economies of which 13 are G-20 economies provide data.

22. The new government finance statistics report forms based on the updated government finance statistics methodology (i.e., *2014 Government Finance Statistics Manual (GFSM 2014)*) provide a domestic currency/foreign currency breakdown by instrument for general government debt liabilities. Once reported, this information can be used to populate the total liabilities of the general government line in Table 1. In addition, for debt securities and loan liabilities the new report forms provide a domestic currency/foreign currency breakdown by original and remaining maturity. The first collection of data using these forms will start in late 2014.

23. No data are requested for the general government's assets holdings by currency (domestic/foreign). However, there are possible counterparty data that could partially fill the gaps on general governments' holding of assets by domestic and foreign currency. The SRFs can provide the data on general government holdings of assets through the counterparty information reported by the central bank, deposit taking corporations except the central bank, and other financial corporations. The IIP can potentially provide data of general government cross-border holdings of foreign currency assets. However, data are not currently collected on general government claims on "other nonfinancial sectors".

D. Data on Nonfinancial Corporations, Households and NPISH Foreign Currency Exposures

24. The Working Group on Sectoral Accounts established under the auspices of the Inter Agency Group on Economic and Financial Statistics (IAG) has developed *Templates* for a *minimum* (required) and *encouraged* set of internationally comparable sectoral accounts and balance sheets. The *Templates* specify the minimum and encouraged sector/sub-sector and instrument details for the data on financial positions and flows that countries are requested to compile and disseminate. The *Templates* are being introduced in 2014.

25. Among the encouraged items are the foreign/domestic currency breakdowns for the following instruments: currency and deposits; debt securities; loans; and other accounts receivable/payable for all national accounts sectors, including general government, nonfinancial corporations, and households and NPISHs. If these data are reported, they would provide a

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[3] Public Sector Debt Statistics-Online Centralized Database www.worldbank.org/qpsd

picture, albeit not complete, of total foreign currency assets and liabilities for these sectors. No maturity information on foreign currency exposures is requested.

26. Under the proposed data cooperation protocol among the member countries of the IAG, the IMF will receive the data from Eurostat/European Central Bank for European Union member countries and from the OECD for all other OECD member countries. The IMF will therefore collect the data, where they exist, for all other countries.

27. In addition, it would be possible to compile external foreign currency exposure data for these sectors through the IIP data. Further using SRF data, it is possible to obtain exposures in foreign currency to domestic financial institutions of the nonfinancial corporations sector, and of the household and NPISH sectors.

E. Data Reporting by G-20 Economies

28. Table 2 sets out the reporting of data to the IMF by the G-20 economies for the report forms described above, excluding the IAG *Templates* on sectoral accounts. More information on all the data collections is provided in Appendix 1.

F. Way Forward

29. With endorsement by G-20 Finance Ministers and Central Bank Governors, the IMF plans to advance the work on foreign currency exposures by promoting reporting on the report forms identified above, in particular, Table A9-I in the *BPM6.* IMF staff will continue to coordinate with FSB and BIS staff.

30. Further, the forthcoming Triennial Surveillance Review will look into the issue of foreign exchange exposures, particularly in the context of the effectiveness of IMF surveillance work on risks and spillovers, and thus crisis prevention. In addition, the need for key financial sector data is also emphasized in the 2014 Financial Sector Assessment Program review.

31. As noted above, there is a data gap within the matrix pertaining to the nonfinancial corporations sector. It is expected that the set of *Templates* for internationally comparable sectoral accounts and balance sheets will be promoted by the IAG under the G-20 Data Gaps Initiative to help fill this gap.

Table 2. IMF Statistics Department Data Collection Forms

G-20 Reporters

Data Collection Form	Economies Currently Reporting Foreign Currency Breakdown
External Sector	
–International Investment Position Statistics (**IIP**)-Table A9-I Currency Composition of Assets and Liabilities.	None
–Coordinated Portfolio Investment Survey (**CPIS**)-Table 2. Currency Breakdown of Portfolio Investment Assets.	France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, South Africa, Turkey, and US. (12 economies).
–Quarterly External Debt Statistics (**QEDS**)-Table 2. Gross External Debt Position. Foreign Currency and Domestic Debt.	Argentina, Germany, India, Korea, Russia, South Africa, Turkey, and US. (8 economies).
–Reserves Data Template (**RDT**).	Argentina, Australia, Brazil, Canada, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, South Africa, Turkey, UK and US. (17 economies).
– Composition of Foreign Exchange Reserves Survey (**COFER**).	Data and list of reporters are confidential.
Financial Sector[1]	
–Standardized Report Forms (SRF)- Central Bank (**1SR**).	Australia, Brazil, France, Germany, Indonesia, Italy, Japan, Korea, Mexico, South Africa, Turkey, and US. (12 economies).
–Standardized Report Forms (SRF)- Other Depository Corporations (**2SR**).	Australia, Brazil, France, Germany, Indonesia, Italy, Japan, Korea, Mexico, South Africa, Turkey, and US. (12 economies).
–Standardized Report Forms (SRF)- Other Financial Corporations (**4SR**).	Australia, Brazil, Indonesia, Japan, Mexico, South Africa, Turkey, and US. (8 economies).
Government Finance Sector	
–Public Sector Gross Debt Statistics (**PSDS**). Items in the report form: (a) Domestic currency denominated; (b) Foreign currency denominated.	Argentina, Australia, Brazil, Canada, China, France, Indonesia, Italy, Mexico, Russia, South Africa, Turkey, UK and U.S. (14 economies).
–Updated Government Finance Statistics (**GFSY**)-Table 6.	None

[1] Argentina, China, Saudi Arabia, and United Kingdom provide partial currency breakdowns for some financial instruments using non-SRF report forms.

Appendix I. Detail on Data Collected Through IMF Statistical Report Forms

This appendix provides more detail on data collected through IMF statistical report forms.

A. Data on Cross-Border Foreign Exchange Exposures

Data are collected through the IIP, external debt, Coordinated Portfolio Investment Survey (CPIS), Currency Composition of Foreign exchange Reserves (COFER), and the Reserves Data Template (RDT) report forms.

International Investment Position (IIP)

- **External Assets:** IIP data includes quarterly total external assets vis-à-vis nonresidents broken down by sector and by instrument. Intercompany lending and official reserves data are separately identified. The maturity breakdown available is short and long term, although this breakdown is not available for intercompany lending and official reserves. A currency composition table by sector and maturity is included (table A9-I in Appendix II).

- **External Liabilities:** IIP data includes quarterly total external liabilities vis-à-vis nonresidents broken down by sector and by instrument. Data on intercompany lending are separately identified. The maturity breakdown available is short and long term, although this breakdown is not available for intercompany lending. A currency composition table by sector and maturity is included (table A9-I in Appendix II).

CPIS

- **External Assets:** The CPIS collects data on portfolio investment assets twice a year (equity and investment fund shares, and long- and short-term debt securities). Supplementary data by sector of holder and economy of nonresident issuer (with no currency breakdown), and on the currency composition of securities held, are encouraged.

- **External Liabilities:** The CPIS derives for each reporting economy total portfolio investment liabilities (equity and investment fund shares and long- and short-term debt securities) by nonresident holder. These data do not include a sectoral breakdown or a currency breakdown. The CPIS encourages countries to report their portfolio investment liabilities by geographical breakdown.

External Debt Statistics

- **External Assets** (Not Applicable)

- **External Liabilities:** Table 7.8 of the 2013 *External Debt Statistics: Guide for Compilers and Users,* encourages the dissemination of liabilities by sector, broken down by instrument, maturity and foreign exchange. Table 7.8 is in line with the memorandum tables A9-I in *BPM6*.

COFER

- The IMF has been collecting quarterly data on the currency composition of official foreign exchange reserves (COFER) since the 1960s from individual countries on a strictly confidential basis. In response to heightened policy and public interest, aggregate COFER data are posted quarterly on IMF's website. The currencies identified in COFER are U.S. dollar, euro, pound sterling, Japanese yen, Swiss franc, Canadian dollar, and Australian dollar. All other currencies are indistinguishably included in the category of "other currencies." Work is advancing to release names of countries/jurisdictions as COFER reporter (with their consent) after the launch of the SDDS Plus.

Reserves Data Template (RDT)

- **External Assets:** The RDT provides at least once a year (although many SDDS reporters disseminate monthly data) the foreign currency breakdown of the monetary authorities' (primarily the central bank but also any central bank operations carried out by government or commercial banks) official reserves through two baskets of currencies−by SDR and non-SDR baskets. No further breakdown is available to identify instruments, functional categories, maturity and counterparty sector. Total claims in foreign exchange vis-à-vis residents are indistinguishably included within other foreign currency assets, with no further breakdown, as long as these assets maintain the key characteristics of reserve assets excluding the residency criteria.

- **External Liabilities**: The RDT provides on a monthly basis total short-term foreign currency drains vis-à-vis residents and nonresidents. The instruments included are debt instruments and financial derivatives. The foreign exchange exposure with residents and nonresidents is available in the RDT but combined with central government data. There is no split by individual foreign currency.

Inter-linkages: Total cross-border foreign currency exposures reported in Table A9-1 assets/liabilities should be consistent with SRF's data pertaining to the deposit taking corporations and OFCs taken together. Data for official reserves will be comparable with assets in the IIP, and also with the SRFs assuming all official reserves are held at the central bank. Liabilities for the statistical sectors in Table A9-1 should be consistent with IIP data. External debt data of all sectors should be fully consistent with IIP, and both frameworks collect the foreign currency split vis-à-vis nonresidents.

B. Data on Financial Institutions Foreign Exchange Exposures

Standardized Report Forms (SRFs)

- **Assets:** *Central Bank* assets include domestic and foreign currency positions broken down by instrument and by resident/nonresident counterparty. Resident counterparties are split by economic sector. Claims on nonresidents are broken down into "Included in official reserves" and "Other foreign assets." Assets of *Other Depository Corporations* and *Other Financial Corporations* in domestic and foreign currency are broken down by instrument and by resident/nonresident counterparty. Resident counterparties are split by economic sector. There are no maturity breakdowns.

- **Liabilities:** *Central Bank* liabilities in domestic and foreign currency are broken down by instrument and by resident/nonresident counterparty. Resident counterparties are split by economic sector. Claims on nonresidents are broken down into "Short-term" (included in the calculation of net international reserves) and "Long-term." There is neither a currency nor counterparty sector breakdown for "Shares and other equity," which are presented at book value in "Capital and reserves." *Other Depository Corporations* and *Other Financial Corporations* liabilities in domestic and foreign currency are broken down by instrument and by resident/nonresident counterparty. Resident counterparties are split by economic sector. There are no maturity breakdowns. There is neither a currency nor counterparty sector breakdown for "Shares and other equity," which are presented at book value in "Capital and reserves."

  Inter-linkages: The foreign currency exposure data reported in the IIP for deposit taking corporations and OFCs taken together should equal the data reported in the SRFs for ODCs and OFCs together. In addition the IIP provides more detail by type of currency than available in the SRFs, which provides a domestic/foreign currency split only. Data for official reserves included in the IIP and SRFs are the same if the central bank holds all official reserve assets.

C. Data on General Government Foreign Exchange Exposures

Data are collected through Government Finance Statistics report forms and the Public Sector Debt Statistics Database (PSDS). The PSDS presents government and public sector debt data by maturity structures broken down by instrument, currency composition, and creditor residence. The PSDS covers only debt liabilities: no information on assets is included.

Government Finance Statistics Report Forms (being introduced in 2014)

- **Assets**: Government debt claims on resident and non-residents are available but there is no currency breakdown.

- **Liabilities:** Debt liabilities to residents and non-residents combined are available with a currency breakdown (domestic/foreign currency split). In addition, for debt securities and loan liabilities there is a domestic currency/foreign currency breakdown by original and remaining maturity. It is not possible to cross-tabulate information on residency and currency composition.

Inter-linkages: Cross-border foreign currency exposures reported in the IIP for debt liabilities of general government allows for the domestic and foreign currency split of resident holdings of general government debt liabilities to be calculated by residual.

D. Data on Nonfinancial Corporations, Households and NPISH Foreign Exchange Exposures

Using SRF and IIP data, the user could obtain data on foreign exchange exposures to the nonfinancial corporations, households and NPISH sectors by domestic financial institutions and nonresidents.

- **External Assets:** The sectoral accounts *Template* has encouraged items that identify domestic currency denomination for the following instruments: currency and deposits; debt securities; loans, and other accounts receivable/payable for all national accounts sectors, including general government, the nonfinancial corporations, and households and NPISHs. This allows the foreign currency amounts to be derived by residual from the totals for these instruments. So it will be possible to derive information on the domestic currency/foreign currency breakdown of selected external assets for the total economy, but not for the specific sectors.

- **External Liabilities:** As with external assets, the encouraged items in the sectoral accounts *Template* identify domestic currency denomination for currency and deposits; debt securities; loans, and other accounts receivable/payable for all national accounts sectors including general government. So it will be possible to derive information on the domestic currency/foreign currency breakdown of selected external liabilities for the total economy, but not for the specific sectors.

Appendix II. Table A9-I in *BPM6*

Assets (Market Value)

	Central Bank	General Government	Deposit-taking corporations, except the central bank	Other sectors OFC/Other/Total 2/	Intercompany lending	Total
Total 3/						
Domestic Currency						
Foreign Currency U.S. dollar Euro Yen Other currencies Unallocated 4/						
Of which one year or less 5/						
Foreign Currency U.S. dollar Euro Yen Other currencies Unallocated 4/						
Reserve Assets 6/ In SDR basket Not in SDR basket						

Financial Derivative Positions–To Receive Foreign Currency (Notional value)

	Central Bank	General Government	Deposit Taking Corporations	Other sectors OFC/Other/Total 2/	Intercompany lending	Total
Receive foreign currency					n.a.	
U.S. dollar					n.a.	
Euro					n.a.	
Yen					n.a.	
Other currencies					n.a.	

Notes:

1/ Table A9-I is a memorandum item of the IIP statistical framework.

2/ OFC=other financial corporations. Other=nonfinancial corporations (except intercompany lending), households and NPISHs.

3/ Excluding reserve assets.

4/ Paragraph 5.107 in *BPM6* explains when currency data is shown as unallocated.

5/ Original maturity.

6/ Total reserve assets.

Appendix II. Table A9-I in *BPM6* (concluded) [1/]

Liabilities (Market value)

	Central Bank	General Government	Deposit-taking corporations, except the central bank	Other sectors OFC/Other/Total [2/]	Intercompany lending	Total
Total [3/]						
Domestic Currency						
Foreign Currency						
U.S. dollar						
Euro						
Yen						
Other currencies						
Unallocated [4/]						
Of which one year or less [5/]						
Foreign Currency						
U.S. dollar						
Euro						
Yen						
Other currencies						
Unallocated [4/]						

Financial Derivative Positions–To Pay Foreign Currency (Notional value)

	Central Bank	General Government	Deposit Taking Corporations	Other sectors OFC/Other/Total [2/]	Intercompany lending	Total
Pay foreign currency					n.a.	
U.S. dollar					n.a.	
Euro					n.a.	
Yen					n.a.	
Other currencies					n.a.	

Notes:

1/ Table A9-I is a memorandum item of the IIP statistical framework.

2/ OFC=other financial corporations. Other=nonfinancial corporations (except intercompany lending), households and NPISHs.

3/ Excluding reserve assets.

4/ Paragraph 5.107 in *BPM6* explains when currency data is shown as unallocated.

5/ Original maturity.