

Table 1. Net Foreign Purchases of U.S. Bonds*(In millions of U.S. dollars)*

	Government Bonds	Corporate Bonds	Total
1993	58,980	30,572	89,552
1994	100,481	37,992	138,473
1995	162,844	57,853	220,697
1996	293,685	77,978	371,663
Of which:			
Europe	137,148	56,194	193,342
Germany	19,297	3,514	22,811
United Kingdom	76,323	43,702	120,025
Spain	18,421	462	18,883
Asia	112,597	9,806	122,403
Japan	48,985	6,099	55,084
People's Republic of China	17,209	257	17,466
Hong Kong, China	15,281	1,737	17,018
1997:Q1	77,048	20,826	97,874

Source: U.S. Department of Treasury, *Treasury Bulletin*.

Table 2. Net Purchases of Domestic Bonds by Nonresidents

(In billions of U.S. dollars)

	United States	Japan	Germany		France	United Kingdom	Canada
			Bunds ¹	Other			
1993	89.55	-31.07	93.15	33.29	19.94	20.82	21.70
1994	138.47	-13.72	2.95	11.67	-36.15	1.85	10.83
1995	220.70	-8.46	35.38	25.35	2.84	5.26	21.78
1996	371.66	25.27	26.91	38.06	-31.29	15.75	13.58

Sources: BZW Securities Limited; and U.S. Department of Treasury, *Treasury Bulletin*.

¹*Bundesanleihan* are German long-term federal bonds.

Table 3. United States: International Transactions

	1990	1991	1992	1993	1994	1995	1996
	<i>(In billions of U.S. dollars)</i>						
Current account balance	-91.9	-5.7	-56.4	-90.8	-133.5	-129.1	-148.2
Foreign assets in the United States, net (increase/capital inflow (+))	141.0	109.6	168.8	279.7	297.3	451.2	547.6
Foreign official assets, net	33.9	17.4	40.5	71.8	40.4	110.7	122.4
Other foreign assets, net	107.1	92.3	128.3	207.9	256.0	340.5	425.2
Direct investment	47.9	22.0	17.9	49.0	45.7	67.5	77.0
Domestic securities	-0.9	53.0	67.2	104.5	91.2	195.9	289.4
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	45.1	-3.1	13.6	10.5	-7.7	34.6	31.8
U.S. liabilities reported by U.S. banks, not included elsewhere	-3.8	4.0	16.2	25.1	104.3	30.2	9.8
U.S. currency flows	18.8	15.4	13.4	18.9	23.4	12.3	17.3
U.S. assets abroad, net (increase/capital outflow (-))	-74.0	-57.9	-68.8	-194.5	-160.5	-307.2	-352.4
U.S. official reserve assets plus government assets, net	0.1	8.7	2.2	-1.7	5.0	-10.3	6.0
U.S. private assets, net	-74.2	-66.6	-71.0	-192.8	-165.5	-296.9	-358.4
Direct investment	-30.0	-31.4	-42.6	-77.9	-69.3	-86.7	-87.8
Foreign securities	-28.8	-45.7	-49.2	-146.3	-60.3	-100.1	-108.2
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-27.8	11.1	-0.4	0.8	-31.7	-35.0	-64.2
U.S. claims reported by U.S. banks, not included elsewhere	12.4	-0.6	21.2	30.6	-4.2	-75.1	-98.2
Unrecorded outflows (statistical discrepancy)	24.9	-46.1	-43.6	5.6	-3.3	-14.9	-46.9
	<i>(In percent of GDP)</i>						
<i>Memorandum items:</i>							
Current account balance	-1.6	-0.1	-0.9	-1.4	-1.9	-1.8	-2.0
Foreign assets in the United States, net (increase/capital inflow (+))	2.5	1.9	2.7	4.3	4.3	6.2	7.2
U.S. assets abroad, net (increase/capital outflow (-))	-1.3	-1.0	-1.1	-3.0	-2.3	-4.2	-4.7

Sources: International Monetary Fund, *World Economic Outlook* database; and U.S. Department of Commerce, *Survey of Current Business*.

Table 4. One-Year Interest Differentials with Germany, February 28, 1995, January 30, 1997, and May 31, 1997¹

(In basis points)

	Spot	January 1, 1999 ²	January 1, 2000 ²	January 1, 2001 ²
February 28, 1995				
France	118	29	30	25
Italy	546	424	415	385
Spain	438	435	410	378
Sweden	319	...	...	...
United Kingdom	204	165	157	143
European currency unit (ECU)	132	91	70	56
January 30, 1997				
France	15	-22	-29	-26
Italy	342	154	105	81
Spain	231	86	54	33
Sweden	111	137	131	112
United Kingdom	370	293	211	146
ECU	87	6	10	-5
May 31, 1997				
France	39	-23	-28	-21
Italy	345	189	148	116
Spain	185	85	49	41
Sweden	144	173	158	130
United Kingdom	378	289	202	132
ECU	95	22	14	12

Source: Bloomberg Financial Markets L.P.

¹Calculated based on the one-year forward rates embedded in the yield curve.

²Based on the data for the first available day of the year.

Table 5. Domestic and International Debt Securities: Amounts Outstanding and Net Issues*(In billions of U.S. dollars)*

	Amounts Outstanding				Net Issues				
	1994	1995	1996	1997	1996				1997
				Q1	Q1	Q2	Q3	Q4	Q1
International debt securities									
Total issues	2,441.2	2,802.5	3,225.9	3,240.7	113.8	141.5	108.2	176.6	137.6
Bonds	2,035.2	2,208.7	2,391.8	2,354.0	57.4	65.9	60.1	91.7	54.6
Medium-term notes	292.0	461.3	662.5	711.9	47.5	58.1	51.9	66.4	75.9
Euro-commercial paper	81.5	87.0	102.9	110.2	6.7	10.4	-1.5	1.8	9.5
Other short-term notes	32.6	45.5	68.7	64.6	2.3	7.1	-2.4	16.7	-2.4
Private sector	1,559.1	1,804.2	2,150.7	2,178.2	91.7	106.4	83.9	134.5	105.5
Of which:									
United States	204.7	253.0	366.2	377.8	26.5	30.0	25.0	38.3	18.6
Japan	341.3	347.4	332.9	321.2	0.9	4.3	5.9	0.5	2.1
Germany	179.1	257.9	334.6	349.0	27.7	19.3	19.4	26.5	32.2
France	178.9	199.3	201.2	196.3	-0.3	8.5	5.2	-1.6	5.8
Italy	40.2	40.3	40.9	38.8	0.1	-0.4	-0.3	1.3	-0.1
United Kingdom	195.4	210.1	257.3	259.4	7.5	6.2	3.9	20.7	10.0
Canada	37.4	40.0	47.2	47.7	1.7	1.0	2.8	2.1	1.0
Public sector	598.7	689.3	756.0	751.8	18.6	27.3	21.4	31.4	23.7
Of which:									
United States	5.0	19.8	36.4	40.2	4.8	4.8	3.2	4.1	4.1
Japan	20.0	21.8	23.8	23.4	0.7	0.3	1.0	0.9	0.3
Germany	9.4	11.2	7.7	7.4	0.2	-0.2	0.0	-2.6	0.3
France	6.6	8.1	14.7	15.3	0.7	3.7	1.1	1.8	1.3
Italy	45.0	52.5	54.9	53.4	-0.2	3.0	1.3	0.9	0.8
United Kingdom	17.1	17.1	16.9	16.1	0.0	0.0	-2.0	2.0	-0.1
Canada	128.0	137.6	135.5	135.9	-1.4	-0.3	0.5	2.0	2.7
Domestic debt securities									
Total issues ¹	22,823.9	24,874.3	25,829.6	...	624.6	422.5	393.5	440.0	...
Bonds	18,336.2	19,923.6	20,541.9	...	329.6	400.2	347.9	330.9	...
Medium-term notes	530.9	612.4	664.1	...	23.2	19.8	20.1	8.0	...
Commercial paper	815.9	907.2	1,031.6	...	12.6	62.7	18.6	43.4	...
Treasury bills	1,876.9	1,998.3	1,964.3	...	106.1	-7.6	-37.9	-23.8	...
Other short-term notes	1,264.0	1,432.7	1,627.7	...	153.1	-52.6	44.8	81.6	...
Private sector ¹	8,335.0	9,195.4	9,624.9	...	255.4	121.8	165.6	245.8	...
Of which:									
United States	3,654.0	4,069.6	4,513.0	...	84.9	120.1	110.2	128.2	...
Japan	1,497.3	1,529.7	1,469.1	...	62.1	-40.9	15.9	79.5	...
Germany	863.9	1,026.6	1,024.6	...	38.5	13.9	18.8	9.5	...
France	572.7	601.9	549.5	...	4.3	-5.2	-2.3	-10.4	...
Italy	325.4	356.5	410.0	...	16.7	11.4	1.9	10.6	...
United Kingdom	170.0	186.2	258.6	...	18.5	2.1	7.9	23.1	...
Canada	47.2	53.1	65.9	...	0.2	4.1	0.9	7.8	...
Public sector ¹	14,488.9	15,678.9	16,204.7	...	369.2	300.7	227.9	194.2	...
Of which:									
United States	6,362.3	6,708.2	7,102.0	...	105.8	59.3	110.4	118.2	...
Japan	3,252.7	3,425.9	3,299.0	...	128.1	103.5	10.0	37.5	...
Germany	805.0	882.4	853.6	...	4.5	14.4	10.4	11.6	...
France	549.4	673.6	689.8	...	28.3	14.7	26.1	-8.6	...
Italy	1,074.0	1,169.5	1,277.8	...	16.4	26.1	22.2	4.2	...
United Kingdom	354.8	412.8	467.3	...	-6.6	17.8	6.9	-3.0	...
Canada	410.5	443.2	443.3	...	6.6	1.0	-0.6	-5.4	...
Memorandum items:									
International debt securities									
Financial institutions	835.9	1,037.5	1,344.4	...	78.1	78.0	72.6	113.9	89.8
Government and state agencies	603.1	689.1	755.8	...	18.5	27.3	21.4	31.3	23.6
Corporate issuers	718.5	766.7	806.4	...	13.6	28.3	11.3	20.6	15.7

Source: Bank for International Settlements.

¹Organization for Economic Cooperation and Development countries plus major emerging markets.

Table 6. Announced International Syndicated Credit Facilities by Nationality of Borrowers*(In billions of U.S. dollars)*

	1992	1993	1994	1995	1996	1996				1997
						Q1	Q2	Q3	Q4	Q1
All countries	221.4	220.9	252.0	310.8	530.0	96.8	158.3	115.6	159.3	114.4
Industrial countries	165.2	168.3	199.4	244.1	448.1	77.0	140.3	93.5	137.1	93.7
Of which:										
United States	91.3	88.1	72.1	76.3	297.9	41.8	96.1	61.4	98.6	71.7
Japan	1.5	1.5	1.3	0.7	4.1	0.4	0.3	0.0	3.4	0.6
Germany	2.1	2.9	1.4	13.0	7.3	3.9	0.8	2.1	0.4	1.4
France	5.5	6.0	6.2	12.2	16.2	0.7	12.6	1.3	1.6	0.9
Italy	5.4	2.8	3.7	15.2	5.7	1.0	1.0	1.9	1.8	1.0
United Kingdom	25.5	17.0	34.2	54.6	59.4	11.1	17.2	17.6	13.5	11.6
Canada	3.5	9.4	16.0	11.9	12.2	1.4	3.0	0.5	7.2	1.1

Source: Bank for International Settlements.

Table 7. Average Spreads and Maturities on Eurocredits

	1991	1992	1993	1994	1995	1996
	<i>(In basis points)</i>					
Average spread ¹						
OECD countries	80	85	78	59	43	51
Non-OECD countries	78	87	103	113	117	99
All countries	79	85	81	64	50	56
	<i>(In months)</i>					
Average maturity						
OECD countries	62	56	51	61	64	64
Non-OECD countries	76	69	67	64	58	60
All countries	65	57	53	61	63	64

Source: Organization for Economic Cooperation and Development (OECD).

¹Weighted average of spreads (over LIBOR) applied to Eurocredits signed during the period. Tax-sparing loans as well as facilities classified under "other debt facilities" are excluded.

Table 8. Major Industrial Countries: Equity Market Risk-Adjusted Returns in Local Currency (Sharpe Ratios)¹

Period	United States	Japan	Germany	France	Italy	United Kingdom	Canada
1983–87	0.42	1.03	0.36	0.61	0.53	0.60	0.23
1984–88	0.38	1.17	0.33	0.56	0.61	0.42	-0.04
1985–89	0.69	1.17	0.55	0.68	0.57	0.41	0.24
1986–90	0.27	0.23	-0.21	0.07	-0.30	0.05	-0.24
1987–91	0.39	-0.19	-0.23	-0.13	-0.84	-0.02	-0.22
1988–92	0.64	-0.46	0.12	0.27	-0.47	0.12	-0.49
1989–93	0.63	-0.59	0.17	0.07	-0.28	0.36	-0.17
1990–94	0.27	-0.61	-0.26	-0.37	-0.32	-0.03	-0.33
1991–95	1.16	-0.18	0.13	0.04	-0.05	0.60	0.28
1992–96	1.21	-0.16	0.39	0.21	0.03	0.69	0.63

Source: BZW Securities Limited.

¹Sharpe reward-to-volatility ratios are calculated as the equity return minus three-month Euro deposit rates (i.e., portfolio excess return), divided by the standard deviation of equity returns, all measured over the previous five years.

Table 9. Markets for Selected Derivative Financial Instruments: Notional Principal Amounts Outstanding*(In billions of U.S. dollars)*

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Interest rate futures	370.0	487.7	895.4	1,200.8	1,454.5	2,156.7	2,913.0	4,958.7	5,777.6	5,863.4	5,931.1
Futures on short-term instruments	274.3	338.9	721.7	1,002.6	1,271.1	1,906.3	2,663.7	4,632.8	5,422.3	5,475.3	5,532.7
Three-month Eurodollar ¹	229.5	307.8	588.8	671.9	662.6	1,100.5	1,389.6	2,178.7	2,468.6	2,451.7	2,141.8
Three-month Euroyen ²	0.0	0.0	0.0	109.5	243.5	254.5	431.8	1,080.1	1,467.4	1,400.7	1,445.6
Three-month Euro-deutsche mark ³	0.0	0.0	0.0	14.4	47.7	110.0	229.2	421.9	425.7	654.6	526.2
Three-month PIBOR futures ⁴	0.0	0.0	15.7	12.4	23.3	45.8	132.5	228.7	184.6	167.1	209.6
Futures on long-term instruments	95.7	148.8	173.7	198.2	183.4	250.4	249.3	325.9	355.3	388.1	398.5
U.S. Treasury bond ⁵	23.0	26.5	39.9	33.2	23.0	29.8	31.3	32.6	36.1	39.9	45.7
Notional French government bond ⁴	2.1	7.6	7.0	6.1	7.0	11.4	21.0	12.6	12.7	12.4	12.9
Ten-year Japanese government bond ⁶	63.5	104.8	106.7	129.5	112.9	122.1	106.1	135.9	164.3	178.8	145.6
German government bond ⁷	0.0	0.0	1.4	4.2	13.7	20.2	27.8	33.3	41.7	56.7	58.4
Interest rate options ⁸	146.5	122.6	279.2	387.9	599.5	1,072.6	1,385.4	2,362.4	2,623.6	2,741.8	3,277.8
Currency futures	10.2	14.6	12.1	16.0	17.0	18.3	26.5	34.7	40.1	38.3	50.3
Currency options ⁸	39.2	59.5	48.0	50.2	56.5	62.9	71.1	75.6	55.6	43.2	46.5
Stock market index futures	14.5	17.8	27.1	41.3	69.1	76.0	79.8	110.0	127.3	172.2	198.6
Stock market index options ⁸	37.8	27.7	42.9	70.7	93.7	132.8	158.6	229.7	238.3	329.3	380.2
Total	618.3	729.9	1,304.8	1,766.9	2,290.4	3,519.3	4,634.4	7,771.1	8,862.5	9,188.2	9,884.6
North America	518.1	578.1	951.7	1,155.8	1,268.5	2,151.7	2,694.7	4,358.6	4,819.5	4,849.6	4,839.7
Europe	13.1	13.3	177.7	251.0	461.2	710.1	1,114.3	1,777.9	1,831.7	2,241.6	2,831.7
Asia-Pacific	87.0	138.5	175.4	360.0	560.5	657.0	823.5	1,606.0	2,171.8	1,990.1	2,154.0
Other	0.0	0.0	0.0	0.1	0.2	0.5	1.8	28.7	39.5	106.8	59.3

Source: Bank for International Settlements.

¹Traded on the Chicago Mercantile Exchange-International Monetary Market (CME-IMM), Singapore International Monetary Exchange (SIMEX), London International Financial Futures Exchange (LIFFE), Tokyo, International Financial Futures Exchange (TIFFE), and Sydney Futures Exchange (SFE).²Traded on the TIFFE and SIMEX.³Traded on the Marché à Terme International de France (MATIF) and LIFFE.⁴Traded on the MATIF.⁵Traded on the Chicago Board of Trade (CBOT), LIFFE, Mid-America Commodity Exchange (MIDAM), New York Futures Exchange (NYFE), and Tokyo Stock Exchange (TSE).⁶Traded on the TSE, LIFFE, and CBOT.⁷Traded on the LIFFE and the Deutsche Terminbörse (DTB).⁸Calls plus puts.

Table 10. Notional Principal Value of Outstanding Interest Rate and Currency Swaps*(Of the members of the International Swaps and Derivatives Association; in billions of U.S. dollars)*

	1987	1988	1989	1990	1991	1992	1993	1994	1995	June 1996
Interest rate swaps										
All counterparties	682.9	1,010.2	1,502.6	2,311.5	3,065.1	3,850.8	6,177.3	8,815.6	12,810.7	15,584.2
Interbank (ISDA member)	206.6	341.3	547.1	909.5	1,342.3	1,880.8	2,967.9	4,533.9	7,100.6	...
Other (end user and brokered)	476.2	668.9	955.5	1,402.0	1,722.8	1,970.1	3,209.4	4,281.7	5,710.1	...
End user	476.2	668.9	955.5	1,402.0	1,722.8	1,970.1	3,209.4	4,281.7	5,710.1	...
Financial institutions	300.0	421.3	579.2	817.1	985.7	1,061.1	1,715.7	2,144.4	3,435.0	...
Governments ¹	47.6	63.2	76.2	136.9	165.5	242.8	327.1	307.6	500.9	...
Corporations ²	128.6	168.9	295.2	447.9	571.7	666.2	1,166.6	1,829.8	1,774.2	...
Unallocated	0	15.5	4.9	0	0	0	0	0	0	...
Brokered	0	0	0	0	0	0	0	0	0	...
Currency swaps										
All counterparties	365.6	639.1	898.2	1,155.1	1,614.3	1,720.7	1,799.2	1,829.7	2,394.8	2,589.4
(Adjusted for reporting of both sides)	(182.8)	(319.6)	(449.1)	(577.5)	(807.2)	(860.4)	(899.6)	(914.8)	(1,197.4)	(1,294.7)
Interbank (ISDA member)	71.0	165.2	230.1	310.1	449.8	477.7	437.0	422.5	619.9	...
Other (end user and brokered)	294.6	473.9	668.1	844.9	1,164.6	1,243.1	1,362.2	1,407.2	1,774.9	...
End user ³	147.3	237.0	334.1	422.5	582.3	621.5	681.1	703.6	887.5	...
Financial institutions	61.9	102.7	141.7	148.2	246.7	228.7	221.9	227.1	378.5	...
Governments ¹	33.9	54.0	65.6	83.2	96.9	110.6	135.8	122.1	190.2	...
Corporations ²	51.6	76.5	116.5	191.1	238.7	282.2	323.4	354.4	318.7	...
Unallocated	0	3.8	10.3	0	0	0	0	0	0	...
Brokered	0	0	0	0	0	0	0	0	0	...
Interest rate options⁴	0.0	327.3	537.3	561.3	577.2	634.5	1,397.6	1,572.8	3,704.5	4,190.1
Total (interest rate and currency swaps for all counterparties plus interest rate options)	865.6	1,657.1	2,489.0	3,450.3	4,449.5	5,345.7	8,474.5	11,303.2	17,712.6	21,068.9

Sources: Bank for International Settlements, *International Banking and Financial Market Developments*; and International Swaps and Derivatives Association, Inc. (ISDA).

¹Including international institutions.

²Including others.

³Adjusted for double counting because each currency swap involves two currencies.

⁴Including caps, collars, floors, and swaptions.

Table 11. Total Foreign Exchange Reserves Minus Gold in Selected Countries and Regions

(In billions of U.S. dollars)

	1995	1996
All countries	1,412.1	1,563.6
Industrial countries	725.0	789.2
Of which:		
United States	74.8	64.0
Japan	183.3	216.7
European Union	376.3	402.2
Developing countries	687.1	774.4
Africa	25.4	29.3
Asia	375.2	424.5
Europe	84.2	86.9
Middle East	73.7	78.5
Western Hemisphere	128.8	155.2

Source: International Monetary Fund, *International Financial Statistics* (May 1997).

Table 12. European Union (EU), North America, and Japan: Selected Indicators of the Size of the Capital Markets, 1995*(In billions of U.S. dollars unless noted otherwise)*

	Population (In millions)	GDP	Total Reserves Minus Gold	Stock Market Capitalization	Debt Securities ¹			Bank Assets ²	Bonds, Equities, and Bank Assets ³	Bonds, Equities, and Bank Assets ³ (In percent of GDP)
					Public	Private	Total			
EU-15 ⁴	371.8	8,427.6	376.3	3,778.5	4,809.9	3,863.5	8,673.4	14,818.0	27,269.9	323.58
EU-11 ⁵	289.0	6,804.9	284.5	2,119.4	3,903.8	3,088.6	6,992.4	11,971.6	21,083.4	309.83
EU-8 ⁶	182.7	5,055.4	199.2	1,693.8	2,324.2	2,613.6	4,937.8	9,456.0	16,087.6	318.23
North America	383.1	8,105.7	106.7	7,314.7	7,339.5	4,439.2	11,778.7	5,652.4	24,745.7	305.29
Canada	29.6	565.6	15.0	366.3	580.8	93.1	673.9	515.8	1,556.0	275.11
Mexico	90.5	286.3	16.8	90.7	30.7	23.5	54.2	136.6	281.5	98.32
United States	263.0	7,253.8	74.8	6,857.6	6,728.0	4,322.6	11,050.6	5,000.0	22,908.2	315.81
Japan	125.2	5,134.3	183.3	3,667.3	3,447.7	1,877.1	5,324.8	7,382.2	16,374.2	318.92
<i>Memorandum items:</i>										
EU countries										
Austria	8.5	233.2	18.7	32.5	105.9	105.7	211.6	457.7	701.9	300.97
Belgium	10.0	269.2	16.2	105.0	305.4	165.5	470.9	734.2	1,310.0	486.64
Denmark	5.2	172.7	11.0	56.2	142.1	188.6	330.7	155.5	542.4	314.07
Finland	5.1	125.0	10.0	44.1	94.6	49.5	144.1	143.5	331.8	265.46
France	58.0	1,538.8	26.9	522.1	681.7	801.2	1,482.9	2,923.0	4,927.9	320.25
Germany	81.6	2,412.5	85.0	577.4	893.6	1,284.5	2,178.1	3,752.4	6,507.8	269.76
Greece	10.5	114.3	14.8	17.1	100.1	5.8	105.9	63.9	186.8	163.41
Ireland	3.6	61.9	8.6	25.8	38.5	7.4	45.9	82.3	154.0	248.63
Italy	57.2	1,087.2	34.9	209.5	1,222.0	396.8	1,618.8	1,513.5	3,341.8	307.38
Luxembourg	0.4	19.3	0.1	30.4	1.0	15.9	16.9	555.0	602.3	3,125.08
Netherlands	15.5	395.5	33.7	356.5	203.5	183.9	387.4	808.0	1,551.9	392.39
Portugal	9.9	102.7	15.9	18.4	56.0	15.6	71.6	161.8	251.8	245.06
Spain	39.2	559.6	34.5	197.8	301.6	62.6	364.2	840.2	1,402.2	250.58
Sweden	8.8	230.6	24.1	178.0	234.0	184.2	418.2	202.8	799.0	346.49
United Kingdom	58.3	1,105.1	42.0	1,407.7	429.9	396.3	826.2	2,424.4	4,658.3	421.53

Sources: Bank for International Settlements; Bank of England, *Quarterly Bulletin* (November 1995); Bank of Japan, *Economic Statistics Monthly* (May 1996); Central Bank of Ireland, *Quarterly Bulletin* (Winter 1995); International Finance Corporation, *Emerging Stock Markets Factbook 1997*; Organization for Economic Cooperation and Development, *Bank Profitability: Financial Statements of Banks, 1985–1994*; and International Monetary Fund, *International Financial Statistics* and *World Economic Outlook* databases.

¹Domestic and international debt securities shown by the nationality of the issuer.

²All bank data are for 1994. Category definition comprises all banks in each country except as follows: for Canada, comprises commercial banks consolidated worldwide; for Denmark, commercial banks and savings banks; for Greece, Luxembourg, and Mexico, commercial banks; for Japan, domestically licensed banks excluding trust accounts; for Sweden, commercial, savings, and cooperative banks; and for the United States, commercial banks, savings banks, and savings and loan associations.

³Sum of the Stock Market Capitalization, Debt Securities, and Bank Assets columns.

⁴Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

⁵Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.

⁶Austria, Belgium, Finland, France, Germany, Ireland, Luxembourg, and the Netherlands.

Table 13. Private Capital Flows to Emerging Markets*(In billions of U.S. dollars)*

	1990	1991	1992	1993	1994	1995	1996
Emerging markets							
Total net private capital inflows ¹	45.7	139.8	133.4	161.0	147.0	192.8	235.2
Net foreign direct investment	18.8	32.1	37.9	56.9	75.5	87.3	105.9
Net portfolio investment	17.0	39.7	59.2	106.8	97.2	31.6	58.7
Net other investment	9.9	68.0	36.3	-2.7	-25.7	73.9	70.6
Net external borrowing from official creditors	18.8	22.5	13.9	24.6	9.8	39.2	-13.2
Africa							
Total net private capital inflows ¹	2.9	5.5	5.7	4.7	12.7	13.6	9.0
Net foreign direct investment	1.4	2.4	1.9	1.2	3.4	2.3	5.1
Net portfolio investment	-1.6	-1.6	-0.7	0.9	0.4	1.9	0.7
Net other investment	3.1	4.7	4.5	2.5	8.8	9.4	3.2
Net external borrowing from official creditors	4.4	5.9	8.6	6.2	5.5	4.0	6.4
Asia							
Total net private capital inflows ¹	21.4	37.7	22.4	59.5	75.1	98.9	106.8
Net foreign direct investment	9.5	15.2	17.2	35.2	44.6	50.7	58.0
Net portfolio investment	-0.9	2.8	9.6	23.8	18.5	20.1	20.1
Net other investment	12.9	19.7	-4.5	0.5	12.0	28.1	28.8
Net external borrowing from official creditors	5.6	10.7	10.2	8.2	5.9	5.0	6.7
Middle East and Europe							
Total net private capital inflows ¹	7.0	73.3	42.8	24.1	-1.1	15.3	22.2
Net foreign direct investment	1.3	1.3	1.8	1.1	0.5	1.3	1.6
Net portfolio investment	2.0	23.2	20.5	17.4	14.7	13.8	9.3
Net other investment	3.7	48.8	20.5	5.5	-16.3	0.3	11.3
Net external borrowing from official creditors	-6.2	1.1	-2.7	5.9	10.3	-1.4	-5.9
Western Hemisphere							
Total net private capital inflows ¹	10.3	24.9	55.5	61.7	44.9	35.7	77.7
Net foreign direct investment	6.6	10.9	12.9	13.4	21.5	19.9	29.9
Net portfolio investment	17.5	14.5	30.6	61.1	60.8	-7.5	27.1
Net other investment	-13.8	-0.5	12.0	-12.8	-37.5	23.3	20.7
Net external borrowing from official creditors	8.3	3.2	-2.0	1.1	-1.7	22.7	-11.7
Countries in transition							
Total net private capital inflows ¹	4.2	-1.6	7.1	10.9	15.4	29.1	19.4
Net foreign direct investment	0.0	2.4	4.2	6.0	5.4	13.1	11.3
Net portfolio investment	...	0.8	-0.8	3.4	2.7	3.4	1.6
Net other investment	4.1	-4.8	3.8	1.5	7.3	12.6	6.6
Net external borrowing from official creditors	6.6	1.5	0.0	3.2	-10.3	8.8	-8.8
Memorandum items:							
Changes in reserve assets							
Emerging markets	66.2	75.1	31.7	83.9	90.5	122.9	104.8
Africa	4.6	3.7	-2.9	1.6	4.6	1.8	8.9
Asia	47.4	46.0	7.1	43.1	77.9	47.7	61.8
Middle East and Europe	-1.2	4.9	1.3	4.9	4.3	12.4	9.5
Western Hemisphere	14.7	18.0	23.0	20.2	-4.3	24.8	26.2
Countries in transition	0.7	2.6	3.3	14.2	8.1	36.2	-1.7

Sources: International Monetary Fund, *International Financial Statistics* and *World Economic Outlook* databases.¹Net foreign direct investment plus net portfolio investment plus net other investment.

Table 14. Emerging Market Total Return Equity and Debt Indices*(In percent unless otherwise noted)*

	1990	1991	1992	1993	1994	1995	1996	1997:Q1
Emerging stock markets								
International Finance Corporation								
Investable (IFCI) indexes								
Composite ¹	-2.2	39.5	3.3	79.6	-12.0	-8.4	9.4	9.5
Latin America	9.1	139.3	3.5	60.8	-9.4	-16.9	17.2	15.1
Asia	-19.2	12.4	18.5	97.6	-12.8	-5.5	10.5	1.2
Europe, Middle East, and Africa	13.9	-29.2	-32.7	122.4	-27.1	22.5	-2.3	19.4
<i>Memorandum item:</i>								
S&P 500	-3.1	30.5	7.6	10.1	1.3	37.6	23.0	2.7
Emerging market debt								
J.P. Morgan Emerging Market Bond								
Index (EMBI)		38.8	7.0	44.2	-18.7	27.5	34.2	1.4
(Spreads in basis points) ²	1,111	631	831	396	1,039	1,044	537	507

¹The IFCI Composite Index comprised 1,224 stocks in 26 emerging markets at end-1996. It is widely used as a benchmark for international portfolio management.

²End of period.

Table 15. Secondary Market Transactions in Debt Instruments of Emerging Markets

(In billions of U.S. dollars)

	1993	1994	1995	1996	1997:Q1
Total turnover	1,978.9	2,766.2	2,738.8	5,296.9	1,620.6
By region					
Africa	78.8	110.0	108.8	222.4	53.4
Asia	16.4	23.5	26.3	165.8	30.7
Eastern Europe	104.5	172.3	314.2	612.7	161.5
Middle East	2.8	2.6	5.3	21.2	6.6
Western Hemisphere	1,621.6	2,259.3	2,284.2	4,265.9	1,366.8
Unspecified	154.8	198.5	...	8.9	1.6
By instrument					
Loans	273.6	244.4	175.1	248.6	68.9
Brady bonds	1,021.3	1,684.0	1,580.1	2,686.0	671.4
Corporate and non-Brady sovereign bonds	176.6	164.9	233.3	658.1	361.4
Local market instruments ¹	361.9	518.9	571.1	1,187.9	427.4
Options and warrants on debt	57.4	142.4	179.2	471.0	90.8
Unspecified	88.1	11.6	...	45.3	0.7

Source: Emerging Markets Traders Association.

¹Data for 1993 do not include trading in short-term local market instruments.

Table 16. Emerging Market Bond Issues, Equity Issues, and Syndicated Loan Commitments*(In millions of U.S. dollars)*

	1990	1991	1992	1993	1994	1995	1996	1997:Q1
Bond issues¹								
Emerging markets	7,789	13,945	24,394	62,672	56,540	57,619	101,926	27,723
Africa	0	311	724	170	2,116	1,947	1,648	0
Asia	2,604	4,072	5,908	21,998	29,897	25,307	43,144	12,748
Europe	2,335	2,077	4,829	9,658	3,543	6,583	7,408	2,824
Middle East	0	400	0	2,052	2,993	710	2,570	275
Western Hemisphere	2,850	7,085	12,933	28,794	17,990	23,071	47,157	11,876
Equity issues								
Emerging markets	1,166	5,574	7,247	11,915	18,038	11,193	16,414	3,203
Africa	0	143	154	215	574	542	781	0
Asia	900	952	2,914	5,156	12,130	8,864	9,789	2,873
Europe	97	81	21	186	641	570	1,289	157
Middle East	70	506	281	336	89	256	894	93
Western Hemisphere	98	3,891	3,876	6,022	4,604	962	3,661	80
Syndicated loan commitments								
Emerging markets	28,377	50,669	42,488	43,015	55,156	74,933	79,737	21,367
Africa	2,127	6,426	6,214	2,327	569	6,929	2,658	932
Asia	12,541	15,613	20,069	26,130	35,502	40,402	49,488	13,638
Europe	9,139	10,257	5,753	4,484	8,361	10,511	11,457	1,473
Middle East	1,089	12,119	3,602	2,456	6,995	7,323	5,836	1,436
Western Hemisphere	3,480	6,255	6,851	7,618	3,729	9,768	10,297	3,888
Short-term commitments²								
Emerging markets	4,423	5,247	8,245	11,868	14,312	21,565	30,458	7,352
Africa	83	494	96	155	449	2,237	3,701	99
Asia	3,116	2,417	3,090	5,733	8,272	14,628	20,374	5,252
Europe	775	522	336	1,177	1,245	1,198	3,136	1,611
Middle East	350	44	369	25	52	14	0	0
Western Hemisphere	100	1,770	4,355	4,778	4,295	3,487	3,248	390
Total								
Emerging markets	41,755	75,435	82,374	129,470	144,046	165,310	228,535	59,645
Africa	2,210	7,374	7,188	2,867	3,708	11,655	8,788	1,031
Asia	19,161	23,054	31,981	59,017	85,801	89,201	122,795	34,511
Europe	12,346	12,937	10,939	15,505	13,790	18,862	23,290	6,065
Middle East	1,509	13,069	4,252	4,869	10,129	8,303	9,300	1,804
Western Hemisphere	6,528	19,001	28,015	47,212	30,618	37,288	64,363	16,234

Sources: Capital Data Bondware and Loanware.

¹Including note issues under Euro medium-term note (EMTN) programs.²Commercial paper, certificates of deposit, revolving credits, and trade finance.

Table 17. Emerging Market Bond Issues: Fixed-Rate, Floating-Rate, and Call Options¹*(In percent)*

	1990	1991	1992	1993	1994	1995	1996	1997:Q1
Fixed-rate issues as a percentage of total issues								
Number of issues	61.3	48.9	69.5	67.7	43.4	52.3	57.4	54.8
Issue amount	69.4	64.5	75.0	74.2	48.3	67.1	69.6	73.6
Floating-rate issues as a percentage of total issues								
Number of issues	13.3	13.5	10.8	10.8	29.7	32.7	27.6	31.5
Issue amount	8.9	6.9	7.9	8.2	26.5	27.0	22.5	18.0
Callable as a percentage of total issues								
Number of issues	20.0	30.8	11.2	18.5	30.4	25.1	27.8	21.0
Issue amount	11.3	18.4	8.5	15.5	25.1	12.8	21.1	13.7

Source: Capital Data Bondware.

¹The combined total for fixed- and floating-rate bonds may not add to 100 percent because convertible and unclassified bonds are excluded.

Table 18. Emerging Market International Bond Issues by Currency of Denomination*(In percent)*

	1990	1991	1992	1993	1994	1995	1996	1997:Q1
Share in total issues by emerging markets								
U.S. dollar	60	68	70	74	75	57	69	68
Deutsche mark	26	12	9	7	3	10	11	16
Yen	10	13	16	13	13	26	14	8
Other	4	7	5	6	9	7	6	8
Asia								
U.S. dollar	65	62	70	81	72	70	79	83
Deutsche mark	11	2	2	1	1	3	1	4
Yen	19	30	22	14	16	19	16	11
Other	5	6	6	4	11	8	4	2
Western Hemisphere								
U.S. dollar	85	88	92	88	89	56	64	63
Deutsche mark	12	5	5	4	5	18	17	20
Yen	0	0	0	3	4	22	11	4
Other	3	7	3	5	4	4	8	13
Europe								
U.S. dollar	24	14	22	12	31	18	44	21
Deutsche mark	60	49	21	34	12	14	29	58
Yen	11	25	52	45	44	61	25	15
Other	5	12	5	9	13	7	2	6
Share in total issues in global bond markets								
U.S. dollar	35	31	37	39	41	40	43	43
Deutsche mark	7	7	10	11	7	14	11	9
Yen	13	13	13	12	18	18	13	8
Other	45	49	40	38	34	28	33	40

Sources: Capital Data Bondware; and IMF staff estimates.

Table 19. Stock Market Turnover Ratio and Value of New Equity Issues in Selected Countries and Regions

	1990	1991	1992	1993	1994	1995	1996
	<i>(In percent)</i>						
Annual stock market turnover ratios¹							
Developed markets	47.0	46.0	41.0	55.0	56.0	63.0	71.0
All emerging markets ²	132.0	83.0	72.0	86.0	94.0	54.0	76.0
Africa							
South Africa	...	...	...	...	13.9	6.7	10.4
Asia							
China	...	...	...	131.3	235.0	116.6	328.9
India	66.3	53.6	36.7	20.8	24.2	8.8	17.4
Indonesia	77.1	39.9	41.3	40.6	29.4	25.3	40.7
Korea	60.4	82.2	114.0	171.6	173.4	99.3	110.6
Malaysia	24.6	19.8	28.6	94.2	58.8	36.5	65.5
Philippines	13.7	18.7	26.0	24.9	29.6	25.7	36.6
Taiwan Province of China	425.4	322.5	213.4	234.0	321.8	176.6	204.1
Thailand	92.4	100.8	153.2	84.9	61.3	41.9	36.8
Europe							
Czech Republic	...	...	...	...	...	46.7	49.9
Hungary	...	...	7.1	13.7	22.4	17.4	42.1
Poland	...	13.5	87.4	135.7	180.3	72.9	85.6
Western Hemisphere							
Argentina	20.6	42.7	84.4	33.0	28.1	12.3	10.6
Brazil	20.3	37.1	51.6	55.0	67.9	46.9	61.2
Chile	6.7	9.1	7.1	7.5	9.4	15.7	12.2
Mexico	44.0	48.1	37.6	37.5	50.0	30.6	43.6
Venezuela	43.0	32.4	28.6	25.8	20.0	11.8	18.2
	<i>(In millions of U.S. dollars)</i>						
Value of new equity issues³							
Emerging markets ²	19,364.1	16,712.1	16,856.2	35,377.9	52,903.5	53,077.8	41,631.1
Africa	...	...	...	...	851.7	1,903.3	2,178.4
South Africa	...	...	...	...	851.7	1,903.3	2,178.4
Asia	18,856.8	13,177.8	12,977.7	21,283.8	41,209.1	41,040.5	23,722.6
China	...	...	0.0	0.0	0.0	804.5	550.6
India	1,796.5	2,849.8	4,267.8	7,421.4	12,242.3	10,516.3	3,691.5
Indonesia	0.0	178.2	734.8	3,509.8	11,255.5	9,284.8	1,584.7
Korea	4,039.5	3,648.3	2,269.5	3,512.3	6,805.7	7,323.3	4,285.4
Malaysia	3,488.5	1,896.2	2,378.8	2,738.9	2,684.0	4,572.7	4,824.8
Philippines	339.4	381.1	124.5	413.7	1,387.7	1,493.3	1,198.0
Taiwan Province of China	7,444.6	1,688.0	1,044.6	2,526.9	3,676.9	3,878.0	3,983.1
Thailand	1,748.2	2,536.3	2,157.7	1,160.8	3,157.0	3,167.0	3,604.6
Europe	...	0.0	399.0	117.6	1,175.6	5,538.2	2,373.3
Czech Republic	...	...	...	...	...	4,453.8	2,327.2
Hungary	...	0.0	274.1	93.8	387.9	959.0	29.2
Poland	...	0.0	125.0	23.9	787.7	125.4	17.0
Middle East	...	...	...	...	...	...	723.0
Egypt	...	...	...	...	...	...	723.0
Western Hemisphere	507.3	3,534.3	3,479.5	13,976.5	9,667.0	4,595.7	12,633.7
Argentina	4.8	182.5	107.5	9,439.7	2,058.7	236.3	0.0
Brazil	...	0.0	977.4	884.6	2,590.9	1,820.0	8,971.5
Chile	208.8	242.7	511.7	944.4	917.2	625.0	1,629.9
Mexico	293.7	3,091.9	1,812.2	2,698.8	4,011.9	1,899.1	2,009.5
Venezuela	0.0	17.2	70.6	9.0	88.3	15.3	22.8

Source: International Finance Corporation (IFC), Emerging Markets Data Base.

¹Ratios for each market are calculated in dollar terms by dividing total value traded by average market capitalization.

²All emerging markets rather than the 30 countries for which the IFC compiles indices.

³Regional totals do not reflect individual countries shown.

Table 20. Emerging Market Medium- and Long-Term Syndicated Loan Commitments: Interest Margins and Refinancings

	1990	1991	1992	1993	1994	1995	1996	1997:Q1
	<i>(In basis points)</i>							
Interest margins ¹								
Emerging markets	56	80	103	90	100	105	88	92
Africa	84	119	106	53	126	91	46	37
Asia	56	88	99	84	94	85	85	104
Europe	47	106	112	105	162	131	88	73
Middle East	98	51	86	109	91	60	83	72
Western Hemisphere	74	88	113	127	58	181	109	98
	<i>(In percent)</i>							
Refinancings								
Emerging markets	3.1	10.5	4.1	4.9	7.5	16.6	18.5	18.4
Africa	—	37.3	—	—	5.6	48.5	19.8	51.9
Asia	2.3	4.3	6.6	5.6	7.7	16.0	16.5	17.4
Europe	4.4	3.6	3.4	2.2	2.4	3.7	13.0	3.9
Middle East	—	0.8	—	13.4	4.3	0.9	14.7	—
Western Hemisphere	5.8	28.4	2.9	2.7	24.0	22.5	36.3	26.5

Source: Capital Data Loanware.

¹On unenhanced loans.

Table 21. Changes in Net Assets of BIS-Reporting Banks vis-à-vis Banks in Selected Countries and Regions¹*(In millions of U.S. dollars)*

	1993	1994	1995	1996	1996				Net Outstanding Credit at End-1996
					Q1	Q2	Q3	Q4	
Africa									
South Africa	-323	842	267	1,104	-195	471	-63	891	6,706
Asia									
China	5,146	-4,990	12,120	1,874	3,989	2,082	986	-5,183	-1,888
Hong Kong	15,629	10,846	40,246	26,049	6,507	10,267	2,083	7,192	216,866
India	-2,524	-292	-1,433	-4,002	-1,793	-455	-628	-1,126	-4,947
Indonesia	5,252	3,443	2,920	-1,254	330	-682	91	-993	11,105
Korea	2,634	8,287	14,899	14,442	898	3,700	4,902	4,942	58,190
Malaysia	-2,680	8,363	208	935	-2,274	1,495	3,141	-1,427	4,208
Singapore	10,406	8,136	18,021	7,713	-4,890	5,296	3,321	3,986	116,290
Thailand	8,816	17,188	31,705	9,632	2,544	3,073	3,019	996	77,439
Europe									
Czech Republic	-770	497	818	-395	-366	-1,633	1,674	-70	472
Hungary	-767	227	-795	-323	-402	-399	157	321	3,357
Poland	-55	-8,022	-3,541	1,997	-1,857	1,808	959	1,087	-7,963
Russia	2,222	-3,286	-1,461	1,150	2,472	228	-1,832	282	33,272
Turkey	3,282	-8,230	-750	4,296	-830	-972	3,822	2,276	-3,868
Middle East									
Algeria	266	-1,090	-1,096	-2,994	-575	-425	-1,170	-824	3,438
Egypt	-3,333	-2,246	1,390	2,741	2,401	191	-111	260	-17,252
Iran	-81	1,004	-1,108	-3,152	-894	-284	-1,204	-770	1,496
Kuwait	822	870	-441	-371	-464	-58	790	-639	-4,670
Saudi Arabia	1,910	3,256	-3,520	-1,053	-6,258	3,541	7,036	-5,372	-27,415
United Arab Emirates	6,338	1,430	-4,479	-5,149	-3,086	492	-1,340	-1,215	-16,937
Western Hemisphere									
Argentina	-4,895	2,859	-2,244	2,857	-658	-2,130	3,677	1,968	4,154
Brazil	2,681	-20,826	-15,104	-435	2,145	-9,083	1,592	4,911	-10,043
Chile	-2,404	-2,144	-181	-744	-535	-658	-136	585	-3,789
Colombia	768	-21	922	307	94	-54	499	-232	-995
Mexico	-2,854	9,404	-11,297	-3,481	-233	-2,001	-1,880	633	1,676

Source: Bank for International Settlements (BIS).

¹BIS-reporting banks comprise banks in the Group of Ten countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States) plus Austria, Denmark, Finland, Ireland, Luxembourg, Norway, and Spain, and foreign affiliates of these banks.

Table 22. United States: Selected External Account Variables

	U.S. Assets Abroad, Net ¹		Foreign Assets in the United States ²		Current Account Balance	U.S. Assets Abroad, Net ¹		Foreign Assets in the United States ²		Current Account Balance
	Total	Private	Total	Private		Total	Private	Total	Private	
	← (In billions of U.S. dollars) →					← (In percent of GDP) →				
1963	-7.27	5.99	3.22	1.23	4.41	-1.18	0.97	0.52	0.20	0.71
1964	-9.56	-8.05	3.64	1.98	6.82	-1.44	-1.21	0.55	0.30	1.03
1965	-5.72	-5.34	0.74	0.61	5.43	-0.79	-0.74	0.10	0.08	0.76
1966	-7.32	-6.35	3.66	4.33	3.03	-0.93	-0.81	0.46	0.55	0.38
1967	-9.76	-7.39	7.38	3.93	2.58	-1.17	-0.89	0.89	0.47	0.31
1968	-10.98	-7.83	9.93	10.70	0.61	-1.21	-0.86	1.09	1.18	0.07
1969	-11.59	-8.21	12.70	14.00	0.40	-1.18	-0.84	1.29	1.43	0.04
1970	-9.34	-10.23	6.36	-0.55	2.33	-0.90	-0.99	0.61	-0.05	0.23
1971	-12.48	-12.94	22.97	-3.91	-1.43	-1.11	-1.15	2.04	-0.35	-0.13
1972	-14.50	-12.93	21.46	10.99	-5.80	-1.17	-1.04	1.73	0.89	-0.47
1973	-22.87	-20.39	18.39	12.36	7.14	-1.65	-1.47	1.33	0.89	0.52
1974	-34.75	-33.64	35.34	24.80	1.96	-2.32	-2.25	2.36	1.66	0.13
1975	-39.70	-35.38	17.17	10.14	18.12	-2.43	-2.17	1.05	0.62	1.11
1976	-51.27	-44.50	38.02	20.33	4.30	-2.82	-2.45	2.09	1.12	0.24
1977	-34.79	-30.72	53.22	16.40	-14.34	-1.72	-1.52	2.63	0.81	-0.71
1978	-61.13	-57.20	67.04	33.36	-15.14	-2.67	-2.50	2.93	1.46	-0.66
1979	-66.05	-61.18	40.85	54.52	-0.29	-2.58	-2.39	1.60	2.13	-0.01
1980	-86.97	-73.65	62.61	47.12	2.32	-3.12	-2.65	2.25	1.69	0.08
1981	-114.15	-103.88	86.23	81.27	5.03	-3.66	-3.33	2.77	2.61	0.16
1982	-122.34	-111.24	96.42	92.83	-11.44	-3.77	-3.43	2.97	2.86	-0.35
1983	-61.57	-55.37	88.78	82.93	-43.99	-1.75	-1.58	2.53	2.36	-1.25
1984	-36.31	-27.69	118.03	114.89	-98.95	-0.93	-0.71	3.02	2.94	-2.54
1985	-39.89	-33.21	146.38	147.50	-123.99	-0.95	-0.79	3.50	3.53	-2.97
1986	-106.75	-105.04	230.21	194.56	-153.19	-2.41	-2.38	5.21	4.40	-3.46
1987	-72.62	-82.77	248.38	203.00	-168.05	-1.55	-1.76	5.29	4.33	-3.58
1988	-100.02	-99.28	246.07	206.31	-128.25	-1.98	-1.97	4.87	4.09	-2.54
1989	-168.74	-144.71	224.39	215.89	-104.23	-3.10	-2.66	4.13	3.97	-1.92
1990	-74.01	-74.16	140.99	107.08	-91.89	-1.29	-1.29	2.45	1.86	-1.60
1991	-57.88	-66.56	109.64	92.25	-5.66	-0.98	-1.12	1.85	1.56	-0.10
1992	-68.77	-71.02	168.78	128.30	-56.38	-1.10	-1.14	2.70	2.05	-0.90
1993	-194.54	-192.82	279.67	207.92	-90.77	-2.97	-2.94	4.27	3.17	-1.39
1994	-160.52	-165.51	297.34	256.95	-133.54	-2.31	-2.39	4.29	3.70	-1.93
1995	-307.21	-296.92	451.23	340.51	-129.10	-4.24	-4.09	6.22	4.69	-1.78
1996	-352.44	-358.42	547.56	425.20	-148.18	-4.65	-4.73	7.23	5.61	-1.96
Period averages										
1963-69	-8.88	-5.31	5.90	5.26	3.33	-1.13	-0.67	0.75	0.67	0.42
1970-74	-18.79	-18.03	20.90	8.74	0.84	-1.50	-1.44	1.66	0.70	0.07
1975-79	-50.59	-45.79	43.26	26.95	-1.47	-2.45	-2.22	2.09	1.31	-0.07
1980-84	-84.27	-74.37	90.41	83.81	-29.41	-2.54	-2.25	2.73	2.53	-0.89
1985-89	-97.60	-93.00	219.09	193.45	-135.54	-2.05	-1.96	4.61	4.07	-2.85
1990-96	-173.62	-175.06	285.03	222.60	-93.65	-2.63	-2.65	4.32	3.37	-1.42

Sources: International Monetary Fund, *World Economic Outlook* database; and U.S. Department of Commerce, *Survey of Current Business*.¹A negative value represents an increase in U.S. assets abroad, a capital outflow.²A positive value indicates an increase in foreign assets in the United States, a capital inflow.

Table 23. Major Industrial Countries: Bond and Equity Index Returns*(In percent)*

	1995		1996		January–May 1997	
	Local currency	U.S. dollars	Local currency	U.S. dollars	Local currency	U.S. dollars
Bond indices¹						
United States	23.73	23.73	1.51	1.51	1.05	1.05
Japan	15.47	11.08	7.30	-4.42	1.10	1.01
Germany	18.91	28.15	8.45	0.25	2.23	-6.83
France	19.21	29.60	13.89	7.73	2.06	-8.24
Italy	19.83	22.40	30.46	35.58	2.84	-7.48
United Kingdom	18.69	17.53	7.55	18.96	4.80	0.20
Canada	22.73	26.10	13.10	12.61	2.07	1.59
Equity indices						
United States (S&P 500)	34.11	34.11	20.26	20.26	14.52	14.52
Japan (Nikkei 225)	0.74	-3.09	-2.55	-13.20	3.65	3.56
Germany (Commerzbank)	5.26	13.43	22.51	13.26	23.25	12.33
France (CAC 40)	-0.49	8.19	23.71	17.01	11.58	0.32
Italy (Banca Commerciale)	-6.78	-4.78	12.38	16.79	14.34	2.85
United Kingdom (FT-SE 100)	20.35	19.18	11.64	23.48	12.21	7.28
Canada (TSE-300)	11.86	14.93	25.74	25.19	7.68	7.17

Source: Bloomberg Financial Markets L.P.

¹For government bonds with maturities of 7–10 years.

Table 24. One-Year and Seven-Year Interest Differentials with Germany, February 28, 1995, January 1, 1996, January 30, 1997, and May 31, 1997¹

(In basis points)

	One-Year Interest Differential				Seven-Year Interest Differential			
	February 28, 1995	January 1, 1996	January 30, 1997	May 31, 1997	February 28, 1995	January 1, 1996	January 30, 1997	May 31, 1997
France								
Spot	118	132	15	39	53	50	-20	-13
January 1, 1999 ²	29	15	-22	-23	...	...	-25	-27
January 1, 2000 ²	30	-4	-29	-28	...	...	-26	-29
January 1, 2001 ²	25	4	-26	-21	...	...	...	-25
Italy								
Spot	546	648	342	345	464	439	150	168
January 1, 1999 ²	424	398	154	189	...	...	92	116
January 1, 2000 ²	415	334	105	148	...	...	78	98
January 1, 2001 ²	385	322	81	116	...	...	...	...
Spain								
Spot	438	532	231	185	467	356	87	73
January 1, 1999 ²	435	310	86	85	...	...	46	33
January 1, 2000 ²	410	269	54	49	...	...	37	30
January 1, 2001 ²	378	254	33	41	...	...	...	34
Sweden								
Spot	319	449	111	144	...	241	112	122
January 1, 1999 ²	...	206	137	173	...	...	100	123
January 1, 2000 ²	...	155	131	158	...	...	98	111
January 1, 2001 ²	...	95	112	130	...	...	...	...
United Kingdom								
Spot	204	269	370	378	149	133	201	171
January 1, 1999 ²	165	122	293	289	...	...	132	103
January 1, 2000 ²	157	94	211	202	...	...	99	63
January 1, 2001 ²	143	86	146	132	...	...	...	...
European currency unit								
Spot	132	135	87	95	103	73	20	28
January 1, 1999 ²	91	79	6	22	...	...	5	14
January 1, 2000 ²	70	12	10	14	...	...	4	12
January 1, 2001 ²	56	18	-5	12	...	...	...	...

Source: Bloomberg Financial Markets L.P.

¹Calculated based on the one-year and seven-year forward rates embedded in the yield curve.

²Based on the data for the first available day of the year.

Table 25. Outstanding Amounts of International Debt Securities*(In billions of U.S. dollars)*

	1993	1994	1995	1996	1997:Q1
All countries	2,037.8	2,441.2	2,802.5	3,225.9	3,240.7
Industrial countries	1,650.3	1,977.6	2,282.1	2,594.3	2,600.9
Of which:					
United States	176.9	209.6	272.8	402.6	418.1
Japan	340.1	361.3	369.2	356.7	344.6
Germany	120.1	188.6	269.1	342.4	356.4
France	153.1	185.5	207.4	215.9	211.6
Italy	70.2	85.2	92.8	95.8	92.2
United Kingdom	186.7	212.5	227.2	274.2	275.5
Canada	146.9	165.4	177.6	182.6	183.7
Developing countries	121.8	161.9	192.1	276.3	289.7
Offshore centers ¹	11.3	18.3	19.4	36.3	39.4

Source: Bank for International Settlements.

¹The Bahamas, Bahrain, Bermuda, the Cayman Islands, Hong Kong, China, the Netherlands Antilles, Singapore, and other offshore centers.

Table 26. Outstanding Amounts and Net Issues of International Debt Securities by Currency of Issue*(In billions of U.S. dollars)*

	Amounts Outstanding				Net Issues						
	1993	1994	1995	1996	1993	1994	1995	1996	1996 Q3	1996 Q4	1997 Q1
U.S. dollar	836.4	910.1	983.7	1,245.9	31.5	73.4	74.2	262.1	46.7	86.5	55.5
Japanese yen	272.3	412.6	496.7	517.6	33.8	106.8	108.3	81.2	24.5	19.0	14.1
Deutsche mark	192.8	244.0	318.8	347.1	31.2	27.5	55.1	54.8	10.6	12.6	13.9
French franc	92.7	131.6	149.0	168.1	34.5	27.0	5.2	29.1	7.0	7.1	7.2
Italian lira	37.7	57.5	69.7	99.7	13.0	18.4	10.4	27.3	3.7	11.7	12.1
Pound sterling	154.8	178.2	186.7	237.3	31.7	14.5	10.1	30.8	3.7	17.2	22.9
Canadian dollar	81.7	83.5	83.7	77.0	20.5	6.7	-2.1	-6.3	-2.6	-2.9	-0.2
Spanish peseta	10.6	10.7	13.2	17.9	3.5	-0.7	1.4	5.7	1.2	1.9	1.2
Netherlands guilder	44.9	65.9	84.5	95.3	7.9	14.8	13.5	18.1	3.8	6.3	4.0
Swedish krona	3.5	5.1	5.3	5.2	0.6	1.0	-0.4	0.0	-0.2	-0.2	-0.4
Swiss franc	149.1	161.2	189.0	165.7	-2.3	-6.4	4.4	4.2	0.4	0.3	0.2
Belgian franc	2.2	2.3	4.3	13.4	-0.4	-0.3	2.0	9.3	0.2	8.0	0.1
Other	159.1	179.0	217.9	235.7	-8.0	2.7	29.5	23.8	9.2	9.1	7.0
Total	2,037.8	2,441.7	2,802.5	3,225.9	197.5	285.4	311.6	540.1	108.2	176.6	137.6

Source: Bank for International Settlements.

Table 27. Changes in Net Assets of BIS-Reporting Banks vis-à-vis Banks in Selected Countries and Regions¹

(In billions of U.S. dollars)

	1990	1991	1992	1993	1994	1995	1996
All countries	-38.3	73.7	95.4	267.1	-299.0	206.8	...
Industrial countries	-22.7	87.1	22.2	179.9	-146.7	172.1	51.9
Of which							
United States	28.1	3.8	74.1	124.4	3.4	53.2	-21.3
Japan	47.0	-24.1	-59.9	-7.8	-6.3	-12.4	18.7
Germany	-21.5	13.1	55.2	-37.5	61.7	43.8	23.9
France	-17.0	-7.5	-52.1	0.8	12.0	-10.1	21.9
Italy	26.0	36.3	43.3	-18.0	1.7	-22.2	-9.3
United Kingdom	-32.1	44.4	27.4	116.0	-141.9	88.7	19.0
Canada	2.6	3.9	10.9	12.4	-5.8	-6.2	-10.9
Developing countries	-29.0	50.1	79.6	80.9	-115.3	112.0	54.5
Africa	-3.9	-3.7	-3.1	-1.0	-5.4	-3.9	-2.7
Asia	43.4	58.1	43.6	44.7	37.1	128.7	78.8
Europe	-1.8	-1.4	-8.2	-5.8	-29.4	-6.0	14.5
Middle East	-22.8	4.1	23.0	16.7	-0.9	-13.9	-19.4
Western Hemisphere	-43.9	-7.0	24.2	26.3	-116.8	7.1	-16.7

Source: Bank for International Settlements (BIS).

¹BIS-reporting banks comprise banks in the Group of Ten countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States) plus Austria, Denmark, Finland, Ireland, Luxembourg, Norway, and Spain, and foreign affiliates of these banks.

Table 28. United States: Outstanding Repurchase Agreements (Repos)

(In billions of U.S. dollars)

	Overnight and Continuing Repos	Term Repos
1990	242.72	188.64
1991	276.80	237.57
1992	367.26	324.23
1993	438.66	372.86
1994 ¹	441.94	344.27
1995	522.44	360.79
1996	571.03	428.55

Source: Board of Governors of the Federal Reserve System.

¹Break in the series.

Table 29. U.S. Mutual Funds: Net New Cash Flow and Total Assets*(In billions of U.S. dollars)*

	Net New Cash Flow						Assets			
	Total	To equity funds			To bond and income funds	To money market funds	Total	Equity funds	Bond and income funds	Money market funds
		Total	Domestic	Foreign						
1984	54.2	5.9	4.9	0.9	13.3	35.1	370.6	83.1	54.0	233.6
1985	68.3	8.5	7.7	0.8	65.2	-5.4	495.5	116.9	134.8	243.8
1986	164.4	21.9	17.7	4.2	108.6	33.9	716.2	161.5	262.6	292.2
1987	40.1	19.1	19.6	-0.6	10.9	10.2	769.9	180.7	273.2	316.1
1988	-23.1	-16.2	-13.8	-2.4	-7.0	0.1	810.3	194.8	277.5	338.0
1989	73.0	5.8	4.6	1.2	3.1	64.1	982.0	249.0	304.8	428.1
1990	44.5	12.8	6.3	6.5	8.5	23.2	1,066.8	245.8	322.7	498.4
1991	112.3	39.5	36.4	3.2	67.2	5.5	1,395.5	411.6	441.4	542.4
1992	156.5	79.2	72.1	7.0	93.7	-16.3	1,646.3	522.8	577.3	546.2
1993	229.2	129.6	91.1	38.5	113.7	-14.1	2,075.4	749.0	761.1	565.3
1994	84.6	119.3	75.4	43.9	-43.4	8.8	2,161.5	866.4	684.0	611.0
1995	212.8	128.2	116.5	11.7	-4.8	89.4	2,820.3	1,269.0	798.3	753.0
1996	323.7	221.6	175.3	46.3	12.6	89.4	3,539.2	1,750.9	886.5	901.8
1997										
January	53.9	29.1	23.0	6.1	3.6	21.2	3,687.0	1,854.7	897.6	934.7
February	40.9	16.1	13.7	2.4	2.3	22.5	3,731.1	1,865.5	907.2	958.4
March	10.1	10.7	8.1	2.7	-2.0	1.4	3,666.0	1,810.2	890.3	965.5
April	-5.8	15.7	10.6	5.1	0.8	-22.3	3,729.0	1,879.0	903.1	946.9
May ¹	...	18.5	...	...	2.5	...	...	...	...	...

Source: Investment Company Institute.

¹Estimated.

Table 30. Bank Financial Strength Ratings for Selected Countries, June 2, 1997¹

	A	B+	B	C+	C	D+	D	E+	E	Average
Industrial countries										
Australia	0	0	4	0	6	2	0	0	0	C–C+
Austria	0	0	0	4	2	2	0	0	0	C
Belgium	0	2	2	2	1	0	0	0	0	B
Canada	0	1	5	4	0	0	0	0	0	B
Denmark	0	0	1	1	1	0	0	0	0	C+
Finland	0	0	0	0	0	3	0	0	1	D
France	0	2	5	6	4	6	2	1	1	C
Germany	1	4	4	9	8	3	0	0	0	C+
Greece	0	0	0	0	2	2	2	1	0	D+
Ireland	0	0	2	1	1	3	0	0	0	C
Italy	0	0	2	7	6	2	1	1	2	C
Japan	0	0	2	2	10	10	15	6	4	D+
Liechtenstein	0	0	1	0	0	0	0	0	0	B
Luxembourg	0	0	5	0	0	1	0	0	0	C+–B
Netherlands	3	1	1	1	1	0	0	0	0	B+
Norway	0	0	0	0	3	1	0	0	0	C
Portugal	0	0	0	1	3	1	0	0	0	C
Spain	1	3	5	1	2	0	0	0	0	B
Sweden	0	0	1	1	3	0	0	0	0	C–C+
Switzerland	1	1	2	2	1	0	0	0	0	B
United Kingdom	3	4	8	5	6	3	1	0	0	C+
United States	3	20	68	129	63	9	3	0	0	C+
Emerging markets										
Asia										
China	0	0	0	0	0	1	12	3	0	D
Hong Kong, China	0	0	2	0	7	2	0	0	0	C
India	0	0	0	0	0	2	3	0	1	D
Indonesia	0	0	0	0	0	3	5	2	2	D
Korea	0	0	0	1	1	4	7	4	1	D
Malaysia	0	0	0	1	1	0	0	0	0	C–C+
Philippines	0	0	0	1	1	5	2	0	0	D+
Singapore	0	3	0	1	2	0	0	0	0	B
Taiwan Province of China	0	0	0	1	4	4	0	0	0	C
Thailand	0	0	0	1	2	1	4	3	0	D–D+
Europe										
Croatia	0	0	0	0	0	0	1	0	0	D
Cyprus	0	0	0	0	2	0	0	0	0	C
Czech Republic	0	0	0	0	0	3	2	1	0	D
Hungary	0	0	0	0	0	3	3	0	0	D–D+
Israel	0	0	0	0	2	3	0	0	0	D+
Poland	0	0	0	0	0	3	3	1	0	D
Romania	0	0	0	0	0	0	2	1	1	E+
Slovak Republic	0	0	0	0	0	0	3	0	0	D
Slovenia	0	0	0	0	0	2	0	0	0	D+
Turkey	0	0	0	0	2	2	6	4	0	D
Latin America										
Argentina	0	0	0	0	2	3	4	1	0	D+
Brazil	0	0	0	3	5	10	4	1	2	D+
Chile	0	0	0	5	4	1	0	0	0	C
Colombia	0	0	0	1	3	0	2	0	0	D+–C
Mexico	0	0	0	0	0	0	3	4	2	E+
Panama	0	0	0	0	1	0	0	0	0	C
Peru	0	0	0	0	1	3	0	0	0	D+
Puerto Rico	0	0	0	0	0	1	1	0	0	D–D+
Uruguay	0	0	0	0	0	1	1	0	0	D–D+
Venezuela	0	0	0	0	0	2	3	0	0	D

Table 30 (concluded)

	A	B+	B	C+	C	D+	D	E+	E	Average
Middle East and Africa										
Bahrain	0	0	0	0	1	2	3	0	0	D+
Egypt	0	0	0	0	1	1	1	0	0	D+
Jordan	0	0	0	0	0	1	1	0	0	D–D+
Kuwait	0	0	0	1	1	1	3	2	0	D–D+
Oman	0	0	0	0	0	3	1	0	0	D+
Pakistan	0	0	0	0	0	0	0	2	2	E–E+
Qatar	0	0	0	0	0	1	2	0	0	D
Saudi Arabia	0	0	0	1	2	4	4	1	0	D+
South Africa	0	0	0	0	3	3	0	0	0	D+–C
United Arab Emirates	0	0	0	0	0	2	1	1	0	D

Source: Moody's Investors Service.

¹The Bank Financial Strength Rating is Moody's assessment of whether a bank is likely to require financial support from shareholders, the government, or other institutions. The ratings range from A (highest) to E (lowest). Note that the coverage of banking systems is not generally complete, so that the ratings are not necessarily representative of the credit quality of the entire system.

Table 31. Distintermediation in Selected Industrial Countries

	Assets of Institutional Investors ¹		Institutionalization of Household Savings ²	
	1985	1995	1985	1995
Canada	26.4	35.9	24.5	31.4
France ³	11.4	23.4	15.7	27.3
Germany	12.8	19.0	19.6	28.9
Japan ⁴	10.2	22.6	32.2	34.8
Norway ⁵	13.0	21.9	25.1	37.5
Spain	3.2	15.0	2.9	24.4
United Kingdom ⁶	26.7	31.6	...	52.0
United States	43.8	54.6	33.4	45.3

Source: Organization for Economic Cooperation and Development.

¹Financial assets of insurance companies, pension funds, and investment companies as a proportion of total financial assets of domestic financial institutions.

²Outstanding claims of households on institutional investors as a proportion of total household financial assets.

³Data include financial assets of insurance companies and investment companies only.

⁴Earlier data are for 1990, not 1985. Data include financial assets of insurance companies, investment companies, and trust accounts of trust banks (excluding investment trusts) only.

⁵Later data are for 1993, not 1995.

⁶Earlier data are for 1988, not 1985.

Table 32. Japan and the United States: Summary of Prompt Corrective Action Provisions

Japan		United States		
Capital levels ¹	Actions	Capital levels ²	Actions	
			Mandatory	Discretionary
n.a.	n.a.	“Well capitalized” Total ≥ 10 percent, and Tier 1 ≥ 6 percent, and Leverage ratio ≥ 5 percent.	None	None
n.a.	n.a.	“Adequately capitalized” Total ≥ 8 percent, and Tier 1 ≥ 4 percent, and Leverage ratio ≥ 4 percent.	Disallow brokered deposits, except with FDIC approval.	None
International capital ratio < 8 percent; National capital ratio < 4 percent.	Order formulation and implementation of management improvement plan.	“Undercapitalized” Total < 8 percent, or Tier 1 < 4 percent, or Leverage ratio < 4 percent.	Suspend dividends and management fees. Require capital restoration plan. Restrict asset growth. Require approval for acquisitions, branching, and new activities. Disallow brokered deposits.	Order recapitalization. Restrict interaffiliate transactions. Restrict deposit interest rates. Order other measures necessary to carry out prompt corrective action.
International capital ratio < 4 percent; National capital ratio < 2 percent.	Order recapitalization plan. Impose restraints on asset growth. Impose ban on new activities and branches and limits on current activities. Impose ban on new subsidiaries and overseas affiliates and limits on the current activities of such entities. Limit payment of dividends. Limit payment of bonuses to directors and management. Limit deposits, interest rates.	“Significantly undercapitalized” Total < 6 percent, or Tier 1 < 3 percent, or Leverage ratio < 3 percent.	Same as above. Order recapitalization. Restrict interaffiliate transactions. Restrict deposit interest rates. Restrict pay of officers.	Same as above. Order conservatorship or receivership if bank fails to submit or implement a plan to recapitalize. Impose any provision for “critically undercapitalized” banks if necessary.
International capital ratio < 0 percent; National capital ratio < 0 percent.	Suspend whole or part of banking business. This order can be replaced with lesser actions if: (1) the net value of assets, including unrealized gains, is positive; (2) the net value including unrealized gains is negative but expected to be positive after considering: (a) the implementation of management improvement plans and other specific measures; (b) business income and profitability; (c) the bad assets ratio. A business suspension order can be issued at any time when the net value of assets, including unrealized losses is, or is expected to be, negative.	“Critically undercapitalized” Tangible equity to total assets ratio of ≤ 2 percent.	Same as for “Significantly undercapitalized” banks. Order receivership/ conservatorship within 90 days. Order receivership if critically undercapitalized for four quarters. Suspend payments on subordinated debt. Restrict certain other activities.	n.a.

Sources: Japan, Ministry of Finance; and United States, Federal Deposit Insurance Corporation.

¹The international capital standards (BIS capital adequacy standards) apply to banks with international operations. The adjusted national capital standards apply to banks with purely domestic operations.

²The total capital ratio cited is the total risk-weighted capital; the leverage ratio is the ratio of Tier 1 capital to total assets.

Table 33. Major Industrial Countries: Commercial Bank Profitability

	Net Interest Income		Noninterest Income		Operating Expenses		Provisions		Real Return on Equity ¹	
	1985–89	1990–94	1985–89	1990–94	1985–89	1990–94	1985–89	1990–94	1985–89	1990–94
	← (In percent of total assets) →								← (In percent) →	
Canada	2.9	3.0	1.1	1.6	2.3	2.8	0.8	0.7	7.9	12.1
France ²	1.9	1.2	0.5	0.8	1.6	1.4	0.5	0.5	...	-3.3
Germany	2.3	2.2	1.0	0.9	2.2	2.0	0.4	0.6	6.5	2.7
Italy	...	3.0	...	0.9	...	2.5	...	0.6	...	-1.2
Japan	1.2	1.0	0.3	0.1	0.9	0.9	...	0.1	10.4	1.5
United Kingdom	3.2	2.7	1.8	1.9	3.2	3.0	0.9	0.9	6.1	4.9
United States	3.5	3.7	1.5	2.0	3.3	3.7	0.9	0.7	5.0	8.5

Sources: International Monetary Fund, *World Economic Outlook* database; OECD (1996); and IMF staff estimates.

¹Calculated as net income after taxes divided by capital and reserves at the end of the previous year, minus consumer price index for the year.

²Data for the first period cover 1988–89 only.

**Table 34. Selected Asian Property Markets:
Vacancy Rates and Changes in Rents¹**

(In percent)

	Vacancy Rate		Change in Rents ²
	March 1996	March 1997	
Bangkok	13.2	13.9	0.3
Beijing ³	1.0	22.9	-19.2
Hong Kong, China	4.7	5.1	6.3
Jakarta	10.8	12.4	3.9
Kuala Lumpur	2.8	2.9	0.0
Manila	2.1	2.0	1.9
Shanghai ³	14.1	24.6	-24.0
Singapore	4.9	6.1	4.5

Source: Jones Lang Wooton (1997).

¹Prime office space in central business locations.

²Change in contracted net rents denominated in local currency, except for Beijing, Jakarta, and Shanghai, which are changes in U.S. dollar values.

³The increase in vacancy rates and decline in rents for Beijing and Shanghai reflect both the small initial stock of office space and the comparatively large developments that were completed in 1996.

Table 35. Loan Classification in Selected Emerging Markets

	Loan Classification System		Provisioning Requirements
Asia Hong Kong, China	Performing	Borrowers are current in meeting commitments and full repayment of interest and principal is not in doubt.	There are no requirements as to provisioning other than that individual banks have their own internal guidelines for maintaining adequate provisions. Interest must be accrued to a suspense account if loans are substandard and not fully secured or overdue by more than 6 months; interest accrual ceases altogether for substandard loans past due more than 12 months and for loans classified as doubtful or loss. Loans must be written off after they are deemed irrecoverable.
	Special mention	Borrowers are experiencing difficulties; ultimate loss is not expected but could occur.	
	Substandard	Borrowers displaying definable weakness; loan losses or rescheduling at concessional terms are possible.	
	Doubtful	Collection in full is improbable; loss of principal and/or interest is expected, taking account of collateral.	
	Loss	Uncollectible after exhausting all collection efforts, including realization of collateral.	
India	Nonperforming	Loans on which interest is overdue for at least six months.	None.
	Substandard	Loans that have been nonperforming for up to two years, term loans on which the principal has not been reduced for more than one year, and all rescheduled debts.	10 percent.
	Doubtful	Loans that have been nonperforming for two to three years and term loans on which the principal has not been reduced for more than two years.	100 percent of unsecured assets; for secured assets: 20 percent if doubtful for less than one year; 30 percent if doubtful for one to three years; 50 percent if doubtful for more than three years.
	Loss	All other assets deemed irrecoverable, where the loss has been identified by internal or external auditors or by the Reserve Bank of India inspectors, but where the amount has not been written off.	100 percent.
			Interest accrual stops once loans are nonperforming. For loans with balances below Rs 25,000, banks must set aside reserves equal to at least 10 percent of the balance.
Indonesia	Current	Installment credit with no arrears, other credit in arrears less than 90 days, overdrafts less than 15 days.	0.5 percent.
	Substandard	Generally, loans with payments in arrears between three and six months.	10 percent.
	Doubtful	Nonperforming loans that can be rescued and the value of collateral exceeds 75 percent of the loan, or loans that cannot be rescued, but are fully collateralized.	50 percent. 100 percent.
	Loss	Doubtful loans that have not been serviced for 21 months; credit in process of bankruptcy/liquidation.	Loans must be written off 21 months after litigation indicates the loan will not have to be repaid.
Korea	Current	Borrower's credit conditions (including collateral) are good and collectibility of interest and principal are certain.	0.5 percent.
	Special mention	Payments are past due for between three months and six months, but collection is certain.	1 percent.
	Substandard	Loans covered by collateral but borrower's credit conditions are deteriorating and payments are more than six months past due.	20 percent.
	Doubtful	Unsecured portion of the loans that are more than six months past due and losses are expected.	75 percent.
	Estimated loss	Unrecoverable amounts due net of collateral.	100 percent. Loans must be written off within six days of being declared unrecoverable; write-offs in excess of W500 million require Bank of Korea approval.

Table 35 (continued)

	Loan Classification System		Provisioning Requirements
Malaysia	Substandard	More than a normal risk of loss due to adverse factors; past due for between 6 and 12 months.	For loans less than RM 1 million: 0 percent.
	Doubtful	Collection in full is improbable and there is a high risk of default; past due for between 12 and 24 months.	50 percent of net (of collateral) outstanding value.
	Bad	Uncollectible; past due for more than 24 months.	100 percent of net outstanding value. Loans must be written off when bankruptcy hearings have finished and/or partial or full repayment is unlikely. A general provision of at least 1 percent of total loans net of interest in suspense and specific provisions is also required.
Philippines	Unclassified	Borrower has the apparent ability to satisfy obligations in full; no loss in collection is anticipated.	0 percent of net (of collateral) exposure.
	Special mention	Potentially weak due, for example, to inadequate collateral, credit information, or documentation.	0 percent.
	Substandard	Loans that involve a substantial degree of risk of future loss.	25 percent.
	Doubtful	Loans on which collection or liquidation in full is highly improbable, substantial losses are probable.	50 percent.
	Loss	Uncollectible or worthless.	100 percent. Interest is not accrued on past-due loans, which are loans or other credit not paid at the prescribed maturity date or, in the case of installment credit, in arrears by more than a prescribed amount depending upon the frequency of installments.
Singapore	Special mention	Accounts with evidence of potential weakness in creditworthiness, such as untimely repayment.	A provision of 50 percent of the loan value for defaults of over a year; for defaults of 3 to 6 months provision is the difference between the loan amount and 80 percent of collateral; for 6 to 12 months, the difference between the loan amount and 70 percent of the collateral. In aggregate, 100 percent of substandard, doubtful, and bad loans must be provided for, with those graded doubtful to have at least 50 percent provision. Loans must be written off in the year that they are recognized as a loss. The Monetary Authority of Singapore has established a minimum (tax exempt) general provision of 2 percent of outstanding loans (including accrued interest) net of specific provisions.
	Substandard	Normal repayment may be jeopardized by continuing adverse trend of severe financial weakness.	
	Doubtful	Repayment of outstanding debt appears questionable; expectation of loss.	
	Bad	Outstanding debt is uncollectible.	
Taiwan Province of China		Nonperforming loans (on which interest is not accrued) are: 1. Short-term loans with principal payments three months past due. 2. Loans with interest payments (or installments) six months past due. 3. Loans to companies for which legal proceedings by the bank have commenced.	Only provisions (general and specific combined) up to 1 percent of loan balance are tax deductible. Specific provisions in excess of that amount are made on a quarterly basis. Interest is no longer accrued after 180 days. Loans must be written off after all legal proceedings have finished.
Thailand		Loans are nonperforming (substandard or doubtful) if they are 12 months past due but fully collateralized or secured, or if they are 6 months past due but not fully secured.	
	Substandard	Loan is in arrears, but there is sufficient security to ensure that full recovery of the debt will be possible.	15 percent (by end-June 1999; at least 7.5 percent by end-June 1998).
	Doubtful	Loan is in arrears, but there is insufficient collateral.	100 percent.
	Irrecoverable	Legal enforcement has been initiated and has been unsuccessful.	100 percent.

Europe

Czech Republic	Watch	Accounts overdue by 30–90 days.	5 percent of net (after collateral) exposure.
	Substandard	Accounts overdue by 91–180 days.	20 percent of net exposure.
	Doubtful	Accounts overdue by 181–360 days.	50 percent of net exposure.
	Loss	Accounts have been overdue for more than a year, there is little likelihood of repayment, and assets are not adequately secured. Restructured loans must be classified as substandard for six months after restructuring and then as watch for three years.	100 percent of net exposure.
Hungary	Performing	Assumption that interest or principal will not be more than 15 days overdue.	0 percent.
	To be monitored	No loss is assumed, but management is of the opinion that the exposure requires separate monitoring.	0–10 percent.
	Substandard	Risks are higher than average or some loss may be assumed at the time of classification.	11–30 percent.
	Doubtful	A loss will be incurred but the size of the loss is uncertain or where payment is at least 90 days past due or payment delay becomes regular.	31–70 percent.
	Bad	The loss will exceed 70 percent or the company is in bankruptcy.	71–100 percent. General reserves (out of net income) must amount to 1.25 percent of the balance sheet total plus 1 percent of guarantees.
Poland	Standard	No arrears or doubts about the borrower's financial strength; receivables guaranteed by the state.	None.
	Substandard	Loans in arrears by more than a month, or loans to a borrower with weakened financial standing.	20 percent.
	Doubtful	Loans in arrears by more than three months, or loans to a borrower with deteriorating financial standing.	50 percent.
	Loss	Loans in arrears by more than six months or the subject of legal dispute, or loans to a borrower who is either in liquidation or whose location is unknown, or whose financial standing makes repayment impossible.	100 percent. Approval for lower provisions may be given if the loans are adequately collateralized. General reserves may be set up without limit, although reserves equal to only the first 1 percent of impaired loans are tax deductible.
Turkey	Special follow-up	Loans to uncreditworthy borrowers (defined as borrower whose capital is insufficient to pay the debt when due, or borrower lacks the ability to pay the debt, or the borrower's working capital is insufficient to meet its operating needs).	Initial 15 percent provision. Increased to 50 percent by the end of the first year, 100 percent after two years.
	Administrative follow-up	Loans classified as overdue or one month in arrears.	15 percent provision is required after two months (i.e., when 90 days past due).
	Legal follow-up	Loans in arrears for three months.	25 percent provision is required after 6 months, rising to 50 percent after one year, 75 percent after 18 months, and 100 percent after two years. Banks must cease accruing interest on loans in legal follow-up.
		Loans to state entities (including state-owned enterprises) are not included in the classification system, and provisions are not required for these loans.	

Table 35 (concluded)

		Loan Classification System		Provisioning Requirements		
Latin America						
Argentina						
		<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Liquid guarantee</i>	<i>Preferred guarantee</i>	<i>Without guarantee</i>
	Normal	Less than 31 days overdue.	No doubt exists.	1 percent.	1 percent.	1 percent.
	Potential risk	31–89 days overdue.	Performing, but sensitive to changes; or more than 30 days overdue.	1 percent.	3 percent.	5 percent.
	Problem	90–179 days overdue.	Problems meeting obligations; or 90–179 days overdue.	1 percent.	12 percent.	25 percent.
	High risk	180–365 days overdue or subject to judicial proceedings for default.	Highly unlikely to meet obligations; or more than 180 days overdue.	1 percent.	25 percent.	50 percent.
	Irrecoverable	More than 365 days overdue.	Obligations cannot be met; more than 365 days overdue.	1 percent.	50 percent.	100 percent.
	Irrecoverable for technical decision	Bankruptcy/liquidation/insolvency.	Bankruptcy/liquidation/insolvency.	100 percent.	100 percent.	100 percent.
Brazil						
		<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Unsecured</i>	<i>Partially/fully secured</i>	<i>Export/import</i>
		0–29 days overdue.	0–29 days overdue.	0 percent.	0/0 percent.	0/100 percent.
		30–59 days overdue.	30–59 days overdue.	0 percent.	0/0 percent.	100/100 percent.
		60–180 days overdue.	60–180 days overdue.	100 percent.	50/20 percent.	100/100 percent.
		181–360 days overdue.	181–360 days overdue.	100 percent.	100/20 percent.	100/100 percent.
		More than 360 days overdue.	More than 360 days overdue.	100 percent.	100/100 percent.	100/100 percent.
Chile						
		<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Allowance</i>		
	A	Current	Probability of default: 0 percent.	0 percent.		
	B	1–29 days overdue.	Probability of default: less than 5 percent.	1 percent.		
	B-	30–59 days overdue.	Probability of default: 5–40 percent.	20 percent.		
	C	60–119 days overdue.	Probability of default: 40–80 percent.	60 percent.		
	D	More than 120 days overdue.	Probability of default: 80–100 percent.	90 percent.		
Colombia						
		<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Unsecured principal</i>	<i>Interest</i>	<i>Secured principal</i>
	A (Normal)	Current.	Current.	0 percent.	0 percent.	0 percent.
	B (Subnormal)	30–59 days overdue.	30–119 days overdue.	1 percent.	1 percent.	0 percent.
	C (Deficient)	60–89 days overdue.	120–179 days overdue.	20 percent.	100 percent.	0 percent.
	D (Doubtful)	90–179 days overdue.	180–359 days overdue.	50 percent.	100 percent.	0 percent.
	E (Unrecoverable)	180–360 days overdue.	360–719 days overdue.	100 percent.	100 percent.	0 percent.
	E (Unrecoverable)	More than 360 days overdue.	More than 720 days overdue.	100 percent.	100 percent.	100 percent.
Mexico						
		<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Allowance</i>		
	A	Minimal risk.	Minimal risk.	0 percent.		
	B	Low risk.	Low risk.	1 percent.		
	C	Moderate risk.	Moderate risk.	20 percent.		
	D	High risk.	High risk.	60 percent.		
	E	Noncollectible.	Noncollectible.	100 percent.		

Loan loss reserves should be at least equal to the greater of (1) reserves calculated according to the above classification; (2) 4 percent of total loans; or (3) 45 percent of past-due loans. The entire amount of an amortizing loan (including past-due interest)

is considered past due if any payment is 90 days overdue (180 days for mortgages). Nonamortizing bullet loans are past due if more than 30 days overdue. Credit cards are past due when two minimum payments have been missed. Loans restructured into UDIs are transferred to trusts (consolidated into the bank's financial statements) and attract a 15 percent loan loss reserve.

	<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Unsecured consumer</i>	<i>Unsecured commercial</i>
Peru				
A (Normal)	Current.	Current with no doubts.	0 percent.	0 percent.
B (Potential problem)	10–29 days overdue.	Demonstrated difficulties.	3 (on total balance) percent.	1 (on total balance) percent.
C (Substandard)	30–59 days overdue.	Serious weaknesses.	30 percent.	25 percent.
D (Doubtful)	60–120 days overdue.	Making payments, but less than contracted.	60 percent.	50 percent.
E (Loss)	More than 120 days overdue.	Unrecoverable.	100 percent.	100 percent.
Venezuela	<i>Consumer loans</i>	<i>Commercial loans</i>	<i>Allowance</i>	
A (Normal)	Fully performing.	Fully performing.	0 percent.	
B (Potential risk)	1–3 monthly payments overdue.	Performing, but showing signs of potential future problems (e.g., deterioration of financial condition, inadequate documentation).	5 percent.	
C (Real risk)	4–6 monthly payments overdue.	Experiencing delays in interest and/or principal payments with estimated losses.	10 percent.	
D (High risk)	7–12 monthly payments overdue.	Interest and/or principal payments three months or more past due and where legal recovery proceedings have been initiated.	50 percent.	
E (Irrecoverable)	More than 12 monthly payments overdue.	Interest and/or principal payments are 12 months past due or where legal proceedings indicate very scarce possibility of recovery.	100 percent.	
				Once a loan is 30 days past due it is placed on nonaccrual status, and a reserve equal to 100 percent of accrued interest must be created immediately. Loans must be written off after 36 months. Provisioning requirements do not apply to credits guaranteed by the Venezuelan public sector.
				<i>Consumer Loans</i> Provisioning based on the amount of principal overdue for A–D loans. For E loans, the reserve must take into account the entire outstanding balance.

Sources: IBCA Ltd.; ING Barings Securities; and J.P. Morgan.

Table 36. Amounts Outstanding of International Debt Securities by Currency and Country of Nationality, March 1997¹

(In billions of U.S. dollars)

	Amounts Outstanding
By currency	
U.S. dollar	1,301.4
Japanese yen	499.6
Currencies of European Union (EU) countries ²	1,107.9
Other ³	331.8
Total	3,240.7
By country of nationality	
EU countries	1,478.2
Austria	64.4
Belgium	50.2
Denmark	32.0
Finland	53.8
France	211.6
Germany	356.4
Greece	20.0
Ireland	17.4
Italy	92.2
Luxembourg	11.8
Netherlands	124.4
Portugal	12.6
Spain	43.7
Sweden	116.3
United Kingdom	275.5
North America	647.2
Canada	183.7
Mexico	45.4
United States	418.1
Japan	344.6
Others	770.7
All countries	3,240.7

Source: Bank for International Settlements, *International Banking and Financial Market Developments* (May 1997).

¹Euronotes and international bonds.

²Currencies of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom; plus ECU.

³Currencies of Australia; Canada; Hong Kong, China; New Zealand; Norway; and Switzerland; plus other currencies.

Table 37. Use of Selected Currencies on One Side of Foreign Exchange Transaction, April 1989, April 1992, and April 1995¹

(As a percentage of global gross foreign exchange market turnover)

Currency	April 1989	April 1992	April 1995
U.S. dollar	90	82	83
Deutsche mark ²	27	40	37
Japanese yen	27	23	24
Pound sterling	15	14	10
French franc	2	4	8
Swiss franc	10	9	7
Canadian dollar	1	3	3
Australian dollar	2	2	3
European currency unit (ECU)	1	3	2
Other European monetary system (EMS) currencies	3	9	13
Currencies of other reporting countries	3	3	2
Other currencies	19	8	8
All currencies	200	200	200
<i>Memorandum item:</i>			
EMS currencies including ECU	48	70	70

Source: Bank for International Settlements, *Central Bank Survey of Foreign Exchange and Derivatives Market Activity 1995* (May 1996).

¹Numbers of reporting countries are 21 in 1989 and 26 in 1992 and 1995. Data for 1989 and data for Finland in 1992 include options and futures. Data for 1989 cover local currency trading only, except for the U.S. dollar, deutsche mark, Japanese yen, pound sterling, Swiss franc, and ECU. The figures relate to gross turnover because comparable data on a “net-gross” or “net-net” basis are not available for 1989.

²Data for April 1989 exclude domestic trading involving the deutsche mark in Germany.

Table 38. Notional Principal Value of Outstanding and New Interest Rate and Currency Swaps, 1995

(In billions of U.S. dollars)

	Amounts Outstanding	New Swaps
Interest rate swaps	12,810.7	8,698.8
U.S. dollar	4,371.7	2,856.5
Japanese yen	2,895.9	2,259.3
Currencies of European Union (EU) countries ¹	4,620.9	3,160.9
Of which:		
Deutsche mark	1,438.9	984.5
French franc	1,219.9	1,113.5
Italian lira	405.4	217.3
Netherlands guilder	101.8	62.3
Pound sterling	854.0	433.4
Spanish peseta	163.7	91.9
ECU	223.1	96.4
Other	922.4	422.1
Of which:		
Swiss franc	331.7	159.2
Currency swaps ²	2,394.8	910.2
U.S. dollar	837.8	307.9
Japanese yen	400.0	164.5
Currencies of EU countries ¹	684.7	248.1
Of which:		
Deutsche mark	238.0	78.1
French franc	81.4	41.6
Italian lira	72.6	18.5
Netherlands guilder	28.1	13.0
Pound sterling	91.5	23.4
Spanish peseta	27.5	22.4
ECU	83.0	28.2
Other	472.3	189.8
Of which:		
Swiss franc	150.6	29.7

Source: Bank for International Settlements, *International Banking and Financial Market Developments* (November 1996).

¹Includes the currencies of Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden, and the United Kingdom; plus ECU.

²Not adjusted for reporting on both sides.

Table 39. European System of Central Banks: Open Market Operations and Standing Facilities

Monetary Policy Operations	Types of Transactions		Maturity	Frequency	Procedure
	Provision of liquidity	Absorption of liquidity			
Open market operations					
Main refinancing operations	Reverse transactions (repos)	n.a.	Two weeks	Weekly	Standard tenders
Longer-term refinancing operations	Reverse transactions (repos)	n.a.	Three months	Monthly	Standard tenders
Fine-tuning operations	Reverse transactions (repos)	Reverse transactions (repos)	Nonstandardized	Nonregular	Quick tenders
	Foreign exchange swaps	Foreign exchange swaps			Bilateral procedures
	Outright purchases	Outright sales			n.a.	Nonregular	Bilateral procedures
Structural operations	Reverse transactions (repos)	Issuance of debt certificates	Standardized/ nonstandardized	Regular and nonregular	Standard tenders
	Outright purchases	Outright sales	n.a.	Nonregular	Bilateral procedures
Standing facilities					
Marginal lending facility	Reverse transactions (repos)	n.a.	Overnight	Access at the discretion of counterparties	Access at the discretion of counterparties
Deposit facility	n.a.	Deposits	Overnight	Access at the discretion of counterparties	Access at the discretion of counterparties

Source: European Monetary Institute (1997).

Table 40. European System of Central Banks: Eligible Assets

Criteria	Tier I	Tier II
Type of asset	European System of Central Banks debt certificates. Other marketable financial obligations.	Marketable financial obligations. Nonmarketable financial obligations. Equities traded on a regulated market.
Settlement procedures	Assets must be centrally deposited in book-entry form with a national central bank or a Central Securities Deposit fulfilling European Central Bank minimum standards.	Assets must be easily accessible to the national central bank that has included them in its Tier II list.
Type of issuer	European System of Central Banks. Public sector. Private sector. International and supranational institutions.	Public sector. Private sector.
Financial soundness	The issuer (guarantor) must be financially sound.	The issuer/debtor (guarantor) must be financially sound.
Location of issuer	European Economic Area	Euro area. Location in other European Economic Area countries can be accepted subject to European Central Bank approval.
Location of asset	Euro area	Euro area. Location in other European Economic Area countries can be accepted subject to European Central Bank approval.
Currency of denomination	Euro	Euro. Other European Economic Area or widely traded currencies can be accepted subject to European Central Bank approval.
<i>Memorandum item:</i> Cross-border use	Yes	For “domestic” assets: yes. For “foreign” assets: possibly restricted.

Source: European Monetary Institute (1997).

Table 41. Key Monetary Policy Operating Procedures in Industrial Countries and in the European Central Bank

	European Central Bank	Austria	Belgium	France	Germany	Italy	Netherlands	Spain	Sweden	United Kingdom	Australia	Canada	Japan	Switzerland	United States
Main operation	RT	RP	RP ¹	RP	RP	RT	CL	RP	RT	OT	RT	RT	RT	FXS	RT
Maturity (days)	14	7	7–15	7	14	≤30	2–8	10	7	1–33	av. 7	1	1–90	80–120	1–15
Frequency	1/wk	1/wk	1/wk	2/wk	1/wk	≥1/wk	1/4d	1/10d	1/wk	≤3/d	1/d	1/d	≤3/d	≈1/wk	≈1/d
Fine-tuning operations	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Long-term refinancing operations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes
Standing facility															
Lending	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	²	Yes	Yes ³	No	Yes	No
Deposit	Yes	Yes	Yes	No	No ⁴	No	No	No	Yes	No	Yes	³	No	No	No
Below market	No	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	Yes ⁵	No	Yes
Reserve requirements	⁶	Yes	No	Yes	Yes	Yes	Yes	Yes	No	⁷	Yes	Yes ⁸	Yes	Yes	Yes
Remuneration	⁶	No	No	No	No	Yes	Yes	No	No	No	Yes	No	No	Yes	No

Source: Borio (1997).

Notes: RT = reverse transaction (repo or reversed repo); RP = repo (reversed purchase); OT = outright transaction, secondary market; CL = collateralized loan; FXS = foreign exchange swap (purchase or sale).

¹Or collateralized loans, depending on assets backing the transaction.

²A number of facilities aimed at limiting the rise in the overnight rate.

³Mainly overdraft loans. In addition, discretionary reversed transactions operated on occasions as a quasi-standing facility.

⁴Discretionary issuance of short-term paper operated on occasions as a standing facility.

⁵Inactive since July 1995.

⁶Not yet decided.

⁷Cash ratio deposit.

⁸Requirement that average settlement balances before overdrafts be non-negative.

Table 42. Monetary and Supervisory Agencies

	Monetary Agency	Supervisory Agency	Notes
Australia	Reserve Bank of Australia (CB)	Reserve Bank of Australia (CB)	C
Austria	National Bank of Austria (CB)	(Federal) Ministry of Finance (MF)	S
Belgium	National Bank of Belgium (CB)	Bank and Finance Commission	S
Canada	Bank of Canada (CB)	Office of the Superintendent of Financial Institutions (MF)	
Denmark	Danmarks Nationalbank (CB)	Financial Supervisory Agency (MEA)	S
Finland	Bank of Finland (CB)	Financial Supervision Authority (CB)	S
France	Bank of France (CB)	Bank of France (CB) Banking Commission	C
Germany	Deutsche Bundesbank (CB)	Federal Banking Supervisory Office Deutsche Bundesbank (CB)	S
Greece	Bank of Greece (CB)	Bank of Greece (CB)	C
Hong Kong, China	Hong Kong Monetary Authority (CB)	Hong Kong Monetary Authority (CB)	C
Ireland	Central Bank of Ireland (CB)	Central Bank of Ireland (CB)	C
Italy	Banca d'Italia (CB)	Banca d'Italia (CB)	C
Japan	Bank of Japan (CB)	Ministry of Finance (MF)	S
Luxembourg	Luxembourg Monetary Institute (CB)	Luxembourg Monetary Institute (CB)	C
Netherlands	De Nederlandsche Bank (CB)	De Nederlandsche Bank (CB)	C
New Zealand	Reserve Bank of New Zealand (CB)	Reserve Bank of New Zealand (CB)	C
Norway	Norges Bank (CB)	Banking, Insurance and Securities Commission (MF)	S
Portugal	Banco de Portugal (CB)	Banco de Portugal (CB)	C
Spain	Banco de Espana (CB)	Banco de Espana (CB)	C
Sweden	Sveriges Riksbank (CB)	Swedish Financial Supervisory Authority	S
Switzerland	Swiss National Bank (CB)	Federal Banking Commission	S
United Kingdom	Bank of England (CB)	Bank of England (CB)	C ¹
United States	Federal Reserve Board (CB)	Office of the Comptroller of the Currency (MF)	S
		Federal Reserve Board (CB)	
		State governments	
		Federal Deposit Insurance Corporation	
Venezuela	Banco Central de Venezuela (CB)	Superintendency of Banks	S

Source: Goodhart and Schoenmaker (1995).

Note: The sample covers all industrialized countries (OECD); Hong Kong, China; and Venezuela. C = combined; CB = Central Bank; MEA = Ministry of Economic Affairs; MF = Ministry of Finance; and S = separated.

¹In May 1997, the U.K. government announced plans to move responsibility for banking supervision from the Bank of England to the Securities and Investments Board.

Table 43. Deposit Insurance Schemes for Commercial Banks in the European Union and G-10 Countries, 1995

	Administration of System: Government or Industry	Extent or Amount of Coverage	Ex Ante or Ex Post Funding	Fund Minimum Reserve Level	Base for Premium	Risk-Based Premiums
Austria	Industry	S 260,000 (per physical person depositor)	Ex post; system organized as an incident-related guarantee facility	n.a.	The deposit guarantee system shall obligate its member institutions, in case of paying out of guaranteed deposits, to pay without delay pro rata amounts that shall be computed according to the share of the remaining member institution at the preceding balance sheet data as compared to the sum of such guaranteed deposits of the deposit guarantee system	n.a.
Belgium	Government/industry (joint)	ECU 15,000 until Dec. 1999, ECU 20,000 thereafter	Ex ante, but in case of insufficient reserves, banks may be asked to pay, each year if necessary, an exceptional additional contribution up to 0.04 percent	No	Total amount of customer's deposits that qualify for reimbursement and that are expressed either in BF, ECU, or another EU currency	No
Canada	Government (Crown Corporation)	Can\$60,000 (per depositor)	Ex ante	No	Insured deposits	No
Denmark	Government	DKr 300,000 or ECU 42,000 (per depositor)	Ex ante	Yes, 3 billion DKr	Deposits	No
Finland	Industry	100 percent (per depositor)	Ex ante	No	Total assets	No
France	Industry	F 400,000 (per depositor)	Ex post	n.a.	The contribution consists of two parts: (1) A fixed part, irrespective of the size of the bank, equal to 0.1 percent of any claim settled and with a F 200,000 ceiling; and (2) a proportional part, varying according to a regressive scale relative to the size of the bank contributing, based on deposits and one-third credits.	n.a.
Germany	Industry	100 percent up to a limit of 30 percent of the bank's liable capital (per deposit)	Ex ante; however, additional assessments may be made if necessary to discharge the fund's responsibilities. These contributions are limited to twice the annual contribution	No	Balance sheet item "Liabilities to Customers"	No
Greece	Government/industry (joint)	ECU 20,000 (per depositor)	Ex ante	No	Total deposits	No
Ireland	Government	90 percent of deposits; maximum compensation is ECU 15,000	Ex ante	No, but minimum Premium Rate of £20,000	Total deposits excluding interbank deposits and deposits represented by negotiable certificates of deposit	No
Italy	Industry	100 percent of first Lit 200 million (per depositor)	Ex post; banks commit ex ante; however, contributions are ex post	No	Maximum limit for funding the whole system: Lit 4,000 billion. Contributions are distributed among participants on the basis of deposits plus loans minus own funds with a correction mechanism linked to deposit growth.	Yes
Japan	Government/industry (joint)	¥10 million yen (per depositor)	Ex ante	No	Insured deposits	No

Luxembourg	Industry	Lux F 500,000 (per depositor), only natural persons	Ex post	n.a.	Banks' premiums based on percentage of loss to be met	n.a.
Netherlands	Government/industry (joint)	ECU 20,000 (per depositor); compensation paid in guilders	Ex post	n.a.	Amount repaid in compensation to insured is apportioned among participating institutions. However, the contribution in any one year shall not exceed 5 percent per an institution's own funds and per all institutions' own funds	n.a.
Portugal	Government	100 percent up to 15,000 ECU 75 percent: 15,000–30,000 ECU 50 percent: 30,000–45,000 ECU (per depositor)	Ex ante. However, the payment of the annual contributions may be partly replaced, with a legal maximum of 75 percent, by the commitment to deliver the amount due to the Fund, at any moment it proves necessary	No	Guaranteed deposits	Yes
Spain	Government/industry (joint)	Ptas 1.5 million (per depositor); to be increased to ECU 20,000	Ex ante	No	Deposits	No
Sweden	Government	SKr 250,000 (per depositor)	Ex ante	No	Covered deposits	Yes
Switzerland	Industry	SwF 30,000 (per depositor)	Ex post	n.a.	Two components: fixed fee in relation to gross profit; variable fee depending on share of total protected deposits of an individual bank	n.a.
United Kingdom	Government	90 percent of protected deposits, with the maximum amount of deposits protected for each depositor being £20,000 (unless the sterling equivalent of ECU 22,222 is greater). Thus, the most an individual can collect in a bank failure is £18,000 (per depositor) or ECU 20,000 if greater	Ex ante; banks make initial contributions of £10,000 when a bank is first authorized, further contributions if the fund falls below £3 million, not exceeding £300,000 per bank based on the insured deposit base of the banks involved, and special contributions, again based on the insured deposit base of the banks involved, but with no contribution limit	Yes, the fund is required by law to maintain a level of £5 million to £6 million, but the Deposit Protection Board can decide to borrow to meet its needs	All deposits in European Economic Area currencies less deposits by credit institutions; financial institutions, insurance undertakings, directors, controllers and managers, secured deposits, CDs, deposits by other group companies and deposits that are part of the bank's own funds	No
United States	Government	\$100,000 (per depositor)	Ex ante	Yes, 1.25 percent of insured deposits	Domestic deposits	Yes
European Union (EC Directive on Deposit-Guarantee Schemes)	Only directs that each member state shall ensure within its territory one or more deposit guarantee schemes are introduced and officially recognized	The aggregate deposits of each depositor must be covered up to ECU 20,000. Until Dec. 31, 1999, member states in which deposits are not covered up to ECU 20,000 may retain the maximum amount laid down on their guarantee schemes, provided that this amount is not less than ECU 15,000 (per depositor)	Determined within each member state	Determined within each member state	Determined within each member state	Determined within each member state

Sources: IMF country desks; and Barth, Nolle, and Rice (1997).

Table 44. Permissible Banking Activities and Bank Ownership in the European Union and G-10 Countries, 1995

	Securities ¹	Insurance ²	Real Estate ³	Commercial Bank Investment in Nonfinancial Firms	Nonfinancial Firm Investment in Commercial Banks
Banks given very wide powers					
Austria	Unrestricted	Permitted	Unrestricted	Unrestricted	Unrestricted
Switzerland	Unrestricted	Permitted	Unrestricted	Unrestricted	Unrestricted
United Kingdom	Unrestricted	Permitted	Unrestricted	Unrestricted	Unrestricted
France	Unrestricted	Permitted	Permitted	Unrestricted	Unrestricted
Netherlands	Unrestricted	Permitted	Permitted	Unrestricted	Unrestricted
Banks given wide powers					
Denmark	Unrestricted	Permitted	Permitted	Restricted	Unrestricted
Finland	Unrestricted	Restricted	Permitted	Unrestricted	Unrestricted
Germany	Unrestricted	Restricted	Permitted	Unrestricted	Unrestricted
Ireland	Unrestricted	Prohibited	Unrestricted	Unrestricted	Unrestricted
Luxembourg	Unrestricted	Permitted	Unrestricted	Unrestricted	Restricted
Portugal	Unrestricted	Permitted	Restricted	Permitted	Unrestricted
Spain	Unrestricted	Permitted	Restricted	Unrestricted	Permitted
Banks given somewhat restricted powers					
Italy	Unrestricted	Permitted	Restricted	Restricted	Restricted
Sweden	Unrestricted	Permitted	Restricted	Restricted	Restricted
Belgium	Permitted	Permitted	Restricted	Restricted	Unrestricted
Canada	Permitted	Permitted	Permitted	Restricted	Restricted
Greece	Permitted	Restricted	Restricted	Unrestricted	Unrestricted
Banks given restricted powers					
Japan	Restricted	Prohibited	Restricted	Restricted	Restricted
United States	Restricted	Restricted	Restricted	Restricted	Restricted

Source: Barth, Nolle, and Rice (1997).

Definitions: *Unrestricted*: a full range of activities in the given category can be conducted directly in the bank. *Permitted*: a full range of activities can be conducted, but all or some must be conducted in subsidiaries. *Restricted*: less than a full range of activities can be conducted in the bank or subsidiaries. *Prohibited*: the activity cannot be conducted in either the bank or subsidiaries.

¹Securities activities include underwriting, dealing, and brokering all kinds of securities and all aspects of the mutual fund business.

²Insurance activities include underwriting and selling insurance products/services as principal and as agent.

³Real estate activities include investment, development, and management.

Table 45. List of Bank Activities Subject to Mutual Recognition in the European Union¹

Acceptance of deposits and other repayable funds from the public.

Lending.²

Financing leasing.

Money transmission services.

Issuing and administering means of payment (e.g., credit cards, traveler's checks and banker's drafts).

Guarantees and commitments.

Trading for own account or for account of customers in:

Money market instruments (checks, bills, certificates of deposit)

Foreign exchange

Financial futures and options

Exchange and interest rate instruments

Transferable securities.

Participation in share issues and the provision of services related to such issues.

Advice to undertakings on capital structure, industrial strategy, and related questions and advice and services relating to mergers and the purchase of undertakings.

Money brokering.

Portfolio management and advice.

Safekeeping and administration of securities.

Credit reference services.

Safe custody services.

Source: Barth, Nolle, and Rice (1997).

¹The Second Banking Directive specifies that an EU bank or "credit institution" (i.e., deposit-taking and lending institution) may conduct directly or through branches the listed activities throughout the EU so long as its home country authorizes the activities. Subsidiaries of credit institutions governed by the law of the same member state may also conduct the activities, subject to conditions that include 90 percent ownership and a guarantee of commitments by the parent credit institutions. Insurance and real estate activities are not on the list and are therefore determined by both home and host country regulations. The Second Banking Directive took effect January 1, 1993.

²Including among other things consumer credit; mortgage credit; factoring, with or without recourse; financing of commercial transactions (including forfaiting).

Table 46. Components of Capital for Meeting the Capital Standards or Requirements in the European Union and G-10 Countries

	Noncumulative Perpetual Preferred Stock	Current Year Profit Added (or Loss Deducted)	Intangible Assets Other than Goodwill	Goodwill	Undisclosed Reserves	Hybrid Capital Instruments (Including Cumulative Perpetual Preferred Stock)	Subordinated Term Debt	Limited Life Redeemable Preference Shares	Fixed-Asset Revaluation Reserves	Latent, or Hidden, Revaluation Reserves	General Loan/Loss Reserves	Investment in the Capital of Other Banks and Financial Institutions
Austria	Yes	Yes	No	No	Yes, but limits	Yes, but limits	Yes, but limits	No	Yes, but limits	No	Yes	No
Belgium	Yes	Yes	No	No	Yes, but limits	Yes, but limits	Yes, but limits	Yes, but limits	Yes, but limits	No	Yes	No
Denmark	No, does not exist	Yes	No	No	No	Yes, but limits	No	No, does not exist	No, does not exist	No, does not exist	No, does not exist	No
Finland	Yes	Yes	No	No	No	Yes	Yes	Not applicable	Yes	No	Yes	No
France	No, issues not permitted in domestic markets	Yes	No, except lease renewal rights	No	No	Yes	Yes	Yes, but not issued	Yes	No	Yes	Yes, but limits
Germany	Yes	No	No	No	Yes, but limits	Yes, but limits	Yes, but limits	No	No	Yes, with limits	Yes, with limits	No
Greece	Yes	Yes	Yes	Yes	No	Yes, but limits	Yes, but limits	Yes, but not utilized at present	Yes, but limits	No	Yes	No
Ireland	Yes, no limits	Yes	No	No	No	Yes, but limits	Yes, but limits	Yes, but limits	Yes, but limits	No	Yes, but limits	No
Italy	Yes, but limits	Yes	Yes	Yes	No	Yes, but limits	Yes, but limits	No, does not exist	Yes, but limits	No	Yes, but limits	No
Luxembourg	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No
Netherlands	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Portugal	Yes	Yes	Yes	Yes	No information	Yes	Yes, but limits	No information	Yes	No information	Yes	No
Spain	Yes	No	No	No	No	Yes, but limits	Yes, but limits	Yes, but limits	Yes, but limits	No	No	No
Sweden	Yes	Yes	No	No	No	Yes with approval	Yes	No	Yes, with approval	No	No	No
United Kingdom	Yes	Yes	No	No	n.a.	Yes, but limits	Yes, but limits	Yes	Yes, with caution	n.a.	Yes, but limits	No
Canada	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	No	No	Yes, but back-to-back issues are deducted
Japan	Yes	Yes	Yes	No	No	Yes, but not prevalent	Yes	Yes, but not issued	No	Yes	Yes	No, if sole purpose is to raise capital ratio
Switzerland	Yes, no limits	Yes	No	No	Yes, but limits	Yes, but limits and not including cumulative perpetual preferred stock	Yes, but limits	No	Yes, but limits	Yes, but limits	Yes, no limits	No
United States	Yes	Yes	No, with limited exceptions	No	No	Yes, but limits	Yes, but limits	Yes, but limits	No	No	Yes, but limits	No

Source: Barth, Nolle, and Rice (1997).

Table 47. Commercial Bank Supervisory Practices in the European Union and G-10 Countries, 1995

	Examinations and/or Inspections			Information Publicly Disclosed		Domestic Bank Activities Abroad						
						Required External Audits	Bank examinations or inspections	Enforcement actions	Specific authorization required	Limits or restrictions placed on domestic bank's foreign activities	Lending Limits on:	
	On-site	Banks pay exam	A single borrower	Persons connected with the bank	Particular sectors						Country risk exposure	Large exposures
Austria	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No	No	Yes
Belgium	Yes	No	Yes	No	Yes	No, only notification	No, only notification	Yes	Yes	No	No	Yes
Denmark	Yes, usually every 3 years	Yes	Yes	No	No	No	No	Yes	No	No	No	Yes
Finland	Yes, not regularly	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
France	Yes	No information	Yes	No information	No information	No	No	No information	No information	No information	No information	No information
Germany	Yes	Yes	Yes	No	No	No	No	Yes	No	No	No	Yes
Greece	Yes, generally every 2-3 years	No	Yes	No	No	Yes	No	Yes	Yes	No	No	Yes
Ireland	Yes, usually every 18-24 months	No	Yes	No	No	Yes	No	Yes	Yes	No	No	Yes
Italy	Yes, usually every 4-8 years	No	Yes, for banks quoted on the stock exchange	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes
Luxembourg	Yes, on an ad hoc basis	Yes	Yes	No	No	No	No	Yes	Yes	No	No	Yes
Netherlands	Yes, depends on size/risk profile	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Portugal	Yes, usually annually	No	Yes	No	Yes	Yes	No	Yes	Yes	No	No	Yes
Spain	Yes	No	Yes	No	No	Yes, but only branches outside EU	No	Yes	Yes	No	No	No
Sweden	Yes	No	Yes	No	No	No	No	Yes	No	Yes	No	Yes
United Kingdom	Yes, but limited and usually biennially	No, not directly	Yes	No	Yes, but not explicitly naming institutions	No	No	Yes	Yes	No	No	Yes
Canada	Yes, annually	Yes	Yes	No	No	No	No	Yes	Yes	No	No	Yes
Japan	Yes	No information	No information	No information	No information	No information	No information	Yes	No information	No information	No information	No information
Switzerland	No	Yes	Yes, official part of supervisory system	No	No	No, only notification	No	Yes	Yes	No	No, but provision requirements per country	Yes
United States	Yes	Yes	Yes, for banks with assets exceeding \$500 million	No	Yes	No	Yes	Yes	Yes	No	No	No

Source: Barth, Nolle, and Rice (1997).

Table 48. Mutual Funds, June 1996

	Equity	Bond	Money Market	Total
Net assets (in billions of U.S. dollars)				
European Union ¹	366.74	533.94	496.32	1,396.99
United States	1,532.46	741.78	817.75	3,091.99
Japan	119.12	189.39	102.22	410.73
Number of funds (in units) ²				
European Union ¹	7,136	4,436	1,912	13,484
United States	2,611	2,390	995	5,996
Japan	4,118	2,060	15	6,193

Source: Investment Company Institute.

¹Does not include Ireland and the Netherlands for equity and bond funds; does not include Austria, Denmark, Ireland, and the Netherlands for money market funds.

²The equity funds also include balanced funds and "other" funds.

Table 49. European Union: Cross-Border Interbank Assets*(In percent of GDP)*

	1992	1993	1994	1995	1996
European Union countries					
Austria	17.71	16.72	17.77	17.89	21.16
Belgium	56.01	60.33	59.20	58.29	58.03
France	17.81	18.22	20.12	18.80	18.51
Germany	8.60	10.21	12.64	13.08	12.67
Ireland	26.26	35.66	38.82	50.80	55.90
Italy	15.81	17.74	18.22	16.71	16.25
Luxembourg	914.54	921.38	937.81	908.43	840.15
Netherlands	26.45	26.54	27.39	27.04	31.24
Portugal	7.63	13.50	20.36	22.17	20.75
Spain	7.38	9.14	10.85	9.61	10.24
United Kingdom	58.14	74.71	74.59	81.59	79.99
<i>Memorandum items:</i>					
North America					
Canada	8.27	9.27	10.10	9.92	10.41
Mexico	6.07	5.07	6.57	7.88	6.18
United States	9.36	8.96	9.49	9.65	8.89
Japan	16.97	13.85	13.49	12.78	12.67

Sources: Bank for International Settlements; and International Monetary Fund, *World Economic Outlook* database.

Table 50. European Union: Ratings of Foreign and Local Currency Debt of Sovereign Governments, May 29, 1997

	Foreign Currency						Local Currency		
	IBCA		S&P		Moody's		IBCA long-term	S&P long-term	Moody's long-term
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term			
<i>European Union countries</i>									
Austria	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	
Belgium	AA+	A1+	AA+	A-1+	Aa1	P-1	AAA	AAA	
Denmark	AA+	A1+	AA+	A-1+	Aa1	P-1	AAA	AAA	Aaa
Finland	AA+	A1+	AA	A-1+	Aa1	P-1	AAA	AAA	Aaa
France	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa
Germany	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa
Greece	BBB-	A3	BBB-	A-3	Baa1	P-2		A-	
Ireland	AA+	A1+	AA	A-1+	Aa1	P-1	AAA	AAA	Aaa
Italy	AA-	A1+	AA	A-1+	Aa3	P-1	AAA	AAA	Aa3
Luxembourg	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	
Netherlands	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa
Portugal	AA-	A1+	AA-	A-1+	Aa3	P-1	AAA	AAA	Aa2
Spain	AA	A1+	AA	A-1+	Aa2	P-1	AAA	AAA	Aa2
Sweden	AA-	A1+	AA+	A-1+	Aa3	P-1	AAA	AAA	
United Kingdom	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa
<i>Memorandum items:</i>									
<i>North America</i>									
Canada	AA	A1+	AA+	A-1+	Aa2	P-1	AAA	AAA	Aa1
Mexico	BB	B	BB	B	Ba2	NP		BBB+	
United States	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa
Japan	AAA	A1+	AAA	A-1+	Aaa	P-1	AAA	AAA	Aaa

Sources: Bloomberg Financial Markets L.P.; IBCA Ltd.; Moody's Investors Service; and Standard & Poor's.

Table 51. European Union Countries, North America, and Japan: Foreign Currency Debt, 1996

(In percent of total government debt)

	Foreign Currency Debt	Year ¹
European Union countries		
Austria	17.5	1996
Belgium	11.4	1995
Denmark	14.9	1996
Finland	42.9	1996 ²
France	4.8	1995
Germany	0.1	1995
Greece	30.6	1996
Ireland	26.4	1996
Italy	6.1	1996
Luxembourg	3.5	1995
Netherlands	0.0	1996
Portugal	17.7	1996
Spain	7.3	1996
Sweden	28.2	1996
United Kingdom	4.6	1996
North America		
Canada	2.6	1996 ³
Mexico	89.0	1996
United States	0.0	1996
Japan	0.0	1996

Source: International Monetary Fund.

¹Year for which the latest data are available.

²For central government.

³Data as of March 31, 1997, for the federal government.

Table 52. Estimates of Credit Spreads of EU Sovereigns, September 1996 and June 1997*(U.S. dollar spreads over treasuries in basis points)*

	Three-Year Dollar Issues		Five-Year Dollar Issues		Ten-Year Dollar Issues	
	September 1996	June 1997	September 1996	June 1997	September 1996	June 1997
Austria	+4	-3	+10	+6	+24	+23
Belgium	+6	+5	+15	+9	+28	+26
Denmark	+6	+5	+13	+8	+27	+26
Finland	+6	+6	+16	+10	+30	+29
Ireland	+5	-6	+11	+9	+25	+25
Italy	+10	+9	+22	+12	+34	+30
Spain	+8	+8	+19	+11	+32	+30
Sweden	+8	+6	+17	+10	+27	+28

Source: Paribas, London.

Table 53. Interest Rate Spreads of Canadian Provinces

Province	Rating	Coupon (In percent)	Maturity	Indicative Bid-Side Spreads (In basis points)		
				Dec. 30, 1996	May 23, 1997	Change
U.S. dollar issues						
Ontario	Aa3/AA-	6.000	Feb. 21, 2006	38	36	-2
Quebec	A2/A+	6.500	Jan. 17, 2006	58	58	0
Quebec	A2/A+	7.500	July 15, 2023	83	83	0
Saskatchewan	A3/A-	8.500	July 15, 2022	59	63	+4
				<u>July 29, 1996</u>		
Canadian dollar issues						
British Columbia	AA+/Aa1	...	5 years	6		
Newfoundland	Baa1	...	5 years	27		
Alberta	Aa2/AA	...	10 years	7		
Nova Scotia	A	...	10 years	28		

Sources: Goldman Sachs International, *Fixed Income Research: Corporate Bond Monthly* (June 1997), p. 41; and SBC Warburg (1996), p. 62.

Table 54. Euro Benchmark Yield Curve: Germany vs. France

Germany		France	
Instruments			
BUBILLs	Six-month maturity only; issue size is up to ECU 3.2 billion	BTFs	Maturities (every Thursday) up to one year; issue size averages ECU 2.8 billion
SCHATZ	Two-year maturity; first issue was ECU 5.2 billion	BTANs	Usually two- and five-year maturities; average size is ECU 8–11 billion
OBLs	Five-year maturity; issue size ECU 4.2–6.8 billion	OATs	Maturity of up to 30 years; average size issue is ECU 15.5–17 billion
Bunds	Ten- and 30-year maturity; issue size ECU 5.2–13 billion	TEC10	Floating-rate OAT
Treasury notes	Issuing ceased in mid-1995	Treasury bonds	No longer issued
Treuhand notes	Issued in 1993 and 1994 only; maturity was five years	Strips	Available every six months; available from 0 to 30 years

Issuing Procedure

The Federal Bond Consortium operates under the lead management of the Bundesbank. It has the characteristics of an underwriting and placing syndicate. Since 1992, membership has been open to foreign firms' legally dependent branches in Germany. At end-1995, there were 95 institutions in the consortium, including 48 foreign-owned banks.

Since August 1990 the majority of federal bonds have been issued by a combined method: one part via the syndicate and another by tender. In the case of Bunds and OBLs a portion of the issue amount is set aside for market management operations by the Bundesbank and subsequently sold in stages through the stock exchange.

An auction schedule is published roughly two weeks before the beginning of each quarter. The 2-year and 5-year bonds are now issued on a regular quarterly schedule. However, the issuing calendar 10-year and more so 30-year paper remains the focus for speculation. In addition, while issue size has been increased, liquidity across the yield curve varies considerably.

Strips Market

On June 13, 1996, the Bundesbank announced plans to introduce the separation and separate trading of principal and interest for particular 10- and 30-year federal bonds during the course of 1997.

Repurchase Market

The deutsche mark repo market is hindered by two key factors: (1) the absence of a government-approved universal repo agreement; and (2) the fact that many domestic institutions do not make their bond holdings available for lending. This has meant the bulk of DM repos are traded offshore, mainly in London.

Primary dealer system, which numbers 20 members (7 foreigners). These are required to stimulate the secondary market, inform the French Treasury about market developments, and take active part in tenders. Any financial institution may apply for and receive primary dealer status after a brief period of observation as a reporting dealer. The advantages of becoming a primary dealer are (1) access to tenders; (2) noncompetitive bids, enabling the purchase of more securities at the marginal price at the tender; (3) the authorization to strip and reconstitute OATs; and (4) the ability to market their trading status to clients.

The French Treasury states its issuing plans in BTANs and OATs at the beginning of the year.

Almost all national negotiable debt is issued through tenders, Dutch style.

The issuing agenda is very regular: BTFs on Monday; OAT tenders on the first Thursday of each month, usually including a 10-year security; monthly BTAN tenders, usually on the 2-year and 5-year benchmarks. Issue amounts are set two days before the tender after consultation with the primary dealers.

Since 1991, all OATs maturing on April 25 and October 25 (13 bonds in total) can be stripped. There is a principal certificate type for each strippable bond, but all coupon certificates with the same maturity are fungible, making it possible to rebuild OATs with coupons from another line. The amount that has been effectively stripped represents 17 percent of the strippable bond total and 4.75 percent of the total French franc debt (whereas U.S. strips are 25 percent and 4.35 percent respectively).

The French franc repo market, whose development has followed the model of the U.S., is by far the most sophisticated in Europe. The French Treasury initiated a legally binding repo agreement that forms the basis of the market's functioning. The market is very transparent and liquid, with 20 primary dealers being required to post prices on Reuters from which any institution can trade.

Table 55. Funds Raised in Capital Markets by Nonfinancial Enterprises in Selected Industrial Countries, 1990–95

(In percent of total)

	Bonds ¹	Shares	Others ²	Total
European Union countries				
Italy	-0.68	25.55	75.13	100.00
Netherlands	1.17	42.19	56.65	100.00
Spain	1.71	29.27	69.02	100.00
Sweden	-0.88	33.73	67.15	100.00
Canada	7.14	27.91	64.95	100.00
United States	50.94	13.22	35.84	100.00
Japan	5.48	11.38	83.14	100.00

Source: Organization for Economic Cooperation and Development, *Financial Statistics, Part III: Nonfinancial Enterprises Financial Statements* (1995).

¹Data for short-term bonds are not available for Italy, the Netherlands, and Japan.

²Residual including bank financing.

Table 56. European Union Countries, United States, and Japan: Equity Markets, 1996

	Listed Companies		Domestic Market Capitalization		Annual Turnover						
	Domestic	Foreign	<i>(In millions of ECUs)</i>	<i>(In percent of GDP)</i>	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic <i>(In percent of GDP)</i>
	<i>(In units)</i>				<i>(In millions of ECUs)</i>			<i>(In percent of EU total)</i>			
Markets in EU countries											
Amsterdam	217	216	302,452	96.10	149,587	653	150,241	8.96	0.11	6.58	47.53
Athens	217	0	18,988	19.64	5,695	0	5,695	0.34	0.00	0.25	5.89
Brussels	146	145	95,752	45.40	17,849	2,914	20,763	1.07	0.47	0.91	8.46
Copenhagen	237	12	57,281	41.46	29,111	698	29,810	1.74	0.11	1.31	21.07
Dublin	61	10	27,659	52.29	4,711	3	4,714	0.28	0.00	0.21	8.91
Germany	681	1290	531,553	28.34	621,454	18,778	640,231	37.22	3.06	28.04	33.13
Helsinki	71	0	49,444	50.41	17,538	0	17,538	1.05	0.00	0.77	17.88
Lisbon	158	0	19,706	23.40	5,658	0	5,658	0.34	0.00	0.25	6.72
London	557	833	1,368,000	153.61	335,644	580,777	916,421	20.10	94.59	40.13	37.69
Luxembourg	54	224	25,910	164.53	604	17	620	0.04	0.00	0.03	3.83
Madrid	357	4	194,681	42.25	63,869	18	63,888	3.83	0.00	2.80	13.86
Milan	244	4	206,997	21.79	82,532	18	82,551	4.94	0.00	3.61	8.69
Paris	686	187	472,426	38.48	220,608	4,828	225,436	13.21	0.79	9.87	17.97
Stockholm	217	12	194,045	97.42	106,434	5,021	111,455	6.37	0.82	4.88	53.44
Vienna	94	35	25,719	14.16	8,265	281	8,546	0.50	0.05	0.37	4.55
EU total	3,997	2,972	3,590,614	52.83	1,669,560	614,006	2,283,566	100.00	100.00	100.00	24.56
Other markets											
New York	2,617	290	5,395,889	90.23	3,014,383	190,392	3,204,775	n.a.	n.a.	n.a.	50.41
NASDAQ	5,138	418	1,192,290	19.94	2,505,177	98,767	2,603,944	n.a.	n.a.	n.a.	41.89
Tokyo	1,766	67	2,374,733	64.88	738,711	1,214	739,925	n.a.	n.a.	n.a.	20.18

Sources: Federation of European Stock Exchanges; Federation of International Stock Exchanges; NASDAQ; New York Stock Exchange; and Tokyo Stock Exchange.

Table 57. Bank Restructuring: Number of Institutions and Size Concentration¹

	Number of Institutions				Concentration: Top Five		
	1995 ²	Peak (since 1980)		Percent change ⁵	1980 ³ <i>(Percent share in total assets)</i>	1990	1995 ⁴
		Year					
European Union countries							
Belgium	150	163	1992	-8	64	58	59
Finland	352	631	1985	-44	63	65	74
France	593	1,033	1984	-43	57	52	47
Germany ⁶	3,487	5,355	1980	-35			17
Italy	941	1,109	1987	-15	26	24	29
Netherlands	174	200	1980	-13	73	77	81
Spain ⁷	318	378	1982	-16	38	38	49
Sweden	112	598	1980	-81	64	70	86
United Kingdom	560	796	1983	-30	63	58	57
United States ⁸	23,854	35,875	1980	-34	9	9	13
Japan	571	618	1980	-8	25	30	27
Other countries							
Canada	1,030	1,671	1984	-38		55	65
Australia	370	812	1980	-54	62	65	67
Norway	148	346	1980	-57	63	68	58
Switzerland	415	499	1990	-17	45	45	50

Sources: Bank for International Settlements (1996a); British Bankers' Association; Building Societies Association; and national data.

¹Deposit-taking institutions, generally including commercial, savings, and various types of mutual and cooperative banks; for Japan, excluding various types of credit cooperatives; and for Canada, excluding trust and loan companies (in 1994, 83 institutions).

²For Finland, Japan, and Sweden, 1994.

³For Finland and the Netherlands, 1985; France, 1986; Italy, 1983; and Switzerland, 1987.

⁴For Belgium, Japan, Switzerland, and the United Kingdom, 1994; and Finland, 1993.

⁵From peak to most recent observation where applicable.

⁶For number of institutions, western Germany only. Data for the whole of Germany: 1995, 3,784; percentage change, -30 percent.

⁷Concentration data for commercial and savings banks only.

⁸Excluding credit unions: 1995, 12,067; percentage change, -36 percent.

**Table 58. European Union Countries, North America, and Japan:
Population per Bank Branch**

	1985	1992	1994	Change	
				1985–92	1992–94
	<i>(In percent)</i>				
European Union countries					
Austria	...	1,695	1,715	...	1.18
Belgium	395	613	...	55.19	...
Denmark	1,534	2,096	2,316	36.64	10.50
Finland	1,670	2,106	2,784	26.11	32.19
France	...	...	2,212	...	...
Germany	1,569	2,050	1,832	30.66	-10.63
Greece	...	8,943	8,384	...	-6.25
Ireland	...	...	...	...	...
Italy	...	3,221	2,862	...	-11.15
Luxembourg	1,523	1,287	1,090	-15.50	-15.31
Netherlands	3,025	2,019	2,116	-33.26	4.80
Portugal	6,633	3,431	2,917	-48.27	-14.98
Spain	1,182	1,100	1,101	-6.94	0.09
Sweden	2,794	2,990	3,281	7.02	9.73
United Kingdom	4,163	4,937	5,272	18.59	6.79
North America					
Canada	...	...	...	...	...
Mexico	21,814	25,330	21,441	16.12	-15.35
United States	5,596	4,885	4,690	-12.71	-3.99
Japan	...	...	...	...	...

Source: Organization for Economic Cooperation and Development, *Bank Profitability: Financial Statements of Banks 1985–1994* (1996).

Table 59. Mergers and Acquisition Activity in Banking¹

	Number of Mergers and Acquisitions				Value (in billions of U.S. dollars)			
	1989-90	1991-92	1993-94	1995-96 ²	1989-90	1991-92	1993-94	1995-96 ²
European Union countries								
Belgium	11	22	18	12	0.0	1.0	0.6	0.4
Finland	6	51	16	4	0.4	0.9	1.0	0.8
France	52	133	71	43	2.7	2.4	0.5	3.2
Germany	19	71	83	27	1.1	3.5	1.9	0.7
Italy	41	122	105	65	8.2	5.3	6.1	3.0
Netherlands	12	20	13	7	10.9	0.1	0.1	0.8
Spain	30	76	44	26	4.0	4.3	4.5	2.1
Sweden	10	38	23	8	2.0	1.1	0.4	0.1
United Kingdom	86	71	40	28	6.4	7.5	3.3	21.7
Other countries								
Australia	23	19	20	9	2.3	0.9	1.5	2.5
Canada	13	29	31	14	0.8	0.5	1.8	0.1
Japan	8	22	8	17	31.2	0.0	2.2	33.8
Norway	12	23	24	2	0.4	0.1	0.2	0.4
Switzerland	31	47	59	14	0.5	0.4	3.9	0.7
United States	1,501	1,354	1,477	1,176	37.8	56.8	55.3	82.5
Total	1,855	2,098	2,032	1,452	108.6	84.7	83.2	153.0
<i>Memorandum item:</i>								
Total nonbank financial	2,075	2,723	3,267	2,267	99.0	63.7	122.2	90.7

Sources: Bank for International Settlements (1996a); and Securities Data Company.

¹Classified by the industry of the target; completed or pending deals; announcement date volumes.

²As of April 4, 1996.

Table 60. European Union: Net Interest Margins¹*(In percent of average earning assets)*

	1989	1990	1991	1992	1993	1994	1995	Change from High to 1995
<i>European Union countries</i>								
Austria	1.91	1.95	1.95	2.13	2.01	1.96	2.13	0.00
Belgium	2.07	2.04	1.84	1.85	2.06	1.98	1.76	-0.31
Denmark	2.18	2.47	2.28	2.63	2.40	2.37	2.10	-0.53
Finland	1.96	2.19	1.89	1.34	2.90	2.73	2.12	-0.78
France	3.20	2.89	3.28	3.18	2.49	2.51	2.21	-1.07
Germany	1.72	2.10	2.07	2.43	3.35	2.96	2.60	-0.75
Greece	3.69	2.73	1.26	0.12	-0.65	0.83	1.75	-1.94
Ireland			1.27	0.91	2.92	2.04	1.98	-0.94
Italy	3.62	3.71	3.38	3.41	3.75	2.97	3.06	-0.69
Luxembourg	0.46	0.50	0.46	0.88	1.02	1.01	0.93	-0.09
Netherlands	0.92	0.93	1.03	1.27	2.72	1.66	1.70	-1.02
Portugal		6.32	6.06	5.89	3.45	2.84	2.87	-3.45
Spain	4.93	5.25	4.85	4.18	5.12	3.98	3.23	-2.02
Sweden	2.17	2.72	3.65	2.15	1.62	-0.99	5.52	1.87
United Kingdom	0.35	0.48	0.68	1.67	2.22	1.68	1.66	-0.56
<i>Memorandum items:</i>								
<i>North America</i>								
Canada	2.40	2.60	2.43	2.29	2.10	1.81	1.93	-0.67
Mexico	1.21	5.21	6.53	6.73	3.54	2.27	3.10	-3.63
United States	3.25	3.32	3.43	6.47	4.39	3.40	2.77	-3.70
Japan	0.48	1.90	2.07	3.53	2.72	2.22	2.36	-1.17

Source: IBCA Ltd.

¹Numbers in bold indicate the highest net interest margin for the 1989–95 period for each country.

Table 61. European Union: Bank Profitability

	Pretax Profits ¹			Return on Assets ²	
	1980–82 ³	1986–88	1992–94	1994	1995
	<i>(In percent of assets)</i>				
European Union countries					
Belgium	0.40	0.40	0.30	...	...
Denmark ⁴	...	...	...	0.29	1.20
Finland ⁵	0.50	0.50	-1.60	-0.69	-0.16
France	0.40	0.40	-0.10	0.17	0.27
Germany	0.50	0.70	0.50	0.52	0.56
Italy	0.70	1.00	0.80	...	...
Netherlands	0.30	0.70	0.60	0.69	0.72
Spain	0.70	1.10	0.60	0.70	0.79
Sweden	0.30	0.80	0.50	0.55	1.23
United Kingdom	1.10	1.00	0.70	1.22	1.27
<i>Memorandum items:</i>					
North America					
Canada ⁶	0.50	1.00	1.10	1.12	1.16
United States	1.00	0.70	1.60	1.81	1.87
Other countries					
Japan ⁶	0.50	0.60	0.20	-0.21 ⁷	-0.75 ⁷
Australia	0.90	1.20	0.70	1.60 ⁶	1.82 ⁶
Norway	0.60	0.00	0.20	1.31	1.81
Switzerland	0.60	0.70	0.60	0.63	0.52

Sources: IBCA Ltd; and Organization for Economic Cooperation and Development as adapted from Bank for International Settlements, *66th Annual Report* (1996).

¹For Australia, Belgium, the Netherlands, and Switzerland, all banks; for others, commercial banks only (OECD data).

²Pretax profits of major banks (IBCA data).

³For Australia, Belgium, and France, 1981–82; and for Canada, 1982.

⁴The portfolio of securities is marked to market.

⁵The 1994 and 1995 reserves are not fully comparable because of a break in series.

⁶Fiscal years.

⁷The 1994 and 1995 data are combinations of half-year results at an annual rate and IBCA estimates.

Table 62. Implementation of the European Union Capital Adequacy and Investment Services Directives

	Year	Laws and Regulations	Comments
Austria	1996	First Amendment of the Banking Act (November 1, 1996). Second Amendment of the Banking Act (January 1, 1997).	
Belgium	1995	Law of April 6, 1995, on “secondary markets, investment firms, intermediaries and advisers.”	
Denmark	1995	Laws nos. 1071 and 1072 of December 20, 1995.	
Finland	1996	July 16, 1996, Act on Financial Services Firms (Sijoituspalveluyrityslaki); and Act amending the Securities Market Act (Arvopaperimarkkinalaki).	Both have been in effect since August 1, 1996.
France	1996	French Law no. 96-597 of July 2, 1996, “de modernisation des activités financières.”	
Germany	1994	Law of July 26, 1994, “Wertpapierhandelsgesetz.” Amendment of the Banking Act (January 22, 1996). Principles Concerning the Capital and Liquidity of Credit Institutions (October 2, 1996).	
Greece	n.a.		Implementation is expected.
Ireland	1995	Irish Investment Intermediaries Act 1995, dated July 1, 1995.	
Italy	1996	Legislative Decree no. 415 of July 23, 1996.	
Luxembourg	n.a.		Two bills were introduced in Parliament, one in July 1995, another in July 1996. They have not yet been adopted.
Netherlands	1995	Wet Toezicht effectenverkeer 1995.	
Portugal	1996	Bank of Portugal Notices (“Avicos”) no. 7/96, 8/96, and Decree-Laws no. 232/96 of December 5, 1996, for Investment Services Directive and 9/96 of December 1996 for Capital Adequacy Directive.	
Spain	n.a.		Implementation is expected.
Sweden	1991	Securities Business Act, 1991, 981. Stock Exchange and Clearing Act, 1992, 543. Financial Supervisory Authority Regulation 1995: 40, 43, 45, and 59.	All these measures took effect on January 1, 1995.
United Kingdom	1986	Financial Services Act 1986, as amended.	

Sources: International Monetary Fund; and Wymeersch (1996).

Table 63. Regulatory Constraints on Portfolio Investment of Institutional Investors in Selected Industrial Countries

	Pension Funds	Insurance Companies	Mutual Funds
Austria	Minimum of 50 percent in bank deposits or bonds denominated in the Austrian currency. Ceiling on foreign financial assets (35 percent).	80 percent currency-matching rule.	None.
Belgium	Ceilings on foreign assets (50 percent); equities (65 percent); any single company (5 percent); property (40 percent); investment funds (30 percent); and business of the plan sponsor (15 percent).	80 percent currency-matching rule.	None.
Canada	A December 1991 law progressively raised the ceiling on foreign investment from 10 percent to 20 percent in 1994.	A June 1992 regulation removed ceilings on foreign investments but limits may be imposed based on prudential considerations.	Limit of 20 percent on foreign assets in the Registered Retirement Savings Plans (RRSP)–eligible funds.
Denmark	80 percent currency-matching rule. Maximum limit of 40 percent on “high-risk assets” (Danish and foreign equities, property loans, and unquoted investments).	80 percent currency-matching rule.	None.
Finland	80 percent currency-matching rule.	80 percent currency-matching rule.	None.
France	At least 34 percent of assets must be invested in securities guaranteed by the state. Ceilings on foreign assets (5 percent) and property (40 percent).	Investments are subject to the matching-assets rule; the location rule; and the allocation-of-assets rule. Ceilings on foreign assets (5 percent) and property (40 percent). Minimum share of public debt instruments (34 percent).	Subject to disclosure and asset-diversification rules. A fund may not hold more than 10 percent of any one category of securities of one issuer.
Germany	<i>Pensions Kassen</i> : 80 percent currency-matching rule. Ceilings on EU equities (30 percent); non-EU equities (6 percent); non-EU bonds (6 percent); and EU property (25 percent). <i>Spezialfonds</i> : Foreign fund manager is required to have a link with a German unit trust manager. <i>Book-Reserve System Funds</i> : No restrictions.	80 percent currency-matching rule.	None.
Greece	Ceilings on property and securities listed in stock exchange (20 percent).	80 percent currency-matching rule.	None.
Italy	33.3 percent currency-matching rule (but assets denominated in ECU can be used to match liabilities in any currency). Ceiling on unlisted securities (50 percent if issued in OECD countries and 20 percent if issued by non-OECD countries). Ceilings of 20 percent on closed-end fund shares; 30 percent on securities issued by employer (20 percent if shares); 10 percent on securities issued by a single issuer (5 percent if unlisted); 10 percent on derivatives used for speculation.	80 percent currency-matching rule.	None.
Netherlands	“Prudent person” rule: an investment must be “solid.” Limit on employer-related investment or self-investment; 5 percent in reserves and 10 percent in assets.	80 percent currency-matching rule.	None.
Norway	Ceilings on equities (20 percent) and foreign assets (30 percent).	80 percent currency-matching rule.	None.

Table 63 (concluded)

	Pension Funds	Insurance Companies	Mutual Funds
Portugal	Ceilings on foreign securities listed on OECD stock exchange (20 percent); unlisted bonds or on bonds listed on a non-OECD stock exchange or on commercial paper (10 percent); unlisted other securities or on other securities listed in a non-OECD stock exchange (5 percent), with the exception of money market instruments; property or mortgages (50 percent); single company (5 percent); companies belonging to the same group (20 percent); and single unit trust (20 percent).	80 percent currency-matching rule.	None.
Spain	Ceilings on assets other than bonds, equities, real estate, and bank deposits (10 percent).	80 percent currency-matching rule.	None.
Sweden	Foreign asset ceiling (5–10 percent) but generally restrictions not applicable since most pension funds are managed through the book reserve system.	80 percent currency-matching rule.	None.
United Kingdom	“Prudent person” rule. Self-investment restricted to 5 percent.	Subject to matching and localization rules, which require them roughly to balance liabilities expressed in a particular currency with assets in the currency. A company must ensure that its liabilities are covered by assets of appropriate safety, yield, and marketability, having regard to the classes of business carried on, that its investments are appropriately diversified and adequately spread, and that excessive reliance is not placed on investments of any particular category or description.	Collective investment schemes (unit trusts) are required to invest at least 90 percent of their assets in transferable securities in markets, selected by the fund manager in consultation with the trustees, that are regulated, recognized, operating regularly, and open to the public.
United States	Regulated by a special federal law—Employee Retirement Income Security Act (ERISA). Permissible investments subject to the “prudent expert” rule, which includes a requirement to give consideration to diversification and liquidity factors. Otherwise no explicit restrictions on holding foreign securities, including foreign equities and foreign-currency-denominated bonds.	U.S. state insurance regulations attempt “to prevent or correct undue concentration of investment by type and issue and unreasonable mismatching of maturities of assets and liabilities.” These laws usually allow an unrestricted “basket” of investments for a certain amount of assets, which can be allocated to foreign securities in the range 0–10 percent of total assets.	Primarily regulated by the U.S. Securities and Exchange Commission (SEC) under federal laws. An open-ended fund may not hold more than 15 percent of its net assets in illiquid assets. Otherwise no explicit restrictions are imposed on investment in foreign securities.

Sources: International Monetary Fund; and Organization for Economic Cooperation and Development.

Table 64. Long-Term Public and Publicly Guaranteed External Debt Outstanding and Reserves Excluding Gold in Selected Developing Countries, 1995

(In billions of U.S. dollars)

	Long-Term Public and Publicly Guaranteed External Debt Outstanding	Total Reserves Excluding Gold
Asia		
China	94.7	75.4
India	79.7	17.9
Indonesia	65.3	13.7
Malaysia	15.9	23.8
Philippines	29.9	6.4
Thailand	17.2	36.0
Europe		
Czech Republic	9.6	13.8
Hungary	23.6	12.1
Poland	41.1	14.8
Russia	100.3	14.4
Turkey	50.1	12.4
Western Hemisphere		
Argentina	62.2	14.3
Brazil	96.6	49.7
Colombia	13.0	8.1
Mexico	94.0	16.8
Venezuela	28.5	6.3
<i>Memorandum item:</i>		
All developing countries ¹	1,448.6	538.4

Sources: International Monetary Fund, *International Financial Statistics* (June 1997); and World Bank, *Global Development Finance 1997*.

¹World Bank data. International reserves include the country authorities' holding of SDRs, the reserve position in the IMF, foreign exchange holdings, and gold.

Table 65. External Debt Profile of Selected Asian Countries, 1995

	China	India	Indonesia	Malaysia	Philippines	Thailand
External debt (in U.S. dollars)	118.1	93.8	107.8	34.4	39.4	56.8
External debt (in percent of GNP)	17.2	28.2	56.9	42.6	51.5	34.9
External public debt (in percent of GNP)	13.8	24.0	34.5	19.7	39.1	10.6
External public debt/reserves (in percent)	1.2	3.5	4.4	0.6	3.9	0.5
Short-term debt (in percent of total debt)	18.9	5.4	20.7	21.2	13.4	32.2
Share of long-term debt at variable rates	29.6	24.4	48.1	57.3	39.2	62.8
Currency composition of long-term debt (in percent)						
U.S. dollars	57.9	53.3	21.5	45.1	31.5	26.6
Deutsche mark	1.7	6.5	4.9	1.1	1.5	2.3
Japanese yen	20.7	13.7	35.4	31.7	36.9	48.1
Other	19.7	26.5	38.2	22.1	30.1	23.0
Changes in debt stocks due to cross-currency valuations (1990–95)	6.8	6.8	12.7	3.2	4.4	5.5

Source: World Bank, *Global Development Finance 1997*.

Table 66. Institutional Structure of Debt Offices in OECD Countries: Debt Offices Within the Treasury

	Australia	Belgium	Netherlands	New Zealand	Turkey
1.1 Position of debt management office (DMO) in government organizations.	Branch of treasury.	Treasury.	Agency in treasury.	Branch of the treasury.	General directorate in treasury.
1.2 Chief executive officer reports to:	Treasurer.	MoF.	Treasurer.	MoF.	The undersecretary and the minister.
1.3 Board of directors.	No.	No.	No.	Advisory board.	No.
1.4 Degree of independence from political power.	Highly independent.	Not independent.	Independent.	No specific independence.	Independent under normal circumstances.
2.1 Does the DMO have specific performance criteria?	Yes, both for long-term and operational performance.	No specific criteria.	General criteria for the maturity and the cost of borrowing.	Qualitative performance criteria relating to all services.	No.
2.2 Who evaluates the performance criteria?	DMO.	No specific evaluation.	Parliament.	Secretary of treasury.	...
2.3 Is there a penalty in case of a loss?	No.	No.	...	...	...
3.1 Is there a legal limit for domestic borrowing?	Yes, financial year budgetary need.	Yes, limit on the cost of borrowing.	Only an implicit limit (budgeted borrowing requirement).	No legal limit.	Only for government bonds; the limit is twice the budget deficit.
3.2 Who decides on the new limits?	DMO and the treasurer.	Parliament.	...	MoF may alter the program.	For government bonds, the parliament.
4.1 Who makes the final decision in an auction?	Treasury.	MoF.	Agent (chief executive of DMO).	DMO.	The undersecretary of treasury.
5.1 Involvement of DMO with cash management budget office.	Closely related.	Closely related.	Closely related.	Carried out by DMO. Closely related.	Direct involvement.

6.1	Duties other than debt management (in case of a crisis).	Political authority is needed for a direct offshore issuance.	In a foreign exchange market crisis, may implement special issues with suitable terms.	To suspend or withdraw an announced issue after consultation with treasurer.	None.	In consensus with monetary policy, may become an effective instrument to handle the crisis.
7.1	Comparative wage of a DMO officer.	Equivalent to civil servant, marginally lower than central bank officer.	Equivalent to civil servant, lower than private bank officer.	Equivalent to civil servant, lower than private bank officer.	Comparable to civil servant, comparable to bank officer.	Equivalent to civil servant, lower than private bank officer.
8.1	Fiscal agent.	Reserve Bank of Australia (central bank).	National Bank of Belgium and financial intermediaries.	Agency in treasury.	Registry, Reserve Bank of New Zealand (central bank).	Central bank.
8.2	Agency services.	. . .	Collecting the coupons and debiting the treasury account.	Handling the mechanics of sales.	Money collection, issuance, payments, and registration.	Handling auctions, bond sales on tap, redemptions and interest payments, and deposit account record keeping.
9.1	Size of book-entry form stock.	More than 90 percent.	All treasury certificates and part of other public loans.	3 percent.	100 percent.	0 percent.
9.2	Number of track-keeping staff.	Five treasury officers for book-entry, 25 central bank staff for all areas of registry.	All treasury certificates and part of other public loans (17 persons).	One person.	Twenty-nine staff.	Twenty treasury officers.
10.1	Who handles the statistical followup and projection?	Debt management branch of the treasury.	Public debt office in the treasury.	Financial reporting and computer programming department of the agency.	. . .	Budget and domestic department provisions in treasury.
11.1	Basis of accounting.	Cash basis for budget accounts; accrual basis for financial statements.	. . .	Cash and accrual basis.	Cash accrual and marked-to-market basis.	Cash basis for budgetary purposes; accrual basis for following up the stock.

Source: Organization for Economic Cooperation and Development.
Note: DMO = debt management office; MoF = ministry of finance.

Table 67. Institutional Structure of Debt Offices in OECD Countries: Autonomous Debt Offices

	Austria	Ireland	Sweden
1.1 Position of debt management office (DMO) in government organizations.	Autonomous corporate body owned by MoF (AFFA).	Autonomous agency under the MoF.	Autonomous agency under the MoF.
1.2 Chief executive officer reports to:	MoF.	MoF.	...
1.3 Board of directors.	Yes.	Advisory committee.	Yes.
1.4 Degree of independence from political power.	Highly independent.	Independent in some broad guidelines drawn by MoF.	Independent except for volume of foreign currency borrowing.
2.1 Does the DMO have specific performance criteria?	No specific criteria.	Yes.	<ul style="list-style-type: none"> • For foreign exchange funding. • For domestic funding.
2.2 Who evaluates the performance criteria?	...	J.P. Morgan evaluates and reports to MoF.	Board of directors and MoF.
2.3 Is there a penalty in case of a loss?	...	No.	There is a limit only for foreign exchange funding.
3.1 Is there a legal limit for domestic borrowing?	Yes, the limit is set by the Financial Law.	No.	There is a limit only for foreign exchange funding.
3.2 Who decides on the new limits?	Parliament.	...	...
4.1 Who makes the final decision in an auction?	AFFA (DMO).	Officials in charge of market operations.	Officer in charge of auctions.
5.1 Involvement of DMO with cash management budget office.	Closely related.	Closely related. Takes the broad parameters.	Taken for granted.
6.1 Duties other than debt management (in case of a crisis).	On request of MoF, gives opinion on budget financing.	No special duties other than taking part in the advisory committee.	Must act parallel to the monetary policy (especially in foreign exchange crisis).
7.1 Comparative wage of a DMO officer.	Higher than civil servant, comparable to bank officer.	Higher than civil servant.	Higher than civil servant, lower than private bank officer.
8.1 Fiscal agent.	Postal savings bank. Also for cash management, other private banks.	Agency, except for the settlement of government bond transactions.	Swedish Central Securities Depository (VPC) in domestic currency.
8.2 Agency services.	...	...	Redemption of loans; payments of coupons.
9.1 Size of book-entry form stock.	73 percent.	100 percent.	100 percent till 1993.
9.2 Number of track-keeping staff.	Two officers.	Six officers and 15 central bank staff.	Swedish Central Securities and one person in debt office.
10.1 Who handles the statistical followup and projection?	MoF.	Department of finance.	Debt office.
11.1 Basis of accounting.	...	Cash basis for the most part; accrual basis for the administrative budget.	Cash basis supplemented by cost accounting.

Source: Organization for Economic Cooperation and Development (OECD).

Note: DMO = debt management office; MoF = ministry of finance.

Table 68. Institutional Structure of Debt Offices in OECD Countries: Debt Offices Within the Central Bank

	Denmark	United Kingdom
1.1 Position of debt management office (DMO) in government organizations.	Denmarks Nationalbank (central bank).	Treasury and Bank of England.
1.2 Chief executive officer reports to:	MoF.	Treasury minister.
1.3 Board of directors.	No.	No.
1.4 Degree of independence from political power.	Borrowing program is approved by the MoF.	Independent within the limits set by the remit.
2.1 Does the DMO have specific performance criteria?	Only foreign currency portfolio is subject to evaluation.	Performance against the remit.
2.2 Who evaluates the performance criteria?	MoF.	Ministers.
2.3 Is there a penalty in case of a loss?	No.	...
3.1 Is there a legal limit for domestic borrowing?	Yes, limit on the level of debt outstanding.	Yes, limit by the funding remit.
3.2 Who decides on the new limits?	Parliament.	...
4.1 Who makes the final decision in the auction?	Denmarks Nationalbank.	Bank of England.
5.1 Involvement of DMO with cash management budget office.	Active involvement.	Closely related.
6.1 Duties other than debt management (in case of a crisis).	With the consensus of the bank and MoF, debt management may become an instrument in handling the crisis.	Money markets and foreign exchange and reserve management.
7.1 Comparative wage of a DMO officer.	Comparable to civil servant, lower than bank officer.	Comparable to civil servant, lower than private bank officer.
8.1 Fiscal agent.	Denmarks Nationalbank.	Bank of England.
8.2 Agency services.	...	Advising treasury in timing of sales, and deciding the acceptable price level of bids for stock.
9.1 Size of book-entry form stock.	Nearly 100 percent.	90 percent (optional).
9.2 Number of track-keeping staff.	Staff of 120 in Danish Securities Center (independent institution).	...
10.1 Who handles the statistical followup and projection?	Denmarks Nationalbank.	Treasury for projections; bank's Financial Statistical Division; government's Central Statistical Office.
11.1 Basis of accounting.	Cash basis.	Cash and accrual basis for calendar and fiscal year.

Source: Organization for Economic Cooperation and Development.

Note: DMO = debt management office; MoF = ministry of finance.

Table 69. Institutional Structure of Debt Offices in OECD Countries: Debt Offices Within the Ministry of Finance

	Canada	Germany	Greece	Japan	Mexico	Switzerland
1.1 Position of debt management office (DMO) in government organizations.	Department in MoF.	Directorate in MoF.	MoF.	Department in MoF.	Directorate in MoF.	Unit in MoF.
1.2 Chief executive officer reports to:	MoF.	MoF.	...	MoF, the government.	General director, MoF.	MoF.
1.3 Board of directors.	No.	No.	...	No.	No.	Monitoring committee.
1.4 Degree of independence from political power.	...	Independent except for important matters.	...	Dependent.	Independent within the broad objectives of the Development Plan.	Independent with some restrictions.
2.1 Does the DMO have specific performance criteria?	No.	No specific criteria.	...	No formal criteria.	A general (flexible) performance criterion.	No specific criteria.
2.2 Who evaluates the performance criteria?	...	...	...	...	Undersecretary.	...
2.3 Is there a penalty in case of a loss?	...	...	...	...	The director of public debt is responsible.	...
3.1 Is there a legal limit for domestic borrowing?	Yes, Borrowing Authority Act.	Yes, a limit is set by federal legislative authorizations (Budget Law).	No, except for the limit on treasury bill issues.	Yes, a limit is set by Budget Law.	Yes, a limit is set according to the federal budget.	No legal limit.
3.2 Who decides on the new limits?	Parliament.	Parliament.	Interest rates are set by MoF; amount is determined by subscription in the market.	The Diet (legislative branch of parliament).	Congress.	...
4.1 Who makes the final decision in an auction?	Department in MoF.	Division state secretary or MoF according to the implications.	...	Minister of finance.	General director and undersecretary.	Debt management unit.
5.1 Involvement of DMO with cash management budget office.	...	...	...	Related within the MoF.	Closely related.	Active involvement.

6.1	Duties other than debt management (in case of a crisis).	...	In situations with political implications may behave according to the decision of MoF in cooperaton with Bundesbank or the cabinet.	...	None.	Government economic cabinet board decides what to do.	Management of assets, interest rates, and currency risk hedging.
7.1	Comparative wage of a DMO officer.	...	Equivalent to civil servant; difficult to compare with bank officer.	...	Equivalent to civil servant, lower than private bank officer.	Equivalent to civil servant, lower than private bank officer.	Equivalent to civil servant, lower than private bank officer.
8.1	Fiscal agent.	Bank of Canada.	German Bundesbank.	...	Bank of Japan (central bank).	Any private bank, usually Citibank.	Swiss National Bank.
8.2	Agency services.	Advising, recordkeeping, issuing, redeeming, international payment registration, and deposit accounts.	Lead manager in bond syndicate; tender procedures/auctions; support and smoothing operations in the secondary market.	...	Issuing, auction handling, redemption, international payment, registration.	Issuing in international capital markets.	Being counterparty in money market; functioning as custodians; handling auctions; collecting stamp duty.
9.1	Size of book-entry form stock.	More than 90 percent.	Nearly 100 percent.	0 percent.	98 percent.	Approximately 40 percent.	2.5 percent of bonds and 96.5 percent of short-term papers.
9.2	Number of track-keeping staff.	CDS staff (privately owned nonprofit institution).	Staff of 235 in federal debt administration (independent institute).	...	Twenty-five staff.	Twelve staff.	Four people in accounts department of treasury.
10.1	Who handles the statistical followup and projection?	Bank of Canada.	Division of federal government debt.	MoF.	Government debt division for statistical followup; budget bureau for projections.	(Domestic debt) director of public debt, general director of finance projections, treasury department, central bank general director of government accounting.	Financial plan and budget division and treasury back office.
11.1	Basis of accounting.	Cash basis.	Cash or accrual according to the statistical purpose.	...	Cash basis.	Real (cash basis).	Cash basis.

Source: Organization for Economic Cooperation and Development.

Note: CDS = Canadian depositories for securities; DMO = debt management office; MoF = ministry of finance.

Table 70. Selected Crises, 1870–1914

	Description	Cause
Turkey (1875)	Debt default	Fiscal deficits were funded by foreign borrowing that eventually could not be sustained.
Peru (1876)	Debt default	Falling guano exports and stagnation of other revenues combined with increasing fiscal deficits to generate a crisis.
Egypt (1876)	Debt default	Increased foreign borrowing to finance consumption led to unsustainable debt growth.
Argentina (1890)	Debt crisis and institutional failure	Argentina's inability to meet debt-service payments led to the bailout of Baring Bros.
United States (1873)	Financial crisis	Bank runs and failures and fears about U.S. commitment to gold parity followed a stock market crash.
Greece (1893)	Debt default	Increased borrowing to finance consumption led to unsustainable debt growth.
United States (1894–96)	Speculative attack	Speculation against the U.S. gold standard parity followed the Sherman Act (1890) and increasing fiscal deficits.
Brazil (1898)	Debt default	A decline of 64 percent in coffee prices over the preceding five years generated an external crisis.
United States (1907)	Financial crisis	Banking panic and suspension of cash payments followed interest rate hikes and bank failures.
Canada (1907)	Speculative attack/banking crisis	High interest rates in Canada (in response to hikes in the United States) led to excessive credit expansion that generated speculation against the Canadian dollar.
Brazil (1914)	Debt default	A sharp decline in coffee prices in the preceding two years generated a debt crisis.

Sources: Fishlow (1985); Bordo and Schwartz (1996); and Rich (1989).

Table 71. External Financial Resources to Developing Countries

(Percent shares)

	1960–61	1970–72
Aid	56	47
Bilateral	54	37
Multilateral ¹	2	10
Other official flows	13	9
Private flows	31	44
Direct investment	19	17
Bank sector	6	16
Bonds	n.a.	2
Private export credits	6	9
Total flows	100	100
<i>Memorandum item:</i>		
Total flows (in billions of U.S. dollars; 1983 prices)	34.8	53.6

Source: Vos (1994).

¹Includes grants by private voluntary agencies.

Table 72. Moody's Initial Ratings of Emerging Market Countries

	1989 and Before	1990	1991	1992	1993	1994	1995	1996	1997:Q1
Rated countries									
Yearly total	11	1	0	1	5	8	5	16	5
Cumulative total	11	12	12	13	18	26	31	47	52
Africa									
Mauritius								Baa2	
South Africa						Baa3			
Tunisia							Baa3		
Asia									
China	A3								
Hong Kong, China	A2								
India	A2								
Indonesia						Baa3			
Korea	A2								
Malaysia	Baa1								
Pakistan						Ba3			
Philippines					Ba3				
Singapore	Aa3								
Taiwan Province of China						Aa3			
Thailand	A2								
Europe									
Bulgaria								B3	
Czech Republic					Baa3				
Croatia									Baa3
Cyprus								A2	
Hungary	Baa2								
Kazakhstan								Ba3	
Malta						A2			
Lithuania								Ba2	
Moldova									Ba2
Poland							Baa3		
Romania								Ba3	
Russia								Ba2	
Slovak Republic							Baa3		
Slovenia								A3	
Turkey				Ba3					
Middle East									
Bahrain								Ba1	
Egypt								Ba2	
Israel							A3		
Jordan							Ba3		
Kuwait								Baa1	
Lebanon									B1
Oman								Baa2	
Qatar								Ba1	
Saudi Arabia								Baa3	
United Arab Emirates								Baa1	
Western Hemisphere									
Argentina	Ba3								
Bahamas									A3
Barbados						Ba2			
Bermuda						Aa1			
Brazil	Ba1								
Chile						Baa2			
Colombia					Ba1				
Mexico		Ba2							Baa1
Panama									
Peru								B2	
Trinidad and Tobago					Ba2				
Uruguay					Ba1				
Venezuela	Ba3								

Note: Moody's rating:

Investment grade—Aaa, Aa, A, Baa

Noninvestment grade—Ba, B

Default grade—Caa, Ca, C, D

In addition, numbers from 1 (highest) to 3 are often attached to differentiate borrowers within a given grade.

Table 73. Performance of Crises Indicators

Indicators	Regression Studies ¹		"Signals" Approach (Percentage of crises called)	
	Number of studies considered	Statistically significant results	Balance of payments crises	Banking crises
Capital account				
International reserves	13	12	75*	81
Short-term capital flows	2	1	n.a.	n.a.
Domestic-foreign interest differential	2	1	86	100*
Other	2	1	n.a.	n.a.
Debt profile				
Share of short-term debt	2	0	n.a.	n.a.
Other	7	2	n.a.	n.a.
Current account				
Real exchange rate	12	10	57**	58**
Current account balance	6	2	n.a.	n.a.
Trade balance	3	2	n.a.	n.a.
Exports	3	2	85**	84*
Imports	2	1	54	60
Terms of trade	2	1	79	95
Other	3	0	n.a.	n.a.
International				
Foreign interest rates	3	1	n.a.	n.a.
Foreign price level	2	1	n.a.	n.a.
Foreign real GDP growth	1	0	n.a.	n.a.
Financial				
Credit growth	7	5	56*	50
Money multiplier	1	1	73*	71**
Real interest rates	1	1	89	100*
Lending/deposit rates	1	0	67	69
Money supply-demand gap	1	1	61*	39
Change in bank deposits	1	0	49	64
M2/reserves	2	2	80**	77
Money	3	2	n.a.	n.a.
Inflation	5	5	n.a.	n.a.
Other	4	4	n.a.	n.a.
Real sector				
Real GDP growth or level	8	5	77*	89*
Unemployment	3	2	n.a.	n.a.
Change in stock prices	1	1	64**	80**
Other	1	1	n.a.	n.a.
Fiscal				
Fiscal deficit	5	3	n.a.	n.a.
Credit to public sector	3	3	n.a.	n.a.
Government consumption	1	1	n.a.	n.a.
Institutional/structural				
Exchange/capital controls	2	1	n.a.	n.a.
Financial liberalization	2	1	n.a.	n.a.
Other	7	4	n.a.	n.a.
Political				
	4	3	n.a.	n.a.

Sources: Based on Kaminsky and Reinhart (1996); and Kaminsky, Lizondo, and Reinhart (1997).

Notes: *means that the indicator has a noise-to-signal ratio of less than 75 percent.

**means that the indicator has a noise-to-signal ratio of less than 50 percent.

n.a. indicates variable was not considered in the cited sources.

¹Balance of payment crises.

Table A1. Merrill Lynch Global Investor Survey¹

Currency Exposure	Heavily Overweight	Moderately Overweight	Neutral Weight	Moderately Underweight	Heavily Underweight	Net Exposure Index ¹
U.S. dollar						
Dec. 3, 1992	24	47	20	5	4	70.50
Dec. 2, 1993	19	36	27	11	7	62.25
Dec. 1, 1994	8	33	29	22	8	52.75
Feb. 21, 1995	12	32	26	23	7	54.75
May 26, 1995	8	36	26	21	9	53.25
Aug. 17, 1995	20	42	24	8	6	65.50
Nov. 21, 1995	10	52	22	12	4	63.00
Feb. 22, 1996	9	58	23	7	3	65.75
May 23, 1996	16	51	19	12	2	66.75
Aug. 21, 1996	10	46	22	19	3	60.25
Nov. 27, 1996	13	39	21	21	6	58.00
Feb. 26, 1997	20	58	12	8	2	71.50
Japanese yen						
Dec. 3, 1992	11	13	42	11	23	44.50
Dec. 2, 1993	1	6	35	35	23	31.75
Dec. 1, 1994	3	18	31	21	27	37.25
Feb. 21, 1995	4	5	35	22	34	30.75
May 26, 1995	7	17	33	20	23	41.25
Aug. 17, 1995	2	9	24	23	42	26.50
Nov. 21, 1995	3	6	24	21	46	24.75
Feb. 22, 1996	2	2	25	39	32	25.75
May 23, 1996	2	9	33	34	22	33.75
Aug. 21, 1996	4	7	41	26	22	36.25
Nov. 27, 1996	7	8	28	28	29	34.00
Feb. 26, 1997	0	8	27	30	35	27.00
Pound sterling						
Dec. 3, 1992	0	4	22	34	40	22.50
Dec. 2, 1993	6	31	47	9	7	55.00
Dec. 1, 1994	15	29	28	16	12	54.75
Feb. 21, 1995	4	17	36	22	21	40.25
May 26, 1995	4	9	50	19	18	40.50
Aug. 17, 1995	5	20	50	16	9	49.00
Nov. 21, 1995	1	25	46	16	12	46.75
Feb. 22, 1996	4	29	44	12	11	50.75
May 23, 1996	6	27	41	16	10	50.75
Aug. 21, 1996	3	32	46	8	11	52.00
Nov. 27, 1996	17	37	34	7	5	63.50
Feb. 26, 1997	12	32	39	12	5	58.50
Deutsche mark, Netherlands guilder, and Swiss franc						
Dec. 3, 1992	13	19	27	25	16	47.00
Dec. 2, 1993	7	25	25	32	11	46.25
Dec. 1, 1994	8	33	30	18	11	52.25
Feb. 21, 1995	23	24	28	14	11	58.50
May 26, 1995	21	30	26	16	7	60.50
Aug. 17, 1995	14	25	21	29	11	50.50
Nov. 21, 1995	20	45	17	13	5	65.50
Feb. 22, 1996	12	38	22	22	6	57.00

Table A1 (concluded)

Currency Exposure	Heavily Overweight	Moderately Overweight	Neutral Weight	Moderately Underweight	Heavily Underweight	Net Exposure Index ¹
May 23, 1996	8	20	25	34	13	44.00
Aug. 21, 1996	11	38	18	26	7	55.00
Nov. 27, 1996	12	16	34	25	13	47.25
Feb. 26, 1997	4	15	35	27	19	39.50
French franc, Belgian franc, Danish krone, and ECU						
Dec. 3, 1992	4	19	28	29	20	39.50
Dec. 2, 1993	4	14	37	26	19	39.50
Dec. 1, 1994	2	9	35	34	20	34.75
Feb. 21, 1995	5	16	29	30	20	39.00
May 26, 1995	1	25	40	23	11	45.50
Aug. 17, 1995	0	29	41	20	10	47.25
Nov. 21, 1995	4	19	38	27	12	44.00
Feb. 22, 1996	4	11	38	34	13	39.75
May 23, 1996	1	9	35	33	22	33.50
Aug. 21, 1996	0	8	47	22	23	35.00
Nov. 27, 1996	2	5	39	32	22	33.25
Feb. 26, 1997	2	5	38	33	22	33.00
Italian lira, Spanish peseta, and Swedish krona						
Dec. 3, 1992	4	19	28	29	20	39.50
Dec. 2, 1993	4	14	37	26	19	39.50
Dec. 1, 1994	5	17	27	21	30	36.50
Feb. 21, 1995	5	8	30	30	27	33.50
May 26, 1995	5	11	37	17	30	36.00
Aug. 17, 1995	9	29	31	12	19	49.25
Nov. 21, 1995	8	18	44	10	20	46.00
Feb. 22, 1996	6	20	39	13	22	43.75
May 23, 1996	11	28	34	12	15	52.00
Aug. 21, 1996	4	16	40	24	16	42.00
Nov. 27, 1996	7	27	31	21	14	48.00
Feb. 26, 1997	6	22	40	21	11	47.75

Source: Merrill Lynch Global Investor Survey.

¹The Merrill Lynch Global Investor Survey is a regular survey of 100 international fund managers. The net exposure index as shown in the sixth column is a weighted average of the first five columns, with weights of 1.00, 0.75, 0.50, 0.25, and 0, respectively.

Table A2. Net Foreign Purchases of U.S. Bonds*(In millions of U.S. dollars)*

	Marketable Treasury Bonds and Notes	Bonds of U.S. Government Corporations and Federally Sponsored Agencies	Corporate Bonds
1972	3,316	...	1,881
1973	305	...	1,961
1974	-472	...	1,039
1975	1,995	...	766
1976	8,096	...	1,202
1977	22,843	2,712	1,617
1978	4,710	1,273	1,024
1979	2,863	545	733
1980	4,898	2,557	2,879
1981	15,054	1,566	3,467
1982	17,319	-358	1,809
1983	5,427	-15	918
1984	21,499	1,175	11,721
1985	29,208	4,340	39,792
1986	19,388	6,976	43,672
1987	25,587	5,047	22,497
1988	48,832	6,740	21,224
1989	54,203	15,094	17,296
1990	17,918	6,267	9,672
1991	19,865	10,244	16,915
1992	39,288	18,291	20,789
1993	23,552	35,428	30,572
1994	78,801	21,680	37,992
1995	134,115	28,729	57,853
Of which:			
Europe	49,976	21,209	49,109
Of which:			
Germany	6,136	1,073	4,865
France	482	230	913
Italy	603	360	-302
United Kingdom	34,754	17,126	40,465
Spain	-3,881	-39	80
Asia	32,467	4,934	2,594
Of which:			
Japan	16,979	1,069	1,181
Singapore	8,875	268	-258
People's Republic of China	703	855	14
Taiwan Province of China	-3,405	-495	-63
Hong Kong, China	4,919	-58	956
1996	244,725	48,960	77,978
Of which:			
Europe	118,345	18,803	56,194
Of which:			
Germany	17,647	1,650	3,514
France	2,624	243	4,931
Italy	1,960	-84	-78
United Kingdom	65,381	10,942	43,702
Spain	18,414	7	462
Asia	98,001	14,596	9,806
Of which:			
Japan	41,390	7,595	6,099
Singapore	7,802	1,341	1,095
People's Republic of China	14,453	2,756	257
Taiwan Province of China	4,608	-1,129	8
Hong Kong, China	14,366	915	1,737

Source: U.S. Department of Treasury, *Treasury Bulletin*.

Table A3. Net Purchases of Securities in Major Industrial Countries*(In billions of U.S. dollars)*

	Bonds						Equities				
	United States	Japan	Germany	France	United Kingdom	Canada	United States	Japan	Germany	France	Canada
Net purchases of domestic securities by nonresidents											
1986	70.04	16.30	27.07	...	3.21	16.23	18.72	-15.76	6.82	...	1.35
1987	53.13	36.76	19.30	...	7.33	5.68	16.27	-42.84	-0.79	...	5.01
1988	76.80	13.49	1.24	...	1.50	12.64	-2.00	6.81	3.00	...	-1.93
1989	86.59	78.15	11.96	...	-3.10	14.78	9.87	7.00	12.11	...	3.34
1990	33.86	47.93	13.77	36.93	-7.97	12.33	-15.09	-13.28	-2.09	6.00	-1.48
1991	47.02	68.50	35.80	21.25	10.47	22.98	11.16	46.78	1.92	7.75	-0.87
1992	78.37	-0.56	79.79	48.30	4.10	14.54	-5.14	8.73	-2.03	5.65	0.77
1993	89.55	-31.07	126.44	19.94	20.82	21.70	21.54	19.99	4.89	13.64	9.23
1994	138.47	-13.72	14.62	-36.15	1.85	10.83	2.17	48.78	0.70	4.88	4.74
1995	220.70	-8.46	60.73	2.84	5.26	21.78	11.24	50.70	-0.78	6.82	-3.08
1996	371.66	25.27	64.97	-31.29	15.75	13.58	13.23	49.42	14.14	12.12	5.71
Q1	70.56	3.03	18.28	-20.22	5.05	0.26	3.63	24.86	0.60	3.12	1.22
Q2	64.48	10.18	9.75	-13.37	3.74	4.32	6.77	19.40	9.73	6.10	3.26
Q3	110.53	10.59	18.72	3.98	2.57	1.14	-0.54	1.16	-0.08	-1.28	0.05
Q4	126.09	1.46	18.23	-1.68	4.38	7.86	3.37	4.00	3.89	4.18	1.17
Net purchases of foreign securities by residents											
1986	3.69	94.93	7.47	...	...	0.13	1.89	7.05	2.25	...	1.49
1987	7.95	70.88	13.83	...	...	0.66	-1.08	16.87	-0.35	...	0.81
1988	7.43	83.96	38.71	...	...	0.09	1.94	2.99	2.77	...	2.36
1989	5.94	95.29	25.11	...	...	1.34	13.12	17.89	1.65	...	2.05
1990	22.32	33.43	14.60	8.03	...	0.05	8.95	6.26	-0.39	-0.51	1.91
1991	15.65	70.68	14.50	9.41	...	0.99	31.39	3.63	1.15	2.90	4.76
1992	18.60	37.37	43.35	18.04	...	0.51	32.21	-3.01	0.75	1.57	5.16
1993	62.74	36.34	20.02	27.62	...	3.08	63.36	15.33	4.90	2.57	6.74
1994	11.58	69.55	30.93	23.41	...	0.17	47.13	14.06	7.01	2.10	6.28
1995	48.29	93.76	17.32	17.86	...	0.64	50.28	-0.16	-1.59	-1.60	3.30
1996	45.22	93.87	17.60	44.05	...	1.37	57.88	8.17	10.08	2.27	12.12
Q1	11.95	4.50	7.10	11.76	...	-0.31	22.48	-4.29	3.85	0.02	3.17
Q2	2.80	27.06	4.09	9.83	...	-0.89	17.40	8.60	-0.69	4.40	2.15
Q3	13.04	22.11	3.96	7.98	...	1.57	8.07	0.68	0.48	0.82	2.58
Q4	17.43	40.20	2.46	14.48	...	1.01	9.92	3.17	6.44	-2.97	4.23

Source: BZW Securities Limited, *Global Economic Digest* (April 1997); and U.S. Department of Treasury, *Treasury Bulletin*.

Table A4. External Positions of Banks in Individual Reporting Countries*(In billions of U.S. dollars)*

	Amounts Outstanding			Estimated Exchange-Rate-Adjusted Changes						
									1996	
	1994	1995	1996	1994	1995	Total	Q1	Q2	Q3	Q4
Assets										
All countries	7,116.7	8,072.6	8,289.9	274.9	680.0	496.6	75.0	57.3	163.9	200.5
European countries	3,842.4	4,398.5	4,635.4	95.7	377.3	403.6	117.9	52.5	137.9	95.2
Austria	65.2	77.0	76.1	1.7	8.9	2.8	2.4	0.9	-0.9	0.5
Belgium	230.8	260.3	259.8	11.1	23.2	11.1	15.1	-8.0	17.6	-13.6
Denmark	46.4	52.2	57.7	-11.0	3.0	8.0	0.9	3.0	3.0	1.1
Finland	12.7	15.3	18.9	-0.3	2.2	4.0	1.3	1.0	0.5	1.2
France	541.4	623.7	583.7	-19.5	62.8	-14.7	3.1	-14.4	16.1	-19.5
Germany	469.2	563.7	597.1	-12.8	71.5	63.1	0.9	13.2	6.8	42.2
Ireland	28.3	43.0	65.2	3.9	14.2	22.8	6.2	4.2	6.2	6.2
Italy	136.6	162.4	214.5	-20.6	21.2	52.0	-2.4	14.2	8.4	31.8
Luxembourg	390.7	423.9	429.8	45.6	12.5	28.4	18.5	1.0	1.9	7.1
Netherlands	175.1	201.0	204.3	-7.4	19.8	12.4	22.6	4.6	14.2	-28.9
Norway	6.5	5.9	7.8	-0.3	-0.7	2.0	1.8	...	-0.2	0.5
Spain	110.6	145.8	130.1	-11.8	30.1	-9.7	-5.0	-7.9	3.1	0.2
Sweden	24.7	36.2	44.7	-2.8	10.2	9.9	7.8	2.6	4.8	-5.3
Switzerland	404.3	437.6	485.6	22.2	13.2	68.5	18.0	17.6	8.2	24.7
United Kingdom	1,199.8	1,350.3	1,460.0	97.7	85.2	142.9	26.9	20.6	48.3	47.1
Other industrial countries	1,595.3	1,884.2	1,871.0	19.2	188.6	65.7	-33.6	11.5	0.1	87.7
Canada	55.8	65.6	80.3	14.0	9.5	14.9	1.6	5.0	-0.9	9.1
Japan	1,007.6	1,217.9	1,123.5	22.3	110.0	-20.1	-31.1	-2.3	-10.4	23.7
Japanese offshore market	573.7	667.7	573.0	26.5	111.8	-45.1	-35.3	-5.3	-13.0	8.6
Others	433.9	550.2	550.5	-4.2	-1.8	24.9	4.2	3.0	2.6	15.1
United States	531.8	600.7	667.1	-17.0	69.1	71.0	-4.1	8.8	11.4	54.8
International banking facilities	246.3	254.9	261.0	4.3	9.2	9.5	-7.8	-3.3	-2.5	23.1
Others	285.5	345.8	406.2	-21.4	59.9	61.4	3.6	12.1	13.9	31.7
Other reporting countries	1,679.0	1,790.0	1,783.5	159.9	114.1	27.4	-9.4	-6.7	25.9	17.6
Bahamas	194.2	188.5	192.7	26.1	-6.5	4.9	1.4	-11.8	14.5	0.9
Bahrain	61.0	60.0	63.4	4.3	-1.2	3.8	-1.5	-0.2	5.5	-0.1
Cayman Islands	437.5	457.7	460.5	40.6	19.0	4.6	-6.4	7.0	-6.2	10.2
Hong Kong, China	614.8	655.2	608.6	75.8	44.2	-22.8	-6.4	-11.6	-0.2	-4.6
Singapore	362.9	420.0	444.3	12.5	58.8	30.5	-1.5	9.5	11.6	11.0
Other ¹	8.7	8.7	14.1	0.6	-0.2	6.4	5.0	0.5	0.7	0.1

Table A4 (concluded)

	Amounts Outstanding			Estimated Exchange-Rate-Adjusted Changes						
									1996	
	1994	1995	1996	1994	1995	Total	Q1	Q2	Q3	Q4
Liabilities										
All countries	7,154.4	7,827.5	8,066.5	572.6	475.1	498.0	134.1	45.9	127.3	190.7
European countries	3,891.0	4,402.9	4,673.6	303.7	307.1	436.8	177.7	54.5	104.7	99.9
Austria	73.7	84.4	89.7	2.4	7.1	10.2	5.3	0.2	4.2	0.5
Belgium	234.4	272.5	266.4	20.5	29.6	6.2	17.2	-7.8	8.4	-11.5
Denmark	28.7	31.9	38.8	1.0	1.6	8.2	1.3	3.5	3.6	-0.2
Finland	20.3	20.5	16.2	-3.1	-0.4	-3.7	-1.8	-1.5	0.3	-0.6
France	560.4	612.9	617.0	32.2	29.1	28.8	32.0	-9.5	19.5	-13.1
Germany	411.9	539.2	570.6	84.7	109.0	60.4	18.5	17.2	-4.0	28.7
Ireland	28.9	45.7	64.2	3.6	16.2	18.8	6.0	2.5	5.2	5.2
Italy	235.0	230.9	247.7	1.9	-13.9	21.0	10.1	4.7	1.3	4.9
Luxembourg	347.3	382.4	383.6	26.6	14.1	22.0	9.1	1.0	5.5	6.3
Netherlands	167.8	198.9	217.9	1.7	24.0	28.5	19.7	12.2	10.7	-14.0
Norway	6.9	8.2	17.9	-2.2	1.2	9.7	3.1	1.8	-0.2	5.0
Spain	103.2	112.2	128.0	9.8	0.9	20.5	3.3	6.2	6.7	4.4
Sweden	50.9	55.1	56.7	-1.9	1.8	3.3	7.5	-0.7	-0.3	-3.3
Switzerland	338.3	366.6	404.0	33.7	12.5	53.0	11.7	7.9	6.3	27.2
United Kingdom	1,283.3	1,441.5	1,554.9	92.7	74.2	149.8	34.8	16.9	37.5	60.5
Other industrial countries	1,626.9	1,690.3	1,660.3	115.8	61.0	11.5	-37.4	-6.3	-6.7	61.8
Canada	82.5	81.8	93.6	14.6	-1.3	12.0	-2.2	1.8	-0.4	12.9
Japan	723.7	738.3	695.8	3.0	14.4	-7.5	-13.1	-17.9	0.5	22.9
Japanese offshore market	291.8	306.6	294.4	5.3	17.8	-1.2	0.2	-11.6	4.9	5.3
Others	431.9	431.7	401.4	-2.2	-3.4	-6.3	-13.2	-6.3	-4.4	17.6
United States	820.7	870.2	870.9	98.1	47.9	7.0	-22.0	9.8	-6.7	25.9
International banking facilities	423.5	455.3	424.6	39.9	31.3	-25.8	-8.0	-7.8	-17.1	7.2
Others	397.2	414.9	446.3	58.2	16.7	32.7	-14.1	17.7	10.4	18.7
Other reporting countries	1,636.4	1,734.3	1,732.7	153.2	107.0	49.8	-6.2	-2.4	29.3	29.1
Bahamas	202.9	193.6	196.2	29.1	-9.9	3.2	-0.7	-13.4	14.5	2.7
Bahrain	57.7	55.6	58.7	5.4	-2.2	3.4	-1.2	-0.9	5.4	0.1
Cayman Islands	430.3	444.6	445.8	39.2	12.2	3.6	-7.0	7.7	-6.4	9.3
Hong Kong, China	582.3	620.3	579.9	74.2	47.3	-6.1	-3.5	-4.6	1.1	0.8
Singapore	357.3	413.4	441.4	6.7	58.7	41.2	2.6	8.4	14.1	16.0
Other ¹	5.8	6.7	10.7	-1.3	0.8	4.5	3.6	0.3	0.5	0.1

Source: Bank for International Settlements, *International Banking and Financial Market Developments*.¹Includes the Netherlands Antilles and the offshore branches of U.S. banks in Panama.

Table A5. Annual Turnover in Derivative Financial Instruments Traded on Organized Exchanges Worldwide*(In millions of contracts traded)*

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Interest rate futures	91.0	145.7	156.3	201.0	219.1	230.9	330.1	427.1	628.6	561.0	612.2
Futures on short-term instruments	16.3	29.4	33.7	70.2	76.0	87.3	144.9	180.0	282.3	266.5	283.6
Three-month Eurodollar ¹	12.4	23.7	25.2	46.8	39.4	41.7	66.9	70.2	113.6	104.2	97.1
Three-month Euroyen ²	0.0	0.0	0.0	4.7	15.2	16.2	17.4	26.9	44.2	42.9	37.7
Three-month Euro-deutsche mark ³	0.0	0.0	0.0	1.6	3.1	4.8	12.2	21.4	29.5	25.7	36.2
Three-month PIBOR futures ⁴	0.0	0.0	0.5	2.3	1.9	3.0	6.4	11.9	13.2	15.5	14.1
Futures on long-term instruments	74.7	116.4	122.6	130.8	143.1	143.6	185.2	247.1	346.3	294.5	328.6
U.S. Treasury bond ⁵	54.6	69.4	73.8	72.8	78.2	69.9	71.7	80.7	101.5	87.8	86.0
Notional French government bond ⁴	1.1	11.9	12.4	15.0	16.0	21.1	31.1	36.8	50.2	33.6	35.3
Ten-year Japanese government bond ⁶	9.4	18.4	18.9	19.1	16.4	12.9	12.1	15.6	14.1	15.2	13.6
German government bond ⁷	0.0	0.0	0.3	5.3	9.6	12.4	18.9	27.7	51.2	44.8	56.3
Interest rate options ⁸	22.3	29.3	30.5	39.5	52.0	50.8	64.8	82.9	116.6	225.5	151.1
Currency futures	19.9	21.2	22.5	28.2	29.7	30.0	31.3	39.0	69.7	99.6	73.7
Currency options ⁸	13.0	18.3	18.2	20.7	18.9	22.9	23.4	23.8	21.3	23.2	26.3
Stock market index futures	28.4	36.1	29.6	30.1	39.4	54.6	52.0	71.2	109.0	114.8	119.9
Stock market index options ⁸	140.4	139.1	79.1	101.7	119.1	121.4	133.9	144.1	197.5	187.3	178.7
Total	315.0	389.6	336.3	421.2	478.3	510.5	635.6	788.0	1,142.9	1,211.5	1,161.9
North America	288.7	318.3	252.2	287.9	312.3	302.7	341.4	382.3	513.5	455.0	428.2
Europe	10.3	35.9	40.8	64.4	83.0	110.5	185.0	263.5	398.0	354.7	425.8
Asia-Pacific	14.4	30.0	34.4	63.6	79.1	85.8	82.8	98.4	131.9	126.4	115.2
Other	1.6	5.5	8.9	5.3	3.9	11.6	26.3	43.7	99.4	275.4	192.7

Source: Bank for International Settlements.

¹Traded on the Chicago Mercantile Exchange-International Monetary Market (CME-IMM), Singapore International Monetary Exchange (SIMEX), London International Financial Futures Exchange (LIFFE), Tokyo International Financial Futures Exchange (TIFFE), and Sydney Futures Exchange (SFE).²Traded on the TIFFE and SIMEX.³Traded on the Marché à Terme International de France (MATIF) and LIFFE.⁴Traded on the MATIF.⁵Traded on the Chicago Board of Trade (CBOT), LIFFE, Mid-America Commodity Exchange (MIDAM), New York Futures Exchange (NYFE), and Tokyo Stock Exchange (TSE).⁶Traded on the TSE, LIFFE, and CBOT.⁷Traded on the LIFFE and the Deutsche Terminbörse (DTB).⁸Calls plus puts.

Table A6. New Interest Rate and Currency Swaps*(In billions of U.S. dollars)*

	1987	1988	1989	1990	1991	1992	1993	1994	1995
Interest rate swaps									
All counterparties	387.8	568.1	833.6	1,264.3	1,621.8	2,822.6	4,104.7	6,240.9	8,698.8
Interbank (ISDA member)	125.9	193.1	318.0	484.5	761.7	1,336.4	2,003.9	3,199.5	4,989.8
Other (end user and brokered)	261.9	375.0	515.5	779.7	860.0	1,486.2	2,100.8	3,041.4	3,709.0
End user	257.0	371.4	503.4	705.3	844.7	1,436.7	2,000.6	2,962.4	3,709.0
Financial institutions	168.7	238.1	317.9	420.1	492.4	853.9	1,115.7	1,632.5	2,292.9
Governments ¹	21.7	32.9	39.6	74.7	79.0	148.9	198.6	178.8	232.4
Corporations ²	62.6	98.2	139.5	210.6	273.3	434.0	678.0	1,150.9	1,183.7
Unallocated	4.1	2.3	6.5	0	0	0	8.3	0.1	0
Brokered	4.9	3.5	12.1	74.4	15.3	49.5	100.2	79.0	0
Currency swaps									
All counterparties	172.8	248.5	356.3	425.5	656.8	603.7	590.4	758.6	910.2
(Adjusted for reporting of both sides)	(86.3)	(124.2)	(178.2)	(212.7)	(328.4)	(301.9)	(295.2)	(379.3)	(455.1)
Interbank (ISDA member)	35.8	58.7	101.3	122.6	208.0	132.4	110.9	162.3	307.6
Other (end user and brokered)	136.9	189.8	255.0	302.9	448.8	471.3	479.5	596.3	602.6
End user ³	67.8	93.9	127.1	150.7	219.1	234.7	239.0	296.7	301.3
Financial institutions	31.9	43.5	52.2	51.4	98.6	78.9	77.2	107.6	143.8
Governments ¹	13.9	19.3	23.0	23.4	30.7	42.1	52.7	54.3	49.0
Corporations ²	21.5	29.1	46.2	75.9	89.7	113.7	109.0	134.7	108.5
Unallocated	0.6	2.0	5.7	0	0	0	0	0.1	0
Brokered	1.2	2.1	1.0	1.6	10.7	1.9	1.5	3.0	0
Total (interest rate and currency swaps for all counterparties)	474.1	692.3	1,011.8	1,477.0	1,950.2	3,124.5	4,399.9	6,620.2	9,153.9

Sources: Bank for International Settlements, *International Banking and Financial Market Development*; and International Swaps and Derivatives Association, Inc. (ISDA).

¹Including international institutions.

²Including others.

³Adjusted for double counting because each currency swap involves two currencies.

Table A7. Currency Composition of Notional Principal Value of Outstanding Interest Rate and Currency Swaps

(In billions of U.S. dollars)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	June 1996
Interest rate swaps										
All counterparties	682.9	1,010.2	1,502.6	2,311.5	3,065.1	3,850.8	6,177.3	8,815.6	12,810.7	15,584.2
U.S. dollar	541.5	728.2	993.7	1,272.7	1,506.0	1,760.2	2,457.0	3,230.1	4,371.7	4,993.9
Japanese yen	40.5	78.5	128.0	231.9	478.9	706.0	1,247.4	1,987.4	2,895.9	3,853.7
Deutsche mark	31.6	56.5	84.6	193.4	263.4	344.4	629.7	911.7	1,438.9	2,128.0
Pound sterling	29.7	52.3	100.4	242.1	253.5	294.8	437.1	674.0	854.0	856.3
Other	39.5	94.8	195.8	371.5	563.3	745.4	1,406.1	2,012.4	3,250.2	3,752.3
Interbank (ISDA members)	206.6	341.3	547.1	909.5	1,342.3	1,880.8	2,967.9	4,533.9	7,100.6	...
U.S. dollar	161.6	243.9	371.1	492.8	675.0	853.9	1,008.4	1,459.8	2,287.3	...
Japanese yen	19.5	43.0	61.1	126.1	264.9	441.3	820.8	1,344.8	1,928.5	...
Deutsche mark	7.9	17.2	32.6	78.4	111.2	175.6	356.1	514.5	831.0	...
Pound sterling	10.4	17.6	40.0	100.1	106.3	137.2	215.2	315.4	477.7	...
Other	7.1	19.6	42.2	112.1	184.9	272.8	567.4	899.4	1,576.1	...
End user and brokered	476.2	668.9	955.5	1,402.0	1,722.8	1,970.1	3,209.4	4,281.7	5,710.1	...
U.S. dollar	379.9	484.3	622.6	779.9	831.0	906.3	1,448.6	1,770.3	2,084.3	...
Japanese yen	21.0	35.5	66.9	105.8	214.0	264.7	426.7	642.5	967.4	...
Deutsche mark	23.7	39.3	52.0	115.0	152.2	168.8	273.7	397.1	607.8	...
Pound sterling	19.3	34.7	60.4	142.0	147.3	157.6	222.0	358.7	376.2	...
Other	32.4	75.2	153.6	259.4	378.3	472.7	838.4	1,113.1	1,674.4	...
Currency swaps¹										
All counterparties	182.8	319.6	449.1	577.5	807.2	860.4	899.6	914.8	1,197.4	1,294.7
U.S. dollar	81.3	134.7	177.1	214.2	292.2	309.0	320.1	321.6	418.9	473.2
Japanese yen	29.9	65.5	100.6	122.4	180.1	154.3	158.8	170.0	200.0	263.9
Deutsche mark	10.7	17.0	26.9	36.2	47.6	53.4	69.7	77.0	119.0	105.9
Pound sterling	5.3	8.9	16.7	24.5	37.4	40.1	44.2	43.0	45.8	46.5
Other	55.7	93.5	127.8	180.3	250.0	303.7	306.9	303.4	413.8	405.2
Interbank (ISDA members)	35.5	82.6	115.1	155.1	224.9	238.9	218.5	211.3	310.0	...
U.S. dollar	16.7	34.1	48.2	59.7	86.8	90.9	82.3	80.4	114.3	...
Japanese yen	7.2	18.6	28.3	37.4	60.9	53.9	53.3	49.3	58.0	...
Deutsche mark	1.6	3.0	5.4	7.6	9.4	12.6	12.9	12.0	21.1	...
Pound sterling	1.1	1.6	4.3	6.2	8.4	10.4	7.1	6.5	6.9	...
Other	9.0	25.4	28.8	44.1	59.5	71.1	63.0	63.1	109.8	...
End user and brokered	147.3	237.0	334.1	422.5	582.3	621.6	681.1	703.6	887.5	...
U.S. dollar	64.6	100.7	128.9	154.5	205.3	218.2	237.7	241.2	304.7	...
Japanese yen	22.7	47.0	72.2	85.0	119.2	100.4	105.6	120.6	142.1	...
Deutsche mark	9.1	14.0	21.5	28.5	38.2	40.8	56.9	65.0	98.0	...
Pound sterling	4.2	7.3	12.4	18.3	29.1	29.7	37.0	36.6	38.9	...
Other	46.7	68.1	99.0	136.2	190.6	232.6	244.0	240.4	303.9	...

Sources: Bank for International Settlements, *International Banking and Financial Market Developments*; and International Swaps and Derivatives Association, Inc. (ISDA).

¹Adjusted for double counting because each currency swap involves two currencies.