Figure 1. Structural Changes in the Provision of and Demand for Market Liquidity

Postcrisis regulatory changes coincided with an initial reduction in bank trading books ... with declines occurring proportionally across most jurisdictions.

1. GSIB Trading Portfolios by Region (Trillions of US dollars)

- United States (24%)
- Euro area (28%)
- United Kingdom (11%)
- Japan and others (37%)
- United States (24%)
- Euro area (28%)
- United Kingdom (13%)
- Japan and others (35%)

Market participants have been increasingly using algorithmic trading.

3. Estimated Adoption of Algorithmic Trading by Market (Percent)

- Equities
- Futures
- Options
- Fixed income

Share of central bank holding of government bonds has increased.

4. Central Bank Holdings as a Share of Government Bonds Outstanding (Percent)

- United States
- Germany
- Japan

Sources: Aite Group; Bloomberg Finance L.P.; equity research reports; Federal Reserve Board; SNL Financial; and IMF staff calculations.

Note: For panels 1 and 2, trading portfolio calculations include trading and available for sale securities. In panel 3, estimates are by Aite Group. GSIB = global systemically important bank.