



First IMF Statistical Forum
Statistics for Global Economic and Financial Stability

Comments on
«Risk Exposures in International
and Sectoral Balance Sheets»

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**Discussion of
«Risk Exposures in International and Sectoral Balance
Sheets»
by Philip R. Lane**

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- Summarize main findings
- Raise some questions and comments

Estimates of SFAs and currency exposures.

- AE become more leveraged, with higher external D/E ratios. This contrasts with EE.
- SFAs were insulating within Euro Area, allowing international balance sheets for some risk sharing.
- Net FX positions of EE have improved dramatically in contrast to AE, implying more tolerance to currency depreciations.

Estimates of SFAs at sectoral level.

- There has been risk-sharing across borders during the euro area crisis.
- SFAs tend to be negatively correlated or mean-reverting across time.

There is a need to go beyond NIIPs

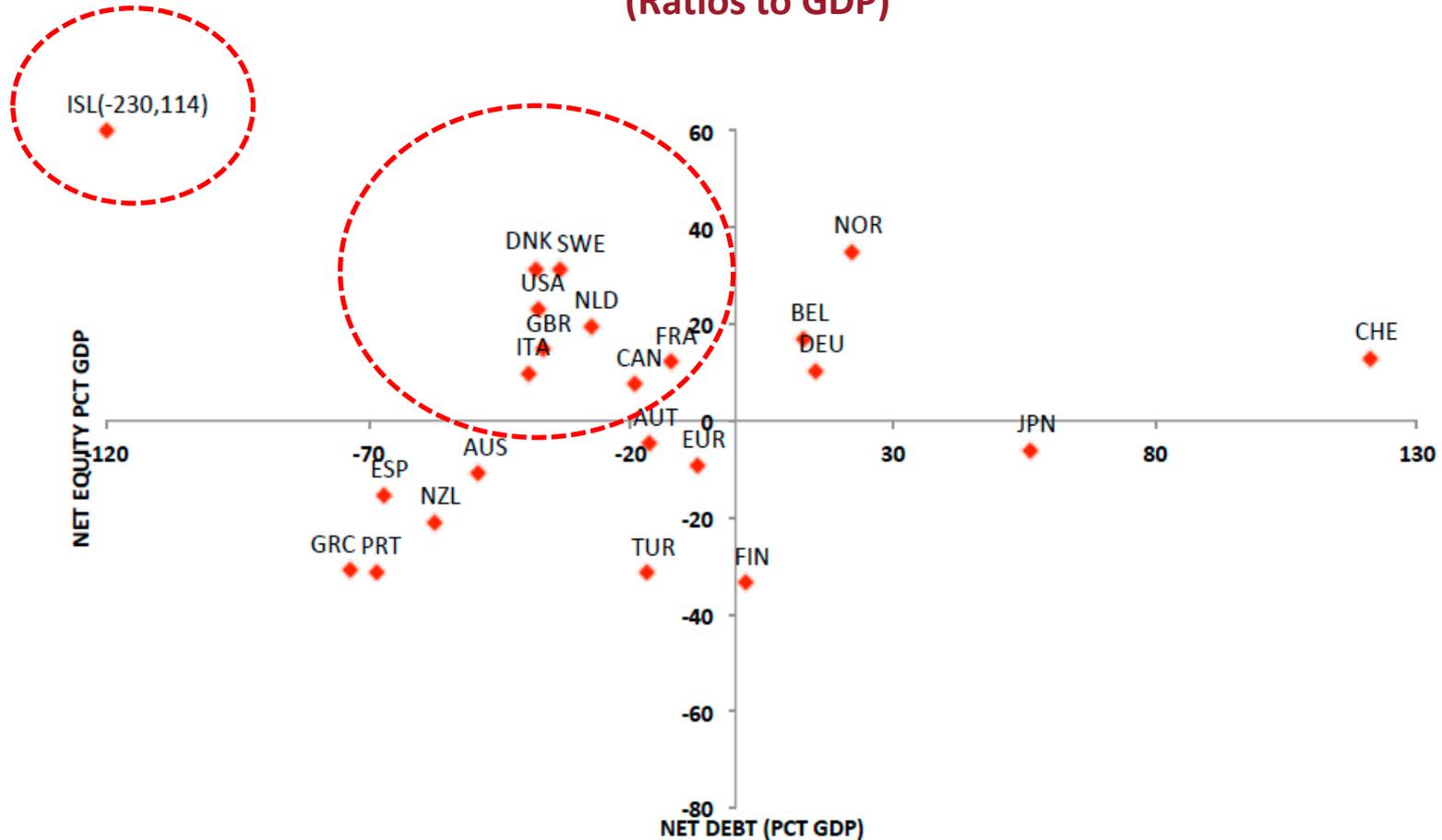
- A new form of transmission
- Not in the standard textbooks
- Better theoretical models are needed
 - Help us to understand
 - Guide us to collect the right data

Should we still worry about current account deficits?

- How did stabilizing valuation effects emerge?
[\(Table 1\)](#)
- Less clear how changes in external valuations affect the overall economy, especially in normal times.
- Low current account deficits or a balanced NIIP is not enough anymore.

Considerable diversity within emerging markets

Figure 5. Net Debt and Net Equity Positions: Advanced, 2007.
(Ratios to GDP)



Source: Lane (2013).

What should we do about data?

- Banking sector data are the most important, but sectoral shifts should be considered.
- Data collection faces constraints and is costly. Therefore, priorities should be set.
- Underlying theoretical models should be developed.



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Table 1

Stock-Flow Adjustments in Net International Investment Position: Euro Area

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2002-2007				2007-2011			
	▽NIIP	SUMFLOW	SFA		▽NIIP	SUMFLOW	SFA
Austria	-8.2	-10.0	-18.2	Austria	13.1	-11.9	1.3
Belgium	7.6	-8.6	-1.0	Belgium	31.0	3.5	34.5
Finland	-7.9	-19.4	-27.3	Finland	38.6	-5.4	33.3
France	-4.8	1.1	-3.6	France	-18.6	6.9	-11.6
Germany	23.4	-22.3	1.1	Germany	1.3	-23.0	-21.7
Greece	-74.1	33.3	-40.8	Greece	26.3	45.5	71.8
Ireland	-11.5	11.1	-0.4	Ireland	-66.4	10.7	-55.6
Italy	-19.7	7.2	-12.5	Italy	3.2	11.5	14.7
Netherlands	7.7	-28.9	-21.2	Netherlands	36.4	-22.4	13.9
Portugal	-62.6	33.8	-28.8	Portugal	-8.7	35.5	26.7
Spain	-62.0	26.3	-35.7	Spain	-4.8	20.9	16.1

Source: Lane (2013).