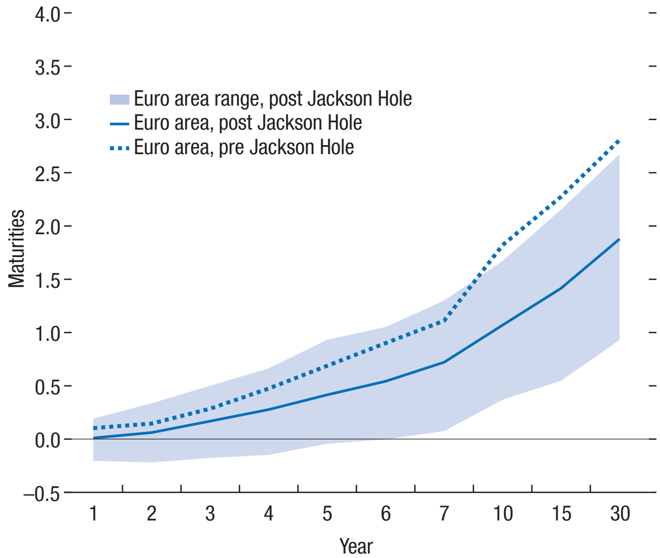
Annex Figure 1.2.1. Euro Area Negative-Yielding European Government Bonds and Baseline Portfolio Rebalancing

Expectations of quantitative easing drove some core yields negative.

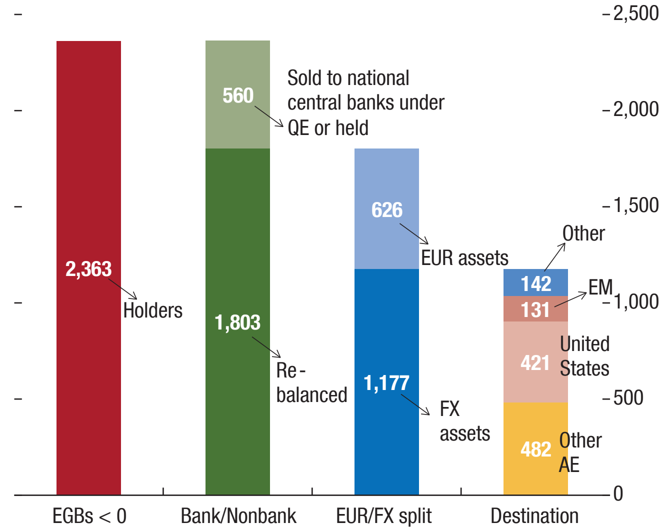
1. Sovereign Yields: Euro Debt–Weighted Yield Curve
(Percent)



Sources: Bloomberg, L.P.; and IMF staff estimates.

Rebalancing under the baseline scenario.

2. Potential Flows into Foreign-Exchange-Denominated Assets
(Billions of euros)



Sources: Bloomberg, L.P.; and IMF staff calculations.
Note: AE = advanced economies; EGB = European government bond; EM = emerging markets; EUR = euro area; FX = foreign exchange; QE = quantitative easing. See Figure 1.10 panel 2 for country groupings.