

November 18, 2015

CESEE Deleveraging and Credit Monitor

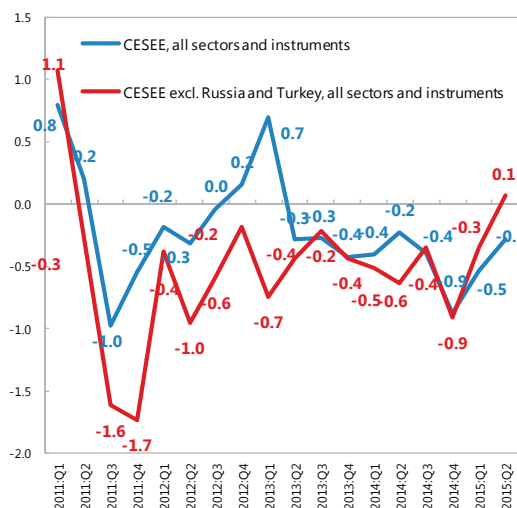
Key developments in BIS Banks' External Positions and Domestic Credit

Anna Ilyina (IMF)

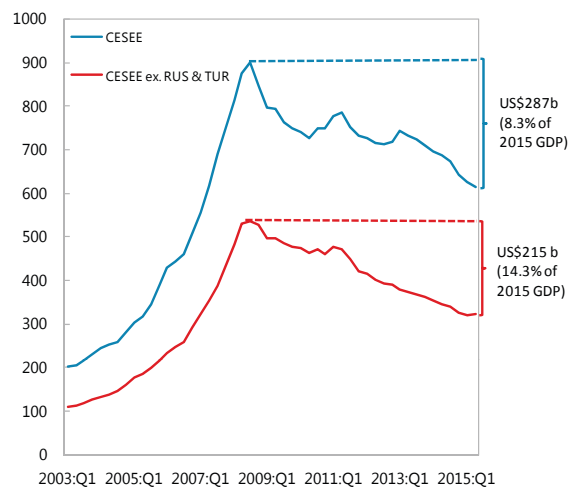


BIS reporting banks increased external positions vis-à-vis CESEE (excl. Russia and Turkey) in 2015:Q2

CESEE: Change in External Positions of BIS-reporting Banks, 2011:Q1–2015:Q2
(Percent of 2015 GDP, FX adjusted)



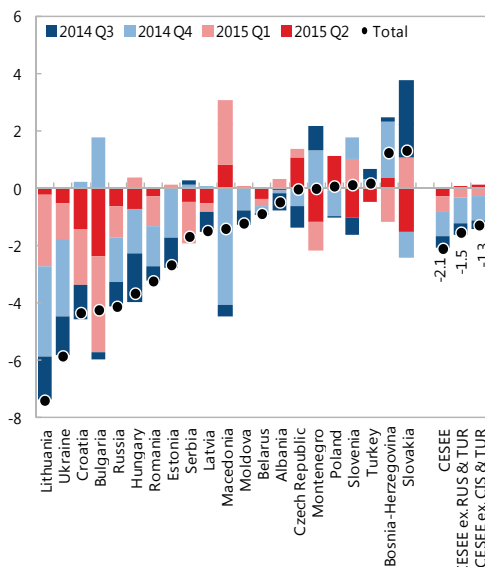
CESEE: External Position of BIS-reporting Banks, 2003:Q1–2015:Q2 (Billions of US dollars, FX adjusted, vis-à-vis all sectors)



...still banks' external positions declined in over half of CESEE, with larger reductions in claims on non-banks than on banks

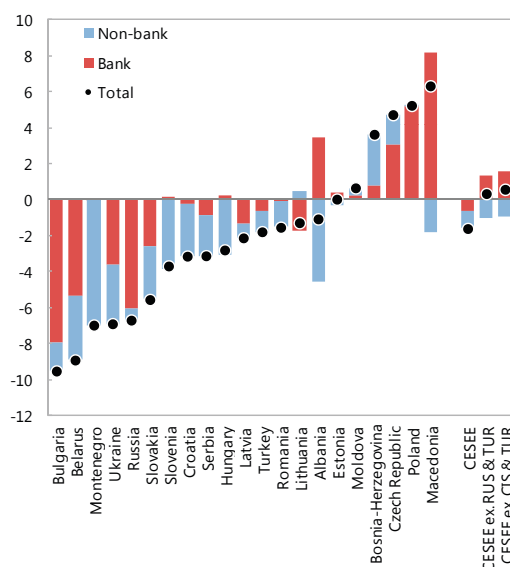
CESEE: External Positions of BIS-reporting Banks, 2014:Q1–2015:Q2

(Percent of 2015 GDP, Gross, vis-à-vis all sectors)



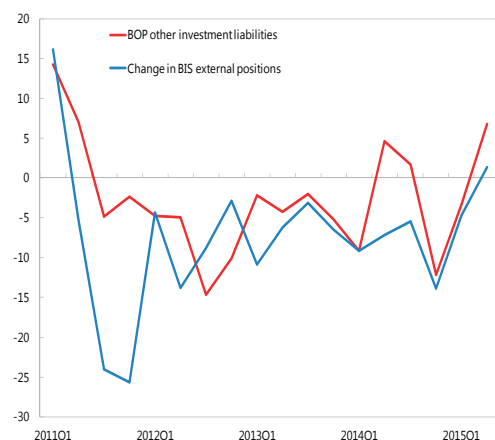
CESEE: External Positions of BIS-reporting Banks, 2015:Q2

(Change, percent of 2015:Q1)

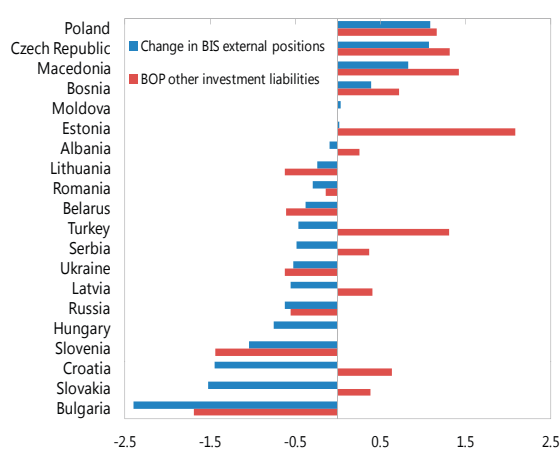


In 2015:Q2, bank related BoP flows to CESEE (excl. Russia and Turkey) turned positive as well...

CESEE (excl. Russia and Turkey): Change in BIS banks' External Positions and Other Investment Liabilities from BoP (Billions of US dollars)



CESEE: Change in BIS Banks' External Positions and Other Investment Liabilities from BoP (2015:Q2, percent of GDP)

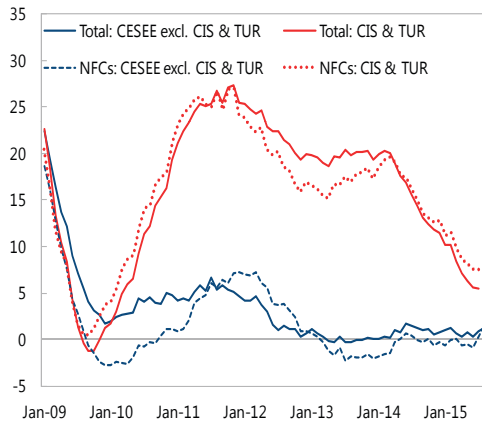


Source: BIS locational banking statistics, Haver, and IMF staff calculation.

Note: BoP other investment liabilities include investments other than FDI, portfolio investment, and financial derivatives, which includes loans and deposits, trade credit, etc. They correspond more closely in terms of coverage to BIS claims based on locational banking statistics. Belarus, Bosnia and Herzegovina, Macedonia, Russia, Serbia, Turkey and Ukraine are on net basis, and others are on gross basis. BOP data for Moldova are not available yet for 2015 Q2.

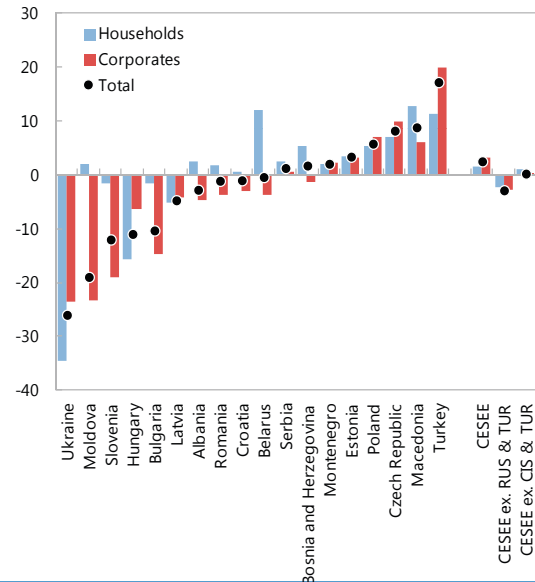
Local credit growth is still largely concentrated in a few countries, but now more even across households and firms

Credit to Private Sector, Jan 2009 – Aug 2015
(Percent change, year-over-year, nominal, FX adjusted, GDP-weighted)



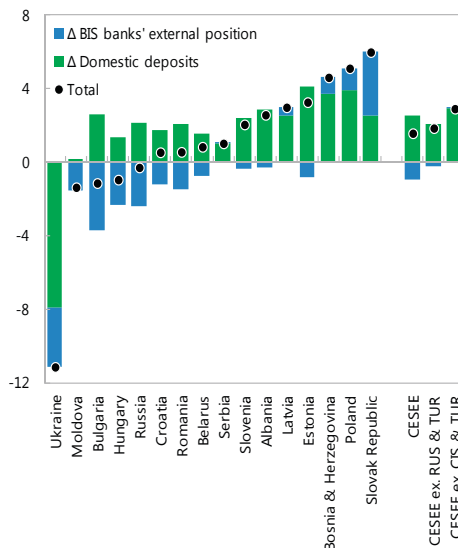
Sources: National authorities; ECB; BIS; EBRD and IMF staff calculations.

Credit Growth to Households and Corporations, August 2015
(Percent change, year-over-year, nominal, FX adjusted)

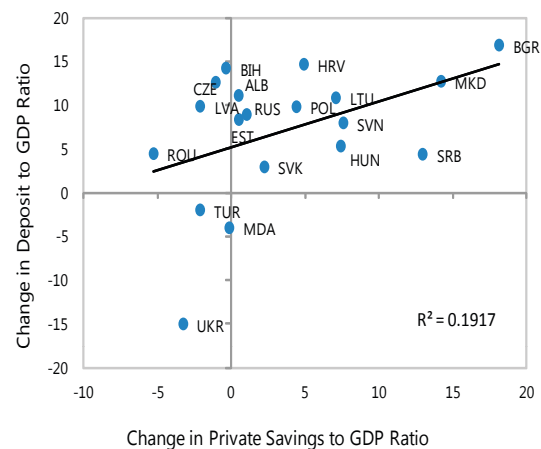


Deposit are growing at a robust pace in most countries...

Main Bank Funding Sources, 2015:Q2
(Year-over-year change, Percent of GDP)



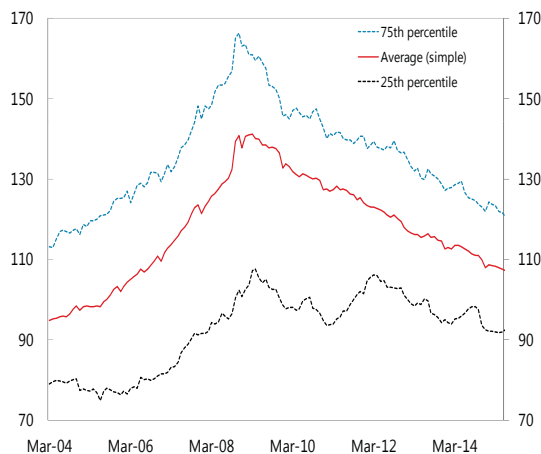
Changes in Domestic Deposit Base vs Changes in Private Savings, 2008-2014
(Percent of GDP)



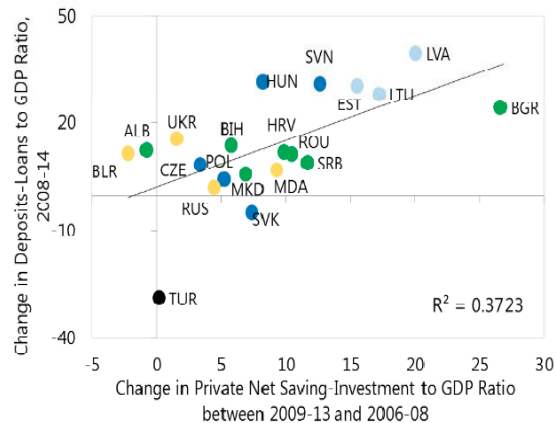
Sources: BIS, Locational Banking Statistics; Haver Analytics; International Financial Statistics; and IMF staff calculations.

..and aggregate loan-deposit ratios continue to decline, broadly reflecting progress in private deleveraging

**CESEE: Domestic Loan – to – Domestic
Deposit Ratio, 2004:M3 - 2015:M7**
(Percent)



**CESEE: Changes in Domestic Deposit-Loan
Gaps and Private Savings-Investment Balances**
(2008-2014, Percent of GDP)



Sources: IMF, International Financial Statistics; and IMF staff calculations. South Eastern European countries show in green; Central and Eastern Europe and Baltics in blue and CIS in yellow.

Thank you

*This presentation is based on the
2015:Q2 CESEE Deleveraging and Credit Monitor
http://vienna-initiative.com/wp-content/uploads/2015/11/DCM-note-Oct-2015-full_Nov-16.pdf