Global Liquidity: Public and Private

Jean-Pierre Landau
August 2013
claims of BIS-reporting banks on counterparties in countries as listed (March 2003 = 100)-from Shin (2013)
Net bond fund flows to EMEs

Source: EPFR Global. Chart borrowed from Csonto and Ivaschenko (2013)
Flows to EME-dedicated funds and VIX

Source: Ahmed and Slate (2013)
USD swaps extended / FED total assets

Sources: FED Board of Governors and FRED
### Incremental Aggregate HQC Demand

**Estimate by 2020 ("Normal Markets")**

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudential Regulation</td>
<td>$1.0 to 2.5tt</td>
</tr>
<tr>
<td>Derivative Clearing</td>
<td>$0.8 to 2.0tt</td>
</tr>
<tr>
<td>Bilateral Margin</td>
<td>$0.8 to 1.2tt</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2.6 to 5.7tt</strong></td>
</tr>
</tbody>
</table>

### Incremental Aggregate HQC Supply

**Estimate by 2020 ("Normal Markets")

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Creation</td>
<td>$12tt$\textsuperscript{+2}</td>
</tr>
<tr>
<td>Rehypothecation Losses</td>
<td>($1.4 to 2.8tt)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9.2-10.6tt</strong></td>
</tr>
</tbody>
</table>

source: US Treasury 2013
PRIVATE GLOBAL LIQUIDITY

Capital account-
macro
prudential
measures

OFFICIAL GLOBAL LIQUIDITY (Forex,
Swaps, IMF)

Central Bank
money

Government
Bonds

FISCAL BACKING

SAFE ASSETS

DOMESTIC USE

Private safe
assets