

OECD Webinar

Sovereign funding in EM economies through the COVID-19 crisis

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Any authors named on this report are research analysts unless otherwise indicated.

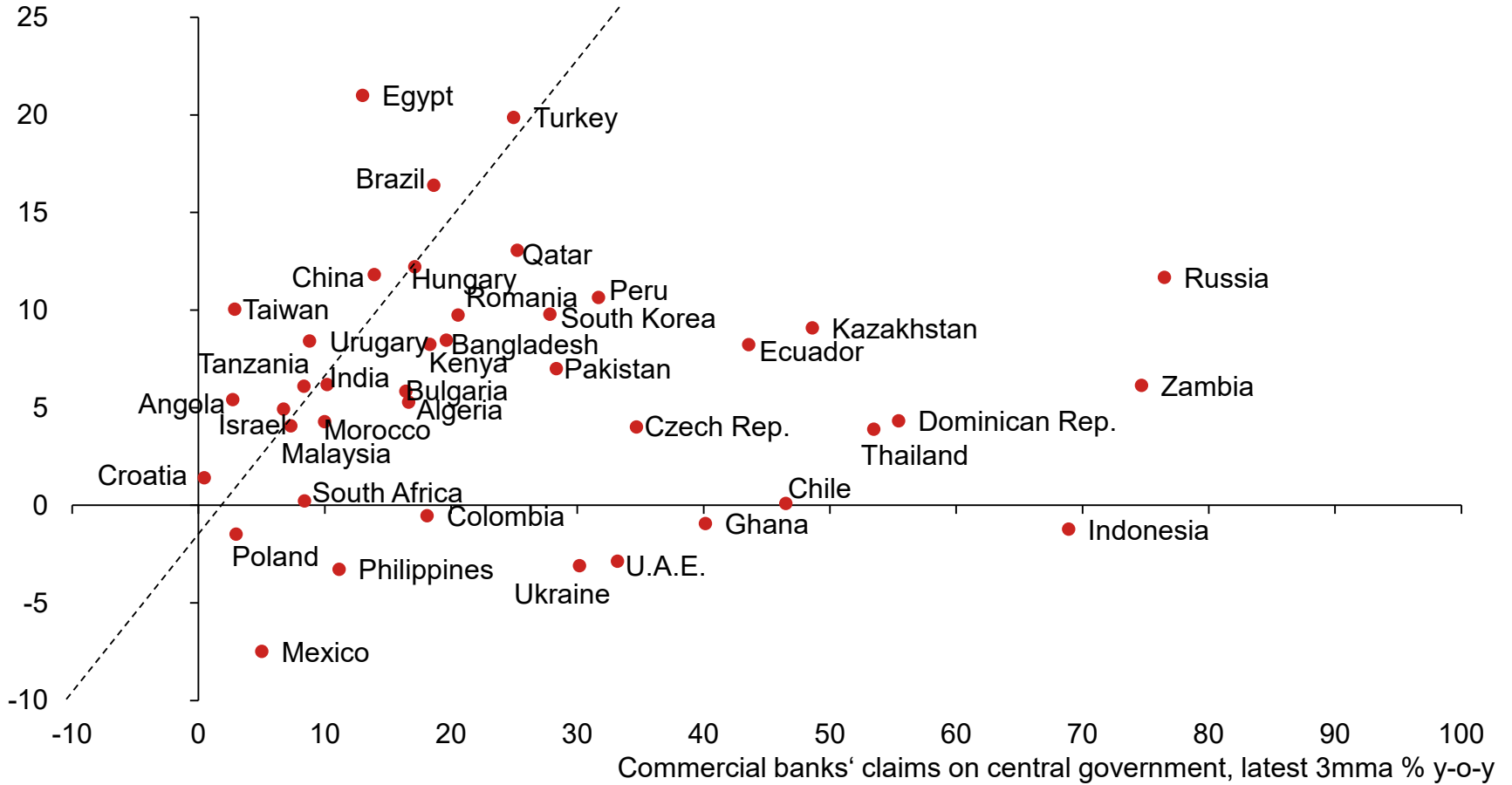
20 EMs: Stance of monetary policy versus the strength of economic fundamentals

	Looseness of monetary policy				Sustainability of government debt		Strength of economic fundamentals						
	Increase in central bank domestic asset		M3 Money supply	Nominal policy rate	Real policy rate	Fiscal balance	Public debt	CPI inflation		Current account balance		Real GDP growth	
	Since Dec-2019	Jan - Aug 2021	Latest	Latest	2021	2021	2020	Jan - Aug 2021	2020	2021	2020	2021	
% of GDP	% y-o-y, average	%	%	% of GDP		% y-o-y, average		% of GDP		% y-o-y			
Brazil	1.3	14.7	6.25	-3.43	-8.3	98.4	3.2	7.2	-0.9	-0.6	-4.1	3.7	
Chile	18.2	5.3	1.50	-3.28	-2.3	33.6	3.0	3.6	1.4	0.3	-5.8	6.2	
China	1.1	8.8	2.20	1.40	-9.6	69.6	2.5	0.6	2.0	1.6	2.3	8.4	
Colombia	0.2	8.5	1.75	-2.69	-8.3	64.2	2.5	2.7	-3.3	-3.8	-6.8	5.2	
Czech Republic	0.4	10.6	0.75	-3.35	-7.8	44.0	3.2	2.9	3.5	0.9	-5.7	4.2	
Hungary	16.4	18.0	1.65	-3.25	-6.5	80.0	3.3	4.3	-0.2	-0.4	-4.8	4.3	
India	2.8	10.9	4.00	-1.30	-10.0	86.6	6.6	5.3	1.0	-1.2	-7.0	12.5	
Indonesia	4.5	10.0	3.50	1.91	-6.1	41.4	2.0	1.5	-0.4	-1.3	-2.1	4.3	
Malaysia	2.1	4.4	1.75	1.75	-4.4	67.0	-1.1	2.3	4.4	3.8	-5.6	6.5	
Mexico	1.0	9.9	4.50	-1.09	-3.4	60.5	3.4	5.2	2.5	1.8	-8.2	5.0	
Peru	6.0	10.1	1.00	-2.95	-4.8	35.4	2.0	3.1	0.5	-0.4	-11.1	8.5	
Philippines	9.0	7.1	2.00	-2.90	-7.4	51.9	2.6	4.4	3.2	-0.4	-9.6	6.9	
Poland	6.9	11.6	0.10	-5.40	-4.7	57.4	3.4	4.0	3.5	2.0	-2.7	3.5	
Romania	0.5	16.3	1.25	-4.00	-7.1	52.6	2.6	3.8	-5.1	-5.0	-3.7	6.0	
Russia	-3.4	11.4	6.75	0.07	-0.8	18.1	3.4	6.0	2.2	3.9	-3.0	3.8	
South Africa	-0.6	3.7	3.50	-1.40	-10.6	80.8	3.3	4.2	2.2	-0.4	-7.0	3.1	
South Korea	1.9	9.3	0.75	-1.85	-2.9	53.2	0.6	2.0	4.6	4.2	-0.9	3.6	
Taiwan	8.3	8.8	1.125	-1.24	-2.8	32.5	-0.2	1.6	14.1	14.5	3.1	4.7	
Thailand	2.3	5.6	0.50	0.52	-4.9	55.9	-0.8	0.7	3.3	0.5	-6.1	2.6	
Turkey	8.3	24.4	18.00	-1.25	-5.7	37.1	12.3	17.0	-5.1	-3.4	1.6	6.0	

Note: Policy rate for China refers to 7-day reverse repo rate. Fiscal balance, public debt, current account balance and real GDP growth in 2021 are the latest available projections from IMF. We use M3 money supply for most countries except for China, Indonesia, Russia, Taiwan and Thailand (M2), and we use Jan - Aug average growth for most countries except for Chile, Czech Republic, Hungary, Indonesia, Malaysia, Mexico, Philippines, Russia, South Africa, South Korea and Thailand (Jan - Jul), and Indonesia (Jan - Apr). Red-shaded cells indicate relatively looser monetary policy, (i.e., a large increase in central bank domestic asset, money supply growth and lower levels of nominal and real policy rates); and less sustainable government debt (i.e., higher fiscal deficit and public debt); and weaker economic fundamentals (i.e., higher inflation, larger current account deficit and weaker real GDP growth). Source: IMF, CEIC, Bloomberg and Nomura Global Economics.

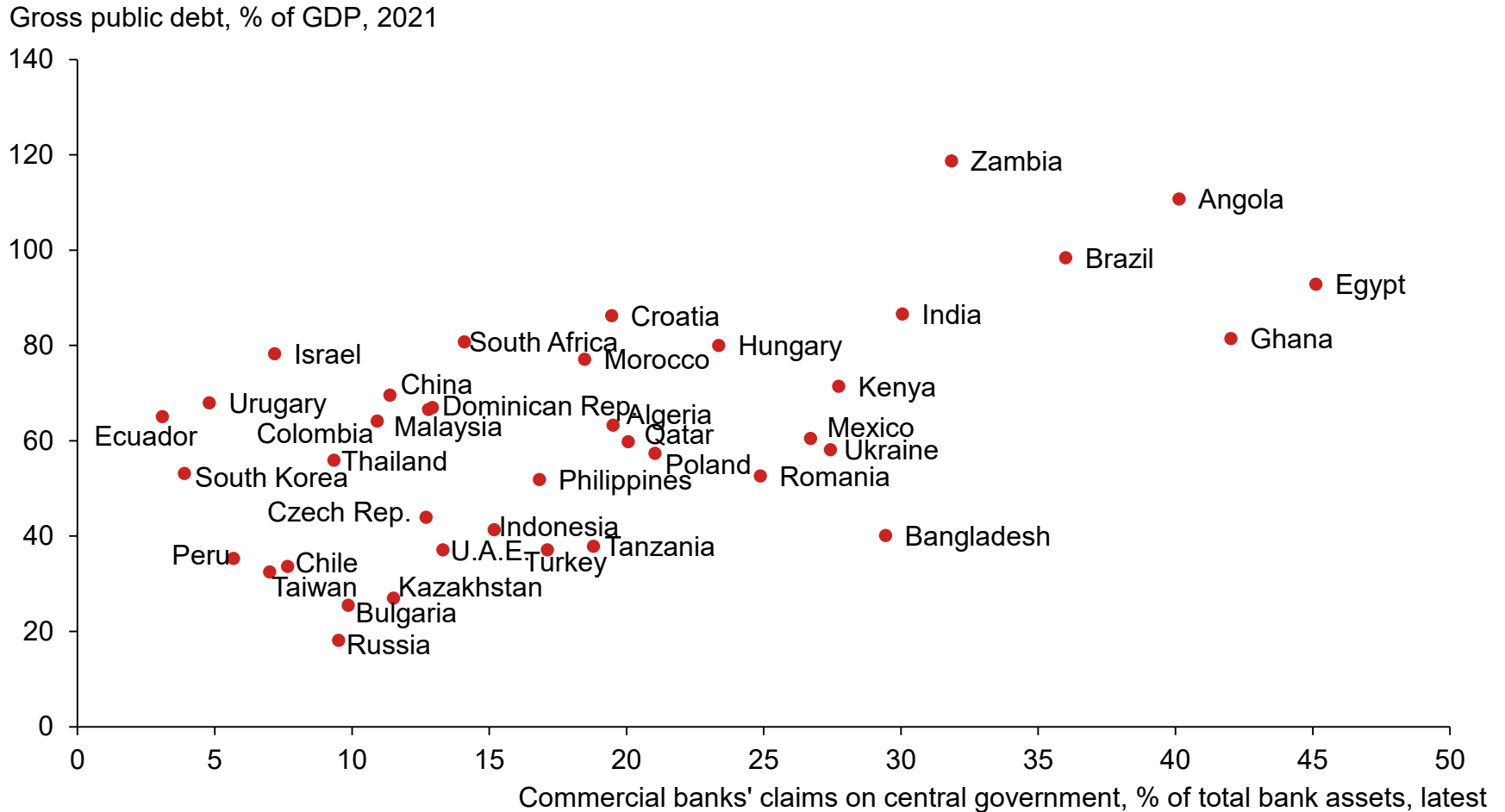
Commercial banking sector claims on central government vs on the private sector, latest data

Commercial banks' claims on private sector, latest 3mma % y-o-y



Note: The latest data is June 2021 for most countries except for Angola, Ecuador, Morocco and Qatar (July 2021), Algeria, China, Colombia, Dominican Republic, Taiwan, India, Israel and Zambia (May 2021), Bangladesh, Indonesia, Kenya, Uruguay, Peru, Philippines, South Korea and Thailand (April 2021), Ghana and U.A.E. (March 2021), and Tanzania (February 2021). Source: IMF, CEIC and Nomura Global Economics.

Commercial banking sector claims on central government vs gross public debt projection for 2021



Note: The latest data is for x axis is June 2021 for most countries except for Angola, Ecuador, Morocco and Qatar (July 2021), Algeria, China, Colombia, Dominican Republic, Taiwan, India, Israel and Zambia (May 2021), Bangladesh, Indonesia, Kenya, Uruguay, Peru, Philippines, South Korea and Thailand (April 2021), Ghana and U.A.E. (March 2021), and Tanzania (February 2021). Public debt projections are from the IMF. Source: IMF, CEIC and Nomura Global Economics.

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