

# Policy Coordination for Global Financial Stability

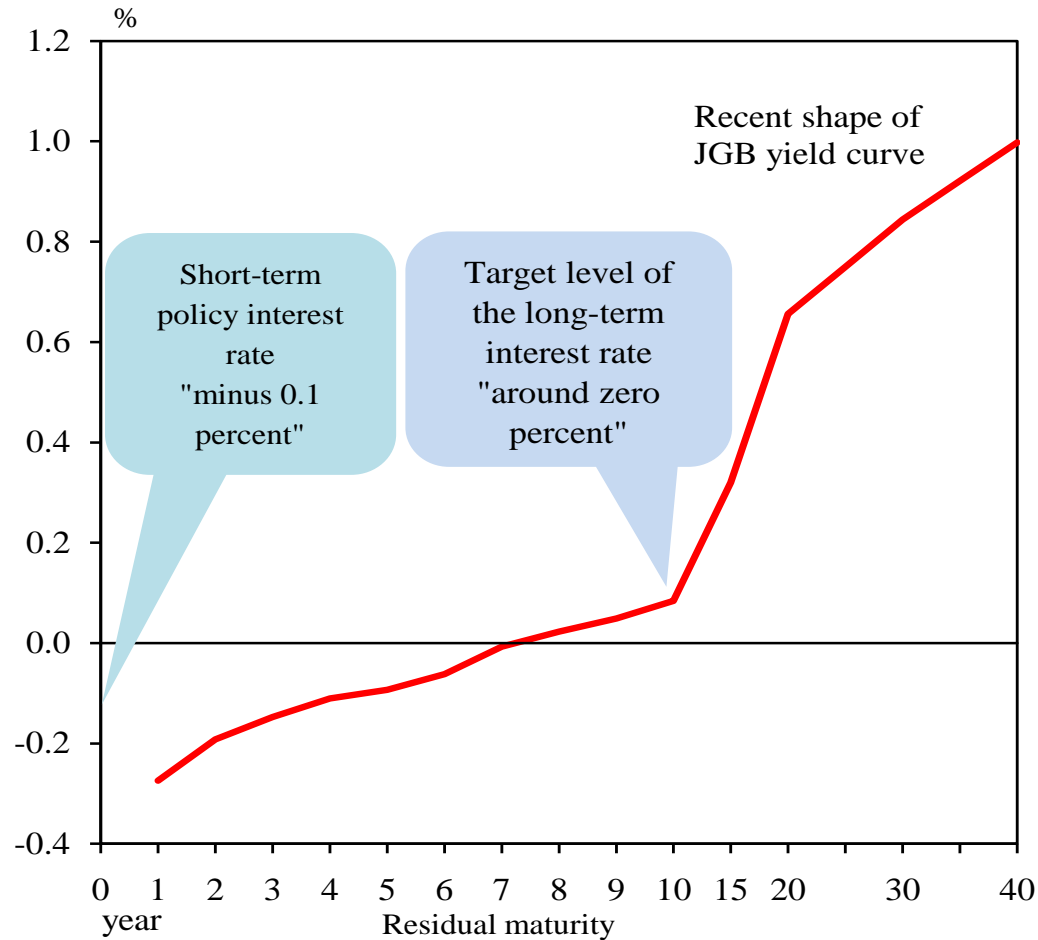
*Remarks at "The ECB and Its Watchers" Conference Held in Goethe-University Frankfurt*

6 April, 2017

Hiroshi Nakaso

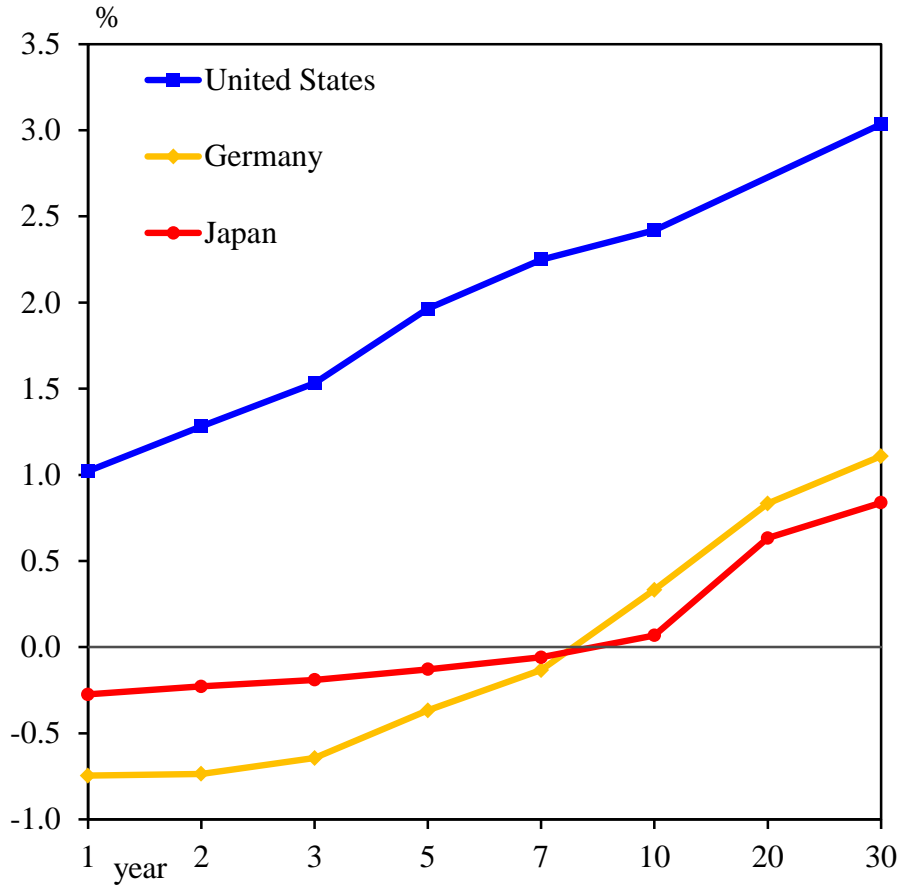
*Deputy Governor of the Bank of Japan*

# "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control"

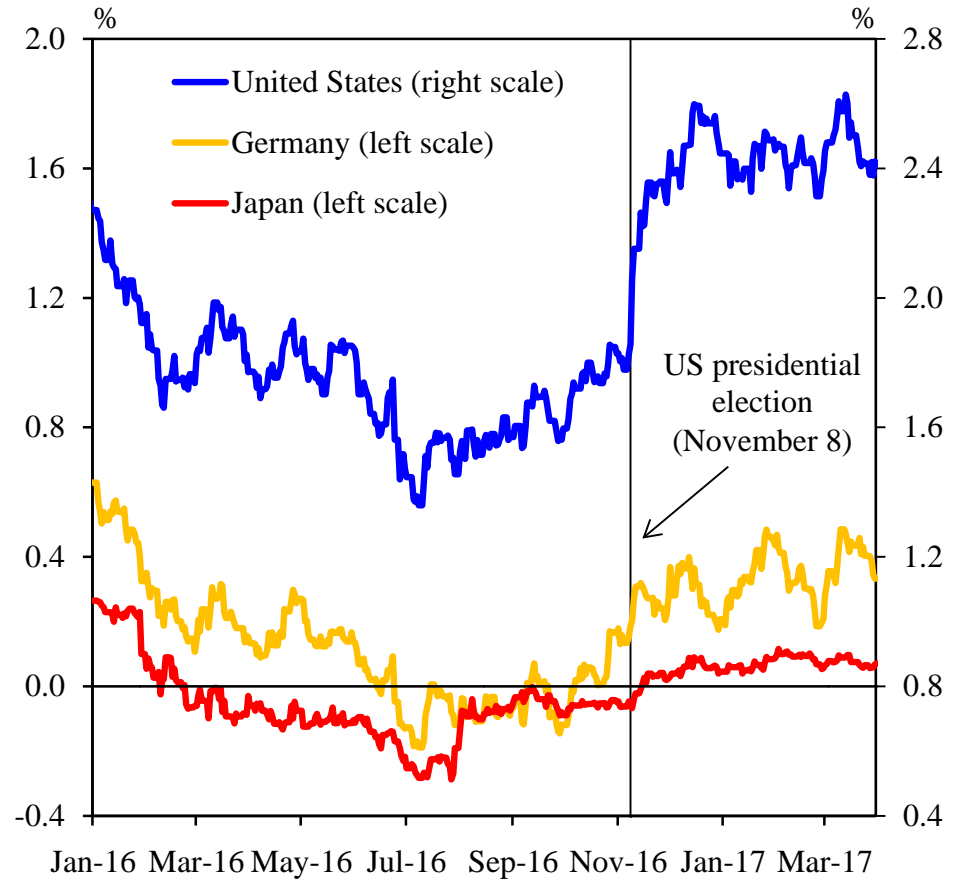


# Long-term Interest Rates of Advanced Economies

*Yield Curve*

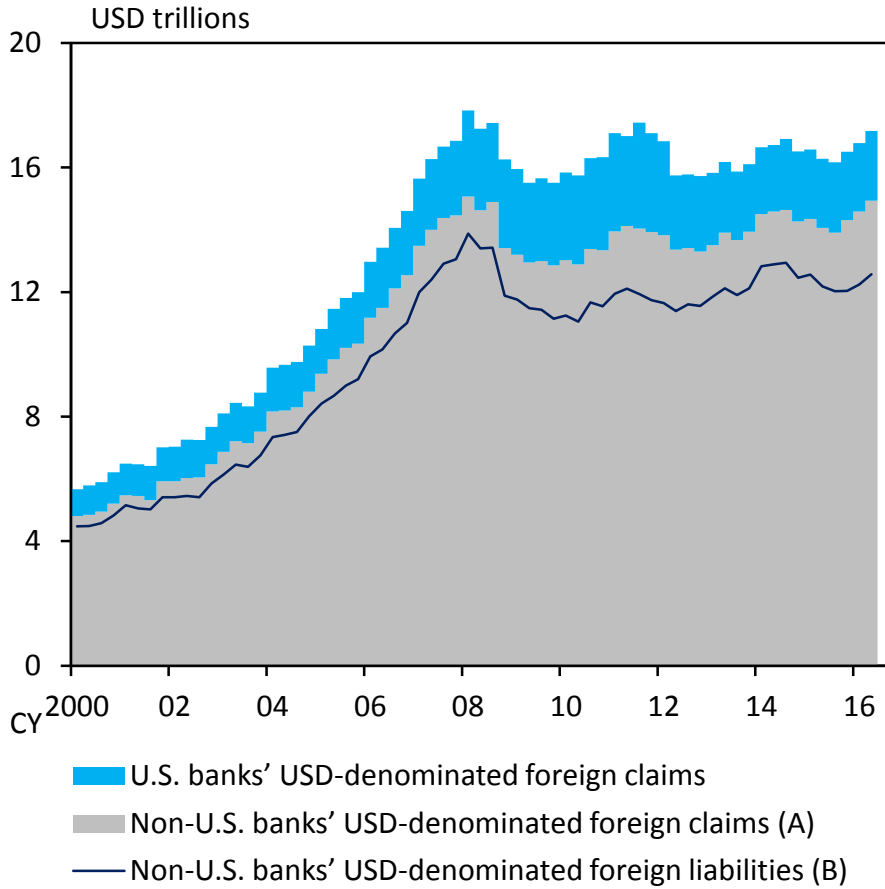


*Longer-term Interest Rates (10-year)*

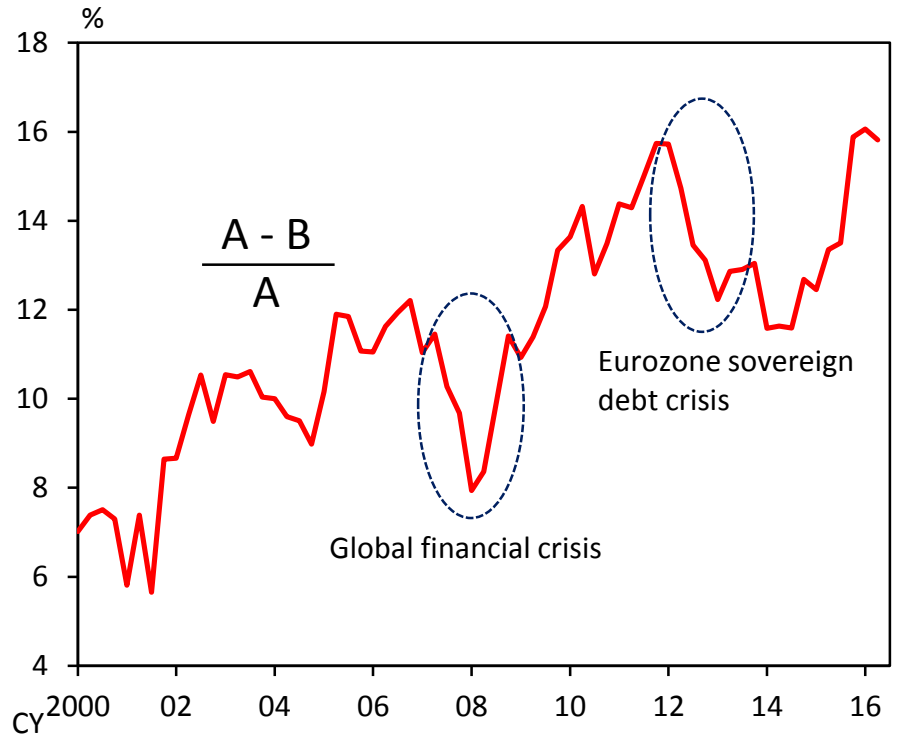


# USD-Denominated Foreign Positions of Banks

*U.S. and non-U.S. banks' USD-denominated foreign claims*



*Non-U.S. banks' cross-currency funding ratio*



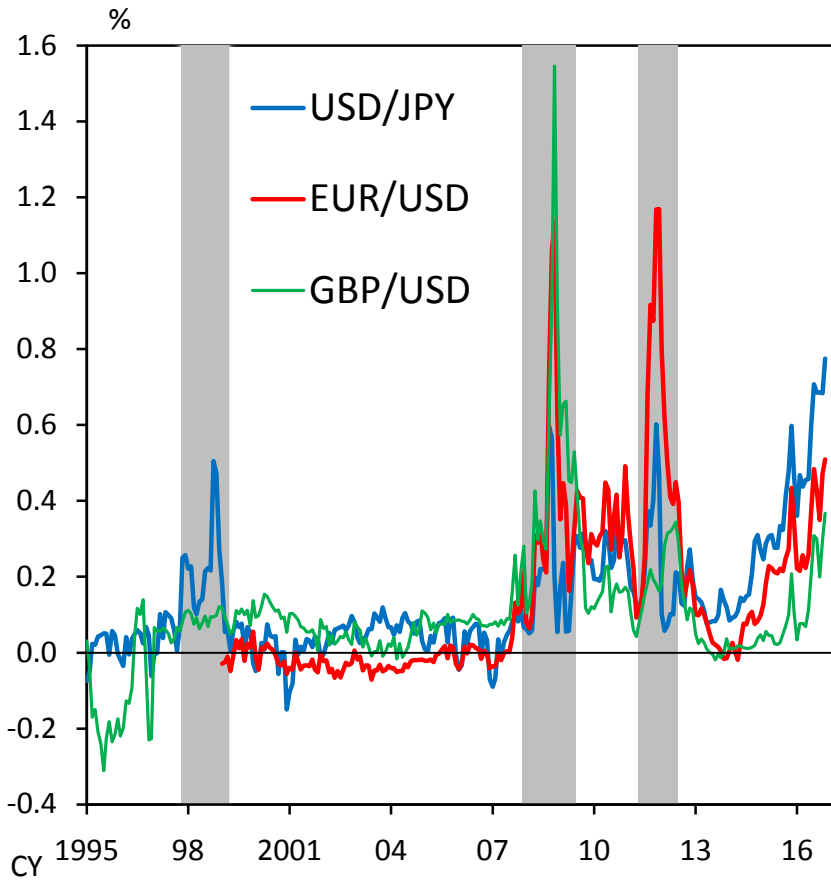
Notes: 1. Latest data as at end-June 2016.

2. "Non-U.S. banks' USD-denominated foreign claims" and "Non-U.S. banks' USD-denominated foreign liabilities" are calculated as USD-denominated foreign claims and liabilities of all reporting countries after excluding those of U.S. banks, respectively.
3. "Non-U.S. banks' cross-currency funding ratio" is calculated as "Non-U.S. banks' USD-denominated foreign claims" less "Non-U.S. banks' USD-denominated foreign liabilities," divided by "Non-U.S. banks' USD-denominated foreign claims."

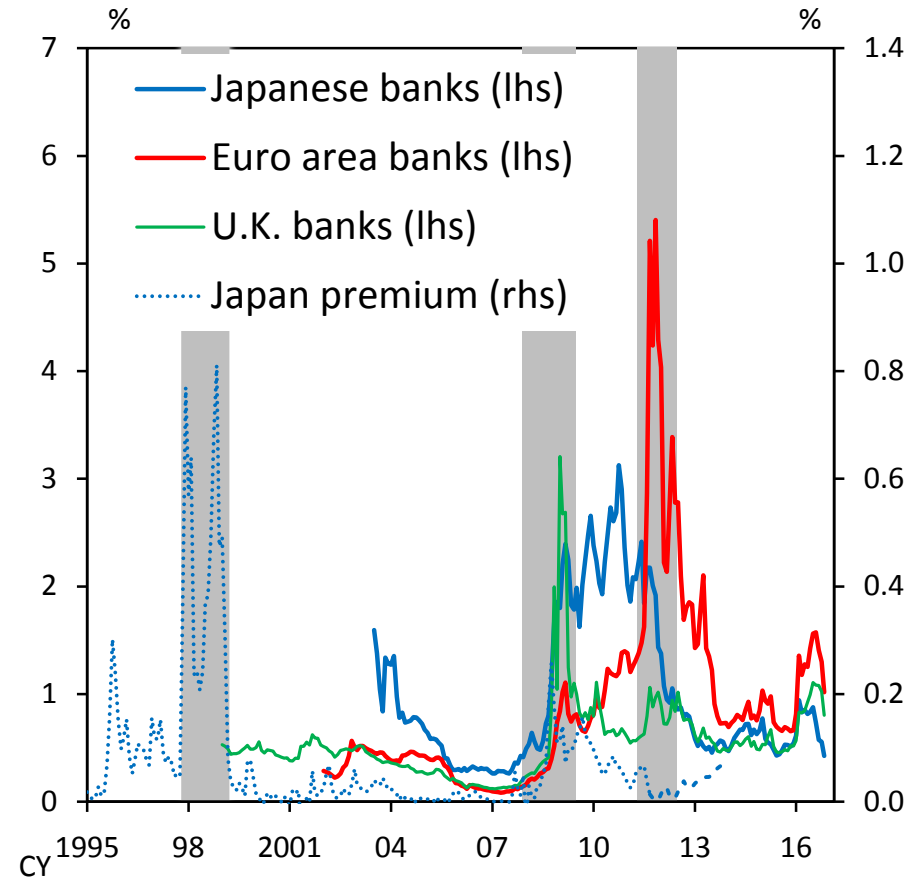
Source: BIS.

# FX Swap Implied USD Funding Rates and Banks' Creditworthiness

*FX swap implied USD funding rates  
(Deviation from USD LIBOR)*



*Non-U.S. banks' default probability  
(Expected Default Frequency)*



Notes: 1. Latest data as at November 2016.

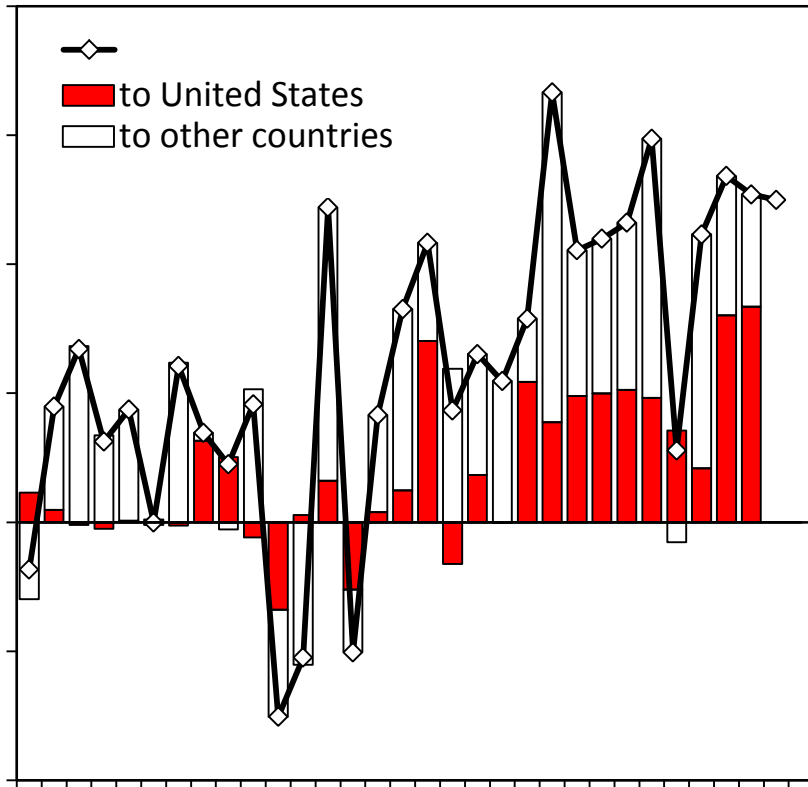
2. The shaded areas correspond to Japan's financial crisis (November 1997 through March 1999), the global financial crisis (December 2007 through June 2009), and the Eurozone sovereign debt crisis (May 2011 through June 2012).

3. Non-U.S. banks' default probability is the average of the EDF (Expected Default Frequency) of G-SIBs that are headquartered in each jurisdiction. "Japan Premium" is calculated as 3-month USD TIBOR less 3-month USD LIBOR.

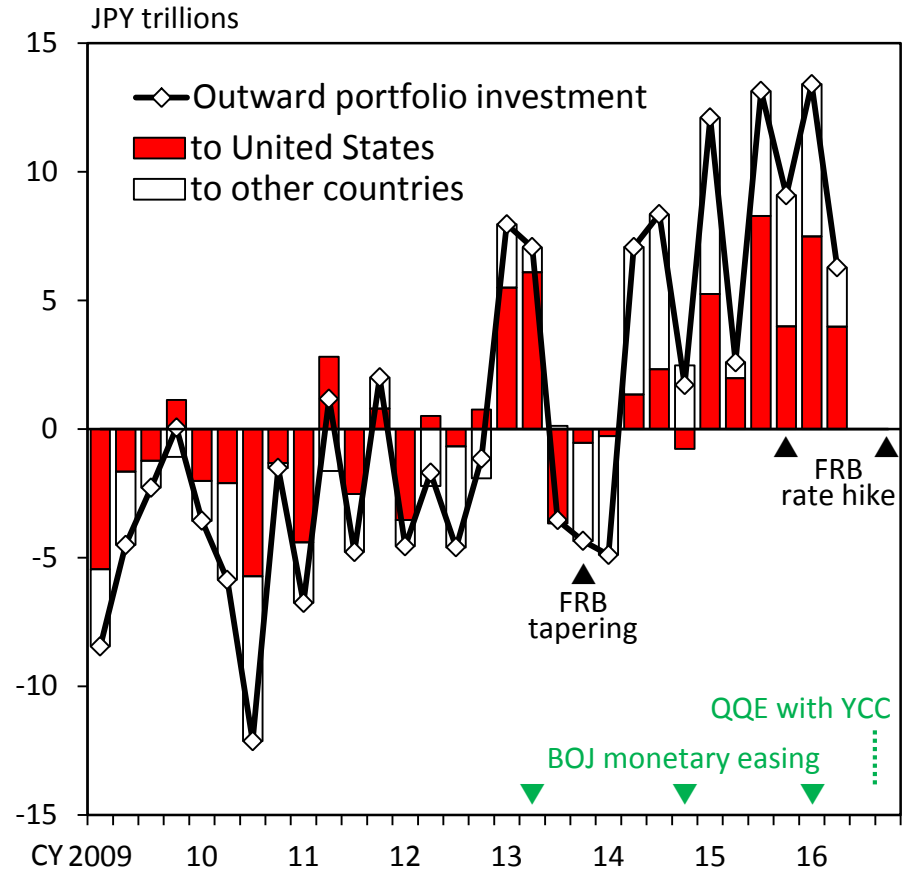
Sources: Bloomberg; Moody's; BOJ.

# Outward Portfolio Investment (Euro Area and Japan)

*Euro area*

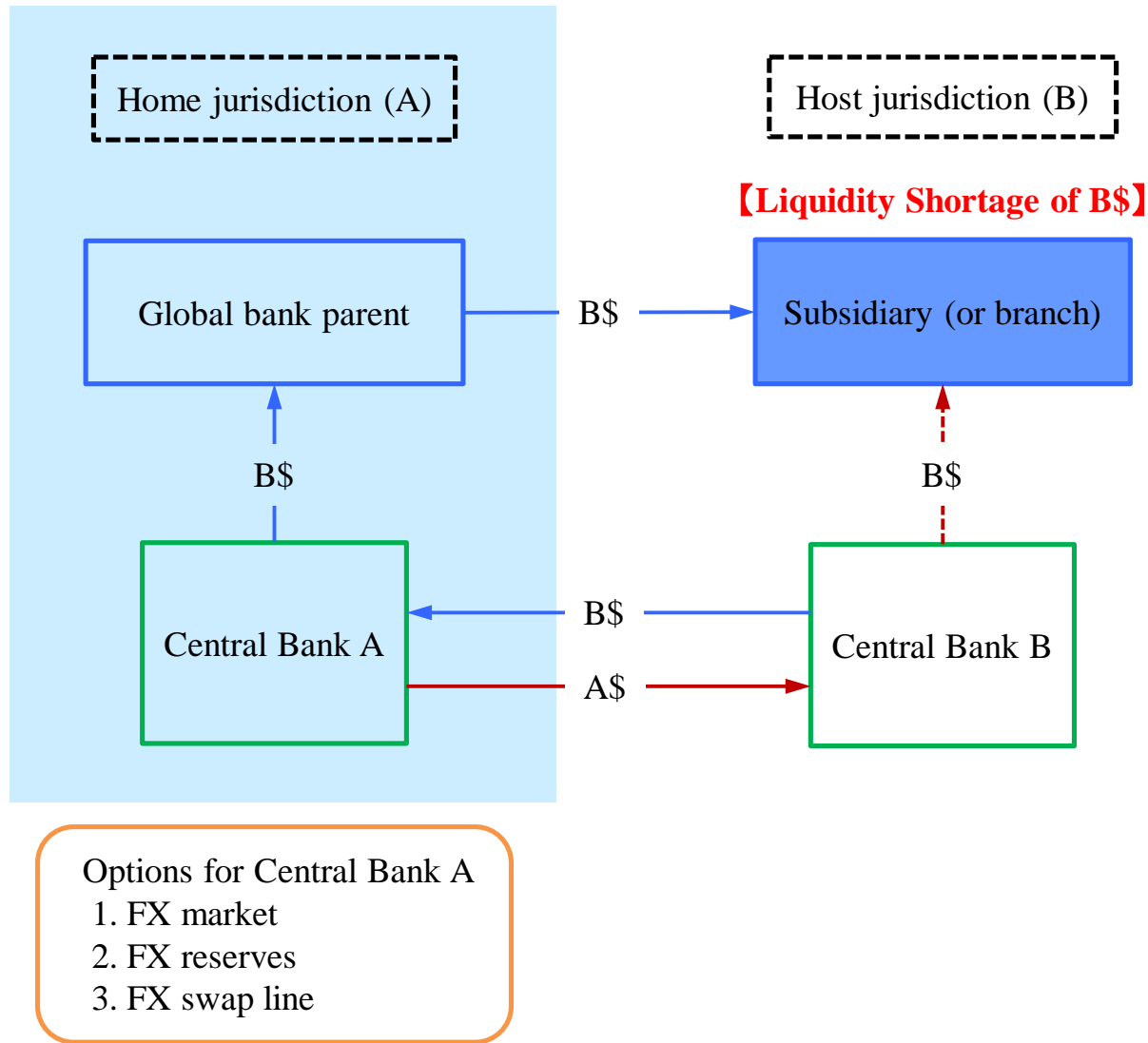


*Japan*



Notes: 1. Latest data for euro area as at end-September 2016, data for Japan as at end-June 2016.  
 2. In each chart, ▲/▼ indicates the timing and direction of monetary policy changes since 2013.  
 Sources: ECB; Ministry of Finance; BOJ.

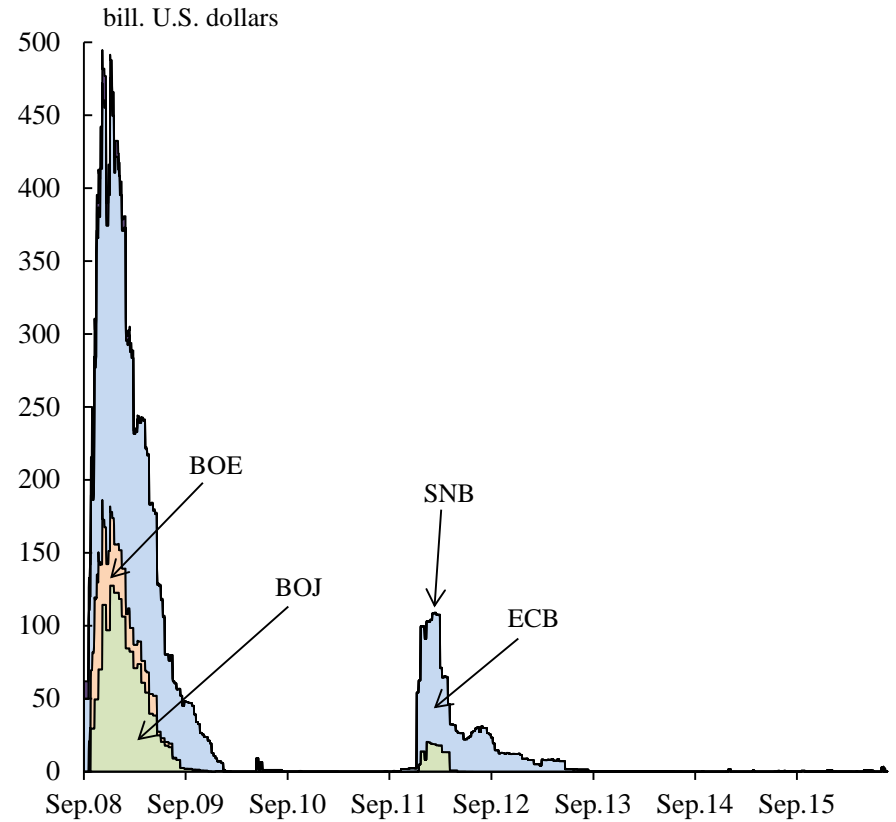
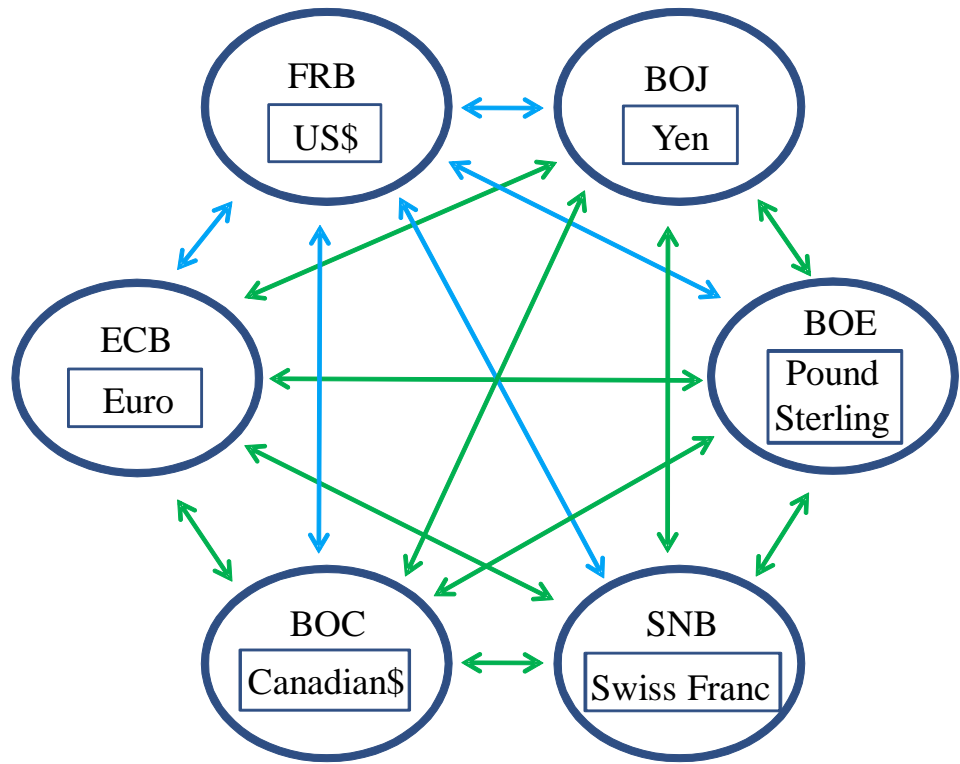
# Issues Related to Cross-border Liquidity Assistance (LA) by Central Banks



# Network of Central Banks Swap Lines

*Central Banks Swap Lines*

*Outstanding Amount of US\$ Funds Supplying Operation*



Sources: BOE; BOJ; ECB; SNB.