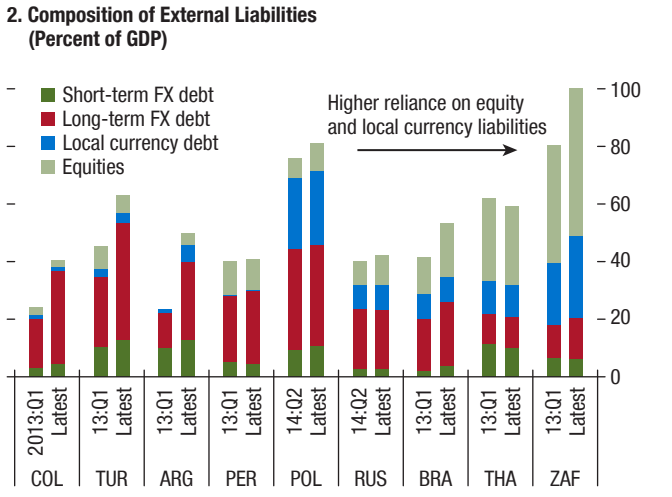
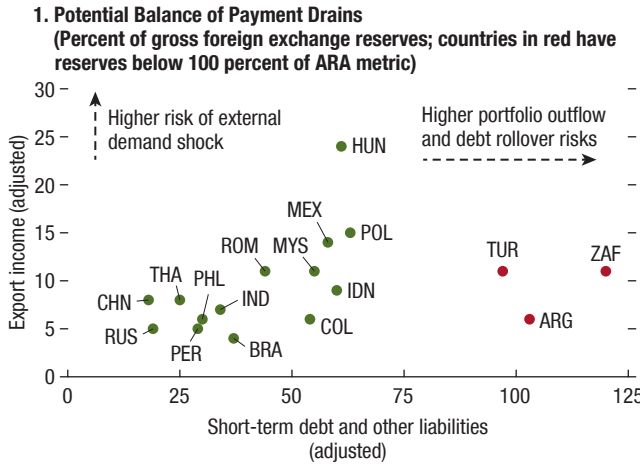


Figure 1.17. Reserve Buffers and Potential Foreign Exchange Liquidity Needs

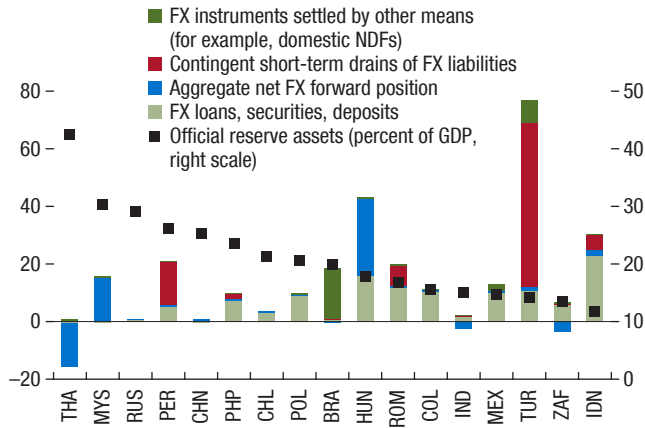
Large short-term debt liabilities to foreigners or a loss of export income could lead to substantial foreign exchange liquidity needs.

Countries with a high share of short-term foreign currency debt liabilities are most vulnerable to portfolio outflows.



Derivatives-related liabilities not captured by reserve adequacy metrics could lead to a sudden increase in foreign exchange liquidity needs.

3. Reserves and Potential Foreign Exchange Drains Due to the Use of Derivatives
(Percent of gross foreign exchange reserves, latest 2018 figures)



Sources: Bloomberg Finance L.P.; Haver Analytics; and IMF staff estimates.
 Note: In panel 1, the indicators are adjusted using the ARA weights. The numbers are as of end 2017. The ARA metric (panel 1) reflects potential balance-of-payment FX liquidity needs in adverse circumstances and is used to assess the adequacy of FX reserves against potential FX liquidity drains (see IMF 2015b). In panel 3, NDFs are nondeliverable forwards where counterparties settle the difference between contract rate and the prevailing rate without exchanging the notional value. Data labels in the figure use International Organization for Standardization (ISO) country codes. ARA = assessment of reserve adequacy; FX = foreign exchange.