

The international role of the euro: Trends, determinants and prospects

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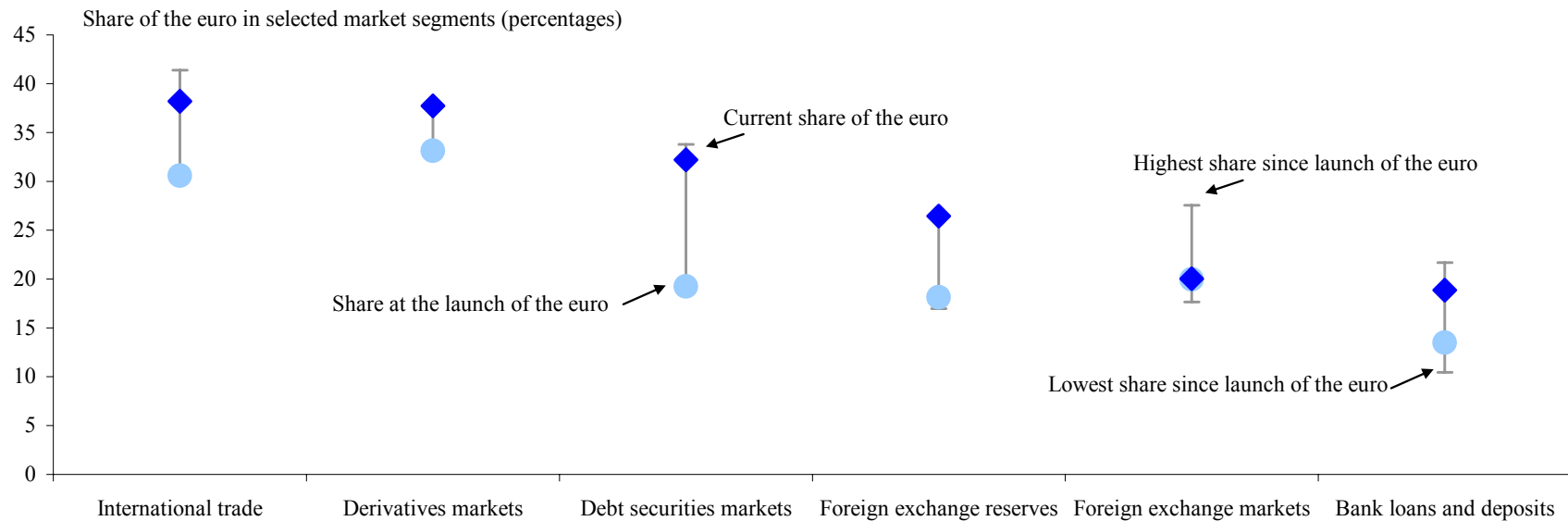
Brussels Economic Forum 2008
Economic and Monetary Union in Europe: 10 Years On

Outline

- Introduction
- The evolving international use of the euro
- The euro's current status as an international currency
- Key determinants of a currency's international role
- Prospects for the further internationalisation of the euro
- The ECB's position and the effects of policies

Chart 1: Share of the euro in selected markets

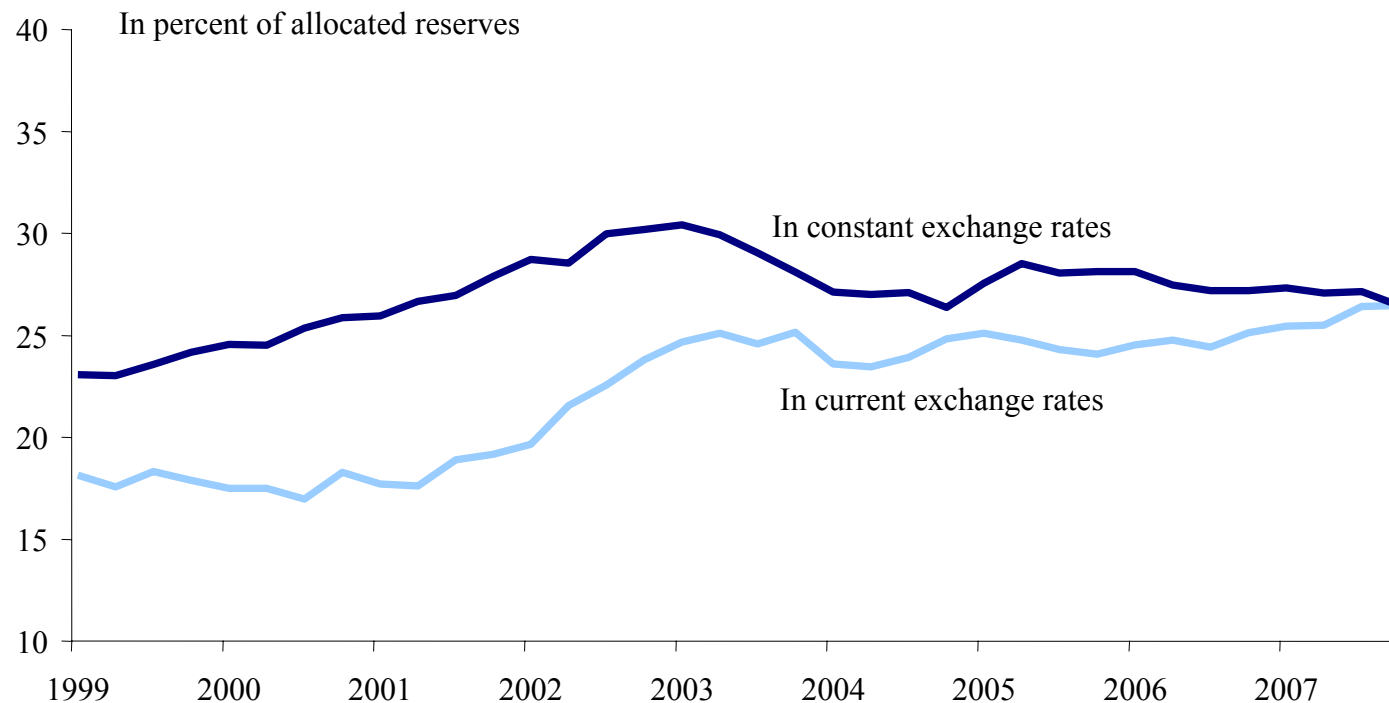
- Increase in the international use of the euro
- Consolidation of its role in many market segments



Sources: IMF, BIS, national sources and ECB calculations.

Notes: International trade: share of the euro in international trade invoicing and settlement; Derivatives: share of the euro in OTC interest rate derivatives; Foreign exchange reserves: share of the euro in global foreign exchange reserves (with disclosed currency composition at current exchange rates); Foreign exchange markets: share of the euro in CLS settlement, at current exchange rates.

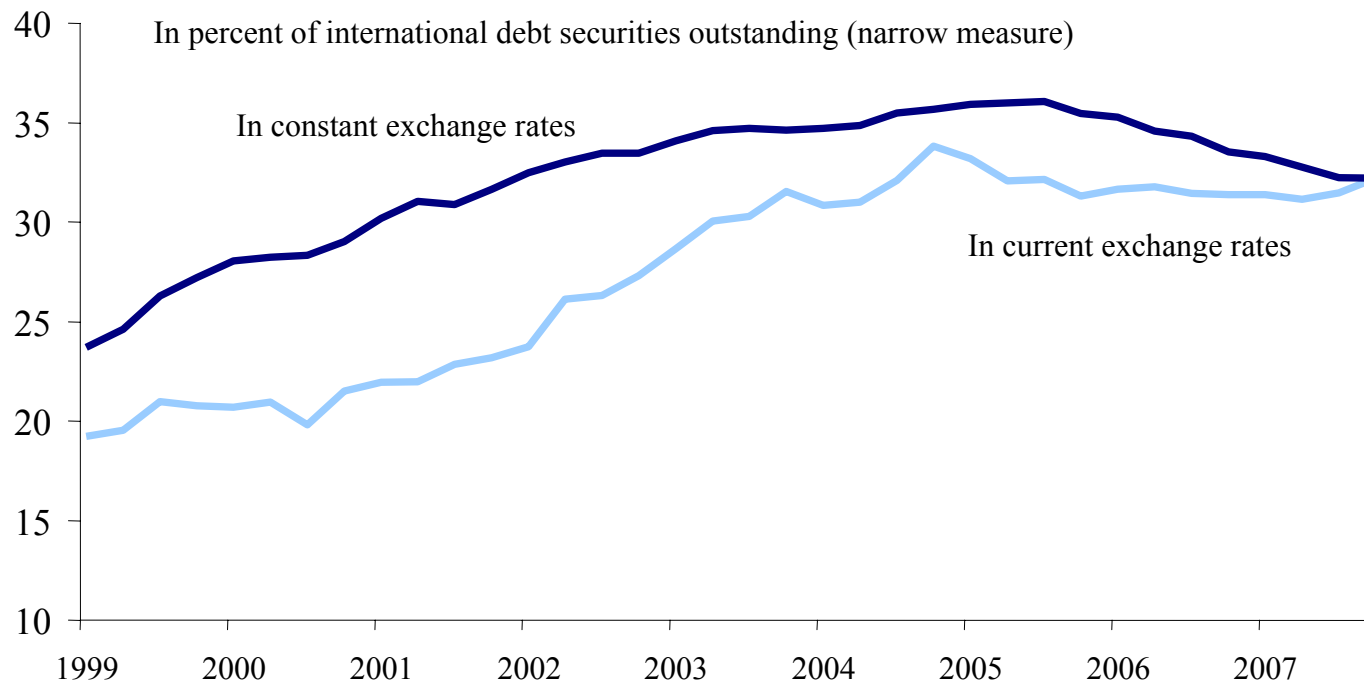
Chart 2: The share of the euro in global foreign exchange reserves



Sources: IMF and ECB calculations.

Notes: Constant exchange rate figures are expressed in exchange rates prevailing at the end of the last available observation. As a result, current and constant exchange rate figures are by construction the same for the last observation.

Chart 3: The share of the euro in international debt markets



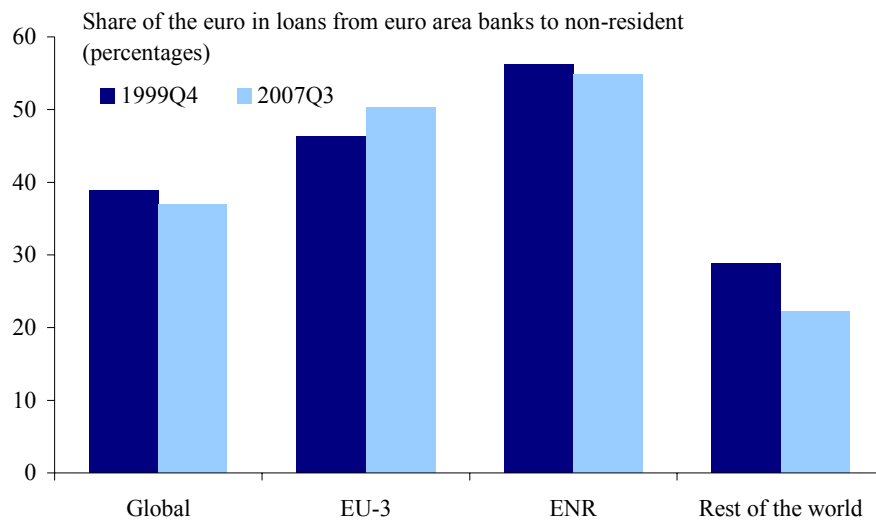
Sources: BIS and ECB calculations.

Notes: Constant exchange rate figures are expressed in exchange rates prevailing at the end of the last available observation. As a result, current and constant exchange rate figures are by construction the same for the last observation. The "narrow measure" of international debt excludes home currency issuance.

Chart 4: The regional dimension of the international use of the euro

Share of the euro in...

...cross-border loans

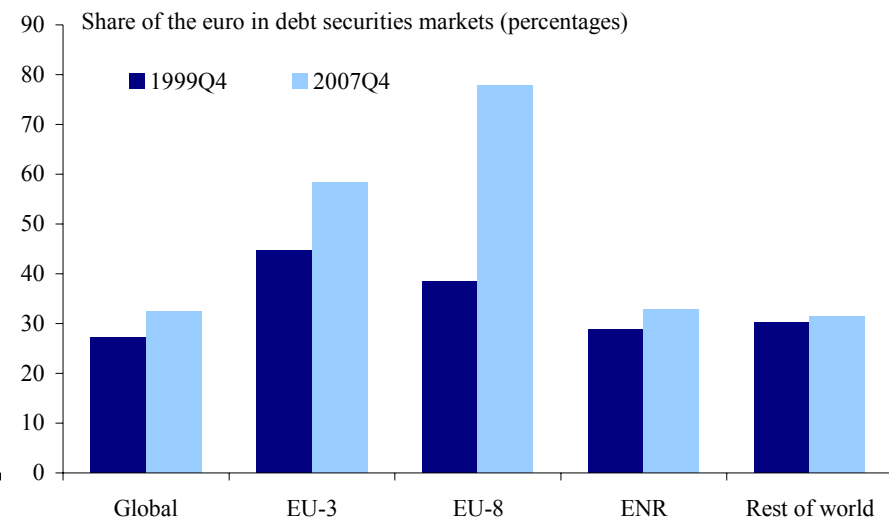


Sources: BIS and ECB calculations.

EU-3: UK, Denmark, Sweden

ENR: Other EU, other Europe, Africa, Middle East

... international debt securities

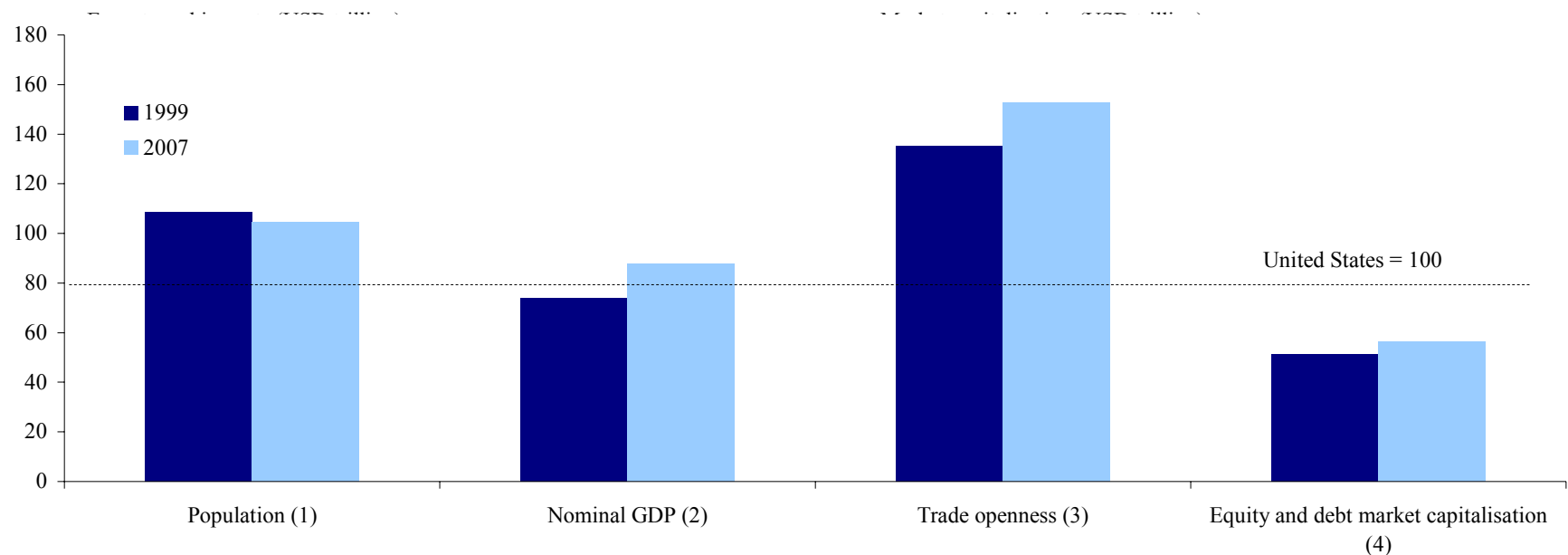


EU-3: UK, Denmark, Sweden

EU-8: Other non-euro area EU Member States

ENR: Other Europe, Africa, Middle East

Chart 5: The euro area in comparison with the United States



Sources: IMF, Eurostat, BIS and ECB calculations.

(1) measured in millions of citizens.

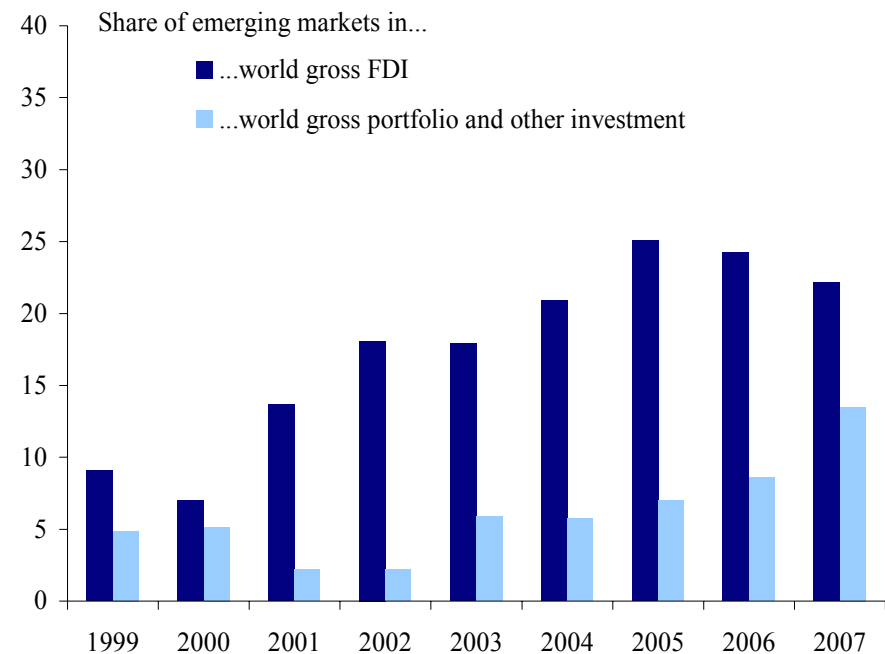
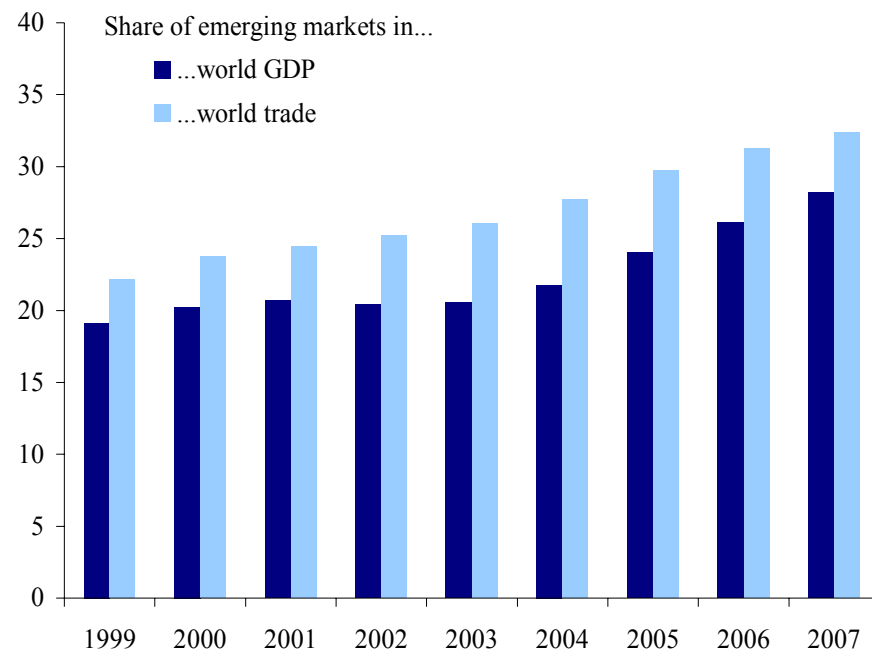
(2) measured in billions of dollars.

(3) measured as a percentage of GDP.

(4) measured as a percentage of GDP, latest data as of 2006.

Chart 6: Rapid change in international environment

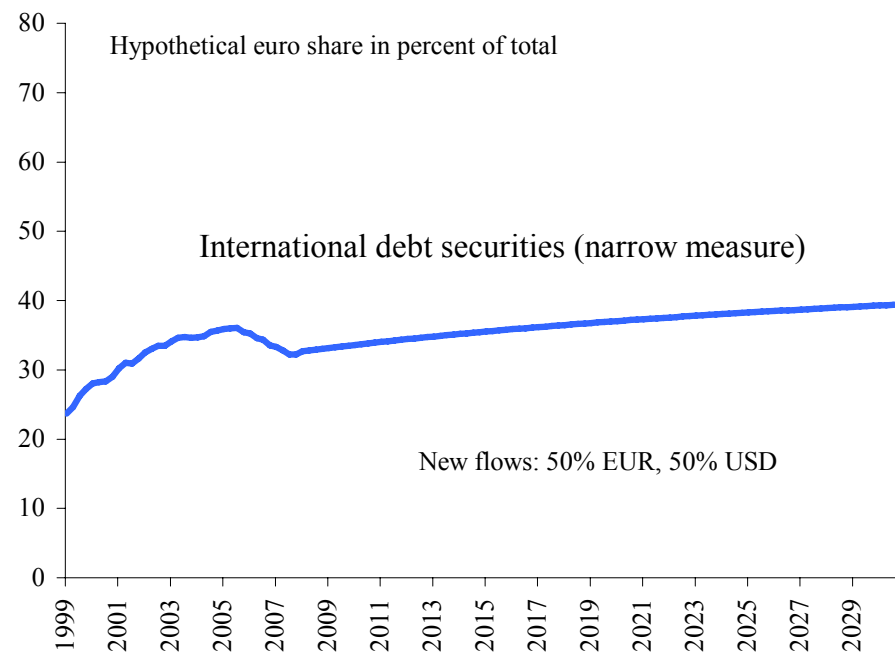
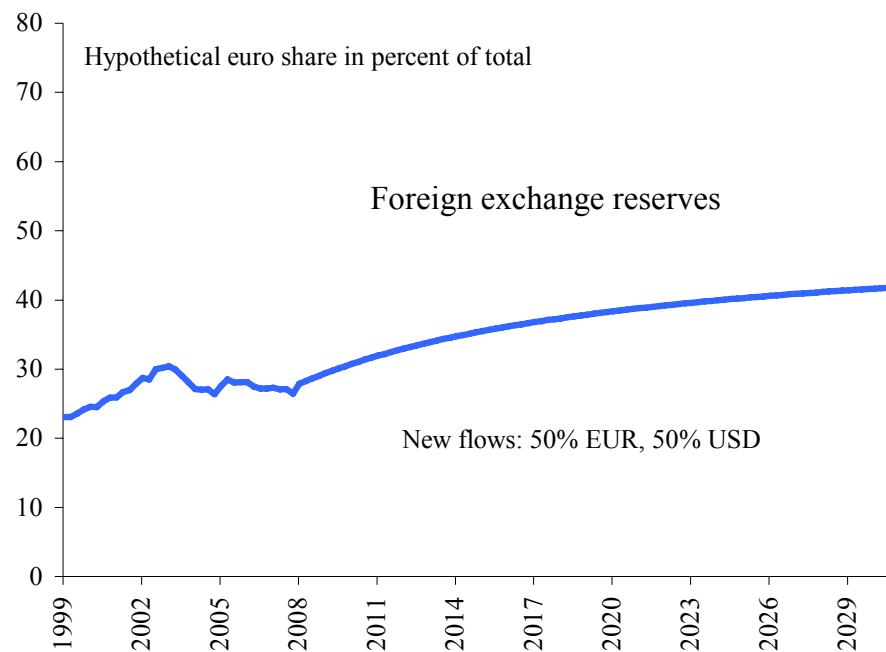
- Rising economic status of emerging markets
- Rapid integration of emerging markets into the world economy



Source: IMF.

Chart 7: Effects of the relationship between stocks and flows

- Stocks in many markets large (e.g. reserves USD 6.4 trillion)
- Gradual changes in currency composition of stocks likely



Sources: IMF, BIS and ECB calculations.