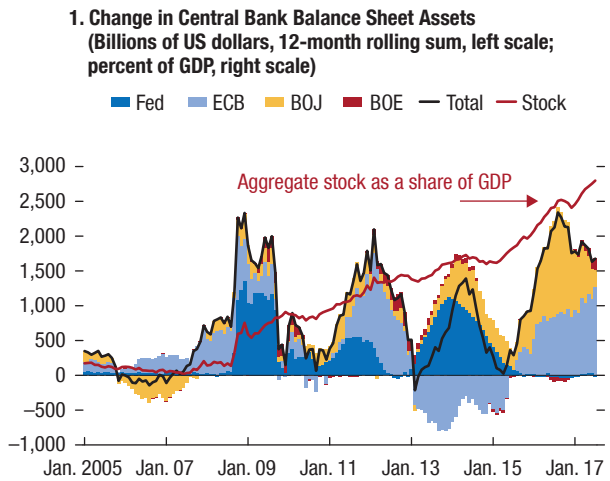


Figure 1.13. Central Bank Balance Sheets and the Sovereign Sector

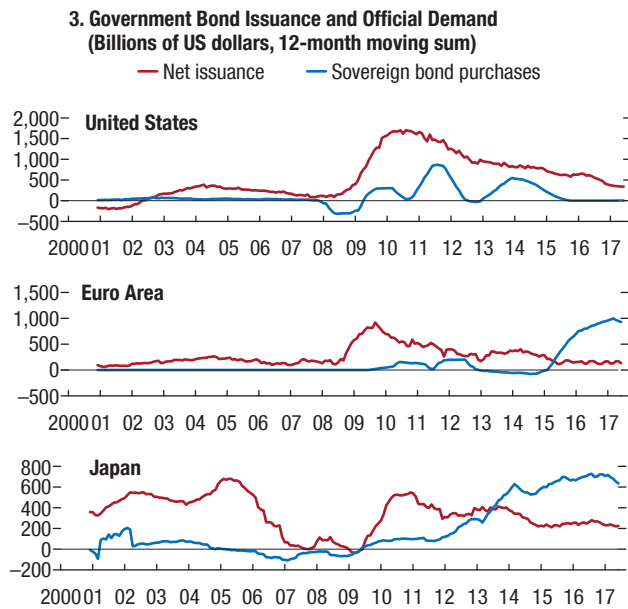
Central bank balance sheets have expanded because of large-scale asset purchases ...



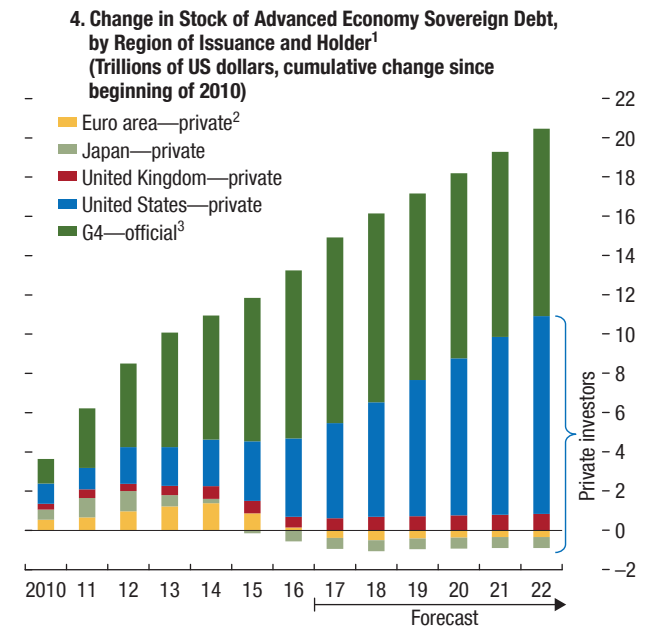
... leading domestic and foreign central banks to capture a sizable share of sovereign debt.



Large official purchases have outstripped net issuance in the euro area and Japan ...



... but going forward, the private sector will need to absorb additional supply.



Sources: Bank of England; Bank of Japan; European Central Bank; Federal Reserve; government sources; Morgan Stanley; World Bank; Arslanalp and Tsuda 2012, updated; and IMF staff estimates.

Note: Panels 2–4 exclude agency debt securities. In panel 4, debt stocks are converted to US dollars using end of quarter exchange rates; ECB net purchases are assumed to decline to a reduced pace and the asset purchase program extended to June 2018; Fed net purchases are assumed to follow the path outlined by the Fed starting in 2017:Q4; BOJ net purchases are assumed to equal forecast net supply; BOE net purchases are assumed to equal zero from 2017:Q1 onward. BOE = Bank of England; BOJ = Bank of Japan; ECB = European Central Bank; Fed = US Federal Reserve; G4 = euro area, Japan, United Kingdom, United States; QE = quantitative easing.

¹Forecasts use forecasted central government net lending/borrowing.

²The following member countries of the euro area are included: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, and Spain.

³Until end-2016, debt absorbed by central banks and foreign and supranational institutions; from 2017 onward, aggregated central bank purchases.