

SPIILLOVER

NOTES

SPIILLOVERS FROM

Dollar Appreciation

**A Staff Team Comprising Julian Chow, Florence Jaumotte, Seok Gil Park,
and Yuanyan Sophia Zhang**

SPIILLOVER

NOTES

SPIILLOVERS FROM

Dollar Appreciation

**A Staff Team Comprising Julian Chow, Florence Jaumotte, Seok Gil Park,
and Yuanyan Sophia Zhang**

Spillovers from Dollar Appreciation

*A staff team comprising Julian Chow (Monetary and Capital Markets Department), Florence Jaumotte (team leader), Seok Gil Park (Research Department), and Yuanyan Sophia Zhang (Strategy, Policy, and Review Department)**

**with support from Ava Yeabin Hong, Gabi Ionescu, and Marina Rousset (all Research Department)*

I N T E R N A T I O N A L M O N E T A R Y F U N D

Copyright © 2015

International Monetary Fund

Cataloging-in-Publication Data

Spillovers from Dollar Appreciation/prepared by Florence Jaumotte ... [et al.]. – Washington, D.C.: International Monetary Fund, 2015.
pages ; cm – (report)

Includes bibliographical references.

ISBN: [...]

1. Spillover effects 2. Dollar appreciation 3. Emerging Markets 4. Exchange rates
I. Jaumotte, Florence II. International Monetary Fund. IV. Title: Spillovers from Dollar Appreciation

ISBN: 9781475541427 (paper)

ISBN: 9781475541526 (ePub)

ISBN: 9781475541533 (Mobipocket)

ISBN: 9781475541557 (Web PDF)

This report presents research by IMF staff on issues of policy interest. The views expressed in this paper are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

Publication orders may be placed online, by fax, or through the mail:

International Monetary Fund, Publication Services

P.O. Box 92780, Washington, DC 20090, U.S.A.

Tel. (202) 623-7430 Fax: (202) 623-7201

E-mail: publications@imf.org

www.imfbookstore.org

www.elibrary.imf.org

Contents

| | |
|--|-------------------------------|
| Introduction | 2 |
| 1. Event Analysis: Evolution of Exchange Rates and Macroeconomic Conditions ... | 4 |
| 2. Country-Level Balance Sheet Analysis | 11 |
| 3. Balance Sheet Risks in Emerging Market Firms..... | 18 |
| Appendix 1 | 27 |
| References | 30 |

Figures

| | |
|--|--------------------|
| 1. United States: Real Exchange Rates..... | 4 |
| 2. Underlying Forces for Exchange Rate Movements | 5 |
| 3. Depreciation Rates for Analytical Groups of Countries | 6 |
| 4. Initial Conditions of Crisis and Noncrisis Countries in 1995 Episode | 7 |
| 5. Key Macroeconomic Variables During the 1995–2001 Episode | 8 |
| 6. Key Macroeconomic Variables During the 2011–2015 Episode | 9 |
| 7. Net International Investment Position in Emerging Markets and Low-Income Countries | 12 |
| 8. Net International Investment Position Decomposition, Foreign Exchange Debt Assets, and Liabilities for Select Emerging Markets..... | 14 |
| 9. Distribution of Balance Sheet and Competitiveness Effects..... | 16 |
| 10. Emerging Market Corporate Debt Exposures | 19 |
| 11. Corporate Bonds Maturity Structure and Sectoral Exposures..... | 22 |
| 12. Weakening Corporate Credit Metrics..... | 23 |
| 13. Corporate Stress Test and Impact on Banks..... | 25 |