



# International Monetary Fund

May 21, 2024

## 2024 Financial Market Conference

### Policy Session 3: The US Dollar in the International Financial System

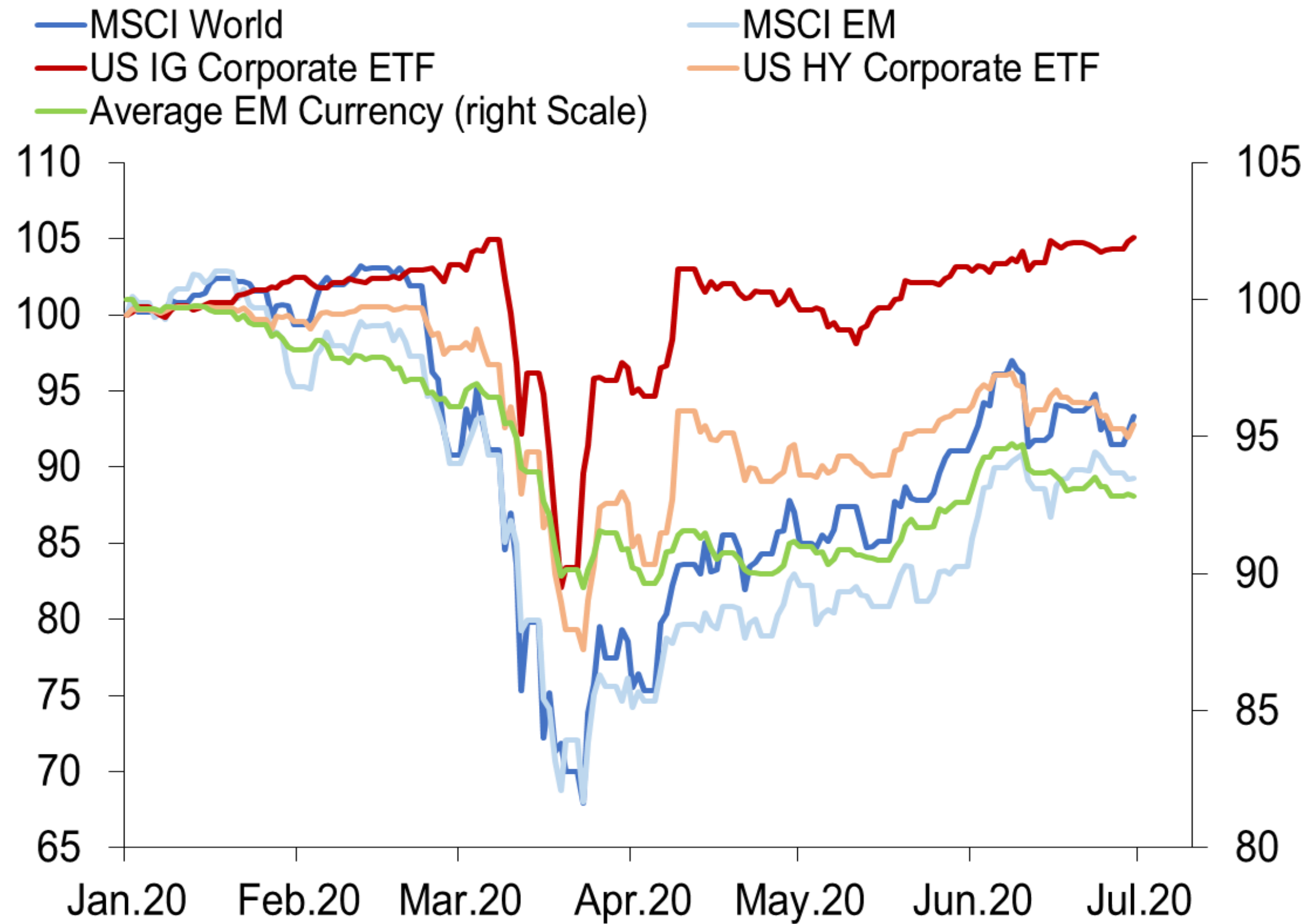
*Fabio M. Natalucci*

*Deputy Director*

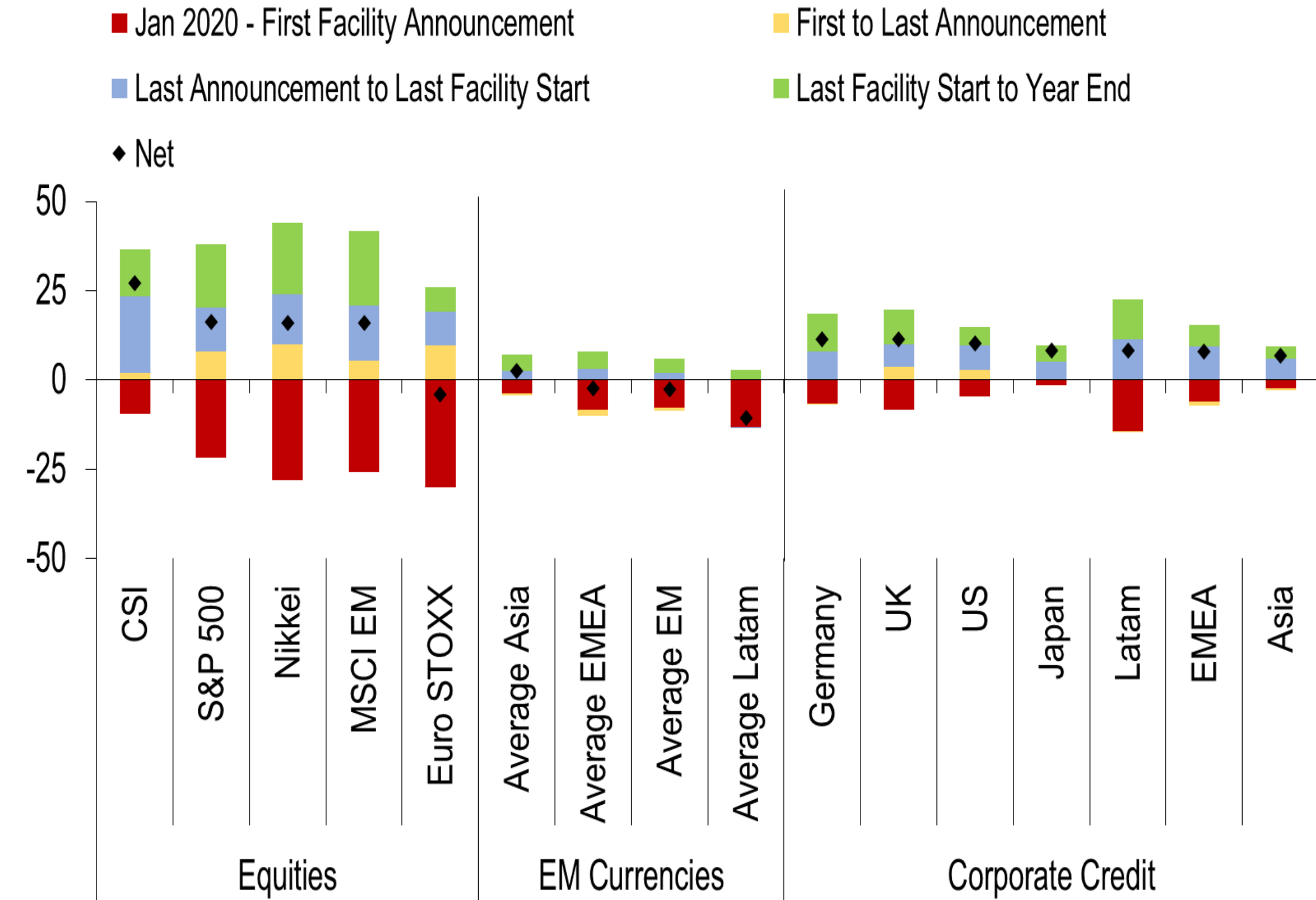
*Monetary and Capital Markets Department*

# Broad-based Rally in Global Risk Assets After Announcement of Fed COVID Liquidity Facilities...

**Cross-asset Performance**  
(Index, Jan 2020 = 100)



**Cross-asset Performance**  
(Percent; total return)



Sources: Bloomberg, IMF staff calculations.

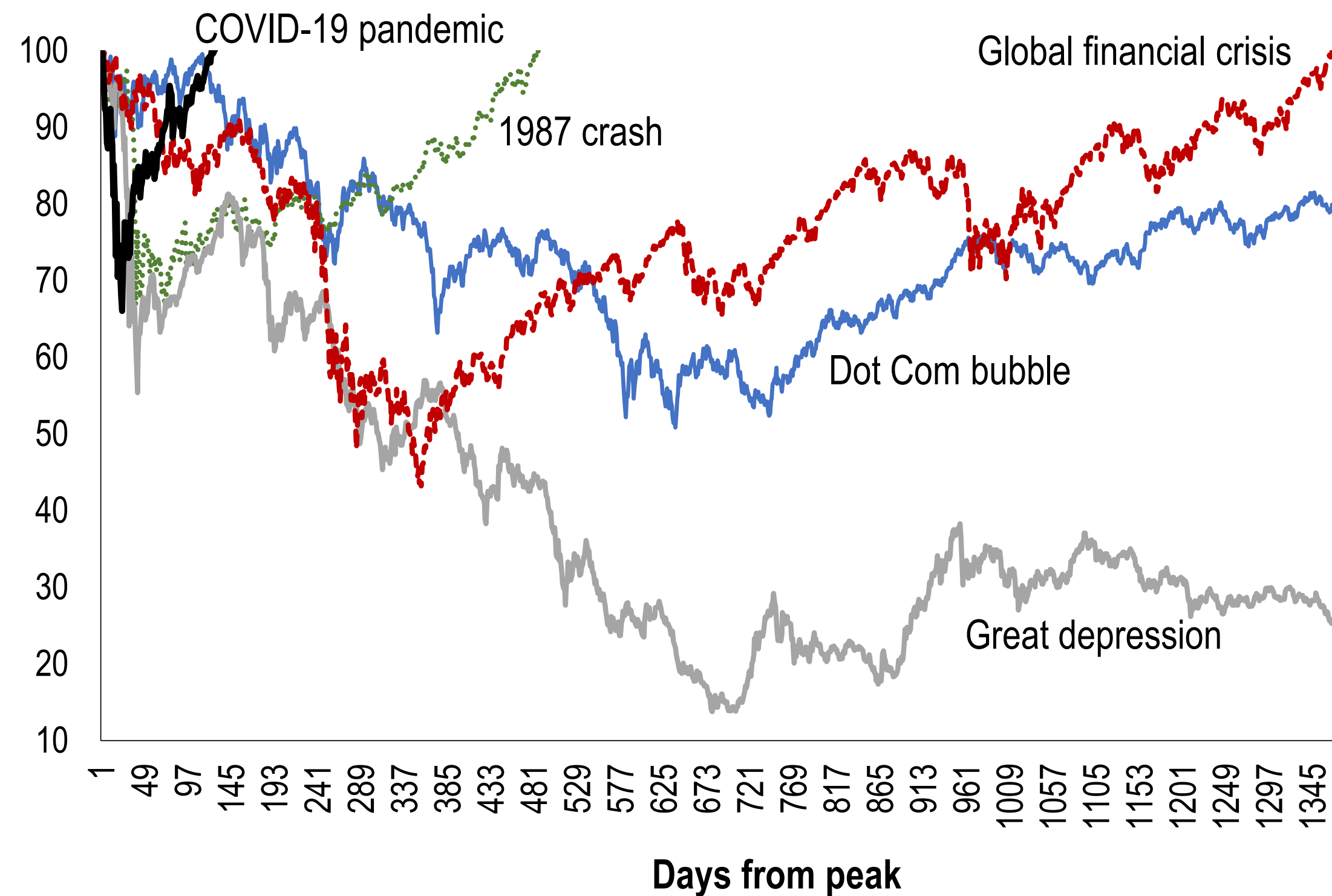
Sources: Bloomberg, Federal Reserve Bank of New York, IMF staff calculations.

Notes: Dates for each stage: Red – 1/1/20 to 3/17/20; Yellow - 3/17/20 to 4/9/20; Blue – 4/9/20 to 7/6/20; Green – 7/6/20 to 12/31/20. EM Currencies include Argentina, Brazil, Bulgaria, Chile, China, Colombia, Czech, Hong Kong, Hungary, India, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Romania, Russia, South Africa, South Korea, Taiwan, Thailand, Turkey.



# ...Spectacular Rebound in Risky Asset Prices Compared to Earlier Crises

## S&P 500 During Major Crashes

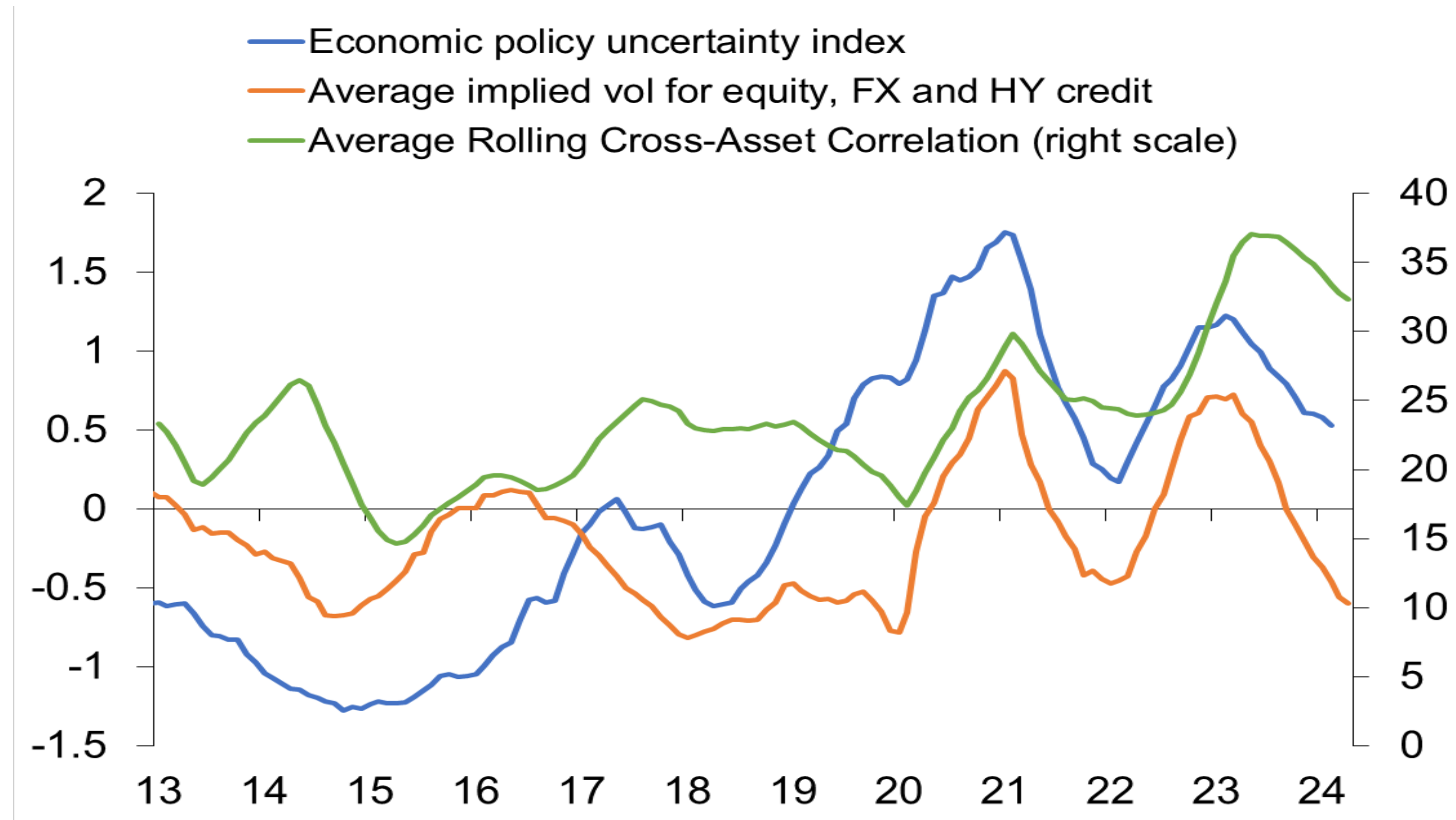


Source: Adrian, Natalucci, and Qureshi (2023, *Annual Review of Financial Economics*).

Note: The figure shows the cumulative percentage change in the S&P 500 index from its pre-crash peak during major crises.

# Despite Elevated Uncertainty, Financial Market Volatility Compressed and Correlations High

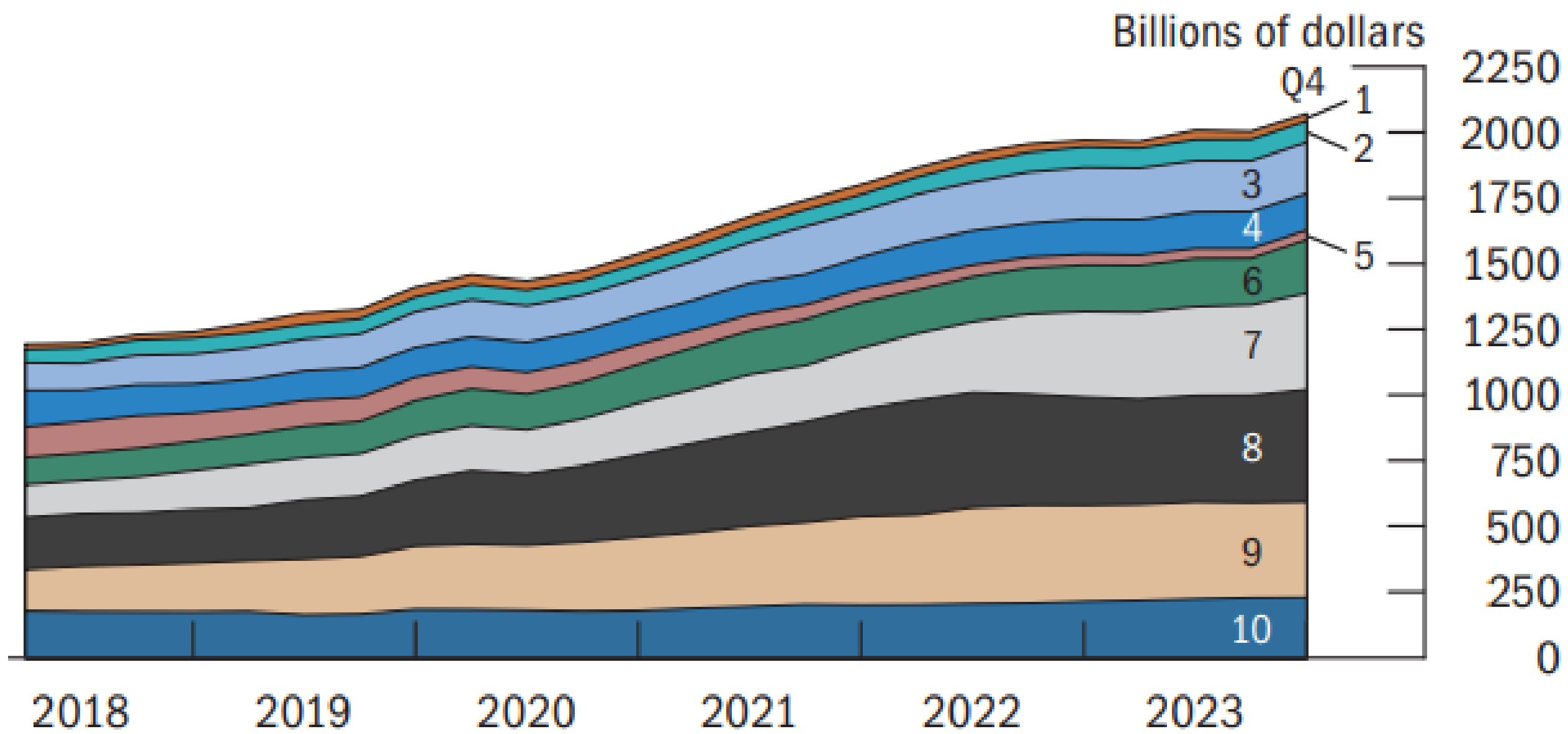
## Global Economic Uncertainty, Market Volatility, and Cross-Asset Correlation (Z-Score right scale, Average Rolling Cross-Asset Correlation left scale)



Sources: Bloomberg, IMF staff calculations.  
Note: Z-Scores and Cross-Asset Correlation are 12 month moving averages.

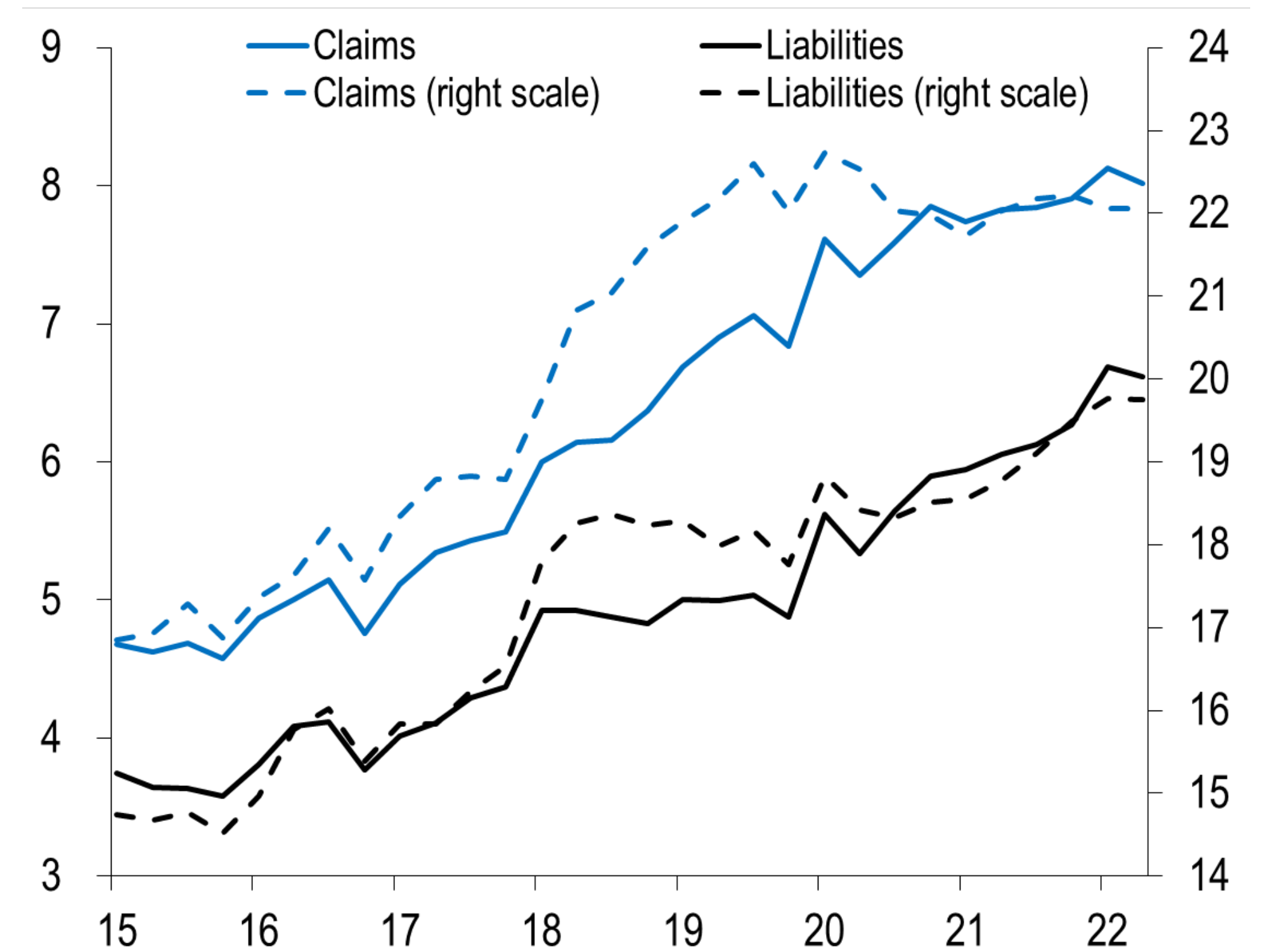
# Financial Linkages of NBFIs

**US Bank Credit Commitments to Nonbank Financial Institutions**  
(Billions, USD)



- Quarterly
- 1. Financial transactions processing
  - 2. Private equity, BDCs, and credit funds
  - 3. Broker-dealers
  - 4. Insurance companies
  - 5. REITs
  - 6. Open-end investment funds
  - 7. Special purpose entities, CLOs, and ABS
  - 8. Other financial vehicles
  - 9. Real Estate lenders and lessors
  - 10. Consumer lenders, other lenders, and lessors

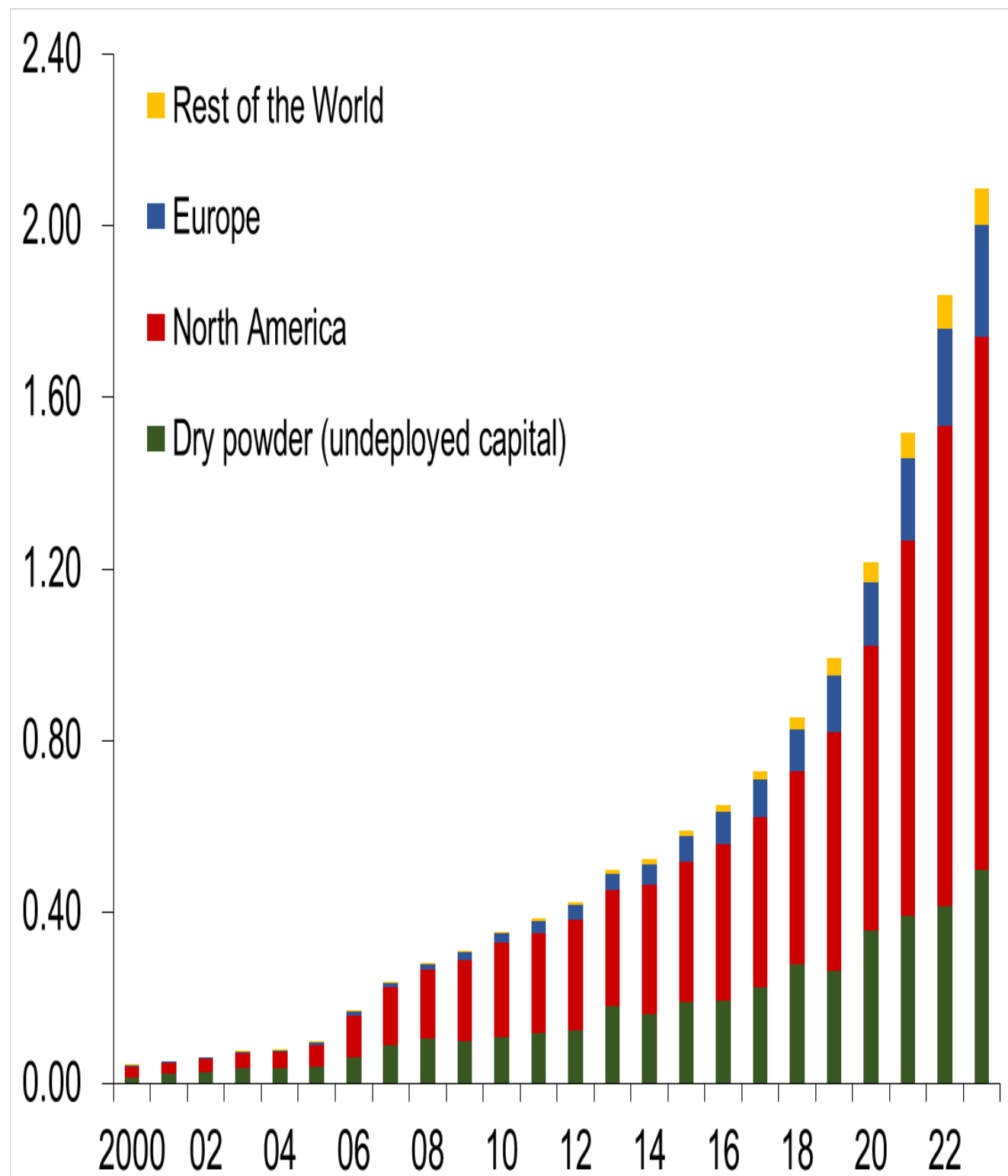
**Banks' Cross-Border Linkages with Nonbank Financial Intermediaries across Jurisdictions**  
(Trillions, USD left scale; Percent of total cross-border liabilities and claims right scale)



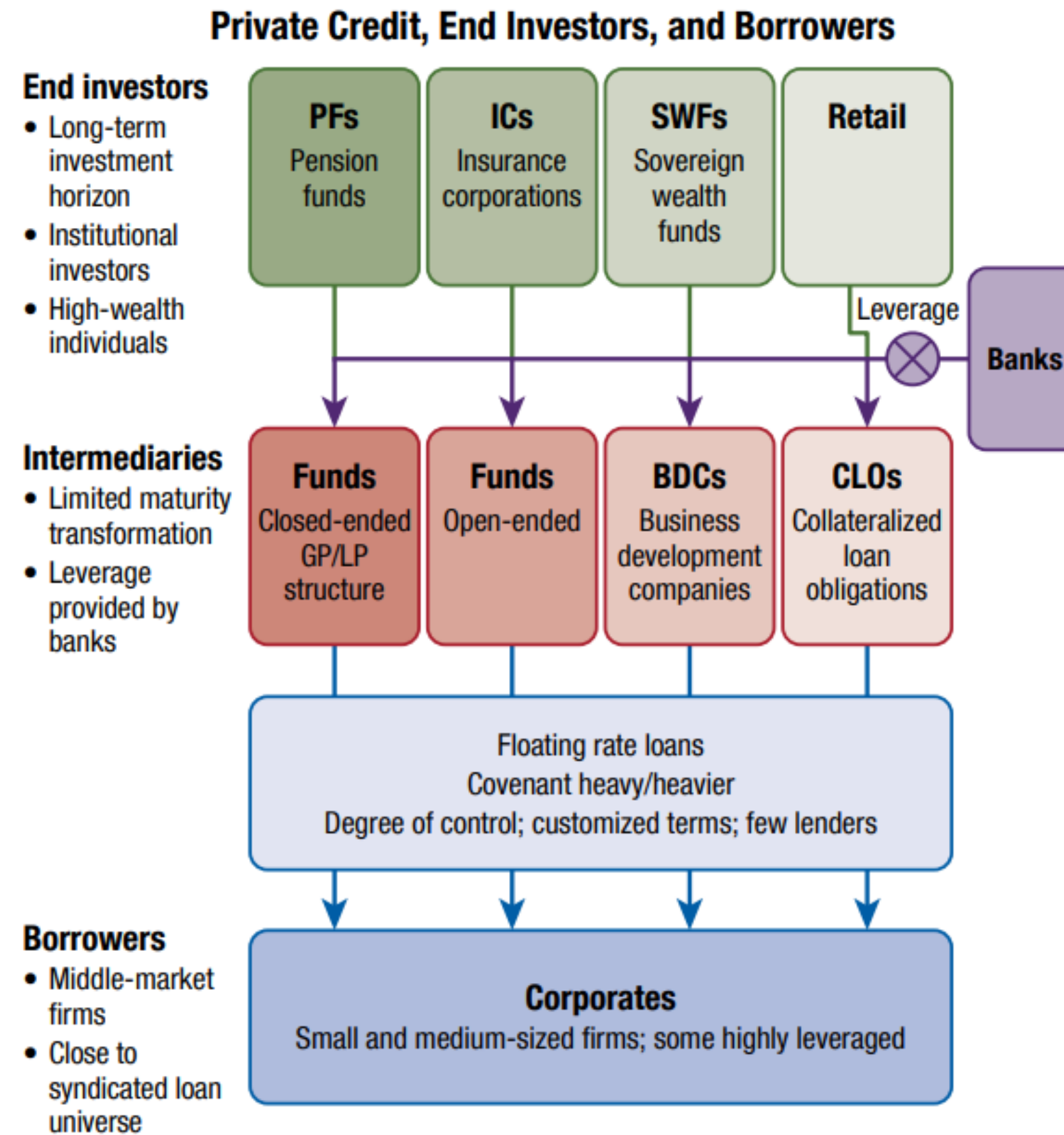


# Overview of Private Credit

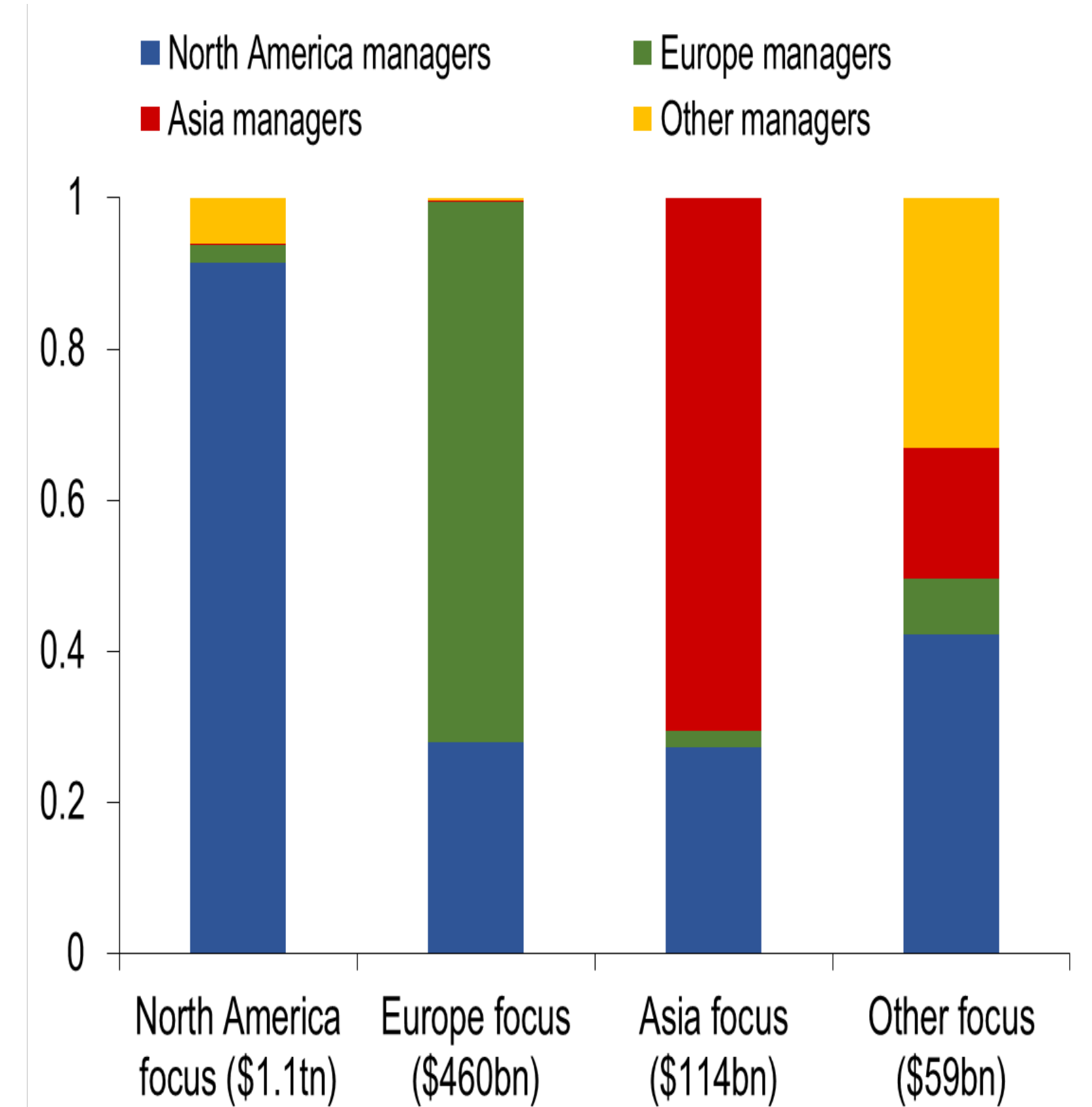
## Private Credit Markets Growth (Trillions, USD)



## Private Credit Ecosystem



## Geographical Focus of Private Credit Funds' Managers (Percent, as of June 2023)



Sources: Preqin, IMF's April 2024 Global Financial Stability Report, and IMF staff calculations.