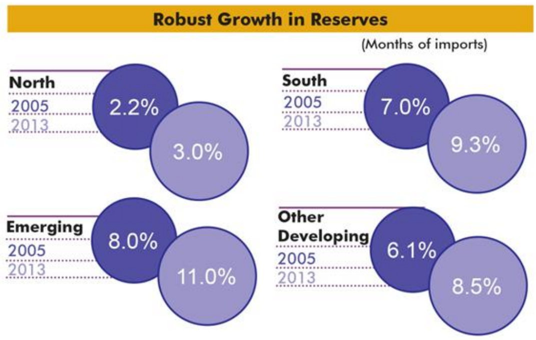
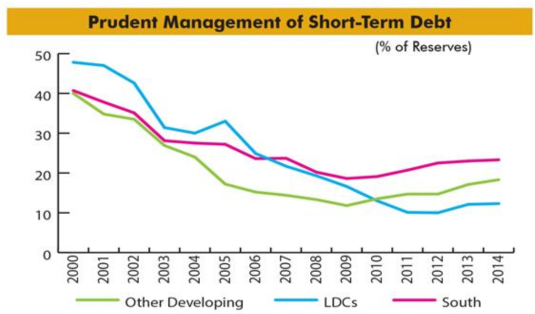
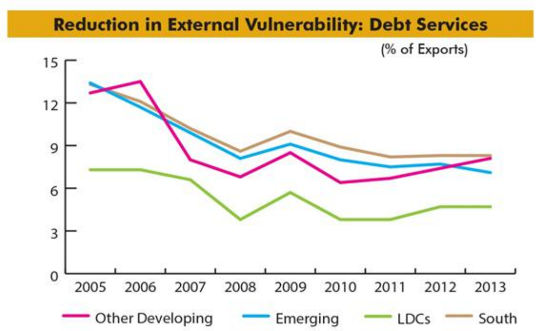
SSC in Statistics

Financial Resilience in the South*

Financial resilience has returned to the South after decades of fragility and crises. Countries in the South are more resilient now compared to the 1990s and 2000s. Reserve holdings are adequate to cover imports and balance of payment fluctuations. Over the period 2005-13, reserve stock has improved by 242 per cent, 197 per cent and 301 per cent for the emerging markets, developing economies and the LDCs respectively. Higher import cover shows enhanced preparedness of the Southern countries to withstand any distortions in trade-related external imbalances. There has been remarkable achievement on the debt front. Overall debt servicing capacity improved considerably for the South as a whole and for the emerging markets, other developing countries and LDCs.







Short-term debt, the most contagious component of external vulnerability, is within the manageable proportions. Although the volume of short term debt increased after the global recession during 2007-09, the historical trends demonstrate greater resilience in the South in the recent years. Gradual lowering of interest payments burden further contributes to the strength of the Southern economies in mitigating the external vulnerabilities. The bilateral currency swap arrangement contributes to import payments in local currencies and preventing the parties from liquidity shocks.

* Resurging South Stylized Facts, (2016): Prepared by RIS Team