



International Liquidity Statement

International Reserves and Foreign Currency Liquidity Template

The international reserves and foreign currency liquidity template shows consolidated numbers for the Central Bank of Chile and the Central Government. Therefore, these numbers do not represent the situation of the Central Bank, which is in no way responsible for the payment of the Central Government's commitments. This is derived from the Central Bank's legal status as an independent institution.

This template provides information on international reserves and foreign currency liquidity of the Central Bank and the Central Government, according to the Dissemination Standards Bulletin Board (DSBB) to which Chile has subscribed.

Globalization, innovation and crises in international financial markets during recent years have raised awareness of the importance of supplementing traditional data on international reserves, with additional, timely data that enable a better assessment of the authorities' foreign exchange liquidity position and exposure to exchange rate risk.

Structure of the template

1. Foreign currency resources position

This is a broader concept than that of international reserves, because:

-It covers all foreign currency liquid assets, regardless of whether they are issued by residents or non-residents.

-It covers both monetary authorities and the central government.

2. Predetermined drains

This section shows predetermined net demands on foreign currency resources in the short term, i.e., falling due within the 12 months following the date of reference. These positive or negative drains are known or scheduled, and stem from contractual obligations or rights. Net predetermined drains are broken down into three subperiods: up to one month; over one month and up to three months; over three months and up to one year.



3. Contingent net drains

This section shows possible net drains (outflows net of inflows), which may affect the authorities' foreign currency resources within the twelve months following the date of reference, stemming from contingent obligations or rights such as options, guarantees and others. Net contingent drains are also presented broken down into three subperiods. In the case of options, "stress tests" are called for, in order to determine net drains in different exchange rate scenarios.

4. Memorandum items

This section shows supplementary information and details deemed useful for assessing the authorities' international reserves and foreign exchange liquidity position and exposure to exchange rate risk, as well as for the sake of transparency. For example, data on domestic debt indexed to the exchange rate, pledged assets and others, are included. Information on the currency composition of the authorities' foreign exchange position is also covered.

Application to Chile

The template with data for Chile is published monthly, with a one month lag at the most, and refers to end-period figures. Because of the characteristics of Chile's exchange rate regime and its system for managing official foreign currency resources, some parts of the template are not applicable .

Outstanding features in Chile's data are:

- Foreign currency resources of the Central Bank and the Central Government are comprised basically by International Reserves.
- The main drains are amortization and interest payments on the government's foreign debt and the Central Bank's domestic liabilities with the private sector.
- Significant among memorandum items are the Central Bank's PRDs , which are promissory notes payable in pesos, but indexed to the US dollar, and therefore, subject to exchange rate risk..

A more detailed presentation of the template may be found on the IMF's page on data dissemination, at the following address:<http://dsbb.imf.org/appendix.pdf>