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Bank For International Settlements: First Half Of 1988 Continued Decline In Lending To Latin America

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In a report titled "Maturity and sectoral distribution of international bank lending - developments in the first half of 1988," released Jan. 6, the Bank for International Settlements (BIS) stated that stagnation continued in overall lending by reporting banks to countries outside the reporting area during the first half of last year after excluding effects of exchange rate movements. The reporting area consists of the Group of 10 countries plus Denmark, Austria, Luxemburg and Spain. The report said that for the period there were "pronounced differences across groups of countries, with an expansion in new credits to developed countries and Eastern Europe, but a further reduction in reported claims on developing countries, particularly in Latin America." Next, the BIS reported "a modest over-all shortening of the maturity profile of claims on outside-area countries, but in a few significant instances a lengthening of maturities owing to debt reschedulings." Additional highlights are summarized below: * In the first half of 1988, "cross-border plus local foreign currency claims of reporting banks on countries outside the reporting area declined in current dollar terms by \$26.3 billion, or 4%, to a total of \$649.9 billion. However, after excluding the effects of exchange rate movements..., claims on countries outside the reporting area recorded a marginal increase of \$1.2 billion, after a two-billion-dollar decline in the second half of 1987. * "By contrast, new deposits received from these countries, which had already expanded by nearly \$20 billion in the second half of 1987, rose by a further \$22.2 billion on an exchange-rate-adjusted basis." On the same basis, "There appears to have been a small increase in credit to banks and a marginal contraction in outstanding claims on non-bank private entities." (Basic data from AFP, 01/06/89)

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