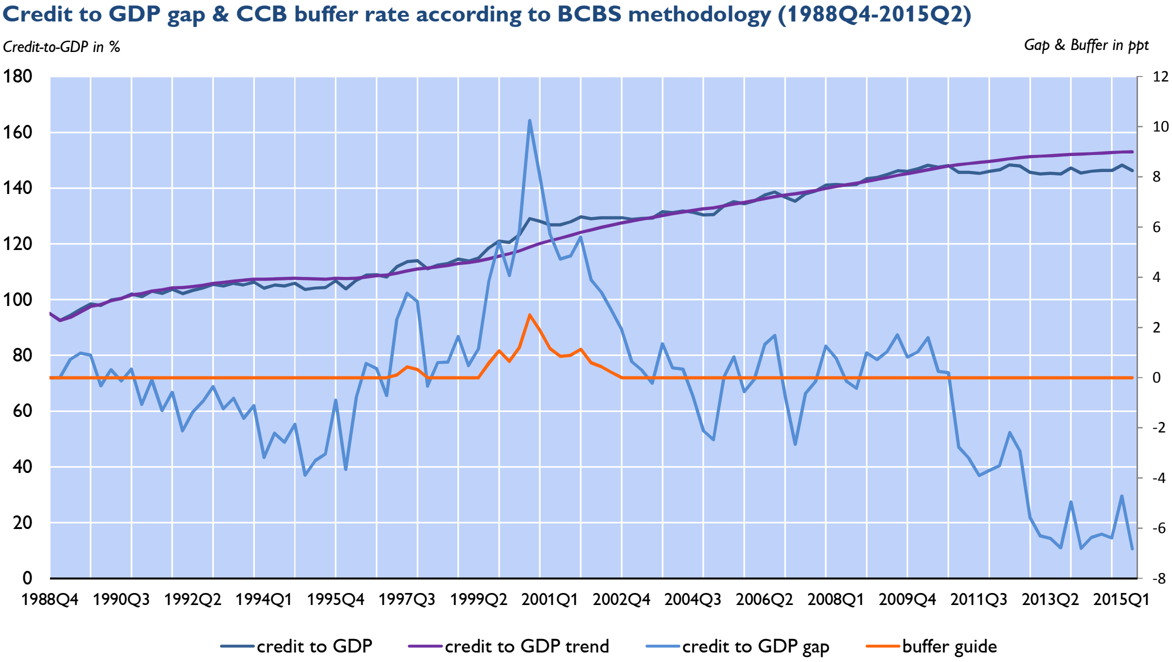
FMSG
FINANZMARKTSTABILITÄTSGREMIUM

Indicators for the Countercyclical Capital Buffer

Figure 1: Credit-to-GDP gap



Remark: "Credit" includes total credit and domestic bank credit to the private nonfinancial sector.
Source: OeNB.

Explanation: The credit-to-GDP gap (light blue line, right axis) is defined as the difference between the credit-to-GDP time series (dark blue line, left axis) and credit-to-GDP trend (purple line, left axis). A positive gap indicates that the current credit-to-GDP value is higher than its trend. According to the BCBS methodology this is a sign of excessive credit growth.

Table 1: Assessment of cyclical risk

Category	Selected Variables	Cyclical risk assessment	
		previous quarter	this quarter
Mispricing of risk	high yield bond spread, banks' interest margin	● (yellow)	● (yellow)
Strength of bank's balance sheets	leverage ratio (unconsolidated)	● (green)	● (green)
Credit developments	credit private sector (corporates, households)	● (green)	● (green)
Overvaluation of property prices	fundamentals indicator for residential property prices, price-to-income/rent ratio	● (yellow)	● (yellow)
Private sector debt burden	debt private households, debt corporates (incl. equity ratio)	● (yellow)	● (yellow)
External imbalances	current account in % of GDP	● (green)	● (green)