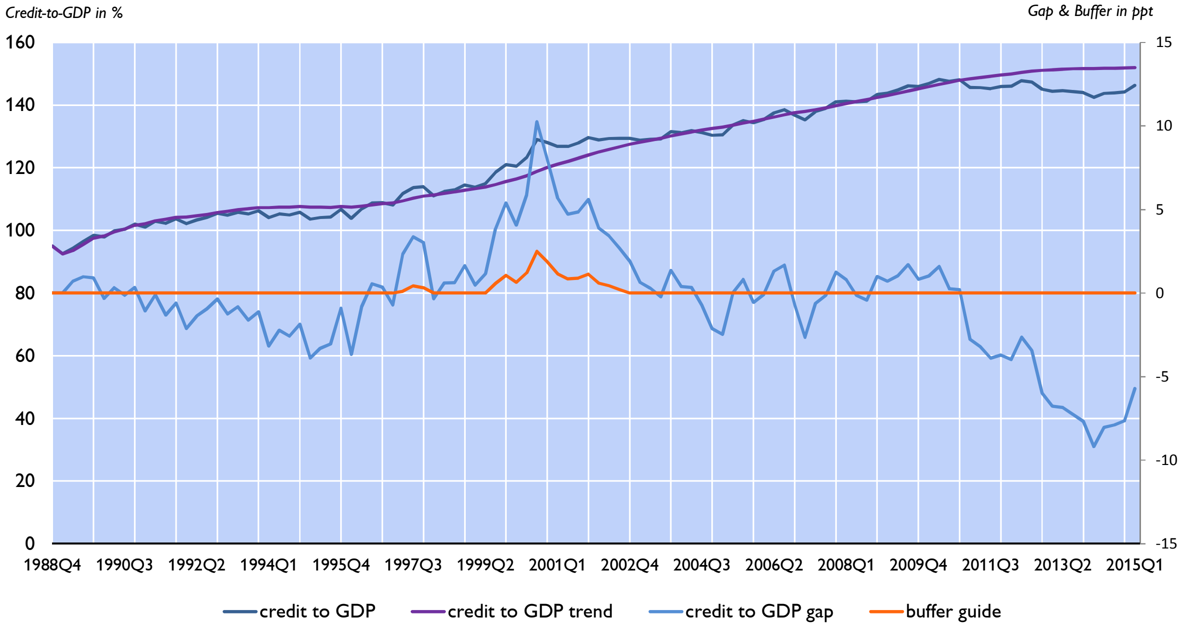
FMSG
FINANZMARKTSTABILITÄTSGREMIUM

Indicators for the Countercyclical Capital Buffer

Figure 1: Credit-to-GDP gap

Credit to GDP gap & CCB buffer rate according to BCBS methodology (1988Q4-2015Q1)



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

<u>Explanation:</u> 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		
Strength of bank's balance sheets	leverage ratio (unconsolidated)		
Credit developments	credit private sector (corporates, households)		
Overvaluation of property prices	fundamentals indicator for residential property prices, price-to-income/rent ratio		
Private sector debt burden	debt private households, debt corporates (incl. equity ratio)		
External imbalances	current account in % of GDP		