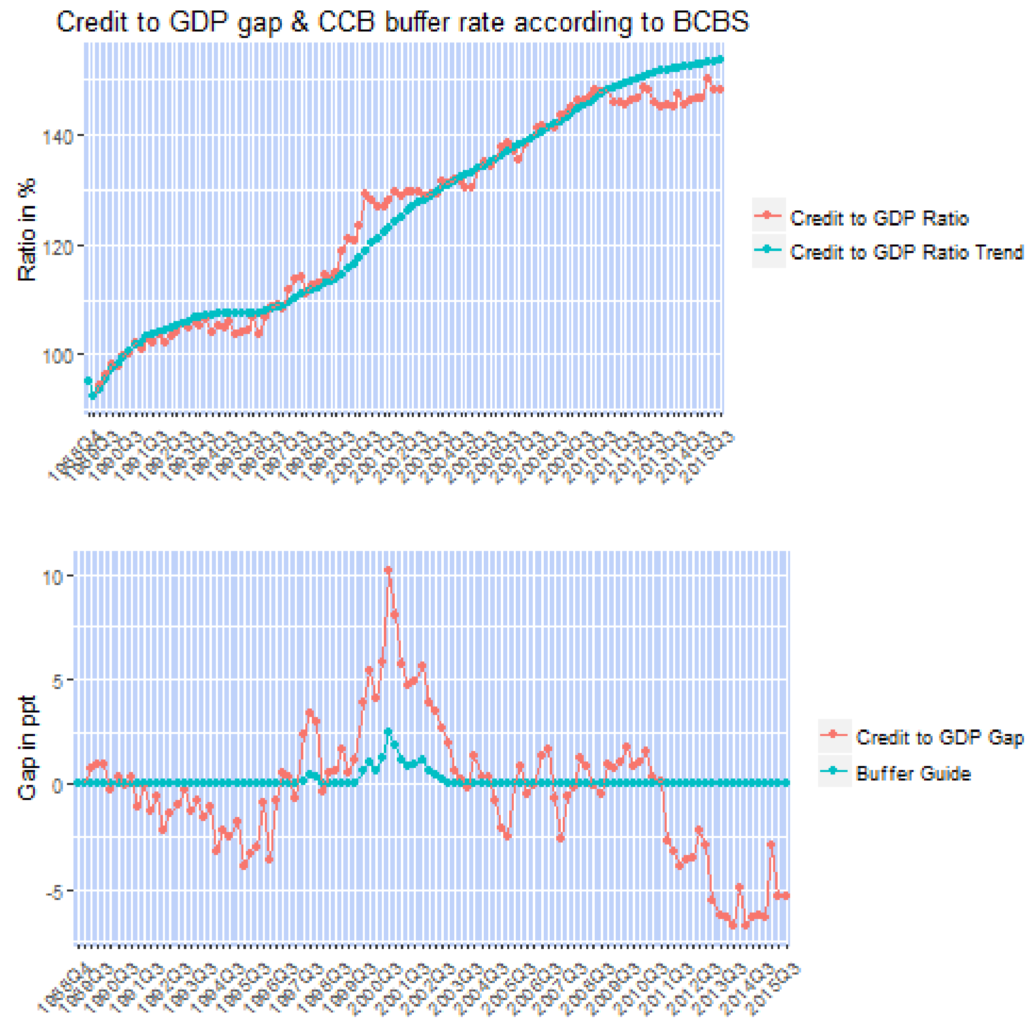
Indicators for the Countercyclical Capital Buffer

Figure 1: Credit-to-GDP gap



<u>Explanation:</u> The credit-to-GDP gap (red line, lower panel) is defined as the difference between the credit-to-GDP time series (red line, upper panel) and credit-to-GDP trend (turquois line, upper panel). 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, net interest margin		
Strength of bank's balance sheets	Leverage Ratio (unconsolidated) Bank-Ratings (Moody's)		
Credit developments	Cross-Border credit ratio, Credit-to-GDP gap		
Overvaluation of property prices	OeNB's fundamentals indicator, price-to-income/rent ratio		
Private sector debt burden	Household debt, debt burden of non-financial corporates		
External imbalances	Current account balance (% of GDP)		

green: low yellow: medium red: high