

Selected Abstracts

The selected abstracts below alert readers to studies on CESEE topics in other OeNB publications. You may find the full-length contributions at www.oenb.at.

Economic Country Risks Emanating from Austria's International Exposure

Austria's special role as one of the leading investors in Eastern and Southeastern European growth markets increasingly raises questions on the risk capacity of Austria's foreign portfolio. Using selected macroeconomic indicators, this article assesses the economic country risk attached to Austria's external assets. A scoring model facilitates the calculation of individual country risks, which are linked to detailed regional data from the external statistics of the Oesterreichische Nationalbank (OeNB), thus enabling us to draw conclusions on the regional and functional risk structure of Austrian international investment. This reveals that, in capital-weighted terms, the developed and leading financial markets of Europe and the U.S.A. have a far stronger influence on total risk than that of the 12 EU entrants since 2004 (EU-12) or the Eastern and Southeastern European countries. Despite its intensive investment in Eastern Europe, Austria's international risk largely stems from securities holdings in developed industrialized countries. The EU-12 account for no more than a fifth of capital-weighted risk, while the region of Eastern and Southeastern Europe represents just a tenth of total exposure. Nevertheless, some growth markets, such as Hungary, Poland, the Czech Republic or Russia, already have more impact on Austria's total risk than some Western European markets. The projection up to 2009 suggests a leveling off in the total risk presented by Austria's external assets. A generally stable development in the EU-27 is somewhat offset by a more unfavorable risk environment in some European growth markets and in the U.S.A.

Matthias Fuchs

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The Refinancing Structure of Banks in Selected CESEE Countries

Since the onset of the global financial market turbulence in mid-2007 there have been concerns whether and to what extent the unfolding liquidity squeeze may affect banks in Central, Eastern and Southeastern Europe (CESEE). In this note, we present systematic regional and cross-country information about the refinancing structure of the banking sector in selected CESEE countries as at end-2007 and mid-2008 (most recent data, depending on data availability). Thus, we focus on the situation of banks in these countries before external funding conditions deteriorated significantly for some of them, which happened in the second half of 2008 and has become particularly evident since mid-September. We benchmark the region against the euro area, and – where appropriate – against non-European emerging market economies. This exercise is to contribute to a better understanding of the risks to these countries emanating from the global liquidity squeeze, which may turn out to be more persistent and more relevant for the CESEE region than assumed when the turbulence began to unfold in mid-2007.

Zoltan Walko

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