Financial markets

Financial market setting

Financial markets strongly influenced by monetary policy and portfolio restructuring

Developments in the financial markets in the year to date have been strongly influenced by monetary policy and by major portfolio shifts. With regard to the euro area, in mid-January the ECB's Governing Council agreed by majority vote to expand its asset purchase programme. Expectations in the euro-area bond markets regarding quantitative easing sent government bond yields markedly lower ahead of the programme, and once purchasing commenced these declines initially persisted. At times, Federal bonds (Bunds) with a maturity of ten years yielded no more than 0.04%. In addition, the low bond yields temporarily strengthened the equity markets. In the euro area, steep price increases persisted into April, assisted by the fact that growth forces in the euro area had gained further traction, as well as the euro's distinct losses against the US dollar, the pound sterling and the yen in the foreign exchange markets during this period. Moreover, yields on US Treasuries narrowed at times. This development may be partially attributable to weaker-than-expected US growth figures and assumptions among market players following the March meeting of the Federal Open Market Committee that the monetary reins would be tightened at a later date.

Since the end of April, however, there has been a massive countermovement in the financial markets, with investors adopting the view that yields on benchmark bonds had dropped to an unsustainably low level. As a result, international investments have been realigned, causing bond yields to climb significantly around the world and equity markets in many economies to suffer a setback. The euro has also managed to recoup some of its losses.

Exchange rates

Euro down against the US dollar, …

Following the announcement in January of the ECB Governing Council's decision to implement an expanded asset purchase programme, the euro depreciated against the dollar by 4 cents on the day to stand at a rate of US$1.12. Subsequently, the single currency initially stabilised somewhat, but in the first half of March it came under fresh downward pressure. One factor here was that the euro was depressed by the commencement of government bond purchases which went hand in hand with pronounced yield declines on sovereign bonds in the euro area. Another factor was the release of surprisingly upbeat US labour market figures prompted market players to believe that there was a greater chance of an imminent interest rate reversal in the USA, thus bolstering the US dollar. In mid-March the euro fell to a rate of US$1.06, its lowest level for 12 years.

In the second half of that month, the euro-dollar exchange rate initially managed to claw back some of the ground it had lost thanks to an interest rate policy statement by the Federal Reserve which effectively lowered its inflation expectations and the anticipated speed at which it would tighten monetary policy. But just a little bit later, at the beginning of April, the release of the minutes to the Fed meeting stoked fresh speculation over an imminent US interest rate hike, prompting the euro to slip back to US$1.06 by the middle of the month. On the back of favourable economic data and buoyed by sharp yield increases in the euro area, the euro has rallied considerably of late. By contrast, on the other side of the Atlantic, a raft of economic data proved gloomier than expected, causing the euro to additionally gain in strength. As this report went to press, the euro was trading at US$1.14, around 6% below its value at the beginning of 2015.

Exchange rate of the euro

Daily data; log scale

Source: ECB. **1** Exchange rate at the start of monetary union on 4 January 1999. **2** As calculated by the ECB against the currencies of 19 countries.
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... the yen ...

The Japanese government's re-election in December 2014 and the concomitant end to political uncertainty that had contributed to the strong depreciation of the national currency prior to this result sent the yen on a marked recovery against the currencies of major trading partners at the beginning of 2015, including against the euro. In January, the ECB Governing Council's decision to expand its asset purchase programme put substantial pressure on the euro-yen exchange rate, too. Following the publication of unexpectedly positive data regarding GDP growth in the euro area and weaker-than-expected growth figures for the Japanese economy, the euro-yen exchange rate stabilised in the second half of February at a rate of ¥135. However, once the bond purchase programme commenced, the euro tumbled again in the first half of March, subsequently hovering without a visible trend between ¥127 and ¥131. In the meantime, however, it has rebounded against the yen given the downward revisions of Japan's inflation and growth forecasts by the country's central bank. As this report went to press, the single currency stood at ¥136, meaning that during the reporting period it had depreciated by around 6½%.

... and against the pound sterling

During the first few months of 2015, the euro likewise weakened against the pound sterling on the back of the decisions to add to the extensive loosening of monetary policy in the euro area. In mid-March, the euro recovered somewhat when the Bank of England warned against the strains placed on the domestic economy by the strong pound and against the protracted phase of low inflation whilst also dampening the prevailing expectations of a UK interest rate hike. Surprisingly weak growth figures for the UK economy in the first quarter of 2015 subsequently placed a strain on the pound. This was compounded by the uncertainty surrounding the outcome of the British parliamentary election. However, the surprisingly clear-cut result – which gave the Conservative Party an absolute majority in the House of Commons – put the pound back on the road to recovery. At the end of the period under review, the euro was trading at £0.72. On balance, the euro has thus lost 7% of its value against the pound sterling since the beginning of the year.

Euro records tangible losses in real terms

During the reporting period, the euro recorded particularly heavy losses against the Swiss franc (-13½%), for which the Swiss National Bank had abandoned the minimum exchange rate of CHF1.20 per euro on 15 January 2015. The euro also depreciated against a number of Asian currencies by a comparatively large margin, although it fared somewhat better against several north and central European currencies.

Overall, the effective exchange rate of the euro against 19 trading partners has contracted by 5½% in net terms since the beginning of 2015.[1] The price competitiveness of euro-area exports has improved as a result of the euro's depreciation and is currently closely shadowing its long-term average.

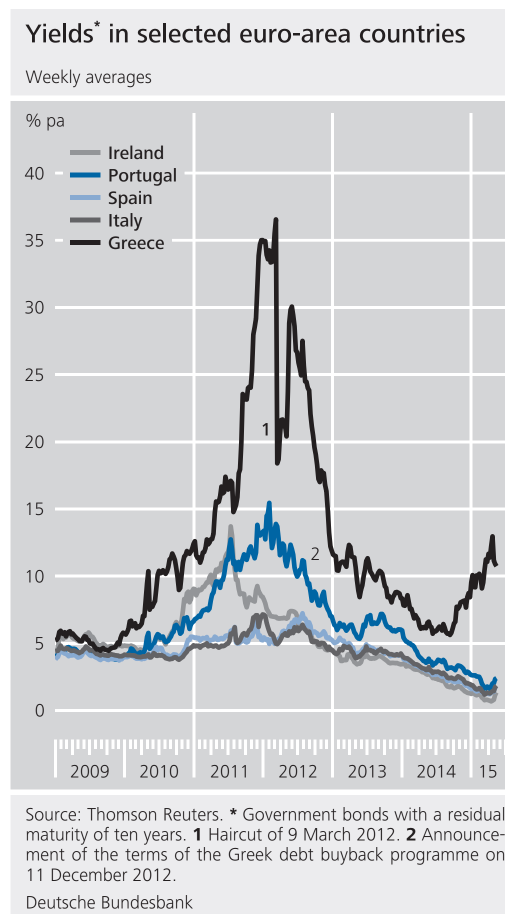
Securities markets and portfolio transactions

European bond market influenced by monetary policy and portfolio shifts

At first, bond markets in the euro area continued to be influenced by the asset purchase programme agreed upon in September 2014 and then expanded in January 2015. Since March 2015, the Eurosystem has been purchasing not just covered bonds (CBs) and asset-backed securities (ABSs) but also bonds issued by central governments, agencies and European institutions in the euro area. Under this programme, the total monthly purchase volume amounts to €60 billion and the bonds in question have to fulfil a set of minimum quality requirements. In addition, they must have a residual maturity of between two and thirty years and at least yield the deposit rate at the time of purchase, which currently stands at minus 20 basis points. In this market environment, yields on ten-year Bunds fell by just over 45 basis points at times during the reporting period, hitting a new all-time low of 0.04%. Aside from the expanded asset purchase programme, other factors contributing to the decline in Bund yields included the interest rate linkage with the United States, where interest rates also fell appreciably for a time, and receding levels of uncertainty, as reflected in the implied volatilities of options on futures. At the end of April, however, this downward trend reversed, with the Bund yield rising from its historical low in several waves on the back of extensive portfolio restructuring. Of late, it stood at 70 basis points, 20 basis points up on the levels recorded at the end of 2014.

Yield spreads over German Bunds broadly stable

By and large, yields on bonds issued by other euro-area countries have followed a similar path to that of Bunds. Measured in terms of the GDP-weighted yield on ten-year bonds issued by euro-area countries, the spread latterly stood at 90 basis points, putting it 10 basis points below its level at the turn of the year. Yield movements are primarily affected by the monetary policy and global factors mentioned above. Country-specific influences played less of a role overall, with the notable exception of Greek sovereign bonds traded in the secondary market. During the period under review, these bonds sustained sharp losses, mirroring investor fears that the new Greek government would renege on its reform commitments agreed with the creditor countries and might not keep up its interest and debt repayments.



Yields* in selected euro-area countries

Weekly averages

Source: Thomson Reuters. * Government bonds with a residual maturity of ten years. **1** Haircut of 9 March 2012. **2** Announcement of the terms of the Greek debt buyback programme on 11 December 2012.

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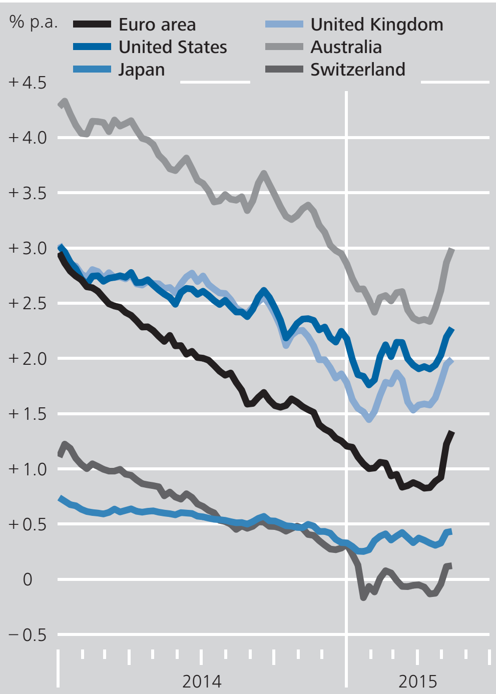
1 During the period under review, the euro depreciated by more than 20% against the rouble, which is excluded from the calculation of the effective euro rate for this group of countries. Latterly, however, it was trading at 57 roubles, close to its recorded rate before the rouble was allowed to trade freely in November 2014. The recent broad-based recovery of the rouble is inter alia attributable to the resurgence of crude oil prices since the beginning of the year and the fact that the Ukraine conflict has not escalated further.

Yields* in the euro area and selected countries

Weekly averages



Source: Thomson Reuters. * Government bonds with a residual maturity of ten years.
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At present, Greece is cut off from the capital markets. Nevertheless, unlike at the peak of the euro-area sovereign debt crisis, the default risk attached to Greek sovereign bonds in the eyes of market participants has hardly impacted on financing conditions for other periphery countries.

Yields in international bond markets up amid fluctuations

In the US bond markets, following a period of fairly strong fluctuation, yields on ten-year government bonds likewise rose slightly on balance before temporarily experiencing a marked decline. This came in response to a raft of US economic data which, in some cases, fell well short of market expectations. Although a large number of market participants consider the subdued first-quarter activity indicated by these data to be primarily attributable to transitory factors, many investors lowered their expectations of an early interest rate reversal in the USA, not least because of the Fed's comments in March signalling that it was "not impatient" to tighten policy rates. These comments impacted on interest rates around the world. However, as in the euro area and other currency areas, in late April the US bond market also saw major corrections to its high valuation levels. In Japan, too, yields rose towards the end of the reporting period, though they barely strayed outside the corridor in which they had been embedded since the end of 2014. For some time now, activity in the Japanese bond market has been dominated by disposals on the part of the Japanese central bank.

Yield curve for Federal securities

The slope of the German yield curve derived from the yields on Federal securities has steepened since the end of December 2014 and is in negative territory almost up to the four-year segment. At times, yields were negative even on bonds with up to eight years' residual maturity and above. Latterly, the yield spread between ten-year and two-year bonds was 95 basis points, putting it 25 basis points above its level at the beginning of the year (see the chart on page 51). Declining yields were solely evident at the short end of the yield curve during the period under review, while yields in the middle and long maturity segments took an upward turn. The yield movements in the shorter-term maturity band reflect market participants' anticipation of an accommodative monetary policy stance for some time to come.

Forward inflation rate virtually unchanged on balance

The market-based five-year forward inflation rate in five years in the euro area as derived from inflation swaps nudged up slightly over the entire period under review, despite briefly dipping to 1.5%. At last count it stood at just over 1.8%, which is 10 basis points higher than at the end of 2014. The forward inflation rate in the United States largely followed the same pattern. Subsequent to the sharp fall last year, this was probably chiefly driven by global factors like the price of oil, which rose again from its level at the end of December following a previous plunge that had exerted downward pressure on reported forward inflation rates. The improved economic outlook in the euro area as well as the euro's depreciation impacted on spot inflation expectations for the

most part during the reporting period. Indeed, inflation expectations for the next five years have risen nearly twice as much as those for the next ten, showing that the longer-term forward inflation rate has been largely unaffected by these developments. In the euro area, survey-based inflation expectations are still outpacing market-based break-even rates, which suggests that a negative inflation risk premium has been factored into market-based indicators.

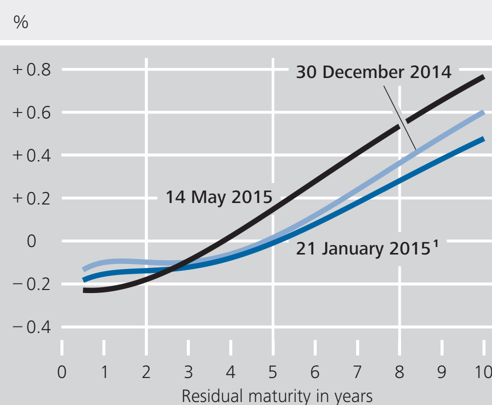
In the current environment of highly volatile bond yields and in light of the asset purchase programme, changes in market-based inflation expectations in the euro area must be interpreted with particular caution. While the risk of distortions is mitigated by the fact that these figures are based on inflation swaps, the fact that an arbitrage relationship exists between the bond market and the swap market means that it is impossible to rule out the possibility that indicators derived from inflation swaps are likewise influenced by the sovereign bond purchase programme.

Financing conditions for enterprises

The already very favourable financing conditions for financial corporations in the European corporate bond market improved further still in the period under review. Yields on bonds of financial corporations with a residual maturity of seven to ten years and a BBB rating latterly stood at 2.8%, just over 15 basis points lower than at the end of December 2014. By contrast, the corresponding yields of non-financial corporations climbed by 20 basis points. As a result, corporate bond yields, which briefly even touched new historical lows, are now more than two percentage points down on their pre-financial crisis levels. With risk-free interest rates higher on balance, yield spreads over Bunds with matching maturities narrowed for financial corporations by around 35 basis points and remained largely static on balance for their non-financial counterparts. The wafer-thin yield spreads, which are well short of their respective five-year averages, indicate a relatively high market valuation for corporate

Yield curve on the German bond market*

%



* Interest rates for (hypothetical) zero-coupon bonds (Svensson method), based on listed Federal securities. **1** Day before the ECB Governing Council meeting.

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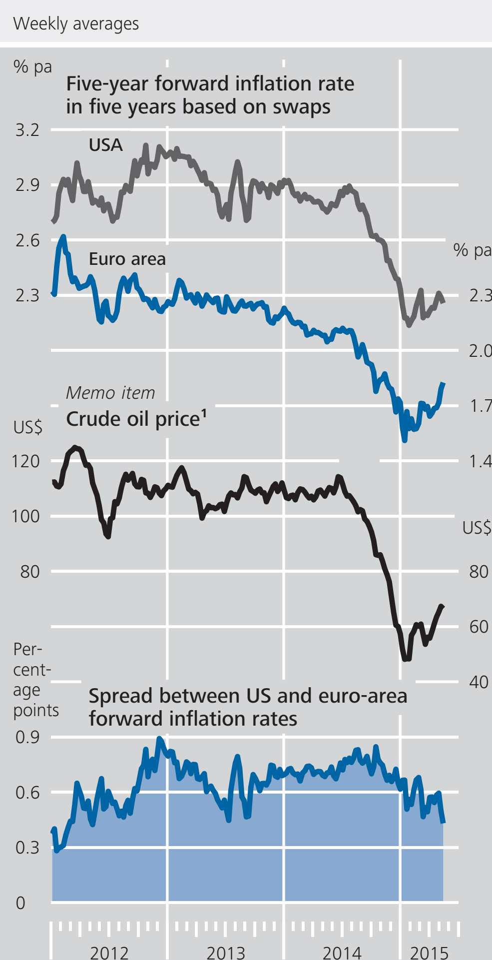
Forward inflation rates* in the euro area and the USA

Weekly averages



Sources: Bloomberg, Thomson Reuters and Bundesbank calculations. * Derived from the fixed cash flow arising from inflation swaps which is swapped for the actual annual inflation rates (HICP excluding tobacco for the euro area and CPI Urban Consumers for the USA) realised across the next five or ten years. **1** Brent blend (for one-month forward delivery).

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Investment activity in the German securities markets

€ billion

Item	2014 Q1	2014 Q4	2015 Q1
Debt securities			
Residents	4.1	12.3	52.2
Credit institutions	– 5.4	– 12.8	9.5
of which			
Foreign debt securities	5.0	7.4	2.3
Deutsche Bundesbank	– 2.3	– 1.6	12.5
Other sectors	11.7	26.7	30.2
of which			
Domestic debt securities	– 14.5	7.5	– 3.2
Non-residents	14.0	– 10.2	0.0
Shares			
Residents	8.7	6.9	– 2.7
Credit institutions	7.2	4.8	10.5
of which			
Domestic shares	5.7	4.7	11.8
Non-banks	1.5	2.1	– 13.2
of which			
Domestic shares	– 0.4	– 5.8	– 17.8
Non-residents	– 4.4	2.8	6.2
Mutual fund shares			
Investment in specialised funds	20.9	31.3	45.9
Investment in retail funds	2.7	– 1.5	9.6
of which			
Equity funds	– 0.6	– 4.4	3.0

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bonds. This probably owes a great deal to stronger investor demand for corporate bonds in the search for yield in the current low-interest-rate environment.

Net sales in the bond market up

Gross issuance in the German bond market stood at €405½ billion in the first quarter of 2015, well up on the figure for the previous quarter (€330½ billion). After deducting redemptions, which were also higher, and allowing for changes in issuers' holdings of their own bonds, net issuance amounted to €15 billion. In addition, foreign borrowers placed debt securities worth €37 billion in the German market. Thus, funds totalling €52 billion net were raised in the German bond market in the reporting period.

Increase in credit institutions' capital market debt

Domestic credit institutions issued new bonds totalling €10 billion net in the first quarter of 2015. Debt securities of specialised credit institutions (€18½ billion) constituted the lion's share of issues, followed on a smaller scale by mortgage Pfandbriefe (€3 billion). This contrasted with net redemptions of other bank debt securities which can be structured flexibly (€11 billion) and public Pfandbriefe (€½ billion).

Net issuance of corporate bonds

In the first quarter of 2015, domestic enterprises issued debt securities worth €10 billion net. On balance, the vast majority of these were bonds with maturities of more than one year. In the upshot, the bulk of these issues were attributable to other financial intermediaries (€6½ billion), with non-financial corporations issuing bonds for €2½ billion net.

Public sector capital market debt down

By contrast, the public sector took advantage of the favourable fiscal situation and once again reduced its capital market debt, trimming its borrowings by €5 billion net in the first quarter of 2015 (previous quarter: €4 billion). These figures include issues by resolution agencies of German banks, which are ascribed to the public sector for statistical purposes. The Federal government itself redeemed mainly five-year Federal notes (€9 billion), and to a lesser extent two-year Federal Treasury notes and Federal Treasury discount paper (€1½ billion). This contrasted with net issuance of ten-year bonds in the amount of €1½ billion and net issuance of 30-year paper in the amount of €5 billion. In each case, the bonds were sold at record-low issue yields. In the quarter under review, state governments issued their own bonds to the value of €3 billion in net terms.

Purchases of debt securities

In the first quarter of 2015, purchases in the domestic bond market were made solely by German buyers, who added paper worth €52 billion to their portfolios. Domestic non-banks were the main purchasers, acquiring €30 billion of debt securities, with foreign paper the focus of investor interest. The Bundesbank's purchases within the framework of the asset purchase programme included debt securities for a total of €12½ billion. In accordance with the programme's rules, the vast majority of these debt securities were Bunds. Domestic banks, too, upped their holdings of interest-bearing paper, with demand extending to public as well

as private issuers in Germany and abroad. Hence, non-resident holders were the sole sellers of public bonds, offloading €23½ billion of debt securities to domestic counterparties. In net terms, nearly the same amount was reinvested by non-resident investors in the debt securities of private domestic issuers. Therefore, on balance foreign investors played only a marginal role in market events.

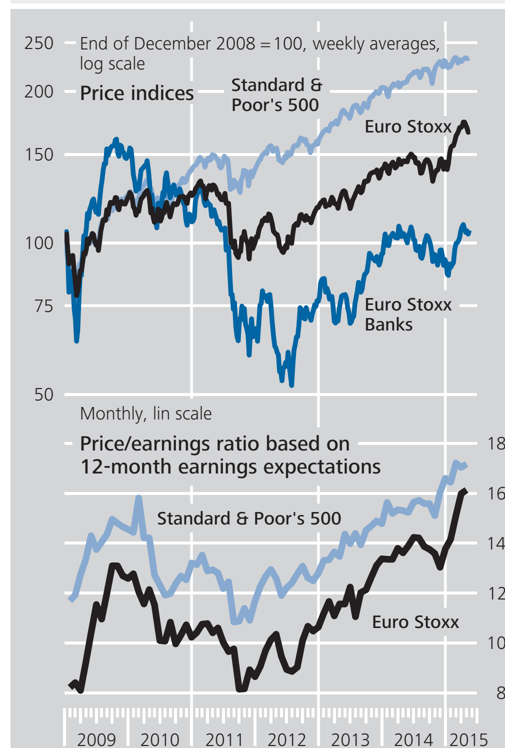
Equity markets up worldwide

Buoyed by accommodative monetary policy, European and Japanese equity markets have recorded sharp price gains on balance in the year to date, while US equities managed to edge up only slightly. In the euro area, equities were given fresh impetus at the start of the quarter as the expectation became further entrenched among market participants that the ECB Governing Council was set to adopt a large-scale government bond purchase programme. After the announcement of the expanded asset purchase programme on 22 January 2015, European equities once again recorded significant price gains. These increases were fuelled in part by intermittent dips in government bond yields, which, as a result of a lower discount rate, boost the present value of future corporate earnings and make equity investment more attractive. Export-oriented European enterprises also benefited from the depreciation of the euro against the currencies of major trading partners (see page 49). Furthermore, global equity markets reflected the mixed nature of economic developments around the world. Both the European and Japanese equity markets were buoyed by largely upbeat economic signals. In the United States, by contrast, relatively weak economic data curbed the optimism of equity market participants.

Marked price gains for European banks

Despite recent losses, European and Japanese shares were, at the time of going to press, 16.5% and 12.1% higher respectively than at the end of December, as measured by the broad Euro Stoxx and Nikkei indices. US stocks (S&P 500) rose by 3.0%. At the same time, uncertainty among market participants – as gauged by the implied volatility of options – receded across the globe. That being said, the VDAX, viewed in isolation, is well up again on its level at the end of March. European equities significantly outperformed their US counterparts, as also reflected in the banking sector. US bank stocks saw no more than marginal price gains (0.8%), while those in the euro area surged (17.3%). The strong performance by European bank equities, which benefited from the higher valuation of their equity holdings, is attributable in large part to credit institutions in the periphery countries. Market opinion that a Greek default was more likely sent the shares of Greek banks plummeting. However, these price losses did not appear to impact on banks in the other periphery countries. Indeed, the stocks of Portuguese and Italian banks, in particular, recorded sharp price gains.

Equity market



Source: Thomson Reuters and Bundesbank calculations.
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Equity risk premium down slightly

At last count, the price/earnings (p/e) ratio, based on 12-month earnings expectations, stood at 16.0 for the Euro Stoxx, which was

Major items of the balance of payments

€ billion

Item	2014 Q1	2014 Q4	2015 Q1p
I Current account	+ 49.5	+ 67.3	+ 60.4
1 Goods[1]	+ 53.3	+ 60.1	+ 59.6
2 Services[2]	− 7.2	− 7.3	− 6.5
3 Primary income	+ 17.5	+ 24.8	+ 22.4
4 Secondary income	− 14.1	− 10.4	− 15.2
II Capital account	+ 2.2	− 0.7	+ 0.3
III Financial account (increase: +)	+ 60.0	+ 58.5	+ 53.0
1 Direct investment	+ 15.6	+ 22.4	+ 24.2
Domestic investment abroad	+ 23.8	+ 16.5	+ 38.2
Foreign investment in the reporting country	+ 8.2	− 6.0	+ 13.9
2 Portfolio investment	+ 34.9	+ 46.2	+ 49.0
Domestic investment in foreign securities	+ 43.2	+ 35.5	+ 55.3
Shares[3]	+ 3.1	+ 3.3	+ 0.3
Investment fund shares[4]	+ 10.7	+ 6.1	+ 17.8
of which Money market fund shares	+ 2.3	+ 1.5	− 1.6
Long-term debt securities[5]	+ 24.0	+ 28.8	+ 31.0
of which Denominated in euro[6]	+ 23.6	+ 20.5	+ 20.0
Short-term debt securities[7]	+ 5.4	− 2.7	+ 6.2
Foreign investment in domestic debt securities	+ 8.3	− 10.7	+ 6.3
Shares[3]	− 5.6	+ 2.9	+ 1.9
Investment fund shares	− 0.1	− 3.5	+ 4.4
Long-term debt securities[5]	+ 6.9	+ 6.4	− 13.6
of which Public bonds and notes[8]	+ 18.1	+ 7.8	− 18.7
Short-term debt securities[7]	+ 7.1	− 16.7	+ 13.6
3 Financial derivatives[9]	+ 5.2	+ 7.0	+ 11.6
4 Other investment[10]	+ 4.9	− 15.5	− 31.9
Monetary financial institutions[11]	− 1.0	+ 31.2	− 66.4
Enterprises and households[12]	+ 17.2	− 24.8	+ 8.3
General government	+ 6.0	+ 8.7	− 6.4
Bundesbank	− 17.4	− 30.5	+ 32.7
5 Reserve assets[13]	− 0.6	− 1.7	0.0
IV Errors and omissions[14]	+ 8.3	− 8.1	− 7.6

1 Excluding freight and insurance costs of foreign trade. **2** Including freight and insurance costs of foreign trade. **3** Including participation certificates. **4** Including reinvestment of earnings. **5** Up to and including 2012, without accrued interest. Long-term: original maturity of more than one year or unlimited. **6** Including outstanding foreign D-Mark bonds. **7** Short-term: original maturity up to one year. **8** Including bonds issued by the former Federal Railways, the former Federal Post Office and the former Treuhand agency. **9** Balance of transactions arising from options and financial futures contracts as well as employee stock options. **10** Includes in particular financial and trade credits as well as currency and deposits. **11** Excluding the Bundesbank. **12** Includes the following sectors: financial corporations (excluding monetary financial institutions) as well as non-financial corporations, households and non-profit institutions serving households. **13** Excluding allocation of special drawing rights and excluding changes due to value adjustments. **14** Statistical errors and omissions, resulting from the difference between the balance on the financial account and the balances on the current account and the capital account.

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markedly higher than its level at the end of December, and at 17.2 for the S&P 500, which was slightly up on the December figure. These higher p/e ratios, which lie above the respective five-year averages on both sides of the Atlantic, are, when looked at in isolation, indicative of relatively high valuations in the equity markets. However, any assessment of valuations should also look beyond short-term earnings expectations and also allow for expected long-term real interest rates. In the year to date, analysts have only tweaked the medium-term earnings growth expectations for the Euro Stoxx, while long-term real interest rates, as measured by ten-year Bunds and survey-based inflation expectations (Consensus Forecast) have fallen somewhat. A dividend discount model that takes these variables into account reveals that the equity risk premium for the Euro Stoxx latterly stood at 8.9%, which is down slightly on its level at the end of December. This indicates a moderately increased risk appetite on the part of equity market participants.

Stock market funding and stock purchases

Issuing activity in the German equity market was quite muted in the first quarter of 2015, with domestic enterprises scarcely issuing any new shares. The volume of foreign equities outstanding in the German market climbed by €3½ billion. Equities were purchased primarily by German credit institutions (€10½ billion), which, on balance, invested solely in domestic paper (€12 billion). Foreign portfolio investors, meanwhile, purchased equities for €6 billion. By contrast, resident non-banks offloaded equities worth €13 billion, which on balance were exclusively domestic paper.

Sales and purchases of mutual fund shares

During the reporting period, domestic collective investment firms posted record-high inflows of €55½ billion, as against €30 billion in the previous three months. The fresh cash mainly accrued to specialised funds reserved for institutional investors (€46 billion). Among the asset classes, mixed securities-based funds attracted the most inflows (€29½ billion), but bond funds (€11 billion), equity funds (€5½ billion) and funds of funds (€5 billion) were also

active in the market. Foreign funds distributed in the German market attracted €18 billion net in the first quarter of 2015. Domestic non-banks were the main buyers, adding mutual fund shares worth €63½ billion to their portfolios. Their focus was exclusively in domestic paper. Domestic credit institutions and foreign investors made acquisitions, too, purchasing mutual fund shares for €5½ billion and €4½ billion respectively.

Direct investment

Capital exports in direct investment

As with cross-border portfolio investment, which saw net outflows amounting to €49 billion in the first quarter of 2015, there were also net capital exports in the field of direct investment, amounting to €24 billion.

German direct investment abroad

The largest contributing factor was the comparatively high level of funding provided to affiliated enterprises abroad, which amounted to just over €38 billion in the first quarter of 2015. Domestic owners primarily bolstered their equity capital (€12½ billion) and reinvested earnings generated abroad (€11 billion). Furthermore, funds totalling just under €15 billion on balance were transferred abroad as part of intra-group lending. Almost two-thirds of direct investment originating in Germany in the first quarter of 2015 was made in enterprises in the EU, with key target countries being the Netherlands (just under €8 billion), Belgium (nearly €5 billion) and the United Kingdom (just over €3 billion). Outside the EU, domestic enterprises invested fairly large amounts in the United States (just over €4 billion) as well as around €2 billion each in Switzerland and Hong Kong. The breakdown of domestic direct investment by economic sector reveals the special significance of investment in service-sector enterprises (which accounted for approximately 88% of funds invested as equity capital).

Foreign direct investment in Germany

In the first quarter of 2015, domestic enterprises received inflows of nearly €14 billion from direct investment in Germany by non-resident investors. Foreign investors bolstered their equity capital by €6 billion, primarily by reinvesting earnings (€4 billion). On balance, resident enterprises received roughly €8 billion via intra-group credit transactions, particularly through reverse investments, in which foreign (financing) subsidiaries grant loans to their domestic parent companies.