

CRUDE WATCH

OIL GAINS 2% DESPITE RISING SUPPLIES

New York: Oil futures gained nearly 2 per cent, as comments from a top US official raised optimism for a US-China trade deal, but worries about increasing crude supplies capped prices. Brent crude gained \$1.02, or 1.6 per cent, to settle at \$63.30 a barrel. **REUTERS**

Dollar domination: Why global markets depend on the US currency

From the dominant reserve currency for central banks to the main conduit for global trade and borrowing, US dollars are the lifeblood for banks and markets around the world

HALF THE 1.6 TN of dollar bank notes in circulation were outside the US as per a Fed paper this year

EFFORTS TO REDUCE DEPENDENCE:

Governments and central banks have tried to reduce their dollar-dependency, with Bank of England Governor Mark Carney describing its role in the world economy as "destabilising"

HERE ARE SOME WAYS THE DOLLAR IS USED:

CENTRAL BANK RESERVE HOLDINGS

- Reserves of different currencies are held by central banks to settle international claims, intervene in foreign exchange markets or as rainy-day funds
- The euro is the second most popular reserve currency

INTERNATIONAL PAYMENTS

- The dollar is dominant for transactions between non-US exporters and importers
- In 2018, over half of all goods imported into the EU



70% of all dollars are held outside the United States and 60 per cent of all \$100 bills circulated overseas, as per a Fed research paper from 2017

from non-members were invoiced in US dollars, Eurostat data shows

- Companies operating in global markets, such as the airplane-maker Airbus, often list their prices in dollars

COMMODITY PRICING

- Commodities such as oil and gold are typically denominated in US dollars
- Gulf oil producers peg their currencies to the dollar to avoid risk from fluctuations when invoicing their sales.

INVESTMENTS AND BORROWING

- US dollar lending to non-bank borrowers outside the US stood at \$11.9 trillion at the end of June 2019, the Bank for International Settlements (BIS) data shows

Compiled by Reuters