



# **FX Reserve Management in Transition:** Shifting Trends and New Challenges

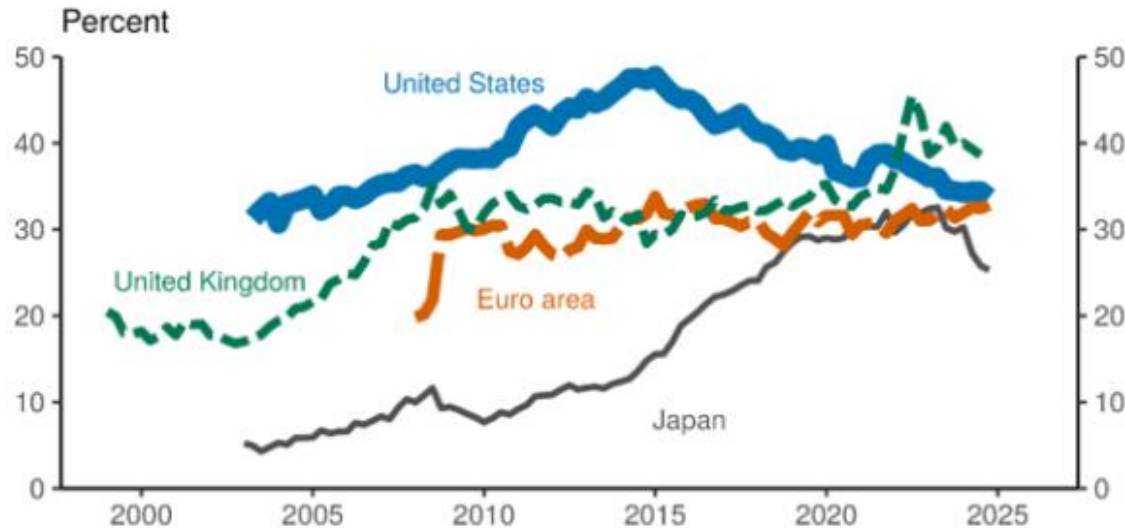
**Session 6: Reserve Management – Trends and Challenges**  
Speaker: Nana Chitishvili, National Bank of Georgia

**2025 ASIAN REGIONAL FORUM**  
ON INVESTMENT MANAGEMENT  
OF FOREIGN EXCHANGE RESERVES

# Challenges for Reserve Managers

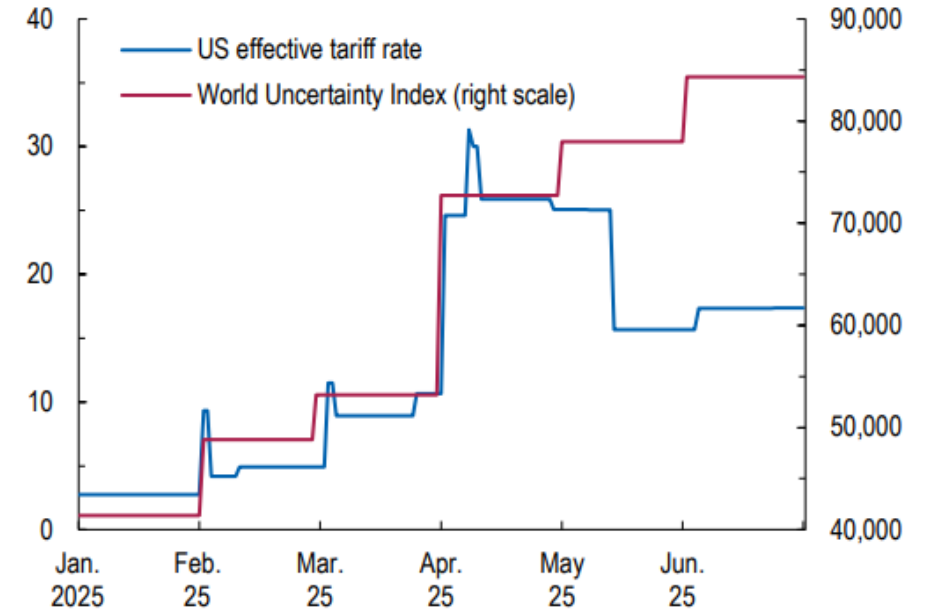
- Balancing safety, liquidity, and return in uncertain markets
- Managing geopolitical risks and sanctions
- Currency volatility and diversification dilemmas

## Share of general government debt securities held by foreign investors



Source: Financial Accounts of the United States, Table L.210. BIS debt securities statistics; World Bank/IMF Quarterly External Debt Statistics (QEDS), accessed through Haver Analytics; Bank of England; Bank of Japan; European Central Bank; Federal Reserve Board; Board staff calculations.

## Tariffs and Global Uncertainty(Percent; index, right scale)

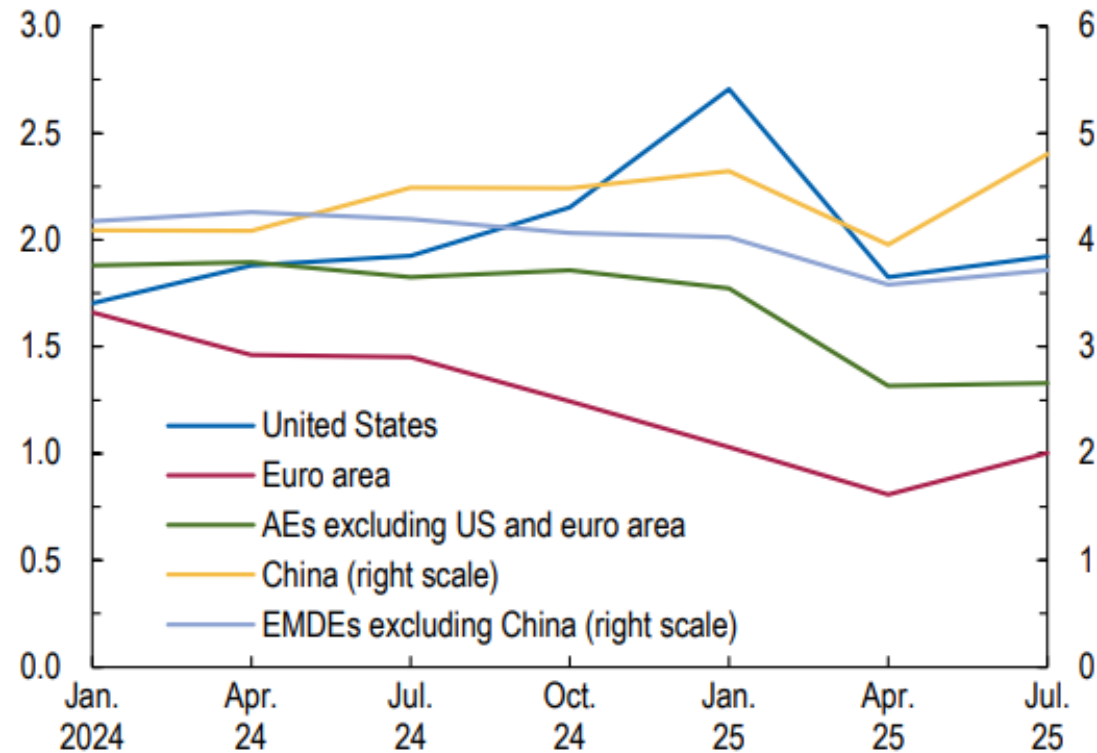


Sources: World Trade Organization; World Uncertainty Index (WUI) database; and IMF staff calculations.

# Global Growth is Expected to Decelerate

- Growth revisions mostly driven by tariff adjustments, front-loading effects, and fiscal policies
- Momentum remains fragile, with regional divergences—India and China leading, advanced economies lagging
- Risks tied to trade policy, geopolitical uncertainty, and front-loading payback effects in 2026

Evolution of 2025 Growth Forecasts (Percent)



Source: IMF staff calculations.

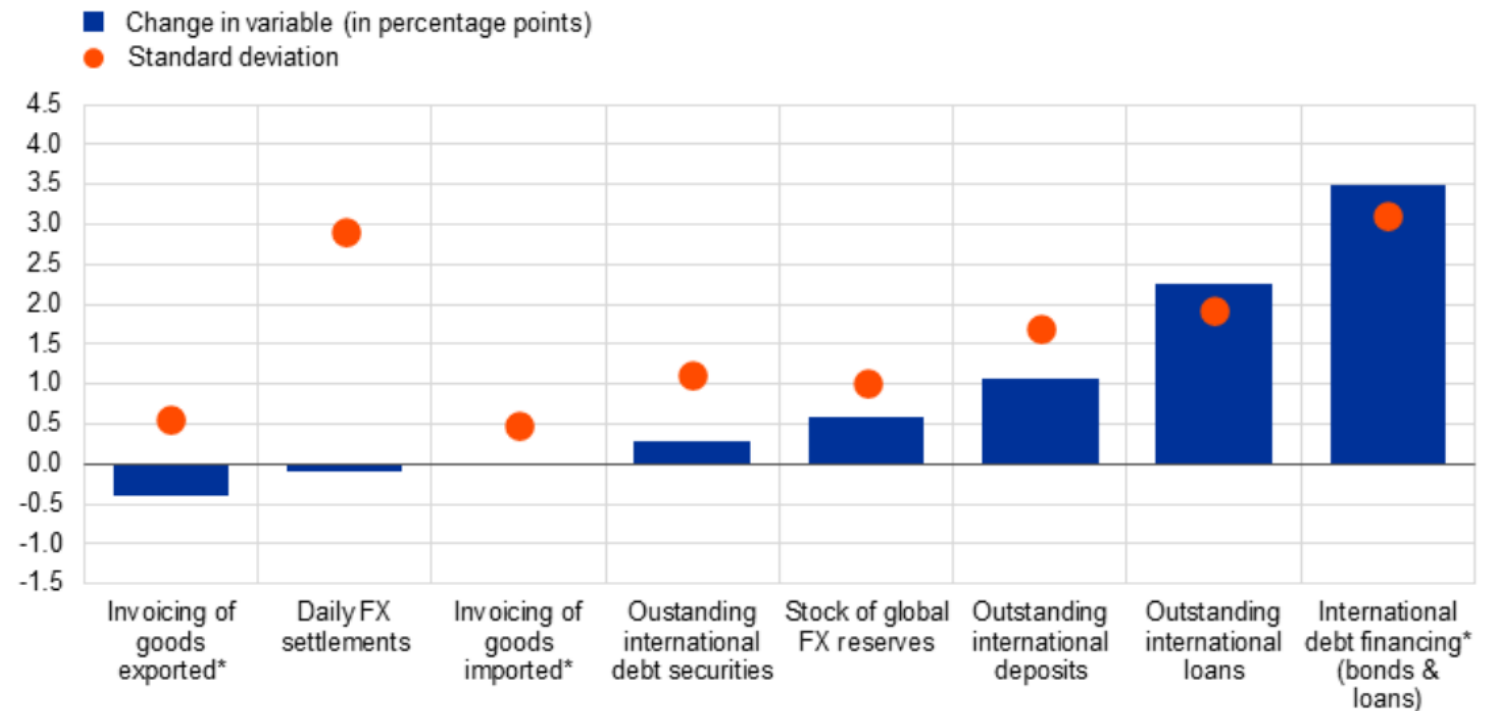
Note: The x-axis shows the months the *World Economic Outlook* is published. AEs = advanced economies; EMDEs = emerging market and developing economies.

# The Euro Gains Attractiveness

- Stronger euro fundamentals (ECB policy, resilience in eurozone)
- Growing role in trade invoicing and settlement
- Central banks increasing euro allocation

## Changes in the share of the euro in various market segments in 2024

(percentage point changes at constant Q4 2024 exchange rates over the review period, unless otherwise indicated)

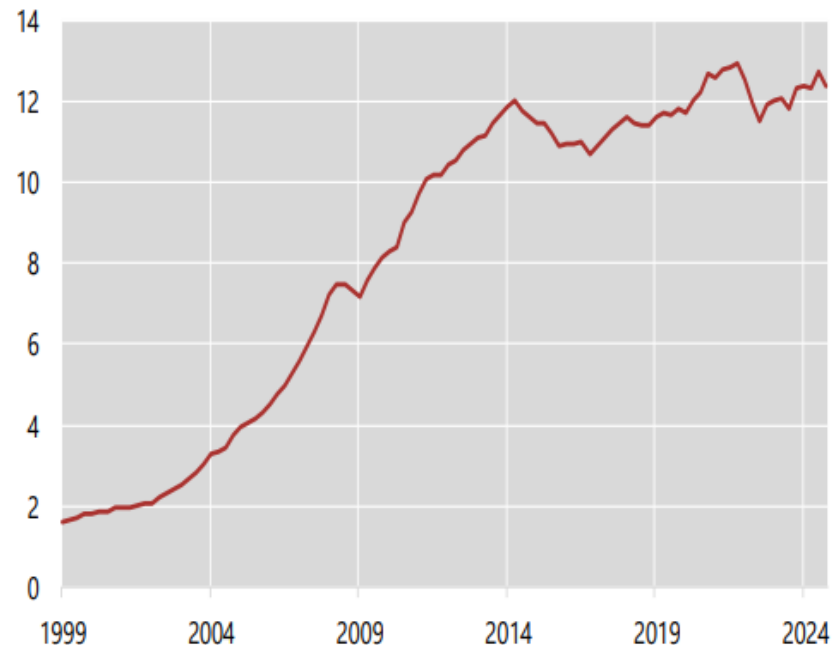


Sources: BIS, CLS Bank International, Dealogic, IMF, national sources and ECB staff calculations.

# The Dollar Weakens

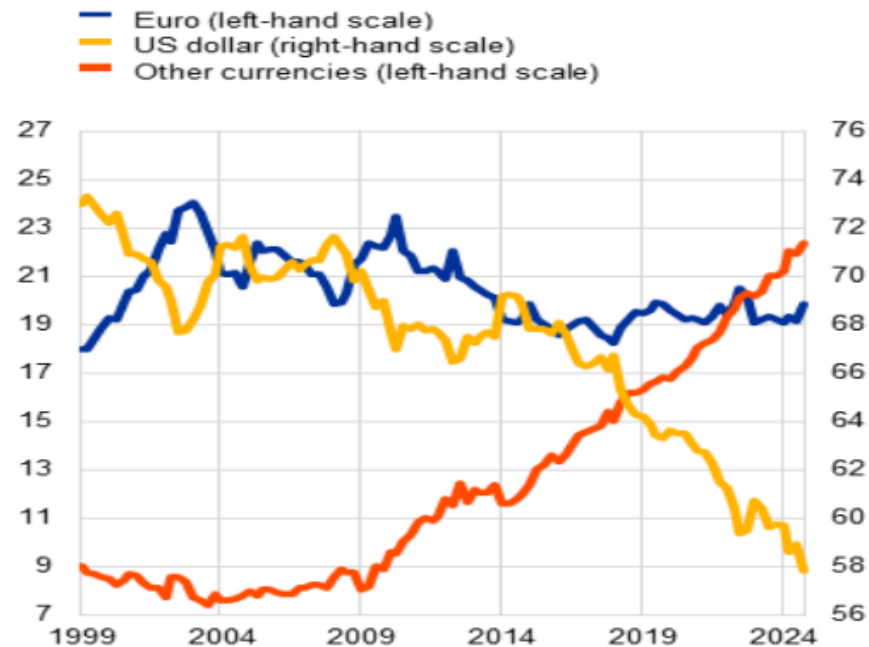
- Structural factors: high U.S. debt, fiscal deficits, political risk
- Declining share of USD in global reserves
- FX reserve managers seeking diversification away from the dollar

**Global foreign exchange reserves**  
USD trillions



Source: IMF and ECB calculations.

**Currency share of global foreign exchange reserves**  
Percentage, at constant Q4 2024 exchange rates

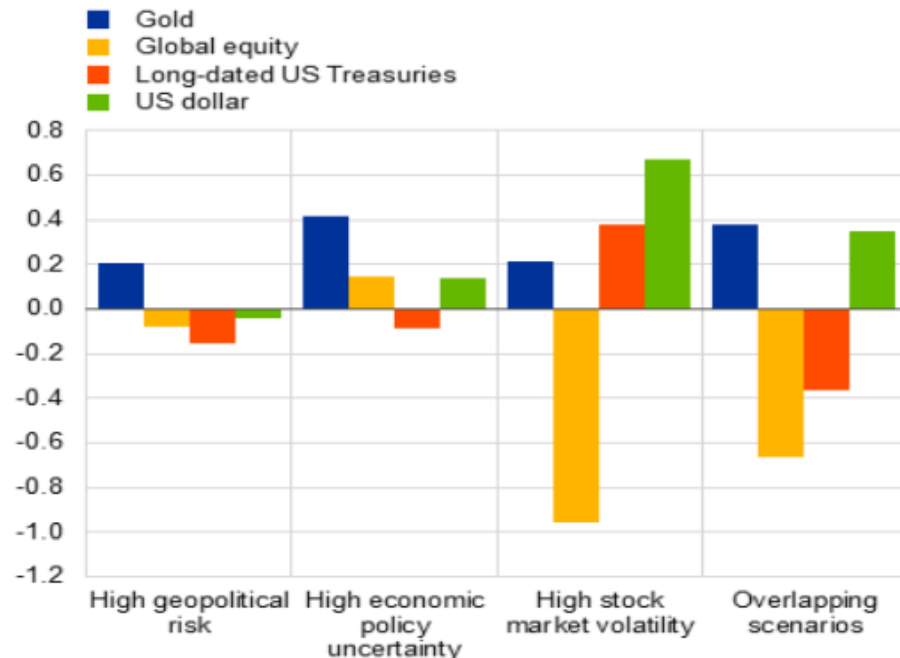


# Gold Becomes More Popular

- Safe-haven demand amid geopolitical tensions and inflation
- Central banks' record gold purchases in recent years
- Gold as a hedge against both USD and inflation

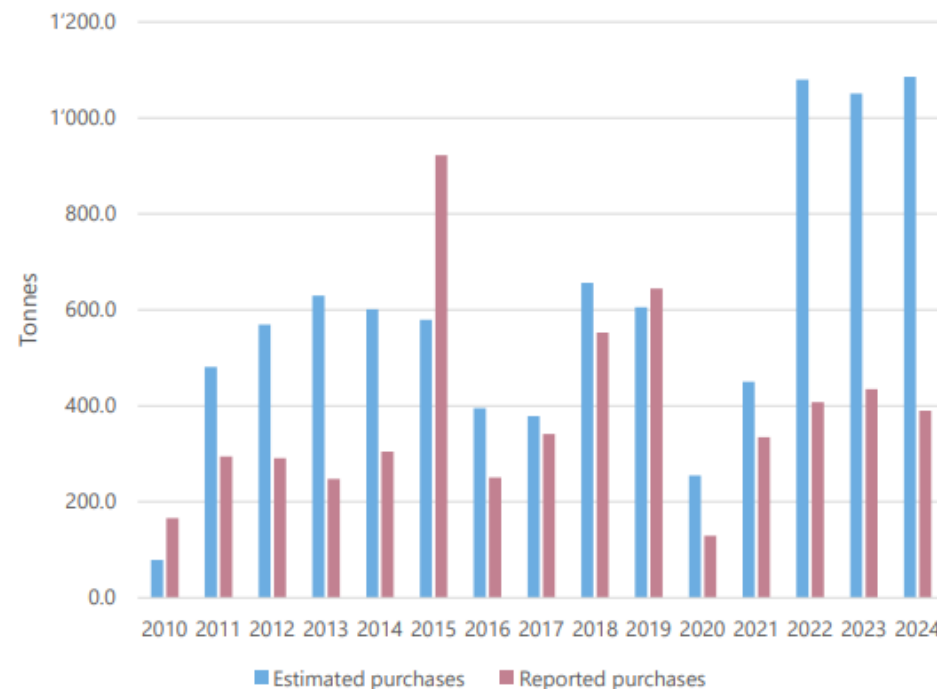
## Performance during stress episodes

Sharpe ratios, January 1997 to March 2025,



## Estimated gold purchase by central banks vs reported

In tonnes



Sources: IMF IFS, Metal focus, respective central banks, World Gold Council, Bloomberg Finance L.P., Haver Analytics, Caldara and Iacoviello\*, Baker, Bloom and Davis\*\* and ECB calculations.



# National Bank of Georgia – FX Reserve Developments

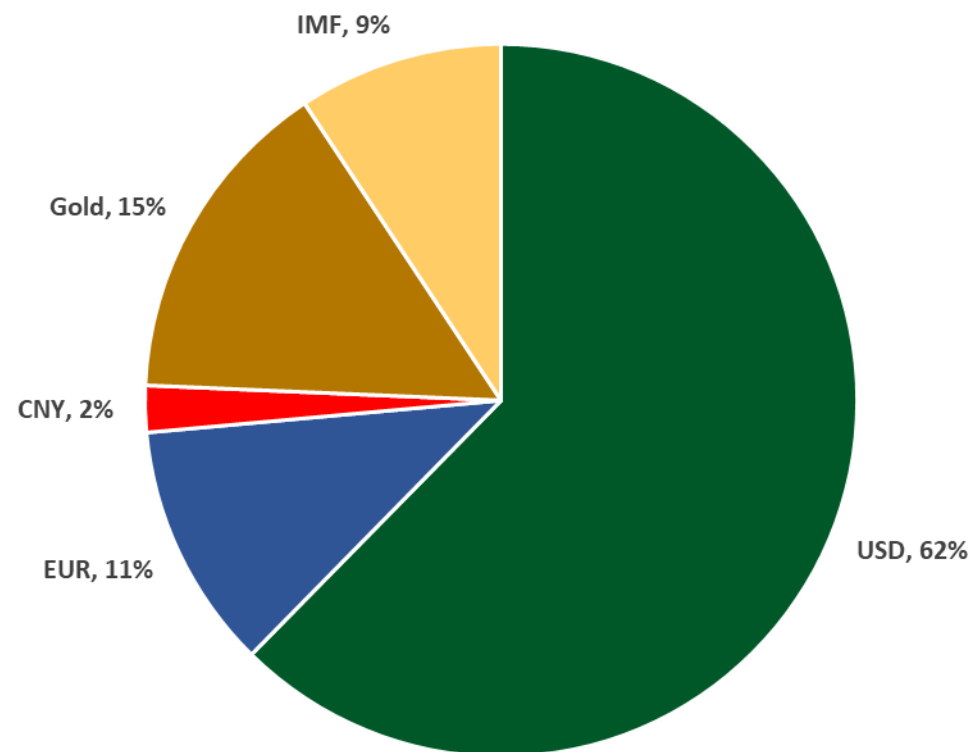
## Recent Years

- Increased allocation to **EUR** in FX reserves
- Purchased **monetary gold**
- Added **more new issuers and counterparties from single A** for diversification

## Future Plans

- Create a **corporate bond portfolio in USD**
- Manage **CNY bond portfolio internally** (currently managed externally)
- Introduction of **TAA**

Currency Composition (August 2025)  
Total Reserves



Source: National Bank of Georgia

# Conclusion

- Reserve managers face rising challenges from geopolitical risks, trade tensions, and policy uncertainty
- Global growth remains fragile, with clear divergences across regions
- The euro is gaining strength as a reserve currency, while the dollar faces structural headwinds
- Gold demand is rising as central banks seek stability and protection against both inflation and USD(as a major reserve currency) risk
- Successful reserve management requires diversification, flexibility, and long-term resilience





**Thank you!**

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