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Charting central banks' balance sheets

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20 September, 2012, 12:38. Posted by [Zarathustra](#)

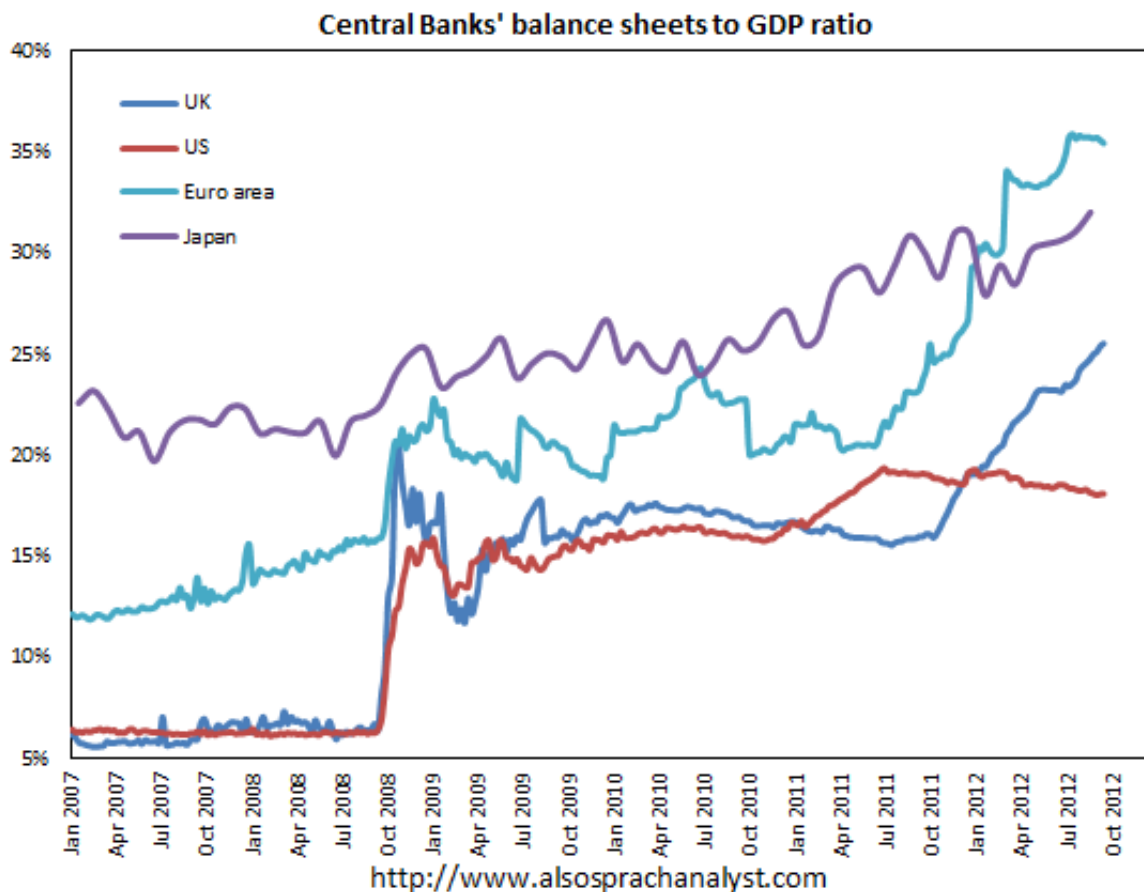
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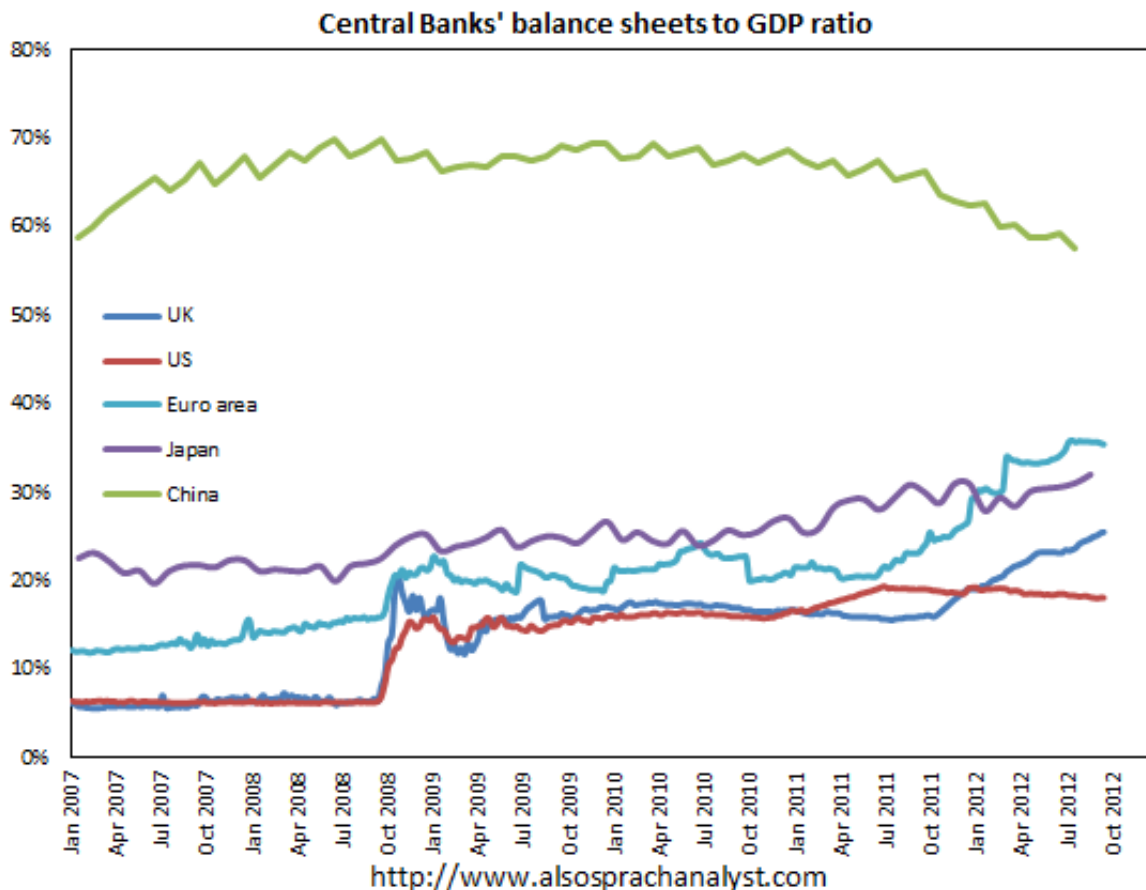
Many like to single-out the Bernanke's Fed's monetary easing as somewhat reckless, irresponsible, or evil. [QE-Infinity](#) only adds to this impression of Helicopter Ben being willing to print money to ~~the moon~~ infinity. Not surprisingly, then, [US dollar suffered from the announcement of money printing](#).

The reality, however, is that the Fed's balance sheet is not even the largest among major central banks. In fact, the size of the Fed's balance sheet is now the smallest compared with other major central banks: Bank of England, Bank of Japan, and European Central Bank. And quite remarkably, ECB's balance sheet-to-GDP ratio is now larger than BOJ.



Source: BOE, Fed, BOJ, ECB

Of course, as we all know that People's Bank of [China](#) has been printing more than almost anyone else, it should come as no surprise that once you add PBOC into the mix, PBOC becomes the largest. Curiously, however, PBOC's balance sheet-to-GDP ratio is now contracting. In other words, while most central banks in the developed world are expanding their balance sheets relative to its [economy](#), PBOC's balance sheet is shrinking, and the pace of shrinking appears to be accelerating in recent months.



Source: BOE, Fed, BOJ, ECB, PBOC

Perhaps not surprisingly, as [capital outflow limits PBOC's balance sheet expansion](#) and as [Chinese economy](#) continues to grow fast (for now), the net result is that the size of PBOC's balance sheet is shrinking relative to the [economy](#).

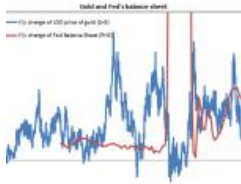
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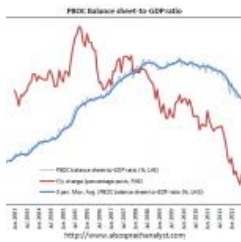


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About Zarathustra

Zarathustra: Founder and Managing Editor of [Also sprach Analyst](#). Once an analyst, now an investor and entrepreneur. Based in Hong Kong, but Londoner at heart.

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BillyHoyle • a month ago

Nice charts. Keep up the good work!

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That's deleveraging in Europe, right? Funny, shouldn't the ECB balance sheet turn into the other direction? Wait...

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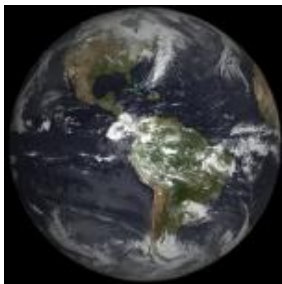
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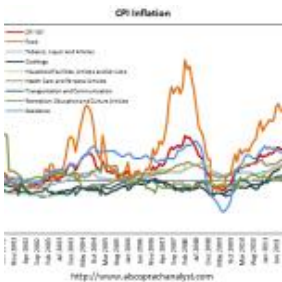
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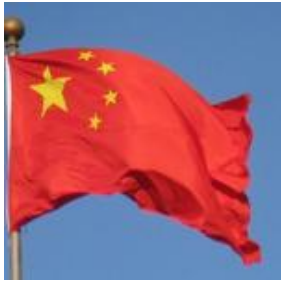
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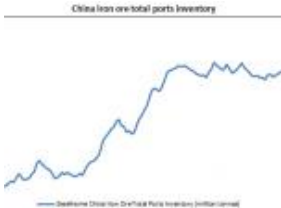
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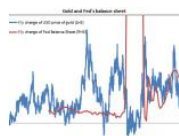
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