EUROPEAN CENTRAL BANK

EUROSYSTEM

The international role of the euro

Foreign Exchange Contact Group

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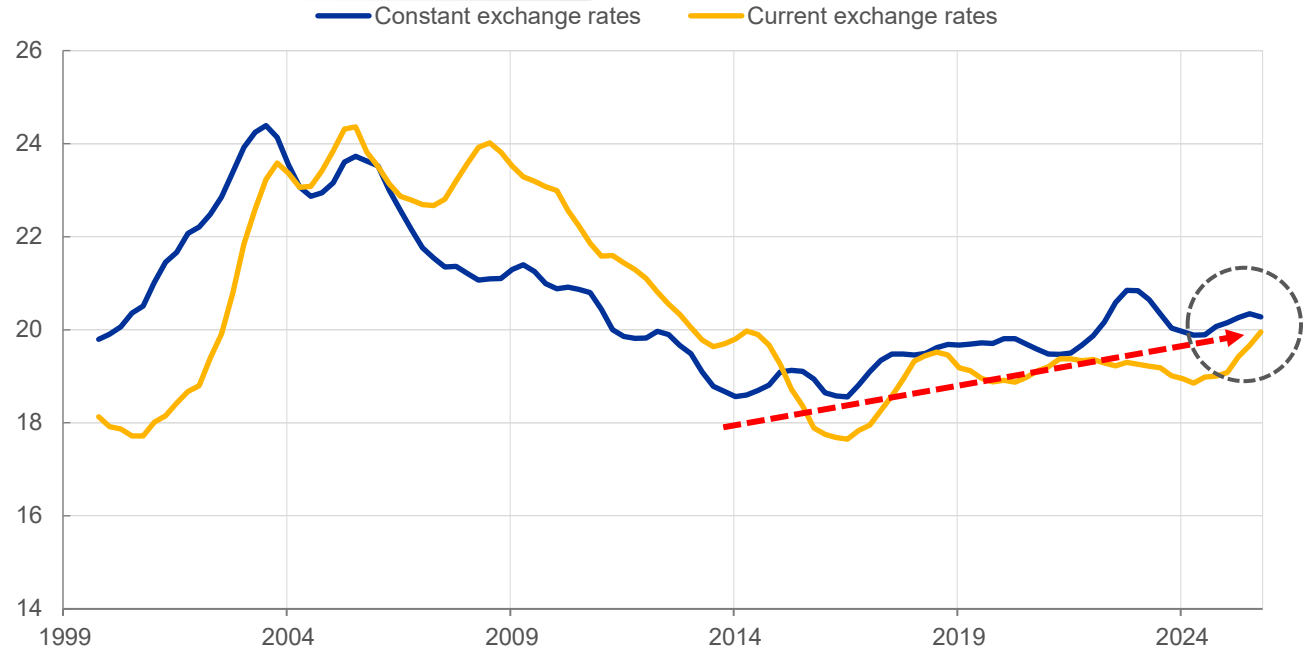
Linda Rousová
European Central Bank (DG-I/IPA)

The international role of the euro increased moderately in 2025

Composite index of the international role of the euro

(percentages; four-quarter moving averages)

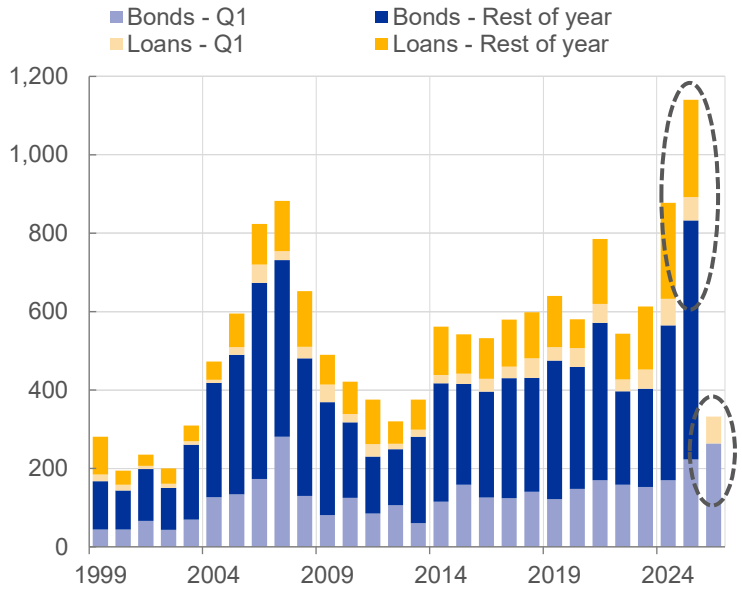


Sources: Bank for International Settlements (BIS), International Monetary Fund (IMF), CLS Bank International, Ilzetzki, Reinhart and Rogoff (2019) and ECB calculations.
Notes: Arithmetic average of the shares of the euro at constant (current) exchange rates in (i) outstanding international debt securities (excluding home currency issuance), (ii) outstanding loans by banks outside the euro area to borrowers outside the euro area, (iii) outstanding deposits with banks outside the euro area from creditors outside the euro area, (iv) global foreign exchange settlements, (v) global foreign exchange reserves and (vi) global exchange rate regimes. Indicators (i) to (iii) are taken from the BIS, indicator (iv) from the Continuous Linked Settlement (CLS) system operated by CLS Bank International and indicator (v) is from the IMF. Indicator (vi) is from the IMF from 2010 onward. Before 2010, it is estimated using data from Ilzetzki, E., Reinhart, C. and Rogoff, K., "Exchange Arrangements Entering the Twenty-First Century: Which Anchor will Hold?", The Quarterly Journal of Economics, Vol. 134, Issue 2, May 2019, pp. 599-646. The latest observation are for the fourth quarter of 2025.

Issuance of international debt in euro, including green bonds, and foreign portfolio inflows to the euro area near historical highs

Issuance of international bonds and loans in euro

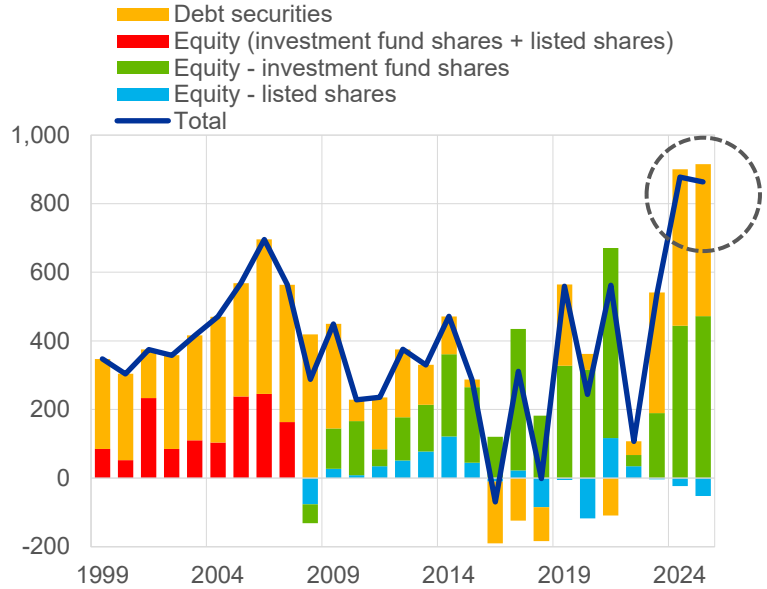
(USD billions)



Sources: Dealogic and ECB calculations.
Note: The latest observation is for the first quarter of 2026.

Net purchases of euro area portfolio debt and equity by foreign investors

(EUR billions)

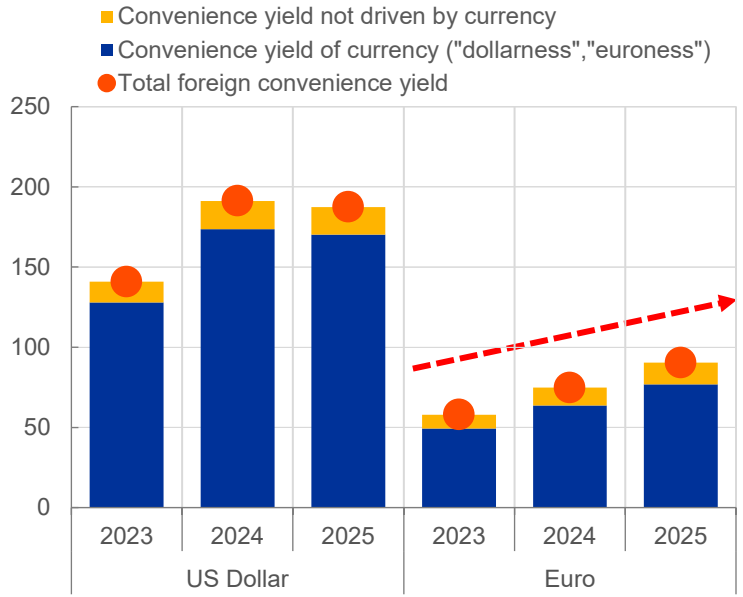


Sources: ECB and ECB calculations.
Note: The latest observation is for December 2025.

Euro behaving like a safe-haven currency during several risk-off events that marked 2025 and early 2026

Foreign convenience yield of euro (German government) and dollar safe assets

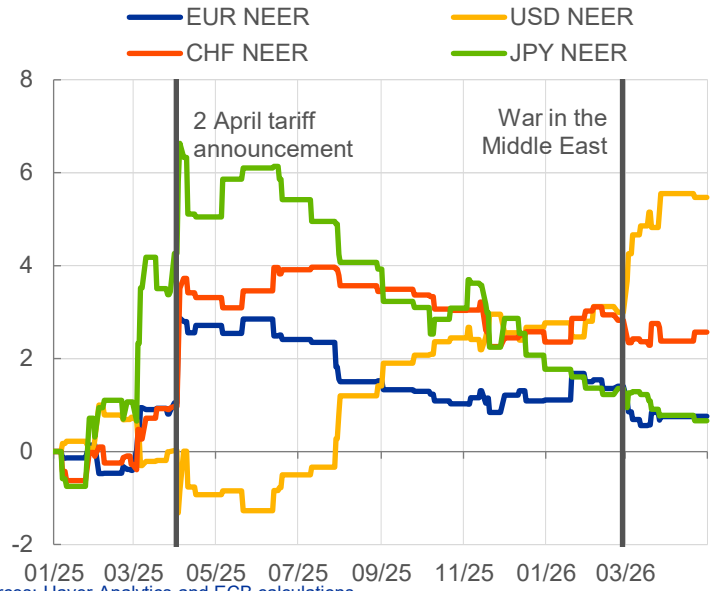
(basis points)



Sources: Bloomberg, LSEG Refinitiv and ECB calculations.
Notes: Based on quarterly data on 1-year government debt securities from 2008 to 2025 using the average within each quarter. The implied foreign investor convenience yields and "currenciness" (i.e. "dollarness", "euroness") are calculated following Jiang, Krishnamurthy and Lustig (2021).

Cumulative performance on risk-off days since January 2025

(percentage points)

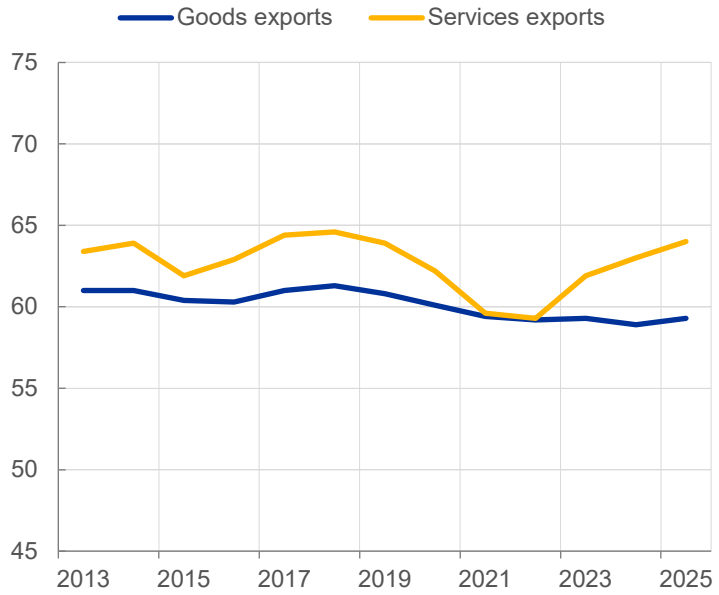


Sources: Haver Analytics and ECB calculations.
Notes: Risk-off days are defined as days when changes in the VIX index exceed the 85th percentile of their distribution and the Dow Jones global equity index returns fall below the 15th percentile of their distribution. NEER = nominal effective exchange rate. The chart shows percentage point changes in NEER on risk-off days, cumulated over all risk-off days between 1 January 2025 and 30 April 2026.

Stability in overall euro share in some indicators

Share of the euro in invoicing of exports outside euro area

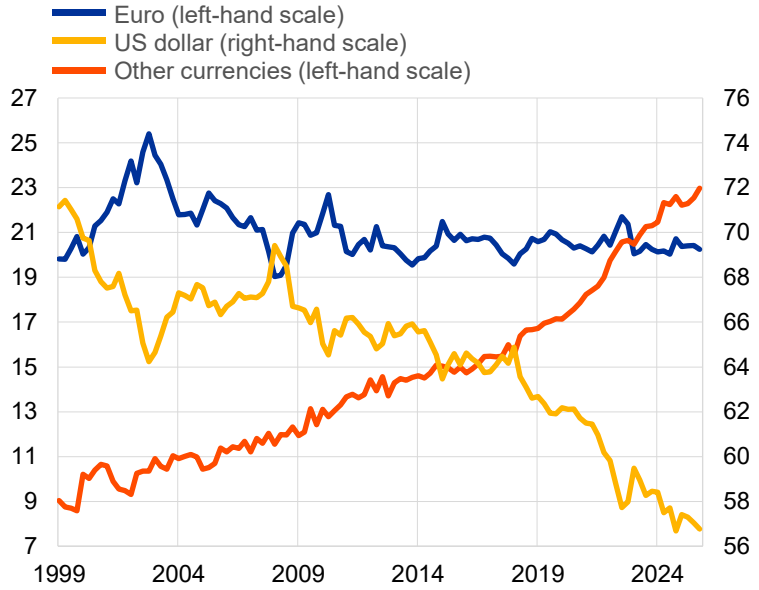
(percentages)



Sources: National central banks and ECB staff calculations.
Notes: The euro area aggregate is based on a sub-group of euro area countries for which data are available (Belgium, Estonia, Greece, France, Latvia, Lithuania, Portugal and Slovakia) and weighted by export volumes. The latest observations are for the end of 2025.

Share of the euro in global foreign exchange reserves

(percentages)

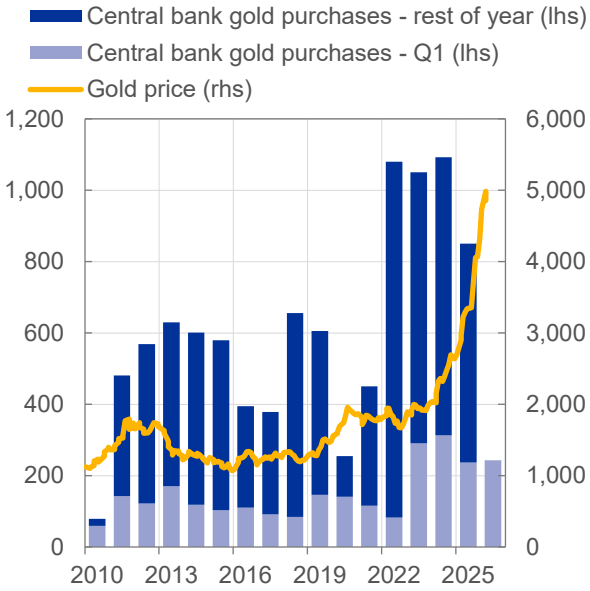


Source: IMF and ECB calculations.
Latest observation: Q4 2025.

Geopolitical tensions continued to drive strong central bank demand for gold

Central bank gold purchases and price of gold

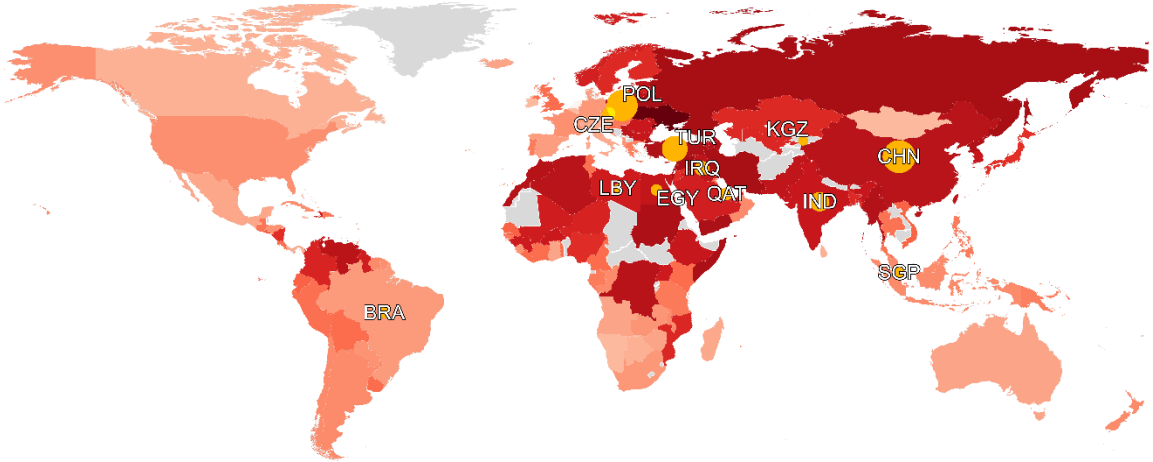
(tonnes, US dollars per troy ounce)



Sources: World Gold Council and ECB calculations.
Notes: One troy ounce equals approximately 31.10 grams.
The latest observation is for the first quarter of 2026.

Major central bank gold buyers and external conflict risk between 2022 and 2025

(gold tonnes)

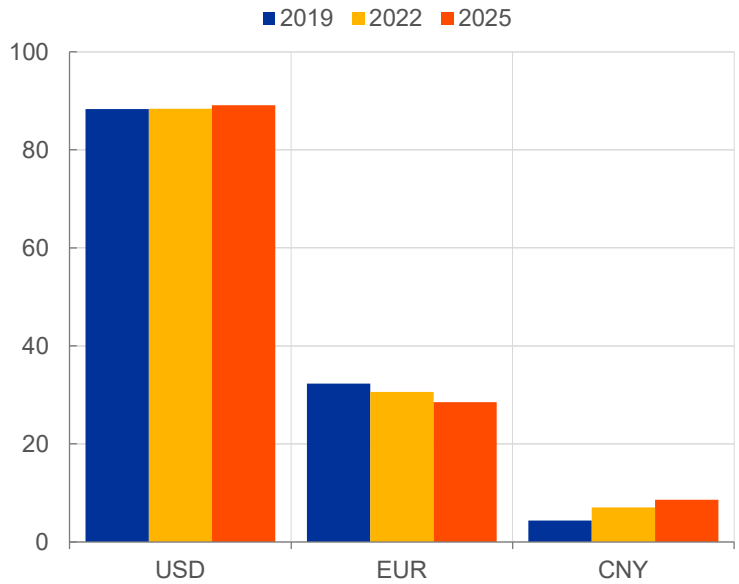


Sources: PRS Group, World Gold Council and ECB calculations.
Notes: The yellow bubbles indicate central banks whose gold purchases exceeded 10 tonnes between 2022 and 2025, with bubble size proportional to the volume purchased. Countries are coloured based on their average PRS external conflict risk rating over the same period, capturing exposure to war, cross-border conflict and foreign pressures. Darker red indicates higher external conflict risk.

In global FX trading the euro's role declined, possibly owing to higher hedging activity in dollars following the introduction of tariffs in April 2025

Share of selected currencies in global OTC foreign exchange transactions

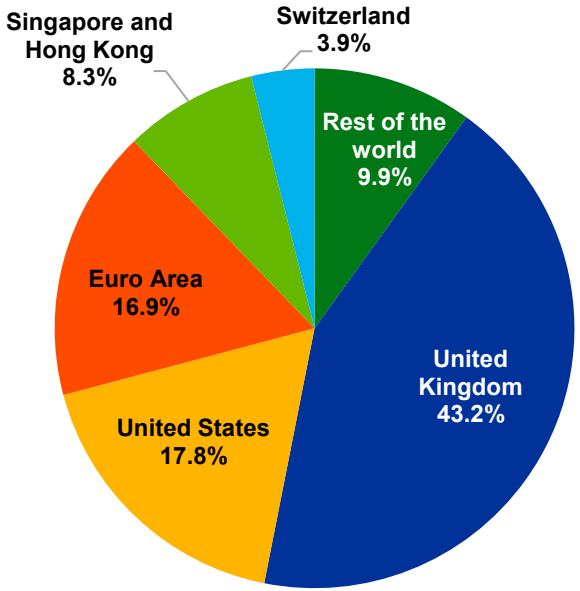
(percentages)



Sources: BIS and ECB calculations.
Notes: As two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200% instead of 100%. Shares are adjusted for local and cross-border inter-dealer double-counting (i.e. expressed on a "net-net" basis).

Location of foreign exchange trading in euro

(percentages)

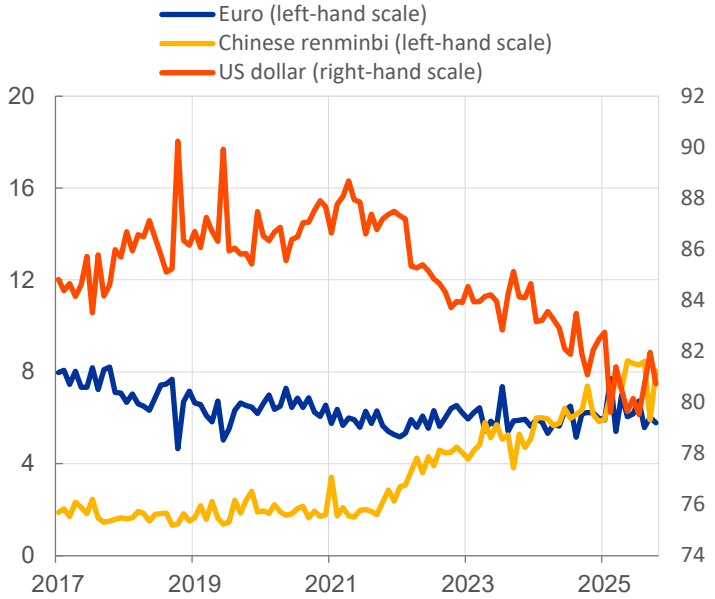


Sources: BIS and ECB calculations.
Notes: Shares are adjusted for local inter-dealer double-counting (i.e. on a net-gross basis). The BIS uses several criteria to determine the location of a foreign exchange transaction, notably the location of the initiating sales desk.

Stable role of the euro in global trade finance, while the role of renminbi is rising

Shares of top three currencies in Swift trade finance messages

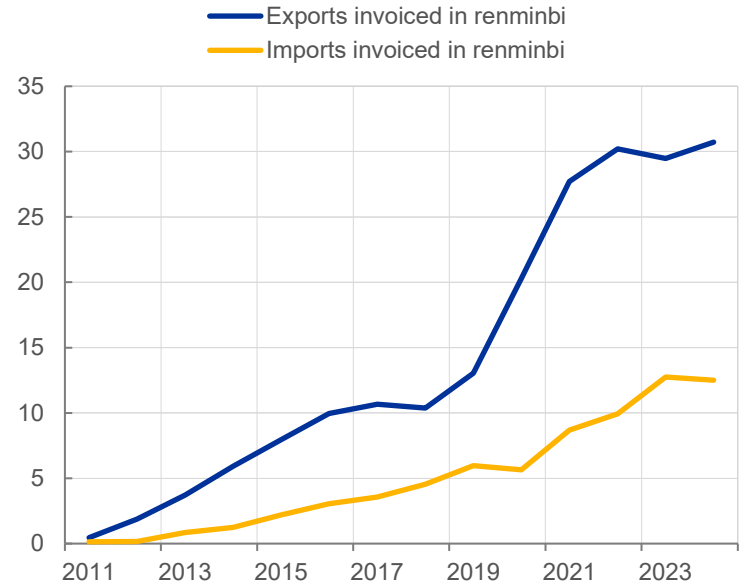
(percentages)



Sources: Swift RMB Tracker.
Note: The latest observations are for March 2026.

Trade invoicing: Chinese renminbi share of French trade with China

(percentages)

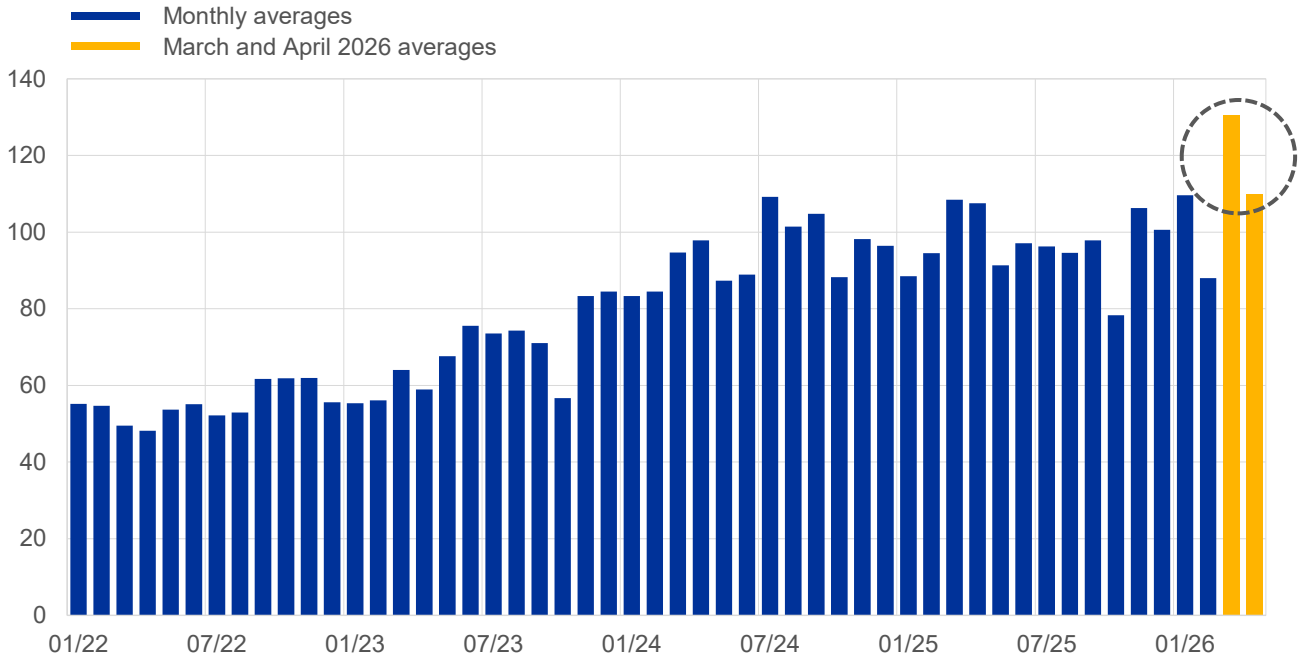


Sources: Berthou and Schmidt (2026).
Notes: Estimates are based on French customs data; see Berthou, A. and Schmidt, J., "The rise of renminbi invoicing: evidence from French firm-level data", unpublished manuscript, 2026. The latest observations are for 2024.

Forces of fragmentation are becoming more pronounced

Settlement activity in China's Cross-Border Interbank Payment System (CIPS)

(USD billions at constant Q4 2025 exchange rates)



Sources: CIPS and ECB calculations.
Notes: Monthly averages of daily settlement volumes. The latest observation is for April 2026.

Opening for the euro to enhance its global appeal – provided European policy makers create the necessary conditions and put words into action

Economic resilience
(Single Market, savings and investments union, joint financing of public goods)

Legal and institutional integrity
(rule of law)

Geopolitical credibility

Shifts in the global geopolitical landscape underscores the importance of a stronger international role of the euro. The ECB plays a role in three ways:

Pillar of Europe's institutional strength

ECB independence and price stability mandate

Issuer of a currency designed for the digital payment age

Digital euro
DLT-based wholesale transactions in central bank money
Cross-border payments

Provider of backstop liquidity to central banks abroad

Enhanced EUREP facility

Issues for discussion

- What are the main drivers of the euro's role in global FX trading?
- Have there been any significant recent changes in allocations, hedging strategies or specific products involving the euro?
- What are the key obstacles for the euro to thrive globally?

Thank you