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RESERVES, SANCTIONS AND TARIFFS IN A TIME OF UNCERTAINTY

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ABSTRACT

We analyze the determinants of individual central bank holdings of international reserves, as shares of gold, dollar, euro, pound, yen and yuan, over the 1999-2022 period. We augment standard economic determinants of size, exchange rate volatility, currency pegs and bilateral trade with bilateral political/economic variables such as disagreement in UN voting, military alliances, and financial and trade sanctions. These variables augment uncertainty measures such as global Economic Policy Uncertainty, US monetary and trade policy uncertainty, and the VIX. In addition, we investigate whether the US imposition of tariffs in 2018 had any measurable impact on dollar and other holdings. We conclude that financial sanctions and trade policy uncertainty have a statistically and economically significant effect on holdings of the US dollar. US tariffs had an economically – but not statistically – significant impact on shares of foreign exchange reserves: dollar shares fell by 2.1% and other shares rose by 0.8%. These findings can inform the debate regarding some of the benefits and costs of using such geo-economic policies.

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1. Introduction

In a short period of time, the possibility that US-imposed sanctions and other steps to "weaponize the dollar" would lead to a diminution of "dollar dominance" has gone from a seldom-discussed hypothetical possibility to a clear and present danger.[1] Indeed, this may be a reason why the gradual decline in central banks' dollar holdings has accelerated since 2014, the year that Russia annexed Crimea. To recount briefly:

- President Barack Obama's administration increased the use of economic, particularly financial sanctions, against targets like Russia and Iran, pursuit of national security objectives, in 2014.
- The first administration of President Donald Trump implemented a series of sanctions as well, and embarked upon a program of tariffs against China and US allies, purportedly based on a mix of both commercial and national security grounds.
- In 2022, the Joe Biden administration orchestrated a coordinated sanctions regime against Russia in the wake of the expanded invasion of Ukraine. Russian foreign exchange reserves held in Western banks were frozen, and interest proceeds seized.
- In 2025, the second Trump administration levied many onerous broad-based tariffs against numerous countries (and threatened even more).

The pursuit of geopolitical objectives may have eroded the existing liberal international economic order. The implications extend well beyond the effects on international currencies. However, we restrict our attention to the narrower questions: First, what are the implications of the widespread use of sanctions, particularly financial sanctions, for holdings of gold, dollars and other currencies? Second, did the imposition of sectoral tariffs in 2018 (hereafter Section 232 tariffs)[2] by the United States have an impact on currency and gold holdings?

[1] For a review of other aspects of the dollar as an international currency, we refer readers to ECB (2025), Bertaut et al. (2025).

[2] Although numerous tariffs were imposed by the United States, including anti-dumping and countervailing duties, we focus on the tariffs enacted in the name of national security (under 232 of the Trade Expansion Act of 1962) because of their novel use. We do not include Section 301 tariffs (of the U.S. Trade Act of 1974) which were deployed against China, as China does not publicly report the composition of its reserves.

To anticipate the results:

First, the US dollar and gold behave differently from other reserve assets. US financial sanctions are associated with measurable reductions in dollar holdings by the central banks of the target countries. They also induce a shift to other reserve currencies. Other countries' sanctions do not have a detectable effect like this.

Second, the imposition of Section 232 tariffs under the first Trump administration is estimated to have had an economic impact on the composition of reserve holding; however, they fail to exhibit statistical significance. In the short run, dollar reserves fell about 2 percentage points of foreign exchange reserves. While one would not want to extrapolate these quantitative results to the Trump II episode, given the breadth and extent of the tariffs of 2025, it is clear that holdings of US dollar reserves do respond to the imposition of tariffs by the US.

Our analysis controls for global risk factors (Global EPU, US monetary uncertainty, trade policy uncertainty, geopolitical risk, and the VIX). Higher US monetary policy uncertainty is associated with higher dollar holdings, consistent with a safe haven interpretation, while a higher VIX and US trade policy uncertainty are associated with lower dollar holdings. The VIX coefficient estimate is statistically significant, while the US monetary and trade policy uncertainty indices are usually significant.

Section 2 presents some stylized facts pertaining to the aggregate data. Section 3 presents econometric results of analyses of reserve holding composition approached currency by currency plus gold. In Section 4, we pool across currencies, and repeat our analysis, but still allowing the US dollar and gold to exhibit differing behavior. The effects of the 2018 tariffs are examined in Section 5. Section 6 concludes.

2. Aggregate Reserves and the Aggregate Relationships

At the aggregate level, the dominance of the dollar along various dimensions of an international currency has remained in place. As shown in Figure 1, the dollar share of foreign exchange reserves is about 58% as of March 2025, just about in the middle of the range for the dollar from 1965 onward. Nonetheless, it is understandable that concerns about the dollar's pre-

eminence should have arisen, as its share has been falling at an accelerated rate since about 2014. The switch out of dollars has not been into euros or other major reserve currencies, however. Instead, holdings of various smaller currencies like the Australian dollar and the Swedish kronor, as well as of gold, have increased, as Arslanalp, Eichengreen and Simpson-Bell (2022, 2023) point out.

[Figure 1 about here]

Chinn and Frankel (2007, 2008) demonstrated that aggregate reserve shares were primarily determined by the issuing country's GDP share, inflation, exchange rate volatility, forex turnover, and inertia. Although this relationship obtained for pre-2006 data, the relationship did not remain stable into the post-2007 period.[3] Hence, the question of what variables are empirically robust determinants of reserve holdings remains open.

A complication in interpreting these developments involves the rising role of gold in total reserves.[4] Interestingly, the sum of dollar shares and gold shares has remained fairly constant, as shown in Figure 2.

This leads naturally to the question of whether the dollar and gold have proven to be substitutes over the past two decades. At a minimum, it suggests that the dollar and gold together might behave differently than the other currencies.

[Figure 2 about here]

While the sum of the shares is fairly constant, individually the dollar aggregate and gold aggregate behave quite differently. The dollar share could be construed as stationary, with high persistence (about 0.93 on a quarterly basis, half-life of a deviation about four years), but the gold share seems to be nonstationary, failing to reject a unit root null at the 5% level (even though in reality it must be bounded between 0 and 1.

[3] See Chinn, Frankel and Ito (2024) for a discussion.
[4] Henceforth, we define the sum of net foreign exchange reserves and gold reserves as total reserves. This is distinguished from international reserves insofar as we do not include SDRs.

For the dollar, the share depends significantly on exchange rate volatility, and little else. In contrast, for gold, the price of gold and policy uncertainty explain the change in the gold share (and perhaps a dummy for the Trump administrations).

The foregoing suggests that inferring the effects of political factors (geopolitical alignment, sanctions) will require examining individual central bank behavior. At the same time, the heightened global risk and policy uncertainty cannot be ignored.

3. Panel Analysis of Central Bank Behavior

In this section, we turn to explaining how individual central banks determine their holdings of foreign exchange reserves. While there have been several papers that investigate this question, they have focused on specific aspects. Arslanalp et al. (2022) examine a set of determinants that are separate from those that were considered in Chinn and Frankel (2007), and that focus more on factors that are specific to the holder of reserves (bilateral pegs, bilateral shares of trade). Goldberg and Hannaoui (2024) bring into the analysis geopolitical and return variables, but examine only holdings of US dollars.

For this analysis, we rely on the Ito-McCauley (2020) data set. They draw on data assembled from annual reports, financial statements, and other relevant materials of central banks across the world to collect data on the currency composition of foreign exchange reserves of individual countries. For the Latin America central banks, they relied on data provided by the Latin American Reserve Fund (FLAR). The dataset encompasses 58 countries: 13 advanced economies; 45 emerging and developing economies, as defined by the IMF. By region, 10 Asian-Pacific; 12 African and Middle Eastern; 6 Western European; 17 Eastern European and Central Asian; and 12 Western Hemisphere. The holdings by the issuers of the key reserve currencies themselves, US, Euro, Japan, UK and China, are omitted from the analysis. For gold reserves, we rely on IMF statistics, as reported by the World Gold Council, evaluated at market prices.

Note that, in contrast to other reserves data such as that compiled by Arslanalp et al. (2022), Ianciu et al. (2022), and Laser et al. (2024) which utilize gross asset positions, we rely on currency *exposures* (i.e., accounting for forwards). In our view, this is the more appropriate

measure of holdings. On the other hand, this requires a more laborious process of assembling the data, and so the sample size is smaller than other datasets.[5]

To highlight how trends in our data differ from the aggregate COFER data illustrated in Figure 1, we display in Figure 3 the median values of currency and gold share out of total reserves. Notice that the median dollar share rises from 2016 to 2019, while in the COFER dataset, the dollar share was decreasing. This difference could be attributable to the mean vs. median, or to the fact that the sample of central banks we have differs from the universe of central banks reporting to the IMF.

[Figure 3 about here]

Our dependent variable is foreign exchange reserve shares, either relative to total foreign exchange reserves or relative to foreign exchange plus gold reserves. The distinction between the two are illustrated for the US dollar in Figure 4, which shows how dollar shares differ depending upon whether the share is expressed relative to foreign exchange reserves or total reserves.

[Figure 4 about here]

Since there are relatively few instances of any particular central bank's dollar reserves shares near 100% or 0%, we focus – to begin with -- on results based on this variable, allowing easier interpretation of the coefficients. But, as an alternative, we consider the logit transformation of the shares. This will become an important distinction when we consider currencies that might have zero holdings for certain central banks.

We estimate the following specification, which includes the reserve currency issuer *i* variables described in Section 2, augmented with country *j* specific variables related to the country of central bank that is holding the reserves:

$$sh_{ijt} = \beta_0 + \beta_1 sh_{ij,t-1} + \beta_2\, y_{it} + \beta_3 \sigma_{it} + \gamma_1 trade_{ijt} + \gamma_2 peg_{ij,t} + u_{it} \qquad (1)$$

where *y* is the issuing country's GDP share of world GDP and σ is the standard deviation of monthly changes in the nominal effective exchange rate. Following Ito and McCauley (2020) and Chinn, Ito, and McCauley (2022), this specification also includes two bilateral variables:

[5] Earlier studies of reserve behavior at the level of individual central banks include Dooley et al. (1989), and Eichengreen and Mathieson (2001).

country *j*'s trade share with country *i* as well as a dummy variable indicating whether country *j*'s currency is pegged to country *i*.[6]

We want to assess geopolitical factors which have been recently highlighted, motivated by increased fear of sanctions. We hypothesize that, the more a country is at odds with the United States or Europe in geopolitical terms, the more vulnerable it is to sanctions from these powers and thus the less dollars and euros it would choose to hold. Goldberg and Hannaoui (2024), Mosler and Potrafke (2020) and Perez-Salz, Zhang and Iyer (2023) use geopolitical proximity as proxied by the frequency with which the country votes in agreement with the United States in United Nations General Assembly resolutions. Proximity to the US can also be measured by whether there is military alliance between the country and the US, as in Eichengreen, Mehl, and Chitu (2017) and Arslanalp, Eichengreen, and Simpson-Bell (2022). We use data from Mosler et al. (2020), and Voeten et al. (2009), respectively, in our analysis.

The literature on vulnerability to sanctions features an exception for gold. Economists hade believed that central bank holdings of gold were an anachronism. Although monetary authorities in many countries still held some gold, they did not treat it as an active part of their international reserves. More recently, central banks, especially in Asia, have returned to actively buying (and selling) gold. Arslanalp, Eichengreen, and Simpson-Bell (2023) and Ferranti (2025) find that, in recent years, countries that faced a higher risk of US sanctions (presumably if they have greater political disagreement with the US or don't have a military alliance with the US) increased the share of gold in their international reserves more than countries facing a lower risk of US sanctions.[7]

To examine the role of geopolitical factors we estimate a regression incorporating this factor.

$$sh_{ijt} = \beta_0 + \beta_1 sh_{ij,t-1} + \beta_2\, y_{it} + \beta_3 \sigma_{it} + \gamma_1 trade_{ijt} + \gamma_2 peg_{ij,t} + \gamma_3 disagree/ alliance_{i,j,t} + u_{it} \quad (2)$$

[6] Another variable suggested by other analyses (e.g, Gopinath and Stein, 2018) is invoicing. The invoice decision might be considered endogenous in the same way as reserve holdings. In any case, even though we have limited data on invoicing by currency, so that adding this invoicing variable reduces the sample by nearly half, we find that it leaves the general pattern of results intact. Hence, we omit presenting these results.

[7] For one theoretical motivation, see Bianchi and Sosa-Padilla (2025).

where $disagree_{i,j,t}$ is a variable that indicates whether the voting of country *j* in the UN is dissimilar to that of reserve currency issuer *i*, and *alliance* is a dummy variable indicating whether country *j* has a military alliance with country *i*.

Finally, we investigate the impact of economic sanctions. The variable *sanctions* is a dummy variable which indicates whether country *j* has faced sanctions imposed by country *i* . The sanctions could take the form of either trade or financial transactions. The sanctions -- trade and financial -- data are from the Global Sanctions Data Base. Our prior is that imposition of sanctions would reduce holdings of the currency issued by the sanctioning country.

We also examine the sensitivity of the results to the inclusion of global risk and uncertainty measures.

$$sh_{ijt} = \beta_0 + \beta_1 sh_{ij,t-1} + \beta_2\, y_{it} + \beta_3 \sigma_{it} + \gamma_1 trade_{ijt} + \gamma_2 peg_{ij,t} + \gamma_3 disagree/ alliance_{i,j,t} + \gamma_3 sanctions_{i,j,t} + \theta_t Z_t + u_{it} \quad (3)$$

Where *Z* is measured by either global Economic Policy Uncertainty, US Monetary Policy Uncertainty, US Trade Policy Uncertainty (all from Baker, Bloom and Davis), Geopolitical Risk (Caldara and Iacoviello), or the VIX.

To highlight how our dependent variable differs from that used in Chinn, Frankel and Ito (2024), consider the results using the dollar share out of foreign exchange reserves vs. the dollar share out total foreign reserves.

Table 1.1 presents the results of these specifications for the US dollar share *out of foreign exchange reserves*, including various global factors. Table 1.2 reports the comparable regressions using USD share out of *total* reserves, that is the sum of gold and foreign exchange reserves.

[Table 1.1, 1.2 about here]

For the US dollar, the results do not change qualitatively whether we use share out of foreign exchange reserves or out of total reserves, save for the statistical significance of one coefficient. Hence, we focus on the results using the latter.[8]

[8] Extensive results using shares out of foreign exchange reserves are reported in Chinn, Frankel and Ito (2024).

First, in both cases, the goodness of fit is fairly high. The adjusted R^2 is 0.89, with over 800 observations, over 45 central banks.

It is useful to recall that, just as in the aggregate data, individual central bank holdings of dollars are highly persistent. The autoregressive coefficient is about 0.90 on an annual basis, which is statistically significantly different from unity.[9] The implied half-life of a deviation from equilibrium is approximately six and half years. This degree of persistence means that one has to keep in mind the substantial difference between the short run (instantaneous) impact and the long run impact. In this case, the long run impact is going to be ten times the short run.

Most of the variables that were included in Chinn, Frankel and Ito (2024), enter in with expected sign, with the exception of the GDP share; it does not show up as statistically significant.[10] If the size of the economy matters for dollar dominance, it evidently does not vary enough *over time* to show up here as statistically significant.

The bilateral share of trade has a robustly significant relationship with the share of US dollars held. In the short run, a one percentage point increase in the bilateral US trade share out of total results in a 0.05 percent increase in the dollar share of reserves. In the long run, the dollar share will rise by half a percentage point.

Exchange rate volatility reduces the attractiveness of the reserve currencies: each one percentage point increase in nominal trade-weighted exchange rate volatility (measured by monthly standard deviation) reduces holdings of the currency by an estimated 2.8 to 4.4 percentage points in the short run, that is, 28 to 44 percentage points. [11] As documented elsewhere, an exchange rate peg to the dollar increases dollar shares, by 3.6-3.8 percentage points in the short run. In the long run, the impact is 36 to 38 percentage points.

The first geopolitical variable we consider, included in columns (2-8), is UN voting disagreement. This variable enters with an essentially zero effect, both economically and

[9] When the true autoregressive coefficient is close to unity, the OLS estimate will typically be downwardly biased, so we cannot be certain that the share is not a unit root.
[10] The results of estimating (2) are very similar to those reported in Chinn, Frankel and Ito (2024), Table 1. The inflation differential and foreign exchange turnover location were not statistically significant (albeit signed as anticipated); we suppressed these variables in this examination.
[11] Clearly, the peg decision might be endogenous, to the extent that large dollar holdings might induce a tendency to set a dollar peg. Or large dollar holdings might result from substantial trade, which then makes a peg desirable. Still, the other coefficients retain significance even if the peg variable is omitted.

statistically. Notably, this finding differs from the hard-to-explain results in Table 1.1, which indicate that the greater the political disagreement, the greater the share of dollar holdings *out of foreign exchange reserves* Hence, the behavior of dollar shares *out of total reserves* differs from results in Goldberg and Hannoui (2024) as well as Chinn, Frankel and Ito (2024) who also found a positive and significant relationship.[12]

A dummy variable for military alliance, which is time invariant, has a negative but insignificant effect in columns (9-14). This stands in contrast to findings by Eichengreen, Mehl and Chitu (2018), who examine the period preceding World War I.

Irrespective of specification (political disagreement or alliance), sanctions imposed on the country by the US do not have significant effects, whether they be, trade sanction or financial sanction. This contrasts with results in Chinn, Frankel and Ito (2024), where financial sanctions significantly reduced dollar holdings (while perversely trade sanctions appeared to increase holdings significantly).

Surprisingly, no global risk or uncertainty measure, either individually or collectively, has a statistically significant impact on dollar shares.[13]

In Table 1.3, we change the dependent variable to be the logit transformation of the shares variable.

$$logitsh_{i,j,t} = \ln\left(\frac{sh_{i,j,t}}{1 - sh_{ij,t}}\right)$$

This transformation is useful because it forces all estimated shares to be bounded between 0 and 1. If most of the observations are somewhere in the middle of the 0/1 range, then a simple shares regression is likely not problematic. However, if for any central bank, the dollar share is near 100% or near 0%, then a logit transformation is to be preferred.

[Table 1.3 about here]

[12] One explanation offered by Goldberg and Hannaoui (2024) is that the set of countries that vote at odds with the US in the UN tend to have reserve holdings that are worryingly low from a precautionary viewpoint, and thus can't afford to diversify out of the dollar, which is the most liquid of the reserve currencies.

[13] The change in reserve shares is driven by both quantity and valuation effects. We can control for valuation as in Chinn, Ito and McCauley (2022), to see if quantities are driving the changes in shares. For the US dollar, quantities dominate.

The results – in a qualitative sense – are broadly consistent with those for the shares regressions: high persistence, along with same signs for GDP, trade share, exchange rate volatility, and dollar peg. The trade share is no longer statistically significant, though. UN voting disagreement and military alliances are not statistically significant.

Financial sanctions have a negative, and statistically significant, impact on the dollar share[14], while trade sanctions have a (perversely) positive one. Interestingly, once again the global risk/uncertainty factors have no significant impact on dollar holdings – not even the VIX.

We now turn to gold shares, treating them as closely as possible to how currencies are treated. Some modification is necessary because gold is not "issued" by any central bank. Hence, one can't include the corresponding GDP and trade share, and these variables are omitted from the regression. But we can include the volatility of gold prices (in SDR). In addition, we can conjecture that gold, in being a "safe asset", is a sort of substitute for the dollar. Hence, we include the political distance of the average of the G4 Western countries (US, European Union, UK, Japan). We also examine sanctions by G4 countries.

[Table 2.1 about here]

The gold reserves share is even more persistent than dollar shares, with an autoregressive coefficient of 0.96; conventional tests would likely not be able to reject a unit root null. For now, we assume stationarity.

Higher gold price volatility is associated with higher holdings of gold, though the effect is not usually significant statistically. However, countries that are politically more remote from the G4 are likely to hold more gold reserves, as anticipated. That effect is statistically significant.

The imposition of economic sanctions does not appear to have a statistically significant impact on gold holdings. In the context of risk/uncertainty variables, increased trade policy uncertainty is significantly associated with greater holdings.

The results from the logit version of the gold regressions are shown in Table 2.2. The notable feature of the results is that higher Global Economic Policy Uncertainty, US Monetary

[14] While individual central banks might reduce their dollar holdings in response to a financial sanction, this does not directly imply total dollar holdings will fall. McCauley (forthcoming) shows the durability of aggregate dollar shares in the face of sanctions by the US.

Policy Uncertainty, and US Trade Policy Uncertainty all induce greater gold holdings, although only Trade Policy Uncertainty is robust to different specifications.

[Table 2.2 about here]

The Euro is examined in Table 3.1. The basic specification results shown in Column (1) yield coefficients with signs as anticipated. In all specifications, the proportion of variation explained is higher than that for the dollar, with adjusted R^2 at 0.94, for 788 observations over 47 to 48 central banks.

[Table 3.1 about here]

The persistence in euro holdings is similar to that for the US dollar. In contrast to the dollar, however, GDP share is a significant determinant, with a one percentage point increase in the euro-zone's GDP share of world GDP associated with a 0.3 to 0.5 percentage point increase in euro share. In the long run, that change induces a 3 to 5 percentage point increase in the euro share.[15] The bilateral trade share also has a positive – and statistically significant – effect, such that a one percentage point increase in trade share is associated with a 0.08 percentage point increase in euro holdings short run, 0.8 percentage point in the long run.

In contrast to the dollar result, a euro peg has no statistically significant effect, likely because there are so few observations of countries pegged to the euro. Euro exchange rate volatility also fails to have a noticeable impact.

In terms of geopolitical variables, greater voting disagreement with the European Union (columns 2-8) has a negative and statistically significant impact on euro holdings. This is the effect hypothesized. Meanwhile, European Union sanctions on country *j* have no significant impact. Finally, of the risk/uncertainty variables, only Global Economic Policy Uncertainty has an effect: Higher uncertainty increases the euro share. With the logit transformation (results reported in Table 3.2), we obtain qualitatively similar results to those in Table 3.1.

[Table 3.2 about here]

[15] Over the past decade, the Euro Area share of the world economy has been shrinking. Hence, the estimated coefficient suggests a downward trend in euro share of reserves, holding all else constant.

For the other currencies – pound, yen and yuan -- the results are fairly unremarkable. We report them in Appendix Table A1-6. In most cases, the only coefficients that are statistically significant are the ones on the lagged dependent variable. One exception is for the Japanese yen (in the logit specification), wherein political disagreement is negatively associated with yen holdings, as anticipated.

Overall, while panel regressions across central banks provide some insights not obtainable in the aggregate reserves, there is a limit to what relationships can be identified when running regressions for each reserve currency separately. We suspect that the currency-by-currency results for the pound, yen and yuan are handicapped by insufficient data or insufficient variation in the data over time. Hence, we turn to examining the shares pooled across gold, the dollar, euro, pound, yen and yuan.

4. Cross-Currency Pooled Analysis of Central Bank Behavior

In this section, we adduce the results from pooled regressions where we incorporate variation across currencies to explain central bank reserve holding behavior, rather than just variation across time. This is our preferred set-up for estimation, because variation across currencies is where the action is.

Table 4.1 reports the pooled version results for the same specifications used in Table 2.2, except that given there is no country and trade share for "gold", these variables do not appear. In columns (1-4) each currency is allowed its own intercept. In columns (5-8), the currency dummies are omitted. Columns (1, 5) show the estimate for the baseline specification, where the coefficients are constrained to be the same across all currencies and gold.

[Table 4.1 about here]

In column (1), only the dollar dummy coefficient is statistically significant (aside from the autoregressive coefficient which is always significant). On average, central banks hold 3 percentage points more dollars, holding all else constant. It's rather unsatisfying to include dummies, which in some sense are a measure of our ignorance. Taking out the dollar dummy (Column 5), political disagreement becomes significant, but unexpectedly positive.

Given the literature that highlights how gold shares behave differently from currency shaares (implicit in how previous studies focus on gold vs. other foreign exchange reserves), it makes sense to unconstrain the coefficients for gold. This is especially true in that priors would indicate a *positive* coefficient for disagreement for gold, *negative* for all the other currencies. Unconstraining gold coefficients corresponds to columns (2) and (6). In the first case, countries with greater political disagreement with the US, EU, UK, and Japan hold more gold (as expected), while there is a negative (insignificant) coefficient for currencies. This finding does not extend to column (6), however.

One could argue on the basis of dollar exceptionalism that one should instead unconstrain US coefficients. This is done in columns (3) and (7). In both instances, political disagreement with the US is associated with (statistically) significantly greater dollar holdings – as found in Goldberg and Hannaoui (2023) and Chinn, Frankel and Ito (2024). Goldberg and Hannaoui interpret the positive coefficient (in contrast to negative for other currencies) to the fact that the dollar is held for liquidity purposes, as well as portfolio purposes. At the same time, greater political disagreement is associated with lower currency and gold holdings.

US financial sanctions exhibit a large negative impact. Imposition of such sanctions is associated with a 1.4 percentage point reduction in dollar shares in the short run, about 35 percentage point in the long run. In this sense, financial sanctions have a very large economic effect.

Treating the US dollar *and* gold as different from other currencies (columns (4), (8)) -- which makes most sense -- yields broadly similar results recounted above. Political disagreement has a negative effect on currency holdings when it comes to the EUR, GBP, JPY and CNY, while political disagreement with G4 countries is associated with greater gold holdings, and political disagreement with the US is associated with greater holdings. And financial sanctions induce a reduction in the share of dollar holdings of 1.6% in the short run, about 16% in the long run.[16]

Focusing on the results omitting currency dummies, one finds that in this full specification, global Economic Policy Uncertainty is associated with greater dollar holdings, a safe haven effect that one would expect from past history. On the other hand, higher values of US

[16] Here we use the estimated autoregressive coefficient in Table 1.2.

Trade Policy Uncertainty and the VIX are associated with lower dollar holdings. The VIX is positively correlated with holdings of euros, pounds, yen and yuan. All these relationships are statistically significant.

The last finding regarding the VIX (higher VIX associated with less dollar holding, greater holding of the other currencies) could be surprising, although this finding is consistent with the possibility that the safe-haven attractions of the dollar apply to *private sector* investors, and central banks take the opposite side of the transaction in order to stabilize the exchange rate.

These results remain largely intact if a logit specification is used (Table 4.2). Ignoring the constrained regressions (columns (1), (5)), one sees that the differences include a statistically significant role for monetary policy uncertainty (negative), trade policy uncertainty (positive), and VIX (positive) for the US dollar shares. In this logit specification, the implied short run impact of financial sanctions on dollar holdings is larger, at about 6 percentage points.

[Table 4.2 about here]

5. Lessons from Trade War 1.0 for Trade War 2.0

The events of 2025 have spurred interest in the effects of Mr. Trump's aggressive use of tariffs and tariff threats to achieve commercial as well as political goals, particularly with respect to the dollar's role as a key reserve currency. At the time of writing, we do not have enough data on changes in reserve holdings in 2025 to answer the question whether the escalated trade policy approach is substantially eroding the dollar's position. However, we can investigate whether there was an impact of dollar holdings arising from the 2018 trade war on dollar holdings, wherein the US imposed Section 232 (national security) tariffs.[17]

To that end, we estimate a specification augmented by a tariff dummy variable that takes on a value of one when a Section 232 tariff has been imposed by the US on country j. This means we have variation across countries and over time, although the cross-time variation is limited,

[17] The US also imposed Section 301 ("market access") related tariffs on China. However, we do not have data on Chinese reserve holdings, save for the US dollar in 2005.

since we only have three years of tariffs in the sample (most of these tariffs were imposed in 2018, and at most our central bank holdings data extends to 2022).

To begin with, we estimate a simple US dollar share regression (results reported in Table 5.1). Since most central banks hold some intermediate level of dollars, using a shares regression should give us an idea of the impact of a Section 232 tariff. Most of the coefficients that were significant before remain so, with perhaps the exception of the financial sanctions coefficients. Across all specifications, the tariff coefficient ranges from -0.015 to -0.021. Hence, the US imposing tariffs results in a 1.5 to 2.1 percentage points reduction in the share of US dollar holdings (out of foreign exchange reserves). With the autoregressive coefficient at about 0.87, this means the long run impact is 12 to 16 percentage points of total reserves.

[Table 5.1 about here]

However, none of the tariff coefficient estimates is statistically significant. This finding suggests that we do not have enough variation across countries and time to obtain a sufficiently precise estimate. Hence, we pool the data across currencies, and repeat our exercise.

First, we examine the results using simple shares out of total reserves and foreign exchange reserves as the dependent variable (results shown in Tables 5.2 and 5.3, respectively). A dummy tariff variable interacted with both the US dollar and gold (when relevant) allows one to calculate a separate response for dollar and gold different from that for the other currencies. The coefficient on the uninteracted US tariff variable can then be interpreted as the increase in euro, pound, yen, and yuan shares associated with the US imposing a Section 232 tariff. The interaction coefficients on gold and US dollar are then interpretable as the impact on these respective asset shares given an imposition of a Section 232 tariff.

[Tables 5.2, 5.3 about here]

In Table 5.2, the coefficient on the tariff variable always shows up as not statistically significant. Unconstraining the US dollar coefficient and/or gold coefficient provides positive and but statistically insignificant coefficient estimates for tariffs – so all other currency shares and/or gold share rise when the US imposes a Section 232 tariff. Unfortunately, the gold and dollar interaction coefficients are statistically insignificant, so it is difficult to see if a direct impact occurs for these two asset classes. Similar results are obtained in Table 5.3.

Second, we consider the pooled (over currencies) logit regression. This specification is more appropriate insofar as many observations for the pound, yen and especially yuan are near zero, and many at near unity (for dollar out of foreign exchange reserves). In tables 5.4 and 5.5, respectively, results are reported using this transformation.

[Tables 5.4, 5.5 about here]

The logit of shares out of *total* reserves (Table 5.4) exhibits a positive coefficient on tariffs as long as the coefficient is unconstrained for the dollar and gold. The coefficient ranges from 0.06 to 0.13, significant in some cases. Hence, imposition of Section 232 tariffs by the US means all other shares rise, between 1.4 to 3.1 percentage points. The long run impacts are approximately eight times these magnitudes. In contrast, neither the coefficient for gold nor that for the US dollar is statistically significant. As a consequence, we only have indirect evidence on the negative impact on the dollar's position.

In Table 5.5, using logit on shares of foreign exchange reserves, once again obtains similar results. The tariff coefficient is not significant in all cases. The consistent finding is that when the dollar coefficients are unconstrained (columns (2) and (4)), the tariff coefficient is positive, while the US dollar tariff coefficient is negative. Summing up the tariff coefficient and US dollar specific tariff coefficient, one obtains on net a negative impact of 0.09. Since the logit transformation is monotonic, the implication of imposing the Section 232 tariffs is a reduction in dollar holdings. Converting to marginal effects, the impact (column 4) is about 2.1 percentage points of foreign exchange reserves in the short run. Interestingly, this (statistically insignificant) estimate is not far from 1.5 to 2.1 percentage points shown in Table 5.1.

The implied long run impact of imposing the Section 232 tariffs is 21 percentage points, which seems rather large; however, these calculations are based on imprecisely estimated coefficients. From direct observation, is such a figure plausible? The closest example is Brazil, which in our data set, reduced the dollar share of foreign exchange reserves from 91% at the end of 2018 to 82% at the end of 2021, a 9 percentage point decrease in 4 years (where the estimated half life of a deviation is about seven and a half years).

Can one extrapolate these findings to the ongoing tariff war? In our view, it would be foolhardy to do so, at least quantitatively. The 2025 tariff increases are broad based, and much

more burdensome, taking US effective tariff rates to Hawley-Smoot levels. They are also associated with much greater levels of policy uncertainty. However, our findings suggest that even using as blunt a measure as a dummy variable, one can find a negative impact on dollar holdings.

Do these results mean the Trump II trade war as conducted will have no effect on dollar holdings? One consistent finding across our logit regressions (which as we argue are more appropriate when pooling across currencies) is that Trade Policy Uncertainty increases are associated with increases in other currency (and gold) shares, and decreases in US dollar shares. In Table 5.5, column (4), a one unit increase in Trade Policy Uncertainty induces a 1.4 percentage point increase in other currency shares, and a 0.6 percentage point decrease in dollar holdings, on impact.

6.Conclusion

Recent events highlight the need to identify the determinants of central bank holdings of reserve currencies and gold, which has risen in prominence in recent years. We examine a data set of net holdings of reserve currencies and gold in an integrated framework. In doing so, we confirm the robustness of several findings in Chinn, Frankel and Ito (2024): the roles of political disagreement, and sanctions in affecting dollar holdings, even when taking into account gold holdings.

We extend those results by showing that financial sanctions imposed by the United States also induces increases in holdings of other reserve currencies, *and* gold. These effects are sizable, even in the short run, on the order 6 percentage points of foreign exchange reserves. These results hold when measures of global risk factors – like global economic policy uncertainty, or the VIX – are included. These findings are useful for thinking about sanctions such as those imposed by President Joe Biden on Russia in response to that country's expanded invasion of Ukraine in 2022.

We do not obtain statistically significant estimates of the impact of tariffs on currency holdings, perhaps because of our very imperfect measures of tariffs. However, the Trade Policy

Uncertainty associated with the 2018 trade war shows up with a substantive effect on dollar holdings.

Will the lessons from the past apply to the world of Trump II? Since our estimated sanctions and tariff effects are for on/off binary variables, we think it unwise to extrapolate our quantitative findings. Moreover, the imposition of high and broad tariffs and other steps to "weaponize" the dollar are too recent to show up in our data set (which at best extend to 2023 for a few central banks). However, we do have reason to conclude that the elevated uncertainty in 2025 is unlikely to raise dollar holdings, particularly as more moderate increases in uncertainty did not do so in 2018-20.

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Data Appendix

Variable	*Description*
Ratio of GDP to total World GDP	Ratio of GDP of five major currency issuers in USD (converted at official exchange rates) to GDP of world aggregate. Sources: IMF, *International Financial Statistics*. Euro area, world GDP data from IMF, World Economic Outlook.
Exchange rate volatility	Calculated as the standard deviation of the log first difference of the NEER of each major currency issuer over moving 60-month windows. Source: BIS.
Currency peg	Ilzetzki, et al. (2019)
Military alliance	A dummy variable that takes a value of one for a country signs treaty with relevant country issuer country. Source: Voeten, Streszhnev, Bailey (2009).
Sanction	A dummy variable taking a value 1 if there are any kind of financial sanctions between sender *i* and target *j*, 0 otherwise. Source:e Global Sanction Data Base (GSDB).
financial sanction	A dummy variable taking a value 1 if there are financial sanctions between sender *i* and target *j*, 0 otherwise. Source: GSDB
trade sanction	A dummy variable taking a value 1 if there are trade sanctions between sender *i* and target *j*, 0 otherwise. GSDB
Sec 232 tariff	A dummy variable if the US imposed Section 232. Source: Bown (2021)
Global EPU	Market GDP weighted country EPU. Source: Baker, Bloom and Davis.
US Monetary Pollcy Uncertainty	Monetary Policy Uncertainty Categorial Index: Source: Baker, Bloom, and Davis.
US Trade Policy Uncertainty	Trade Policy Uncertainty Categorial Index: Source: Baker, Bloom, and Davis.
Geopolitical Risk	GPR. Source: Caldara and Iacoviello.
VIX	Source: CBOE via FRED
Dependent Variable	
Share of gold in total international reserves	The share of gold in total reserves, i.e., $\frac{gold\ holding}{Total\ reserves}$.
Share of ### in FX reserves	The share of ### in FX reserves, accounting for forward positions. Source: Ito and McCauley (2020) and Chinn, Ito, and

	McCauley (2021). ### = USD, EUR, GBP, JPY, CNY
Share of ### in total reserves	The share of ### in total reserves (FX reserves plus gold reserves), accounting for forward positions. Source: Ito and McCauley (2020) and Chinn, Ito, and McCauley (2021), *International Financial Statistics*. ### = USD, EUR, GBP, JPY, CNY

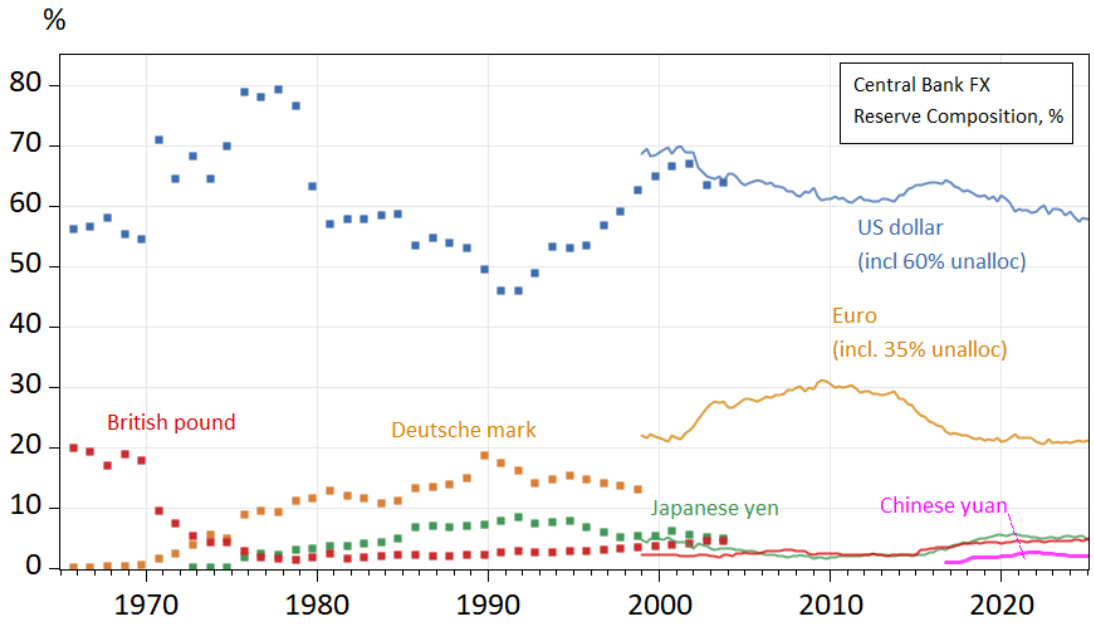

Figure 1: Currency shares in foreign exchange reserves. Source: IMF Annual Reports, COFER, and author's calculations.

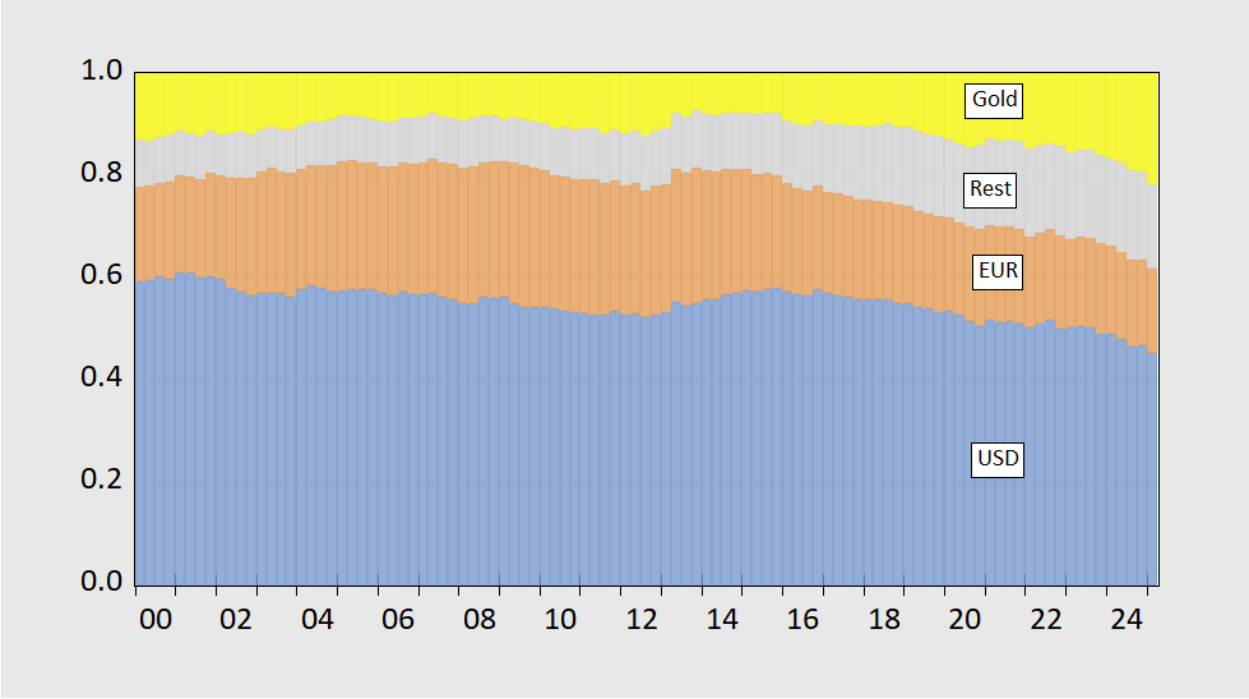

Figure 2: Shares out of total reserves. Source: COFER data, International Financial Statistics.

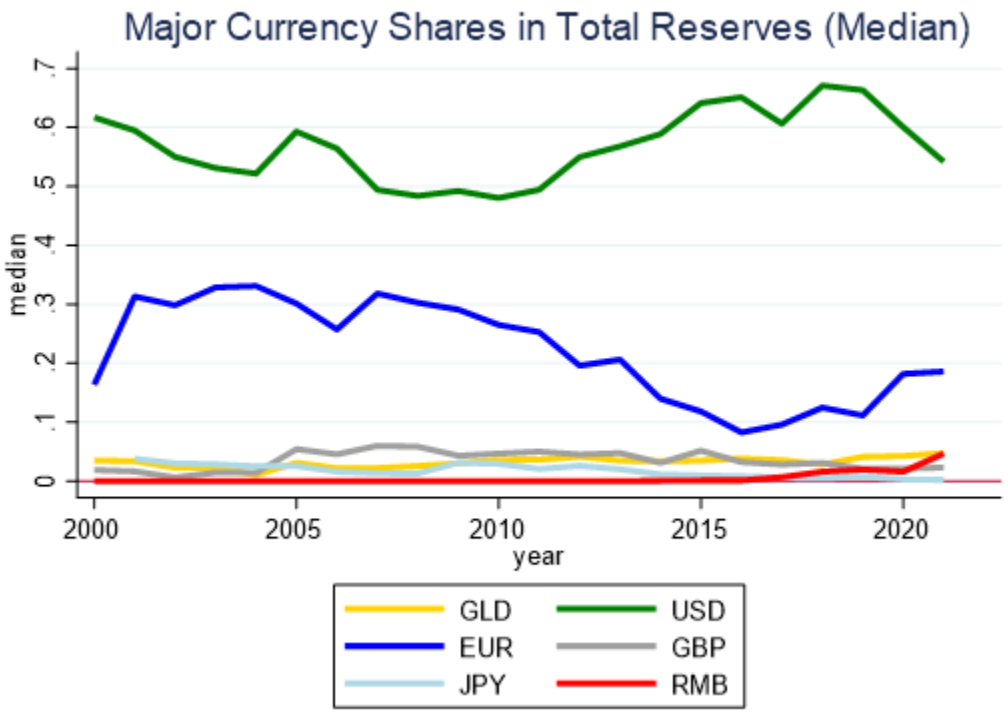

Figure 3: Median shares of each currency or gold as a share of total reserves.

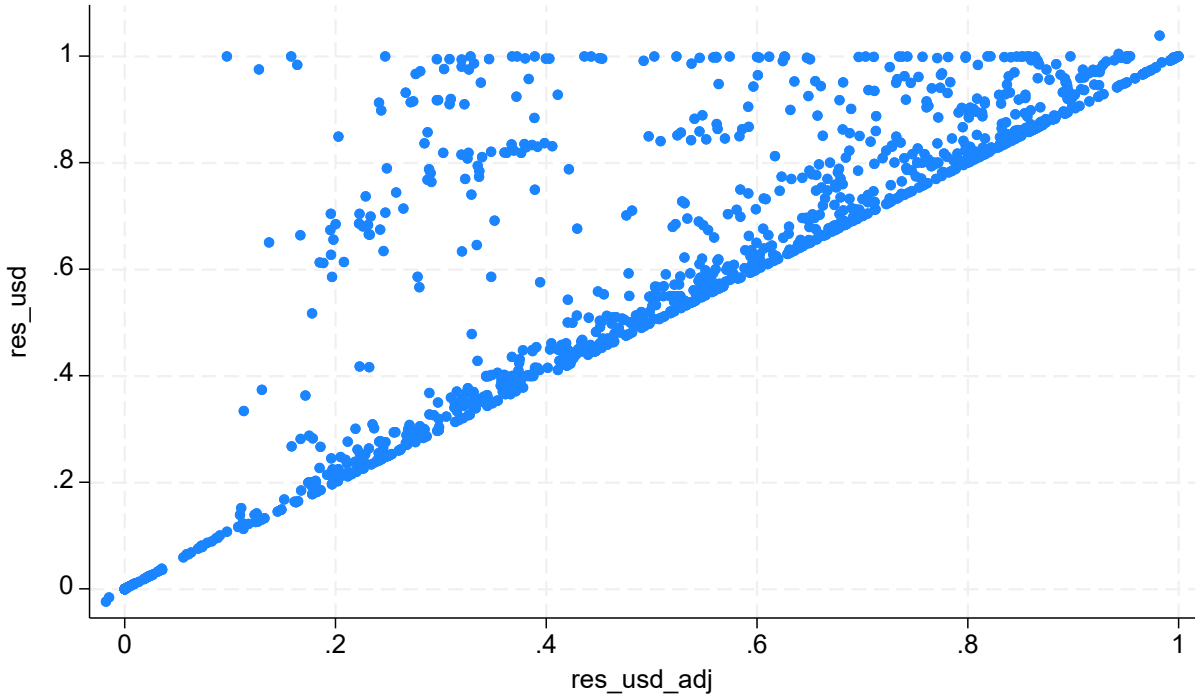

Figure 4: USD in foreign exchange reserves vs. USD in total reserves.

Table 1.1: USD Share in Foreign Exchange Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)	OLS (9)	OLS (10)	OLS (11)	OLS (12)	OLS (13)	OLS (14)
Share (t - 1)	0.897	0.884	0.886	0.885	0.885	0.885	0.886	0.886	0.892	0.892	0.891	0.892	0.892	0.892
	(0.024)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***
GDP share	-0.149	-0.135	-0.157	-0.142	-0.137	-0.206	-0.105	-0.092	-0.167	-0.145	-0.135	-0.207	-0.097	-0.112
	(0.094)	(0.093)	(0.112)	(0.102)	(0.100)	(0.127)	(0.104)	(0.218)	(0.109)	(0.099)	(0.095)	(0.117)*	(0.098)	(0.208)
Shares of trade with	0.072	0.078	0.078	0.078	0.078	0.078	0.076	0.076	0.073	0.073	0.074	0.073	0.072	0.072
US	(0.021)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.021)***	(0.021)***	(0.021)***	(0.021)***	(0.022)***
ER volatility	-2.966	-3.117	-3.376	-3.156	-3.030	-3.171	-2.491	-1.989	-3.402	-3.079	-2.897	-3.001	-2.265	-2.072
	(1.292)**	(1.321)**	(1.602)**	(1.399)**	(1.569)*	(1.319)**	(1.509)	(2.294)	(1.572)**	(1.368)**	(1.513)*	(1.275)**	(1.428)	(2.228)
USD as Anchor	0.043	0.032	0.035	0.035	0.035	0.035	0.035	0.035	0.036	0.036	0.036	0.036	0.036	0.036
	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***
Financial sanctions by	-0.007	-0.012	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011	-0.011
the US	(0.009)	(0.012)	(0.010)	(0.010)	(0.010)	(0.011)	(0.011)	(0.011)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Trade sanctions by	-0.004	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.002
the US	(0.014)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
Political disagreement		0.010	0.012	0.012	0.012	0.012	0.011	0.012						
w. US		(0.006)	(0.006)**	(0.006)**	(0.006)**	(0.006)**	(0.006)*	(0.006)*						
Military alliance with		-0.009							-0.015	-0.015	-0.015	-0.015	-0.015	-0.015
US		(0.010)							(0.009)*	(0.009)*	(0.009)*	(0.009)	(0.009)*	(0.009)*
Global EP uncertainty			-0.002					-0.001	-0.003					-0.003
			(0.006)					(0.010)	(0.006)					(0.010)
Monetary Policy				-0.000				0.009		-0.002				0.009
Uncertainty				(0.008)				(0.014)		(0.008)				(0.013)
Trade Policy					0.000			-0.001			0.000			-0.000
Uncertainty					(0.002)			(0.003)			(0.002)			(0.003)
Global Poli Risk						0.010		0.004				0.011		0.005
						(0.014)		(0.017)				(0.013)		(0.016)
VIX							-0.068	-0.094					-0.074	-0.089
							(0.046)	(0.074)					(0.043)*	(0.071)
N	897	858	858	858	858	858	858	858	897	897	897	897	897	897
Adj. R2	0.91	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.91	0.91	0.91	0.91	0.91	0.91
# of countries	53	51	51	51	51	51	51	51	53	53	53	53	53	53
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 1.2: USD Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)	OLS (9)	OLS (10)	OLS (11)	OLS (12)	OLS (13)	OLS (14)
Share (t - 1)	0.896	0.894	0.896	0.896	0.896	0.895	0.895	0.896	0.896	0.896	0.896	0.895	0.896	0.896
	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***	(0.020)***
GDP share	-0.107	-0.112	-0.175	-0.152	-0.133	-0.149	-0.081	-0.048	-0.167	-0.140	-0.121	-0.143	-0.069	-0.054
	(0.090)	(0.092)	(0.115)	(0.104)	(0.099)	(0.130)	(0.106)	(0.238)	(0.112)	(0.101)	(0.096)	(0.123)	(0.102)	(0.227)
Shares of trade with US	0.050	0.052	0.050	0.050	0.051	0.052	0.050	0.049	0.049	0.049	0.049	0.050	0.049	0.048
	(0.014)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***	(0.015)***
ER volatility	-3.419	-3.559	-4.421	-4.071	-4.136	-3.580	-2.944	-3.037	-4.321	-3.922	-3.984	-3.435	-2.793	-3.031
	(1.250)***	(1.314)***	(1.577)***	(1.487)***	(1.689)**	(1.307)***	(1.616)*	(2.410)	(1.516)***	(1.419)***	(1.606)**	(1.238)***	(1.516)*	(2.305)
USD as Anchor	0.038	0.036	0.038	0.038	0.038	0.038	0.038	0.038	0.036	0.036	0.036	0.036	0.036	0.036
	(0.008)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.009)***	(0.009)***	(0.009)***	(0.009)***	(0.009)***	(0.009)***
Financial sanctions by the US	-0.011	-0.011	-0.010	-0.010	-0.011	-0.011	-0.010	-0.010	-0.012	-0.012	-0.012	-0.012	-0.012	-0.012
	(0.011)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Trade sanctions by the US	0.009	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010
	(0.026)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.027)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)	(0.026)
Political distagreement w. US		-0.001	-0.000	-0.000	-0.000	0.000	-0.000	-0.000						
		(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)						
Military alliance with US		-0.006							-0.005	-0.005	-0.005	-0.005	-0.005	-0.005
		(0.009)							(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Global EP uncertainty			-0.006					0.003	-0.007					0.001
			(0.006)					(0.013)	(0.006)					(0.012)
Monetary Policy Uncertainty				-0.008				0.001		-0.008				0.002
				(0.008)				(0.015)		(0.007)				(0.014)
Trade Policy Uncertainty					-0.002			-0.003			-0.002			-0.003
					(0.002)			(0.003)			(0.002)			(0.003)
Global Poli Risk						0.005		-0.002				0.006		-0.001
						(0.013)		(0.016)				(0.012)		(0.015)
VIX							-0.062	-0.082					-0.062	-0.077
							(0.050)	(0.079)					(0.046)	(0.075)
N	858	820	820	820	820	820	820	820	858	858	858	858	858	858
Adj. R2	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.88	0.89	0.89	0.89	0.89	0.89	0.89
# of countries	52	50	50	50	50	50	50	50	52	52	52	52	52	52
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 1.3: USD Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)	OLS (9)	OLS (10)	OLS (11)	OLS (12)	OLS (13)	OLS (14)
Share (t - 1)	0.908	0.905	0.906	0.906	0.906	0.905	0.905	0.906	0.908	0.909	0.909	0.908	0.908	0.909
	(0.028)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***	(0.029)***
GDP share	-1.707	-1.754	-2.100	-2.046	-1.939	-1.708	-1.835	-2.089	-2.086	-1.995	-1.887	-1.722	-1.778	-2.165
	(0.783)**	(0.813)**	(0.931)**	(0.874)**	(0.868)**	(0.761)**	(0.946)*	(1.411)	(0.935)**	(0.886)**	(0.878)**	(0.732)**	(0.960)*	(1.380)
Shares of trade with	0.254	0.273	0.262	0.260	0.262	0.271	0.276	0.266	0.243	0.243	0.245	0.254	0.258	0.248
us	(0.116)**	(0.117)**	(0.119)**	(0.117)**	(0.117)**	(0.116)**	(0.118)**	(0.119)**	(0.117)**	(0.115)**	(0.115)**	(0.114)**	(0.116)**	(0.117)**
ER volatility	-22.578	-23.800	-28.741	-27.778	-29.817	-23.719	-25.504	-32.372	-28.027	-26.559	-28.442	-22.563	-24.022	-31.875
	(11.465)*	(11.926)*	(13.083)**	(13.251)**	(13.905)**	(12.078)*	(13.898)*	(18.977)*	(12.589)**	(12.689)**	(13.255)**	(11.495)*	(13.141)*	(18.195)*
USD as Anchor	0.198	0.197	0.193	0.194	0.193	0.192	0.191	0.193	0.192	0.192	0.192	0.193	0.193	0.192
	(0.051)***	(0.064)***	(0.056)***	(0.056)***	(0.056)***	(0.057)***	(0.057)***	(0.057)***	(0.061)***	(0.061)***	(0.061)***	(0.061)***	(0.062)***	(0.062)***
Financial sanctions	-0.227	-0.258	-0.257	-0.256	-0.257	-0.259	-0.260	-0.257	-0.228	-0.228	-0.228	-0.229	-0.230	-0.228
by the US	(0.131)*	(0.145)*	(0.147)*	(0.146)*	(0.146)*	(0.147)*	(0.148)*	(0.146)*	(0.131)*	(0.130)*	(0.130)*	(0.131)*	(0.132)*	(0.131)*
Trade sanctions	0.278	0.313	0.314	0.311	0.313	0.313	0.313	0.310	0.281	0.278	0.278	0.278	0.278	0.276
by the US	(0.257)	(0.276)	(0.275)	(0.274)	(0.274)	(0.275)	(0.275)	(0.272)	(0.258)	(0.257)	(0.256)	(0.257)	(0.257)	(0.254)
Political disagreement		0.018	0.011	0.010	0.012	0.014	0.015	0.012						
w. US		(0.031)	(0.025)	(0.025)	(0.025)	(0.025)	(0.026)	(0.026)						
Military alliance with		0.016							-0.009	-0.010	-0.011	-0.009	-0.009	-0.011
US		(0.077)							(0.065)	(0.065)	(0.065)	(0.065)	(0.066)	(0.065)
Global EP uncertainty			-0.036					0.026	-0.039					0.014
			(0.037)					(0.078)	(0.035)					(0.075)
Monetary Policy				-0.065				-0.076		-0.065				-0.065
Uncertainty				(0.043)				(0.102)		(0.042)				(0.098)
Trade Policy					-0.022			-0.017			-0.022			-0.015
Uncertainty					(0.016)			(0.017)			(0.015)			(0.016)
Global Poli Risk						-0.006		-0.008				0.003		0.001
						(0.125)		(0.132)				(0.117)		(0.124)
VIX							0.176	0.309					0.145	0.306
							(0.439)	(0.605)					(0.413)	(0.580)
N	841	803	803	803	803	803	803	803	841	841	841	841	841	841
Adj. R2	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89
# of countries	52	50	50	50	50	50	50	50	52	52	52	52	52	52
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 2.1: Gold Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)	OLS (9)	OLS (10)	OLS (11)	OLS (12)
Share (t - 1)	0.967	0.959	0.959	0.959	0.959	0.959	0.958	0.958	0.959	0.959	0.958	0.959
	(0.037)***	(0.036)***	(0.036)***	(0.035)***	(0.035)***	(0.035)***	(0.036)***	(0.035)***	(0.036)***	(0.035)***	(0.035)***	(0.036)***
volatility, gold	0.196	0.179	0.162	0.239	0.196	0.239	0.363	0.295	0.495	0.238	0.213	0.619
	(0.216)	(0.221)	(0.222)	(0.211)	(0.221)	(0.214)	(0.206)*	(0.207)	(0.239)**	(0.272)	(0.228)	(0.308)*
Political		0.005	0.005	0.004	0.005	0.004	0.004	0.004	0.004	0.004	0.004	0.004
disagreement w/ G4		(0.002)**	(0.002)**	(0.002)*	(0.002)**	(0.002)**	(0.002)*	(0.002)*	(0.002)*	(0.002)*	(0.002)**	(0.002)*
Western sanction			-0.001									
			(0.003)									
Western trade				0.008		0.007	0.007	0.007	0.007	0.007	0.007	0.007
sanction				(0.006)		(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Western financial					0.002	0.000	-0.000	0.000	0.000	0.000	0.000	0.000
sanction					(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Global EP							0.003					0.003
uncertainty							(0.003)					(0.003)
Monetary Policy								0.004				-0.006
Uncertainty								(0.003)				(0.004)
Trade Policy									0.002			0.003
Uncertainty									(0.001)**			(0.001)**
Global Poli Risk										-0.000		0.006
										(0.007)		(0.007)
VIX											0.009	0.020
											(0.021)	(0.017)
N	932	892	892	892	892	892	892	892	892	892	892	892
Adj. R2	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89
# of countries	53	51	51	51	51	51	51	51	51	51	51	51
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$ Robust standard errors, clustered on country

Note: The major currency issuers, the US, the euro member countries, the UK, Japan, and China, are not included in the estimations. Political distance (un_distance) reflects how distant a country is from a major currency issuer based on voting behavior at the UN. A smaller value means closer distance. un_distance is the average of the distance with respect to the U.S., the euro members, the U.K., and Japan. The variable for "western sanctions" takes the value of one if any of the G4 areas imposes any type of sanctions. The variable for "western trade sanctions" takes the value of one if any of the G4 areas imposes a trade sanction. The variable for "western financial sanctions" takes the value of one if any of the G4 areas imposes a financial sanction. The sample is restricted to those country-years for which either the USD or EUR data are available.

Table 2.2: Gold Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)	OLS (9)	OLS (10)	OLS (11)	OLS (12)
Share (t - 1)	0.977	0.973	0.972	0.973	0.973	0.973	0.972	0.973	0.973	0.973	0.973	0.973
	(0.020)***	(0.025)***	(0.024)***	(0.025)***	(0.025)***	(0.025)***	(0.024)***	(0.024)***	(0.024)***	(0.025)***	(0.025)***	(0.024)***
volatility, gold	4.401	4.364	4.068	4.468	4.285	4.425	7.655	5.739	7.910	3.370	4.543	10.517
	(3.136)	(3.137)	(3.335)	(3.240)	(3.096)	(3.218)	(3.426)**	(3.277)*	(3.303)**	(3.416)	(3.220)	(3.878)***
Political		0.029	0.030	0.028	0.030	0.028	0.027	0.029	0.028	0.028	0.028	0.026
disagreement w/ G4		(0.028)	(0.028)	(0.029)	(0.029)	(0.029)	(0.030)	(0.029)	(0.029)	(0.029)	(0.028)	(0.029)
Western sanction			-0.023									
			(0.039)									
Western trade				0.014		0.027	0.018	0.023	0.026	0.026	0.027	0.018
sanction				(0.059)		(0.068)	(0.065)	(0.065)	(0.067)	(0.068)	(0.069)	(0.068)
Western financial					-0.010	-0.019	-0.040	-0.032	-0.025	-0.020	-0.019	-0.040
sanction					(0.038)	(0.044)	(0.045)	(0.045)	(0.044)	(0.044)	(0.044)	(0.046)
Global EP							0.081					0.093
uncertainty							(0.020)***					(0.059)
Monetary Policy								0.087				-0.055
Uncertainty								(0.025)***				(0.116)
Trade Policy									0.031			0.022
Uncertainty									(0.006)***			(0.014)
Global Poli Risk										-0.068		0.020
										(0.071)		(0.080)
VIX											-0.043	-0.141
											(0.337)	(0.507)
N	729	689	689	689	689	689	689	689	689	689	689	689
Adj. R2	0.95	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94
# of countries	45	43	43	43	43	43	43	43	43	43	43	43
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$ Robust standard errors, clustered on country

Note: The major currency issuers, the US, the euro member countries, the UK, Japan, and China, are not included in the estimations. Political distance (un_distance) reflects how distant a country is from a major currency issuer based on voting behavior at the UN. A smaller value means closer distance. un_distance is the average of the distance with respect to the U.S., the euro members, the U.K., and Japan. The variable for "western sanctions" takes the value of one if any of the G4 areas imposes any type of sanctions. The variable for "western trade sanctions" takes the value of one if any of the G4 areas imposes a trade sanction. The variable for "western financial sanctions" takes the value of one if any of the G4 areas imposes a financial sanction. The sample is restricted to those country-years for which either the USD or EUR data are available.

Table 3.1: EUR Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.903	0.895	0.895	0.896	0.896	0.897	0.895	0.897
	(0.025)***	(0.027)***	(0.027)***	(0.027)***	(0.027)***	(0.027)***	(0.027)***	(0.027)***
GDP share	0.286	0.274	0.469	0.369	0.321	0.258	0.222	0.311
	(0.086)***	(0.083)***	(0.138)***	(0.114)***	(0.103)***	(0.086)***	(0.086)**	(0.207)
Shares of trade with euro area	0.086	0.079	0.079	0.079	0.079	0.078	0.079	0.077
	(0.030)***	(0.028)***	(0.028)***	(0.028)***	(0.028)***	(0.028)***	(0.028)***	(0.028)***
ER volatility	-0.233	0.014	1.151	0.402	0.240	-0.219	0.325	0.667
	(1.436)	(1.473)	(1.644)	(1.598)	(1.563)	(1.470)	(1.485)	(1.481)
EUR as Anchor	0.021	0.015	0.015	0.015	0.015	0.014	0.015	0.015
	(0.011)*	(0.011)	(0.012)	(0.012)	(0.011)	(0.011)	(0.011)	(0.011)
Financial sanctions by the euro area	0.002	0.005	0.005	0.005	0.005	0.005	0.005	0.006
	(0.009)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Trade sanctions by the euro area	0.002	-0.002	-0.002	-0.001	-0.002	-0.002	-0.001	-0.002
	(0.008)	(0.012)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)	(0.011)
Political disagreement w. the euro area		-0.011	-0.010	-0.010	-0.010	-0.011	-0.011	-0.010
		(0.005)**	(0.005)**	(0.005)**	(0.005)**	(0.005)**	(0.005)**	(0.005)**
Global EP uncertainty, current			0.012					0.006
			(0.007)*					(0.012)
Monetary Policy Uncertainty				0.011				-0.003
				(0.007)				(0.013)
Trade Policy Uncertainty					0.002			0.001
					(0.002)			(0.002)
Global Poli Risk						0.009		0.011
						(0.008)		(0.009)
VIX							0.066	0.063
							(0.035)*	(0.068)
N	788	773	773	773	773	773	773	773
Adj. R2	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94
# of countries	48	47	47	47	47	47	47	47
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 3.2: EUR Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.907	0.893	0.893	0.893	0.894	0.892	0.893	0.893
	(0.024)***	(0.024)***	(0.024)***	(0.024)***	(0.023)***	(0.024)***	(0.024)***	(0.023)***
GDP share	3.929	3.852	6.320	4.229	4.536	3.976	3.724	7.689
	(1.375)***	(1.385)***	(2.657)**	(1.720)**	(1.732)**	(1.451)***	(1.383)***	(3.950)*
Shares of trade with euro	1.108	1.037	1.037	1.036	1.023	1.051	1.037	1.052
	(0.290)***	(0.265)***	(0.267)***	(0.265)***	(0.264)***	(0.278)***	(0.265)***	(0.283)***
ER volatility	-4.099	-1.312	13.146	0.267	2.116	0.330	-0.544	23.143
	(15.053)	(15.155)	(18.229)	(16.856)	(16.511)	(15.005)	(15.106)	(19.660)
EUR as Anchor	0.020	-0.089	-0.086	-0.088	-0.086	-0.089	-0.088	-0.090
	(0.080)	(0.086)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)	(0.087)
Financial sanctions by the euro area	0.011	0.049	0.057	0.051	0.051	0.047	0.050	0.049
	(0.069)	(0.094)	(0.094)	(0.094)	(0.092)	(0.094)	(0.093)	(0.090)
Trade sanctions by the euro area	0.119	0.076	0.074	0.077	0.072	0.082	0.077	0.072
	(0.086)	(0.136)	(0.135)	(0.136)	(0.135)	(0.141)	(0.136)	(0.142)
Political disagreement w. the euro area		-0.169	-0.165	-0.168	-0.165	-0.170	-0.169	-0.165
		(0.062)***	(0.062)**	(0.062)***	(0.062)**	(0.063)***	(0.062)***	(0.062)**
Global EP uncertainty, current			0.155					0.320
			(0.097)					(0.217)
Monetary Policy Uncertainty				0.044				-0.241
				(0.084)				(0.193)
Trade Policy Uncertainty					0.026			0.015
					(0.022)			(0.026)
Global Poli Risk						-0.067		-0.108
						(0.136)		(0.153)
VIX							0.160	-0.279
							(0.434)	(0.854)
N	747	732	732	732	732	732	732	732
Adj. R2	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
# of countries	48	47	47	47	47	47	47	47
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 4.1: Pooled Regression: Share in Total Reserves

	TR, full (1)	TR, full (2)	TR, full (3)	TR, full (4)	TR, full (5)	TR, full (6)	TR, full (7)	TR, full (8)
Share(t-1)	0.958	0.957	0.960	0.948	0.977	0.979	0.963	0.957
	(0.012)***	(0.013)***	(0.013)***	(0.015)***	(0.006)***	(0.006)***	(0.011)***	(0.012)***
d_usd	0.028	0.034	0.036	0.034				
	(0.009)***	(0.011)***	(0.020)*	(0.020)*				
d_eur	0.005	0.008	0.000	0.006				
	(0.006)	(0.006)	(0.008)	(0.010)				
d_jpy	0.001	0.003	-0.004	-0.002				
	(0.006)	(0.007)	(0.008)	(0.010)				
d_gbp	0.000	0.004	-0.003	0.005				
	(0.005)	(0.006)	(0.008)	(0.010)				
d_rmb	0.002	0.004	-0.003	-0.002				
	(0.004)	(0.005)	(0.006)	(0.008)				
d_gld	0.008	-0.006	0.003	-0.010				
	(0.008)	(0.012)	(0.010)	(0.012)				
NEER volatility	-0.191	-0.179	-0.153	-0.087	-0.174	-0.292	0.022	-0.193
	(0.181)	(0.181)	(0.180)	(0.197)	(0.082)**	(0.076)***	(0.067)	(0.084)**
Political Disagreement	-0.001	-0.002	-0.003	-0.008	0.004	0.003	-0.003	-0.006
	(0.001)	(0.001)*	(0.002)	(0.002)***	(0.001)***	(0.001)**	(0.001)**	(0.001)***
Financial sanctions	-0.001	-0.002	0.001	0.003	-0.000	-0.001	0.002	0.003
By Big 5	(0.002)	(0.004)	(0.004)	(0.006)	(0.002)	(0.004)	(0.003)	(0.006)
Trade sanctions	0.006	0.005	0.004	-0.004	0.005	0.004	0.004	-0.002
By Big 5	(0.006)	(0.011)	(0.005)	(0.005)	(0.006)	(0.010)	(0.005)	(0.004)
Global EP uncertainty	-0.002	-0.001	-0.004	-0.004	-0.002	-0.002	-0.004	-0.004
	(0.001)	(0.003)	(0.003)	(0.005)	(0.001)	(0.003)	(0.003)	(0.005)
Monetary Policy	0.001	0.001	0.001	0.001	0.000	0.001	-0.000	0.001
Uncertainty	(0.002)	(0.003)	(0.004)	(0.006)	(0.002)	(0.003)	(0.004)	(0.006)
Trade Policy	0.000	-0.000	0.001	0.001	0.000	-0.000	0.001	0.001
Uncertainty	(0.000)	(0.001)	(0.001)**	(0.001)	(0.000)	(0.001)	(0.001)**	(0.001)
Global Poli Risk	0.003	0.004	0.004	0.006	0.002	0.005	0.002	0.007
	(0.003)	(0.003)	(0.004)	(0.005)	(0.002)	(0.002)**	(0.003)	(0.003)**
VIX	0.007	-0.003	0.043	0.043	0.009	0.004	0.035	0.046
	(0.007)	(0.011)	(0.013)***	(0.019)**	(0.009)	(0.011)	(0.012)***	(0.018)**
Gold x y(t-1)		0.002		0.010		-0.020		0.001
		(0.035)		(0.036)		(0.033)		(0.035)
Gold x		0.008		0.014		0.002		0.011
Political disagreement		(0.003)**		(0.003)***		(0.003)		(0.002)***
Gold x Financial		0.002		-0.002		0.001		-0.003
sanctions		(0.009)		(0.008)		(0.008)		(0.007)
Gold x Trade Sanct.		0.001		0.010		0.002		0.009
		(0.014)		(0.008)		(0.013)		(0.008)
Gold x Global EP		-0.002		0.002		-0.002		0.001
uncertainty		(0.007)		(0.007)		(0.007)		(0.007)
Gold x Monet. policy		-0.000		-0.001		0.001		-0.001
uncertainty		(0.007)		(0.008)		(0.006)		(0.007)
Gold x Trade policy		0.002		0.001		0.002		0.001
uncertainty		(0.001)		(0.001)		(0.001)		(0.001)
Gold x GPR		-0.004		-0.005		-0.006		-0.009
		(0.006)		(0.008)		(0.005)		(0.005)*
Gold x VIX		0.042		-0.006		0.037		-0.012
		(0.026)		(0.030)		(0.022)*		(0.025)
USD x y(t-1)			-0.022	-0.011			-0.024	-0.018
			(0.012)*	(0.013)			(0.013)*	(0.013)
USD x Polit.			0.010	0.016			0.013	0.016
Disagreement			(0.006)*	(0.005)***			(0.005)**	(0.005)***
USD x Financial			-0.015	-0.016			-0.014	-0.015
sanctions			(0.015)	(0.016)			(0.014)	(0.015)
USD x Trade Sanct.			0.012	0.020			0.011	0.018
			(0.030)	(0.029)			(0.030)	(0.029)
USD x Global EP			0.012	0.013			0.013	0.014
uncertainty			(0.014)	(0.015)			(0.015)	(0.015)
USD x Monet. policy			0.001	0.000			0.006	0.005
uncertainty			(0.018)	(0.020)			(0.018)	(0.019)
USD x Trade policy			-0.005	-0.004			-0.005	-0.005
uncertainty			(0.003)	(0.003)			(0.003)	(0.004)
USD x GPR			-0.002	-0.004			0.014	0.010
			(0.010)	(0.012)			(0.010)	(0.010)
USD x VIX			-0.164	-0.166			-0.134	-0.139
			(0.051)***	(0.055)***			(0.046)***	(0.050)***
N	3,641	3,641	3,641	3,641	3,641	3,641	3,641	3,641
Adj. R2	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
# of countries	50	50	50	50	50	50	50	50
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$.

Robust standard errors, clustered on country

Table 4.2: Pooled Regression: Logit Share in Total Reserves

	TR, logit, full (1)	TR, logit, full (2)	TR, logit, full (3)	TR, logit, full (4)	TR, logit, full (5)	TR, logit, full (6)	TR, logit, full (7)	TR, logit, full (8)
Share(t-1)	0.945	0.937	0.937	0.913	0.960	0.957	0.939	0.919
	(0.013)***	(0.014)***	(0.013)***	(0.016)***	(0.010)***	(0.011)***	(0.013)***	(0.015)***
d_usd	0.335	0.456	0.045	0.003				
	(0.142)**	(0.170)**	(0.148)	(0.153)				
d_eur	0.041	0.113	0.052	0.193				
	(0.129)	(0.152)	(0.163)	(0.230)				
d_jpy	-0.094	-0.055	-0.109	-0.059				
	(0.157)	(0.170)	(0.185)	(0.239)				
d_gbp	0.027	0.100	0.064	0.227				
	(0.145)	(0.166)	(0.183)	(0.250)				
d_rmb	0.330	0.382	0.313	0.371				
	(0.178)*	(0.208)*	(0.208)	(0.286)				
d_gld	0.158	-0.099	0.165	-0.181				
	(0.198)	(0.199)	(0.238)	(0.200)				
NEER volatility	-3.036	-1.914	-2.349	-0.025	-2.174	-6.916	0.371	-6.901
	(3.561)	(3.599)	(3.543)	(3.529)	(1.756)	(2.111)***	(2.036)	(2.178)***
Political Disagreement	-0.045	-0.068	-0.101	-0.199	0.027	0.033	-0.086	-0.151
	(0.013)***	(0.019)***	(0.024)***	(0.036)***	(0.014)*	(0.017)*	(0.020)***	(0.027)***
Financial sanctions by big-5	-0.034	-0.047	0.046	0.090	-0.008	-0.014	0.073	0.125
	(0.045)	(0.068)	(0.049)	(0.090)	(0.033)	(0.053)	(0.047)	(0.087)
Trade sanctions by big-5	0.114	0.156	0.025	-0.046	0.103	0.135	0.030	-0.040
	(0.088)	(0.131)	(0.081)	(0.122)	(0.073)	(0.118)	(0.079)	(0.120)
Global EP uncertainty	-0.001	-0.006	-0.034	-0.057	0.011	0.004	-0.013	-0.041
	(0.042)	(0.056)	(0.065)	(0.091)	(0.041)	(0.056)	(0.066)	(0.092)
Monetary Policy Uncertainty	-0.146	-0.202	-0.163	-0.250	-0.156	-0.188	-0.178	-0.216
	(0.076)*	(0.098)**	(0.111)	(0.154)	(0.077)**	(0.100)*	(0.111)	(0.152)
Trade Policy Uncertainty	0.024	0.029	0.038	0.051	0.026	0.030	0.039	0.049
	(0.012)*	(0.015)*	(0.017)**	(0.024)**	(0.012)**	(0.016)*	(0.017)**	(0.024)**
Global Poli Risk	-0.036	-0.046	-0.009	-0.027	-0.010	0.042	0.001	0.095
	(0.085)	(0.112)	(0.112)	(0.174)	(0.047)	(0.057)	(0.063)	(0.084)
VIX	0.323	0.381	0.525	0.715	0.341	0.579	0.416	0.907
	(0.245)	(0.307)	(0.359)	(0.510)	(0.215)	(0.246)**	(0.302)	(0.427)**
Gold x y(t-1)		0.033		0.058		0.010		0.048
		(0.027)		(0.030)*		(0.025)		(0.029)
Gold x Political disagreement		0.105		0.235		0.017		0.200
		(0.041)**		(0.051)***		(0.035)		(0.043)***
Gold x Financial sanctions		-0.000		-0.138		-0.030		-0.169
		(0.097)		(0.104)		(0.086)		(0.104)
Gold x Trade sanctions		-0.120		0.084		-0.108		0.068
		(0.160)		(0.129)		(0.154)		(0.132)
Gold x Global EP uncertainty		0.010		0.075		-0.035		0.011
		(0.095)		(0.117)		(0.098)		(0.116)
Gold x Monetary policy uncertainty		0.234		0.270		0.264		0.292
		(0.163)		(0.199)		(0.168)		(0.198)
Gold x Trade policy uncertainty		-0.017		-0.037		-0.021		-0.040
		(0.021)		(0.027)		(0.022)		(0.028)
Gold x GPR		-0.005		-0.003		-0.100		-0.152
		(0.146)		(0.210)		(0.091)		(0.112)
Gold x VIX		-0.248		-0.619		-0.213		-0.543
		(0.660)		(0.786)		(0.588)		(0.703)
USD x y(t-1)			-0.009	0.015			-0.011	0.007
			(0.023)	(0.027)			(0.023)	(0.027)
USD x Political disagreement			0.162	0.260			0.146	0.223
			(0.040)***	(0.046)***			(0.032)***	(0.035)***
USD x Financial sanctions			-0.305	-0.349			-0.332	-0.388
			(0.158)*	(0.193)*			(0.158)**	(0.187)**
USD x Trade sanctions			0.324	0.396			0.320	0.391
			(0.302)	(0.320)			(0.302)	(0.316)
USD x Global EP uncertainty			0.147	0.178			0.134	0.145
			(0.133)	(0.152)			(0.134)	(0.151)
USD x Monetary policy uncertainty			0.087	0.172			0.100	0.161
			(0.179)	(0.210)			(0.179)	(0.205)
USD x Trade policy uncertainty			-0.064	-0.076			-0.065	-0.075
			(0.027)**	(0.032)**			(0.027)**	(0.032)**
USD x GPR			-0.057	-0.032			-0.060	-0.123
			(0.165)	(0.220)			(0.117)	(0.135)
USD x VIX			-0.841	-1.070			-0.782	-1.056
			(0.567)	(0.677)			(0.540)	(0.646)
N	3,099	3,099	3,099	3,099	3,099	3,099	3,099	3,099
Adj. R2	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
# of countries	50	50	50	50	50	50	50	50
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$.

Robust standard errors, clustered on country

Table 5.1: USD Share in Foreign Exchange Reserves with the Tariff Dummy

	FXR, Simple, FULL (1)	FXR, Simple, FULL (2)	FXR, Simple, FULL (3)	FXR, Simple, FULL (4)	FXR, Simple, FULL (5)	FXR, Simple, FULL (6)	FXR, Simple, FULL (7)	FXR, Simple, FULL (8)	FXR, Simple, FULL (9)	FXR, Simple, FULL (10)	FXR, Simple, FULL (11)	FXR, Simple, FULL (12)	FXR, Simple, FULL (13)	FXR, Simple, FULL (14)
Share (t - 1)	0.895	0.883	0.884	0.884	0.883	0.884	0.885	0.884	0.890	0.890	0.889	0.890	0.891	0.890
	(0.024)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.023)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***	(0.024)***
GDP share	-0.178	-0.160	-0.156	-0.157	-0.160	-0.220	-0.133	-0.101	-0.166	-0.159	-0.157	-0.222	-0.124	-0.121
	(0.102)*	(0.102)	(0.111)	(0.106)	(0.105)	(0.129)*	(0.116)	(0.220)	(0.109)	(0.103)	(0.101)	(0.120)*	(0.110)	(0.210)
Shares of trade with	0.076	0.081	0.082	0.082	0.082	0.080	0.079	0.080	0.077	0.077	0.078	0.076	0.075	0.075
US	(0.021)***	(0.022)***	(0.023)***	(0.023)***	(0.022)***	(0.022)***	(0.022)***	(0.023)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***	(0.022)***
ER volatility	-3.668	-3.684	-3.606	-3.625	-3.516	-3.754	-3.115	-2.302	-3.609	-3.520	-3.367	-3.574	-2.868	-2.359
	(1.475)**	(1.509)**	(1.657)**	(1.535)**	(1.670)**	(1.506)**	(1.773)*	(2.339)	(1.625)**	(1.499)**	(1.618)**	(1.460)**	(1.694)*	(2.274)
USD as Anchor	0.041	0.032	0.034	0.034	0.034	0.034	0.034	0.034	0.036	0.036	0.036	0.036	0.036	0.036
	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.010)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***	(0.011)***
Financial sanctions by	-0.009	-0.013	-0.012	-0.012	-0.012	-0.012	-0.012	-0.012	-0.013	-0.013	-0.013	-0.013	-0.012	-0.012
the US	(0.010)	(0.012)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.012)	(0.011)	(0.012)	(0.012)	(0.012)
Trade sanctions by	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.002	-0.002	-0.002	-0.002	-0.002	-0.002
the US	(0.013)	(0.016)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
US Tariff Policy	-0.021	-0.016	-0.018	-0.019	-0.020	-0.017	-0.015	-0.018	-0.017	-0.018	-0.020	-0.017	-0.015	-0.017
(Sec. 232)	(0.016)	(0.017)	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)
Political disagreement		0.009	0.011	0.011	0.011	0.011	0.011	0.011						
w. US		(0.006)	(0.006)*	(0.006)*	(0.005)*	(0.005)*	(0.006)*	(0.006)*						
Military alliance with		-0.008							-0.014	-0.014	-0.013	-0.014	-0.014	-0.014
US		(0.009)							(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Global EP uncertainty			0.001					0.002	-0.000					-0.000
			(0.006)					(0.011)	(0.006)					(0.011)
Monetary Policy				0.003				0.007		0.001				0.007
Uncertainty				(0.008)				(0.014)		(0.008)				(0.014)
Trade Policy					0.001			-0.000			0.001			0.000
Uncertainty					(0.002)			(0.003)			(0.002)			(0.003)
Global Poli Risk						0.008		0.004				0.010		0.005
						(0.014)		(0.017)				(0.013)		(0.016)
VIX							-0.057	-0.084					-0.062	-0.081
							(0.049)	(0.074)					(0.045)	(0.071)
N	897	858	858	858	858	858	858	858	897	897	897	897	897	897
Adj. R2	0.91	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.91	0.91	0.91	0.91	0.91	0.91
# of countries	53	51	51	51	51	51	51	51	53	53	53	53	53	53
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 5.2: Pooled Regression: Share in Total Reserves

	TR, FULL (1)	TR, FULL (2)	TR, FULL (3)	TR, FULL (4)	TR, FULL (5)	TR, FULL (6)	TR, FULL (7)	TR, FULL (8)
Share(t-1)	0.958	0.957	0.959	0.949	0.977	0.979	0.963	0.957
	(0.012)***	(0.013)***	(0.013)***	(0.015)***	(0.006)***	(0.006)***	(0.011)***	(0.012)***
d_usd	0.029	0.034	0.036	0.035				
	(0.009)***	(0.011)***	(0.020)*	(0.020)*				
d_eur	0.006	0.008	0.001	0.006				
	(0.006)	(0.006)	(0.008)	(0.010)				
d_jpy	0.002	0.003	-0.003	-0.002				
	(0.006)	(0.007)	(0.008)	(0.010)				
d_gbp	0.001	0.004	-0.001	0.005				
	(0.005)	(0.006)	(0.008)	(0.010)				
d_rmb	0.003	0.003	-0.002	-0.002				
	(0.004)	(0.005)	(0.007)	(0.008)				
d_gld	0.008	0.001	0.005	-0.002				
	(0.008)	(0.012)	(0.010)	(0.011)				
NEER volatility	-0.193	-0.184	-0.168	-0.107	-0.167	-0.238	0.029	-0.146
	(0.190)	(0.188)	(0.185)	(0.199)	(0.082)**	(0.072)***	(0.067)	(0.085)*
Political Disagreement	-0.001	-0.003	-0.003	-0.009	0.004	0.004	-0.003	-0.007
	(0.001)	(0.001)*	(0.002)*	(0.002)***	(0.001)***	(0.001)**	(0.001)**	(0.001)***
Financial sanctions by big-5	-0.001	-0.002	0.001	0.003	-0.000	-0.000	0.002	0.003
	(0.002)	(0.004)	(0.004)	(0.006)	(0.002)	(0.004)	(0.004)	(0.005)
Trade sanctions by big-5	0.005	0.005	0.003	-0.004	0.004	0.004	0.003	-0.002
	(0.006)	(0.011)	(0.004)	(0.005)	(0.006)	(0.010)	(0.004)	(0.004)
Global EP uncertainty	-0.001	-0.001	-0.003	-0.003	-0.002	-0.002	-0.003	-0.003
	(0.001)	(0.003)	(0.003)	(0.004)	(0.001)	(0.003)	(0.003)	(0.004)
Monetary Policy Uncertainty	0.000	0.001	0.000	0.000	0.000	0.001	-0.001	0.000
	(0.003)	(0.003)	(0.004)	(0.006)	(0.002)	(0.003)	(0.004)	(0.006)
Trade Policy Uncertainty	0.000	-0.000	0.001	0.001	0.000	-0.000	0.002	0.001
	(0.000)	(0.001)	(0.001)*	(0.001)	(0.000)	(0.001)	(0.001)**	(0.001)
Global Poli Risk	0.003	0.004	0.004	0.006	0.002	0.004	0.002	0.006
	(0.002)	(0.003)	(0.004)	(0.005)	(0.001)	(0.002)**	(0.002)	(0.003)**
VIX	0.007	-0.002	0.043	0.044	0.009	0.002	0.037	0.045
	(0.007)	(0.011)	(0.013)***	(0.018)**	(0.009)	(0.011)	(0.013)***	(0.018)**
US Tariff	**-0.001**	**-0.002**	**-0.003**	**-0.005**	**0.003**	**0.003**	**-0.003**	**-0.004**
	(0.001)	**(0.002)**	**(0.006)**	**(0.008)**	**(0.002)**	**(0.002)**	**(0.006)**	**(0.008)**
Gold x y(t-1)		0.001		0.009		-0.021		0.000
		(0.038)		(0.039)		(0.036)		(0.038)
Gold x Political disagreement		0.008		0.014		0.002		0.012
		(0.003)**		(0.003)***		(0.003)		(0.003)***
Gold x Financial sanctions		0.002		-0.003		0.000		-0.003
		(0.009)		(0.008)		(0.008)		(0.008)
Gold x Trade sanctions		-0.000		0.008		0.001		0.007
		(0.014)		(0.007)		(0.013)		(0.007)
Gold x Global EP uncertainty		-0.003		0.000		-0.002		0.000
		(0.009)		(0.008)		(0.009)		(0.008)
Gold x Monetary policy uncertainty		-0.002		-0.002		-0.001		-0.002
		(0.006)		(0.007)		(0.006)		(0.007)
Gold x Trade policy uncertainty		0.003		0.001		0.003		0.001
		(0.002)		(0.001)		(0.002)		(0.001)
Gold x GPR		-0.008		-0.009		-0.007		-0.010
		(0.005)		(0.007)		(0.005)		(0.005)*
Gold x VIX		0.042		-0.005		0.042		-0.006
		(0.026)		(0.030)		(0.024)*		(0.026)
Gold x US Tariff		**0.003**		**0.006**		**-0.002**		**0.006**
		(0.008)		**(0.011)**		**(0.008)**		**(0.010)**
USD x y(t-1)			-0.021	-0.011			-0.024	-0.018
			(0.012)*	(0.013)			(0.012)*	(0.012)
USD x Political distance			0.011	0.016			0.013	0.017
			(0.006)*	(0.005)***			(0.005)**	(0.005)***
USD x Financial sanctions			-0.014	-0.015			-0.014	-0.015
			(0.015)	(0.016)			(0.014)	(0.015)
USD x Trade sanctions			0.013	0.020			0.012	0.017
			(0.029)	(0.029)			(0.029)	(0.028)
USD x Global EP uncertainty			0.011	0.011			0.012	0.012
			(0.014)	(0.014)			(0.014)	(0.014)
USD x Monetary policy uncertainty			0.002	0.001			0.007	0.006
			(0.018)	(0.019)			(0.017)	(0.018)
USD x Trade policy uncertainty			-0.005	-0.004			-0.005	-0.005
			(0.004)	(0.004)			(0.004)	(0.004)
USD x GPR			-0.002	-0.004			0.013	0.010
			(0.010)	(0.012)			(0.010)	(0.010)
USD x VIX			-0.165	-0.167			-0.138	-0.141
			(0.051)***	(0.054)***			(0.046)***	(0.049)***
USD x US Tariff			**0.007**	**0.009**			**0.008**	**0.009**
			(0.028)	**(0.030)**			**(0.028)**	**(0.029)**
N	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610
Adj. R2	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
# of countries	50	50	50	50	50	50	50	50
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 5.3: Pooled Regression: Share in Foreign Exchange Reserves

	FXR FULL (1)	FXR FULL (2)	FXR FULL (3)	FXR FULL (4)
Share(t-1)	0.955	0.948	0.976	0.957
	(0.013)***	(0.014)***	(0.006)***	(0.011)***
d_usd	0.043	0.033		
	(0.012)***	(0.023)		
d_eur	0.017	0.017		
	(0.007)**	(0.011)		
d_jpy	0.016	0.011		
	(0.008)*	(0.011)		
d_gbp	0.012	0.015		
	(0.007)*	(0.010)		
d_rmb	0.011	0.006		
	(0.006)*	(0.009)		
NEER volatility	-0.807	-0.684	-0.565	-0.438
	(0.281)***	(0.281)**	(0.125)***	(0.134)***
Political Disagreement	-0.001	-0.009	0.005	-0.006
	(0.001)	(0.002)***	(0.001)***	(0.001)***
Financial sanctions by big-5	-0.002	0.002	-0.001	0.003
	(0.003)	(0.006)	(0.003)	(0.005)
Trade sanctions by big-5	0.006	-0.001	0.004	-0.000
	(0.010)	(0.005)	(0.010)	(0.005)
Global EP uncertainty	-0.002	-0.003	-0.003	-0.003
	(0.002)	(0.004)	(0.002)	(0.004)
Monetary Policy Uncertainty	0.000	-0.001	0.001	-0.001
	(0.003)	(0.006)	(0.003)	(0.006)
Trade Policy Uncertainty	0.001	0.001	0.000	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
Global Poli Risk	0.002	0.004	0.005	0.008
	(0.003)	(0.005)	(0.002)**	(0.003)***
VIX	0.014	0.060	0.020	0.064
	(0.009)	(0.021)***	(0.011)*	(0.021)***
US Tariff	**-0.002**	**-0.005**	**0.003**	**-0.004**
	(0.002)	**(0.008)**	**(0.002)**	**(0.008)**
USD x y(t-1)		-0.029		-0.038
		(0.013)**		(0.014)***
USD x Political distance		0.025		0.025
		(0.006)***		(0.006)***
USD x Financial sanctions		-0.018		-0.018
		(0.016)		(0.015)
USD x Trade sanctions		0.021		0.019
		(0.030)		(0.029)
USD x Global EP uncertainty		0.008		0.009
		(0.012)		(0.012)
USD x Monetary policy uncertainty		0.007		0.010
		(0.019)		(0.018)
USD x Trade policy uncertainty		-0.003		-0.004
		(0.004)		(0.004)
USD x GPR		-0.004		0.005
		(0.013)		(0.011)
USD x VIX		-0.171		-0.156
		(0.062)***		(0.057)***
USD x US Tariff		**0.006**		**0.007**
		(0.031)		**(0.031)**
N	2,931	2,931	2,931	2,931
Adj. R2	0.97	0.97	0.97	0.97
# of countries	51	51	51	51
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 5.4: Pooled Regression: Logit Share in Total Reserves

	TR, FULL, logit (1)	TR, FULL, logit (2)	TR, FULL, logit (3)	TR, FULL, logit (4)	TR, FULL, logit (5)	TR, FULL, logit (6)	TR, FULL, logit (7)	TR, FULL, logit (8)
Share(t-1)	0.944	0.936	0.935	0.912	0.959	0.956	0.938	0.918
	(0.013)***	(0.014)***	(0.014)***	(0.017)***	(0.010)***	(0.011)***	(0.013)***	(0.015)***
d_usd	0.361	0.442	0.014	-0.016				
	(0.141)**	(0.169)**	(0.149)	(0.155)				
d_eur	0.073	0.109	0.113	0.190				
	(0.129)	(0.153)	(0.167)	(0.232)				
d_jpy	-0.076	-0.066	-0.066	-0.072				
	(0.156)	(0.171)	(0.187)	(0.241)				
d_gbp	0.053	0.090	0.119	0.217				
	(0.144)	(0.166)	(0.185)	(0.250)				
d_rmb	0.365	0.379	0.375	0.369				
	(0.179)**	(0.207)*	(0.213)*	(0.286)				
d_gld	0.148	-0.063	0.180	-0.149				
	(0.196)	(0.190)	(0.236)	(0.186)				
NEER volatility	-1.626	-1.123	-0.791	0.879	-1.988	-6.363	0.567	-6.543
	(3.589)	(3.653)	(3.530)	(3.594)	(1.783)	(2.327)***	(2.059)	(2.383)***
Political Disagreement	-0.041	-0.062	-0.101	-0.193	0.035	0.038	-0.081	-0.146
	(0.013)***	(0.020)***	(0.023)***	(0.036)***	(0.016)**	(0.018)**	(0.022)***	(0.029)***
Financial sanctions by	-0.034	-0.045	0.045	0.092	-0.008	-0.010	0.071	0.127
big-5	(0.045)	(0.068)	(0.053)	(0.092)	(0.034)	(0.053)	(0.050)	(0.088)
Trade sanctions by big-5	0.107	0.156	0.010	-0.044	0.095	0.136	0.012	-0.039
	(0.087)	(0.132)	(0.080)	(0.122)	(0.074)	(0.120)	(0.078)	(0.121)
Global EP uncertainty	-0.015	-0.021	-0.048	-0.074	-0.014	-0.019	-0.032	-0.056
	(0.046)	(0.062)	(0.068)	(0.096)	(0.046)	(0.063)	(0.069)	(0.097)
Monetary Policy	-0.157	-0.194	-0.185	-0.242	-0.151	-0.175	-0.185	-0.208
Uncertainty	(0.082)*	(0.101)*	(0.119)	(0.156)	(0.082)*	(0.104)*	(0.116)	(0.155)
Trade Policy	0.025	0.027	0.042	0.049	0.026	0.027	0.042	0.047
Uncertainty	(0.013)*	(0.016)*	(0.019)**	(0.025)*	(0.013)*	(0.016)*	(0.019)**	(0.024)*
Global Poli Risk	-0.059	-0.047	-0.049	-0.030	-0.014	0.040	-0.005	0.093
	(0.086)	(0.112)	(0.115)	(0.176)	(0.047)	(0.058)	(0.063)	(0.086)
VIX	0.303	0.358	0.513	0.694	0.371	0.549	0.496	0.893
	(0.251)	(0.315)	(0.365)	(0.518)	(0.229)	(0.250)**	(0.326)	(0.428)**
US Tariff	**0.071**	**0.085**	**0.060**	**0.087**	**0.116**	**0.125**	**0.075**	**0.074**
	(0.041)*	**(0.052)**	**(0.084)**	**(0.110)**	**(0.046)****	**(0.056)****	**(0.087)**	**(0.110)**
Gold x y(t-1)		0.033		0.058		0.010		0.048
		(0.027)		(0.031)*		(0.026)		(0.030)
Gold x Political		0.097		0.227		0.008		0.193
disagreement		(0.045)**		(0.054)***		(0.039)		(0.047)***
Gold x Financial		0.002		-0.136		-0.027		-0.164
sanctions		(0.100)		(0.104)		(0.089)		(0.105)
Gold x Trade sanctions		-0.140		0.063		-0.129		0.046
		(0.164)		(0.130)		(0.158)		(0.134)
Gold x Global EP		0.019		0.085		-0.012		0.024
uncertainty		(0.112)		(0.131)		(0.115)		(0.130)
Gold x Monetary policy		0.203		0.238		0.246		0.282
uncertainty		(0.167)		(0.202)		(0.176)		(0.204)
Gold x Trade policy		-0.010		-0.030		-0.018		-0.038
uncertainty		(0.023)		(0.029)		(0.025)		(0.031)
Gold x GPR		-0.031		-0.028		-0.100		-0.152
		(0.147)		(0.211)		(0.093)		(0.113)
Gold x VIX		-0.235		-0.612		-0.218		-0.553
		(0.673)		(0.796)		(0.610)		(0.711)
Gold x US Tariff		**-0.052**		**-0.049**		**-0.102**		**-0.052**
		(0.090)		**(0.127)**		**(0.089)**		**(0.126)**
USD x y(t-1)			-0.006	0.017			-0.008	0.008
			(0.022)	(0.026)			(0.022)	(0.026)
USD x Political			0.168	0.260			0.147	0.224
disagreement			(0.043)***	(0.050)***			(0.037)***	(0.040)***
USD x Financial			-0.297	-0.344			-0.323	-0.383
sanctions			(0.155)*	(0.188)*			(0.154)**	(0.181)**
USD x Trade sanctions			0.334	0.389			0.332	0.384
			(0.297)	(0.314)			(0.295)	(0.309)
USD x Global EP			0.147	0.177			0.134	0.141
uncertainty			(0.123)	(0.141)			(0.124)	(0.139)
USD x Monetary policy			0.120	0.176			0.117	0.164
uncertainty			(0.176)	(0.204)			(0.173)	(0.199)
USD x Trade policy			-0.071	-0.077			-0.071	-0.076
uncertainty			(0.031)**	(0.035)**			(0.031)**	(0.035)**
USD x GPR			-0.015	-0.029			-0.059	-0.126
			(0.170)	(0.222)			(0.119)	(0.137)
USD x VIX			-0.874	-1.083			-0.887	-1.071
			(0.562)	(0.669)			(0.554)	(0.639)*
US x US Tariff			**0.046**	**0.020**			**0.033**	**0.026**
			(0.251)	**(0.273)**			**(0.253)**	**(0.273)**
N	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076
Adj. R2	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
# of countries	50	50	50	50	50	50	50	50
Years covered	1999 - 2022	1999 – 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Table 5.5: Pooled Regression: Logit Share in Foreign Exchange Reserves

	FXR, FULL, Logit (1)	FXR, FULL, Logit (3)	FXR, FULL, Logit (5)	FXR, FULLE, Logit (7)
Share(t-1)	0.940	0.909	0.957	0.915
	(0.014)***	(0.017)***	(0.010)***	(0.015)***
d_usd	0.458	-0.216		
	(0.149)***	(0.250)		
d_eur	0.163	0.312		
	(0.125)	(0.216)		
d_jpy	0.037	0.069		
	(0.168)	(0.239)		
d_gbp	0.137	0.323		
	(0.139)	(0.235)		
d_rmb	0.376	0.415		
	(0.170)**	(0.262)		
NEER volatility	-8.670	-5.308	-12.803	-13.661
	(5.549)	(5.434)	(3.517)***	(3.509)***
Political Disagreement	-0.044	-0.194	0.044	-0.145
	(0.016)**	(0.037)***	(0.019)**	(0.029)***
Financial sanctions by	-0.027	0.122	-0.003	0.157
big-5	(0.069)	(0.110)	(0.059)	(0.107)
Trade sanctions by big-5	0.061	-0.042	0.040	-0.037
	(0.070)	(0.129)	(0.064)	(0.127)
Global EP uncertainty	-0.050	-0.091	-0.053	-0.080
	(0.056)	(0.096)	(0.058)	(0.098)
Monetary Policy	-0.153	-0.257	-0.127	-0.204
Uncertainty	(0.096)	(0.150)*	(0.097)	(0.151)
Trade Policy Uncertainty	0.037	0.061	0.037	0.060
	(0.016)**	(0.025)**	(0.016)**	(0.025)**
Global Poli Risk	-0.024	-0.035	0.087	0.158
	(0.076)	(0.160)	(0.051)*	(0.089)*
VIX	0.469	0.824	0.717	1.217
	(0.268)*	(0.493)	(0.259)***	(0.421)***
US Tariff	**-0.004**	**0.050**	**0.035**	**0.032**
	(0.088)	**(0.125)**	**(0.091)**	**(0.125)**
USD x y(t-1)		0.026		0.021
		(0.022)		(0.020)
USD x Political		0.302		0.248
disagreement		(0.057)***		(0.043)***
USD x Financial		-0.342		-0.380
sanctions		(0.193)*		(0.187)**
USD x Trade sanctions		0.166		0.159
		(0.232)		(0.226)
USD x Global EP		0.133		0.097
uncertainty		(0.142)		(0.142)
USD x Monetary policy		0.354		0.299
uncertainty		(0.209)*		(0.197)
USD x Trade policy		-0.085		-0.083
uncertainty		(0.038)**		(0.037)**
USD x GPR		0.055		-0.191
		(0.291)		(0.160)
USD x VIX		-1.195		-1.502
		(0.752)		(0.695)**
US x US Tariff		**-0.128**		**-0.120**
		(0.181)		**(0.182)**
N	2,540	2,540	2,540	2,540
Adj. R2	0.93	0.93	0.93	0.93
# of countries	51	51	51	51
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Robust standard errors, clustered on country

Appendix: Additional Regression Results

Table A.1: GBP Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.864	0.867	0.864	0.867	0.864	0.865	0.867	0.862
	(0.021)***	(0.022)***	(0.023)***	(0.021)***	(0.022)***	(0.022)***	(0.022)***	(0.023)***
GDP share	0.208	0.181	-0.057	0.200	0.115	0.217	0.122	-0.093
	(0.183)	(0.180)	(0.242)	(0.214)	(0.191)	(0.180)	(0.194)	(0.306)
Shares of trade with UK	0.043	0.024	0.026	0.024	0.025	0.027	0.024	0.028
	(0.024)*	(0.023)	(0.024)	(0.022)	(0.023)	(0.024)	(0.023)	(0.026)
ER volatility	-0.572	-0.632	-0.574	-0.650	-0.524	-0.880	-0.803	-0.932
	(0.433)	(0.444)	(0.458)	(0.504)	(0.467)	(0.511)*	(0.584)	(0.752)
Financial sanctions by UK	-0.004	-0.003	-0.004	-0.003	-0.003	-0.004	-0.003	-0.003
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Trade sanctions by UK	0.000	-0.001	-0.000	-0.001	-0.000	-0.001	-0.001	0.000
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Political disagreement w/ UK		-0.002	-0.002	-0.002	-0.002	-0.002	-0.002	-0.002
		(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Global EP uncertainty, current			-0.004					-0.008
			(0.002)					(0.004)*
Monetary Policy Uncertainty				0.001				0.011
				(0.004)				(0.007)
Trade Policy Uncertainty					-0.001			-0.001
					(0.001)			(0.001)
Global Poli Risk						-0.010		-0.008
						(0.004)**		(0.005)
VIX							0.016	0.004
							(0.021)	(0.029)
N	592	577	577	577	577	577	577	577
Adj. R2	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82
# of countries	40	39	39	39	39	39	39	39
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.2: JPY Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.861	0.848	0.850	0.848	0.849	0.848	0.848	0.849
	(0.029)***	(0.031)***	(0.030)***	(0.031)***	(0.031)***	(0.030)***	(0.031)***	(0.031)***
GDP share	-0.018	-0.029	-0.071	-0.023	-0.021	-0.017	-0.025	-0.067
	(0.057)	(0.060)	(0.067)	(0.065)	(0.057)	(0.067)	(0.057)	(0.099)
Shares of trade with Japan	-0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.001
	(0.015)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
ER volatility	0.587	0.602	0.819	0.558	0.547	0.446	0.632	0.598
	(0.373)	(0.379)	(0.345)**	(0.369)	(0.351)	(0.431)	(0.449)	(0.438)
Financial sanctions by Japan	-0.003	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.001)**	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.002)
Political disagreement w/ Japan	0.005	0.003	0.005	0.003	0.003	0.003	0.003	0.005
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Global EP uncertainty, current		-0.003	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
		(0.001)**	(0.001)**	(0.001)**	(0.001)**	(0.001)**	(0.001)**	(0.001)**
Monetary Policy Uncertainty			-0.003					-0.007
			(0.001)*					(0.003)**
Trade Policy Uncertainty				0.001				0.007
				(0.002)				(0.006)
Global Poli Risk					0.000			0.001
					(0.001)			(0.001)
VIX						-0.005		-0.005
						(0.006)		(0.008)
N							-0.004	-0.001
Adj. R2							(0.022)	(0.026)
# of countries	426	418	418	418	418	418	418	418
Years covered	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
	31	29	29	29	29	29	29	29
	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Note: Trade sanctions by Japan are not included in the estimations due to data limitations.

Table A.3: CNY Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.863	0.851	0.884	0.884	0.847	0.858	0.867	0.900
	(0.131)***	(0.138)***	(0.136)***	(0.138)***	(0.141)***	(0.129)***	(0.135)***	(0.118)***
GDP share	0.042	0.053	0.107	0.086	0.047	0.029	0.051	0.101
	(0.031)	(0.033)	(0.052)*	(0.045)*	(0.030)	(0.029)	(0.033)	(0.058)
Shares of trade with ch	0.016	0.003	0.006	0.006	0.002	-0.001	0.005	-0.000
	(0.014)	(0.015)	(0.015)	(0.014)	(0.015)	(0.017)	(0.015)	(0.018)
ER volatility	-0.702	-0.767	-0.668	-0.559	-0.648	-1.292	-0.379	-0.848
	(0.632)	(0.637)	(0.630)	(0.605)	(0.554)	(1.181)	(0.791)	(1.110)
Political disagreement w/ China		0.003	0.003	0.003	0.003	0.004	0.003	0.004
		(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Global EP uncertainty, current			-0.005					-0.004
			(0.003)					(0.005)
Monetary Policy Uncertainty				-0.007				-0.009
				(0.004)*				(0.008)
Trade Policy Uncertainty					0.001			0.002
					(0.001)			(0.001)
Global Poli Risk						-0.009		-0.008
						(0.011)		(0.011)
VIX							-0.022	0.023
							(0.020)	(0.022)
N	194	194	194	194	194	194	194	194
Adj. R2	0.70	0.70	0.70	0.71	0.70	0.70	0.70	0.71
# of countries	16	16	16	16	16	16	16	16
Years covered	2001 - 2022	2001 - 2022	2001 - 2022	2001 - 2022	2001 - 2022	2001 - 2022	2001 - 2022	2001 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Note: Trade and financial sanctions by China are not included in the estimations due to data limitations.

Table A.4: GBP Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.905	0.900	0.895	0.898	0.899	0.898	0.900	0.894
	(0.040)***	(0.039)***	(0.039)***	(0.039)***	(0.039)***	(0.038)***	(0.039)***	(0.039)***
GDP share	9.248	8.674	-3.719	4.516	8.060	9.196	12.633	1.535
	(8.216)	(8.165)	(9.037)	(7.236)	(8.193)	(7.864)	(10.332)	(12.802)
Shares of trade with uk	1.469	0.419	0.509	0.447	0.423	0.478	0.402	0.530
	(0.947)	(0.833)	(0.857)	(0.840)	(0.833)	(0.828)	(0.817)	(0.843)
ER volatility	-6.946	-8.657	-6.062	-5.387	-7.776	-13.861	2.822	-3.454
	(11.655)	(11.634)	(11.517)	(12.494)	(11.734)	(14.687)	(17.303)	(21.803)
Financial sanctions by UK	-0.005	0.033	0.023	0.028	0.034	0.024	0.022	0.010
	(0.161)	(0.176)	(0.173)	(0.174)	(0.175)	(0.174)	(0.175)	(0.173)
Trade sanctions by UK	0.088	-0.038	-0.007	-0.028	-0.034	-0.029	-0.035	-0.003
	(0.096)	(0.123)	(0.126)	(0.122)	(0.123)	(0.121)	(0.124)	(0.129)
Political disagreement w/ UK		-0.145	-0.155	-0.150	-0.146	-0.146	-0.149	-0.157
		(0.047)***	(0.048)***	(0.048)***	(0.046)***	(0.047)***	(0.048)***	(0.049)***
Global EP uncertainty, current			-0.184					-0.204
			(0.099)*					(0.163)
Monetary Policy Uncertainty				-0.138				0.099
				(0.082)				(0.239)
Trade Policy Uncertainty					-0.008			0.001
					(0.026)			(0.042)
Global Poli Risk						-0.206		-0.161
						(0.192)		(0.177)
VIX							-1.102	-0.853
							(0.897)	(1.256)
N	506	491	491	491	491	491	491	491
Adj. R2	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
# of countries	39	38	38	38	38	38	38	38
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.5: JPY Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.891	0.861	0.860	0.861	0.862	0.860	0.861	0.867
	(0.042)***	(0.044)***	(0.044)***	(0.043)***	(0.044)***	(0.044)***	(0.044)***	(0.043)***
GDP share	1.073	0.210	-3.034	-1.875	0.774	0.888	0.435	-5.172
	(4.850)	(5.326)	(5.878)	(5.875)	(5.547)	(4.795)	(5.336)	(5.467)
Shares of trade with jp	1.687	2.169	2.160	2.165	2.150	2.184	2.135	2.219
	(1.062)	(1.108)*	(1.112)*	(1.111)*	(1.133)*	(1.095)*	(1.104)*	(1.212)*
ER volatility	-1.253	1.947	-0.092	2.303	4.083	0.267	3.034	3.847
	(13.261)	(14.059)	(14.113)	(14.030)	(14.206)	(12.845)	(13.925)	(12.725)
Trade sanctions by Japan	-0.133	-0.135	-0.221	-0.214	-0.114	-0.140	-0.158	-0.177
	(0.225)	(0.241)	(0.237)	(0.233)	(0.239)	(0.236)	(0.252)	(0.241)
Political disagreement w/ Japan		-0.291	-0.311	-0.308	-0.286	-0.290	-0.297	-0.296
		(0.100)***	(0.101)***	(0.103)***	(0.103)**	(0.100)***	(0.105)***	(0.108)**
Global EP uncertainty, current			-0.180					-0.231
			(0.106)					(0.187)
Monetary Policy Uncertainty				-0.216				-0.335
				(0.159)				(0.352)
Trade Policy Uncertainty					0.023			0.105
					(0.025)			(0.046)**
Global Poli Risk						-0.150		-0.095
						(0.245)		(0.263)
VIX							-0.367	1.543
							(0.857)	(1.282)
N	338	334	334	334	334	334	334	334
Adj. R2	0.78	0.79	0.79	0.79	0.79	0.79	0.79	0.79
# of countries	28	27	27	27	27	27	27	27
Years covered	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022	1999 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Note: Financial sanctions by Japan are not included in the estimations due to data limitations.

Table A.6: CNY Logit Share in Total Reserves

	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Share (t – 1)	0.889	0.890	0.888	0.892	0.888	0.891	0.888	0.890
	(0.028)***	(0.027)***	(0.025)***	(0.024)***	(0.030)***	(0.030)***	(0.024)***	(0.030)***
GDP share	26.364	26.406	39.503	33.917	25.091	27.466	44.581	42.751
	(17.658)	(17.987)	(22.283)	(19.732)	(16.661)	(16.755)	(24.864)*	(20.166)*
Shares of trade with ch	-0.188	-0.109	0.048	-0.140	0.004	-0.502	0.506	-0.304
	(1.171)	(1.766)	(1.684)	(1.636)	(1.889)	(1.797)	(1.913)	(1.959)
ER volatility	295.453	298.550	353.958	320.805	317.451	316.318	519.468	468.331
	(284.260)	(292.659)	(299.817)	(298.555)	(286.811)	(296.893)	(321.659)	(408.871)
Political disagreement w/ China		-0.017	-0.018	0.014	0.000	0.044	-0.046	0.138
		(0.219)	(0.216)	(0.206)	(0.230)	(0.233)	(0.242)	(0.228)
Global EP uncertainty, current			-0.433					-0.050
			(0.204)*					(0.451)
Monetary Policy Uncertainty				-0.565				-0.724
				(0.230)**				(0.847)
Trade Policy Uncertainty					0.061			0.113
					(0.058)			(0.158)
Global Poli Risk						-0.588		-0.880
						(0.983)		(1.425)
VIX							-7.164	-2.379
							(3.269)**	(6.216)
N	76	76	76	76	76	76	76	76
Adj. R2	0.89	0.88	0.89	0.89	0.88	0.88	0.89	0.89
# of countries	13	13	13	13	13	13	13	13
Years covered	2010 - 2022	2010 - 2022	2010 - 2022	2010 - 2022	2010 - 2022	2010 - 2022	2010 - 2022	2010 - 2022

* $p<0.1$; ** $p<0.05$; *** $p<0.01$

Note: Trade and financial sanctions by China are not included in the estimations due to data limitations.