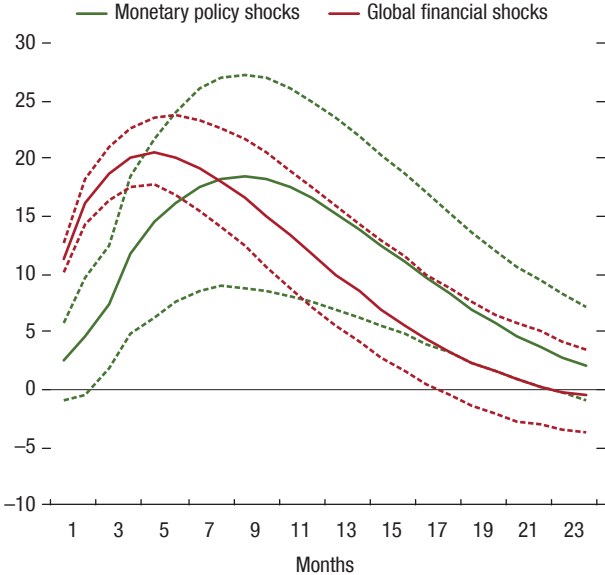


Figure 3.9. Response of Domestic Financial Conditions to Shocks

(Percent, standard deviations)

Global financial and domestic monetary policy shocks appear to affect local financial conditions.



Source: IMF staff estimates.

Note: The figure displays the impulse response functions and 90 percent confidence bands of domestic financial conditions indices to global financial or domestic monetary policy shocks for countries in the sample with flexible exchange rates. It is based on a panel vector autoregression model. See Annex 3.4 for details.