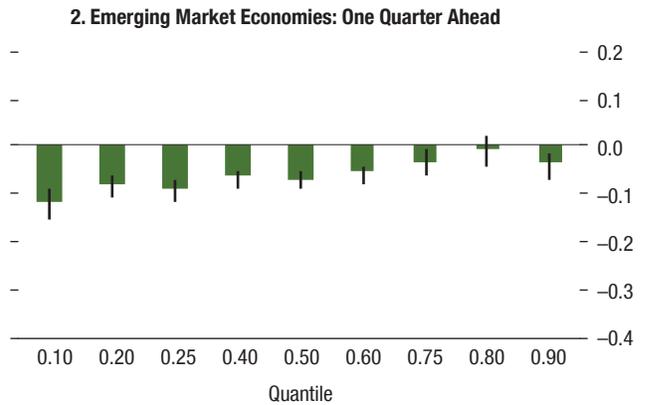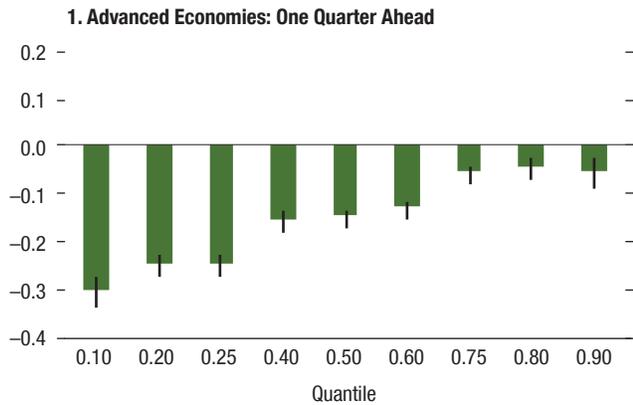**Figure 3.4. Higher Price of Risk Is a Significant Predictor of Downside Growth Risks within One Year**
*(Quantile regression coefficients)*

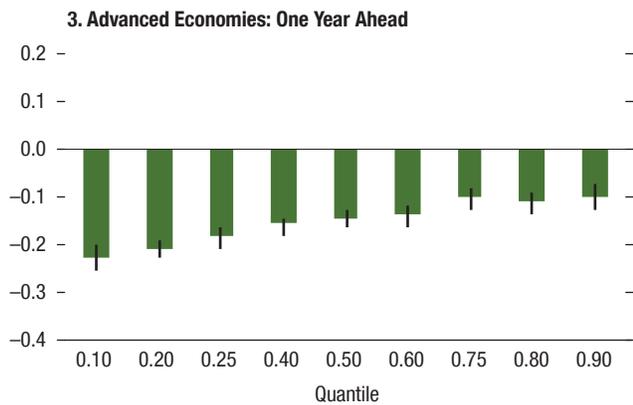Economic significance is highest over one quarter ...

... albeit less so in emerging market economies.

1. Advanced Economies: One Quarter Ahead

2. Emerging Market Economies: One Quarter Ahead

It remains so over one year in advanced economies ...

... and in emerging market economies.

3. Advanced Economies: One Year Ahead

4. Emerging Market Economies: One Year Ahead
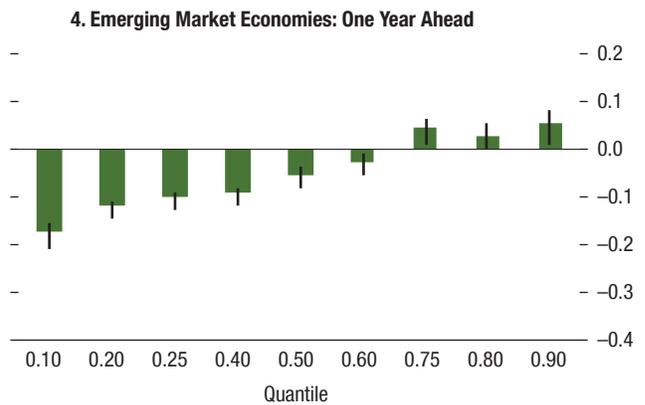
Price of risk becomes uninformative over longer horizons in advanced economies ...

... but, in emerging market economies, higher funding costs signal lower risk over longer horizons.

5. Advanced Economies: Two Years Ahead

6. Emerging Market Economies: Two Years Ahead
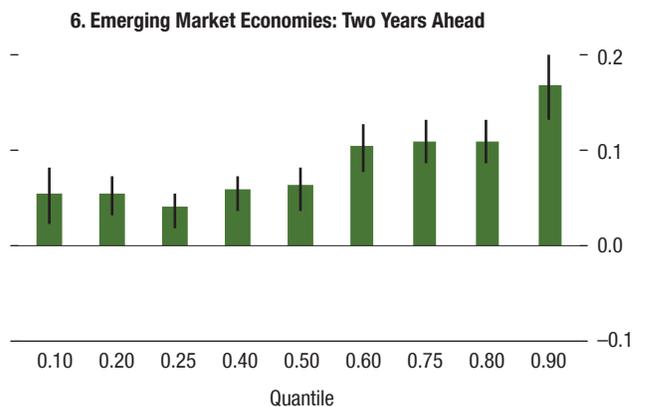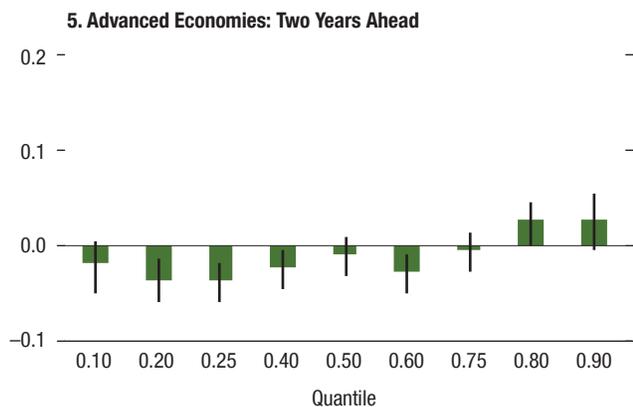
Sources: Bloomberg Finance L.P.; Haver Analytics; IMF, Global Data Source and World Economic Outlook databases; Thomson Reuters Datastream; and IMF staff estimates.
Note: The panels depict coefficient estimates on the price of risk index in pooled quantile regressions of one-quarter-ahead, four-quarters-ahead, and eight-quarters-ahead GDP growth for advanced economies (left column) and emerging market economies (right column). The coefficients are standardized by centering and reducing (zero mean, unit variance) both the dependent variable and the regressors to enable comparison across quantiles, across time horizons, and between advanced and emerging market economies. The coefficient estimate for a given quantile should be read as the impact of a one standard deviation change in the price of risk on the future quantile of GDP growth also expressed in terms of standard deviations. The vertical lines in the green bars denote confidence intervals at 10 percent and, where they cross the *x*-axis, correspond to absence of statistical significance of the regressor.