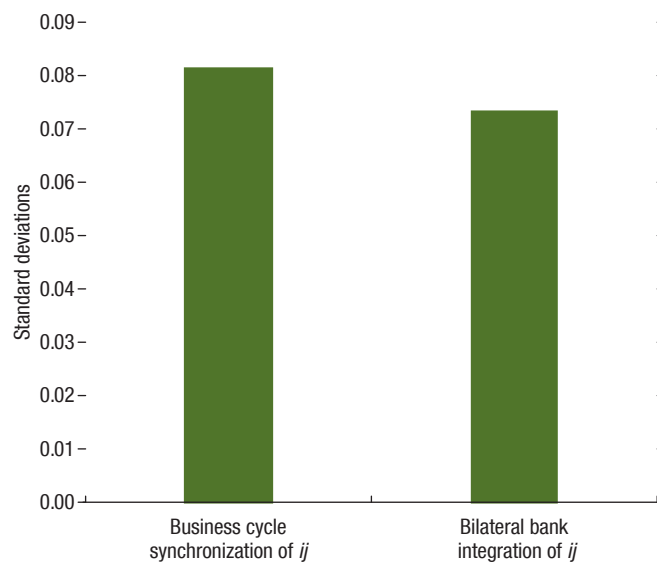


**Figure 3.12. Bilateral Links between Countries Are Associated with House Price Synchronization**



Source: IMF staff estimates.

Note: Synchronicity is measured by the *synch1* of gaps measure; see Annex 3.2 for computation methodology. Figure shows statistically significant standardized coefficients that are calculated using the coefficients in specification 4 in Annex Table 3.2.1 and their respective standard deviations, and presented in terms of standard deviations of the dependent variable; this specification also controls for global financial conditions (proxied through global liquidity) in addition to country-pair fixed effects and quadratic and linear time trends (standard errors are clustered at multiway at time, country *i*, and country *j*). The standard deviation for business cycle synchronization is 0.0124 and 1.040 for bilateral bank integration. See Country-Pair Analysis section of Annex 3.2 for further details. *i* = country 1 and *j* = country 2 in the country pair.