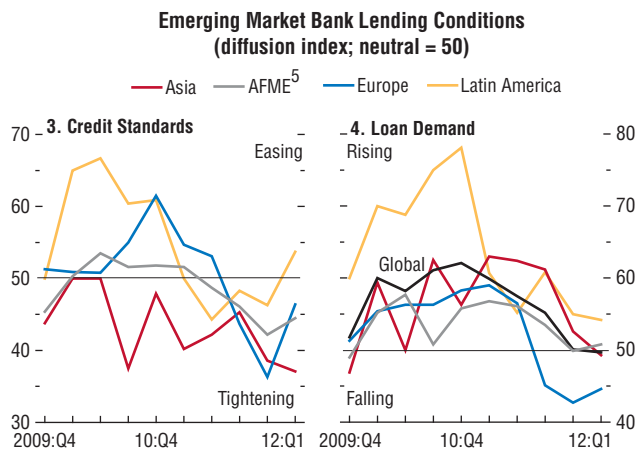
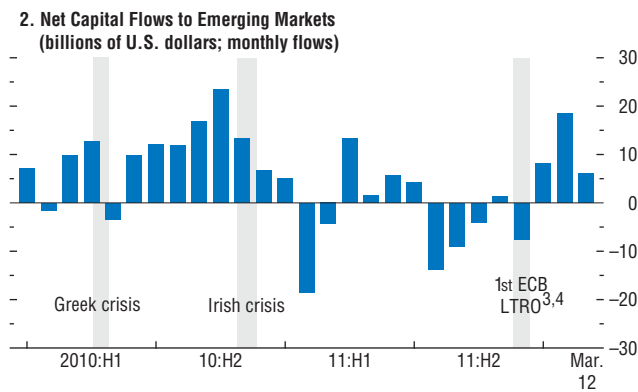
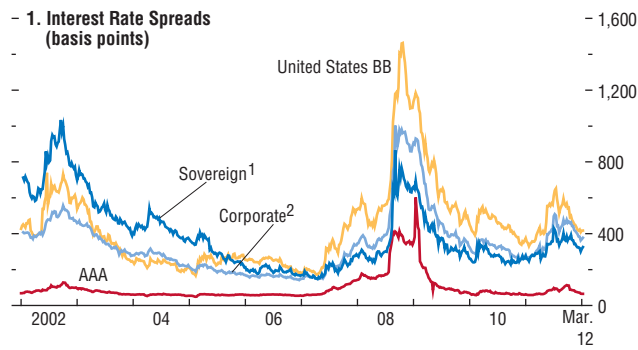


Figure 1.4. Emerging Market Conditions

Financial conditions in emerging markets began to tighten during the fall of 2011. Amid a general flight from risk, interest rate spreads rose. Funding conditions worsened for banks, contributing to a tightening of lending standards, and capital inflows diminished. However, these flows are now returning with new vigor, and risk spreads have come down again.



Sources: Bloomberg Financial Markets; Capital Data; EPFR Global; Haver Analytics; IIF Emerging Markets Bank Lending Survey; and IMF staff calculations.

¹JPMorgan EMBI Global Index spread.

²JPMorgan CEMBI Broad Index spread.

³ECB = European Central Bank.

⁴LTRO = Longer-term refinancing operations.

⁵AFME = Africa and Middle East.