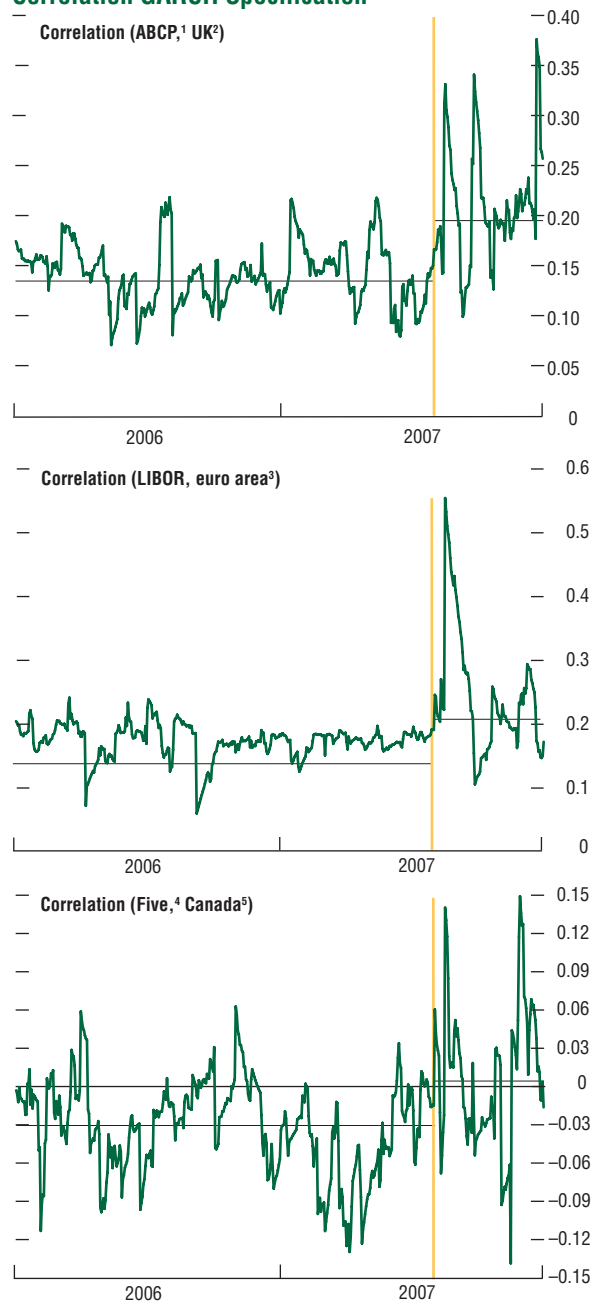


Figure 3.7. Advanced Economies Model: Selected Implied Correlations from Dynamic Conditional Correlation GARCH Specification



Sources: Bloomberg L.P.; and IMF staff estimates.

Note: The horizontal lines represent the arithmetic average of the correlations before and after the break in late July 2007.

¹Spread between yields on 90-day U.S. asset-backed commercial paper (ABCP) and three-month U.S. Treasury bills.

²Spread between yields on three-month pound sterling LIBOR and the UK three-month overnight index swap.

³Spread between yields on three-month euro LIBOR and the euro area three-month overnight index swap.

⁴Spread between yields on five-year off-the-run and on-the-run U.S. Treasury notes.

⁵Spread between yields on three-month Canadian dollar LIBOR and the Canadian three-month overnight index swap.