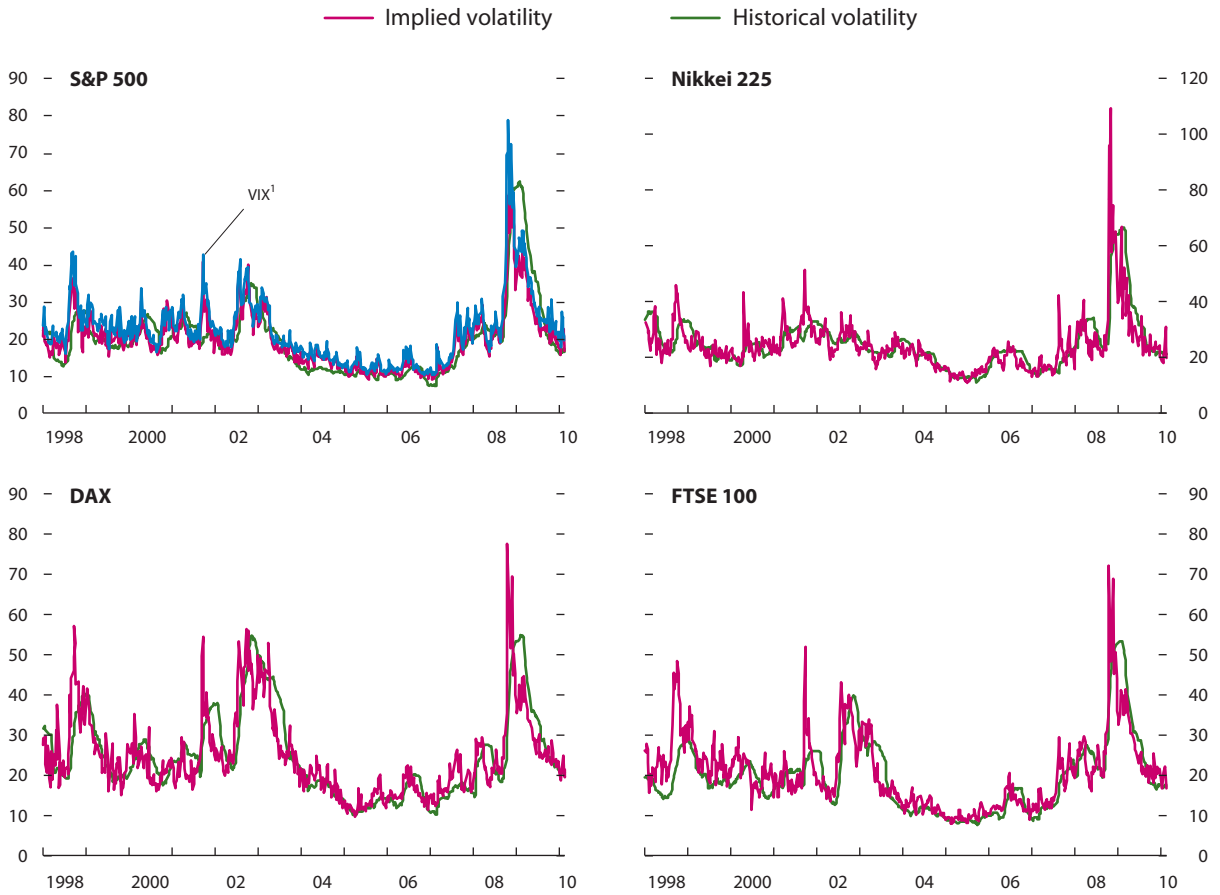


Figure 7. Implied and Historical Volatility in Equity Markets

(Weekly data)



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

Note: Implied volatility is a measure of the equity price variability implied by the market prices of call options on equity futures. Historical volatility is calculated as a rolling 100-day annualized standard deviation of equity price changes. Volatilities are expressed in percent rate of change.

¹VIX is Chicago Board Options Exchange's volatility index. This index is calculated by taking a weighted average of implied volatility for the eight S&P 500 calls and puts.