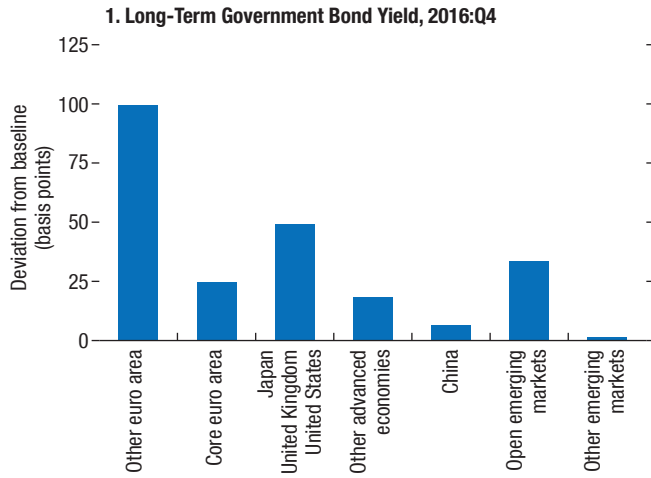
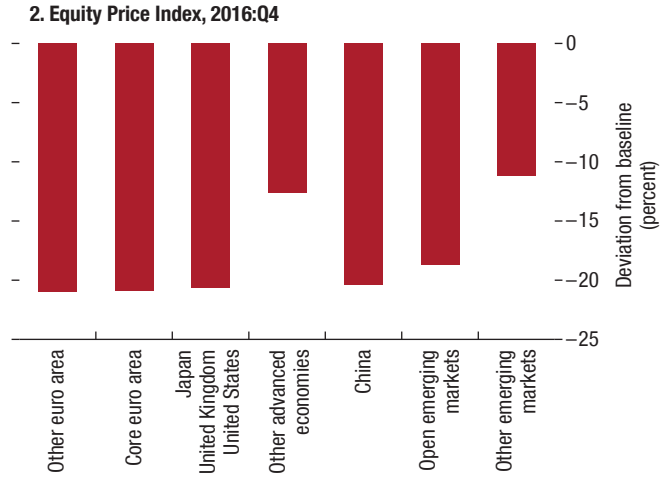


Figure 1.20. Effect of a Global Asset Market Disruption

The global asset market disruption scenario entails rapid decompression of risk premiums in bonds...

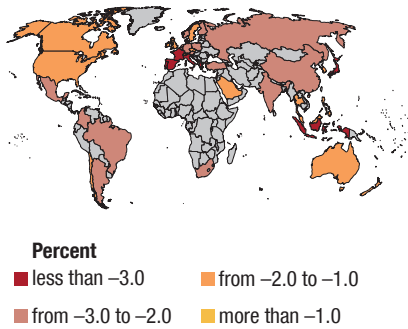


...and equities.

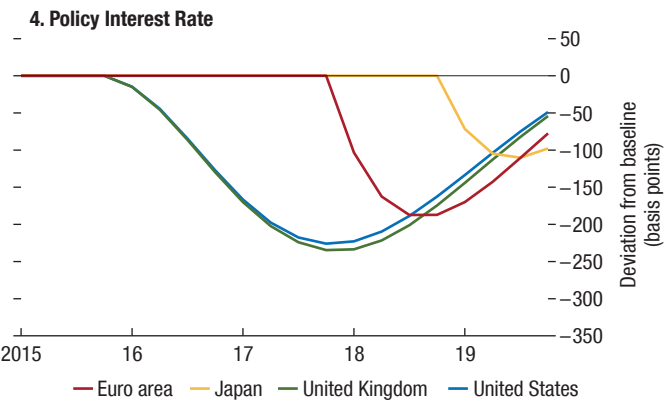


The scenario generates moderate to large output losses worldwide...

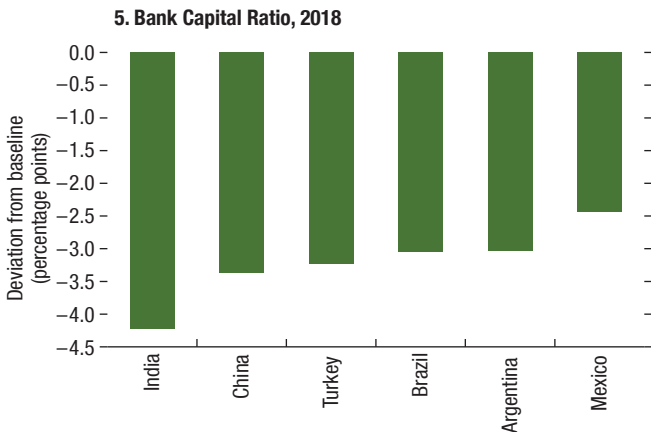
3. Output, 2017



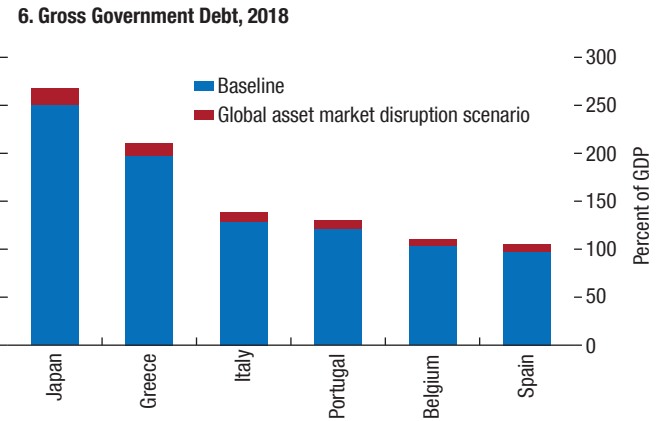
...and delays or stalls monetary policy normalization in advanced economies.



Banking sector capitalization suffers...



...as does government debt sustainability.



Source: IMF staff calculations.

Note: For the methodology, see Annex 1.2. Open emerging markets = Argentina, Brazil, Colombia, India, Indonesia, Mexico, Philippines, Poland, Russia, South Africa, Thailand, and Turkey.