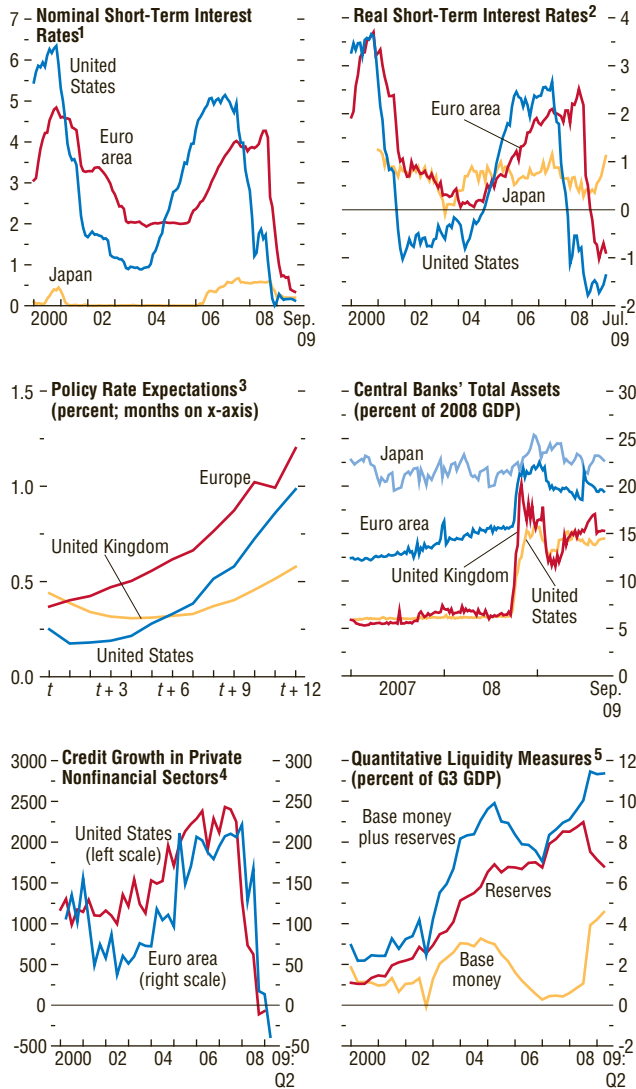


Figure 1.6. Measures of Monetary Policy and Liquidity in Selected Advanced Economies

(Interest rates in percent unless otherwise noted)

Central banks have implemented unusually large interest rate cuts to combat the recession. In addition, they have intervened in credit and asset markets to ease financial conditions. With inflation expected to remain constrained, very limited policy tightening is expected over the coming year.



Sources: Bloomberg Financial Markets; Eurostat; Haver Analytics; Merrill Lynch; Organization for Economic Cooperation and Development *Economic Outlook*; and IMF staff calculations.

¹ Three-month treasury bills.

² Relative to core inflation.

³ Expectations are based on the federal funds rate for the United States, the sterling overnight interbank average rate for the United Kingdom, and the euro interbank offered forward rates for Europe; updated September 16, 2009.

⁴ Quarter-over-quarter changes; in billions of local currency.

⁵ Change over three years for euro area, Japan, and United States (G3); denominated in U.S. dollars.