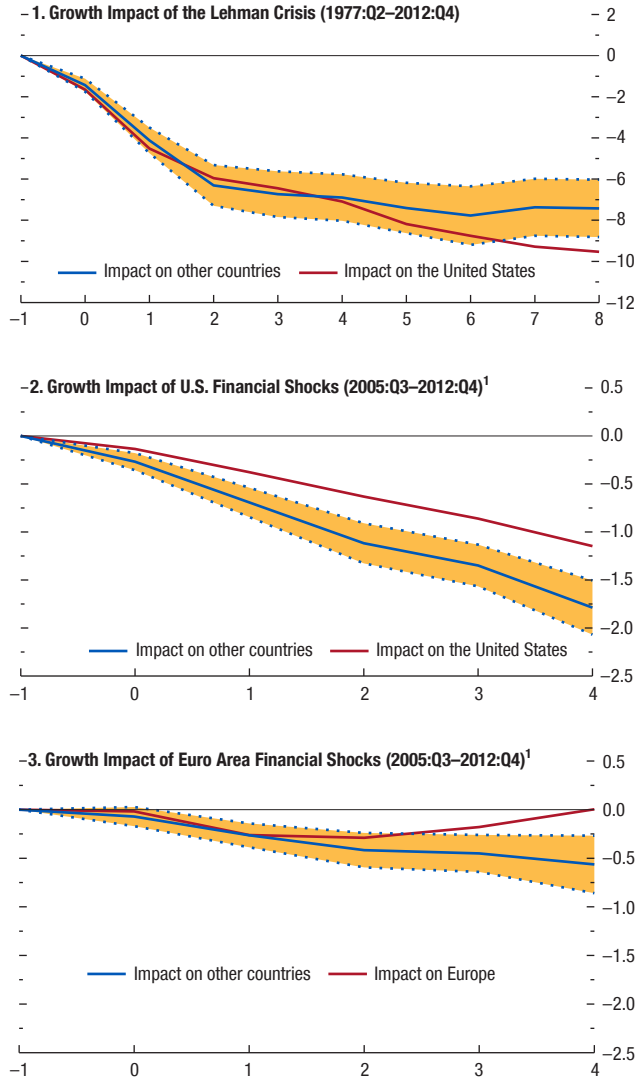


Figure 3.7. Cross-Border Impact of Financial Shocks
(100 basis points)

The Lehman crisis had a significant and persistent effect on output in other economies. More generally, financial shocks in the United States tend to have significant spillover effects on output in other economies, while financial shocks in the euro area have more limited effects.



Source: IMF staff calculations.

Note: X-axis units are quarters; $t = 0$ denotes the quarter of the financial shock. Dashed lines indicate the 90 percent confidence interval around the point estimate.

¹The impact of U.S. and euro area financial shocks is estimated to four quarters because of the short time series for these shocks.