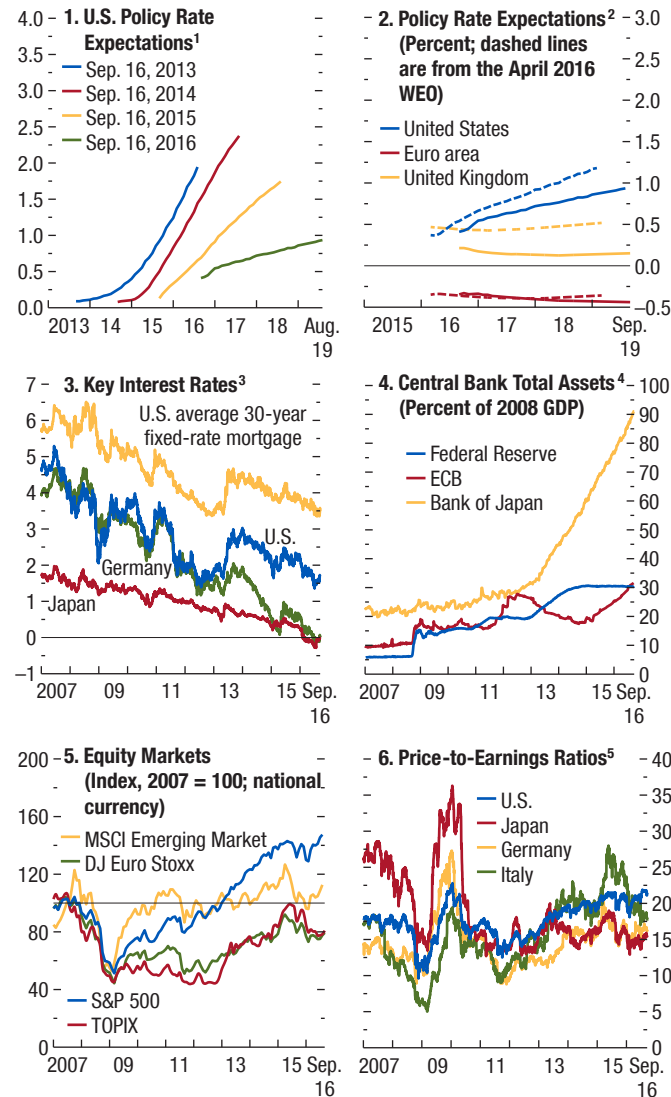


Figure 1.6. Advanced Economies: Monetary and Financial Market Conditions

(Percent, unless noted otherwise)

Markets expect advanced economy central banks to maintain low rates for even longer as economic activity has stayed sluggish and inflation pressures remain muted. Financial market sentiment has generally recovered after the initial short-lived negative reaction to the June 23 U.K. referendum vote to leave the European Union.



Sources: Bank of Spain; Bloomberg L.P.; Haver Analytics; Thomson Reuters Datastream; and IMF staff calculations.

Note: DJ = Dow Jones; ECB = European Central Bank; MSCI = Morgan Stanley Capital International; S&P = Standard & Poor's; TOPIX = Tokyo Stock Price Index; WEO = *World Economic Outlook*.

¹ Expectations are based on the federal funds rate futures.

² Expectations are based on the federal funds rate futures for the United States, the sterling overnight interbank average rate for the United Kingdom, and the euro interbank offered forward rate for the euro area. Current data are for September 16, 2016; April 2016 WEO data are for March 24, 2016.

³ Interest rates are 10-year government bond yields, unless noted otherwise. Data are through September 16, 2016.

⁴ Data are through September 16, 2016. ECB calculations are based on the Eurosystem's weekly financial statement.

⁵ Data are through September 16, 2016.