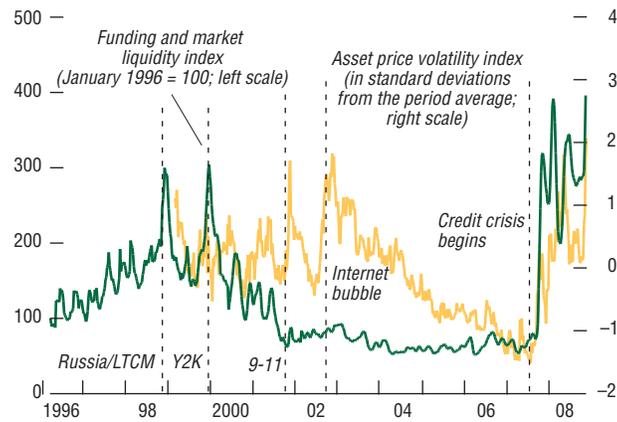


Figure 1.4. Asset Price Volatility and Funding and Market Liquidity



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

Note: Asset price volatility index uses implied volatility derived from options from stock market indices, interest, and exchange rates. Funding and market liquidity index uses the spread between yields on government securities and interbank rates, spread between term and overnight interbank rates, currency bid-ask spreads, and daily return-to-volume ratios of equity markets. A higher value indicates tighter market liquidity conditions. LTCM = Long-Term Capital Management; Y2K = Year 2000.