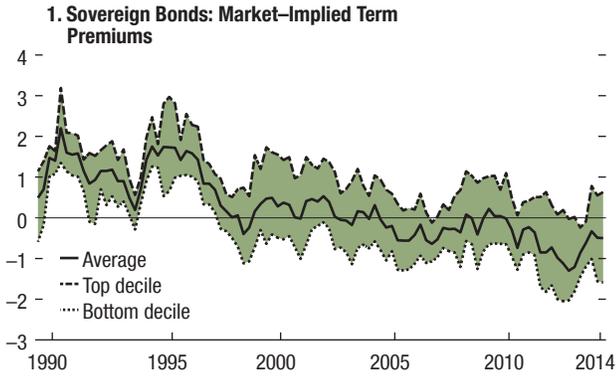
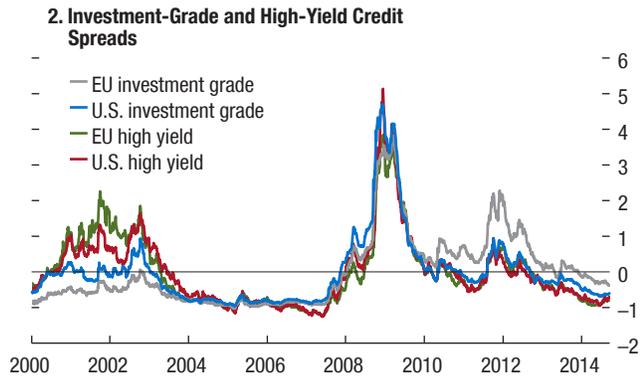


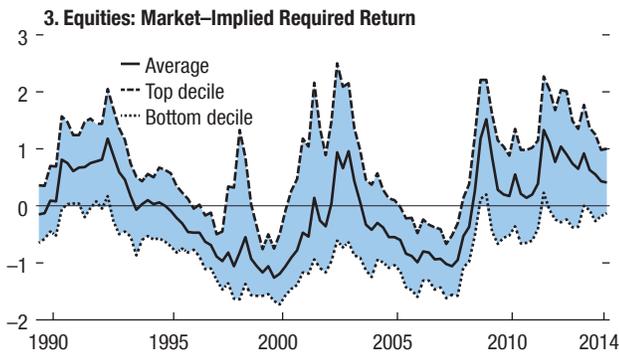
**Figure 1.27. Stretched Valuations across Asset Classes (z-scores)**



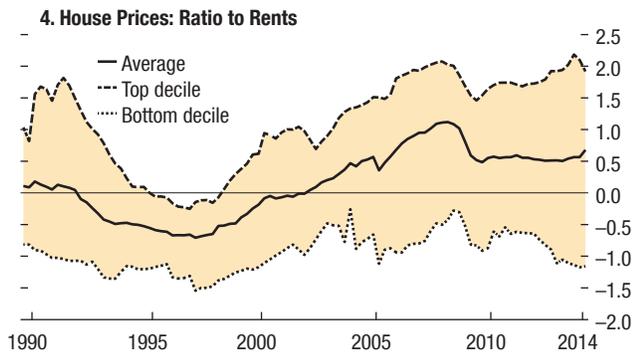
Sources: Consensus Economics; and IMF staff calculations.  
 Note: The z-scores for the implied bond term premium across 15 advanced economies and 9 emerging markets. The implied (“Wicksellian”) bond term premium is the 5-year-5-year sovereign bond yield in local currency terms, minus the 5-year-5-year surveybased expectation of real GDP growth and inflation. See Jones (2014).



Source: IMF staff calculations.  
 Note: Z-scores relative to the historical distribution of the respective option-adjusted spreads. EU = European Union.



Sources: Consensus Economics; and IMF staff calculations.  
 Note: The z-scores for the implied required return on equity across 15 advanced economies and 10 emerging markets. The implied equity discount rate is the average of three model estimates backed out of current prices (a running yield based on cyclically-adjusted earnings, a single-stage dividend discount model, and a multi-stage dividend discount model). See Jones (forthcoming).



Sources: Haver Analytics; Organisation for Economic Co-operation and Development data; and IMF staff calculations based on Global Property Guide.  
 Note: Z-scores calculated over the respective historical distribution of the house price-to-rent ratio for each jurisdiction using data going back to 1970