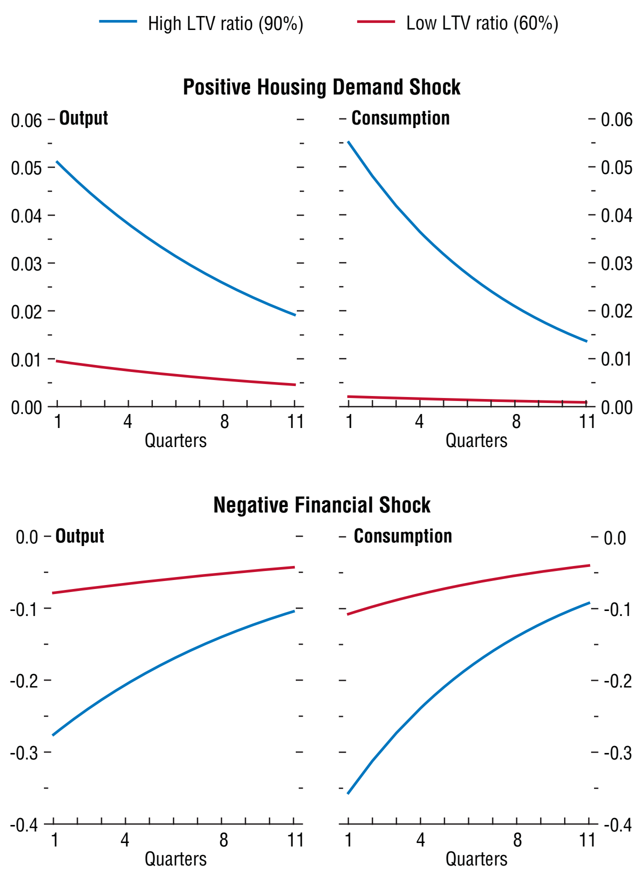
Figure 3.13. Macroeconomic Model with Housing as Collateral: Responses of Output and Consumption to Shocks for Different Loan-to-Value (LTV) Ratios

(Percent deviation from model steady state)

Following a positive housing demand shock and a negative financial shock, output and consumption react more strongly in economies with higher LTV ratios than in economies with lower LTV ratios.



Source: IMF staff calculations.