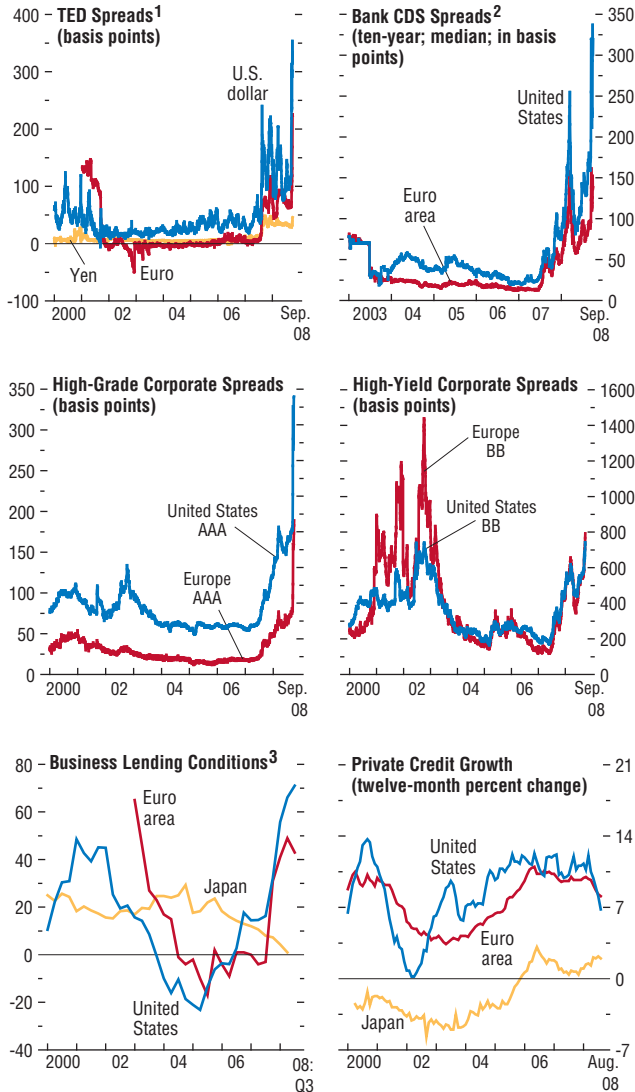


Figure 1.6. Developments in Mature Credit Markets

Credit market stresses intensified again in September, reflected in soaring spreads in the interbank market. Risk spreads have widened sharply across a broad range of financial assets. At the same time, bank lending standards have been tightened sharply in the United States and euro area, and credit growth is now starting to moderate.



Sources: Bank of Japan; Bloomberg Financial Markets; Board of Governors of the Federal Reserve System; European Central Bank; Merrill Lynch; and IMF staff calculations.

¹Three-month London interbank offered rate minus three-month government bill rate.

²CDS = credit default swap.

³Percent of respondents describing lending standards as tightening "considerably" or "somewhat" minus those indicating standards as easing "considerably" or "somewhat" over the previous three months. Survey of changes to credit standards for loans or lines of credit to enterprises for the euro area; average of surveys on changes in credit standards for commercial/industrial and commercial real estate lending for the United States; average of changes in credit standards for small, medium-size, and large firms for Japan.