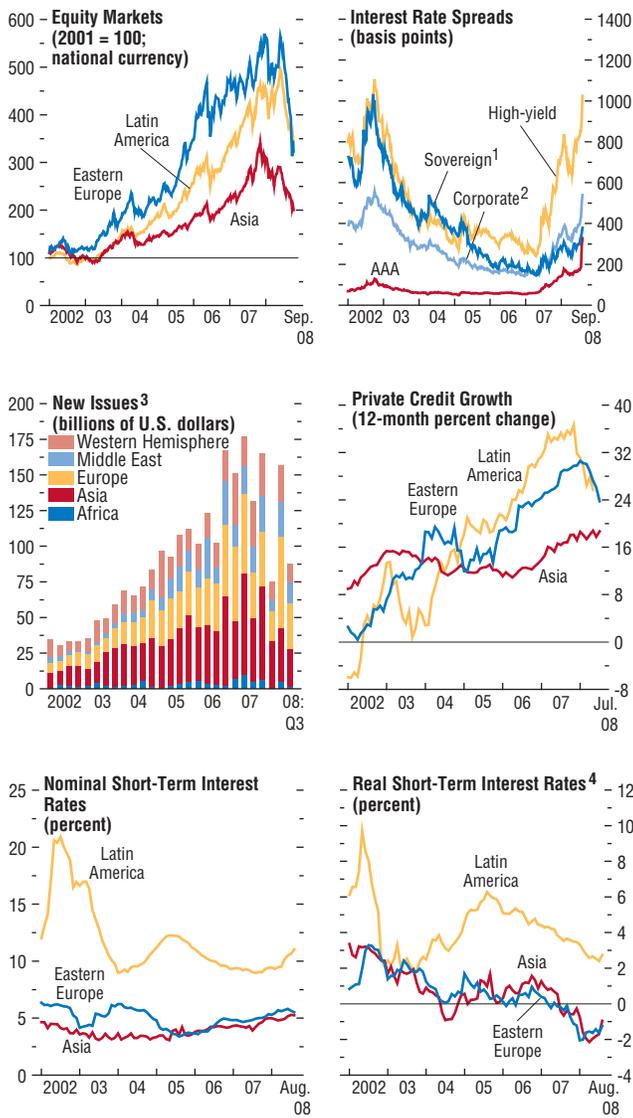


Figure 1.8. Emerging Market Conditions

Emerging market conditions have been affected increasingly by financial strains in mature markets. Equity prices have dropped sharply in recent months, spreads have widened, and new issues have moderated from last year's highs. At the same time, domestic interest rates have been increased in response to rising inflation, but real rates have declined. Although private credit growth has moderated some, it remains high.



Sources: Bloomberg Financial Markets; Capital Data; IMF, *International Financial Statistics*; and IMF staff calculations.

¹JPMorgan EMBI Global Index spread.

²JPMorgan CEMBI Broad Index spread.

³Total of equity, syndicated loans, and international bond issuances.

⁴Relative to headline inflation.