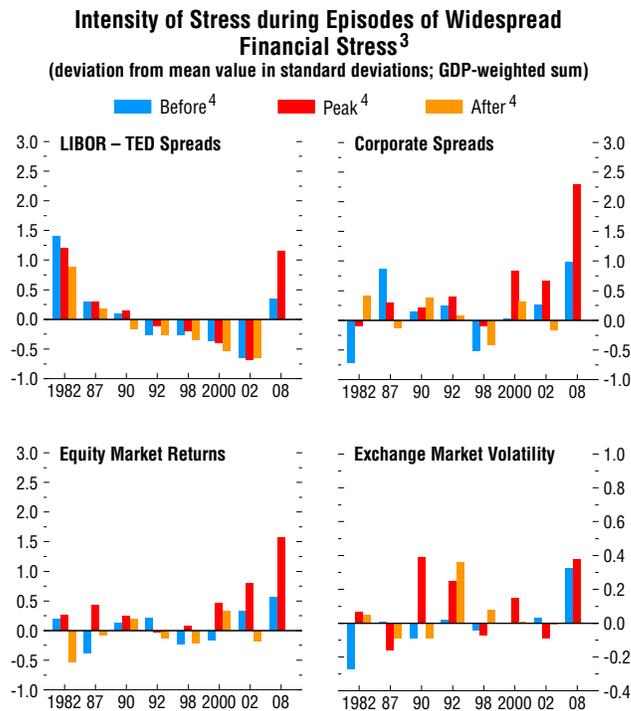
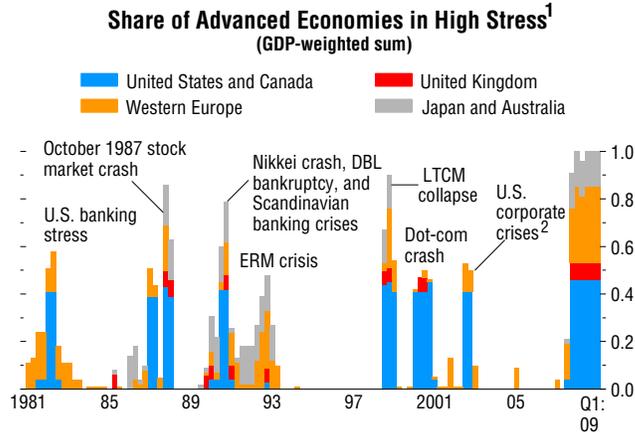


**Figure 4.4. Financial Stress in Advanced Economies**

Financial stress in advanced economies is currently more widespread across countries and sectors of the financial system than in earlier stress episodes.



Source: IMF staff calculations.  
 Note: DBL = Drexel Burnham Lambert; ERM = European exchange rate mechanism; LIBOR = London interbank offered rate; LTCM = Long-Term Capital Management.  
<sup>1</sup> High stress defined as a stress index level of one standard deviation above its trend.  
<sup>2</sup> WorldCom, Enron, and Arthur Andersen.  
<sup>3</sup> Widespread stress is defined as periods during which 50 percent of advanced economies' GDP was in high stress. A total of seven episodes were identified with peak stress dates in 1982, 1987, 1990, 1992, 1998, 2000, 2002, and 2008. See Table 4.1 for a description.  
<sup>4</sup> Non-overlapping averages of three quarters before, around, and following peak stress. The peak in the 2008 episode is assumed to be quarter four.