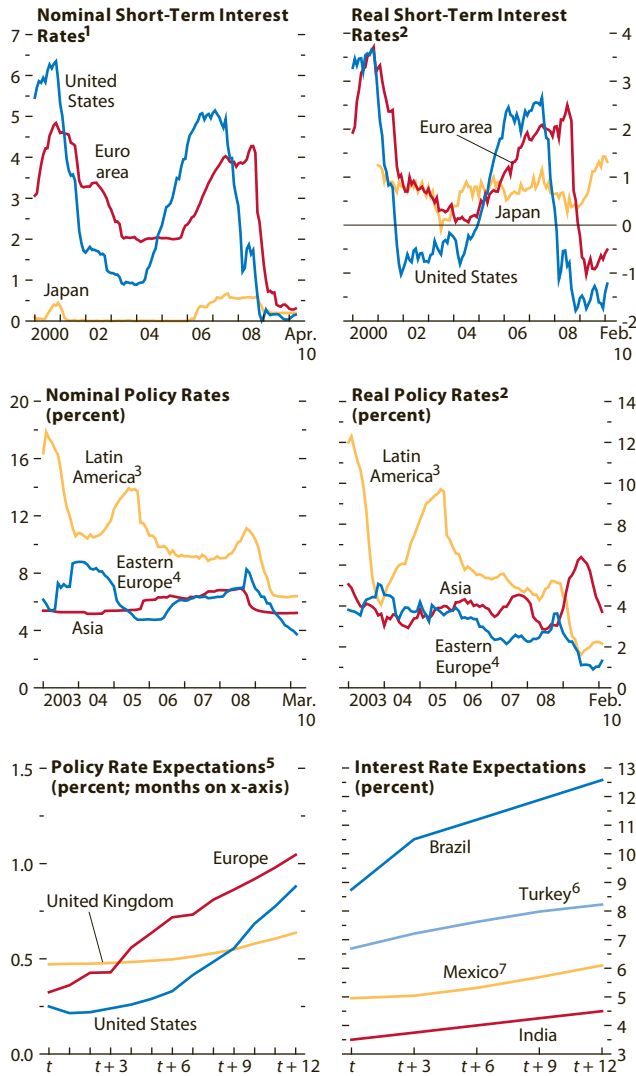


Figure 1.8. Measures of Monetary Policy and Liquidity in Selected Advanced Economies

(Interest rates in percent unless noted otherwise)

Policy rates were cut to near zero in major advanced economies and were brought down significantly in many emerging economies. Markets expect a prolonged period of very low rates for the advanced economies and some significant rate hikes in various emerging economies, which are seen to be closer to full capacity and subject to higher inflation risks.



Sources: Bloomberg Financial Markets; Eurostat; Haver Analytics; and IMF staff calculations.

¹Three-month treasury bill.

²Relative to core inflation.

³Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

⁴Bulgaria, Estonia, Hungary, Latvia, Lithuania, and Poland.

⁵Expectations are based on the federal funds rate for the United States, the sterling overnight interbank average rate for the United Kingdom, and the euro interbank offered forward rates for Europe; updated April 12, 2010.

⁶Average ask/bid spread of the Turkish Lira Reference Interest Rate (TRLIBOR) as of April 12, 2010.

⁷Based on futures of 28-day interbank rates.