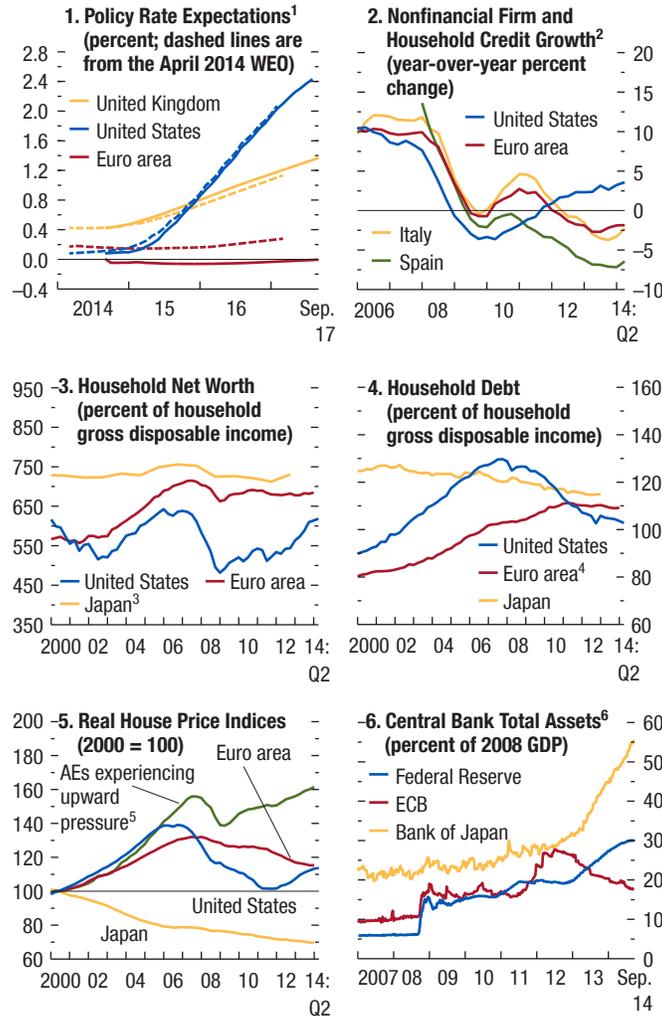


Figure 1.3. Monetary Conditions in Advanced Economies

Monetary conditions have remained very accommodative in advanced economies. In the United States, the reduction in monthly asset purchases by the Federal Reserve has continued, with purchases expected to be wound down about the time this *World Economic Outlook* is released, but policy rates remain close to zero. The European Central Bank recently took a range of measures to tackle low inflation and address financial fragmentation, including targeted credit easing and other measures to boost liquidity.



Sources: Bank of Spain; Bloomberg, L.P.; European Central Bank (ECB); Haver Analytics; Organisation for Economic Co-operation and Development; and IMF staff calculations.

¹Expectations are based on the federal funds rate futures for the United States, the sterling overnight interbank average rate for the United Kingdom, and the euro interbank offered forward rate for the euro area; updated September 22, 2014.

²Flow-of-funds data are used for the euro area, Spain, and the United States. Italian bank loans to Italian residents are corrected for securitizations.

³Interpolated from annual net worth as a percentage of disposable income.

⁴Euro area includes subsector employers (including self-employed workers).

⁵Upward-pressure countries are those with a residential real estate vulnerability index above the median for advanced economies (AEs): Australia, Austria, Belgium, Canada, Estonia, France, Hong Kong SAR, Israel, New Zealand, Norway, Portugal, Sweden, United Kingdom.

⁶Data are through September 19, 2014, except in the case of ECB (September 12, 2014). ECB calculations are based on the Eurosystem's weekly financial statement.