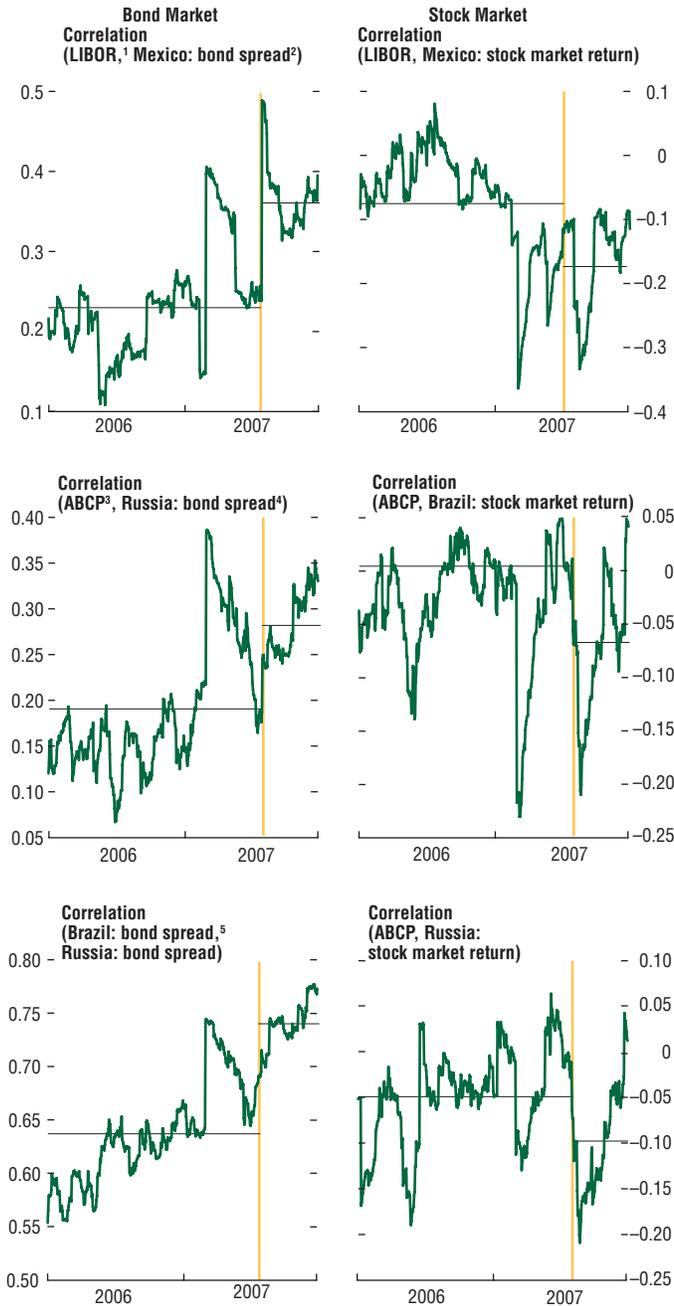


**Figure 3.15. Emerging Markets Model: Implied Correlations from Dynamic Conditional Correlation GARCH Specification**



Sources: Bloomberg L.P.; Datastream; and IMF staff estimates.

Note: The horizontal lines represent the arithmetic average of the correlations before and after the break in late July 2007.

<sup>1</sup>Spread between yields on three-month U.S. dollar LIBOR and on the three-month U.S. dollar overnight index swap.

<sup>2</sup>JPMorgan's EMBI+ Mexico sovereign spread.

<sup>3</sup>Spread between yields on 90-day U.S. asset-backed commercial paper (ABCP) and on three-month U.S. Treasury bills.

<sup>4</sup>JPMorgan's EMBI+ Russia sovereign spread.

<sup>5</sup>JPMorgan's EMBI+ Brazil sovereign spread.