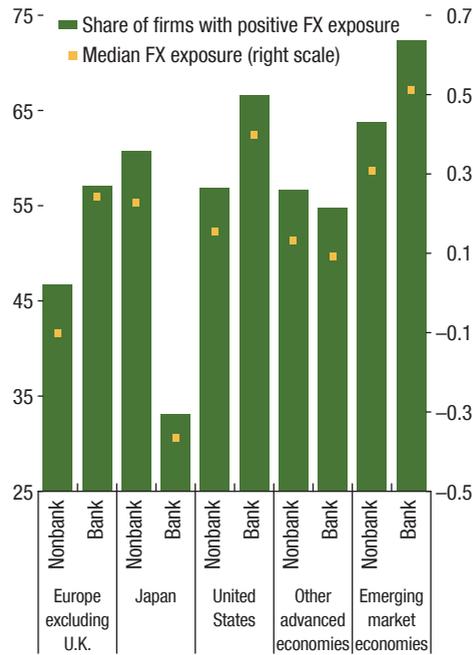


**Figure 2.2.1. Sensitivity of Financial Firms to Exchange Rate Changes, 1995–2016**  
(Percent)

Returns of banks and nonbanks are more sensitive to exchange rate fluctuations in emerging market economies.



Sources: IMF, International Financial Statistics database; Thomson Reuters Datastream; and IMF staff calculations.  
 Note: Emerging market economies = Brazil, Chile, China, Colombia, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, South Africa, Taiwan Province of China, Thailand, Turkey. Other advanced economies = Australia, Canada, Hong Kong SAR, New Zealand, Singapore, United Kingdom. The figure shows the estimated response of expected stock returns to a 1 percentage point appreciation in the trade-weighted nominal exchange rate. The estimates are based on an augmented capital asset pricing model and a sample of listed financial firms in 23 advanced economies and 19 emerging market economies from 1995 to 2015. FX = foreign exchange.