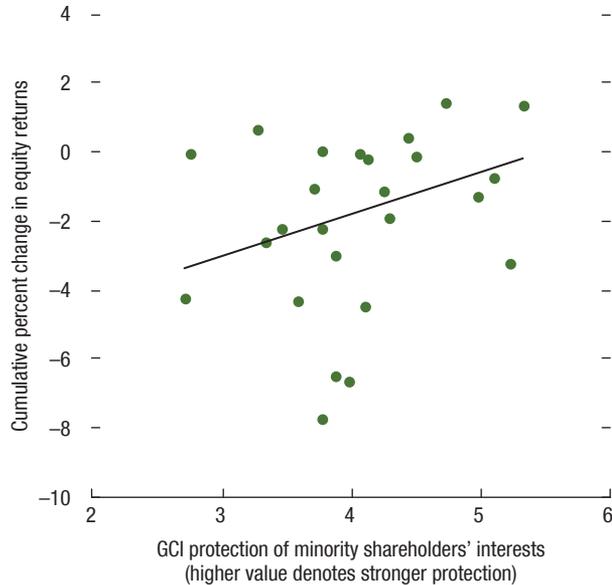


**Figure 3.1. Corporate Governance and Equity Returns**  
(Cumulative changes in dollar returns during Brexit)

Countries with lower corporate governance scores experienced sharper equity return declines after the Brexit vote.



Sources: Thomson Reuters Datastream; World Economic Forum, Global Competitiveness Indicators (GCI) database; and IMF staff calculations.  
Note: Cumulative change in equity returns during Brexit corresponds to the equity price movements from June 23 to 29, 2016. Dollar returns are calculated using MSCI price indices and are adjusted by controlling for the public debt-to-GDP ratio and the current account deficit to GDP. Brexit = June 2016 U.K. referendum result in favor of leaving the European Union.