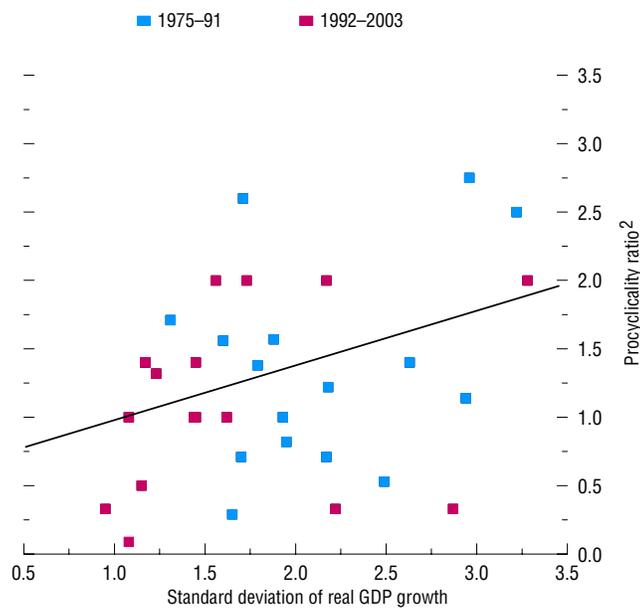


Figure 2.22. Procyclicality and Output Volatility¹

(Correlation coefficient = 0.29; 1975–2003)

Greater output volatility is conducive to procyclicality.



Sources: OECD analytical database; and IMF staff calculations.

¹Evidence is based on euro area countries (excluding Luxembourg) and Australia, Denmark, Sweden, the United Kingdom, and the United States.

²The procyclicality ratio is the frequency of procyclical impulses relative to countercyclical impulses.