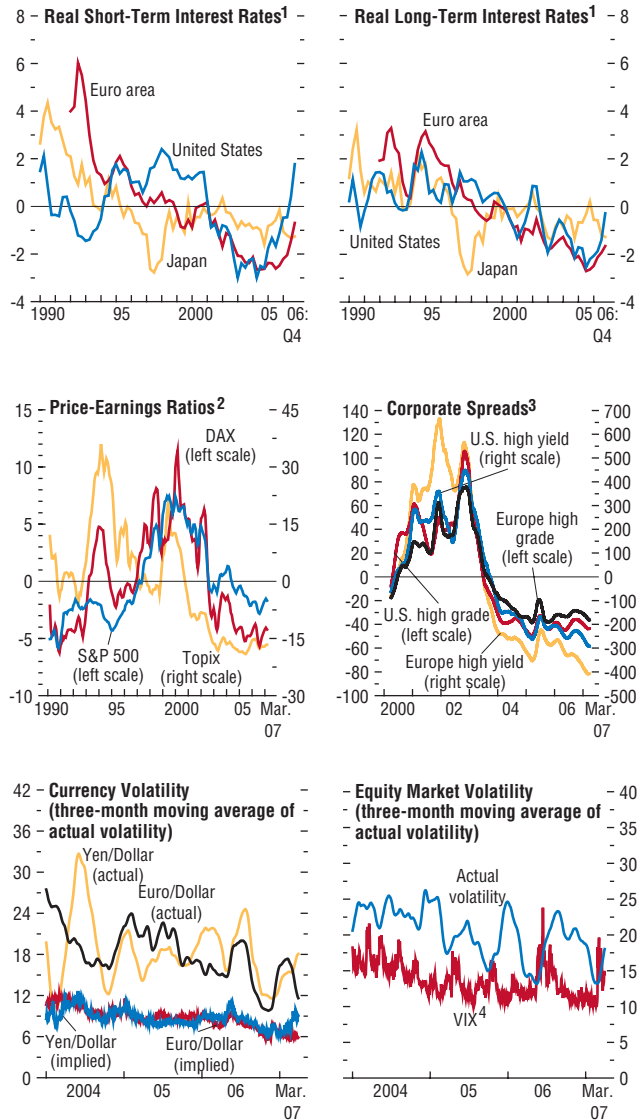


Figure 1.5. Mature Financial Market Indicators

Real interest rates are generally below long-term averages, as are price-earnings ratios in equity markets and corporate spreads. Volatility has generally remained low.



Sources: Bloomberg Financial Markets, LP; Merrill Lynch; Thomson Financial; and IMF staff calculations.

¹Relative to headline inflation. Measured as deviations from 1990–2006 average.

²Twelve-month forward-looking price-earnings ratios measured as three-month moving average of deviations from 1990–2007 (March) average.

³Measured as three-month moving average of deviations from 2000–07 (March) average.

⁴VIX is the Chicago Board Options Exchange volatility index. This index is calculated by taking a weighted average of implied volatility for the eight S&P 500 calls and puts.