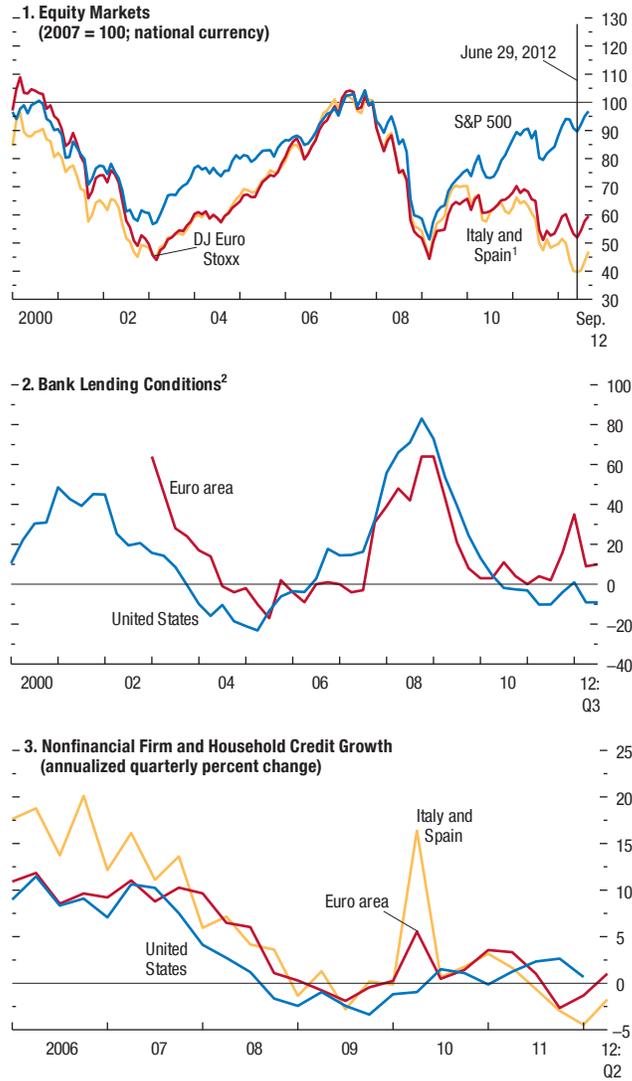


## Figure 1.6. Recent Financial Market Developments

Equity markets recently registered large losses and have been very volatile. Policy pronouncements have had large effects. Bank lending conditions are gradually easing from very tight levels in the United States but are continuing to tighten in the euro area. U.S. credit to households and nonfinancial firms is growing again; euro area credit remains in the doldrums, amid cutbacks in the periphery.



Sources: Bank of America/Merrill Lynch; Bloomberg Financial Markets; Haver Analytics; and IMF staff estimates.

<sup>1</sup>Weighted average of the Spanish IBEX and Italian FTSEMIB using September 13, 2012, market capitalizations.

<sup>2</sup>Percent of respondents describing lending standards as tightening "considerably" or "somewhat" minus those indicating standards as easing "considerably" or "somewhat" over the previous three months. Survey of changes to credit standards for loans or lines of credit to firms for the euro area; average of surveys on changes in credit standards for commercial and industrial and commercial real estate lending for the United States; diffusion index of "accommodative" minus "severe," Tankan (survey of lending attitudes of financial institutions) for Japan.