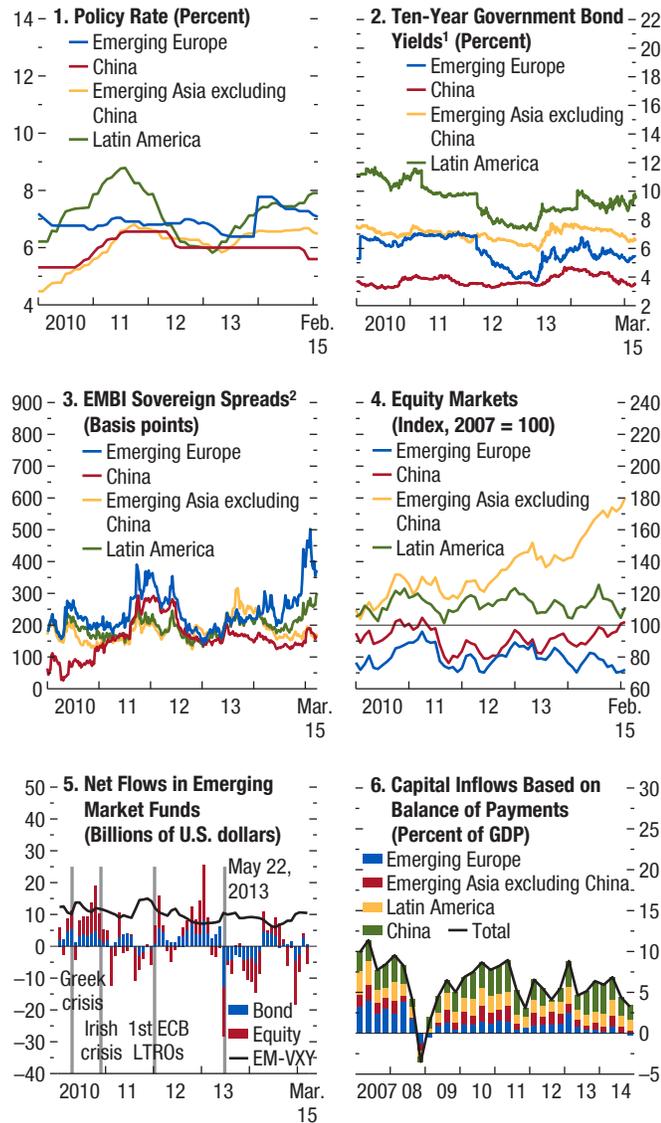


Figure 1.6. Financial Market Conditions and Capital Flows in Emerging Market Economies

As financial conditions have eased in advanced economies, financial conditions have also eased in several emerging market oil importers, which have reduced policy rates as lower oil prices and slowing demand pressures have lowered inflation. Brazil and Russia are notable exceptions where policy rates have instead risen. More generally, risk spreads have risen and currencies have depreciated in a number of commodity exporters, and risk spreads on high-yield bonds and other products exposed to energy prices have also widened.



Sources: Bloomberg, L.P.; EPFR Global; Haver Analytics; IMF, *International Financial Statistics*; and IMF staff calculations.

Note: Emerging Asia excluding China comprises India, Indonesia, Malaysia, the Philippines, and Thailand; emerging Europe comprises Poland, Romania (capital inflows only), Russia, and Turkey; Latin America comprises Brazil, Chile, Colombia, Mexico, and Peru. ECB = European Central Bank; EMBI = J.P. Morgan Emerging Market Bond Index; LTROs = longer-term refinancing operations; EM-VXY = J.P. Morgan Emerging Market Volatility Index.

¹Data are through March 18, 2015.

²Data are through March 20, 2015.