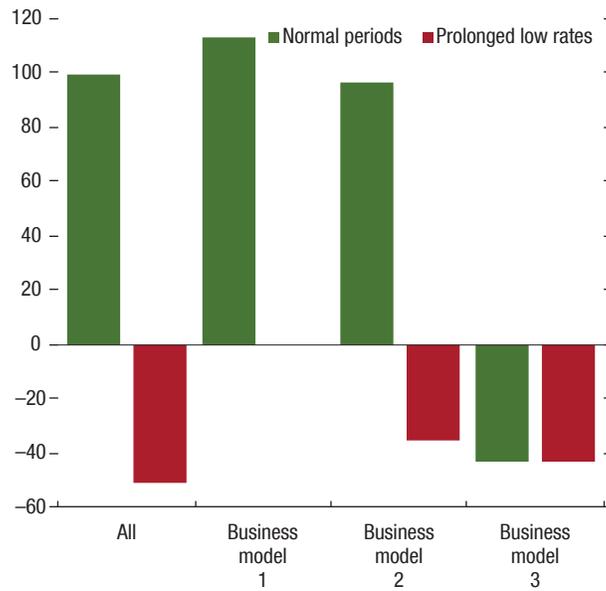


**Figure 2.7. Impact of Forward Rate Surprises on Bank Equity Returns**  
(Percent)



Sources: Bloomberg L.P.; Fitch Connect; IMF, *Monetary and Financial Statistics Manual*; Thomson Reuters Datastream; and IMF staff calculations.

Note: The figure depicts the estimated impact of a 1 percentage point surprise decrease in forward interest rates, occurring on monetary policy announcement dates, on the daily equity returns of banks relative to the estimated sample average impact of such surprises when interest rates are normal. For example, the far-left bar is the relative magnitude of the estimated impact on banks' daily equity return of forward rate surprises during normal periods, and is equal to 100 percent. Only statistically significant impact estimates are depicted as nonzero values. Business models are as defined in Table 2.1. Further details of the methodology are in Annex 2.2.