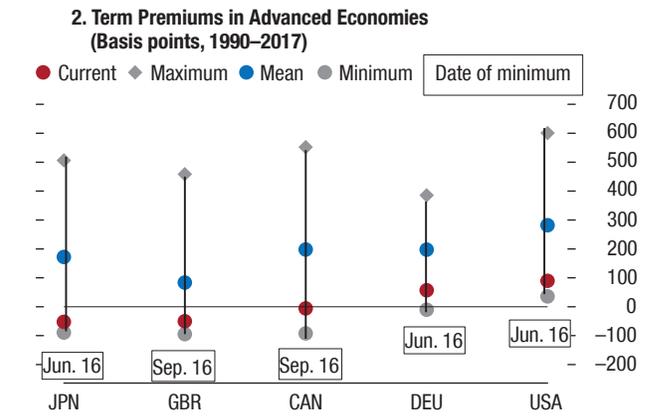
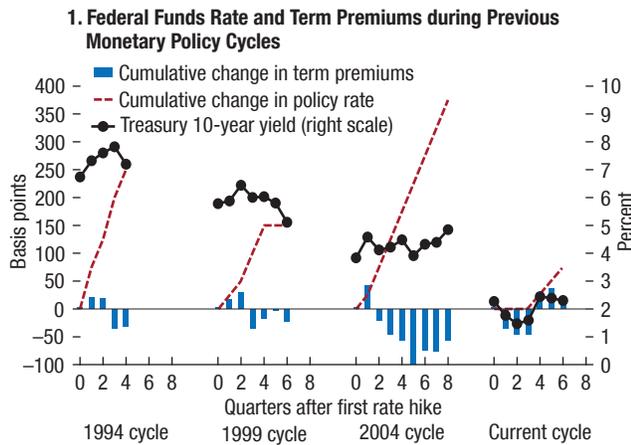


Figure 1.14. Policy Rates, 10-Year Government Bond Yields, and Term Premiums

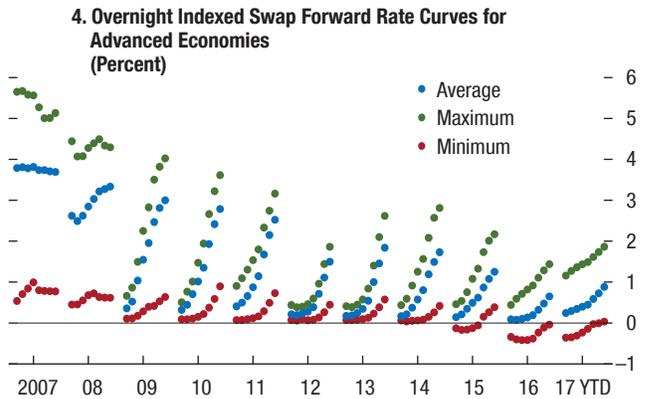
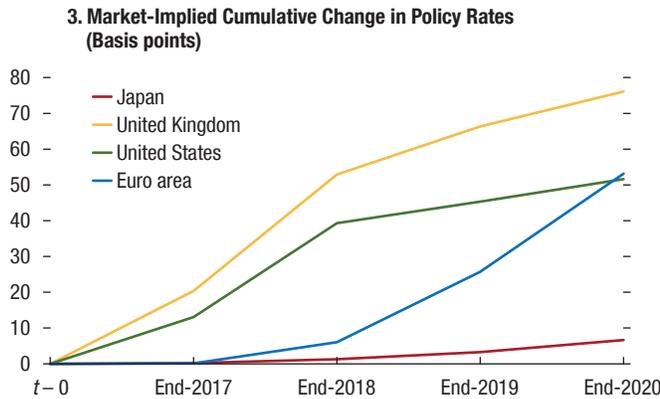
Policy rates and term premiums have diverged during recent monetary policy tightening cycles ...

... but term premiums are near historical lows in several major economies.



Monetary policy cycles are diverging ...

... and markets expect a slow pace of tightening.



Sources: Bloomberg Finance L.P.; and IMF staff estimates based on Wright 2011.

Notes: Panel 4 shows annual average three-month overnight indexed swap (OIS) rates on forward contracts for tenors from six months to five years. The OIS forward curves are constructed from the US dollar, euro, Japanese yen, and British pound, and the average, maximum, and minimum are computed for each tenor across the four jurisdictions. Data labels in the figure use International Organization for Standardization (ISO) country codes. YTD = year to date.