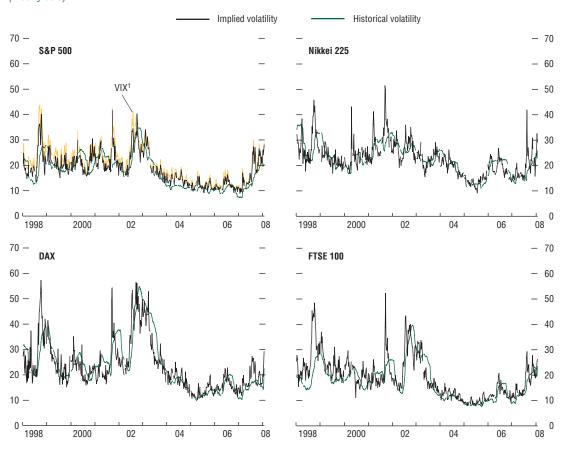
Figure 7. Implied and Historical Volatility in Equity Markets

(Weekly data)



Sources: Bloomberg L.P.; and IMF staff estimates.

Note: Implied volatility is a measure of the equity price variability implied by the market prices of call options on equity futures. Historical volatility is calculated as a rolling 100-day annualized standard deviation of equity price changes. Volatilities are expressed in percent rate of change.

1VIX 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.