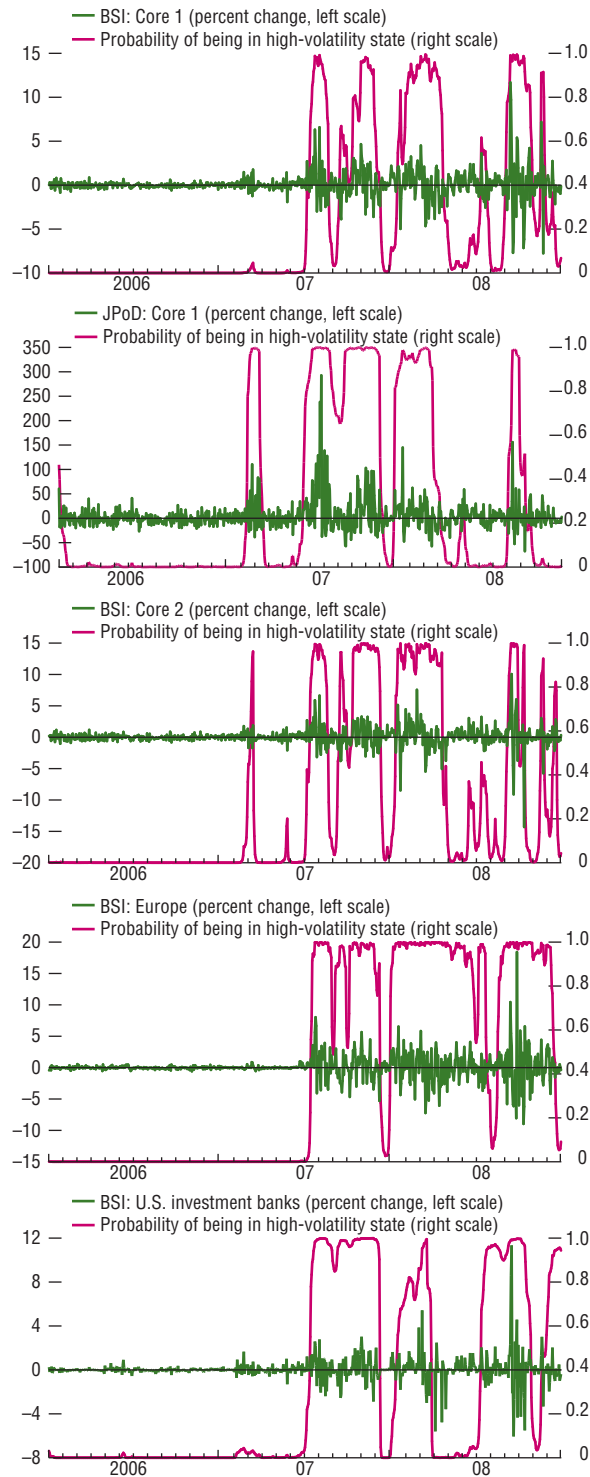**Figure 3.11. Markov-Regime Switching ARCH Model: Joint Probability of Distress and Banking Stability Index**

BSI: Core 1 (percent change, left scale)
Probability of being in high-volatility state (right scale)

BSI: Core 2 (percent change, left scale)
Probability of being in high-volatility state (right scale)

JPoD: Core 1 (percent change, left scale)
Probability of being in high-volatility state (right scale)

BSI: Europe (percent change, left scale)
Probability of being in high-volatility state (right scale)

BSI: U.S. investment banks (percent change, left scale)
Probability of being in high-volatility state (right scale)

Sources: Bloomberg L.P.; and IMF staff estimates.
Note: JPoD = joint probability of distress; BSI = banking stability index. For Core 1 and Core 2 groups, see Annex 3.2.