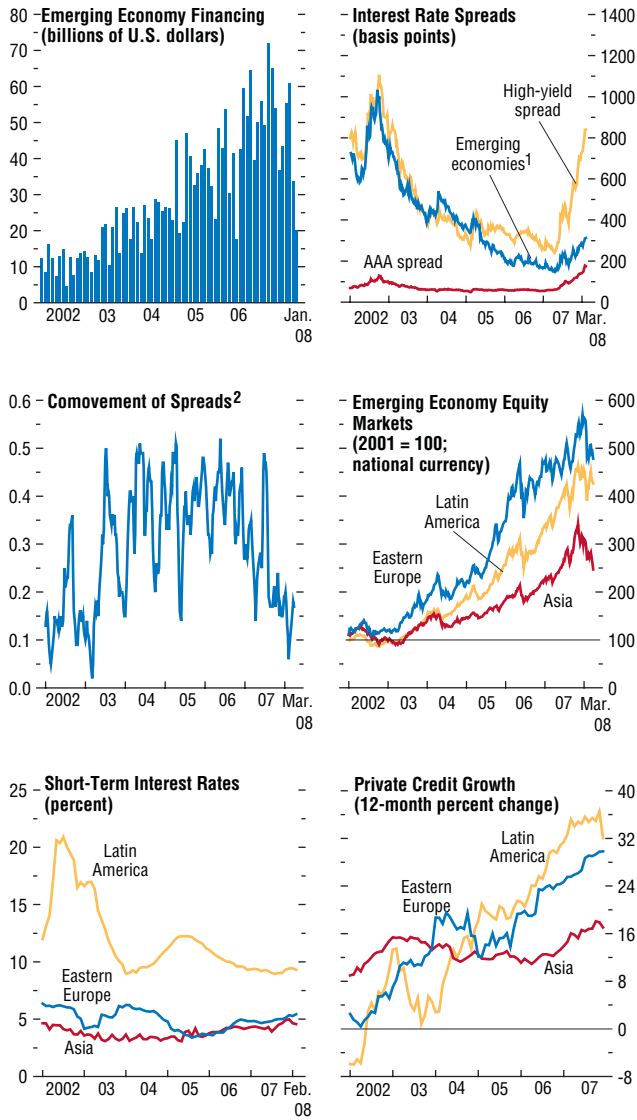


Figure 1.8. Emerging Economy Financial Conditions

Capital flows to emerging economies have moderated since August 2007, coming down from previous very high rates. Prices on emerging economies' sovereign bonds and equities have softened, but by less than the drop in advanced economies' securities.



Sources: Bloomberg Financial Markets; Capital Data; IMF, *International Financial Statistics*; and IMF staff calculations.

¹J.P. Morgan EMBI Global Index spread.

²Average of 30-day rolling cross-correlation of emerging economy debt spreads.