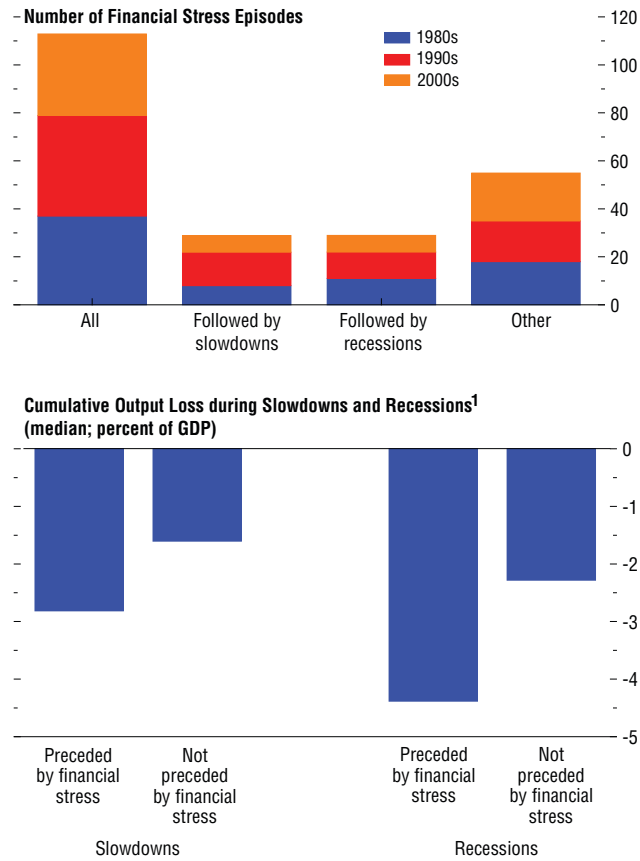


Figure 4.1. Financial Stress and Output Loss

Only about half the episodes of financial stress identified in Chapter 4 for advanced economies over the past three decades were followed by economic downturns. Slowdowns and recessions preceded by financial stress tend to be longer and more severe.



Sources: Haver Analytics; OECD, Analytic Database; OECD, *Economic Outlook* (2008); and IMF staff calculations.

¹ Measured as the cumulative output loss when output was below the Hodrick-Prescott trend for slowdowns and cumulative output loss until recovery for recessions.