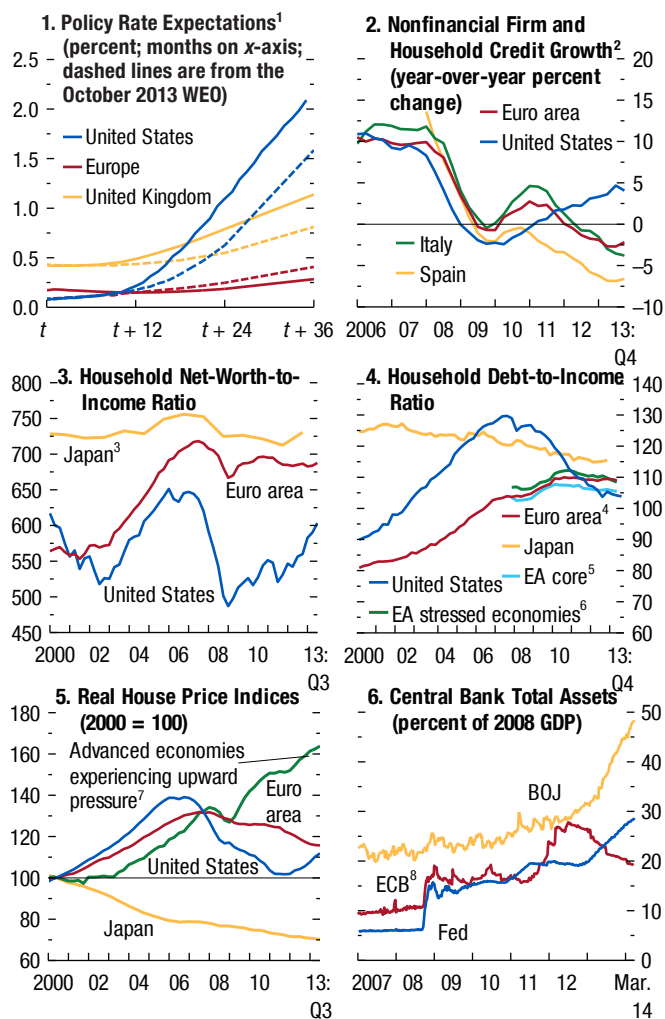


Figure 1.3. Monetary Conditions in Advanced Economies

Monetary conditions have remained broadly supportive in advanced economies, but more so in the United States than in the euro area or Japan. Policy rates remain close to the zero lower bound, but they are expected to rise beginning in 2015, especially in the United States, where household net worth and house prices have recovered. Household debt has broadly stabilized in the euro area relative to disposable income, and it has declined markedly in the United States. Credit to the nonfinancial private sector in the euro area has continued to decline, reflecting tight lending standards and weak demand.



Sources: Bank of America/Merrill Lynch; Bank of Italy; Bank of Spain; Bloomberg, L.P.; Haver Analytics; Organization for Economic Cooperation and Development; and IMF staff estimates.

Note: BOJ = Bank of Japan; EA = euro area; ECB = European Central Bank; Fed = Federal Reserve.

¹Expectations are based on the federal funds rate futures for the United States, the sterling overnight interbank average rate for the United Kingdom, and the euro interbank offered forward rate for Europe; updated March 26, 2014.

²Flow of funds data are used for the euro area, Spain, and the United States. Italian bank loans to Italian residents are corrected for securitizations.

³Interpolated from annual net worth as a percentage of disposable income.

⁴Euro area includes the subsector employers (including own-account workers).

⁵Austria, France, Germany, Netherlands, Slovenia. Loans are used for the Netherlands to calculate the ratio.

⁶Greece, Ireland, Italy, Portugal, Spain.

⁷Upward pressure countries: Australia, Austria, Belgium, Canada, Hong Kong SAR, Israel, Norway, Singapore, Sweden, Switzerland.

⁸ECB calculations are based on the Eurosystem's weekly financial statement.