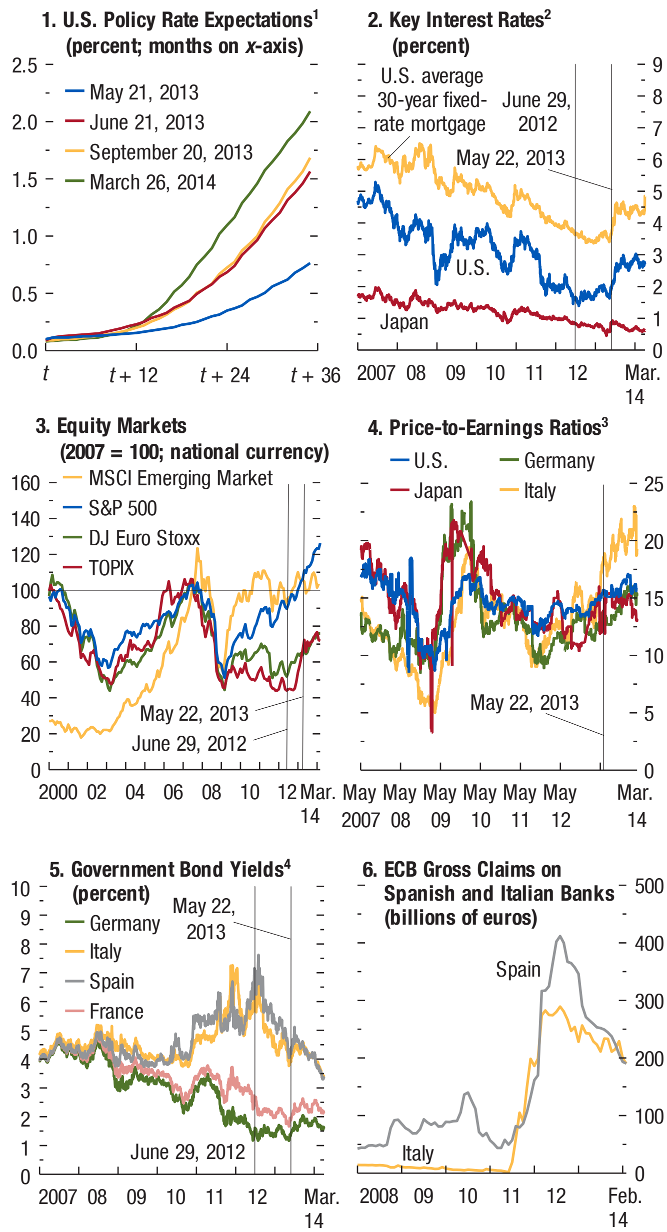
Figure 1.8. Financial Market Conditions in Advanced Economies

Longer-term U.S. interest rates rose immediately after the May 2013 tapering-related announcement by the Federal Reserve but have broadly stabilized since. Rates in the core euro area economies and Japan have increased by a fraction. Equity markets have been buoyant, with price-to-earnings ratios back to precrisis levels. Spreads on Italian and Spanish bonds have continued to decrease.



Sources: Bloomberg, L.P.; Capital Data; *Financial Times;* Haver Analytics; national central banks; Thomson Reuters Datastream; and IMF staff calculations.
Note: DJ = Dow Jones; ECB = European Central Bank; MSCI = Morgan Stanley Capital International; S&P = Standard & Poor's; TOPIX = Tokyo Stock Price Index.
[1]Expectations are based on the federal funds rate futures for the United States; updated March 26, 2014.
[2]Interest rates are 10-year government bond yields, unless noted otherwise.
[3]Some observations for Japan are interpolated because of missing data.
[4]Ten-year government bond yields.