Figure 2.5. Structured VAR Model: Variance Decomposition of LIBOR/Euribor Minus Overnight Index Swap (OIS) Spread
(In percent)

3-Month U.S. Dollar LIBOR and 3-Month U.S. Dollar OIS

3-Month Sterling LIBOR and 3-Month Sterling OIS
(With forex swap)

3-Month Sterling LIBOR and 3-Month Sterling OIS
(Without forex swap)

3-Month Euribor and 3-Month Euribor OIS

Source: IMF staff estimates.

1Implied volatility from S&P 500 equity index.
2Lehman Brothers swaption volatility index. Implied volatility of interest rate swaption with maturities ranging from 1 month to 6 months.
3Five-year on-the-run/off-the-run U.S. treasury note spread.
4Spread between 3-month euro/U.S. dollar and sterling/U.S. dollar forex and 3-month OIS.
5Spread between the yields on 3-month U.S. agency repo and 3-month U.S. treasury repo.
6Joint probability of distress of selected banks participating in U.S. dollar LIBOR, sterling LIBOR, or Euribor fixing.