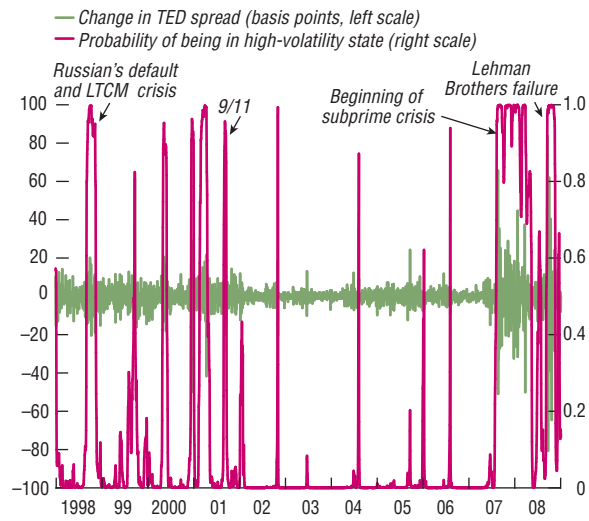


**Figure 3.14. Markov-Switching ARCH Model of TED Spread**



Sources: Bloomberg, L.P.; and IMF staff estimates.

Note: ARCH = autoregressive conditioned heteroskedasticity; LTCM = Long-Term Capital Management; TED = the spread between the three-month LIBOR and treasury bill rates.