Figure 1.25. Volatility Developments

Advanced economy and emerging market asset prices are increasingly synchronized.

Volatility has become more sensitive to price declines for sovereign bond and credit markets ...

Sources: Bloomberg L.P.; JPMorgan Chase & Co.; and IMF staff calculations.

... and volatility increases a lot more for emerging market than for advanced economy assets during periods of high risk aversion.

Source: IMF staff calculations.
Note: See Annex 1.4 for more information.

Longer-term implied volatility remains very low.

Source: IMF staff calculations.
Note: See Annex 1.4 for more information.

1. Portion of Total Variation Explained by the First Principal Component of Levels of Emerging Market and Advanced Economy Bonds and Equities (Six-month moving window)

Source: Bloomberg L.P.; JPMorgan Chase & Co.; and IMF staff calculations.

2. News Impact on Asset Volatility

Source: IMF staff calculations.
Note: See Annex 1.4 for more information.

3. Increase in Volatility between Low and High Volatility Regimes (Multiples)

Source: IMF staff calculations.
Note: See Annex 1.4 for more information.

4. S&P 500 Implied Volatility Term Structure (Daily average)

Source: Bloomberg L.P.; and IMF staff calculations.