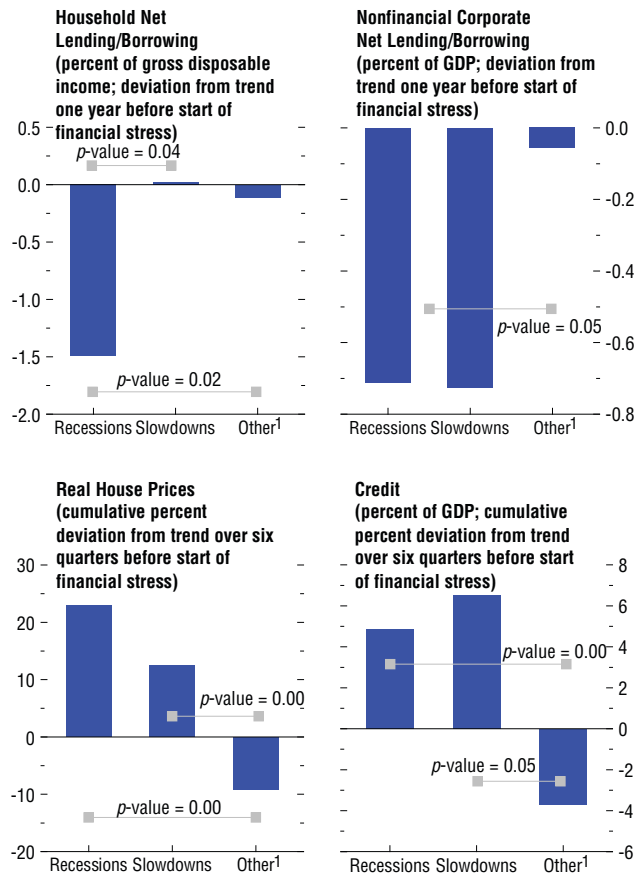


Figure 4.10. Initial Conditions of Financial Stress Episodes
(Average)

Faster buildup in the credit ratio and house prices and higher nonfinancial corporate borrowing are statistically significant indicators of the likelihood that financial stress episodes will be followed by slowdowns or recessions. Household net borrowing is significantly associated only with subsequent recessions.



Sources: Haver Analytics; IMF, International Financial Statistics database; OECD, Analytic Database; and IMF staff calculations.

Note: *p*-value reported refers to the two-tailed *t*-tests on the difference between the two averages.

¹Financial stress episodes not followed by slowdowns or recessions.