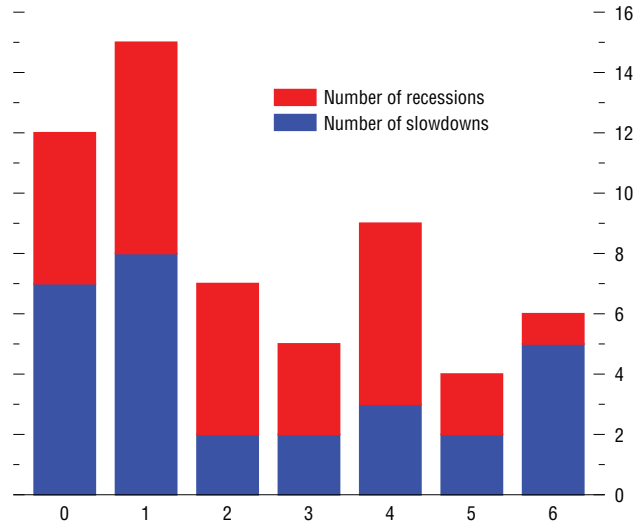


Figure 4.5. Lag between Financial Stress and Downturns

(Start of financial stress episode at $t = 0$; quarters on the x-axis; number of slowdowns or recessions that begin in the given quarter on the y-axis)

In most cases economic downturns materialize soon (within one quarter) after the start of a financial stress episode, but longer lags have been observed.



Source: IMF staff calculations.