Figure 1.2. Developments in Mature Credit Markets

Conditions in mature credit markets deteriorated sharply after September 2008, and strains remain intense despite policy efforts and some improvements in market sentiment following the G20 meeting in early April. While interbank spreads have been lowered, bank CDS spreads and corporate spreads have remained wide, and equity prices are close to multiyear lows as adverse linkages between the financial sector and the real economy have intensified.

Sources: Bank of Japan; Bloomberg Financial Markets; Federal Reserve Board of Governors; European Central Bank; Merrill Lynch; and IMF staff calculations.

2. CDS = credit default swap.
4. Corporate spreads (basis points).
5. Bank Lending Conditions (March 2000 = 100; national currency).
6. Equity Markets (March 2000 = 100; national currency).

Note: The U.S. dollar is shown in the group of government bonds.