Financial turmoil began to severely affect emerging economies in the second half of 2008, leading to exchange rate depreciations, reserve losses, a sharp rise in sovereign bond spreads, and heightened stock market volatility.

Sources: Datastream; IMF, International Financial Statistics; and IMF staff calculations.

1Emerging Europe and Middle East and Africa: Czech Republic, Egypt, Hungary, Israel, Morocco, Poland, Romania, Russia, Slovak Republic, Slovenia, South Africa, and Turkey.
2Emerging Asia: China, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, and Thailand.
3Latin America: Argentina, Brazil, Chile, Colombia, Mexico, and Peru.
4Exchange rate is a nominal bilateral exchange rate of national currency against anchor currency.
5De-meaned volatility of monthly stock returns estimated using a GARCH (1,1) model.