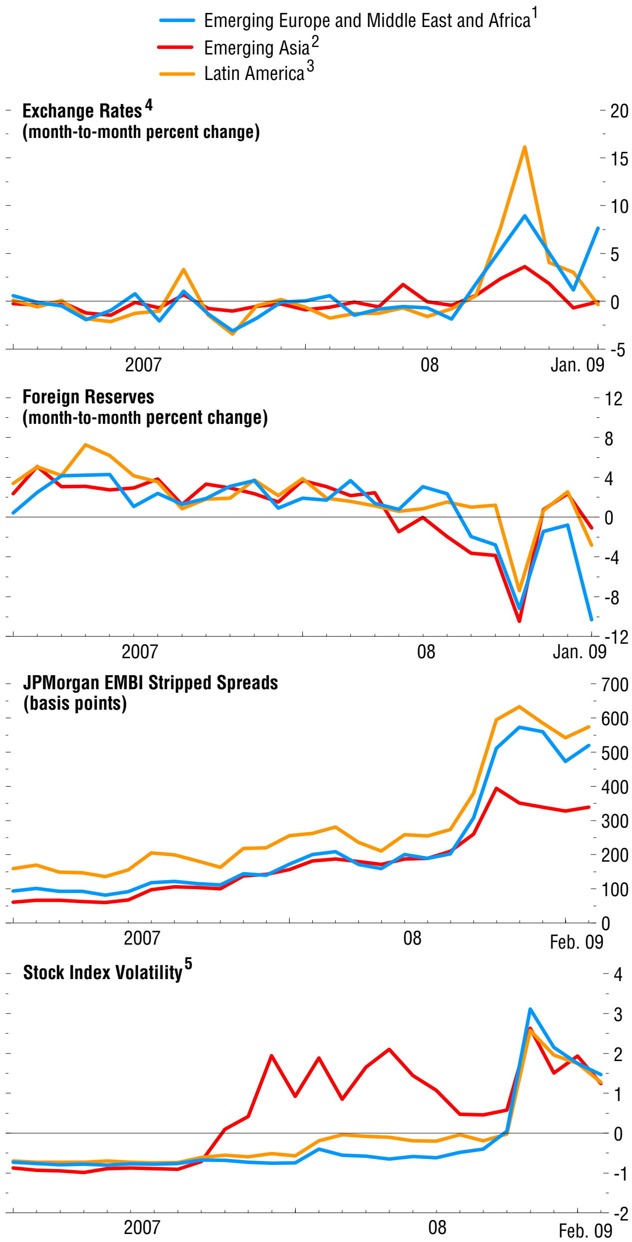
Figure 4.1. Indicators of Financial Stress in Emerging Economies

(Purchasing-power-parity-weighted average)

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.

[1] Emerging Europe and Middle East and Africa: Czech Republic, Egypt, Hungary, Israel, Morocco, Poland, Romania, Russia, Slovak Republic, Slovenia, South Africa, and Turkey.

[2] Emerging Asia: China, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, and Thailand.

[3] Latin America: Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

[4] Exchange rate is a nominal bilateral exchange rate of national currency against anchor currency.

[5] De-meaned volatility of monthly stock returns estimated using a GARCH (1,1) model.