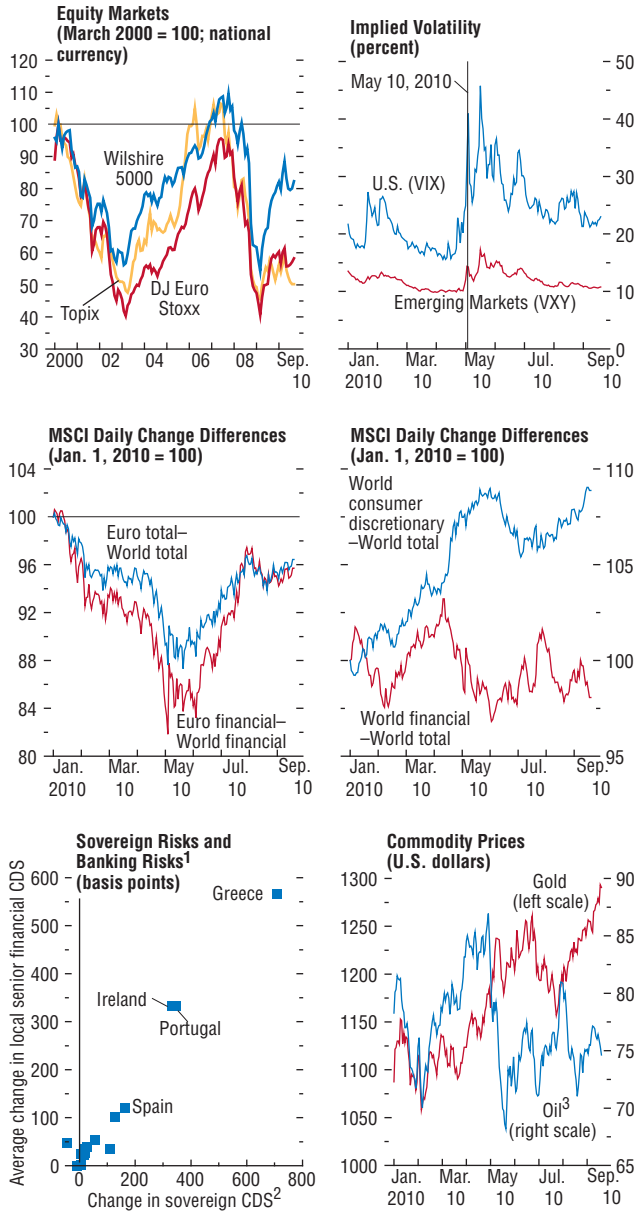


Figure 1.3. Recent Financial Market Developments

Equity markets have surrendered part of their large 2009 gains, and volatility spiked during the first quarter. Losses were led by financial stocks in Europe. However, as concerns about sustainability of the recovery grew, losses broadened to other regions and sectors, particularly to companies producing discretionary consumer products. Commodity prices generally retreated, but gold prices shot up, driven by rising investor risk aversion.



Sources: Bloomberg Financial Markets; Thomson Datastream; and IMF staff calculations.

¹October 2009–September 2010.

²CDS = credit default swap spread.

³Simple average of spot prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate crude oil.