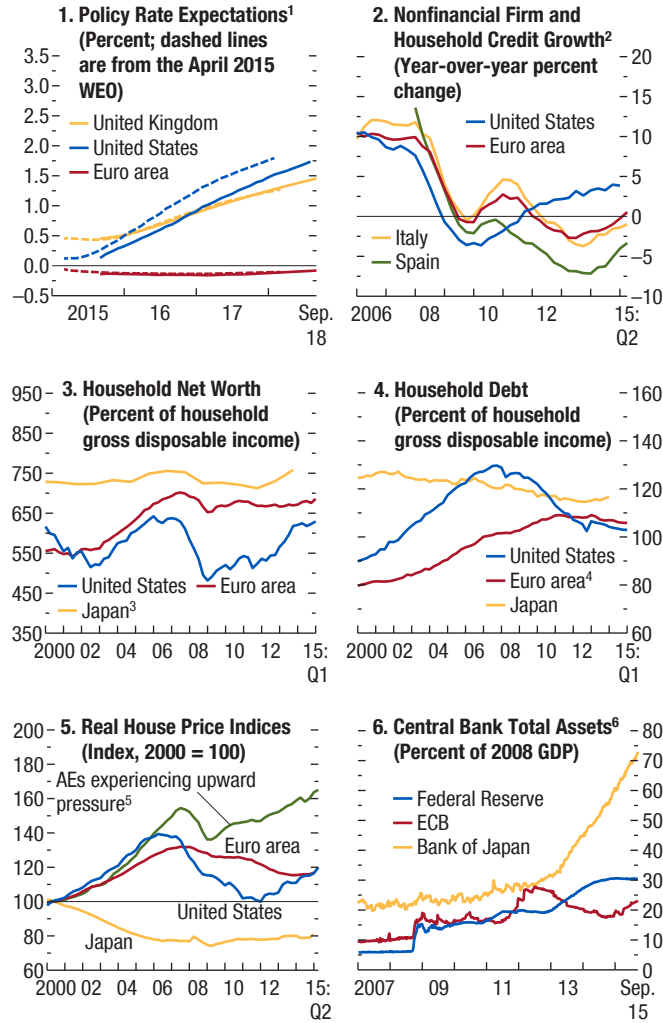


Figure 1.5. Advanced Economies: Monetary Conditions

Markets still expect a policy rate liftoff in late 2015 in the United States, but subsequent rate increases are expected to be more gradual. With more accommodative monetary conditions in the euro area, the contraction in private credit has started to bottom out. In the United States, household net worth has stabilized at a higher level, and household debt continues to decrease.



Sources: Bank of England; Bank of Spain; Bloomberg, L.P.; European Central Bank (ECB); Haver Analytics; Organisation for Economic Co-operation and Development; and IMF staff calculations.

¹Expectations are based on the federal funds rate futures for the United States, the sterling overnight index swap forward for the United Kingdom, and the euro interbank offered forward rate for the euro area; updated September 15, 2015.

²Flow-of-funds data are used for the euro area, Spain, and the United States. Italian bank loans to Italian residents are corrected for securitizations.

³Interpolated from annual net worth as a percentage of disposable income.

⁴Includes subsector employers (including self-employed workers).

⁵Upward-pressure countries are those with a residential real estate vulnerability index above the median for advanced economies (AEs): Australia, Austria, Belgium, Canada, France, Hong Kong SAR, Israel, Luxembourg, New Zealand, Norway, Portugal, Spain, Sweden, and the United Kingdom.

⁶Data are through September 11, 2015. ECB calculations are based on the Eurosystem's weekly financial statement.