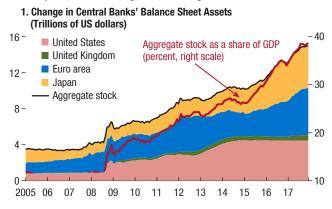
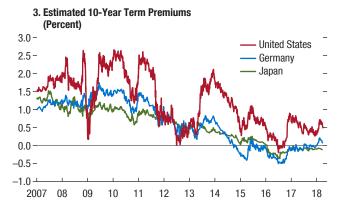
## Figure 1.4. Market Interest Rates, Central Bank Balance Sheets, and US Financial Indicators

Easy global financial conditions are underpinned by advanced economy central banks' large asset holdings.

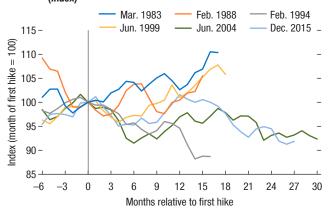


Term premiums have remained compressed in major economies and are near historic lows.



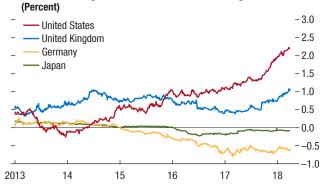
... while the US dollar has weakened ...

5. US Real Effective Exchange during Federal Reserve Hiking Cycles (Index)



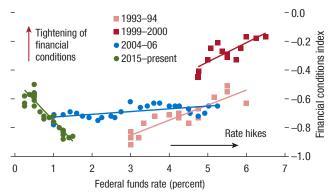
Policy rate expectations still point to gradual rate hikes.

## 2. Estimated Average Short-Term Interest Rates through Two Years



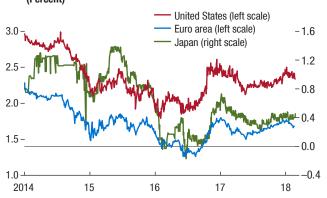
US financial conditions have continued to ease despite policy rate hikes ...

## 4. Financial Conditions and US Federal Funds Rate



... and measures of inflation compensation have remained relatively muted.

6. Five-Year, Five-Year-Ahead Inflation Swaps (Percent)



Note: Panel 3 is based on IMF staff estimates of four-factor term structure models based on the Adrian, Crump and Moench (2013) model, using underlying Bloomberg fitted yield curve series from the early 1990s.

Sources: Bloomberg Finance L.P.; and IMF staff calculations.