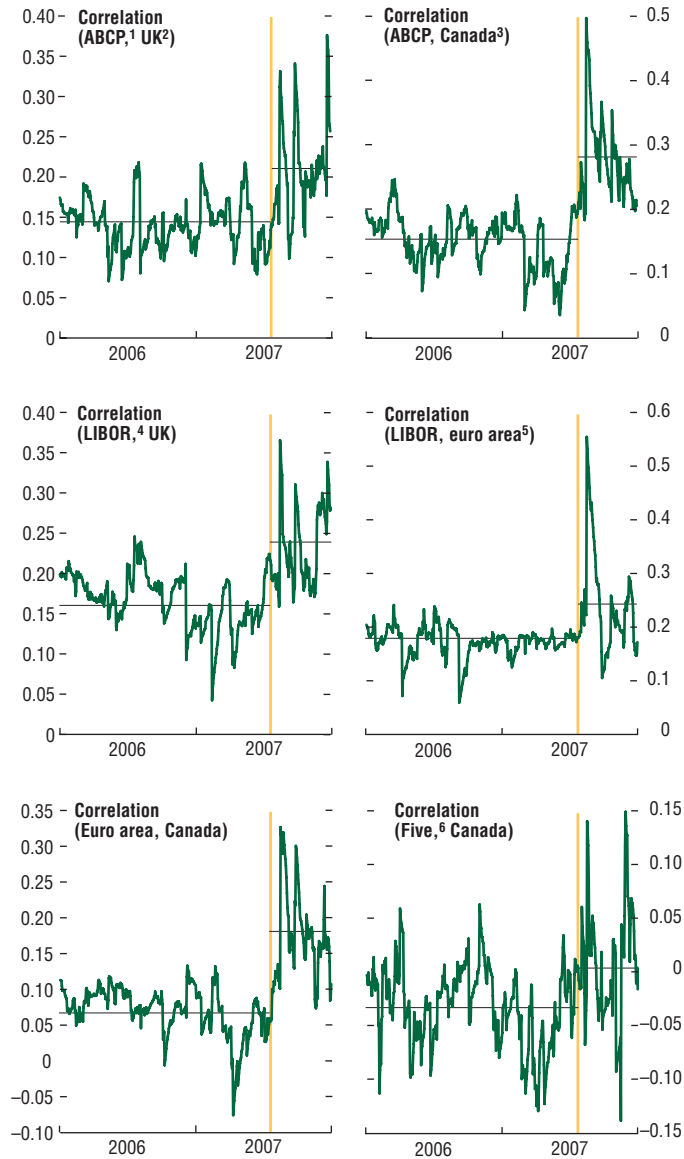


**Figure 3.14. Advanced Economies Model: Implied Correlations from Dynamic Conditional Correlation GARCH Specification**



Sources: Bloomberg L.P.; Datastream; and IMF staff estimates.

Note: The horizontal lines represent the arithmetic average of the correlations before and after the break in late July 2007.

<sup>1</sup>Spread between yields on 90-day U.S. asset-backed commercial paper (ABCP) and three-month U.S. Treasury bills.

<sup>2</sup>Spread between yields on three-month pound sterling LIBOR and the UK three-month overnight index swap.

<sup>3</sup>Spread between yields on three-month Canadian dollar LIBOR and the Canadian dollar three-month overnight index swap.

<sup>4</sup>Spread between yields on three-month U.S. dollar LIBOR and the three-month U.S. overnight index swap.

<sup>5</sup>Spread between yields on three-month euro LIBOR and the euro area three-month overnight index swap.

<sup>6</sup>Spread between yields on five-year off-the-run and on-the-run U.S. Treasury notes.