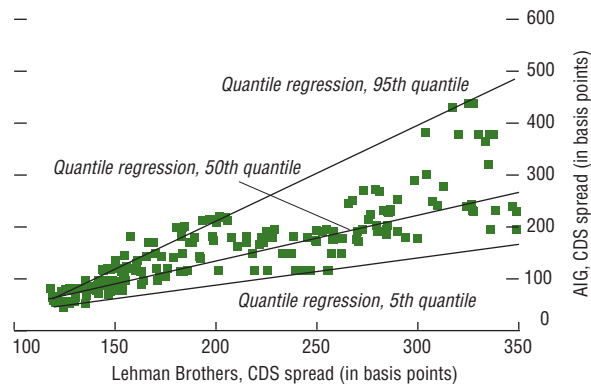


Figure 2.5. AIG and Lehman Brothers Default Risk Codependence



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

Note: This figure contains a scatter plot of the relationship between Lehman Brothers and AIG credit default swap (CDS) spreads. It also shows the quantile regression fit for the 5th, 50th, and 95th quantiles. In addition to information on CDS spread data, quantile regression estimates include the effect of additional common risk factors. In order to obtain a two-dimensional figure, it is necessary to keep these additional variables constant. Therefore, this figure is an approximate 2-D representation of the quantile regressors.