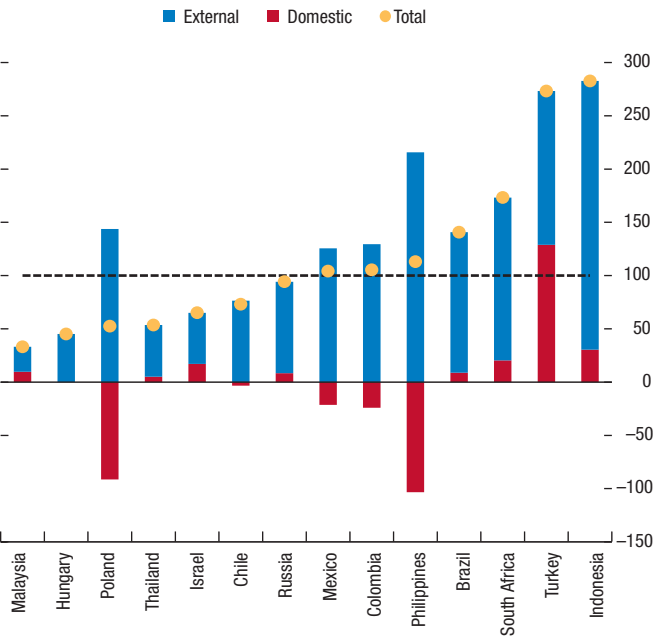


Figure 1.32. Estimated Impact on Bond Yields from a Reversal of Capital Flows and Other Factors

(Basis points)



Source: IMF staff calculations.

Note: The shock consists of a 100 basis points rise in U.S. Treasury yields, a 30 percent reduction in foreign holdings, and a 10 percentage point rise in the VIX. Values of domestic variables are those used in the October 2013 WEO forecasts for 2014 (for debt-to-GDP ratios, real GDP growth, and fiscal balances), and the policy rate is assumed unchanged.