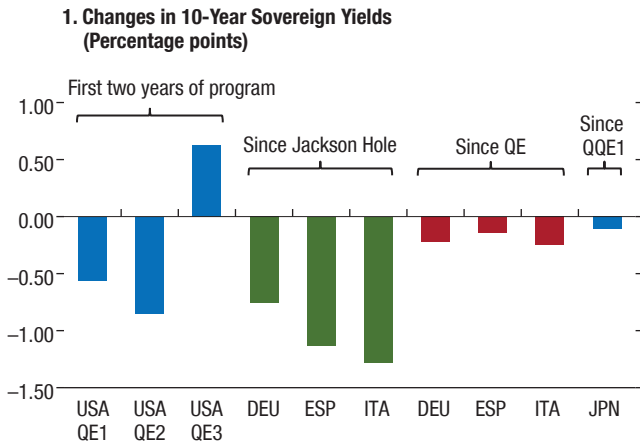
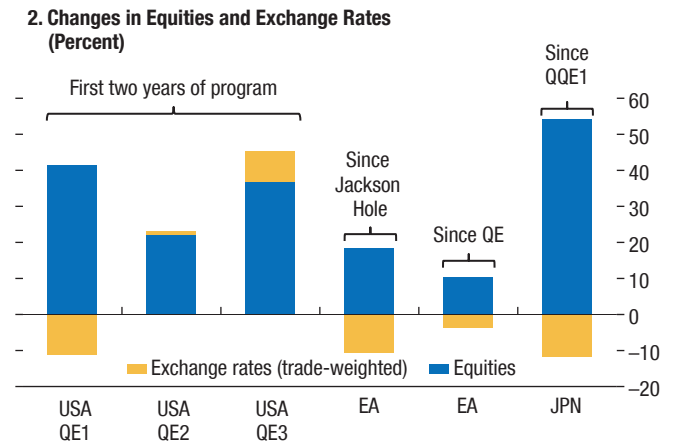


**Figure 1.9. Quantitative Easing and Financial Markets**

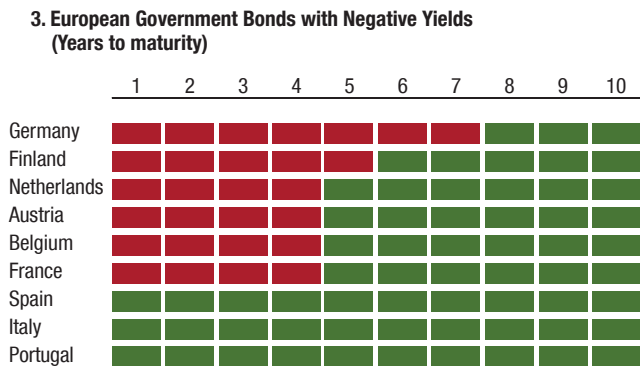
QE began working well before it was announced...



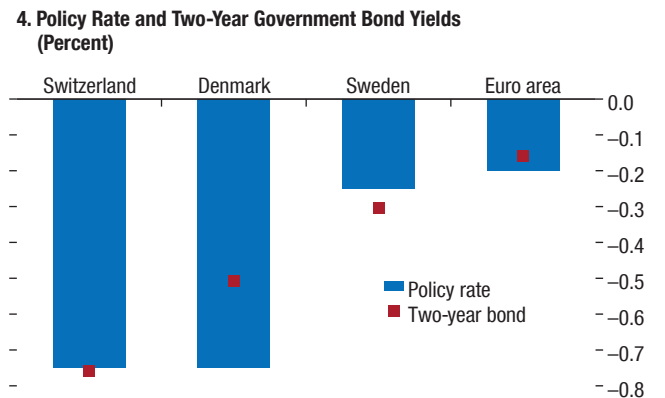
...and has delivered some price improvements.



An increasing number of short- and long-term European government bonds carry a negative yield.



Negative policy rates in some European countries have reinforced negative yield dynamics.



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

Note: Jackson Hole refers to ECB President Draghi's speech in August 2014 at the U.S. Federal Reserve's Economic Policy Symposium in Wyoming. ECB QE was announced in January 2015. Japan's QQE1 is taken from April 2013. U.S. Fed programs QE1 November 2008; QE2 November 2010; QE3 September 2012. DEU = Germany; EA = Euro area; ESP = Spain; ITA = Italy; JPN = Japan; QE = quantitative easing; QQE = quantitative and qualitative easing; USA = United States. In Figure 1.9.4, policy rates comprise the ECB deposit rate, Riksbank repo rate, Swiss National Bank Libor target, and Denmark's National Bank CD rate. The two-year bond for the euro area is a debt-weighted yield of negative yielding two-year government bonds.