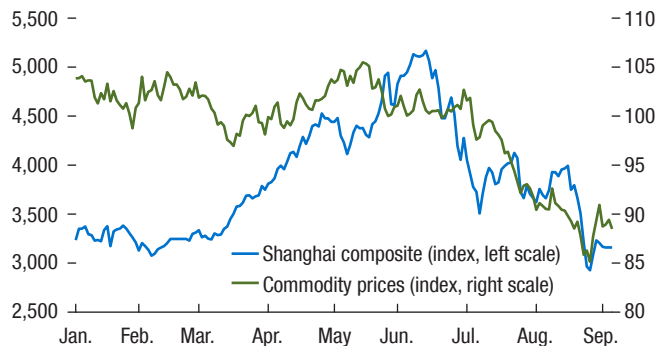


Figure 1.5. Locus of Risks Shifting toward Emerging Markets

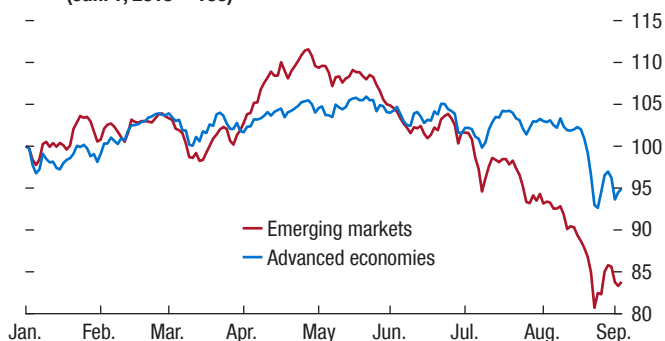
Negative sentiment on China has hurt commodities and Chinese equities...

1. Commodities and Chinese Stock Prices, 2015



...adding to pressures, particularly on emerging market equities...

2. Global Equities, 2015 (Jan. 1, 2015 = 100)



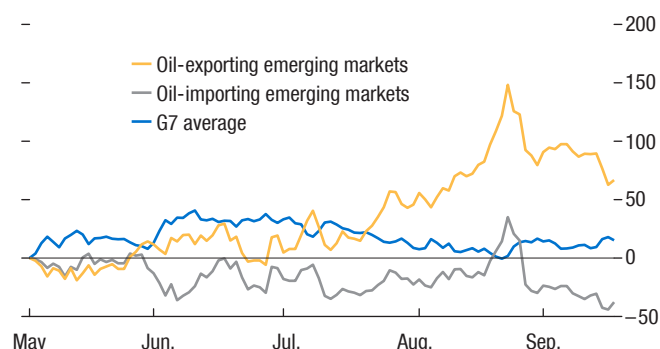
...and weakening emerging market currencies.

3. Trade-Weighted Foreign Exchange, 2015 (Jan. 1, 2015 = 100)



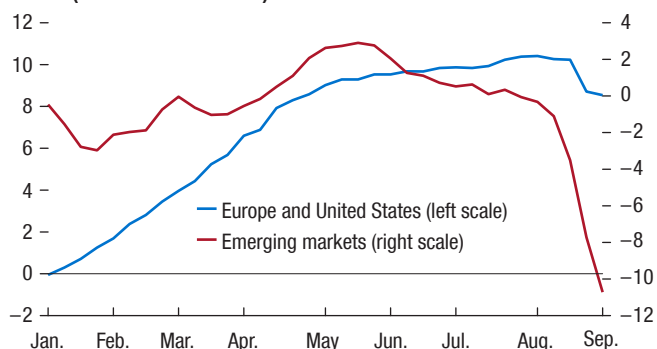
Sovereign yields for commodity exporters have been hurt the most...

4. Sovereign Bond Yield Changes since April 30, 2015 (Cumulative change in basis points)



...contributing to persistent outflows from emerging markets...

5. Cumulative Bond Fund Flows, 2015 (Exchange-Traded Funds and Mutual Funds) (Billions of U.S. dollars)



...and rising volatility.

6. Historical Equity Volatilities, 2015 (Percent, 90-day window)



Sources: Bloomberg, L.P.; EPFR Global; Morgan Stanley; Morgan Stanley Capital International; and IMF staff calculations.
Note: G7 = Group of Seven.