Figure 1.3. Recent Market Developments

Worries of a global economic slowdown ...

1. Economic Surprise Indices

[Graph showing economic surprise indices for Euro area, United States, Japan, and China from Oct. 2015 to Mar. 2016]

Sources: Bloomberg, L.P.; and Citigroup.

... while disinflation worries have mounted ...

3. Five-Year, Five-Year Swap Forward Rates (Percent)

[Graph showing five-year, five-year swap forward rates for United States, Euro area, and Japan from Oct. 2015 to Mar. 2016]

Source: Bloomberg, L.P.

Credit concerns have intensified ...

5. Change in Bank Credit Default Swap Spreads (Basis points)

[Graph showing change in bank credit default swap spreads for European bank subordinated debt, European bank senior debt, U.S. banks, and Japanese financials from Jan. 1 to maximum and minimum]

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

... led to market turmoil and volatile equity and commodity prices ...

2. Asset Class Returns, 2016 (Percent change)

[Graph showing asset class returns for Oil, JGBs, EM sovereign bond, Bunds, U.S. Treasuries, U.S. HY, Commodities, EM equity, Europe HY, U.S. equity, Europe equity, Japan equity from Apr. 2008 to Apr. 2016]

Sources: Bloomberg, L.P. and IMF staff calculations.
Note: EM = emerging market economy; HY = high yield; JGB = Japan government bond.

... as have fears of a “low-for-long” downside.

4. Rate Changes, since End-September 2015 (Basis points)

[Graph showing rate changes for United States, Germany, and Japan from Apr. 2008 to Apr. 2016]

Policy rates 1-year 2-year 3-year 7-year 10-year

Government bonds 1-year 2-year 3-year 7-year 10-year

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

... raising aggregate stability risks.

6. Global Financial Stability Map Risk Indicators (Notches)

[Graph showing global financial stability map risk indicators for Macroeconomic risks, Market and liquidity risks, Credit risks, and Emerging market risks from Oct. 2007 to Apr. 2016]

Source: IMF staff estimates.