Figure 3.7. CoVaR Indices
(Normalized, 2006 = 100)

1. North America

2. Europe

3. Advanced Asia

Sources: Bloomberg, L.P.; and IMF staff calculations.
Note: Figure shows CoVaR indices constructed by aggregating the average ΔCoVaR of individual firms for all firms in a given sector and region, normalized by their value in the first period. The average ΔCoVaR of an individual firm includes its spillovers to financial firms in advanced economies (238 firms) as well as in emerging market economies (98 firms). ΔCoVaR is estimated from weekly equity returns, for the period from January 1, 2001, to October 23, 2015; the quantile regression was estimated with a window expanding from an initial five-year period. The estimation corrects for the effects of market risk (MSCI World Index) and volatility risk (an average of volatility indices in North America, Europe, and advanced Asia).