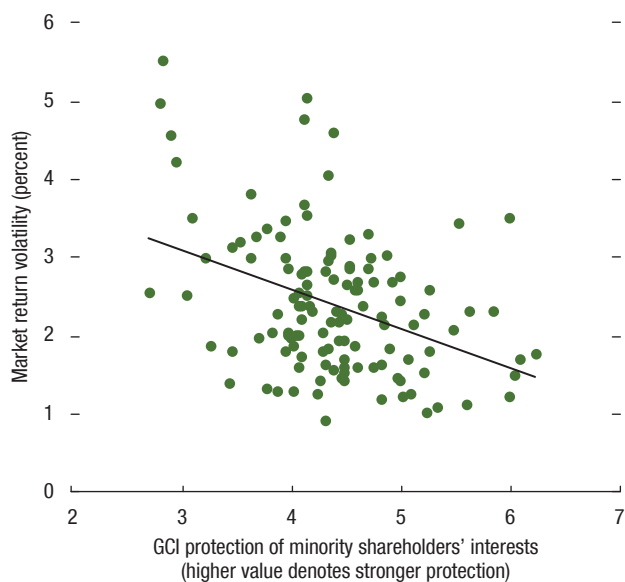


Figure 3.2. Corporate Governance and Volatility of Stock Market Returns in Emerging Market Economies
(Market return volatility against minority shareholder protection)

Countries with weaker corporate governance frameworks tend to have more volatile stock returns.



Sources: Bloomberg L.P.; Thomson Reuters Datastream; World Economic Forum, Global Competitiveness Indicators (GCI) database; and IMF staff calculations. Note: Other corporate governance indices yield a similar picture. Market return volatility is the standard deviation of weekly returns. Sample includes annual observations for 18 emerging market economies between 2010 and 2014 (country-year observations).