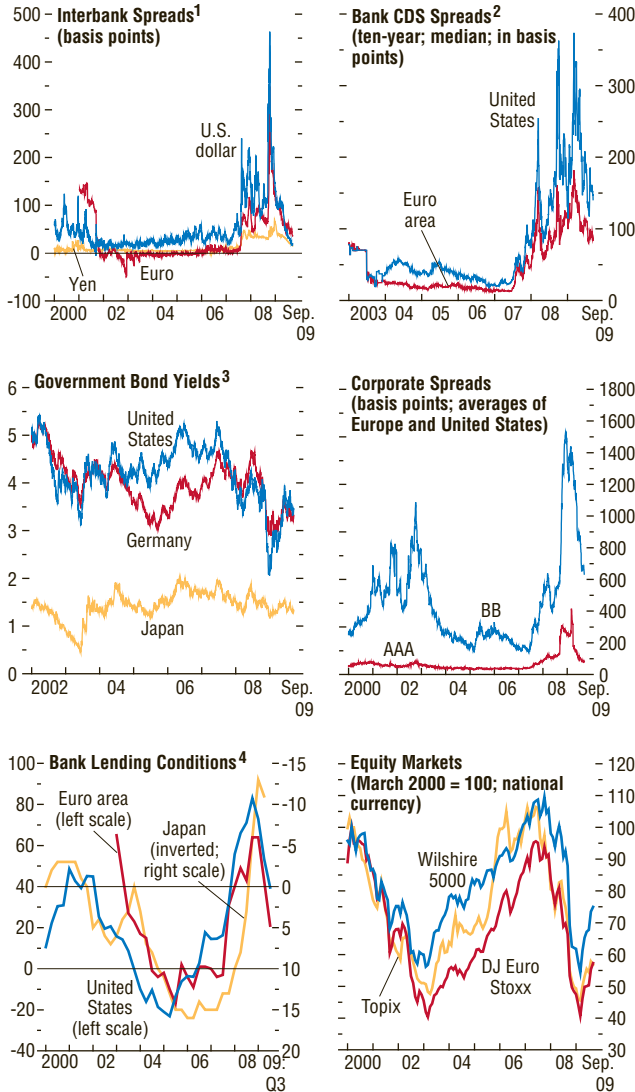


Figure 1.3. Developments in Mature Credit Markets

Public intervention has fostered a significant improvement in financial conditions. Nonetheless, for most households and firms credit will continue to be difficult to obtain, as evidenced by still-tight bank lending conditions and high interest rates on lower-quality credit.



Sources: Bank of Japan; Bloomberg Financial Markets; European Central Bank; Federal Reserve Board of Governors; Merrill Lynch; and IMF staff calculations.

¹Three-month London interbank offered rate minus three-month government bill rate.

²CDS = credit default swap.

³Ten-year government bonds.

⁴Percent of respondents describing lending standards as tightening "considerably" or "somewhat" minus those indicating standards as easing "considerably" or "somewhat" over the previous three months. Survey of changes to credit standards for loans or lines of credit to enterprises for the euro area; average of surveys on changes in credit standards for commercial/industrial and commercial real estate lending for the United States; diffusion index of "accommodative" minus "severe," Tankan survey of lending attitude of financial institutions for Japan.