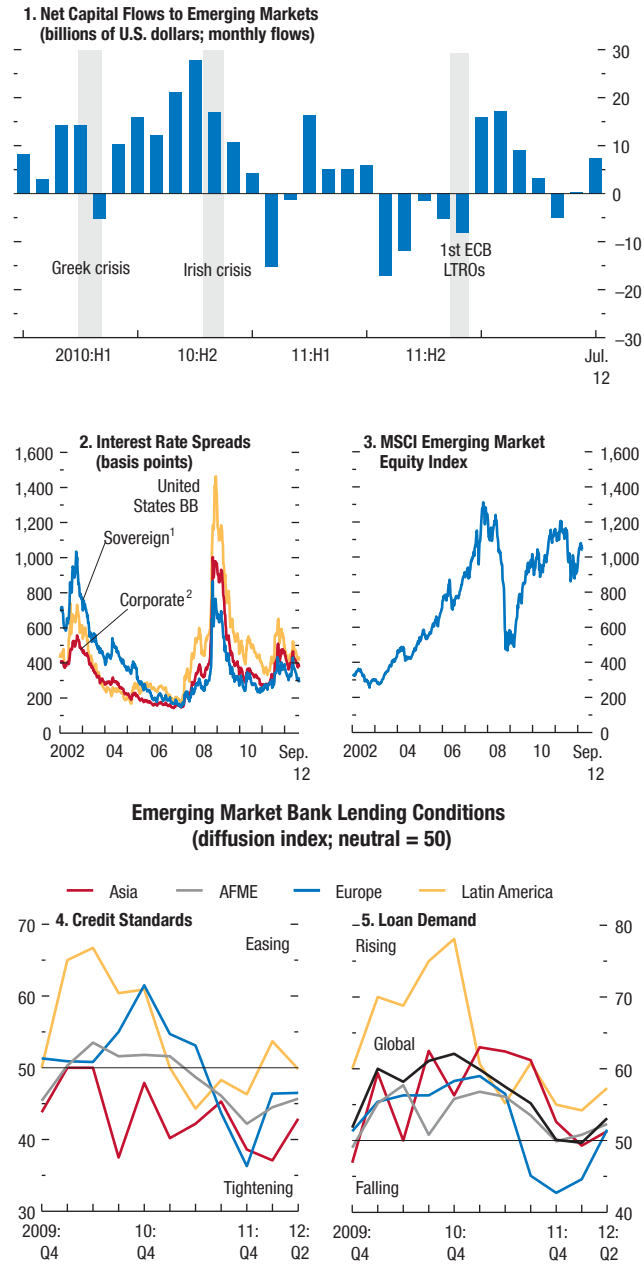


**Figure 1.7. Emerging Market Conditions**

Emerging markets suffered capital outflows until recently, their equity markets declined, and their risk spreads widened somewhat. Banks are tightening credit standards in the face of credit and asset price booms and reduced external funding. However, demand for loans continues to expand.



Sources: Bloomberg Financial Markets; Capital Data; EPFR Global; Haver Analytics; IIF Emerging Markets Bank Lending Survey; and IMF staff calculations.

Note: ECB = European Central Bank; LTROs = Longer-term refinancing operations; AFME = Africa and Middle East.

<sup>1</sup>JPMorgan EMBI Global Index spread.

<sup>2</sup>JPMorgan CEMBI Broad Index spread.