Figure 3.3. Output Comovements: Back to Precrisis Levels?

The use of shorter-period or instantaneous correlations indicates that output comovements have already returned to precrisis levels.

1. Two-Year Rolling Window Growth Correlations

2. Instantaneous Growth Correlations

Sources: Haver Analytics; IMF, World Economic Outlook; Organization for Economic Cooperation and Development; and IMF staff calculations.

Note: The vertical line indicates the third quarter of 2008. All = all country pairs; AE = advanced economy pairs; EMDE = emerging market and developing economy pairs; AE-EMDE = reporter is from advanced economy, partner is from emerging market and developing economy; G7 = G7 country pairs. See Appendix 3.1 for country groupings.

1Based on mGARCH dynamic conditional correlations (plotted on the left y-axis) and on average quasicorrelations (plotted on the right y-axis). The blue line shows dynamic conditional correlations from the mGARCH model of G20 quarterly GDP growth rates. The red line shows the simple average of $(g_i - ar{g})(g_j - ar{g})/\sigma_i \sigma_j$. 