Figure 3.13. Portfolio Shifts and Relative Riskiness of Bonds versus Equity, 1980–2013

(Percent)

1. Difference in Variances and Correlations between Bonds and Equity

- Difference in volatility between bond and stock returns (left scale)
- Correlation between bond and stock returns (right scale)

2. Variance of Bonds and Equity

- Variance of stock returns
- Variance of bond returns

Sources: Bloomberg, L.P.; and IMF staff calculations.
Note: Based on autoregressive (ARCH(1)) and generalized autoregressive (GARCH(1)) conditional heteroscedasticity models of bond and stock returns.