Long-term government bond yields have declined further in major advanced economies, reflecting lower inflation expectations, the drop in oil prices, weak domestic demand in some cases, and lower expected short-term neutral rates. Very accommodative monetary conditions have also played a role by reducing term premiums.

Sources: Bank of Spain; Bloomberg, L.P.; Haver Analytics; Thomson Reuters Datastream; and IMF staff calculations.

Note: DJ = Dow Jones; ECB = European Central Bank; MSCI = Morgan Stanley Capital International; S&P = Standard & Poor's; TOPIX = Tokyo Stock Price Index.

1Expectations are based on the federal funds rate futures for the United States.
2Interest rates are 10-year government bond yields, unless noted otherwise. Data are through March 20, 2015.
3Changes are calculated from the beginning of 2014 to the beginning of 2015. Interest rates are measured by 10-year government bond yields. Expected medium-term inflation is measured by the implied rate from 5-year 5-year-forward inflation swaps.
4Data are through March 26, 2015.