Stock market volatility rose as much as 46% last week amid uncertain market conditions. The Chicago Board Option Exchange’s Volatility Index (VIX), widely used as gauge of near-term stock market risk, closed up 22% to 24.44 on Friday, after soaring to this year’s high of 29.40 on March 16th. The volatility surged last week as stock markets corrected amid a nuclear disaster in Japan, persisting turmoil in the Middle East and North Africa, and the possibility of more currency market intervention in emerging markets. Many investors remain concerned that external shocks could spur the sudden increase in uncertainty. The VIX is often used as portfolio insurance against a fall in the S&P 500. Thus, the surge in the gauge might suggest expectations for more correction in the future. The VIX’s historical average is about 20, but the measure jumped to 48 following the “flash crash” in May of 2010 and spiked to 80 in the wake of Lehman collapse in 2008.

Housing sector continues to remain a drag on US recovery. In continued signs of a depressed US housing market, figures released today from the National Association of Realtors show that sales of previously owned homes in the US for the month of February fell by 9.6% to an annual rate of 4.88 million units [see Chart at http://gem or http://www.worldbank.org/gem ]. Further, the median purchase price declined by 5.2% (y/y) to its lowest level since April 2002, and some 39% of the existing home sales were for depressed properties. These figures complement a release by the Commerce Department last week of a record drop in housing starts (22.5% fall in February) and a slump of 8.2% (y/y) in the issuance of building permits – an indicator of future construction activity. Even though in recent months improvements have been observed in other sectors of the US economy – slowly improving labor market (albeit with a high levels of unemployment), expansion in household and business spending – developments in the US housing market continue to remain a drag on the US economic recovery.

Among Emerging Markets... in Central and Eastern Europe and the CIS, Georgia’s economy grew 6.4% in 2010, following a 3.8% decline in the previous year, according to data released by the statistics office.

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