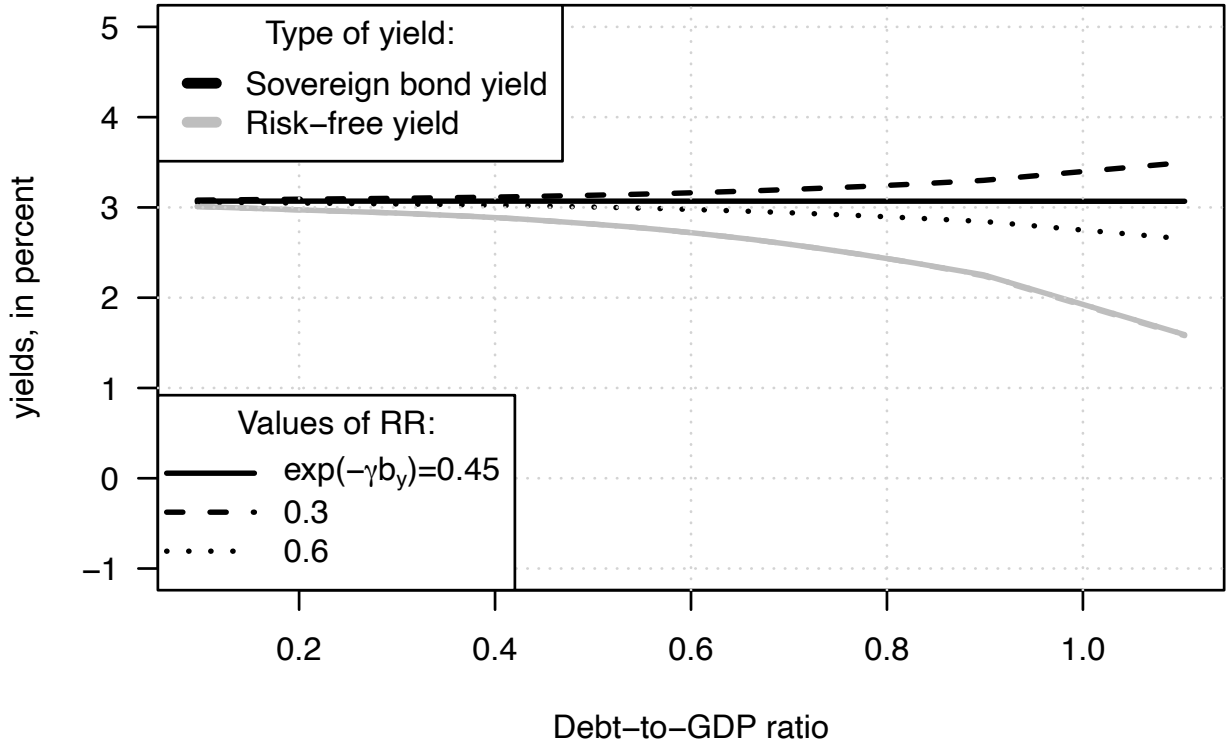
Type of yield:
Sovereign bond yield
Risk−free yield
Values of RR:
exp(−γb_y)=0.45
0.3
0.6
yields, in percent
5
4
3
2
1
0
−1
0.2
0.4
0.6
0.8
1.0
Debt−to−GDP ratio