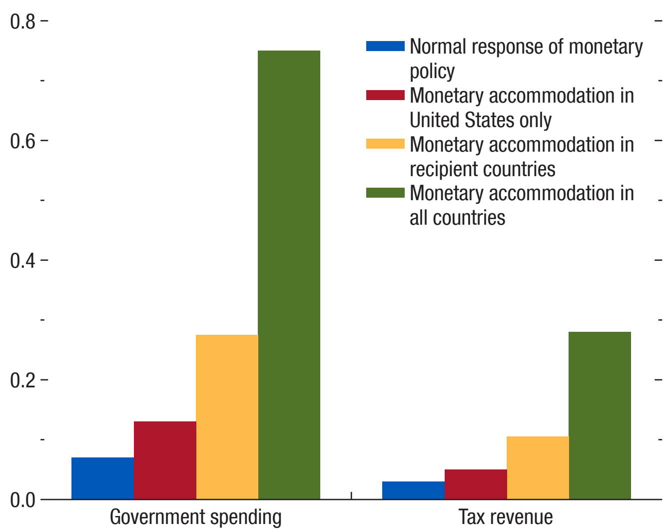
Figure 4.11. Spillovers from US Fiscal Shocks with and without Monetary Accommodation

(Two-year average impact on rest of the world GDP, percent)



Source: IMF, G20 Model (G20MOD) simulations.
Note: Normal response of monetary policy is a rule-based response, in countries without fixed exchange rate regimes, where monetary policy responds to an increase in expected future inflation by increasing nominal interest rates to reduce demand and return inflation to target.