GLOBAL IMBALANCES IN 2015

A Marked Reconfiguration but No Improvement

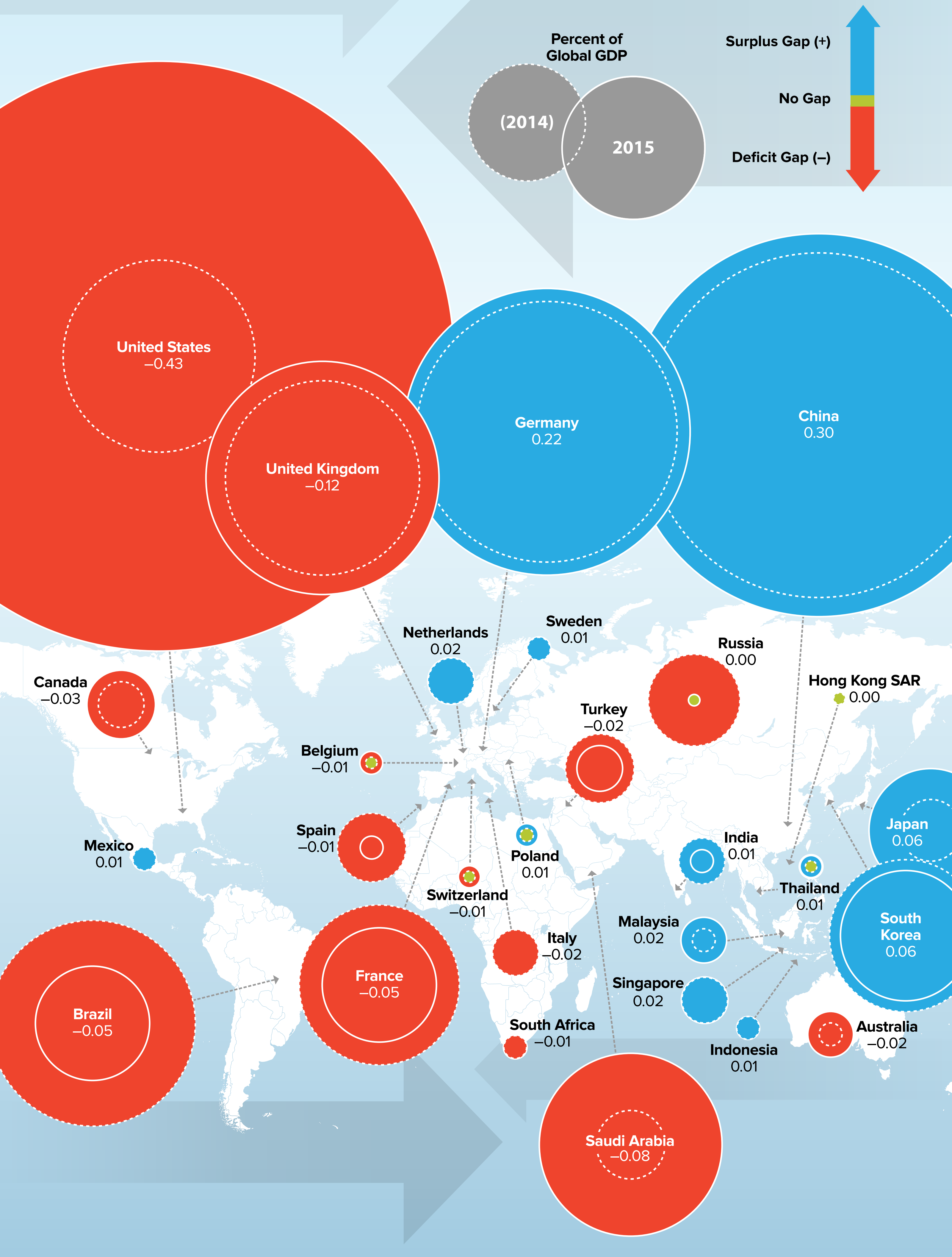
Global current account imbalances widened moderately in 2015, reversing their trend of narrowing since the global financial crisis. These shifts were driven by several factors, notably the asymmetric recoveries in advanced economies and the redistributive effects of the sharp fall in commodity prices.

A natural question that arises is whether these trends are a source of concern. To answer this question, current account "gaps"—defined as the difference between the actual current account and what the IMF staff considers most appropriate given country characteristics—are computed and aggregated across 29 economies, representing over 85 percent of total world output.

The IMF's *2016 External Sector Report* found that current account gaps grew at a global scale in 2015, suggesting the observed reconfiguration was not desirable from a medium-term perspective. These larger gaps were concentrated in systemic economies, with growing excess surpluses in Japan and some euro area countries and growing excess deficits in the United States and the United Kingdom. External gaps narrowed for some emerging economies and euro area debtor countries, although not enough to offset the overall widening.

THIS INFOGRAPHIC SHOWS THE RELATIVE SIZE OF ESTIMATED CURRENT ACCOUNT GAPS FOR 2014 AND 2015

(2015 Share Listed)



Correcting excess external imbalances in a growth-friendly fashion will require a more balanced policy mix, with greater emphasis on fiscal and structural policies. For a broader discussion of these issues, see the IMF's ***2016 External Sector Report*** and the ***External Sector Report—Individual Economy Assessments*** released on July 27, 2016.