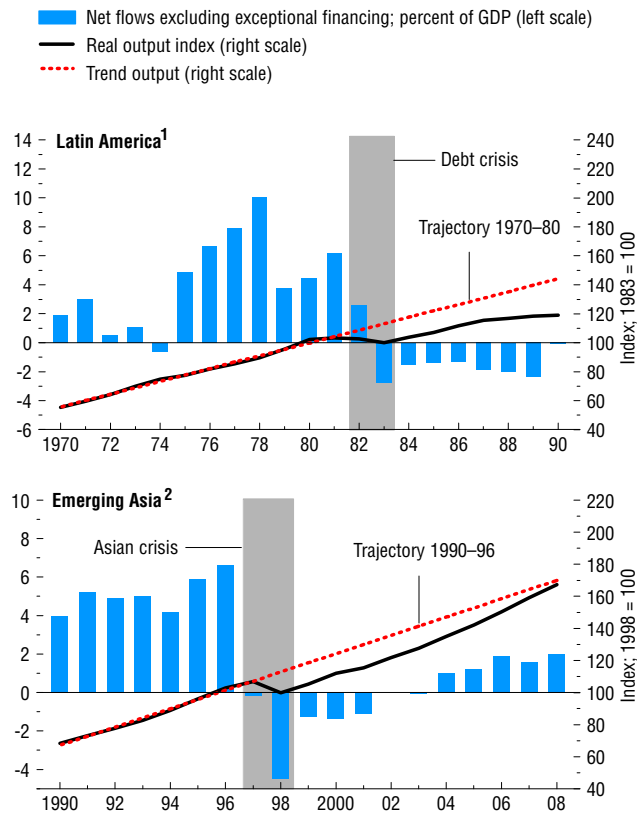


Figure 4.3. Sudden Stops and Activity
(Purchasing-power-parity-weighted average)

In the past, widespread financial stress in advanced economies was followed by reduced capital inflows—often abruptly through sudden stops—and lower growth. In the aftermath, capital inflows did not recover for a long time.



Sources: IMF, *Balance of Payments Statistics*; and IMF staff calculations.

¹Includes Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

²Includes Indonesia, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam.