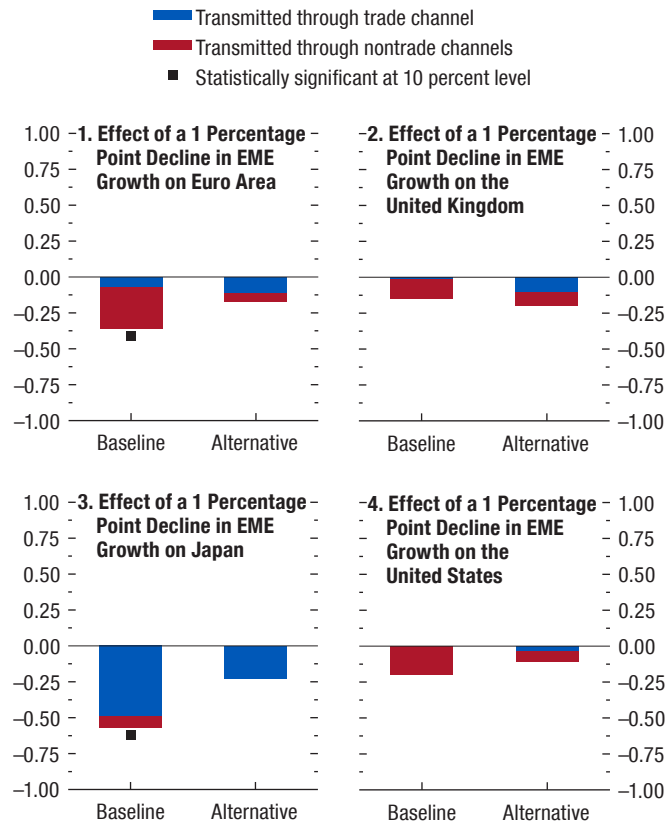


Figure 2.SF.4. Peak Effect of a Growth Shock to Emerging Market Economies on Advanced Economies' Output Growth
(Four quarters after impact; percentage points)

The impact of shocks to emerging market economies' (EMEs') output on advanced economies' (AEs') output is significant (both statistically and economically) only for Japan and the euro area. The trade channel is particularly important for the transmission of shocks to Japan, whereas nontrade effects appear to dominate in other advanced economies. The impact of growth shocks in emerging market economies on advanced economies' output tends to be attenuated, and become negligible, when the effects of the global economic crisis are controlled for.



Source: IMF staff calculations.
 Note: "Baseline" refers to the model in which advanced economies' GDP growth is contemporaneously exogenous to emerging market economies' GDP growth. "Alternative" refers to elasticities obtained from the interaction vector autoregression model, when the dummy variable denoting global economic crisis is equal to zero.