



Global Economic Trends

ERSTE Emerging Europe Investment Conference

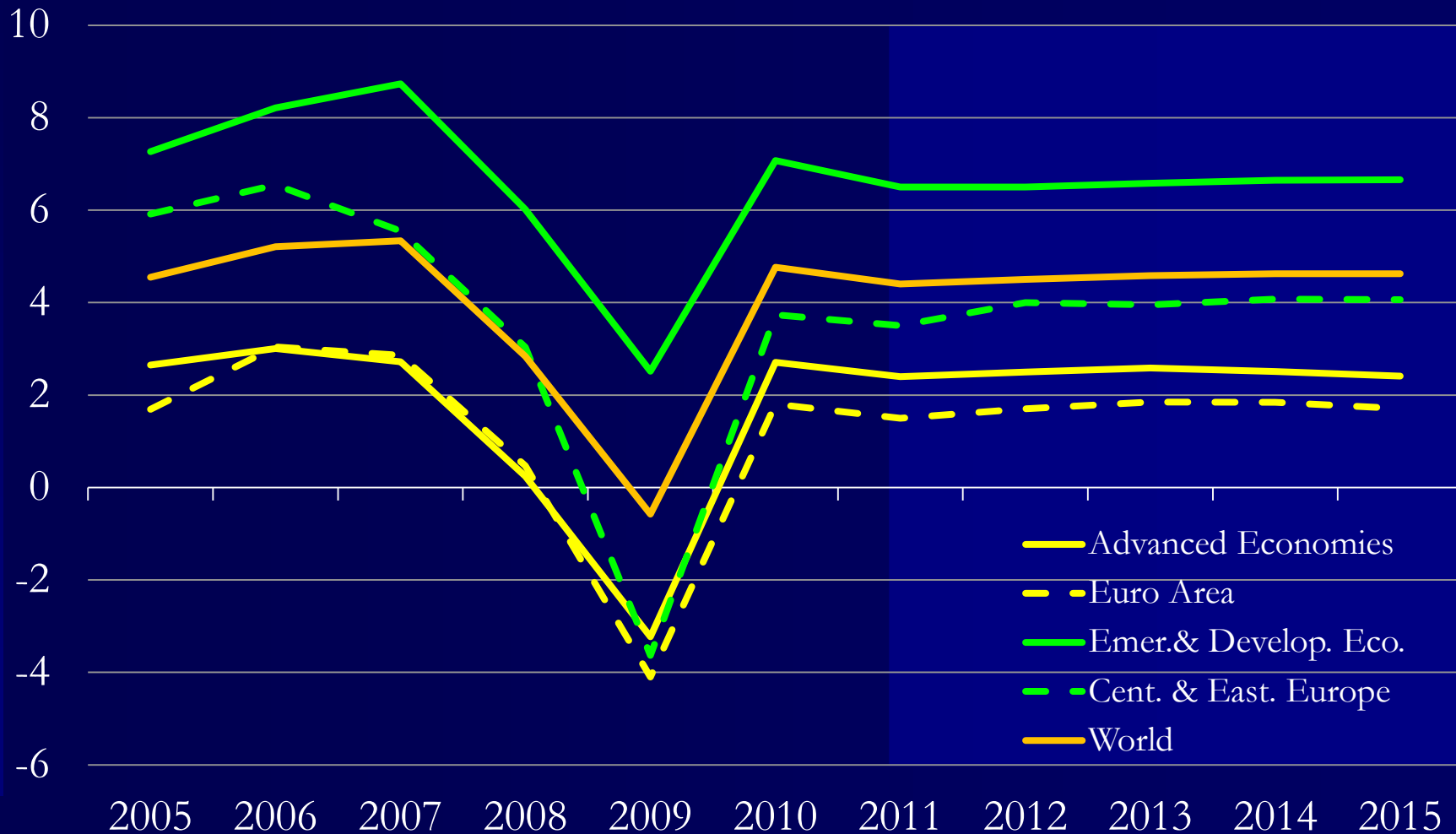
Vienna, January 20, 2011

Mark Allen

Senior IMF Resident Representative for Central
and Eastern Europe

Economic recovery becomes entrenched

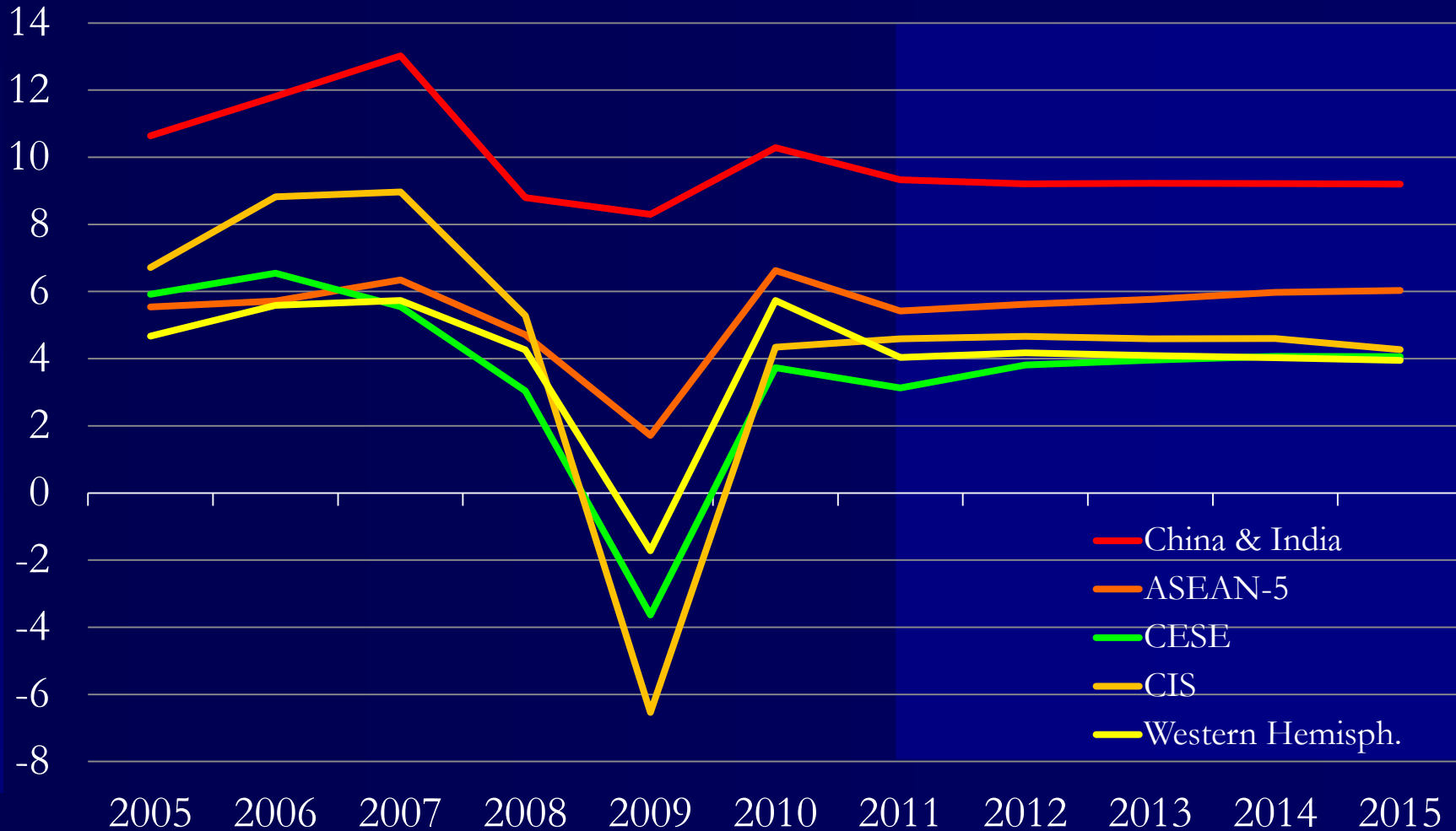
Change in real GDP
(Year on year)



Source: Staff estimates

Emerging Europe lags other regions

Change in real GDP
(Year on year)

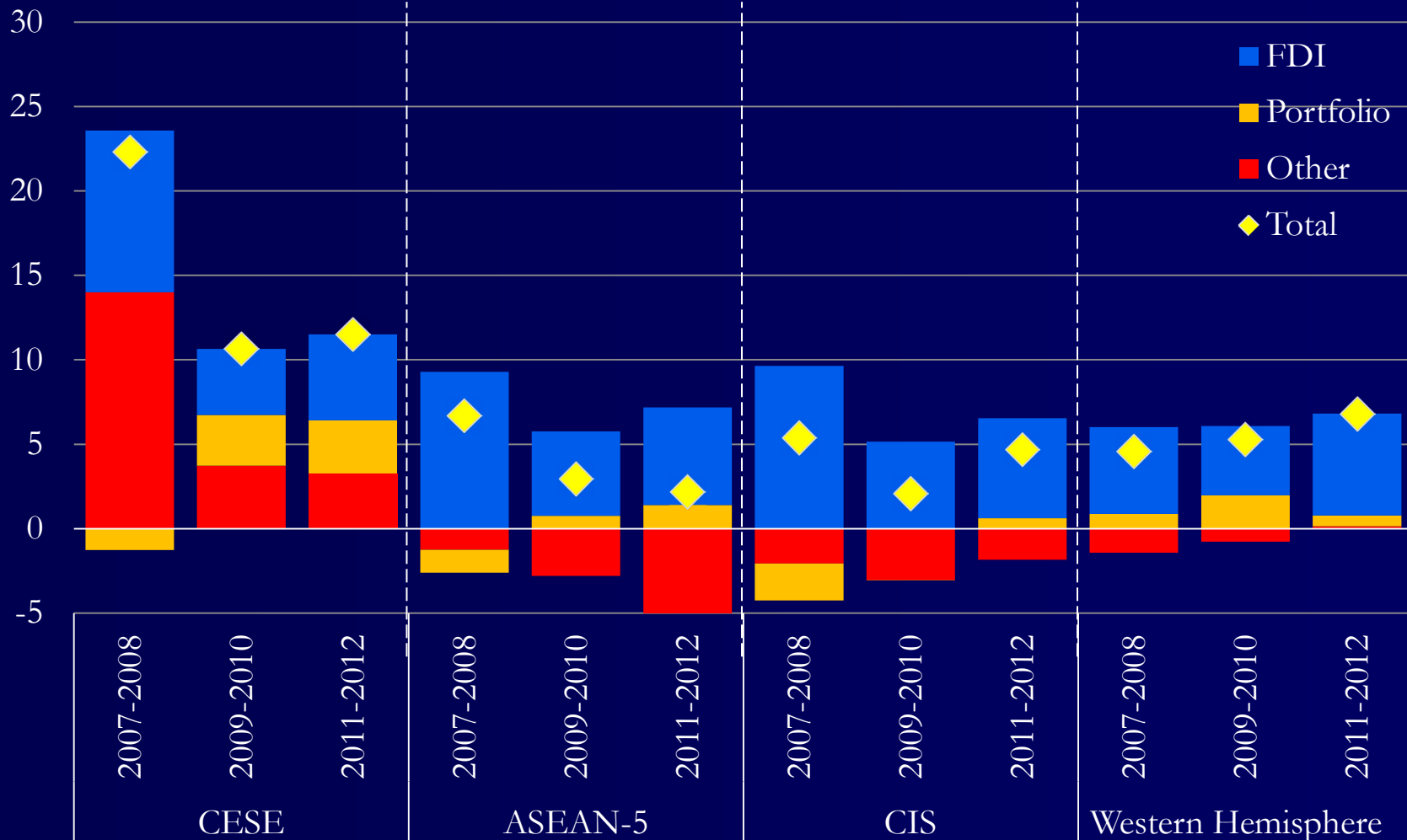


Source: Staff estimates

Capital flows to emerging markets recovering

Flows to Emerging Markets

(cumulative, as a percent of 2007 GDP)



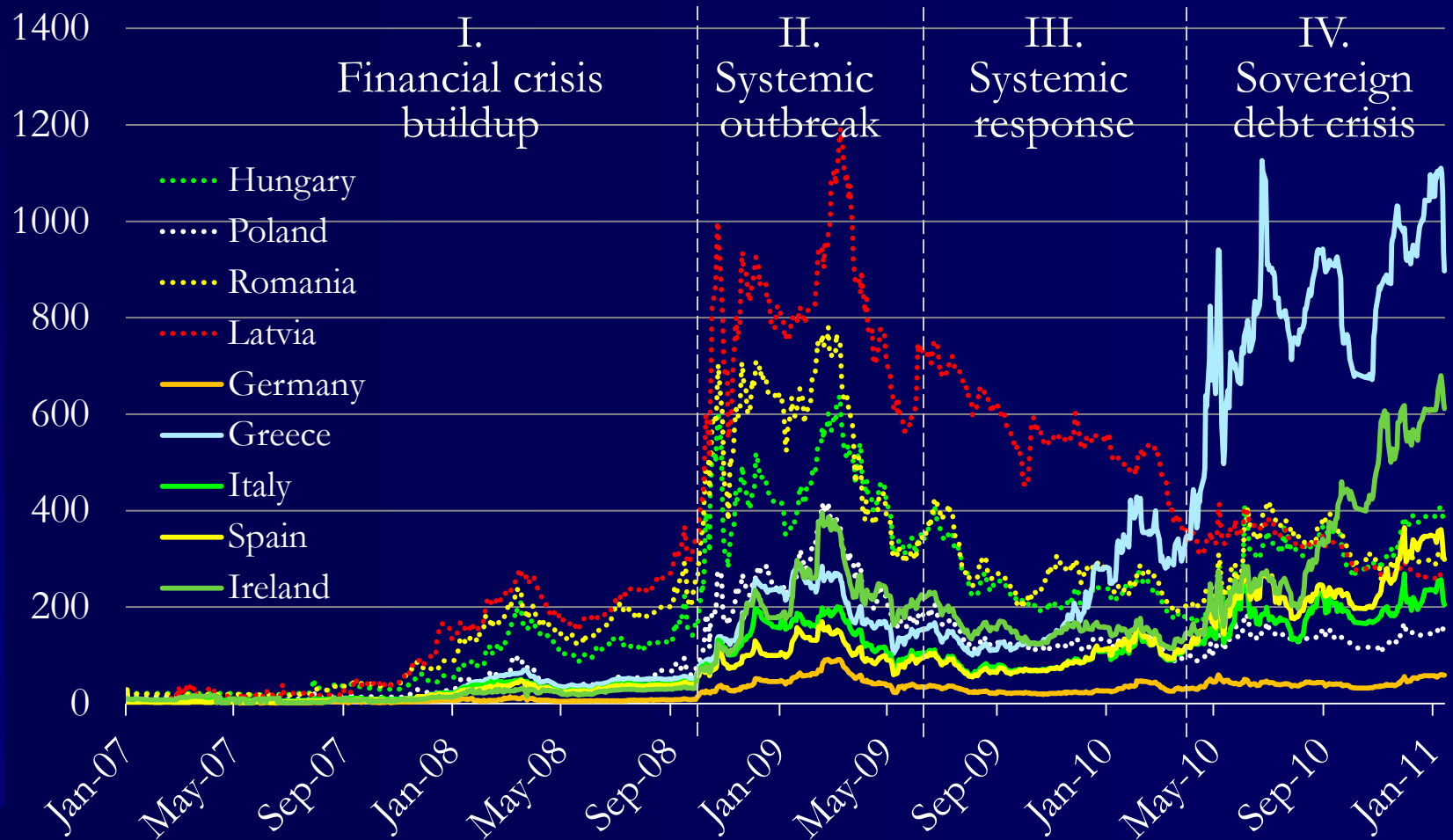
Source: World Economic Outlook, October 2010



Risks in Europe have shifted westwards

The Four Phases of the Crisis

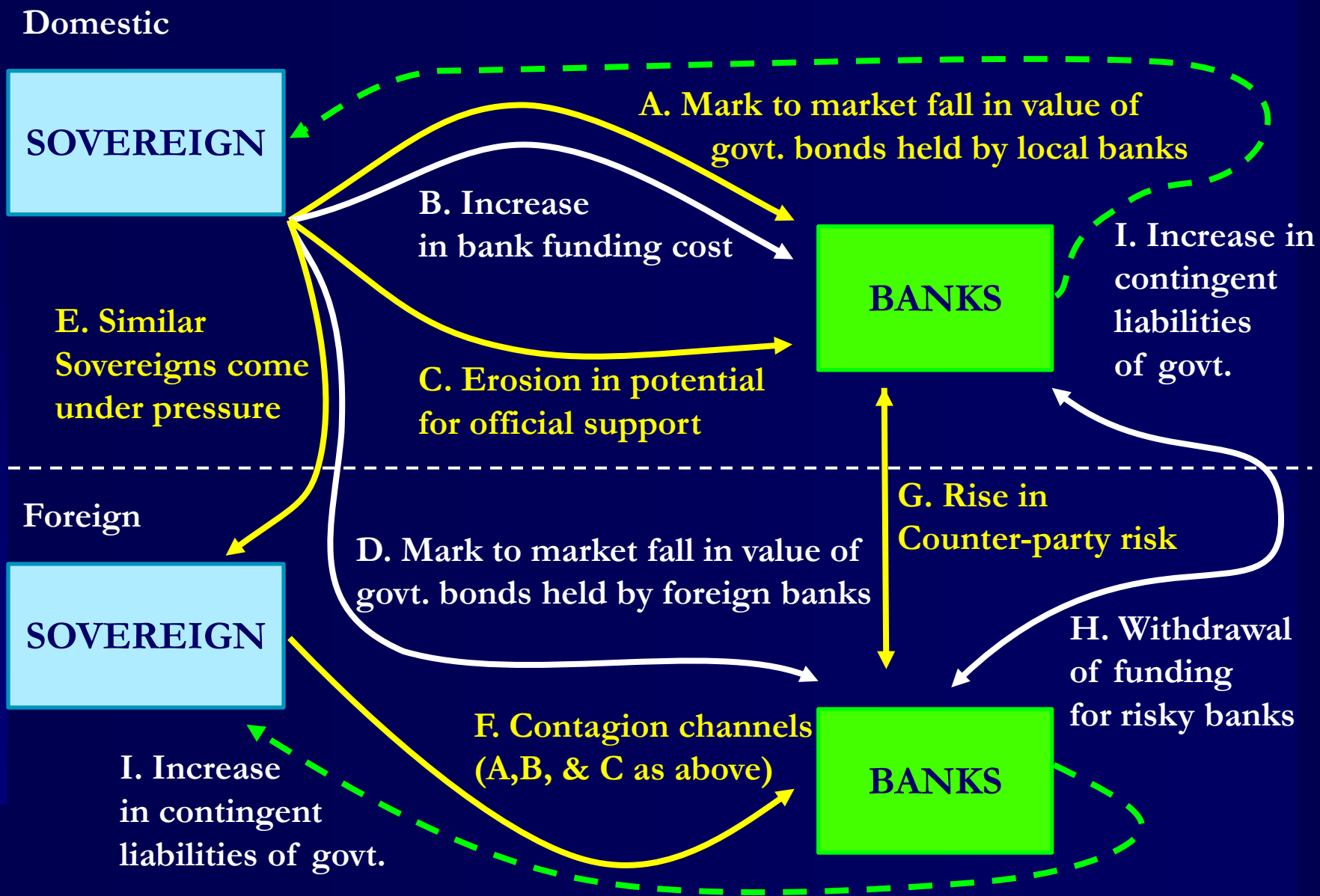
(5-yr sovereign swap spreads, percent)



Source: Bloomberg



Feedback loop ties sovereign strains to banking system



Thank you