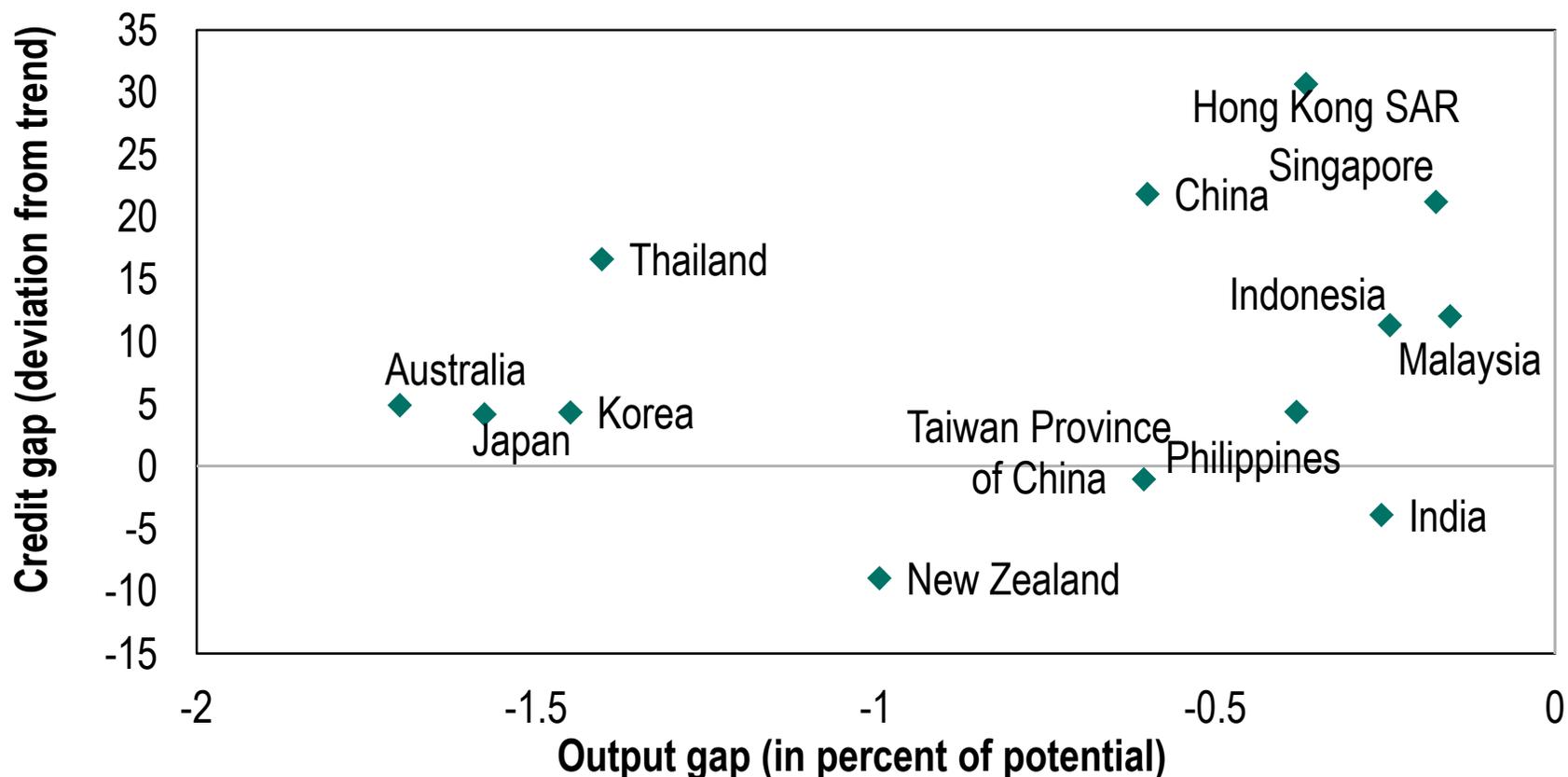


Figure 1.26. Asia: Output Gap Versus Credit Gap



Sources: BIS; CEIC Data Company Ltd.; IMF, World Economic Outlook database; and IMF staff calculations. Note: The output gap is based on IMF country team estimates for 2016. Credit gap is calculated as deviation from the trend credit-to-GDP based on a 1-sided HP filter with lambda of 400,000; credit gap as of 2015:Q3. The underlying credit-to-GDP data are based on BIS's broader credit definition; China's credit-to-GDP series is adjusted by removing the local government financing vehicles, and Indonesia's credit-to-GDP for 1998 is adjusted to remove the impact of the currency devaluation.