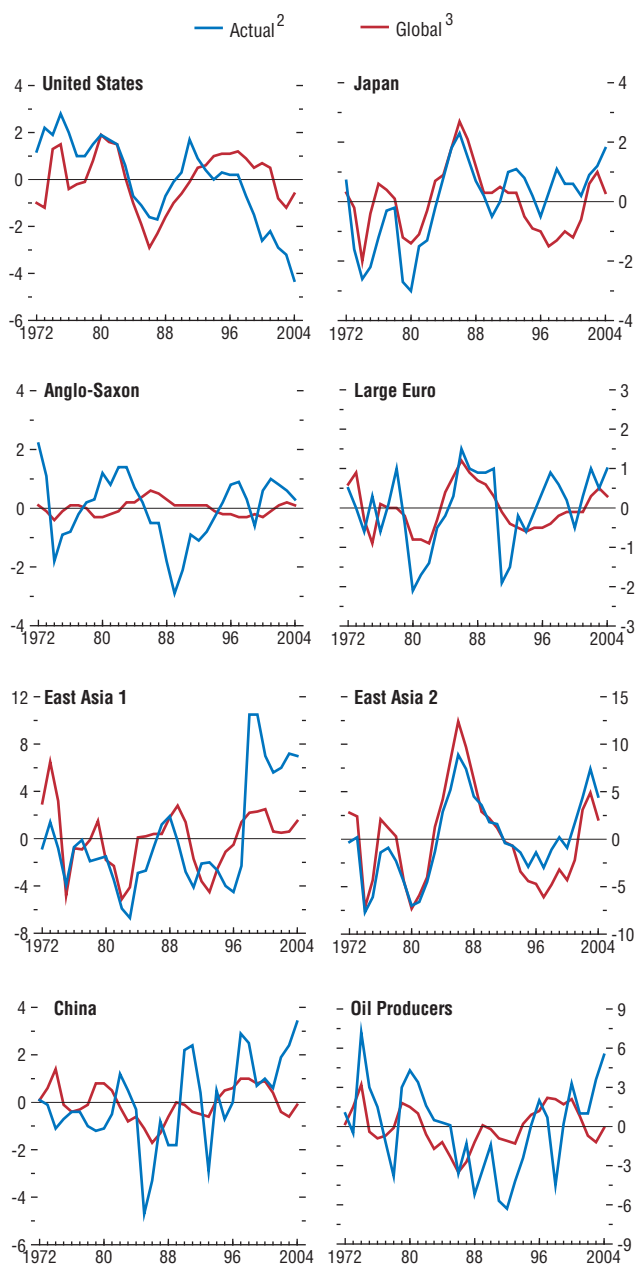


Figure 2.8. Current Account: Global Factor¹
(Percent of GDP)

The global current account factor captures well the current account imbalances in the mid-1980s. More recently, it fails to account for the recent developments in the United States, East Asia 1 countries, China, and oil-producing countries.



Source: IMF staff calculations.

¹ See footnote 15 in main text for definition of country groupings.

² Actual time series have been rescaled by subtracting the average of the period.

³ The global factor is the sum of the world and current account factors. For each region, the world and current account factors are multiplied by their factor loadings in the current account equation.