Figure 1.4. Emerging Market Developments

Improvements in external balances...

1. WEO 2014 Forecast Current Account Balance
(Percent of GDP)

...and, for some, in inflation...

2. WEO 2014 Forecast Headline Inflation Expectations
(Percent, year-over-year)

3. Expected Policy Rates by end of 2015:Q1

4. Major Emerging Market Asset Performance
(Returns; percent)

But corporate leverage and household indebtedness have continued to rise.

5. Bank Credit and Household Debt Levels
(Percent of GDP)

Source: IMF, World Economic Outlook database.

...have allowed the market to reprice the monetary policy space...

Source: IMF, World Economic Outlook database.

...which has been reflected in asset performance so far in 2014.

Source: IMF, World Economic Outlook database.

Change in the expected policy rate is due to changes in:

- Market expectations
- Policy rate
- Total

Sources: Haver Analytics; IMF, Economic Data Sharing System database; and IMF staff calculations.

Note: Data labels use International Organization for Standardization country codes.

Sources: Bloomberg L.P.; and JPMorgan Chase & Co.

Note: EM = emerging market; USD = U.S. dollar; YTD = year to date.

Sources: Bank for International Settlements; CEIC; IMF, Financial Soundness Indicators database; and IMF staff calculations.