The current account deficits of emerging Europe are mainly explained by financial factors, whereas a large portion of the surpluses in Asia remains unexplained by standard factors.

Figure 6.9. Explaining the Current Account Balances of Emerging Asia and Emerging Europe (Percent of GDP)

The contribution of each variable in the top (bottom) panel is computed as the deviation of the variable from the sample average (the change in the variable between 1995–98 and 2003–06) times the regression coefficient of the variable from column e of Table 6.1. See Appendix 6.2 for countries included in regional breakdowns.

1 The contribution of growth opportunities is the sum of the contributions of relative per capita income and growth of per capita GDP.
2 The contribution of financial factors is the sum of the contributions of financial liberalization, capital account openness, and financial depth.
3 "Other" is the contribution of a dummy variable for financial centers.
4 "Other" is the contribution of time-fixed effects.