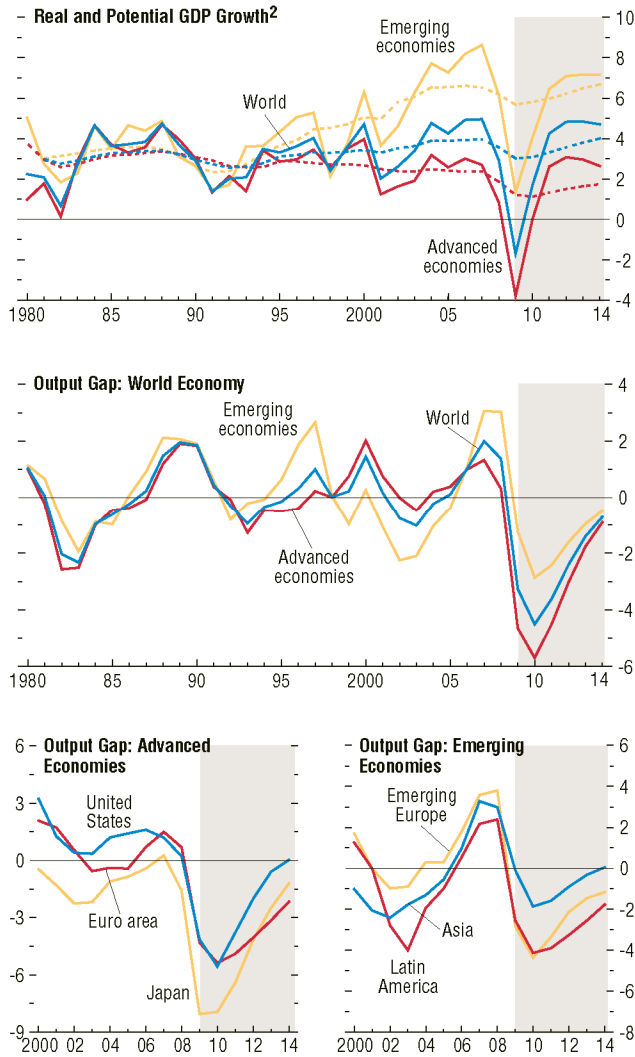


Figure 1.9. Potential Growth and the Output Gap¹

The severe global recession will imply a sharp widening in output gaps, particularly in the advanced economies, but will also affect most emerging economies. These gaps are expected to close only slowly over the medium term, implying persistently high levels of unemployment.



Source: IMF staff estimates.

¹ Estimates of the output gap, in percent of potential GDP, are based on IMF staff calculations.

² GDP growth rates of actual (solid line) versus potential (dashed line) for advanced economies. For emerging economies, Hodrick-Prescott filter applied for potential GDP.