Various indicators suggest that overheating pressure has diminished in emerging market economies. However, this reflects mostly a reduction in capital flows and financial market developments, which are now turning around and could lead to renewed overheating.

### Table: Overheating Indicators for the G20 Economies

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### Advanced Economies

- **Japan**
- **Canada**
- **France**
- **Germany**
- **Italy**
- **United Kingdom**
- **Australia**
- **Korea**
- **United States**

### Emerging Market Economies

- **Argentina**
- **Turkey**
- **India**
- **China**
- **South Africa**
- **Saudi Arabia**
- **Indonesia**
- **Russia**
- **Mexico**


1For indicators, except as noted below, economies are assigned colors based on projected 2012 values relative to their precrisis (1997–2006) average. Each indicator is scored as red = 2, yellow = 1, and blue = 0; summary scores are calculated as the sum of selected component scores divided by the maximum possible sum of those scores. Summary colors are assigned red if the summary score is greater than or equal to 0.66, yellow if greater than or equal to 0.33 but less than 0.66, and blue if less than 0.33. Arrows up (down) indicate hotter (colder) conditions compared with the September 2011 WEO predicted values for 2011.

2Output more than 2.5 percent above the precrisis trend is indicated by red. Output less than 2.5 percent below the trend is indicated by blue.

3For the following inflation-targeting economies, the target inflation rate was used instead of the 1997–2006 average in the calculation of the inflation indicator: Australia, Brazil, Canada, Indonesia, Korea, Mexico, South Africa, Turkey, United Kingdom. For the non-inflation-targeting economies, red was assigned if inflation is approximately 10 percent or higher, yellow if inflation is approximately 5 to 9 percent, and blue if inflation is less than 5 percent.

4The indicators for credit growth, house price growth, and share price growth refer to the latest 2012 values relative to the 1997–2006 average of output growth.

5Arrows in the fiscal balance column represent the forecast change in the structural balance as a percent of GDP over the period 2011–12. An improvement of more than 0.5 percent of GDP is indicated by an up arrow; a deterioration of more than 0.5 percent of GDP is indicated by a down arrow.

6Real policy interest rates below zero are identified by a down arrow; real interest rates above 3 percent are identified by an up arrow. Real policy interest rates are deflated by two-year-ahead inflation projections.

7Calculations are based on Argentina’s official GDP data. The IMF has called on Argentina to adopt remedial measures to address the quality of the official GDP data. The IMF staff is also using alternative measures of GDP growth for macroeconomic surveillance, including data produced by private analysts, which have shown significantly lower real GDP growth than the official data since 2008. Nominal variables are deflated using the IMF staff’s estimate of average provincial inflation.