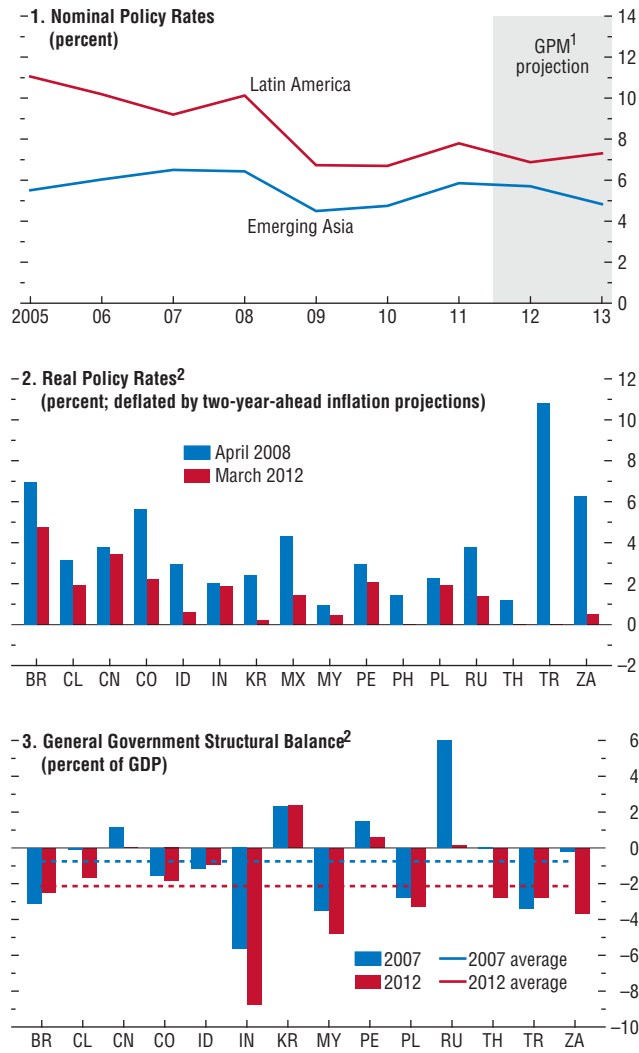


**Figure 1.19. Policy Requirements in Emerging Market Economies**

Most emerging market economies should, in principle, not cut interest rates, despite some easing of inflation pressure. These economies are operating with limited (if any) slack, still-high credit growth, and lower real interest rates than before the crisis. However, given downside risks, those with relatively high interest rates can pause or even cut policy rates a little. In the meantime, many emerging market economies must continue to rebuild room for fiscal policy maneuvering.



Source: IMF staff estimates.  
<sup>1</sup>GPM = Global Projection Model.  
<sup>2</sup>BR: Brazil; CL: Chile; CN: China; CO: Colombia; ID: Indonesia; IN: India; KR: Korea; MX: Mexico; MY: Malaysia; PE: Peru; PH: Philippines; PL: Poland; RU: Russia; TH: Thailand; TR: Turkey; ZA: South Africa.