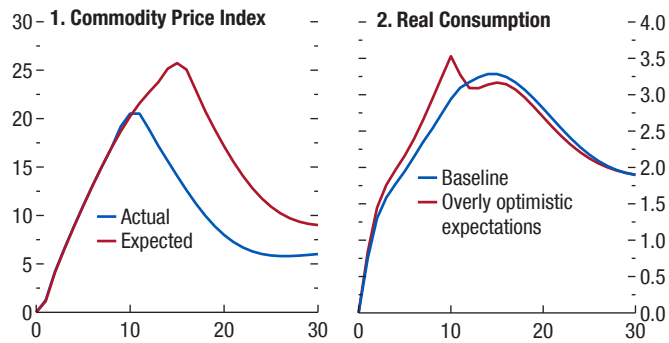


Figure 2.5. Consumption Dynamics with Overly Optimistic Commodity Price Expectations
(Percent deviation; years on x-axis)

The IMF's Global Economy Model predicts that overestimating the ultimate size and persistence of a commodity price boom will yield a more pronounced initial increase in consumption that is followed by a dip in growth rates to levels below those in the baseline scenario.



Source: IMF staff estimates.

Note: All variables are shown in percentage deviations from their paths in the absence of a commodity boom.