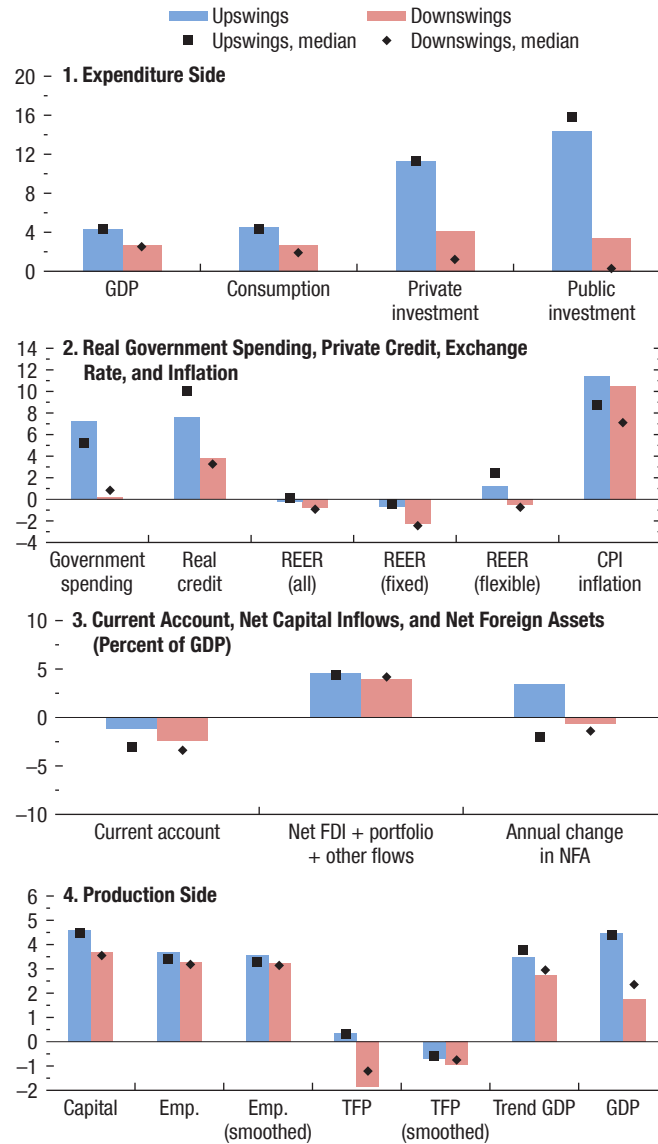


Figure 2.8. Event Studies: Average Annual Growth Rates of Key Macroeconomic Variables during Commodity Terms-of-Trade Upswings and Downswings
(Percent, unless noted otherwise)

Output and domestic spending tend to grow faster during upswings in the commodity terms of trade than in downswings. The growth of trend output tends to vary as well, as capital accumulation comoves with the terms of trade. Credit to the private sector and government spending expand faster during upswings, and net capital inflows tend to be higher.



Sources: External Wealth of Nations Mark II data set (Lane and Milesi-Ferretti 2007 and updates thereafter); IMF, Balance of Payments Statistics database; IMF, Fiscal Monitor database; IMF, International Financial Statistics database; Penn World Table 8.1; and IMF staff calculations.

Note: Samples consist of cycles with peaks before 2000. They are balanced across upswings and downswings, but differ across panels depending on data availability. See Annex 2.2 for the cycle identification methodology. The exchange rate classification is based on Reinhart and Rogoff 2004. See Annex 2.3 for details. CPI = consumer price index; Emp. = employment; FDI = foreign direct investment; NFA = net foreign assets; REER = real effective exchange rate; TFP = total factor productivity.