Figure 4.8. Dynamic Responses of Components of Recipient Countries’ Output under Normal Times and Effective Lower Bound in Recipient Countries
(Percent of output; quarters on x-axis)

1. Consumption under Normal Times
2. Consumption under Effective Lower Bound
3. Investment under Normal Times
4. Investment under Effective Lower Bound
5. Bilateral Exports under Normal Times
6. Bilateral Exports under Effective Lower Bound
7. Bilateral Imports under Normal Times
8. Bilateral Imports under Effective Lower Bound

Source: IMF staff calculations.
Note: Normal times = no effective lower bound. t = 0 is the quarter of the shock. Solid red lines denote point estimates under different conditions; dashed red lines denote 90 percent confidence bands; and solid blue lines represent the unconditional response. Effective lower bound corresponds to short-term interest rates in the bottom 25 percent of cross-country historical distribution. Responses to an overall fiscal shock are presented. Shocks are normalized to an average of 1 percent of GDP across source countries.