Figure 1.13. Recession and Deflation Risks

Risks for recessions during 2013 have stayed broadly unchanged or receded. They remain relatively high in the advanced economies. The same holds for deflation risks. Deflation vulnerabilities are particularly elevated in some euro area periphery economies.

1. Probability of Recession, 2013
   (percent)

2. Probability of Deflation, 2013:Q4
   (percent)

3. Deflation Vulnerability Index

Source: IMF staff estimates.

Emerging Asia: China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, Thailand; Latin America: Brazil, Chile, Colombia, Mexico, Peru; remaining economies: Argentina, Australia, Bulgaria, Canada, Czech Republic, Denmark, Estonia, Israel, New Zealand, Norway, Russia, South Africa, Sweden, Switzerland, Turkey, United Kingdom, Venezuela.

For details on the construction of this indicator, see Kumar (2003) and Decressin and Laxton (2009). The indicator is expanded to include house prices.