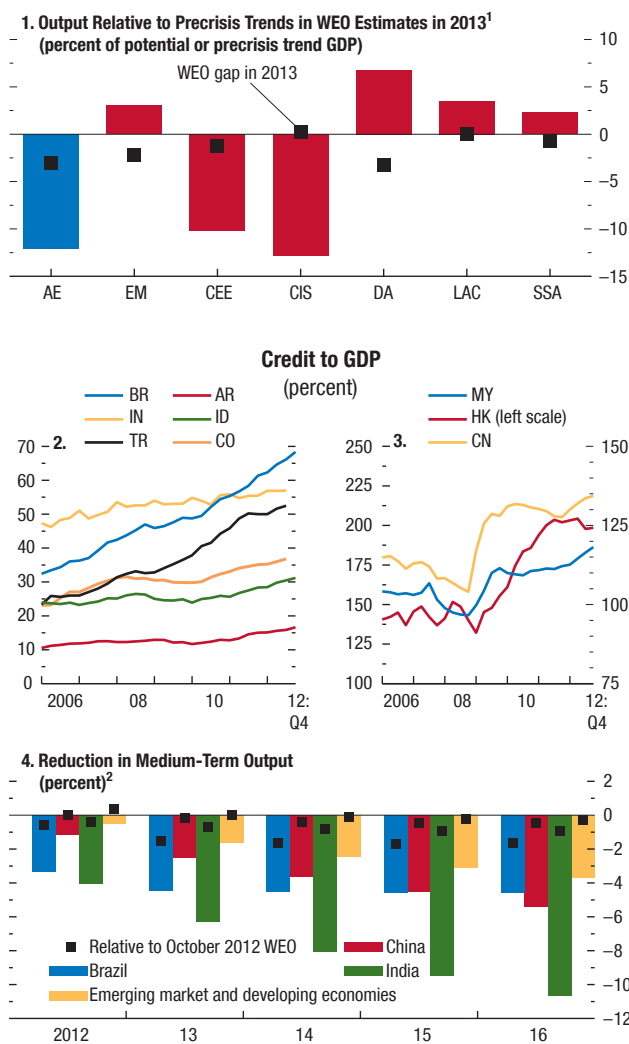


Figure 1.16. Capacity and Credit in Emerging Market Economies

WEO output gap estimates do not point to major excess demand pressures. However, many Asian and Latin American emerging market economies operate appreciably above precrisis trends. And they have seen a large run-up in credit, even relative to unusually buoyant output. Recent shortfalls in activity from projections have prompted significant downward revisions to medium-term output levels.



Sources: Haver Analytics; IMF, *International Financial Statistics*; and IMF staff calculations. Note: AE = advanced economies; AR = Argentina; BR = Brazil; CEE = central and eastern Europe; CIS = Commonwealth of Independent States; CN = China; CO = Colombia; DA = developing Asia; EM = emerging market economies; HK = Hong Kong SAR; ID = Indonesia; IN = India; LAC = Latin America and the Caribbean; MY = Malaysia; SSA = sub-Saharan Africa; TR = Turkey.

¹Precrisis trend is defined as the geometric average of real GDP level growth between 1996 and 2006.

²Relative to the September 2011 WEO.