Under a scenario of a sharp rise in risk aversion, near-term risks to capital flows increase significantly ...

... suggesting that there would be large outflows under a severely adverse outcome.

... while medium-term risks to capital flows ease.

Sources: Bloomberg Finance L.P.; Haver Analytics; and IMF staff calculations.
Note: The sample of countries used in the capital flows-at-risk analysis comprises all emerging market and developing countries for which quarterly portfolio debt flows data are available (about 60 countries). China is excluded from this analysis because of its unique country characteristics, including its size relative to the rest of emerging markets. “Near-term” refers to the period from the current quarter to two quarters into the future; “medium-term” refers to the period five to eight quarters ahead. The fifth percentile estimates reported in the text and panel 3 are obtained from the empirical densities and may be somewhat different from the fitted densities shown in panels 4 to 6. For more details on the methodology, see Online Annex 1.1. EM = emerging market.