Current account imbalances have declined since 2013, but external leverage has increased.

1. External Sector Heatmap (Share of countries failing the critical threshold for each metric as a percentage of EM GDP)

Public sector debt has increased in many emerging market economies in recent years.

2. Public Sector Heatmap (Share of countries failing the critical threshold for each metric as a percentage of EM GDP)

Several countries have both high external debt and low foreign exchange reserves ...

3. External Debt versus Foreign Exchange Reserve Coverage (Percent; vertical line = median; 2018 estimated)

... but it is mostly frontier markets that have both high public debt and a high share of foreign currency debt.

4. Sovereign Debt versus Foreign Exchange Linked Debt (Percent; lines = 25th and 75th percentiles; 2018 estimated)

Sources: Haver Analytics; national central banks; and IMF staff estimates.

Note: In panels 1 and 2, vulnerability indicators and thresholds are chosen to minimize the combined percentages of missed crises and false alarms, based on an empirical model estimated over the period of 1993–2013 (see Ahuja, Wiseman, and Syed 2017). All indicators are scaled by GDP, unless specified otherwise. The sample includes 50 emerging market and developing economies. Both panels 1 and 2 show the combined GDP of those countries that failed the thresholds in percent of aggregate GDP of all sample countries, excluding China. For panel 2, data as of end-2017. The ARA metric (panels 1 and 3) reflects potential balance-of-payment foreign exchange (FX) liquidity needs in adverse circumstances and is used to assess adequacy of FX reserves against potential FX liquidity drains (see IMF 2015a). The metric used is not adjusted for capital control measures. In panel 3, the blue vertical line corresponds to the 50th percentile for the entire sample. In panel 4, the blue vertical line corresponds to the 75th percentile. Yellow shading corresponds to the values between the 25th and 75th percentiles. Data labels in the figure use International Organization for Standardization (ISO) country codes. ARA = assessment of reserve adequacy; EM = emerging market.