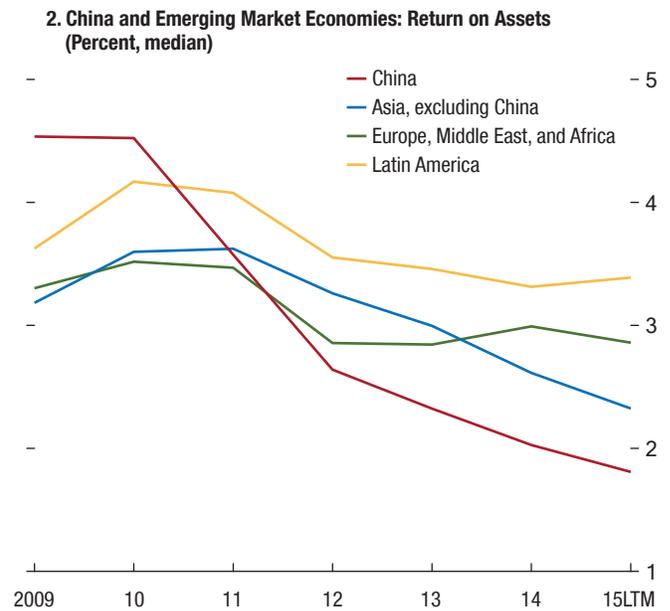
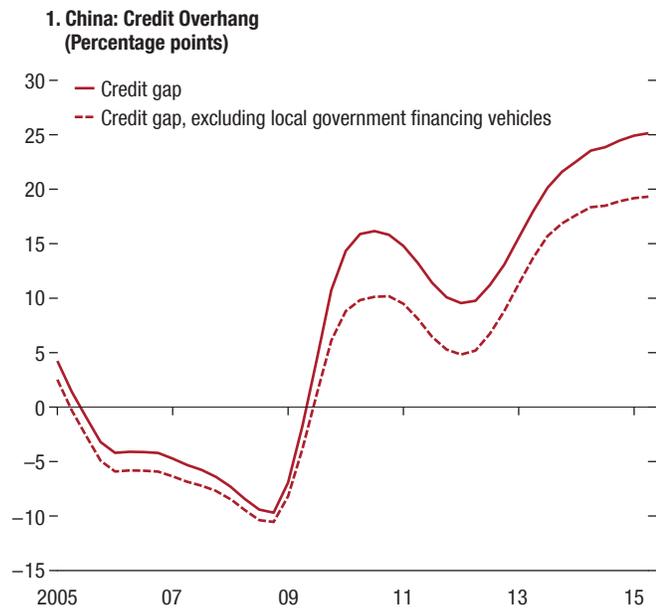


**Figure 1.10. China and Emerging Market Economies: Credit and Profitability**

China's credit boom has resulted in a credit overhang of 25 percent ...

... driving excess capacity and thus putting pressure on corporate earnings.



Sources: Bank for International Settlements; Haver Analytics; IMF, World Economic Outlook database; and IMF staff estimates.

Note: Credit overhang is measured by the credit gap, defined as the deviation of the credit-to-GDP ratio from trend, using a one-sided Hodrick-Prescott filter with a smoothing parameter of 400,000.

Sources: S&P Capital IQ; and IMF staff estimates.

Note: The China sample contains 3,280 firms. 15LTM = last 12 months.