Figure 2.6. Impact of Oil Price Shocks on External Imbalances, 1972–2004

(Percent of GDP; x-axis in years)

In the short term, oil price shocks lead to external imbalances. However, the impact on net foreign assets has historically proved transitory.

Source: IMF staff calculations.

1Response to a permanent $10 a barrel annual average increase in oil prices (measured in constant 2005 U.S. dollars).
2Fuel exporters’ response presented on a wider scale.
3Net foreign asset data available only after 1980.
4Error bands partially out of scale.