The chapter identifies 42 episodes of large and sustained deficit reversals in advanced economies, 60 episodes in emerging markets, and 17 episodes in oil-exporting countries. Moreover, 29 cases of large and persistent deficits were identified in the entire sample.

Figure 3.1. Episodes of Deficit Reversals and Large and Persistent Deficits\(^1\)
(1960–2006; current account deficit in percent of GDP)

Sources: IMF, International Financial Statistics; OECD, Economic Outlook (2006); World Bank, World Development Indicators (2006); and IMF staff calculations.

\(^1\)See Appendix 3.1 for the definition of deficit reversals and large and persistent deficit episodes, and information on country group composition.

\(^2\)Change in current account deficit, in percent of GDP, from the trough to the end of the reversal episode.

\(^3\)The x-axis refers to the average current account deficit, in percent of GDP, during the episode. The y-axis refers to the number of years the large current account deficit was sustained.