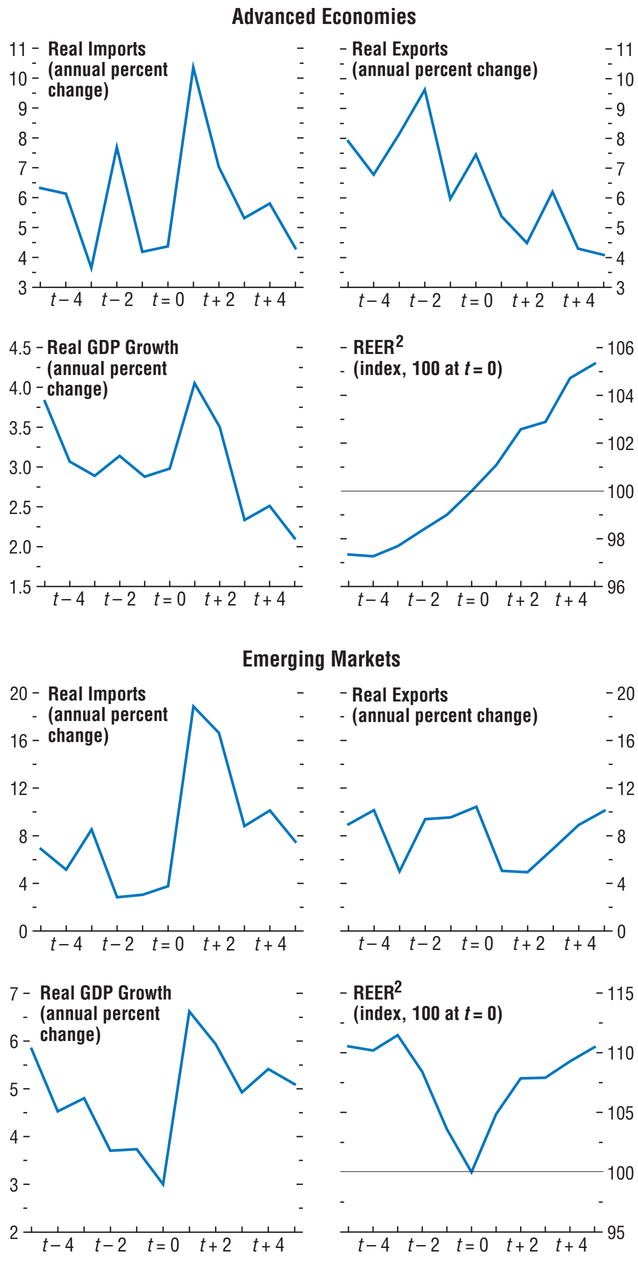
Figure 3.6. Key Indicators During Surplus Reversals[1]

(Medians across episodes; t = 0 is the peak year of the ratio of current account surplus to GDP; x-axis in years before and after t = 0)

In both advanced economies and emerging markets, real effective exchange rate (REER) appreciates and GDP growth increases after the peak year of the current account surplus.



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 surplus reversals and information on country group composition.

[2]An increase in the index represents a real appreciation while a decrease represents a real depreciation of a country's currency relative to its trading partners.