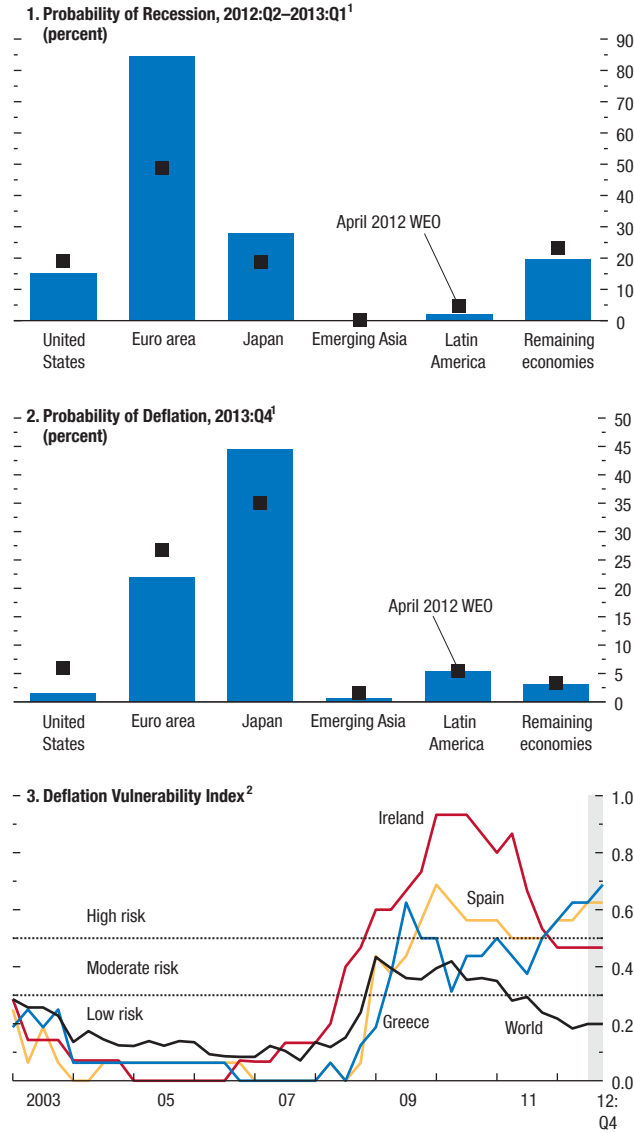


Figure 1.12. Recessions and Deflation Risks

Risks for a prolonged recession and for sustained deflation are elevated in the euro area, notably in periphery economies. The risk of deflation continues to be a problem in Japan. In other areas, the risks are minimal.



Source: IMF staff estimates.
¹Emerging Asia: China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, and Thailand; Latin America: Brazil, Chile, Colombia, Mexico, and Peru; remaining economies: Argentina, Australia, Bulgaria, Canada, Czech Republic, Denmark, Estonia, Israel, New Zealand, Norway, Russia, South Africa, Sweden, Switzerland, Turkey, United Kingdom, and Venezuela.
²For details on the construction of this indicator, see Kumar (2003) and Decressin and Laxton (2009). The indicator is expanded to include house prices.