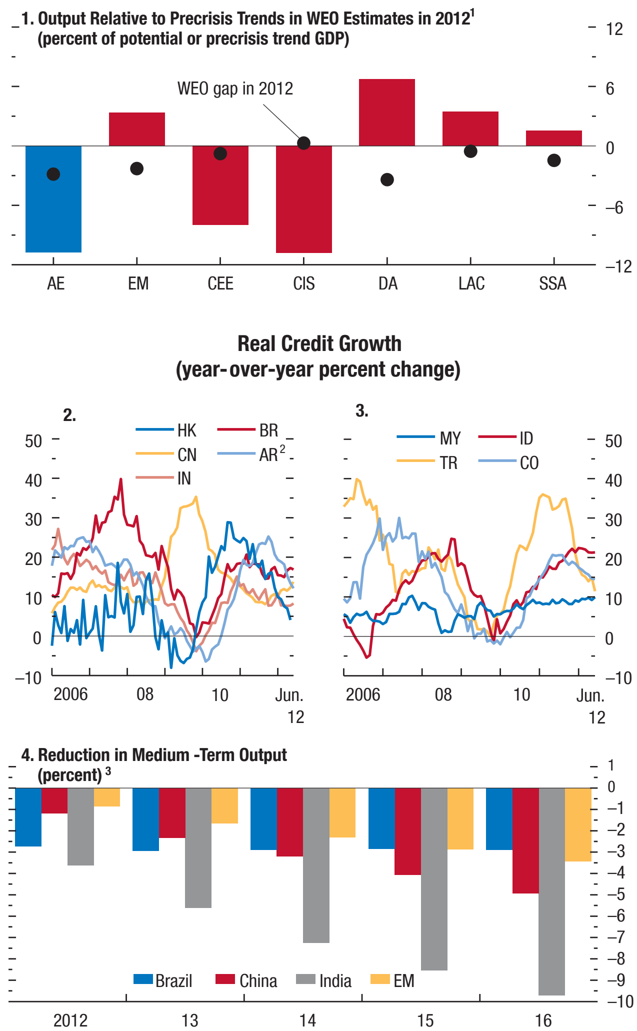
## Figure 1.14. Output in Emerging Market and Developing Economies

Output in emerging market and developing economies in Asia and Latin America is above precrisis trends, but WEO output gap estimates still see some slack. Amid disappointment relative to output projections, estimates for medium-term output have been lowered. For China and India, the reduction amounts to 5 to 10 percentage points by 2016; for all emerging market and developing economies, the reduction amounts to about 3½ percentage points. Buoyant activity in many emerging market and developing economies has been driven partly by better policies and partly by high credit growth and favorable terms-of-trade shocks. In many economies, the high credit growth will be difficult to sustain at present rates without weakening bank balance sheets. Also, future improvements in the terms of trade may be more limited. Thus, there are risks that medium-term output could surprise further on the downside.




Sources: IMF, *International Financial Statistics;* and IMF staff estimates.
Note: AE = advanced economies; AR = Argentina; BR = Brazil; CEE = central and eastern Europe; CIS = Commonwealth of Independent States; CN = China; CO = Colombia; DA = developing Asia; EM = emerging market economies; HK = Hong Kong SAR; ID = Indonesia; IN = India; LAC = Latin America and the Caribbean; MY = Malaysia; SSA = sub-Saharan Africa; TR = Turkey.
[1]Precrisis trend is defined as the geometric average of real GDP level growth between 1996 and 2006.
[2]Nominal credit is deflated using the IMF staff's estimate of average provincial inflation.
[3]Relative to September 2011 WEO.