Domestic overheating indicators point to ample slack in the advanced economies—most indicators flash blue, although less so in Canada. By contrast, a number of yellow and red indicators for the emerging market and developing economies point to capacity constraints. External overheating indicators flash red for Japan. Rather than raising concern, these are symptoms of an internal demand rebalancing process that has helped bring down global current account imbalances.

In Germany, which is the other major surplus economy, the rebalancing process continues to lag. Unemployment is at postunification lows, reflecting both robust economic performance and structural changes in the labor market, and does not reflect overheating. The yellow or red indicators for India, Indonesia, and Turkey point to external vulnerabilities. Credit indicators point to excesses in many emerging market economies. Other financial indicators are mostly reassuring about overheating, except for Brazil.

2013 estimates above the 1997–2006 average, except as noted below, by:

Less than 0.5 standard deviation
Greater than or equal to 0.5 but less than 1.5 standard deviations
Greater than or equal to 1.5 standard deviations

### Advanced Economies
- **Japan**
- **Canada**
- **United States**
- **Germany**
- **Australia**
- **France**
- **United Kingdom**
- **Korea**
- **Italy**

### Emerging Market and Developing Economies
- **India**
- **Brazil**
- **Indonesia**
- **Turkey**
- **Argentina**
- **Saudi Arabia**
- **Russia**
- **China**
- **Mexico**
- **South Africa**


Note: For each indicator, except as noted below, economies are assigned colors based on projected 2013 values relative to their precrisis (1997–2006) average. Each indicator is scored as red = 2, yellow = 1, and blue = 0; summary scores are calculated as the sum of selected component scores divided by the maximum possible sum of those scores. Summary blocks are assigned red if the summary score is greater than or equal to 0.66, yellow if greater than or equal to 0.33 but less than 0.66, and blue if less than 0.33. When data are missing, no color is assigned. Arrows up (down) indicate hotter (colder) conditions compared with the October 2012 WEO.

1. Output more than 2.5 percent above the precrisis trend is indicated by red. Output less than 2.5 percent below the trend is indicated by blue. Output within ±2.5 percent of the precrisis trend is indicated by yellow.
2. A new methodology is employed in the April 2013 WEO for the following inflation-targeting economies: Australia, Brazil, Canada, Indonesia, Korea, Mexico, South Africa, Turkey, and United Kingdom. End-of-period inflation above the country’s target inflation band from the midpoint is assigned yellow; end-of-period inflation more than two times the inflation band from the midpoint is assigned red. For the non-inflation-targeting economies, red is assigned if end-of-period inflation is approximately 10 percent or higher; yellow if it is approximately 5 to 9 percent, and blue if it is less than 5 percent.
3. Capital inflows refer to the latest available value relative to the 1997–2006 average of capital inflows as a percent of GDP.
4. The indicators for credit growth, house price growth, and share price growth refer to the latest available value relative to the 1997–2006 average of output growth.
5. The data for Argentina are officially reported data. The IMF has, however, issued a declaration of censure and called on Argentina to adopt remedial measures to address the quality of the official consumer price index (CPI-GBA) data. Alternative data sources have shown considerably higher inflation rates than the official data since 2007. In this context, the IMF is also using alternative estimates of CPI inflation for the surveillance of macroeconomic developments in Argentina.

**Table Notes:**
- Arrows in the fiscal balance column represent the forecast change in the structural balance as a percent of GDP over the period 2012–13. An improvement of more than 0.5 percent of GDP is indicated by an up arrow; a deterioration of more than 0.5 percent of GDP is indicated by a down arrow.
- Real policy interest rates below zero are identified by a down arrow; real interest rates above 3 percent are identified by an up arrow. Real policy interest rates are deflated by two-year-ahead inflation projections.