Stronger external demand, proxied by a rise in real GDP growth in advanced economies, has a lasting positive effect on emerging market economies’ growth.

Figure 4.3. Impulse Responses of Domestic Real GDP Growth to External Demand Shocks (Percentage points)

1. Response to Real GDP Growth Shock in the United States (1 standard deviation = 0.55 percentage point)

2. Response to Real GDP Growth Shock in the United States (normalized to a 1 percentage point rise in U.S. growth)

3. Response to Real GDP Growth Shock in the Euro Area (1 standard deviation = 0.39 percentage point)

Source: IMF staff calculations.

Note: X-axis units in panels 1 and 3 are quarters; \( t = 0 \) denotes the quarter of the shock. X-axis in panel 2 uses International Organization for Standardization (ISO) country codes.

1 Average for all sample economies except Argentina, Russia, and Venezuela.