Figure 3.1.2. Credit and Output Gaps Implied by the Dynamic Stochastic General Equilibrium Model
(Percent deviation from potential, unless noted otherwise)

1. Credit in Selected Euro Area Economies

2. Output Gap in Selected Euro Area Economies

3. Output Gap with and without Financial Friction in Selected Euro Area Economies

Source: IMF staff estimates.

Note: Credit is in percent deviation from trend. In panel 2, "Others" includes nondurable preference, housing preference, technology, and markups. Pref. = preference.

Euro area economies (Greece, Ireland, Italy, Portugal, Spain) with high borrowing spreads during the 2010–11 sovereign debt crisis.