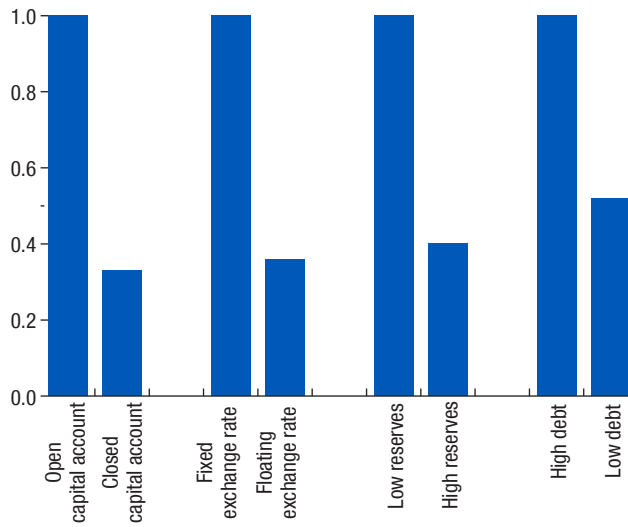


Figure 2.19. Share of Variation in Gross Capital Inflows Explained by Global Factors

Over the 2000–15 period, global factors had a smaller correlation with gross capital inflows in countries with less open capital accounts, more flexible exchange rates, higher reserves, and lower public debt.



Sources: CEIC Asia database; CEIC China database; Fernández and others 2015; Haver Analytics; IMF, *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER); IMF, *Balance of Payments Statistics*; IMF, *International Financial Statistics*; World Bank, World Development Indicators database; and IMF staff calculations.

Note: *R*-squared values are from a regression of country specific gross capital inflows on average gross capital inflows, normalized using within-group standard deviations of flows, with the base group set to 1. Capital account openness is measured using Fernández and others' (2015) measure for controls on capital inflows, split at 0.5. Fixed and floating exchange rates are defined using the IMF's AREAER classification. High and low reserves are measured in months of imports, split at the sample median. High and low government debt are split at the sample median. See Annex 2.1 for a description of the sample, Annex 2.2 for a detailed description of included variables and sources, and Annex 2.3 for details on the methodology.