Figure 1.18. Current Account Gaps and Real Exchange Rates

Projected changes in current account balances are consistent with a narrowing of excess external imbalances identified in the 2016 External Sector Report.

1. ESR Current Account Gap in 2015 versus Change in Current Account, 2015–21 (Percent of GDP)

Correlation = –0.7

2. Changes and Gaps in Real Effective Exchange Rates

(REER percent change, 2015 (average)–Sep. 2016)

(REER gap for 2015 (midpoint))

Correlation = 0.034

Sources: Global Insight; IMF, 2016 External Sector Report (ESR); IMF, International Financial Statistics; and IMF staff calculations.

Note: Data labels in the figure use International Organization for Standardization (ISO) country codes. EA = euro area; REER = real effective exchange rate; ToT = terms of trade.

1Data for the euro area are an average for France, Germany, Italy, and Spain.

2REER gaps and classifications are based on the IMF’s 2016 External Sector Report.