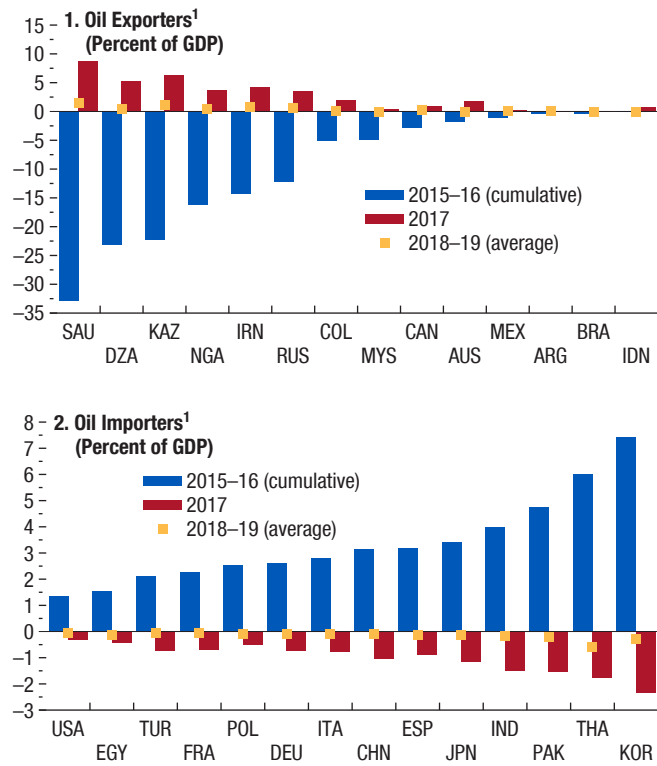


Figure 1.12. Terms-of-Trade Windfall Gains and Losses

Despite the projected short-term increase in commodity prices, terms-of-trade windfall gains and losses are expected to be modest over 2018–19 compared with 2015–17.



Source: IMF staff estimates.

Note: Data labels use International Organization for Standardization (ISO) country codes.

¹Gains (losses) for 2018–19 are simple averages of annual incremental gains (losses) for 2018 and 2019. The windfall is an estimate of the change in disposable income arising from commodity price changes. The windfall gain in year t for a country exporting x US dollars of commodity A and importing m US dollars of commodity B in year $t-1$ is defined as $(\Delta p_t^A x_{t-1} - \Delta p_t^B m_{t-1}) / Y_{t-1}$, in which Δp_t^A and Δp_t^B are the percentage changes in the prices of A and B between year $t-1$ and year t , and Y is GDP in year $t-1$ in US dollars. See also Gruss (2014).