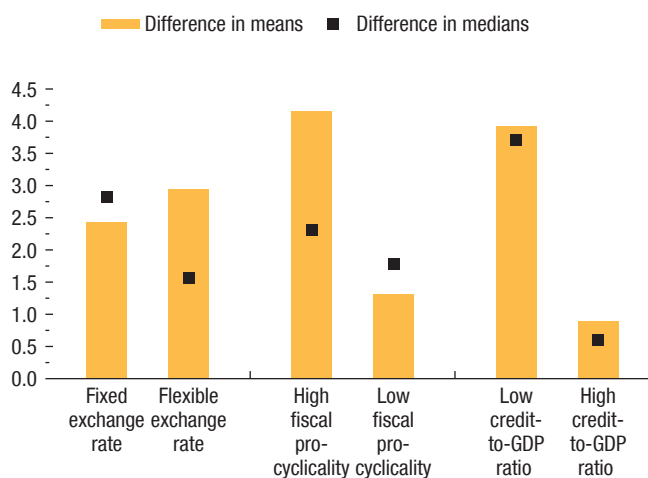


Figure 2.9. Variation in Average Output Growth between Upswings and Downswings: The Role of Policy Frameworks and Financial Depth
(Percentage points)

Commodity-exporting countries with more flexible exchange rates, less procyclical fiscal policy, and a higher level of credit to the private sector exhibit less growth variation over commodity price cycles.



Sources: IMF, Fiscal Monitor database; IMF, International Financial Statistics database; Penn World Table 8.1; and IMF staff calculations.

Note: The bars (blocks) show the difference between the average (median) growth rates during upswings and subsequent downswings. The exchange rate regime classification is based on Reinhart and Rogoff 2004. See Annex 2.3 for details. An episode is classified as having high fiscal policy procyclicality if the correlation between real government spending growth and the change in the smoothed net commodity terms of trade during the cycle is higher than the overall sample median (and having low fiscal policy procyclicality otherwise). A country is classified as having a high credit-to-GDP ratio if credit to the private sector (as a share of GDP) during the upswing is higher than the sample median (and having a low credit-to-GDP ratio otherwise).