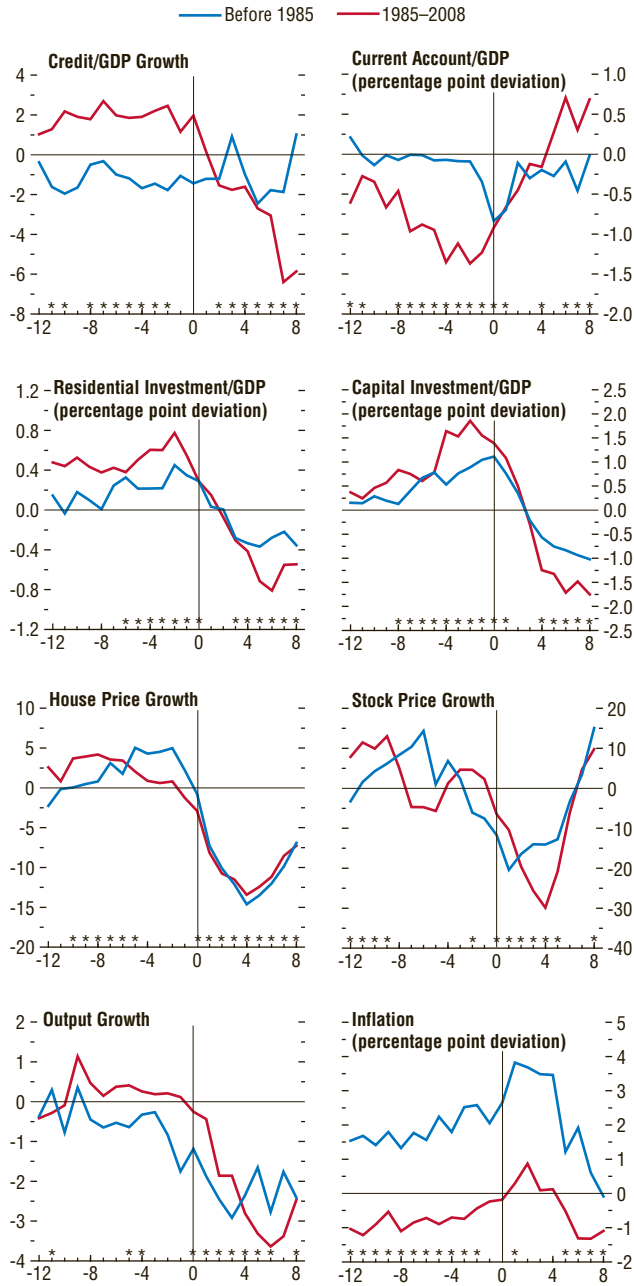


Figure 3.2. Selected Macroeconomic Variables before and during House Price Busts

(Median percent deviation from trailing eight-year moving average, unless otherwise noted; asterisk indicates statistically significant difference of post-1985 deviation from zero; † = 1 denotes first quarter of bust)

Since 1985, house price busts have been typically preceded by large deviations in credit relative to GDP, the current account balance, and investment. Output and inflation, on the other hand, do not display such large deviations.



Source: IMF staff calculations.