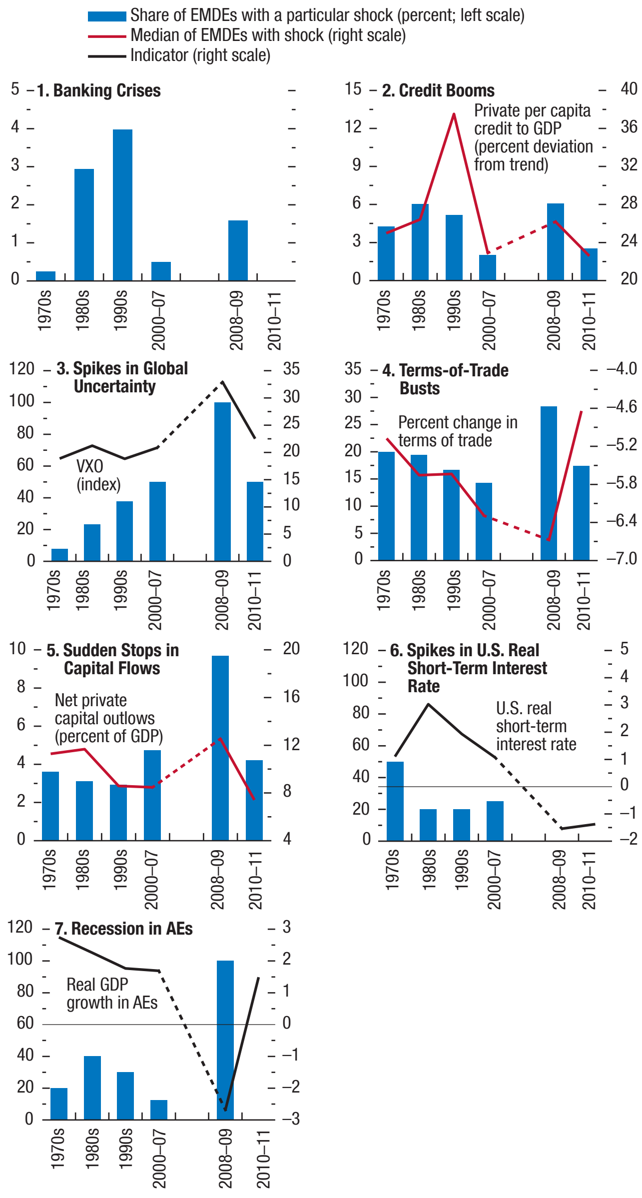
Figure 4.10. Frequency of Various Types of Domestic and External Shocks to Emerging Market and Developing Economies

(Percent unless noted otherwise)

There is no clear downward trend in the frequency of shocks to these economies. Although domestic shocks (banking crises and credit booms) were less frequent in the 2000–07 period compared with the 1980s, the frequency of external shocks has varied. The frequency of global uncertainty spikes and sudden stops in capital inflows increased between the 1980s and 2000–07, while the frequency of terms-of-trade shocks and advanced economy recessions declined over the same period. Many of these shocks reemerged in 2008–09 but have become less common in the past two years.



Source: IMF staff calculations.

Note: Economy groups are defined in Table 4.3 of Appendix 4.1. AE = advanced economy; EMDE = emerging market and developing economy; VXO = Chicago Board Options Exchange S&P 100 volatility index. In panels 1, 2, 4, and 5, bars represent the share of EMDEs hit by the shock (banking crises, credit booms, terms-of-trade busts, sudden stops in capital flows) in each subperiod. In panels 3, 6, and 7, bars represent the share of years with shocks (spikes in global uncertainty, spikes in U.S. short-term real interest rate, recessions in AEs) in each subperiod.