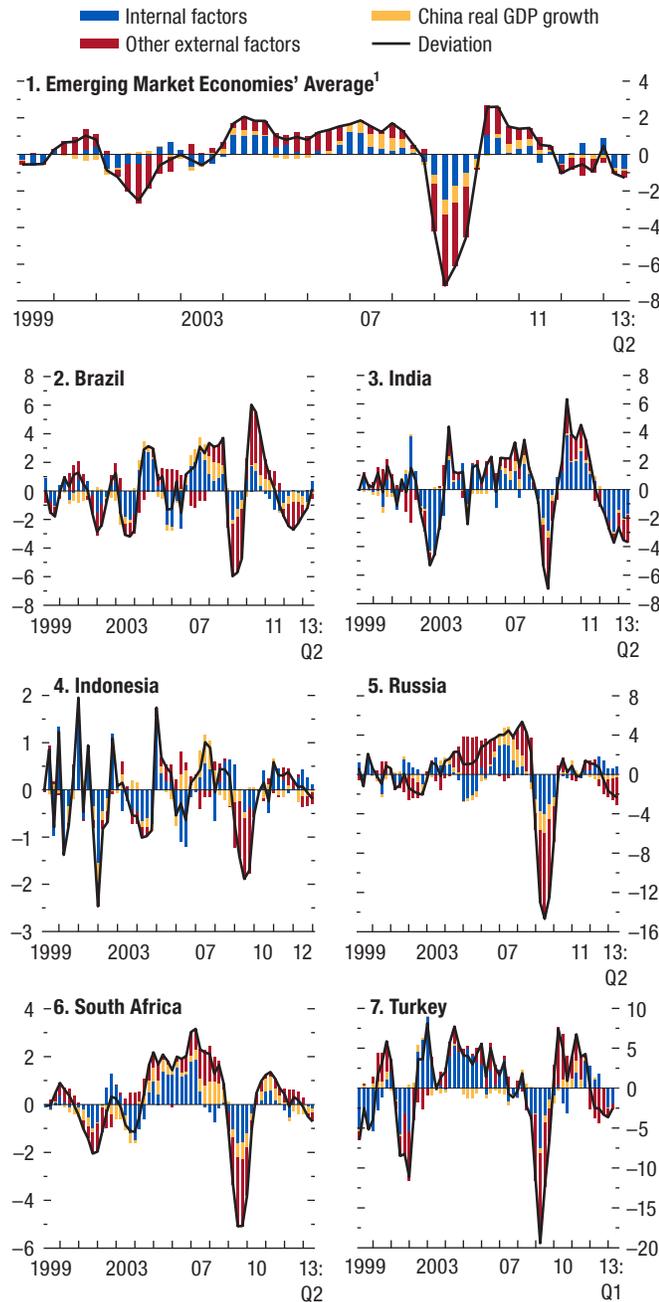


Figure 4.10. Historical Decomposition of Real GDP Growth with China as an Explicit External Factor
(Percentage points)

China has been an important offset to other external factors in explaining changes in emerging market growth. During the global financial crisis, China's expansion provided a buffer for emerging market growth. China's recent slowdown, however, has reduced growth in these economies.



Sources: Haver Analytics; Thomson Reuters Datastream; and IMF staff calculations.

Note: The underlying vector autoregression model includes U.S. real GDP growth, U.S. inflation, 10-year U.S. Treasury bond rate, China real GDP growth, J.P. Morgan Emerging Market Bond Index yield, and terms-of-trade growth in the external block.

¹Average for all sample economies except Argentina, China, Russia, and Venezuela.