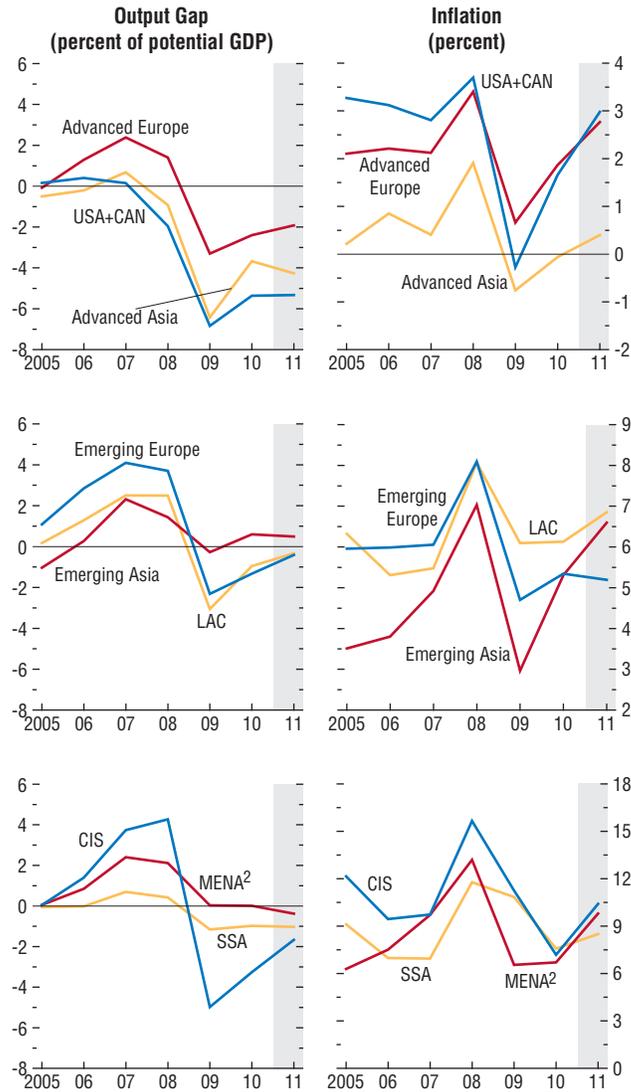


**Figure 2.2. Output Gaps and Inflation<sup>1</sup>**

Economies that experienced the worst financial crises are still struggling with modest growth and persistent economic slack. Others are growing relatively strongly, with many emerging and developing economies hitting up against capacity constraints. Notwithstanding economic cycles, inflation remains elevated, reflecting resurgent commodity prices earlier in the year as well as demand pressures in some economies.



Source: IMF staff estimates.

<sup>1</sup>Advanced Asia: Australia, Japan, and New Zealand; CIS: Commonwealth of Independent States; LAC: Latin America and the Caribbean; MENA: Middle East and North Africa; SSA: sub-Saharan Africa; USA+CAN: United States and Canada. Regional aggregates are computed on the basis of purchasing-power-parity weights.

<sup>2</sup>Excludes Libya for the projection years due to the uncertain political situation. Projections for 2011 and later exclude South Sudan.