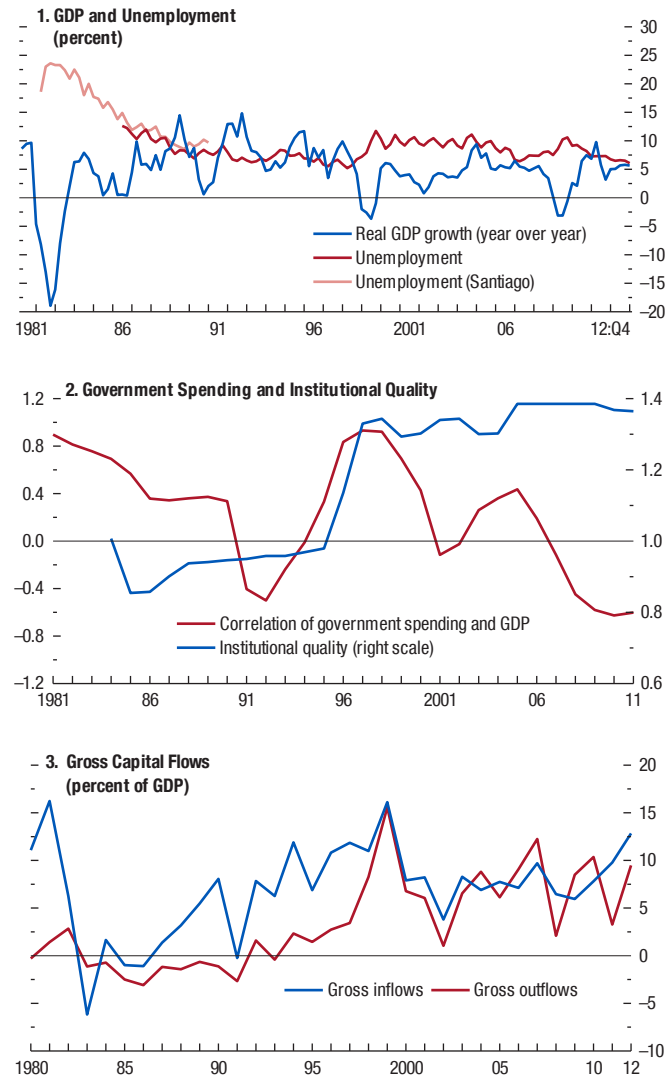


Figure 4.6. Chile

Since the late 1990s, Chile has followed a policy mix of inflation targeting, a floating exchange rate, and free capital flows. It has also improved its general institutional quality and implemented more countercyclical fiscal policy. The net effect has been that fluctuations in gross capital inflows are buffered by gross capital outflows, and the country has been much less affected by fluctuations in gross inflows than in the past.



Sources: Haver Analytics; IMF, *Balance of Payments Statistics*; IMF, *International Financial Statistics*; PRS Group, Inc., *International Country Risk Guide*; and IMF staff calculations.