



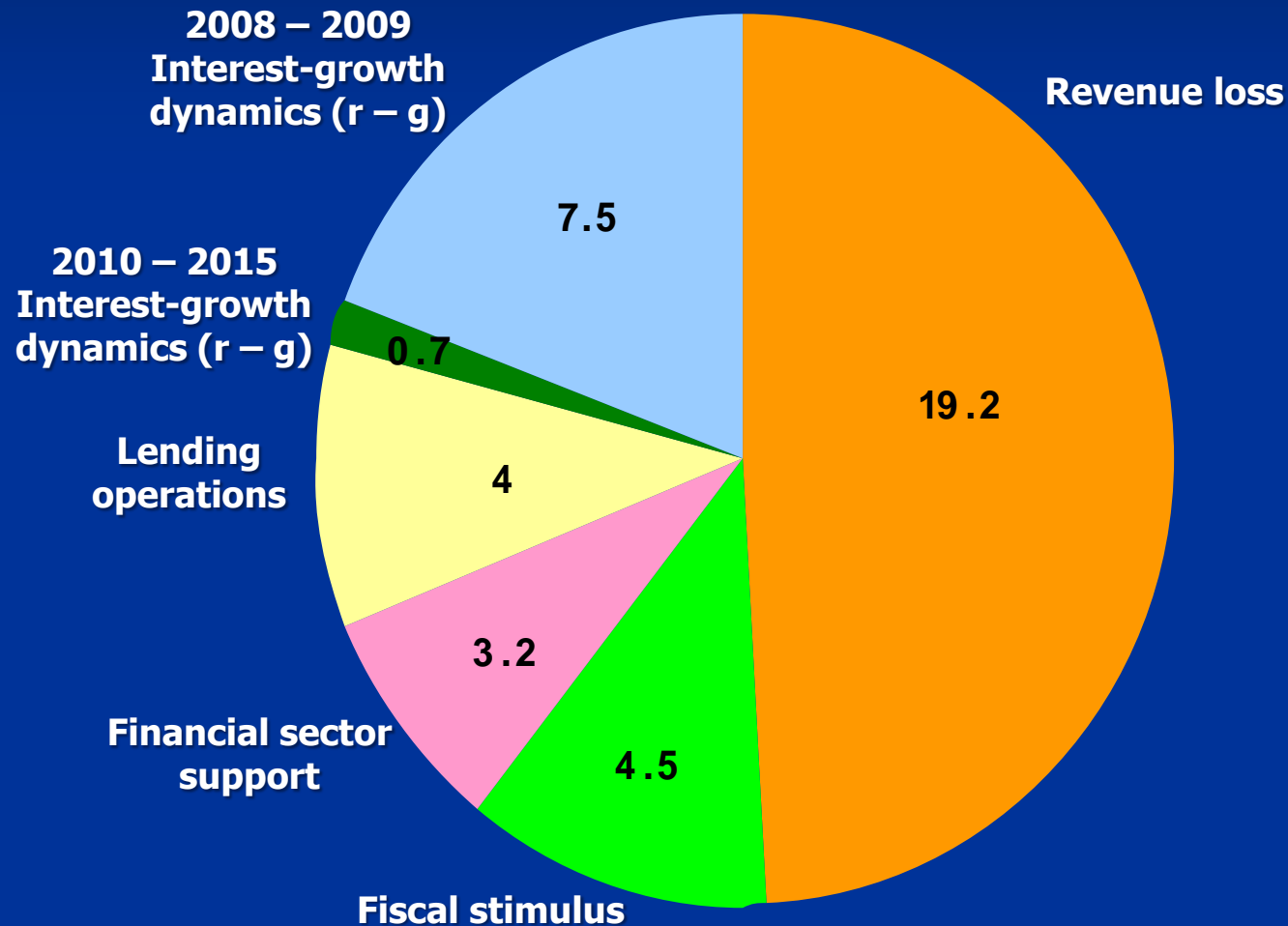
Fiscal Outlooks

Olivier Blanchard

June 10, 2010

G-20 Advanced Economies: Increase in Public Debt, 2008 - 2015

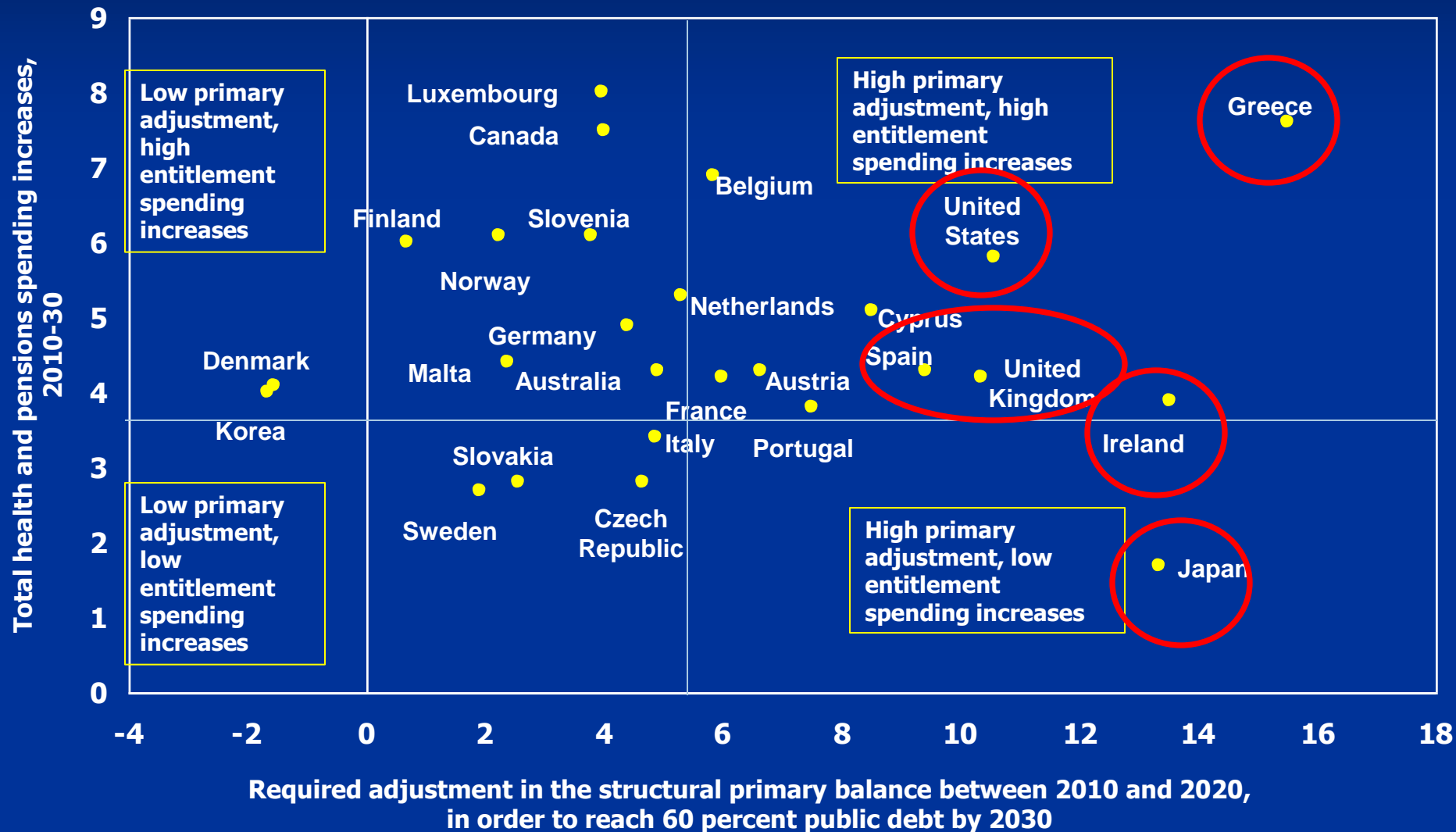
(Total increase: 39.1 percentage points of GDP; 2009 PPP weighted GDP)



Source: IMF staff estimates based on the April 2010 WEO.

The Size of the Required Fiscal Adjustment

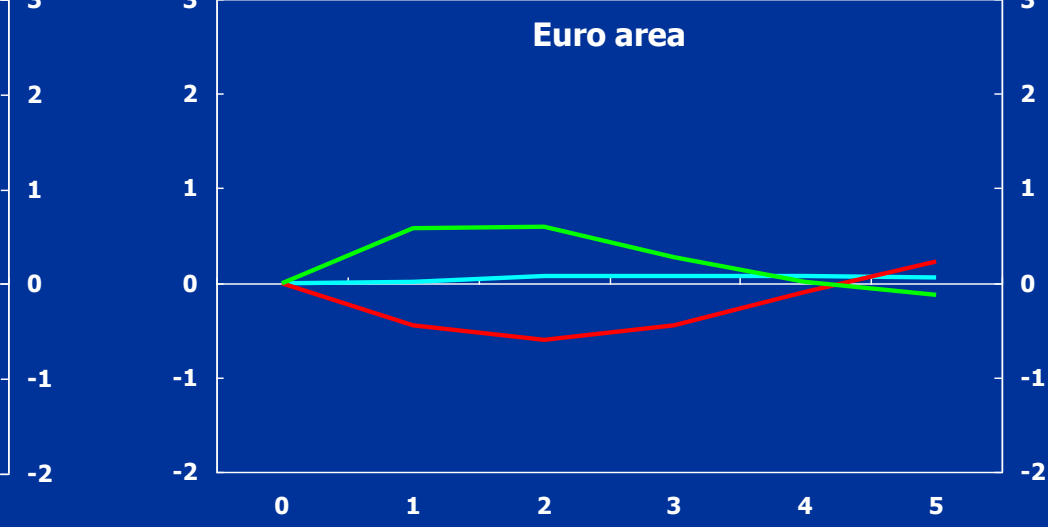
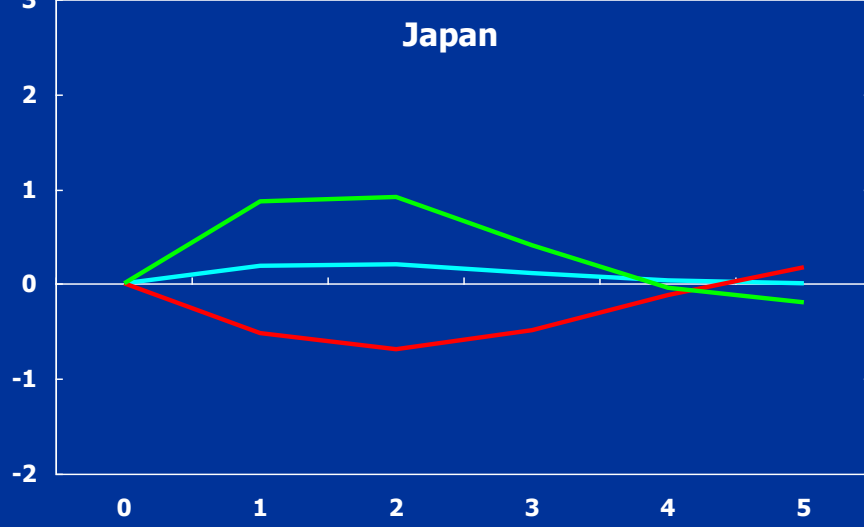
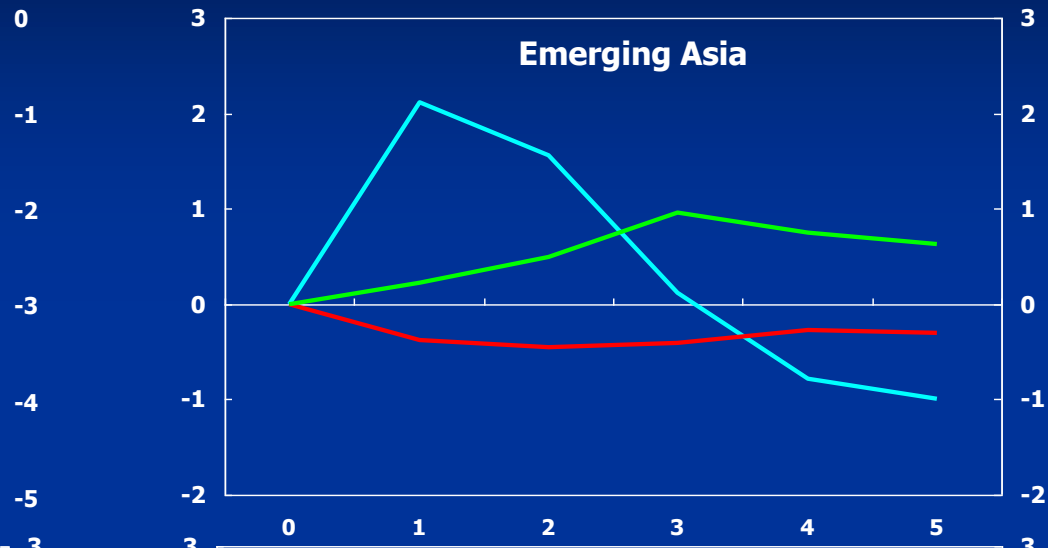
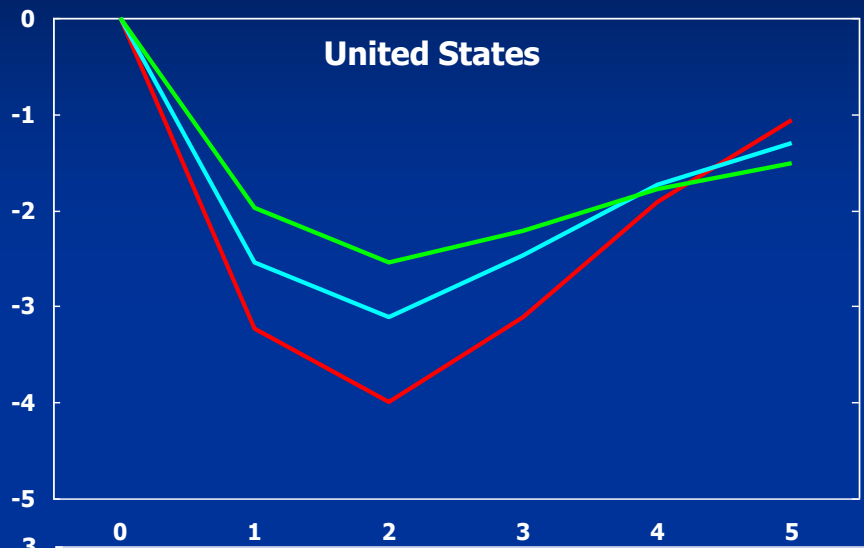
(in percent of GDP)



On Rebalancing

(Real GDP, percent deviation from baseline)

- Increase in US Saving Rate 1/
- Increase in US Saving Rate and Decrease in Emerging Asia Saving Rate 1/
- Increase in US Saving Rate and Decrease in Saving Rate and More Flexible Exchange Rate in Emerging Asia 2/



1/ Limited exchange rate flexibility (crawling peg) in Emerging Asia.
2/ Floating exchange rate in Emerging Asia, following large initial appreciation.

