SCAPE Seminar: IMF April 2014 World Economic Outlook:
Recovery Strengthens, Remains Uneven

Chapter 4: On the Receiving End? External Conditions and Emerging Market Growth Before, During, and After the Global Financial Crisis

Speaker: Aqib Aslam
Research Department, International Monetary Fund

Date: 8 April 2014 TUESDAY

Time: 4:00pm-5:30pm

Venue: The Shaw Foundation Building, Block AS7, level 1, # 0102, 5 Arts Link, National University of Singapore, 117570

Chair: Tilak Abeysinghe
Department of Economics, NUS

Abstract:

This chapter finds that external factors induce significant fluctuations in emerging market economies' growth, explaining about half of the variance in their growth rates. Higher growth in advanced economies benefits emerging markets even though it is accompanied by higher global interest rates. A tighter external financing environment, stemming from a higher risk premium on emerging markets' sovereign debt, reduces...
their growth. The payoffs from positive demand shocks are greater for economies that have strong trade ties with advanced economies and lesser for economies that are financially open. Adverse external financing shocks hit economies that are financially open, as well as those with limited policy space. China itself has become a key external factor for other emerging markets in the past 15 years—its strong growth provided a buffer during the global financial crisis. China's recent slowdown has, however, weighed on emerging markets' growth. Despite the importance of external factors, how much emerging markets are affected also depends on their internal policy responses. The influence of these internal factors has risen in the past two years, although they appear to be reducing rather than spurring growth in some key economies, including China. The persistent dampening effect from internal factors in recent years is a concern, suggesting that trend growth could be affected as well.

About the Speaker

Aqib Aslam is an Economist in the World Economic Studies Division of the Research Department at the International Monetary Fund, having worked previously in the European and Fiscal Affairs Departments. Prior to joining the IMF in 2010, he also worked at Goldman Sachs International, the Bank of England and the UK Government Economic Service, as well as studying for a Ph.D. at the University of Cambridge. His research interests include applied macroeconomics and econometrics.

Admission is free and all are welcome.

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