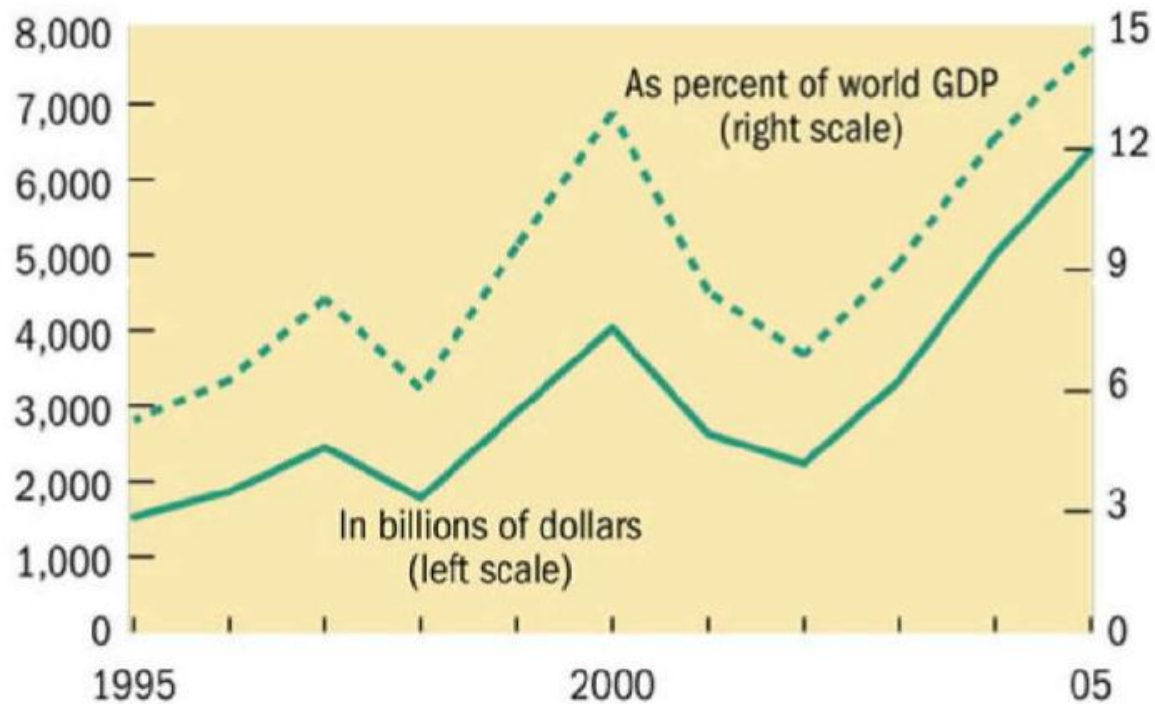


Chart 1

Gross global capital flows have surged since 1995.



Source: IMF, *International Financial Statistics*.

Chart 2

Europe has led the way . . .

(global capital flows, billion dollars)

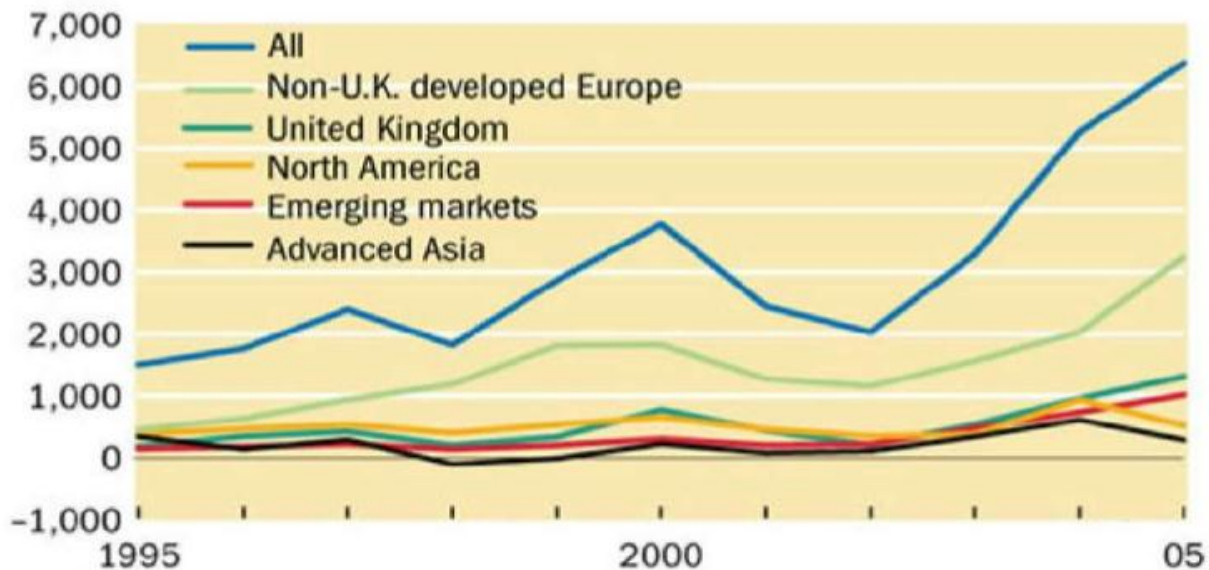
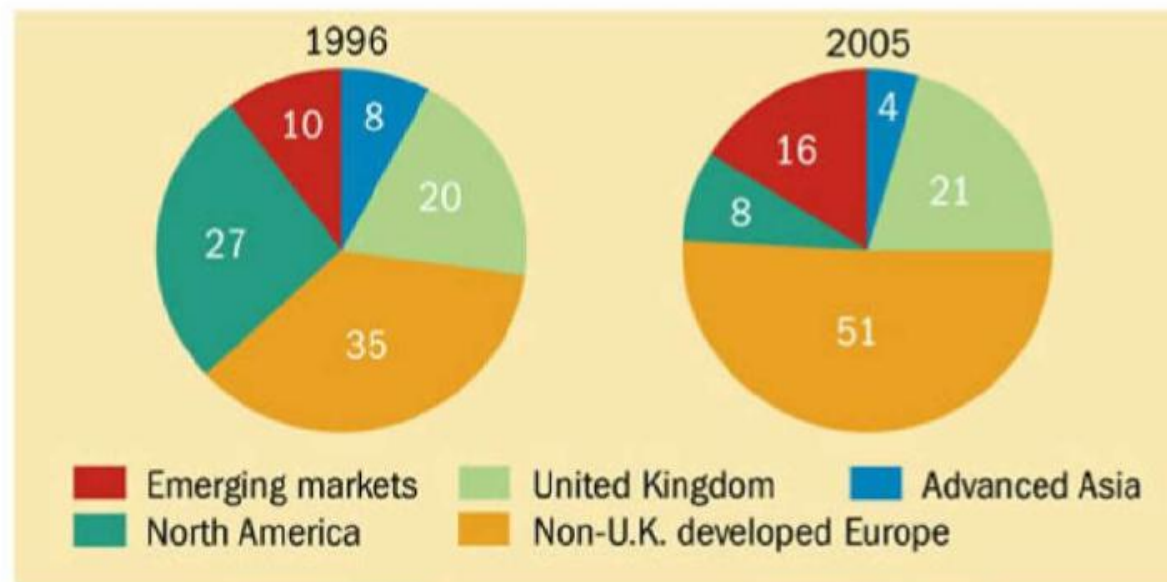
Source: IMF, *International Financial Statistics*.

Chart 2b

... with its share increasing from 55 percent to 72 percent in the past decade.

(share in global capital outflows, percent)

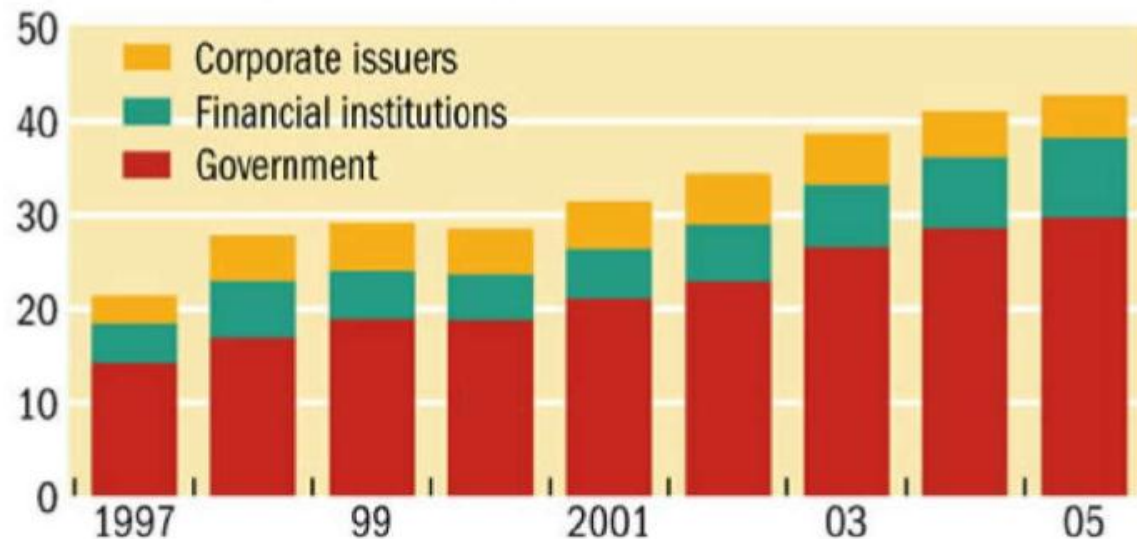


Source: IMF, *International Financial Statistics*.

Chart 3

Local emerging bond markets are growing rapidly.

(selected emerging markets' outstanding domestic debt, percent of GDP)



Source: Bank for International Settlements.

Chart 4

Paradoxically, emerging market countries are a key provider of capital to mature markets.

(global capital flows, billion dollars)¹

(percent)



Source: IMF, *International Financial Statistics*.

¹Excluding United Kingdom and mature Europe.

Chart 5

These flows are mainly in the form of official reserve flows into U.S. long-term securities.

(billion dollars)

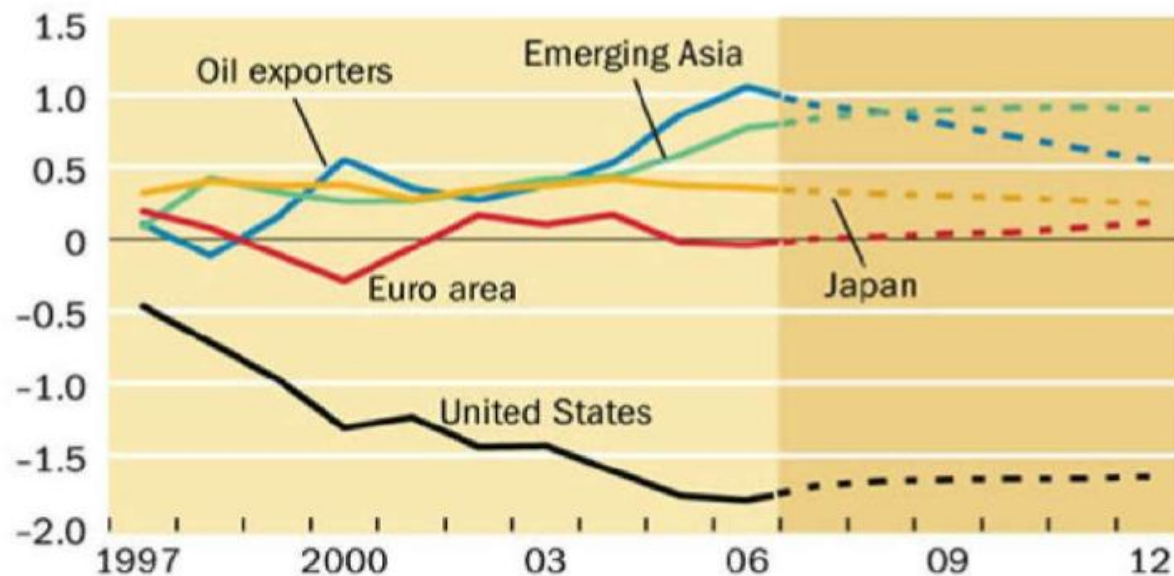


Source: U.S. Federal Reserve, Flow of Funds data.

Chart 6

The sizable U.S. current account deficit mirrors the surpluses in Asia and the oil exporters . . .

(current account balances, percent of world GDP)



Sources: IMF staff estimates; Haver Analytics; and IMF, *International Financial Statistics*.