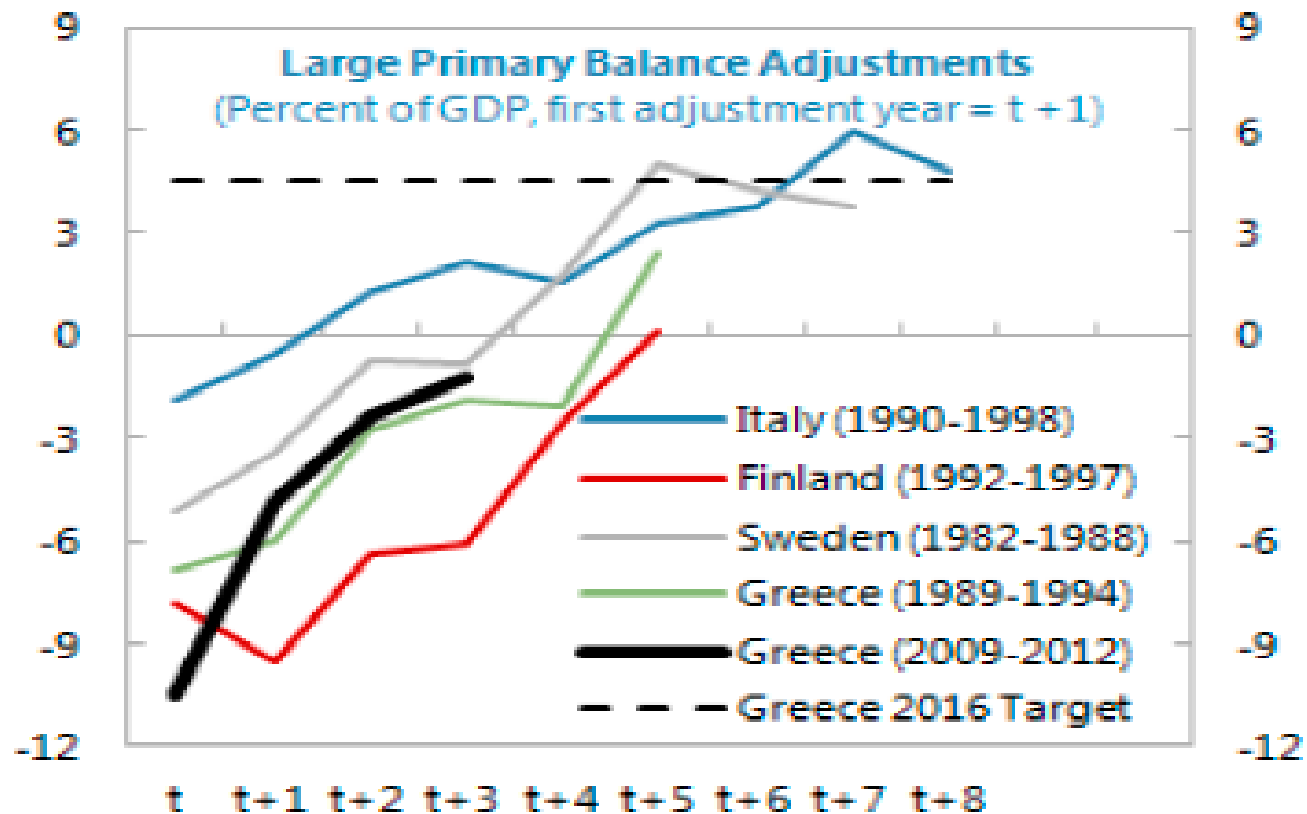


2. Adjustment: CA deficits + unemployment require Absorbtion Reduction + Expenditure Switch from non-tradables to tradables (difficult in EUZ)

- There was a huge front-loaded fiscal consolidation ...



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.