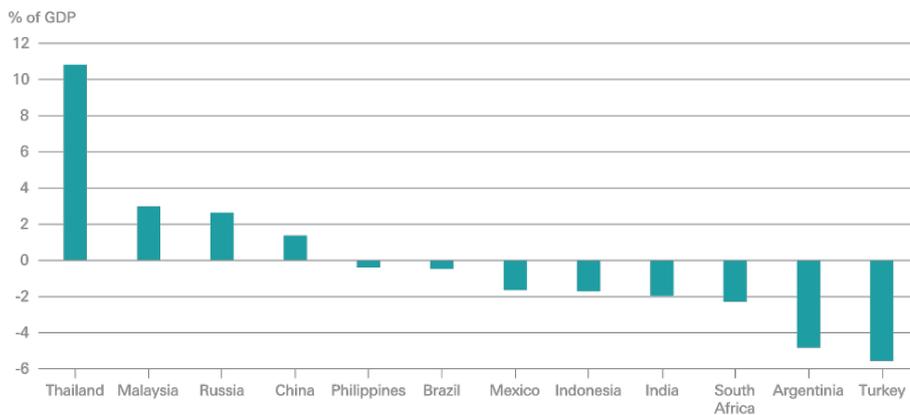


Chart of the week

Most emerging markets are running current account surpluses, making them less dependent on foreign financing

Emerging markets have been in the headlines lately. After performing strongly for quite a while, markets all of a sudden started to focus on risks again. Elke Speidel-Walz, Chief Economist Emerging Markets at DWS, is not concerned for the overall asset class. In particular, she points at the development in current account balances: Only two of the 20 most important Emerging Market countries¹ run a current account deficit of more than 3% of GDP, as our "Chart of the Week" demonstrates. It is probably not a coincidence that precisely these two countries, Turkey and Argentina, find themselves under pressure, facing a depreciating currency, which in turn forces the central bank to hike rates substantially. Other countries, with sound current account balances, should manage to withstand external headwinds relatively well.



■ Current account balance 2017

Sources: IMF World Economic Outlook, Deutsche Asset Management Investment GmbH as of 05/28/18

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Glossary

Current account

The **current account** includes trade in goods and services, a net-factor-income balance (e.g. earnings on foreign investments and cash transfers from individuals working abroad) and transfers (e.g. foreign aid). It is a part of the balance of payments.

Emerging markets (EM)

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

Gross domestic product (GDP)

The **gross domestic product (GDP)** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

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