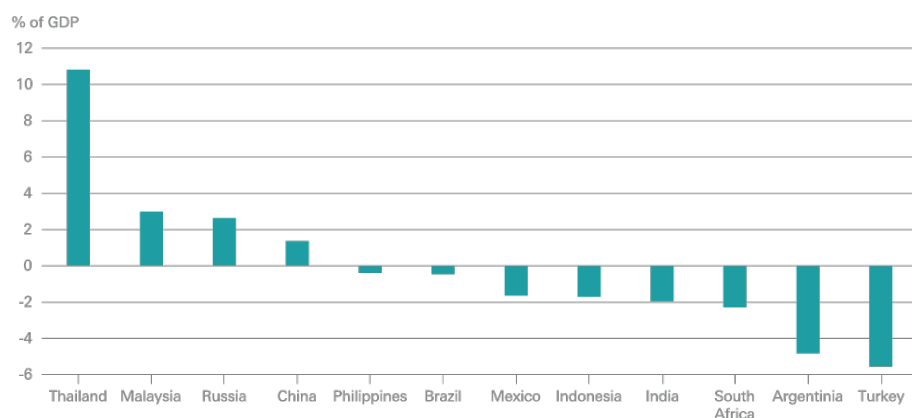


## Chart of the Week

### 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 countries<sup>1</sup> 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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