

IMF DSAx Glossary

Term	Definition	Acronym
Above the line operation	Any accounting operation that is added or deducted before the final sum is reached; in terms of debt, macro operations and calculations that don't look into the underlying characteristics of the portfolio.	
Accrual basis	An accounting method that records transactions when the ownership of a good or of an asset changes hand, or when the provision of a service and factor of production takes place, regardless of when payment is made or received. See also Cash Basis.	
Actual Output	All goods and services produced by enterprises and made available to other enterprises and consumers. Output is calculated as the sum of total sales and net changes in inventories. Several different types of output can be distinguished: (i) products that are sold; (ii) products that are bartered; (iii) products that are destined for own-account uses; and (iv) products that are added to inventories.	Y
Adjustment Fatigue, debt	A point or situation at which fiscal policy stops responding to debt, which can lead to dangerous or explosive debt paths; a maximum primary surplus under which debt can be considered sustainable.	
Amortization	Reimbursement of the principal of a debt. Amortization is distinguished from interest, which is a charge for the use of borrowed money. Amortization and interest are recorded in the BOP at the time they are due.	
Appreciation, nominal	An increase in the value of the domestic currency due to a shift in market conditions, as a result of which more units of foreign currency are required to obtain one unit of domestic currency (or, vice-versa, one unit of the domestic currency purchases more units of foreign currency). In case of nominal appreciation, the nominal exchange rate, defined as the amount of foreign currency needed to obtain one unit of domestic currency, increases.	
Appreciation, real	An increase in the real exchange rate, due to changes in domestic prices, foreign prices, or the nominal exchange rate. As a result of a real appreciation, the price of domestic goods increases relative to the price of foreign goods, once both are expressed in the same currency.	
Arrears	A payment "falls into arrears" if it is not made when due. Arrears constitute a stock of outstanding debt.	
Asset	Economic assets are resources over which ownership rights are enforced and from which future economic benefits may flow to the owner.	A

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Assets, external	Assets owned by residents and from which they can derive future economic benefits from non-residents.	
Assets, financial	Financial assets consist of claims and the gold bullion component of monetary gold.	
Asymmetric Fan Chart	A fan chart in which either upside or downside risks are more likely (and thus the fan shape is not centered around the baseline); asymmetric fan charts capture the analyst's best assessment of the likely balance of risks.	
Autocorrelation	The cross-correlation of a variable with itself over time.	
Automatic Debt Dynamics (closed economy)	The impact of interest rates and GDP growth on debt (primary balance =0).	
Automatic Debt Dynamics (open economy)	The impact of interest rates, exchange rate fluctuations, and GDP growth on debt (primary balance =0).	
Automatic Stabilizers	Government spending, tax policies and/or welfare spending that act to dampen fluctuations in real GDP.	
Automatic stabilizers, general	A feature of an economic system that automatically cools an overheated economy or slows the fall of an economy in recession. For example, unemployment benefits partly maintain the purchasing power of the private sector when the economy is in recession.	
Average Time to Maturity	A time weighted average to maturity of all the principal repayments in the debt portfolio.	ATM
Average Time to Re-fixing	A time weighted average until all principal payments in the debt portfolio become subject to a new interest rate.	ATR
Background Sheets (LIC DSA)	Sheets that read from the Input sheets to perform the background calculations and produce the numbers and figures in the output sheets.	
Back-loaded adjustment	A type of fiscal adjustment designed to phase in fiscal changes over time.	
Balance of payments	A statement that summarizes the transactions between the residents of an economy and nonresidents during a specific period, usually a year. Transactions recorded in the BOP include the exchange of goods, provision of services and factor of production, donations and transfers, exchange of assets, incurrence and extinction of liabilities. The BOP is recorded on an accrual basis.	BOP
Balance sheet	A summary of the stock of assets and liabilities of an economic unit on a given date.	
Banking Crisis	A financial crisis that affects banking activity; a banking crisis may often include a run on banks, panic, a large number of defaults and potentially a government intervention to rescue banks.	

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Bank-Sovereign Interdependence	The two-way link between the fate of bank and government balance sheets; damage to the balance sheets of either group can have a detrimental impact on the other.	
Basic DSA (MAC DSA)	The first step of the MAC DSA; the basic DSA is the only analysis required for lower scrutiny countries; consists of (1) the projection of a baseline scenario for public debt based on the assumptions underlying the macroeconomic framework, (2) testing the baseline to analyze how the materialization of various risks would affect the public debt trajectory under two standardized alternative scenarios, and (3) analysis of customized alternative scenarios based on country-specific fiscal risks.	
Below-the-Line Operation	A transaction that occurs after main transactions have been accounted; examples include the sale or purchase of financial assets or one-off factors affecting the debt stock.	
Black Box Effect	A situation in which multiple explanatory variables change at the same time and each of their impact on the dependent variable is ambiguous; occurs in a stochastic simulation as all variables tend to be shocked at the same time.	
Bond	Any security issued by the government or a private entity that promises the holder a fixed interest payment at regular intervals and the amount of principal at maturity.	
Bond Yield	The amount of return realized on a bond.	
Boom-Bust	An economic cycle in which a period of high growth (above potential) is followed by a period of low growth (below potential).	
Boom-Bust Tool (MAC DSA)	The boom-bust tool compares the growth projections for a particular country to the historical experience of boom-bust cases to serve as a reality check for growth countries; the tool is triggered when a country is defined as to have been in a boom: if (1) it has had a positive output gap during the last 3 consecutive years or (2) has experienced 3-year cumulative level change in private sector credit-to-GDP exceeding 15% for EMs or 30% for AEs.	
BOP Crisis	See currency crisis.	
Borderline Case (LIC DSA)	It is the case when the largest (near) breach of a threshold falls within the 10 percent band.	
Budget Balance	see fiscal balance.	

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Calendar Year	A cyclical year from the beginning of January to the end of December.	CY
Capital	Wealth in the form of money or other assets owned by a person or entity, typically available to fund particular investment projects.	K
Capital Account	The capital account in the international accounts shows (a) capital transfers receivable and payable between residents and nonresidents and (b) the acquisition and disposal of non-produced, nonfinancial assets between residents and nonresidents.	
Capital account balance	The balance on the capital account, that is capital account credit entries minus capital account debit entries.	KAB
Capital expenditures (government)	Purchases of land, intangible assets, government stocks, and nonmilitary equipment that will be used for more than one year. Capital expenditures are sometimes recorded in a separate capital account.	
Capital Inflows	Also known as foreign direct investment; the movement of money into a country for the purpose of investment, trade or business production.	
Capital Market	Financial markets for the buying and selling of long-term debt or equity-backed securities.	
Capital Outflows	The movement of money out of a country for the purpose of investment, trade or business production abroad.	
Cash basis	An accounting method that records transactions when payment is made or received. See also Accrual Basis.	
Causation	The tendency for one variable to change as a result of changes in another variable.	
CDS Spreads	An amount charged by the seller of the CDS to insure against a credit event; higher spreads are an indicator of higher risk of default.	
Central Bank	The central bank is the national financial institution (or institutions) that exercises the control over key aspects of the financial system and carries out such activities as issuing the currency, managing international reserves, transacting with the IMF, and providing credit to Other Depository Corporations.	
Claim, financial	A claim is a financial instrument that gives rise to an economic asset that has a counterpart liability.	
Closed economy	An economy that is self-sufficient; one that does not rely on trade, and hence has no imports nor exports	c_v
Coefficient of Variation	A normalized measure of a probability or frequency distribution.	CoV

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Cointegration	Cointegration is a statistical property of time series variables. Two or more time series are cointegrated if they share a common stochastic drift.	
Combined Macro-Fiscal Shock (MAC DSA)	A "worst of all cases" scenario that incorporates the largest effect of the other shock scenarios on the relevant variables.	
Commercial/Private Loan	A loan offered by domestic and international banks at market rates; such loans are typically more expensive than bonds but usually carry a lower cost of carry.	
Competitiveness	The ability of an agent or country to produce or sell compared to others.	
Concessional Loan	A loan offered by multilateral and bilateral official creditors usually at a very low cost for the borrower; the grant element of a concessional loan is around 35%.	
Concessional Loan	A condition of a loan in which the total future payment of the loan is cheaper than what you borrow in present value terms; a loan is typically considered to be concessional if its grant element is equal to or larger than 35%.	
Confidence Bands	A band which represents the uncertainty of a function based on limited knowledge of future variables.	
Consistency Checks	Cells in Excel templates that allow the user to see if he/she made any errors in assumptions, data; should be close to zero or else some large bias may be unaccounted for.	
Consumption, government	Government final consumption expenditure. Expenditures incurred by the government for the final use of goods and services and the collective use of services. Because the consumption of government services cannot be allocated among those who benefit from them, it is attributed to the government.	C_g
Contingent Liabilities	Government financial interventions which arise out of explicit and implicit guarantees to various public and private entities; more generally, a financial obligation that may be incurred by an entity, depending on the outcome of a future (usually negative) event.	CLs
Contractionary Monetary Policy	Seeking to contract the money supply, typically by selling short-term government bonds in order to raise short-term market interest rates.	
Correlation	The relationship between changes in two variables	

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Cost of Carry	Costs incurred as a result of an investment position. These costs can include financial costs, such as the interest costs on bonds, interest expenses on margin accounts and interest on loans used to purchase a security, and economic costs, such as the opportunity costs associated with taking the initial position.	
Cost of Strategy (MTDS)	The overall cost of a debt management strategy based on cost indicators (interest payments, amount of debt, etc.)	
Cost-Risk Tradeoff	A tradeoff between the riskiness of debt instruments in one's portfolio and the cost/price of acquiring/issuing these instruments or the portfolio in which they exist.	
Countercyclical	Any aspect of economic policy that could dampen economic or financial fluctuations; countercyclical policies tend to work against the central tendencies in the economy and serve to cool down the economy during upswings and stimulate the economy during downturns; more generally, any variable that is negatively correlated with the overall state of the economy is said to be countercyclical.	CPIA
Country Policy and Institutional Assessment (CPIA) Index	An index rating given to country's based on a set of criteria in 4 main clusters: economic management, structural policies, policies for social inclusion and equity and public sector management and institutions.	
Country Report	IMF publications that document economic and financial developments and trends in member countries; each report, prepared by a staff team after discussions with officials of the country, is published at the option of the member.	
Covariance	A descriptive statistic that provides a measure of how much two random variables change together.	Cov
Credit entry (+)	An entry in the BOP that reflects a reduction in physical and financial assets. Includes a reduction in the stock of goods in an economy (exports) or a reduction in the stock of a residents' foreign financial assets (repatriation of capital). It also reflects an increase in foreign financial liabilities (debt resulting from foreign borrowing) and transfers received.	
Credit-Default Swap	A financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event.	CDS
Creditor	A party that has a claim on the services of a second party; a person or institution to whom money is owed; one that extends credit or lends to another party.	
Creditor Base	The size, composition and residence of a country's creditor pool	

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Cross-Sectional Data	Cross-sectional data, or a cross section of a study population, in statistics and econometrics is a type of one-dimensional data set. Cross-sectional data refers to data collected by observing many subjects (such as individuals, firms or countries/regions) at the same point of time, or without regard to differences in time. Analysis of cross-sectional data usually consists of comparing the differences among the subjects.	
Currency Composition	The share of assets or liabilities held in various currencies.	
Currency Crisis	Also known as a Balance of Payments crisis; a sudden devaluation of a currency which often ends in a speculative attack (precipitous acquisition) of the currency in the foreign exchange market; a currency crisis is usually accompanied by sharp depreciation, a large increase in interest rates, and/or a large fall in reserves.	
Currency in circulation	Currency that is in the hands of the public, or currency outside banks. It is measured by subtracting cash held by Other Depository Corporations from the amount of currency that has been issued by the central bank.	CIC
Current Account	The portion of the BOP that records transactions in goods, services, return accrued or payable for providing or using factors of productions, and current transfers.	CA
Current account balance	The balance on the current account of the BOP, that is the difference between the credit and the debit entries of the current account. If the balance is positive, the current account is in surplus-that is, credit entries exceed debit entries. If the balance is negative, the current account is in deficit.	CAB
Customized Scenarios (MAC DSA)	In the MAC DSA, the user can create two custom scenarios by changing key macro-fiscal variables.	
Customized Sensitivity Analysis (MAC DSA)	The MAC DSA template allows the user to develop customized stress tests to the baseline scenario to illustrate the potential impact of adverse shocks on the baseline	
Cyclically-adjusted primary balance	The primary balance which is obtained when actual output is equal to potential output.	CAPB
Debit entry (-)	An entry in the BOP that reflects an increase in physical and financial assets. Includes an increase in the stock of goods in an economy (imports), an increase in holdings of foreign financial assets (capital outflow), or a reduction in foreign financial liabilities (amortization of foreign debt), or transfers made.	

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Debt	Financial claims that require payment(s) of interest and/or principal by the debtor to the creditor at a date in the future.	D
Debt Distress	An explicit assessment of a country's risk of external debt distress. The rating is based on an analysis of PPG external debt in the external DSA.	
Debt dynamics	The interaction of macroeconomic and macro-fiscal variables that have an impact on debt.	
Debt Financing Profile	The characteristics of a country's debt, including debt maturity, currency composition and creditor base.	
Debt forgiveness	Debt forgiveness is the voluntary cancellation of all or part of a debt obligation within a contractual agreement between a creditor and a debtor.	
Debt Limit	A debt level beyond which government loses control of debt dynamics and debt is on an explosive path.	
Debt Momentum	The idea that the higher the debt-to-GDP ratio gets, the less likely it is to run sufficiently large primary surpluses to service such debt in the future; a cycle of debt-deficit-debt.	
Debt overhang	A situation in which the sovereign's debt stock exceeds its capacity to repay it; a debt burden that is so large that an entity cannot borrow to help service it; a condition in which the expected tax burden of debt is so high that it dissuades current investment/consumption and hence serves as a drag on economic activity.	
Debt Portfolio	A combination of debt instruments into a group classified based on their risk and return.	
Debt Profile	The characteristics (i.e. size, maturity, risk, yield, currency composition, etc) of a country's debt portfolio.	
Debt Profile Vulnerability Indicators (MAC DSA)	Risks of debt distress based on the characteristics of a country's debt, such as (1) bond yield spreads, (2) external financing requirements, (3) share of public debt held by non-residents; (4) share of public debt in foreign-currency and (5) the annual change in the share of short-term debt at original maturity.	
Debt Re-fixing	The action of setting a new interest rate on debt after principal payments have ended on the old debt.	
Debt restructuring	Also known as debt reorganization; an arrangement involving both the creditor and the debtor (and sometimes third parties) that alter the terms established for servicing existing debt.	
Debt Service	Payments on debt (interest + amortization) that fall due during the current period.	DS
debt service schedule	Maturity and payment frequency of one's debt.	

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Debt Sustainability (Academic Definition)	See intertemporal solvency; the expected present value of future primary balances covers the existing stock of debt; debt is sustainable if the intertemporal solvency condition is satisfied.	
Debt Sustainability (Economic Policy Definition)	The condition under which a country (or its government) does not, in the future, need to default or renegotiate or restructure its debt, or make implausibly large policy adjustments.	
Debt Sustainability (Pragmatic Definition)	Debt is sustainable if projected debt ratios are stable or decline, while also being sufficiently low as to avoid default.	
Debt Sustainability Analysis	An analysis of a country's capacity to finance its policy objectives and service the ensuing debt without unduly large adjustments, which could otherwise compromise its stability	DSA
Debt Sustainability Analysis for Low-Income Countries	Debt sustainability analysis for low income countries (LICs).	LIC DSA
Debt Sustainability Framework	The framework within which all DSAs are produced, so as to ensure comparability across DSAs produced for different countries.	DSF
Debt Sustainability Framework for Low-Income Countries	Debt sustainability framework for low income countries (LICs). It is a tool developed jointly by IMF and World Bank staff to conduct public and external debt sustainability analysis in LICs. It is to help guide the borrowing decisions of LICs, provide guidance for creditors' lending and grant allocation decisions, and improve World Bank and IMF assessments and policy advice.	LIC DSF
Debt-Burden Indicators	Various ratios of debt stock or debt service to measures of repayment capacity	
Debtor	A party that owes a debt to a second party; a person or institution that owes money; one that borrows from another party.	
Debt-stabilizing adjusted balance	The adjusted surplus needed to keep debt-to-GDP constant; equal to automatic debt dynamics.	ab*
Debt-stabilizing primary balance	The primary surplus needed to keep debt-to-GDP constant; equal to debt dynamics; proportional to the gap between the real interest rate and real growth rate (closed economy).	pb*
Debt-to-GDP Ratio	The ratio of a country's gross public debt to its gross domestic product	d or D/GDP
Debut Spread	The spread between the price of an instrument at its issuance and its subsequent price when sold in the market.	

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Default	A party is unwilling or unable to pay their debt obligations; a government is unable to pay its creditors.	
Default Risk	The chance that a party defaults; creditors or investors usually require a premium on return to account for the debtor's level of default risk.	
Demarcation (Constant Debt) Line, debt	A line along which the primary surplus is keeping the debt-to-GDP ratio stable over time; the slope of the demarcation line is equivalent to automatic debt dynamics/the positive snowball effect ($r > g$); above the demarcation line, debt is falling over time and below the line, debt is rising over time.	
Deposit Insurance	A measure implemented by many countries to protect bank depositors, in full or in part, from losses caused by a bank's inability to pay its debt when due.	
Depreciation, nominal	A decrease in the value of the domestic currency due to a shift in market conditions, as a result of which fewer units of foreign currency are required to obtain one unit of domestic currency (or, vice-versa, one unit of the domestic currency purchases less units of foreign currency). In case of nominal depreciation, the nominal exchange rate, defined as the amount of foreign currency needed to obtain one unit of domestic currency, decreases.	E
Depreciation, real	A decrease in the real exchange rate, due to changes in domestic prices, foreign prices, or the nominal exchange rate. As a result of a real depreciation, the price of domestic goods decreases relative to the price of foreign goods, once both are expressed in the same currency.	e
Derivative	A financial contract which derives its value from the performance of another entity such as an asset, index, or interest rate, called the "underlying"	
Derivative	A financial contract which derives its value from the performance of another entity such as an asset, index, or interest rate, called the "underlying"	
Devaluation	A reduction in the value of a currency, with respect to goods, services or monetary units with which that currency can be exchanged.	
Diagrammatic Framework, debt	A graphical representation linking the primary balance to debt.	
Disbursement	The issuance of new debt; gross lending	
Discounting	To reduce the value of by the interest rate, so as to account for the time value of money.	
Discretionary expenditure	Government expenditure that may be changed from year to year at the discretion of policy-makers.	

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Domestic currency-denominated debt	Debt denominated in local/home currency	
Doom Loop	A cycle of fiscal consolidation leading to lower growth, which leads to higher deficits.	
Double-entry accounting	A system of maintaining accounts that records every transaction as both a credit (+) and a debit (-). Because the credit and debit entries cancel each other out, the sum of the two sides of an account using double-entry bookkeeping is equal to zero.	
Early Warning Model	Econometric estimates that identify the level of debt burden indicators which best predict the occurrences of a crisis; an EWM minimizes the sum of type I errors (false alarms) and type II errors (missed crises).	EWM
Economic Bubble	A market phenomenon characterized by surges in asset prices to levels significantly above the fundamental value of that asset; bubbles are often difficult to assess in real time because there is disagreement over the current value of the asset.	
Economic Contagion	A situation where a shock in one economy or region spreads to, or is felt by, another country or region.	
Economic Cycle	Economy-wide fluctuations in production, trade and general economic activity over a period of time.	
Economic Shock	An unexpected or unpredictable event that affects an economy, either positively or negatively.	
Economic Spillover	An externality of economic activity (positive or negative) which affects those not directly involved.	
Elasticity	A measurement of how responsive an economic variable is to a change in another.	
Emerging Market Bond Index-Global	A benchmark index for measuring the total return performance of international government bonds issued by emerging market countries that are considered sovereign and that meet specific liquidity or structural requirements.	EMBI-Global
Emerging markets	The capital markets of developing countries that have liberalized their financial systems to promote capital flows with nonresidents and are broadly accessible to foreign investors.	EM
Endogeneity/Endogenous	A variable is said to be endogenous when there is a correlation between the variable and the error term	
Endogenous debt dynamics	The condition in which the movement of key macro-fiscal variables affect the movement of other variables, which also effect the original variable.	
Equity	Any security representing an ownership interest	E

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Error Term	The error (or disturbance) of an observed value or equation is the deviation of the observed value from the (unobservable) true function value.	E
Exceptional Access	The Fund may lend amounts above normal access limits (600% of quota) on a case-by-case basis in exceptional circumstances provided that the country satisfies a predetermined set of exceptional access criteria.	
Exchange	The provision of something of economic value in return for a corresponding item of economic value. Also known as two-sided transaction.	
Exchange Rate Regime	The way an authority manages its currency in relation to other currencies and the foreign exchange market.	
Exchange Rate Risk	The risk of an investment or instrument changing in value due to changes in exchange rates.	FX Risk
Exchange Rate Shock (MAC DSA)	A shock to real interest rates modeled as an increase of the larger of (1) the difference between the average real interest rate over projection period and the maximum real historical level or (2) 200 basis points.	
Exchange Rate valuation	Fluctuations in the value of foreign-currency denominated assets due to movements in the exchange rate.	
Exchange rate, bilateral	The exchange rate (nominal or real) between the currencies of two countries (see also Exchange rate, nominal)	
Exchange rate, end-of-period	The exchange rate observed on the last day of a period.	
Exchange rate, fixed	An exchange rate that is fixed, in terms of another currency or of a basket of currencies, and guaranteed by the central bank.	
Exchange rate, flexible	An exchange rate that is determined in the currency exchange market (also called a floating exchange rate).	
Exchange rate, nominal	The price of one currency in terms of another. By common convention, the amount of domestic currency that will purchase one unit of foreign currency; in other words, the price of foreign currency in terms of domestic currency. It may also be defined as the inverse: the amount of foreign currency that will buy one unit of domestic currency.	E
Exchange rate, period average	The simple average of observed exchange rates during a given period (for example, the average for all business days during a month).	
Exchange rate, real	The price of a basket of goods in one country relative to the price of the same basket in another country, with both prices expressed in the same currency using the nominal exchange rate.	RER

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Exchange rate, real effective	An index of the price of a basket of goods in one country relative to the price of the same basket in that country's major trading partners. The prices of these baskets should be expressed in the same currency using the nominal exchange rate with each trading partner. The price of each trading partner's basket is weighted by its share in imports, exports, or total foreign trade.	
Exogenous Shock	An economic shock that is external to the variables being considered.	
Expansionary Monetary Policy	Seeking to expand the money supply, typically by buying short-term government bonds in order to lower short-term market interest rates.	
Explicit Liability	A contingent liability which is recognized by law or contract, including state guarantees for non-sovereign borrowing, state guarantees for loans and private investments, trade and exchange rate guarantees, and state insurance schemes.	
Explosive Path of Debt	A debt burden indicator ratio that is sufficiently high and trending upwards over time.	
Extended Fund Facility	When a country faces serious medium-term balance of payments problems because of structural weaknesses that require time to address, the IMF can assist with the adjustment process under an Extended Fund Facility (EFF). Compared to assistance provided under the Stand-by Arrangement, assistance under an extended arrangement features longer program engagement—to help countries implement medium-term structural reforms—and a longer repayment period. The EFF was established to provide assistance to countries: (i) experiencing serious payments imbalances because of structural impediments; or (ii) characterized by slow growth and an inherently weak balance of payments position. The EFF provides assistance in support of comprehensive programs that include policies of the scope and character required to correct structural imbalances over an extended period.	EFF
External debt	Debt liabilities owed by residents to nonresidents.	
External Debt Crisis	Payment arrears on a substantial fraction of foreign currency-denominated debt owed to creditors.	
External Debt Sustainability	The condition under which a country (public OR private sector) does not, in the future, need to default or renegotiate or restructure its external debt, or make implausibly large policy adjustments.	
External DSA	A DSA that can comprise both private external debt and publicly guaranteed external debt.	

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External Financing Constraint	The BOP accounting identity: current account plus capital account equals financial account.	
External Financing Requirements	Defined as short-term debt, plus the amortization of medium and long-term debt, minus the current account balance.	
External Risk Rating (LIC DSA)	One output of the LIC DSA; a measure of the macroeconomic risk of debt distress; a country is ranked as low, medium, high or in debt distress by examining the debt-burden indicators of PPG external debt and their indicators	
External sector	All nonresidents who engage in economic transactions with the residents of an economy.	
False Alarm (Type I Error)	A situation in which an early warning indicator predicts a crisis when no crisis would have occurred.	
Fan Chart	A chart that shows the possible evolution of a particular indicator over time, taking into account the variability of that indicator's underlying variables.	
Fan Chart Tool (MAC DSA)	A tool that presents the possible evolution of the debt-to-GDP ratio over the medium-term, presenting a probabilistic view of uncertainty around the baseline.	
Fear of Floating	The reluctance to allow a floating exchange rate to adjust freely; coined by Calvin Rogoff	
Financial account	The portion of the BOP that records transactions in assets and liabilities. The financial account records transactions in direct investments, portfolio investments, financial derivatives and employee stock options, other investments, and reserves.	FA
Financial account balance	The balance on the financial account, that is net acquisition of assets minus net incurrence of liabilities.	FAB
Financial Crisis	A broad term associated with a situation in which a significant number of financial assets suddenly lose a large part of their nominal value; financial crises may also include stock market crashes, the bursting of other financial bubbles, currency crises, and/or sovereign defaults.	
Financial instrument	Financial instruments consist of financial contracts made between institutional units.	
Financial Liberalization	A reduction in the regulation of capital flows by a country or its government.	
Financial Market	A market in which people and entities can trade financial securities, commodities and other items of value.	
Financial Repression	Measures by which governments may channel funds to themselves as a form of debt reduction; examples include directed lending to the government, caps on interest rates and capital restrictions.	

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Financial Sector Contingent Liability Shock (MAC DSA)	A standardized shock scenario involving contingent liabilities from banking crises; the shock is equivalent to 10% of banking sector assets, modeled as a one-time increase in primary expenditures; the shock is triggered if (1) the cumulative change in private sector credit-to-GDP ratio over the past three years exceeds 15% for EMs or 30% for AEs, or (2) a loan-to-deposit ratio of 1.5 for both AE and EM; includes default interactions with relevant macro-fiscal variables.	
Financial System Stability Assessment (FSAA)	The Financial Sector Assessment Program (FSAP), established in 1999, is a comprehensive and in-depth assessment of a country's financial sector. It is a key instrument of the Fund's surveillance and provides input to the Article IV consultation. In jurisdictions with financial sectors deemed by the Fund to be systemically important, financial stability assessments under the FSAP are a mandatory part of Article IV surveillance, and are supposed to take place every five years; for all other jurisdictions, participation in the program is voluntary. In developing and emerging market countries, FSAPs are conducted jointly with the World Bank. In these countries, FSAP assessments include two components: a financial stability assessment, which is the responsibility of the Fund, and a financial development assessment, which is the responsibility of the World Bank. Each individual country's FSAP concludes with the preparation of a Financial System Stability Assessment (FSSA), which focuses on issues of relevance to IMF surveillance and is discussed at the IMF Executive Board together with the country's Article IV report.	
Financing Mix	A combination of one's financial instruments based on their underlying characteristics.	
Fiscal Accounts	Set of statistics that summarizes the activities and financial condition of the public sector, both at a point in time (stocks) and over a period of time (flows).	
Fiscal adjustment	A reduction in the government primary budget deficit that can result from a reduction in government expenditures, an increase in government revenues, or both simultaneously	
Fiscal Austerity	A government stance to target a more balanced budget and/or reduce debt and deficits.	
Fiscal Balance	The sovereign's assets less its liabilities in a given period of time, usually 1 year; a negative fiscal balance indicates a budget deficit, a positive fiscal balance, a surplus.	FB
Fiscal Behavior	The systematic/average response of fiscal authorities to past debt levels; measured by a reaction function.	

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Term	Definition	Acronym
Fiscal Consolidation	A government policy aimed at reducing government deficits and debt accumulation.	
Fiscal Dominance	Inability to conduct contractionary monetary policy, because it would jeopardize government debt dynamics.	
Fiscal Monitor	See Data Tutorial" Handout	FM
Fiscal Multiplier	The ratio of a change in GDP to the change in government spending that it causes; a multiplier greater than 1 implies that government spending/cuts will have larger impact on GDP than just the original money spent/cut.	
Fiscal Profligacy	Reckless or excessive spending by the government.	
Fiscal Year	A 12-month period used for calculating financial statements in organizations.	FY
Fisher Equation	An equation that estimates the relationship between nominal and real interest rates under inflation.	
Fixed Rate Instrument	A financial instrument, the interest rate of which does not change over time	
Fixed-Effects Model	In econometrics and statistics, a fixed effects model is a statistical model that represents the observed quantities in terms of explanatory variables that are treated as if the quantities were non-random. This is in contrast to random effects models and mixed models in which either all or some of the explanatory variables are treated as if they arise from random causes.	
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Fixed-Floating Ratio	A measure of interest rate exposure defined as the amount of fixed rate debt-to-floating rate debt.	
Flow Budget Constraint	A budget constraint made up of all economic flows related to government activity from one period to the next; can be used to determine the stock of government debt.	
Flows	Formally, the difference between the value of a stock between the end and the beginning of a period. A flow can be explained by transactions, valuation changes, and other changes in volumes. Commonly, flows and transactions are used interchangeably.	

IMF DSAx Glossary

Term	Definition	Acronym
Forecast Error	The difference between the actual or real and the predicted or forecast value of a time series or any other phenomenon of interest; negative forecast errors indicate overly optimistic projections.	
Forecast Track Record Tool (MAC DSA)	The DSA template automatically produces charts and statistics for the forecast track record for real GDP growth, the primary balance and inflation by comparing forecast errors for a country to the distribution of forecast errors for other MACs;	
Forecasting	Predicting the path of economic variables into the future.	
Foreign currency deposits	Banking system deposits denominated in foreign currency and owned by residents.	
Foreign currency-denominated debt	Debt denominated in currency from abroad	
Foreign Direct Investment (FDI)	Investment of capital by foreigners into one's country; can be to finance domestic projects or foreign projects in domestic country.	
Foreign Exchange Reserves	Reserve money denominated in foreign currency held by a country's monetary authority.	FX
Front-loaded adjustment	A type of fiscal adjustment designed to quickly raise the primary balance to a "targeted" level.	
GDP (in constant prices)	Gross Domestic Product of the current year valued at the prices of a base year. This measure reflects the changes in volume from one period to another.	
GDP (in constant prices)	Gross Domestic Product of the current year valued at the prices of a base year. This measure reflects the changes in volume from one period to another.	
GDP (in current prices)	Gross Domestic Product of the current year valued at this year's prices. This measure reflects the changes in prices and volume from one period to another.	GDP
GDP (in current prices)	Gross Domestic Product of the current year valued at this year's prices. This measure reflects the changes in prices and volume from one period to another.	GDP
GDP deflator	An implicit or explicit price index of total domestic production. It reflects the changes in prices from one period to another. When combined with GDP in constant prices it yields GDP in current prices.	PGDP
GDP deflator	An implicit or explicit price index of total domestic production. It reflects the changes in prices from one period to another. When combined with GDP in constant prices it yields GDP in current prices.	PGDP
GDP growth rate	The percent change in an economy's value added from one period to the next (usually 1 year).	g

IMF DSAx Glossary

Term	Definition	Acronym
General Equilibrium	A condition of economic equilibrium which accounts for the quantities and prices of all markets (factors are allowed to change and not held constant).	D_g
Government debt	Also known as public debt, sovereign debt, or national debt; the debt owed by a central government.	
Government Expenditure	Total government payments and expenses.	
Government Finance Statistics	See "Data Tutorial" Handout	GFS
Grace Period	For a loan, the period of time in which no principal payment is due.	
Grant Element	Measures the degree of concessionality of a loan; defined as the difference between the loan's nominal value (face value) and the sum of the discounted future debt-service payments to be made by the borrower (present value), expressed as a percentage of the loan's face value.	GE
Grants (government)	Noncompulsory current or capital transfers received by a government unit from either another government unit or an international organization.	
Gross Debt	All liabilities held in debt instruments, such as bonds or loans.	
Gross domestic product (GDP)	The market value of all final goods and services produced within a country in a given period. The GDP is determined using data for production, expenditures, or income and is presented in current or constant prices.	
Gross Financing Needs	The financial needs required to rollover maturing debt; defined as the fiscal deficit, plus any other transactions that require financing, plus amortization.	GFN
Gross fixed capital formation	The value of producers' acquisition less disposal of fixed assets. Gross fixed capital formation includes major improvements to existing fixed assets but excludes expenditures for small tools and military equipment.	GFCF
Gross national disposable income	It equals GNI plus current net transfers from abroad. GNDI measures the money available in the country for final consumption and gross savings.	GNDI
Gross national income	The sum of GDP and net foreign income generated by production activities abroad. GNI was GNP in pre-1993 versions of the SNA.	GNI
Gross National Investment	The total value of gross fixed capital formation, change in inventories and acquisitions less disposals of valuables.	I
Gross National Saving	The difference between GNDI and final consumption.	S

IMF DSAx Glossary

Term	Definition	Acronym
Heat Map (MAC DSA)	A standardized chart used to visually convey the risks to debt sustainability from the various modules in the MAC DSA template; the heat map includes three rows to assess debt burdens and debt risk; risks range from high (red), moderate (yellow) to low (green).	
Hidden Deficits	Increases in public debt that cannot be explained by headline fiscal balances; historically, the bulk of hidden deficits has been comprised of implicit contingent liabilities.	
Higher Scrutiny (MAC DSA)	In the MAC DSA, a country is defined as higher scrutiny if its public debt exceeds 50/60 percent of GDP for EM/AE, gross financing needs exceed 10/15 percent of GDP for EM/AE, or it seeks exceptional access to IMF resources.	
High-powered money	See Monetary Base.	
Histogram	In statistics, a histogram is a graphical representation of the distribution of data. It is an estimate of the probability distribution of a continuous variable and was first introduced by Karl Pearson.[1] A histogram is a representation of tabulated frequencies, shown as adjacent rectangles, erected over discrete intervals (bins), with an area proportional to the frequency of the observations in the interval. The height of a rectangle is also equal to the frequency density of the interval, i.e., the frequency divided by the width of the interval. The total area of the histogram is equal to the number of data.	
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Historical Scenario (MAC DSA)	A scenario which assumes that real GDP growth, the primary balance and real interest rates are set at their historical averages (all other variables are assumed to be the same as in the baseline scenario).	
Identified financing needs	The funds needed to finance trade deficits and other current account outflows.	

IMF DSAx Glossary

Term	Definition	Acronym
Identified net debt-creating flows	The combination of the current account deficit (excluding net interest income), net FDI inflows, and endogenous debt dynamics.	
IMF Data Mapper	See "Data Tutorial" Handout	
IMF-WB Framework to DSA	A formal and standardized framework developed by the International Monetary Fund and World Bank in 2002 to assess a country's current debt situation, identify vulnerabilities in debt structure & policies and consider alternative debt-stabilizing policy paths; the framework from which DSAs are produced to better detect, prevent, and resolve potential crises	
Implicit Liability	A contingent liability which is NOT recognized by law or contract, but is assumed due to public and interest-group pressures; these include the assumption of defaults on non-guaranteed debt, financial system bailout, corporate sector bailout, clean-up of liabilities of entities being privatized or implicit insurance for disaster relief.	
Implied Interest Rate	The interest rate implied in a debt agreement.	
Imported Inflation	Domestic inflation due to an increase in import prices.	
Indicative Benchmarks	Benchmarks derived from the signal approach that best predict the occurrence of a crisis.	
Indicative threshold	A threshold above which severe economic distress is probable.	
Inflation	A sustained increase in the general price level. The rate of inflation is the percentage change in the price level in a given period (usually one year).	
Inflation Rate	The rate of inflation is the percentage change in the price level in a given period (usually one year).	π
Initiative for Heavily Indebted Poor Countries	The HIPC Initiative was launched in 1996 by the IMF and World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. Since then, the international financial community, including multilateral organizations and governments have worked together to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries.	HIPC
Input Sheets (LIC DSA)	Sheets that require the user to populate cells (indicated in yellow) with data.	
Interest Expenditure	The portion of government expenditure required to pay interest on its current debt obligations.	I _t
Interest Payment	A payment made on a loan each period, separate from amortization.	I

IMF DSAx Glossary

Term	Definition	Acronym
Interest payments	Interest payments are periodic payments associated to borrowing, conceptually reflecting the cost for using someone else's financial assets.	
Interest rate	The annual return on a fixed-priced financial asset expressed as a percentage of the price of the asset.	
Interest Rate Risk	The vulnerability of funding costs to higher interest rates, for example, when variable rates are reset and/or fixed rate debt needs to be refinanced; also the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.	
Interest Rate Shock (MAC DSA)	A shock to the real exchange rate equivalent to the larger of (1) the maximum of the estimated overvaluation or (2) the maximum historical movement of the exchange rate; incorporates a pass-through to inflation.	
Interest Rate Swap	An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate (most often the LIBOR). A company will typically use interest rate swaps to limit or manage exposure to fluctuations in interest rates, or to obtain a marginally lower interest rate than it would have been able to get without the swap.	
Interest rate, Implicit average	The ratio between interest payments and the average stock of debt between the beginning and the end of the period.	i [^] w
International Bond	A bonds issued by international and domestic institutional investors; the price of such loans is market determined and such loans usually have high transaction costs.	
International Development Association	A part of the World Bank Group that offers concessional and semi-concessional loaned to developing countries.	
International Development Association	An international financial institution and member of the World Bank Group which offers concessional loans and grants to the world's poorest countries.	IDA
International Finance Statistics	See "Data Tutorial" Handout	IFS
International investment position	A statement that summarizes the value and composition of the stock of assets that residents of the economy hold on nonresidents, and of the liabilities the residents hold towards nonresidents, at a certain point in time.	IIP

IMF DSAx Glossary

Term	Definition	Acronym
International reserves	See Reserve Assets	
Interquartile Range	The range of data that falls between the 25th and 75th percentile for a sample or distribution.	
Intertemporal Budget Constraint	A budget constraint equivalent to the stock of debt in N periods derived through recursive substitution;	
Intertemporal Correlation	A situation in which the correlation between two or more variables changes as a result of time.	
Intertemporal Solvency	Initial debt plus the present discounted value of future streams of primary expenditure should be equal to the present discounted value of future streams of income.	
Issuance	A sale of debt or equity instruments in the primary market.	
Law of Motion (External Debt)	See debt dynamics; an expression/equation which captures what happens to external debt over time.	
Law of Motion (Public Debt)	See debt dynamics; an expression/equation which captures what happens to public debt over time.	
Legacy Debt	Debt issued in the past for which a sovereign must make payments; this legacy debt conditions future decisions a sovereign may make.	
Liabilities, external	Financial claims of non-residents to residents.	
Liability	The counterpart of a financial claim. A liability generate the obligation to current or future transfers of economic benefits.	L
Liquidity	The ability of a country/body to meet its short-term financial obligations; an entity is liquid if its assets and available financing are sufficient to meet or roll-over its maturing liabilities,	
Loan-to-Deposit Ratio	Calculated as total bank loans divided by total bank deposits for the current year; a commonly used ratio for assessing a bank's liquidity; a high LTD ratio indicates the potential for liquidity problems in the future.	LTD
Lower Indicative Benchmark (MAC DSA)	A benchmark that is 25% of the indicative benchmark for EM and 50% of the indicative benchmark for AE.	
Lower Scrutiny (MAC DSA)	In the MAC DSA, a country is defined as lower scrutiny if its public debt is less than 50/60 percent of GDP for EM/AE, gross financing needs are below 10/15 percent of GDP for EM/AE, and it does not seek exceptional access to IMF resources.	
Lower Triangular Matrix	In the mathematical discipline of linear algebra, a triangular matrix is a special kind of square matrix. A square matrix is called lower triangular if all the entries above the main diagonal are zero.	
Macroeconomic Accounts	The four main sectors of the economy which include the Real Sector, the External Sector, the Fiscal/Government Sector and the Monetary Sector.	

IMF DSAx Glossary

Term	Definition	Acronym
Macroeconomic Framework	The most-likely economic scenario for IMF-surveillance countries based on current and projected government policies; the programmed macroeconomic adjustment program for IMF-program countries.	
Macro-Fiscal Risk	Macroeconomic variables that have potential to negatively impact the fiscal balance and thus government debt.	
Market Risk	The risk of an instrument or security having to do with macroeconomic/market factors; this type of risk be alleviated by diversification in a portfolio.	
Marketable Debt	Debt that can be sold on the secondary market; includes T-bills, T-bonds, Inflation-indexed instruments and international bonds.	
Market-Access Country	A country with significant access to international capital markets on a durable and sustainable basis; in practice, all advanced economies and most emerging markets.	MAC
Maturity	The period of time for which a financial instrument remains outstanding; a finite time period at the end of which the financial instrument will no longer exist and the principal is repaid with interest.	
Maturity Structure	The frequency, timing and size of payments related to financial instruments.	
Maturity, implied average	The ratio between the stock of debt at the beginning of the period and the repayments of debt during the period.	
Mean	The arithmetic average of a series of numbers.	
Median	The middle value of a series of numbers; the numerical value separating the higher half of a data sample, a population, or distribution, from the lower half.	
Medium and Long-term Debt	Outstanding debt with a maturity of more than 1 year.	MLT debt
Medium-Term Debt Strategy	A framework to design the characteristics of the sovereign debt portfolio taking into account a medium/long-term objective; also a framework to examine the costs and risks associated with possible borrowing strategies to cover a financing need.	MTDS
Memorandum Item	An additional item or analysis to be included with the main analysis.	
Missed Crisis (Type II Error)	A situation in which an early warning indicator misses a crisis and a crisis ultimately does occur.	
Monetary base	The main financial liabilities of the central bank, consisting of currency issued by the central bank and held by the public and by banks, and the reserves of the banks held in deposit with the central bank.	M

IMF DSAx Glossary

Term	Definition	Acronym
Monetary Easing	An unconventional monetary policy by central banks to buy a specified amount of financial assets from commercial banks and other private institutions over time.	
Monetary policy	The actions of a central bank, currency board or other regulatory committee that determine the rate of growth of the money supply, which in turn affects interest rates. Monetary policy is maintained through actions such as increasing the interest rate, or changing the amount of money banks need to keep in the vault (bank reserves) or targeting the monetary base.	
Monetary Tightening	An unconventional monetary policy by central banks to sell a specified amount of financial assets from commercial banks and other private institutions over time.	
Monetization	The coining of currency or printing of banknotes by central banks.	
MTDS Analytical Tool	An Excel template that assists with quantitative analysis of costs and risks of borrowing strategies.	
Multilateral Debt Relief Initiative	The MDRI was launched in 2005 to help them advance toward the United Nations' Millennium Development Goals. It provides for 100 percent relief on eligible debt from three multilateral institutions (IMF, IDA, and the African Development Fund) to a group of low-income countries. In 2007, the Inter-American Development Bank (IaDB) also decided to provide additional ("beyond HIPC") debt relief to the five HIPCs in the Western Hemisphere.	MDRI
Multiple Equilibrium, debt	For a given fiscal behavior, and a given growth-adjusted interest rate, a stable and unstable equilibrium coexist.	
Narrow Money (M1)	A stock of wealth that includes currency in circulation and all the deposits of the private sector and nonfinancial public enterprises that can be used to make payments (transferable). Narrow money is considered a liability of the Depository Corporations Survey	
Nationalization	The process of taking a private industry or private assets into public ownership by a national government or state.	
Net acquisition of nonfinancial assets	Equals the acquisition minus disposal of nonfinancial assets minus the consumption of fixed capital. The main categories of nonfinancial assets are: fixed assets, inventories, valuables, and nonproduced assets.	NANA
Net Debt	Gross debt minus all financial assets corresponding to debt instruments.	
Net financial worth	Also referred to as Net Financial Wealth Position, equal to the total stock of financial assets minus liabilities.	NFW

IMF DSAx Glossary

Term	Definition	Acronym
Net interest income	Interest received, less interest paid.	
Net lending	Government loans, and equity participation in enterprises that is undertaken in support of public policy. The amount is net of reimbursement of previous loans and sales of government shares in the equity of an enterprise and classified above the line. Any similar transactions undertaken for purposes of liquidity management are classified with financing. Net lending can benefit public and private enterprises, households, other levels of government, and international organizations. Included here are any interest payments the government makes to guarantee the debt of others.	
Net lending/borrowing	Equal to revenue minus expenses and net acquisition of nonfinancial assets. The balance is generally referred to as the budget surplus or deficit of the given level of government. Also equal to the net acquisition of financial assets minus the net incurrence of liabilities.	NLB
Net operating balance	The balance of transactions affecting net worth. Equal to Revenue minus Expense.	NOB
Net worth	Also referred to as Net Wealth Position, equals the stock of assets minus liabilities.	NW
Noise-to-Signal Ratio	The number of bad signals (false alarms + missed crises) out of the total number of signals sent.	
Nonbank Borrowing	Government borrowing from the public, usually through the sale of bonds or treasury bills.	
Non-debt financing	Change in equity, minus change in external assets; financing that is not related to debt service; for example, arrears, debt relief, etc.	
Non-Explosive Path for Debt	Debt or debt burden indicators are stable or declining over time.	
Nonfinancial public corporations	All resident nonfinancial corporations controlled by general government units.	
Non-Market Risk	The risk of an instrument or security not having to do with macroeconomic/market factors; this type of risk is based on the individual characteristics of a company or country and thus cannot be alleviated by diversification in a portfolio.	
Non-Marketable Debt	Debt that cannot be sold on the secondary market; includes official sector lands, commercial bank loans, retail debt and others.	
Non-resident	Economic agents (enterprises, individuals, non-profit organization, the government, etc.) that are not resident of the economy. See also, residents, rest of the world, and external sector.	

IMF DSAx Glossary

Term	Definition	Acronym
No-Policy-Change (Constant Primary Balance) Scenario (MAC DSA)	A scenario which assumes that the primary balance remains unchanged compared to the current year of projection in percent of GDP (all other variables are assumed to be the same as in the baseline scenario).	
Normal Access	Borrowing under the EFF is subject to the normal limit of up to 200 percent of a country's IMF quota annually and a cumulative limit over the life of the program of 600 percent of quota, net of scheduled repayments.	
Normal Distribution	A commonly occurring, continuous probability distribution; a function that tells the probability that an observation in some context will fall between any two real numbers with most of the sample clustered around the mean.	
Normative Analysis	Economic analysis based on prescriptive, value-based statements about the world (how the world should be).	
One-sided transaction	See Transfer.	
Open Economy	An economy that trades with the rest of the world; can export and import.	
Open market operations	The buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system. Purchases inject money into the banking system and stimulate growth while sales of securities do the opposite	
Ordinary Least Squares (OLS) Regression	In statistics, ordinary least squares (OLS) or linear least squares is a method for estimating the unknown parameters in a linear regression model. This method minimizes the sum of squared vertical distances between the observed responses in the dataset and the responses predicted by the linear approximation.	
Original Sin	The inability of emerging markets to issue debt (borrow abroad) in their own currency; coined by Eichengreen & Hausmann	
Other Flows, flow budget constraint	A residual category which includes unofficial sources of government spending (which add to debt) and non-debt sources of financing (which eliminate debt).	
Outlier	An observation point that is very distant from other observations.	
Output Gap	The difference between the level of actual output and potential output, usually expressed as a percentage of the level of potential output: $\text{Output gap} = (\text{Actual output} - \text{Potential output}) / \text{Potential output} * 100$	
Output Sheets (LIC DSA)	Sheets with charts and tables that provide a picture of debt sustainability and the overall risk of debt distress.	

IMF DSAx Glossary

Term	Definition	Acronym
Overall balance	The sum of the current and capital account balances and net errors and omissions, minus the financial account balance. If the overall balance is positive, the BOP is in surplus - that is, receipts in respect of all transactions covered exceed payments, and foreign reserves increase. If the balance is negative, the BOP is in deficit, and foreign reserves fall.	
Overall balance, alternate	Net lending/borrowing adjusted through the rearrangement of transactions in assets and liabilities that are deemed to be for public policy purposes. In particular, all proceeds under privatization (including fixed asset sales) would be deducted (treated as financial items) as well as subsidies given in the form of loans (treated as expense).	
Overall Risk of Debt Distress (LIC DSA)	An assessment of debt distress also taking into account risks that are not captured by the external risk rating (i.e. public domestic debt, private external debt).	
Panel Charts	Charts with multiple panels that convey the outputs of the LIC DSA.	
Panel Data	In statistics and econometrics, the term panel data refers to multi-dimensional data frequently involving measurements over time. Panel data contain observations of multiple phenomena obtained over multiple time periods for the same firms or individuals.	
Partial Equilibrium	A condition of economic equilibrium which takes into consideration only a part of the market to attain equilibrium, with other parts of the market remaining fixed.	PE
Pass-Through Mechanism	A transmission from the exchange rate to the inflation rate.	
Pension	An investment fund to which both a worker and his/her employer contribute, which makes regular payment to the worker when the person reaches retirement age.	
Percentile Rank (MAC DSA)	In the MAC DSA, a country's relative ranking to other countries based upon the variable of interest; in the forecast track record tool, a low percentile rank reflects a large median forecast error, which suggests optimism.	
Ponzi Scheme	A situation in which initial debt is serviced by relying on new investors, rather than being serviced out of future surpluses.	
Portfolio	A combination of financial instruments into a group classified based on their risk and return.	
Positive Analysis	Economic analysis based on descriptive, factual statements about the world (how the world is).	

IMF DSAx Glossary

Term	Definition	Acronym
Potential Output	The level of output that can be produced if all of the factors of production are employed at their "natural rates".	Y _p
Poverty Reduction Growth Trust	Trust fund for the IMF's concessional financing. There are three concessional facilities - the Extended Credit Facility (ECF) to provide flexible medium-term support; the Standby Credit Facility (SCF) for addressing short-term and precautionary needs; and the Rapid Credit Facility (RCF) to provide emergency support.	PRGT
PPG External Debt	Long-term external obligations of public debtors and external obligations of private debtors that are guaranteed for repayment by a public entity.	PPG
Primary Balance	Total non-interest revenue minus total non-interest expense and net acquisition of nonfinancial assets; also equal to net lending/borrowing plus net interest expense minus net interest revenue	PB
Primary Balance Shock (MAC DSA)	A shock to the primary balance equivalent to greater of (1) the maximum of 50% of the planned cumulative adjustment in the baseline or (2) the baseline minus 50% of the 10-year historical standard deviation of the primary balance; includes default interactions with interest rates.	
Primary Expenditure	Non-interest government expenditure	
Primary Market	The market in which a security is first sold (issued).	
Principal	Non-interest payments on debt.	P
Private Sector Credit	Total lending provided by the private sector.	
Privatization	Transferring ownership of a business, enterprise, agency or public service from the public sector to the private sector.	
Probability Approach	An approach to determining the path of a country's debt based on numerous possibilities of a country's macro-fiscal variables, each with different weights, based on breaches of indicative thresholds in baseline and/or stress test scenarios.	
Procyclical Economic Policy	Any aspect of economic policy that could magnify economic or financial fluctuations; more generally, any variable that is positively correlated with the overall state of the economy is said to be procyclical.	
Program Country	A country with an IMF-adjustment program.	
Projection Bias	A tendency to project some variable incorrectly (either higher or lower) systematically over a period of time.	
Projection Horizon	The length or amount of years forecasted.	

IMF DSAx Glossary

Term	Definition	Acronym
Public corporations	All resident corporations controlled by general government units. They often are dedicated to productive activities that operate much like private enterprises, although maximizing profits may not be their main objective. They hire input factors such as labor, land, and capital to produce goods and services, and in some cases, they compete directly with private firms. Examples of public corporations are the national rail company, the national airline, the public electric utility, and the public water supply company. Also included in this definition are publicly owned financial institutions (in particular, the central bank), which are classified as financial public corporations.	
Public debt	The total financial obligations incurred by all governmental bodies of a nation; total obligations by a country's public sector	D_pub
Public Debt Management	The process of establishing and implementing a strategy for managing debt to achieve the government's financing, risk, cost objectives and other goals, such as developing the domestic debt market.	
Public DSA	Also called the fiscal DSA; a DSA that covers total debt of the public sector, to both external and domestic creditors.	
Public Finances in Modern History	See "Data Tutorial" Handout	PFMH
Public sector	The public sector includes both general government and the public corporations.	
Public-Private Partnerships	A government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.	PPP
Quantity Theory of Money	An economic theory which proposes a positive relationship between changes in the money supply and the long-term price of goods. It states that increasing the amount of money in the economy will eventually lead to an equal percentage rise in the prices of products and services.	
Quarterly External Debt Statistics	See "Data Tutorial" Handout	QEDS
Quasi-money	Quasi-money cannot be used as a direct means of payment but in practice can be readily converted into money with little delay or financial penalty. Quasi-money includes savings, time, and foreign currency deposits.	

IMF DSAx Glossary

Term	Definition	Acronym
Ratings Agency	A company that assesses the creditworthiness of both debt securities and their issuers; examples include Standard and Poor's, Moody's and Fitch.	
Reaction Function Line, debt	A line that measures average fiscal behavior (the average change in the primary balance) to changes in the level of the debt ratio; the slope of this line is equivalent to gamma, the strength of the fiscal response.	
Reaction Function, debt	A system of inputs and outputs that captures the systematic response of the primary balance to certain variables, such as the output gap and level of debt; a reaction function takes an empirical approach and is thus an empirical description of average patterns in fiscal policy choices.	
Real GDP	Gross Domestic Product of the current year valued at the prices of a base year. This measure reflects the changes in volume from one period to another. See also GDP (in constant prices).	RGDP
Real GDP Growth Shock (MAC DSA)	A shock to real GDP growth in which real GDP is reduced by 1 standard deviation for two consecutive years; allows for default interactions with the primary balance, interest rates and inflation.	
Real interest rate	The annual return, corrected for inflation, on a financial asset (such as a bond), expressed as a percentage of the price of the asset.	r
Realism Tool (MAC DSA)	Tools/modules in the MAC DSA that assess the plausibility of macroeconomic assumptions underlying the baseline scenario; the MAC DSA includes tools to analyze (1) the realism of macro-assumptions, (2) the realism of projected fiscal adjustments, and (3) the realism of growth projections in countries that may have entered a boom-bust cycle.	
Recapitalization	The process of changing a company's capital structure or providing the company with needed capital to make the entity more stable.	
Recession	A period of temporary economic decline during which economic activity, trade and industrial activity fall; formally, a fall in GDP for two successive quarters.	
Redemption Profile	A graphical representation of when a debt, interest or arrears is to be paid and thus the debt instrument issued is redeemed.	
Reduced Form	In statistics, and particularly in econometrics, the reduced form of a system of equations is the result of solving the system for the endogenous variables. This gives the latter as a function of the exogenous variables, if any.	

IMF DSAx Glossary

Term	Definition	Acronym
Reduced Form Errors	Error terms that are correlated with one another.	
Refinancing Risk	The possibility that a borrower cannot refinance by borrowing to repay existing debt.	
Remittance	A transfer of money by a foreign worker to an individual in his or her home country.	
Repayment Capacity	A measure of a body's ability to service its existing obligations (debt) through its income.	
Repurchase Agreement (Repo)	The sale of securities together with an agreement for the seller to buy back the securities at a later date; The repurchase price should be greater than the original sale price, the difference effectively representing interest, sometimes called the repo rate.	
Required reserves	Mandatory Reserves in compliance with Regulatory Requirements regarding the amount of funds that banks must hold in reserve against deposits made by their customers.	
Rescue (Bailout) Package	Commitment of loans or funds by a government or international organization, usually in a large amount, to assist a country or entity in getting through a financial crisis.	
Reserve assets	Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). These include Reserve assets consist of monetary gold, SDR holdings, reserve position in the IMF, currency and deposits, securities (including debt and equity securities), financial derivatives, and other claims (loans and other financial instruments).	RES
Residents	Economic agents (enterprises, individuals, non-profit organization, the government, etc.) for whom the economy constitutes the center of predominant economic interest. An enterprise is a resident if it engages in production or owns land or buildings. An individual is a resident, regardless of citizenship, if he or she has resided in the country for a year or more. All agencies of the government are residents, even embassies located abroad.	
Residual	The residual of an observed value or equation is the difference between the observed value and the estimated function value.	u

IMF DSAx Glossary

Term	Definition	Acronym
Residual (debt dynamics)	A residual variable included in the debt dynamics equation to ensure that the identity holds in practice; the residual should ideally be small.	res
Rest of the world sector	All nonresident units that enter into transactions with residents or have claims on residents (see also External Sector)	
Retrenchment	A large cutting of expenses	
Return	The premium received for holding a security that is risky.	R _i
Revenue (government)	An increase in net worth resulting from a transaction. The main categories of revenues are: taxes, social contributions, grants, and other revenue.	R
Risk Identification & Analysis (MAC DSA)	The second step of the MAC DSA; Risk ID and analysis is only required for countries deemed to be higher scrutiny; consists of modules to (1) assess the realism of the baseline scenario, (2) determine the sensitivity of the baseline scenario to macro-fiscal risks via stress testing, (3) customized stress testing including scenarios including contingent liabilities, and (4) identify vulnerabilities of the debt profile, such as currency composition, maturity structure and creditor base.	
Risk Premia, debt	The idea that r will rise with debt as investors require higher returns to hold riskier debt; a major source of uncertainty regarding the trajectory of debt.	(r _i)-(r _m)
Risk premium	The minimum amount of money by which the expected return on a risky asset must exceed the known return on a risk-free asset, or the expected return on a less risky asset, in order to induce the holding of the risky asset rather than the risk-free asset.	
Risk Report (MAC DSA)	A summary table which shows the level of debt profile vulnerabilities and where they fall in relation to the overall indicative benchmark, the lower indicative benchmark, and the higher indicative benchmark.	
Risk Reporting (MAC DSA)	The third and final step of the MAC DSA; Risk ID and analysis is only required for countries deemed to be higher scrutiny; consists of (1) a diagnostic review of risks to debt via a heat map, (2) a probabilistic view of uncertainty surrounding the baseline using fan charts, and (3) a write-up which discusses identified risks to debt and other country-specific considerations.	
Rollover	The extension or transfer of debt from one period to the next.	
Roll-over rate	The ratio between gross disbursement of debt and gross amortization.	

IMF DSAx Glossary

Term	Definition	Acronym
Rollover Risk	A risk associated with the refinancing of debt; commonly faced by countries and entities when their debt is about to mature and needs to be rolled over into new debt.	
Savings	Disposable income that is not spent on the consumption of goods or services.	S
Savings deposits	Interest-bearing bank accounts from which funds can be withdrawn at any time without penalty. Checks cannot be written on savings deposits.	
Secondary Market	The market in which a security is then re-sold	
Seigniorage	The difference between the value of money and the cost to produce it - in other words, the economic cost of producing a currency within a given economy or country.	
Semi-concessional Loan	A loan offered by multilateral and bilateral official creditors usually at a discount to market financing; such loans have indirect costs, such as exchange rate risks and purchase conditions.	
Short-term Debt	Outstanding debt with a maturity of less than 1 year.	ST debt
Signal Approach Methodology	See early warning models.	
Skewed Distribution	A distribution of values in which there are many large, extreme values from the median or mean.	
Snowball Effect	The speed at which the debt-to-GDP ratio would grow (or fall) if the primary balance was zero; equivalent to the automatic debt dynamics in a closed economy.	
Social Security	A social welfare and insurance program for individuals over a certain age in many countries.	
Solvency	The ability of a country/body to meet its long-term financial obligations; to be solvent means to be able to service current debt by the present discounted value of all expected primary balances.	
Solvency Condition (External Debt)	Assuming transversality (no Ponzi scheme), a condition under which outstanding initial debt should be covered by the present value of future adjusted balances.	
Solvency Condition (Public Debt)	Assuming transversality (no Ponzi scheme), a condition under which outstanding initial debt should be covered by the present value of future primary balances	
Sovereign Debt	See government debt	
Sovereign Debt Crisis	A government default, restructuring of the sovereign debt, or the belief that such measures could occur.	
Stable Debt Dynamics	The condition under which debt converges to a sustainable level; occurs when real GDP growth (g) is greater than the real interest rate (r)	

IMF DSAx Glossary

Term	Definition	Acronym
Stable Equilibrium, debt	An intersection of the reaction function line and the demarcation line such that debt reverts to some initial level after an economic shock; because the slope of the reaction function (strength of fiscal response) is steeper than the slope of the demarcation line, debt always converge to the initial level.	
Standard Deviation	A descriptive statistic that shows how much variation or dispersion from the average exists; the square root of variance.	
Standardized Alternative Scenarios (MAC DSA)	In the MAC DSA, these include the historical scenario and the constant PB scenario; these scenarios are used to judge whether baseline scenarios are overly optimistic.	
Standardized Macro-fiscal stress tests (MAC DSA)	Shock scenarios, including shocks to real GDP growth, primary balance, exchange rate and interest rate; these scenarios also allow various interactions between the macro-fiscal variables.	
Standardized Sensitivity Analysis (MAC DSA)	The MAC DSA applies stress tests to the baseline scenario to illustrate the potential impact of adverse shocks on the baseline; standardized analysis includes (1) the historical scenario, (2) the constant primary balance scenario, (3) standardized macro-fiscal stress tests, and (4) the financial sector contingent liabilities shock.	
Stand-by Arrangement/Agreement	In an economic crisis, countries often need financing to help them overcome their balance of payments problems. Since its creation in June 1952, the IMF's Stand-By Arrangement (SBA) has been used time and again by member countries, it is the IMF's workhorse lending instrument for emerging and advanced market countries. Rates are non-concessional, although they are almost always lower than what countries would pay to raise financing from private markets.	SBA
State-Owned Enterprise	A legal entity created by the government in order to conduct commercial activities on the government's behalf; an SOE can be either wholly or partially government-owned.	SOE
Stationary Process	In mathematics, a stationary process (or strict(ly) stationary process or strong(ly) stationary process) is a stochastic process whose joint probability distribution does not change when shifted in time. Consequently, parameters such as the mean and variance, if they are present, also do not change over time and do not follow any trends.	

IMF DSAx Glossary

Term	Definition	Acronym
Sterilization	The reduction or expansion of Net Domestic Assets by the central bank intended to offset an equivalent inflow or outflow, respectively, of foreign assets, and so stabilize the total money supply.	
Stochastic simulation	A simulation of variables is said to be stochastic when it involves a variable or set of variables that are random; as random variables can change with a certain probability, running a large number of stochastic simulations can help to map uncertainty surrounding any variable of interest.	OLS
Stochastic System	A system of variables whose state is non-deterministic (uncertain) so that the subsequent state of the system must be determined probabilistically.	
Stock-Flow Adjustment, government	Changes that help to reconcile changes in debt with deficits.	
Stocks	Holdings of physical and financial assets and liabilities at a point in time. Stocks are reflected in a balance sheet. Transactions during a period change the size of a stock.	
Stress Test	An analysis conducted under unfavorable economic scenarios which is designed to determine whether an entity can withstand various adverse economic developments.	
Strong Fiscal Response	The average incremental increase of the primary balance to an increase in debt is greater than $r - g$.	
Structural Agenda (MTDS)	Consideration of key structural factors when developing a debt management strategy, such as market access, investor base, pricing, institutional constraints, and others.	
Structural fiscal balance	Equal to the fiscal balance adjusted by the effects of the economic cycle on revenue and expenses. That is, it is the balance that would result if output were at its long-term level.	
Structural Innovations	The tendency for reduced form error terms to be correlated across equations.	
Structural net operating balance	Net operating balance adjusted by the effects of the economic cycle.	
Subsidies	Current payments made by the government to enterprises. Subsidies are distributed on the basis of production levels, quotas, or the value of the goods or services produced, sold, or imported. Subsidies are not payable to final consumers. See also Transfers.	
Sudden stop	A sudden slowdown in private capital inflows into an economy; usually accompanied by a sharp reversal from current account deficits into smaller deficits or small surpluses	

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Term	Definition	Acronym
Surveillance	The IMF oversees the international monetary system and monitors the economic and financial policies of its 188 member countries. This activity is known as surveillance. As part of this process, which takes place both at the global level and in individual countries, the IMF highlights possible risks to stability and advises on needed policy adjustments. In this way, it helps the international monetary system serve its essential purpose of facilitating the exchange of goods, services, and capital among countries, thereby sustaining sound economic growth.	
Symmetric Fan Chart	A fan chart centered around the baseline in which upside and downside risks are equivalent.	
Tail Risk	Tail risk is the area of a distribution that is more than 3 standard deviations from the distribution's mean; in finance, tail risk is the risk of an asset or portfolio moving 3 standard deviations below its current price.	
Tax	A compulsory contribution exacted by the government to pay for public goods. The major categories are taxes on income, profits and capital gains; on payroll and workforce; on property; on goods and services; on international trade and transactions; and other taxes.	t
Technical Memorandum of Understanding (TMU)	A document that sets out understandings between the country authorities and the IMF regarding an IMF program.	TMU
Time deposits	Bank savings deposits with scheduled maturity dates. If funds are withdrawn prior to maturity dates, some interest is lost as a penalty.	
Time Series Data	A time series is a sequence of data points for the same variable, measured typically at successive points in time spaced at uniform time intervals.	
Too Big to Fail	The idea that certain financial institutions are so large and so interconnected that their failure would be disastrous to the economy, and they therefore must be supported by government when they face difficulty.	
Total Public Debt	The gross debt of a country's entire public sector (government and public corporations)	
Transaction	A transaction is an interaction between two economic agents that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer.	

IMF DSAx Glossary

Term	Definition	Acronym
Transfer	Transactions in which a good, service, or asset is provided without receiving anything in return. Transfers may be in cash or in kind; public or private; domestic or external; and current or capital. Also known as one-sided transaction.	
Transfer, current	Current transfers consist of all transfers that are not capital transfers. Current transfers directly affect the level of disposable income and influence the consumption of goods or services. That is, current transfers reduce the income and consumption possibilities of the donor and increase the income and consumption possibilities of the recipient.	
Transfers capital	Capital transfers are transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or that oblige one or both parties to acquire or dispose of an asset (other than cash or inventories--for example, because of a court order, or because of an international agreement); or where a liability is forgiven by the creditor. Cash transfers involving disposals of noncash assets (other than inventories) or acquisition of noncash assets (other than inventories) are also capital transfers. A capital transfer results in a commensurate change in the stocks of assets of one or both parties to the transaction without affecting the saving of either party.	
Transversality (No-Ponzi Scheme) condition	A condition which prohibits the sovereign from issuing more and more debt without ever repaying principal and interest on the previously accumulated stocks.	
Treasury Bill	A debt instrument issued by a country's treasury and bought/sold by domestic and international investors, including banks, pension funds, insurance agencies and mutual funds); the price of such debt is market determined.	T-Bill
Treasury Bond	A debt instrument issued by a country's treasury and bought/sold by domestic and international investors, including banks, pension funds, insurance agencies and mutual funds); the price of such debt is market determined and these bonds are usually riskier than T-bills and thus require a risk premium.	T-Bond
Two-sided transaction	See Exchange.	
Unemployment Benefits	Social welfare payments paid by the government to those unemployed.	
Unidentified financing needs	Financing required for unregistered exports or imports.	

IMF DSAx Glossary

Term	Definition	Acronym
Unstable Equilibrium, debt	An intersection of the reaction function line and the demarcation line such that debt explodes away from its some initial level after an economic shock; because the slope of the reaction function (strength of fiscal response) is flatter than the slope of the demarcation line, a shock leads to ever increasing or ever decreasing debt.	
Upper Indicative Benchmark (MAC DSA)	A benchmark that is 75% of the indicative benchmark.	
Valuation effects	Fluctuations in the value of assets or liabilities due to fluctuations in the exchange rate.	
Variable Rate Instrument	A financial instrument, the interest rate of which may change over time	
Variance	A descriptive statistic that measures how far a set of numbers is spread out.	Var
Variance-Covariance Matrix	A 2x2 table that generalizes the notion of variance between two variables across time.	
Vector autoregression (VAR) model	A linear dynamic econometric model linking a set of economic variables without underlying theory; in such a model all the variables of interest are explained by their own history (lags) and the history of all other variables; mainly used for forecasting and tracing responses to policy decisions.	VAR
Velocity	The ratio of GDP to the stock of money in circulation. Velocity is not always constant over time; changes in velocity are related to changes in the cost of holding money, usually represented by the interest rate or the inflation rate. Typically, velocity increases when inflation accelerates, and decreases during periods of stabilization.	v
Vulnerability	The risk that the liquidity or solvency conditions are violated and the borrower enters a crisis.	
Weak Fiscal Response	The average incremental increase of the primary balance to an increase in debt is less than $r - g$; sufficient for solvency but cannot rule out explosive debt paths.	
World Economic Outlook	See "Data Tutorial" Handout	WEO
Write-Up (MAC DSA)	A summary of risks to debt sustainability and recommendations to achieve or sustain solvency; IMF country teams produce write-ups reports for DSAs which can be found on the IMF website.	
Yield	The return on a financial instrument.	
Yield Curve	Also known as the term structure of interest rates; A plot of yields to maturity of a series of bonds against their term maturity.	

IMF DSAx Glossary

Term	Definition	Acronym
Yield spread	The difference between yields on differing instruments; the spread can be measured between debt instruments of different maturities, credit ratings and risk.	
Zero Coupon Bond	A debt security that doesn't pay interest (a coupon) but is traded at a deep discount, rendering profit at maturity when the bond is redeemed for its full face value.	