DOWNLOAD PDF IMF WORLD ECONOMIC OUTLOOK 2017

Chapter 1 : World Economic Outlook (WEO) Update, July A Firming Recovery

The World Economic Outlook (WEO) database contains selected macroeconomic data series from the statistical appendix of the World Economic Outlook report, which presents the IMF staff's analysis and projections of economic developments at the global level, in major country groups and in many.

World Economic Outlook April Weicheng Lian, Economist, Research Department, International Monetary Fund Summary How do potentially persistent structural shifts in the global economy affect growth in emerging market and developing economies? Why has the labor share of income declined in the last decades? On April 25, , Mr. Bertrand Gruss and Mr. Compared to the IMF October forecasts, the projections for advanced economies improved slightly for both and , by 0. However, for emerging market and developing economies they fell slightly from 4. As these economies have integrated into the global economy, external conditionsâ€"through the demand, financial, and terms-of-trade channelsâ€"have become increasingly influential determinants of their medium-term growth prospects. Structural shifts in the global economy may lead to an external environment that offers less support for emerging market and developing economies than in the post period. In this context, these economies could get a better growth outturn from weaker external conditions by strengthening their institutions, maintaining trade openness, permitting exchange rate flexibility, and reducing the vulnerabilities arising from high current account deficits, external borrowing, and significant public debt. In the second part of the presentation, Mr. In advanced economies, about half of the decline can be attributed to technological changes that have led to the automation of routine occupations. Another quarter can be explained by global integration, which led to offshoring of labor-intensive tasks, thus lowering the labor share in tradable sectors. Moreover, the movement of labor shares differs by sector. At the global level, the sharpest decline in labor share was in manufacturing, while some sectors such as accommodation witnessed an increase. This development in part reflects the fact that manufacturing has been exposed to a high level of routinization, while human interaction in the accommodation sector may be less amenable to automation. In emerging market and developing economies global integration has been the main driver, with technology playing only a small part. Global integration leads to an offshoring of labor-intensive tasks from advanced economies to emerging market and developing economies. In the receiving countries these tasks are capital-intensive compared to existing tasks, leading to a rise in the capital shares in both source and recipient countries. While it has been largely benign in emerging market economies, declining labor income share has been associated with a displacement of workers in advanced economies, especially for middle-skilled workers performing routine tasks. So while both technological progress and global economic integration have been drivers of growing global prosperity, the key challenge to policymakers is to find ways to spread the benefits more widely. The authors explained that the current forecasts assume tax cuts to be spread equally between corporate and personal taxes, but they do not reflect possible increases in infrastructure spending. In the case of China, the forecast considers a gradual slowdown of the economy, but there is a possibility of disruptive adjustments associated with rapidly expanding credit which are not included in the baseline. Another question related to historical trends in the labor share, especially during the industrial revolutions. Based on a data set from the Bank of England going back to the beginning of the First Industrial Revolution, the corresponding chapter of the WEO offers an analysis of the labor share and the Gini coefficient as indicator for inequality over the last three centuries. While the labor share did not decline during both industrial revolutions, the Gini coefficient increased during the first and decreased during the second industrial revolution.

DOWNLOAD PDF IMF WORLD ECONOMIC OUTLOOK 2017

Chapter 2 : World Economic Outlook Database April

The global upswing in economic activity is strengthening, with global growth projected to rise to percent in and percent in Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States.

The unchanged global growth projections mask somewhat different contributions at the country level. Growth has been revised up for Japan and especially the euro area, where positive surprises to activity in late and early point to solid momentum. Inflation in advanced economies remains subdued and generally below targets; it has also been declining in several emerging economies, such as Brazil, India, and Russia. While risks around the global growth forecast appear broadly balanced in the near term, they remain skewed to the downside over the medium term. On the upside, the cyclical rebound could be stronger and more sustained in Europe, where political risk has diminished. On the downside, rich market valuations and very low volatility in an environment of high policy uncertainty raise the likelihood of a market correction, which could dampen growth and confidence. The more supportive policy tilt in China, especially strong credit growth, comes with rising downside risks to medium-term growth. Monetary policy normalization in some advanced economies, notably the United States, could trigger a faster-than-anticipated tightening in global financial conditions. And other risks discussed in the April WEO, including a turn toward inward-looking policies and geopolitical risks, remain salient. Projected global growth rates for â€"18, though higher than the 3. Among the former, many face excess capacity as well as headwinds to potential growth from aging populations, weak investment, and slowly advancing productivity. In view of weak core inflation and muted wage pressures, policy settings should remain consistent with lifting inflation expectations in line with targets, closing output gaps, andâ€"where appropriateâ€"external rebalancing. Reforms to boost potential output are of the essence, and slow aggregate output growth makes it even more important that gains are shared widely across the income distribution. Financial stability risks need close monitoring in many emerging economies. Commodity exporters should continue adjusting to lower revenues, while diversifying their sources of growth over time. Growth outturns in the first quarter of were higher than the April WEO forecasts in large emerging and developing economies such as Brazil, China, and Mexico, and in several advanced economies including Canada, France, Germany, Italy, and Spain. High-frequency indicators for the second quarter provide signs of continued strengthening of global activity. Oil prices have receded, reflecting strong inventory levels in the United States and a pickup in supply. Core inflation has remained broadly stable. It has largely been stable in emerging economies as well, with a few, such as Brazil and Russia, witnessing strong declines. Bond and equity markets. Long-term bond yields in advanced economies, which had declined since March, rebounded in late June and early July. Federal Reserve raised short-term interest rates in June, but markets still expect a very gradual path of U. Bond spreads over Germany have compressed sharply in France, Italy, and Spain on reduced electoral uncertainty and firming signs of recovery. Equity prices in advanced economies remain strong, signaling continued market optimism regarding corporate earnings. Markets are also optimistic about emerging market prospects as reflected in strengthening equity markets and some further compression of interest rate spreads. Oil exporters provide an exception to this pattern, in light of the marked weakening of oil prices since March. Exchange rates and capital flows. As of end-June, the U. Over the same period, exchange rate changes across emerging market currencies have been relatively modest, with some strengthening of the Mexican peso on tighter monetary policy and reduced concerns about U. Capital flows to emerging economies have been resilient in the first few months of , with a notable pickup in non-resident portfolio inflows. Global Growth Forecast to Pick up in and Global growth for is now estimated at 3. Advanced economies The growth forecast in the United States has been revised down from 2. Market expectations of fiscal stimulus have also receded. The growth forecast has also been revised down for the United Kingdom for on weaker-than-expected activity in the first quarter. Emerging and developing economies Emerging and developing economies are projected to see a sustained pickup in activity, with growth rising from 4. These forecasts reflect upward revisions, relative to April, of 0. As in the most recent WEO forecast vintages, growth is primarily driven by commodity importers, but its pickup reflects to an important extent gradually improving conditions in large commodity exporters that experienced recessions in â€”16, in many cases caused or exacerbated by declining commodity prices. The forecast for was revised up by 0. For , the upward revision of 0. Delay comes at the cost of further large increases in debt, however, so downside risks around this baseline have also increased. While activity slowed following the currency exchange initiative, growth for â€”â€”at 7. With a pickup in global trade and strengthening domestic demand, growth in the ASEAN-5 economies is projected to remain robust at around 5 percent, with generally strong first quarter outturns leading to a slight upward revision for relative to the April WEO. In Emerging and Developing Europe, growth is projected to pick up in , primarily driven by a higher growth forecast for Turkey, where exports recovered strongly in the last quarter of and the first quarter of following four quarters of moderate contraction, and external demand is projected to be stronger with improved prospects for euro area trading partners. The Russian economy is projected to recover gradually in and , in line with the April forecast. After contracting in , economic activity in Latin America is projected to recover gradually in â€”18 as a few countriesâ€”â€”including Argentina and Brazilâ€”exit their recessions. Revisions for the rest of the region are mostly to the downside, including a further deterioration of conditions in Venezuela. Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is projected to slow considerably in , reflecting primarily a slowdown in activity in oil exporters, before recovering in In Sub-Saharan Africa, the outlook remains challenging. Growth is projected to rise in and , but will barely return to positive territory in per capita terms this year for the region as a wholeâ€”and would remain negative for about a third of the countries in the region. The slight upward revision to growth relative to the April WEO forecast reflects a modest upgrading of growth prospects for South Africa, which is experiencing a bumper crop due to better rainfall and an increase in mining output prompted by a moderate rebound in commodity prices. Risks Short-term risks are broadly balanced, but medium-term risks are still skewed to the downside. Risks to the U. On the upside, the pickup in activity in the euro area, with buoyant market sentiment and reduced political risks, could be stronger and more durable than currently projected. On the downside, protracted policy uncertainty or other shocks could trigger a correction in rich market valuations, especially for equities, and an increase in volatility from current very low levels. In turn, this could dent spending and confidence more generally, especially in countries with high financial vulnerabilities. Lower commodity prices would further exacerbate macroeconomic strains and complicate adjustment needs in many commodity exporters. Other downside risks threatening the strength and durability of the recovery include: A more protracted period of policy uncertainty. Despite a decline in election-related risks, policy uncertainty remains at a high level and could well rise further, reflectingâ€”for exampleâ€”difficult-to-predict U. This could harm confidence, deter private investment, and weaken growth. In China, failure to continue the recent focus on addressing financial sector risks and curb excessive credit growth mainly through tighter macroprudential policy settings could result in an abrupt growth slowdown, with adverse spillovers to other countries through trade, commodity price, and confidence channels. A faster-than-expected monetary policy normalization in the United States could tighten global financial conditions and trigger reversals in capital flows to emerging economies, along with U. At the same time, to the extent that such monetary policy tightening reflects a stronger U. In some euro area countries, weak bank balance sheets and an unfavorable profitability outlook could interact with higher political risks to reignite financial stability concerns, and a rise in long-term interest rates would worsen public debt dynamics. Finally, a broad rollback of the strengthening of financial regulation and oversight achieved since the crisisâ€”both nationally and internationallyâ€”could lower capital and liquidity buffers or weaken supervisory effectiveness, with negative repercussions for global financial stability. Over the longer term, failure to lift potential growth and make growth more inclusive could fuel protectionism and hinder market-friendly reforms. The results could include disrupted global supply chains, lower global productivity, and less affordable tradable consumer goods, which harm low-income households disproportionately. Rising geopolitical tensions, domestic political discord, and shocks arising from weak governance and corruption can all weigh on economic activity. These risks are interconnected and can be mutually reinforcing. For example, an inward turn in policies could be associated with increased geopolitical tensions as well as with rising global risk aversion; noneconomic shocks can weigh directly on economic activity as well as harm confidence and market sentiment; and a faster-than-anticipated tightening of global financial conditions or a shift toward protectionism in advanced economies could reignite capital outflow pressures from emerging markets. Policies Policy choices will therefore be crucial in shaping the outlook and reducing risks. With countries at present facing divergent cyclical conditions, differing stances of monetary and fiscal policy remain appropriate. Countries in need of fiscal consolidation should do so with growth-friendly measures. Emerging market economies should continue to allow exchange rates to buffer shocks, wherever possible. Making growth resilient and balanced. Efforts to accelerate private sector balance sheet repair and ensure sustainability of public debt are critical foundations for a resilient recovery. So are efforts from surplus and deficit countries alike to reduce excess current account imbalances. Sustaining high and inclusive growth in the long term. This goal calls for well-sequenced and tailored structural reforms to boost productivity and investment, measures to narrow gender labor force participation gaps, and active support for those hurt by shifts in technology or trade. Enhancing resilience in low-income countries. Among low-income developing countries, commodity exporters generally need sizable adjustment to correct macroeconomic imbalances, a challenge that would be exacerbated for fuel exporters by a persistent decline in oil prices. Policy priorities for diversified low-income developing countries vary, given the diversity of country circumstances, but an overarching goal for these economies should be to enhance resilience against potential future shocks by strengthening fiscal positions and foreign reserves holdings while growth is strong. Working toward shared prosperity. A well-functioning multilateral framework for international economic relations is another key ingredient of strong, sustainable, balanced, and inclusive growth. Pursuit of zero-sum policies can only end by hurting all countries, as history shows. Because national policies inevitably interact and create spillovers across countries, the world economy works far better for all when policymakers engage in regular dialogue and work within agreed mechanisms to resolve disagreements. A rule-based and open world trading system is especially vital for global prosperity, but it must be supported by domestic policies to facilitate adjustment, not only to trade but to rapid technological change. Cooperating to ensure evenhandedness. At the same time, the international community should continue to adapt the multilateral system to the changing global economy. Active dialogue and cooperation will help to improve and modernize the rules, while addressing valid country concerns. This process will ensure continued mutual benefits and evenhandedness. Together with strong domestic policies, it will also help avoid a broad withdrawal from multilateralism, either through widespread protectionism or a competitive race to the bottom in financial and regulatory oversight, which would leave all countries worse off.

Chapter 3 : IMF World Economic Outlook (WEO) Database, October - blog.quintoapp.com

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade, according to Chapter 1 of this World Economic Outlook. World growth is expected to rise from percent in to percent in and percent in

Blog Placeholder After a lackluster outturn in , economic activity is projected to pick up pace in and , especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U. The assumptions underpinning the forecast should be more specific by the time of the April World Economic Outlook, as more clarity emerges on U. With these caveats, aggregate growth estimates and projections for â€”18 remain unchanged relative to the October World Economic Outlook. The outlook for advanced economies has improved for â€”18, reflecting somewhat stronger activity in the second half of as well as a projected fiscal stimulus in the United States. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economiesâ€”most notably India, Brazil, and Mexico. This forecast is based on the assumption of a changing policy mix under a new administration in the United States and its global spillovers. Staff now project some near-term fiscal stimulus and a less gradual normalization of monetary policy. This projection is consistent with the steepening U. This WEO forecast also incorporates a firming of oil prices following the agreement among OPEC members and several other major producers to limit supply. While the balance of risks is viewed as being to the downside, there are also upside risks to near-term growth. Specifically, global activity could accelerate more strongly if policy stimulus turns out to be larger than currently projected in the United States or China. Notable negative risks to activity include a possible shift toward inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies, increased geopolitical tensions, and a more severe slowdown in China. Developments in the second half of Global output growth is estimated at about 3 percent at an annualized rate for the third quarter of â€”broadly unchanged relative to the first two quarters of the year. This stable average growth rate, however, masks divergent developments in different country groups. There has been a stronger-than-expected pickup in growth in advanced economies, due mostly to a reduced drag from inventories and some recovery in manufacturing output. In contrast, it is matched by an unexpected slowdown in some emerging market economies, mostly reflecting idiosyncratic factors. Among advanced economies, activity rebounded strongly in the United States after a weak first half of , and the economy is approaching full employment. Output remains below potential in a number of other advanced economies, notably in the euro area. Preliminary third-quarter growth figures were somewhat stronger than previously forecast in some economies, such as Spain and the United Kingdom, where domestic demand held up better than expected in the aftermath of the Brexit vote. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices. Commodity prices and inflation. Oil prices have increased in recent weeks, reflecting an agreement among major producers to trim supply. With strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened. Headline inflation rates have recovered in advanced economies in recent months with the bottoming out of commodity prices, but core inflation rates have remained broadly unchanged and generally below inflation targets. Inflation ticked up in China as capacity cuts and higher commodity prices have pushed producer price inflation to positive territory after more than four years of deflation. In other EMDEs, inflation developments have been heterogeneous, reflecting differing exchange rate movements and idiosyncratic factors. Long-term nominal and real interest rates have risen substantially since August the reference period for the October WEO , particularly in the United Kingdom and in the United States since the November election. As of January 3, nominal yields on year U. Treasury bonds have increased by close to one percentage point since August, and 60 basis points since the U. These changes have been mostly driven by an anticipated shift in the U. The increase in euro area long-term yields since August was more moderateâ€”some 35 basis points in Germany but 70 basis points in Italy, reflecting elevated political and banking sector uncertainties. Federal Reserve raised short-term interest rates in December, as expected, but in most other advanced economies the monetary policy stance has remained broadly unchanged. In emerging market economies, financial conditions were heterogeneous but generally tightened, with higher long-term interest rates on local-currency bonds, especially in emerging Europe and Latin America. Exchange rates and capital flows. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices, whereas the euro and especially the Japanese yen have weakened. Several emerging market currencies depreciated substantially in recent monthsâ€"most notably the Turkish lira and the Mexican pesoâ€"while the currencies of several commodity exportersâ€"most notably Russiaâ€"appreciated. Preliminary data point to sharp nonresident portfolio outflows from emerging markets in the wake of the U. Forecast Global growth for is now estimated at 3. Economic activity in both advanced economies and EMDEs is forecast to accelerate in â€"18, with global growth projected to be 3. Advanced economies are now projected to grow by 1. As noted, this forecast is particularly uncertain in light of potential changes in the policy stance of the United States under the incoming administration. The projection for the United States is the one with the highest likelihood among a wide range of possible scenarios. It assumes a fiscal stimulus that leads growth to rise to 2. Growth projections for have also been revised upward for Germany, Japan, Spain, and the United Kingdom, mostly on account of a stronger-than-expected performance during the latter part of These upward revisions more than offset the downward revisions to the outlook for Italy and Korea. As discussed in the October WEO, this projection reflects to an important extent a gradual normalization of conditions in a number of large economies that are currently experiencing macroeconomic strains. EMDE growth is currently estimated at 4. A further pickup in growth to 4. Notably, the growth forecast for was revised up for China to 6. However, continued reliance on policy stimulus measures, with rapid expansion of credit and slow progress in addressing corporate debt, especially in hardening the budget constraints of state-owned enterprises, raises the risk of a sharper slowdown or a disruptive adjustment. These risks can be exacerbated by capital outflow pressures, especially in a more unsettled external environment. Growth forecasts for were instead revised down in a number of other regions: In India, the growth forecast for the current â€"17 and next fiscal year were trimmed by one percentage point and 0. Elsewhere in emerging Asia, growth was also revised down in Indonesia, reflecting weaker-than-projected private investment, and in Thailand, in light of a slowdown in consumption and tourism. In Latin America, the growth downgrade reflects to an important extent more muted expectations of short-term recovery in Argentina and Brazil following weaker-than-expected growth outturns in the second half of , tighter financial conditions and increased headwinds from U. In the Middle East, growth in Saudi Arabia is expected to be weaker than previously forecast for as oil production is cut back in line with the recent OPEC agreement, while civil strife continues to take a heavy toll on a number of other countries. Risks Risks to the global growth outlook are two sided but are assessed to be skewed to the downside, especially over the medium term: Recent political developments highlight a fraying consensus about the benefits of cross-border economic integration. A potential widening of global imbalances coupled with sharp exchange rate movements, should those occur in response to major policy shifts, could further intensify protectionist pressures. Increased restrictions on global trade and migration would hurt productivity and incomes, and take an immediate toll on market sentiment. In those advanced economies where balance sheets remain impaired, an extended shortfall in private demand and inadequate progress on reforms including bank balance sheet repair could lead to permanently lower growth and inflation, with negative implications for debt dynamics. In addition to the risks already mentioned in the previous section, underlying vulnerabilities remain among some other large emerging market economies. High corporate debt, declining profitability, weak bank balance sheets, and thin policy buffers imply that these economies are still exposed to tighter global financial conditions, capital flow reversals, and the balance sheet implications of sharp depreciations. In many low-income economies, low commodity prices and expansionary policies have eroded fiscal buffers and led in some cases to a precarious economic situation, heightening their vulnerability to further external shocks. Geopolitical risks and a range of other noneconomic factors continue to weigh on the outlook in various regionsâ€”civil war and domestic conflict in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighboring countries and in Europe, acts of terror worldwide, the protracted effects of a drought in eastern and southern Africa, and the spread of the Zika virus. If these factors intensify, they would deepen the hardship in directly affected countries. Increased geopolitical tensions and terrorism could also take a large toll on global market sentiment and economic confidence. Upside risks also include higher investment if confidence in the recovery of global demand strengthens, as some financial market indicators seem to suggest. Policies The baseline forecast for the global economy points to a pickup in growth over the rest of the forecast horizon from its subdued pace this year, in the context of positive financial market sentiment, especially in advanced economies. Nonetheless, the potential for disappointments is high, as underscored by repeated growth markdowns in recent years. Against this backdrop, and given the diversity in cyclical positions and policy space, priorities differ across individual economies: In those advanced economies where output gaps are still negative and wage pressures muted, the risk of persistent low inflation or deflation, in some cases remains. Monetary policy therefore must remain accommodative, relying on unconventional strategies as needed. But accommodative monetary policy alone cannot lift demand sufficiently, and fiscal supportâ€”calibrated to the amount of space available and oriented toward policies that protect the vulnerable and lift medium-term growth prospectsâ€—therefore remains essential for generating momentum. In cases where fiscal adjustment cannot be postponed, its pace and composition should be calibrated to minimize the drag on output. In those advanced economies without substantially negative output gaps, any fiscal support should be targeted toward strengthening safety nets including for aiding the integration of refugees in some cases and increasing longer-term potential output through high-quality infrastructure investment and supply-friendly and equitable tax reform. In such cases, well-anchored inflation expectations should allow for a gradual pace in the normalization of monetary policy. More broadly, accommodative macroeconomic policies must be accompanied by and support structural reforms that can counteract waning potential growthâ€”including efforts to boost labor force participation, encourage investments in skills, improve the matching process in labor markets, liberalize entry into closed professions, increase dynamism and innovation in product and service markets, and promote business investment, including in research and development. Emerging market and developing economies face starkly diverse cyclical positions and structural challenges. In general, enhancing financial resilience can reduce the vulnerability to a tightening of global financial conditions, sharp currency movements, and the risk of capital flow reversals. Economies with large and rising nonfinancial debt, unhedged foreign liabilities, or heavy reliance on short-term borrowing to fund longer-term investments must adopt stronger risk management practices and contain balance sheet mismatches. In low-income countries that have seen their fiscal buffers decrease over the last few years, the priority is to restore those buffers while continuing to spend efficiently on critical capital needs and social outlays, strengthen debt management, improve domestic revenue mobilization, and implement structural reformsâ€—including in educationâ€—that pave the way for economic diversification and higher productivity. For the countries hardest hit by the decline in commodity prices, the recent market firming provides some relief, but the adjustment to reestablish macroeconomic stability is urgent. This implies allowing the exchange rate to adjust in countries not relying on an exchange rate peg, tightening monetary policy where needed to tackle increases in inflation, and ensuring that needed fiscal consolidation is as growth-friendly as possible. The latter is particularly important in countries with pegs, where the exchange rate cannot act as a shock absorber. Over the longer term, countries highly dependent on one or a few commodity products should work to diversify their export bases. With growth weak and policy space limited in many countries, continued multilateral effort is required in several areas to minimize risks to financial stability and sustain global improvements in living standards. This effort must proceed simultaneously on a number of fronts. To share the long-term benefits of economic integration more broadly, policymakers must ensure that well-targeted initiatives are in place to help those adversely affected by trade opening and to facilitate their ability to find jobs in the sectors of the economy that are expanding. Economic fairness also calls for multilateral and national efforts to crack down on tax evasion and prevent tax avoidance practices. Efforts to strengthen the resilience of the financial system must continue, including by recapitalizing institutions and cleaning up balance sheets where necessary, ensuring effective national and international banking resolution frameworks, and addressing emerging risks from nonbank intermediaries. A stronger global safety net can protect economies with robust fundamentals that may nevertheless be vulnerable to cross-border contagion and spillovers. Last but not least, multilateral cooperation is also indispensable to address important longer-term global challenges, such as meeting the Sustainable Development Goals, mitigating and coping with climate change, and preventing the spread of global epidemics.

Chapter 4 : World Economic Outlook, October Challenges to Steady Growth

The World Economic Outlook (WEO) Update covers key WEO projections and is published between the Spring and Fall WEO reports. After a lackluster outturn in , economic activity is projected to pick up pace in and , especially in emerging market and developing economies. However, there is.

The picture is very different from early last year, when the world economy faced faltering growth and financial market turbulence. We see an accelerating cyclical upswing boosting Europe, China, Japan, and the United States, as well as emerging Asia. The latest World Economic Outlook has therefore upgraded its global growth projections to 3. Notably, we expect sub-Saharan Africa, where growth in per capita incomes has on average stalled for the past two years, to improve overall in The current global acceleration is also notable because it is broad-basedâ€"more so than at any time since the start of this decade. This breadth offers a global environment of opportunity for ambitious policies that will support growth and raise economic resilience in the future. Policymakers should seize the moment: Global recovery still incomplete Why do we say that the recovery is incomplete? It is incomplete in three important ways. First, the recovery is incomplete within countries. Even as output nears potential in advanced economies, nominal and real wage growth have remained low. This wage sluggishness follows many years during which median real incomes grew much more slowly than incomes at the top, or even stagnated. Drivers of growth including technological advances and trade have had uneven effects, lifting some up but leaving others behind in the face of structural transformation. The resulting higher income and wealth inequalities have helped fuel political disenchantment and skepticism about the gains from globalization, putting recovery at risk. Second, the recovery is incomplete across countries. While most of the world is sharing in the current upswing, emerging market and low-income commodity exporters, especially energy exporters, continue to face challenges, as do several countries experiencing civil or political unrest, mostly in the Middle East, North and sub-Saharan Africa, and Latin America. Many small states have been struggling. About a quarter of all countries saw negative per capita income growth in , and despite the current upswing, nearly a fifth of them are projected to do the same in Finally, the recovery is incomplete over time. The cyclical upswing masks much more subdued longer-run trends of productivity and demographics, even correcting for the arithmetical effect of more slowly growing populations. For advanced economies, per capita output growth is now projected to average only 1. Moreover, we project that fully 43 emerging market and developing economies will grow even less in per capita terms than the advanced economies over the coming five years. These economies are diverging rather than converging, going against the more benign trend of declining inequality between countries due to rapid growth in dynamic emerging markets such as China and India. Window for action These gaps in the recovery challenge policymakers to actionâ€"action that should take place now, while times are good. Success requires a three-pronged approach in the context of completing and refining the important financial stability reforms undertaken since the global crisis, without weakening them. Needed structural reforms differ across countries, but all have ample room for measures that raise economic resilience along with potential output. Our research has shown that structural reforms are easier to implement when the economy is strong. For some countries that have returned close to full employment, the time has come to think about gradual fiscal consolidation to reduce swollen public debt levels and build buffers against the next recession. Higher infrastructure and educational spending, which are needed in some countries that do have fiscal space, can have the added benefit of boosting global demand just as consolidation measures elsewhere subtract from it. This multilateral fiscal policy mix can also help reduce excess global imbalances. Critically important to growth that can be sustained and shared by all is investment in people at all life cycle stages, but especially the young. Better education, training, and retraining can both ease labor market adjustment to long-term economic transformationâ€"from all sources, not only tradeâ€"and raise productivity. In the short term, the excessive youth unemployment that afflicts many countries urgently deserves attention. In sum, structural and fiscal policy together should promote economic conditions conducive to sustainable and more inclusive real wage growth. The third policy prong, monetary policy, still has a key role to play. Earlier deflation threats in advanced economies have receded considerably, but inflation has remained puzzlingly low even as unemployment rates have come down. Clear central bank communication and the smooth execution of monetary policy normalization, where and when appropriate, remain crucial. Success will help prevent market turbulence and sudden tightening of financial conditions, which could disrupt the recovery with spillovers to emerging market and developing economies. Those economies, in turn, face diverse monetary policy challenges but should continue where possible to use exchange rate flexibility as a buffer against external shocks, paying due attention to implications for price stability. Numerous global problems require multilateral action. Priorities for mutually beneficial cooperation include strengthening the global trading system, further improving financial regulation, enhancing the global financial safety net, reducing international tax avoidance, and fighting famine and infectious diseases. Also crucially important are to mitigate greenhouse gas emissions before they do more irreversible damage, and to help poorer countriesâ€”which are not themselves substantial emittersâ€”adapt to climate change. If the strength of the current upswing makes the moment ideal for domestic reforms, its breadth makes multilateral cooperation opportune. Policymakers should act while the window of opportunity is open. You can also listen to the podcast with Maurice Obstfeld.

Chapter 5 : World Economic Outlook, April Gaining Momentum?

The World Economic Outlook (WEO) database contains selected macroeconomic data series from the statistical appendix of the World Economic Outlook report, which presents the IMF staff's analysis and projections of economic developments at the global level, in major country groups and in many individual countries.

Chapter 6 : World Economic Outlook Database October

The steady expansion under way since mid continues, with global growth for projected to remain at its level. At the same time, however, the expansion has become less balanced and may have peaked in some major economies.

Chapter 7 : IMF World Economic Outlook (WEO) Update, January A Shifting Global Economic Landscape

The pickup in global growth anticipated in the April World Economic Outlook remains on track, with global output projected to grow by percent in and percent in The unchanged global growth projections mask somewhat different contributions at the country level. U.S. growth.

Chapter 8 : Foreword : World Economic Outlook, April : Gaining Momentum?:

In delivering the spring version of the fund's World Economic Outlook, a broad report on the international economy that is updated several times a year, the I.M.F.'s economists took the.

Chapter 9 : World Economic Outlook April

The global upswing in economic activity is strengthening. Global growth, which in was the weakest since the global financial crisis at percent, is projected to rise to percent in