



Overview

- After reaching 3.1 percent in 2017 and 2018, global growth is expected to moderate as global economic slack dissipates, some major central banks remove policy accommodation, and the recovery in commodity exporters matures.
- The recovery in regions with a large number of commodity exporters is expected to continue this year, but per capita income growth remains low in many countries.
- The risks of disorderly financial market movements and escalating trade protectionism have increased in 2018.

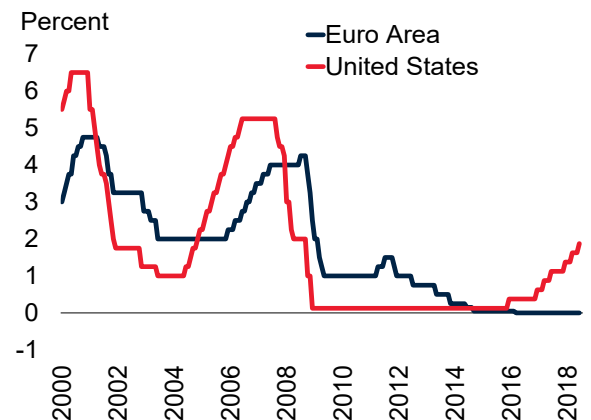
Chart of the Month

- Monetary policy normalization continues across advanced economies, albeit at different paces.
- The U.S. Federal Reserve raised interest rates in June for the 7th time since December 2015, revised up its growth and inflation projections amid additional fiscal stimulus, and signaled two more hikes by year-end.
- The European Central Bank kept policy rates unchanged, but announced the unwinding of its asset purchase program by the end of 2018, and revised its inflation forecast up despite softening growth. However, interest rates are expected to remain unchanged, at least through mid-2019.

Table of Contents

<i>Monthly Highlights</i>	2
<i>Special Focus</i>	6
<i>Recent Prospects Group Publications</i>	8
<i>Recent World Bank Working Papers</i>	8
<i>Recent World Bank Reports</i>	8
<i>Table A: Major Data Releases</i>	8
<i>Table B: Activity and Inflation</i>	9
<i>Table C: Trade and Finance</i>	9
<i>Table D: Financial Markets</i>	10
<i>Table E: Commodity Prices</i>	10

Policy interest rates in the United States and Euro Area



Source: Haver Analytics.
Note: Figure shows the mid-range of the main ECB refinancing and the U.S. federal funds rates. Last observation is June 2018.

Special Focus: Long-term Growth Prospects: Downgraded No More?

- Consensus forecasts for long-term growth have recently stabilized after a series of downgrades since 2010.
- Although this development could be a sign that the global economy is experiencing a healthy expansion, long-term forecasts are often overly optimistic.
- These forecasts are still above potential growth estimates, and adverse structural forces continue to overshadow long-term growth prospects.



Monthly Highlights

Global growth: high-water mark in 2018. Global growth is projected in the [June 2018 Global Economic Prospects](#) report to stabilize at 3.1 percent in 2018—the same pace as last year—as a gradual moderation in advanced economies is offset by prospects of continued recovery in emerging market and developing economies (EMDEs; Figure 1.A). However, momentum is not as broad-based as it was in 2017, and recent data point to softening manufacturing activity and export orders in recent months (Figure 1.B). As monetary policy continues to normalize in advanced economies and the recovery in commodity exporters matures, global growth is projected to ease to 3 percent in 2019. Despite the projected moderation, global growth is expected to remain above potential, suggesting that capacity constraints will become more binding and global inflation will continue to rise from current low levels (2.1 percent y/y in May).

Advanced-economy growth: easing toward potential. Despite recent mixed data, most advanced economies are expected to register solid investment and above-potential growth this year. Confidence remains elevated and labor market conditions continue to improve. In all, advanced-economy growth is projected at 2.2 percent in 2018—a slight deceleration from last year, as the impact of additional fiscal stimulus in the United States is more than offset by moderating growth in the Euro Area and Japan. Over the next two years, growth is expected to decelerate toward potential, as output gaps become positive, inflation rises toward target, and central banks continue to remove monetary stimulus.

Global trade growth: moderating. Trade was robust at the start of the year, but decelerating export orders indicate that momentum has been slowing in recent months. Overall global trade growth is expected to ease to 4.3 percent in 2018, down from a six-year high of 4.8 percent in 2017 (Figure 1.C). Strong intra-regional trade growth and import demand from major advanced economies have been particularly supportive in East Asia and Pacific and Eastern Europe and Central Asia, but export growth is now decelerating in these two regions. On the trade policy front, the outcome of some trade negotiations remains uncertain, and new tariff announcements by the United States have led to retaliatory responses. Increasing trade protectionist

FIGURE 1.A Global growth

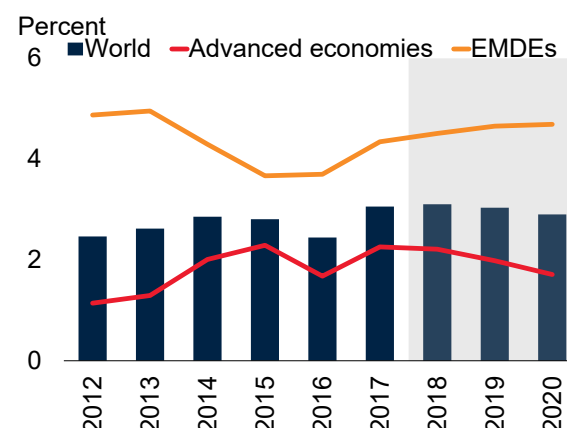


FIGURE 1.B Global manufacturing output and export orders

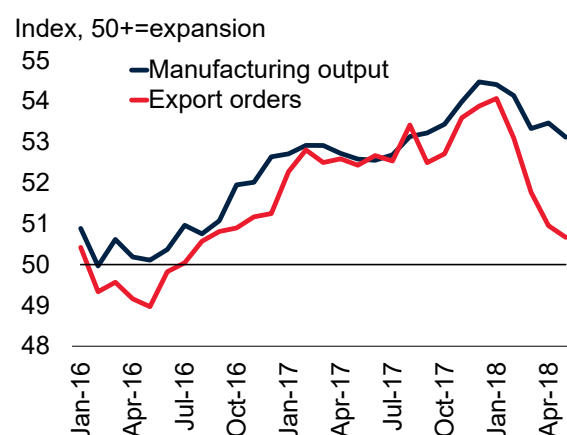
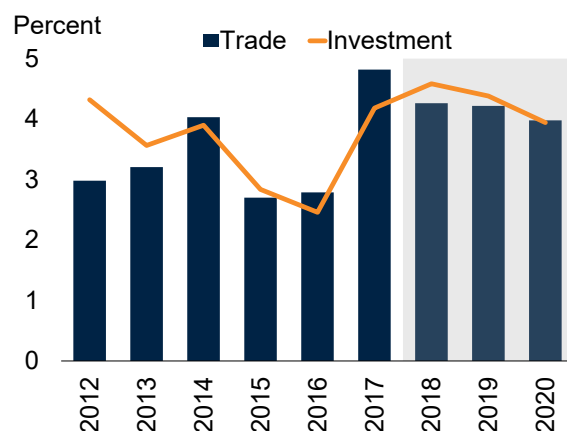


FIGURE 1.C Global trade and investment growth, volumes



Sources: Haver Analytics, World Bank.

A.C. Shaded areas indicate forecasts.

A. Aggregate growth rates calculated using constant 2010 U.S. dollar GDP weights. Data for 2017 are estimates.

B. Figure shows Purchasing Managers' Index (PMI) for manufacturing output and new export orders. Readings above 50 indicate expansion in economic activity; readings below 50 indicate contraction. Last observation is May 2018.

C. Trade measured as the average of export and import volumes.



measures are contributing to policy uncertainty and could have significant adverse effects on global trade and investment in the case of further escalation.

Financing conditions: tightening. Following a prolonged period of favorable global financing conditions, prospects of a faster withdrawal of monetary policy accommodation in advanced economies have led to rising global borrowing costs since the start of 2018. In June, the U.S. Federal Reserve increased policy rates for the seventh time since December 2015 and slightly revised up its projections for growth, inflation, and interest rates. Meanwhile, the European Central Bank announced the likely termination of its asset purchase program by year-end. Rising global bond yields, combined with a renewed strength of the U.S. dollar, have contributed to less favorable borrowing conditions for EMDEs (Figure 2.A). Portfolio outflows since mid-April are reminiscent to those following the Taper Tantrum in May 2013 and the U.S. elections in November 2016, and investors have become increasingly focused on country-specific vulnerabilities to higher interest rates and currency pressures.

Commodity prices: stabilizing. Crude oil prices reached a peak of \$80/bbl in May amid robust demand, as well as supply concerns associated with U.S. sanctions on Iran and collapsing production in Venezuela. Oil prices have declined since then, reflecting an easing of production caps between OPEC and some non-OPEC producers. Oil prices are expected to average \$70/bbl in 2018 and \$69/bbl in 2019, up \$12/bbl in 2018 and \$10/bbl in 2019 relative to January forecasts. Metals prices, which increased 24 percent in 2017 due to robust global demand and environmentally-driven supply cuts in China, are expected to increase further by 9 percent in 2018. Agricultural prices gained 4 percent during the first half of 2018, following three years of price stability. The uptick was driven by lower plantings of wheat and maize in the United States, as well as some weather-related disruptions to soybean production in South America. However, soybean prices fell in June amid concerns that China may impose retaliatory import tariffs on U.S. soybean exports.

EMDE growth: maturing recovery. Growth in EMDEs is projected to gain further strength this year, reaching 4.5 percent, before stabilizing at 4.7 percent in 2019-20, as the recovery in commodity exporters levels off. In this context, the growth differential between EMDEs and advanced economies is expected

FIGURE 2.A Long-term U.S. and EMDE bond yields

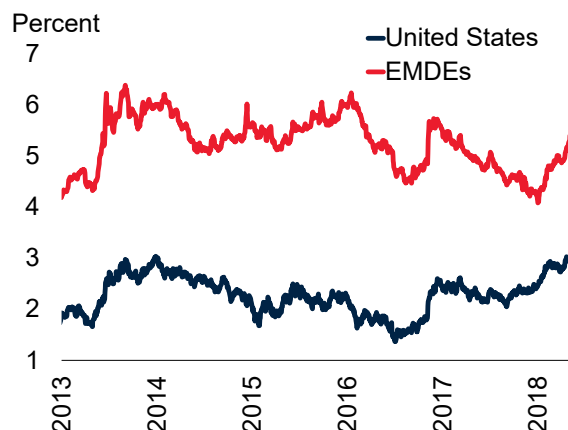


FIGURE 2.B Difference in per capita growth between EMDEs and advanced economies

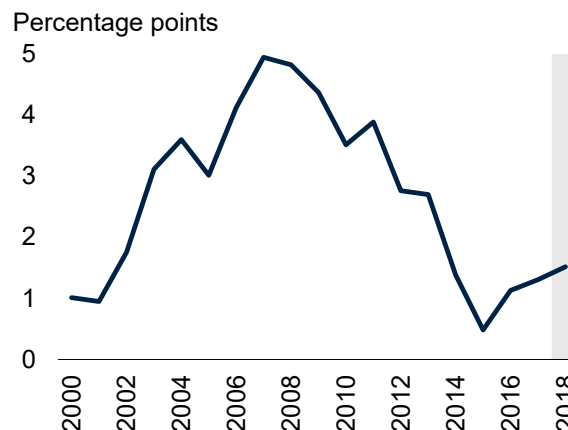
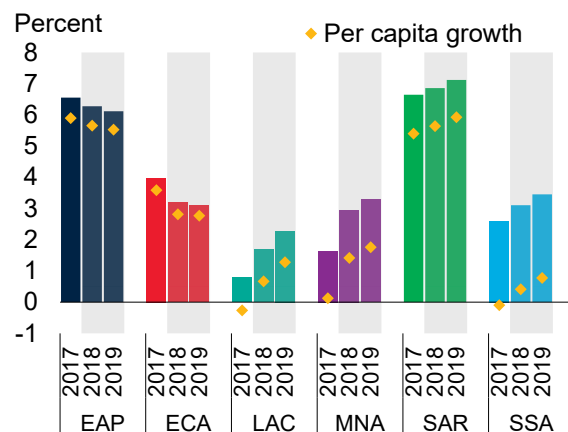


FIGURE 2.C Regional GDP growth



Sources: Haver Analytics, J.P. Morgan, World Bank.

A. EMDE long-term yields are estimated using the U.S. 10-year treasury yield augmented by J.P. Morgan's Emerging Market Bond spread (excluding Venezuela). Last observation is June 25, 2018.

B. Shaded areas indicate forecasts. Aggregate growth rates calculated using constant 2010 U.S. dollar GDP weights.

C. Shaded areas indicate forecasts. EAP = East Asia and Pacific, ECA = Europe and Central Asia, LAC = Latin America and the Caribbean, MNA = Middle East and North Africa, SAR = South Asia, SSA = Sub-Saharan Africa.



to increase to 1.5 percentage points this year, after reaching a 17-year trough in 2015 (Figure 2.B). Growth in commodity exporters is expected to increase to 2.5 percent in 2018 and to average 3.0 percent in 2019-20, as investment growth plateaus and output gaps narrow. Growth is recovering in oil-exporting economies, especially in those that implemented significant oil production cuts in 2017, but still lags that of other commodity exporters. Activity continues to show resilience in a number of more diversified economies and agriculture exporters. Growth in commodity importers is projected to remain broadly stable in 2018-20, averaging 5.8 percent, as a further slowdown in China—from 6.5 percent in 2018 to 6.2 percent in 2020—is offset by a moderate pickup in the rest of the group. Authorities in China continue to tighten macroprudential regulation and gradually remove fiscal stimulus, but have reduced bank reserve requirements to spur lending to smaller companies. With output gaps closed or positive in commodity importers, inflation is projected to increase and monetary policy to tighten.

Per capita income in EMDEs: uneven progress. In regions with many commodity exporters, per capita growth is improving, but is still low. In Sub-Saharan Africa, which has the largest population of extreme poor, per capita income growth in 2018 is estimated at 0.4 percent, following two consecutive years of contraction (Figure 2.C). Latin America will experience only marginally higher gains, at 0.7 percent in 2018, following three consecutive years of contraction. In commodity importers, per capita income growth is expected to remain robust at around 4.9 percent. In South Asia, which has the second largest population of extreme poor, it is expected to reach 5.6 percent in 2018, on par with gains in East Asia. Overall, growth in 2018 will be insufficient to restart the catch-up of income per capita with advanced economies in roughly 45 percent of EMDEs (51 out of 117 economies). Among commodity exporters, the proportion is even higher, at nearly 50 percent (Figure 3.A). For countries affected by fragility, conflict, and violence (FCVs), the share is estimated at nearly 70 percent; for low-income countries (LICs), the share is still high at 36 percent this year.

Risks to the outlook: tilted down. Risks to the outlook are tilted to the downside, with some becoming more acute. This is reflected in an increased probability that global growth might fall short of expectations in 2019 (Figure 3.B). In particular, the risks

FIGURE 3.A Share of EMDEs failing to catch up with advanced-economy GDP per capita

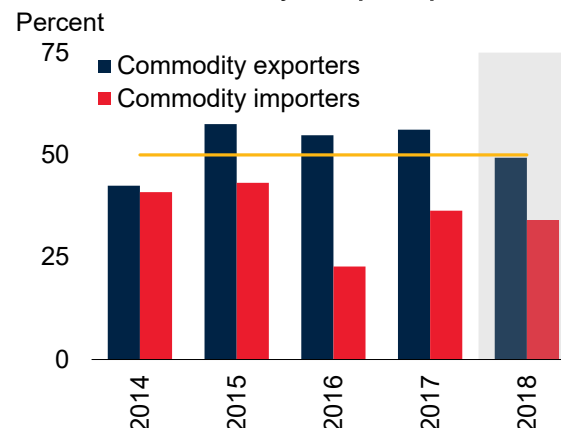


FIGURE 3.B Probability of global growth in 2019 being below/above baseline

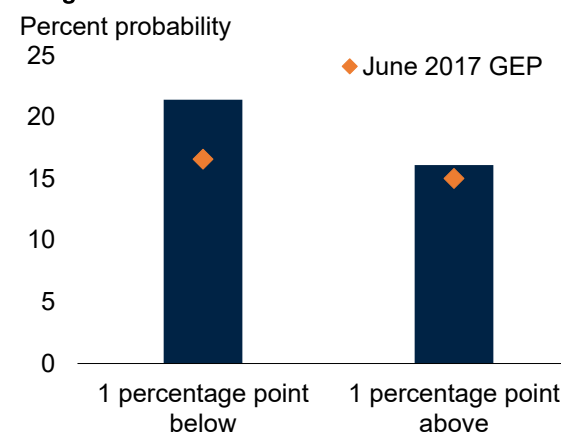
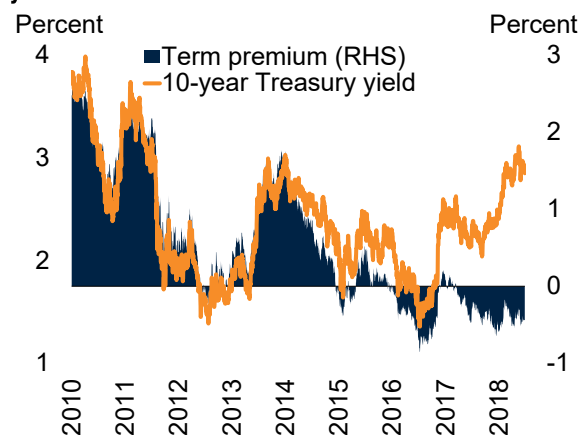


FIGURE 3.C U.S. term premium and long-term yields



Sources: Adrian, Crump, and Moench (2013); Bloomberg; World Bank.
A. Shaded area denotes forecasts. EMDEs with per capita GDP growth of less than 0.1 percentage point higher than advanced economies are those counted as failing to catch up.
B. The fan chart shows the forecast distribution of global growth using time-varying estimates of the standard deviation and skewness extracted from underlying risk factors. Last observation is May 2018.
C. Last observation is June 27, 2018.



of financial market disruptions and escalating trade restrictions have intensified. A reassessment of inflation and monetary policy expectations could lead to a sudden rise in long-term yields in the United States, especially given the fact that term premiums are still negative (Figure 3.C). An abrupt tightening of global financing conditions and disorderly exchange rate developments could have severe consequences in EMDEs facing record-high debt levels, mounting refinancing needs, and deteriorating credit quality (Figure 4.A). Countries with elevated foreign currency debt and weak current account positions are particularly vulnerable to rollover and exchange rate risks. In LICs, public debt burdens and vulnerabilities continue to rise. More than 40 percent of LICs are in debt distress or at high risk of debt distress—more than twice the share in 2013. Rising trade protectionism has also become a prominent downside risk to global growth. In an extreme scenario of worldwide escalation in tariffs up to legally-allowed bound rates, global trade could decline by 9 percent after two years—a drop that is similar to that seen during the global financial crisis in 2008–09. The impact of rising trade protectionism would be particularly severe for EMDEs (Figure 4.B). Depleted policy buffers make a number of countries unprepared to the possibility of adverse shocks.

Policy priorities for EMDEs: brace for headwinds. Amid deteriorating debt dynamics and prospects of rising borrowing costs, policymakers in EMDEs need to restore fiscal buffers and improve revenue mobilization. They also need to accelerate growth-enhancing reforms, by strengthening workforce skills, adaptability to technological change, competitiveness, and economic diversification. Measures that reduce barriers to trade could contribute to boosting value chain integration, investment, and productivity. In this regard, prospects of new trade agreements, including the African Continental Free Trade Area (AfCFTA), offer promising avenues. Once ratified by its 44 members, AfCFTA would be the largest free-trade area in terms of population and number of countries, although accounting for a small share of global trade when compared with, for instance, the newly signed Comprehensive and Progressive Agreement for a Trans-Pacific Partnership (Figure 4.C). AfCFTA has the potential to foster intra-regional trade, innovation, and productivity in Africa.

FIGURE 4.A EMDE debt as a share of GDP, by borrowing sector

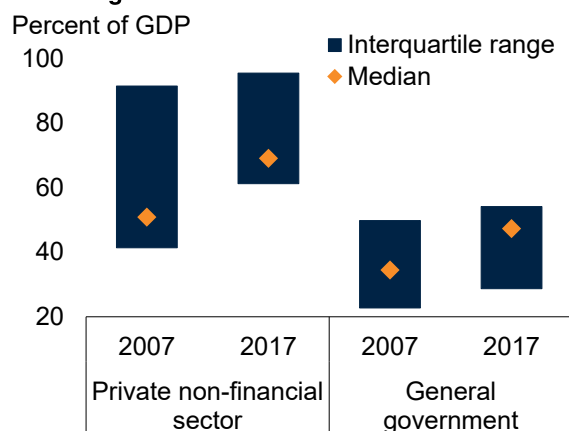


FIGURE 4.B Impact on trade from worldwide increase in tariffs to bound levels by 2020

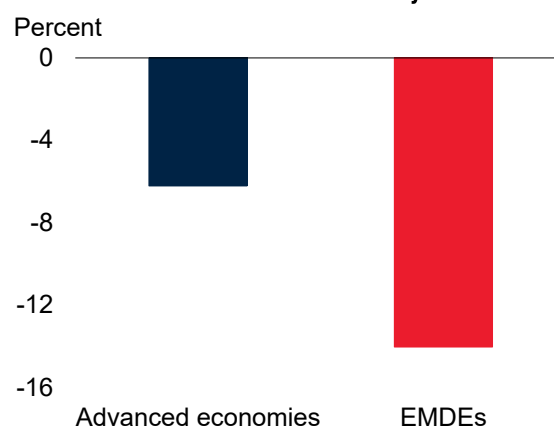
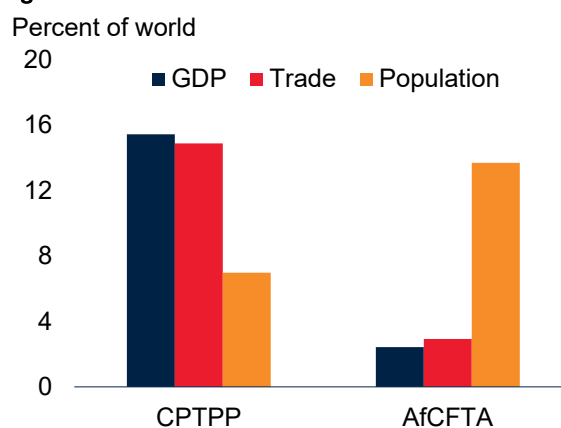


FIGURE 4.C Size of new regional trade agreements



Sources: Bank for International Settlements, International Monetary Fund, Kutlina-Dimitrova and Lakatos (2017), World Bank.
A. Debt is defined as loans and debt securities. Sample includes 16 EMDEs.
B. Bars denote the percent deviation from baseline in 2020. Data are calculated from simulations using the GDyn computable general equilibrium model (Ianchovichina and McDougall 2000; Ianchovichina and Walmsley 2012). Trade-weighted aggregates include 36 advanced economies and 71 EMDEs.
C. CPTPP = Comprehensive and Progressive Agreement for Trans-Pacific Partnership, AfCFTA = African Continental Free Trade Area. Data from 2017.



Special Focus: Long-term Growth Prospects: Downgraded No More?

Evolution of long-term expectations. Following a prolonged period of downgrades in long-term growth forecasts, the 10-year-ahead consensus forecast for global growth has stabilized for the first time since 2010 (Figure 5.A). From 1998 to 2007, 10-year-ahead global growth forecasts were revised upwards (from 3 percent to 3.4 percent). During the same period, long-term growth forecasts were upgraded in around one-half of economies. Following the 2007-09 global financial crisis, however, growth forecasts were steadily revised down to 2.5 percent in 2017, with downgrades in long-term forecasts in all countries. Forecasts currently envisage global growth in 2028 at 2.6 percent. The recent stabilization in 10-year-ahead growth forecasts may signal that the legacies of the global financial crisis may be fading. It is likely associated with improved global growth and trade since 2016, tighter labor markets, a rebound in industrial production in major advanced economies, and recoveries in some large commodity-exporting EMDEs.

Growth expectations in advanced economies and EMDEs. The pattern of initial strength and subsequent weakness in long-term growth expectations is broadly shared, albeit at different speeds and intensities, among different country groups (Figure 5.B). EMDEs experienced upward revisions in their growth prospects before the crisis period, while advanced economies faced gradual downgrades beginning in the early 2000s. Post-crisis, both groups witnessed deteriorating long-term growth forecasts, with sharper revisions made to EMDEs due to downgrades in long-term expectations in major emerging market economies. The post-crisis decline in long-term GDP growth expectations was accompanied by weakening forecasts for global investment and consumption growth.

Factors associated with upgrades in long-term forecasts. Historically, long-term growth forecasts were upgraded during periods of strong output or investment growth (Figure 5.C). Similarly, the recent stabilization in growth expectations has coincided with above-potential growth in some major economies and a recovery in investment since mid-2016. During sustained periods of above-potential growth, long-term growth forecasts were, on average, 0.3 percentage point higher than during sustained periods of below-potential growth. Similarly, long-term growth forecasts were, on average, 1 percentage point higher during investment surges than during investment slowdowns.

FIGURE 5.A Ten-year-ahead global growth forecasts

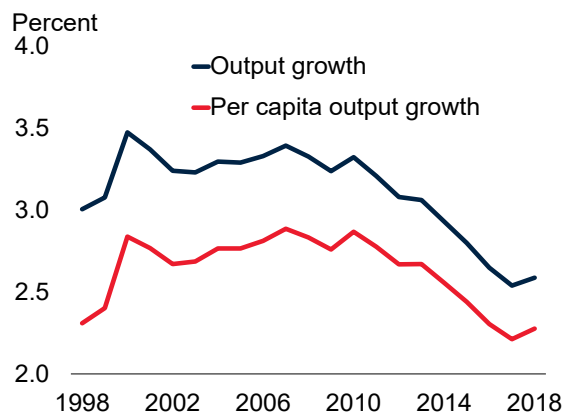


FIGURE 5.B Ten-year-ahead output growth

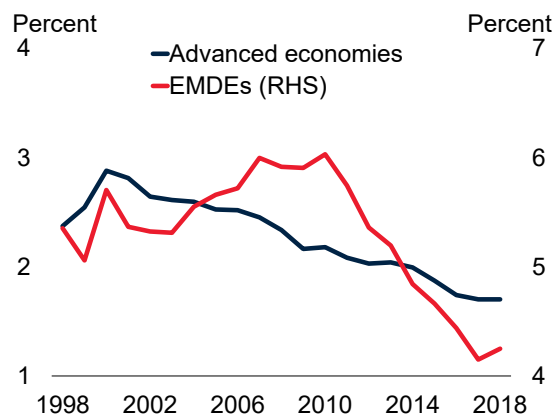
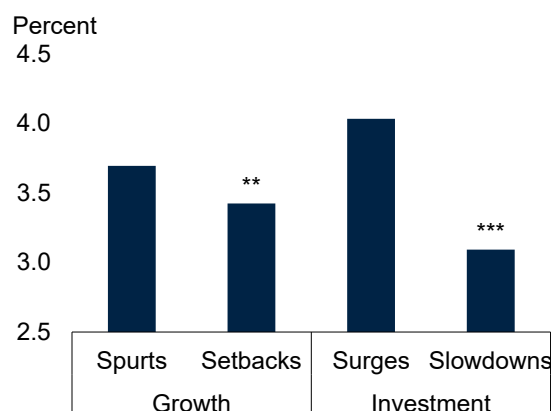


FIGURE 5.C Ten-year-ahead growth forecasts during strong growth and investment episodes



Sources: Consensus Economics, United Nations, World Bank.
A.B. Sample includes 38 countries, consisting of 20 advanced economies and 18 EMDEs, for which Consensus forecasts are consistently available during 1998-2018. Global, advanced-economy, and EMDE growth is computed with constant 2010 U.S. dollar GDP weights. The horizontal axis refers to the year of the Consensus forecast survey.
A. Per capita global output growth is computed as the difference between 10-year-ahead global growth forecasts and population growth estimates in the years for which forecast surveys are conducted.
C. *** and ** denote that average forecasts between two events are statistically significantly different at the 1 percent and 5 percent levels, respectively. See June 2018 *Global Economic Prospects* for further details and definitions.



Systematic optimism. During 2008-17, long-term global growth forecasts made a decade earlier exceeded actual growth outcomes in all years except 2010, suggesting that forecasts were systematically overly optimistic. Moreover, the longer the forecast horizon, the larger the degree of over-optimism (Figure 6.A). On average, 10-year-ahead growth forecasts disappointed by 1.2 percentage points and 5-year-ahead growth forecasts disappointed by 0.8 percentage point.

Comparison with potential growth. Long-term growth expectations should reflect forecasters' judgment about an economy's potential growth. However, long-term forecasts for global growth often exceed global potential growth estimates over the next decade, despite challenges in estimating potential output (Figure 6.B). While the gap between long-term expectations and potential growth estimates is mostly driven by advanced economies, long-term growth forecasts are currently larger than potential growth in the majority of countries. The over-optimism in long-term growth forecasts is a result of both cyclical and structural factors. In part, this optimism reflected an initial underestimation of the headwinds to potential growth, especially in advanced economies, from demographics and weak investment and productivity. Optimism was partly a natural outcome of the failure to predict, or even recognize in real time, shocks that could trigger crises or business cycle turning points and their lasting impact.

Implications for growth in the next decade. If forecast errors of the magnitude observed in the past materialize yet again, growth in the coming decade may turn out to be 2.1 percent, which is well below the current long-term average growth forecast of 2.8 percent. Over a decade, such seemingly small differences in growth outcomes translate into significant changes in global income and living standards (Figure 6.C). For example, should global growth average current consensus forecasts, incomes a decade from now would be, cumulatively, 31 percent higher than in 2018. This income gain could turn out to be 9 percentage points lower should growth fall short of consensus forecasts by the average historical forecast error. These factors represent a warning that the recent stabilization in long-term growth forecasts may be fleeting and suggest an urgent need to press ahead with growth-enhancing policy adjustments, including reforming product and labor markets, raising investment in human capital, and building the policy buffers needed to allow an appropriate countercyclical response to shocks when they materialize.

FIGURE 6.A Global growth forecast errors, by forecast horizon

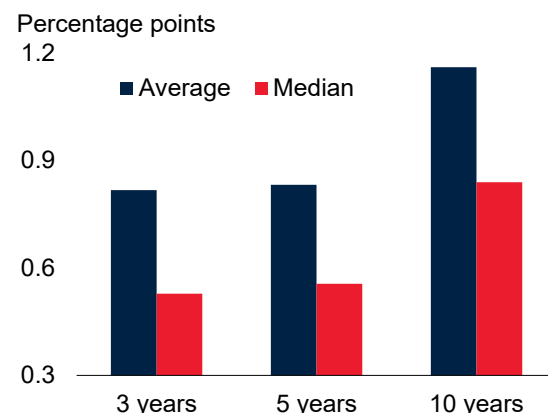


FIGURE 6.B Comparison of global forecasts and potential growth

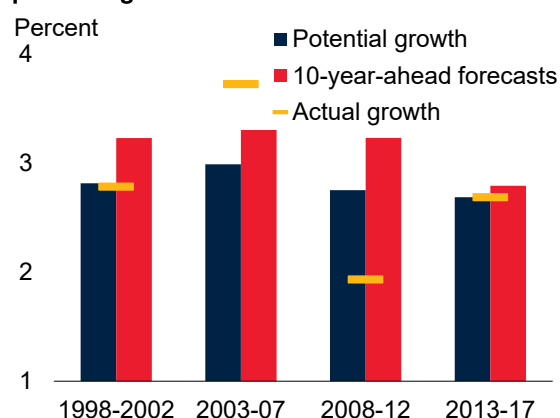
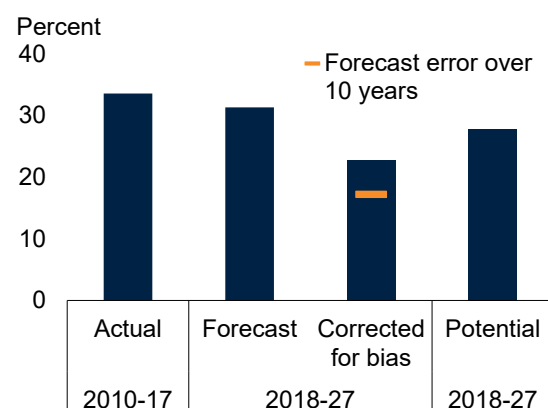


FIGURE 6.C Cumulative change in global GDP, 2018-27



Sources: Consensus Economics, Kilic Celik et al. (2018), World Bank.
Note: Sample includes 38 countries.

A. The forecast error is defined as the difference between growth forecasts at different horizons (over three, five, and 10 years) and actual growth. Averages and medians are computed from available observations up to 2017.

B.C. Potential growth is measured by the production function approach.

B. Period averages of GDP-weighted global actual growth, potential growth, and growth forecasts are shown. For 10-year-ahead growth forecasts, the horizontal axis refers to the forecast survey years.

C. Cumulative change in global GDP since 2018, when growth in each year during 2018-27 is taken from June 2018 *Global Economic Prospects*.



Recent Prospects Group Publications

[Global Economic Prospects - June 2018: The Turning of the Tide?](#)

[Commodity Markets Outlook - April 2018: Oil Exporters: Policies and Challenges](#)

[Global Economic Prospects - January 2018: Broad-Based Upturn, but for How Long?](#)

[Global Economic Prospects - June 2017: A Fragile Recovery](#)

Recent World Bank Working Papers

[Deep trade agreements and global value chains](#)

[Where is the carbon tax after thirty years of research?](#)

[The devil is in the details: Growth, polarization, and poverty reduction in Africa in the past two decades](#)

[Services liberalization and GVC participation : new evidence for heterogeneous effects by income level and provisions](#)

[Automation and labor market outcomes: The pivotal role of high-quality education](#)

[Inequality and economic growth: The role of initial income](#)

[The 2014–16 Oil Price Collapse in Retrospect: Sources and Implications](#)

Recent World Bank Reports

[Fair Progress? : Economic Mobility Across Generations Around the World](#)

[Global Trade Watch 2017 : Trade Defies Policy Uncertainty–Will It Last?](#)

[The Changing Wealth of Nations 2018: Building a Sustainable Future](#)

[Doing Business 2018: Reforming to Create Jobs](#)

[World Development Report 2018: LEARNING to Realize Education's Promise](#)

TABLE A: Major Data Releases

(Percent change, y/y)

Recent releases: May 25, 2018 - June 24, 2018						
Country	Date	Indicator	Period	Actual	Forecast	Previous
UK	5/25/18	GDP	Q1	1.2 %	1.2 %	1.4 %
France	5/30/18	GDP	Q1	2.2 %	2.1 %	2.8 %
Portugal	5/30/18	GDP	Q1	2.1 %		2.4 %
Brazil	5/30/18	GDP	Q1	1.2 %		2.1 %
United States	5/30/18	GDP	Q2	2.8 %		2.6 %
Spain	5/31/18	GDP	Q1	3.0 %		3.1 %
South Korea	5/31/18	GDP	Q1	2.8 %		2.8 %
Indonesia	6/4/18	CPI	MAY	3.2 %	3.4 %	3.4 %
South Africa	6/5/18	GDP	Q1	0.8 %		1.5 %
Euro Area	6/7/18	GDP	Q1	2.5 %	2.5 %	2.8 %
Japan	6/7/18	GDP	Q1	1.1 %		2.0 %
Mexico	6/7/18	CPI	MAY	4.5 %		4.6 %
China	6/8/18	CPI	MAY	1.8 %		1.8 %
Turkey	6/11/18	GDP	Q1	6.8 %		6.8 %
UK	6/13/18	CPI	MAY	2.4 %	2.4 %	2.4 %
Germany	6/14/18	CPI	MAY	2.2 %		1.6 %
Italy	6/15/18	CPI	MAY	1.0 %		0.5 %
Malaysia	6/20/18	CPI	MAY	1.8 %	1.7 %	1.4 %
South Africa	6/20/18	CPI	MAY	4.3 %		4.3 %
Japan	6/21/18	CPI	MAY	0.6 %		0.6 %
France	6/22/18	GDP	Q1	2.2 %	2.2 %	2.8 %

(Percent change y/y)

Upcoming releases: June 25, 2018 - July 24, 2018				
Country	Date	Indicator	Period	Previous
United States	6/28/18	GDP	Q2	2.9 %
Italy	6/28/18	CPI	JUN	1.0 %
Spain	6/28/18	CPI	JUN	2.1 %
Germany	6/28/18	CPI	JUN	2.2 %
Denmark	6/29/18	GDP	Q1	1.3 %
UK	6/29/18	GDP	Q1	1.4 %
Indonesia	7/2/18	CPI	JUN	3.2 %
Turkey	7/3/18	CPI	JUN	12.2 %
South Korea	7/3/18	CPI	JUN	1.5 %
Brazil	7/6/18	CPI	JUN	2.9 %
Mexico	7/9/18	CPI	JUN	4.5 %
China	7/9/18	CPI	JUN	1.8 %
Portugal	7/11/18	CPI	JUN	1.0 %
United States	7/12/18	CPI	JUN	2.8 %
Ireland	7/13/18	GDP	Q1	7.8 %
Spain	7/13/18	CPI	JUN	2.1 %
China	7/16/18	GDP	Q2	6.8 %
Austria	7/17/18	CPI	JUN	1.9 %
Euro Area	7/18/18	CPI	JUN	1.9 %
Euro Area	7/20/18	GDP	Q2	2.5 %
Australia	7/24/18	CPI	JUN	1.9 %



TABLE B: Activity and Inflation

(Percent change y/y, except quarterly data on industrial production, which are percent change q/q, annualized)

			2017			2018			2017					2018				
	2016	2017	Q2	Q3	Q4	Q1	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Industrial production, sa ¹																		
World	2.1	4.0	4.9	3.6	5.6	4.1	4.4	4.0	4.2	4.3	4.3	4.1	4.4	4.6	4.6	4.8	4.3	4.4
Advanced economies	0.0	2.8	4.5	2.1	5.3	-0.1	3.5	3.0	3.1	3.1	3.0	3.1	3.5	3.6	2.6	3.0	3.2	2.4
Emerging market and developing economies	4.2	5.2	5.3	5.1	5.9	8.5	5.3	5.0	5.3	5.6	5.7	5.1	5.4	5.6	6.6	6.5	5.4	6.3
Commodity-exporting EMDEs	0.6	2.7	3.1	4.6	1.1	5.8	3.7	1.5	2.4	3.8	3.8	3.2	2.6	2.4	3.8	3.5	3.5	4.6
Other EMDEs	5.3	6.0	6.0	5.3	7.2	9.2	5.8	6.0	6.1	6.1	6.2	5.7	6.2	6.5	7.4	7.4	5.9	6.8
East Asia and Pacific	5.9	6.2	6.2	4.7	5.4	10.9	6.3	6.5	5.9	5.9	6.5	5.8	5.7	5.8	7.3	7.2	5.9	7.1
East Asia excl. China	4.7	4.1	1.4	8.0	0.0	19.5	5.0	0.6	3.3	4.8	5.7	3.2	3.3	3.2	8.4	7.2	5.2	7.7
Europe and Central Asia	3.4	5.9	8.5	5.9	6.7	7.2	6.8	5.5	6.7	7.7	7.8	6.0	5.8	6.5	7.8	7.5	5.8	5.9
Latin America and Caribbean	-2.2	0.7	-0.7	3.4	2.6	3.1	0.3	0.6	1.2	1.4	0.7	1.7	1.4	2.0	1.5	1.9	2.9	4.2
Middle East and North Africa	-1.1	5.4	-2.1	27.0	0.0	-9.4	5.9	2.8	15.8	7.7	2.1	6.1	7.1	8.7	2.1	2.6	4.4	2.7
South Asia	5.3	4.7	2.9	6.8	13.7	3.9	4.0	0.1	4.0	6.5	4.7	3.8	8.8	7.6	8.1	7.3	4.8	5.1
Sub-Saharan Africa	1.0	-0.2	4.3	3.1	7.6	-8.3	-1.8	-2.9	-0.7	1.2	-0.9	1.7	2.5	3.4	1.6	1.2	1.6	-1.3
Inflation, sa ²																		
World	1.5	2.1	2.1	2.2	2.3	2.2	2.1	1.9	2.2	2.2	2.2	2.3	2.2	2.1	2.1	2.2	2.3	2.1
Advanced economies	0.3	1.4	1.4	1.4	1.4	1.3	1.4	1.2	1.4	1.4	1.5	1.4	1.5	1.5	1.5	1.4	1.4	1.6
Emerging market and developing economies	2.7	3.2	3.2	3.0	2.9	2.9	3.1	2.8	2.7	3.2	3.2	3.0	2.9	2.9	2.9	2.9	2.7	2.5
Commodity-exporting EMDEs	3.5	3.5	3.5	3.3	2.8	2.8	3.5	3.0	3.0	3.3	3.2	3.0	2.7	2.8	2.9	2.9	2.6	2.4
Other EMDEs	1.1	2.9	2.9	2.9	3.1	3.6	2.9	2.3	2.5	2.8	3.2	3.1	3.2	3.1	3.6	3.3	3.2	3.4
East Asia and Pacific	2.1	2.9	2.8	2.2	2.7	2.2	2.6	2.3	2.3	2.6	2.5	2.8	2.6	2.6	2.3	2.5	2.1	1.9
Europe and Central Asia	0.4	2.4	2.3	2.7	2.8	2.7	2.3	2.2	2.5	2.7	2.8	2.6	2.8	2.8	2.5	2.7	2.5	2.2
Latin America and Caribbean	2.4	2.8	2.4	3.2	3.9	3.1	2.9	1.8	2.8	3.2	3.7	3.5	4.1	3.5	3.3	3.1	2.9	3.0
Middle East and North Africa	2.1	1.6	1.5	1.1	2.2	2.8	1.9	1.0	1.2	1.1	1.6	2.1	1.7	2.3	2.9	3.0	2.7	2.6
South Asia	4.4	3.8	4.5	3.6	3.8	4.6	4.9	4.0	3.6	3.7	3.5	3.7	4.0	5.2	5.1	4.4	4.3	4.6
Sub-Saharan Africa	5.3	5.1	5.3	4.8	4.4	3.0	5.4	5.4	5.4	4.8	5.1	4.9	3.3	3.2	3.1	2.9	2.9	3.3

Sources: Haver Analytics, IMF International Financial Statistics, World Bank.

¹ Industrial production is total production (may exclude construction). When data are unavailable, "industrial production, manufacturing" is used as a proxy.

² Median inflation rate for each grouping.

TABLE C: Trade and Finance

(Percent change y/y, except quarterly trade data, which are percent change q/q, annualized, and international reserves data, which are percent change over the previous period)

			2017			2018			2017					2018				
	2016	2017	Q2	Q3	Q4	Q1	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Exports, nominal, US\$, sa																		
World	-3.0	10.2	3.6	13.9	15.6	26.0	11.1	6.8	10.2	11.0	11.0	12.3	13.0	11.5	17.2	17.1	9.4	16.3
Advanced economies	-0.8	9.5	2.8	17.2	12.5	23.6	10.2	6.4	9.9	10.8	10.9	11.9	12.9	11.4	17.9	12.4	11.1	16.3
Emerging market and developing economies	-6.5	11.4	5.1	8.3	21.4	30.4	12.8	7.5	10.8	11.2	11.1	13.1	13.2	11.9	15.9	26.2	6.2	16.4
Commodity-exporting EMDEs	-8.8	17.2	-8.4	17.4	24.5	37.3	19.4	9.9	17.2	16.7	16.3	20.5	13.9	13.1	20.8	15.6	13.1	23.8
Other EMDEs	-4.6	9.1	11.2	4.8	20.1	27.7	10.2	6.5	8.5	9.1	9.1	10.2	12.9	11.3	14.1	30.4	3.6	13.5
East Asia and Pacific	-6.1	9.5	11.8	4.9	18.0	28.8	11.1	5.5	10.4	8.0	9.8	10.0	12.8	10.9	13.9	33.2	1.0	12.7
Europe and Central Asia	-6.0	16.4	-0.8	15.3	32.7	40.7	19.8	11.1	11.3	20.3	16.5	22.2	19.5	15.9	26.5	21.0	15.4	28.5
Latin America and Caribbean	-2.3	11.9	0.4	7.0	16.4	24.2	11.6	12.6	10.7	11.7	10.3	15.7	9.3	8.6	12.0	12.1	10.7	13.8
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	0.6	5.6	-10.1	12.4	24.2	13.6	-1.9	-3.3	11.7	9.8	4.6	4.1	12.1	11.4	7.0	10.0	10.7	12.0
Sub-Saharan Africa	-13.5	14.6	-9.9	9.6	28.4	30.9	11.3	11.7	13.6	16.4	8.7	17.2	14.3	16.1	13.2	14.7	12.7	-
Imports, nominal, US\$, sa																		
World	-5.3	12.1	14.2	0.7	32.8	16.6	25.6	7.2	21.5	16.1	5.8	18.1	13.1	19.5	16.4	21.4	9.1	25.2
Advanced economies	-3.4	9.0	5.8	13.4	19.5	23.2	10.1	5.1	10.5	8.8	9.0	14.4	14.0	13.9	18.7	15.3	12.0	18.7
Emerging market and developing economies	-6.4	13.9	18.9	-5.4	40.5	13.2	34.3	8.4	27.8	20.5	3.9	20.2	12.7	22.7	15.1	24.8	7.5	28.8
Commodity-exporting EMDEs	-7.3	13.2	26.6	-10.0	47.5	3.7	39.4	7.2	31.4	22.5	-0.2	21.2	11.3	26.0	10.2	29.5	6.1	-
Other EMDEs	-3.0	16.1	-3.9	12.2	19.0	51.6	16.7	12.5	15.7	14.3	17.6	16.6	17.7	12.3	32.4	10.9	12.1	18.2
East Asia and Pacific	-3.6	17.4	-11.6	13.9	17.7	68.9	17.1	13.4	15.8	13.9	19.1	17.9	18.6	9.7	37.7	9.2	11.9	21.5
Europe and Central Asia	-1.2	18.3	15.4	19.6	18.0	38.0	22.9	13.7	26.8	17.0	20.0	21.2	23.4	22.4	29.6	21.2	16.7	19.4
Latin America and Caribbean	-7.4	8.2	-7.1	9.4	19.4	23.5	12.1	6.2	7.5	9.3	4.7	16.3	9.0	6.9	13.7	14.2	4.3	21.2
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	-5.4	22.2	9.6	-8.5	34.8	25.7	29.5	13.2	20.5	21.0	18.5	10.9	18.8	19.0	24.3	11.8	7.5	5.1
Sub-Saharan Africa	-13.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International reserves, US\$ ¹																		
World	-2.0	7.2	2.1	1.7	1.1	1.3	0.8	0.5	0.8	0.6	0.3	0.0	0.5	0.7	1.3	-0.5	0.5	-0.5
Advanced economies	3.2	9.9	2.9	1.7	1.1	1.3	1.1	0.5	0.9	0.5	0.3	-0.3	0.7	0.8	1.2	-0.5	0.5	-1.0
Emerging market and developing economies	-5.2	5.3	1.5	1.7	1.2	1.3	0.7	0.4	0.7	0.6	0.4	0.2	0.4	0.6	1.3	-0.5	0.5	-0.2
Commodity-exporting EMDEs	-4.5	-	0.5	0.8	-	-	0.2	0.2	0.3	0.2	0.1	0.5	-	-	-	-	-	-
Other EMDEs	-5.7	5.9	2.0	2.2	1.1	1.0	0.9	0.6	0.9	0.8	0.5	0.1	0.4	0.7	1.4	-0.7	0.3	-0.6
East Asia and Pacific	-7.3	5.3	1.7	2.1	1.1	0.4	0.8	0.1	1.0	0.6	0.5	0.0	0.4	0.7	1.0	-0.9	0.4	-0.5
Europe and Central Asia	3.4	10.2	3.2	3.1	0.9	4.4	1.3	2.0	1.1	1.6	0.3	0.2	1.0	-0.3	3.6	0.2	0.6	-0.5
Latin America and Caribbean	1.4	2.7	1.7	1.0	-1.0	1.4	0.2	0.8	0.6	0.3	-0.1	0.5	-0.4	-0.7	0.8	0.1	0.4	-0.2
Middle East and North Africa	-10.7	-	-1.7	-	-	-	-0.2	-0.3	-1.0	-0.2	-	-	-	-	-	-	-	-
South Asia	3.6	11.8	4.5	2.5	2.2	2.5	2.0	1.7	1.1	1.3	0.1	-0.1	0.2	2.1	2.4	-0.2	0.3	-0.2
Sub-Saharan Africa	-4.7	-	0.7	0.4	-	-	-1.2	-1.6	2.4	-1.7	0.0	0.8	-	-	-	-	-	-

Sources: Haver Analytics, IMF International Financial Statistics, World Bank.

¹ Total reserves excluding gold are used as proxies when total reserves data are unavailable.



TABLE D: Financial Markets

(Percent change y/y, except quarterly trade data, which are percent change q/q, annualized, and international reserves data, which are percent change over the previous period)

	2016	2017	2017			2018			2017					2018					MRV ¹
			Q2	Q3	Q4	Q1	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Interest rates and LIBOR (percent)																			
U.S. federal funds effective	0.39	0.97	0.92	1.13	1.17	1.40	1.01	1.13	1.13	1.13	1.13	1.13	1.27	1.38	1.38	1.45	1.63	1.63	1.88
ECB repo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US\$ LIBOR 3-months	0.74	1.26	1.20	1.32	1.47	1.93	1.26	1.31	1.31	1.32	1.36	1.43	1.61	1.73	1.87	2.18	2.35	2.34	2.33
EURIBOR 3-months	-0.26	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.32
U.S. 10-year Treasury yield	1.84	2.33	2.26	2.24	2.37	2.76	2.19	2.32	2.21	2.20	2.36	2.35	2.41	2.58	2.86	2.84	2.87	2.97	2.93
German Bund, 10 year	0.11	0.37	0.31	0.46	0.38	0.57	0.29	0.54	0.42	0.41	0.43	0.37	0.36	0.50	0.67	0.54	0.48	0.46	0.33
Spreads (basis points)																			
JP Morgan emerging markets	410	325	325	322	313	309	325	327	325	314	306	320	312	299	309	319	322	353	384
Asia	221	164	169	161	151	157	166	163	163	157	148	153	151	146	156	168	171	186	201
Europe	302	243	242	234	233	221	240	243	234	224	226	244	229	212	217	234	246	277	308
Latin America and the Caribbean	537	429	427	428	416	418	430	435	435	416	407	422	419	410	420	423	422	459	491
Middle East	517	385	362	383	400	367	382	382	382	384	381	421	398	359	366	374	385	432	483
Africa	518	376	386	380	350	320	383	394	378	367	360	359	332	305	317	337	342	379	453
Stock indexes (end of period)																			
Global (MSCI)	424	508	465	487	508	500	465	478	478	487	497	505	508	502	517	500	510	509	509
Advanced economies (\$ index)	1761	2086	1916	2001	2086	2042	1916	1961	1960	2001	2037	2077	2086	2053	2113	2042	2087	2093	2106
United States (S&P 500)	2258	2668	2423	2519	2668	2590	2423	2470	2472	2519	2575	2648	2668	2631	2711	2590	2648	2729	2750
Europe (S&P Euro 350)	1475	1558	1534	1571	1558	1493	1534	1526	1512	1571	1600	1563	1558	1518	1522	1493	1556	1545	1535
Japan (Nikkei 225)	19302	22530	20033	20356	22530	21203	20033	19974	19720	20356	22198	22730	22530	21650	21794	21203	22488	22095	22430
Emerging market and developing economies (MSCI)	861	1139	1011	1082	1139	1167	1011	1066	1088	1082	1119	1121	1139	1158	1202	1167	1164	1121	1080
EM Asia	419	577	512	543	577	589	512	538	544	543	571	572	577	584	603	589	587	582	564
EM Europe	295	341	304	331	341	350	304	315	336	331	330	330	341	354	370	350	335	316	302
EM Europe and Middle East	248	275	251	268	275	280	251	261	274	268	268	265	275	285	295	280	271	257	248
EM Latin America & Caribbean	2341	2811	2544	2917	2811	3008	2544	2752	2873	2917	2809	2719	2811	2945	3095	3008	2988	2561	2407
Exchange rates (LCU / USD)																			
Advanced economies																			
Euro Area	0.90	0.89	0.91	0.85	0.85	0.81	0.89	0.87	0.85	0.84	0.85	0.85	0.84	0.82	0.81	0.81	0.81	0.85	0.86
Japan	108.80	112.11	111.10	110.96	112.75	107.94	110.91	112.31	109.78	110.80	112.93	112.81	112.51	109.83	107.96	106.02	107.62	109.72	110.13
Emerging market and developing economies																			
Brazil	3.49	3.19	3.21	3.16	3.24	3.24	3.30	3.20	3.15	3.13	3.19	3.26	3.28	3.19	3.25	3.28	3.41	3.64	3.75
China	6.65	6.76	6.86	6.67	6.61	6.35	6.81	6.77	6.67	6.57	6.62	6.62	6.59	6.41	6.32	6.32	6.30	6.37	6.49
Egypt	10.12	17.85	18.10	17.77	17.71	17.68	18.11	17.92	17.75	17.65	17.64	17.68	17.81	17.74	17.67	17.63	17.68	17.83	17.86
India	67.19	65.11	64.48	64.29	64.71	64.40	64.45	64.44	63.97	64.46	65.07	64.85	64.20	63.72	64.44	65.06	65.69	67.49	68.38
Russia	67.06	58.31	57.17	58.93	58.47	56.96	58.10	59.72	59.42	57.66	57.76	58.97	58.70	56.93	56.81	57.15	61.01	62.28	63.86
South Africa	14.71	13.31	13.21	13.19	13.62	11.93	12.91	13.15	13.25	13.17	13.71	14.06	13.11	12.15	11.82	11.84	12.10	12.52	13.75
Memo: U.S. nominal effective rate (index)	119.7	119.6	120.7	116.6	117.5	114.1	119.4	117.9	116.5	115.5	117.5	117.7	117.4	114.7	113.7	113.9	113.9	117.0	119.6

Sources: Bloomberg, J.P. Morgan, and World Bank.

¹ MRV = most recent value.

TABLE E: Commodity Prices

	2016	2017	2017			2018			2017					2018					MRV ¹
			Q2	Q3	Q4	Q1	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Energy ²	55	68	64	65	75	82	60	62	65	68	71	76	78	85	81	81	88	94	94
Non-energy ²	80	84	82	84	85	88	82	83	84	85	85	85	85	87	88	88	90	90	90
Agriculture ²	88	87	87	86	86	89	87	88	85	86	86	86	85	88	89	90	92	92	92
Metals and minerals ²	64	79	74	81	84	88	72	76	83	84	84	84	85	89	89	85	87	88	85
Memo items:																			
Crude oil, average (\$/bbl)	43	53	50	50	59	64	46	48	50	53	55	60	61	66	63	64	69	73	70
Gold (\$/toz)	1249	1258	1258	1278	1275	1329	1260	1237	1283	1314	1280	1282	1264	1331	1331	1325	1335	1303	1303
Baltic Dry Index	676	1152	1023	1138	1509	1171	861	906	1144	1363	1484	1455	1589	1234	1130	1149	1126	1289	1442

Sources: World Bank, World Bank Commodities Price Data (The Pink Sheet), Bloomberg.

¹ MRV = most recent value.

² Indexes, 2010 = 100.