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**Article**

## World Economic Outlook for 2017 and 2018

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Chang Woon Nam\*

## World Economic Outlook for 2017 and 2018

According to the latest IMF world economic outlook,<sup>1</sup> global growth for 2016 is estimated to reach 3.1 percent, while it will continue to increase to 3.4 percent in 2017 and 3.6 percent in 2018. The projected growth rate for advanced economies amounts to 1.9 percent and to 2.0 percent for 2017 and 2018 respectively. Yet this forecast appears to be rather uncertain in light of the potential changes in the policy stance of the United States under the new Trump administration and its global spillovers. The primary force that will boost the overall global outlook over the period of 2017/18, however, is the anticipated rapid growth in emerging market and developing economies – see Table 1. This area's growth is estimated to be 4.1 percent in 2016 and is forecast to reach 4.5 percent for 2017, while IMF projects a further increase in growth to 4.8 percent in 2018.

Apart from the uncertainty related to the extent to which future policy stimulus will affect economic development in the United States or China, the IMF also sees some potential risks that could seriously impede short-term global economic performances. These risks include, for example: (a) a rapid shift toward protectionism; and (b) a sharp and strong tightening in global financial conditions that could interact with balance sheet weakness in some Eurozone members and emerging countries. In addition, terrorism and geopolitical tensions like civil war and domestic conflict in the Middle East and Africa and the worsening refugee and migration problems worldwide may also negatively affect global market sentiment and economic confidence.

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<sup>1</sup> IMF World Economic Outlook Update January 2017, <https://www.imf.org/external/pubs/ft/weo/2017/update/01/>.

**Table 1**  
Overview of the World Economic Outlook projections (%)

	2015	2016 <sup>a)</sup>	2017 <sup>b)</sup>	2018 <sup>b)</sup>
World output	3.2	3.1	3.4	3.6
<i>Advanced economies</i>	2.1	1.6	1.9	2.0
US	2.6	1.6	2.3	2.5
Euro area	2.0	1.7	1.6	1.6
Germany	1.5	1.7	1.5	1.5
France	1.3	1.3	1.3	1.6
Italy	0.7	0.9	0.7	0.8
Spain	3.2	3.2	2.3	2.1
Japan	1.2	0.9	0.8	0.5
UK	2.2	2.0	1.5	1.4
Canada	0.9	1.3	1.9	2.0
Other advanced economies	2.0	1.9	2.2	2.4
<i>Emerging market and developing economies</i>	4.1	4.1	4.5	4.8
Commonwealth of Independent States	-2.8	-0.1	1.5	1.8
Russia	-3.7	-0.6	1.1	1.2
Excluding Russia	-0.5	1.1	2.5	3.3
Emerging and developing Asia	6.7	6.3	6.4	6.3
China	6.9	6.7	6.5	6.0
India	7.6	6.6	7.2	7.7
ASEAN5 <sup>c)</sup>	4.8	4.8	4.9	5.2
Emerging and developing Europe	3.7	2.9	3.1	3.2
Latin America and the Caribbean	0.1	-0.7	1.2	2.1
Brazil	-3.8	-3.5	0.2	1.5
Mexico	2.6	2.2	1.7	2.0
Middle East, North Africa, Afghanistan and Pakistan	2.5	3.8	3.1	3.5
Saudi Arabia	4.1	1.4	0.4	2.3
Sub-Saharan Africa	3.4	1.6	2.8	3.7
Nigeria	2.7	-1.5	0.8	2.3
South Africa	1.3	0.3	0.8	1.6

Note: <sup>a)</sup> Estimates; <sup>b)</sup> Projections; <sup>c)</sup> Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Source: IMF.