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Article

World Economic Outlook for 2018 and 2019

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World Economic Outlook for 2018 and 2019

According to the latest IMF world economic outlook,¹ global output is estimated to have grown by 3.7 percent in 2017, thus falling short of more optimistic growth forecasts of 3.9 percent in both 2018 and 2019. The anticipated growth rate for advanced economies is 2.3 percent and 2.2 percent for 2018 and 2019 respectively. More specifically, changes in US tax policy tend to promote economic activity, with the short-term impact in the United States mostly

triggered by the investment response to corporate income tax cuts. Yet the primary force that will boost the overall global outlook over the period of 2018/19 is the rapid growth expected in emerging market and developing economies – see Table 1. This area's growth is estimated to be 4.7 percent in 2017 and is forecast to reach 4.9 percent for 2018, while the IMF projects a further increase in growth to 5.0 percent in 2019.

The IMF sees the current cyclical upswing as a unique chance to implement structural and governance reforms for advanced, emerging and developing economies. Firstly, structural reforms will significantly contribute to productivity improvement and enhance labour force participation rates, especially in advanced economies with ageing populations; and will further raise potential output growth. Secondly, financial stability and resilience can be better guaranteed through proactive financial regulation and, where needed, balance sheet repair and strengthening fiscal buffers.

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¹ IMF World Economic Outlook Update January 2018, <http://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>.

Table 1
Overview of World Economic Outlook Projections (%)

	2016 ^a	2017 ^a	2018 ^b	2019 ^b
World output	3.2	3.7	3.9	3.9
<i>Advanced economies</i>	1.7	2.3	2.3	2.2
US	1.5	2.3	2.7	2.5
Euro area	1.8	2.4	2.2	2.0
Germany	1.9	2.5	2.3	2.0
France	1.2	1.8	1.9	1.9
Italy	0.9	1.6	1.4	1.1
Spain	3.3	3.1	2.4	2.1
Japan	0.9	1.8	1.2	0.9
UK	1.9	1.7	1.5	1.5
Canada	1.4	3.0	2.3	2.0
Other advanced economies	2.3	2.7	2.6	2.6
<i>Emerging market and developing economies</i>	4.4	4.7	4.9	5.0
Commonwealth of Independent States	0.4	2.2	2.2	2.1
Russia	-0.2	1.8	1.7	1.5
Excluding Russia	1.9	3.1	3.4	3.5
Emerging and developing Asia	6.4	6.5	6.5	6.6
China	6.7	6.8	6.6	6.4
India	7.1	6.7	7.4	7.8
ASEAN5 ^(c)	4.9	5.3	5.3	5.3
Emerging and developing Europe	3.2	5.2	4.0	3.8
Latin America and the Caribbean	-0.7	1.3	1.9	2.6
Brazil	-3.5	1.1	1.9	2.1
Mexico	2.9	2.0	2.3	3.0
Middle East, North Africa, Afghanistan and Pakistan	4.9	2.5	3.6	3.5
Saudi Arabia	1.7	-0.7	1.6	2.2
Sub-Saharan Africa	1.4	2.7	3.3	3.5
Nigeria	-1.6	0.8	2.1	1.9
South Africa	0.3	0.9	0.9	0.9

Note: ^(a) Estimates; ^(b) Projections; ^(c) Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Source: IMF.