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Article

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World economic outlook for 2019 and 2020

According to the latest IMF world economic outlook,¹ global output is estimated to have grown by 3.7% in 2018 despite weaker performance in some Asian and European economies. The global economy is projected to grow by 3.5% in 2019 and by 3.6% in 2020. The anticipated growth rate for advanced economies drops from 2.3% in 2018 to 2.0% in 2019 and 1.7% in 2020. Apart from the negative effects of tariff increases recently enacted in the United States and China, growth in the euro area has slowed significantly, particularly for its leading economies such as Ger

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¹ IMF World Economic Outlook Update January 2019, <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>.

Table 1

Overview of world economic outlook projections (%)

	2017 ^a	2018 ^a	2019 ^b	2020 ^b
World output	3.8	3.7	3.5	3.6
<i>Advanced economies</i>	2.4	2.3	2.0	1.7
US	2.2	2.9	2.5	1.8
Euro area	2.4	1.8	1.6	1.7
Germany	2.5	1.5	1.3	1.6
France	2.3	1.5	1.5	1.6
Italy	1.6	1.0	0.6	0.9
Spain	3.0	2.5	2.2	1.9
Japan	1.9	0.9	1.1	0.5
UK	1.8	1.4	1.5	1.6
Canada	3.0	2.1	1.9	1.9
Other advanced economies	2.8	2.8	2.5	2.5
<i>Emerging market and developing economies</i>	4.7	4.6	4.5	4.9
Commonwealth of Independent States	2.1	2.4	2.2	2.3
Russia	1.5	1.7	1.6	1.7
Excluding Russia	3.6	3.9	3.7	3.7
Emerging and developing Asia	6.5	6.5	6.3	6.4
China	6.9	6.6	6.2	6.2
India	6.7	7.3	7.5	7.7
ASEAN5 ^c	5.3	5.2	5.1	5.2
Emerging and developing Europe	6.0	3.8	0.7	2.4
Latin America and the Caribbean	1.3	1.1	2.0	2.5
Brazil	1.1	1.3	2.5	2.2
Mexico	2.1	2.1	2.1	2.2
Middle East, North Africa, Afghanistan, and Pakistan	2.2	2.4	2.4	3.0
Saudi Arabia	-0.9	2.3	1.8	2.1
Sub-Saharan Africa	2.9	2.9	3.5	3.6
Nigeria	0.8	1.9	2.0	2.2
South Africa	1.3	0.8	1.4	1.7

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

Source: IMF.

many, following the introduction of new automobile fuel emission standards, as well as Italy, where concerns about sovereign and financial risks have weighed on domestic demand. Moreover, Brexit continues to create additional uncertainty in the EU. Compared with 2018, economic growth in the US and Japan is also likely to slow in 2019 and 2020 (see Table 1).

For the group of emerging and developing countries, growth is expected to fall to 4.5% in 2019 (from 4.6% in 2018) and improve to 4.9% in 2020. Despite fiscal stimuli that offset some of the effects of higher US tariffs, the Chinese economy will slow due to the combined impact of the necessary tightening of financial regulation and trade barriers with the United States. The Indian economy appears to be expanding in 2019, benefiting from lower oil prices and slower monetary tightening than previously expected as inflationary pressures ease.

According to the IMF, the main common policy priority is for countries to resolve their trade disputes and the resulting political uncertainty quickly and in a cooperative manner instead of further raising harmful barriers and destabilizing an already slowing world economy. In all economies, measures to increase potential output growth, improve inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial frameworks are essential.