

Gern, Klaus-Jürgen; Hauber, Philipp; Kooths, Stefan; Möhle, Saskia; Stolzenburg, Ulrich

**Article**

## World Economy Spring 2019 - Reduced momentum in the world economy

Kiel Institute Economic Outlook, No. 51

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Kiel Institute for the World Economy – Leibniz Center for Research on Global Economic Challenges

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# KIEL INSTITUTE **ECONOMIC OUTLOOK**

**World Economy**  
Spring 2019

Finalized March 12, 2019



**No. 51 (2019|Q1)**

*Klaus-Jürgen Gern, Philipp Hauber,  
Stefan Kooths, Saskia Mösle, and  
Ulrich Stolzenburg*

# REDUCED MOMENTUM IN THE WORLD ECONOMY

*Klaus-Jürgen Gern, Philipp Hauber, Stefan Kooths, Saskia Möhle, and Ulrich Stolzenburg*

*The world economy has lost steam in the second half of the previous year and is likely to continue to expand at a subdued pace in 2019. Uncertainty regarding the trade conflicts with the US, the future relationship between the EU and the UK, and the extent of the slowdown of the Chinese economy continue to weigh on the global economy. Against this backdrop, global growth is likely to slow considerably compared to the previous two years. However, in light of continuously expansive monetary and fiscal policies we do not expect a sharp downturn. We project world economic growth at a rate of 3.3 percent both this and next year, after 3.7 percent in 2018. Despite this deceleration, capacity utilization is likely to remain elevated especially in advanced economies, and unemployment will continue to decline.*

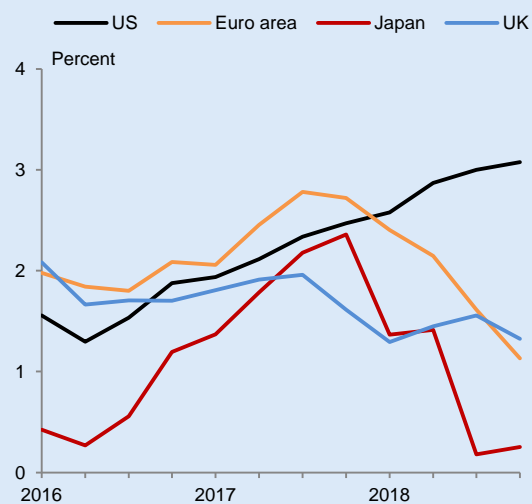
## **Economic environment**

**The world economy has lost momentum in the second half of last year.** Both in the third and fourth quarter of 2018, global production expanded by 0.8 percent, and thus at a considerably lower rate than in the first half of the year. For the first quarter of 2019, current data point towards a further deceleration. The slowdown was most pronounced in the industrial sector where production stagnated not only in advanced economies but also in emerging economies that had experienced an upward trend until autumn.

**Growth has become less even in advanced economies.** Production in advanced economies as a whole increased only at a moderate rate in the second half of 2018. Meanwhile, growth momentum, which had been similar across countries in 2017, became increasingly diverse. While GDP continued to expand robustly in the US, output growth slowed down considerably in the euro area and Japan (Figure 1).

**Momentum in emerging economies has slowed.** Last year, many emerging economies came under pressure from financial markets triggered by faster than expected monetary policy tightening in the US. While only Argentina and Turkey fell into recession in the second half of 2018, the rate of expansion has also decreased in other countries. The slowdown in China—which is likely to be understated by the decline of the official growth rate to 6.4 percent in the fourth quarter of 2018—weighs upon global economic activity. The reduced momentum illustrated by the substantial and broad-based fall in China's import demand which likely reflects both domestic factors and uncertainties regarding the trade conflict with the US (Figure 2).

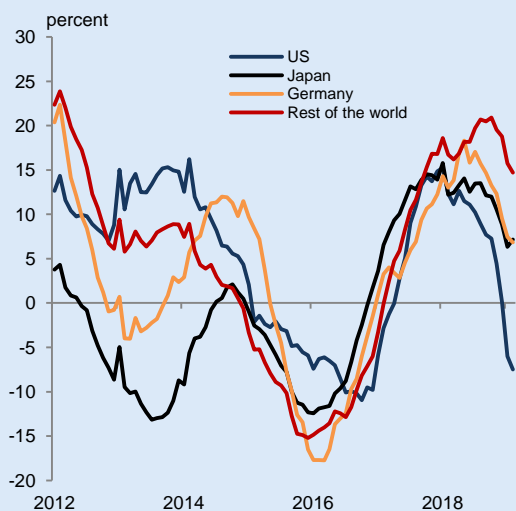
**Figure 1:**  
Economic trends in important industrial countries  
2016–2018



Quarterly data, y-o-y changes.

Source: National Statistics Offices, Thompson Reuters Datastream.

**Figure 2:**  
China: Imports 2012–2019



Monthly data. Nominal imports in US dollars. Sum over the past twelve months, y-o-y comparison.

Quelle: China Customs.

**Global trade has slowed markedly towards the end of 2018.** Following a strong reading in 2017 on the back of rising investment, global trade decelerated in the course of 2018. While growth only levelled off through autumn, it decreased significantly towards the end of the year. In December, world trade dropped by 1.4 percent year-on-year, according to CPB trade

figures. The weakness in external trade was broad-based but particularly pronounced in the euro area and emerging Asia, where trade developments are dominated by China.

**Oil prices stabilized after a renewed reduction of OPEC production quota.** The price of Brent crude oil fell to almost 50 US dollar per barrel in December reflecting a substantial increase of oil production in the US, exemptions for the main importers of Iranian oil from renewed US sanctions on Iran, and a deterioration of global economic prospects. In response, OPEC and Russia agreed to cut back on production by 1.2 million barrel per day which helped the price of Brent to bounce back to its current level of around 65 US dollar.

**Monetary policy in advanced economies remains unchanged.** Mainly driven by falling oil prices, consumer price inflation has decreased significantly over the past months, while core inflation has been broadly stable at rates well below central bank targets in the euro area and Japan and on target in the US. Against the backdrop of a deteriorating global outlook and increasing uncertainty about economic prospects for the US, the Federal Reserve announced that it will keep interest rates at the current level of 2.25 to 2.5 percent for the time being. The ECB has terminated its bond purchase program as scheduled at the end of 2018 but will continue to reinvest the maturing bonds and has committed to leave interest rates at zero through 2019. In Japan, interest rates are expected to stay at their ultra-low levels even through 2020.

**Financial conditions have eased somewhat in emerging economies.** The decision of the US Fed to keep interest rates at their current level had been expected by market participants and led to a decline in US long-term bond yields, which helped alleviate the pressure on emerging markets towards the end of the year. Thanks to higher capital inflows, emerging economy currencies partly recovered which, in turn, increased the leeway of central banks. After a period on tightening monetary policy, on balance, they reduced interest rates in the beginning of the year.

## Outlook

**We expect a moderate deceleration of global growth over the forecast horizon, with significant downside risks.** In our baseline forecast, the economic downturn remains contained and capacity utilization will remain

elevated especially in advanced economies. Our outlook for global growth is 3.3 percent for both this and next year, following 3.7 percent in 2018. This represents a downward revision for 2019 and 2020 by 0.1 percentage points compared to our last forecast. The outlook remains clouded, however, by a number of downside risks, including the escalation of trade conflicts, the uncertainty around the future relationship between the UK and the EU as well as potential negative effects of policy uncertainty in Italy that could lead to a loss of confidence in financial markets. Moreover, the broad-based increase in debt over the past years both in advanced and emerging economies and potential corrections regarding the elevated prices of stocks, bonds and real estate, pose a risk to financial stability.

**The US economy will lose momentum over the coming years.** On the back of substantial fiscal stimulus GDP has increased by 2.9 percent, the strongest reading since 2015. Given fading fiscal stimulus and less expansionary monetary policy, we expect growth rates to decrease over the forecasting horizon to 2.3 and 1.8 percent in 2019 and 2020, respectively. While the likelihood of a resolution of the trade conflict with China has increased, domestic risks are rising. The possibility of a faster than expected slowdown is, for example, signaled by the pronounced narrowing difference between interest rates on one- and ten-year government bonds (only 10 basis points in February) since in the past an inversion of the yield curve has typically been followed by a recession.

**The economic expansion will remain moderate in the euro area.** Momentum has slowed markedly in the course of 2018 due to lower stimulus from external demand and country-specific factors. However, capacity

utilization remains high overall and unemployment is close to its all-time low of 2008. While current data point to a further deceleration of growth, economic activity should recover on the back of expansive monetary and fiscal policy as temporary factors die out. We expect GDP to increase by 1.2 percent in 2019 and 1.5 percent in 2020, after 1.8 percent in 2018.

**Uncertainty regarding Brexit remains high and is weighing on the UK economy.** The pick-up of growth in mid-2018 has proven to be only temporary as the expansion of GDP moderated again towards the end of the year. Overall, economic activity grew by 1.4 percent in 2018. Even shortly before the UK is scheduled to leave the EU, the future relationship between the parties remains unclear. We expect the uncertainty to negatively affect investment and the exchange rate which, in turn, will curb consumption. As a result, we expect GDP growth to be modest over the forecasting horizon at 0.8 and 1.0 percent in 2019 and 2020, respectively.

**In spite of expansive policies to strengthen momentum, production in China is expected to decelerate over the forecasting horizon.** Against the backdrop of the trade conflict with the US and slowing economic momentum, the Chinese government loosened monetary policy somewhat and decreased taxes for firms and households. Further expansive measures including a reduction in value added taxes and facilitating access to credit for small and medium sized enterprises, are planned. At the same time authorities still aim to stabilize already elevated debt levels and have reduced the growth target to 6–6.5 percent signaling that they are prepared to tolerate modestly lower growth rates. We project GDP to increase by 6.1 and 5.8 percent in 2019 and 2020 respectively, down from 6.6 percent in 2018.

**Data annex**

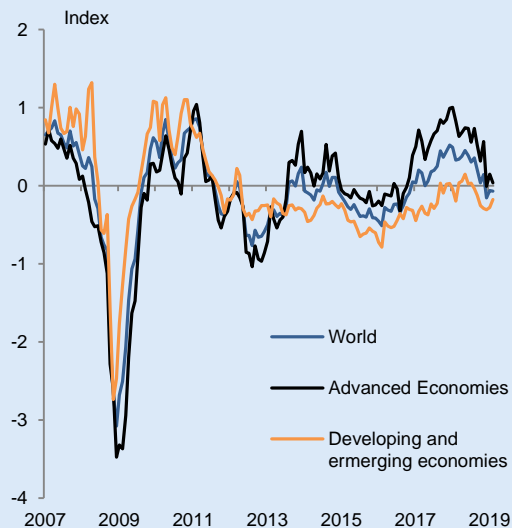
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## 1. World Economy

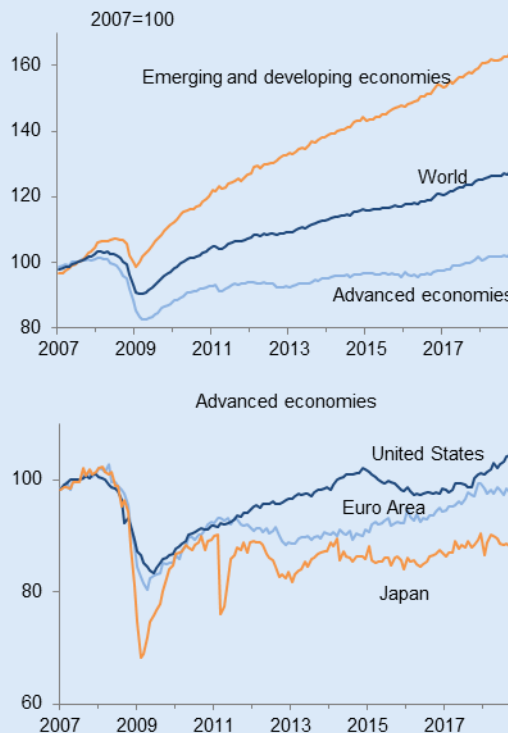
**Figure 1.1:**  
Business expectations by groups of countries, 2007–2019



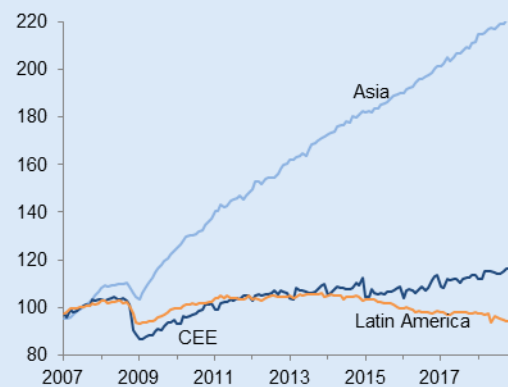
Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; own calculations.

**Figure 1.2:**  
Industrial production by groups of countries and regions, 2007–2018



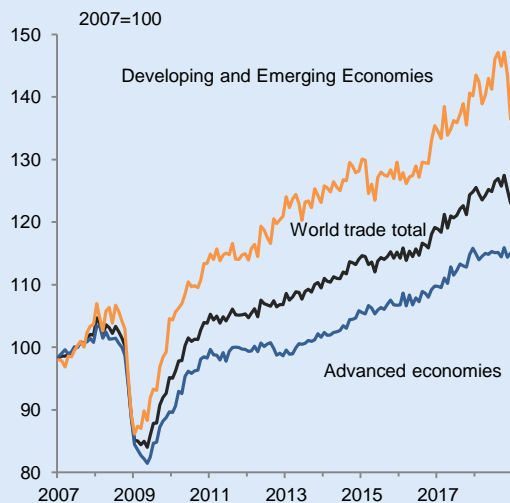
Emerging and developing economies



Monthly Data.

Source: CPB, *World Trade Monitor*.

**Figure 1.3:**  
World trade, 2007–2018

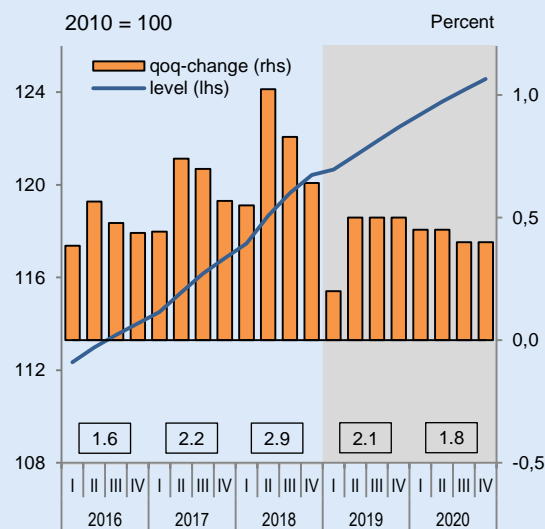


Monthly Data.

Source: CPB, *World Trade Monitor*; own calculations.

## 2. United States

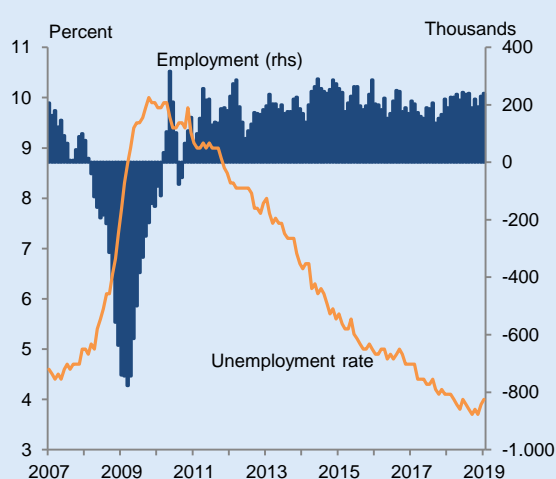
**Figure 2.1:**  
GDP, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq-change, annual rate of change (boxes).

Source: Bureau of Economic Analysis; shaded: IfW forecast.

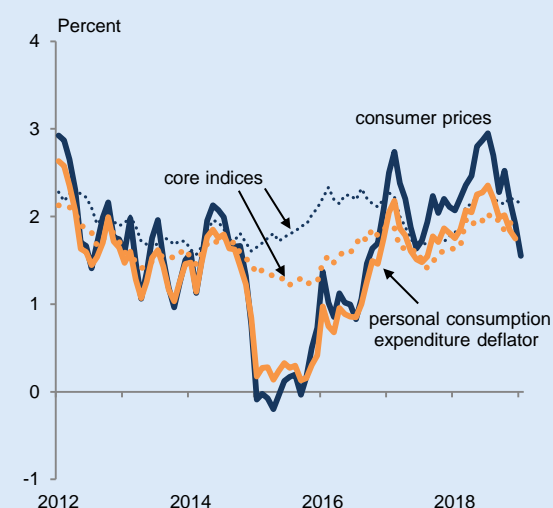
**Figure 2.2:**  
Labor market, 2007–2018



Monthly data; seasonal adjusted. Employment: 3-month moving average of monthly change in employment

Source: US Department of Labor, *Employment Situation*.

**Figure 2.3:**  
Consumer prices, 2008–2018



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

**Table 2.1:**  
Key indicators United States, 2018–2020

|                               | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|
| Gross Domestic Product        | 2.9  | 2.1  | 1.8  |
| Domestic expenditure          | 3.0  | 2.3  | 1.9  |
| Private consumption           | 2.6  | 2.5  | 1.9  |
| Government expenditure        | 1.5  | 1.2  | 0.8  |
| Gross fixed capital formation | 5.3  | 2.9  | 2.8  |
| Machinery and equipment       | 7.5  | 4.6  | 3.1  |
| Intellectual property rights  | 7.7  | 5.7  | 3.2  |
| Structures                    | 5.0  | 1.2  | 2.8  |
| Residential investment        | -0.2 | -1.5 | 2.0  |
| Inventories                   | 0.1  | 0.0  | 0.0  |
| Net exports                   | -0.2 | -0.2 | -0.1 |
| Exports                       | 3.9  | 2.0  | 2.8  |
| Imports                       | 4.6  | 3.6  | 3.0  |
| Consumer prices               | 2.4  | 1.7  | 2.2  |
| Unemployment rate             | 3.9  | 3.8  | 3.8  |
| Current account balance       | -2.5 | -2.6 | -2.7 |
| Government budget balance     | -3.8 | -4.0 | -4.1 |

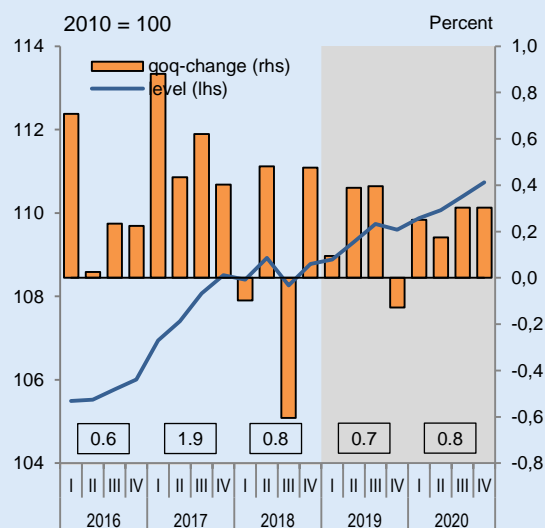
GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: IfW forecast.



### 3. Japan

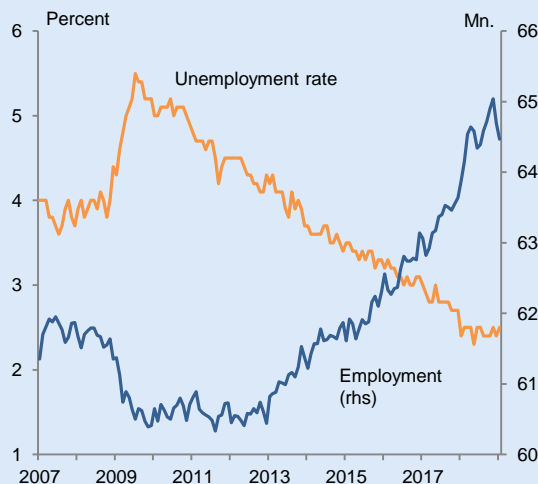
**Figure 3.1:**  
GDP, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq-change. annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: IfW forecast.

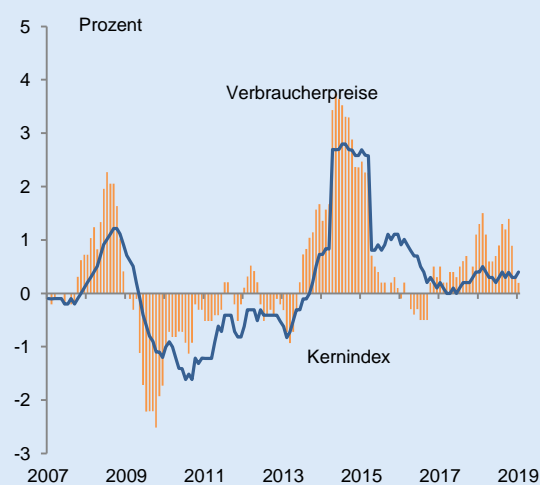
**Figure 3.2:**  
Labor market, 2007–2018



Monatsdaten; saisonbereinigt.

Quelle: Department of Labor.

**Figure 3.3:**  
Consumer prices, 2007–2019



Monatswerte; Veränderung gegenüber dem Vorjahr. Kernindex: Verbraucherpreise ohne Energie und Nahrungsmittel.

Quelle: Statistics Bureau of Japan.

**Table 3.1:**  
Key indicators Japan, 2017–2020

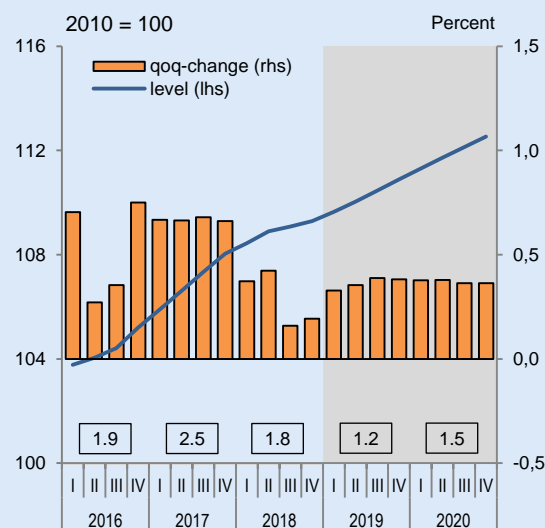
|                               | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|------|
| Gross Domestic Product        | 1.9  | 0.8  | 0.7  | 0.8  |
| Domestic expenditure          | 1.4  | 0.8  | 1.2  | 0.8  |
| Private consumption           | 1.1  | 0.4  | 1.2  | 0.6  |
| Government consumption        | 0.3  | 0.8  | 1.2  | 0.8  |
| Gross fixed capital formation | 3.0  | 1.2  | 0.9  | 1.3  |
| Enterprises                   | 3.9  | 3.9  | 1.7  | 1.5  |
| Residential Investment        | 2.2  | -5.8 | 1.7  | 1.3  |
| Public investment             | 0.8  | -3.3 | -2.1 | 0.8  |
| Change in inventories         | 0.0  | 0.2  | 0.1  | 0.0  |
| Net exports                   | 0.4  | 0.0  | -0.3 | 0.0  |
| Exports                       | 6.8  | 3.1  | 0.6  | 2.1  |
| Imports                       | 3.4  | 3.2  | 3.3  | 2.2  |
| Consumer prices               | 0.5  | 1.0  | 0.8  | 1.7  |
| Unemployment rate             | 2.8  | 2.4  | 2.4  | 2.3  |
| Current account balance       | 4.0  | 3.4  | 2.8  | 2.7  |
| Government budget balance     | -3.7 | -3.2 | -2.9 | -2.7 |

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: IfW forecast.

## 4. Euro Area

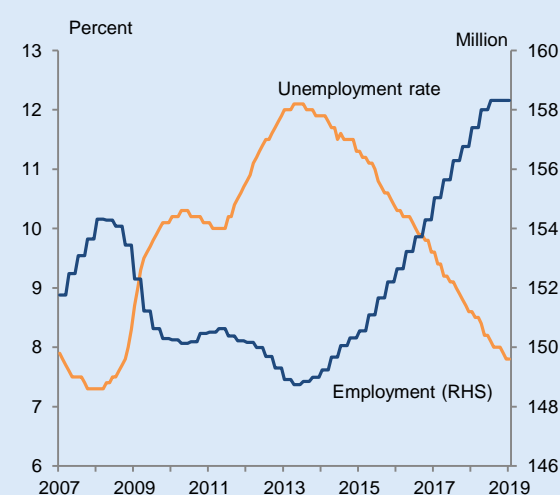
**Figure 4.1:**  
GDP, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Federal Statistical Office, Fachserie 18, Series 1.3; shaded: IfW forecast.

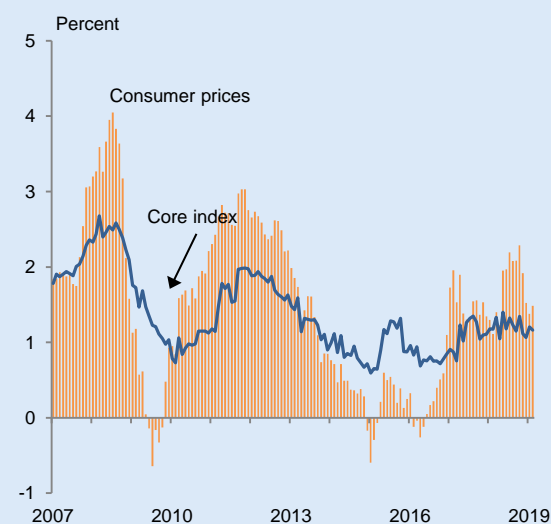
**Figure 4.2:**  
Labor market, 2007–2019



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

**Figure 4.3:**  
Consumer prices, 2007–2019



Monthly data; yoy change. HICP; Core index: HICP without Energy and Unprocessed Food.

Source: Eurostat, *Price Statistics*.

**Table 4.1:**  
Key indicators Euro Area, 2017–2020

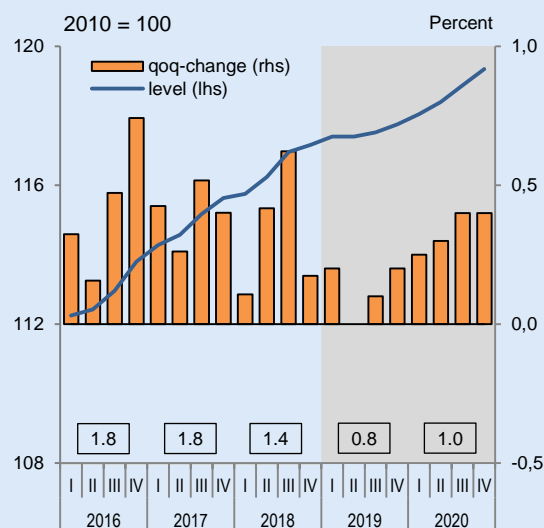
|                               | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|------|
| Gross Domestic Product        | 2.5  | 1.8  | 1.2  | 1.5  |
| Domestic expenditure          | 1.8  | 1.7  | 1.4  | 1.4  |
| Private consumption           | 1.8  | 1.3  | 1.3  | 1.3  |
| Government consumption        | 1.2  | 1.0  | 1.6  | 1.6  |
| Gross fixed capital formation | 2.9  | 3.1  | 2.3  | 1.5  |
| Inventories                   | -0.1 | 0.1  | -0.1 | 0.0  |
| Net exports                   | 0.8  | 0.2  | -0.1 | 0.1  |
| Exports                       | 5.5  | 3.0  | 3.1  | 3.4  |
| Imports                       | 4.1  | 2.9  | 3.6  | 3.4  |
| Consumer prices               | 1.5  | 1.7  | 1.3  | 1.5  |
| Unemployment rate             | 9.1  | 8.2  | 7.6  | 7.2  |
| Current account balance       | 3.2  | 3.0  | 2.3  | 2.1  |
| Government budget balance     | -1.0 | -0.6 | -1.0 | -1.1 |

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: IfW forecast.

## 5. United Kingdom

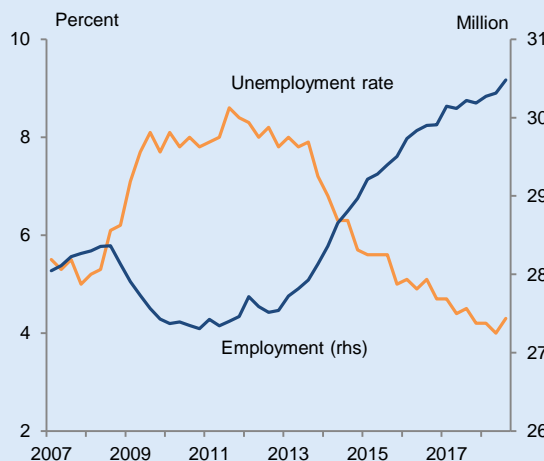
**Figure 5.1:**  
GDP, 2016–2020



Quarterly data, price, seasonally and calendar adjusted, qoq-change. annual rate of change (boxes).

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

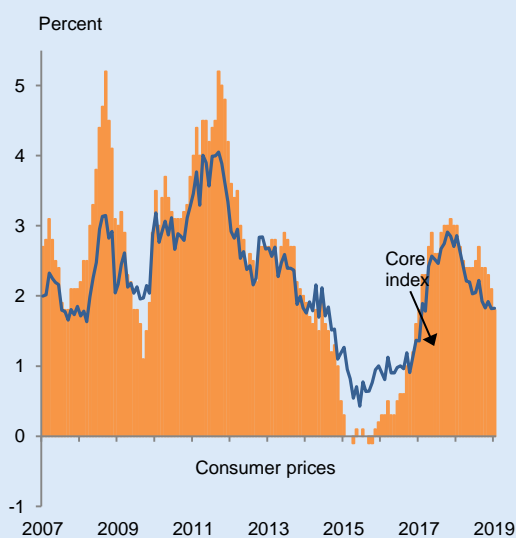
**Figure 5.2:**  
Labor market, 2007–2018



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

**Figure 5.3:**  
Consumer prices, 2007–2019



Monthly data. Change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

**Table 5.1:**  
Key indicators United Kingdom, 2017–2020

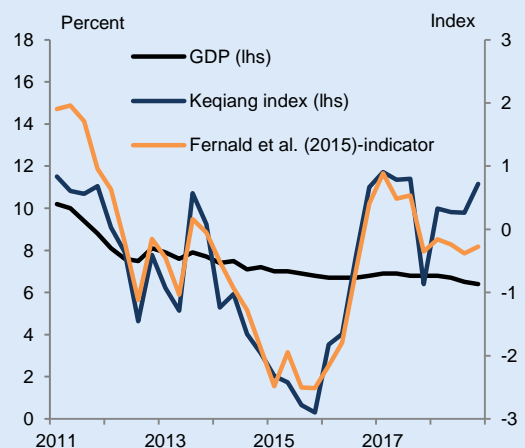
|                           | 2017 | 2018 | 2019 | 2020 |
|---------------------------|------|------|------|------|
| Gross Domestic Product    | 1.7  | 1.4  | 0.8  | 1.0  |
| Domestic expenditure      | 1.2  | 1.5  | 0.7  | 0.9  |
| Private consumption       | 1.7  | 1.9  | 1.0  | 0.8  |
| Government consumption    | -0.1 | 0.8  | 1.4  | 1.8  |
| Gross fixed investment    | 3.3  | 0.0  | -1.0 | 0.2  |
| Inventories               | -0.5 | -0.1 | 0.1  | 0.0  |
| Net exports               | 0.7  | -0.2 | 0.1  | 0.1  |
| Exports                   | 5.7  | 0.2  | 0.8  | 1.5  |
| Imports                   | 3.2  | 0.8  | 0.2  | 1.0  |
| Consumer prices           | 2.7  | 2.4  | 2.0  | 2.3  |
| Unemployment rate         | 4.4  | 4.1  | 4.2  | 4.4  |
| Current account balance   | -3.7 | -3.3 | -3.0 | -3.0 |
| Government budget balance | -1.9 | -1.2 | -1.6 | -1.8 |

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: IfW forecast.

## 6. China

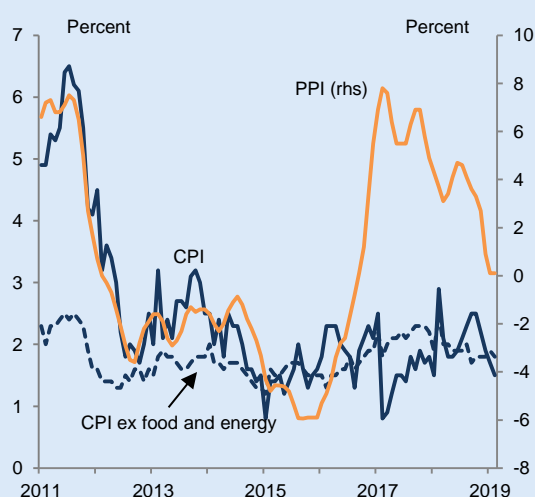
**Figure 6.1:**  
GDP and alternative activity measures, 2011–2018



Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fudging its Figures? Evidence from Trading Partner Data*. Federal Reserve Bank of San Francisco, Working Paper 2015-12)

Source: National Bureau of Statistics; People's Bank of China; own calculations.

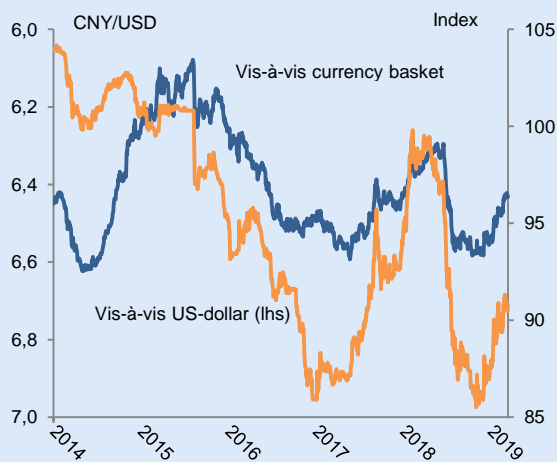
**Figure 6.2:**  
Inflation, 2011–2019



Monthly data; y-o-y growth rate. Core index: CPI excluding food.

Source: National Bureau of Statistics.

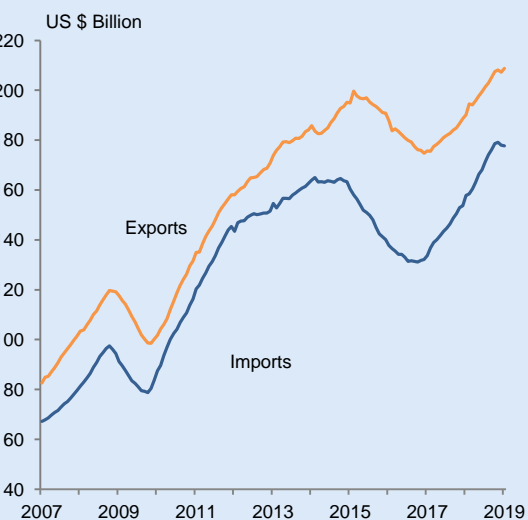
**Figure 6.3:**  
Exchange rate, 2014–2018



Daily data.

Source: Thomson Reuters; China Foreign Exchange Trade System; Kiel Institute calculations.

**Figure 6.4:**  
Exports and imports, 2007–2018

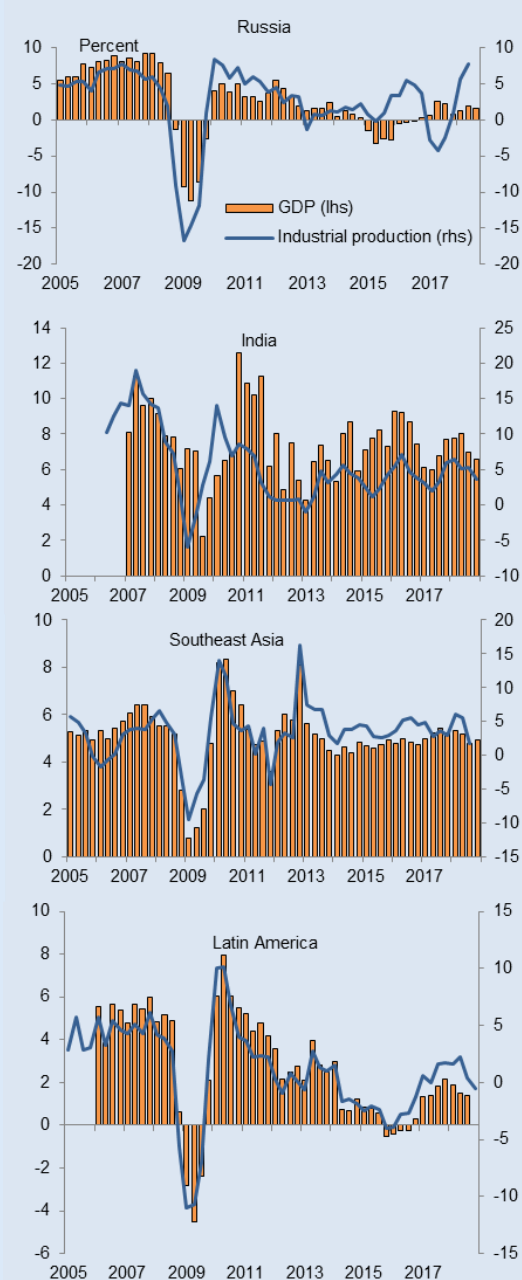


Monthly data, 12-month moving average.

Source: General Administration of Customs; Kiel Institute calculations.

## 7. Other emerging Economies

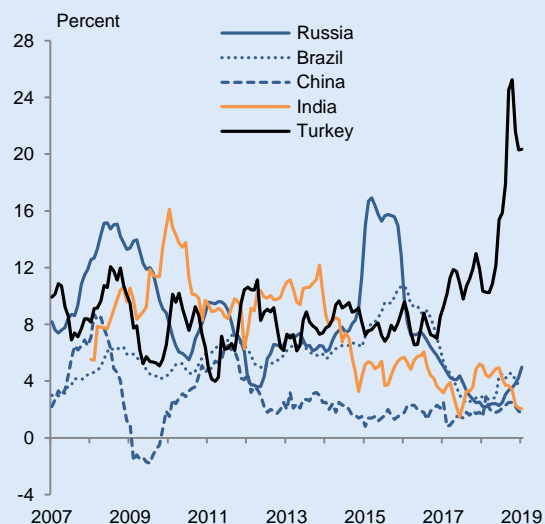
**Figure 7.1:**  
GDP and industrial production in emerging economies  
2005–2018



Quarterly data; volumes; seasonally adjusted; change over previous quarter; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentina, Brasil, Chile, Colombia, Mexico and Peru.

Source: IMF, *International Financial Statistics*; national statistical offices; own calculations.

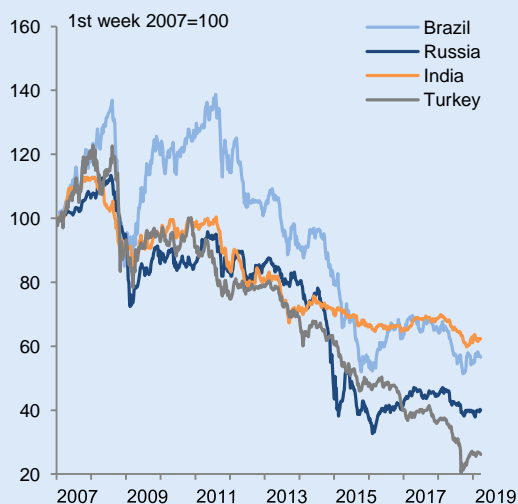
**Figure 7.2:**  
Consumer prices, 2007–2019



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

**Figure 7.3:**  
US-dollar exchange rates, 2007–2019



Weekly data. Last value: March 4th, 2019.

Source: Thomson Reuters, Datastream.

## 8. Forecast summary

**Table 8.1:**  
Key assumptions, 2018–2020

|                                | 2018  |       |       |       | 2019  |       |       |       | 2020  |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                | I     | II    | III   | IV    | I     | II    | III   | IV    | I     | II    | III   | IV    |
| Key interest rate              |       |       |       |       |       |       |       |       |       |       |       |       |
| United States                  | 1.5   | 1.8   | 2.0   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   |
| Japan                          | -0.1  | -0.1  | -0.1  | -0.1  | -0.1  | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Euro area                      | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.3   | 0.3   | 0.3   | 0.5   | 0.5   |
| Exchange rates                 |       |       |       |       |       |       |       |       |       |       |       |       |
| US-dollar/euro                 | 1.2   | 1.2   | 1.2   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   |
| Yen/US-dollar                  | 108.3 | 109.2 | 111.5 | 112.8 | 113.0 | 113.0 | 113.0 | 113.0 | 113.0 | 113.0 | 113.0 | 113.0 |
| Oil price (Brent, US-dollar)   | 66.9  | 74.5  | 75.1  | 68.8  | 63.0  | 66.2  | 66.6  | 66.9  | 67.2  | 67.6  | 67.9  | 68.2  |
| HWWI-Index indust. commodities | 129.8 | 129.5 | 121.9 | 118.1 | 124.0 | 128.9 | 129.6 | 130.2 | 130.9 | 131.5 | 132.2 | 132.8 |

Key interest rate: Fed Funds Rate (United States, since December 2008 between 0 to 0.25 percent; overnight rate (Japan); main refinancing operations (euro area).

Source: HWWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded area: IfW forecast or assumption.

**Table 8.2:**  
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2018–2020

|                | Weights | Real GDP |      |      | Consumer prices |      |      | Unemployment rate |      |      |
|----------------|---------|----------|------|------|-----------------|------|------|-------------------|------|------|
|                |         | 2018     | 2019 | 2020 | 2018            | 2019 | 2020 | 2018              | 2019 | 2020 |
| European Union | 36.4    | 1.9      | 1.3  | 1.5  | 2.0             | 1.6  | 1.8  | 7.2               | 6.7  | 6.4  |
| Euro area      | 26.3    | 1.8      | 1.2  | 1.5  | 1.7             | 1.3  | 1.5  | 8.2               | 7.6  | 7.2  |
| United Kingdom | 5.9     | 1.4      | 0.8  | 1.0  | 2.4             | 2.0  | 2.3  | 4.1               | 4.2  | 4.4  |
| Sweden         | 1.1     | 2.4      | 2.2  | 2.1  | 2.0             | 2.0  | 2.2  | 6.3               | 5.9  | 5.7  |
| Poland         | 1.1     | 5.1      | 2.8  | 2.6  | 1.2             | 1.1  | 1.9  | 3.9               | 3.7  | 3.6  |
| Switzerland    | 1.5     | 2.5      | 1.1  | 1.6  | 0.9             | 0.8  | 1.1  | 4.7               | 4.4  | 4.3  |
| Norway         | 0.8     | 1.7      | 2.0  | 1.7  | 3.0             | 2.7  | 2.2  | 4.2               | 3.8  | 3.7  |
| United States  | 41.2    | 2.9      | 2.1  | 1.8  | 2.4             | 1.7  | 2.2  | 3.9               | 3.8  | 3.8  |
| Canada         | 3.4     | 2.2      | 2.3  | 1.9  | 2.3             | 2.0  | 2.1  | 5.8               | 5.9  | 6.0  |
| Japan          | 11.0    | 0.8      | 0.7  | 0.8  | 1.0             | 0.8  | 1.7  | 2.4               | 2.4  | 2.3  |
| South Korea    | 3.1     | 2.7      | 2.8  | 2.8  | 1.6             | 1.8  | 1.6  | 3.9               | 4.1  | 4.0  |
| Australia      | 2.7     | 2.9      | 2.2  | 2.4  | 2.0             | 1.9  | 2.2  | 5.4               | 5.4  | 5.3  |
| Total          | 100.0   | 2.3      | 1.7  | 1.7  | 2.1             | 1.6  | 2.0  | 5.3               | 5.1  | 4.9  |

Based on GDP at prices and exchange rates of 2017 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2017.

Source: Eurostat, *National Accounts*; OECD, *Main Economic Indicators*; IMF, *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: IfW forecast.



**Table 8.3:**  
Real gross domestic product, consumer prices and unemployment rates in the European Union, 2018–2020

|                           | Weights | Real GDP |      |      | Consumer prices |      |      | Unemployment rate |      |      |
|---------------------------|---------|----------|------|------|-----------------|------|------|-------------------|------|------|
|                           |         | 2018     | 2019 | 2020 | 2018            | 2019 | 2020 | 2018              | 2019 | 2020 |
| Germany                   | 21.4    | 1.5      | 1.0  | 1.5  | 1.9             | 1.4  | 1.6  | 3.4               | 3.1  | 3.0  |
| France                    | 14.9    | 1.5      | 1.1  | 1.4  | 2.1             | 1.5  | 1.6  | 9.1               | 8.7  | 8.4  |
| Italy                     | 11.2    | 0.8      | 0.0  | 0.8  | 1.3             | 0.9  | 0.9  | 10.6              | 10.5 | 10.3 |
| Spain                     | 7.6     | 2.5      | 2.4  | 1.9  | 1.7             | 1.4  | 1.6  | 15.3              | 13.6 | 12.5 |
| Netherlands               | 4.8     | 2.5      | 1.3  | 1.7  | 1.6             | 1.2  | 1.3  | 3.8               | 3.3  | 3.0  |
| Belgium                   | 2.8     | 1.4      | 1.3  | 1.4  | 2.3             | 1.8  | 1.9  | 5.9               | 5.5  | 5.2  |
| Austria                   | 2.4     | 2.8      | 1.2  | 1.3  | 2.1             | 1.4  | 1.5  | 4.9               | 4.7  | 4.6  |
| Ireland                   | 1.9     | 6.1      | 2.8  | 3.0  | 0.5             | 1.0  | 1.3  | 5.7               | 4.9  | 4.1  |
| Finland                   | 1.5     | 2.2      | 1.5  | 1.7  | 1.2             | 1.0  | 1.1  | 7.4               | 6.4  | 5.8  |
| Portugal                  | 1.3     | 2.1      | 1.3  | 1.4  | 1.2             | 0.9  | 1.0  | 7.1               | 6.3  | 5.8  |
| Greece                    | 1.2     | 1.9      | 2.1  | 2.3  | 0.8             | 0.8  | 1.1  | 19.3              | 17.4 | 15.5 |
| Slovak Republic           | 0.6     | 4.1      | 3.7  | 3.7  | 2.5             | 1.8  | 2.2  | 6.6               | 6.0  | 5.5  |
| Luxembourg                | 0.4     | 3.1      | 3.1  | 2.8  | 2.0             | 1.8  | 2.1  | 5.3               | 4.9  | 4.7  |
| Slovenia                  | 0.3     | 4.6      | 3.2  | 2.4  | 1.9             | 1.4  | 1.7  | 5.4               | 4.9  | 4.5  |
| Lithuania                 | 0.3     | 3.4      | 4.0  | 3.4  | 2.5             | 1.7  | 2.2  | 6.3               | 5.7  | 5.4  |
| Latvia                    | 0.2     | 5.0      | 5.1  | 3.8  | 2.6             | 2.2  | 2.7  | 7.4               | 6.7  | 6.3  |
| Estonia                   | 0.1     | 3.9      | 4.0  | 3.3  | 3.4             | 2.5  | 2.9  | 5.4               | 4.6  | 4.1  |
| Cyprus                    | 0.1     | 3.9      | 3.3  | 3.0  | 0.8             | 1.2  | 1.5  | 8.4               | 6.9  | 5.8  |
| Malta                     | 0.1     | 6.6      | 5.3  | 3.8  | 1.7             | 1.5  | 2.0  | 3.8               | 3.5  | 3.3  |
| United Kingdom            | 15.2    | 1.4      | 0.8  | 1.0  | 2.4             | 2.0  | 2.3  | 4.1               | 4.2  | 4.4  |
| Sweden                    | 3.1     | 2.4      | 2.2  | 2.1  | 2.0             | 2.0  | 2.2  | 6.3               | 5.9  | 5.7  |
| Poland                    | 3.0     | 5.1      | 2.8  | 2.6  | 1.2             | 1.1  | 1.9  | 3.9               | 3.7  | 3.6  |
| Denmark                   | 1.9     | 1.2      | 1.7  | 1.5  | 0.7             | 1.6  | 1.2  | 5.0               | 4.7  | 4.4  |
| Czech Republic            | 1.2     | 3.0      | 3.0  | 2.5  | 2.0             | 2.1  | 2.6  | 2.3               | 2.1  | 2.0  |
| Romania                   | 1.2     | 4.1      | 3.8  | 3.2  | 4.1             | 3.3  | 3.5  | 4.2               | 3.7  | 3.5  |
| Hungary                   | 0.8     | 5.0      | 3.7  | 2.8  | 2.9             | 3.7  | 3.8  | 3.7               | 3.5  | 3.4  |
| Bulgaria                  | 0.3     | 3.3      | 3.0  | 2.8  | 2.6             | 2.4  | 3.0  | 5.2               | 4.6  | 4.3  |
| Croatia                   | 0.3     | 2.6      | 1.6  | 1.6  | 1.6             | 1.0  | 1.8  | 8.5               | 7.3  | 6.4  |
| European Union            | 100.0   | 1.9      | 1.3  | 1.5  | 2.0             | 1.6  | 1.8  | 7.2               | 6.7  | 6.4  |
| <i>Addendum:</i>          |         |          |      |      |                 |      |      |                   |      |      |
| European Union 15         | 91.3    | 1.7      | 1.1  | 1.4  | 1.8             | 1.5  | 1.6  | 7.4               | 7.0  | 6.7  |
| Accession countries       | 8.7     | 4.3      | 3.2  | 2.8  | 2.1             | 2.0  | 2.5  | 5.9               | 5.3  | 5.1  |
| Euro Area                 | 72.9    | 1.8      | 1.2  | 1.5  | 1.7             | 1.3  | 1.5  | 8.2               | 7.6  | 7.2  |
| Euro Area without Germany | 51.5    | 2.0      | 1.3  | 1.5  | 1.7             | 1.3  | 1.4  | 9.9               | 9.2  | 8.7  |

Based on GDP at prices and exchange rates of 2017 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2017. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

**Table 8.4:**  
**Real gross domestic product and consumer prices in selected emerging market economies, 2017–2020**

|                                | Weights | Real GDP |       |       |      | Consumer prices |      |      |      |
|--------------------------------|---------|----------|-------|-------|------|-----------------|------|------|------|
|                                |         | 2017     | 2018  | 2019  | 2020 | 2017            | 2018 | 2019 | 2020 |
| Indonesia                      | 6.0     | 5.1      | 5.2   | 5.2   | 5.2  | 3.8             | 3.2  | 3.8  | 4.0  |
| Thailand                       | 2.3     | 4.0      | 4.1   | 2.7   | 3.0  | 0.7             | 1.1  | 1.6  | 2.0  |
| Malaysia                       | 1.7     | 5.9      | 4.8   | 4.5   | 4.1  | 3.8             | 1.0  | 2.1  | 3.0  |
| Philippines                    | 1.6     | 6.7      | 6.2   | 5.9   | 5.5  | 2.9             | 5.2  | 4.5  | 3.5  |
| Total                          | 11.5    | 5.2      | 5.1   | 4.7   | 4.6  | 3.1             | 2.7  | 3.2  | 3.4  |
| China                          | 42.5    | 6.8      | 6.6   | 6.1   | 5.8  | 1.6             | 2.2  | 2.3  | 2.3  |
| India                          | 17.4    | 6.7      | 7.3   | 7.1   | 6.8  | 3.8             | 4.0  | 3.6  | 5.0  |
| Asian countries                | 71.5    | 6.5      | 6.5   | 6.1   | 5.9  | 2.3             | 2.7  | 2.8  | 3.1  |
| Brazil                         | 6.0     | 1.1      | 1.1   | 2.0   | 2.5  | 3.4             | 3.7  | 4.2  | 4.0  |
| Mexico                         | 4.5     | 2.3      | 2.0   | 2.1   | 2.4  | 6.0             | 4.9  | 3.7  | 3.1  |
| Argentina                      | 1.7     | 2.9      | -2.2  | -2.0  | 1.8  | 26.9            | 30.0 | 40.0 | 26.0 |
| Colombia                       | 1.3     | 1.4      | 2.7   | 3.1   | 3.2  | 4.3             | 3.2  | 3.1  | 3.0  |
| Venezuela                      | 0.7     | -14.0    | -17.0 | -15.0 | -5.0 | -               | -    | -    | -    |
| Chile                          | 0.8     | 1.6      | 4.0   | 2.8   | 2.8  | 2.2             | 2.7  | 2.8  | 3.0  |
| Peru                           | 0.8     | 2.5      | 4.0   | 3.7   | 3.5  | 2.8             | 1.3  | 2.3  | 2.5  |
| Latin American countries total | 15.8    | 1.1      | 0.6   | 1.1   | 2.2  | 6.8             | 6.8  | 7.8  | 6.0  |
| Russia                         | 7.4     | 1.5      | 2.3   | 1.5   | 1.6  | 3.7             | 2.9  | 4.8  | 4.0  |
| Turkey                         | 4.0     | 7.0      | 3.8   | -0.3  | 3.5  | 11.1            | 16.3 | 16.0 | 10.0 |
| South Africa                   | 1.4     | 1.3      | 0.8   | 1.4   | 1.7  | 5.3             | 4.8  | 5.3  | 5.4  |
| Total                          | 100.0   | 5.2      | 5.1   | 4.7   | 4.8  | 3.5             | 3.9  | 4.3  | 3.9  |

Based on 2017 GDP at purchasing power parities; in percent.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: IfW forecast.