



This Issue...

World Economic Outlook: April
2019

The aim of this Update report is to inform the public about recent economic performance

GLOBAL ECONOMIC DEVELOPMENTS

After strong growth in **2017** and early **2018**, global economic activity slowed in the second half of last year. **Global growth** in **2019** is also weighed down by the emerging market and developing economy group. Conditions have eased in **2019** as the US Federal Reserve signalled a more accommodative monetary policy stance and markets became more optimistic about US-China trade deal, but they remain slightly more restrictive. The financial market sentiment worsened, with financial conditions tightening for vulnerable **emerging markets** in the spring of **2018** and then in **advanced economies** later in the year, weighing on global demand.

Figure 1: Global GDP growth - % changes

	2017	2018	2019	2020
World Output	3.8	3.6	3.3	3.6
Advanced Economies	2.4	2.2	1.8	1.7
United States	2.2	2.9	2.3	1.9
Euro Area	2.4	1.8	1.3	1.5
Japan	1.9	0.8	1.0	0.5
Emerging Market and Developing Economies	4.8	4.5	4.4	4.8
Russia	1.6	2.3	1.6	1.7
China	6.8	6.6	6.3	6.1
India	7.2	7.1	7.3	7.5
Brazil	1.1	1.1	2.1	2.5
Sub-Saharan Africa	2.9	3.0	3.5	3.7
Nigeria	0.8	1.9	2.1	2.5
South Africa	1.4	0.8	1.2	1.5

Source: IMF WEO April 2019

Growth for **advanced economies** is expected to slow down to 2.3 percent in 2019 after strong growth of 2.9 percent in **2018**. The slowdown in growth is due to the trade tensions (although easing now) as they took a toll on business confidence. Growth for **United States** is expected to decline to 2.3 percent in 2019 and soften further to 1.9 percent in **2020** with the unwinding of fiscal stimulus. **Japan's** economy is set to grow by 1.0 percent in **2019** (0.1 percentage point higher than in the October WEO), and 0.5 in **2020**. Growth in the **Euro Areas** contracted by 1.3 percent in **2019** (0.6 percent lower than in the October WEO, for 2020 growth is anticipated to grow to 1.5 percent). The **Euro area** economy lost more momentum than expected as consumer and business confidence weakened and car production in **Germany** was disrupted by the introduction of new emission standards.

For the **emerging markets and developing economies** growth is expected to slow down to 4.4 percent in **2019** from 4.5 growths in **2018**, before improving to 4.8 percent in **2020**. China's growth is expected to decline to 6.3 percent in **2019** and contract even further in **2020** to 6.1 percent, following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the **United States**. On the other hand, India's economy is anticipated to pick up in **2019** with growth of 7.3 and 7.5 growth for **2020**.



COMMODITY PRICES

In early October 2018, oil prices exceeded \$80, their highest level since November 2014, ahead of US sanctions against Iran's oil sector that took effect in November 2014. As of February 2019, oil futures contracts indicated that Brent prices will stay at about \$60 for the next five year.

Metal prices are expected to increase by 2.4 percent y-o-y in 2019 and decline by 2.2 percent in 2020 (compared with a decrease of 3.6 percent followed by a slight pickup of 0.4 percent in the October 2018 WEO).

Price forecasts of most major agricultural commodities have been revised down. Food prices are projected to decline 2.9 percent y-o-y in 2019 before increasing 2.1 percent in 2020 (compared with the projected increases of 1.7 percent and 0.3 percent in the October 2018 WEO).