

World Economic Situation and Prospects



Global Outlook

2018



United Nations

Overview of global outlook



- The world economy has strengthened
 - Fragilities related to the global financial crisis and other recent crises are subsiding
 - Investment conditions have improved
 - Steady global growth of 3 per cent per annum expected 2017-2019
- While the global economy continues to face risks, the majority of countries has seen an improvement in economic conditions, amid stable financial markets and improvements in some labour market indicators
- Opportunity and necessity to refocus policy towards longer-term issues, ie:
 - Low carbon economic growth
 - Reducing inequalities
 - Economic diversification
 - Eliminating other deep-rooted barriers that hinder development

The world economy has strengthened...



World economy to expand by 3% in 2017

- Highest rate of growth since 2011
- Roughly 2/3 of countries saw stronger growth in 2017 than 2016
- World trade rebounding – driven by demand from East Asia
- East and South Asia contribute nearly half of global growth
- Firmer growth in developed economies
- End of recessions in Argentina, Brazil, Nigeria, Russian Federation

Upward revision compared to last forecast

World gross product growth



Source: UN/DESA.

Investment conditions...

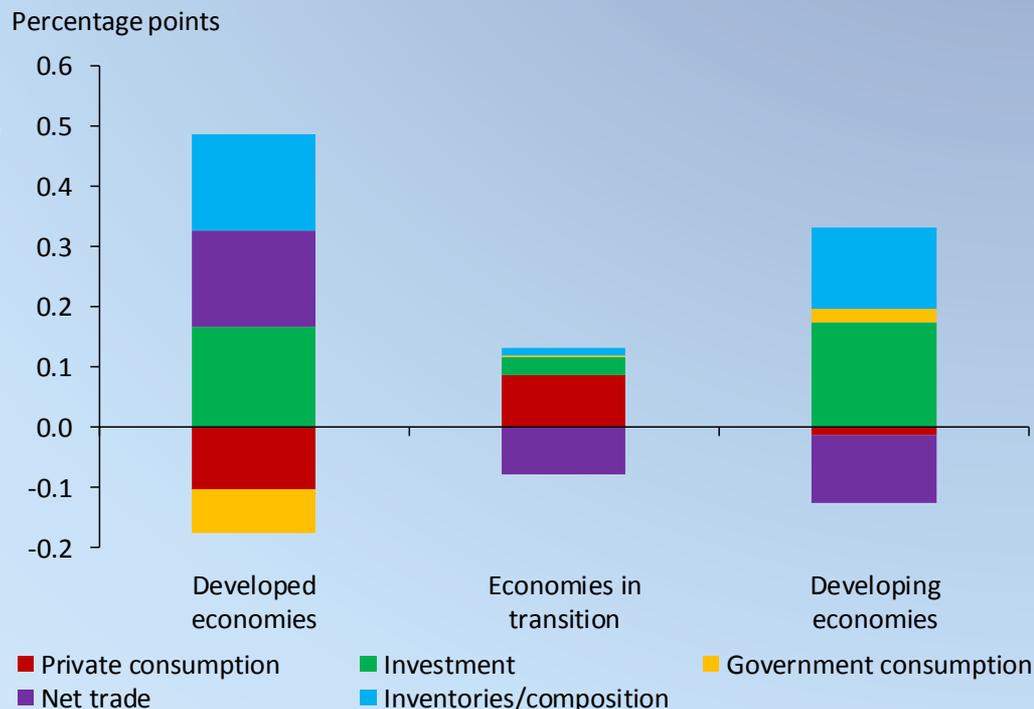


... have generally improved

- Low financial volatility
- Reduced banking sector fragilities
- Recovery in some commodity markets
- More solid global macroeconomic outlook
- Financing costs generally remain low, and spreads narrowed in many emerging markets
- Rise in capital flows and cross-border lending
- Stronger credit growth in both developed and developing economies

Investment contributed 60% of acceleration in world growth in 2017

Contributions to change in world gross product growth by component, 2017



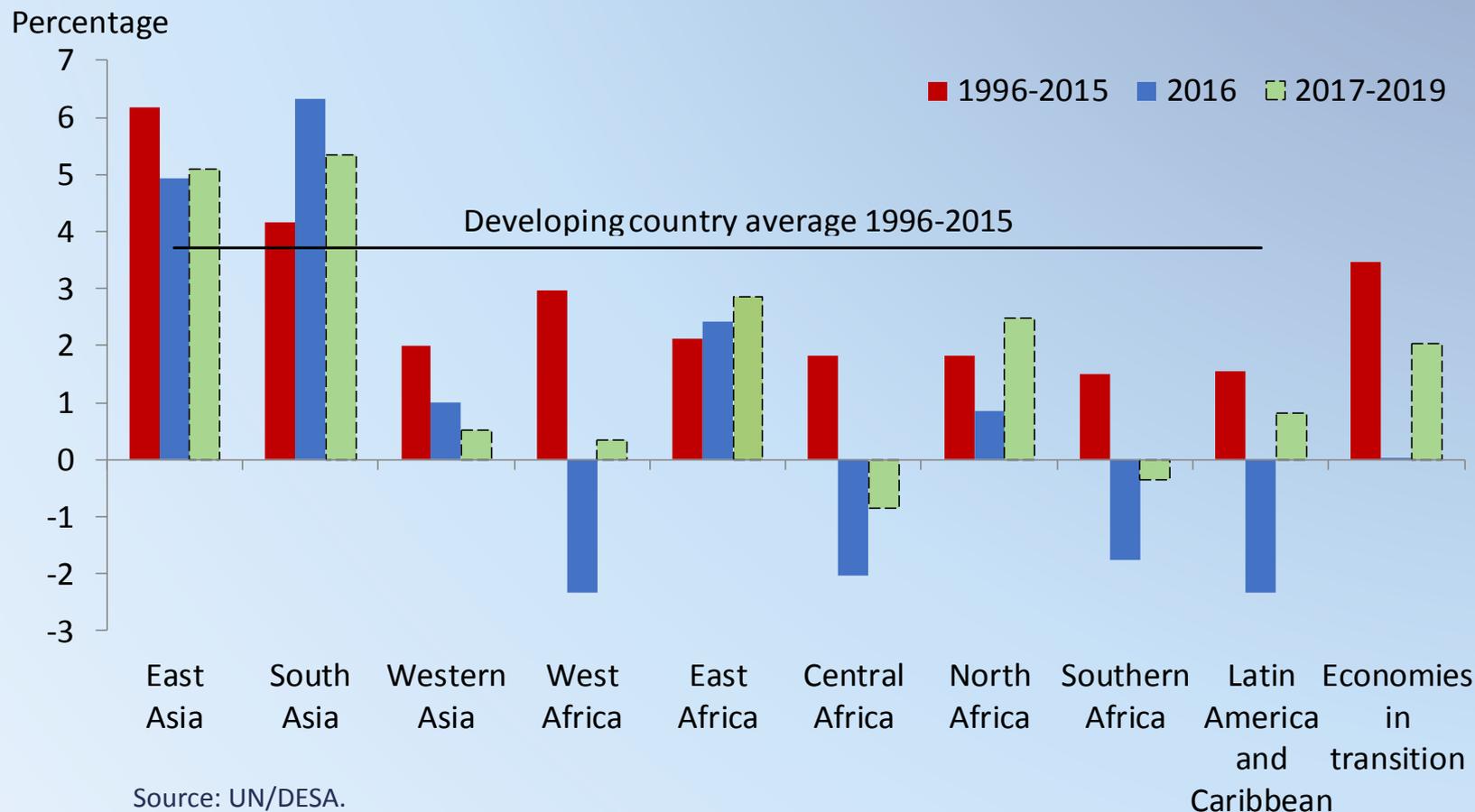
Source: UN/DESA.

Stronger growth unevenly shared...



... negligible growth in per capita GDP expected in parts of Africa, Latin America and Western Asia

Average annual GDP per capita growth by region



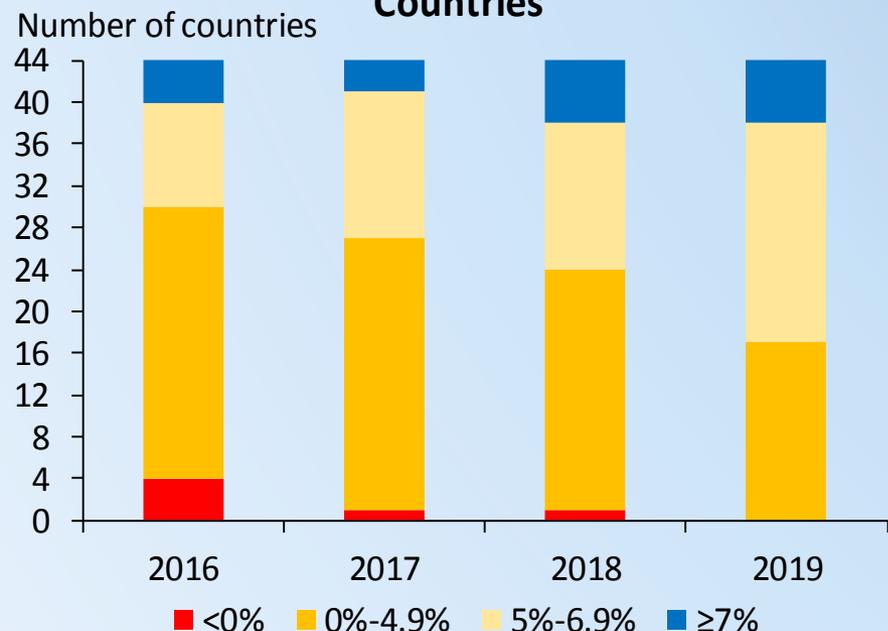
SDG targets at risk...



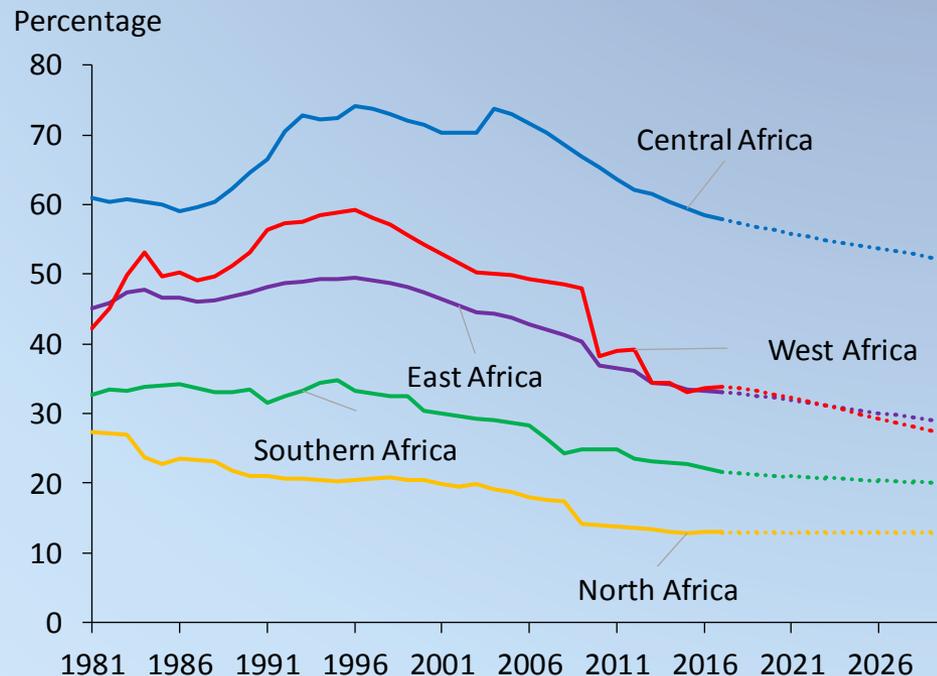
Few least developed countries expected to reach target of 7% growth by 2019

Under current projections, without a decline in inequality, ¼ of the population of Africa may remain in extreme poverty by 2030

GDP growth in Least Developed Countries



Share of population below \$1.90/day poverty line in Africa



Source: UN/DESA.

Source: World Bank Poverty and Equity Database and UN/DESA projections to 2030.

Stronger growth may raise emissions



Global CO₂ emissions increased in 2017...

- ...according to preliminary estimates
- Stronger efforts to delink economic growth and environmental degradation are needed
- Increasing frequency of weather-related shocks highlights the urgency
- Renewables account for more than ½ of newly installed power capacity, but only 11.3 per cent of global power generation
- Developed and developing countries alike must accelerate the transition to sustainable energy.

Spending on renewable investment declined in 2016

Global new investment in renewable energy
(billions of US dollars)



Source: Frankfurt School-UNEP Centre/BNEF.

Risks and policy challenges



- Despite the improved outlook, the global economy continues to face risks:
 - Changes in trade policy or a rise in protectionism
 - A sudden deterioration in global financial conditions
 - Rising geopolitical tensions
- Many developing economies remain vulnerable to spikes in risk aversion, sudden capital withdrawal or an abrupt tightening of global liquidity conditions
 - Policy missteps as central banks in developed economies normalize monetary policy could act as a trigger
- Longer-term policy goals must come to the forefront:
 - Increasing economic diversification
 - Reducing inequality
 - Building financial architecture to support long-term investment needs
 - Tackling institutional deficiencies



**Full report available from:
www.bit.ly/wespreport**

THANK YOU

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