

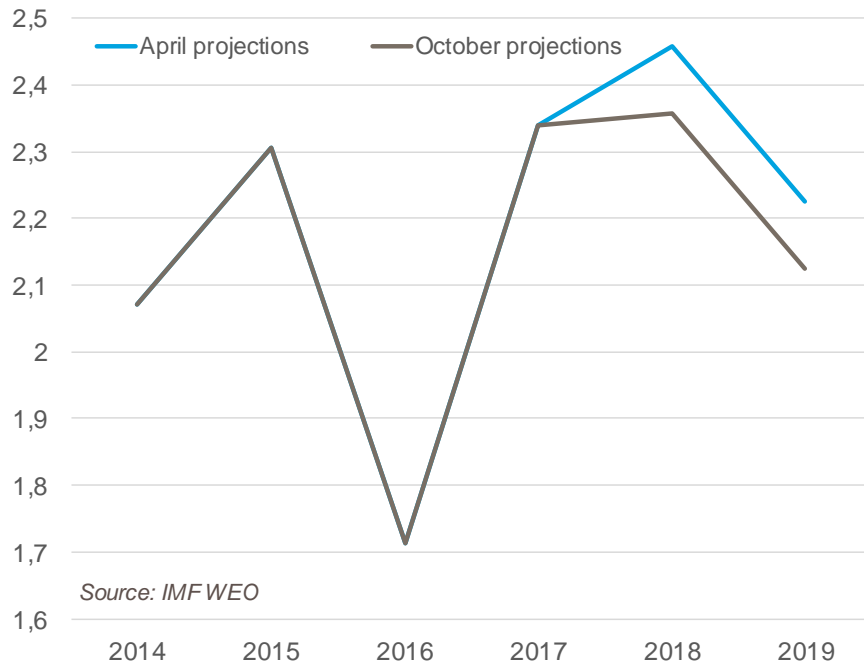
WORLD ECONOMIC OUTLOOK : WATCH YOUR STEPS

October 17th, 2018

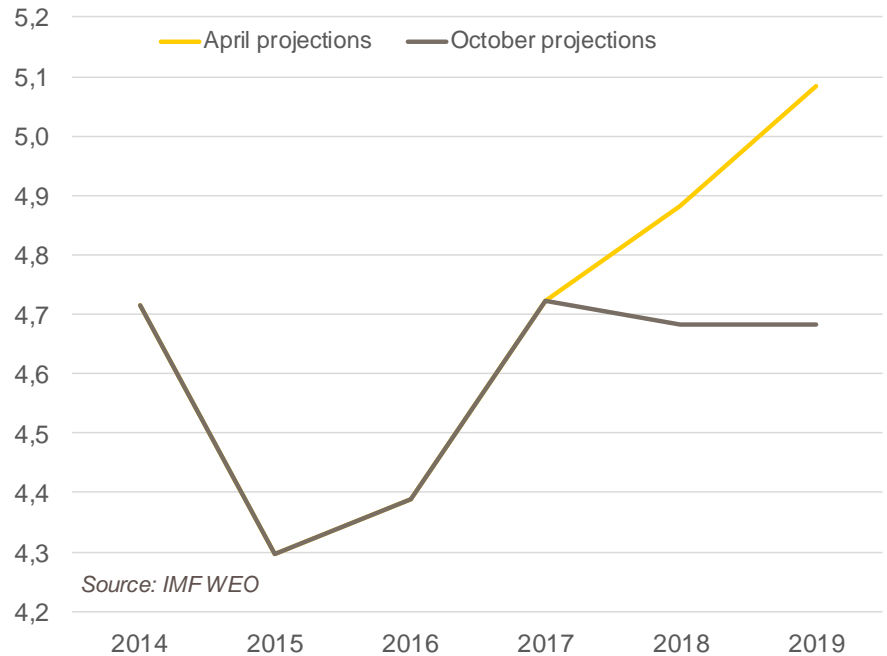
Bern Union General Assembly

Global growth prospects have weakened

Advanced economies - GDP growth prospects
(percent change)



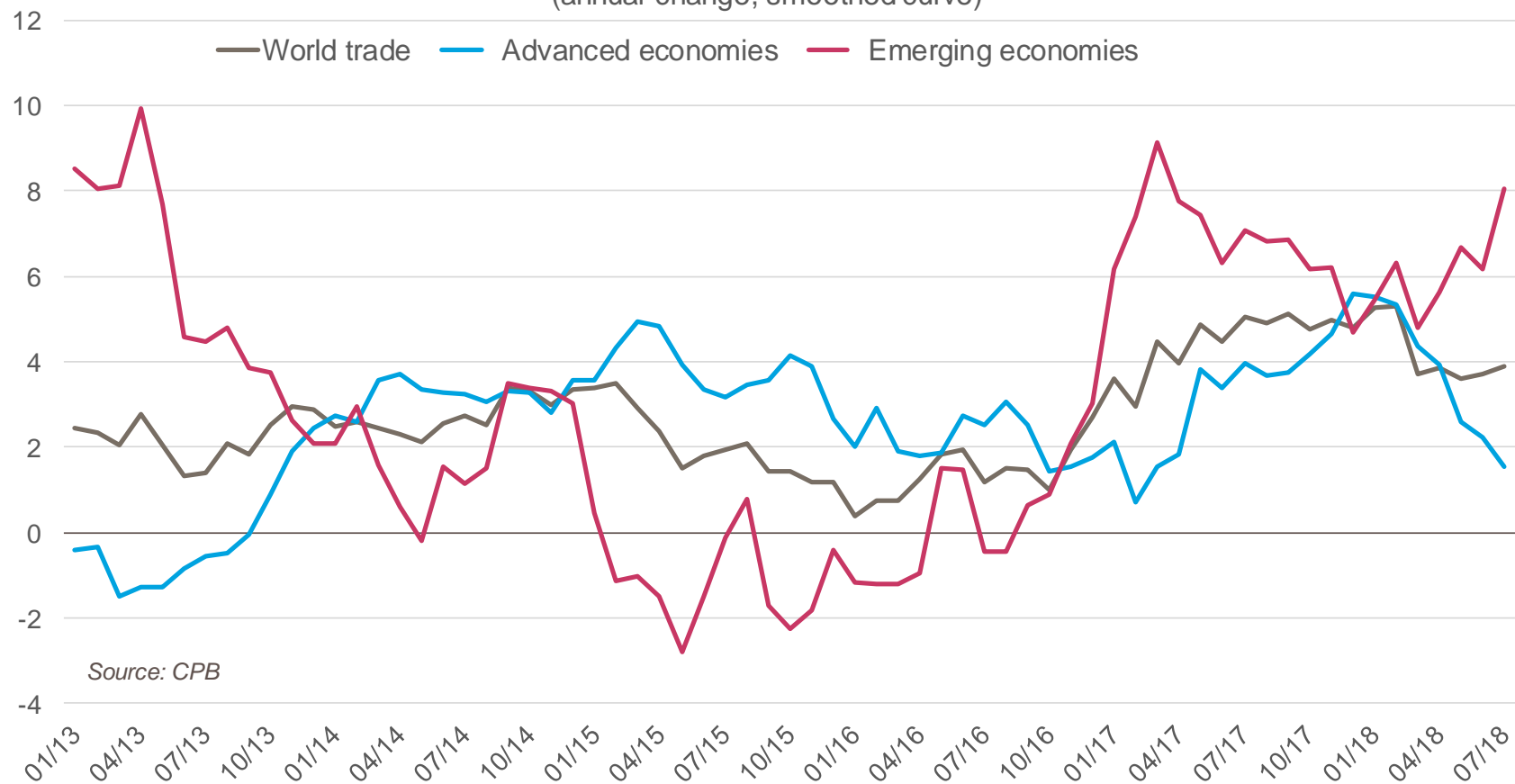
Emerging markets - GDP growth prospects
(percent change)



A global downturn?

World trade

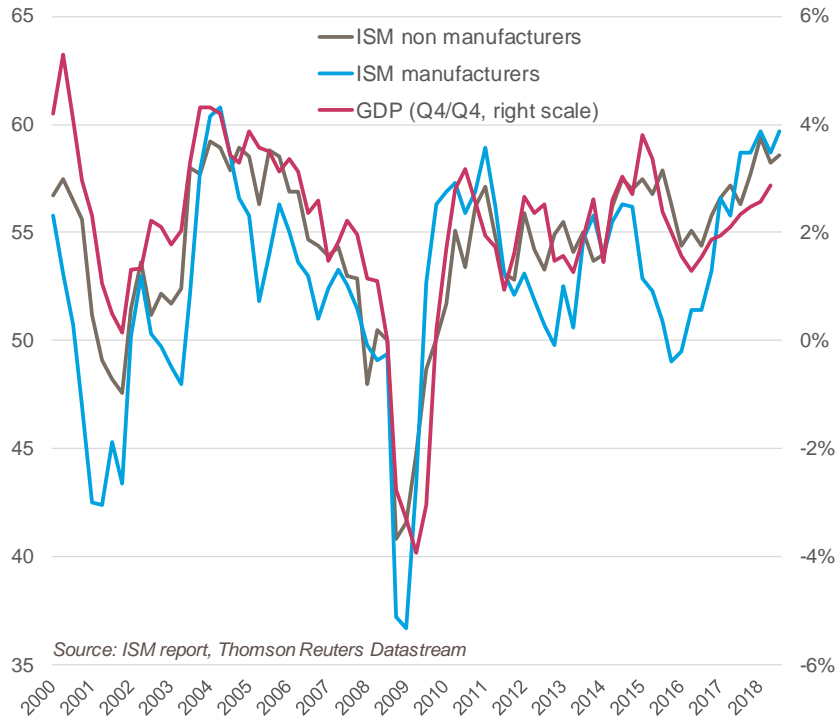
(annual change, smoothed curve)



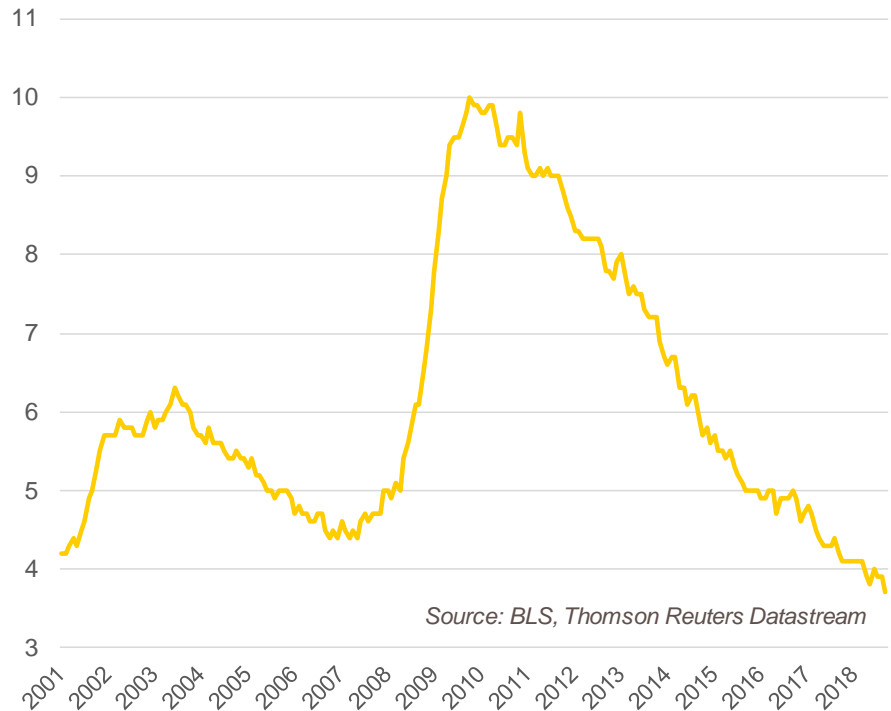
Source: CPB

U. S. growth still solid

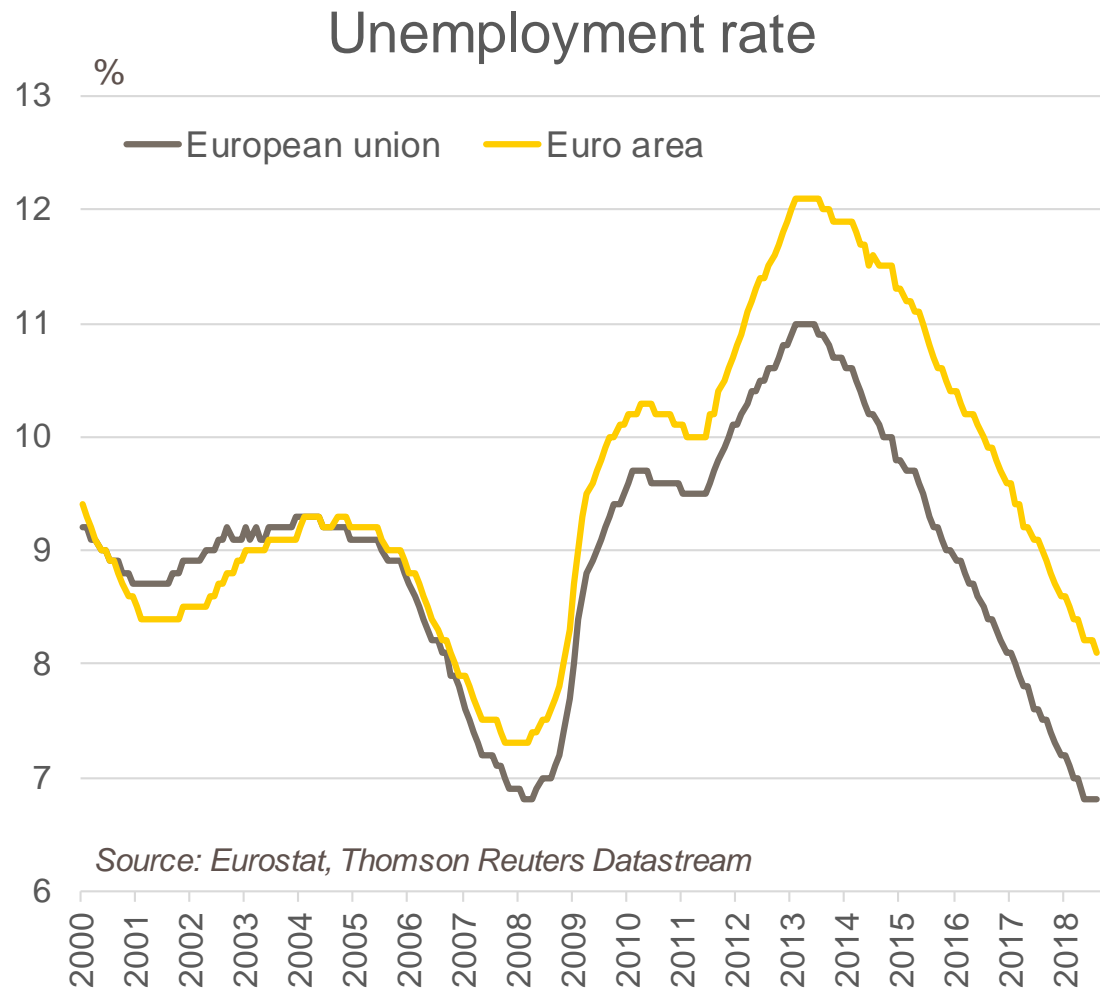
ISM index and GDP growth



Unemployment rate (%)

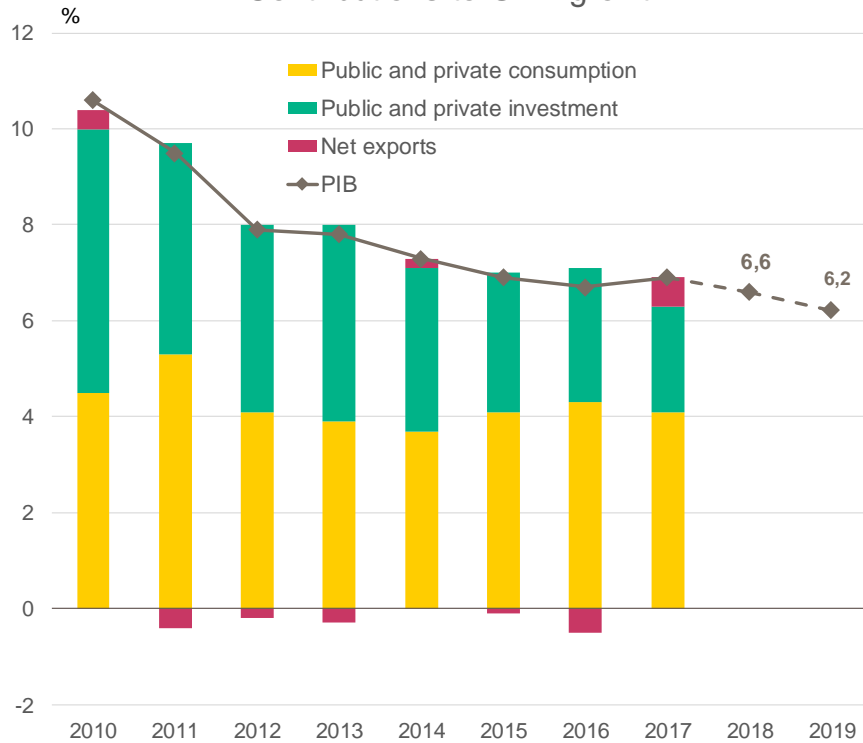


Lost momentum in Europe but still above potential



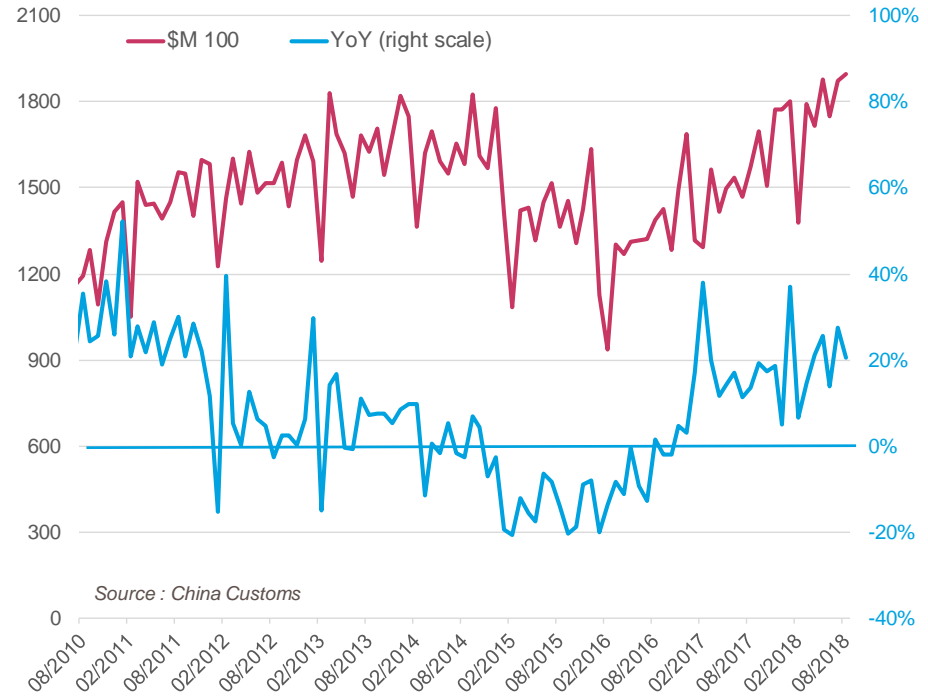
China landing still soft

Contributions to GDP growth



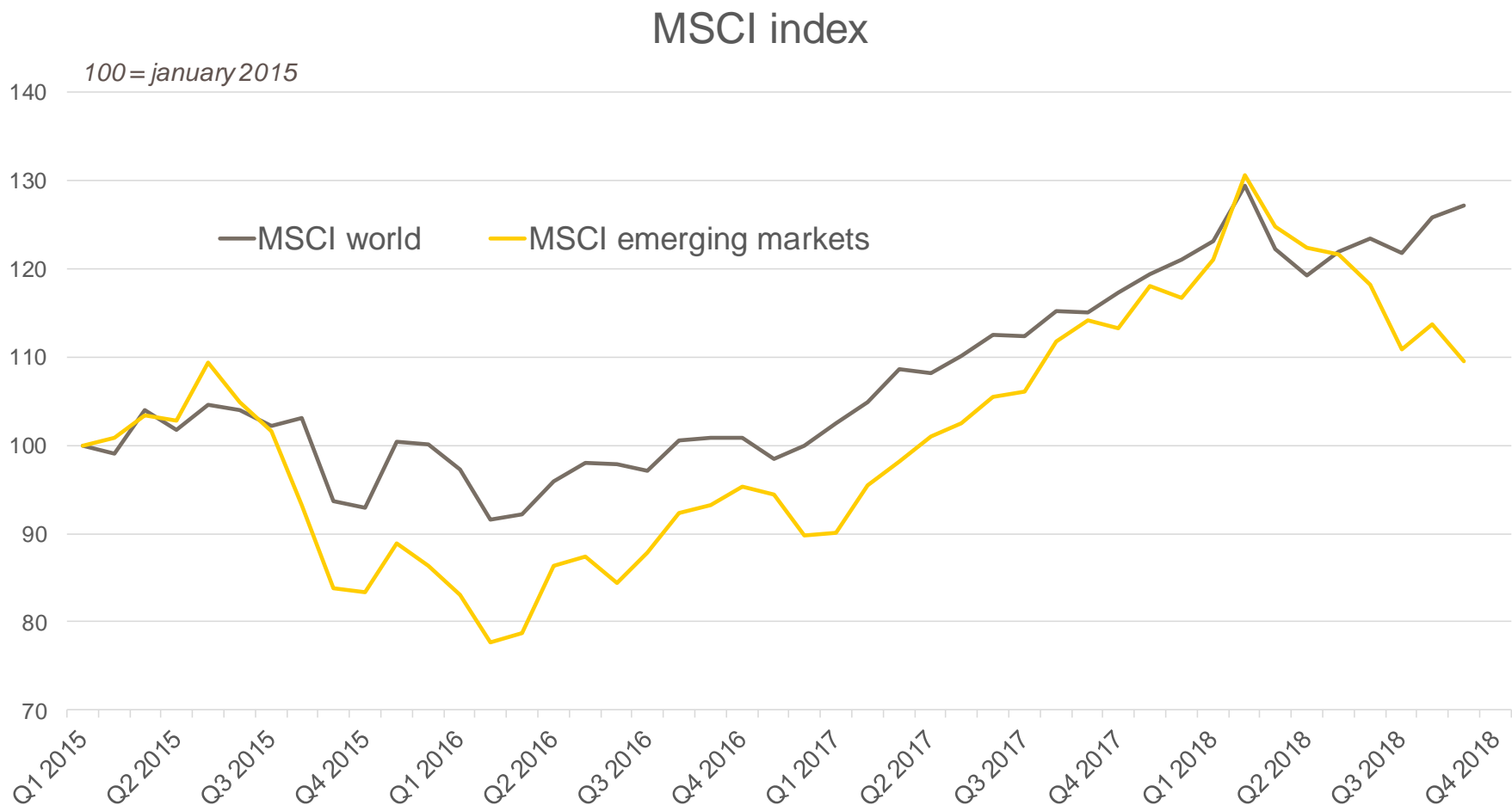
Sources : NBS, IMF WEO, October 2018

Chinese imports of goods



Source : China Customs

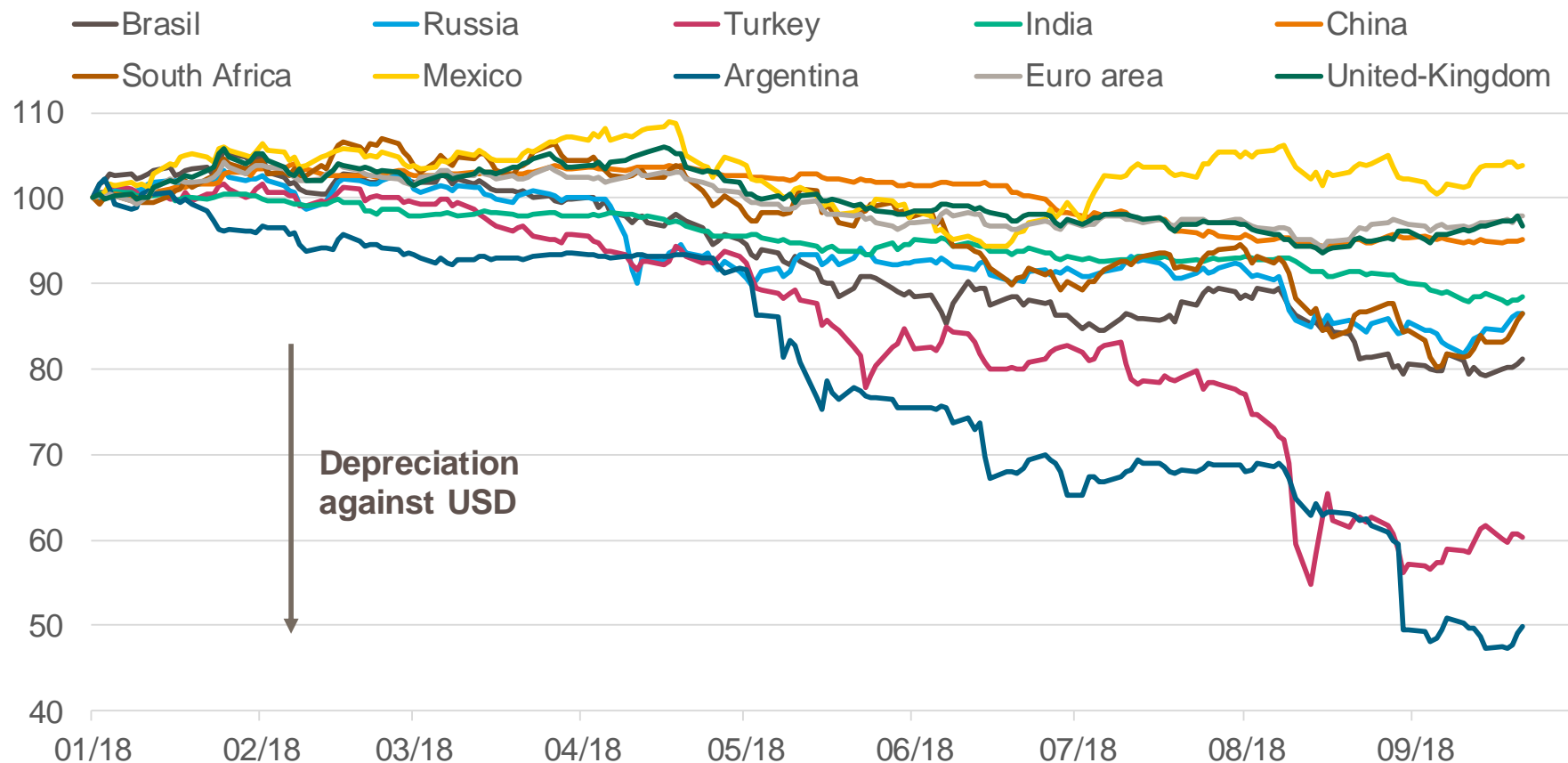
Still, some shocks are testing the solidity of global growth



Source : Thomson Reuters Datastream

Among EMEs, the most vulnerable countries face currency crisis

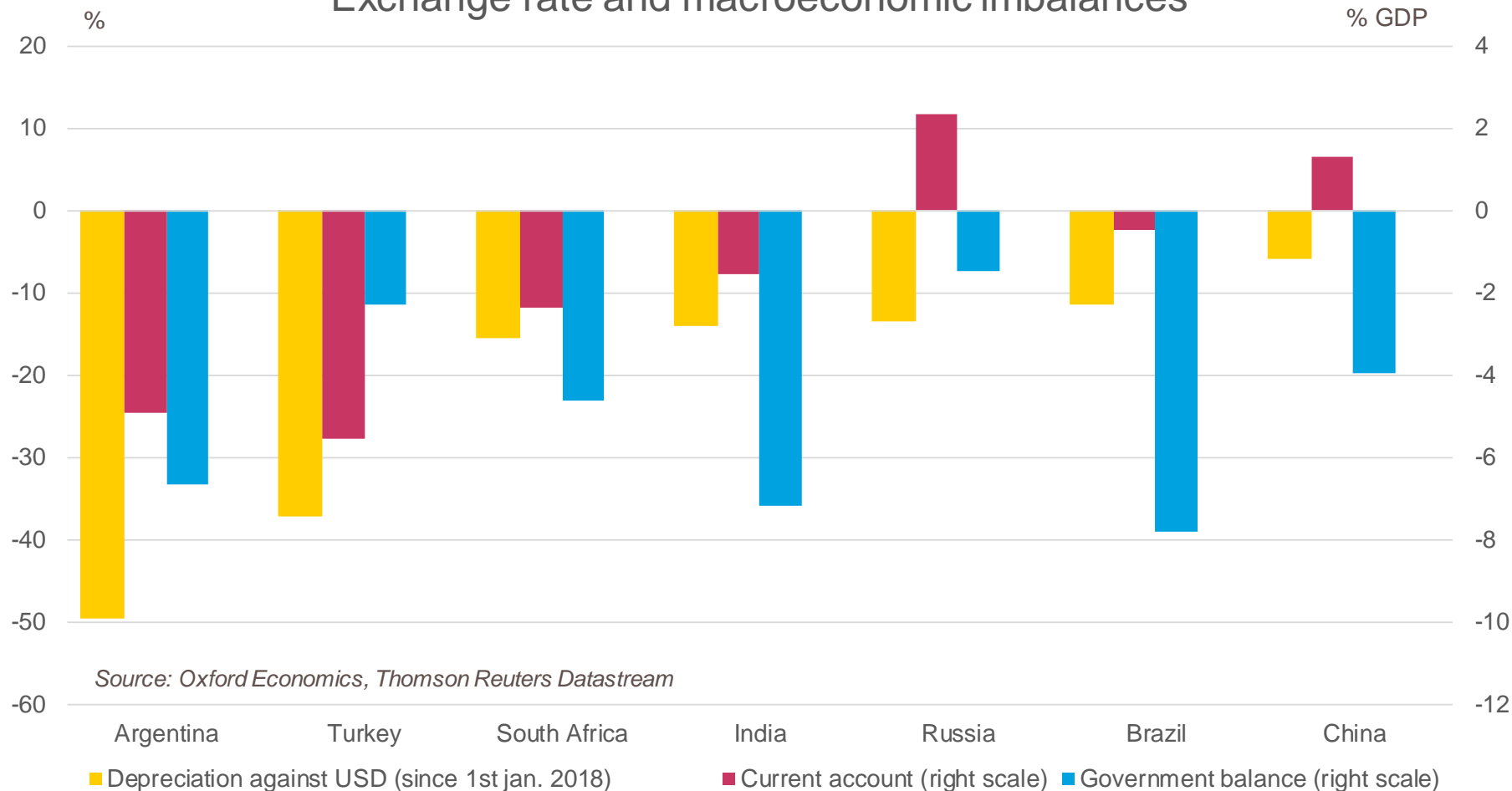
Exchange rate
(100 = january 2018, to USD)



Source: Thomson Reuters Datastream

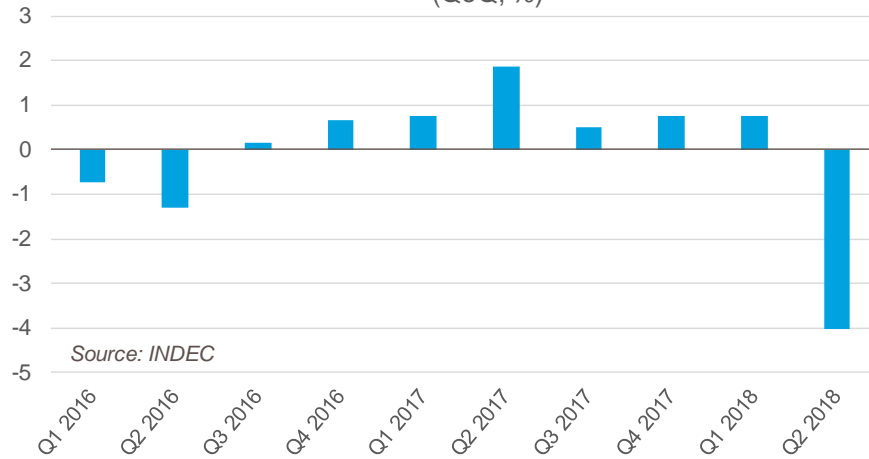
Biggest imbalances targeted

Exchange rate and macroeconomic imbalances

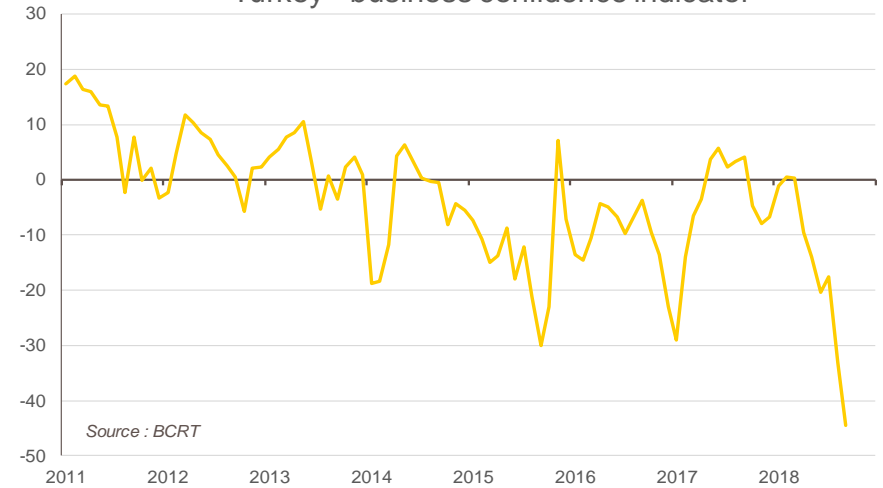


Leading to slowdown / downturn

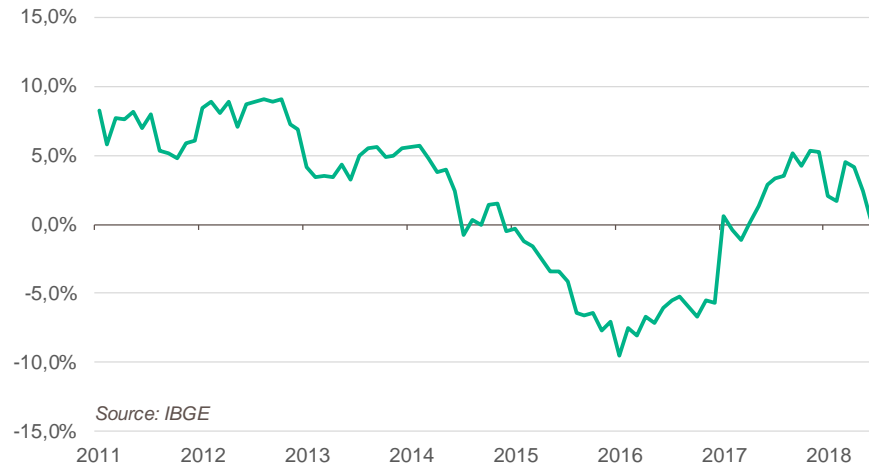
Argentina - GDP growth
(QoQ, %)



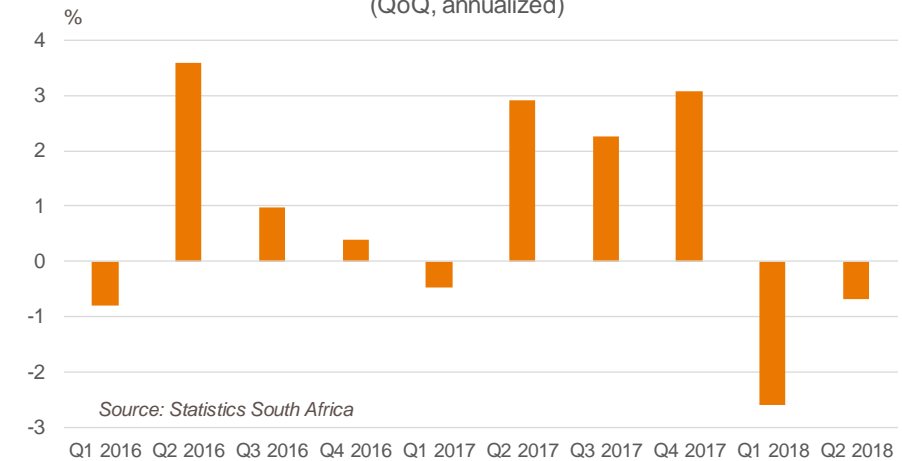
Turkey - business confidence indicator



Brazil - Retail sales

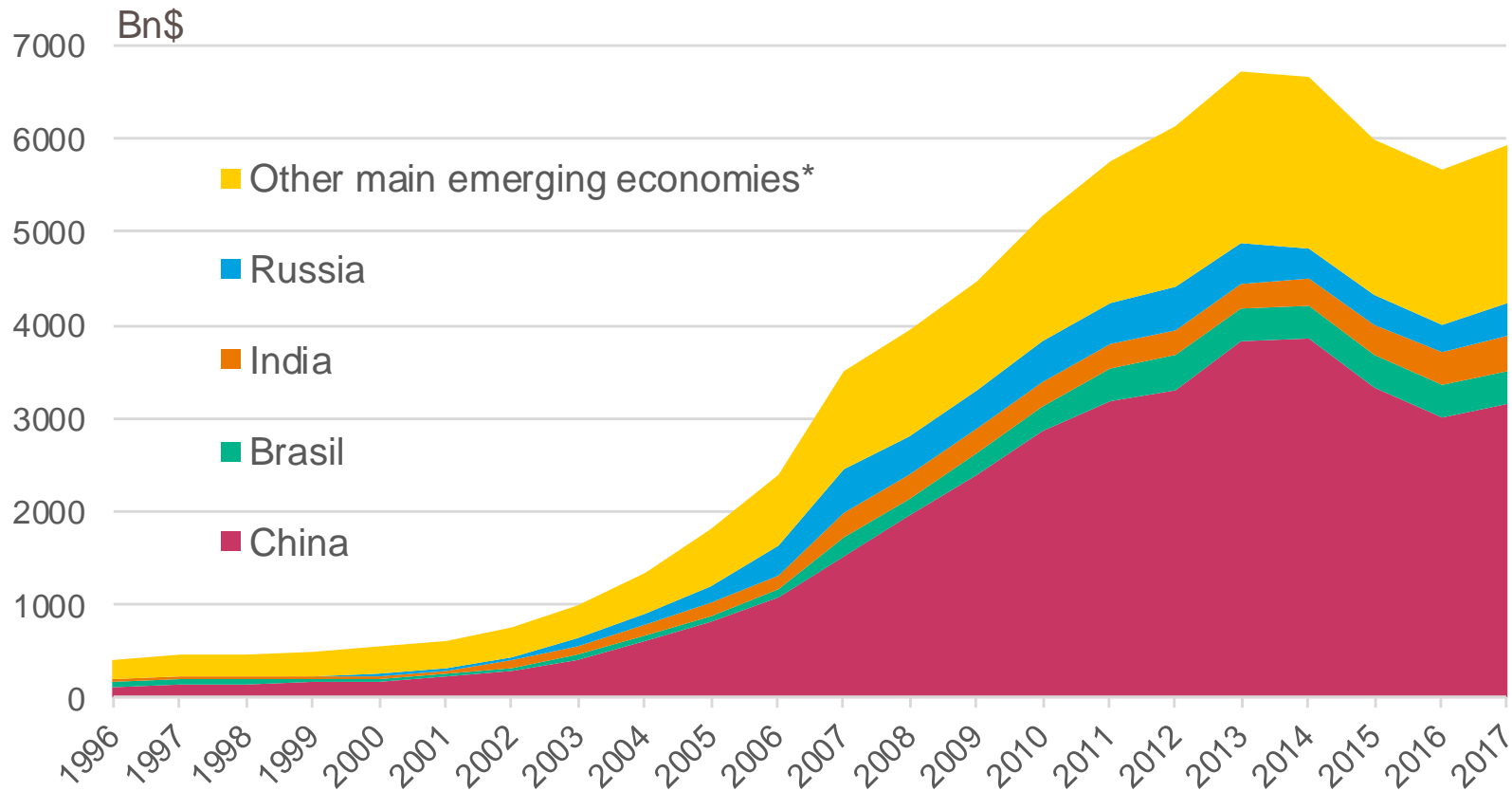


South Africa - GDP growth
(QoQ, annualized)



Risk of contagion?

Exchange reserves in the 20 main emerging economies

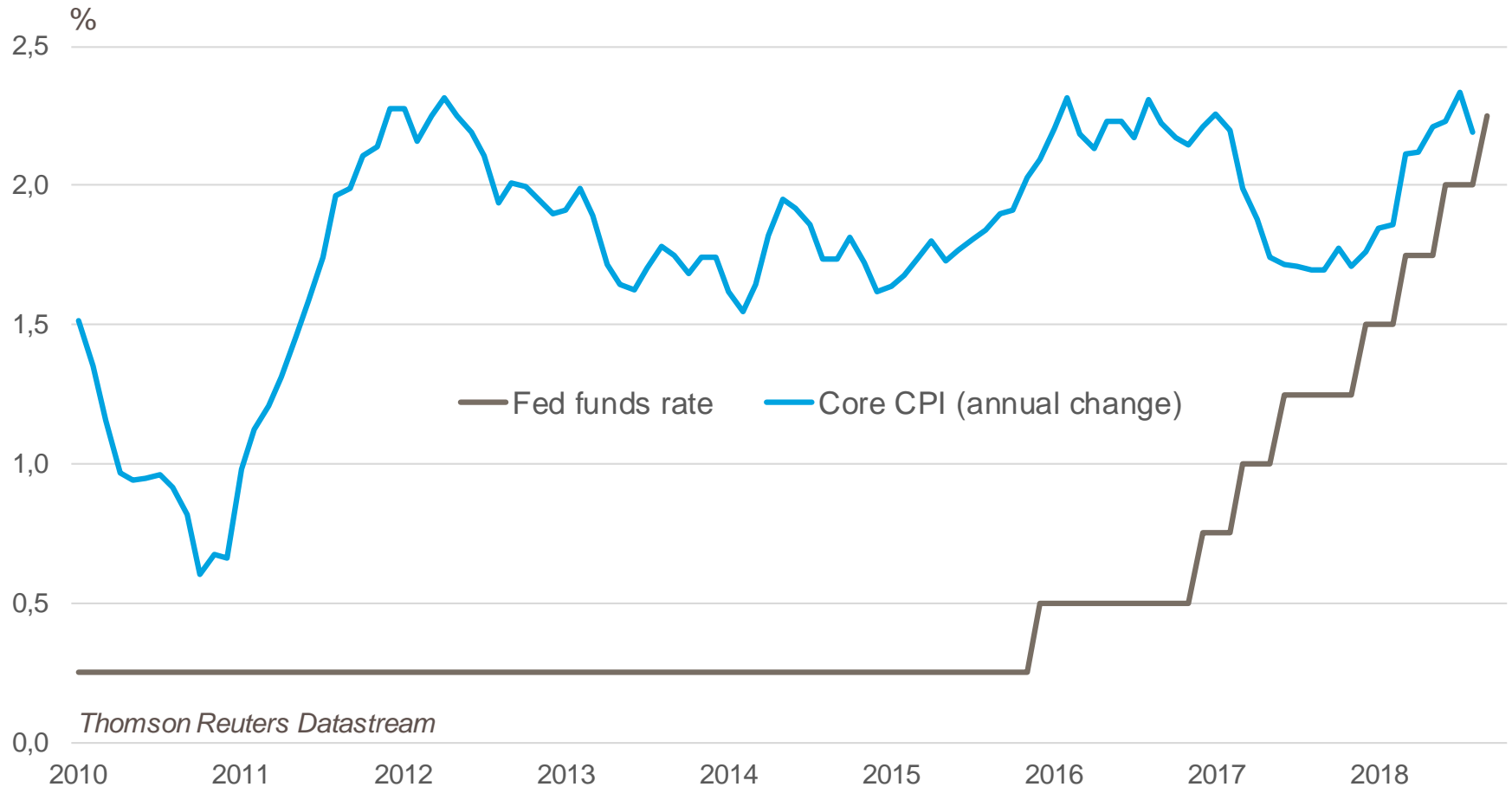


Source : FMI

* South Africa, Mexico, Turkey, Malaysia, Thailand, Indonesia, Argentina, Poland, U.A.E., Nigeria, Philippines, Chile, Colombia, Pakistan, Saudi Arabia, Bangladesh

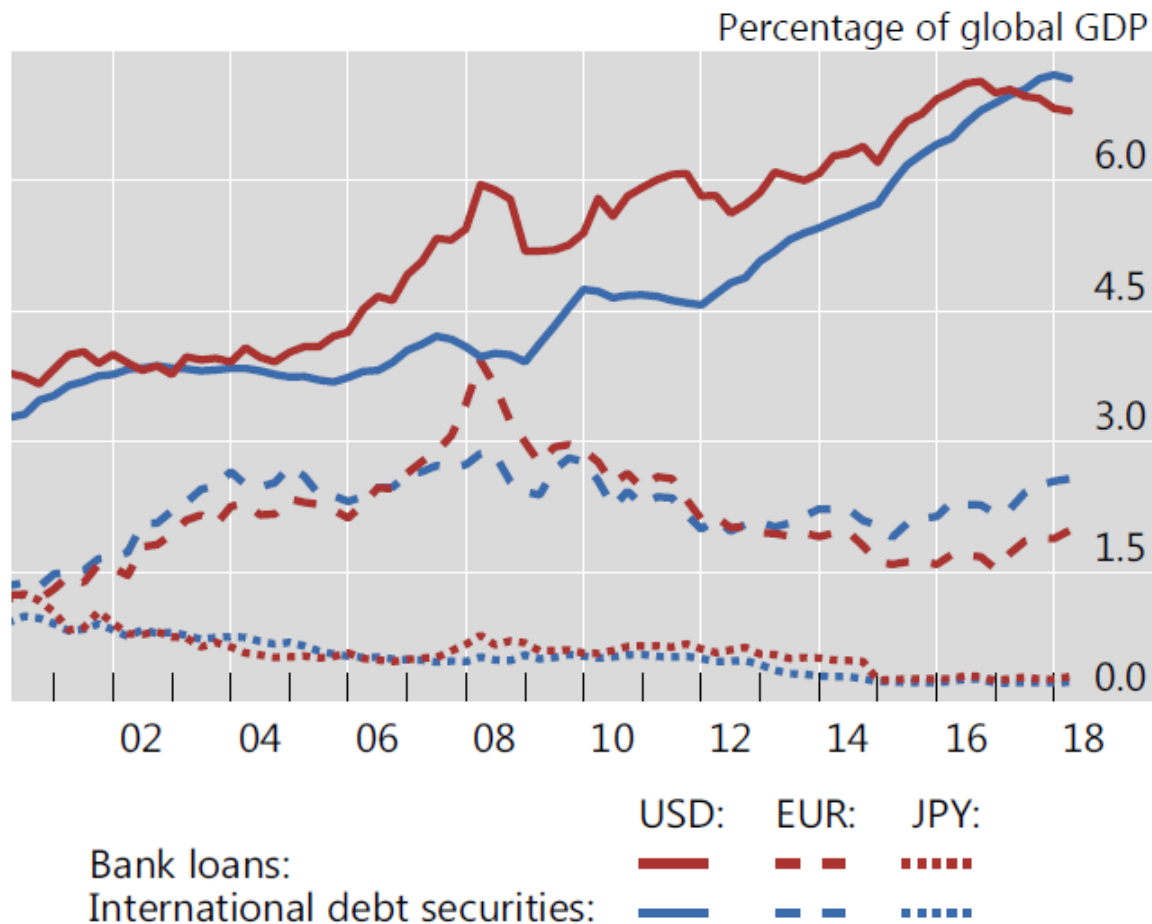
Game changer #1 : the global dependance on the dollar

Fed funds rate and core inflation



Game changer #1 : the global dependance on the dollar

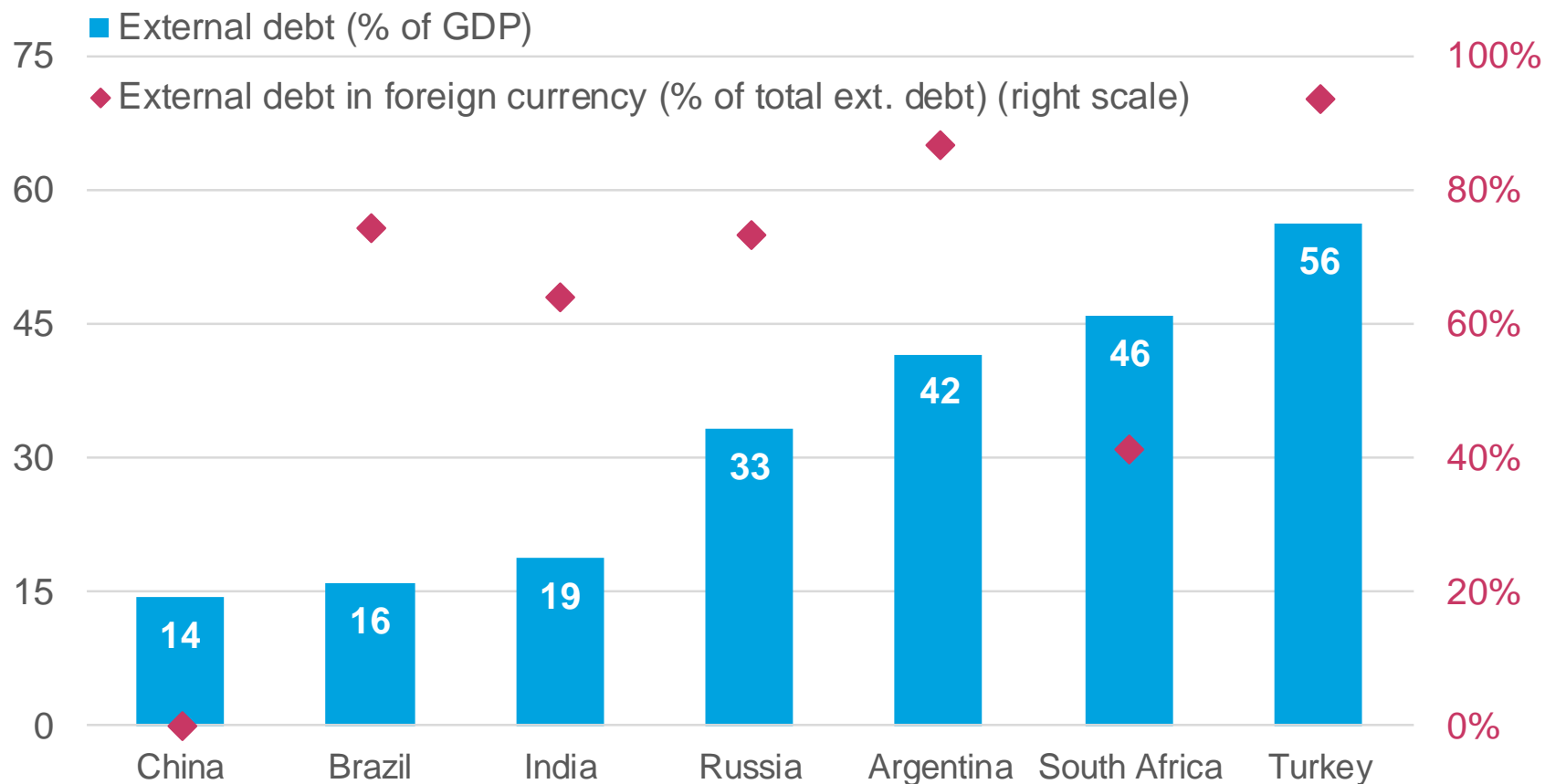
International credit to non-residents by instruments and currency



Source : BIS

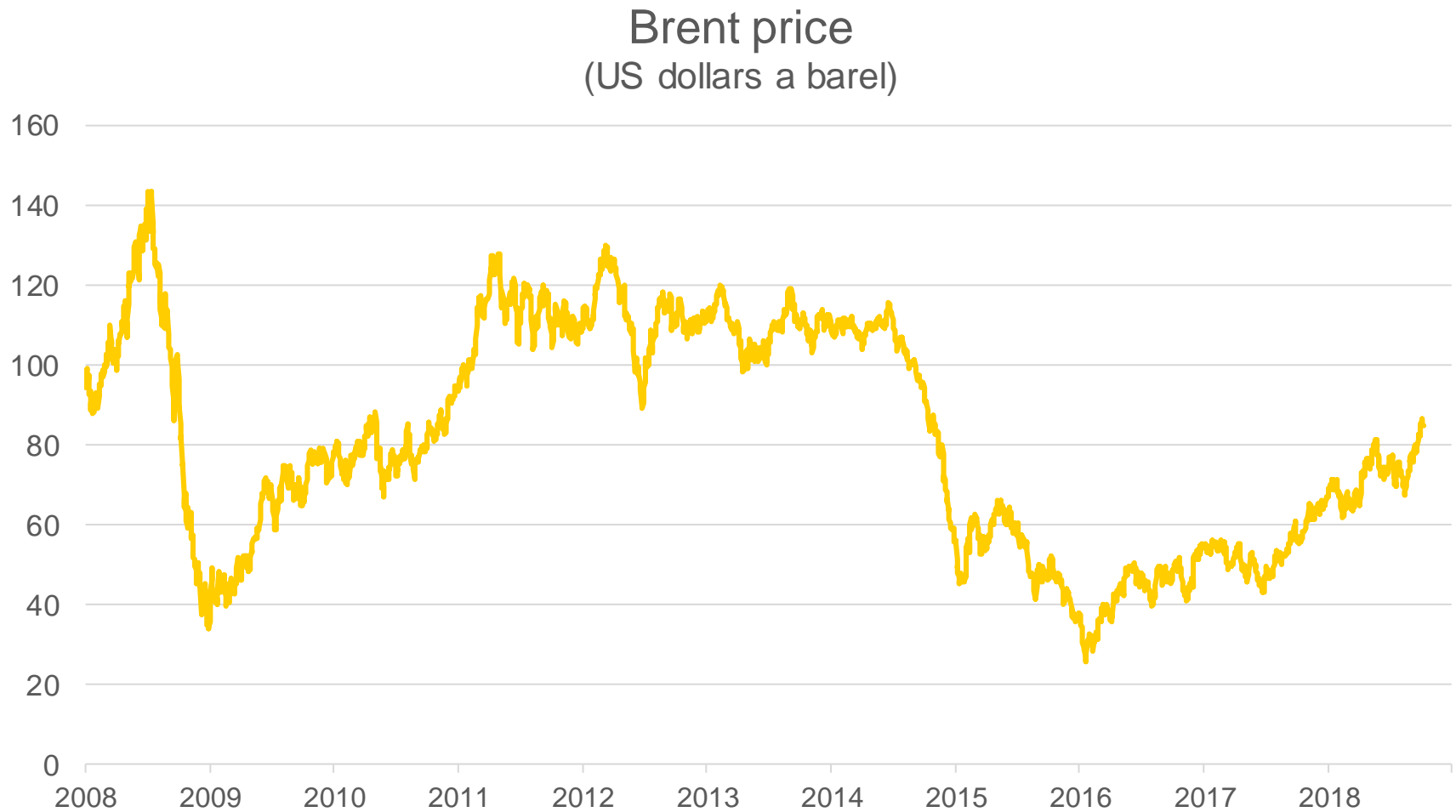
Game changer #1 : the global dependance on the dollar

External debt (Q1 2018)



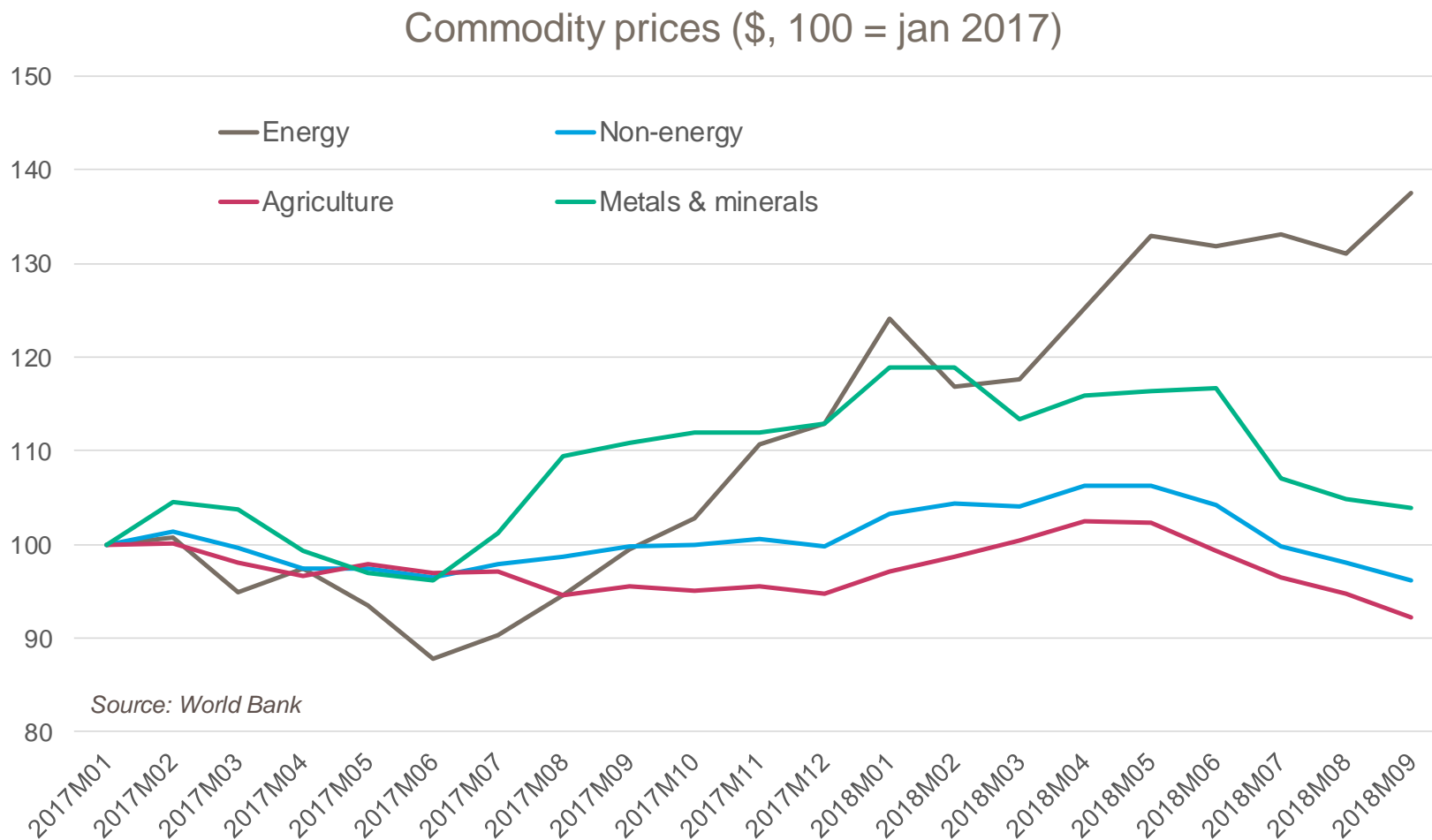
Sources : World Bank QEDS, Oxford Economics

Game changer #2 : oil prices



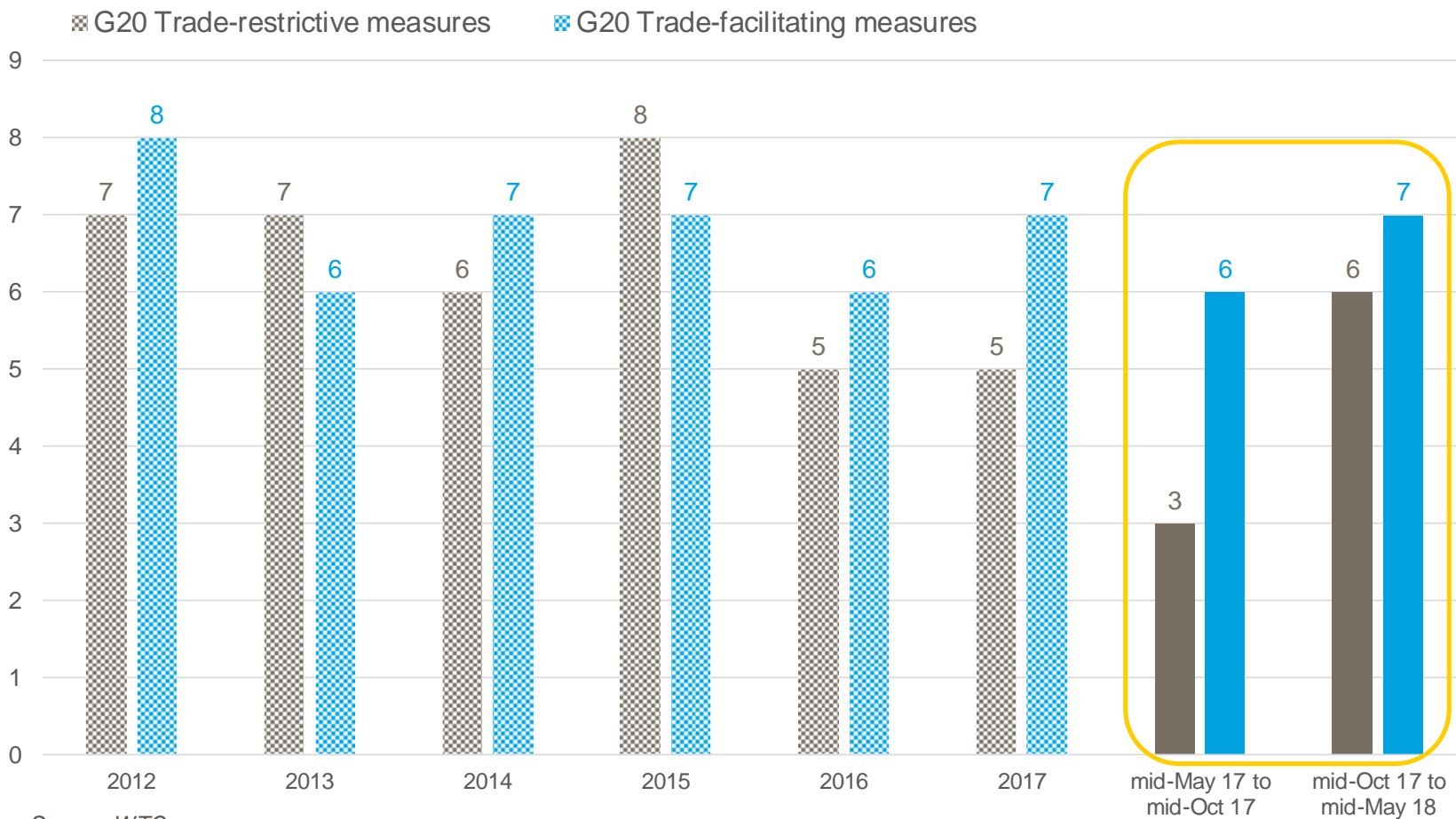
Source : Thomson Reuters Datastream

Game changer #2 : oil prices



Game changer #3 : trade wars

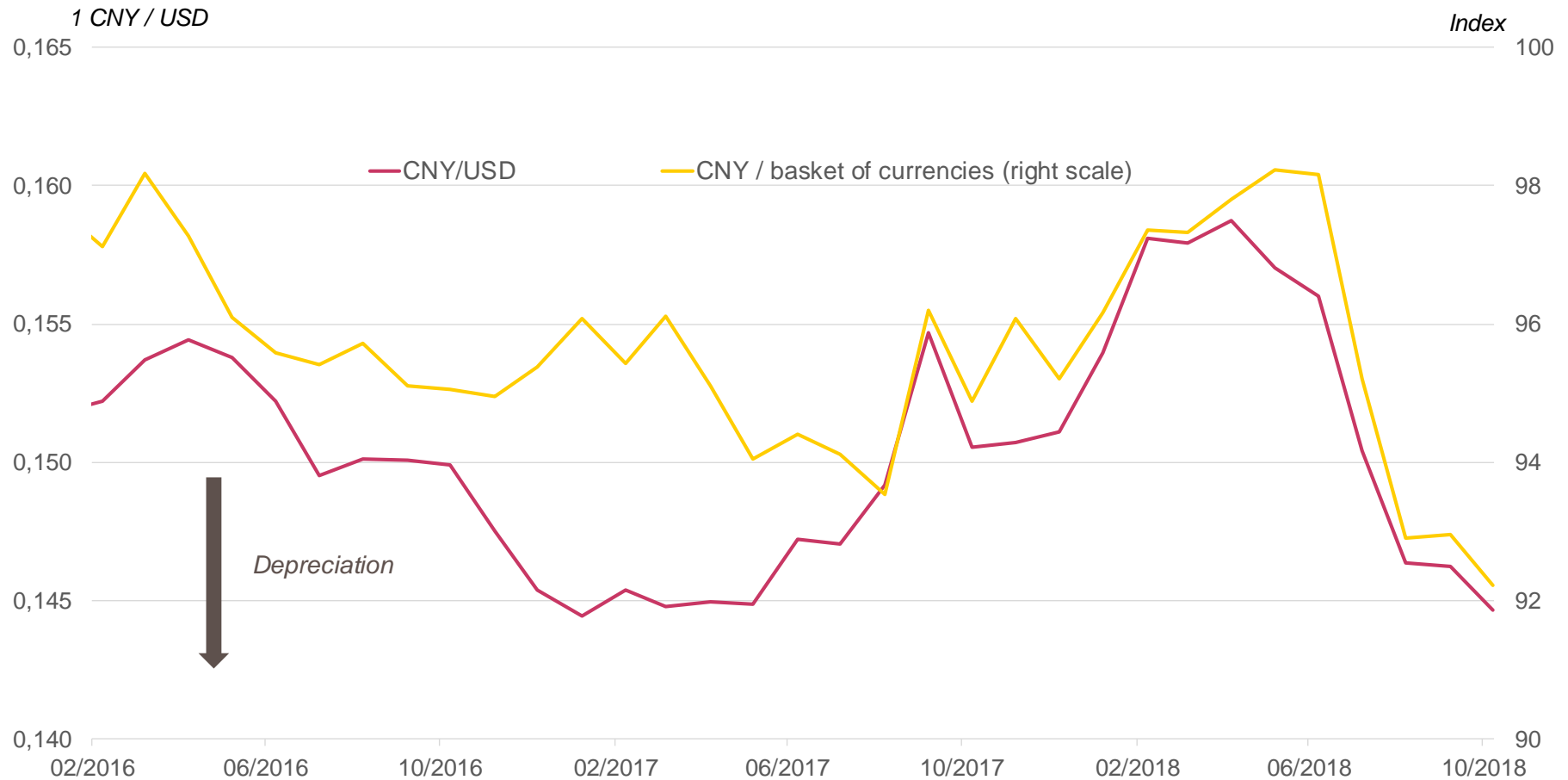
G20 Trade measures (average per month)



Source: WTO

Game changer #3 : trade wars

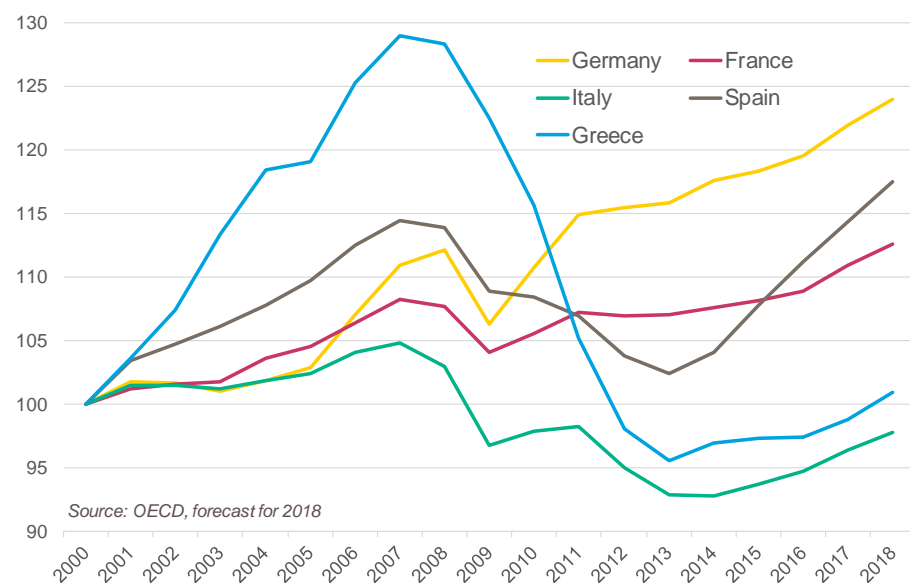
CNY against a basket of currencies and the US dollar



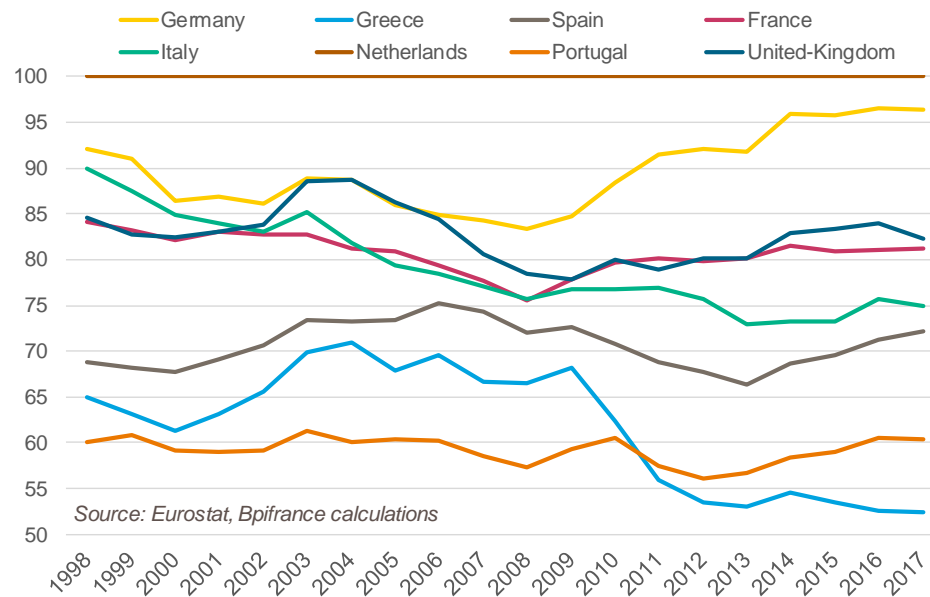
Sources : China FX Trade System, Thomson Reuters

Game changer #4 : political risk

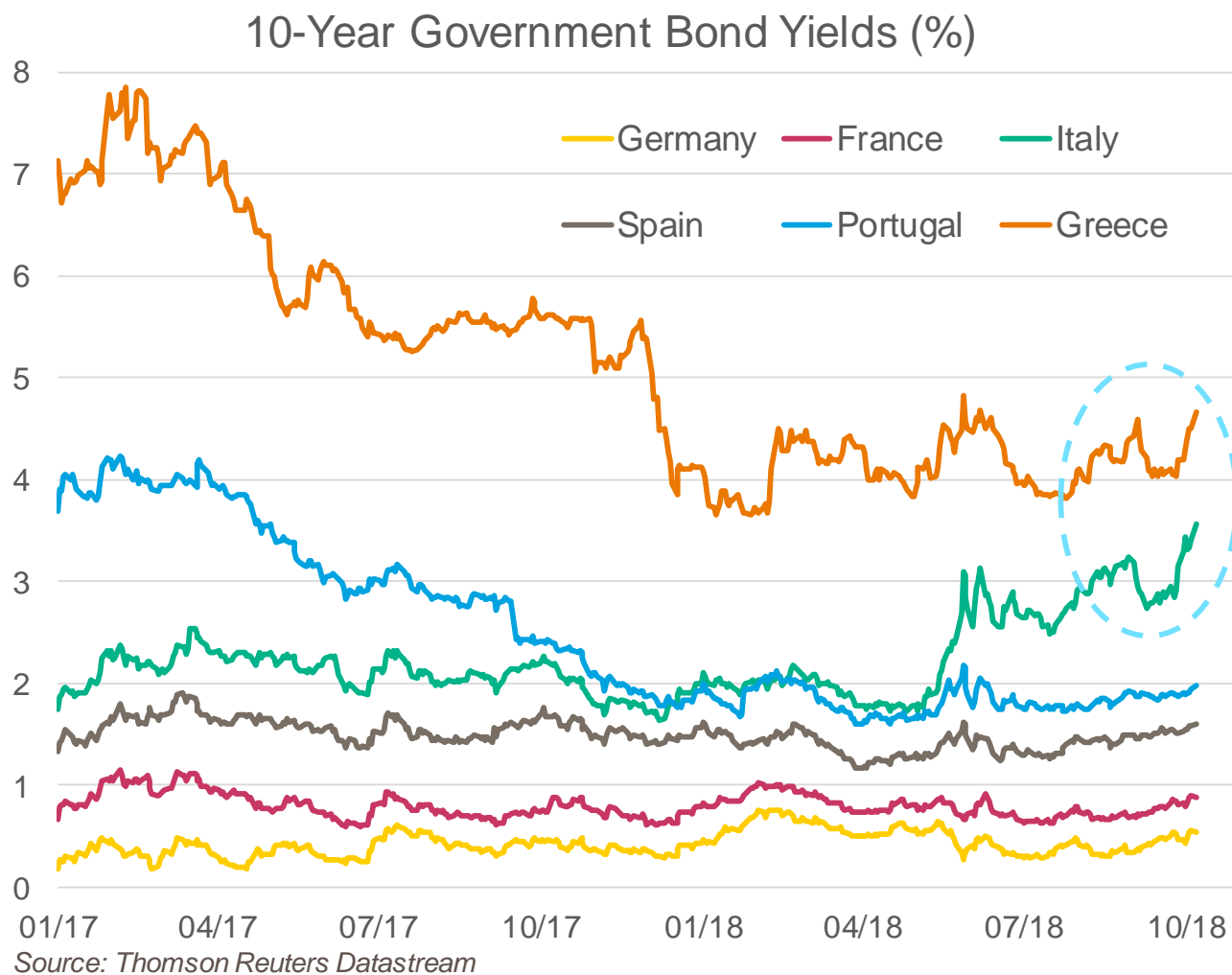
Real GDP per capita
100=2000



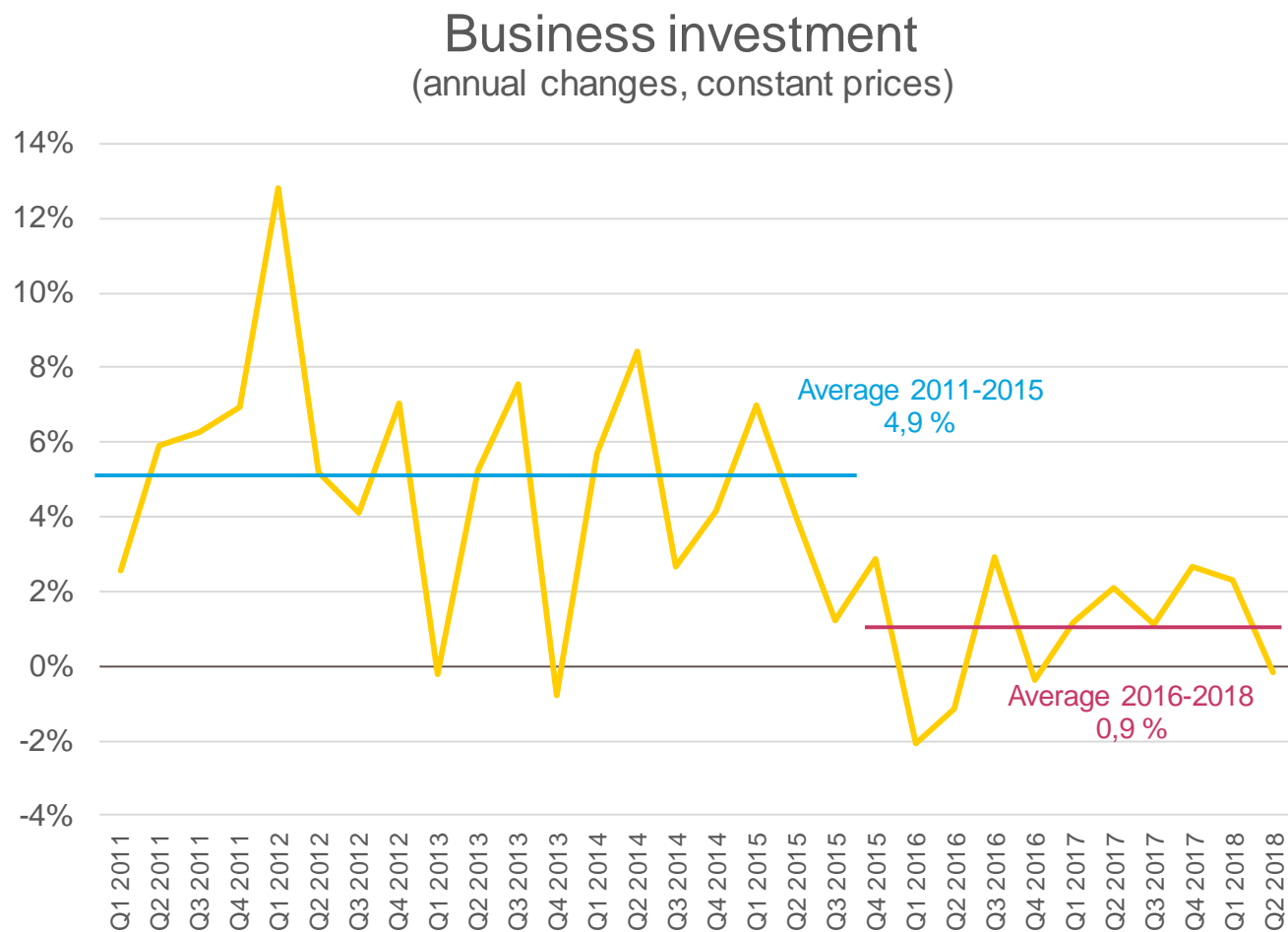
GDP per capita - PPP



Game changer #4 : political risk



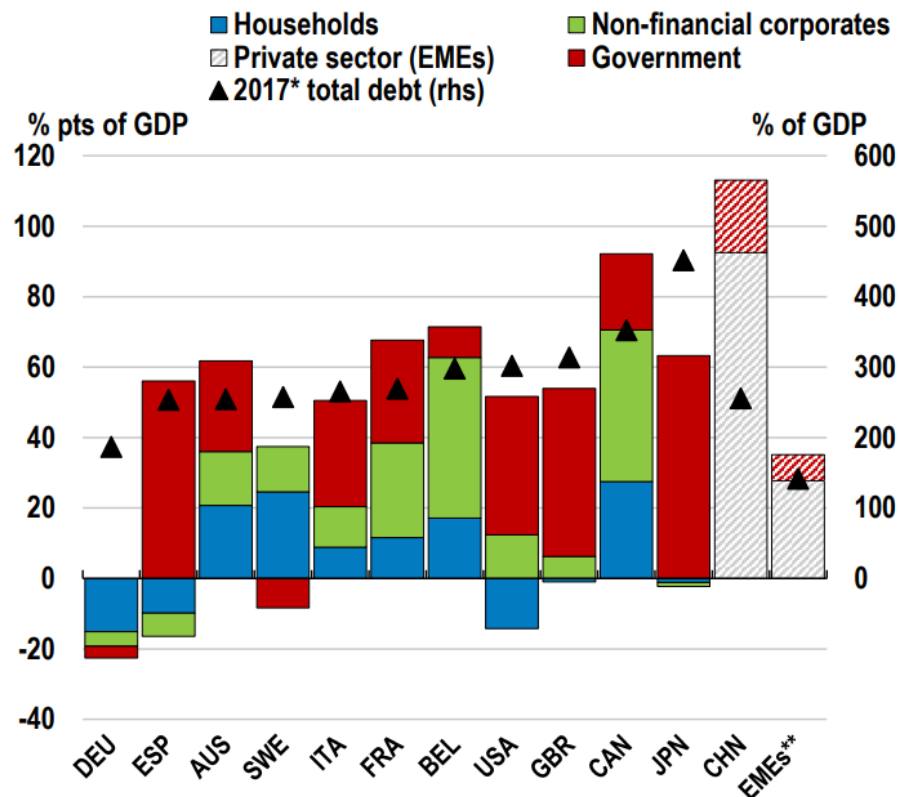
Game changer #4 : political risk



Source: ONS, Thomson Reuters

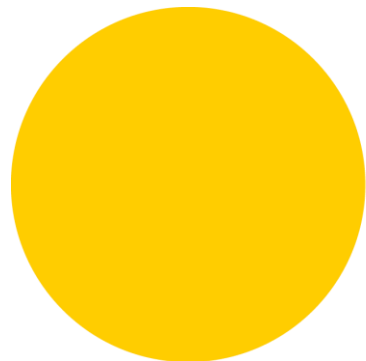
Change in total debt

2005-2017



Note: *Total debt levels, 2017 or latest available. **EMEs excluding China. Private debt ratios shown are computed on a consolidated basis except for Canada, Japan and the United States for which consolidated data are not available. Public debt ratios are based on the national accounts definitions except for EU countries where debt ratios based on Maastricht criteria are shown. Data for China and EMEs are credit.

Source: OECD National Accounts database; Bank for International Settlements; OECD Economic Outlook database; and OECD calculations



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