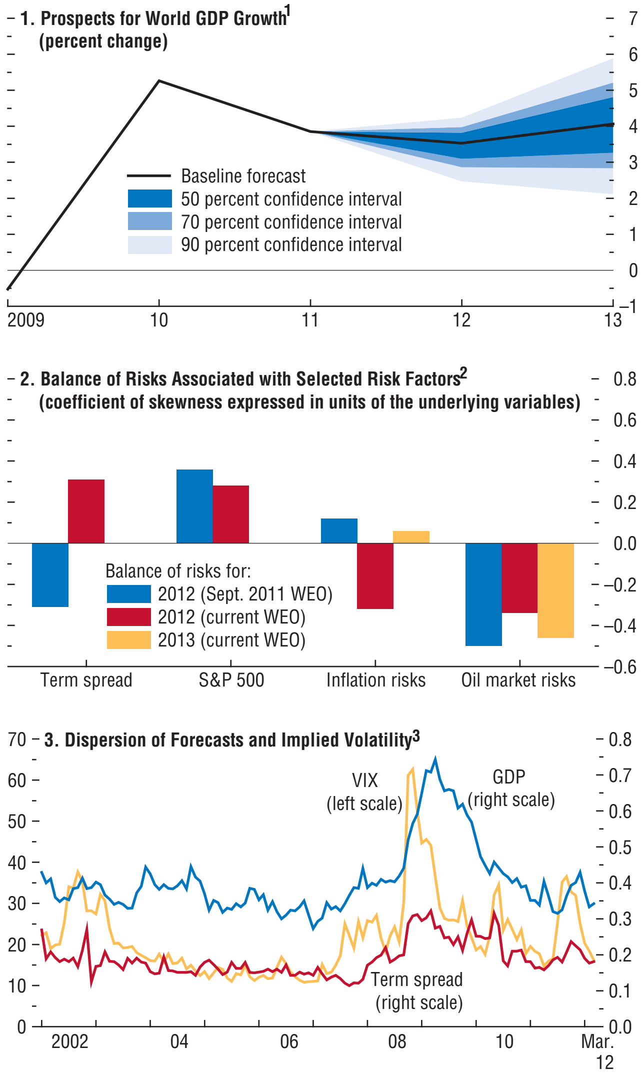
Figure 1.12. Risks to the Global Outlook

Risks around the WEO projections have diminished, consistent with market indicators, but they remain large and tilted to the downside. The various indicators do not point in a consistent direction. Inflation and oil price indicators suggest downside risks to growth. The term spread and S&P 500 options prices, however, point to upside risks.



Sources: Bloomberg Financial Markets; Chicago Board Options Exchange; Consensus Economics; and IMF staff estimates.

[1]The fan chart shows the uncertainty around the WEO central forecast with 50, 70, and 90 percent confidence intervals. As shown, the 70 percent confidence interval includes the 50 percent interval, and the 90 percent confidence interval includes the 50 and 70 percent intervals. See Appendix 1.2 in the April 2009 *World Economic Outlook* for details.

[2]The values for inflation risks and oil market risks are entered with the opposite sign, since they represent downside risks to growth.

[3]GDP measures the dispersion of GDP forecasts for the G7 economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States), Brazil, China, India, and Mexico. VIX: Chicago Board Options Exchange Market Volatility Index. Term spread measures the dispersion of term spreads implicit in interest rate forecasts for Germany, Japan, United Kingdom, and United States.