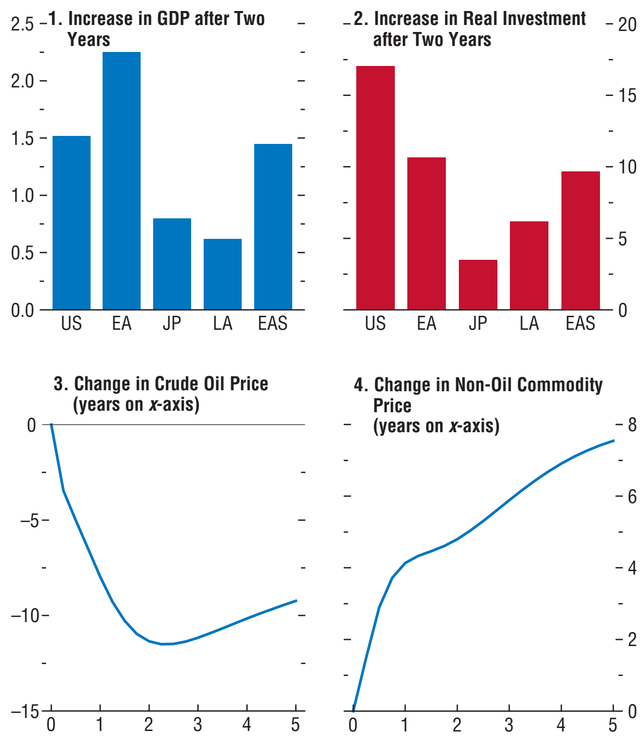
Figure 1.17. WEO Upside Scenario[1]

(Percent or percentage point deviation from WEO baseline)

This scenario uses a six-region version of the Global Economy Model (GEM) to estimate the global impact of a larger-than-expected easing in banking and sovereign stress in the euro area, an improvement in private market credit conditions in other regions, and lower global oil prices. The average euro area sovereign risk premium is assumed to decline by 50 basis points and, relative to the baseline, credit expansion to the private sector is consistent with the April 2012 *Global Financial Stability Report*'s "complete policies" scenario. Outside the euro area, credit conditions also ease, most notably in the United States. The price of oil is assumed to be roughly 10 percent below the price in the WEO baseline. The macroeconomic implications of this scenario are presented below.



Source: GEM simulations.
[1] US: United States; EA: euro area; JP: Japan; LA: Latin America; EAS: emerging Asia.