GROUP OF TWENTY

# G-20 SURVEILLANCE NOTE

**G-20 Finance Ministers and Central Bank Governors' Meeting**
**February 28-29, 2024**
**São Paulo, Brazil**

**Prepared by Staff of the**

**INTERNATIONAL MONETARY FUND***

***Does not necessarily reflect the views of the IMF Executive Board**

**February 2024**

# EXECUTIVE SUMMARY

**The global economy appears on track for a soft landing, but activity and growth prospects remain weak.** The cyclical position of G-20 countries has proven stronger than previously anticipated as disinflation has so far proceeded without triggering recession and emerging market economies have demonstrated improved resilience. Looking ahead monetary policy is expected to loosen somewhat in 2024. However, medium-term growth prospects remain subdued—reflecting secular trends and challenges including weak productivity growth, ageing, geoeconomic fragmentation and climate vulnerabilities. These trends also undermine income convergence and increase the vulnerability of economies to external shocks. Fiscal sustainability is being tested, with government financing conditions poised to remain challenging over the medium-term, amid high and rising levels of public debt.

**With the economic recovery on firmer footing, risks to the outlook are more balanced**. On the upside, global growth could be higher than expected if the pace of disinflation is faster than anticipated and brings forward monetary easing, or fiscal consolidation is more gradual than initially envisaged. On the downside, additional commodity price spikes, persistent labor market tightness, or renewed supply chain tensions would reignite inflationary pressures. If induced by debt distress, fiscal tightening would be faster than warranted by cyclical developments and undermine growth. Changes to the outlook in China—positive or negative— represent a source of global risk. Over the medium-term, tepid growth prospects also risk increased recourse to protectionism, adding to the threat posed by geoeconomic fragmentation, which is already inhibiting trade and financial integration. Climate vulnerabilities also weigh on medium-term global growth prospects, falling disproportionately on Africa, where meaningful demographic dividends have yet to be realized. Even though the pace of globalization has slowed, growth opportunities remain—including from trade in digital services, and artificial intelligence (AI)—if properly harnessed.

**An appropriate combination of fiscal and monetary policy will be critical to delivering debt, price, and financial stability.** Monetary policy must ensure price stability and be ready to shift to a more neutral stance where inflation is coming back to target and growth could falter. At the same time, fiscal consolidation efforts—using an appropriate mix of revenue and spending measures—should not be delayed and proceed at a pace—that strikes the right balance between stabilizing debt and supporting inclusive growth. Macro-prudential policies are also necessary to manage ex-ante financial risks. Over the medium term, targeted and carefully sequenced structural reforms can help boost productivity. In G-20 emerging market economies and the African Union reforms to governance, business regulation, and the external sector can mitigate diverging income trends relative to rich economies.

**Multilateral actions are needed to meet global challenges and leverage global opportunities**. G-20 policymakers must step up efforts to mitigate the threat of climate change and support the climate transition and to help unlock Africa's growth potential. Cooperation is necessary to manage fragmentation—notably by avoiding distortionary trade policies— and strengthen the resilience of the international monetary system. The G-20 has a key role to play in ensuring the benefits from AI adoption are fully exploited while the risks are minimized.

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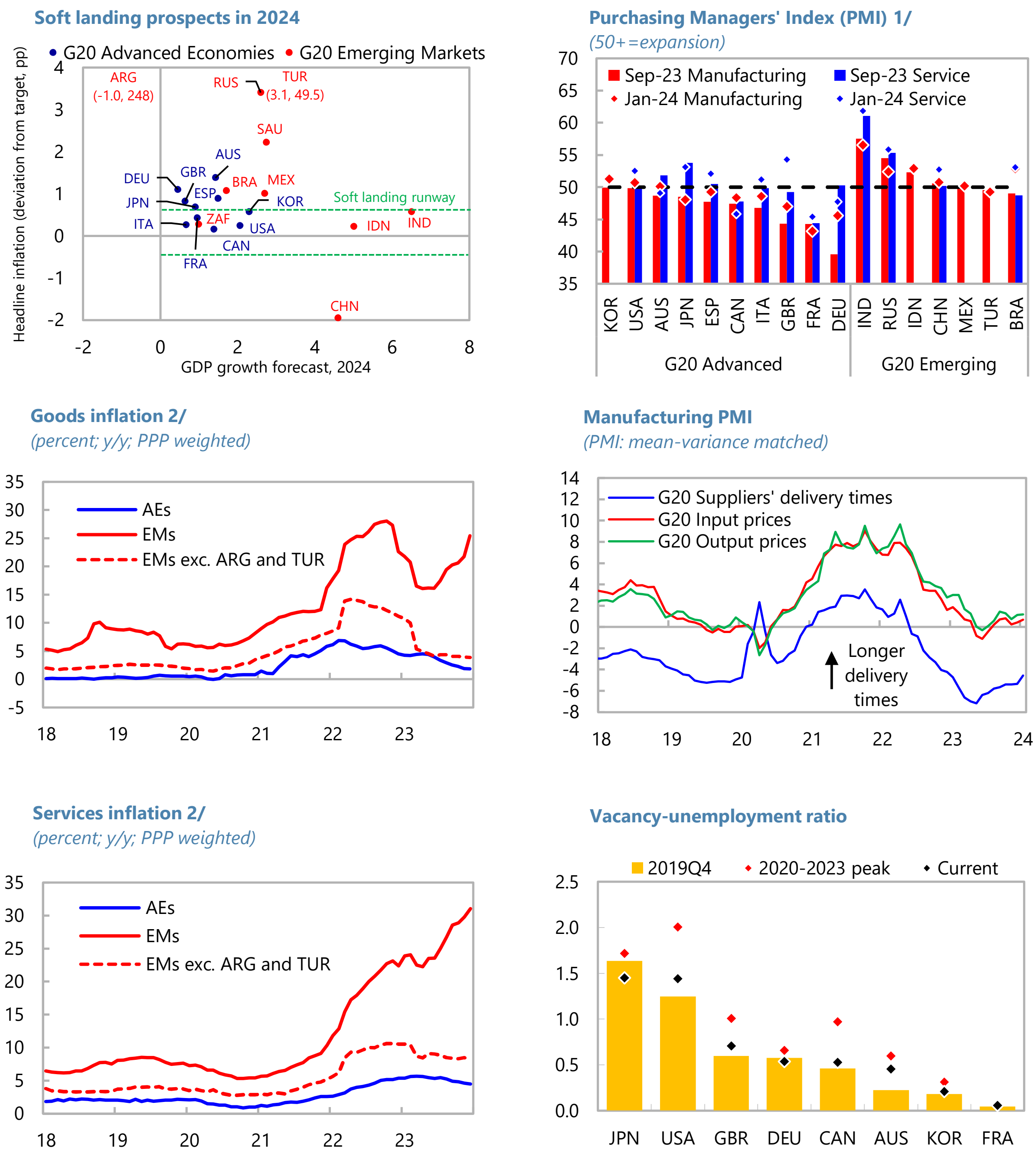
# COMING INTO LAND

*The odds of a soft landing for the global economy—with inflation descending to target absent a global recession (Figure 1, top left)—appear higher. But as activity remains weak, the final approach for disinflation may yet still test policymakers resolve. While price pressures may be abating, fiscal pressures remain. Caution is still warranted and risks, while increasingly balanced, are still present. Underlying trends—including from demographics, technological developments, climate change and the green transition, and globalization—present opportunities and risks.*

**1. The global recovery has proven more resilient than expected, but activity remains subdued.** Robust consumption growth (*India, Russia, United States*) and stronger public expenditure (*China, Russia, United States*) in 2023:H2 contributed to upward revisions to global growth projections in the January 2024 WEO Update. Nevertheless, global growth—projected at 3.1 percent in 2024 and 3.2 percent in 2025—remains well below the historical (2000–19) average of 3.8 percent. Recent data releases have been mixed (Figure 1, top right) but remain consistent with subdued near-term activity in most countries. Global goods trade remains muted reflecting weak demand in advanced economies, particularly in the euro area and Asia. Despite resilience in service sector activity (most notably in *India*) and trade—particularly in digital services—, retail sales and manufacturing indicators softened for most G-20 economies in 2023:Q4 (exceptions include *India*). *Euro area* activity continues to diverge from many other large G-20 economies due to weak consumer sentiment and the lingering effects of high energy prices and past policy tightening on manufacturing and business investment.

**2. Inflation is returning to target faster than expected.** Amid positive supply side developments and tight monetary policy, headline inflation declined in 2023:H2 for most G-20 economies. Fuel and food prices have also tracked lower despite the conflict in Gaza and Israel and attacks in the Red Sea—through which over 10 percent of global trade flows. In advanced economies, disinflation has been supported by a softening in labor markets—although they remain tighter than before the pandemic (Figure 1, bottom right). Second round effects also appear to be contained, given moderate wage growth and long-term expectations remaining anchored. Disinflation pressures from goods prices are expected to continue as supply chain pressures ease further (Figure 1, middle left). And despite relatively greater stickiness, pass-through from labor markets is expected to support services price disinflation. Overall, in the January WEO update, headline inflation for G-20 economies is estimated at 6.5 percent in 2024, with headline inflation projections for 2024 marked down for the G-20 advanced economies and revised up for G-20 emerging market and developing economies (on account of developments in *Argentina*). Despite a deceleration in many G-20 economies, core inflation (annual average) is still expected to remain above target for most in 2024.

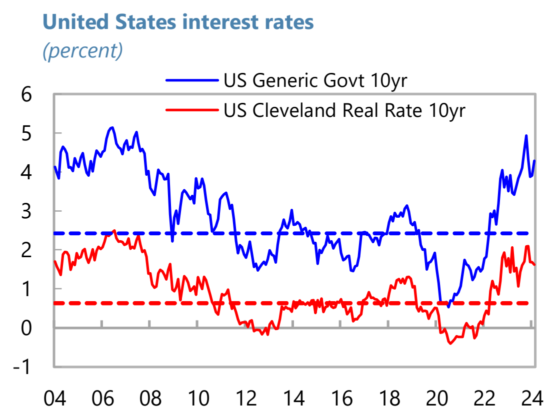
**Figure 1. Recent Economic Developments**




Sources: IMF, *World Economic Outlook*; Haver Analytics; IMF, *CPI database*; IMF, *Global Data Source*; and IMF staff calculations.
1/ No available Service PMI data for Korea, Argentina, Indonesia, Mexico, Saudi Arabia, South Africa, and Turkey. No available Manufacturing PMI data for Argentina, Saudi Arabia, and South Africa.
2/ AEs consists of United States, Euro Area, United Kingdom, Japan, Korea, Canada, Australia, Sweden, and Czech Republic. EMs consists of Argentina, Brazil, Mexico, Russia, South Africa, Turkey, Hungary, and Poland.

**3. Interest rate expectations have generally shifted down as global disinflation continues.** Receding inflationary pressures have fueled market expectations of monetary policy rate cuts by major advanced economy central banks in 2024 and 2025 (*United Kingdom, United States*). Towards the end of 2023, declining inflation and rate expectations and a weaker U.S. dollar supported a broad-based rally in risky assets and an easing in financial conditions—particularly in the *United States* and the *euro area*. Demand for emerging market and developing economy assets is picking up, as sovereign spreads move closer to pre-pandemic levels and governments have been returning to international debt markets in early 2024. But long-term interest rates —of particular relevance for government financing—and future expectations of these rates remain volatile and elevated (Figure 2). Such volatility may reflect uncertainties over inflation developments, fiscal sustainability, and the unwinding of past asset purchases by central banks.

**Figure 2. Long-term Interest Rates**




Sources: Bloomberg Finance; and IMF staff calculations.
Note: The Cleveland Real Rate uses model-estimated long-term inflation expectations using treasury yields, inflation swaps, and survey-based measures of inflation expectations. Dotted line indicates average since January 2009.

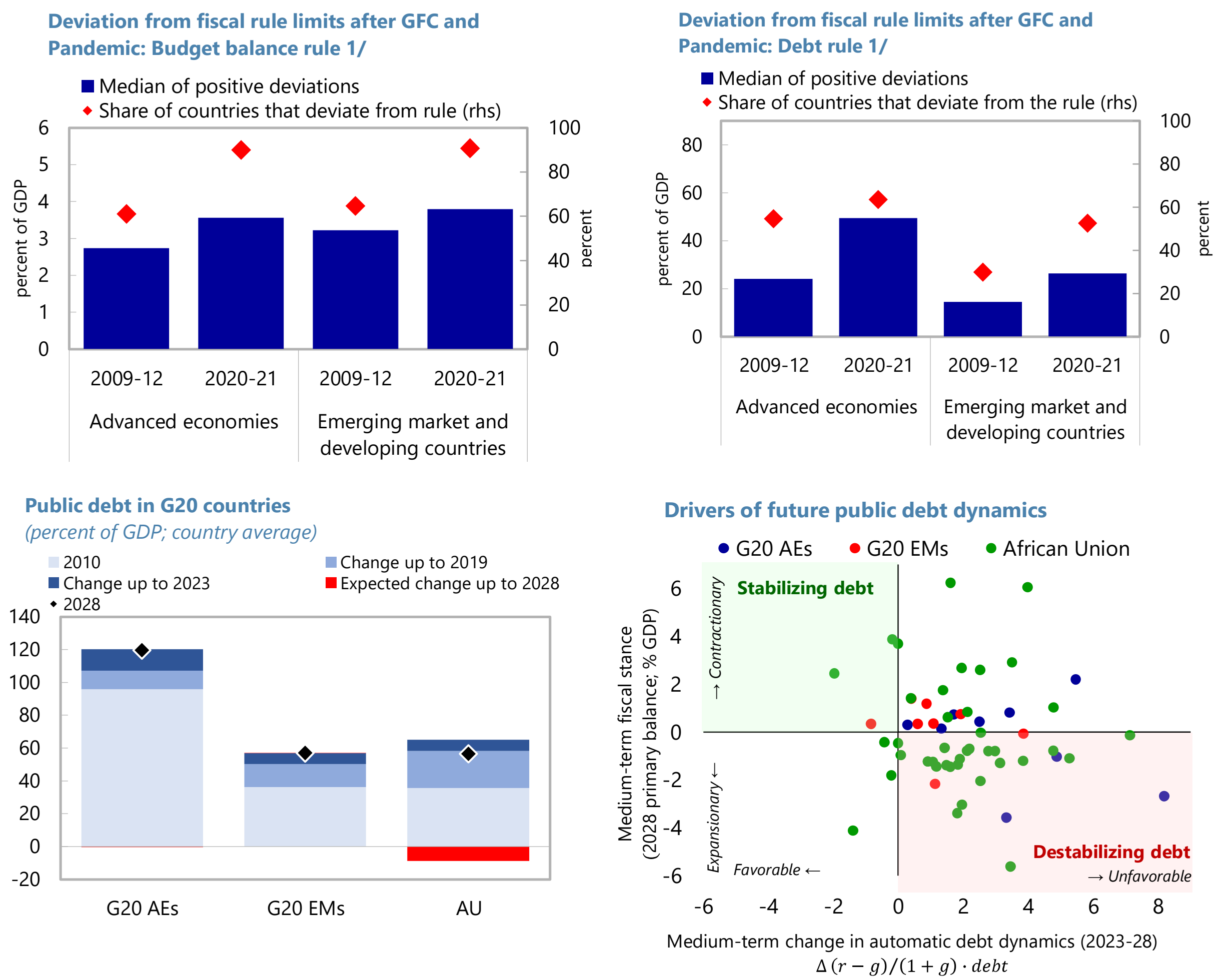
**4. Fiscal pressures are testing frameworks amid elevated debt and financing costs.** Fiscal policy eased across G-20 advanced economies in 2023 in response to the ongoing cost-of-living crisis. The degree of easing in the *United States* was greater than that in the *euro area*, despite having the strongest post-pandemic recovery amongst major economies. For G-20 emerging market economies, where output remains well below pre-pandemic trends, the average fiscal stance is estimated to have been neutral in 2023 despite easing in (*China, Brazil* and *Russia*). Such developments come on top of the extraordinary stimuli following the Global Financial Crisis (GFC) and the pandemic, which resulted in large and persistent deviations from deficit and debt anchors in many countries around the world (Figure 3, top panels). In the immediate aftermath of these crises, several countries within the G-20 with fiscal rules breached deficit limits (*Brazil, India, United Kingdom, several countries within the European Union*), debt limits (*United Kingdom, several African Union countries within CEMAC and WAEMU*)[1], or raised debt ceilings (*United States)*. Over the medium term, countries face significant financing pressures to meet development and climate transition goals—up to $5 trillion annually by 2030 in low-carbon investments alone.[2] With debt at historical peaks (Figure 3, bottom left), still elevated interest rates and muted growth prospects are

[1] Caselli and others. 2022. The Return to Fiscal Rules. IMF Staff Discussion Note 2022/002.

[2] G-20 Independent Experts Group. 2023. "Strengthening Multilateral Development Banks"; Black and others. 2023. "Is the Paris Agreement Working? A Stocktake of Global Climate Mitigation." IMF Staff Climate Note 2023/002.

likely to further stretch public finances at a time when the fiscal policy stance of several G-20 members are projected to remain expansionary (Figure 3, bottom right).

**Figure 3. Public Debt Developments and Dynamics**



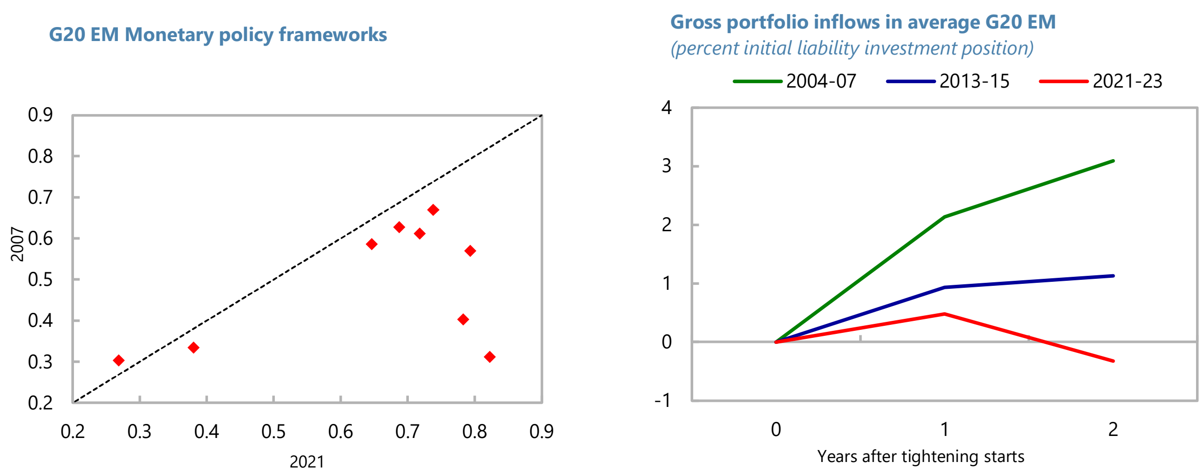

Sources: IMF, *World Economic Outlook*; Davoodi and others (2022); and IMF staff calculations.
1/ Country sample includes non- G20 countries. Positive deviations refer to deficits or debt exceeding the fiscal rule limits or anchor levels.

5. **Recent positive data surprises point to greater-than-expected resilience among emerging market economies, but capital flows remain below pre- GFC levels**. While scarring from the pandemic has been substantial for emerging market economies, recent data suggests that the impact might have been smaller than expected and, therefore, less severe over the medium term than initially feared.[3] Furthermore, the rapid tightening of monetary policy in advanced economies has not led to sudden stops or capital flow reversals in emerging market economies, in contrast to the inflation-driven interest-rate tightening cycles of the 1980s or more recent episodes of extreme risk aversion—such as the collapse of Lehman Brothers and the COVID-19 pandemic. Efforts to

[3] Jackson and Lu. 2023. "Revisiting COVID Scarring in Emerging Markets." IMF Working Paper 23/162.

eliminate public currency mismatches and the adoption of inflation targeting regimes may have allowed flexible exchange rates and monetary policy to operate more effectively when faced with the risk of capital flow reversals (Figure 4, left) External vulnerabilities have also been reduced by building-up foreign exchange reserves, introducing macroprudential policies, and implementing structural reforms. However, volatile capital flows—portfolio flows and bank lending—have yet to return to their pre-GFC levels, and foreign direct investment (FDI) flows—which tend to respond to growth in host countries—have weakened with successive global tightening cycles, with diminished access to external finance creating additional challenges for emerging market economies (Figure 4, right).

**Figure 4. Monetary and Financial Market Developments in Emerging Market Economies**



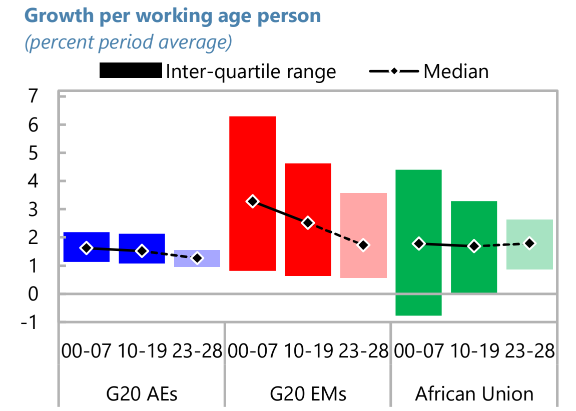

Sources: Haver Analytics; IMF, *World Economic Outlook*; Unsal and others (2022); and IMF staff calculations.
Note: A higher score on the monetary policy framework index indicates improvement.

**6. With the likelihood of a hard landing receding, risks to the global growth outlook are more balanced.** On the upside, global disinflation from supply normalization, softening labor markets, and declining inflation expectations could exceed expectations, bringing forward monetary easing and supporting global activity. A faster economic recovery in China would support global growth, as would slower-than-expected fiscal consolidation globally, despite augmenting fiscal sustainability challenges. On the downside, commodity price spikes due to weather shocks, geopolitical events—including continued attacks in the Red Sea which have already affected some shipping costs—, or further geoeconomic fragmentation could adversely affect supply and jeopardize the global disinflation process. Persistent labor market tightness or renewed supply chain tensions could slow the decline of core inflation, potentially destabilizing financial markets through rapid repricing. Faltering growth in China would have negative implications for domestic growth and that of its close trading partners. Finally, a disruptive turn to fiscal consolidation, e.g., due to the lack of a credible medium-term consolidation plan or imminent risk of debt distress, would weigh on growth.

**7. Some underlying trends leave the already subdued medium-term outlook vulnerable to further shocks, but others present potential opportunities.**

- **Medium-term global growth prospects are the weakest in decades having experienced a secular decline.** This reflects weaker expected productivity growth, declining labor force participation in advanced economies, and slower capital deepening in emerging market and developing economies. Such trends have worrying implications for the pace of income convergence: Having lost their growth momentum since the GFC, the number of years for emerging market and developing economies to close half the gap in income per capita with advanced economies (on a population weighted-basis) has increased from around 80 years to 130 years.[4] Weighting countries equally, projections no longer imply convergence. Such trends risk greater inequality (see also next point) and leaving the growth potential of developing economies untapped.

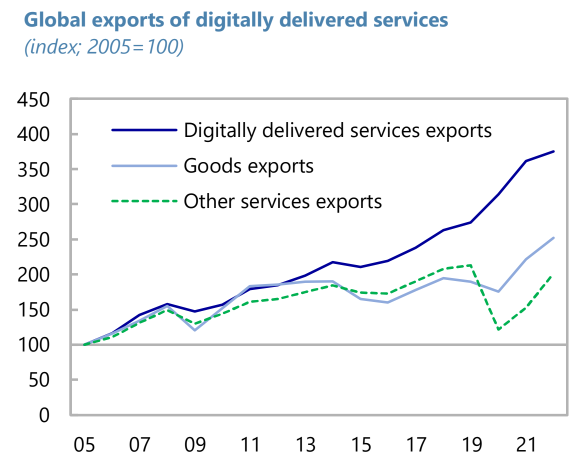
**Figure 5. Growth Dynamics**




Sources: IMF, *World Economic Outlook*; WDI database; and IMF staff calculations.

- **The pace of globalization has slowed, driven by rising protectionism and some more benign developments.** Decades of increasing global economic integration delivered important benefits by raising incomes—allowing for catch-up between countries and lifting millions out of poverty—while also supporting lower prices. But there have also been adverse effects such as increased within-country inequality in advanced economies—driven by the disproportionate demand for skilled workers—increased tax avoidance and evasion by multinationals, and heightened capital flow vulnerabilities in emerging market and developing economies.[5] In tandem, trade reform has slowed since the early 2000s, revealing longstanding weaknesses in the global system. Such effects have supported a turn toward protectionism, but some slowdown in measures of

**Figure 6. Trade Developments**




Source: IMF-OECD-UNCTAD-WB-WTO 2023 report.

[4] IMF. 2023. *World Economic Outlook*, October.

[5] Blanchard and others. 2012. "Labor Market Policies and IMF Advice in Advanced Economies during the Great Recession." IMF Staff Discussion Note 13/02 and Jaumotte and Osorio-Buitron. 2015. "Inequality and Labor Market Institutions." IMF Staff Discussion Note 15/14.

global integration may have been observed even without policy-induced distortions. For instance, slowing global goods trade partly reflects a reduction in the availability of off-shore cheap labor, and the success of some countries in developing their own supply chains and markets. There are sectors—notably digital services—where rapid trade growth occurred even during the pandemic (Figure 6), and which retain the potential to support future growth by significantly reducing transaction costs.[6] The extent to which different countries can integrate into the global trade of such services will have implications for between and within-country measures of inequality.

- **Geoeconomic fragmentation is increasingly evident in trade and capital flows.** For instance, around 3,000 trade-restricting measures were imposed in 2023—nearly three times the number imposed in 2019; there has been increased recourse to domestic policies with scope to distort trade flows; and announced FDI projects between country blocs has declined at a faster pace than those within blocs. Continued fragmentation risks further exacerbating existing challenges including the struggle for capital to flow "downhill", with implications for medium-term growth and income convergence.

- **Countries with the greatest demographic potential to support future global growth risk being held back by climate vulnerabilities (Figure 7).** It is estimated that within 5–10 years, most of the increases to the global working age population will be from Sub-Saharan Africa—amid adverse demographic developments in advanced economies and several large emerging market economies—and this contribution is expected to increase at least until 2050.[7] But, their ability to exploit the demographic dividend risks delay in part due to extreme weather events, which can have serious implications for labor force participation—for example, by reducing female access to education and labor force participation, thus keeping fertility rates elevated.

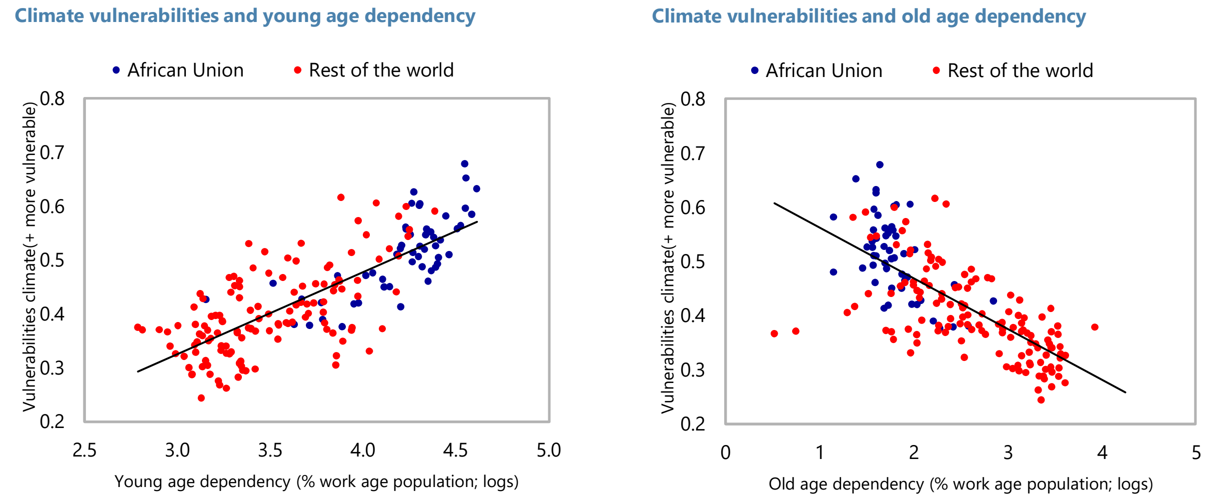
- **Artificial intelligence (AI) holds the potential to boost growth but could also amplify income inequality and wealth disparities.** AI could herald strong gains in productivity including by providing opportunities for solving complex problems and improving predictions and decision making. But adoption will lead to reallocations within and between labor and capital. The impact on income inequality will depend on the extent to which AI displaces or complements high-income workers. Emerging market and developing economies are currently less exposed—and may face fewer immediate disruptions from AI —but many of them are also less well-placed to harness the benefits of AI, raising the risk of AI adoption widening between-country inequality.[8] AI also poses risks to within-country inequality, market concentration, privacy, and intellectual property.

[6] IMF, OECD, UNCTAD, World Bank, WTO, 2023, Digital Trade for Development.

[7] IMF. 2023. *Regional Economic Outlook for Sub-Saharan Africa*, October.

[8] Cazzaniga and others, 2024, "Gen-AI: Artificial Intelligence and the Future of Work." IMF Staff Discussion Note.

**Figure 7. Climate Vulnerabilities and Age Dependency**




Sources: WDI database; Notre-Dame Global Adaptation Index; and IMF staff calculations.

# CAREFUL POLICY CALIBRATION IS CRITICAL

*The tepid and uncertain outlook requires a strategic use of available policy instruments to balance growth, manage the descent of inflation, rebuild buffers, ensure debt sustainability, mitigate trade-offs, and improve distributional outcomes.*

**8. Domestic policies must remain focused on durably restoring price stability while ensuring fiscal sustainability.** Monetary policy must remain vigilant should signs of inflationary pressures reemerge, with data-dependent future policy rate decisions avoiding premature easing. Monetary policy may need to remain tight to prevent inflation expectations from becoming unanchored, notably where fiscal policy is too loose and medium-term consolidation plans lack credibility. At the same time, where measures of underlying price pressures are moving toward target-consistent levels, bringing policy rates closer to neutral levels may be necessary to avoid stifling economic activity and undershooting targets. Macroprudential policies can help manage risks ex-ante alongside well-functioning insolvency laws to relieve stress and prevent contagion. Exchange rates should be allowed to absorb external shocks, but capital flow management measures (CFMs) and foreign exchange interventions may be used to avoid disruptive adjustments, depending on the nature of the shock and country-specific frictions, in line with the IMF's integrated policy framework.

**9. A renewed focus on debt-stabilizing and growth-friendly fiscal consolidation is necessary.** With the improving inflation-growth trade-off, economies are better-placed to absorb the effects of a tighter fiscal stance to help build room for maneuver in the event of future shocks and ensure debt sustainability. Despite political economy challenges in a year with a record number of elections, consolidation should not be delayed. But those efforts should proceed at a carefully-calibrated pace to avoid unduly depressing economic activity while still addressing debt sustainability risks. Medium-term fiscal plans underpinned by stronger domestic revenue mobilization, expenditure efficiency, and robust, credible fiscal frameworks can help avoid disruptive adjustments. In some cases, fiscal frameworks and fiscal rules may need to be reinstated and/or revamped. International experience suggests that a medium-term fiscal framework that combines standards, rules, and strengthened institutions can strike a better balance between credibility, flexibility, and transparency than purely numerical rules. Key elements include feasible and stable medium-term fiscal plans with transparent fiscal anchors; flexibility to respond to shocks through a well-designed escape clause and correction mechanism after the shock fades; and risk-based rules that ensure a path to debt sustainability and buildup of fiscal buffers, while considering changes in the capacity to borrow.

**10. Ensuring fiscal consolidation over the medium term requires greater revenue mobilization and well-calibrated changes in the composition of spending.**[9] Post-pandemic, fiscal measures should boost revenues in a way that is both growth-friendly—given the weak medium-term outlook—and inclusive—since the poor were disproportionately hit by COVID-19. In advanced and some emerging market economies, options include more progressive personal income tax systems, more neutral taxation of capital and corporate income, a broader VAT base, and more/better use of carbon taxes, property taxes and inheritance taxes. Developing economies should continue to build their administrative capacity to better enforce existing taxes. More generally, measures should be carefully calibrated to protect priority investments and support for the vulnerable.

**11. Coordination between fiscal and monetary policy will remain crucial even as inflation recedes.** An appropriate combination of fiscal policy support and monetary policy stance—relative to the economy's real natural rate of interest—will be critical to delivering debt, price, and financial stability. For instance, insufficient fiscal consolidation—or even expansionary fiscal policy—risks undermining price stability and inducing central banks to run tight monetary policy to maintain credibility, which in turn could jeopardize financial stability[10]. If inflation is tamed in line with central bank mandates, and monetary policy eventually loosens, the latter can support (greater) fiscal efforts, as lower rates improve debt dynamics.

**12. Targeted and carefully sequenced structural reforms can boost productivity and counter declining medium-term growth prospects.** The prioritization of reforms depends on specific country circumstances. Careful sequencing, with the bundling of reforms to alleviate the most binding constraints, can help front-load the benefits, minimize costs, and secure public support. A package of so-called first-generation structural reforms to governance, business regulation, and the external sector could help deliver output gains in emerging market and developing economies of up to 8 percent in four years, and can help amplify the impact of climate

[9] IMF. 2023. "Building Tax Capacity in Developing Countries." IMF Staff Discussion Note 2023/006.

[10] See GFSR Box in WEO 2024 January Update,

policies.[11] The 2023 G-20 Report on Strong, Sustainable, Balanced, and Inclusive Growth identified climate reforms, such as carbon pricing and complements as well as investments in resilient public infrastructure, as priorities in most G-20 economies.[12] .

# MULTILATERAL COOPERATION TO LEVERAGE NEW OPPORTUNITIES

*Securing strong, sustainable, balanced, and inclusive growth will require multilateral coordination as well as well-designed domestic macroeconomic policy and structural reforms. Priorities include supporting efforts to unlock Africa's demographic dividend, working together to address climate change and facilitate the green transition, preserve the hard-won benefits from international cooperation, and responsibly leverage the opportunities presented by technological change.*

**13. Step up efforts to untap Africa's growth potential.** Realizing Africa's demographic dividend will require joint action to enable countries to make necessary investments in their human capital—particularly in education, health, and gender equality. G-20 members can support efforts to scale up such investments through domestic resource mobilization, complemented with private capital and official development financing. In addition, coordination is essential on debt resolution to ensure effective, timely and predictable support for countries in debt distress.

**14. Cooperation by the G-20 can also help mitigate the effects of climate change and facilitate the green energy transition**. Carbon pricing, subsidies for green investments, reducing energy subsidies, and border carbon adjustment mechanisms all have a role to play—if designed to be consistent with World Trade Organization (WTO) rules—as countries build on recent COP28 agreements. Successful climate action would also help mitigate the risk of holding back Africa' demographic dividend.

**15. Multilateral cooperation is necessary to mitigate fragmentation and strengthen the resilience of the international monetary system.** No country stands to gain from the ongoing separation of the world economy into blocs. Policy makers should maintain stable and transparent trade policies and avoid discriminatory policies that induce trade and investment distortions. Industrial policies should be pursued cautiously, remain targeted to specific objectives—where externalities or important market failures prevent effective market solutions—and consistent with WTO obligations. In addition, countries should continue to work towards strengthening multilateral frameworks, including by providing their consent to recently agreed quota increases at the IMF, and restoring the WTO's dispute settlement system.

**16. Countries need to work together to maximize the benefits from AI adoption while minimizing the risks.** As with all technological progress, absent appropriate structural policies,

[11] Budina and others, 2023, "Structural Reforms to Accelerate Growth, Ease Policy Trade-Offs, and Support the Green Transition in Emerging Market and Developing Economies", IMF Staff Discussion Note.

[12] IMF, 2023, "Report on Strong, Sustainable, Balanced, and Inclusive Growth", November.

benefits of new technologies cannot be reaped fully—nor by all—and the likelihood of negative impacts increases. In addition to strengthening domestic tax and transfer systems, G-20 leaders should come together to ensure the responsible use of AI, including by upgrading domestic regulatory frameworks and harmonizing global principles.

**Table 1. Real GDP Growth**

*(percent change)*

| | Year over Year | | | | | |
|---|---|---|---|---|---|---|
| | | | Projections (Jan. 2024) | | Deviations (from Oct. 2023) | |
| | 2022 | 2023 | 2024 | 2025 | 2024 | 2025 |
| **World** | **3.5** | **3.1** | **3.1** | **3.2** | **0.2** | **0.0** |
| Advanced Economies | 2.6 | 1.6 | 1.5 | 1.8 | 0.1 | 0.0 |
| Euro area | 3.4 | 0.5 | 0.9 | 1.7 | -0.3 | -0.1 |
| Emerging Market and Developing Economies | 4.1 | 4.1 | 4.1 | 4.2 | 0.1 | 0.1 |
| G-20 1/ | 3.2 | 3.3 | 3.1 | 3.0 | 0.3 | 0.0 |
| Advanced G-20 2/ | 2.3 | 1.7 | 1.5 | 1.6 | 0.2 | -0.1 |
| Emerging G-20 3/ | 4.0 | 4.7 | 4.3 | 4.1 | 0.3 | 0.0 |
| African Union | 4.2 | 3.4 | 3.8 | 4.5 | -0.2 | -0.1 |
| Argentina | 5.0 | -1.1 | -2.8 | 5.0 | -5.6 | 1.7 |
| Australia | 3.8 | 1.8 | 1.4 | 2.1 | 0.2 | 0.1 |
| Brazil | 3.0 | 3.1 | 1.7 | 1.9 | 0.2 | 0.0 |
| Canada | 3.8 | 1.1 | 1.4 | 2.3 | -0.2 | -0.1 |
| China | 3.0 | 5.2 | 4.6 | 4.1 | 0.4 | 0.0 |
| France | 2.5 | 0.8 | 1.0 | 1.7 | -0.3 | -0.1 |
| Germany | 1.8 | -0.3 | 0.5 | 1.6 | -0.4 | -0.4 |
| India 4/ | 7.2 | 6.7 | 6.5 | 6.5 | 0.2 | 0.2 |
| Indonesia | 5.3 | 5.0 | 5.0 | 5.0 | 0.0 | 0.0 |
| Italy | 3.7 | 0.7 | 0.7 | 1.1 | 0.0 | 0.1 |
| Japan | 1.0 | 1.9 | 0.9 | 0.8 | -0.1 | 0.2 |
| Korea | 2.6 | 1.4 | 2.3 | 2.3 | 0.1 | 0.0 |
| Mexico | 3.9 | 3.4 | 2.7 | 1.5 | 0.6 | 0.0 |
| Russia | -1.2 | 3.0 | 2.6 | 1.1 | 1.5 | 0.1 |
| Saudi Arabia | 8.7 | -1.1 | 2.7 | 5.5 | -1.3 | 1.3 |
| South Africa | 1.9 | 0.6 | 1.0 | 1.3 | -0.8 | -0.3 |
| Spain 5/ | 5.8 | 2.4 | 1.5 | 2.1 | -0.2 | 0.0 |
| Türkiye | 5.5 | 4.0 | 3.1 | 3.2 | 0.1 | 0.0 |
| United Kingdom | 4.3 | 0.5 | 0.6 | 1.6 | 0.0 | -0.4 |
| United States | 1.9 | 2.5 | 2.1 | 1.7 | 0.6 | -0.1 |
| European Union | 3.6 | 0.6 | 1.2 | 1.9 | -0.3 | -0.2 |

Source: IMF, *World Economic Outlook* January 2024 Update.
1/ G-20 aggregations exclude European Union.
2/ Includes Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, and United States.
3/ Includes Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Türkiye.
4/ For India, data and forecasts are presented on a fiscal year basis, and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.
5/ Permanent invitee.

## Table 2. Headline CPI Inflation

*(percent change)*

| | Year over Year | | | | Deviations (from Oct. 2023) | |
|---|---|---|---|---|---|---|
| | | | Projections (Jan. 2024) | | | |
| | 2022 | 2023 | 2024 | 2025 | 2024 | 2025 |
| **World** | **8.7** | **6.8** | **5.8** | **4.4** | **0.0** | **-0.2** |
| Advanced Economies | 7.3 | 4.6 | 2.6 | 2.0 | -0.4 | -0.2 |
| Euro area | 8.4 | 5.4 | 2.8 | 2.1 | -0.5 | -0.1 |
| Emerging Market and Developing Economies | 9.8 | 8.4 | 8.1 | 6.0 | 0.3 | -0.2 |
| G-20 1/ | 8.4 | 6.3 | 6.4 | 4.0 | 0.9 | -0.5 |
| Advanced G-20 2/ | 7.2 | 4.6 | 2.5 | 2.0 | -0.4 | -0.3 |
| Emerging G-20 3/ | 9.5 | 7.6 | 9.5 | 5.6 | 1.9 | -0.6 |
| African Union | 17.0 | 22.3 | 21.1 | 14.8 | 0.2 | 1.4 |
| Argentina | 72.4 | 133.9 | 253.4 | 59.6 | 159.7 | 5.5 |
| Australia | 6.6 | 5.7 | 3.9 | 3.2 | -0.1 | -0.2 |
| Brazil | 9.3 | 4.6 | 4.3 | 3.0 | -0.2 | 0.0 |
| Canada | 6.8 | 3.7 | 2.2 | 1.9 | -0.2 | 0.0 |
| China | 1.9 | 0.3 | 1.1 | 2.0 | -0.6 | -0.2 |
| France | 5.9 | 5.7 | 2.4 | 1.9 | -0.1 | -0.1 |
| Germany | 8.7 | 6.0 | 3.1 | 2.0 | -0.4 | -0.2 |
| India | 6.7 | 5.4 | 4.6 | 4.1 | 0.0 | 0.0 |
| Indonesia | 4.2 | 3.7 | 2.7 | 2.6 | 0.2 | 0.1 |
| Italy | 8.7 | 5.9 | 2.3 | 2.2 | -0.3 | 0.0 |
| Japan | 2.5 | 3.2 | 2.7 | 2.0 | -0.2 | 0.1 |
| Korea | 5.1 | 3.6 | 2.6 | 2.0 | 0.3 | 0.0 |
| Mexico | 7.9 | 5.5 | 4.0 | 3.3 | 0.2 | 0.2 |
| Russia | 13.8 | 6.0 | 7.4 | 4.3 | 1.1 | 0.3 |
| Saudi Arabia | 2.5 | 2.3 | 2.2 | 2.0 | 0.0 | 0.0 |
| South Africa | 6.9 | 5.9 | 4.8 | 4.5 | 0.0 | 0.0 |
| Spain 4/ | 8.3 | 3.4 | 2.9 | 2.2 | -1.0 | 0.1 |
| Türkiye | 72.3 | 54.1 | 54.5 | 39.2 | -8.0 | -13.3 |
| United Kingdom | 9.1 | 7.3 | 2.8 | 2.0 | -0.9 | -0.1 |
| United States | 8.0 | 4.1 | 2.2 | 1.9 | -0.6 | -0.5 |
| European Union | 9.3 | 6.3 | 3.2 | 2.4 | -0.4 | 0.0 |

Source: IMF, *World Economic Outlook* January 2024 Update.
1/ G-20 aggregations exclude European Union.
2/ Includes Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, and United States.
3/ Includes Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Türkiye.
4/ Permanent invitee.