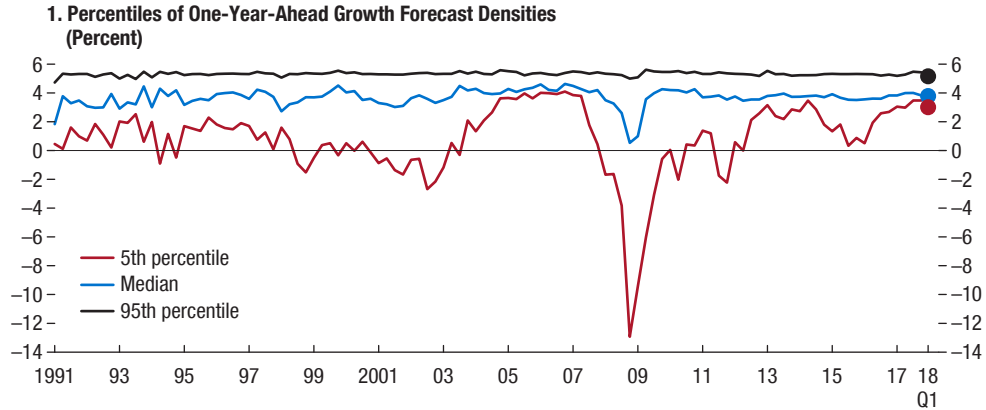


Figure 1.2. Growth-at-Risk

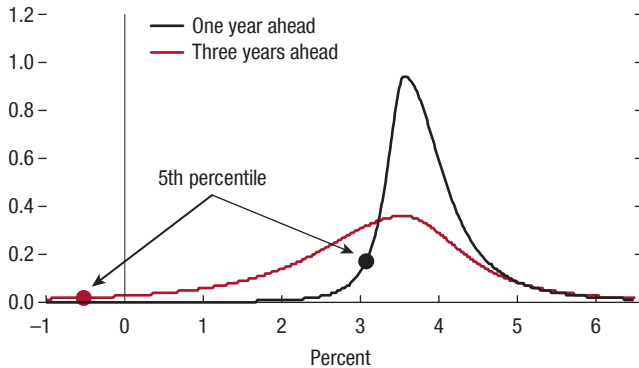
Supportive financial conditions tend to dampen the near-term risks, with growth-at-risk forecasting the severely adverse outcome (for example, with 5 percent probability) for global growth at about 3 percent or less one year ahead.



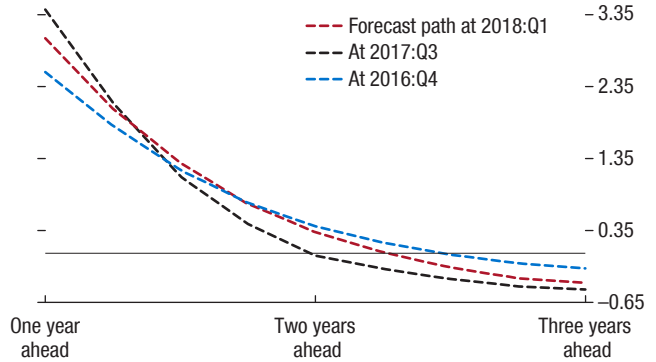
But easy financial conditions also raise the odds of adverse growth outcomes in the medium term—the three-year-ahead growth distribution has a much fatter left tail than the one-year-ahead growth distribution.

Medium-term risks to growth have increased in recent years ...

2. Growth Forecast Densities at 2018:Q1 (Probability)

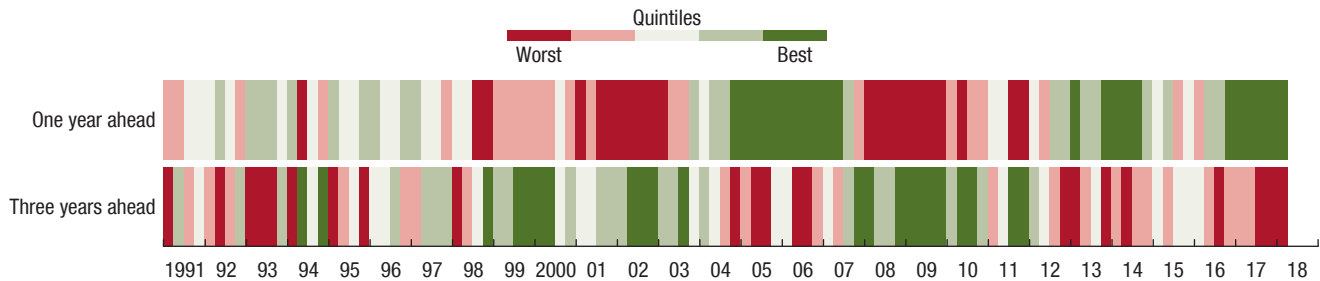


3. Severely Adverse Growth Outcomes (5th Percentile) at Different Future Horizons (Percent)



... and are well above historical norms, given the current financial conditions.

4. GaR Forecasts of Severely Adverse Growth Outcomes: Percentile Ranks



Sources: Bloomberg Finance L.P.; IMF, World Economic Outlook database; and IMF staff estimates.

Note: Growth-at-risk (GaR) refers to the set of outcomes that fall into the 5th percentile of (conditional) forecast densities of global growth. Panel 2 presents forecast densities for growth, one and three years ahead. In panel 4, the color shading depicts the percentile rank for the 5th percentile threshold of densities for one-year- and three-year-ahead growth. Red denotes lower growth outcomes.