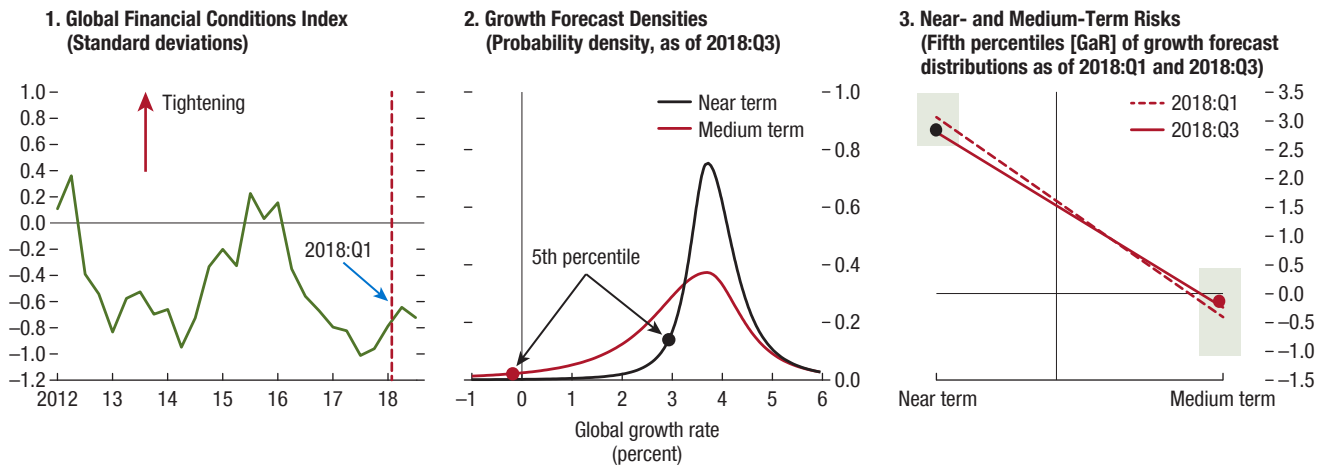## Figure 1.4. The Growth-at-Risk Estimates

Global financial conditions have tightened somewhat since 2018:Q1. Near-term downside risks have increased modestly, while medium-term risks remain elevated compared with six months ago.

1. Global Financial Conditions Index
(Standard deviations)

2. Growth Forecast Densities
(Probability density, as of 2018:Q3)

3. Near- and Medium-Term Risks
(Fifth percentiles [GaR] of growth forecast distributions as of 2018:Q1 and 2018:Q3)

The latest near-term GaR forecast is still near historical highs, while the medium-term GaR forecast is close to historic lows.

Quintiles

Worst   Best

4. Near-Term GaR Forecasts
(Percentile rank)

5. Medium-Term GaR Forecasts
(Percentile rank)
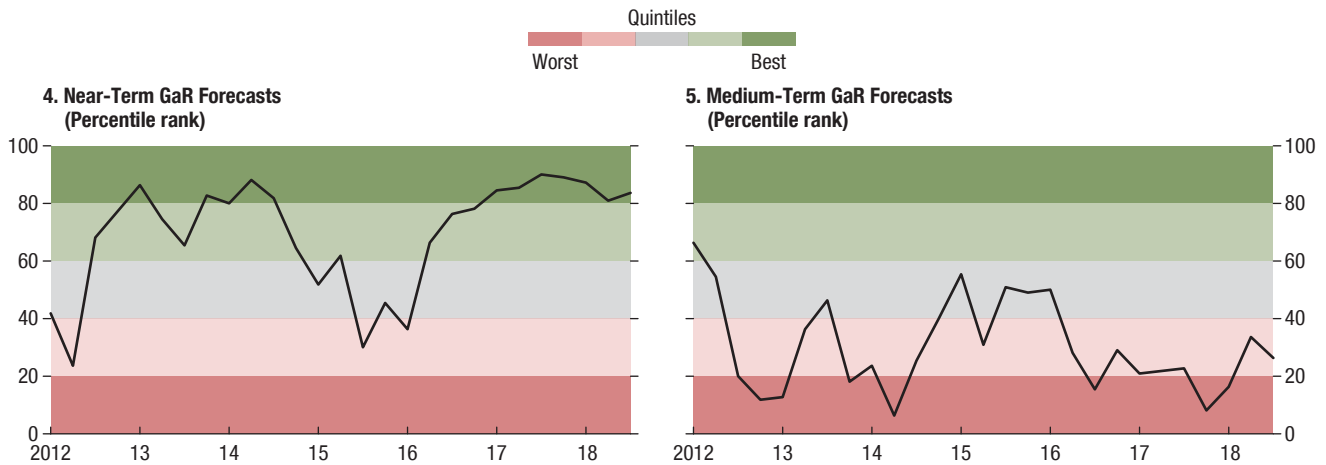
Source: IMF staff estimates.
Note: In addition to the price-of-risk components (shown in Figure 1.2), the global financial conditions index used to estimate GaR includes two additional variables—credit growth and the ratio of credit to GDP. An upward movement reflects tightening of financial conditions. In panel 3, the lines indicate the pairs of near- and medium-term forecasts and do not assert a linear relationship between the two periods. The shaded regions correspond to ±1 standard error bands around 2018:Q1 predictions. In panels 4 and 5, the color shading depicts the percentile rank for the 5th percentile threshold (GaR) of near-term and medium-term forecast growth densities. See the April 2018 GFSR for details. GaR = growth-at-risk.