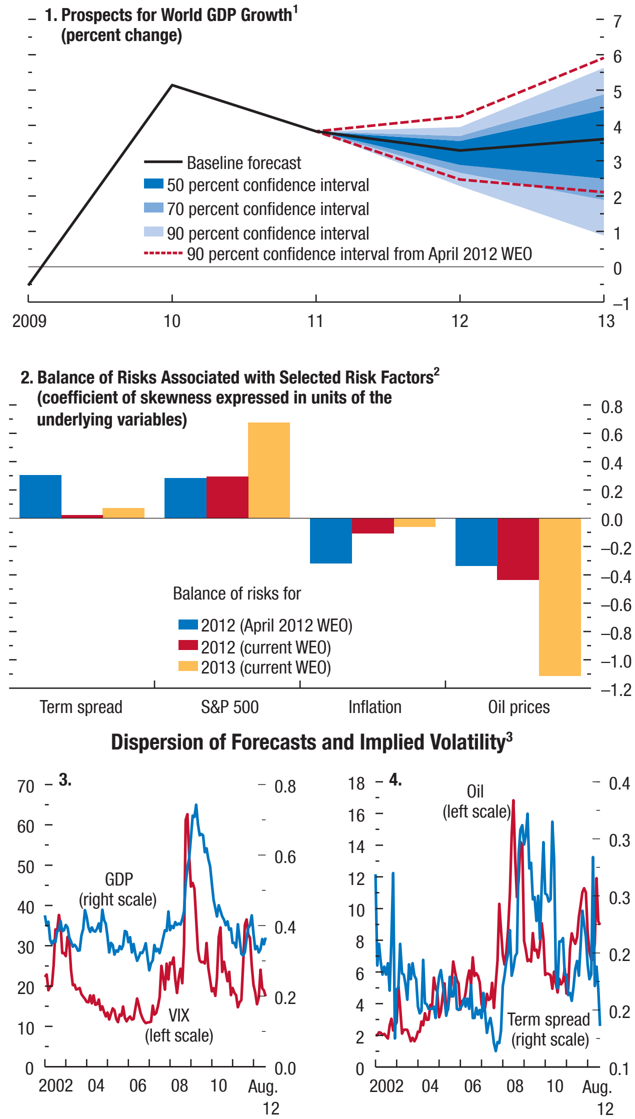
Figure 1.11. Risks to the Global Outlook

Risks around the WEO projections have risen, consistent with market indicators, and remain tilted to the downside. The oil price and inflation indicators point to downside risks to growth, while S&P 500 options prices and the term spread suggest some upside risk.



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 and oil price risks enter with the opposite sign, because 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 S&P 500 Implied Volatility Index. Term spread measures the dispersion of term spreads implicit in interest rate forecasts for Germany, Japan, United Kingdom, and United States. Oil measures the dispersion of one-year-ahead oil price forecasts for West Texas Intermediate. Forecasts are from Consensus Economics surveys.