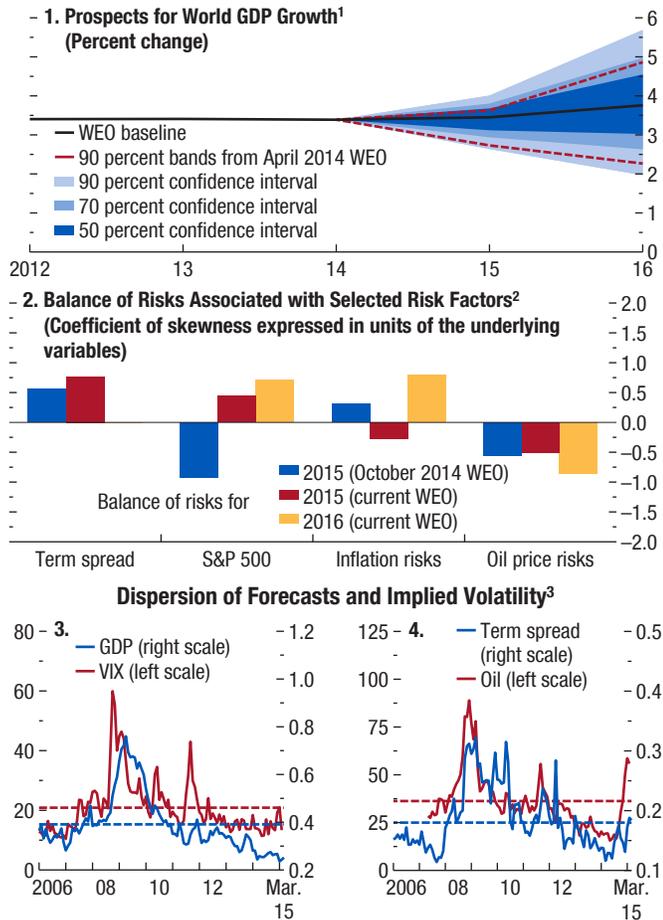


Figure 1.12. Risks to the Global Outlook

The fan chart, which indicates the degree of uncertainty about the global growth outlook, suggests that the distribution of risks is more balanced than that presented in the October 2014 WEO. The width of the confidence interval around the projected path for global growth has increased, however, for two main reasons: higher baseline uncertainty because the forecast horizon for the current and next year is longer compared with October, and higher uncertainty regarding risks related to oil prices and, to a lesser extent, inflation.



Sources: Bloomberg, L.P.; Chicago Board Options Exchange (CBOE); Consensus Economics; Haver Analytics; and IMF staff estimates.

¹The 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 WEO for details. The 90 percent intervals for the current-year and one-year-ahead forecasts from the April 2014 WEO report are shown relative to the current baseline.

²The bars depict the coefficient of skewness expressed in units of the underlying variables. The values for inflation risks and oil price risks enter with the opposite sign since they represent downside risks to growth. Note that the risks associated with the Standard & Poor's (S&P) 500 for 2016 are based on options contracts for December 2016.

³GDP measures the purchasing-power-parity-weighted average dispersion of GDP growth forecasts for the G7 economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States), Brazil, China, India, and Mexico. VIX is the CBOE S&P 500 Implied Volatility Index. Term spread measures the average dispersion of term spreads implicit in interest rate forecasts for Germany, Japan, the United Kingdom, and the United States. Oil is the CBOE crude oil volatility index. Forecasts are from Consensus Economics surveys. Dashed lines represent the average values from 2000 to the present.