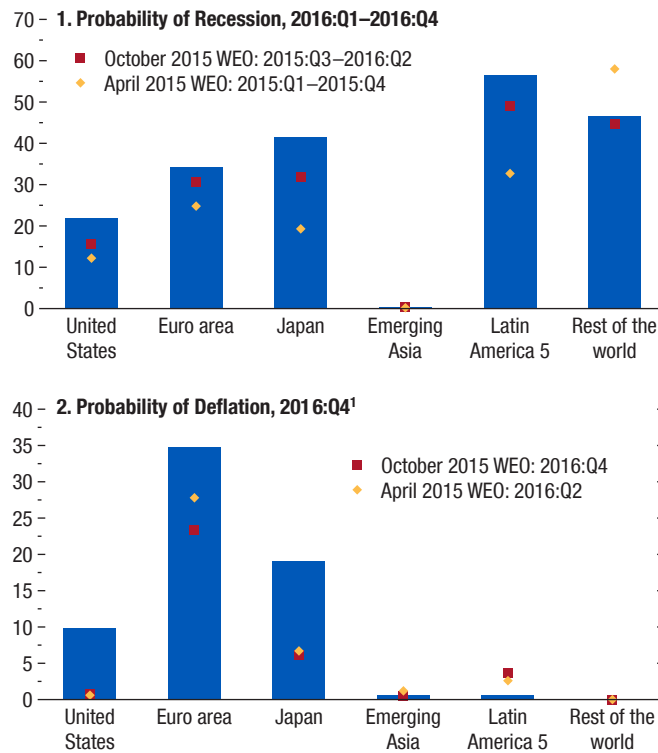


**Figure 1.18. Recession and Deflation Risks**  
(Percent)

Analysis based on the IMF's Global Projection Model suggests an increase in the probability of a recession in major advanced economies over a four-quarter horizon relative to the probabilities computed in April and October 2015. The model's simulations also suggest an increase in the risk of deflation in the euro area, Japan, and the United States, consistent with heightened downside risks to growth and weaker commodity prices.



Source: IMF staff estimates.

Note: Emerging Asia comprises China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, and Thailand; Latin America 5 comprises Brazil, Chile, Colombia, Mexico, and Peru; Rest of the world comprises Argentina, Australia, Bulgaria, Canada, Czech Republic, Denmark, Israel, New Zealand, Norway, Russia, South Africa, Sweden, Switzerland, Turkey, United Kingdom, and Venezuela.

<sup>1</sup>Deflation is defined as a fall in the price level on a year-over-year basis in the quarter indicated in the figure.