FUTURE GROWTH RATES

Growth will pick up more gradually than projected in fall 2015, especially in emerging market and developing economies.

Global Economy

Global demand and activity remain subdued, as three key transitions continue to influence the global outlook (see transitions below).

3.1% 3.4% 3.6%
2015 2016 2017

Advanced Economies

A continued modest recovery should gradually close the output gap between real vs. potential GDP.

1.9% 2.1% 2.1%
2015 2016 2017

Emerging Market & Developing Economies

China’s slowdown and rebalancing, lower commodity prices, and other strains in some larger emerging market economies are likely to weigh down growth prospects.

4.0% 4.3% 4.7%
2015 2016 2017

TRANSITIONS AND RISKS

Transition: The slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services

Risk: A sharper-than-expected slowdown could take a toll on trading partners and have global financial market repercussions (including declines in confidence).

Transition: Lower prices for energy and other commodities

Risk: Further price drops will worsen the growth outlook for already-strained commodity producers.

Transition: The gradual tightening in U.S. monetary policy

Risk: Further dollar appreciation would put additional pressures on firms in emerging market economies.

Other Risks

New economic or geopolitical shocks could further delay a pickup in activity in countries currently in economic distress.

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