International Monetary Fund
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Economic Outlook:
World, Emerging Markets, and Latin America

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A more favorable global growth environment

(Output growth rate projections)

	World	Advanced economies	United States	United Kingdom	Japan	Euro Area	EMDE	China	India	Brazil	Russia
2003–07	5.1	2.7	2.9	2.8	1.7	2.2	7.7	11.7	8.8	4.0	7.5
2010	5.4	3.1	2.5	1.9	4.2	2.1	7.4	10.6	10.3	7.5	4.5
2016	3.2	1.7	1.6	1.8	1.0	1.8	4.3	6.7	7.1	-3.6	-0.2
2017	**3.5**	**2.0**	**2.1**	**1.7**	**1.3**	**1.9**	**4.6**	**6.7**	**7.2**	**0.3**	**1.4**
2018	**3.6**	**1.9**	**2.1**	**1.5**	**0.6**	**1.7**	**4.8**	**6.4**	**7.7**	**1.3**	**1.4**

Source: IMF, World Economic Outlook (July 2017 Update) database.

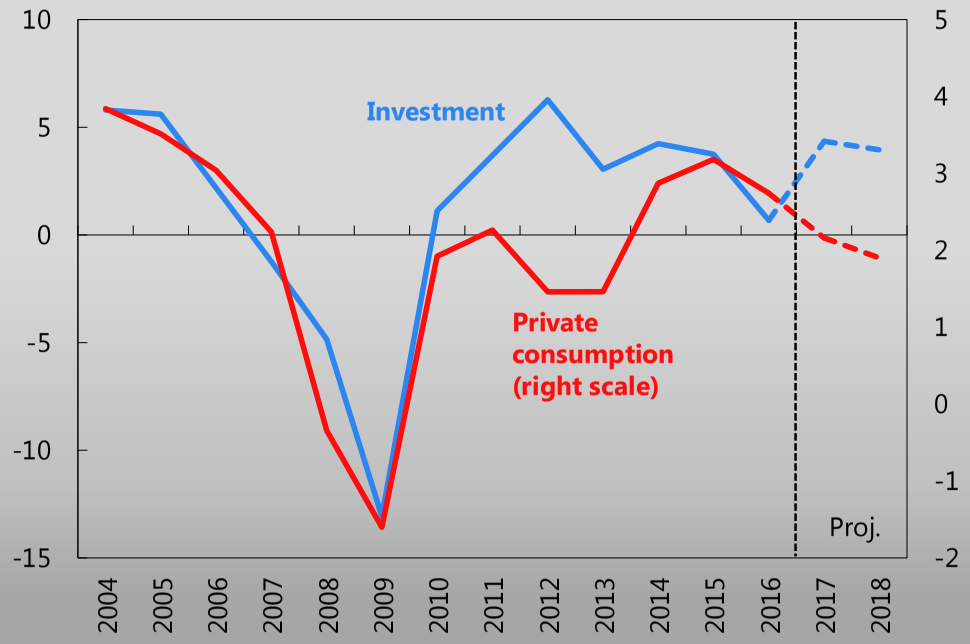
United States: Growth driven by continued consumption growth and a cyclical rebound in investment

United States: Key Macroeconomic Aggregates
(Percent)

	2016	2017	2018	2019	2020
GDP growth	**1.6**	**2.1**	**2.1**	**1.9**	**1.8**
Private consumption	2.7	2.2	1.9	2.0	2.0
Investment	0.7	4.3	4.0	2.9	2.4
Net exports	-0.1	-0.3	-0.2	-0.2	-0.2
PCE inflation (eop)	**1.4**	**1.7**	**2.2**	**2.3**	**1.8**
Core PCE inflation (eop)	1.7	1.7	2.0	2.2	2.0
Unemployment rate	**4.9**	**4.3**	**4.3**	**4.4**	**4.7**
Current account balance (% of GDP)	**-2.4**	**-2.5**	**-2.9**	**-3.0**	**-3.0**

Sources: National authorities; and IMF staff estimates.

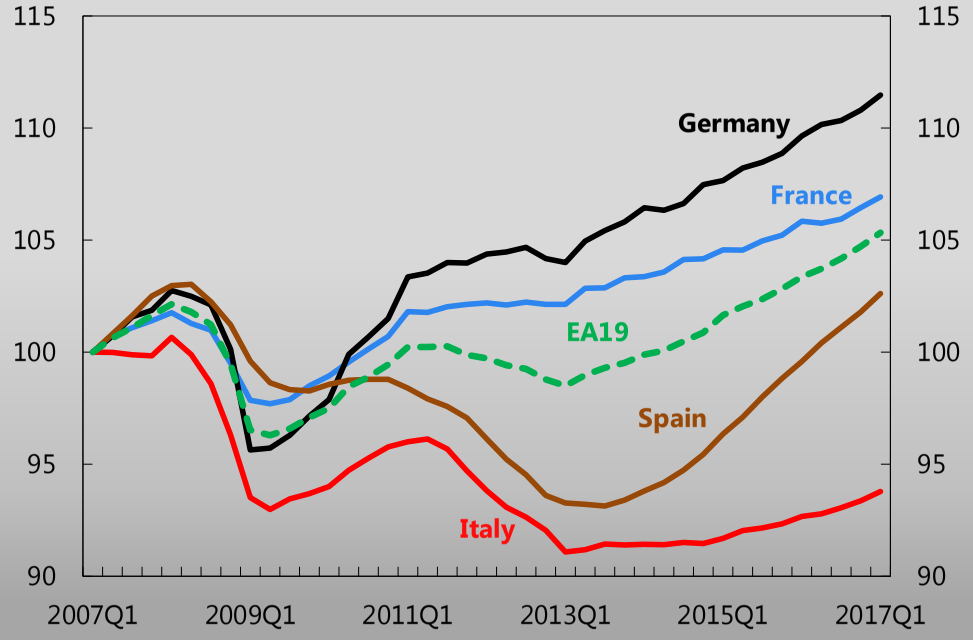
United States: Investment and Consumption
(Percent)



Sources: National authorities; and IMF staff estimates.

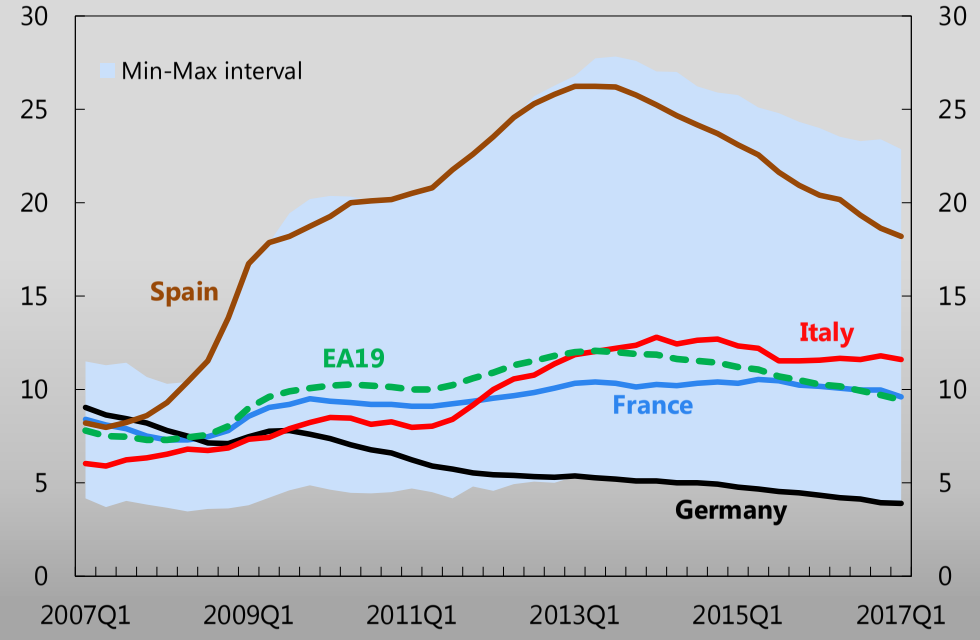
Euro Area: Recovery strengthened but with large variation across countries

Euro Area: Real GDP Level
(Index: 2007Q1 = 100)



Sources: Eurostat; and Haver Analytics.

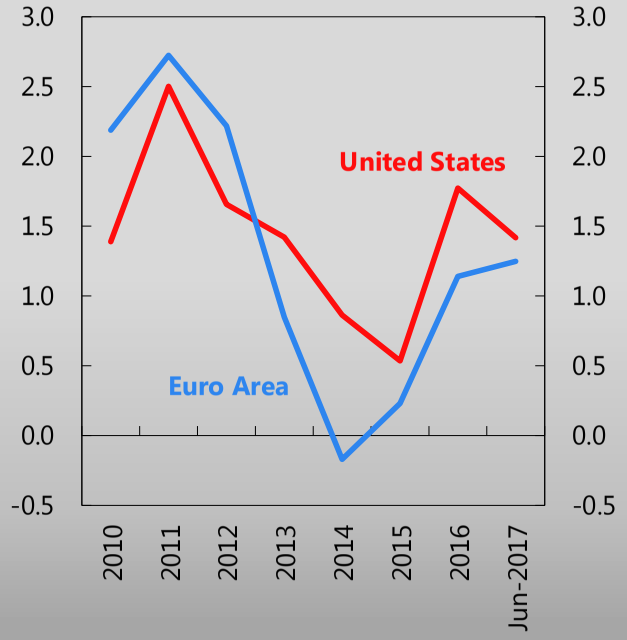
Euro Area: Unemployment Rate
(Percent)



Sources: Eurostat; and Haver Analytics.

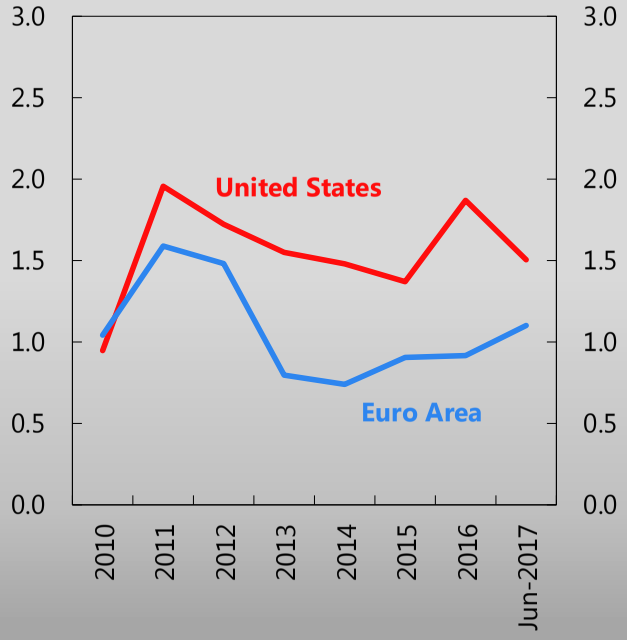
Inflation and wage developments in the United States and Euro Area

United States and Euro Area: Headline Inflation
(12-month percentage change; eop)



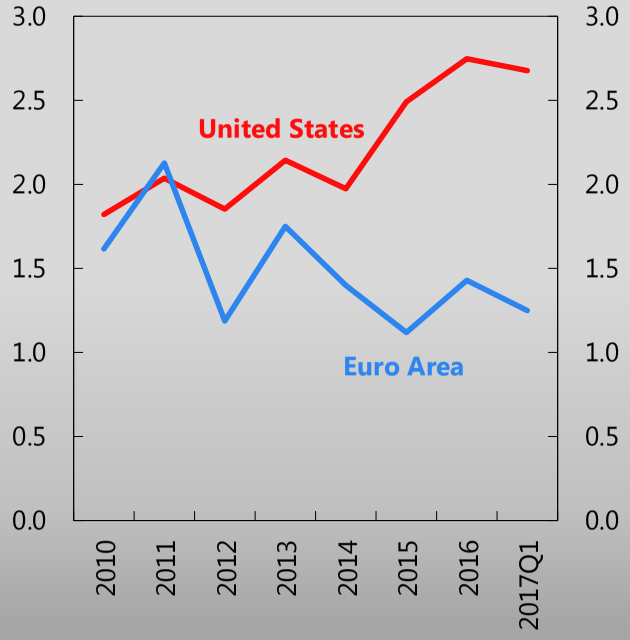
Source: Haver Analytics.
Note: US refers to headline personal consumption expenditure (PCE) inflation; EA refers to headline Harmonized Index of Consumer Prices (HICP) inflation.

United States and Euro Area: Core Inflation
(12-month percentage change; eop)



Source: Haver Analytics.
Note: US refers to core personal consumption expenditure (PCE) inflation; EA refers to core Harmonized Index of Consumer Prices (HICP) inflation.

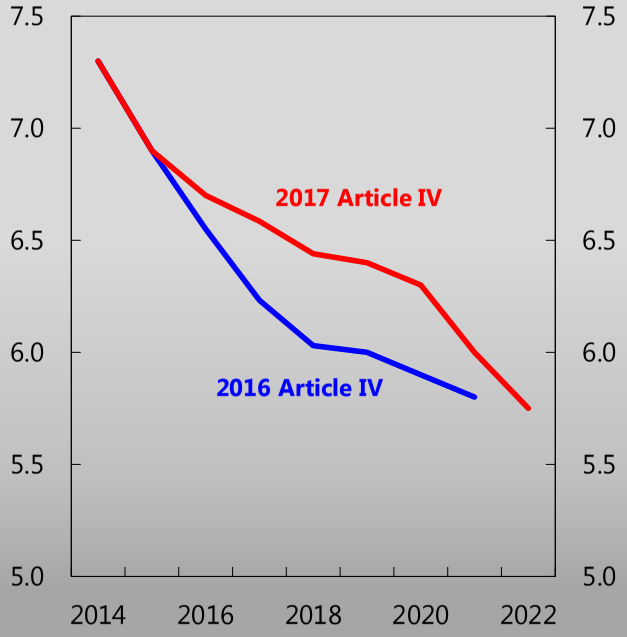
United States and Euro Area: Nominal Wages
(4-quarter percentage change; eop)



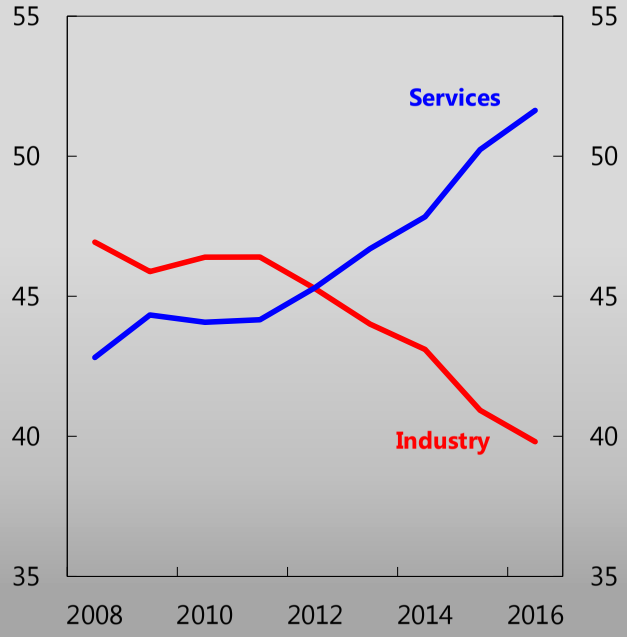
Sources: Haver Analytics; and IMF staff calculations.
Note: Wage for the US refers to the average hourly earnings from total private industries; for EA, refers to compensation per employee.

China: Growth outlook revised up and rebalancing continues

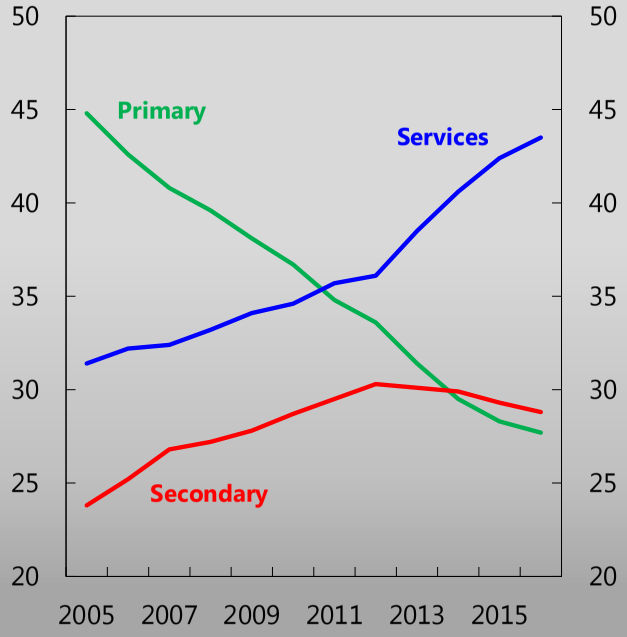
China: Upward Revision to Path of Real GDP Growth
(Percent)



China: GDP by Production
(Percent of nominal GDP)



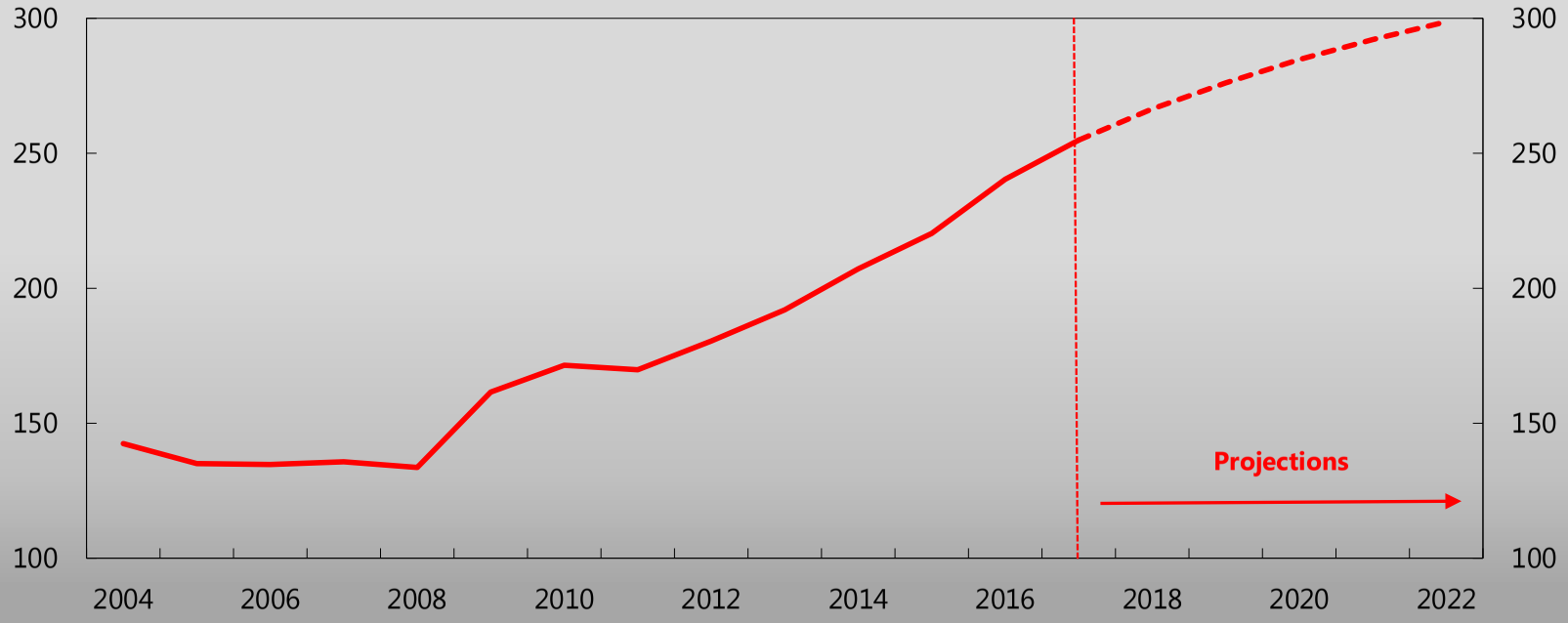
China: Employment by Sectors
(Percent of total employment)



Sources: CEIC Data Company Ltd.; and IMF staff estimates.

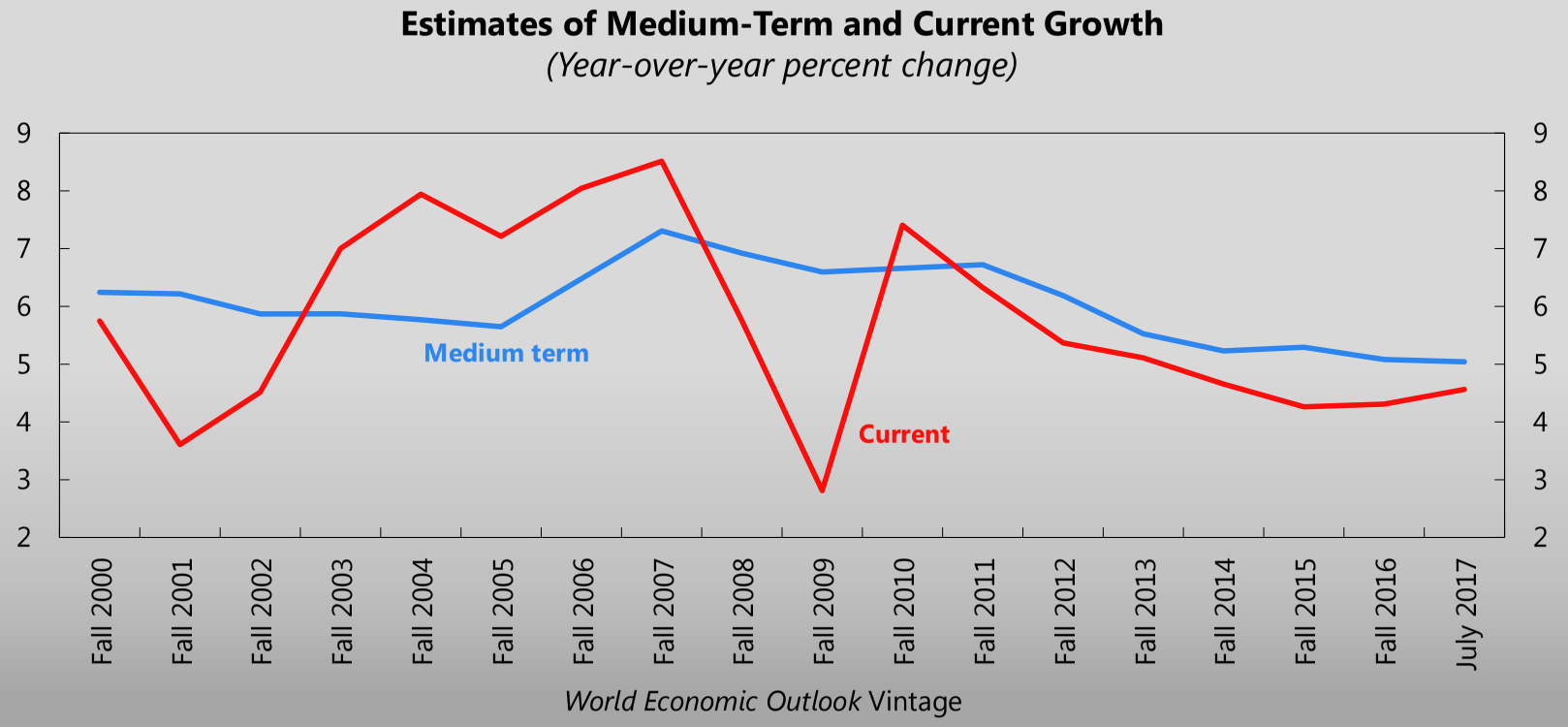
China: Increasing downside risks with rapid build-up of public and private debt

Nonfinancial Sector Debt: High and Rising
(Percent of GDP)



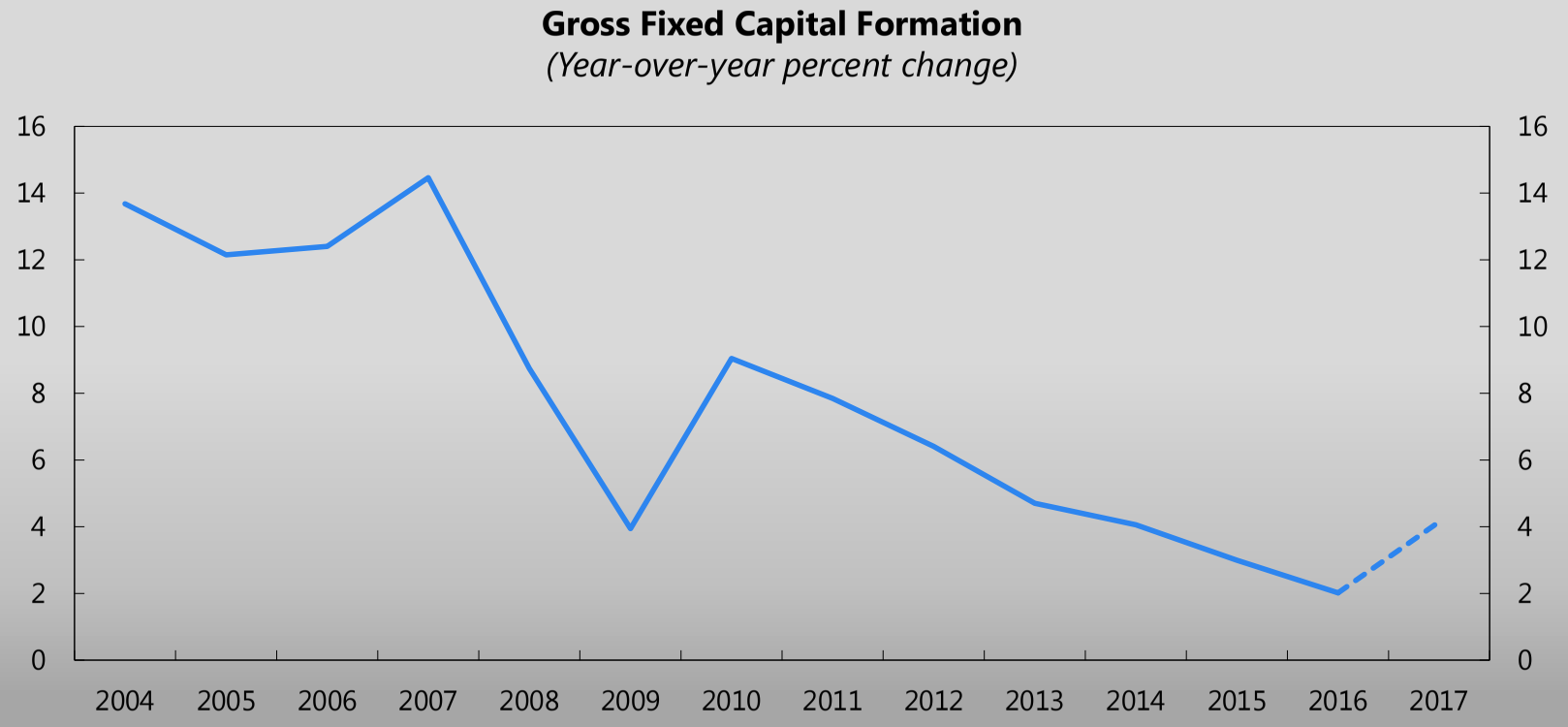
Sources: Haver Analytics; and IMF staff estimates.

Medium Term Growth Prospects for EMDEs



Source: IMF, World Economic Outlook database.
Note: Medium-term growth reflects projected real GDP growth for the last year (t+5) of the forecast horizon. Current refers to annual growth rates based on July 2017 WEO Update.

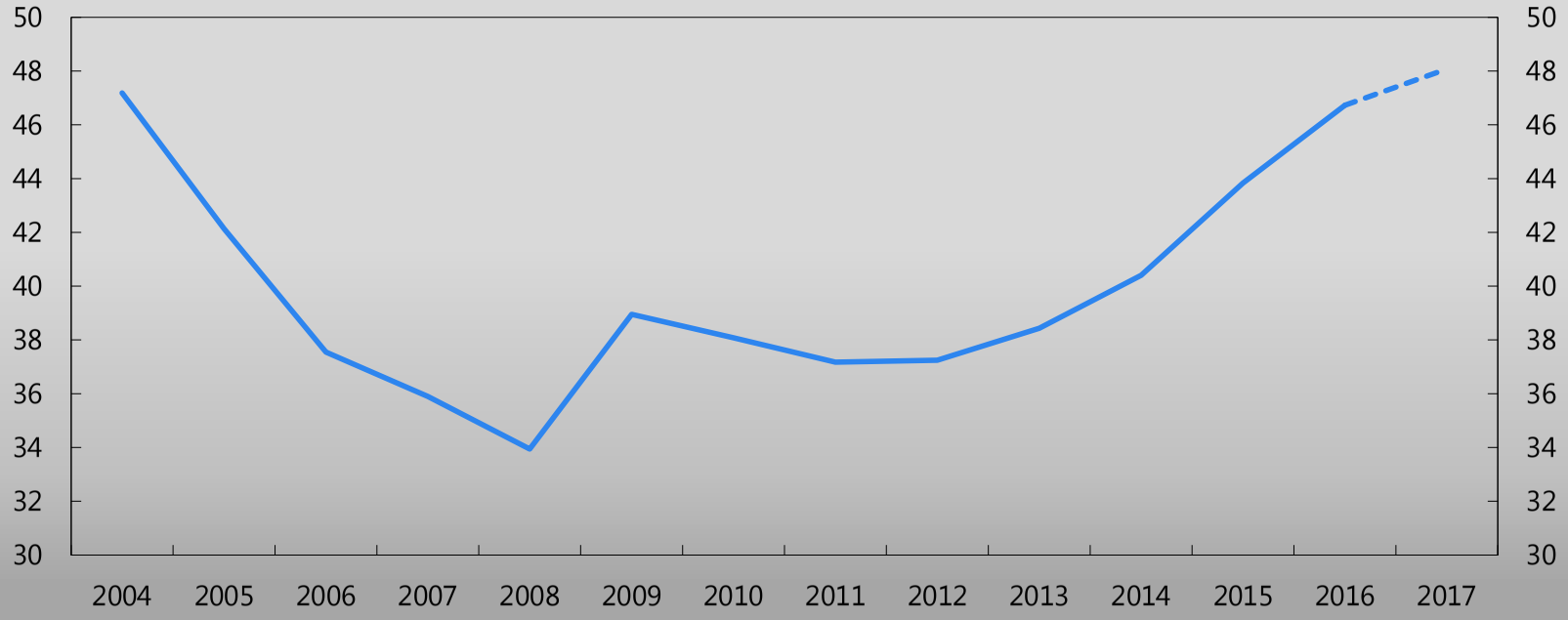
Investment Slowdown for EMDEs



Source: IMF, World Economic Outlook (July 2017 Update) database.

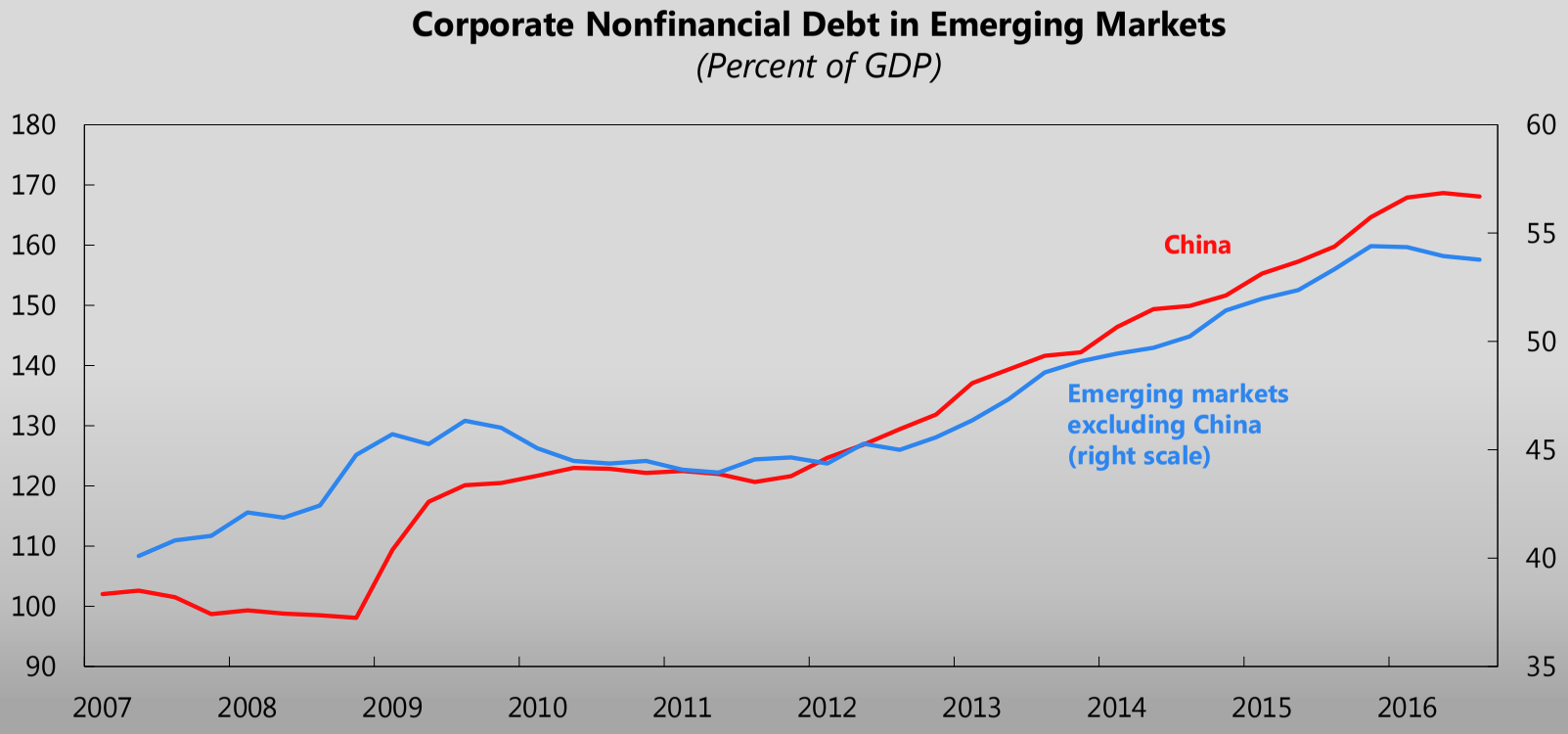
Rising Public Debt in EMDEs

Public Debt in Emerging Markets and Developing Economies
(Percent of fiscal year GDP)



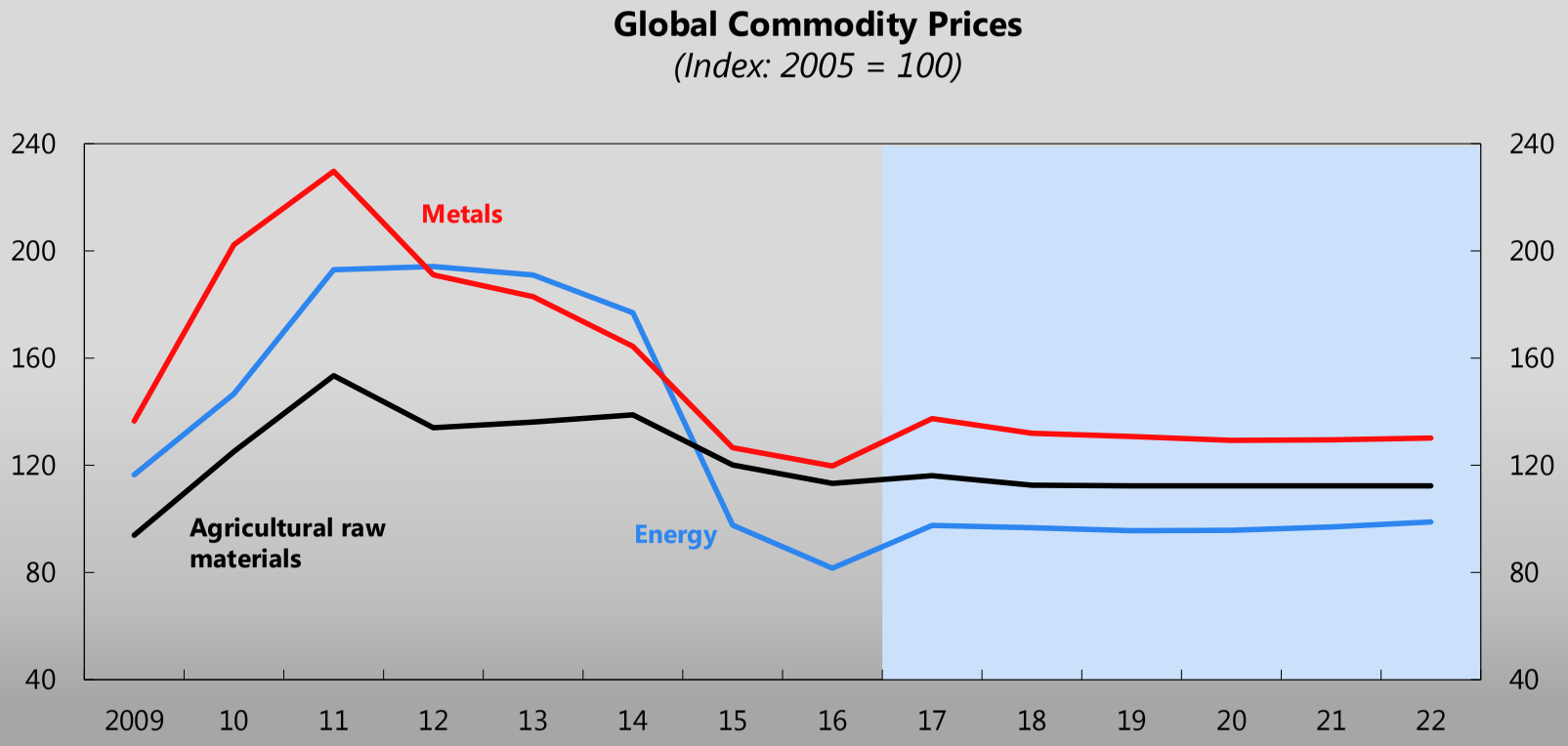
Source: IMF, World Economic Outlook (July 2017 Update) database.

Corporate Nonfinancial Debt in Emerging Markets



Source: Bank of International Settlements.

Global Commodity Prices:
Expected to remain subdued



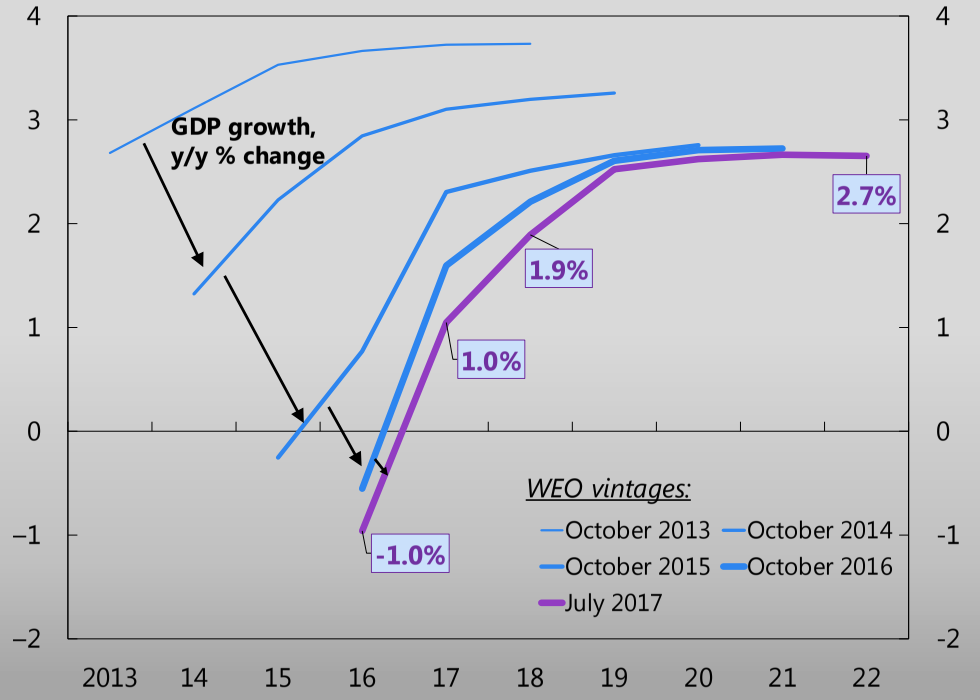
Source: IMF, World Economic Outlook (July 2017 Update) database.

LAC is slowly emerging from recession

Growth is positive in most countries…

Sources: IMF, World Economic Outlook (July 2017 Update) database; and IMF staff calculations.
Note: Historical average refers to the average growth from 2000–13.

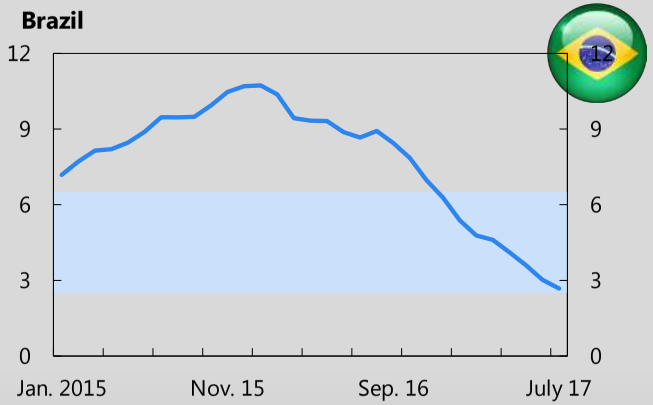
… but is weaker than previously projected.

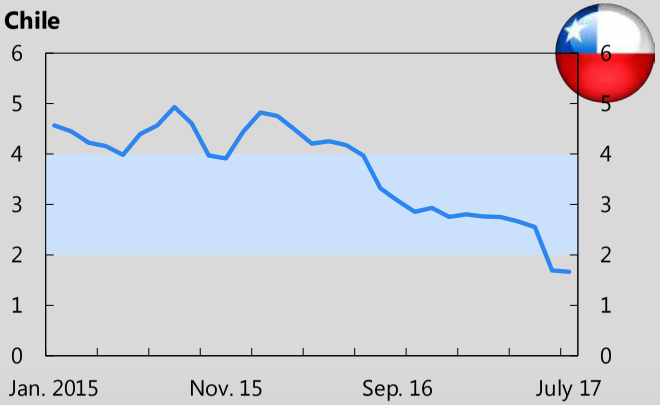


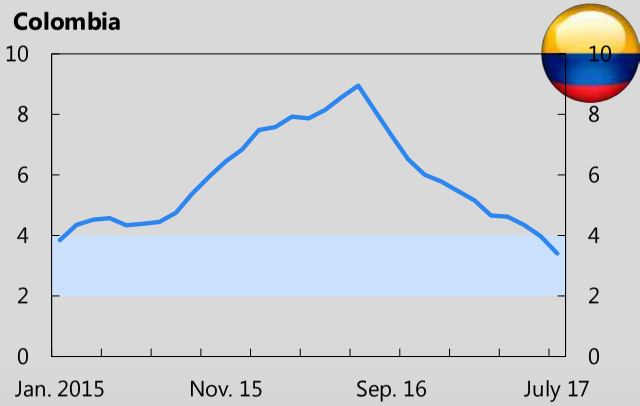
Source: IMF, World Economic Outlook database.

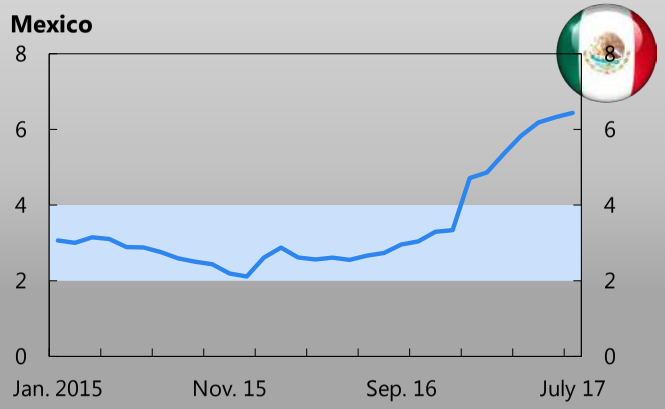
As inflation declines, more space for cuts in policy rates

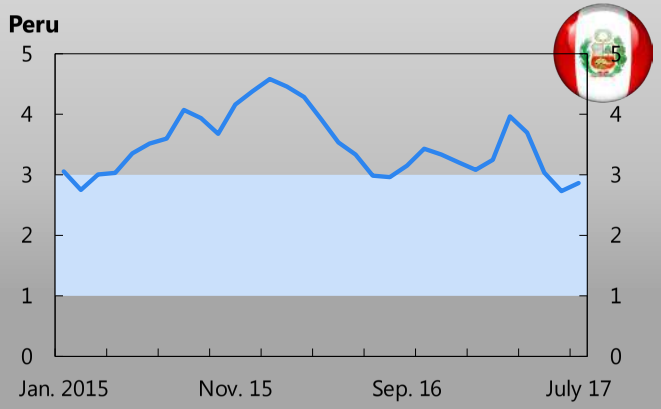
Inflation
(Percent)





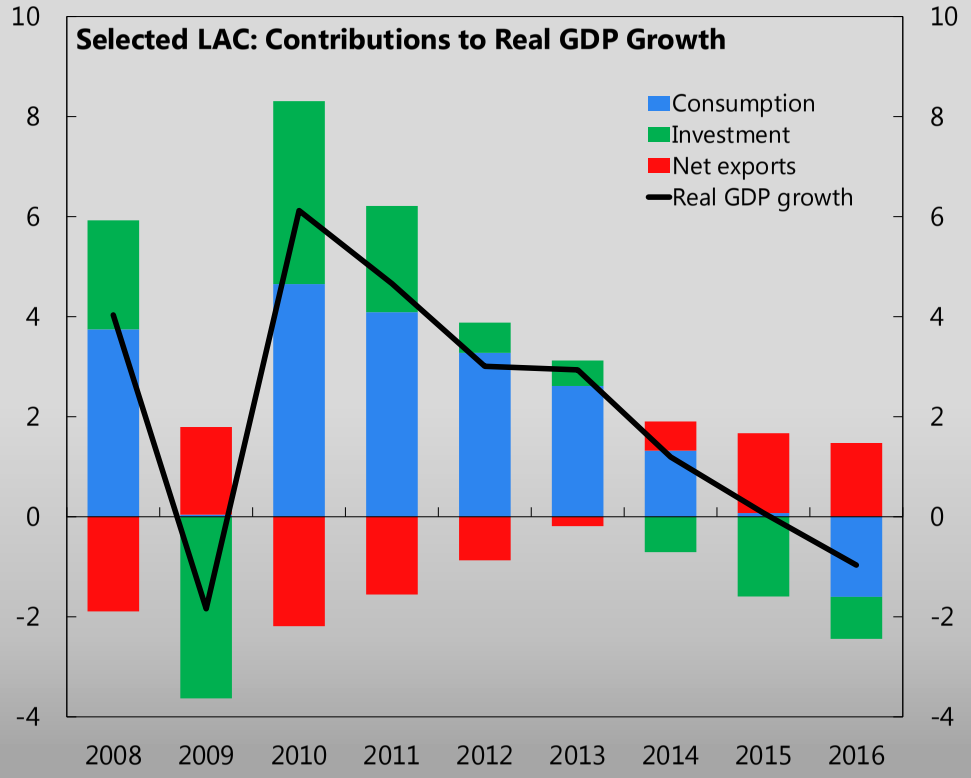




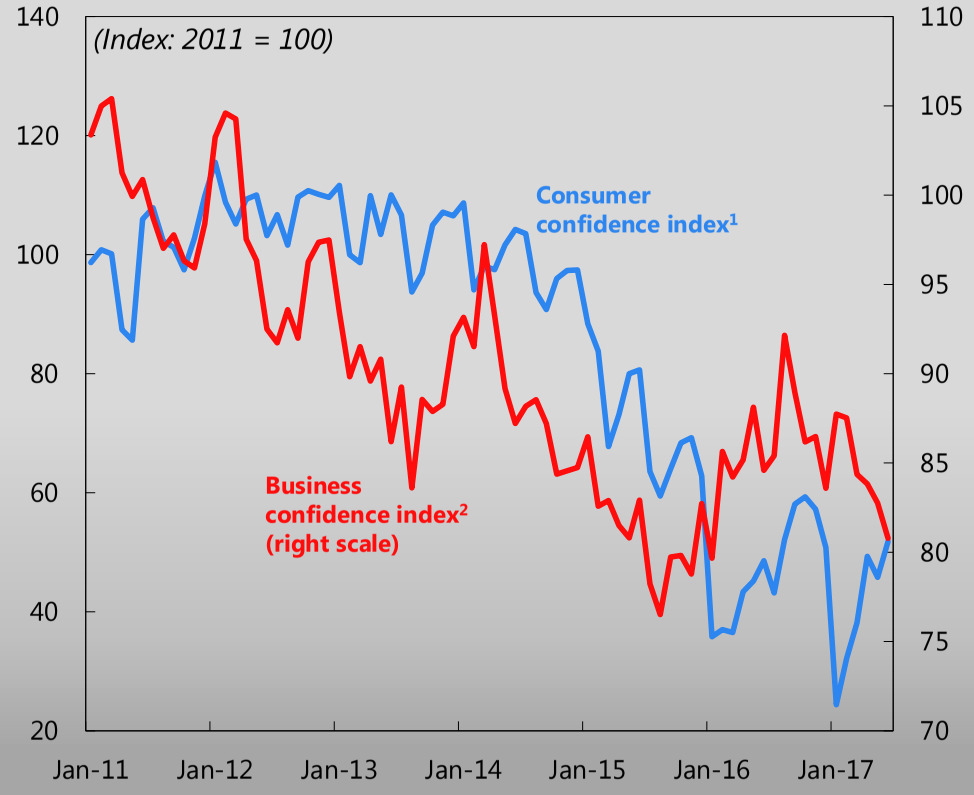


Sources: Global Data Source; Haver Analytics; national authorities; and IMF staff calculations.
Note: Shaded area refers to the target range.

Headwinds: Weak domestic demand and confidence



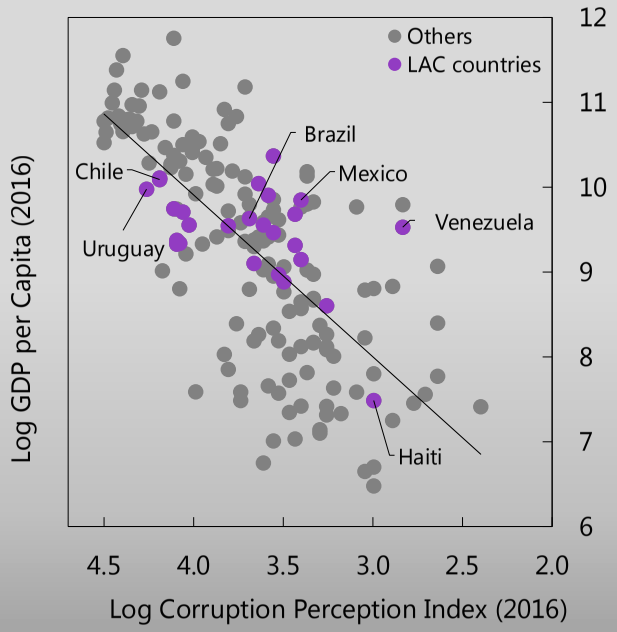
Sources: IMF, World Economic Outlook (July 2017 Update) database; and IMF staff calculations.
Note: LAC excludes Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines due to data limitations. Inventories include statistical discrepancies. PPP GDP-weighted average; year-over-year percent change.



Sources: Haver Analytics; national authorities; and IMF staff calculations.
[1]Simple average of Brazil, Chile, Colombia, and Mexico.
[2]Simple average of Brazil, Chile, Colombia, Mexico, and Peru.

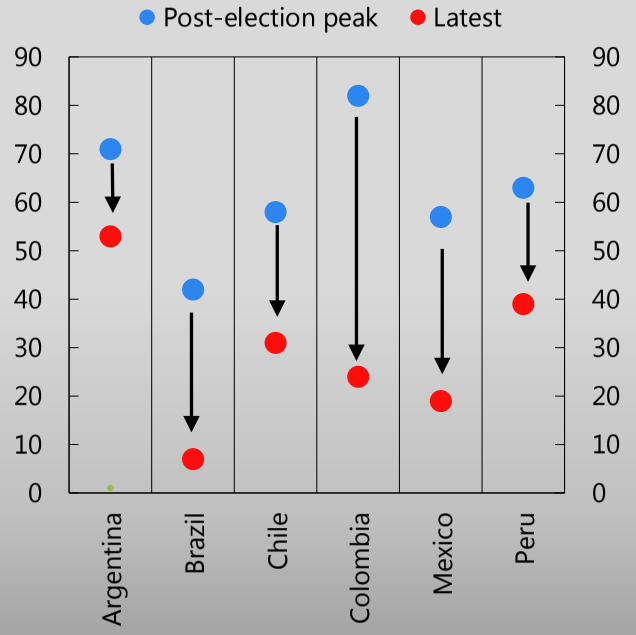
Corruption and electoral uncertainty among other factors are dampening investment in some cases

Corruption affects LAC economies to varying degrees, and is linked to level of development



Sources: IMF, World Economic Outlook database; Transparency International, Global Corruption Barometer database; and IMF staff calculations.
Note: Higher values of the Corruption Perception Index represent less corruption. The horizontal axis is in reverse order.

Presidential approval ratings have fallen to low levels



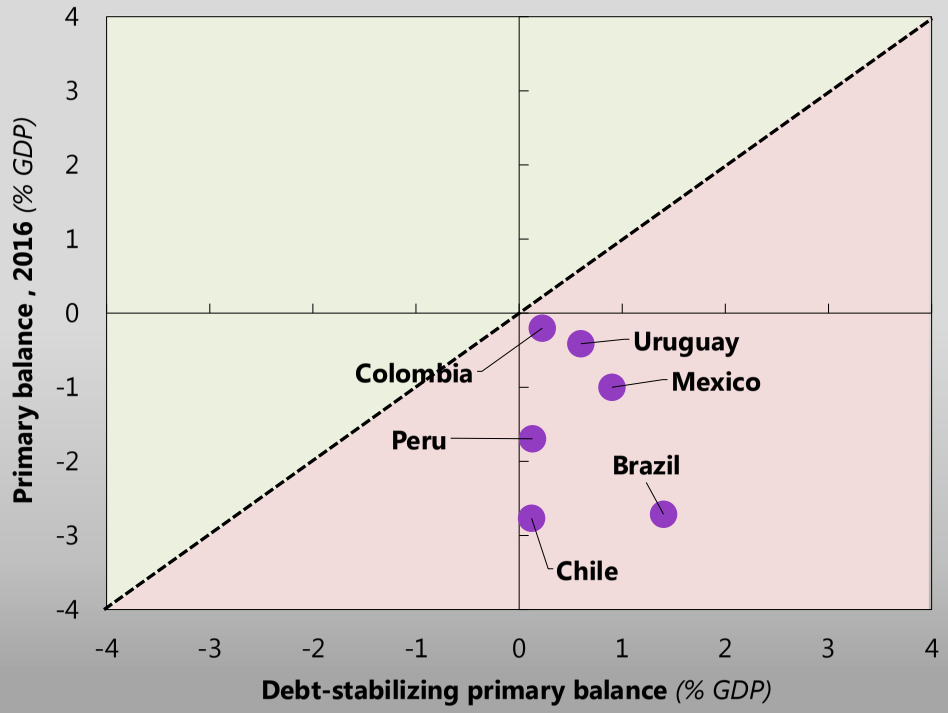
Sources: La Nación-Poliarquia (Argentina), Datafolha (Brazil), Adimark (Chile), Gallup (Colombia), Consulta Mitofsky (Mexico), and El Comercio-Ipsos (Peru).

Elections are scheduled to take place in many countries during 2017-18

October 2017	**Argentina**	Mid-term legislative
November 2017	**Chile**	Presidential and parliamentary
April 2018	**Paraguay**	General
May 2018	**Colombia**	Presidential and parliamentary
July 2018	**Mexico**	General
October 2018	**Brazil**	General
2018-H2	**Venezuela**	Presidential (?)

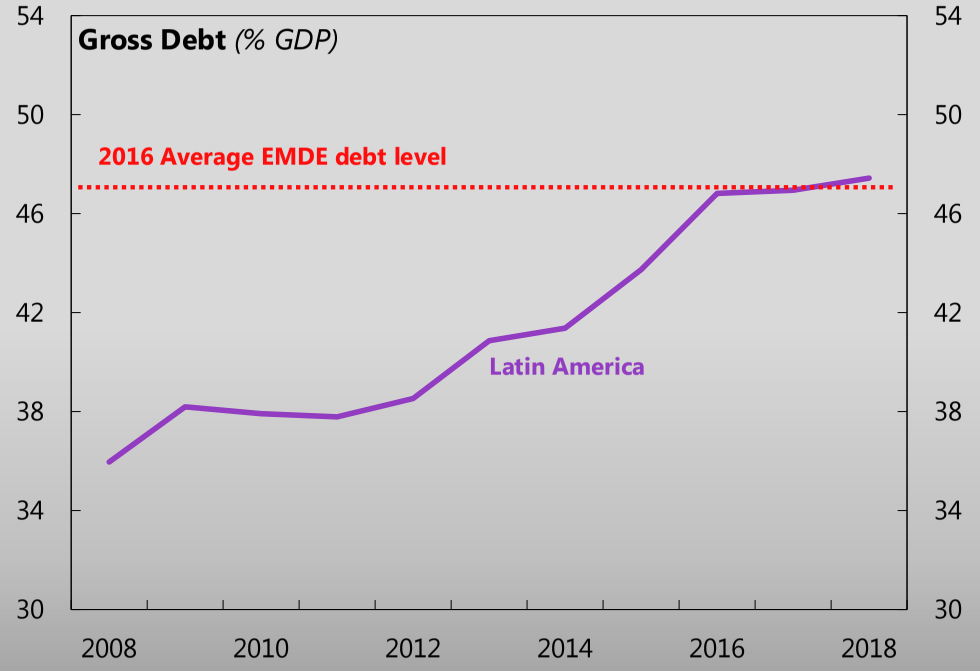
Further fiscal adjustment required to stabilize debt

Primary deficits currently exceed debt-stabilizing levels…



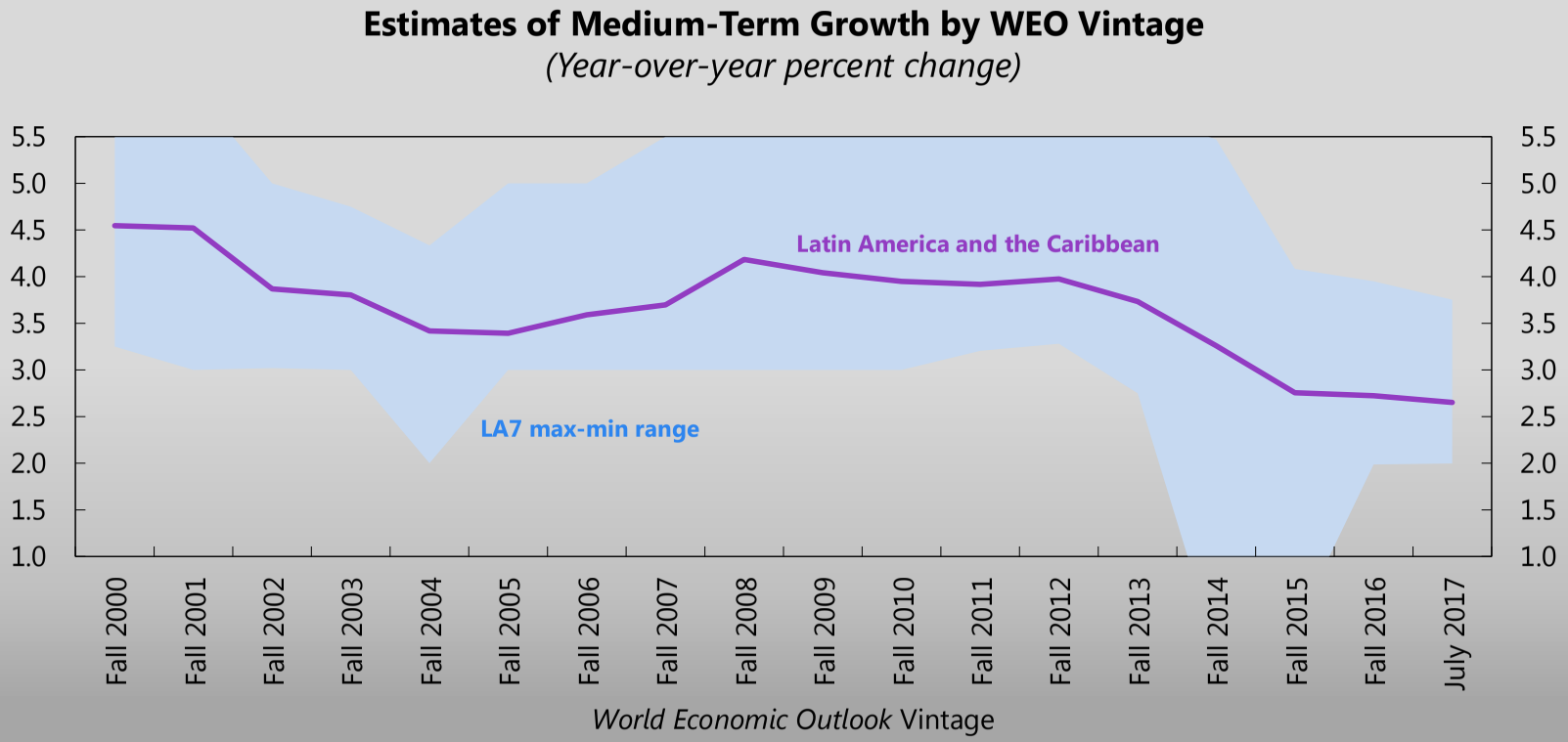
Sources: IMF, World Economic Outlook database; national authorities; and IMF staff calculations.
Note: Data for Mexico is from the May 2017 staff report. Primary balance for Mexico excludes one-off revenues from the oil hedge program and transfers from the central bank, amounting to 1.5 percent of GDP.

… causing rising public debt and eroding fiscal space.



Sources: IMF, World Economic Outlook (July 2017 Update) database; and IMF staff calculations.

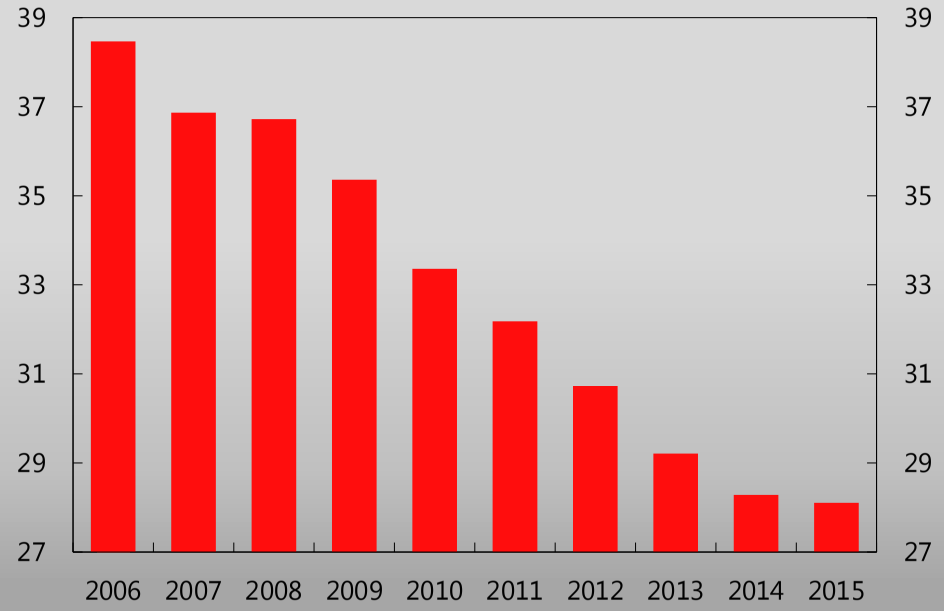
Subdued Medium-Term Growth for LAC



Source: IMF, World Economic Outlook database.
Note: Reflects projected real GDP growth for the last year (t+5) of the forecast horizon. Shaded area refers to the max-min range of LA7 countries (Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay).

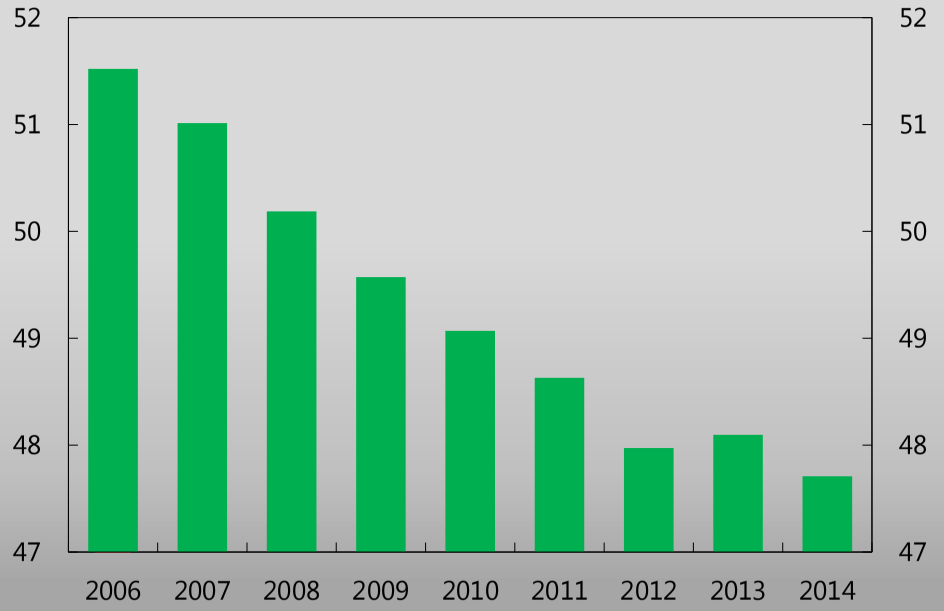
Social Progress in LAC

Poverty Headcount Ratio at National Poverty Lines
(Percent of population)



Sources: World Bank, World Development Indicators database; and IMF staff calculations.
Note: Simple average of Bolivia, Brazil, Chile, Colombia, Costa Rica (from 2010), Dominican Republic, Ecuador, El Salvador, Honduras, Jamaica, Mexico (from 2008), Nicaragua, Paraguay, Peru, Uruguay, and Venezuela.

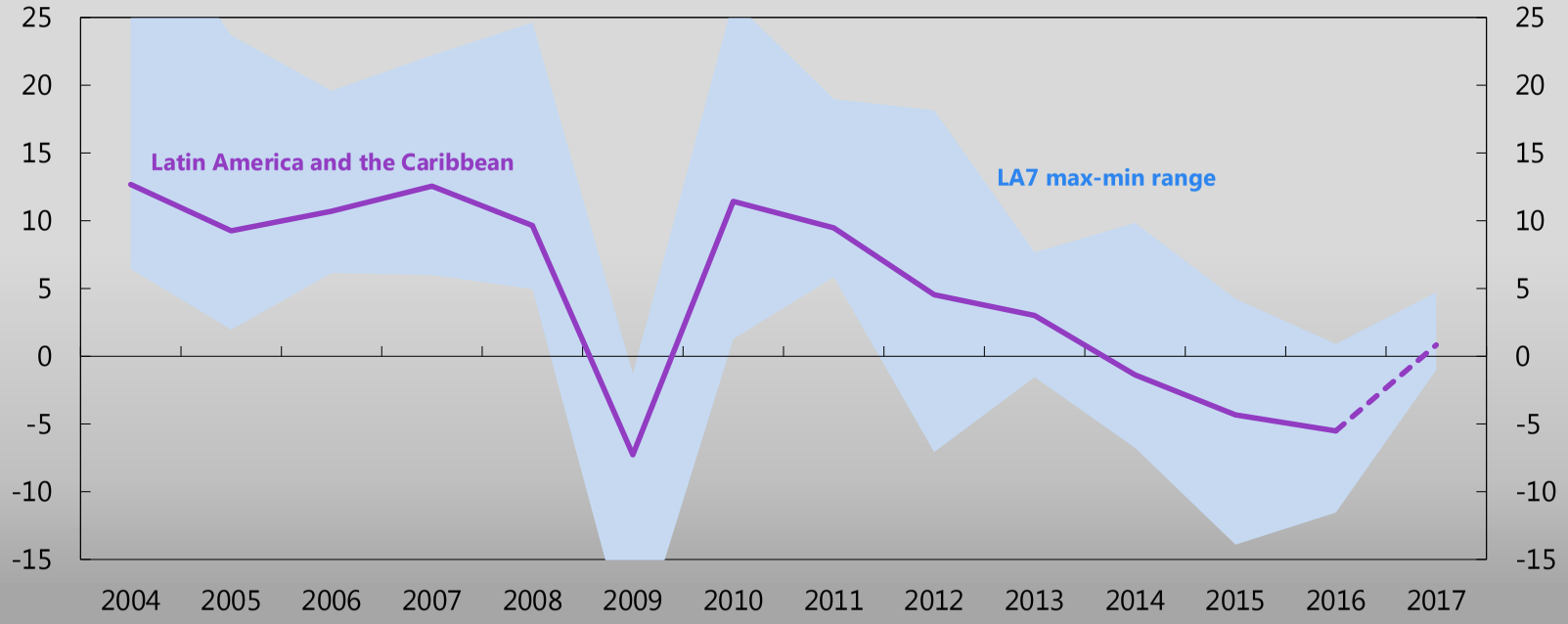
Gini Index
(World Bank estimate)

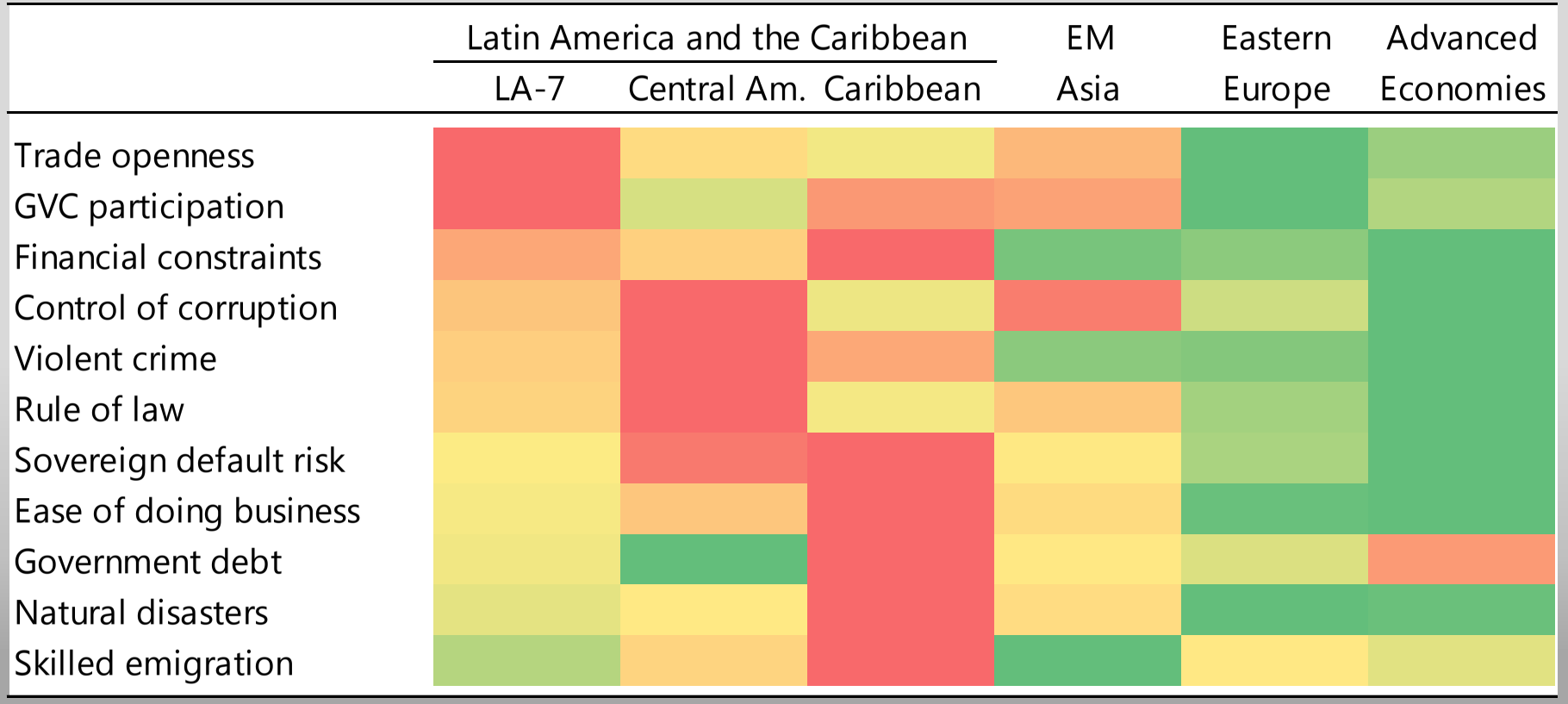


Sources: World Bank, World Development Indicators database; and IMF staff calculations.
Note: Simple average of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay.

Investment Growth in Latin America and the Caribbean

Gross Fixed Capital Formation
(Year-over-year percent change)



Sources: IMF, World Economic Outlook (July 2017 Update) database; and IMF staff calculations.
Note: Shaded area refers to the max-min range of LA7 countries (Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay).

Bottlenecks to Long-term Growth