Economic Outlook:
World, Emerging Markets, and Latin America

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International Monetary Fund

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<table>
<thead>
<tr>
<th>2003–07</th>
<th>2010</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>Brazil</td>
<td>India</td>
<td>China</td>
<td>EMEDE</td>
</tr>
<tr>
<td>7.7</td>
<td>9.5</td>
<td>7.3</td>
<td>6.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Japan</td>
<td>United Kingdom</td>
<td>United States</td>
<td>Advanced economies</td>
<td>World</td>
</tr>
<tr>
<td>10.6</td>
<td>5.9</td>
<td>2.5</td>
<td>2.9</td>
<td>5.1</td>
</tr>
</tbody>
</table>

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

A more favorable global growth environment (Output growth rate projections)
United States: Key Macroeconomic Aggregates

Cyclical rebound in investment Growth driven by continued consumption Growth and a

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth (%)</th>
<th>Private Consumption (%)</th>
<th>Investment (%)</th>
<th>Net Exports (%)</th>
<th>Core PCE Inflation (end) (%)</th>
<th>PCE Inflation (end) (%)</th>
<th>Current Account Balance (% of GDP)</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-2.4</td>
<td>1.8</td>
<td>2.4</td>
<td>0.7</td>
<td>1.4</td>
<td>1.8</td>
<td>-3.0</td>
<td>4.9</td>
</tr>
<tr>
<td>2017</td>
<td>-2.5</td>
<td>2.0</td>
<td>4.0</td>
<td>0.3</td>
<td>1.7</td>
<td>2.2</td>
<td>-2.9</td>
<td>4.3</td>
</tr>
<tr>
<td>2018</td>
<td>-2.4</td>
<td>2.2</td>
<td>2.2</td>
<td>0.1</td>
<td>1.7</td>
<td>2.2</td>
<td>-2.5</td>
<td>4.3</td>
</tr>
<tr>
<td>2019</td>
<td>-2.5</td>
<td>2.0</td>
<td>2.9</td>
<td>0.2</td>
<td>1.7</td>
<td>1.9</td>
<td>-2.2</td>
<td>4.3</td>
</tr>
<tr>
<td>2020</td>
<td>-2.4</td>
<td>2.1</td>
<td>2.1</td>
<td>0.1</td>
<td>1.7</td>
<td>2.1</td>
<td>-2.2</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Sources: National authorities; and IMF staff estimates.
Euro Area: Real GDP Level
(Index: 2007Q1 = 100)

Euro Area: Unemployment Rate
(Percent)

Countries
Recovery strengthened but with large variation across

Sources: Eurostat; and Haver Analytics.
Inflation and wage developments in the United States and Euro Area:

**Nominal Wages**
- United States and Euro Area:
  - 4-quarter percentage change: qoq

**Core Inflation**
- United States and Euro Area:
  - 12-month percentage change: eop

**Headline Inflation**
- United States and Euro Area:
  - 12-month percentage change: eop
China: Growth Outlook Revisited up and Rebalancing continuous
China: Increasing downside risks with rapid build-up of public and private debt

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

Projections

Sources: Haver Analytics; and IMF staff estimates.
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.
Gross Fixed Capital Formation (Year-over-year percent change)

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)
Corporate Nonfinancial Debt in Emerging Markets (Percent of GDP)

Source: Bank of International Settlements.

Emerging markets excluding China (right scale)

Corporated Nonfinancial Debt in Emerging Markets
Global Commodity Prices

Index: 2005 = 100

Global Commodity Prices: Expected to remain subdued.

Source: IMF, World Economic Outlook, July 2017 Update database.
Growth is positive in most countries. ... but is weaker than previously projected.

LAC is slowly emerging from recession.
As inflation declines, more space for cuts in policy rates
Headwinds: Weak domestic demand and confidence
Corruption affects LAC economies to varying degrees, and is linked to level of development and economic growth. Presidential approval ratings have fallen to low levels across the region. Elections are scheduled to take place in many countries during 2017-18, as seen in the table below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Election Year</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venezuela</td>
<td>Presidential</td>
<td>2018-H2</td>
</tr>
<tr>
<td>Brazil</td>
<td>General</td>
<td>October 2018</td>
</tr>
<tr>
<td>Mexico</td>
<td>General</td>
<td>July 2018</td>
</tr>
<tr>
<td>Chile</td>
<td>Presidential and parliamentary</td>
<td>May 2018</td>
</tr>
<tr>
<td>Paraguay</td>
<td>General</td>
<td>April 2018</td>
</tr>
<tr>
<td>Argentina</td>
<td>Mid-term legislative</td>
<td>November 2017</td>
</tr>
</tbody>
</table>

The chart below shows the relationship between corruption perception index and GDP per capita. Higher values of the Corruption Perception Index represent less corruption. The horizontal axis is in reverse order.

Corruption offends LAC economies to varying degrees, and is linked to level of development and economic growth. Dampening investment in some cases.
Further fiscal adjustment required to stabilize debt.
Estimates of Medium-Term Growth by WEO Vintage

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).

Subdued Medium-Term Growth for 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, Dominican Republic, Ecuador, El Salvador, Honduras, Jamaica, Mexico (from 2009), Nicaragua, Paraguay, Peru, Uruguay, and Venezuela.

Gini Index

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 (from 2006), Nicaragua, Paraguay, Peru, Uruguay, and Venezuela.

Social Progress in LAC
Investment Growth in Latin America and the Caribbean

Gross Fixed Capital Formation (Year-over-Year Percent Change)

Note: Shaded area refers to the max-min range of LA7 countries (Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay).

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

LA7 max-min range
<table>
<thead>
<tr>
<th>Economies</th>
<th>Europe</th>
<th>Asia</th>
<th>Latin America and the Caribbean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced</td>
<td>EM</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Bottlenecks to Long-Term Growth**

- Trade openness
- Sovereign default risk
- Financial constraints
- Control of corruption
- Rule of law
- Violent crime
- Natural disasters
- Government debt
- Ease of doing business
- Control of corruption
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- GVC participation
- Skilled emigration
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