GROUP OF TWENTY

GLOBAL PROSPECTS AND POLICY CHALLENGES

G-20 Finance Ministers and Central Bank Governors' Meetings
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Prepared by Staff of the

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*Does not necessarily reflect the views of the IMF Executive Board.

EXECUTIVE SUMMARY

Global growth has continued to strengthen. Growth rose in the second half of 2017, driven by remarkably strong investment and trade. The momentum is broad-based—activity strengthened in most countries over the last year, with stronger-than-expected outcomes in the euro area, Japan and the United States, continued fast expansion in China, and improving conditions for commodity exporters. The January WEO Update upgraded projected global GDP growth to 3.9 percent in both 2018 and 2019, reflecting, among other things, a more expansionary expected fiscal path in the United States. Despite the recent equity market turmoil, financial conditions remain supportive. Headline inflation is picking up, especially in the United States, but is still below target in many G-20 countries.

The positive momentum expected for 2018 and 2019 will eventually slow, implying a challenging medium-term outlook for many countries. Some cyclical forces will wane: market interest rates are rising and financial conditions are likely to tighten as monetary policy normalizes; the U.S. tax reform will subtract momentum when investment incentives expire; and China's transition is expected to resume as credit growth and fiscal stimulus slow. At the same time, while the recovery in investment can add to potential growth, population aging and other factors continue to slow productivity growth in advanced economies. Prospects in emerging countries are generally more benign, but some face similar headwinds as the benefits of earlier reforms may have run their course. Commodity exporters need to continue adjustment and export diversification.

Short-term growth could surprise again on the upside, but downside risks are accumulating. The recent volatility illustrates the financial stability concerns from elevated market and liquidity risks, weakening credit quality, and high corporate leverage; with potential repercussions for short- and medium-term growth. U.S. financial conditions could tighten faster than expected—for example, due to an adjustment in the anticipated path of monetary policy normalization or a sudden decompression of term premia. This could have spillovers to other economies, including a reversal of capital flows to emerging market economies. Procyclical fiscal policy in the United States or other excess current account deficit countries, combined with persistent excess surpluses in others, would widen global imbalances. With inclusive growth remaining elusive in many countries and increasing anxiety about technological change and globalization, this could foster inward-looking policies, disrupting trade and investment. Climate change, geopolitical tensions, and cyber security pose additional global risks.

The current juncture offers a window of opportunity to push policies and reforms that protect the upswing and raise medium-term growth to the benefit of all.

- *Build buffers*. Monetary accommodation should continue where inflation is weak, but a well-communicated normalization should be pursued when inflation approaches central bank targets. In countries at or close to full employment (e.g., United States), fiscal policy should build buffers and expand aggregate supply, avoiding pro-cyclical stimulus while contributing to lower global imbalances. Excess surplus countries with fiscal space (e.g., Germany) should finance policies boosting potential.
- *Improve financial resilience*. Micro- and macro-prudential policies should be used to curb elevated leverage and contain financial market risks. In some advanced economies, balance sheet repair needs to continue. Emerging economies should monitor exposures to foreign-currency debt. Building on recent efforts, China should keep reining in credit growth and addressing financial risks.
- *Strengthen the potential for higher and more inclusive growth*. All countries have room for structural reforms and fiscal policies that raise productivity and enhance inclusiveness, including by increasing labor force participation, supporting those displaced by structural change, and investing in the young to enhance their job opportunities.
- *Foster cooperation*. Priority should be given to maintaining financial and regulatory reform momentum and avoiding backtracking on progress made, preserving an open multilateral trade system, collaborating to address the problems of excess external imbalances, the buildup of low-income countries' debt, cyber security, and climate change.

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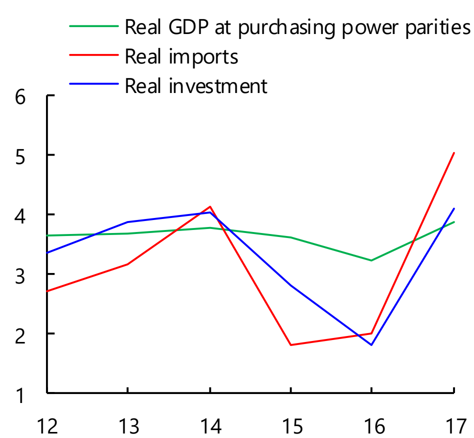
RECENT DEVELOPMENTS, OUTLOOK, AND RISKS

Supported by a pickup in investment and trade, global growth has accelerated and the short-term outlook has improved, in part boosted by the anticipation of more expansionary fiscal policy in the United States. Financial conditions are likely to remain supportive for some time, despite the onset of gradual monetary policy normalization in some countries and the recent bouts of volatility in equity markets. However, the forces behind the cyclical acceleration are bound to weaken eventually and the medium-term outlook still points to weaker growth for many G-20 economies. At the same time, vulnerabilities are accumulating in the financial system amid high leverage and still stretched asset valuations. Inward-looking policies and geopolitical tensions could put growth further at risk.

A. THE CYCLICAL MOMENTUM IS STRONG

1. **Global growth continues to strengthen.** Led by advanced economies, a strong rebound in investment and international trade is supporting the global expansion. The picture in emerging economies is more mixed, with higher commodity prices sustaining the recovery in commodity exporting countries. The January WEO Update estimates global growth at 3.7 per cent in 2017 in the context of a broad-based upturn—almost all G-20 economies posted positive growth last year, in most cases at accelerating rates (Table 1). *Euro area* growth has been the highest in a decade, and strong global trade boosted activity in Asia, with *China* also benefitting from continuing fiscal and credit stimulus. While headline inflation is being pushed up by oil prices, it remains below target in many G-20 countries. In the *United States*, which is now close to full employment, signs of rising inflation and wage pressures are being watched closely by policymakers and financial markets alike.

G-20: GDP, investment, and trade
(percent change)

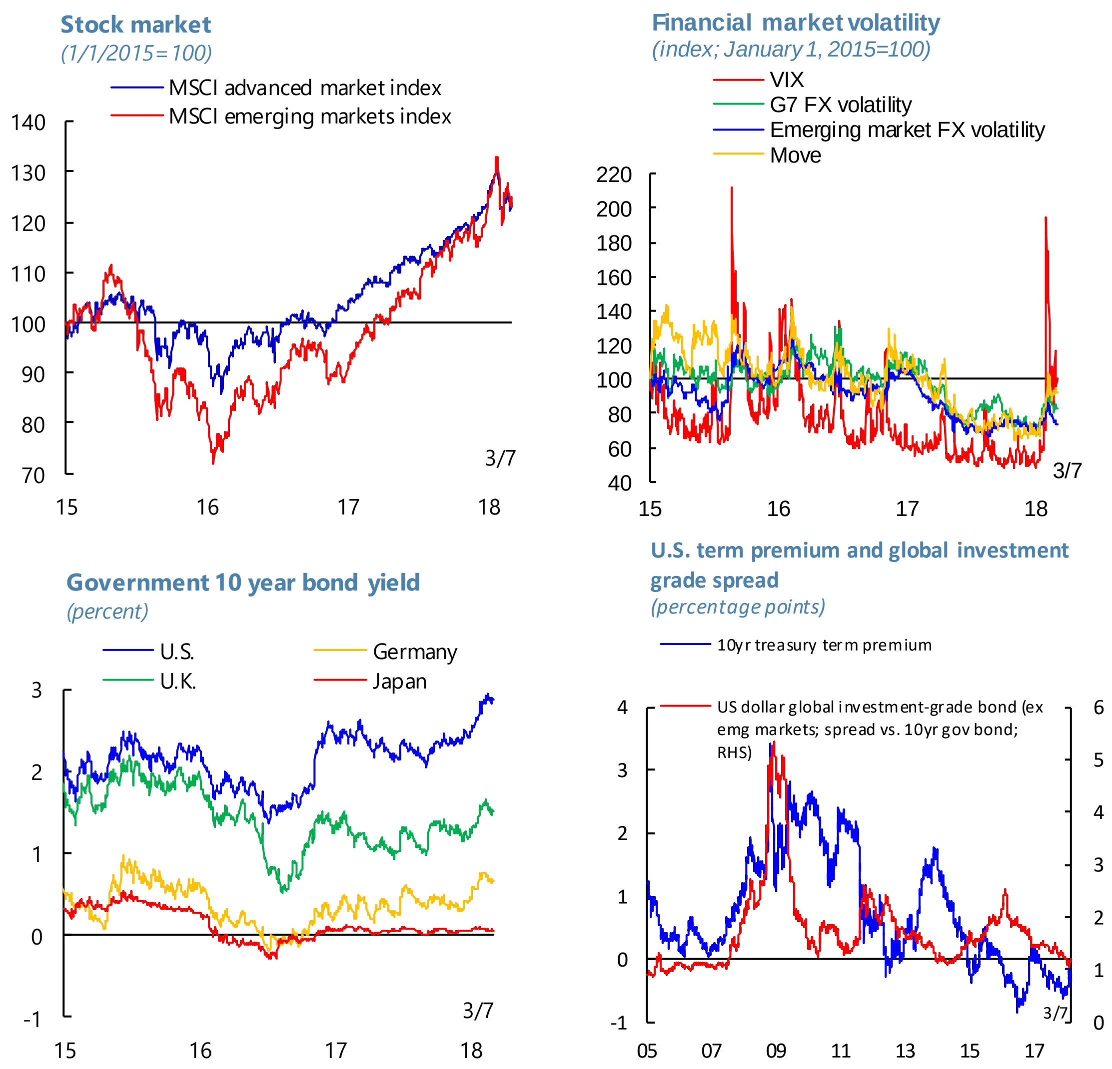


Source: IMF staff calculations.

2. **Financial conditions remain broadly supportive despite the onset of monetary policy normalization, rising market interest rates, and the recent bout of market volatility.** In line with the strengthening cycle, policy rates among advanced economies are beginning to normalize, with a sequence of cautious interest rate hikes in the *United States* and in other countries. The Fed is also gradually reducing the size of its balance sheet, and the European Central Bank has started to taper its large-scale asset purchases. Long-term market interest rates increased notably—driven by concerns about inflation—and there was a spike in equity market volatility, but broad financial conditions are still supportive by historical standards.

3. **Last year's positive momentum is expected to carry into 2018 and 2019, with projected growth revised up to 3.9 percent in both years:**

Financial conditions



Source: IMF staff calculations.

- In the *United States*, higher growth is projected amid buoyant external demand and the expected impact of tax changes and higher federal fiscal spending. Among other changes, tax legislation lowered the corporate tax rate close to the OECD average—which has fallen persistently over the last decades—and introduced temporary investment incentives. Along with fiscal policy, private investment is expected to provide a near-term boost to economic activity. Provided that financial conditions remain supportive, stronger growth will have positive—albeit short-lived—output spillovers on trade partners, especially *Canada* and *Mexico*.

- Growth expectations have been marked up for many *euro area* economies, especially *Germany* and *Italy*, reflecting stronger domestic and external demand. The *euro area* is projected to enter its fifth consecutive year of expansion, with annual growth averaging

2.1 percent in 2018-19. In *Japan*, the forecast is for higher growth as well, against the backdrop of strong recent activity and the expected impact of the supplementary budget for 2018, which is expected to slow the withdrawal of fiscal support.

- Emerging economies present a more heterogenous picture. Growth is foreseen to fall gradually in *China* considering the anticipated withdrawal of fiscal stimulus and moderating credit impulse, while *India* should see growth picking up after two transitory shocks—the currency exchange initiative and implementation issues related to the landmark tax reform. In emerging Europe, activity will remain buoyant—amid strong export demand from the *euro area*—and the recovery in *Brazil* and *Russia* is expected to firm. However, the outlook is still subdued in commodity exporters—given the need for continued adjustment to lower prices—and in the Middle East and Sub-Saharan Africa, driven in part by adverse weather events and civil strife. In *South Africa*, growth is being held back by the lack of investment.

B. GROWTH IS EXPECTED TO REVERT TO A WEAKER TREND

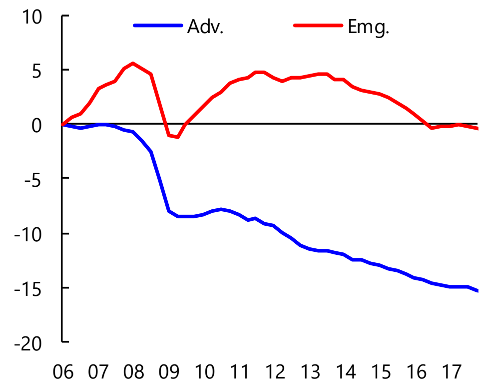
4. **Growth is set to slow, however, as the global cycle matures further.** One important factor will be the gradual tightening of financial conditions under the baseline. With inflation expected to rise as higher growth reduces residual slack—including by lowering unemployment where it is still elevated and reducing involuntary part-time work[1]—monetary policy will gradually normalize, leading long-term interest rates higher. At the same time, some of the temporary fiscal support underpinning current growth will end. *China's* economic rebalancing to more sustainable growth will require fiscal policy to consolidate gradually, and the still-needed reduction of credit growth will subtract from private demand. In the *United States*, some of the current boost in activity will be paid back later in the form of lower growth once the fiscal stimulus moves into reverse and the incentives from investment expensing expire.

5. **Medium-term growth forecasts remain low relative to the levels reached during the decade before the crisis, especially for advanced economies.** In contrast to much of the emerging world, the current forecast foresees a reduction in GDP growth over the medium term for most of the G-20 advanced economies. This comes against the backdrop of GDP levels that remain significantly below the hypothetical levels that might have been reached if the Great Recession and *euro area* debt crisis had not occurred and GDP had grown at its pre-crisis trend

[1] See Chapter 2 in the October 2017 *World Economic Outlook*.

during the 2007-17 period.[2] This is consistent with economic research that finds that recessions are often followed by persistent reductions in the level or the growth rate of output.[3] While the post-crisis experience varied across G-20 countries—reflecting not only diversity in growth potential but also differences in shocks, policy space, and macroeconomic policy frameworks—in 2017, GDP in advanced economies fell on average about 15 percent short of this hypothetical trend level, while emerging economies remained close to it. Among individual G-20 countries, *Argentina, Germany, India, Indonesia* and *Turkey* clearly reached or exceeded the hypothetical trend level in 2017.

G-20 economies: Real GDP deviation from trend
(percentage points; simple average)



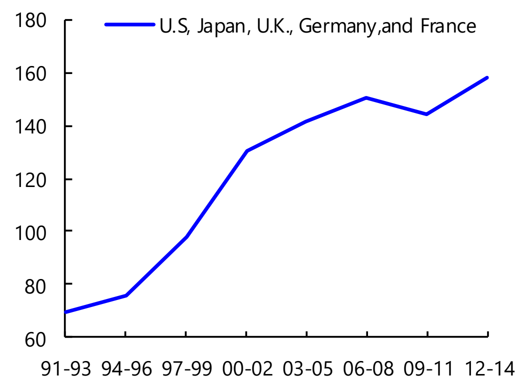
Source: IMF staff calculations.

6. **Persistently slower trend growth poses big challenges for advanced economies.** The recent recovery in investment can add to potential output growth, after downward revisions over the past years. However, medium-term prospects are still held down by a host of factors:

- *Headwinds*. Population aging, insufficient reforms, and the slowed accumulation of human capital will likely continue to weigh on growth prospects. The growth rates of potential output and total factor productivity are low and below pre-crisis levels. In addition, the extended period of weak investment in the aftermath of the crisis has left its mark on potential output.

- *Slowing technological frontier*. By some measures—such as patenting—the rate of innovation has slowed, particularly in advanced countries, reflecting the fading effects of the boom in information and communication technologies in the 1990s. While there are indications that globalization has strengthened the diffusion of technology across countries, this suggests that productivity growth may remain weak going forward.[4]

Patenting
(thousands; 3 year average; international patent families by publication year)



Sources: OECD; PATSTAT; and IMF staff calculations.

[2] See text figure for details, which shows deviations of the actual level of GDP from a hypothetical level that would have been reached if GDP had continued to grow at its 1995-2005 average rate—results for advanced economies are robust to calculating average growth under different benchmark periods. Percentage deviations are averaged across emerging and advanced countries.

[3] See, for example, Chapter 4 in the October 2009 *World Economic Outlook* and Chapter 3 in the April 2015 *World Economic Outlook*.

[4] See Chapter 4 in the April 2018 *World Economic Outlook*, forthcoming.

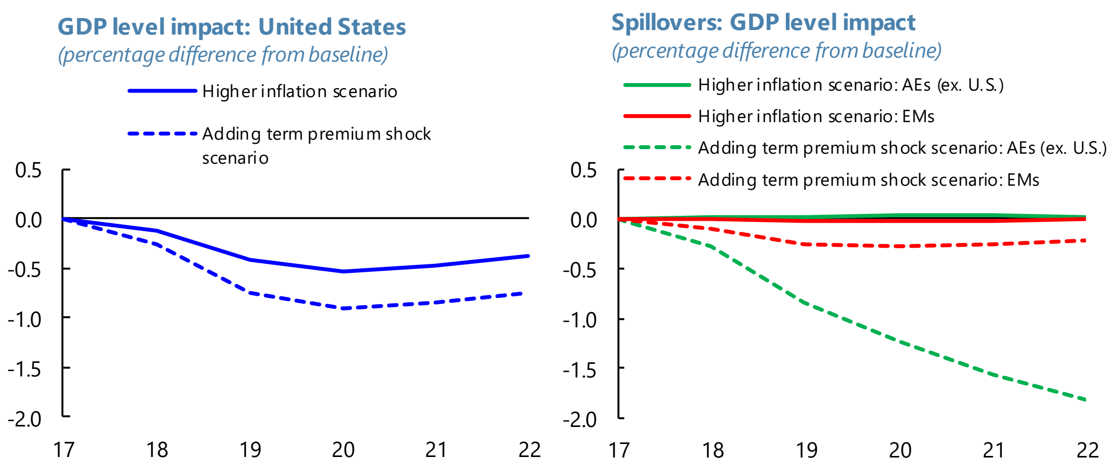
- *Disruptive progress and rising inequality*. Recent IMF research indicates that the rise of artificial intelligence and the digital economy has the potential to increase income growth, but it is also likely to come with disruptions and an increase in the distributional divide between capital owners and high-skilled workers on the one hand, and low-skilled workers on the other. In the absence of structural reforms that facilitate adjustment (e.g., re-skilling) and the use of the tax-benefit system to mitigate the divide, this could not only threaten to make growth less inclusive, it could also fuel political discontent that deters reforms and thus undermines potential growth going forward.[5]

7. **In many emerging economies, the effects of earlier structural reforms are fading, and some countries face a complex rebalancing process**. The benefits from structural transformation in transitioning economies—with resources shifting from low-productivity to high-productivity sectors and industries—may have run their course, and will yield less of a push going forward. Some of the secular headwinds holding back medium-term growth in advanced economies—such as demographic pressures and rising inequality—are also relevant in emerging economies. In some countries, the necessary rebalancing of the economy entails a transition towards lower growth. For commodity exporters that are still negatively affected by low commodity prices, the process of economic diversification can be difficult and take longer than anticipated.

C. DOWNSIDE RISKS ARE ACCUMULATING

8. **Even though the cyclical upswing could again surprise on the upside, vulnerabilities and downside risks in financial markets weigh on the outlook.** This could affect both short- and long-term growth under various scenarios:

Risks scenarios: Tightening financial conditions in the U.S. 1/



Sources: IMF, World Economic Outlook; and IMF staff calculations (G-20 model simulations).
1/ The figure shows two illustrative scenarios. The first assumes a tightening in U.S. monetary policy following an inflation surprise (25 basis points in 2018 and 2019), while the second scenario adds a decompression of the U.S. term premia (50 basis points). The global economy is impacted through real and financial spillover channels, especially in advanced economies in which policy rates near the effective lower bound prevent conventional monetary policy responses.

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[5] See the IMF G-20 Note on the Technology and the Future of Work, forthcoming.

- *A decompression of the term premium*. The recent market correction—marked by bouts in volatility and a repricing of equities globally—illustrates how risks can suddenly emerge in outwardly calm financial markets. A decompression of the term premium could substantially tighten financial conditions and impact risk-sensitive asset classes. Emerging markets could experience a reversal of the recently strong capital inflows, and an accompanying dollar appreciation would raise the domestic value of their foreign-currency liabilities. The term premium could decompress, among other things, due to changes in market expectations about the path of normalization of monetary policy—triggered, for example, by a change in market views, a faster closing of output gaps, or a stronger-than-anticipated effect of the fiscal expansion in the *United States*.

- *Credit events and a reassessment of debt sustainability in the context of increasing leverage*. Boosted by the low interest rate environment, private sector leverage is high and rising in many economies. This is increasing credit risk, while maturity mismatch and liquidity risks are also higher. Capital flows in emerging economies are progressively reliant on volatile retail investors, and debt is increasing rapidly in low-income countries, which display more complicated debt structures and depend on official bilateral creditors that are not part of creditor coordination mechanisms—such as the Paris Club. In *China*, private sector debt is accumulating rapidly—the authorities have taken steps to strengthen the financial sector, but risks remain elevated in the banking and non-banking sectors. In some European economies, while progress is being made, non-performing loans in the banking system remain high. The increased leverage in an aging credit cycle is leaving borrowers exposed to a market reassessment of default risks. Ultimately, this may have an impact on long-term growth by reducing credit flows.

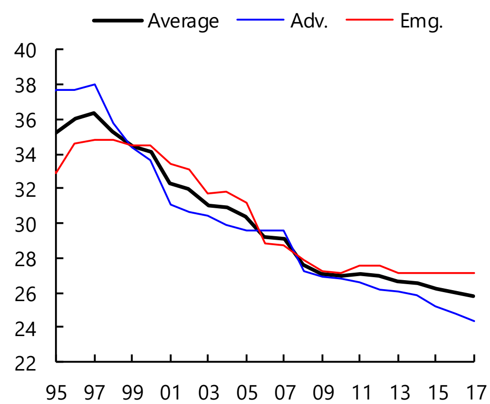
- *For both advanced and emerging economies, high public debt can pose challenges going forward.* At 114 percent of GDP, government debt levels in advanced G-20 economies are at historic highs, and are projected to rise over the medium term in about half of them. Elevated government debt leaves countries vulnerable to a tightening of financing conditions and slower trend growth.

9. **Global excess imbalances could increase further, especially among advanced economies.** For example, the expansionary fiscal stance in the *United States* will have a positive short-term impact on trading partners but could also lead to a widening of global imbalances. In *Germany*, adherence to a 'black zero' budget rule would limit the use of available fiscal room to foster potential growth—including through public infrastructure investment. In *Korea*, fiscal restraint could reduce the scope for social spending. In both cases, the reduction in the excess external surplus would be delayed. The persistence of external imbalances will continue to add to already diverging net foreign investment positions, which will require larger adjustments in the future, and add to protectionist pressures.

10. **Inward-looking policies could fuel protectionism and hurt growth.** Failure to make growth more inclusive could not only hinder reforms domestically, but also undermine global integration and hamper trade and investment. One example is trade policy, where progress of

multilateral arrangements has stalled and long-standing trade agreements are being undone (Brexit) or face risks in the re-negotiation process (NAFTA). The reemergence of unilateral trade restrictions may escalate tensions and fuel global protectionism, disrupting worldwide supply chains and affecting long-term productivity. Tax competition is another source of risk for growth, with impact on public finances. The decreasing trend in corporate tax rates over the last decades—17 countries in the G-20 have reduced corporate tax rates since the mid-1990—could reduce the overall amount of tax revenue available to sustain wanted levels of public spending, often against a background of already high public debt.

G-20: Corporate tax rates 1/
(percent)



Source: IMF staff calculations.
1/ Basic central government statutory corporate income tax, inclusive of surtaxes.

11. **Political tensions, climate change, and cyber security risks also cloud the global outlook.** Medium-term prospects can be disrupted by geopolitical tensions—notably in East Asia and the Middle East—raising political uncertainty that could put at risk the implementation of needed reforms. The policy agenda could also be impacted by the outcome of elections in several countries (e.g., *Brazil*, *Italy*, and *Mexico*). Failure to address refugee crises at the source, and to integrate immigrants in recipient countries, could increase social tensions. Recent extreme weather developments point to the risks of events that can impose large humanitarian and economic costs—climate change can disproportionately affect low income countries, damaging their political stability and prospects of economic integration in the global economy. Finally, cyber security risks could trigger instability in an interconnected global financial system.

POLICIES

The strengthening cycle offers a window of opportunity for policies to turn the focus to medium-term objectives. An accommodative monetary policy stance is still appropriate in most countries, but fiscal policy should start re-building buffers. Financial resilience should be strengthened now while financial conditions are still supportive. All countries have room for structural reform and fiscal policies that raise medium-term growth and ensure that it is shared by all. Multilateral cooperation on financial and trade issues is essential to contain risks and safeguard growth.

A. LOOKING BEYOND THE NEAR TERM: BUILDING BUFFERS

12. **Monetary policy accommodation is still appropriate, but in some countries cyclical conditions call for a gradual normalization.** Where inflation is still below central bank targets (*euro area*, *Japan*), monetary policy should remain accommodative. In emerging countries that are still recovering from recent crises (*Brazil*, *Russia*), monetary policy can help provided that the outlook for inflation remains benign. In countries where the expansion is strong and inflation is

closer to target, policy normalization should continue to be data dependent and well-communicated to avoid unintended market volatility.

13. **In most countries, fiscal policy should re-focus on medium-term objectives and take advantage of higher growth to build buffers.** With a largely self-sustaining recovery and closing output gaps, this is an opportunity to push forward with planned consolidation measures, especially where sovereign debt levels are high or fiscal positions are vulnerable (e.g., *Argentina*, *Brazil*, *Italy*, *Russia*). *China* should continue to curb fiscal stimulus, and reduce significantly public investment while strengthening social safety nets, in line with its goal of transitioning to a more sustainable growth model. The *United States* should reduce pro-cyclical fiscal stimulus and adopt policies to bring public debt towards a sustainable path. However, where there is still economic slack and fiscal space is ample (e.g., *Korea*), fiscal policy should remain supportive.

14. **The right policy mix will also contribute to addressing external imbalances among advanced economies.** This includes improving the fiscal position in deficit economies such as the *United States*. In *Germany*, fiscal policy should be geared towards raising investment and boosting long-term output—for example, by increasing infrastructure and education spending, integrating refugees, and enhancing labor force participation rates. *Korea* should increase spending on social safety nets. A lasting reduction of imbalances will require structural measures as well—including, among other things, reducing barriers to foreign competition and domestic investment in surplus economies, and improving competitiveness in deficit economies.[6]

B. STRENGTHENING FINANCIAL RESILIENCE

15. **Increased leverage and financial vulnerabilities need to be addressed.** While country needs differ, policymakers should make more active use of their micro- and macro-prudential tools as needed. Regulators should ensure that financial institutions maintain robust risk management standards. Revisions to the post-crises banking and financial reforms should not lead to a weakening of the regulatory framework. Other key measures include:

- *Limit excessive credit growth.* There is room to address the rapid increase in leverage both through micro- and macro-prudential policies (*China*, *Korea*, *Turkey*). Depending on country needs and the relative importance of demand and supply factors, macro-prudential measures can help curb credit growth through a combination of limits to debt-service-to-income, loan-to-value ratios, and the strengthening of banks' capital buffers.

- *Resolve non-performing debt and strengthen the banking system.* In some countries, there is a need to improve corporate debt-restructuring mechanisms (e.g., *China*), while in others addressing non-performing loans in the banking system remains of the essence (*Italy*, *India*).

- *Address shadow banking risks.* In *China*, the authorities are taking steps to limit credit growth outside the traditional banking sector and contain regulatory arbitrage. However, further

[6] See the 2017 External Sector Report.

measures are needed to address existing risks in smaller banks and in the opaque shadow financial system, including to reduce wholesale funding and credit risks.

- *Reduce currency mismatches.* Emerging economies should continue monitoring exposures to foreign-currency debt to guarantee that exchange rate regimes can act as a buffer in the event of external shocks, as exchange rate flexibility continues to be a critical policy tool in most countries.

C. STRUCTURAL REFORMS TO SECURE THE MEDIUM-TERM OUTLOOK

16. **Structural policies are necessary to secure the medium-term outlook and make growth more inclusive.** Policies to raise labor market participation are of particular urgency for economies where the population is aging rapidly (e.g., *Germany, Italy, Japan*), but many countries would benefit from measures to raise labor force participation through increased parental leave, flexible work arrangements, and childcare support (e.g., *United States*). In Europe, policies should also focus on rapid integration of immigrants into the labor force. Other structural reforms promise to increase potential output by lifting total factor productivity—for example, reduction of entry barriers in key sectors and deregulation of professional services (e.g., *Japan*, *Germany*); and measures that reduce labor market duality and reform the wage bargaining process (*e.g., Japan, Italy*). In commodity exporters, economic diversification would benefit from investment in education, increasing access to credit, and reductions of the infrastructure gap.

17. **Investment in human capital and fiscal redistribution are key to ensure that the benefits of technological progress are widely shared.** Investment in education (*China*, *Indonesia*, *United States*, *United Kingdom*) provides high social returns, as it improves labor market outcomes and fosters social mobility for the young generations (especially in the *euro area*). Human capital investment is crucial to equip workers with the skills required to cope with technological advances. Since there is uncertainty about the type of skills that will be required, redistributive tax policies can help by providing insurance to those gaining less and making sure that the benefits from technological advances are shared more evenly.

18. **Public sector reforms can support the medium-term outlook**. In some countries, an excessive reliance on public enterprises and barriers to competition limit the scope for an efficient allocation of resources across sectors (*Brazil*, *China*, *India, South Africa*). In others, public sector job creation should be linked to developing or expanding services that cannot be provided adequately by the private sector (*Korea*). There is also scope to re-assess the composition of taxation and public spending, notably in commodity exporting economies, where economic diversification requires the introduction of VAT systems and the removal of energy subsidies (*Russia*, *Saudi Arabia*). In the *United States*, increasing revenues from indirect taxes is needed to secure fiscal sustainability. Better social safety nets and access to finance can be effective in improving inclusiveness and rebalance the external position (*China, Korea*). Finally, the fight on corruption remains an essential tool to bolster the state's capacity to perform its core functions.

D. MULTILATERAL EFFORTS: FINANCIAL REFORMS AND TRADE

19. **Multilateral cooperation is a critical element in any strategy to secure strong, sustainable, balanced, and inclusive global growth.** A wide set of shared problems can be addressed through a shared global agenda:

- *Financial regulatory reforms and financial safety nets*. There is a need to finalize the international financial regulatory reform agenda. The Basel III package is a good step forward, but more progress is needed, including on cross-border bank resolution and further strengthening of central counterparties clearing for derivatives. In the face of increased vulnerabilities, growing demand for broadening the scope of contingent liquidity facilities calls for enhancing the liquidity support provided through the global financial safety net, and a strong collaboration with regional financing agreements. Efforts to curb cross-border money-laundering remain a key element in the common fight against organized crime and terrorism. Authorities also need to tackle emerging challenges such as cyber security.

- *Gains from global trade*. The global expansion is gaining strength from the pickup in international trade, and it should not be put at risk by the adoption of inward-looking policies. The modernization of the rules-based multilateral trade system should continue, anchored in the World Trade Organization, with well-enforced rules that promote competition and a level playing field. Cooperation is also needed to tackle excess global imbalances.

- *Tax competition*. While countries' circumstances differ, tax competition may constrain the available mix of tax instruments and put pressure on tax revenues overall. A related concern is base erosion and profit-shifting strategies to low or non-tax locations.

- *Debt challenges in LICs*. Many low-income countries are facing growing debt challenges. All bilateral official creditors should develop plans for participating in debt restructuring operations where needed, including how to coordinate efficiently, to contribute to lowering costs for debtors and creditors alike.

- *Climate change*. Rising temperatures and the changing climate will have a significant impact on the global economy, with the brunt of the adverse effects borne by low-income countries. International cooperation is needed to address environmental spillovers from economic activities, and to adopt effective mitigation and adaptation policies.

Table 1. Real GDP Growth

(percent change)

	Year over Year					
			Projections		Deviations	
		Estimates	(from Jan. 2018)		(from Oct. 2017)	
	2016	2017	2018	2019	2018	2019
World	**3.2**	**3.7**	**3.9**	**3.9**	**0.2**	**0.2**
Advanced economies	1.7	2.3	2.3	2.2	0.3	0.4
Euro area	1.8	2.4	2.2	2.0	0.3	0.3
Emerging market and developing countries	4.4	4.7	4.9	5.0	0.0	0.0
G-20 1/	3.2	3.9	4.0	4.0	0.2	0.2
Advanced G-20 2/	1.5	2.2	2.3	2.1	0.3	0.4
Emerging G-20 3/	4.7	5.3	5.4	5.5	0.2	0.1
Argentina	-2.2	2.8	2.5	2.8	0.0	0.1
Australia	2.6	2.2	2.9	3.1	0.0	0.1
Brazil	-3.5	1.1	1.9	2.1	0.4	0.1
Canada	1.4	3.0	2.3	2.0	0.2	0.3
China	6.7	6.8	6.6	6.4	0.1	0.1
France	1.2	1.8	1.9	1.9	0.1	0.0
Germany	1.9	2.5	2.3	2.0	0.5	0.5
India 4/	7.1	6.7	7.4	7.8	0.0	0.0
Indonesia	5.0	5.1	5.3	5.5	0.0	0.0
Italy	0.9	1.6	1.4	1.1	0.3	0.2
Japan	0.9	1.8	1.2	0.9	0.5	0.1
Korea	2.8	3.2	3.0	2.9	0.0	-0.1
Mexico	2.9	2.0	2.3	3.0	0.4	0.7
Russia	-0.2	1.8	1.7	1.5	0.1	0.0
Saudi Arabia	1.7	-0.7	1.6	2.2	0.5	0.6
South Africa	0.3	0.9	0.9	0.9	-0.2	-0.7
Spain 5/	3.3	3.1	2.4	2.1	-0.1	0.1
Turkey	3.2	6.3	4.3	4.3	0.8	0.8
United Kingdom	1.9	1.7	1.5	1.5	0.0	-0.1
United States	1.5	2.3	2.7	2.5	0.4	0.6
European Union	2.0	2.5	2.3	2.1	0.2	0.3

Source: IMF, *World Economic Outlook* January 2018 Update.
1/ G-20 aggregations exclude European Union.
2/ Includes Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, and United States.
3/ Includes Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Turkey.
4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.
5/ Permanent invitee.