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EXECUTIVE BOARD MEETING

EBS/20/31

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April 3, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **April 2020 World Economic Outlook—Chapter 1**

Board Action:	Executive Directors' **consideration** (Formal)
Tentative Board Date:	**Tuesday, April 7, 2020**
Publication:	It is planned that Chapter 1 will be made available to the public on the IMF website slightly in advance of the publication of the full document, which will be released as usual at the World Economic Outlook press conference, scheduled for **Tuesday, April 14, 2020**. The paper will be revised for publication in light of the Executive Board discussion.
Questions:	Mr. Milesi-Ferretti, RES (ext. 37441) Mr. Nabar, RES (ext. 39024)
Additional Information:	Please note that, as usual, the WEO forecast remains under review. Final projections will feature in the WEMD presentation to the Board. The paper will be revised for publication in light of the Executive Board discussion. If Executive Directors have additional comments, they should notify Mr. Nabar and Mr. Milesi-Ferretti by **noon on Monday, April 6, 2020**.

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CHAPTER 1

GLOBAL PROSPECTS AND POLICIES

The COVID-19 pandemic has inflicted high and rising human costs worldwide. Protecting lives and allowing health systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. The pandemic will cause the global economy to contract sharply by -2.9 percent in 2020, much worse than during the 2008–09 financial crisis (Table 1.1). In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.7 percent in 2021 as economic activity normalizes, helped by policy support.

There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate.

Effective policies are essential to forestall worse outcomes. Necessary measures to reduce contagion and protect lives will take a short-term toll on economic activity but should also be seen as important investment in long-term human and economic health. The immediate priority is to contain the fallout from the COVID-19 outbreak, especially by increasing health care expenditures to strengthen the capacity and resources of the health sector while adopting measures that reduce contagion. Economic policies will also need to cushion the impact of the decline in activity on people, firms, and the financial system; reduce persistent scarring effects from the unavoidable severe slowdown; and ensure that the economic recovery can begin quickly once the pandemic fades.

Because the economic fallout reflects particularly acute shocks in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses. Such actions will help maintain economic relationships throughout the shutdown and are essential to enable activity to gradually normalize once the pandemic abates and containment measures are lifted. The fiscal response in affected countries has been swift and sizable in many cases (such as China, France, Germany, United Kingdom, United States). It will need to be scaled up in other countries if the stoppages to economic activity are persistent, or the pickup in activity as restrictions are lifted is too weak. Broad-based fiscal stimulus can preempt a steeper decline in confidence, lift aggregate demand, and avert an even deeper downturn. But it would most likely be more effective once the outbreak fades and people are able to move about freely.

The significant actions of large central banks in recent weeks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover. The synchronized actions can magnify their impact on individual economies and will also help generate the space for emerging market and developing economies to use monetary policy to respond to domestic cyclical conditions. Supervisors should also encourage banks to renegotiate loans to distressed households and firms while maintaining a transparent assessment of credit risk.

Strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health systems. Countries urgently need to work together to slow the spread of the virus and to develop a vaccine and therapies to counter the disease. Until such medical interventions become available, no country is safe from the pandemic (including a recurrence after the initial wave subsides) as long as transmission occurs elsewhere.

Table 1.1. Overview of the *World Economic Outlook* Projections
(Percent change, unless noted otherwise)

		Projections		Difference from January 2020 WEO Update 1/		Difference from October 2019 WEO 1/	
	2019	2020	2021	2020	2021	2020	2021
World Output	**2.9**	**–2.9**	**5.7**	**–6.2**	**2.3**	**–6.3**	**2.1**
Advanced Economies	**1.7**	**–6.1**	**4.5**	**–7.7**	**2.9**	**–7.8**	**2.9**
United States	2.3	–5.9	4.7	–7.9	3.0	–8.0	3.0
Euro Area	1.2	–7.5	4.7	–8.8	3.3	–8.9	3.3
Germany	0.6	–7.0	5.2	–8.1	3.8	–8.2	3.8
France	1.3	–7.2	4.5	–8.5	3.2	–8.5	3.2
Italy	0.3	–9.1	4.8	–9.6	4.1	–9.6	4.0
Spain	2.0	–8.0	4.1	–9.6	2.5	–9.8	2.4
Japan	0.7	–5.2	3.0	–5.9	2.5	–5.7	2.5
United Kingdom	1.4	–6.5	4.0	–7.9	2.5	–7.9	2.5
Canada	1.6	–6.2	4.2	–8.0	2.4	–8.0	2.4
Other Advanced Economies 2/	1.7	–4.4	4.5	–6.3	2.1	–6.4	2.2
Emerging Market and Developing Economies	**3.7**	**–0.9**	**6.6**	**–5.3**	**2.0**	**–5.5**	**1.8**
Emerging and Developing Asia	5.5	1.1	8.5	–4.7	2.6	–4.9	2.3
China	6.1	1.2	9.2	–4.8	3.4	–4.6	3.3
India 3/	4.2	1.9	7.4	–3.9	0.9	–5.1	0.0
ASEAN-5 4/	4.8	–0.6	7.8	–5.4	2.7	–5.5	2.6
Emerging and Developing Europe	2.1	–4.9	4.1	–7.5	1.6	–7.4	1.6
Russia	1.3	–5.5	3.5	–7.4	1.5	–7.4	1.5
Latin America and the Caribbean	0.1	–5.2	3.4	–6.8	1.1	–7.0	1.0
Brazil	1.1	–5.3	2.9	–7.5	0.6	–7.3	0.5
Mexico	–0.1	–6.6	3.0	–7.6	1.4	–7.9	1.1
Middle East and Central Asia	1.2	–2.0	3.6	–4.8	0.4	–4.9	0.4
Saudi Arabia	0.3	–0.0	1.3	–1.9	–0.9	–2.2	–0.9
Sub-Saharan Africa	3.1	–1.3	4.1	–4.8	0.6	–4.9	0.4
Nigeria	2.2	–3.4	2.4	–5.9	–0.1	–5.9	–0.1
South Africa	0.2	–5.8	4.0	–6.6	3.0	–6.9	2.6
Memorandum							
European Union 5/	1.7	–7.0	4.7	–8.6	3.0	–8.7	3.0
Low-Income Developing Countries	5.1	0.8	5.4	–4.3	0.3	–4.3	0.2
Middle East and North Africa	0.4	–2.2	3.6	–4.8	0.6	–4.9	0.6
World Growth Based on Market Exchange Rates	2.4	–4.1	5.4	–6.8	2.6	–6.8	2.6
World Trade Volume (goods and services)	**0.9**	**–10.7**	**8.4**	**–13.6**	**4.7**	**–13.9**	**4.6**
Imports							
Advanced Economies	1.5	–11.3	7.5	–13.6	4.3	–14.0	4.2
Emerging Market and Developing Economies	–0.8	–7.9	9.2	–12.2	4.1	–12.2	4.1
Exports							
Advanced Economies	1.2	–12.6	7.3	–14.7	4.3	–15.1	4.2
Emerging Market and Developing Economies	0.8	–9.2	11.0	–13.3	6.8	–13.3	6.6
Commodity Prices (US dollars)							
Oil 6/	–10.2	–42.0	6.3	–37.7	11.0	–35.8	10.9
Nonfuel (average based on world commodity import weights)	0.8	–1.1	–0.6	–2.8	–1.2	–2.8	–1.9
Consumer Prices							
Advanced Economies	1.4	0.5	1.5	–1.2	–0.4	–1.3	–0.3
Emerging Market and Developing Economies 7/	5.0	4.6	4.4	0.0	–0.1	–0.2	–0.1
London Interbank Offered Rate (percent)							
On US Dollar Deposits (six month)	2.3	0.7	0.6	–1.2	–1.3	–1.3	–1.5
On Euro Deposits (three month)	–0.4	–0.4	–0.4	0.0	0.0	0.2	0.2
On Japanese Yen Deposits (six month)	–0.0	–0.1	–0.1	0.0	–0.1	0.0	0.1

Table 1.1. Overview of the *World Economic Outlook* Projections (continued)
(Percent change, unless noted otherwise)

	Year over Year				Q4 over Q4 8/			
			Projections				Projections	
	2018	2019	2020	2021	2018	2019	2020	2021
World Output	**3.6**	**2.9**	**–2.9**	**5.7**	**3.3**	**2.7**	**–1.4**	**4.9**
Advanced Economies	**2.2**	**1.7**	**–6.1**	**4.5**	**1.8**	**1.5**	**–5.2**	**4.4**
United States	2.9	2.3	–5.9	4.7	2.5	2.3	–5.4	4.9
Euro Area	1.9	1.2	–7.5	4.7	1.2	1.0	–5.9	3.6
Germany	1.5	0.6	–7.0	5.2	0.6	0.5	–5.2	3.6
France	1.7	1.3	–7.2	4.5	1.2	0.9	–5.0	2.7
Italy	0.8	0.3	–9.1	4.8	0.0	0.1	–7.2	3.9
Spain	2.4	2.0	–8.0	4.1	2.1	1.8	–7.0	3.5
Japan	0.3	0.7	–5.2	3.0	–0.2	–0.7	–3.2	3.4
United Kingdom	1.3	1.4	–6.5	4.0	1.4	1.1	–5.3	3.8
Canada	2.0	1.6	–6.2	4.2	1.8	1.5	–5.4	4.0
Other Advanced Economies 2/	2.6	1.7	–4.4	4.5	2.3	2.0	–4.5	5.6
Emerging Market and Developing Economies	**4.5**	**3.7**	**–0.9**	**6.6**	**4.5**	**3.7**	**1.6**	**5.2**
Emerging and Developing Asia	6.3	5.5	1.1	8.5	6.1	4.7	4.8	5.0
China	6.7	6.1	1.2	9.2	6.6	6.0	4.9	5.1
India 3/	6.1	4.2	1.9	7.4	5.8	2.0	7.4	4.0
ASEAN-5 4/	5.3	4.8	–0.6	7.8	5.1	4.5	1.1	6.0
Emerging and Developing Europe	3.2	2.1	–4.9	4.1	. . .	. . .	. . .	. . .
Russia	2.5	1.3	–5.5	3.5	2.9	2.3	–6.5	5.4
Latin America and the Caribbean	1.1	0.1	–5.2	3.4	0.2	–0.1	–5.8	4.9
Brazil	1.3	1.1	–5.3	2.9	1.3	1.7	–5.8	3.6
Mexico	2.1	–0.1	–6.6	3.0	1.5	–0.4	–7.4	5.7
Middle East and Central Asia	1.8	1.2	–2.0	3.6	. . .	. . .	. . .	. . .
Saudi Arabia	2.4	0.3	–0.0	1.3	4.3	–0.3	1.0	0.6
Sub-Saharan Africa	3.3	3.1	–1.3	4.1	. . .	. . .	. . .	. . .
Nigeria	1.9	2.2	–3.4	2.4	. . .	. . .	. . .	. . .
South Africa	0.8	0.2	–5.8	4.0	0.2	–0.6	–7.2	9.6
Memorandum								
European Union 5/	2.3	1.7	–7.0	4.7	1.7	1.4	–5.7	4.2
Low-Income Developing Countries	5.1	5.1	0.8	5.4	. . .	. . .	. . .	. . .
Middle East and North Africa	1.0	0.4	–2.2	3.6	. . .	. . .	. . .	. . .
World Growth Based on Market Exchange Rates	3.1	2.4	–4.1	5.4	2.7	2.3	–2.9	4.7
World Trade Volume (goods and services)	**3.8**	**0.9**	**–10.7**	**8.4**	. . .	. . .	. . .	. . .
Imports								
Advanced Economies	3.3	1.5	–11.3	7.5	. . .	. . .	. . .	. . .
Emerging Market and Developing Economies	5.0	–0.8	–7.9	9.2	. . .	. . .	. . .	. . .
Exports								
Advanced Economies	3.3	1.2	–12.6	7.3	. . .	. . .	. . .	. . .
Emerging Market and Developing Economies	4.1	0.8	–9.2	11.0	. . .	. . .	. . .	. . .
Commodity Prices (US dollars)								
Oil 6/	29.4	–10.2	–42.0	6.3	9.5	–6.1	–42.2	12.4
Nonfuel (average based on world commodity import weights)	1.3	0.8	–1.1	–0.6	–2.3	4.9	–3.1	0.9
Consumer Prices								
Advanced Economies	2.0	1.4	0.5	1.5	1.9	1.4	0.3	1.8
Emerging Market and Developing Economies 7/	4.8	5.0	4.6	4.4	4.2	4.9	3.1	4.0
London Interbank Offered Rate (percent)								
On US Dollar Deposits (six month)	2.5	2.3	0.7	0.6	. . .	. . .	. . .	. . .
On Euro Deposits (three month)	–0.3	–0.4	–0.4	–0.4	. . .	. . .	. . .	. . .
On Japanese Yen Deposits (six month)	0.0	–0.0	–0.1	–0.1	. . .	. . .	. . .	. . .

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during February 17--March 16, 2020. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current, January 2020 WEO Update, and October 2019 WEO forecasts.

2/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

3/ 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 fiscal year 2011/12 as a base year.

4/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

5/ Beginning with the April 2020 WEO, the United Kingdom is excluded from the European Union group. Difference based on European Union excluding the United Kingdom.

6/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was $61.39 in 2019; the assumed price, based on futures markets, is $35.61 in 2020 and $37.87 in 2021.

7/ Excludes Venezuela. See country-specific note for Venezuela in the “Country Notes” section of the Statistical Appendix.

8/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world output at purchasing-power-parity weights. For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' output at purchasing-power-parity weights.

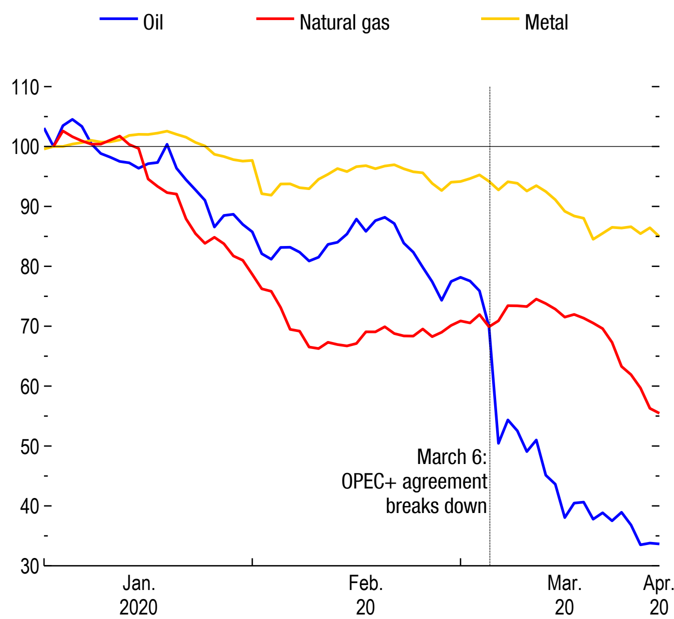
Key Considerations for the Forecast

The nature of the shock. The COVID-19 pandemic differs markedly from past triggers of downturns. Infections reduce labor supply. Quarantines, regional lockdowns, and social distancing—which are essential to contain the virus (see for example, Ferguson, Ghani, and others 2020)—curtail mobility, with particularly acute effects on sectors that rely on social interactions (such as travel, hospitality, entertainment, and tourism). Workplace closures disrupt supply chains and lower productivity. Layoffs, income declines, fear of contagion, and heightened uncertainty make people spend less, triggering further business closures and job losses. There is a de facto shutdown of a significant portion of the economy. Health expenditures necessarily rise markedly above what had been expected. These domestic disruptions spill over to trading partners through trade and global value chain linkages, adding to the overall macroeconomic effects.

Amplification channels. The initial shock amplifies through channels familiar from past severe downturns and crises. Financial markets are sharply repricing with the increase in uncertainty and the sudden materialization of widespread disruptions to economic activity. In the flight to safe assets and rush to liquidity, borrowing costs have come under pressure to rise and credit has become more scarce, aggravating financial strains. Rising unemployment increases the risk of widespread defaults. Lenders—worried that consumers and firms will not be able to repay—hold back on extending credit. Asset fire sales may ensue as financial intermediaries liquidate their holdings to meet funding withdrawal requests from their investors, exacerbating the market turmoil. The effects can be further magnified through international financial linkages. In particular, countries reliant on external financing experience sudden stops and disorderly market conditions. Moreover, as weaker global demand drives down commodity prices, commodity exporters face pressure on their public finances and on real economic activity. These additional layers add to the direct economic fallout of the health crisis, and the full extent of disruptions to activity can be particularly severe as a result.

Early indications of severe economic fallout. The economic impact is already visible in the countries most affected by the outbreak. For example, in China, industrial production, retail sales, and fixed asset investment dropped dramatically in January and February. The extended Lunar New Year holidays, gradual reopening of nonessential businesses across the country, and low demand for services as a result of social distancing imply a significant loss of working days and a severe contraction in first quarter activity. As more countries are forced to respond to the pandemic with stringent quarantine and containment efforts of the kind seen, for example, in China, Italy, and Spain, this will necessarily entail similar sharp activity slowdowns from closures of nonessential workplaces, travel restrictions, and behavioral changes. Initial jobless claims in the United States during the fourth week of March, for example, exceeded 6.6 million, compared with about 280,000 just two weeks before. And surveys of purchasing managers pointed to plummeting activity in March in the euro area, Japan, and the United States. However, up-front containment measures are essential to slow the spread of the virus and allow health systems to cope, and help pave the way for an earlier and more robust resumption of economic activity. Uncertainty and reduced demand for services could be even worse in a scenario of greater spread without social distancing.

Figure 1.1. Commodity Prices
(Jan 2, 2020 = 100)



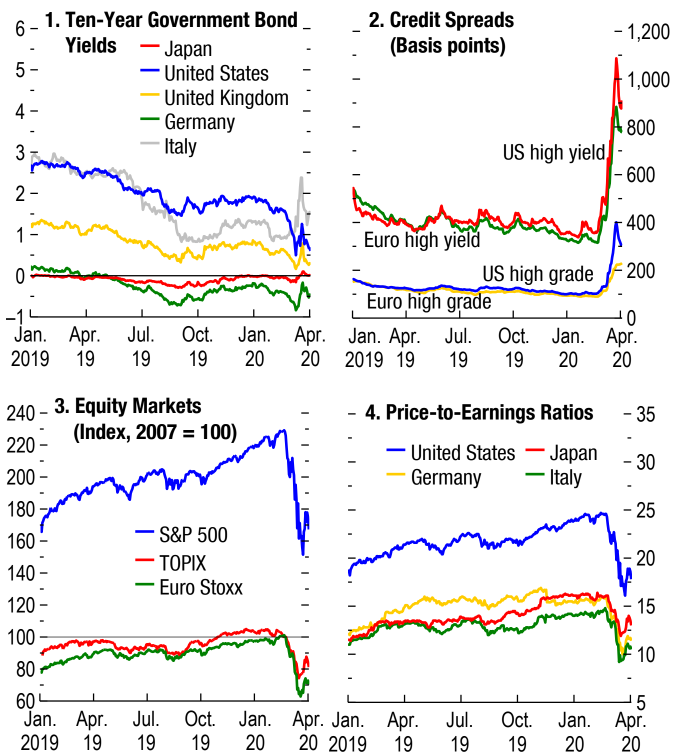
Sources: IMF, Primary Commodity Price System; and IMF staff calculations.

A sharp drop in commodity prices. The fast deterioration of the global economic outlook as the epidemic spread and the breakdown of the OPEC+ agreement among oil suppliers have weighed heavily on commodity prices (Figure 1.1; Commodity Special Feature). From mid-January to end-March, base metal prices fell about 15 percent, natural gas prices declined by 38 percent, and crude oil prices dropped by about 65 percent (a fall of about $40 a barrel). Futures markets indicate that oil prices will remain below $45 a barrel through 2023, some 25 percent lower than the 2019 average price, reflecting persistently weak demand and low expectations that the OPEC+ coalition will revive. These developments are expected to weigh heavily on oil exporters with undiversified revenues and exports—particularly on high-cost producers—and compound the shock from domestic infections, tighter global financial conditions, and weaker external demand. At the same time, lower oil prices will benefit oil-importing countries.

Significantly tighter financial conditions. Financial market sentiment has deteriorated since mid-February as concerns about the global spread of COVID-19 and its economic fallout grew. The oil price plunge in early March took a further toll, exacerbating the decline in sentiment. As discussed in the April 2020 *Global Financial Stability Report,* financial conditions in advanced as well as emerging market economies are significantly tighter than at the time of the October *World Economic Outlook* forecast. Equity markets have sold off dramatically, while high-yield corporate and emerging market sovereign spreads have widened significantly (Figures 1.2 and 1.3). Portfolio flows to emerging market funds have reversed, particularly in the case of hard currency bonds and equities. Signs of dollar funding shortages have emerged amid the general rebalancing of portfolios toward cash and safe assets.

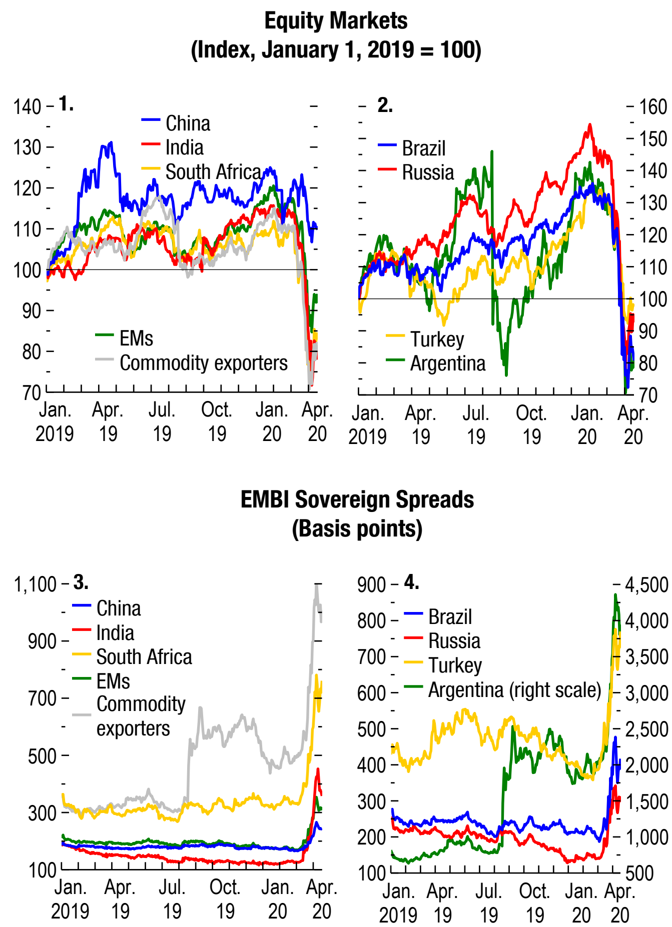
Figure 1.2. Advanced Economies: Monetary and Financial Market Conditions

(Percent, unless noted otherwise)



Sources: Bloomberg Finance L.P.; Haver Analytics; Thomson Reuters Datastream; and IMF staff calculations.
Note: S&P = Standard & Poor's; TOPIX = Tokyo Stock Price Index; US = United States. Data are through April 1, 2020.

Figure 1.3. Emerging Market Economies: Equity Markets and Credit

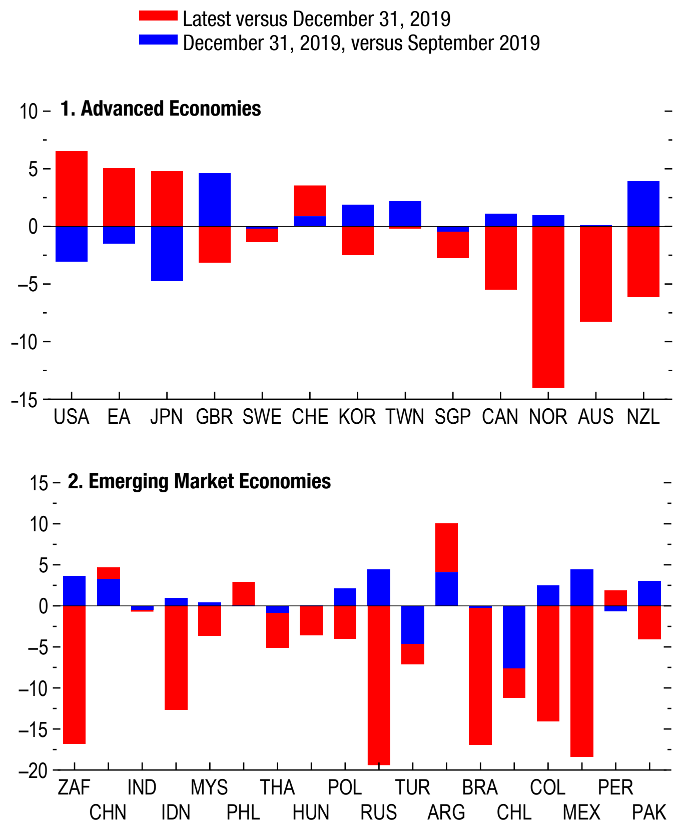


Sources: Haver Analytics; Thomson Reuters Datastream; and IMF staff calculations.
Note: EMBI = J.P. Morgan Emerging Markets Bond Index; EMs = emerging market economies; commodity exporters = Argentina, Chile, Peru, Russia, South Africa. Data are through April 1, 2020.

Currency movements have generally reflected these shifts in risk sentiment. The currencies of commodity exporters with flexible exchange rates among emerging market and advanced economies have depreciated sharply since the beginning of the year, while the US dollar has appreciated by some 6 ½ percent in real effective terms as of March 27, and the euro and the yen by about 5 percent (Figure 1.4).

The rapidly worsening risk sentiment has prompted a series of central bank rate cuts, liquidity support actions, and large asset purchase programs, including from the US Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Bank of Canada, and Reserve Bank of Australia, as well as from emerging market central banks in Brazil, China, India, Malaysia, Mexico, the Philippines, Saudi Arabia, South Africa, Thailand, and Turkey—which will help partially offset the tightening in financial conditions. Moreover, several central banks have activated bilateral swap lines to improve access to international liquidity across jurisdictions.[1] Nonetheless, the significant tightening of financial conditions will further dampen activity in the near term, adding to the direct macroeconomic fallout of the health crisis.

Figure 1.4. Real Effective Exchange Rate Changes, September 2019–March 2020
(Percent)



Source: IMF staff calculations.
Note: EA = euro area. Data labels use International Organization for Standardization (ISO) country codes. Latest data available are for March 27, 2020.

COVID-19 Pandemic Will Have a Severe Impact on Global Growth

There is extreme uncertainty around the global growth forecast because the economic fallout depends on uncertain factors that interact in ways hard to predict. These include, for example, the pathway of the pandemic, the progress in finding a vaccine and therapies, the intensity and efficacy of containment efforts, the extent of supply disruptions and productivity losses, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices.

Baseline Assumptions

Pandemic. In the baseline scenario, the pandemic is assumed to fade in the second half of 2020, allowing a gradual lifting of containment measures.

Duration of shutdown. Considering the spread of the virus to most countries as of the end of March 2020, the global growth forecast assumes that all countries experience disruptions to economic activity due to some combination of the above-mentioned factors. The disruptions are assumed to be concentrated mostly in the second quarter of 2020 for almost all countries except China (where it is in the first quarter), with a gradual recovery thereafter as it takes some time for

[1] The Bank of Canada, Bank of England, Bank of Japan, European Central Bank, Federal Reserve, and Swiss National Bank announced a coordinated action on March 15, 2020 to enhance the provision of liquidity via the standing US dollar liquidity swap line arrangements. On March 19, the Federal Reserve established temporary US dollar swap lines with the Reserve Bank of Australia, the Banco Central do Brasil, the Danmarks Nationalbank (Denmark), the Bank of Korea, the Banco de Mexico, the Norges Bank (Norway), the Reserve Bank of New Zealand, the Monetary Authority of Singapore, and the Sveriges Riksbank (Sweden). On March 31, the Federal Reserve launched a temporary repurchase agreement facility to enable a wide range of central banks and monetary authorities to exchange US Treasury securities for US dollars.

production to ramp up after the shock. In countries experiencing severe epidemics, containment measures are assumed to stay in place for 8 weeks, followed by a gradual loosening of restrictions, resulting in a loss of about 8 percent of working days in 2020.[2] Other countries are also assumed to experience disruptions to economic activity related to containment measures and social distancing, which on average are assumed to entail a loss of around 5 percent of working days in 2020 over the period of shutdown and gradual reopening. The duration of containment effort will vary across countries based on intensity of the measures (for example, cancellation of public gatherings and school closures versus stay-at-home orders and lockdowns enforced with penalties).

Financial conditions. The tight financial conditions for advanced and emerging market economies discussed above are expected to remain in place for the first half of the year. Consistent with the assumed path of the pandemic and gradual normalization in economic activity, financial conditions are expected to ease in the second half of 2020.

Commodity prices. Based on futures market pricing at the end of March 2020, the average petroleum spot prices (APSP) per barrel are estimated at $35.6 in 2020 and $37.9 in 2021. For the years thereafter, oil futures curves show that prices are expected to increase toward $45 but stay below their average 2019 level ($61.4). Metals prices are expected to decrease 15.0 percent in 2020 and 5.6 percent in 2021. Food prices are projected to decrease 1.8 percent in 2020 and then increase 0.4 percent in 2021.

Global Economy in Recession in 2020

Global growth is projected at –2.9 percent in 2020, an outcome far worse than during the 2009 global financial crisis. The growth forecast is marked down by over 6 percentage points relative to the October 2019 and January 2020 *World Economic Outlook* projections—an extraordinary revision over such a short period of time.

Growth in the *advanced economy* group—where several economies are experiencing widespread outbreaks and deploying containment measures—is projected at -6.1 percent in 2020. Most economies in the group are forecast to contract this year, including the United States (-5.9 percent), Japan (-5.2 percent), the United Kingdom (-6.5 percent), Germany (-7.0 percent), France (-7.2 percent), Italy (-9.1 percent), and Spain (-8.0 percent). In parts of Europe, the outbreak has been as severe as in China's Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects.

Among *emerging market and developing economies*, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Overall, the group of emerging market and developing economies is projected to contract by 0.9 percent in 2020; excluding China, the growth rate for the group is expected to be -2.0 percent.

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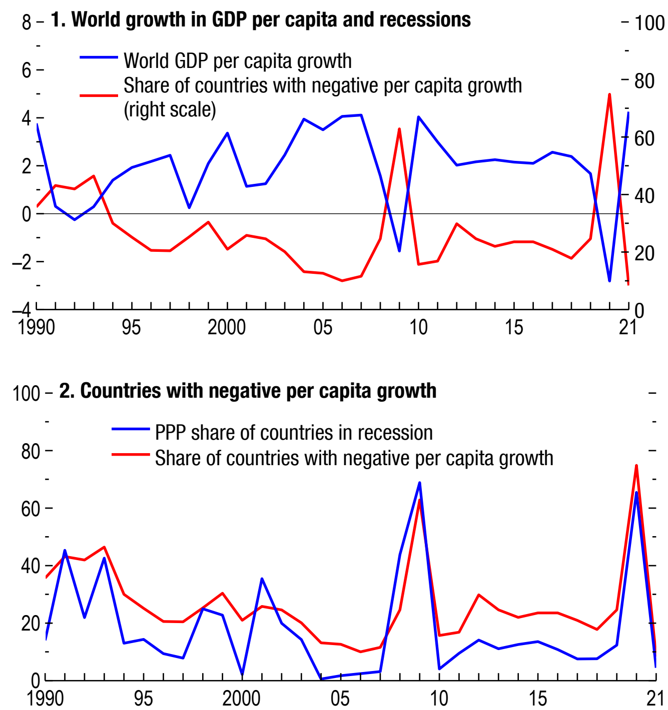
[2] The loss of working days is smaller than the number of days severe containment measures are in place since essential businesses continue to operate during the shutdown.

Emerging Asia is projected to be the only region with a positive growth rate in 2020 (1.1 percent), albeit over 5 percentage points below its average in the previous decade. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter could have been about 8 percent year over year. Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2 percent in 2020. Several economies in the region are forecast to grow at modest rates—including India (1.9 percent) and (Indonesia 0.5 percent), and others to experience sizable contractions (Thailand -6.7 percent).

Other regions are projected to experience severe slowdowns or outright contractions in economic activity, including Latin America (-5.2 percent)—with Brazil's growth forecast at -5.3 percent and Mexico's at –6.6 percent; emerging and developing Europe (-4.9 percent)—with Russia's economy projected to contract by -5.5 percent; the Middle East and Central Asia (-2.0 percent)—with Saudi Arabia's growth forecast at 0 percent, with non-oil GDP contracting by 4 percent, and several other economies, including Iran, expected to contract; and sub-Saharan Africa (-1.3 percent)—with growth in Nigeria and South Africa expected at -3.4 and -5.8 percent, respectively. Following the dramatic decline in oil prices since the beginning of the year, near-term prospects for oil-exporting countries have deteriorated significantly: the growth rate for the group is projected to drop to -4.1 percent in 2020.

Figure 1.5. World Growth in GDP Per Capita and Recessions
(Percent)



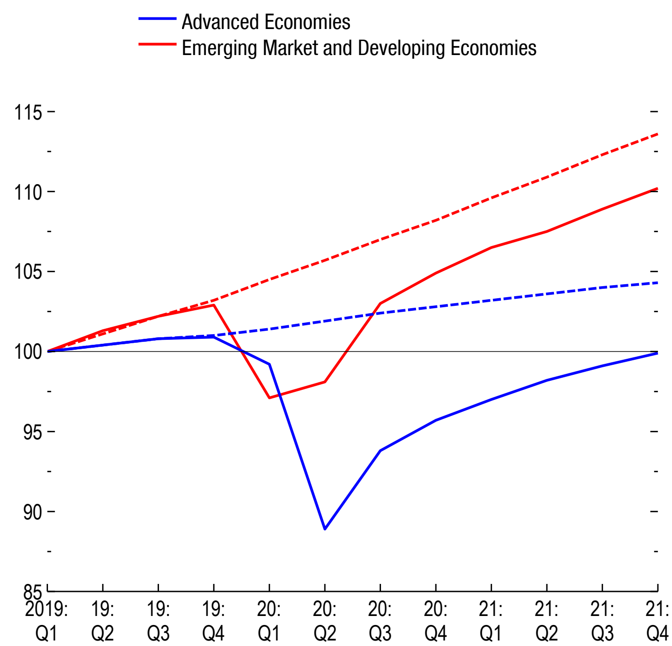
Source: IMF staff estimates.

Figure 1.5 shows that a much larger fraction of countries is expected to experience negative per capita income growth in 2020 than at the time of the 2009 financial crisis. These countries account for a broadly similar PPP share of the world economy compared to the group that experienced negative per capita income growth in 2009.

Uncertain Recovery in 2021: Predicated on Pandemic Fading, Helped by Policy Support

Global growth is expected to rebound to 5.7 percent in 2021, well above trend, reflecting the normalization of activity from very low levels. The advanced economy group is forecast to grow at 4.5 percent, while growth for the emerging market and developing economy group is forecast at 6.6 percent. In comparison, in 2010 global growth rebounded to 5.4 percent from -0.1 percent in 2009.

Figure 1.6. Quarterly World GDP
(2019:Q1 = 100; dashed lines indicate estimates from January 2020 WEO Update)



Source: IMF staff estimates.

The rebound in 2021 depends critically on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Significant economic policy actions have already been taken across the world, focused on accommodating public health requirements while limiting the amplification to activity and the financial system. The projected recovery assumes that these policy actions are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains. Nonetheless, as Figure 1.6 shows, the end-2021 level of GDP in both advanced as well as emerging market and developing economies is expected to remain below the pre-virus baseline (January WEO Update).

As with the size of the downturn, there is extreme uncertainty around the strength of the recovery. Some aspects that underpin the rebound may not materialize, and worse global growth outcomes are possible—for example, a deeper contraction in 2020 and a shallower recovery in 2021—depending on the pathway of the pandemic and the severity of the associated economic and financial consequences, as discussed in the next section.

Severe Risks of a Worse Outcome

Even after the severe downgrade to global growth, risks to the outlook are on the downside. The pandemic could prove more persistent than assumed in the baseline. Moreover, the effects of the health crisis on economic activity and financial markets could turn out to be stronger and longer lasting, testing the limits of central banks to backstop the financial system and further raising the fiscal burden of the shock.

As of the end of March 2020, the path of the COVID-19 pandemic remains uncertain. Strong containment efforts in place to slow the spread of the virus may need to remain in force for longer than the first half of the year if the pandemic proves to be more persistent than assumed in the *World Economic Outlook* baseline. Once containment efforts are lifted and people start moving about more freely, the virus could again spread rapidly from residual localized clusters. Moreover, places that successfully bring down domestic community spread could be vulnerable to renewed infections from imported cases. In such instances, public health measures will need to be ramped up again, leading to a longer downturn than in the baseline forecast. And although the disease has been most concentrated in advanced economies, fresh outbreaks in large emerging market or developing economies could further hamper any recovery, and the staggered nature of outbreaks could imply longer-lasting disruptions to travel. Of course, if a therapy is found earlier than expected, social distancing measures can be removed and the rebound may occur faster than anticipated.

The recovery of the global economy could be weaker than expected after the spread of the virus has slowed for a host of other reasons. These include lingering uncertainty about contagion, confidence failing to improve, and establishment closures and structural shifts in firm and household behavior leading to more lasting supply chain disruptions and weakness in aggregate demand. Scars left by reduced investment and bankruptcies may run more extensively through the economy (as occurred, for example, in previous deep downturns—see Chapter 4 of the October 2009 and Chapter 2 of the October 2018 *World Economic Outlook*). Depending on the duration, global business confidence could be severely affected, leading to weaker investment and growth than projected in the baseline. Related to the uncertainty around COVID-19, an extended risk-off episode in financial markets and tightening of financial conditions could cause deeper and longer-lasting downturns in a number of countries.

The Scenario Box provides an illustrative example of a protracted recovery that combines these aspects. The scenario departs from the baseline assumptions in three aspects. First, it assumes that all emerging market and developing economies experience direct domestic economic impacts from COVID-19 disruptions broadly similar to the impacts in countries already confronting severe virus outbreaks. Second, it assumes that the duration of containment measures in both advanced and emerging economies is longer than in the baseline (for example, if virus outbreaks recur and the containment efforts are reinstated). Third, financial conditions are assumed to ease more gradually, consistent with the slower normalization of activity.

Under this scenario, global growth falls by approximately 3 percentage points in both 2020 and 2021 relative to the baseline (in other words, global growth would approach -6 percent in 2020 and 3 percent in 2021). Emerging market and developing economies account for a larger share of the weaker growth relative to the baseline in 2020, reflecting the larger direct impact on activity than projected in the baseline. In 2021, both emerging market and advanced economies account for broadly equal amounts of the incremental decline in growth relative to the baseline.

Policy Priorities

Securing Adequate Resources for the Health System

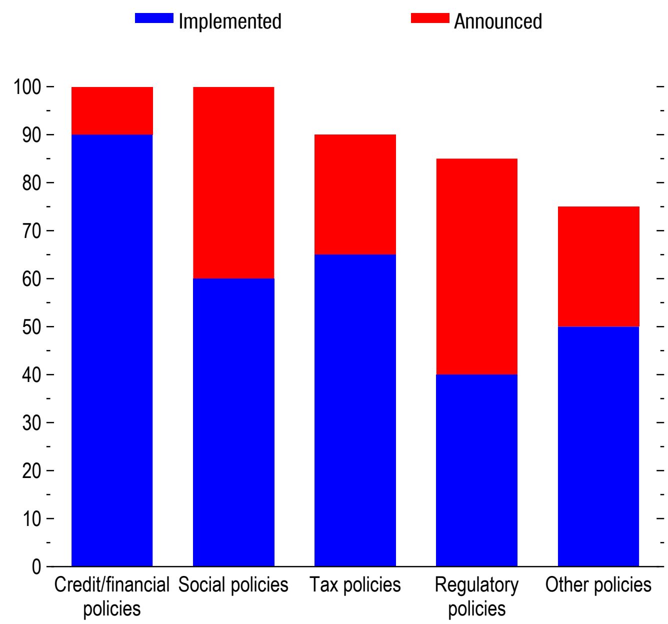
With the world facing a dramatic health and economic crisis in 2020, the policy response needs to be commensurate with the challenge. Effective policies are essential to forestall worse outcomes. As a first priority, resources should be made available for health systems to cope with the surging need for their services. This means expanding public spending on additional testing, rehiring retired medical professionals, purchases of personal protective equipment and ventilators, and expanding isolation wards in hospitals.

Limiting the Amplification of the Health Shock to Economic Activity

Beyond strengthening health systems, policies will need to limit the propagation of the health crisis to economic activity, by shielding people and firms affected by the shutdown, minimizing persistent scarring effects from the unavoidable severe slowdown, and ensuring that the economic recovery can begin quickly once the pandemic fades. This will require sizable targeted policies complemented with broader stimulus at the national level.

Advanced economies with relatively stronger health care capacity, better access to international liquidity (in some cases by virtue of issuing reserve currencies), and comparatively lower borrowing costs will be better equipped to combat the health crisis and meet the large financing needs of the supportive policies. In the euro area, where many countries are particularly hard hit by outbreaks, European support targeted at these countries would be welcome to supplement their national efforts, which would help meet financing needs arising from a very large and purely exogenous common shock. In emerging market and developing economies, the objectives of policy are much the same but resources to achieve them are constrained, both by limited health capacity and tightening borrowing constraints (see also April 2020 *Fiscal Monitor*). Strong multilateral cooperation is therefore essential, including to help financially constrained countries facing twin health and funding shocks.

Figure 1.7. G20+: Economic Policy Responses to COVID-19
(Percent of countries)



Source: IMF staff calculations.
Note: G-20+ refers to the G-20 countries, including Spain, which is a permanent invitee. Measures as recorded per April 1, 2020. Credit/financial policies include government guarantees, loans to businesses/households from government entities, forbearance (including deferral of payments and loan reprofiling), and easing of credit regulation; tax policies include tax cuts/waivers/deductions and extensions of payment deadlines; social policies include unemployment benefits, sick leave assistance, cash transfers, and vouchers/in-kind support; regulatory policies include price controls, employment, and trade restrictions; other policies include public investments and firm subsidies. Implemented counts the number of countries where at least one measure from the relevant category has been implemented; announced counts the number of countries where measures from the relevant category have been announced but not yet implemented.

Because the economic fallout reflects particularly acute shocks in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to help affected households and businesses. Many countries have already moved forward on such measures (Figure 1.7; also see the IMF Policy Tracker on responses to COVID-19). Such actions will help maintain economic relationships through the shutdown and enable activity to begin normalizing once the pandemic fades. The fiscal response has been large and timely in many cases (such as China, France, Germany, the United Kingdom, and the United States) and specific policies should be temporary and targeted. Responses will need to be scaled up in other countries if the stoppages to economic activity are more persistent or the pickup in activity as restrictions are lifted is too weak.

Sizable targeted fiscal measures. The objective of fiscal policy should be twofold: to cushion the impact on the most exposed households and businesses, and to preserve economic relationships (particularly via reducing firm closures) for the post-crisis era. In doing this, specific policies should be large, timely, temporary, and targeted.

Dampening the impact of the shock on the most exposed households and businesses should rely heavily on temporary and targeted policies, including cash transfers, wage subsidies, tax relief, and extension or postponement of debt repayments. Many countries have already implemented large and timely measures of this sort (see also the April 2020 Fiscal Monitor). For example, China and Italy have temporarily waived tax, social security, and mortgage and rental payments for the most affected areas and sectors; Canada has increased cash transfers, implemented wage subsidies, and deferred federal tax and student loan payments; Germany has introduced temporary interest-free tax deferrals, suspended enforcement of debt contracts, and targeted cash transfers for the self-employed and small and medium enterprises; and Thailand is accelerating excess value-added tax refunds. Where paid sick and family leave is not among standard benefits, governments should consider funding it to allow unwell workers or their caregivers to stay home without fear of losing their jobs during the pandemic. Canada, for example, has implemented an emergency care benefit for workers without paid sick leave who are quarantined or have to take care of children home from closed schools. Countries with short-time work programs in place could temporarily strengthen their attractiveness, as was the case during the global financial crisis. For laid-off workers, unemployment insurance could be temporarily enhanced by relaxing eligibility and, if the downturn turned out to last longer than expected, by extending benefit duration combined with higher spending on active labor market policies. For instance, Italy has broadened the wage supplementation fund to provide income support to laid-off workers. Furthermore, as unemployment rates rise, hiring subsidies should also be considered. In countries with large informal sectors—often emerging market and developing economies—existing programs should be expanded and new programs introduced where feasible.

Policies which help preserve viable firms will reduce bankruptcies and the scarring effects of firm closures, ensuring a swifter normalization of activity once the medical emergency fades. Small and medium enterprises in supply chains hit hard by production shutdowns are particularly at risk. Temporary and targeted policies such as tax relief and wage subsidies have an important role to play in achieving this goal. Again, many countries have already implemented large and timely measures of this sort. For example, *Italy* has extended tax deadlines for companies in affected areas, *Spain* has expanded eligibility for unemployment benefits and exempted impacted firms that maintain employment from social contributions, *Japan* has enhanced subsidies to firms that maintain employment while operations are scaled down, *Denmark* will subsidize heavily impacted firms, paying 75 percent of wages for workers facing layoffs, the *United Kingdom* has announced it will pay 80 percent of furloughed workers' monthly salary up to a ceiling, and *Korea* has introduced wage subsidies for small merchants and increased allowances for home care and job seekers. Similarly, *Germany* and *France* have eased and expanded firms' access to subsidized short-time work programs to preserve jobs and workers' incomes.

Provision of liquidity and credit guarantees. Central banks should provide ample liquidity to banks and nonbank finance companies, particularly to those lending to small and medium enterprises, which may be less prepared to withstand a sharp disruption. Several central banks (including the US Federal Reserve, Bank of England, and Bank of Canada) have already moved to launch or activate targeted lending facilities; for example, to financial intermediaries that fund corporate commercial paper. Governments could offer temporary and targeted credit guarantees or direct loans for the near-term liquidity needs of these firms, although in order to avoid fiscal risks, such policies should be temporary and transparently reported. For example, Korea has expanded lending for business operations and loan guarantees for affected small and medium enterprises, and Spain has offered loan guarantees for firms and the self-employed.

Loan restructuring. As noted in the April 2020 *Global Financial Stability Report*, supervisors could also encourage banks to renegotiate loan terms for distressed borrowers without lowering loan classification and provisioning standards. In China, for instance, creditors are encouraged to temporarily defer loan and interest payments with no penalty for eligible small and medium enterprises. The People's Bank of China has also increased the quota of relending and rediscounting facilities to support manufacturers of medical supplies and daily necessities as well as micro-, small-, and medium-sized firms at lower interest rates. More generally, banks should absorb the cost of restructuring loans by drawing on their capital conservation buffer or, where activated, by releasing their countercyclical capital buffer. Bank asset quality should be closely monitored to determine whether fiscal support (equity injections, for instance) is required, particularly if the downturn persists.

Broader stimulus. Central banks in advanced and emerging market economies have responded aggressively to the sudden stop in real activity and the rapidly tightening financial conditions. Beyond conventional interest rate cuts, several central banks have significantly expanded asset purchase programs (for instance, the European Central Bank's €750 billion Pandemic Emergency Purchase Program to buy private and public securities; the Federal Reserve's unlimited purchases of US Treasury debt and mortgage-backed securities, as well as, for the first time, corporate bonds; and the Bank of Japan's scaled-up purchases of government and corporate bonds, commercial paper, and exchange-traded funds). The synchronized actions can magnify their impact on individual economies and will also help generate the space for emerging market and developing countries to use monetary policy to respond to domestic cyclical conditions. The recently activated central bank swap lines will improve access to international liquidity. Extending swap lines to additional emerging market central banks could further limit financial strains in countries facing external funding shocks.

Unlike during other deep downturns, such actions may have a relatively limited impact on spending while mobility restrictions and lockdowns are in place. Nevertheless, they play a critical role in containing the amplification of the shock and ensuring economic activity is better placed to recover when containment measures can be gradually lifted. By limiting the rise in borrowing costs, they ease debt service burdens and protect cash flow for sovereigns, households, and businesses that continue to operate, helping reduce further job losses.

Similarly, broad-based fiscal stimulus where financing constraints permit (such as public infrastructure investment or across-the-board tax cuts) can pre-empt a steeper decline in confidence, help lift aggregate demand, limit the propagation of the shock by reducing bankruptcies, and avert an even deeper downturn. But it would most likely be more effective in stimulating spending after the outbreak recedes, containment efforts are scaled back, and people can move about freely. Policymakers should continue coordinating their broader responses internationally to magnify the impact of individual country actions.

External sector policies. Countries with flexible exchange rates should allow them to adjust as needed, intervening under disorderly market conditions to limit financial stress, particularly where there are large balance sheet mismatches and unhedged foreign currency liabilities. For countries facing sudden and destabilizing reversals of external financing, temporary capital flow measures on outflows could be used, provided they do not substitute for warranted policy actions.

Multilateral Cooperation to Assist Constrained Countries

Countries urgently need to work together to slow the spread of the virus and to develop a vaccine and therapies to counter the disease. Until such medical interventions become universally available, no country is safe from the pandemic (including a recurrence after the initial wave subsides) as long as transmission occurs elsewhere. Taming the pandemic therefore requires significant multilateral cooperation, including avoiding trade restrictions (particularly on medicines and other essential supplies) and especially to help financially constrained countries with limited health care capacity, by providing them equipment and medical expertise financed through grants and zero-interest emergency loans (April 2020 *Fiscal Monitor*).

Countries confronting the twin crises of health and external funding shocks—for example, those reliant on external financing or commodity exporters dealing with the plunge in commodity prices—may additionally need bilateral or multilateral assistance to ensure that health spending is not compromised in their difficult adjustment process. The IMF, with $1 trillion in available resources, is actively supporting vulnerable countries through various lending facilities, including rapid-disbursing emergency financing, which could amount to $50 billion for low-income countries and emerging markets. Of this, $10 billion is available at zero interest for the poorest members through the Rapid Credit Facility. In addition, the Catastrophe Containment and Relief Trust can provide up to $380 million—including the United Kingdom's recent pledge of $183 million—in up-front grants to relieve IMF debt service. Official bilateral creditors have been called upon by the IMF Managing Director and the World Bank Group President to suspend debt repayment from International Development Association countries (that is, those with gross national income per capita below $1,175 in 2020) that request forbearance. This would help with their immediate liquidity needs to address the challenges of the pandemic.

Policies for the Recovery Phase

Once the pandemic abates and containment measures are lifted, the policy focus will have to shift to securing a swift recovery, while scaling back special targeted measures deployed during the shutdown and ensuring debt overhangs do not weigh on activity. This will require efforts at the national level and continued strong multilateral cooperation. There is still substantial uncertainty on how long it will take for economic activity to normalize, and the policy challenges would be much more severe in a scenario with more protracted dislocation from the pandemic.

Securing a swift recovery. The lifting of containment measures is likely to be gradual, and even after containment measures are unwound, economic activity might take a while to normalize. Uncertainty about contagion could lead to persistent voluntary social distancing and subdued consumer demand for services. Firms may only slowly start hiring workers and expand payroll, because they remain unsure about the demand for their output, about securing parts and components, and if they worry about attrition of workers' skills following a spell of unemployment. Clear and effective communication about the state of the pandemic and the decline of new infections will be essential. As discussed above, broad monetary and fiscal stimulus where space permits—coordinated internationally to maximize impact—would be most effective to boost spending in the recovery phase. Hiring subsidies may need to be an important component of the fiscal strategy to encourage firms to hire unemployed workers. Worker retraining programs and active labor market policies would help ease the matching of unemployed workers to vacancies. More generally, strong policy frameworks and ensuring inflation expectations remain well anchored will be essential through a recovery period likely to feature a range of inflation outcomes (in some countries, supply chain disruptions and shortages can lead to prolonged price increases and trigger expectations of rising inflation; in others, persistently weak demand may lead to drastically lower inflation expectations and worries about entrenched debt-deflation spirals).

Scaling back targeted measures. The temporary and targeted fiscal and financial sector measures that help maintain economic relationships through the shutdown will need to be unwound as the underlying restrictions are gradually lifted and the recovery is firmly underway—a process that may be protracted. This will help free up fiscal resources that can be channeled toward boosting demand. This includes removing credit guarantees for firms affected by the shutdown, rolling back wage subsidies and reduced worktime programs, and unwinding equity stakes in corporations.

Balance sheet repair, debt restructuring. Recoveries from past crises have often been slowed by impaired balance sheets and debt overhangs. Supervisors and regulators should encourage early and proactive recognition of non-performing loans. Specialized financial institutions such as asset management companies that restructure and securitize distressed debt can help move the non-performing loans off bank balance sheets (where they do not exist, countries might need to consider establishing these institutions). Bankruptcy courts as well as out-of-court restructuring mechanisms with independent restructuring experts will need to move swiftly to assess valuations and apportion losses across banks, investors, and firms. Importantly, fundamentally unviable firms will need to be dissolved to avoid persistent resource misallocation with the welfare costs of liquidation absorbed by the broader social safety net (unemployment benefits, retraining, and assistance with job search through employment agencies).

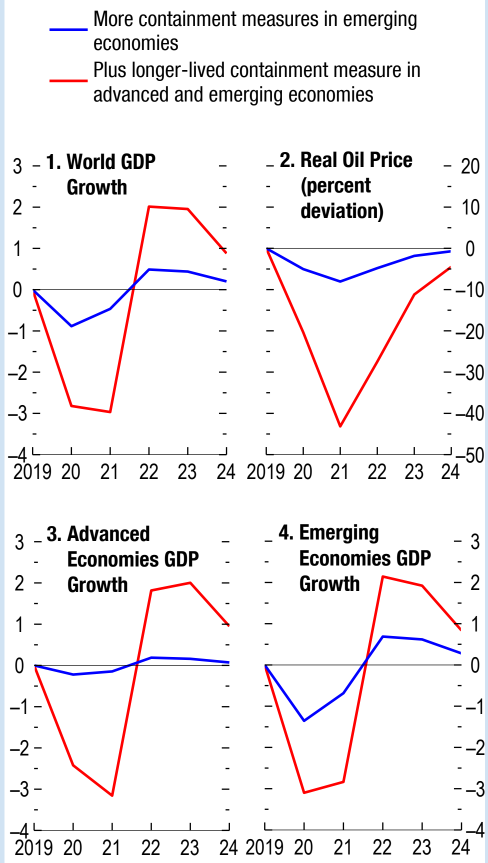
Strong multilateral cooperation. The recovery will also require strong multilateral cooperation to complement national policy efforts. This means reducing tariff and nontariff barriers that impede cross-border trade and global supply chains, as well as scaling back capital flow measures as global financial sentiment recovers. Financially constrained countries will need continued multilateral assistance, including access to concessionary financing, grants, and debt relief. Multilateral efforts should also be directed to improve global health infrastructure and pandemic preparedness (for example, early and automatic exchange of information on unusual infections, global stockpiles of personal protective equipment, clear protocols on social distancing and on cross-border transfers of essential medical supplies).

Scenario Box. More Widespread and Longer-Lived COVID-19 Containment Measures

The IMF's G-20 Model is used here to estimate the impact of more widespread and long-lived measures to contain the spread of COVID-19 than embedded in the baseline. The baseline assumes the imposition of significant containment measures in China and most advanced economies that are currently being hard hit by the virus. Many emerging market economies where outbreaks have been less widespread are assumed to be affected more modestly by containment measures. These containment measure sharply curtail economic activity in the first half of 2020, but are assumed to unwind fairly quickly in the second half of the year allowing for a relatively swift normalization of activity. Financial conditions are also assumed to start normalizing as activity recovers, helping to support the rebound. Growth bounces back in the second half of 2020, setting the stage for an acceleration in growth well above the January World Economic Outlook baseline in 2021.

Scenario Figure 1. More Widespread and Longer Lived Containment Measures

(Percentage point deviation from baseline, unless noted otherwise)



Source: G-20 Model simulations.

Relative to the baseline, this scenario assumes that all emerging economies are forced to impose containment measure that have direct economic impacts broadly similar to the impacts in countries that have been hard hit by virus outbreaks. Further, it is assumed that containment measure in both advanced and emerging economies need to be imposed for longer than assumed in the baseline. This could reflect that the initial round of containment measures must stay in place for longer than currently anticipated or that after their initial easing, virus outbreaks reemerge, and measure need to be re-imposed. Financial conditions are also assumed to normalize more gradually, consistent with the increased drag on activity from longer-lived and more widespread containment measures.

More widespread and longer-lived containment measures reduce global growth by roughly 3 percentage points in both 2020 and 2021 (see Figure). In 2020, emerging economies bear a larger share of the weaker growth reflecting the direct impact on activity of more severe containment measures. In 2021, both emerging and advanced economies suffer roughly equally from the more prolonged containment measure and tightness in financial conditions. Beyond that

The authors of this box are Keiko Honjo and Susanna Mursula.

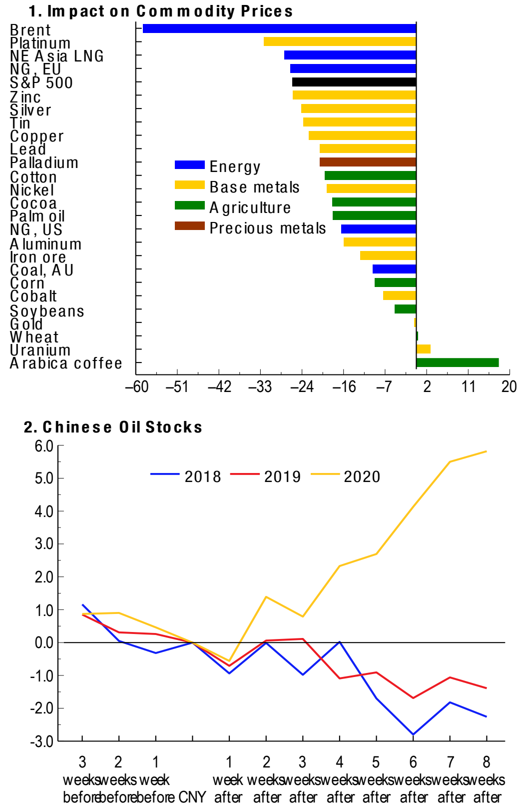
horizon, the elimination of containment measure and normalization of financial conditions allows global growth to accelerate above baseline growth by roughly 2 percentage point for several years.

This scenario assumes that, relative to the baseline, discretionary policy measures to support incomes will expand and buffer the economic dislocation allowing economic activity to rebound quickly as containment measures subside. Further, it assumes that there will be no additional tightening in financial conditions arising from the associated deterioration in fiscal balance sheets. Should incomes suffer more than assumed, firm and household, and/or financial conditions deteriorate as fiscal balance sheets worsen, the recovery from this pandemic could be even more protracted than estimated here.

Special Feature: Commodity Market Developments and Forecasts

Commodity prices have decreased sharply since the release of the October 2019 World Economic Outlook, hit hard by the COVID-19 outbreak in late January. This reversed a previous upward trend supported, in part, by better economic prospects. Since the outbreak, energy and metal prices have fallen sharply as measures to contain the pandemic—first in China then worldwide—substantially reduced travel and dented global industrial activity.[1] Oil prices collapsed further in March as the OPEC+ coalition (which includes Russia) broke down, unable to reach agreement on how to react to the weak oil demand outlook.[2] The price impact has varied significantly across commodities depending on the specific end-use sectors and regions affected by the outbreak and on the storability and supply elasticity of the commodity (Figure 1.SF.1, panel 1, and Figure 1.1). Flight to safety has supported gold prices. The outbreak has reduced demand for some agricultural raw materials and animal feed; price support was, however, provided by cereals such as wheat following consumer stockpiling in regions affected by COVID-19.

Figure 1.SF.1. Impact of the Coronavirus Outbreak
(Percent)



Sources: Argus; Bloomberg L.P.; Thomson Reuters Datastream; URSA Space Systems; and IMF staff calculations.
Note: Panel 1 represents selected commodity price movements between January 17, 2020, (pre-outbreak) and February 7, 2020. Coal, AU = Coal, Australia; CNY = Chinese New Year; LNG, NE Asia = Liquefied natural gas, Northeast Asia; NG, EU = Natural gas, Europe; NG, US = Natural gas, United States. Panel 2 represents the percentage point change in inventory fill as a share of inventory capacity, which is indexed to when the Chinese New Year began in each year.

Energy Prices Plummeted

Oil prices declined 7.3 percent between August 2019 and February 2020, falling from $57.6 to $53.4, before further declining by 39.6 percent in March to $32.3as the COVID-19 outbreak

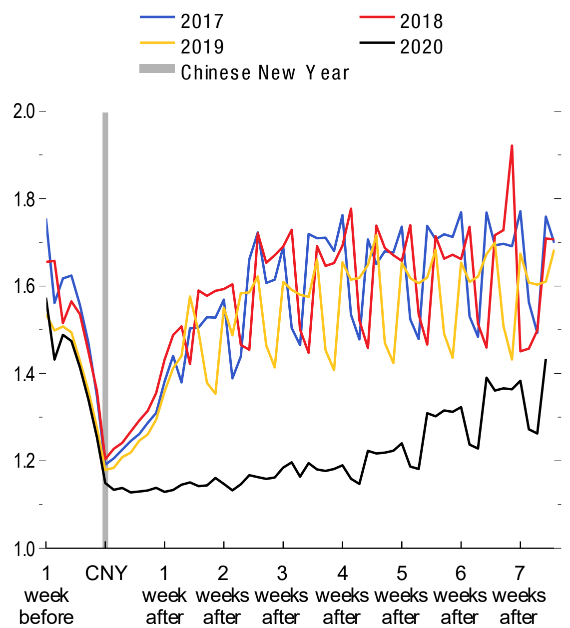
The authors of this special feature are Christian Bogmans, Lama Kiyasseh, Akito Matsumoto, Andrea Pescatori (team leader), and Julia Xueliang Wang, with research assistance from Lama Kiyasseh, Claire Mengyi Li, and Julia Xueliang Wang

[1] The IMF's Primary Commodities Price Index decreased by 1.5 percent between August 2019 and February 2020, the reference periods for the October 2019 and current *World Economic Outlook*, respectively (Figure 1. SF.1, panel 1) driven by energy and base metals which fell by 6.7 percent and 5.5 percent, respectively, while food prices increased by 3.3 percent. Most of the decline in commodity prices occurred in March outside the reference period.

[2] OPEC is the Organization for the Petroleum Exporting Countries; OPEC+ includes Russia and other non-OPEC oil exporters.

abruptly reversed a positive trend as containment measures directly hit the transportation sector, which accounts for more than 60 percent of oil demand.[3] Confronting a weak demand environment, the OPEC+ coalition broke down, on March 6, 2020, leading to the worst one-day price drop in the oil market since 1991. Since then, most oil price benchmarks have been trading well below $30 as the Saudi Arabian oil company, ARAMCO, announced a rapid increase in production by more than 20 percent (that is, above 12 million barrels a day mbd) and the likelihood of a protracted price war increased.

Figure 1.SF.2. China Transport Congestion Index *(100 cities average)*



Sources: Wind; and IMF staff calculations.
Note: CNY = Chinese New Year.

International and domestic travel restrictions throughout the world and a sharp reduction in road traffic (Figure 1.SF.2) are expected to lead to an unprecedented decline in oil demand in 2020—mostly driven by a collapse in second-quarter oil consumption that could exceed 10 mbd (that is, about 10 percent of global daily oil production). The adjustment would be reflected first by a sharp accumulation in oil stocks and then, in the second half of the year, by a reduction in oil output, especially by price-elastic shale oil and other high-cost producers. The steep upward-sloping oil forward curve suggests a fast reduction of the available storage capacity (Figure 1.SF.1, panel 2, and Figure 1.SF.3, panel 2).

In the natural gas market, COVID-19 containment policies introduced in late January in China strongly reduced demand for natural gas leading some Chinese liquefied natural gas (LNG) buyers to halt their LNG imports as storage tanks filled. As a result, Asian LNG spot prices fell below a record-low of $3.0 per million British thermal units in February. Prices recovered slightly in March as Chinese activity slowly resumed, but European natural gas prices declined as the pandemic moved to Europe.

As of March 27th, oil futures contracts indicate rising Brent prices close to $45 over the next five years. (Figure 1.SF.3, panel 2). Baseline assumptions, also based on futures prices, suggest average annual prices of $34.8 a barrel in 2020—a decrease of 43.3 percent from the 2019 average—and $36.4 a barrel in 2021 for the IMF's average petroleum spot prices. Uncertainty is very elevated absent the stabilizing role of OPEC+ and the unpredictable course of the pandemic (Figure 1.SF.3, panel 3). Risks are tilted to the downside in the very near term as storage may fill up locally. Medium-term risks are balanced. Upside risks to prices include faster

[3] "Oil price" in this document refers to the IMF average petroleum spot price, which is based on UK Brent, Dubai Fateh, and West Texas Intermediate, equally weighted, unless specified otherwise.

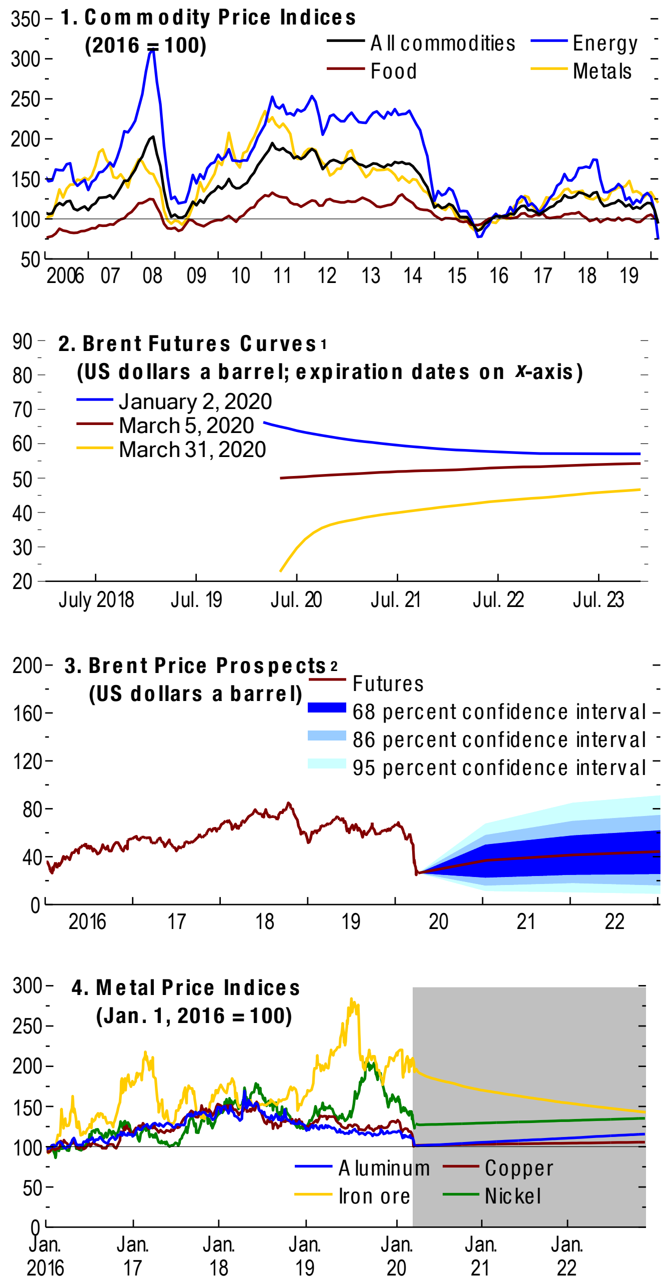
containment of the COVID-19 pandemic and a resumption of talks between OPEC and Russia. The biggest downside risk is a sharp slowdown in global economic activity as COVID-19 containment measures are stepped up. Other downside risks include stronger-than-expected resilience of US shale oil production to the lower price environment.

Metal Prices Decline Mitigated by Storability, Upside Risks to Food Prices

Base metal prices declined by 5.5 percent between August 2019 and February 2020 and by an additional 9.1 percent in March, reversing a positive trend that ended in mid-January (Fig 1.4 and 4). The shutdown of Chinese factories in February (China accounts for about half the major metals' global consumption) and, later, in Europe and in the United States has weighed heavily on the demand for industrial metals. Since the outbreak, metal stocks at warehouses approved by major metal exchanges have increased notably, buffering the impact of lower demand on spot prices while shifting the futures curve down significantly.

The IMF annual base metals price index is projected to decrease by 10.2 percent in 2020, and by a further 4.2 percent in 2021, on expectations of a sharp decline in global industrial activity. A further and more prolonged slowdown in metal-intensive sectors' economic activity remains the most significant downside risk for metal prices while supply stoppages is an upside.

Figure 1.SF.3. Commodity Market Developments



Sources: Bloomberg Finance L.P.; IMF, Primary Commodity Price System; Thomson Reuters Datastream; and IMF staff estimates.
Note: WEO = *World Economic Outlook*.
[1]WEO futures prices are baseline assumptions for each WEO and are derived from futures prices. April 2020 WEO prices are based on March 26, 2020, closing.
[2]Derived from prices of futures options on March 26, 2020.

The IMF's food and beverage price index increased slightly, by 0.1 percent, between the *World Economic Outlook* reference periods driven by cereals, oranges, seafood and Arabica coffee which recorded substantial price increases while the prices of meat, tea, wool and cotton declined. Buoyed by strong global demand, tighter supply conditions, and news of the US-China phase 1 trade deal, prices of many foods and beverages rose substantially until January, but the COVID-19 pandemic reversed this trend especially for the prices of agricultural raw materials, such as cotton and wool. The recent oil price decline has put downward pressure on prices of palm oil, soy oil, sugar, and corn, as the demand outlook for biodiesel and ethanol has worsen considerably. More recently, consumer stockpiling in regions affected by COVID-19 has provided support for prices of wheat, rice, orange juice, and arabica coffee.

Food prices are projected to decrease by 2.6 percent in 2020 and increase by 0.4 percent in 2021. Supply chain disruptions, possibly due to trade restrictions or border delays, food security concerns in regions affected by COVID-19, and export restrictions in large food exporters are a significant sources of upside risk for food prices.

Annex Table 1.1.1. European Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment

(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices 1/			Current Account Balance 2/			Unemployment 3/		
		Projections			Projections			Projections			Projections	
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Europe	**1.6**	**–6.6**	**4.5**	**3.0**	**2.0**	**2.4**	**2.3**	**1.6**	**1.8**	. . .	. . .	. . .
Advanced Europe	**1.3**	**–7.3**	**4.6**	**1.3**	**0.5**	**1.1**	**2.5**	**2.0**	**2.2**	**6.6**	**9.1**	**7.9**
Euro Area 4/,5/	1.2	–7.5	4.7	1.2	0.2	1.0	3.0	2.6	2.7	7.6	10.3	8.9
Germany	0.6	–7.0	5.2	1.3	0.3	1.2	7.1	6.6	6.7	3.2	3.9	3.5
France	1.3	–7.2	4.5	1.3	0.3	0.7	–0.8	–0.7	–0.6	8.5	10.4	10.4
Italy	0.3	–9.1	4.8	0.6	0.2	0.7	3.0	3.1	3.0	10.0	12.7	10.5
Spain	2.0	–8.0	4.1	0.7	–0.3	0.7	2.0	2.2	2.4	14.1	20.8	17.5
Netherlands	1.8	–7.5	3.0	2.7	0.5	1.2	10.9	9.0	9.4	3.4	6.0	4.5
Belgium	1.4	–6.9	4.6	1.2	0.3	1.1	–1.2	–0.7	–1.1	5.4	7.3	6.8
Austria	1.6	–7.0	4.5	1.5	0.4	1.7	2.6	1.9	2.0	4.5	5.5	5.0
Ireland	5.5	–6.8	6.3	0.9	0.4	1.7	–9.5	6.3	5.3	5.0	12.1	7.9
Portugal	2.2	–8.0	5.0	0.3	–0.2	1.4	–0.1	0.3	–0.4	6.5	13.9	8.7
Greece	1.9	–10.0	5.1	0.5	–0.5	1.0	–2.1	–6.5	–3.4	17.3	22.3	19.0
Finland	1.0	–6.0	3.1	1.1	0.9	1.7	–0.1	–3.5	–3.0	6.7	8.3	8.4
Slovak Republic	2.3	–6.2	5.0	2.8	1.1	1.4	–3.2	–3.0	–2.4	5.8	8.0	7.4
Lithuania	3.9	–8.1	8.2	2.2	–0.3	1.7	4.3	6.0	4.5	6.3	8.9	8.1
Slovenia	2.4	–8.0	5.4	1.6	0.4	1.4	6.6	0.8	3.2	4.6	9.0	6.0
Luxembourg	2.3	–4.9	4.8	1.7	0.7	1.5	4.5	4.0	4.4	5.4	7.7	6.8
Latvia	2.2	–8.6	8.3	2.7	–0.3	3.0	–0.5	–2.2	–1.5	6.3	8.0	6.3
Estonia	4.3	–7.5	7.9	2.3	1.5	2.0	1.7	–2.7	–1.9	4.4	6.0	4.7
Cyprus	3.2	–6.5	5.6	0.6	0.7	1.0	–6.7	–8.3	–5.6	7.1	8.8	7.4
Malta	4.4	–2.8	7.0	1.5	0.6	1.9	8.4	3.3	6.1	3.4	5.0	4.4
United Kingdom	1.4	–6.5	4.0	1.8	1.2	1.5	–3.8	–4.4	–4.5	3.8	4.3	4.2
Switzerland	0.9	–6.0	3.8	0.4	–0.4	0.6	12.2	7.2	8.8	2.3	2.7	2.6
Sweden	1.2	–6.8	5.2	1.7	0.5	1.5	3.9	2.2	4.0	6.8	10.1	8.9
Czech Republic	2.6	–6.5	7.5	2.9	2.1	2.0	–0.0	–2.1	–0.9	2.0	7.5	6.0
Norway	1.2	–6.3	2.9	2.2	2.4	2.2	4.0	–1.3	0.1	3.7	13.0	7.0
Denmark	2.4	–6.5	6.0	0.7	0.7	1.2	7.9	4.8	5.3	5.0	6.5	6.0
Iceland	1.9	–7.2	6.0	3.0	2.3	2.5	5.8	2.1	3.4	3.6	8.0	7.0
San Marino	1.1	–12.2	5.4	1.0	0.3	1.5	0.7	–4.5	–1.4	7.7	10.3	8.6
Emerging and Developing Europe 6/	**2.1**	**–5.2**	**4.1**	**6.5**	**5.1**	**5.0**	**1.4**	**–0.4**	**–0.5**	. . .	. . .	. . .
Russia	1.3	–5.5	3.5	4.5	3.1	3.0	3.8	0.7	0.6	4.6	4.9	4.8
Turkey	0.9	–5.0	5.0	15.2	12.0	12.0	1.1	0.4	–0.2	13.7	17.2	15.6
Poland	4.1	–4.6	4.2	2.3	3.2	2.6	0.5	0.2	0.1	3.3	9.9	8.0
Romania	4.1	–5.0	3.9	3.8	2.2	1.5	–4.7	–5.5	–4.7	3.9	10.1	6.0
Ukraine 7/	3.2	–7.7	3.6	7.9	4.5	7.2	–0.7	–2.0	–2.4	8.5	10.1	9.3
Hungary	4.9	–3.1	4.2	3.4	3.3	3.2	–0.8	–0.1	–0.6	3.4	5.4	4.0
Belarus 7/	1.2	–6.0	2.2	5.6	5.6	5.6	–1.8	–2.9	–3.5	0.3	2.3	1.8
Bulgaria 5/	3.4	–4.0	6.0	2.5	1.0	1.9	4.0	1.7	0.6	4.2	8.0	4.5
Serbia	4.2	–3.0	7.5	1.9	1.4	1.9	–6.9	–6.1	–5.5	10.9	13.4	13.0
Croatia	2.9	–9.0	4.9	0.8	1.3	1.2	1.9	–4.0	–1.6	9.0	11.5	8.0

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Movements in consumer prices are shown as annual averages. Year-end to year-end changes can be found in Tables A6 and A7 in the Statistical Appendix.

2/ Percent of GDP.

3/ Percent. National definitions of unemployment may differ.

4/ Current account position corrected for reporting discrepancies in intra-area transactions.

5/ Based on Eurostat's harmonized index of consumer prices except for Slovenia.

6/ Includes Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, and North Macedonia.

7/ See country-specific notes for Belarus and Ukraine in the "Country Notes" section of the Statistical Appendix.

Annex Table 1.1.2. Asian and Pacific Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment
(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices 1/			Current Account Balance 2/			Unemployment 3/		
		Projections			Projections			Projections			Projections	
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Asia	**4.6**	**0.0**	**7.6**	**2.7**	**2.5**	**2.5**	**1.8**	**1.0**	**1.2**	. . .	. . .	. . .
Advanced Asia	**1.2**	**–4.4**	**3.7**	**0.7**	**0.5**	**0.8**	**4.2**	**2.9**	**3.0**	**3.1**	**4.1**	**3.7**
Japan	0.7	–5.2	3.0	0.5	0.2	0.4	3.6	1.7	1.9	2.4	3.0	2.3
Korea	2.0	–1.2	3.4	0.4	0.3	0.4	3.7	4.9	4.8	3.8	4.5	4.5
Australia	1.8	–6.7	6.1	1.6	1.4	1.8	0.5	–0.6	–1.8	5.2	7.6	8.9
Taiwan Province of China	2.7	–4.0	3.5	0.5	0.5	1.5	10.5	8.2	8.3	3.8	4.4	4.0
Singapore	0.7	–3.5	3.0	0.6	–0.2	0.5	17.0	14.8	15.7	2.3	2.5	2.4
Hong Kong SAR	–1.2	–2.5	3.7	2.9	2.0	2.5	5.6	5.9	4.9	3.0	4.4	3.4
New Zealand	2.2	–7.2	5.9	1.6	1.2	1.4	–3.0	–4.5	–3.2	4.1	9.2	6.8
Macao SAR	–4.7	–29.6	32.0	2.8	2.0	2.3	34.8	13.1	30.0	1.7	2.0	1.8
Emerging and Developing Asia	**5.5**	**1.0**	**8.5**	**3.2**	**3.0**	**2.9**	**0.6**	**0.1**	**0.5**	. . .	. . .	. . .
China	6.1	1.2	9.2	2.9	3.0	2.6	1.0	0.5	1.0	3.6	4.3	3.8
India 4/	4.2	1.9	7.4	4.5	3.3	3.6	–1.1	–0.6	–1.4	. . .	. . .	. . .
ASEAN-5	**4.8**	**–0.6**	**7.8**	**2.1**	**1.8**	**2.7**	**1.2**	**–0.5**	**0.1**	. . .	. . .	. . .
Indonesia	5.0	0.5	8.2	2.8	2.9	2.9	–2.7	–3.2	–2.7	5.3	5.4	5.4
Thailand	2.4	–6.7	6.1	0.7	–1.1	0.6	6.9	5.2	5.6	1.1	1.1	1.1
Malaysia	4.3	–1.7	9.0	0.7	0.1	2.8	3.3	–0.1	1.7	3.3	4.9	3.4
Philippines	5.9	0.6	7.6	2.5	1.7	2.9	–0.1	–2.3	–2.2	5.1	6.2	5.3
Vietnam	7.0	2.7	7.0	2.8	3.2	3.9	4.0	0.7	1.0	2.2	2.2	2.2
Other Emerging and Developing Asia 5/	**6.3**	**1.2**	**7.5**	**5.6**	**5.3**	**5.3**	**–2.6**	**–3.7**	**–2.3**	. . .	. . .	. . .
Memorandum												
Emerging Asia 6/	**5.4**	**1.0**	**8.5**	**3.2**	**2.9**	**2.8**	**0.7**	**0.3**	**0.6**	. . .	. . .	. . .

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Movements in consumer prices are shown as annual averages. Year-end to year-end changes can be found in Tables A6 and A7 in the Statistical Appendix.

2/ Percent of GDP.

3/ Percent. National definitions of unemployment may differ.

4/ See country-specific note for India in the "Country Notes" section of the Statistical Appendix.

5/ Other Emerging and Developing Asia comprises Bangladesh, Bhutan, Brunei Darussalam, Cambodia, Fiji, Kiribati, Lao P.D.R., Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Palau, Papua New Guinea, Samoa, Solomon Islands, Sri Lanka, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

6/ Emerging Asia comprises the ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam) economies, China, and India.

Annex Table 1.1.3. Western Hemisphere Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment
(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices 1/			Current Account Balance 2/			Unemployment 3/		
		Projections			Projections			Projections			Projections	
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
North America	**2.0**	**–6.0**	**4.5**	**2.0**	**0.8**	**2.2**	**–2.2**	**–2.6**	**–2.6**	**. . .**	**. . .**	**. . .**
United States	2.3	–5.9	4.7	1.8	0.6	2.2	–2.3	–2.6	–2.8	3.7	10.4	9.1
Canada	1.6	–6.2	4.2	1.9	0.6	1.3	–2.0	–3.7	–2.3	5.7	7.5	7.2
Mexico	–0.1	–6.6	3.0	3.6	2.7	2.8	–0.2	–0.3	–0.4	3.3	5.3	3.5
Puerto Rico 4/	–4.0	2.0	0.0	–0.8	–1.0	0.6	. . .	. . .	. . .	9.2	9.4	9.6
South America 5/	**–0.1**	**–5.1**	**3.4**	**9.1**	**8.1**	**7.5**	**–2.3**	**–1.6**	**–2.0**	**. . .**	**. . .**	**. . .**
Brazil	1.1	–5.3	2.9	3.7	3.6	3.3	–2.7	–1.8	–2.3	11.9	14.7	13.5
Argentina	–2.2	–5.9	. . .	53.5	. . .	. . .	–0.8	. . .	. . .	10.2	10.9	. . .
Colombia	3.3	–2.4	3.7	3.5	3.5	3.2	–4.3	–4.7	–4.2	10.5	12.2	11.9
Chile	1.1	–6.0	4.5	2.3	3.3	2.9	–3.9	–1.4	–3.0	7.3	10.2	9.6
Peru	2.2	–4.5	5.2	2.1	1.7	1.8	–1.4	–0.9	–1.0	6.6	7.1	7.3
Venezuela	–35.0	–15.0	–5.0	19,906	15,000	15,000	9.8	2.4	3.4	. . .	. . .	. . .
Ecuador	0.1	–6.3	3.9	0.3	–0.0	1.2	–0.4	–5.2	–3.1	3.8	6.5	5.9
Paraguay	0.2	–1.0	4.0	2.8	2.9	3.2	–1.0	–2.2	–1.0	7.2	7.1	6.4
Bolivia	2.8	–3.2	2.9	1.8	2.3	4.4	–3.2	–4.6	–4.8	4.0	4.0	4.0
Uruguay	0.2	–3.0	5.0	7.9	8.8	7.9	0.2	–2.5	–3.1	9.4	10.5	8.1
Central America 6/	**2.3**	**–2.1**	**4.0**	**2.2**	**1.4**	**1.9**	**–1.7**	**–2.7**	**–2.4**	**. . .**	**. . .**	**. . .**
Caribbean 7/	**3.3**	**–0.8**	**4.3**	**2.8**	**4.0**	**4.3**	**–0.6**	**–6.0**	**–3.3**	**. . .**	**. . .**	**. . .**
Memorandum												
Latin America and the Caribbean 8/	0.1	–5.2	3.4	7.1	6.2	5.9	–1.7	–1.5	–1.7	. . .	. . .	. . .
Eastern Caribbean Currency Union 9/	3.7	–7.3	6.1	0.9	0.8	2.1	–8.9	–21.3	–14.1	. . .	. . .	. . .

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Movements in consumer prices are shown as annual averages. Aggregates exclude Venezuela but include Argentina from 2017 onward. Year-end to year-end changes can be found in Tables A6 and A7 in the Statistical Appendix.

2/ Percent of GDP.

3/ Percent. National definitions of unemployment may differ.

4/ Puerto Rico is a territory of the United States but its statistical data are maintained on a separate and independent basis.

5/ Includes Guyana and Suriname. See country-specific notes for Argentina and Venezuela in the "Country Notes" section of the Statistical Appendix.

6/ Central America comprises Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

7/ The Caribbean comprises Antigua and Barbuda, Aruba, The Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

8/ Latin America and the Caribbean comprises Mexico and economies from the Caribbean, Central America, and South America. See country-specific notes for Argentina and Venezuela in the "Country Notes" section of the Statistical Appendix.

9/ Eastern Caribbean Currency Union comprises Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines as well as Anguilla and Montserrat, which are not IMF members.

Annex Table 1.1.4. Middle East and Central Asia Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment

(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices 1/			Current Account Balance 2/			Unemployment 3/		
		Projections			Projections			Projections			Projections	
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Middle East and Central Asia	**1.2**	**–2.1**	**3.6**	**8.5**	**8.4**	**8.5**	**0.4**	**–5.8**	**–4.6**	**. . .**	**. . .**	**. . .**
Oil Exporters 4/	**–0.2**	**–3.3**	**4.2**	**7.5**	**7.6**	**8.1**	**2.4**	**–6.0**	**–4.6**	**. . .**	**. . .**	**. . .**
Saudi Arabia	0.3	–0.0	1.3	–1.2	0.9	2.0	6.3	–3.1	–3.0	. . .	. . .	. . .
Iran	–7.6	–6.0	3.1	41.1	34.2	33.5	–0.1	–4.1	–3.4	13.6	16.3	16.7
United Arab Emirates	1.3	–2.3	3.3	–1.9	–1.0	1.5	7.4	0.2	2.8	. . .	. . .	. . .
Iraq	3.9	–4.7	7.2	–0.2	0.8	1.0	–1.2	–21.7	–14.1	. . .	. . .	. . .
Algeria	0.7	–5.2	6.2	2.0	3.5	3.7	–9.6	–18.3	–17.1	11.4	15.1	13.9
Kazakhstan	4.5	–4.3	4.1	5.2	6.9	6.8	–3.6	–7.4	–6.0	4.8	7.8	5.8
Qatar	0.1	–4.3	5.0	–0.6	–1.2	2.4	2.4	–1.9	–1.8	. . .	. . .	. . .
Kuwait	0.7	0.2	2.9	1.1	0.5	2.3	8.9	–9.8	–7.7	. . .	. . .	. . .
Oman	0.5	–2.8	3.0	0.1	1.0	3.4	–5.2	–14.2	–11.1	. . .	. . .	. . .
Azerbaijan	2.3	–2.2	0.7	2.6	3.3	3.2	9.2	–8.2	–3.7	5.0	5.0	5.0
Turkmenistan	6.3	1.8	6.4	5.1	8.0	6.0	5.1	–1.2	–0.3	. . .	. . .	. . .
Oil Importers 5/	**3.7**	**–0.2**	**2.7**	**10.4**	**9.9**	**9.3**	**–5.5**	**–5.4**	**–4.7**	**. . .**	**. . .**	**. . .**
Egypt	5.6	3.2	1.9	13.9	5.9	7.1	–3.6	–3.9	–5.0	8.6	9.5	11.4
Pakistan	3.3	–1.0	2.4	6.7	11.1	8.0	–5.0	–1.6	–2.0	4.1	4.5	5.1
Morocco	2.2	–3.7	4.8	–0.0	0.3	1.3	–4.1	–9.7	–4.3	9.2	8.9	8.5
Uzbekistan	5.6	1.8	7.0	14.5	12.6	10.6	–5.6	–9.4	–6.4	. . .	. . .	. . .
Sudan	–2.5	–7.2	–3.0	51.0	81.3	91.1	–14.9	–15.2	–11.8	22.1	25.0	22.0
Tunisia	1.0	–4.3	4.1	6.7	6.2	4.9	–8.8	–7.5	–8.1	14.9	. . .	. . .
Jordan	2.0	–3.7	3.7	0.3	0.2	1.6	–2.8	–5.8	–5.3	19.1	. . .	. . .
Lebanon	–6.5	–12.0	. . .	2.9	17.0	. . .	–20.6	–12.6	. . .	. . .	. . .	. . .
Afghanistan	3.0	–3.0	4.5	2.3	4.7	4.5	8.6	4.9	5.8	. . .	. . .	. . .
Georgia	5.1	–4.0	3.0	4.9	4.6	3.7	–5.1	–10.5	–6.9	11.6	. . .	. . .
Tajikistan	7.5	1.0	5.5	7.8	8.1	6.9	–3.3	–7.7	–4.5	. . .	. . .	. . .
Armenia	7.6	–1.5	4.8	1.4	0.8	2.0	–8.2	–8.6	–7.2	17.7	19.0	18.4
Kyrgyz Republic	4.5	–4.0	8.0	1.1	10.6	7.2	–9.1	–16.6	–11.0	6.6	6.6	6.6
Memorandum												
Caucasus and Central Asia	4.8	–1.7	4.7	6.8	7.7	6.9	–1.6	–7.4	–5.2	. . .	. . .	. . .
Middle East, North Africa, Afghanistan, and Pakista	0.7	–2.2	3.5	8.7	8.5	8.8	0.6	–5.7	–4.6	. . .	. . .	. . .
Middle East and North Africa	0.3	–2.4	3.7	9.0	8.1	8.9	1.0	–6.1	–4.9	. . .	. . .	. . .
Israel 6/	3.5	–6.3	5.0	0.8	–1.9	0.5	3.5	3.5	3.2	3.8	12.0	7.6
Maghreb 7/	1.8	–6.0	9.3	2.2	3.4	3.7	–6.8	–13.2	–10.9	. . .	. . .	. . .
Mashreq 8/	4.7	2.1	1.7	12.4	6.0	7.0	–5.8	–5.1	–5.5	. . .	. . .	. . .

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Movements in consumer prices are shown as annual averages. Year-end to year-end changes can be found in Tables A6 and A7 in the Statistical Appendix.

2/ Percent of GDP.

3/ Percent. National definitions of unemployment may differ.

4/ Includes Bahrain, Libya, and Yemen.

5/ Includes Djibouti, Mauritania, and Somalia. Excludes Syria because of the uncertain political situation.

6/ Israel, which is not a member of the economic region, is included for reasons of geography but is not included in the regional aggregates.

7/ The Maghreb comprises Algeria, Libya, Mauritania, Morocco, and Tunisia.

8/ The Mashreq comprises Egypt, Jordan, and Lebanon. Syria is excluded because of the uncertain political situation.

Annex Table 1.1.5. Sub-Saharan African Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment
(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices 1/			Current Account Balance 2/			Unemployment 3/		
		Projections			Projections			Projections			Projections	
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Sub-Saharan Africa	**3.1**	**–1.4**	**4.1**	**8.4**	**9.3**	**7.6**	**–4.0**	**–4.7**	**–4.2**	**. . .**	**. . .**	**. . .**
Oil Exporters 4/	**1.7**	**–2.9**	**2.5**	**11.7**	**13.2**	**12.9**	**–2.5**	**–4.0**	**–2.8**	**. . .**	**. . .**	**. . .**
Nigeria	2.2	–3.4	2.4	11.4	13.4	12.4	–3.8	–3.3	–2.5	. . .	. . .	. . .
Angola	–1.5	–1.4	2.6	17.1	20.7	22.3	2.9	–6.7	–3.0	. . .	. . .	. . .
Gabon	3.4	–1.2	3.6	2.0	3.0	3.0	–0.8	–8.4	–6.1	. . .	. . .	. . .
Republic of Congo	–0.9	–2.3	3.4	2.2	2.1	2.6	8.4	–1.2	–2.8	. . .	. . .	. . .
Chad	3.0	–0.2	6.1	–1.0	2.2	2.9	–4.9	–12.9	–10.1	. . .	. . .	. . .
Middle-Income Countries 5/	**2.3**	**–3.0**	**4.9**	**4.1**	**3.8**	**4.1**	**–3.2**	**–2.1**	**–2.6**	**. . .**	**. . .**	**. . .**
South Africa	0.2	–5.8	4.0	4.1	2.4	3.2	–3.0	0.2	–1.3	28.7	35.3	34.1
Ghana	6.1	1.5	5.9	7.2	9.7	8.5	–2.7	–4.5	–3.0	. . .	. . .	. . .
Côte d'Ivoire	6.9	2.7	8.7	0.8	1.2	1.4	–2.7	–3.1	–2.3	. . .	. . .	. . .
Cameroon	3.7	–1.2	4.1	2.5	2.8	2.3	–3.7	–5.7	–4.8	. . .	. . .	. . .
Zambia	1.5	–3.5	2.3	9.8	13.4	12.1	1.0	–2.0	–2.6	. . .	. . .	. . .
Senegal	5.3	3.0	5.5	1.0	2.0	1.9	–9.1	–11.3	–11.4	. . .	. . .	. . .
Low-Income Countries 6/	**5.6**	**1.9**	**4.9**	**9.7**	**11.1**	**5.8**	**–6.7**	**–8.0**	**–7.5**	**. . .**	**. . .**	**. . .**
Ethiopia	9.0	3.2	4.3	15.8	15.4	9.1	–5.3	–5.3	–4.6	. . .	. . .	. . .
Kenya	5.6	1.0	6.1	5.2	5.1	5.0	–4.5	–4.6	–4.4	. . .	. . .	. . .
Tanzania	6.3	2.0	4.6	3.4	3.9	4.3	–3.2	–3.8	–3.8	. . .	. . .	. . .
Uganda	4.9	3.5	4.3	2.9	3.9	4.8	–9.5	–9.7	–8.1	. . .	. . .	. . .
Democratic Republic of the Congo	4.4	–2.2	3.5	4.8	11.0	10.5	–4.2	–5.4	–4.1	. . .	. . .	. . .
Mali	5.1	4.7	5.0	–0.4	0.6	1.5	–4.8	–3.0	–3.4	. . .	. . .	. . .
Madagascar	4.8	0.4	5.0	5.6	5.5	6.5	–2.5	–2.9	–3.0	. . .	. . .	. . .

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Movements in consumer prices are shown as annual averages. Year-end to year-end changes can be found in Table A7 in the Statistical Appendix.

2/ Percent of GDP.

3/ Percent. National definitions of unemployment may differ.

4/ Includes Equatorial Guinea and South Sudan.

5/ Includes Botswana, Cabo Verde, Eswatini, Lesotho, Mauritius, Namibia, and Seychelles.

6/ Includes Benin, Burkina Faso, Burundi, the Central African Republic, Comoros, Eritrea, The Gambia, Guinea, Guinea-Bissau, Liberia, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Togo, and Zimbabwe.

Annex Table 1.1.6. Summary of World Real per Capita Output

(Annual percent change; in international currency at purchasing power parity)

	Average									Projections	
	2002–11	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
World	**2.6**	**2.0**	**2.2**	**2.3**	**2.2**	**2.1**	**2.6**	**2.4**	**1.7**	**–4.2**	**4.6**
Advanced Economies	**1.1**	**0.7**	**0.9**	**1.6**	**1.8**	**1.2**	**2.1**	**1.8**	**1.3**	**–6.5**	**4.1**
United States	0.9	1.5	1.2	1.8	2.2	0.9	1.7	2.4	1.8	–6.4	4.1
Euro Area 1/	0.7	–1.2	–0.5	1.2	1.8	1.7	2.4	1.8	1.1	–7.7	4.6
Germany	1.2	0.2	0.2	1.8	0.9	1.4	2.1	1.2	0.3	–7.0	5.2
France	0.6	–0.2	0.1	0.4	0.7	0.8	2.0	1.6	1.2	–7.4	4.2
Italy	–0.3	–3.3	–2.4	–0.5	0.8	1.5	1.8	1.0	0.5	–8.9	5.0
Spain	0.3	–3.0	–1.1	1.7	3.9	3.1	2.9	2.3	1.9	–8.4	3.6
Japan	0.5	1.7	2.2	0.5	1.3	0.5	2.3	0.5	0.9	–4.8	3.4
United Kingdom	0.8	0.8	1.5	1.8	1.5	1.1	1.3	0.7	0.8	–7.0	3.5
Canada	1.0	0.7	1.3	1.8	–0.1	–0.0	1.9	0.6	0.2	–7.5	3.1
Other Advanced Economies 2/	2.8	1.3	1.7	2.2	1.5	1.7	2.4	1.9	1.0	–5.1	3.8
Emerging Market and Developing Economies	**4.8**	**3.6**	**3.6**	**3.2**	**2.8**	**3.1**	**3.3**	**3.2**	**2.3**	**–2.3**	**5.2**
Emerging and Developing Asia	7.4	5.9	5.9	5.8	5.8	5.8	5.7	5.4	4.6	0.2	7.6
China	10.1	7.4	7.3	6.7	6.4	6.2	6.4	6.3	5.8	0.9	8.9
India 3/	6.1	4.1	5.0	6.0	6.6	6.9	5.7	4.7	2.9	0.5	6.0
ASEAN-5 4/	3.9	4.7	3.7	3.4	3.6	3.9	4.2	4.2	3.8	–1.7	6.7
Emerging and Developing Europe	4.7	2.7	2.7	1.6	0.6	1.5	3.8	3.1	1.9	–5.4	4.0
Russia	5.0	3.5	1.5	–1.1	–2.1	0.1	1.7	2.6	1.4	–5.4	3.6
Latin America and the Caribbean	2.2	1.7	1.7	0.1	–0.9	–1.9	0.2	0.1	–1.2	–6.0	2.5
Brazil	2.8	1.0	2.1	–0.3	–4.4	–4.1	0.5	0.5	0.3	–5.9	2.2
Mexico	0.4	2.2	0.0	1.5	2.0	1.7	0.9	1.0	–1.2	–7.6	2.0
Middle East and Central Asia	2.6	0.9	0.5	0.5	0.4	2.8	–0.2	–0.2	–0.9	–4.2	1.6
Saudi Arabia	1.4	2.5	–0.0	2.5	1.7	–0.6	–3.3	–0.0	–1.6	–2.0	–0.7
Sub-Saharan Africa	2.9	1.5	2.4	2.4	0.5	–1.3	0.3	0.6	0.3	–4.0	1.5
Nigeria	5.9	1.5	2.6	3.5	–0.0	–4.2	–1.8	–0.7	–0.4	–5.8	–0.2
South Africa	2.2	0.7	0.9	0.3	–0.3	–1.1	–0.1	–0.7	–1.3	–7.2	2.4
Memorandum											
European Union	1.2	–0.9	–0.2	1.5	2.2	2.0	2.7	2.2	1.6	–7.3	4.6
Low-Income Developing Countries	3.8	1.8	3.6	3.8	2.1	1.4	2.5	2.8	2.8	–1.7	3.3
Middle East and North Africa	2.6	0.3	–0.3	–0.2	0.0	3.1	–1.2	–1.2	–1.8	–4.6	1.5

Note: Data for some countries are based on fiscal years. Please refer to Table F in the Statistical Appendix for a list of economies with exceptional reporting periods.

1/ Data calculated as the sum of individual euro area countries.

2/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

3/ See country-specific note for India in the "Country Notes" section of the Statistical Appendix.

4/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.