World Economic Outlook Update, July 2017
A Firming Recovery

International Monetary Fund
International Monetary Fund © 2017
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Take-Aways

• With the global financial crisis long in the rearview mirror, international economies are still feeling the downturn’s effects, as nations struggle to achieve their previous GDP growth levels.

• Amid the current backdrop of low energy prices, stable and subdued inflation, and strong bond and equity performance, 2017 world GDP growth is on pace to meet its 3.5% target.

• Experts anticipate 2017 and 2018 growth of 2.1% for the United States, a downgrade from previous estimates owing to fiscal drag from policy uncertainty.

• China continues to grow at 6.7% in 2017 and will only slightly slow to 6.4% in 2018. Risks to global growth include ambiguities related to post-Brexit strategy, US fiscal activity, central bank monetary tightening, protectionism, Chinese banking system instability and geopolitical conflicts.
**Recommendation**

While economic expansion in the United States persists stubbornly near 2% of annual GDP, global growth is accelerating. Professionals at the International Monetary Fund (IMF) present a mid-year update to their April 2017 *World Economic Outlook*, which identified a global economy that is gaining momentum but still has not fully recovered to pre-2008 levels. By July 2017, some nations had progressed enough to merit forecast increases for the year, while the prospects for others, such as the United States, are proving below par. *getAbstract* recommends this robust statistical offering to executives and economists for its authoritative take on the global economy.

**Summary**

With the global financial crisis long in the rearview mirror, economies are still feeling the downturn’s effects, as nations struggle to achieve their previous GDP growth levels. Amid the current backdrop of low energy prices, stable and subdued inflation, and strong bond and equity performance, 2017 world GDP growth is on pace to meet its 3.5% target. Specifically, the advanced economies will contribute a 2% increase, while the emerging countries will add 4.6%. Forecasts for 2018 deliver a similar narrative, with 3.6% total growth – 1.9% and 4.8% for the advanced and emerging economies, respectively.

Experts anticipate 2017 and 2018 growth of 2.1% for the United States, a downgrade from previous estimates owing to a fiscal drag from policy uncertainty. The euro zone should look for expansion of 1.9% in 2017 and 1.7% for 2018; reduced political risk and surging consumer demand could raise those projections. Japan also shows hints of strength, with exports, household consumption and investment pushing 2017 GDP growth to 1.3% before it falls back in 2018 to 0.6%.

The story is even better for many of the developing and emerging economies. China continues to grow, expanding at 6.7% in 2017 and 6.4% in 2018. This growth rests on Chinese officials’ continuing fiscal efforts to double GDP over the 2010–2020 window, coupled with economic reforms. India anticipates growth of 7.2% in 2017 and 7.7% in 2018. Russia has rebounded from contracting in 2016 to resuming development at a pace of 1.4% in both 2017 and 2018. Similarly, economies in Latin America should bounce back into positive territory at 1% in 2017 and 1.9% in 2018. The Middle East, Afghanistan, Pakistan and North Africa should grow by 2.6% in 2017 and 3.3% in 2018.

Risks to these scenarios include uncertainties related to post-Brexit strategy, US fiscal activity, central bank monetary tightening, protectionism, Chinese banking system instability and geopolitical conflicts. Officials seeking to mitigate these threats should address current account imbalances, strengthen companies’ balance sheets, keep public debt at sustainable levels, concentrate on monetary policy normalization and strive for “a rule-based and open world trading system” that ensures mutual prosperity.

**About the Author**

The IMF advises member nations on policy issues and works to promote economic stability and well-being.