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THE WORLD BANK
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Development Economics • Prospects

Global Monthly

September 2018

Overview

- Global growth was robust in 2018Q2, partly reflecting a fiscally-induced acceleration in the United States.
- However, global trade has lost momentum, and financial market pressures have intensified in some key emerging market and developing economies (EMDEs).
- Growth across EMDEs has become more heterogenous, increasingly reflecting country-specific challenges.
- Most commodity prices have fallen on demand concerns, in contrast to a supply-driven increase in oil prices.

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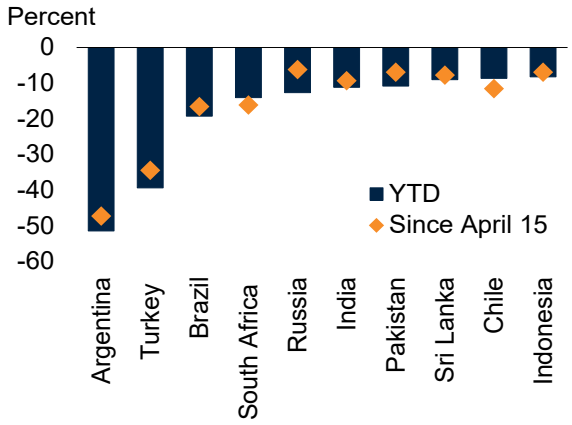
Chart of the Month

- A broad-based strengthening of the U.S. dollar, trade tensions, deteriorating growth prospects, concerns about external vulnerabilities, and domestic challenges have all contributed to substantial currency declines in some EMDEs.
- Argentina and Turkey were most severely affected, but other large economies have also experienced depreciations of more than 10 percent since the start of the year.
- To alleviate currency pressures, many central banks have hiked policy interest rates or intervened in foreign exchange markets in August and September.

Currency depreciations in major EMDEs



Source: Bloomberg.
Note: Figure shows percent change in local currency versus U.S. dollar for year-to-date (YTD) and since April 15, 2018. Last observation is September 19, 2018.

Special Focus: Commodity Demand Prospects and Policy Implications

- Over the past two decades, China has accounted for around 80 percent of the increase in global metals demand, and 50 percent of the increase in global energy demand.
- As economic growth in China slows and shifts towards less commodity-intensive sectors, its demand for commodities will soften, and growth in demand for metals could fall by one third over the next 10 years.
- This will significantly affect the outlook for commodity exporters and heightens the need for economic diversification.

The Global Monthly is a publication of the Global Macroeconomics Team of the Prospects Group in the Development Economics Vice Presidency. This edition was prepared by Marc Stocker and Peter Nagle, based on contributions from Eung Ju Kim, Patrick Kirby, Yoki Okawa, Julia Roseman, Temel Taskin, Ekaterine Vashakmadze, Dana Vorisek, Collette Wheeler and Sandy Ye. This Global Monthly reflects data available up to September 20. For more information, visit: www.worldbank.org/en/research/brief/economic-monitoring.

Monthly Highlights

Global growth: solid but moderating. Global growth remained robust in 18Q2, at an estimated 3.6 percent (q/q saar). However, it has become more uneven, accelerating in the United States on the back of fiscal stimulus, and moderating in many other parts of the world. Global industrial activity and goods trade growth slowed, with a particularly pronounced deceleration in the more trade-intensive capital and intermediate goods sectors (Figure 1.A). Recent surveys indicate further softening in both manufacturing and services activity during 18Q3. While an abrupt slowdown in global growth is not expected, intensifying financial market pressures have clouded the outlook for more vulnerable EMDEs. Global inflation remains moderate (2.4 percent y/y in July), but is on an upward trend, particularly in the United States where labor market conditions are tight, and in EMDEs that face significant currency pressures.

Global trade: rising uncertainty. Following strong gains at the start of the year, global goods trade stagnated for the first time in two years in 18Q2, reflecting weakening trade in and out of Asia and decelerating imports from some major advanced economies. Container shipping volumes bounced back at the start of 18Q3, but new export orders continued to deteriorate, suggesting a softer underlying momentum (Figure 1.B). Meanwhile, trade policy uncertainty reached record highs in the United States, contributing to an uptick in global policy uncertainty (Figure 1.C). Since the beginning of the year, the United States has imposed tariffs on about $100 billion of its imports, with other countries retaliating with tariffs on a comparable value of U.S. exports (accounting for about 1.1 percent of global goods trade). Additional U.S. tariffs on $200 billion imports of goods from China will take effect on September 24, with China vowing to respond with duties on $60 billion of U.S. imports.

Global financing conditions: strengthening U.S. dollar. Government bond yields in advanced economies have generally stabilized over the summer amid strong safe-haven flows. U.S. long-term yields are hovering around 3 percent, comparable to levels prior to the start of the U.S. tightening cycle, despite cumulative policy interest rate hikes of 175 basis points (Figure 2.A). Strong demand for risk-free assets continued to compress the U.S. yield curve despite rising inflation and a swelling fiscal deficit in the United States. Interest rate differentials between the United States and other major advanced economies have contributed to a broad-based appreciation of the U.S. dollar.

FIGURE 1.A Industrial, capital, and intermediate goods production, G20

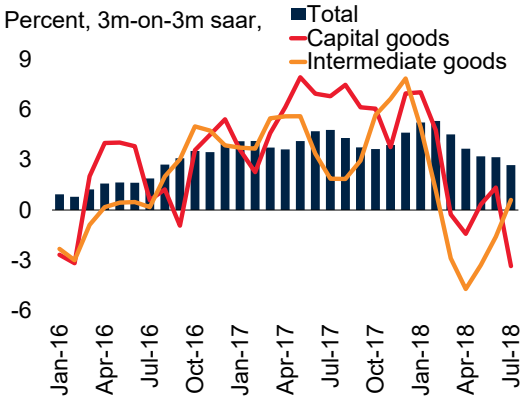


FIGURE 1.B Export orders and container shipping

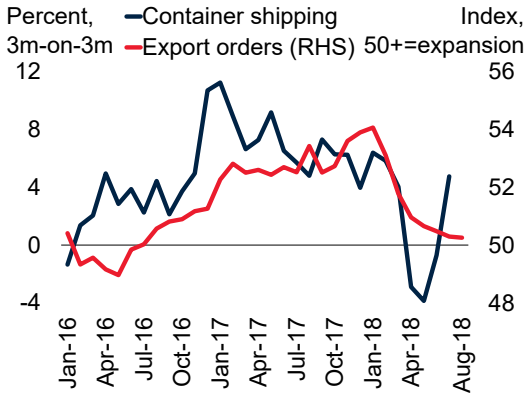
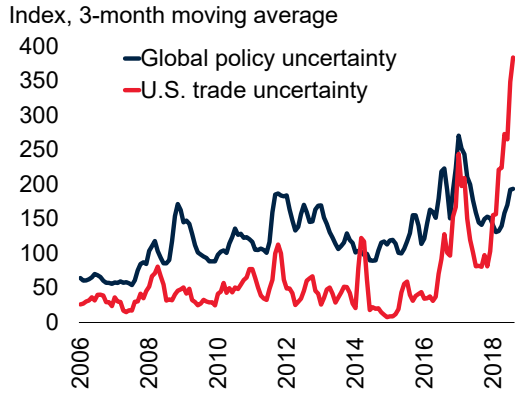


FIGURE 1.C U.S. trade and global policy uncertainty



Sources: Baker, Bloom, and Davis (2016); Haver Analytics; Institute of Shipping Economics and Logistics; World Bank.
A. Industrial production indexes are weighted by gross value added in constant 2010 U.S. dollars. Last observation is July 2018.
B. Figure shows the RWI/ISL-Container Throughput Index, which is an indicator for the development of international merchandise trade based on data of 99 ports that account for 60% of worldwide container handling. For export orders, readings above 50 indicate expansion in export orders; readings below 50 indicate contraction. Last observation for container shipping is July 2018, and for export orders is August 2018.
C. Global policy uncertainty and trade policy uncertainty are computed by Baker, Bloom, and Davis (2016), and are based on the frequency of articles in domestic newspapers mentioning economic policy uncertainty and terms related to trade policy (e.g., import tariffs, import barriers, WTO, dumping, etc.), respectively. Last observation is August 2018.

EMDE financing conditions: tightening. While financing conditions have generally stabilized in advanced economies, they have tightened in EMDEs amid concerns about reduced dollar-denominated funding, escalating trade tensions, softening growth prospects, and rising policy uncertainties. Financial market jitters were most pronounced in Turkey and Argentina, where external financing needs are particularly large, but a number of other major EMDEs have also suffered from currency pressures, tighter borrowing costs, and broad-based capital outflows. From June to August, international issuances of sovereign and corporate debt were down 65 percent from the same period in 2017 (Figure 2.B). A growing number of EMDE central banks responded to currency pressures with interest rate hikes, or interventions on foreign exchange markets.

Commodity markets: diverging prices. Crude oil prices declined from June to early August amid weakening global demand prospects and rising production in Russia and Saudi Arabia after the relaxation of agreed supply cuts (Figure 2.C). However, oil prices have risen steadily since mid-August following reports that Iranian oil exports had fallen ahead of the reintroduction of sanctions by the United States, as well as some concern regarding the impact of adverse weather in the United States. Metals prices dropped throughout the summer, reflecting concerns about trade tensions and growth prospects in China. Agricultural prices also fell, although grains prices rose in August, driven by rising wheat prices due to weather-hit harvests in Europe, Russia, and some parts of Australia.

United States: fiscally-induced acceleration. Growth picked up to 4.2 percent (q/q saar) in 18Q2, due to strong gains in private consumption and capital spending. Federal tax receipts, especially those on corporate income, have fallen sharply, reflecting the impact of tax cuts passed late last year (Figure 3.A). Incoming data suggest growth remains robust in 18Q3, with sentiment indicators pushing post-crisis highs in August; however, the trade deficit has been widening amid rising fiscal stimulus and a strengthening dollar. The economy continued to add about 200,000 jobs per month, comparable to its average in recent years, while nominal wage growth reached 2.9 percent (y/y) in August, its highest level since 2009. The U.S. Federal Reserve is expected to hike interest rates in September and likely in December, as inflationary pressures continue to build up.

Euro Area: unwinding of asset purchases. Growth stabilized at 1.5 percent (q/q saar) in 18Q2, down from an average of 2.7 percent in the last two quarters of 2017. Domestic demand rose at a solid

FIGURE 2.A U.S. long-term yields and dollar effective exchange rate

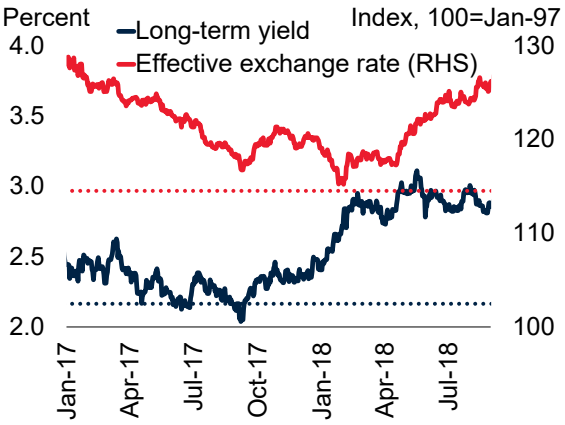


FIGURE 2.B EMDE international bond issuances, June-August across different years

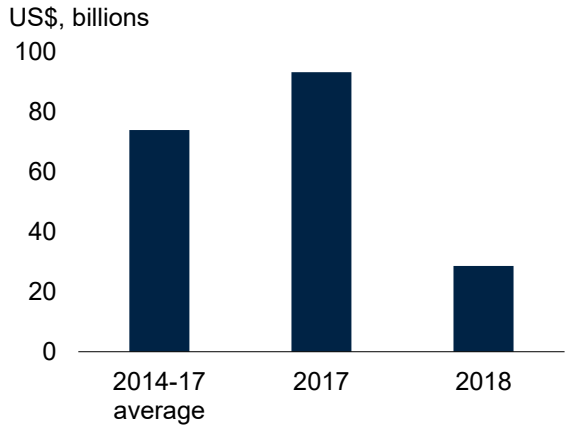
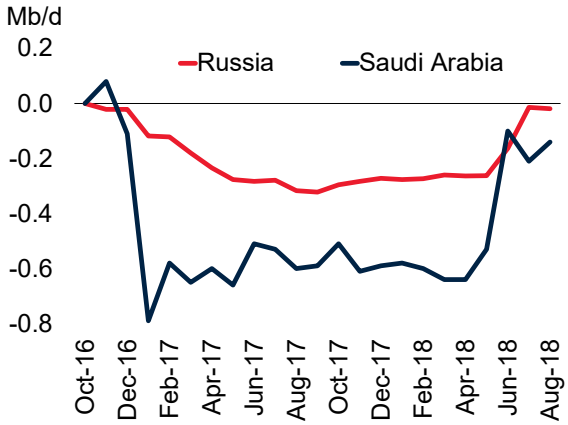


FIGURE 2.C Change in oil production in Russia and Saudi Arabia



Sources: Bloomberg, Dealogic, International Energy Agency, World Bank.
A. Dashed horizontal lines indicate 2014-16 averages. Last observation is September 19, 2018.
B. Last observation is August 2018.
C. Last observation is August 2018.

pace in 18Q2, but net exports was a drag on growth. Economic sentiment, while still above its long-term average, declined in August for the eighth consecutive month. Headline inflation stood at 2 percent in August (y/y), an acceleration of 0.7 percentage point since the beginning of the year, while unit labor costs rose 3.4 percent (y/y) in 18Q2, the largest increase since 2009. The European Central Bank announced in September a further halving of its asset purchases, to €15bn a month, and is on track to end the program by year end (Figure 3.B).

Japan: rebounding activity. Following a contraction in 18Q1, growth rebounded to 3 percent (q/q saar) in 18Q2, reflecting a resumption of consumption growth and rising capital expenditure. Signs for 18Q3 are mixed, suggesting more moderate but still positive growth. Core inflation (excluding fresh food and energy costs) edged up to 0.3 percent in July but remains well below the central bank's 2 percent target. The Bank of Japan signaled that the current policy stance would be maintained until early 2020.

China: new stimulus measures. Following robust growth in 18Q2 (6.7 percent y/y), incoming data have been mixed, suggesting slowing momentum in 18Q3 (Figure 3.C). Downside risks have increased amid escalating trade tensions, but the recent shift towards looser fiscal and monetary policy is expected to help support domestic demand in the near term. Authorities have introduced new tax breaks for financial institutions lending to small firms and removed restrictions to encourage banks to buy more local government bonds. China's stock prices fell to their lowest level since 2014 amid trade policy uncertainty.

Argentina: financial turmoil. An erosion in market confidence has resulted in a spike in sovereign credit default swap (CDS) spreads and a depreciation of the peso of more than 50 percent since the start of the year (Figure 4.A). The main policy interest rate was hiked to 60 percent in August, and recent indicators suggest an abrupt contraction in 18Q3 activity. Discussions with the IMF about frontloading the disbursement of funds under the June stand-by arrangement are ongoing. The government has announced plans to increase export taxes, reduce fuel and electricity subsidies, and eliminate many government ministries to reach a neutral primary balance in 2019.

Turkey: sharp interest rate hike. Amid Turkey's high corporate debt and large external financing needs, a strengthening U.S. dollar and rising policy uncertainty contributed to a near 40 percent depreciation of the Lira, and sharp increases in CDS

FIGURE 3.A U.S. corporate and total tax revenues

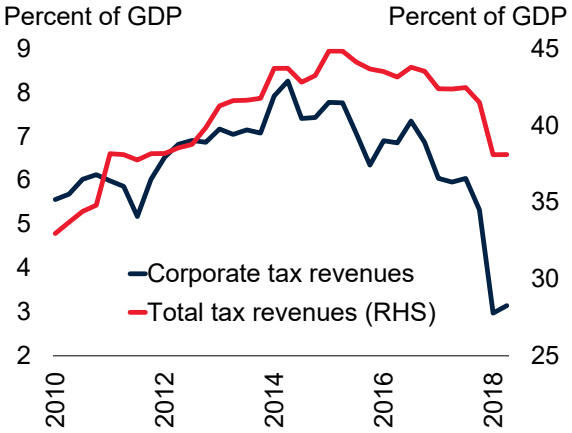


FIGURE 3.B European Central Bank's balance sheet and asset purchases

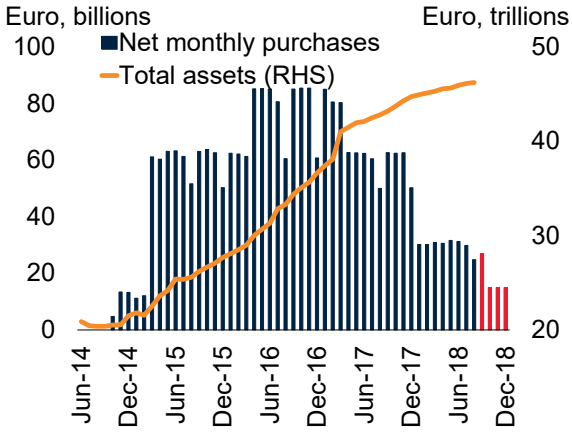
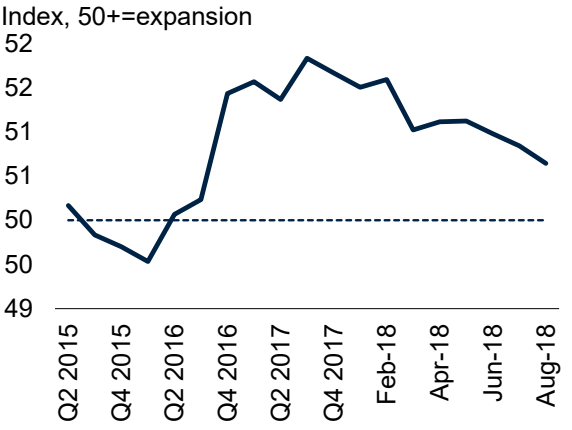


FIGURE 3.C China manufacturing PMI



Sources: Bloomberg, Bureau of Economic Analysis, European Central Bank, Haver Analytics, World Bank.
A. Last observation is 2018Q2.
B. Red bars indicate forecasted monthly bond purchases based off of the European Central Bank (ECB) policy announcement on September 12, 2018.
C. Figure shows Purchasing Managers' Index (PMI) for manufacturing output. Readings above 50 indicate expansion in economic activity; readings below 50 indicate contraction. Last observation is August 2018.

spreads since the start of the year (Figure 4.A). The main policy interest rate was hiked mid-September from 17.75 to 24 percent, with the aim of restoring market confidence and limiting a further acceleration of inflation (which had reached 17.9 percent in August). The Lira stabilized in September, but portfolio outflows continued. High-frequency indicators suggest a substantial and rapid deterioration in economic activity in 18Q3.

Other commodity-exporting EMDEs: recovery stalling. Despite signs of slowing momentum, inflation has picked up in some commodity exporters, partly driven by recent currency depreciations (Figure 4.B). In *Brazil*, industrial production recovered somewhat following the trucker's strike in May, but the composite PMI fell back into contractionary territory in August. Inflation is within the central bank target range of 3 to 6 percent, but recent currency depreciation will exert upward pressure. In *Russia*, activity indicators are mixed, and inflation is edging up amid a weakening Ruble. This led the central bank to increase policy rates in September for the first time since 2014. In *Indonesia*, growth remained strong and inflation stable. In *South Africa*, activity continued to contract in 18Q2 and surveys suggest further weakness in 18Q3. Inflation has been trending toward the upper range of the central bank target of 3 to 6 percent. In *Nigeria*, growth slowed in 18Q2, and inflation remains above the 6 to 9 percent target range. In *Saudi Arabia*, high-frequency indicators point to expanding private sector activity, and stable inflation.

Other commodity-importing EMDEs: still robust. Growth remains robust in major commodity importers, but external headwinds have intensified, and the pace of monetary policy tightening has intensified in several countries (Figure 4.C). In *India*, growth continued to accelerate in 18Q2, reaching 8.2 percent (y/y), but survey data point to slowing momentum in 18Q3. The Reserve Bank of India further hiked interest rates in August amid currency pressures, and the government announced measures to ease external borrowing and restrict imports of some non-essential goods. In *Mexico*, incoming data have been underwhelming. Retail sales and industrial production growth were stagnant in July, while the manufacturing PMI deteriorated in August. The central bank hiked policy interest rates in July. In *Poland*, high-frequency data suggest continued robust but moderating growth. In *Egypt*, industrial production growth accelerated in 18Q2, while inflation remained high but stable.

FIGURE 4.A Exchange rate and credit default swap spreads in Argentina and Turkey

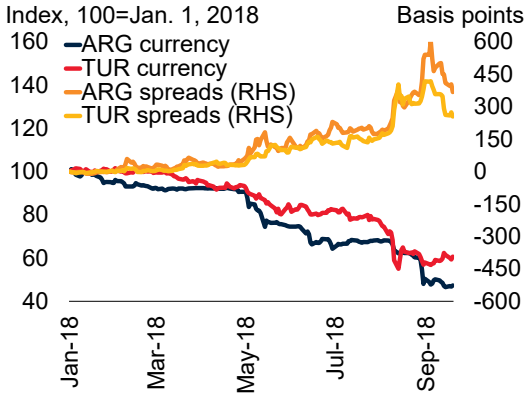


FIGURE 4.B Inflation in major commodity exporters

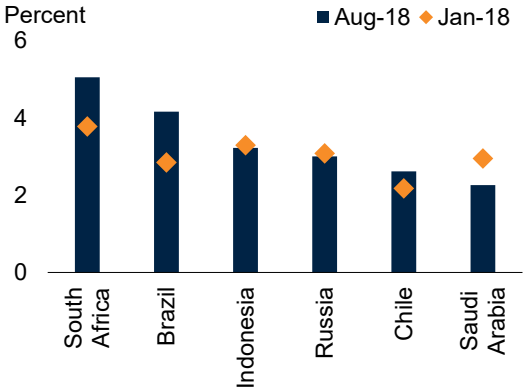
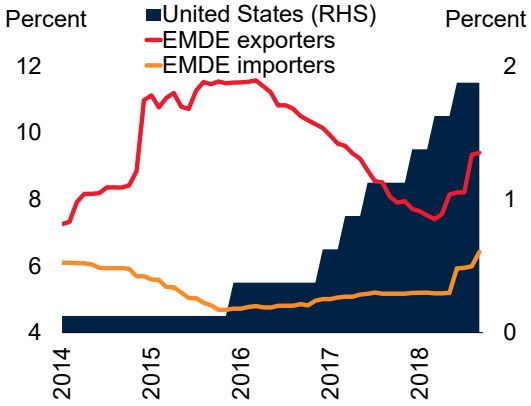


FIGURE 4.C Central bank policy rates



Sources: Bloomberg, Haver Analytics, World Bank.
A. Figure shows the local currency versus the U.S. dollar indexed to 100 on January 1, 2018, and the 5-year U.S. dollar denominated credit default swap (CDS) spread for Argentina and Turkey since January 1, 2018. Last observation is September 19, 2018.
B. Last observation is July 2018 for Saudi Arabia and South Africa, and August 2018 for Brazil, Chile, Indonesia, and Russia.
C. Figure shows central bank policy rates. Aggregate policy rates are calculated using constant 2010 U.S. dollar GDP weights. Last observation is September 2018.

Special Focus: Commodity Demand Prospects and Policy Implications

Rapid growth among the major emerging markets over the past 20 years has boosted global demand for commodities. Between 1996 and 2016, global demand for metals grew faster than GDP, while demand for energy grew more slowly than GDP, but faster than population (Figure 5.A). The seven largest EMDEs (Brazil, China, India, Indonesia, Mexico, Russia and Turkey) accounted for almost all of the increase in global consumption of metals over this period, and two-thirds of the increase in energy consumption. China played a dominant role in this group, accounting for 83 percent of the increase in metals consumption and 48 percent of the increase in energy consumption. Its share of global metals demand increased fivefold, from 10 percent in 1996 to 50 percent in 2016, and its share of energy consumption has doubled from 10 to 20 percent (Figure 5.B). This substantial increase in demand from China, and to a lesser degree from other large EMDEs, contributed to a prolonged commodity price boom over the period 2001 and 2011 (Figure 5.C). Despite the boom turning into a bust in recent years, real prices are still more than 50 percent above their 2001 levels.

Demand for commodities is tightly connected to stages of development. It tends to rise rapidly as countries develop manufacturing sectors and meet large infrastructure needs. However, per capita consumption of most commodities generally plateaus as per capita income rises and may decline at higher levels of income (Figure 6.A; 6.B). In fact, with rising incomes, consumer demand tends to shift towards less resource-intensive goods and services. Consumer demand also tends to shift toward cleaner forms of energy such as natural gas, from more polluting and inefficient sources such as firewood and coal. In addition, demand for industrial materials slows as economies mature and infrastructure needs are increasingly met.

These trends will occur in large EMDEs as their economies mature and shift towards less commodity-intensive activities. For example, while China has been the main driver of growth in the demand for industrial materials, its growth rate is expected to slow, and shift away from manufacturing and investment toward services and consumption. To examine the consequences of these trends for commodity prospects, a scenario was developed using population and GDP projections, as well as income elasticities

FIGURE 5.A Cumulative growth in GDP, population, energy, and metals consumption, 1996-2016

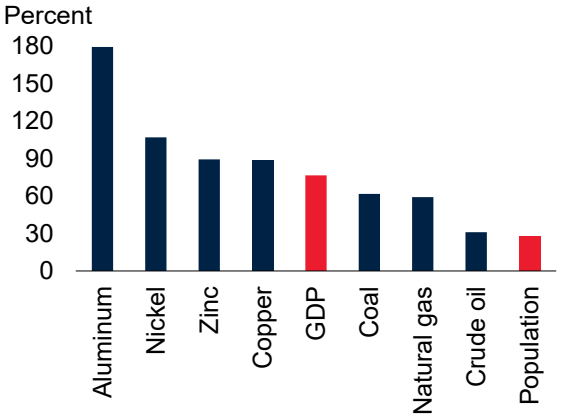


FIGURE 5.B China's share of commodity consumption

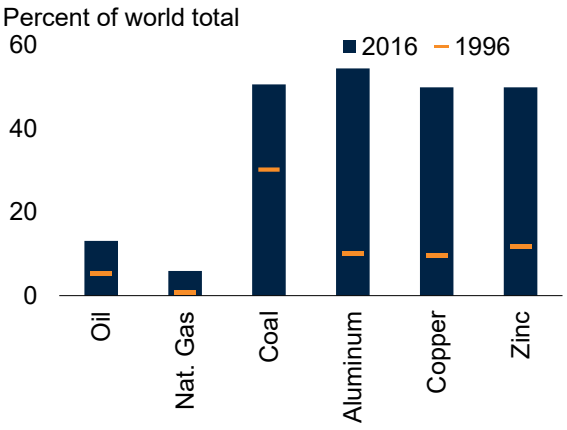
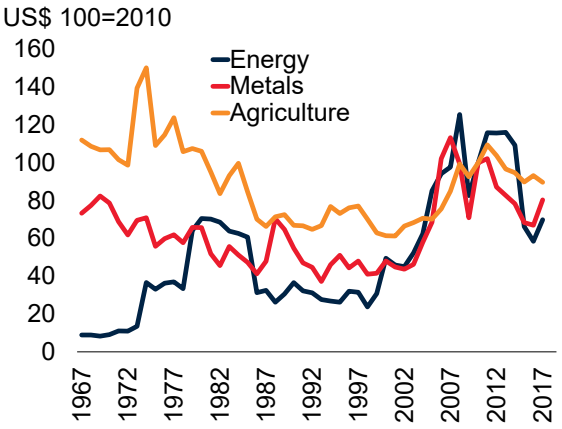


FIGURE 5.C Real commodity prices



Sources: BP Statistical Appendix, World Bank, World Bureau of Metals Statistics.
C. Deflated using the manufacturing unit value index from the June 2018 edition of the *Global Economic Prospects* report.

(percent increase in commodity consumption associated with a 1 percent increase in income) estimated using historical data.

Under this baseline scenario, metals consumption growth would slow by one-third over the next decade (Figure 6.C). Energy consumption growth would remain broadly constant and increasingly shift towards faster-growing EMDEs. China would remain the single largest source of commodity consumption growth among EMDEs, notwithstanding slowing GDP growth and economic rebalancing. While per capita incomes in some of the other EMDEs would grow faster than in China, their current levels of commodity consumption are so much lower than China that their contribution to aggregate consumption growth would remain modest.

Slowing commodity demand growth will, all else equal, put downward pressure on prices, with important consequences for growth and poverty alleviation in EMDEs. Two-thirds of EMDEs depend significantly on agriculture and mining and quarrying for government and export revenues, and more than half of the world's poor live in commodity-exporting EMDEs.

The prospect of persistently lower demand and prices heightens the need to accelerate diversification efforts in those countries. Cross-country studies suggest that greater diversification of exports and government revenues bolsters long-term growth prospects and resilience to external shocks. The successful diversification experience of some energy producers highlights the benefits of both vertical diversification (e.g., in crude oil, natural gas, and petrochemical sectors) as well as horizontal diversification. These involve reforms to improve the business environment, education, and skills acquisition, among others.

The majority of commodity-exporting EMDEs require further fiscal reforms to establish a firmer foundation for long-term sustainability and help smooth the impact of commodity price cycles on activity and public finances. Commodity price hedging and indexation of government bonds can also help reduce exposure to short-term fluctuations in commodity prices. The establishment of well-managed strategic investment funds with resource revenues can also help to achieve log-term sustainability of public finances. Reforms to monetary policy frameworks could help reduce procyclicality and foster resilience to commodity price fluctuations.

FIGURE 6.A Coal consumption per capita vs. GDP per capita

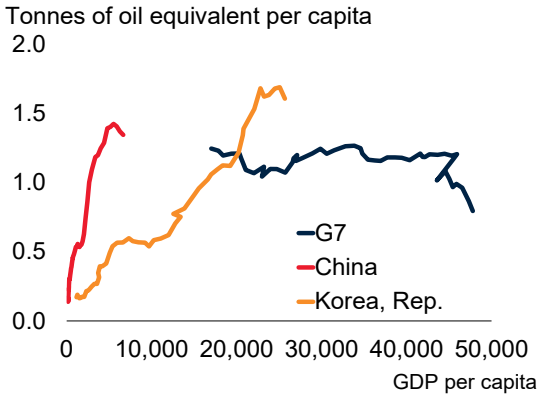


FIGURE 6.B Copper consumption per capita vs. GDP per capita

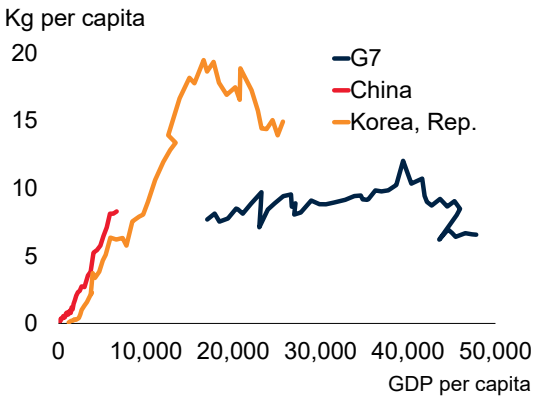
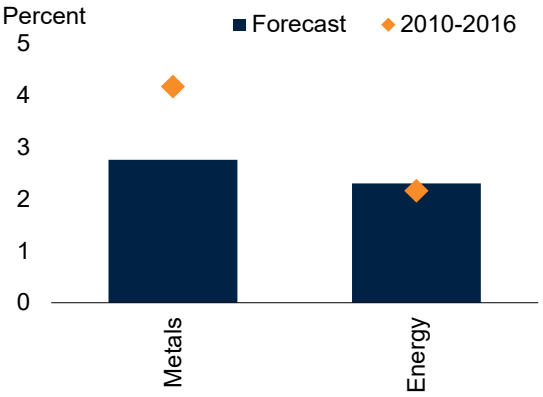


FIGURE 6.C Scenario forecasts of global commodity demand growth



Sources: Bloomberg, BP Statistical Appendix, World Bank, World Bureau of Metals Statistics.
A.B. GDP per capita in real U.S. dollars. Lines show the evolution of income and commodity consumption per capita over the period 1965-2016. Each data point represents one country or group for one year.
C. All growth rates are averaged over the period. Forecast period is 2018-27. Predicted values based on regression coefficients in Annex Table SF1.5 of the June 2018 edition of the *Global Economic Prospects* report.

Recent Prospects Group Publications

Global Economic Prospects - June 2018: The Turning of the Tide?
Commodity Markets Outlook - April 2018: Oil Exporters: Policies and Challenges
Global Economic Prospects - January 2018: Broad-Based Upturn, but for How Long?
Global Economic Prospects - June 2017: A Fragile Recovery

Recent World Bank Working Papers

Corporate debt overhang and investment : firm-level evidence
Services Globalization in an Age of Insecurity : Rethinking Trade Cooperation
Growth, Inequality, and Poverty : A Robust Relationship?
Financial development, exchange rate regimes, and growth dynamics
The Heterogeneous Effects of Trade Policy Uncertainty : How Much Do Trade Commitments Boost Trade ?
Infrastructure, value chains, and economic upgrades
Selective control : the political economy of censorship
The role of major emerging markets in global commodity demand

Recent World Bank Reports

Atlas of Sustainable Development Goals 2018
Fair Progress? : Economic Mobility Across Generations Around the World
Global Trade Watch 2017 : Trade Defies Policy Uncertainty–Will It Last?
The Changing Wealth of Nations 2018: Building a Sustainable Future
Doing Business 2018: Reforming to Create Jobs

TABLE A: Major Data Releases

(Percent change, y/y)

Recent releases: August 19, 2018 - September 20, 2018						
Country	Date	Indicator	Period	Actual	Forecast	Previous
South Africa	8/22/18	CPI	JUL	5.1 %		4.6 %
Japan	8/23/18	CPI	JUL	0.9 %	1 %	0.7 %
Mexico	8/24/18	GDP	Q2	2.6 %		1.4%
France	8/29/18	GDP	Q2	1.7%		2.1%
United States	8/29/18	GDP	Q2	2.9 %		2.6%
Italy	8/31/18	GDP	Q2	1.2 %		1.4%
Brazil	8/31/18	GDP	Q2	1.0 %		1.2 %
Indonesia	9/3/18	CPI	AUG	3.2 %	3.2 %	3.2%
Turkey	9/3/18	CPI	AUG	17.9%	21.5 %	15.8%
South Korea	9/3/18	GDP	Q2	2.8 %	2.9 %	2.8 %
South Africa	9/4/18	GDP	Q2	0.4 %		0.8 %
Australia	9/4/18	GDP	Q2	3.4 %		3.2%
Euro Area	9/7/18	GDP	Q2	2.1 %		2.4%
Japan	9/9/18	GDP	Q2	1.3%		1.1%
China	9/9/18	CPI	AUG	2.1%		1.7%
France	9/13/18	CPI	AUG	2.3 %	2.3 %	2.3 %
United States	9/13/18	CPI	AUG	2.7 %		2.9 %
Italy	9/14/18	CPI	AUG	1.6 %		1.7 %
Euro Area	9/17/18	CPI	AUG	2.0 %	2 %	2.1 %
South Africa	9/19/18	CPI	AUG	4.9%		5.2%
UK	9/19/18	CPI	AUG	2.7 %	2.4 %	2.5 %

(Percent change y/y)

Upcoming releases: September 21, 2018 - October 20, 2018				
Country	Date	Indicator	Period	Previous
Canada	9/21/18	CPI	AUG	3.0 %
Germany	9/27/18	CPI	SEP	2.0 %
Japan	9/27/18	IP	AUG	2.2 %
United States	9/27/18	GDP	Q2	2.9%
UK	9/28/18	GDP	Q2	1.3%
Indonesia	10/1/18	CPI	SEP	3.2 %
South Korea	10/1/18	IP	AUG	1.0%
Italy	10/3/18	GDP	Q3	1.2 %
Turkey	10/3/18	CPI	SEP	17.9%
Brazil	10/5/18	CPI	SEP	4.2%
Germany	10/8/18	IP	AUG	1.1 %
Mexico	10/9/18	CPI	SEP	4.9%
UK	10/10/18	IP	AUG	1.0%
France	10/11/18	CPI	SEP	2.3 %
Euro Area	10/12/18	IP	AUG	-0.1 %
Germany	10/12/18	CPI	SEP	2.0 %
India	10/12/18	IP	AUG	6.6 %
Mexico	10/12/18	IP	AUG	1.2 %
China	10/15/18	CPI	SEP	2.1%
China	10/15/18	GDP	Q3	6.7 %
Euro Area	10/17/18	CPI	SEP	2.0 %

TABLE B: Activity and Inflation

(Percent change y/y, except quarterly data on industrial production, which are percent change q/q, annualized)

	2016	2017	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul
Industrial production, sa [1]																		
World	**2.1**	**4.0**	**3.8**	**5.5**	**3.9**	**2.9**	**4.4**	**4.3**	**4.1**	**4.4**	**4.6**	**4.6**	**4.7**	**4.3**	**4.4**	**4.0**	**3.7**	**3.7**
Advanced economies	0.0	2.8	2.4	5.2	-0.2	2.7	3.2	3.0	3.1	3.5	3.6	2.7	3.0	3.2	2.5	2.6	2.4	1.9
Emerging market and developing economies	4.2	5.2	5.3	5.7	8.2	3.1	5.6	5.7	5.1	5.4	5.5	6.6	6.4	5.3	6.3	5.3	5.0	5.6
Commodity-exporting EMDEs	0.6	2.6	4.7	0.9	5.9	0.4	3.7	3.7	2.9	2.5	2.2	3.9	3.3	3.3	5.0	1.7	2.2	4.3
Other EMDEs	5.3	6.0	5.4	7.0	8.8	3.7	6.1	6.2	5.7	6.2	6.5	7.3	7.3	5.9	6.7	6.3	5.8	5.9
East Asia and Pacific	5.9	6.1	5.0	5.4	10.3	4.8	5.8	6.4	5.8	5.7	5.8	7.2	7.1	5.7	7.1	6.7	5.4	6.3
East Asia excl. China	4.6	3.7	7.8	-0.1	15.6	-1.7	4.4	5.2	2.7	3.0	2.9	7.5	6.0	3.8	7.6	5.9	2.1	7.5
Europe and Central Asia	3.4	5.9	5.8	6.0	7.1	1.8	7.8	7.9	5.9	5.8	6.4	7.8	7.5	5.9	5.8	5.4	4.4	5.7
Latin America and Caribbean	-2.2	0.7	3.7	2.4	3.5	-1.5	1.4	0.8	1.7	1.5	2.0	1.5	1.9	3.0	4.4	-1.4	3.0	2.2
Middle East and North Africa	-1.1	5.4	21.3	1.9	-8.7	4.5	7.7	2.2	6.1	7.1	8.6	2.2	2.6	5.0	2.5	3.1	7.0	3.7
South Asia	5.3	4.7	7.2	12.5	4.9	-2.4	6.5	4.7	3.7	8.9	7.6	8.2	7.3	5.6	5.6	4.6	6.1	5.7
Sub-Saharan Africa	1.2	0.1	2.9	8.1	-7.4	0.2	1.3	-1.0	2.0	2.3	3.2	1.7	1.0	1.2	-1.2	1.7	2.0	2.6
Inflation, sa [2]																		
World	**1.5**	**2.2**	**2.2**	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**	**2.4**	**2.3**	**2.4**	**2.3**	**2.4**	**2.3**	**2.1**	**2.4**	**2.4**
Advanced economies	0.3	1.4	1.4	1.4	1.3	1.8	1.4	1.5	1.4	1.5	1.5	1.5	1.4	1.4	1.6	1.9	2.1	2.1
Emerging market and developing economies	2.7	3.2	2.9	2.8	3.0	2.7	3.0	3.2	3.0	3.0	3.0	3.0	3.1	2.7	2.6	2.8	3.0	2.9
Commodity-exporting EMDEs	3.5	3.5	3.3	2.8	2.9	2.5	3.4	3.3	3.3	3.0	2.9	2.9	2.9	2.7	2.5	2.4	2.5	2.5
Other EMDEs	1.3	2.9	2.7	2.8	3.7	3.2	2.6	3.0	2.8	2.9	3.0	3.7	3.5	3.1	3.2	3.0	3.2	3.5
East Asia and Pacific	2.1	2.9	1.9	2.7	2.5	3.0	2.5	2.5	2.8	2.6	2.5	2.6	2.7	2.5	2.4	2.9	2.6	2.5
Europe and Central Asia	0.4	2.4	2.7	2.8	2.7	2.2	2.7	2.8	2.6	2.8	2.8	2.5	2.7	2.5	2.2	2.1	2.3	2.4
Latin America and Caribbean	2.4	2.6	2.5	2.5	2.9	3.1	2.4	2.6	2.3	2.5	2.6	2.9	2.9	3.1	3.0	3.0	3.2	3.1
Middle East and North Africa	2.1	1.6	1.1	2.2	2.8	2.7	1.1	1.6	2.1	1.7	1.9	2.9	2.9	2.6	2.6	2.8	3.0	3.2
South Asia	4.4	3.8	3.5	3.7	4.2	4.6	3.5	3.5	3.6	3.8	4.3	4.4	4.1	3.7	4.1	4.9	5.2	5.6
Sub-Saharan Africa	5.3	5.7	5.5	4.7	3.5	3.3	5.4	5.4	5.2	4.6	4.6	4.3	3.4	3.3	3.3	3.3	3.1	3.0

Sources: Haver Analytics, IMF International Financial Statistics, World Bank.
[1] Industrial production is total production (may exclude construction). When data are unavailable, "industrial production, manufacturing" is used as a proxy.
[2] Median inflation rate for each grouping.

TABLE C: Trade and Finance

(Percent change y/y, except quarterly trade data, which are percent change q/q, annualized, and international reserves data, which are percent change over the previous period)

	2016	2017	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul
Exports, nominal, US$, sa																		
World	**-3.0**	**10.3**	**14.5**	**14.6**	**14.6**	**24.3**	**11.0**	**11.1**	**12.4**	**13.2**	**11.7**	**17.0**	**16.8**	**9.2**	**16.3**	**10.6**	**10.2**	**12.0**
Advanced economies	-0.8	9.5	18.2	11.3	11.3	22.0	10.8	10.9	12.0	12.9	11.3	17.5	12.0	10.8	16.5	9.2	9.3	10.2
Emerging market and developing economies	-6.4	11.7	8.0	20.9	20.9	28.6	11.3	11.4	13.3	13.8	12.3	16.1	25.8	6.4	16.1	13.4	11.8	15.4
Commodity-exporting EMDEs	-8.8	17.7	19.5	26.7	26.7	31.3	16.7	17.0	20.9	15.9	14.5	20.9	15.3	13.3	23.6	15.3	16.2	23.4
Other EMDEs	-4.5	9.5	3.6	18.5	18.5	27.5	9.2	9.2	10.3	12.9	11.4	14.1	30.3	3.7	13.1	12.5	9.9	12.4
East Asia and Pacific	-6.1	9.9	2.7	16.1	16.1	28.8	8.1	9.9	10.0	12.9	10.9	14.0	33.1	0.9	12.4	11.9	10.8	12.9
Europe and Central Asia	-6.1	16.5	17.1	30.3	30.3	40.3	20.2	16.5	22.3	19.5	16.2	26.6	21.0	15.1	27.8	19.8	14.0	23.8
Latin America and Caribbean	-2.4	12.0	7.8	15.5	15.5	21.2	11.7	10.5	15.8	9.3	8.7	12.0	11.8	10.4	13.9	7.0	6.6	12.6
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	0.6	5.6	12.3	22.9	22.9	6.8	9.9	4.7	4.1	12.2	11.6	7.3	10.1	5.5	9.0	20.3	10.7	11.7
Sub-Saharan Africa	-13.1	15.4	12.3	31.4	31.4	24.4	16.6	8.4	17.5	17.8	17.1	14.5	15.2	12.3	-	-	-	-
Imports, nominal, US$, sa																		
World	**-5.3**	**12.2**	**1.7**	**31.2**	**31.2**	**16.1**	**16.3**	**5.8**	**18.2**	**13.3**	**19.6**	**16.3**	**21.4**	**9.1**	**24.9**	**4.3**	**10.0**	**12.3**
Advanced economies	-3.4	9.1	14.2	18.0	18.0	23.1	9.0	9.1	14.7	14.1	13.9	18.6	15.3	12.1	18.5	10.0	9.2	11.6
Emerging market and developing economies	-6.4	13.9	-4.4	38.8	38.8	12.6	20.5	4.0	20.2	12.8	22.7	15.1	24.7	7.5	28.5	1.6	10.4	12.6
Commodity-exporting EMDEs	-7.3	13.2	-8.8	46.0	46.0	3.2	22.5	-0.2	21.2	11.3	25.9	10.1	29.3	6.1	31.9	-2.3	9.9	-
Other EMDEs	-3.0	16.3	12.3	17.1	17.1	50.3	14.3	17.7	16.8	18.1	12.6	32.5	11.1	12.1	17.7	17.2	11.8	18.2
East Asia and Pacific	-3.7	17.4	15.1	15.1	15.1	68.3	13.7	19.2	18.0	18.8	9.7	37.8	9.3	12.0	21.8	20.9	11.9	21.5
Europe and Central Asia	-1.2	18.6	20.3	17.3	17.3	38.8	17.4	20.2	21.4	23.7	23.4	29.6	21.8	17.7	19.2	9.0	6.5	6.6
Latin America and Caribbean	-7.3	8.3	9.9	17.8	17.8	23.8	9.1	5.0	16.3	9.2	6.8	13.9	14.3	4.1	21.4	12.8	9.6	23.8
Middle East and North Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	-5.4	22.8	-8.2	32.0	32.0	23.5	21.3	18.6	11.0	20.8	19.1	24.3	11.9	7.8	4.3	16.0	20.7	22.2
Sub-Saharan Africa	-13.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International reserves, US$[1]																		
World	**-2.0**	**7.2**	**1.7**	**1.2**	**1.2**	**1.4**	**0.6**	**0.3**	**0.0**	**0.5**	**0.7**	**1.4**	**-0.5**	**0.5**	**-0.5**	**-0.5**	**-0.2**	**0.0**
Advanced economies	3.2	10.0	1.7	1.1	1.1	1.3	0.5	0.3	-0.3	0.7	0.8	1.3	-0.5	0.5	-1.0	-0.2	0.4	-0.1
Emerging market and developing economies	-5.3	5.3	1.7	1.3	1.3	1.4	0.6	0.4	0.2	0.4	0.7	1.4	-0.5	0.5	-0.2	-0.7	-0.6	0.0
Commodity-exporting EMDEs	-4.5	3.5	0.7	1.2	1.2	2.1	0.2	0.1	0.6	0.3	0.3	1.4	-0.3	1.0	-	-	-	-
Other EMDEs	-5.7	6.1	2.2	1.3	1.3	1.1	0.8	0.5	0.1	0.4	0.8	1.5	-0.6	0.3	-0.6	-0.8	-0.6	0.2
East Asia and Pacific	-7.3	5.6	2.1	1.3	1.3	0.6	0.6	0.6	0.0	0.4	0.9	1.1	-0.8	0.4	-0.5	-0.5	-0.3	0.1
Europe and Central Asia	3.4	10.2	3.1	0.9	0.9	4.3	1.6	0.3	0.2	1.0	-0.3	3.5	0.2	0.6	-0.5	-1.2	-1.6	0.9
Latin America and Caribbean	1.4	2.1	0.9	-0.9	-0.9	1.8	0.3	-0.1	0.5	-0.4	-0.9	1.5	0.0	0.3	-0.3	-0.4	-1.2	0.4
Middle East and North Africa	-10.7	-	-	-	-	-	-0.2	-	-	-	-	-	-	-	-	-	-	-
South Asia	3.6	11.8	2.5	2.3	2.3	2.5	1.3	0.1	-0.1	0.2	2.1	2.4	-0.2	0.3	-0.2	-2.5	-1.2	-0.8
Sub-Saharan Africa	-4.9	11.0	0.5	6.2	6.2	9.3	-1.6	-0.3	1.5	0.4	4.2	2.4	0.9	5.8	1.2	-	-	-

Sources: Haver Analytics, IMF International Financial Statistics, World Bank.
[1] Total reserves excluding gold are used as proxies when total reserves data are unavailable.

TABLE D: Financial Markets

(Percent change y/y, except quarterly trade data, which are percent change q/q, annualized, and international reserves data, which are percent change over the previous period)

	2016	2017	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	MRV [1]
Interest rates and LIBOR (percent)																			
U.S. federal funds effective	0.39	0.97	1.13	1.17	1.40	1.67	1.13	1.13	1.13	1.27	1.38	1.38	1.45	1.63	1.63	1.77	1.88	1.88	1.88
ECB repo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US$ LIBOR 3-months	0.74	1.26	1.32	1.47	1.93	2.34	1.32	1.36	1.43	1.61	1.73	1.87	2.18	2.35	2.34	2.33	2.34	2.32	2.35
EURIBOR 3-months	-0.26	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.33	-0.32	-0.32	-0.32	-0.32
U.S. 10-year Treasury yield	1.84	2.33	2.24	2.37	2.76	2.92	2.20	2.36	2.35	2.41	2.58	2.86	2.84	2.87	2.97	2.91	2.89	2.89	3.08
German Bund, 10 year	0.11	0.37	0.46	0.38	0.57	0.42	0.41	0.43	0.37	0.36	0.50	0.67	0.54	0.48	0.46	0.33	0.25	0.26	0.35
Spreads (basis points)																			
JP Morgan emerging markets	410	325	322	313	309	351	314	306	320	312	299	309	319	322	353	377	366	383	383
Asia	221	164	161	151	157	185	157	148	153	151	146	156	168	171	186	197	193	185	187
Europe	302	243	234	233	221	275	224	226	244	229	212	217	234	246	277	301	291	329	310
Latin America and the Caribbean	537	429	428	416	418	455	416	407	422	419	410	420	423	422	459	486	471	493	496
Middle East	517	385	383	400	367	429	384	381	421	398	359	366	374	385	432	472	451	464	494
Africa	518	376	380	350	320	385	367	360	359	332	305	317	337	342	379	436	420	445	455
Stock indexes (end of period)																			
Global (MSCI)	424	508	487	508	500	505	487	497	505	508	502	517	500	510	509	505	520	524	517
Advanced economies ($ index)	1761	2086	2001	2086	2042	2089	2001	2037	2077	2086	2053	2113	2042	2087	2093	2089	2153	2179	2161
United States (S&P 500)	2258	2668	2519	2668	2590	2718	2519	2575	2648	2668	2631	2711	2590	2648	2729	2718	2816	2902	2908
Europe (S&P Euro 350)	1475	1558	1571	1558	1493	1533	1571	1600	1563	1558	1518	1522	1493	1556	1545	1533	1581	1547	1524
Japan (Nikkei 225)	19302	22530	20356	22530	21203	22305	20356	22198	22730	22530	21650	21794	21203	22488	22095	22305	22554	22788	23421
Emerging market and developing economies (MSCI)	861	1139	1082	1139	1167	1070	1082	1119	1121	1139	1158	1202	1167	1164	1121	1070	1087	1055	1016
EM Asia	419	577	543	577	589	552	543	571	572	577	584	603	589	587	582	552	553	546	524
EM Europe	295	341	331	341	350	312	331	330	330	341	354	370	350	335	316	312	319	294	292
EM Europe and Middle East	248	275	268	275	280	253	268	268	265	275	285	295	280	271	257	253	263	246	244
EM Latin America & Caribbean	2341	2811	2917	2811	3008	2477	2917	2809	2719	2811	2945	3095	3008	2988	2561	2477	2702	2466	2463
Exchange rates (LCU / USD)																			
Advanced economies																			
Euro Area	0.90	0.89	0.85	0.85	0.81	0.84	0.84	0.85	0.85	0.84	0.82	0.81	0.81	0.81	0.85	0.86	0.86	0.87	0.86
Japan	108.80	112.11	110.96	112.75	107.94	109.16	110.80	112.93	112.81	112.51	109.83	107.96	106.02	107.62	109.72	110.13	111.45	111.03	112.38
Emerging market and developing economies																			
Brazil	3.49	3.19	3.16	3.24	3.24	3.61	3.13	3.19	3.26	3.28	3.19	3.25	3.28	3.41	3.64	3.79	3.82	3.93	4.13
China	6.65	6.76	6.67	6.61	6.35	6.38	6.57	6.62	6.62	6.59	6.41	6.32	6.32	6.30	6.37	6.47	6.72	6.85	6.86
Egypt	10.12	17.85	17.77	17.71	17.68	17.80	17.65	17.64	17.68	17.81	17.74	17.67	17.63	17.68	17.83	17.88	17.90	17.88	17.91
India	67.19	65.11	64.29	64.71	64.40	66.99	64.46	65.07	64.85	64.20	63.72	64.44	65.06	65.69	67.49	67.79	68.74	69.62	72.97
Russia	67.06	58.31	58.93	58.47	56.96	62.03	57.66	57.76	58.97	58.70	56.93	56.81	57.15	61.01	62.28	62.81	62.83	66.48	67.40
South Africa	14.71	13.31	13.19	13.62	11.93	12.65	13.17	13.71	14.06	13.11	12.15	11.82	11.84	12.10	12.52	13.33	13.39	14.13	14.87
Memo: U.S. nominal effective rate (index)	119.7	119.6	116.6	117.5	114.1	116.6	115.5	117.5	117.7	117.4	114.7	113.7	113.9	113.9	117.0	118.9	119.6	120.6	120.4

Sources: Bloomberg, J.P. Morgan, and World Bank.

[1] MRV = most recent value.

TABLE E: Commodity Prices

	2016	2017	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	MRV [1]
Energy [2]	55	68	65	75	82	90	69	71	76	78	85	81	81	86	92	91	92	90	90
Non-energy [2]	79	84	83	84	88	89	84	84	85	84	87	88	88	90	90	88	84	83	83
Agriculture [2]	87	87	86	85	88	91	85	85	85	85	87	88	90	92	92	89	86	85	85
Metals and minerals [2]	64	79	81	84	88	88	84	84	84	85	89	89	85	87	88	88	81	79	76
Memo items:																			
Crude oil, average ($/bbl)	43	53	50	59	64	71	53	55	60	61	66	63	64	69	73	72	73	71	76
Gold ($/toz)	1249	1258	1278	1275	1329	1307	1314	1280	1282	1264	1331	1331	1325	1335	1303	1282	1238	1202	1202
Baltic Dry Index	676	1152	1138	1509	1171	1256	1363	1484	1455	1589	1234	1130	1149	1126	1289	1352	1649	1710	1356

Sources: World Bank, World Bank Commodities Price Data (The Pink Sheet), Bloomberg.

[1] MRV = most recent value.

[2] Indexes, 2010 = 100.

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