

IMF revises up growth perspectives

The world economy is expected to grow by 3.6% this year and 3.7% in the next. These projections are more optimistic than the ones from April. The forecast for Brazil moved up by 0.5 percentage point.

From the Newsroom*

São Paulo – The International Monetary Fund (IMF) revised up its global economic growth projections for this year and the next. As per the October edition of the World Economic Outlook report made public this Tuesday (10), the global Gross Domestic Product (GDP) will climb by 3.6% in 2017 and 3.7% in 2018, up from 3.2% growth in 2016, the worst year since the international financial crisis of 2008.

The estimates for this year and the next each widened by 0.1 percentage point compared with the April edition of the report. The Fund's predictions for the Eurozone, Japan, emerging countries in Asia and Europe, and Russia all went up – each of those countries grew more than expected in the first half of 2017 –, and that offset downward revisions in United States and United Kingdom forecasts.

But the IMF notes that the “recovery is not complete,” since “growth remains weak in many countries,” and that “commodity exporters, especially of fuel are particularly hard hit as their adjustment to a sharp stepdown in foreign earnings continues.”

In the Middle East, North Africa, Afghanistan and Pakistan, for instance, growth is expected to slow from 5% in 2016 to 2.6% in 2017. One of the reasons is the oil output slash agreed upon by the Organization of Petroleum Exporting Countries (Opec) and non-member countries in a bid to drive up prices.

In 2018, however, growth in those countries is seen picking up to 3.5%, the IMF notes. “However, regional insecurity and geopolitical risks still weigh on the outlook,” according to the report.

The economy of Saudi Arabia, the world's leading oil producer and exporter, is expected to remain flat, since non-oil sectors are expected to grow, while the oil industry should slow down as a result of the Opec agreement. Next year, Saudi Arabia's economy is seen growing by 1.1%

as the deal comes to an end.

Egypt grew by 4.1% in its last fiscal year and should see 4.5% growth in this one. According to the IMF, the country's performance is underpinned by fiscal and foreign exchange reforms designed to restore competitiveness and create jobs.

Brazil is expected to grow by 0.7% this year and 1.5% in 2018. The 2017 forecast was changed up by 0.5 percentage point over the IMF's April report, a revision prompted by a bumper crop and rising consumption.

But the Fund scaled down its 2018 forecast for Brazil by 0.2 percentage point, since investment levels remain weak and political uncertainty is mounting. Over the medium term, the Fund believes Brazil's economy could see 2% annual growth as reforms restore confidence in the country.

***Translated by Gabriel Pomerancblum**

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