

# LINK Global Economic Outlook 2015-2016

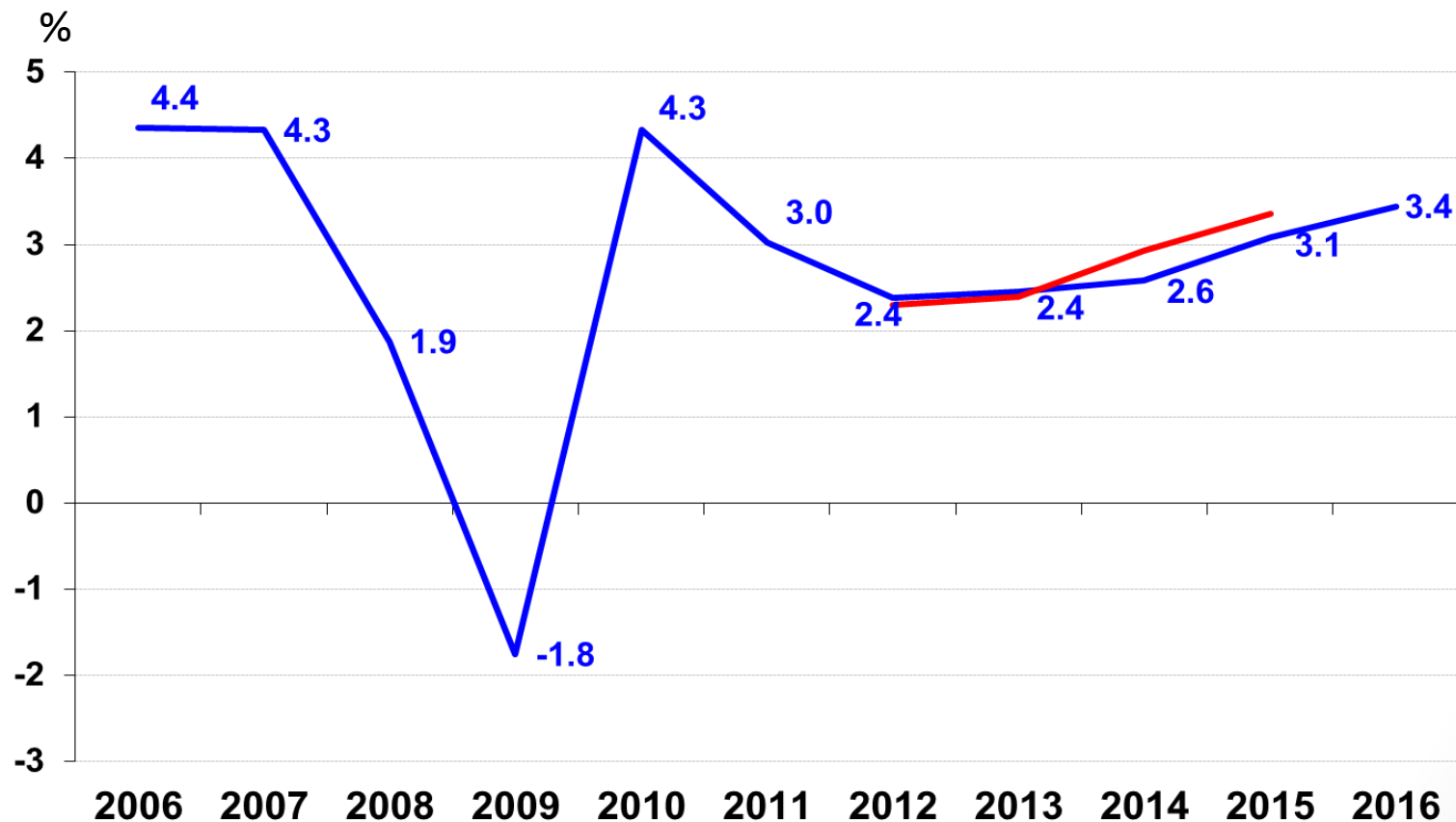
Project LINK Meeting  
22-24 October 2014  
New York

Pingfan Hong  
UN DESA DPAD

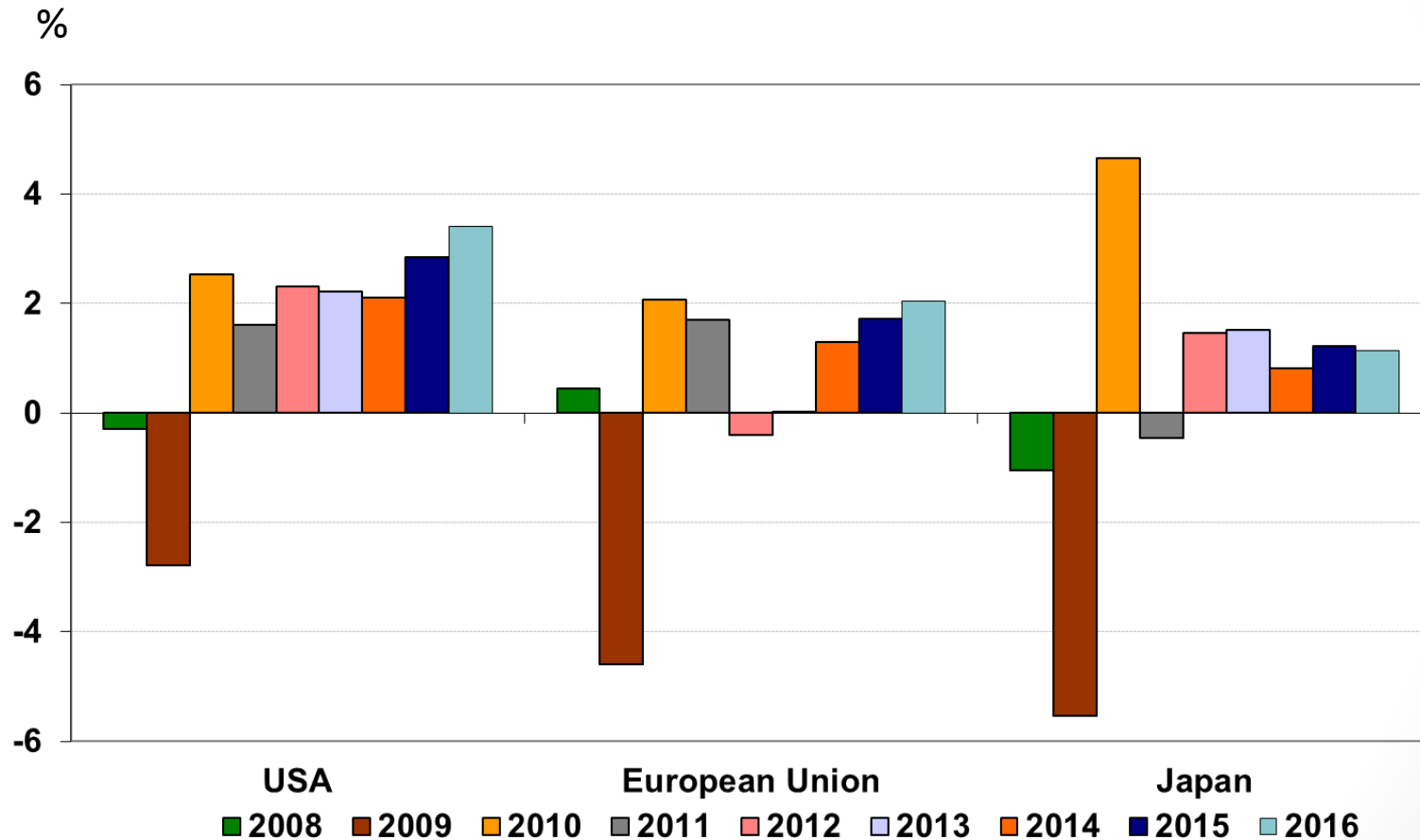
# Outline

1. Global macroeconomic trends
2. Uncertainties and risks
3. Policy issues

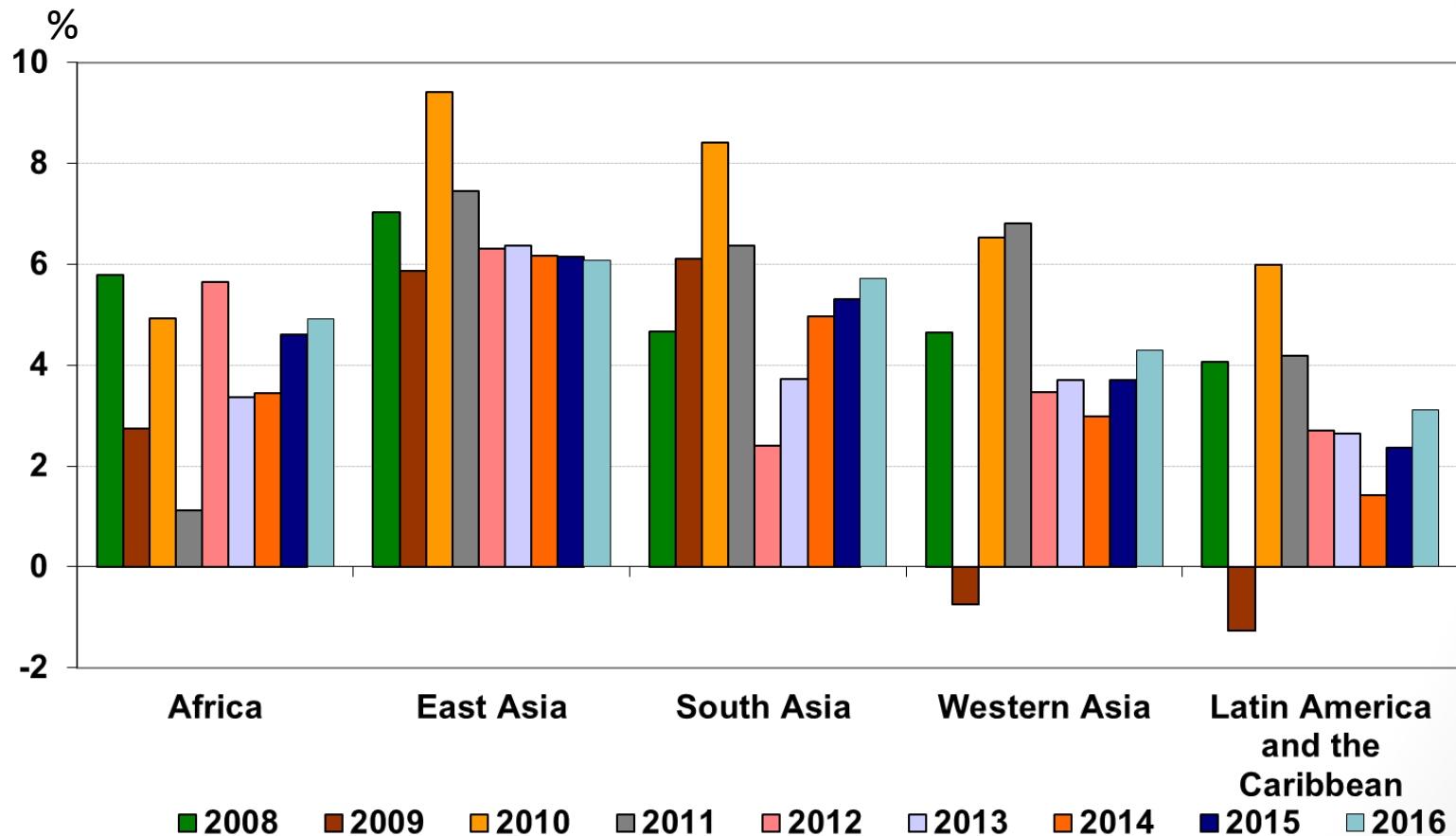
# Global growth in moderate and uneven pace



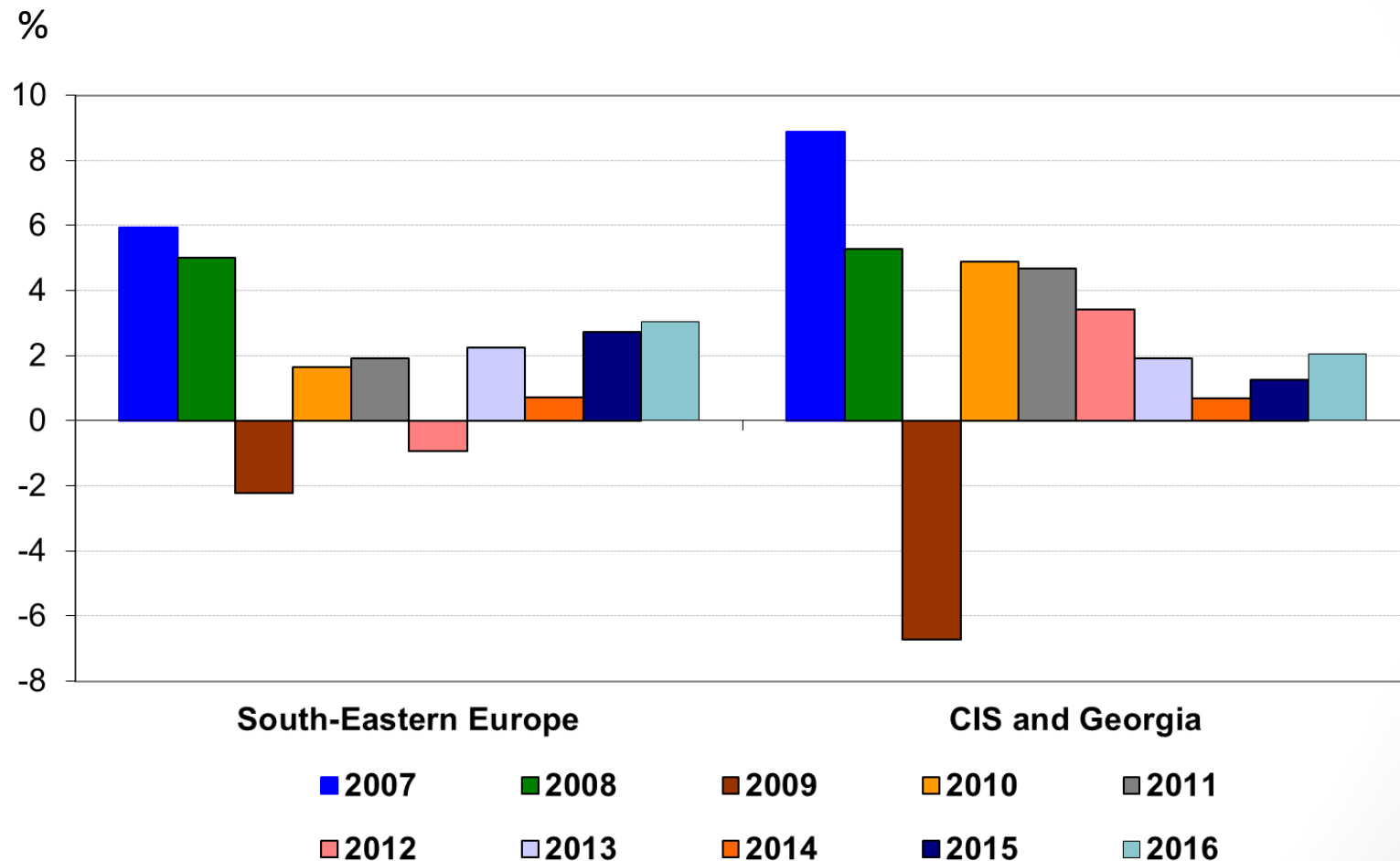
# Developed economies: further recovering



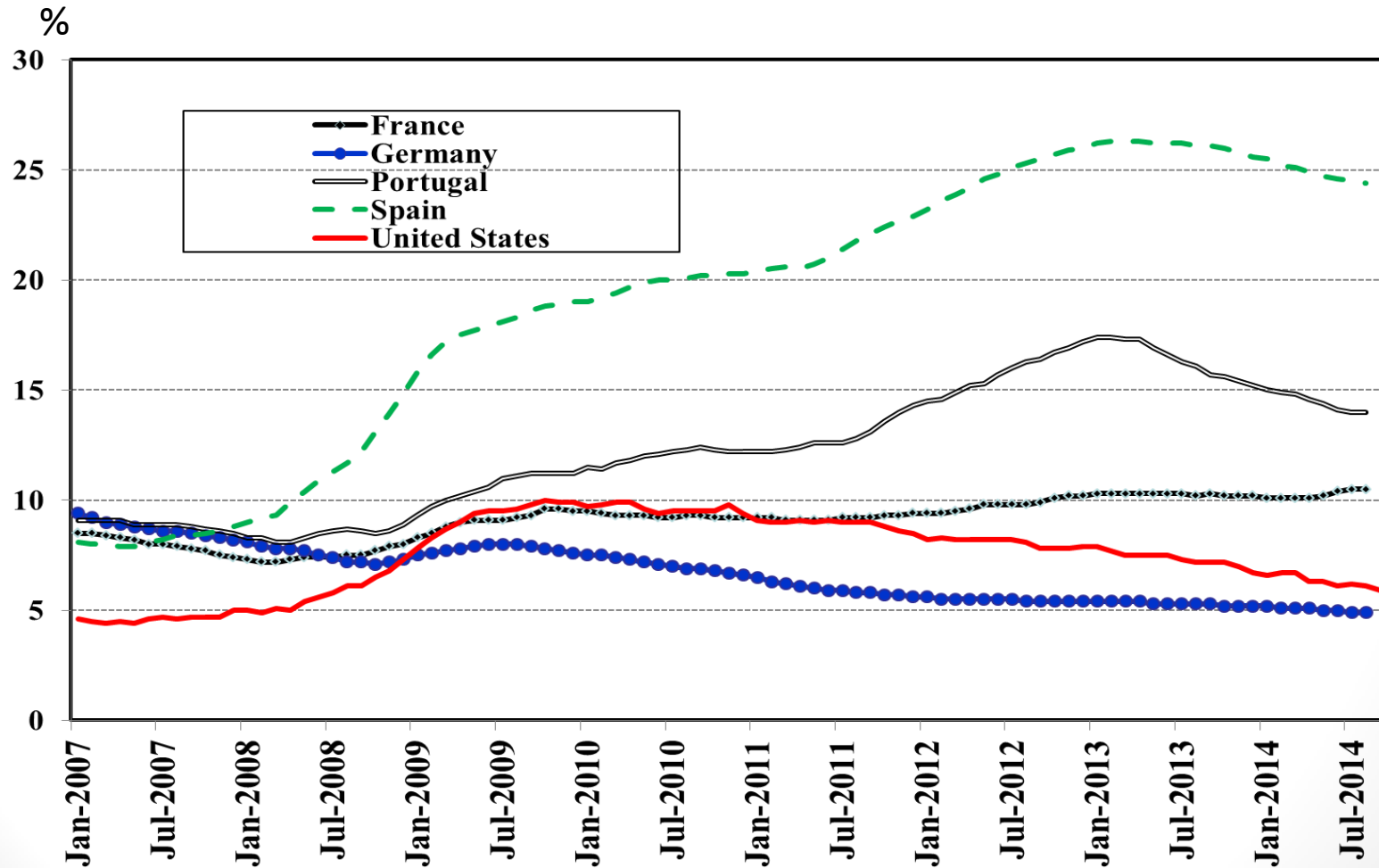
# Developing countries: shifting to low gear



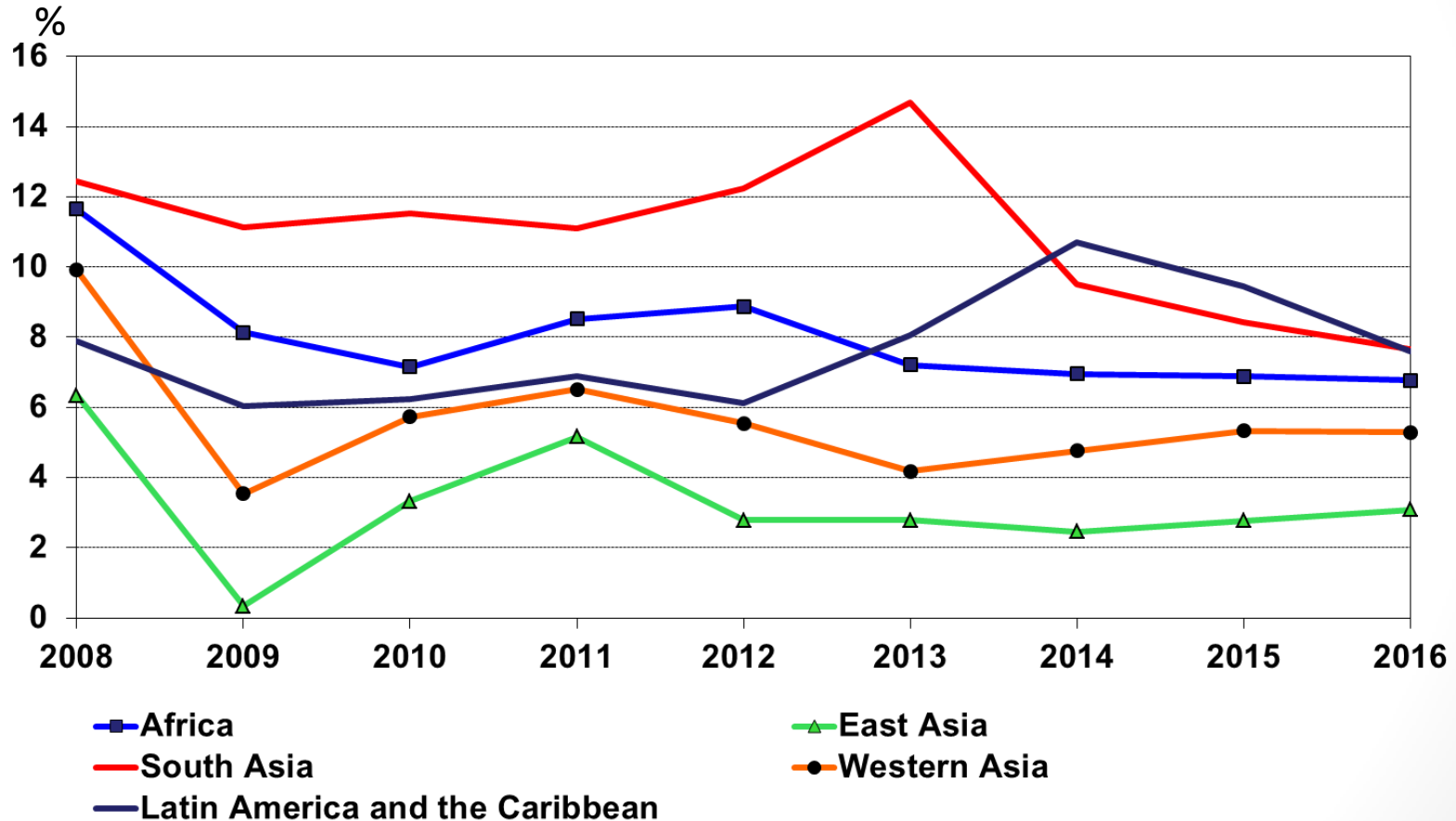
# Economies in transition: suffering from geopolitical tensions



# Unemployment remaining elevated in some countries

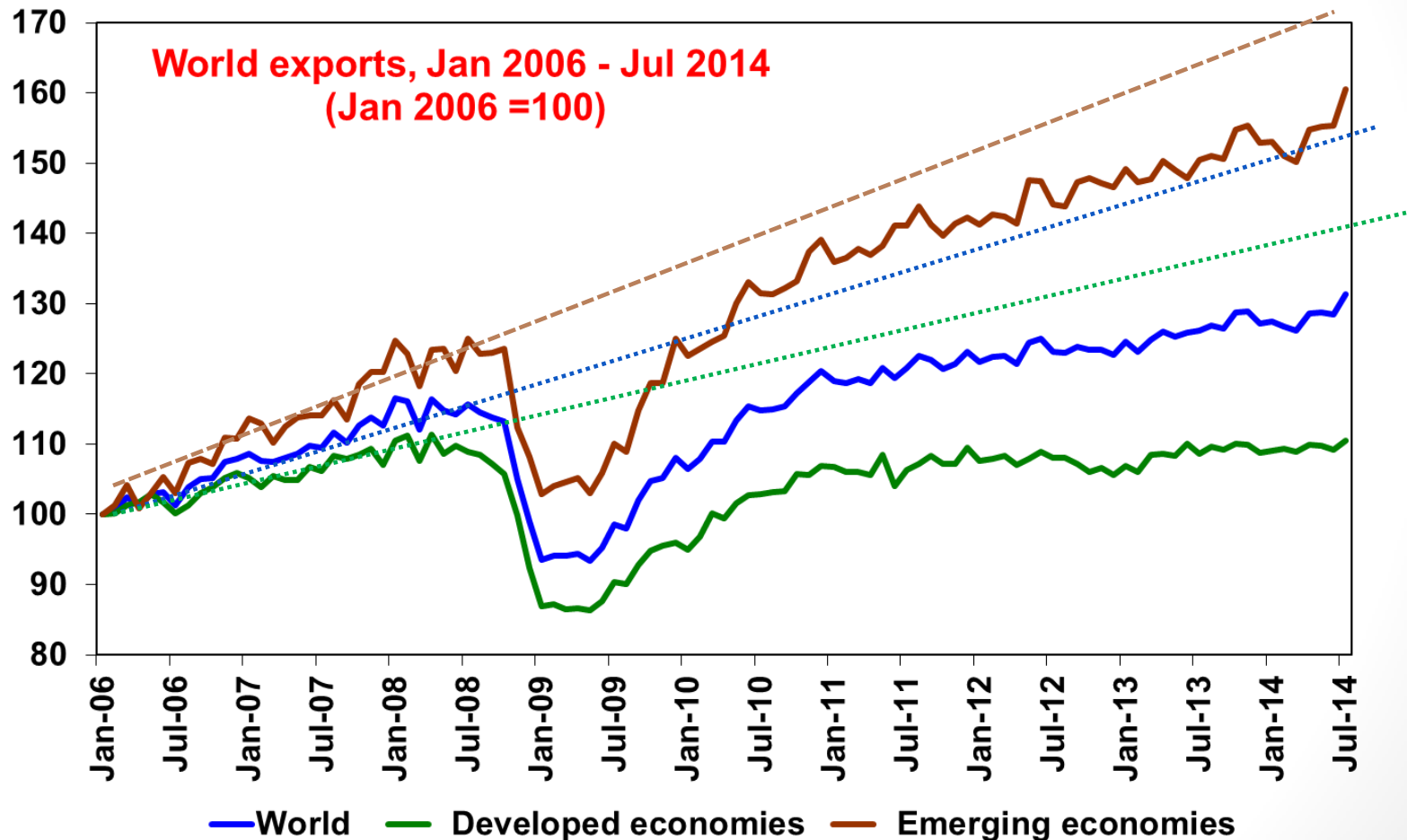


# Inflation remains benign in most parts of the world

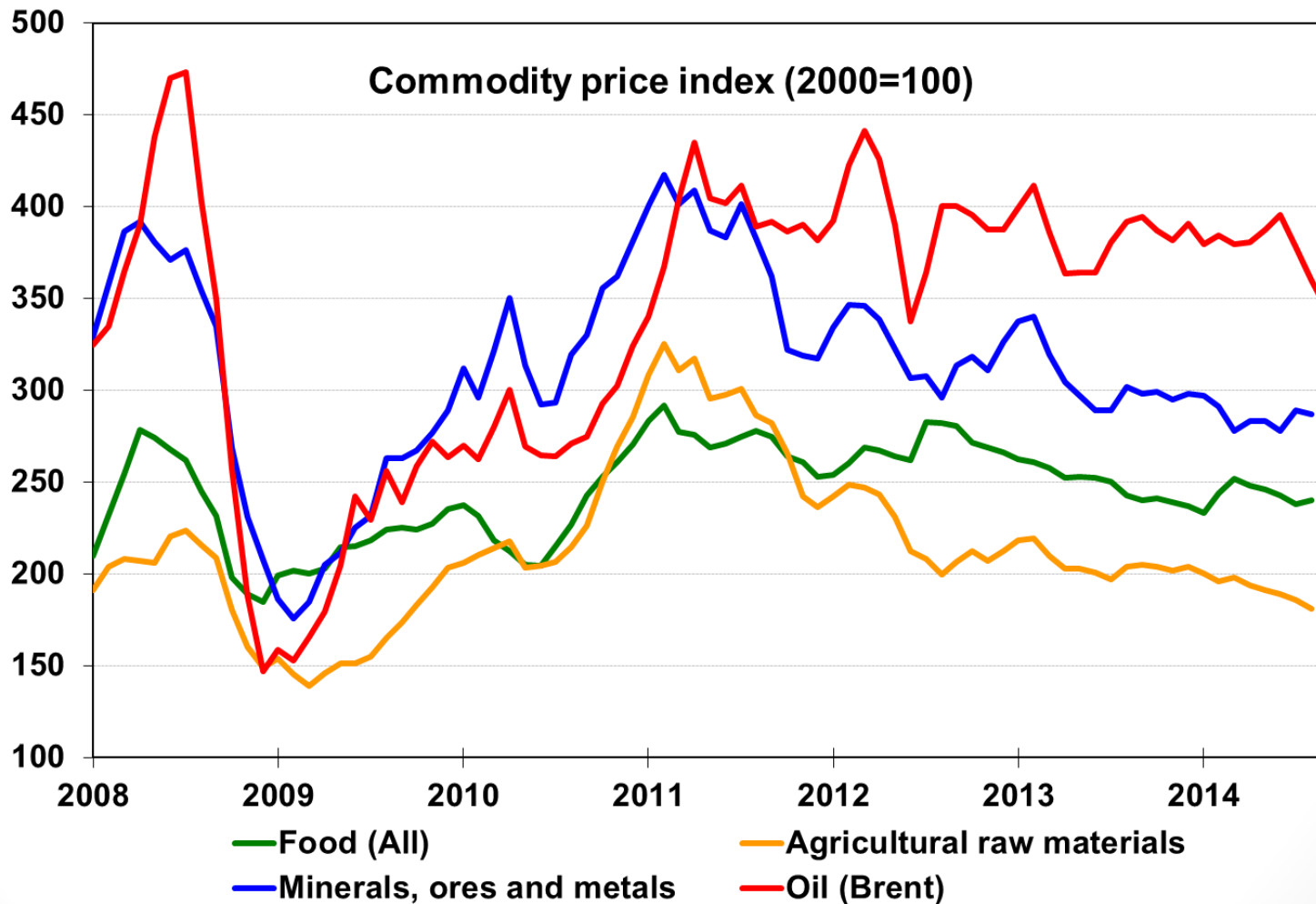




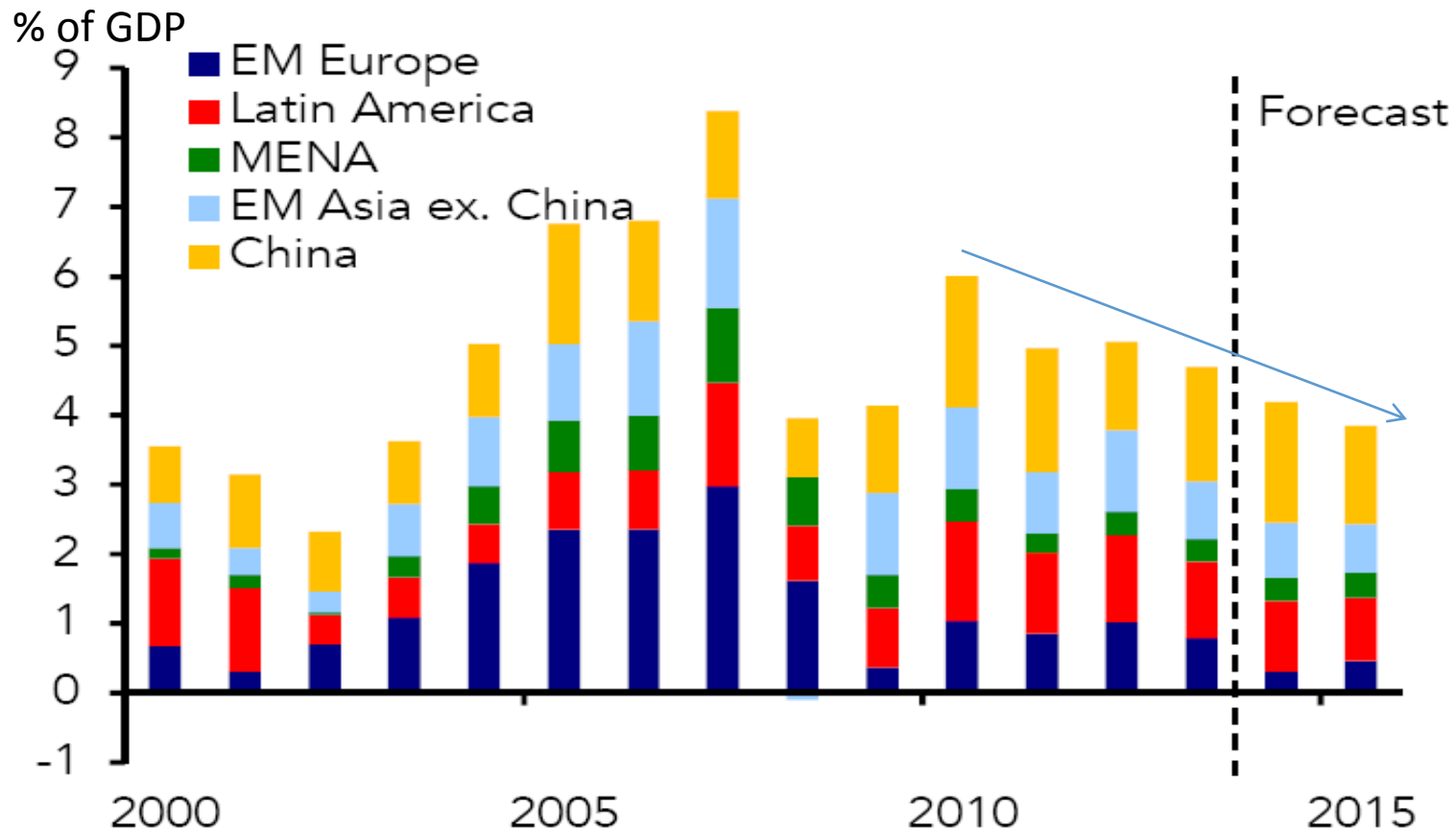
# Trade flows growing in sluggish pace, far below trends



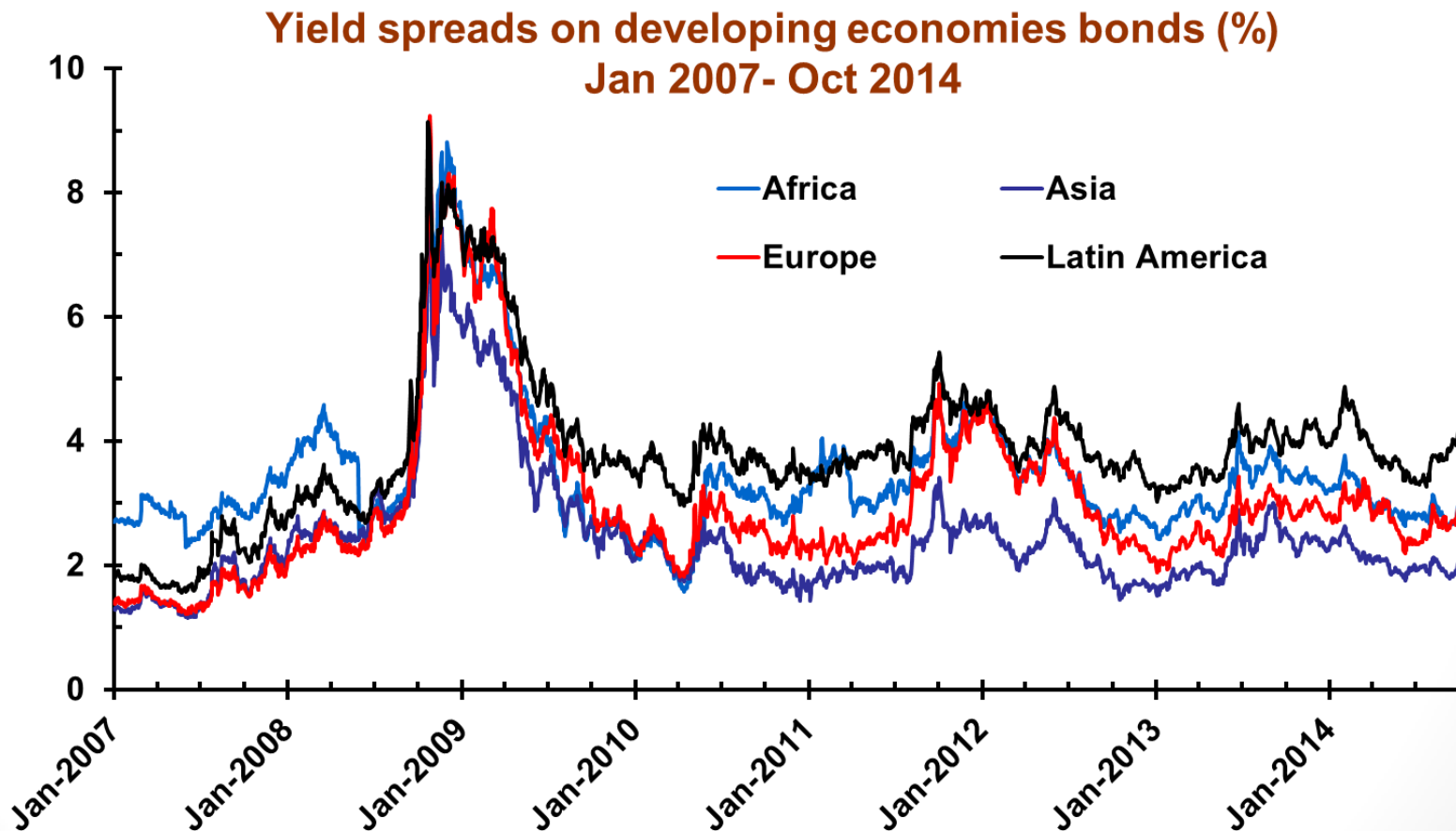
# Commodity prices trending downward



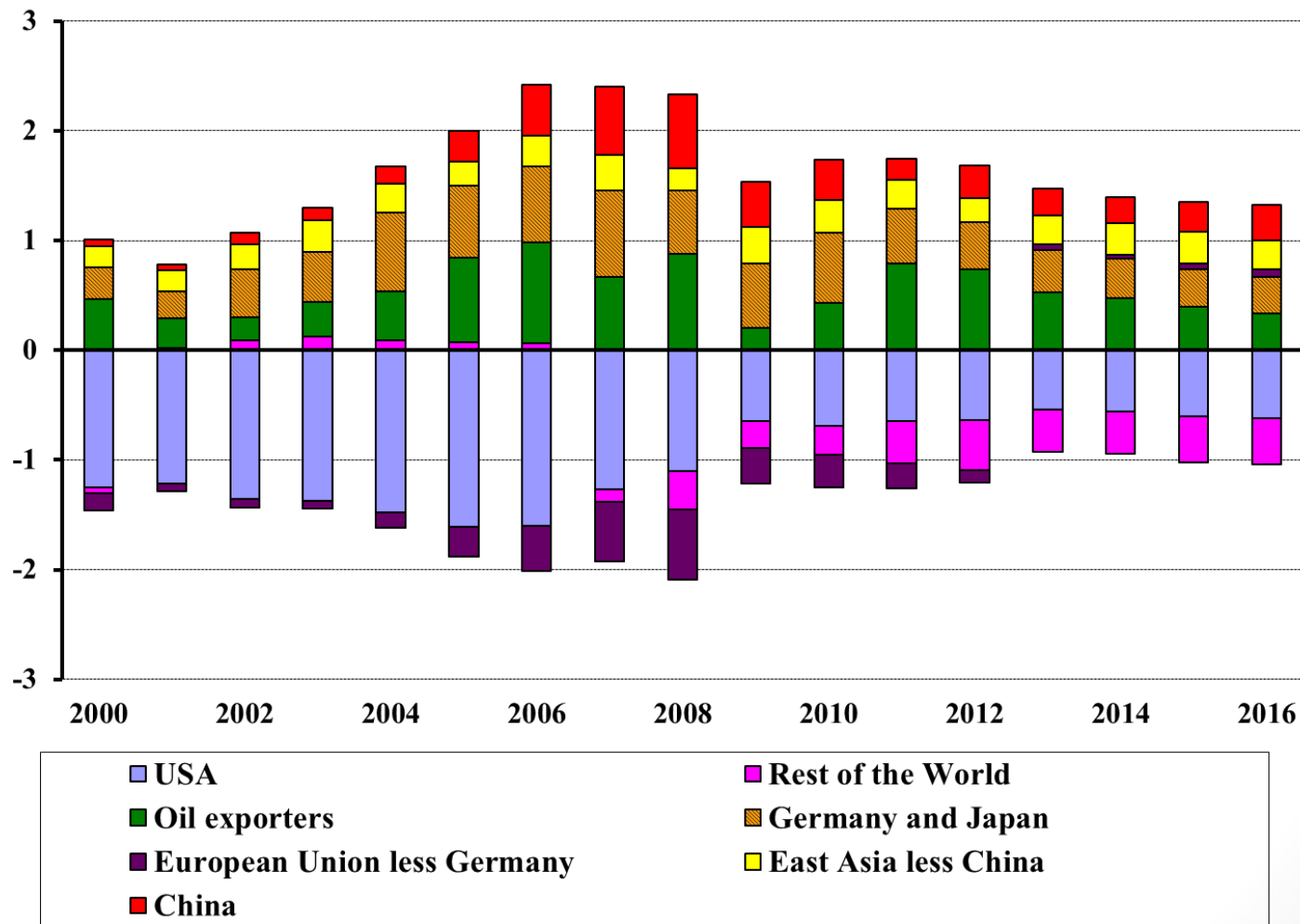
# Net private capital inflows to EM moderating



# External financing costs for EM remain low



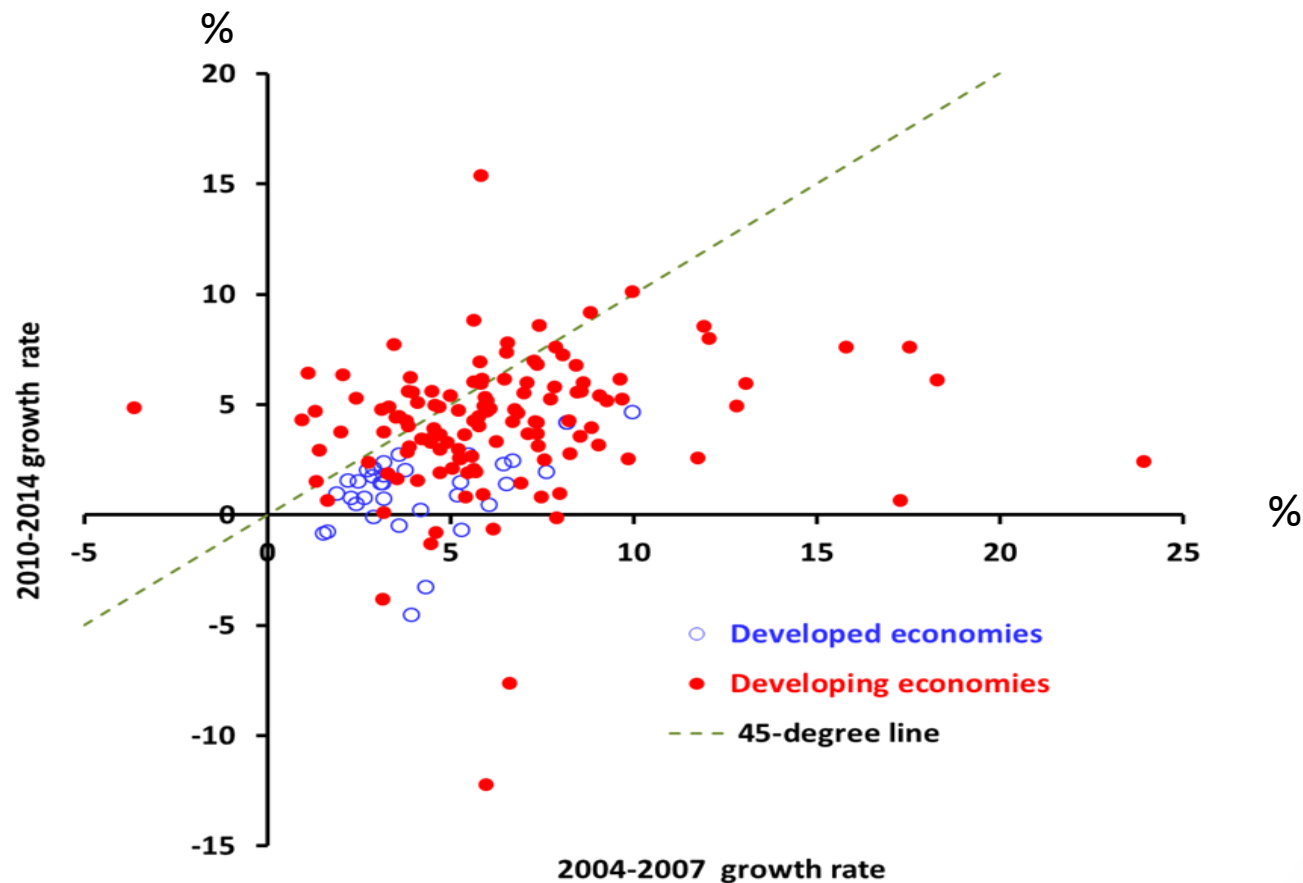
# Global imbalances narrowing



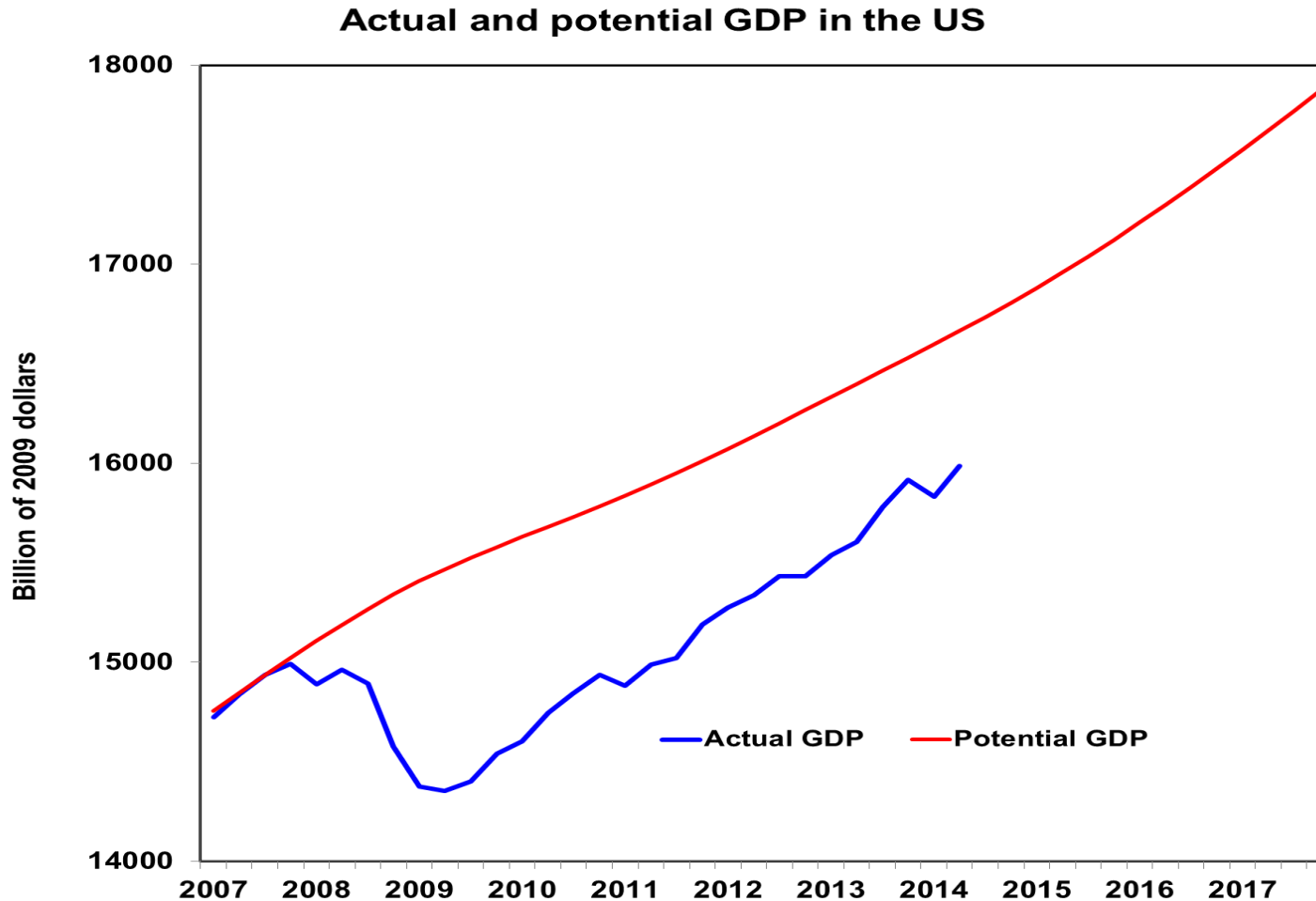
# Uncertainties and risks

- Risks associated with the QE exit and normalization of interest rates by the Fed;
- Remaining fragility in euro area;
- Vulnerability in emerging economies to both external shocks and domestic structural bottlenecks;
- Escalation in geopolitical tensions;
- Risks of a failure in containing Ebola;
- Secular stagnation for developed economies;
- Lower growth in emerging economies as the new normal;

# Low growth as the new normal?

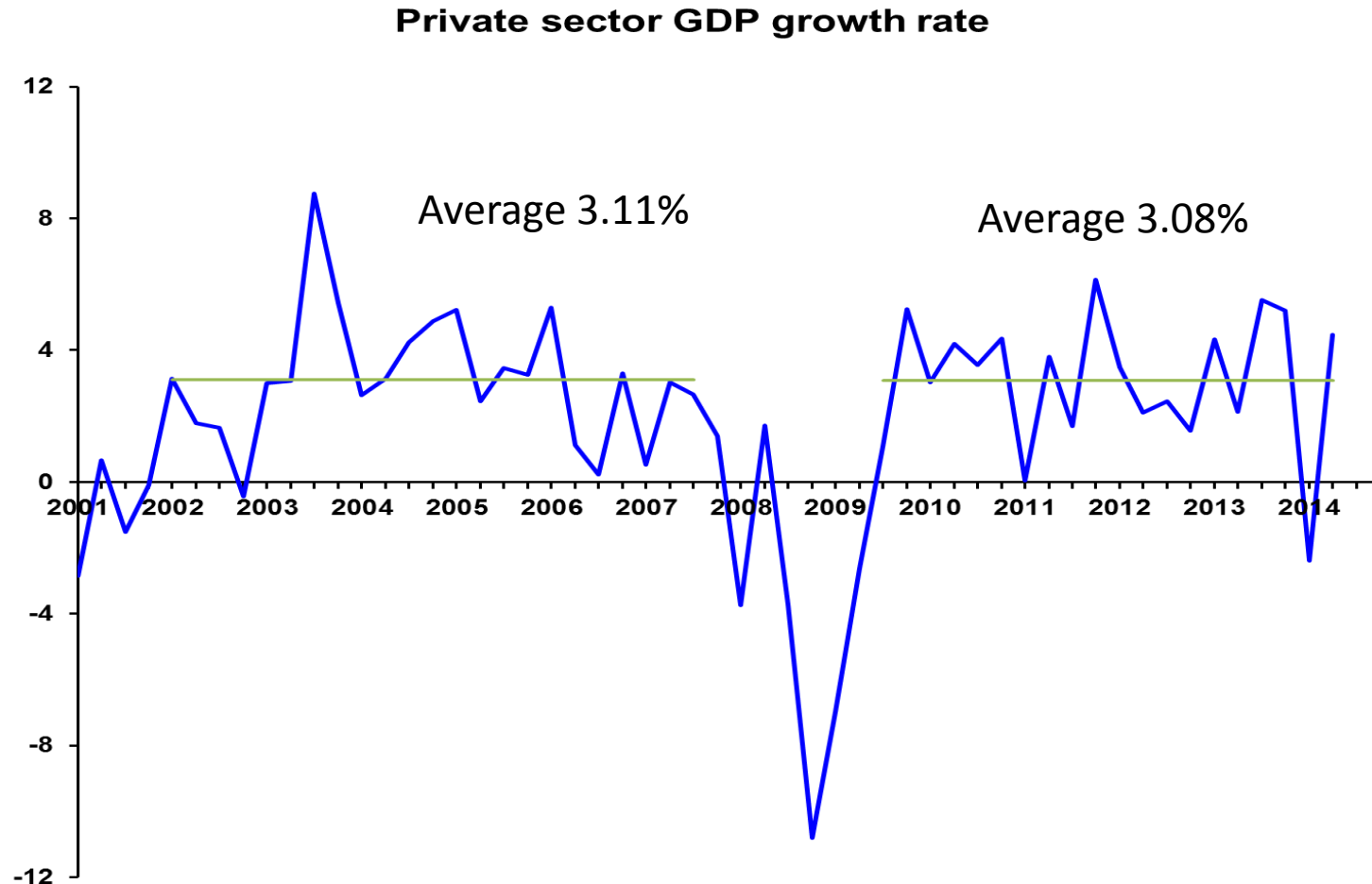


# Secular stagnation in the US (1)

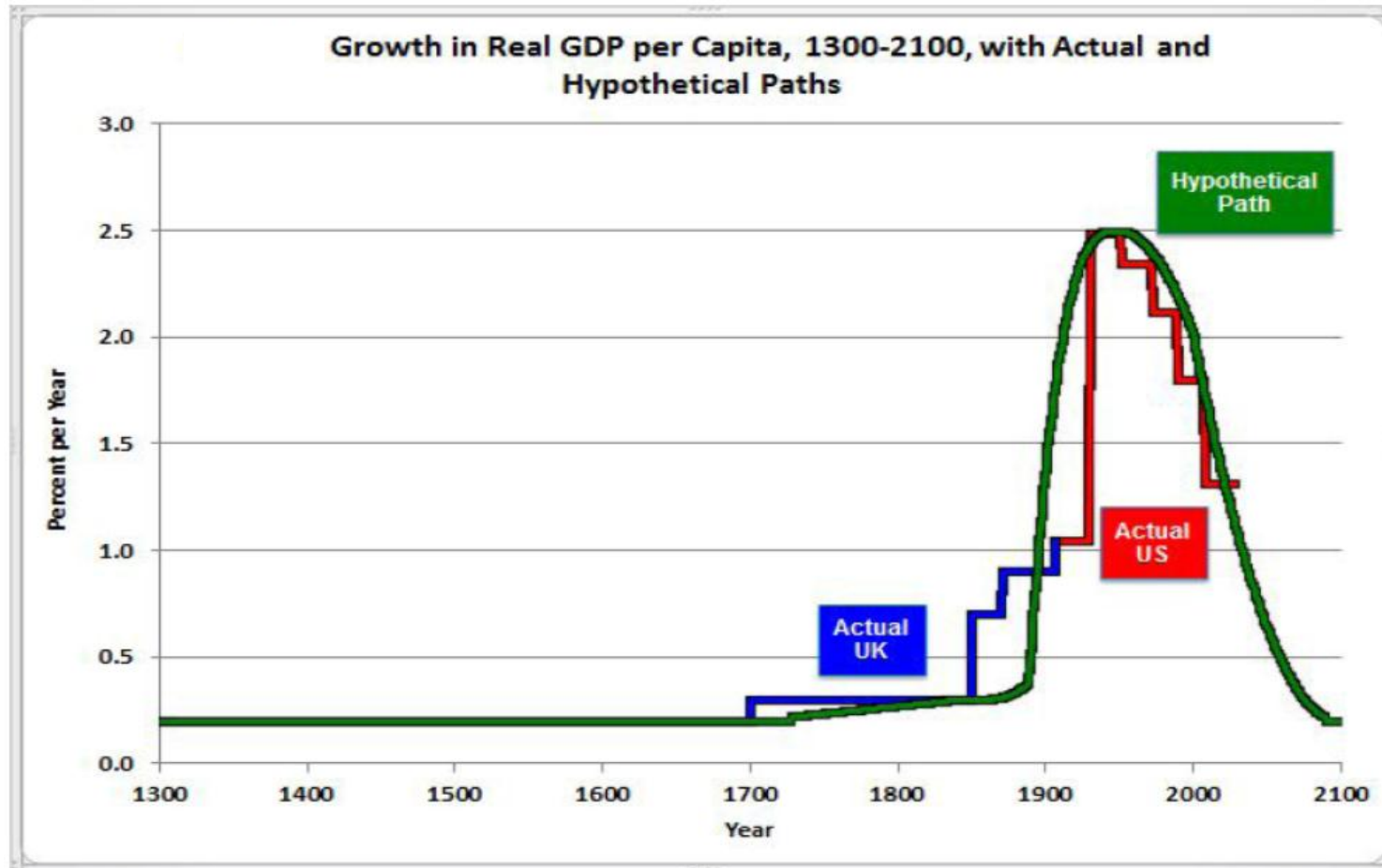




# Secular stagnation in the US (2)



# Secular stagnation in the US (3)



Source: Robert Gordon

# China's new economic normal

- **New growth normal:**  
GDP growth at 7-7.5%, instead of 10%
- **New structural normal:**  
More consumption, less from investment and export  
More services, less manufacture
- **New macroeconomic policy normal:**  
More supply-side measures, less demand-side expansionary stimulus
- **Uncertainties and risks:**  
Financial instability, housing bubble, rapid growth deceleration

# Policy issues (1)

- Macroeconomic stance in the outlook

Developed economies:

Lesser fiscal consolidation

Monetary policy accommodative

Developing countries:

Both fiscal and monetary stances  
varying according to country-specific  
circumstances

# Policy issues (2)

- Policy challenges:
  - Supporting robust growth
  - Normalization of monetary policy;
  - Supporting employment;
  - Promoting progress in the WTO Doha Round;
- International policy coordination:
  - Mitigating negative policy spillover;
  - Pushing forward financial regulatory reforms;
  - International cooperation in tax matters;
  - Transition from MDGs to SDGs.

Thank you