



World Economic Situation and Prospects 2007

United Nations, New York

10 January 2007

United Nations

Department of Economic and Social Affairs

Development Policy and Analysis Division

WORLD ECONOMIC SITUATION AND PROSPECTS 2007

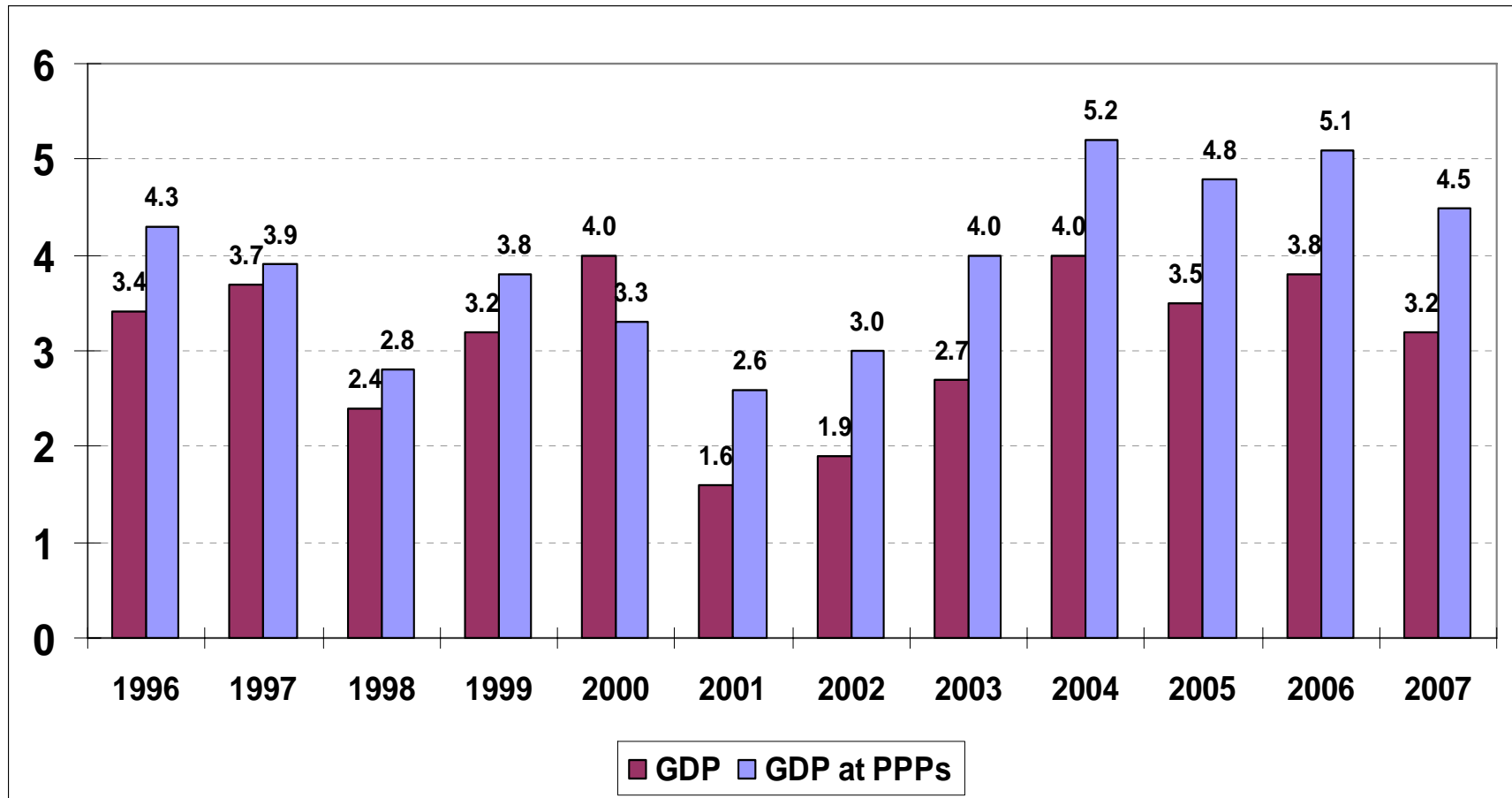
José Antonio Ocampo

Under-Secretary-General
for Economic and Social Affairs

New York, 10 January 2007

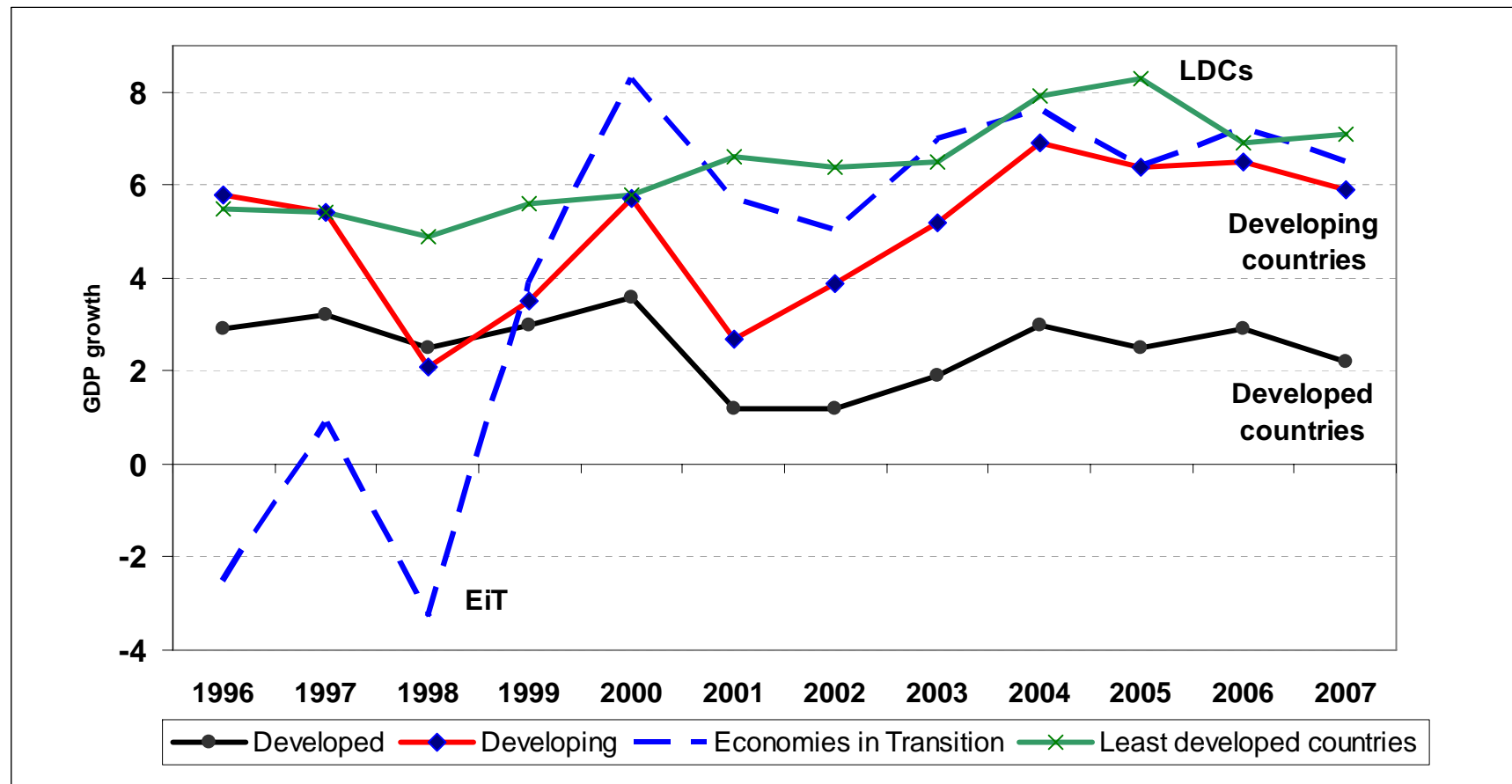


EXPECTING A SLOWDOWN IN WORLD ECONOMIC GROWTH IN 2007



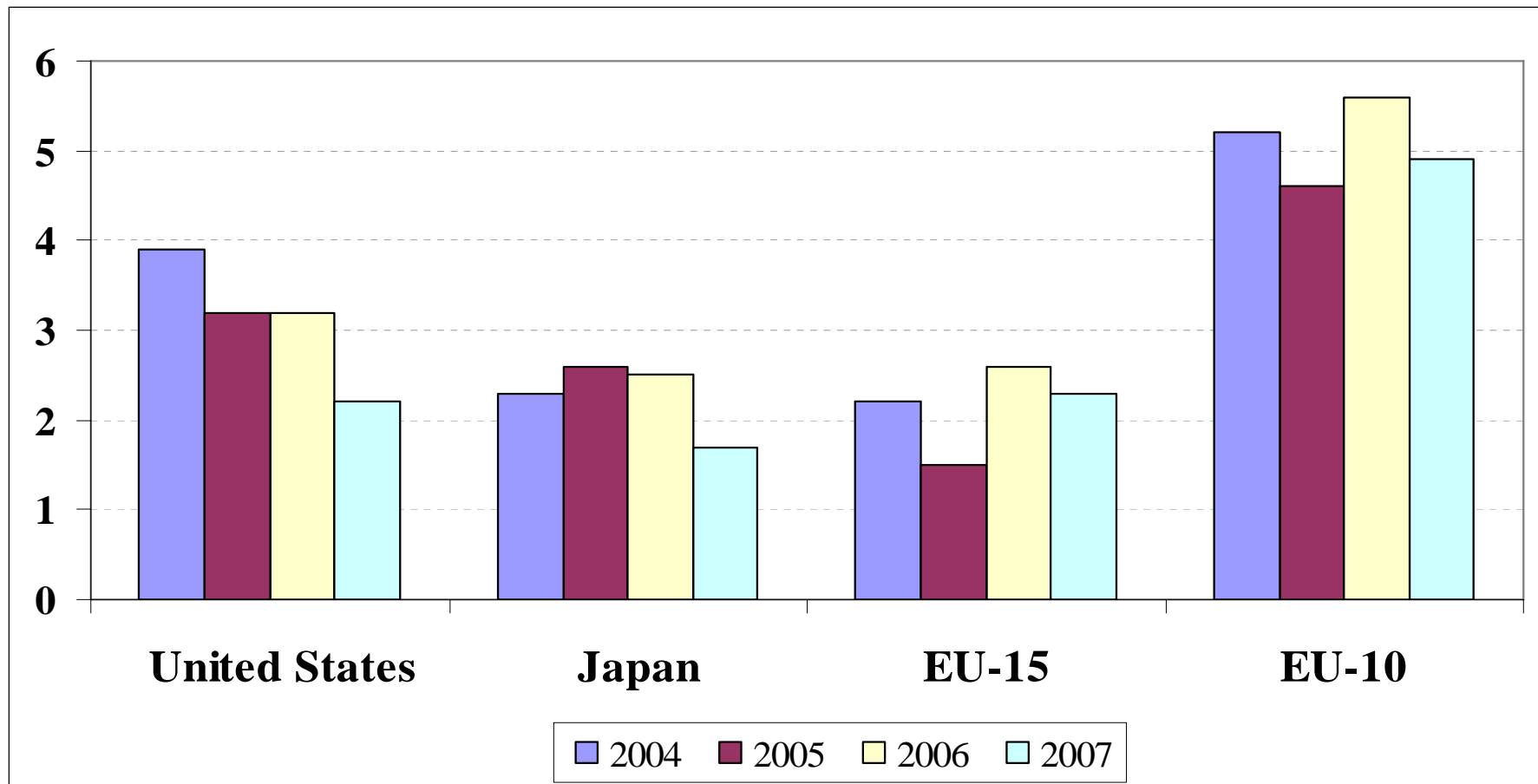


SLOWDOWN IN ALL COUNTRY GROUPS FOR 2007



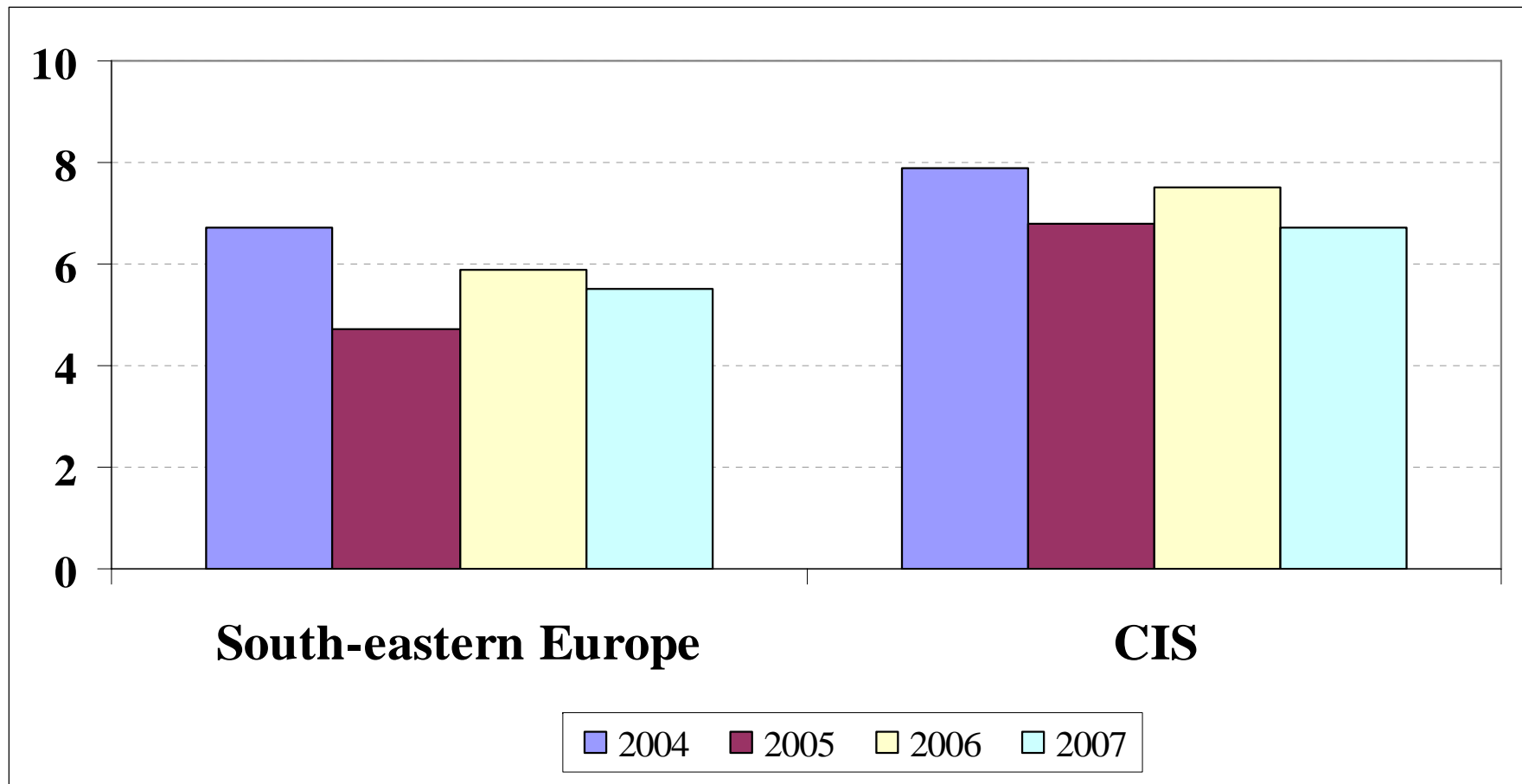


US ECONOMY IS LEADING THE SLOWDOWN



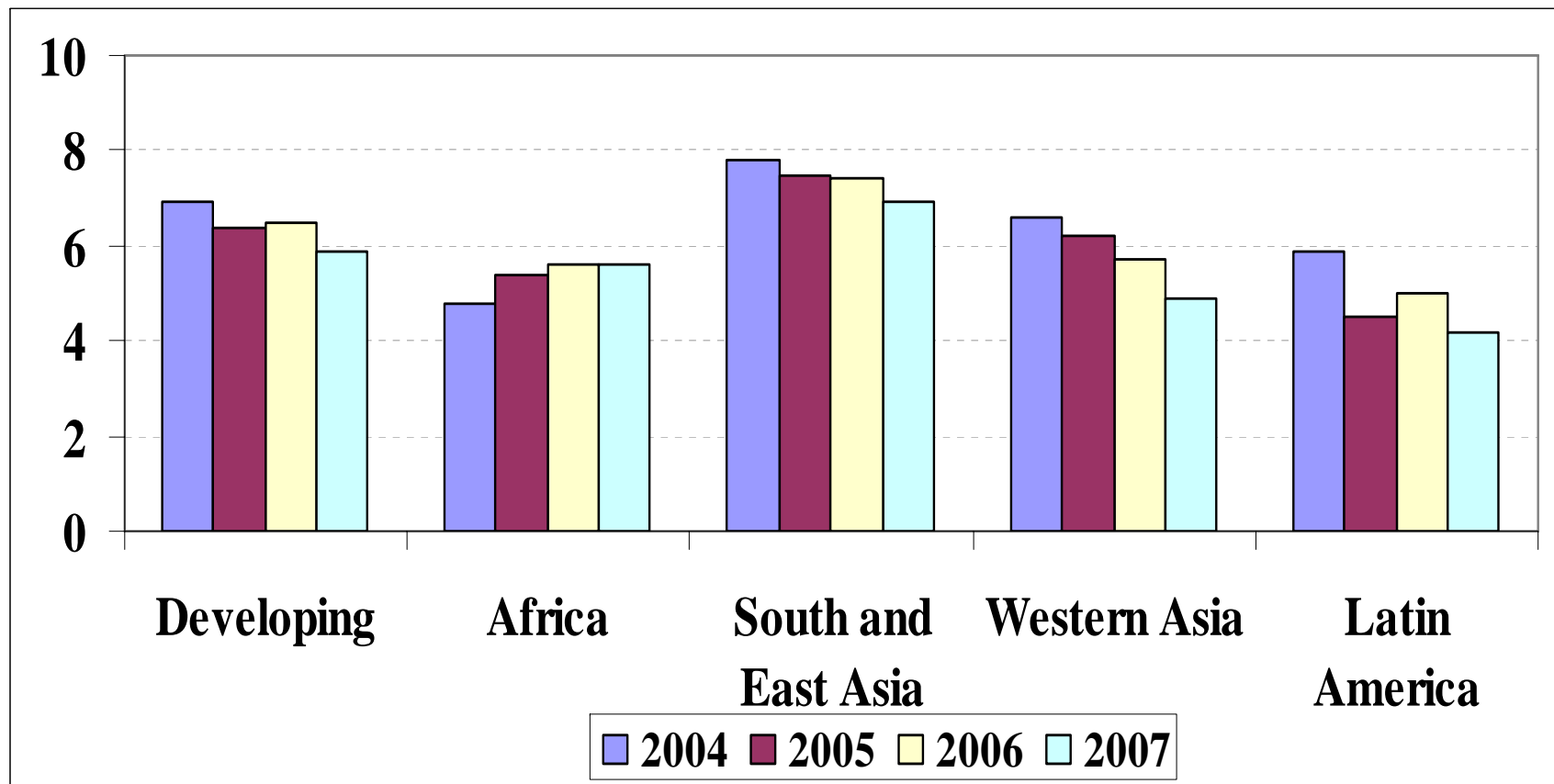


GROWTH IN THE ECONOMIES IN TRANSITION REMAINS ROBUST



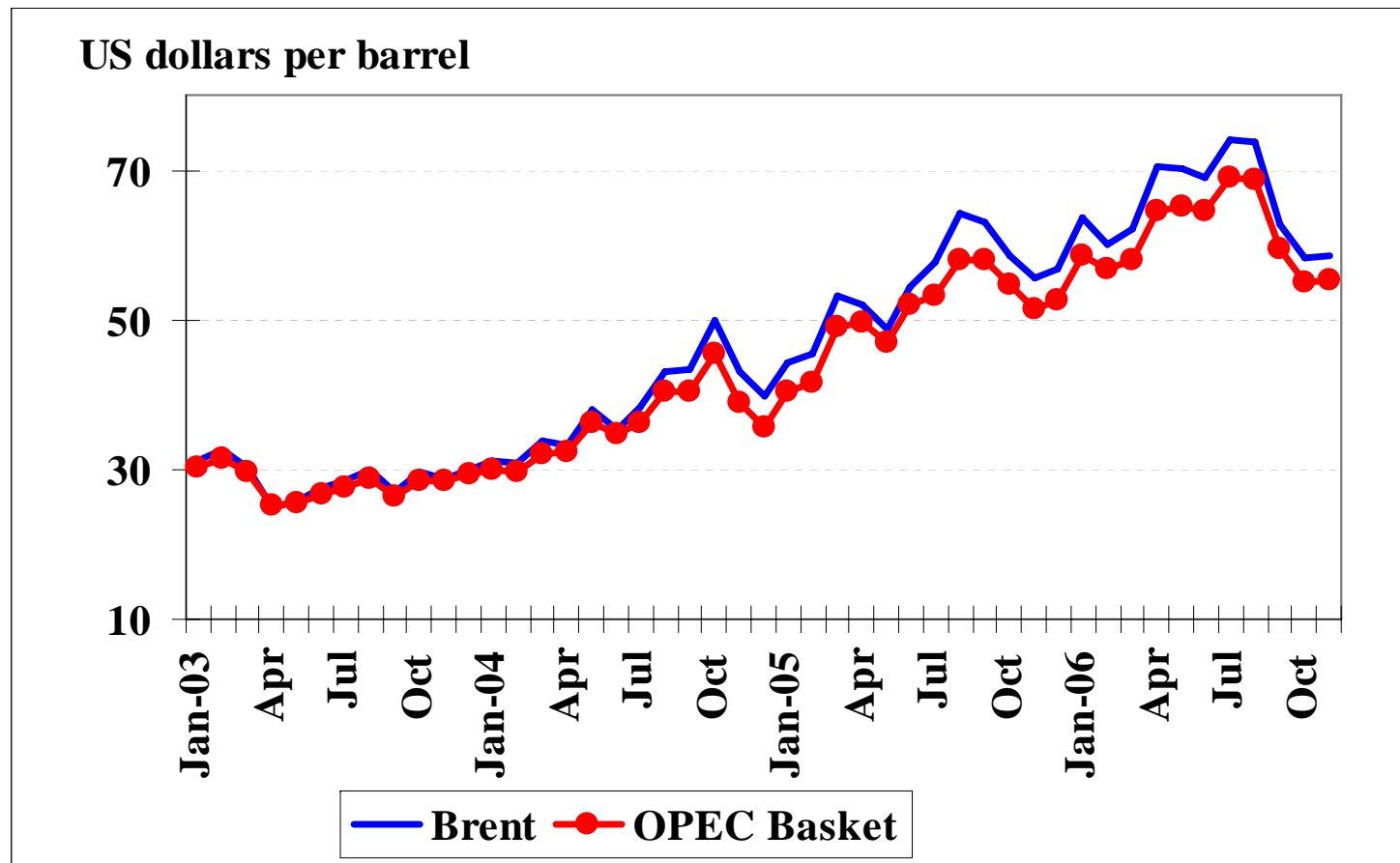


SLOWDOWN IN THE DEVELOPING WORLD WILL ALSO BE NOTICEABLE



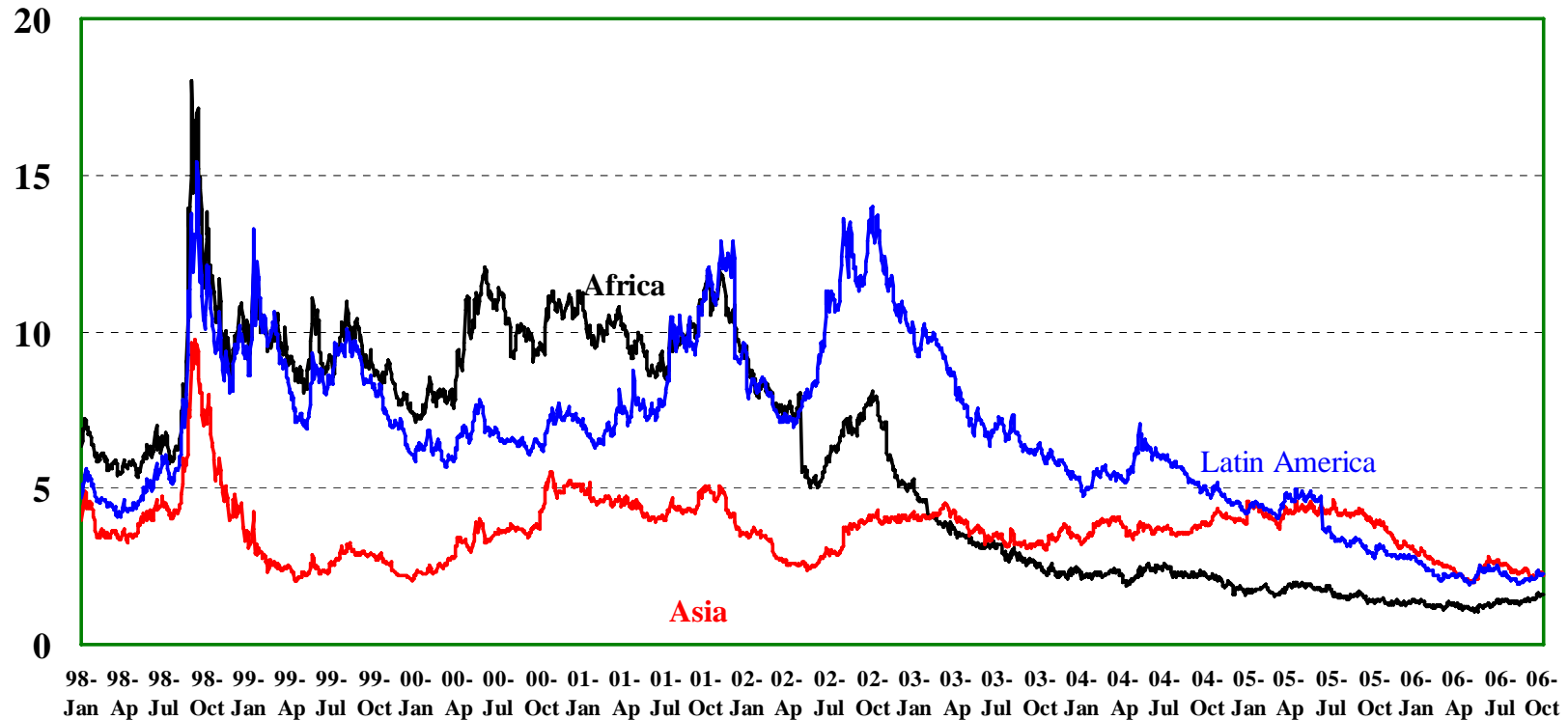


DESPITE HIGH OIL PRICES, FAVOURABLE WORLD MARKET CONDITIONS CONTINUED IN 2006





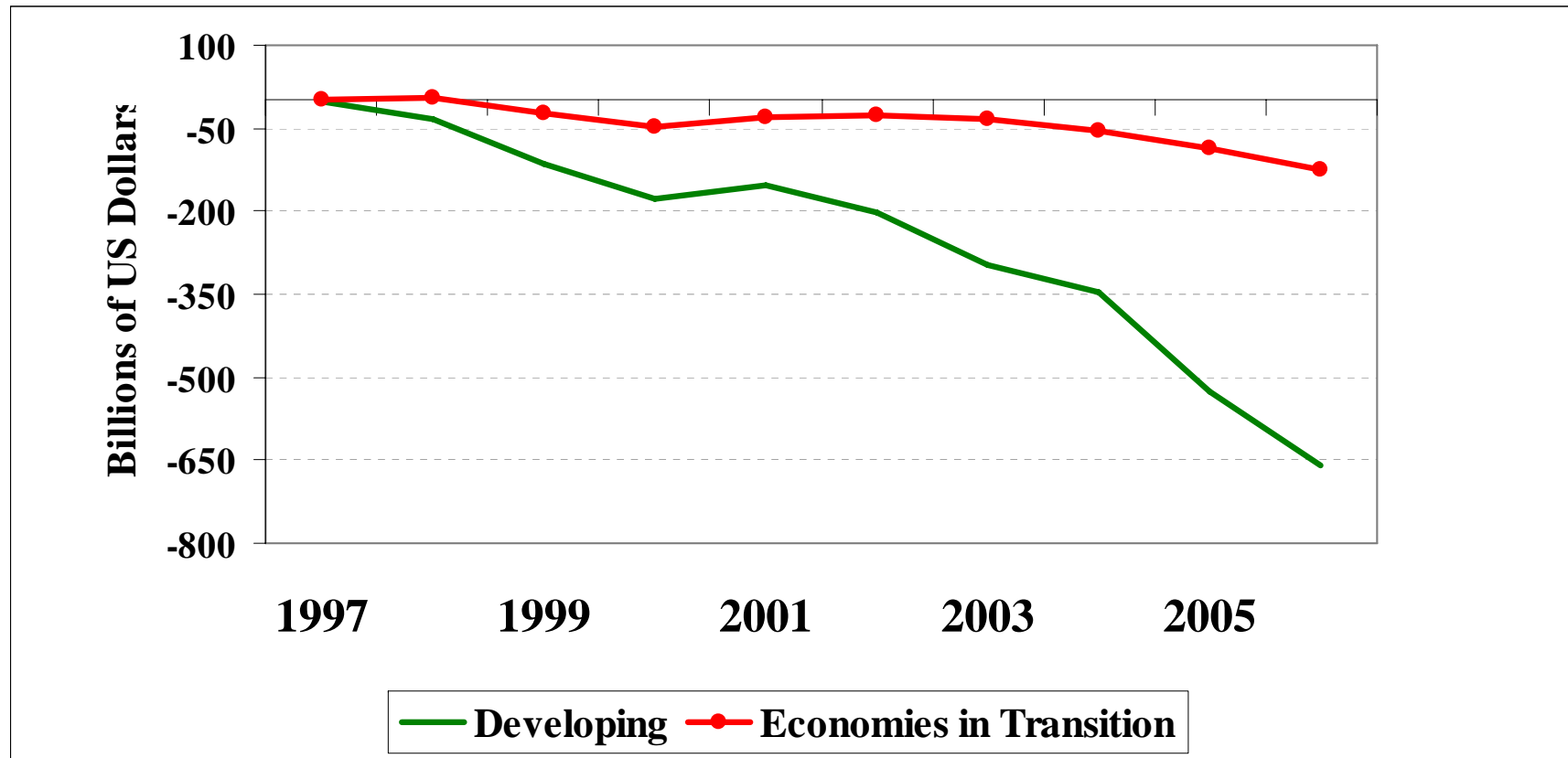
YIELD SPREADS FOR DEVELOPING COUNTRIES EXCEPTIONALLY LOW



Source: JP Morgan Chase Co., New York.



YET, NET FINANCIAL TRANSFERS FROM DEVELOPING COUNTRIES CONTINUE TO INCREASE



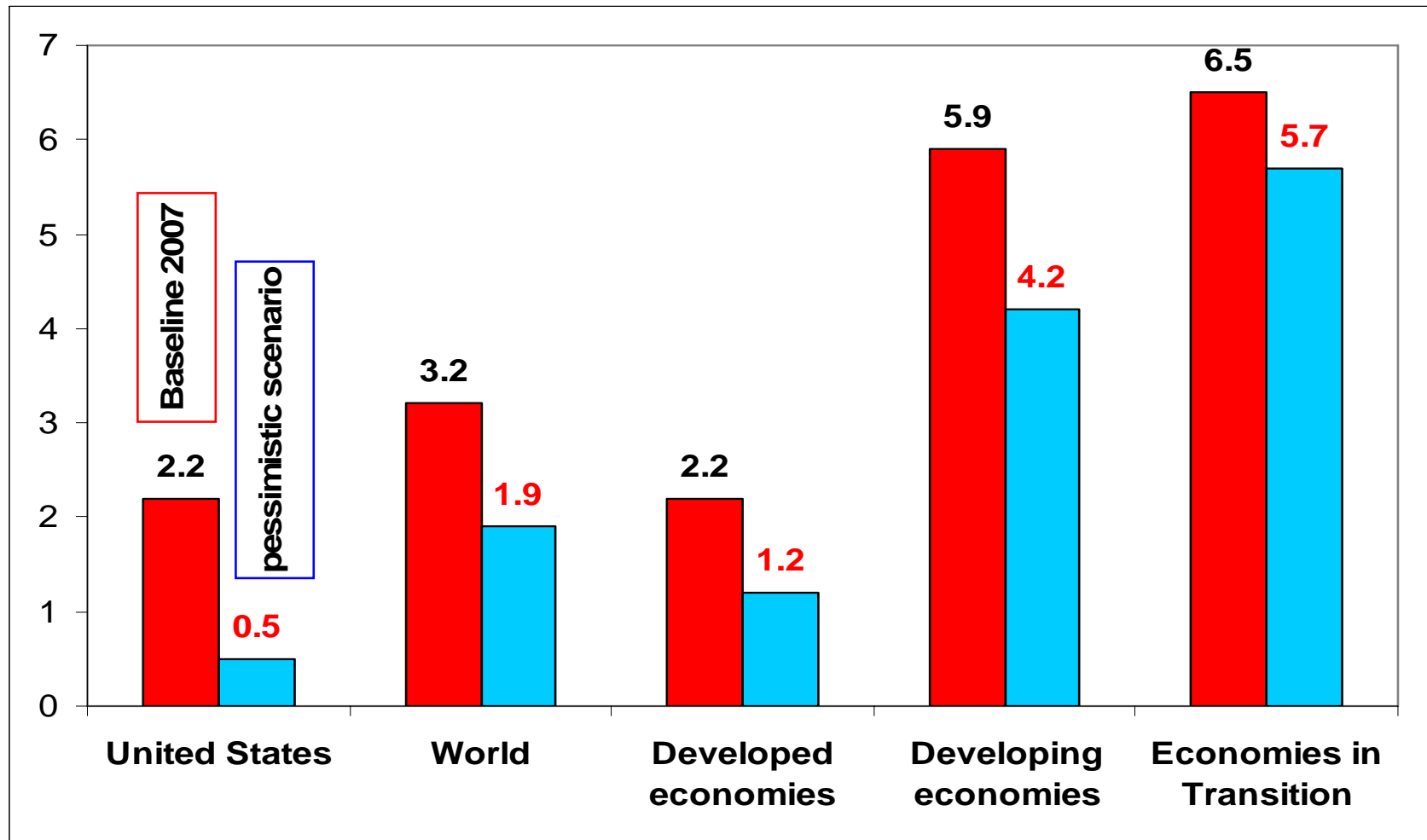


CONSTRAINTS AND RISKS

- ❖ Burst of the housing market bubble?
- ❖ Global imbalances
- ❖ Oil prices
- ❖ Avian influenza

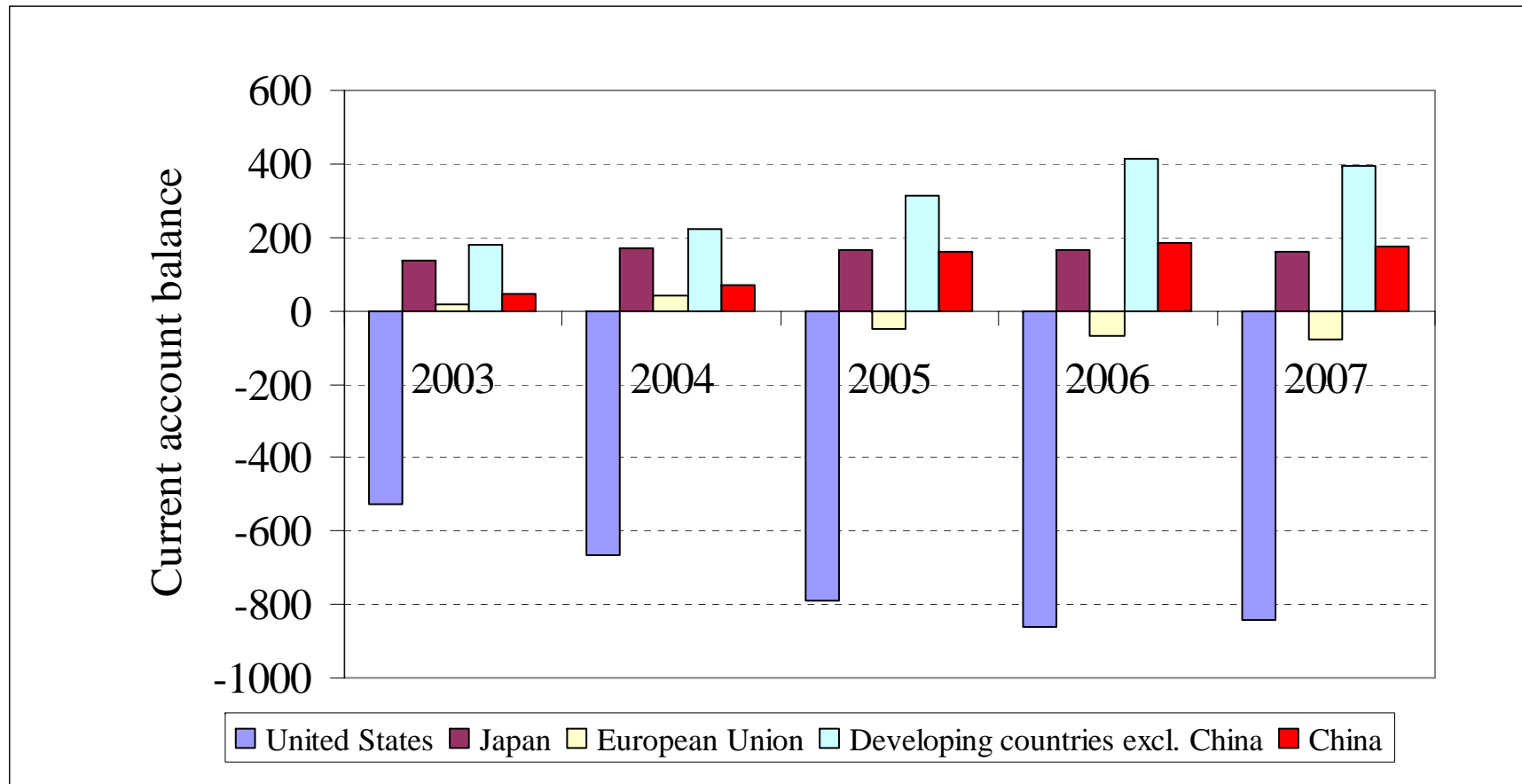


GLOBAL CONSEQUENCES OF MAJOR SLOWDOWN IN U.S. HOUSING SECTOR



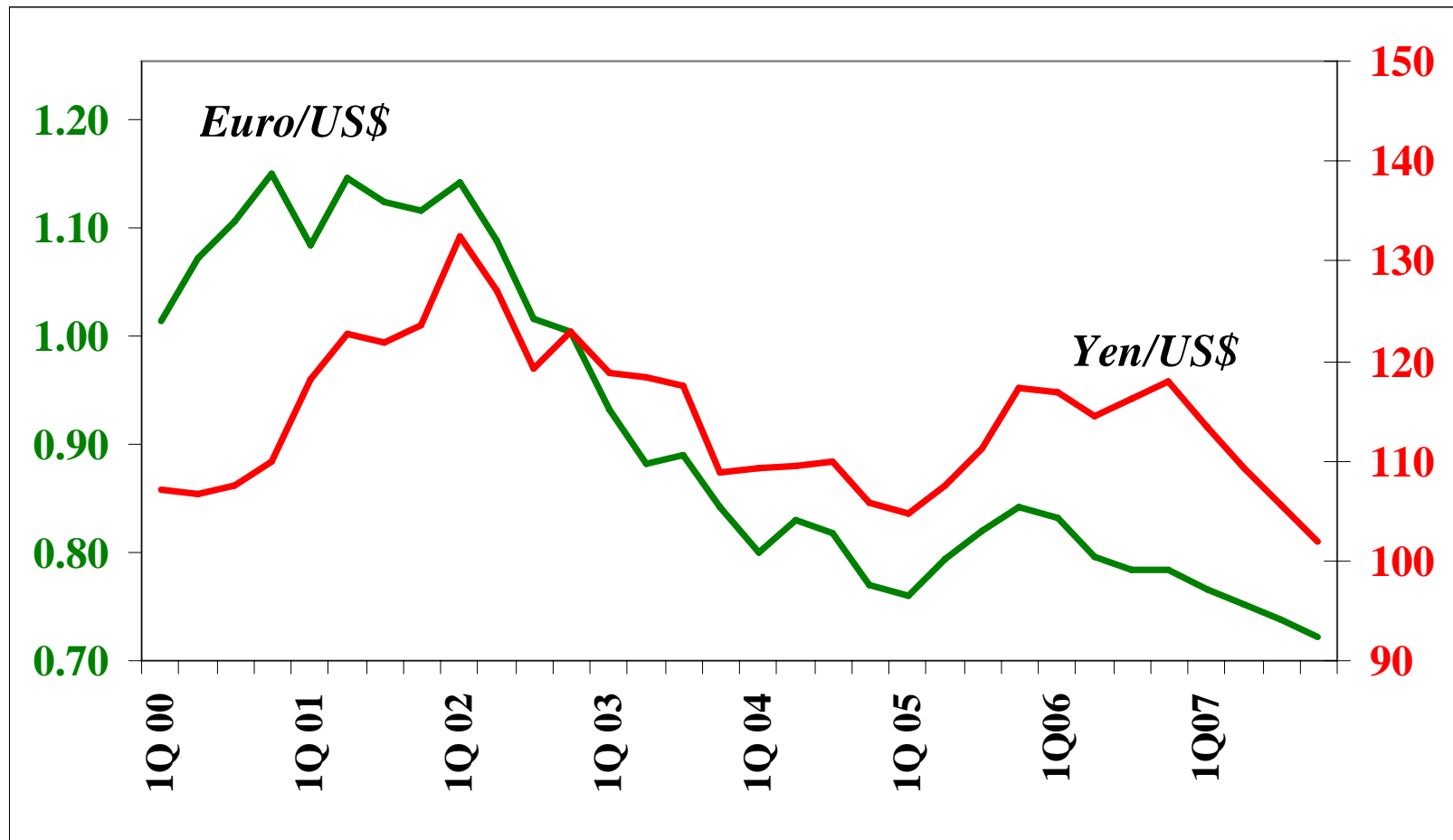


THE GLOBAL IMBALANCES ARE WIDENING, BUT MAY STABILIZE IN 2007...





HARD LANDING OF THE DOLLAR?





Policy challenges for global rebalancing

- Current macroeconomic policy stances of major economies are not adequate for reducing global imbalances
- The need for international macroeconomic policy coordination: proposal for a new consultation mechanism
 - A multilateral and institutionalized mechanism, inclusive of the main developing countries
 - The IMF to act as mediator