



# WORLD ECONOMIC SITUATION AND PROSPECTS 2005

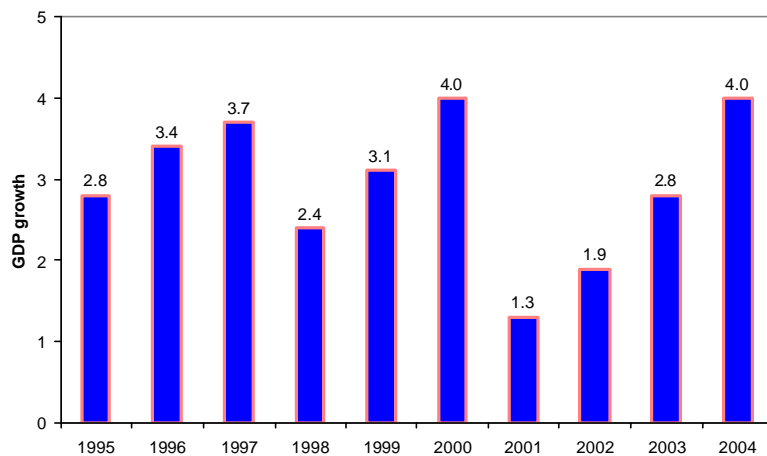
*Presentation by:*

José Antonio Ocampo  
Under-Secretary-General for  
Economic and Social Affairs

New York, 25 January 2005

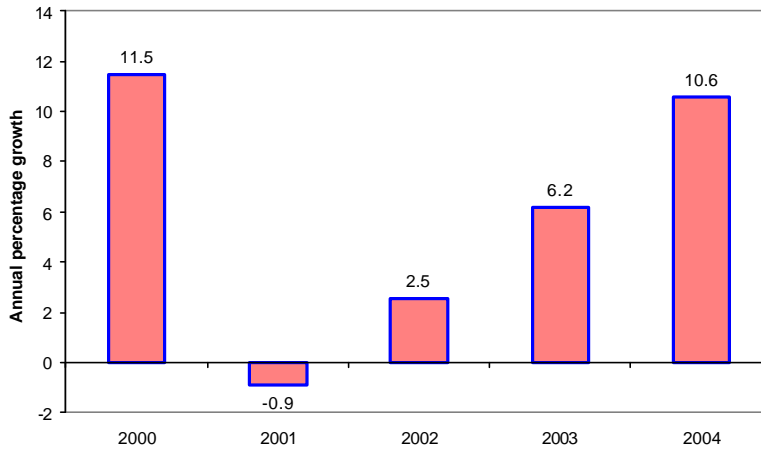


## WORLD GROWTH IMPROVED IN 2004





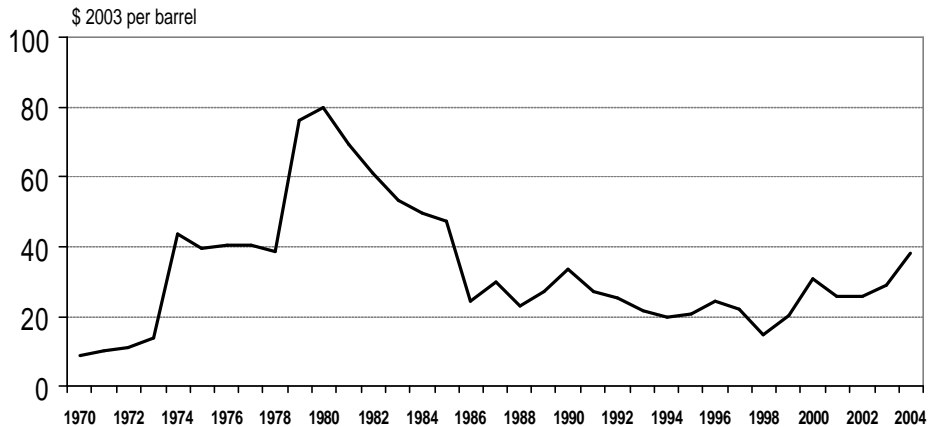
## GROWTH IN WORLD TRADE VOLUME RESUMED IN 2004



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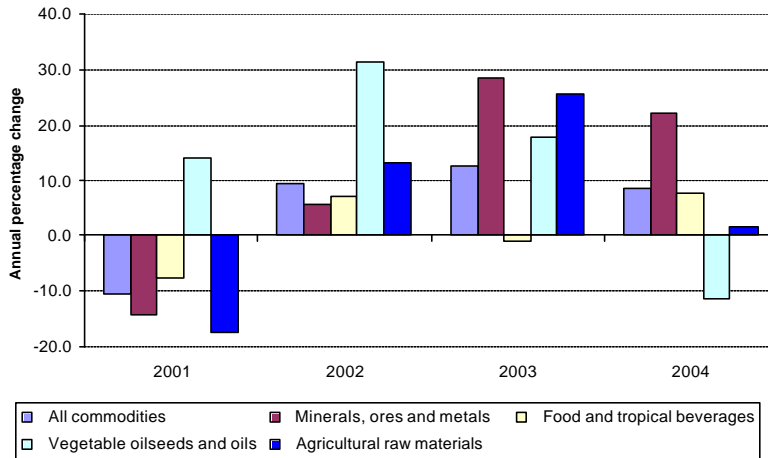
## OIL PRICES INCREASED IN 2004 BUT REMAIN WELL BELOW THEIR ALL-TIME HIGH



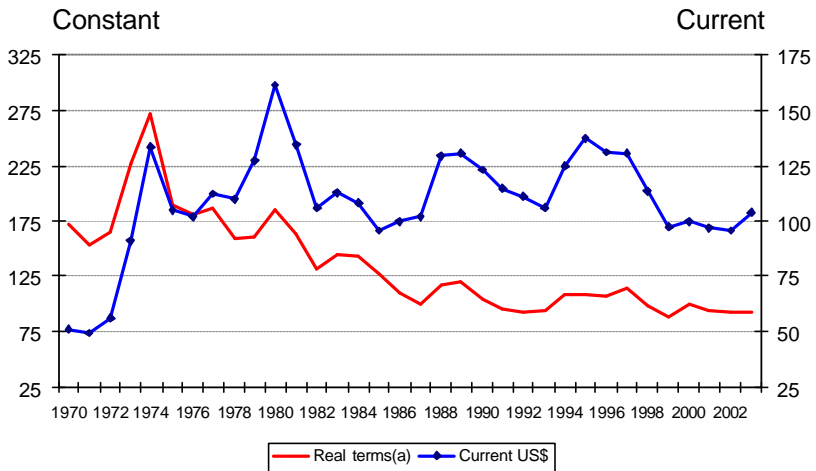
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# MOST NON-OIL COMMODITY PRICES ALSO INCREASED ...

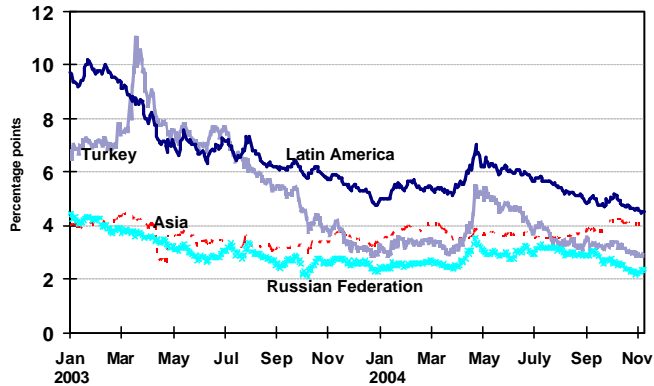


# ...BUT ALSO REMAIN BELOW THE LEVELS OF THE 1970s





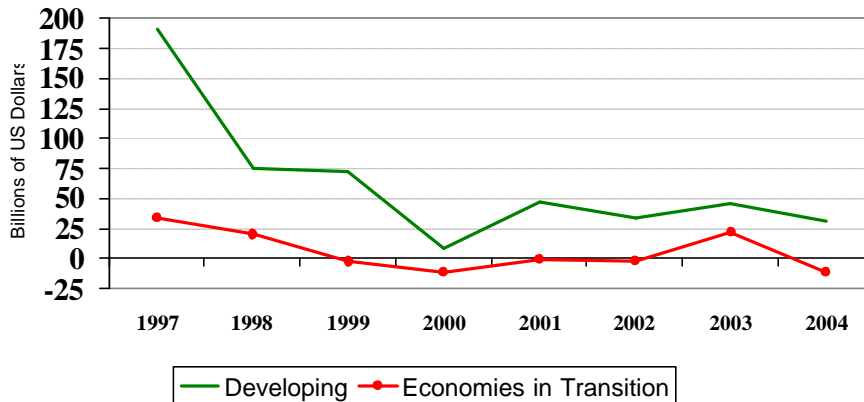
## YIELD SPREADS FOR DEVELOPING COUNTRIES REMAIN LOW ...



Source: JPMorgan Chase Co., New York

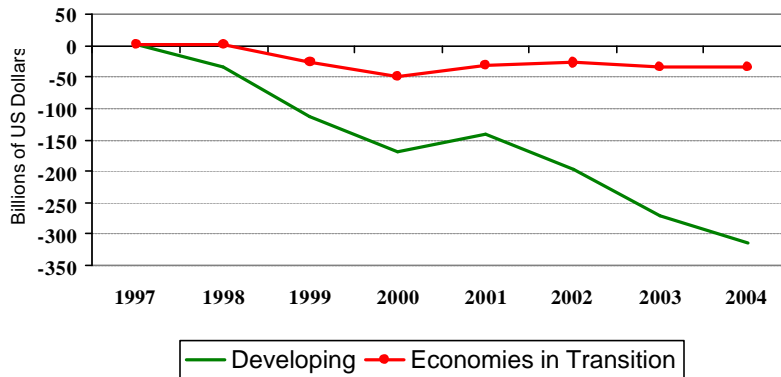


## ... BUT NET FINANCIAL FLOWS REMAIN LIMITED ...





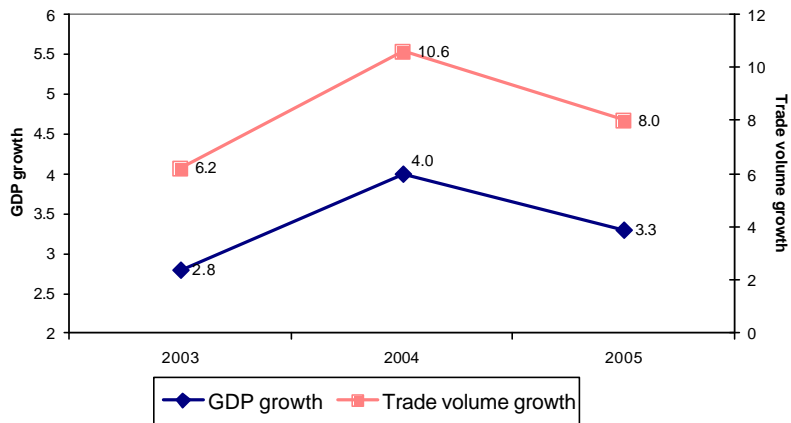
## ... AND NET FINANCIAL TRANSFERS FROM DEVELOPING COUNTRIES CONTINUE TO INCREASE



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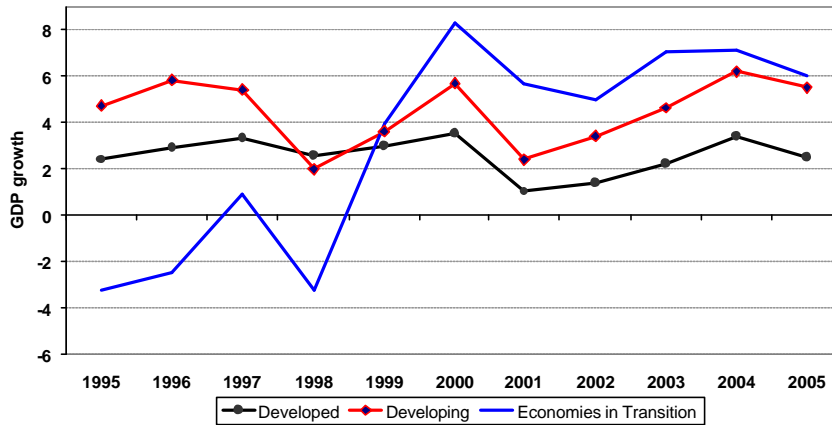
## GLOBAL GROWTH AND INTERNATIONAL TRADE WILL MODERATE IN 2005



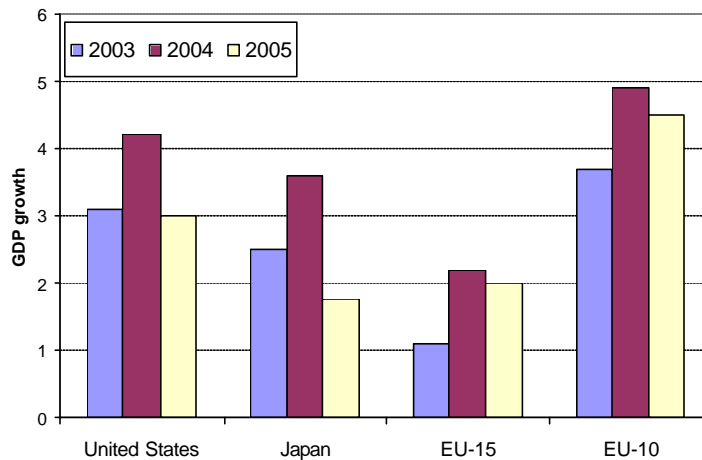
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## MODEST SLOWDOWN IS FORESEEN IN ALL COUNTRY GROUPS FOR 2005

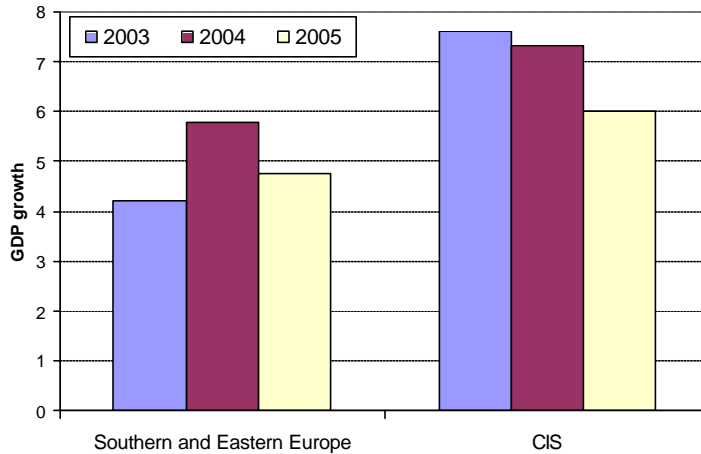


## GROWTH IN THE DEVELOPED COUNTRIES REMAINS MIXED ...

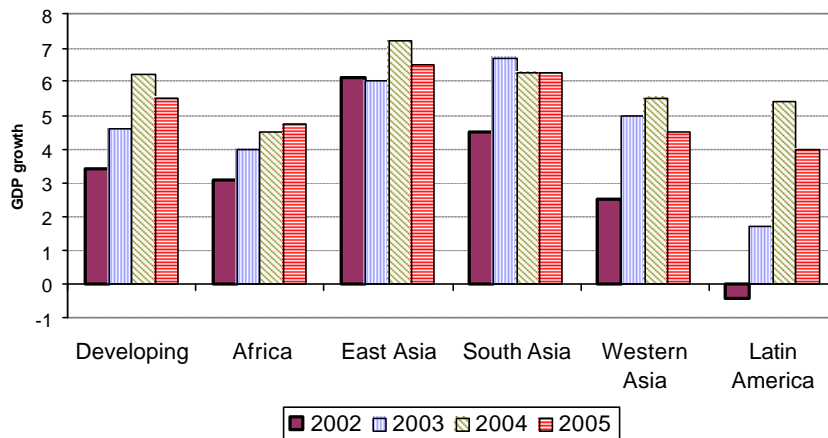




... WHEREAS IT IS CONSISTENTLY STRONG IN THE ECONOMIES IN TRANSITION...



... AND IN THE DEVELOPING WORLD, WITH EAST ASIA IN THE LEAD



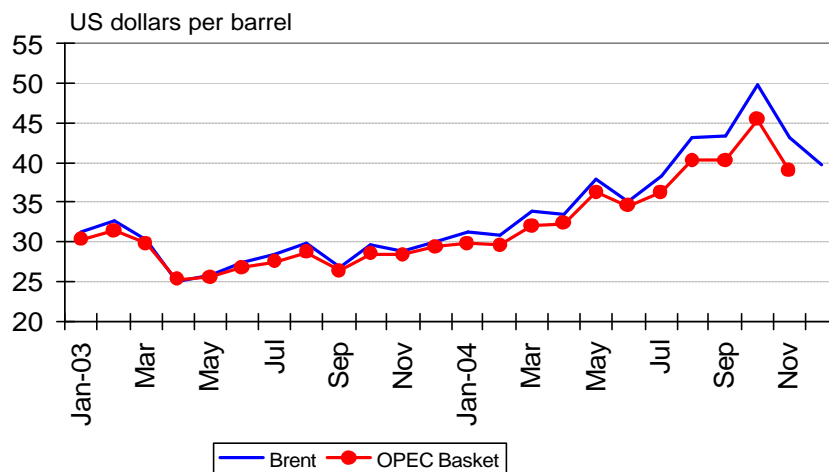


## RISKS AHEAD

- ❖ Oil prices are still moderate but continue to be subject to a “fear premium”
- ❖ More risks may be associated to the unwinding of global imbalances

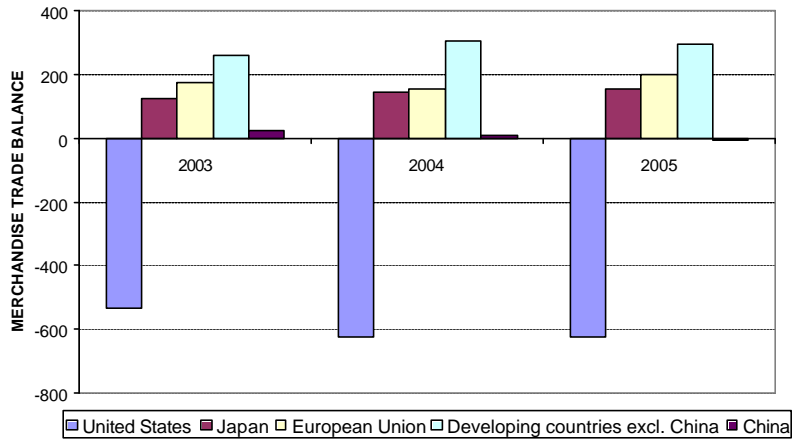


## OIL PRICES HAVE MODERATED BUT REMAIN SUBJECT TO A “FEAR PREMIUM”





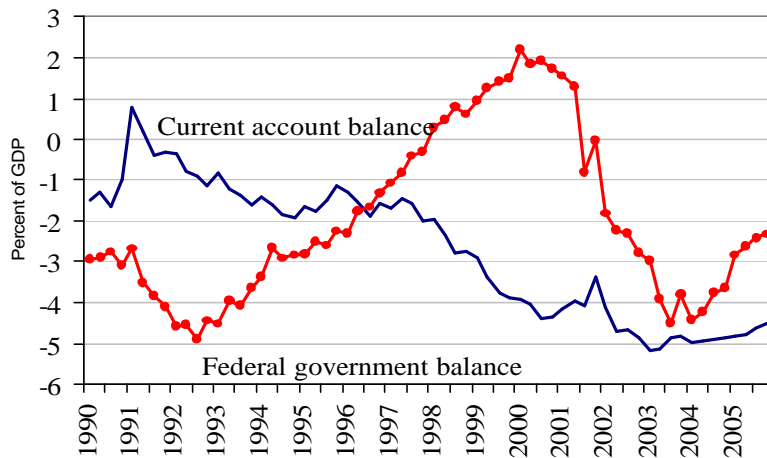
## THE GLOBAL IMBALANCES ARE INCREASING ...



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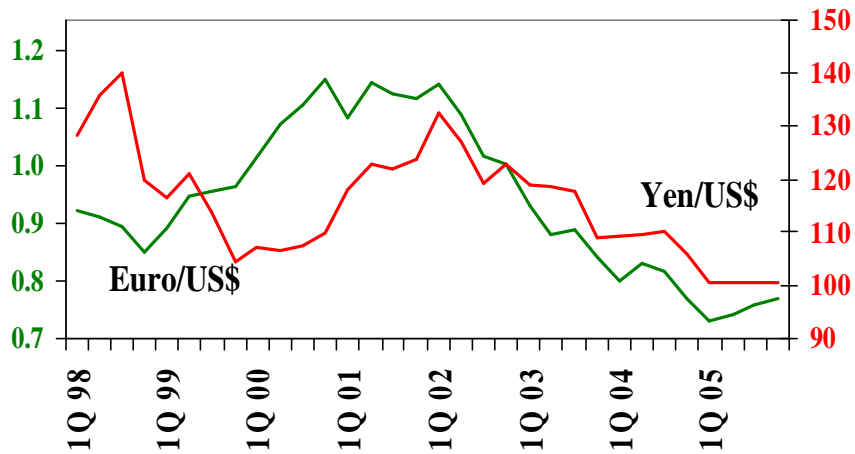
## THE UNITED STATES IS EXPERIENCING "TWIN DEFICITS"



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## ...THE MARKETS ARE ADJUSTING WITH A DECLINE IN THE DOLLAR VALUE



- ❖ The depreciation of the US dollar is not enough
- ❖ A long-term, gradual adjustment of both deficit and surplus countries is required to correct global imbalances
- ❖ Greater international economic coordination will be needed to avoid a hard landing of the world economy



*World Economic Situation and Prospects 2005*

# **World Economic Situation and Prospects 2005**

**Full report is available at:**

**<http://www.un.org/esa/policy>**