



World Economic Situation and Prospects 2006

United Nations, New York

24 January 2006

United Nations

Department of Economic and Social Affairs

Development Policy and Analysis Division

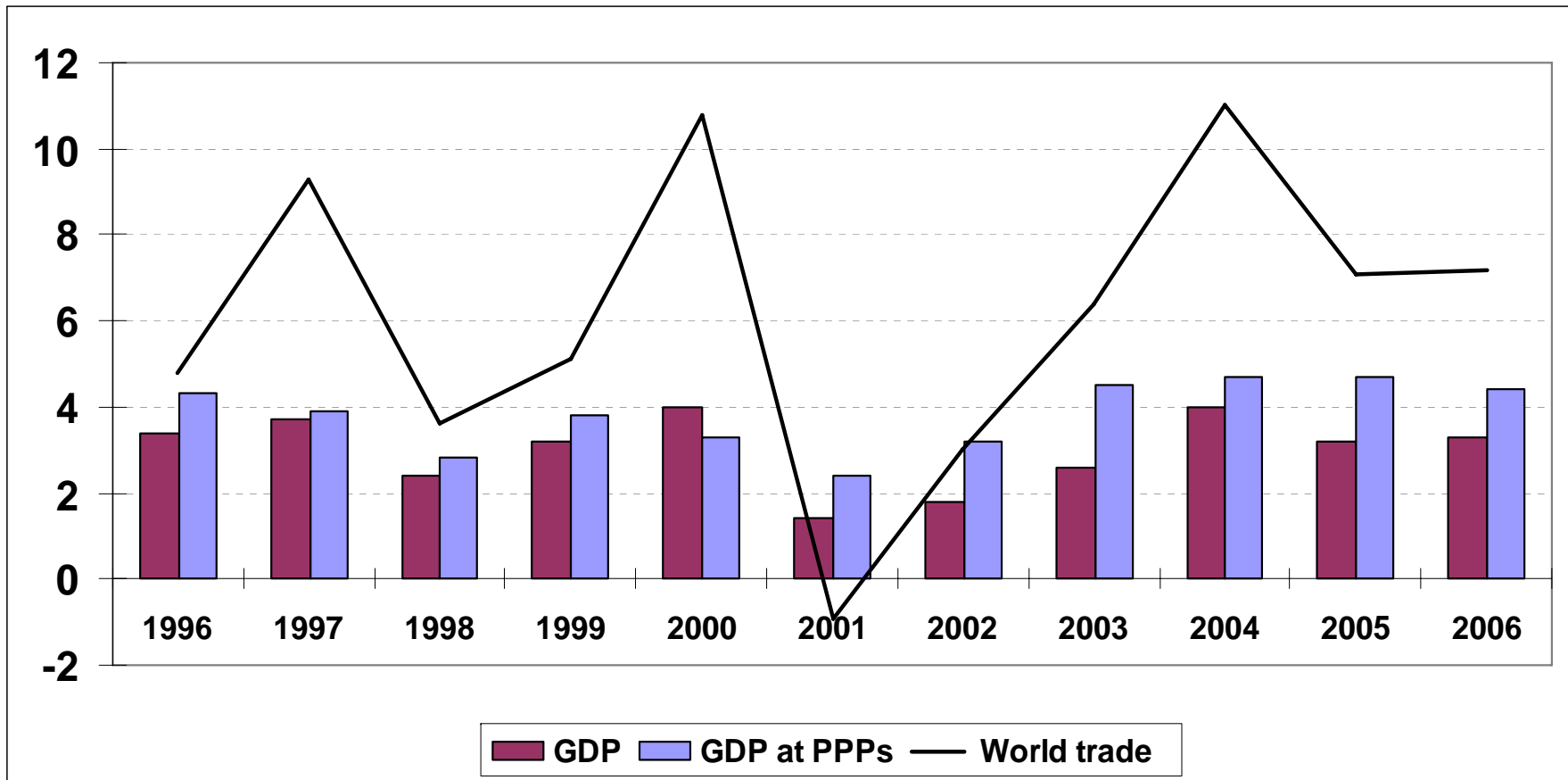
WORLD ECONOMIC SITUATION AND PROSPECTS 2006

UNITED NATIONS

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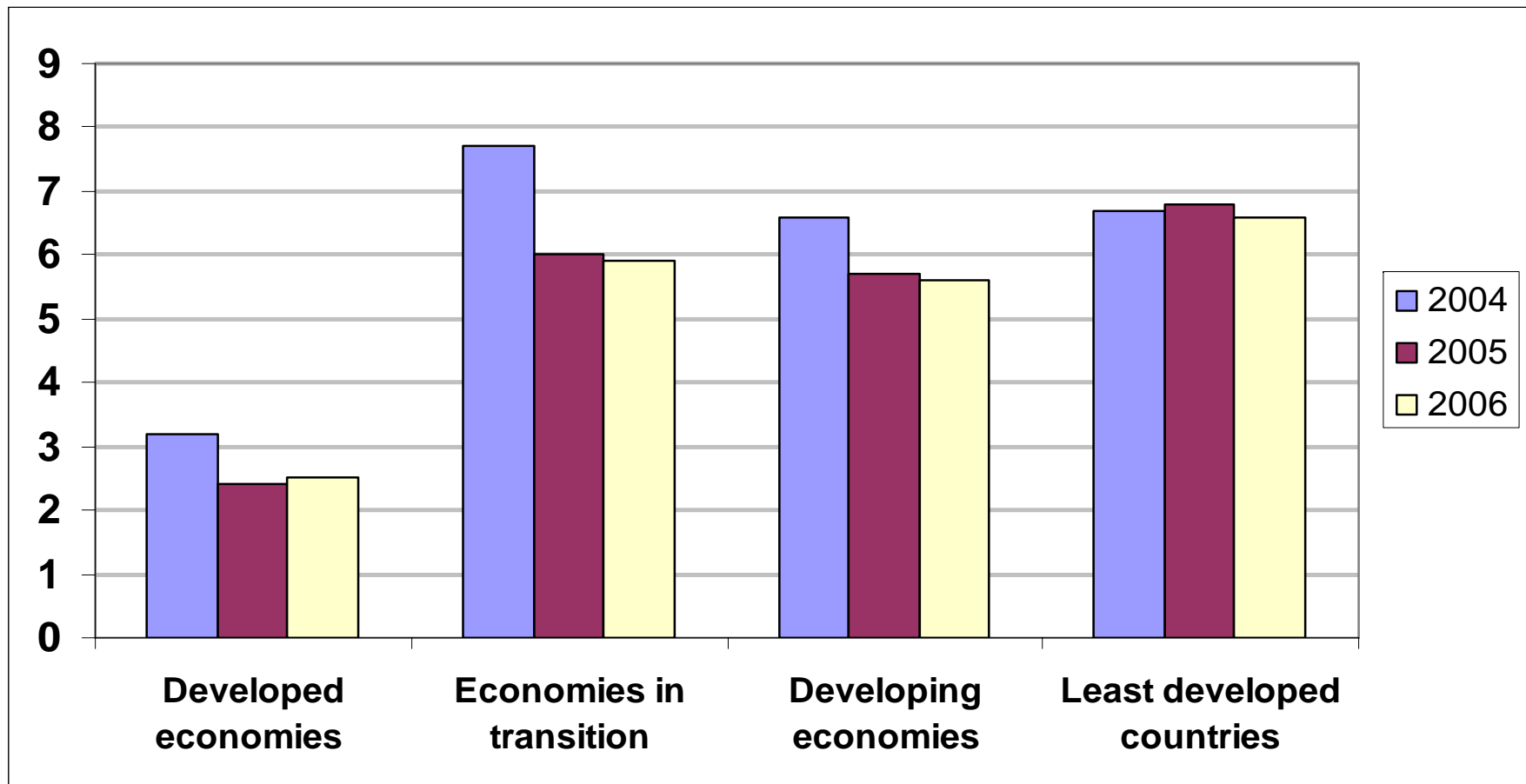


SLOW DOWN OF WORLD ECONOMY



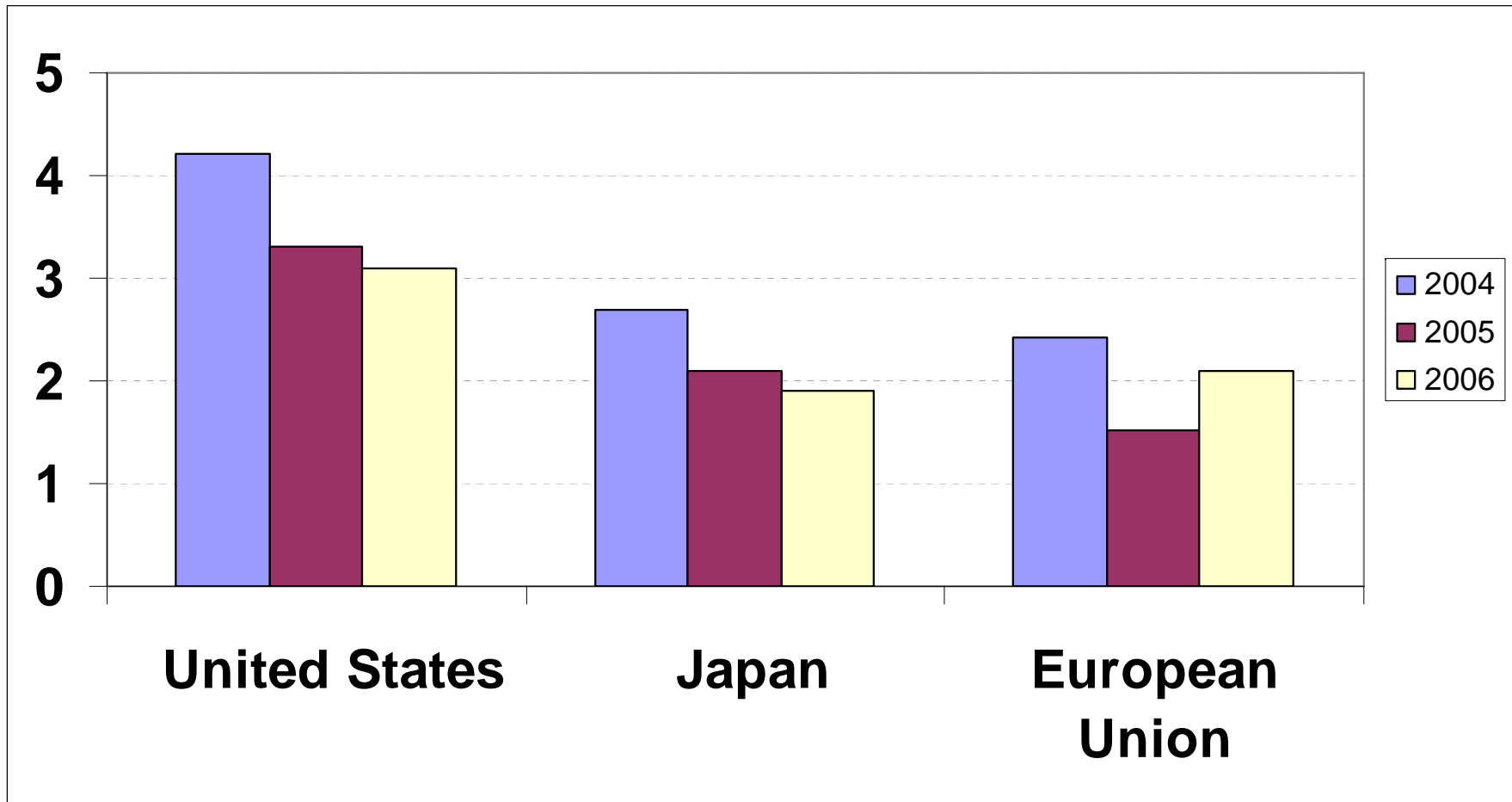


GROWTH IN DEVELOPING COUNTRIES HIGHER THAN IN DEVELOPED



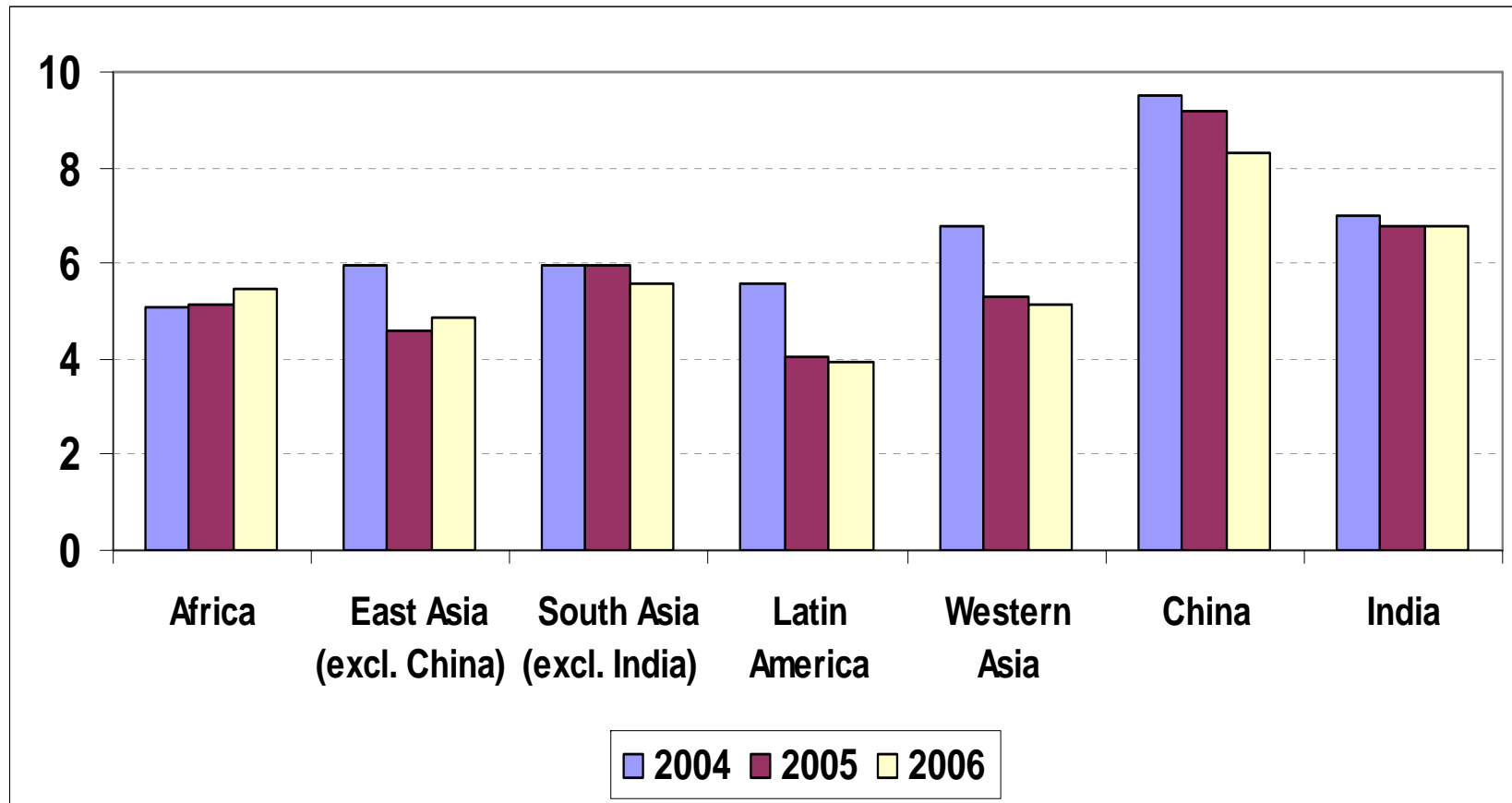


US ECONOMY IS MODERATING...





... AND IN THE DEVELOPING WORLD, WITH CHINA AND INDIA STILL STRONG



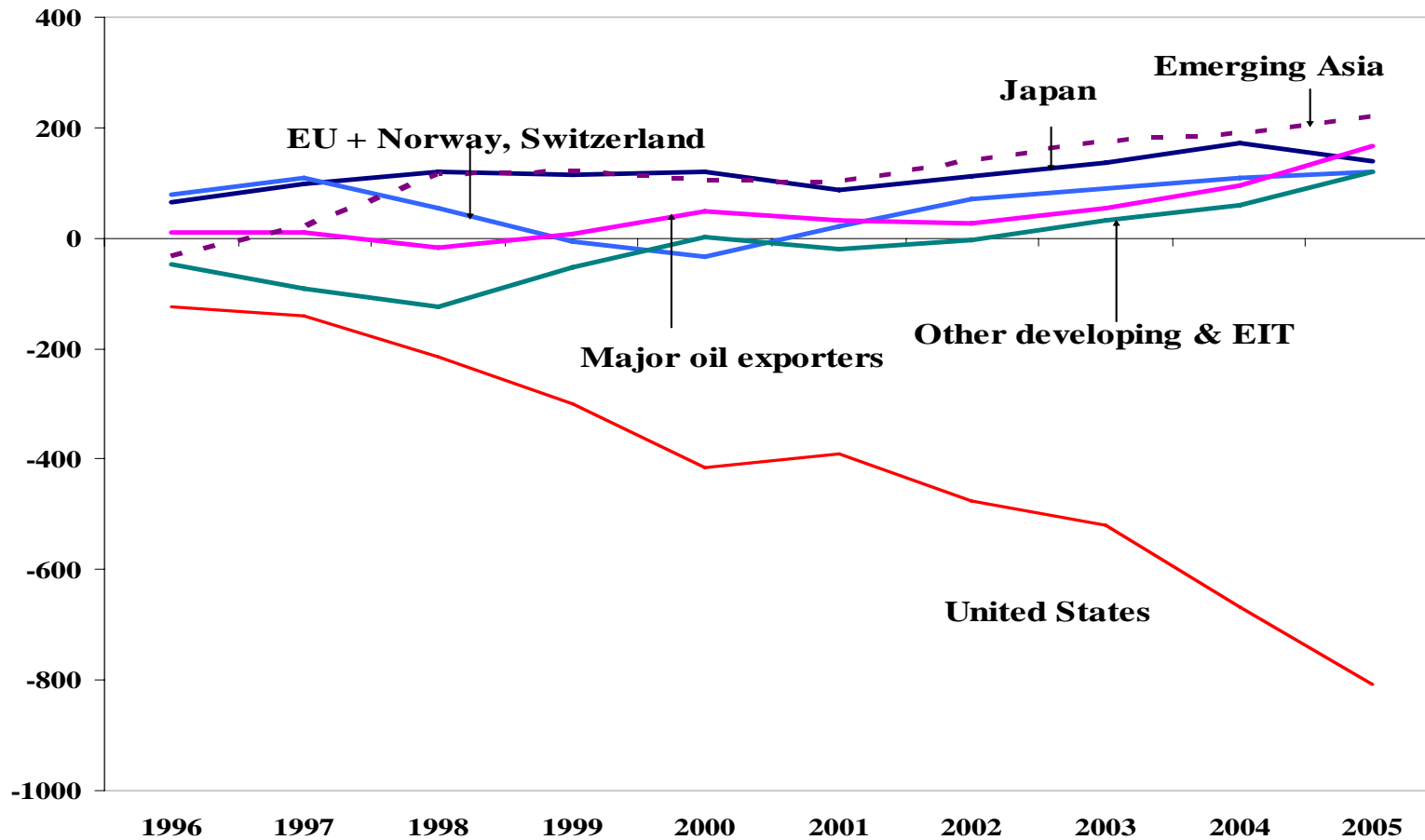


Major downside risks

- ❖ Global imbalances
- ❖ Higher oil prices
- ❖ Burst of housing prices
- ❖ Avian influenza pandemic

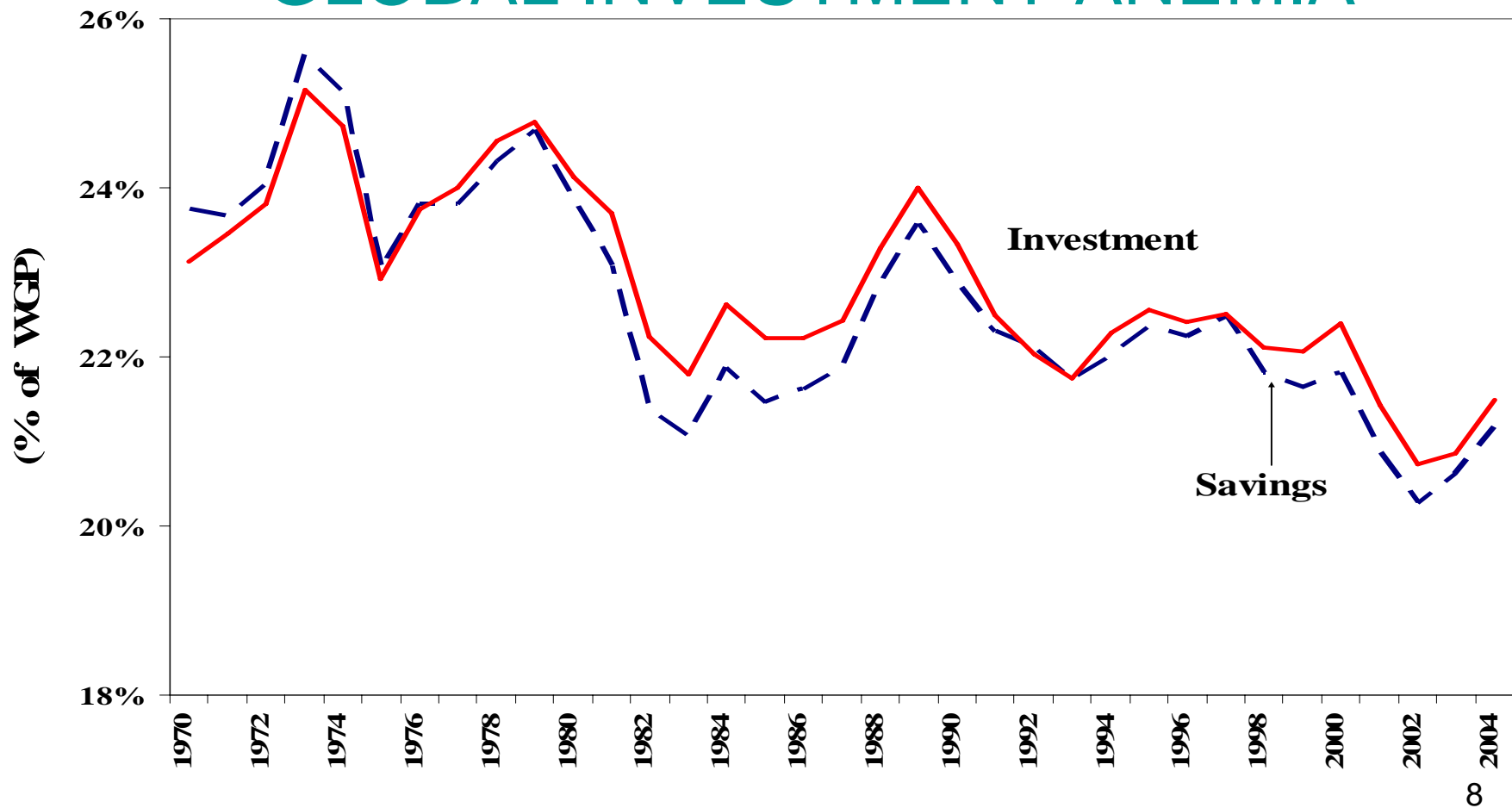


THE GLOBAL IMBALANCES ARE WIDENING...



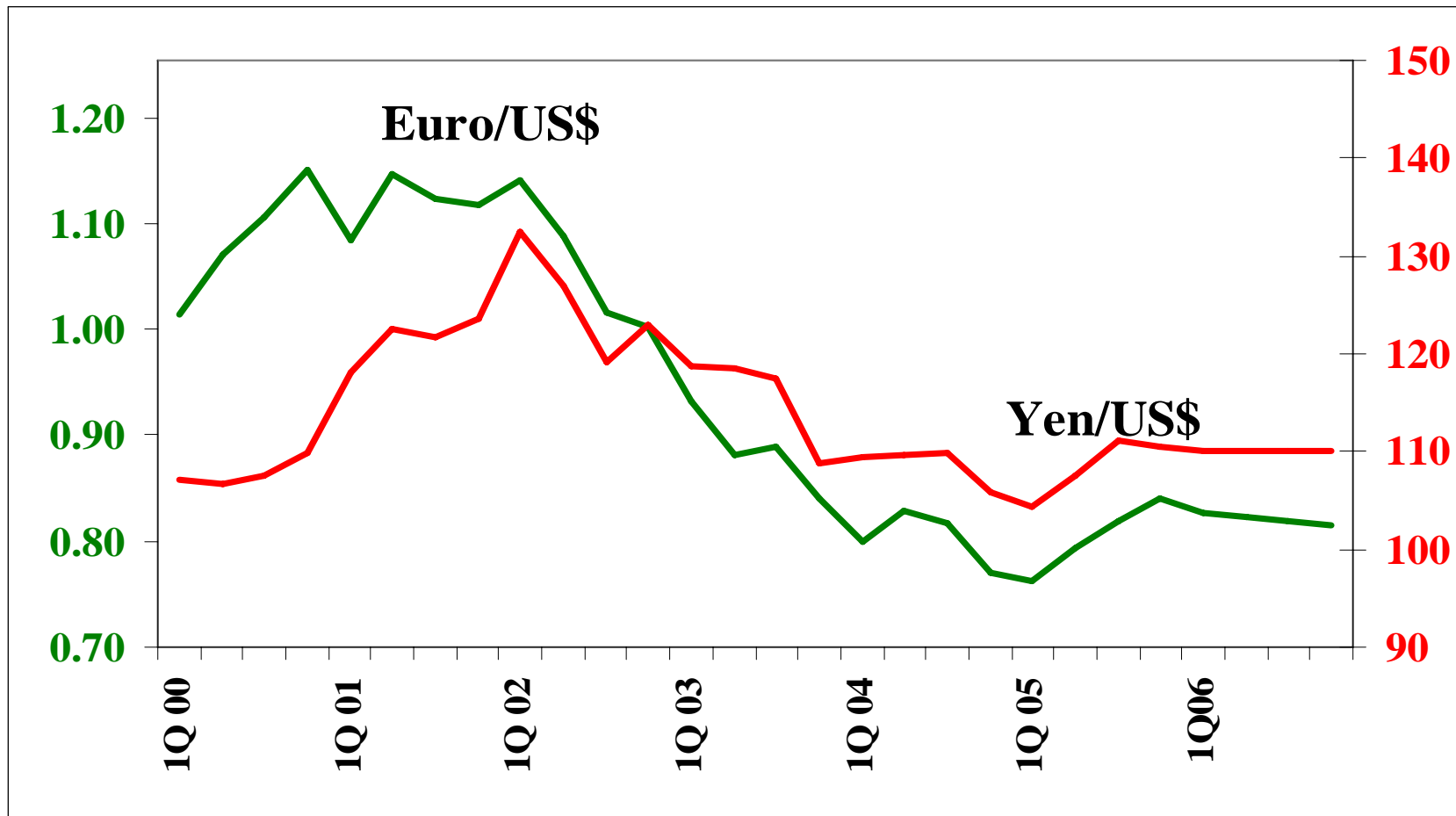


NO GLOBAL SAVING GLUT, BUT A GLOBAL INVESTMENT ANEMIA





...THE DOLLAR STABILIZING?



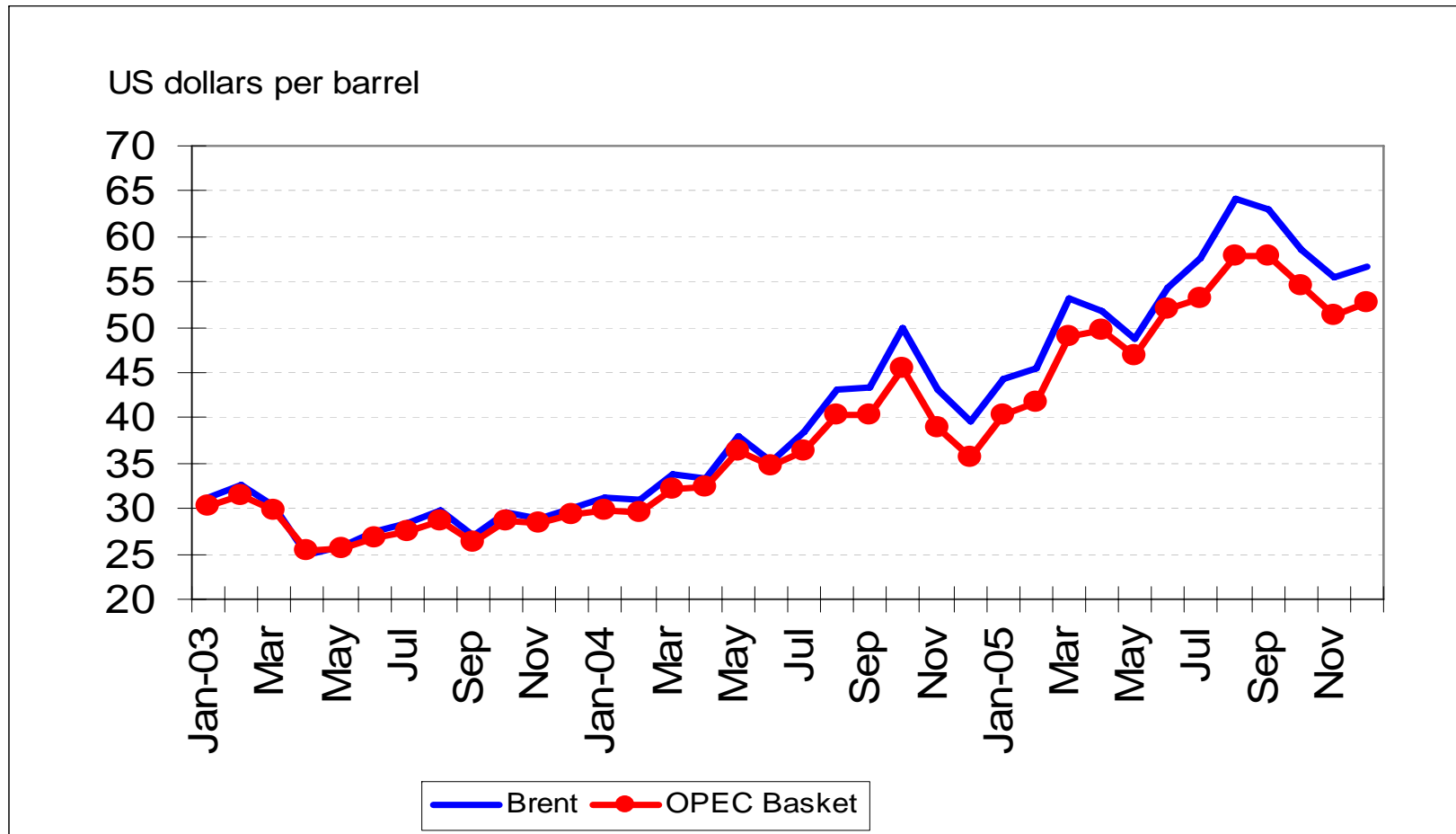


Policy coordination for addressing imbalances.....

- ❖ US: stimulate savings
- ❖ Surplus countries: encourage investment and consumption
- ❖ IMF: key role for broad international policy coordination

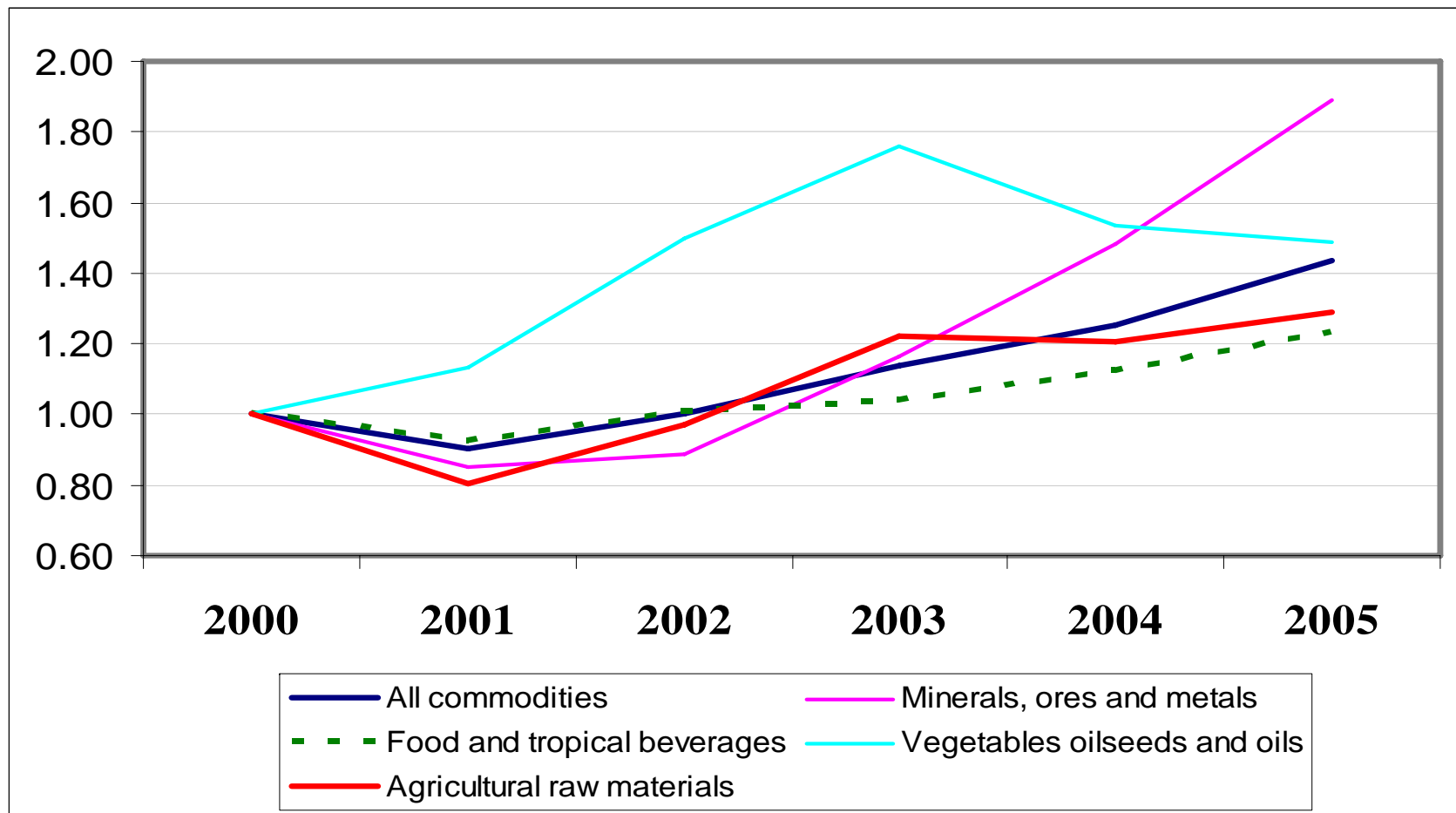


OIL PRICES HAVE ADVANCED FURTHER





MOST NON-OIL COMMODITY PRICES ALSO INCREASED ...



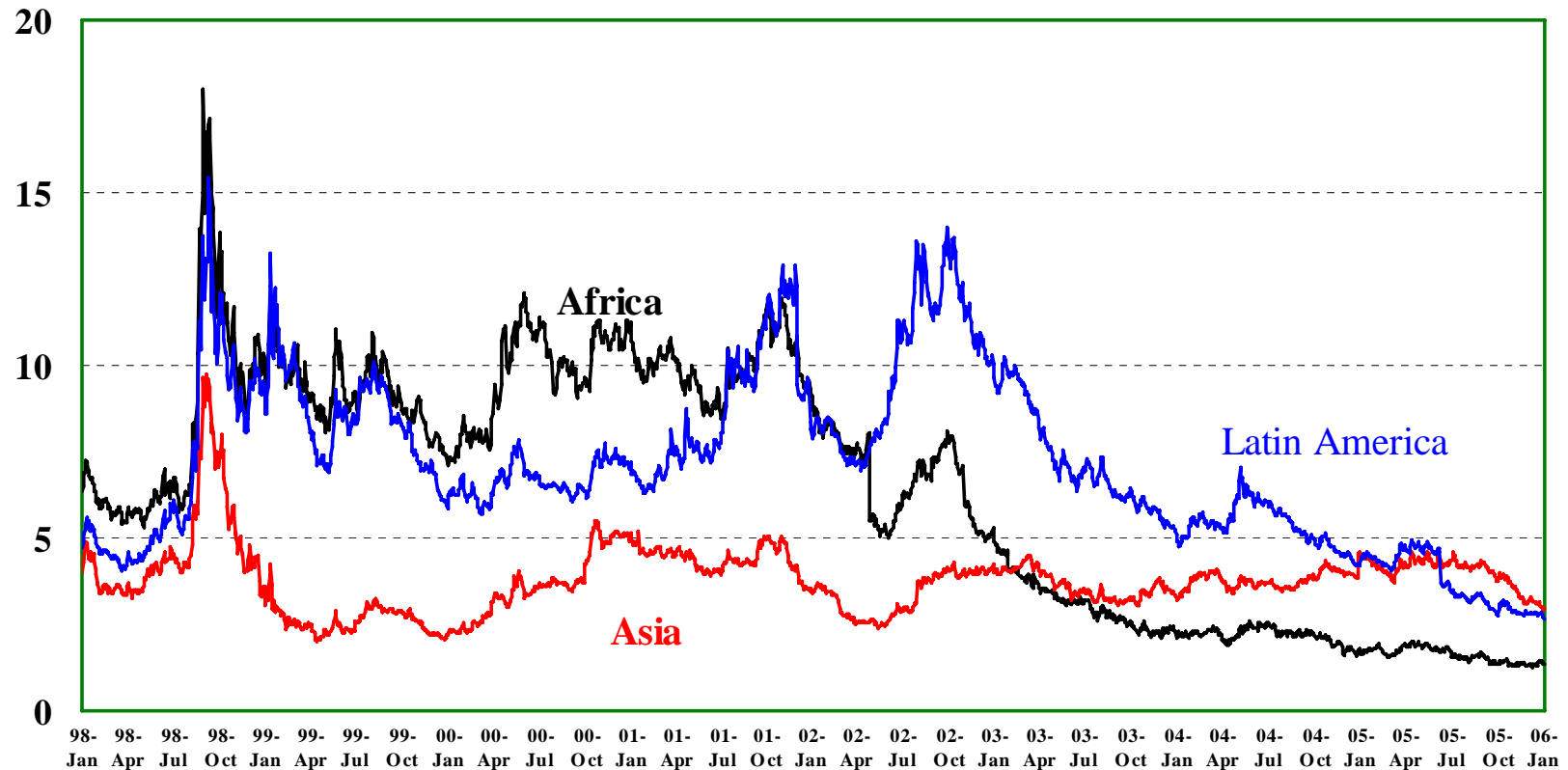


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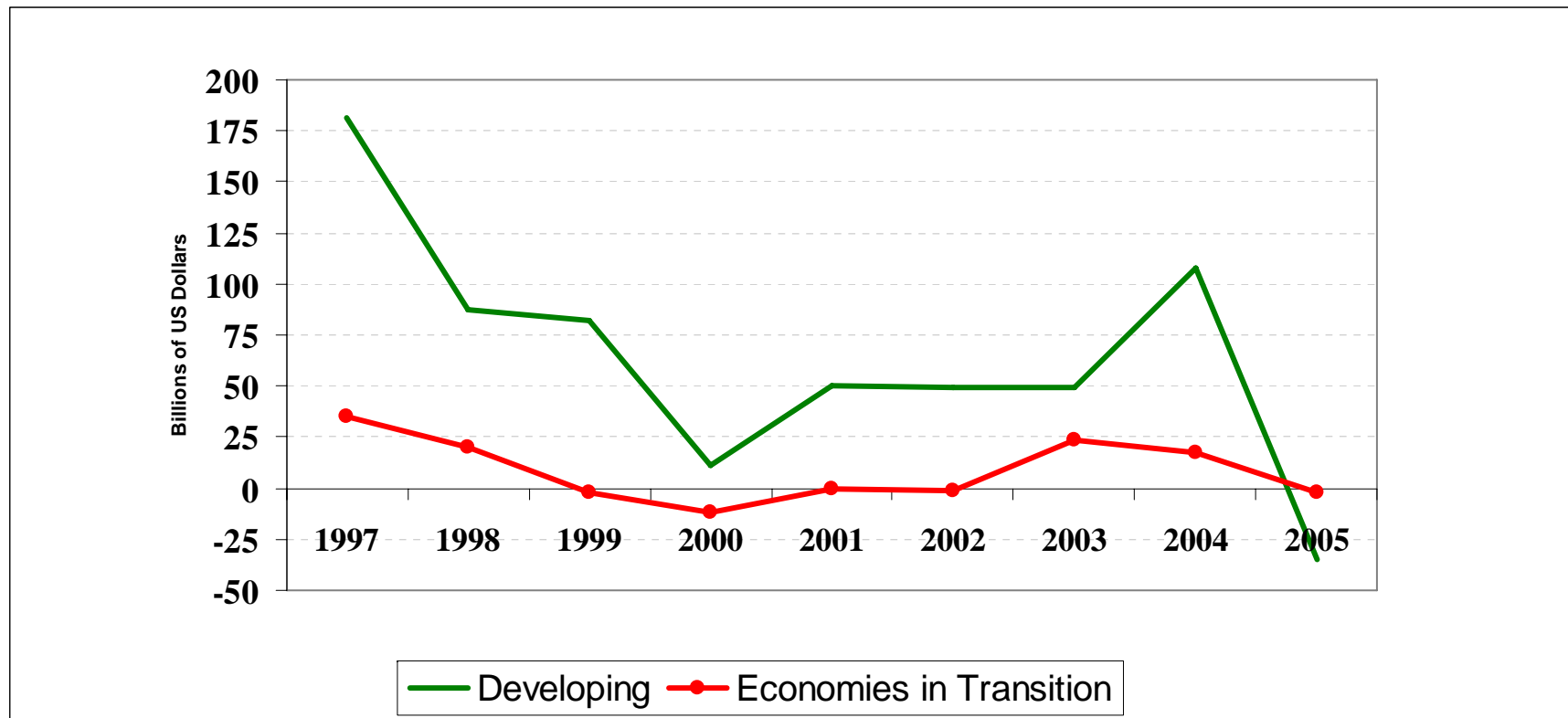


YIELD SPREADS FOR DEVELOPING COUNTRIES EXCEPTIONALLY LOW ...



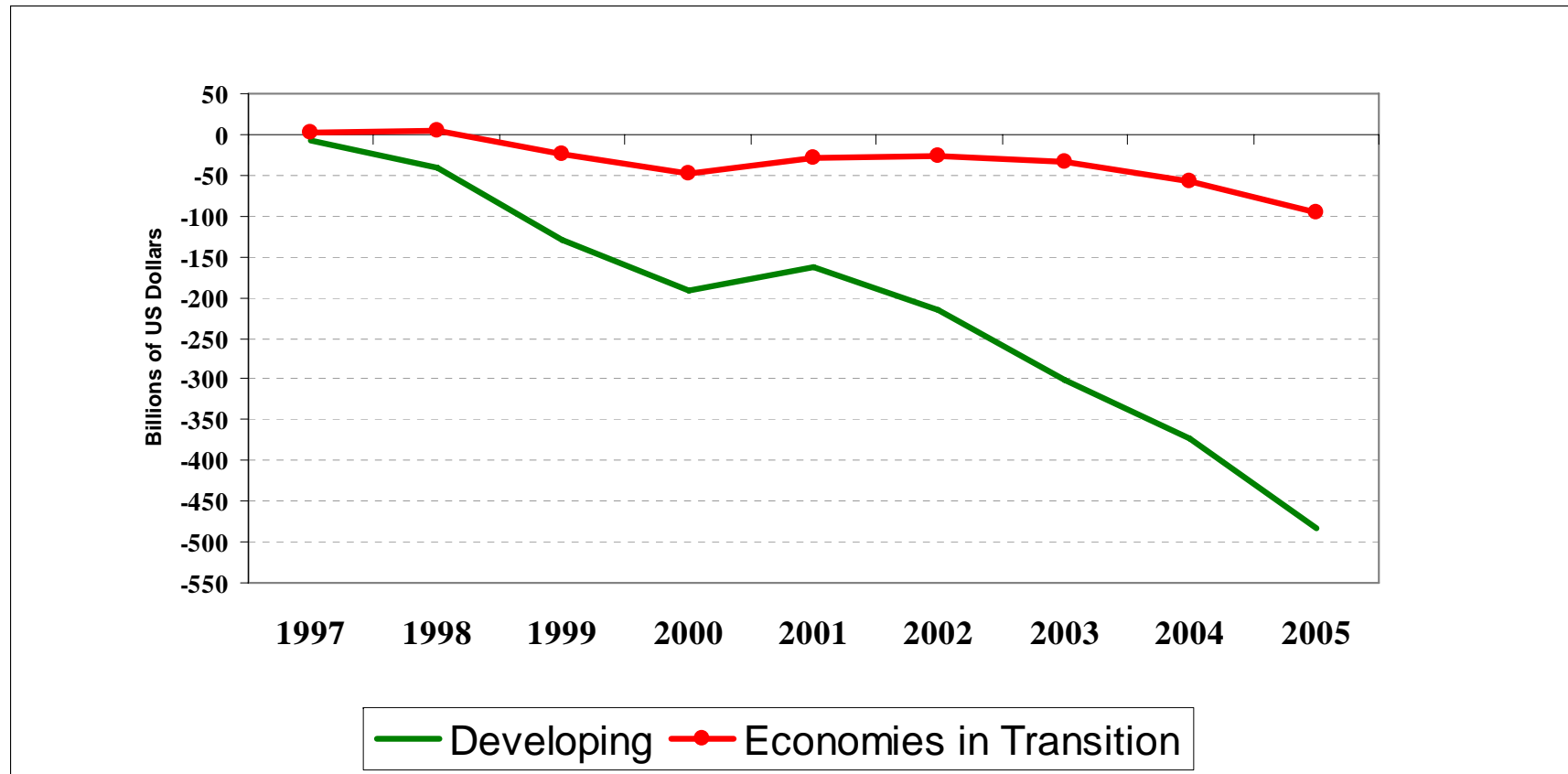


... BUT NET FINANCIAL FLOWS REMAIN LIMITED ...





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





Galvanize trade, aid and finance for MDGs

- ❖ Modest progress in the Doha Round
- ❖ Expecting increase in ODA
- ❖ Deliver the 2005 Summit Outcome