



**World Economic Situation and Prospects 2008**

United Nations, New York

9 January 2008

**United Nations**

Department of Economic and Social Affairs

Development Policy and Analysis Division

# **WORLD ECONOMIC SITUATION AND PROSPECTS 2008**

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New York, 9 January 2008

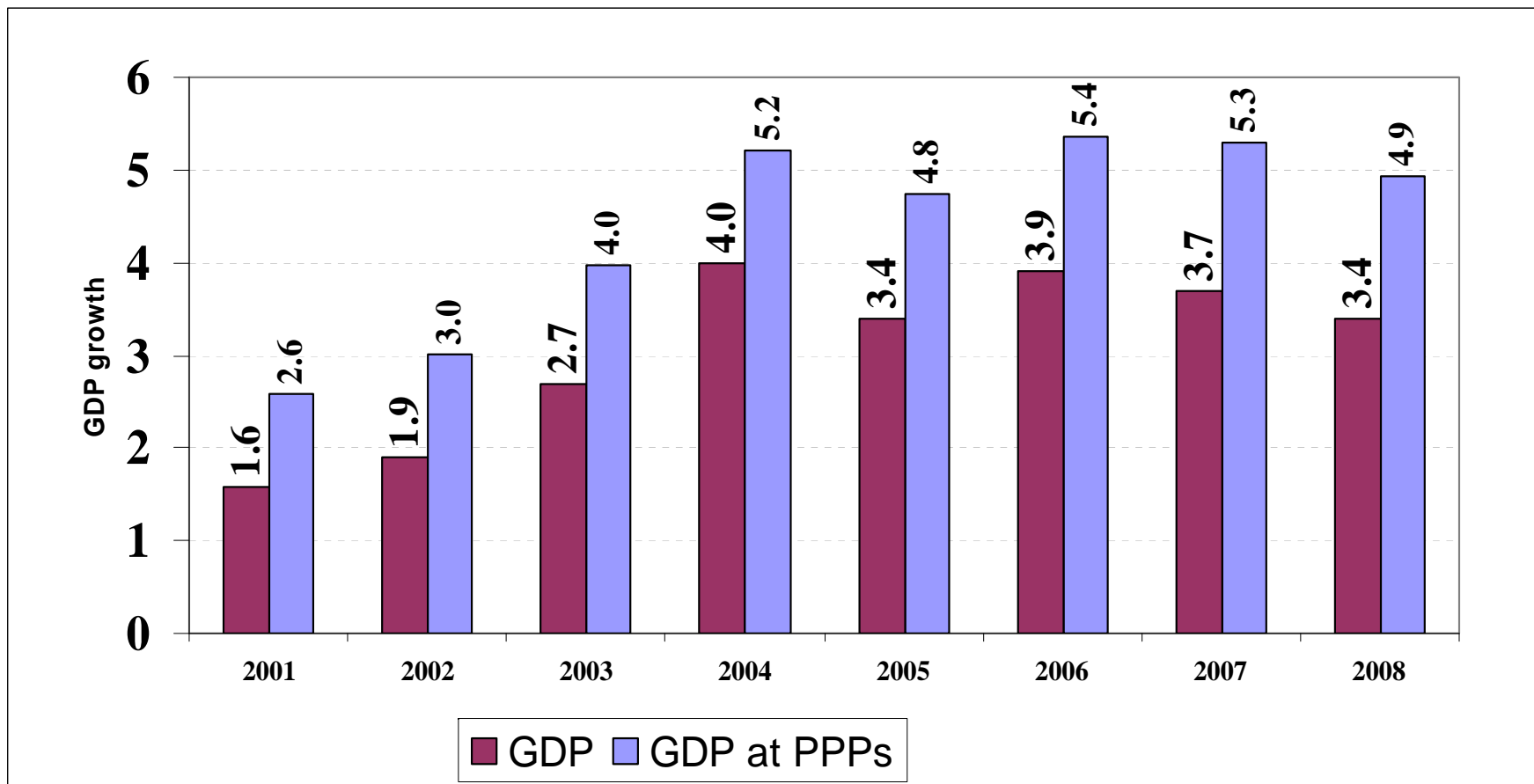


## KEY MESSAGES

- Robust and broad-based world economic growth has continued. Strong developing country growth.
- Slowdown in 2008 and major challenges ahead:
  - End of US housing bubble and continued financial turmoil
  - Risk of hard landing of the US dollar
  - High oil price has re-emerged as a threat to global growth
- Developing countries, especially poorest and primary exporters could be hit hard
- UN system, including IMF, should take lead in forging concerted policy action

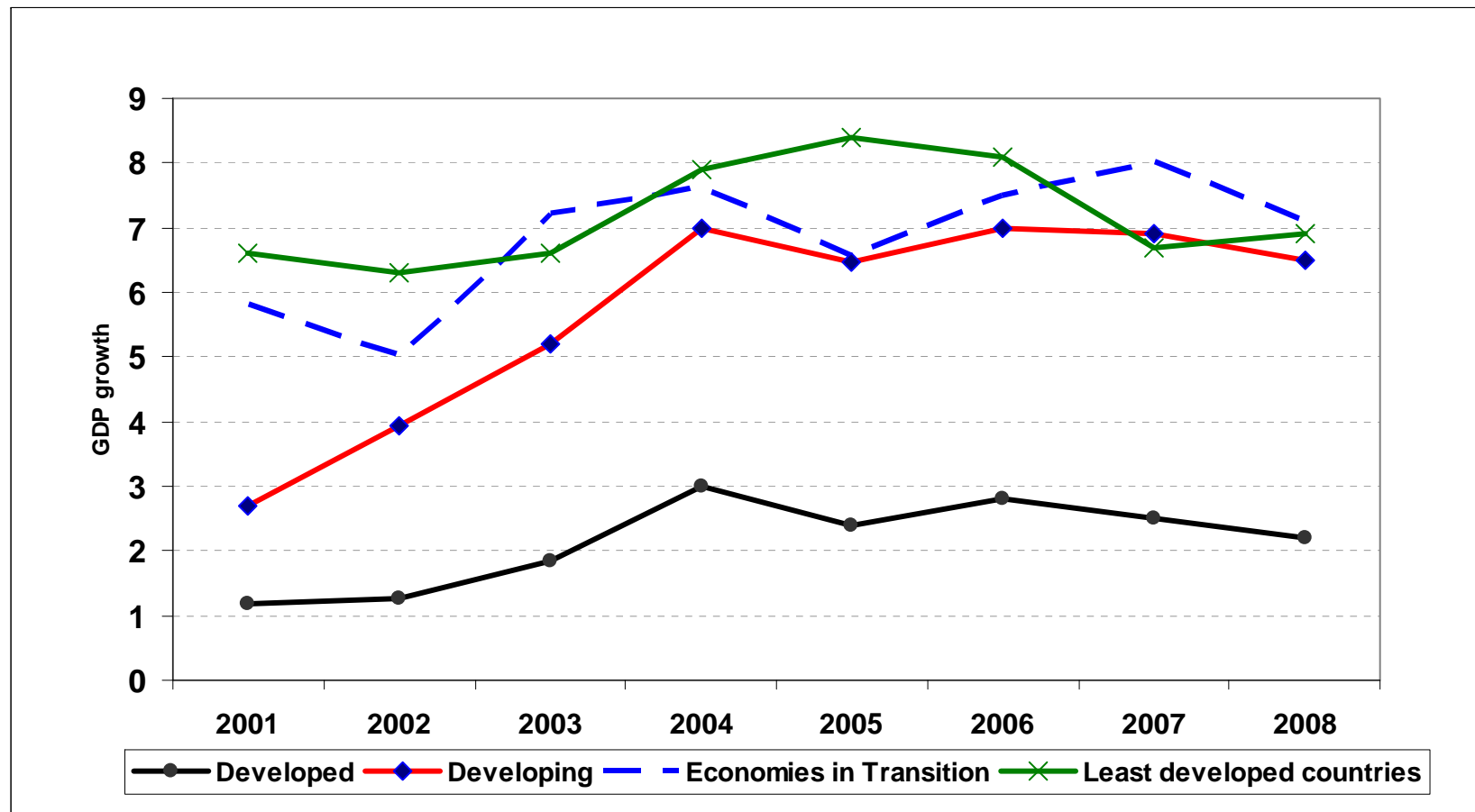


# WORLD GROWTH MODERATING



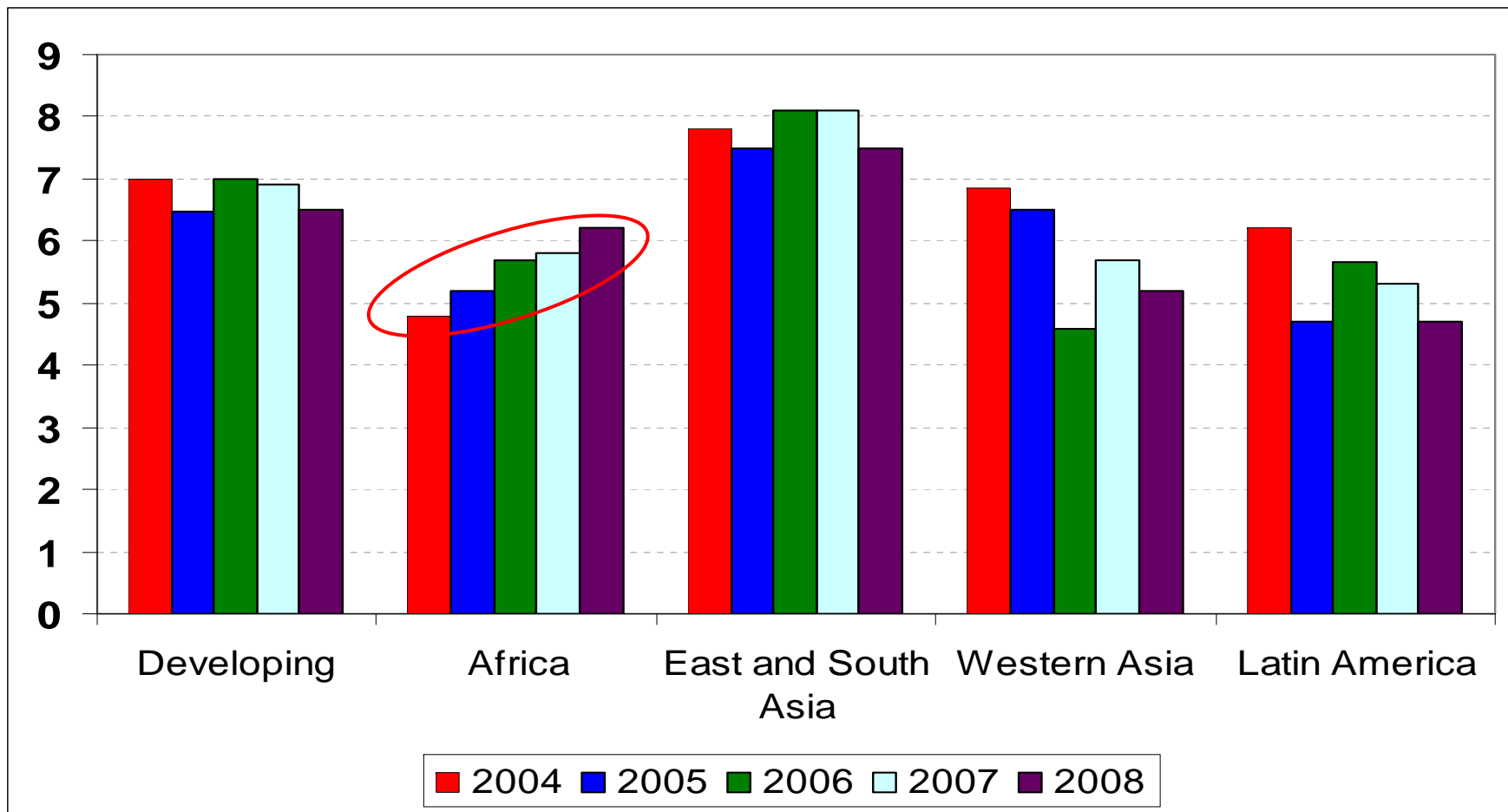


# SLOWDOWN IN ALL COUNTRY GROUPS FOR 2008





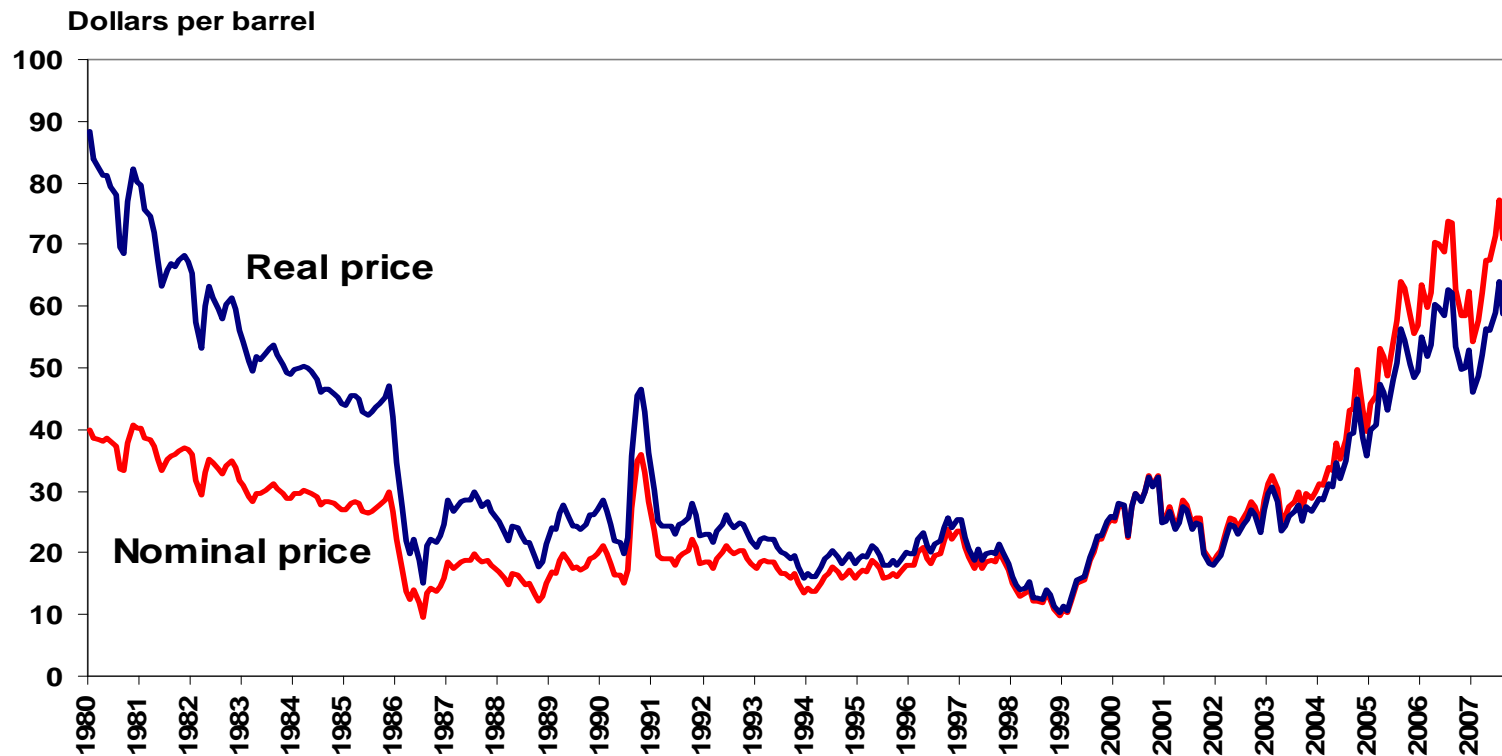
## AFRICA'S GROWTH ACCELERATING, SLOWDOWN IN OTHER DEVELOPING COUNTRY REGIONS





# OIL AT \$100 A BARREL: A THREAT?

Nominal and real Brent crude oil price

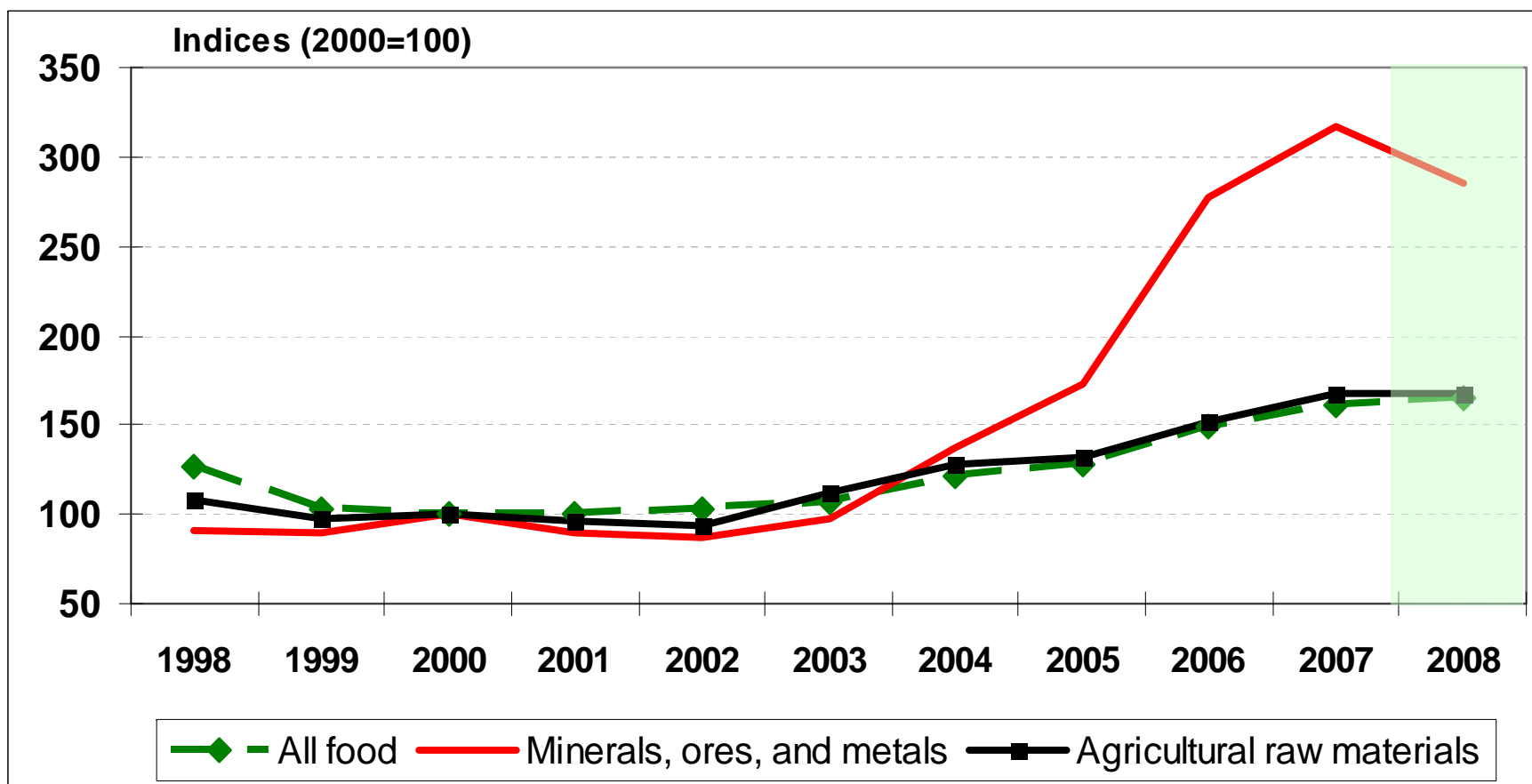


Source: UN/DESA based on IMF International Financial Statistics CD-ROM November 2007.

Note: United States consumer price inflation was used as the deflator for the nominal price of Brent oil

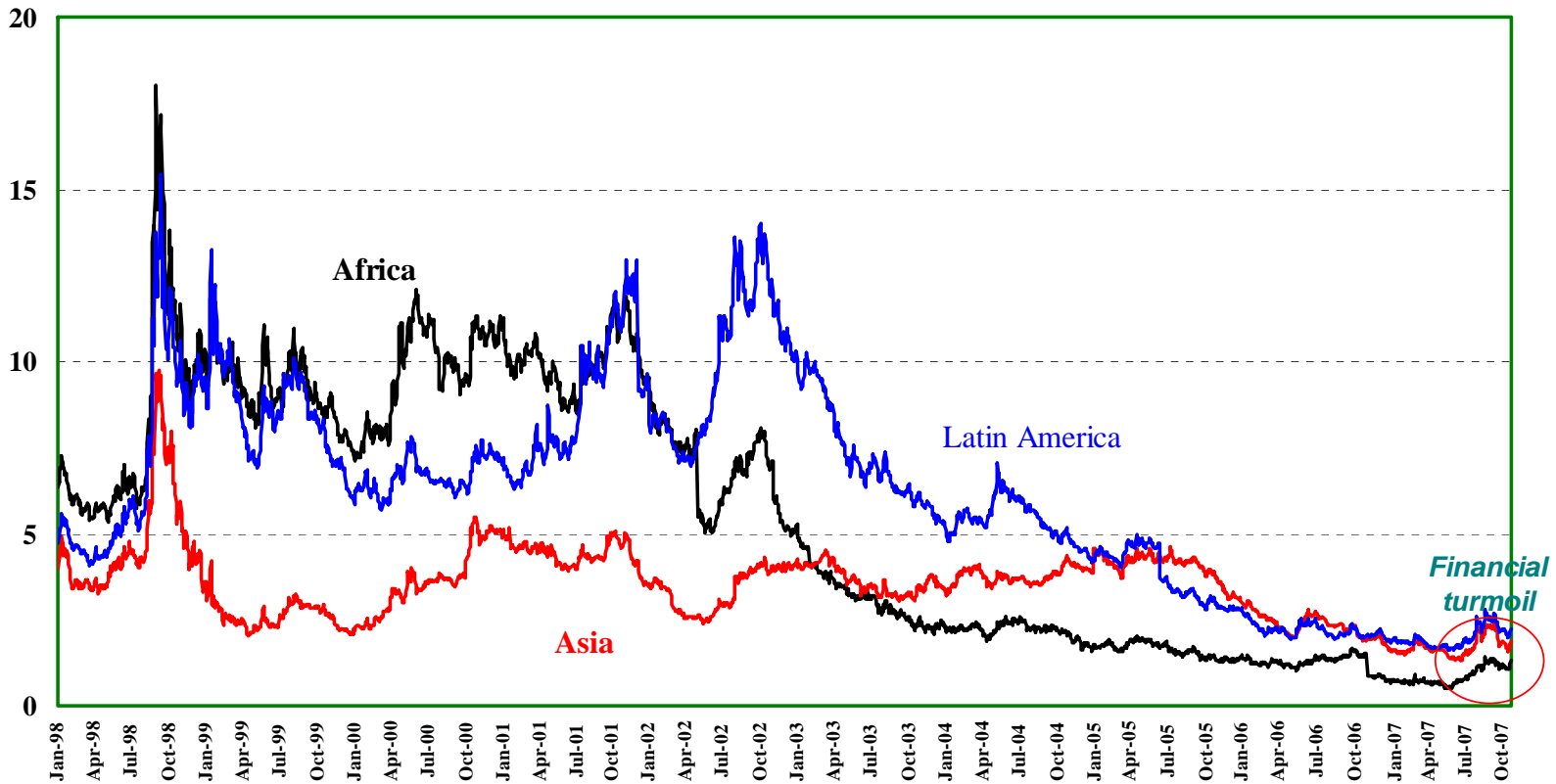


# NON-OIL COMMODITY PRICES MAY HAVE PEAKED



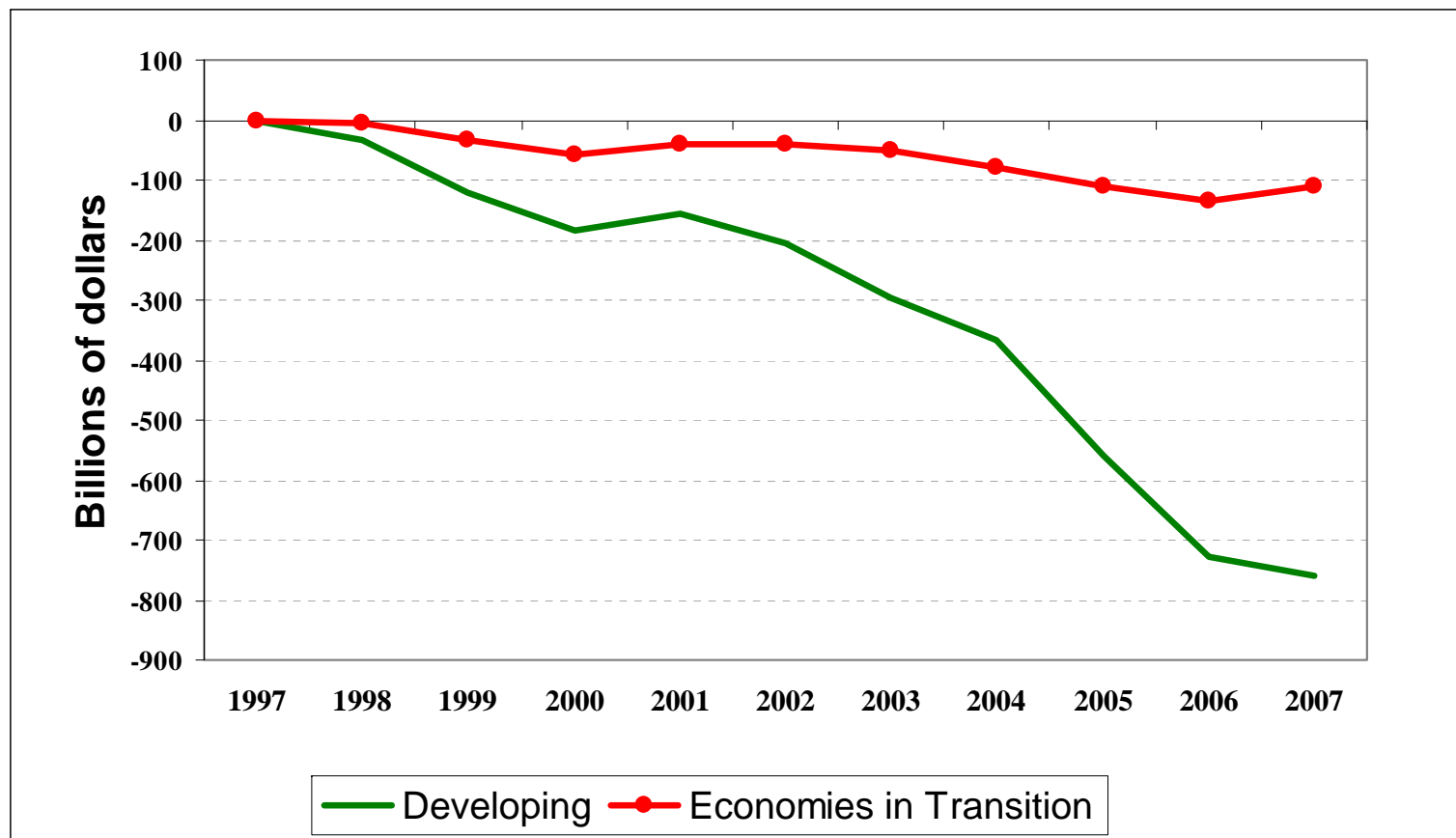


# DESPITE FINANCIAL TURMOIL SPREADS ON LENDING TO DEVELOPING COUNTRIES REMAIN EXCEPTIONALLY LOW ...



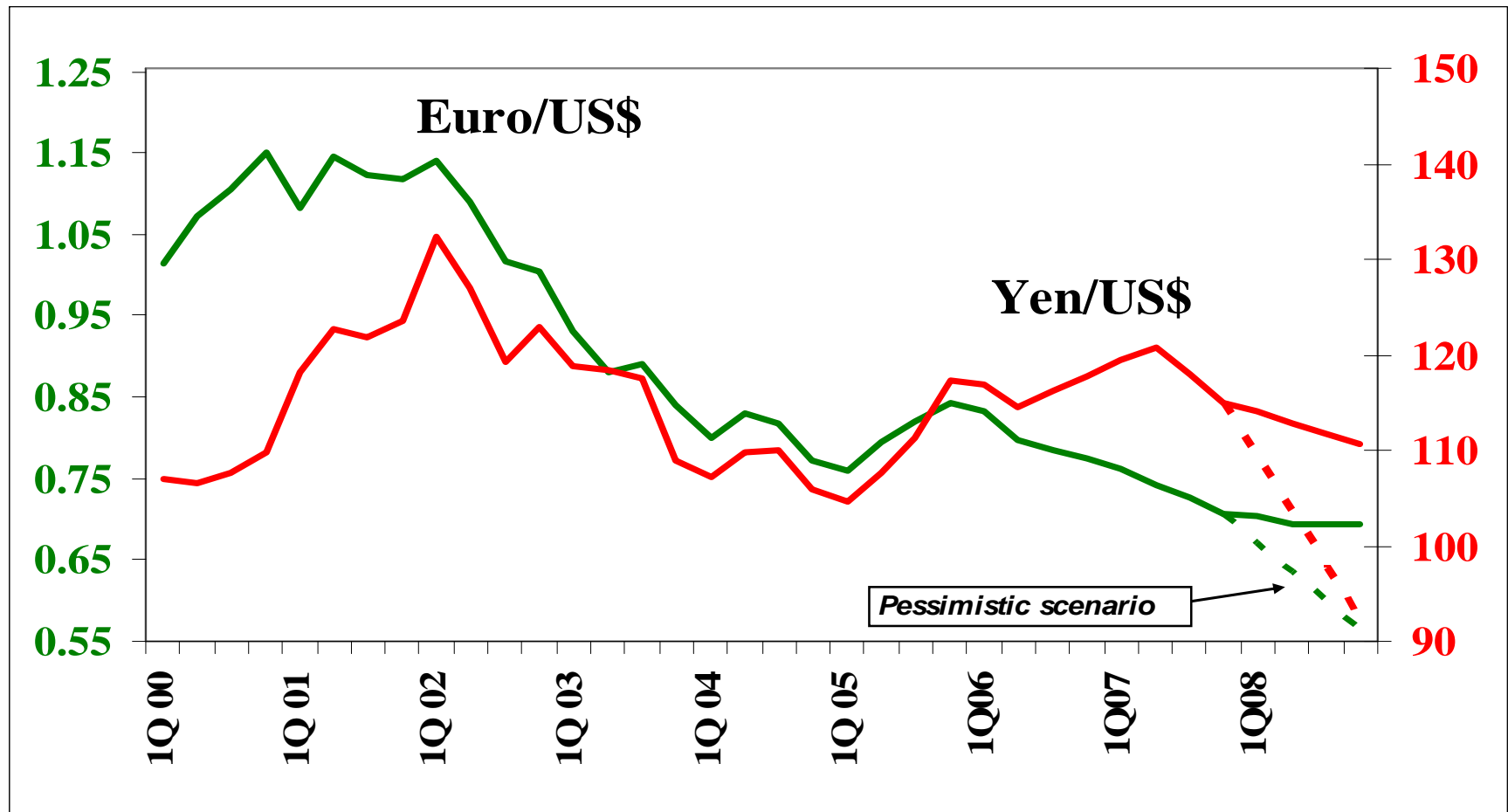


# ... BUT YET, MONEY CONTINUES TO FLOW FROM DEVELOPING TO DEVELOPED COUNTRIES



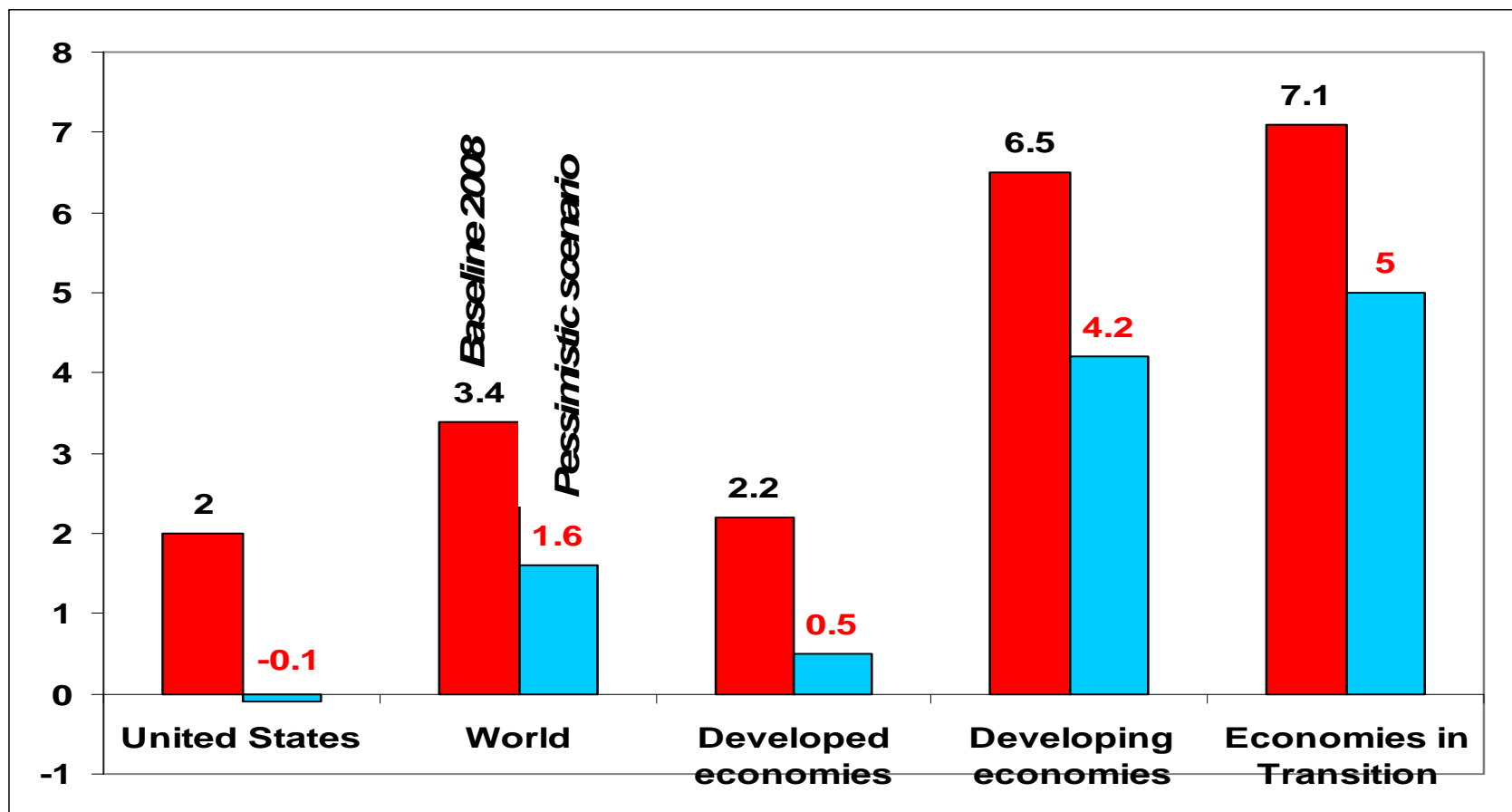


# A HARD LANDING OF THE DOLLAR?





# Deeper housing market crisis and hard landing of dollar could bring the world economy down





## Policy challenges

- ❖ Multilateral policy coordination with broad participation is needed
- ❖ Concerted action to avoid a hard landing of the dollar
- ❖ Measures to improve the regulation of the financial system