



World Economic Situation and Prospects 2008

United Nations, New York

6 February 2008

United Nations

Department of Economic and Social Affairs

Development Policy and Analysis Division

WORLD ECONOMIC SITUATION AND PROSPECTS 2008

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Director

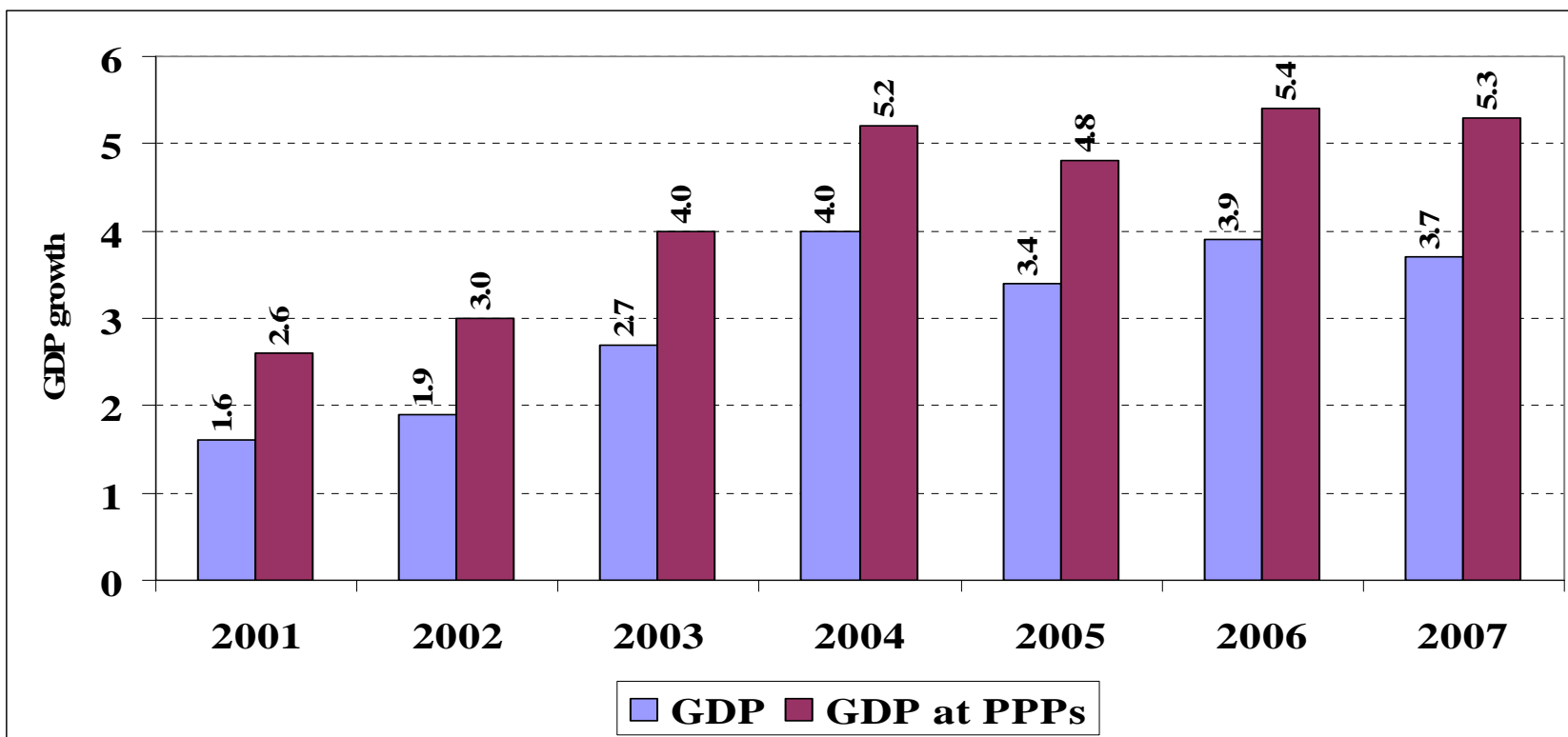
Development Policy and Analysis Division, DESA

ECOSOC

New York, 6 February 2008



Can the robust growth of the world economy be sustained?





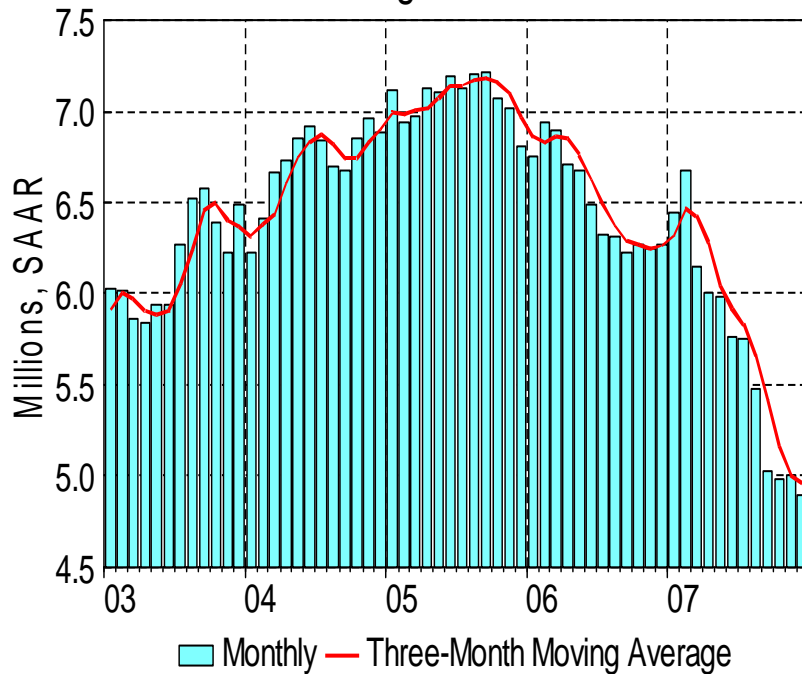
WESP 2008 - KEY MESSAGES

- We have seen robust and broad-based world economic growth, including strong developing country growth.
- But possible major slowdown in 2008:
 - 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

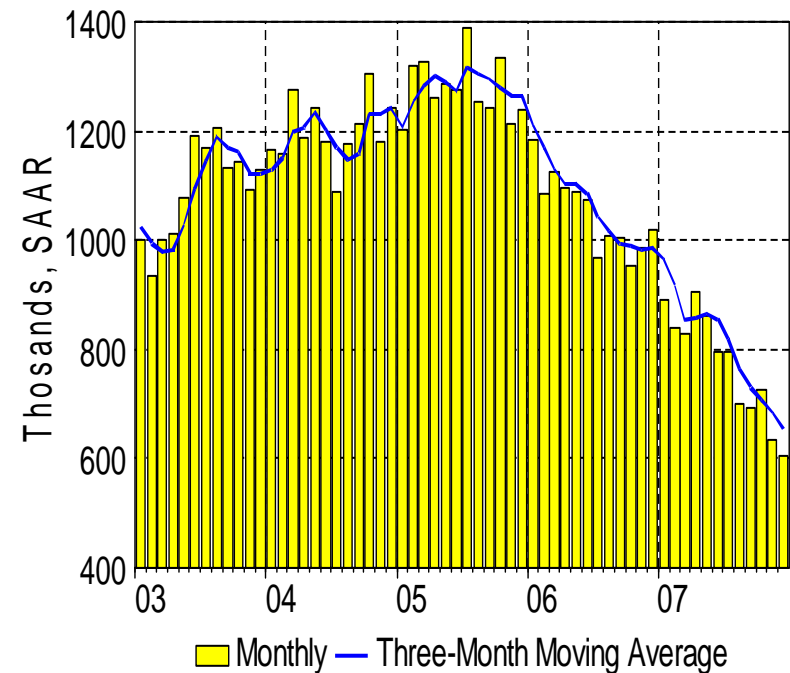


THE US HOUSING MARKET CRISIS: Falling home sales

Existing Home Sales

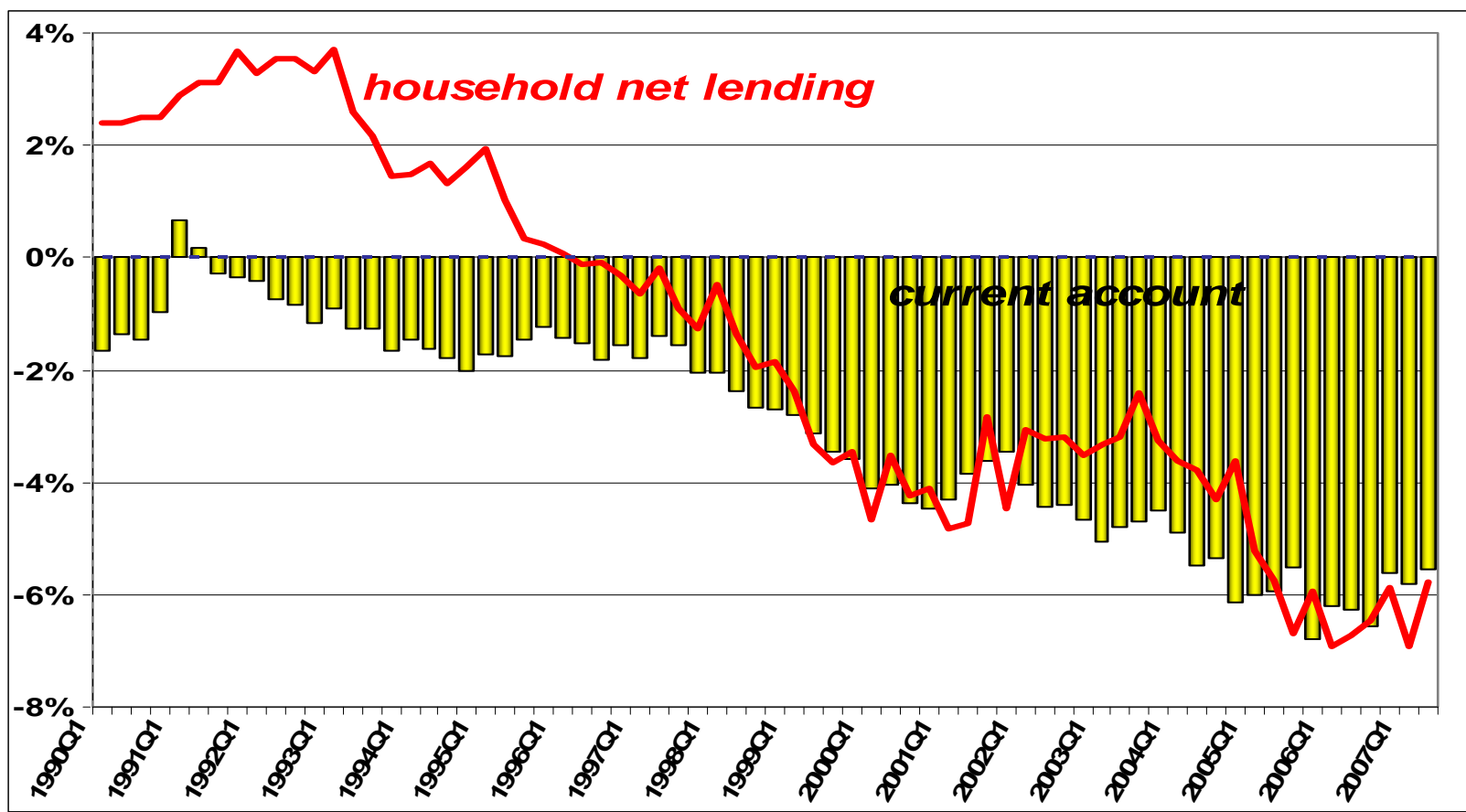


New Home Sales



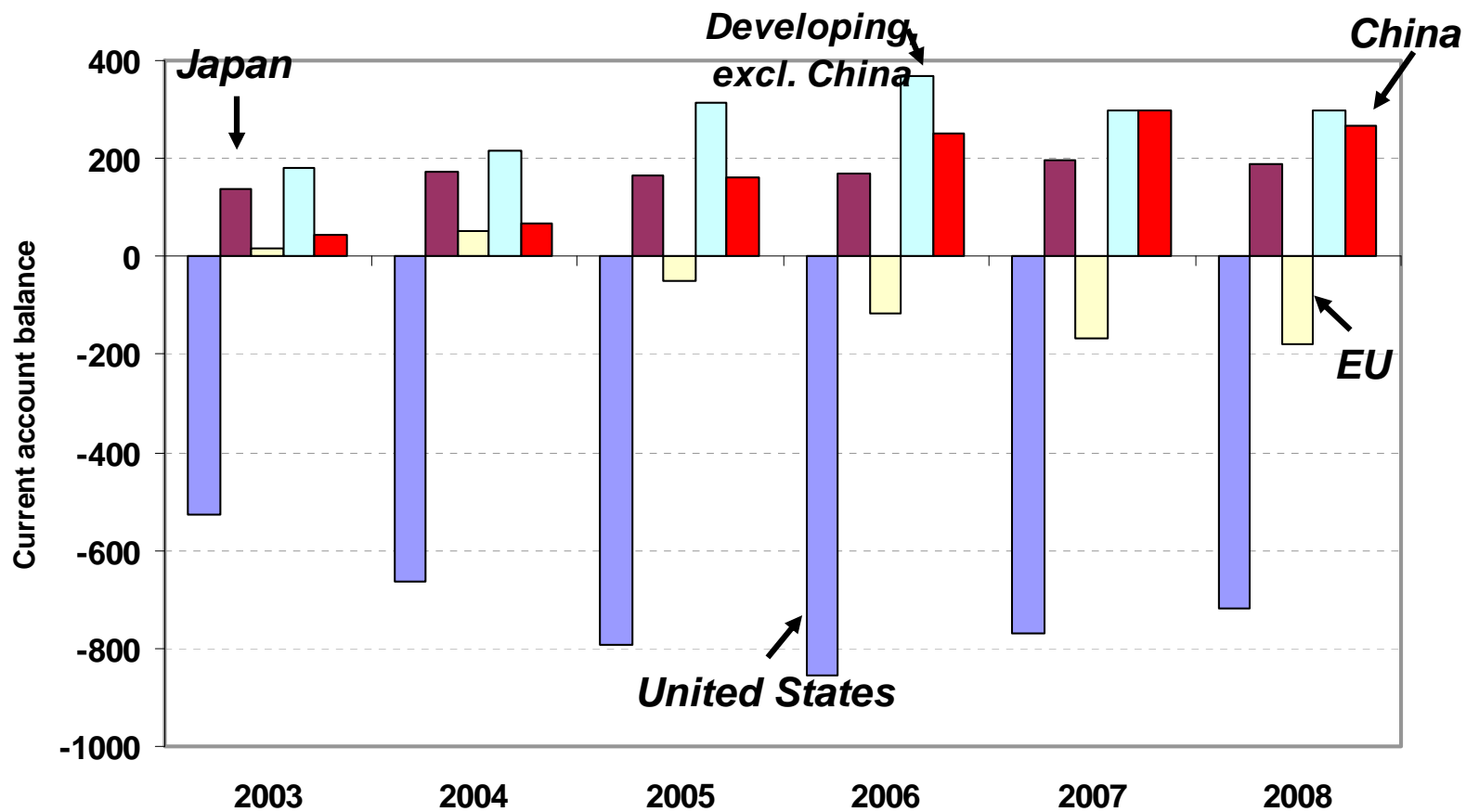


US EXTERNAL AND DOMESTIC DEFICITS CLOSE TO TURNING POINT?



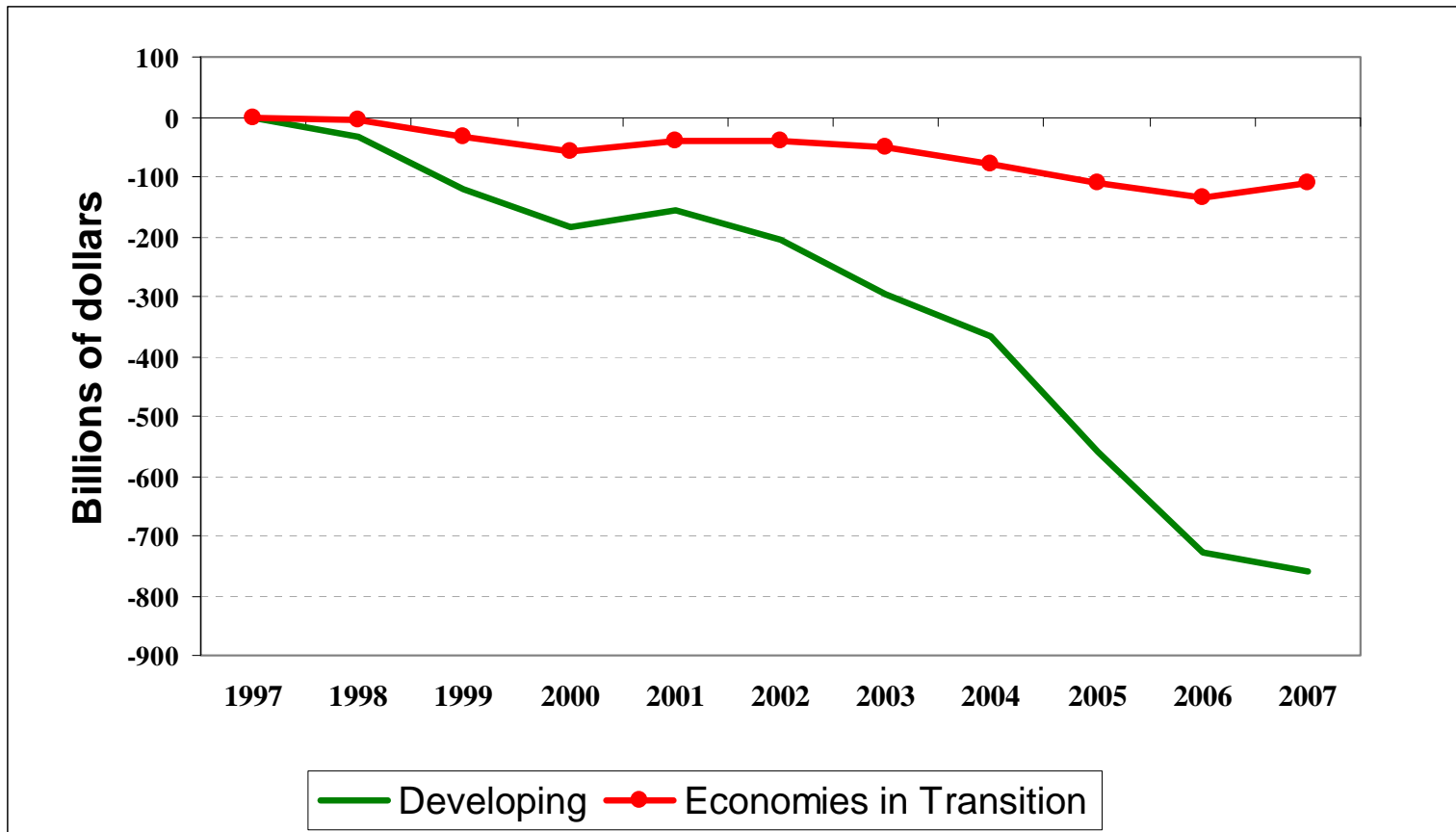


GLOBAL IMBALANCES PERSIST



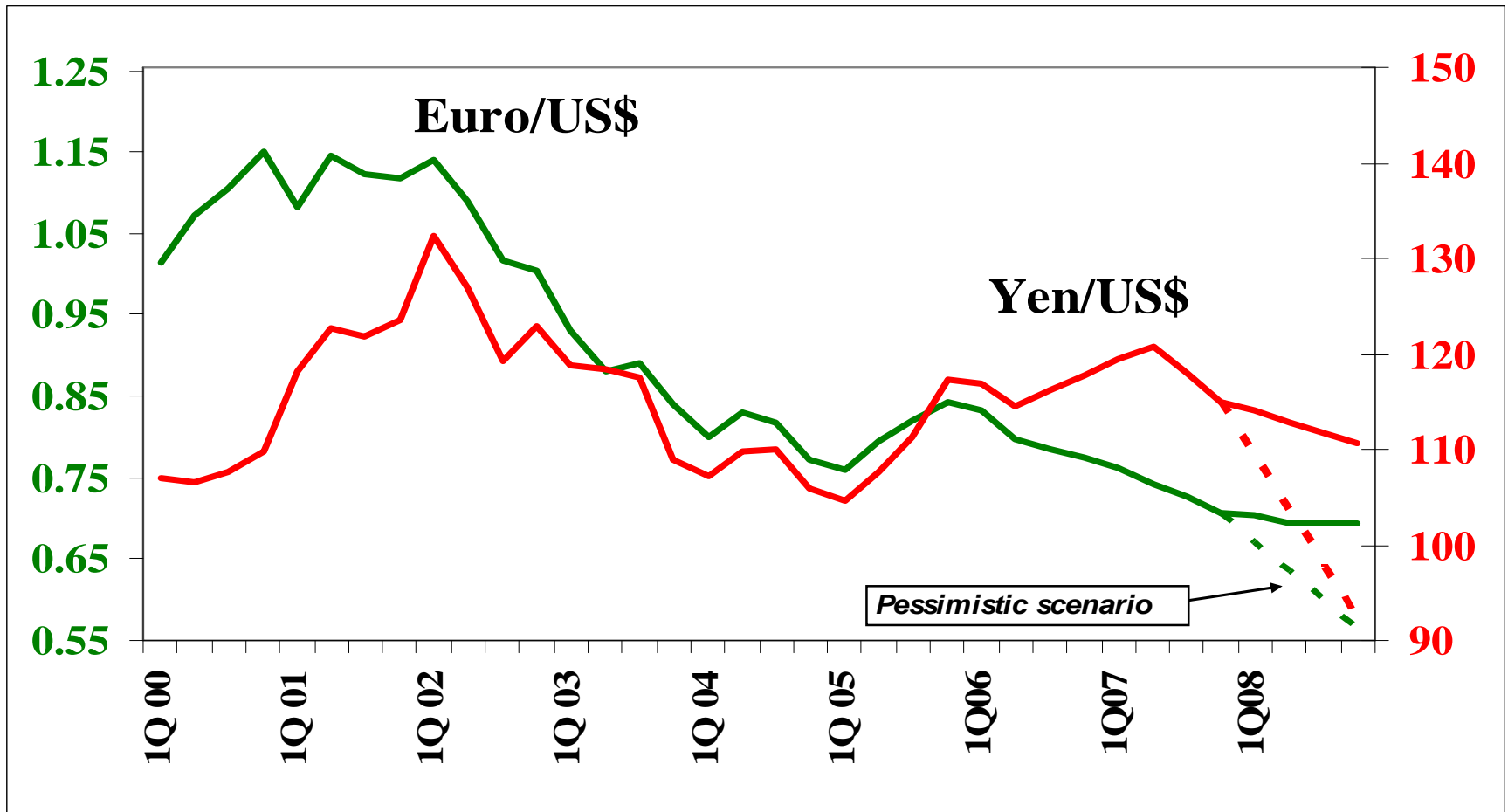


NET FINANCIAL RESOURCES CONTINUE TO FLOW FROM DEVELOPING TO DEVELOPED COUNTRIES





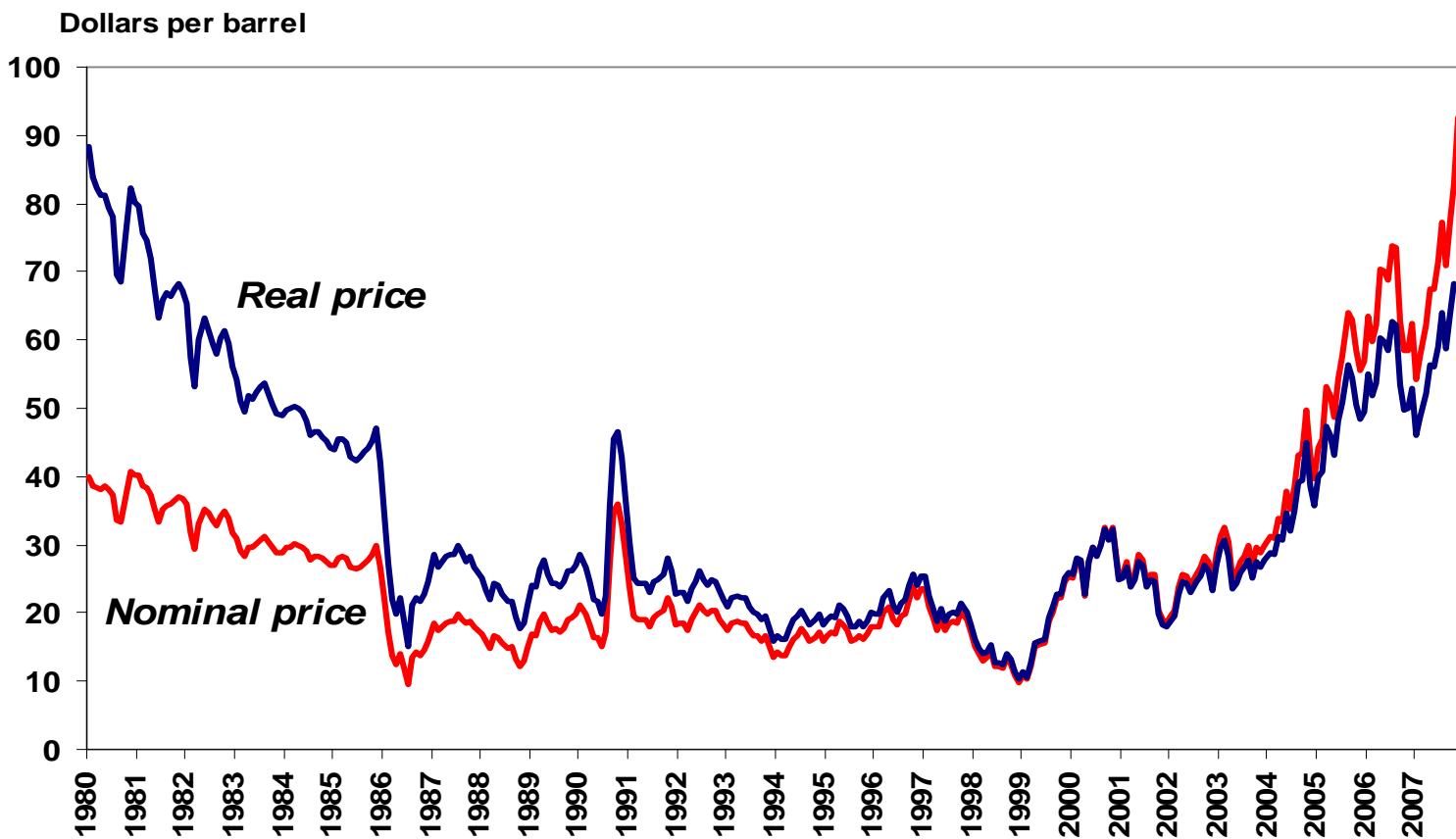
A HARD LANDING OF THE DOLLAR?





OIL AT \$100 A BARREL: A THREAT?

Nominal and real Brent crude oil price

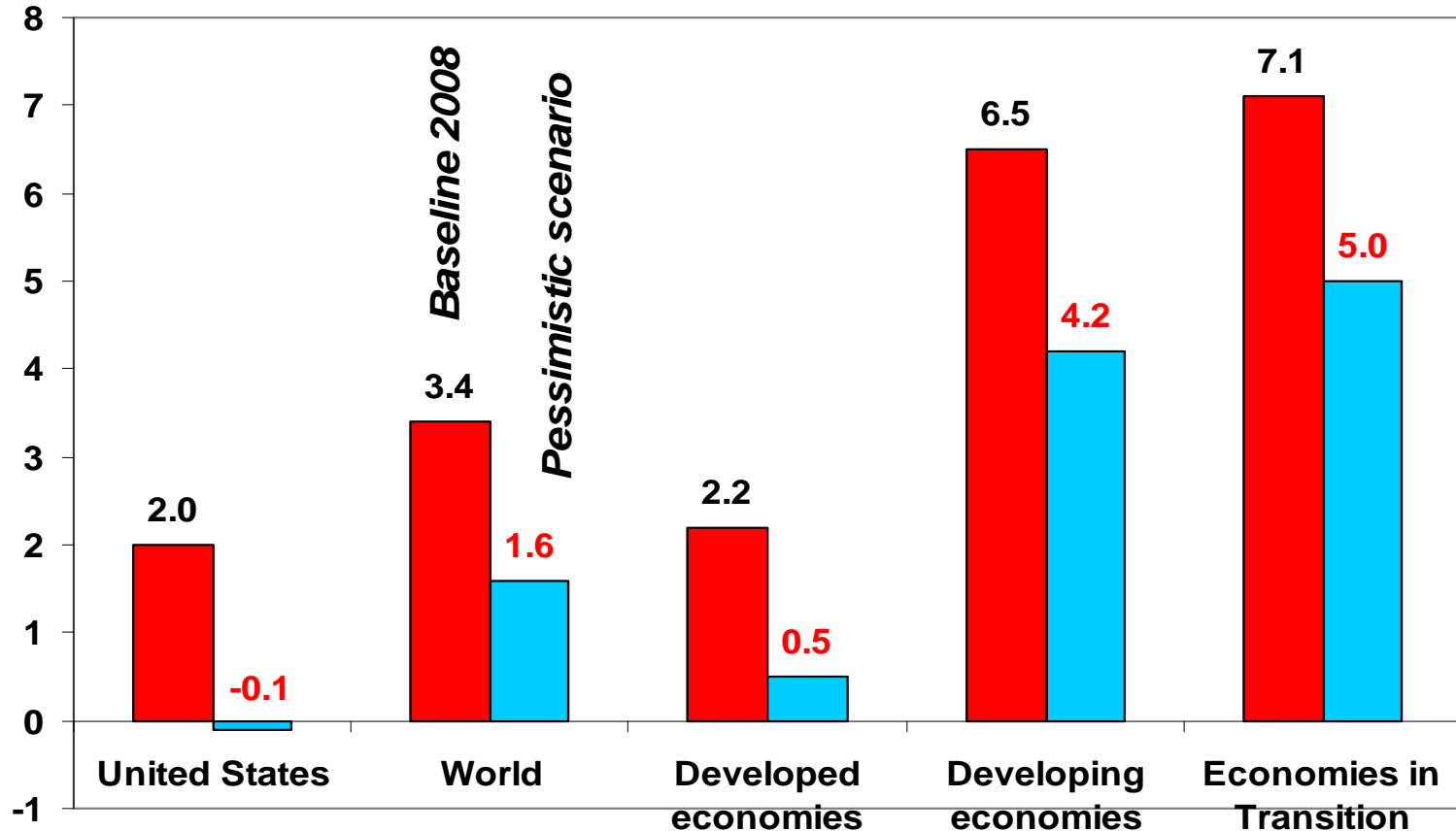


Source: UN/DESA based on IMF International Financial Statistics CD-ROM November 2007.

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

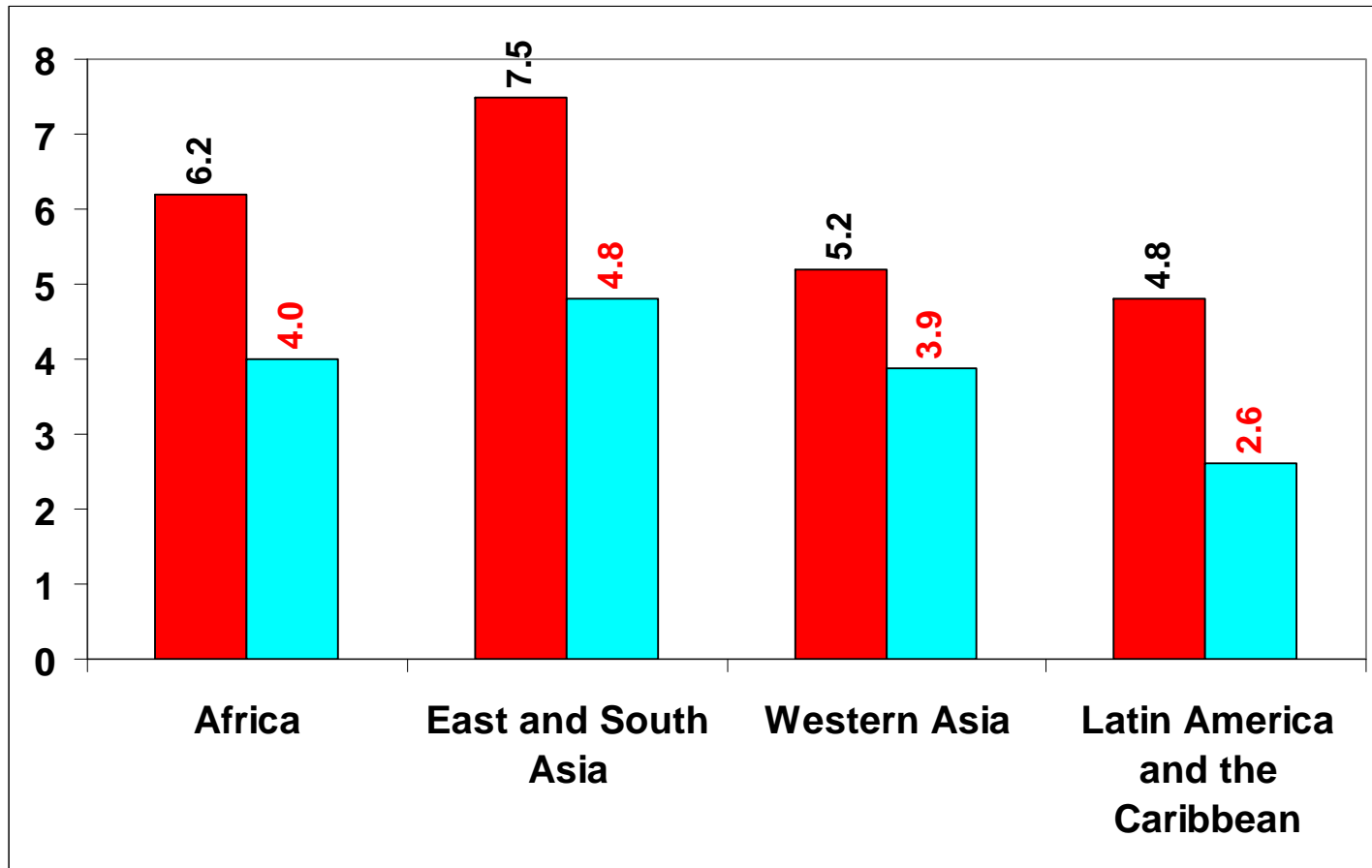


Deeper housing market crisis and hard landing of dollar could bring the world economy down (forecasts for 2008)



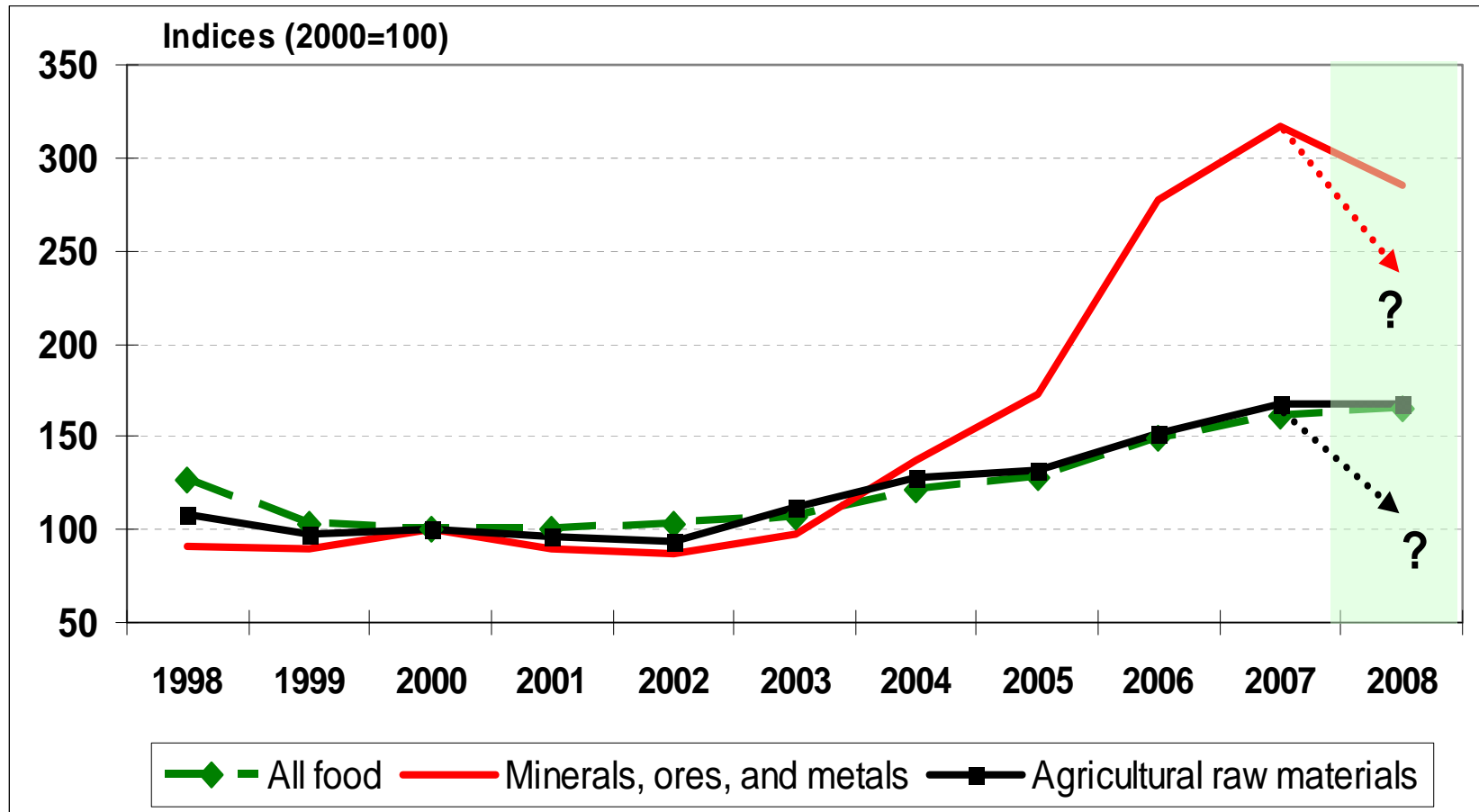


DEVELOPING COUNTRY GROWTH WILL BE AFFECTED



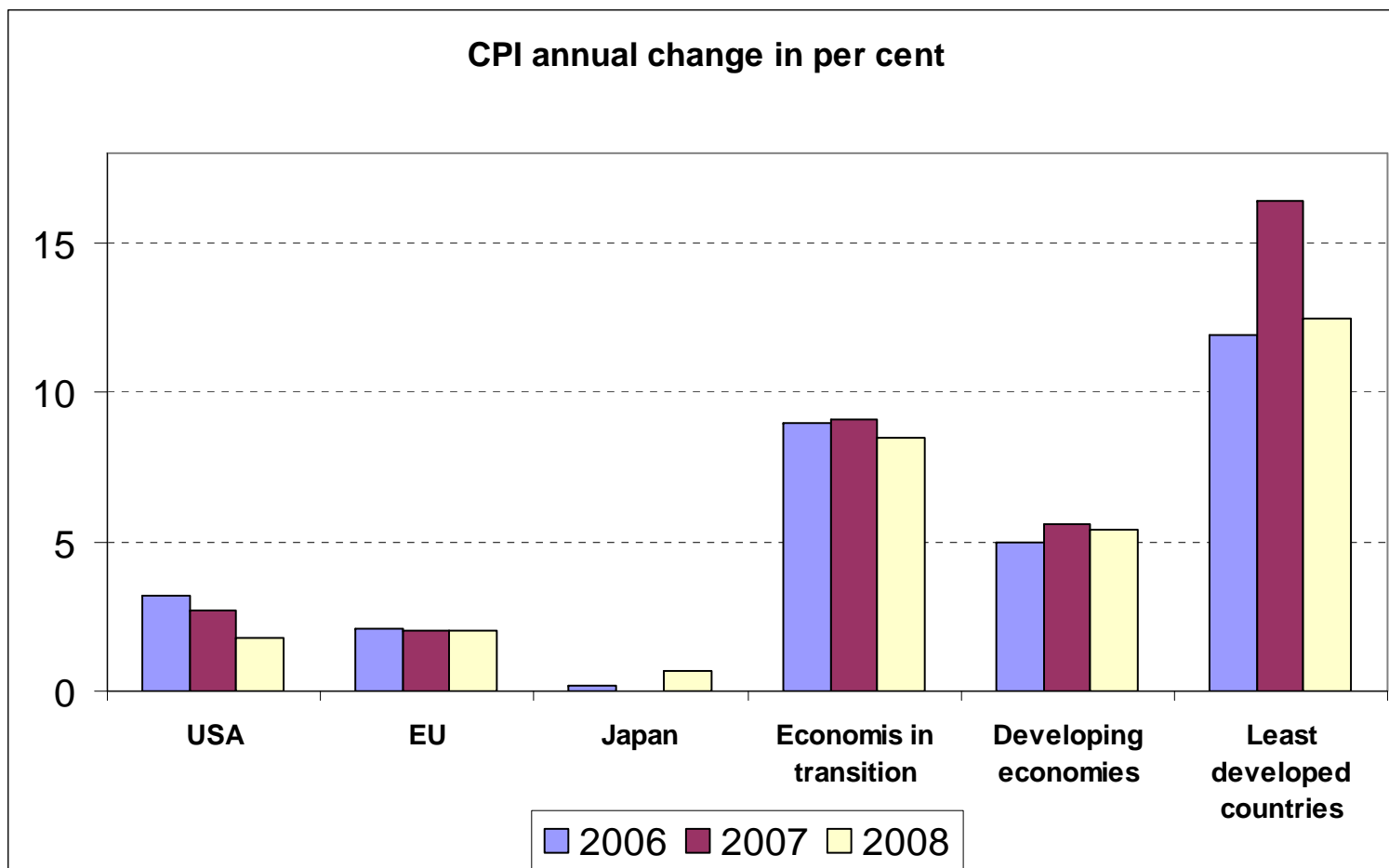


NON-OIL COMMODITY PRICES MAY HAVE PEAKED





WORLDWIDE INFLATION REMAINS LOW, SUGGESTING SPACE FOR MORE STIMULUS





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

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