



**World Economic Situation and Prospects Mid-2008**

United Nations, New York

15 May 2008

**United Nations**

Department of Economic and Social Affairs

Development Policy and Analysis Division

# **WORLD ECONOMIC SITUATION AND PROSPECTS MID - 2008 Update**

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New York, 15 May 2008

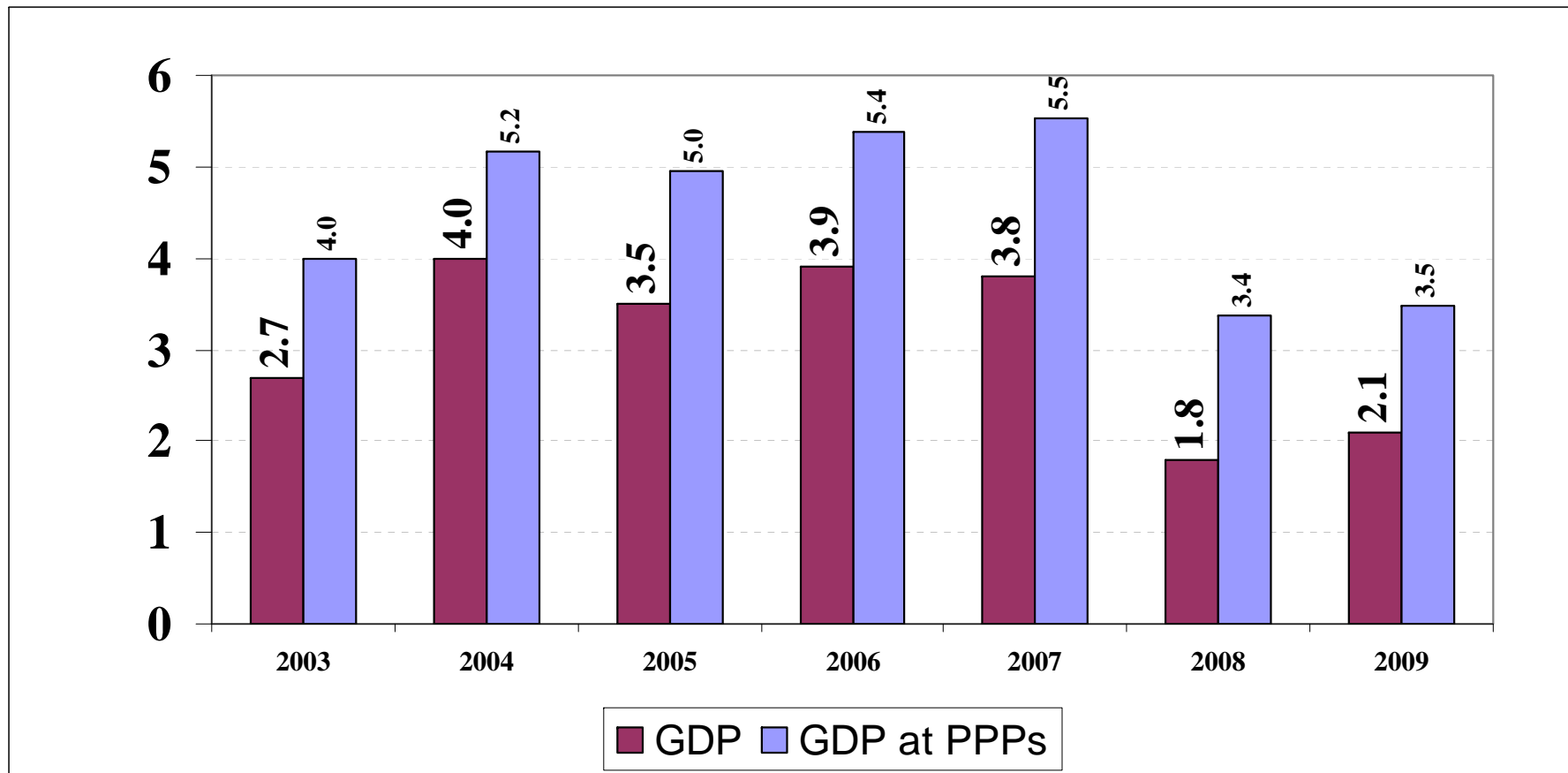


# KEY MESSAGES

- Global economic slowdown in 2008 - 2009
- Combination of risks increases the uncertainty:
  - Crash in housing markets in the US and elsewhere
  - Financial instability or even contraction
  - Steep decline of the US dollar
  - High oil and food prices
- Developing countries, particularly food and energy-importing countries could be hit hard
- UN system, including a more inclusive IMF, should take lead in forging concerted policy action and address the food crisis

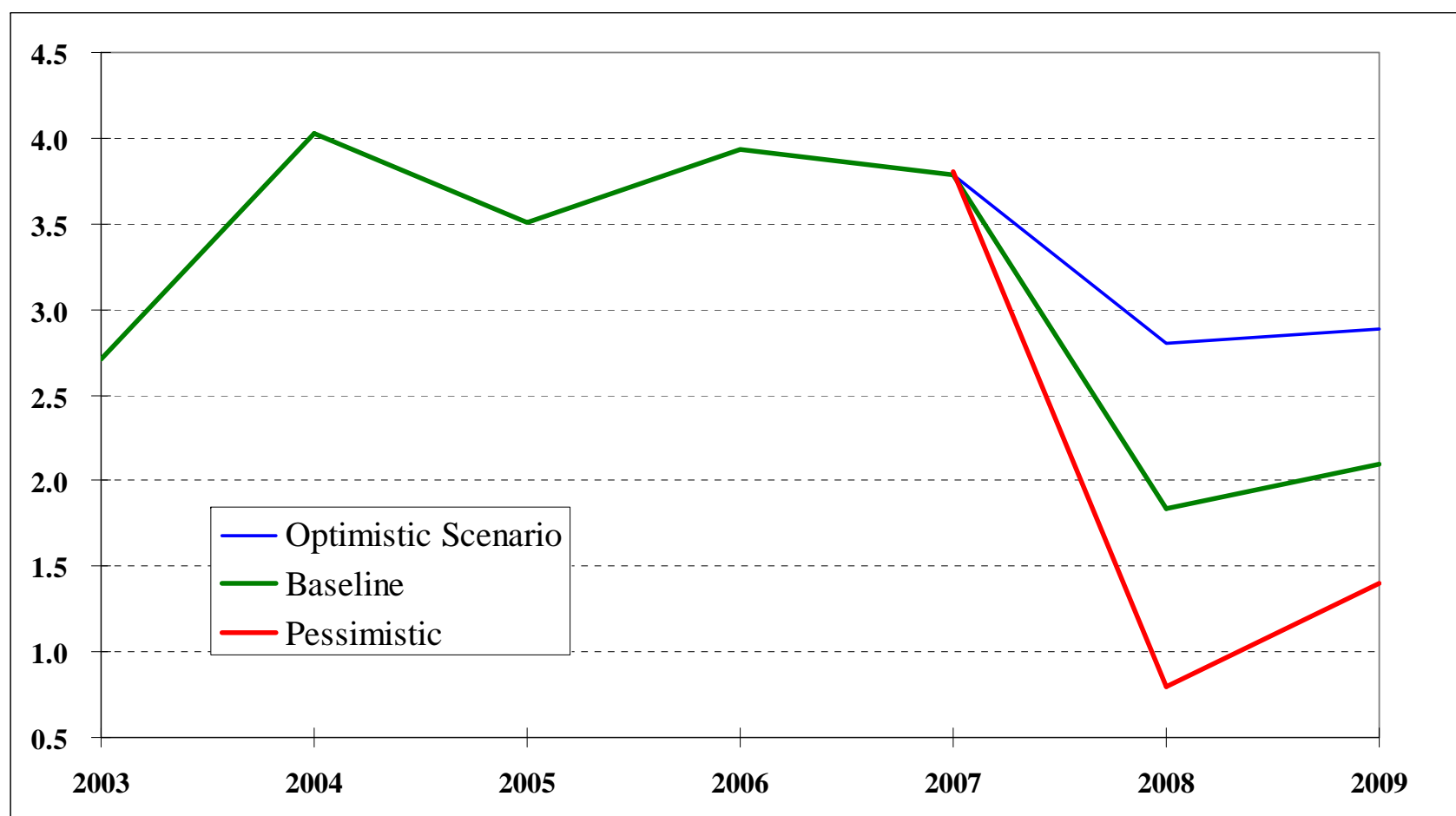


# WORLD GROWTH SHRINKING



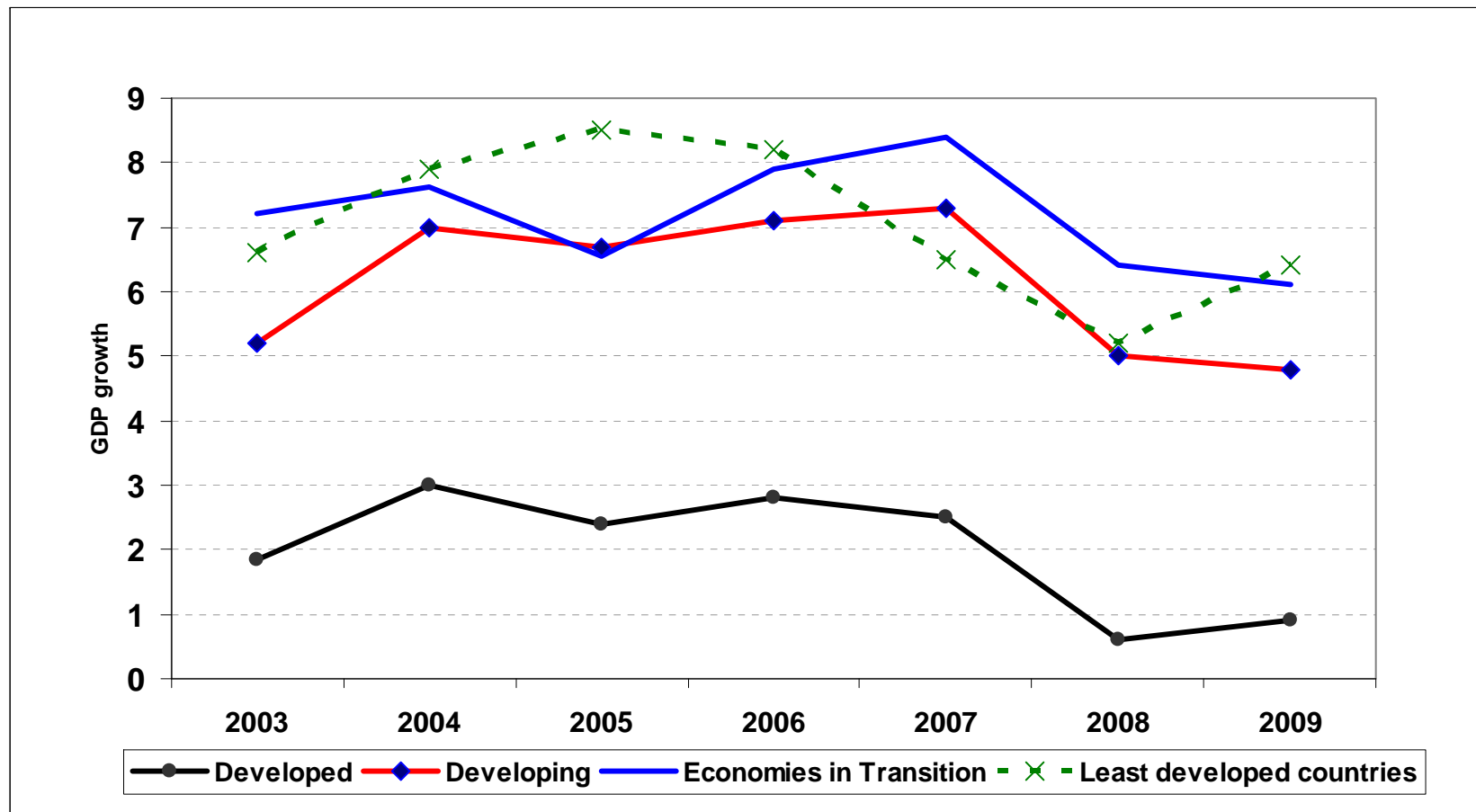


# GLOBAL GROWTH SCENARIOS



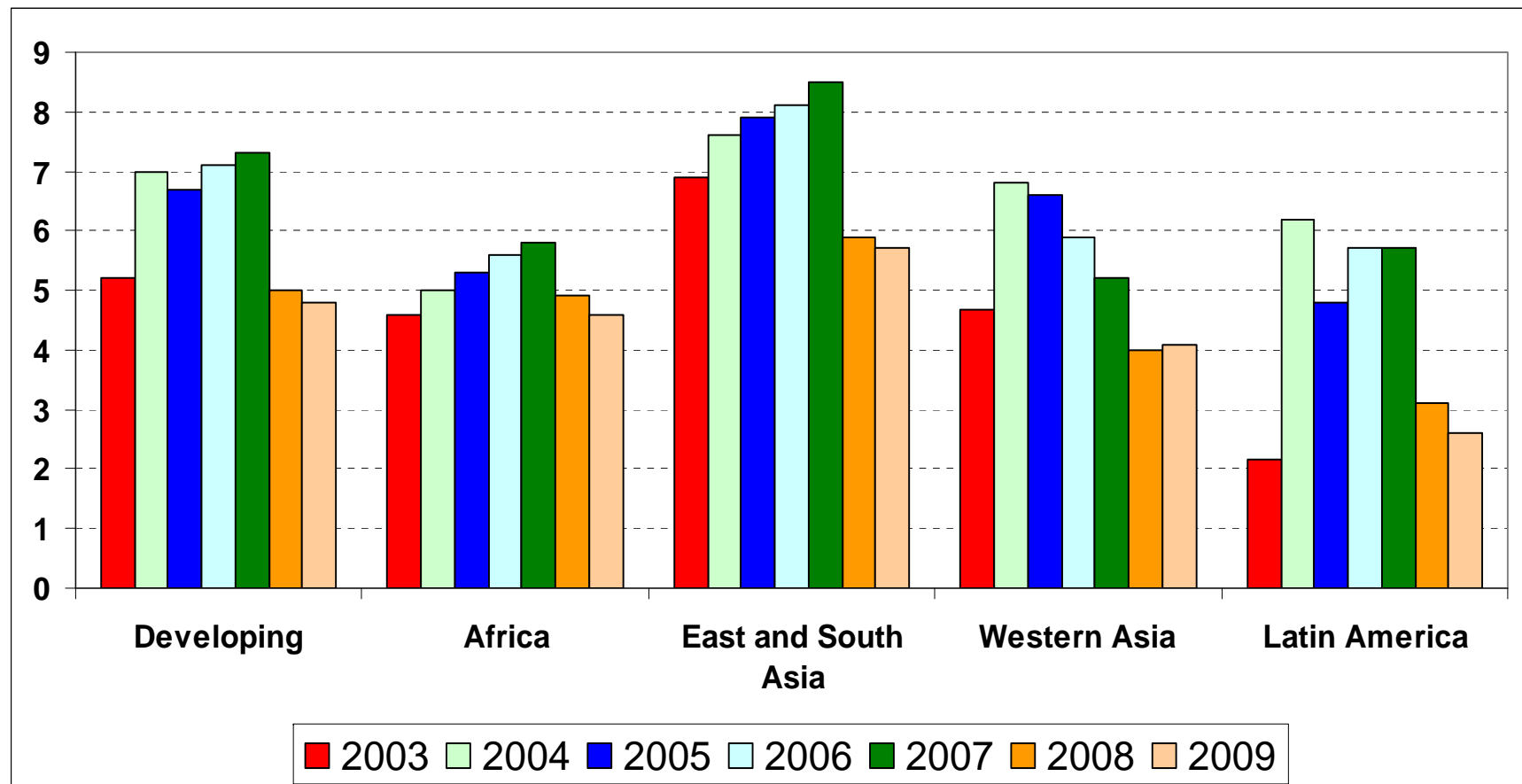


# SLOWDOWN IN ALL COUNTRY GROUPS FOR 2008



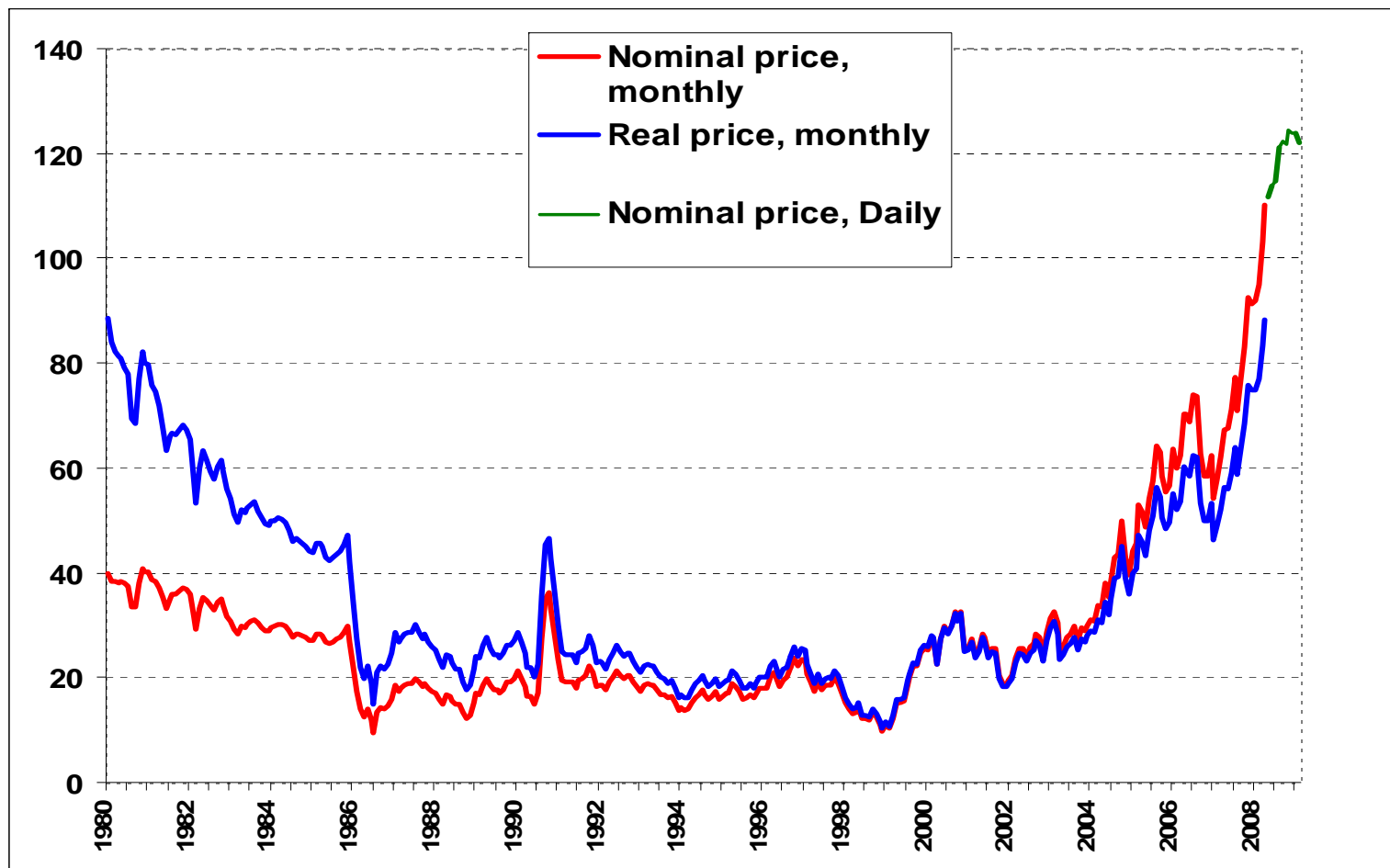


# ALL DEVELOPING ECONOMY REGIONS WILL EXPERIENCE A SLOWDOWN IN THE OUTLOOK



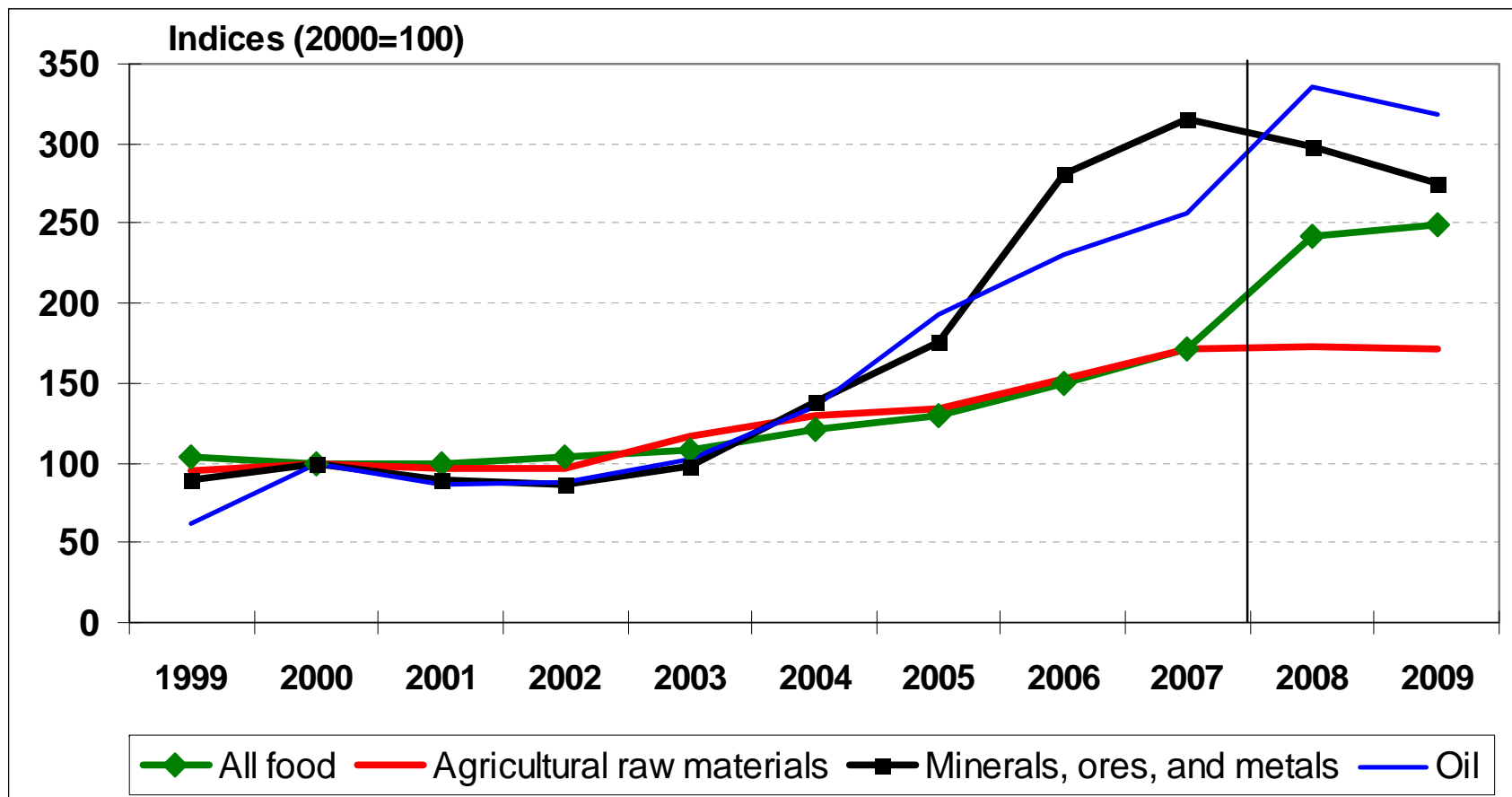


# OIL AT MORE THAN \$120 A BARREL: WILL IT STAY THAT WAY?



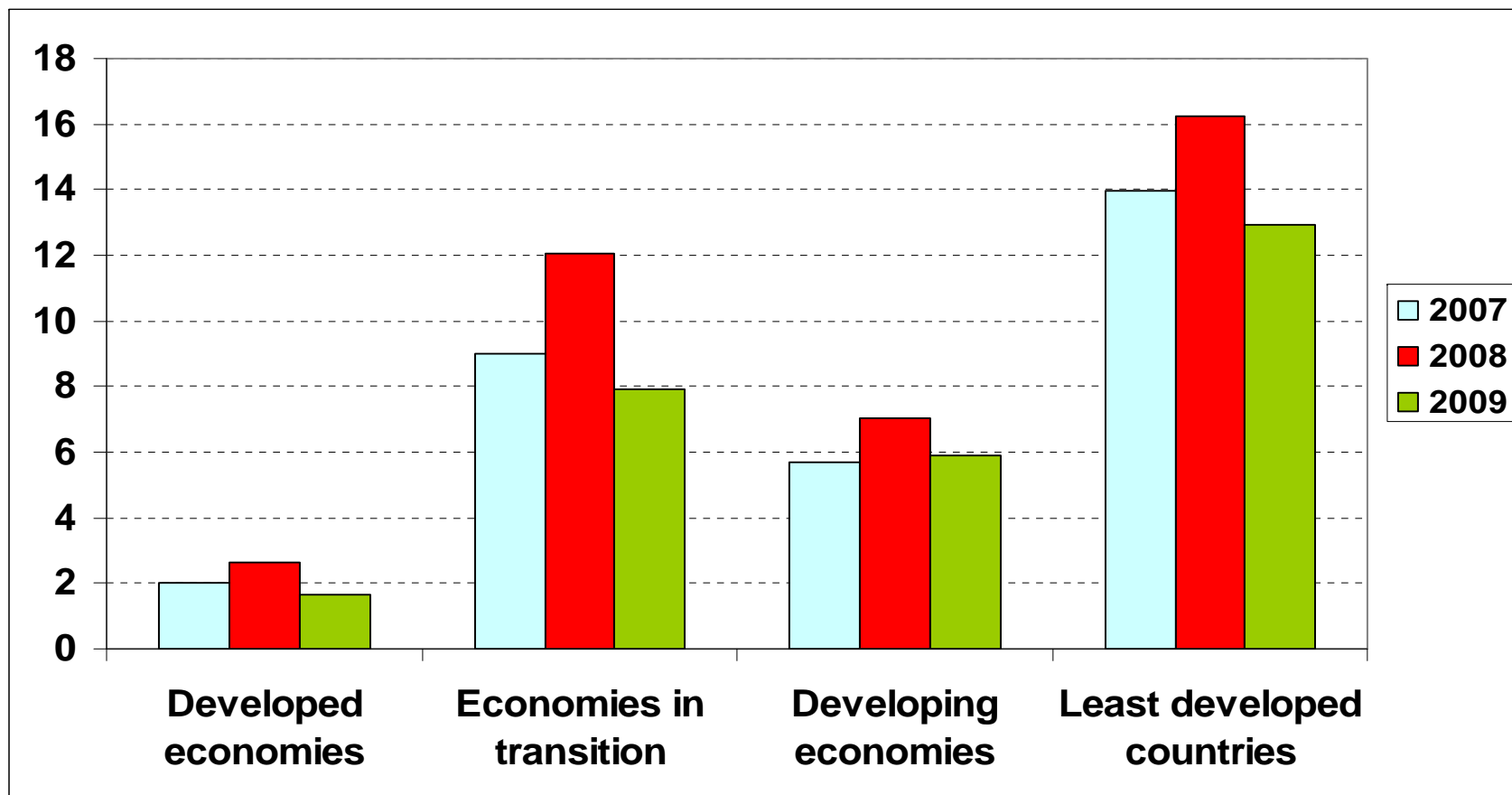


# NON-OIL COMMODITY PRICES: WILL THEY PEAK?



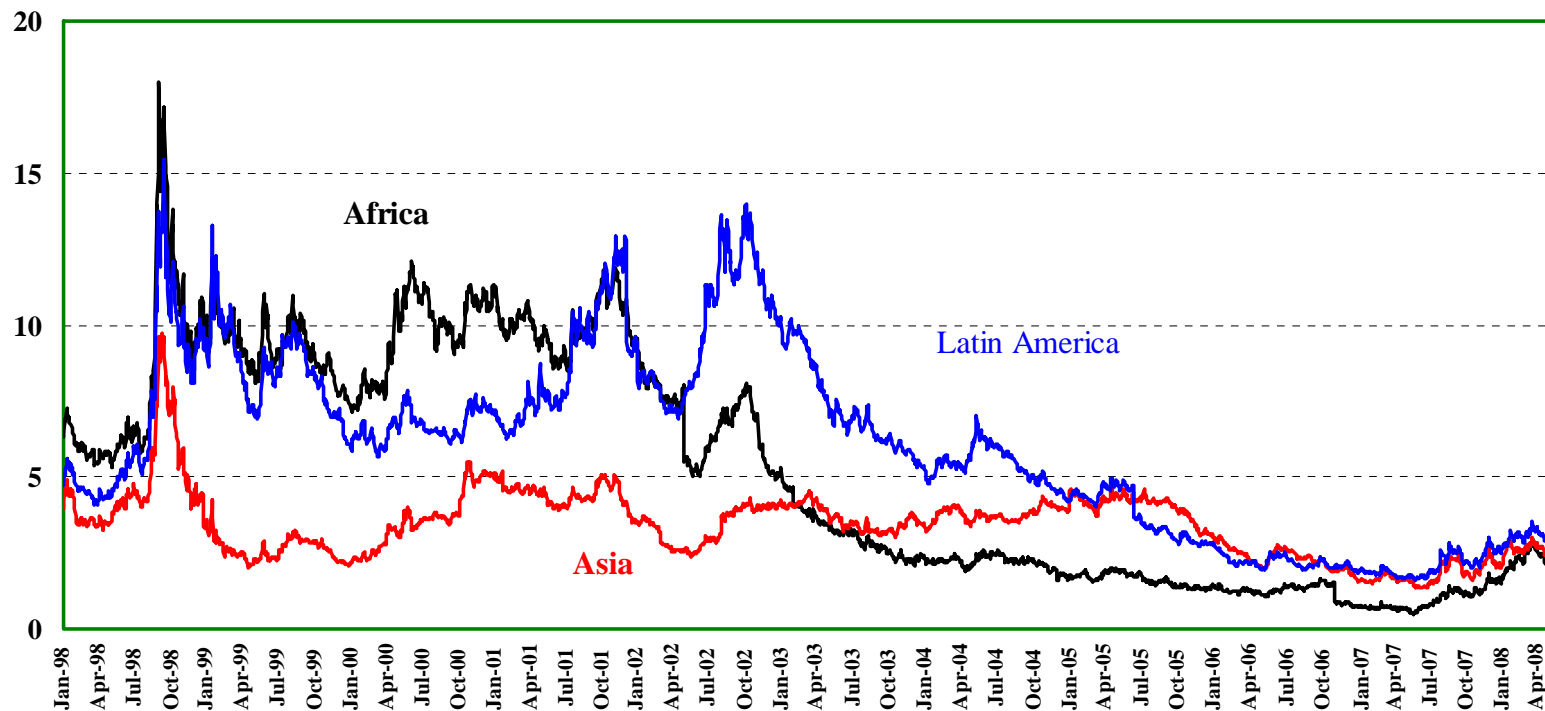


# INFLATIONARY PRESSURES INCREASING



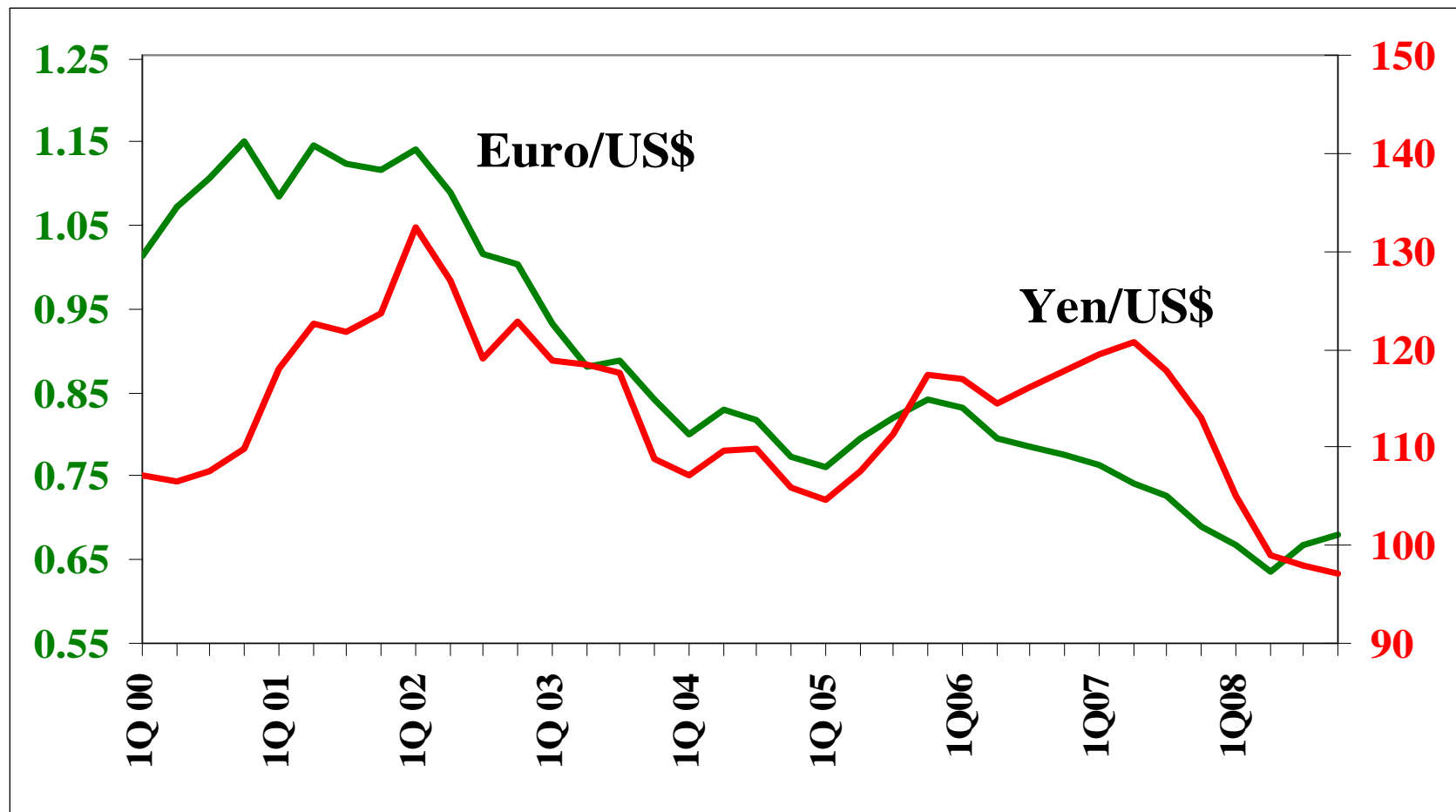


# DESPITE FINANCIAL TURMOIL SPREADS ON LENDING TO DEVELOPING COUNTRIES REMAIN EXCEPTIONALLY LOW ...





# STEEP DECLINE OF THE DOLLAR?





## Policy challenges

- **Multilateral policy coordination with broad participation is needed. Its main goals are:**
  - *Revitalize global demand*
  - *Temper the rise of food and energy prices and provide for relief*
  - *Improve regulation and reinstate confidence in the financial system*



# Key factors impacting growth scenarios

Different degrees of:

- Fall in housing markets
- Financial contraction
- Depreciation of the US dollar
- Weaker trade growth