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Department of
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World Economic Situation and Prospects *as of mid-2019*



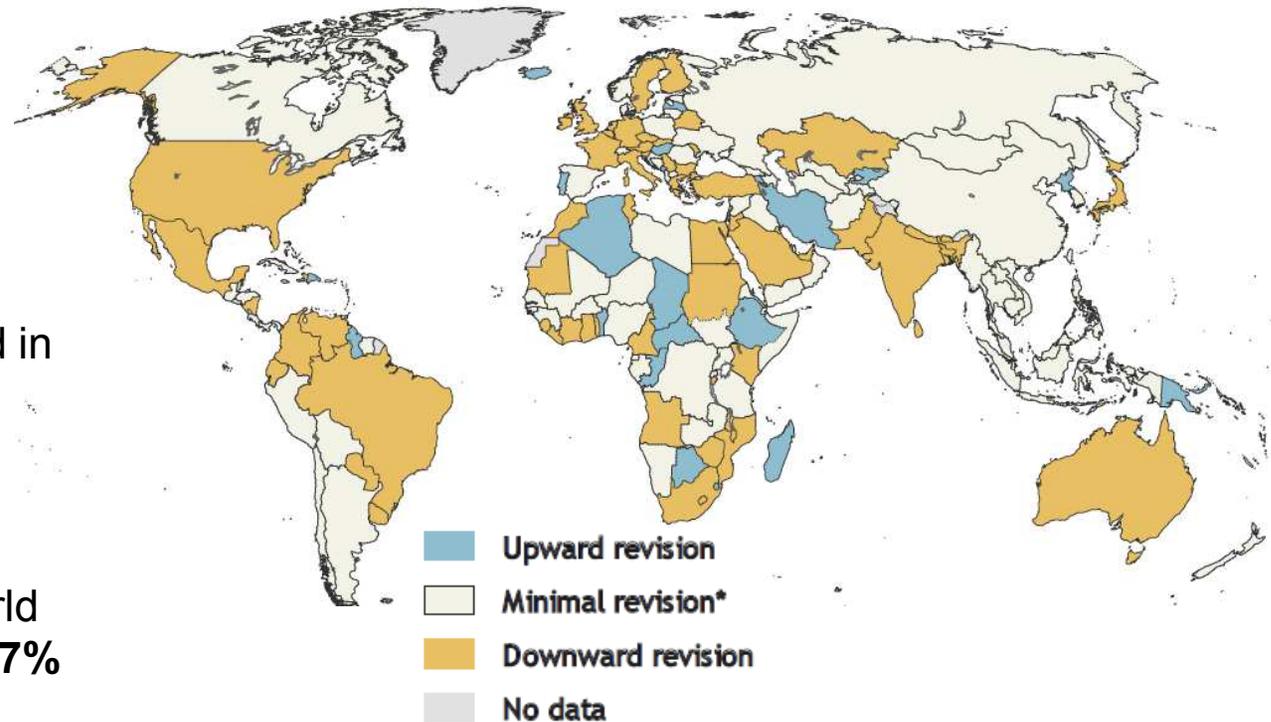
Economic Analysis



Forecasts for 2019 revised down

- Trade tensions persist
- Brexit uncertainty persists
- Geopolitical tensions/domestic political uncertainties intensified in some areas
- Weather-related shocks
- After growth of **3% in 2018**, world economy forecast to grow by **2.7% in 2019** and **2.9% in 2020**.

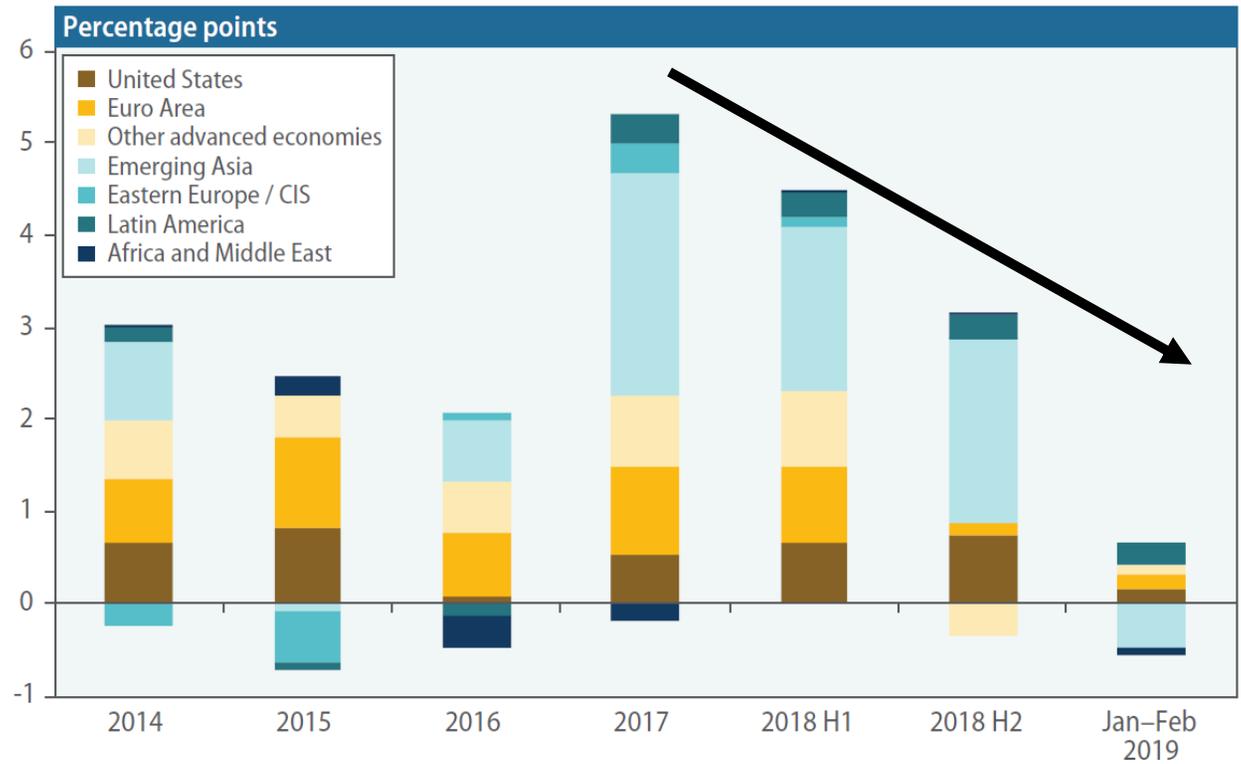
Revisions to GDP growth forecasts for 2019 compared to WESP 2019



World trade growth has slowed sharply amid persistent tensions

- Bilateral US-China trade has dropped 15% since Sept 2018
- World trade growth projected to slow to 2.7% this year, from 3.6% in 2018
- Investment in trade-oriented sectors is down
- Dampens medium-term prospects for productivity

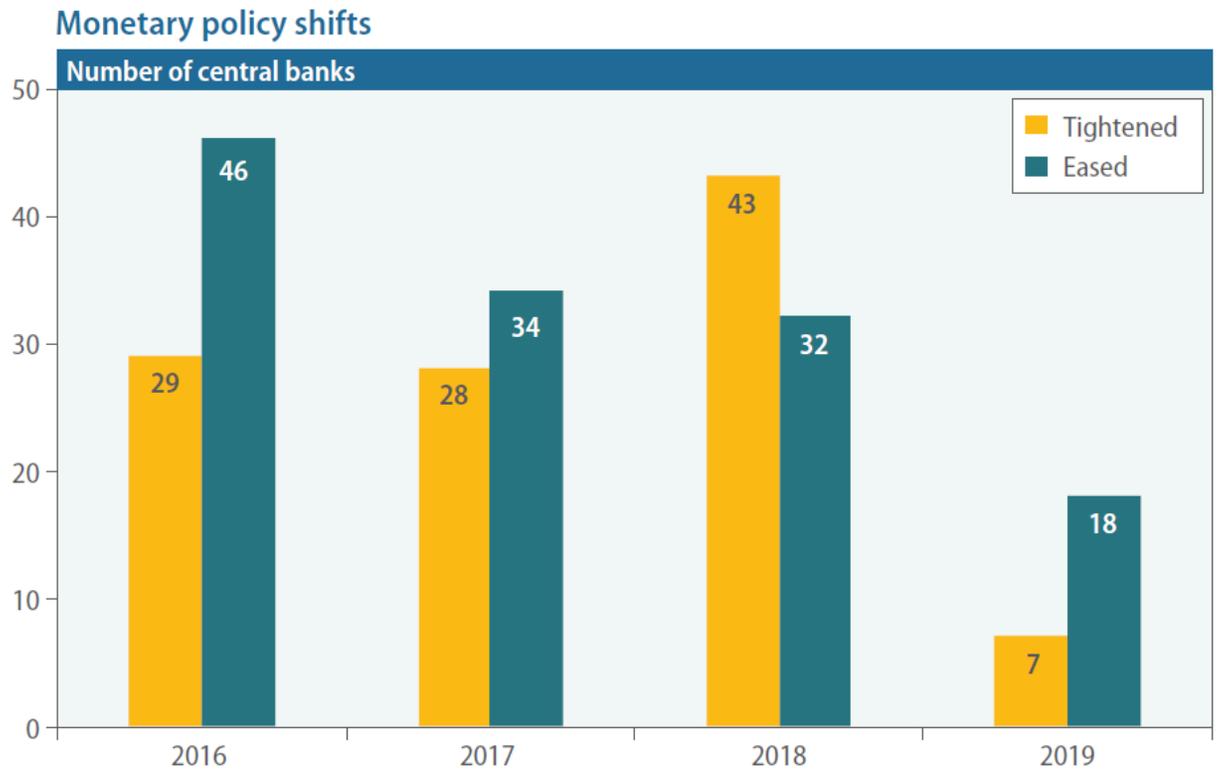
Contribution to global merchandise import volume growth by region





Easing monetary policy stances raise future financial stability risks

- Several central banks have eased monetary stance in response to slowing growth
- Helped stabilize financial markets and capital flows in the short-term
- But may fuel further debt accumulation and raise medium-term risks to financial stability

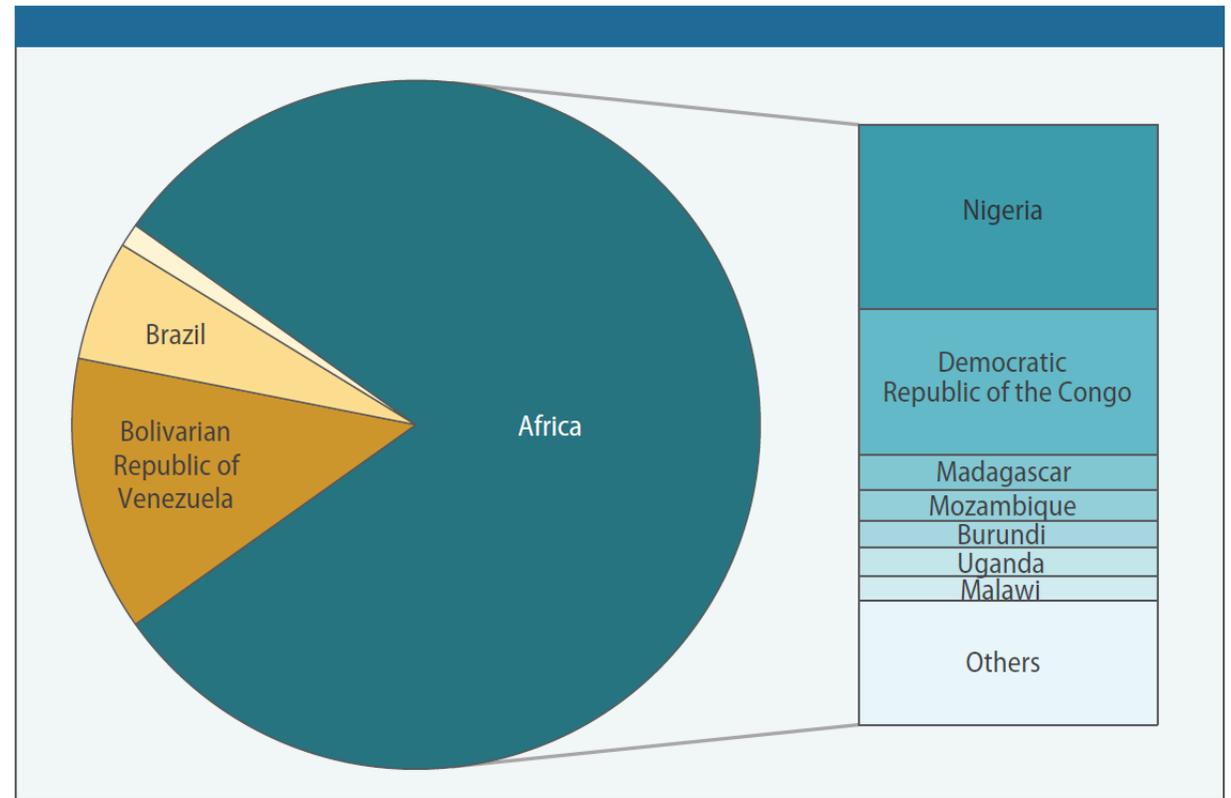




Poverty levels have risen in parts of Africa and Latin America

- Per capita income growth to remain weak in parts of Africa, Western Asia, and Latin America
- Reversing the rise in poverty will require a combination of:
 - Faster GDP growth
 - Reducing inequality
 - Addressing rural poverty
 - Well-managed urbanization

Geographic composition of poverty increase between 2014 and 2018





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Global climate measures will fall short unless supported by carbon pricing



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In conclusion:

- Trade tensions and policy uncertainty continue to damage prospects for economic growth
- Weaker growth puts at risk investment and policy towards sustainable development targets
- Downside risks to the outlook include: continued escalation of trade tensions; sudden deterioration in financial conditions; accelerating effects of climate change
- Together with an urgent and coordinated approach to global climate policy, comprehensive and well-targeted policy measures are needed to, e.g.:
 - Improve fiscal management
 - Channel available finance into productive investment
 - Boost agricultural productivity, build resilient infrastructure, strengthen education and health services



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