

## Global economic situation and prospects

- Growth in the world economy is expected to moderate from 3.0 per cent in 2018 to 2.7 per cent in 2019 and 2.9 per cent in 2020, reflecting a downward revision from WESP 2019 forecasts released in January.
- Headline inflation in developed countries generally remains below central bank targets, while inflationary pressures have eased across developing countries.
- In the second half of 2018, gross fixed capital formation growth moderated, including in several large developing and transition countries.
- Bilateral merchandise trade between the United States and China has declined by more than 15 per cent since September 2018.
- The outlook for least developed countries (LDCs) has weakened. After expanding by 4.8 per cent in 2018, GDP growth is projected to decline slightly to 4.6 per cent in 2019, well below the SDG target of 7 per cent.
- The number of conflict-related forcefully displaced persons, including refugees and internally displaced people, is estimated to have continued to rise in 2018.
- Several countries in sub-Saharan Africa and Latin America have seen poverty levels rise since 2014.
- While rural-urban poverty gaps are narrowing amid rapid urbanisation, the rural poor still account for almost 80 per cent of the poor worldwide.
- In 2019, the level of CO<sub>2</sub> in the atmosphere is projected to witness one of the largest-ever increases. Carbon pricing initiatives remain limited and fragmented.

## Regional highlights

- GDP growth in developed economies is expected to slow from 2.2 per cent in 2018 to 1.8 per cent in 2019 and 2020. While growth momentum in the United States is projected to moderate as the effects of the fiscal stimulus fade, economic activity in Europe will be dampened by weaker confidence and prolonged uncertainty surrounding Brexit developments.
- Amid less supportive external conditions, GDP growth in the Commonwealth of independent States and Georgia is expected to decelerate from 2.7 per cent in 2018 to 1.9 per cent in 2019. In South-Eastern Europe, aggregate GDP is expected to expand by 3.4 per cent in 2019 and 3.2 per cent in 2020.
- The outlook for Africa remains challenging. While growth is estimated to pick up, the region faces difficulties in embarking on a robust and sustained growth trajectory. GDP growth is projected at 3.2 per cent in 2019 and 3.7 per cent in 2020, after an estimated expansion of only 2.7 per cent in 2018.
- Despite elevated external headwinds, the growth outlook in East Asia remains robust, supported by accommodative policies in most economies. GDP growth is projected to moderate slightly from 5.8 per cent in 2018 to 5.5 per cent in both 2019 and 2020.
- South Asia remains on a strong growth path, even as growth projections have been revised downward. Following an expansion of 5.7 per cent in 2018, GDP growth in South Asia is projected to drop to 5.0 per cent in 2019 and to recover to 5.8 per cent in 2020.
- The economic outlook for Western Asia has weakened, and growth forecasts have been downgraded. Aggregate regional GDP is projected to expand by 1.7 per cent in 2019 and 2.6 per cent in 2020, after an estimated expansion of 2.6 per cent in 2018.
- Economic growth in Latin America and the Caribbean is expected to slowly pick up, yet the risks remain tilted to the downside due to external and domestic factors. GDP is projected to expand by only 1.1 per cent in 2019 and 2.0 per cent in 2020, following growth of 0.9 per cent in 2018.

**For more information:** [www.bit.ly/wespmidyear](http://www.bit.ly/wespmidyear)

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