

KIEL INSTITUTE **ECONOMIC OUTLOOK**

World Economy
Winter 2017

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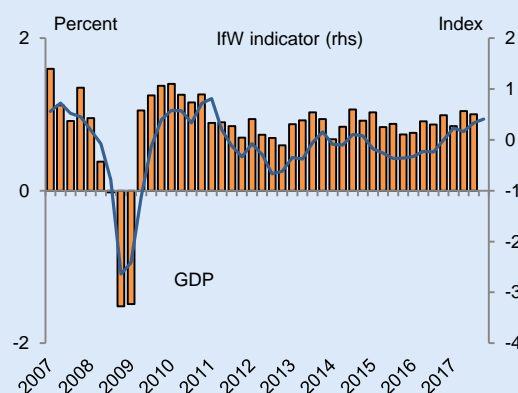
WORLD ECONOMIC UPSWING CONTINUES

Klaus-Jürgen Gern, Philipp Hauber, Stefan Kooths, and Ulrich Stolzenburg

The world economy is currently expanding strongly with upward momentum in almost every major economy. Global activity is set to expand by 3.8 percent, 0.1 percentage point above our September forecast and the strongest figure since 2011. We have also slightly revised up, to 3.9 percent, our forecast for 2018 and expect growth of 3.6 percent in 2019. Inflation is projected to accelerate only gradually – modest levels of core inflation are largely due to structural factors and consistent with the assessment of continuously shrinking spare capacities. Risks for the global outlook stem from the upcoming normalization of monetary policies, which could trigger adjustments in risk attitudes in financial markets, eventually resulting in sharp corrections of asset prices and exchange rates or capital flow reversals.

- **The global economy has accelerated in the course of 2017.** Having passed a cyclical trough in 2016, the world economy gathered strength in the course of 2017. In the summer semester, global output registered the highest rate of growth in a 6 month-over-6 month comparison since 2010 (Figure 1). Also world trade continued to pick up on the back of higher investment growth and stronger international trade in Asia, especially China.
- **Advanced economies experienced robust expansion almost across the board.** In both the second and the third quarter 2017, the USA, Japan and the euro area saw solid quarterly growth of 0.6–0.8 percent, while momentum in the UK remained modest reflecting uncertainty around Brexit and the loss of purchasing power due to the associated deterioration of terms of trade.

Figure 1:
World Economic Activity, 2007–2017



Quarterly data, seasonally adjusted. Indicator is based on business expectations in 42 economies. GDP: price adjusted, change over previous quarter, 46 countries.

Source: OECD, Main Economic Indicators; national sources; own calculations.

- **Growth in the emerging economies has recovered driven by an improvement in commodity exporting countries.** The recession in Brazil came to an end and output in Russia remained on an upward trajectory, the negative impact of western economic sanctions. Economic activity in emerging Asia remained robust, with GDP in China slowing only slightly despite tighter monetary policies and decelerating credit growth.
- **Modest inflation in the advanced economies is found to be due to downward pressure from structural factors and consistent with reduced slack in the economies.** Most of the observed slowdown in headline inflation during the summer was due to the development of oil prices, but core inflation did also weaken, especially in the US. A closer look reveals, however, that inflation of goods prices that had been responsive to changes in the cycle (the cyclical component of inflation) has accelerated in the course of the recent expansion as expected, while the acyclical component softened and led to the stable trend in overall inflation (Figure 2).
- **Normalization of monetary policy in the advanced economies will be very gradual.** The US Fed will continue to raise interest rates in small steps; in line with financial markets we expect a couple of further increases in 2018 which will keep the Fed Funds Rate at historically low levels

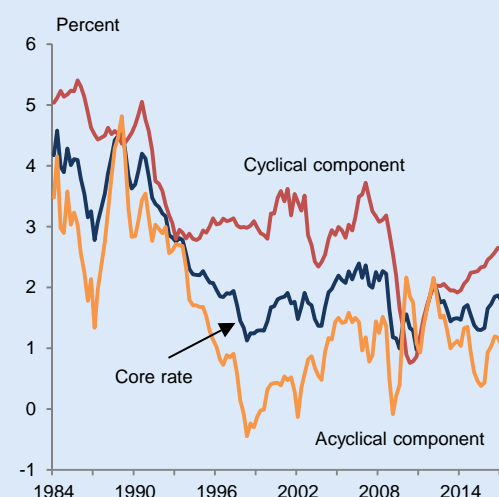
until the end of the forecast horizon. In the euro area higher key interest rates will not be on the agenda before the asset purchase program is terminated at the end next year.

- **Fiscal policy remains supportive – tax reform in the US is an upside risk.** In the advanced economies, fiscal policy was slightly expansionary in the past two years as fiscal room created by the economic recovery and lower debt service costs were used to ease the fiscal stance. For 2018, we expect fiscal policy to remain slightly expansive, for 2019 we project a neutral stance. The political process towards a major tax reform in the US has gone a long way but implementation is still uncertain and details unclear. Our forecast does therefore not include a major fiscal stimulus which represents an upside risk to our forecast.

- **Global growth, calculated using purchasing power parities, will rise from 3.8 percent this year to 3.9 percent next year and decelerate slightly to 3.6 percent in 2019.** We have raised our forecast by 0.1 percentage points for both 2017 and 2018 (Table 1). World trade will increase by 4.3 percent in 2017, the highest rate of growth since 2011. While we expect somewhat slower growth in 2018 and 2019, the expansion should remain robust compared to the recent past.

- **GDP growth in the advanced economies is forecast to remain robust.** Output in the US will rise by 2.5 percent next year, following 2.3 percent this year, and increase by 1.9 percent in 2019. While private consumption will remain a principal driver of the expansion, investment is expected to gain strength reflecting higher profits and supportive financing conditions. In the euro area, economic momentum is currently high and will remain strong over the forecast horizon. Given expansive monetary policy, fiscal easing and the benign external environment we project GDP to continue to rise faster than potential at rates of 2.3 percent and 2 percent in 2018 and 2019, respectively, following 2.4 percent this year. Economic activity in the UK will remain muted by uncertainties related to the decision to leave the EU, which lead to subpar growth of 1.3 percent and 0.9 percent in the coming two years, respectively.
- **Chinese growth will slow over the forecast horizon.** Having successfully stabilized the economy in the recent two years, the government will increasingly focus on putting the economy on a more sustainable path and allow GDP growth to slow gradually from 6.8 percent in 2017 to 6.1 percent in 2019.
- **Risks to the outlook have shifted.** As political risks emanating from uncertainties around US policies and the outcome European elections have become smaller during 2017, the risks from the financial environment have moved into the focus again. Associated with the process of monetary normalization. The normalization of monetary policies, which has started in the US, can easily trigger adjustments in risk attitudes in financial markets and eventually result in sharp corrections of asset prices and exchange rates or capital flow reversals, with potentially substantial negative impact on emerging economies in particular.

Figure 2:
USA: personal consumption expenditure deflator
1984–2017



Quarterly data; year-on-year growth rates. Classification of cyclical and acyclical components follows Mahedy, T. und A. Shapiro (2017). *What's Down with Inflation?* FRBSF Economic Letter 2017-35. Federal Reserve Bank of San Francisco, San Francisco.

Source: Bureau of Economic Analysis; Kiel Institute calculations.

Table 1:
Real GDP and consumer prices in selected countries and regions, 2017–2019

	Gross domestic product			Consumer prices		
	2017	2018	2019	2017	2018	2019
United States	2.1	2.3	1.9	1.9	2.2	2.2
Japan	1.8	1.2	1.3	0.5	0.7	0.8
Euro Area	2.2	2.1	1.9	0.0	1.5	1.6
United Kingdom	1.6	1.4	0.9	2.7	2.0	2.2
Advanced economies total	2.3	2.1	1.9	1.7	1.8	1.9
China	6.7	6.4	6.1	1.6	2.1	2.3
Latin America	1.4	2.0	2.3	6.5	5.4	4.9
India	6.4	7.3	7.0	4.8	5.1	5.0
East Asia	5.1	5.0	4.8	3.1	3.3	3.4
Russia	1.2	1.5	1.5	5.5	4.2	4.4
World economy total	3.7	3.8	3.6	3.2	3.3	3.4
<i>Addendum:</i>						
World trade volume	4.3	4.0	3.8	.	.	.
Oil price (Brent in US-\$)	54.1	63.6	64.6	.	.	.
World economy total (weighted according to GDP at market exchange rates)	3.2	3.2	3.0	2.7	2.8	2.8

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India.

Source: Own calculations; shaded: IfW forecast.

Data annex

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1. World Economy

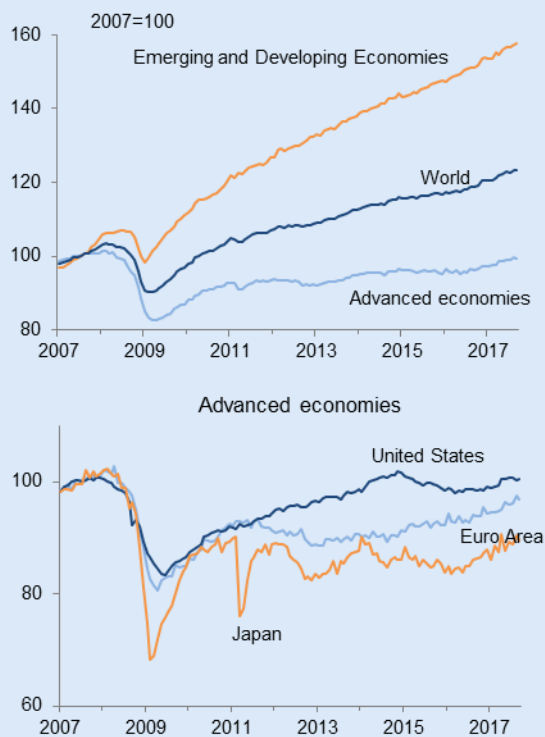
Figure 1.1:
Business expectations by groups of countries, 2007–2017



Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, Main Economic Indicators; national sources; own calculations.

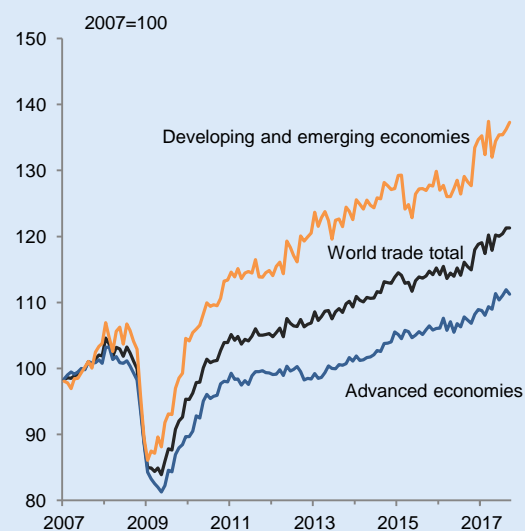
Figure 1.2:
Industrial production by groups of countries and regions, 2007–2017



Monthly Data.

Source: CPB, World Trade Monitor.

Figure 1.3:
World trade, 2007–2017

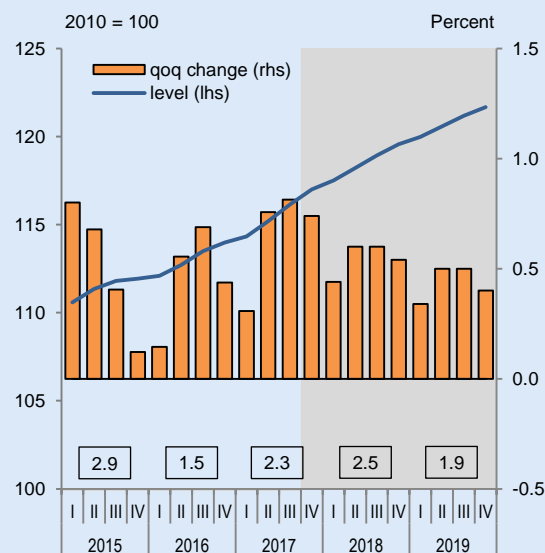


Monthly Data.

Source: CPB, World Trade Monitor; own calculations.

2. United States

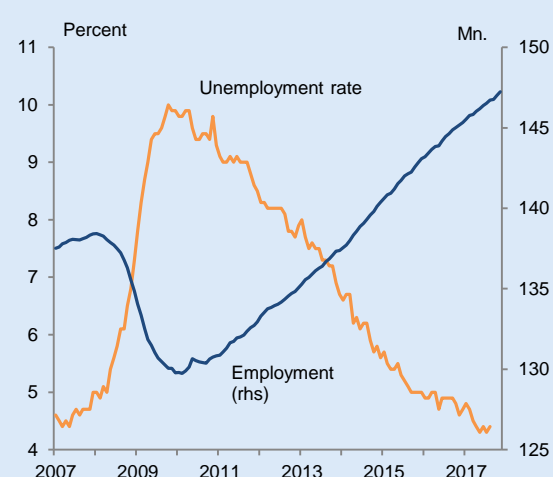
Figure 2.1:
GDP, 2015–2019



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Bureau of Economic Analysis, *National Income and Product Accounts*; shaded: ifw forecast.

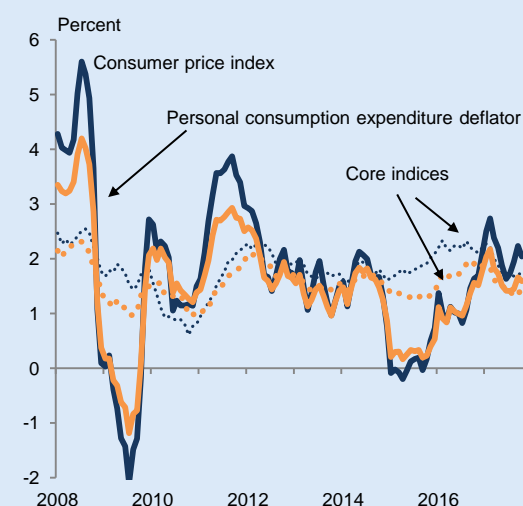
Figure 2.2:
Labor market, 2007–2017



Monthly data; seasonal adjusted.

Source: US Department of Labor, *Employment Situation*.

Figure 2.3:
Consumer prices, 2008–2017



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

Table 2.1:
Key indicators United States, 2017–2019

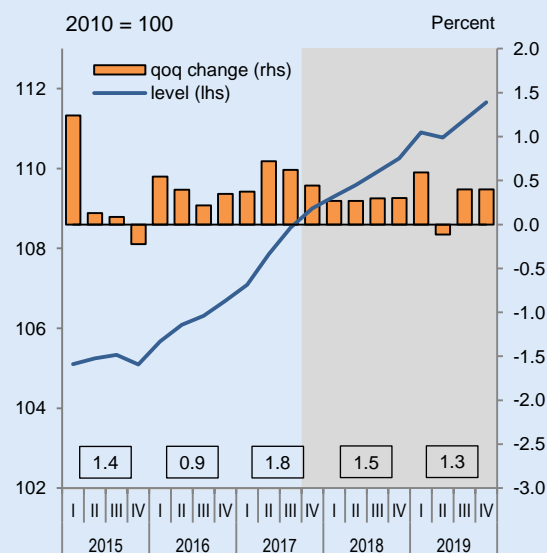
	2017	2018	2019
Gross Domestic Product	2.3	2.5	1.9
Domestic expenditure	2.4	2.4	2.1
Private consumption	2.7	2.5	2.2
Government consumption	-0.1	0.5	0.7
Gross fixed capital formation	3.9	3.9	3.0
Machinery and equipment	4.2	4.3	2.5
Intellectual property rights	4.2	4.3	3.5
Structures	6.0	3.1	2.8
Residential investment	1.5	3.5	3.2
Inventories	-0.1	0.2	0.0
Net exports	0.0	-0.1	-0.2
Exports	3.1	2.8	2.8
Imports	3.3	3.3	3.9
Consumer prices	2.1	2.3	2.2
Unemployment rate	4.4	4.1	4.2
Current account balance	-2.7	-2.7	-2.7
Government budget balance	-3.4	-3.5	-3.6

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: ifw forecast.

3. Japan

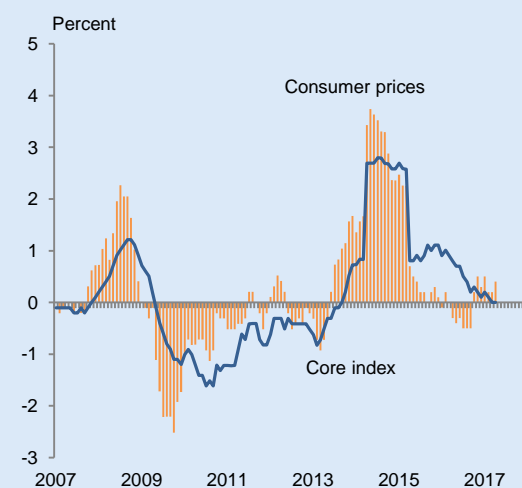
Figure 3.1:
GDP, 2015–2019



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Cabinet Office, *National Accounts*; shaded: Ifw forecast.

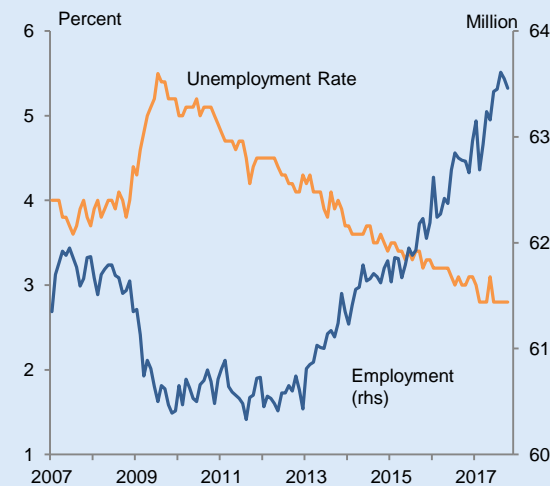
Figure 3.3:
Consumer prices, 2007–2017



Monthly data. Change over previous year. Core index: Consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan, *Consumer Price Index*.

Figure 3.2:
Labor market, 2007–2017



Monatsdaten; saisonbereinigt.

Quelle: Department of Labor.

Table 3.1:
Key indicators Japan, 2016–2019

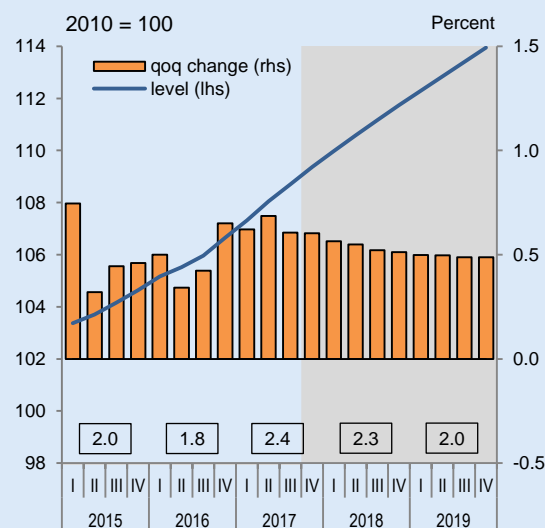
	2016	2017	2018	2019
Gross Domestic Product	0.9	1.8	1.5	1.3
Domestic expenditure	0.4	1.3	1.3	1.2
Private consumption	0.1	1.2	0.9	1.1
Government consumption	1.3	0.2	1.1	1.2
Gross fixed capital formation	1.1	2.7	1.7	1.4
Enterprises	0.6	2.9	2.4	1.1
Residential Investment	5.6	3.9	1.7	2.0
Public investment	0.1	1.5	-0.6	1.8
Change in inventories	-0.2	-0.1	0.2	0.0
Net exports	0.4	0.4	0.2	0.0
Exports	1.3	6.1	3.1	2.4
Imports	-1.9	2.7	1.6	2.2
Consumer prices	-0.1	0.4	0.7	1.8
Unemployment rate	3.1	2.8	2.7	2.6
Current account balance	3.7	3.9	4.1	4.1
Government budget balance	-4.6	-4.8	-4.4	-3.8

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: Ifw forecast.

4. Euro Area

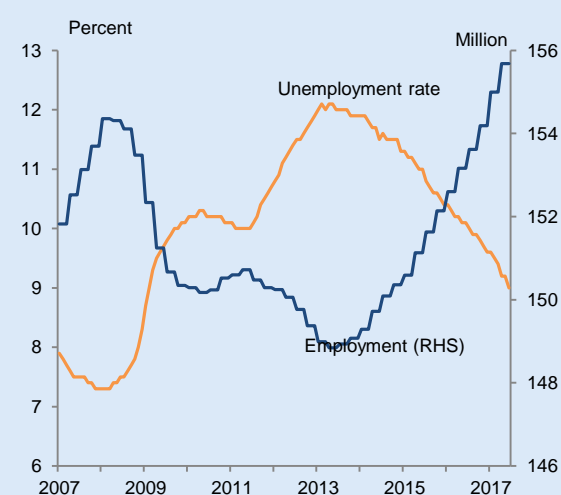
Figure 4.1:
GDP, 2015–2019



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

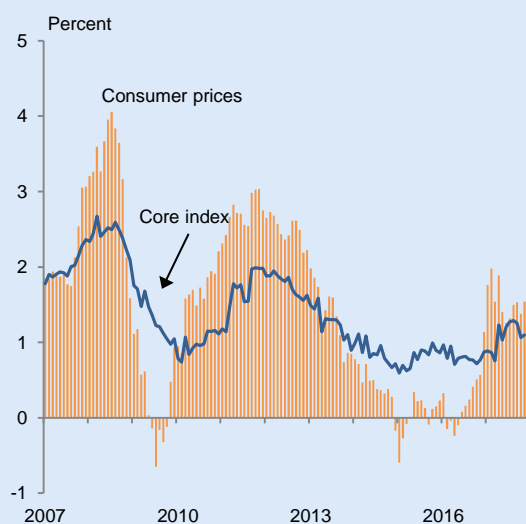
Figure 4.2:
Labor market, 2007–2017



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

Figure 4.3:
Consumer prices, 2007–2017



Monthly data; yoy change. HICP; Core index: HICP without Energy and Unprocessed Food.

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators Euro Area, 2016–2019

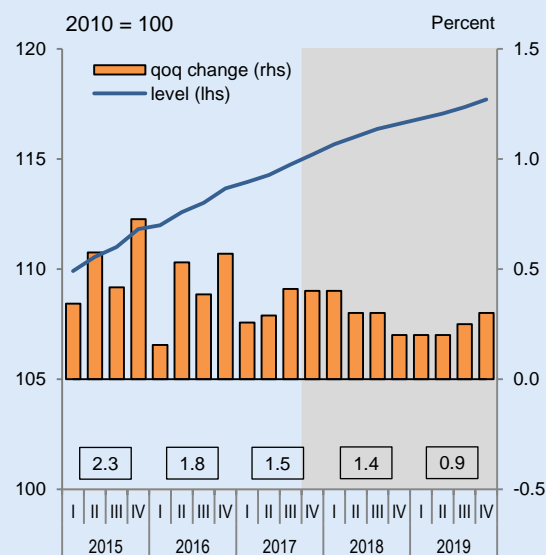
	2016	2017	2018	2019
Gross Domestic Product	1.8	2.4	2.3	2.0
Domestic expenditure	2.3	2.2	2.5	2.2
Private consumption	2.0	1.9	2.0	1.8
Government consumption	1.7	1.1	1.6	1.6
Gross fixed capital formation	4.5	4.1	4.8	3.7
Inventories	-0.1	0.1	-0.0	-0.0
Net exports	-0.5	0.2	-0.1	-0.0
Exports	3.3	4.8	4.2	4.1
Imports	4.7	4.7	4.7	4.5
Consumer prices	0.2	1.6	1.7	1.7
Unemployment rate	10.0	9.1	8.5	7.9
Current account balance	3.3	3.1	2.9	2.7
Government budget balance	-1.5	-1.0	-0.8	-0.7

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: IfW forecast.

5. United Kingdom

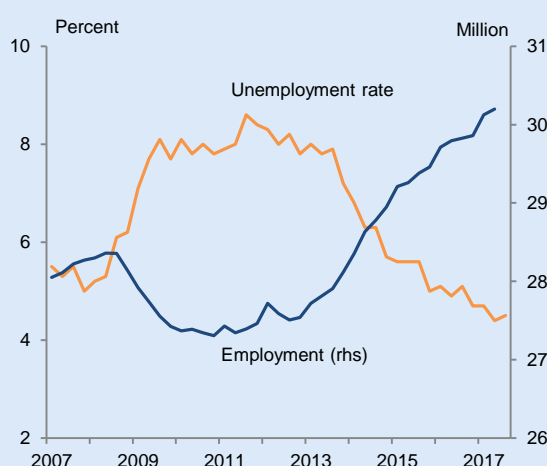
Figure 5.1:
GDP, 2015–2019



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

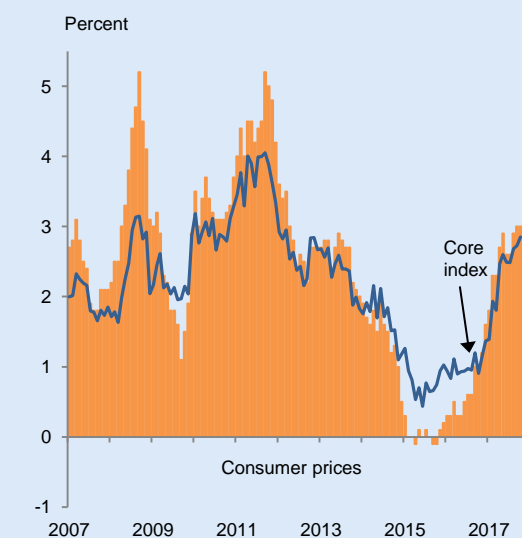
Figure 5.2:
Labor market, 2007–2017



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Figure 5.3:
Consumer prices, 2007–2017



Monthly data. Change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

Table 5.1:
Key indicators United Kingdom, 2016–2019

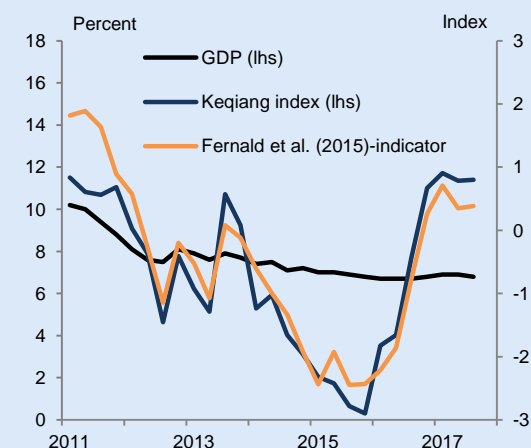
	2016	2017	2018	2019
Gross Domestic Product	1.8	1.5	1.4	0.9
Domestic expenditure	2.2	1.2	1.0	0.8
Private consumption	2.8	1.8	1.2	1.2
Government consumption	1.1	0.7	1.3	0.5
Gross fixed investment	1.3	2.4	-0.8	-0.2
Inventories	-0.1	-0.6	0.0	0.0
Net exports	-0.9	0.4	0.4	0.2
Exports	1.1	4.5	2.5	2.0
Imports	4.3	2.9	1.2	1.3
Consumer prices	0.7	2.6	2.5	2.2
Unemployment rate	4.8	4.4	4.3	4.4
Current account balance	-5.9	-4.5	-4.2	-3.5
Government budget balance	-3.3	-2.5	-2.5	-3.2

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: IfW forecast.

6. China

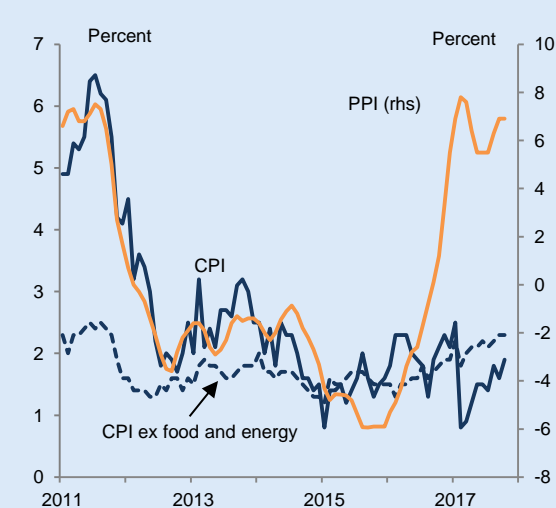
Figure 6.1:
GDP, 2011–2017



Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fudging its Figures? Evidence from Trading Partner Data*. Federal Reserve Bank of San Francisco, Working Paper 2015-12)

Source: National Bureau of Statistics, People's Bank of China; own calculations.

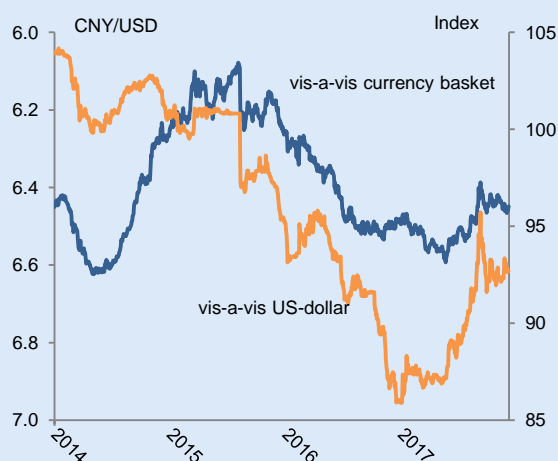
Figure 6.2:
Inflation, 2011–2017



Monthly data; y-o-y growth rate. Core index: CPI excluding food.

Source: National Bureau of Statistics.

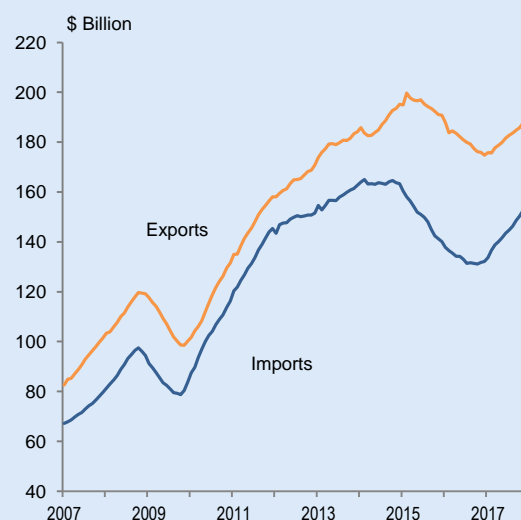
Figure 6.3:
Exchange rate, 2016–2017



Daily data.

Source: Thomson Reuters; China Foreign Exchange Trade System; own calculations.

Figure 6.4:
Exports and imports, 2007–2017

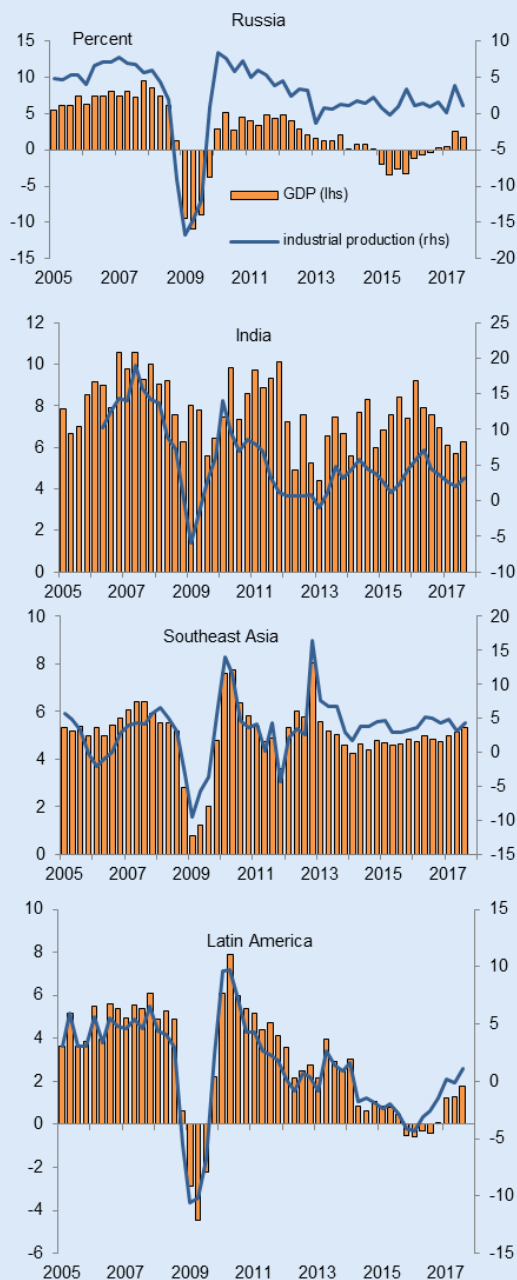


Monthly data, 12-month moving average.

Source: General Administration of Customs; own calculations.

7. Emerging Economies

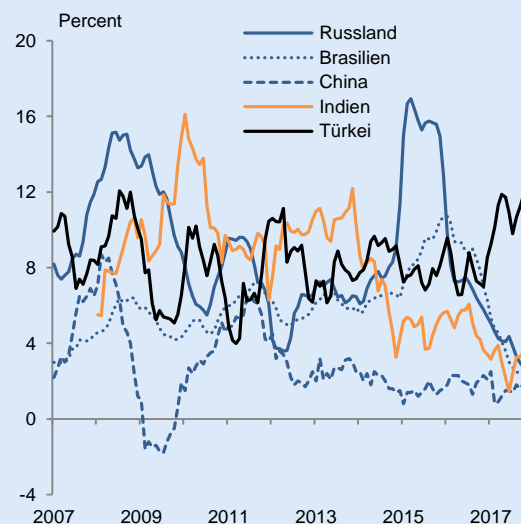
Figure 7.1:
GDP and industrial production in emerging economies
2005–2017



Quarterly data; volumes; seasonal adjusted; change over previous quarter; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: Q4 2015 to Q2 2016 partly estimated.

Source: IMF, *International Financial Statistics*; national statistical offices; own calculations.

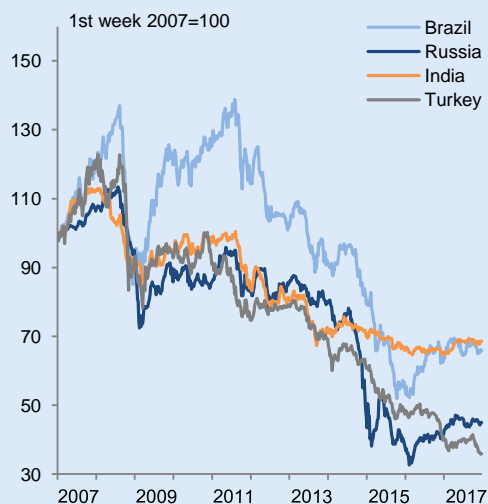
Figure 7.2:
Consumer prices, 2007–2017



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

Figure 7.3:
US-dollar exchange rates, 2007–2017



Weekly data. Last value: December 4th, 2017.

Source: Thomson Financial Datastream.

8. Forecast summary

Table 8.1:
Key assumptions, 2017–2019

	2017				2018				2019			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00	2.00
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.1
Euro area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25
Exchange rates												
US-dollar/euro	1.07	1.10	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18
Yen/US-dollar	113.6	111.1	111.0	112.5	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0
Oil price (Brent, US-dollar)	53.6	49.6	52.1	60.9	63.2	63.5	63.7	64.0	64.2	64.5	64.7	65.0
HWI-Index indust. commodities	123.1	110.4	118.9	119.0	122.6	126.2	131.3	136.5	140.6	144.9	147.8	150.7

Key interest rate: Fed Funds Rate (United States); overnight rate (Japan); main refinancing operations (euro area).

Source: HWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: IfW forecast or assumption.

Table 8.2:
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2017–2019

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
European Union	36.4	2.4	2.2	1.9	1.8	1.9	2.0	7.9	7.3	6.8
Euro area	26.3	2.4	2.3	2.0	1.6	1.7	1.7	9.1	8.5	7.9
United Kingdom	5.9	1.5	1.4	0.9	2.6	2.5	2.2	4.4	4.2	4.3
Sweden	1.1	2.9	2.6	1.9	1.8	2.0	2.0	4.9	4.0	3.8
Poland	1.1	4.3	2.8	2.8	1.5	1.9	2.5	4.9	4.0	3.8
Switzerland	1.5	1.0	1.9	1.6	0.5	0.4	0.5	4.6	4.5	4.3
Norway	0.8	2.2	2.5	1.7	1.9	2.3	2.0	4.3	4.1	4.1
United States	41.2	2.3	2.5	1.9	1.9	2.2	2.2	4.9	4.8	4.6
Canada	3.4	3.0	2.3	2.0	2.0	2.1	2.1	6.4	5.8	5.5
Japan	11.0	1.8	1.5	1.3	0.4	0.7	1.8	2.8	2.7	2.6
South Korea	3.1	3.3	3.5	2.6	1.9	2.0	2.0	3.7	3.6	3.4
Australia	2.7	2.3	2.7	2.4	2.0	2.2	2.4	5.6	5.4	5.3
Total	100.0	2.4	2.4	1.9	1.7	2.0	2.1	6.0	5.6	5.3

Based on GDP at prices and exchange rates of 2016 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2016.

Source: Eurostat, *National Accounts*; OECD, *Main Economic Indicators*; IMF, *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: IfW forecast.

Table 8.3:
Real gross domestic product, consumer prices and unemployment rates in the European Union, 2017–2019

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
Germany	21.2	2.6	2.6	2.2	1.7	1.6	1.8	3.8	3.4	3.0
France	15.0	1.9	2.0	1.8	1.2	1.3	1.3	9.5	9.0	8.5
Italy	11.3	1.6	1.5	1.3	1.3	1.4	1.4	11.3	10.9	10.4
Spain	7.5	3.0	2.6	2.1	2.1	2.1	2.0	17.2	15.8	14.9
Netherlands	4.7	3.2	2.6	2.1	1.3	1.6	1.6	4.9	4.4	4.0
Belgium	2.8	1.7	1.6	1.7	2.2	2.0	1.9	7.3	6.9	6.4
Austria	2.4	3.2	2.8	2.0	2.1	2.2	2.1	5.5	5.2	4.9
Ireland	1.9	3.8	4.4	4.1	0.4	0.7	1.3	6.6	5.3	4.5
Finland	1.5	3.2	2.6	2.3	1.0	1.3	1.4	8.8	8.5	8.3
Portugal	1.2	2.6	1.8	1.8	1.5	1.7	1.6	9.1	7.8	7.0
Greece	1.2	1.4	2.1	2.7	1.2	1.4	1.5	21.5	19.1	17.5
Slovak Republic	0.5	3.4	3.5	3.7	1.3	1.8	2.1	7.6	6.0	5.4
Luxembourg	0.4	2.7	3.3	3.2	2.2	2.2	2.4	5.9	5.6	5.4
Slovenia	0.3	5.0	3.7	3.2	1.5	1.7	1.9	6.8	5.5	4.5
Lithuania	0.3	3.7	3.6	3.8	3.7	3.7	3.8	7.3	6.9	6.5
Latvia	0.2	5.4	5.2	4.0	2.9	3.0	3.3	8.7	7.5	6.9
Estonia	0.1	4.3	3.4	3.6	3.6	3.5	3.6	6.0	5.5	5.0
Cyprus	0.1	3.7	3.8	3.3	0.9	1.4	1.6	11.0	9.1	8.0
Malta	0.1	7.0	5.1	3.7	1.3	1.8	2.0	4.0	3.4	3.1
United Kingdom	15.9	1.5	1.4	0.9	2.6	2.5	2.2	4.4	4.2	4.3
Sweden	3.1	2.9	2.6	1.9	1.8	2.0	2.0	4.9	4.0	3.8
Poland	2.9	4.3	2.8	2.8	1.5	1.9	2.5	4.9	4.0	3.8
Denmark	1.9	1.9	1.5	1.5	1.0	1.2	1.3	5.8	5.5	5.4
Czech Republic	1.2	4.5	3.5	2.7	2.5	2.9	3.3	3.0	2.4	2.0
Romania	1.1	7.1	5.7	4.1	0.8	2.1	2.5	5.0	4.6	4.3
Hungary	0.8	3.9	3.1	2.5	2.2	2.3	2.7	4.2	3.8	3.6
Bulgaria	0.3	3.7	3.6	3.2	1.0	1.8	2.3	6.2	5.3	4.9
Croatia	0.3	3.2	2.9	2.8	1.2	1.8	2.0	11.0	9.0	8.2
European Union	100.0	2.4	2.2	1.9	1.8	1.9	1.9	7.9	7.3	6.8
<i>Addendum:</i>										
European Union 15	91.6	2.2	2.1	1.8	1.7	1.8	1.7	8.1	7.5	7.0
Accession countries	8.4	4.5	3.5	3.0	1.6	2.2	2.6	7.2	6.1	5.6
Euro Area	72.5	2.4	2.3	2.0	1.6	1.6	1.7	9.1	8.5	7.9
Euro Area without Germany	51.4	2.3	2.2	1.9	1.5	1.6	1.6	11.0	10.2	9.6

Based on GDP at prices and exchange rates of 2016 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2016. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

Table 8.4:
Real gross domestic product and consumer prices in selected emerging market economies, 2016–2019

	Weights	Real GDP				Consumer prices			
		2016	2017	2018	2019	2016	2017	2018	2019
Indonesia	6.0	5.0	5.1	5.4	5.3	3.5	3.9	4.0	4.0
Thailand	2.3	3.2	4.0	3.7	3.0	0.2	0.7	2.0	2.0
Malaysia	1.7	4.2	5.9	5.0	4.4	2.1	3.9	3.1	3.0
Philippines	1.6	6.9	6.5	6.0	5.7	1.8	3.2	3.5	3.5
Total	11.6	4.8	5.2	5.1	4.8	2.4	3.2	3.4	3.4
China	42.0	6.7	6.8	6.4	6.1	2.0	1.6	2.1	2.3
India	17.1	7.8	6.4	7.3	7.0	4.5	3.8	4.9	4.8
Asian countries	70.7	6.6	6.4	6.4	6.1	2.7	2.4	3.0	3.1
Brazil	6.2	-3.5	1.0	1.6	2.1	8.7	3.5	3.9	4.0
Mexico	4.6	2.7	2.1	1.6	2.4	2.8	5.9	3.7	3.1
Argentina	1.7	-2.2	2.7	3.7	2.7	25.0	26.9	17.8	14.2
Colombia	1.4	2.0	1.5	2.7	3.1	7.5	4.3	3.2	3.0
Venezuela	0.8	-16.5	-4.5	-3.0	-1.0	254.4	-	-	-
Chile	0.9	1.5	1.7	3.2	2.8	3.8	2.2	2.6	3.0
Peru	0.8	4.0	2.6	3.7	3.5	3.6	2.9	2.5	2.5
Latin American countries total	16.4	-1.2	1.4	1.9	2.3	8.2	6.8	5.2	4.7
Russia	7.5	-0.2	1.7	1.8	1.5	15.5	3.7	4.2	4.4
Turkey	3.9	3.2	7.5	4.7	4.0	7.8	11.3	10.4	9.0
South Africa	1.5	0.3	0.7	1.1	1.6	6.3	5.4	6.1	5.8
Total	100.0	4.6	5.2	5.2	5.0	4.8	3.6	3.8	3.7

Based on 2016 GDP at purchasing power parities; in percent.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: IfW forecast.