

KIEL INSTITUTE **ECONOMIC OUTLOOK**

World Economy
Winter 2018

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SLOWER GROWTH IN THE WORLD ECONOMY

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

World economic growth is moderating accompanied by a broad-based deterioration in economic sentiment. Following a temporary pick up in the second quarter, global activity slowed down significantly in the third quarter and sentiment indicators point towards a further deceleration towards the end of the year. Increased uncertainty from global trade conflicts and the tightening of monetary policy in the US that has put emerging economies under pressure have likely contributed to this development. We expect the global economy to expand at a rate of 3.7 percent this year, followed by 3.4 next year. This is a slight downward revision for 2018 and 2019 by 0.1 percentage points compared to our September forecast. For 2020, we continue to expect world production to increase by 3.4 percent. The escalation of trade conflicts, the possibility of a “hard Brexit”, doubts about the sustainability of Italian public debt, and a delay of reforms in France pose downside risks to our outlook.

Economic environment

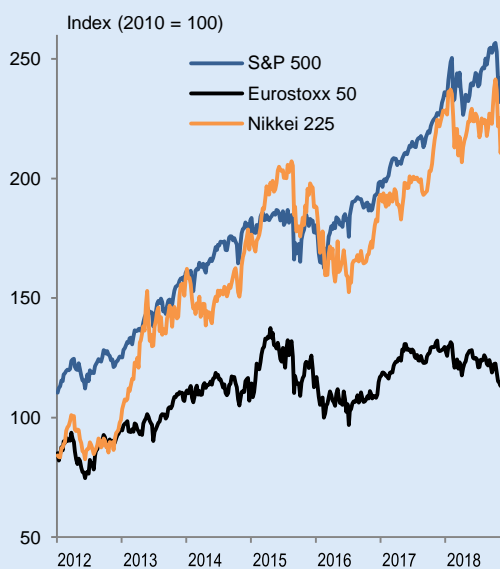
The world economy has lost steam and growth has become more uneven in the course of this year. After a broad-based expansion in 2017, world production slowed down markedly in the beginning of 2018 and, following a temporary pick up in the second quarter, again in the third quarter, while sentiment indicators point towards a further deceleration of growth in the fourth quarter. Both in advanced and emerging economies, differences across countries in terms of growth have increased.

Production slowed in advanced economies. To a large extent, this was driven by activity in Japan and the euro area. While part of the deceleration in the euro area reflects temporary factors, labor market indicators suggest that the underlying momentum has also weakened. At the same time, the US economy kept expanding robustly. However, the recent broad based stock market correction may signal a more cautious outlook for firms in advanced economies (Figure 1).

Emerging market economies have come under pressure but the majority has proven relatively resilient so far. Only Argentina and Turkey have fallen into a recession, while production in other emerging countries decelerated only modestly, including in China. The expansion in Brazil even gathered some pace, albeit from a low level. Thus, the fears of a renewed emerging market crisis comparable to the 1997/98 recession have not materialized for the time being as financial markets seem to strongly differentiate according to economic fundamentals.

Global trade has slowed after a strong reading in 2017. Following robust growth in 2017 on the back of rising investment, world trade decelerated again in 2018. In September, year-on-year growth

Figure 1:
Stock prices in major advanced economies, 2012–2018



Weekly data.

Source: Thomson Reuters, Datastream.

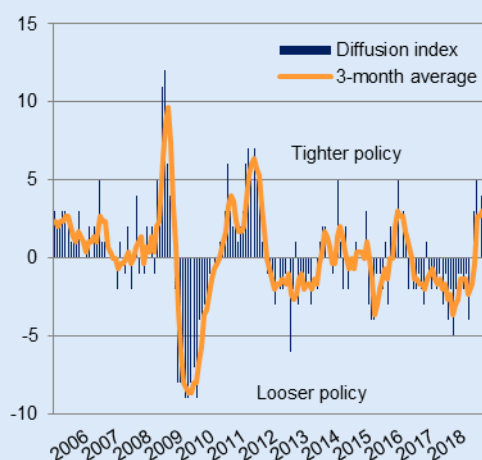
was at only 2.3 percent, according to CPB trade figures. External trade was particularly weak in the euro area and Japan, while it continued expanding in the United States.

Oil supply is expected to stay abundant despite the recent reduction of production quota decided by OPEC. The price of Brent fell to around 60 US dollar per barrel over the past weeks after having reached a four-year peak at 85 US dollar in early October. The main reason for the correction was an improved outlook for supply as the main importers of Iranian oil have been exempted from the renewed US sanctions on Iran, production increased both in OPEC and non-OPEC countries, and inventories in the US increased. In this environment, the impact on prices of the recent agreement of OPEC and Russia to reduce output will likely be limited, given that higher prices would raise incentives for non-OPEC countries to increase production and weaken adherence to production quota.

Against the backdrop of modest inflation and increasing economic uncertainties, monetary policy in advanced economies will be tightened only very gradually. The Federal Reserve has increased the pace of monetary tightening in 2018 and is expected to lift the Federal Funds Rate by 25 basis points to 2.25–2.5 in December. However, the process of interest rate normalization is bound to slow drastically in 2019; we expect only one more interest rate hike next year. At the same time, the ECB has signaled to keep interest rates at zero at least until mid-2019, while the bond purchase program should be terminated by the end of this year as scheduled. In Japan, interest rates are expected to stay at their ultra-low levels even through 2020.

Monetary policy in emerging economies is being tightened on balance as a reaction to lower capital inflows. In the course of 2018, as a consequence of faster than expected tightening of US monetary policy, emerging market currencies have come under pressure, prompting many central banks to react: the number of central banks increasing interest rates now by far exceeds the number of those reducing interest rates (Figure 2). However, most increases have been moderate. Only in Argentina and Turkey were policy makers forced to increase rates sharply.

Figure 2:
Monetary Policy in Emerging Markets, 2006–2018



Monthly data. The diffusion index is the number of central banks raising policy rates less the number of central banks decreasing policy rates in a given month. Emerging markets included are: Argentina, Brazil, Chile, China, Colombia, Indonesia, India, Mexico, Malaysia, Peru, Philippines, Russia, Thailand, Turkey, South Africa.

Source: Bank of International Settlements.

Outlook

Global growth is expected to decelerate over the forecast horizon, with risks tilted to the downside. Our outlook for global growth in 2018 is 3.7 percent, down 0.1 percentage points compared to our last forecast. For 2019 and 2020, we expect global GDP to expand by 3.4 percent. The outlook is clouded by a number of downside risks, including the escalation of trade conflicts, the possibility of a “hard Brexit”, and potential negative effects of policy uncertainty in Italy and France. Moreover, a further correction of stock or real estate prices that are on elevated levels in several countries could put the global economy under stress.

Momentum in the US economy has peaked this year. We project GDP to increase by 2.9 percent in 2018 (up 0.1 percentage points compared to our autumn forecast) on the back of substantial fiscal stimulus from a major tax reform and additional government expenditures. Given fading fiscal stimulus

and less expansionary monetary policy, we expect growth rates to decrease over the forecasting horizon to 2.5 and 1.9 percent in 2019 and 2020, respectively.

The economic expansion in the euro area will decelerate gradually. Momentum has slowed markedly since the beginning of 2018. While a number of factors support economic growth, including the continuation of the low interest rate policy, further fiscal easing, and a pick-up in exports following this year's extraordinary weak export performance relative to world trade, capacity constraints remain a limiting factor in some countries, most notably Germany. Over the forecasting horizon we thus expect a deceleration of growth from 1.9 percent in 2018 to 1.7 and 1.5 in 2019 and 2020, respectively.

Uncertainty regarding Brexit continues to be high and is pulling down economic growth in the UK. The Brexit deal negotiated between the British government and the EU so far does not have the required majority in parliament and the future relationship between the UK and the EU is still unclear. We expect the uncertainty to weigh on investment and the exchange rate which, in turn, is negative for consumption. Against this background, we expect GDP growth to be modest over the forecasting horizon at 1.0 and 1.1 percent in 2019 and 2020, respectively, after 1.3 percent this year.

Production in China is likely to decelerate over the forecasting horizon. Unchanged from our autumn forecast, growth is projected to come in at 6.6 percent this year, down from 6.9 percent in 2017. We expect a further slowdown in the coming years (6.1 and 5.8 percent in 2019 and 2020, respectively) amid increased trade tensions and the authorities' efforts to tackle domestic risks stemming from strong credit growth in the private sector.

Table 1:
Real GDP and consumer prices in selected countries and regions, 2018–2020

	Gross domestic product			Consumer prices		
	2018	2019	2020	2018	2019	2020
United States	2.9	2.5	1.9	2.5	2.3	2.2
Japan	0.8	1.0	0.8	1.0	1.2	1.9
Euro Area	1.9	1.7	1.5	1.7	1.5	1.5
United Kingdom	1.3	1.0	1.1	2.4	2.2	2.0
Advanced economies total	2.4	2.1	1.8	2.0	2.0	2.0
China	6.6	6.1	5.8	2.2	2.3	2.3
Latin America	0.6	1.6	2.3	6.8	8.1	6.0
India	7.7	7.5	7.0	4.9	4.8	5.0
East Asia	5.1	4.7	4.6	2.8	3.3	3.4
Russia	1.6	1.7	1.6	3.0	5.0	4.1
World economy total	3.7	3.4	3.4	3.5	3.7	3.5
<i>Addendum:</i>						
World trade volume	3.2	2.3	2.8	.	.	.
Oil price (Brent in US\$)	73.5	78.9	80.4	.	.	.
World economy total (weighted according to GDP at market exchange rates)	3.2	2.9	2.8	3.0	3.1	3.0

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

Source: Own calculations; shaded: IfW forecast.

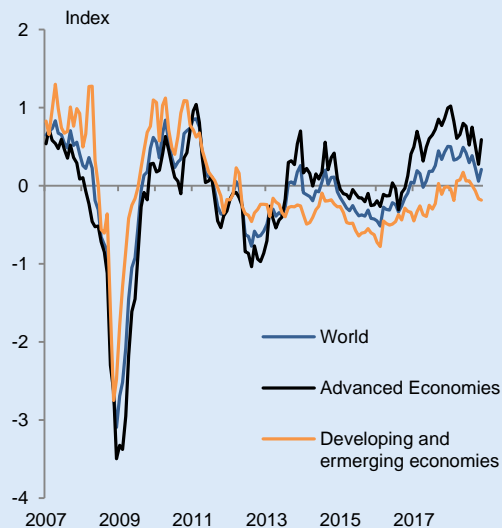
Data annex

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1. World Economy

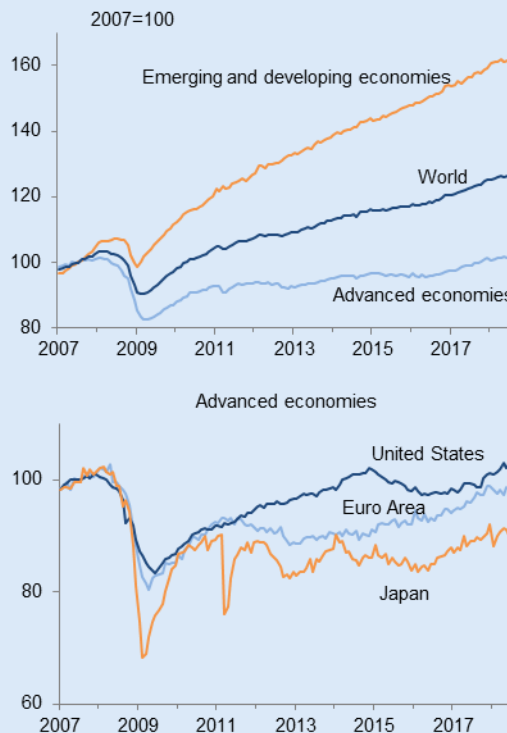
Figure 1.1:
Business expectations by groups of countries, 2007–2018



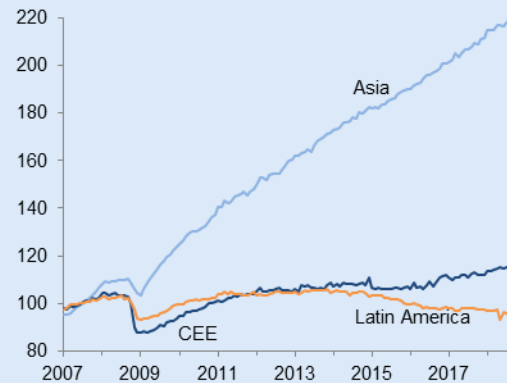
Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

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

Figure 1.2:
Industrial production by groups of countries and regions, 2007–2018



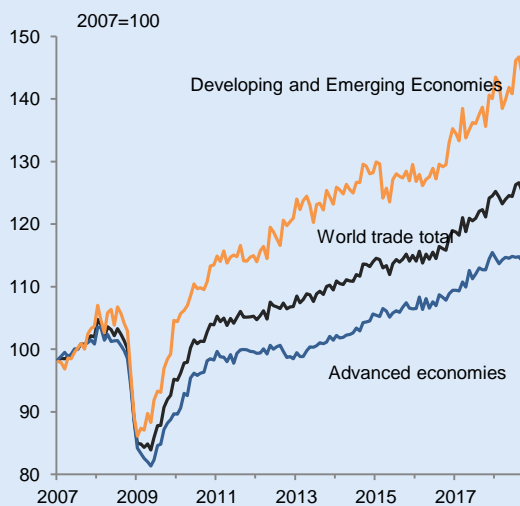
Emerging and developing economies



Monthly Data.

Source: CPB, *World Trade Monitor*.

Figure 1.3:
World trade, 2007–2018

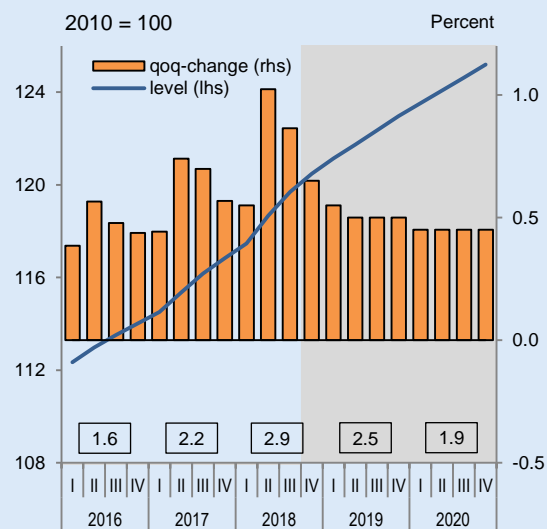


Monthly Data.

Source: CPB, *World Trade Monitor*; own calculations..

2. United States

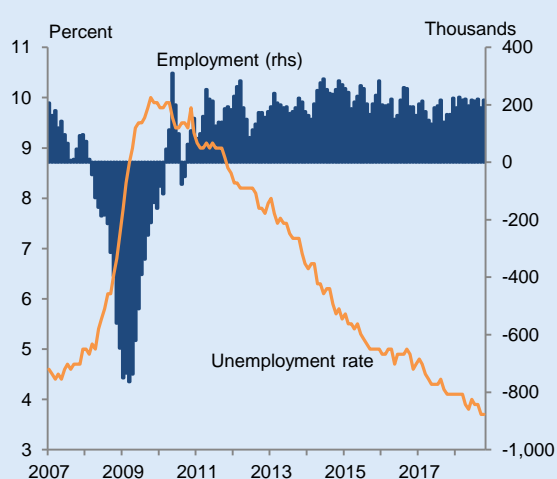
Figure 2.1:
GDP, 2016–2020



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

Source: US Bureau of Economic Analysis; shaded: IfW forecast.

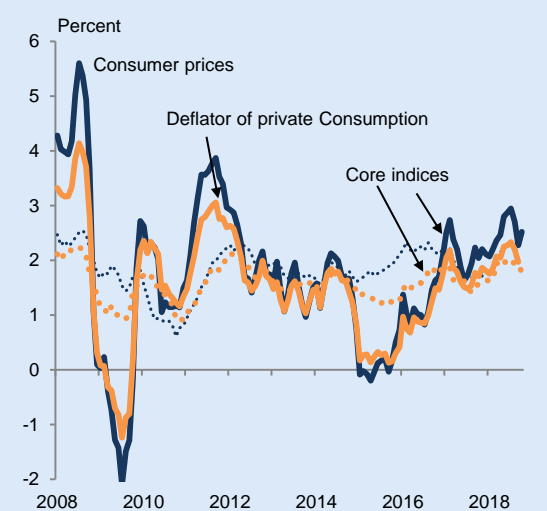
Figure 2.2:
Labor market, 2007–2018



Monthly data; seasonal adjusted. Employment: 3-month moving average of monthly change in employment

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

Figure 2.3:
Consumer prices, 2008–2018



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, 2018–2020

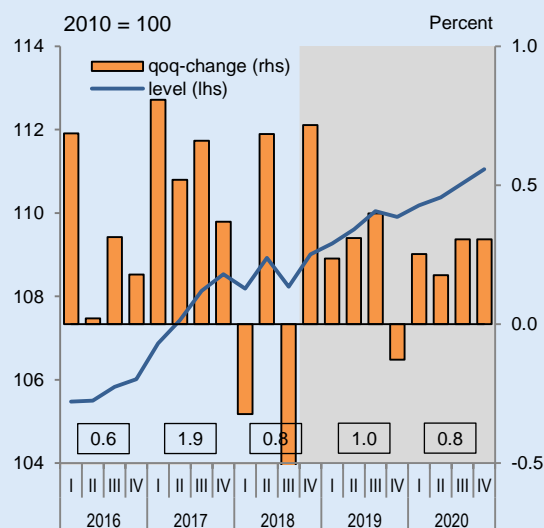
	2018	2019	2020
Gross Domestic Product	2.9	2.5	1.9
Domestic expenditure	3.1	2.9	2.0
Private consumption	2.7	2.8	2.0
Government expenditure	1.6	1.4	0.8
Gross fixed capital formation	5.4	3.3	3.0
Machinery and equipment	7.3	4.0	3.1
Intellectual property rights	6.9	4.0	3.2
Structures	6.1	4.1	2.8
Residential investment	0.1	0.9	2.7
Inventories	0.1	0.1	0.0
Net exports	-0.1	-0.3	-0.1
Exports	4.1	2.3	2.8
Imports	4.7	4.2	3.0
Consumer prices	2.5	2.3	2.2
Unemployment rate	3.9	3.7	3.5
Current account balance	-2.8	-3.2	-3.2
Government budget balance	-4.2	-4.6	-4.0

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

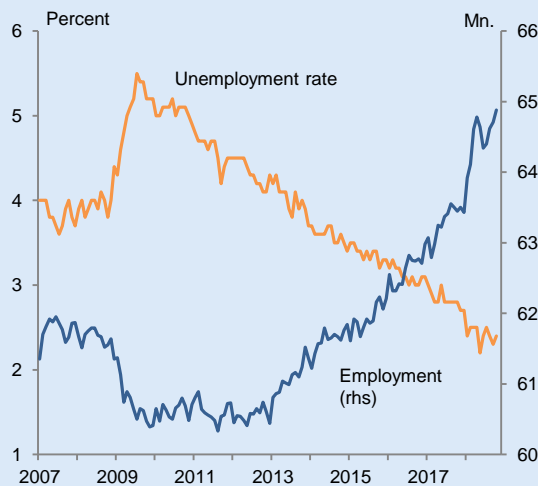
Figure 3.1:
GDP, 2016–2020



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

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

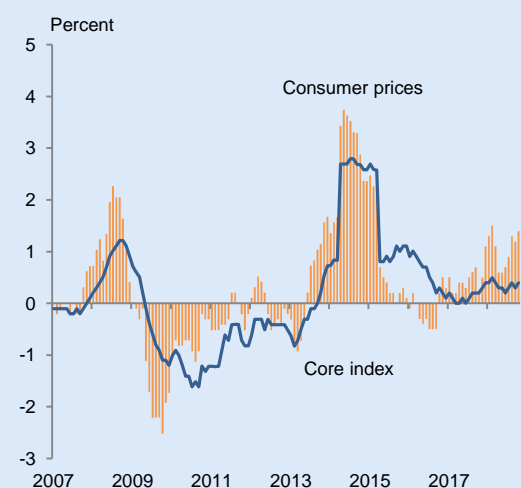
Figure 3.2:
Labor market, 2007–2018



Monatsdaten; saisonbereinigt.

Quelle: Department of Labor.

Figure 3.3:
Consumer prices, 2007–2018



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

Source: Statistics Bureau of Japan.

Table 3.1:
Key indicators Japan, 2017–2020

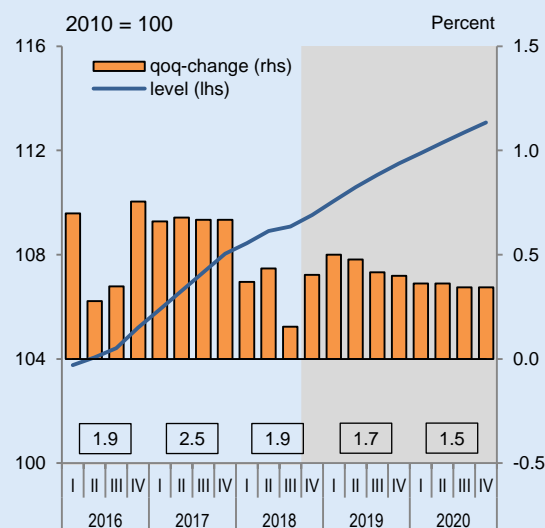
	2017	2018	2019	2020
Gross Domestic Product	1.9	0.8	1.0	0.8
Domestic expenditure	1.4	0.7	1.2	0.8
Private consumption	1.1	0.5	1.2	0.6
Government consumption	0.3	0.6	0.8	0.8
Gross fixed capital formation	3.0	1.0	1.3	1.3
Enterprises	3.9	3.5	1.7	1.5
Residential Investment	2.2	-5.9	1.3	1.3
Public investment	0.8	-2.6	-0.4	0.8
Change in inventories	0.0	0.1	0.0	0.0
Net exports	0.4	0.0	-0.1	0.0
Exports	6.8	3.1	1.8	2.1
Imports	3.4	2.9	2.5	2.2
Consumer prices	0.5	1.0	1.2	1.9
Unemployment rate	2.8	2.4	2.2	2.1
Current account balance	4.0	3.4	2.8	2.7
Government budget balance	-3.7	-3.2	-2.9	-2.7

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

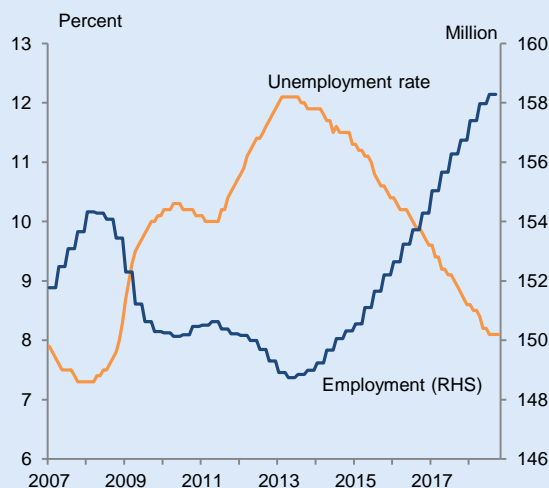
Figure 4.1:
GDP, 2016–2020



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

Source: Federal Statistical Office, *Fachserie 18, Series 1.3*; shaded: IfW forecast.

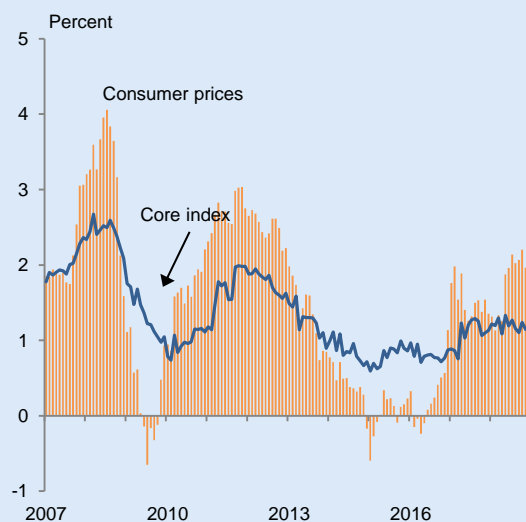
Figure 4.2:
Labor market, 2007–2018



Monthly data; seasonally adjusted.

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

Figure 4.3:
Consumer prices, 2007–2018



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

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators Euro Area, 2017–2020

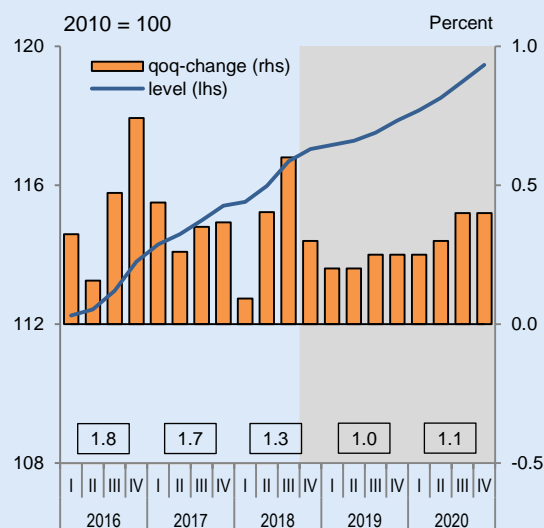
	2017	2018	2019	2020
Gross Domestic Product	2.5	1.9	1.7	1.5
Domestic expenditure	1.8	1.7	1.8	1.6
Private consumption	1.7	1.3	1.5	1.6
Government consumption	1.2	1.0	1.6	1.5
Gross fixed capital formation	2.9	3.0	3.0	1.9
Inventories	-0.1	0.1	-0.0	-0.0
Net exports	0.8	0.2	-0.1	-0.0
Exports	5.4	2.8	3.3	3.5
Imports	4.0	2.5	3.8	3.9
Consumer prices	1.5	1.8	1.5	1.5
Unemployment rate	9.1	8.2	7.7	7.4
Current account balance	3.2	2.8	2.3	2.1
Government budget balance	-1.0	-0.7	-0.9	-0.8

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

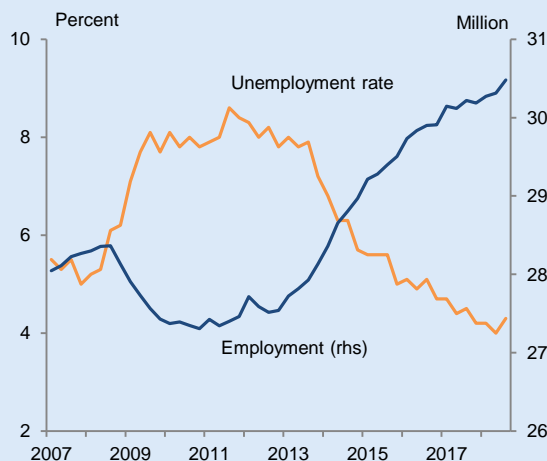
Figure 5.1:
GDP, 2016–2020



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

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

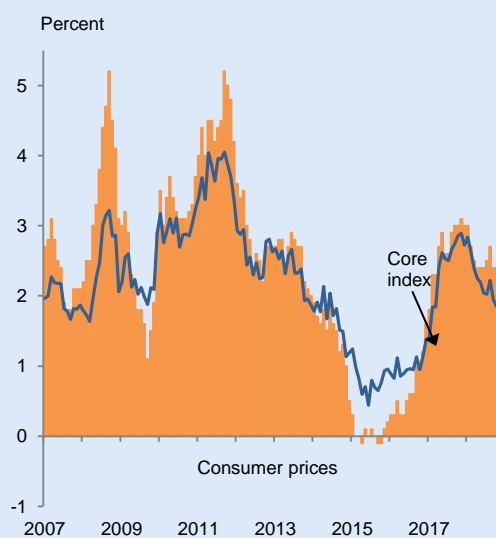
Figure 5.2:
Labor market, 2007–2018



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Figure 5.3:
Consumer prices, 2007–2018



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, 2017–2020

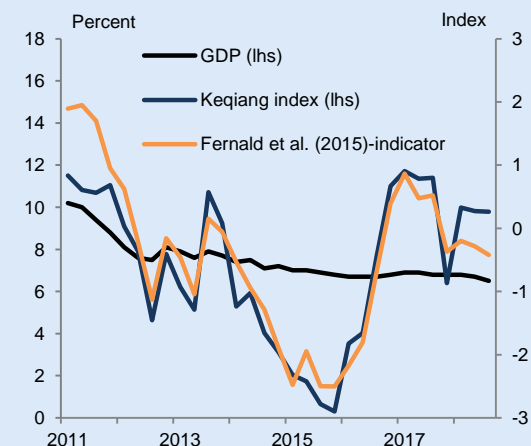
	2017	2018	2019	2020
Gross Domestic Product	1.7	1.3	1.1	1.0
Domestic expenditure	1.3	1.0	0.8	0.9
Private consumption	1.8	1.2	1.0	0.7
Government consumption	-0.1	1.4	1.5	1.5
Gross fixed investment	3.3	0.6	-0.5	0.5
Inventories	-0.5	-0.1	0.1	0.0
Net exports	0.7	0.3	0.2	0.1
Exports	5.7	1.0	0.8	1.5
Imports	3.2	0.3	0.4	1.1
Consumer prices	2.6	2.4	2.2	2.0
Unemployment rate	4.4	4.1	4.3	4.5
Current account balance	-3.7	-3.2	-3.0	-3.0
Government budget balance	-1.9	-1.2	-1.6	-1.8

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

6. China

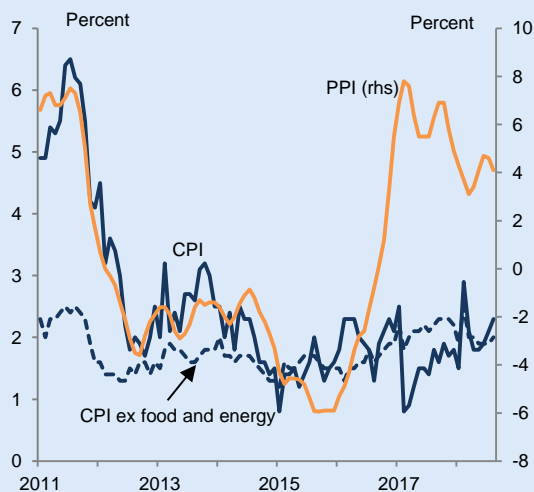
Figure 6.1:
GDP and alternative activity measures, 2011–2018



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.

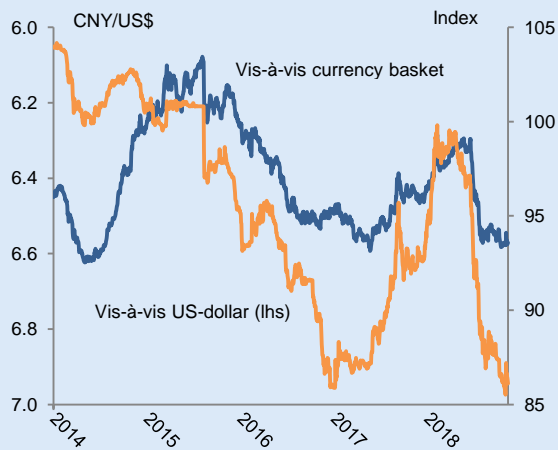
Figure 6.2:
Inflation, 2011–2018



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

Source: National Bureau of Statistics.

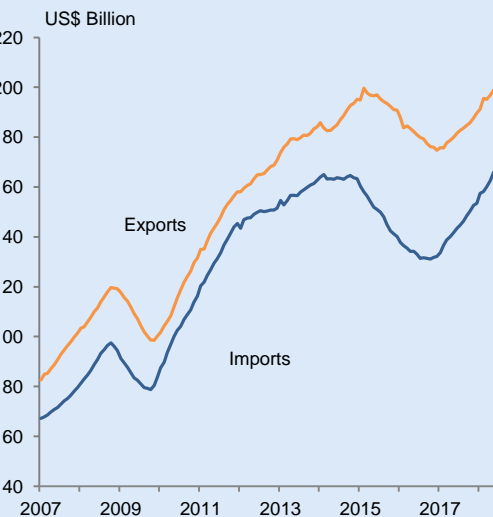
Figure 6.3:
Exchange rate, 2014–2018



Daily data.

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

Figure 6.4:
Exports and imports, 2007–2018

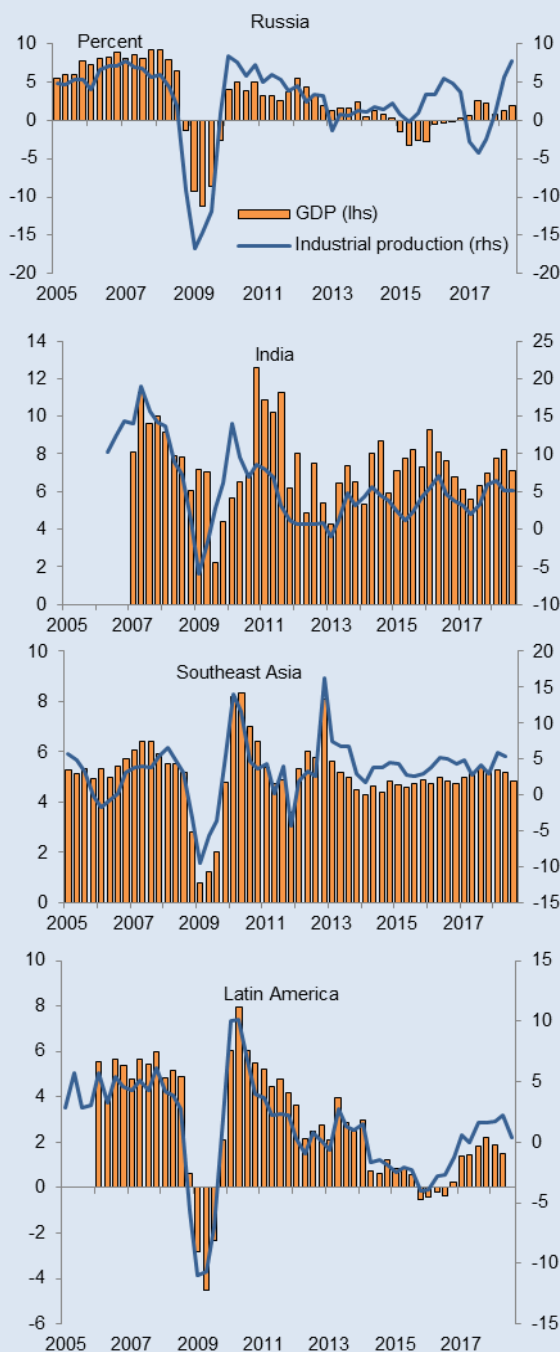


Monthly data, 12-month moving average.

Source: General Administration of Customs; own calculations.

7. Other emerging Economies

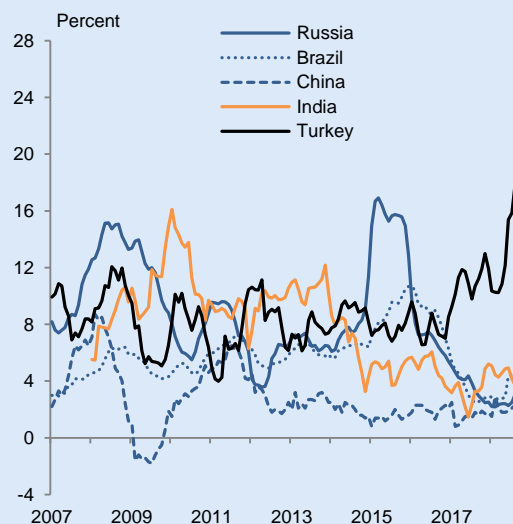
Figure 7.1:
GDP and industrial production in emerging economies 2005–2018



Quarterly data; volumes; seasonally adjusted; change over previous quarter; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentina, Brasil, Chile, Colombia, Mexico and Peru.

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

Figure 7.2:
Consumer prices, 2007–2018



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, 2007–2018



Weekly data. Last value: November 26th 2018.

Source: Thomson Reuters, Datastream.

8. Forecast summary

Table 8.1:
Key assumptions, 2018–2020

	2018				2019				2020			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	1.5	1.8	2.0	2.3	2.3	2.3	2.5	2.5	2.5	2.5	2.5	2.5
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Euro area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.5	0.5
Exchange rates												
US-dollar/euro	1.2	1.2	1.2	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Yen/US-dollar	108.3	109.2	111.5	113.4	113.0	112.0	111.0	110.0	109.0	108.0	107.0	106.0
Oil price (Brent, US-dollar)	66.9	74.5	75.1	69.8	61.2	61.5	61.8	62.1	62.4	62.7	108.0	63.4
HWWI-Index indust. commodities	129.8	129.4	121.9	119.0	117.8	117.2	116.6	117.6	118.2	118.7	119.3	119.9

Key interest rate: Fed Funds Rate (United States, since December 2008 between 0 to 0.25 percent; overnight rate (Japan); main refinancing operations (euro area).

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

Table 8.2:
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2018–2020

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
European Union	36.4	2.0	1.7	1.6	2.0	1.8	1.8	7.2	6.8	6.5
Euro area	26.3	1.9	1.7	1.5	1.7	1.5	1.5	8.2	7.7	7.4
United Kingdom	5.9	1.3	1.0	1.1	2.4	2.2	2.0	4.1	4.3	4.5
Sweden	1.1	2.8	2.2	2.2	2.1	2.0	2.2	6.2	5.9	5.7
Poland	1.1	5.2	4.0	3.0	1.4	1.8	2.1	3.8	3.4	3.1
Switzerland	1.5	2.8	2.2	1.7	1.0	1.1	1.2	4.5	4.3	4.3
Norway	0.8	1.7	1.8	1.5	2.8	3.0	2.2	4.0	3.8	3.7
United States	41.2	2.9	2.5	1.9	2.5	2.3	2.2	3.9	3.7	3.5
Canada	3.4	2.2	2.3	1.9	2.6	2.1	2.1	5.8	5.8	5.9
Japan	11.0	0.8	1.0	0.8	1.0	1.2	1.9	2.4	2.2	2.1
South Korea	3.1	2.6	2.4	2.8	1.6	1.8	1.6	3.8	3.7	3.7
Australia	2.7	3.2	2.8	2.5	2.0	2.3	2.2	5.4	5.3	5.2
Total	100.0	2.4	2.1	1.8	2.2	2.0	2.1	5.3	5.0	4.8

Based on GDP at prices and exchange rates of 2017 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 2017.

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, 2018–2020

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
Germany	21.4	1.5	1.7	1.5	1.8	1.8	1.7	3.4	3.1	3.0
France	14.9	1.6	1.4	1.5	2.1	1.7	1.8	9.0	8.7	8.4
Italy	11.2	1.0	0.7	0.8	1.3	0.9	0.9	10.6	10.5	10.3
Spain	7.6	2.5	2.0	1.7	1.8	1.5	1.6	15.3	14.2	13.5
Netherlands	4.8	2.6	1.7	1.6	1.6	1.2	1.4	3.9	3.4	3.1
Belgium	2.8	1.5	1.5	1.4	2.3	1.9	1.8	6.3	6.0	5.8
Austria	2.4	2.6	1.7	1.6	2.1	1.6	1.7	4.9	4.8	4.7
Ireland	1.9	7.6	5.0	2.9	0.5	1.0	1.2	5.7	4.7	4.1
Finland	1.5	2.3	1.6	1.6	1.2	0.9	1.0	7.6	7.1	7.0
Portugal	1.3	2.1	1.6	1.6	1.2	1.2	1.3	7.0	6.3	5.8
Greece	1.2	2.3	2.5	2.8	0.8	0.9	1.1	19.3	17.5	15.5
Slovak Republic	0.6	4.3	4.0	3.7	2.6	2.3	2.7	6.8	5.7	5.0
Luxembourg	0.4	3.1	3.1	2.8	2.0	1.8	2.1	5.2	4.9	4.7
Slovenia	0.3	4.5	3.1	2.6	2.0	1.7	2.0	5.3	4.7	4.0
Lithuania	0.3	3.2	3.2	3.4	2.6	2.0	2.4	6.2	5.7	5.4
Latvia	0.2	5.0	4.6	3.7	2.5	2.2	2.6	7.5	6.7	6.3
Estonia	0.1	3.5	3.5	3.3	3.4	2.7	3.0	5.3	4.8	4.5
Cyprus	0.1	3.8	3.2	3.0	0.8	1.1	1.4	8.5	7.1	6.0
Malta	0.1	4.9	4.2	3.4	1.9	1.8	2.2	3.8	3.5	3.3
United Kingdom	15.2	1.3	1.0	1.1	2.4	2.2	2.0	4.1	4.3	4.5
Sweden	3.1	2.8	2.2	2.2	2.1	2.0	2.2	6.2	5.9	5.7
Poland	3.0	5.2	4.0	3.0	1.4	1.8	2.1	3.8	3.4	3.1
Denmark	1.9	1.2	1.5	1.5	0.8	0.9	1.0	4.9	4.5	4.0
Czech Republic	1.2	2.9	2.6	2.6	2.1	2.3	2.6	2.3	2.1	2.0
Romania	1.2	4.2	3.6	3.2	4.2	4.0	3.0	4.2	3.8	3.6
Hungary	0.8	4.5	3.2	2.8	2.9	3.7	3.8	3.7	3.3	3.1
Bulgaria	0.3	3.4	3.2	3.0	2.6	3.5	3.5	5.3	4.9	4.6
Croatia	0.3	2.6	2.6	2.4	1.6	1.7	1.9	8.6	7.4	6.5
European Union	100.0	2.0	1.7	1.6	2.0	1.8	1.8	7.2	6.8	6.5
<i>Addendum:</i>										
European Union 15	91.3	1.8	1.5	1.4	1.8	1.6	1.6	7.4	7.1	6.8
Accession countries	8.7	4.3	3.5	3.0	2.3	2.5	2.6	5.8	5.2	4.8
Euro Area	72.9	1.9	1.7	1.5	1.7	1.5	1.5	8.2	7.7	7.4
Euro Area without Germany	51.5	2.1	1.6	1.5	1.7	1.4	1.5	9.9	9.4	9.0

Based on GDP at prices and exchange rates of 2017 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 2017. 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, 2017–2020

	Weights	Real GDP				Consumer prices			
		2017	2018	2019	2020	2017	2018	2019	2020
Indonesia	6.0	5.1	5.2	5.2	5.2	3.8	3.2	3.9	4.0
Thailand	2.3	3.9	4.2	3.0	3.0	0.7	1.1	1.7	2.0
Malaysia	1.7	5.9	4.7	4.1	4.1	3.8	1.1	2.3	3.0
Philippines	1.6	6.7	6.2	5.8	5.5	2.9	5.4	4.7	3.5
Total	11.5	5.2	5.1	4.7	4.6	3.1	2.8	3.3	3.4
China	42.5	6.8	6.6	6.1	5.8	1.6	2.2	2.3	2.3
India	17.4	6.7	7.7	7.5	7.0	3.8	4.9	4.8	5.0
Asian countries	71.5	6.5	6.6	6.2	5.9	2.3	2.9	3.1	3.1
Brazil	6.0	1.1	1.2	2.0	2.5	3.4	3.8	5.0	4.0
Mexico	4.5	2.3	2.1	2.6	2.4	6.0	4.9	3.7	3.1
Argentina	1.7	2.9	-3.2	-2.0	1.8	26.9	30.0	40.0	26.0
Colombia	1.3	1.8	2.6	3.1	3.2	4.3	3.3	3.1	3.0
Venezuela	0.7	-14.0	-17.0	-6.0	-3.0	-	-	-	-
Chile	0.8	1.6	4.0	2.8	2.8	2.2	2.5	3.1	3.0
Peru	0.8	2.5	3.3	3.7	3.5	2.8	1.3	2.3	2.5
Latin American countries total	15.8	1.1	0.6	1.6	2.3	6.8	6.8	8.1	6.0
Russia	7.4	1.5	1.6	1.7	1.6	3.7	3.0	5.0	4.1
Turkey	4.0	7.0	3.8	0.4	3.5	11.1	18.0	22.0	12.0
South Africa	1.4	1.3	0.8	1.4	1.7	5.3	4.8	5.3	5.4
Total	100.0	5.2	5.1	4.8	4.9	3.5	4.2	4.8	4.0

Based on 2017 GDP at purchasing power parities; in percent.

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