

KIEL INSTITUTE **ECONOMIC OUTLOOK**

World Economy
Summer 2019

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GLOBAL GROWTH REMAINS SLUGGISH

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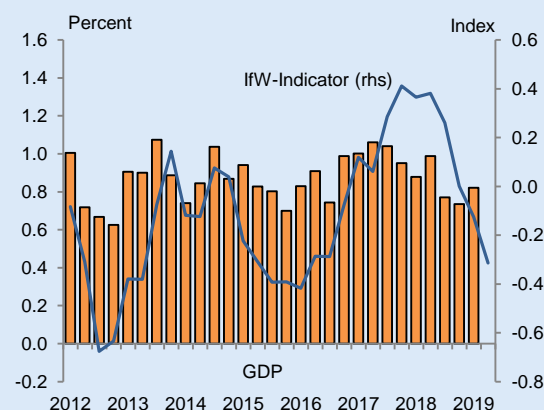
Despite a temporary pick-up in world production at the start of the year, growth will continue to moderate amid a further deterioration in economic sentiment and elevated levels of uncertainty. We expect the global economy to expand by 3.2 percent this year—a downward revision of 0.1 percentage points compared to our March forecast. For 2020, we continue to see world production growing by 3.3 percent. At this pace, capacity utilization in advanced economies will not continue to rise, and since inflation will remain moderate further monetary policy tightening has become unlikely. Instead, we expect central banks to adopt a looser stance in 2020. Economic policy uncertainty will likely remain high over the forecasting horizon. In particular, a further escalation of the trade conflict between the United States and China as well as its potential extension to the trade relationship with the European Union constitute significant downside risks to our outlook.

Economic environment

The global economy has accelerated temporarily at the start of the year, in particular in the advanced economies. After a broad-based slowdown in the second half of 2018, world production picked up in the first quarter of 2019 (Figure 1). However, this upturn is likely to prove temporary. Both in the US and Japan, the expansion of private demand and imports slowed, leading to a positive contribution of net trade despite falling exports which is probably not sustainable. In the UK, the build-up of inventory in anticipation of leaving the EU at the end of March—the date was later postponed—likely stimulated production temporarily. Globally, investment growth has been levelling off in light of high economic policy uncertainty which also weighs on industrial production. In addition, the IfW-indicator for global economic activity (based on sentiment indicators from 42 countries) continues to show a downward trend suggesting a deceleration of world production in the second quarter.

The expansion of economic activity in emerging economies is still subdued. After a notable deceleration of growth in the course of 2018, the increase in production gathered some pace in the first quarter of this year but continued to decline on a year-on-year basis. On the one hand, economic activity stabilized in China and financial conditions improved across emerging economies that had come under pressure from financial markets last year. In Turkey, production increased again after the country had fallen into a steep recession in 2018. On the other hand, the rate of expansion decreased to only 6 percent year-on-year in India and to 0.5 percent in Russia. In Brazil, activity in the first quarter contracted for the first time since the recession ended in 2016.

Figure 1:
World Economic Activity, 2012–2019



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.

Global trade remained sluggish. International trade has not recovered from its marked slowdown at the end of last year. In the first quarter of 2019, world trade volumes dropped by 0.3 percent quarter-on-quarter, according to CPB trade figures, resulting in an 0.5 percent increase compared to the previous year only. An important element of this weakness is slumping trade between the United States and China, also spilling over to other Asian countries due to strong linkages within the region.

Oil markets are driven by political uncertainties. The price of Brent recently fell to around 60 US dollar per barrel recently, after having increased from around 50 to 70 US dollar at the start of the year. The rise in prices was triggered by the announcement of the United States to end sanctions exemptions for major importers of oil from Iran. Meanwhile, however, other oil producers emphasized their willingness and capability to close potential supply gaps. At the same time, demand for oil is expected to slow in light of a deteriorated outlook for global production. Against this backdrop, we do not expect a shortage in supply and a substantial increase in prices over the forecast horizon, although markets remain nervous and risks of price spikes in reaction to political events are prominent.

Monetary policy in advanced economies will be eased again. While consumer price inflation in advanced economies accelerated somewhat over the past months due to higher oil prices, core inflation remained largely unchanged. It is still below target in the euro area and Japan; and largely on target in the United States at around 2 percent. Given that capacity utilization in advanced economies is still high and labor markets continue to be tight, we do not expect inflation to decelerate noticeably. Against the backdrop of a deteriorating global outlook and increasing uncertainty about economic prospects for the US, we nevertheless expect the Federal Reserve to lower interest rates starting in late 2019 after it has already refrained from raising rates further in the first months of this year. In the euro area and Japan, where policy rates are still around zero, monetary policy is expected to remain on hold for the time being. Additional expansionary measures will be taken in case of a sustained deceleration of growth going forward.

Monetary policy in emerging economies is becoming looser on balance as a reaction to recovering capital inflows. The decision of the US Fed to keep interest rates at their current level as well as the expectation of looser monetary policy in the future caused US bond yields to fall, easing the pressure experienced by emerging markets in 2018. Higher capital inflows helped exchange rates recover and, after a period of tightening monetary policy last year, central banks have reduced interest rates, on balance, since the start of the year.

Outlook

Global growth is expected to moderate over the forecast horizon, with significant risks to the downside. Our outlook for global growth is 3.2 percent for this year, down from 3.7 percent in 2018. This represents a downward revision of 0.1 percentage points compared to our spring forecast. In 2020, our forecast is unchanged at 3.3 percent (Table 1). A further escalation of trade conflicts, however, could slow the global economy further. Additional downside risks include uncertainty around the future relationship between the UK and the EU and potential negative effects of the dispute between the EU Commission and the Italian government about compliance with fiscal rules. Also, potential corrections of the elevated prices of stocks, bonds and real estate pose a risk to financial stability given the broad-based increase in debt over the past years both in advanced and emerging economies.

In advanced economies, capacity utilization will decrease over the forecast horizon, albeit slowly and from high levels. The upswing in the advanced economies is over, but growth is likely to continue at moderate rates thanks to accommodative monetary policies, robust labor markets and—despite problems in some countries—slightly accelerating demand from developing and emerging countries. The US economy is cooling down progressively as fiscal stimulus fades with private consumption and investment slowing. GDP is expected to expand by 2.4 percent this year and 1.5

percent next year. The euro area economy is projected to grow at higher rates than in the second half of 2018 when various special factors weighed on economic activity, but momentum will remain limited. We see GDP growth in 2019 and 2020 at 1.2 percent and 1.4 percent, respectively, implying a very gradual decrease of capacity utilization from the currently high level. In the UK, uncertainties about leaving the EU continue to hamper economic activity resulting in a prospective rate of expansion of around 1.5 percent both this year and next.

Momentum in emerging economies will accelerate somewhat but growth will remain below the rates seen in the previous two years. Recovery of economic activity from last year's slump will be gradual in many countries. At the same time, production in China is slowing. In light of the trade conflict with the United States and domestic risks stemming from strong credit growth in the private sector we expect growth to decrease to 6.2 percent in 2019 and 5.8 percent in 2020 despite considerable fiscal stimulus from the government.

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	2.4	1.6	2.4	1.9	2.3
Japan	0.8	0.9	0.8	1.0	0.8	1.7
Euro Area	1.9	1.2	1.4	1.7	1.3	1.3
United Kingdom	1.4	1.4	1.2	2.4	2.0	2.3
Advanced economies total	2.3	1.8	1.5	2.0	1.7	1.9
China	6.5	6.2	5.8	2.1	2.4	2.3
Latin America	0.8	0.6	2.2	6.6	7.7	5.8
India	7.4	6.0	6.7	3.5	3.8	5.0
East Asia	5.1	4.7	4.6	2.7	2.6	3.4
Russia	2.3	1.3	1.6	2.9	4.8	4.0
World economy total	3.7	3.2	3.3	3.5	3.7	3.8
<i>Addendum:</i>						
World trade volume	3.5	1.5	2.5	.	.	.
Oil price (Brent in US \$)	71.3	63.5	62.4	.	.	.
World economy total (weighted according to GDP at market exchange rates)	3.2	2.7	2.7	3.0	3.0	3.2

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

Source: IfW forecast.

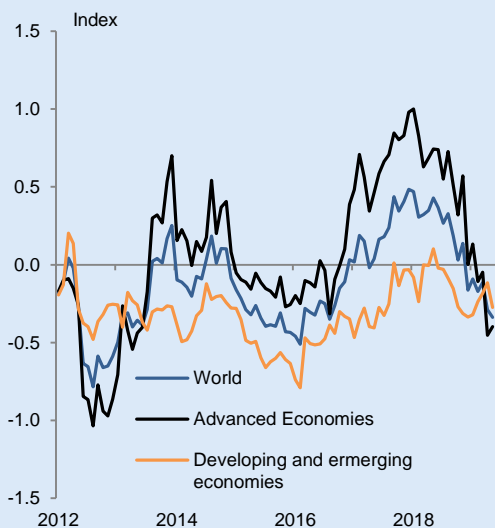
Data annex

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1. World Economy

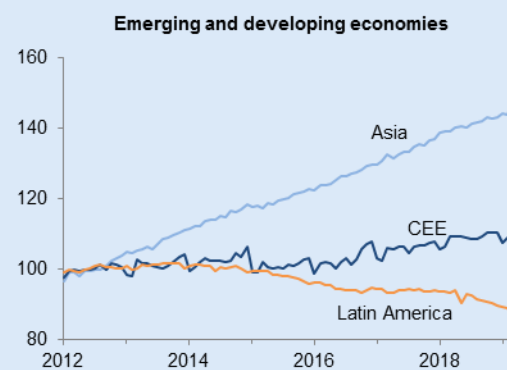
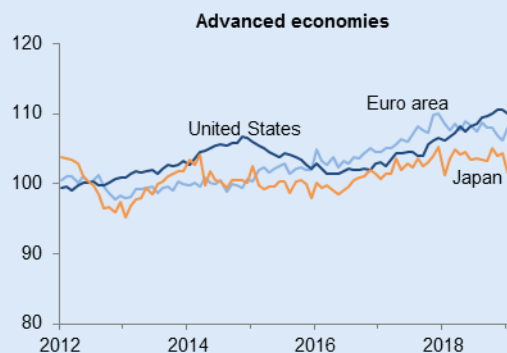
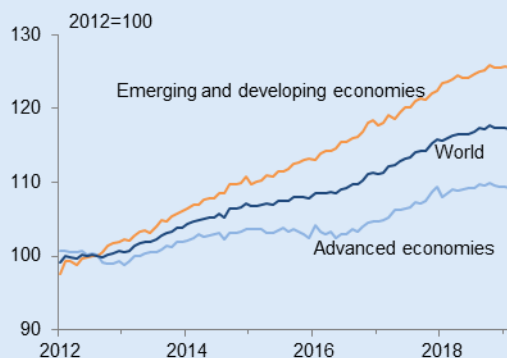
Figure 1.1:
Business expectations by groups of countries, 2012–2019



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.

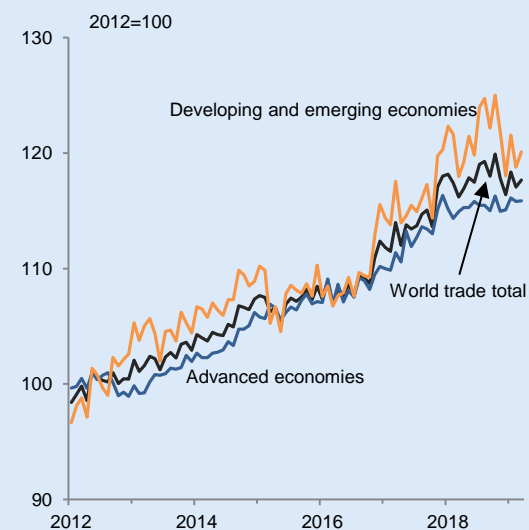
Figure 1.2:
Industrial production by groups of countries and regions, 2012–2019



Monthly data. Last value: March 2019.

Source: CPB, *World Trade Monitor*.

Figure 1.3:
World economic activity, 2012–2019

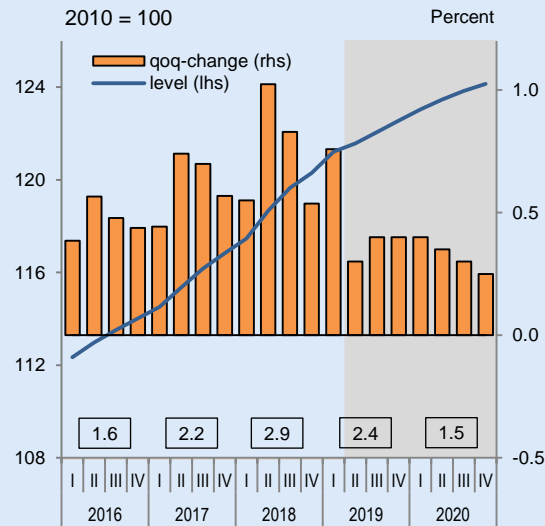


Monthly data.

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

2. United States

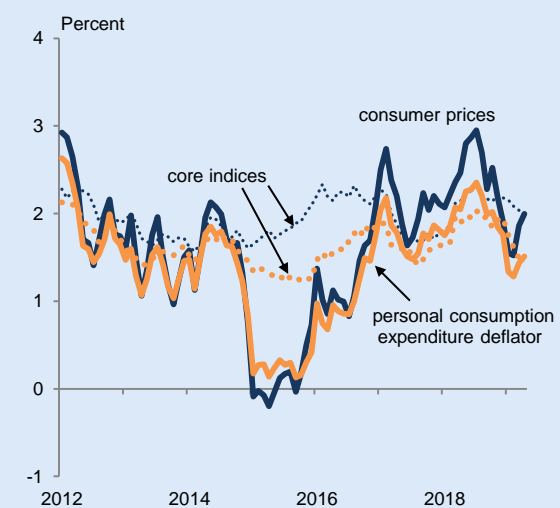
Figure 2.1:
GDP, 2016–2020



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

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

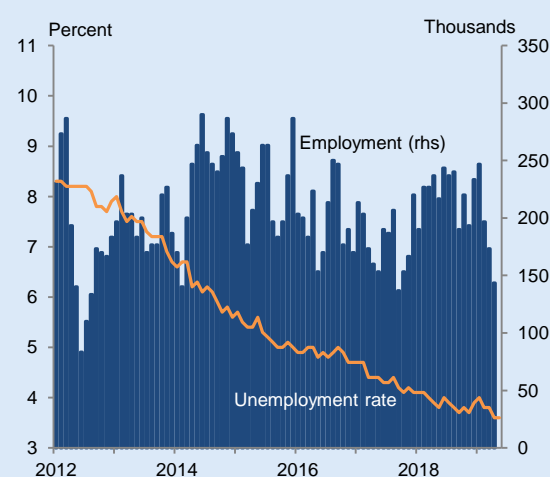
Figure 2.3:
Consumer prices, 2012–2019



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

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

Figure 2.2:
Labor market, 2012–2019



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

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

Table 2.1:
Key indicators United States, 2018–2020

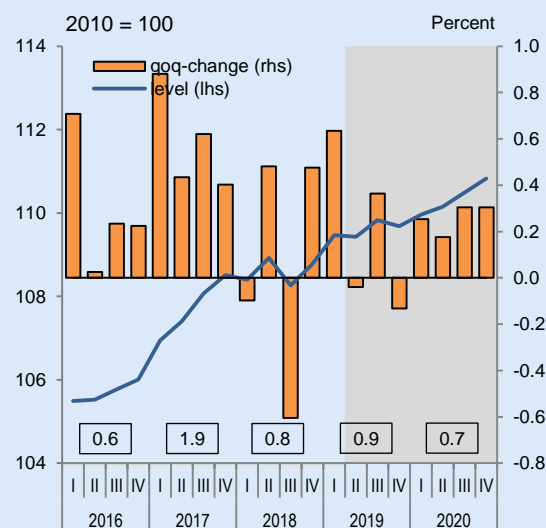
	2018	2019	2020
Gross Domestic Product	2.9	2.4	1.5
Domestic expenditure	3.0	2.3	1.5
Private consumption	2.6	2.0	1.4
Government consumption	1.5	1.3	0.8
Gross fixed capital formation	5.2	2.5	2.8
Machinery and equipment	7.4	3.4	3.1
Intellectual property rights	7.5	6.7	3.2
Structures	5.0	0.4	2.8
Residential investment	-0.3	-1.9	2.0
Inventories	0.1	0.3	0.0
Net exports	-0.2	0.1	-0.1
Exports	4.0	2.2	2.8
Imports	4.5	1.7	3.0
Consumer prices	2.4	1.9	2.3
Unemployment rate	3.9	3.7	3.6
Current account balance	-2.5	-2.3	-2.4
Government budget balance	-3.8	-4.0	-4.1

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

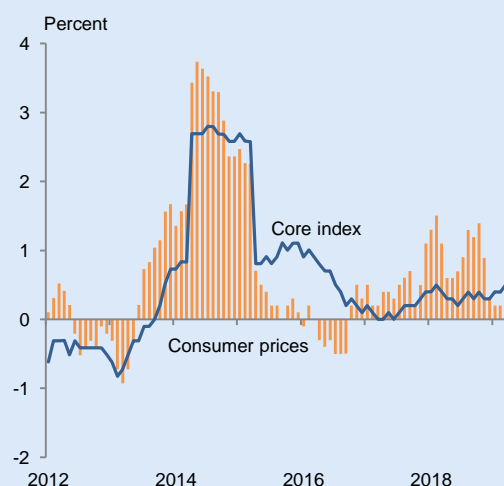
Figure 3.1:
GDP, 2016–2020



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

Source: Cabinet office, *National Accounts*; shaded: IfW forecast.

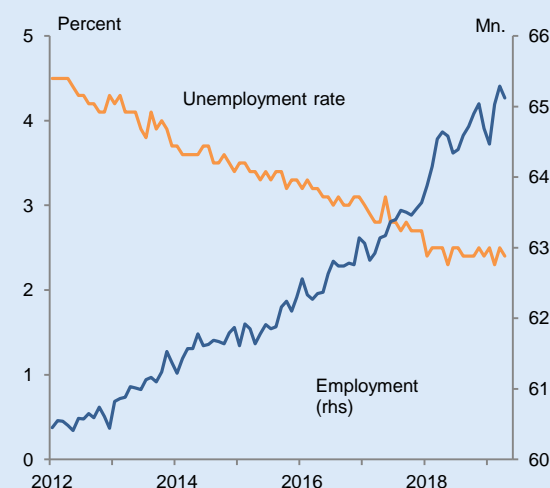
Figure 3.3:
Consumer prices, 2012–2019



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

Source: Statistics Bureau of Japan.

Figure 3.2:
Labor market, 2012–2019



Monthly data; seasonally adjusted.

Quelle: Department of Labor.

Table 3.1:
Key indicators Japan, 2017–2020

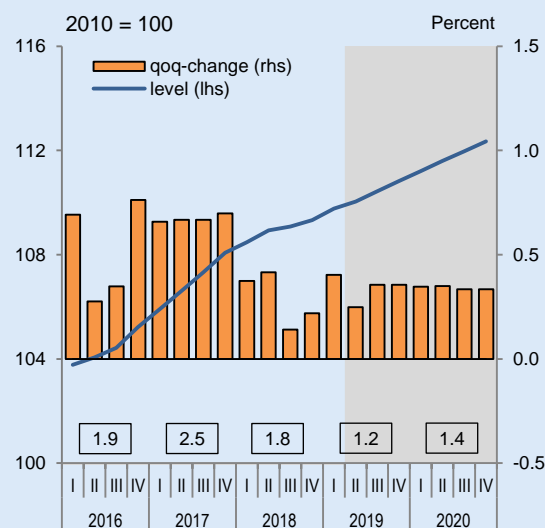
	2017	2018	2019	2020
Gross Domestic Product	1.9	0.8	0.9	0.7
Domestic expenditure	1.4	0.8	1.2	0.8
Private consumption	1.1	0.4	0.9	0.7
Government consumption	0.3	0.8	1.1	0.9
Gross fixed capital formation	3.0	1.2	1.6	1.4
Enterprises	3.9	3.9	2.3	1.5
Residential investment	2.2	-5.8	1.8	1.3
Public investment	0.8	-3.3	-1.0	1.0
Change in inventories	0.0	0.2	0.1	-0.1
Net exports	0.4	0.0	-0.2	-0.1
Exports	6.8	3.1	-1.4	2.1
Imports	3.4	3.2	-0.1	2.8
Consumer prices	0.5	1.0	0.8	1.6
Unemployment rate	2.8	2.4	2.4	2.3
Current account balance	4.2	3.5	3.1	2.9
Government budget balance	-3.0	-2.5	-2.6	-2.0

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

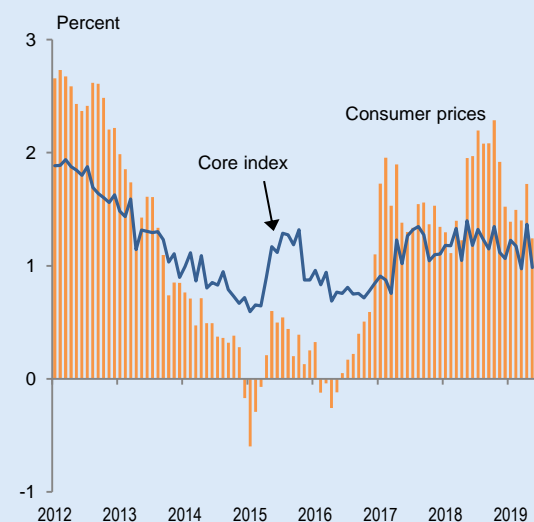
Figure 4.1:
GDP, 2016–2020



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.

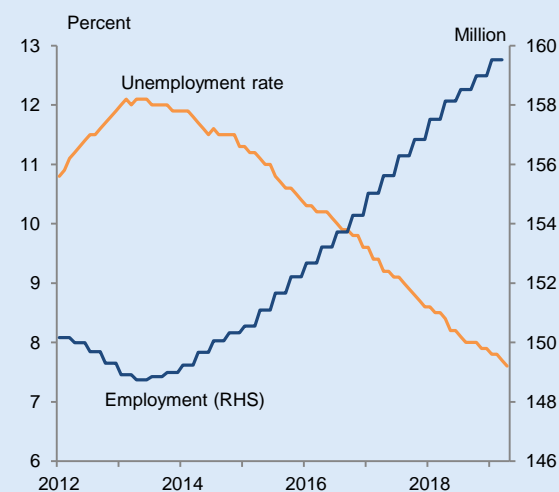
Figure 4.3:
Consumer prices, 2012–2019



Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

Source: Eurostat, *Price Statistics*.

Figure 4.2:
Labor market, 2012–2019



Monthly data; seasonally adjusted.

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

Table 4.1:
Key indicators Euro Area, 2017–2020

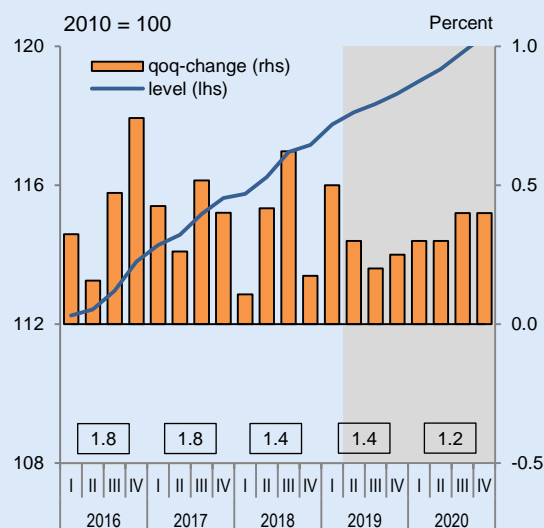
	2017	2018	2019	2020
Gross Domestic Product	2.5	1.9	1.2	1.4
Domestic expenditure	1.9	1.8	1.3	1.4
Private consumption	1.8	1.3	1.3	1.3
Government consumption	1.3	1.0	1.2	1.5
Gross fixed capital formation	3.0	3.3	3.5	1.6
Inventories	-0.1	0.1	-0.4	-0.0
Net exports	0.7	0.1	-0.1	0.1
Exports	5.4	3.2	2.7	3.1
Imports	4.1	3.2	3.1	3.2
Consumer prices	1.5	1.7	1.3	1.3
Unemployment rate	9.1	8.2	7.6	7.2
Current account balance	3.2	2.9	2.6	2.2
Government budget balance	-1.0	-0.5	-1.0	-1.0

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.

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

5. United Kingdom

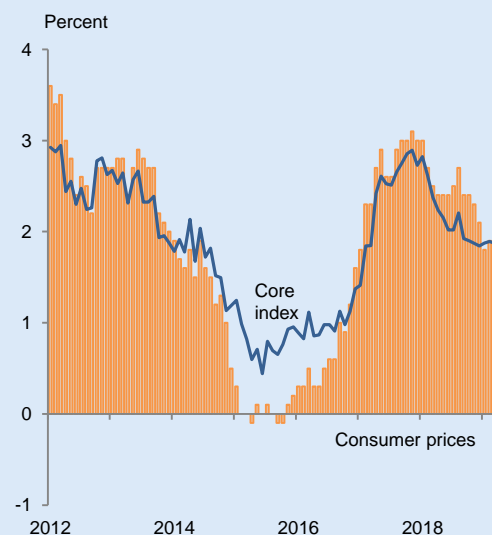
Figure 5.1:
GDP, 2016–2020



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

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

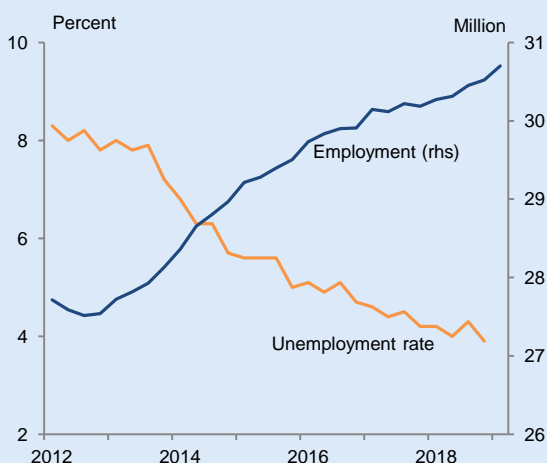
Figure 5.3:
Consumer prices, 2012–2019



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

Source: Office for National Statistics, *Economy*.

Figure 5.2:
Labor market, 2012–2019



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Table 5.1:
Key indicators United Kingdom, 2017–2020

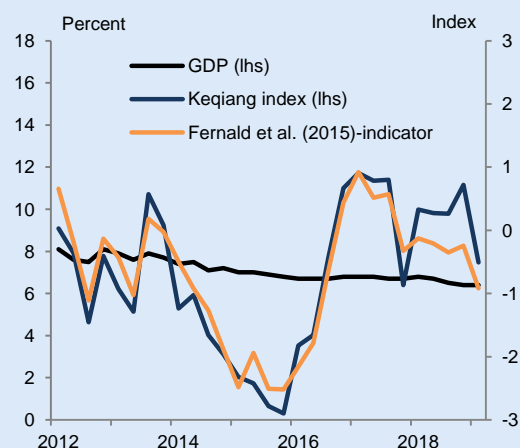
	2017	2018	2019	2020
Gross Domestic Product	1.7	1.4	1.4	1.2
Domestic expenditure	1.2	1.5	1.6	1.3
Private consumption	1.7	1.9	1.5	1.5
Government consumption	-0.1	0.8	2.0	1.8
Gross fixed investment	3.3	0.0	-0.4	0.5
Inventories	-0.5	-0.1	0.4	0.0
Net exports	0.7	-0.2	-0.2	0.1
Exports	5.7	0.2	0.8	1.2
Imports	3.2	0.8	1.5	1.0
Consumer prices	2.7	2.4	2.0	2.3
Unemployment rate	4.4	4.0	3.6	3.4
Current account balance	-3.3	-3.9	-4.5	-4.0
Government budget balance	-1.9	-1.2	-2.0	-2.0

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

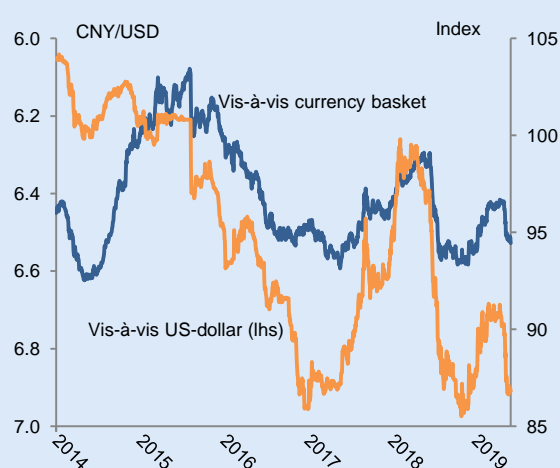
Figure 6.1:
GDP and alternative activity indicators, 2012–2019



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.

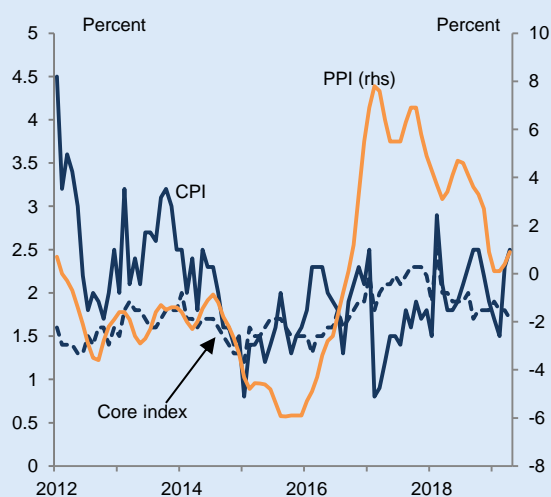
Figure 6.3:
Exchange rate, 2014–2019



Daily data.

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

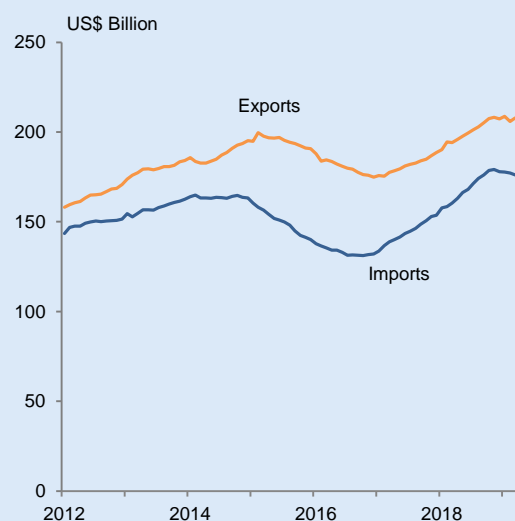
Figure 6.2:
Inflation, 2012–2019



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

Source: National Bureau of Statistics.

Figure 6.4:
Exports and imports, 2012–2019

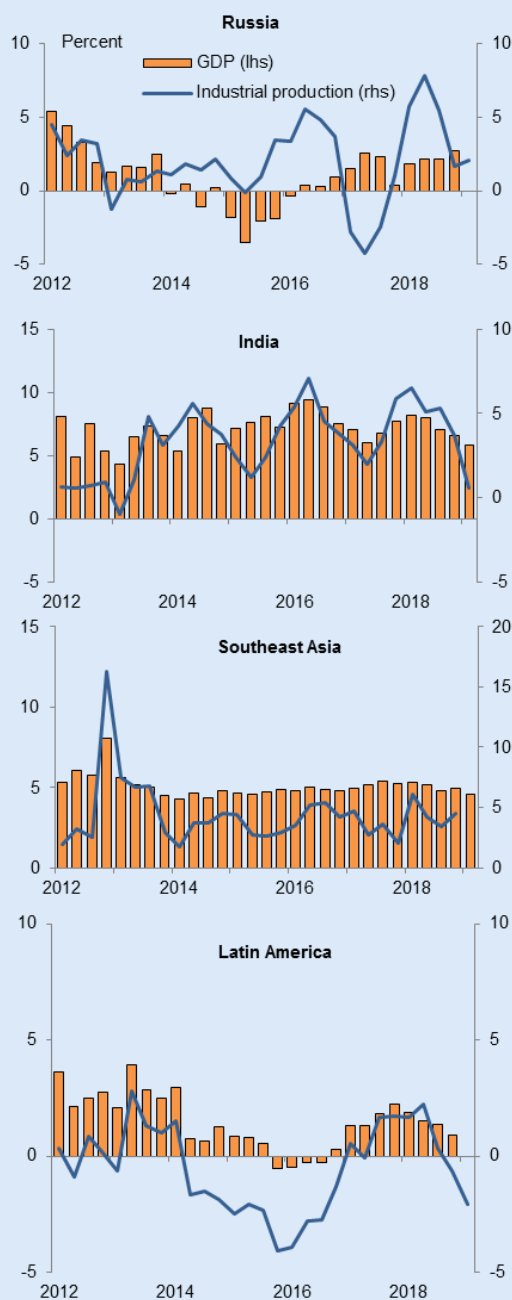


Monthly data, 12-month moving average.

Source: General Administration of Customs; own calculations.

7. Emerging Economies

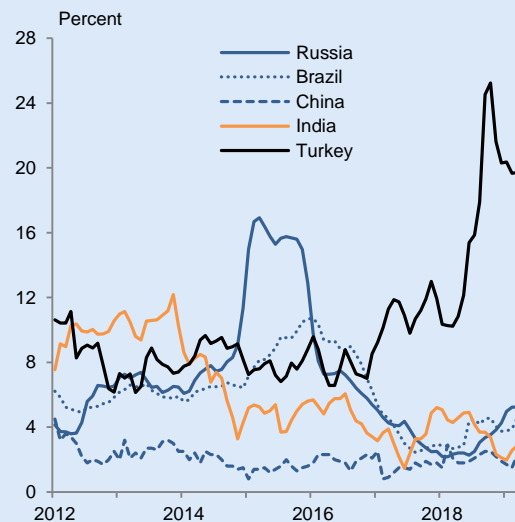
Figure 7.1:
GDP and industrial production in Emerging Economies
2012–2019



Quarterly data; volumes; seasonally adjusted; change over previous year; 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.

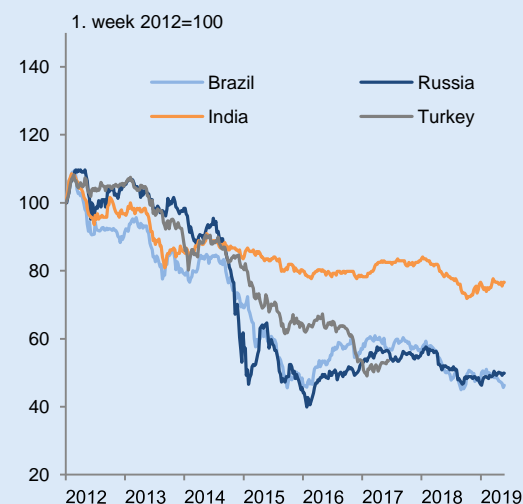
Figure 7.2:
Consumer price inflation in large emerging
economies, 2012–2019



Monthly data; change over previous year.

Source: National Statistics Offices.

Figure 7.3:
US dollar exchange rates, 2012–2019



Weekly data. Last observation: 27.05.2019.

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	2.3	2.0	2.0	1.8	1.8	1.5
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Euro area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates												
US-dollar/euro	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Yen/US-dollar	108.3	109.2	111.5	112.8	113.0	111.0	110.0	110.0	110.0	110.0	110.0	110.0
Oil price (Brent, US-dollar)	66.9	74.5	75.1	68.8	63.2	67.9	61.3	61.6	61.9	62.2	62.5	62.8
HWI-Index indust. commodities	129.8	129.5	121.9	118.1	123.6	124.8	125.2	125.6	126.0	126.6	127.2	127.9

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, 2018–2020

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
European Union	36.7	2.0	1.5	1.5	2.0	1.6	1.8	7.2	6.7	6.4
Euro area	26.6	1.9	1.2	1.4	1.7	1.3	1.5	8.2	7.6	7.2
United Kingdom	5.9	1.4	1.4	1.2	2.4	2.0	2.3	4.1	4.2	4.4
Sweden	1.1	2.4	2.3	2.1	2.0	2.0	2.2	6.3	5.9	5.7
Poland	1.1	5.1	3.5	3.0	1.2	1.1	1.9	3.9	3.7	3.6
Switzerland	1.4	2.5	1.4	1.8	0.9	0.8	1.1	4.7	4.4	4.3
Norway	0.8	1.7	1.2	1.4	2.8	2.5	2.1	4.2	3.8	3.7
United States	41.2	2.9	2.4	1.6	2.4	1.9	2.3	3.9	3.8	3.8
Canada	3.5	1.8	1.2	1.4	2.2	1.9	2.0	5.8	5.9	6.0
Japan	10.3	0.8	0.9	0.8	1.0	0.8	1.7	2.4	2.4	2.3
South Korea	3.2	2.7	1.7	2.8	1.5	1.0	1.4	3.9	4.1	4.0
Australia	2.8	2.9	2.2	2.4	2.0	1.6	1.8	5.4	5.4	5.3
Total	100.0	2.3	1.8	1.5	2.1	1.7	2.0	5.3	5.1	4.9

Based on GDP at prices and exchange rates of 2018 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 2018.

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	21.3	1.5	0.7	1.2	1.9	1.4	1.5	3.4	3.1	3.0
France	14.8	1.7	1.4	1.4	2.1	1.3	1.4	9.1	8.6	8.3
Italy	11.1	0.7	0.1	0.6	1.3	0.9	0.8	10.6	10.3	10.1
Spain	7.6	2.6	2.4	2.0	1.7	1.2	1.4	15.3	13.6	12.5
Netherlands	4.9	2.6	1.8	1.8	1.6	2.3	1.7	3.8	3.3	3.0
Belgium	2.8	1.4	1.3	1.4	2.3	1.8	1.8	6.0	5.5	5.2
Austria	2.4	2.7	1.3	1.0	2.1	1.4	1.3	4.9	4.7	4.6
Ireland	1.5	6.9	4.0	1.9	0.5	0.9	1.2	5.8	4.6	4.0
Finland	1.2	2.4	1.2	1.3	1.2	1.1	1.0	7.4	6.6	6.2
Portugal	1.3	2.1	1.6	1.5	1.2	0.7	0.8	7.1	6.5	6.0
Greece	2.0	1.9	1.3	2.0	0.8	0.8	1.0	19.3	17.6	15.7
Slovak Republic	0.6	4.1	3.5	3.1	2.5	2.2	2.2	6.5	5.7	5.5
Luxembourg	0.4	2.6	2.6	2.8	2.0	2.0	2.1	5.4	5.1	4.9
Slovenia	0.3	4.6	3.0	2.4	1.9	1.4	1.5	5.1	4.3	4.0
Lithuania	0.3	3.5	4.1	3.5	2.5	2.2	2.3	6.2	5.7	5.4
Latvia	0.2	5.0	3.0	3.6	2.6	2.7	2.7	7.4	6.5	6.2
Estonia	0.2	3.9	4.4	3.5	3.4	2.5	2.9	5.4	4.5	4.0
Cyprus	0.1	3.9	3.6	3.2	0.8	1.2	1.6	8.4	6.9	5.8
Malta	0.1	6.7	2.9	3.7	1.7	1.3	1.7	3.7	3.4	3.3
United Kingdom	15.1	1.4	1.4	1.2	2.4	2.0	2.3	4.0	3.6	3.4
Sweden	2.9	2.4	2.3	2.1	2.0	2.0	2.2	6.3	5.9	5.7
Poland	3.1	5.1	3.5	3.0	1.2	1.1	1.9	3.9	3.7	3.6
Denmark	1.9	1.2	2.0	1.5	0.7	1.6	1.2	5.0	5.0	4.7
Czech Republic	1.3	3.0	2.6	2.5	2.0	2.1	2.6	2.3	2.1	2.0
Romania	1.3	4.2	4.3	3.5	4.1	3.3	3.5	4.2	3.7	3.5
Hungary	0.8	5.0	4.3	3.0	2.9	3.7	3.8	3.7	3.4	3.3
Bulgaria	0.3	3.3	3.1	2.8	2.6	2.4	3.0	5.2	4.4	4.1
Croatia	0.3	2.6	1.6	1.6	1.6	1.0	1.8	8.5	7.1	6.1
European Union	100.0	2.0	1.4	1.5	2.0	1.6	1.7	7.2	6.6	6.3
<i>Addendum:</i>										
European Union 15	91.3	1.7	1.2	1.3	1.8	1.4	1.5	7.4	6.9	6.5
Accession countries	8.7	4.4	3.5	3.0	0.4	0.4	0.4	5.8	5.2	4.9
Euro Area	72.9	1.9	1.2	1.4	1.7	1.3	1.3	8.2	7.6	7.2
Euro Area without Germany	51.6	2.0	1.4	1.4	1.7	1.3	1.3	9.9	9.2	8.7

Based on GDP at prices and exchange rates of 2018 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 2018. 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	5.1	5.1	3.8	3.2	3.3	4.0
Thailand	2.3	4.0	4.1	3.3	3.2	0.7	1.1	1.4	2.0
Malaysia	1.7	5.7	4.7	4.5	4.1	3.8	1.0	0.7	2.9
Philippines	1.6	6.7	6.2	5.4	5.3	2.9	5.2	3.3	3.5
Total	11.5	5.2	5.1	4.7	4.6	3.1	2.7	2.6	3.4
China	43.1	6.8	6.5	6.2	5.8	1.6	2.1	2.4	2.3
India	17.9	6.7	7.4	6.0	6.7	3.8	3.5	3.8	5.0
Asian countries	72.5	6.5	6.5	5.9	5.8	2.3	2.6	2.8	3.1
Brazil	5.7	1.1	1.1	1.3	2.5	3.4	3.7	4.2	4.0
Mexico	4.4	2.4	2.0	1.5	2.4	6.0	4.9	4.0	3.1
Argentina	1.6	2.7	-2.5	-2.0	1.8	26.9	30.0	40.0	26.0
Colombia	1.3	1.4	2.6	2.8	3.2	4.3	3.2	3.1	3.0
Venezuela	0.5	-14.0	-17.0	-20.0	-8.0	-	-	-	-
Chile	0.8	1.5	4.0	2.8	2.8	2.2	2.7	2.5	3.0
Peru	0.8	2.5	4.0	3.7	3.5	2.8	1.3	2.3	2.5
Latin American countries total	15.1	1.2	0.8	0.6	2.2	6.7	6.6	7.7	5.8
Russia	7.2	1.5	2.3	1.3	1.6	3.7	2.9	4.8	4.0
Turkey	3.9	7.0	3.8	-2.0	1.5	11.1	16.3	18.0	12.0
South Africa	1.3	1.4	0.8	1.2	1.5	5.3	4.6	5.0	5.4
Total	100.0	5.3	5.2	4.4	4.8	3.5	3.8	4.3	4.0

In percent. Weights: According to 2018 GDP at purchasing power parities. GDP: price adjusted; changes compared to the previous year. Consumer prices: changes compared to the previous year. Asia total, Latin America total: based on listed countries.

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