

# **Global and CAREC Countries Economic Outlook**

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# Overview

## Global Outlook

- Recovery and needs for rebalancing

## CAREC Outlook

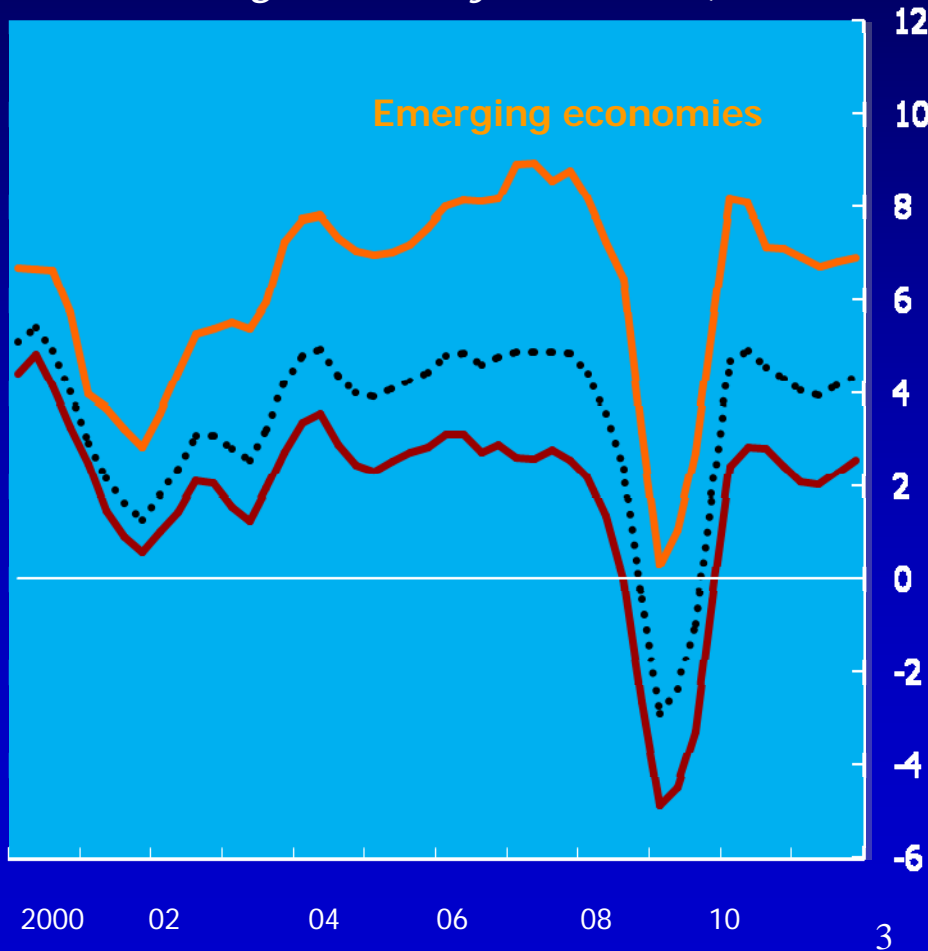
- Macro-financial situation and outlook

## Key Policy Messages

- Policies in the period ahead

# Global outlook: Two-speed recovery is in motion

Real GDP Growth  
(percent change from a year earlier)



Temporary slow-down  
2010:H2 — 2011:H1

# Oil prices expected to continue to drift upwards, in line with global demand

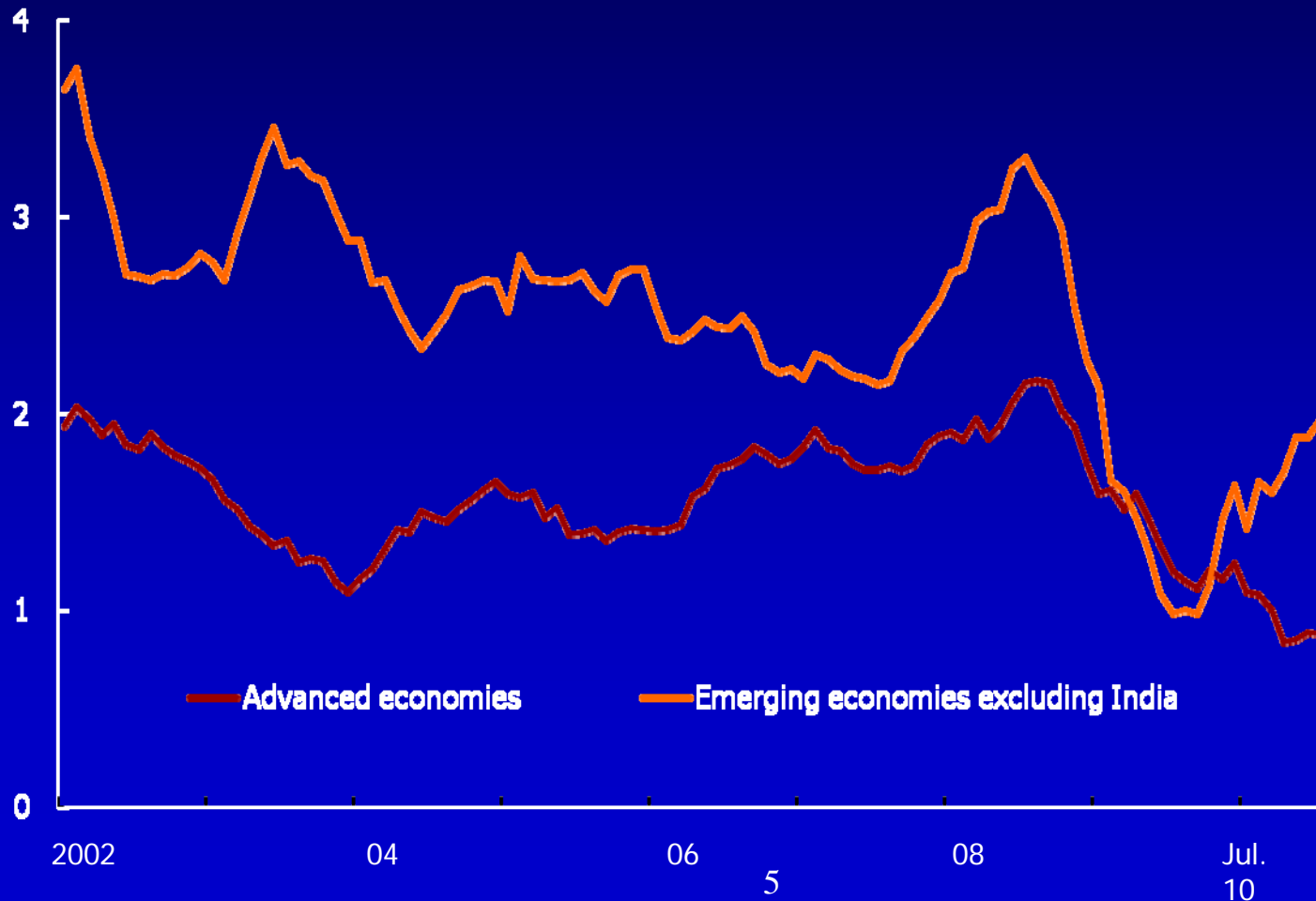


1/Simple average of three spot prices; Brent, West Texas and Dubai.

# Inflationary pressures are forecast to remain subdued

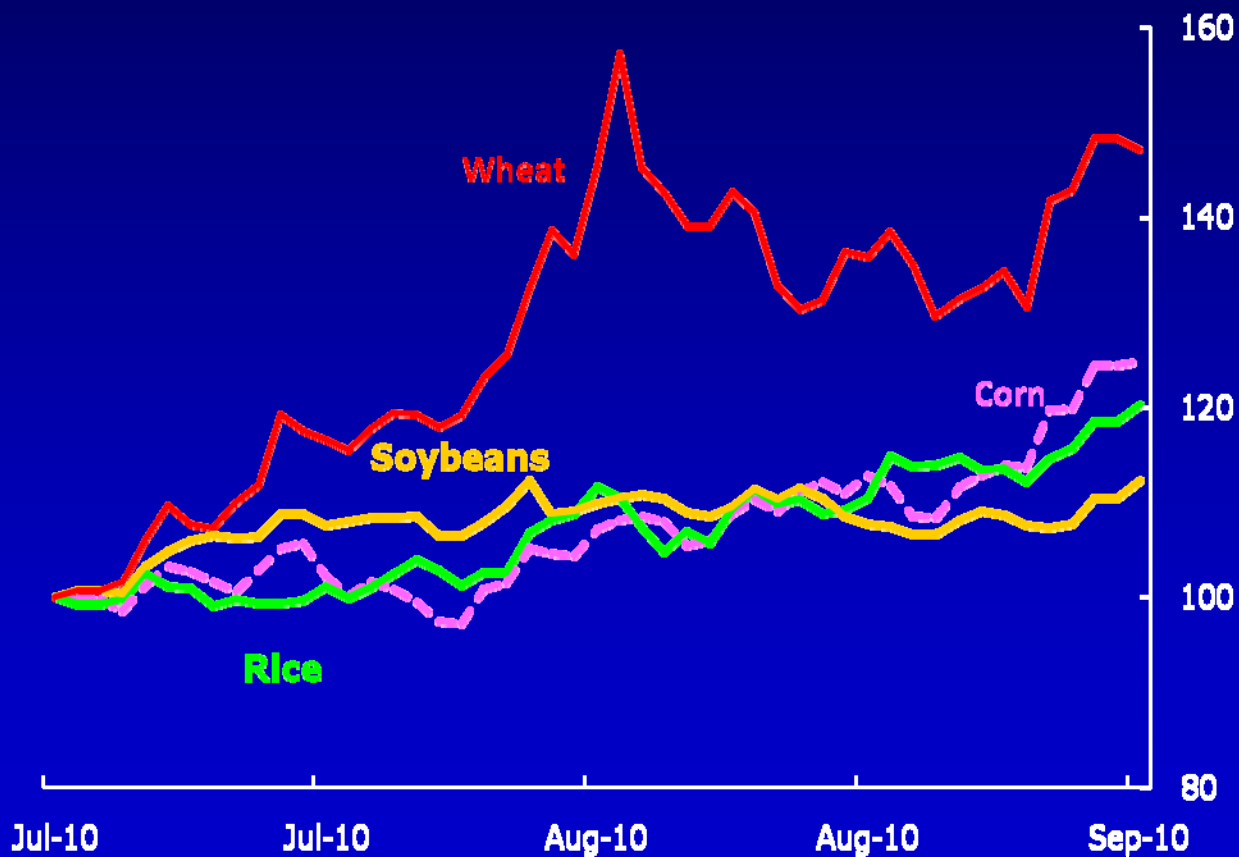
Core Inflation

*(Twelve-month change in the core CPI)*



# Temporary Wheat Supply Shock, Limited Spillovers

Major Food Crops, Nearest Futures Prices  
(index, Jul. 1, 2010 = 100)

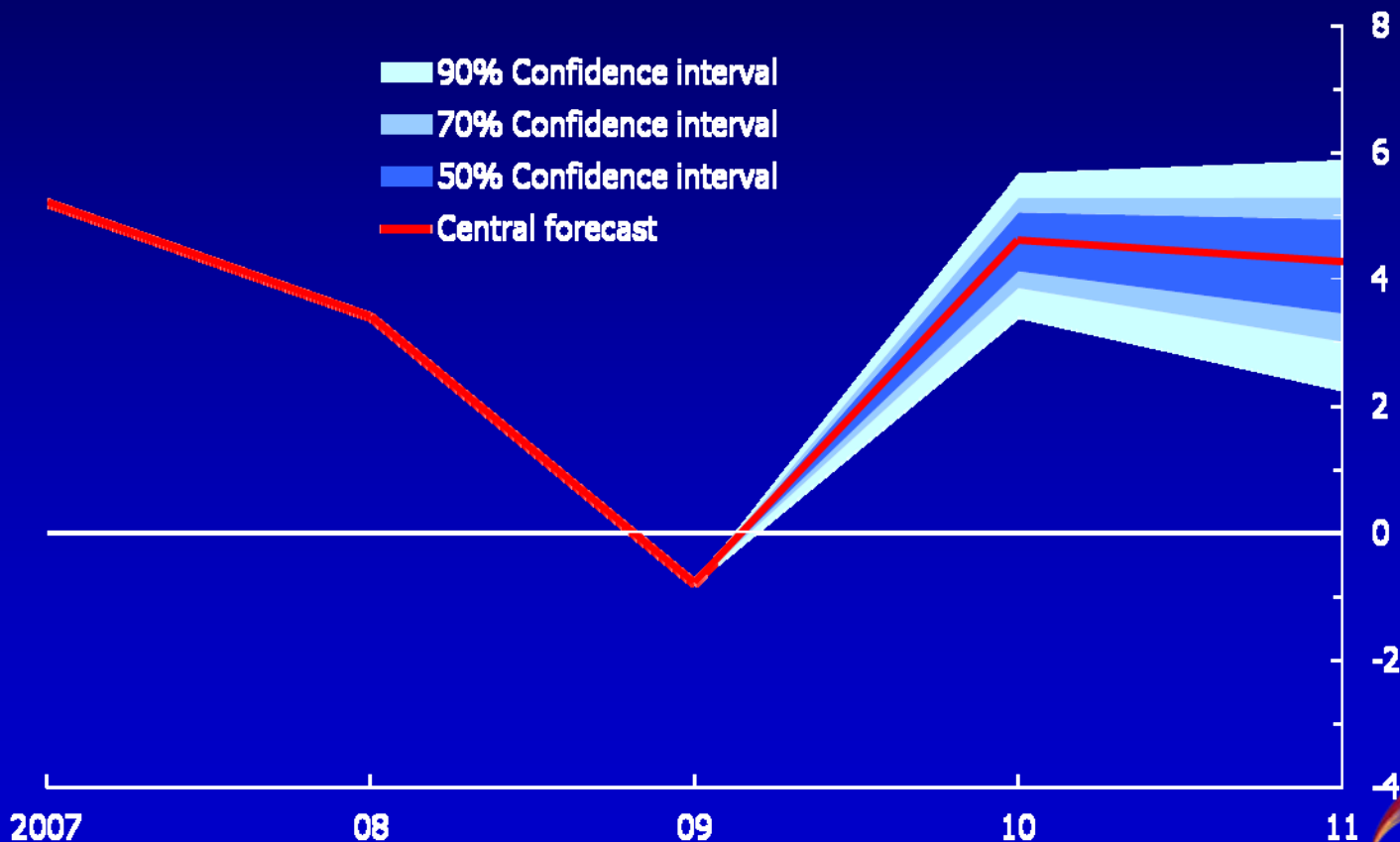


# Downside risks to global recovery



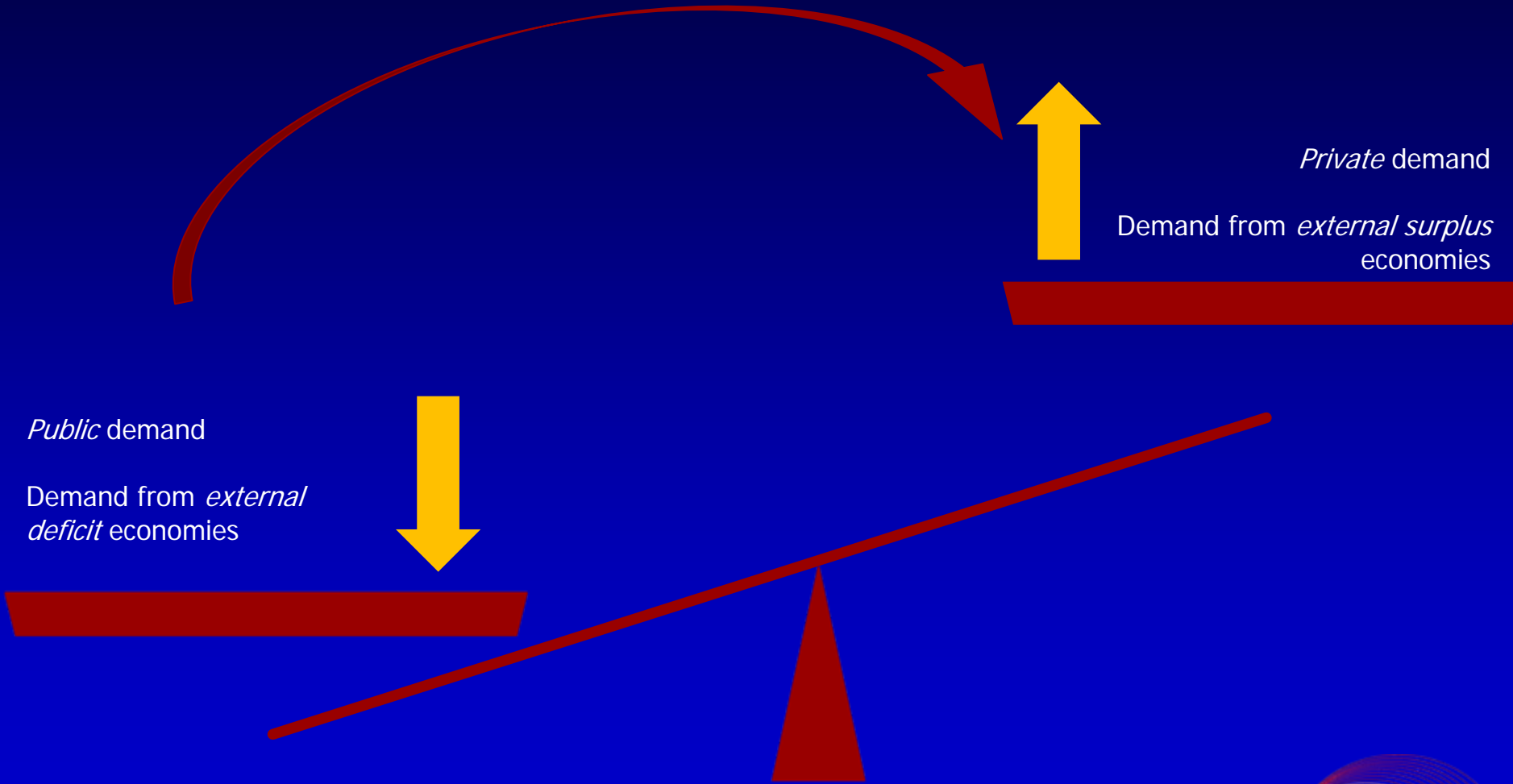
# While risks remain, global double-dip is unlikely

Prospects for World GDP Growth  
(percent change)





# Key messages: Recovery still fragile; Rebalancing needed along two dimensions



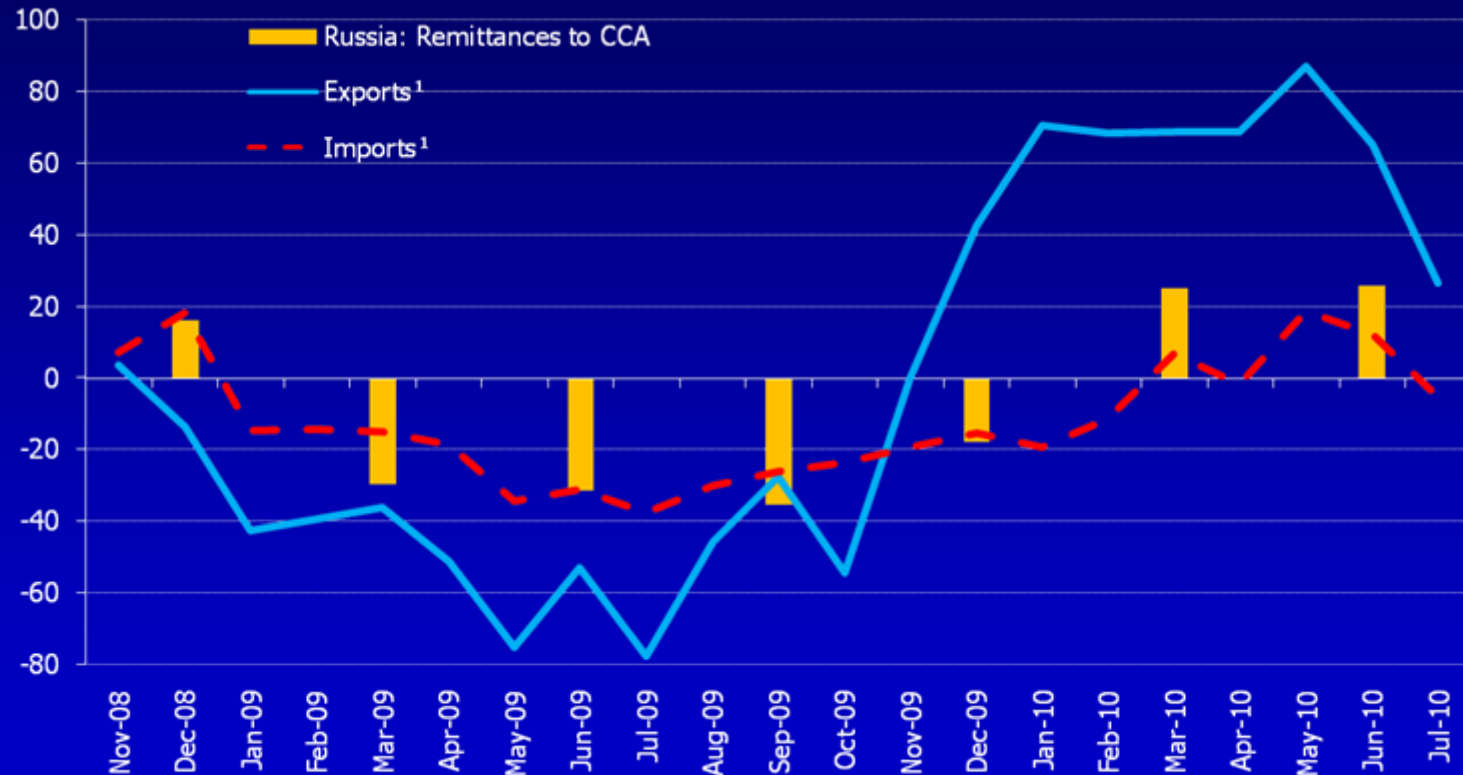
# CAREC COUNTRIES

# Growth is rebounding...

Real GDP, annual percentage change



# ...and trade and remittance flows are recovering



Sources: Central Bank of Russia; EMED Emerging CIS; and National Authorities.

<sup>1</sup>Excludes Afghanistan, China, Turkmenistan and Uzbekistan.

# There are signs of rising inflationary pressures

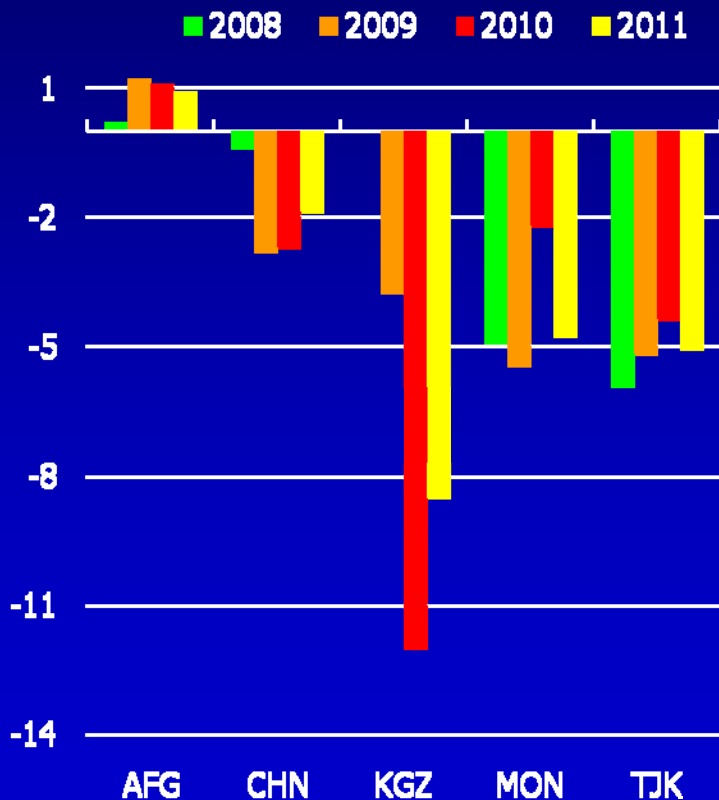
Consumer price index; annual percentage change



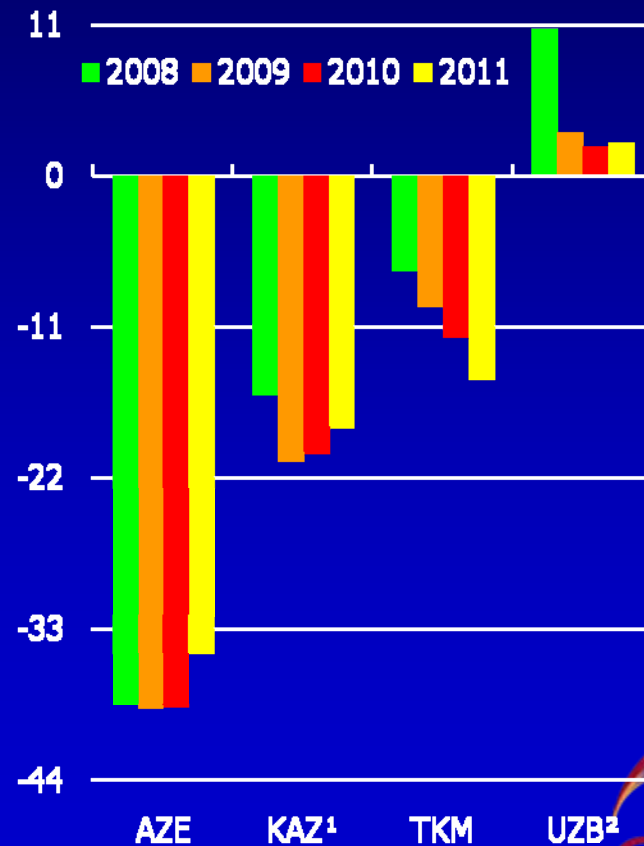
<sup>1</sup> Excludes Turkmenistan. Weighted by the population.

# Fiscal consolidation is on the agenda in many countries

Oil and Gas Importers: Overall fiscal balance  
(Percent of GDP)

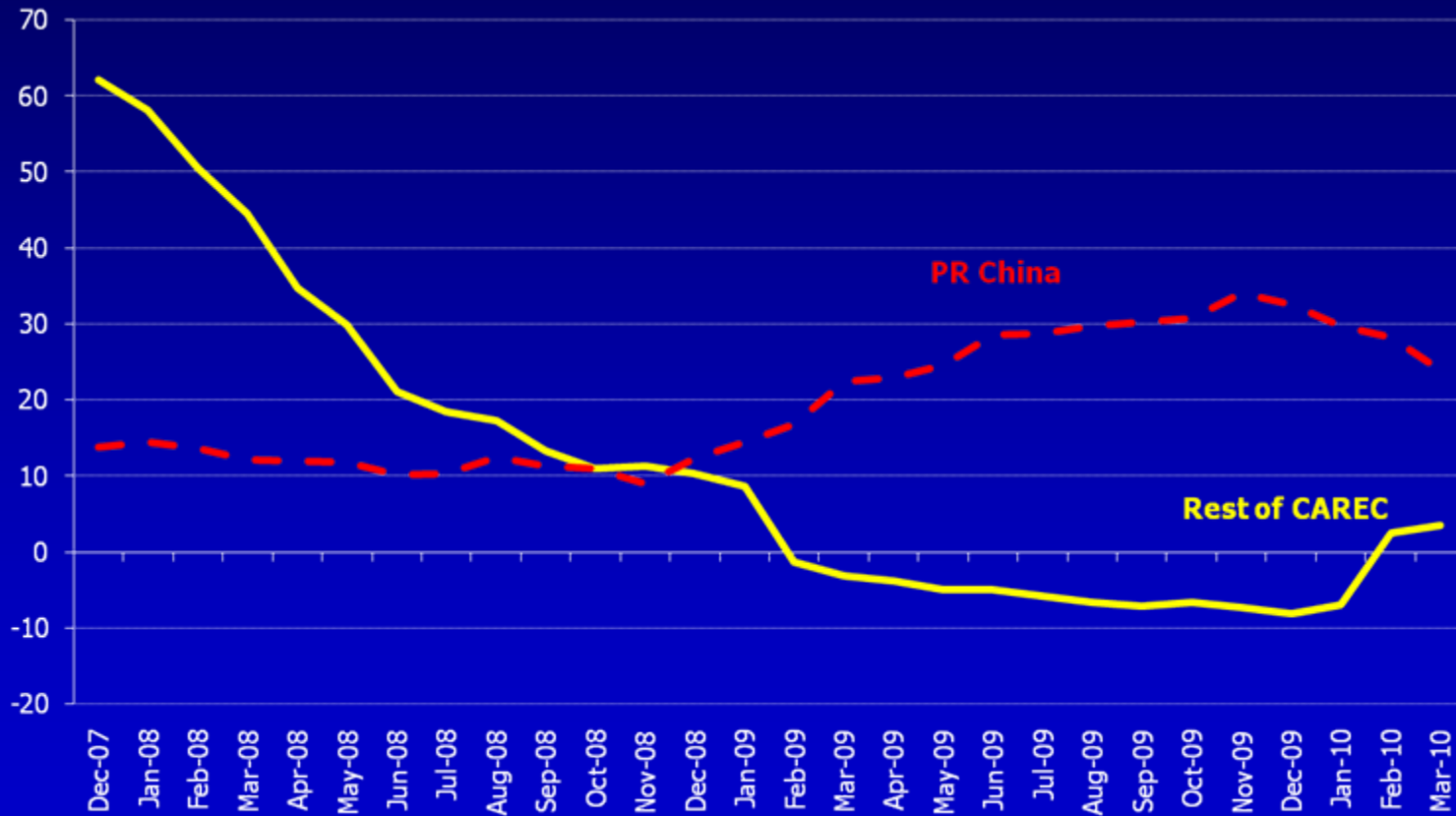


Oil and Gas Exporters: Non-oil fiscal balance  
(Percent of non-oil GDP, except Uzbekistan)



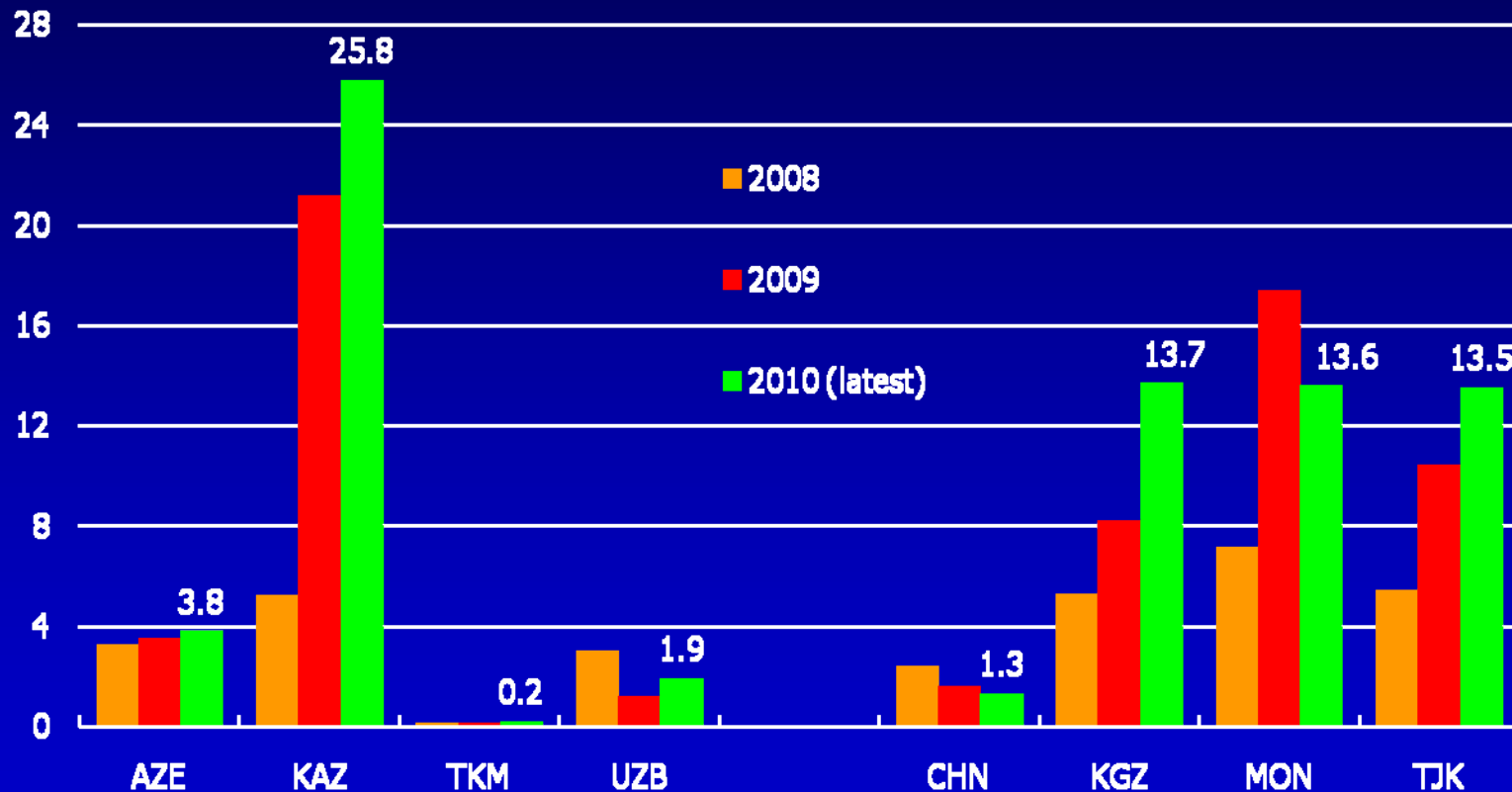
# Credit growth remains subdued...

Annual percentage change



# ...and some countries need to tackle high and rising NPLs

Nonperforming loans; percent of total loans



Source: National authorities.



# Key Policy Messages

- With growth recovering, countries can start exiting from accommodative policies
- Close attention to inflation developments is needed
- Banking systems need to be repaired in some countries