

## Event Update - IMF World Economic Outlook

April-2024

### Global real GDP growth to see steady recovery...

In its latest World Economic Outlook report, the IMF forecasted the Global real GDP at 3.2% in 2023, and the same levels are expected to continue in 2024 and 2025. The forecast for 2024 is revised upward by 10 bps from the January-2024 forecast and by 30 bps from the October-2023 forecast. The IMF also stated that the global growth in 2024 and 2025 is projected to be lower than the historical (2000-19) annual average of 3.8% due to high borrowing costs, withdrawal of fiscal support, COVID-19 pandemic, Russia's-Ukraine conflict, low productivity growth, and increasing geoeconomic fragmentation.

The upward revisions were made to forecast for both Advanced Economies, EM & Developing Economies as compared to the previous forecast. Growth estimates for Advanced Economies witnessed an upward revision of 20 bps to 1.7% for 2024 and remained unchanged for 2025 at 1.8%. Advanced economies are predicted to grow modestly, primarily reflecting the eurozone's comeback from slow growth in 2023, on the other hand, growth expectation for EM and Developing Economies witnessed an upward revision of 10 bps for 2024, and remain unchanged for 2025 at 4.2%. EM & Developing Economies are expected to grow steadily through 2024 and 2025, with disparities by region.

According to the IMF, despite fears of stagflation and recession, worldwide inflation fell, and economic activity continued to grow steadily. It is predicted that the average price of fuel commodities will decrease by 9.7% in 2024, with an approximate 2.5% decline in oil prices. The declines are a result of robust non-OPEC+ supply growth and an abundance of spare capacity. Post-pandemic supply-side expansion led to stable global economic activity and lower inflation. Increased labor force participation and strong employment growth boosted activity and disinflation in advanced, emerging, and middle-income economies. In several economies, the labor force has grown faster among foreign-born individuals than domestic-born individuals since 2021, with greater participation rates.

Country/Regions	Apr - 2024 Forecasts			Rev. from Jan-24	
Real GDP Growth	2023	2024e	2025e	2024e	2025e
<b>World Output</b>	3.2%	3.2%	3.2%	0.1%	0.0%
<b>Advanced Economies</b>	1.6%	1.7%	1.8%	0.2%	0.0%
United States	2.5%	2.7%	1.9%	0.6%	0.2%
Euro Area	0.4%	0.8%	1.5%	-0.1%	-0.2%
<b>EM and Developing Economies</b>	4.3%	4.2%	4.2%	0.1%	0.0%
China	5.2%	4.6%	4.1%	0.0%	0.0%
India	7.8%	6.8%	6.5%	0.3%	0.0%
Middle East and Central Asia	2.0%	2.8%	4.2%	-0.1%	0.0%
Saudi Arabia	-0.8%	2.6%	6.0%	-0.1%	0.5%
Sub-Saharan Africa	3.4%	3.8%	4.0%	0.0%	-0.1%
<b>Trade Volume Growth</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>
<b>World Trade Volume</b>	0.3%	3.0%	3.3%	-0.3%	-0.3%
Advanced Economies - Exports	0.9%	2.5%	2.9%	-0.1%	-0.3%
EM & Dev. Economies - Exports	-0.1%	3.7%	3.9%	-0.4%	-0.4%
Advanced Economies - Imports	-0.1%	2.0%	2.8%	-0.7%	-0.4%
EM & Dev. Economies - Imports	2.0%	4.9%	4.1%	0.0%	-0.3%
<b>Consumer Prices Change</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>
Advanced Economies	4.6%	2.6%	2.0%	0.0%	0.0%
EM and Developing Economies	8.3%	8.3%	6.2%	0.2%	0.2%

Sources : IMF WEO - Apr-2024

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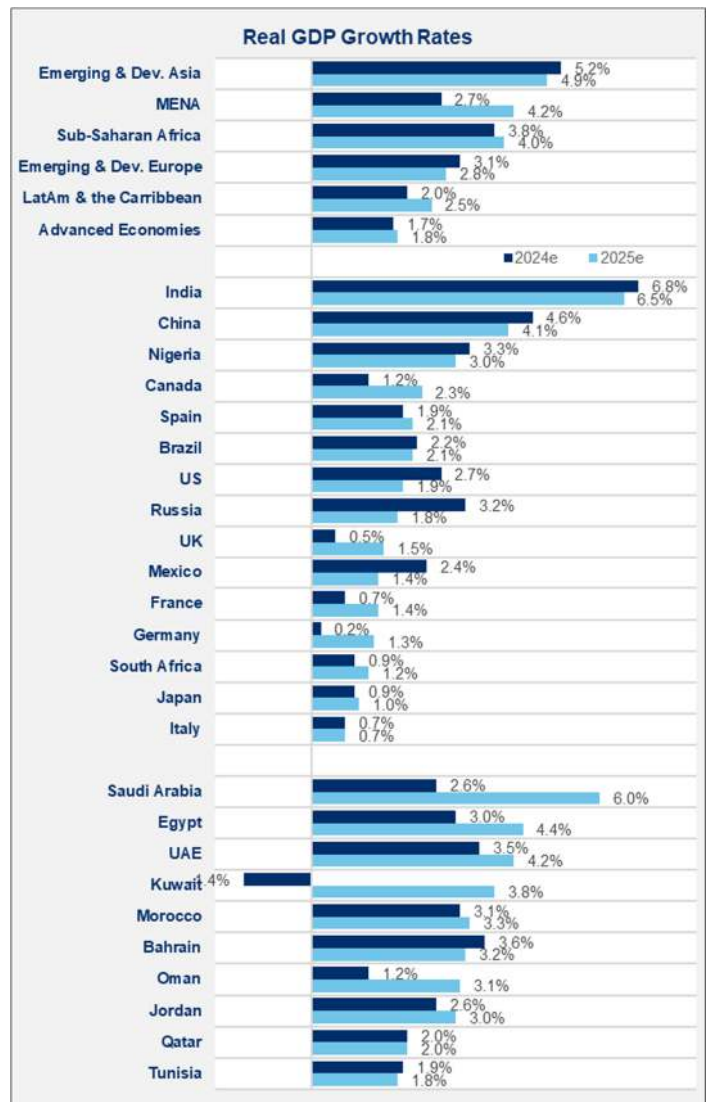
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### Advanced economies to see modest growth this year...

The modest upward revision to growth forecast for 2024 mainly reflected a positive growth in Advanced Economies and Emerging Market and Developing Economies. Growth in Advanced economies was raised by 20 bps for 2024 and remained unchanged for 2025. On the other hand, growth for Emerging Market and Developing Economies was revised up by 10 bps for 2024 and kept unchanged for 2025 at 4.2%. According to IMF projections, growth in the US is expected to reach 2.7% in 2024 and then drop to 1.9% in 2025 due to an expected slowdown in labor markets and gradual fiscal tightening. The upward revision of 60 bps for 2024 from the January 2024 WEO Update is mostly due to statistical spillover effects from a growth outcome that was greater than anticipated in the Q4-2023. Furthermore, this stronger momentum is anticipated to continue into 2024.

Meanwhile, growth in the Euro Area is expected to increase from 0.4% in 2023 to 0.8% in 2024 and 1.5% in 2025, notwithstanding the considerable vulnerability to the Ukrainian conflict. As energy prices fall and inflation decreases, consumer consumption is likely to increase, driving the recovery. Within the region, growth expectations for Germany was revised down by 30 bps to 0.2% in 2024, compared to the January-2024 forecast and lowered by 30 bps to 1.3% for 2025. The growth rate of UK is expected to increase from 0.1% in 2023 to 0.5% in 2024 as high energy prices subside. It is further expected to increase to 1.5% in 2025 as disinflation eases within the region, financial conditions and real incomes recover.

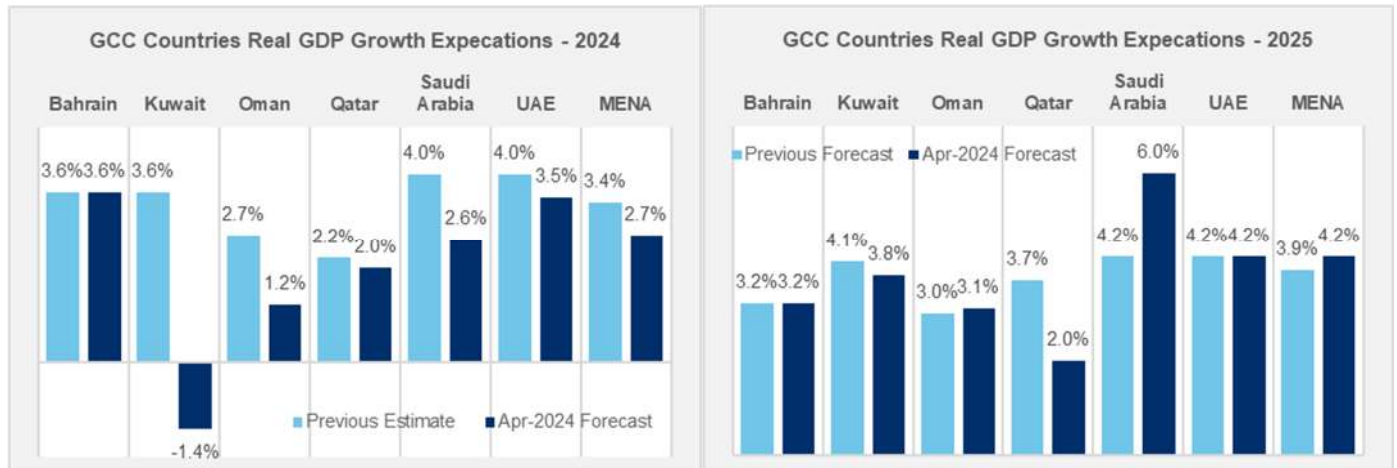
Growth in Japan is kept unchanged at 0.9% for 2024 and was revised up by 20 bps to 1.0% for 2025. Low income developing countries witnessed a downward revision of 20 bps to a growth of 4.7% for 2024 and 5.2% to 2025, as certain constraints on near-term growth are expected to ease. Meanwhile, China's GDP growth is expected to be lower than the historical levels at 4.6% for 2024 and to 4.1% for 2025, primarily due to the property sector which remains weak despite the positive effects of one-time parameters such as the post-pandemic boost to spending and fiscal stimulus. Meanwhile, India's growth was revised up by 30 bps for 2024 to 6.8% and left unchanged at 6.5% for 2025 supported by the continued support in domestic demand and an increasing working-age population. Growth in Middle East and Central Asia is expected to increase from 2.0% in 2023 to 2.8% in 2024 and 4.2% in 2025, with 10 bps decrease in 2024 compared to WEO January 2024 predictions. The 2024 growth prediction for Iran and other smaller economies has been revised downward due to decreasing non-oil activity and oil income. Emerging and developing Europe growth rate is expected to reach 3.2% in 2023 and 3.1% in 2024, before slowing to 2.8% in 2025. Since January, the projections have been revised upward by 50 bps for 2023 and 30 bps for 2024 and 2025. Russia's growth is expected to slow from 3.2% in 2024 to 1.8% in 2025 due to fading impacts from high investment, robust private consumption, and wage growth in a tight labor market.



Source : IMF WEO - Apr-2024

### MENA & GCC GDP Growth

Growth for the Middle East and North Africa region was slashed by 20 bps for 2024 to an expected growth of 2.7% and left unchanged at 4.2% for 2025. Saudi Arabia's growth was slashed by 10 bps for 2024 to 2.6%. However, for 2025, the expected growth was revised up by 50 bps to 6.0%. Real GDP growth for Kuwait and Oman in 2024 were revised downward by 500 bps to -1.4% and 150 bps to 1.2%, respectively. UAE growth is expected to fall by 50 bps to 3.5%. There was no change in forecast for Bahrain at 3.6%, while Qatar is expected to decline by 20 bps to 2.0%. For the year 2025, Oman is expected to grow by 10 bps to 3.1%. Kuwait and Qatar are forecasted to decline by 30 bps and 170 bps to 3.8% and 2.0%, whereas UAE and Bahrain remains the same.



Source : IMF WEO - Apr-2024

### Inflation is expected to fall

Global headline inflation has declined since 2022 due to reduced relative price shocks, particularly for energy, and lower core inflation. Energy prices have declined due to increased global supply and tight monetary policy's. Monetary tightening by central banks in key industrialized economies in 2022-2023 resulted in a fall in energy demand and consequently energy prices.

Global headline inflation is projected to decrease from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. Advanced Economies are expected to achieve their inflation targets sooner than Emerging market and developing economies. Global growth is expected to slow to 3.1% in the next five years, the lowest in decades. Global economic gaps continue as middle and lower-income countries convergence toward improved living standards slows. According to the IMF, as the global economy approaches a soft landing, central banks are expected to prioritize stable inflation by avoiding premature easing or program delays that could result in target undershoots.

In late 2023, a number of economies saw headline inflation return to pre-pandemic levels, marking the first time since the global inflation started increase post the pandemic. In Q4-2023, Advanced Economies' headline inflation was 2.3% on an annualized basis, down from 9.5% in Q2-2022. In the Q4-2023, inflation in Emerging market and developing economies was 9.9%, down from 13.7% in the Q1-2022. However, this average was influenced by high inflation in a few countries. The median inflation rate in these economies was 3.9%. Despite progress, most economies have yet to achieve their inflation targets.

### Global Trade Volumes

The IMF expects the Global trade growth to reach 3.0% in 2024 and 3.3% in 2025, with a downward revision of 30 bps from January 2024 predictions, mainly reflecting the trends in global output growth. Over the medium run, trade growth is projected to be 3.2% in 2029, lower than the historical annual average of 4.9% from (2000-2019). Considering the low economic growth outlook, the projected ratio of total world trade to GDP (in USD) is expected to average 57% during the next five years. This is expected to be consistent with trade trends since the global financial crisis. According to the IMF, global trade-to-GDP ratios remain constant, but there are substantial variations in trade patterns due to geopolitical splits, particularly with the commencement of the conflict in Ukraine in February 2022.

Imports were revised downward by 70 bps for Advanced Economies to 2.0% for 2024 and to 2.8% for 2025, down by 40 bps. For the Emerging Market and Developing Economies, imports are expected to be stable at 4.9% for 2024 and revised downward by 30 bps for 2025 to 4.1%. On the other hand, exports from Advanced Economies are expected to decline by 10 bps and 30 bps for 2024 and 2025 to 2.5% and 2.9%, respectively. Similarly, exports are expected to decline for Emerging Market and Developing Economies by 40 bps for 2024 and 2025 to a growth rate of 3.7% and 3.9 %, respectively.

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