Global economy is in a synchronized global growth phase

Source: IMF, World Economic Outlook April 2018
Global economic outlook

World growth strengthened in 2017 to 3.8%, with a notable rebound in global trade. Global growth is expected to tick up to 3.9% in both 2018 & 2019 and to decline to 3.7% over the medium-term.

Source: IMF, World Economic Outlook April 2018
Economic outlook for main economic powers

- **India**: 7.4 (2018), 7.8 (2019)
- **China**: 6.6 (2018), 6.4 (2019)
- **United States**: 2.9 (2018), 2.7 (2019)
- **Euro Area**: 2.4 (2018), 2.0 (2019)
- **Japan**: 1.2 (2018), 0.9 (2019)

Source: IMF, World Economic Outlook April 2018
Key risks to the global economic outlook

- Current cycle: Long but not strong
- Global trade war
- Higher than expected rise in inflation
  …steeper path of monetary policy tightening
- High debt: Borrowing from future consumption
- Geopolitical tensions
Global Trade War

- Free trade critics point to USA’s trade deficit = unfair practice?
- Why aren’t Chinese consumers buying more US exports?

**Answer:** An uneven global playing field

- Uneven wealth is the true driver of trade imbalances ……not currency manipulation
- USA’s trade deficit are helping to create the world’s largest consumer market