

MENAP Regional Economic Outlook

May 2, 2017



Roadmap

The Global Context

The Outlook for the Region

Key Themes

What the IMF is doing to help

Global growth is gaining momentum



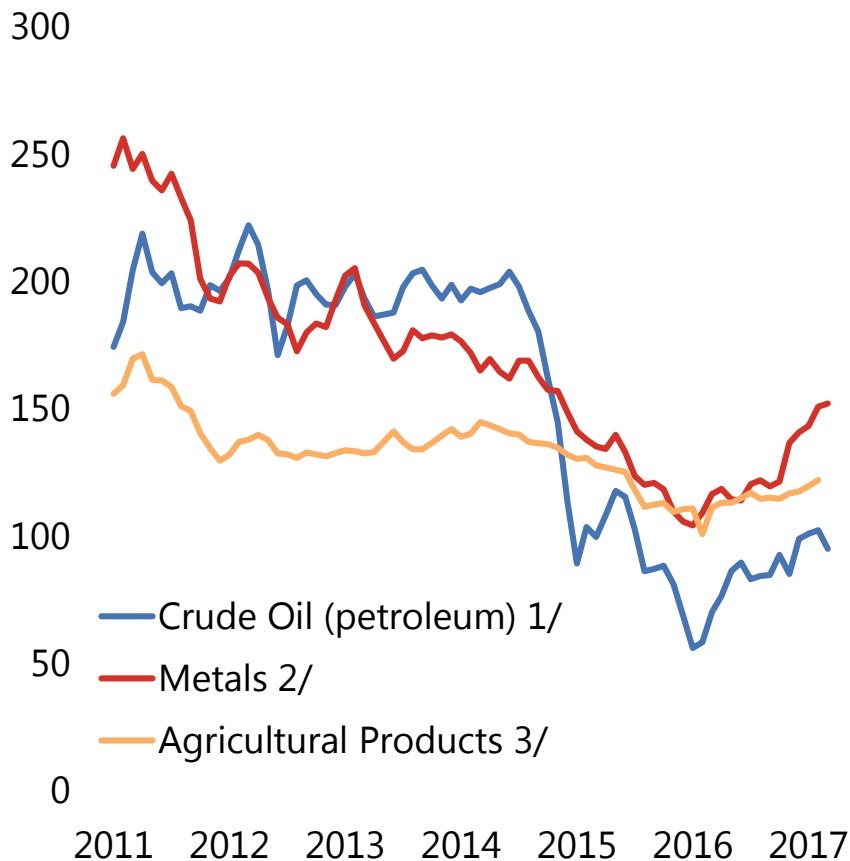
	World	U.S.	Euro Area	Emerging markets	China	Russia
2016	3.1	1.6	1.8	4.1	6.7	-0.2
2017	3.5	2.3	1.7	4.5	6.6	1.4
2018	3.6	2.5	1.6	4.8	6.2	1.4

Upward revisions to growth relative to October 2016 WEO are highlighted in green; downward revisions are highlighted in red.

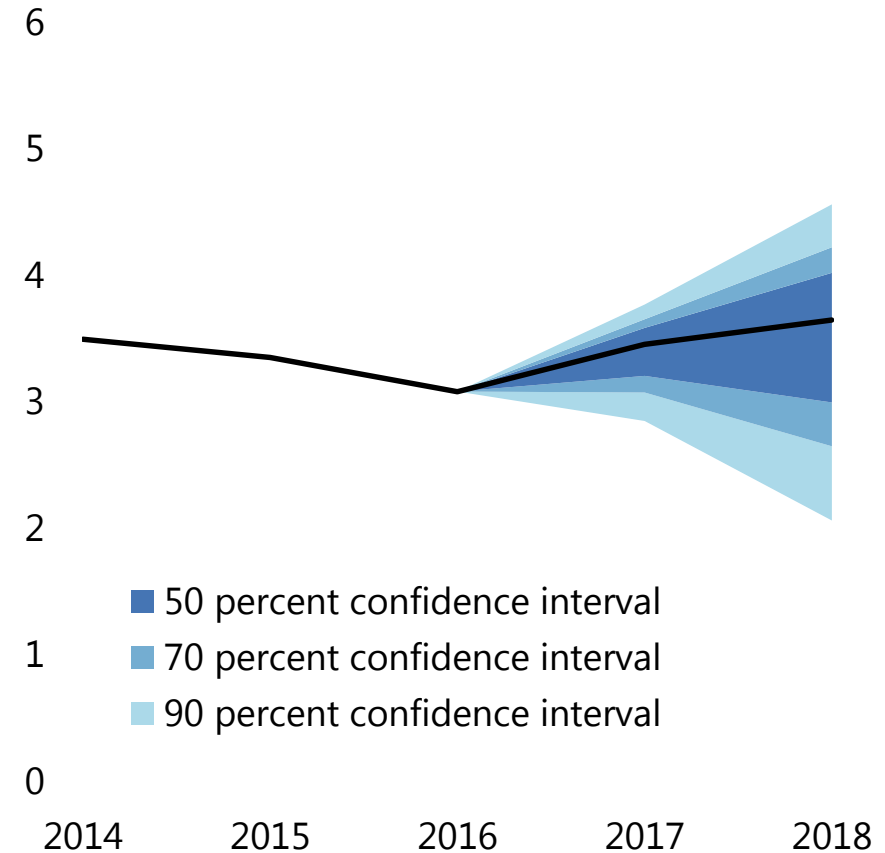


Bringing firmer commodity prices ... but uncertainty remains high

Commodity Prices
(Index, 2005=100)



World GDP Growth
(Percent change)



¹ Simple average of three spot prices; Dated Brent, West Texas Intermediate, and the Dubai Fateh.

² Includes Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead, and Uranium Price Indices.

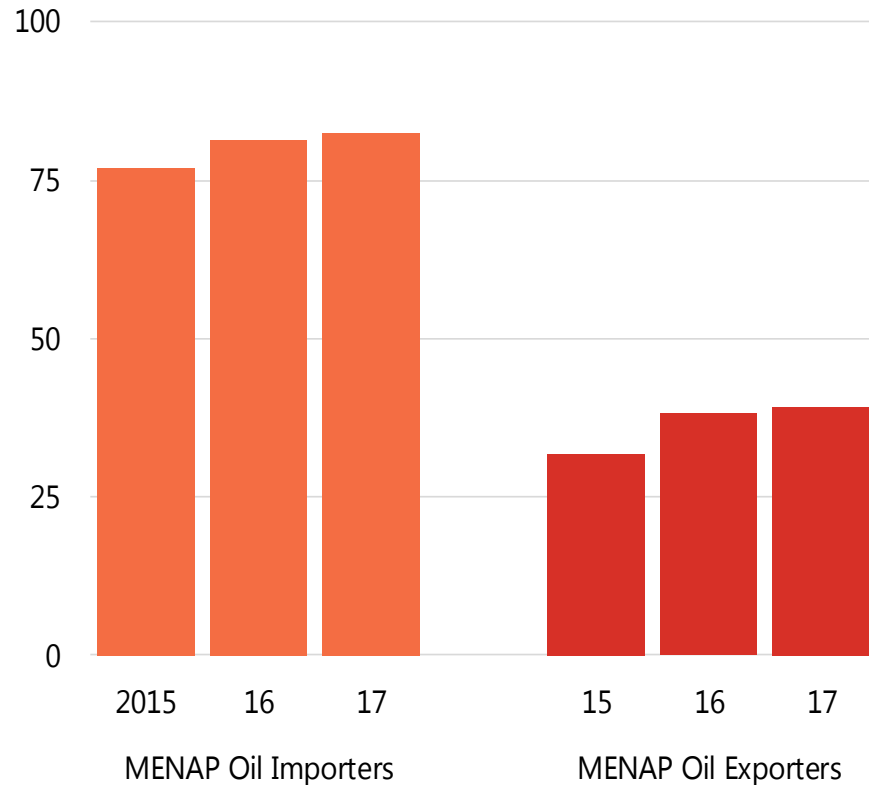
³ Includes Timber, Cotton, Wool, Rubber, and Hides Price Indices.



Existing stocks and new debt flows make global financial conditions a challenge

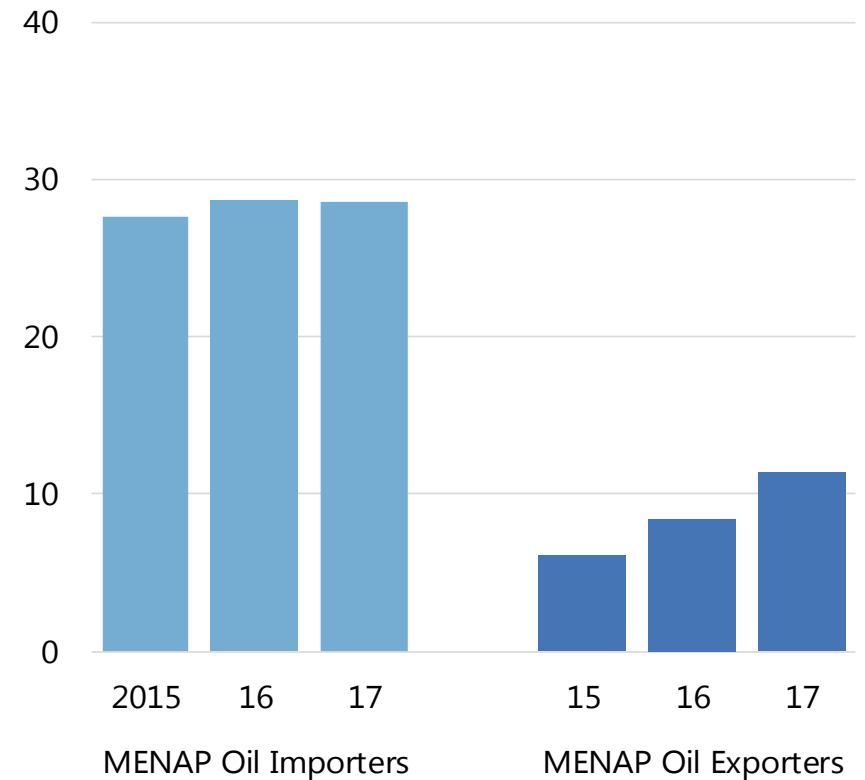
Gross Public Debt

(Percent of GDP & non-oil GDP for oil importers and exporters, respectively)



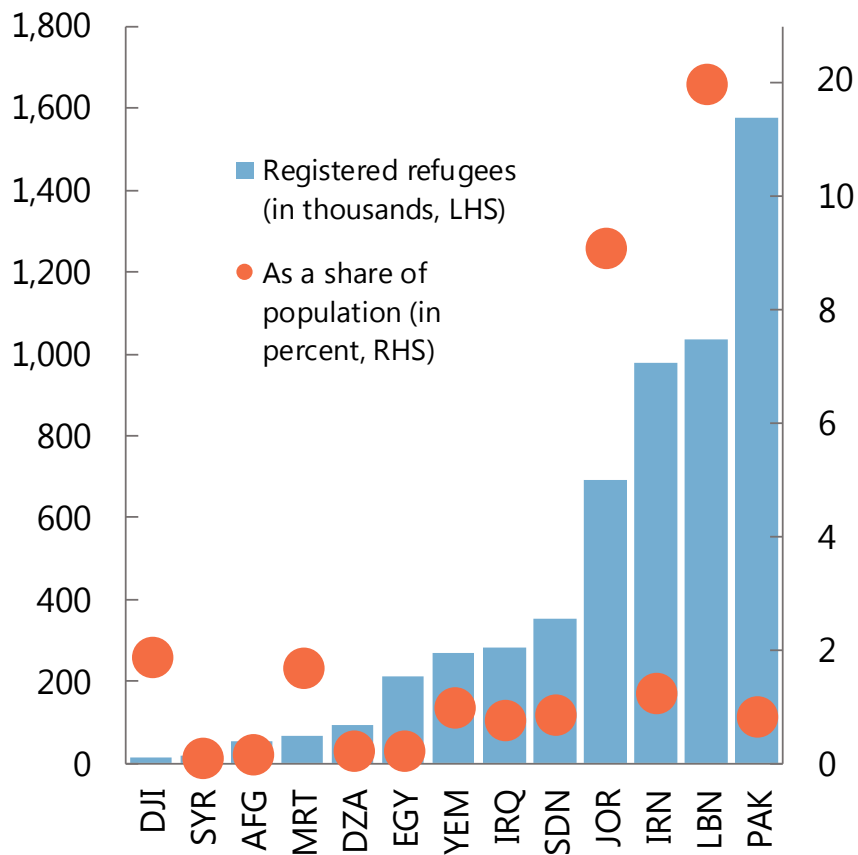
Interest Payments on Public Debt

(Percent of revenues & non-oil revenues for oil importers and exporters, respectively)

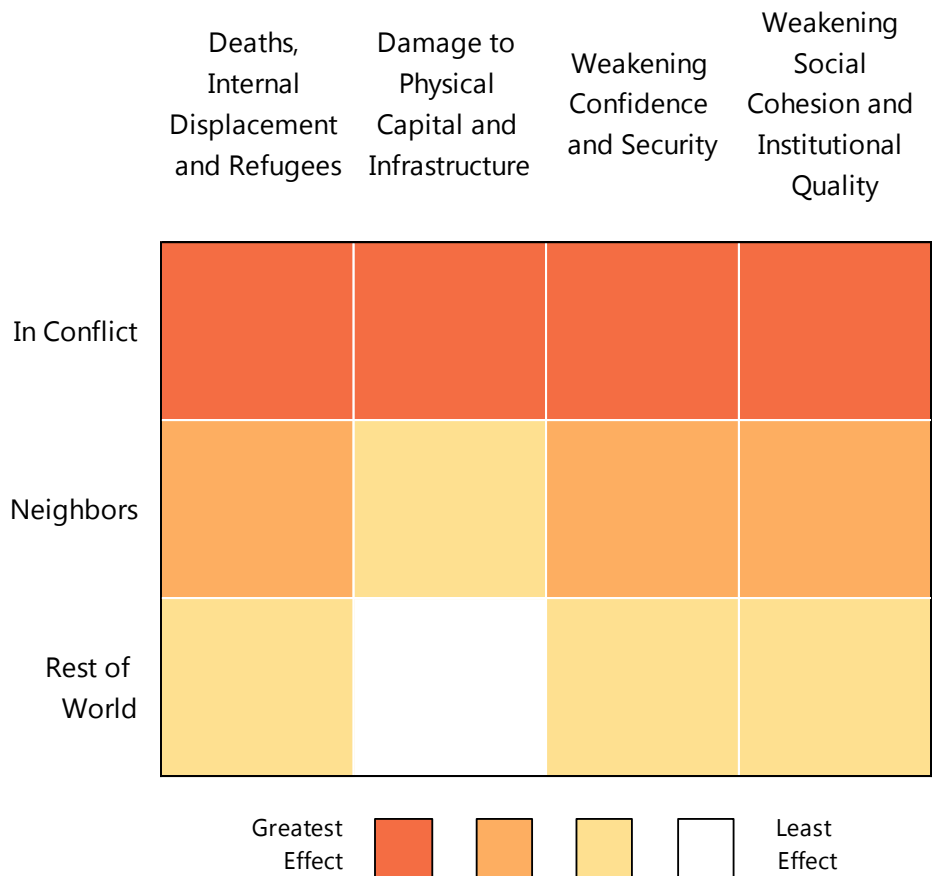


Regional conflicts continue to weigh on the outlook, with an added risk of famine in Somalia and Yemen

Refugees Hosted in MENAP Countries



Economic Transmission Channels from Conflict



Implications for the region?

- **Global growth momentum represents an opportunity**
 - Prospects for key trading partners have firmed
 - Reforms needed to diversify the economy, boost productivity, enhance competitiveness, generate employment
- **But elevated levels of risk need further mitigation**
 - Continued focus on rebuilding buffers
 - Address fiscal and financial vulnerabilities



Roadmap

The Context

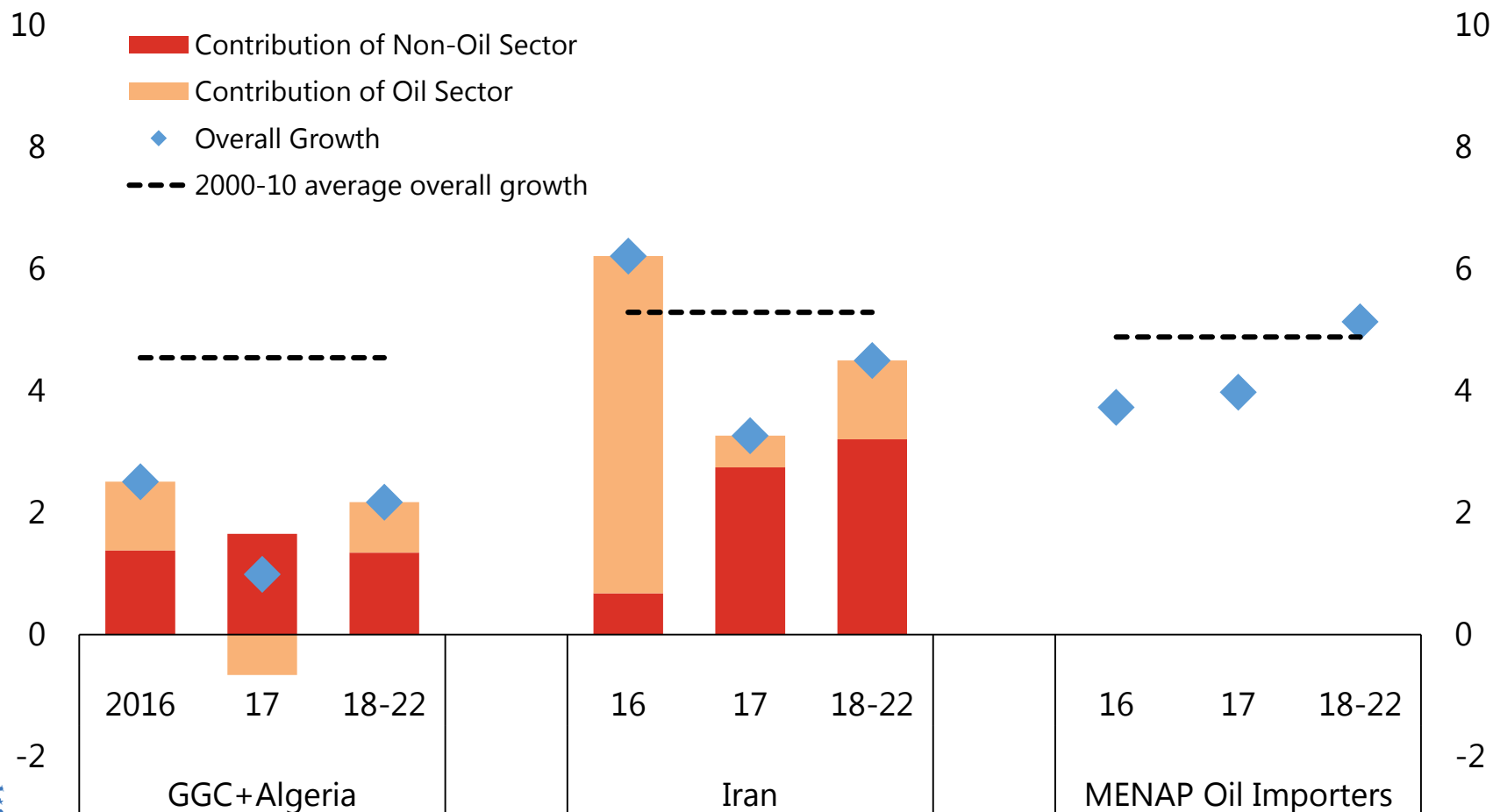
**The Outlook for the MENAP
Region**

Key Themes

What the IMF can do to help

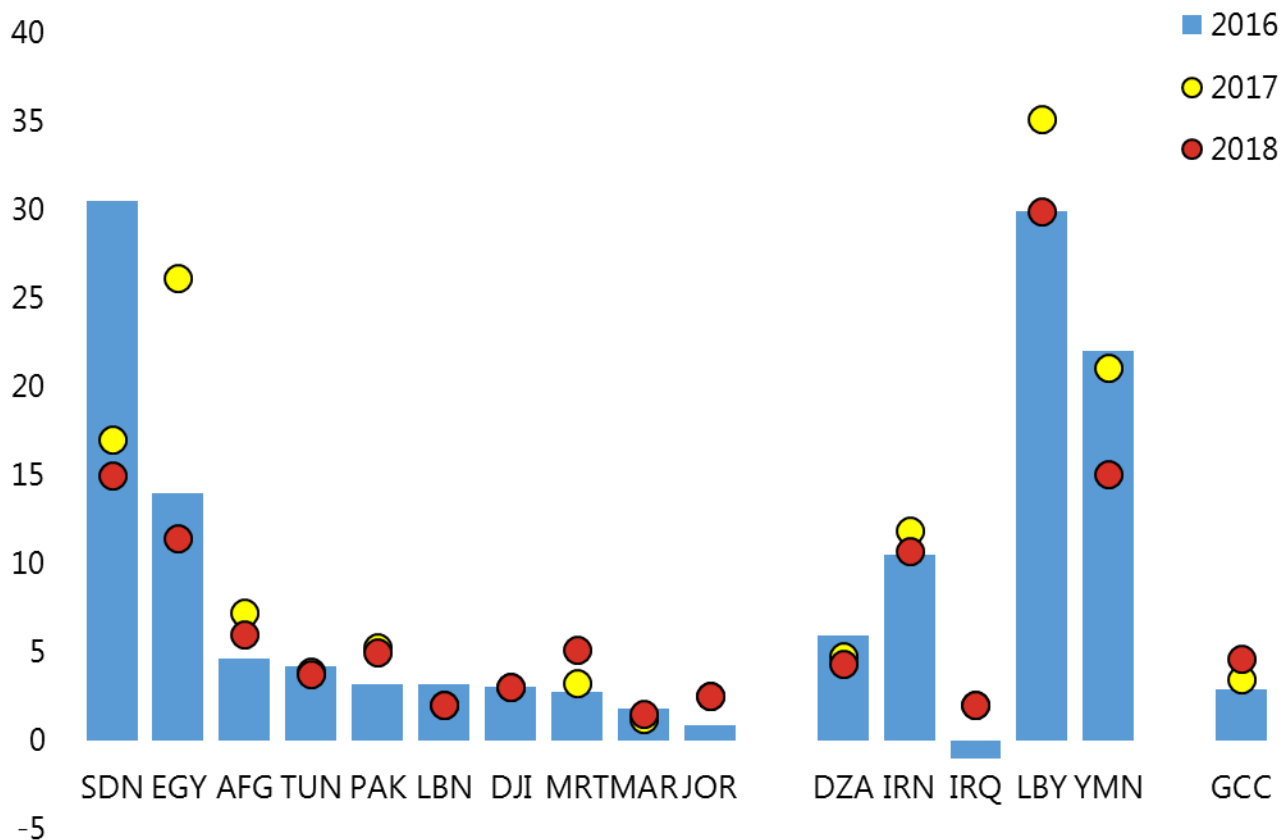
Some pick-up in underlying growth but medium-term prospects remain subdued

Total, Oil, and Non-Oil Real GDP Growth
(Percent change)



Some pick-up in inflation in oil importers this year, and GCC oil exporters next year

Consumer Price Index
(Percent change, year-on-year)



Roadmap

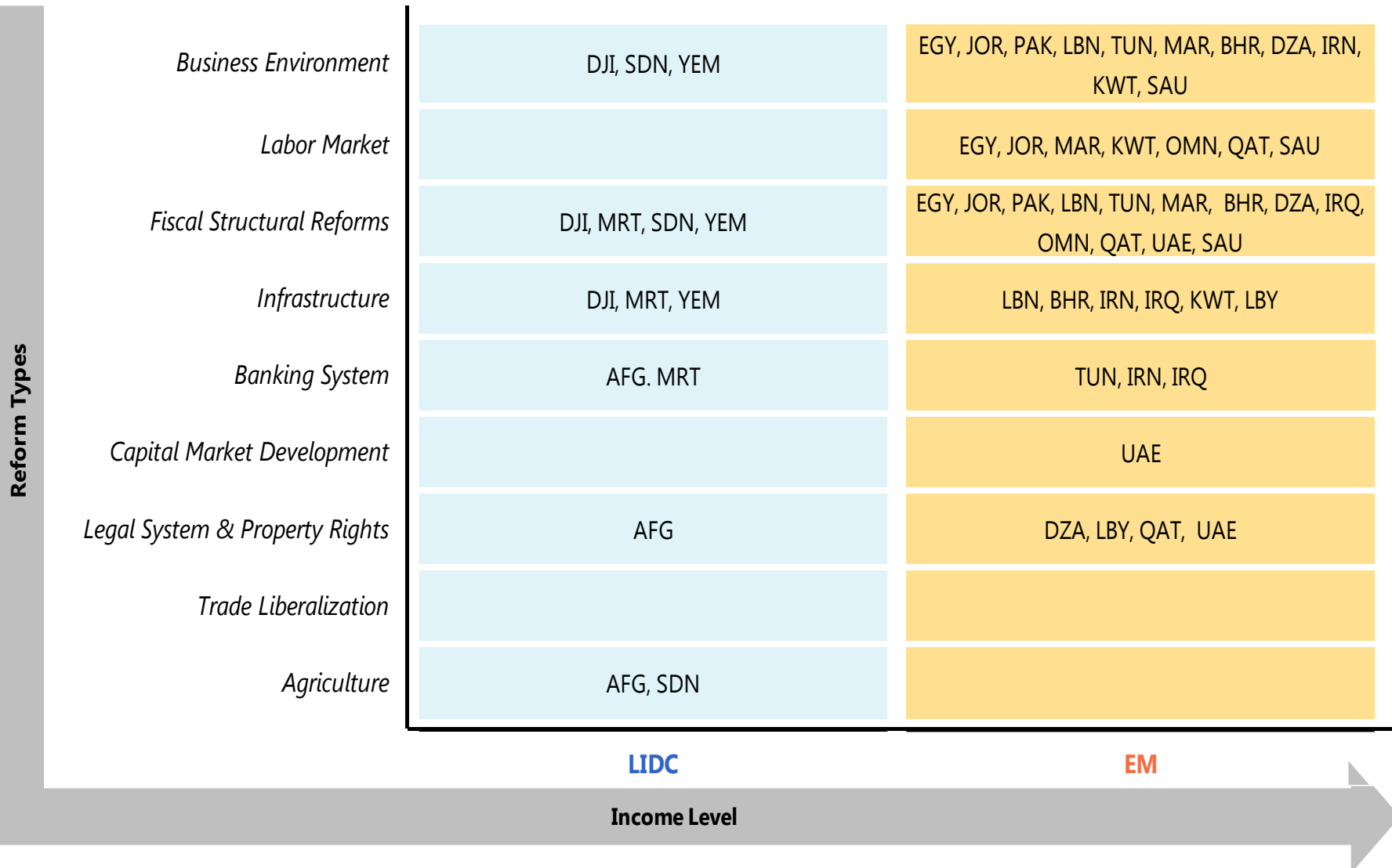
The Context

The Outlook for the Region

Key Themes

What the IMF is doing to help

Critical mass of structural reforms needed, with many common priority areas



Economic transformation needed to absorb new labor market entrants and reduce unemployment

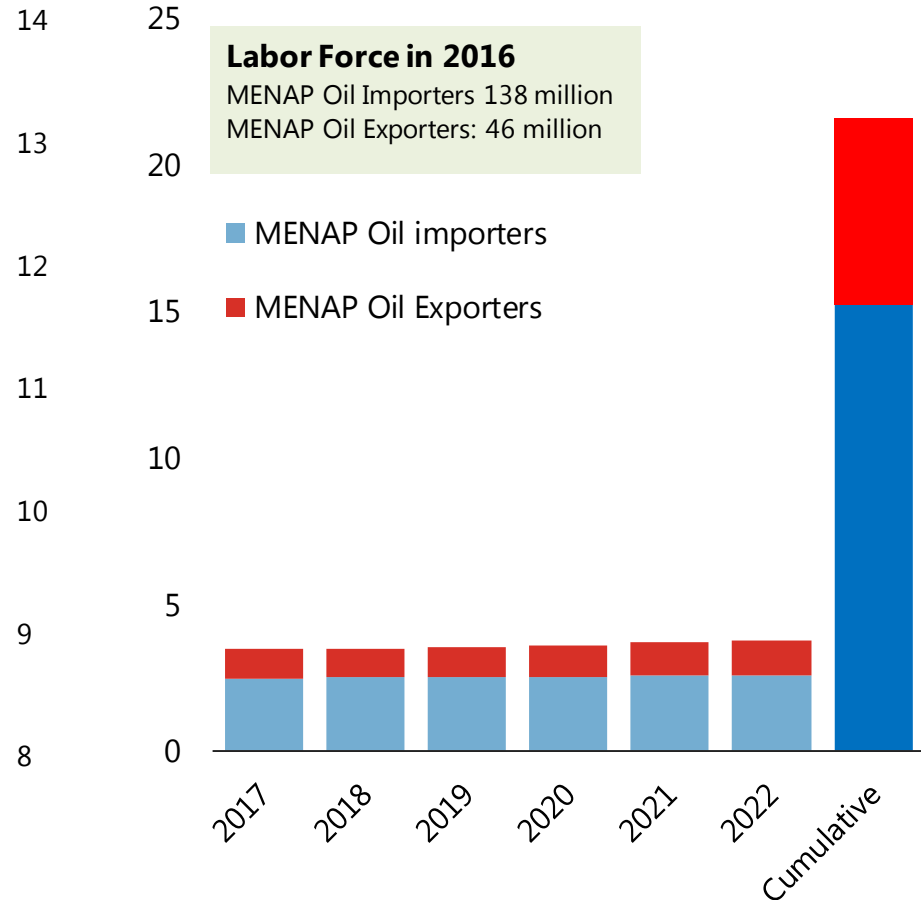
GDP Growth and Unemployment Rate in MENAP Oil Importers

(Percent)



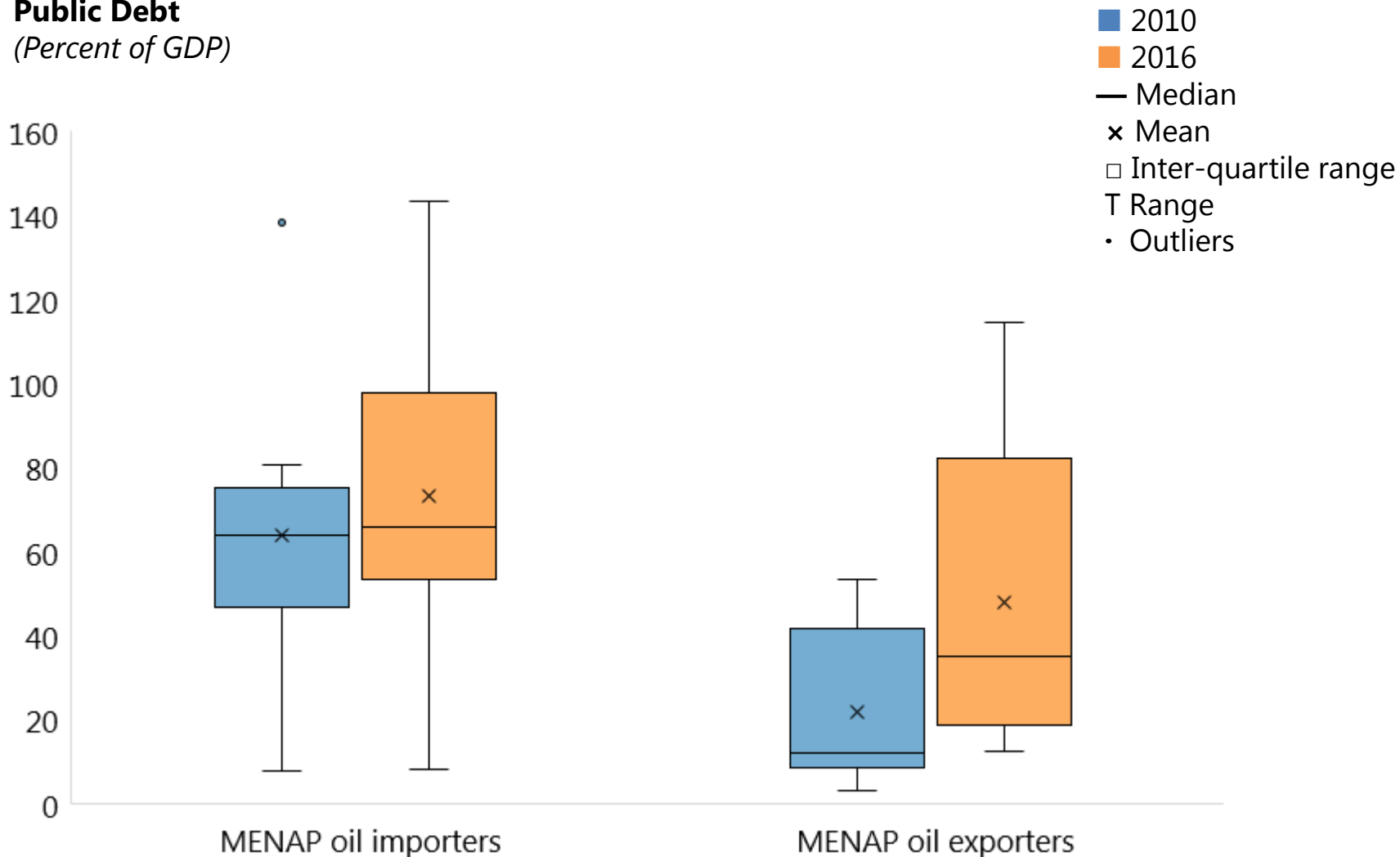
1/ Simple average for Egypt, Morocco, Pakistan, Sudan, and Tunisia.

Projected Labor Force Increase (Millions, cumulative)



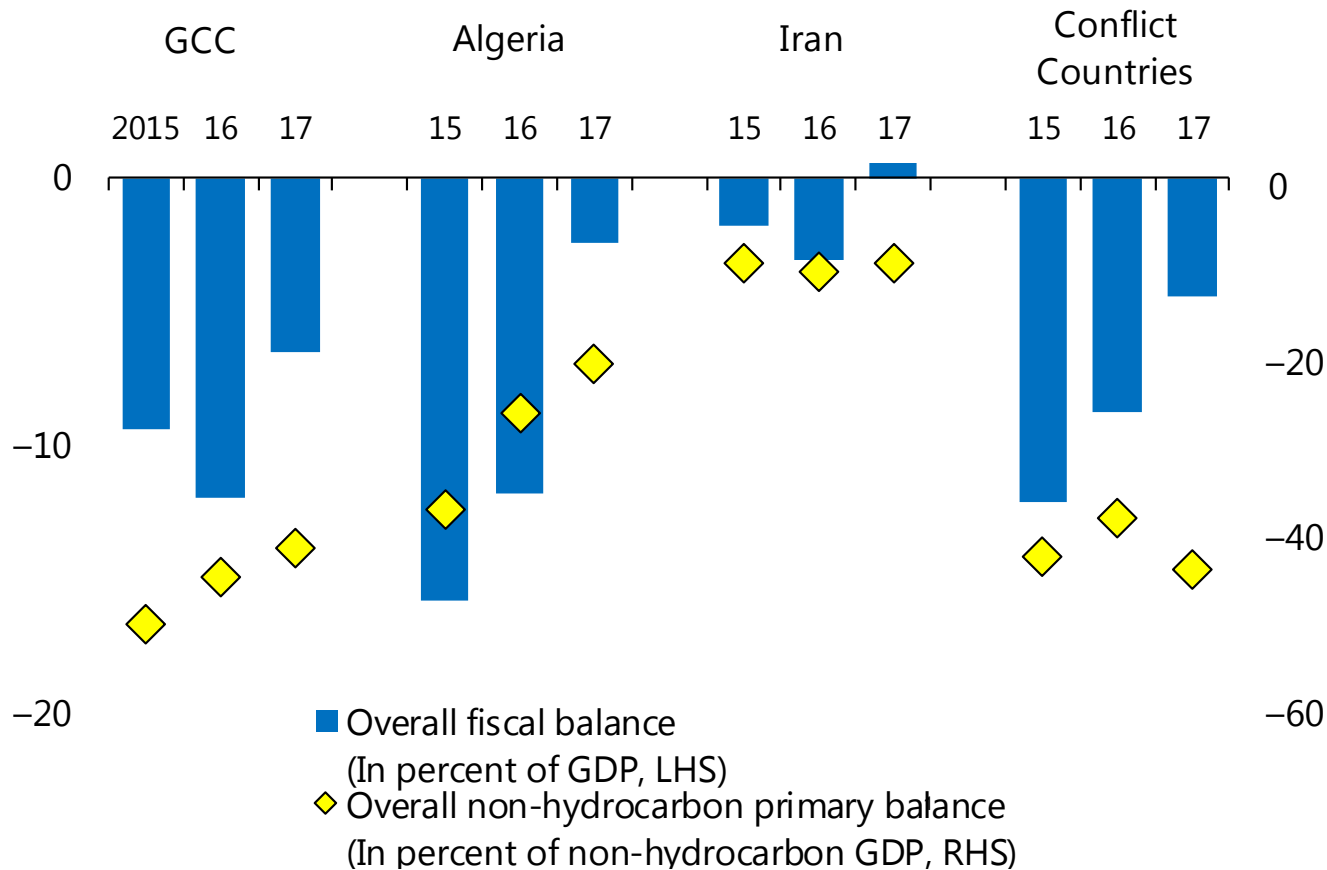
Debt needs monitoring in oil exporters, but is an even more pressing priority for oil importers

Public Debt
(Percent of GDP)



Important fiscal progress in oil exporters, but more is needed and ambitious plans need to be implemented

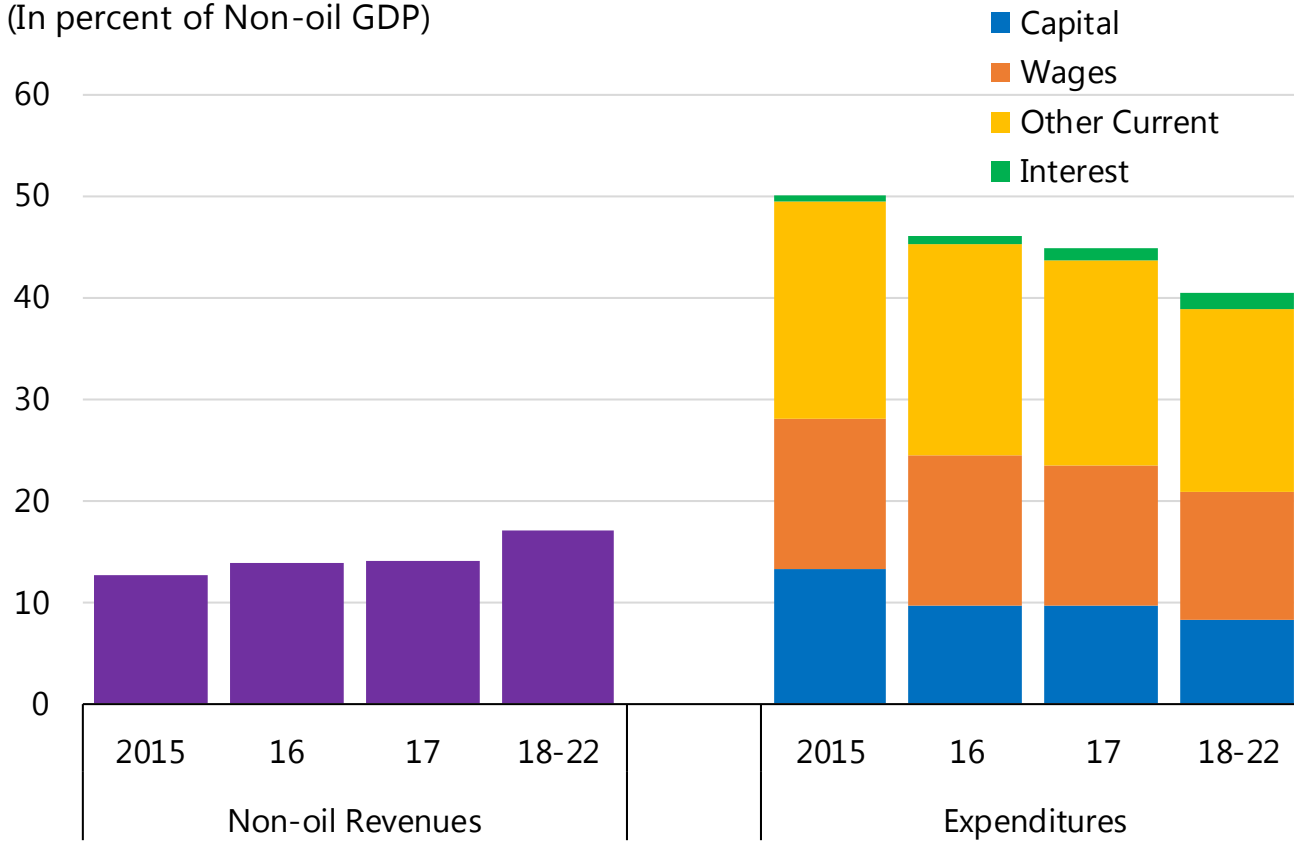
Fiscal Balances



Adjustment is taking place through both revenue and expenditure reforms

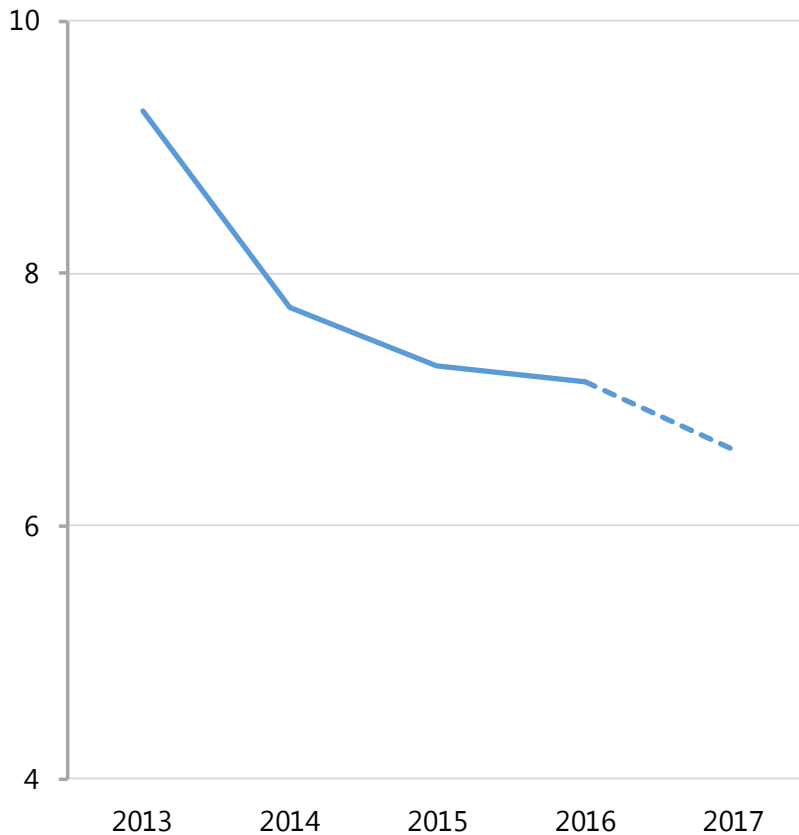
Public Expenditures and Non-oil Revenues in Oil Exporters

(In percent of Non-oil GDP)

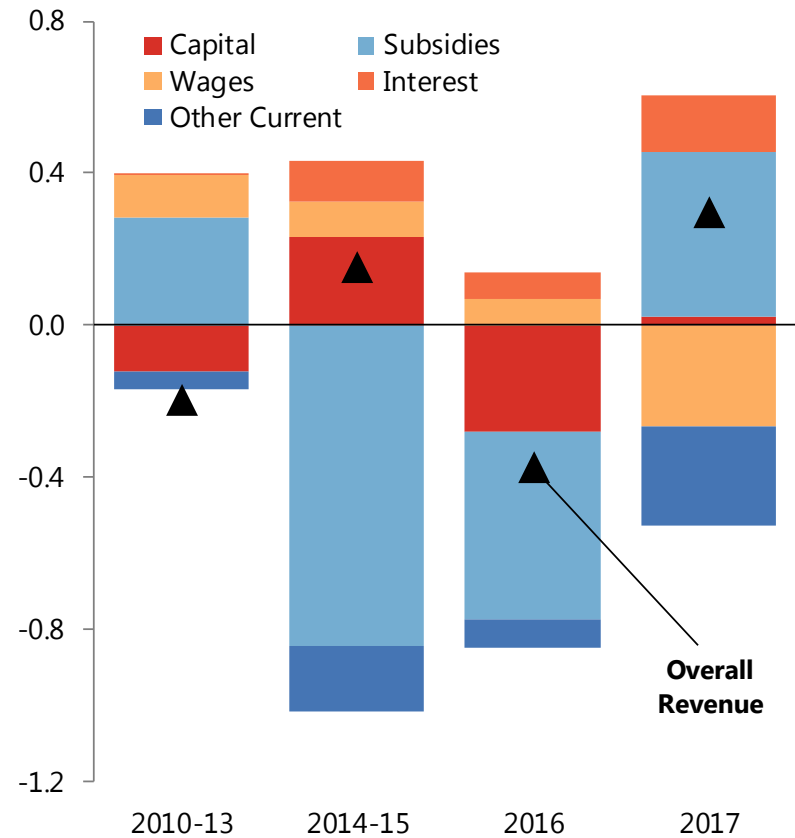


Trends in oil importers are also encouraging, but energy-subsidy gains are declining

Fiscal Deficit
(Percent of GDP)

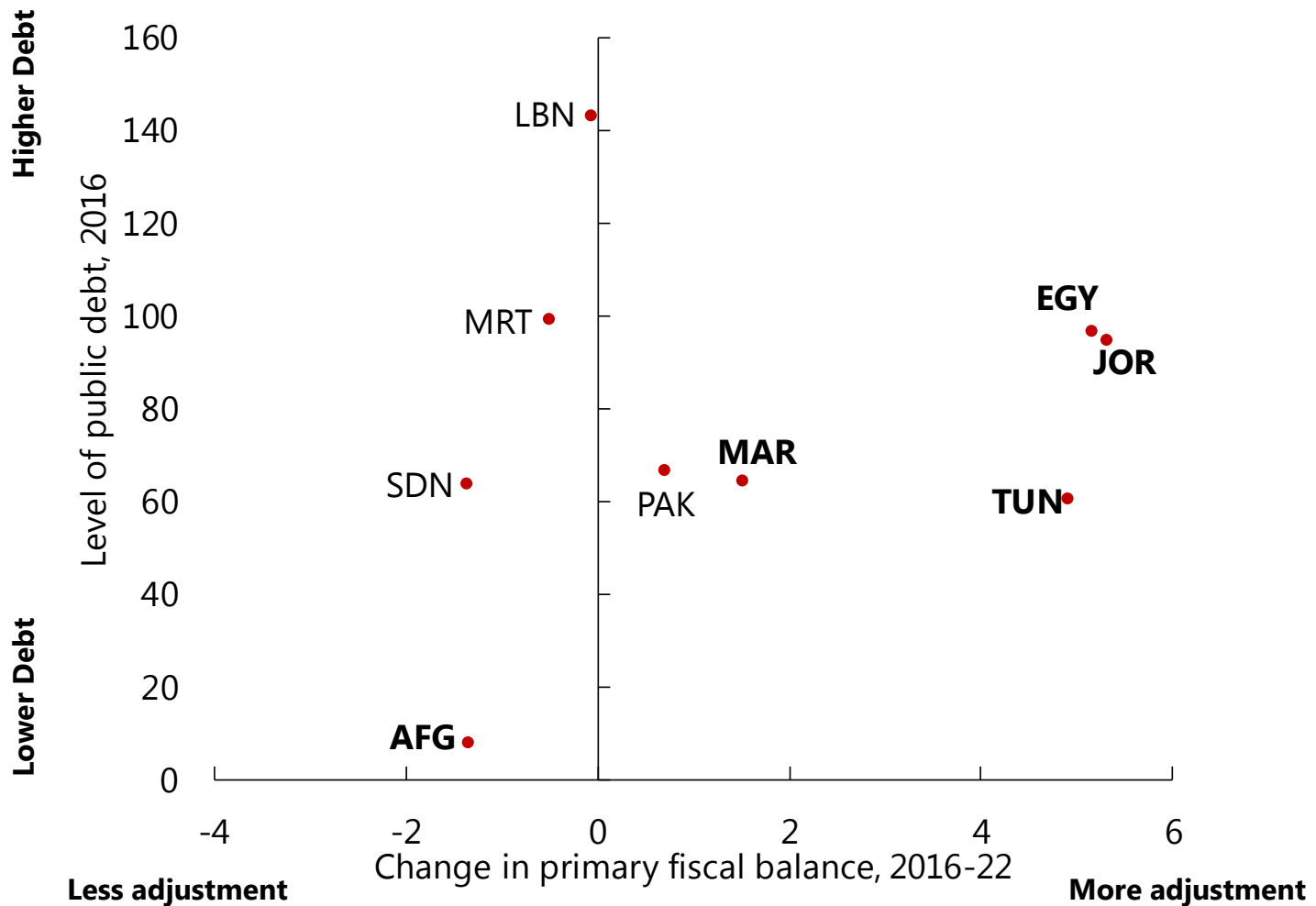


Change In Expenditure and Revenue
(PPT change from prior year, percent of GDP)



In oil importers, continued fiscal adjustment over the medium-term is warranted

Public Debt and Fiscal Adjustment (Percent of GDP)



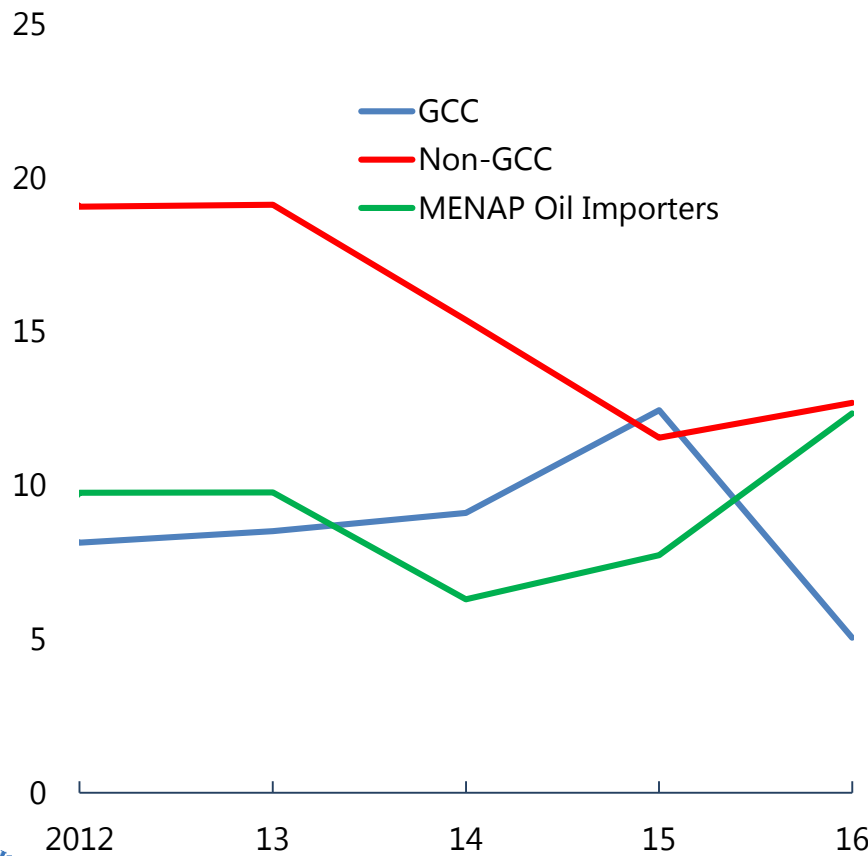
Program countries in **bold**



Emerging vulnerabilities need close monitoring and, in some cases, action

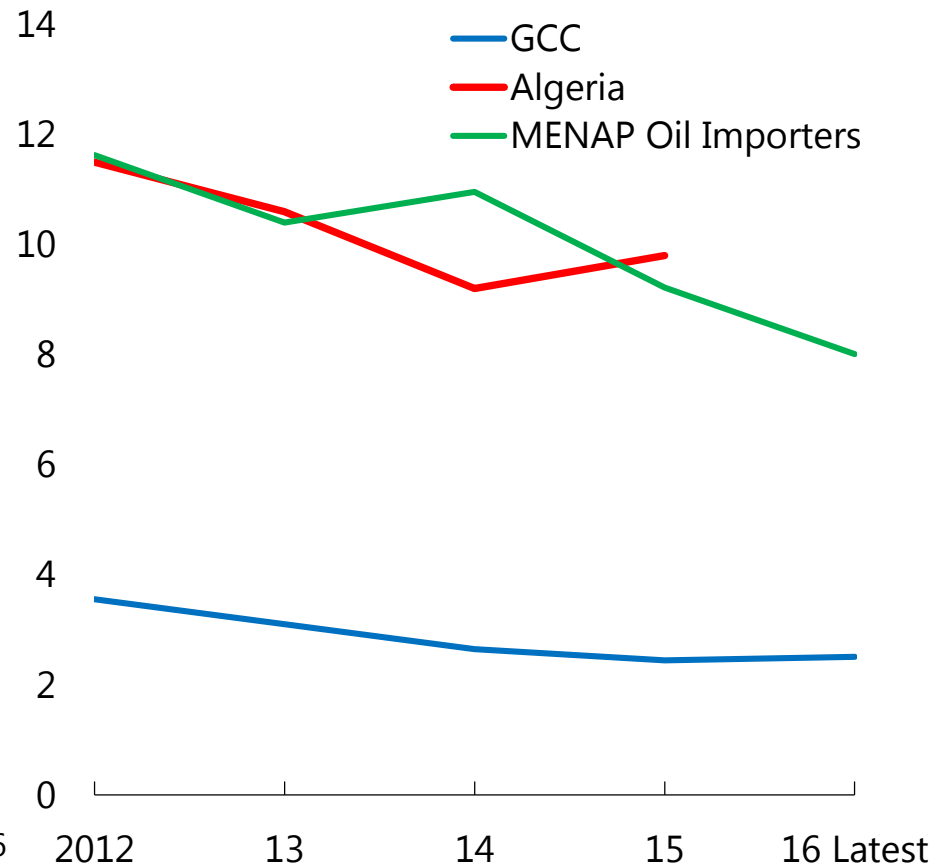
Private Credit Growth

(Percent change, year-on-year)



Non-Performing Loans

(Percent of Total Loans)



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Partnering on the Reform Journey

- **Reform is a long and complex process**
 - Needs sustained commitment
 - Building public support is key
 - The vulnerable need to be protected
- **IMF is providing support**
 - Tailored program design and policy advice
 - Technical assistance
 - Facilitating dialogue with peers
 - Analytical work
 - Catalyzing support from partners

Summary of Key Messages

- **Improved global outlook represents an opportunity**, but risks remain elevated
- **Reforms are critical to secure resilience** and generate higher and more inclusive growth
- **Fiscal adjustment continues to be needed**
 - Though pace and design will differ depending on country circumstances
- **Financial sector vulnerabilities need to be monitored and addressed**
 - With the need to address them acute in some countries

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