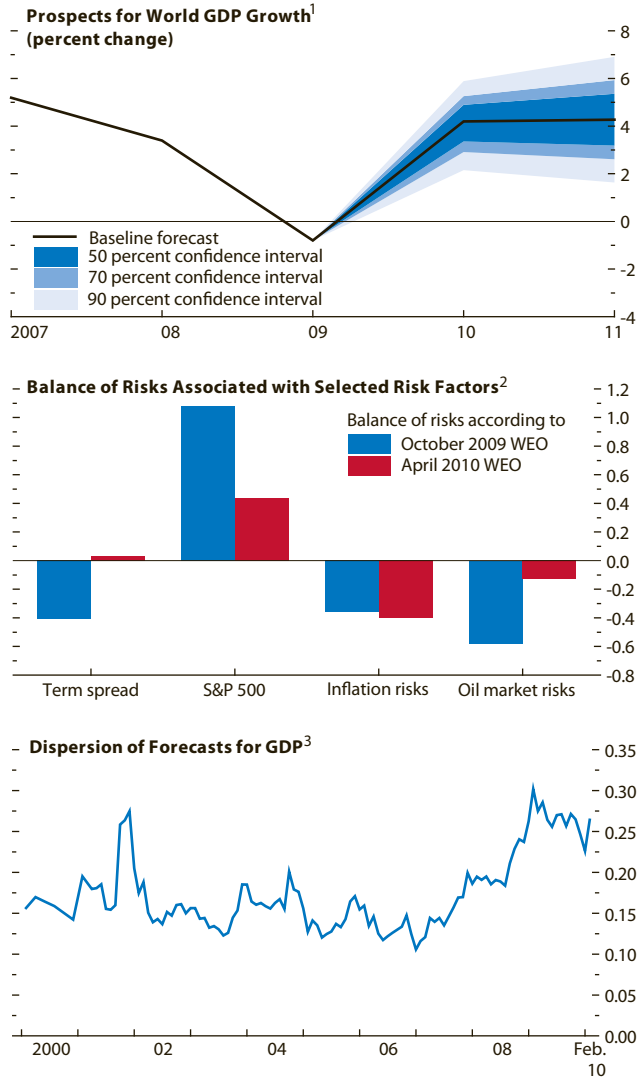


Figure 1.14. Risks to the Global Outlook

Risks to the global outlook are lower now than in October 2009, despite some recent widening, judging by the dispersion of analysts' forecasts for GDP growth. Option prices on the S&P 500 suggest that upside risks from financial markets have diminished, possibly reflecting both the strong recovery in these markets and new volatility in some public debt markets. Options prices for oil suggest that downside risks to growth from high prices have also diminished.



Sources: Bloomberg Financial Markets; Chicago Board Options Exchange; Consensus Economics; and IMF staff estimates.

¹The fan chart shows the uncertainty around the World Economic Outlook (WEO) central forecast with 50, 70, and 90 percent probability intervals. As shown, the 70 percent confidence interval includes the 50 percent interval, and the 90 percent confidence interval includes the 50 and 70 percent intervals. See Appendix 1.2 in the April 2009 WEO for details.

²Bars depict the coefficient of skewness expressed in units of the underlying variables. The values for inflation risks and oil market risks are entered with the opposite sign since they represent downside risks to growth.

³The series measures the dispersion of GDP forecasts for the G7 economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States), Brazil, China, India, and Mexico.