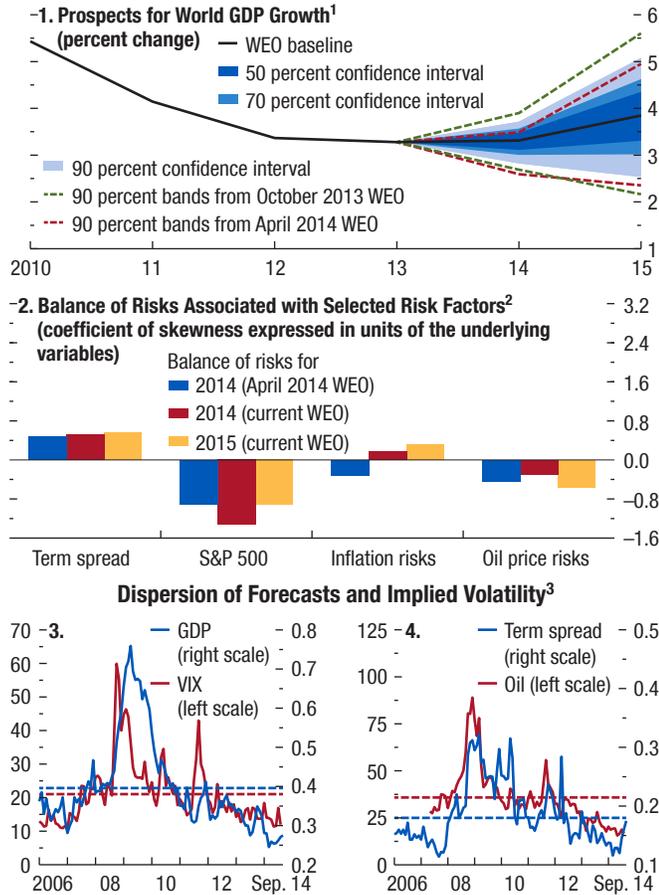


**Figure 1.11. Risks to the Global Outlook**

The fan chart, which indicates the degree of uncertainty about the global growth outlook, has remained broadly unchanged from that in the April 2014 WEO. Lower baseline uncertainty (given that there is more information about 2014 available now) should, in principle, have lowered the uncertainty band for 2014, all else equal; that it has not is suggestive of somewhat higher downside risks in the near term. Financial-market-based measures of volatility and measures of forecast dispersion suggest broadly unchanged uncertainty.



Sources: Bloomberg, L.P.; Chicago Board Options Exchange (CBOE); Consensus Economics; Haver Analytics; and IMF staff estimates.

<sup>1</sup>The fan chart shows the uncertainty around the WEO central forecast with 50, 70, and 90 percent confidence 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 of the April 2009 WEO for details. The 90 percent bands for the current-year and one-year-ahead forecasts from the October 2013 and April 2014 WEO reports are shown relative to the current baseline.

<sup>2</sup>Bars depict the coefficient of skewness expressed in units of the underlying variables. The values for inflation risks and oil price risks enter with the opposite sign since they represent downside risks to growth. Note that the risks associated with the Standard & Poor's (S&P) 500 for 2015 are based on options contracts for December 2015.

<sup>3</sup>GDP measures the purchasing-power-parity-weighted average dispersion of GDP growth forecasts for the G7 economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States), Brazil, China, India, and Mexico. VIX is the CBOE S&P 500 Implied Volatility Index. Term spread measures the average dispersion of term spreads implicit in interest rate forecasts for Germany, Japan, the United Kingdom, and the United States. Oil is the CBOE crude oil volatility index. Forecasts are from Consensus Economics surveys. Dashed lines represent the average values from 2000 to the present.