

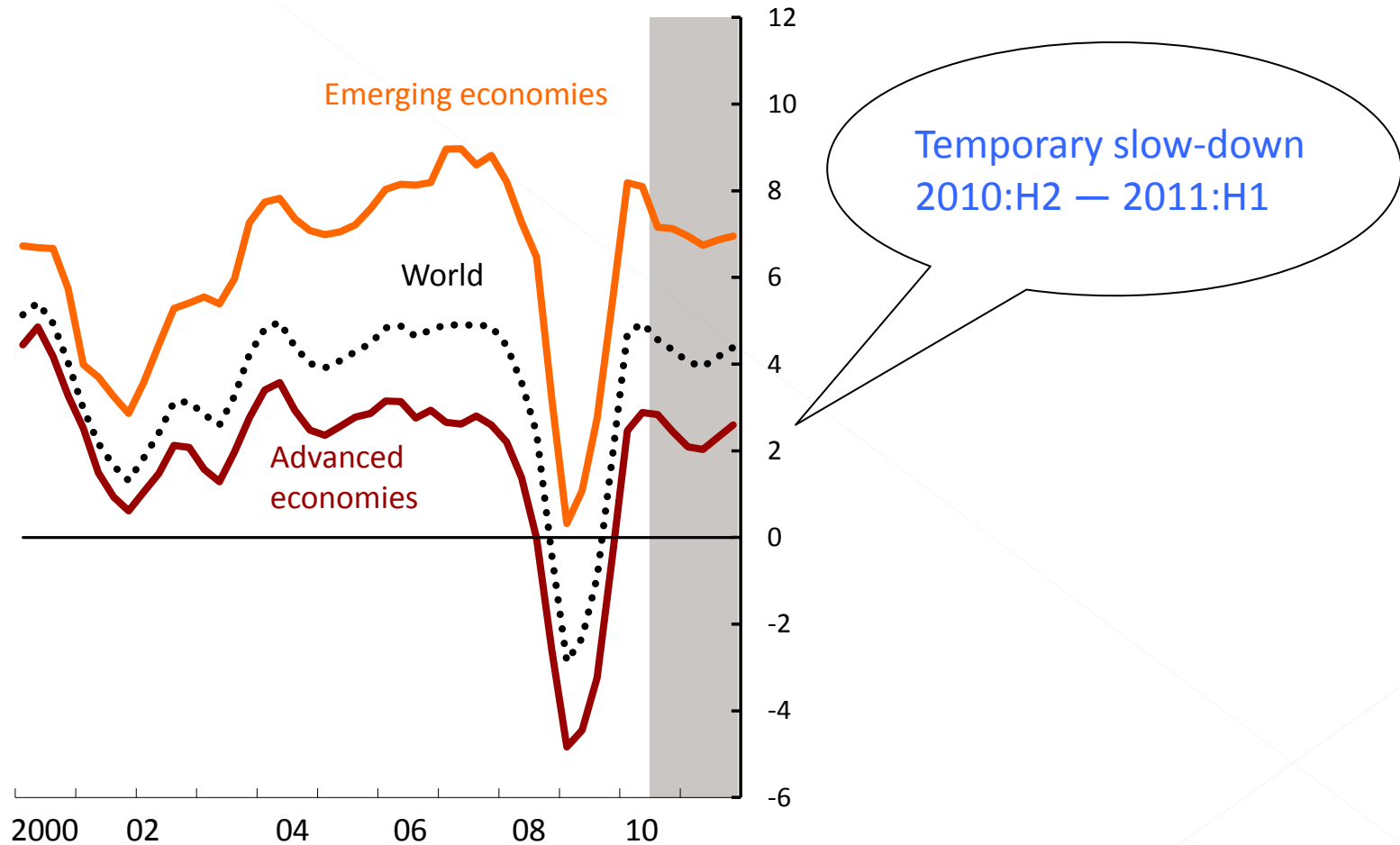
Regional Economic Outlook

Fall 2010



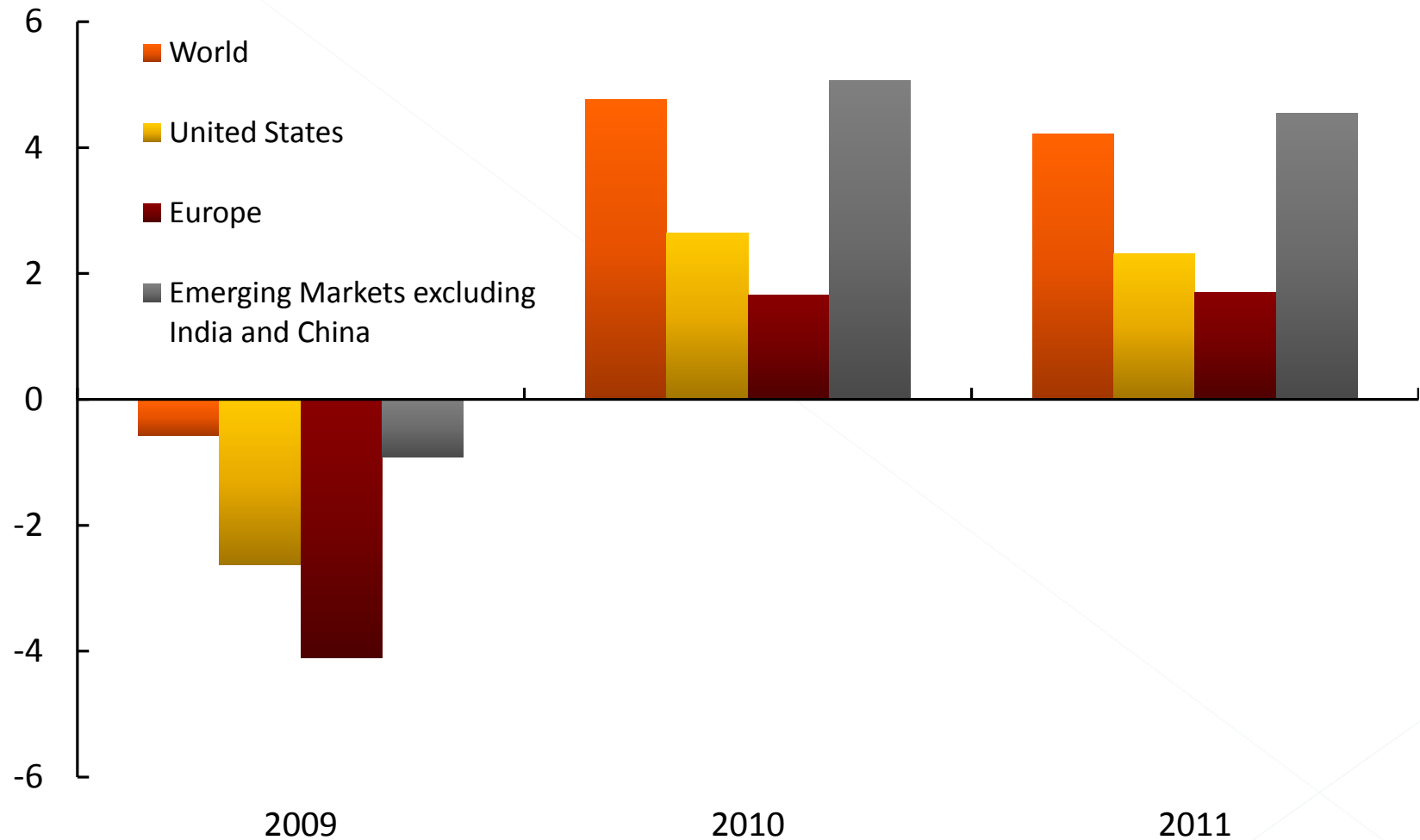
Global outlook: Two-speed recovery in motion

Real GDP Growth
(percent change from a year earlier)



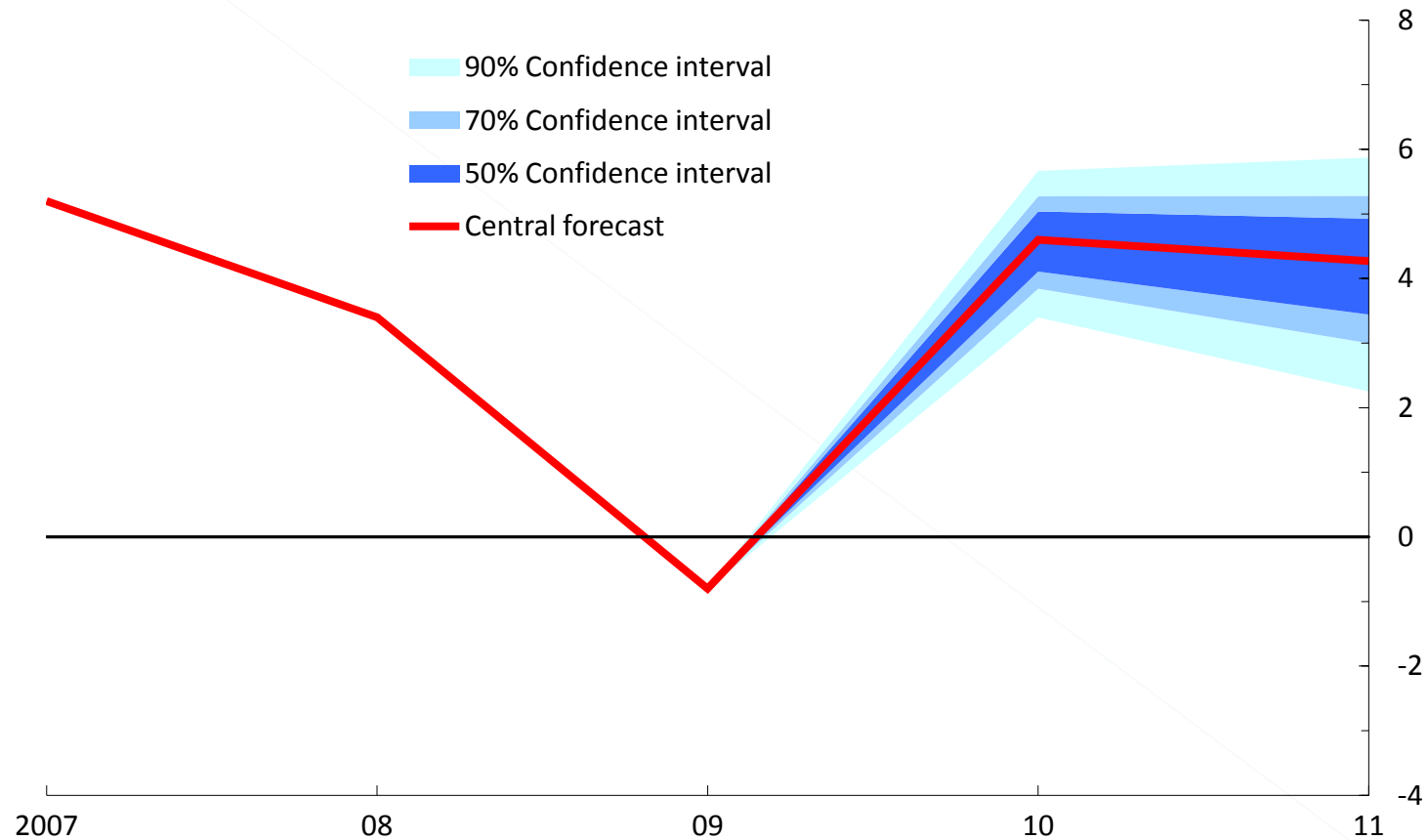
A closer look at the two-speed recovery

Real GDP Growth
(percent change from a year earlier)

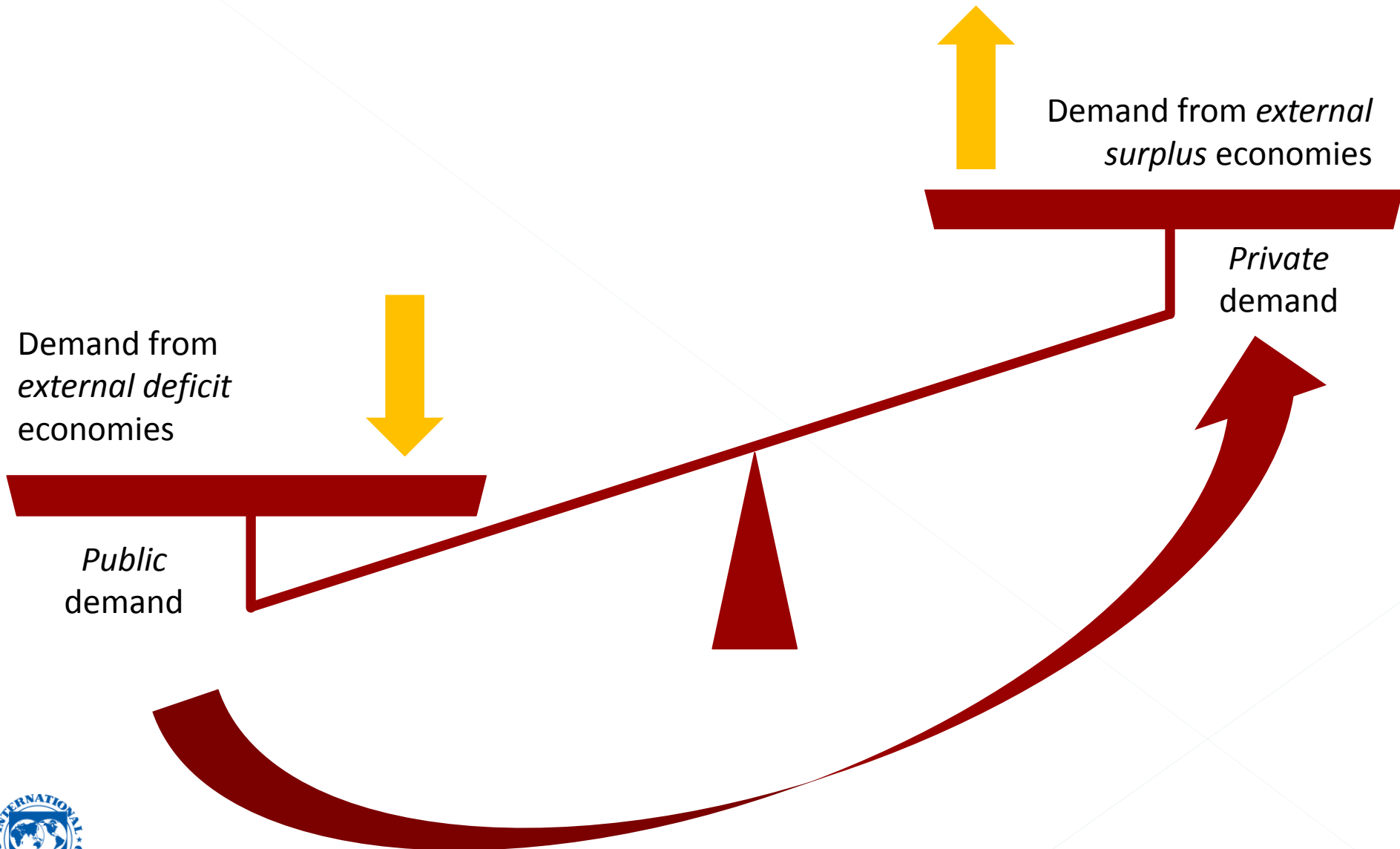


Downside risks remain, but global double-dip unlikely

Prospects for World GDP Growth
(percent change)



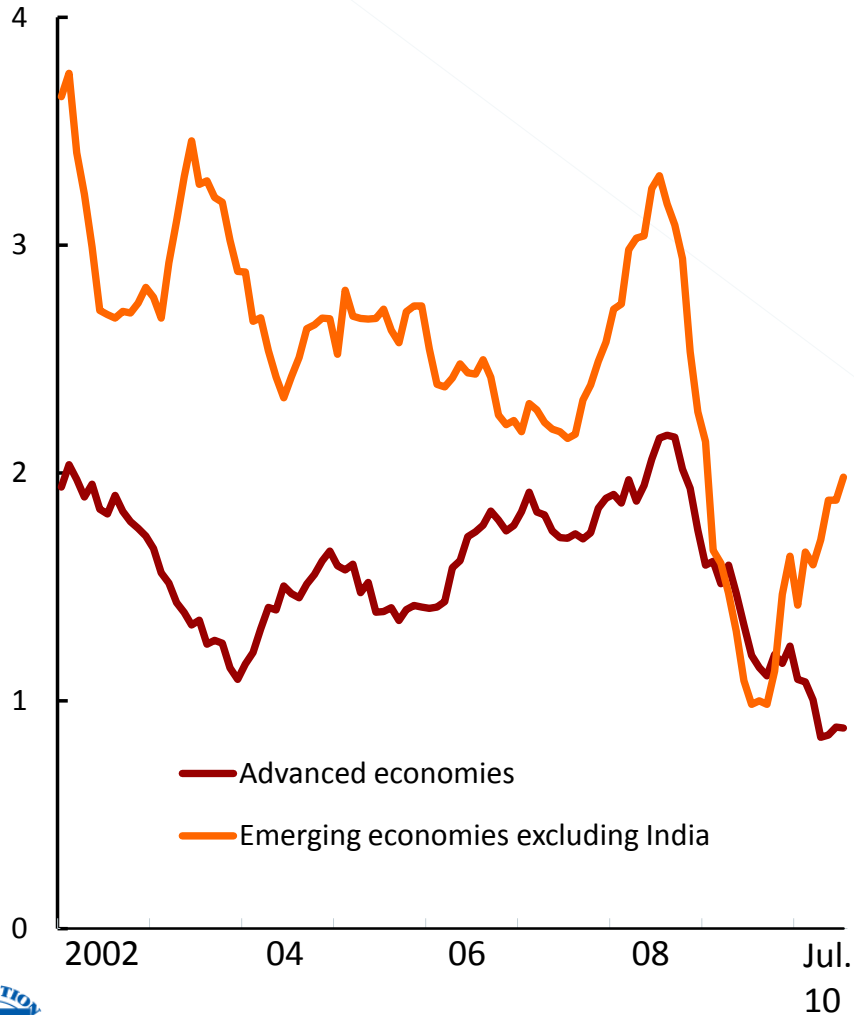
Rebalancing is needed along two dimensions



Inflationary pressures are forecast to remain subdued

Core Inflation

(Twelve-month change in the core CPI)

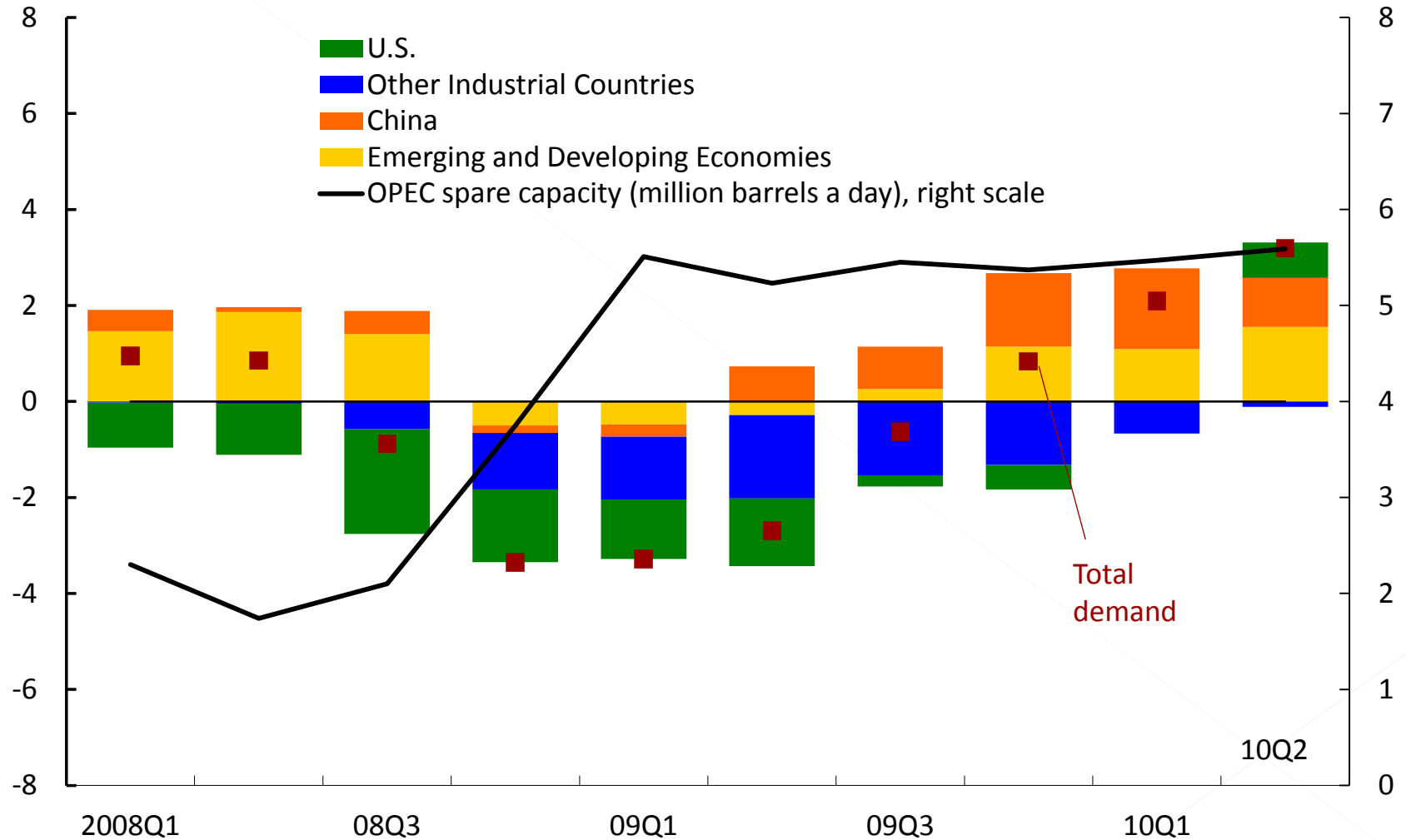


For countries with a peg to the USD or euro, this means that higher inflation rates may lead to real appreciation.

Oil demand is accelerating with the broadening of the global recovery but supply buffers are still substantial

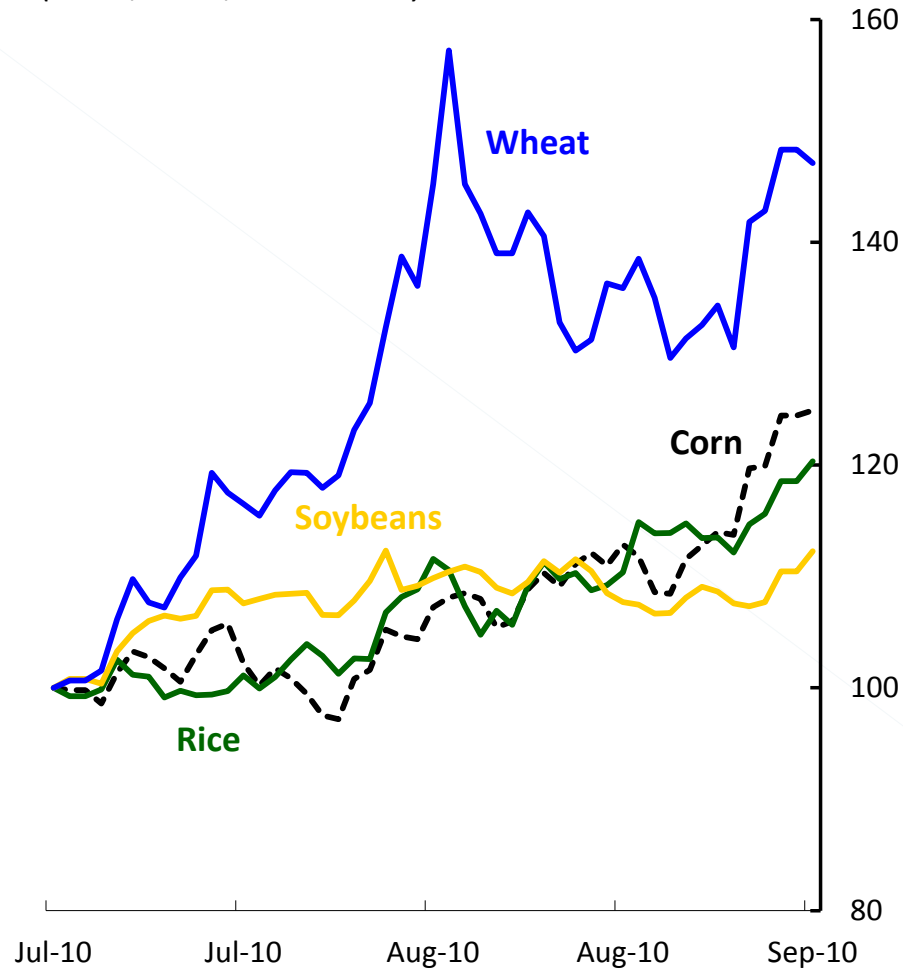
Oil Demand Growth

(contributions to y-o-y growth in percent)



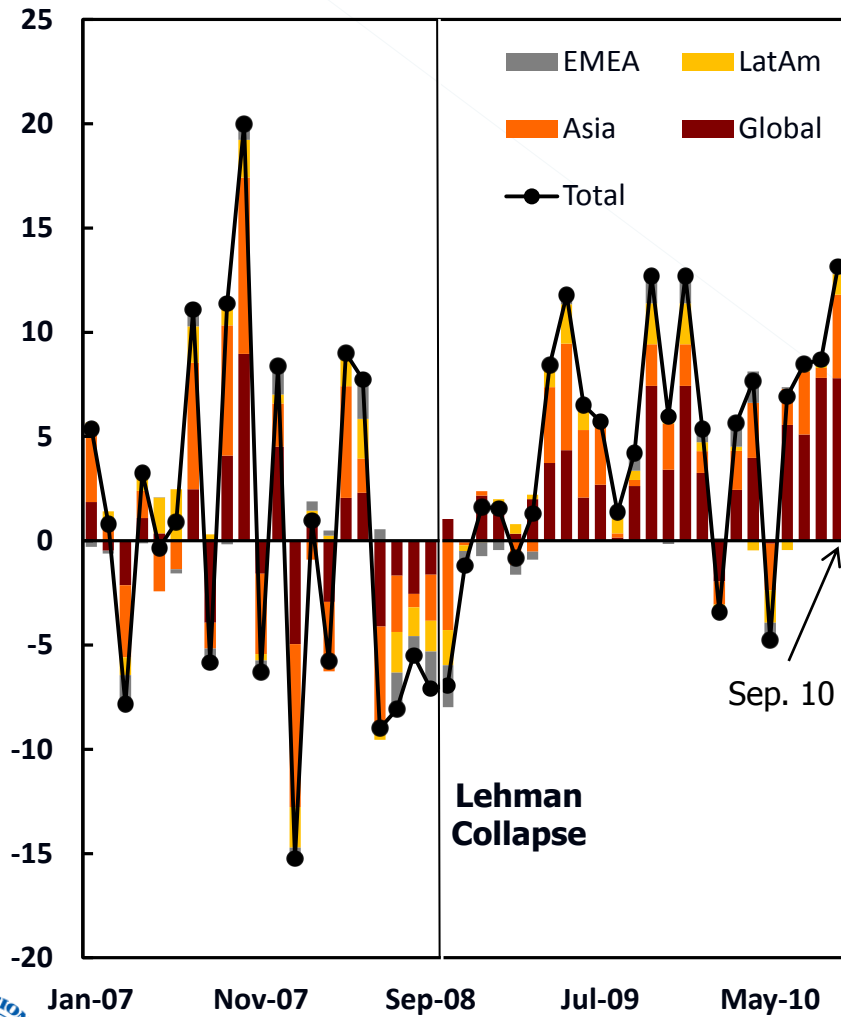
Temporary Wheat Supply Shock, Limited Spillovers

Major Food Crops, Nearest Futures Prices
(index, Jul. 1, 2010 = 100)

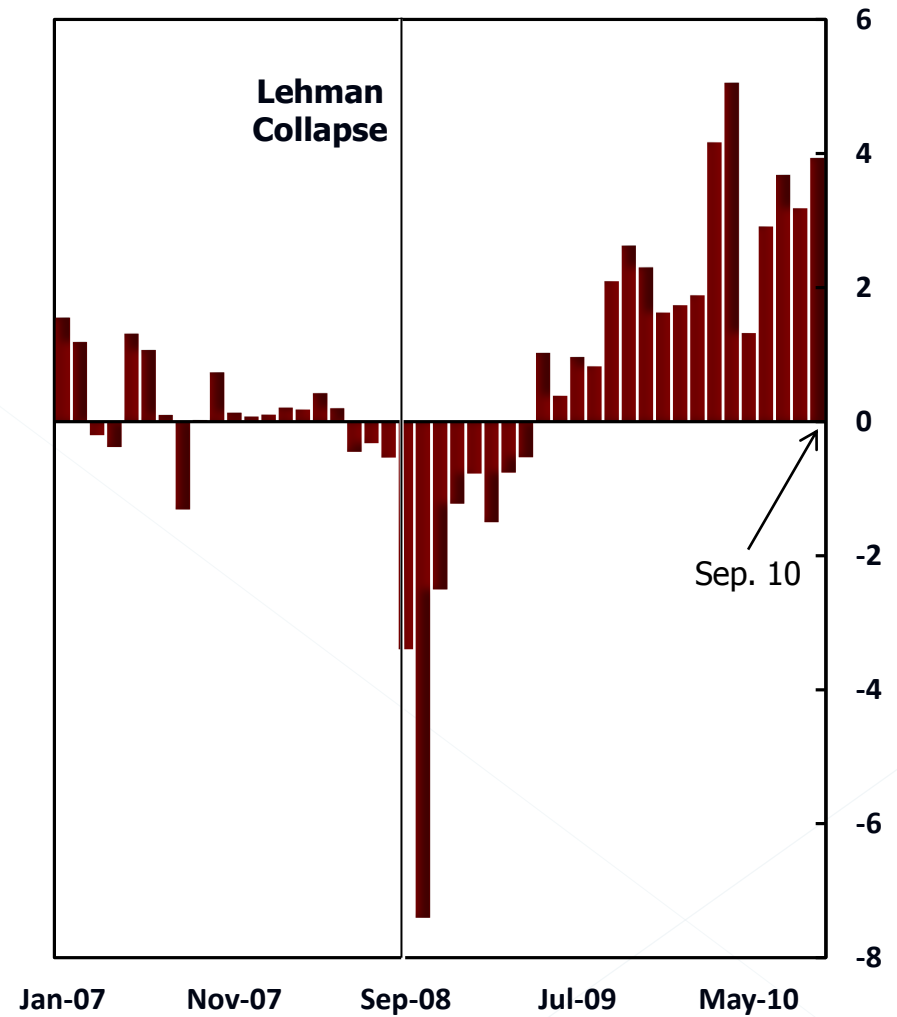


Capital flows to emerging markets pick up

Net Monthly Flows to Emerging Market
Equity Funds
(billions of U.S. dollars)



Net Monthly Flows to Emerging Market
Bond Funds
(billions of U.S. dollars)



MENAP Oil Exporters



Overview — Oil Exporters

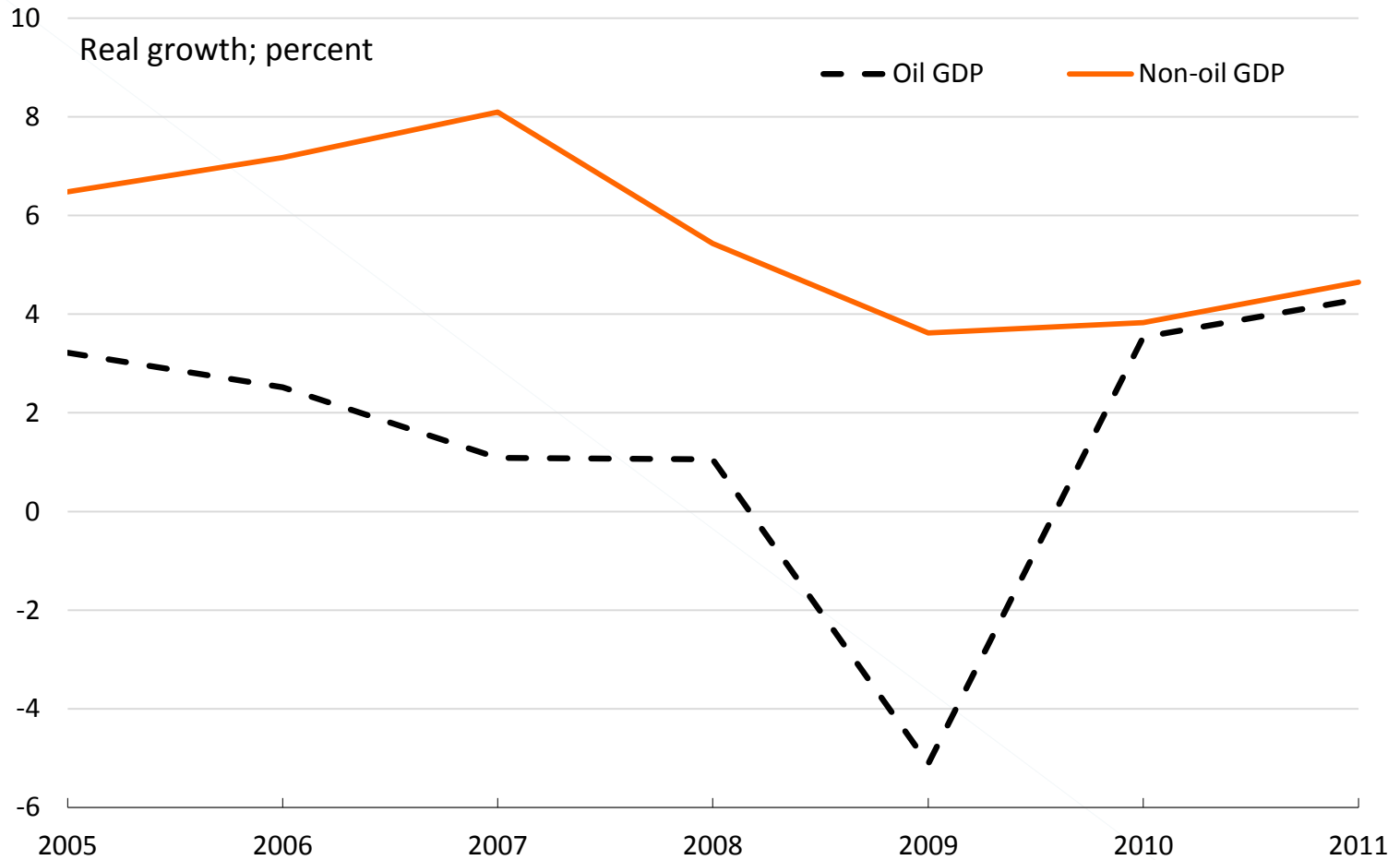
Recovery continues

- Oil production picks up, fiscal/external balances improve
- But private sector is lagging
- Fiscal space allowing continued stimulus in some countries

Risks/medium term challenges

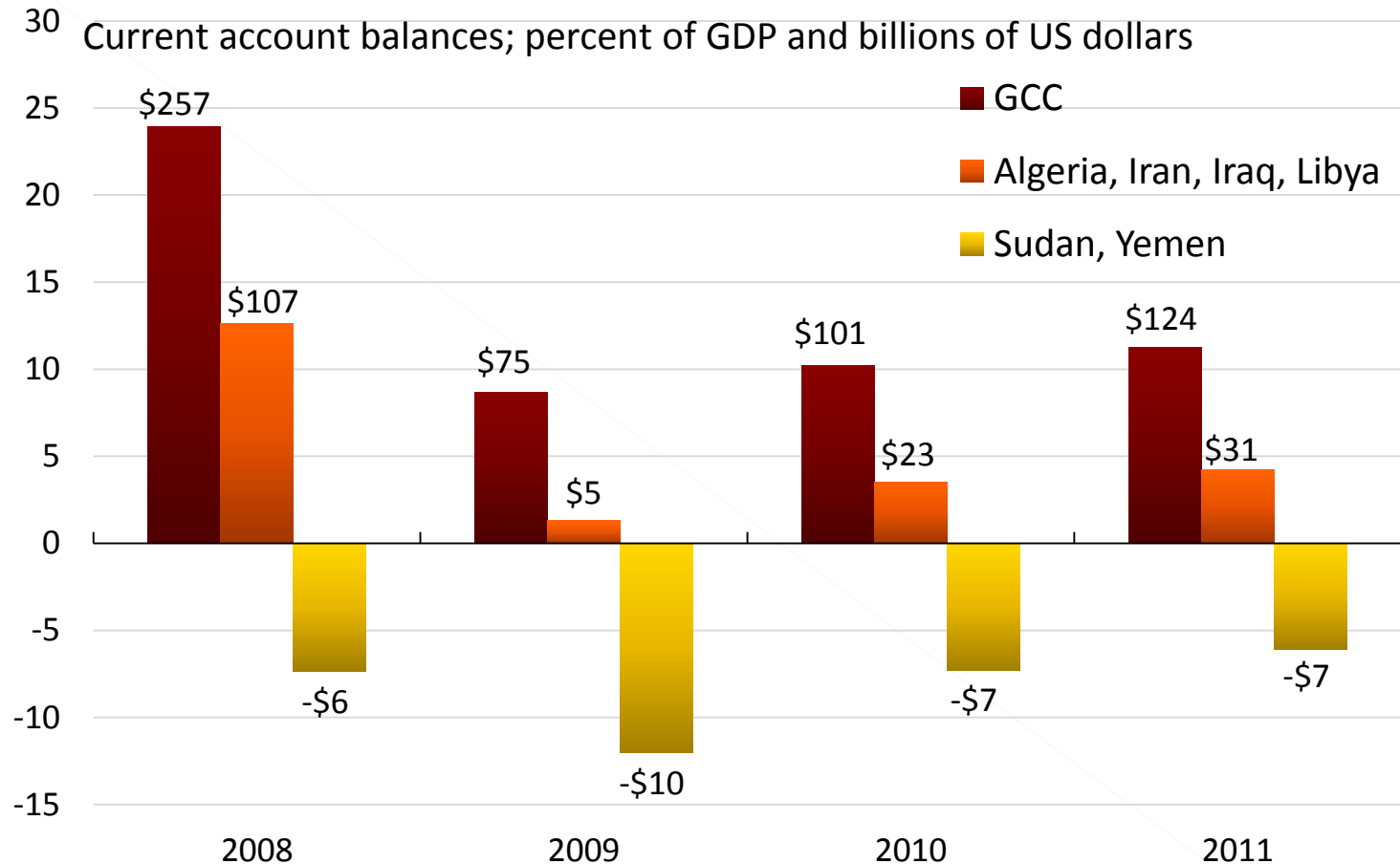
- Keep eye on inflation
- Financial sector development and stability
- Reorienting spending, reducing reliance on oil revenues

Global demand recovers, boosts activity



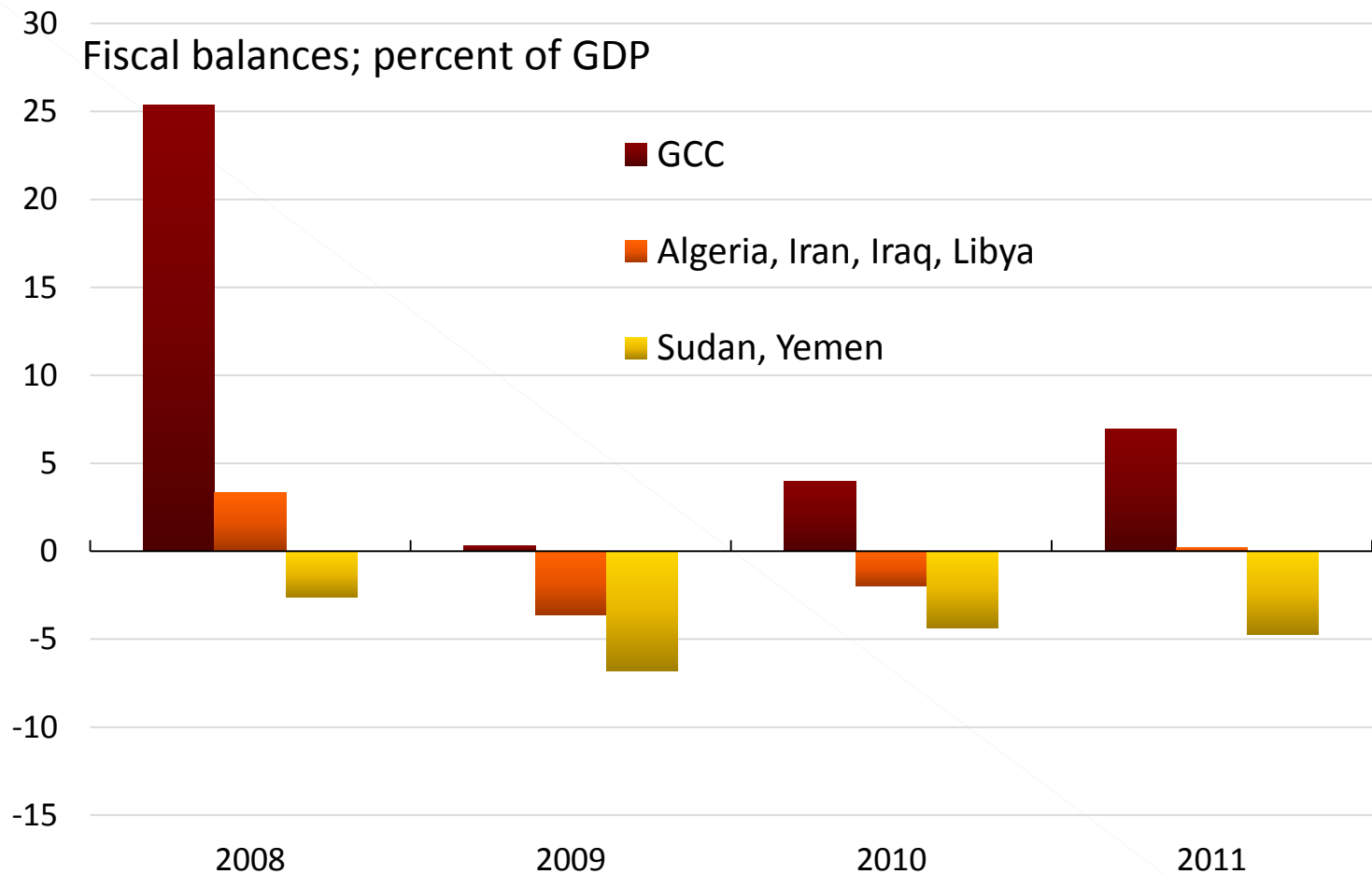
Sources: National authorities; and IMF staff estimates.

...and external balances rebound



Sources: National authorities; and IMF staff estimates.

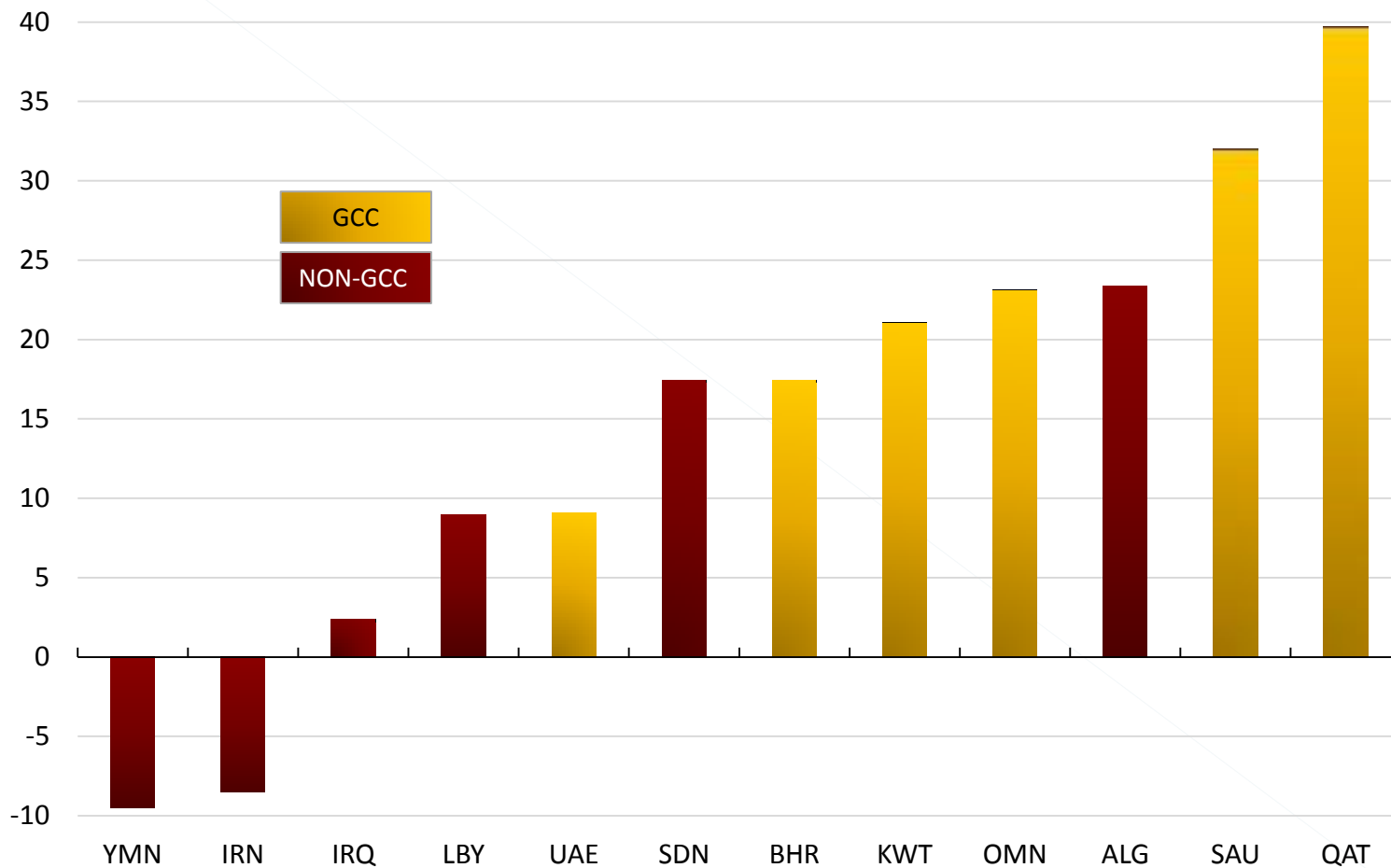
...as do fiscal balances



Sources: National authorities; and IMF staff estimates.

Some countries continue to provide stimulus

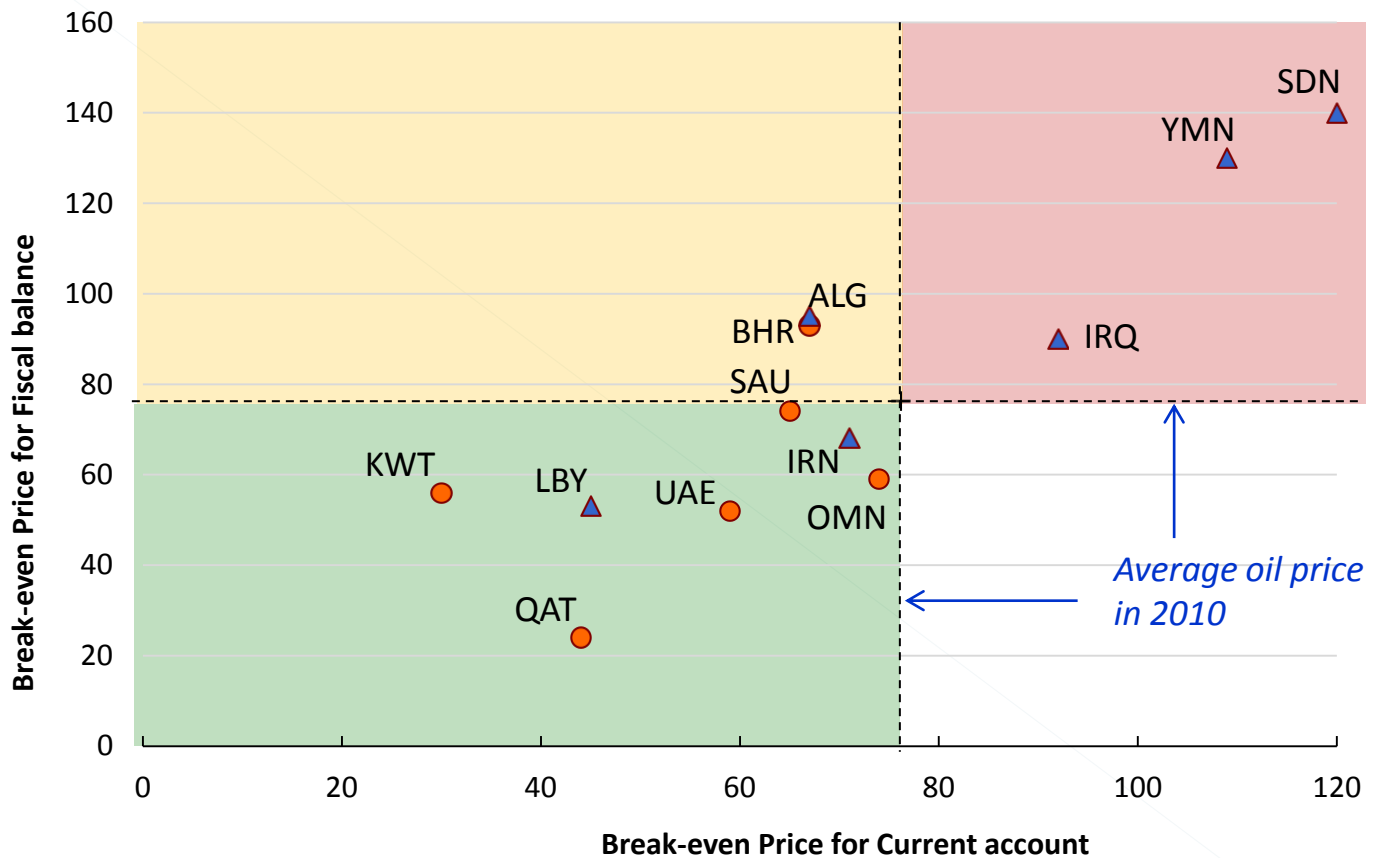
Percent change in total government expenditures in U.S. dollars
(From 2008 to 2011)



Sources: National authorities; and IMF staff estimates.



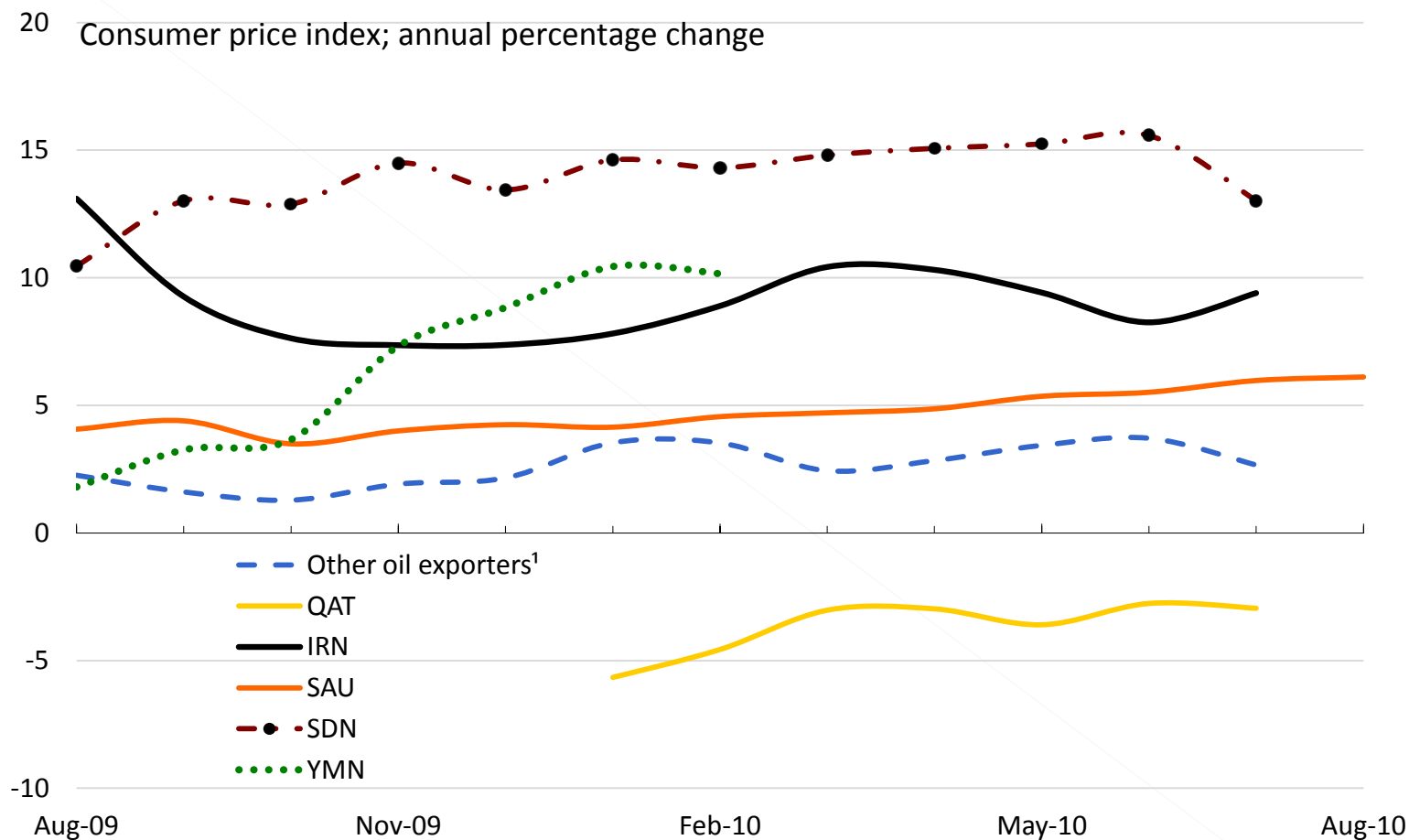
Many countries approaching break-even prices



Sources: National authorities; and IMF staff estimates.



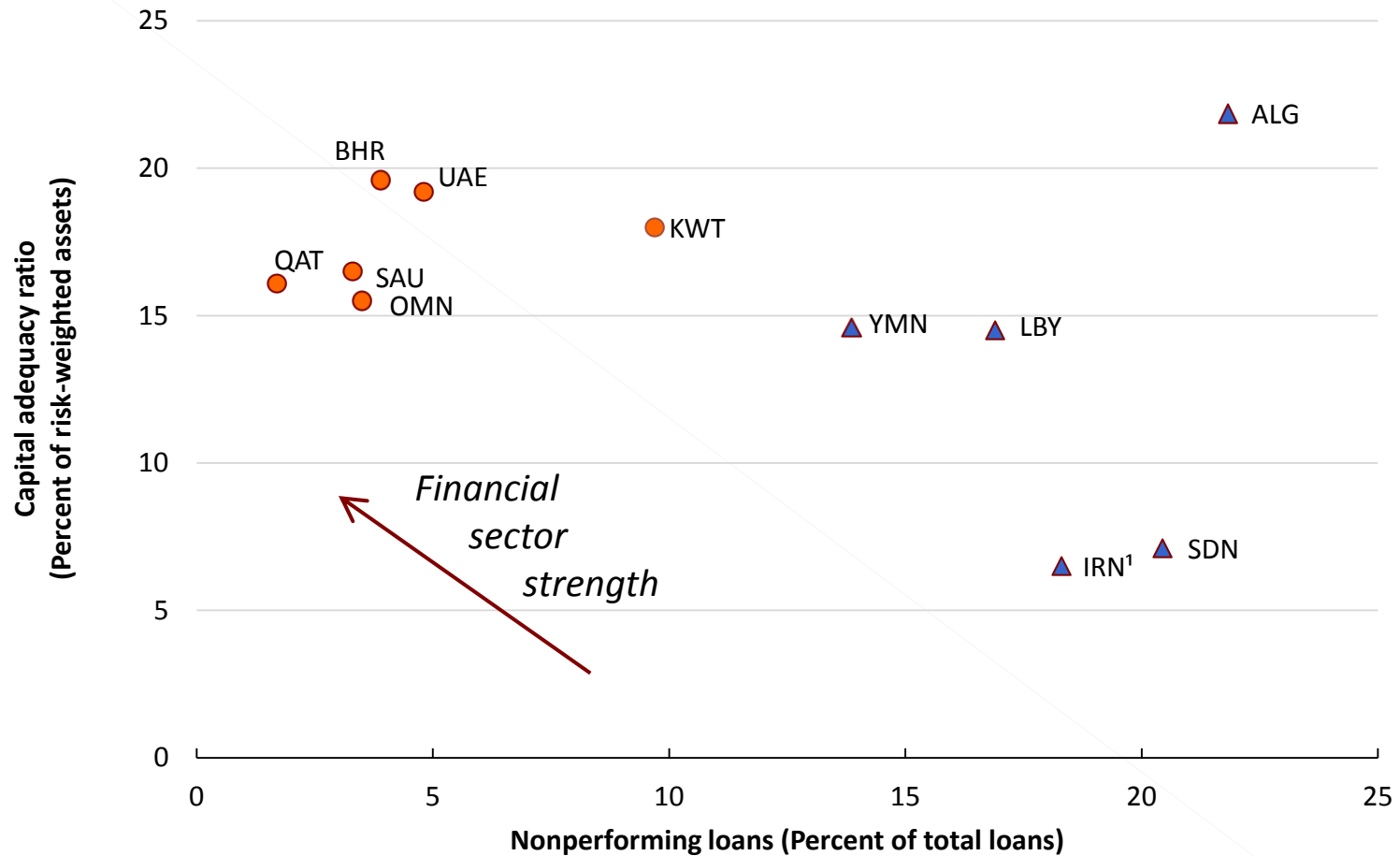
Keep an eye on inflation



Source: National authorities.

¹Algeria, Bahrain, Iraq, Kuwait, Libya, and Oman

Financial sectors after the crisis (December 2009)

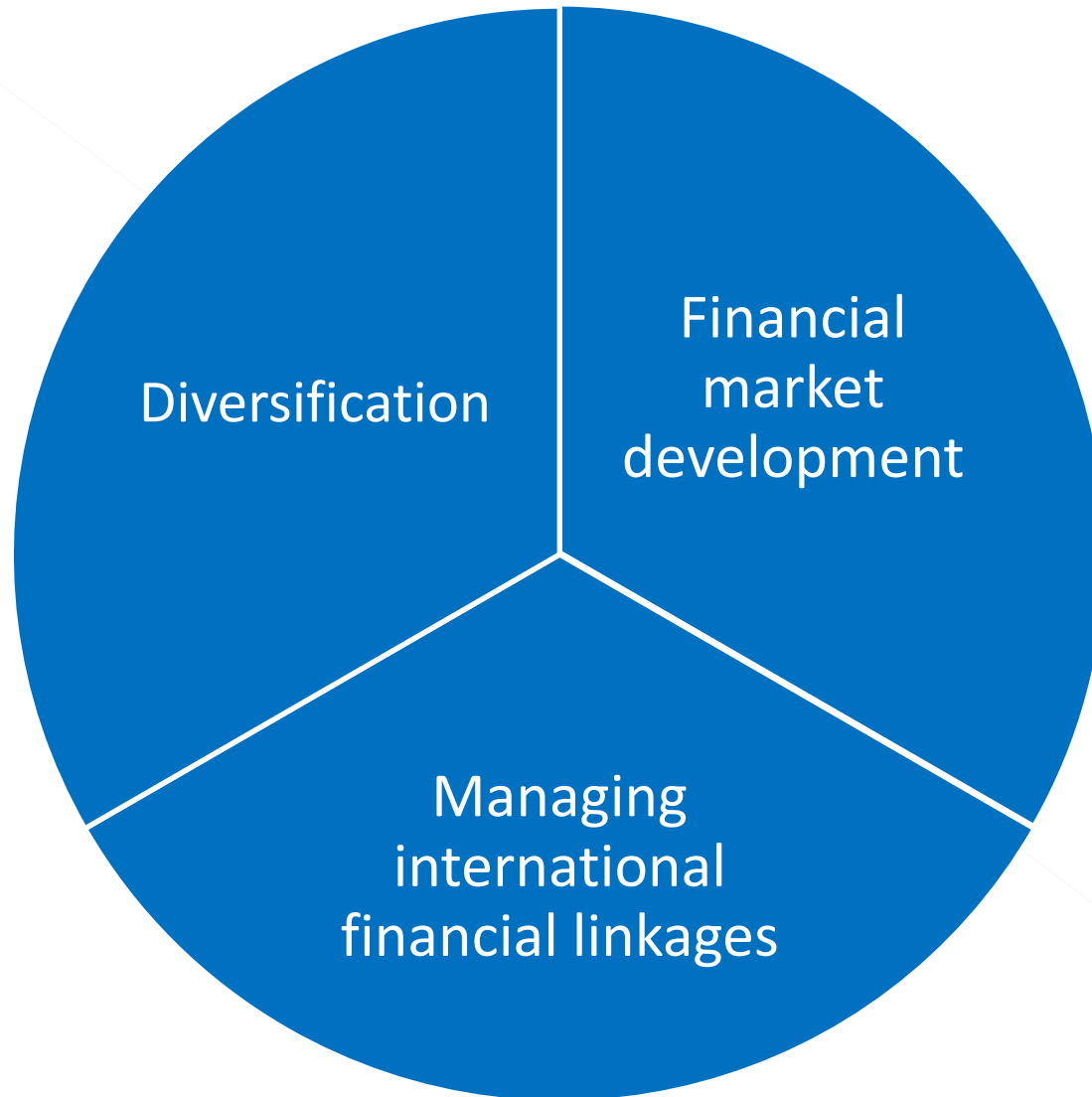


Source: National authorities.

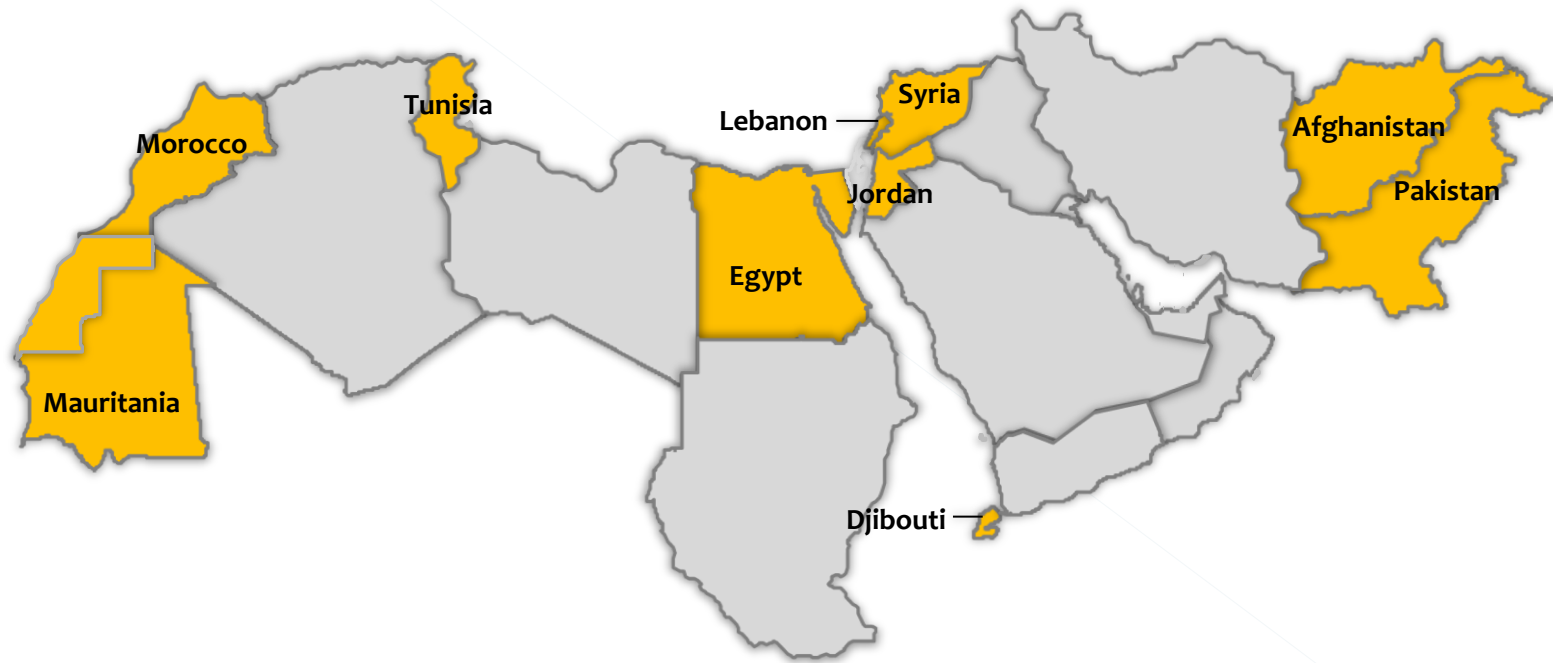
¹December 2008



Policy priorities



MENAP Oil Importers



Overview — Oil Importers

Recovery

- Growth picking up

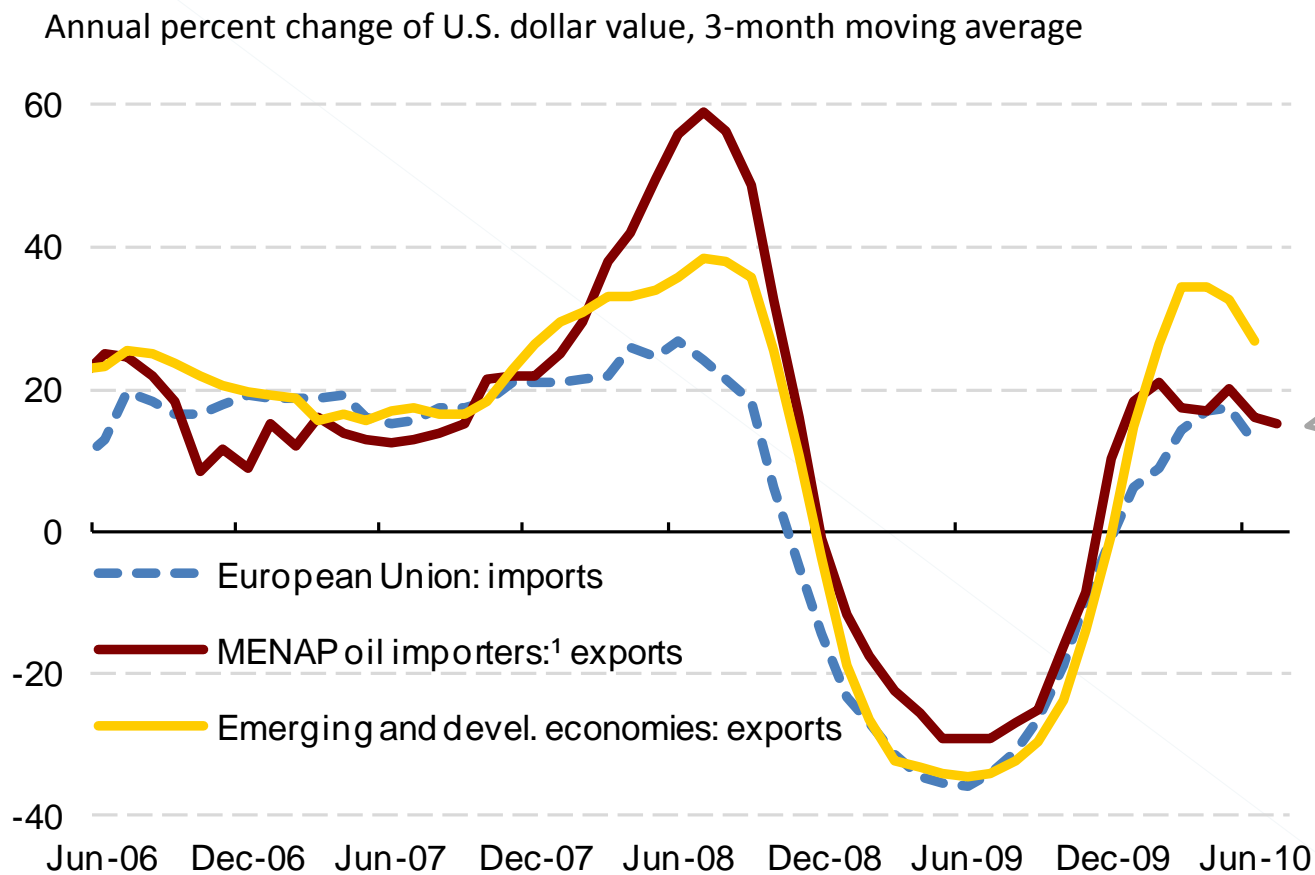
Policy adjustment

- Can start consolidating fiscal positions
- In most cases, inflation not an immediate concern

Medium term challenges

- More than 18 million new jobs required by 2020
- Need to improve competitiveness and reorient trade

Trade recovery is moving ahead

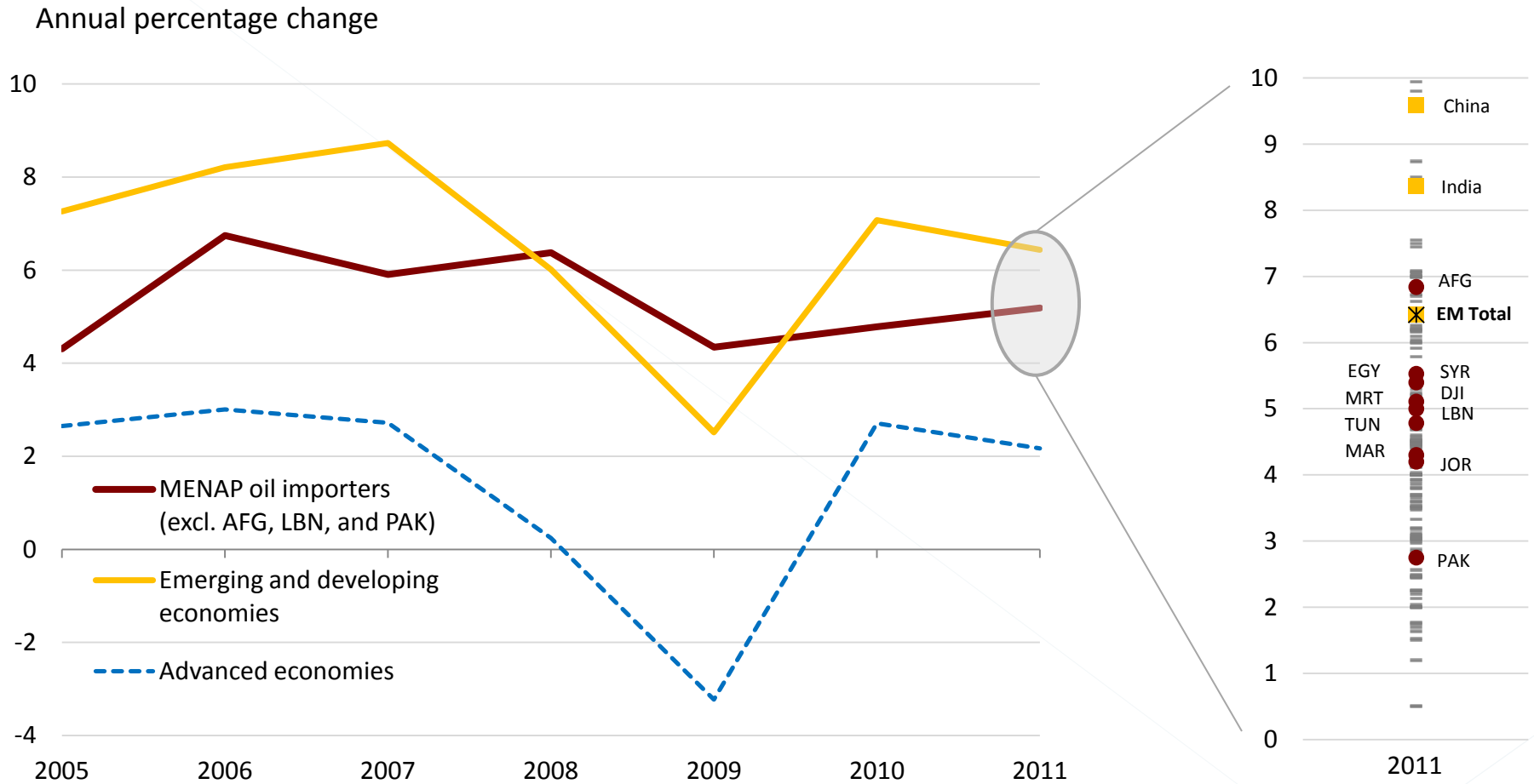


Region's exports are again growing steadily

Sources: National authorities; IMF Direction of Trade Statistics; and Haver Analytics.

¹ Egypt, Jordan, Lebanon, Morocco, Pakistan, and Tunisia.

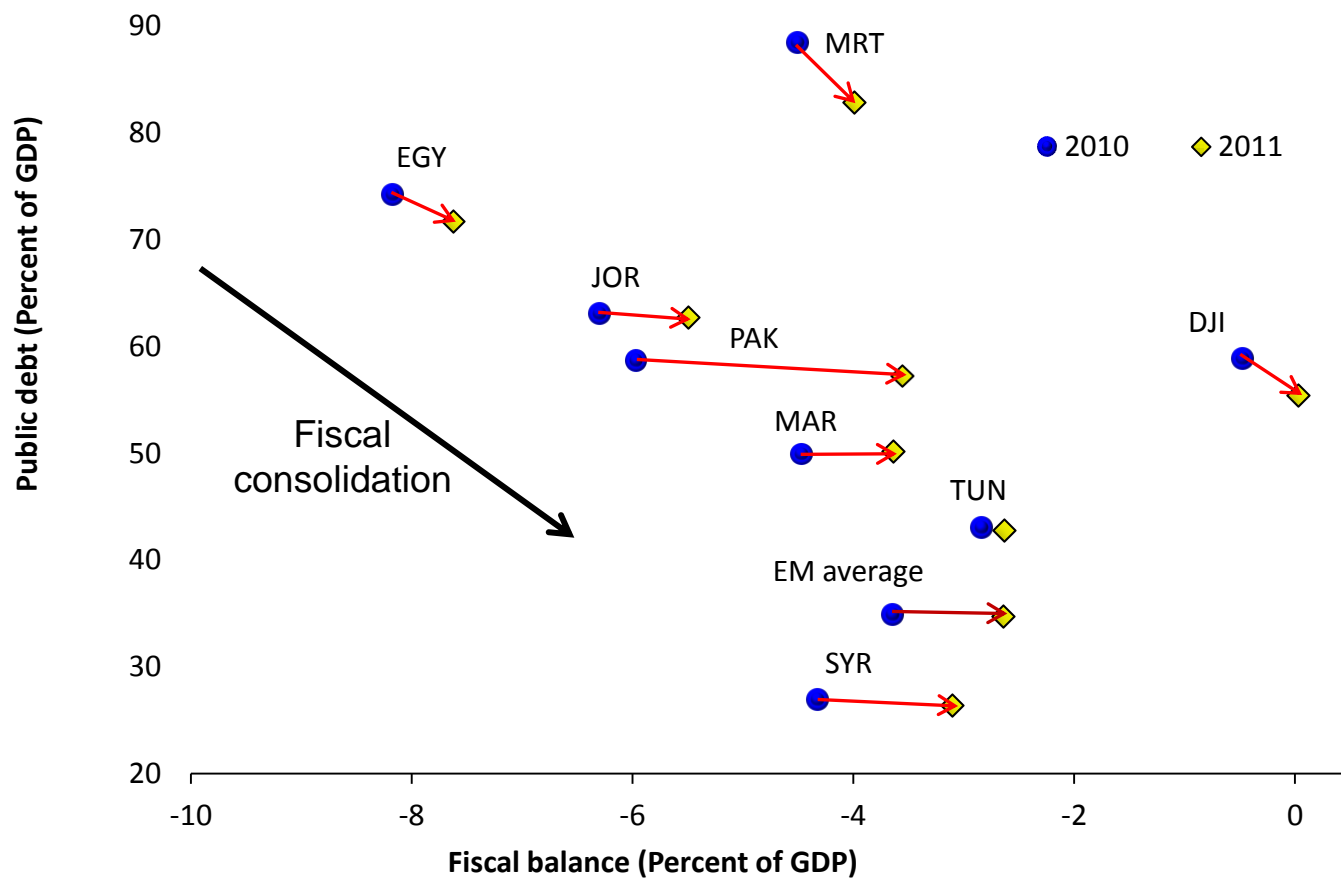
Real GDP picking up across region



Source: National Authorities; and IMF staff estimates.



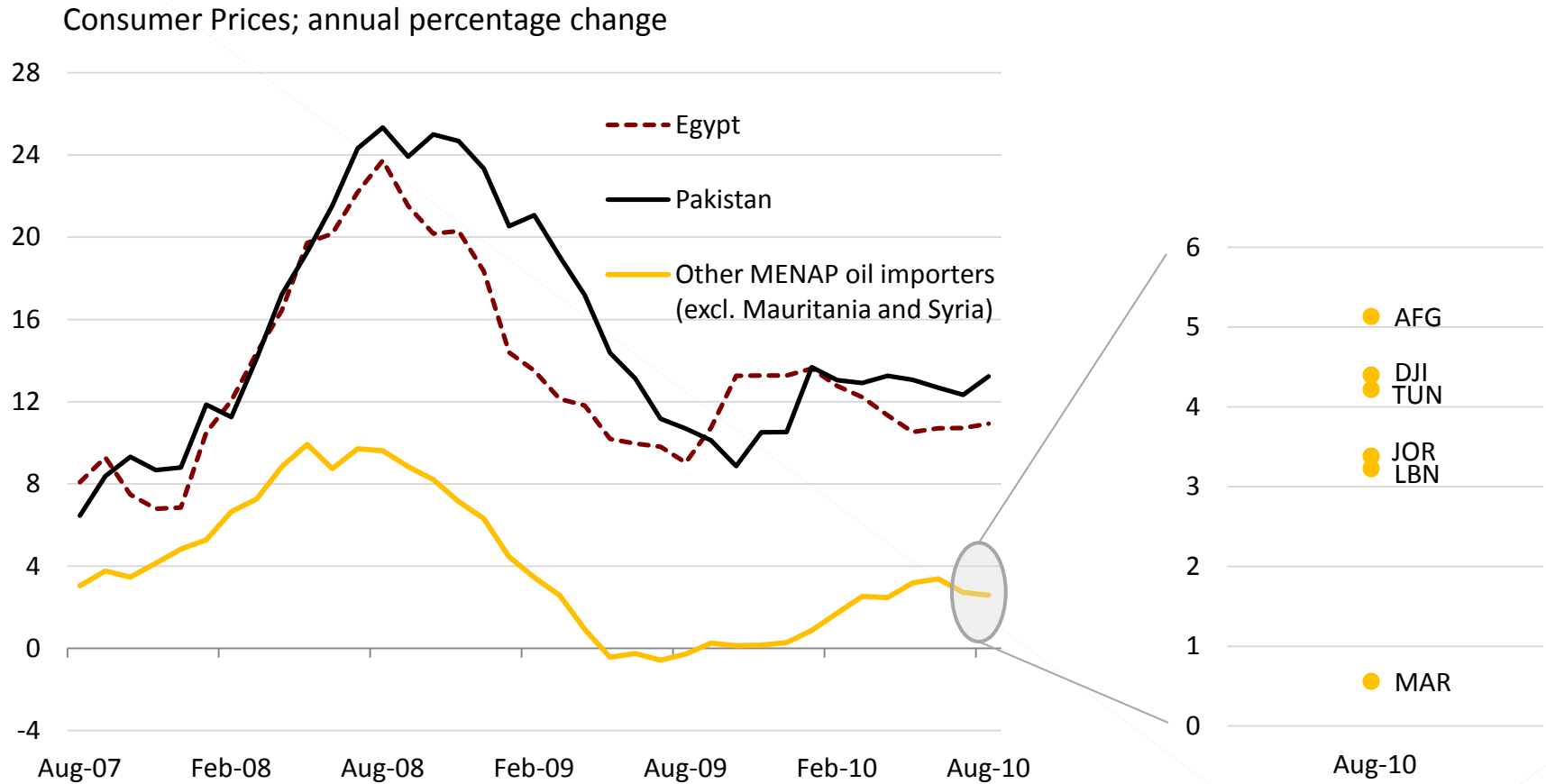
Progress in fiscal consolidation



Source: National Authorities; and IMF staff estimates and projections.



Most can maintain current monetary stance



Sources: Haver Analytics; and national authorities.

More than 18 million jobs needed

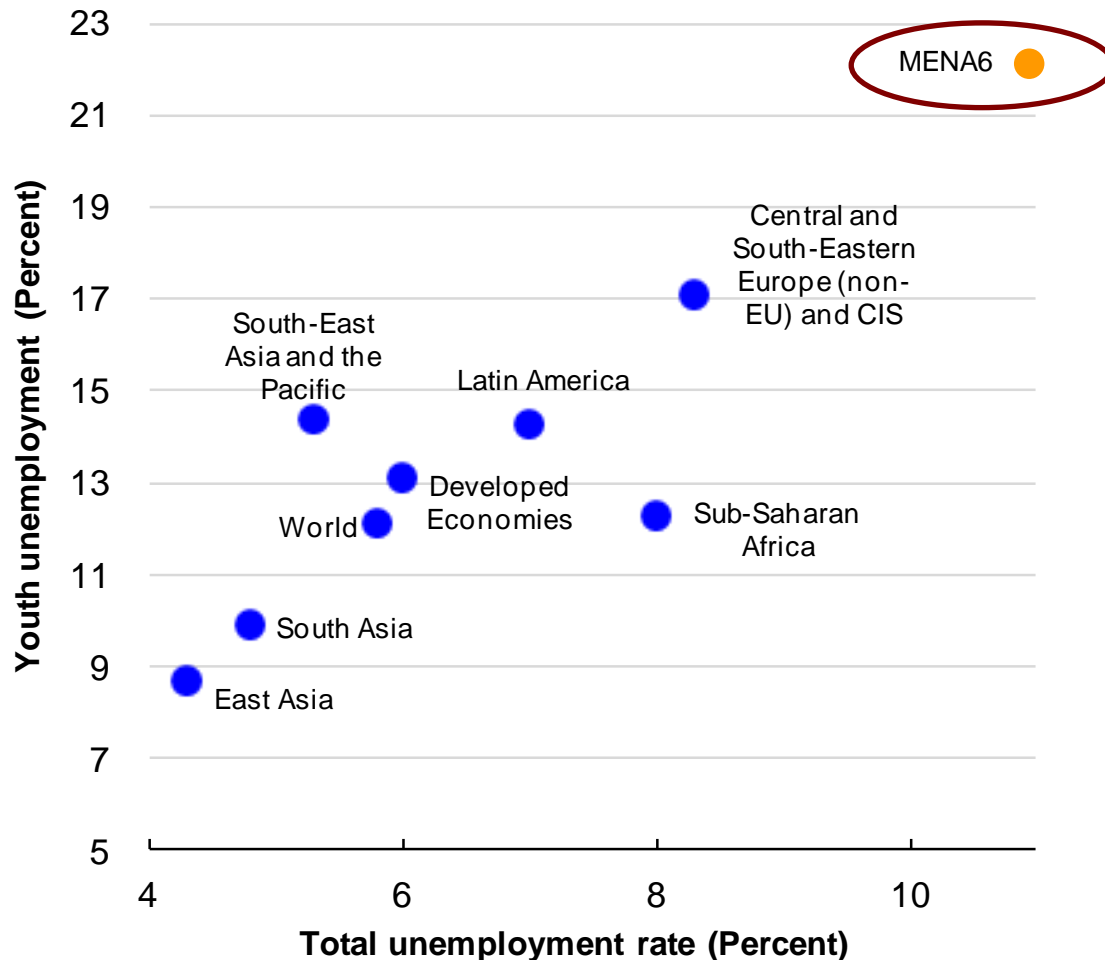


AFP/ABDELHAK SENNA/Getty Images. Reprinted with permission.
(Unemployed workers wait for a job in the Bani Makada quarter of Tangiers, Morocco on March 20, 2004.)

Dominique Strauss-Kahn:

“We must not underestimate the daunting prospects we face: a lost generation, disconnected from the labor market, with a progressive loss of skills and motivation.”

High unemployment a long-standing issue

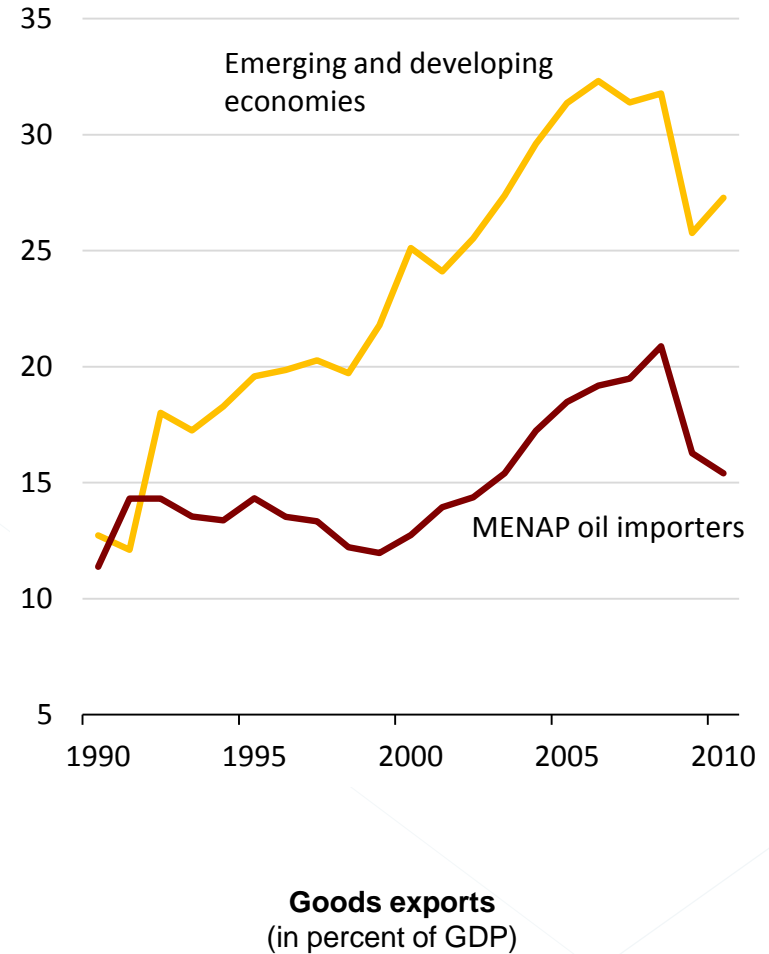
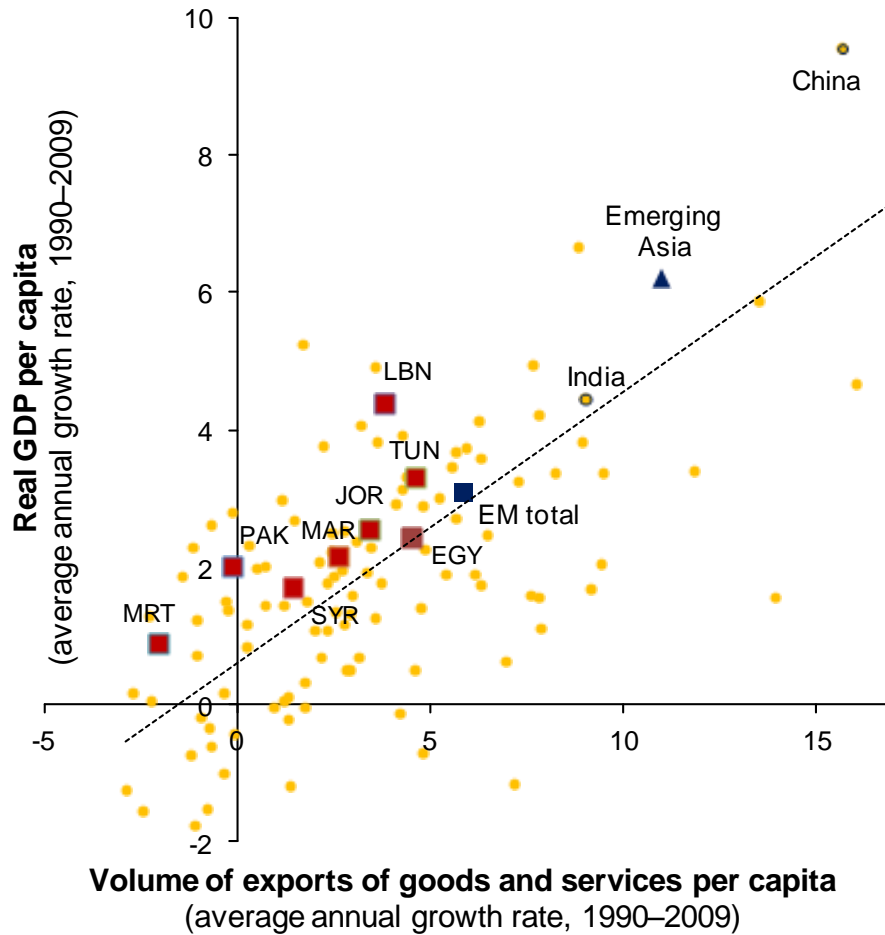


Sources: National authorities; IMF, World Economic Outlook; staff estimates; and International Labor Organization.

Note: MENA6 refers to Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia. Youth unemployment estimate for MENA6 excludes Jordan. Data refers to 2008 or latest available year.



Growth and export gaps: getting bigger

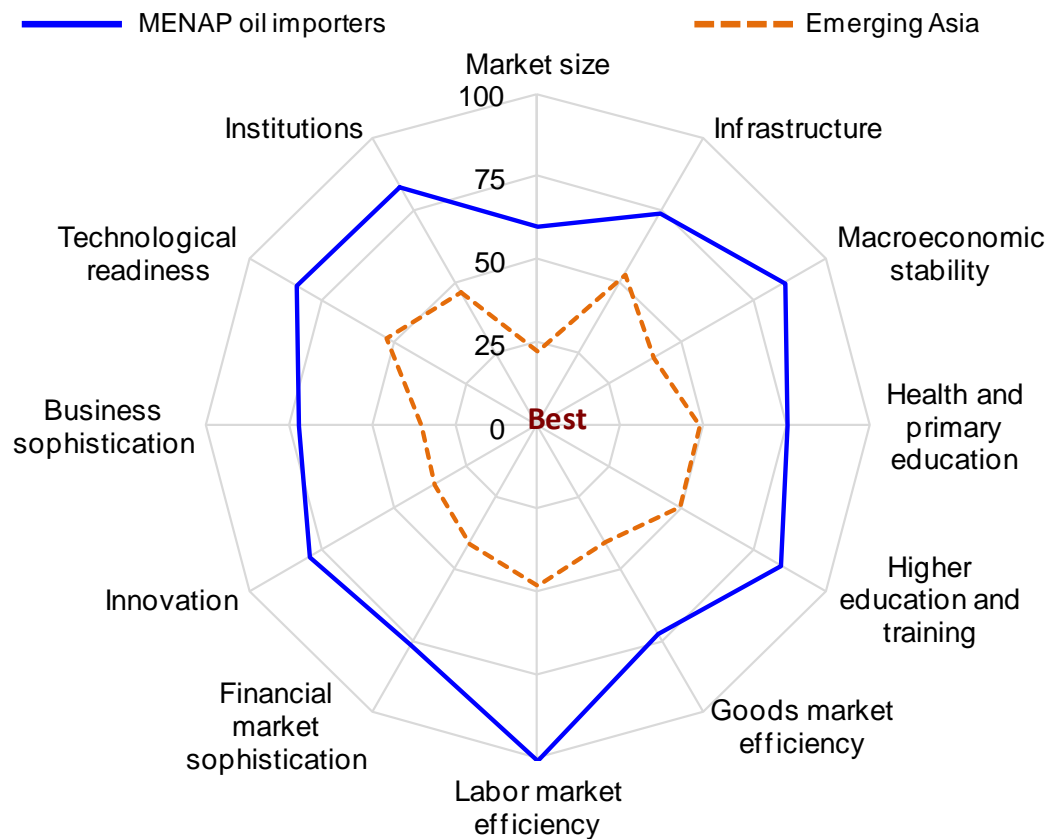


Source: IMF, World Economic Outlook.



Competitiveness will need to improve

Competitiveness Rankings, 2010–11¹



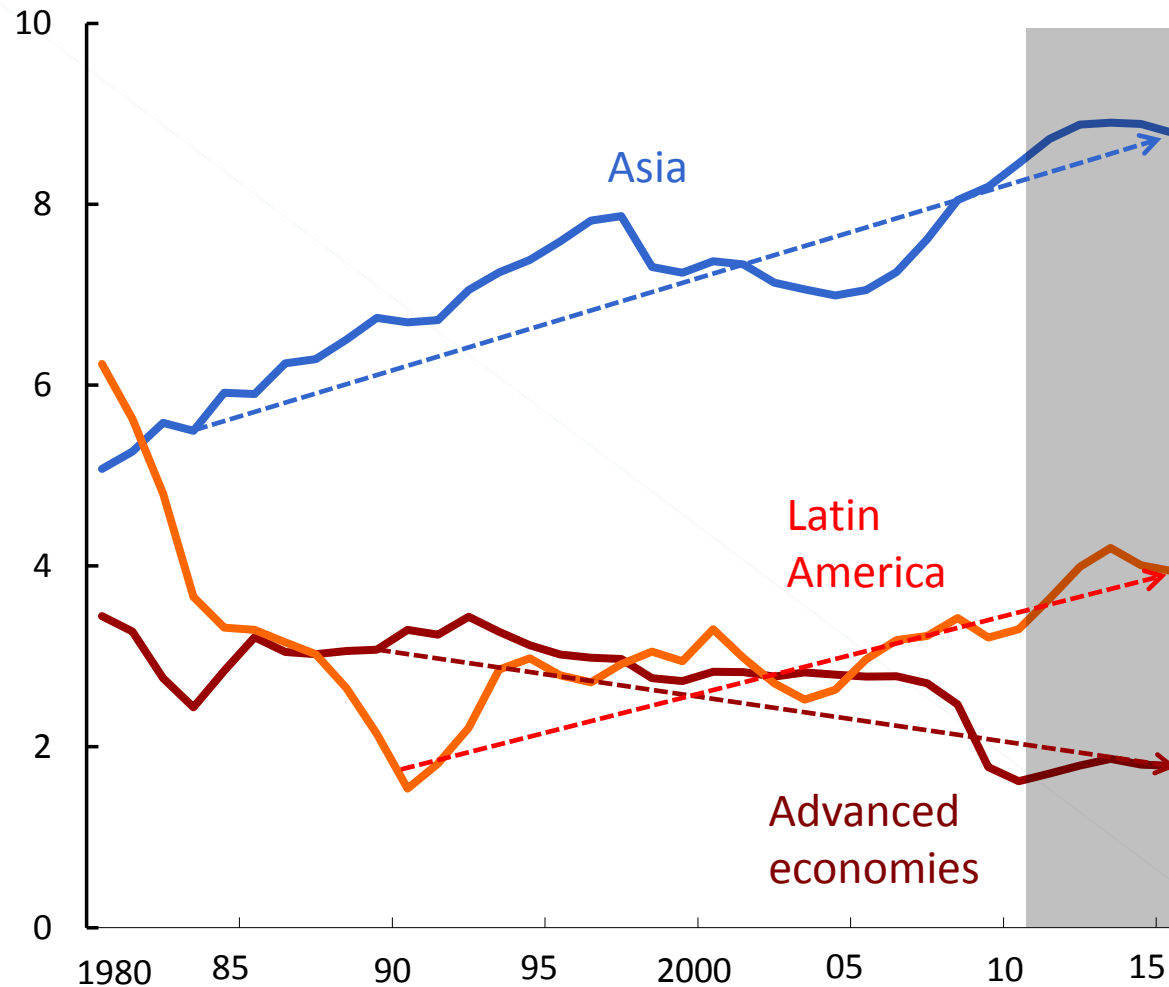
Source: World Economic Forum, Global Competitiveness Report, 2010–11.

¹Economies are ranked from 1 to 139, with first place being the best.

MENAP oil importers is a simple average of Egypt, Jordan, Lebanon, Mauritania, Morocco, Pakistan, Syria, and Tunisia. Emerging Asia is simple average of China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, Thailand, and Vietnam.

Broader Partnerships

Real GDP trends, annual percent change



Source: IMF, World Economic Outlook database.

Note: 1980-2015 real GDP growth data are de-trended as 10-year backward rolling averages.



Policy priorities

