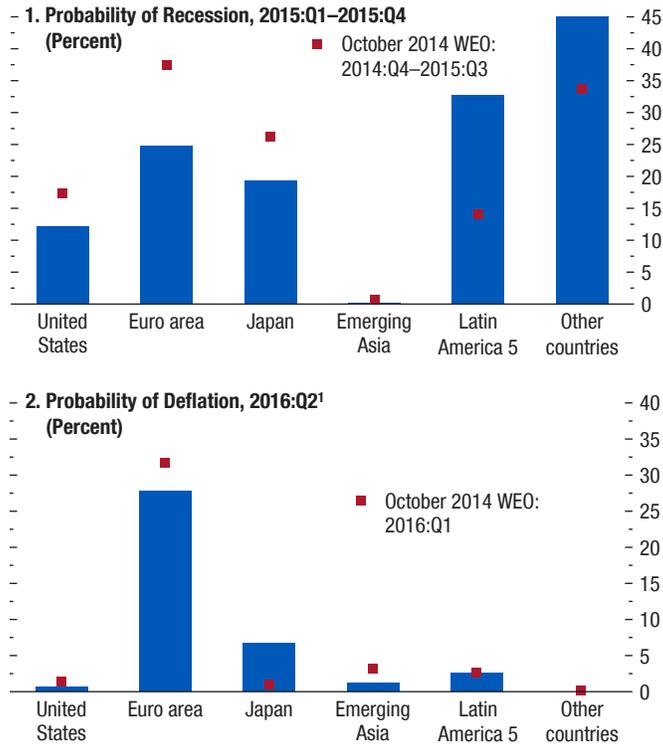


**Figure 1.13. Recession and Deflation Risks**

The IMF staff's Global Projection Model suggests a decrease in the probability of a recession in many major economies and regions over a four-quarter horizon compared with the October 2014 WEO. The decrease largely reflects stronger growth starting points. The probability of a recession has, however, increased for Latin America and the rest of the world. Deflation risks are primarily a concern for the euro area, where the probabilities are still high despite some decline. In other economies and regions, they are well below 10 percent.



Source: IMF staff estimates.

Note: Emerging Asia comprises China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, Thailand; Latin America 5 comprises Brazil, Chile, Colombia, Mexico, Peru; Other countries comprise Argentina, Australia, Bulgaria, Canada, Czech Republic, Denmark, Estonia, Israel, New Zealand, Norway, Russia, South Africa, Sweden, Switzerland, Turkey, United Kingdom, Venezuela.

<sup>1</sup>Deflation is defined as a fall in the price level on a year-over-year basis in the quarter indicated in the chart.