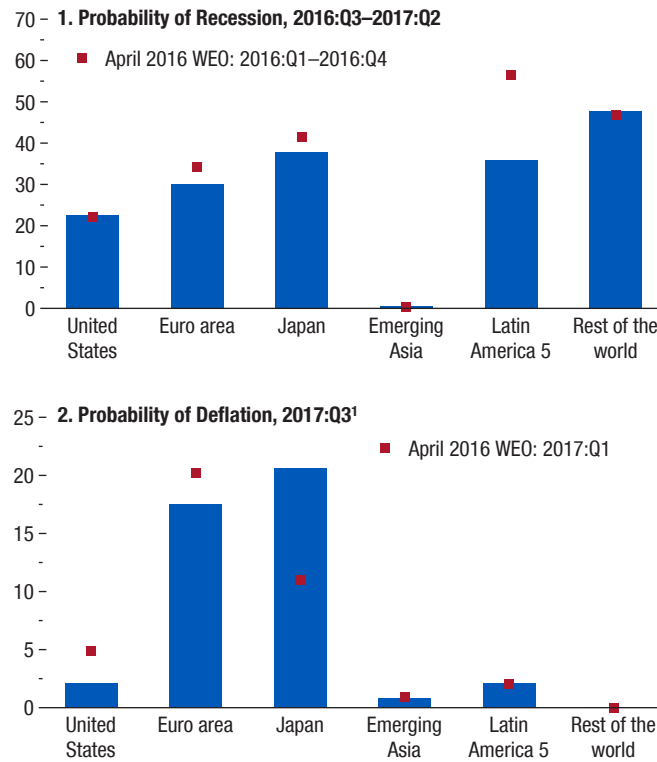


Figure 1.20. Recession and Deflation Risks
(Percent)

The probability of recession over a four-quarter horizon spanning 2016:Q3 through 2017:Q2 has generally declined in most regions relative to the probabilities computed in the April 2016 WEO for the period 2016:Q1 through 2016:Q4. The risk of deflation remains high in the euro area and Japan.



Source: IMF staff estimates.

Note: Emerging Asia comprises China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, and Thailand; Latin America 5 comprises Brazil, Chile, Colombia, Mexico, and Peru; Rest of the world comprises Argentina, Australia, Bulgaria, Canada, the Czech Republic, Denmark, Israel, New Zealand, Norway, Russia, South Africa, Sweden, Switzerland, Turkey, the United Kingdom, and Venezuela. April 2016 WEO data refer to simulations run in March 2016.

¹Deflation is defined as a fall in the price level on a year-over-year basis in the quarter indicated in the figure.