Global Economic Outlook: Averting a Great Divergence

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Chief Economist
Health: Race between Virus and Vaccines

New cases 1/ (per million population)

New deaths 1/ (per million population)

Vaccine doses, approved and procured 2/ (millions of doses, confirmed agreement only)

Sources Haver Analytics; OxCGRT; Duke Global Health Innovation Center; and IMF staff calculations.

1/ Lines denote median of 7-day moving averages. Shaded areas are interquartile ranges.

2/ Includes only vaccines that have been approved.
Economic activity: Q3 surprised strongly on upside; Q4 backsliding

Real GDP 1/
(index; pre-recession peak = 100)

Sources: IMF, World Economic Outlook; IMF, Global Data Source; Haver Analytics; and IMF staff calculations.
1/ Lines denote averages.
Sources: Haver Analytics; OxCGRRT; Google, COVID-19 Community Mobility Data; Duke Global Health Innovation Center; Global Advisor; and IMF staff calculations.

1/ Lines denote median of 7-day moving averages. Shaded areas are interquartile ranges. A full lockdown includes all “containment and closure” measures in the OxCGRRT. The regression sample includes 128 countries.
Lifelines to households and firms supported the rebound

**Income support**
(share of countries in each income group with higher than 50% replacement income support; percent)

**Bankruptcies**
(index; last pre-recession quarter = 100)

**Household saving 1/**
(percent of household disposable income)

Sources: OxCGRT; CEIC; Haver Analytics; and IMF staff calculations.
1/ Lines denote medians. Shaded area denotes interquartile ranges.
Merchandise trade recovers and financial conditions buoyant

**World: merchandise imports 1/**  
(index; Jul 2008=100 for GFC; Dec 2019=100 for GL)

- Great Lockdown: Value
- Great Lockdown: Volume
- Global Financial Crisis: Value
- Global Financial Crisis: Volume

**EMBIG spread**  
(median; basis points)

- EM investment grade
- EM non-investment grade
- LIC/Frontier non-inv grade

**Inflation and policy space 2/**  
(percent)

- Share of countries with inflation below target
- Share of countries with one-year ahead inflation exp. below target
- Share of countries with policy rate near ZLB, rhs

Sources: CPB; Bloomberg; IMF, World Economic Outlook; IMF, Global Data Source; Haver Analytics; Consensus Forecast; and IMF staff calculations.

1/ Lighter lines indicate nowcasts.
2/ ZLB threshold at 0.5 percent.
Labor market vulnerability remains

Sources: IMF, Global Data Source; Haver Analytics; and IMF staff calculations.
Note: Based on countries with available seasonally adjusted monthly series. Latest data point is November 2020.
WEO baseline assumptions

Disruptions to activity
- Possibility of lockdowns before vaccines become widely available
- Broad vaccine availability in AEs and some EMs in the summer of 2021 and across most countries by the second half of 2022

Financial conditions and policy support
- Financial conditions to remain at current levels for AEs while gradually improving for EMDEs
- Additional fiscal policy support boosts activity in some countries, but most are expected to experience lower deficits in 2021

Commodity prices
- Oil prices are expected to rise in 2021 just over 20 percent from the low base for 2020, but will still remain below their average for 2019
### Growth projections: Advanced economies
*(percent change from a year earlier)*

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>Advanced Economies</th>
<th>U.S.</th>
<th>Euro Area</th>
<th>Japan</th>
<th>U.K.</th>
<th>Canada</th>
<th>Other Advanced Asia</th>
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<tbody>
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### Growth projections: Emerging markets and LIDCs

(Percent change from a year earlier)

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<th>Year</th>
<th>World</th>
<th>Emerging Market and Developing Economies</th>
<th>China</th>
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<th>Russia</th>
<th>Commodity Exporting Economies</th>
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Sources: IMF, World Economic Outlook; and IMF staff calculations.
1/ AE = advanced economies; Em. Asia ex China = emerging and developing Asia ex. China; Em. Eur. = emerging and developing Europe; EMDE = emerging market and developing economies; LAC = Latin America and the Caribbean; MECA = Middle East and Central Asia; SSA = sub-Saharan Africa.
Within-country divergence

Change in unemployment rates across economic groups 1/
(percentage points)

Sources: ILO; and IMF staff calculations.
1/ Average changes in unemployment calculated from the normalized time fixed effects from a regression of the variable on country and time fixed effects to account for sample coverage changes. For AEs, the chart shows 2020Q3 relative to 2018-2019 averages. For EMDEs, the chart shows 2020Q2 relative to 2018-2019 averages.
Vaccine supply coverage
(percent of population; confirmed agreements only)

Vaccine demand 1/
(percent)

Willingness to get COVID-19 vaccine
December 2020 October 2020

COVID-19 doses administered
(per 100 persons; as of 1/25/2021)

Sources Haver Analytics; OxCGRT; Duke Global Health Innovation Center; Global Advisor; Ipsos; and IMF staff calculations.

1/ Based on 18,526 online adults aged 16-74 across 15 countries.
Divergences: Structural Sources

Sources: IMF, *World Economic Outlook*; the World Bank; UNESCO; and IMF staff calculations.

### Oil exports
*(percent of GDP; average in 2018)*

- AE
- EM
- LIC

### Tourism receipts
*(percent of GDP; average in 2018)*

- AE
- EM
- LIC

### GDP growth
*(percent; median)*

Sources: IMF, *World Economic Outlook*; the World Bank; UNESCO; and IMF staff calculations.
Divergences: Income support, Education

Share of households with falling income and share of households that received support
(percent)

School closures and enrollment
(percent of students)

Sources: IMF, World Economic Outlook; the World Bank; UNESCO; and IMF staff calculations.
Divergences: Policy support

Announced Fiscal Measures
(percent of GDP; as of Dec 2020)

- Additional spending and forgone revenue
- Equity, loans, and guarantees

Sources: IMF, Fiscal Monitor, and IMF staff calculations.
Robust Demand for EM Assets

EM sovereign and corporate debt issuance
(USD billions; international hard currency issuance)

Flows to emerging market mutual funds and ETFs
(billions USD, weekly)

Source: Bondradar; Haver Analytics; and IMF Staff Calculations.
Supportive Borrowing Conditions

Public debt and bond yields in historical perspective
(yields in percent; public debt in percent of GDP)

India: Bond Yields and General Government Debt
(yield in percent, general government debt in percent of GDP)

Source: IMF, Historical Public Debt Database; IMF, World Economic Outlook; JST Macro-History database; Maddison Database Project; Thomson Reuters Datastream, Global Financial Data; Refinitiv, Reserve Bank of India; Ministry of Finance of the Government of India and IMF Staff Calculations.
Pre-Pandemic Financial Sector Stress: India

Credit growth
(percent; year on year)

- Wholesale corporate
- MSME
- Consumer credit
- Overall non-farm credit

Banks’ Nonperforming Assets
(Gross NPA Ratio)

- Public sector banks
- Private sector banks
- Foreign banks
- All banks

Source: Reserve Bank of India; and IMF Staff Calculations.
Accelerate shift to more inclusive and sustainable growth

Impact on real GDP from infrastructure investment (percent deviation from baseline)

Global CO₂ emissions (gigatons of CO₂)

EM and LIDC: Fiscal vulnerabilities (percent of total countries)

Sources: carbonmonitor.org; IMF, World Economic Outlook; IMF VE database; and IMF staff calculations.

1/ Other consists of compensatory transfers to households and avoided damages from climate change.