



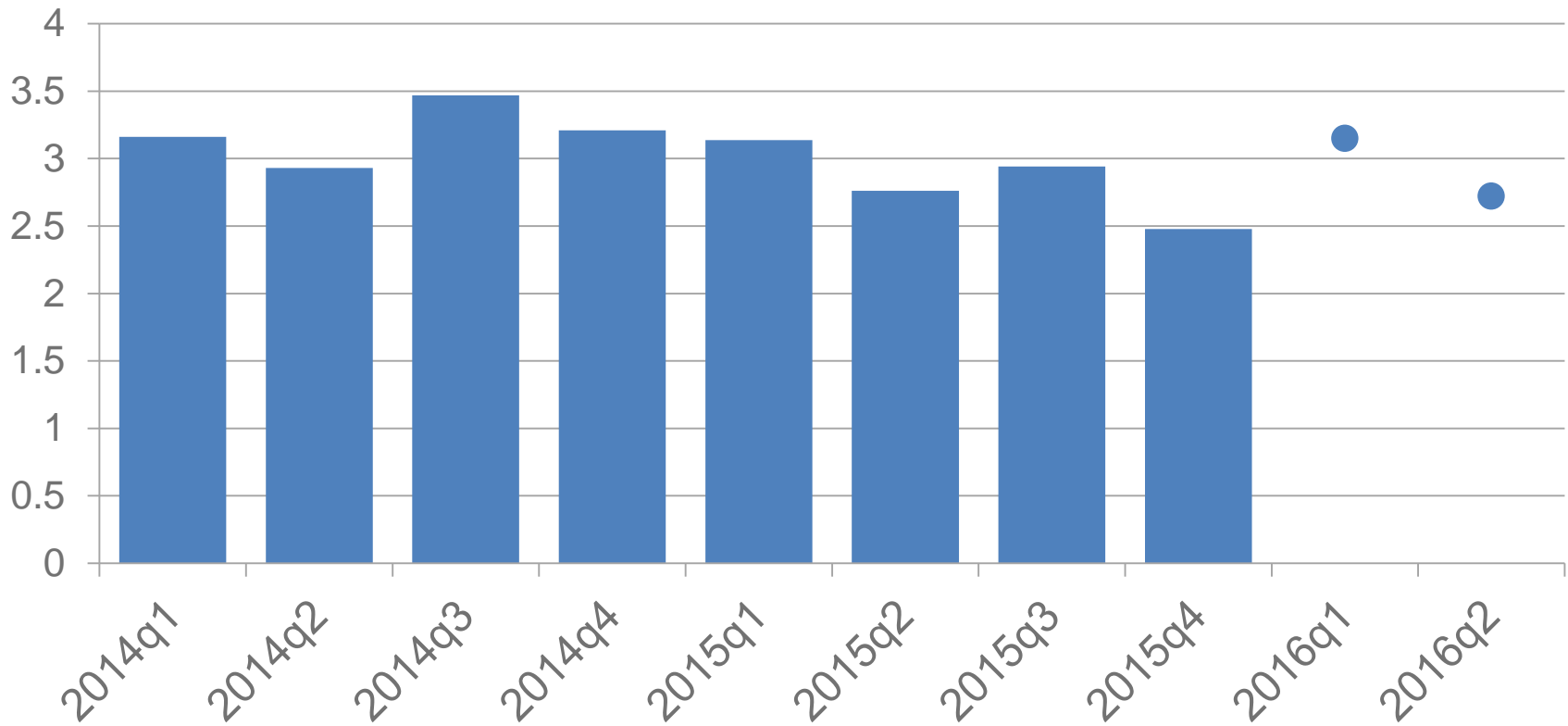
THE GLOBAL ECONOMIC OUTLOOK

Mark Baker ECO / MPD
8 September 2016



Global GDP growth remains subdued

World GDP growth (Q/Q annualised %)

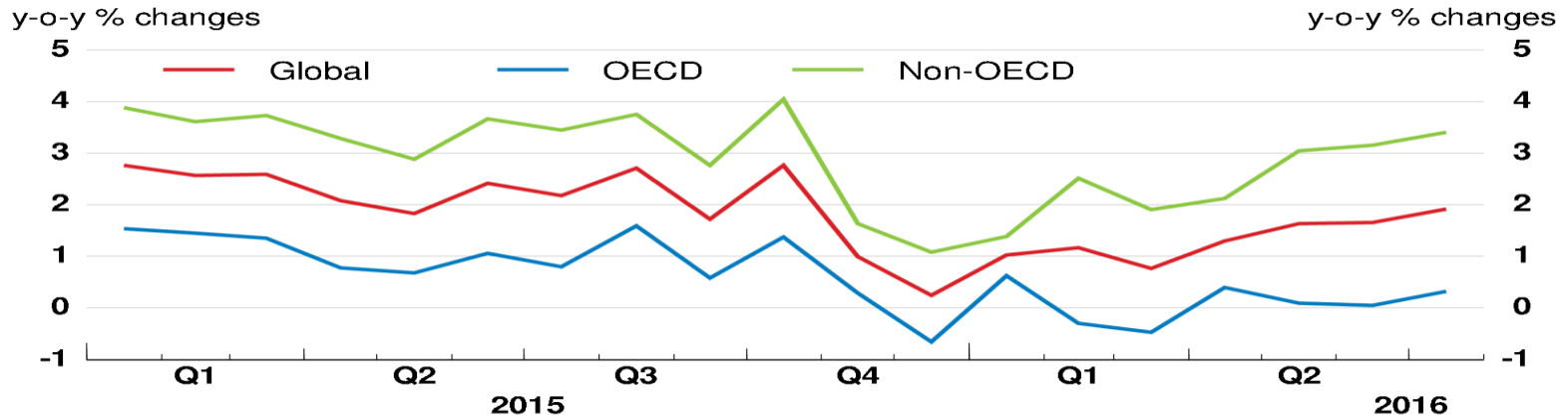


Note: Provisional estimates for 2016Q1 and 2016Q2 based on subset of countries with information available in both quarters (around 80% of global GDP in PPP terms).

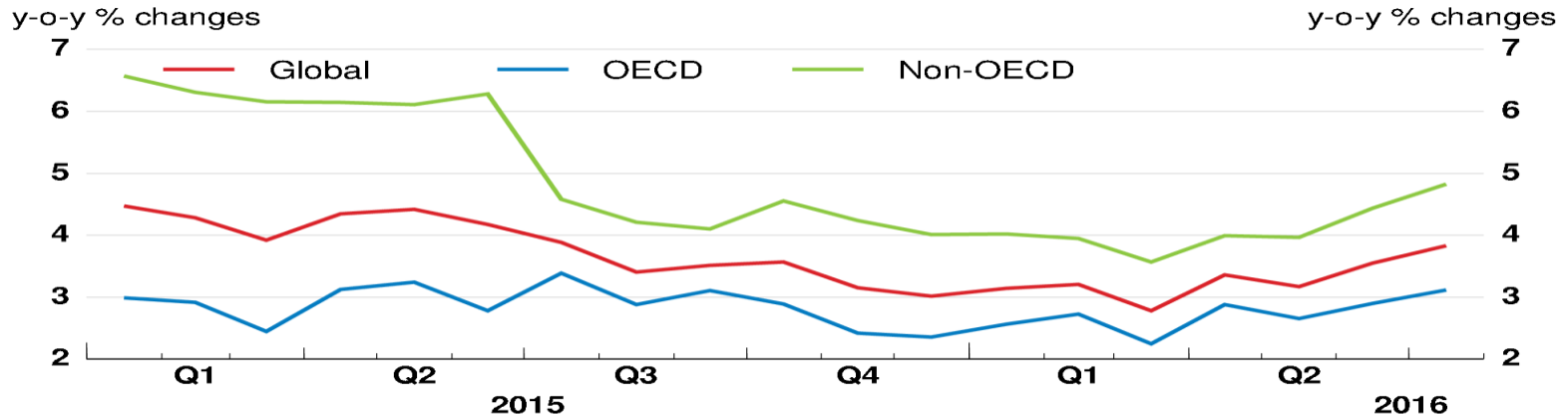


Global industrial production and consumption are soft

A. Industrial production index



B. Consumption index

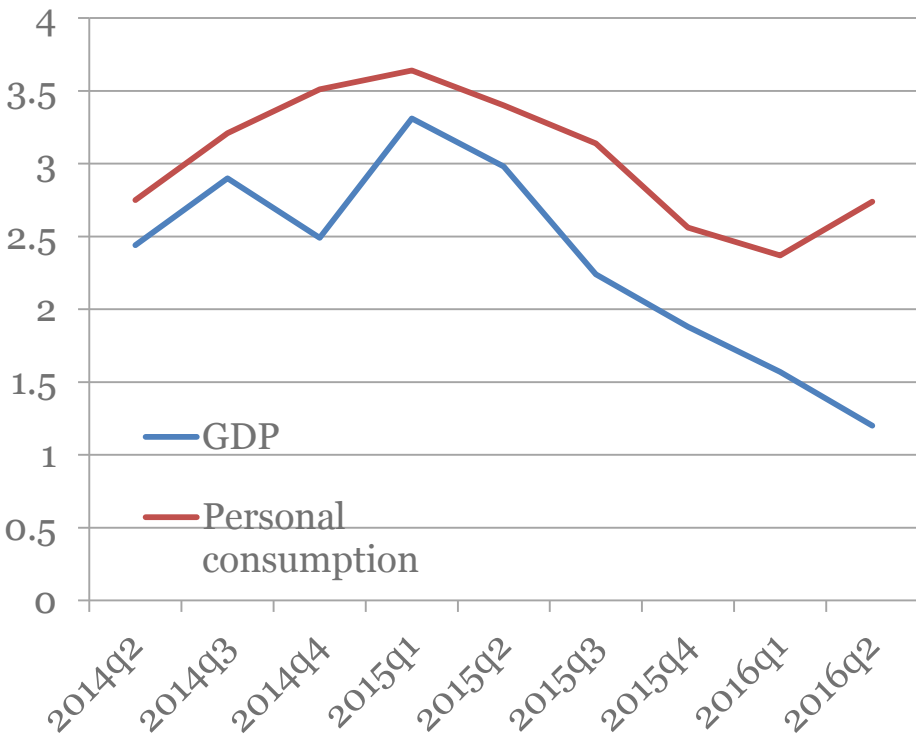


Source: Thomson Reuters; OECD, Main Economic Indicators database; and OECD calculations.

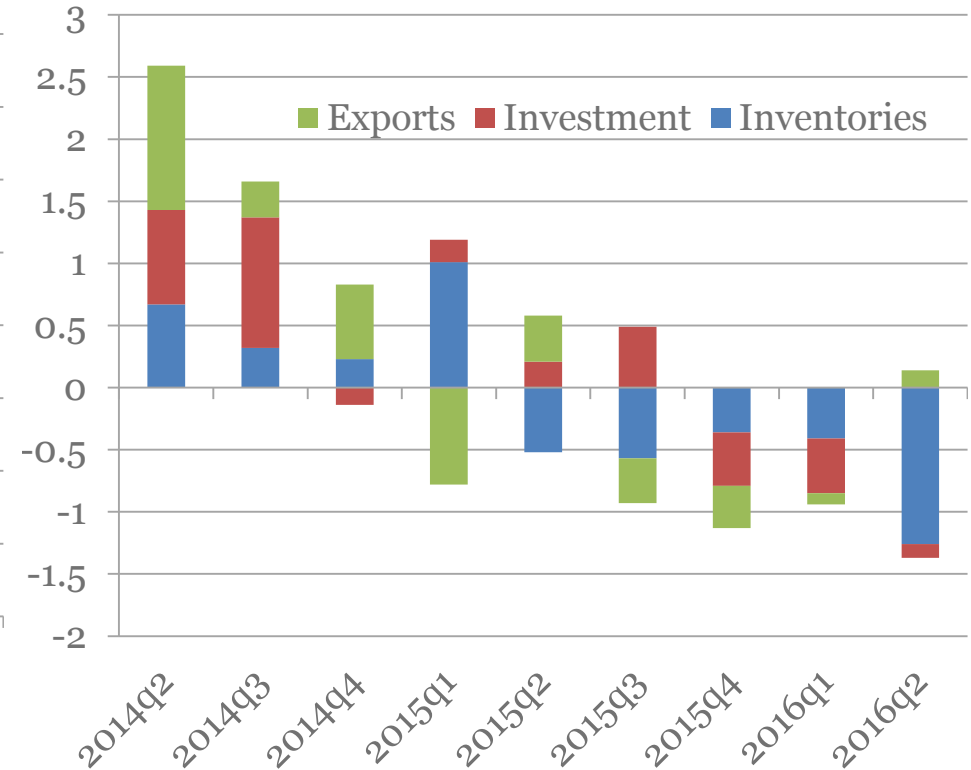


Weak investment and sharp inventory correction are slowing US growth

GDP and Consumption Growth (Y/Y%)



Contributions to Growth (Q/Q annualised)

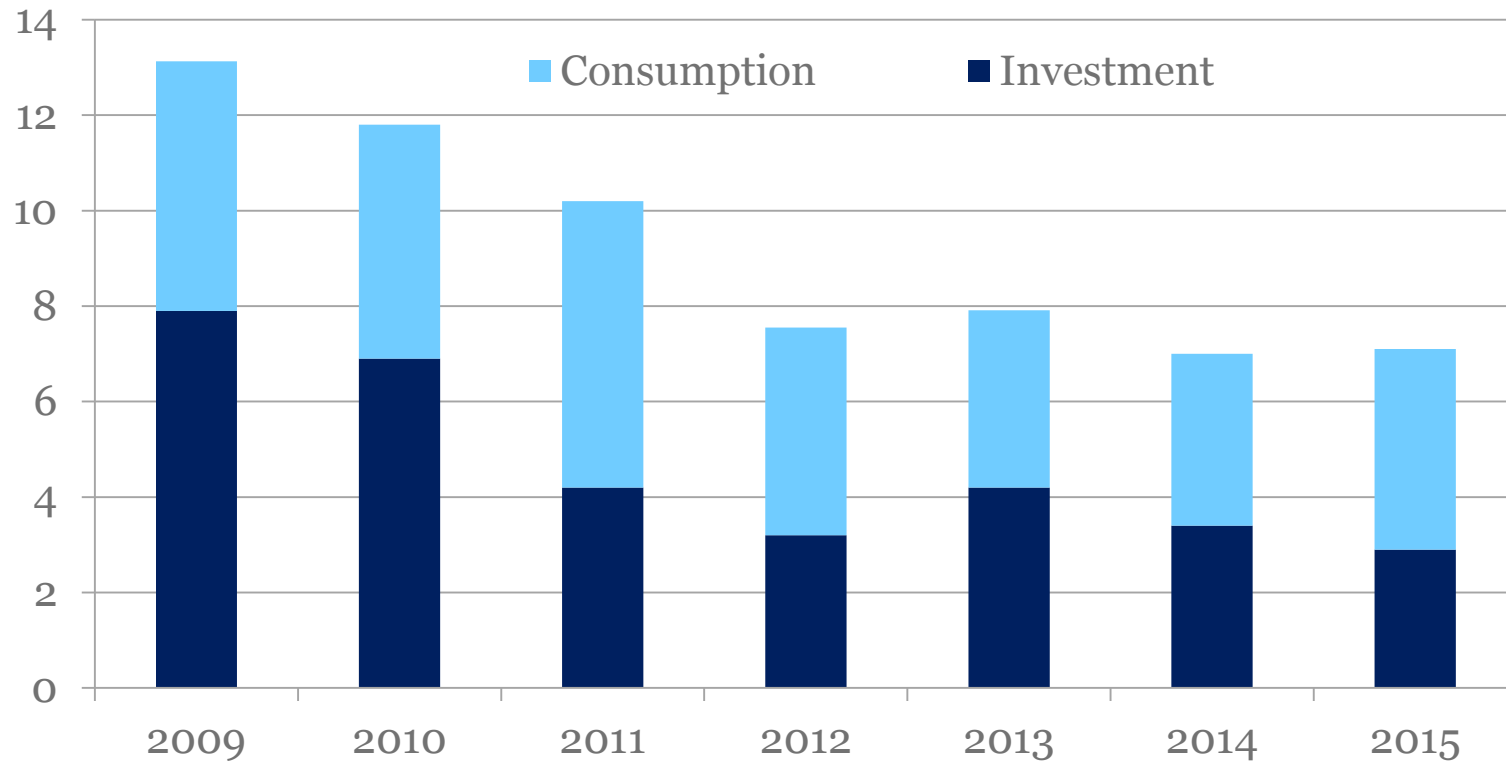


Sources: Bureau of Economic Analysis; OECD calculations



Rebalancing continues in China at a gradual pace

China: Contributions to GDP Growth (Y/Y %)

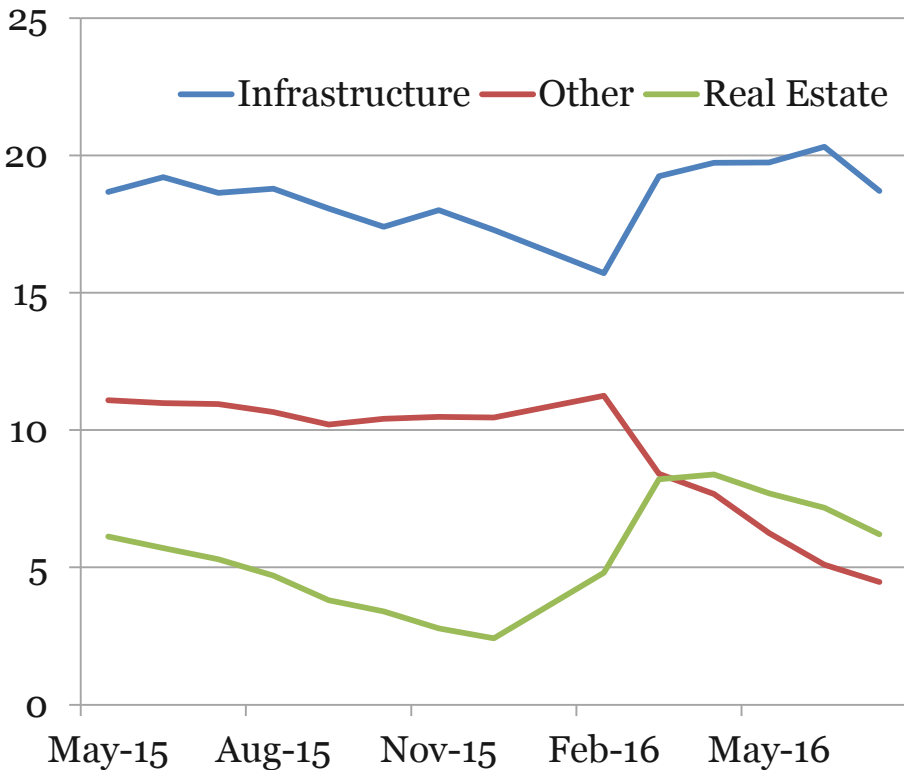


Source: Thomson Reuters

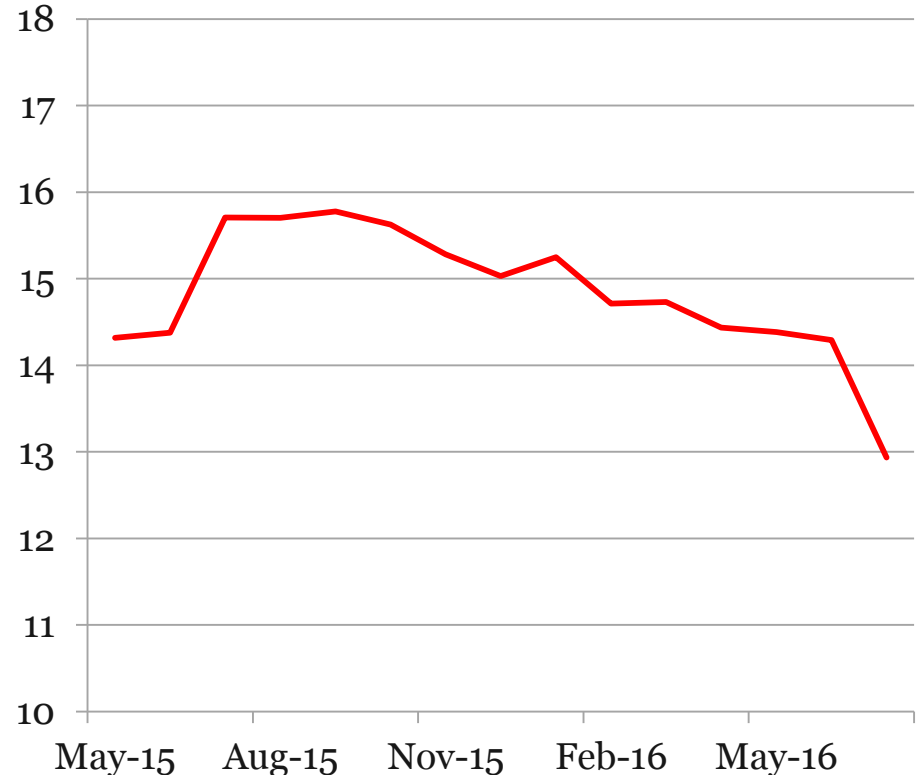


China: Recent stimulus targeted at infrastructure spending may be fading

Nominal Fixed Investment (YoY%, cmlv)



Credit Growth (YoY%)

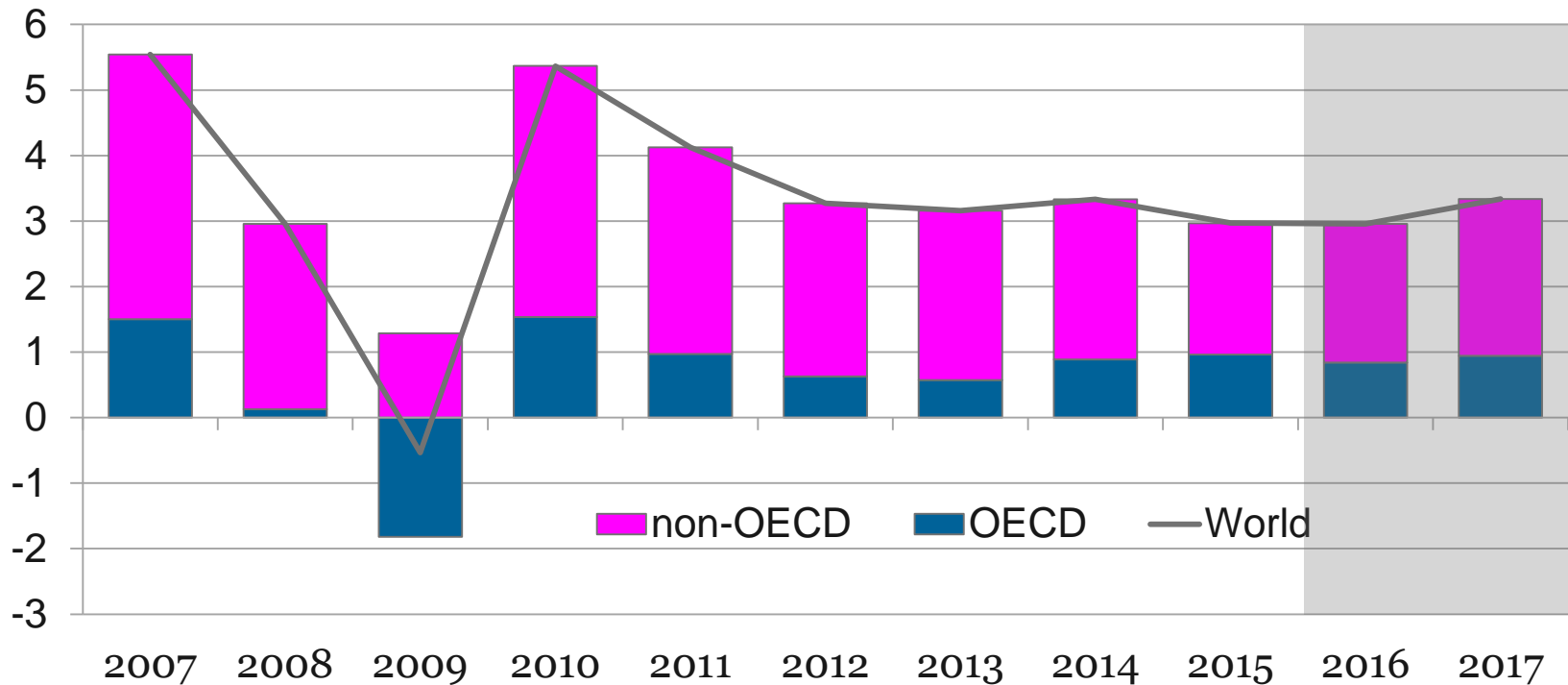


Source: Thomson Reuters



Global growth is expected to remain subdued

World GDP growth Per cent



Source: OECD June 2016 Economic Outlook (EO99) database.



Moderate improvement projected across most countries

Real GDP Growth

	2014	2015	2016	2017
World ¹	3.3	3.0	3.0	3.3
United States	2.4	2.4	1.8	2.2
Euro area	1.0	1.6	1.6	1.7
Japan	0.0	0.6	0.7	0.4
China	7.3	6.9	6.5	6.2
India ²	7.2	7.4	7.2	7.8
Brazil	0.1	-3.9	-4.3	-1.7

1. Moving nominal GDP weights using purchasing power parities. 2. Fiscal years starting in April.

Source: OECD June 2016 Economic Outlook database.



External forecasts have been revised downwards since EO99

Forecast revisions between May 2016 and August 2016

	2016	2017
USA	-0.3	0
Japan	0	0.3
UK	-0.3	-1.6
Euro Zone	-0.1	-0.4
China	0.1	0
Brazil	0.5	0.3
Russia	0.4	0.2
World	-0.09	-0.13

Source: Consensus Economics; OECD calculations

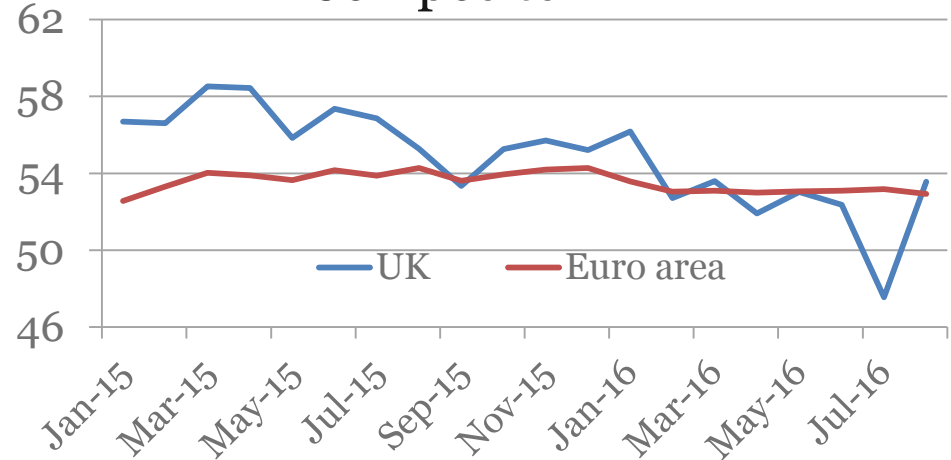


Short-term impact of the BREXIT referendum

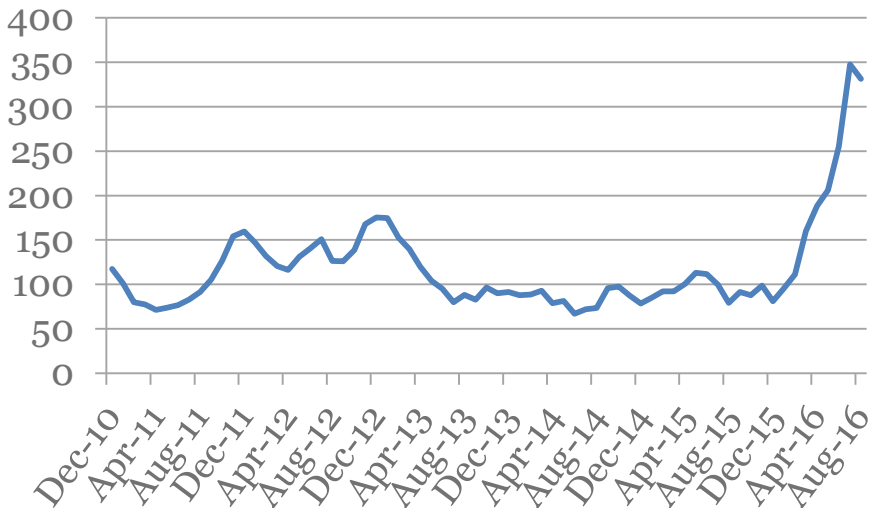
£ Effective Exchange Rate



Composite PMI



Policy Uncertainty Index (2011=100)

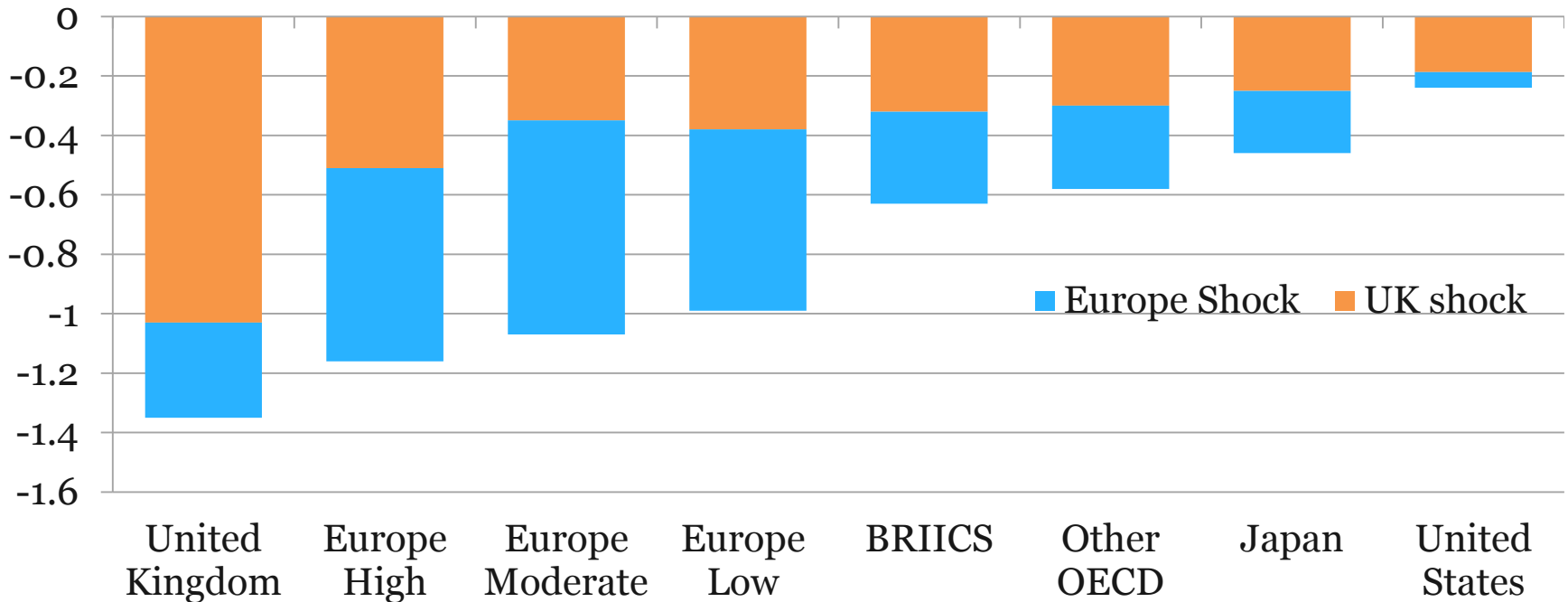


- Heightened uncertainty
- Still too early to tell
- Bank of England stimulus.



EO99 BREXIT simulation to end-2018

% pt difference from baseline

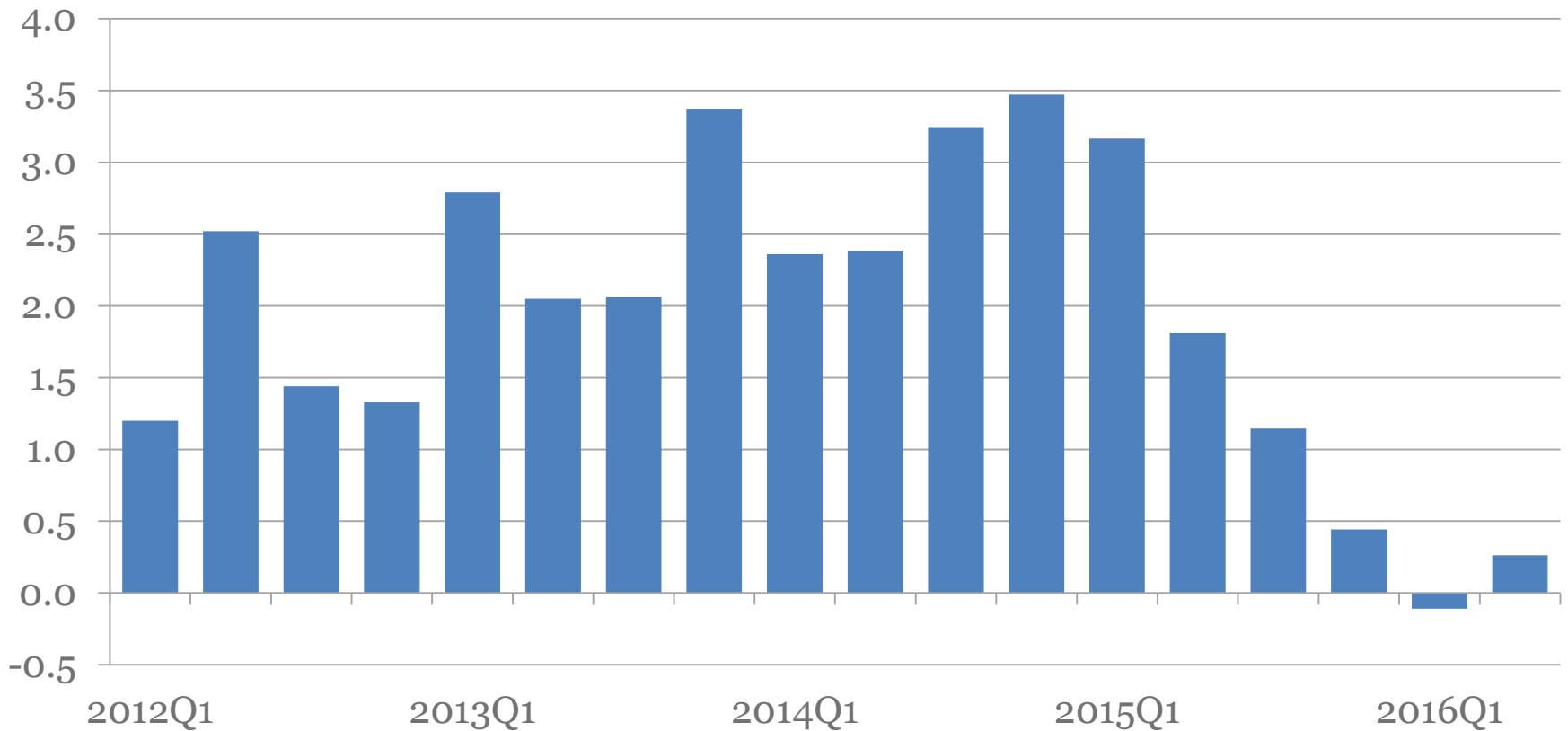


- Series of shocks over time
- Europe negatively impacted
- No policy response assumed



Global trade is weak

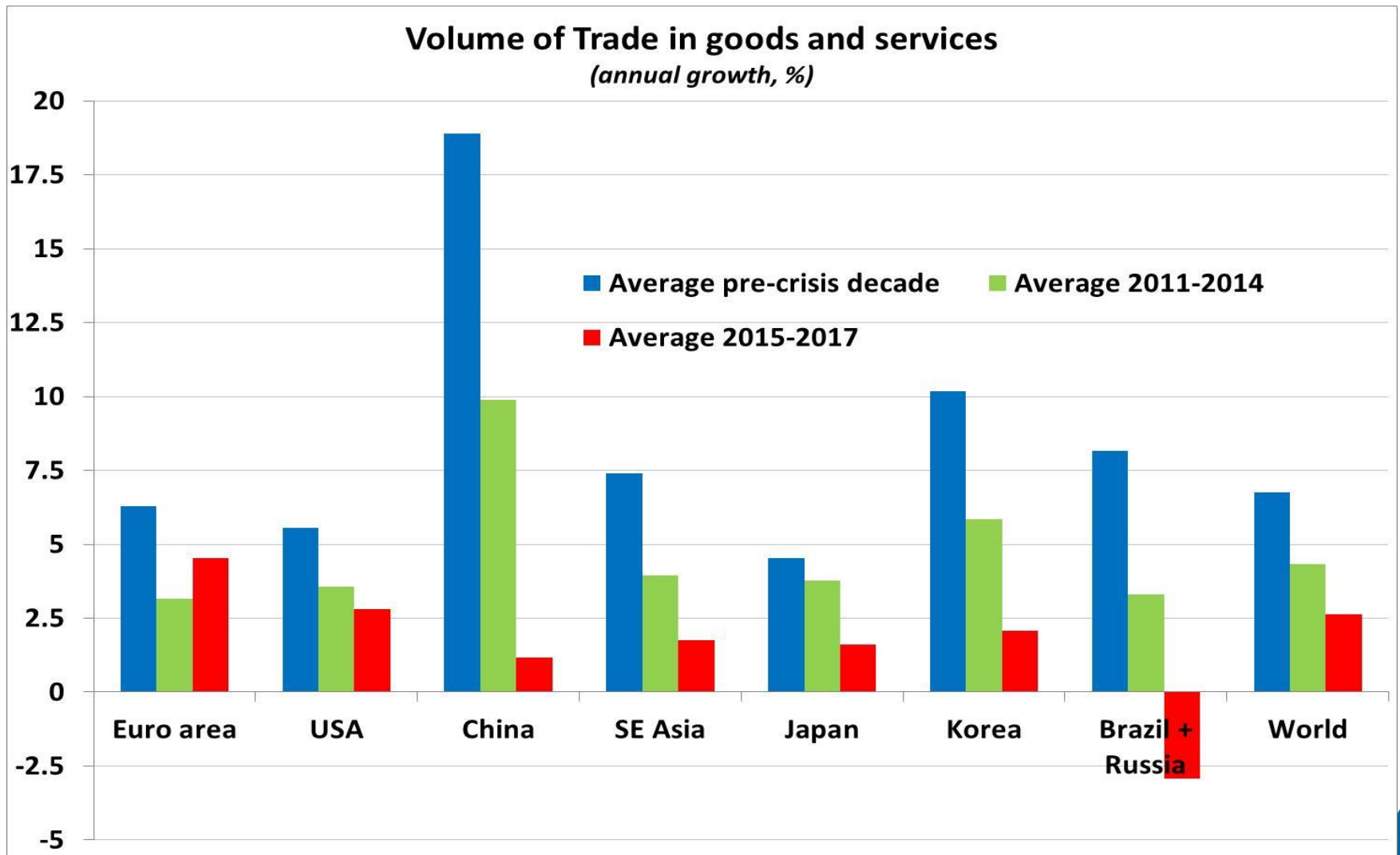
World Merchandise Trade Growth (Y/Y %)



Source: CPB Netherlands Bureau for Economic Analysis



Trade is particularly weak in Asia and commodity producers

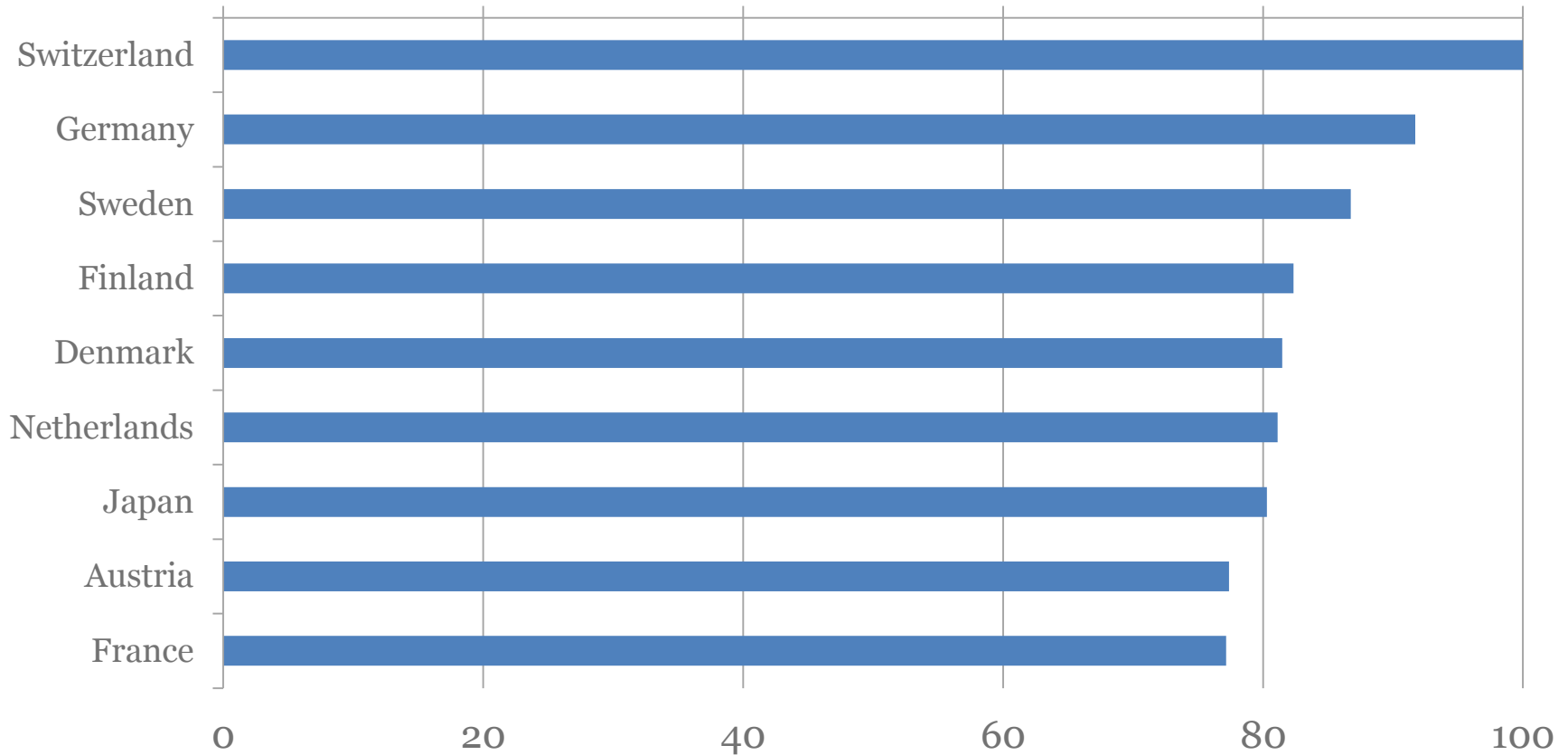


Source: EO99



Bond Yields have continued to descend into uncharted territory, particularly in Europe and Japan

Share of Outstanding Sovereign bonds with negative yields

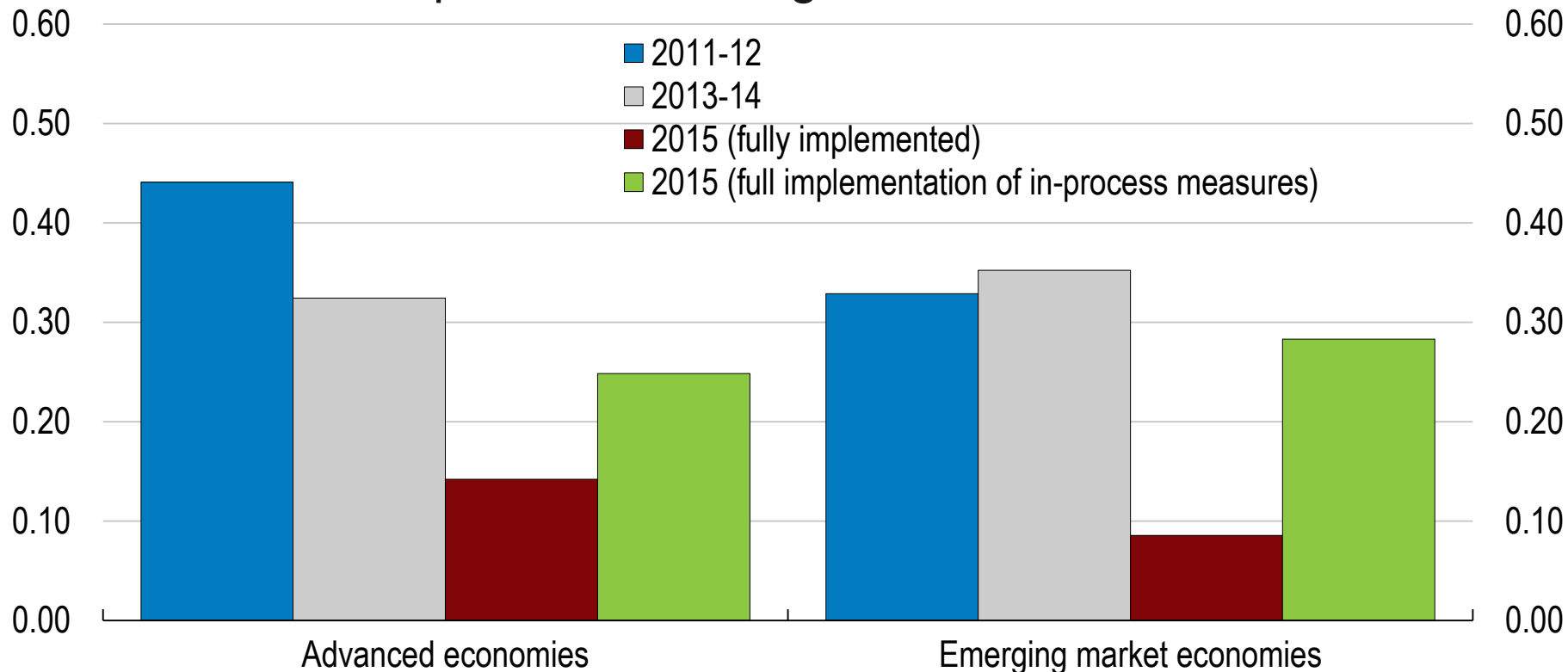


Sources: Thomson Reuters; Bloomberg; OECD calculations



The pace of structural reforms has decelerated

The share of implemented *Going for Growth* recommendations



Source: OECD *Going for Growth* Interim Report 2016

