

Growth likely to stay subdued: IMF

Growth in the Middle East, North Africa, Afghanistan and Pakistan region is expected to remain subdued at 2.4 percent in 2019 before recovering to about 3 percent in 2020, says International Monetary Fund (IMF). The IMF in its latest report "World Economic Outlook (WEO) Update" stated that multiple factors weigh on the region's outlook, including weak oil output growth, which offsets an expected pickup in non-oil activity (Saudi Arabia); tightening financing conditions (Pakistan); the US sanctions (Iran); and, across several economies, geopolitical tensions.

It further stated that as of early January, with some notable exceptions (e.g. Mexico, Pakistan), emerging market governments generally face lower domestic-currency long-term yields than in August-September. Foreign-currency sovereign credit spreads have edged up for most countries and risen substantially for some frontier markets.

The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections.

The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China earlier that year. The further downward revision since October in part reflects carry over from softer momentum in the second half of 2018 - including in Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand - but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated, the report maintained.

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