

2019

World Economic Situation and Prospects



United Nations

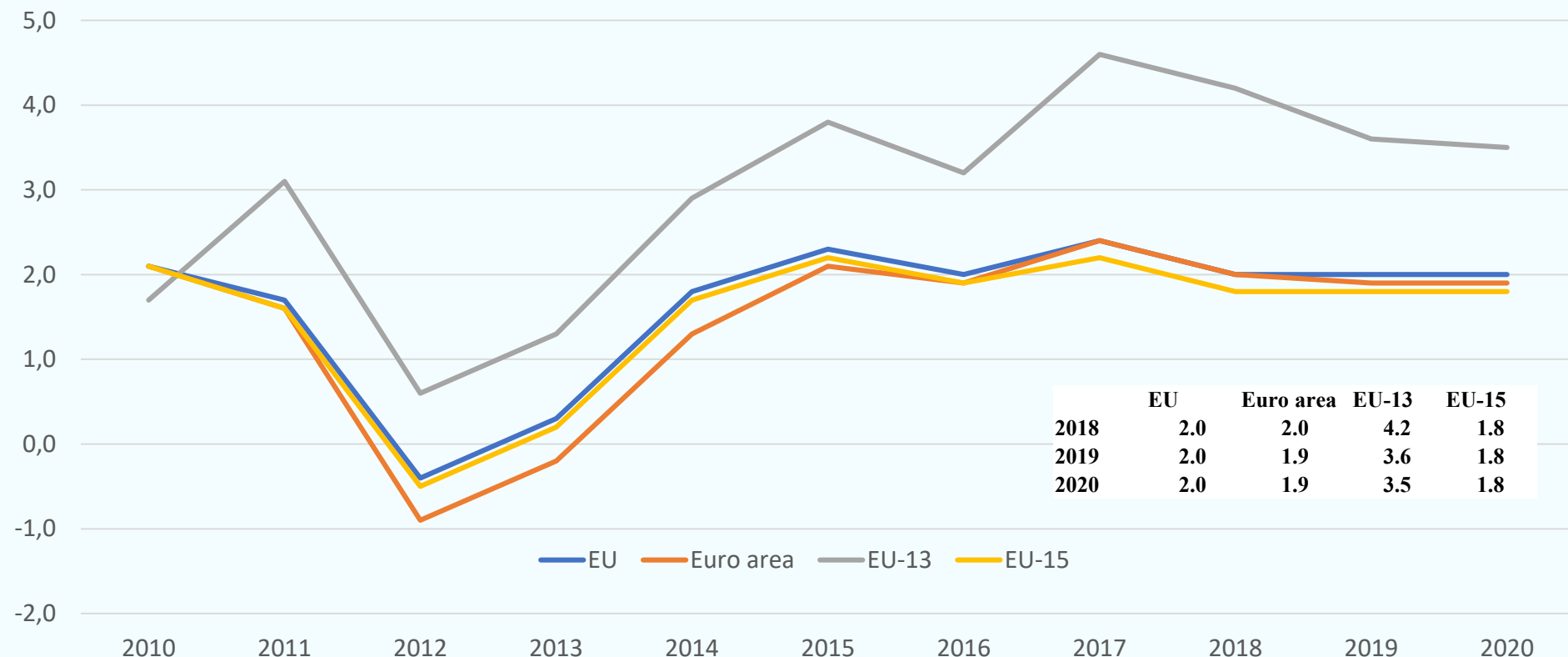
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Regional trends



Europe: steady growth

Annual GDP growth, 2010-2020



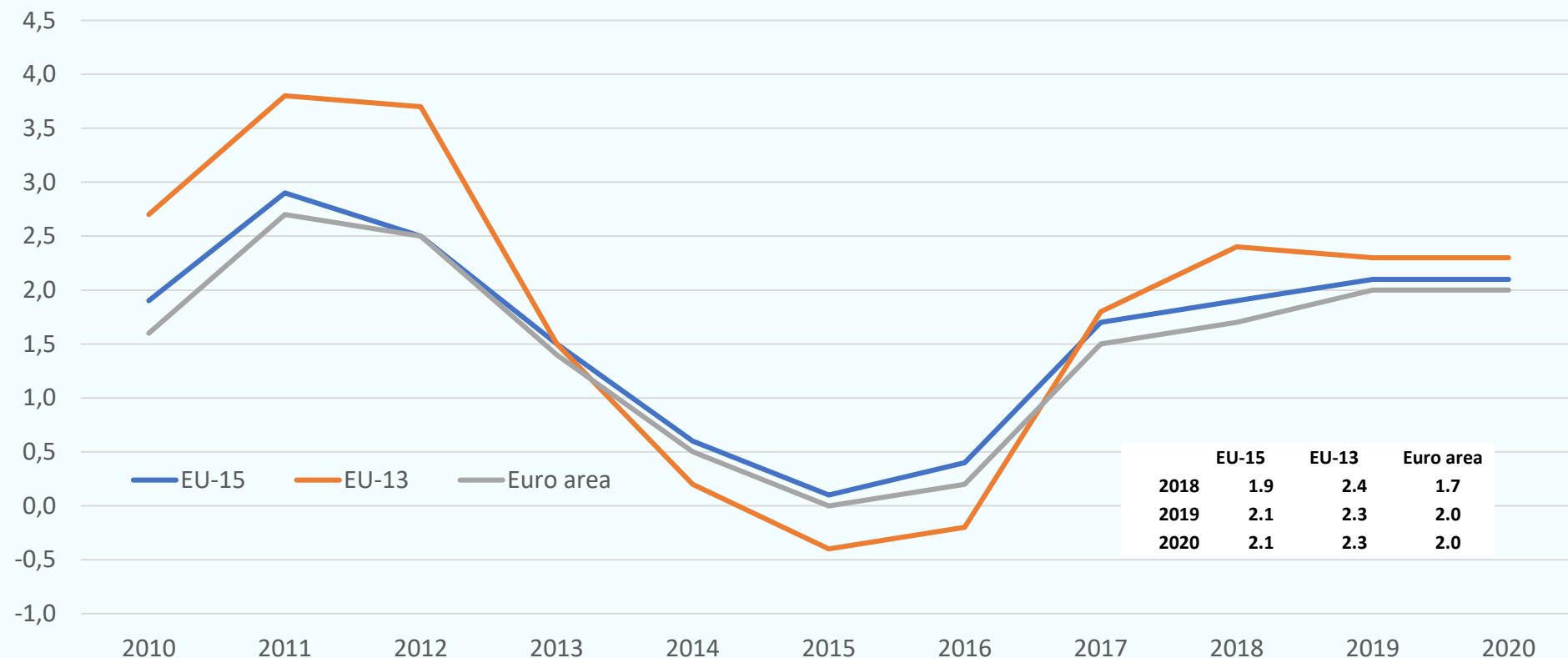
	EU	Euro area	EU-13	EU-15
2018	2.0	2.0	4.2	1.8
2019	2.0	1.9	3.6	1.8
2020	2.0	1.9	3.5	1.8

Source: UN/DESA. Figures for 2018 are estimates; figures for 2019 and 2020 are projections.



a moderate pick-up in inflation...

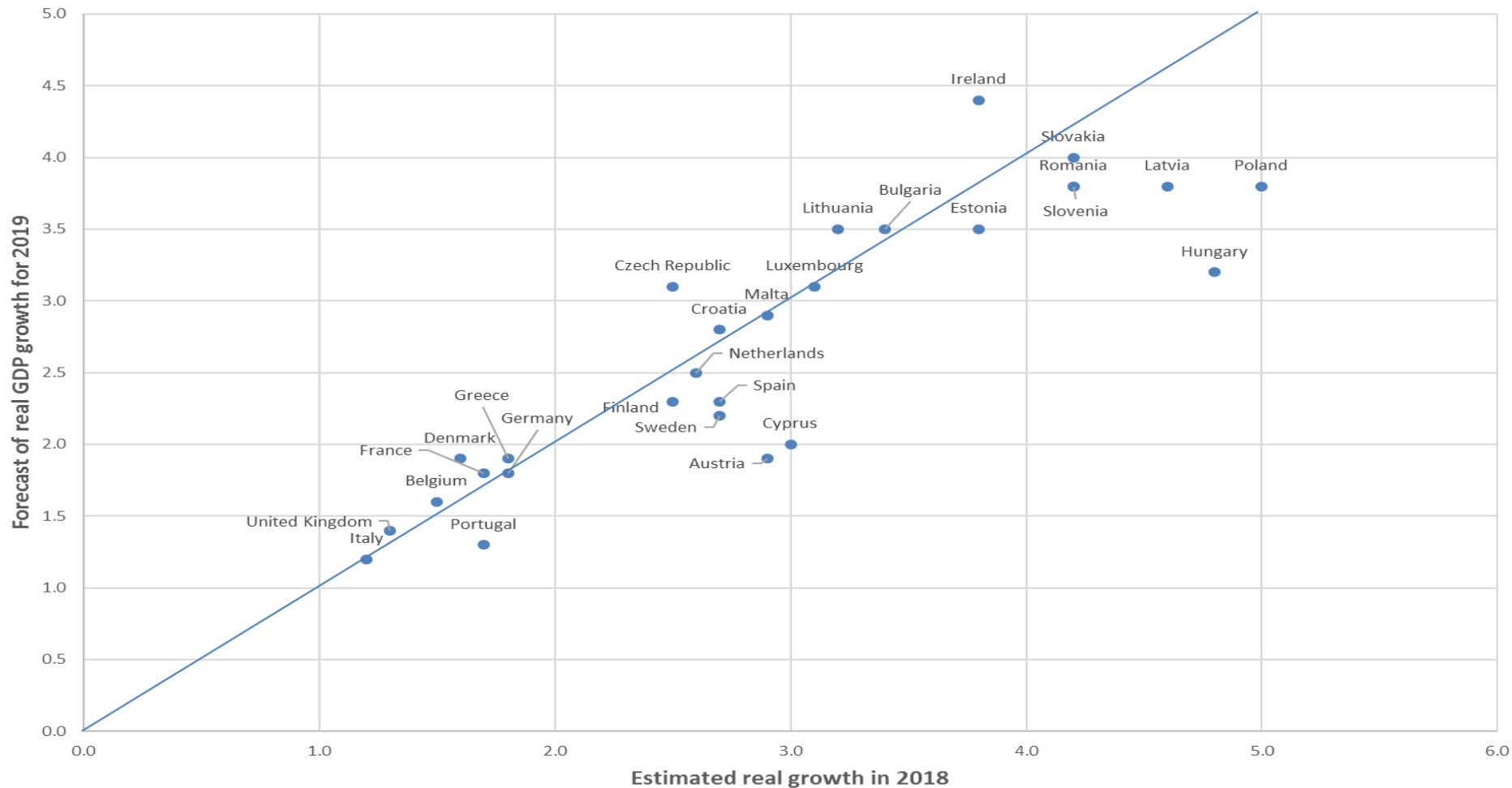
Consumer price inflation, annual percentage change, 2010-2020



Source: UN/DESA. Figures for 2018 are estimates; figures for 2019 and 2020 are projections.



but different country performances...



...and many downside risks

- **Uncertainty created by global trade tensions**
- **The pace of monetary policy tightening**
- **Fiscal framework**
- **Brexit**
- **Limited policy space in the euro area**



...less favourable conditions in the more dynamic parts of the region

- Strong export performance of the industrial sector
- Increased private consumption
- Investment supported by EU funds

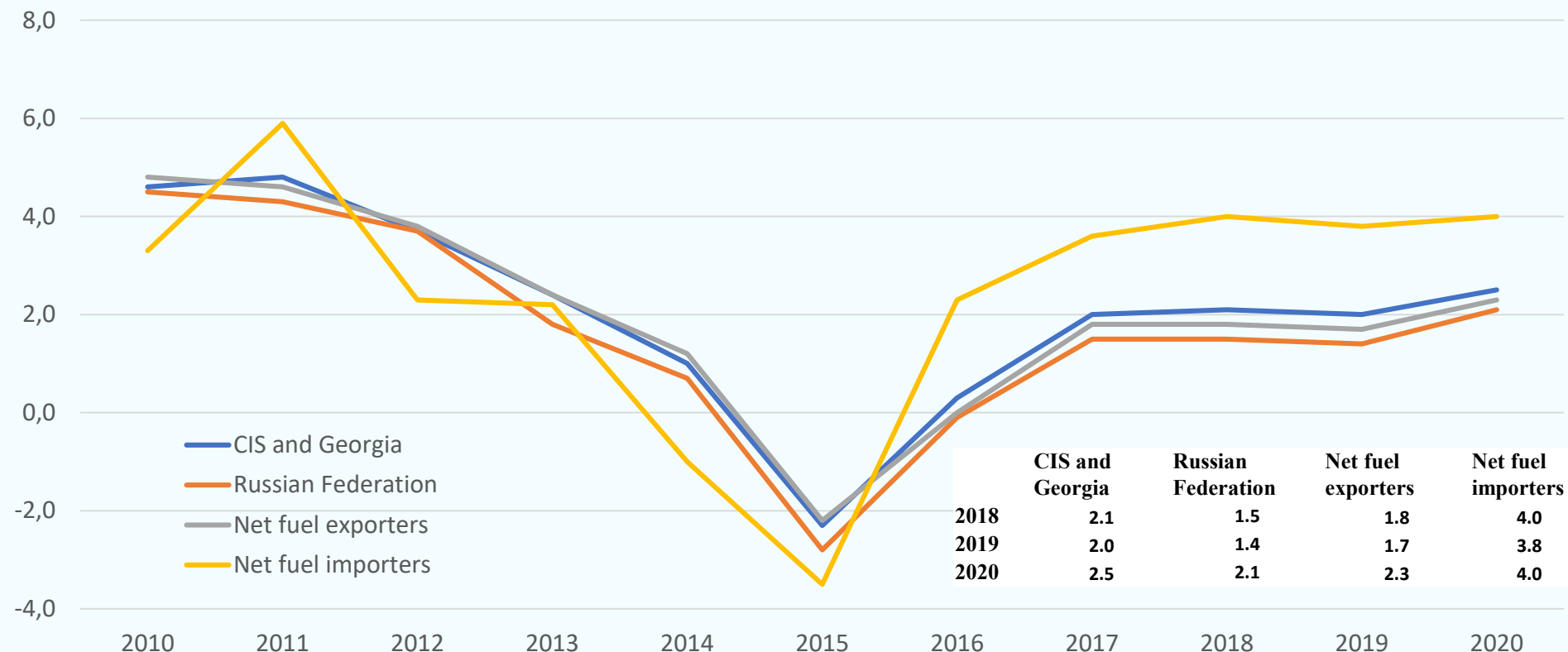


- Exposed to lower performance in the EU and global trade tensions
- Tight labour markets
- Rapid growth of house prices
- Lower EU funding ahead



CIS: continued expansion in 2018

Annual GDP growth, 2010-2020



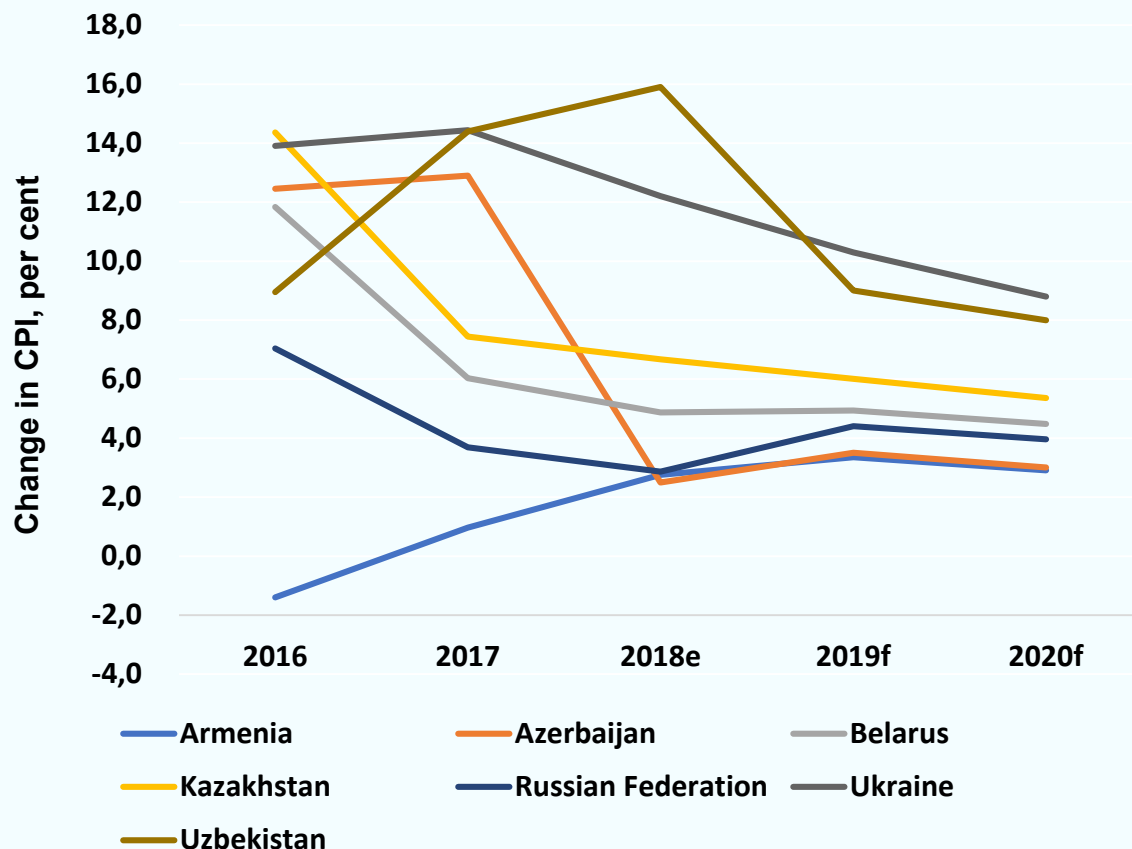
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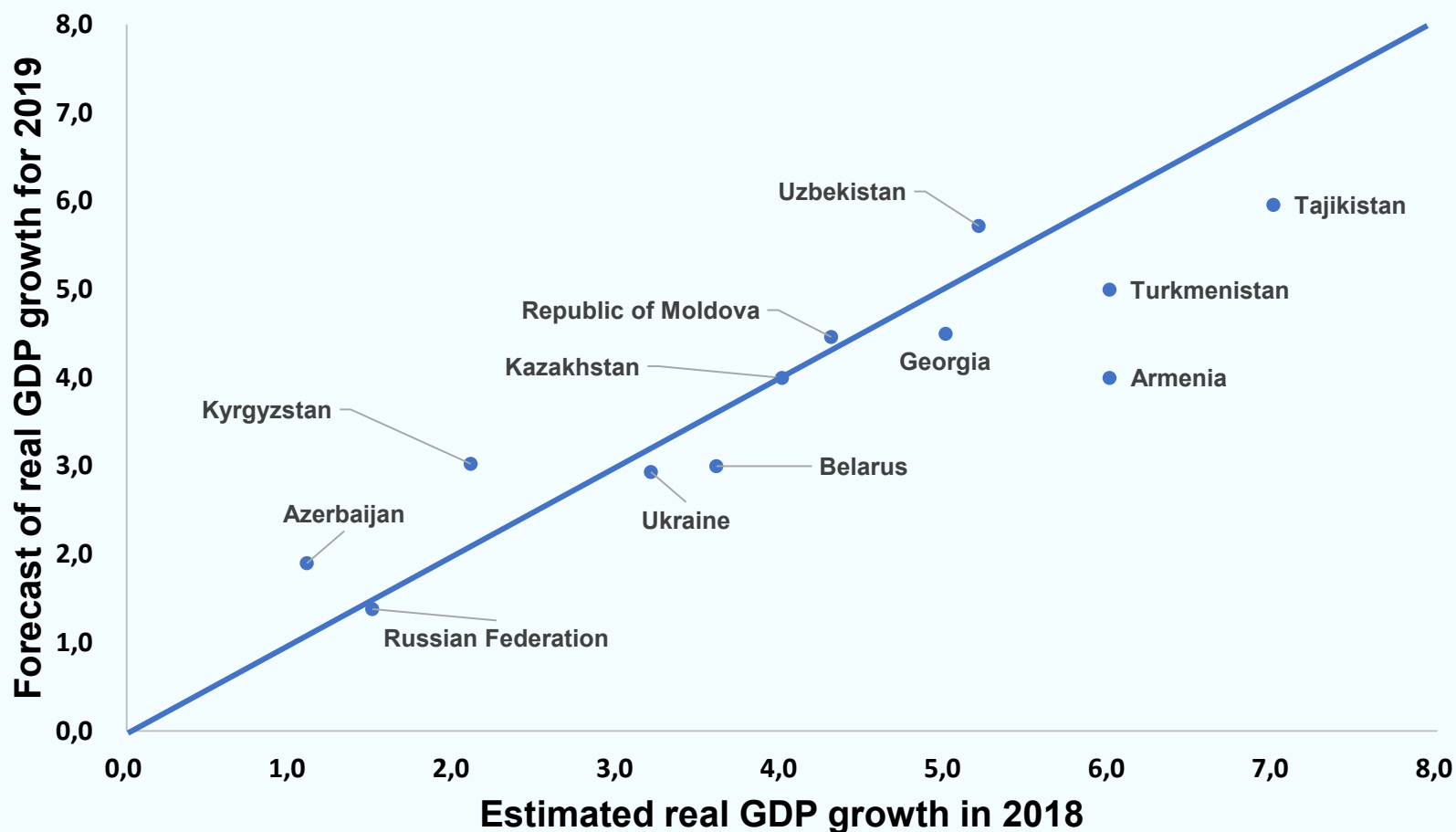
Declining inflation in 2018 but some price pressures are emerging

- Inflationary trends in the CIS diverged in 2018
- The initial shock of 2016 – 2017 caused by currency depreciations is over
- Stronger inflationary expectations building-up in some countries
- Monetary tightening in 2018 Kazakhstan, Russian Federation, Ukraine, Uzbekistan

Annual inflation in the CIS area



Deceleration or steady growth will prevail in 2019



The Russian economy: delayed acceleration

- **Growth headwinds: weak investment; tight monetary policy and moderately conservative fiscal policy**
- **Lifting the VAT rate in January 2019 may add to inflationary pressures, curb consumer spending, and prevent monetary relaxation**
- **International sanctions remain a source of uncertainty**
- **Solid external position: large current account surplus, low public debt and massive foreign-exchange reserves**
- **Development programmes should improve infrastructure and boost GDP growth, especially beyond 2019**

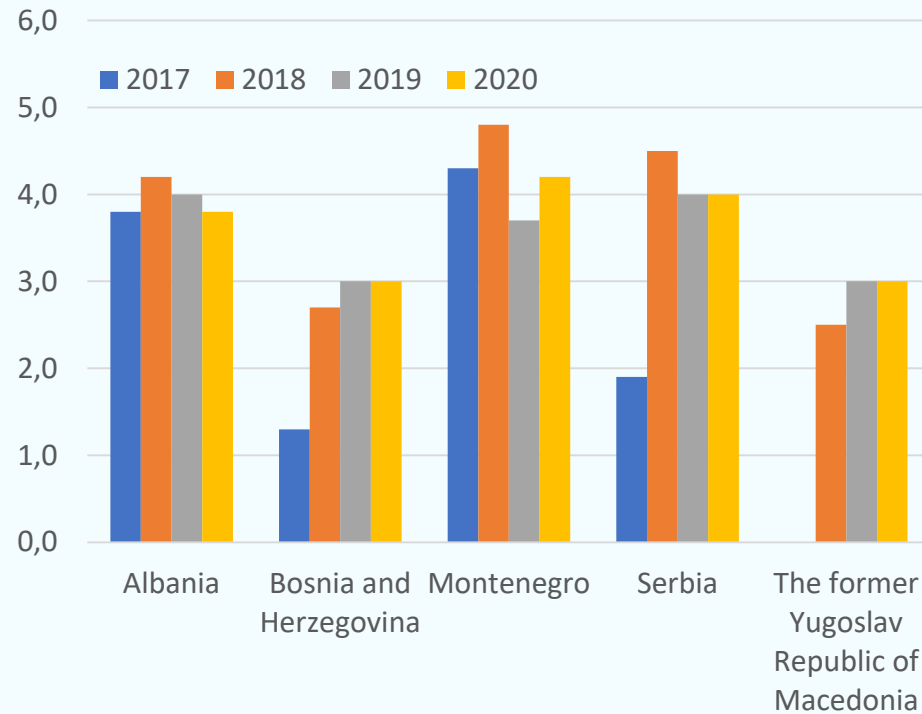


- **Commodity prices declines**
- **External debt repayment schedule**
- **Banking sector vulnerabilities**
- **Depopulation trends in the European part of the CIS and emerging labour shortages**



SEE: positive trends...

Annual GDP growth, 2017-2020



South-East Europe: annual GDP growth



Source: UN/DESA. Figures for 2018 are estimates; figures for 2019 and 2020 are projections.



...but challenges remain

- **Low labour force participation rate**
- **High levels of outward migration and increasing dependency ratios**
- **Infrastructure development needs**
- **Dependence on foreign financing**
- **A significant part of FDI stock in non-export sectors**
- **Rising external debt in some countries**

