



Global Monthly

May 2016

Overview

- Following a weak first quarter, global growth could edge slightly upward in the second quarter, helped by an expected firming of activity in the United States.
- Commodity exporters continue to struggle with adjustment to a severe terms of trade shock and domestic uncertainties, while importers benefit from tailwinds.
- More accommodative global financing conditions and the continued appetite for higher-yielding assets supported a further recovery in emerging market bond issuance in April.

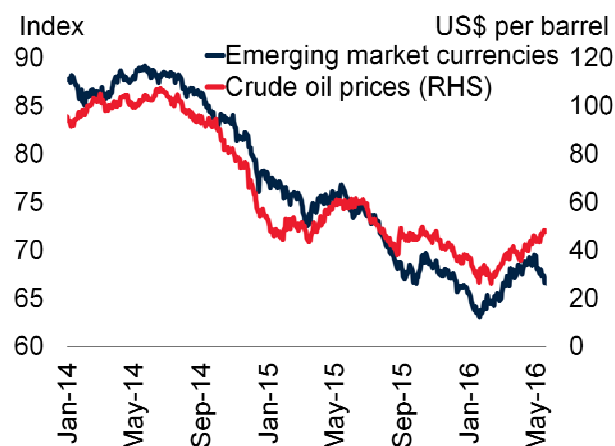
Chart of the Month

- Emerging market currencies and oil prices have been highly correlated since 2014.
- Oil prices have continued to pick up from the lows reached in January amid supply disruptions in Canada, Iraq, Nigeria and elsewhere, and easing oil production in the United States.
- Higher oil prices have been accompanied by an appreciation of emerging market currencies since end January.
- The firming of emerging market currencies was most pronounced among commodity exporters, especially those in South America.

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Emerging market currencies and oil prices



Sources: Bloomberg, JP Morgan, World Bank
Note: Latest observation is May 23, 2016.

Special Focus: What Is Happening with Oil Prices?

- After reaching a low of \$25/bbl in mid-January, oil prices rebounded to an average of about \$46/bbl in May. Still, the 2016Q1 average oil price was down 22 percent compared with the previous quarter, and almost 70 percent lower than in 2014Q2.
- A decomposition of oil price determinants since the beginning of 2015 suggests that supply side factors predominate.
- Despite the recent pickup, persistent weakness in oil prices has been driven by several factors, including resilient production in non-OPEC countries, continued output increases by OPEC suppliers, near record inventories, and weak demand in OECD countries.

The Global Monthly is a publication of the Global Macroeconomics Team of the Prospects Group in the Development Economics Vice Presidency. This edition was prepared by Marc Stocker and Christian Eigen-Zucchi, with contributions from John Baffes, Anh Mai Bui, Allen Dennis, Xinghao Gong, Raju Huidrom, Eung Ju Kim, Adriana Maximiliano, Trang Nguyen, Quinn Sutton, Ekaterine Vashakmadze, Dana Vorisek and Peter Davis Williams.

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Monthly Highlights

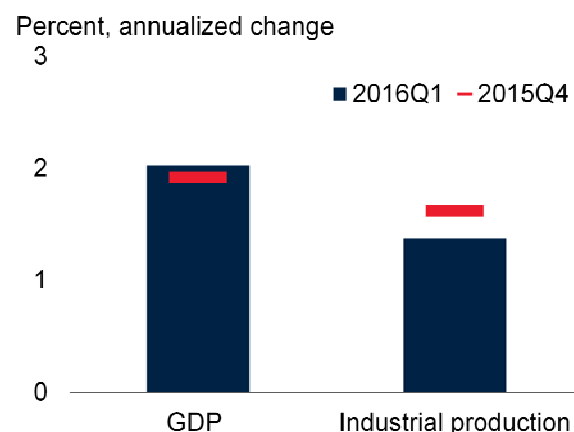
Global economy: weak start of the year. In 2016Q1, global growth remained at around 2 percent, broadly unchanged from the previous quarter (Figure 1A), and significantly lower than an already feeble 2.6 percent average since 2011. Weakening growth in the United States and the United Kingdom was only partially offset by strengthening momentum in the Euro Area and Japan. Among emerging and developing economies, growth slowed in China and Indonesia, was negative in Brazil, Nigeria and Russia, while it picked up in Mexico. Industrial production growth slowed in Q1, remaining significantly below post-crisis averages.

Global economy: some improvement expected in Q2. Global composite PMIs rose marginally in April, following a rebound in March from the multi-year lows reached in February (Figure 1B). Conditions in the services sector showed tentative signs of improvement, mostly driven by a firming in the United States. The global manufacturing PMI deteriorated somewhat in April, but inventory adjustments appear to be slowing, indicating the potential for rising output in the coming months. An uptick from unexpectedly weak growth in the United States in Q1 could help lift global activity in Q2, while fiscal and monetary policy easing in China should continue to cushion the ongoing slowdown.

United States: recovering. Following surprisingly weak growth in Q1 (0.5 percent q-o-q saar), a rebound in Q2 is expected, supported by strengthening consumer spending and improving conditions in the services sector. A strong retail sales report in April suggests that real consumer spending growth may surpass 3 percent in Q2. While job creation slowed to 160,000 in April, it follows strong employment gains in Q1 and is still consistent with diminishing labor market slack as it exceeds potential labor supply growth, currently estimated at less than 100,000 per month. On the downside, profit margins and labor productivity growth stalled in Q1 (Figure 1C), while the preliminary manufacturing PMI reading dropped further in May, indicating that the industrial sector faces persistent headwinds. Despite mixed activity data, the U.S. Federal Reserve indicated that further progress towards employment and inflation objectives could justify a further normalization of monetary policy in the coming months. As a result, the market-based probability of an interest rate hike in June increased to 30 percent, up from less than 10 percent at the start of the month, putting renewed upward pressures on the U.S. dollar.

Euro Area: encouraging signs. Revised estimates for Euro Area growth in Q1 confirmed a significant pickup to 2.1 percent (saar), supported by a recovery in Germany and France, as well as continued robust growth in Spain. Domestic demand has been a key driver of the upturn, while net trade continued to dampen activity. Despite some slowdown in March, retail sales growth in Q1 was strong at 3 percent (q-o-q saar, Figure 2A). In May, the

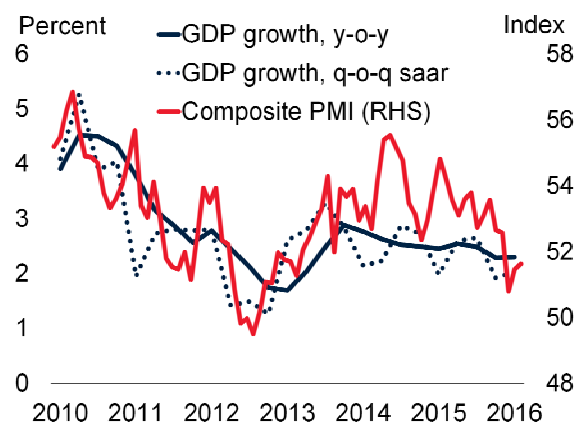
FIGURE 1A Global GDP and industrial production growth



Sources: World Bank, CPB World Trade Monitor, Haver Analytics.

Note: The 2016Q1 trade growth rate is calculated as the 3 month-over-3-month annualized growth rate in February 2016.

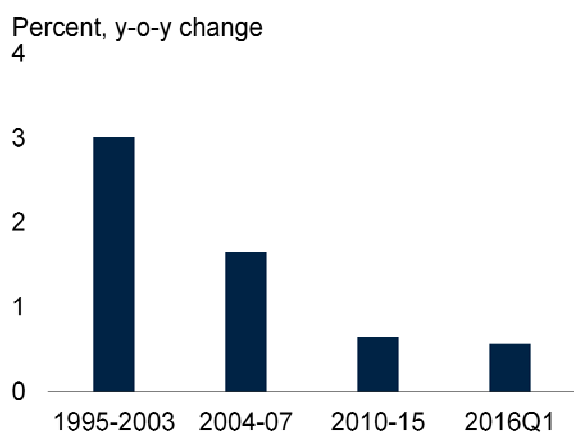
FIGURE 1B Global GDP growth and composite PMI



Sources: World Bank, Haver Analytics.

Note: Last observations are April 2016 for PMI and 2016Q1 for GDP.

FIGURE 1C U.S. labor productivity growth



Source: U.S. Bureau of Economic Analysis (BEA).

Note: Data show annual changes in nonfarm business output per hour.



preliminary Euro Area composite PMI stabilized at 52.9, a level consistent with somewhat weaker growth in Q2 than observed in Q1. Improving labor market and credit conditions should continue to support domestic demand in Q2 (consumer confidence rose further in May), while the recent appreciation of the euro could weigh on export growth. Amid discussions about the implementation of Greece's third bailout program, creditors agreed in May to consider a range of debt restructuring measures over the medium term.

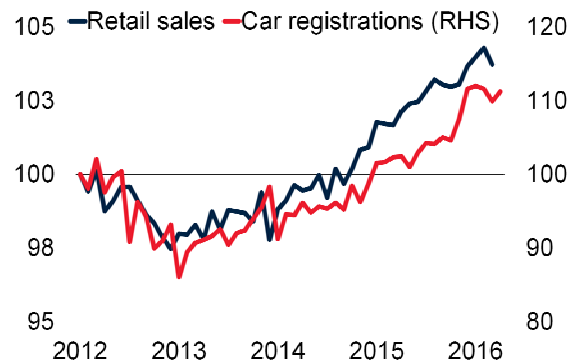
United Kingdom: elevated uncertainty. The debate around the U.K. referendum on membership in the European Union (to be held on June 23, 2016) has been accompanied by softening confidence and pressure on the pound sterling. Growth slowed to 1.5 percent (q-o-q saar) in Q1, and prospects of a recovery in Q2 have dimmed. Economic losses that could arise from an exit from the European Union are estimated by the U.K. government to be significant (6 percent of GDP after two years in a severe shock scenario, and up to 9.5 percent of GDP after 15 years in the absence of a bilateral trade agreement with the E.U.). Given the relative size of the U.K. economy, trade and financial market spillovers could also be non-negligible for the rest of Europe (Figure 2B). According to OECD estimates, an exit from the European Union accompanied by significant financial market volatility could potentially reduce GDP in the United Kingdom and the rest of the EU by 3 and 1 percent, respectively, by 2020.

Japan: weak underlying momentum. GDP expanded at an annualized rate of 1.7 percent in Q1, rebounding from a downwardly revised -1.7 percent in 2015Q4. However, the pick-up was largely associated with an extra working day due to the leap year, while private investment continued to contract. The business climate remains depressed and a strong yen is exerting downward pressure on corporate profits and export prospects. Since the decision by the Bank of Japan to leave its policy stance unchanged in April, the yen has appreciated to its highest level since October 2014. Moreover, the earthquake in Kumamoto Prefecture in mid-April is likely to disrupt activity in Q2, and has already been reflected in a sharp drop in the manufacturing PMI and lower consumer confidence (Figure 2C). Given the underlying weakness in the economy, the government is expected to announce new support measures for the current and next fiscal year.

China: policy-supported stabilization. Growth eased in Q1 (to 6.7 percent y-o-y and 6 percent saar), in line with the government's five-year growth target. Q2 started with modestly lower PMI readings in April, as the Caixin manufacturing index declined to 49.4 and the non-manufacturing index eased to 53.5. Activity moderated in April from a strong rebound in March that had been supported by past policy measures. Domestic loans expanded by 13.4 percent (y-o-y) in the first quarter of 2016—the

FIGURE 2A Euro Area retail sales and car registrations

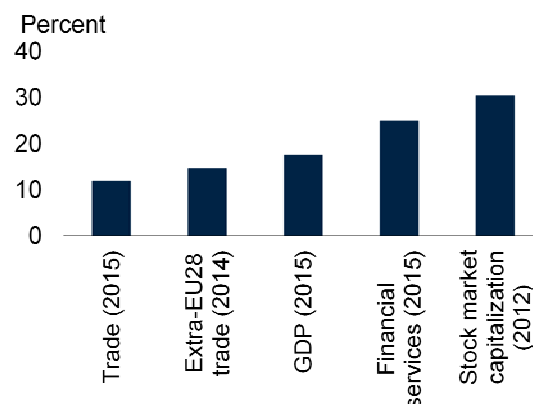
Index, Jan. 2012 = 100



Source: Haver Analytics.

Note: Last observation is March 2016 for retail sales and April 2016 for car registrations.

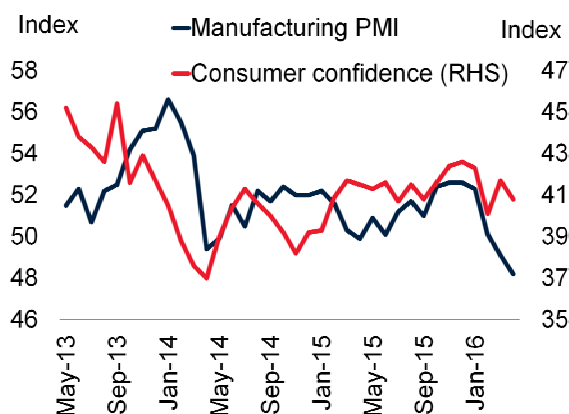
FIGURE 2B Relative size of the United Kingdom in the European Union



Source: World Bank, Eurostat.

Notes: Trade is a sum of exports and imports. Financial activities from financial and insurance sector (Statistical Classification of Economic Activities in the European Community, Rev. 2).

FIGURE 2C Japan manufacturing PMI and consumer confidence



Source: Bloomberg

Note: Data show annual changes in nonfarm business output per hour.



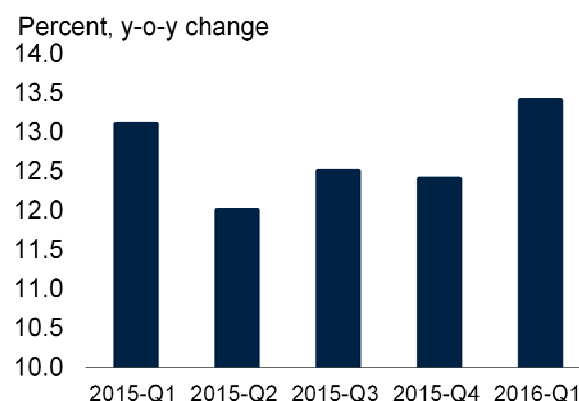
highest annual growth rate in more than a year (Figure 3A). Consistent with the objective of scaling back policy easing to a more neutral stance, money supply growth slowed in April. After accelerating in March, industrial production and fixed asset investment growth moderated again in April. With gradually unwinding excess capacity, producer price deflation continued to subside in April, while consumer price inflation was stable at 2.3 percent (y-o-y). Foreign-currency reserves in US\$ terms posted a second straight month of increases in April, partly reflecting easing capital outflows and the U.S. dollar depreciation.

Brazil and Russia: still in recession. Brazil and Russia experienced severe recessions in 2015, and conditions remained challenging so far this year (Figure 3B). In Brazil, the composite PMI came in at 39 in April, matching the record low reached in February. The country is now at a crossroads: on the one hand political gridlock could continue to delay the adoption of fiscal measures needed to first stabilize and then reduce the primary deficit; on the other hand, the new cabinet and central bank governor may find it easier than their predecessors to address fiscal problems, which could help strength investor confidence. Russia's economy contracted by 1.2 percent (y-o-y) in 2016Q1, the fifth consecutive quarter of recession, with both household spending and investment down. Still, the contraction is moderating. Positive indications include the increase of the services PMI to a 3-year high of 54.2 in April, the stabilization of the ruble, and the deceleration of inflation to 7.3 percent (y-o-y) in April.

Other commodity exporters: continued weakness. Nigeria's GDP declined 0.4 percent (y-o-y) in Q1, contracting for the first time since 2004. Attempts by the government to remove fuel subsidies and fix the retail price of petrol have led to disruptive fuel shortages. The central bank raised interest rates again in March to contain inflation, further weighing on growth prospects. In South Africa, the manufacturing and mining sectors contracted further in March, retail sales have been weak, and unemployment rose to 26.7 percent in Q1. However, the manufacturing PMI rose for the first time in several months in March, and increased sharply in April, pointing to improved conditions in Q2. Indonesia's growth moderated in Q1, partly reflecting reversion from the strong performance in Q4. Argentina's sovereign credit rating was upgraded in May by Fitch to 'B' from 'restricted default', reflecting policy reforms and the resumption of debt payments to restructured bondholders.

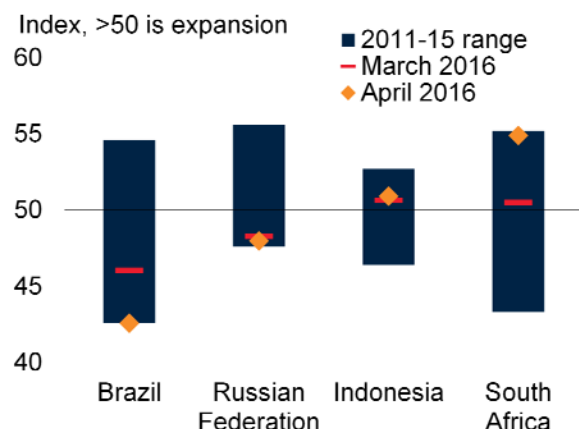
Commodity importers: sustained growth. Commodity importers are benefitting from tailwinds associated with low commodity prices, and are generally enjoying levels of growth consistent with post-crisis averages. The Indian economy expanded 7.3 percent (y-o-y) in 2015Q4, slowing from an upwardly revised 7.7 percent growth rate in the previous quarter. The services sector continues

FIGURE 3A China's domestic loan growth



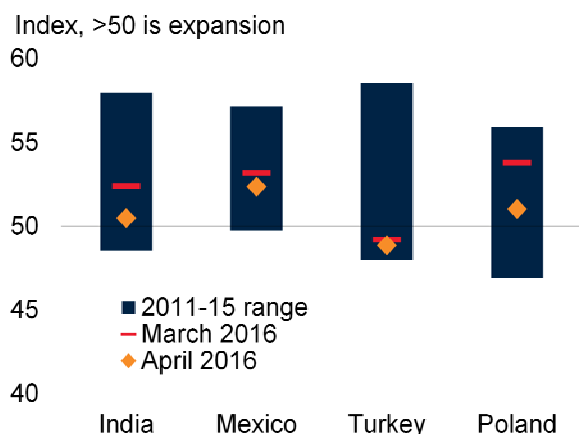
Source: Haver Analytics.
Note: Domestic loans measured by total social financing.

FIGURE 3B Manufacturing PMI in major commodity exporters



Source: Haver Analytics.

FIGURE 3C Manufacturing PMI in major commodity importers



Source: Haver Analytics.



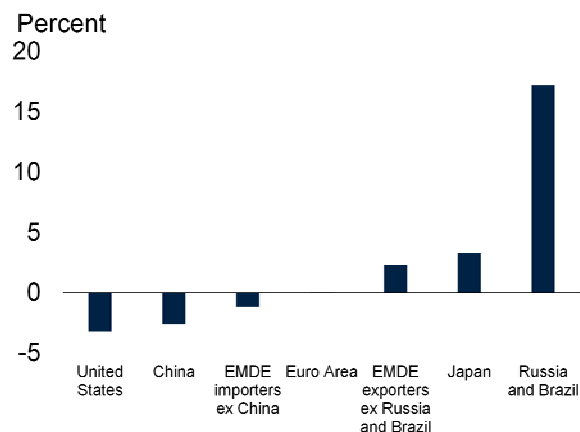
to be the main driver of growth. The manufacturing PMI eased in April on weak demand, but remains in expansionary territory (Figure 3C). Supported by ongoing liberalization in the foreign direct investment regime, FDI flows rose by over 30 percent in FY 2015/16. In Turkey, growth momentum was robust in the fourth quarter of 2015, but the manufacturing PMI weakened significantly in March and April, as growing political polarization and uncertainty weighed on confidence.

Currency markets: some respite for commodity exporters. Since the end of January, expectations of a slower pace of U.S. monetary policy normalization has contributed to a 4 percent depreciation of the trade-weighted U.S. dollar (Figure 4A). China's renminbi mirrored the U.S. dollar, the euro was broadly unchanged despite further policy easing by the ECB, while the yen appreciated as the Bank of Japan kept its policy stance unchanged. A weakened U.S. dollar and a rising commodity prices have helped the currencies of key commodity exporting countries to recover from previous lows. However, since mid-May, the increased probability of a U.S. interest rate hike in coming months led to renewed downward pressures on EMDE currencies.

Capital flows: strong issuance up to April. More accommodative global financing conditions since February were reflected in lower U.S. Treasury yields, declining emerging-market bond spreads and a recovery in capital inflows to EMDEs. The rebound in international bond issuance was significant, reaching a two-year high of \$45 billion in April (Figure 4B), lifted by Argentina's \$16.5 billion debt sale. Despite renewed interest for higher-yielding debt securities, emerging-market equity funds continued to post outflows in April and stock prices declined further in May. Changing expectations regarding the pace of U.S. monetary policy normalization could have significant repercussions for capital flows in the coming months.

Commodity prices: further recovery. A weaker U.S. dollar (despite some firming since mid-May), an uptick in crude oil demand in China, and supply disruptions in Canada, Iraq, Nigeria and elsewhere contributed to a pickup in oil prices in April and May. The oil market remains oversupplied, but is expected to rebalance gradually as the decline in U.S. oil production accelerates. Metals prices inched up in April, led by a 9 percent increase in the price of iron ore (Figure 4C). The latter spiked due to restocking in China, as well as some disruptions to seaborne iron ore supply. The rally in iron ore prices was interrupted in May, on concerns about elevated inventories and the unwinding of speculative pressures in China. Agricultural prices increased almost 3 percent in April in response to poor soybean crop prospects in South America and palm oil production disruptions in East Asia connected with El Niño.

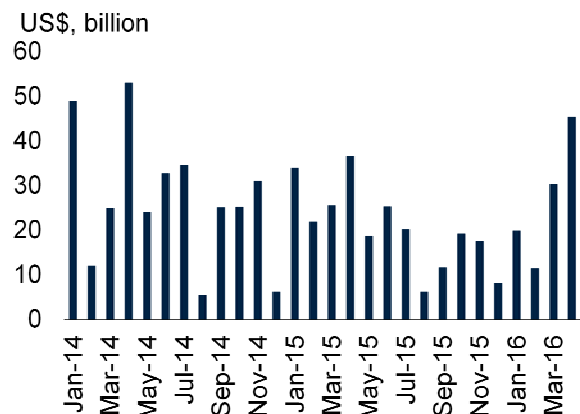
FIGURE 4A Exchange rate developments since US\$ peak in late January



Source: Bloomberg.

Notes: Nominal effective exchange rate. Regions are simple averages. Last observation is May 23, 2016.

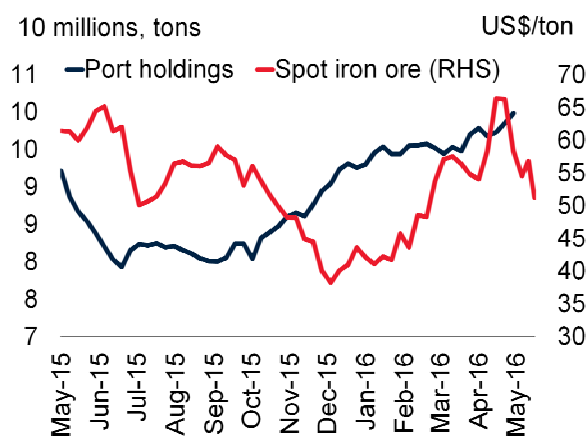
FIGURE 4B International bond issuance



Source: Bloomberg.

Note: Last observation is April 2016.

FIGURE 4C Iron ore prices and China stocks



Source: Bloomberg.

Notes: Port holdings indicate stockpiles of iron ore in ports. Last observation is May 18, 2016 for spot iron ore and May 6, 2016 for port holdings.



Special Focus: What Is Happening with Oil Prices?

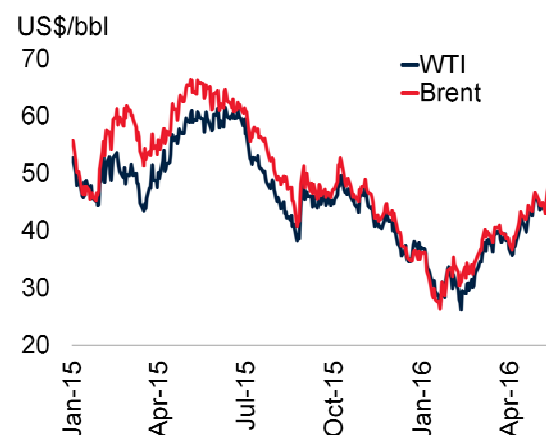
After reaching a low of \$25/bbl in mid-January, oil prices rebounded to an average of about \$46/bbl in May (Figure 5A). Still, the 2016Q1 average oil price was down 22 percent compared with the previous quarter, and almost 70 percent lower than in 2014Q2 ([April 2016 Commodity Markets Outlook](#)). These trends are driven by several supply side factors, such as increased production (including by OPEC suppliers) and near record inventories. Demand has also been weak in OECD countries. A decomposition of oil price determinants since the beginning of 2015 suggests that supply side factors dominate.

Demand stabilizes after surging in 2015. World oil demand grew by 1.8 mb/d (or 2 percent) in 2015, the highest rate of growth in five years, aided by low prices (Figure 5B). OECD oil demand, especially from North America and Europe, grew by more than 0.4 mb/d (1 percent), after falling nearly 5 mb/d (10 percent) on a cumulative basis during the previous nine years. Non-OECD oil demand, especially from Asia, trended modestly higher, rising by 1.4 mb/d (3 percent). Among energy products, *gasoline* demand in the United States and Asia was particularly robust as lower prices encouraged an increase in miles driven. More subdued *gasoil/diesel* demand reflected slower economic activity, lower freight travel, and reduced industrial activity. A mild winter and waning effects of low prices contributed to slowing world oil demand growth in the fourth quarter of 2015 and the first quarter of 2016. For 2016 as a whole, however, world oil demand is projected to increase by 1.2 mb/d to 95.9 mb/d as non-OECD oil demand rises (albeit somewhat less than in 2015). Growth is projected to slow in Asia, notably in China, but the region still accounts for the bulk of non-OECD growth. OECD oil demand will remain broadly unchanged, as modest gains in North America are offset by reductions elsewhere.

Increased supply. Global oil supply in 2015 increased by 2.7 mb/d, far exceeding the increase in demand. The gains were split between OPEC at 1.3 mb/d (mainly Iraq and Saudi Arabia) and non-OPEC 1.4 mb/d (mostly from the United States and to a lesser degree from Brazil, Canada, the North Sea, and Russia). While OPEC maintained strong production growth throughout the year, non-OPEC growth slowed steadily.

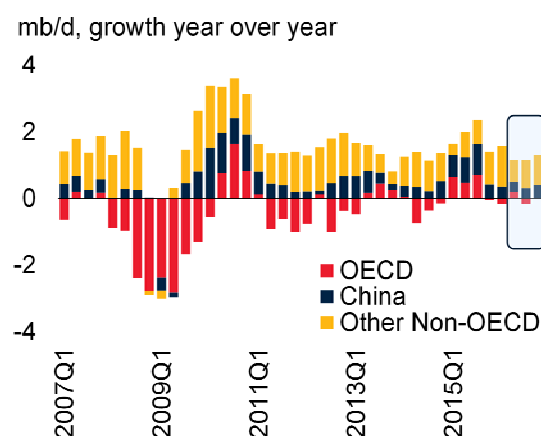
U.S. production. Unconventional oil production (mostly shale) in the United States rose from 0.5 mb/d in 2009 to 4.6 mb/d in 2015, and accounted for about half of U.S. oil output last year. With the slump in oil prices, however, U.S. oil production recorded a decline in December (y-o-y), the first material drop in nearly 10 years (Figure 5C). The U.S. Energy Information Administration projects that production will decline from 9.3

FIGURE 5A Crude oil prices



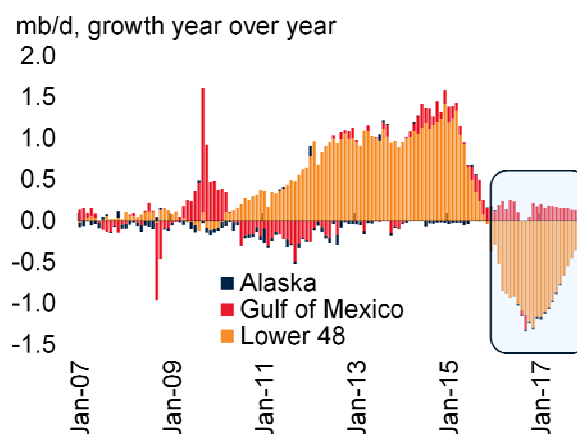
Source: Bloomberg.
Notes: Daily frequency. Last observation is May 23, 2016.

FIGURE 5B World oil demand growth



Source: International Energy Agency.

FIGURE 5C U.S. crude oil production



Source: U.S. Energy Information Administration.
Note: Area in rectangle indicates forecast.



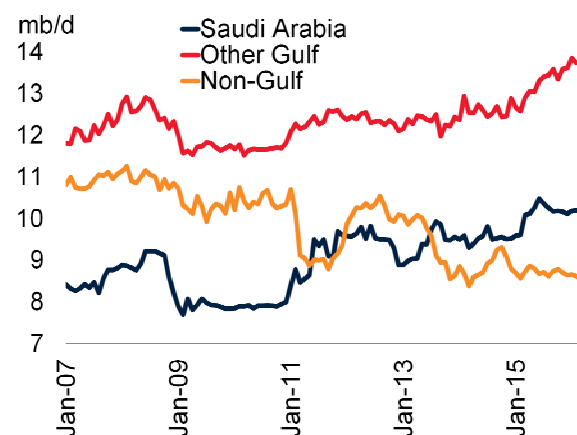
mb/d in the 2015Q4 to 7.9 mb/d in 2017Q3, before returning to an upward trend. U.S. upstream investment is estimated to have declined by at least one-third last year, and is likely to fall another 40 percent this year. The number of rigs drilling for oil has plunged by more than three-quarters from their October 2014 high. Slowing output growth from higher-cost, short-cycle unconventional oil in the U.S. is expected to help rebalance supply.

Increased OPEC production. OPEC crude oil production averaged 32.6 mb/d in the first quarter of 2016, up 1.4 mb/d from a year earlier, with all of the increase coming from Middle East Gulf countries (Figure 6A). At a meeting in Doha on April 17, sixteen OPEC and non-OPEC countries were unable to reach agreement on freezing production, (non-OPEC members were Azerbaijan, Colombia, Mexico, Oman, and Russia; OPEC members Libya and the Islamic Republic of Iran did not attend). OPEC next meets on June 2nd to discuss market developments.

Elevated inventories. The large supply overhang continues to result in near record OECD crude oil inventories (Figure 6B). Most of the stocks are held in North America, followed by East Asia and the Pacific. In 2015Q4—a period when stocks typically fall—inventories soared by a record 1.8 mb/d. Global stocks rose by a further 1.5 mb/d in 2016Q1, with continued gains in North America. Yet, the stock buildup slowed in March, suggesting the beginning of a tightening of oil balances.

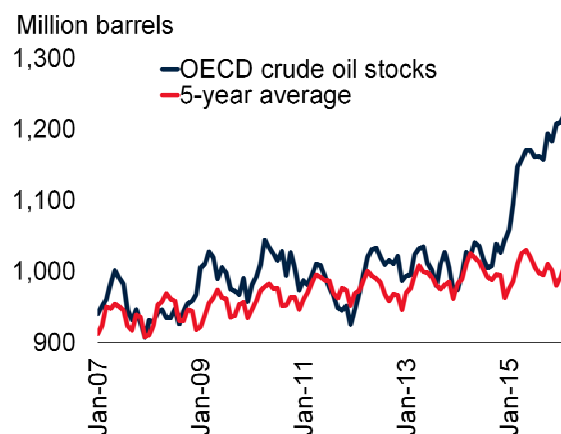
Decomposition of oil price movements. In order to disentangle demand and supply factors in the determination of oil prices, an SVAR model was estimated using daily data. Sign restrictions were included based on the assumption that oil and equity prices move in the same direction in the context of demand shocks, but move in opposite directions when there is a supply shock. For example, adverse demand shocks are reflected in weaker global economic activity, simultaneously moving oil and equity prices downwards. In contrast, a favorable supply shock is assumed to reduce oil prices but raise equity prices by lowering input costs and, more generally, supporting activity. The estimates indicate that most of the oil price movements since the beginning of 2015 are attributable to supply side factors (Figure 6C).

FIGURE 6A OPEC crude oil production



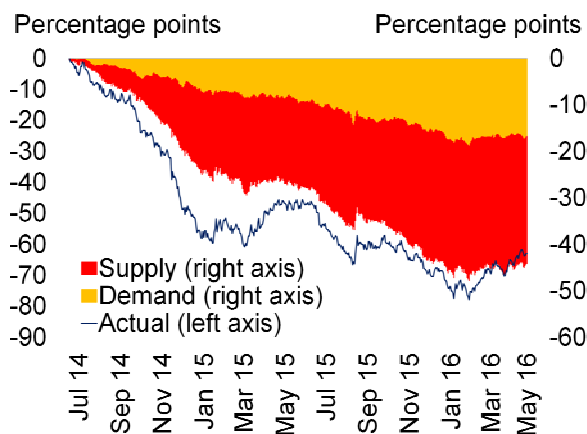
Source: International Energy Agency.
Note: Last observation is April 2016.

FIGURE 6B OECD crude oil stocks



Source: International Energy Agency.
Notes: Previous 5-year average for each month. Last observation is March 2016.

FIGURE 6C Contribution of supply and demand shocks to oil price movements



Sources: Bloomberg, FRED, Haver Analytics, World Bank estimates.
Note: Based on estimates from a structural vector autoregression model.



Key Prospects Group Publications

[Global Economic Prospects – January 2016: Spillovers amid Weak Growth](#)

[Policy Research Note No.4: Slowdown in Emerging Markets: Rough Patch or Prolonged Weakness?](#)

[Commodity Markets Outlook – April 2016](#)

Global Economic Prospects - June 2016 (Forthcoming June 7)

Recent World Bank Working Papers

[Money demand in the Arab Republic of Egypt : a vector equilibrium correction model](#)

[Exports and job training](#)

[Prioritizing infrastructure investment : a framework for government decision making](#)

[Does the global trade slowdown matter?](#)

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[Haiti Monthly Economic Update](#)

TABLE A: Major Data Releases

(Percent change y-o-y)						
Recent releases: April 29, 2016 - May 25, 2016						
Country	Date	Indicator	Period	Actual	Forecast	Previous
Austria	4/29/16	GDP	Q1	1.3	1.0	1.1
France	4/29/16	GDP	Q1	1.3	1.1	1.4
Spain	4/29/16	GDP	Q1	3.4	3.3	3.5
Belgium	4/29/16	GDP	Q1	1.5	1.7	1.4
Indonesia	5/4/16	GDP	Q1	4.9	4.9	5.0
Malaysia	5/13/16	GDP	Q1	4.2	3.9	4.5
Italy	5/13/16	GDP	Q1	1.0	0.9	1.0
Germany	5/13/16	GDP	Q1	1.6	1.3	1.3
Romania	5/13/16	GDP	Q1	4.2	3.8	3.8
Netherlands	5/13/16	GDP	Q1	1.4	1.1	1.6
Poland	5/13/16	GDP	Q1	2.5	3.3	3.7
Bulgaria	5/13/16	GDP	Q1	2.9	2.6	3.0
Portugal	5/13/16	GDP	Q1	0.8	1.2	1.3
Eurozone	5/13/16	GDP	Q1	1.5	1.6	1.6
Greece	5/13/16	GDP	Q1	-1.0	-1.8	-0.8
Thailand	5/16/16	GDP	Q1	3.2	2.7	2.8
Czech Republic	5/17/16	GDP	Q1	3.1	2.7	4.0
Japan	5/17/16	GDP	Q1	1.7	-0.1	-1.1
Philippines	5/18/16	GDP	Q1	6.9	6.6	6.5
Mexico	5/20/16	GDP	Q1	2.6	2.7	2.5
Germany	5/24/16	GDP	Q1	1.6	1.6	1.3

(Percent change y-o-y)				
Upcoming releases: May 26, 2016 - June 30, 2016				
Country	Date	Indicator	Period	Previous
Sweden	5/30/16	GDP	Q1	4.5
Denmark	5/31/16	GDP	Q1	0.5
Lithuania	5/31/16	GDP	Q1	1.9
India	5/31/16	GDP	Q4	7.3
Belgium	5/31/16	GDP	Q1	1.4
Australia	5/31/16	GDP	Q1	3.0
Switzerland	6/1/16	GDP	Q1	0.4
Brazil	6/1/16	GDP	Q1	-5.9
South Korea	6/3/16	GDP	Q1	3.1
Finland	6/7/16	GDP	Q1	0.6
Hungary	6/7/16	GDP	Q1	0.5
Iceland	6/7/16	GDP	Q1	3.2
South Africa	6/7/16	GDP	Q1	0.6
Croatia	6/7/16	GDP	Q1	2.0
Cyprus	6/9/16	GDP	Q1	2.7
Estonia	6/9/16	GDP	Q1	0.7
Malta	6/9/16	GDP	Q1	5.7
Turkey	6/10/16	GDP	Q1	4.1
New Zealand	6/15/16	GDP	Q1	2.3
Netherlands	6/24/16	GDP	Q1	1.4
Denmark	6/30/16	GDP	Q1	0.5



TABLE B: Economic Developments

(Percent change y-o-y, except quarterly data on industrial production, which are percent change q-o-q, annualized)

	2015								2015								2016					
	2013	2014	2015	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Industrial Production, sa																						
World	2.5	3.2	1.94	1.2	1.0	1.8	1.6	2.4	2.4	2.3	2.0	1.7	2.3	1.9	2.4	1.6	2.0	1.5	0.8	1.8	1.3	1.3
High-income countries	0.3	1.8	0.6	1.1	-1.4	0.4	-0.4	1.2	1.0	1.2	0.7	0.4	1.0	0.6	1.2	0.5	0.7	0.2	-1.0	0.5	-0.5	-0.7
Developing countries	6.1	5.4	3.8	1.2	4.5	3.7	4.3	4.2	4.3	4.0	3.9	3.6	4.2	3.6	4.2	3.1	3.7	3.3	3.3	3.5	3.7	4.0
East Asia and Pacific	9.0	7.5	5.8	2.3	6.8	4.9	8.1	6.6	6.2	5.7	6.0	5.6	6.2	5.6	5.8	5.1	5.3	5.8	5.3	5.4	5.4	6.3
East Asia and Pacific excl. China	5.6	3.0	3.6	-0.8	2.6	3.9	7.9	4.4	2.3	6.5	5.1	1.9	3.2	4.0	3.8	2.0	3.8	4.3	2.0	5.0	5.4	3.6
Europe and Central Asia	2.1	3.3	2.4	2.8	6.1	2.7	5.6	-1.0	1.1	1.9	1.3	1.4	3.8	0.8	4.0	2.8	3.8	4.0	5.1	4.7	5.6	3.9
Latin America and Caribbean	1.3	-0.3	-3.6	-4.8	-4.4	-5.0	-6.6	-2.3	-2.4	-2.8	-2.8	-3.3	-2.1	-3.5	-3.8	-4.5	-5.2	-5.5	-5.0	-3.9	-5.1	-4.7
Middle East and North Africa	-4.6	2.9	-1.4	-18.9	-9.9	23.0	5.1	0.9	2.8	5.8	-0.9	-0.5	-9.6	-2.9	-1.2	-5.5	-1.5	-0.7	-2.1	4.0	2.9	-0.4
South Asia	1.8	2.6	4.3	12.5	7.7	2.3	-8.7	3.5	5.2	3.4	4.3	4.3	5.6	4.1	7.7	3.6	10.3	-1.3	0.9	0.4	3.6	1.9
Sub-Saharan Africa	0.8	-0.1	0.3	-1.3	-4.9	5.6	-2.0	-1.0	-0.1	3.8	-1.7	-0.4	-0.7	5.5	0.7	0.5	-0.7	-1.5	0.0	-1.0	0.9	-0.9
Inflation, sa ¹																						
High-income countries	1.5	1.0	0.4	0.2	0.5	0.2	0.3	0.2	0.2	0.3	0.4	0.5	0.6	0.4	0.3	0.2	0.2	0.3	0.4	0.6	0.4	0.4
Developing countries	4.3	3.5	2.4	2.4	2.5	2.8	2.6	2.7	2.4	2.6	2.3	2.3	2.5	2.8	3.0	2.8	2.5	2.5	3.1	3.1	3.0	3.0
East Asia and Pacific	2.9	3.5	1.1	1.4	1.1	0.9	1.2	1.4	1.5	1.2	1.4	1.0	1.1	1.2	0.8	0.8	1.0	1.2	1.5	1.5	2.1	2.4
Europe and Central Asia	3.4	1.9	2.8	1.9	2.8	2.7	2.1	0.8	1.9	2.4	2.5	2.9	2.9	2.9	3.5	3.2	2.2	2.2	2.0	1.8	1.3	0.6
Latin America and Caribbean	2.8	3.4	2.7	3.0	2.6	3.0	2.8	3.1	2.8	2.8	2.6	2.9	2.4	3.1	3.1	2.8	2.8	2.7	3.1	3.1	2.9	2.8
Middle East and North Africa	4.1	2.9	1.6	1.5	2.3	2.2	1.4	1.5	1.4	1.6	2.1	2.5	2.4	2.5	2.2	1.9	1.8	1.2	0.9	0.7	0.9	1.8
South Asia	7.7	6.8	3.3	4.3	3.9	2.4	2.5	4.6	4.3	3.9	3.5	4.1	4.0	2.6	1.7	1.3	1.7	2.9	4.4	5.7	5.3	4.8
Sub-Saharan Africa	5.2	4.4	3.1	3.5	3.5	3.4	4.1	3.7	3.8	3.6	3.8	3.1	3.2	3.2	3.3	3.8	4.4	4.8	6.2	6.9	6.9	6.5

¹Median inflation rate for each grouping.

TABLE C: Trade and Finance

(Percent change y-o-y, except quarterly trade data, which are percent change q-o-q, annualized, and international reserves data, which are percent change over the previous period)

	2015								2015								2016					
	2013	2014	2015	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Exports, Nominal, US\$, sa																						
World	2.0	1.0	-11.4	-24.8	-4.6	-6.0	-7.4	-10.5	-6.5	-12.7	-13.4	-13.2	-8.0	-13.3	-13.5	-12.2	-12.6	-11.1	-9.5	-11.1	-8.0	-2.8
High-income countries	1.5	0.7	-12.7	-25.6	-3.2	-7.5	-8.4	-11.7	-12.3	-12.6	-14.7	-14.9	-9.5	-14.3	-14.8	-12.9	-13.1	-11.0	-10.8	-10.7	-5.0	-4.8
Developing countries	3.1	1.7	-8.5	-23.0	-7.5	-2.5	-5.3	-7.8	7.3	-12.9	-10.4	-9.5	-4.5	-11.2	-10.7	-10.9	-11.7	-11.3	-6.8	-12.0	-13.9	1.9
East Asia and Pacific	6.5	4.6	-3.2	-12.7	-13.5	3.2	-2.1	-3.5	29.8	-11.2	-6.7	-4.3	0.7	-7.8	-6.2	-5.4	-8.0	-7.7	-4.0	-11.8	-19.7	7.7
Europe and Central Asia	-0.6	-2.3	-20.9	-27.6	-15.2	-13.8	-16.8	-18.5	-23.6	-24.4	-20.3	-23.8	-18.6	-24.0	-20.7	-20.2	-20.2	-20.4	-14.7	-20.5	-7.2	-7.3
Latin America and Caribbean	0.6	0.0	-10.9	-17.7	-3.9	-10.3	-8.3	-7.9	-12.3	-5.6	-11.7	-14.5	-7.1	-11.2	-16.0	-14.1	-10.7	-10.8	-9.0	-11.9	-3.8	-8.9
Middle East and North Africa	-10.6	-7.3	-	-59.3	-	-	-	-16.6	-22.2	-18.8	-11.8	-	-	-	-	-	-	-	-	-	-	-
South Asia	6.2	2.6	-14.4	-41.9	-2.5	-9.1	-6.3	-7.3	-11.0	-16.7	-12.9	-16.5	-10.1	-10.1	-15.4	-22.4	-14.3	-22.7	-12.3	-11.4	-3.6	-4.7
Sub-Saharan Africa	-1.2	-5.5	-23.2	-52.8	10.0	-20.7	-20.9	-25.3	-28.8	-18.8	-23.3	-15.58	-20.0	-24.7	-21.8	-26.2	-26.8	-24.3	-22.2	-	-	-
Imports, Nominal, US\$, sa																						
World	1.6	1.3	-12.6	-27.3	-4.9	-4.7	-7.3	-13.0	-12.8	-11.2	-14.2	-15.3	-9.1	-13.1	-12.6	-15.1	-13.3	-10.3	-11.2	-11.5	-5.2	-7.2
High-income countries	0.5	1.8	-12.6	-25.3	-4.1	-3.8	-8.0	-13.0	-13.0	-12.2	-14.9	-15.3	-10.2	-14.5	-12.0	-13.3	-11.8	-9.2	-11.3	-9.7	-3.3	-6.7
Developing countries	4.1	0.1	-12.7	-31.5	-6.7	-7.0	-5.6	-13.2	-12.6	-8.7	-12.6	-15.5	-6.2	-9.5	-14.2	-19.2	-16.7	-12.8	-10.8	-16.2	-10.0	-8.5
East Asia and Pacific	6.1	-0.4	-13.0	-32.8	-3.7	-5.4	-1.2	-16.6	-16.5	-9.0	-13.7	-15.6	-5.4	-9.1	-14.3	-19.6	-18.2	-8.6	-8.2	-16.4	-11.3	-5.4
Europe and Central Asia	2.6	-6.1	-16.5	-28.4	-18.0	-16.3	-3.1	-15.2	-13.6	-12.7	-17.3	-19.0	-14.5	-15.1	-17.7	-22.5	-13.9	-19.2	-17.7	-17.4	-4.7	-3.0
Latin America and Caribbean	3.8	1.8	-10.1	-16.1	-17.1	-7.7	-15.7	-6.7	-7.2	-0.4	-10.3	-14.4	-3.6	-9.9	-12.6	-13.5	-13.7	-11.9	-17.0	-17.7	-10.7	-15.0
Middle East and North Africa	4.0	3.0	-	-30.8	-	-	-	-11.5	-7.6	-11.6	-11.0	-	-	-	-	-	-	-	-	-	-	-
South Asia	-3.7	1.1	-13.5	-49.2	13.5	-2.2	-13.5	-11.3	-11.8	-12.8	-7.3	-12.1	-10.1	-9.1	-11.2	-24.8	-18.4	-25.5	-3.4	-7.2	-4.0	-17.6
Sub-Saharan Africa	6.0	4.5	-	-29.5	-	-	-	-2.3	1.6	-10.2	-11.9	-	-	-	-	-	-	-	-	-	-	-
International Reserves, US\$																						
High-income countries	3.2	-1.9	-1.6	-0.4	0.4	0.0	-1.6	0.3	-0.1	-0.6	0.8	-0.3	-0.1	-0.6	0.2	0.4	-0.5	-1.2	0.2	0.2	0.1	0.7
Developing countries	8.7	-0.2	-9.4	-2.5	-0.1	-4.0	-3.5	-0.7	-0.2	-1.6	0.7	-0.6	-0.2	-1.0	-1.8	-1.3	0.3	-2.0	-1.8	-2.1	-0.1	0.7
East Asia and Pacific	12.2	0.2	-12.5	-2.8	-0.8	-4.9	-4.4	-0.8	-0.2	-1.9	0.6	-0.9	-0.4	-1.3	-2.4	-1.2	0.4	-2.3	-2.6	-2.7	-0.3	0.6
Europe and Central Asia	3.5	-8.2	-5.9	-6.2	1.0	1.3	-4.4	-1.7	-2.8	-1.9	0.9	0.0	0.2	0.7	1.4	-0.8	0.0	-1.5	-3.0	-0.7	1.6	2.0
Latin America and Caribbean	1.8	3.6	-4.2	-0.1	0.7	-3.2	-1.4	0.4	-0.6	0.0	0.7	-0.1	0.1	-0.4	-0.8	-2.0	-0.8	-1.3	0.7	-0.3	-0.1	0.1
Middle East and North Africa	3.0	-10.2	-	-6.0	1.6	-	-	-3.3	-0.4	-2.3	1.7	-0.64	0.2	-	-	-	-	-	-	-	-	-
South Asia	-0.2	11.3	11.5	5.9	4.7	-0.8	1.1	1.8	3.2	0.8	1.5	1.7	1.5	-0.5	-0.3	0.0	0.9	-0.4	0.7	-0.9	-0.3	2.4



TABLE D: Financial Markets

	2015				2016			2015							2016				MRV ¹
	2014	2015	Q3	Q4	Q1	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
Interest rates and LIBOR (percent)																			
U.S. Fed Funds Effective	0.09	0.13	0.14	0.16	0.37	0.12	0.13	0.13	0.15	0.14	0.12	0.12	0.24	0.36	0.37	0.37	0.37	0.37	0.37
ECB repo	0.16	0.05	0.05	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.00	0.00	0.00	0.00
US\$ LIBOR 3-months	0.23	0.32	0.31	0.41	0.62	0.28	0.28	0.29	0.32	0.33	0.32	0.37	0.54	0.62	0.62	0.63	0.63	0.63	0.66
EURIBOR 3-months	0.06	-0.02	-0.03	-0.09	-0.19	-0.01	-0.01	-0.02	-0.03	-0.04	-0.05	-0.09	-0.13	-0.15	-0.18	-0.23	-0.25	-0.25	-0.26
US 10-yr Treasury yield	2.53	2.12	2.20	2.18	1.92	2.19	2.35	2.32	2.14	2.14	2.04	2.26	2.23	2.11	1.77	1.88	1.79	1.84	1.84
German Bund, 10 yr	1.24	0.54	0.70	0.56	0.32	0.58	0.83	0.76	0.66	0.68	0.55	0.55	0.59	0.51	0.23	0.21	0.17	0.18	0.18
Spreads (basis points)																			
JP Morgan Emerging Markets	330	424	423	431	478	369	384	397	397	442	437	413	442	485	507	443	421	413	413
Asia	206	230	233	245	264	195	203	212	212	250	246	235	253	268	282	243	224	221	221
Europe	287	346	345	311	339	327	330	328	328	347	332	294	308	338	359	319	308	304	304
Latin America & Caribbean	407	556	560	577	645	471	504	527	527	585	582	553	595	662	687	588	559	543	543
Middle East	388	469	447	506	555	409	410	420	420	479	502	503	512	542	580	545	539	537	537
Africa	323	445	425	509	626	345	358	374	374	472	490	482	555	644	661	573	546	542	542
Stock Indices (end of period)																			
Global (MSCI)	417	399	382	399	395	435	424	427	403	382	411	407	399	375	372	395	403	393	393
High-income countries (\$ Index)	1710	1663	1582	1663	1638	1779	1736	1766	1659	1582	1706	1694	1663	1562	1547	1638	1671	1636	1636
United States (S&P 500)	2059	2044	1920	2044	2051	2107	2063	2104	1992	1920	2079	2080	2044	1940	1932	2051	2065	2048	2048
Europe (S&P 350)	1401	1474	1405	1474	1352	1630	1552	1614	1478	1405	1523	1558	1474	1381	1347	1352	1379	1355	1355
Japan (Nikkei 225)	16292	16292	17388	18817	16555	20563	20236	20585	18812	17388	19083	19921	18817	17518	15989	16555	16407	16655	16655
Developing Markets (MSCI)	956	794	792	794	821	1004	972	902	882	792	848	814	794	742	740	821	840	789	789
EM Asia	457	404	391	404	404	499	475	440	433	391	422	408	404	374	369	404	405	388	388
EM Europe	297	244	259	244	272	320	311	293	285	259	273	263	244	237	241	272	288	265	265
EM Europe & Middle East	257	211	226	211	230	271	266	253	246	226	235	222	211	202	208	230	243	223	223
EM Latin America & Caribbean	2728	1830	1895	1830	2121	2496	2517	2305	2206	1895	2007	1919	1830	1744	1804	2121	2292	2063	2063
Exchange Rates (LCU / USD)																			
High-income countries																			
Euro Area	0.75	0.90	0.90	0.91	0.91	0.90	0.9	0.91	0.89	0.89	0.89	0.93	0.92	0.92	0.90	0.90	0.88	0.89	0.89
Japan	105.89	121.00	122.06	121.41	115.23	120.87	123.7	123.39	122.71	120.10	120.01	122.61	121.62	118.37	114.44	112.87	109.57	109.32	109.32
Developing																			
Brazil	2.35	3.33	3.55	3.84	3.91	3.06	3.1	3.23	3.53	3.89	3.88	3.78	3.87	4.06	3.97	3.70	3.56	3.57	3.57
China	6.16	6.29	6.31	6.39	6.54	6.20	6.2	6.21	6.34	6.38	6.35	6.37	6.45	6.57	6.55	6.51	6.48	6.56	6.56
Egypt	7.08	7.70	7.82	7.88	8.04	7.62	7.6	7.81	7.83	7.83	7.91	7.91	7.83	7.83	7.82	8.47	8.87	8.87	8.87
India	61.03	64.14	64.97	65.91	67.50	63.76	63.8	63.65	65.09	66.16	65.04	66.15	66.54	67.31	68.22	66.95	66.49	67.50	67.50
Russia	38.58	61.34	63.62	66.17	74.84	50.65	54.6	57.53	66.23	67.10	63.31	65.01	70.19	77.36	77.23	69.93	66.54	67.13	67.13
South Africa	10.85	12.77	13.03	14.22	15.83	11.97	12.3	12.46	12.94	13.67	13.48	14.14	15.04	16.30	15.79	15.39	14.62	15.72	15.72
Memo: U.S. nominal effective rate	102.16	114.65	116.18	118.05	120.30	112.01	112.8	114.56	116.59	117.41	116.42	118.34	119.41	121.80	120.72	118.37	116.47	118.88	118.88

¹MRV = Most Recent Value.

TABLE E: Commodity Prices

	2015				2016				2015								2016				MRV ¹
	2014	2015	Q3	Q4	Q1	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr				
Energy ²	118	65	63	54	43	78	76	69	59	60	60	55	48	40	41	47	51	51			
Non-energy ²	75	62	60	57	56	65	63	63	59	58	59	56	56	54	56	58	60	60			
Agriculture ²	103	89	88	86	85	90	90	91	87	86	87	86	85	83	84	86	89	89			
Metals and minerals ²	88	68	65	60	59	76	72	67	64	65	64	59	57	56	59	62	63	63			
Memo items:																					
Crude oil, average (\$/bbl)	96	51	48	42	33	63	61	54	45	46	47	43	37	30	31	37	41	41			
Gold (\$/toz)	1266	1161	1124	1107	1181	1199	1182	1128	1118	1125	1159	1086	1076	1098	1200	1245	1242	1242			
Baltic Dry Index ³	1103	711	975	627	363	596	699	975	1061	889	790	582	510	391	307	390	608	608			

Source: [World Bank Commodities Price Data \(The Pink Sheet\)](#)

¹MRV = Most Recent Value.

²Index, 2010 = 100.

³Index, May 1, 1985 = 100.

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