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THE WORLD BANK
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Development Economics • Prospects

Global Monthly

July 2016

Overview

- The global economy remains fragile going into the third quarter of 2016, with limited buffers to withstand a major shock.
- Commodity exporters continue to struggle to adjust to persistently low commodity prices and domestic uncertainties, while importers are generally more resilient.
- Risks to this outlook are decidedly tilted to the downside. In addition to existing risks, the United Kingdom's referendum decision to leave the European Union (Brexit) is generating uncertainty that is likely to weigh on global growth.

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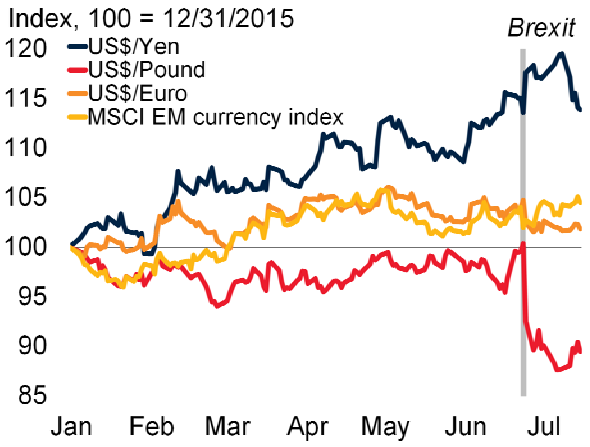
Chart of the Month

- Currencies of major advanced economies were volatile in the days following the U.K. referendum, but sharp depreciations in some cases have been partly reversed subsequently.
- The two-day, 11 percent drop in pound sterling that followed the referendum was the most pronounced since the global financial crisis.
- The euro initially depreciated by 3 percent against the U.S. dollar, while the Japanese yen surged by 4 percent, the most since 2009.
- Currencies of emerging markets and developing economies (EMDEs) fell by an average of 2.3 percent against the dollar in the first two days of trading after the Brexit vote, less than in previous episodes of financial market stress.

Exchange rates



Sources: Haver Analytics.
Note: Last observation is July 15, 2016.

Special Focus: Recent Credit Surge in Historical Context

- Since the global financial crisis, credit to the private nonfinancial sector in EMDEs has risen rapidly, especially to the corporate sector.
- In commodity-importing EMDEs, credit-to-GDP ratios are stable or declining, but remain at historically elevated levels. In commodity-exporting EMDEs, credit-to-GDP ratios are moderate, but they are rising at a pace associated with past credit booms.
- Credit to the private sector in most EMDEs is still some distance away from the thresholds identified in the literature as early warning indicators.

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 John Baffes, Christian Eigen-Zucchi, Eung Ju Kim, Adriana Maximiliano, Trang Nguyen, Marc Stocker, Ekaterine Vashakmadze, Dana Vorisek, Peter Davis Williams, and Shu Yu. For more information, visit http://www.worldbank.org/prospects.

Monthly Highlights

Global economy: weak momentum in the first half of 2016. Global growth was only marginally above 2 percent (q/q saar) in 2016Q1, as weakness in the United States and the United Kingdom was only partially offset by stronger growth in the Euro Area and Japan. Among EMDEs, growth slowed in China and Indonesia, was negative in Brazil, Nigeria and Russia, and picked up in India and Mexico. Incoming data point to weak underlying momentum continuing in the second quarter, especially in manufacturing. In June, the global manufacturing PMI was 50.9 (marginally above that in May), and was well below the threshold indicating expansion in Japan and at a four-month low of 48.6 in China (Figure 1A). On balance, global growth is expected to remain slightly above 2 percent in Q2, broadly unchanged from the subdued pace in Q1.

Global economy: downside risks from Brexit. ffj e U.K. referendum on membership in the European Union (EU) held on June 23, 2016 resulted in a surprise victory of the "leave" camp. Beyond the initial financial market volatility, the regulatory and political uncertainty associated with the Brexit process is expected to hamper growth in the U.K. and EU. Medium-term effects will depend on the extent of financial market disruptions during the exit process, and the direction of political negotiations between the United Kingdom and EU. In the absence of additional financial market turmoil, the impact on the rest of the world could be manageable. However, Brexit is a significant downside risk to regional and global growth, which could be reinforced in the medium term by rising protectionist tendencies.

United Kingdom: recession likely. Prior to the referendum, growth in the United Kingdom had already weakened, slowing to 1.8 percent (q/q saar) in Q1. The prospects of a rebound in Q2 dimmed as both services and manufacturing confidence deteriorated. Following the referendum, the pound sterling dropped 10 percent, U.K. bank share prices declined by close to 16 percent, and the country lost its triple-A rating from S&P and was further downgraded or put on negative watch by other rating agencies. Brexit will likely result in a severe contraction of investment and activity in the second half of the year, and the flash composite PMI (Markit) fell to 47.7 in July, the lowest reading since April 2009, and down from 52.4 in June. A reversal of capital inflows as a result of a loss of confidence could increase financing and currency pressures. While the Bank of England left policy interest rates on hold in July, the authorities have signaled that policy may be eased in August, helping to lower long-term U.K. government bond yields (Figure 1B), and leave credit default swap (CDS) spreads barely higher. Growth projections for 2016 and 2017 have been revised downwards significantly following Brexit (Figure 1C).

FIGURE 1A Manufacturing PMIs

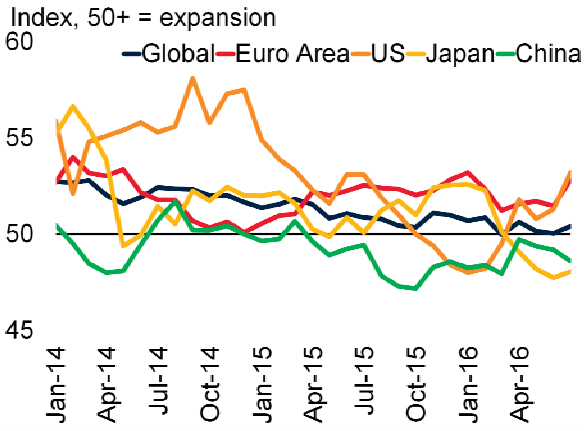


FIGURE 1B U.K.: Inflation and long-term interest rates

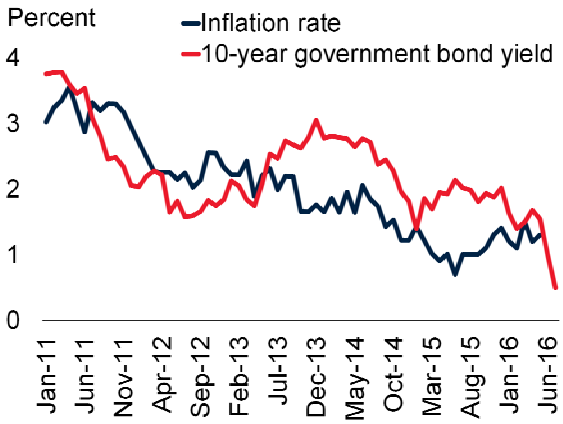
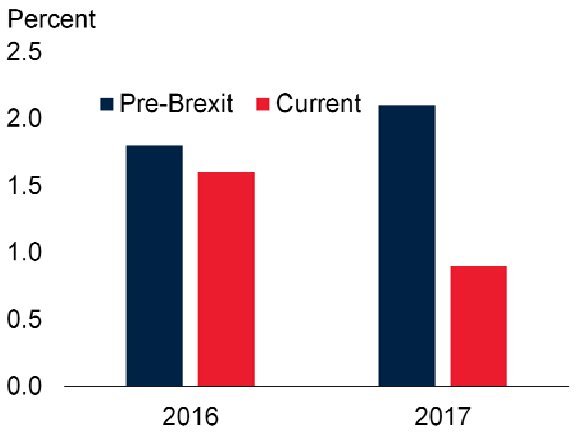


FIGURE 1C U.K.: Growth projections (Bloomberg survey of economists)



Source: Markit, World Bank, Haver Analytics.
A. Last observation is June 2016. Index values above 50 indicate expansion.
B. Last observation is May 2016 for inflation and July 2016 for 10-year bond yield, end of period.

Euro Area: likely to slow. Growth in the Euro Area accelerated in 2016Q1 to 2.2 percent (q/q, saar), supported by strengthening activity in Germany and France, as well as continued robust growth in Spain. Domestic demand has been a key driver of the upturn, while net exports continued to dampen activity. Growth has been supported by exceptionally accommodative monetary policy by the European Central Bank (left unchanged in July), low oil prices, slightly expansionary fiscal policies, and improved labor market conditions. The Euro Area unemployment rate continues to decline, and reached 10.1 percent in May. However, faltering confidence following the U.K. Brexit vote will likely weaken growth momentum in the second half of the year (Figure 2A). This may encourage additional monetary policy accommodation, including an expansion of the asset purchase program and looser eligibility criteria for bond purchases.

United States: continued growth. Following unexpectedly weak growth in 2016Q1 of 1.1 percent (q/q saar), a rebound supported by robust consumer spending is expected for 2016Q2, and the GDPNow forecast for the second quarter has been revised slightly upwards to 2.4 percent (q/q saar). While year-on-year industrial production continues to contract, the flash manufacturing PMI improved to 52.9 in July from 51.3 in June. Labor market slack is generally diminishing, as reflected in a rebound in non-farm payroll gains from a low in May to 287,000 in June (Figure 2B). Nevertheless, the uncertainty associated with the outcome of the U.K. referendum has reduced the likelihood of an interest rate hike in the coming months and lowered interest rate expectations (Figure 2C). Reflecting benign policy rate expectations and flight to safety flows, U.S. 10-year Treasury yields have remained below 1.6 percent since mid-June.

Japan: weak momentum. GDP expanded by 1.9 percent (q/q, saar) in Q1 following a contraction of 1.8 percent in 2015Q4, but momentum is weak. The business climate remains depressed and a strong yen is exerting downward pressure on corporate profits and exports. Moreover, the Kumamoto earthquake in April disrupted activity in Q2, contributing to a sharp drop in the manufacturing PMI, which reached a 20-month low of 47.8 in June. In an effort to boost growth, the planned consumption tax hike has been postponed and the government is expected to undertake a new round of fiscal stimulus measures after its sweeping victory in the latest elections for the upper house. While the yen fell back again following the sharp appreciation immediately after the Brexit vote, foreign exchange interventions and further easing by the Bank of Japan remain possible.

China: gradual slowdown. GDP expanded by 6.7 percent (y/y) in 2016Q2—the same pace as in the previous quarter (Figure 3A). Quarter-on-quarter, GDP growth accelerated sharply to 7.4 percent (saar)—the highest rate since 2014Q3—reflecting the

FIGURE 2A Euro Area: Consumer confidence and economic sentiment

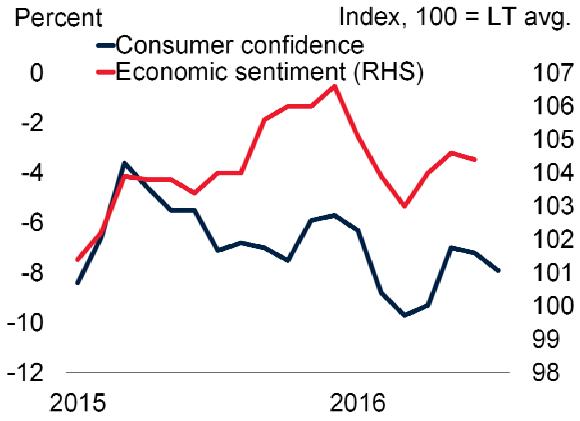


FIGURE 2B U.S.: Job creation

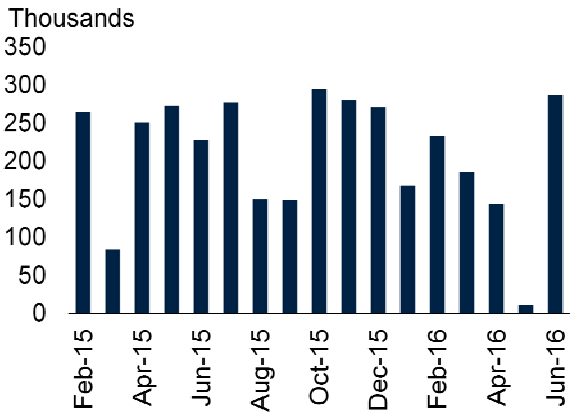
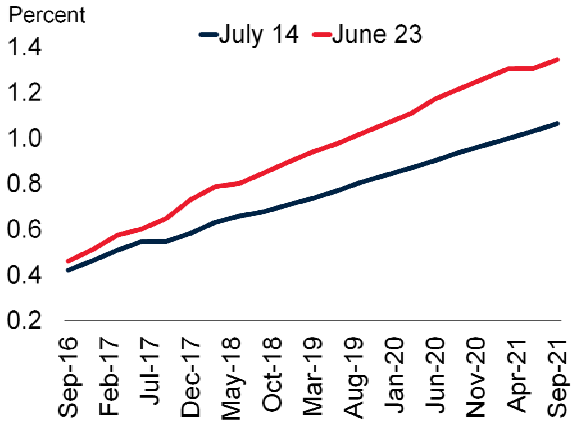


FIGURE 2C U.S.: Policy interest rate expectations



Sources: World Bank, Haver Analytics, Bloomberg.
A. Last observation for consumer confidence is July 2016, and for economic sentiment is June 2016. Percent balance equals perfent of respondents reporting an increase minus the present of respondents reporting a decrease over four questions related to financial situation, economic situation, unemployment, and saving.
B. Last observation is June 2016.

impact of policy stimulus. The expansion continued to be driven by consumption, which accounted for roughly 75 percent of GDP growth in 2016H1. Capital spending by private enterprises fell sharply, and net exports remained a drag on growth. Retail sales growth strengthened to 10.6 percent (y/y) from 10 percent in May. Credit growth moderated to 13 percent (y/y) in the second quarter of 2016, and has recently become much more concentrated in the booming real estate market through mortgages. Headline inflation eased to 1.9 percent (y/y) in June. China's foreign-currency reserves have been declining more slowly in recent months, but they are down by $120.2 billion in 2016H1.

Brazil and Russia: still in recession but with signs of improvement. Brazil and Russia experienced severe recessions in 2015, but there are tentative signs of bottoming out (Figure 3B). In Brazil, GDP contracted by 5.4 percent (y/y) in 2016Q1, easing from the 5.9 percent contraction of 2015Q4. Although confidence indicators are rebounding appreciably, tight monetary and fiscal policy, elevated unemployment, and policy uncertainty are expected to result in a contraction of about 4 percent in 2016. Russia's economy contracted by 1.2 percent (y/y) in 2016Q1, but quarter-on-quarter growth has turned positive. In June, the services PMI rose for the fifth consecutive month, the ruble stabilized, and inflation remained moderate at 7.5 percent (y/y). The Russian government successfully returned to global capital markets for the first time since the imposition of sanctions in 2014, issuing $1.75 billion in 10-year Eurobonds.

Commodity importers: stable. Several commodity importers (India, Mexico, Poland, among others) continued to benefit from tailwinds associated with low commodity prices and moderate growth in some advanced economies (Figure 3C). Growth in commodity-importing economies (excluding China) averaged 4.9 percent (y/y) in the first quarter—about 0.5 percentage point stronger than the 2014-15 average. For 2016Q2, high-frequency indicators point to mixed results. In India, the manufacturing PMI picked up to 51.7 in June, and the impact of the departure of the central bank governor and Brexit has been limited. In other commodity importers, activity is being set back by the impact of El Niño-related challenges to agricultural production (Vietnam, Thailand, the Philippines). In Hungary and Poland, weak absorption of EU-funded investment has constrained growth. In Turkey, the failed coup attempt on July 15, 2016 has increased policy uncertainty and is weighing on confidence.

European banks: under pressure. EU bank stock prices have fallen sharply since the Brexit vote, with considerable differentiation (Figure 4A). In the United Kingdom, the FTSE ORB Financials Index fell 16 percent in the two days following the vote, with domestically-focused banks (RBS, Lloyds, Barclays)

FIGURE 3A China: GDP growth

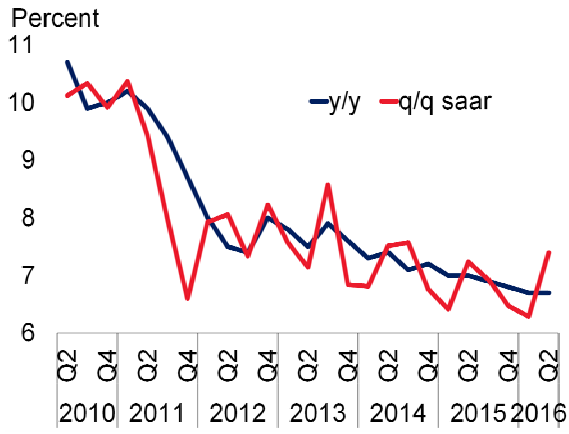


FIGURE 3B Brazil and Russia: GDP Growth

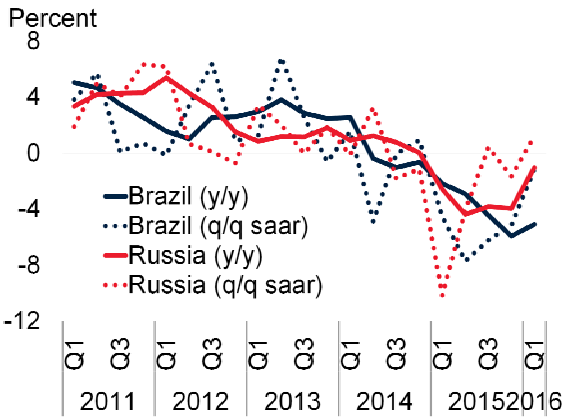
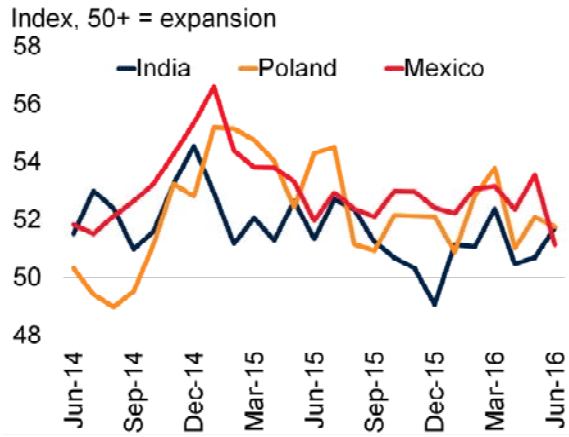


FIGURE 3C Commodity importers PMIs



Sources: Haver Analytics, China National Bureau of Statistics, World Bank.
C. Last observation is June 2016. Index values above 50 indicate expansion.

suffering much larger losses than international ones (HSBC, Standard Chartered). In the Euro Area, bank stocks fell more than 20 percent (as of July 14) and bank CDS spreads moved 25 bps higher, on average—still well below crisis levels of 2011-12—on concerns about weak profitability amid lower-for-longer interest rates. The share prices of Italian banks have suffered especially on concerns about underlying vulnerabilities. Nevertheless, short-term funding and money markets have continued functioning normally.

EMDE financial markets: mostly recovered from Brexit. EMDE financial markets slumped with the sell-off following the Brexit vote, but markets rallied subsequently as central banks in advanced market economies assured liquidity and signaled a readiness to ease monetary policy further as needed. EMDE stocks and currencies erased losses (Figure 4B), with some assets reaching their highest levels since late last year. The largest post-Brexit losses were concentrated in a few countries (Czech Republic, Hungary, Poland) that are directly exposed to the expected Brexit-induced slowdown in U.K. and EU growth. South Africa has also been adversely affected as it has a large current account deficit and significant financial linkages to the United Kingdom. In general, the Brexit impact to date on EMDEs has been modest, suggesting that downside risks of increased capital outflows and tighter financial conditions may yet lie ahead if there is market turbulence associated with monetary tightening in the United States.

Commodity prices: volatility amid recovery. Most commodity price indexes rebounded in the second quarter of 2016, continuing their upward climb from January lows on improved market sentiment and tapering supplies. Oil prices averaged $47.50 per barrel (bbl) in June, 37 percent above their first-quarter average. The oil price rebound reflects supply disruptions that removed up to 2.5 million barrels per day of production during May and June, with losses in Canada due to wildfires and in Nigeria due to militant attacks on infrastructure. Continued year-on-year declines in non-OPEC production, led by the United States, were partly offset by higher OPEC production, mainly from Iran. Although global inventories are at very high levels (Figure 4C), they began to ease as the market moved toward equilibrium. Non-energy commodity prices have gained ground as well, with metals and agriculture up 4.6 and 8 percent (q/q), respectively, in the second quarter. Gains in agriculture were concentrated in edible oils and meals due to poor harvests in South America. Metal price gains were concentrated in iron ore, zinc, and tin on production cuts and stronger demand. Precious metals prices rose 8 percent (q/q) in the second quarter on anticipated delays in the normalization of monetary policy in the United States and concerns about the global economy.

FIGURE 4A EU: Bank stock prices

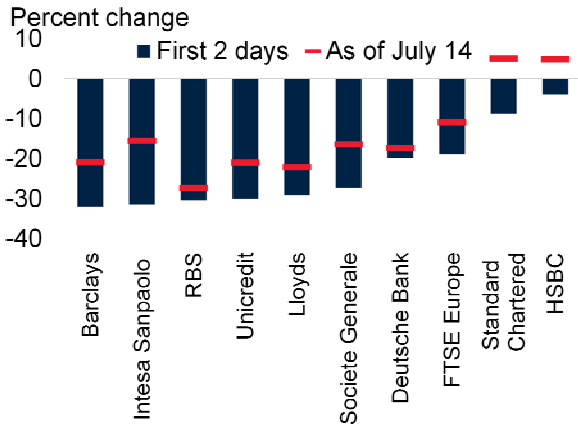


FIGURE 4B EMDEs: Stock prices and currencies

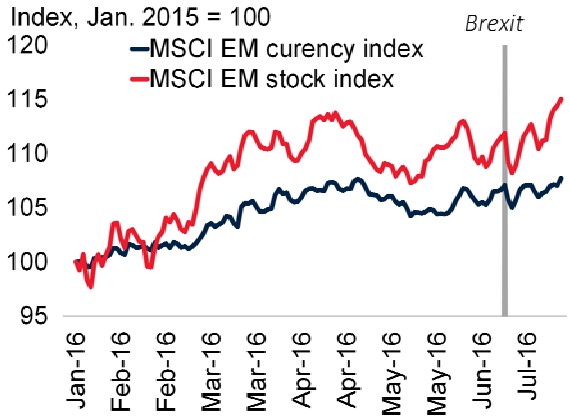
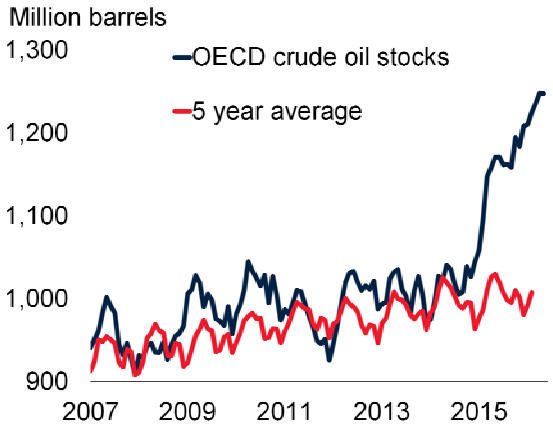


FIGURE 4C Crude oil stocks



Source: IMF, World Bank, Dealogic, Bloomberg International Energy Agency.
A. Last observations are July 14, 2016.
B. Last observations are July 14, 2016.
C. Last observations are May 2016.

Special Focus: Recent Credit Surge in Historical Context

Recent surge in credit to the nonfinancial private sector. Since the global financial crisis, credit to the nonfinancial private sector has surged in several EMDEs. A Special Focus in the June 2016 *Global Economic Prospects: Divergences and Risks* shows that, within this overall surge, there has been considerable divergence between commodity-exporting and -importing economies. Between 2010 and 2015Q3, credit to the private nonfinancial sector increased from an average of 43 percent to 53 percent of GDP in commodity-exporting EMDEs, and from 56 percent to 59 percent of GDP in commodity-importing EMDEs (excluding China; Figure 5A). Rising from a moderate level in 2010, credit to the nonfinancial private sector reached post-crisis peaks by 2015 in most commodity-exporting EMDEs. In contrast, credit to the nonfinancial private sector in commodity-importing countries has begun to ease from 2013-14 peaks.

Evolution of private sector credit. Corporate borrowing accounted for much of the recent increase in credit to the nonfinancial private sector (Figure 5B). As a result, credit to corporates now accounts for about two-thirds of credit to the nonfinancial private sector in EMDEs. The composition of credit to EMDE corporates has gradually shifted. While the share of foreign currency-denominated credit to non-financial corporates has increased, it remains moderate at around 20 percent in most EMDEs. Bond issuances became an increasingly important source of credit to nonfinancial corporates since 2004, while the bulk of corporate credit growth continued to be contributed by non-securities credit. Despite a modest increase since 2010, the share of cross-border credit remains low at less than 20 percent in 2015Q3, well below the 2000-07 average (Figure 5C). Since 2010, credit from the domestic banking system has continued to be the main source of corporate credit growth.

Recent credit growth in light of past credit booms. During a typical credit boom, credit to the nonfinancial private sector grows by more than 6 percentage points of GDP per annum and peaks at around 52 percent of GDP. In the run-up to the 2015 peak, current account deficits rose by almost 2 percentage points of GDP above their long-run trend, and real GDP rose by 1-2 percent above trend (Figure 6A). Since 2012, levels of credit in commodity importing EMDEs have been considerably higher than during previous credit booms, but credit growth has been well below levels seen in the past. In contrast, commodity exporting countries' credit levels and growth have been near those associated with past credit booms.

FIGURE 5A Credit to the private nonfinancial sector

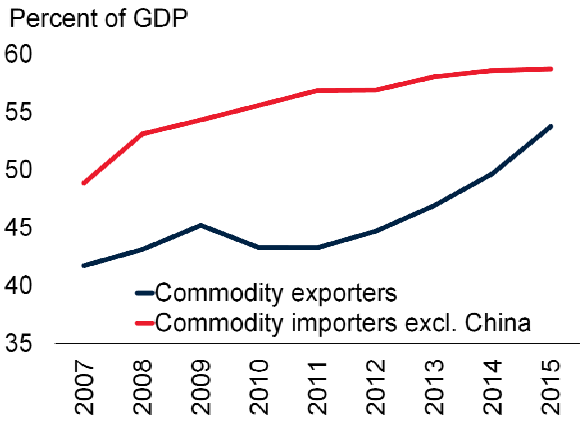


FIGURE 5B Contribution to private sector credit growth, annual average 2010-2015Q3

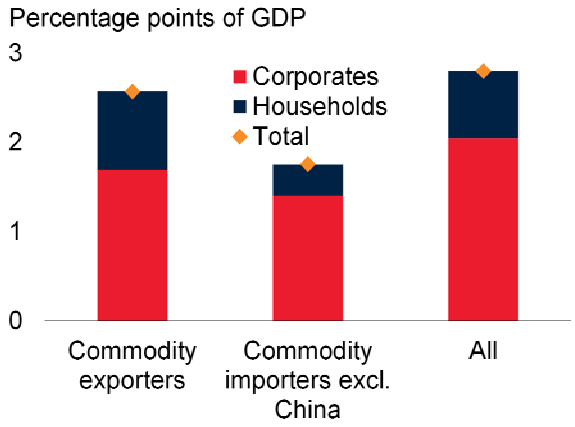
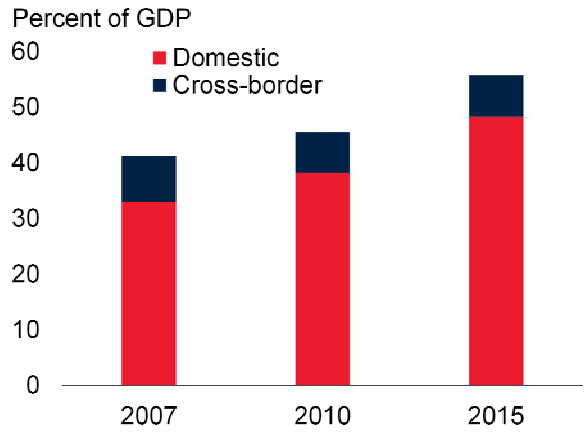


FIGURE 5C Credit to corporates by creditor



Sources: Bank for International Settlements, International Monetary Fund's International Financial Statistics, World Bank.
A. Unweighted average credit in 55 EMDEs.
B. Unweighted average credit in 14 major EMDEs. See the June 2016 GEP for detailed sample description.
C. Unweighted averages in 14 major EMDEs. See the June 2016 GEP for detailed sample description and data availability.

Characteristics of past deleveraging episodes. Over the past quarter-century, about one-third of credit booms were followed by at least a mild deleveraging episode within three years of the end of the boom. During a deleveraging episode, credit to the nonfinancial private sector typically contracted by almost 2 percentage points of GDP per year, falling to 35 percent of GDP on average. Deleveraging episodes were associated with considerable current account improvements (by about 2 percentage points of GDP). Real GDP fell, on average, by almost 2 percent below trend during deleveraging episodes (Figure 6B).

Current credit levels: warning signs. A large literature examines potential thresholds for private sector credit growth that may be an early warning indicator of impending macroeconomic and financial stress. In most EMDEs, credit levels are still some distance away from the thresholds (estimated at 8.6-10 percentage points of GDP above long-term trend) that previous studies have identified as being associated with financial stress (Figure 6C). The few EMDEs where private sector credit exceeded these thresholds in 2015Q3 were mostly energy exporters.

Policy options. Policy buffers are considerably stronger now than in the 1990s. However, weak post-crisis growth and recent U.S. dollar appreciation are eroding these buffers. There are a number of policy options that could help contain risks from rapid credit growth while still maintaining an accommodative monetary policy stance. Measures that have been effective in slowing household credit growth include tighter ceilings on the debt service-to-income ratios of lower-income households, better risk-based pricing of household lending, and differential loan-to-value ceilings on first and second mortgages. To contain risks from corporate credit growth, increased stress testing of corporates' balance sheets and legislative and regulatory steps to facilitate restructuring of nonperforming loans and corporate resolution are available options. Measures to contain foreign currency risks in lending to corporates, such as more intensive stress tests, more intrusive monitoring of liquidity ratios in foreign currencies, and additional hedging requirements, could also be pursued.

FIGURE 6A GDP Growth during credit booms

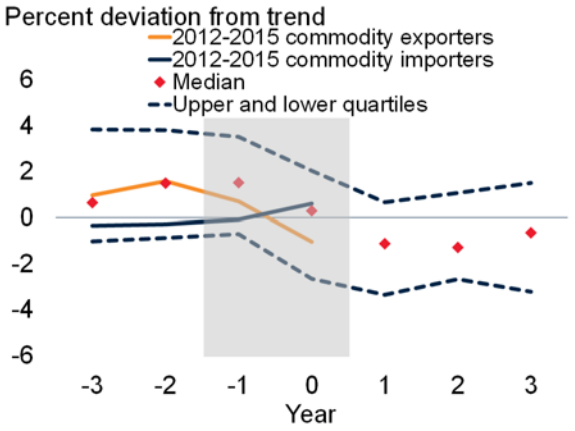


FIGURE 6B GDP growth during deleveraging episodes

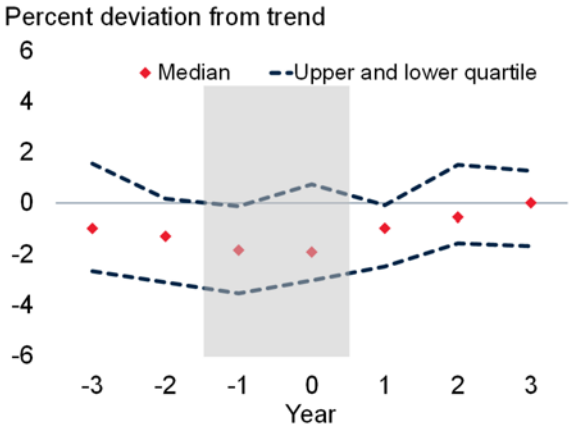
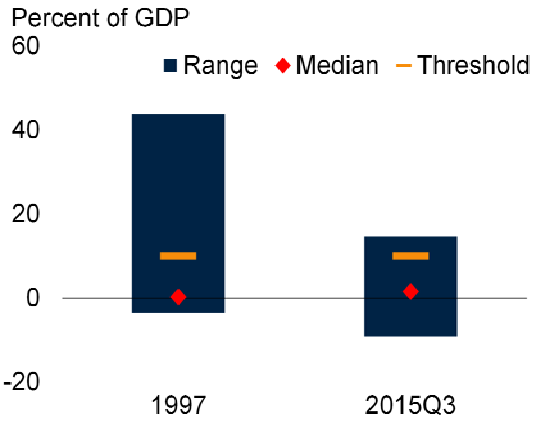


FIGURE 6C Comparison: Credit and early warning indicators, 1997 and 2015Q3



Sources: Bank for International Settlements, Drehman (2013), Gourinchas and Obstfeld (2012), Haver Analytics, International Monetary Fund, World Bank.
Notes: See GEP June 2016 for data availability and detailed definitions on credit booms and deleveraging episodes. "0" is the trough/peak year of a credit boom or a deleveraging episode.
A. and B. The median of the cyclical component of real GDP in percent of its HP-filtered trend (red) and its corresponding upper and lower quartiles (dashed blue line). The sample means for 2012-2015 for commodity exporters (orange) and for commodity importers (solid blue line).
C. Orange lines indicate the threshold identified by Drehman (2013). See the June 2016 GEP for detailed sample descriptions.

Key Prospects Group Publications

Commodity Markets Outlook—July 2016 (forthcoming July 26, 2016)

Global Economic Prospects - June 2016: Divergences and Risks

Commodity Markets Outlook – April 2016

Global Economic Prospects – January 2016: Spillovers amid Weak Growth

Policy Research Note No.4: Slowdown in Emerging Markets: Rough Patch or Prolonged Weakness?

Recent World Bank Working Papers

A Comparative Analysis of Subsidy Reforms in the Middle East and North Africa Region

Euro Currency Risk and the Geography of Debt Flows to Peripheral European Monetary Union Members

Financial Regulation and Government Revenue: the Effects of a Policy Change in Ethiopia

Do Fiscal Multipliers Depend on Fiscal Positions?

Challenges of Fiscal Policy in Emerging and Developing Economies

Financial Systems, Growth, and Volatility: Searching for the Perfect Fit

Inflation Targeting and Exchange Rate Volatility in Emerging Markets

Openness, Specialization, and the External Vulnerability of Developing Countries

Recent Credit Surge in Historical Context

Recent World Bank Reports

Monitoring Macro-financial Vulnerability: A Primer

The Ghost of a Rating Downgrade: What Happens to Borrowing Costs When a Government Loses its Investment Grade Credit Rating?

Malawi Economic Monitor: Absorbing Shocks, Building Resilience

TABLE A: Major Data Releases

(Percent, y-o-y)

Recent releases: June 26, 2016 - July 20, 2016

Country	Date	Indica-	Period	Actual	Fore-	Previ-
Iceland	6/28/201	CPI	JUN	1.6%	1.8%	1.7%
United States	6/28/201	GDP	Q1	2.1%		2.0%
UK	6/30/201	GDP	Q1	2.0%	2.0%	1.8%
South Korea	6/30/201	CPI	JUN	0.8%	0.9%	0.8%
Japan	6/30/201	CPI	MAY	-0.4%	-0.5%	-0.3%
Indonesia	7/1/2016	CPI	JUN	3.5%	3.4%	3.3%
Thailand	7/1/2016	CPI	JUN	0.4%	0.6%	0.5%
Czech Republic	7/1/2016	GDP	Q1	3.0%		4.0%
Brazil	7/1/2016	IP	MAY	-7.8%	-8.6%	-7.2%
India	7/12/201	IP	MAY	1.2%		-1.3%
Germany	7/12/201	CPI	JUN	0.3%	0.2%	0.1%
Czech Republic	7/12/201	CPI	JUN	0.1%		0.1%
Japan	7/13/201	IP	MAY	-0.4%		-3.3%
France	7/13/201	CPI	JUN	0.2%		0.0%
Hungary	7/13/201	IP	MAY	4.2%		1.5%
China	7/14/201	GDP	Q2	6.7%	6.6%	6.7%
China	7/14/201	IP	MAY	6.2%		6.0%
United States	7/15/201	CPI	JUN	1.0%	1.0%	1.0%
United States	7/15/201	IP	JUN	-0.7%		-1.4%
UK	7/19/201	CPI	JUN	0.5%	0.4%	0.3%
South Africa	7/20/201	CPI	JUN	6.3%		6.1%

(Percent y-o-y)

Upcoming releases: July 21, 2016 - August 30, 2016

Country	Date	Indica-	Period	Previ-
South Korea	7/25/16	GDP	Q2	2.7%
Belgium	7/28/16	GDP	Q2	1.5%
Austria	7/29/16	GDP	Q2	1.3%
Spain	7/29/16	GDP	Q2	3.4%
Sweden	7/29/16	GDP	Q2	4.2%
Indonesia	8/1/2016	CPI	JUL	3.5%
Thailand	8/1/2016	CPI	JUL	0.4%
South Korea	8/1/2016	CPI	JUL	0.8%
Turkey	8/3/2016	CPI	JUL	7.6%
Philippines	8/4/2016	CPI	JUL	1.9%
Indonesia	8/5/2016	GDP	Q2	4.9%
China	8/8/2016	CPI	JUL	1.9%
Hungary	8/9/2016	CPI	JUL	-0.2%
Mexico	8/9/2016	CPI	JUL	2.5%
Czech Republic	8/10/201	CPI	JUL	0.1%
Brazil	8/10/201	CPI	JUL	8.8%
Malaysia	8/12/201	GDP	Q2	4.2%
Hungary	8/12/201	GDP	Q2	0.4%
Czech Republic	8/16/201	GDP	Q2	3.0%
Philippines	8/17/201	GDP	Q2	6.9%
Thailand	8/18/201	GDP	Q2	3.2%

TABLE B: Economic Developments

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

			2015		2016	2015								2016			
	2014	2015	Q3	Q4	Q1	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Industrial Production, sa [1]																	
World	**3.2**	2.0	2.0	1.5	1.2	2.3	1.9	2.5	1.7	2.1	1.5	0.8	1.8	1.3	1.3	1.7	1.6
Advanced Economies	2.0	0.4	1.0	-1.4	0.0	0.7	0.6	1.2	0.5	0.6	-0.2	-1.4	0.3	-1.0	-0.9	0.1	-0.4
Emerging Market and	4.6	3.6	3.0	4.6	2.4	3.9	3.4	3.9	2.9	3.6	3.3	3.0	3.4	3.6	3.6	3.3	3.7
Commodity-exporting EMDE	0.1	0.1	-2.4	0.9	1.0	1.2	-0.2	0.0	-0.9	-0.5	-0.2	-1.1	-0.1	0.9	-0.9	-0.4	0.3
Other EMDE	6.8	5.1	5.4	6.0	3.0	5.0	4.9	5.6	4.6	5.4	4.7	4.8	4.9	4.7	5.5	4.8	4.9
East Asia and Pacific	7.5	5.8	4.9	8.2	3.5	6.1	5.6	5.8	5.1	5.3	5.8	5.3	5.5	5.5	6.4	5.7	5.9
East Asia excl. China	3.0	3.6	3.5	7.7	6.4	3.1	4.0	3.8	2.0	3.8	4.3	2.0	5.7	5.7	3.9	3.4	5.0
Europe and Central Asia	2.6	0.6	1.3	4.4	2.1	0.8	-0.7	0.9	0.4	1.1	1.3	1.2	1.5	2.3	1.5	2.4	2.2
Latin America and	-0.7	-3.2	-4.6	-6.6	-2.9	-1.7	-2.8	-3.2	-4.0	-4.8	-5.2	-4.5	-4.1	-4.8	-4.3	-4.3	-3.5
Middle East and North Africa	1.3	4.0	3.1	7.2	1.7	2.8	2.8	4.0	3.0	5.0	5.5	3.2	5.7	5.7	1.5	-	-
South Asia	2.6	4.3	4.3	-8.2	4.6	4.6	5.2	7.7	3.6	10.3	-1.3	0.9	0.3	3.5	2.5	-0.4	2.0
Sub-Saharan Africa	-0.1	0.4	5.4	-1.1	0.3	-1.1	4.8	1.2	0.9	-0.4	-1.3	0.2	-0.8	1.5	-1.3	2.2	3.7
Inflation, sa [2]																	
World	2.1	1.4	1.2	1.5	1.4	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.6	1.4	1.3	1.4	1.5
Advanced Economies	0.6	0.1	0.1	0.1	0.3	0.2	0.2	0.1	0.0	0.1	0.1	0.2	0.5	0.3	0.1	0.1	0.1
Emerging Market and	3.3	2.1	2.2	2.1	2.8	2.1	2.3	2.5	2.2	2.1	2.2	2.4	2.6	3.0	3.0	2.9	2.6
Commodity-exporting EMDE	3.6	3.4	3.2	3.0	3.4	3.3	3.2	3.3	3.4	3.0	3.0	3.2	3.4	3.7	4.0	4.2	3.7
Other EMDE	2.9	1.3	0.8	1.1	1.5	0.9	0.9	1.1	0.9	1.2	1.2	1.2	1.8	1.7	1.1	1.0	1.2
East Asia and Pacific	3.1	1.2	0.8	1.1	1.5	0.9	1.2	0.8	0.8	1.3	1.4	1.4	1.7	2.0	2.2	2.3	2.1
Europe and Central Asia	1.6	1.6	1.8	1.4	1.2	1.9	1.2	2.0	2.2	1.5	1.3	1.4	1.8	0.9	0.4	0.3	0.3
Latin America and	3.4	2.6	2.4	2.3	3.0	2.2	2.1	2.5	2.1	2.3	2.1	2.3	3.1	3.4	3.3	3.6	3.0
Middle East and North Africa	2.7	1.8	1.9	1.5	2.5	2.1	2.2	1.7	1.6	2.1	1.5	1.6	2.4	2.6	2.6	2.5	2.2
South Asia	6.8	2.5	1.6	2.5	3.8	3.1	1.9	1.7	1.3	1.7	3.1	3.1	3.4	4.1	4.0	5.5	5.4
Sub-Saharan Africa	4.4	3.5	4.5	4.1	4.5	3.7	3.3	4.3	3.9	4.0	4.6	4.2	4.0	6.6	6.1	5.9	6.0

[1]Industrial production is total production (may exclude construction). When data are unavailable, "industrial production, manufacturing" and "industrial production, manufacturing, non-durable manufacturing, petroleum and coal products, crude petrolem products" are used as proxies.
[2]Median 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		2016	2015								2016			
	2014	2015	Q3	Q4	Q1	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Exports, Nominal, US$, sa																	
World	**1.1**	**-11.8**	**-6.9**	**-7.1**	**-12.4**	**-8.4**	**-13.7**	**-14.1**	**-12.9**	**-12.7**	**-11.4**	**-10.2**	**-11.7**	**-8.8**	**-3.7**	**-2.9**	**-3.0**
Advanced Economies	1.3	-11.3	-6.4	-7.6	-5.7	-8.3	-12.3	-13.0	-11.5	-11.6	-9.7	-9.9	-9.3	-4.1	-3.8	-0.3	-1.0
Emerging Market and	0.8	-12.5	-7.6	-6.5	-22.0	-8.7	-15.9	-15.7	-14.9	-14.2	-13.9	-10.6	-15.3	-15.4	-3.8	-7.0	-6.2
Commodity-exporting EMDE	-4.8	-24.6	-24.9	-13.9	-28.1	-19.3	-27.8	-29.3	-28.1	-24.8	-23.5	-21.0	-24.7	-13.9	-17.2	-15.7	-
Other EMDE	4.8	-4.6	2.9	-2.5	-17.7	-1.7	-7.9	-6.8	-6.7	-7.8	-8.2	-4.7	-10.2	-15.6	5.0	-1.9	-1.8
East Asia and Pacific	4.6	-3.3	1.7	-2.3	-22.3	0.6	-7.8	-6.4	-5.5	-8.1	-7.7	-4.1	-11.8	-19.7	7.4	-3.2	-4.0
Europe and Central Asia	-0.8	-20.5	-18.3	-9.1	-20.2	-17.5	-27.8	-24.1	-19.2	-20.3	-17.5	-14.7	-21.7	-12.6	-12.9	-8.0	-
Latin America and	-0.8	-11.9	-8.8	-10.6	-5.6	-9.2	-12.7	-16.4	-13.6	-11.8	-11.6	-11.4	-11.6	-3.6	-8.8	-5.4	-2.2
Middle East and North Africa	-5.2	-27.5	-19.5	-9.9	-	-22.1	-27.4	-31.2	-33.8	-25.8	-24.6	-22.1	-23.4	-	-	-	-
South Asia	2.6	-14.4	-8.8	-6.4	-6.8	-10.1	-10.1	-15.5	-22.5	-14.5	-22.6	-12.3	-11.3	-3.2	-3.9	-4.6	0.4
Sub-Saharan Africa	-6.1	-26.9	-27.2	-20.9	-	-21.4	-29.6	-27.5	-32.1	-28.5	-28.4	-29.1	-26.3	-23.3	-	-	-
Imports, Nominal, US$, sa																	
World	**1.2**	**-12.6**	**-5.2**	**-7.3**	**-15.3**	**-9.1**	**-13.2**	**-12.8**	**-15.1**	**-13.2**	**-10.3**	**-11.3**	**-12.0**	**-5.4**	**-7.7**	**-6.1**	**-2.4**
Advanced Economies	2.1	-12.4	-4.4	-7.5	-10.7	-10.0	-14.5	-12.2	-13.0	-11.7	-8.7	-11.3	-9.9	-2.4	-6.9	-4.4	-1.9
Emerging Market and	-0.3	-12.9	-6.7	-7.1	-22.9	-7.7	-10.9	-13.6	-18.4	-15.8	-12.9	-11.3	-15.5	-10.4	-8.8	-9.1	-3.0
Commodity-exporting EMDE	-2.2	-15.0	-11.4	-11.2	-21.6	-11.9	-16.3	-15.9	-19.6	-17.3	-16.0	-17.5	-19.4	-17.0	-14.2	-14.1	-
Other EMDE	0.9	-11.6	-4.0	-4.7	-24.6	-5.2	-7.7	-12.3	-17.7	-14.9	-11.1	-7.6	-13.1	-6.8	-6.2	-7.2	-0.2
East Asia and Pacific	-0.4	-13.0	-5.9	-2.5	-29.9	-5.6	-8.8	-14.3	-19.7	-18.2	-8.8	-8.3	-16.5	-11.4	-5.4	-8.2	0.5
Europe and Central Asia	-3.7	-20.9	-8.6	-9.9	4.5	-20.2	-22.4	-20.0	-21.4	-19.2	-18.9	-18.7	-14.7	-5.2	-4.0	-3.5	-
Latin America and Caribbean	-0.7	-10.0	-5.9	-15.9	-16.7	-3.8	-9.3	-11.5	-12.9	-12.9	-11.3	-15.6	-16.6	-10.1	-14.7	-9.6	-6.2
Middle East and North Africa	3.1	-6.3	-8.0	-2.0	-	-2.0	-4.6	-8.7	-14.2	-5.3	-10.7	-8.9	-12.5	-	-	-	-
South Asia	1.1	-13.2	-2.5	-13.9	-32.0	-9.3	-8.9	-10.9	-24.6	-18.1	-25.2	-3.3	-7.0	-3.8	-19.0	-19.2	-9.1
Sub-Saharan Africa	3.0	-10.2	-12.7	-9.3	-	-4.6	-12.3	-11.9	-14.4	-17.9	-13.5	-16.1	-26.7	-	-	-	-
International Reserves, US$[1]																	
World	-1.2	-6.3	-2.2	-2.8	-0.1	-0.1	-0.8	-0.8	-0.6	-0.2	-1.7	-0.9	-1.0	-0.1	1.0	0.7	-0.5
Advanced Economies	-0.2	1.5	0.3	-1.0	2.4	0.2	-0.6	0.6	0.3	-0.6	-1.1	0.7	0.5	0.2	1.7	0.8	0.0
Emerging Market and	-1.6	-9.9	-3.5	-3.7	-1.4	-0.3	-1.0	-1.5	-1.0	0.0	-2.0	-1.8	-1.8	-0.2	0.6	0.6	-0.6
Commodity-exporting EMDE	-6.1	-	-1.9	-	-	-0.3	-0.7	-0.4	-0.9	-	-	-	-	-	-	-	-
Other EMDE	1.0	-10.2	-4.2	-4.2	-1.7	-0.3	-1.1	-2.0	-1.1	0.3	-2.2	-2.3	-2.1	-0.3	0.7	0.7	-0.7
East Asia and Pacific	0.2	-12.5	-4.9	-4.4	-2.3	-0.4	-1.3	-2.4	-1.2	0.4	-2.3	-2.6	-2.7	-0.3	0.6	0.3	-1.0
Europe and Central Asia	-16.8	-5.9	1.0	-3.0	4.0	0.5	-1.0	1.6	0.4	-0.3	-1.6	-1.0	1.0	1.6	1.3	1.6	-0.5
Latin America and	3.5	-5.4	-3.0	-2.3	-0.2	-0.2	-0.2	-1.0	-1.8	-1.6	-1.5	0.7	0.0	-0.6	0.4	1.6	-0.1
Middle East and North Africa	-2.0	-	-	-	-	-0.8	-	-	-	-	-	-	-	-	-	-	-
South Asia	11.3	11.5	-0.8	1.1	0.9	1.5	-0.5	-0.3	0.0	0.9	-0.4	0.7	-1.1	-0.3	2.3	2.0	-0.7
Sub-Saharan Africa	-7.9	-	-	-	-	-1.0	1.0	-	-	-	-	-	-	-	-	-	-

[1]Total reserves excluding gold are used as proxies when total reserves data are unavailable.

TABLE D: Financial Markets

(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)

	2014	2015	2015 Q3	2015 Q4	2016 Q1	2015 Aug	2015 Sep	2015 Oct	2015 Nov	2015 Dec	2016 Jan	2016 Feb	2016 Mar	2016 Apr	2016 May	2016 Jun	MRV [1]
Interest rates and LIBOR (percent)																	
U.S. Fed Funds Effective	0.09	0.13	0.14	0.16	0.37	0.15	0.14	0.12	0.12	0.24	0.36	0.37	0.37	0.37	0.36	0.38	0.40
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	0.00	0.00	0.00	0.00	0.00
US$ LIBOR 3-months	0.23	0.32	0.31	0.41	0.62	0.32	0.33	0.32	0.37	0.54	0.62	0.62	0.63	0.63	0.65	0.65	0.70
EURIBOR 3-months	0.06	-0.02	-0.03	-0.09	-0.19	-0.03	-0.04	-0.05	-0.09	-0.13	-0.15	-0.18	-0.23	-0.25	-0.26	-0.27	-0.30
US 10-yr Treasury yield	2.53	2.12	2.20	2.18	1.92	2.14	2.14	2.04	2.26	2.23	2.11	1.77	1.88	1.79	1.80	1.64	1.57
German Bund, 10 yr	1.24	0.54	0.70	0.56	0.32	0.66	0.68	0.55	0.55	0.59	0.51	0.23	0.21	0.17	0.16	0.01	-0.02
Spreads (basis points)																	
JP Morgan Emerging Markets	330	426	423	431	478	431	442	437	413	442	485	507	443	421	418	418	401
Asia	206	232	233	245	264	237	250	246	235	253	268	282	243	224	223	233	223
Europe	287	348	345	311	339	359	347	332	294	308	338	359	319	308	305	303	294
Latin America & Caribbean	407	559	560	577	645	567	585	582	553	595	662	687	588	559	552	541	515
Middle East	388	471	447	506	555	444	479	502	503	512	542	580	545	539	530	545	560
Africa	323	449	425	509	626	428	472	490	482	555	644	661	573	546	552	546	523
Stock Indices (end of period)																	
Global (MSCI)	417	399	382	399	395	403	382	411	407	399	375	372	395	403	403	399	411
Advanced Economies ($ Index)	1710	1663	1582	1663	1638	1659	1582	1706	1694	1663	1562	1547	1638	1671	1675	1653	1699
United States (S&P 500)	2059	2044	1920	2044	2051	1992	1920	2079	2080	2044	1940	1932	2051	2065	2097	2099	2164
Europe (S&P Euro 350)	1401	1474	1405	1474	1352	1478	1405	1523	1558	1474	1381	1347	1352	1379	1399	1339	1368
Japan (Nikkei 225)	16292	16292	17388	18817	16555	18812	17388	19083	19921	18817	17518	15989	16555	16407	17235	15576	16723
Emerging Market and Developing Economies (MSCI)	956	794	792	794	821	882	792	848	814	794	742	740	821	840	807	834	868
EM Asia	457	404	391	404	404	433	391	422	408	404	374	369	404	405	400	407	424
EM Europe	297	244	259	244	272	285	259	273	263	244	237	241	272	288	268	265	269
EM Europe & Middle East	257	211	226	211	230	246	226	235	222	211	202	208	230	243	225	225	230
EM Latin America & Caribbean	2728	1830	1895	1830	2121	2206	1895	2007	1919	1830	1744	1804	2121	2292	2038	2269	2381
Exchange Rates (LCU / USD)																	
Advanced Economies																	
Euro Area	0.75	0.90	0.90	0.91	0.91	0.89	0.89	0.89	0.93	0.92	0.92	0.90	0.90	0.88	0.89	0.89	0.91
Japan	105.89	121.00	122.06	121.41	115.23	122.71	120.10	120.01	122.61	121.62	118.37	114.44	112.87	109.57	108.97	105.34	106.17
Emerging and Developing Economies																	
Brazil	2.35	3.33	3.55	3.84	3.91	3.53	3.89	3.88	3.78	3.87	4.06	3.97	3.70	3.56	3.54	3.42	3.25
China	6.16	6.29	6.31	6.39	6.54	6.34	6.38	6.35	6.37	6.45	6.57	6.55	6.51	6.48	6.53	6.59	6.70
Egypt	7.08	7.70	7.82	7.88	8.04	7.83	7.83	7.91	7.91	7.83	7.83	7.82	8.47	8.87	8.86	8.87	8.88
India	61.03	64.14	64.97	65.91	67.50	65.09	66.16	65.04	66.15	66.54	67.31	68.22	66.95	66.49	66.93	67.29	67.11
Russia	38.58	61.34	63.62	66.17	74.84	66.23	67.10	63.31	65.01	70.19	77.36	77.23	69.93	66.54	65.96	65.01	63.59
South Africa	10.85	12.77	13.03	14.22	15.83	12.94	13.67	13.48	14.14	15.04	16.30	15.79	15.39	14.62	15.36	15.05	14.34
Memo: U.S. nominal effective rate (index)	102.2	114.7	116.2	118.1	120.3	116.6	117.4	116.4	118.3	119.4	121.8	120.7	118.4	116.5	117.8	118.2	119.2

[1] MRV = Most Recent Value.

Table E: Commodity Prices

	2014	2015	2015 Q3	2015 Q4	2016 Q1	2015 Aug	2015 Sep	2015 Oct	2015 Nov	2015 Dec	2016 Jan	2016 Feb	2016 Mar	2016 Apr	2016 May	2016 Jun	MRV [1]
Energy [2]	118	65	63	54	43	59	60	60	55	48	40	41	47	51	57	59	59
Non-energy [2]	97	82	81	78	76	80	79	79	77	76	75	76	78	80	81	83	83
Agriculture [2]	103	89	88	86	85	87	86	87	86	85	83	84	86	88	91	94	94
Metals and minerals [2]	87	68	65	60	59	64	65	63	59	57	56	58	62	63	61	61	64
Memo items:																	
Crude oil, average ($/bbl)	96	51	48	42	33	45	46	47	43	37	30	31	37	41	46	48	44
Gold ($/toz)	1266	1161	1124	1107	1181	1118	1125	1159	1086	1076	1098	1200	1245	1242	1261	1276	1276
Baltic Dry Index	1103	711	975	627	363	1061	889	790	582	510	391	307	390	608	623	608	746

Source: World Bank, World Bank Commodities Price Data (The Pink Sheet), Bloomberg.
[1]MRV = Most Recent Value.
[2]Indexes, 2010 = 100.
The Index component combination in the Weekly tables differs from that of the Pink Sheet.

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