



GLOBAL ECONOMIC MONITOR

Monthly update of developments in the global economy

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The economic activity ended on a high note in 2017 with a growth rate of 3.8% supported by a strong recovery in investments. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia.

International monetary fund (IMF) in its World Economic Outlook (WEO) has anticipated global growth at 3.9 % rate in both 2018 and 2019 supported by strong momentum, favorable market sentiment, accommodative financial conditions and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices will allow conditions in commodity exporters to gradually improve.

Advanced economies are projected to grow at 2.5 % in 2018—0.2 percentage point higher than in 2017—and 2.2 % in 2019. In the United States, growth is expected to rise from 2.3 % in 2017 to 2.9 % in 2018, before moderating slightly to 2.7 % in 2019. The recovery in the euro area is projected to pick up slightly from 2.3 % in 2017 to 2.4 % this year, before moderating to 2 % in 2019. Japan's growth is projected to moderate to 1.2 % in 2018 (from a strong above trend outturn of 1.7 % in 2017) before slowing further to 0.9 % in 2019.

Growth in emerging market and developing economies is expected to increase further—from 4.8 % in 2017 to 4.9 % in 2018 and 5.1 % in 2019. Emerging Asia, which is forecast to continue growing at about 6½ % during 2018–19, remains the most important engine of global growth. In China, growth is projected to soften slightly from 6.9 % in 2017 to 6.6 % in 2018 and 6.4 % in 2019. Growth in India is projected to increase from 6.7 % in 2017 to 7.4 % in 2018 and 7.8 % in 2019. Growth in emerging and developing Europe is estimated at 6 % in 2017, is projected to moderate to 4.3 % in 2018 and 3.7 % in 2019, supported by a favorable external environment with easy financial conditions and stronger export demand from the euro area.

Going ahead, the current recovery offers a window of opportunity to advance policies and reforms that secure the current upswing and raise medium-term growth to the benefit of all. Such policies need to focus on strengthening the potential for higher and more inclusive growth, building buffers to deal more effectively with the next downturn, improving financial resilience to contain market risks and stability concerns and fostering international cooperation.

World Economy: Key Monetary and Fiscal Indicators

Country	GDP Billion (US\$)	GDP Growth (YoY)	Government Debt as % of GDP	Interest Rate	Inflation Rate	Unemployment Rate	Current Account	Government Budget
	Dec '16	Dec'17	Dec '17	March '18	March'18	Feb '18	Dec '17	Dec '17
United States	18,569	2.5%	105.4%	1.75%	2.4%	4.1%	(-)2.4%	(-)3.5%
Canada	1,530	2.9%	89.6%	1.25%	2.3%	5.8%	(-)3%	(-)0.9%
Japan	4,939	2%	253%	-0.10%	1.1%	2.5%	3.7%#	(-)4.5%
Euro Area								
United Kingdom	2,619	1.4%	85.3%	0.50%	2.5%	4.2%@	(-)4.1%	(-)2.3%
Germany	3,467	2.9%	64.1%	0.00%	1.6%	3.4%	8%~	1.3%
France	2,465	2.5%	97%	0.00%	1.6%	8.9%~	(-)0.8%	(-)2.6%
European PIIGS								
Portugal	205	2.4%	125.7%	0.00%	0.7%	8.1%~	0.50%	(-)3%
Ireland	294	8.4%	68%	0.00%	0.2%	6.1%	12.5%	(-)0.3%
Italy	1,850	1.6%	131.8%	0.00%	0.8%	10.9%@	2.8%	(-)2.3 %
Greece	195	1.9%	178.6%	0.00%	-0.2%	20.6%^	(-)0.8%	0.80%
Spain	1,232	3.1%	98.3%	0.00%	1.2%	16.74%	1.9%	(-)3.1%
BRICS Countries								
Brazil	1,796	2.1%	74.04%	6.5%	2.68%	12.6%@	(-)0.48%	(-)7.8%
Russia	1,283	0.9%	12.6%	7.25%	2.4%	5%	1.8%#	(-)1.5%
India	2,264	7.2%	68.7%	6.0%^	4.28%	3.52%~	(-)0.7%#	(-)3.5%
China	11,199	6.8%	47.6%	4.35%	2.1%	3.9%~	1.3%	(-)3.5%
South Africa	295	1.5%	53.1%	6.5%	3.8%	26.7%~	(-)2.5%	(-)4.6%

Source: PHD Research Bureau, compiled from various sources, # pertains to December 2016, *Data pertains to September 2017, ^ Data pertains to January 2018, ~ pertains to December 2017 @ Data pertains to February 2018, ^^ pertains to April, 2018

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1. Growth

1.1 IMF forecasts global grow at 3.9% in both 2018 and 2019 respectively: World Economic Outlook

International monetary fund (IMF) in its latest update on World Economic Outlook (WEO) has anticipated global growth at 3.9 % rate in both 2018 and 2019 supported by strong momentum, favorable market sentiment, accommodative financial conditions and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow conditions in commodity exporters to gradually improve.

The forecast for 2018 and 2019 is stronger than in the October 2017 WEO by 0.2 percentage points for each year, with positive revisions compared with the October 2017 WEO for emerging market and developing economies and especially for advanced economies.

Growth Outlook

- The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010.
- Among advanced economies, growth in the third quarter of 2017 was higher than projected in the October outlook, notably in Germany, Japan, Korea, and the United States.
- Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the fall forecasts. High-frequency hard data and sentiment indicators point to a continuation of strong momentum in the fourth quarter.
- World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia in the run up to the launch of new smartphone models. Purchasing managers' indices indicate firm manufacturing activity ahead, consistent with strong consumer confidence pointing to healthy final demand.

1.2 Stronger Developing Asia expected to grow by 6.0% in 2018 and by 5.9% in 2019 : Asian Development Outlook 2018

The Asian Development Bank has raised its 2018 economic growth estimate for developing Asia to 6.0 % from 5.8 %, citing solid export demand, but stated U.S. protectionist measures and any retaliation against them could undermine trade. The Asian Development Bank's (ADB) flagship economic publication Asian Development Outlook 2018 (ADO) provides a comprehensive analysis of macroeconomic issues in developing Asia, including growth projections for 45 economies, including the People's Republic of China, India, and Indonesia. The report also examines the prospects for developing Asia by sub region: Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific.

Table: Gross domestic product growth (%)

	2013	2014	2015	2016	2017	2018	2019
Central Asia	6.6	5.1	3.1	2.7	4.3	4.0	4.2
Armenia	3.3	3.6	3.2	0.2	7.5	4.0	4.2
Azerbaijan	5.8	2.8	1.1	-3.1	0.1	1.7	2.0
Georgia	3.4	4.6	2.9	2.8	5.0	4.5	4.7
Kazakhstan	6.0	4.2	1.2	1.1	4.0	3.2	3.5
Kyrgyz Republic	10.9	4.0	3.9	4.3	4.6	3.5	4.0
Tajikistan	7.4	6.7	6.0	6.9	7.1	6.0	6.5
Turkmenistan	10.2	10.3	6.5	6.2	6.5	6.5	6.7
Uzbekistan	8.0	8.0	7.9	7.8	5.3	5.5	5.6
East Asia	6.8	6.6	6.1	6.0	6.3	6.0	5.8
Hong Kong, China	3.1	2.8	2.4	2.1	3.8	3.2	3.0
Mongolia	11.6	7.9	2.4	1.2	5.1	3.8	4.3
People's Republic of China	7.8	7.3	6.9	6.7	6.9	6.6	6.4
Republic of Korea	2.9	3.3	2.8	2.9	3.1	3.0	2.9
Taipei, China	2.2	4.0	0.8	1.4	2.9	2.9	2.8
South Asia	6.0	6.9	7.4	6.7	6.4	7.0	7.2
Afghanistan	5.7	2.7	1.3	2.4	2.5	2.5	2.5
Bangladesh	6.0	6.1	6.6	7.1	7.3	7.0	7.2
Bhutan	3.6	4.0	6.2	7.3	7.5	7.1	7.4
India	6.4	7.4	8.2	7.1	6.6	7.3	7.6
Maldives	7.3	7.3	2.2	6.2	6.5	6.7	6.8
Nepal	3.8	5.7	3.0	0.0	6.9	4.9	5.5
Pakistan	3.7	4.1	4.1	4.5	5.3	5.6	5.1
Sri Lanka	3.4	5.0	5.0	4.5	3.1	4.2	4.8
Southeast Asia	5.2	4.7	4.6	4.7	5.2	5.2	5.2
Brunei Darussalam	-2.1	-2.5	-0.4	-2.5	0.8	1.5	2.0
Cambodia	7.4	7.1	7.0	7.0	7.0	7.0	7.0
Indonesia	5.6	5.0	4.9	5.0	5.1	5.3	5.3
Lao People's Dem. Rep.	8.0	7.6	7.3	7.0	6.8	6.8	7.0
Malaysia	4.7	6.0	5.0	4.2	5.9	5.3	5.0
Myanmar	8.4	8.0	7.0	5.9	6.8	6.8	7.2
Philippines	7.1	6.1	6.1	6.9	6.7	6.8	6.9
Singapore	5.1	3.9	2.2	2.4	3.6	3.1	2.9
Thailand	2.7	1.0	3.0	3.3	3.9	4.0	4.1
Viet Nam	5.4	6.0	6.7	6.2	6.8	7.1	6.8
The Pacific	3.5	9.6	8.1	2.4	2.2	2.2	3.0
Cook Islands	0.5	3.2	3.2	8.8	3.5	3.5	3.0
Federated States of Micronesia	-3.9	-2.2	4.9	-0.1	2.0	2.0	2.0
Fiji	4.7	5.6	3.8	0.4	3.9	3.6	3.3
Kiribati	5.0	0.4	3.5	1.8	2.5	2.3	2.3
Marshall Islands	2.9	-0.8	-0.4	1.9	4.0	2.5	2.5
Nauru	34.2	36.5	2.8	10.4	4.0	-4.0	0.5
Palau	-2.1	5.4	11.4	0.5	-0.5	3.0	3.0
Papua New Guinea	3.8	12.5	10.5	2.0	2.2	1.8	2.7
Samoa	-1.9	1.2	1.6	7.1	2.5	0.5	2.0
Solomon Islands	2.8	1.8	2.6	3.4	3.2	3.0	3.0
Timor-Leste	2.5	4.1	4.0	5.3	-2.0	3.0	5.5
Tonga	-3.1	2.1	3.7	3.1	2.8	-0.3	1.9
Tuvalu	1.3	2.2	2.6	3.0	3.2	3.0	3.0
Vanuatu	2.0	2.3	0.2	3.5	3.5	3.2	3.0
Developing Asia	6.4	6.3	6.0	5.9	6.1	6.0	5.9
Developing Asia excluding the NIEs	7.0	6.8	6.6	6.4	6.6	6.5	6.4

Source: PHD Research Bureau, compiled from Asian Development Bank

According to the report, only 14 of 45 individual economies are forecast to see growth accelerate in 2018, aggregate growth rates in most sub regions are projected to be unchanged or lower this year. South Asia is the exception, as a rebound in India will lift growth above 7%, making it the fastest growing subregion in developing Asia. Across the region, domestic demand will remain as the key sustainer of growth. Central Asia and the Pacific will bounce back in 2019.

1.3 CLIs continue to point to stable growth momentum going forward in the OECD area-

Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend six to nine months ahead, continue to anticipate stable growth momentum in the OECD area as a whole. Among large European economies, signs of growth losing momentum are now emerging in Germany, France, Italy and the euro area as a whole. In the United Kingdom, the CLI continues to point to easing growth. Among other major OECD economies, stable growth momentum remains the assessment in the United States, Japan and Canada. Amongst major emerging economies, stable growth momentum remains the outlook for the industrial sector in China, while in India, Brazil and Russia the CLIs point to growth gaining momentum.

Composite leading indicators

	Ratio to trend, amplitude adjusted (long term average =100)					Month on Month change (%)					Year on Year change (%)	Growth cycle outlook
	2017	2018				2017	2018				Latest month	
	Oct	Nov	Dec	Jan	Feb	Oct	Nov	Dec	Jan	Feb		
OECD Area	100.1	100.2	100.1	100.1	100.1	0.02	0.01	0.00	-0.01	-0.02	0.22	Stable growth momentum
Euro Area	100.6	100.6	100.6	100.5	100.4	0.04	0.01	-0.03	-0.07	-0.10	0.29	Signs of easing growth momentum
Major Five Asia**	99.7	99.6	99.5	99.5	99.5	-0.09	-0.08	-0.06	-0.03	0.01	-0.41	Stable growth momentum
Major Seven	100.1	100.1	100.1	100.1	100.1	0.04	0.03	0.02	0.01	0.00	0.27	Stable growth momentum
Canada	100.4	100.4	100.5	100.5	100.5	0.05	0.05	0.04	0.01	0.00	0.30	Stable growth momentum
France	100.4	100.4	100.3	100.3	100.2	-0.02	-0.03	-0.05	-0.07	-0.09	-0.05	Signs of easing growth momentum
Japan	100.1	100.1	100.1	100.1	100.0	0.00	-0.01	-0.02	-0.04	-0.03	-0.01	Stable growth momentum
Germany	101.0	101.0	100.9	100.8	100.7	0.07	0.02	-0.05	-0.11	-0.15	0.61	Signs of easing growth momentum
Italy	100.7	100.8	100.8	100.8	100.7	0.13	0.08	0.02	-0.04	-0.08	0.82	Signs of easing growth momentum
United Kingdom	99.6	99.4	99.3	99.2	99.2	-0.16	-0.16	-0.12	-0.08	-0.09	-1.09	Easing growth
United States	99.8	99.8	99.9	100.0	100.1	0.06	0.07	0.07	0.08	0.08	0.45	Stable growth momentum
Brazil	102.5	102.9	103.3	103.6	103.9	0.37	0.35	0.34	0.33	0.30	3.57	Growth gaining momentum
China***	99.2	99.1	99.0	98.9	98.9	-0.18	-0.14	-0.11	-0.05	0.02	-1.07	Stable growth momentum
India	99.9	100.0	100.2	100.3	100.5	0.13	0.13	0.14	0.14	0.14	1.20	Growth gaining momentum
Russia	100.6	100.8	100.9	101.0	101.1	0.15	0.16	0.14	0.11	0.05	0.68	Growth gaining momentum

* CLI data for 32 OECD member countries and 6 OECD non-member economies are available at:

http://stats.oecd.org/default.aspx?datasetcode=MEI_CLI

** China, India, Indonesia, Japan and Korea.

*** The reference series for China is the value added of industry ,at 1995 constant prices,100 million Yuan.

Source: PHD Research Bureau, compiled from OECD

1.4 US GDP Growth Revised Higher to 2.9% in Q4- The US economy expanded an annualized 2.9 % on quarter in the last three months of 2017, higher than 2.5 % in the second estimate and beating market expectations of 2.7 %.

- 1.5 Eurozone Q4 GDP Growth Confirmed at 0.6%** - The Eurozone's gross domestic product grew by 0.6% on quarter in the three months to December of 2017, unrevised from the preliminary estimate and slightly below 0.7% in the previous period.
- 1.6 UK Q4 GDP Growth Revised Down to 0.4%**- The British economy grew by 0.4% on quarter in the three months to December of 2017, below the preliminary estimate of 0.5% and following an upwardly revised 0.5% expansion in the previous period. Production output rose less than initially thought. On the expenditure side, there was a slowdown in growth of household spending and business investment.
- 1.7 German Q4 GDP Growth Confirmed at 0.6%**- As per Federal Statistical Office, German economy expanded a seasonally-adjusted 0.6% on quarter in the three months to December of 2017, following a 0.7% growth in the previous period and matching the preliminary estimate.
- 1.8 Japan Q4 GDP Growth Revised Up to 0.4%** - According to Cabinet Office of Japan, the Japanese economy advanced 0.4% quarter-on-quarter in the December quarter of 2017, much stronger than the preliminary estimate of a 0.1% expansion and after a 0.6 % growth in the prior quarter.
- 1.9 China Q1 GDP Growth Remains Robust** - As per National Bureau of Statistics of China, Chinese economy expanded by 6.8% year-on-year in the first quarter of 2018, the same pace as in the previous two quarters and in line with market expectations. Growth was mainly supported by solid consumption, property investment and exports.
- 1.10 Russia GDP Growth Eases to 0.9% in Q4** - Russia's gross domestic product grew by 0.9 % year-on-year in the fourth quarter of 2017, easing from an upwardly revised 2.2 % advance reported in the previous period. The weaker expansion was mainly due to a decline in manufacturing, mining and agriculture output.

2. Industry

- 2.1 US Factory Growth Highest Since 2014** - The IHS Markit Manufacturing PMI rose to 56.5 in April of 2018 from 55.6 in March, beating market expectations of 55. The reading pointed to the fastest expansion in the manufacturing sector since September of 2014 amid marked growth in output and new orders while vendor performance deteriorated at a faster pace.
- 2.2 Eurozone Manufacturing PMI stands at 56 in April** - The IHS Markit Eurozone Manufacturing PMI fell to 56 in April 2018 from 56.6 in March, missing market consensus of 56.6. The latest reading pointed to the weakest pace of expansion in the

manufacturing sector since February last year, as both total goods orders and export orders rose at the softest pace for a year-and-a-half and factory hiring slowed.

2.3 France Manufacturing PMI rose to 53.4 in April - The IHS Markit France Manufacturing PMI fell to 53.4 in April 2018 from 53.7 in March and slightly below market expectations of 53.5. The latest reading pointed to the weakest pace of expansion in the manufacturing sector since March last year, as both new orders and employment rose at a softer pace while output growth picked up from the previous month.

2.4 Spain Manufacturing PMI stands at 54.8 in March - The IHS Markit Spain Manufacturing PMI fell to 54.8 in March of 2018 from 56 in February, matching market expectations. The reading pointed to the slowest expansion in factory activity in six months but still suggested a marked improvement in business conditions.

2.5 Japan manufacturing PMI rose to 53.3 in April 2018 - The Nikkei Japan Manufacturing PMI rose to 53.3 in April of 2018 from a final 53.1 in March and slightly below market consensus of 53.4. Output, new orders and employment increased at faster rates and business optimism strengthened. Meanwhile, new export orders fell for the first time since August 2016, as the stronger yen began to impact price competitiveness.

Manufacturing Purchasing Managers' Index (PMI) of Select Countries

Country	Manufacturing PMI (December)	Manufacturing PMI (January)	Manufacturing PMI (February)	Manufacturing PMI (March)	Manufacturing PMI (April)
United States	55	55.5	55.3	55.6	56.5
Eurozone	60.6	59.6	58.6	56.6	56
France	59.3	58.4	55.9	53.7	53.4
Spain	-	55.2	55.2	54.8	-
Japan	54.2	54.8	54.1	53.1	53.3

Source: PHD Research Bureau, compiled from various sources

3. Inflation

3.1 US Inflation Rate Highest in a Year - According to U.S. Bureau of Labor Statistics, consumer prices in the United States increased 2.4 % year-on-year in March of 2018, above 2.2 % in February and matching market expectations. It is the highest inflation rate in a year, mainly boosted by shelter and used car prices. On a monthly basis, prices fell 0.1 % after a 0.2 % rise and compared with forecasts of a flat reading. Gasoline prices went down 4.9 %, the largest drop since May 2017.

3.2 UK Inflation Rate Eases to a Year-Low in March - According to the Office of National Statistics, the rate of inflation in the UK fell to 2.5 % in March 2018 from 2.7 % in the

February and below market expectations of 2.7 %. It was the lowest rate since March last year.

- 3.3 German Inflation Rate Confirmed at 1.6% in March** – As per Federal Statistics Office, German consumer price inflation rose to 1.6 % year-on-year in March 2018 from a 15-month low of 1.4 % in February. Cost increased at a faster pace for services, energy and food.
- 3.4 Italy Inflation Rate Revised Down to 0.8% in March** - As per National Institute of Statistics (ISTAT), Consumer prices in Italy increased 0.8 % year-on-year in March of 2018, slightly below market expectations and a preliminary estimate of 0.9 %. In spite of the downwardly revision, consumer prices advanced at a faster pace compared to a 0.5 % rise in February.
- 3.5 Japan Inflation Rate at 3-Month Low of 1.1 % in March**- As per Ministry of Internal affairs and Communications, Consumer prices in Japan rose by 1.1 % year-on-year in March of 2018, after a 1.5 % gain in February and matching market consensus. It is the lowest inflation rate since December 2017, mainly due to a marked slowdown in cost of food.
- 3.6 China Inflation Rate Slows to 2.1% in March** - As per National Bureau of Statistics of China, China's consumer price inflation fell to 2.1 % year-on-year in March 2018 from a four-and-a-half-year high of 2.9 % in February and below market consensus of 2.6 %. Cost increased at a softer pace for both food and non-food products.

4. Markets

- 4.1 The key international indices exhibited positive trend**- Most of the key international indices exhibited positive trends with Japan's NIKKEI registering a maximum rise of 8.1%, followed by rise of 6.2% in India's SENSEX and Germany's DAX registering an increase of about 5.6%. While US's DJIA registering an increase of 2.1% however, China's SHSZ registered a month on month decrease of 1.6%.

Global Indices			
Index		Index	Monthly Change
	(as on 24 March, 18)	(as on 24 April, 18)	(in %)
DAX ¹	11,886.31	12,550.82	5.6
DJIA ²	23,533.2	24,024.13	2.1
NIKKEI ³	20,617.86	22,278.12	8.1
SENSEX ⁴	32,596.54	34,616.64	6.2
SHSZ ⁵	3,904.94	3,843.49	-1.6

Note: ¹ Deutscher Aktien Index (Germany), ² Dow Jones Industrial Average (US), ³ NIKKEI (Japan), ⁴ BSE SENSEX (India), ⁵ Shanghai Shenzhen (China)

5. Commodities

- 5.1 International prices of most of the key commodities showed positive trend-** During the period March-April 2018, the international prices of the key commodities exhibited a positive trend. Prices of crude oil registered a rise of 9.9% to 73 \$/bbl while prices of silver registered an increase of 3.7% to 16.8\$/bbl and prices of copper rose by 2.2% to 6,939 \$/tonne. Further, prices of gold registered an increase of 1.1% to 1,324 \$/ounce. However, prices of sugar declined by 5.3% to 336.7 \$/bbl.

International Commodity Prices				
Commodity	Units	As on	As on	Monthly Change (in %)
		(20-March 18)	(23-April 18)	
Gold	\$/ounce	1,310.2	1,324.7	1.1
Silver	\$/ounce	16.2	16.8	3.7
Copper	\$/tonne	6,791.5*	6,939*	2.2
Crude Oil	\$/bbl	66.4	73	9.9
Sugar	\$/tonne	355.6	336.7	-5.3

Source: PHD Research Bureau, compiled from various sources, Note: * pertains to 24th April, 2018

6. Trade

- 6.1 US Trade Gap at New 9-1/2-Year High** - The US trade deficit widened to USD 57.6 billion in February 2018 from an upwardly revised USD 56.7 billion in January and above market expectations of USD 56.9 billion. It is the biggest trade gap since October 2008 as both exports and imports reached a record high.
- 6.2 UK Trade Deficit Narrows to 5-Month Low** - The UK's trade deficit narrowed sharply by GBP 2.0 billion to GBP 0.965 billion in February 2018 from a downwardly revised GBP 2.949 billion in January and below market expectations of a GBP 2.6 billion gap. It was the smallest trade deficit since September.
- 6.3 China Unexpectedly Posts Trade Gap in March** - China reported a trade deficit of USD 4.98 billion in March 2018, compared to a USD 23.56 billion surplus in March 2017 and missing market consensus of a USD 27.1 billion surplus. It was the first trade gap since February last year, as imports surged while exports unexpectedly fell.
- 6.4 Brazil Trade Surplus Narrows 12% YoY in March**- Brazil trade surplus decreased to USD 6.28 billion in March of 2018 from USD 7.14 billion in March 2017 and slightly below market expectations of a USD 6.4 billion surplus. Imports picked up 6.7 % while exports were barely unchanged. When adjusted for the working day average, purchases soared 16.9 %, boosted by intermediate goods, consumption goods and fuels and lubricants.

6.5 South Korea Trade Surplus Largest in 4 Months - South Korea's trade surplus increased to USD 6.9 billion in March of 2018 from USD 6.1 billion in March 2017. It was the largest trade surplus since November 2017, as exports rose more than imports, preliminary data showed.

6.6 New Zealand Trade Balance Swings to Surplus in February - New Zealand posted a NZD 217 million trade surplus in February 2018, compared with a NZD 42 million deficit in February 2017 and market expectations of a NZD 100 million gap.

7. Unemployment

7.1 US Unemployment Rate Unchanged at 17-Year Low- As per U.S. Bureau of Labor Statistics, US unemployment rate stood at a 17-year low of 4.1 % for the sixth consecutive month in March 2018, slightly above market expectations of 4 %. The number of unemployed decreased by 121 thousand to 6.59 million and employment fell 37 thousand to 155.18 million.

7.2 UK Jobless Rate Falls to New 4-Decade Low - The unemployment rate in the UK fell to a new 42-year low of 4.2 % in the three months to February 2018 from 4.3 % in the September to November period and below market expectations of 4.3 %. The number of unemployed declined by 16,000 while employment increased by 55,000, beating market expectations of a 33,000 gain.

7.3 Italy Jobless Rate Falls to 10.9% in February- As per National Institute of Statistics (ISTAT), Italy's seasonally adjusted unemployment rate fell to 10.9 % in February 2018 from 11.1 % in January and below market expectations of 11 %. February's rate matched December's five-year low.

7.4 Japan Jobless Rate Edges Up to 2.5% in February- As per Ministry of Internal Affairs and Communications of Japan, the unemployment rate in Japan rose slightly to 2.5 % in February of 2018 from 2.4 % in January while markets estimated 2.6 %. Meanwhile, the jobs-to-applicants ratio unexpectedly slipped to 1.58 from 1.59 in the preceding month and missing consensus of 1.6.

7.5 China's jobless rate decreased to 3.90 % in Q4- Unemployment Rate in China decreased to 3.90 % in the fourth quarter of 2017 from 3.95 % in the third quarter of 2017. Unemployment Rate in China averaged 4.11 % from 2002 until 2017, reaching an all time high of 4.30 % in the fourth quarter of 2003 and a record low of 3.90 % in the third quarter of 2002.

7.6 Russia Jobless Rate Drops to 5% in March- According to Federal State Statistics Service, Russian unemployment rate fell to 5 % in March 2018 from 5.4 % in March 2017 and in line with market expectations.

- 7.7 Brazil Unemployment Rate Above Forecasts at 12.6%** - As per Instituto Brasileiro de Geografia E Estatística, the jobless rate in Brazil increased to 12.6 % in the three months to February 2018, above 12 % in the September-November 2017 period and market expectations of 12.5 %.

Unemployment Rate of Select Countries

Country	Unemployment Rate in March '18 (in %)
United States	4.1
United Kingdom	4.2*
Russia	5
Italy	10.9*
Japan	2.5*
Brazil	12.6*

Source: PHD Research Bureau, compiled from various sources Note: * pertains to March 2018

8. Policy Developments

- 8.1 Fed hikes interest rates** - The Federal Reserve raised the target range for the federal funds rate by a quarter point to 1.5-1.75% in line with market expectations, saying the economic outlook has strengthened in recent months. Also, the Fed raised its growth forecasts for 2018 and 2019 and projections pointed to an extra rate increase in 2019.
- 8.2 BoE holds key rate at 0.5%** - The Bank of England voted by seven to two to keep the Bank Rate at 0.5 %, saying pay growth is likely to pick up in response to the tightening labour market and inflation is expected to remain above the 2 % target in the short term. Also, the bank reiterated that an ongoing tightening of monetary policy over the forecast period will be appropriate to return inflation sustainably to its target, raising expectations of a May rate hike.
- 8.3 Hong Kong's central bank raises base rate 25 basis points to 2%** - The Hong Kong Monetary Authority raised its base rate by 25 basis points to 2.0%, tracking a similar move by the US Federal Reserve as its currency is pegged to the US dollar. The central bank sets its base rate through a formula that is 50 basis points above the lower end of the prevailing US Fed Funds Target or the average of the five-day moving averages of the overnight and one-month HIBORS (Hong Kong Interbank Offered Rate), whichever is higher.
- 8.4 Russia cuts key policy rate to 7.25%** - The Bank of Russia lowered its benchmark one-week repo rate by 25bps to 7.25 % as inflation remains sustainably low. The bank also said it will continue to reduce the key rate, in order to complete the transition to neutral monetary policy this year, as annual inflation is expected to be 3-4 % in late 2018 and to remain close to 4 % in 2019.

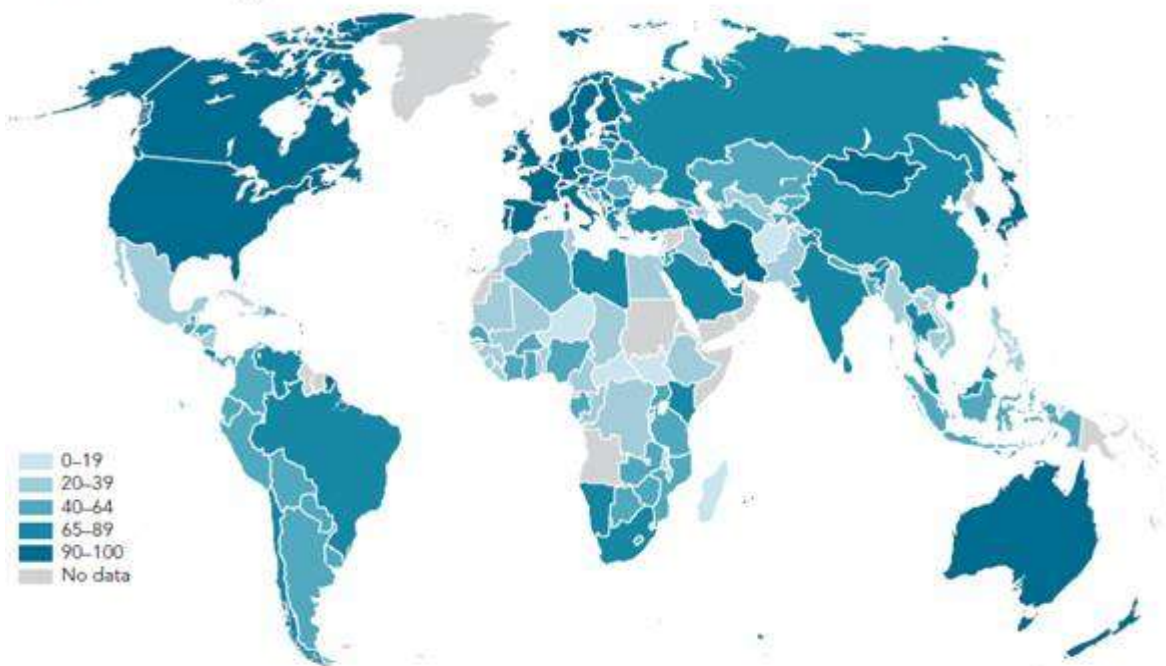
- 8.5 Bank of Japan holds monetary policy unchanged-** The Bank of Japan left its key short-term interest rate unchanged at -0.1 % as expected. Policymakers also kept its 10-year government bond yield target around zero % and maintained its upbeat economic view ahead of new term for Governor Haruhiko Kuroda.
- 8.6 South Africa cuts interest rate by 25 bps to 6.5% -** The South African Reserve Bank cut its benchmark repo rate steady by 25 bps to 6.5 % on March 28th 2018, in line with market expectations, mentioning lower inflation expectations. The Committee added that the upside inflationary pressure from the increase in the VAT rate will be offset by the stronger exchange rate.
- 8.7 Canada holds key rate to 1.25% -** The Bank of Canada held its overnight rate at 1.25 % in line with market expectations. The transitory impact of higher gasoline prices and recent minimum wage increases will likely cause inflation in 2018 to be modestly higher than expected and the economy is projected to operate slightly above its potential over the next three years

9. Miscellaneous

- 9.1 Index of Economic Freedom 2018-** According to the Heritage Foundation's Index of Economic Freedom 2018, the global average economic freedom score stands at 61.1 which is the highest ever recorded in the 24-year history of the Index. Of the 180 economies graded in the 2018 Index, the scores of 102 economies are better, the scores of 75 are worse, and the scores of three are unchanged. India has jumped 13 places in the last one year to be earn 130th spot in 2018 with a score of 54.5 as compared to the score of 52.6 points with 143th rank among 180 countries.
- 9.2 Financial Inclusion on the Rise, But Gaps Remain: Global Findex Database 2017 -** According to World Bank's Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution ,69 % of adults globally – 3.8 billion people –have an account at a bank or mobile money provider, a crucial step in escaping poverty. This is up from 62 % in 2014 and just 51 % in 2011. From 2014 to 2017, 515 million adults obtained an account, and 1.2 billion have done so since 2011. The report lists that in India, the number of account holders in the country has risen from 35% of the adults in 2011 and 53% in 2014 to 80% in 2017. However, there are 19 crore adults without a bank account despite success of ambitious Jan Dhan Yojana in India.

The Global Findex, a wide-ranging data set on how people in 144 economies use financial services, was produced by the World Bank with funding from the Bill & Melinda Gates Foundation and in collaboration with Gallup, Inc.

Today, 69 percent of adults around the world have an account
Adults with an account (%), 2017



Source: PHD Research Bureau, compiled from Global Findex database

While in some economies account ownership has surged, progress has been slower elsewhere, often held back by large disparities between men and women and between the rich and poor. The gap between men and women in developing economies remains unchanged since 2011, at 9 %age points.

9.3 IMF Fiscal Monitor: Capitalizing on Good Times - International monetary fund (IMF) in its latest update on Fiscal Monitor, April 2017 reports that Global debt is at historic highs, reaching the record peak of US\$164 trillion in 2016, equivalent to 225% of global GDP. The world is now 12 % of GDP deeper in debt than the previous peak in 2009, with China as a driving force. According to IMF, India's combined gross debt, including that of the central and state governments, is set to decline by almost nine %age points to 61.4% of gross domestic product (GDP) by 2023-24.

High Debt is a concern

In 2017, more than one-third of advanced economies had debt above 85 % of GDP, three times more countries than in 2000. One-fifth of emerging market and middle-income economies had debt above 70 % of GDP in 2017, similar to levels in the early 2000s in the aftermath of the Asian financial crisis.

Table: General Government Debt, 2012–23 (% of GDP)

	2012	2013	2014	2015	2016	2017	Projections					
							2018	2019	2020	2021	2022	2023
Gross Debt												
World	79.8	78.5	78.8	80.0	83.1	82.4	82.1	81.9	81.6	81.3	81.0	80.6
Advanced Economies	106.7	105.4	104.8	104.4	106.9	105.4	103.9	103.1	102.4	101.7	101.2	100.4
United States ¹	103.5	105.4	105.1	105.3	107.2	107.8	108.0	109.4	111.3	113.1	115.2	116.9
Euro Area	89.4	91.3	91.8	89.9	88.9	86.6	84.2	81.7	79.3	76.8	74.3	71.7
France	90.7	93.5	95.0	95.8	96.6	97.0	96.3	96.2	95.1	93.6	91.6	89.0
Germany	79.8	77.4	74.7	71.0	68.2	64.1	59.8	55.7	52.2	48.7	45.5	42.4
Italy	123.4	129.0	131.8	131.5	132.0	131.5	129.7	127.5	124.9	122.1	119.3	116.6
Spain	85.7	95.5	100.4	99.4	99.0	98.4	96.7	95.1	93.9	92.8	91.8	90.9
Japan	229.0	232.5	236.1	231.3	235.6	236.4	236.0	234.2	232.3	231.4	230.7	229.6
United Kingdom	84.5	85.6	87.4	88.2	88.2	87.0	86.3	85.9	85.2	84.5	83.6	82.5
Canada ¹	84.8	85.8	85.0	90.5	91.1	89.7	86.6	83.8	81.2	78.7	76.4	74.3
Emerging Market and Middle-income Economies	37.4	38.6	40.7	44.0	47.0	49.0	51.2	52.9	54.3	55.6	56.7	57.6
Excluding MENAP Oil Producers	39.9	41.2	43.5	46.0	48.6	50.6	52.6	54.3	55.7	57.0	58.2	59.2
Asia	39.8	41.5	43.6	44.8	47.2	50.1	52.3	54.5	56.6	58.5	60.1	61.6
China	34.3	37.0	39.9	41.1	44.3	47.8	51.2	54.4	57.6	60.5	63.1	65.5
India	69.1	68.5	67.8	69.6	68.9	70.2	68.9	67.3	65.8	64.3	62.9	61.4
Europe	25.5	26.4	28.5	30.9	32.1	31.8	32.1	32.5	32.6	32.5	32.4	32.2
Russia	11.5	12.7	15.6	15.9	15.7	17.4	18.7	19.5	19.9	20.0	20.1	20.4
Latin America	48.7	49.3	51.4	55.5	59.0	61.8	66.4	67.4	67.9	68.3	68.4	68.4
Brazil ²	62.2	60.2	62.3	72.6	78.4	84.0	87.3	90.2	92.7	94.6	95.7	96.3
Mexico	42.7	45.9	48.9	52.9	56.8	54.2	53.5	53.4	53.4	53.3	53.3	53.3
MENAP	22.8	23.5	23.6	33.7	41.1	40.3	42.5	43.3	43.0	42.6	41.7	41.3
Saudi Arabia	3.0	2.1	1.6	5.8	13.1	17.3	20.0	23.8	26.0	27.1	27.6	29.4
South Africa	41.0	44.1	47.0	49.3	51.6	52.7	54.9	55.7	56.4	57.0	57.6	58.1
Low-income Developing Countries	31.1	31.5	31.8	38.0	40.8	44.3	45.5	44.9	44.1	43.5	42.8	41.9
Nigeria	12.7	12.9	13.1	16.0	19.6	23.4	26.8	27.4	27.3	27.8	28.1	28.3
Oil Producers	32.1	32.9	33.8	39.7	43.3	43.2	45.2	45.2	44.7	44.2	43.6	43.0
Net Debt												
World	65.7	64.8	65.0	66.6	69.2	68.5	67.9	67.7	67.4	67.2	67.0	66.5
Advanced Economies	76.6	75.8	75.6	75.7	77.3	76.3	75.0	74.5	74.1	73.7	73.5	73.0
United States ¹	80.5	81.3	80.8	80.5	81.5	82.3	81.4	82.7	84.4	86.3	88.4	90.2
Euro Area	72.2	74.6	75.0	73.9	73.2	71.0	68.9	66.9	64.9	62.9	60.7	58.6
France	80.0	83.1	85.6	86.5	87.5	87.7	87.0	86.9	85.8	84.3	82.3	79.7
Germany	58.4	57.4	54.2	51.2	48.5	45.1	41.5	38.1	35.1	32.3	29.7	27.2
Italy	111.6	116.7	118.8	119.5	120.2	119.9	118.5	116.5	114.1	111.6	109.0	106.5
Spain	71.8	81.1	85.5	85.7	86.5	86.3	85.2	84.0	83.2	82.4	81.8	81.3
Japan	146.7	146.4	148.5	147.6	152.8	153.0	152.6	150.8	148.9	148.1	147.4	146.3
United Kingdom	76.0	77.2	79.1	79.6	79.1	78.2	77.4	77.0	76.2	75.6	74.7	73.6
Canada ¹	28.3	29.3	28.0	27.7	28.5	27.8	27.4	26.6	25.7	24.9	24.1	23.5
Emerging Market and Middle-income Economies	22.5	22.6	23.9	28.4	34.4	35.9	38.1	39.5	40.7	41.7	42.3	43.0
Asia	...	...	...	...	...	...	...	...	...	...	...	...
Europe	32.0	31.6	29.6	28.7	31.4	30.6	31.1	31.2	31.1	31.0	30.9	31.4
Latin America	29.4	29.4	31.9	35.2	40.9	43.3	45.2	47.2	49.1	50.7	51.9	52.7
MENAP	-3.2	-4.0	-0.7	15.2	28.6	29.0	34.6	36.8	37.9	39.2	39.8	40.7
Low-income Developing Countries	...	...	...	...	...	...	...	...	...	...	...	...

Source: IMF staff estimates and projections.

Note: All fiscal data country averages are weighted by nominal GDP converted to US dollars at average market exchange rates in the years indicated and based on data availability. In many countries, 2017 data are still preliminary. Projections are based on IMF staff assessments of current policies. For country-specific details, see Data and Conventions and Tables A, B, C, and D in the Methodological and Statistical Appendix. MENAP = Middle East, North Africa, and Pakistan.

¹For cross-country comparability, gross and net debt levels reported by national statistical agencies for countries that have adopted the 2008 System of National Accounts (Australia, Canada, Hong Kong SAR, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.²Gross debt refers to the nonfinancial public sector, excluding Eletrobras and Petrobras, and includes sovereign debt held on the balance sheet of the central bank.

One-fifth of low-income developing countries now have debt above 60 % of GDP, compared with almost none in 2012. Several countries among this last group have debt-to-GDP levels close to those seen when debt relief was decided under the Heavily Indebted Poor Countries (HIPC) initiative. A few countries are already facing debt default or restructuring (Chad, Republic of Congo, Mozambique, Sudan).

9.4 India and UK announced MoUs/agreements and initiatives across technology, trade and investment – During the visit of Shri Narendra Modi, Hon'ble Prime Minister of India to UK on 18th April 2018, India and UK signed various agreements, MoUs and initiatives on the sidelines of the multilateral Commonwealth Heads of Government Meeting (CHOGM) in London, UK. The two leaders held wide-ranging talks on deepening India-UK ties. Delegations held bilateral talks during which the two sides

signed multiple agreements. Announcements were made in initiatives, including in the areas of technology, trade and investment.

India-UK List of MOUs/Agreements/Initiatives during the visit of Shri Narendra Modi, Hon'ble Prime Minister of India to UK (April 18, 2018) are as follows:

1. India and UK have agreed to an overarching cyber-relationship framework that among others enables the development of a common and shared understanding of international cyber activity; discuss and share strategies to promote user confidence in the security of ICT products and services; promote cyber security product development; and share information relating R&D etc.
2. On rejuvenation of River Ganga, a MoU has been signed between National Mission for Clean Ganga (NMCG) and Natural Environmental Research Council (NERC), UK. The MoU will enable the United Kingdom to support Government of India in sustainable management of water resources in the Ganga Basin through collaborative programmes of research and innovation and exchange of policy experts with the support of UK Water Partnership.
3. The MoU on Skill Development, Vocational education and Training between the two governments seeks to promote greater collaboration in domains such as strengthening skill delivery in high demand sectors where UK has technical and skilling expertise, capacity building of institutions by facilitating the links between UK and Indian corporates and institutions, technical assistance for apprenticeships, quality assessment and certification.
4. In the area of regulation of safe nuclear energy use for peaceful purposes, an arrangement has been arrived at between Atomic Energy Regulatory Board of India (AERB) and the Office for Nuclear Regulation of Great Britain (ONR). The arrangement among others will facilitate exchange of safety-related information concerning the regulation of siting, construction, commissioning, operation, radioactive waste management, decommissioning of civil nuclear installations, and preparedness and management of nuclear and radiological emergencies.
5. A Statement of Intent between NITI Aayog and UK's Department of Business, Energy and Industrial Strategy (BEIS) has been signed which will enable the two sides to explore potential for regular engagement on technology co-operation in areas such as electric vehicles, AI, FinTech, and advanced manufacturing, as well as utilizing AI, big data and analytics capability for evidence based policy making.
6. The MoU on cooperation in the field of Animal Husbandry, Dairying and Fisheries Sectors seeks to strengthen collaboration in livestock health and husbandry, breeding, dairying and fisheries, sanitary issues, exchange of scientific personnel, promotion of

agro-forestry for planting fodder tree species, bulk transportation of fodder to deficit areas etc.

7. Recognizing the increased threat posed by international criminality because of its increasingly complex nature and the threat posed by organized crime, a MoU on Exchange of Information for the Purposes of Combating International Criminality and Tackling Serious Organized Crime has been signed. The MoU will allow the two parties to establish a mechanism for the exchange of information, which will include criminal records, immigration records and intelligence.
8. An Addendum covering research in humanities and social sciences has been added to the 2004 Newton-Bhabha MoU, which supports research and innovation capacities of both sides for long-term sustainable growth. With this addendum, the collaboration will now also extend to Humanities and Social Sciences.
9. The UK has announced setting up a Fast Track Mechanism to identify and resolve specific issues faced by Indian companies who are either in the UK or looking to establish operations in the UK.
10. The All India Institute of Ayurveda (AIIA), an autonomous organization under the Ministry of Ayush in collaboration with the College of Medicine will set up a Centre of Excellence in Ayurveda and traditional Indian medicine. A MoU between the two institutions has been signed which will enable among others the development of evidence-based guidelines for integrating Ayurvedic principles and practices with modern medicine, and develop Ayurvedic medical education guidelines for Ayurveda education in the UK.

9.5 MoUs and Agreements signed between India and Nordic Countries- During the visit of Shri Narendra Modi, Hon'ble Prime Minister of India to Sweden on 16-17 April 2018, India and Sweden hosted an India-Nordic Summit, entitled 'India-Nordic Summit : Shared Values, Mutual Prosperity'. During the Summit, the Prime Ministers pledged to deepen cooperation between India and the Nordic countries and focused their discussions on key issues related to global security, economic growth, innovation and climate change. They acknowledged that innovation and digital transformation drive growth in an interconnected world, which underpin a growing engagement between India and the Nordic countries.

The Summit emphasized the India's strong commitment to innovation and digital initiatives as key to prosperity and sustainable development, with national flagship programmes such as Make in India, Start-up India, Digital India and Clean India. Nordic solutions in clean technologies, maritime solutions, port modernization, food processing, health and life-sciences and agriculture were mentioned.

9.6 Various agreements signed between India and Sweden, Denmark and Iceland- Some of the MoUs/Agreements signed and exchanged on the occasion of the visit of our Hon'ble Prime Minister to Stockholm (April 16-17,2018)

MOUs/Agreements between India and Sweden

- Joint Declaration on India-Sweden Innovation Partnership for a Sustainable Future between Ministry of Science and Technology of India and the Ministry of Enterprise and Innovation.

MOUs/Agreements between India and Denmark

- MOU on Cooperation in the field of Sustainable and Smart Urban Development between the Ministry for Housing and Urban Affairs of India and the Ministry of Industry, Business and Financial Affairs of Denmark.
- MOU on Cooperation in the fields of Animal Husbandry and Dairying between Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture & Farmers Welfare of India and the Danish Veterinary and Food Administration, Ministry of Environment and Food of Denmark.
- MOU on Food Safety Cooperation between the Food Safety and Standards Authority of India and the Danish Veterinary and Food Administration.
- MOU on Cooperation in Agricultural Research and Education between the Indian Council of Agricultural Research and the University of Copenhagen, Faculty of Science, Denmark.

MOUs/Agreements between India and Iceland

- MOU on the Establishment of the ICCR Chair for Hindi Language between Indian Council for Cultural Relations and the University of Iceland

Special Feature

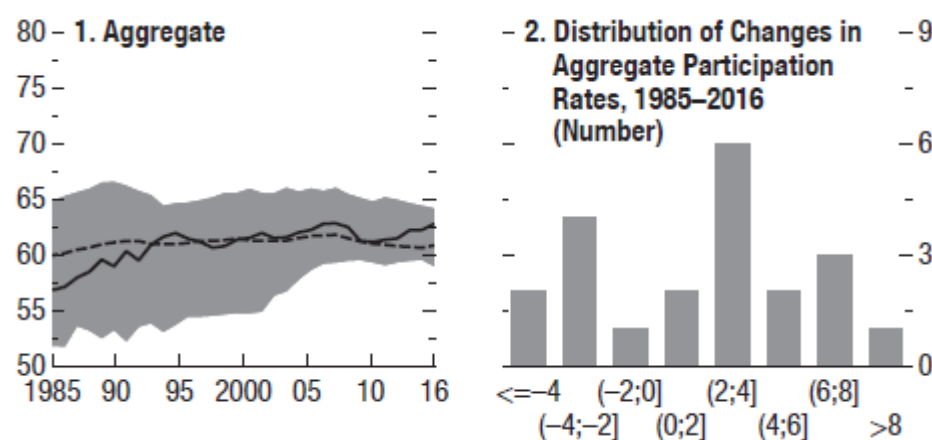
Analysis of the policies to encourage and enable work in advanced economies

This special feature provides a brief analysis of analytical chapters of World Economic Outlook comprising of labor force participation in advanced economies; shifts in global manufacturing activity and productivity growth shared in a globalized economy.

a) **Labor Force Participation in Advanced Economies: Drivers and Prospects**

Over the past 30 years, the aggregate average labor force participation rate in advanced economies as a group has barely changed. However, the group aggregate masks significant differences in the experience of individual countries. While in a large share of advanced economies aggregate labor force participation in 2016 was within a couple of percentage points of what it was in 1985, several countries saw very significant increases in the workforce attachment of their populations, with aggregate participation rates gaining more than 5 percentage points in such countries as Germany, Korea, the Netherlands, and Spain. Moreover, there has been a remarkable narrowing of the distribution of participation rates across advanced economies.

Fig: Labor Force Participation Rates by Gender and Age (% , unless noted otherwise)



Source: PHD Research Bureau, compiled from World Economic Outlook

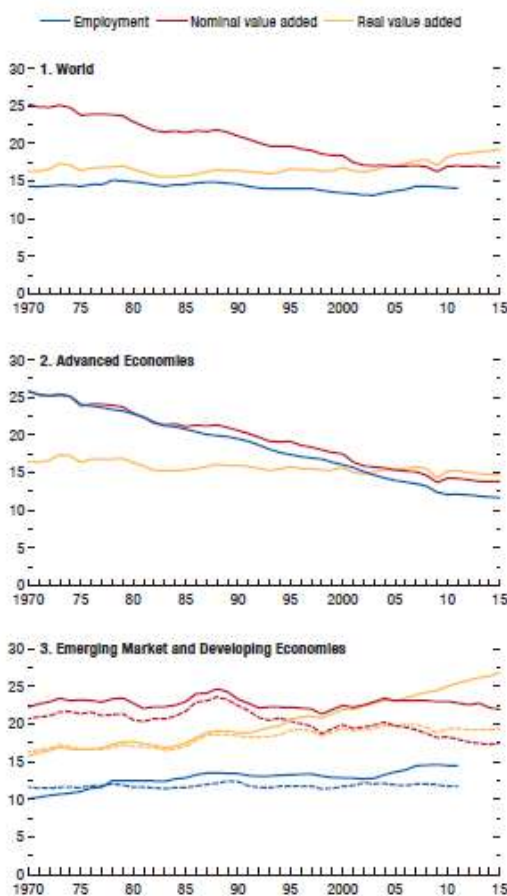
b) **Manufacturing Jobs: Implications for Productivity and Inequality**

The heterogenous evolution of manufacturing output and employment shares across countries reflects a mix of forces: diverse trends in domestic incomes and the associated variation in the demand for manufactures, varying productivity trends in manufacturing and other sectors, and specialization and reallocation of production based on comparative advantages, facilitated by international trade and financial integration.

Even though output has outpaced employment in the manufacturing sector in most countries since the early 1970s, reflecting comparatively fast productivity growth in the sector, the same pattern has not held at the global level. The broadly parallel movement of global manufacturing output and employment shares reflects a change in the country composition of global manufacturing employment in favor of developing economies, where output per worker tends to be lower.

Fig: Share of Manufacturing in Aggregate Employment and Output(%)

At the global level, the share of manufacturing in employment and output (real value added) has changed little since 1970. However, that remarkable global stability masks pronounced changes in shares at the country level.



Source: IMF staff calculations.

Note: The employment (value added) manufacturing share in each panel is computed as the weighted average share across all economies in the group, with weights given by total employment (GDP in US dollars at market exchange rates) of each country. Dashed lines in panel 3 denote emerging market and developing economies excluding China.

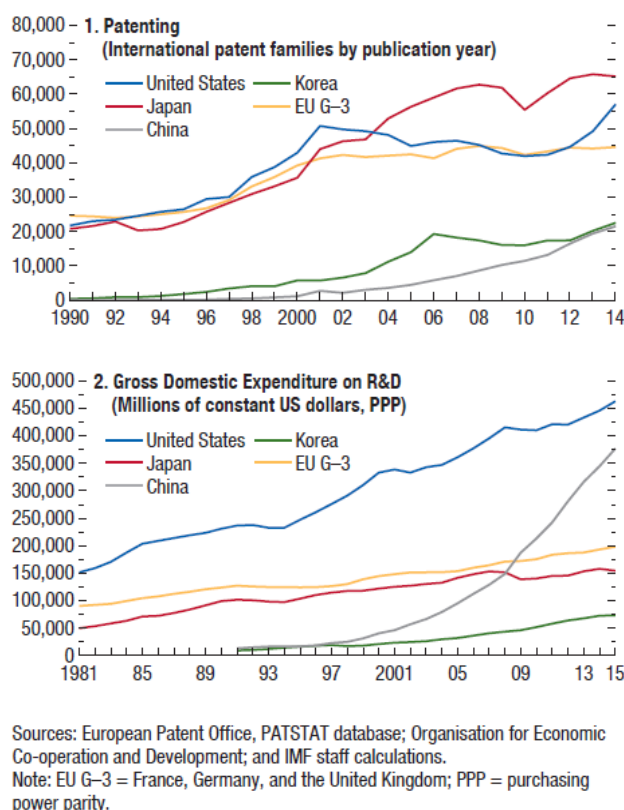
Source: PHD Research Bureau, compiled from World Economic Outlook

c) Is Productivity Growth Shared in a Globalized Economy

The evolution of innovation can be tracked by examining data across different measures, countries, and time periods, which confirms that global technological advances have been concentrated in a few large industrialized countries. The United States, Japan, Germany, France, and the United Kingdom (henceforth the G5) accounted for about three-fourths of international patent families during 1995–2014.

They are also responsible for the bulk of R&D spending over those years. However, this is not to imply that other emerging market or advanced economies have not contributed to the evolution of global knowledge. For example, in recent years Korea and China have joined the top five leaders in a number of sectors, either based on the stock of R&D and/or the stock of international patents. Their rise is particularly pronounced in the electrical and optical equipment sector and, for Korea especially, in machinery equipment.

Fig: Patenting and Research and Development at the Frontier



Source: PHD Research Bureau, compiled from World Economic Outlook

Conclusions

In a nutshell, global growth is projected to soften beyond the next couple of years. Once their output gaps close, most advanced economies are poised to return to potential growth rates well below pre-crisis averages, held back by aging populations and lackluster productivity. US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth is projected to remain subpar in several emerging market and developing economies, including in some commodity exporters that continue to face substantial fiscal consolidation needs.

Further, decisive action is needed now to strengthen fiscal buffers, taking full advantage of the cyclical upswing in economic activity. As growth returns to its potential, fiscal stimulus loses its effectiveness while the cost of fiscal consolidation diminishes, making it easier to switch from fiscal expansion to fiscal consolidation. It is important to note that building buffers now will help protect the economy, both by creating room for fiscal policy to step in to support economic activity during a downturn and by reducing the risk of financing difficulties if global financial conditions tighten suddenly.

Also, countries should allow automatic stabilizers (that is, tax and spending that moves in sync with output and employment) to operate fully, while making efforts to put deficits and debt firmly on a downward path toward their medium-term targets.

Going ahead, while upside and downside risks to the short-term outlook are broadly balanced risks beyond the next several quarters clearly lean to the downside. Downside concerns include a possibly sharp tightening of financial conditions, waning popular support for global economic integration, growing trade tensions and risks of a shift toward protectionist policies and geopolitical strains.

Overview of Global Economy (% change)

	2017	Projections		Difference from January 2018 WEO Update ¹		Difference from October 2017 WEO ¹	
		2018	2019	2018	2019	2018	2019
World Output	3.8	3.9	3.9	0.0	0.0	0.2	0.2
Advanced Economies	2.3	2.5	2.2	0.2	0.0	0.5	0.4
United States	2.3	2.9	2.7	0.2	0.2	0.6	0.8
Euro Area	2.3	2.4	2.0	0.2	0.0	0.5	0.3
Germany	2.5	2.5	2.0	0.2	0.0	0.7	0.5
France	1.8	2.1	2.0	0.2	0.1	0.3	0.1
Italy	1.5	1.5	1.1	0.1	0.0	0.4	0.2
Spain	3.1	2.8	2.2	0.4	0.1	0.3	0.2
Japan	1.7	1.2	0.9	0.0	0.0	0.5	0.1
United Kingdom	1.8	1.6	1.5	0.1	0.0	0.1	-0.1
Canada	3.0	2.1	2.0	-0.2	0.0	0.0	0.3
Other Advanced Economies ²	2.7	2.7	2.6	0.1	0.0	0.2	0.1
Emerging Market and Developing Economies	4.8	4.9	5.1	0.0	0.1	0.0	0.1
Commonwealth of Independent States	2.1	2.2	2.1	0.0	0.0	0.1	0.0
Russia	1.5	1.7	1.5	0.0	0.0	0.1	0.0
Excluding Russia	3.6	3.5	3.6	0.1	0.1	0.2	0.1
Emerging and Developing Asia	6.5	6.5	6.6	0.0	0.0	0.0	0.1
China	6.9	6.6	6.4	0.0	0.0	0.1	0.1
India ³	6.7	7.4	7.8	0.0	0.0	0.0	0.0
ASEAN-5 ⁴	5.3	5.3	5.4	0.0	0.1	0.1	0.1
Emerging and Developing Europe	5.8	4.3	3.7	0.3	-0.1	0.8	0.4
Latin America and the Caribbean	1.3	2.0	2.8	0.1	0.2	0.1	0.4
Brazil	1.0	2.3	2.5	0.4	0.4	0.8	0.5
Mexico	2.0	2.3	3.0	0.0	0.0	0.4	0.7
Middle East, North Africa, Afghanistan, and Pakistan	2.6	3.4	3.7	-0.2	0.2	-0.1	0.2
Saudi Arabia	-0.7	1.7	1.9	0.1	-0.3	0.6	0.3
Sub-Saharan Africa	2.8	3.4	3.7	0.1	0.2	0.0	0.3
Nigeria	0.8	2.1	1.9	0.0	0.0	0.2	0.2
South Africa	1.3	1.5	1.7	0.6	0.8	0.4	0.1
Memorandum							
European Union	2.7	2.5	2.1	0.2	0.0	0.4	0.3
Low-income Developing Countries	4.7	5.0	5.3	-0.2	0.0	-0.2	0.1
Middle East and North Africa	2.2	3.2	3.6	-0.2	0.3	0.0	0.4
World Growth Based on Market Exchange Rates	3.2	3.4	3.3	0.1	0.1	0.3	0.3
World Trade Volume (goods and services)	4.9	5.1	4.7	0.5	0.3	1.1	0.8
Imports							
Advanced Economies	4.0	5.1	4.5	0.7	0.0	1.3	0.9
Emerging Market and Developing Economies	6.4	6.0	5.6	0.5	0.6	1.1	0.7
Exports							
Advanced Economies	4.2	4.5	3.9	0.3	-0.1	0.9	0.5
Emerging Market and Developing Economies	6.4	5.1	5.3	0.4	0.7	0.6	1.0
Commodity Prices (US dollars)							
Oil ⁵	23.3	18.0	-6.5	6.3	-2.2	18.2	-7.2
Nonfuel (average based on world commodity export weights)	6.8	5.6	0.5	6.1	-0.5	5.1	1.0
Consumer Prices							
Advanced Economies	1.7	2.0	1.9	0.1	-0.2	0.3	-0.1
Emerging Market and Developing Economies ⁶	4.0	4.6	4.3	0.1	0.0	0.2	0.2
London Interbank Offered Rate (percent)							
On US Dollar Deposits (six month)	1.5	2.4	3.4	0.1	0.0	0.5	0.5
On Euro Deposits (three month)	-0.3	-0.3	0.0	0.0	0.1	0.0	0.0
On Japanese Yen Deposits (six month)	0.0	0.0	0.1	0.0	0.0	-0.2	-0.1

Source: PHD Research Bureau, compiled from IMF

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during January 26–February 23, 2018.

Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted.

¹Difference based on rounded figures for the current, January 2018 World Economic Outlook Update, and October 2017 World Economic Outlook forecasts.

²Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

³For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

⁴Indonesia, Malaysia, Philippines, Thailand, Vietnam.

NEWSLETTER TEAM

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PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. Recently, the Research Bureau has undertaken various policy projects of Government of India including Framework of University-Industry Linkages in Research assigned by DSIR, Ministry of Science & Technology, Study on SEZ for C&AG of India, Study on Impact of Project Imports under CTH 9801 for C&AG of India and has attracted a World Bank Project on free trade zones.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
<ul style="list-style-type: none"> Research Studies 	<ul style="list-style-type: none"> Macro Economy 	<ul style="list-style-type: none"> Economic Affairs Newsletter (EAC) 	<ul style="list-style-type: none"> Trade & Investment Facilitation Services (TIFS)
<ul style="list-style-type: none"> State Profiles 	<ul style="list-style-type: none"> States Development 	<ul style="list-style-type: none"> Economic & Business Outlook (EBO) 	<ul style="list-style-type: none"> Business Research Consultancy
<ul style="list-style-type: none"> Impact Assessments 	<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> Global Economic Monitor (GEM) 	<ul style="list-style-type: none"> Investment Advisory Services
<ul style="list-style-type: none"> Thematic Research Reports 	<ul style="list-style-type: none"> Foreign exchange market 	<ul style="list-style-type: none"> Trade & Investment Facilitator(TIF) 	
<ul style="list-style-type: none"> Releases on Economic Development 	<ul style="list-style-type: none"> Global Economy & International Trade 	<ul style="list-style-type: none"> State Development Monitor (SDM) 	

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Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September 2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India's Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)
46. Impact of Demonetization on Economy, Businesses and People (January 2017)

47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)
54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade (October 2017)
61. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
62. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
63. Analysis of Trade Pattern between India and ASEAN (January 2018)
64. Union Budget 2018-19 – (February 2018)
65. Ease of Doing Work for Women: A survey of Delhi NCR (March 2018)
66. Restraining willful defaults : Need of the hour for the Indian Banking System (March 2018)

B: State profiles

67. Rajasthan: The State Profile (April 2011)
68. Uttarakhand: The State Profile (June 2011)
69. Punjab: The State Profile (November 2011)
70. J&K: The State Profile (December 2011)
71. Uttar Pradesh: The State Profile (December 2011)
72. Bihar: The State Profile (June 2012)
73. Himachal Pradesh: The State Profile (June 2012)
74. Madhya Pradesh: The State Profile (August 2012)
75. Resurgent Bihar (April 2013)
76. Life ahead for Uttarakhand (August 2013)
77. Punjab: The State Profile (February 2014)
78. Haryana: Bolstering Industrialization (May 2015)
79. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
80. Suggestions for Progressive Uttar Pradesh (August 2015)
81. State profile of Telangana- The dynamic state of India (April 2016)
82. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
83. Smart Infrastructure Summit 2016-Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
84. Rising Jharkhand: An Emerging Investment Hub (February 2017)
85. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
86. Prospering Himachal Pradesh: A Mountain of Opportunities (August 2017)
86. Kashmir: The way forward (March 2018)



NATIONAL APEX CHAMBER

About the PHD Chamber

PHD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular Interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 48000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



"We Walk Our Talk"



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