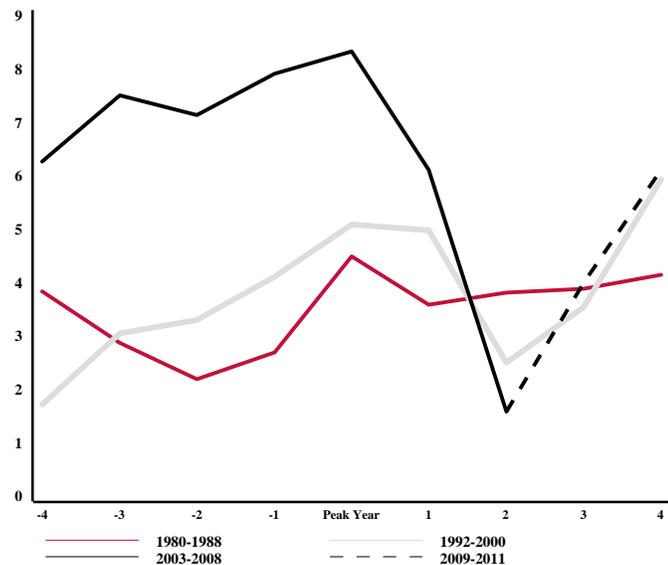


Introduction

The World Economic Outlook (WEO) is a semi-annual IMF report issued in conjunction with the IMF/World Bank meetings. It presents analyses and global and country-level economic projections. This snapshot presents a brief overview of projections for GDP growth by USAID region, economic growth leaders and laggards, international trade growth, private capital flows, and price trends of key commodities. Emerging and developing economies are expected to post a meager, but positive, growth rate of 1.6 percent in 2009. The world economy in 2009 is expected to contract by 1.3 percent.

Emerging and developing country economic growth hit a peak rate in 2007 and is slowing very sharply. The graph compares current experience (2003-2009, with projections through 2011) with two previous periods when emerging and developing country economic growth hit a peak and slowed. The current slowdown is significantly steeper than the previous two periods. The IMF is expecting that strong policy responses in both the advanced and emerging and developing economies will foster resumed growth by the end of 2010 and beyond. Even though this year's growth rate for emerging and developing economies is the slowest since 1991, growth heading into this downturn had been significantly higher than in previous periods.

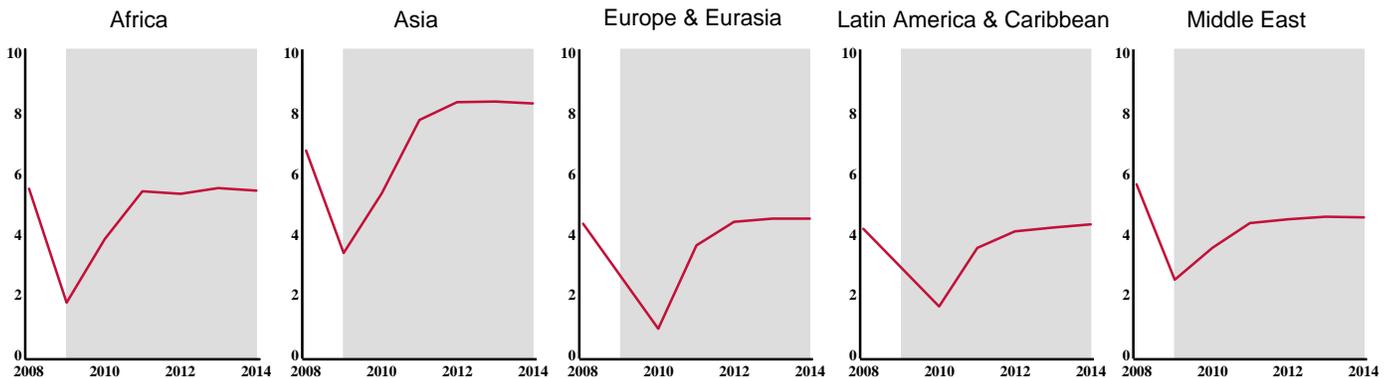
Emerging and Developing Economies, Real GDP Growth: Annual Percentage Change Current versus Past Experience



Real GDP Growth

None of the five regions are immune to the current drop off in economic growth. Financial strains in Europe and Eurasia appear to be a bigger drag on growth than in any previous years. Faster growth is projected in Africa, Asia, and the Middle East during 2010. Europe and Eurasia and Latin American and Caribbean are not expected to see a turnaround until 2011.

Real GDP Percent Change, by USAID Region (Weighted by PPP Values for GDP), 2008-2014



Country Growth Rate Forecasts

Economic growth hot spots for 2008-2011 include countries continuing a long-run rapid industrialization (China); post-conflict countries able to rapidly rebuild themselves (Afghanistan and Liberia); an East Asian country which recently expanded its oil production capacity and is using the revenue to promote economic growth (Timor-Leste); and an African country with a relatively diversified resource, agricultural, and industrial base (Ghana). In sharp contrast, Russia and Ukraine have been hit by sharp declines in business investment and Ireland appears unable to recover from a stock market sell-off. Tourists are shunning many island spots and the Seychelles economy is being squeezed.

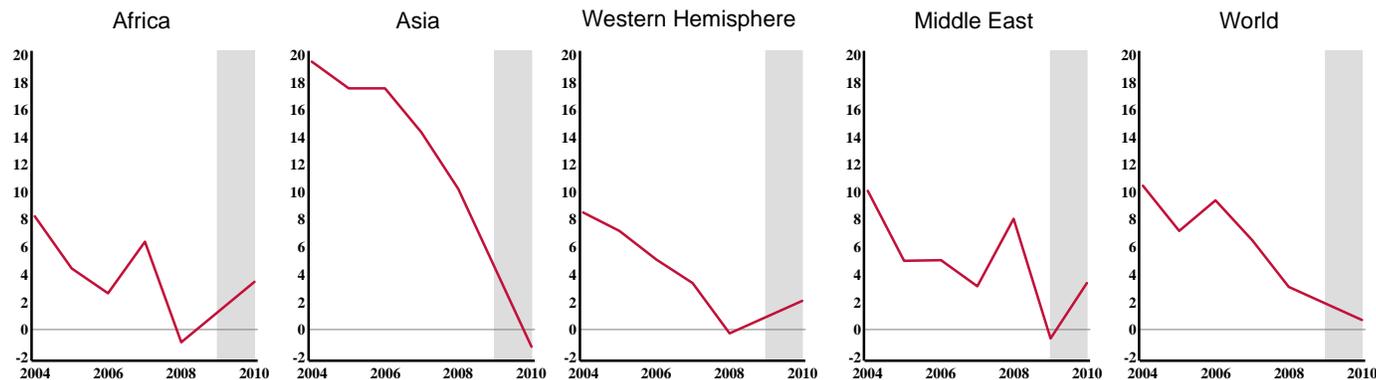
Trade Volumes

The growth rates of export volumes, which are a constant price measure of exports of goods, have been slowing for several years. An uptick is projected in Africa and the Western Hemisphere for 2009, but Asia's slide is expected to continue.

GDP Growth for USAID Assisted Countries (2008-2011)

USAID Assisted Country	GDP % Change	Average Annual Change
Fastest Growing Economies		
Ghana	28%	8.3%
China (P.R.C.)	26%	8.3%
Afghanistan	26%	6.9%
Liberia	24%	7.4%
Timor-Leste	24%	8.8%
Slowest Growing Economies		
Russia	-2%	0.9%
Ukraine	-3%	-0.1%
Seychelles	-4%	-0.8%
China, Republic of (Taiwan)	-5%	-1.1%
Ireland	-10%	-3.1%

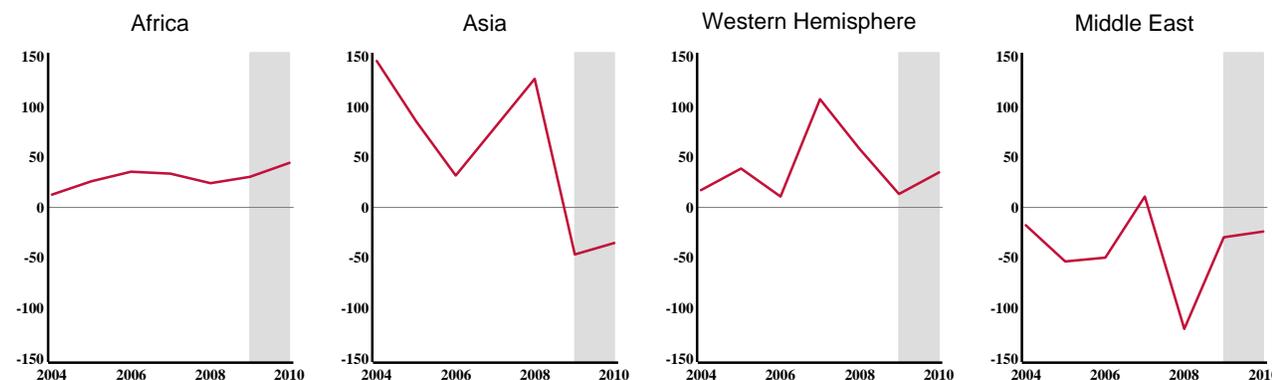
Export Volume of Goods, Annual % Change by WEO Region, 2004-2010



Private Capital Flows

Private investment flows bring capital and technology into developing countries. Capital flows are typically more volatile than either GDP or trade. The IMF projects modest flows to Africa and the Western Hemisphere this year and next. Private capital (net) is expected to flow out of the Asia and Middle East regions in 2009 and 2010.

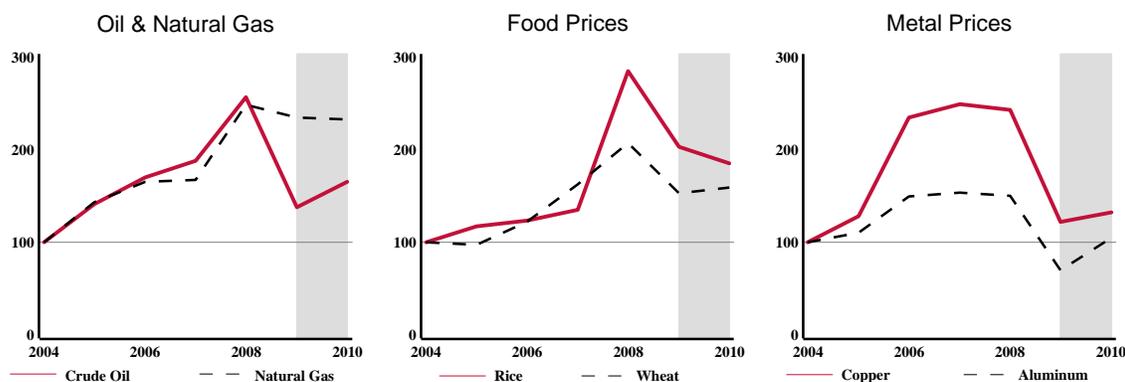
Private Capital Flows, Net (\$US Billions) by WEO Region, 2004-2010



Price Indexes of Key Commodities

The commodity price boom of recent years ended abruptly the second half of 2008. As the current data and outlook in many economies deteriorated rapidly, commodity price strength dissipated. Commodities most associated with manufacturing and investment spending—fuels and base metals—showed the sharpest declines, a pattern seen in previous cyclical downturns. Oil, copper, and aluminum prices are projected to experience annual declines of 45 to 55 percent in 2009. Rice and wheat prices are expected to decrease by 25 to 30 percent year-on-year in 2009.

Price Indexes (2004=100), 2004-2010



While lower prices have alleviated food security concerns in many countries, commodity exporters have been hit with income losses. Countries in the Middle East and Eurasia regions were particularly hard hit, as were commodity exporters in Latin America and Africa. Countries as diverse as Azerbaijan and Zambia are being forced to adapt to the downturn in commodity prices. Azerbaijan's economy is dependent upon energy demand, both for its own resources and as a key transportation hub for natural resources in the region. Although the fall in oil prices puts a strain on Azerbaijan's foreign exchange availability, the country did achieve recognition from the donor community in 2008 for its economic reforms. In Zambia's case, much of the country's economic growth in the last decade was spurred by foreign investment in copper mining capacity and favorable world prices. The current slump has hit Zambia hard. Efforts to diversify the economy have a ways to go, and in the case of Zambia's expanding capacity for nickel mining to replace copper offers no shield from commodity price volatility.

The outlook for commodity prices is heavily influenced by how soon the world economy returns to strong growth rates, however other factors are at play as well. Some of the recent softness in rice prices reflects bumper crops in Vietnam and Thailand, which may or may not be repeated. Wheat prices could remain weak due to recent favorable weather and harvests in Russia and Ukraine. For base metals in particular, the industrial sector in China has emerged as the world's largest consumer and prices will be responsive to its economic growth rate.

To access the complete country dataset from the WEO, visit the Economic and Social Database (ESDB) on the USAID Intranet at http://km.usaid.gov/esds/esdb_index.html. The ESDB website also offers related datasets from the IMF, World Bank, and other sources. In the Desk Officers' Toolbox section of the site (<http://km.usaid.gov/esds/toolbox.html>), you can access standard country profiles or generate customized tables and graphs. The ESDB Special Features section has a Financial Crisis Tracker tool, updated weekly, at <http://km.usaid.gov/esds/financial/reports.html>.