Global Economic Recovery To Be Sustained as Balance of Risks Turns More Favorable

The world economy will strengthen in 2017 as emerging market countries gain modest momentum and many advanced economies move close to potential. We expect G20 economies, which account for 78% of the global economy, to collectively grow at an annual rate of 3.1% in 2017 and 2018, higher than the 2.6% recorded in 2016.

Recent pickup in global economic activity is likely to be sustained with an improvement in the balance of risks

The recovery in the global economy is led by acceleration in emerging market economies

- Global economic activity has improved in 2017 and looks increasingly sustainable.
- The US economy will rebound after a softer start in the first quarter of 2017, growing at around 2.4% this year. We expect steady domestic demand driven growth in euro area economies. A number of EMs are rebounding.
- Monetary policy in advanced economies will continue to diverge in the short run, before sequentially moving in the direction of tightening.
- The risk of a European Union exit by a major euro area country is no longer an immediate concern.
- The risk to global trade and economic growth from a pursuit of protectionist policies in the US, and consequent retaliation, also seems to have diminished.

Source: Moody’s Investors Service

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