

## Revised IMF growth forecasts

### INTRODUCTION

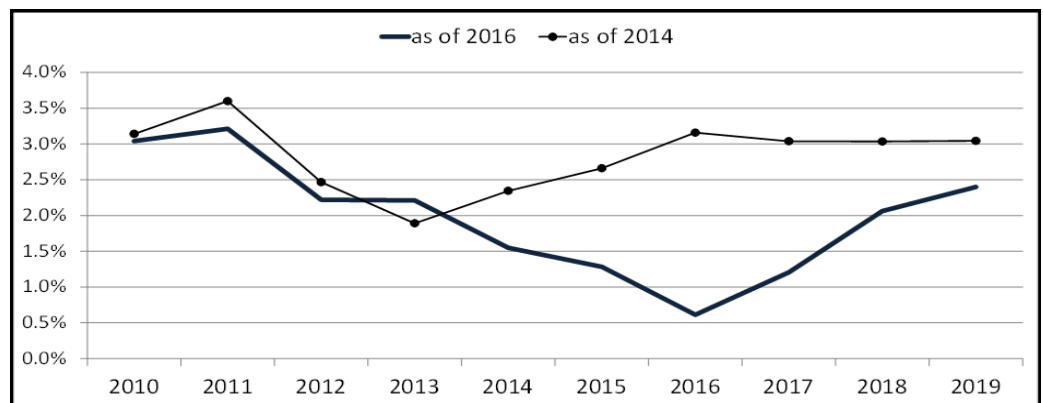
In its latest World Economic Outlook, the IMF revised downward its growth forecast for most countries and for the world as a whole. This note briefly reviews some of the key revisions. They point to:

- A slow-growth period for most of the world over the coming five years;
- A sharper reduction in forecasts for South Africa than for most countries, with the average predicted growth forecast now at 1,6% from 2015 to 2019;
- Slower growth in most of Southern Africa, and a particularly sharp slowdown in Nigeria and Angola; and
- Relatively strong growth in India and substantially slower expansion in China.

### REVISED FORECAST FOR SOUTH AFRICA

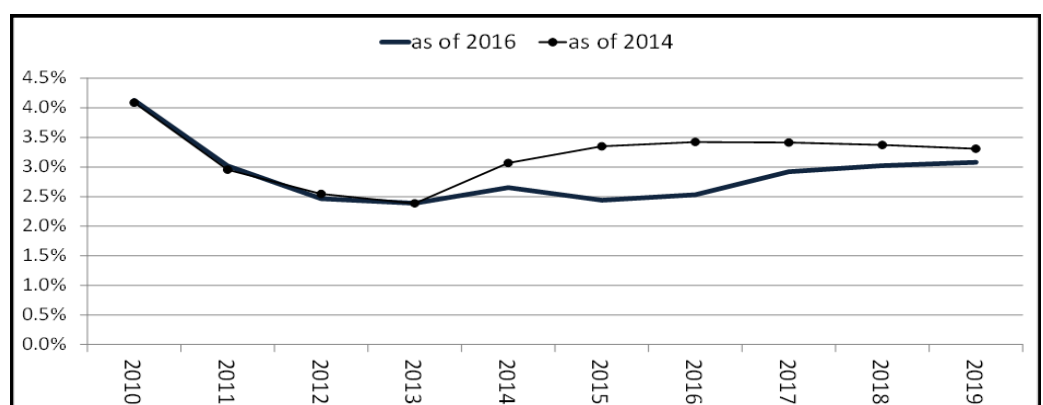
As Graph 1 shows, the forecast for South Africa for 2015 to 2019 has declined significantly compared to the prospects in 2014. In April 2014, the IMF expected South Africa's growth to average 3,1% over the period; it now expects growth of 1,6% a year.

**Graph 1. Growth rates for South Africa as forecast by the IMF in April 2016 and in April 2014**



As graph 2 shows, the forecast for South Africa fell significantly more sharply than that for most other countries. For the world as a whole, the forecast growth rate for 2015 to 2019 fell from 3,4% as of April 2014 to 2,9% as of April 2016. That is, the prediction for South Africa was reduced by 1,5%, while for the rest of the world it was 0,5%.

**Graph 2. Growth rates for the world economy as forecast by the IMF in April 2016 and in April 2014**



Source for all graphs: IMF World Economic Outlook, databases for April 2014 and April 2016, GDP growth rate in constant national currency.

Trade & Industrial Policy Strategies (TIPS) is a research organisation that facilitates policy development and dialogue across three focus areas: trade and industrial policy, inequality and economic inclusion, and sustainable growth

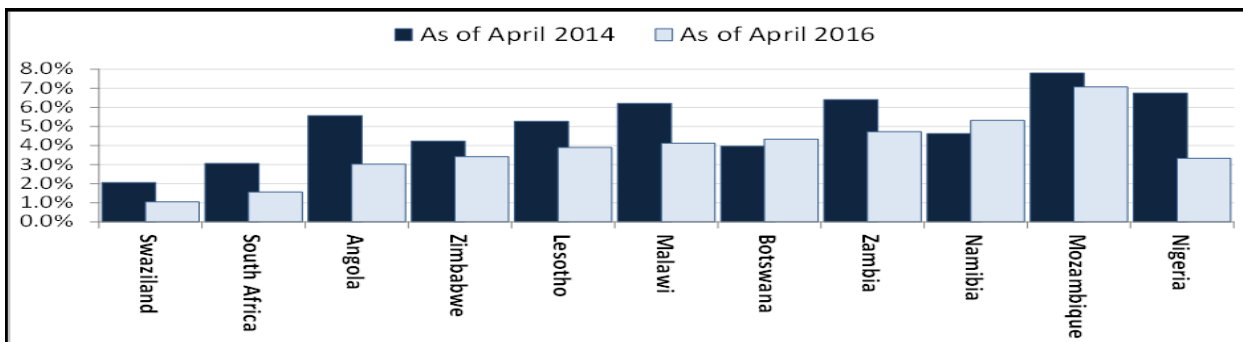
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## FORECAST FOR SOUTHERN AFRICA AND NIGERIA

The forecast growth rate for virtually all countries in Southern Africa was also significantly reduced in April 2016 compared to the April 2014 projections. The forecast for the region was generally affected by the drought as well as lower commodity prices. In Graph 3, the greatest decline occurred for the countries that depended most on petroleum exports – Angola and Nigeria. In Southern Africa, only Botswana and Namibia were expected to do slightly better than forecast in 2014.

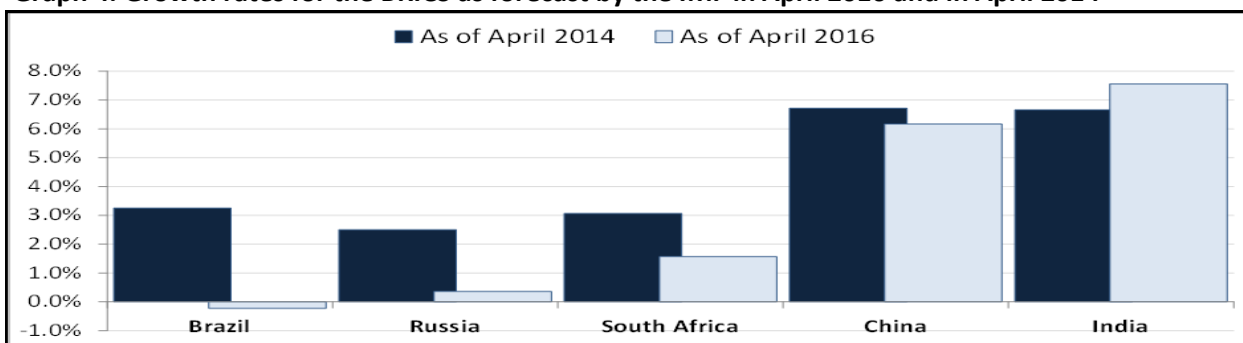
**Graph 3. Growth rates for Southern Africa and Nigeria as forecast by the IMF in April 2016 and in April 2014**



## THE BRICS

The revision in forecasts for the BRICS showed significant divergence between countries. For Brazil and Russia, which are major petroleum exporters, the IMF forecast virtually no net growth from 2015 to 2019. The forecast for these countries fell even more sharply than for South Africa. In contrast, the revisions for China and India were relatively modest. It is worth noting, however, that India was expected to grow more quickly than China, and that its growth forecast was revised upward. That said, many observers now express doubts about the official growth rates for both countries, arguing that they are significantly overstated.

**Graph 4. Growth rates for the BRICS as forecast by the IMF in April 2016 and in April 2014**



## INDUSTRIALISED ECONOMIES

Of South Africa's major trade partners in the global North, only Germany saw an increase in the IMF's forecast for its economy in April 2016. Still, the improvement was only 0,1% to an average annual growth rate from 2015 to 2019 of 1,4%. Growth for both the UK and the US was moderated to around 2% a year over this period. Japan's growth forecast was cut to 0,4%.

**Graph 5. Growth rates for major industrialised trade partners as forecast by the IMF in April 2016 and in April 2014**

