EM forecast update: oil on troubled waters

Inflation outlook improves for most of EM

Though we do make some adjustments on the growth front in this quarter's forecast update, the main changes for emerging markets come from inflation. Crude oil prices have fallen dramatically since we last updated our numbers. Combined with surprisingly low domestic inflation this sees substantial downward revisions to the inflation outlook for all BRIC economies bar Russia, for whom cheaper oil means a weaker currency and hence more imported inflation.

Table 2: BRIC GDP growth forecast summary

% per annum	GDP			Inflation		
	2018(f)	2019(f)	2020(f)	2018(f)	2019(f)	2020(f)
China	6.6 (6.6)	6.3 ↑ (6.2)	6.1 ↑ (6.0)	2.1 ↓ (2.2)	2.0 ↓ (2.6)	2.2 ↓ (2.4)
Brazil	1.2 ↓ (1.3)	2.0 ↓ (2.1)	2.4 ↑ (2.3)	3.7 ↓ (3.9)	3.9 ↓ (5.0)	4.1 ↓ (4.5)
India	7.5 ↓ (7.6)	7.3 (7.3)	7.7 (7.7)	3.9 ↓ (4.4)	2.8 ↓ (4.1)	4.0 (4.0)
Russia	1.7 (1.7)	1.4 ↓ (1.5)	1.8 (1.8)	2.9 ↑ (2.8)	5.0 ↑ (4.9)	4.3 ↑ (4.0)

Source: Thomson Reuters DataStream, Schroders Economics Group. 25 February 2019. Previous forecast from November 2018. Please note the forecast warning at the back of the document.

Lower price pressures increase the scope for easing

As might be expected, a lower inflation environment means central banks have more room to ease. We forecast an easier monetary stance, compared to our previous forecast, for three of the four BRIC economies. Only Russia, thanks to a more hawkish sounding central bank and a raised inflation profile, sees upward revisions to interest rate expectations.

Table 3: BRIC monetary policy

% (year end)	2018(f)	2019(f)	2020(f)
China RRR	14.50 (14.00)	12.00 (12.00)	10.00 (11.00)
China lending rate	4.35 (4.35)	4.00 (4.00)	3.50 (3.50)
Brazil	6.50 (6.50)	6.50 (7.00)	7.00 (7.00)
India	6.50 (6.75)	6.00 (7.00)	6.50 (7.00)
Russia	7.75 (7.50)	7.25 (7.00)	7.00 (7.00)

Source: Thomson Reuters DataStream, Schroders Economics Group. 25 February 2019. Previous forecast from November 2018. Please note the forecast warning at the back of the document.

China: trade truce warrants some mild optimism

Our previous forecast for China assumed that the trade war with the United States (US) would escalate further and extend to all Chinese trade with the US. The revised base case sees tariffs held at current levels and a truce in trade, which improves the outlook both for trade and investment in China. This drives our small upgrades to Chinese growth for this year and next.

Stimulus should provide some temporary relief

Chart 12: After a rebound, slowdown still on the cards

Source: Thomson Reuters DataStream, Schroders Economics Group. 26 February 2019. Previous forecast from November 2018. Please note the forecast warning at the back of the document.

While this is a positive development, we would emphasise that we still see a very similar path for Chinese growth as in our last forecast update; the economy is still set for an ongoing slowdown, trade war or no trade war (chart 12), with actual underlying activity to exhibit more weakness than headline GDP. For the time being, stimulus announcements have not been of sufficient magnitude to materially alter our view. While the January total social financing (TSF) number drew headlines for its record breaking size, if we examine the growth rate the impact is reduced, though it was still undeniably a turning point. We also think there may have been more frontloading than usual in the January reading; local governments were allowed to issue municipal bonds to support infrastructure, and this would likely have prompted some additional bank lending to be invested alongside government funds. Unless the March Congress unveils a big increase to overall infrastructure spend, the January credit data may turn out to simply have brought forward activity from later in the year. Finally, much of the new lending by banks seems to have been directed outside of the real economy, with the largest acceleration, and contribution to the overall increase, coming from portfolio investments, rather than household or corporate lending (chart 13).

Directing credit may prove difficult

Chart 13: Was new credit productive?

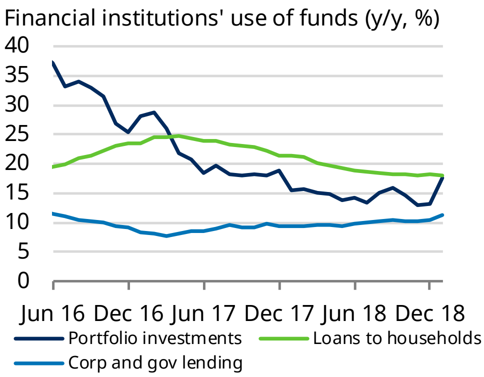


Chart 14: Growth to bottom soon

Source: Thomson Reuters DataStream, Schroders Economics Group. 26 February 2019.

These caveats serve to dampen growth expectations resulting from the surge in credit, but we should not discount them entirely. We do expect some impact on growth, and our forecast still sees growth bottoming and bouncing back in the second and third quarters. Looking at chart 14, this still seems on track; an inflection point in credit growth has historically seen a similar inflection point in growth (as measured by our in house Schroders' China Activity Indicator) three months later, at the earliest. There is a risk that the growth takes longer to come through, especially as the relationship has seemed weaker in recent years. Still, we do expect a temporary turn around in growth within the next two quarters.

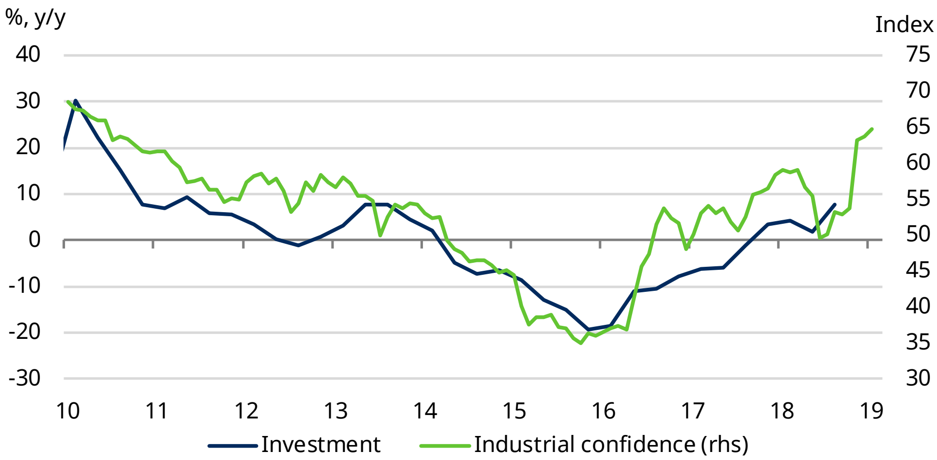
We remain of the view that policy is constrained and so we will not see explosive stimulus as in previous downturns. The central bank will continue to ease (table 3), but with currency stability now on the table in trade talks with the US the scope for a weaker renminbi (the corollary of monetary easing) is much less. There have been mixed messages recently, with one regulator declaring the end of structural deleveraging, while the People's Bank of China (PBoC) maintains it will be continuing the policy. Ultimately the PBoC sits at the top of the regulatory structure, so we would place the most weight on their words. It may be a sign however that disquiet is building over the slowdown, and so a stronger than expected stimulus is a definite risk to our view. This is reflected in our risk scenario, 'China reopens the spigots'

Brazil: Bolsonaro boost still expected but political risks have risen

President Bolsonaro is now in office, and economic confidence is high, in a promising sign for economic activity (chart 15). Investors will take further courage from the administration's proposal for pension reform, which was more ambitious than many had expected. Economy Minister Guedes is clearly being given a free rein here, and that bodes well.

Brazilian confidence remains high for now

Chart 15: Brazil's investment revival should continue



Source: Thomson Reuters DataStream, Schroders Economics Group. 26 February 2019.

Unfortunately for the minister, his hard work risks being undermined by the scandals already surfacing around Bolsonaro's government. After just 48 days, Secretary General Bebianno, accused of siphoning money from an electoral fund during last year's campaign, has been fired. The president's family have also faced allegations, with eldest son Flavio under investigation for money laundering. This is all rather inconvenient for the 'anti-corruption' candidate, and risks undoing the coalition building needed to pass a contentious pension reform. Civil servants, who see some of the largest changes, are already preparing to resist the reform. We see considerable risk that the reforms will face delay and ultimately greater dilution than the market may be expecting.

However, this was already our base case, and does not impact our outlook for growth or inflation. Growth is revised slightly lower for 2019 as 2018 looks to have been a little softer than expected in the final quarter (at the time of writing we do not have the final GDP print). More positively, inflation is also revised down thanks to cheaper oil and consistently low headline inflation prints, which leads us to forecast a more dovish central bank. We now expect no hikes this year, from 50bps previously. This provides some additional support to growth in 2020.

India: another methodology change muddies the waters

Data changes make GDP hard to call

A problem confronting us with Indian GDP data since 2015 was the shift to a new GDP series, with a base year of 2011–2012, but with no data available for growth trends before 2012–2013. Since our last forecast, back data has been released, and in general favours the economic record of the current administration. Average growth rates under the Congress government (pre-2014) have been revised down, and underperforms the current government. A previous methodology revision made only in August of last year showed the previous government outperforming Prime Minister Modi's administration. Naturally this has prompted some controversy, and questions over the reliability of the numbers. So, while the lack of history has been addressed, the quality of the new data is still in question.

Having downgraded in our last forecast update, we see no reason to make significant changes to our growth outlook this month, given the uncertainty over the GDP numbers. There is potential upside risk: credit growth is picking up, though only very gradually, and the central bank has taken a definite dovish turn under its new governor, again provoking controversy given the circumstances surrounding the resignation of Governor Patel late last year.

Political tensions rising locally and regionally

Where we do make a change is to the inflation outlook. India is particularly sensitive to global food and oil price moves, and the latter in particular have been very favourable since our last update. Domestic food inflation has also continued to surprise to the downside, suppressing headline inflation though core inflation has remained high. Given the newly dovish bias of the central bank we expect another rate cut this year, most likely before the general elections in April and May. The outcome of these elections remains uncertain; our low conviction base case is for a Modi victory but with a reduced majority, which threatens the reform agenda. At this point, marquee reforms seem highly unlikely, and India may have to settle for gradual change rather than revolution.

Geopolitically, while India is thankfully insulated from the US-China trade war, regional tensions with Pakistan have flared once again. India's bombing of Pakistani territory, targeting alleged militants in retaliation for an attack on Indian soldiers in early February, has put some pressure on Indian assets; should matters escalate there is an obvious downside risk to growth.

Russia: oil will hit the currency but not growth

Careful budgeting limits the economic impact of weaker oil

Russia is an obvious loser from lower oil prices, but happily for the growth outlook fiscal outlays are budgeted for on the assumption of a 'break even' Brent oil price of $43 in 2019. The impact will be felt more on the currency side, resulting in a higher inflation forecast for Russia and necessitating a higher policy rate from the central bank. We do not foresee a huge increase in hawkishness, however; the link between oil and the ruble is weaker than it was, in part due to the central bank rebuilding reserves in times of higher prices. Further, the VAT increase at the start of 2019 has proved less inflationary than feared.

The VAT increase is part of the latest economic plan as laid out in the new May decree. The tax hike lays the ground for increased investment spending, and a pick up in growth in 2020. There is also an upside risk to growth from the trade truce, which should boost global activity and potentially oil prices as a result. To the downside, the threat of sanctions has still not fully receded.

Schroders Economics Group: Views at a glance
Macro summary – March 2019

Key points

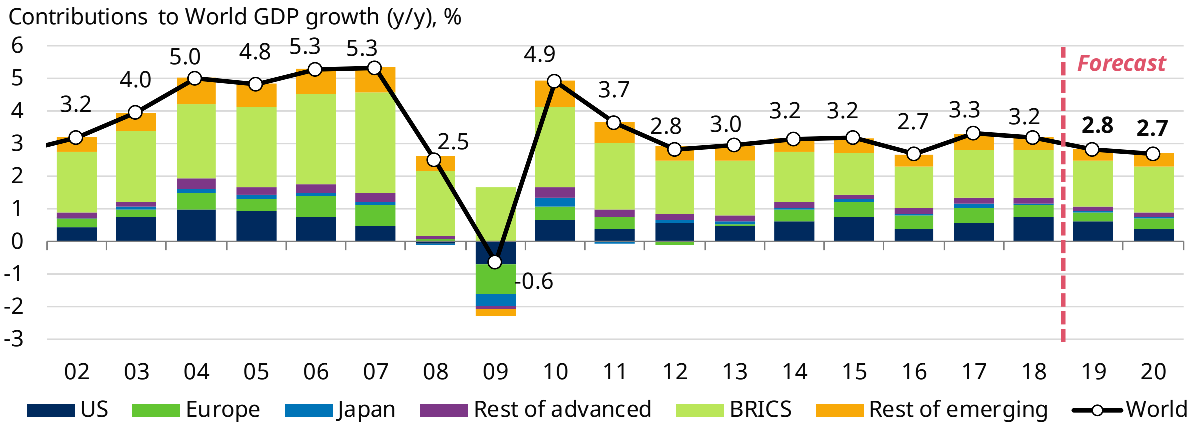
Baseline

- After expanding by 3.2% in 2018, global growth is expected to moderate to 2.8% in 2019 and 2.7% in 2020. Inflation is forecast to decline to 2.4% this year after 2.8% in 2018 and then falling to 2.5% in 2020. Meanwhile we expect the US and China to sign a trade deal in March, although the impact of actions so far will still be felt in 2019.
- US growth is forecast to slow to 2.4% in 2019 and 1.6% in 2019. With core inflation rising, we expect one more rate hike in June 2019, taking the Fed funds to 2.75%. However, as US fiscal stimulus fades and the economy slows, the Fed is forecast to cut rates twice in 2020 after ending quantitative tightening at the end of 2019.
- Eurozone growth is forecast to moderate from 1.8% in 2018 to 1.3% in 2019 as the full effects from the US–China trade war and Brexit hit European exporters. Inflation is expected to remain under 2%, with higher energy price inflation in 2018 replaced by higher core inflation in 2019. The ECB has ended QE and is expected to raise interest rates once in 2019 and twice in 2020. The refinancing rate is forecast to reach 0.75% and the deposit rate 0.25% by the end of 2020.
- UK growth is likely to slow to 1.1% this year from 1.4% in 2018. Assuming that a Brexit deal with the EU passes parliament ahead of a transition period that preserves the status quo of single market and customs union membership, growth is expected to pick up to 1.5% in 2020. Inflation is expected to fall to 1.8% in 2019 thanks to an expected rise in sterling, but stronger growth is expected to push inflation up to 2.4% in 2020. Meanwhile, the BoE is expected to hike once in 2019 and twice in 2020 (to 1.5%).
- Growth in Japan should stay steady in 2019 at 0.7%, however the path of activity should be volatile owing to the consumption tax hike in October this year. A slow recovery should follow resulting in 0.4% growth in 2020. We do not expect the BoJ to alter yield curve control, but look for rates to rise to 0% at the end of 2020 as inflation picks up.
- Emerging market economies should slow to 4.5% in 2019 after 4.8% in 2018, but pick-up slightly to 4.7% in 2020. We are optimistic that for most of the BRIC economies domestic factors can outweigh global problems in 2020. China benefits from the easing of trade tensions with the US, but against a backdrop of secular decline the PBoC should continue to ease.

Risks

- Risks are tilted toward deflation with the highest individual risk going on the US recession 2020 scenario where the economy proves more fragile than expected as fiscal stimulus is withdrawn. There is also a risk of recession outside the US given the current weakness in Europe.

Chart: World GDP forecast



Source: Schroders Economics Group, February 2019. Please note the forecast warning at the back of the document.

Schroders Forecast Scenarios

Scenario	Summary	Macro impact	Cumulative 2019/20 global vs. baseline		
			Probability*	Growth	Inflation
Baseline	We have revised down our forecast for global GDP growth in 2019 to 2.8%, but increased our projection for 2020 to 2.7%. The downgrade for this year (the fourth in consecutive quarters) is driven by cuts to our forecasts for the Eurozone, UK and Japan which offset a small increase to our China forecast. In 2020, the upward revision is across the board with, for example, the US upgraded to 1.6% (previously 1.3%), Japan to 0.4% (previously 0%) whilst China is nudged up to 6.1% from 6%. Meanwhile, our inflation forecasts have been reduced for this year and next with reductions across all regions except Europe where there are small upward revisions. The forecast has been largely driven by the decline in oil prices which are now expected to be significantly lower over the forecast period than at the time of our last outlook in November 2018. US inflation is also lower as a result of weaker core (CPI ex. food & energy) inflation which peaks at a lower level before declining in 2020.	Weaker growth and lower inflation result in easier monetary policy than in our previous forecast. The US Fed funds rate is now expected to rise once more before falling in 2020, whilst we have pushed out rate increases in the UK and Eurozone with only one move from the ECB and Bank of England now expected this year. We also expect the BoJ to leave policy unchanged rather than tightening its yield curve control policy further. China is expected to ease further through a lower RRR which is now expected to reach 10% by end 2020 (previously 11%). The USD is expected to remain firm in the near term but to weaken later in the year as rates peak in the US whilst beginning to rise in the Eurozone and UK. GBP is also boosted by our assumption that the economy enters a transition period rather than crashing out of the EU.	60%	-	-
1. Italian debt crisis	Although Italy has reached an agreement with the European Commission on its budget for this year, we would expect renewed tension between Rome and Brussels in the autumn as the next budget is formulated. Markets fear another more serious dispute, pushing the 10yr BTP yield up to 6%. After a couple of failed auctions, the government is forced to seek help from the rest of the EU in the form of a bail-out. There is some knock-on effect to other peripheral bond markets. A technocrat is installed as Italian PM, and the ECB's OMT programme is activated. QE is also restarted in 2019 as the Eurozone faces a deep recession. The threat of restructuring/default on Italian debt remains, but yields return to more manageable levels thanks to the ECB and change in domestic policy.	Stagflationary. The principal impact is weaker global growth with all regions affected as Italy drags Eurozone growth lower and the increase in uncertainty weighs on confidence and spending around the world. On inflation the picture is more mixed: for the eurozone, this is a stagflationary scenario due to EUR falling to 1.02. The US and Japan see their currencies appreciate, and combined with lower oil prices and a shock to financial markets, both see lower growth and inflation compared to the base. The impact on EM is more mixed. China intervenes to prop up the CNY, but Brazil, India and Russia all see FX depreciation as global risk aversion rises, making this a stagflationary scenario in EM.	5%	-0.6%	+0.1%
2. China reopens the spigots	China reverts to its old playbook to avert a deepening economic slowdown. Casting aside the relative timidity of current stimulus measures, policymakers embark on large scale fiscal and monetary stimulus, embodied in massive infrastructure spending and a resurgent property sector. Global commodity demand skyrockets, to the benefit of a number of emerging markets, and Chinese demand for manufactured goods also jumps.	Reflationary. Stronger demand from China boosts world trade and increases commodity prices with the result that both global growth and inflation are higher than in the baseline. The trade sensitive Eurozone sees a significant boost to growth in 2020 with the EM also benefitting. Interest rates are higher across the DM and in the EM (ex. China).	4%	+0.8%	+0.6%
3. Trade war: US vs. RoW	The US administration decides to impose tariffs on auto imports from the rest of the world thus extending the trade war into new territory. Meanwhile the dispute with China worsens as trade talks fail and the US imposes further tariffs on the remainder of imports from China.	Stagflationary. Higher import prices push inflation higher whilst weaker trade weighs on growth. Capex is also hit by the increase in uncertainty and the need for firms to review their supply chains. Central banks are expected to focus on the weakness of activity and ease policy by more than in the baseline.	6%	-1.0%	+0.3%
4. Global inflation surge	After a considerable period where wages have been unresponsive to tightening labour markets, pay begins to accelerate in response to skill shortages. Wages accelerate around the world and economists revise their estimates of spare capacity considerably lower. Some economies such as Japan welcome the move as they seek to raise inflation expectations, others find they are facing stagflation as they effectively run out of capacity forcing the central bank to tighten policy.	Stagflationary: US inflation rises to 3.4% by the start of 2020 on the headline measure, but core inflation reaches 3%. The Fed responds by tightening more aggressively taking its target rate to 4.00% by mid-2020. Interest rates also rise more rapidly in the Eurozone and UK whilst Japan returns rates to zero sooner than in the baseline. Currency changes provide some cushion to the emerging markets which see a modest boost to growth alongside higher inflation in this scenario. Overall, global growth is slightly weaker and inflation considerably higher.	3%	-0.3%	+1.1%
5. US supply side surprise	The US labour market proves to be more flexible than expected with labour supply continuing to rise through a higher participation rate as more people return to the workforce. This extends the cycle by containing wages and inflation in the US for longer than in the baseline allowing stronger growth. There is a knock-on to growth in the rest of the world though stronger US demand although slightly higher commodity prices raise inflation.	Reflationary. Stronger real growth allows the Fed to increase real rates slightly more in 2019 and as the economy continues to expand in 2020 the central bank does not cut rates as in the baseline. Interest rates are slightly higher elsewhere in line with stronger activity.	5%	+0.4%	+0.2%
6. US 2020 recession	The US economy proves to be more fragile than expected, as tighter monetary policy combined with the end of fiscal stimulus slow demand and cause business and households to retrench. Output begins to contract at the start of 2020 thus bringing an end to the cycle whilst commodity prices and inflation fall. The Fed eases, but markets slump on fears of a wider global recession.	Deflationary: Weaker US growth drags global trade lower, hitting the eurozone, emerging markets and Japan particularly hard. Increased market volatility also hits demand through tighter financial conditions and weaker confidence and consequently global growth slows sharply. Monetary policy is eased significantly across both the DM and EM economies in 2020.	10%	-0.9%	-0.5%
7. Recession ex.US	The slowdown in Europe, China and Japan gathers momentum as contracting export growth undermines business confidence causing capital spending to contract. Firms retrench and unemployment rises hitting consumer spending. Commodity prices weaken and inflation falls.	Deflationary: Weaker growth drags global trade lower, hitting the US which is also affected by increased market volatility and tighter financial conditions . The USD is expected to strengthen putting added pressure on EM. Monetary policy is eased around the world.	7%	-1.0%	-0.6%
8. Other			0%	-	-

*Scenario probabilities are based on mutually exclusive scenarios. Please note the forecast warning at the back of the document.

Schroders Baseline Forecast

Real GDP

y/y%	Wt (%)	2018	2019		Prev.	Consensus	2020		Prev.	Consensus
World	100	3.2	2.8	↓	*(2.9)*	2.9	2.7	↑	*(2.5)*	2.8
Advanced*	61.4	2.2	1.8	↓	*(1.9)*	1.9	1.5	↑	*(1.3)*	1.6
US	26.5	2.8	2.4		*(2.4)*	2.5	1.6	↑	*(1.3)*	1.9
Eurozone	17.2	1.8	1.3	↓	*(1.6)*	1.3	1.4	↑	*(1.2)*	1.4
Germany	5.0	1.5	1.0	↓	*(1.4)*	1.2	1.4	↑	*(1.3)*	1.5
UK	3.6	1.4	1.1	↓	*(1.4)*	1.4	1.5		*(1.5)*	1.5
Japan	6.7	0.7	0.7	↓	*(1.0)*	1.0	0.4	↑	*(0.0)*	0.4
Total Emerging**	38.6	4.8	4.5		*(4.5)*	4.5	4.7	↑	*(4.5)*	4.6
BRICs	25.3	5.7	5.5		*(5.5)*	5.5	5.5	↑	*(5.4)*	5.5
China	16.7	6.6	6.3	↑	*(6.2)*	6.2	6.1	↑	*(6.0)*	6.1

Inflation CPI

y/y%	Wt (%)	2018	2019		Prev.	Consensus	2020		Prev.	Consensus
World	100	2.8	2.4	↓	*(2.9)*	2.5	2.5	↓	*(2.7)*	2.5
Advanced*	61.4	2.0	1.7	↓	*(2.0)*	1.6	1.9		*(1.9)*	1.8
US	26.5	2.4	1.9	↓	*(2.7)*	1.9	2.3	↓	*(2.4)*	2.2
Eurozone	17.2	1.7	1.7	↑	*(1.6)*	1.4	1.5		*(1.5)*	1.5
Germany	5.0	1.8	1.8		*(1.8)*	1.7	1.7		*(1.7)*	1.7
UK	3.6	2.5	1.8		*(1.8)*	2.0	2.4	↑	*(2.1)*	2.1
Japan	6.7	1.0	0.5		*(0.5)*	0.8	1.0	↓	*(1.1)*	1.2
Total Emerging**	38.6	4.1	3.7	↓	*(4.2)*	3.8	3.5	↓	*(4.0)*	3.5
BRICs	25.3	2.6	2.6	↓	*(3.3)*	2.8	2.8	↓	*(3.0)*	2.8
China	16.7	2.1	2.0	↓	*(2.6)*	2.2	2.2	↓	*(2.4)*	2.2

Interest rates

% (Month of Dec)	Current	2018	2019		Prev.	Market	2020		Prev.	Market
US	2.50	2.50	2.75	↓	*(3.00)*	2.65	2.25	↓	*(2.50)*	2.48
UK	0.75	0.75	1.00	↓	*(1.25)*	0.95	1.50	↓	*(1.75)*	1.08
Eurozone (Refi)	0.00	0.00	0.25	↓	*(0.50)*	-0.27	0.75	↓	*(1.00)*	-0.10
Eurozone (Depo)	-0.40	-0.40	-0.20		*(0.00)*		0.25	↓	*(0.50)*	
Japan	-0.10	-0.10	-0.10		*(-0.10)*	0.03	0.00		*(0.00)*	0.03
China	4.35	4.35	4.00		*(4.00)*	-	3.50		*(3.50)*	-

Other monetary policy

(Over year or by Dec)	Current	2018	2019		Prev.	Y/Y(%)	2020		Prev.	Y/Y(%)
US QE ($Tn)	4.1	4.0	3.5	↑	*(3.4)*	-12.5%	3.4	↑	*(3.1)*	-2.9%
EZ QE (€Tn)	2.4	2.4	2.4		*(2.4)*	0.0%	2.4		*(2.4)*	0.0%
UK QE (£Bn)	435	435	445		*(445)*	2.3%	445		*(445)*	0.0%
JP QE (¥Tn)	552	552	575	↑	*(572)*	4.1%	595	↑	*(592)*	3.5%
China RRR (%)	14.50	14.50	12.00		*12.00*	-	10.00	↓	*11.00*	-

Key variables

FX (Month of Dec)	Current	2018	2019		Prev.	Y/Y(%)	2020		Prev.	Y/Y(%)
USD/GBP	1.30	1.27	1.42		*(1.42)*	11.5	1.38		*(1.38)*	-2.8
USD/EUR	1.13	1.14	1.17	↓	*(1.21)*	2.3	1.20	↓	*(1.25)*	2.6
JPY/USD	110.6	109.7	110		*(110)*	0.3	108		*(108)*	-1.8
GBP/EUR	0.87	0.90	0.82	↓	*(0.85)*	-8.2	0.87	↓	*(0.91)*	5.5
RMB/USD	6.77	6.87	6.85	↓	*(7.20)*	-0.2	7.00	↓	*(7.40)*	2.2
Commodities (over year)										
Brent Crude	66.1	71.6	62.7	↓	*(71.7)*	-12.4	62.3	↓	*(68.1)*	-0.7

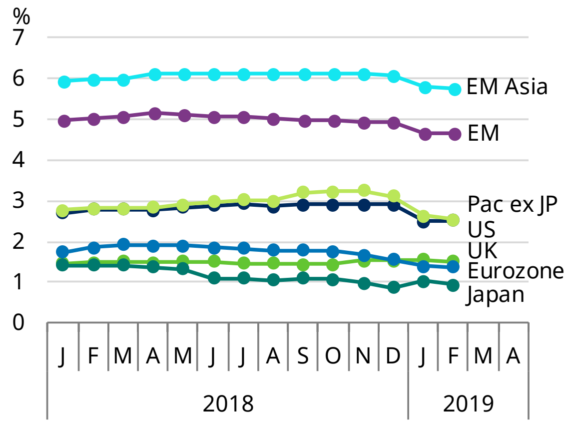
Source: Schroders, Thomson Datastream, Consensus Economics, February 2019
Consensus inflation numbers for Emerging Markets is for end of period, and is not directly comparable.
Market data as at 19/02/2019
Previous forecast refers to November 2018
* **Advanced markets:** Australia, Canada, Denmark, Euro area, Israel, Japan, New Zealand, Singapore, Sweden, Switzerland, United Kingdom, United States.
** **Emerging markets**: Argentina, Brazil, Chile, Colombia, Mexico, Peru, China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, South Africa, Russia, Czech Rep., Hungary, Poland, Romania, Turkey, Ukraine, Bulgaria, Croatia, Latvia, Lithuania.

Updated forecast charts – Consensus Economics

For the EM, EM Asia and Pacific ex Japan, growth and inflation forecasts are GDP weighted and calculated using Consensus Economics forecasts of individual countries.

Chart A: GDP consensus forecasts

2019



2020

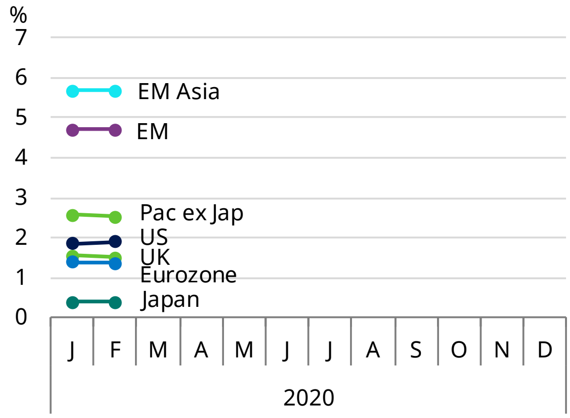
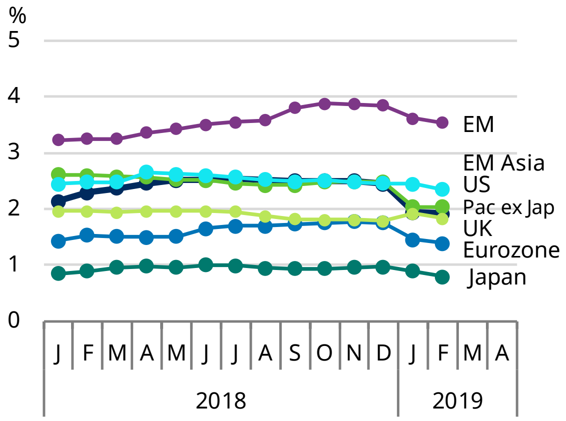
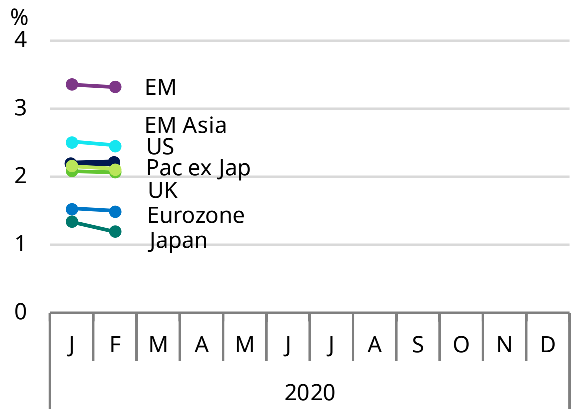


Chart B: Inflation consensus forecasts

2019



2020



Source: Consensus Economics (February 2019), Schroders Economics Group
Pacific ex. Japan: Australia, Hong Kong, New Zealand, Singapore.
Emerging Asia: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand.
Emerging markets: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Argentina, Brazil, Colombia, Chile, Mexico, Peru, South Africa, Czech Republic, Hungary, Poland, Romania, Russia, Turkey, Ukraine, Bulgaria, Croatia, Estonia, Latvia, Lithuania.

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