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GLOBAL ECONOMIC PROJECTIONS

The first consolidated figures on the world's economy - divulged in these months of the first semester 2011 – showed a dividing point among key countries. This dividing point can be seen in the IMF's (International Monetary Fund) projections for 2011 and 2012 regarding GDP (Gross Domestic Product) for the majority of economies. The x-ray extracted from the IMF's figures showed a major shift in global growth – from rich nations to emerging markets -, with BRIC countries (Brazil, Russia, India and China), being the main drivers of global growth.

According to the IMF, global GDP shall grow approximately 4.5% in 2011 and ca. 4.1% in 2012. On the 'lower growth' end, we see economies like Spain (0.8% - 2011 and 1.6% - 2012) and Italy (1.1% - 2011 and 1.3% - 2012), while on the opposite side (higher GDP growth), we see China (9.6% - 2011 and 9.5% - 2012) and Brazil (4.5% - 2011 and 4.1% - 2012).

For the world's largest economy, United States, the IMF projects that the country will grow 2.8% in 2011 and 2.9% in 2012, which rates surpass those of the European Union, of 1.6% and 1.8%, respectively. Such result reflects the weakening of Europe's economy, hampered by high public indebtedness.

Undermined by a global demand suppression, the industrial sector is showing moderate recovery. When comparing the first quarter of 2011 against the same period in 2010, industrial production grew 6% in the Euro region, a rate similar to the 5% registered in the United States.

Brazil's industry did not excel and posted a 2% growth rate. The sector was negatively affected by the Central Bank's macro-prudential measures and high currency exchange rate. In Japan, in addition to losing its status of biggest exporter worldwide to China, the country posted a 1% decrease in industrial production for the first quarter.

However, in the monthly analysis (February-March 2011), the drop amounted to 15.5%, which was due exclusively to the earthquake that damaged part of

the industries of its main sectors, like automobiles.

The unemployment rate, which is important in determining the dynamics of consumption, continues high in the European Union (9.9%). One of the reasons behind this high rate is the slow recovery in industrial production, without taking into account the fiscal crisis risk in some member countries. In the United States, the unemployment rate continues being one of the highest in history, near 9.0%, while the urban unemployment rate in China amounted to 4.1%.

Accumulated inflation for the last 12 months is on the rise in the United States (3.2%) and the European Union (2.8%) and the worrying factor when looking at the reasons is that this high is being driven exclusively by an increase in commodity prices, rather than domestic consumption, which continues weak.

The end of the first half of 2011 offers signs of how the global economy will behave over the next few months and underscores the fragility of developed economies with their disappointing economic indicators.

Lastly, IMF projections point to a stable 2012 with little consistency, which leads us to believe that the risk of a new crisis still exists. ■

Graph – IMF Projections

