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2010 年中国铁矿石会议

Conference

Meeting steel demand and raw materials challenges

The Global Economy and China

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The views expressed in this presentation are those of the author and should not be attributed to the IMF, its Executive Board, or its management.

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The Global Economy

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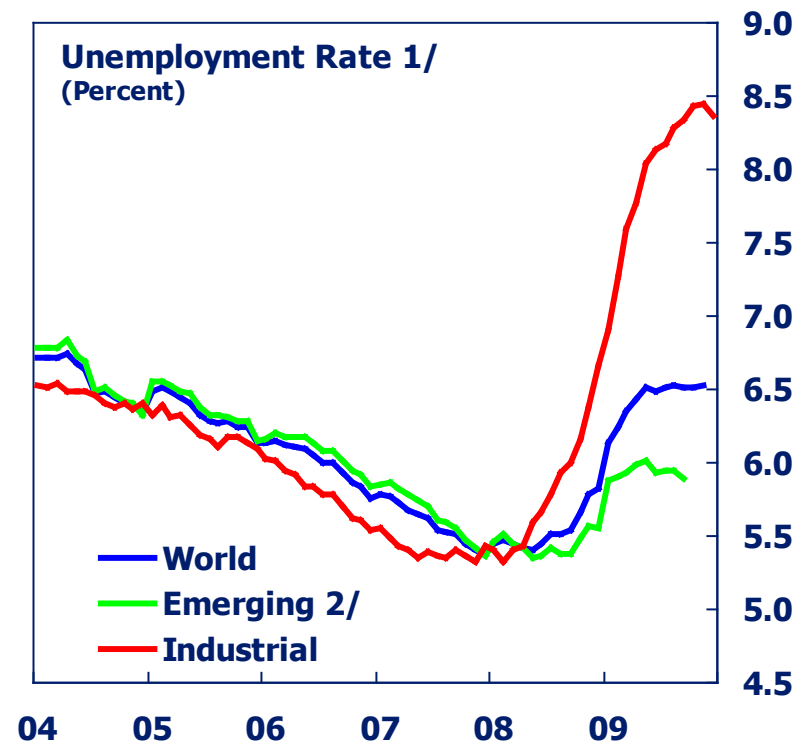
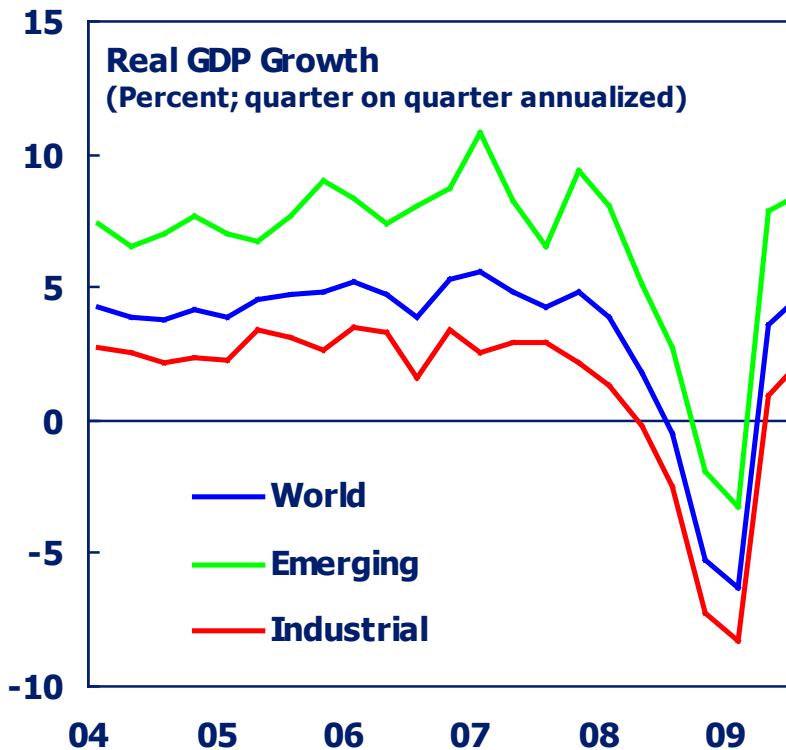
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Across the globe, growth is returning and unemployment has stopped rising...



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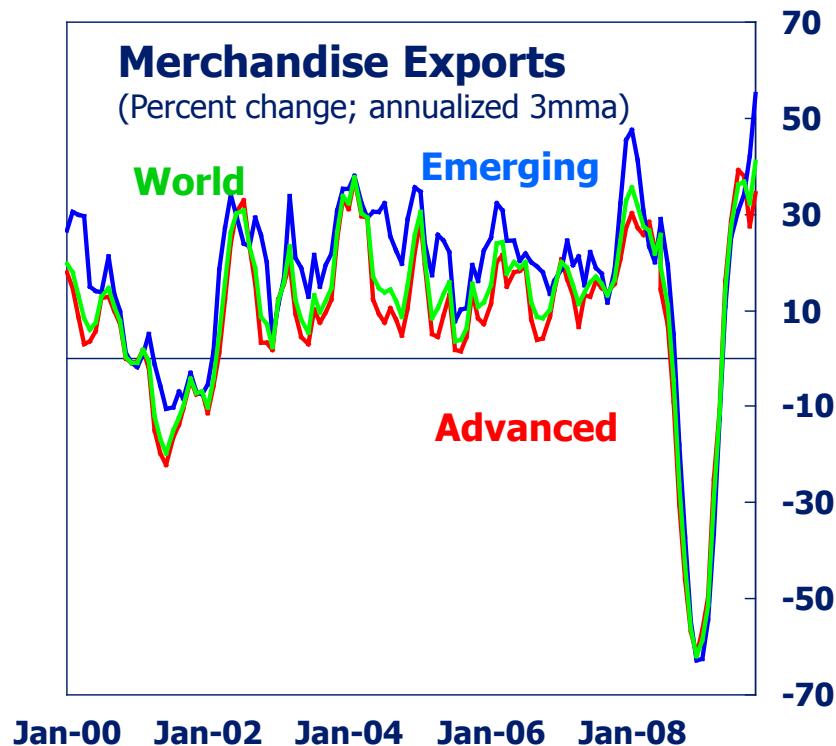
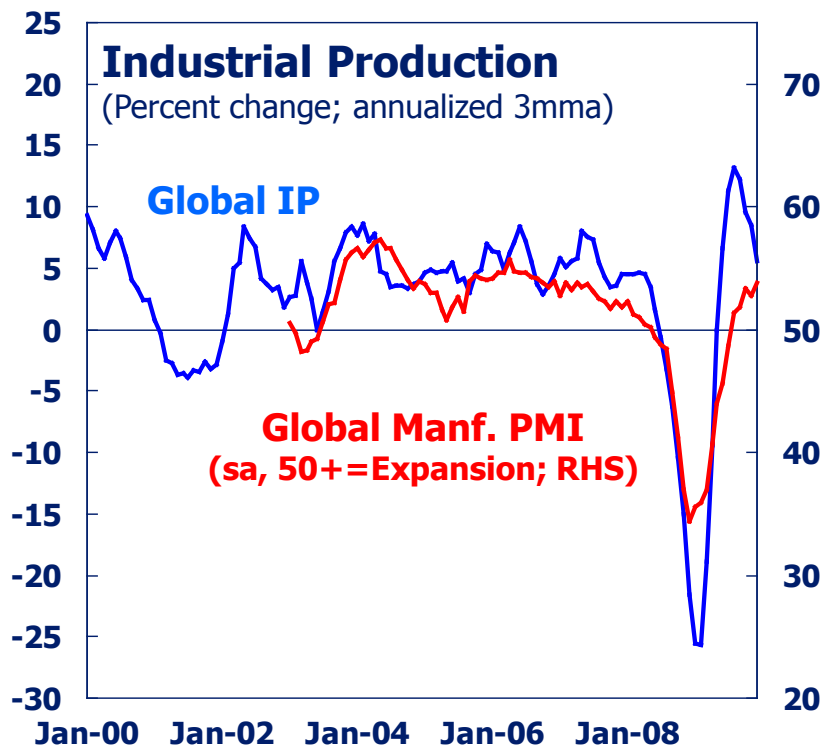
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...with production and trade seeing a recovery since bottoming out in late 2009.



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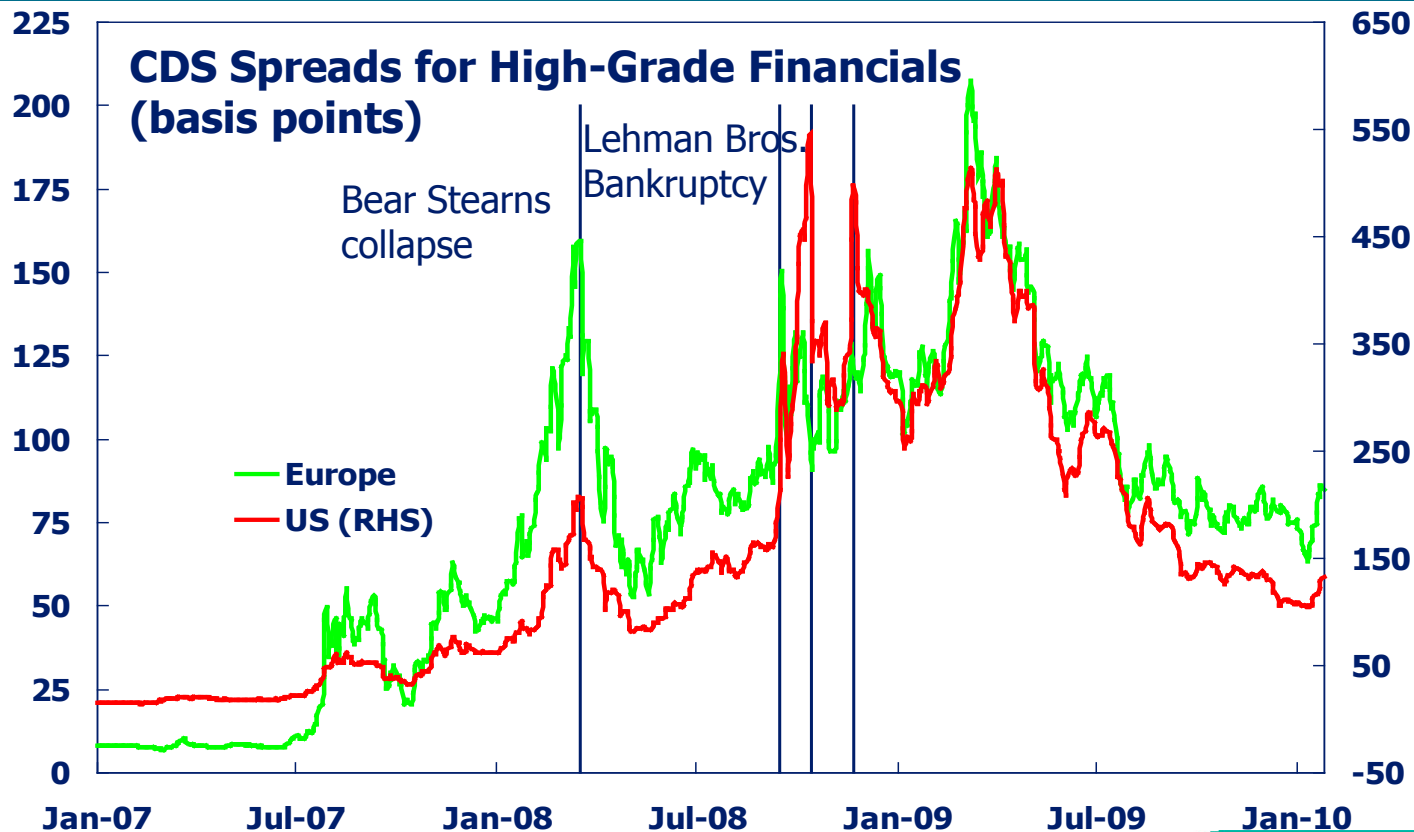
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Systemic risks have eased largely in response to forceful policy efforts.



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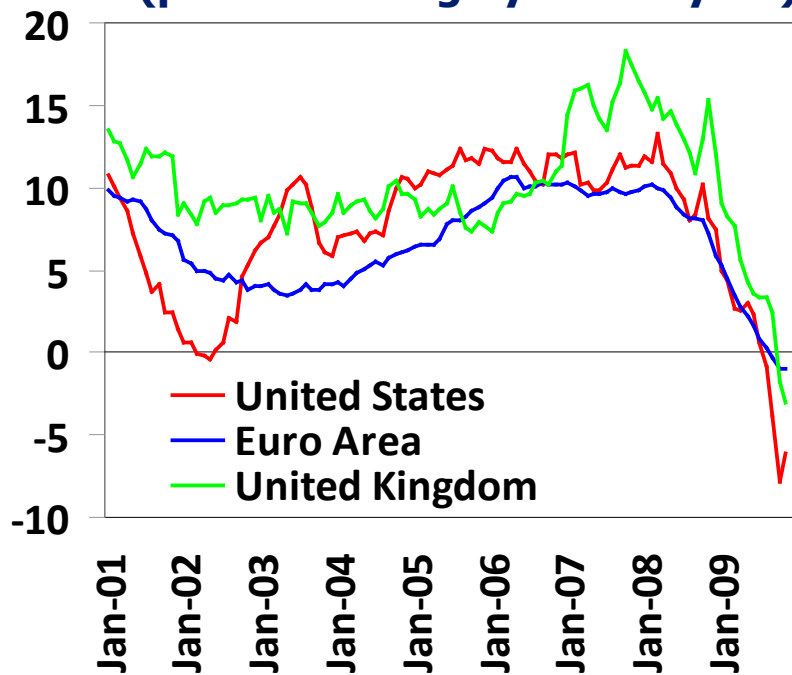
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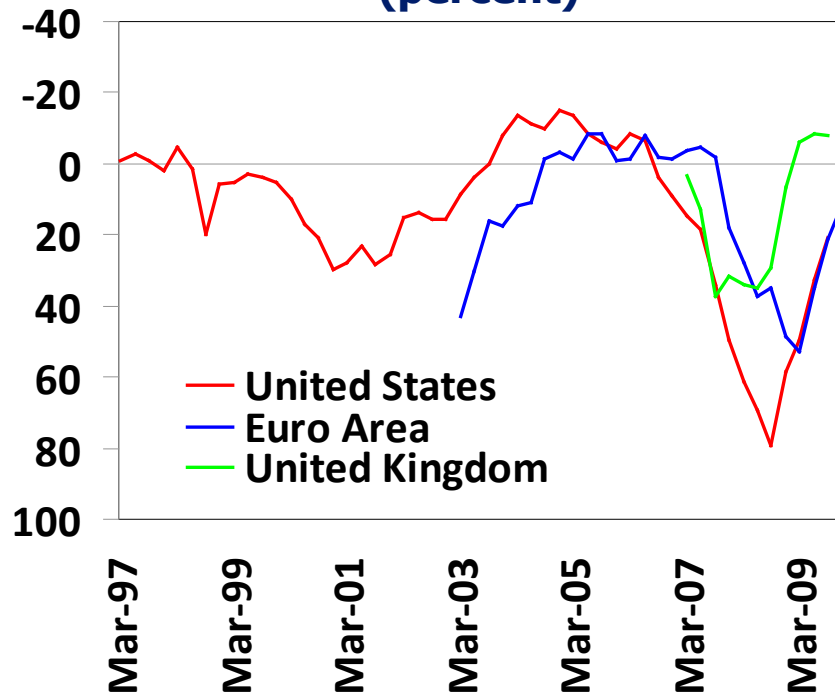


While bank credit remains weak...

**Bank Credit to Private Sector
(percent change year-on-year)**



**Bank Lending Surveys
(percent)**



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...inflows to EM are strong.

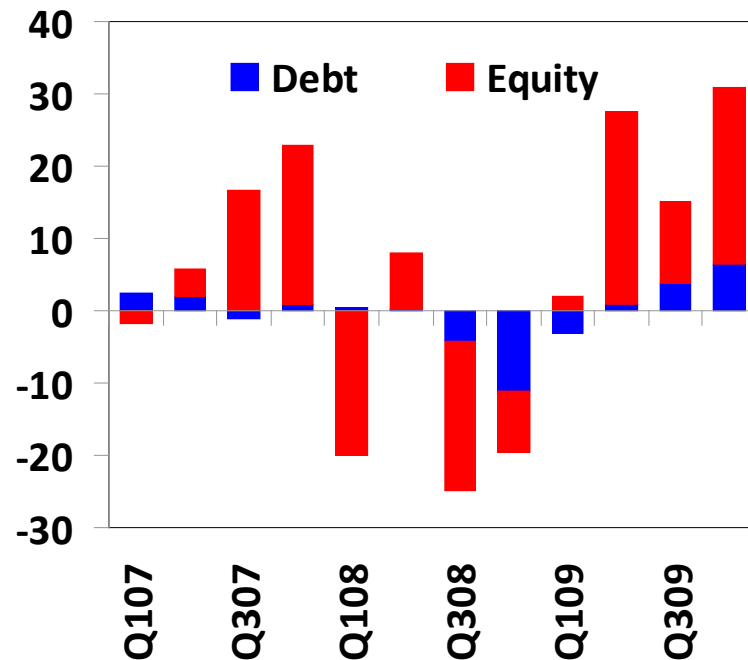
■ Push Factors

- Return of risk appetite
- Low G-4 interest rates, though little evidence of leverage

■ Pull Factors

- Better growth prospects, particularly in Asia
- Expectations of currency appreciation

Net Flows into Dedicated EM Funds
(billions of US dollars)



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The Global Economy is Set to Expand.

	2010		2011	
	World Economic Outlook	Consensus Forecasts 1/	World Economic Outlook	Consensus Forecasts 1/
World	3.9	4.0	4.3	4.2
Advanced Economies	2.1	...	2.4	...
United States	2.7	2.9	2.4	3.1
Euro area	1.0	1.3	1.6	1.6
Japan	1.7	1.3	2.2	1.5
Emerging and Developing Economies	6.0	...	6.3	...
China	10.0	9.7	9.7	9.1
India	7.7	7.8	7.8	7.9
Brazil	4.7	5.4	3.7	4.5
Russia	3.6	4.1	3.4	4.5

1/ Consensus forecasts, Asia Pacific consensus forecasts (Jan. 11, 2010); Latin American consensus forecasts (Jan. 18, 2010); and Eastern European consensus forecasts (Jan. 18, 2010). India consensus forecast on fiscal year basis.

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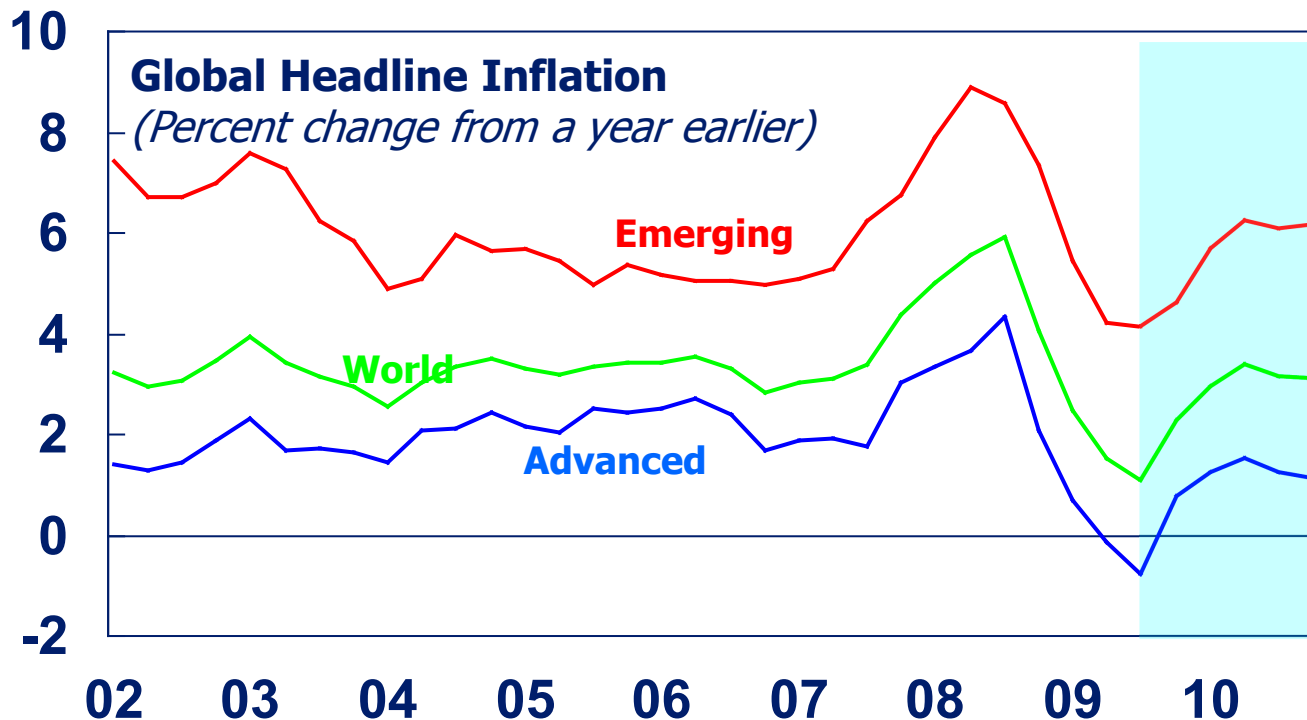
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Sluggish demand recovery and commodity prices should keep inflation in check.



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This is a multispeed world.

Most advanced economies and some emerging markets

- Slower growth
- Banks facing credit losses and funding challenges
- Only limited exit in 2010
- Systemic risks lower on transfer of risks to public balance sheets
- Expansion of sovereign debt an increasing concern

Most emerging markets and some advanced economies

- More solid growth
- Banks healthier
- Have already begun to tighten or expected to tighten soon
- Systemic risks lower as growth prospects improve
- Inflows and risk of asset price bubbles

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Outlook subject to risks in both directions.

■ Upside Risks:

- Stronger-than-expected improvement in financial market sentiment prompting a surge in capital flows, trade, and private demand.
- New policy initiatives and additional stimulus aimed at reducing unemployment.

■ Downside Risks:

- Premature and incoherent exit from supportive policies and a lack of progress in bank restructuring and recapitalization.
- Weak household spending due to impaired financial systems, weak housing markets, and rising unemployment.
- Rising fiscal sustainability concerns unsettle financial markets and raise borrowing costs.

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There are clear signs of recovery.

- The authorities acted early and decisively to counter the negative impact of the global financial crisis.
- The economy grew 8.7 percent in 2009.
- Inflation stood at -0.7 percent in 2009.

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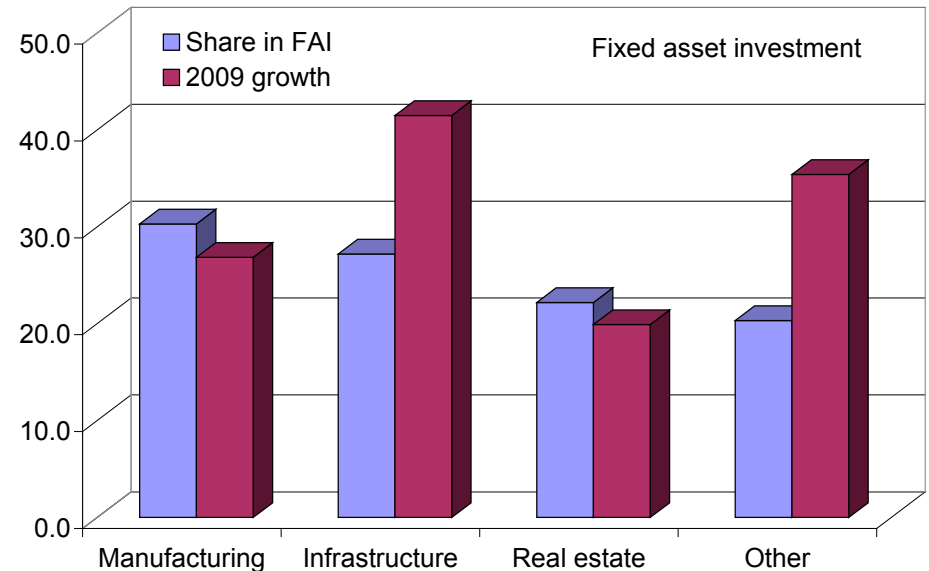
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Investment growth is strong.

- Real estate investment recovered. The government encourages more low-income housing.
- Infrastructure investment increased sharply and will remain at this high level in 2010.
- Manufacturing investment grew rapidly.



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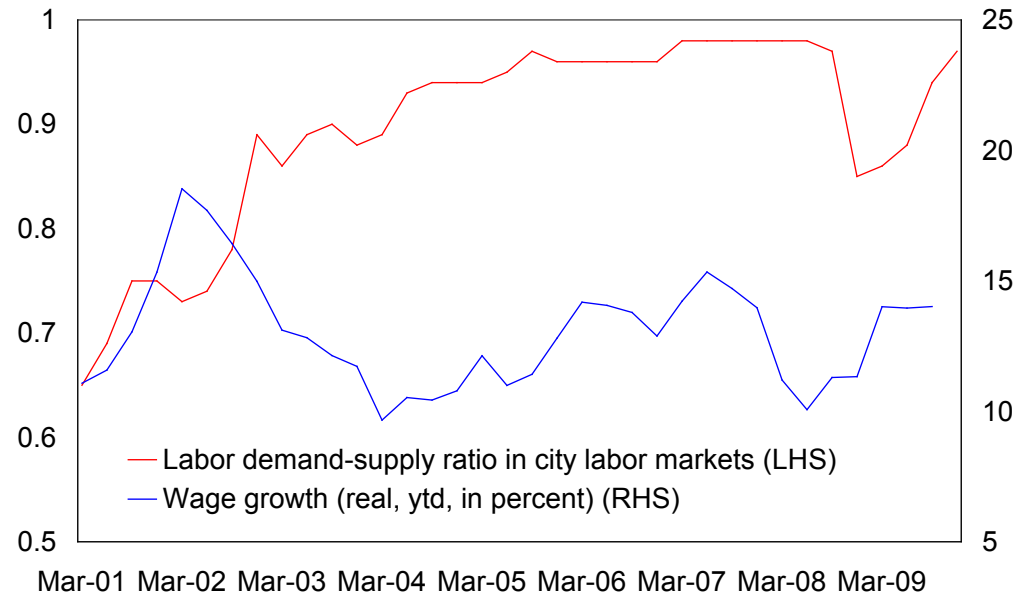
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Consumption growth is strong.

- Labor markets recovered.
- Wage growth is strong, reflecting rapid productivity growth.
- The government is taking important steps to boost consumption.



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GDP growth is expected to remain robust this year.

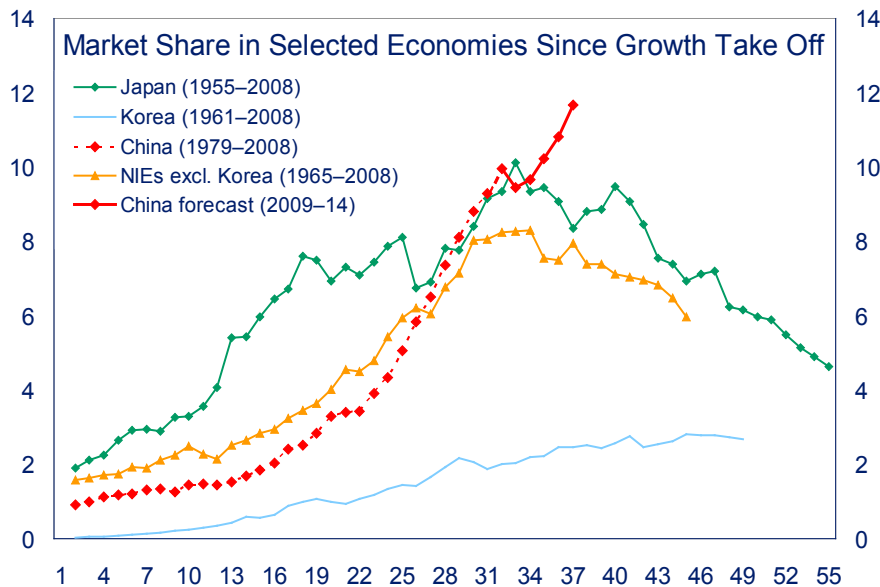
	2008	2009	2010
GDP	9.0	8.7	10.0
Contrib.			
C	4.1	4.6	...
I	4.1	8.0	...
NX	0.8	-3.9	...
Inflation	5.9	1.9	3.1

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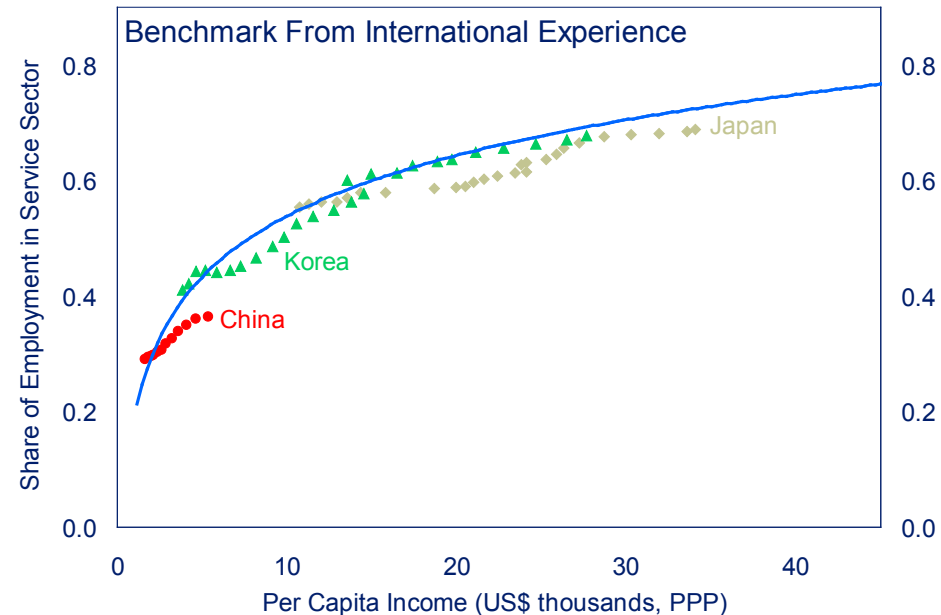
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Reorienting the economy toward consumption remains a key challenge.

There are limits to export growth.



Share of services needs to rise.



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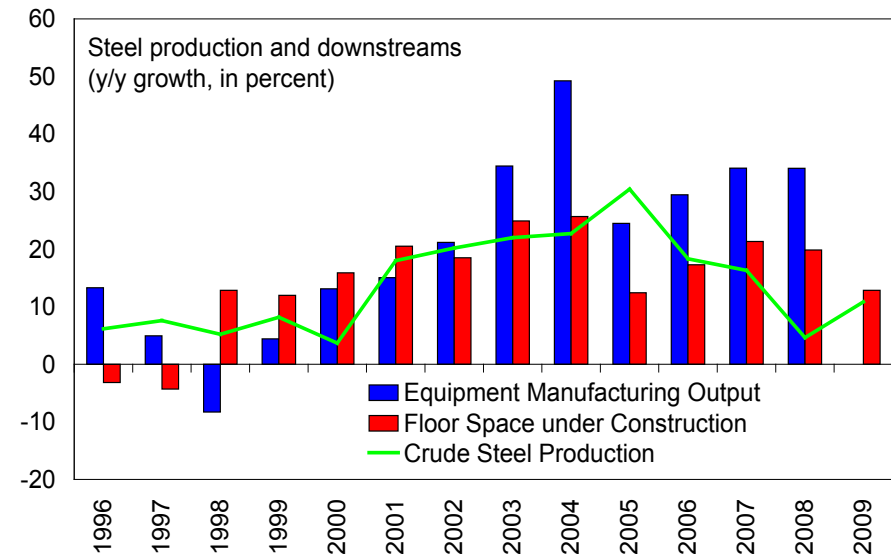
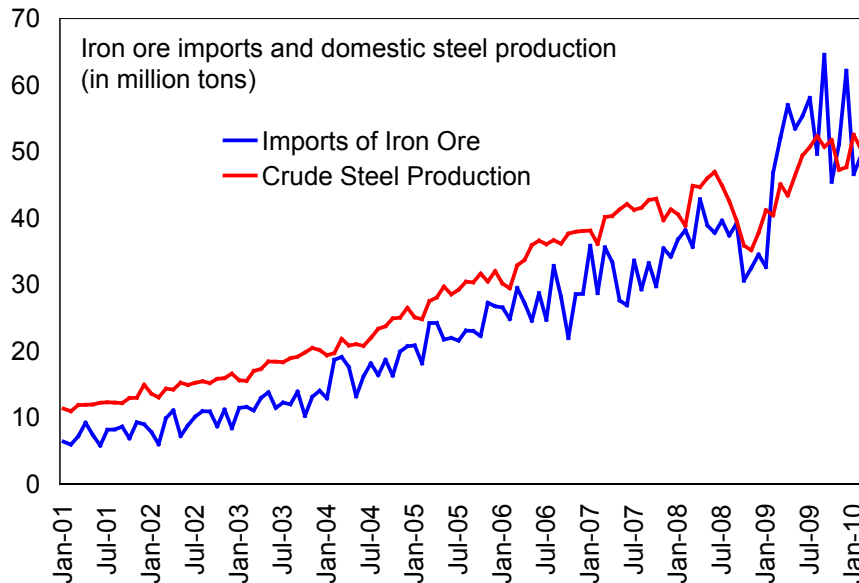
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What does this all mean for China's iron ore imports?



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Thank you.

