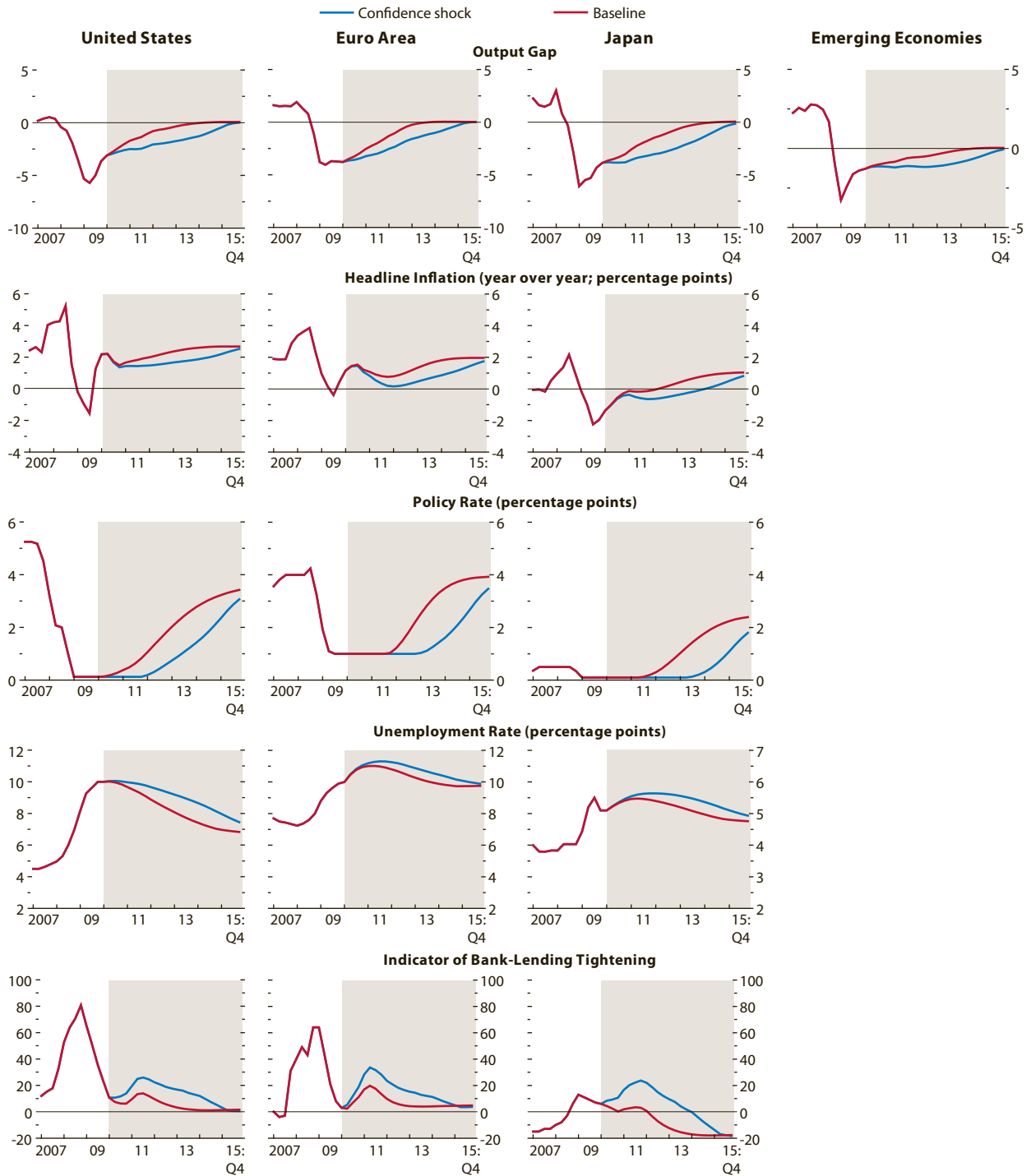


Figure 1.15. Downside Scenario: A Loss of Momentum

(All variables in levels unless noted otherwise; quarters on x-axis)

Significant downside risks to the growth outlook remain. The biggest risk is that confidence in the recovery will falter in advanced economies, resulting in lower demand, tighter credit conditions, and continued weakness in the labor market. A more protracted recovery in advanced economies will produce significant spillover effects in emerging economies through trade and financial channels.



Source: Global Projection Model simulations.