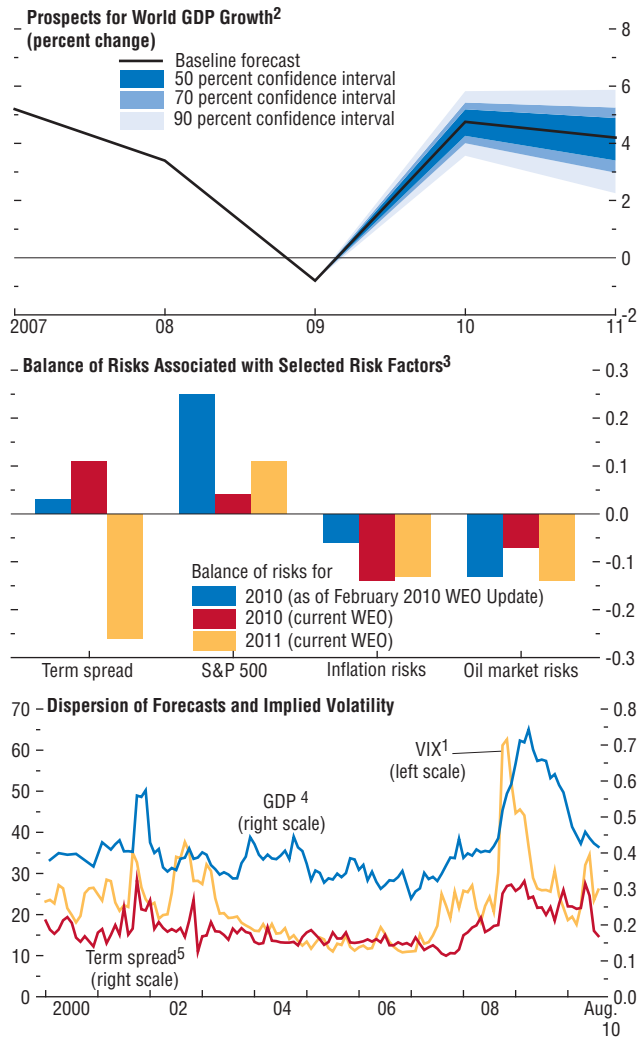


Figure 1.15. Risks to the Global Outlook

Risks to the growth projections are mainly to the downside. Financial and macroeconomic conditions are likely to remain unsettled for as long as the fundamental economic weaknesses persist and the required reforms remain a work in progress. The fan chart confirms that risks to activity are still high and to the downside in 2011. Risks as measured by the dispersion in analysts' forecasts for real GDP growth, oil prices, inflation, and the VIX¹ have moved up to varying degrees lately, although they remain appreciably lower than one year ago.



Sources: Bloomberg Financial Markets; Chicago Board Options Exchange; Consensus Economics; and IMF staff estimates.

¹VIX: Chicago Board Options Exchange Market Volatility Index, a measure of the implied volatility of options on the S&P 500 index.

²The fan chart shows the uncertainty around the *World Economic Outlook* (WEO) central forecast with 50, 70, and 90 percent probability intervals. As shown, the 70 percent confidence interval includes the 50 percent interval, and the 90 percent confidence interval includes the 50 and 70 percent intervals. See Appendix 1.2 in the April 2009 WEO for details.

³Bars depict the coefficient of skewness expressed in units of the underlying variables. The values for inflation risks and oil market risks are entered with the opposite sign since they represent downside risks to growth.

⁴The series measures the dispersion of GDP forecasts for the G7 economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States), Brazil, China, India, and Mexico.

⁵The series measures the dispersion of term spreads implicit in interest rate forecasts for Germany, Japan, the United Kingdom, and the United States.