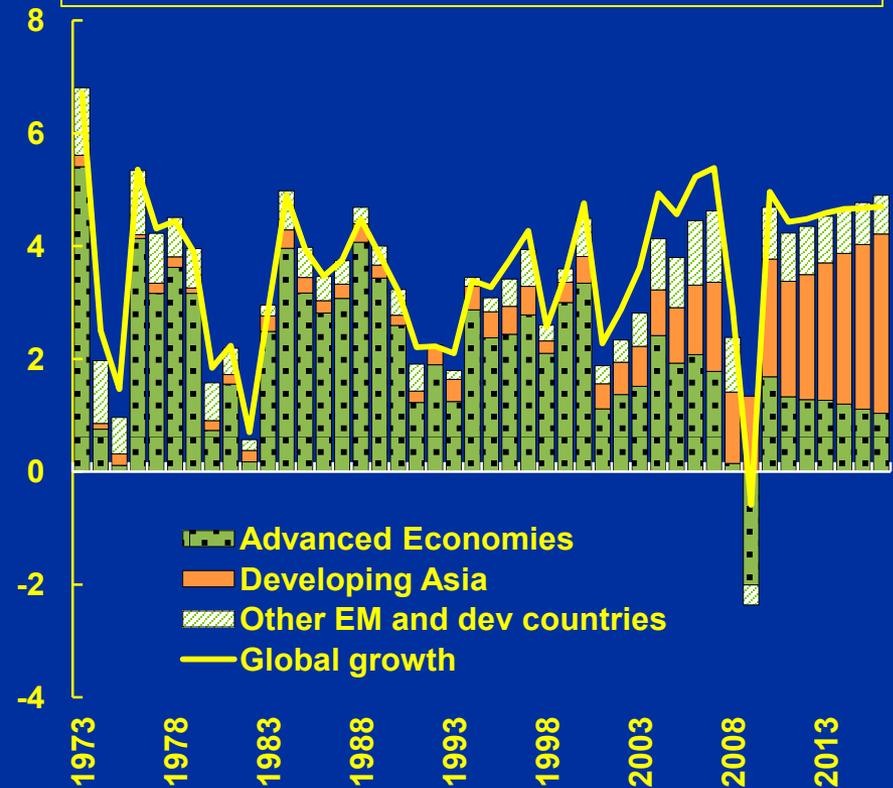


A multispeed, global recovery led by Asia should continue in 2011.

**World GDP Growth Projection
(Year-on-year, in percent)**

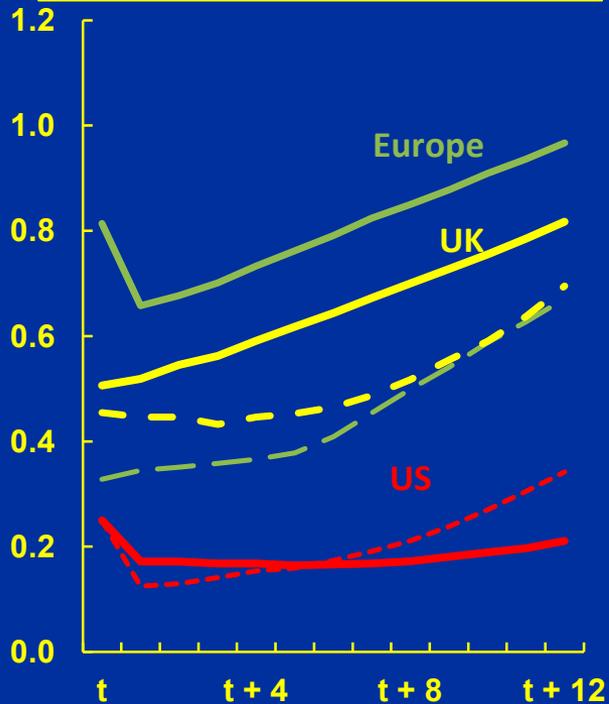
	2010	2011
World	5.0	4.5
Advanced economies	3.0	2.5
Emerging and Developing economies	7.2	6.6
Developing Asia	9.4	8.5

**Contributions to Global Growth
(In percentage points)**

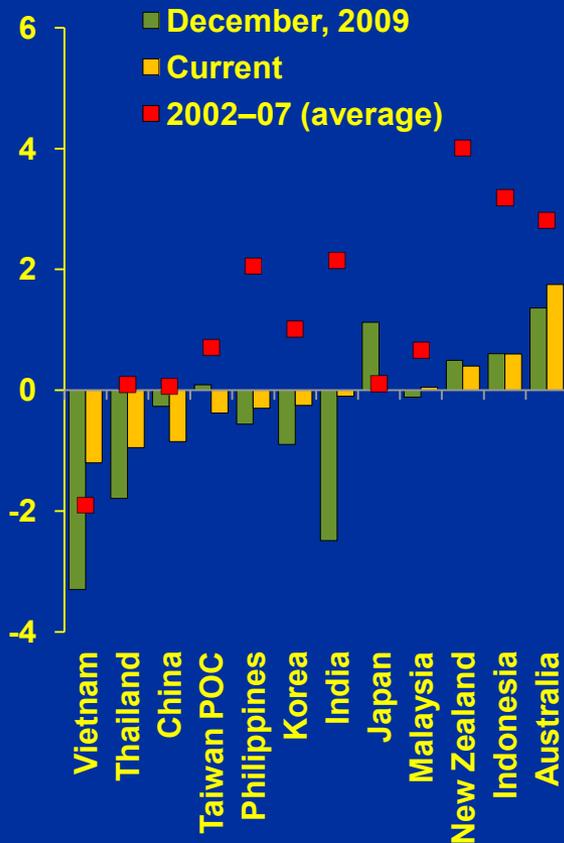


The monetary stance will remain easy in advanced economies but may need tightening elsewhere.

Short-term Interest Rate Expectations
(In percent)



Asia: Real Policy Rates
(In percent)



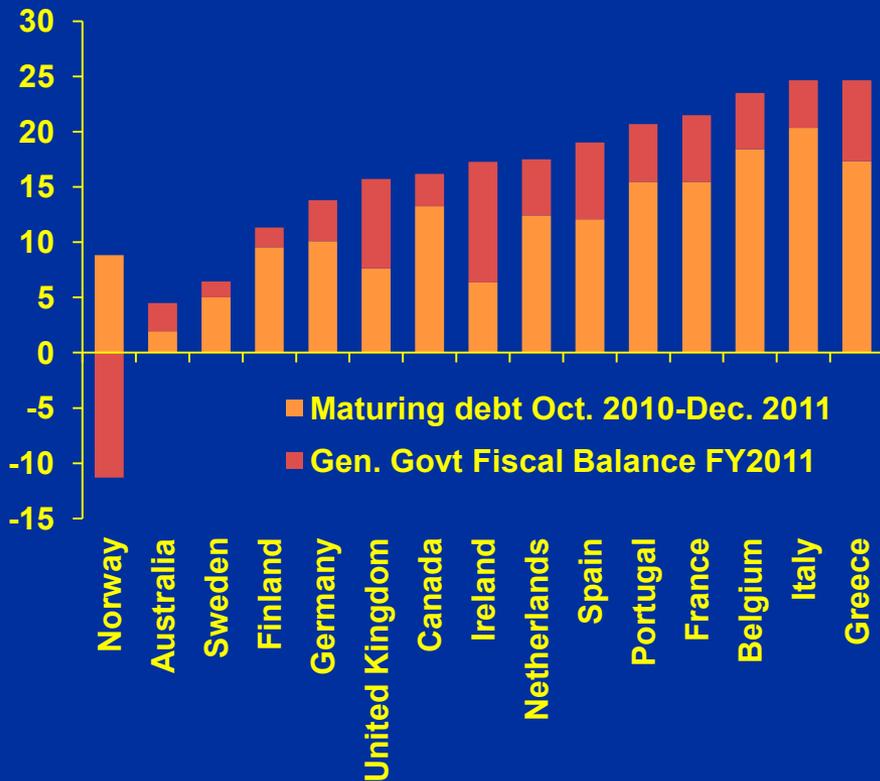
Asia: Estimated Output Gap Closing Dates



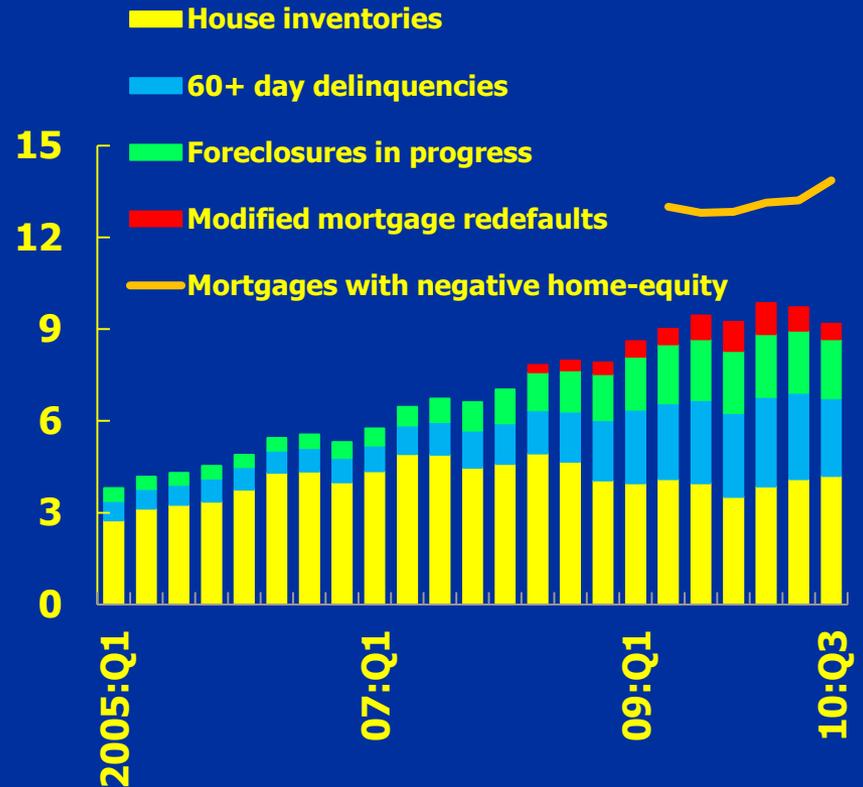
Note: Solid lines represent expectations as of January 2011, while dashed lines are expectations a year ago.

Downside risks in advanced economies continue to be elevated.

Sovereign Gross Funding Requirements
(percent of projected 2011 GDP)

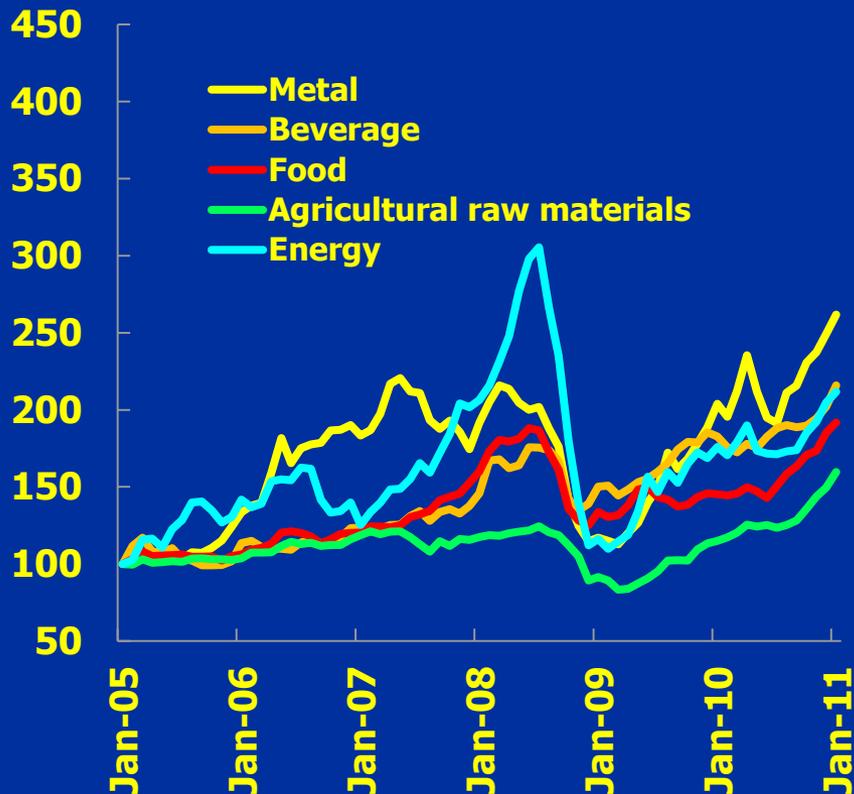


U. S. Housing Inventories and Foreclosures
(millions of units)

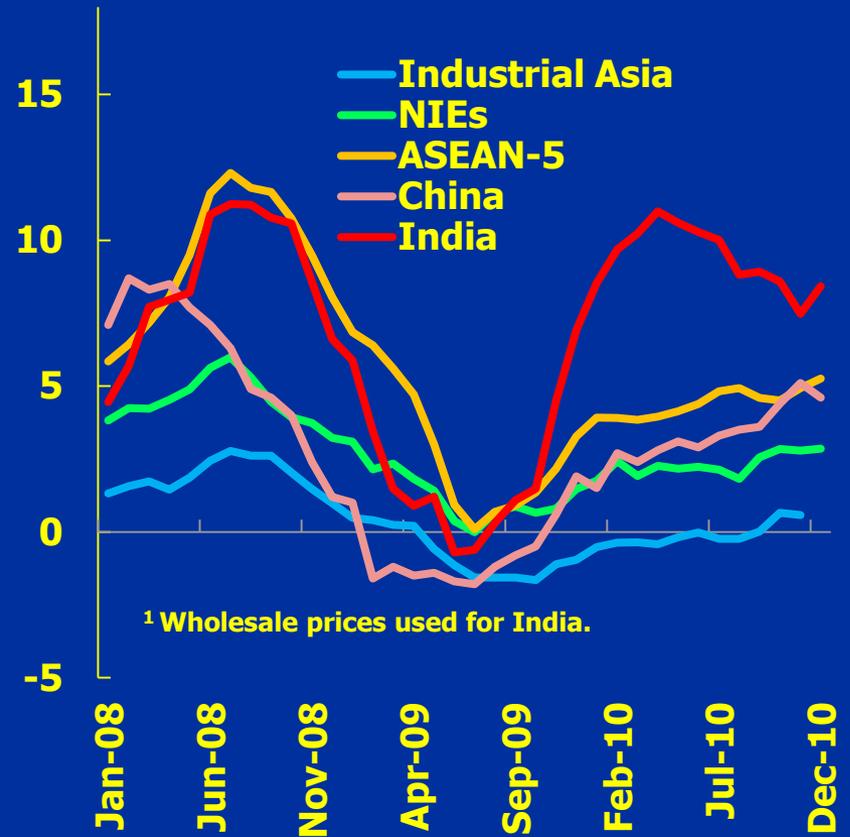


EMs, however, face overheating, with commodity prices contributing to inflation...

Selected Commodity Prices
(January 2005=100)

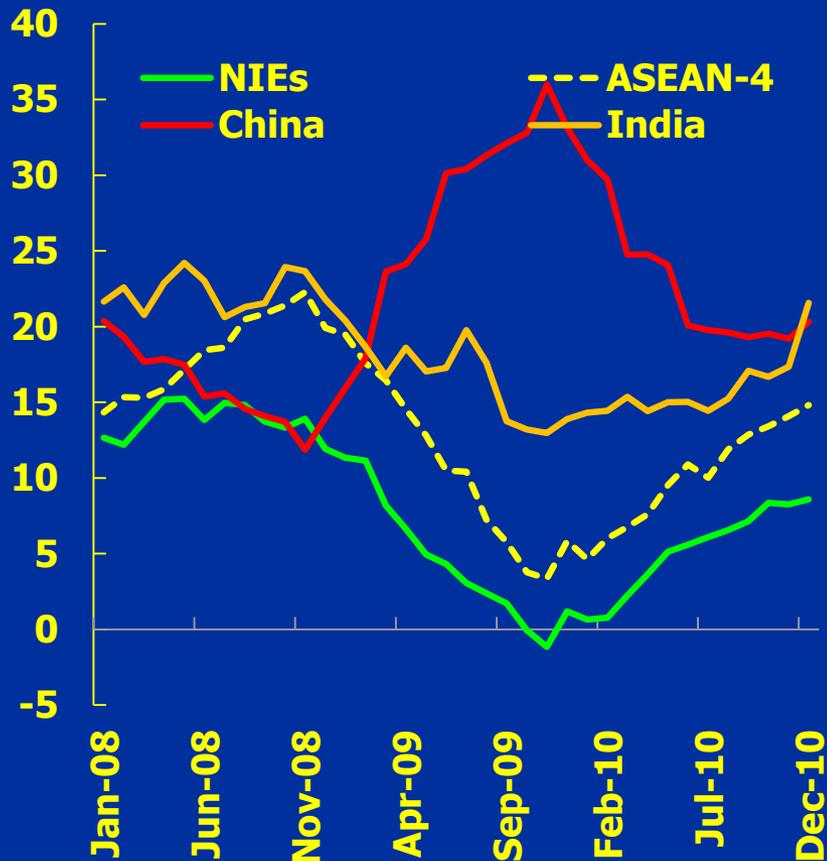


Asia: Headline CPI¹
(Year-on-year percent change)

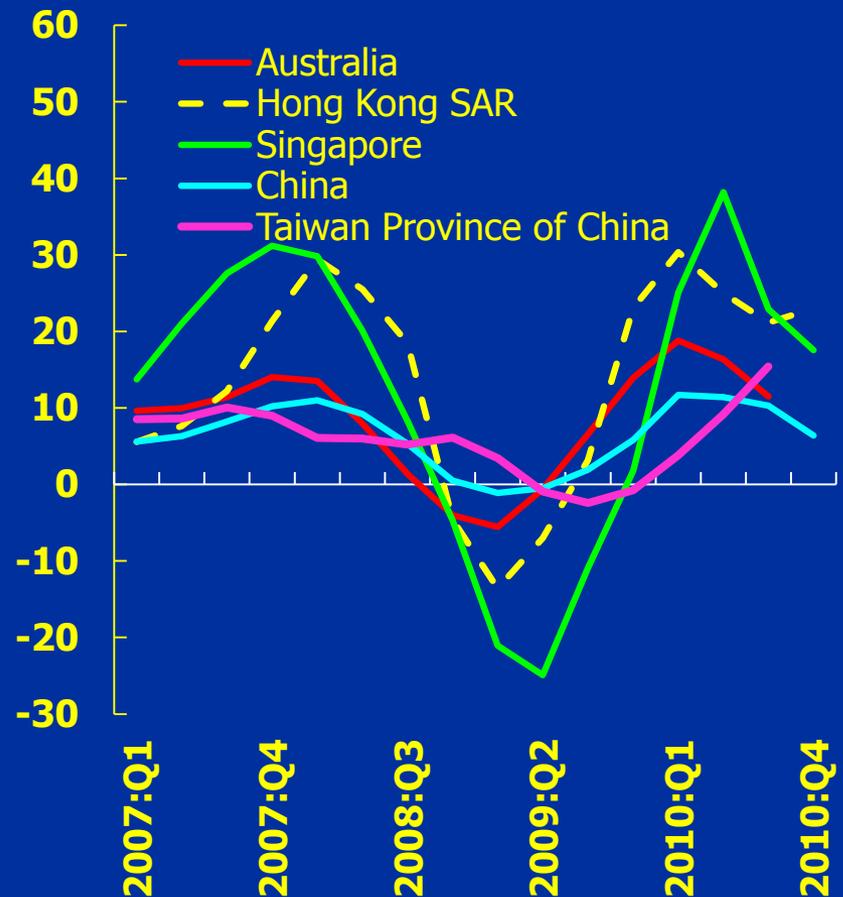


...credit growing and property prices rising...

Asia: Credit to Private Sector
(Year-on-year percent change)

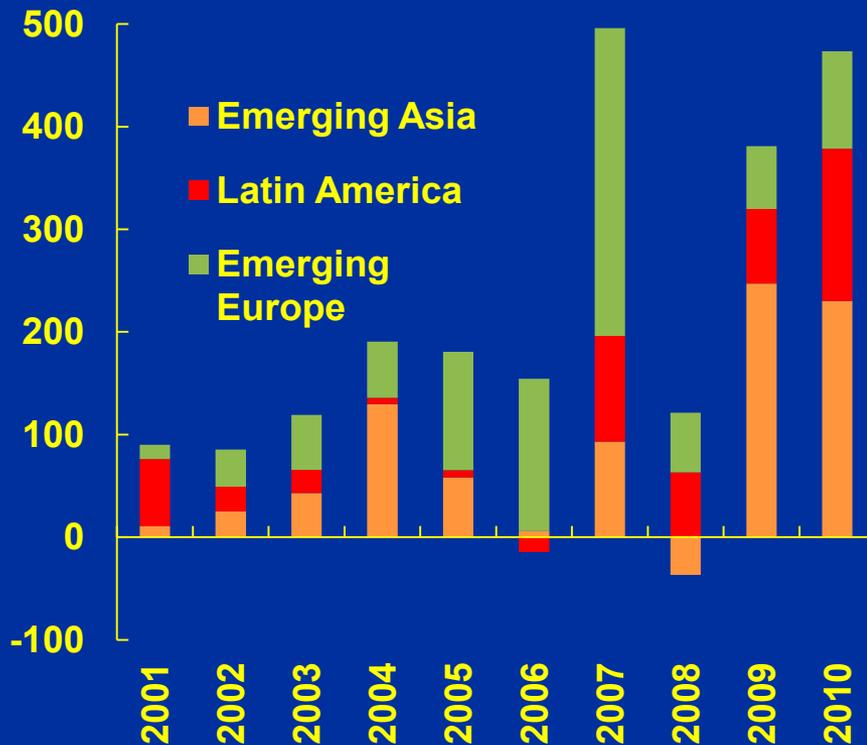


Selected Asia: Property Prices
(Year-on-year percent change)

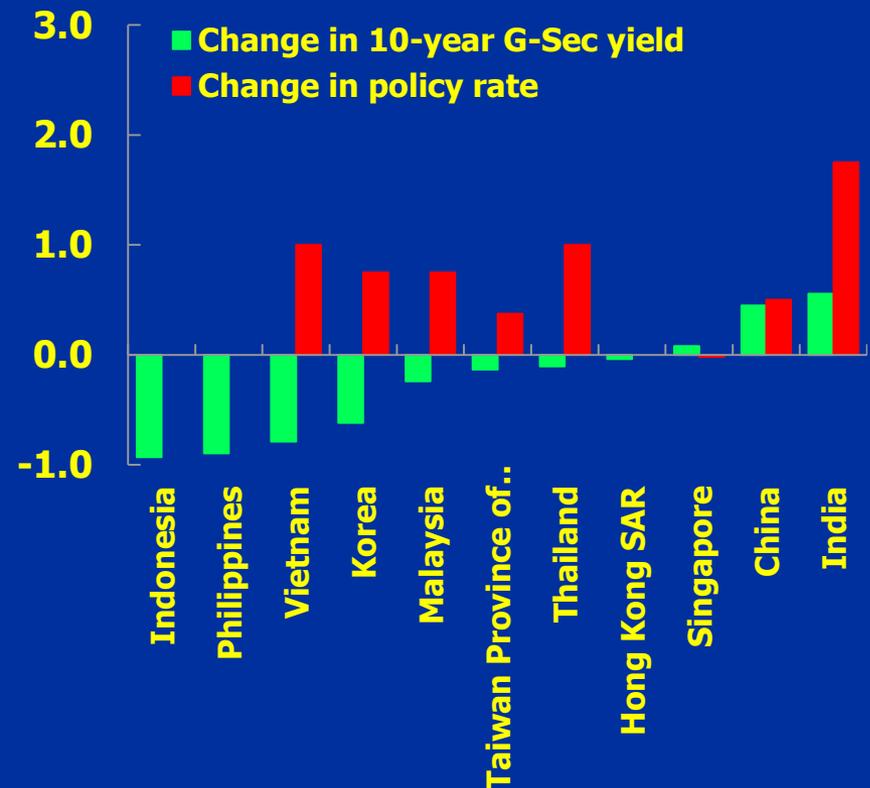


...and capital inflows continuing, complicating the transmission mechanism.

Emerging Markets: Net Capital Flows
(In billions of U.S. dollars)



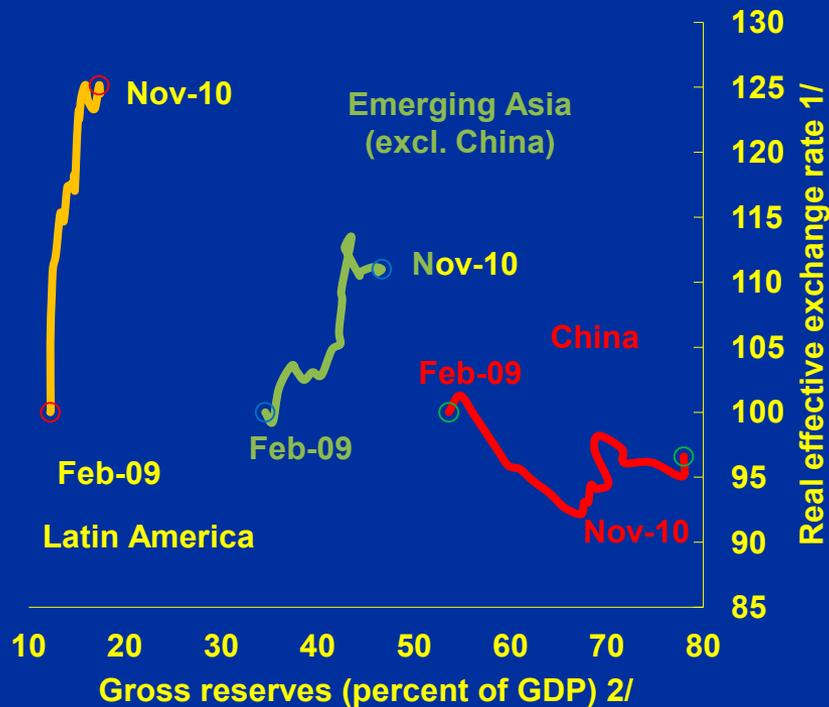
Emerging Asia: Change in Interest Rates
(over the last 12 months; in percentage points)



In Asia, capital inflow pressures have been absorbed mainly through sterilized reserve accumulation.

Emerging Asia and Latin America: Real Exchange Rates and Reserves

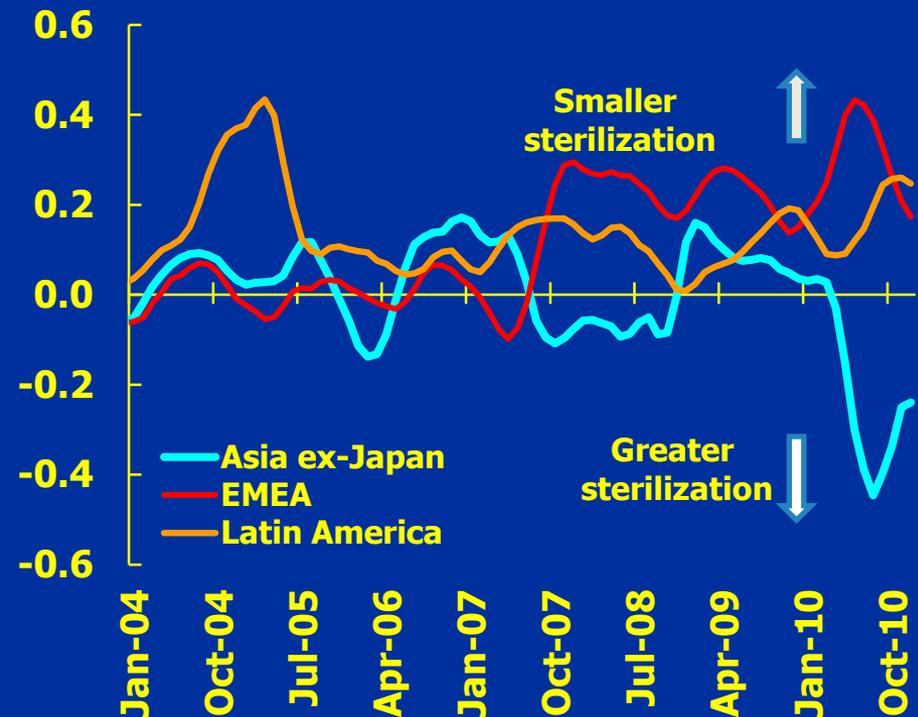
(Feb. 2009=100)



1/ Index Feb. 2009=100. Weighted average using market GDP.
 2/ Gross international reserves as a share of 2006–08 average GDP. Weighted average using market GDP.

Sensitivity of Money Supply to Central Bank Foreign Assets

(Slope coefficient)



Note: Slope of 1-year rolling regression of year-on-year changes in M2 on those in central bank net foreign assets. Showing 3-month moving average. See Annex 1.3 of the October 2007 *World Economic Outlook* for the underlying model. EMEA includes Europe, the Middle East, and Africa.

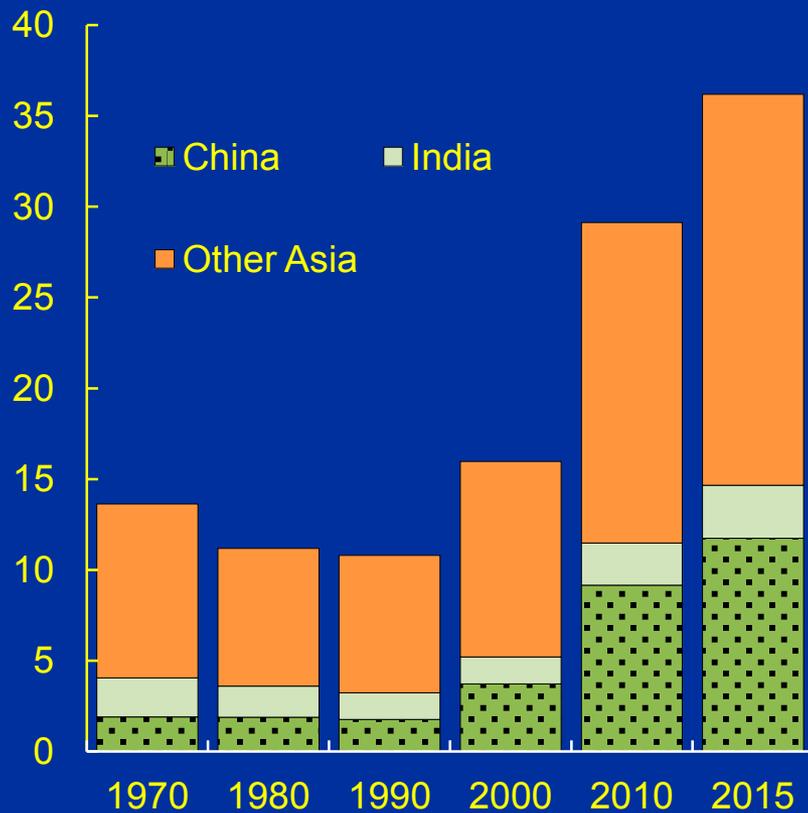
Many EMs have also tried macroprudential measures to limit vulnerabilities and curb speculation.

Asia and Other EMs: Recent Macro-Prudential Measures

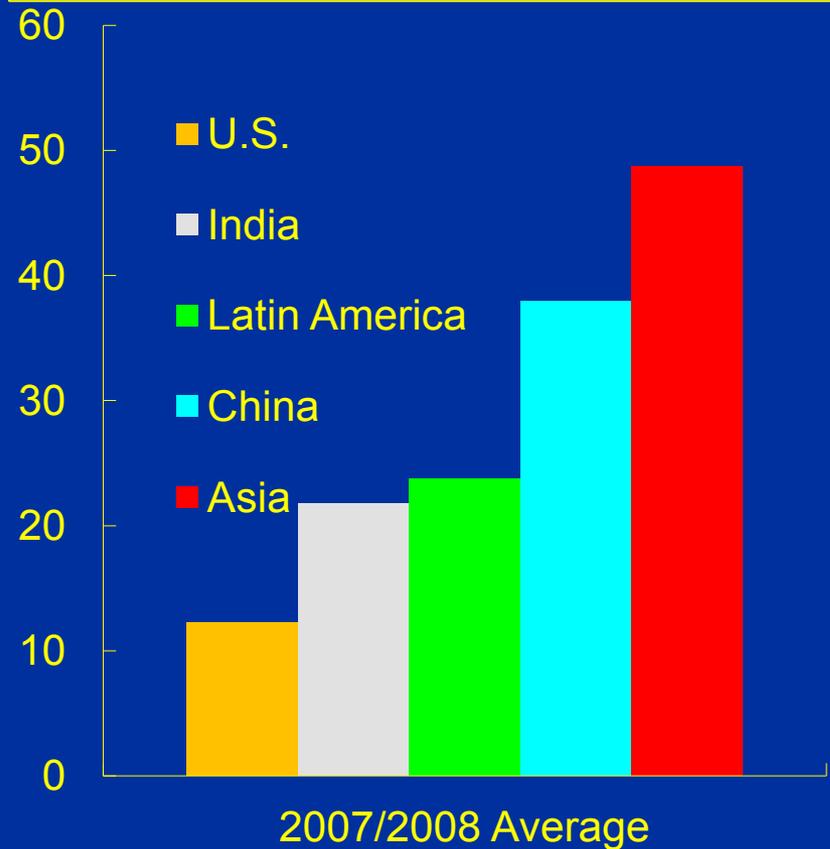
Measures	Example
Tighter ceilings on L-T-V ratios	China, Hong Kong SAR, Singapore, Peru, Turkey
Higher stamp duties on resale of properties	China, Hong Kong SAR, Singapore
Reserve requirements on non-resident deposits, and on FX deposits	Indonesia, Peru
Limits on ratio of banks FX loans and securities to FX borrowing	Korea
Tax on equity and bond inflows	Brazil
Withholding tax on foreigners' bond purchases	Korea
Withholding tax on state bonds	Thailand
Minimum holding period on investment in CB bills	Indonesia

Asia is on the rise, but it is still dependent on exports and vulnerable to shifts in external demand.

Asia's Share of World GDP
(In percent)



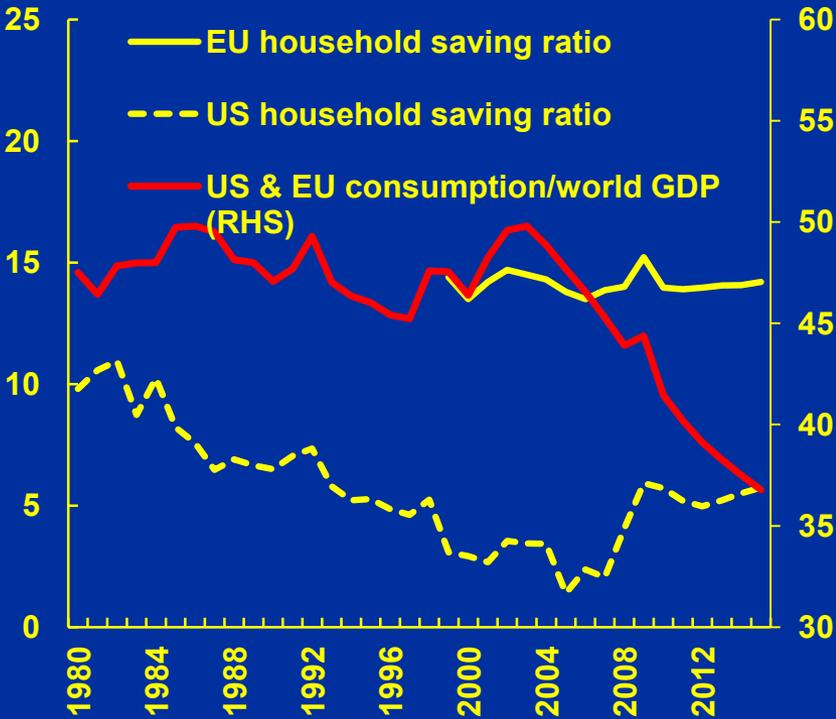
Exports of Goods and Services
(In percent of GDP)



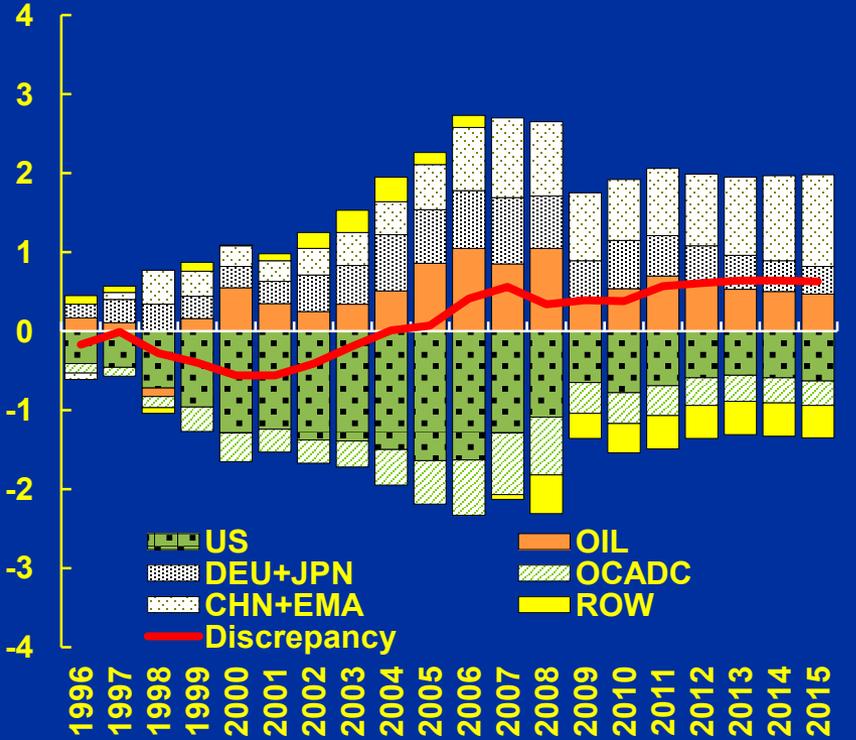
* Other Asia includes industrial Asia, ASEAN-5 and other developing Asia.

With the Western consumer now retrenching, there is a need for global rebalancing...

**US and EU Consumption
(In percent of World's GDP)**



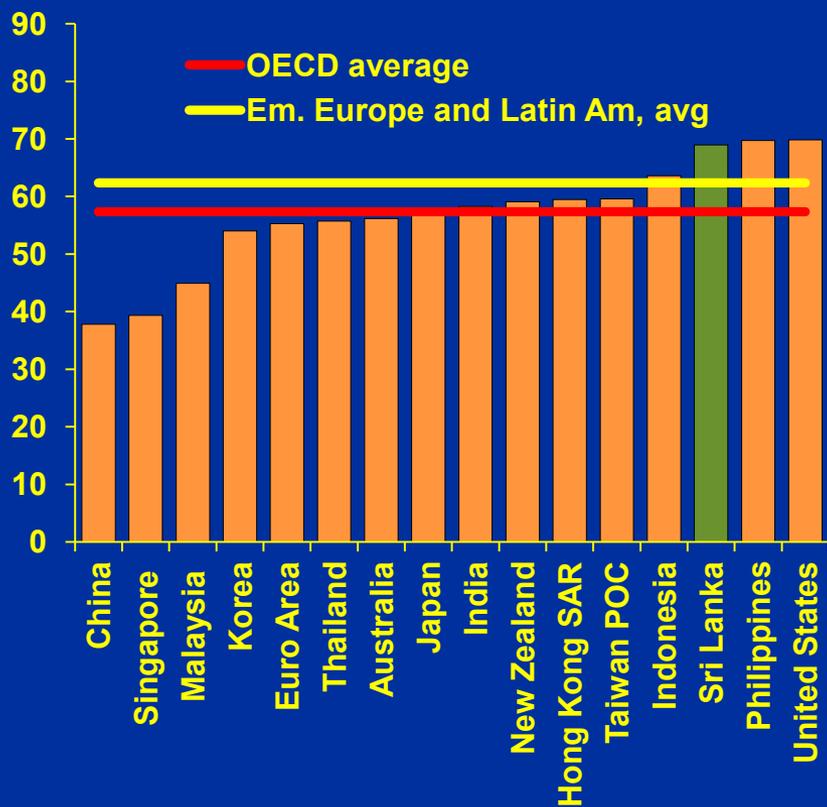
**Global Imbalances 1/
(In percent of World GDP)**



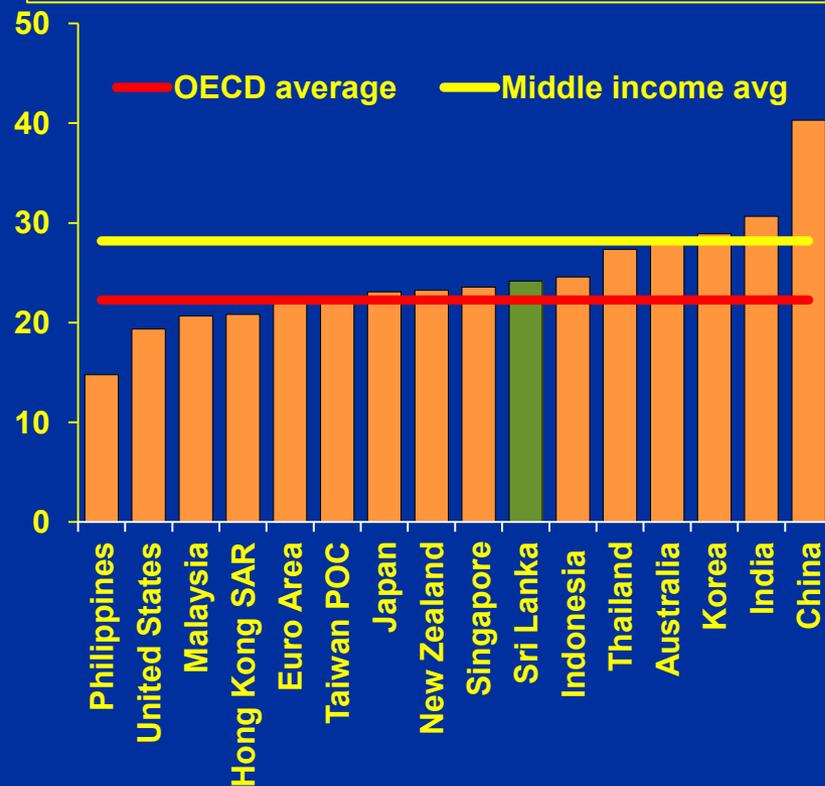
1/ CHN+EMA: China, Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, and Thailand; DEU+JPN: Germany and Japan; OCADC: Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Turkey, and United Kingdom; OIL: Oil exporters; ROW: rest of the world; US: United States.

...which could imply higher consumption and/or investment in many Asian countries.

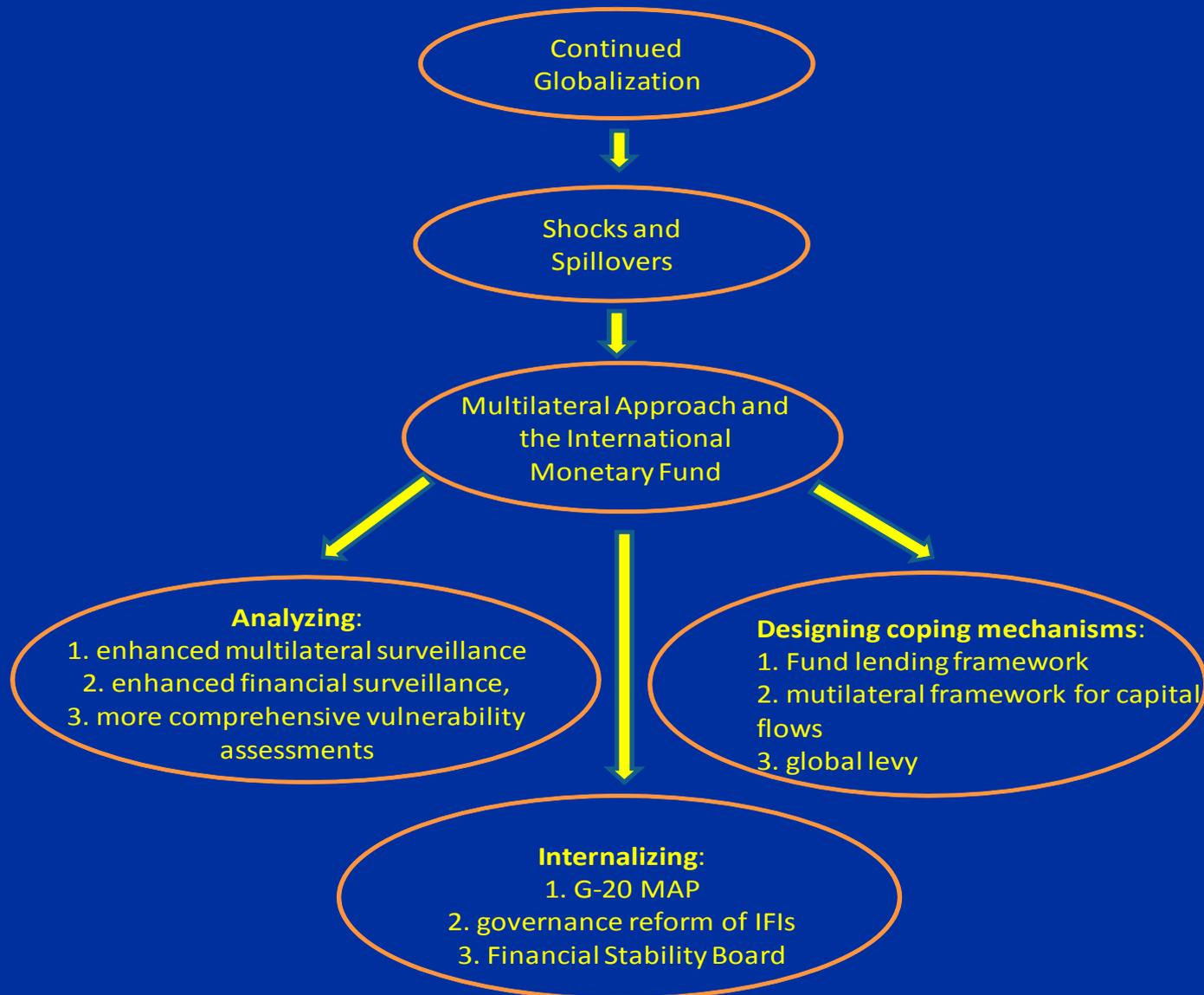
Asia: Private Consumption
(percent of GDP; 2004-08 average)



Asia: Private Investment
(percent of GDP; 2004-08 average)



The IMF can help in a multilateral approach to policies.



Conclusion

- The global recovery is set to continue, but different speeds make policy challenges more pressing.
- Capital inflows need to be managed carefully. They should be harnessed to facilitate rebalancing.
- Rebalancing growth in Asia remains important.
- These issues have serious policy implications, and a multilateral approach, facilitated by the IMF, can help.