

## “WORLD OUTLOOK FOR THE SECOND HALF OF 2017”

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Mitsui Global Strategic Studies Institute

### CONTENTS & SUMMARY

#### **I. TRENDS IN INTERNATIONAL POLITICS (P3)**

**(1) United States – US prestige being undermined by domestic political turmoil:** US domestic politics is in turmoil amid deepening suspicions over “Russiagate”. Mistrust and wariness of the Trump administration is growing. The world is being messed about by the Trump administration and there are signs that the US is losing its prestige.

**(2) China – Growing concentration of power in the hands of President Xi Jinping:** Attention focused on the autumn National Congress at which the Xi administration’s second term line-up will be decided. With further concentration of power and stability in domestic affairs, development of a strategic, aggressive foreign policy is forecast. (3) US-China relations

#### **(3) US-China relations**

**(North Korea, the South China Sea, and other security issues):** The overall tone of US-China relations is conciliatory. North Korean nuclear and ICBM development is to continue, and stalemate on the Korean peninsula likely to remain accompanied by uncertainty.

**(Trade, exchange rate, and other economic issues):** Focus is on whether President Trump will visit China in November. A focal issue is how the US engages in the Asia Pacific economy after withdrawal from the TPP. The US trade deficit controversy with China is likely to be resolved by way of China opening up its markets.

**(4) The situation in Europe – In a tug-of-war against Eurosceptism and populism:** National leaders are being forced to establish and implement policies to curb Eurosceptism. There is the possibility of a certain amount of progress being made in the negotiations of the Brexit withdrawal terms.

**(5) The situation in the Middle East – Resetting of US-Saudi relations brings new tensions:** Political landscape concerning Iran enters a new stage of heightened tension as the US administration rebuilds ties with Saudi Arabia and Israel.

#### **II. ECONOMIC OUTLOOK (P7)**

**(1) Outlook for the world economy – The risk of the world economy taking a downturn is low at present:** As long as the U.S. and Chinese economies continue to grow, there is little risk of a downturn in the world economy. The world growth rate is expected to reach 3.5% in 2017 and 3.6% in 2018 (IMF).

**(2) U.S. economy – Growth will be lower than initially projected due to delays in implementing key policies:** The growth rate could fall below the initial forecast of 2.3% to below 2% for the second straight year because of slow progress on policy priorities, such as tax reforms.

**(3) European economy – Gradual growth will continue at the mid-1% range. Sluggish U.K. economy due to the effects of Brexit:**

**(Eurozone):** Personal consumption and capital investment are both firm. The European Central Bank may start to consider tapering.

**(U.K. economy):** Businesses could become more cautious and personal consumption expenditure could slow down because of uncertainty over Brexit.

**(4) Chinese economy – The government target of around 6.5% growth will be achieved:** Service industries are driving growth. Online commerce is expanding rapidly. However, manufacturing industries face uncertainties going into the second half of the year, including the decrease in new vehicle sales and falling steel prices.

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## I. TRENDS IN INTERNATIONAL POLITICS

### (1) United States – Paralyzed American Politics Jeopardizes Its Dignity Oversea

- The Trump administration's relations with Russia is fraught with uncertainty (Russiagate), and the administration's disorderly operation and the political turmoil are likely to continue. Little progress is being made on the appointment of senior government officials, and that there are many uncertainties in terms of policy direction, execution ability, and coordinated strategy in both domestic and foreign policy. Not only the American people, but the international community is likely to be messed about by the Trump administration in a foreseeable future.
- Distrust and wariness are growing among US allies towards the Trump administration. There are signs that the US is losing its dignity, as indicated, by German Chancellor Angela Merkel's statement, made with the US in mind following the recent G-7 Summit, that "The era in which we could fully rely on others is over to some extent". The Trump administration's announcement of its withdrawal from the Paris Agreement on tackling global warming is another evidence of this trend.
- The Trump administration's top policy priority is the tax system reform, including lowering corporate tax and simplifying the income tax system, with the goal to enact a bill by the end of the year, but many observers expect it to be delayed until 2018. Issues such as the Obamacare repeal and infrastructure development cannot be moved forward at the sole discretion of the administration and Congress needs to pass a bill. Not only the administration but also Congress is spending an enormous amount of time on dealing with Russia-related allegations, and congressional consideration on these bills are delayed with limited time.
- Although President Trump himself is the subject of allegations on possible disclosure of classified information and judicial interference, his job approval rating has been stable at around 40%, and high hurdle exists for the president to be impeached. It is highly unlikely that these uncertainty develops into President Trump's resignation this year (Fig. 1). However, considering the president's lack of political experience and his behaviour up to now, steady and prepared responses to the series of allegations are difficult to be met.

### (2) China – Growing concentration of power in the hands of President Xi Jinping

- With barely a sideways glance at the US, where the administration sinks deeper into turmoil, the Xi Jinping administration is stabilizing its own political situation, and is expected to expand its strategic and active diplomacy. At the same time as it externally promotes amicable relationships with the countries along the "One Belt, One Road", there is a possibility that the administration may take an even tougher stance when it comes to the issue of core interests such as maritime rights.
- The greatest focus will be on the National Congress of the Communist Party that is due to take place in the autumn (date TBD) at which the leadership line-up for the Xi administration's second term (2017-2022) will be decided. General Secretary Xi is likely to achieve his desired personnel line-up, and to further consolidate his extreme concentration of power as the "core" leader, a status put forward at the party's 6th Plenary Session in October 2016. While the possibility of a return to collective leadership cannot be ruled out, there is no likelihood of a faction opposed to Xi taking real control (Fig. 2).
- In relation to the Politburo Standing Committee (the top decision-making body of the Communist Party of China), there are rumours circulating that 1) Premier Li Keqiang, who is currently ranked number two on

the committee, will be effectively demoted to the post of Chairman of the National People's Congress; 2) Wang Qishan, Secretary of the Central Commission for Discipline Inspection, who is very close to General Secretary Xi, will remain beyond the designated age limit (68); and 3) the number of committee members (currently seven members) will be reduced. If these things come about, Xi will have completely rid himself of rivals, and it is highly likely that he will have secured his grip on power even beyond 2022.

- As for the next generation of leaders (the sixth generation), Guangdong Province Party Secretary Hu Chunhua is strongly tipped to join the party's top leadership and is seen as the man to succeed Xi as the next General Secretary. His rival, Chongqing City Party Secretary Sun Zhengcai is in a delicate position.
- Having succeeded in consolidating power, General Secretary Xi will promote powerful top down reform, and is likely to accelerate structural reform of the supply side and reform of state-owned enterprises where opposition by vested interest groups is deeply rooted. The anti-corruption campaign will continue with the aim of strengthening party governance, and the party doesn't hesitate to expose even top level officials. Xi is establishing the party's control over People's Liberation Army (PLA), which have strong tendencies toward regionalism, by having them pledge loyalty to him personally. At the same time, he is likely to clamp down further on any questioning or criticism of the party's control or on values deemed incompatible with party rule.

### **(3) US-China relations**

#### **(North Korea, the South China Sea, and other security issues)**

- As long as the US expects China to exert pressure on North Korea, the underlying tone of US-China relations is expected to be conciliatory until after the National Congress of the Communist Party this autumn. Although the US military carried out a "freedom of navigation" exercise in the South China Sea on May 24 for the first time under the Trump administration, China is prioritizing stability in its external environment in the run up to the party congress, and is maintaining its policy of cooperation with the US. However, if China's contribution to resolving the North Korean situation becomes significant enough, it would try to extract concessions from the US over the issues of trade and the South China Sea.
- While the pressure on North Korea will be maintained and strengthened through cooperation between the US and China, North Korea will not abandon its development of nuclear weapons and ICBMs, and is likely to continue its missile tests. Neither the US nor North Korea will resort to military force, and the stalemate on the Korean peninsula is likely to continue for the rest of the year with a high level of uncertainty.
- The US and Chinese leaders will hold talks at the G20 Summit in July, and there is a possibility that President Trump will visit China and Japan when he attends the East Asia Summit in November. Depending on the development of the situation with North Korea, it is also possible that the US may tacitly confirm China's interests in the South China Sea.
- If North Korea moves to another nuclear test or makes significant progress in ICBM development, a harder line approach may gather momentum in the US. In early May, the US House of Representatives approved legislation to tighten sanctions on North Korea, including freezing the country's overseas dollar accounts and re-designating North Korea as a state sponsor of terrorism, and Senate is also underway to consider its bill. Meanwhile, attention will be focused on whether China will go ahead and increase pressure on North Korea by imposing an oil embargo and other measures, should the North Korea regime conduct further nuclear tests.

#### **(Trade, exchange rate, and other economic issues)**

- Not many countries are positive towards negotiating a bilateral trade agreement with the US. If President Trump visits China in November, how the US engagement with the Asia Pacific region appears on this visit, after its withdrawal from the TPP. The US government sent a delegation to the China-hosted Belt and Road Forum for International Cooperation in May, and China is likely to strengthen its efforts to US participation in the AIIB.
- While the US and China are implementing the “100-Day Action Plan” to eliminate trade imbalances that was announced on May 12, certain measures in the plan are within the existing Chinese policy, such as China’s lifting of the ban on beef imports and easing of regulations governing foreign investments. Other measures in the plan, including the promotion of US LNG exports, which will help China to diversify its supply sources, and the rules pertaining to import of China origin cooked poultry to the United States, are also beneficial to China (Fig. 3).
- Many of the measures in the 100-Day Action Plan have the deadline of July 16. Following the implementation of the measure, the first Comprehensive Economic Dialogue (CED), which has evolved out of the US-China Strategic Economic Dialogue (S&ED), will be held in the US this summer, when it is intended to formulate a “One-year Plan” for further economic cooperation. Rather than imposing substantial restriction Chinese exports to the US, the CED is likely to focus on more Chinese imports from the US and more open Chinese market, thereby alleviating the US sense of unfairness.
- The Trump administration did not designate China as a currency manipulator in April, against its campaign pledge. The next due date on the designation is October 15, and the administration’s decision is a focal point. The president has used his executive authority to apply for and implement trade remedy measures (AD/CVD, safeguards) to reduce imports from China. He is particularly determined to reduce imports of steel and aluminum, products which are mainly produced in the Midwest states industrial belt (the rust belt) that was his core support base during the election, and the Department of Commerce is currently investigating the effect of imports of steel on national security. Should the US introduce any import restrictions, it is likely to invite further criticism of US protectionism.

#### **(4) The situation in Europe – In a tug-of-war with Eurosceptics and populism**

- In Europe, where a series of national elections are due this year, the line-up of major European countries’ new leaders will be decided by autumn this year, and they will need to establish and implement visibly effective policies to curb the Eurosceptics emerging in each country.
- The main focus is on Germany’s federal election in September which Chancellor Merkel is favored to win. In concert with pro-EU President Macron of France, Ms. Merkel is seeking to strengthen unity among the EU member states while leading efforts to resolve common issues. Frequent terrorist attacks have caused a decline in public perceptions of security in the region, and EU leaders are determined to implement policies to counter terrorism, such as expanding systems for sharing information, and to strengthen security at the EU’s external borders.
- After the German federal election, EU leaders will begin full-fledged discussions on deepening integration, including in the financial sphere. However, since further transfer of powers to the EU is inevitable, this may rekindle support for the Eurosceptics, and there is also a risk of heightening conflict between member states with different viewpoints.

- In some member states there is also a smoldering possibility that Eurosceptic parties will form a government. In Austria, where a legislative election will take place in October, the Freedom Party of Austria, which advocates an “Austria First” policy and more hardline measures to deal with refugee issues, is broadening its support, and is maintaining its momentum in the lead up to the election towards playing a part in a coalition government. In Italy as well, it is possible that the Five Star Movement, which has suggested that it would take Italy out of the Eurozone, could become the largest party.
- In the Brexit negotiations, progress is expected to be made on the “withdrawal terms”, which will serve as a premise in commencing talks on an FTA between the EU and the UK. In addition to residency and working rights for EU and UK citizens, and the method of sharing medical and pension costs, it is possible that broad agreement can be reached on the method of calculating “RESTE À LIQUIDER (the money yet to be paid)” by the UK to divorce from the EU. However, because the EU needs to demonstrate the benefits of remaining in the organization to the other member states, there is very little room for compromise, and the UK is likely to be pressed into making many more concessions (Fig. 4).

#### **(5) The situation in the Middle East – Resetting of US-Saudi relations brings new tensions**

- The US presence in the Middle East, which declined under the preceding Obama administration, has been strengthened for the time being as a result of the Trump administration’s rebuilding of relations with its Saudi Arabian and Israeli allies. However, the instability of the US administration and the growing presence of Russia means that the US plays a smaller role than it once did in establishing order in the Middle East. Rather, it is likely that the conflict between the region’s two major players, Sunni Saudi Arabia and Shia Iran, will enter a new stage of heightened tension as a consequence of the US resetting of its relationship with Saudi Arabia, and instability will increase (Fig. 5).
- In Iran, where President Rouhani was re-elected in May, the focus is on whether the administration will be able to bring in foreign investment at an early stage to meet the expectations of the country’s citizens who desire economic reconstruction. As companies from Europe and elsewhere prepare to move into Iran’s market, President Trump, who it was believed would continue with the US-Iran nuclear agreement while hurling harsh words at the country, urged Arab leaders to “isolate” Iran during his visit to Saudi Arabia. There are signs that the US administration is changing course in its Iran policy towards increasing the pressure, and it is difficult to predict how things will turn out.
- The oil producing Gulf states are experiencing financial difficulties because of stagnation in the oil price, and their governments continue to face strong pressure to reform. In Saudi Arabia, the economic reforms being led by Deputy Crown Prince Mohammed bin Salman are expected to progress gradually as a number of investment projects agreed with the US during President Trump’s visit in May are materialized.
- In the Syrian civil war, the Assad regime, Turkey, Russia, Iran, the US, Kurdish forces, and the Gulf states are united in their opposition to Islamic State (IS), but with no change in the conflicting motives and interests of each country, the impasse continues. While the territory controlled by IS is on the decline, the group’s ideology has spread worldwide, and the risk that terrorism inspired and fueled by that ideology will arise in various parts of the world will not go away.

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## II. ECONOMIC OUTLOOK

### (1) The risk of the world economy taking a downturn is low at present. (Figure 6)

- World real GDP (purchasing power parity basis) has recovered to around 3.5% (quarterly, annualized) since the April-June quarter of 2016. It appears to have dipped slightly in the January-March quarter 2017, but this seems to have resulted in part from technical factors relating to statistical calculations. As long as growth continues in the US, where employment is still rising, and in China, where the Communist Party National Congress will be held in the autumn, the risk of the world economy taking a downturn is low. The real GDP growth rate is expected to remain around 3.5% year on year for the time being, as indicated by IMF growth forecasts of 3.5% in 2017 and 3.6% in 2018.
- There are signs of a recovery in world trade. According to statistics aggregated by the Netherlands Bureau for Economic Policy Analysis (CPB), the annualized rate of increase of the world trade volume remained high for the second straight quarter at 5.8% in the January-March quarter of 2017, pointing to a recovery in world economic activity. China showed the highest import growth, followed by other East Asian countries, such as Malaysia and South Korea. Brazil and Mexico also recorded higher imports.
- However, when the outlook is extended to 2018, the world economy has a downside risk, as pointed out by some organizations, including the IMF. Some data shows signs that certain areas of the US economy have already matured. Despite continuing expectations toward President Trump's economic policies, including tax cuts and infrastructure investment, there is persistent uncertainty surrounding their achievability. In Europe, businesses are likely to become increasingly cautious as the Brexit negotiations begin in earnest. There is concern about the effects of slowing real estate investment and new vehicle sales in China.

### (2) US Economy – Growth could be lower than the initial forecast due to slow progress on policy priorities.

- US economic growth is expected to be slower than initially projected in the second half of 2017 because of delays in implementing key policies, such as tax cuts. The IMF is predicting that the real GDP growth rate will improve to 2.3% in 2017 (1.6% in the previous year), but there is a possibility that it will fall below 2% for the second straight year.
- The quarterly real GDP growth rate hit its lowest level in a year at 1.2% (annualized) in the January-March quarter of 2017. The quarterly increase in personal consumption expenditure was the lowest since 2010 at 0.6% (annualized). Spending was impacted by special seasonal factors, including reduced expenditure on apparel and heating/electricity expenses due to mild weather in January and February, the effects of blizzards in the northeast in March, and a later-than-usual Easter. However, downward pressure from net exports eased thanks to a halt in the strong-dollar trend, and capital expenditure continuously recovered in response to stable oil prices.
- Capital expenditure is likely to be the growth driver going forward. As orders for durable goods and industrial production both have already shifted to year on year growth trends early in 2017, the easing of the strong-dollar trend and the world economic recovery are expected to bring increased investment. Investment in information processing equipment will also expand in step with modernization, including the adoption of IoT technology.
- On the other hand, the growth of personal consumption expenditure is likely fall below the 2.7% YoY increment recorded in 2016. New vehicle sales have been lower since the start of 2017. The tightening of

vehicle finance criteria for individuals will have a negative impact, and sales are expected to shrink year on year. Spending on furniture and interior goods will slow down due to a downturn in house sales resulting from rising house prices.

- The prevailing view is that the Federal Reserve Board (FRB) will implement two more interest rate hikes this year. However, the market is shifting to the view that there will be only one more hike considering the risk of delays in implementing key policies.

### **(3) European Economy – Gradual growth will continue at the mid-1% range. The UK economy is on a downward trend due to Brexit.**

#### **Eurozone economy**

- Real incomes are being squeezed by higher inflation due to the oil price rally, but personal consumption will remain firm thanks to continuing improvement in the employment environment. Capital expenditure is also expected to remain firm because of improving capacity utilization rates, and the continuation of a low-interest environment as a result of monetary easing. On this basis, the real GDP growth rate of the Eurozone economy is expected to maintain gradual growth in the mid-1% range.
- The rate of increase in consumer prices will probably remain in the mid-1% range. There is a high possibility that upward pressure on prices from rising energy prices will peak out. However, the economic trends described above will cause the GDP gap to be reduced gradually, and the core inflation rate rise is expected to be heightened.
- The European Central Bank (ECB) could start to discuss tapering (gradual winding down of quantitative easing) in the second half of 2017. The CPI rate of increase is still some distance away from the ECB's target of "below, but close to, 2%." However, the ECB is likely to initiate a debate on tapering because of continuing steady improvement in economic and inflation trends, and concerns about scarcity of eligible government bonds.

#### **UK economy**

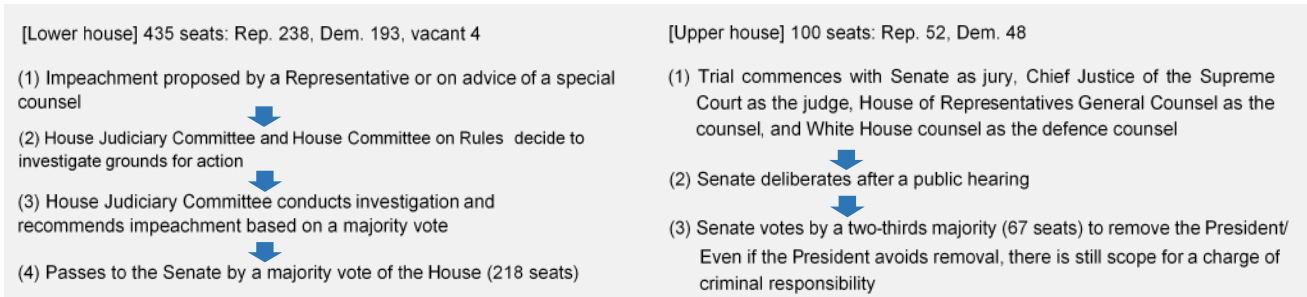
- Uncertainty associated with Brexit is likely to continue into the second half of fiscal 2017, and businesses will probably become increasingly cautious about the expansion of investment and employment, and wage increases. The slowdown in personal consumption expenditure is also likely to intensify, in part because of higher inflation due to the weak pound and the oil price rally. Considering all these, there is a strong possibility the UK economy will weaken.
- As noted above, the CPI rate of increase continues to accelerate and is likely to remain above the Bank of England's (BOE) target level of 2% in the foreseeable future. However, the BOE is increasingly adopting a wait-and-see stance because of fears of an economic slowdown triggered by Brexit, and monetary policy is expected to remain unchanged.



**(4) Chinese Economy – Growth is expected to reach the government’s target of around 6.5%.**

- The real GDP growth rate improved for the second straight quarter and reached 6.9% in the January-March quarter of 2017. The growth rate will fall gradually in the second half of the year, but the growth rate for the whole year is expected to reach the government’s target of around 6.5%, reflecting an emphasis on stability in the government’s policy management ahead of the National Congress of the Chinese Communist Party.
- Service industries are driving the economy. Deflationary pressure has eased, in part because of production capacity cuts, and manufacturing became a driving force for the economy in the January-March quarter of 2017. However, there are many uncertainties about the outlook for the second half of the year. For example, steel prices are falling, and new vehicle sales declined in April for the first time in 20 months due to the tapering of automobile tax cuts.
- Rapid growth in infrastructure investment is underpinning total fixed asset investment, but real estate investment is expected to slow down in the second half of the year as the government steps up its countermeasures against the housing bubble. Personal consumption expenditure is firm, and online shopping is on a steep growth curve, but motor vehicle sales, which make up about 10% of total retail sales, are stagnating due to the slowdown in new vehicle sales. Exports shifted to positive growth for the first time in eight quarters in the January-March quarter of 2017, and the trend is expected to remain firm thanks to the recovery of the world economy.
- The government is gradually tightening monetary policy and guiding market interest rates upwards to combat the housing bubble and rein in debt expansion. The 3-month Shanghai Interbank Offered Rate reached the highest level in two years of 4.44% on May 18, 2017. There is a risk of an economic downswing if monetary tightening is overdone.
- Tighter restrictions on overseas direct investment and other factors have brought a halt to capital outflows and the weak-yuan trend. A continuing downtrend took foreign currency reserves to below \$3 trillion for the first time in 71 months in January 2017. However, the decline then bottomed out, and the level has been above \$3 trillion since February. There is a risk that capital outflows will again accelerate if further US FF rate hikes cause the gap between US and Chinese interest rates to narrow.

**Fig. 1 The US presidential impeachment process**



Source: Prepared by MGSSI based on the US Constitution

**Fig. 2 CPC leadership candidates for the next term**

Name	Y.O.B	Position
Hu Chunhua	1963	Guangdong Party Secretary, former First Secretary of the Communist Youth League
Sun Zhengcai	1963	Chongqing Party Secretary
Wang Yang	1955	Deputy Secretary-General of the State Council, former Guangdong Party Secretary
Li Zhanshu	1950	Director of the General Office of the Communist Party
Wang Huning	1955	Head of the Central Policy Research Office
Chen Miner	1960	
Han Zheng	1954	Shanghai Party Secretary
Liu He	1952	Chief of the General Office serving the Leading Group for Financial and Economic Affairs

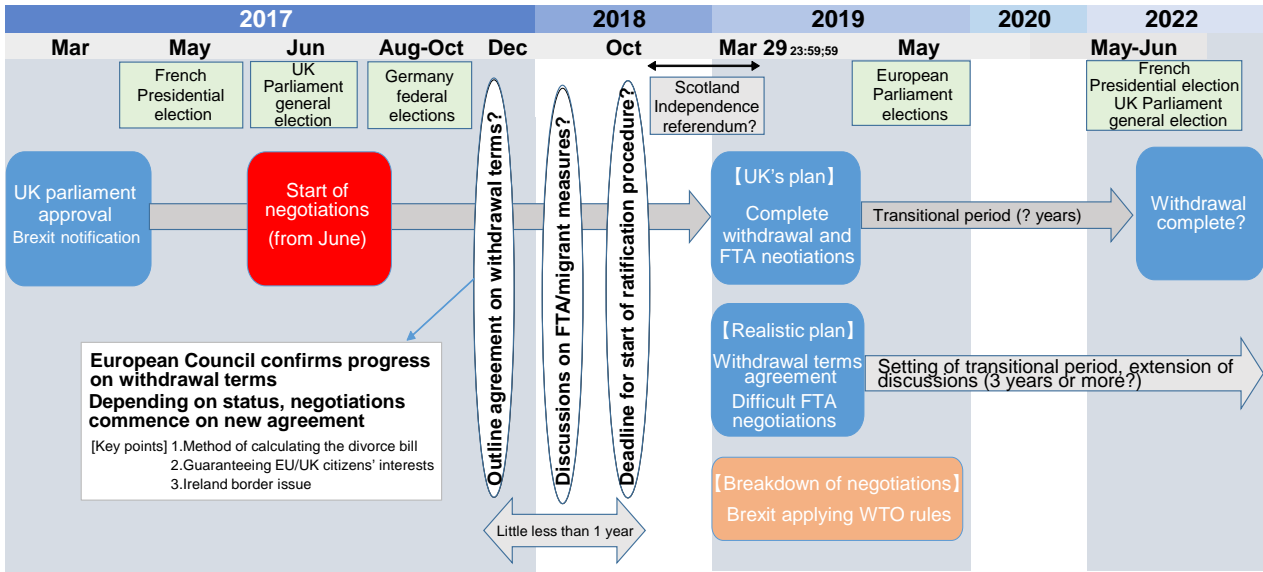
Source: Prepared by MGSSI based on information obtained from various sources

**Fig. 3 Summary of the “100-day Plan” announced following the US-China agreement**

Measures
<ul style="list-style-type: none"> <li>• Formulation of a one-year plan for further economic cooperation</li> <li>• Lifting of China’s ban on US beef imports</li> <li>• Clarification of the rules pertaining to US import of processed poultry products from China</li> <li>• Speeding up of China’s approval process for US-produced GM crops</li> <li>• Expansion of LNG exports from US to China</li> <li>• China to allow provision of rating services by wholly foreign owned companies</li> <li>• US extension of period of no-action relief to Shanghai Clearing House</li> <li>• China to Establish guidelines for access to the Chinese market by US electronic payment services</li> <li>• Confirmation that the US will treat Chinese financial institutions fairly under US financial regulations</li> <li>• China to grant bond underwriting licenses to US financial institutions (two companies)</li> <li>• US to recognize the significance of the OBOR initiative, and send a government delegation to the Belt and Road Forum for International Cooperation</li> </ul>

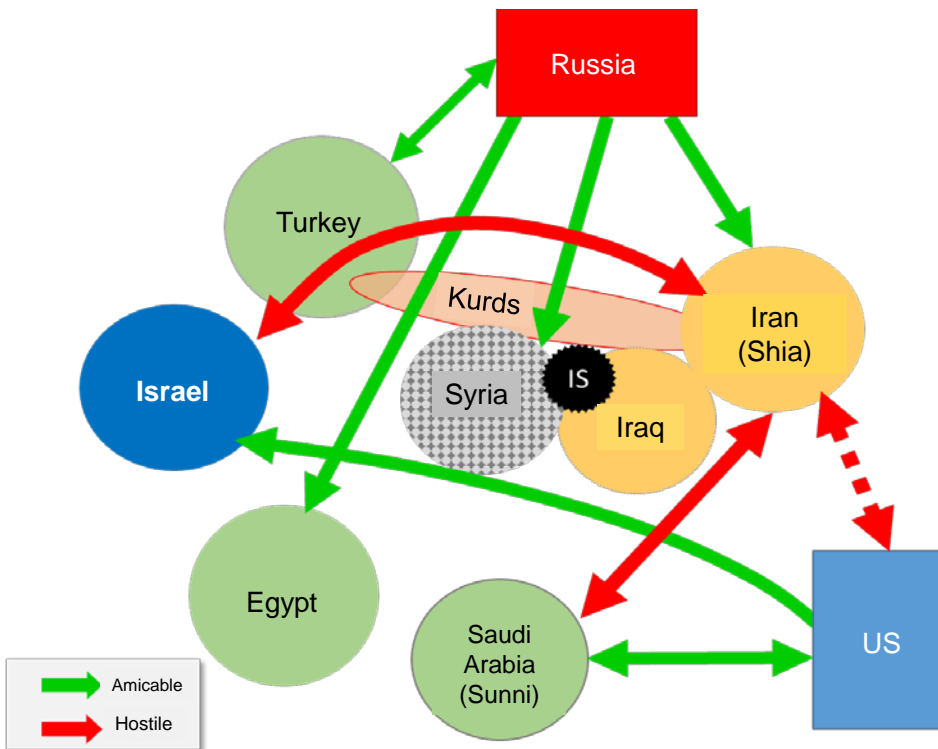
Source: Prepared by MGSSI based on information obtained from various sources

Fig. 4 Brexit negotiation and principal election schedules



Source: Prepared by MGSSI based on information obtained from various sources

Fig. 5 Middle East geopolitics



Source: Prepared by MGSSI based on information obtained from various sources

Fig. 6 IMF World Economic Outlook (April 2017)

(Year on year, %)

	2013	2014	2015	2016	2017 Forecast		2018 Forecast	
World (market rate basis)	2.6	2.7	2.7	2.4	(2.8)	2.9	(3.0)	3.0
World (purchasing power parity basis)	3.4	3.5	3.4	3.1	(3.4)	3.5	(3.6)	3.6
<b>Advanced Economies</b>	1.3	2.0	2.1	1.7	(1.9)	2.0	(2.0)	2.0
United States	1.7	2.4	2.6	1.6	(2.3)	2.3	(2.5)	2.5
Canada	2.5	2.6	0.9	1.4	(1.9)	1.9	(2.0)	2.0
Japan	2.0	0.3	1.2	1.0	(0.8)	1.2	(0.5)	0.6
Euro Area	-0.3	1.2	2.0	1.7	(1.6)	1.7	(1.6)	1.6
Germany	0.6	1.6	1.5	1.8	(1.5)	1.6	(1.5)	1.5
France	0.6	0.6	1.3	1.2	(1.3)	1.4	(1.6)	1.7
Italy	-1.7	0.1	0.8	0.9	(0.7)	0.8	(0.8)	0.8
Spain	-1.7	1.4	3.2	3.2	(2.3)	2.6	(2.1)	2.1
United Kingdom	1.9	3.1	2.2	1.8	(1.5)	2.0	(1.4)	1.5
Other Advanced Economies	2.4	2.9	2.0	2.2	(2.2)	2.3	(2.4)	2.4
Australia	2.1	2.8	2.4	2.5	(2.6)	3.1	(2.7)	3.0
<b>Emerging and Developing Economies</b>	5.1	4.7	4.2	4.1	(4.5)	4.5	(4.8)	4.8
Emerging and Developing Asia	6.9	6.8	6.7	6.4	(6.4)	6.4	(6.3)	6.4
China	7.8	7.3	6.9	6.7	(6.5)	6.6	(6.0)	6.2
India	6.5	7.2	7.9	6.8	(7.2)	7.2	(7.7)	7.7
ASEAN5	5.1	4.6	4.8	4.9	(4.9)	5.0	(5.2)	5.2
Latin America and the Caribbean	2.9	1.2	0.1	-1.0	(1.2)	1.1	(2.1)	2.0
Brazil	3.0	0.5	-3.8	-3.6	(0.2)	0.2	(1.5)	1.7
Mexico	1.4	2.3	2.6	2.3	(1.7)	1.7	(2.0)	2.0
Commonwealth of Independent States	2.1	1.1	-2.2	0.3	(1.5)	1.7	(1.8)	2.1
Russia	1.3	0.7	-2.8	-0.2	(1.1)	1.4	(1.2)	1.4
Emerging and Developing Europe	4.9	3.9	4.7	3.0	(3.1)	3.0	(3.2)	3.3
Middle East and North Africa	2.1	2.7	2.6	3.8	(3.1)	2.6	(3.5)	3.4
Saudi Arabia	2.7	3.7	4.1	1.4	(0.4)	0.4	(2.3)	1.3
Sub-Saharan Africa	5.3	5.1	3.4	1.4	(2.8)	2.6	(3.7)	3.5
Nigeria	5.4	6.3	2.7	-1.5	(0.8)	0.8	(2.3)	1.9
South Africa	2.5	1.7	1.3	0.3	(0.8)	0.8	(1.6)	1.6

Note: The ASEAN5 are Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. Middle East and North Africa includes Afghanistan and Pakistan. Figures in parentheses are forecasts as of January 2017. Growth rates for Australia are based on Bloomberg aggregations.

Source: Compiled by MGSSI, using IMF, *World Economic Outlook* (April 2017), and other sources

**Reference: Key Events in the Second Half of 2017**

May	ASEAN-US Foreign Ministers' Meeting (Washington D.C.), May 4
	Emmanuel Macron, leader of the centrist progressive political movement, En Marche!, victorious in the French presidential run-off election (May 7)
	Presidential election in South Korea (May 9)
	The Belt and Road Forum for International Cooperation (May 14-15, Beijing)
	Visit to Japan by Argentine President (May 18-20)
	Iranian Presidential election (May 19)
	Lenin Moreno sworn in as President of Ecuador (May 24)
	NATO Summit (Brussels, Belgium, May 25)
	G7 Summit (Taormina, Sicily, Italy, May 26-27)
President Trump's first overseas trip (late May, Saudi Arabia, Palestinian Authority, Israel, the Vatican, Belgium—the NATO summit, Italy—for the G7 Summit)	
June	U.K. parliamentary election (House of Commons, June 8)
	French National Assembly (lower house) elections (June 11, 18)
	Second AIIB general meeting (June 16-18, Jeju Island, South Korea)
	US-China Strategic and Economic Dialogue (S&ED) (June each year, this year in the US)
July	G20 Summit (Hamburg, Germany, June 7-8)
August	ASEAN 50 <sup>th</sup> anniversary ceremony (Manila, Philippines, August 8), ASEAN Foreign Ministers' meeting (August 2-8)
September	Opening of the 72 <sup>nd</sup> Session of the U.N. General Assembly (New York, the US, September 12)
	German federal elections (lower house, September 24)
	BRICS Summit (Amoy, China, within September)
	19 <sup>th</sup> National Congress of the Chinese Communist Party (autumn)
October	World Bank/IMF Annual Meetings (Washington, the US, October 13-15)
	US Treasury Department's Semiannual Report on International Economic and Exchange Rate Policies (October 15)—decisions on designation of currency manipulators
	Argentine mid-term elections (upper and lower houses, October 22)
	State funeral for King Bhumibol of Thailand (Bangkok, October 25-29) and cremation (October 26)
November	Conference of the Parties to U.N. Convention on Climate Change (COP23) (Bonn, Germany, chairmanship: Fiji, November 6-17)
	ASEAN Summit, East Asia Summit (Clark Freeport Zone, Luzon Island, the Philippines, November 10-14)
	Chilean presidential and parliamentary elections (upper and lower houses, November 19)
	APEC Summit (Danang, Vietnam, within November)
December	Next South African president to be chosen at the National Conference of the African National Congress (within December)
	US-China Joint Commission on Commerce and Trade (JCCT) (December each year, in the China this year)
This year	Visit to China by President Trump (now being arranged)

\*Unless stated, the dates for events have not yet been decided.