

World Economic Trends

The Autumn Report in 2011

- Global Economic Slowdown, Narrowing Policy Leeway -

(Summary)

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Cabinet Office
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Purpose

- In 2011, the global economy generally showed signs of slowdown.
 - Europe: While economic recovery was still not full scale, fiscal crises arose in some countries with growing accumulated debt, causing financial and capital market instabilities.
 - USA: Weaker recovery speed.
 - Emerging Market Countries: Economic clouds. In China and India, higher prices and monetary tightening brought to light problems concerning balance of growth.
- This “World Economic Trends” analyzes the background, causes, policy issues, etc., regarding the start of slowdown in the global economy, which had continually recovered after the global financial crisis. This document also considers economic forecasts.

Chapter 1. Global Economic Slowdown, Narrowing Policy Leeway

Section 1. Overview of Global Economy

Section 2. Major Developed Countries' Fiscal Policies
are in a Contractionary Direction

Section 3. Great Expectations of Monetary Policy,
which Has Little Freedom

Section 4. Issues concerning Future Policy Management

Section 5. Forecasts and Risks of Global Economy

Chapter 2. Trends in Each Country & Region

Section 1. European Economies

Section 2. U.S. Economy

Section 3. Asian Economies

Chapter 1. Global Economic Slowdown, Narrowing Policy Leeway ~ Global Economic Trends: Signs of Slowdown Again ~

- The global economy moved from stagnation due to the financial crisis, towards steady recovery. However in 2011, it is showing signs of slowing again. (Fig. 1)
 - Developed Countries: Slower recovery pace, due to after-effects of global financial crisis (Figure 2: excessive household debt, weak housing market, long term unemployment, etc.), weaker effects of economic stimulation policies, and financial and capital market instabilities due to European sovereign debt crisis.
 - Emerging countries: Internal demand is generally firm, but there are signs of slowdowns in growth, due to decreased capital inflows from foreign countries, weak recoveries in developed countries resulting in decreased exports (Fig. 3), etc.
- The slowing recoveries of developed countries is affecting their investment and trade, resulting in slower economies of emerging countries. This indicates that decoupling has not occurred.

Fig. 1 Real GDP Growth Rates of Major Countries

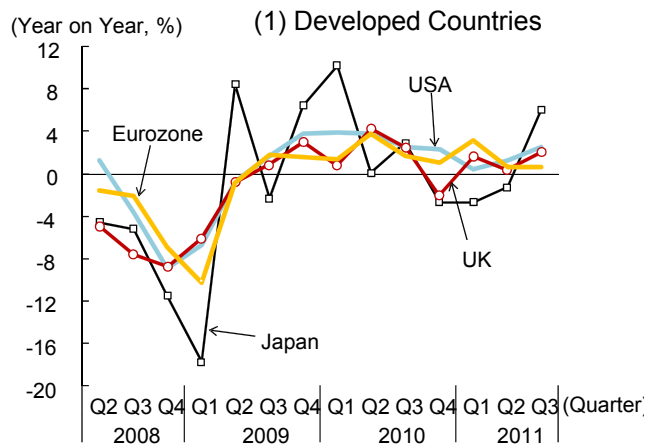


Fig. 2 Global Financial Crisis After-effects in Major Countries (1) Household Debt (vs. Disposable Income)

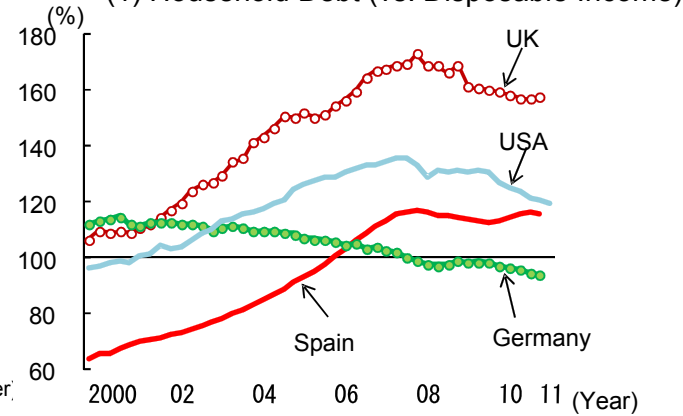
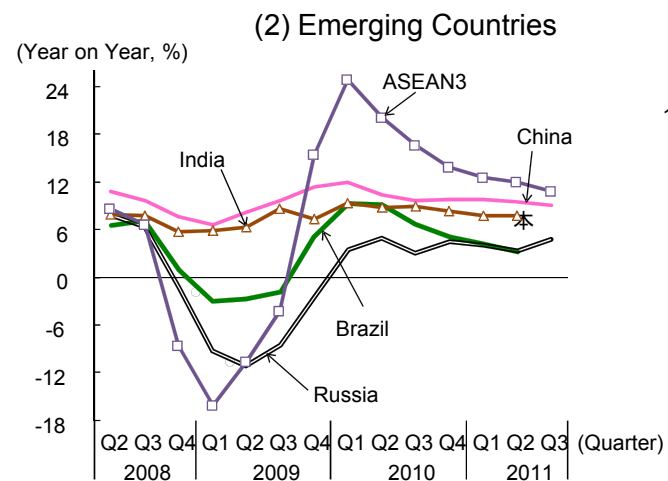
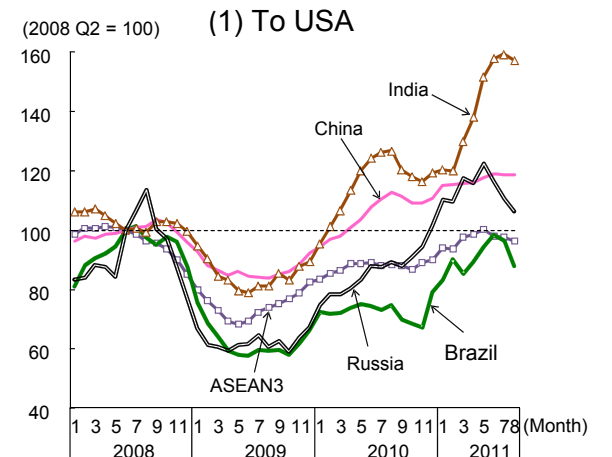
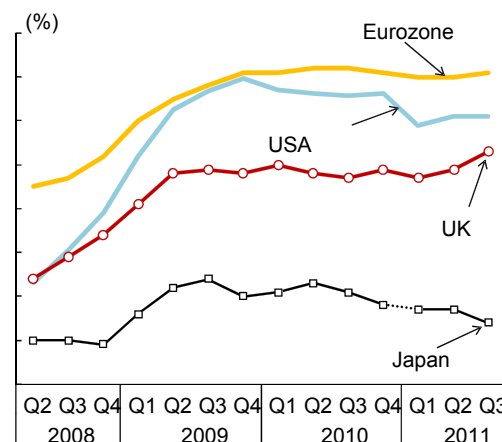


Fig. 3 Trends of Emerging Country Exports to Europe & USA (1) To USA



(2) Unemployment Rate



(2) To EU

