

Key messages

- The short-term outlook for the world economy has weakened amid persistently high uncertainty in the global policy environment and slower international trade activity.
- The growth outlook has deteriorated in all major developed economies and several developing regions, especially Southern Africa, Western Asia and Latin America and the Caribbean.
- The downside risks for the world economy remain high. While prolonged trade disputes could have significant spillovers on investment prospects, recent monetary policy shifts in major economies may further fuel debt accumulation and financial risks.
- Economic risks are further compounded by the greater frequency and intensity of natural disasters, reflecting the rising effects of climate change, especially in developing regions.
- The growth slowdown has triggered a shift towards more accommodative monetary policy stances across developed and developing economies.
- While several countries are adopting easier fiscal policy stances to bolster growth, their ability to introduce further stimulus measures in case of a sharper or more prolonged downturn is limited.
- The deteriorating macroeconomic outlook is weighing on progress towards poverty eradication and the 2030 Agenda for Sustainable Development.
- Future poverty reduction, particularly in Africa and South Asia, depends critically on enhancing the capacity for sustainable urbanization.
- Climate risks pose an ever-increasing threat to the global economy. A coordinated, multilateral approach to global climate policy, including a price on carbon, is a crucial element to address climate change.

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Media contact:

UN Department of Global Communications
Dan Shepard, T: +1 (212) 963-9495 | E: shepard@un.org