

The Magic of Investment Accelerations

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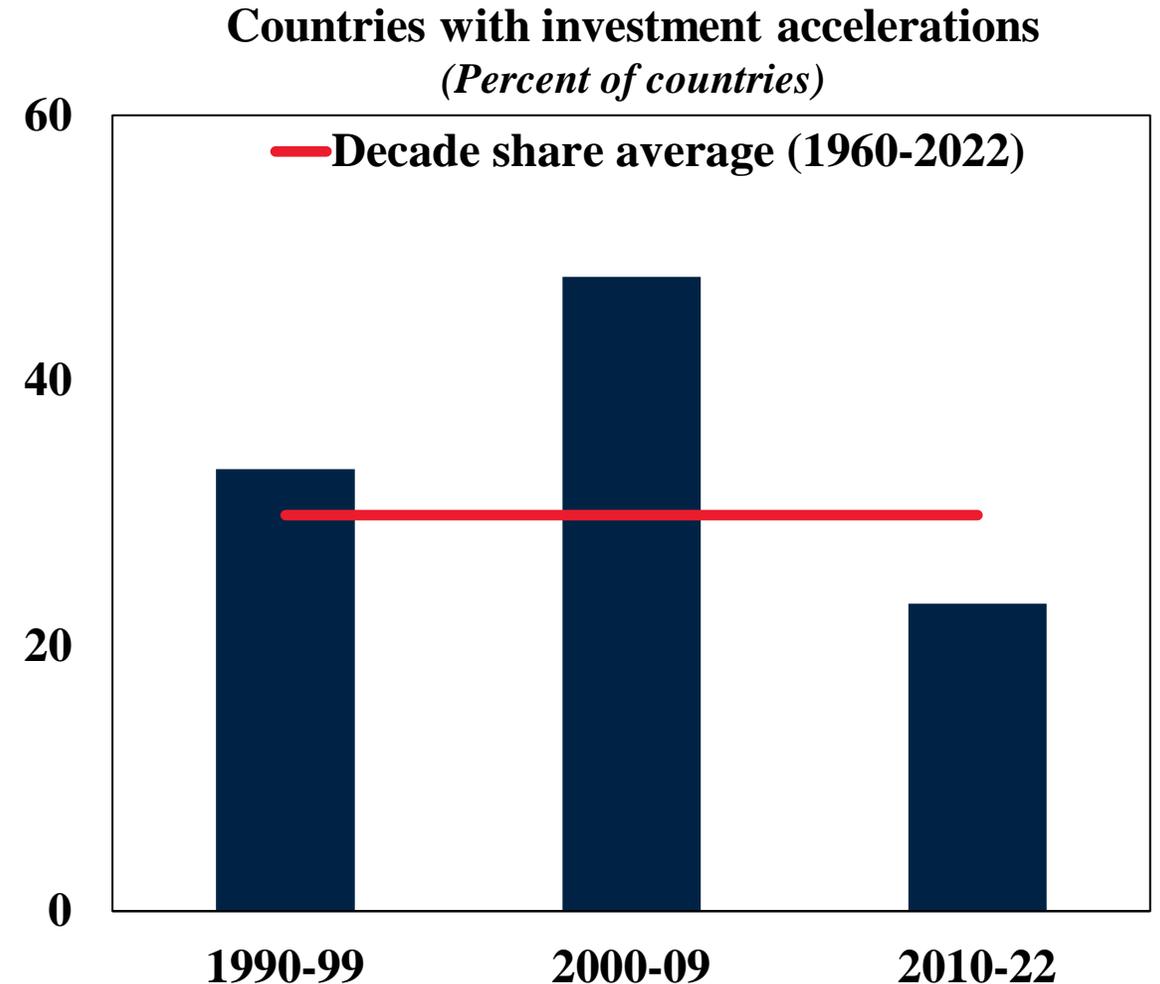
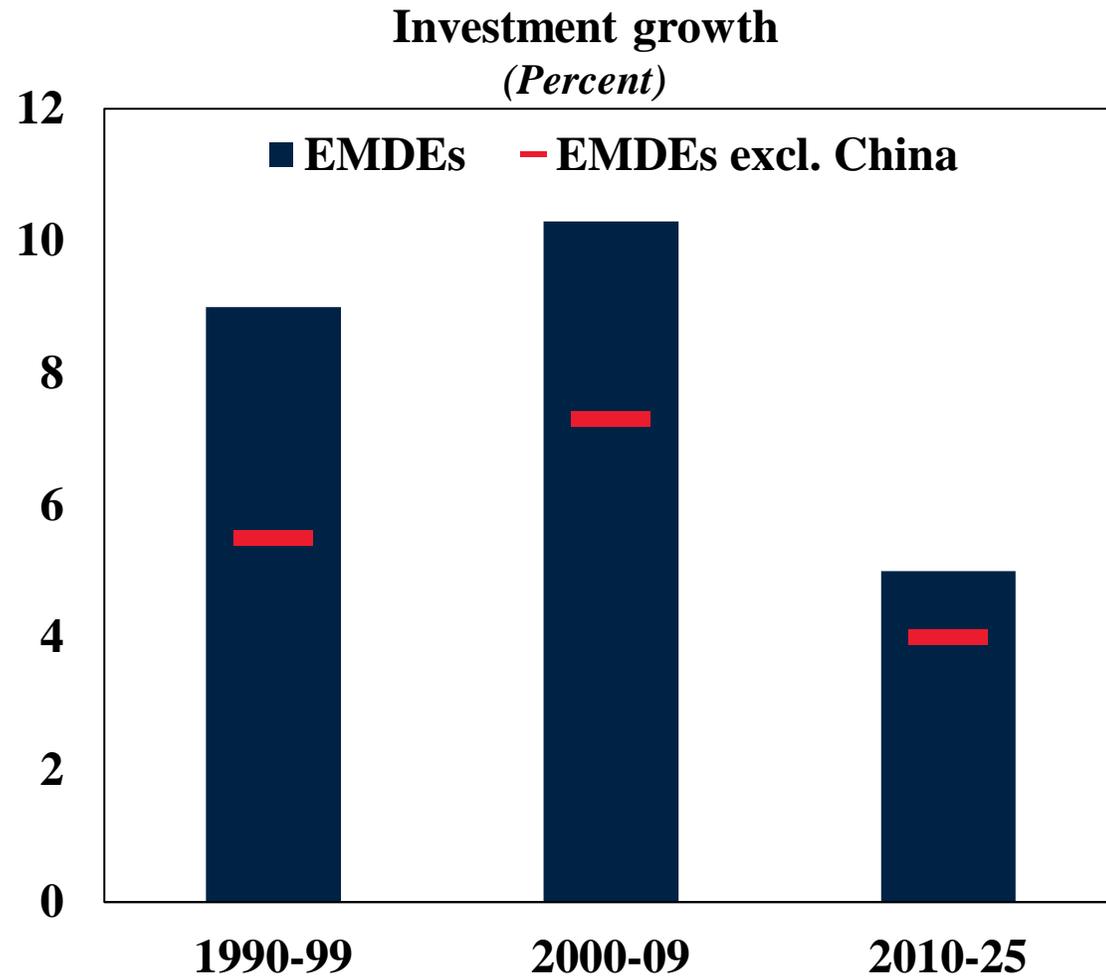


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Development Economics • Prospects

Slower Investment Growth; Fewer Investment Accelerations

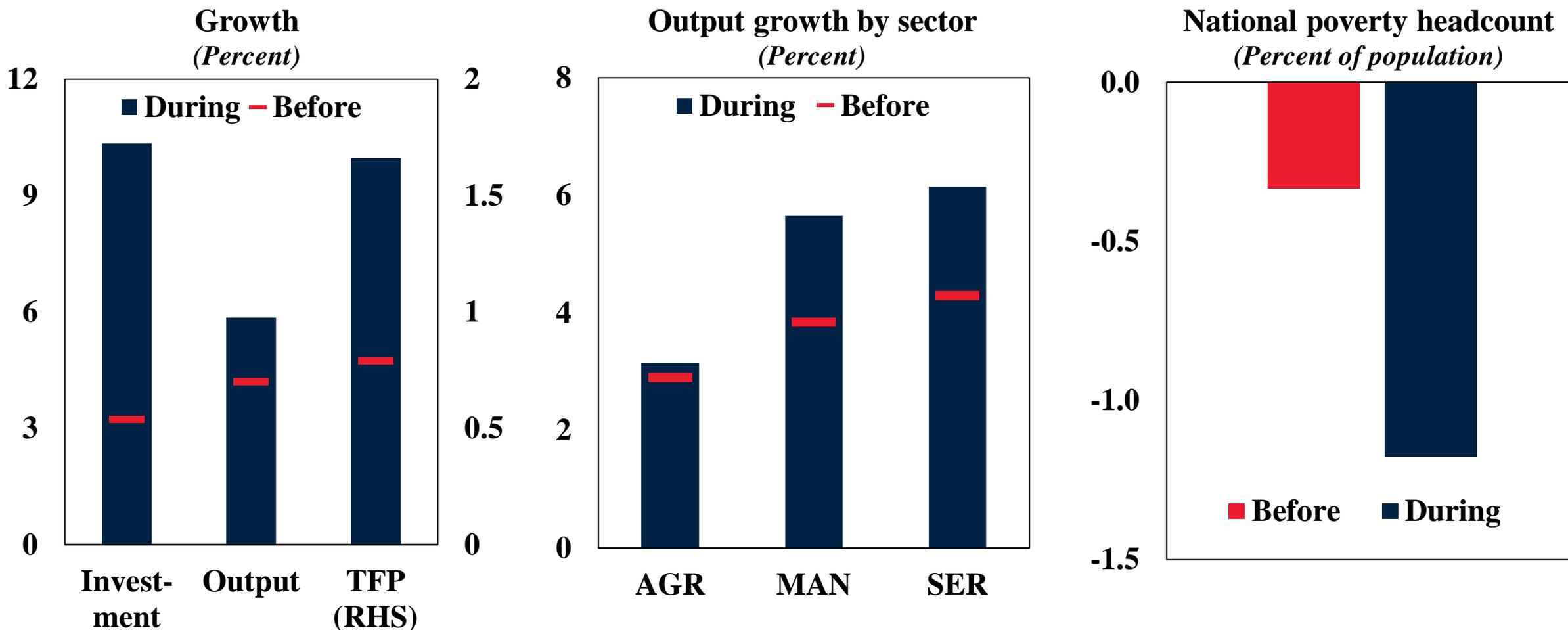


Sources: Feenstra, Inklaar, and Timmer (2015); Haver Analytics; World Bank.

Left Panel. Weighted averages of investment growth based on real annual investment in up to 68 EMDEs. Data for 2010-25 include estimates for 2023 and forecasts for 2024-25. Right Panel. Bars show the decadal average share of EMDEs that started an investment acceleration during the corresponding periods. The red line shows the average share of countries that started an investment acceleration over the past six decades. Only episodes starting between 1960 and 2017 are included.



Higher Growth; Faster Structural Transformation; Sharper Decline in Poverty

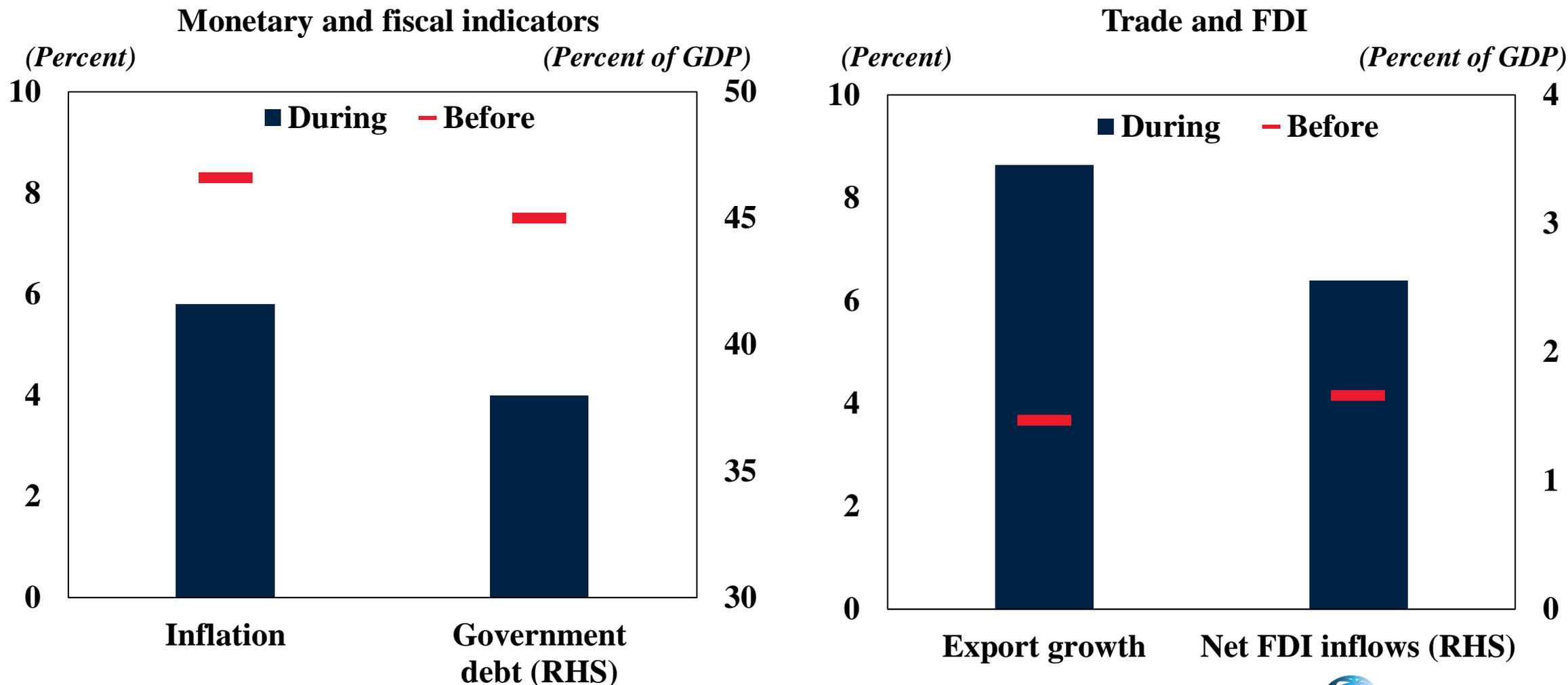


Sources: Feenstra, Inklaar, and Timmer (2015); Haver Analytics; WDI; World Bank.

Note: "Before" corresponds to the six years before an investment acceleration. "During" corresponds to the full duration of an investment acceleration. The red tickers indicate median growth before acceleration years in the sample. Left Panel. Bars show median annual investment growth, GDP growth, and TFP growth. Center Panel. Bars show median annual sector output growth. AGR, MAN, and SER refer to agriculture, manufacturing, and services sectors, respectively. Right Panel. Bars show the median annual change in the poverty headcount ratio using national poverty line(s).



Improvements in Macro Indicators; Stronger Trade and FDI Flows

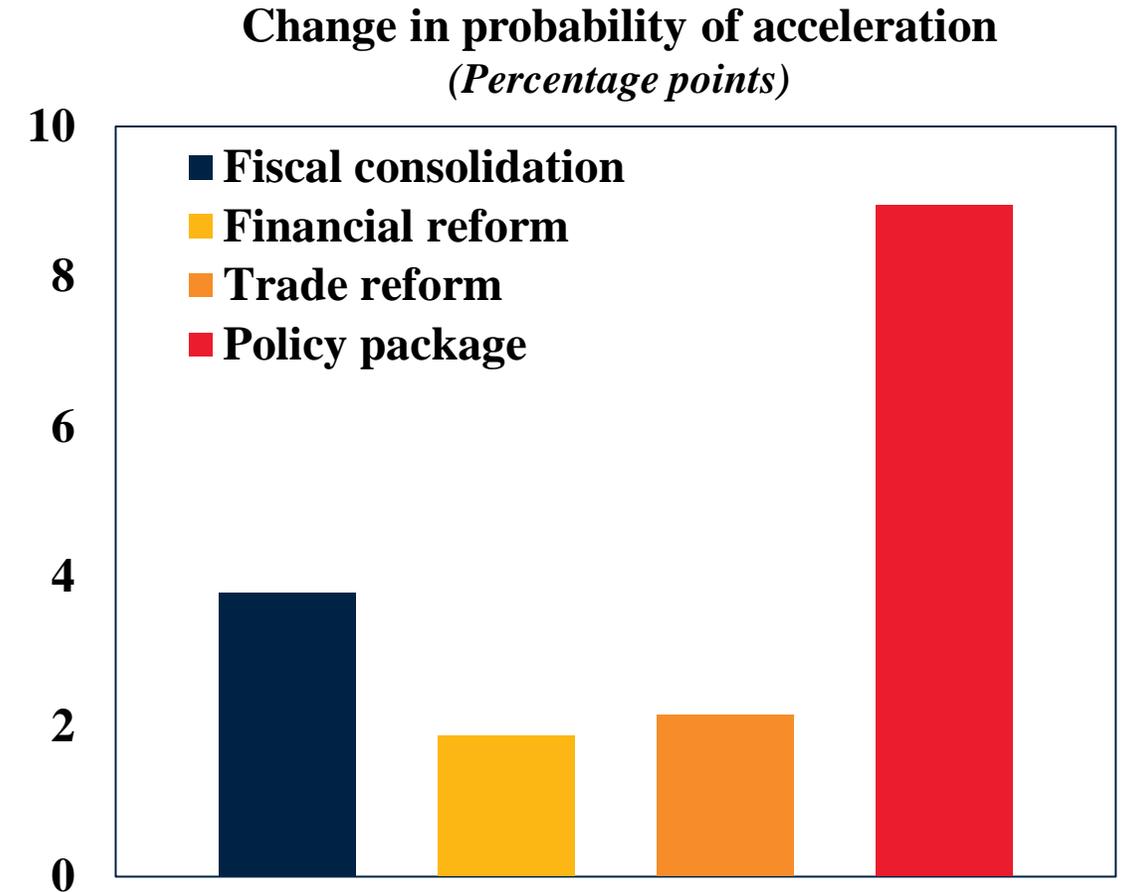
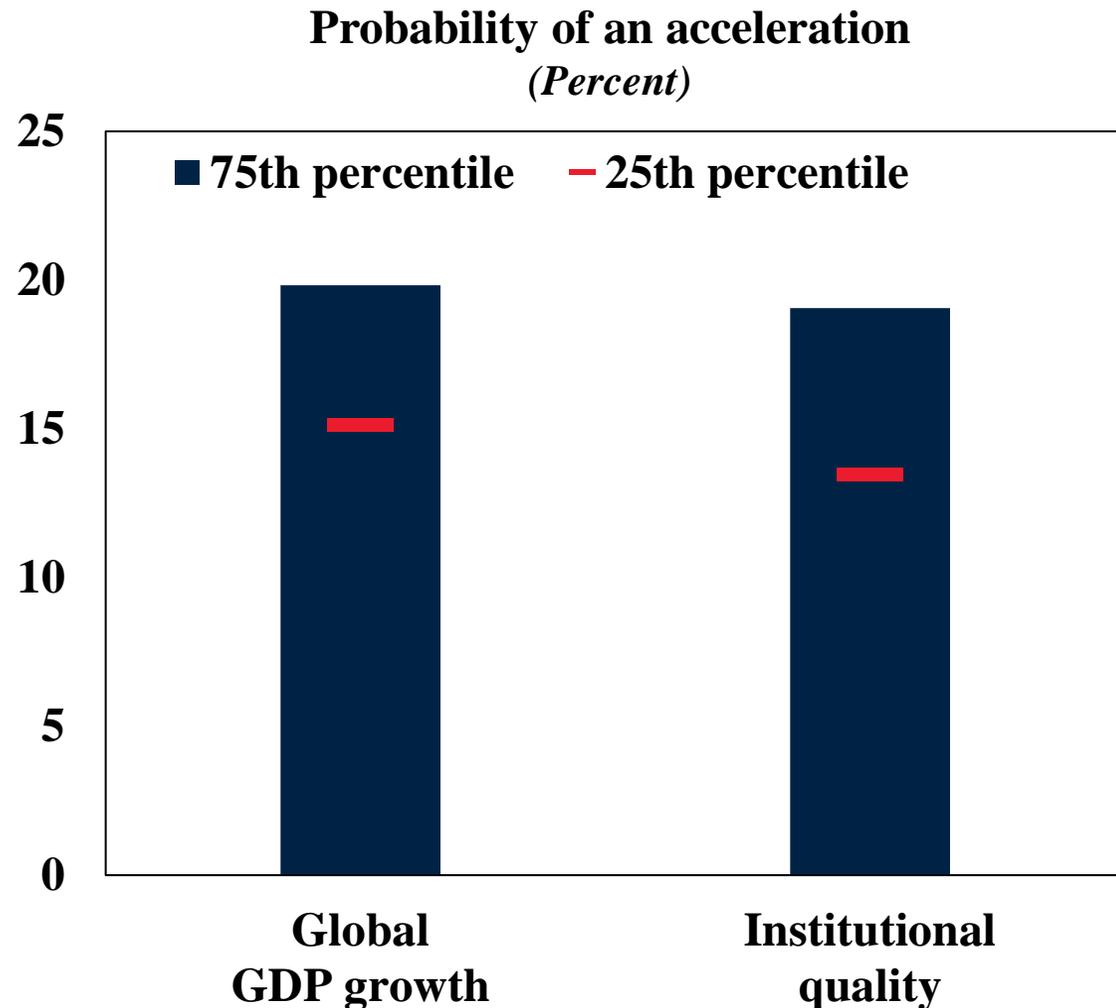


Sources Feenstra, Inklaar, and Timmer (2015); Ha, Kose, and Ohnsorge (2021); IMF international financial statistics; Kose et al. (2022); World Bank.

Note: "Before" corresponds to the six years before investment accelerations. "During" corresponds to the full duration of the acceleration. The red tickers indicate median growth before acceleration years in the sample. Left panel. Inflation and government debt show median annual inflation in percent, and median annual debt as percent of GDP, respectively. Right panel. Export growth is measured in median annual percent growth. Net FDI inflows show the median annual ratio of net FDI inflows to GDP.



Higher Likelihood of Accelerations with Favorable Conditions and Supportive Policies



Sources: Chinn and Ito (2008); Feenstra, Inklaar, and Timmer (2015); Haver Analytics; Kose et al. (2022); PRS Group; WDI; World Bank.

Left panel: The bars show the predicted probability of an investment acceleration at the top and bottom quartile of lagged global GDP growth, and the lagged ICRG law and order index. Right panel: Bars show the increase in the probability of an investment acceleration following a one-standard deviation improvement in economic policy. Right bar shows the combined impact of increasing all three policy variables by one standard deviation.

Questions & Comments

Thanks!

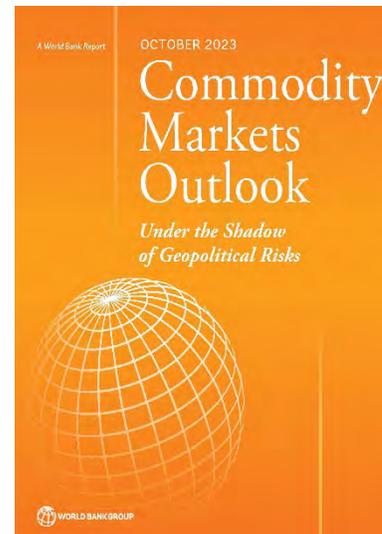
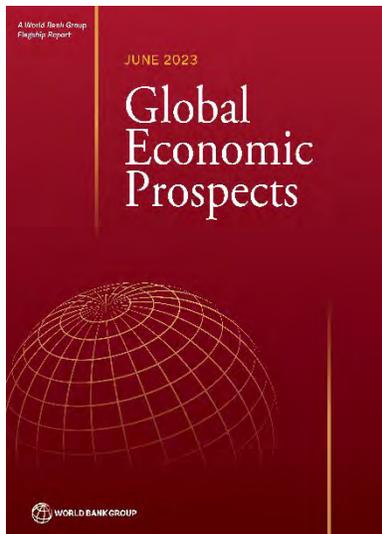
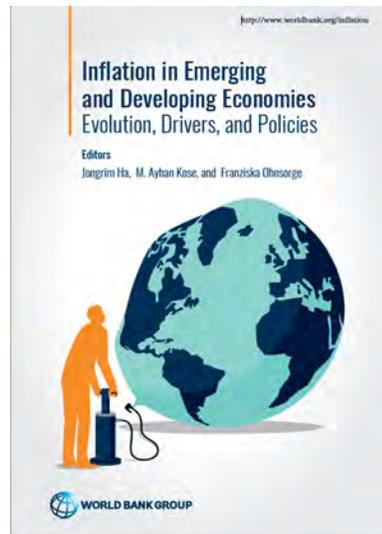
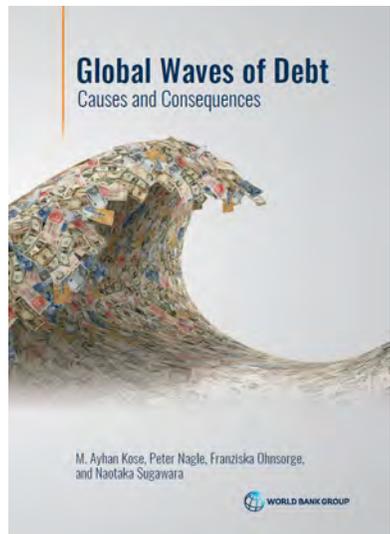
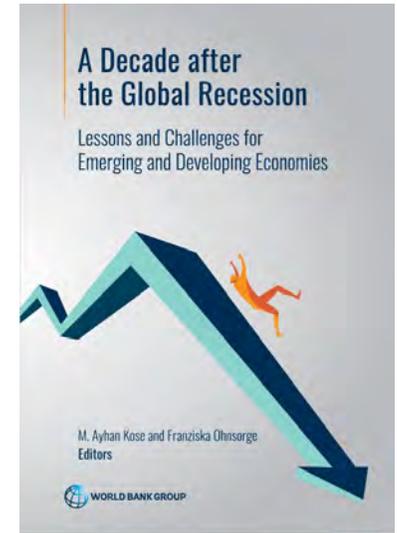
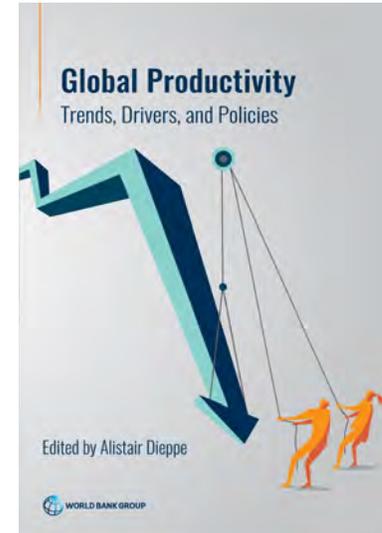
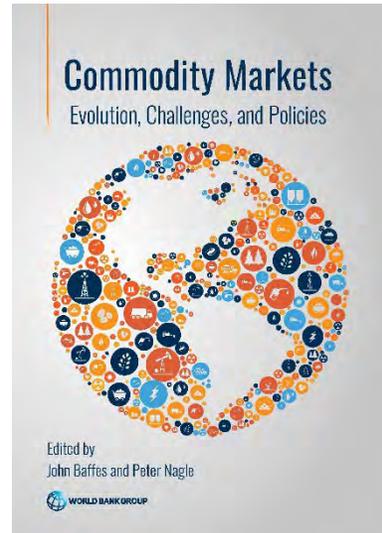
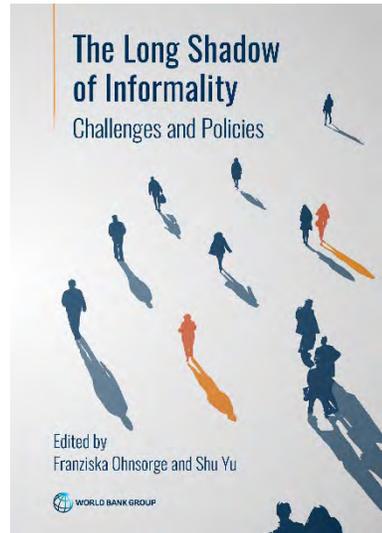
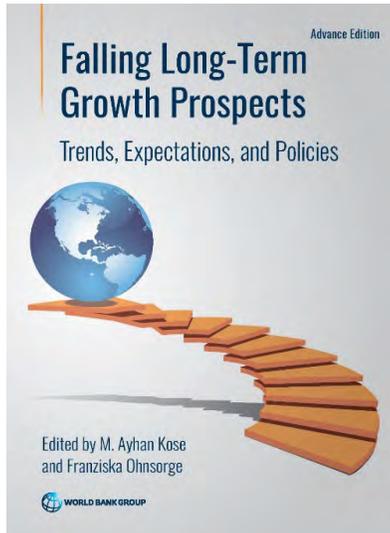
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THE WORLD BANK Development Economics Prospects Review	
Global Monthly November - December 2023	
Overview	Table of Contents
<ul style="list-style-type: none"> • Global growth is slowing further, as weakness in manufacturing and goods trade continues to weigh on activity • The US, Australia, and Japan will track their economic growth, but the rest of the world is at the risk of a sharp decline, reducing income across global demand • Financial conditions eased in November, reflecting prospects of easing global tensions 	<ul style="list-style-type: none"> • <i>Monthly Highlights</i> 2 • <i>Special Focus</i> 5 • <i>Recent Prospects Group Publications</i> 7 • <i>Recent World Bank Working Papers</i> 7 • <i>Global World Bank Reports</i> 7 • <i>Global Vision Group Reports</i> 7
Chart of the Month	Advanced economies with rising unemployment
<ul style="list-style-type: none"> • Labor markets have been tight since rebounded in 2020, but the pace has slowed in 2023. Excess capacity is still present in most economies. • However, unemployment rates have started to drift up, especially in emerging and low-income economies. • Evaluating the COMET-100 analysis, the average global unemployment rate is 5.1% in 2023, up from 4.8% in 2020. 	
Special Focus: Potential Near-Term Implications of the Conflict in the Middle East for Commodities—A Preliminary Assessment	
<ul style="list-style-type: none"> • The recent conflict in the Middle East has heightened geopolitical risks, and particularly those for oil markets. • A major impact of the conflict on oil prices has not yet been realized, while other geopolitical events in the Middle East have caused a pronounced increase in oil markets. • Should the conflict escalate across the region, oil prices could be a primary risk factor, leading to a sharp rise in prices. 	