

OECD forecasts healthy world growth despite high oil price

PARIS Nov 21: The OECD said yesterday the global economy was likely to expand by a healthy 4.75 per cent in 2001, as the US powerhouse loses some steam, Europe settles back into cruising speed and Japan pulls out of the slow lane, says Reuters.

But it said world oil prices, at 60 per cent above last year's level, were a worry which could be aggravated by either conflict in the Middle East or a harsh winter, even if the toll was far less than during the oil crises of the 1970s.

"Global economic growth appears to have peaked during the first half of 2000, but world economic prospects remain relatively bright," the Organisation for Economic Cooperation and Development said in its twice-yearly Economic Outlook.

It said growth across its 29 members as a whole was set to slow by about one percentage point in 2001 from 4.3 per cent this year but that a sharper-than-expected upturn in countries beyond the OECD block would secure global growth of four per cent or more in the coming two years.

Recovery in Japan, Europe still doing well

In Japan, which has been struggling for several years, the OECD said the economy had "started a modest recovery" and

should grow by 2.3 per cent next year, and 2.0 per cent in 2002, after expanding by 1.9 per cent this year.

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

Europe's leading economies were likely to slow down in the next two years but still perform healthily, the OECD said.

The US Federal Reserve might have to raise interest rates a bit more to help ease the pace in the short term. The OECD based its forecasts on an assumption it would raise its key Fed Funds rate half a percentage point, from 6.5 per cent currently.

Falling equity prices and the toll of higher oil prices on household incomes should help ease demand and control inflation but further rate rises might be needed anyway in 2001, it said.

By 2002, the Fed might be able to start lowering borrowing costs again once the pace of the economy had slowed, it said.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.

For Russia — which went into virtual economic meltdown just two years ago — the OECD predicted a doubling of growth to 6.5 per cent this year and four per cent in the following two years.

"In this context and provided

the euro does not significantly appreciate in the short term, the ECB may need to raise rates somewhat further —

the OECD assessment is for a rise of 50 basis points — to keep core inflation from settling durably above two per cent."

The Paris-based OECD said Japanese growth had been stronger than expected this year. "Growth will nevertheless remain volatile as fiscal measures run their course," it said.

The OECD said it saw euro zone growth slowing to 3.1 per cent next year and 2.8 per cent in 2002, from 3.5 per cent this year.

Growth in Germany, the euro zone's largest economy, was set to slow to 2.7 per cent next year and 2.5 per cent in 2002, from three per cent this year, while French growth would slow to 2.9 and 2.5 per cent respectively, after 3.3 per cent this year.

For Britain, outside the euro zone, the OECD said it saw growth this year on a par with Germany at 3.0 per cent, and slowing to 2.6 per cent and 2.3 per cent the following years.

Interest rates might have to be raised if domestic demand did not slow down enough or if the pound fell sharply.

Outside the main economic power centres, the OECD said it saw Mexican growth easing to a more sustainable five per cent for the next two years.