

as the economy expanded by only 0.6 percent at an annualized rate.

Performance in the U.S. economy over the past year has been dominated by three major factors: the continuing deep correction in that country's housing market; the unresolved financial sector problems that first emerged in subprime mortgage lending, but which have now spread more broadly; and the broadly-based depreciation of the U.S. dollar against its foreign counterparts.

U.S. consumers increasingly became reluctant spenders over 2007 as a number of factors cut into both their purchasing power and confidence.

Household wealth, and the ability to borrow against home equity, were negatively impacted by falling home valuations. Many households were increasingly contending with tighter bank lending conditions in the wake of the financial fallout triggered by the unfolding sub-prime mortgage crisis. Rising food and gasoline costs also cut into disposable income and discretionary purchases, while more recently, moderating employment gains are threatening to further reduce spending intentions. Growth in consumer expenditures slipped to 2.9 percent in 2007 from 3.1 percent the year before, while in the fourth quarter they only grew at a 2.3 percent annualized rate. For 2007 as a whole, consumer

TABLE I-1
Real GDP growth in Selected Economies over 2004-2007 and forecast for 2008, in percent

	2004	2005	2006	2007	2008
World	4.9	4.4	5.0	4.9	3.7
Advanced Economies	3.2	2.6	3.0	2.7	1.3
Canada	3.1	3.1	2.8	2.7	1.3
United States	3.6	3.1	2.9	2.2	0.5
United Kingdom	3.3	1.8	2.9	3.1	1.6
Japan	2.7	1.9	2.4	2.1	1.4
Euro Area	2.1	1.6	2.8	2.6	1.4
<i>of which France</i>	2.5	1.7	2.0	1.9	1.4
<i>of which Germany</i>	1.1	0.8	2.9	2.5	1.4
<i>of which Italy</i>	1.5	0.6	1.8	1.5	0.3
Developing Economies	7.5	7.1	7.8	7.9	6.7
China	10.1	10.4	11.6	11.9	9.3
India	7.9	9.1	9.7	8.7	7.9
Russia	7.2	6.4	7.4	8.1	6.8
Brazil	5.7	3.2	3.8	5.4	4.8
Mexico	4.2	2.8	4.8	3.3	2.0
ASEAN-5					
Indonesia	5.0	5.7	5.5	6.3	6.1
Malaysia	6.8	5.0	5.9	6.3	5.0
Philippines	6.4	4.9	5.4	7.3	5.8
Thailand	6.3	4.5	5.1	4.8	5.3
Vietnam	7.8	8.4	8.2	8.5	7.3
NIEs					
Hong Kong (China)	8.5	7.1	7.0	6.3	4.3
Korea	4.7	4.2	5.1	5.0	4.2
Singapore	9.0	7.3	8.2	7.7	4.0
Taiwan	6.2	4.2	4.9	5.7	3.4

Source: IMF *World Economic Outlook*, April 2008 — except for 2006 and 2007 data for China, which reflect April revisions by the Chinese National Bureau of Statistics, and 2007 data for India, which reflect the advanced estimates published by the Indian Central Statistical Organisation. Rates of growth calculated on data expressed in U.S. dollar terms.