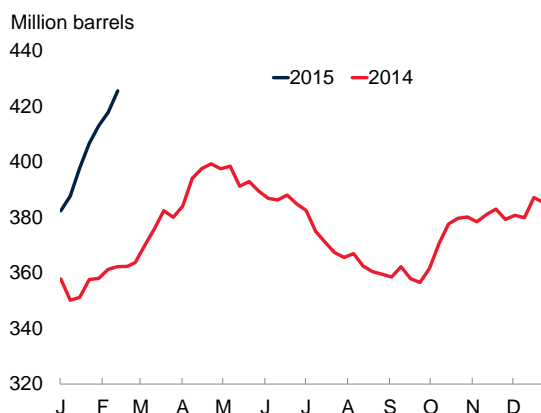


For more information, visit <http://www.worldbank.org/prospects>

Taking Stock

- Eurozone finance ministers reached an agreement to extend Greece's financial bailout by four months.** Greece and its Eurozone creditors agreed to extend the bailout program for four months, avoiding bankruptcy for Athens. Greek government officials welcomed the agreement, saying that the extension gave the government time to negotiate a “new deal.” Greece had been seeking a six-month extension of the bailout but the Eurozone partners opted for four months. The euro gained against the US dollar on Friday following the announcement, adding 0.3 percent to \$1.1403, while the Dow Jones industrial average and S&P 500 struck new intraday highs.
- Oil prices declined on strong supply data.** Oil prices fell sharply after data showed a surge in U.S. crude inventories (Figure 1), adding to concerns over oversupply. A possible increase in production from the world’s largest oil exporter, Saudi Arabia, also weighted negatively on the prices. U.S. crude supplies for the week ended February 13th saw a 14.3 million-barrel jump from a week earlier, significantly higher than market expectations of a 3.2 million barrel increase. Brent crude futures declined on Thursday by \$2.35 (or 3.9 percent) to \$58.18 a barrel on the London Exchange, while West Texas Intermediate (WTI) oil futures fell \$2.70 (or 5.2 percent) to \$49.44 a barrel on the New York Exchange.
- Japan’s Leading Economic Index rose.** Japan’s Leading Economic Index climbed to 105.6 in December, higher than the flash estimate of 105.2 and November’s reading of 103.7. The Coincident Index, which reflects the current economic activity, also rose from 109.2 in November to 110.7 in December, in line with the flash estimate. Meanwhile, the Bank of Japan (BOJ) announced that it will keep the size of the asset-buying program unchanged at an annual pace of 80 trillion yen (\$670 billion). The BOJ’s massive monetary expansion program to reverse deflation hit a road bump recently, as a 50 percent drop in oil prices since June hampered the central bank’s efforts to meet the 2 percent inflation target.
- Russian economic indicators slumped in January.** Russia saw steep declines in key economic activity indicators in January, reinforcing expectation that the country is heading for recession under the weight of a sharp decline in oil prices and Western sanctions. Retail sales declined 4.4 percent (y/y) in January, while real wages plunged 8 percent (Figure 2), the sharpest decline since 1999. Meanwhile, fixed capital investments extended their decline to 6.3 percent (y/y) after a 2.4 percent fall in the previous month. Unemployment also rose from 5.3 percent to 5.5 percent.

FIGURE 1 U.S. Oil inventories surged, putting further pressures on oil prices



Source: Bloomberg.

FIGURE 2 Russia real wage plunged 8 percent in January recording the sharpest decline since 1999



Source: Haver Analytics.

Weekly Insight: Remittances and Consumption Stability

Many developing countries rely heavily on remittances. At the household level, remittance flows help support spending on consumption, education, and health services. At the macroeconomic level, remittances are a resilient source of financial flows that continue to grow even during episodes of sudden stops when other capital flows reverse. Remittances are relatively less volatile than all other external flows, including FDI and official development assistance. As a result, remittances can help smooth consumption.

Remittances are relatively stable and acyclical. While debt flows and FDI are generally pro-cyclical, in a substantial proportion of developing countries, remittance receipts are not significantly related to the domestic business cycle (Figure 3). Remittances are a more stable source of external finance than other inflows, including ODA. Pro-cyclical capital flows can exacerbate output fluctuations and contribute to the volatility of consumption in developing countries. Stability and acyclicity imply that remittances have the potential to make a critical contribution in supporting consumption in the face of economic adversity. This is particularly important in developing countries, where remittances are used to finance household consumption directly.

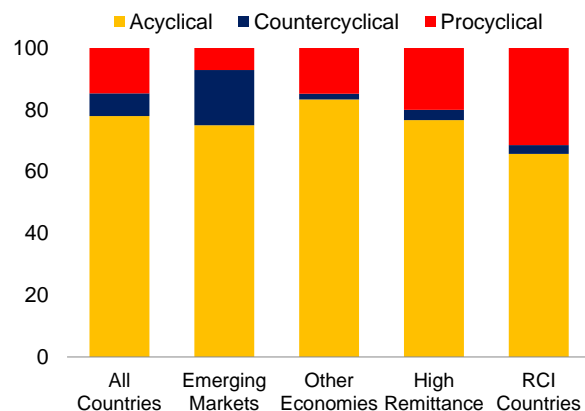
Remittances continue to be stable when capital flows fall sharply. A plethora of sudden stops in capital flows coincided with the global financial crisis that began in 2008. In contrast, remittances displayed slight above-trend growth during the financial crisis. The same pattern was observed during previous, less severe and less synchronized crisis episodes, with remittances generally displaying resilience, while capital inflows gyrate (Figure 4). Moreover, remittances are resilient in emerging markets and Remittance and Capital Flow Intensive (RCI) economies taken separately, even though the decline in capital flows for these countries is often sharper than for other groups. During the first year of a sudden stop, capital inflows to emerging markets fall 25.2 percent on average, whereas remittances increase by 6.8 percent. Also, countries with more geographically dispersed migrant stocks tend to receive relatively more stable remittance flows during sudden stops than those with more concentrated migrant stocks.

The relative stability of remittances over the business cycle suggests that large-scale recipients may be less prone to consumption volatility. Empirical analysis shows that countries that receive a larger amount of remittances have, on average, a lower correlation between output and consumption growth. This finding implies relatively larger benefits of remittances for consumption stability in countries that have sizeable remittance receipts and high exposure to interruptions in capital flows. This ability to reduce fluctuations in consumption is an important determinant of economic welfare.

FIGURE 3 Remittances and business cycles

Remittances are acyclical in most countries.

Percent of countries

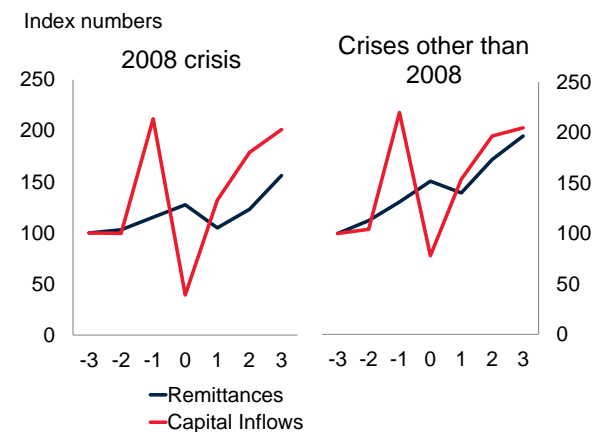


Source: World Bank staff estimates.

Note: Cyclicity is defined as correlation between detrended real GDP and remittances. Remittances are: (i) *procyclical* if the correlation is positive and statistically different from zero, (ii) *countercyclical* if negative and statistically different from zero and (iii) *acyclical* if not statistically different from zero. RCI (Remittance and Capital Flow Intensive) refers to countries for which Remittances and either FDI or Equity Flows have been above 1%, 3.5% and 1%, respectively, and High Remittance refers to a countries for which Remittances have been above 1% during the 2003-2012 time period.

FIGURE 4 Remittances and capital inflows during sudden stops

Remittances have been resilient during sudden stops.



Source: Data from World Development Indicators, World Bank's Global Capital Flows and World Bank staff calculations.

Notes: (1) Values are averages of remittances and net capital inflows for emerging markets and developing economies that have experienced sudden stop episodes. Index numbers are calculated with a base of 100 for the period three years before the crisis year (-3). The horizontal axis denotes years. 0 (zero) refers to the year of the sudden stop.



Major Data Releases

Fri, 13 Feb - Thu, 19 Feb 2015

Country	Date	Indicator	Period	Actual	Forecast	Previous
Eurozone	2/13/2015	GDP (Y/Y)	Q4	0.9%	0.8%	0.8%
Japan	2/15/2015	GDP (Q/Q)	Q4	0.6%	0.9%	-0.5%
Thailand	2/15/2015	GDP (Y/Y)	Q4	2.3%	2.2%	0.6%
United Kingdom	2/17/2015	CPI (Y/Y)	JAN	0.3%	0.4%	0.5%
South Africa	2/18/2015	Retail Sales (Y/Y)	DEC	2.4%	3.2%	3.5%
United States	2/18/2015	PPI (Y/Y)	JAN	0.0%	0.3%	1.1%

Upcoming releases: Fri, 20 Feb - Thu, 26 Feb 2015

Country	Date	Indicator	Period	Previous
Mexico	2/20/2015	GDP (Y/Y)	Q4	2.2%
Czech Republic	2/23/2015	PPI (Y/Y)	JAN	-3.7%
Germany	2/24/2015	GDP (Y/Y)	Q4	1.2%
Finland	2/24/2015	Unemployment Rate	JAN	9.2%
Singapore	2/26/2015	Industrial Production (Y/Y)	JAN	-1.9%
South Africa	2/26/2015	PPI (Y/Y)	JAN	5.8%

Economic Developments

indicators expressed as %ch y/y, except Industrial Production quarterly figures are %ch q/q, annualized

	2010						2011						2012						2013						2014					
	2010	2011	2012	2013	2014	Q1	Q2	Q3	Q4	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec											
Industrial Production, S.A.																														
World	8.8	4.7	3.0	2.5	3.4	3.7	2.2	2.4	3.7	3.8	3.6	3.5	3.5	3.4	2.5	3.4	3.0	2.9	3.1											
High Income Countries	7.7	2.9	1.0	0.6	2.2	3.2	0.0	0.2	3.1	3.0	2.8	2.3	2.2	2.3	1.1	1.7	1.7	1.4	1.7											
Developing Countries	10.8	7.8	6.3	5.5	5.1	4.4	5.6	5.7	4.5	4.9	4.7	5.4	5.5	5.0	4.8	6.0	5.0	5.1	5.0											
East Asia and Pacific	14.2	11.3	9.0	8.9	7.5	4.4	8.2	6.9	8.8	7.5	7.9	8.2	8.6	7.8	6.6	7.6	7.1	6.8	7.3											
East Asia x. China	8.9	0.7	4.1	4.7	3.4	-2.3	8.5	3.7	8.4	0.6	2.6	4.0	4.7	1.1	4.6	5.7	4.4	4.5	4.6											
Europe and Central Asia	10.7	13.0	8.9	2.3	3.6	5.0	3.2	0.9	-1.8	4.6	4.2	6.3	4.2	4.1	2.6	2.6	2.4	1.8	1.2											
Latin America and Caribbean	5.9	2.5	-0.1	0.9	-1.0	1.3	-2.7	-0.3	-3.2	1.5	-2.2	-1.2	-2.7	-1.6	-1.0	-1.4	-0.8	-1.5	-1.5											
Middle East and N. Africa	2.1	-8.6	5.8	-6.8	0.6	13.4	3.7	29.9	-4.0	-9.0	-8.8	-7.2	-3.9	-1.9	9.2	18.0	11.0	12.9	6.3											
South Asia	9.3	5.5	1.1	1.7	2.3	6.9	5.5	1.9	-6.9	0.1	4.2	5.3	4.5	1.9	2.5	3.9	-2.3	5.0	2.2											
Sub-Saharan Africa	4.7	3.3	3.4	1.0	0.0	-5.1	-2.4	-0.8	9.8	1.3	-2.3	-3.5	0.6	-7.7	-0.6	8.6	1.8	-1.6	0.5											
Inflation, S.A.¹																														
High Income Countries	1.7	2.8	2.0	1.5	1.7	1.4	2.0	1.8	1.5	1.5	2.0	2.0	2.0	1.8	1.7	1.7	1.7	1.5	1.2											
Developing Countries	5.8	7.5	6.5	7.4	7.8	7.5	7.7	8.0	7.9	7.5	7.5	7.9	7.8	8.1	8.1	7.9	7.8	7.7	8.1											
East Asia and Pacific	3.4	5.6	2.8	3.0	2.6	2.9	2.5	2.2	3.0	2.5	3.1	3.0	2.8	2.5	2.2	2.1	2.2	2.3	2.3											
Europe and Central Asia	7.3	8.2	8.7	6.2	7.3	5.8	7.4	7.9	8.1	6.2	7.0	7.6	7.5	7.7	8.0	8.0	8.2	8.4	7.9											
Latin America and Caribbean	6.4	7.5	6.7	9.8	14.7	12.5	13.9	15.5	16.9	12.9	13.6	13.9	14.2	15.0	15.5	16.0	16.3	16.6	17.7											
Middle East and N. Africa	7.0	12.0	13.8	19.2	10.9	13.2	9.7	10.1	10.8	11.3	10.1	9.8	9.2	9.9	10.2	10.2	10.6	10.6	11.3											
South Asia	10.3	9.8	9.4	9.6	7.1	8.2	8.0	7.5	4.8	8.2	8.5	8.2	7.4	8.1	7.8	6.7	5.5	4.2	4.7											
Sub-Saharan Africa	7.5	10.1	11.3	8.2	8.8	8.7	9.5	9.6	7.3	8.8	9.0	9.5	10.0	9.9	10.0	8.8	7.5	7.3	7.2											

¹ Inflation is calculated as the GDP-weighted average for all groups.

Trade and Finance

indicators expressed as %ch y/y, except International Reserves are %ch p/p and trade quarterly figures are %ch q/q, annualized

	2010						2011						2012						2013						2014					
	2010	2011	2012	2012	2012	Q1	Q2	Q3	Q4	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec											
Exports, Nominal, US\$, S.A.																														
World	22.0	19.2	0.2	2.0	1.5	-3.6	5.9	2.9	-13.9	3.0	2.9	4.2	3.7	6.3	1.2	3.0	-0.8	-4.0	-2.7											
High Income Countries	19.4	18.6	-1.1	1.3	1.1	-1.0	3.7	-1.6	-16.7	5.3	3.8	4.3	2.8	5.5	-0.1	1.1	-2.6	-5.5	-4.5											
Developing Countries	28.5	20.7	3.3	3.5	2.4	-9.4	11.1	13.5	-7.4	-2.1	1.0	4.0	5.8	8.3	4.3	7.4	3.4	-0.6	1.4											
East Asia and Pacific	30.8	19.7	6.1	6.0	4.9	-11.2	15.4	23.1	3.7	-3.6	1.9	5.0	7.7	11.7	8.5	13.8	9.7	4.0	7.2											
Europe and Central Asia	15.6	20.3	-0.2	-0.3	0.2	5.9	-4.3	-5.8	-25.1	8.9	3.4	6.3	5.3	6.6	-4.5	-0.9	-5.6	-8.9	-9.7											
Latin America and Caribbean	28.4	23.3	1.6	0.6	-1.4	-11.3	9.4	4.0	-26.2	-3.1	-0.9	0.8	1.6	5.5	-0.8	-0.5	-4.6	-9.3	-7.4											
Middle East and N. Africa	24.3	15.1	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
South Asia	34.3	31.6	-1.8	6.2	1.5	-13.7	7.6	11.6	-12.7	1.1	3.7	9.1	9.4	3.4	1.0	-1.3	-7.6	5.4	-4.9											
Sub-Saharan Africa	34.4	18.3	-1.5	-0.2	-	-6.7	6.2	-11.7	-	-6.3	-8.8	-6.4	-2.1	-6.8	-4.6	-4.7	-	-	-											
Imports, Nominal, US\$, S.A.																														
World	25.6	23.4	6.9	6.0	-1.7	-9.1	2.5	0.5	-12.8	-2.0	0.7	-4.1	0.5	3.6	-1.4	-2.5	-7.5	-4.9	-2.3											
High Income Countries	17.9	17.8	-1.0	0.3	1.6	3.2	1.8	-2.5	-19.1	7.5	4.3	4.2	6.4	5.5	0.2	1.9	-3.5	-5.5	-4.7											
Developing Countries	35.6	29.8	14.9	11.0	-4.3	-18.2	3.2	3.2	-7.1	-9.2	-2.1	-10.4	-4.2	2.0	-2.8	-5.9	-10.7	-4.3	-0.3											
East Asia and Pacific	37.3	24.2	5.6	5.8	-0.4	2.5	-14.8	14.9	-7.4	-10.5	-2.2	-3.8	3.5	-2.7	-1.0	6.7	3.1	-5.3	-3.3											
Europe and Central Asia	20.6	27.1	-0.3	2.9	-4.7	-14.4	-6.6	-5.3	-6.4	-0.8	-6.1	-1.9	-0.5	-7.2	-4.4	-4.8	-7.4	-8.1	-9.1											
Latin America and Caribbean	29.0	22.5	3.8	2.9	-0.5	1.7	-2.9	4.1	-5.7	2.7	-4.9	-2.5	2.3	-0.7	-2.0	6.1	-4.7	-0.3	2.9											
Middle East and N. Africa	15.0	17.0	9.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
South Asia	33.9	31.4	4.0	-4.0	1.0	10.3	6.0	36.9	-16.3	2.2	-9.5	-10.0	8.8	4.2	7.1	22.9	6.9	21.7	-5.5											
Sub-Saharan Africa	39.1	33.8	21.9	15.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
International Reserves, US\$																														
High Income Countries	10.2	11.3	9.2	3.6	-1.7	0.8	0.7	-1.8	-1.5	0.3	0.0	0.3	0.5	-0.4	0.0	-1.3	-0.6	0.0	-0.9											
Developing Countries	15.6	10.5	5.2	8.2	0.4	1.8	1.5	-1.9	-1.6	0.7	1.0	0.1	0.4	-0.1	-0.1	-1.7	-0.7	-0.3	-0.6											
East Asia and Pacific	19.3	11.9	4.5	12.2	0.0	3.0	1.2	-2.5	-1.4	0.8	0.9	0.1	0.3	-0.5	0.1	-2.1	-0.8	-0.3	-0.3											
Europe and Central Asia	9.3	5.5	7.8	3.6	-8.5	-2.9	3.4	-1.7	-7.2	0.6	1.6	0.7	1.0	-1.1	1.1	-1.7	-2.0	-1.1	-4.3											
Latin America and Caribbean	16.2	16.3	8.4	-1.1	3.4	0.2	3.4	1.2	-1.3	0.1	1.6	0.6	1.2	1.1	0.0	0.1	-0.1	0.7	-1.8											
Middle East and N. Africa	6.1	3.0	5.9	3.0	-	-1.8	-2.3	-3.6	-	-0.7	-0.8	-0.8	-0.7	-0.1	-1.3	-2.1	-	-	-											
South Asia	6.1	-0.9	0.4	-0.2	11.1	3.8	5.6	-0.6	2.2	3.3	2.9	1.1	1.5	1.3	-0.4	-1.4	0.5	-0.3	1.9											

Financial Markets

	2014														2015	MRV ¹	Chg since Sep-12 '08 ³			
	2010	2011	2012	2013	2014	Q1	Q2	Q3	Q4	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan			
Interest rates and LIBOR (%)																				
U.S. Fed Funds Effective	0.18	0.10	0.14	0.11	0.09	0.07	0.09	0.09	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.12	0.12	0.12	0.12	-1.98
ECB repo	1.00	1.25	0.88	0.55	0.16	0.25	0.22	0.11	0.05	0.16	0.15	0.12	0.05	0.05	0.05	0.05	0.00	0.05	0.05	-4.20
US\$ LIBOR 3-months	0.34	0.34	0.43	0.27	0.23	0.24	0.23	0.23	0.24	0.23	0.23	0.24	0.23	0.23	0.23	0.25	0.25	0.25	0.26	-2.56
EURIBOR 3-months	0.75	1.34	0.49	0.15	0.00	0.27	0.27	0.13	0.00	0.21	0.17	0.16	0.06	0.06	0.06	0.00	0.00	0.00	0.06	-4.89
US 10-yr Treasury yield	3.20	2.77	1.78	2.33	2.53	2.75	2.61	2.49	2.27	2.59	2.52	2.43	2.51	2.32	2.30	2.19	1.94	2.05	2.05	-1.67
German Bund, 10 yr	2.78	2.65	1.57	1.63	1.24	1.68	1.43	1.07	0.77	1.35	1.20	1.02	1.00	0.87	0.79	0.64	0.45	0.38	0.38	-3.81
Spreads (basis points)																				
JP Morgan Emerging Markets	301	341	342	319	330	352	300	301	367	282	282	310	312	349	350	402	443	412	412	55
Asia	206	218	216	219	206	231	197	195	202	189	195	202	187	207	193	206	233	213	213	-83
Europe	247	301	320	267	287	301	265	262	319	236	244	274	270	295	293	368	417	380	380	67
Latin America & Caribbean	360	404	393	379	407	429	360	366	471	343	336	373	390	443	455	516	560	526	526	138
Middle East	342	366	449	435	388	408	376	369	398	360	372	379	358	395	388	411	452	443	443	-55
Africa	274	364	337	322	322	332	287	280	319	278	278	292	270	307	306	343	385	359	359	359
Stock Indices (end of period) ²																				
Global (MSCI)	331	300	340	409	417	411	429	417	417	429	423	432	417	419	426	417	410	430	430	34.3
High-Income (\$ Index)	1280	1183	1339	1661	1710	1674	1743	1698	1710	1743	1714	1749	1698	1708	1740	1710	1678	1761	1761	37.2
United States (S&P-500)	1258	1258	1426	1848	2059	1872	1960	1981	2059	1960	1931	2003	1981	2018	2068	2059	1995	2097	2097	67.6
Euro Area (S&P-350\$)	1124	1005	1143	1339	1401	1361	1401	1411	1401	1401	1380	1404	1411	1382	1425	1401	1502	1559	1559	34.9
Japan (Nikkei-225)	10229	8455	10395	16291	16291	14828	15454	16174	0	15454	15621	15425	16174	16756	17460	0	17674	18352	18352	50.2
Developing Markets (MSCI)	1151	916	1055	1003	956	995	1051	1005	956	1051	1066	1088	1005	1016	1005	956	962	985	985	15.1
EM Asia	468	379	447	446	457	444	472	460	457	472	485	489	460	467	467	457	468	475	475	45.0
EM Europe	529	395	473	438	297	409	435	374	297	435	403	399	374	369	353	297	286	319	319	-37.4
EM Europe & Middle East	450	336	402	372	257	348	360	321	257	360	340	337	321	314	303	257	247	273	273	-33.3
EM Latin America & Caribbean	4614	3602	3798	3201	2728	3194	3370	3171	2728	3370	3399	3664	3171	3158	3008	2728	2555	2639	2639	-25.4
Exchange Rates (LCU / USD)																				
High Income																				
Euro Area	0.76	0.72	0.78	0.75	0.75	0.73	0.73	0.76	0.80	0.74	0.74	0.75	0.78	0.79	0.80	0.81	0.86	0.88	0.88	25.1
Japan	87.76	79.74	79.85	97.61	105.89	102.78	102.14	104.04	114.60	102.07	101.75	102.98	107.39	108.02	116.40	119.37	118.37	119.07	119.07	10.3
Developing																				
Brazil	1.76	1.67	1.95	2.16	2.36	2.37	2.23	2.28	2.55	2.23	2.22	2.27	2.34	2.45	2.55	2.65	2.64	2.87	2.87	61.0
China	6.77	6.46	6.31	6.15	6.16	6.10	6.23	6.16	6.15	6.23	6.20	6.15	6.14	6.13	6.19	6.22	6.25	6.25	6.25	-8.6
Egypt	5.63	5.94	6.07	6.87	7.08	6.96	7.07	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.27	7.58	7.58	39.8
India	45.73	46.67	53.41	58.55	61.09	61.79	59.90	60.65	62.03	59.76	60.06	61.01	60.87	61.50	61.79	62.80	62.20	62.34	62.34	36.4
Russia	30.37	29.41	31.06	31.86	38.59	35.07	34.96	36.31	48.02	34.37	34.75	36.17	38.01	40.96	46.27	56.83	64.43	61.90	61.90	142.5
South Africa	7.32	7.26	8.21	9.65	10.85	10.86	10.54	10.77	11.23	10.68	10.66	10.66	10.99	11.06	11.10	11.52	11.57	11.67	11.67	46.0
Memo: USA nominal effective rate	100.19	98.53	102.00	104.77	110.41	108.33	108.68	110.57	114.06	109.31	109.43	110.61	111.67	112.66	113.83	115.68	117.55	119.06	119.06	24.3

¹ MRV = Most Recent Value.

² MSCI Indices for Asia, Africa, and Europe and C. Asia, for 2008 are calculated from February-December, due to data availability.

³ Change expressed in levels for interest rates and spreads; percent change for stock market and exchange rates.

Commodity Prices

	2014														MRV	Chg since Sep-12 '08 ³				
	2010	2011	2012	2013	2014	Q1	Q2	Q3	Q4	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan			
Oil price, \$/b, nominal ¹	79	104	105	104	104	104	106	100	75	108	105	100	96	86	77	61	48	57	57	-42.0
Non - Oil Index ²	..	97	85	79	76	76	78	73	70	76	75	74	71	70	71	69	66	66	66	..
Food Index ²	..	99	97	89	86	86	89	75	74	86	79	76	72	72	75	75	73	73	73	..
Metals and Minerals Index ³	103	117	99	94	88	88	87	89	83	87	90	90	87	84	84	80	75	75	75	-27.7
Baltic Dry Index ⁴	2755	1545	916	1215	1375	983	948	1103	912	796	948	1101	1096	1332	881	727	511	511	511	-89.4

¹ Simple average of Brent, Dubai and WTI.

² Base Date = Jan 3, 2011 due to data availability.

The Index component combination in the Weekly tables differs from that of the Pink Sheet.

³ Base Date = Jan 4, 2010 due to data availability.

The Index component combination in the Weekly tables differs from that of the Pink Sheet.

⁴ Base Date = May 1, 1985