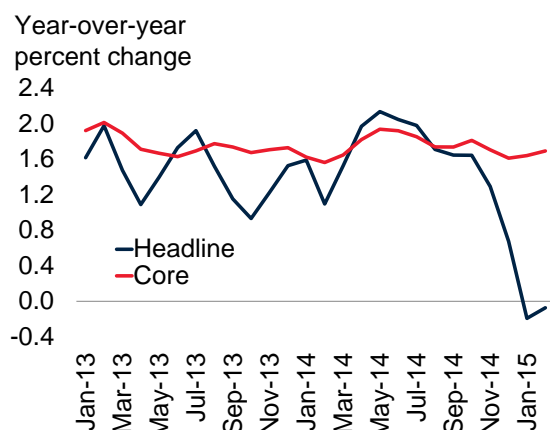


For more information, visit <http://www.worldbank.org/prospects>

## Taking Stock

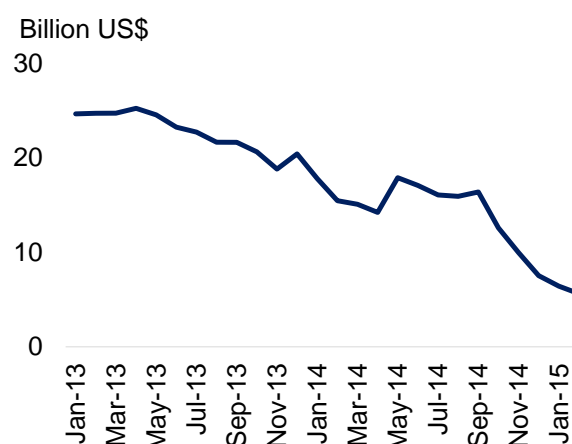
- U.S. inflation edged up in February.** U.S. consumer prices edged up 0.2 percent (m/m) in February after falling 0.7 percent in January. A rebound in energy prices, along with an increase in food prices, contributed to the increase of the headline consumer price index. The core consumer price index also rose by 0.2 percent. On a yearly basis, headline inflation remained negative (Figure 1). Meanwhile, U.S. GDP growth in Q4 was confirmed at 2.2 percent (q/q, saar).
- ECB increased the ceiling for emergency liquidity assistance to Greek banks.** The European Central Bank (ECB) approved an increase of the ceiling for Emergency Liquidity Assistance to Greek banks by more than €1 billion to just over €71 billion (40 percent of Greek GDP), which will help alleviate short-term cash needs in the banking system. Greece has until Monday to offer details on reform commitments if it is to receive further Eurozone aid payments.
- Japanese economic outlook upgraded.** The Japanese government upgraded its assessment of the economy for the first time in eight months. In the monthly report released by the Cabinet Office, the government said the Japanese economy is on a moderate recovery, citing improvements in corporate profits, a pick-up in industrial production, and steady strengthening of private consumption.
- Ukraine sought debt restructuring.** The Ukrainian government urged its international creditors, including Russia, to negotiate a debt-restructuring deal now or risk facing bigger losses. As part of an International Monetary Fund financial support package that was approved last week, Ukraine is looking to restructure \$15 billion of external debt (11 percent of GDP) over the next 4 years. With \$7.7 billion of debt-service payments due this year, Ukraine has limited recourse to meet its external obligations as the country's international reserves shrank to a record low of \$5.6 billion (less than 15 percent of short term debt) in February (Figure 2).
- Start-ups in Africa gained momentum.** While still relatively small on a global scale, Africa's startup scene is gathering momentum, led by Nigeria and Kenya, according to a new Venture Capital for Africa (VC4A) report. Nigeria has the most startups raising capital, but Kenya has attracted more overall investment. However, the report also notes that the startup action is still not prevalent across the continent, with only a handful of countries attracting meaningful amounts of entrepreneurs or venture capital investments.

**FIGURE 1 U.S. inflation edged up in February**



Source: Haver Analytics.

**FIGURE 2 Ukraine's foreign reserves fell to \$5.6 billion in February**



Source: Haver Analytics.

## Weekly Insight: Cartels In Commodity Markets

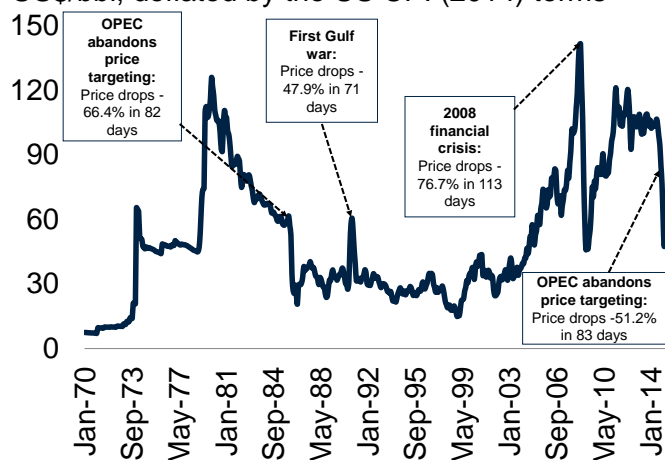
Commodity agreements were put in place right after World War II and again following the 1970s commodity price boom. Price and trade restrictions encouraged the emergence of competitor products or the entry of new producers. As a result, all of these agreements, except those covering crude oil, eventually collapsed.

- Recent developments in oil markets have led to extensive debates about the viability of OPEC as a cartel.** The Organization of Petroleum Exporting Countries (OPEC) began playing an important role following its decision to impose an embargo on oil exports in 1973, which resulted in the quadrupling of oil prices. It was also instrumental in the tripling of oil prices in 1978/79. Efficiency gains and new oil suppliers, along with disagreements among various OPEC members, reduced the cartel's role for the next two decades. It began intervening actively again following the Asian financial crisis when oil prices dropped to less than \$10/bbl. Higher oil prices brought unconventional oil supplies in the market which, combined with weak global demand and an appreciating US dollar, began pushing oil prices down. OPEC decided not to restrict supplies. Since June 2014, oil prices have declined by more than 50 percent (Figure 3)
- Efforts to manage world commodity markets in order to achieve price objectives are not unique to crude oil.** A number of commodity agreements, often negotiated among producing and consuming nations in order to stabilize prices at levels deemed fair to both, were put in place following World War II. The commodities in these agreements included wheat, sugar, tin and coffee. Following the 1970s price boom, the agreements were extended to other commodities including cocoa and natural rubber. These agreements had legal clauses on the instruments for managing the corresponding markets, principally export restrictions and inventory management. The price and trade restrictions imposed on global market conditions encouraged either the emergence of competitor products or the entry of new producers. As a result, all of these agreements eventually collapsed (Figure 4).
- There is a key difference between OPEC, the only surviving commodity organization seeking to actively manage a global commodity market, and the earlier commodity agreements.** OPEC has no legal clause on how to intervene when market conditions warrant some intervention, thus allowing it to respond flexibly to changing circumstances. It could be "dormant" for some time and then become active again. However, OPEC's actions and effectiveness may be limited as it competes with nimble new technologies - notably shale oil - and producers.

**FIGURE 3 Crude oil prices**

The 2014 oil price decline was the third largest in recent history

US\$/bbl, deflated by the US CPI (2014) terms



Source: World Bank.

**FIGURE 4 Post World War II commodity agreements**

All commodity agreements except OPEC have collapsed

	Cocoa	Coffee	Rubber	Sugar	OPEC
First agreement	1972	1962	1980	1954	1960
Breakdown/lapse of economic clauses	1988	1989	1999	1983	Continues
Type of control	buffer stock	export control	buffer stock	export control	export control

Source: Christopher L. Gilbert, *World Development*, January 1996; Sandhya Chandrasekhar, *Northwestern Journal Of International Law & Business*, Fall 1989.

## Major Data Releases

Fri, 20 Mar - Thu, 26 Mar 2015

Country	Date	Indicator	Period	Actual	Forecast	Previous
Malaysia	3/20/2015	CPI (Y/Y)	FEB	0.1%	0.3%	1.0%
Canada	3/20/2015	Retail Sales (Y/Y)	JAN	1.2%	5.4%	4.0%
Singapore	3/23/2015	CPI (Y/Y)	FEB	-0.3%	-0.3%	-0.4%
US	3/24/2015	CPI (Y/Y)	FEB	0.0%	-0.1%	-0.1%
South Korea	3/25/2015	GDP (Y/Y)	Q4	2.7%	3.0%	3.3%
South Africa	3/26/2015	PPI (Y/Y)	FEB	2.6%	3.0%	3.5%

Upcoming releases: Fri, 27 Mar - Thu, 2 Apr 2015

Country	Date	Indicator	Period	Previous
US	3/27/2015	GDP (Y/Y)	Q4	2.7%
Turkey	3/31/2015	GDP (Y/Y)	Q4	1.8%
Germany	3/31/2015	Unemployment Rate	FEB	4.7%
UK	3/31/2015	GDP (Y/Y)	Q4	2.6%
Brazil	4/1/2015	Industrial Production (Y/Y)	FEB	-5.2%
Thailand	4/1/2015	CPI (Y/Y)	MAR	-0.5%

### Economic Developments

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

	2010				2011				2012				2013				2014				2015				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Industrial Production, S.A.</b>																									
<b>World</b>	8.8	4.7	3.1	2.5	3.8	2.1	2.3	4.1	3.8	3.6	3.5	3.4	3.4	2.5	3.4	3.1	2.8	3.3	2.7	-	-	-	-	-	
High Income Countries	7.7	2.9	1.1	0.6	3.2	-0.1	0.2	3.6	3.0	2.8	2.2	2.2	2.3	1.0	1.7	1.7	1.4	2.0	1.8	-	-	-	-	-	
Developing Countries	10.9	7.9	6.3	5.5	4.7	5.4	5.5	4.9	4.9	4.8	5.5	5.4	4.9	4.8	6.0	5.1	5.0	5.3	4.1	-	-	-	-	-	
East Asia and Pacific	14.2	11.3	9.0	8.9	4.6	8.0	6.8	8.6	7.5	7.9	8.2	8.6	7.8	6.6	7.7	7.1	6.6	7.3	6.4	6.33	-	-	-	-	
East Asia x. China	8.9	0.7	4.1	4.7	-1.6	7.9	4.4	6.1	0.7	2.6	4.0	4.7	1.1	4.6	5.8	4.4	3.5	4.5	4.0	-	-	-	-	-	
Europe and Central Asia	10.9	13.1	8.9	2.2	5.5	1.9	1.3	-1.1	4.3	4.2	6.6	3.6	3.9	2.3	2.8	2.5	2.0	1.2	-0.2	-	-	-	-	-	
Latin America and Caribbean	5.9	2.5	-0.1	0.9	1.3	-2.8	-0.7	-3.1	1.4	-2.4	-1.2	-2.7	-1.7	-1.2	-1.6	-0.9	-1.6	-1.6	-2.3	-	-	-	-	-	
Middle East and N. Africa	2.1	-8.4	5.6	-6.8	16.5	2.8	28.3	-3.6	-9.0	-8.8	-7.0	-4.1	-1.8	10.1	17.5	11.0	12.5	7.5	-0.4	-	-	-	-	-	
South Asia	9.3	5.5	1.1	1.7	6.9	5.7	2.0	-3.6	0.1	4.2	5.3	4.5	1.9	2.5	3.9	-0.9	4.8	4.0	3.6	-	-	-	-	-	
Sub-Saharan Africa	4.6	3.5	3.3	0.9	-2.9	-0.9	-4.6	10.3	-0.7	-0.1	-2.5	0.0	-8.3	0.6	7.8	1.9	-0.9	0.0	-1.3	-	-	-	-	-	
<b>Inflation, S.A.<sup>1</sup></b>																									
<b>World</b>	1.7	2.8	2.0	1.5	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	0.9	1.05	-	-	-	-	
High Income Countries	5.8	7.5	6.5	7.5	7.5	7.7	7.9	7.8	7.5	7.5	7.9	7.7	7.9	8.0	7.8	7.7	7.7	8.1	7.6	7.82	-	-	-	-	
Developing Countries	3.4	5.6	2.8	3.0	2.9	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	1.5	1.96	-	-	-	-	
East Asia and Pacific	7.3	8.2	8.7	6.2	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	7.6	8.14	-	-	-	-	
East Asia x. China	6.4	7.5	6.7	9.8	12.5	13.9	15.5	16.9	12.9	13.6	13.9	14.2	14.9	15.5	16.0	16.3	16.6	17.7	17.2	17	-	-	-	-	
Europe and Central Asia	7.0	12.0	13.8	19.2	13.2	9.7	10.1	10.8	11.3	10.1	9.9	9.2	9.9	10.2	10.2	10.6	10.6	11.3	10.4	-	-	-	-	-	
Latin America and Caribbean	10.3	9.8	9.4	10.1	8.1	7.8	6.7	4.2	8.1	8.4	8.1	6.8	7.3	6.9	5.8	4.8	3.5	4.4	5.1	5.06	-	-	-	-	
Middle East and N. Africa	7.5	10.1	11.3	8.2	8.8	9.5	9.6	7.6	8.8	9.0	9.5	10.0	9.9	10.0	8.8	7.5	7.8	7.5	6.9	6.7	-	-	-	-	
South Asia																									
Sub-Saharan Africa																									

<sup>1</sup> 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				2015				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Exports, Nominal, US\$, S.A.</b>																									
<b>World</b>	21.9	19.2	0.2	2.0	-2.7	5.0	2.4	-14.8	2.9	3.0	4.2	3.7	6.2	1.1	2.9	-1.1	-4.2	-3.2	-9.8	-	-	-	-	-	
High Income Countries	19.4	18.6	-1.1	1.3	0.3	3.1	-1.8	-17.9	5.3	3.8	4.3	2.8	5.5	-0.1	1.2	-2.8	-5.7	-4.9	-11.4	-	-	-	-	-	
Developing Countries	28.4	20.7	3.2	3.6	-9.1	9.5	12.4	-7.7	-2.4	1.1	4.1	5.7	7.9	4.0	6.7	2.6	-0.8	0.7	-6.2	-	-	-	-	-	
East Asia and Pacific	30.8	19.7	6.1	6.2	-12.1	14.1	22.0	3.3	-4.1	2.1	5.2	7.6	11.3	8.2	12.8	8.5	3.5	6.3	-3.3	32.5	-	-	-	-	
East Asia x. China	15.5	20.3	-0.1	-0.3	7.2	-4.8	-6.1	-25.7	8.9	3.2	6.6	5.4	6.1	-3.8	-1.0	-5.8	-8.5	-10.1	-11.2	-	-	-	-	-	
Europe and Central Asia	28.4	23.3	1.7	0.5	-8.4	7.8	3.5	-26.4	-3.0	-0.8	0.9	1.7	5.5	-0.8	-0.4	-4.5	-9.1	-7.1	-8.9	-	-	-	-	-	
Latin America and Caribbean	24.3	15.1	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Middle East and N. Africa	34.3	31.6	-1.8	6.2	-10.9	4.3	11.3	-8.6	1.1	3.7	9.1	9.3	3.3	1.0	-1.3	-7.6	7.0	-3.1	-9.7	-13.7	-	-	-	-	
South Asia	32.7	19.1	-2.9	0.2	-6.7	1.8	-17.2	-30.4	-7.9	-10.4	-8.2	-4.1	-8.7	-7.2	-7.6	-9.3	-17.1	-15.6	-	-	-	-	-	-	
Sub-Saharan Africa																									
<b>Imports, Nominal, US\$, S.A.</b>																									
<b>World</b>	25.6	23.5	6.9	6.0	-8.9	2.7	0.3	-12.8	-2.0	0.7	-4.1	0.5	3.6	-1.4	-2.3	-7.5	-5.0	-2.3	-20.0	-	-	-	-	-	
High Income Countries	17.9	17.8	-1.0	0.3	4.0	1.2	-2.6	-19.6	7.6	4.4	4.2	6.4	5.5	0.3	2.0	-3.5	-5.8	-4.8	-14.4	-	-	-	-	-	
Developing Countries	35.6	29.9	14.9	11.0	-18.4	3.9	2.8	-6.7	-9.2	-2.2	-10.5	-4.2	2.0	-2.7	-5.8	-10.6	-4.3	-0.2	-24.6	-	-	-	-	-	
East Asia and Pacific	37.3	24.2	5.6	5.8	2.6	-13.9	15.5	-9.2	-10.4	-2.1	-3.8	3.5	-2.7	-0.9	6.8	3.2	-5.3	-3.6	-17.7	-20	-	-	-	-	
East Asia x. China	20.6	27.1	-0.2	2.9	-12.0	-6.3	-5.8	-8.7	-0.6	-6.0	-2.3	0.1	-7.2	-4.2	-4.5	-7.5	-8.1	-9.2	-16.6	-	-	-	-	-	
Europe and Central Asia	29.0	22.5	3.8	3.0	3.1	-3.1	6.5	-7.4	2.7	-4.9	-2.4	2.4	-0.8	-1.9	7.6	-4.4	0.1	3.4	-8.5	-	-	-	-	-	
Latin America and Caribbean	15.0	18.0	9.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Middle East and N. Africa	33.9	31.4	4.0	-4.0	15.4	3.3	36.8	-14.3	2.2	-9.5	-10.1	8.7	4.2	7.0	22.9	6.9	21.7	-2.2	-11.5	-12.9	-	-	-	-	
South Asia	39.1	33.8	21.9	15.4	-27.6	11.8	-2.6	-	-11.3	-1.2	-13.6	-7.7	4.3	-4.1	-12.0	-16.1	-5.5	-	-	-	-	-	-	-	
Sub-Saharan Africa																									
<b>International Reserves, US\$</b>																									
<b>World</b>	10.2	11.3	9.2	3.6	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	0.3	-	-	-	-	-	
High Income Countries	15.6	10.5	5.2	8.2	1.8	1.5	-1.9	-1.7	0.7	1.0	0.1	0.4	-0.2	-0.1	-1.7	-0.7	-0.3	-0.7	-	-	-	-	-	-	
Developing Countries	19.3	11.9	4.5	12.2	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	-0.4	-	-	-	-	-	-	
East Asia and Pacific	9.3	5.5	7.8	3.6	-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	-0.9	-1.49	-	-	-	-	
East Asia x. China	16.2	16.3	8.4	-1.1	0.2	3.4	1.2	-1.2	0.1	1.6	0.6	1.2	1.1	0.0	0.1	-0.1	0.7	-1.8	0.5	-0.32	-	-	-	-	
Europe and Central Asia	6.1	3.0	5.9	3.0	-1.9	-2.2	-3.8	-3.2	-0.8	-0.8	-0.9	-0.6	-0.4	-1.1	-2.3	-0.2	-1.0	-2.1	-	-	-	-	-	-	
Latin America and Caribbean	6.1	-0.9	0.4	-0.2	3.8	5.6	-0.6	2.0	3.3	2.9	1.1	1.5	1.3	-0.4	-1.4	0.5	-0.3	1.9	2.2	3.28	-	-	-	-	
Middle East and N. Africa																									
South Asia																									

