

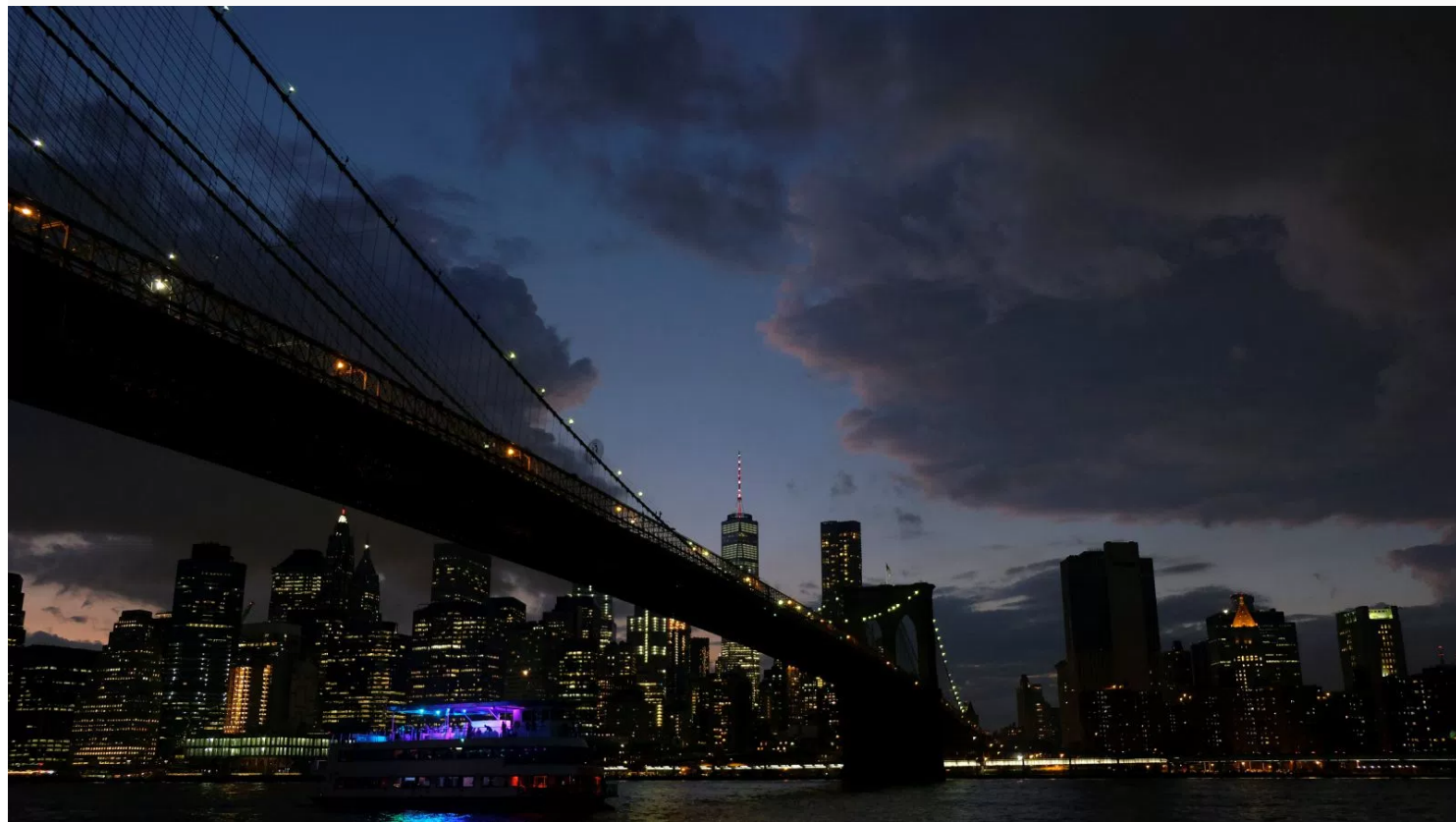
QUARTZ

PEAKED

Permanently lower your hopes for the global economy, the World Bank says

Eshe Nelson

January 10, 2018



📷 Dark clouds looming. (Reuters/Darrin Zammit Lupi)

The World Bank's assessment of the global economy starts off well. We're in the midst of a "broad-based cyclical upturn," which is expected to last several years. Annual global GDP growth is forecast to rise to 3.1% this year and stay at this level or just below until 2020.

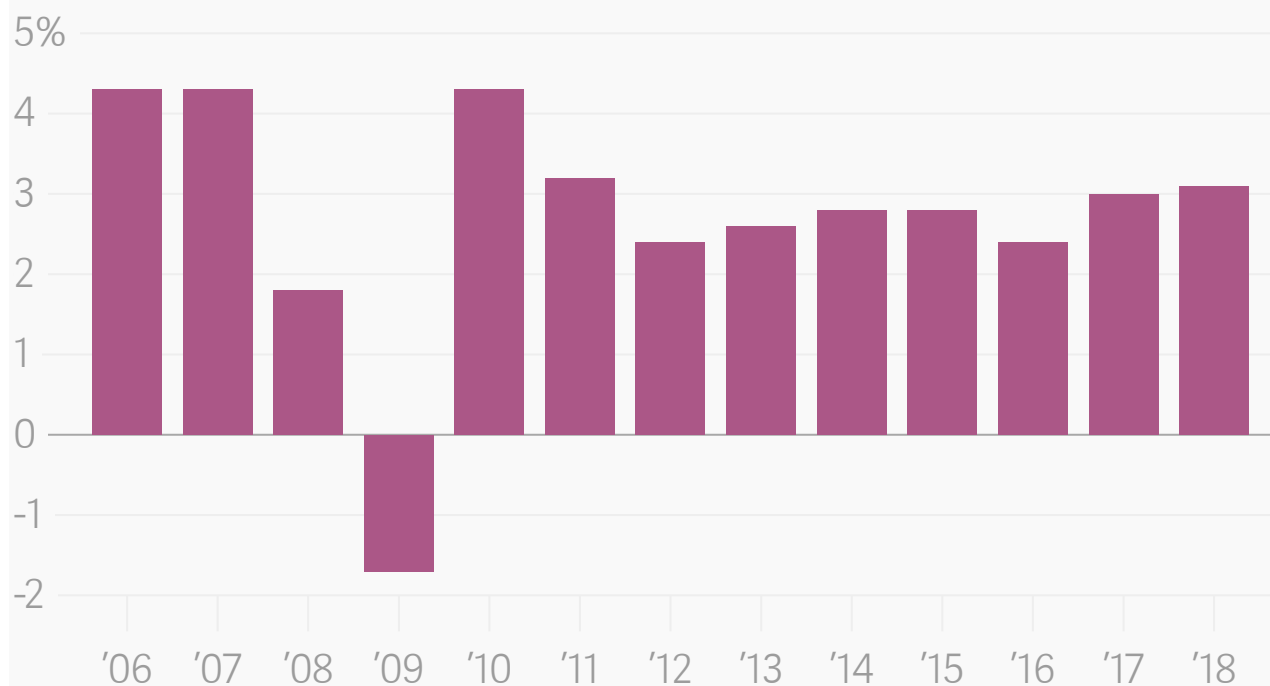
And it notes that, for the first time since the 2008 financial crisis, every major region in the world is experiencing an increase in economic growth thanks to more investment, manufacturing, trade, and higher commodity prices—in other words, operating “at or near full capacity,” [the organization’s report said this week](#).

But this rosy picture of the present is tempered by a stark warning about the future. “This is no time for complacency,” said the bank’s president, Jim Yong Kim.

There has been a slowdown in “potential growth” (a measure of how fast an economy can expand at full employment) due to years of meager productivity growth, weak investment, and changing demographics that have left many countries with ageing workforces. The World Bank says this deceleration affects economies that make up 65% of global GDP.

Between 2013 and 2017, global potential output growth was half a percentage point below its long-term average. In many countries, the output gap—the difference between the actual output and the maximum potential output of an economy—is closing or already closed. This will restrain future economic growth, the World Bank said. The slowdown in potential growth could extend into the next decade and shave a quarter of a percentage point off global GDP growth in that time.

Annual global GDP growth



△ T L △ S | Data: World Bank

Share

The problem isn't irreparable. As the slack in the global economy is diminished, the World Bank says policymakers need to make structural reforms to sustain long-term growth, such as better policies to improve education, healthcare systems, and infrastructure.

However, the organization warns that governments and “politically powerful groups” are likely to resist reform, without specifying any in particular. Calls for politicians to make reforms instead of rely on monetary policy and fiscal stimulus have been made for years by plenty of groups, including the International Monetary Fund and several central banks in advanced economies.

Overall, the risks to the World Bank's outlook are more likely to be negative than positive, the report says. A sudden tightening of financing conditions as central banks remove stimulus, the potential for more trade protectionism, and escalating geopolitical tensions could all disrupt current economic growth. Though, like 2017, several large economies have the potential to perform better than expected.

Perhaps Donald Trump can [allay some of those fears at Davos?](#)

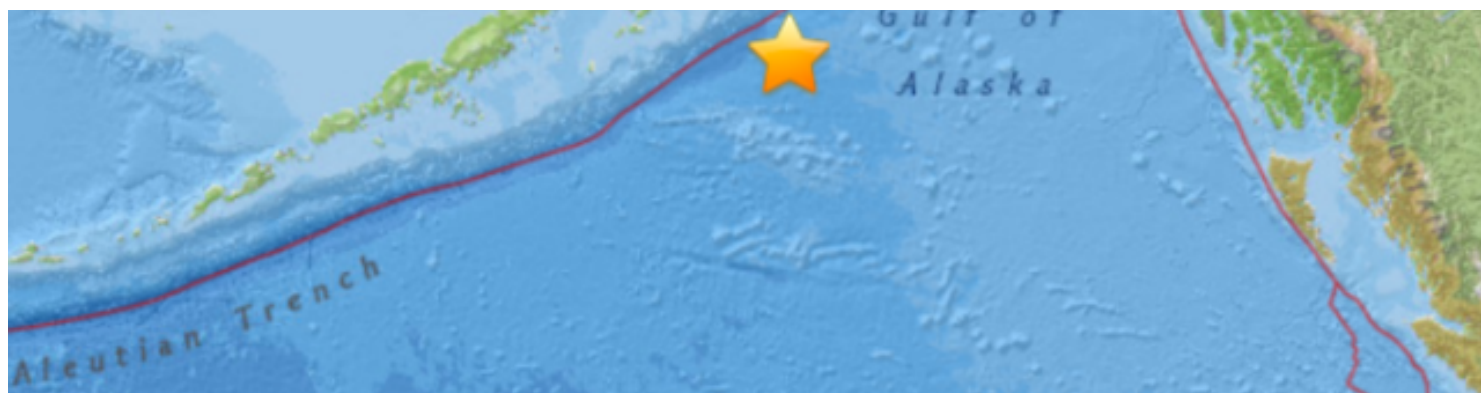
Read this next: [The economic surprise of 2017 was Europe's best year in a decade](#)

BREAKING

A magnitude 7.9 earthquake in Alaska has triggered a tsunami warning

Akshat Rathi | 3 hours ago





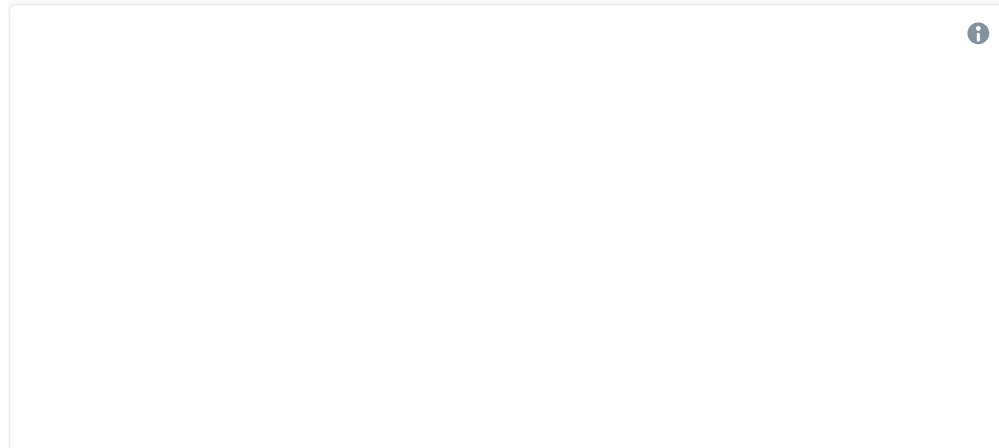
📷 Star marks the epicenter. The red line is the tectonic plate. (USGS)

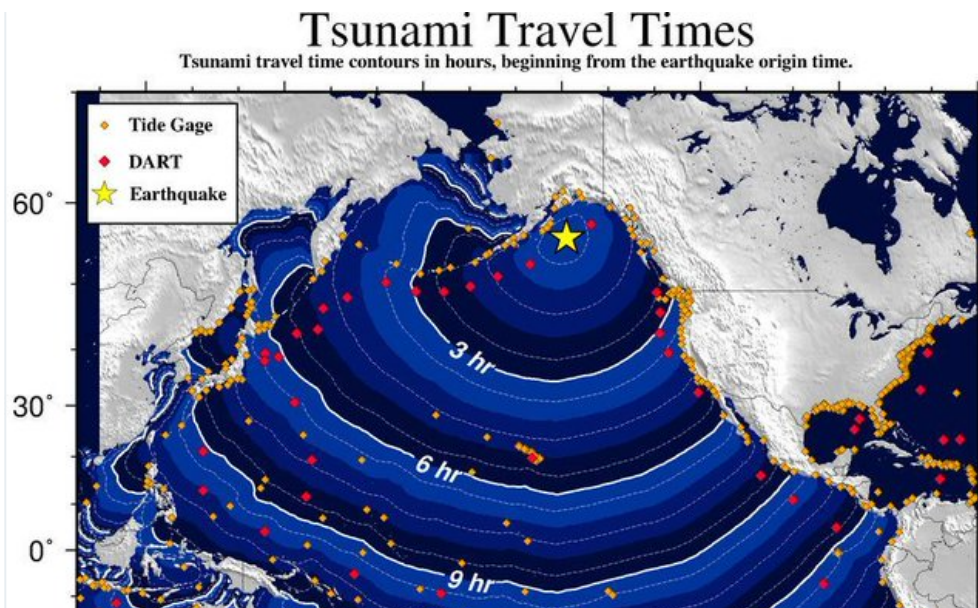
Just after midnight local time, an earthquake of [magnitude 7.9](#) was recorded in Alaska today (Jan. 23). The US Geological Survey (USGS) says the epicenter is in the Pacific Ocean, about 300 km from the nearest large town Kodiak, which has a population of a little more than 6,000 people.

The initial data suggested that the earthquake may have been of magnitude 8.2. As more accurate measurements became available, the USGS downgraded the earthquake to magnitude 7.9.

The US National Tsunami Warning Center said that a tsunami warning had initially been issued to cover much of the western coast of North America and Hawaii. At 3am local time, the tsunami warning [was canceled](#) for every part except the patch of coast starting from Hinchinbrook Entrance in Alaska to Chignik Bay.

The alert urges people in those areas to find refuge at higher grounds.



**NWS Tsunami Alerts**

@NWS_NTWC



Tue Jan 23 10:07:47 UTC 2018 event picture

5:07 AM - Jan 23, 2018

84 2,159 876

If a tsunami were to arrive, the predicted local times are: 1.45am in Kodiak, Alaska, 4.40am in Vancouver, British Columbia, 4.55am in northwest Washington. There have been no immediate reports of damage, according to the [New York Times](#). “The earthquake was enough to wake you. The tsunami alert alarm gets you out of bed,” [tweeted JoLynn Lund](#), an Alaska resident.





kylie
@scarygirl



tsunami sirens going off in kodiak after the earthquake, i usually only ever hear the weekly siren test at 2pm on wednesdays so hearing it at 1am on tuesday is actually terrifying!!

5:31 AM - Jan 23, 2018

💬 184 ↻ 1,588 ❤️ 2,191

The US National Weather service [has confirmed](#) that a buoy located northeast of the epicenter has recorded a 10-meter wave.



EARTHQUAKE & TSUNAMI @EQTW

3h

Prelim M8.2 earthquake Gulf of Alaska Jan-23 09:31 UTC



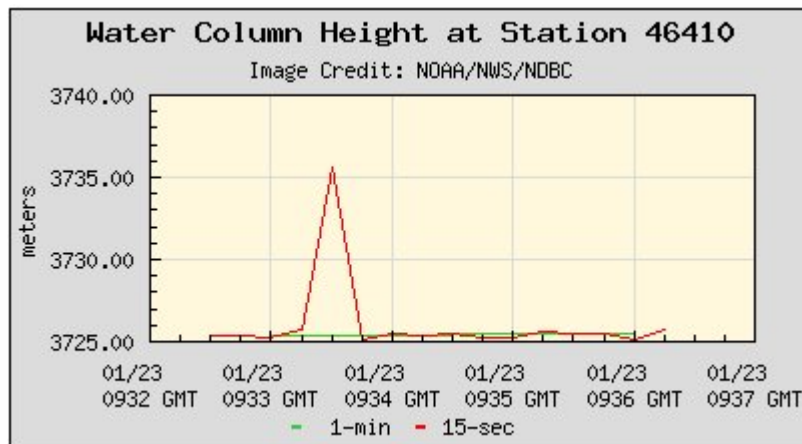
Andy Smith
@g7izu



10m water displacement recorded by buoy station #46410

57.650 N 143.798 W ndbc.noaa.gov pic.twitter.com/d44fe6twXc

4:55 AM - Jan 23, 2018



7 330 339



The story will be updated as more information becomes available.