

Small States: *A Challenging Recovery*

M. Ayhan Kose
October 2021



Two Questions

1

What are growth prospects for small states? *A slow recovery is underway for some countries. Most small states will not return to pre-pandemic per-capita income levels by the end of 2023. The outlook is clouded by multiple downside risks.*

2

What are the key policy challenges? *Overcoming the pandemic; preparing for the effects of climate change and natural disasters; managing elevated debt; and addressing structural constraints.*

² * EMDEs = Emerging Market and Developing Economies

Two Questions

1

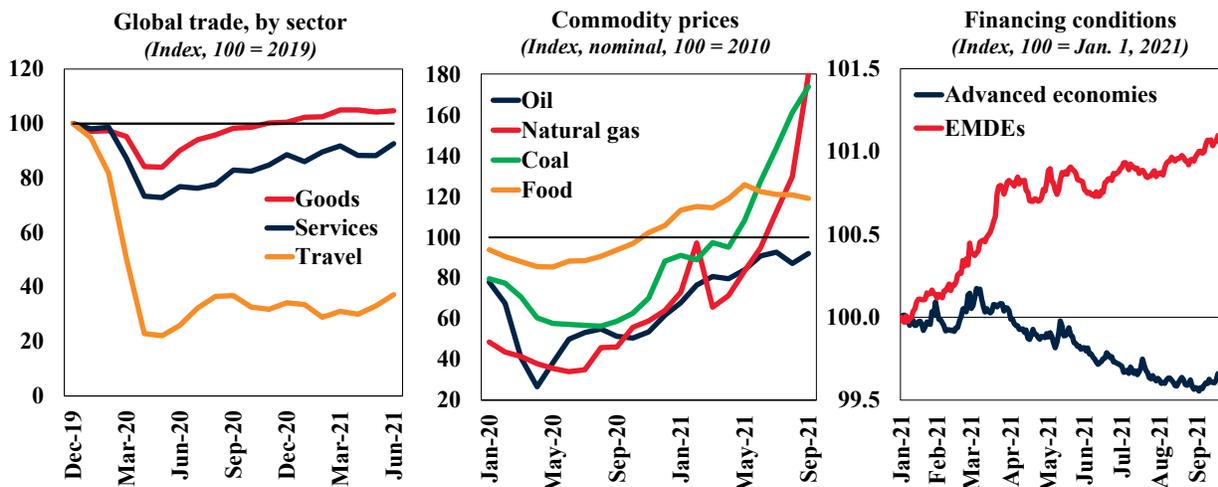
What are growth prospects for small states?

3



Global Economic Environment

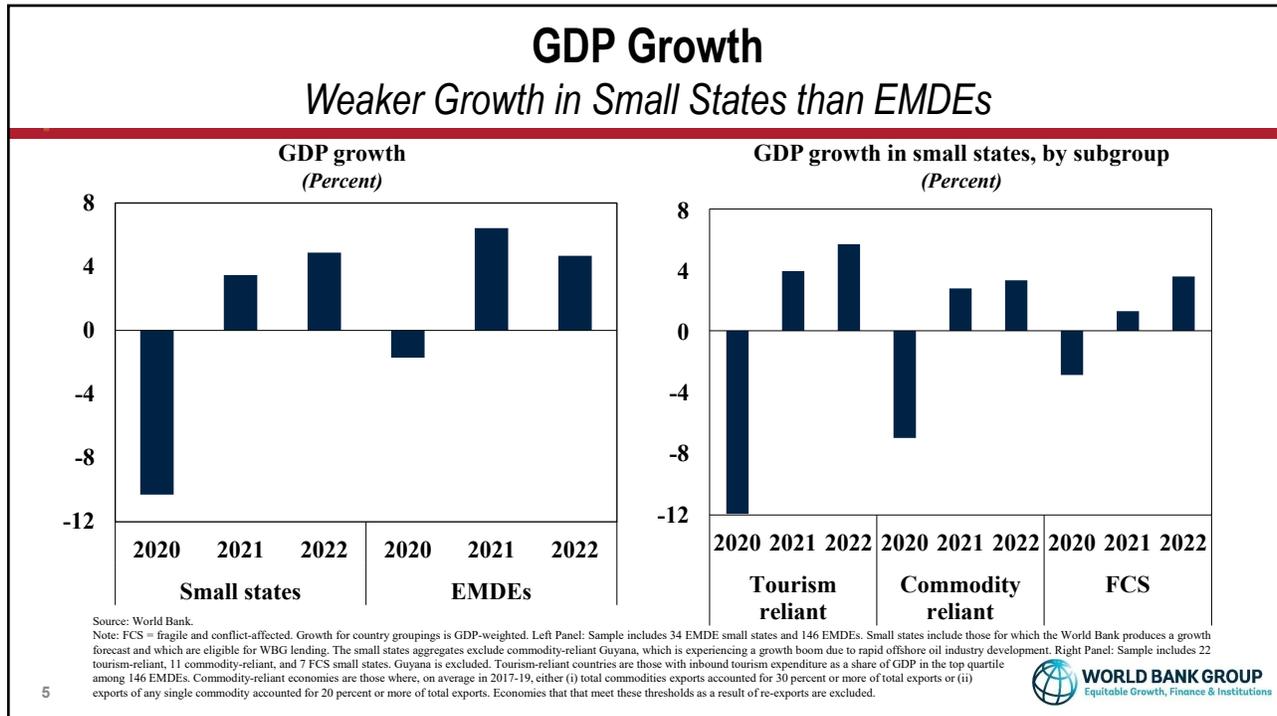
Lagging Services Trade; Rising Commodity Prices; Tightening Financing Conditions



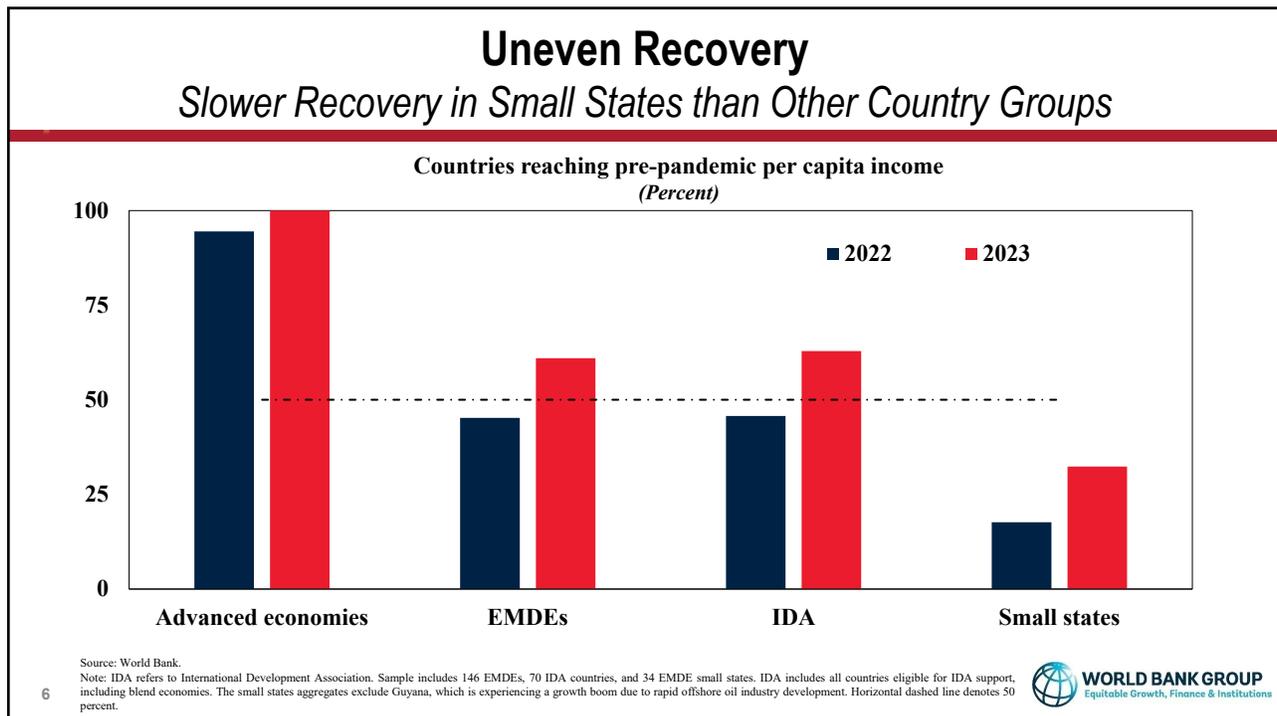
Sources: Bloomberg; CPB Netherlands Bureau for Economic Policy Analysis; Goldman Sachs; World Bank; World Trade Organization.
 Left Panel: Services and travel data are nominal. Last observation is June 2021. Center Panel: Oil prices are average of Brent, Dubai, and West Texas Intermediate. Coal prices are average of Australian and South African coal. Last observation is September 2021. Right Panel: Last observation is September 23, 2021.

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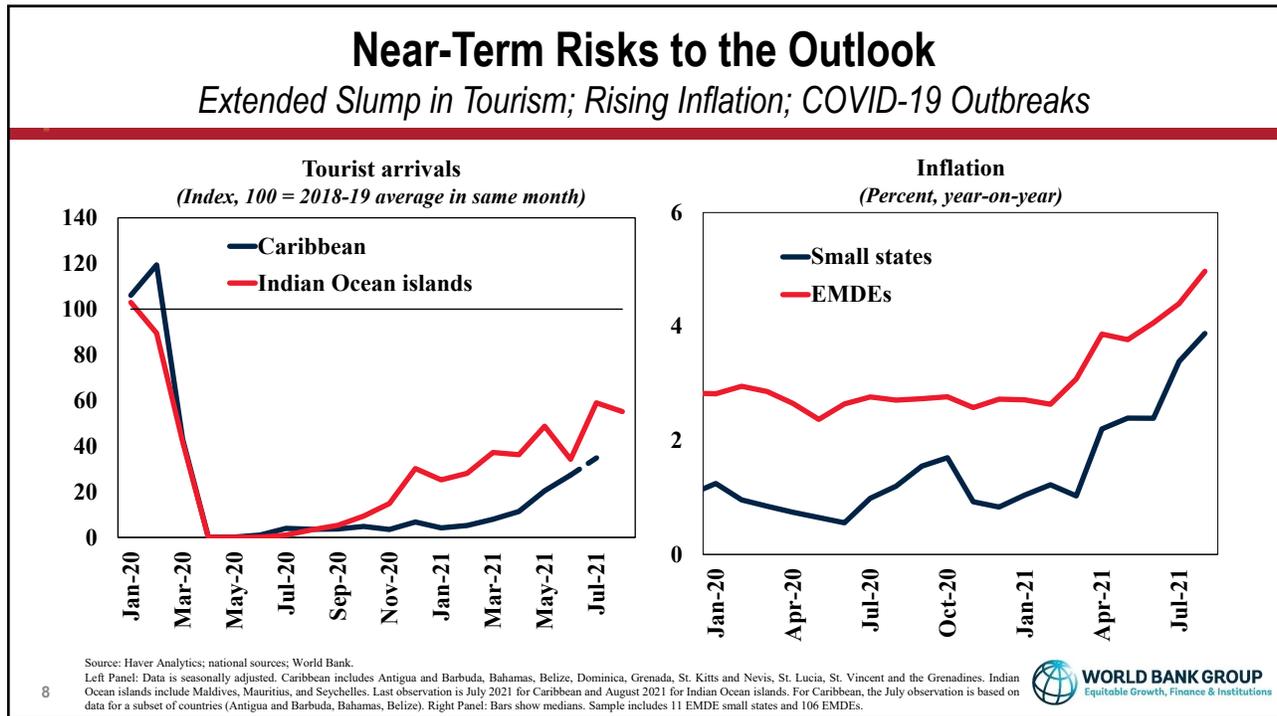
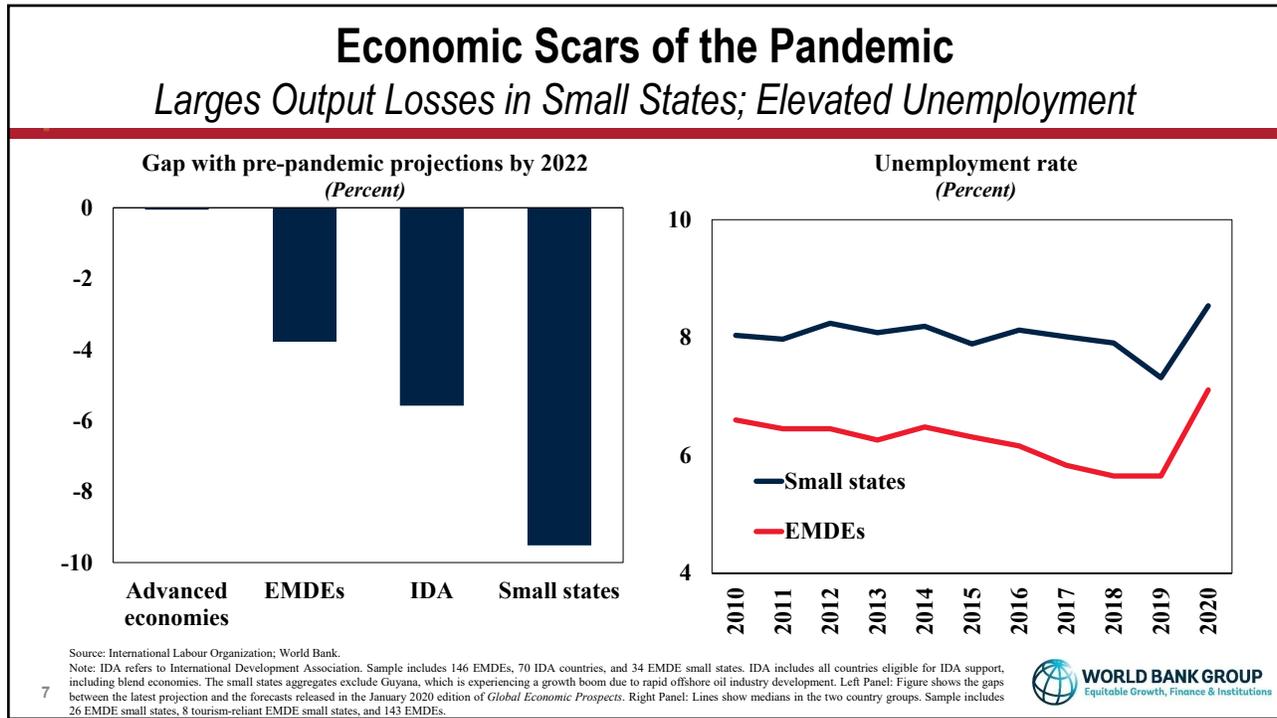




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Two Questions

2

What are the key policy challenges?

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Policy Priorities

Policies for Recovery and Resilience

Bring the pandemic under control and pursue economic stability

- Accelerate vaccine rollouts and ensure equitable vaccine distribution globally
- Support health system capacity, prepare to contain renewed breakouts effectively and to roll out new therapeutics quickly
- Balance need for macroeconomic support with fiscal sustainability and price / financial stability
- Mitigate the impact of food and energy price increases, especially for importers of these products
- Coordinate policies globally to reduce debt burdens and enhance debt transparency

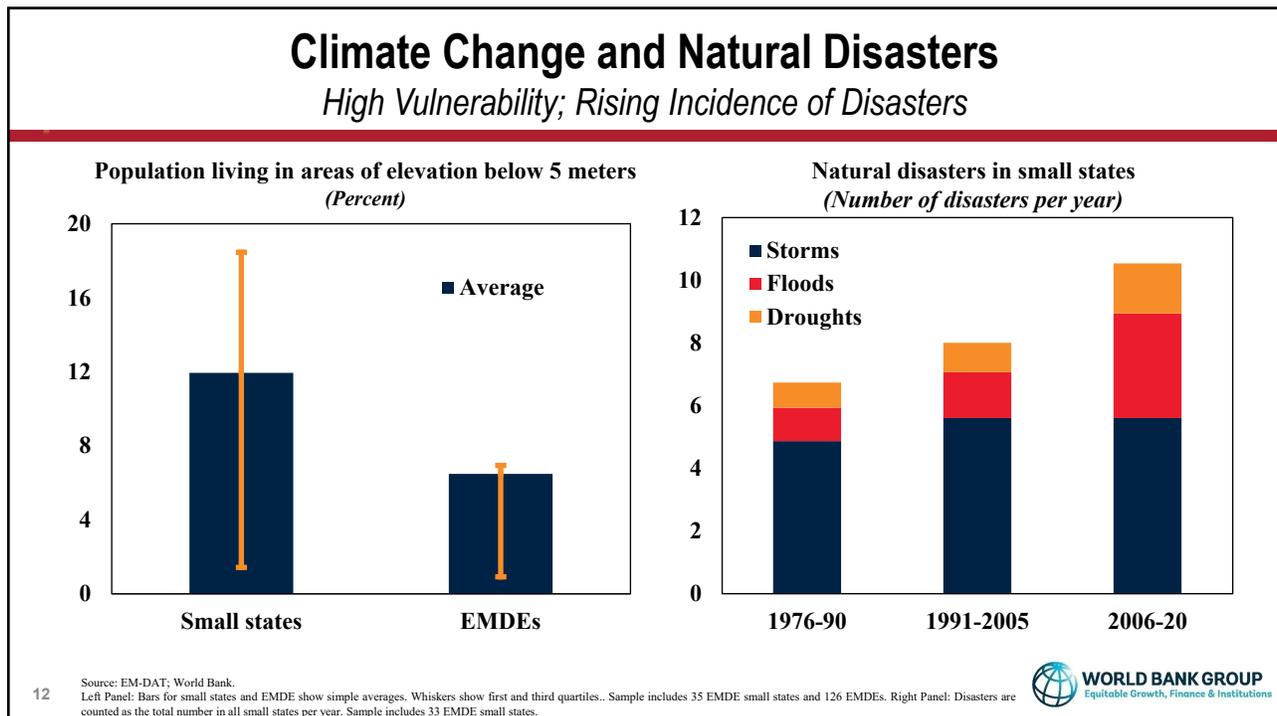
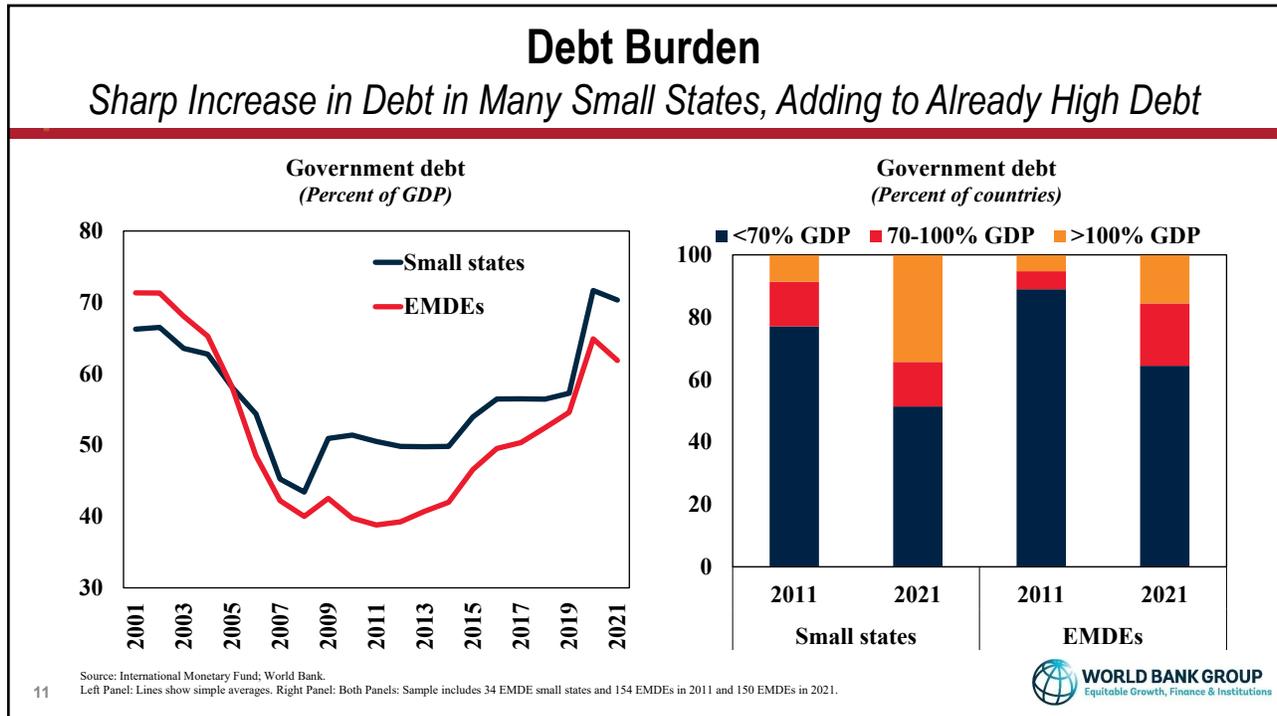
Promote reforms to bolster medium- and long-growth prospects

- Reduce scarring from the pandemic by improving health and education systems to improve human capital
- Leverage the digital revolution to create new economic opportunities

Improve crisis preparation and climate change response

- Enhance domestic crisis preparedness and response, including through social protection mechanisms and infrastructure investment
- Contribute to the coordination of policies to address global challenges related to climate change (e.g., emissions reduction and pursuit of a just energy transformation)

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Questions & Comments

Thank you!

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www.worldbank.org/prospects

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Commodity Markets Outlook – October 21, 2021

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Commodity Markets

RELEASE SCHEDULE
The next Commodity Markets Outlook will be published in October 2021. Pink sheets are released on the second business day of the month. Next release: October 4, 2021.

NEWS
News release, English (04/20/21)
Commodity prices to stabilize after early 2021 gains, supported by global economic recovery.
Other languages: [Français](#) | [Español](#) | [Português](#) | [العربية](#) | [ไทย](#) | [한국어](#) | [日本語](#)

VIDEO
Video | Commodity Markets Outlook April 2021: Causes and Consequences of Metal Price Shocks

BLOGS
Pink Sheet: Commodity prices weakened in August—Pink Sheet (9/08/21)
Blog from April report: Stronger commodity markets stabilize amid supply risks (7/8/2021)
Outlook for precious metals remains bright, but uncertainty looms (6/22/2021)
Raw material commodity prices continue rising amid stronger demand (6/17/2021)
Fertilizer prices expected to stay high over the remainder of 2021 (6/8/2021)

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Published on Data Blog

Commodity prices weakened in August—Pink Sheet
JOHN BAFFES & MARIA HAZEL MACADANGDANG | SEPTEMBER 08, 2021
This page in: English

Energy prices were down 2.1% in August, led by a 6% drop in oil, the World Bank's Pink Sheet reported. **Non-energy prices** averaged 1% lower.

Agricultural prices gained less than 1% in August. Food prices as a group changed little, as increases in oils & meals (+1%) and other food items (+2.1%) were balanced by declines in grains (-4.2%). **Beverages** surged nearly 5% while raw materials gained 0.7%. **Fertilizer prices** were up 3%, led by a 9% jump in phosphate rock and potassium.

Metal prices dropped 4.4% in August, led by a nearly 25% decline in iron ore; most base metals increased, including lead (+3.3%), tin (+3%), nickel (+1.7%), and zinc (+1.4%). **Precious metals** were down 2.3%, led by platinum (-7.2%) and silver (-6.6%).

The Pink Sheet is a monthly report that monitors commodity price movements.

Nominal price indexes, percent changes, August over July

Category	Percent Change
Energy	-2.1%
Non-energy	-1.0%
Agriculture	0.6%
Beverages	4.8%
Food	-0.9%
Raw materials	0.7%
Fertilizers	2.9%
Metals & Minerals	-4.4%
Precious Metals	-2.3%

Select Publications on Global Prospects and Challenges

- [Global Economic Prospects – January 2022](#)
(January and June)
- [Commodity Markets Outlook – October 2021](#)
(April and October)
- [Global Monthly](#)
- [One-Stop Source: Global Database of Inflation – July 2021](#)
- [Inflation During the Pandemic “What Happened? What is Next?” – July 2021](#)
- [The Aftermath of Debt Surges – September 2021](#)
- [A Mountain of Debt: Navigating the Legacy of the Pandemic – October 2021](#)