Trump’s fiscal plan could boost U.S. growth to nearly 3% next year, World Bank says

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***Lingering uncertainty about U.S. policy could damage global economy***

By Greg Robb, Senior Economics Reporter

President-elect Donald Trump’s economic policies could boost U.S. GDP growth to close to 3% by 2018, the World Bank said Tuesday in its latest outlook on the global economy.

If Trump’s plans are fully implemented, it could raise GDP growth to 2.5% this year and to 2.9% next year, the report said.

The new administration has put forward a corporate tax cut, a cut in personal income taxes, especially for the wealthy, a reduction in the number of tax brackets and changes to the structure of deductions.

The estimates depend on the timing of the cut, the reaction by the Federal Reserve and how businesses and households respond.

The World Bank said its baseline forecast is for growth to pick up to 2.2% this year from a subdued 1.6% last year.

The report also said Trump policy initiatives to renegotiate trade agreements “could be detrimental to U.S. and global activity.”

Heightened uncertainty about potential policy initiatives could set back already-weak global investment.

Overall, the World Bank expects a “moderate recovery” this year, with global growth forecast to increase to 2.7% from a post-crisis low of 2.3% last year.

Commodity prices are expected to increase moderately during 2017-2019.

Oil prices are projected to average $55 per barrel in 2017, up 28% from 2016 levels.