**IMF says risks to financial stability have increased, calls for vigilance**

International Monetary Fund chief Kristalina Georgieva said on Sunday that risks to financial stability have increased and called for continued vigilance although actions by advanced economies have calmed market stress, reports Reuters.

The IMF managing director reiterated her view that 2023 would be another challenging year, with global growth slowing to below 3% due to scarring from the pandemic, the war in Ukraine and monetary tightening.

Even with a better outlook for 2024, global growth will remain well below its historic average of 3.8 per cent and the overall outlook remained weak, she said at the China Development Forum.

The IMF, which has predicted global growth of 2.9 per cent this year, is slated to release new forecasts next month.

Georgieva said policymakers in advanced economies had responded decisively to financial stability risks in the wake of bank collapses but even so vigilance was needed.

"So, we continue to monitor developments closely and are assessing potential implications for the global economic outlook and global financial stability," she said, adding that the IMF was paying close attention to the most vulnerable countries, particularly low-income countries with high levels of debt.
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She also warned that geo-economic fragmentation could split the world into rival economic blocs, resulting in "a dangerous division that would leave everyone poorer and less secure."

Georgieva said China's strong economic rebound, with projected GDP growth of 5.2 per cent in 2023, offered some hope for the world economy, with China expected to account for around one third of global growth in 2023.

The IMF estimates that every 1 percentage point increase in GDP growth in China results in a 0.3 percentage point rise in growth in other Asian economies, she said.

She urged policymakers in China to work to raise productivity and rebalance the economy away from investment and towards more durable consumption-driven growth, including through market-oriented reforms to level the playing field between the private sector and state-owned enterprises.

Such reforms could lift real GDP by as much as 2.5 per cent by 2027, and by around 18 per cent by 2037, Georgieva said.

She said rebalancing China's economy would also help Beijing reach its climate goals, since moving to consumption-led growth would cool energy demand, reducing emissions and easing energy security pressures.

Doing so, she said, could reduce carbon dioxide emissions by 15 per cent over the next 30 years, resulting in a fall in global emissions of 4.5 per cent over the same period.