



Global Economic Forecasts: Q2 2023

May 2023

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INTRODUCTION

Scope

Key findings

GLOBAL OUTLOOK: Q2 2023

Global baseline outlook: Improved growth in an increasingly multi-speed global economy

Global inflation moderates only gradually as price pressures show signs of persistence

Rising geopolitical tensions present substantial inflation risks in the short to medium term

Likelihood of a global downside scenario remains significant amid multitude of risks

Real GDP annual growth forecasts and revisions from last quarter: AE

Real GDP annual growth forecasts and revisions from last quarter: EMDE

Inflation forecasts

Central bank interest rates quarterly forecasts

Global scenario map : Stagflation remains key global downside risk

Global Risk Index scores and rankings

Global stagflation scenario: Vulnerabilities remain high for major economies

Global bounce back scenario: Faster-than-expected bounce back possible with risks abating

KEY ECONOMIES OUTLOOK: Q2 2023

US: Growth momentum shows resilience despite mounting headwinds

US: Inflation abates as energy prices ease - yet, underlying price pressures persist

U S: The banking turmoil has increased the likelihood of a hard landing scenario

US: Significant domestic and global risks cloud forecast period

China: Rebound in private consumption and surging investment to support economic growth

China: Consumer and business confidence improve on the back of economic reopening

China: Forecast risks

India: Economic growth to ease, but will remain one of the strongest globally

India: Forecast risks

Japan: Weak foreign demand and high inflation are key downside risks

Japan: Forecast risks

Indonesia: Economic growth to ease amid weaker exports growth

Eurozone: Outlook and confidence improve as energy markets normalise

Eurozone: Overall inflation eases amid energy price drop – but core inflation has yet to peak

Eurozone: Upside and downside scenarios among potential outcomes amid high uncertainty

UK: Outlook clouded by persistent inflation, high interest rates and weak external prospects

UK: Forecast risks

Russia: Outlook remains subdued by the ramifications of the war in Ukraine

Russia: Forecast risks

Brazil: Conflicting monetary and fiscal policies fuel uncertainties and hamper growth

Brazil: Forecast risks

Mexico: Outlook slightly improves as consumer spending and manufacturing rebound

APPENDIX

Baseline and main alternative scenarios: Q2 2023

Other alternative scenarios: Q2 2023

Definitions

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