

Global Economic Outlook

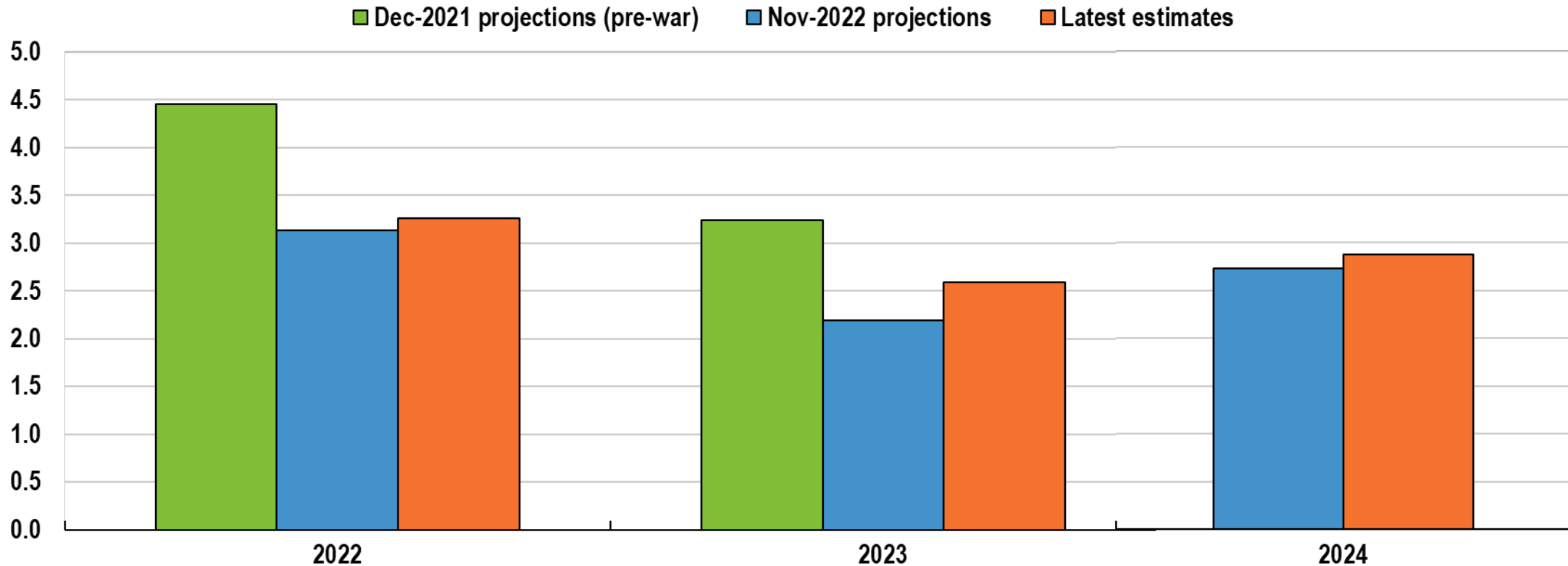
OECD Global Parliamentary Network
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The war slowed growth, but a fragile recovery is emerging

Global real GDP growth %



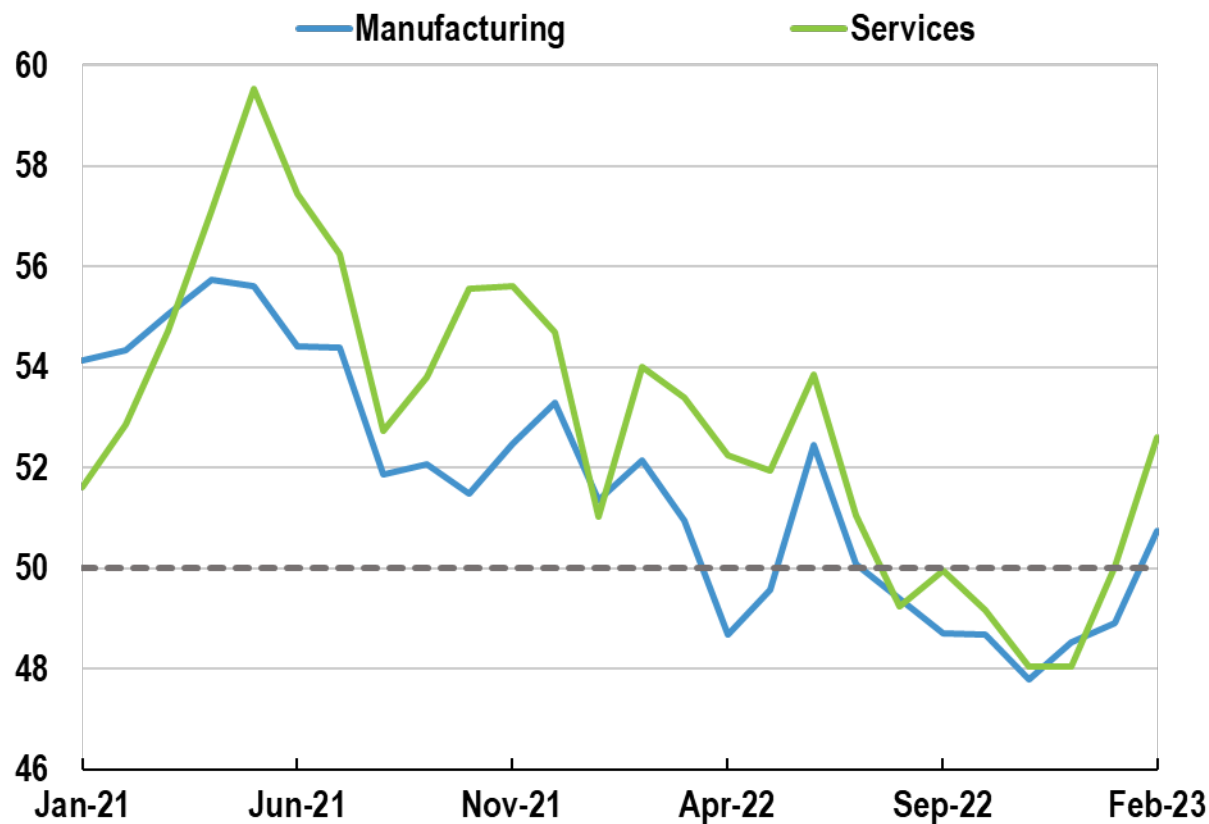
Note: Latest estimates from the March 2023 Interim Economic Outlook.
Source: OECD Economic Outlook 110 and 112 databases; and OECD Interim Economic Outlook 113 database.



Business and consumer confidence have improved

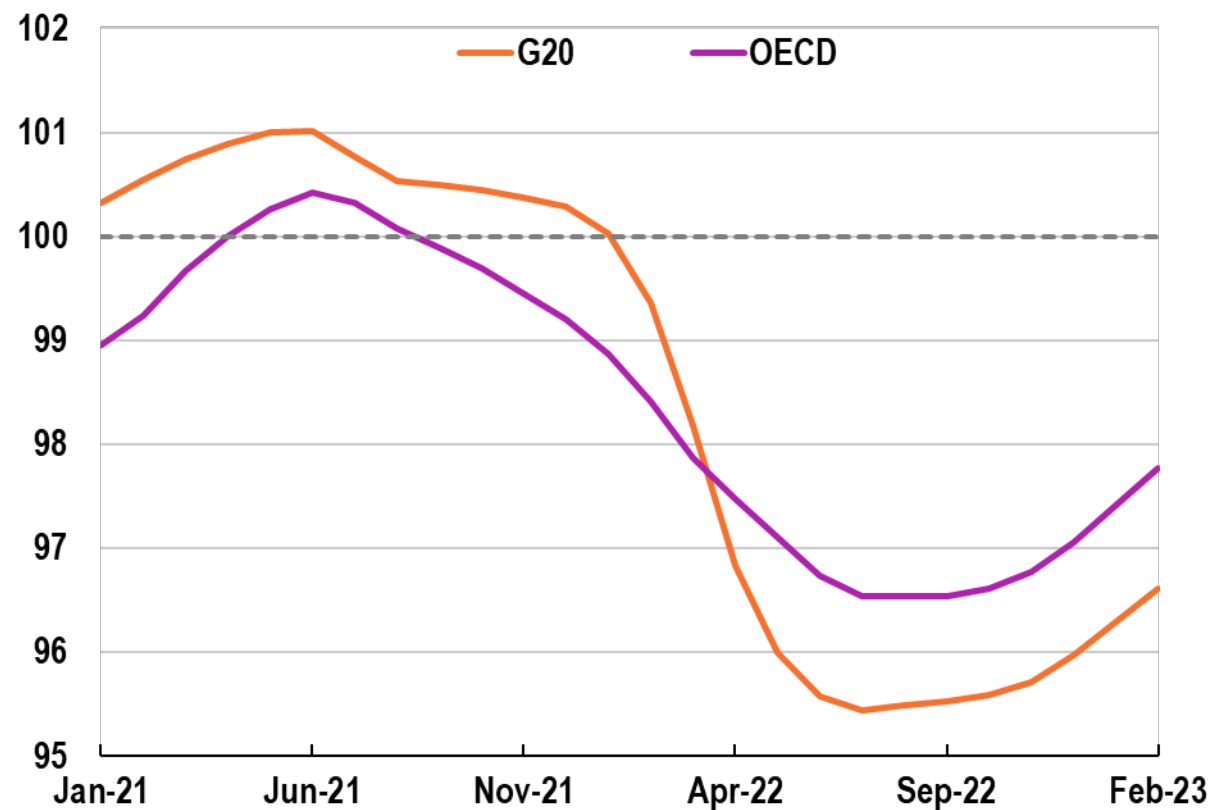
Global output PMI indices

Values above 50 signal improvement of activity



Consumer confidence

Long-term average = 100



Note: Chart shows Purchasing Managers' Index (PMI), a survey-based economic indicator providing timely insight into business conditions. Readings above 50 signal an improvement or increase on the previous month and below 50 signal a deterioration. The greater the divergence from 50 the greater the rate of change signaled. Source: S&P Global.

Note: Values below 100 indicate a pessimistic attitude towards future developments in the economy. The long-term average is a simple average over the whole period of the series. Data series are amplitude adjusted. Source: Business tendency and consumer opinion surveys; OECD Main Economic Indicators database.



GDP growth projections

Real GDP growth projections, %

▲ upward revision, by 0.3pp or more

▬ no change or smaller than 0.3pp

▼ downward revision, by 0.3pp or more

	2022	2023		2024			2022	2023		2024	
World	3.2	2.6	▲	2.9	▬	G20	3.1	2.6	▲	2.9	▬
Australia	3.6	1.8	▬	1.5	▬	Argentina	5.6	0.1	▼	1.8	▬
Canada	3.4	1.1	▬	1.4	▬	Brazil	3.0	1.0	▬	1.1	▼
Euro area	3.5	0.8	▲	1.5	▬	China	3.0	5.3	▲	4.9	▲
Germany	1.9	0.3	▲	1.7	▬	India	6.9	5.9	▬	7.1	▬
France	2.6	0.7	▬	1.3	▬	Indonesia	5.3	4.7	▬	5.1	▬
Italy	3.8	0.6	▲	1.0	▬	Mexico	3.0	1.8	▬	2.1	▬
Spain	5.5	1.7	▲	1.7	▬	Russia	-2.1	-2.5	▲	-0.5	▼
Japan	1.0	1.4	▼	1.1	▬	Saudi Arabia	8.7	2.6	▼	3.7	▬
Korea	2.6	1.6	▬	2.3	▲	South Africa	2.0	0.6	▼	0.9	▼
United Kingdom	4.0	-0.2	▬	0.9	▲	Türkiye	5.6	2.8	▬	3.8	▲
United States	2.1	1.5	▲	0.9	▬						

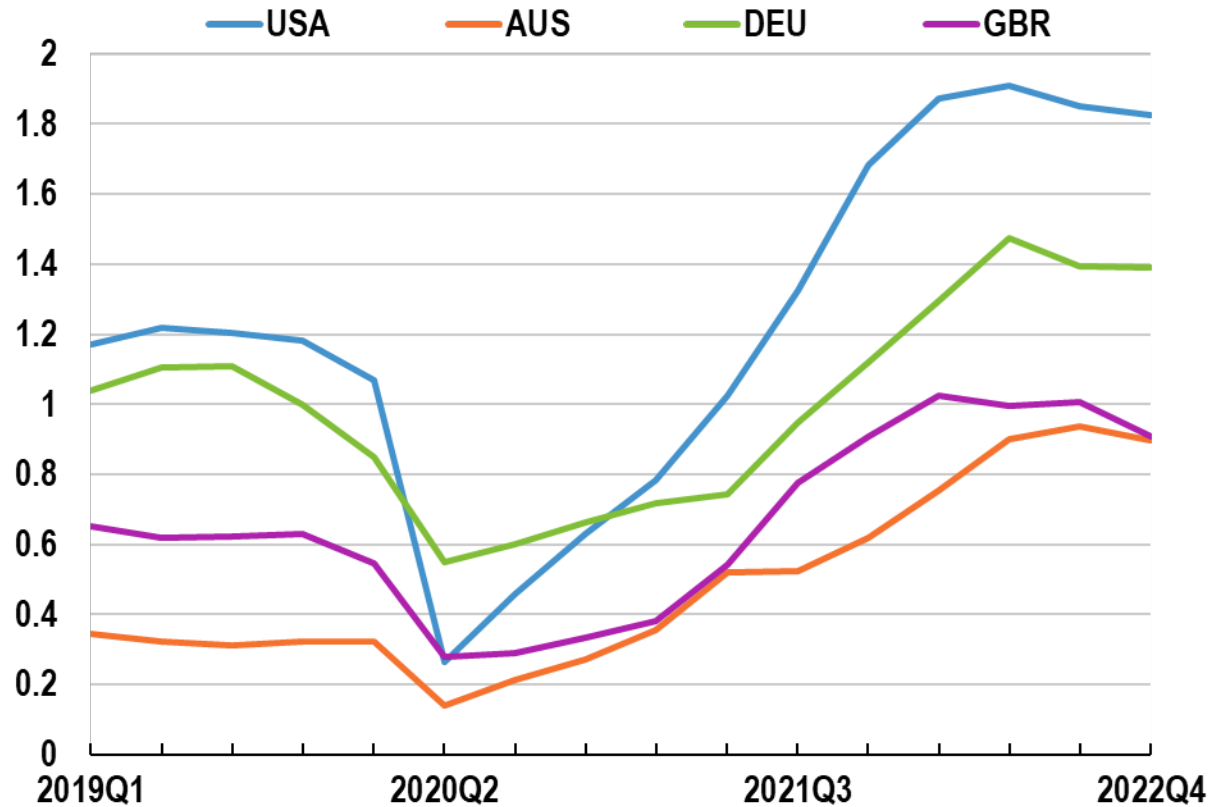
Note: Revisions relative to the November 2022 Economic Outlook. India projections are based on fiscal years, starting in April. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right. Spain is a permanent invitee to the G20. World and G20 aggregates use moving nominal GDP weights at purchasing power parities.

Source: OECD Interim Economic Outlook 113 database.



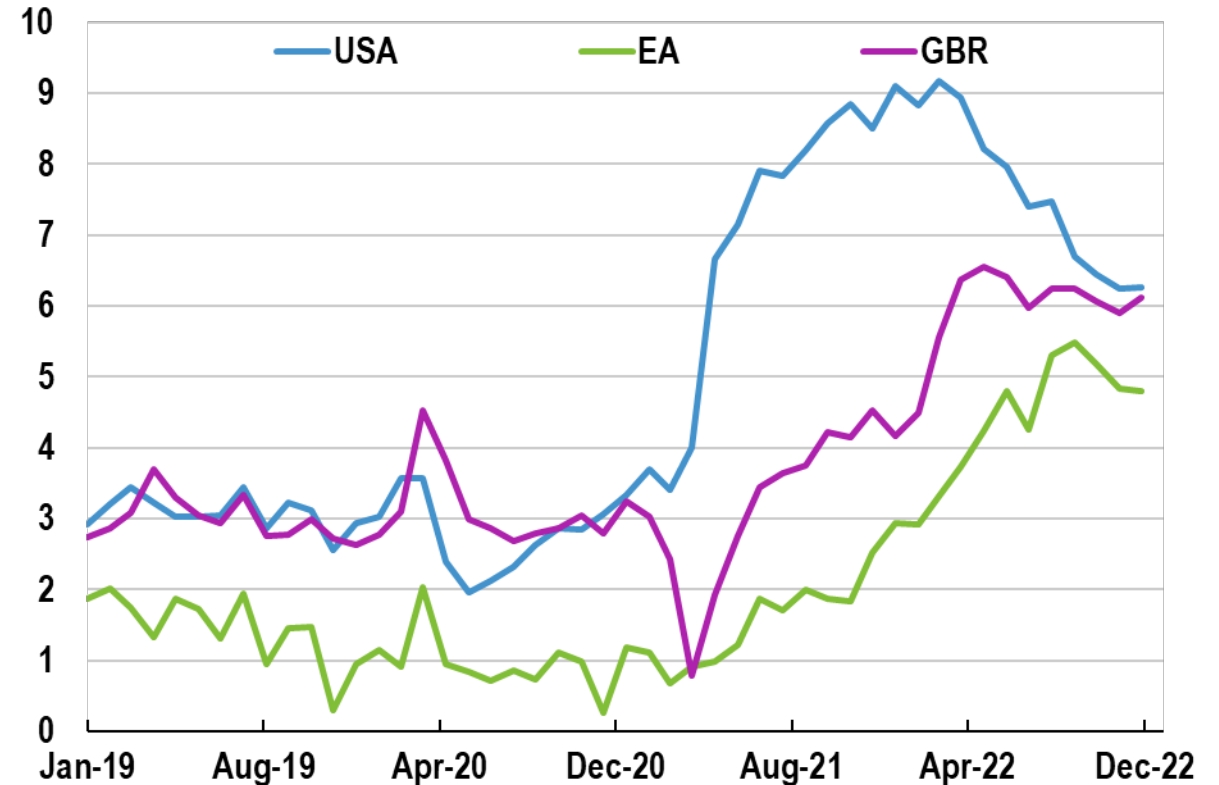
Labour markets remain tight

Job vacancies per unemployed



Nominal wage growth based on job ads

%, y-o-y



Note: Job vacancy per unemployed is the ratio of the number of unfilled vacancies (s.a.) to the unemployed population aged 15 and over (s.a.). The unemployed population of Germany is the 3-month average of monthly unemployed population aged 15-74 (s.a.). Source: OECD Short-Term Labour Situation database; Eurostat; and OECD calculations.

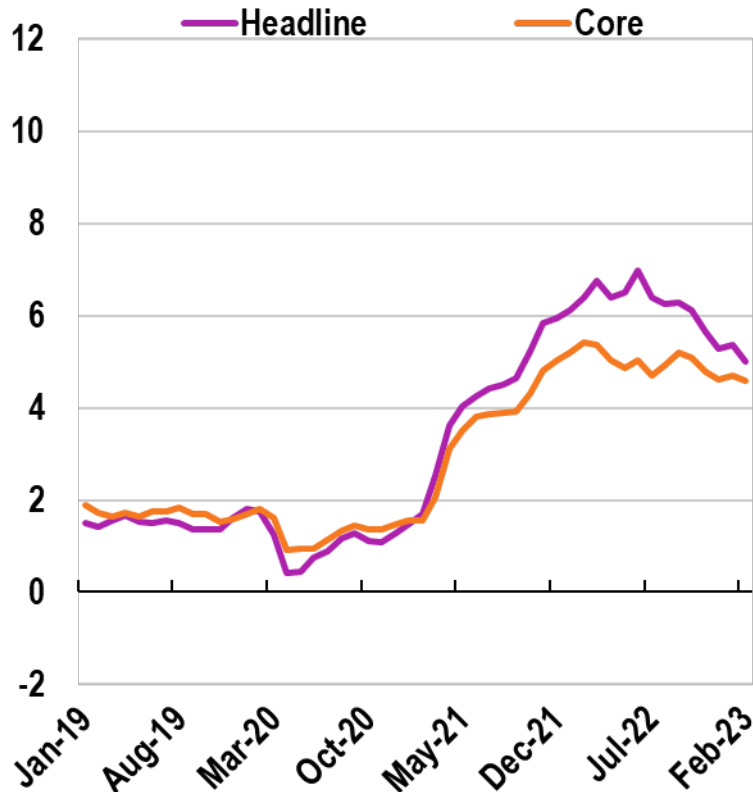
Source: Indeed Wage Tracker.



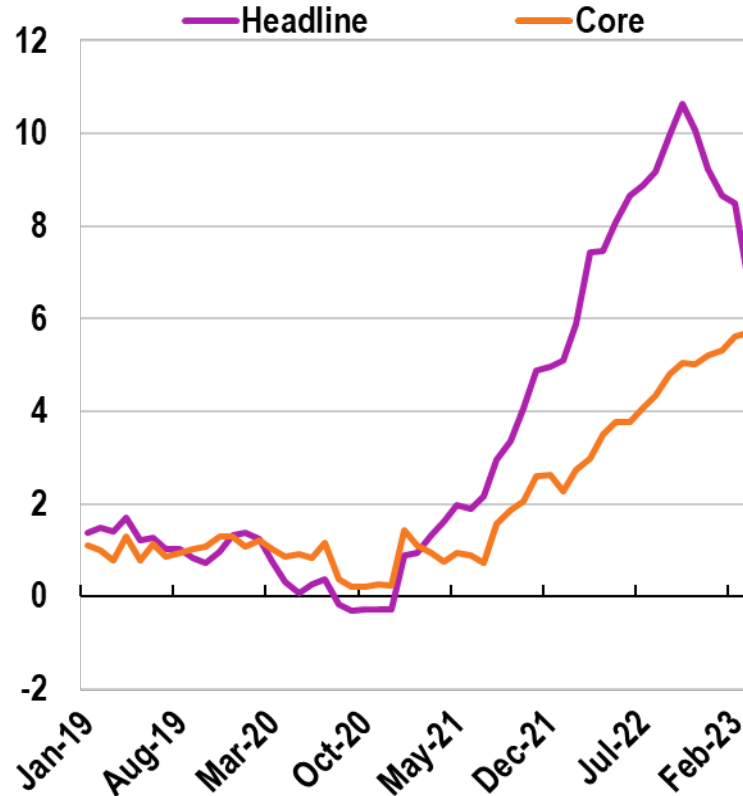
Core inflation remains sticky

%, y-o-y change

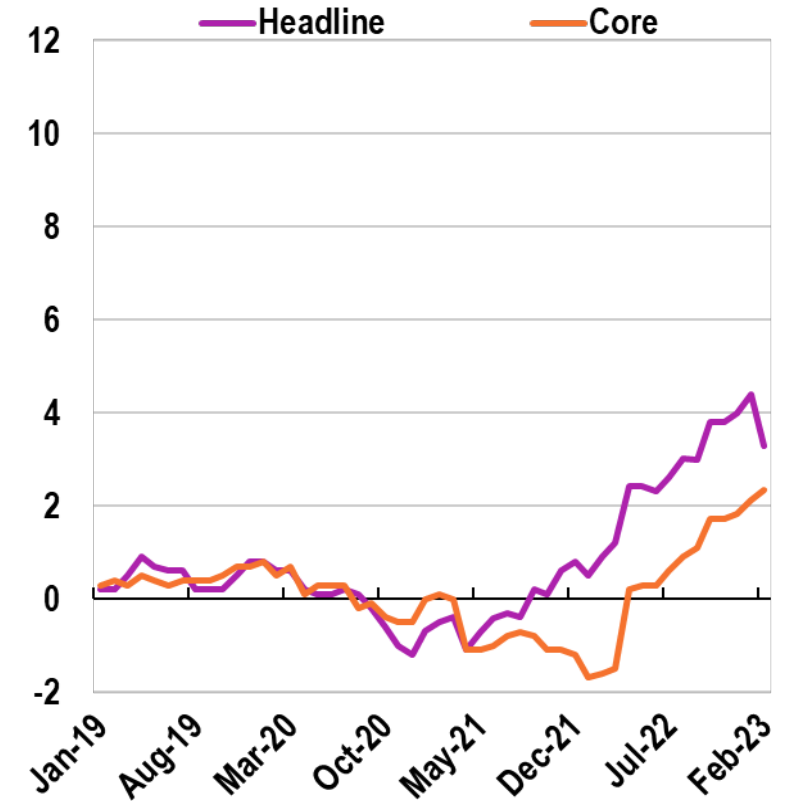
United States



Euro Area



Japan



Note: Euro area numbers for March 2023 are flash estimates from eurostat. Figure shows Consumer Price Index (CPI) for Japan, and for USA it shows the Personal Consumption Expenditures Price Index (PCE) and for euro area the Harmonised Index of Consumer Prices (HICP). Data for euro area for March 2023 are flash estimates from Eurostat. For Japan core inflation differs from the domestic definition and it excludes prices of energy and food.
 Source: OECD Consumer Prices database; Eurostat; and OECD calculations.



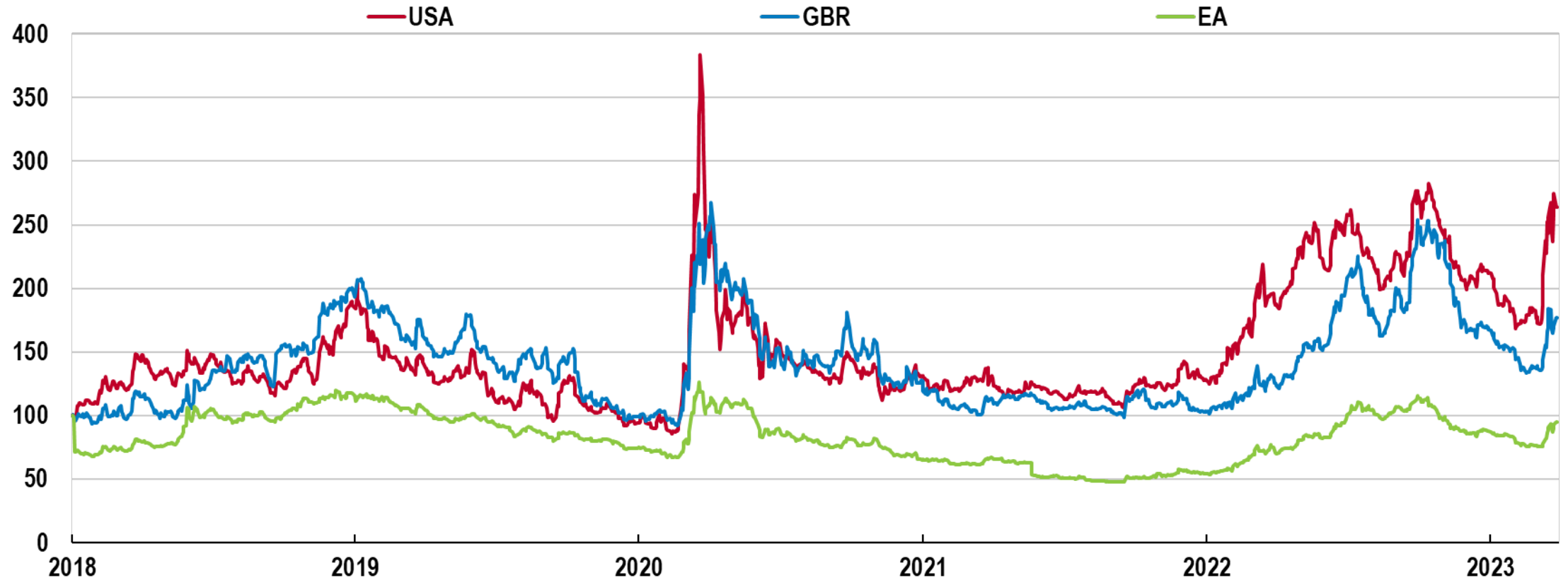
Risks



Volatility in financial markets has increased

Bank sector 5-year credit default swap index

Index, 100=1 Jan 2018



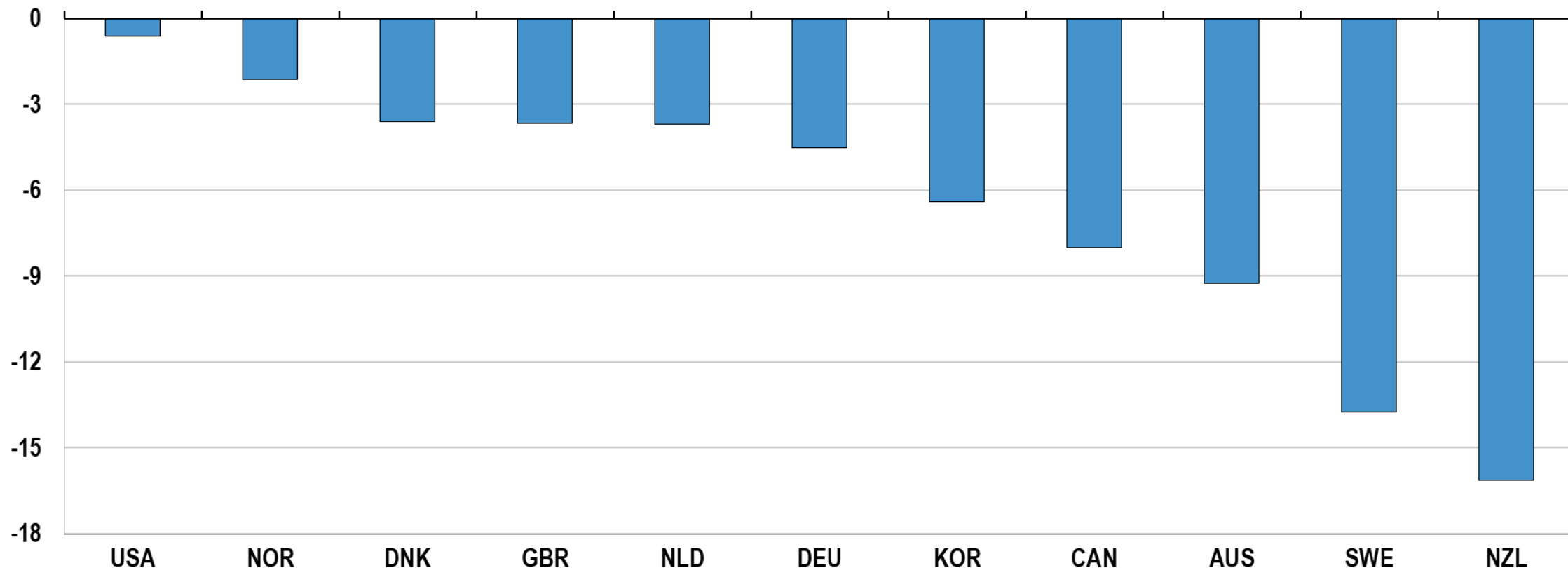
Note: Latest data is 28 March 2023.
Source: Refinitiv.



Falling house prices risk exposing vulnerabilities

House price declines

% change in nominal house prices since most recent monthly or quarterly peak



Note: Data is seasonally adjusted. Latest value is February 2023 for AUS, CAN, DEU, GBR, NLD, NOR and NZL, January 2023 for KOR and USA, December 2022 for SWE, and 2022Q3 for DNK. Most recent monthly or quarterly peak happened in November 2021 for NZL, January 2022 for AUS, February 2022 for SWE, April 2022 for CAN, May 2022 for KOR, June 2022 for DEU and USA, July 2022 for NLD, August 2022 for GBR and NOR, and 2022Q2 for DNK.

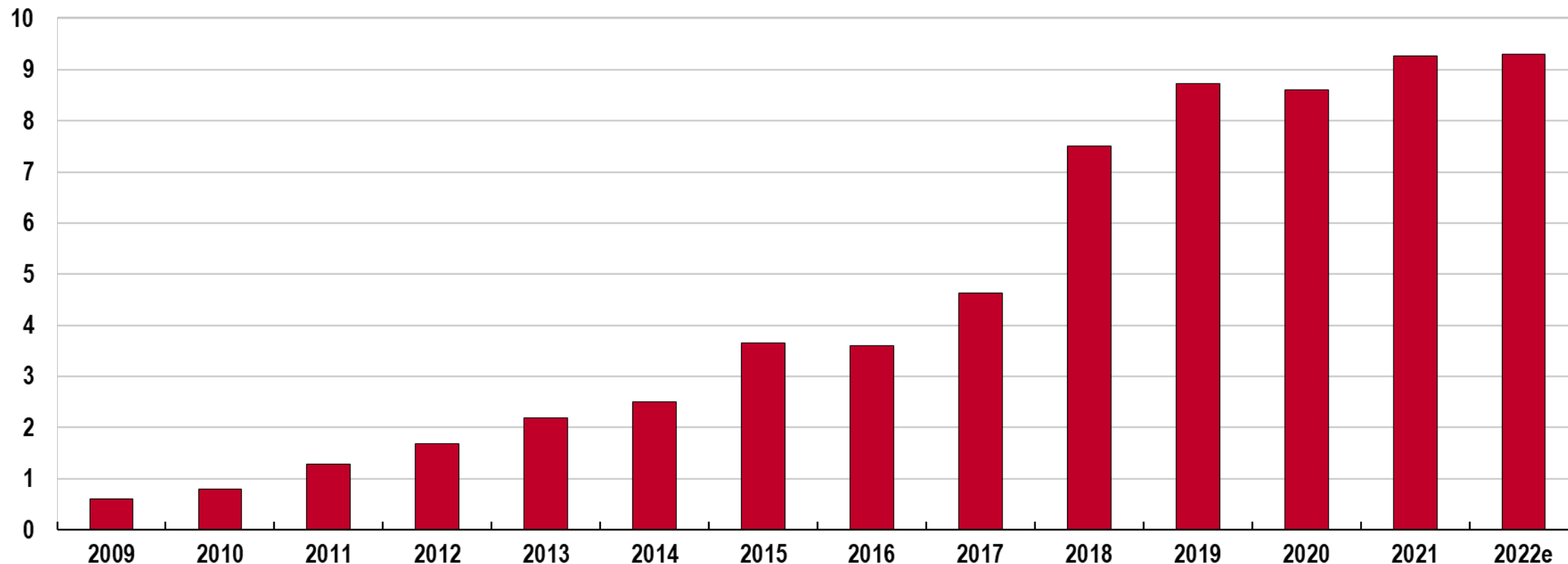
Source: AUS, CoreLogic; CAN, Teranet-National Bank House Price Index; DEU, Europace; DNK, StatBank; KOR, Statistics Korea; NLD, Statistics Netherlands (CBS); NZL, Reinz; NOR, Real Estate Norway; SWE, Valueguard; GBR, Nationwide; USA, FHFA; and OECD calculations.



Trade tensions could worsen

Import-restrictive measures on goods in force

% of world merchandise imports



Note: Chart shows the cumulative trade coverage of import restrictions on goods, i.e. the stockpile of import restrictions, since 2009. 2022e figures are estimates, i.e. tentative figures, based on 2021 import data and measures recorded up to 15 October 2022. The cumulative trade coverage estimated by the WTO Secretariat is based on information available in the TMDB on import measures recorded since 2009 and considered to have a trade-restrictive effect. The estimates include import measures for which HS codes were available. The figures do not include trade remedy measures. The import values were sourced by the UN Comtrade database. Source: WTO November 2022 report.



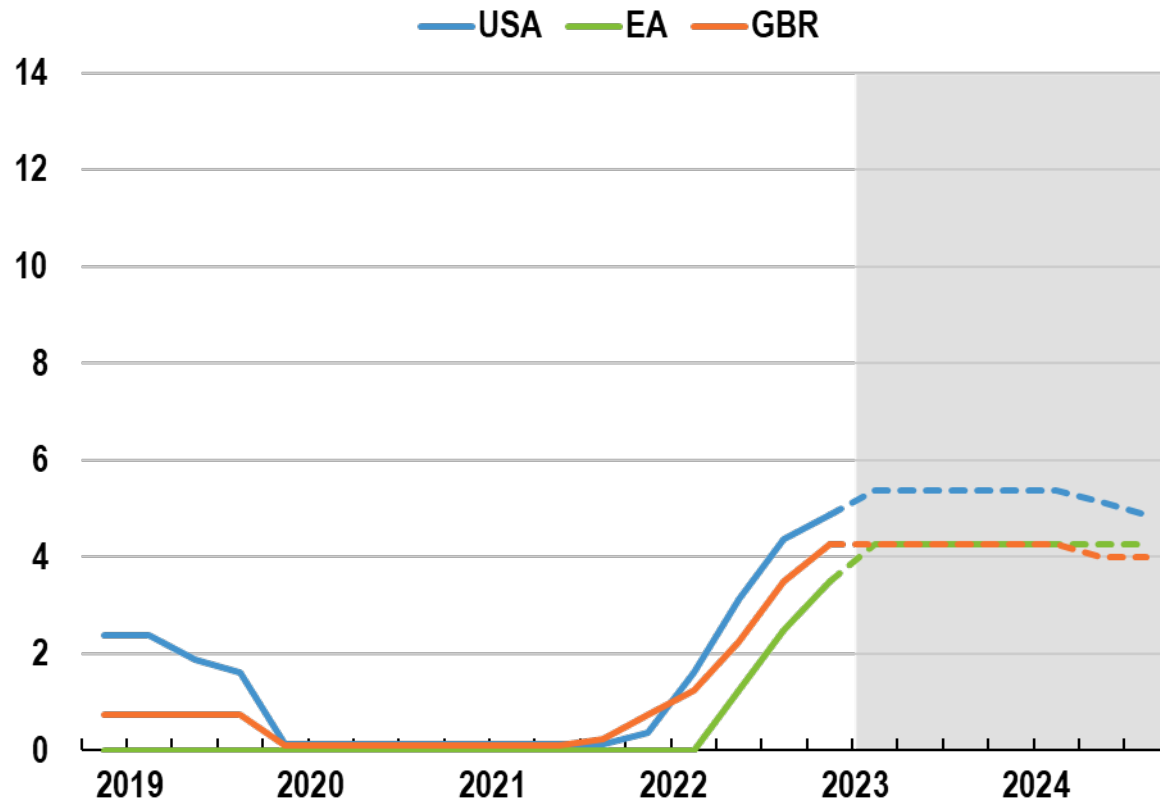
Policies



Monetary policy should stay the course

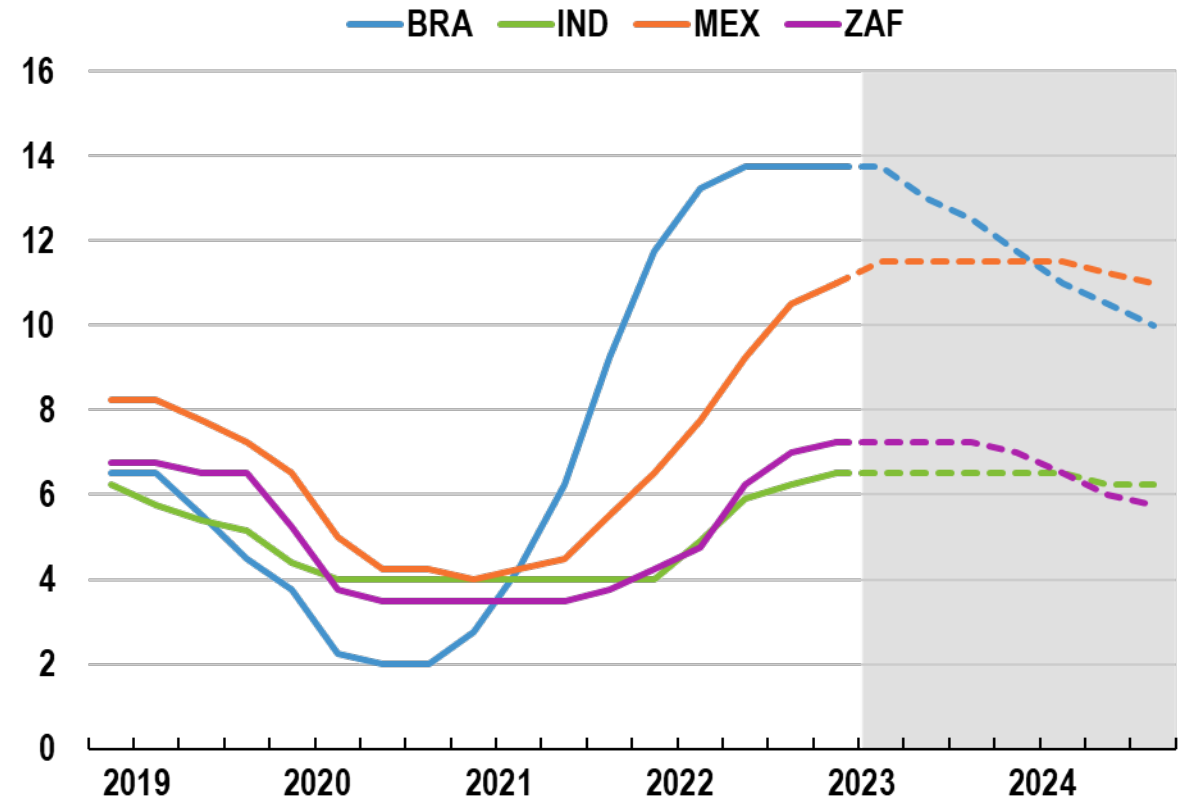
Advanced Economies

%, policy rates



Emerging Market Economies

%, policy rates



Note: For the euro area, it is the main refinancing operations rate. Shaded area indicates technical assumptions.
Source: OECD Interim Economic Outlook 113 database.

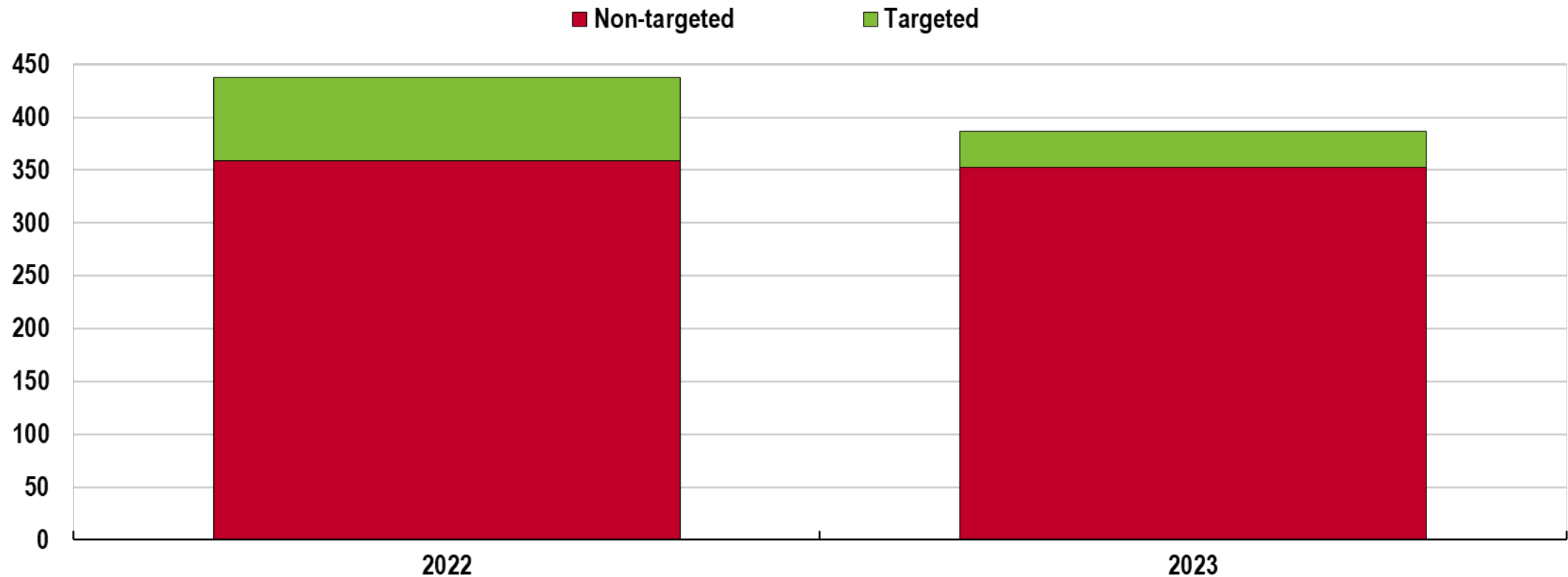
Source: OECD Interim Economic Outlook 113 database.



Fiscal policy should be prudent and become more targeted

Announced fiscal support measures to respond to the energy crisis

Countries in the OECD Energy Support Measures Tracker, spending in 2022 and 2023, USD billion



Note: The OECD Energy Support Measures Tracker is a dataset taking stock of all government interventions to support energy users since February 2021. The current vintage of the database has a cut-off date of 30 January 2023 and covers 45 countries, of which 36 are OECD economies (all member countries except Iceland and Switzerland) and 9 non-OECD economies (Argentina, Brazil, Bulgaria, China, Croatia, India, Indonesia, Romania, and South Africa). Support measures are taken in gross terms, i.e., not accounting for the effect of possible accompanying energy-related revenue-increasing measures, such as windfall profit taxes on energy companies. Where government plans have been announced but not legislated, they are incorporated if it is deemed clear that they will be implemented in a shape close to that announced. Measures corresponding to categories "Credit and equity support" and "Other" have been excluded. When a given measure spans more than one year, its total fiscal costs are assumed to be uniformly spread across months. For measures with no officially announced end-date, an expiry date is assumed and the fraction of the gross fiscal costs that pertains to 2022-23 has been retained. A measure is considered targeted if the main beneficiary is not "All energy users", "Firms: All" or "Households: All".
Source: OECD Energy Support Measures Tracker.



Summing up

- The outlook for the global economy has **improved slightly but remains fragile**.
- **Risks remain skewed to the downside** and are linked to the war and associated disruptions in energy and food markets, financial vulnerability, and trade tensions.
- Policy recommendations:
 - **Monetary policy should stay the course.**
 - **Fiscal policy should be prudent. Energy-related support should be more targeted** and refocused on reducing vulnerability to future shocks (e.g. increasing energy efficiency and reducing fossil fuel dependence).
 - **Structural reforms** are needed to overcome the decline in underlying sustainable growth prospects:
 - Boost productivity growth through digitalisation including by greater investment in ICT, R&D and skills
 - Boost skills and narrow the gender gap in STEM education
 - Reduce trade barriers to boost competition and raise productivity

