

# Global Economic Outlook

**25 March 2023 – Steel Committee**

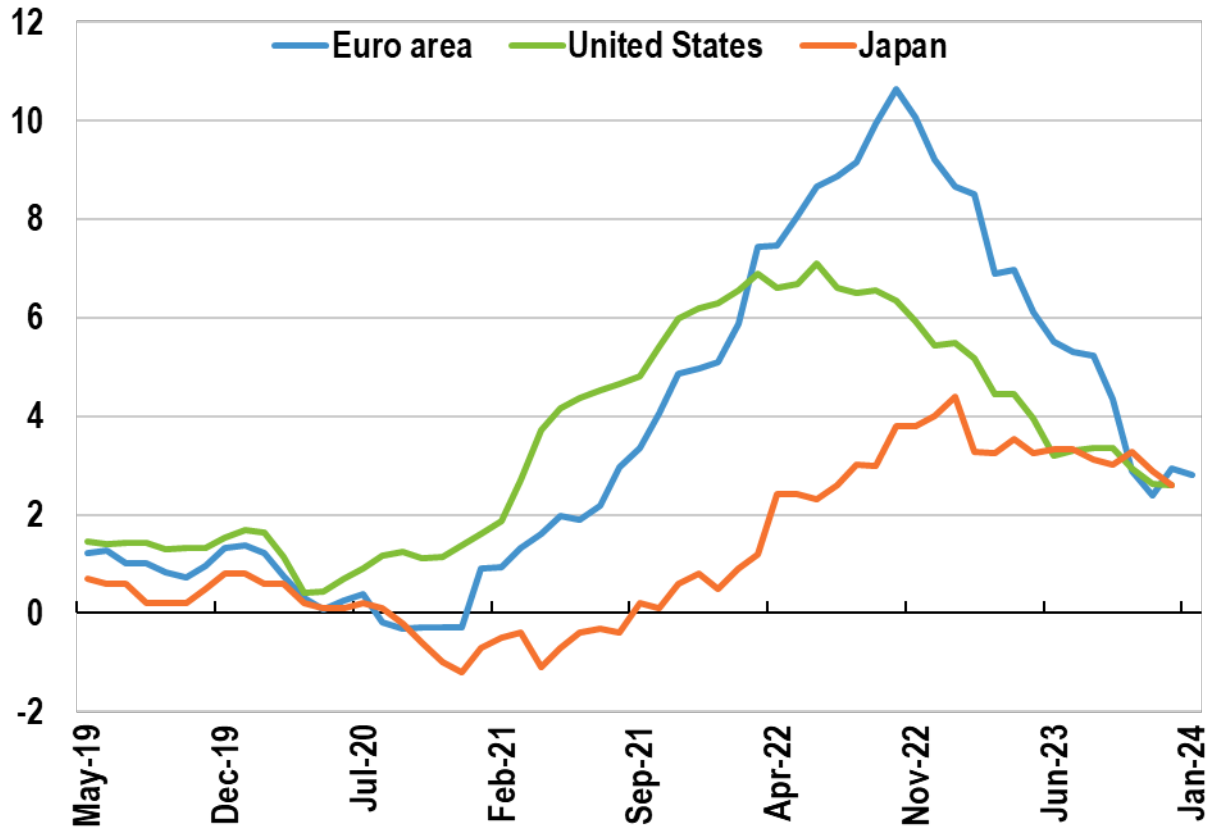
**Patrice OLLIVAUD**



# Inflation has continued to ease

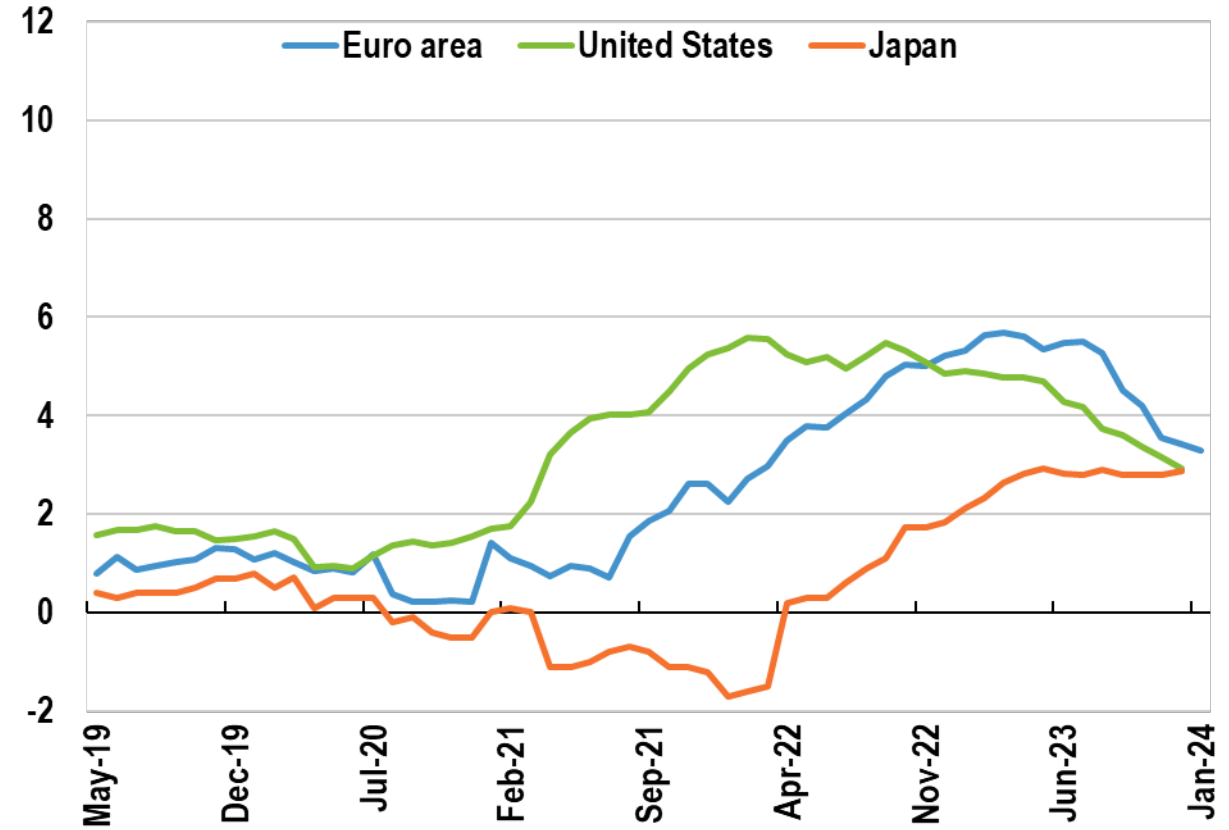
## Headline inflation

%, year-on-year



## Core inflation

%, year-on-year

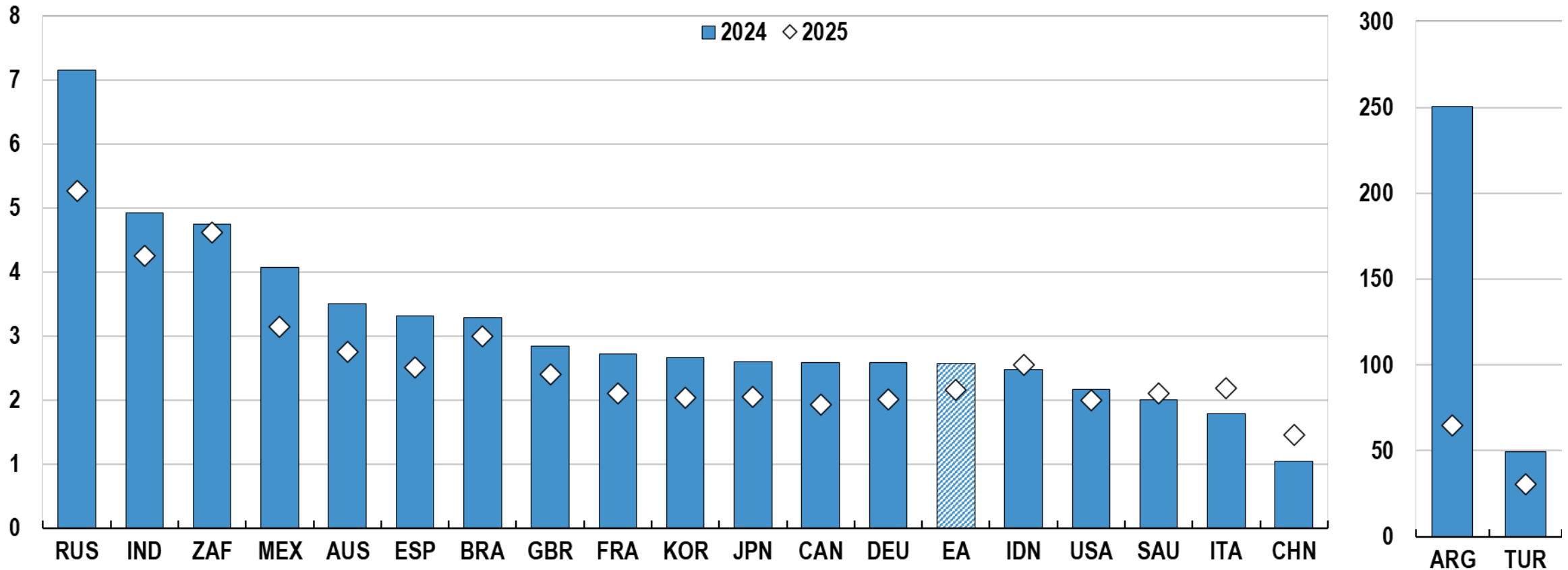


Note: The chart refers to the harmonised index of consumer prices for the euro area, personal consumption expenditure price index for the United States, and national consumer price index for Japan. Core inflation differs from the domestic definition and it excludes prices of energy and food. For the euro area, the January 2024 number is a flash estimate.  
Source: OECD Short Term Indicators database; Eurostat; and OECD calculations.



# Inflation is projected to decline towards targets

%, G20 economies



Note: Figure shows personal consumption expenditure price index for the United States, harmonised index of consumer prices for the euro area and its member states and the United Kingdom, and national consumer price index for all other countries. India projections are based on fiscal years, starting in April. Spain is a permanent invitee to the G20.  
 Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

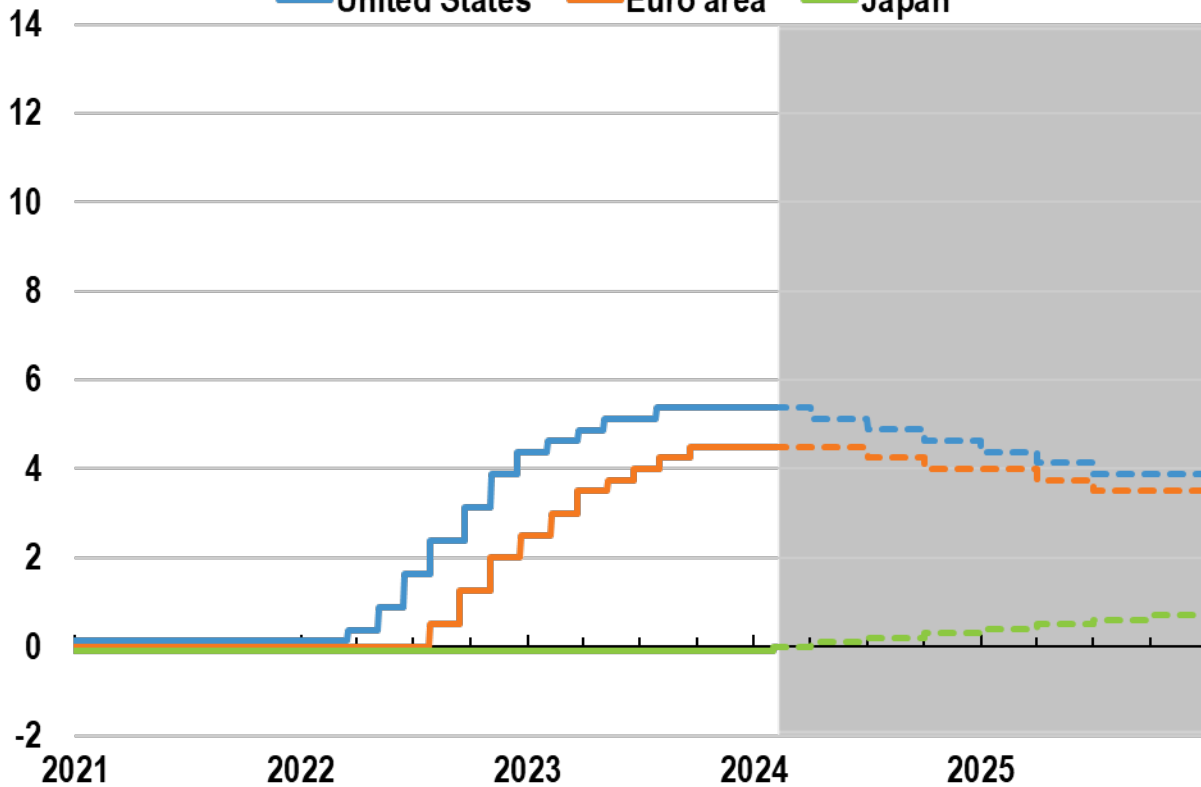


# Declining inflation will create room to lower policy rates

## Advanced economies

Policy rates, %

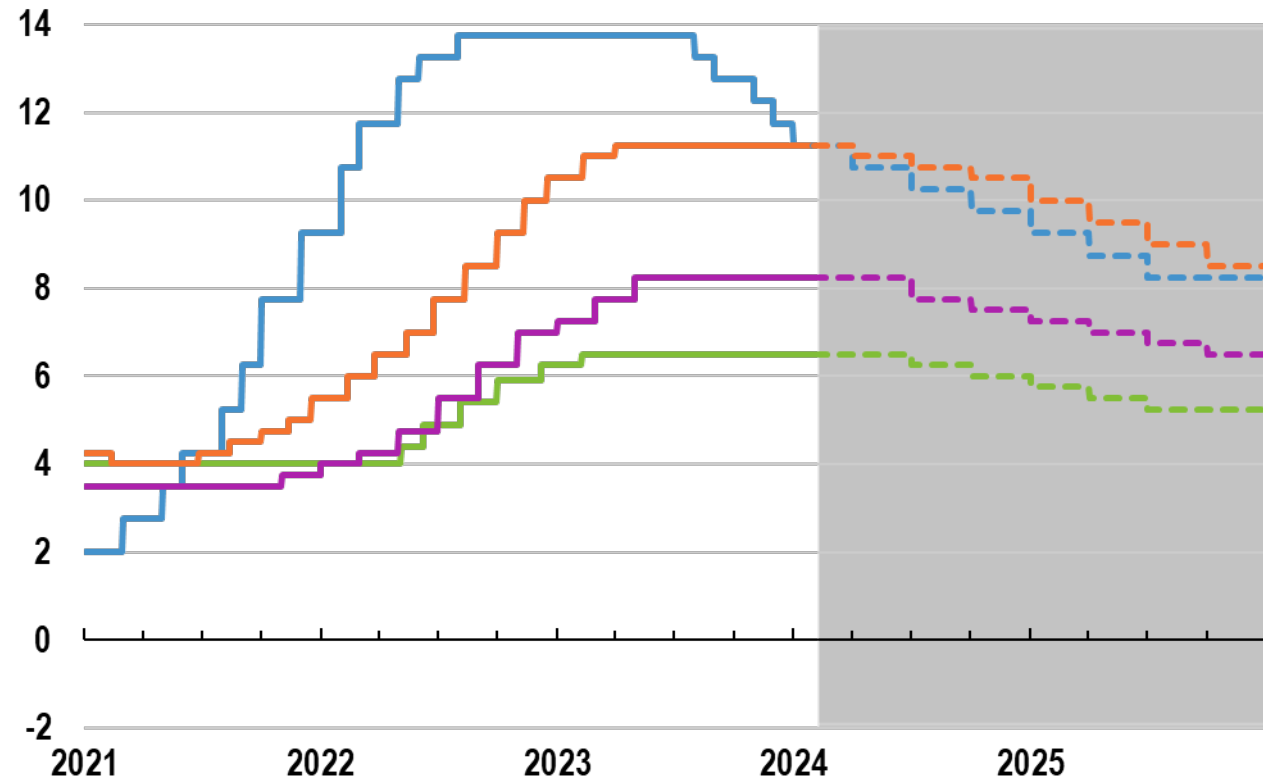
United States Euro area Japan



## Emerging market economies

Policy rates, %

Brazil India Mexico South Africa

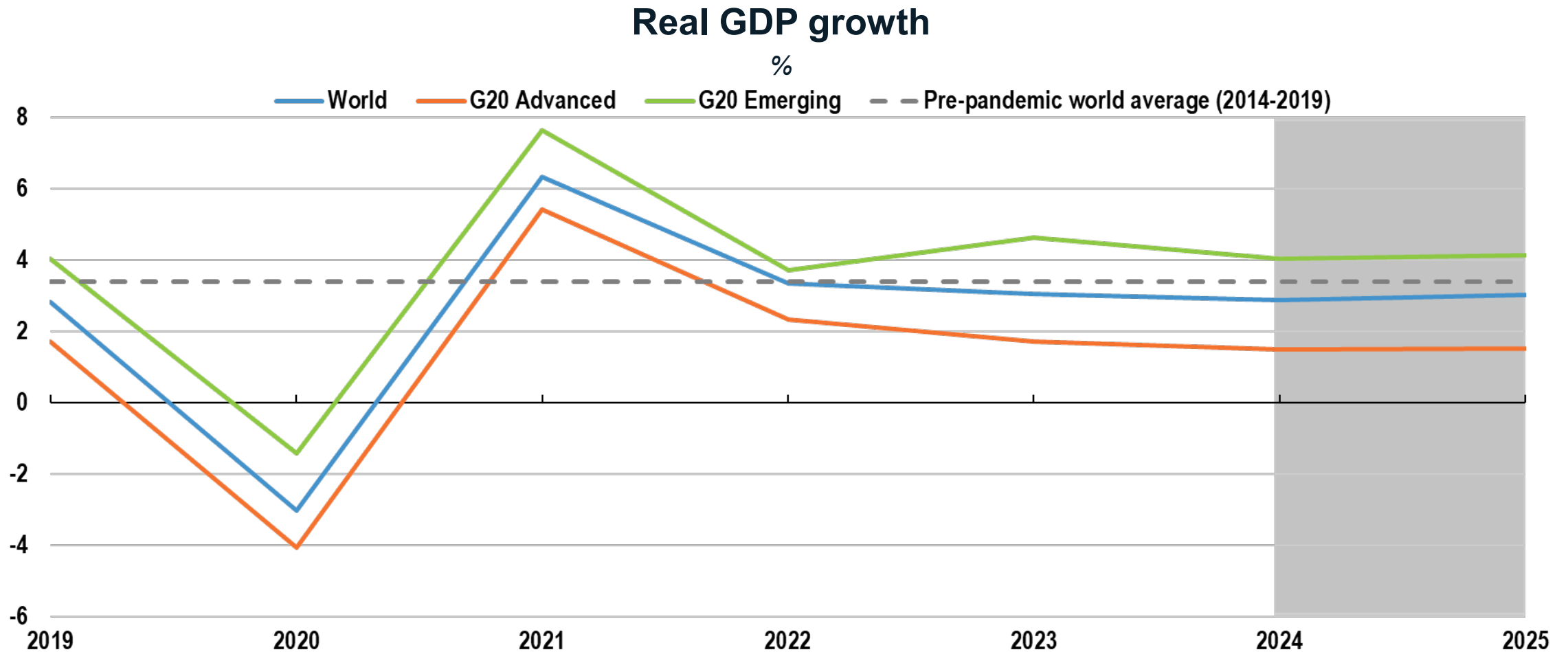


Note: For the United States, the policy rate refers to the midpoint of the federal funds rate range. The main refinancing operations rate is used as the policy rate indicator for the euro area. Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database.

Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database.



# Global growth is expected to remain modest



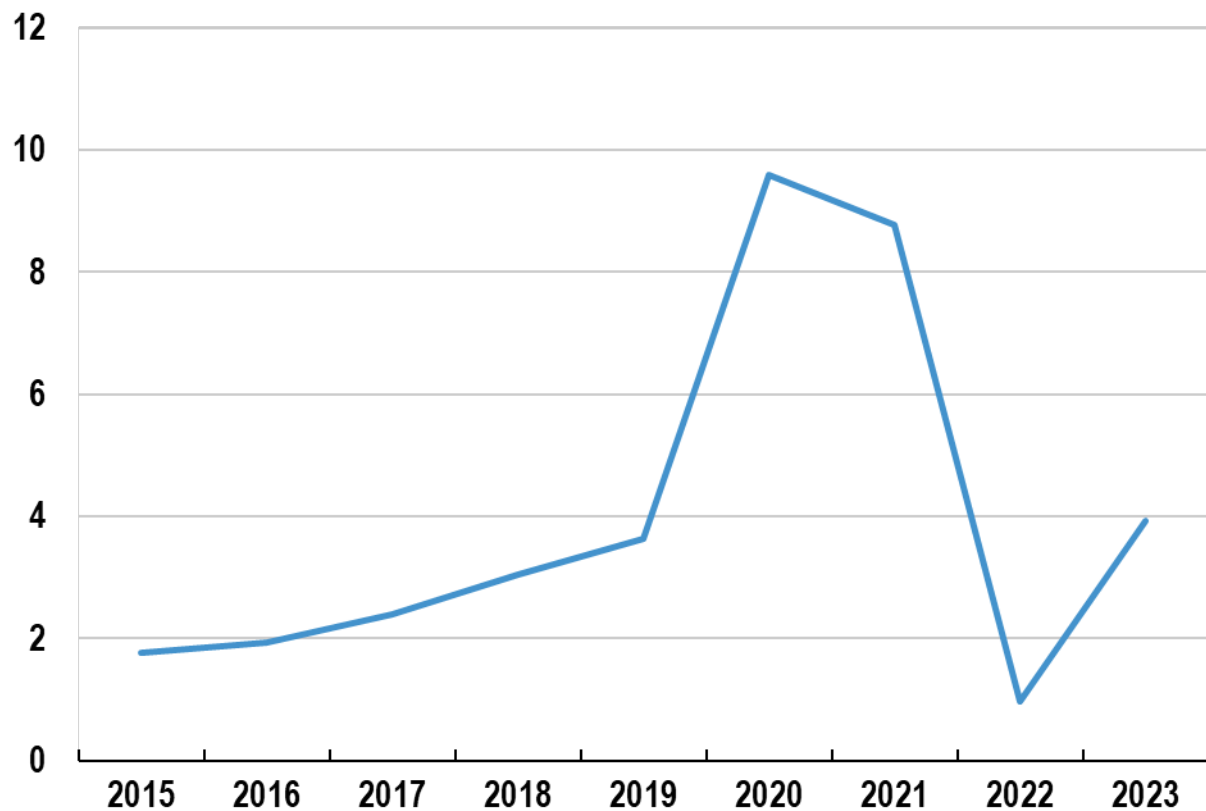
Note: Shaded area refers to OECD projections. G20 Advanced includes Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, and United States. G20 Emerging includes Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Türkiye.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.



# Government spending and a drawdown of excess household savings boosted demand in the United States

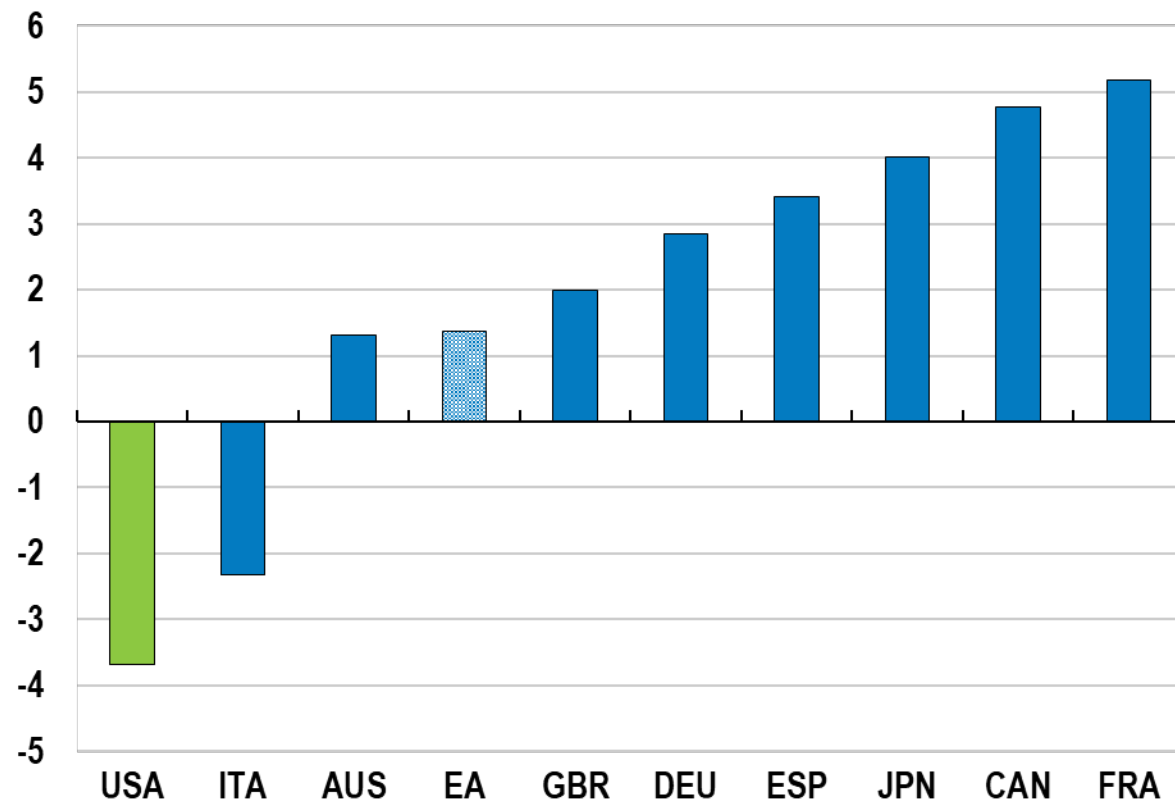
## Underlying primary deficit

*% of potential GDP, United States*



## Change in estimated household excess savings over the last two years to 2023Q3

*% pts of household disposable income*



Source: OECD Economic Outlook 114 database; and OECD calculations.

Note: Excess savings are the cumulative sum of quarterly saving flows since 2020Q1 relative to the levels that would have occurred if the saving rate had been equal to the average 2015-19 saving rate. The data for Japan are estimated from 2021Q1 onwards.

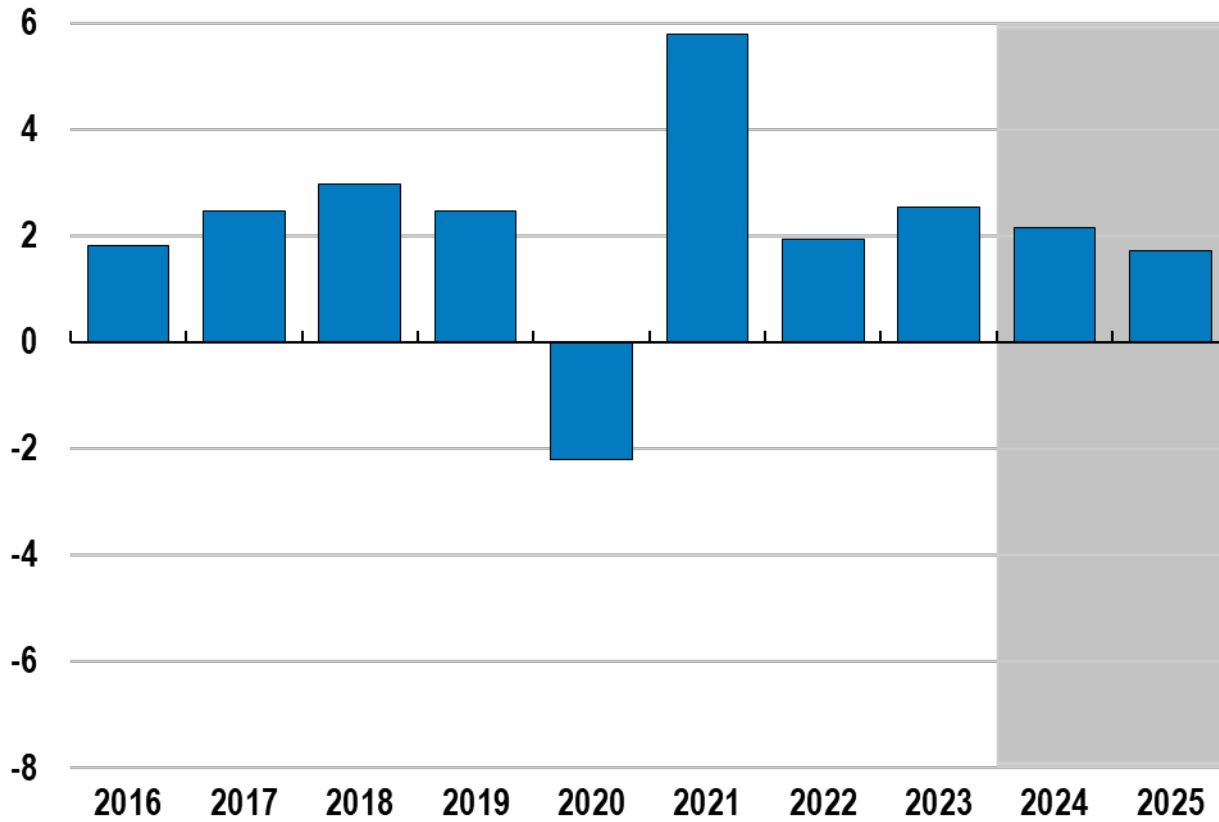
Source: OECD Interim Economic Outlook 115 database; OECD Quarterly National Accounts database; and OECD calculations.



# Growth is expected to continue in the United States

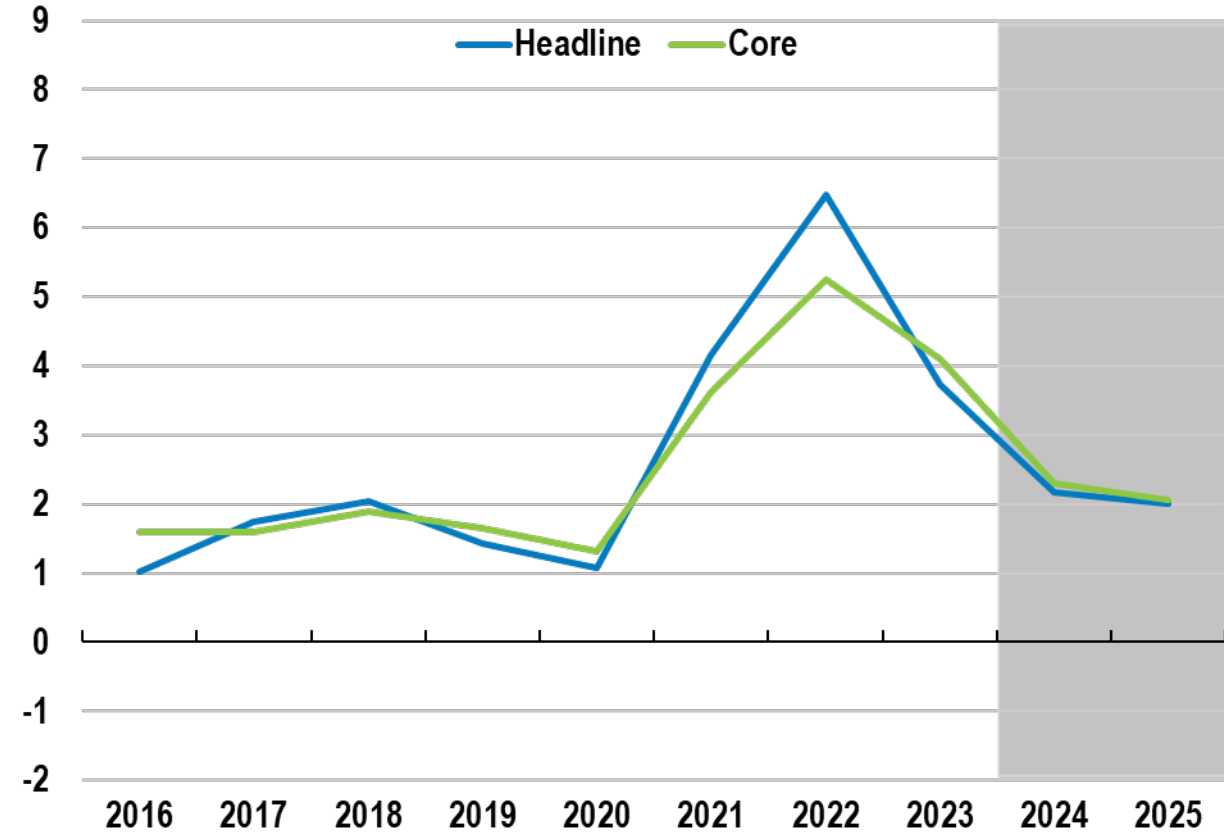
## USA, real GDP growth

%



## USA, inflation

%



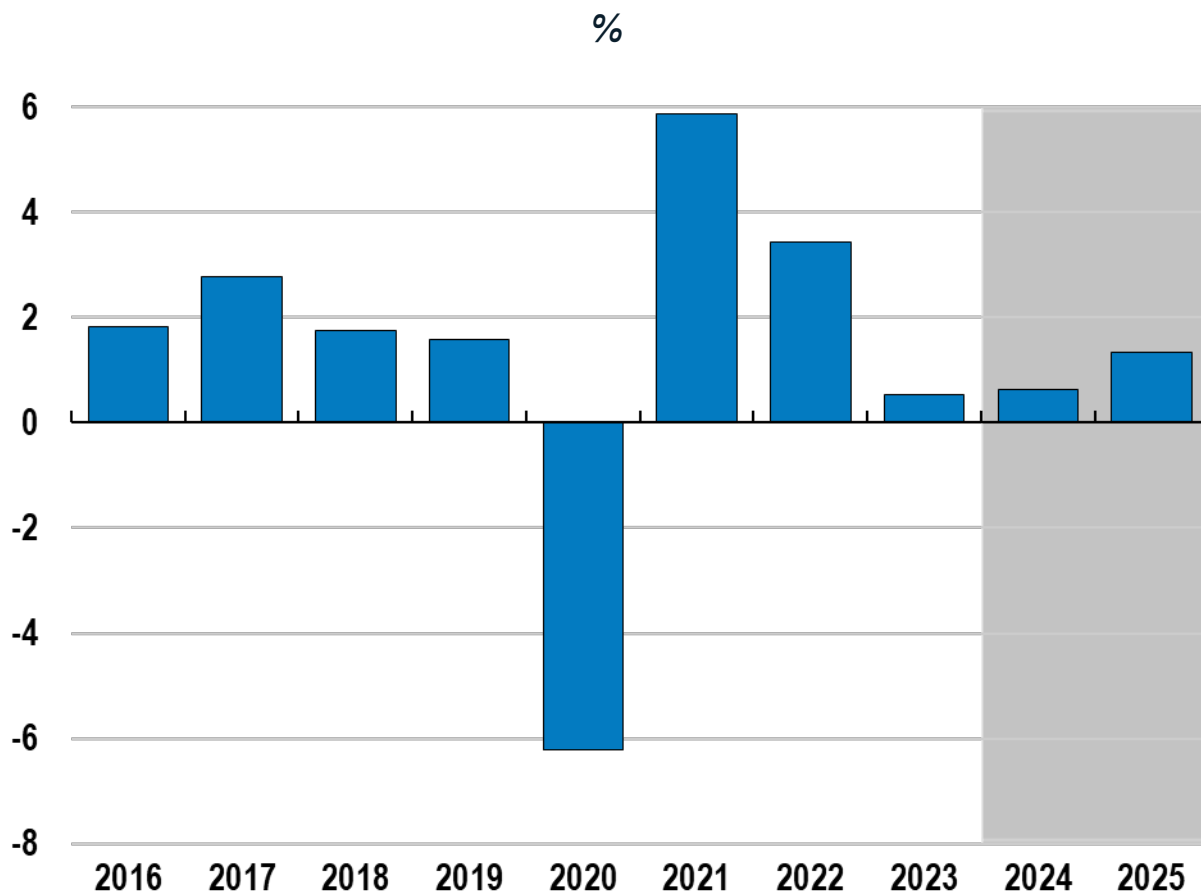
Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

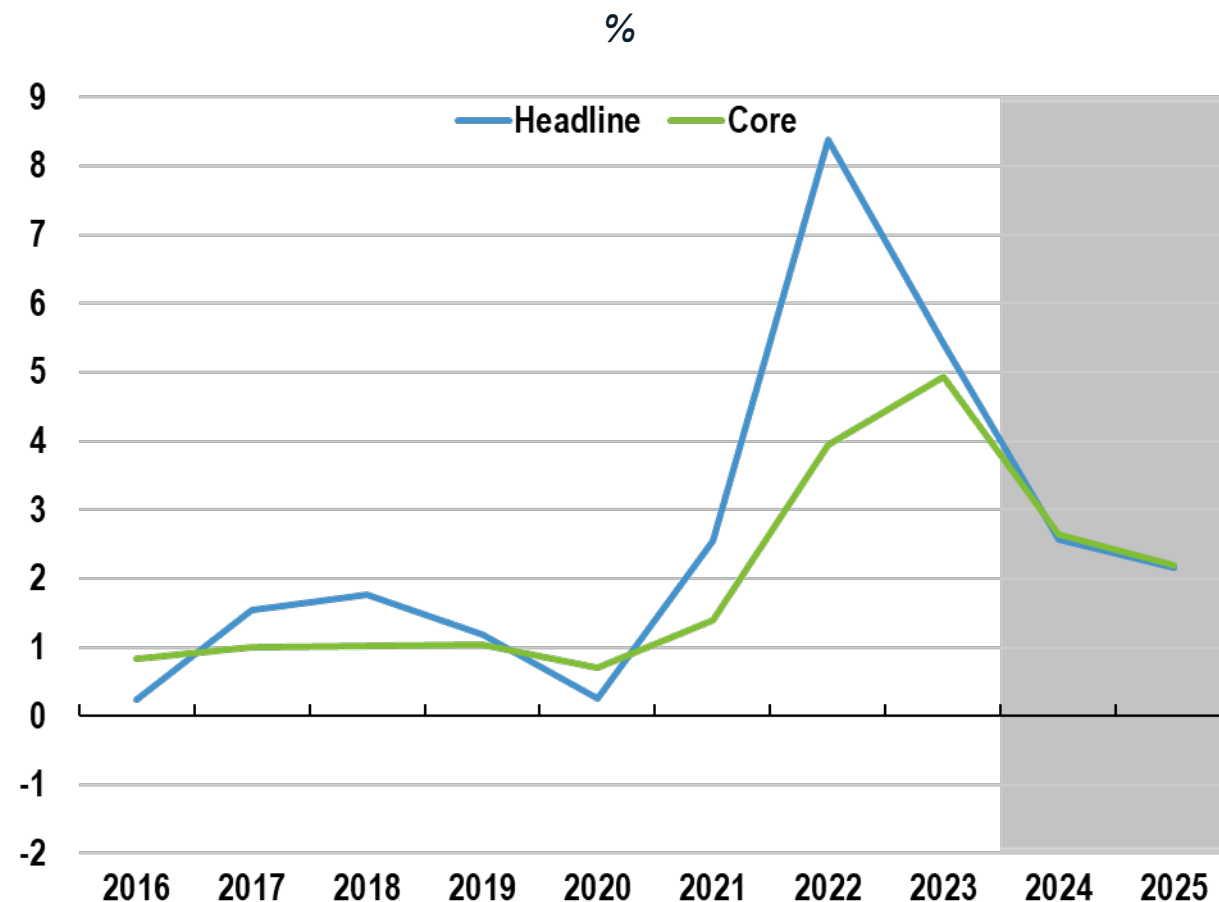


# Growth will be weak in the euro area in 2024

## Euro area, real GDP growth



## Euro area, inflation



Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

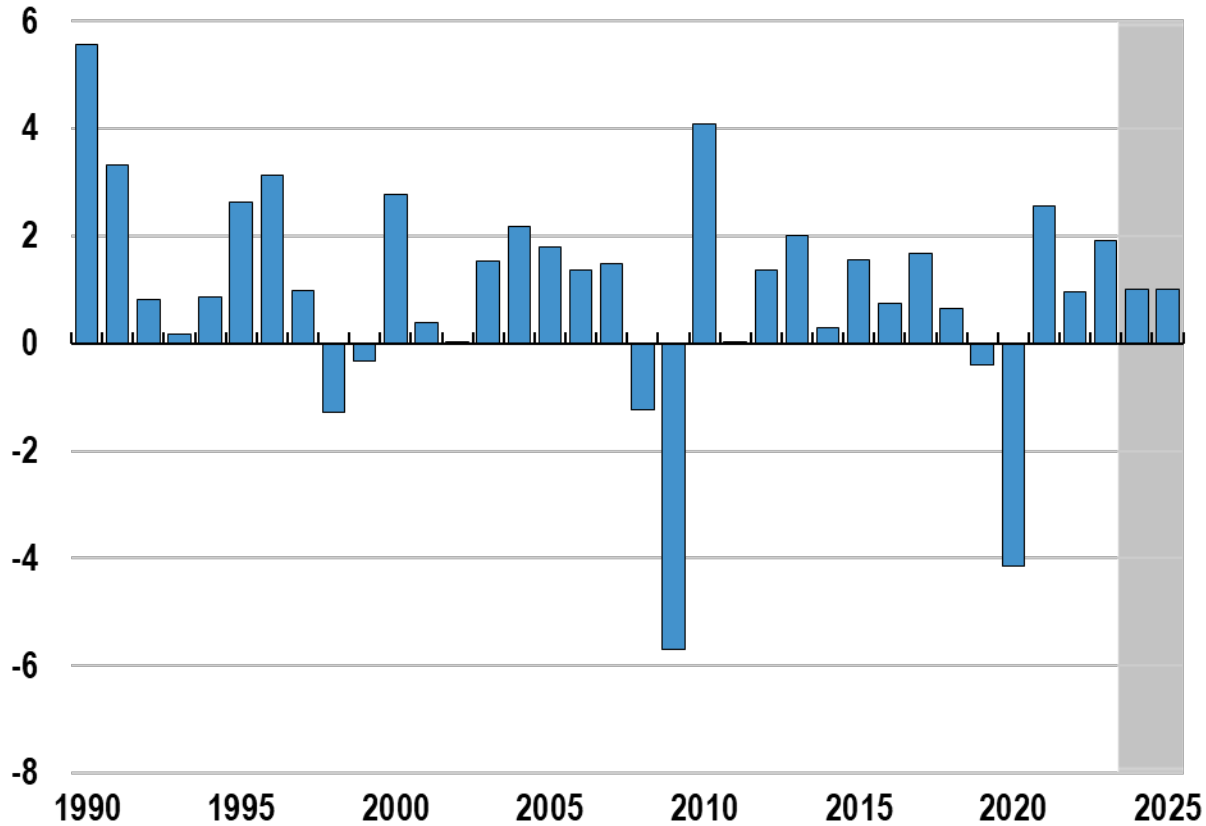




# Inflation is set to converge to target in Japan

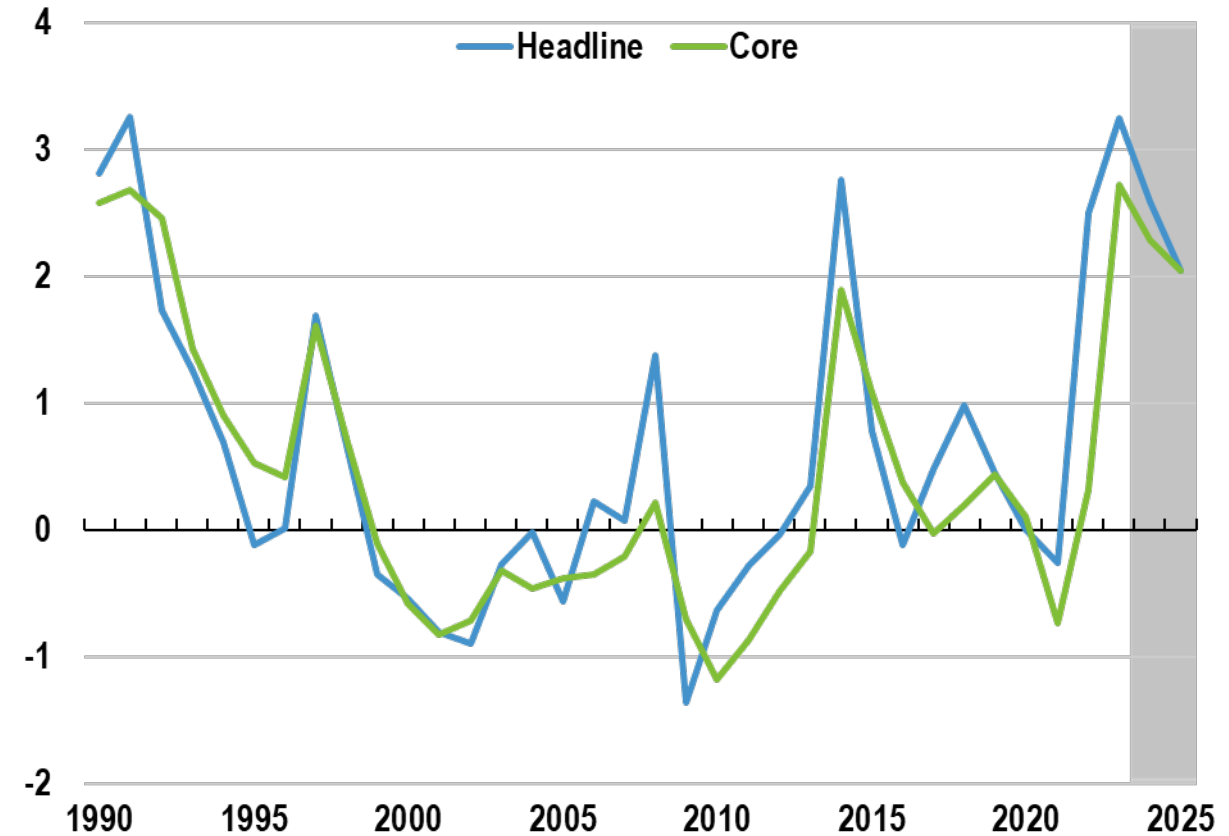
## Japan, real GDP growth

%



## Japan, inflation

%



Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.

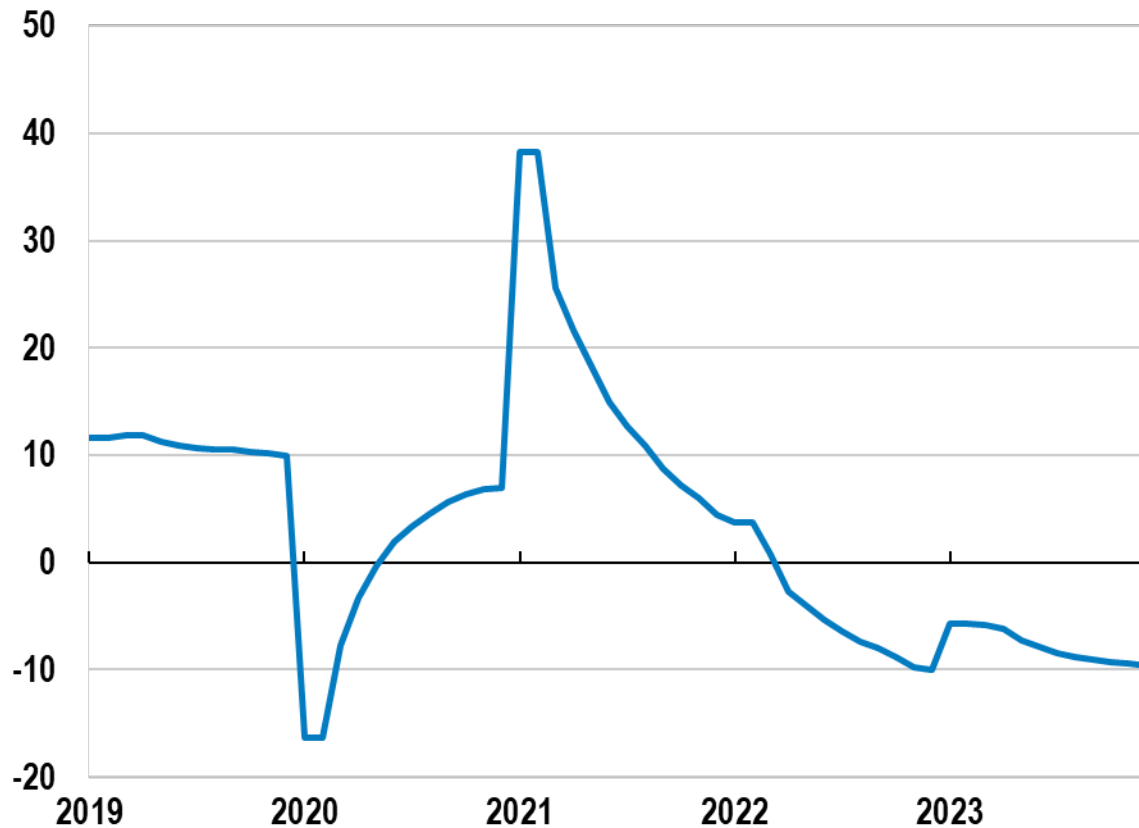
Note: Shaded area refers to OECD projections. Core inflation differs from the domestic definition and it excludes prices of energy and food.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations.



# China faces headwinds to growth

## China, real estate investment

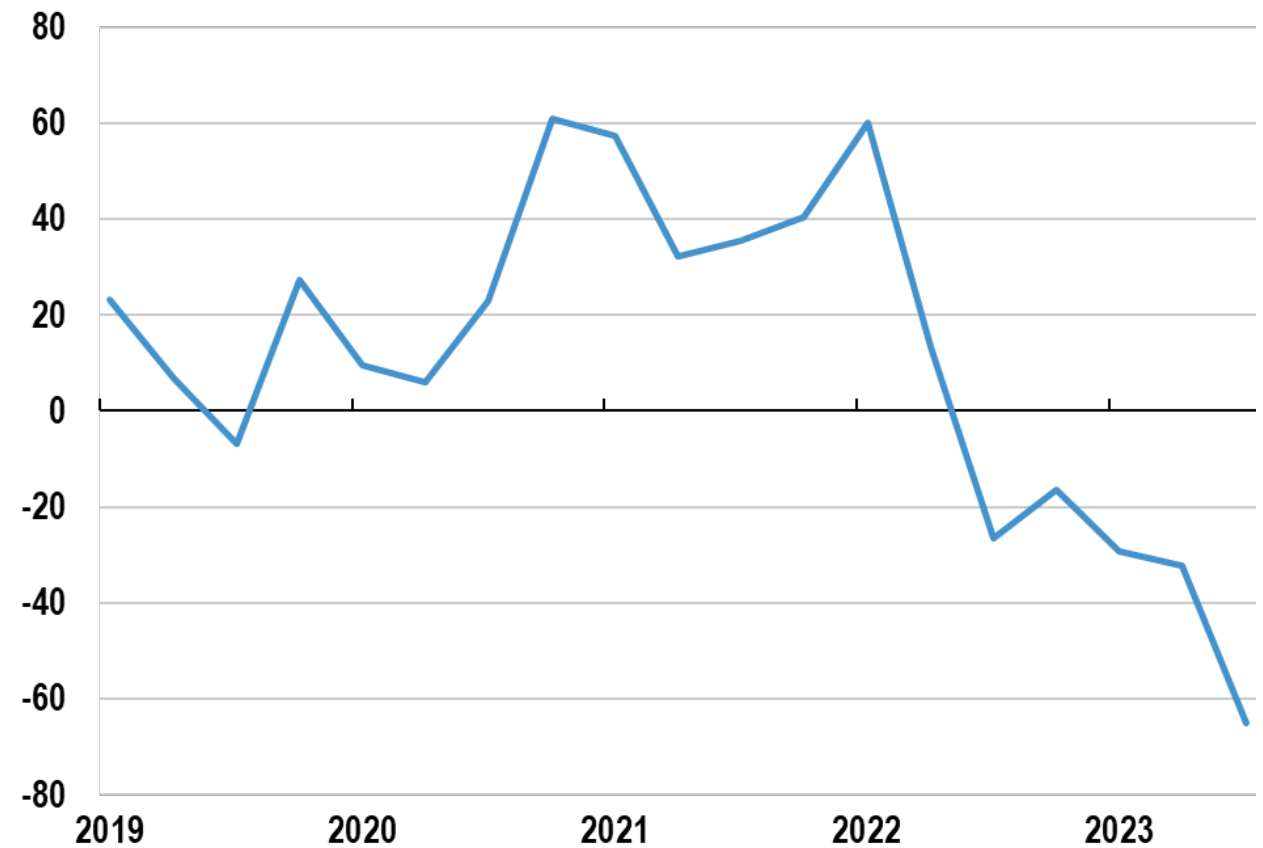
*% , year-on-year*



Source: CEIC.

## China, inward foreign direct investment

*Billion USD*



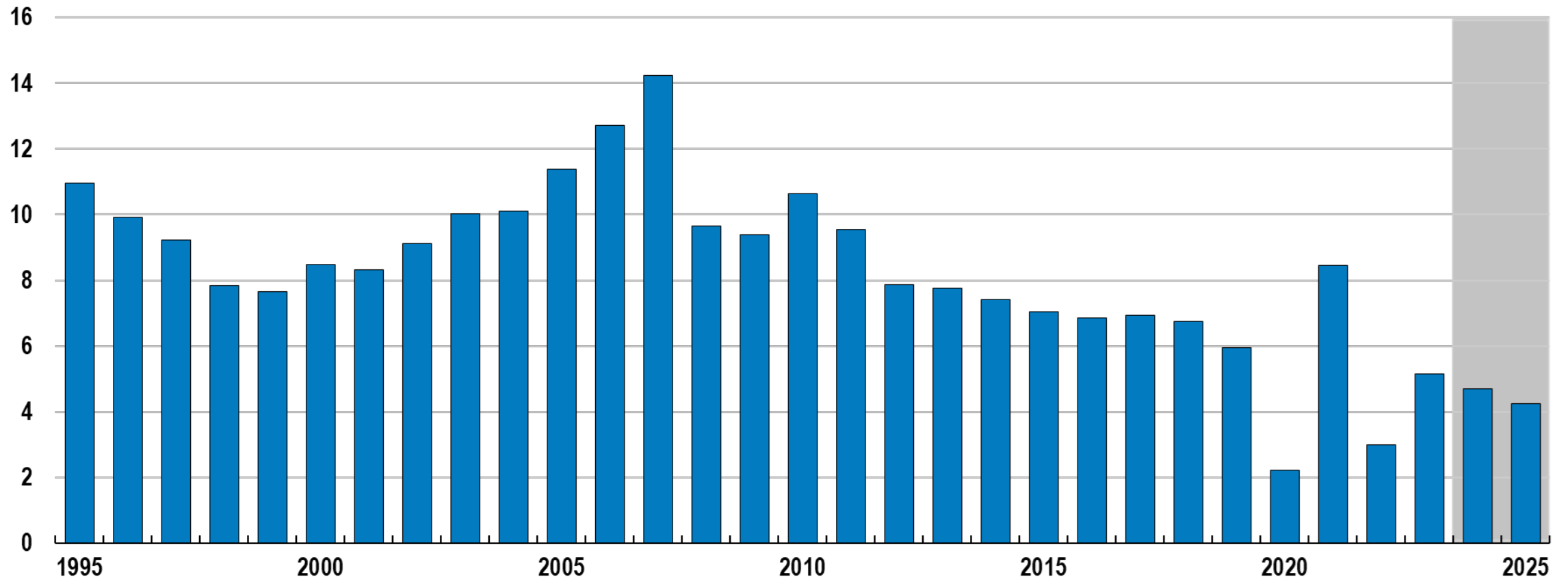
Source: CEIC.



# Growth in China is slowing

## China, real GDP growth

%



Note: Shaded area refers to OECD projections.  
Source: OECD Interim Economic Outlook 115 database; and OECD calculations



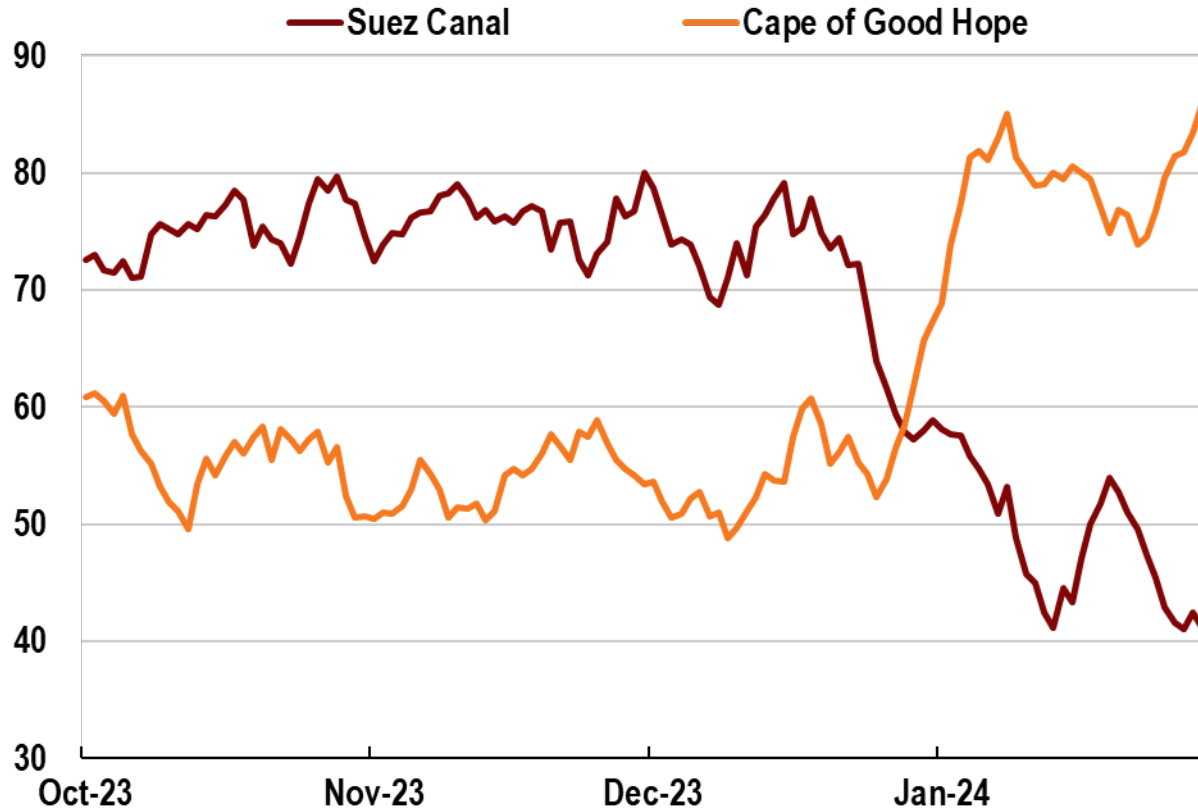
# *Challenges for near-term growth*



# Trade disruptions in the Red Sea are increasing shipping costs

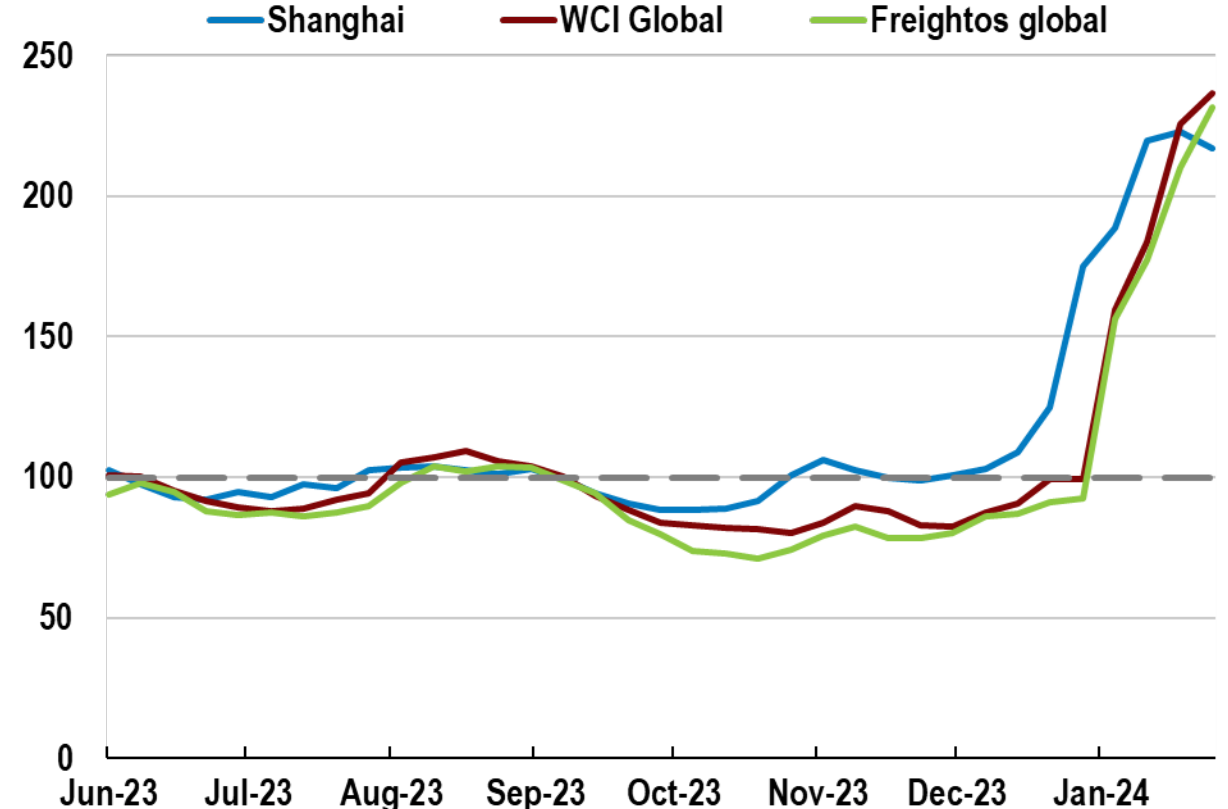
## Daily vessel transits

Number of vessels



## Shipping costs

Index 2023=100



Note: The chart shows seven-day moving average, based on daily data up to 29 January 2024. Daily count of all cargo ships transiting the Suez Canal and the Cape of Good Hope, including bulk carriers, container ships and oil and liquid natural gas tankers, but excluding fishing vessels and tugs. Transit through the Suez Canal and Cape of Good Hope are estimated using AIS data and OECD-defined geographic boundaries, with a vessel considered to be in transit if it transmits messages which would imply a path which intercepts the defined chokepoint.

Source: Pilgrim, G., E. Guidetti and A. Mourougane (forthcoming) "An Ocean of Data: The Potential of Data on Vessel Traffic"; Bloomberg; and OECD calculations.

Note: The chart refers to the price of sea freight. Based on weekly data. Latest data up to 26 January 2024.

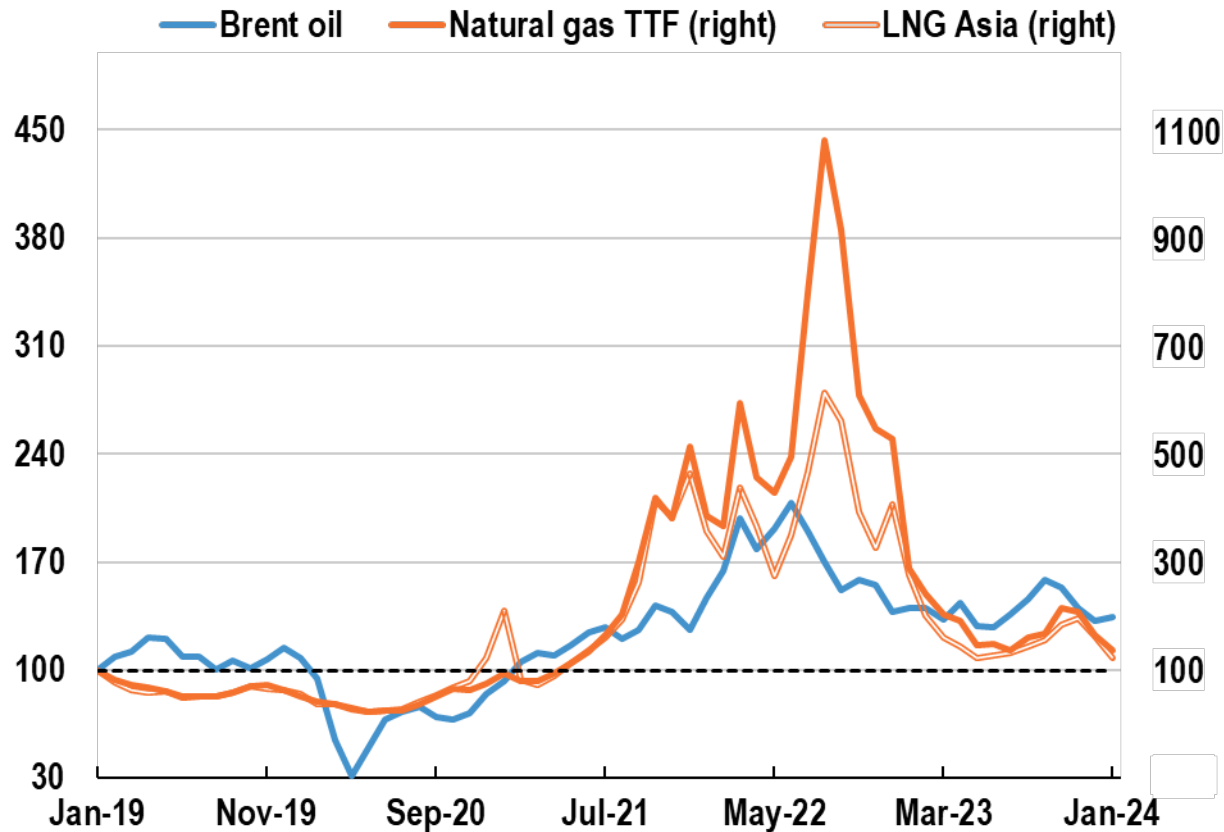
Source: Bloomberg.



# Geopolitical tensions risk further energy price spikes

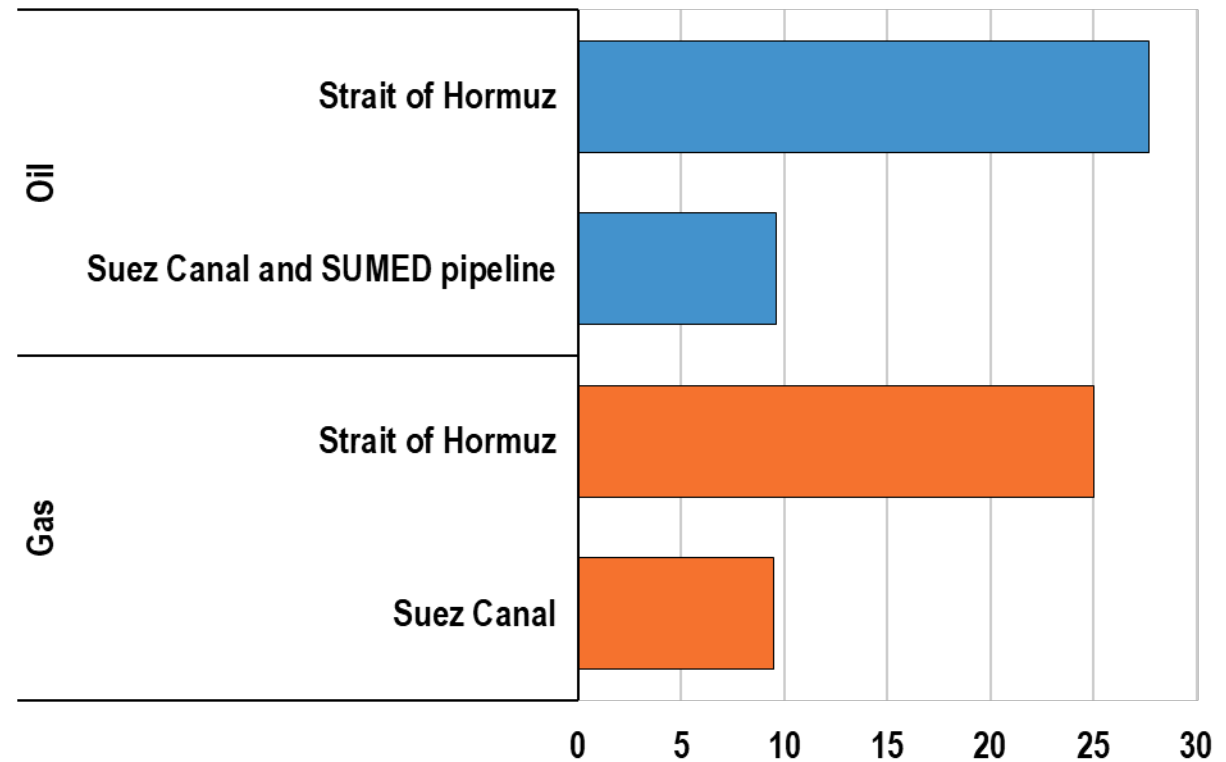
## Energy prices

Index Jan 2019=100



## Maritime chokepoints in global energy trade

% of trade in 2022



Note: Data up to 31 January 2024. Natural gas TTF prices refer to the Dutch TTF prices and LNG Asia prices refer to Liquefied natural gas prices in Asia.  
Source: LSEG; and OECD calculations.

Note: Data based on total oil flows (mn barrels per day) and total LNG flows (bn cubic feet per day). The Suez-Mediterranean (SUMED) pipeline is a land-based pipeline that transports crude oil north through Egypt, connecting the Red Sea with the Mediterranean.  
Source: U.S. Energy Information Administration (EIA).



## Find out more about our work at:

 <https://www.oecd.org/economic-outlook>

 <https://twitter.com/oecdeconomy>

 [eco.contact@oecd.org](mailto:eco.contact@oecd.org)

 <https://oecdecoscope.blog/>



# GDP growth projections

%, G20 economies

▲ upward revision, by 0.3pp or more

▬ no change or smaller than 0.3pp

▼ downward revision, by 0.3pp or more

	2023	2024	2025		2023	2024	2025
<b>World</b>	3.1	2.9 ▬	3.0 ▬	<b>G20</b>	3.3	2.9 ▬	3.0 ▬
<b>Australia</b>	2.0	1.4 ▬	2.1 ▬	<b>Argentina</b>	-1.0	-2.3 ▼	2.6 ▲
<b>Canada</b>	1.1	0.9 ▬	1.9 ▬	<b>Brazil</b>	3.1	1.8 ▬	2.0 ▬
<b>Euro area</b>	0.5	0.6 ▬	1.3 ▬	<b>China</b>	5.2	4.7 ▬	4.2 ▬
<b>Germany</b>	-0.1	0.3 ▼	1.1 ▬	<b>India</b>	6.7	6.2 ▬	6.5 ▬
<b>France</b>	0.9	0.6 ▬	1.2 ▬	<b>Indonesia</b>	4.9	5.1 ▬	5.2 ▬
<b>Italy</b>	0.7	0.7 ▬	1.2 ▬	<b>Mexico</b>	3.1	2.5 ▬	2.0 ▬
<b>Spain</b>	2.5	1.5 ▬	2.0 ▬	<b>Russia</b>	3.1	1.8 ▲	1.0 ▬
<b>Japan</b>	1.9	1.0 ▬	1.0 ▬	<b>Saudi Arabia</b>	-0.9	2.4 ▼	4.2 ▼
<b>Korea</b>	1.3	2.2 ▬	2.1 ▬	<b>South Africa</b>	0.5	1.0 ▬	1.2 ▬
<b>United Kingdom</b>	0.3	0.7 ▬	1.2 ▬	<b>Türkiye</b>	4.1	2.9 ▬	3.1 ▬
<b>United States</b>	2.5	2.1 ▲	1.7 ▬				

Note: Revisions relative to the latest estimates from the November 2023 Economic Outlook. Projections for India 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 115 database; OECD Economic Outlook 114 database; and OECD calculations.

