

## Global Growth

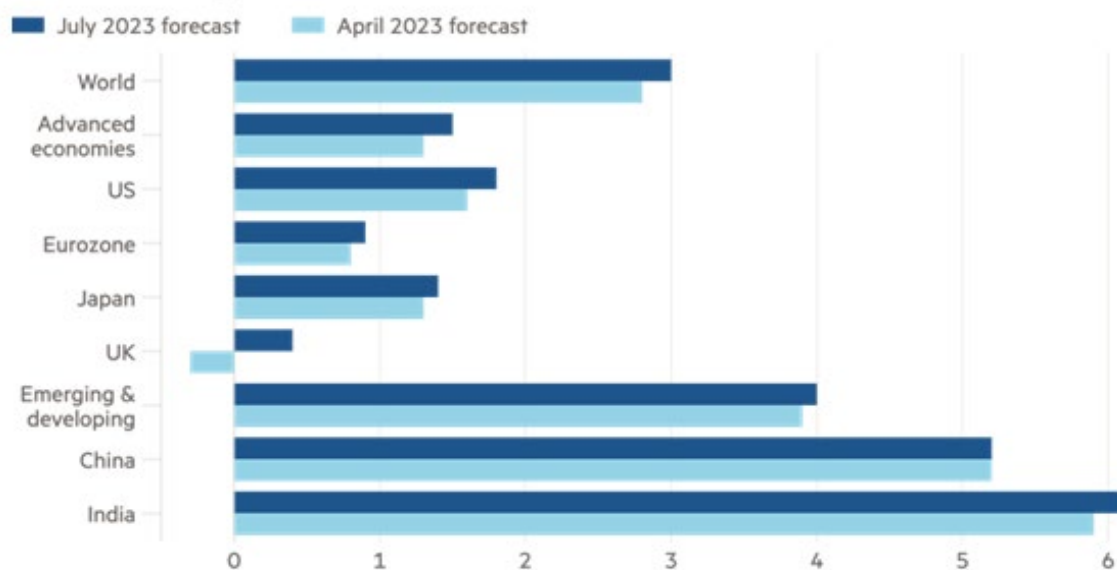
This week we saw the IMF (International Monetary Fund) make updates to its World Economic Outlook - a document which was published in April and provides an overview of the world economy and developing nations, as well as addressing topics of pressing current interest.

According to the group, the risk of a 'hard landing' for the global economy has reduced in recent months, and the outlook has improved since they last published projections in April, amid a bout of banking sector stress. As can be seen below, 3.0% real GDP growth for the global economy is now expected for the full year, up from the 2.8%.

The outlook for the US was revised upwards from 1.6% to 1.8%, with the IMF stating that the odds of a soft landing (in which inflation is reduced without causing excessive unemployment) has increased as price pressures have eased over recent months. The Eurozone is now expected to see growth of 0.9% this year, up from the prior 0.8%. Interestingly, the IMF is now forecasting for the UK to see growth of 0.4% and avoid a recession this year – boosted by strong spending by consumers.

### The IMF has raised its projections for growth this year

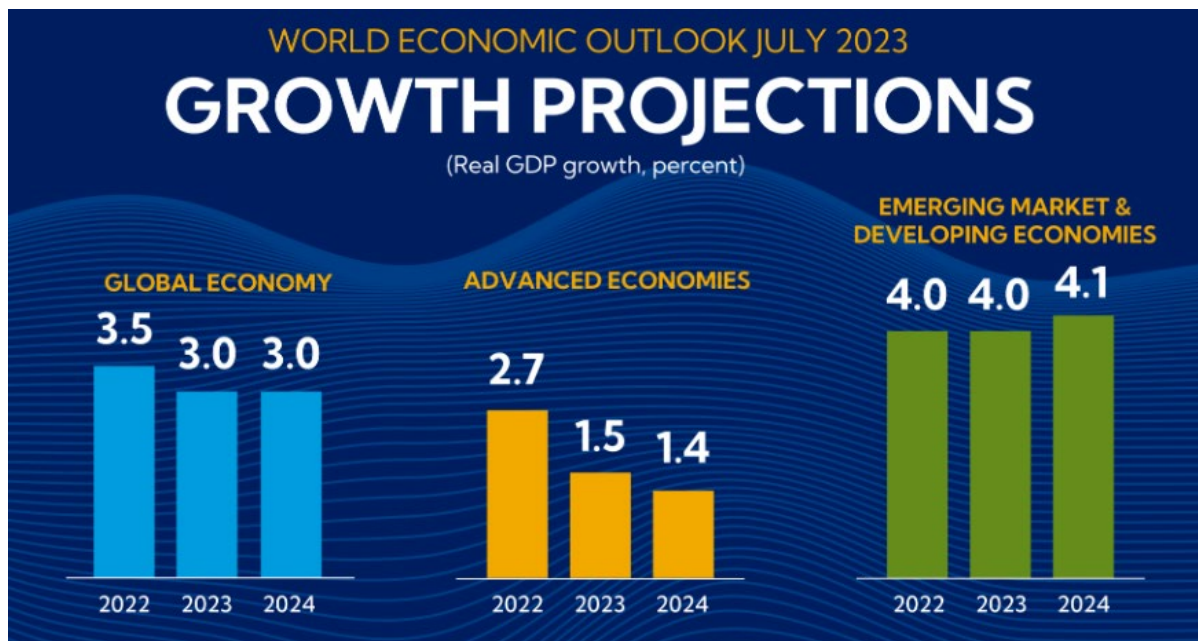
Forecasts for GDP growth in 2023 (%)



Source: IMF, Financial Times

These upgrades follow stronger than expected Q1 GDP figures in most regions, as well as larger economies such as the US showing resilience in the meantime. Despite the upwards revisions, the global economy is still slowing. The IMF warned that developed economies are not out of the woods yet, since central banks' efforts to tackle high inflation could still weigh heavily on growth.

As can be seen below, a 3.0% result this year would be a reduction on last year's 3.5%. Clearly, advanced economies will see most of the weakness this year and next, while emerging market and developing economies are expected to see a pickup in growth over the next year or so.



Source: IMF



Source: IMF