



# Global Economic Forecasts: Q1 2023

January 2023

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## INTRODUCTION

Scope

Key findings

### GLOBAL OUTLOOK: Q1 2023

Global baseline outlook: Global economy edges closer to recession amid sharp slowdown

Global inflation begins gradual downward trend – but remains significantly elevated in 2023

Geopolitical tensions will be primary global inflation risk

Multiple downside risks could tip fragile global economy into recession in 2023

### GLOBAL OUTLOOK: Q1 2023

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 risk map: Significant global stagflation risk

Global Risk Index scores and rankings

Global stagflation scenario: Vulnerabilities remain high for major economies

COVID-19 pessimistic scenario: Worsening pandemic still a risk

### KEY ECONOMIES OUTLOOK: Q1 2023

US: Resilient consumer spending mitigates recession risks in early 2023

US: Services inflation remains persistent while overall price rises further abate

U S: Ongoing Fed interest rates hikes raise likelihood of recession in 2023

US: Significant domestic and global risks cloud forecast period

China: Economic growth to pick up later in 2023 amid the post-pandemic reopening

China: Heightened uncertainty weighs on consumer and business confidence

China: Forecast risks

India: Economic growth to ease on the back of softer domestic and foreign demand

India: Forecast risks

Japan: Weaker exports and faltering pent-up spending to subdue future growth

Japan: Forecast risks

Indonesia: Softer external demand to limit economic growth in the year ahead

Eurozone: Milder-than-expected temperatures likely prevent a severe energy crisis

Eurozone: Energy prices ease significantly, while pressure from wage growth rises

Eurozone: Ongoing energy vulnerability will drive elevated economic uncertainty in 2023

UK: High inflation and rising interest rates continue to pressure consumers and businesses

UK: Forecast risks

Russia: Economic problems to persist in 2023

Russia: Forecast risks

Brazil: Restrictive monetary and fiscal policies to curb inflation and limit economic growth

Brazil: Forecast risks

Mexico: Downturn in the US is expected to slow growth momentum

## APPENDIX

Summary 1 baseline scenario and main downside risks: Q1 2023

Definitions

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