



# Global Inflation Tracker: Q3 2023

August 2023

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## GLOBAL OUTLOOK

Inflation divergence in the largest economies predicted in 2024

Forecast inflation rate in 2024 across countries

Key factors driving inflation in Q3 2023

Prices of manufactured goods remain stable as sellers struggle with weak demand

Tight labour markets and strong demand continue to inflate prices of services

Inflationary pressures in the housing markets cool as tighter monetary policies hit demand

Supply disruptions and adverse weather conditions add to commodity price volatility

Energy prices remain stable yet supply risks remain

Interest rates are likely to peak as inflation is cooling down

Inflation forecasts Q3 2023

Key risks for higher inflation in 2023-2024

## CONSUMER PURCHASING POWER

Consumer spending power to remain suppressed in 2023 before a recovery expected in 2024

Worsened economic conditions hurt consumer willingness to spend

Online prices of food products indicate declining inflationary pressures in Q2 2023

US: Price pressures level off as tight labour market becomes primary inflation driver

China: Consumer inflation is muted, pointing to weaker domestic demand

France: Food inflation a key driver of persistent and increasing inflation in 2023

Germany: Inflation will remain elevated in 2023 as price pressures ease only gradually

Italy: Numerous persistent price pressures will result in bumpy inflation slowdown

Spain: Inflation is set to moderate markedly due to reduced energy price pressures

UK: Headline inflation starts to ease but underlying pressures persist

Japan: Consumer inflation has peaked, but moderation has been slower than expected

Brazil: Inflation has eased, but the anticipated monetary easing could exert upward pressure

India: Inflationary pressures rise as food prices surge due to unfavourable weather

## CONCLUSION

Inflationary pressures continue to ease

Key country insights

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