KIEL INSTITUTE FOR THE WORLD ECONOMY

KIEL INSTITUTE ECONOMIC OUTLOOK

World Economy
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Forecasting Center

GLOBAL GROWTH FALTERS

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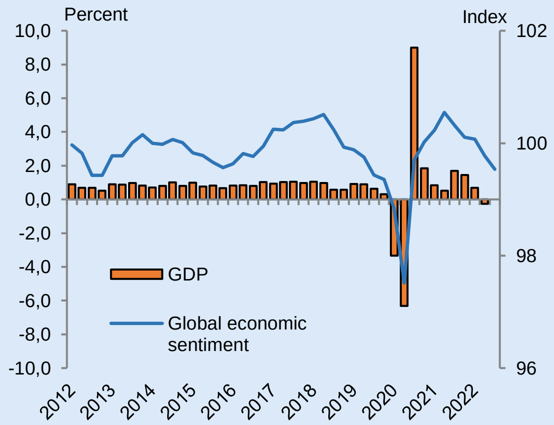
In spring 2022, world economic growth came to a standstill amid high inflation, persistent supply bottlenecks and elevated uncertainty. In many countries real wages are declining significantly dampening private consumption even though extra savings accumulated during the pandemic are still available to mitigate the adverse impact to some extent. At the same time financial conditions have also deteriorated as central banks tightened their policies. In China, the strict zero-Covid policy and problems in the real estate sector are slowing economic activity. Against this backdrop, the outlook for the global economy has deteriorated further. We have, again, lowered our forecast and are now expecting global output to increase by only 2.9 percent this year and 2.2 percent next year (calculated on a purchasing power parity basis). The forecast assumes that commodity prices will gradually decline in line with forward prices, which will over time reduce the upward pressure on prices and provides the foundations for an economic upturn in 2024. However, the pass-through of higher commodity prices into consumer prices is probably not yet complete and wage increases are likely to intensify in many countries. Consequently, underlying inflation is likely to remain higher than in the years before the Covid crisis and remain above central bank targets over the forecast horizon.

Economic environment

Global production barely increased in the first half of 2022 amid renewed adverse shocks. After strong growth in the second half of 2021, the recovery from Corona crisis stalled after the turn of the year. In the second quarter 2022, global output actually declined (Figure. 1). Key factors were new adverse effects from the pandemic, particularly in China, and the impact of the Russian attack on Ukraine, which reinforced inflationary pressures and supply bottlenecks. Although production in China has recovered in the meantime, economic sentiment continued to decline steadily suggesting that any rebound in global economic activity will be modest in the third quarter.

Figure 1:
World Economic Activity



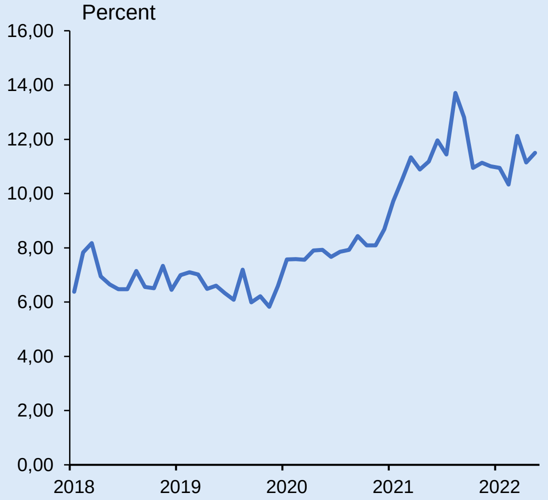
Quarterly data, seasonally adjusted. Indicator is based on business expectations in 42 economies. GDP: price adjusted, change over previous quarter, 46 countries, weighted by purchasing power parities.

Source: OECD, Main Economic Indicators; national sources; Kiel Institute calculations.

Supply bottlenecks and logistical problems remain significant but eased recently. In the course of 2021, tensions arose in global production networks as rapidly rising demand collided with limited production and transport capacities. Various indicators suggest that supply bottlenecks at global level have recently eased significantly. The situation is, however, still far from normal. For example, trade flows in maritime transport are not yet functioning smoothly again (Figure 2).

Growth in the advanced economies is slowing. GDP in the major advanced economies virtually stagnated in the first half of the year as the US economy contracted for two successive quarters. Economic activity in Europe by contrast continued to recover on the back of the easing of pandemic

Figure 2:
Freight on stationary ships



Monthly data. Share of goods on waiting container ships in goods on all container ships.

Source: Kiel Trade Indicator.

containment measures. However, economic momentum has weakened significantly in recent months. Globally, leading indicators are pointing downwards.

Weak economic activity in China is weighing on growth in the emerging markets. Extensive measures to contain Covid-19 severely hampered economic activity in much of the country in April and May and led to a sharp 2.6 percent drop in Chinese in the second quarter. Although other emerging markets in Asia fared better and growth was also robust in Latin America, total output in the emerging economies declined. In addition to the economic slowdown in China, this was also due to lower production in Russia.

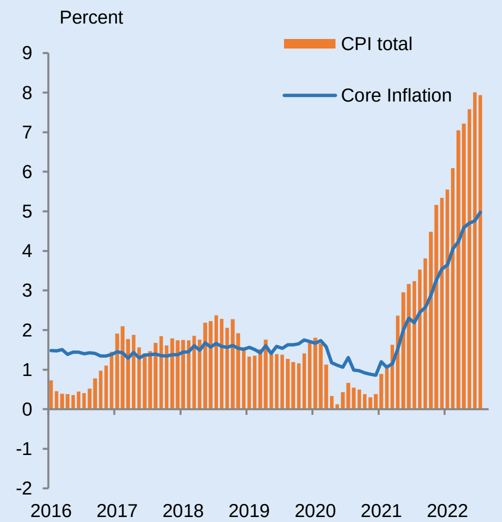
Commodity prices decreased significantly following a sharp rise in spring. The price correction in recent months was particularly pronounced for industrial raw materials, where the gloomier economic outlook translated into lower prices. Price increases in food commodities, which in spring had raised concerns about the food supply situations in poorer countries, also largely retreated, although cereals prices remain high. Even crude oil prices have fallen noticeably in recent weeks, with Brent oil trading around $90 per barrel.

Natural gas and coal are exceptions. As Russia gradually cut back gas supplies to Europe, prices on the spot and futures markets in Europe spiked in the summer. Increased demand for coal as a substitute for liquefied natural gas, for example in electricity production, meant that coal prices also rose to new record levels.

For the forecast, we expect oil and gas prices to fall gradually but to remain high by historical standards. Easing of oil prices since June is on the one hand reflecting expectations of subdued demand due to slower global growth. On the other hand, Russia appears to be increasingly successful in selling oil, which is now no longer in demand from European countries, to other destinations. The forecast assumes that the price of Brent crude will gradually fall to $85 over the forecast period, which is in line with futures prices.

Inflation in advanced economies has continued to rise. Consumer price inflation has continued to increase globally in recent months from already very high levels (Figure 3). In the euro area, the inflation rate climbed to 9.1 percent in August; in the United Kingdom and, above all, in Central and Eastern Europe, inflation rates are even higher. In the United States, the inflation rate recently fell slightly to 8.3 percent thanks to lower gasoline prices, but core inflation remained stubbornly high.

Figure 3:
CPI Inflation in Industrial Countries



Monthly Data; yoy change.

Source: OECD, *Main Economic Indicators*; Kiel Institute calculations.

Monetary policy is being tightened further, but interest rate hikes are moderate compared with the extent of inflation. Since March 2022, the U.S. Federal Reserve has raised the target range for the federal funds rate from zero to the 2–2.25 percent range in rapid succession, including some unusually large steps, and further hikes are expected in the coming months. The Bank of England has also raised its key interest rate significantly since the beginning of the year – from 0.25 percent to 1.75 percent. Interest rates were raised earlier and even more markedly in some Eastern European countries but current interest rate levels of 6.5 percent in Poland and even over 10 percent in Hungary are still significantly lower than the inflation rate. The European Central Bank has been relatively late to start tighten its policy with a first raise of the main refinancing rate only in July, which now stands at 1.25 percent. The key interest rate is likely to peak in the first half of next year at 2.75 percent. In view of a significant economic slowdown, the tightening cycle will be largely completed early next year also in the United States and the United Kingdom.

The central bank's bond holdings will be reduced in the United States but not in the euro area. The US Federal Reserve is not only raising interest rates, but tightening monetary conditions also by reducing its large stock of bond holdings accumulated in recent years. At the announced pace, the Fed's balance sheet will shrink from about $8.9 trillion today to $6.1 trillion by the end of 2024. The ECB, by contrast, has announced that it will not reduce its securities holdings for the time being and will reinvest maturing bonds until further notice. This cautious stance is arguably due to the fact that the risk premiums on government bonds of highly indebted euro area countries have increased significantly on top of already noticeably higher yields. A program for the targeted purchase of the bonds of such countries – the *Transmission Protection Instrument* – has been agreed upon to stabilize risk premiums to provide for the case that the purchase of sovereign debt from fragile countries in the process of reinvesting maturing bonds proves to be not sufficient.

The exchange rate of the US dollar appreciated sharply. Against the backdrop of the comparatively restrictive stance of US monetary policy euro, pound sterling, and yen all depreciated to multi-year lows against the dollar. To a large extent, exchange rate developments reflect dollar strength: in effective terms, i.e. including the value with respect to other currencies, only the yen exchange rate slipped below the range recorded over the past five years.

In the emerging economies, the cycle of interest rate hikes is continuing. Interest rates in the emerging markets have already been rising for more than a year in order to counter downward pressure on exchange rates and curb inflationary momentum. Although in some countries the policy rate is already quite high - Brazil, for example, is one of the few countries where the policy rate is higher than the current inflation rate - the sharp interest rate hikes in the United States have led investors to net capital outflows from emerging markets in recent months, maintaining pressure to tighten monetary policy further. China, Russia and Turkey are exceptions.

Fiscal policy is consolidating only moderately overall. Extra spending to mitigate the economic consequences of the pandemic has largely been phased out as economic activity continues to normalize. At the same time, however, programs have been adopted in many countries aiming to improve public infrastructure and meet long-term challenges such as climate change. A prominent example is the NextGenerationEU program in Europe. In the United States, a package was recently passed by Congress that provides for significant additional spending over the next ten years. However, it will be financed by tax increases, which are even larger in volume, so that overall stimulus for the economy is questionable. Against the background of increased energy costs, measures are being adopted in many countries particularly in Europe to ease the burden on private households and companies, with considerable fiscal costs. In the European Union, the general escape clause from the fiscal rules is set to remain in force in the coming year. Austerity measures, which are necessary in some countries to comply with the fiscal rules, can thus be stretched out over time.

Outlook: World economic downturn

A number of negative factors are holding back the global economy. High inflation is depressing real wages and slowing private consumption in the advanced economies and many emerging markets. The tightening of monetary policy is also having a dampening effect, resulting not only in higher interest rates but also in a decline in asset values. The war in Ukraine has highlighted the enormous need for investment, for example in the area of energy supply. However, it has also created economic uncertainty, which in itself dampens the propensity to invest and is likely to prevail in the short-term. In China, the economy appears to be in a consolidation phase, suggesting sluggish growth even after the negative impacts of the policy concerning Covid-19 have been overcome. The tailwind from the normalization of activity in areas previously held back by infection control measures is now waning in most countries.

Following the strong increase last year, the global economy will expand only weakly this year and next. For 2022, we expect global output (on a purchasing power parity basis) to increase by only 2.9 percent (Table 1). In 2023, global growth is expected to slow further to 2.3 percent. It is not until 2024 that growth is expected to return to levels close to the trend growth rate. Based on market exchange rates, rates of change in global output are 2.9 percent this year, 1.7 percent next year and 3.0 percent in 2024. Global trade in goods is expected to increase only slightly in the course of this year, after strong growth of 10.2 percent last year. While the average increase for 2022 is still 3.8 percent, an increase of only 0.5 percent is expected for the coming year. In 2024, world trade is then expected to increase by around 3 percent, similar to the medium-term average.

Table 1:
GDP volume and consumer prices in selected countries and regions

	Gross domestic product			Consumer prices		
	2022	2023	2024	2022	2023	2024
United States	1.9	-0.1	2.3	8.1	3.9	2.8
Japan	1.1	0.6	2.0	2.3	2.1	1.0
Euro Area	3.0	-0.1	1.6	8.1	7.3	3.4
United Kingdom	3.3	-0.5	1.8	9.3	8.0	2.8
Advanced economies total	2.6	0.2	2.1	7.8	5.5	3.0
China	2.9	5.3	5.1	2.3	3.2	2.7
Latin America	2.9	0.8	1.5	16.3	16.6	17.2
India	6.1	7.7	7.2	6.9	6.9	5.5
East Asia	5.0	4.9	5.4	3.4	3.1	2.8
Russia	-4.7	-4.9	2.0	14.5	12.0	10.0
Africa	3.4	3.2	3.6	13.2	14.7	12.0
World economy total	2.9	2.3	3.5	9.5	8.5	6.4
Addendum: World trade volume	3.8	0.5	3.0	.	.	.
Oil price (Brent in US$)	101.6	92.0	85.5	.	.	.
World economy total (weighted according to GDP at market exchange rates)	2.7	1.7	3.0	8.0	6.6	4.8

Weighted according to GDP at PPP rates. — East Asia: Emerging Asia excluding China and India. — Shaded: IfW forecast.
Source: Forecast of the Kiel Institute for the World Economy.

The outlook has been revised down again. After having reduced our forecast significantly already in June, we have again lowered our expectation for world output growth – by 0.1 and 1.1 percentage points in 2022 and 2023, respectively. For 2022, the reduction in the forecast for China by almost 2 percentage points is particularly significant. For next year, we have particularly lowered our expectations for the advanced economies, by 1.8 percentage points, while for the emerging economies on aggregate they have deteriorated by only 0.2 percentage points.

A recession is looming for the advanced economies. The main braking factor is the withdrawal of purchasing power due to high inflation. This is particularly pronounced in Europe, where the increased bill for energy imports is leading to a sharp deterioration in the terms of trade and a large transfer of income abroad. In the United States, housing construction is already in a downturn, and in the coming months the consumption boom is also likely to come to an end, with negative consequences for companies' sales expectations and their investments. One supportive factor could be that many companies have high order backlogs which can still be worked off if the supply chain problems ease. At the same time, however, lack of demand will increasingly restrain production. All in all, the increase in GDP in the advanced economies is likely to be very low at 0.2 percent next year, following a 2.4 percent increase in the current year. Inflation at the consumer level, under the assumptions made, will gradually decline over the coming year, but is still expected to be 4.9 percent in 2023. The weak economy is also likely to be increasingly felt in the labor market although the unemployment rate is expected to rise only moderately, by 0.3 percentage points.

The real estate crisis and Covid-19 continue to slow down the Chinese economy. Since last year, the real estate sector in China, which is very important for the economy as a whole, has been in a phase of consolidation which will continue into the coming year. In the near future, consumption and production are also likely to be repeatedly dampened by measures to curb Covid-19. Against this backdrop, we expect the economic revival to be moderate, with growth of 5.3 percent and 5.1 percent in 2023 and 2024, respectively, following 2.9 percent in 2022, which is very low by Chinese standards.

The energy crisis in Europe, persistence of inflation, and fragility in China are important risks to the forecast. Under the assumptions made for the forecast, energy prices will remain high and significantly dampen the global economy, even if the expected recession in the advanced economies is relatively shallow and world output continues to rise. If the situation in energy markets were to ease more rapidly and more thoroughly than assumed in this forecast, global growth could turn out significantly stronger. Particularly in Europe, however, procuring the amount of natural gas necessary to maintain production could prove impossible, not only in the coming winter but also beyond. This could lead to rationing and forced production stops in the economy in a number of countries, not least in Germany, and exacerbate the recession. Another risk is that inflation proves to be more persistent than central banks expect and medium-term inflation expectations are revised significantly upward. Monetary policy would then have to apply the brakes more sharply than assumed, with the risk of a deep recession in the advanced economies and a pronounced deterioration in financial conditions in the emerging markets. There are also particular risks with regard China, where Covid-19 infections could have a more severe impact on economic activity over the entire forecast period than assumed and the real estate crisis could lead to a "hard landing" of the economy.

Data annex

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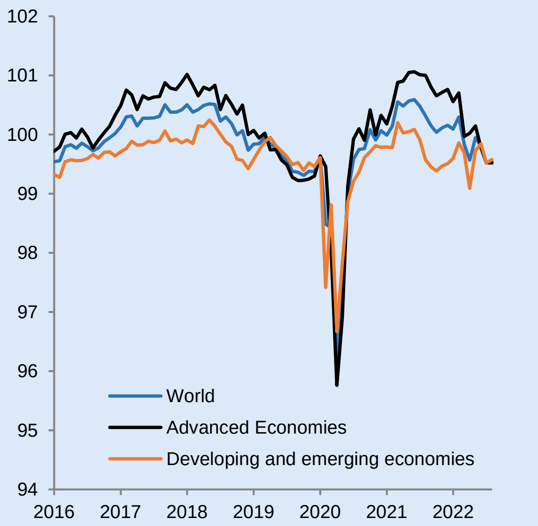
1. World Economy

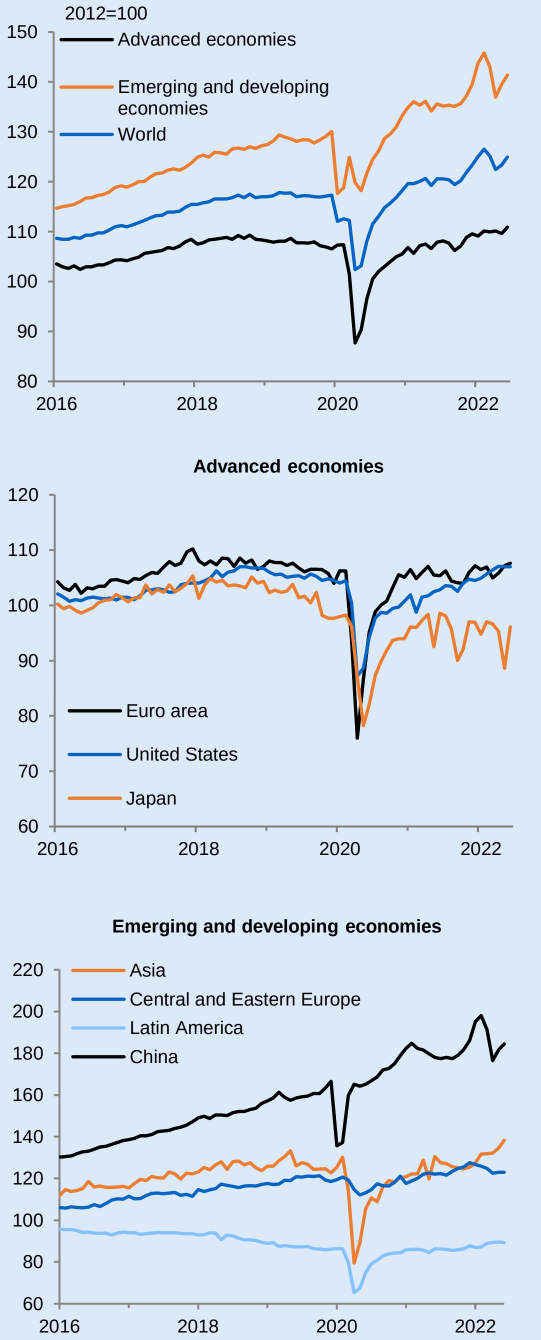
Figure 1.1:
Business expectations by groups of countries



Monthly data, seasonally adjusted. Indicators are based on buisness expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; Kiel Institute calculations.

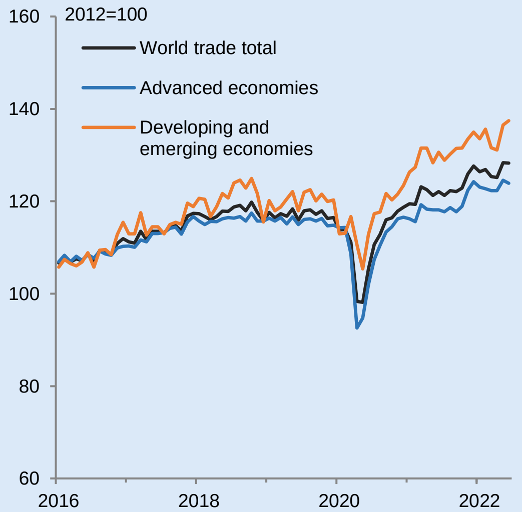
Figure 1.2:
Industrial production by groups of countries and regions



Monthly data. Last value: June 2022.

Source: CPB, *World Trade Monitor;* Kiel Institute calculations.

Figure 1.3:
World Trade

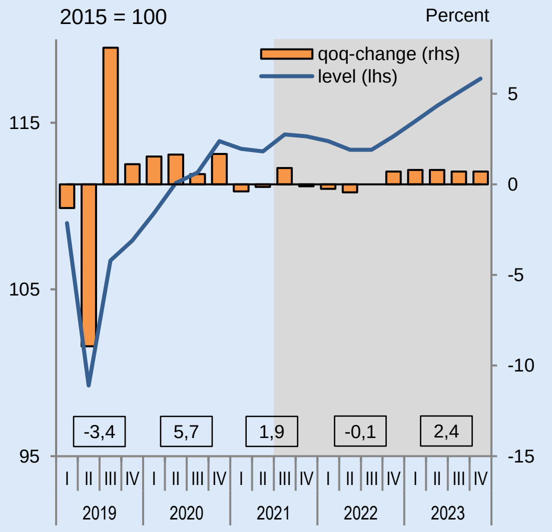


Monthly Data.

Source: CPB, *World Trade Monitor*; Kiel Institute calculations.

2. United States

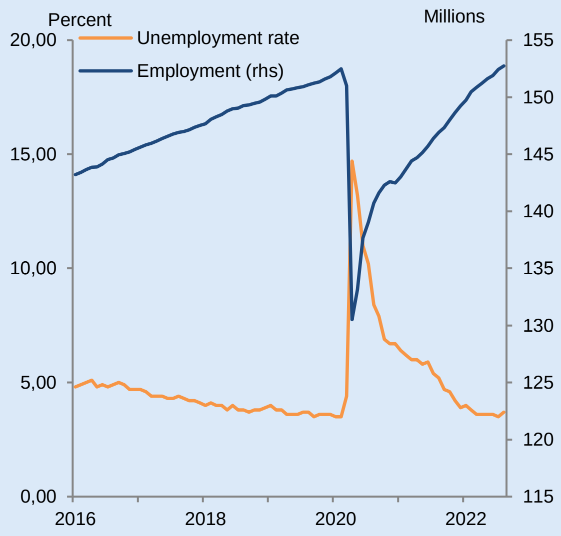
Figure 2.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Bureau of Economic Analysis; shaded: Kiel Institute forecast.

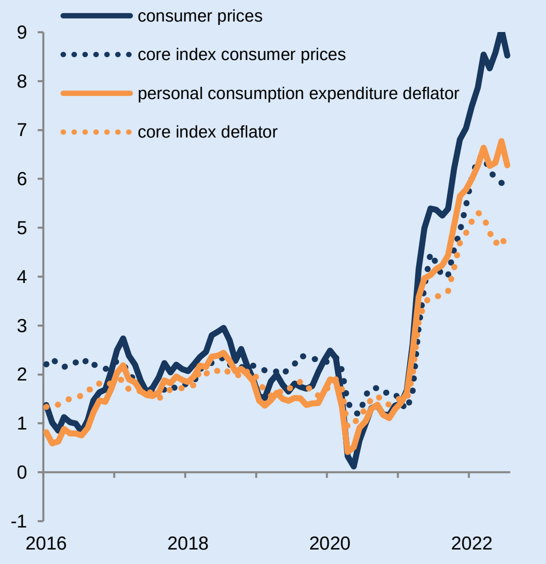
Figure 2.2:
Labor Market



Monthly data; seasonally adjusted. .

Source: US Department of Labor, *Employment Situation.*

Figure 2.3:
Consumer prices



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

Table 2.1:
Key indicators for the United States

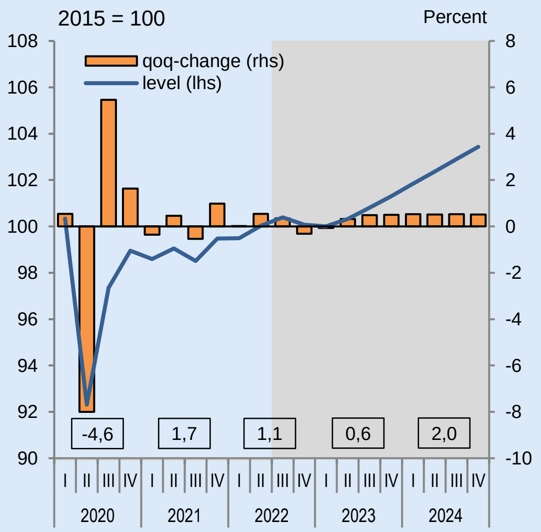
	2021	2022	2023	2024
Gross Domestic Product	5.7	1.9	-0.1	2.4
Domestic expenditure	6.9	2.6	-0.3	2.2
Private consumption	7.9	2.3	0.0	1.4
Government expenditure	0.5	-1.5	0.8	1.0
Gross fixed capital formation	7.8	1.3	-2.2	0.6
Machinery and equipment	13.1	4.6	0.2	0.7
Intellectual property rights	10.0	9.7	3.1	1.7
Structures	-8.0	-5.0	0.6	2.0
Residential Investment	9.2	-7.7	-12.8	-1.8
Change in inventories	0.3	1.1	0.0	1.0
Net exports	-1.2	-0.7	0.2	0.2
Exports	4.5	4.8	1.9	2.0
Imports	14.0	9.1	0.0	0.7
Consumer prices	4.7	8.1	3.9	2.8
Unemployment rate	5.4	3.7	4.4	4.8
Current account balance	-4.0	-4.4	-4.1	-3.8
Government budget balance	-12.1	-3.6	-4.7	-4.6

Percent. GDP: volumes, change over previous year, percent. — Net exports, inventories: contribution to growth, percentage points. — Unemployment rate: unemployed in relation to labor force. — Current account balance, government budget balance: percent of nominal GDP.— Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; Kiel Institute calculations; shaded: Kiel Institute forecast.

3. Japan

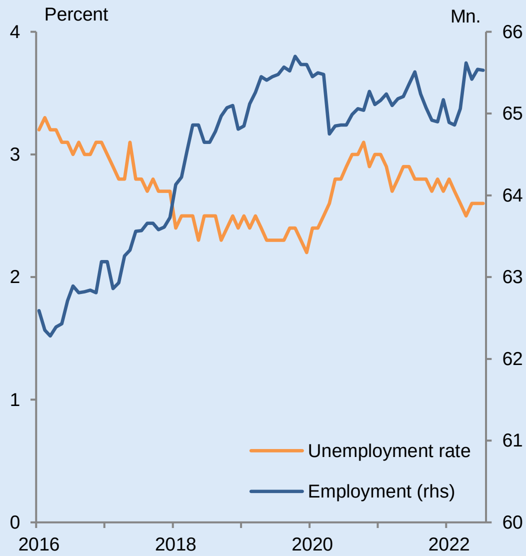
Figure 3.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: Kiel Institute forecast.

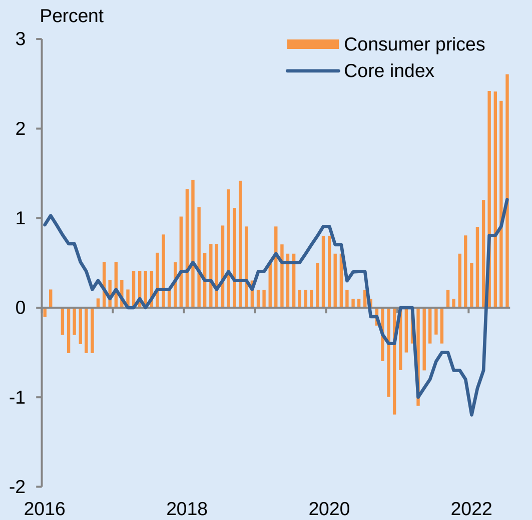
Figure 3.2:
Labor market



Monthly data; seasonally adjusted.

Source: Department of Labor.

Figure 3.3:
Consumer prices



Monthly data; change over previous year. Core index: consumer prices excluding enery and fresh food.

Source: Statistics Bureau of Japan.

Table 3.1
Key Indicators Japan

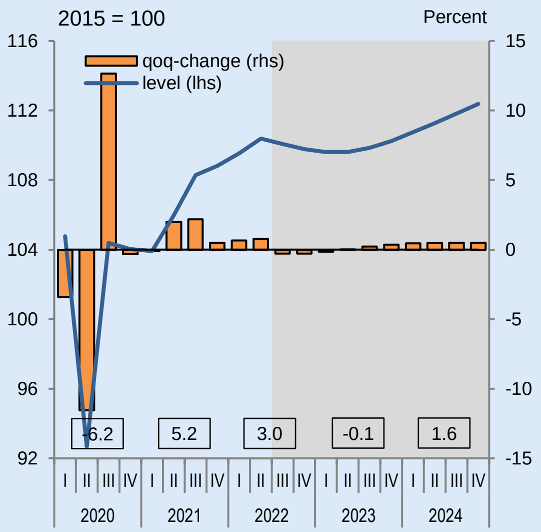
	2021	2022	2023	2024
Gross Domestic Product	1.5	1.1	0.6	2.0
Domestic demand	0.6	1.4	0.3	1.5
Private consumption	1.8	2.5	0.2	1.2
Government consumption	1.7	1.8	1.3	1.2
Gross fixed investment	-5.6	-2.1	0.0	2.7
Enterprises	-0.6	0.1	-0.5	3.1
Residential Investment	-7.9	-7.9	-7.9	-7.9
Public investment	-2.0	-6.9	3.3	2.1
Inventories	-0.2	0.2	-0.1	0.0
Net exports	0.8	-0.2	0.2	0.0
Exports	12.2	3.1	2.3	4.2
Imports	5.8	4.7	0.5	1.8
Consumer prices	-0.2	2.3	2.1	1.0
Unemployment rate	2.8	2.7	2.8	2.7
Current account balance	2.9	2.9	2.9	2.9
Fiscal balance	-5.7	-6.5	-5.5	-4.0

Percent. GDP: volumes, change over previous year. percent. — net exports, inventories: contribution to growth, percentage points. — Unemployment rate: Unemployed in relation to labor force. — Current account balance, fiscal balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; Kiel Institute calculations; shaded area: Kiel Institute forecast.

4. Euro Area

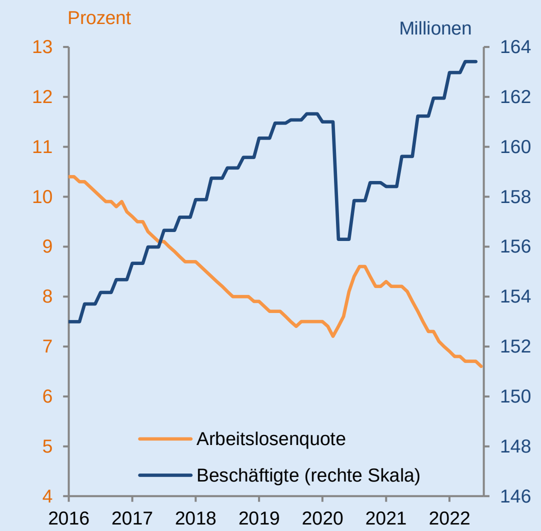
Figure 4.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Federal Statistical Office, Fachserie 18, Series 1.3; shaded: IfW forecast.

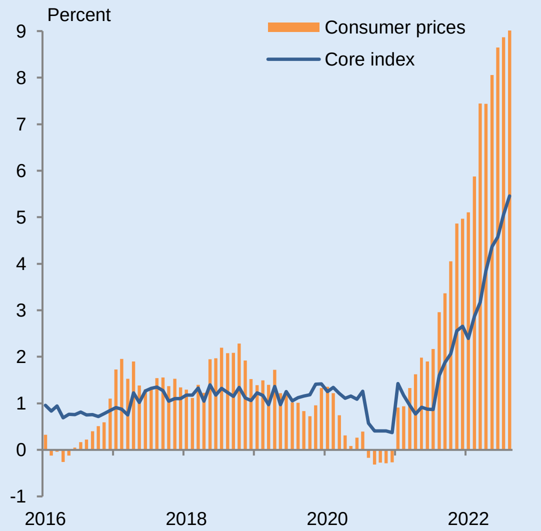
Figure 4.2:
Labor market



Monatsdaten; saisonbereinigt.

Quelle: Eurostat, *Arbeitsmarktstatistik*; EZB, *Monatsbericht*.

Figure 4.3:
Consumer prices



Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators Euro Area

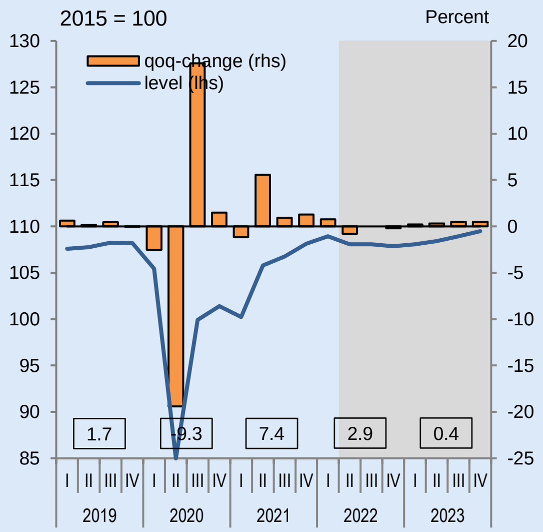
	2021	2022	2023	2024
Gross Domestic Product	5.2	3.0	-0.1	1.6
Domestic expenditure	4.0	3.1	-0.3	1.7
Private consumption	3.7	3.6	-1.2	1.6
Government consumption	4.2	1.5	0.4	0.9
Gross fixed capital formation	4.1	2.7	1.4	2.9
Inventories	0.1	0.2	0.0	0.0
Net exports	1.3	0.0	0.2	-0.1
Exports	10.3	6.1	2.4	3.9
Imports	8.0	6.7	2.2	4.3
Consumer prices	2.6	8.1	7.2	3.3
Unemployment rate	7.8	6.8	7.3	7.7
Current account balance	2.6	0.4	0.6	1.1
Government budget balance	-5.1	-3.6	-3.8	-3.4

GDP: volumes, change over previous year, percent. Net ex-ports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP..

Source: Eurostat, National Accounts; Kiel Institute calculations; grey shaded area: Kiel Institute forecast.

5. United Kingdom

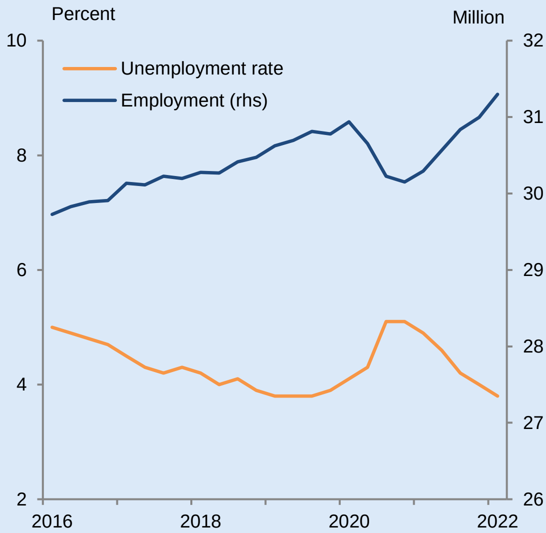
Figure 5.1:
GDP



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: IfW forecast.

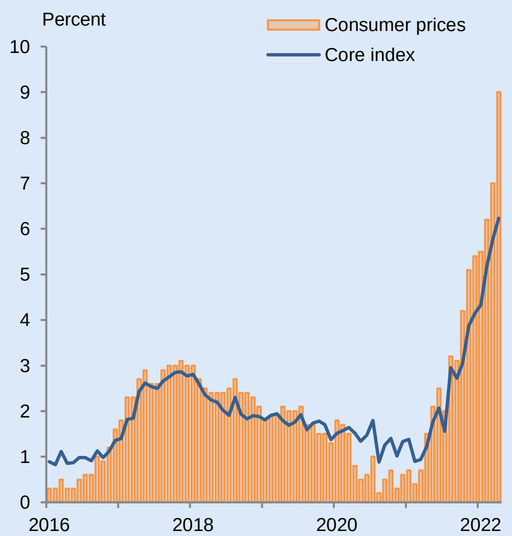
Figure 5.2:
Labor market



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Figure 5.3:
Consumer prices



Monthly data, change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy.*

Table 5.1:
Key indicators United Kingdom

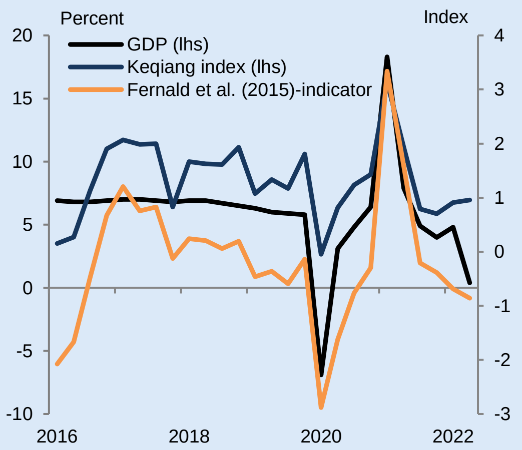
	2021	2022	2023	2024
Gross Domestic Product	7.4	3.3	-0.5	1.8
Domestic expenditure	8.3	7.5	-0.6	1.7
Private consumption	6.2	3.1	-1.0	1.1
Government consumption	14.3	-0.5	1.0	1.8
Gross fixed investment	5.9	6.5	-1.0	2.0
Inventories	0.6	1.5	0.0	0.3
Net exports	-1.4	-1.4	0.1	0.1
Exports	-1.3	6.4	0.5	2.8
Imports	3.8	9.7	0.3	2.4
Consumer prices	2.3	9.3	8.0	2.8
Unemployment rate	4.5	3.9	4.6	4.4
Current account balance	-2.6	-7.4	-7.5	-6.5
Fiscal balance	-8.3	-5.1	-6.5	-5.2

Percent. GDP: volumes, change over previous year. percent. — net exports, inventories: contribution to growth, percentage points. — Unemployment rate: Unemployed in relation to labor force. — Current account balance, fiscal balance: percent of nominal GDP.

Source: Office for National Statistics, Economy. Shaded area: IfW forecast.

6. China

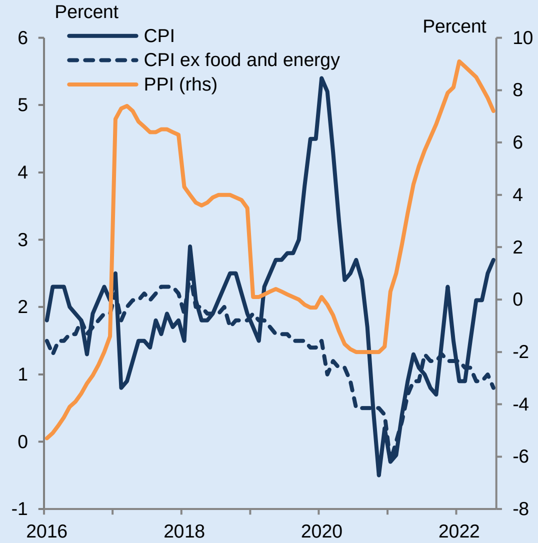
Figure 6.1:
GDP and alternative activity indicators



Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fud-ging its Figures? Evidence from Trading Partner Data.* Federal Reserve Bank of San Francisco, Working Paper 2015-12).

Source: National Bureau of Statistics; People's Bank of China; Kiel Institute calculations.

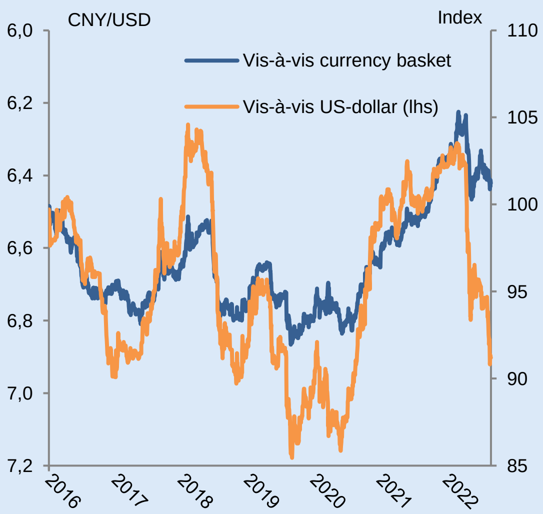
Figure 6.2:
Inflation



Monthly data; y-o-y growth rate. Core index: CPI excluding food and energy.

Source: National Bureau of Statistics.

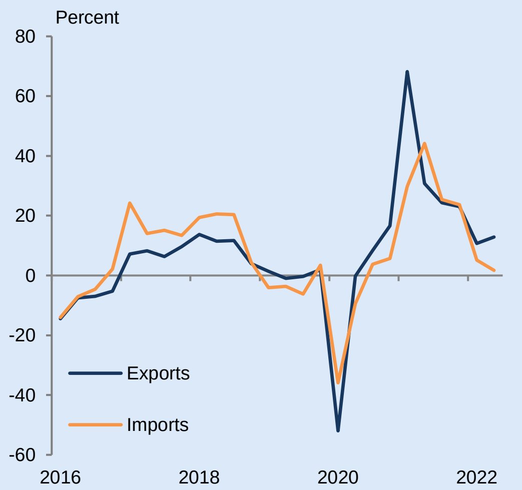
Figure 6.3:
Exchange rates



Daily data.

Source: Thomson Reuters; China Foreign Exchange Trade System; Kiel Institute calculations.

Figure 6.4:
Exports and imports

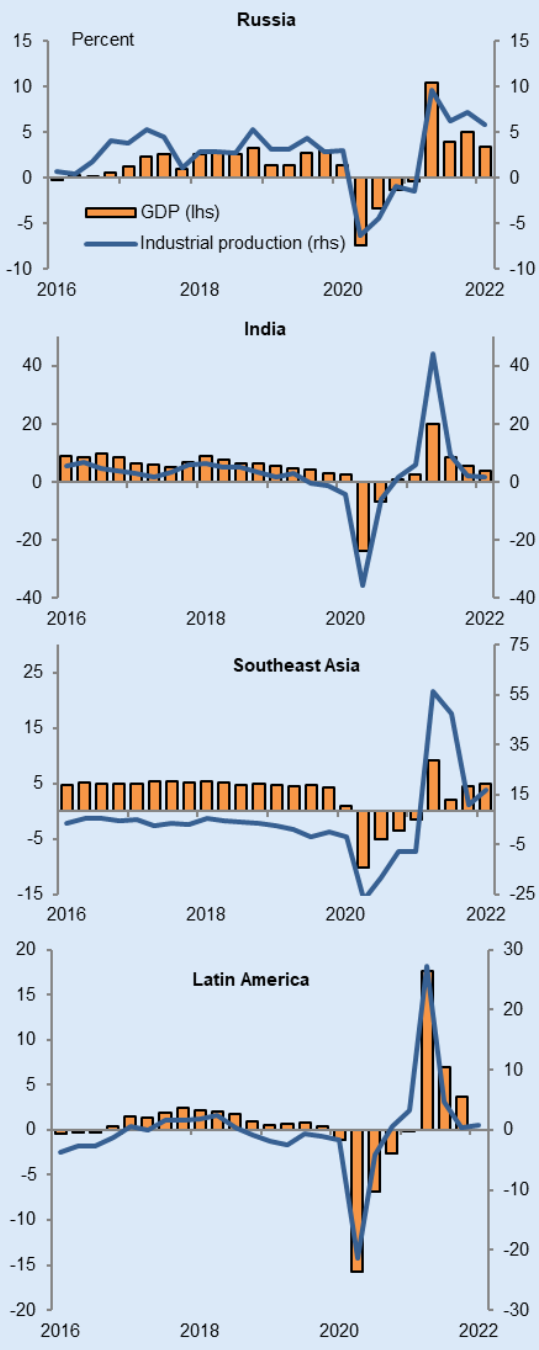


Change on a year ealier based on quarterly averages. Last value: 2022Q1

Source: General Administration of Customs China

7. Emerging Economies

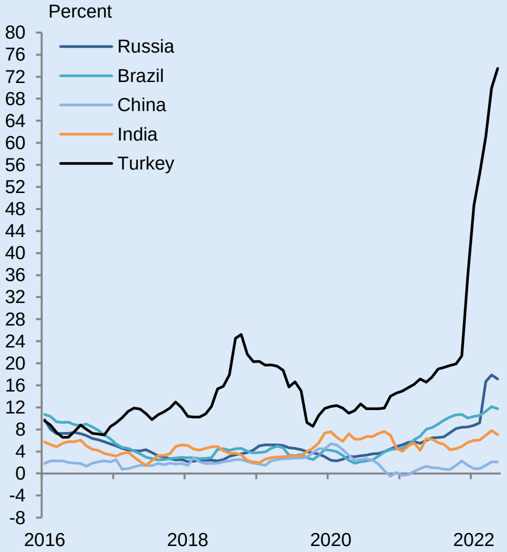
Figure 7.1:
GDP and industrial production in emerging economies



Quarterly data; volumes; seasonally adjusted; change over previous year; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentinia, Brasil, Chile, Colombia, Mexico and Peru.

Source: IMF, *International Financial Statistics*; national statistical offices; Kiel Institute calculations.

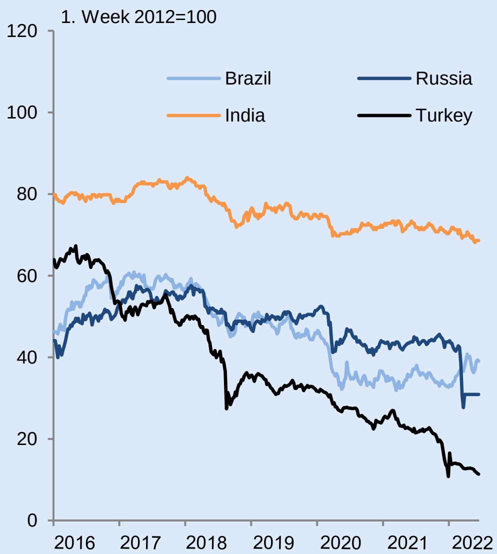
Figure 7.2:
Consumer prices



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

Figure 7.3:
US-dollar exchange rates



Weekly data.
.
Source: Thomson Reuters Datastream

8. Forecast summary

Table 8.1:
Real gross domestic product, consumer prices and unemployment rate in advanced economies

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
European Union	39.9	3.1	0.0	1.8	8.6	7.4	3.5	6.1	6.7	7.1
Euro area	34.0	3.0	-0.1	1.6	8.1	7.2	3.3	6.8	7.3	7.7
Sweden	0.9	2.9	1.1	2.4	7.6	5.6	2.8	7.4	7.4	7.5
Poland	2.2	4.0	0.4	3.3	11.0	7.6	4.1	2.7	3.3	3.8
United Kingdom	5.1	3.3	-0.5	1.8	9.3	8.0	2.8	3.9	4.6	4.4
Switzerland	1.1	2.2	0.4	1.3	3.1	2.8	1.2	4.7	4.9	4.8
Norway	0.6	2.3	2.2	2.4	5.2	3.6	2.8	3.4	3.7	3.5
United States	35.1	1.9	-0.1	2.3	8.1	3.9	2.8	3.7	4.3	4.8
Canada	3.1	3.4	1.8	1.7	5.6	2.4	1.9	5.9	5.0	4.9
Japan	8.9	1.1	0.6	2.0	2.3	2.1	1.0	2.7	2.8	2.7
South Korea	3.9	2.8	1.5	2.7	5.3	4.2	3.0	3.3	3.5	3.5
Australia	2.2	3.2	1.8	2.7	5.3	4.2	3.0	5.1	4.8	4.6
Total	100.0	2.6	0.2	2.1	7.8	5.5	3.0	4.8	5.3	5.7

Based on GDP at prices and exchange rates of 2019 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2020.

Source: Eurostat, *VGR;* OECD, *Main Economic Indicators*; IMF *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: Kiel Institute forecast.

Tabelle8.2:
Real gross domestic product, consumer prices and unemployment rates in the European Union

	Weights	Real GDP				Consumer prices				Unemployment rate			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Germany	25.3	2.6	1.5	-0.5	1.7	3.2	8.0	8.7	3.2	3.6	3.0	3.3	3.4
France	17.2	6.8	2.3	-0.2	1.3	2.1	6.0	6.1	3.5	7.9	7.5	8.1	8.3
Italy	12.3	6.6	3.2	-0.5	0.8	2.0	7.8	6.5	2.5	9.6	8.1	8.6	9.2
Spain	8.3	5.1	4.2	0.1	1.9	3.0	9.4	7.4	4.0	14.8	12.8	13.9	15.0
Netherlands	5.9	4.9	4.5	0.4	1.4	2.8	11.1	6.9	3.8	4.2	3.5	4.0	4.3
Belgium	3.4	6.2	2.3	-0.1	1.5	3.2	10.0	6.4	3.4	6.3	5.7	6.2	6.4
Austria	2.8	4.8	5.1	0.2	1.4	2.8	8.1	6.7	4.3	6.2	4.6	4.9	5.3
Ireland	2.8	13.4	8.4	2.0	4.1	2.4	8.2	6.9	3.8	6.3	4.4	4.9	5.4
Finland	1.8	3.0	2.6	0.4	1.4	2.1	6.7	5.4	3.5	7.7	6.8	7.4	7.7
Portugal	1.5	4.9	6.1	0.0	1.5	0.9	7.9	6.6	3.3	6.6	5.9	6.6	7.1
Greece	1.2	8.0	4.4	-0.1	1.6	0.6	10.2	7.7	3.0	14.8	12.9	13.6	14.1
Slovak Republic	0.7	3.0	1.7	1.1	3.3	2.8	11.2	8.7	4.2	6.8	6.3	6.9	7.5
Luxembourg	0.5	6.9	2.9	0.6	1.8	3.5	8.5	6.0	3.4	5.4	4.3	4.6	4.9
Slovenia	0.3	8.1	6.5	0.9	2.4	2.1	8.9	6.8	3.7	4.8	4.2	4.7	5.0
Lithuania	0.4	4.9	2.2	0.3	2.2	4.6	17.0	12.8	4.8	7.1	5.5	6.2	7.3
Latvia	0.2	4.2	3.3	0.2	2.7	3.2	15.0	10.8	4.0	7.6	6.6	7.2	7.7
Estonia	0.2	8.1	0.4	0.4	2.9	4.5	18.3	10.2	4.1	6.2	5.9	7.0	7.6
Cyprus	0.2	5.5	4.3	1.1	2.5	2.3	8.7	8.0	4.2	7.5	6.9	7.5	8.0
Malta	0.1	10.2	5.9	1.3	3.0	0.7	6.5	8.0	4.2	3.4	3.0	3.2	3.6
Sweden	3.6	4.8	2.9	1.1	2.4	2.7	7.6	5.6	2.8	8.8	7.4	7.4	7.5
Poland	3.9	5.8	4.0	0.4	3.3	5.2	11.0	7.6	4.1	3.4	2.7	3.3	3.8
Denmark	2.3	4.8	2.4	0.2	1.9	1.9	7.9	5.3	2.8	5.1	4.5	5.3	5.8
Czech Republic	1.6	3.5	2.5	-0.2	2.6	3.3	14.2	12.0	5.9	2.8	2.4	3.0	3.6
Romania	1.6	5.9	7.1	1.9	4.4	4.1	10.3	7.2	4.3	5.6	5.4	5.9	6.4
Hungary	1.0	7.1	5.6	0.1	3.7	5.2	11.9	10.3	4.6	4.1	3.5	4.1	4.7
Bulgaria	0.5	4.0	2.8	0.7	3.7	2.8	11.7	9.4	4.4	5.3	4.5	5.3	5.8
Croatia	0.4	9.8	6.3	0.6	3.5	2.7	11.8	11.4	4.6	7.6	6.4	7.4	8.2
European Union	100.0	5.2	3.1	0.0	1.8	2.9	8.6	7.4	3.5	7.1	6.1	6.7	7.1
Addendum:													
European Union 11	88.9	5.2	2.9	-0.1	1.6	2.5	8.0	7.1	3.3	7.8	6.8	7.3	7.7
Accession countries	11.1	5.6	4.2	0.6	3.3	4.3	11.5	8.7	4.4	4.6	4.0	4.6	5.1
Euro Area	85.1	5.2	2.9	-0.1	1.6	2.6	8.1	7.2	3.3	7.8	6.8	7.3	7.7
Euro Area without Germany	59.8	6.3	3.6	0.0	1.5	2.3	8.1	6.7	3.4	9.2	8.1	8.7	9.3

Based on GDP at prices and exchange rates of 2020 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2019. Accession countries since 2004.

Source: Eurostat, National Accounts; shaded: IfW forecast.

Tabelle 8.3:
Real gross domestic product and consumer prices in selected emerging market economies

	Weights	Real GDP				Consumer prices			
		2021	2022	2023	2024	2021	2022	2023	2024
Indonesia	5.7	3.7	5.3	5.2	5.8	1.6	3.3	3.3	3.0
Thailand	2.2	1.5	2.8	4.0	3.8	1.2	3.5	2.8	2.5
Malaysia	1.6	3.1	5.1	4.7	4.9	2.5	3.0	2.4	2.4
Philippines	1.6	5.7	6.7	5.0	6.5	3.9	4.3	3.7	3.0
Total	11.0	3.5	5.0	4.9	5.4	2.0	3.4	3.1	2.8
China	41.5	8.6	2.9	5.3	5.1	0.9	2.3	3.2	2.7
India	15.5	8.3	6.1	7.7	7.2	5.1	6.9	6.9	5.5
Asia total	67.9	7.7	4.0	5.8	5.6	2.0	3.5	4.0	3.3
Brazil	5.4	4.9	2.6	0.8	1.3	8.3	10.4	6.6	3.8
Mexico	4.2	5.0	2.0	0.7	1.4	5.7	7.6	4.7	3.6
Argentina	1.6	10.4	3.2	-0.3	1.6	48.4	70.0	100.0	120.0
Colombia	1.2	10.7	7.3	1.8	2.4	3.5	9.5	5.0	3.5
Chile	0.8	11.9	3.1	0.4	1.6	4.5	10.9	5.7	3.8
Peru	0.7	13.6	2.2	2.3	2.0	4.0	7.8	5.3	3.4
Latin America total	13.9	6.9	2.9	0.8	1.5	11.3	16.3	16.6	17.2
Egypt	2.2	3.3	4.6	4.0	5.0	4.5	9.2	13.5	10.0
Nigeria	1.8	3.6	3.5	3.0	2.8	17.0	18.5	20.0	18.0
South Africa	1.4	4.9	1.8	1.5	2.0	4.5	6.8	7.0	5.0
Algeria	0.9	4.0	3.0	3.2	3.5	7.2	10.3	9.8	8.0
Ethiopia	0.5	6.3	3.2	5.0	4.8	26.8	35.0	30.0	25.0
Africa total	6.7	4.0	3.4	3.2	3.6	9.8	13.2	14.7	12.0
Russia	7.1	4.6	-4.7	-4.9	2.0	5.9	14.5	12.0	10.0
Turkey	4.4	11.0	6.2	2.2	5.4	19.6	65.0	75.0	50.0
Total	100.0	7.3	3.3	4.0	4.6	4.9	9.4	10.2	8.4

In percent. Weights: According to 2020 GDP at purchasing power parities. — GDP: price adjusted; changes compared to the previous year. — Consumer prices: changes compared to the previous year. — Asia total, Latin America total: based on listed countries.

Source: IMF, International Financial Statistics; OECD, Main Economic Indicators; national statistics; Kiel Institute calculations; shaded: Kiel Institute forecast.