IfW KIEL INSTITUTE FOR THE WORLD ECONOMY

KIEL INSTITUTE ECONOMIC OUTLOOK

World Economy

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Forecasting Center

STUMBLING BLOCKS ON THE ROAD TO RECOVERY

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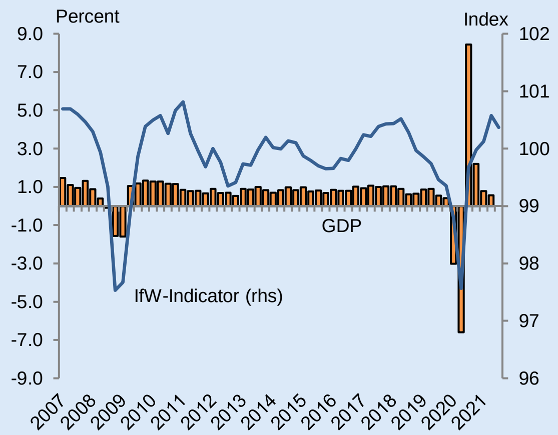
The global recovery has lost momentum in the first half of 2021 amid new surges of Covid-19 cases and supply chain disruptions. We still expect world production to rebound strongly after the historic collapse in the previous year but we have lowered our forecast for global GDP growth from 6.7 percent to 5.9 percent. At the same time we are now slightly more upbeat for the coming year with global production expected to grow by 5 percent (June forecast: 4.8 percent). With the economy gradually slowing towards the end of the forecast horizon, we expect still relatively strong annual growth of 3.8 percent in 2023. Consumer price inflation has accelerated markedly over the course of this year, largely due to temporary factors. Our baseline forecast expects price pressures to ease in the coming year and monetary policy to remain accommodative. There are, however, upside risks to inflation as large extra savings amassed by private households in many countries over the past year could fuel a sustained rise in prices. In that case, central banks could tighten policy considerably with negative consequences for the growth outlook.

Economic environment

In the first half of 2021, the global economy expanded only at a moderate pace, with very different dynamics in the individual regions. In the second quarter, ppp-weighted growth slowed down to a rate of only around 0.5 percent quarter-on-quarter (Figure 1). This marked a pause in the recovery amid high infection rates in many countries and increasing supply chain problems dampening the upturn in industrial production. While economic activity in the advanced economies picked up from the spring onwards on the back of sharply falling case numbers in most countries and rapid progress in vaccination, the pandemic situation in many emerging economies deteriorated over the course of 2021, with the result that economic activity was more severely affected in the second quarter than at the beginning of the year.

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.

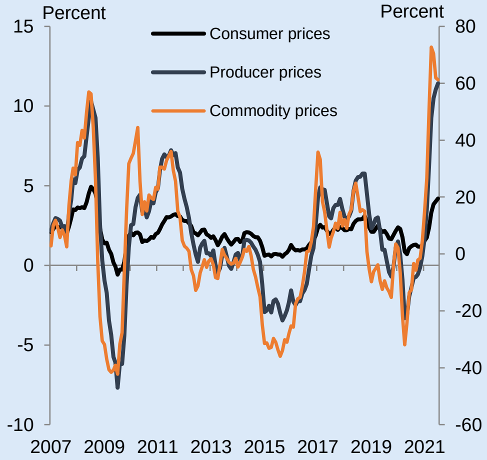
Source: OECD, Main Economic Indicators; national sources; Kiel Institute calculations.

World trade in goods was slowed by extraordinary events, but is also constrained by capacity limits. World trade in goods recovered rapidly from the pandemic-related slump and exceeded its pre-crisis level by almost 5 percent in March and April of this year. Since then, however, it has not increased further. The upturn in international trade in goods - after a prolonged period of stagnation - was partly due to a shift in demand from personal services, depressed during the pandemic, to tradable goods. The recent loss of trade momentum is partly explained by the fact that the consumption structure has begun to normalize. In addition, limits to maritime transport capacities - ships, container availabilities or handling capacities in the ports - are apparently also playing a role as is indicated by the dramatic increase of freight rates since the end of 2020. In the course of this year, the situation was further exacerbated by significant exceptional events such as the blocking of the Suez Canal for almost a week at the end of March, or the temporary closure of considerable Chinese port capacities in the summer in response to Covid-19 infections of workers.

The upturn in industrial production has been interrupted as a result of supply bottlenecks and logistical problems. Global industrial output was already back to its pre-crisis level in the fall of last year and exceeded it by around 3.5 percent in early 2021. Since then, however, it has stagnated, not only in the advanced economies but also in the emerging markets despite their more dynamic production trends. In China, industrial production even declined noticeably in recent months reflecting stringent policies to contain Covid-19 and the fading of extra demand related to the pandemic. In the advanced economies, the weakness in industrial production is not essentially demand-induced but mainly due to difficulties in the procurement of essential inputs such as semiconductors and logistical problems along the supply chains.

Commodity prices have risen sharply, but are likely to have peaked. The surge of raw materials prices as measured by the HWWI commodity price index, which had more than doubled since spring 2020, flattened out recently. Crude oil prices have moved sideways around 70 US-dollar per barrel (Brent) over the past three months following the decision of OPEC, in conjunction with Russia, to increase production in line with the expected increase in demand. Industrial raw materials prices have risen particularly strongly this year, in some cases exceeding their historic highs from around ten years ago. While prices of some materials, such as Lithium and a number of non-ferrous metals, can be expected to remain elevated for longer due to a structural rise in demand in the wake of strengthened decarbonization efforts and the build-up of IT infrastructure, other commodities including lumber and iron ore, have already seen significant price corrections. Overall, we expect commodity prices to soften somewhat in 2022.

Figure 2:
Price developments in the OECD



Monthly dat. Change over previous year.

Source: OECD *Main Economic Indicators*, IMF *Primary*

Producer prices have surged in line with raw material prices. In the advanced economies, producer price inflation has increased drastically over the past twelve months to 12 percent in the group of OECD countries – the sharpest rise in 40 years. This rise can be fully explained by the development of commodity prices which are closely correlated (Figure 2). The increase in inflation at the consumer level has so far also been in line with the historical pattern, suggesting that special factors such as supply bottlenecks or changes in pricing behavior in response to the crisis do not play a prominent role so far. Thus, the surge in inflation should subside once the rise in commodity prices has come to an end.

While consumer price inflation is currently driven by temporary factors, there are risks of a sustained build-up of inflationary pressures. Inflation was 3.9 percent in August in the G7 countries as a whole, and above 5 percent for three consecutive months in the United States. Higher inflation is partly due to base effects, as prices had fallen a year earlier in the wake of the crisis, and concentrated on a small number of goods with particularly strong price increases in connection with the pandemic, especially in the US. Under the assumption that commodity prices stabilize and current supply bottlenecks are gradually overcome in the coming months, consumer price inflation should slow again next year. However, fiscal stimulus and continued expansionary monetary policy could combine with the large amounts of extra savings in the order of 5 to 10 percent of GDP accumulated during the crisis in the large advanced economies and stimulate demand beyond the productive capacities, sustaining inflationary pressure going forward.

Outlook: Upswing prevails

While further waves of the pandemic and supply bottlenecks remain brakes on the recovery of the global economy in the near term, output is nevertheless rising strongly after the historic slump last year. The momentum of the global economic recovery has slowed significantly in the first half of 2021 as a result of new Covid-19 surges and supply chain issues. In view of the highly contagious delta variant of the virus, we expect new waves of infection in the coming months as well, with a noticeable impact on the economy especially where vaccination rates are still low. However, as vaccination progresses and the associated risks of infection are reduced, conditions are likely to improve further in the coming months, although the approach to a normal level of business activity is likely to take longer than we expected in June. Supply bottlenecks have also proved more persistent than assumed. We thus have significantly reduced our forecast for growth (on a purchasing power parity basis) this year from 6.7 percent to 5.9 percent, which is still a high number though and more than sufficient to recover the ground lost in last year. By contrast, we have revised growth expectations for 2022 upward by 0.2 percentage points to 5.0 percent. In 2023, global economic growth is expected to remain robust at 3.8 percent (Table 1). Based on market exchange rates, this translates in growth rates of 5.8 percent this year and 4.9 and 3.4 percent in the next two years, respectively. Global merchandise trade is expected to rise by 10.1 percent this year, despite only weak growth in the course of the year. In 2022 and 2023, world trade will expand by 3.0 and 3.4 percent, respectively.

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

	Gross domestic product			Consumer prices		
	2021	2022	2023	2021	2022	2023
United States	5.7	4.9	2.6	4.3	3.2	2.3
Japan	2.1	2.5	1.5	0.0	0.5	1.0
Euro Area	5.1	4.4	2.4	2.2	1.9	1.7
United Kingdom	6.3	4.3	1.6	0.9	1.7	1.9
Advanced economies total	5.1	4.3	2.5	2.7	2.4	1.9
China	8.2	5.4	5.2	1.0	2.3	2.3
Latin America	6.7	3.3	3.1	10.8	7.7	7.2
India	8.3	10.2	7.7	5.0	5.4	5.0
East Asia	3.4	6.7	6.4	2.0	2.3	2.6
Russia	4.7	3.3	2.3	5.9	4.9	4.7
World economy total	4.2	4.6	3.9	10.1	9.2	8.1
Addendum:						
World trade volume	10.1	3.0	3.3	.	.	.
Oil price (Brent in US$)	68.3	67.3	65.8	.	.	.
World economy total (weighted according to GDP at market exchange rates)	5.8	4.9	3.4	3.7	3.4	3.0

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: Kiel Institute forecast.

Source: Kiel Institute forecast.

In the advanced economies, the recovery continues over the forecast horizon. In the United States, the growth rate of 5.7 percent this year and 4.9 percent next year is buoyed by strong fiscal stimulus. Although growth in the EU is only slightly lower at 5.1 percent in 2021 and even higher in the United Kingdom at 6.3 percent, this follows a sharper slump in 2020. On our forecast the pre-crisis level of output, which has been already exceeded in the United States in the second quarter of 2021, will not be reached until early next year in the EU and until late 2022 in the United Kingdom. Unemployment continues to fall successively and is expected to be only slightly higher in 2023 than before the crisis in many countries. CPI inflation will decrease again in the course of the coming year and is likely to be around 2 percent in 2023.

Economic growth in China is slowing down. Growth in the course of 2021 is much lower than the annual average rate of 8.2 percent, which is largely due to the statistical carryover from the rapid recovery in the second half of 2020. Growth is also likely to be moderate in the next two years partly due to more restrictive economic policies. Public budget deficits are likely to be reduced further over the forecast period. Most importantly, the government has tightened its lending policy significantly, reflecting a renewed effort by the government to curb the strong growth of corporate debt. The moderation of growth is also in line with a slowdown in trend growth apparent already in the years before the pandemic.

Downside risks result not only from uncertainty about the evolution of the pandemic. At present, the pandemic appears to be losing its bite where vaccination rates are sufficiently high. Consequently, the economic outlook will improve as progress is made in vaccination campaigns worldwide. However, new virus variants could lead to further waves of infection and require the reintroduction of measures to control the disease, particularly if existing vaccines lose their effectiveness. Risks also result from the financial consequences of the pandemic as a wave of insolvencies still cannot be ruled out when governments scale back subsidies and credit programs and temporary debt moratoria end. The consequences of recent financial problems a few large Chinese conglomerates face are currently unclear. They may be an indication of a sustained significant reduction in the growth rate of the Chinese economy which was fuelled by strong credit growth in recent years. Finally, there are signs of a renewed deterioration of US–Chinese relations which could increasingly weigh on global economic activity in the coming years.

There are upside risks to growth, but also to inflation. A prominent upside risk to growth is the high level of household savings accumulated during the crisis. If this pent-up purchasing power were to be spent to a greater extent over the forecast period than we have assumed, tensions on goods and labor markets would increase and, as a result, inflation would be more persistent. A sharp drop in the household savings rate together with rising investment would also lead to rising long-term interest rates. In such a scenario, central banks could be called to swiftly tighten monetary policy in order to contain inflation. However, since governments need low real interest rates to keep their elevated debt bearable, central banks would have to choose between maintaining price stability on the one hand and public debt sustainability and financial stability on the other. Fiscal room for manoeuvre would rapidly diminish if financing conditions on the capital markets were to deteriorate markedly.

Data annex

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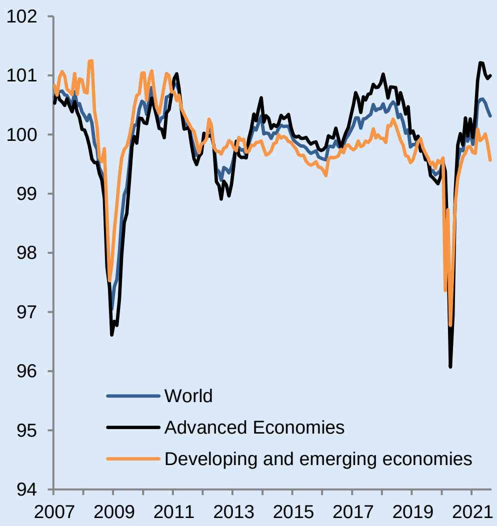
1. World Economy

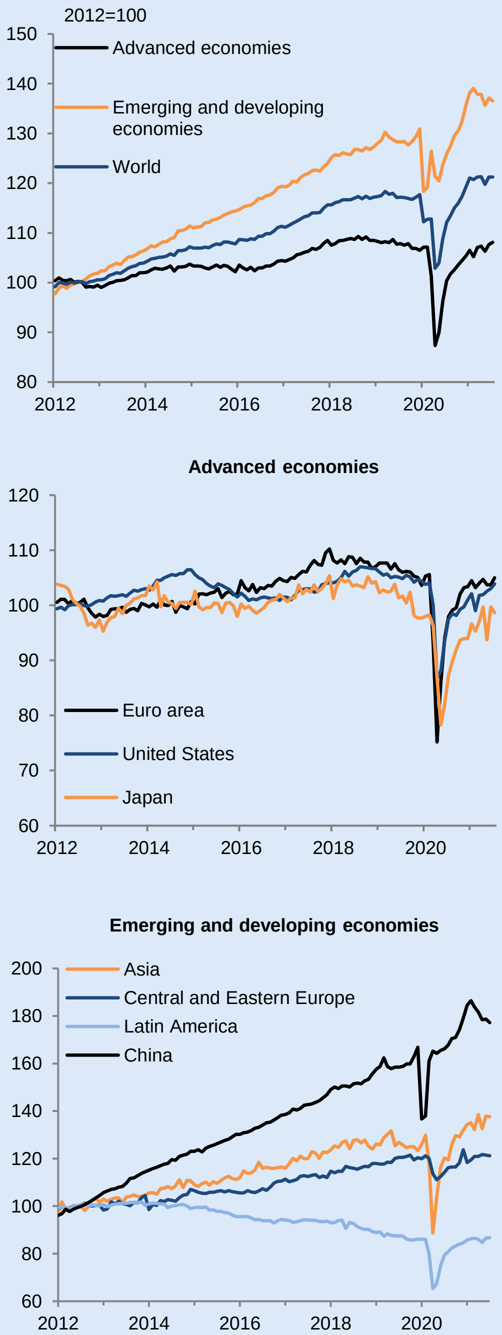
Figure 1.1:
Business expectations by groups of countries



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.

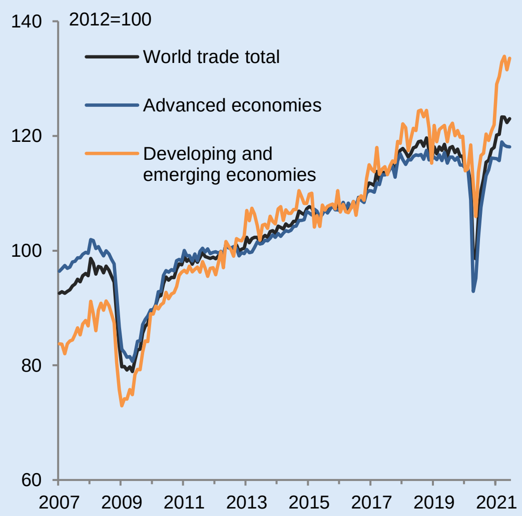
Figure 1.2:
Industrial production by groups of countries and regions



Monthly data. Last value: June 2021.

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

Figure 1.3:
World Trade

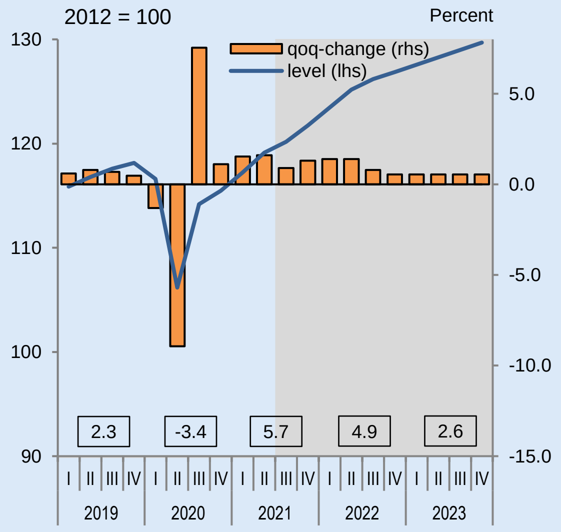


Monthly Data.

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

2. United States

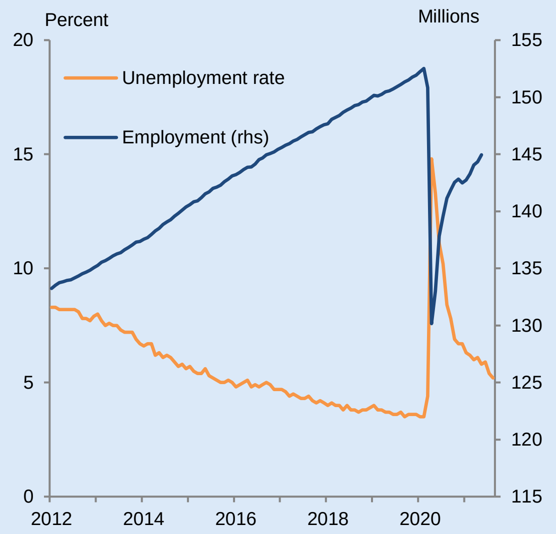
Figure 2.1:
GDP



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

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

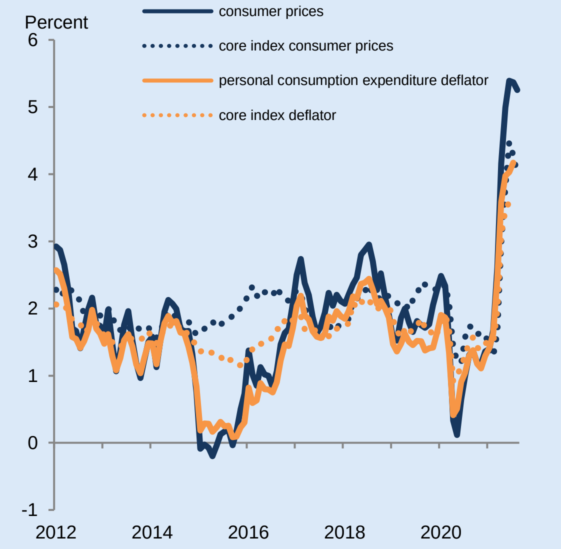
Figure 2.2:
Labor Market



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

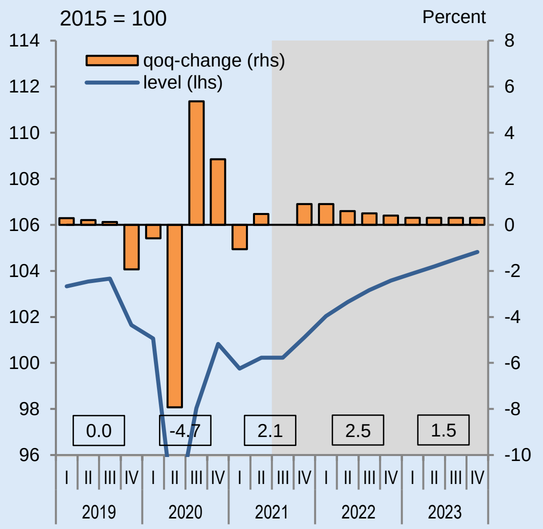
	2020	2021	2022	2023
Gross Domestic Product	-3.4	5.7	4.9	2.6
Domestic expenditure	-3.0	6.7	4.4	2.3
Private consumption	-3.8	8.2	4.7	2.2
Government expenditure	2.5	0.8	0.9	0.7
Gross fixed capital formation	-2.7	8.6	3.3	4.2
Machinery and equipment	-8.3	14.4	3.7	3.5
Intellectual property rights	2.8	9.6	4.4	3.8
Structures	-12.5	-6.8	3.8	7.3
Residential Investment	6.8	10.6	1.2	3.6
Change in inventories	-0.5	-0.2	0.6	0.0
Net exports	-0.4	-1.0	0.5	0.2
Exports	-13.6	5.3	10.6	6.2
Imports	-8.9	12.9	5.1	3.9
Consumer prices	1.2	4.3	3.2	2.3
Unemployment rate	8.1	5.5	4.3	3.8
Current account balance	-2.5	-3.1	-2.3	-2.2
Government budget balance	-14.8	-14.0	-6.0	-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, 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

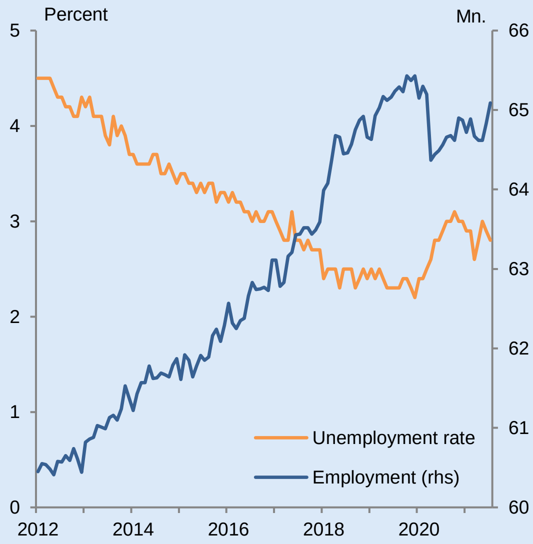
Figure 3.1:
GDP



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

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

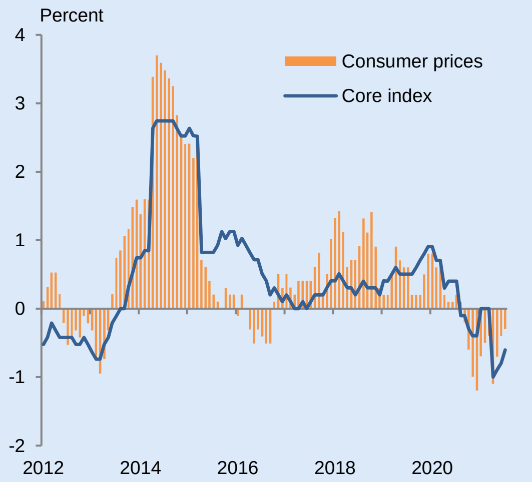
Figure 3.2:
Labor market



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

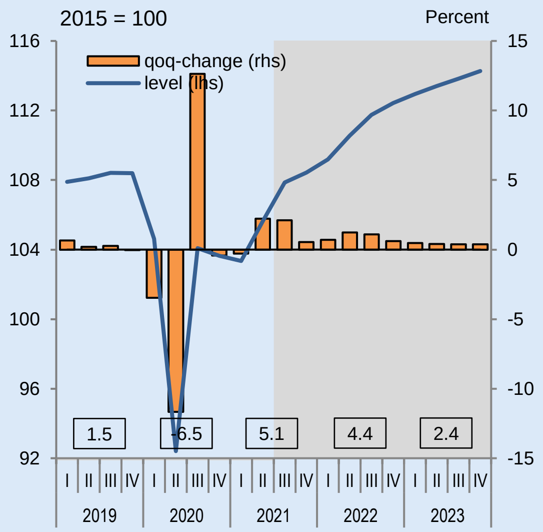
	2020	2021	2022	2023
Gross Domestic Product	0.0	-4.7	2.1	2.5
Domestic demand	0.5	-3.9	1.3	2.6
Private consumption	-0.2	-6.0	1.7	2.5
Government consumption	1.9	2.7	1.9	1.6
Gross fixed investment	0.8	-0.4	-3.5	3.5
Enterprises	0.1	-6.2	0.8	4.6
Residential Investment	3.9	-7.0	0.0	3.3
Public investment	1.1	3.7	-0.7	0.4
Inventories	0.0	-0.1	-0.1	0.0
Net exports	-0.3	-0.6	0.6	0.0
Exports	-1.5	-11.8	11.9	4.3
Imports	1.1	-7.3	7.0	4.6
Consumer prices	0.5	0.0	-0.2	1.3
Unemployment rate	2.4	2.8	2.7	2.5
Current account balance	3.6	3.2	3.5	3.5
Fiscal balance	-2.6	-10.1	-7.0	-5.5

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

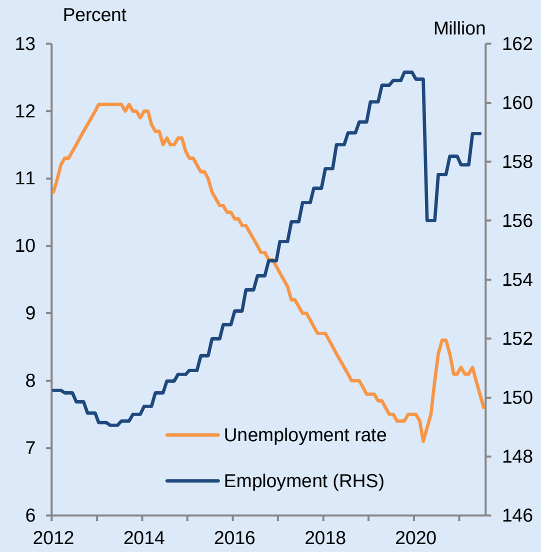
Figure 4.1:
GDP



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.

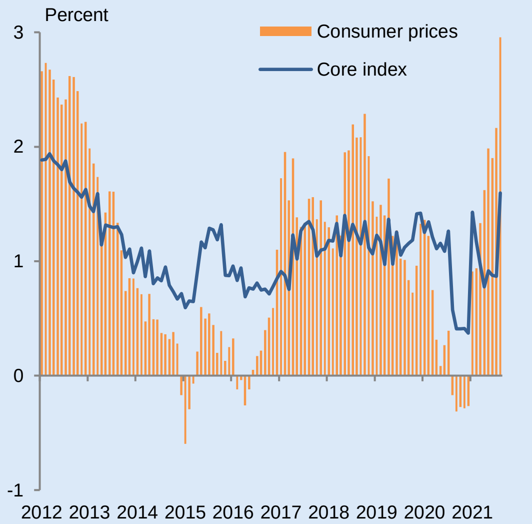
Figure 4.2:
Labor market



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

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

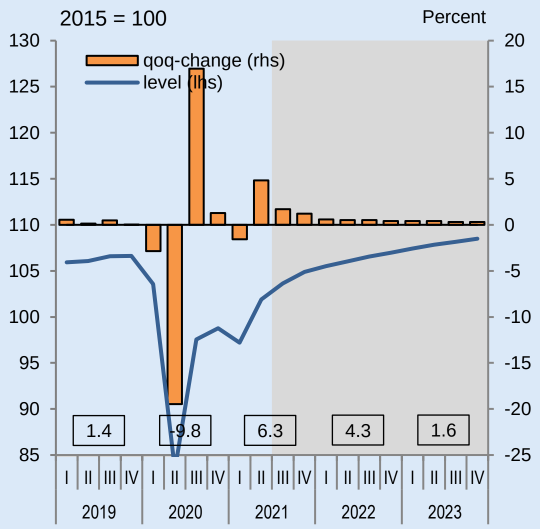
	2020	2021	2022	2023
Gross Domestic Product	-6.5	5.1	4.4	2.4
Domestic expenditure	-6.3	3.9	4.5	2.5
Private consumption	-8.0	3.4	6.0	2.5
Government consumption	1.4	3.2	0.8	1.1
Gross fixed capital formation	-7.5	4.4	5.0	3.7
Inventories	-0.5	0.3	0.0	0.0
Net exports	-0.4	1.2	0.0	0.0
Exports	-9.3	9.2	5.7	4.2
Imports	-9.2	7.0	6.1	4.6
Consumer prices	0.3	2.2	1.9	1.7
Unemployment rate	7.8	7.6	6.8	6.4
Current account balance	2.1	2.3	1.9	2.0
Government budget balance	-7.2	-6.9	-4.0	-3.1

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

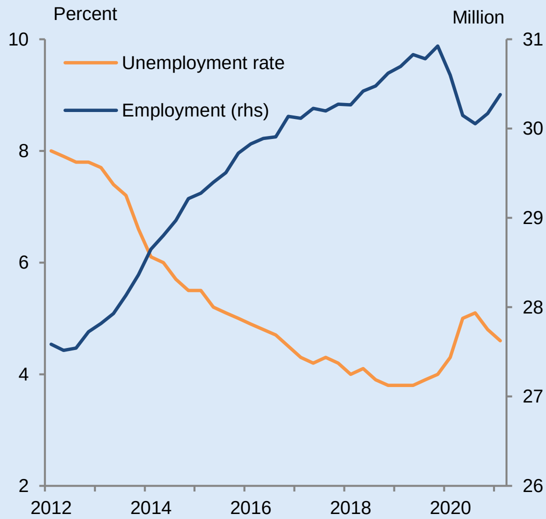
Figure 5.1:
GDP



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

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

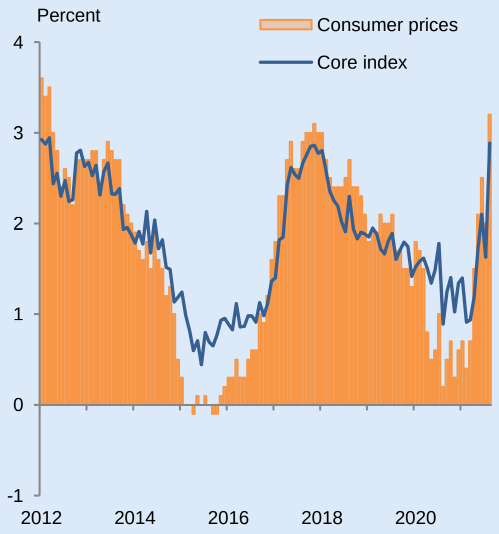
Figure 5.2:
Labor market



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

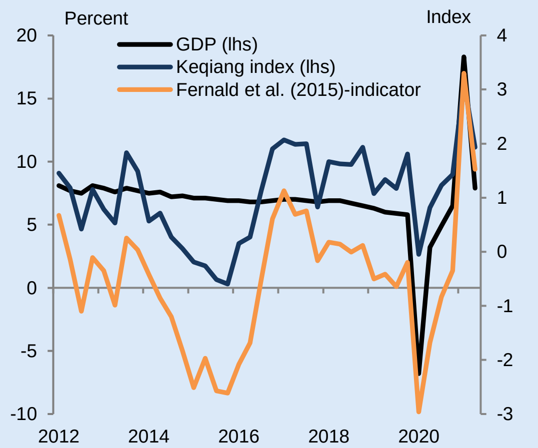
	2020	2021	2022	2023
Gross Domestic Product	-9.8	6.3	4.3	1.6
Domestic expenditure	-10.5	6.3	5.8	4.0
Private consumption	-10.9	4.8	8.4	2.9
Government consumption	-6.5	9.4	1.5	0.5
Gross fixed investment	-8.8	10.0	5.5	2.8
Inventories	-0.8	0.4	0.1	-0.2
Net exports	0.8	-0.7	-1.2	-0.3
Exports	-15.6	10.7	4.5	3.8
Imports	-17.8	11.8	8.0	4.5
Consumer prices	0.8	0.9	1.7	1.9
Unemployment rate	4.5	4.8	4.5	4.2
Current account balance	-3.5	-2.7	-3.5	-4.0
Fiscal balance	-14.2	-8.8	-5.3	-4.5

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

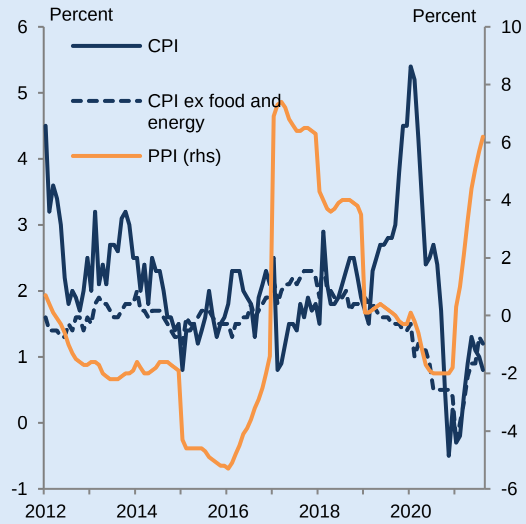
Figure 6.1:
GDP and alternative activity indicators



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.

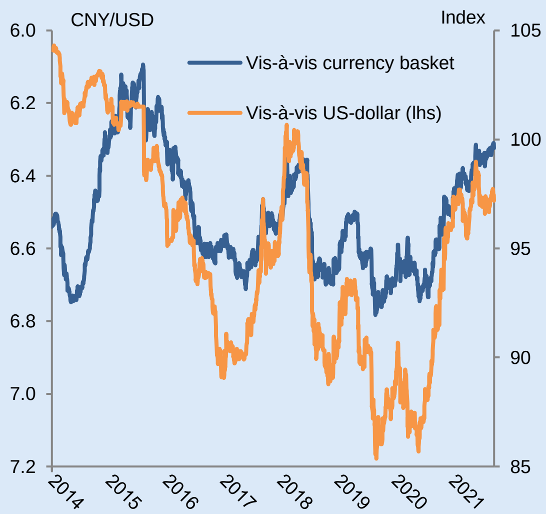
Figure 6.2:
Inflation



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

Source: National Bureau of Statistics.

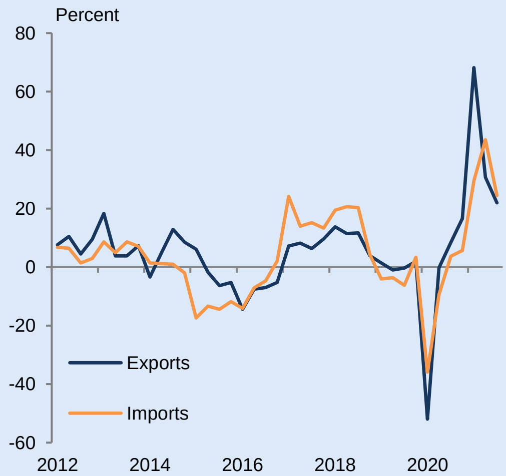
Figure 6.3:
Exchange rates



Daily data.

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

Figure 6.4:
Exports and imports

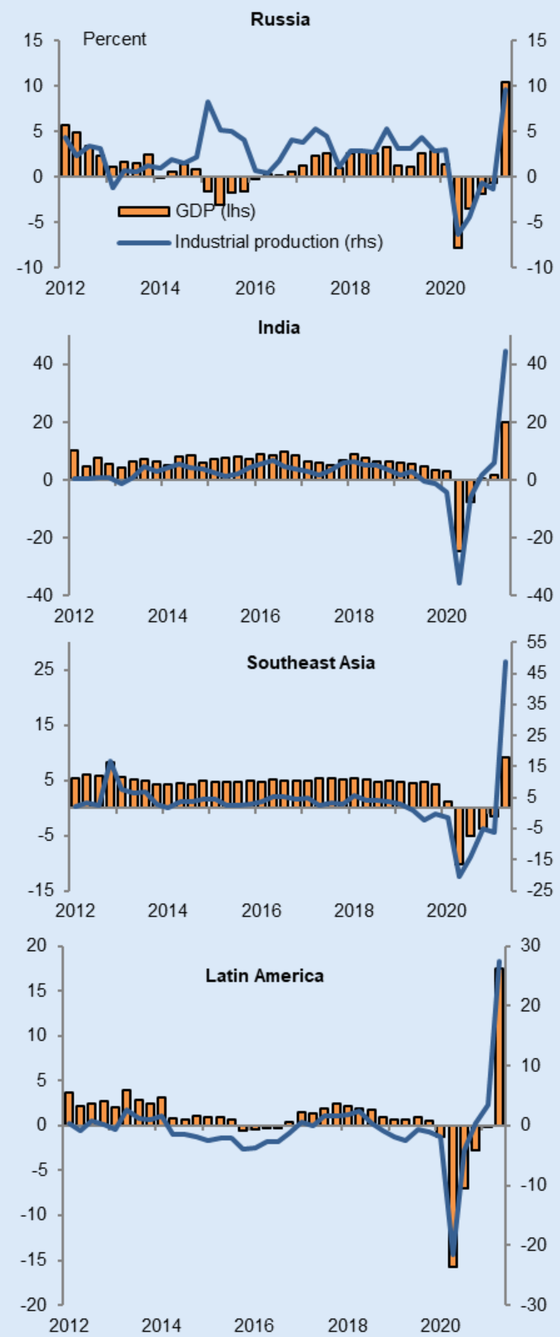


Change on a year ealier based on quarterly averages.

Source: General Administration of Customs China

7. Emerging Economies

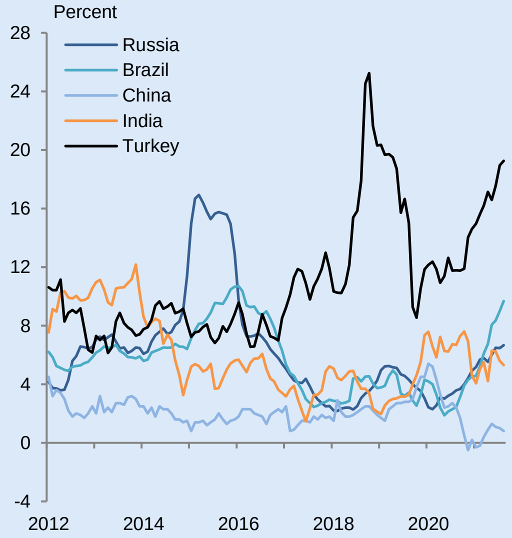
Figure 7.1:
GDP and industrial production in emerging economies



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.

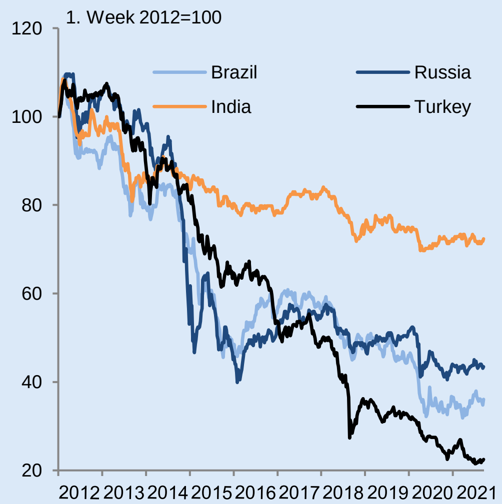
Figure 7.2:
Consumer prices



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	36.0	5.0	4.4	2.7	2.4	2.2	2.0	7.4	6.5	6.1
Euro area	29.2	5.1	4.4	2.4	2.2	1.9	1.7	7.6	6.8	6.4
Sweden	1.0	4.0	3.4	2.3	1.8	1.5	1.5	8.5	7.1	6.5
Poland	2.3	5.1	4.7	3.6	4.2	3.9	4.0	3.5	2.8	2.7
United Kingdom	5.6	6.3	4.3	1.6	0.9	1.7	1.9	4.8	4.5	4.2
Switzerland	1.1	3.4	2.6	1.3	0.5	1.0	1.0	5.3	5.0	4.8
Norway	0.6	2.4	2.7	1.6	3.0	1.8	1.8	5.1	4.8	4.6
United States	37.3	5.7	4.9	2.6	4.3	3.2	2.3	5.5	4.3	3.8
Canada	3.4	5.6	4.2	2.7	3.0	2.7	2.2	7.6	6.8	6.4
Japan	9.6	2.1	2.5	1.5	-0.2	1.3	0.8	2.7	2.5	2.4
South Korea	4.0	3.6	3.5	3.2	2.3	2.0	1.6	3.7	3.2	3.0
Australia	2.3	4.7	3.4	3.0	3.0	2.5	2.1	5.4	4.8	4.6
Total	100.0	5.2	4.4	2.6	2.9	2.5	2.0	5.8	5.0	4.6

Based on GDP at prices and exchange rates of 2020 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.

Table 8.2:
Real gross domestic product, consumer prices and unemployment rates in the European Union

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Germany	25.3	2.6	5.2	2.5	2.9	2.5	1.9	3.6	3.1	3.0
France	17.3	6.1	3.7	2.3	2.0	1.7	1.5	7.9	7.5	7.2
Italy	12.4	6.2	4.2	2.1	1.6	1.3	1.3	9.6	8.9	8.5
Spain	8.4	6.4	6.0	3.0	2.4	1.8	1.8	14.7	12.9	11.8
Netherlands	6.0	3.8	2.9	1.8	1.9	1.8	1.7	3.2	2.8	2.7
Belgium	3.4	5.7	3.2	1.9	1.9	1.8	1.8	6.0	5.1	4.8
Austria	2.8	3.6	3.3	1.8	2.6	1.7	1.7	6.3	4.9	4.4
Ireland	2.8	13.9	3.9	3.2	1.5	1.6	1.5	6.7	5.0	4.4
Finland	1.8	3.6	2.7	1.8	1.8	1.7	1.8	7.7	6.7	6.4
Portugal	1.5	4.4	5.6	2.8	1.0	2.0	1.7	6.7	6.2	5.9
Greece	1.2	8.9	3.9	3.0	0.0	2.3	1.9	15.1	13.0	12.0
Slovak Republic	0.7	4.1	4.0	3.0	2.3	1.7	1.8	6.6	5.7	5.3
Luxembourg	0.5	6.2	1.8	2.1	2.8	2.3	2.0	5.9	5.4	5.3
Slovenia	0.4	7.0	3.6	2.8	1.5	1.8	1.9	4.3	3.6	3.4
Latvia	0.4	4.8	3.1	3.1	3.0	2.4	2.4	7.3	6.3	6.0
Lithuania	0.2	4.8	4.1	3.1	2.0	2.1	2.1	7.4	6.3	6.0
Estonia	0.2	9.8	3.9	3.1	2.8	2.4	2.3	6.4	5.0	4.5
Cyprus	0.2	4.2	3.6	2.8	1.8	2.1	1.7	7.5	6.0	5.0
Malta	0.1	6.7	4.8	3.2	0.8	1.2	1.2	3.5	3.0	2.9
Sweden	3.5	4.0	4.0	3.4	1.8	1.5	1.5	8.5	7.1	6.5
Poland	3.7	5.1	5.1	4.7	4.2	3.9	4.0	3.5	2.8	2.7
Denmark	2.3	3.9	3.9	3.9	1.5	1.3	1.2	4.9	4.3	4.2
Czech Republic	1.6	2.9	2.9	4.5	3.0	3.1	2.9	2.8	2.0	1.8
Romania	1.5	7.2	7.2	4.7	4.2	3.8	3.5	5.1	4.0	3.8
Hungary	1.0	7.6	7.6	5.6	4.7	4.3	4.0	4.1	3.5	3.3
Bulgaria	0.4	5.8	5.8	4.4	3.0	2.5	2.2	5.7	4.3	3.9
Croatia	0.4	8.2	8.2	4.0	2.1	2.4	2.0	7.2	5.9	5.3
European Union	100.0	5.0	4.4	2.7	2.4	2.2	2.0	7.4	6.5	6.1
Addendum:										
European Union 11	89.2	5.0	4.4	2.4	2.1	1.9	1.6	8.2	7.3	6.9
Accession countries	9.2	6.5	6.1	5.1	3.7	3.4	3.4	4.5	3.6	3.4
Euro Area	85.5	5.1	4.4	2.4	2.2	1.9	1.7	7.6	6.8	6.4
Euro Area without Germany	60.2	6.0	4.0	2.3	1.9	1.7	1.6	9.0	8.1	7.6

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 2020. Accession countries since 2004.

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

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

	Weights	Real GDP				Consumer prices			
		2020	2021	2022	2023	2020	2021	2022	2023
Indonesia	5.7	-2.1	3.6	6.8	6.0	2.0	1.7	2.7	3.0
Thailand	2.3	-6.2	1.9	5.9	5.5	-0.8	0.7	1.4	1.3
Malaysia	1.6	-5.7	4.1	6.0	6.2	-1.1	2.4	1.9	2.4
Philippines	1.7	-9.5	4.2	8.0	8.9	2.6	4.4	2.7	2.9
Total	11.3	-4.5	3.4	6.7	6.4	1.1	2.0	2.3	2.6
China	39.7	2.3	8.2	5.4	5.2	2.5	1.0	2.3	2.3
India	16.3	-7.0	8.3	10.2	7.7	6.6	5.0	5.4	5.0
Asia total	67.2	-1.1	7.4	6.8	6.0	3.3	2.2	3.0	3.0
Brazil	5.5	-4.4	5.4	2.9	3.2	3.2	7.6	4.8	3.6
Mexico	4.5	-8.5	6.5	3.7	2.8	3.4	5.2	3.5	3.0
Argentina	1.8	-9.9	7.9	3.2	3.1	45.0	47.0	35.0	36.0
Colombia	1.3	-6.8	6.8	2.9	3.4	2.5	3.4	3.5	3.0
Venezuela	0.3	-25.0	-10.0	-5.0	-2.0	-	-	-	-
Chile	0.8	-6.0	9.1	3.7	3.4	3.0	3.8	3.0	2.6
Peru	0.8	-11.0	12.0	4.2	4.0	1.8	3.7	3.5	2.4
Latin America total	15.0	-6.9	6.7	3.3	3.1	8.1	10.8	7.7	7.2
Egypt	2.1	3.6	3.8	4.8	4.6	5.7	6.0	5.2	5.0
Nigeria	1.8	-1.8	3.8	4.0	3.0	13.2	18.0	17.5	15.0
South Africa	1.3	-7.0	5.0	4.5	3.8	3.3	4.4	4.2	4.0
Algeria	0.9	-6.0	5.0	4.5	3.5	2.4	5.4	4.5	3.5
Ethiopia	0.4	6.1	4.0	6.5	6.0	20.4	22.0	17.0	15.0
Africa total	6.5	-1.1	4.2	4.6	3.9	7.9	10.1	9.2	8.1
Russia	7.1	-2.6	2.7	2.3	2.3	3.7	3.6	4.7	4.0
Turkey	4.2	1.8	9.2	4.0	4.0	12.3	12.2	16.0	14.0
Total	100.0	-2.0	6.8	5.7	5.1	4.7	4.5	4.8	4.5

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.