

# Global Economic Prospects

M. Ayhan Kose and Naotaka Sugawara

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## Global Economic Prospects – *January 2022*

- Global Outlook (**Chapter 1**)
- Regional Outlooks (**Chapter 2**)
- Commodity Price Cycles: Drivers and Policies (**Chapter 3**)
- Impact of COVID-19 on Global Income Inequality (**Chapter 4**)
- Resolving High Debt after the Pandemic: Lessons from Past Episodes of Debt Relief (**Special Focus**)

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# Three Questions

**1** What are near-term prospects for the global economy?

**2** What are the main features of commodity price cycles?

**3** What are the policy priorities for EMDEs?

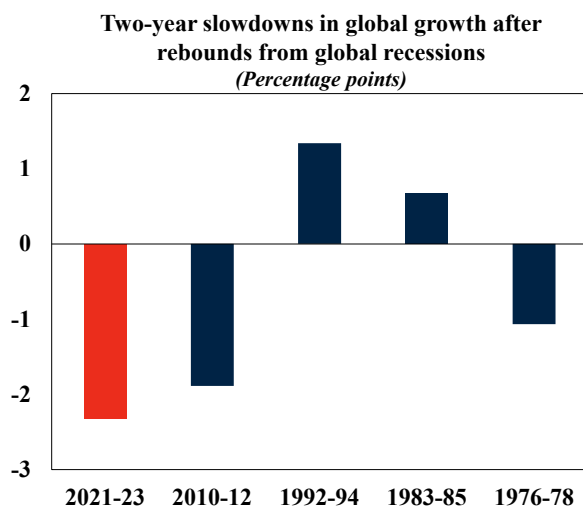
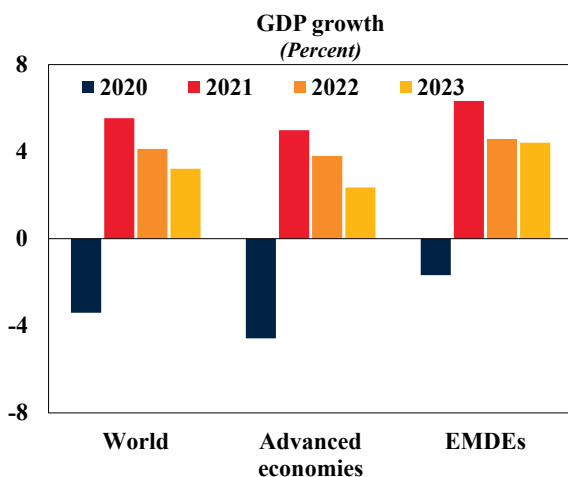
<sup>3</sup> \* EMDEs = Emerging Market and Developing Economies



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## Global Growth Slowdown in 2022-23

*Broad-Based and Exceptionally Steep*



<sup>4</sup> Source: World Bank. Note: Aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates. Data for 2021 are estimates and data for 2022 and 2023 are forecasts.



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## Global Growth Forecasts *Slowing Growth*

	GDP growth (Percent)					Change from June 2021	
	2013-19	2020	2021e	2022f	2023f	2022	2023
<b>World</b>	2.9	-3.4	5.5	4.1	3.2	-0.2	0.1
<b>Advanced economies</b>	2.0	-4.6	5.0	3.8	2.3	-0.2	0.1
<b>EMDEs</b>	4.5	-1.7	6.3	4.6	4.4	-0.1	0.0
East Asia and Pacific	6.6	1.2	7.1	5.1	5.2	-0.2	0.0
Europe and Central Asia	2.6	-2.0	5.8	3.0	2.9	-0.9	-0.6
Latin America and the Caribbean	1.3	-6.4	6.7	2.6	2.7	-0.3	0.2
Middle East and North Africa	2.6	-4.0	3.1	4.4	3.4	0.8	0.1
South Asia	6.5	-5.2	7.0	7.6	6.0	0.8	0.8
Sub-Saharan Africa	3.1	-2.2	3.5	3.6	3.8	0.3	0.0

5 Source: World Bank.  
Note: Headline aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates; e = estimate; f = forecast.

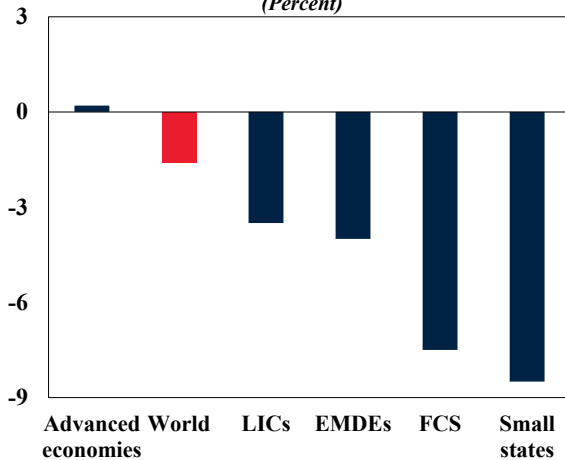


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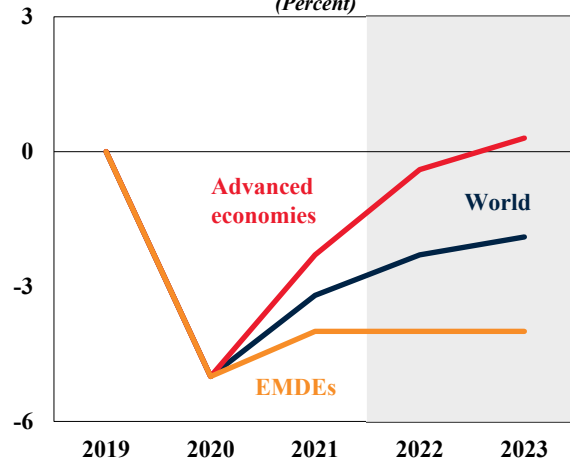
## Uneven Global Recovery

*Lasting Scarring Partly due to Weak Output and Investment Recovery*

Deviation of output from pre-pandemic trends by 2023  
(Percent)



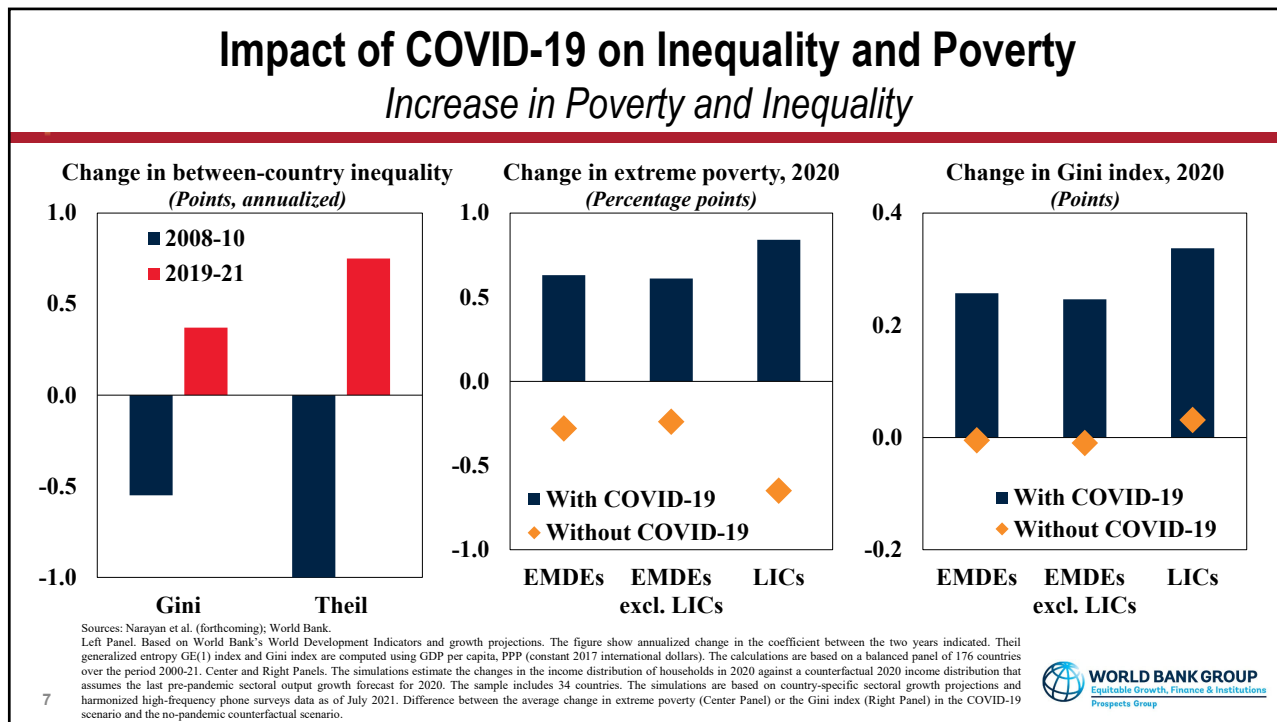
Deviation of investment from pre-pandemic trends  
(Percent)



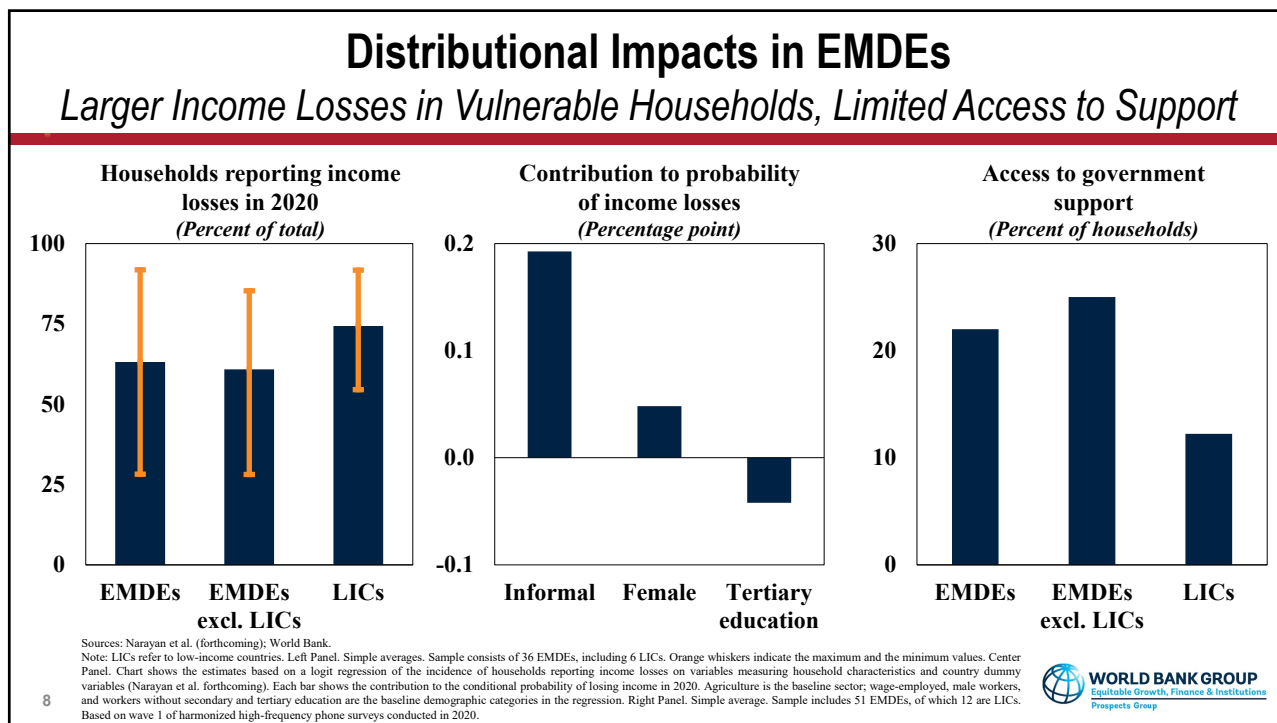
6 Source: World Bank.  
Note: Figures show the percent deviation between the latest projections and forecasts released in the January 2020 edition of the *Global Economic Prospects* report. For 2023, the January 2020 baseline is extended using projected growth for 2022. Left Panel. FCS and LICs refer to fragile and conflict-affected situations and low-income countries, respectively. The small states sample includes 32 EMDEs. Right Panel. Shaded area indicates forecasts.



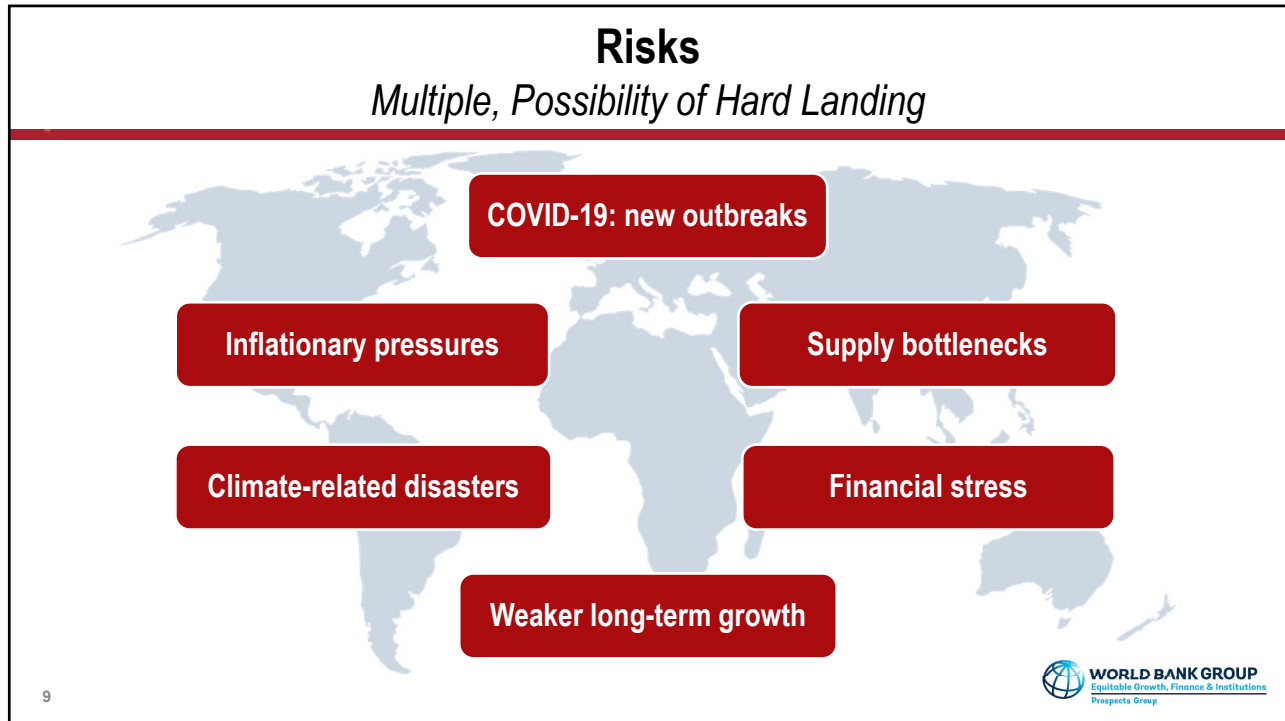
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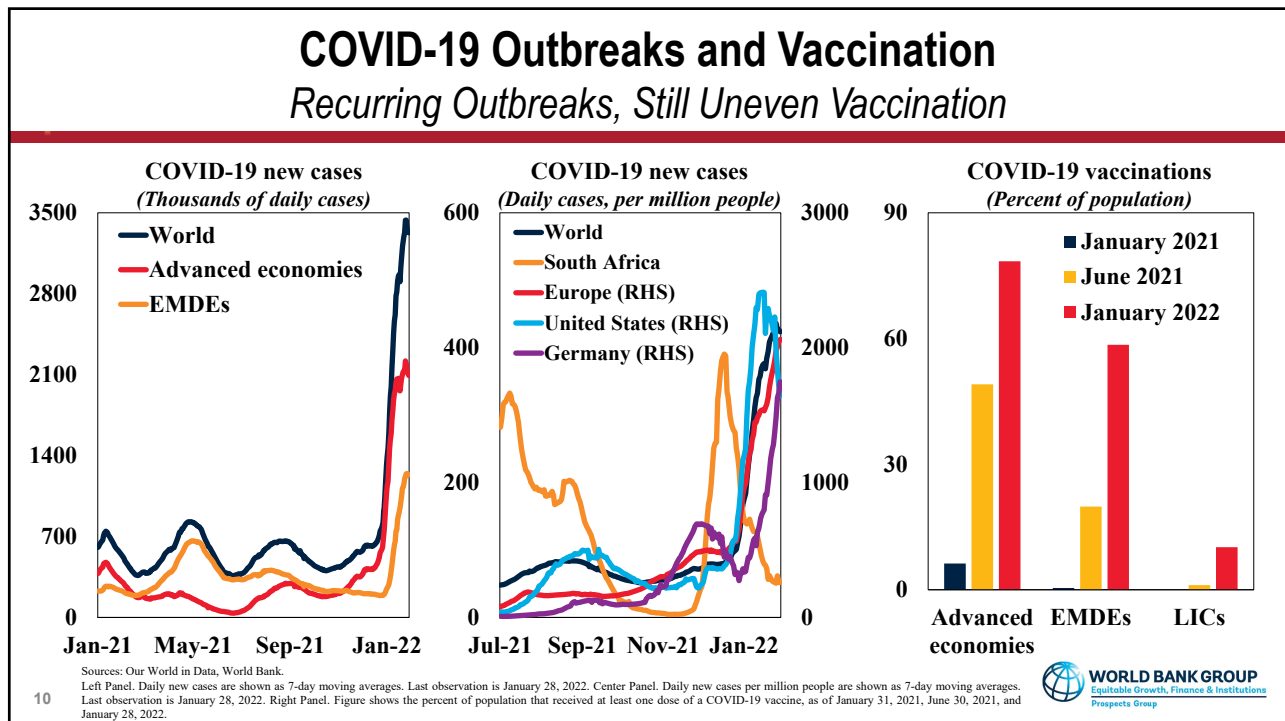
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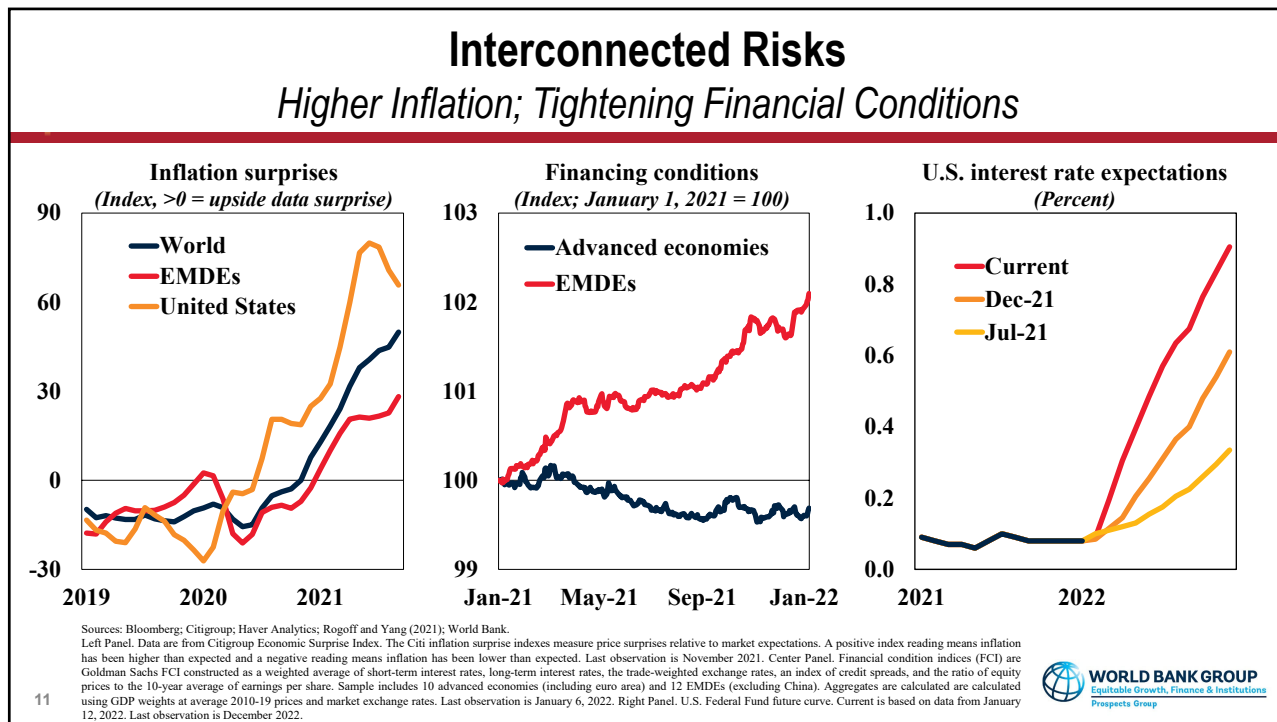
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## Three Questions

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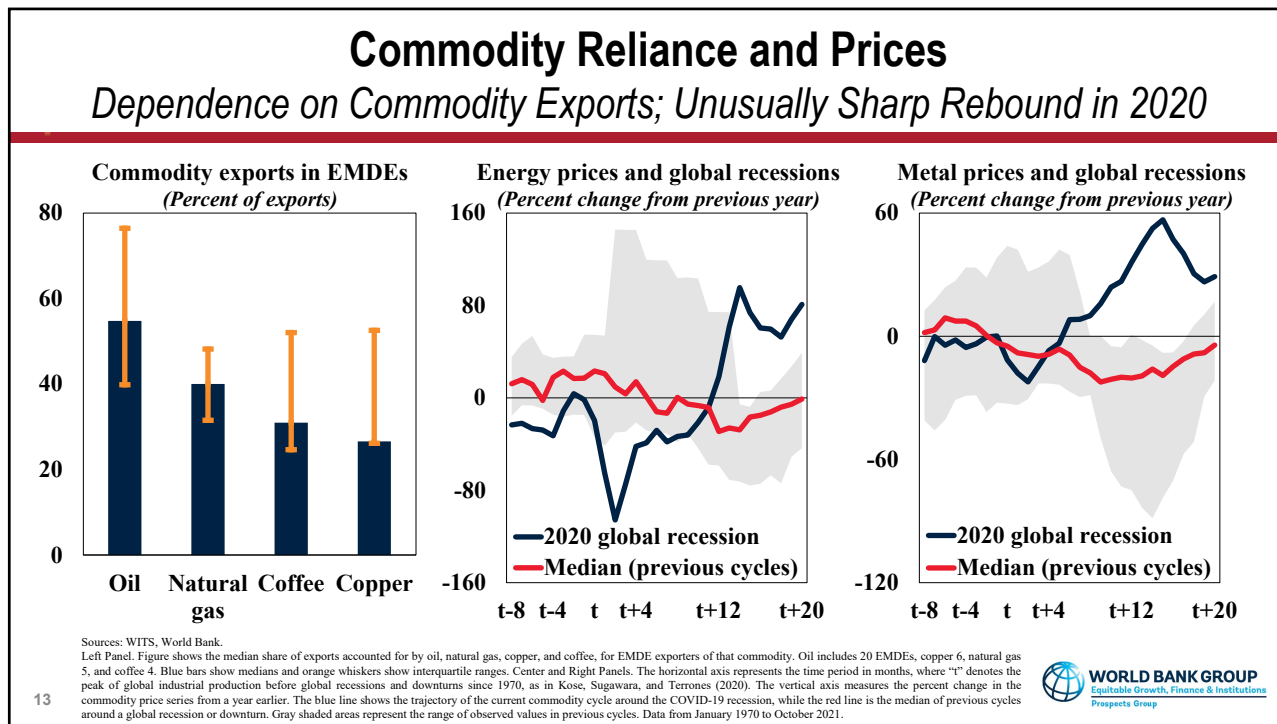
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**What are the main features of commodity price cycles?**

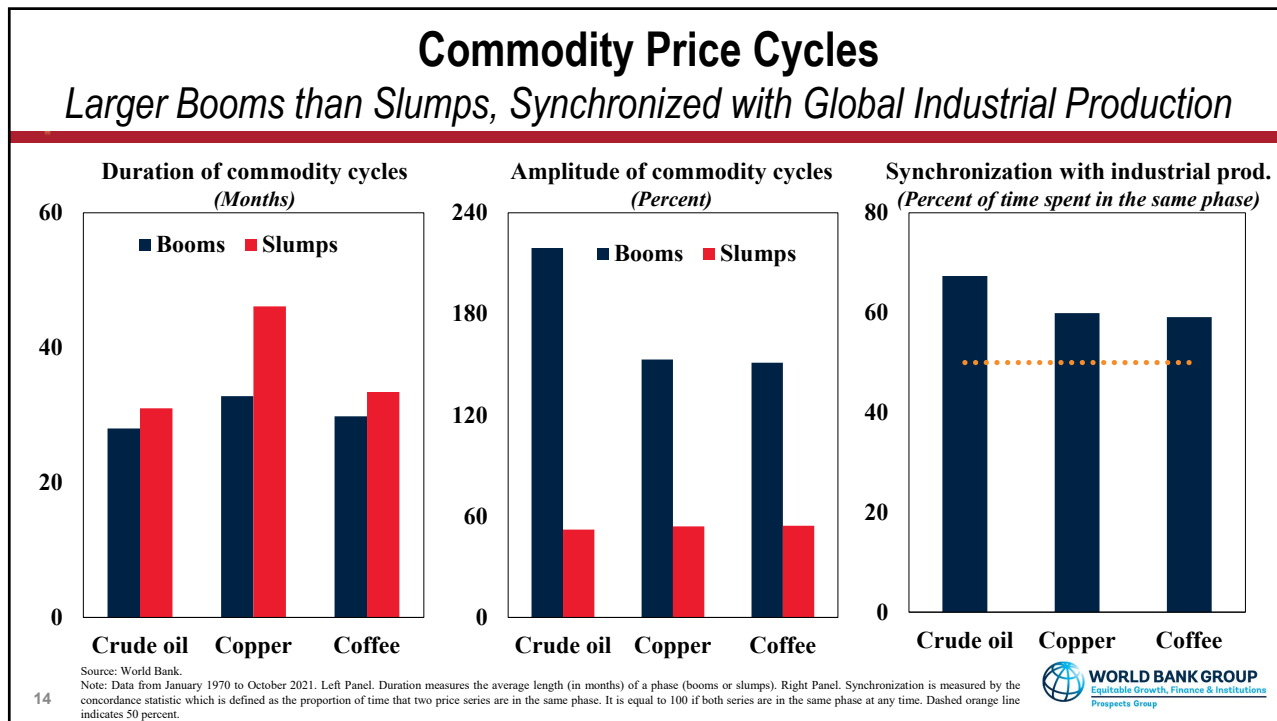
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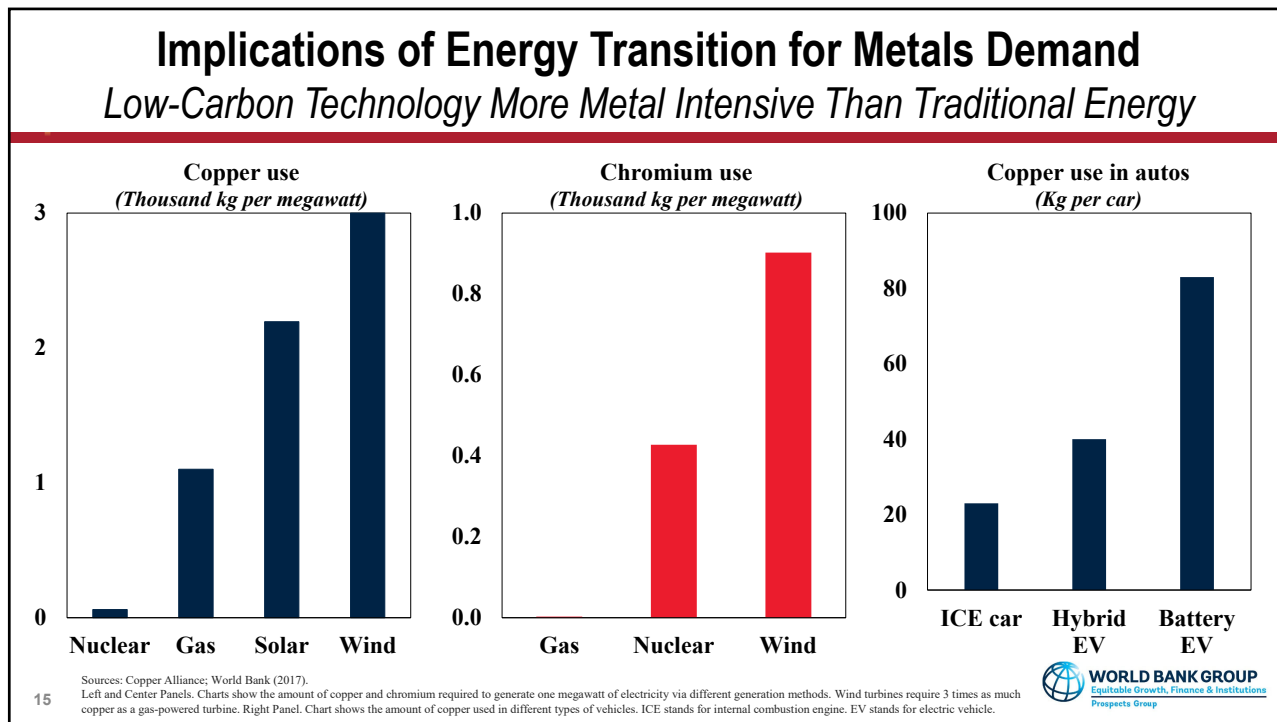
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## Three Questions

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**3** What are the policy priorities for EMDEs?

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## Policy Priorities

### Measures to Ensure Green, Resilient, and Inclusive Growth

#### Control the Pandemic

- Global coordination to ensure equitable access to vaccines and reduce the threat of new variants
- Accelerate vaccine rollout in EMDEs, especially LICs

#### Ensure Macroeconomic Stability

- Confront inflation to ensure price and financial stability; strengthen macroprudential policies
- Bolster domestic revenue mobilization to rebuild fiscal buffers and address debt sustainability concerns
- Strengthen fiscal, monetary, and macroprudential frameworks to manage business and commodity cycles
- Support vulnerable groups and strengthen policy interventions to avoid increases in within-country inequality

#### Enhance Crisis Preparedness and Growth Prospects

- Strengthen public institutions and health and education systems to bolster physical and human capital
- Foster firm competition and improve digital infrastructure
- Strengthen equality of opportunity by broadening access to health care, education, technology, infrastructure
- Reduce reliance on commodity sectors for fiscal and export revenues

#### Confront Climate Change and Inequality

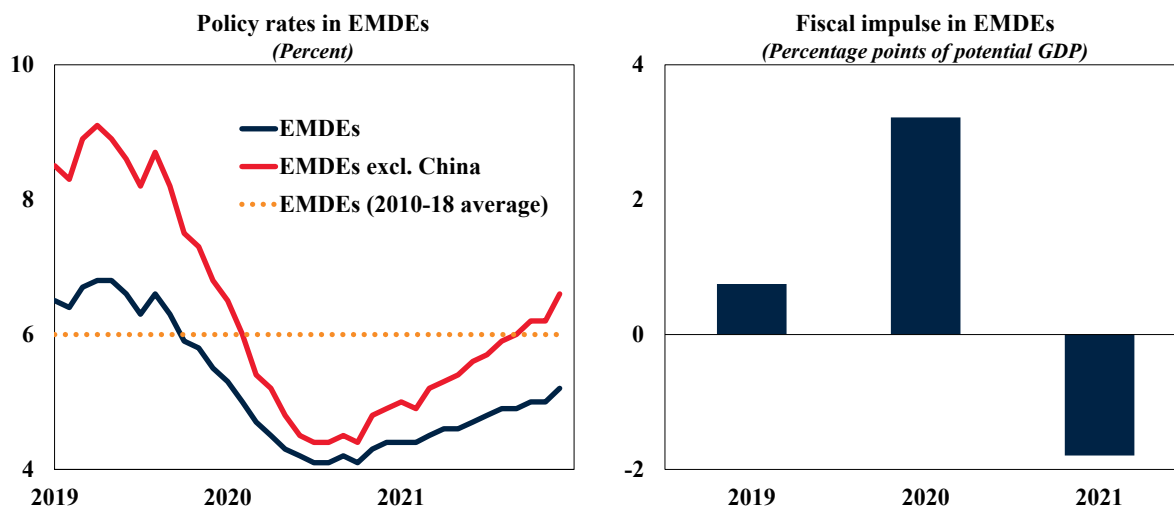
- Expand financing to scale up climate change adaptation and facilitate decarbonization
- Enhance social safety nets, income redistribution, and access to education and health

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## Monetary and Fiscal Policies in EMDEs

### Policy Tightening Underway

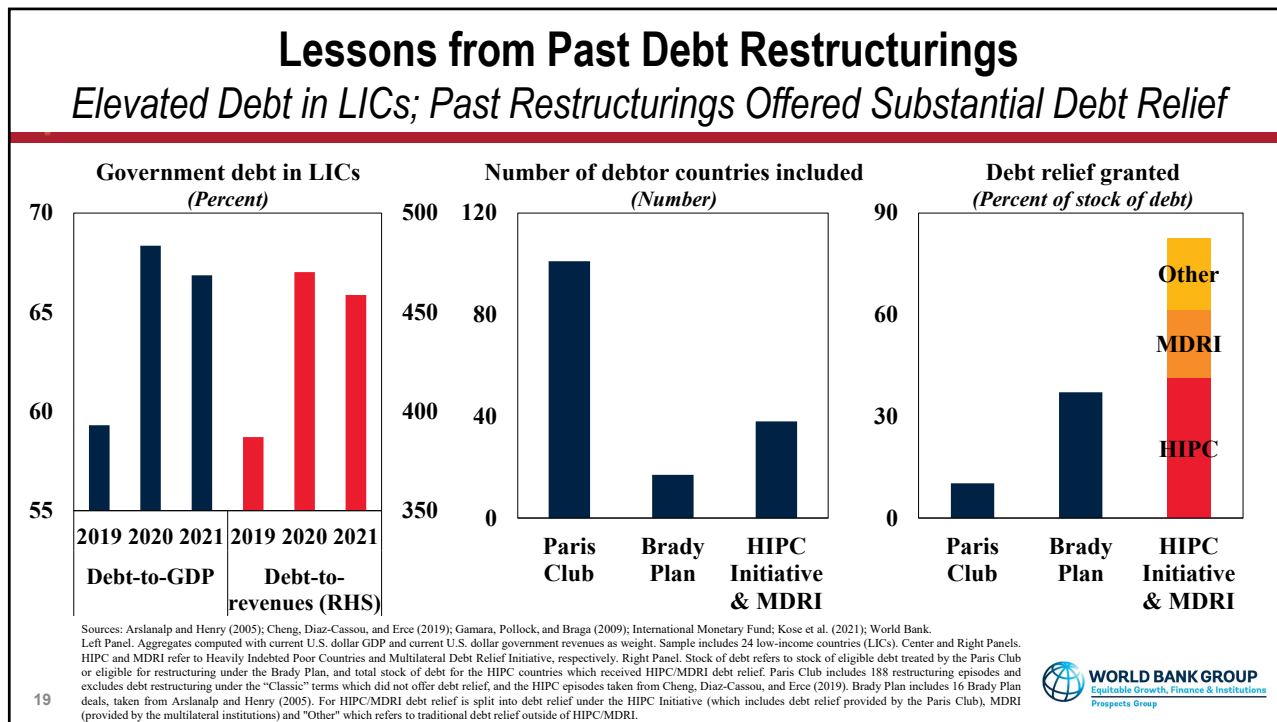


Sources: Bank for International Settlements, International Monetary Fund, World Bank.

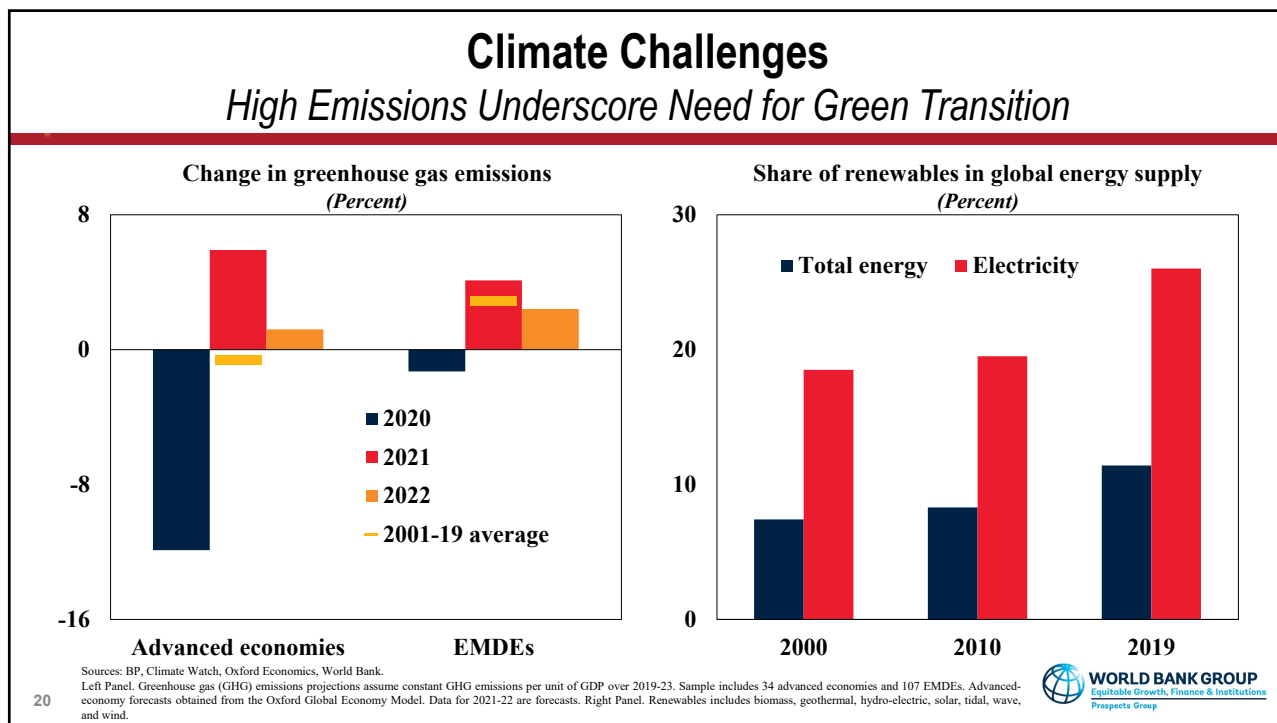
Left Panel. Sample includes 22 EMDEs. Nominal policy rates using real GDP as weights. Last observation is December 2021. Right Panel. Fiscal impulse is the (GDP weighted) negative change in the cyclically-adjusted primary balance from the previous year. Sample includes 30 EMDEs.

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## Three Questions

- 1 **What are near-term prospects for the global economy?** *A pronounced global slowdown is underway before the recovery is complete in EMDEs. There are multiple downside risks.*
- 2 **What are the main features of commodity price cycles?** *Often larger booms than slumps. Growing price synchronization across energy and metals, mostly because of global demand shocks.*
- 3 **What are the policy priorities for EMDEs?** *Control the pandemic; ensure macroeconomic stability; buttress debt sustainability; enhance crisis preparedness; improve resilience to commodity shocks; confront climate change; reduce gender and income inequality; enhance global cooperation.*

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## Questions & Comments

*Thanks!*

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## Select Publications by EFI Prospects Group

- [Global Economic Prospects](#) – **January 2022**  
(January and June)
- [Commodity Markets Outlook](#) – **October 2021**  
(April and October)
- [Global Monthly](#)
  
- [One-Stop Source: Global Database of Inflation](#) – **July 2021**
- [Inflation During the Pandemic “What Happened? What is Next?”](#) – **July 2021**
  
- [The Aftermath of Debt Surges](#) – **September 2021**
- [A Mountain of Debt: Navigating the Legacy of the Pandemic](#) – **October 2021**
- [What Has Been the Impact of COVID-19 on Debt? Turning a Wave into a Tsunami](#) – **November 2021**

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