

No Cause For Complacency As The Russia-Ukraine Conflict Modestly Dents Global Economic Growth, Report Says

NEW YORK, March 31, 2022 /PRNewswire/ -- After a healthy start to 2022, the Russia-Ukraine conflict's global macroeconomic effects for now seem moderate, but risks are clearly on the downside, according to "[Global Economic Outlook Q2 2022: No Cause For Complacency As The Russia-Ukraine Conflict Modestly Dents Growth](#)," published today. The conflict will influence direct trade effects, energy and commodity prices, confidence, and policy responses, particularly in China.

"We have lowered our GDP growth forecast to 3.6% globally, 3.2% in the U.S., and 3.3% in the eurozone," said S&P Global Chief Economist Paul Gruenwald. "We think China's policy response will keep growth stable at around 5%."

Among the regions we track, the eurozone is forecast to take the biggest hit to growth from the Russia-Ukraine conflict, at 1.1% this year, given its proximity and its higher exposure to global energy costs. The largest driver of lower U.S. growth, in contrast, comes from higher domestic interest rates and not the Russia-Ukraine conflict; U.S. growth falls by 60 basis points. Asia-Pacific is relatively insulated outside of the energy import cost channels, and emerging markets are split along the lines of energy dependency.

Inflation has moved front and center as a policy challenge, especially in the U.S. where the Fed tightening cycle is the main factor behind the growth slowdown for now. Higher U.S. dollar rates will tighten financial conditions, moderate growth, and spill over to other economies, while the European Central Bank tightening will be much more gradual.

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