

Economic Growth Forecasts Lowered On Longer Russia-Ukraine Conflict And Rising Inflation, Article Says

NEW YORK, May 18, 2022 /PRNewswire/ -- A number of macro variables have deteriorated since our most recent economic growth forecast at the end of March, said S&P Global in its article "[Global Macro Update: Growth Forecasts Lowered On Longer Russia-Ukraine Conflict And Rising Inflation](#)." We've marked down our GDP forecasts due to weaker first-quarter numbers in many countries, higher energy and commodity prices, a longer-than-expected Russia-Ukraine conflict, faster monetary policy normalization, and slower Chinese growth.

The global economy continues to face an unusually large number of negative shocks.

"We now expect U.S. growth to decline by 80 basis points to 2.4%, eurozone growth to drop by 60 basis points to 2.7%, and China's growth to fall by 70 basis points to 4.2%. Changes to 2023-2025 are relatively minor," said Global Chief Economist Paul

Gruenwald. "The balance of risks to our baseline has deteriorated since our last forecast and remains firmly on the downside."

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The global economy continues to face an unusually large number of negative shocks. At the beginning of 2022, the effects of the COVID-19 pandemic were in retreat in most geographies. As a result, we forecast a robust but uneven rebound, with above-trend growth in most countries and moderately high but transitory inflation. The main questions were when economies would regain their pre-COVID-19 path of output, and what changes brought about by the pandemic would be structural.

Two developments have altered the macro picture. One is Russia's invasion of Ukraine in late February. This sent energy and commodities prices (even) higher for (even) longer and put a dent in confidence, which was at high levels. The second is inflation, which has turned out to be higher, broader based, and more persistent than thought just a few quarters ago.

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