Rates Shock Puts The Global Economy On A Slower Path, Says Report

NEW YORK, June 29, 2022 /PRNewswire/ -- We have cut our 2022 growth forecasts for most large economies, outlined in a report we published today, "**Global Economic Outlook Q3 2022: Rates Shock Puts The Economy On A Slower Path**."

S&P Global Ratings

"Things have changed, and not for the better," said S&P Global Chief Economist Paul Gruenwald.

China has had the biggest downward revision. The country's economy will likely expand 3.3% this year, a 0.9 percentage point drop from our growth assumption in May. We attribute this low growth to the effects of COVID-lockdowns.

Economic momentum should protect the U.S. economy from recession in 2022. But the weight of extremely high prices is damaging purchasing power and, as aggressive Federal Reserve policy increases borrowing costs, it's hard to see the economy walking out of 2023 unscathed.

We have lowered our GDP growth forecasts modestly for the eurozone economy, largely on heightened inflation expectations.

"Things have changed, and not for the better," said S&P Global Chief EconomistPaul Gruenwald. "The main twist has been the about-face in the inflation narrative. With the wisdom of hindsight, we now see that central banks waited too long to raise rates, putting too much weight on supply-side explanations, or putting too much weight on labor market outcomes, or both."

This report does not constitute a rating action.

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