S&P Global Market Intelligence expects accumulating geopolitical shocks to continue driving global political and economic relationships in 2023

Recessions in Europe and North America, unresolved conflicts, and energy security concerns to pose persistent economic and geopolitical risk next year

NEW YORK, Nov. 22, 2022 /PRNewswire/ -- The COVID-19 pandemic and the Russia-Ukraine war profoundly reorganized global structures and relationships in 2022, and will continue to drive additional uncertainty in the year ahead, according to a new S&P Global Market Intelligence report, *A World Rebalancing*, released today.

The report highlights the five overarching themes driving global political and economic relationships in 2023: the unsettled global security environment, energy security and the energy transition, continued disruption in global supply chains, reshuffling labor markets and economic divergence.

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"The tests ahead are interconnected and have vast commercial impact," said **Dr. Lindsay Newman, Head of Geopolitical Thought Leadership at S&P Global Market Intelligence.** "As governments, civil society and multilateral institutions adapt to what appears to be a new era of uncertainty and instability, so too will businesses and markets navigate sanctions, increased protectionism, government interventions, alternative payment systems and reputational risk."

S&P Global Market Intelligence identifies the key five defining geopolitical and global macroeconomic themes:

- **A number of unresolved conflicts, including Russia-Ukraine, will be sources of persistent risk in 2023, filtering into the global economic outlook.** The invasion of Ukraine has hastened a confrontation with a host of global security risks to be wrestled with in 2023. Economic and security spheres will become increasingly interdependent in 2023 and beyond, as countries use financial levers including tariffs, export restrictions, and sanctions to advance national security priorities.
- **With energy security back atop the agenda following Russia's invasion of Ukraine, countries will be balancing 2023 fiscal priorities against a new impetus to accelerate their energy transitions.** In the year ahead, energy security will remain at the top of the agenda, leaving countries to balance pressing resource priorities, such as food and energy, with their energy transition ambitions.
- **An expected easing in supply chain disruptions in the first half of 2023 remains vulnerable to labor and resource shortages including critical technologies and critical minerals.** As the acute shock of the COVID-19 virus pandemic recedes, and amid cost-of-living and recessionary worries, we expect relative easing in supply chain disruptions into the first half of 2023.
- **Labor markets are in transition as demand overruns supply, tilting power and income shares towards workers across major markets**. Labor-market tightness across major markets is expected to persist but ease slightly where recessions take hold in 2023, with any slowing in wage growth to be limited.
- **The risk environment will continue to underpin the economic outlook for 2023.** Recessions now appear likely in Europe and North America, while Asia Pacific (APAC) and other emerging markets are likely to skirt recession.

To request a copy of the *A World Rebalancing report*, please contact pressinquiries.mi@spglobal.com.

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