

Global Economic Outlook

A hard road ahead

EDC Economics

Winter 2023

Canada

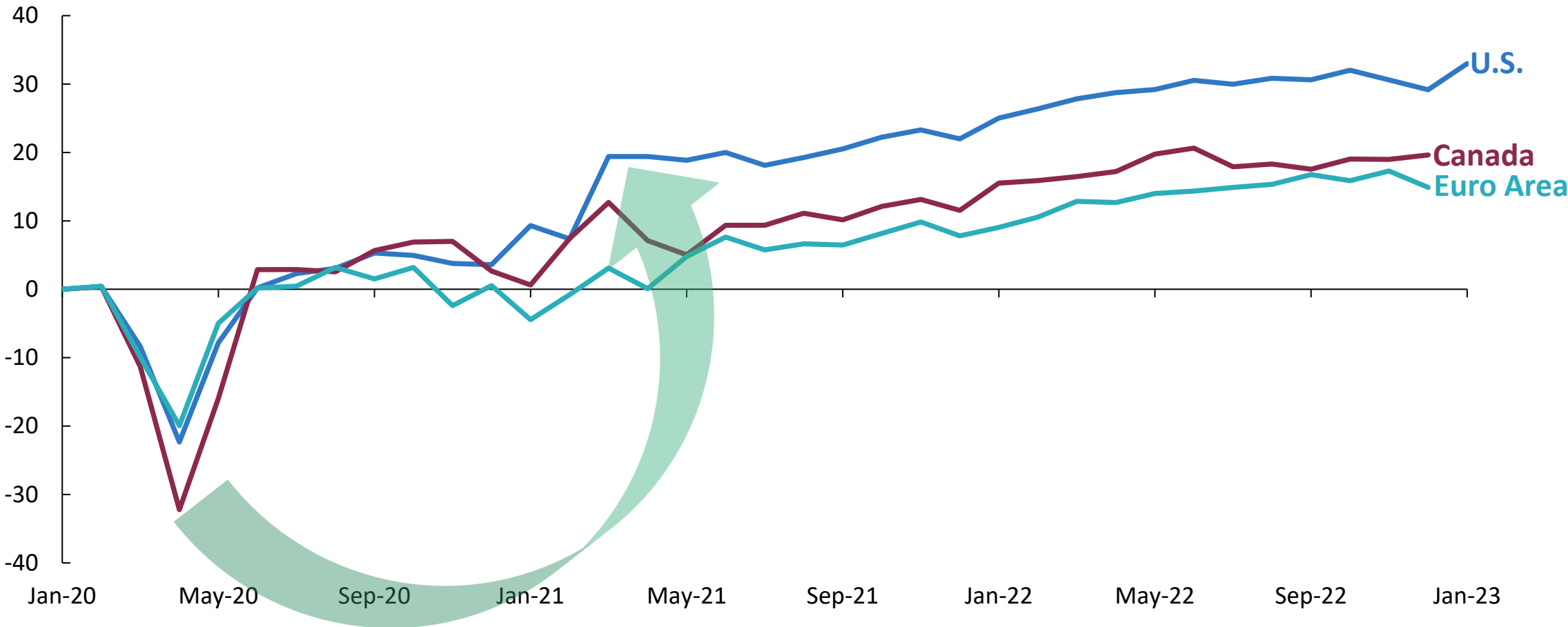
 EDC



Surging consumer demand fueled “transitory” inflation

Retail sales

% change from January 2020



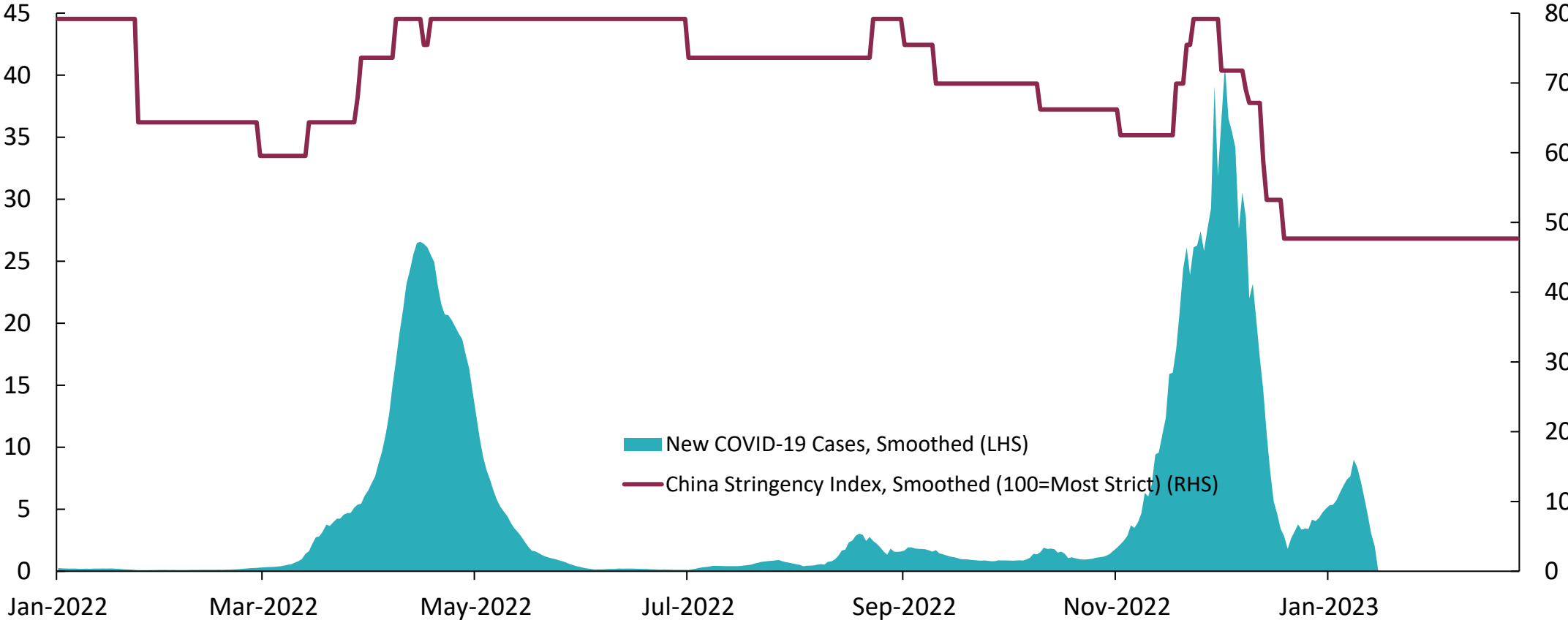
China's COVID strategy

New COVID-19 cases, China

Thousands, smoothed average

Stringency of government restrictions, China

Index value, maximum=100



Casualties of war: Invasion of Ukraine takes key commodities offline

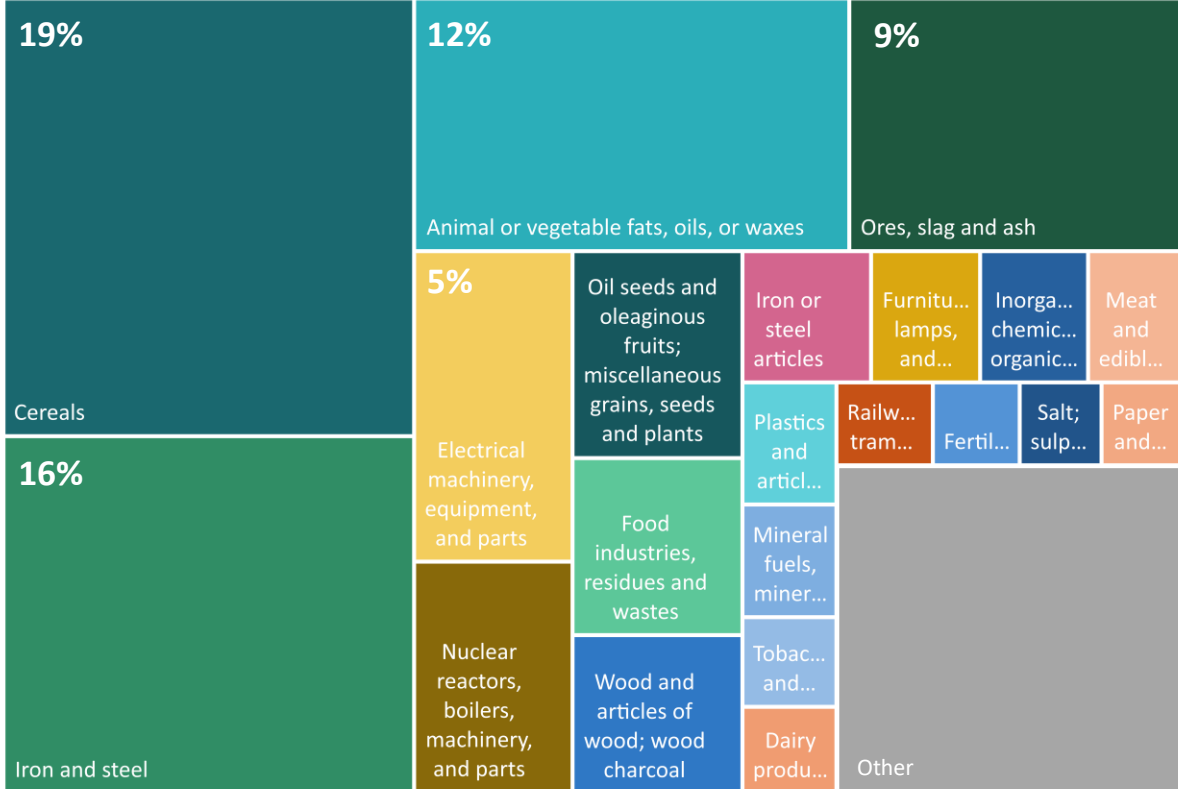
Russian commodity exports, 2020

Share of total commodity exports excluding uncategorized goods



Ukrainian commodity exports, 2020

Share of total commodity exports excluding uncategorized goods

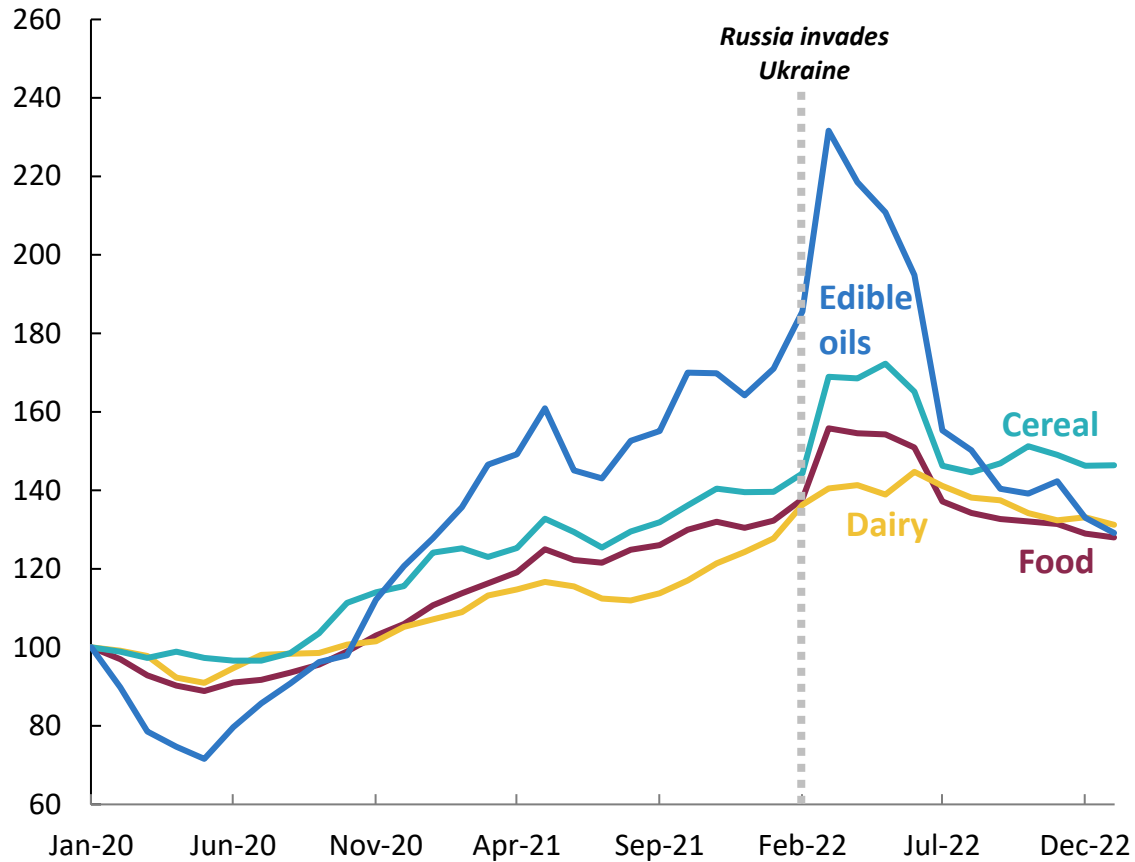


Sources: UN Comtrade, EDC Economics

Effects of war linger: Still-high prices across commodity complex

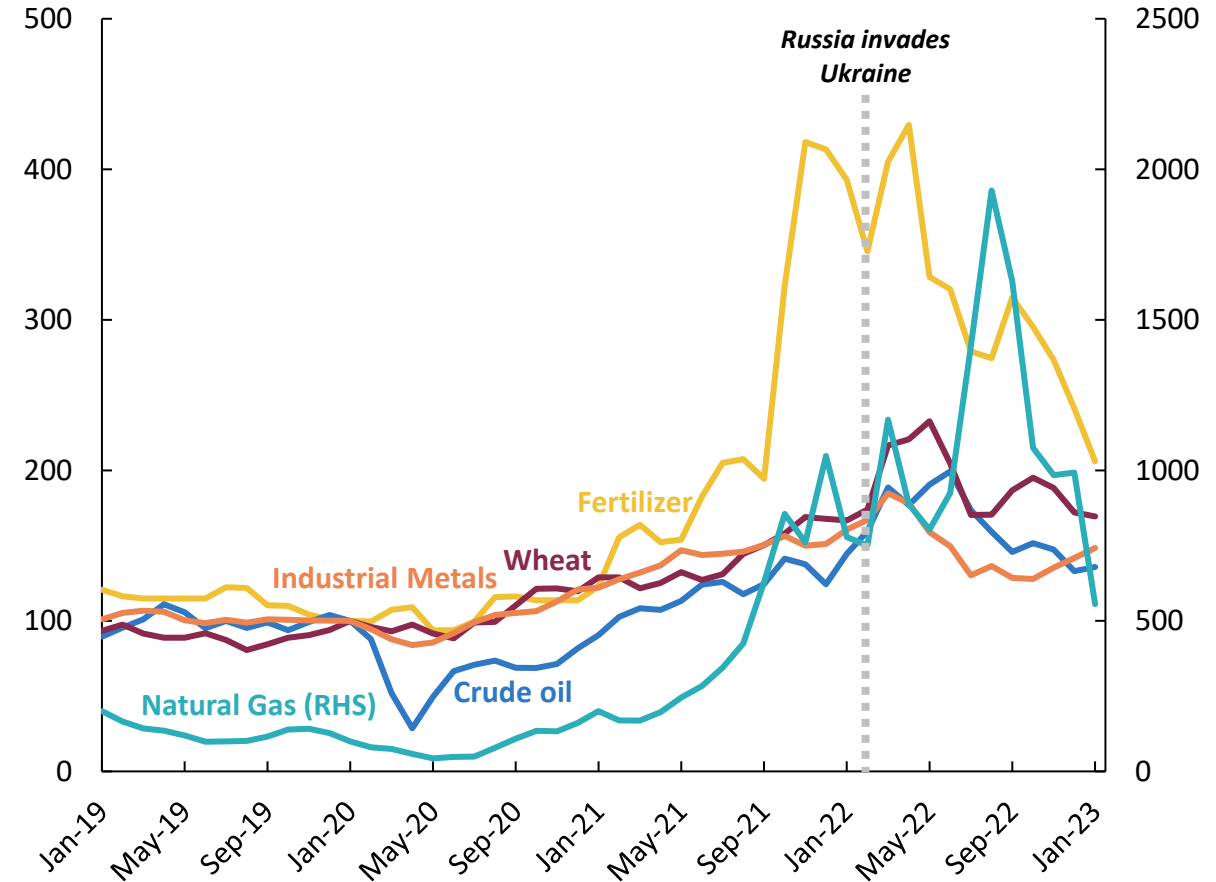
Food price indices

Index, January 2020 = 100



Key commodity indices

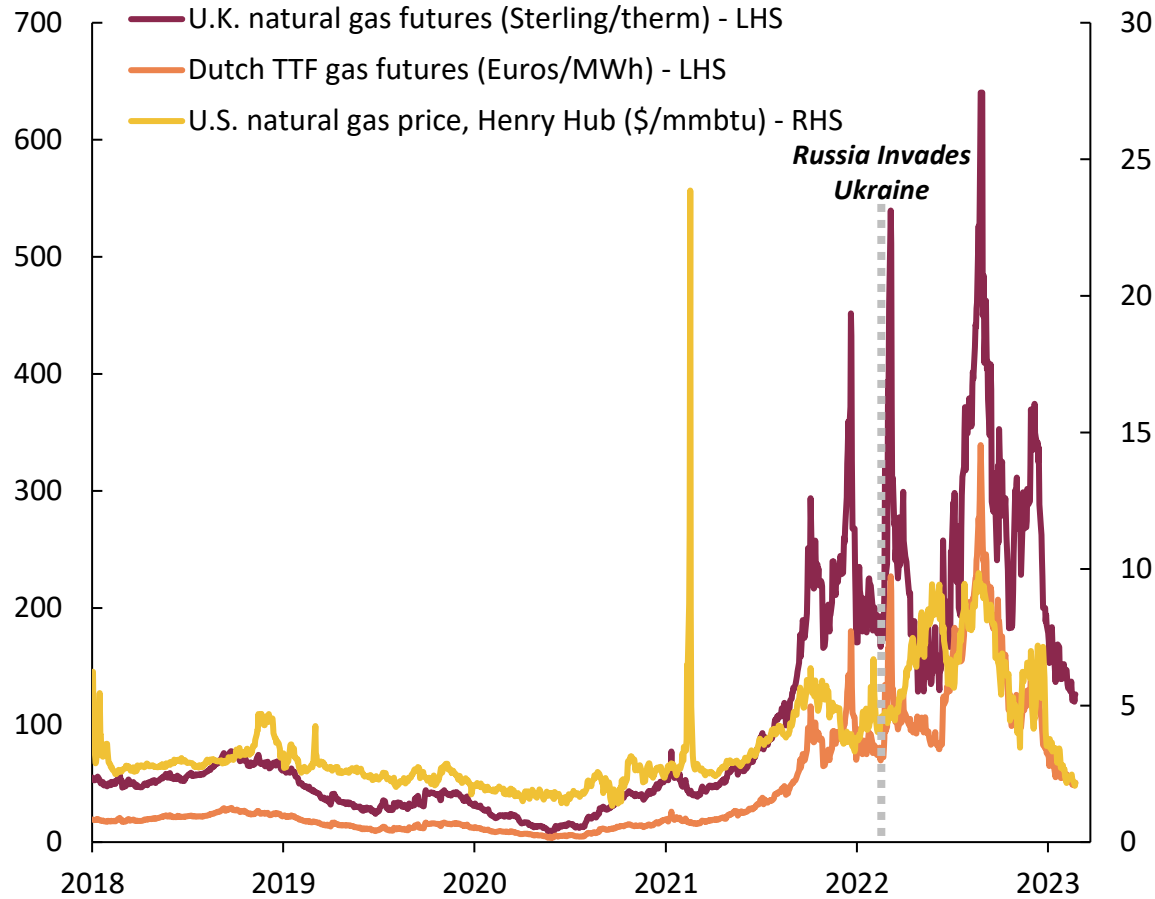
Index, January 2020 = 100



Sources: Haver Analytics, World Bank, UN & FAO, EDC Economics

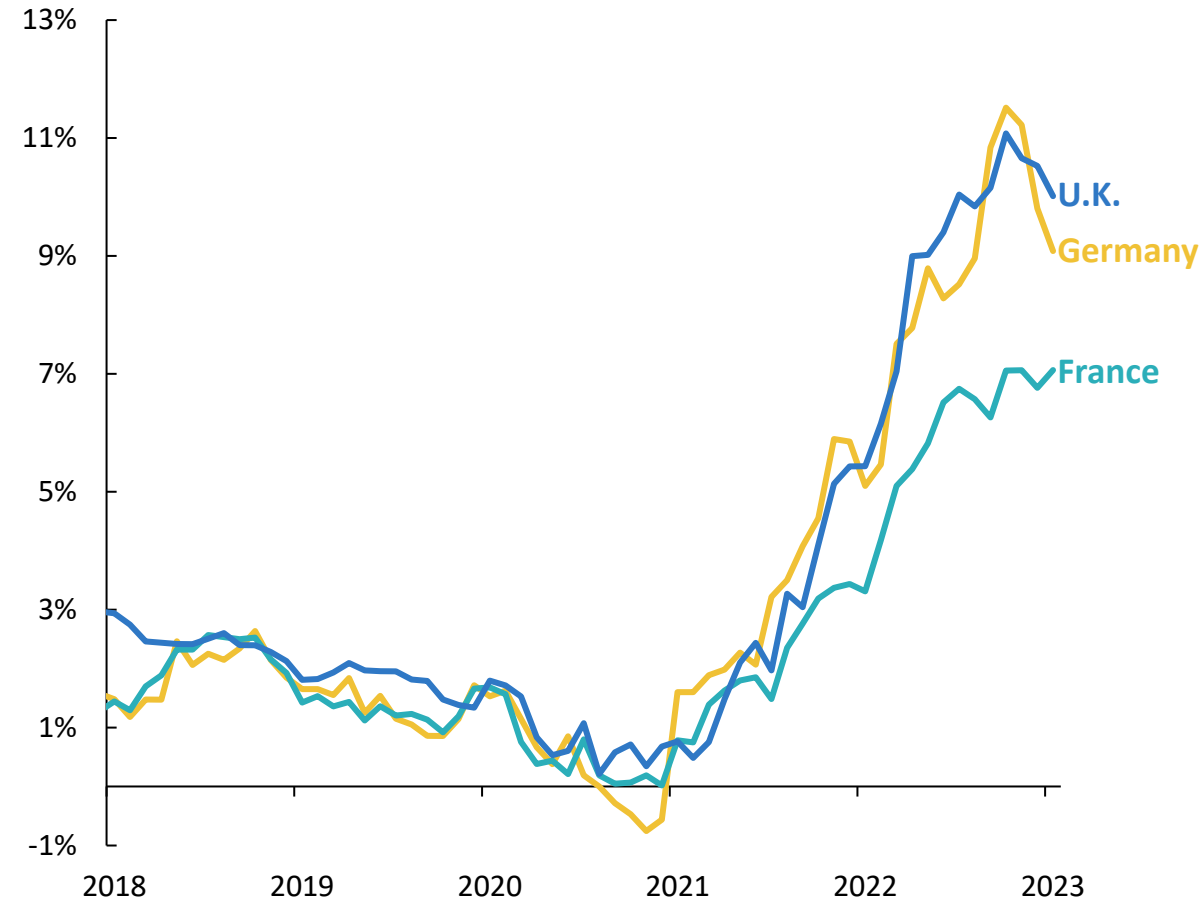
Weather effects: Europe may have dodged a bullet, but structural issues remain

European and U.S. natural gas prices



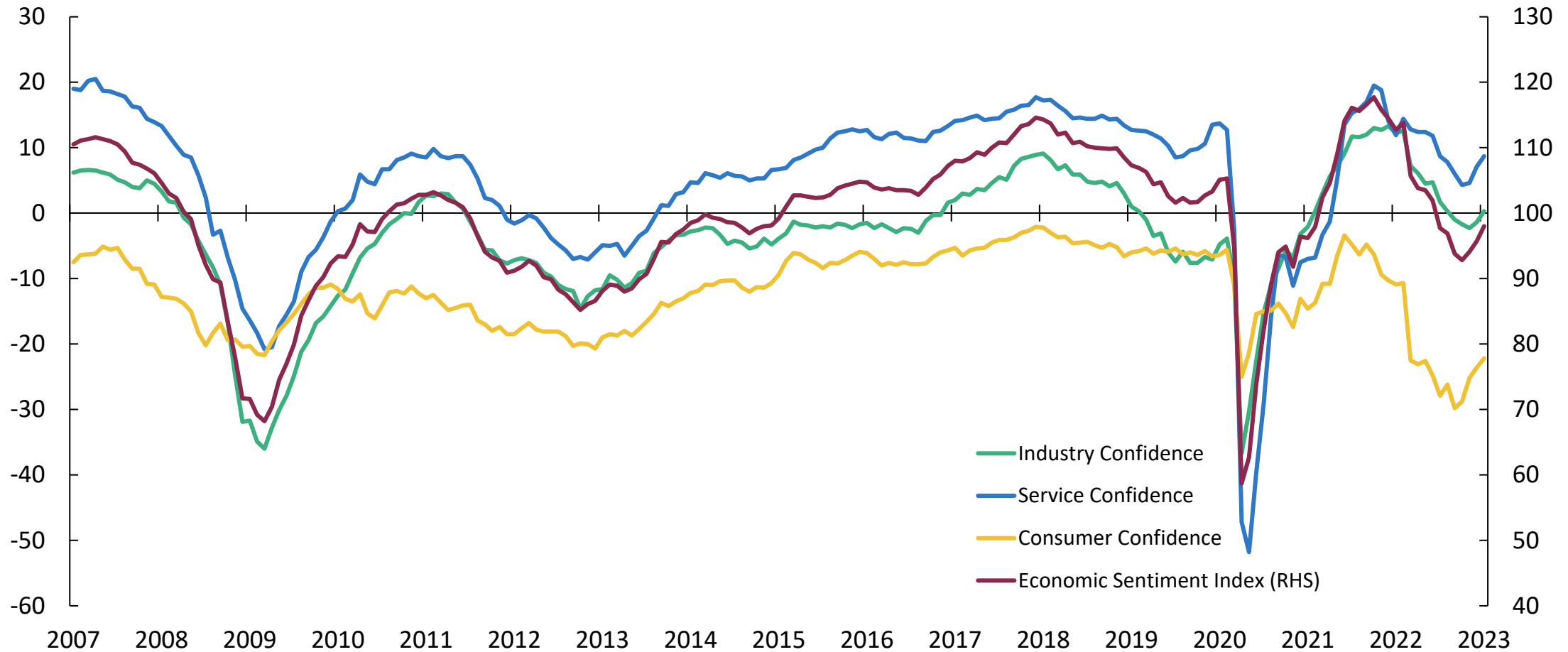
European inflation rates

Year-over-year % change



Uncertainty impacting European confidence

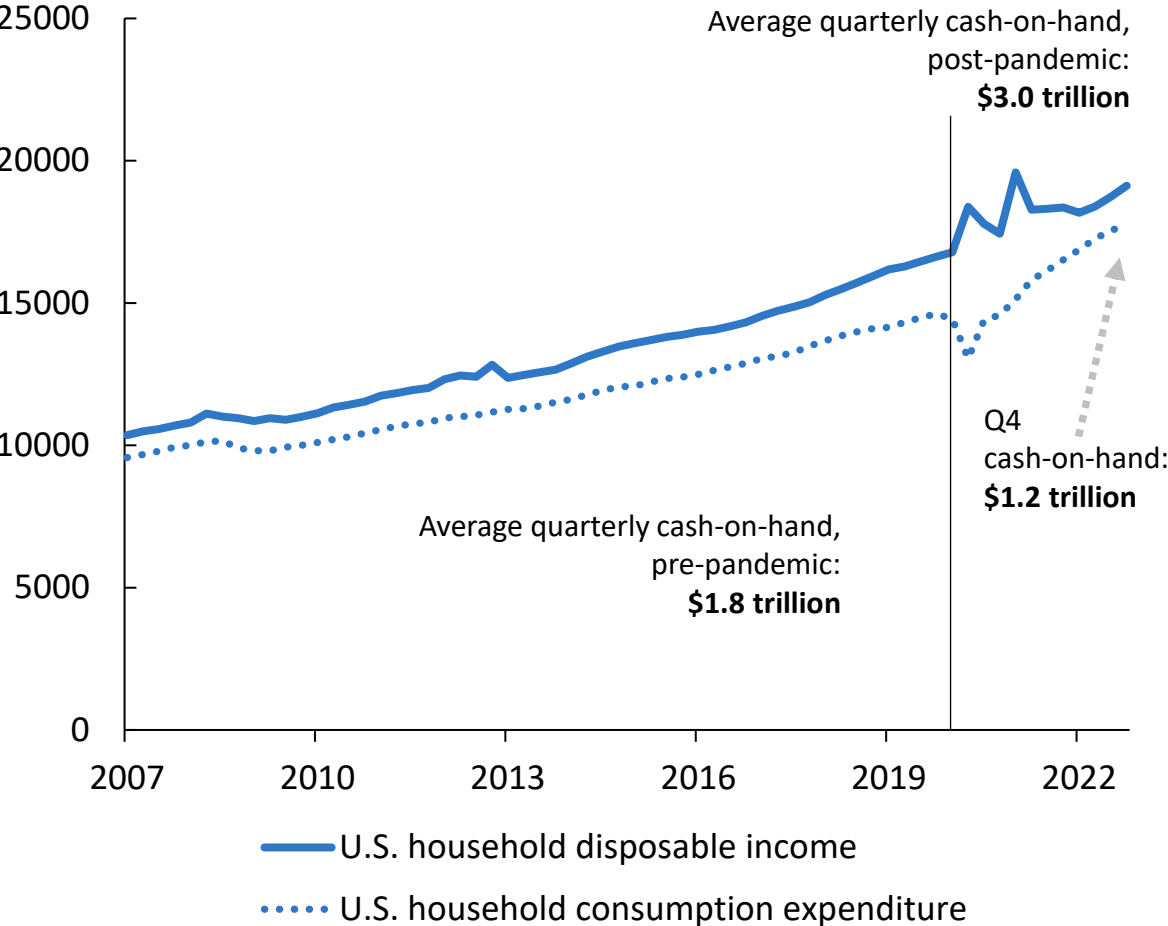
European Union confidence indices



Cash stash: North American consumers still sitting on excess reserves

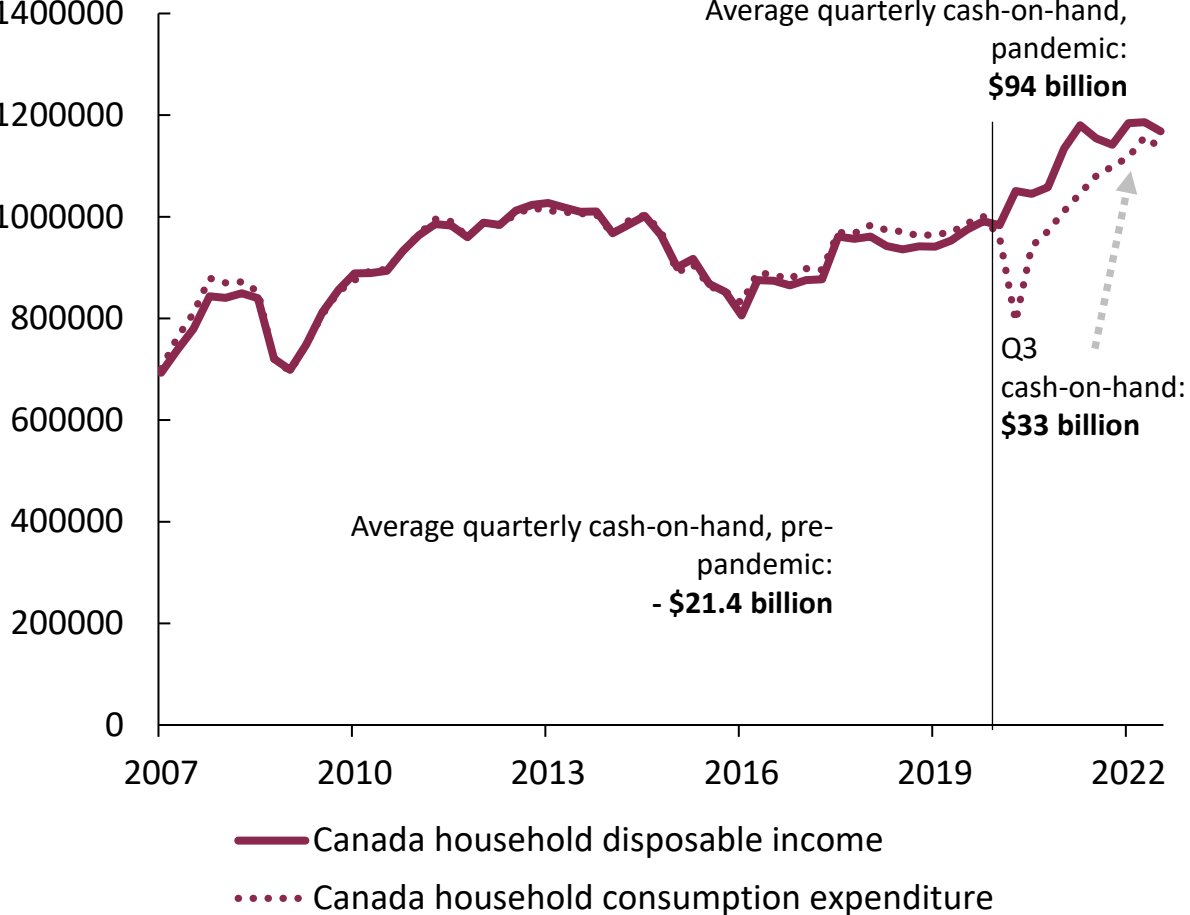
U.S. households' cash-on-hand

Quarterly, USD billions



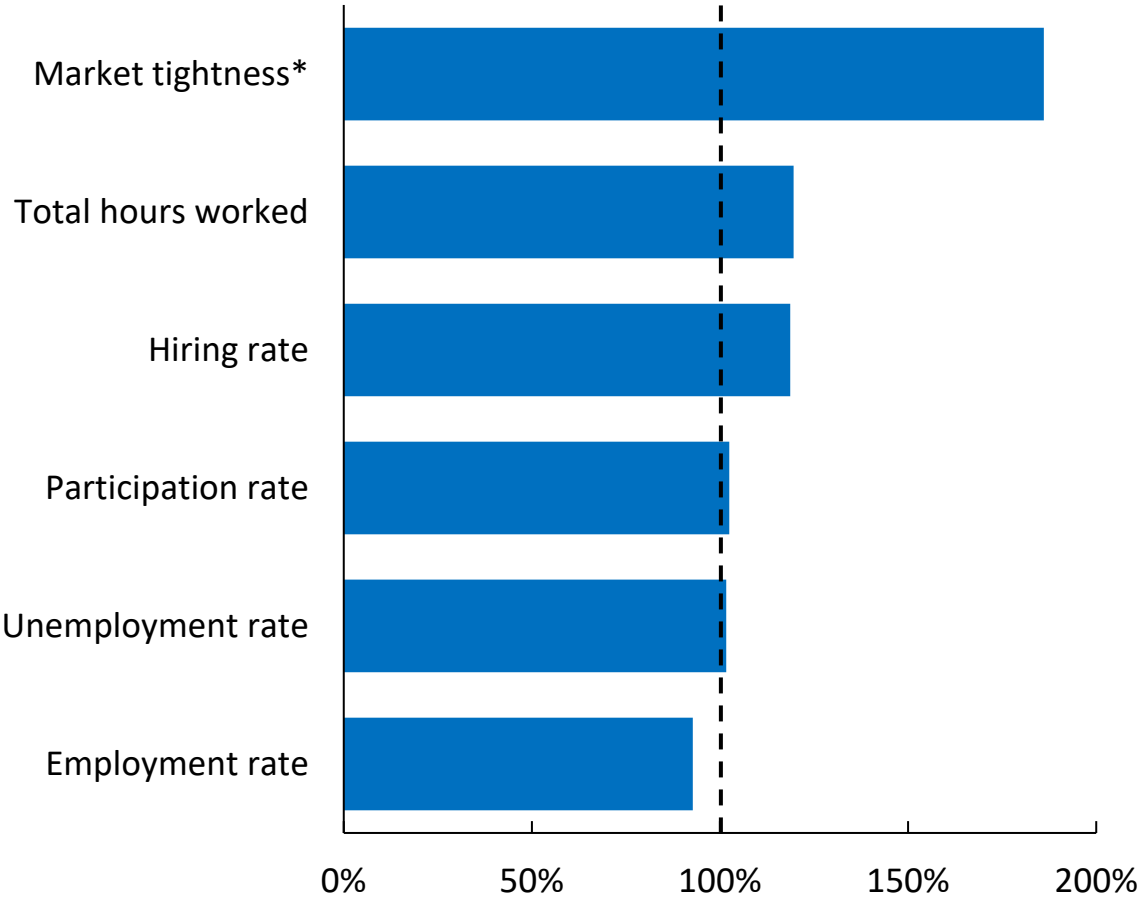
Canada households' cash-on-hand

Quarterly, USD millions

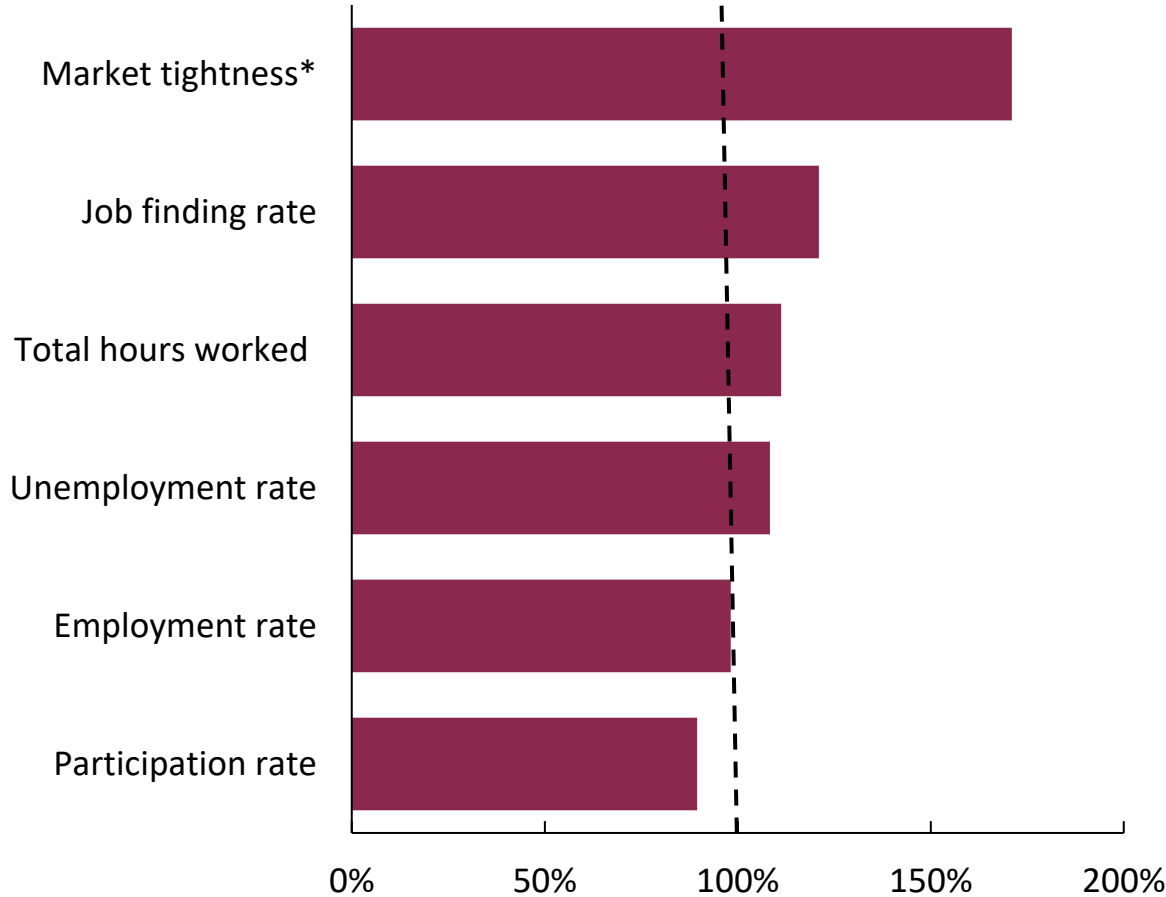


Labour markets remain tight

U.S. labour market conditions



Canada labour market conditions



Note: The recovery of each indicator is depicted as progress bars, where the current value of a measure is compared with its crisis trough and a benchmark value (2019 monthly average).

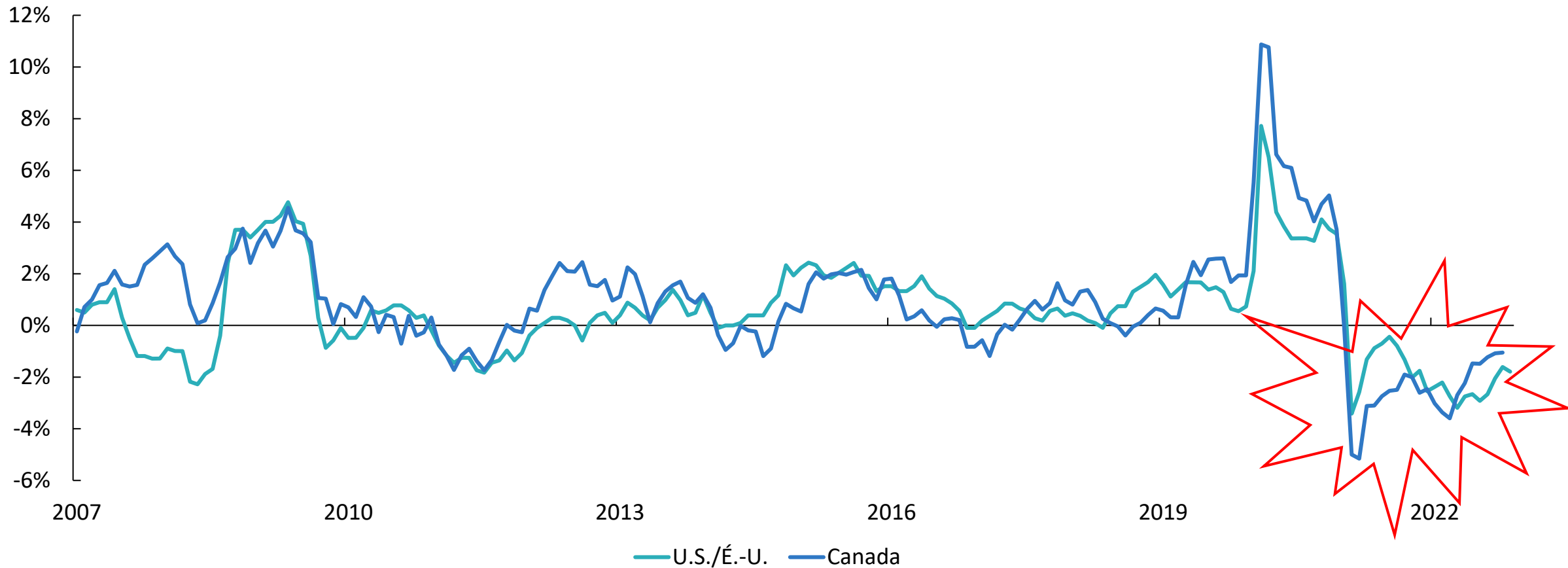
*Market tightness is computed as the ratio of job openings to total unemployed.



Inflation bites: Wages adjusted for cost of living

Real average hourly wages

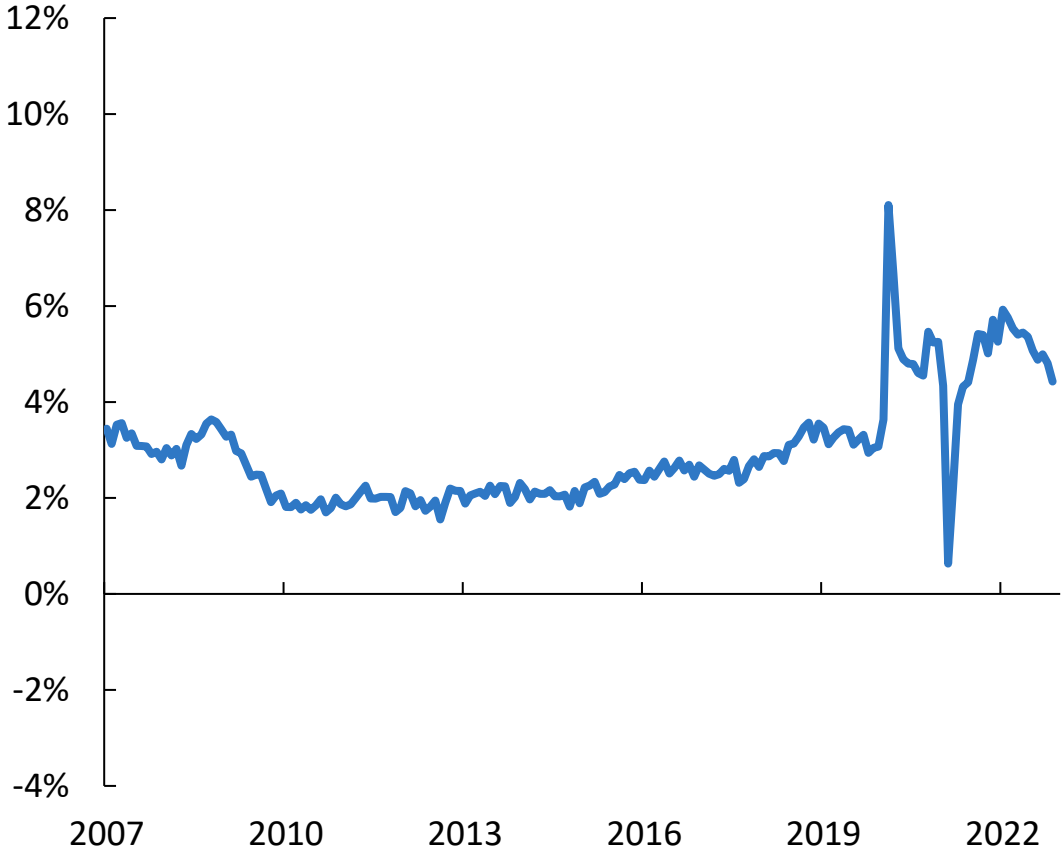
year-over-year %, Monthly



Second-round effects: Wage-price spiral risks aggravating inflation

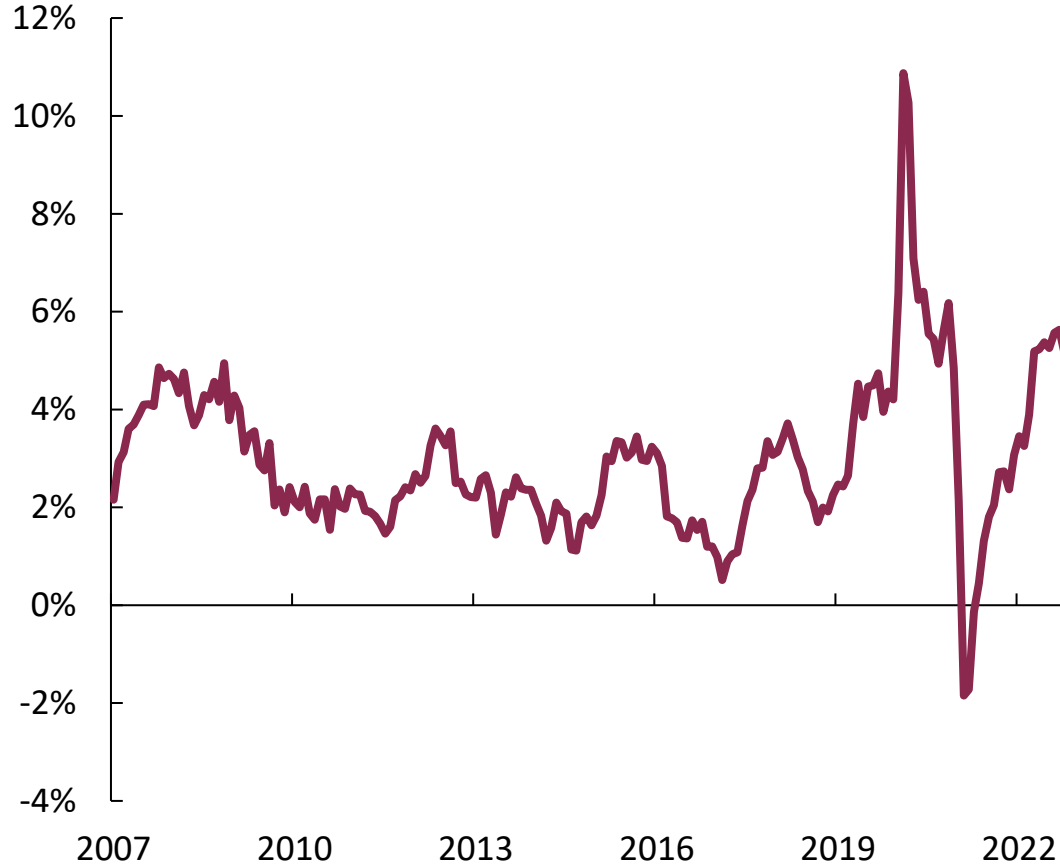
U.S. average hourly wage change

Year-over-year %, Monthly



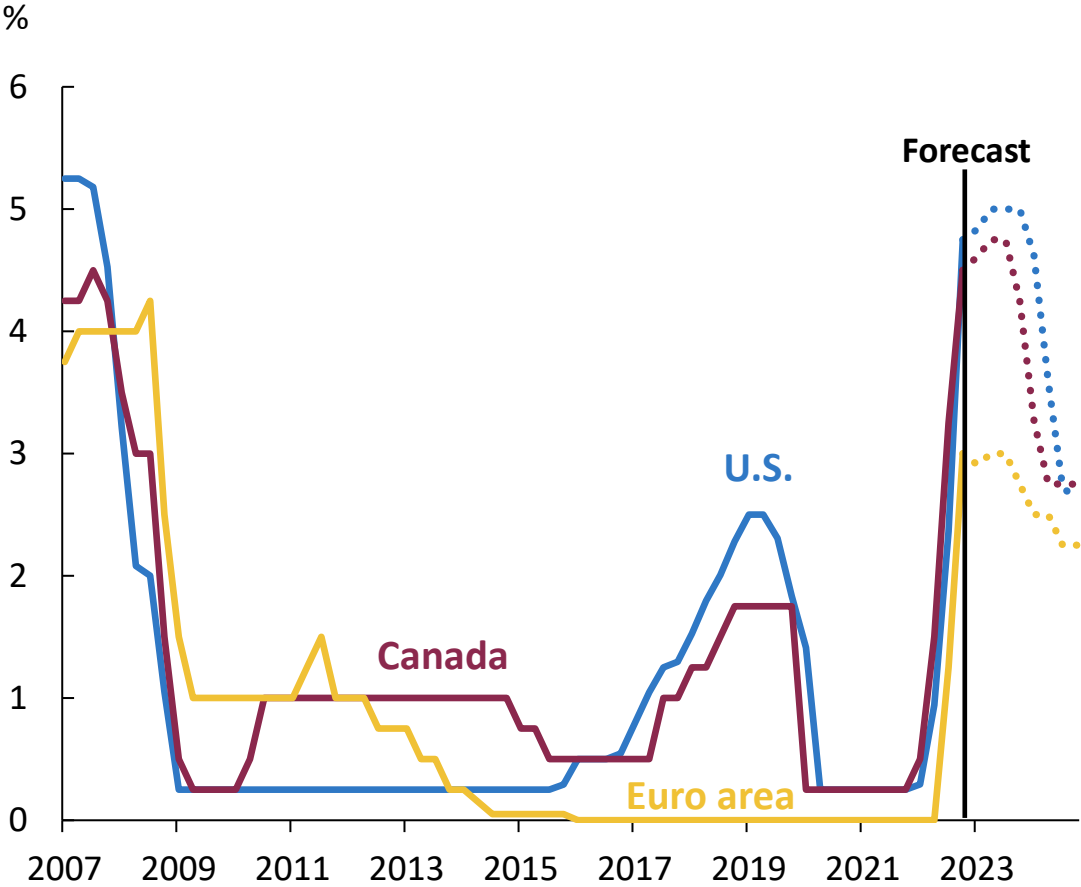
Canada average hourly wage change

Year-over-year %, Monthly



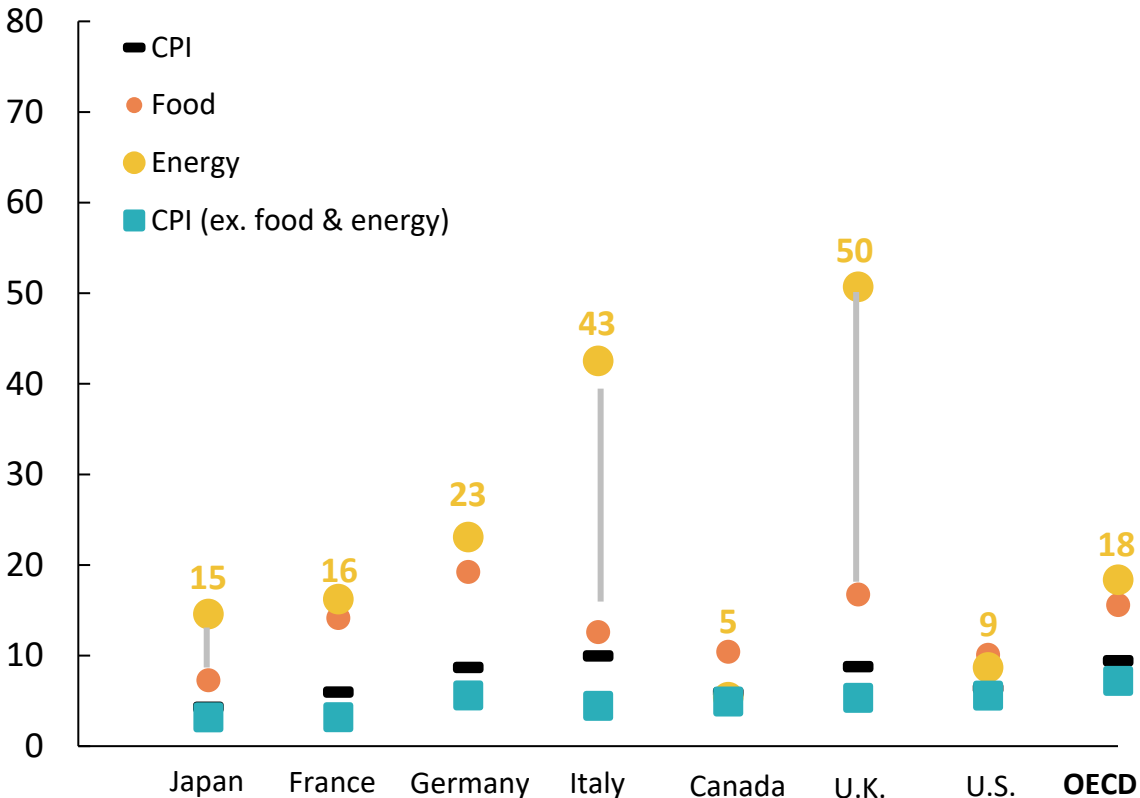
This is what it looks like when the doves cry: Central banks take action

Policy interest rates



Inflation

Consumer Price Index (CPI), year-over-year %



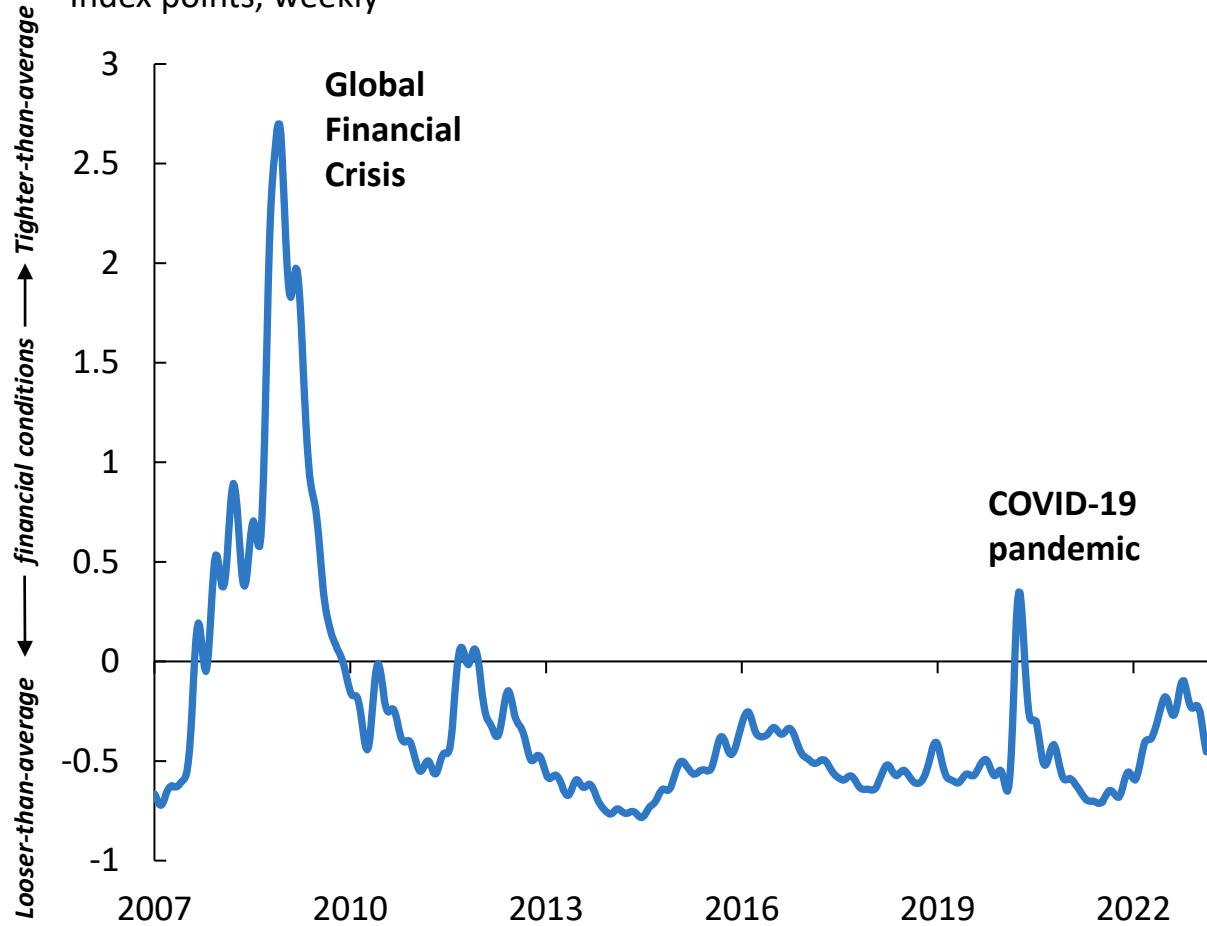
Note: CPI data as of January 2023, OECD aggregate as of December 2022



A fine line: Markets propped up by cheap money

U.S. National Financial Conditions Index

Index points, weekly



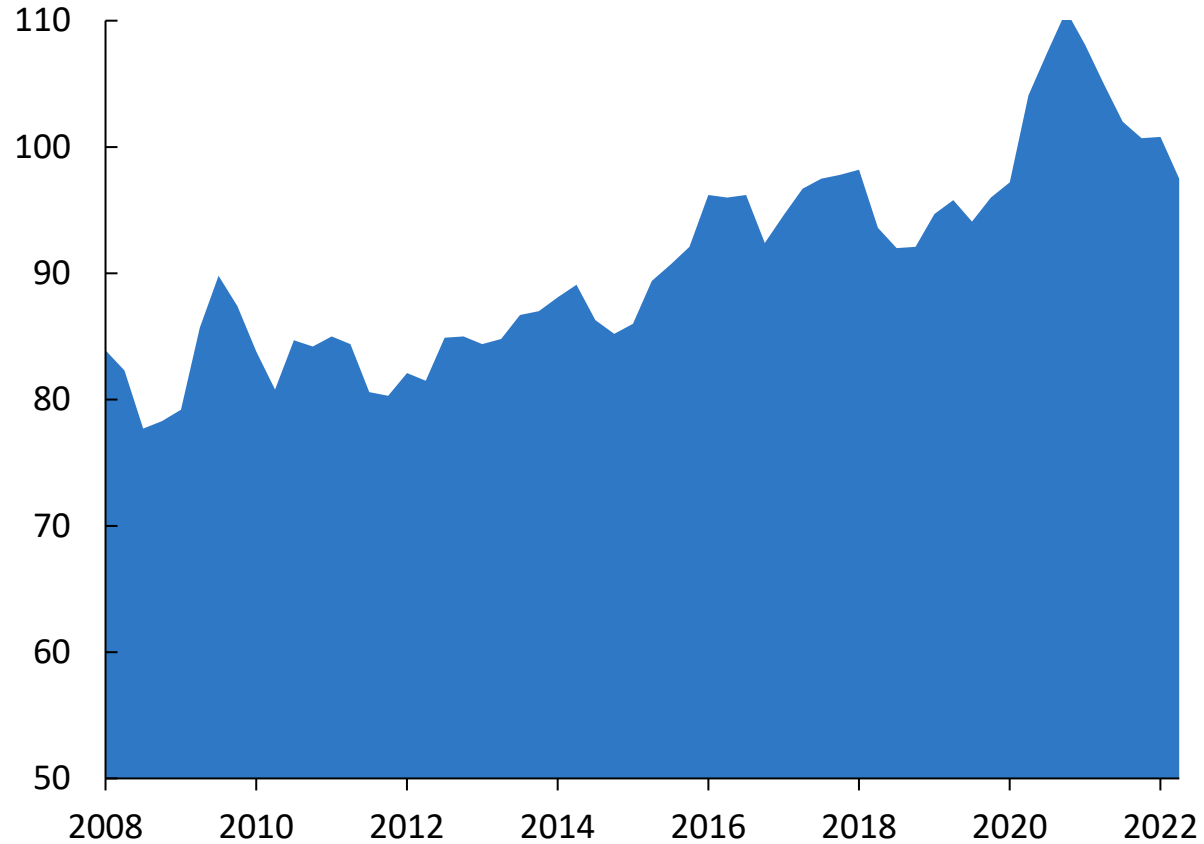
Cyclically Adjusted Price Earnings Ratio (P/E10, CAPE)



Swimming without shorts?

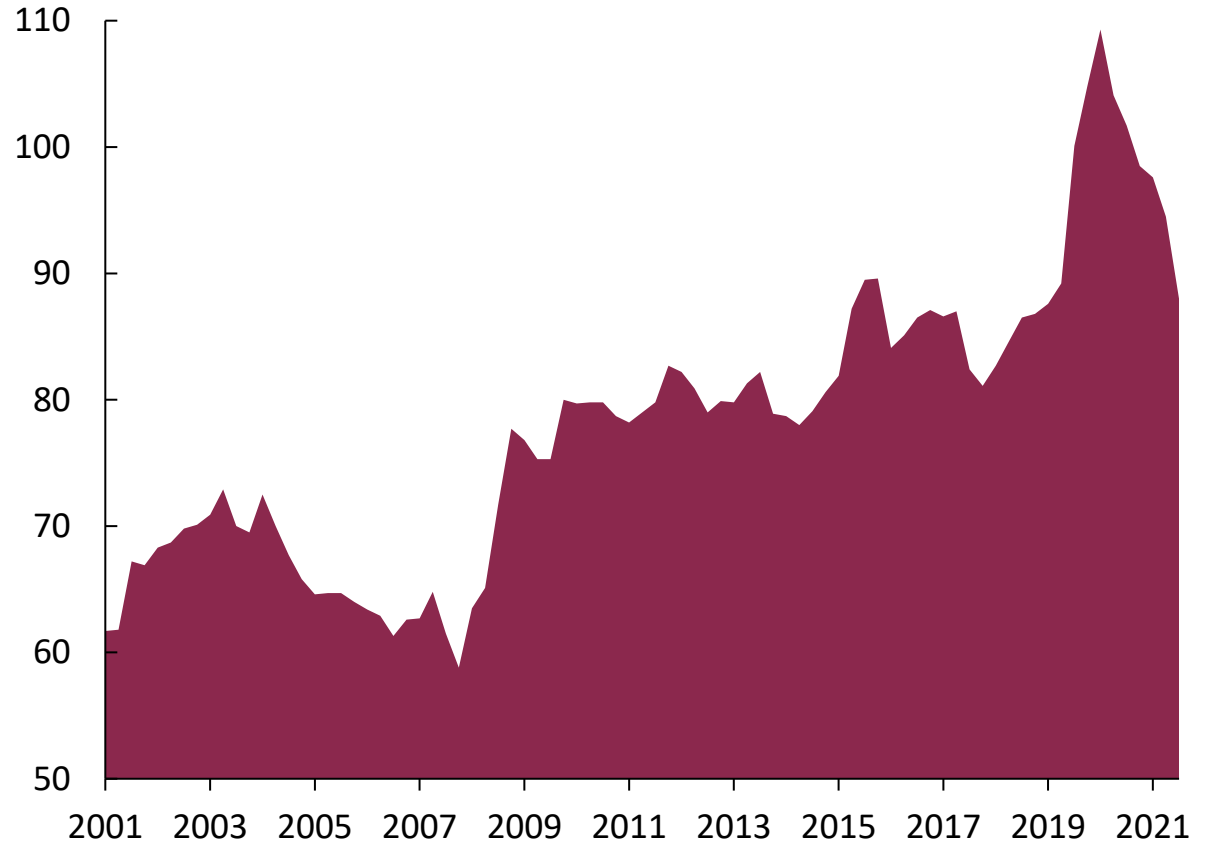
Non-financial corporate debt

Credit to non-financial corporations
(all reporting countries, market value) as a percentage of GDP, quarterly



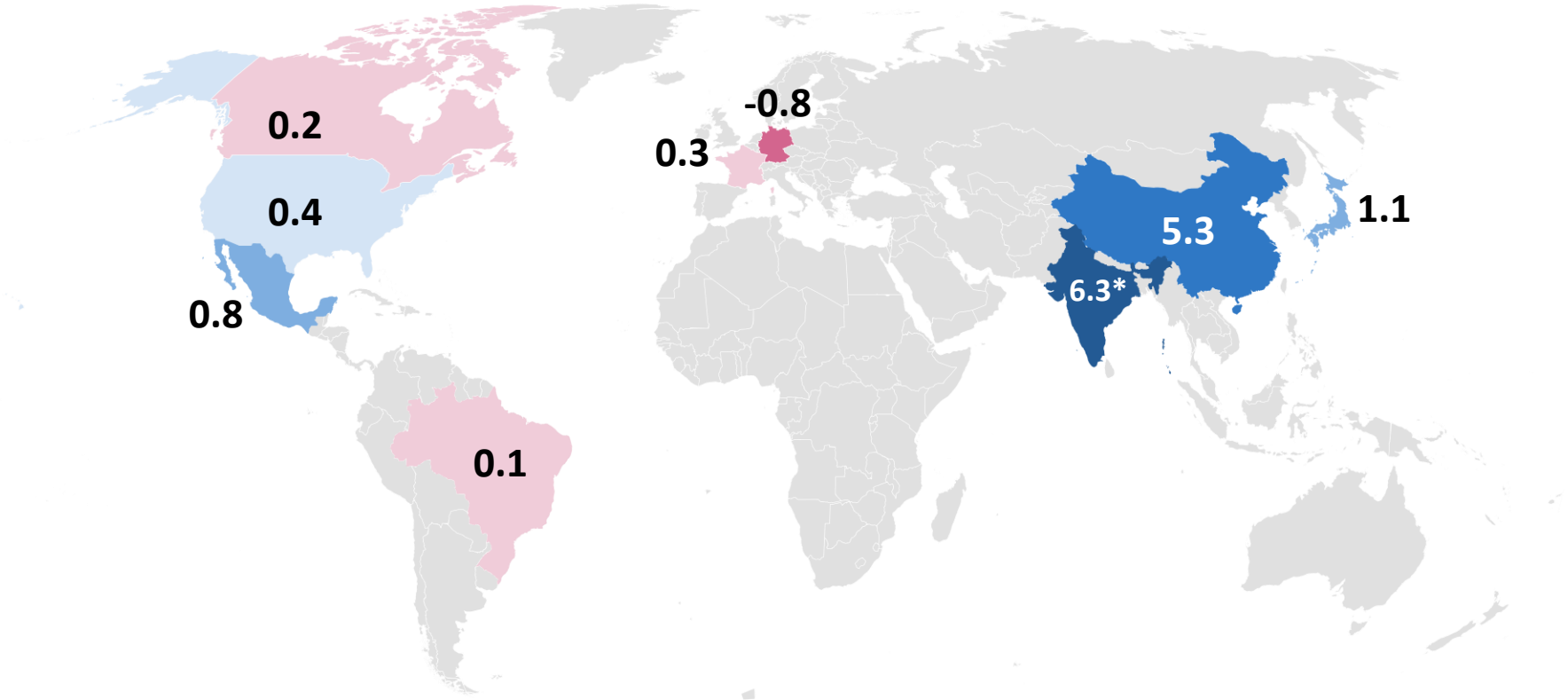
Government debt

Credit to General government
(all reporting countries, market value) as a percentage of GDP, quarterly



2023 growth outlook

Real GDP growth, %



2.3%

World

0.4%

Developed

3.8%

Developing

* India's 2024 FY = Q2 2023 – Q1 2024
Note: Red shading indicates a recession
Source: EDC Global Economic Outlook, January 2023

TAKE ON
THE WORLD



UN MONDE
À CONQUÉRIR

Disclosure

Ce document est également disponible en français.

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