



# Global Monthly Presentation

October 2022

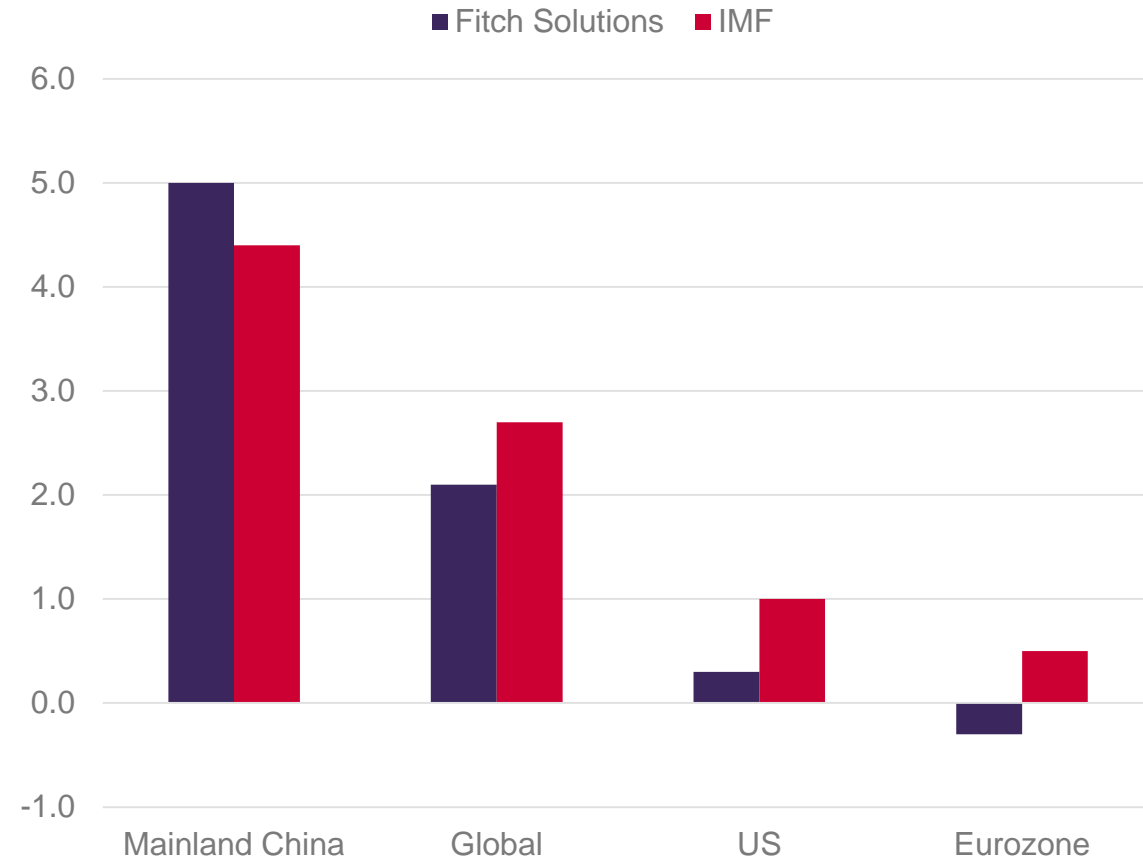
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# Below Consensus For 2022, But Q322 Data Surprising To Upside

## Generally Below Consensus Compared To IMF Forecasts

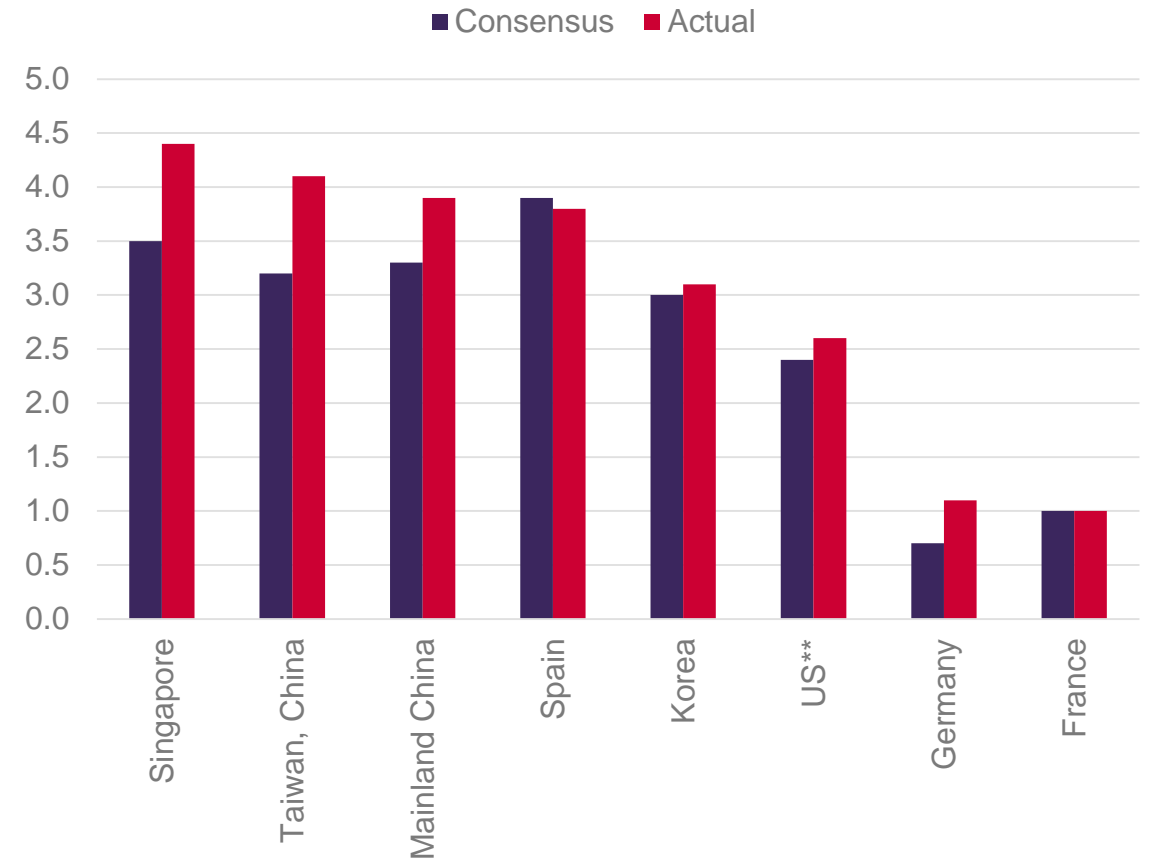
Real GDP Growth, % (2022f)



f = forecast. Source: Fitch Solutions

## Q322 GDP Data Surprising To The Upside

Real GDP Growth, % y-o-y (Q322)

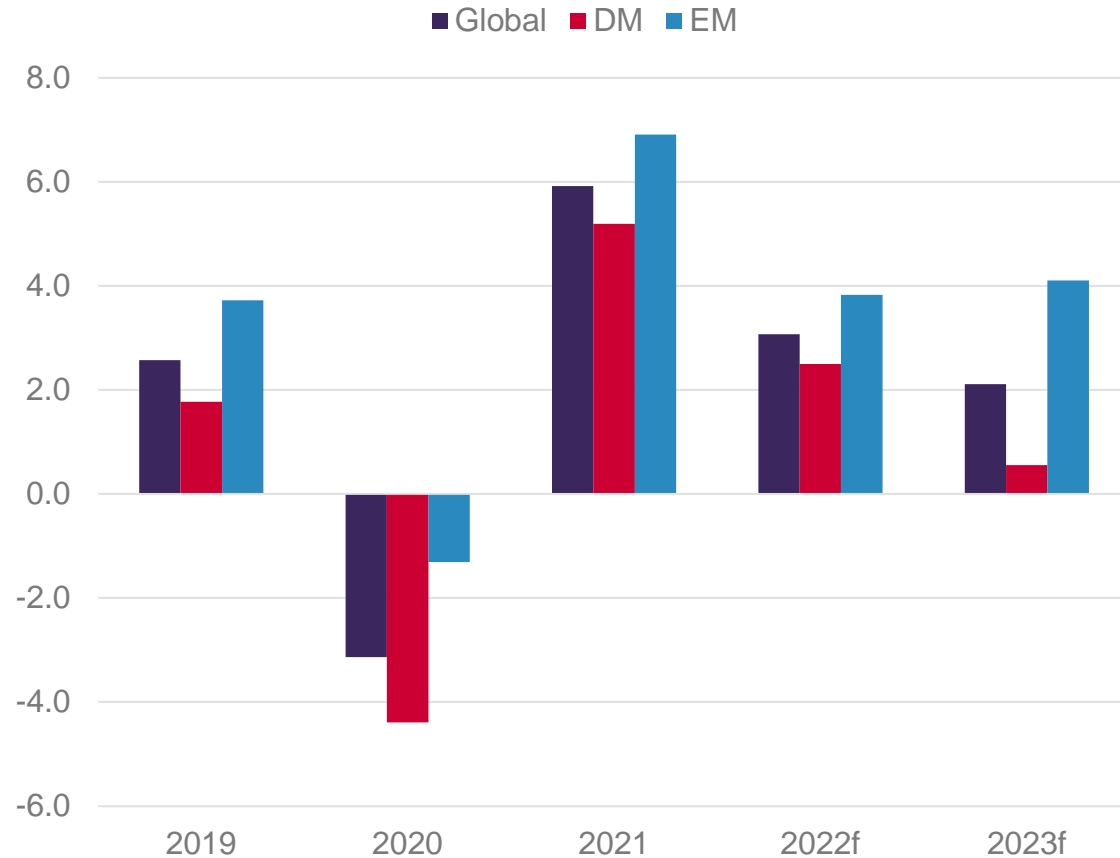


Note: May include territories, special administrative regions, provinces and autonomous regions.  
 \*\*q-o-q annualised. Source: Fitch Solutions

# Sharp Slowdown In 2023, Significant Divergence

## Sharp Slowdown In Developed Markets

Real GDP Growth, % (2019-2023)



f = forecast. Source: Fitch Solutions

## MENA To Outperform Again In 2023

Real GDP Growth, %

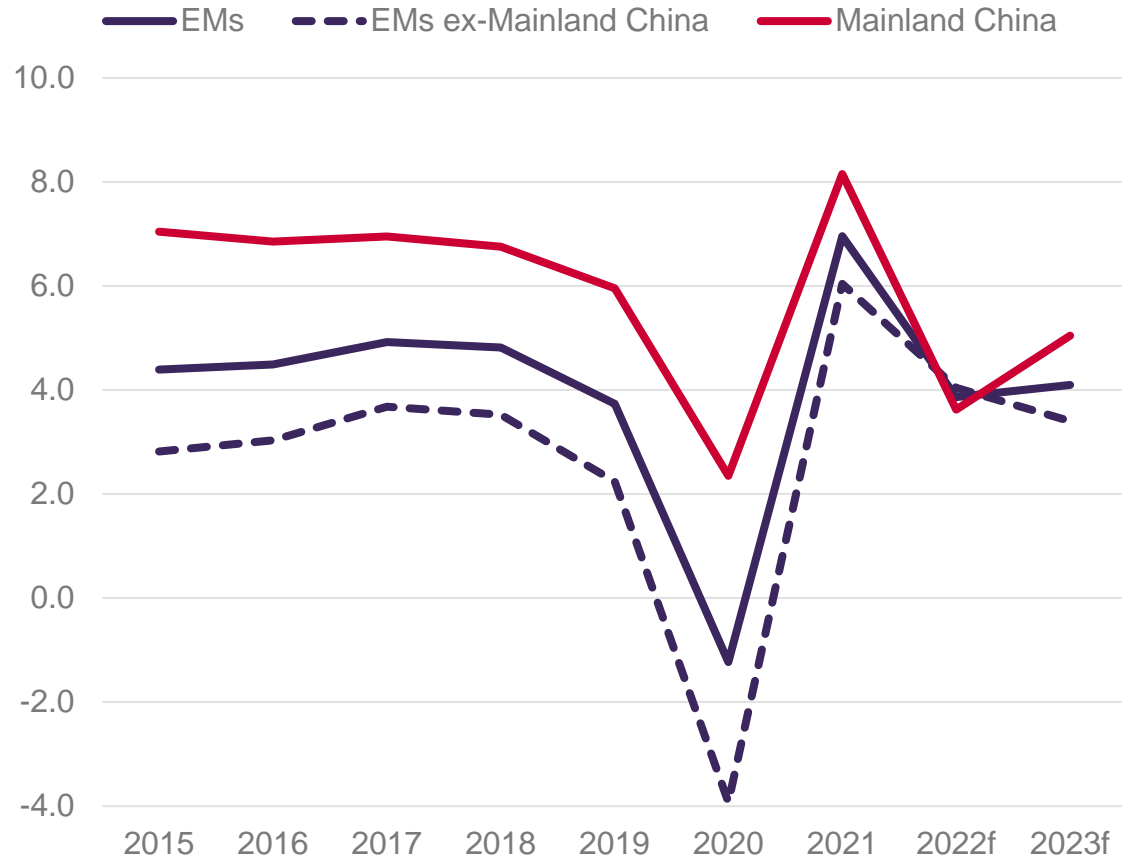


f = forecast. Source: Fitch Solutions

# Slight Acceleration In Mainland China, Slowing Elsewhere

## Mainland China Accelerating....

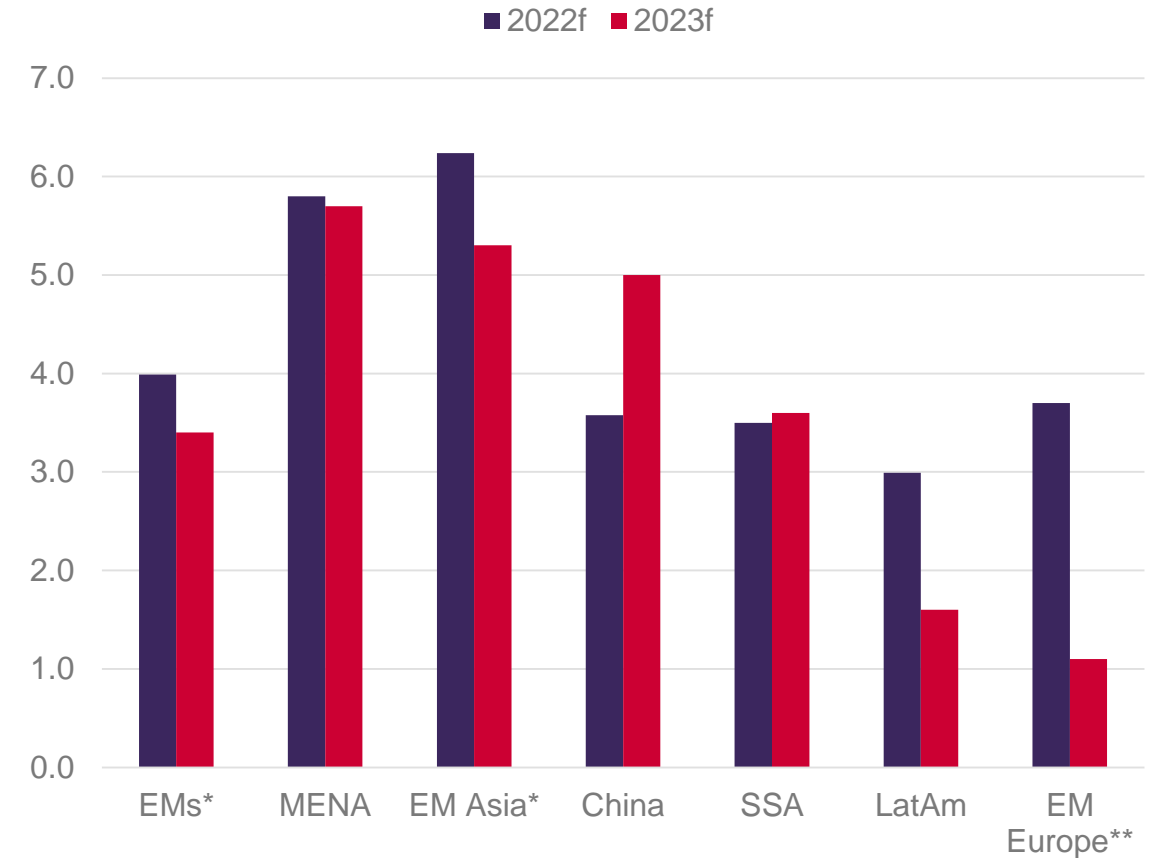
EMs – Real GDP, %



f = forecast. Source: Fitch Solutions

## ....While Most Others Slow

EMs – Real GDP, %

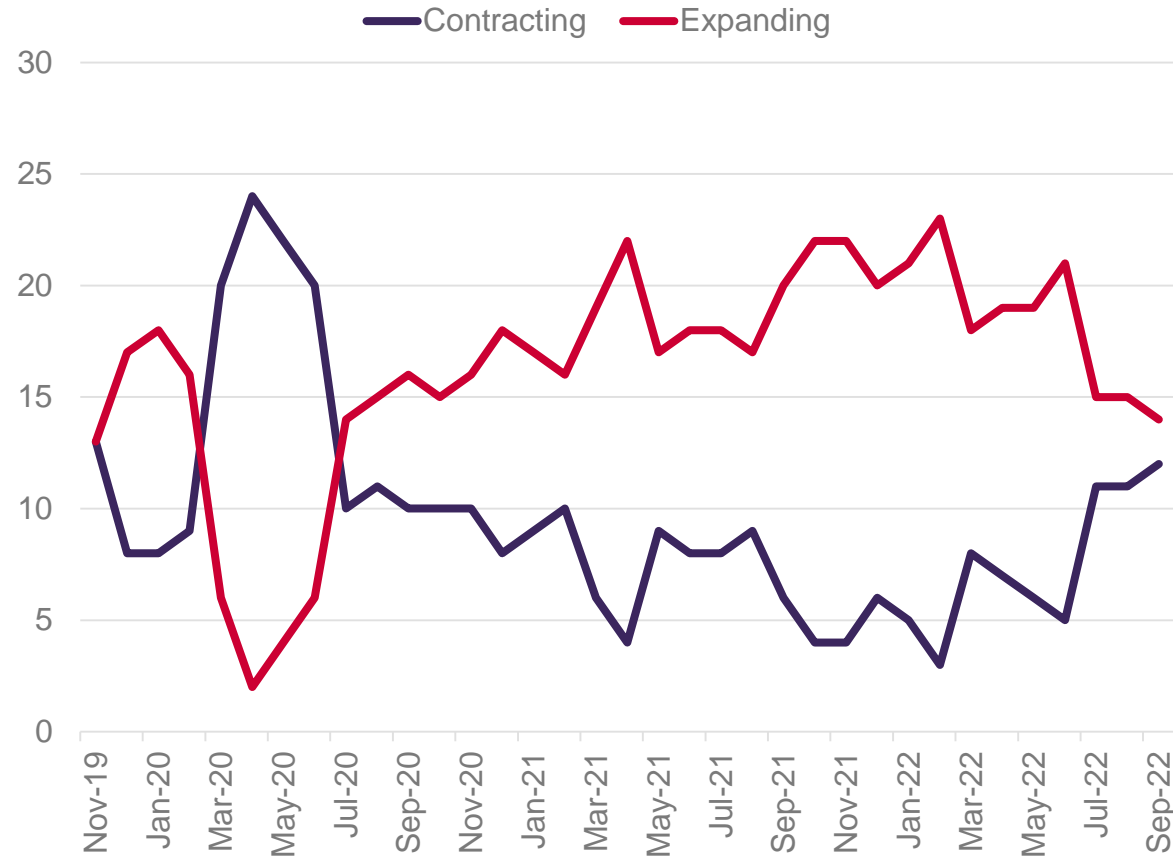


\*Excludes Mainland China. \*\*Excludes Russia and Ukraine. f = forecast. Source: Fitch Solutions

# More Economies Contracting As Monetary Tightening Hurts

## More Economies In Contraction Than Before

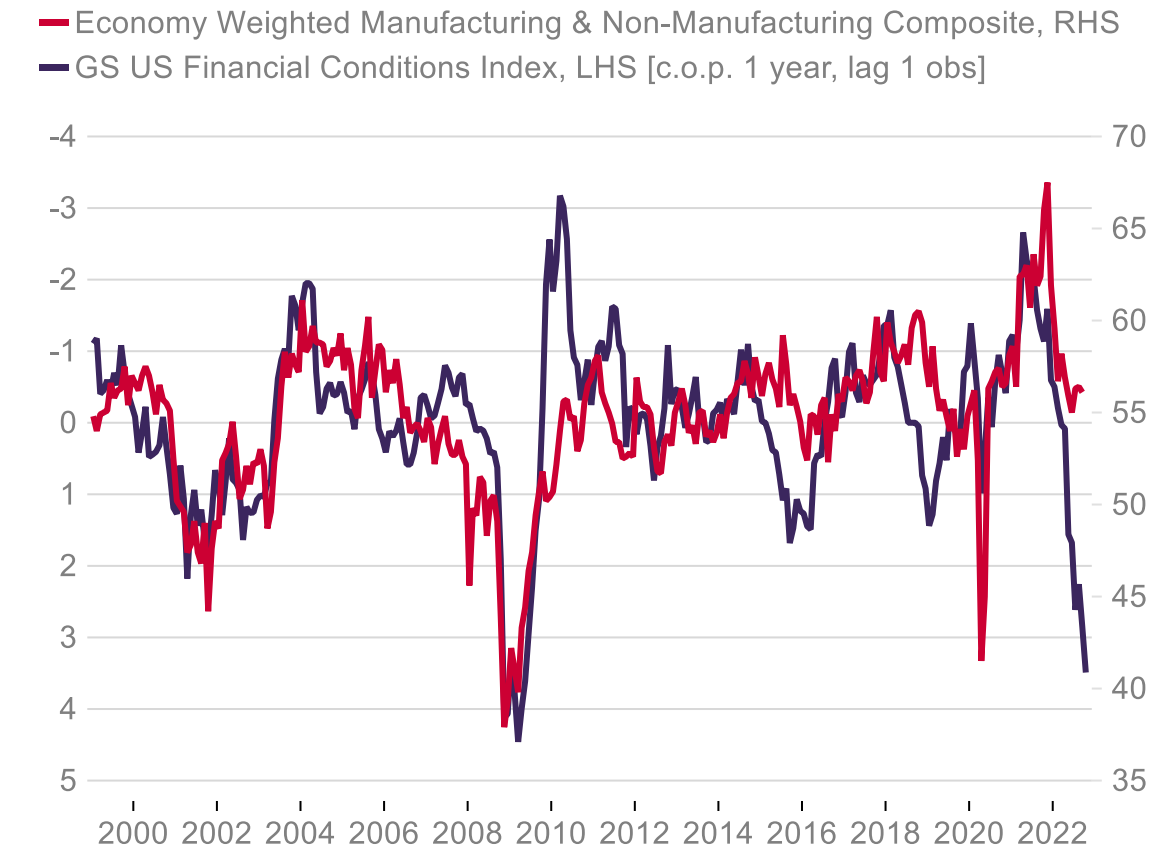
Count Of Select Economies With PMI Above Or Below 50 Level



Source: Bloomberg, Fitch Solutions

## Tightening Financial Conditions Remain A Risk

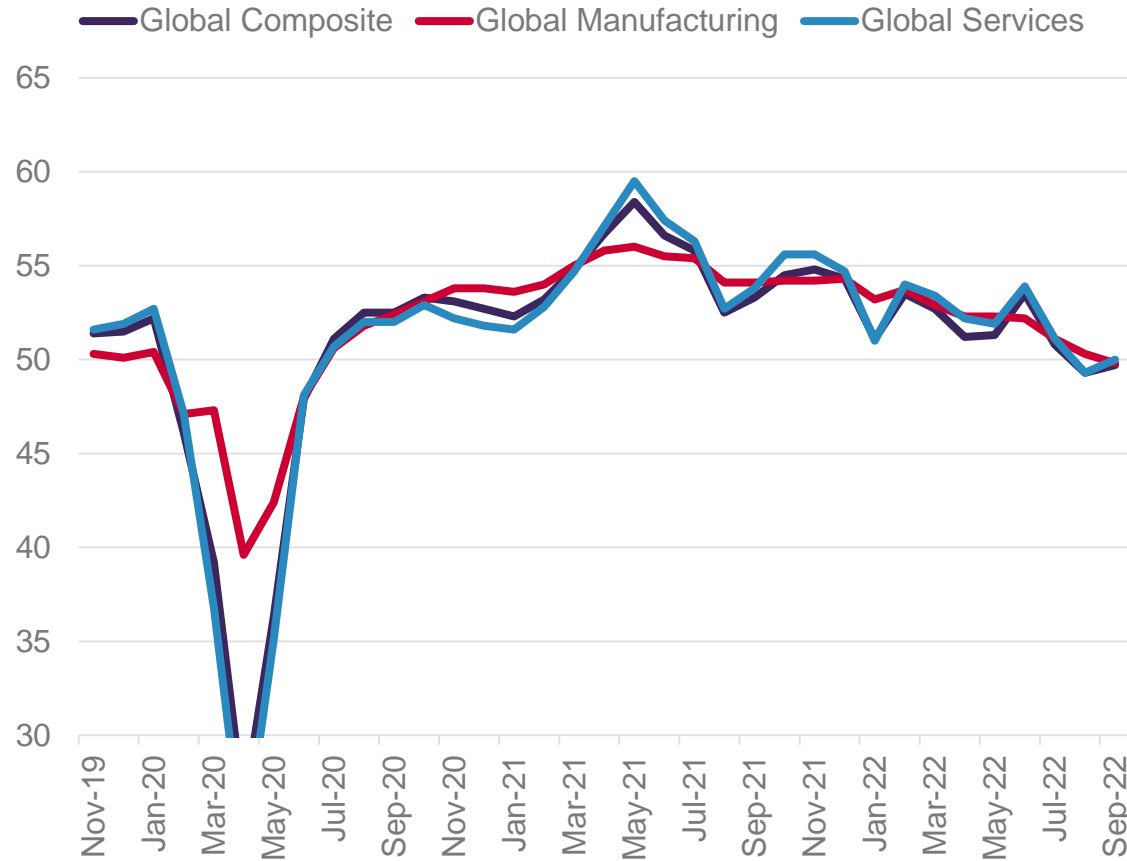
US Composite PMI Vs GS Financial Conditions Index



Source: Bloomberg, Macrobond, Fitch Solutions

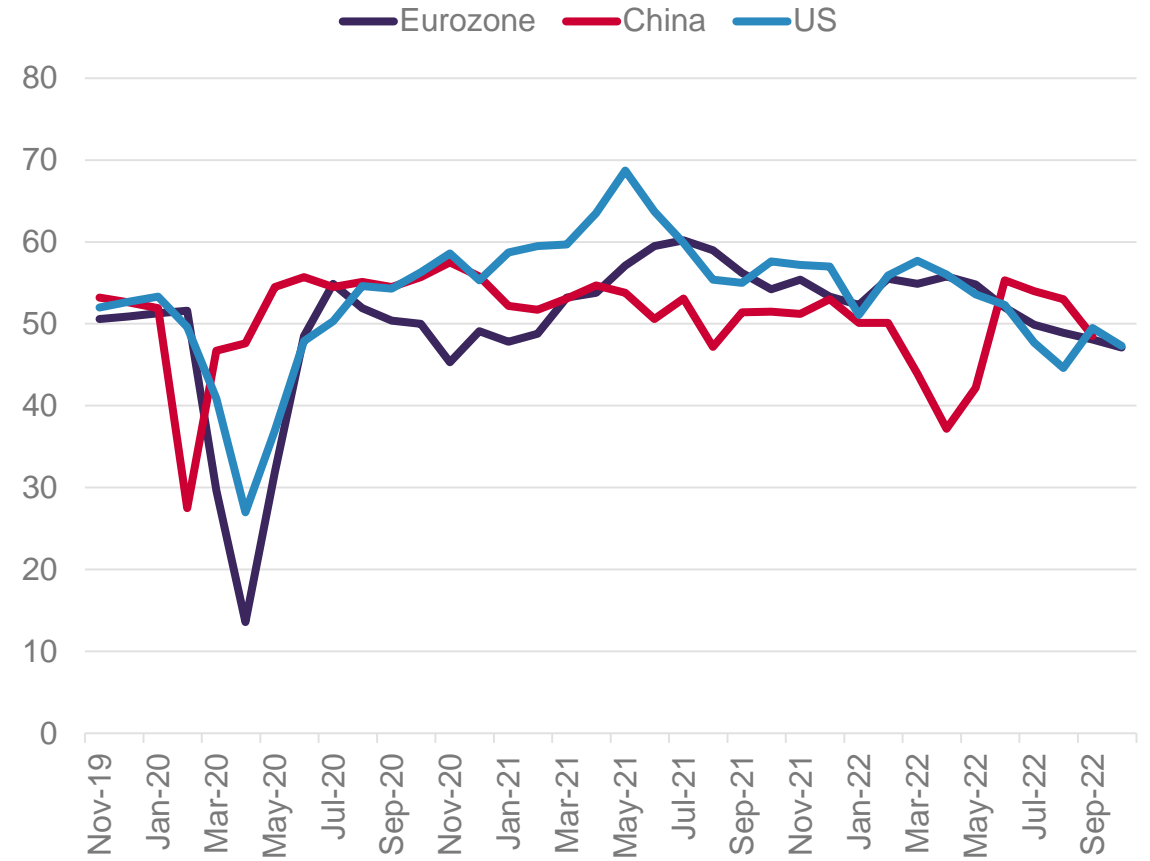
# PMIs Showed Synchronised Weakening

## Composite PMIs Heading Lower Index



Source: JP Morgan, Bloomberg, Fitch Solutions

## Major Economies' PMIs Falling Below 50 Composite PMI

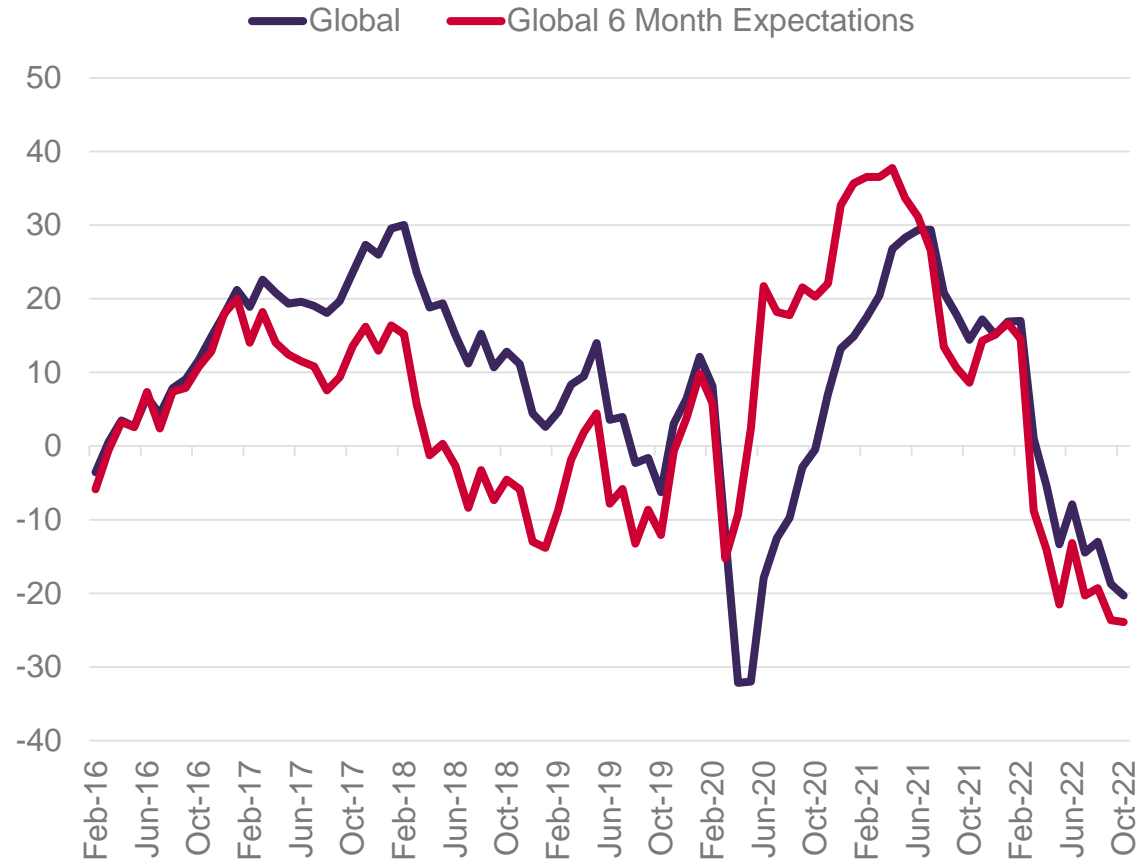


Note: China = Mainland China. Source: Bloomberg, Fitch Solutions

# Sentiment Continues To Weaken

## Sentix Global Sentiment Near Lows

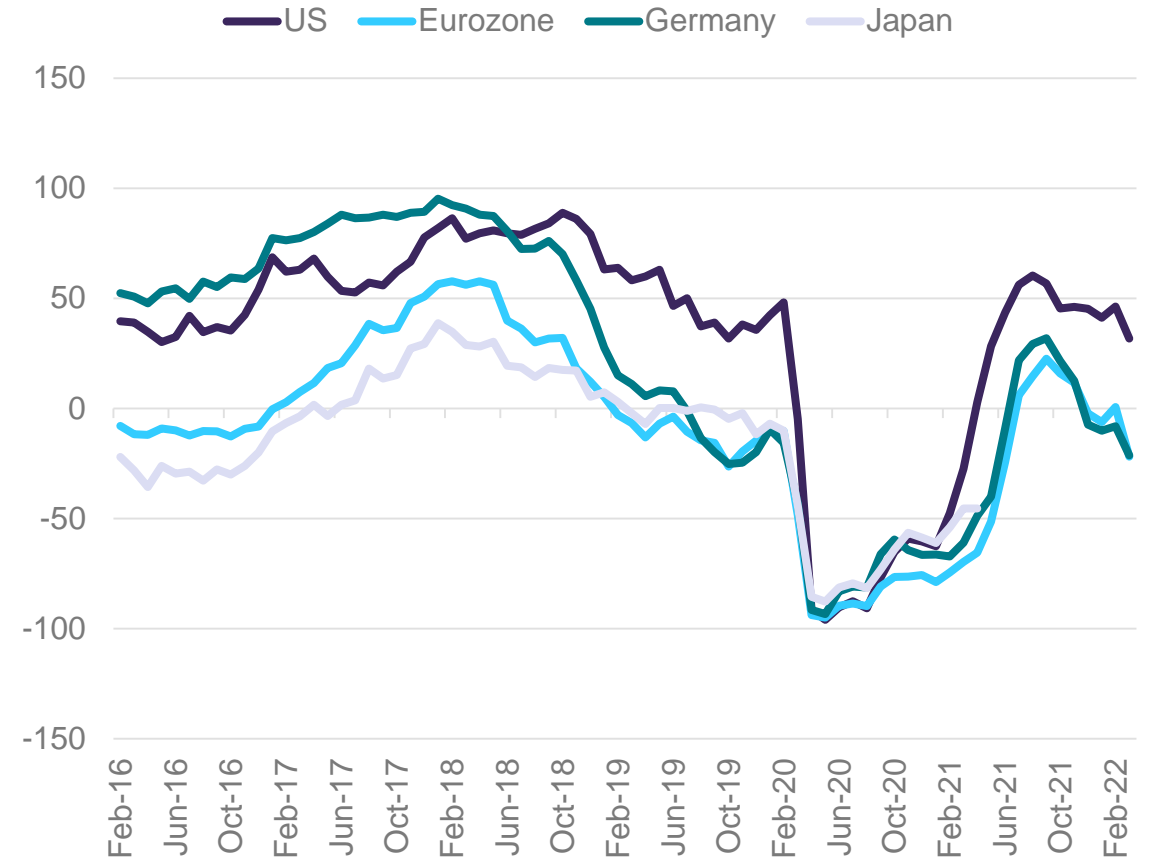
Sentix Index



Source: Sentix, Bloomberg, Fitch Solutions

## Current Expectations Turning Lower Again

ZEW Index



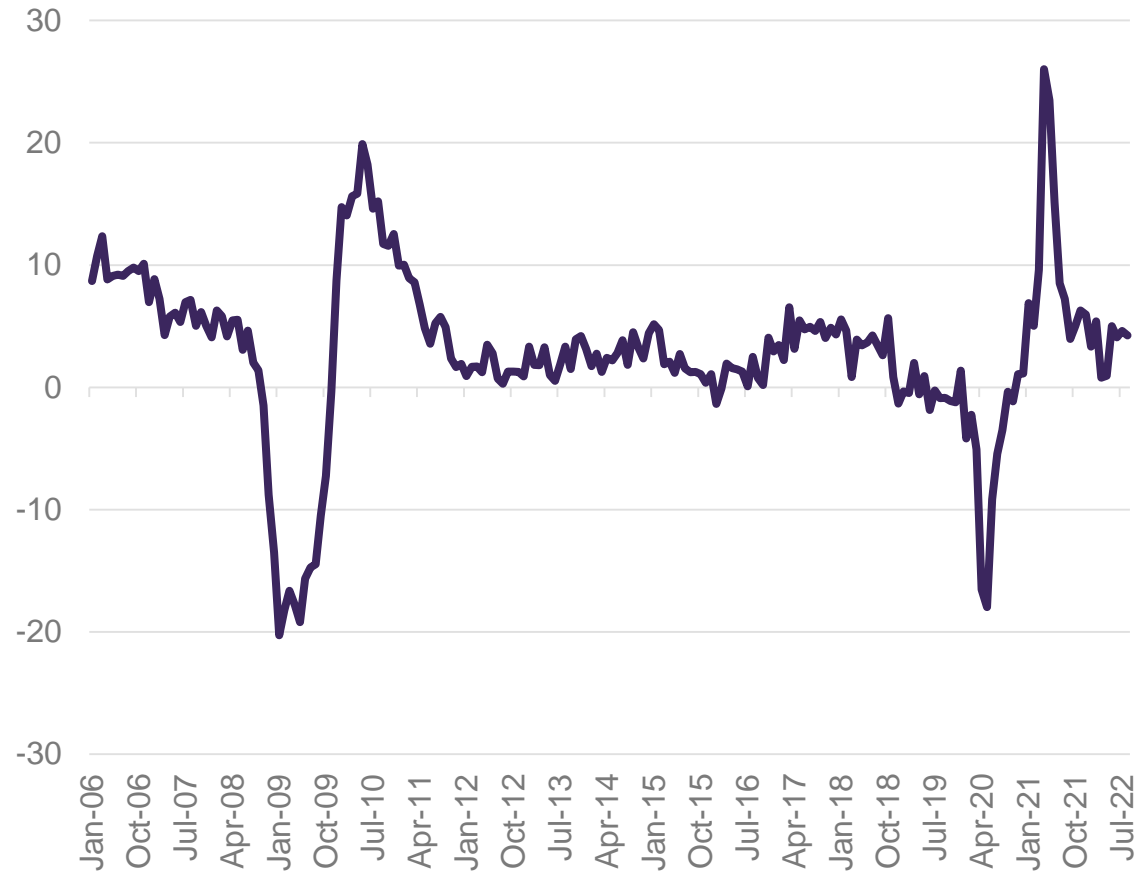
Source: ZEW, Bloomberg, Fitch Solutions



# Global Exports Slowing Quickly, But Divergence Exists

## Export Volumes Slowing

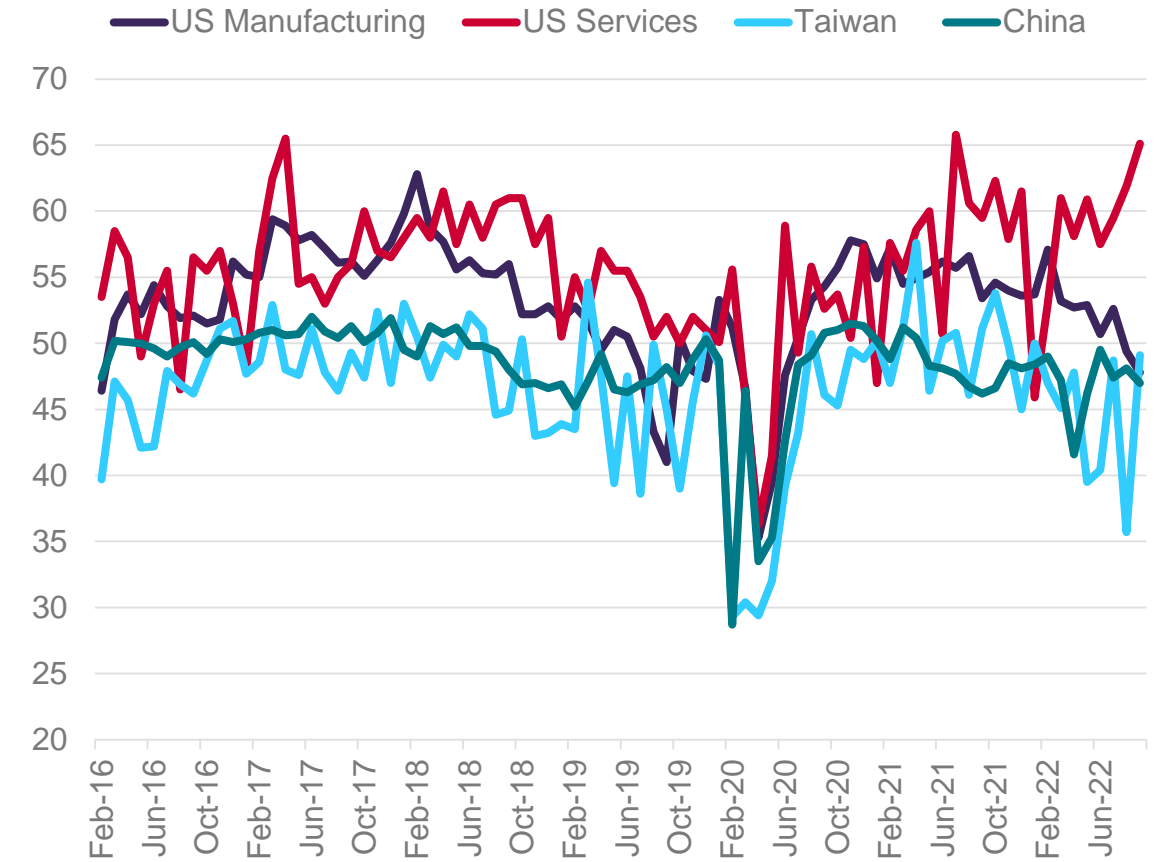
% y-o-y



Source: CPB, Fitch Solutions

## US Services New Orders Bucking The Trend

PMI Sub-Components, Index



Note: May include territories, special administrative regions, provinces and autonomous regions. Source: Bloomberg, Fitch Solutions

# Elevated Energy Prices Resulting In Shift In Savings...

## Energy Prices To Remain Elevated...

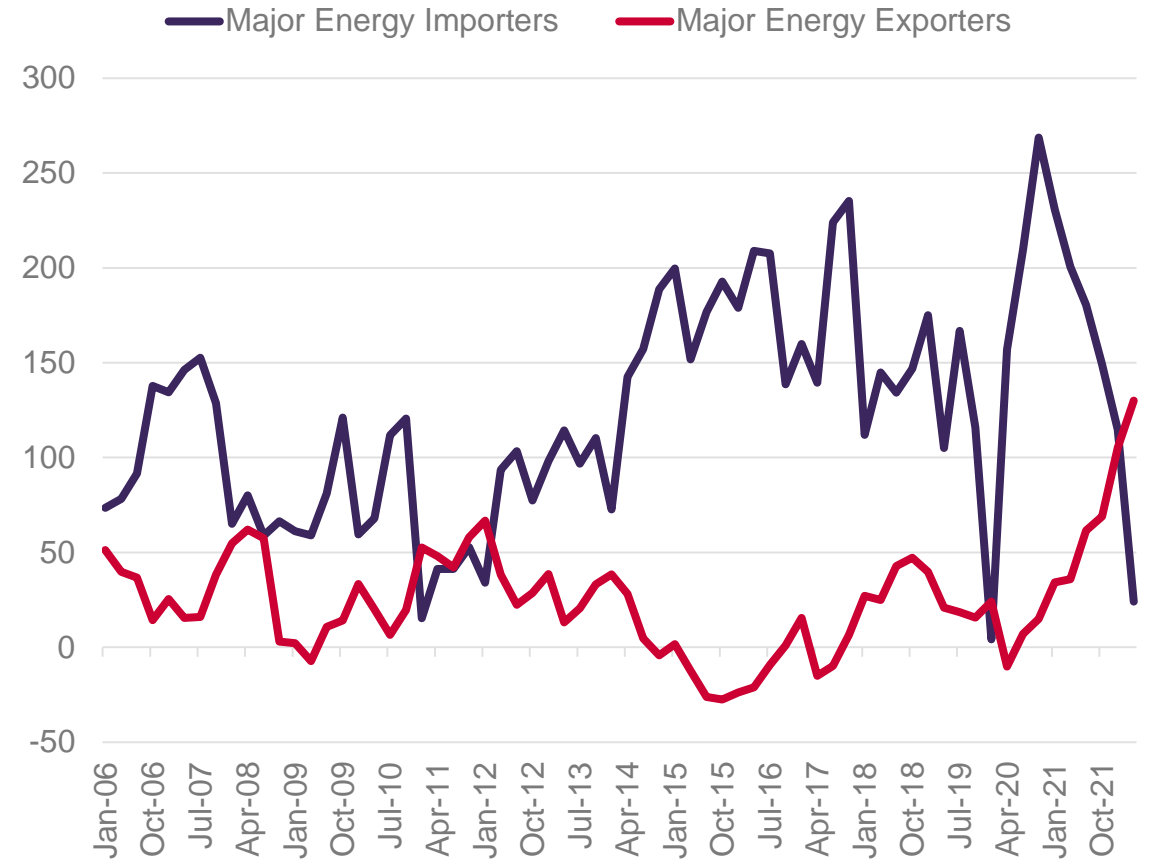
Brent Crude, USD/bbl



Source: Bloomberg, Fitch Solutions

## ...Causing A Shift In Global Savings

Current Account Balance, USDbn

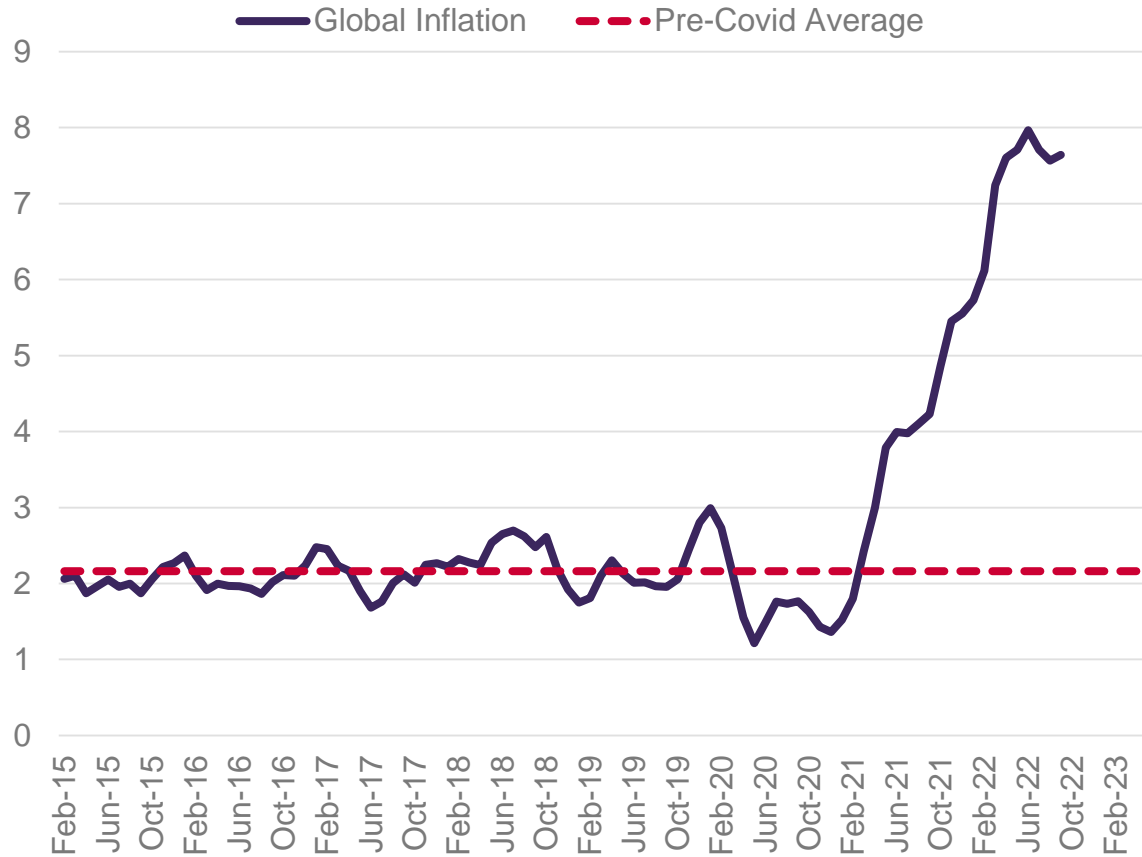


Source: Bloomberg, Fitch Solutions

# ...And Keeps Inflation Elevated For Longer

## Inflation Remains High And Sticky

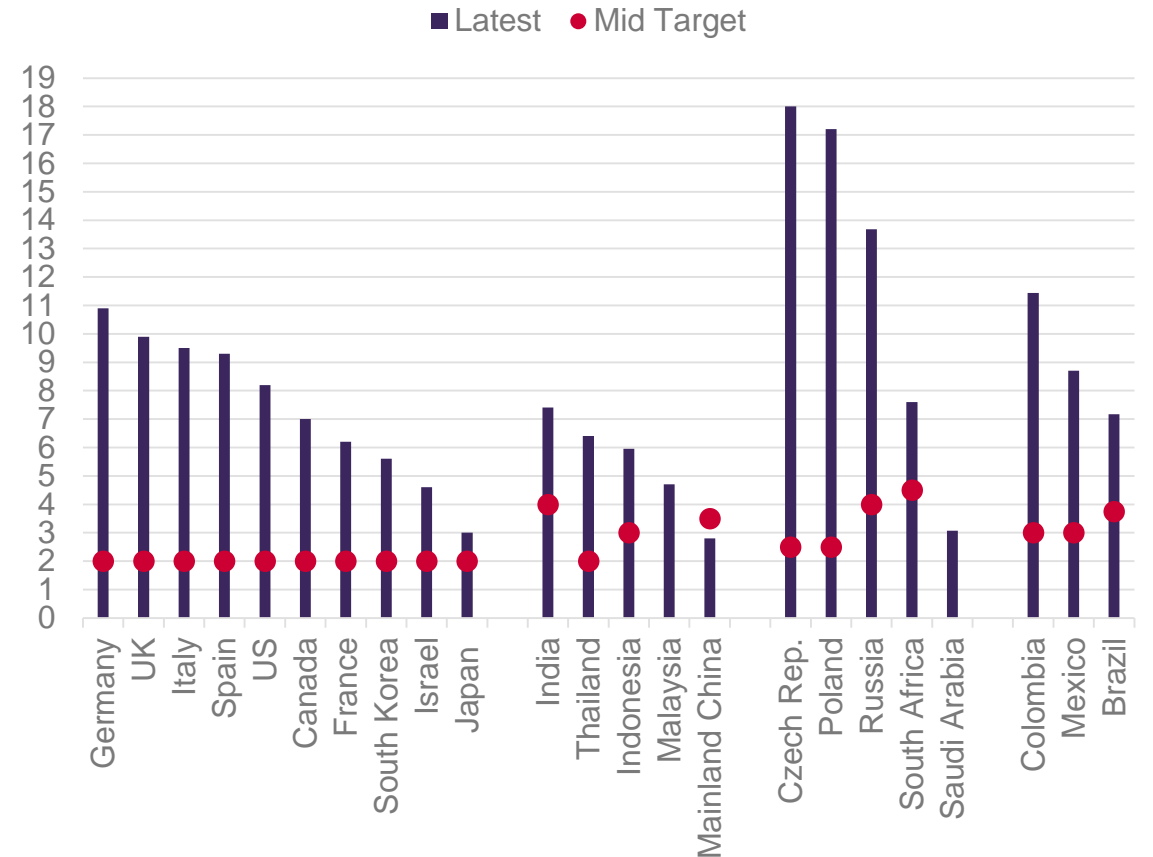
Inflation, % y-o-y



Source: Bloomberg, Fitch Solutions

## Above-Target Inflation In Most Markets

Latest Inflation Reading & Central Bank Mid-Point Target, %

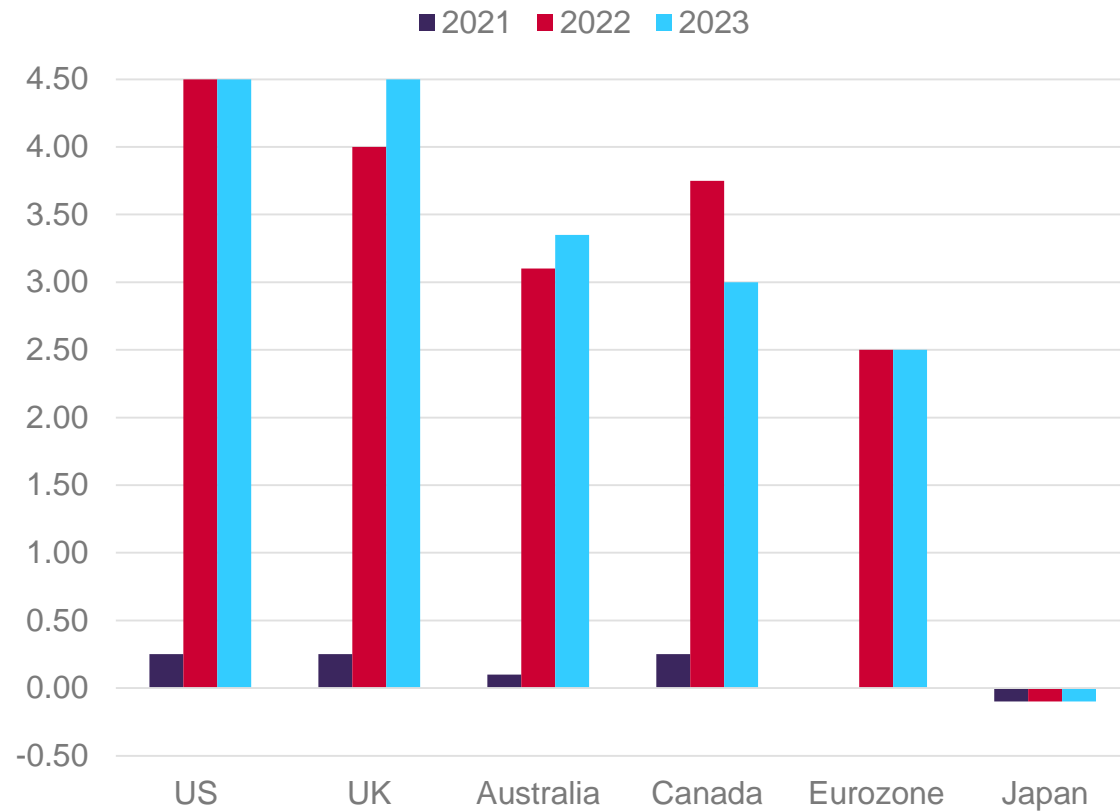


Note: Malaysia does not have a mid target. Source: Bloomberg, Fitch Solutions

# Further Tightening Ahead, Despite Getting Closer To Peak

## Central Banks Remains Very Hawkish

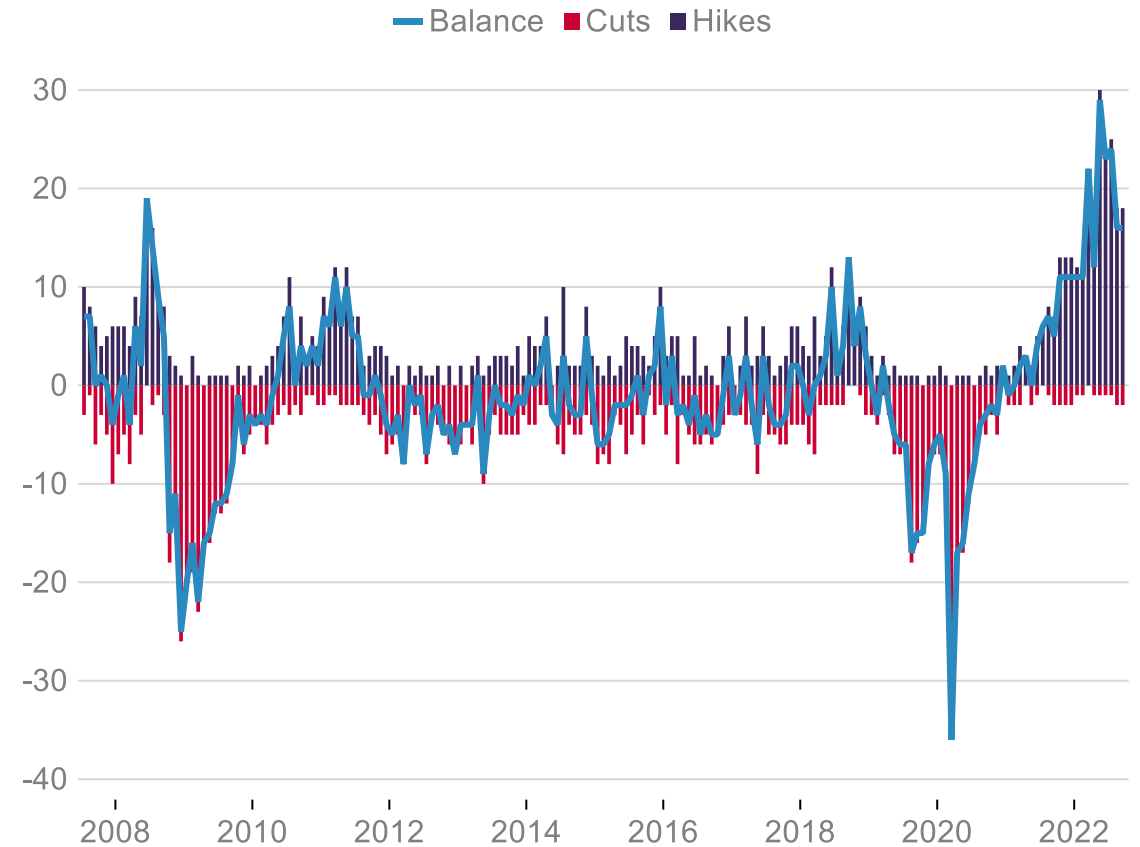
Year-End Policy Rates, %



Source: Bloomberg, Fitch Solutions

## Global Tightening Still Going Strong

Diffusion Index, Number Of Economies Hiking/Cutting



Source: Macrobond, Fitch Solutions



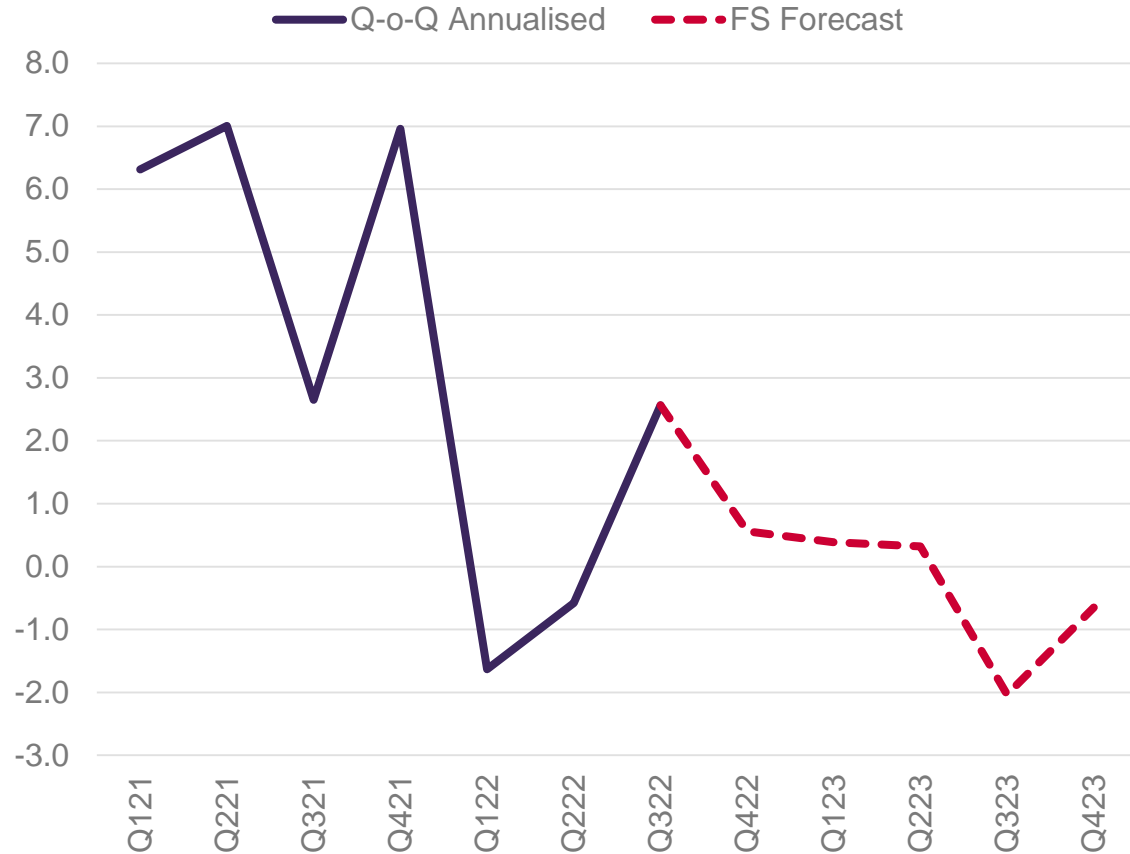
# 2

## US, Mainland China And EZ Growth Outlook

# US Activity Bounced Back In Q322, Mild Recession Ahead

## Real GDP Growth Rebounded, But Will Weaken Again

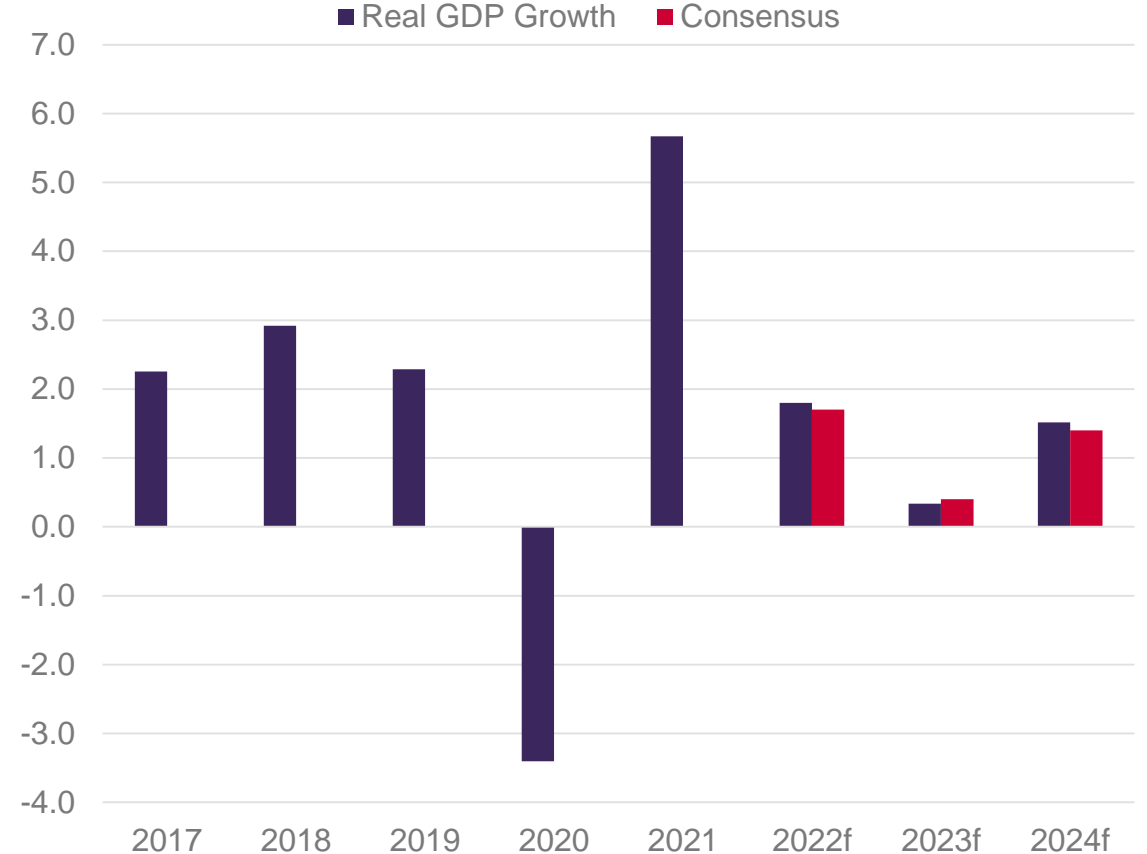
US – Real GDP Growth, %



Source: Bloomberg, Fitch Solutions

## Sharp Slowdown, Mild Recession Ahead

US - Real GDP Growth, %

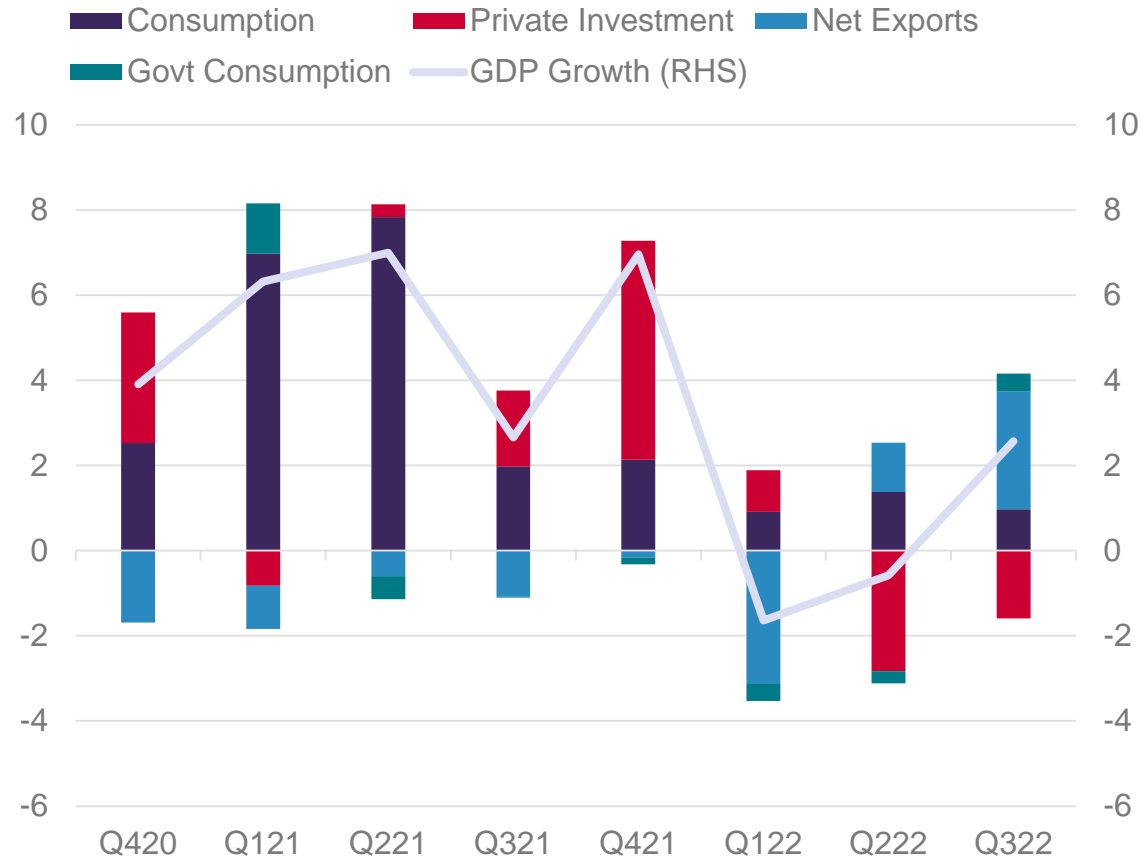


f = Fitch Solutions forecast. Source: Bloomberg, Fitch Solutions

# Net Exports And Consumption Driving Growth In Q322

## Major Components Are Weakening

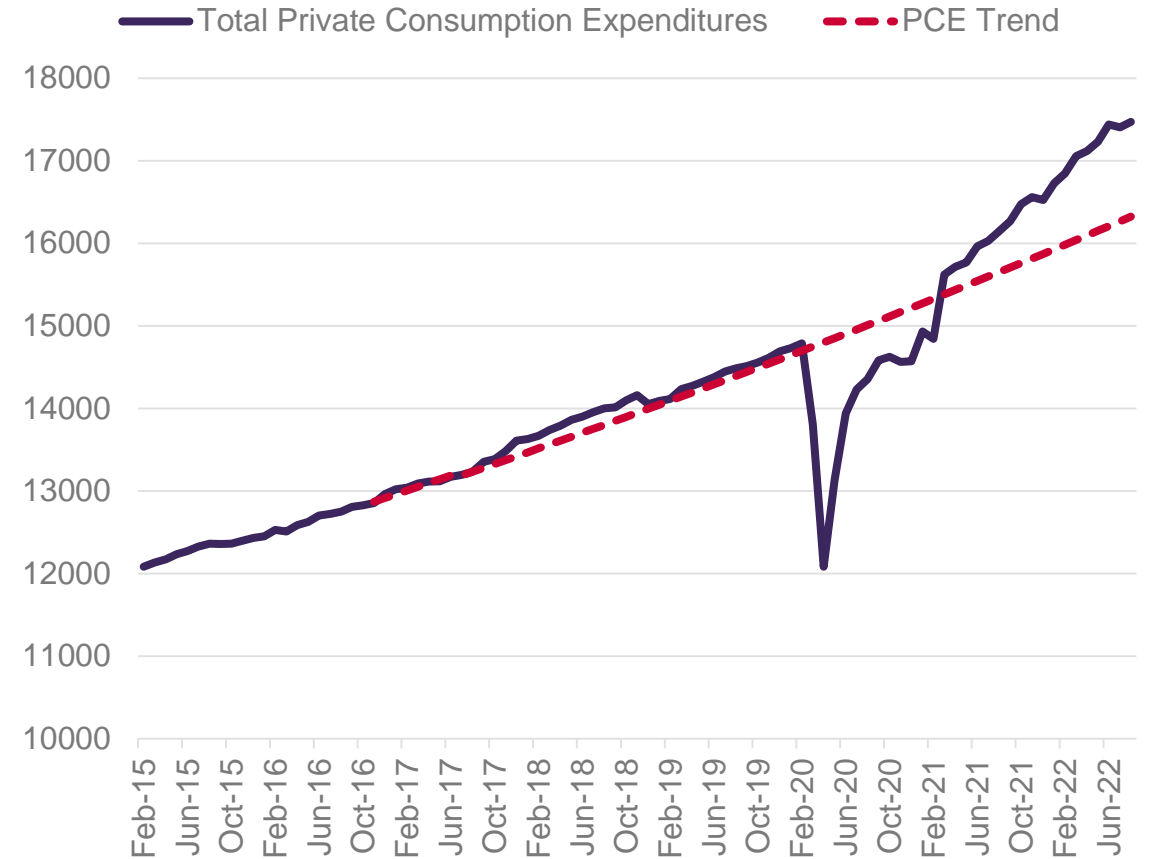
Real GDP Growth & PP Contribution, %



Source: Bloomberg, Fitch Solutions

## Consumption Will Head Back To trend

Private Consumption Expenditure, USDbn

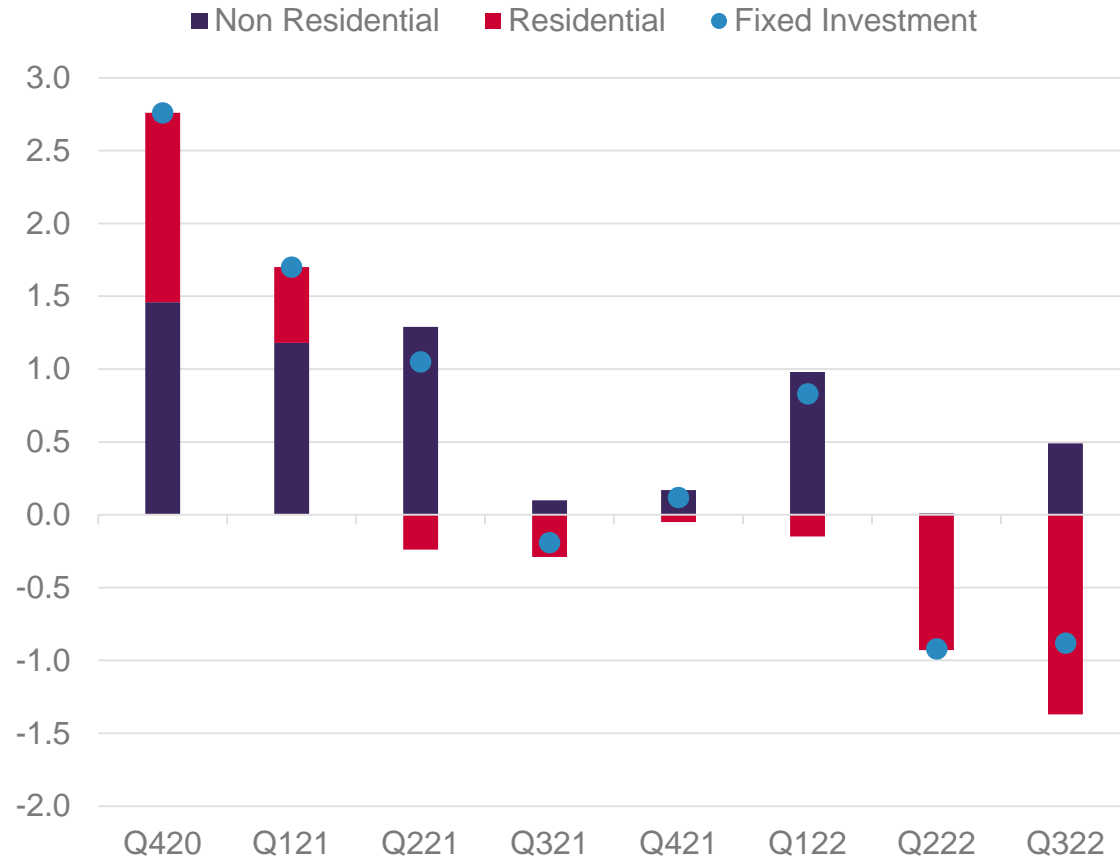


Source: Bloomberg, Fitch Solutions

# Fixed Investment Taking A Hit As Financial Conditions Tighten

## Fixed Investment Dragged On Growth In Q322

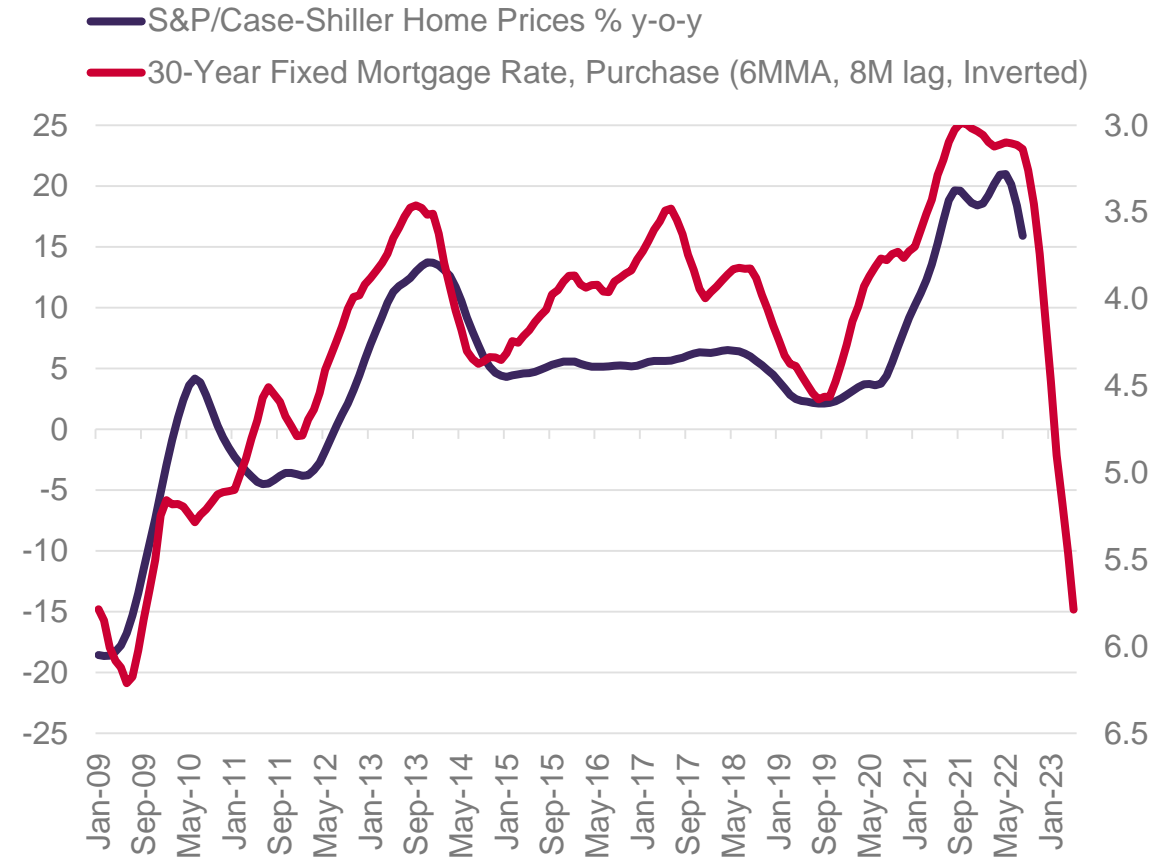
PP Contribution To Growth, %



Source: Bloomberg, Fitch Solutions

## High Mortgage Rates To Weigh On Housing Sector

Mortgage Rates & House Prices, %



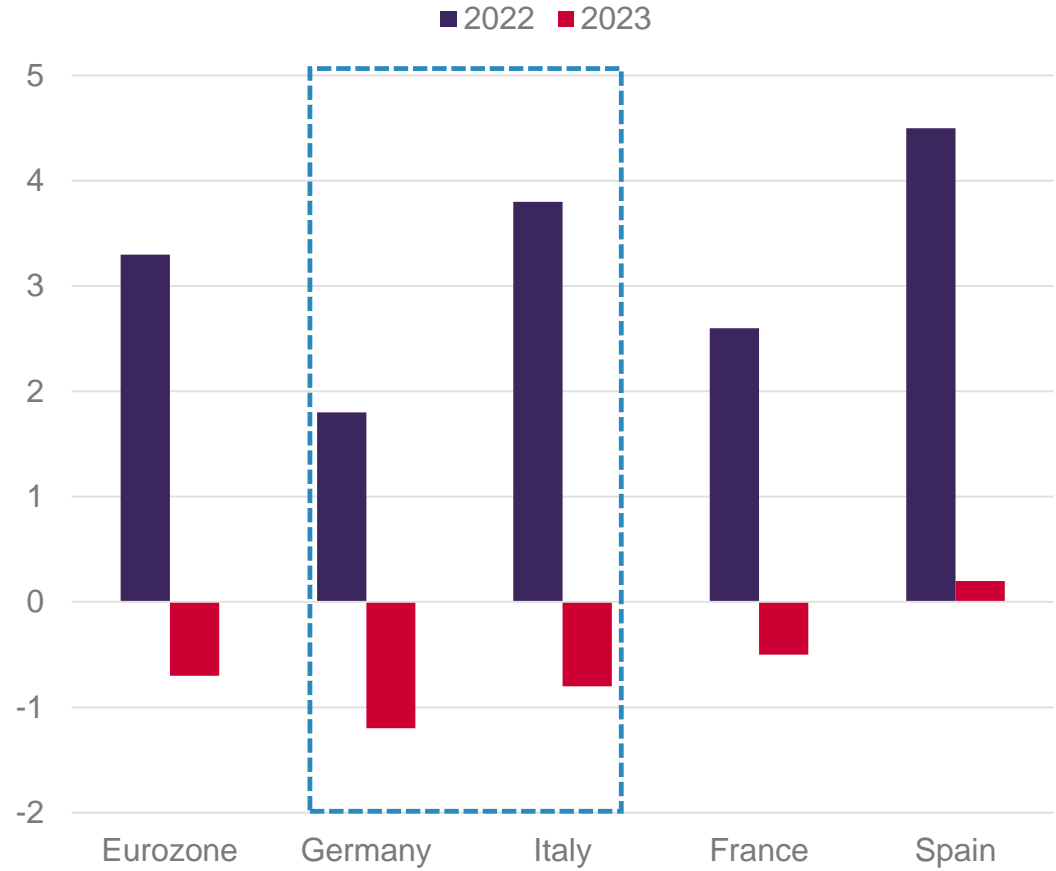
Source: Macrobond, Fitch Solutions



# Eurozone Will Fall Into Recession, Recovery Will Be Slow

## Germany And Italy Set To Underperform

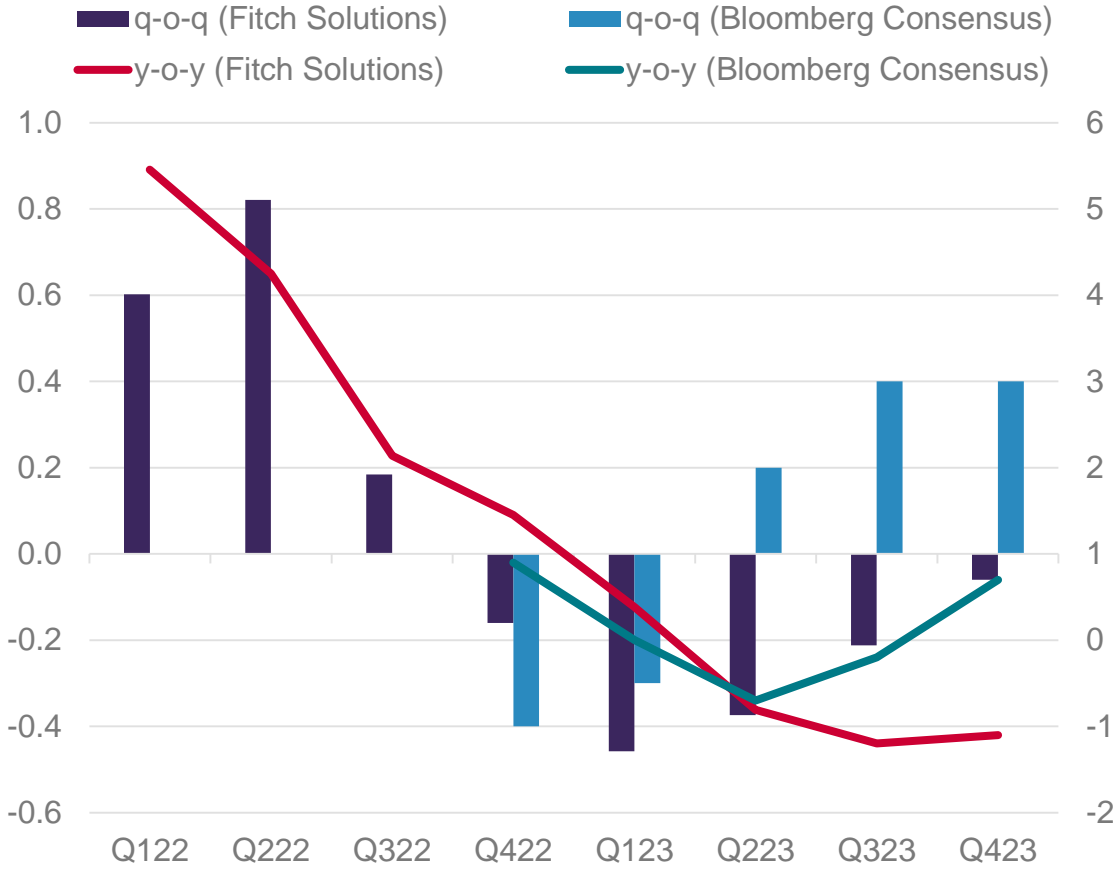
Real GDP Growth, % chg y-o-y



2022 & 2023 = Fitch Solutions Forecast. Source: Eurostat, Fitch Solutions

## Recession In The Eurozone Over Winter Months

Real GDP Growth, %

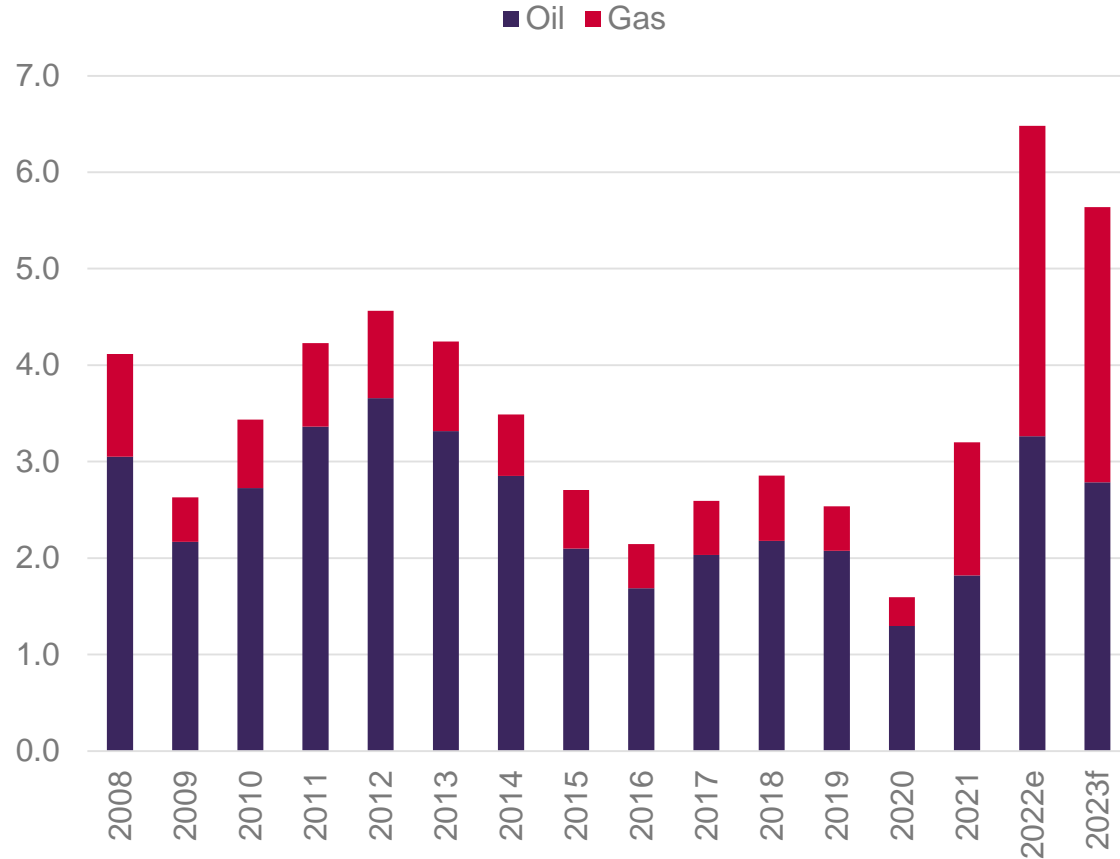


Q422-Q423 = Fitch Solutions Forecast. Source: Eurostat, IEA, Fitch Solutions

# Energy Price Shock More Painful In Eurozone Than US

## Gas Prices Pushing Up EZ Energy Costs...

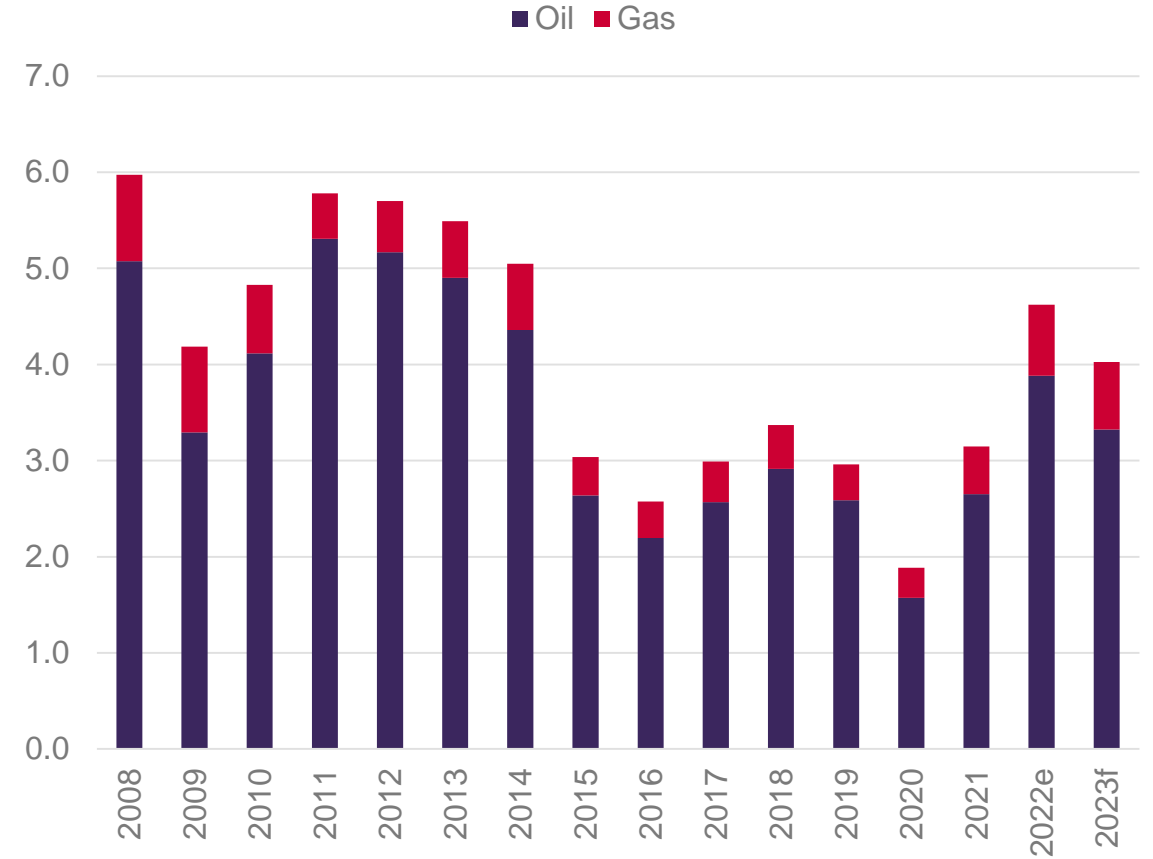
Eurozone – Oil & Gas Consumption, % of GDP



e/f = estimate/forecast. Source: Fitch Solutions

## ...US Increase Will Be Smaller

US – Oil & Gas Consumption, % of GDP

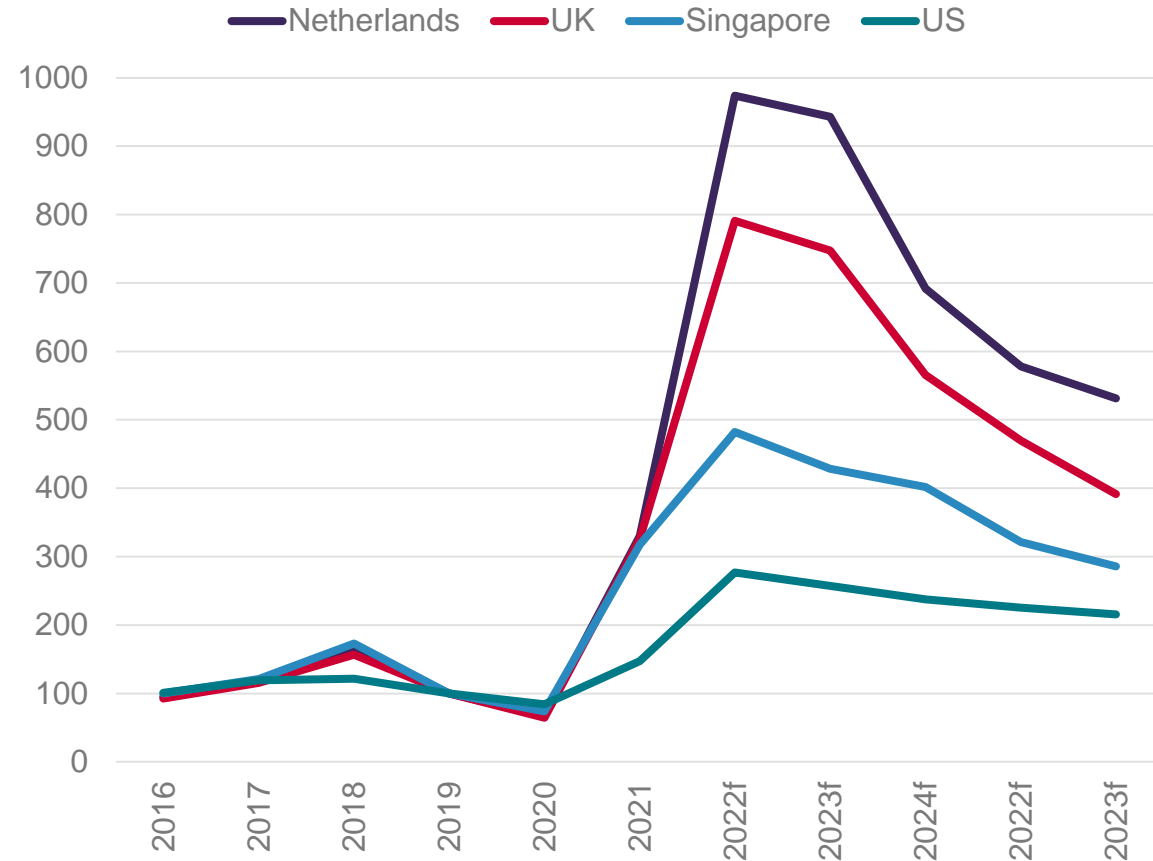


Source: Bloomberg, Fitch Solutions

# Europe Faces Long-Term Energy Cost Shock

## Global Gas Spreads Will Remain Wide...

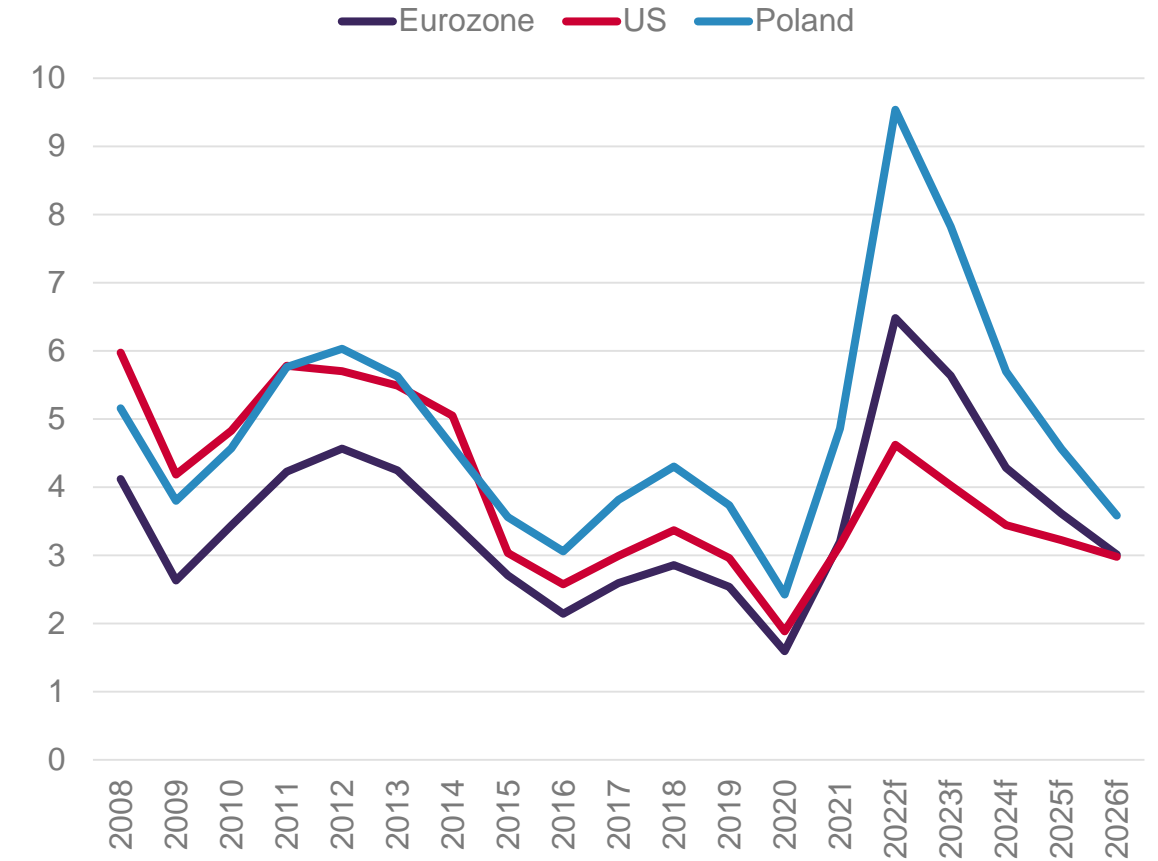
EMs – Gas Prices, USD per mmbtu



f = forecast. Source: Bloomberg, Fitch Solutions

## ...Keeping European Energy Costs High

Global – Oil & Gas Consumption, % of GDP

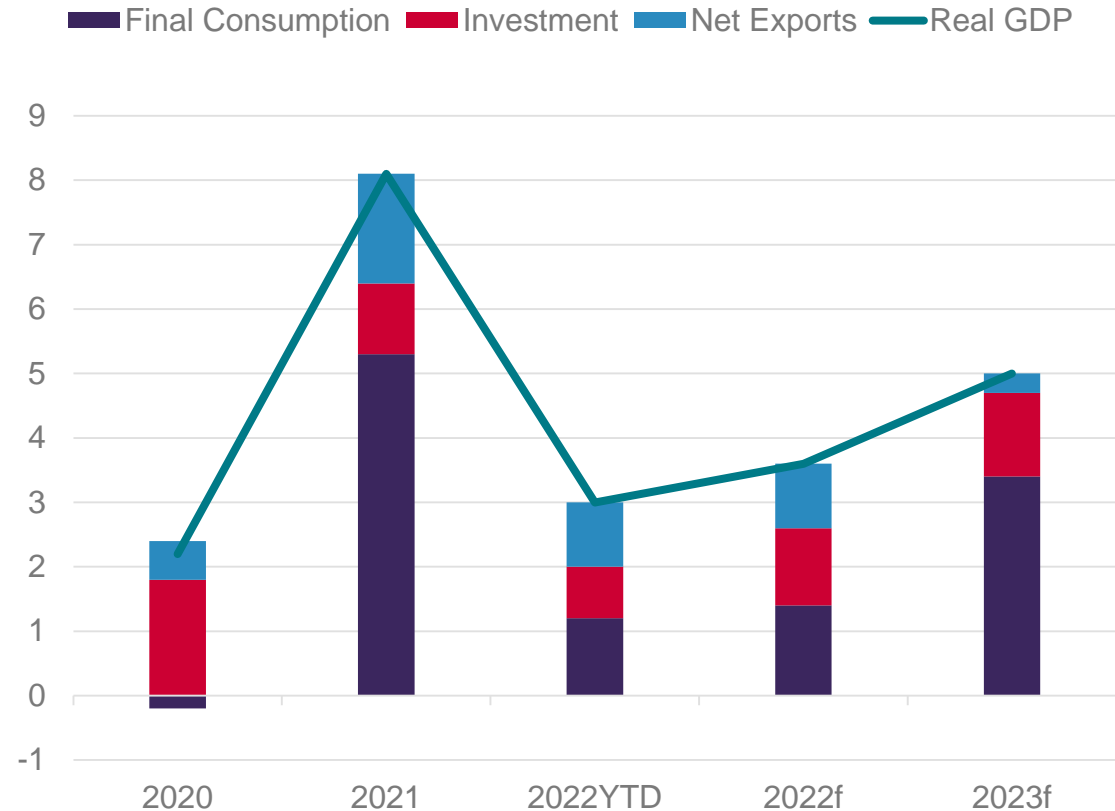


f = forecast. Source: Bloomberg, Fitch Solutions

# Mainland China: Growth To Pick Up, But Headwinds Mounting

## Economic Recovery To Continue Into 2023

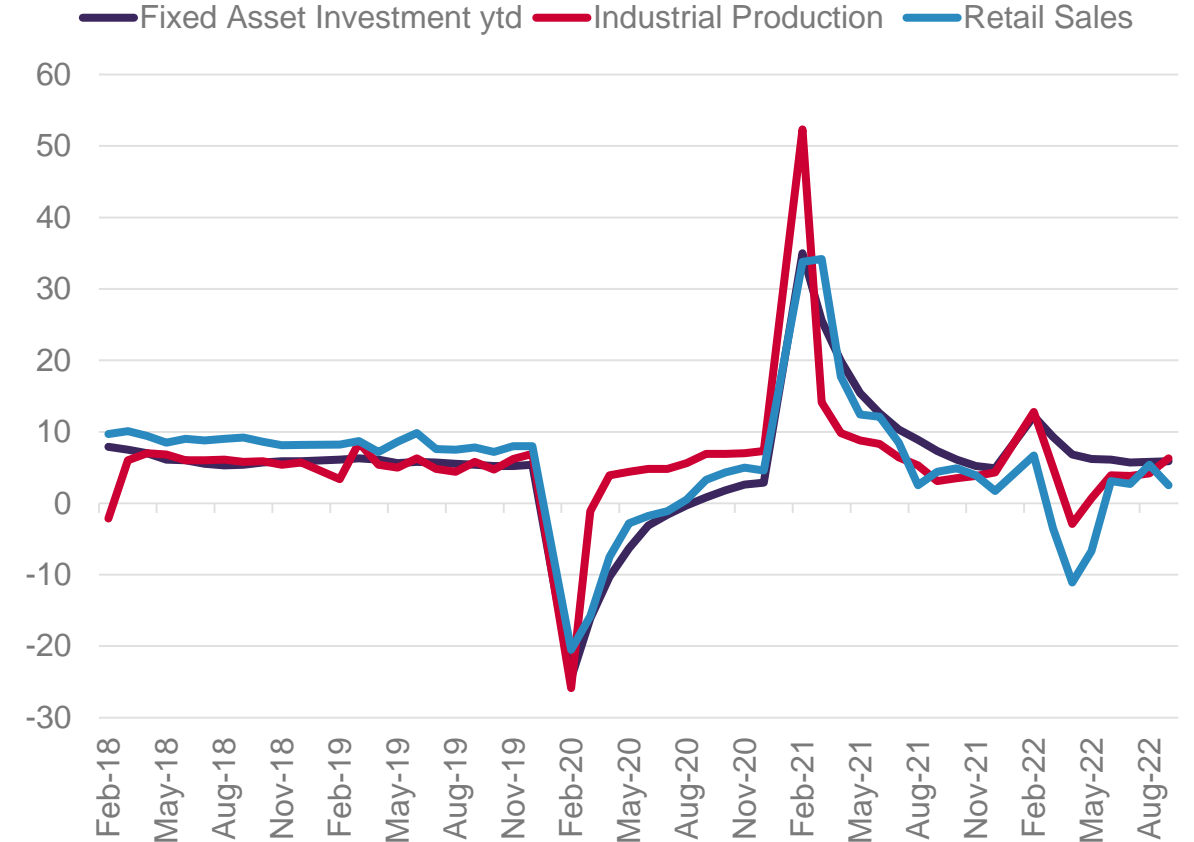
China (Mainland) – Real GDP Growth, %, & Expenditure Contribution, pp



f = Fitch Solutions forecast. Source: Wind, Fitch Solutions

## Retail Sales Weakened In September

China (Mainland) – Selected Economic Indicators, % chg y-o-y

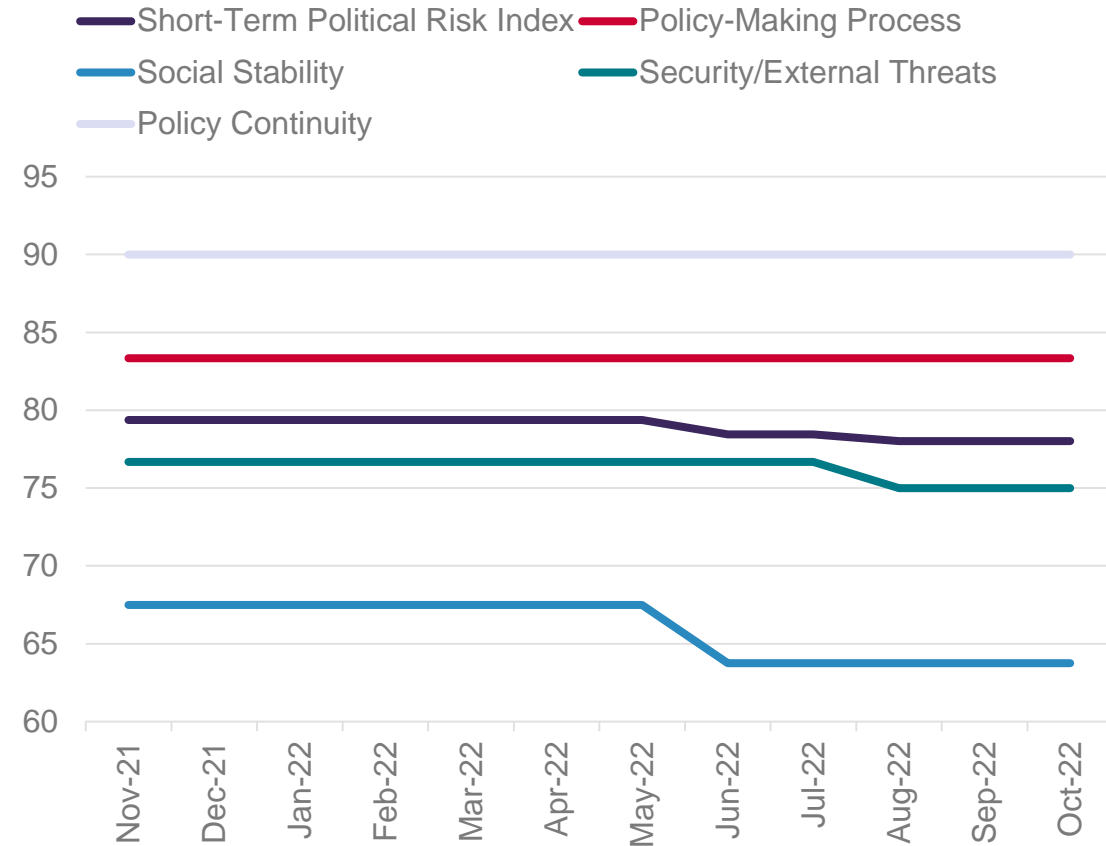


Source: Wind, Fitch Solutions

# New Politburo Committee Portends Broad Policy Continuity

## Policy Continuity Remains Strong

China (Mainland) – Short-Term Political Risk Index



Note: Scores out of 100; higher score = lower risk. Source: Fitch Solutions

## Markets Sold Off Sharply Following CPC Congress

China (Mainland) – MSCI China Index



Source: Bloomberg, Fitch Solutions

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