

Economics and Country Risk

Global Economic Outlook and Trade Trends

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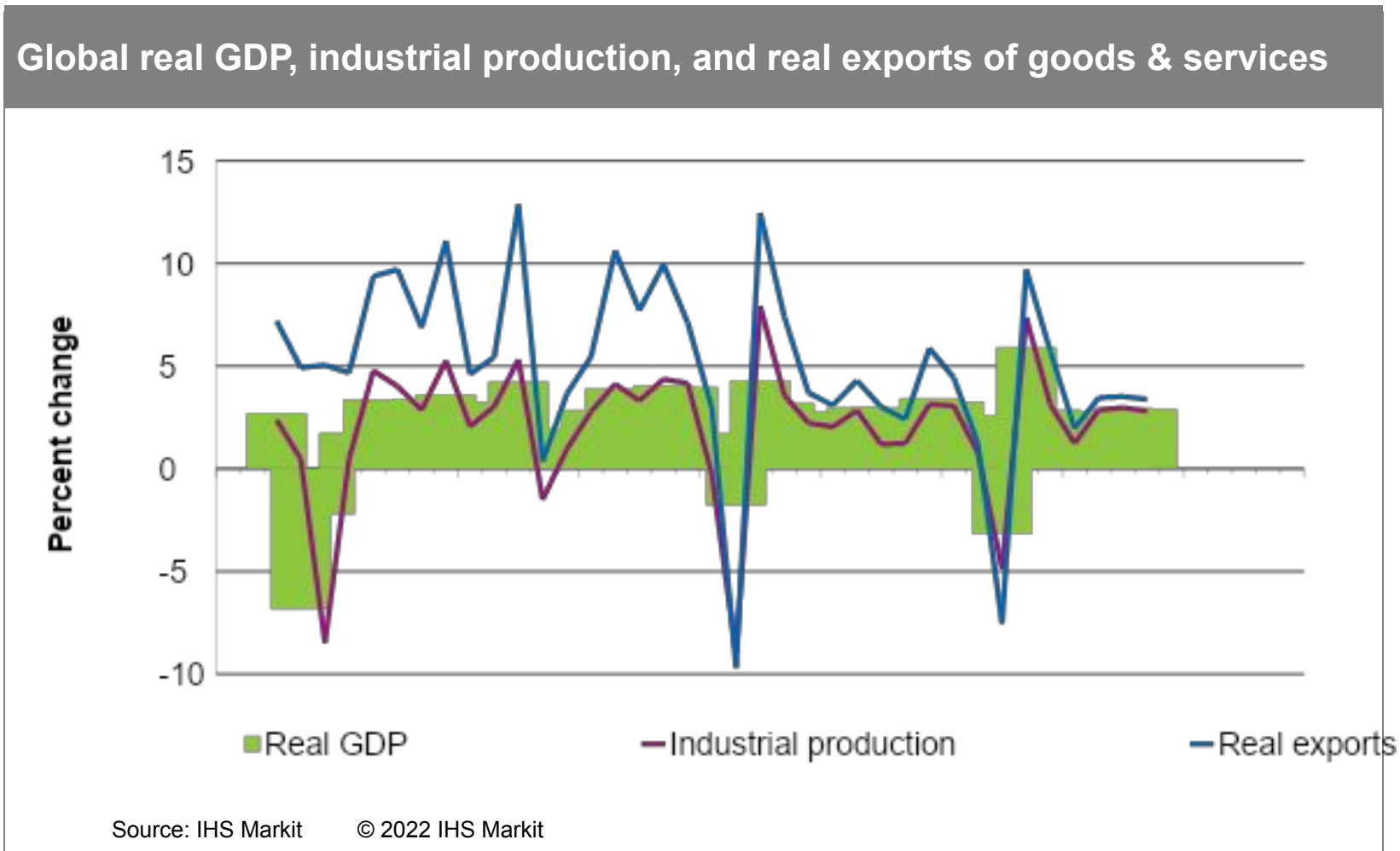
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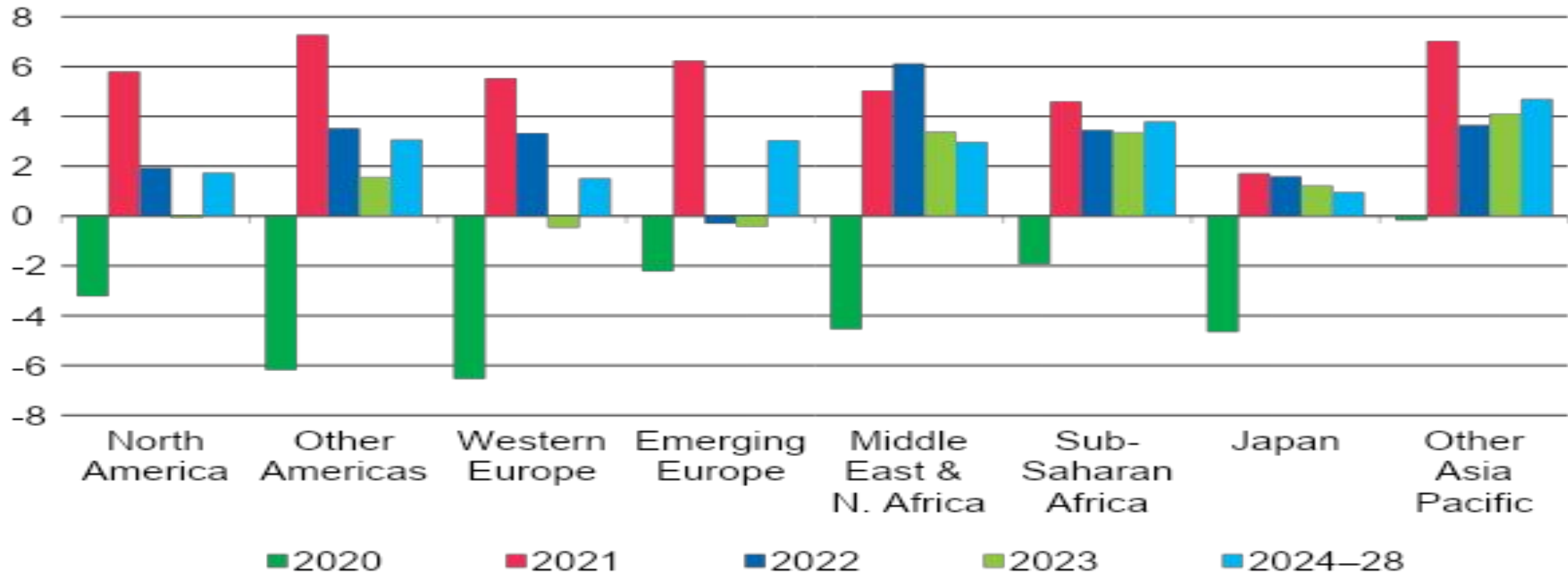
Global economic and trade growth lower in 2023 after 2021 rebound

World 2023 real GDP growth forecasted at 1.5% is recession level



Real GDP growth by world region diverges in 2023

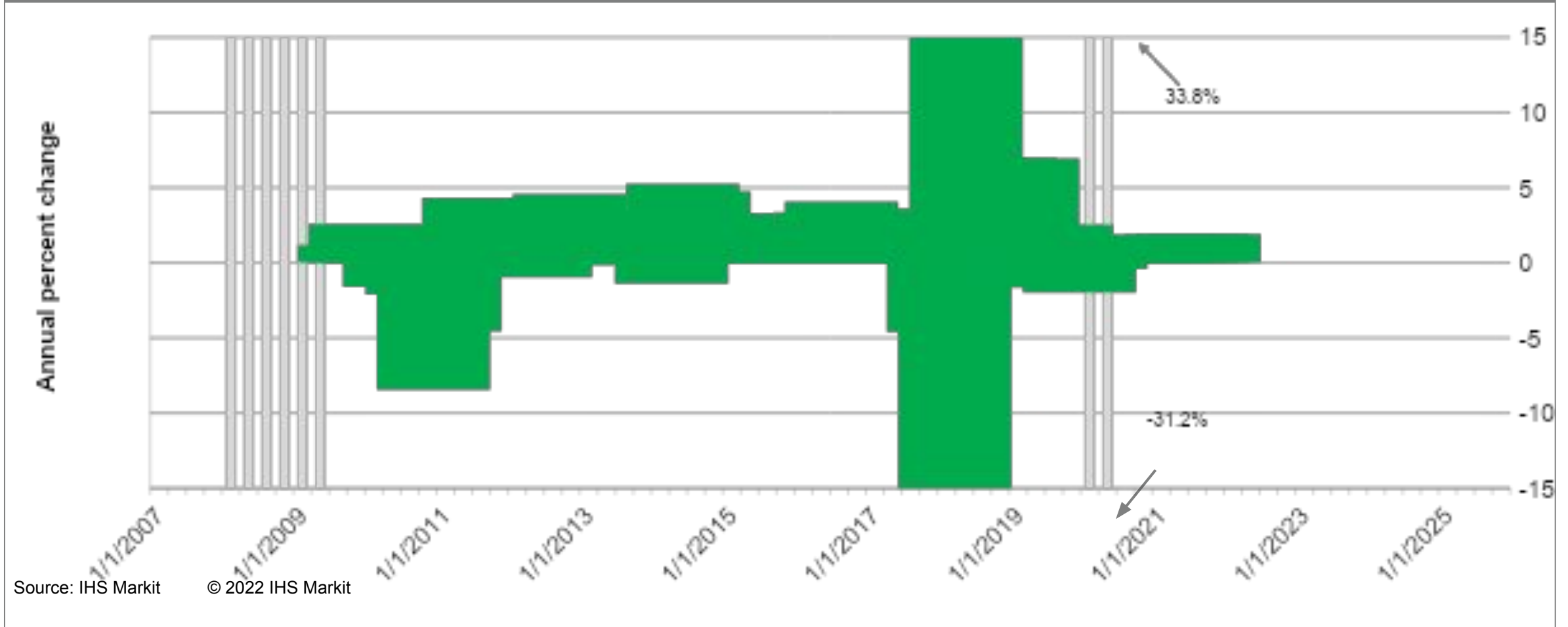
Real GDP (annual % change)



Source: IHS Markit © 2022 IHS Markit

U.S. in mild recession as GDP growth drops first two quarters of 2023

US Real GDP growth by quarter, annual percent change

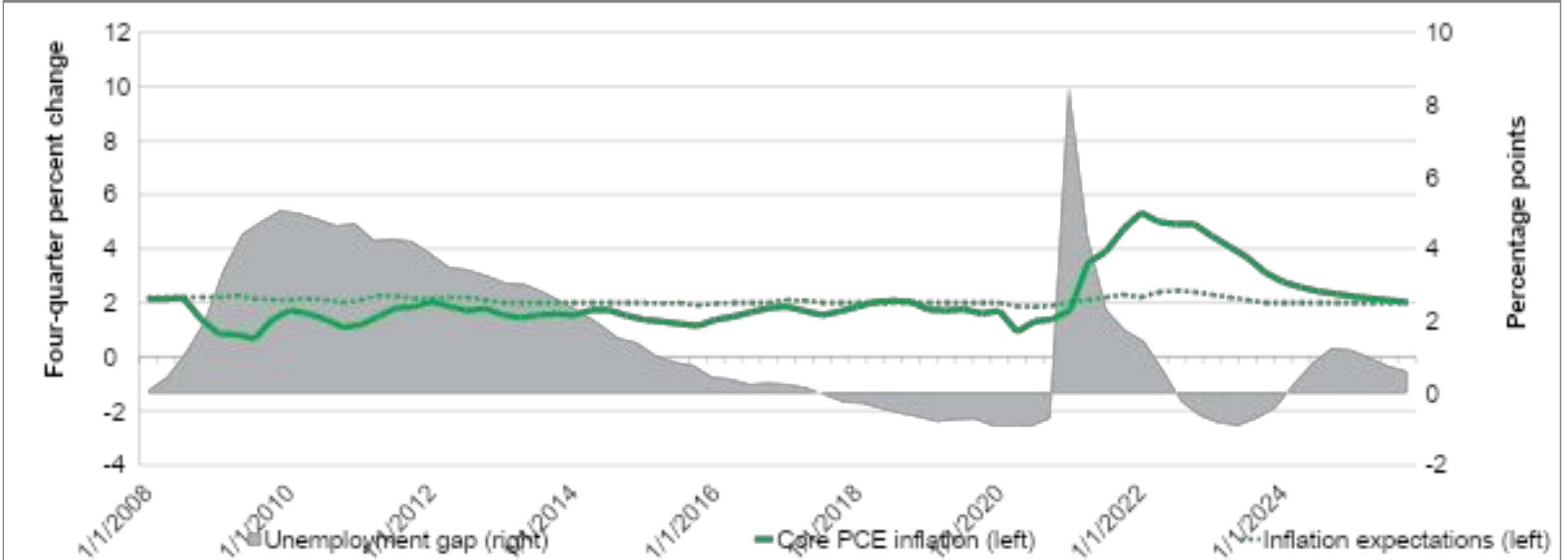


Source: IHS Markit

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U.S. inflation shrinks and the unemployment gap reverses in 2023 as Federal Reserve interest rate increases affect the economy

Core (excluding food & energy) US Personal Consumption Expenditure inflation and the unemployment gap



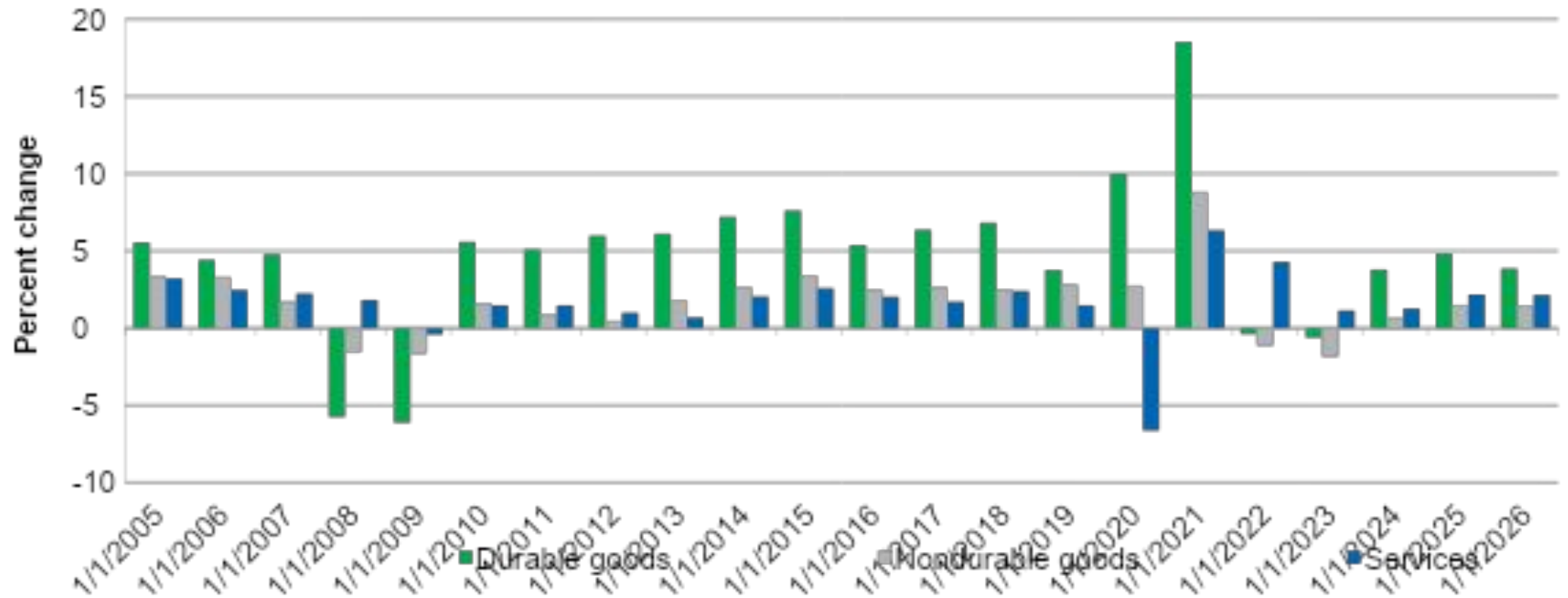
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Note: The unemployment gap is difference between the unemployment rate and the non-accelerating inflation rate of unemployment

Trade affected by US consumers spending more on services, less on goods

Trade volumes in early 2023 will reflect the decline in goods spending

Real US consumer spending on goods and services categories, annual percent change



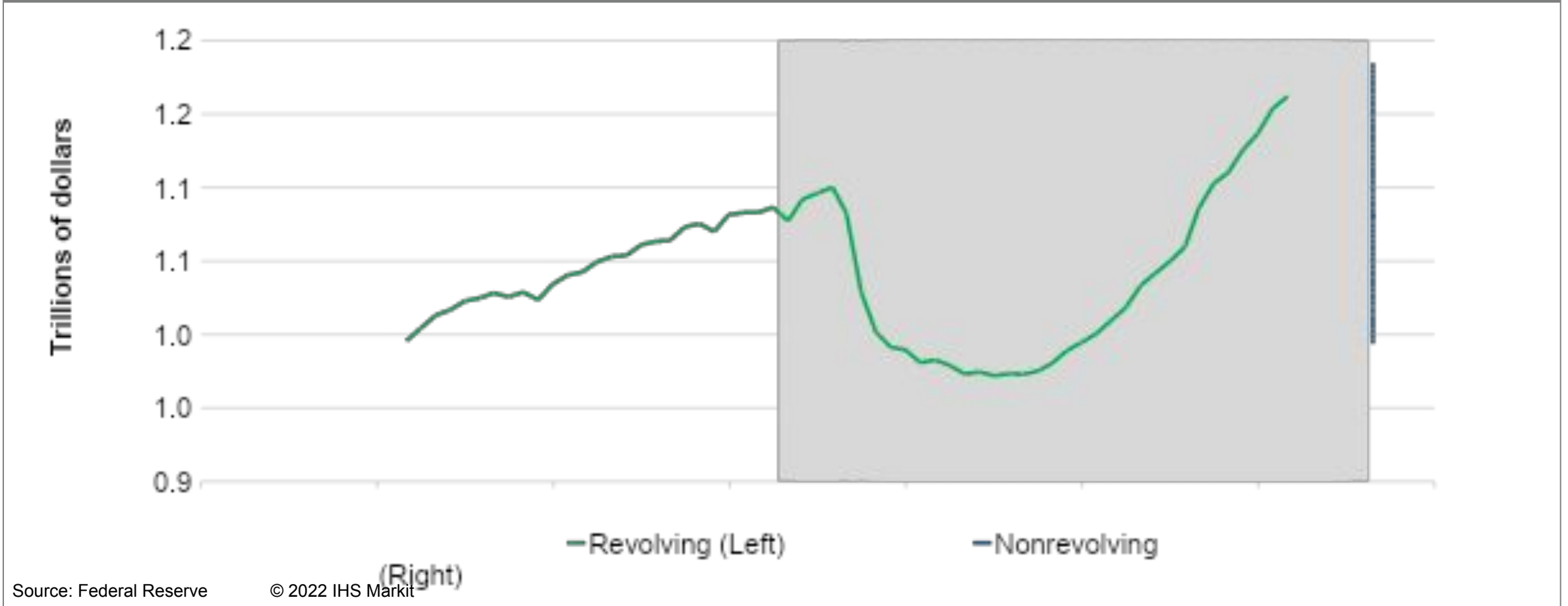
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U.S. consumer credit growth has funded 2022 demand

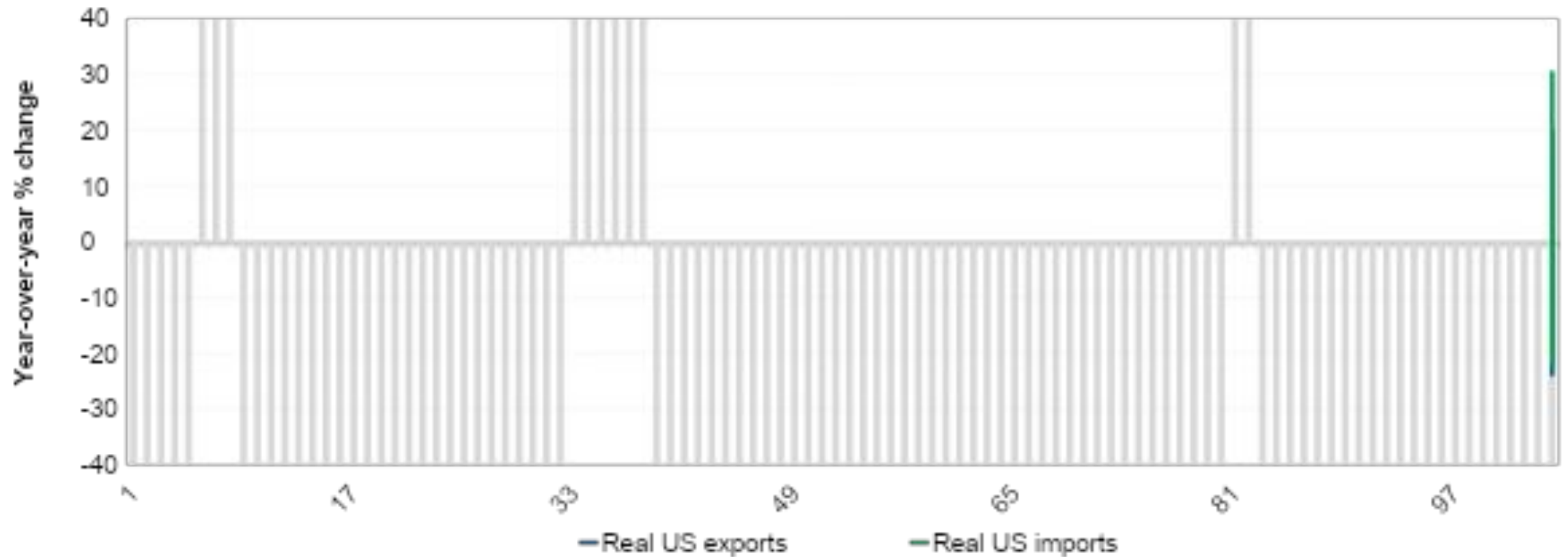
An unsustainable pace with higher interest rates affects 2023 goods demand

U.S. nonmortgage consumer credit outstanding, Seasonally Adjusted



US import and export growth fall further in 2023 from their 2021 peaks

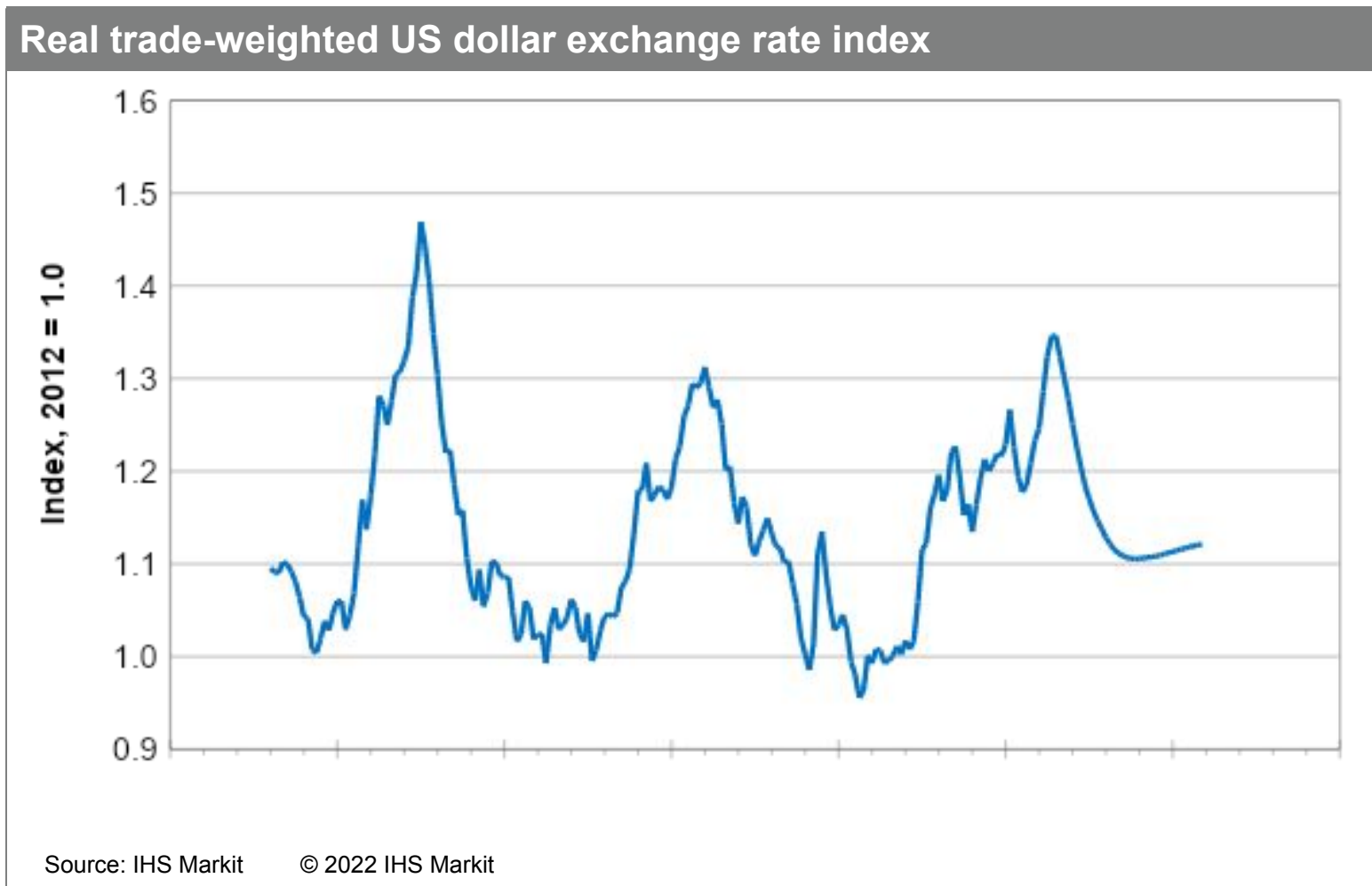
Real US exports and imports of goods and services



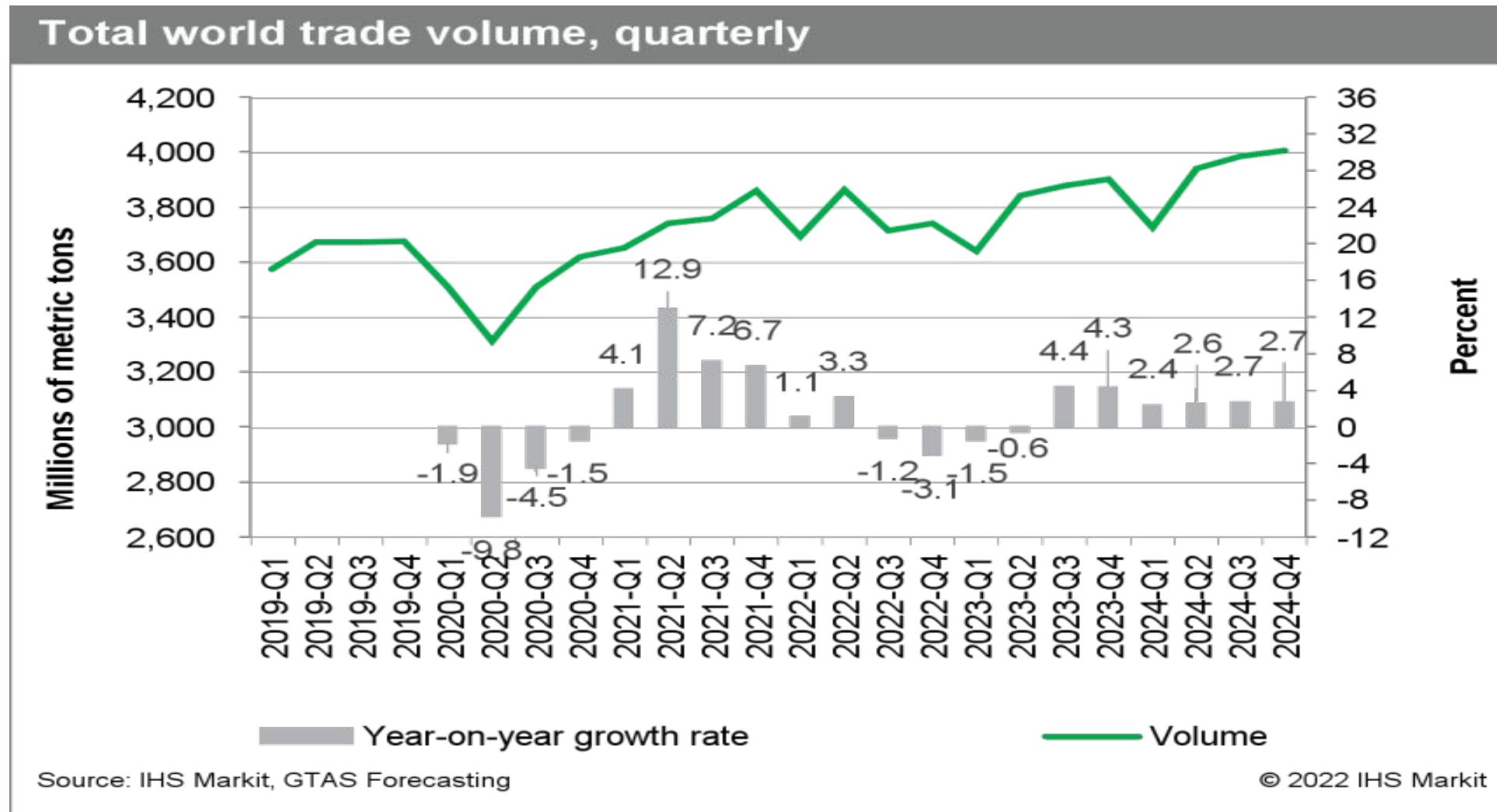
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US dollar exchange rates forecasted down in 2023, reducing US trade deficit

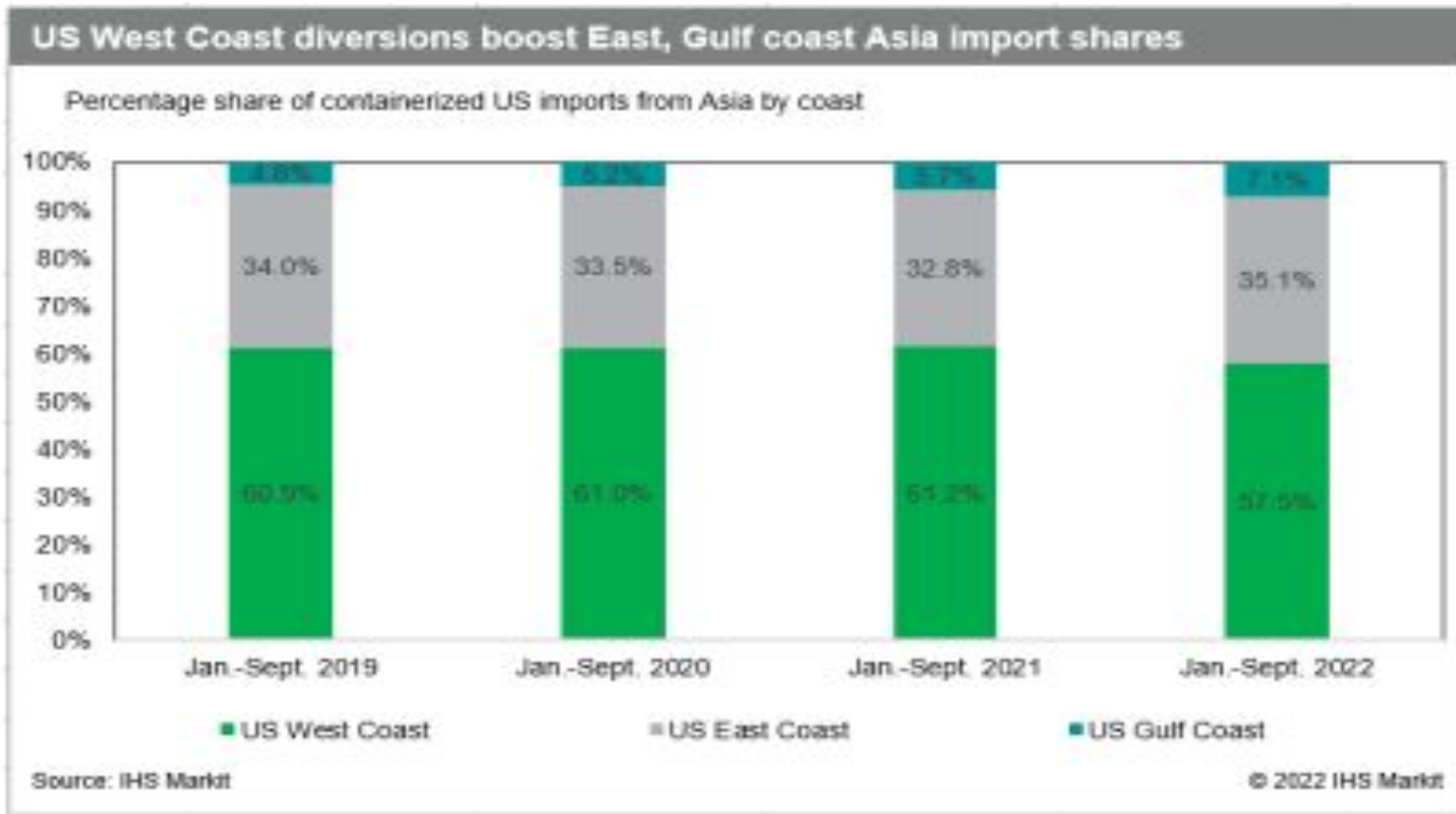
Higher dollar can make US imports cheaper but US exports less competitive



World trade volume declining into Q1 2023, then recovery towards 2024



Gateway container ports used for US imports shifted 2019-2022



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