

Outlook getting gloomier than projected last month, says IMF

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Washington, 14 November

The global economic outlook is even gloomier than projected last month, the International Monetary Fund (IMF) said, citing a steady worsening in purchasing manager surveys in recent months.

It blamed the darker outlook on tightening monetary policy triggered by persistently high and broad-based inflation, weak growth momentum in China, and ongoing supply disruptions and food insecurity caused by Russia's invasion of Ukraine.

The global lender last month cut its global growth forecast for 2023 to 2.7 per cent from a previous forecast of 2.9 per cent. In a blog prepared for a summit of G20 leaders in Indonesia, the IMF said recent high-frequency indicators "confirm that the outlook is gloomier," particularly in Europe.

It said recent purchasing manager indices that gauge manufacturing and services activity signaled weakness in most Group of 20 major economies, with economic activity set to contract while inflation remained stubbornly high.

"Readings for a growing share of G20 countries have fallen from expansionary territory earlier this year to levels that signal contraction," the IMF said, adding that global fragmentation added to "a confluence of downside risks."

"The challenges that the global economy is facing are immense and weakening economic indicators point to further challenges ahead," the

Fed may go slow on rate hikes, but will keep up inflation fight

The US Federal Reserve may consider slowing the pace of rate increases at its next meeting but that should not be seen as a "softening" in its commitment to lower inflation, said Christopher Waller, Federal Reserve Gov.

"It depends on inflation." "We're at a point we can start thinking maybe of going to a slower pace," he said, but "we're not softening."

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US likely to skirt recession in '23, EU not so lucky: Morgan Stanley

Britain and the euro zone economies are likely to tip into recession next year, Morgan Stanley said, but the United States might make a narrow escape thanks to a resilient job market.

At the same time, China's expected reopening after almost three years of Covid curbs is set to lead a recovery in its own economy and other emerging Asian markets, the investment bank's analysts said.

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IMF said, adding that the current policy environment was "unusually uncertain."