

The Global Economy in 2022 and Beyond

Special Webcast
Wednesday, 24th November 2021

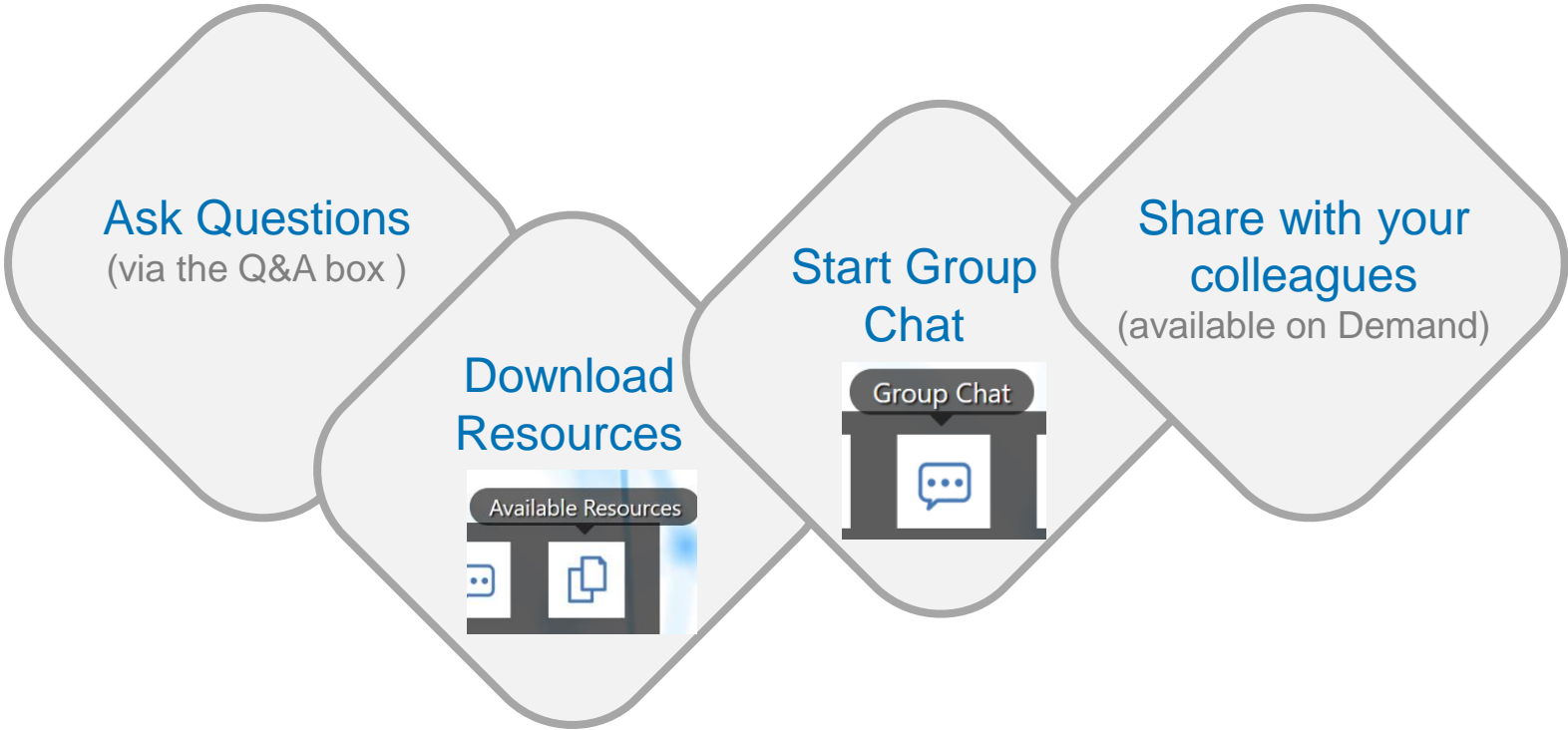


Questions we will be exploring today

- What are our near- and long-term growth projections for key economies?
- What factors are impacting 2022 growth prospects in the US, Europe, Asia, and China?
- What are the upside and downside risks to economic growth?
- How will the COVID-19 pandemic impact global growth moving forward?



Making the most of the webcast



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Panelists



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Economist, Europe
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Senior Economist, China Center
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Anke Schrader (Moderator)
Research Director, Asia
The Conference Board



Poll 1

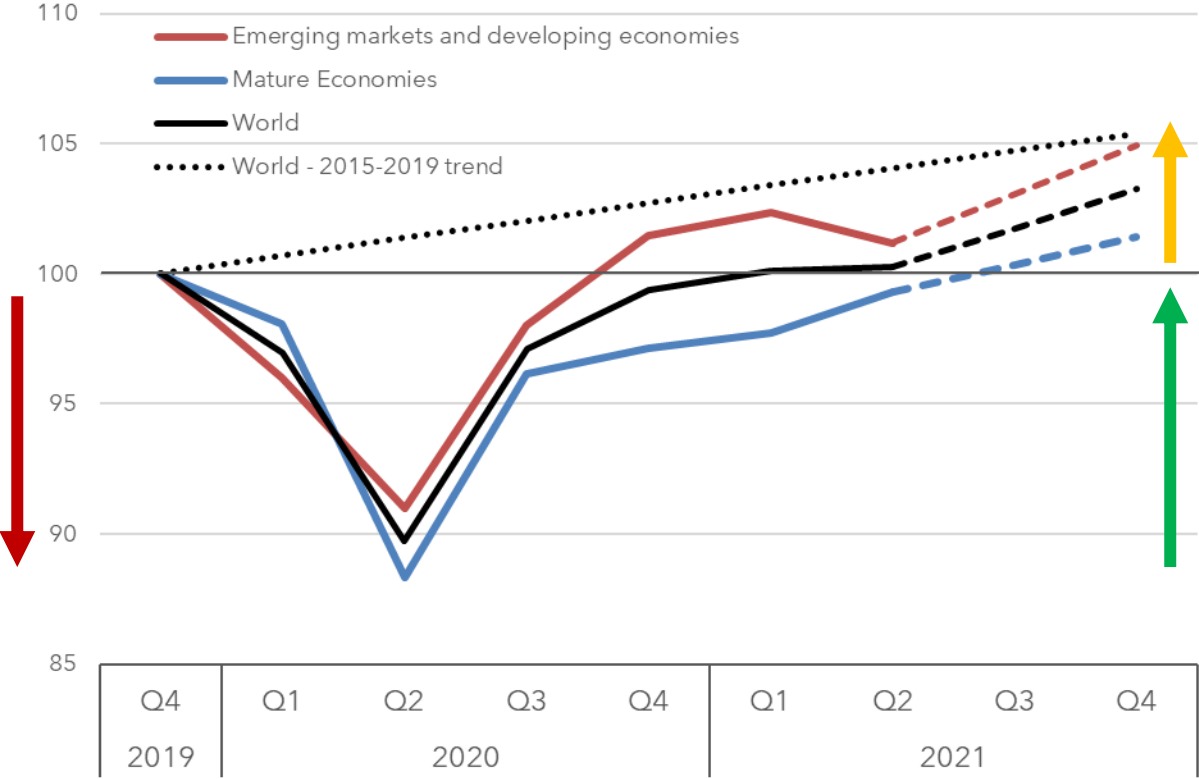
What is the biggest threat to the global economy currently?

- a. Inflation
- b. COVID-19
- c. Supply-chain disruptions
- d. Climate change
- e. Labor shortages
- f. Other



The Global Economy rebounded quickly but will not recover to its pre-pandemic trajectory

Real GDP indices, Q4-2019=100



1. Swift and deep contraction

3. No full 'catch-up' to pre-pandemic trajectory

2. Swift recovery back to pre-pandemic output levels

Source: The Conference Board Global Economic Outlook



Enhancing qualitative or intangible sources of growth won't be enough to offset a weakening global economic trend growth rate

Contribution of factor inputs, input quality and efficiency changes to Global GDP growth (average annual % change)

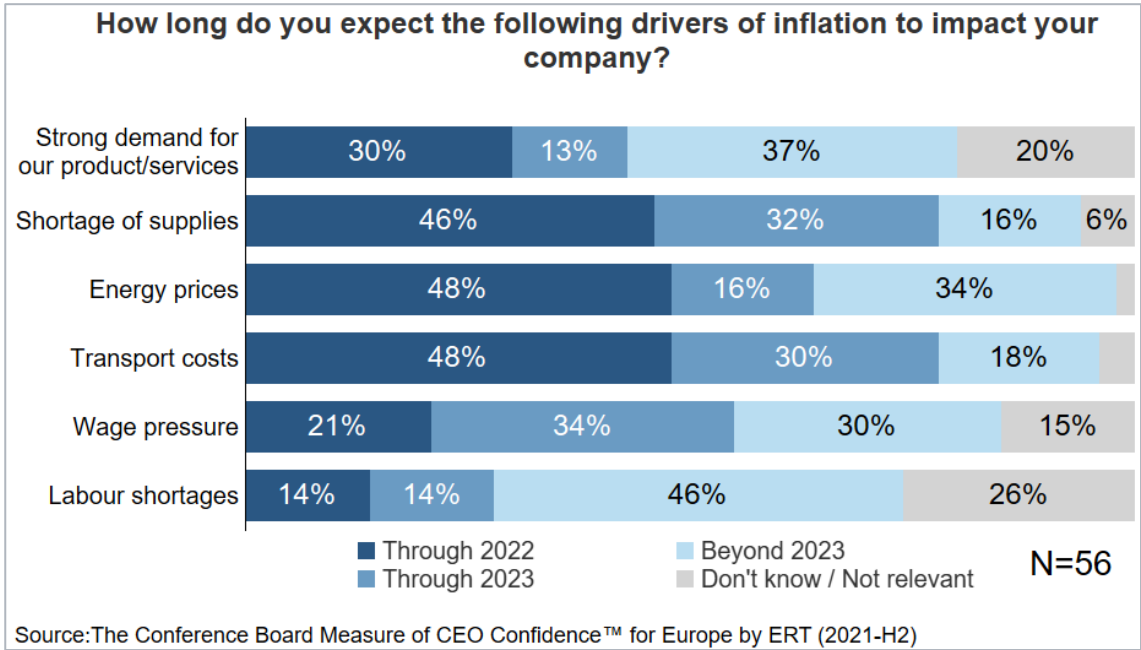
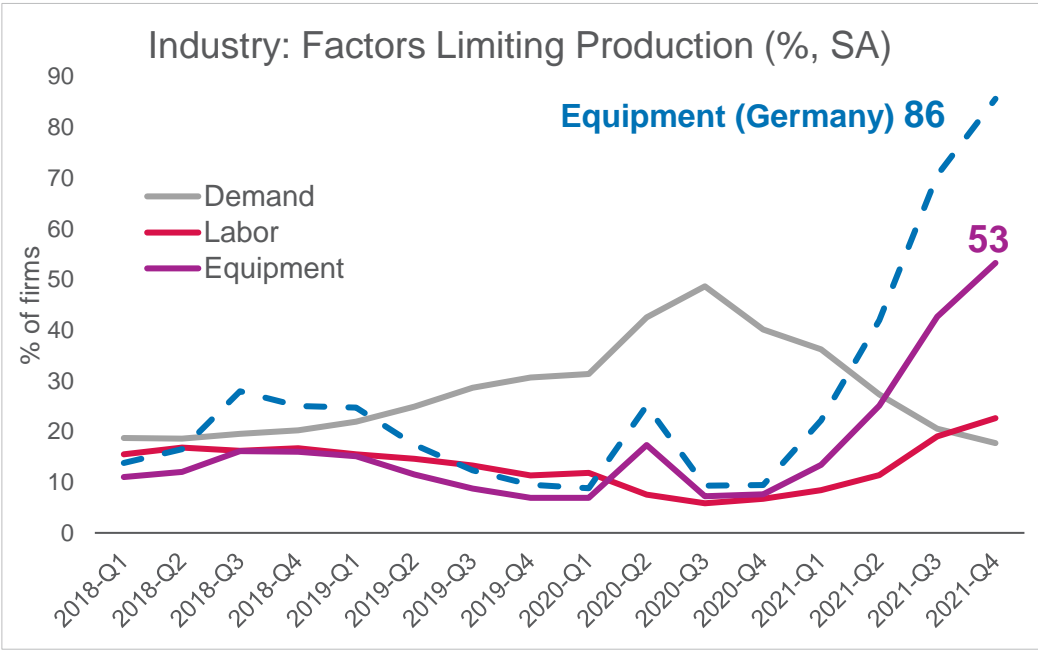


	GDP Growth	Quantitative Growth	Capital Quantity	Labor Quantity	Qualitative Growth	Capital Quality	Labor Quality	Total Factor Productivity
2000-2009	3.4	2.2	1.9	0.3	1.2	0.6	0.4	0.2
2010-2019	3.3	2.5	2.1	0.4	0.7	0.3	0.3	0.1
2020-2021	0.8	0.9	1.5	-0.7	-0.1	0.1	0.4	-0.6
2022-2026	2.5	1.5	1.4	0.1	1.0	0.4	0.3	0.3
2027-2031	2.4	1.5	1.5	0.0	0.9	0.3	0.2	0.4

Source: The Conference Board Global Economic Outlook



Growth in Europe will stay above trend in 2022 and 2023; but supply constraints weigh on the economy



Source: European Commission, Haver, The Conference Board



Poll 2

Which region in Asia holds the biggest growth potential for your industry?

- a. China
- b. India
- c. ASEAN
- d. Japan
- e. Other



Slowing trend growth is most evident in emerging Asian economies

Real GDP growth, average annual % change

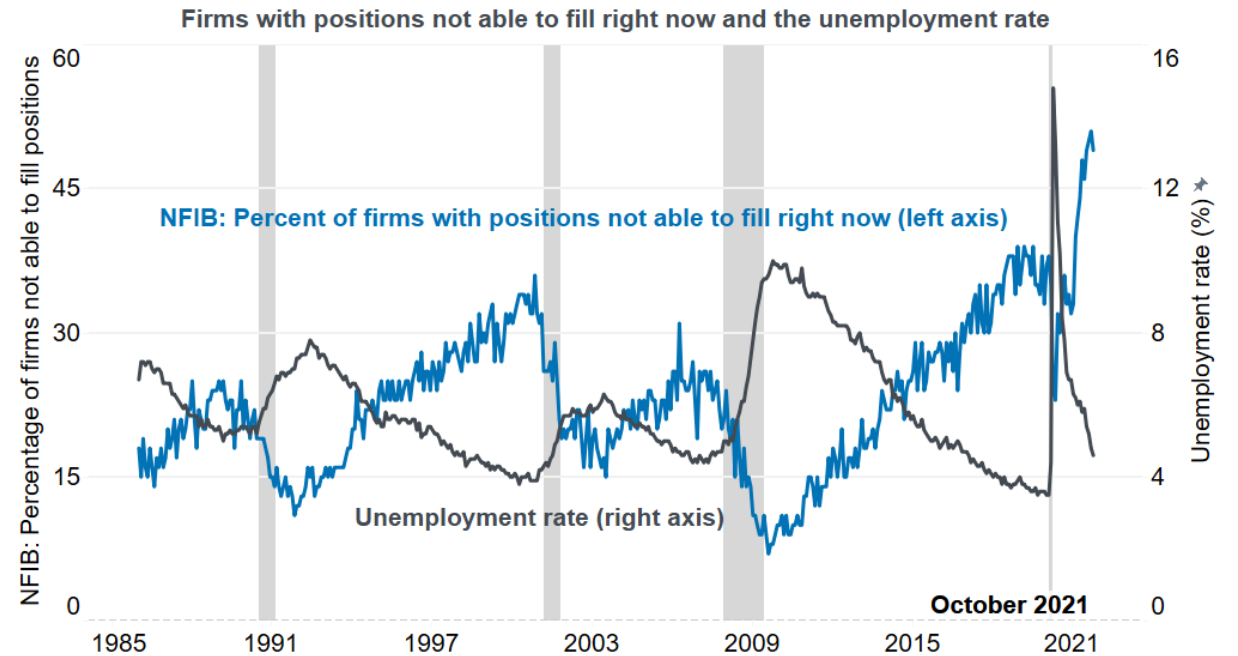
	Actual	Actual	Estimate	Trend	Trend
	2000- 2009	2010- 2019	2020- 2021	2022- 2026	2027- 2031
China	8.9	6.3	3.6	3.7	3.3
India	6.8	7.2	-0.4	4.0	4.1
Pakistan	4.4	3.8	3.1	4.0	4.4
Indonesia	5.2	5.4	0.8	3.6	3.5
Malaysia	4.7	5.4	-1.7	2.2	2.6
Philippines	4.5	6.4	-2.6	4.2	4.7
Thailand	4.3	3.6	-2.5	2.0	2.0
Vietnam	6.9	6.5	2.0	5.0	5.0
EMERGING ASIA	7.4	6.2	1.9	3.7	3.6
Australia	3.1	2.6	0.8	2.6	2.6
Hong Kong	4.2	2.8	0.3	2.0	2.1
Japan	0.4	1.2	-1.1	0.8	0.8
New Zealand	2.9	3.2	2.0	3.2	3.0
Singapore	5.3	4.9	0.2	3.3	3.5
South Korea	4.9	3.3	1.7	2.6	2.3
Taiwan	3.8	3.6	4.8	2.4	2.3
ADVANCED ASIA	2.0	2.3	0.5	1.8	1.8
ASIA PACIFIC	5.5	5.2	1.6	3.3	3.2

Source: The Conference Board Global Economic Outlook



Winter COVID-19 resurgences and persistent inflation may slow growth as the US enters 2022; all eyes are on labor shortages among business leaders

- Inventories should begin to rise again as companies endeavor to restock. This will bolster economic growth in the near term.
- Consumer confidence has begun to recover from the Delta variant.
- Labor markets continue to recover. High turnover and wage pressures are likely to endure into 2022.
- Inflation is rising once again. Wages, energy, housing, and supply chain disruptions underly the surge in prices.



Source: National Federation of Independent Business;
US Bureau of Labor Statistics

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Poll 3

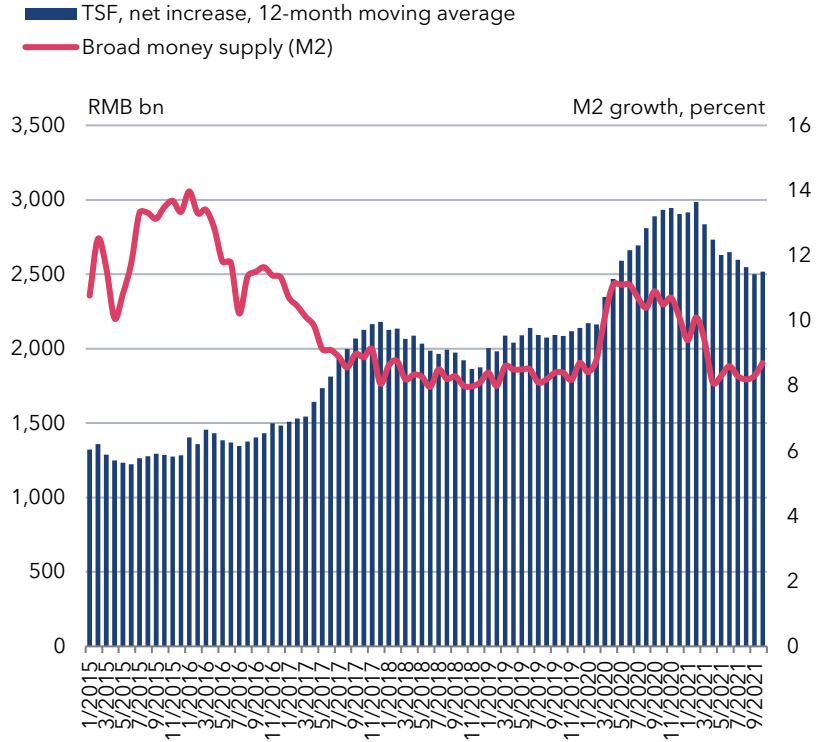
What is your company's current growth outlook for China in 2022?

- a. GDP growth in 2022 will be higher than 2019, i.e. > 6%
- b. GDP growth in 2022 will slow to 5~5.5% level
- c. GDP growth will go under 5% in 2022



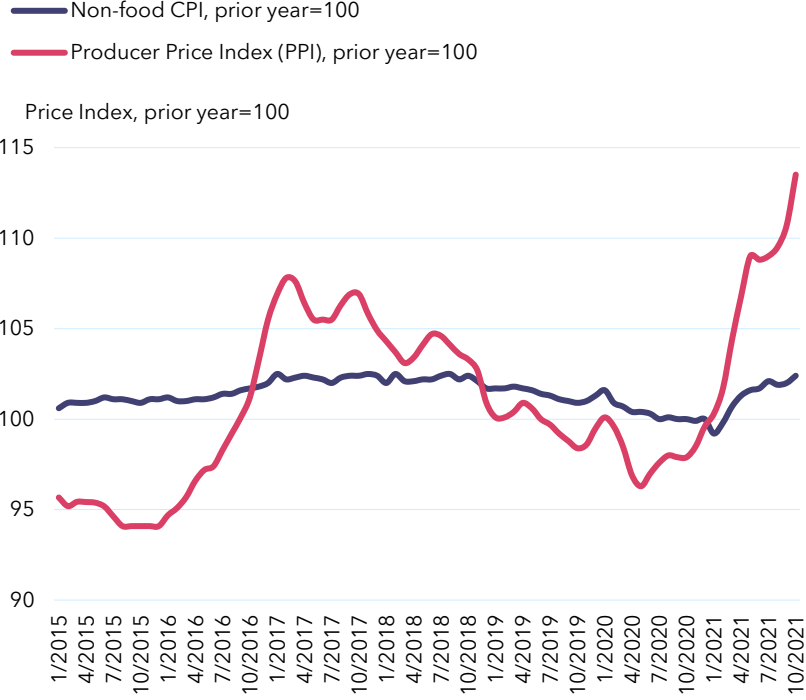
China overview: Modest pro-growth measures are expected over the short term, but they will likely not reverse the downward trend growth

Headroom exists for monetary easing...



Sources: PBoC, CEIC, The conference Board

But inflation is a constraint to be considered...

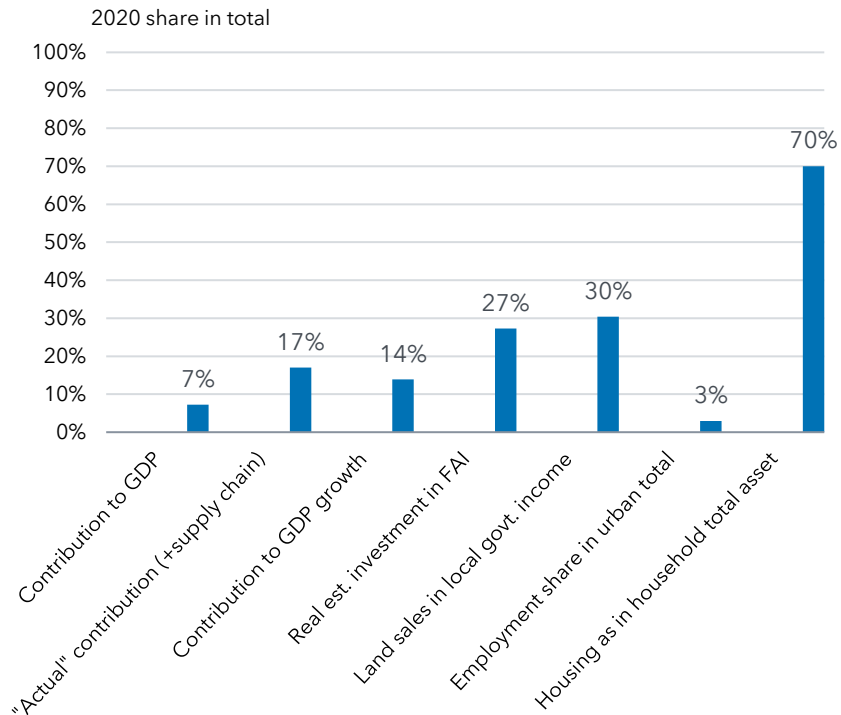


Sources: NBS, CEIC, The Conference Board



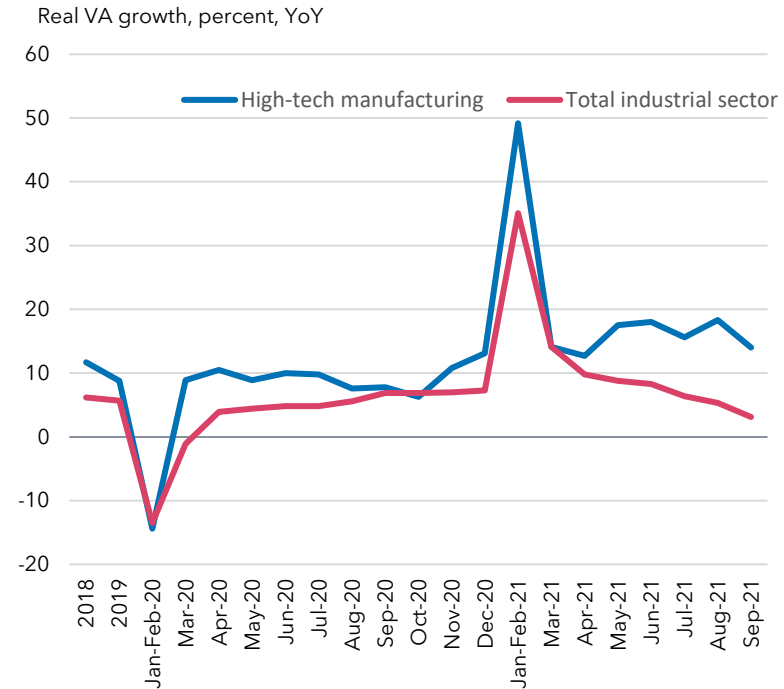
The real estate investment slowdown leaves a big “growth hole” to fill. What will fill it?

How important is the real estate sector for China’s economic growth?



Source: the ratio of housing asset in total household assets comes from "中国家庭财富指数调查报告 2020"; other ratios estimated by Ren Zeping

High-tech manufacturing growth is outperforming, but it accounts for a small share ...



*High-tech manufacturing, as classified by the NBS, includes pharmaceuticals, aircraft, telecommunication equipment, computers, medical equipment, and ICT-product chemicals manufacturing. Sources: NBS, CEIC, The Conference Board



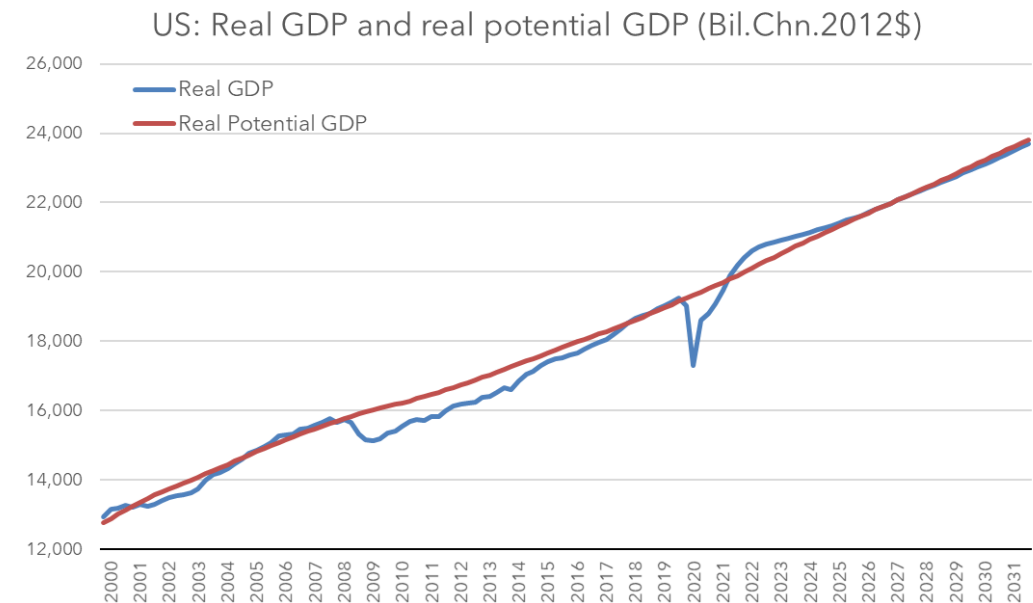
Q&A



Appendix

The projected growth rates in The Conference Board model should be thought of as trend growth rates, which can differ from actual growth rates due to short-term fluctuations

- **Capital input** projections are estimated based on structural factors such as the saving rate, depreciation rate, capital deepening, wage growth, etc.
- **Total factor productivity (TFP)** projections are estimated using structural factors such as corruption, growth in R&D, the Human Development Index, etc.
- **Labor quality** projections are based on projections of educational attainment and average returns to schooling.
- **Labor quantity** projections are based on working-age population growth rates.
- Resultant **GDP** projections should be thought of as potential or trend growth rates—i.e., what the economy could be producing when it fully employs its available economic resources (at normal levels).
- Given the amount of slack that built up during the pandemic recession, most economies are expected to run above potential in the coming years.



Source: US Congressional Budget Office

For more details, please refer to our working paper:
<https://www.conference-board.org/topics/global-economic-outlook/Global-Growth-Projections-2018>



The Conference Board Global Economic Outlook 2022

Projected Real GDP (average annual % change)

	2022-2026	2027-2031		2022-2026	2027-2031		2022-2026	2027-2031
WORLD	2.5	2.4	EUROPE	1.2	1.1	MIDDLE EAST & NORTH AFRICA	2.6	2.9
EMERGING MARKETS AND DEVELOPING ECONOMIES	3.2	3.2	Bulgaria	2.7	2.4	Algeria	1.5	2.1
MATURE ECONOMIES	1.7	1.5	Croatia	1.1	1.2	Egypt	2.7	3.1
United States	2.1	1.8	Czech Republic	1.8	1.6	Iran	2.1	2.8
Japan	0.8	0.8	Denmark	1.4	1.0	Morocco	2.6	3.0
OTHER MATURE	2.5	2.4	Hungary	2.5	2.3	GULF REGION	2.9	2.9
Australia	2.6	2.6	Iceland	1.3	1.0	Bahrain	2.0	2.3
Canada	1.7	1.7	Norway	1.4	1.3	Kuwait	1.3	1.8
Hong Kong	2.0	2.1	Poland	2.5	2.5	Oman	2.9	3.8
Israel	4.1	4.1	Romania	2.0	1.7	Qatar	1.8	2.3
New Zealand	3.2	3.0	Sweden	1.4	1.2	Saudi Arabia	3.2	2.8
Singapore	3.3	3.5	Switzerland	1.3	1.0	United Arab Emirates	3.0	3.6
South Korea	2.6	2.3	United Kingdom	1.1	0.9	SUB-SAHARAN AFRICA	3.4	3.8
Taiwan	2.4	2.3	EURO AREA	1.0	0.9	Ethiopia	5.4	5.3
EMERGING ASIA	3.7	3.6	Austria	0.9	0.8	Ghana	4.9	5.2
China	3.7	3.3	Belgium	1.0	1.0	Kenya	4.8	4.7
India	4.0	4.1	Cyprus	1.4	1.1	Nigeria	2.9	3.5
OTHER DEVELOPING ASIA	3.5	3.7	Estonia	3.1	2.9	South Africa	1.7	2.0
Pakistan	4.0	4.4	Finland	1.3	1.2	Tanzania	5.0	5.2
Indonesia	3.6	3.5	France	1.2	1.2	Uganda	5.4	5.4
Malaysia	2.2	2.6	Germany	0.8	0.7	LATIN AMERICA	1.6	1.7
Philippines	4.2	4.7	Greece	1.7	1.5	Argentina	1.1	1.4
Thailand	2.0	2.0	Ireland	2.2	2.4	Brazil	1.7	1.7
Vietnam	5.0	5.0	Italy	0.5	0.2	Chile	2.4	2.3
RUSSIA, CENTRAL ASIA AND SOUTHEAST EUROPE	2.5	2.4	Latvia	2.0	1.9	Colombia	2.4	2.4
Kazakhstan	3.0	3.1	Lithuania	2.0	1.9	Mexico	1.4	1.4
Russian Federation	1.6	1.8	Luxembourg	2.1	1.9	Peru	2.7	2.7
Turkey	3.6	3.1	Malta	1.5	1.5	Venezuela	-2.7	1.2
Ukraine	2.4	2.8	Netherlands	1.2	1.1			
			Portugal	1.0	0.9			
			Spain	0.7	0.6			
			Slovak Republic	1.9	1.8			
			Slovenia	1.8	1.4			



The Conference Board® Global Economic Outlook

For the full suite of reports on the Global Economic Outlook, as well as access to all underlying data, please visit: <https://conference-board.org/topics/global-economic-outlook>

