



PHD Research Bureau
PHD Chamber of Commerce and Industry



Global Economic Outlook

According to the World Bank Global Economic Prospects, January 2023 update: Global growth is projected to decelerate sharply this year, to its third weakest pace in nearly three decades, overshadowed only by the 2009 and 2020 global recessions. This reflects synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the Russian Federation's invasion of Ukraine. Investment growth in emerging market and developing economies (EMDEs) is expected to remain below its average rate of the past two decades. Further adverse shocks could push the global economy into yet another recession. Small states are especially vulnerable to such shocks because of their reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters. Urgent global action is needed to mitigate the risks of global recession and debt distress in EMDEs. Given limited policy space, it is critical that national policy makers ensure that any fiscal support is focused on vulnerable groups, that inflation expectations remain well anchored, and that financial systems continue to be resilient. Policies are also needed to support a major increase in EMDE investment, including new financing from the international community and from the repurposing of existing spending, such as inefficient agricultural and fuel subsidies.

Global growth is expected to decelerate sharply to 1.7 percent in 2023—the third weakest pace of growth in nearly three decades, overshadowed only by the global recessions caused by the pandemic and the global financial crisis. This is 1.3 percentage points below previous forecasts, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine. The United States, the euro area, and China are all undergoing a period of pronounced weakness, and the resulting spillovers are exacerbating other headwinds faced by emerging markets and developing economies (EMDEs).

India's Economic Outlook

Growth in India is projected to slow from 8.7 percent in FY 2021/22 to 6.9 percent in FY 2022/23, the latter revised 0.6 percentage point lower since June. The slowdown in the global economy and rising uncertainty will weigh on export and investment growth. Governments increased infrastructure spending and various business facilitation measures, however, will crowd-in private investment and support the expansion of manufacturing capacity. Growth is

projected to slow, to 6.6 percent in FY 2023/24 before falling back toward its potential rate of just above 6 percent.

TABLE 1.1 Real GDP¹
(Percent change from previous year unless indicated otherwise)

Percentage point differences from June 2022 projections

	2020	2021	2022e	2023f	2024f	2022e	2023f	2024f
World	-3.2	5.9	2.9	1.7	2.7	0.8	-1.3	-0.3
Advanced economies	-4.3	5.3	2.5	0.5	1.6	-0.1	-1.7	-0.3
United States	-3.8	5.9	1.9	0.5	1.6	-0.6	-1.9	-0.4
Euro area	-6.1	5.3	3.3	0.0	1.6	0.8	-1.9	-0.3
Japan	-4.3	2.2	1.2	1.0	0.7	-0.5	-0.3	0.1
Emerging market and developing economies	-1.5	6.7	3.4	3.4	4.1	0.8	-0.8	-0.3
East Asia and Pacific	1.2	7.2	3.2	4.3	4.9	-1.2	-0.9	-0.2
China	2.2	8.1	2.7	4.3	5.0	-1.6	-0.9	-0.1
Indonesia	-2.1	3.7	5.2	4.8	4.9	0.1	-0.5	-0.4
Thailand	-4.2	1.5	3.4	3.6	3.7	0.5	-0.7	-0.2
Europe and Central Asia	-1.7	6.7	0.2	0.1	2.8	3.2	-1.4	-0.5
Russian Federation	-2.7	4.8	-0.5	-0.3	1.6	5.4	-1.3	-0.6
Turkey	1.9	11.4	4.7	2.7	4.0	2.4	-0.5	0.0
Poland	-2.0	6.8	4.4	0.7	2.2	0.5	-2.9	-1.5
Latin America and the Caribbean	-4.2	6.8	3.6	1.3	2.4	1.1	-0.6	0.0
Brazil	-3.3	5.0	3.0	0.8	2.0	1.5	0.0	0.0
Mexico	-8.0	4.7	2.6	0.9	2.3	0.9	-1.0	0.3
Argentina	-9.9	10.4	5.2	2.0	2.0	1.7	-0.5	-0.5
Middle East and North Africa	-3.6	3.7	5.7	3.5	2.7	0.4	-0.1	-0.5
Saudi Arabia	-4.1	3.2	8.0	3.7	2.3	1.3	-0.1	-0.7
Iran, Islamic Rep.*	1.9	4.7	2.9	2.2	1.9	-0.8	-0.5	-0.4
Egypt, Arab Rep.*	3.6	3.3	6.6	4.5	4.8	0.5	-0.3	-0.2
South Asia	-4.5	7.9	6.1	5.5	5.8	-0.7	-0.3	-0.7
India*	-6.6	8.7	6.9	6.6	6.1	-0.6	-0.5	-0.4
Pakistan*	-0.9	5.7	6.0	2.0	3.2	1.7	-2.0	-1.0
Bangladesh*	3.4	6.9	7.2	5.2	6.2	0.8	-1.5	-0.7
Sub-Saharan Africa	-2.0	4.3	3.4	3.6	3.9	-0.3	-0.2	-0.1
Nigeria	-1.8	3.6	3.1	2.9	2.9	-0.3	-0.3	-0.3
South Africa	-6.3	4.9	1.9	1.4	1.8	-0.2	-0.1	0.0
Angola	-5.8	0.8	3.1	2.8	2.9	0.0	-0.5	-0.3
Memorandum items:								
Real GDP²								
High-income countries	-4.3	5.3	2.7	0.6	1.6	0.0	-1.6	-0.4
Middle-income countries	-1.2	6.9	3.2	3.4	4.3	-0.1	-0.8	-0.2
Low-income countries	1.6	3.9	4.0	5.1	5.6	0.0	-0.1	0.0
EMDEs excl. China	-3.9	5.7	3.8	2.7	3.6	1.1	-0.7	-0.4
Commodity-exporting EMDEs	-3.7	4.9	2.8	1.9	2.8	1.6	-0.7	-0.4
Commodity-importing EMDEs	-4.4	7.6	3.6	4.1	4.8	-0.8	-0.8	-0.2
Commodity-importing EMDEs excl. China	-4.2	6.8	5.0	3.8	4.5	0.4	-0.7	-0.4
EMU ³	-0.4	7.4	3.0	3.5	4.5	-0.3	-0.8	-0.2
World (PPP weights)*	-2.8	6.1	3.1	2.2	3.2	0.0	-1.2	-0.3
World trade volume⁴	-8.2	10.8	4.0	1.6	3.4	8.9	-2.7	-4.4
Commodity prices⁵								
Energy price index:								
Oil price (US\$ per barrel)	52.7	95.4	151.7	130.5	118.3	7.1	4.4	7.2
Oil price (US\$ per barrel)	42.3	70.4	106.0	88.0	80.0	0.0	-4.0	0.0
Non-energy commodity price index	84.4	112.0	125.7	113.7	113.0	-8.4	-7.6	-4.6

Source: World Bank.
Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information. Consequently, projections presented here may differ from those contained in other World Bank documents, even if basic assumptions of countries' prospects do not differ at any given date. For the definition of EMDEs, developing countries, commodity exporters, and commodity importers, please refer to table 1.1. GDP excludes Brazil, China, India, Indonesia, Mexico, the Russian Federation, and Turkey. The World Bank is currently not publishing economic output, income, or growth data for Turkmenistan and República Bolivariana de Venezuela owing to lack of reliable data of adequate quality. Turkmenistan and República Bolivariana de Venezuela are excluded from cross-country macroeconomic aggregates.
1. Headline aggregate growth rates are calculated using GDP weights at average 2010-19 prices and market exchange rates. The aggregate growth rates may differ from the previously published numbers that were calculated using GDP weights at average 2013 prices and market exchange rates.
2. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. The column labeled 2022 refers to FY2022/23.
3. GDP growth rates are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. Pakistan's growth rates are based on GDP at factor cost. The column labeled 2022 refers to FY2022/23.
4. World growth rates are calculated using average 2010-19 purchasing power parity (PPP) weights, which attribute a greater share of global GDP to emerging market and developing economies (EMDEs) than market exchange rates.
5. World trade volume of goods and services.
6. Energy price index is in nominal U.S. dollars (2010=100) and it includes coal (Australia), crude oil (Brent), and natural gas (Europe, Japan, and the United States). Oil price refers to the Brent crude oil benchmark. The non-energy index is in nominal U.S. dollars (2010=100) and it is the weighted average of 30 commodity prices (7 metals, 5 fertilizers, and 27 agricultural commodities). For additional details, please see <https://www.worldbank.org/en/commodities>.

Please find appended the link to access the detailed document on the same.

<https://openknowledge.worldbank.org/bitstream/handle/10986/38030/GEP-January-2023.pdf>

Please contact for any query related to this mail to Ms Manpreet Kaur, Research Associate at manpreet.kaur@phdcci.in with a cc to Dr S P Sharma, Chief Economist | DSG at spsharma@phdcci.in, PHD Chamber of Commerce and Industry.



Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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