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**Article**

# World Economy Spring 2020 - World economy under strain

Kiel Institute Economic Outlook, No. 63

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KIEL INSTITUTE FOR THE WORLD ECONOMY

# KIEL INSTITUTE ECONOMIC OUTLOOK

## World Economy
Spring 2020


Finalized March 11, 2020

No. 63 (2020|Q1)

*Klaus-Jürgen Gern, Philipp Hauber,*
*Stefan Kooths, and Ulrich Stolzenburg*

Forecasting Center

# WORLD ECONOMY UNDER STRAIN

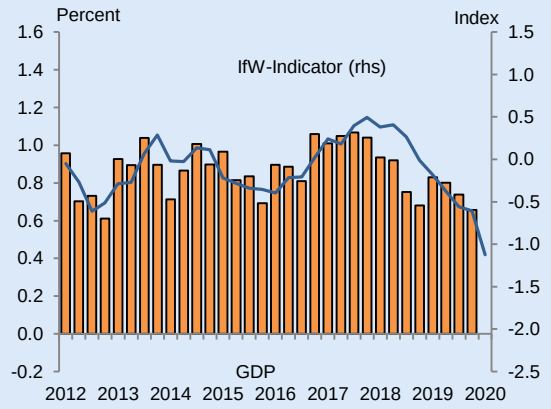
*Klaus-Jürgen Gern, Philipp Hauber, Stefan Kooths, and Ulrich Stolzenburg*

*In early 2020 the world economy is severely affected by the consequences of a novel coronavirus and the measures implemented to arrest its spreading. As more and more countries are affected by the virus, measures designed to contain the disease are weighing on economic activity and are adding to the significant negative impact on growth from the steep decline of production in China, from where the virus originated. Our previous call for a gradual acceleration of global growth has been radically revised, and we now expect world output to decline in the first half of this year. Especially affected are Asia and Europe, where the diffusion of the virus has progressed most and the probability of disruptions of production through interrupted value chains is particularly high. Commodity exporters are hit by a substantial decline in raw material prices. Even under optimistic assumptions about the progress of the disease, which would allow for a rapid recovery of activity in the second half of the year, and despite significant support from macroeconomic policies, we expect global growth to decline from 3.0 percent in 2019 to just 2.0 percent in 2020, the lowest rate of growth since the Great Recession in 2009. In our benign scenario of a swift normalization of conditions for economic activity, output would rise by 4 percent next year. Thus we have revised down our forecast from December down by 1.1 percentage points for 2020 and up by 0.6 percentage points for 2021.The risks for a stronger and more prolonged downturn in global growth are pronounced, especially in the case that the containment of the virus takes longer than assumed or there is another wave of Covid-19 later this year before effective drugs or vaccines are available.*

**The economic impacts of the Covid-19 pandemic hits the world economy in a situation of already subdued growth.** Global growth has progressively lost momentum in the course of 2019, with output in the fourth quarter especially sluggish in the advanced economies.

**Global output will be severely dampened in the first half of 2020.** Tentative signs from sentiment indicators of an improvement in the global outlook towards the end of 2019 and still in January 2020 turned dramatically in February when PMI indicators collapsed in China. The Kiel Institute Indicator of Global Economic Activity, which is calculated based on sentiment indicators from 42 countries, dropped to its lowest level since the Great Recession in 2009, even though indicators in the advanced economies were generally still increasing as the severity of the economic fallout from the coronavirus started to become visible only after the surveys were completed. This suggests that our indicator will continue to fall substantially in March and a dramatic deceleration of economic activity in the first months of this year, which is only partly reflected in the already weak reading of the latest Kiel Institute Indicator for Q1 (Graph 1).

***Figure 1:***
**World Economic Activity, 2012–2020**




Quarterly data, seasonally adjusted. Indicator is based on business expectations in 42 economies. GDP: price adjusted, change over previous quarter, 46 countries, weighted by purchasing power parities.

*Source:* OECD, *Main Economic Indicators*; national sources; Kiel Institute calculations.

**In contrast to normal recessions, economic activity is particularly affected in a number of service industries.** Cyclical fluctuations of economic activity on the macroeconomic level are typically driven by fluctuations in capacity utilization of the industrial sector. In the case of the Covid-19 crisis,

however, also large parts of the service sector are directly hit, including transport, accommodation and restaurants, recreational facilities and parts of retail trade. All these services involve a good deal of social interaction, which is reduced in the current situation as a result of administrative instructions or voluntary changes in behavior in order to reduce the risk of infection.

**Length and depth of the global economic downturn depend on the further evolution of the pandemic and the measures that will be necessary for its containment.** The tougher the measures for containment, the bigger the chances that this wave of the epidemic will run out soon, but the larger will likely be the negative short-term impact on the economy. Initially, draconic measures of the Chinese government to contain the disease led to a sharp decrease in production in China with substantial negative impact on the global economy in general, and Asian economies in particular, through a reduction in goods trade and tourism. As Covid-19 spreads globally, more and more countries are experiencing substantial limitations in economic activity due to anti-epidemic measures of their own.

**Global output growth will be weak at best in the first half of 2020 but increase strongly in the second half, provided that the Covid-19 pandemic is contained in the coming months.** Our baseline assumption is that it will be possible to get Covid-19 under control within a couple of months, enabling the global economy to normalize from mid-year onwards. Monetary policy has already been eased and fiscal measures are being put in place to support the economy. In this scenario, global growth in 2020 as a whole could still be around 2 percent, which would nevertheless be by far the lowest rate of increase since the Great Recession in 2009. In 2021, assuming a progressive recovery of economic activity over time, global output could rise by around 4 percent (Table 1). Thus we have revised down our forecast drastically from December down by 1.1 percentage points for 2020 and up by 0.6 percentage points for 2021.

**Downward risks to this scenario are rising by the day and are increasingly reflected in financial markets.** After a period of complacency, stock markets have corrected dramatically in recent weeks. In addition to the risk that the containment of the virus takes longer than assumed or there is another wave of the epidemic later on in the year before effective drugs or vaccines are available, the economic downturn could be reinforced by financial feedback loops, leading to liquidity problems in the corporate sector, progressively rising risk premia in certain sovereign debt markets, or rising savings rates in response to lower asset valuations.

***Table 1:***
**Real GDP and consumer prices in selected countries and regions, 2019–2021**

| | Gross domestic product | | | Consumer prices | | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| United States | 2.3 | 1.5 | 1.8 | 1.8 | 1.9 | 2.4 |
| Japan | 0.7 | -0.4 | 1.7 | 0.5 | 0.5 | 0.8 |
| Euro Area | 1.5 | -1.2 | 1.5 | 1.1 | 0.8 | 1.5 |
| United Kingdom | 1.3 | 1.0 | 2.3 | 1.7 | 1.3 | 1.7 |
| **Advanced economies total** | 1.8 | 0.6 | 2.0 | 1.5 | 1.6 | 1.9 |
| China | 6.1 | 3.8 | 8.0 | 2.9 | 4.0 | 2.3 |
| Latin America | 0.7 | 1.4 | 2.4 | 8.7 | 8.4 | 6.4 |
| India | 5.3 | 5.0 | 5.9 | 3.7 | 5.8 | 4.0 |
| East Asia | 4.5 | 3.7 | 4.6 | 2.0 | 2.8 | 2.9 |
| Russia | 1.3 | 1.0 | 1.5 | 4.5 | 5.0 | 3.5 |
| **World economy total** | 3.0 | 2.0 | 4.0 | 3.6 | 4.0 | 3.5 |
| *Addendum:* | | | | | | |
| World trade volume | -0.4 | -2.4 | 4.3 | . | . | . |
| Oil price (Brent in US$) | 64.4 | 49.7 | 60.8 | . | . | . |
| World economy total (weighted according to GDP at market exchange rates) | 2.6 | 1.5 | 3.3 | 2.9 | 3.2 | 2.9 |

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: Kiel Institute forecast.

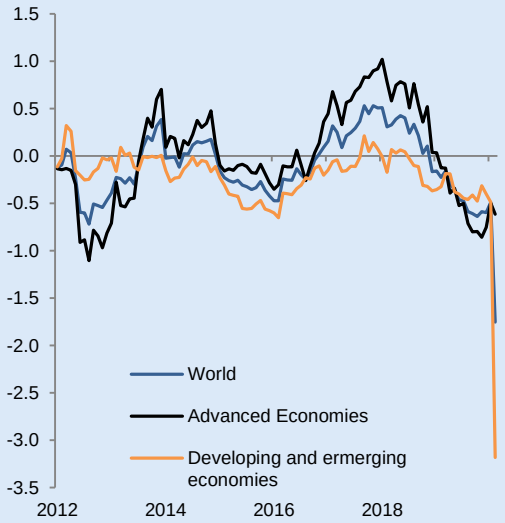
*Source:* Kiel Institute forecast.

## Data annex

# CONTENTS

# 1. World Economy

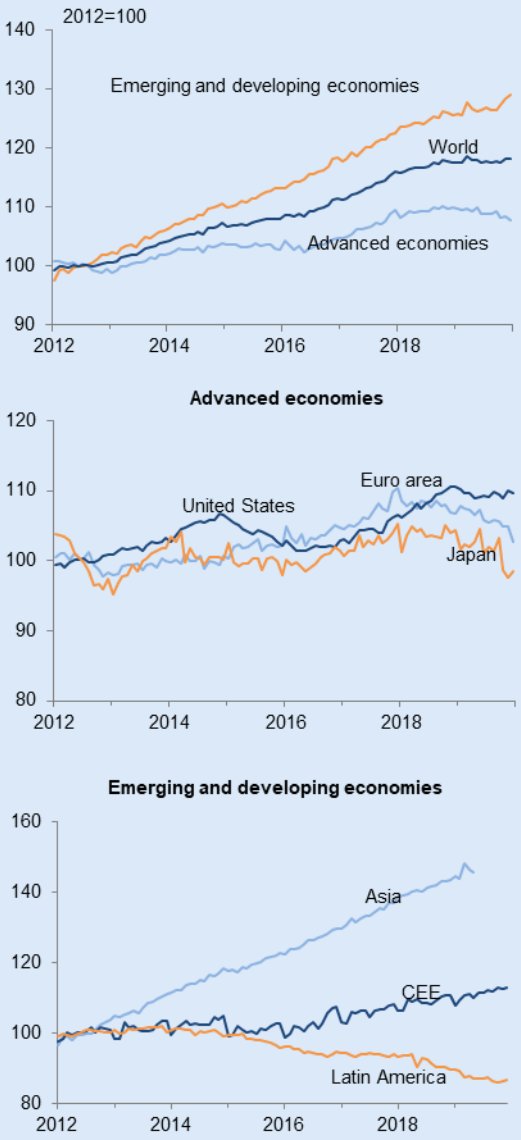
***Figure 1.1:***
**Business expectations by groups of countries, 2012–2019**




Monthly data, seasonally adjusted. Indicators are based on buisness expectations in 42 countries (34 advanced economies and 8 emerging economies).

*Source*: OECD, *Main Economic Indicators*; national sources; Kiel Institute calculations.

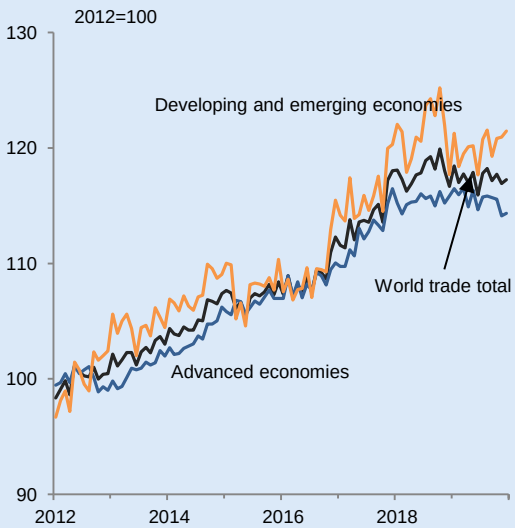
***Figure 1.2:***
**Industrial production by groups of countries and regions, 2012–2019**




Monthly data. Last value: March 2019.

*Source:* CPB, *World Trade Monitor;* Kiel Institute calculations.

***Figure 1.3:***
**World Trade, 2012–2019**

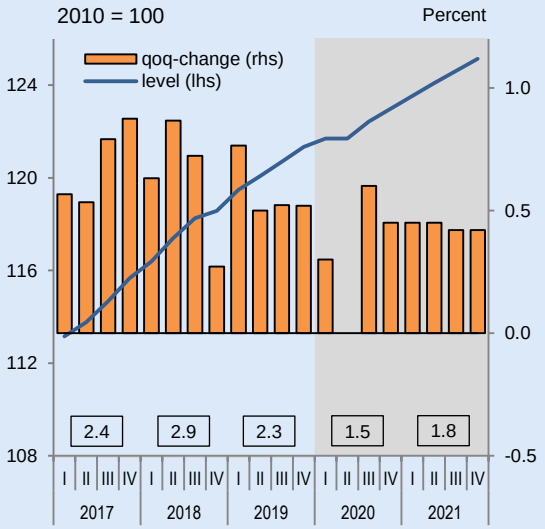



Monthly Data.

*Source*: CPB, *World Trade Monitor*; Kiel Institute calculations.

## 2. United States

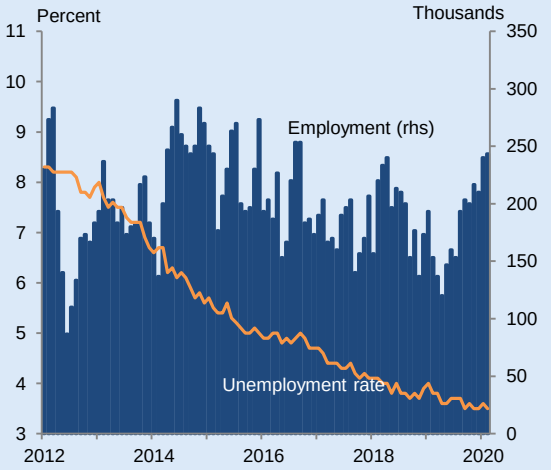
***Figure 2.1:***
**GDP, 2017–2021**




Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

*Source*: Bureau of Economic Analysis; shaded: Kiel Institute forecast.

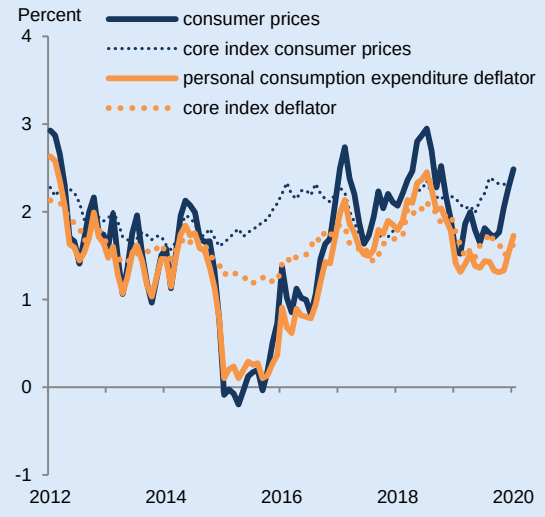
***Figure 2.2:***
**Labor market, 2012–2020**




Monthly data; seasonally adjusted. Employment: 3-month moving average of monthly change in employment.

*Source:* US Department of Labor, *Employment Situation.*

***Figure 2.3:***
**Consumer prices, 2012–2020**




Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

*Source:* US Department of Labor, *Consumer Price Index.*

***Table 2.1:***
**Key indicators United States, 2019–2021**

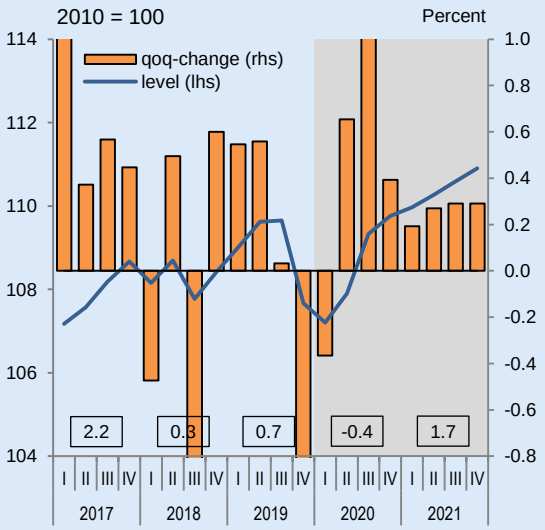
| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Gross Domestic Product | 2.3 | 1.5 | 1.8 |
| Domestic expenditure | 2.4 | 1.3 | 1.8 |
| Private consumption | 2.6 | 1.8 | 1.5 |
| Government consumption | 2.3 | 2.0 | 1.6 |
| Gross fixed capital formation | 1.3 | 1.3 | 2.8 |
| Machinery and equipment | 1.3 | -0.1 | 2.4 |
| Intellectual property rights | 7.6 | 3.6 | 3.2 |
| Structures | -4.3 | -1.8 | 2.9 |
| Residential investment | -1.5 | 3.2 | 2.8 |
| Inventories | 0.1 | -0.4 | 0.1 |
| Net exports | -0.1 | 0.1 | -0.1 |
| Exports | 0.0 | 1.1 | 2.7 |
| Imports | 1.0 | 0.1 | 2.9 |
| Consumer prices | 1.8 | 1.9 | 2.4 |
| Unemployment rate | 3.7 | 3.9 | 3.8 |
| Current account balance | -2.3 | -2.2 | -2.3 |
| Government budget balance | -4.6 | -5.0 | -4.6 |

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

*Source:* US Department of Commerce, *National Economic Accounts;* US Department of Labor, *Employment Situation and Consumer Price Index;* US Department of the Treasury, *Monthly Treasury Statement;* Kiel Institute calculations; shaded: Kiel Institute forecast.

## 3. Japan

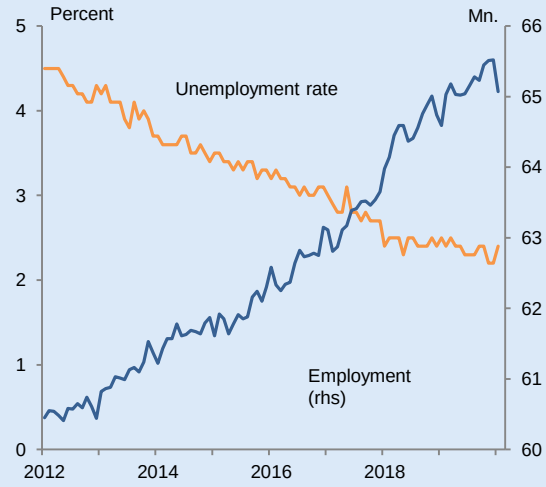
***Figure 3.1:***
**GDP, 2017–2021**




Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

*Source*: Cabinet office, *National Accounts*; shaded: Kiel Institute forecast.

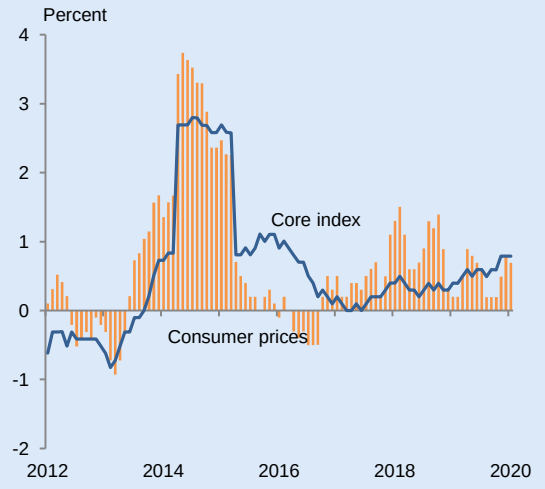
***Figure 3.2:***
**Labor market, 2012–2019**




Monthly data; seasonally adjusted.

*Quelle:* Department of Labor.

***Figure 3.3:***
**Consumer prices, 2012–2020**




Monthly data; change over previous year. Core index: consumer prices excluding enery and fresh food.

*Source:* Statistics Bureau of Japan.

***Table 3.1:***
**Key indicators Japan, 2018–2021**

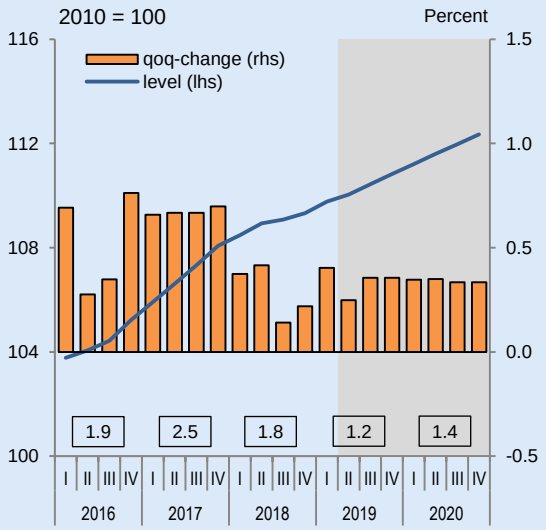
| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Gross Domestic Product | 0.5 | 0.7 | -0.4 | 1.7 |
| Domestic expenditure | 0.3 | 0.8 | -0.3 | 1.9 |
| Private consumption | 0.1 | 0.2 | -0.9 | 2.0 |
| Government consumption | 0.8 | 1.9 | 3.3 | 1.4 |
| Gross fixed capital formation | 0.7 | 1.3 | -1.4 | 2.0 |
| Enterprises | 2.3 | 0.7 | -3.3 | 3.2 |
| Residential Investment | -7.2 | 2.0 | 0.4 | 1.4 |
| Public investment | 0.1 | 2.8 | 3.6 | -1.2 |
| Change in inventories | 0.0 | 0.1 | -0.1 | 0.0 |
| Net exports | 0.0 | -0.1 | -0.1 | 1.0 |
| Exports | 3.4 | -1.8 | -1.7 | 3.1 |
| Imports | 3.3 | -0.7 | -1.3 | 3.7 |
| Consumer prices | 1.0 | 0.5 | 0.5 | 0.8 |
| Unemployment rate | 2.4 | 2.4 | 2.5 | 2.3 |
| Current account balance | 3.5 | 3.4 | 3.0 | 3.2 |
| Government budget balance | -2.4 | -2.7 | -4.0 | -2.1 |

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

*Source:* Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; Kiel Institute calculations; shaded: Kiel Institute forecast.

# 4. Euro Area

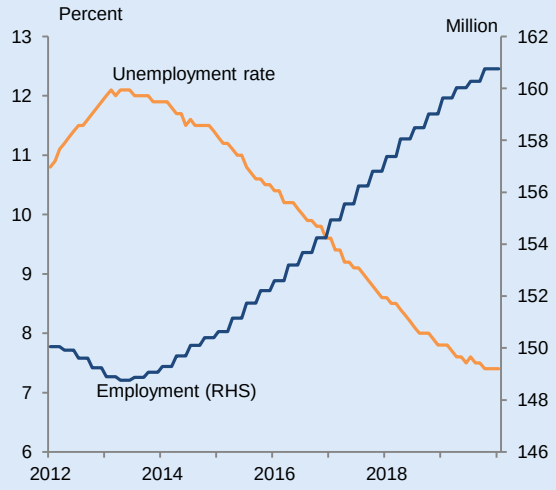
***Figure 4.1:***
**GDP, 2016–2020**




Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

*Source*: Federal Statistical Office, *Fachserie 18, Series 1.3*; shaded: Kiel Institute forecast.

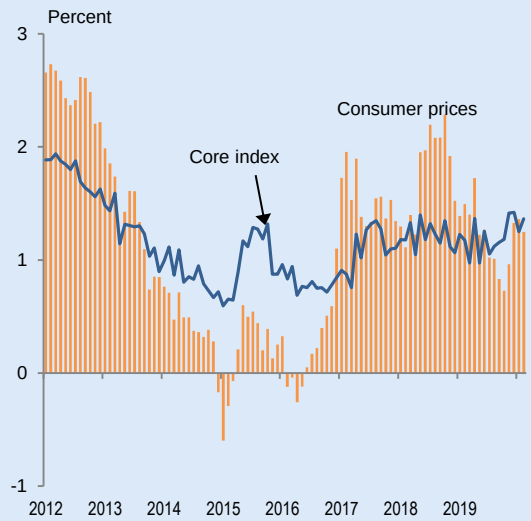
***Figure 4.2:***
**Labor market, 2012–2019**




Monthly data; seasonally adjusted.

*Source:* Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

***Figure 4.3:***
**Consumer prices, 2012–2019**




Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

*Source:* Eurostat, *Price Statistics*.

***Table 4.1:***
**Key indicators Euro Area, 2018–2021**

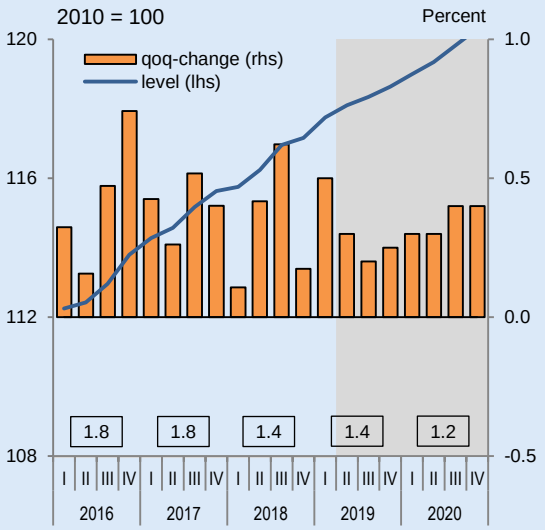
| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Gross Domestic Product | 1.9 | 1.2 | -1.0 | 2.3 |
| Domestic expenditure | 1.6 | 1.8 | -0.3 | 2.4 |
| Private consumption | 1.4 | 1.3 | -1.6 | 2.6 |
| Government consumption | 1.1 | 1.6 | 1.9 | 1.9 |
| Gross fixed capital formation | 2.3 | 5.5 | 1.1 | 2.5 |
| Inventories | 0.0 | -0.5 | -0.1 | 0.0 |
| Net exports | 0.4 | -0.5 | -0.7 | -0.1 |
| Exports | 3.3 | 2.5 | -1.5 | 4.3 |
| Imports | 2.7 | 3.8 | -0.2 | 4.7 |
| Consumer prices | 1.7 | 1.2 | 0.9 | 1.6 |
| Unemployment rate | 8.2 | 7.5 | 7.7 | 7.6 |
| Current account balance | 2.9 | 3.1 | 2.3 | 1.9 |
| Government budget balance | -0.5 | -0.7 | -2.2 | -1.1 |

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

*Source:* Eurostat, *National Accounts*; Kiel Institute calculations; shaded: Kiel Institute forecast.

## 5. United Kingdom

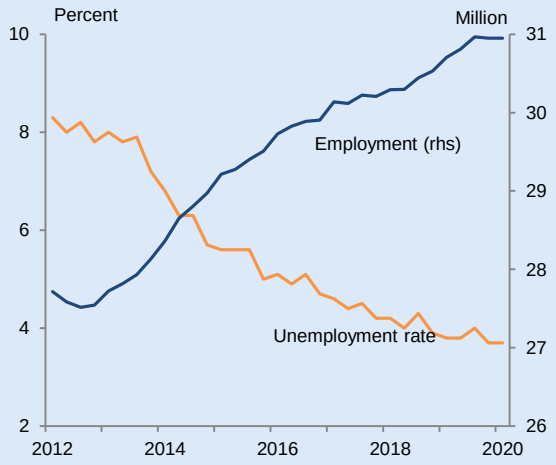
***Figure 5.1:***
**GDP, 2016–2020**




Quarterly data, price, seasonally and calendar adjusted, q-o-q change; annual rate of change (boxes).

*Source*: Eurostat, *National Accounts*; shaded: Kiel Institute forecast.

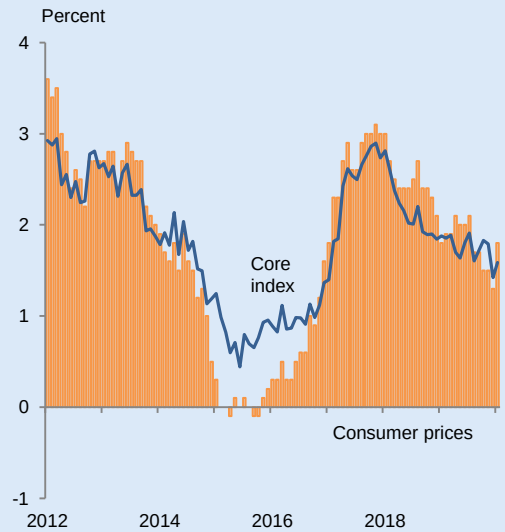
***Figure 5.2:***
**Labor market, 2012–2020**




Quarterly data, seasonally adjusted.

*Source:* Office for National Statistics, *Economy*.

***Figure 5.3:***
**Consumer prices, 2012–2019**




Monthly data, change over previous year. Core rate: consumer prices excluding energy and fresh food.

*Source:* Office for National Statistics, *Economy.*

***Table 5.1:***
**Key indicators United Kingdom, 2018–2021**

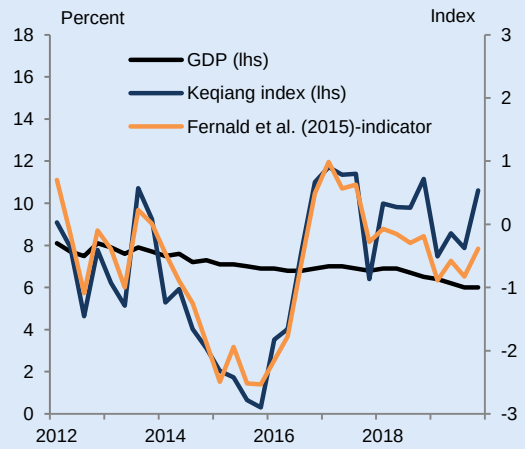
| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Gross Domestic Product | 1.4 | 1.1 | 0.2 | 1.5 |
| Domestic expenditure | 1.6 | 1.9 | -0.4 | 1.6 |
| Private consumption | 1.7 | 1.9 | 0.7 | 1.2 |
| Government consumption | 0.4 | 2.8 | 2.3 | 2.4 |
| Gross fixed investment | 0.2 | -0.3 | -1.5 | 1.2 |
| Inventories | 0.4 | 1.2 | -1.7 | 0.3 |
| Net exports | 0.3 | -2.2 | 0.7 | 0.3 |
| Exports | -0.2 | 0.2 | -1.5 | 1.2 |
| Imports | 0.7 | 3.1 | -3.5 | 1.5 |
| Consumer prices | 2.5 | 1.9 | 2.5 | 2.1 |
| Unemployment rate | 4.1 | 3.7 | 3.9 | 4.0 |
| Current account balance | -3.9 | -5.2 | -3.5 | -3.2 |
| Government budget balance | -1.6 | -2.3 | -3.0 | -3.0 |

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

*Source:* Office for National Statistics, *Economy;* shaded: Kiel Institute forecast.

# 6. China

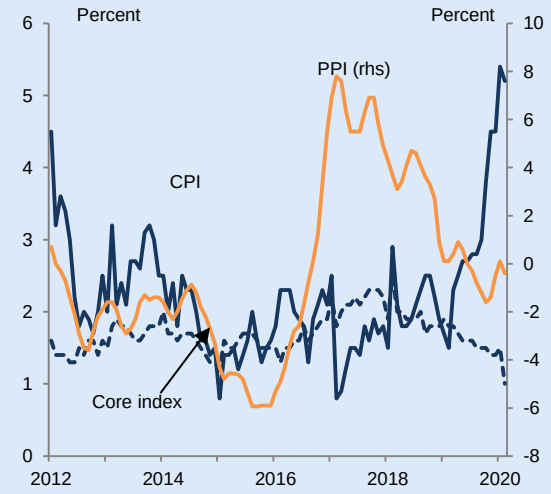
***Figure 6.1:***
**GDP, 2012–2019**




Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fudging its Figures? Evidence from Trading Partner Data.* Federal Reserve Bank of San Francisco, Working Paper 2015-12).

*Source:* National Bureau of Statistics; People's Bank of China; Kiel Institute calculations.

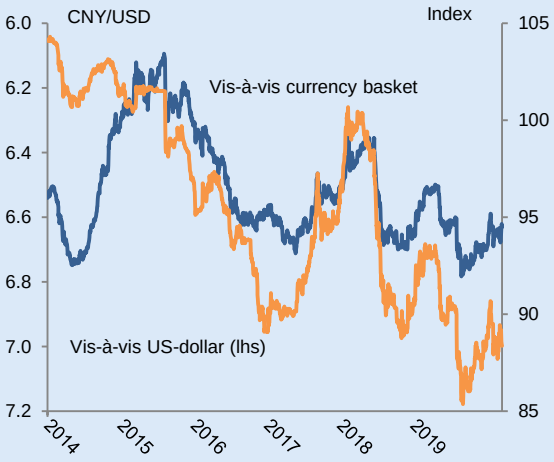
***Figure 6.2:***
**Inflation, 2012–2020**




Monthly data; y-o-y growth rate. Core index: CPI excluding food and energy.

*Source:* National Bureau of Statistics.

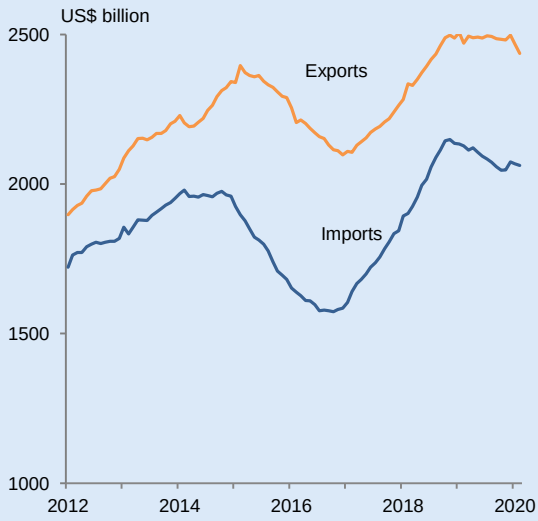
***Figure 6.3:***
**Exchange rates, 2014–2019**




Daily data.

*Source:* Thomson Reuters; China Foreign Exchange Trade System; Kiel Institute calculations.

***Figure 6.4:***
**Exports and imports, 2012–2020**

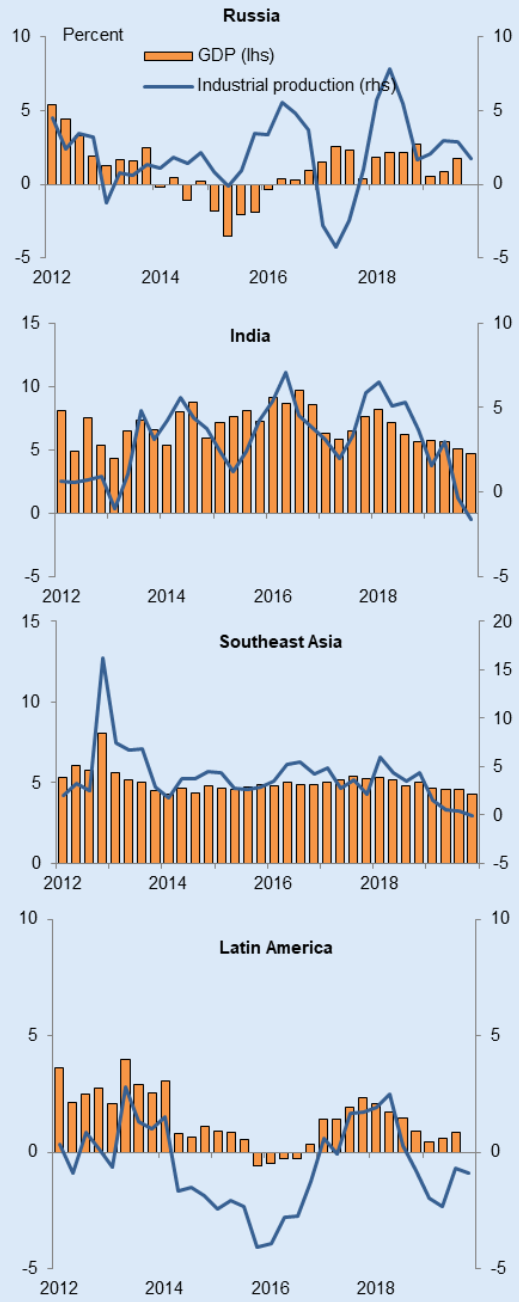



Monthly data, 12-month moving sum.

*Source:* General Administration of Customs; Kiel Institute calculations.

# 7. Emerging Economies

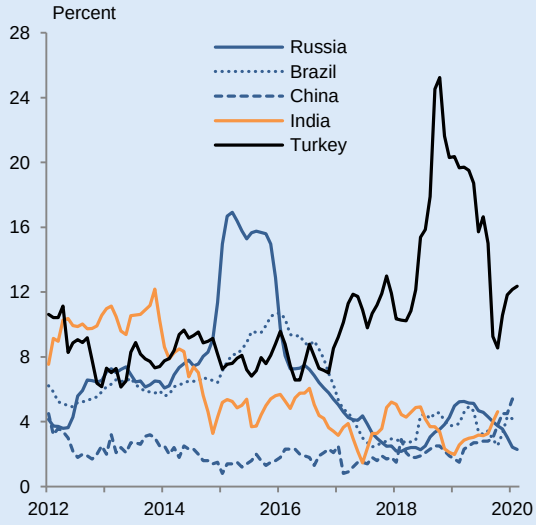
***Figure 7.1:***
**GDP and industrial production in emerging economies 2012–2019**




Quarterly data; volumes; seasonally adjusted; change over previous year; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentinia, Brasil, Chile, Colombia, Mexico and Peru.

*Source:* IMF, *International Financial Statistics*; national statistical offices; Kiel Institute calculations.

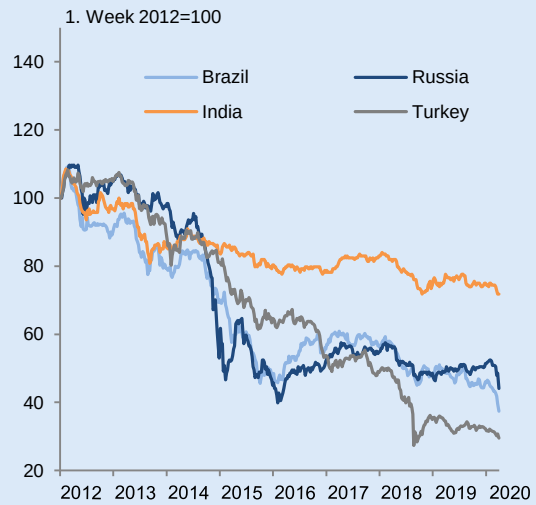
***Figure 7.2:***
**Consumer prices, 2012–2020**




Monthly data; change over previous year.

*Source:* Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

***Figure 7.3:***
**US-dollar exchange rates, 2012–2020**




Weekly data. Last observation: 16.3.2020.

*Source:* Thomson Reuters Datastream

# 8. Forecast summary

***Table 8.1:***
**Key assumptions, 2019–2021**

| | 2019 | | | | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| Key interest rate | | | | | | | | | | | | |
| United States | 2.3 | 2.3 | 1.8 | 1.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Japan | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| Euro area | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange rates | | | | | | | | | | | | |
| US-dollar/euro | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Yen/US-dollar | 110.2 | 109.9 | 107.3 | 108.7 | 106.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 | 105.0 |
| Oil price (Brent, US-dollar) | 63.2 | 68.9 | 61.9 | 63.4 | 52.5 | 39.7 | 48.0 | 58.7 | 60.3 | 60.6 | 60.9 | 61.2 |
| HWWI-Index indust. commodities | 123.6 | 126.4 | 126.2 | 120.6 | 118.1 | 117.8 | 121.4 | 122.0 | 122.7 | 123.4 | 124.2 | 124.9 |

Key interest rate: Fed Funds Rate (United States); overnight rate (Japan); main refinancing operations (euro area).

*Source:* HWWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: Kiel Institute forecast or assumption.

***Table 8.2:***
**Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2019–2021**

| | Weights | Real GDP | | | Consumer prices | | | Unemployment rate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2022 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| European Union | 34.8 | 1.5 | -0.6 | 2.4 | 1.4 | 1.2 | 1.9 | 7.0 | 7.2 | 7.1 |
| Euro area | 28.1 | 1.2 | -1.0 | 2.3 | 1.2 | 0.9 | 1.6 | 7.5 | 7.7 | 7.6 |
| United Kingdom | 1.0 | 1.3 | 1.0 | 2.3 | 1.7 | 1.3 | 1.7 | 6.8 | 7.0 | 7.0 |
| Sweden | 2.3 | 4.1 | 2.3 | 3.6 | 2.1 | 3.0 | 3.5 | 3.3 | 3.0 | 3.0 |
| Poland | 5.5 | 1.4 | 0.4 | 1.6 | 1.8 | 1.7 | 2.1 | 3.8 | 4.0 | 4.0 |
| Switzerland | 1.0 | 0.9 | 1.1 | 1.7 | 0.4 | 0.0 | 0.6 | 4.5 | 4.6 | 4.4 |
| Norway | 0.7 | 1.2 | 1.6 | 1.8 | 2.3 | 1.6 | 2.1 | 3.4 | 3.3 | 3.2 |
| United States | 37.9 | 2.3 | 1.5 | 1.8 | 1.8 | 1.9 | 2.4 | 3.7 | 3.8 | 3.8 |
| Canada | 3.4 | 1.6 | 0.3 | 2.4 | 1.6 | 1.4 | 2.0 | 5.6 | 5.9 | 5.8 |
| Japan | 10.2 | 0.7 | -0.4 | 1.7 | 0.5 | 0.5 | 0.8 | 2.4 | 2.5 | 2.3 |
| South Korea | 4.1 | 2.0 | -0.9 | 3.5 | 0.4 | 0.6 | 1.3 | 3.7 | 3.9 | 3.6 |
| Australia | 2.4 | 1.9 | 0.5 | 2.6 | 1.9 | 1.6 | 1.8 | 5.2 | 5.5 | 5.4 |
| Total | 100.0 | 1.8 | 0.4 | 2.2 | 1.6 | 1.5 | 2.0 | 5.1 | 5.2 | 5.2 |

Based on GDP at prices and exchange rates of 2018 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2018.

*Source:* Eurostat, *VGR;* OECD, *Main Economic Indicators*; IMF *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: Kiel Institute forecast.

***Table 8.3:***
**Real gross domestic product, consumer prices and unemployment rates in the European Union, 2019–2021**

| | Weights | Real GDP | | | Consumer prices | | | Unemployment rate | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Germany | 24.8 | 0.6 | -0.4 | 2.3 | 1.4 | 1.2 | 2.0 | 3.2 | 3.3 | 3.4 |
| France | 17.4 | 1.3 | -0.9 | 2.0 | 1.3 | 1.1 | 1.7 | 8.5 | 8.7 | 8.5 |
| Italy | 13.1 | 0.3 | -3.7 | 2.8 | 0.6 | 0.2 | 0.9 | 10.0 | 10.2 | 10.2 |
| Spain | 8.9 | 2.0 | -1.2 | 2.4 | 0.8 | 0.5 | 1.2 | 14.1 | 14.5 | 14.2 |
| Netherlands | 5.7 | 1.7 | -0.4 | 2.0 | 2.7 | 2.0 | 2.6 | 3.4 | 3.6 | 3.5 |
| Belgium | 3.4 | 1.4 | -0.4 | 1.6 | 1.3 | 0.8 | 1.3 | 5.4 | 5.7 | 5.6 |
| Austria | 2.9 | 1.5 | -0.8 | 2.1 | 1.5 | 1.2 | 1.8 | 4.5 | 4.6 | 4.6 |
| Ireland | 2.4 | 5.8 | 2.0 | 3.4 | 0.9 | 1.2 | 1.4 | 5.0 | 4.8 | 4.8 |
| Finland | 1.7 | 1.4 | -0.5 | 2.2 | 1.1 | 1.0 | 1.7 | 6.7 | 6.7 | 6.6 |
| Portugal | 1.5 | 2.2 | 0.3 | 2.3 | 0.3 | 0.4 | 1.0 | 6.6 | 7.1 | 7.3 |
| Greece | 1.4 | 2.0 | -1.2 | 2.1 | 0.5 | 0.5 | 1.2 | 17.3 | 16.6 | 16.5 |
| Slovak Republic | 0.7 | 2.3 | 0.8 | 2.8 | 2.8 | 2.2 | 2.9 | 5.8 | 5.8 | 5.7 |
| Luxembourg | 0.4 | 2.6 | 2.2 | 2.8 | 1.7 | 1.2 | 1.9 | 5.6 | 5.7 | 5.6 |
| Slovenia | 0.3 | 2.4 | 0.8 | 2.3 | 1.7 | 1.5 | 2.2 | 4.6 | 4.7 | 4.7 |
| Latvia | 0.3 | 3.6 | 1.9 | 3.4 | 2.2 | 1.7 | 2.5 | 6.3 | 6.9 | 7.1 |
| Lithuania | 0.2 | 2.2 | 1.1 | 3.1 | 2.7 | 1.9 | 2.6 | 6.3 | 6.5 | 6.6 |
| Estonia | 0.2 | 4.4 | 2.3 | 3.2 | 2.3 | 1.6 | 2.3 | 4.4 | 4.4 | 4.5 |
| Cyprus | 0.2 | 3.2 | 0.2 | 2.2 | 0.6 | 0.4 | 1.1 | 7.1 | 6.3 | 6.3 |
| Malta | 0.1 | 4.4 | 1.7 | 3.4 | 1.5 | 1.3 | 2.0 | 3.4 | 3.4 | 3.4 |
| Sweden | 3.5 | 1.3 | 1.0 | 2.3 | 1.7 | 1.3 | 1.7 | 6.8 | 7.0 | 7.0 |
| Poland | 3.7 | 4.1 | 2.3 | 3.6 | 2.1 | 3.0 | 3.5 | 3.3 | 3.0 | 3.0 |
| Denmark | 2.2 | 2.2 | 0.8 | 2.3 | 0.7 | 0.4 | 0.8 | 5.1 | 5.1 | 5.0 |
| Czech Republic | 1.5 | 2.4 | 0.8 | 2.7 | 2.6 | 2.8 | 3.0 | 2.0 | 2.2 | 2.1 |
| Romania | 1.5 | 4.2 | 2.9 | 3.3 | 3.9 | 3.7 | 3.8 | 3.9 | 4.2 | 4.3 |
| Hungary | 1.0 | 4.9 | 2.2 | 3.0 | 3.4 | 3.5 | 4.0 | 3.5 | 3.6 | 3.6 |
| Bulgaria | 0.4 | 3.7 | 2.6 | 3.3 | 2.4 | 2.6 | 3.0 | 4.3 | 4.4 | 4.4 |
| Croatia | 0.4 | 3.0 | 0.9 | 3.4 | 0.8 | 0.7 | 1.4 | 6.7 | 6.3 | 6.3 |
| European Union | 100.0 | 1.5 | -0.6 | 2.4 | 1.4 | 1.2 | 1.9 | 7.0 | 7.2 | 7.1 |
| *Addendum:* | | | | | | | | | | |
| European Union 15 | 89.5 | 1.2 | -0.9 | 2.3 | 1.2 | 0.9 | 1.5 | 8.0 | 8.2 | 8.1 |
| Accession countries | 9.0 | 4.3 | 2.2 | 3.8 | 2.5 | 2.9 | 3.3 | 3.8 | 3.8 | 3.8 |
| Euro Area | 85.7 | 1.2 | -1.0 | 2.3 | 1.2 | 0.9 | 1.6 | 7.5 | 7.7 | 7.6 |
| Euro Area without Germany | 60.9 | 1.5 | -1.2 | 2.3 | 1.1 | 0.8 | 1.5 | 9.0 | 9.2 | 9.1 |

Based on GDP at prices and exchange rates of 2018 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2018. Accession countries since 2004.

*Source:* Eurostat, *National Accounts*; shaded: Kiel Institute forecast.

***Table 8.4:***
**Real gross domestic product and consumer prices in selected emerging market economies, 2018–2021**

| | Weights | Real GDP | | | | Consumer prices | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2018 | 2019 | 2020 | 2021 | 2018 | 2019 | 2020 | 2021 |
| Indonesia | 6.0 | 5.2 | 5.0 | 4.6 | 5.0 | 3.3 | 2.8 | 3.4 | 3.5 |
| Thailand | 2.2 | 4.1 | 2.4 | 0.1 | 2.8 | 1.1 | 0.7 | 1.4 | 1.5 |
| Malaysia | 1.7 | 4.7 | 4.4 | 2.3 | 4.2 | 1.0 | 0.7 | 2.1 | 2.1 |
| Philippines | 1.7 | 6.3 | 5.9 | 5.1 | 5.8 | 5.2 | 2.5 | 3.1 | 3.2 |
| Total | 11.6 | 5.1 | 4.5 | 3.4 | 4.5 | 2.8 | 2.0 | 2.8 | 2.9 |
| China | 44.0 | 6.6 | 6.1 | 3.8 | 8.0 | 2.1 | 2.9 | 4.0 | 2.3 |
| India | 18.2 | 6.8 | 5.3 | 5.0 | 5.9 | 3.4 | 3.7 | 5.8 | 4.0 |
| Asia total | 73.8 | 6.4 | 5.7 | 4.1 | 6.9 | 2.6 | 3.0 | 4.3 | 2.8 |
| Brazil | 5.6 | 1.3 | 1.1 | 1.9 | 2.4 | 3.7 | 3.7 | 4.0 | 4.0 |
| Mexico | 4.2 | 2.1 | -0.1 | 0.0 | 2.1 | 4.9 | 3.6 | 3.2 | 3.1 |
| Argentina | 1.5 | -2.5 | -2.6 | -1.3 | 1.3 | 34.3 | 54.4 | 51.0 | 32.3 |
| Colombia | 1.3 | 2.5 | 3.3 | 2.2 | 3.2 | 3.2 | 3.5 | 3.3 | 3.1 |
| Venezuela | 0.0 | -3.0 | -30.0 | -15.0 | -5.0 | - | - | - | - |
| Chile | 0.8 | 4.0 | 2.2 | 2.3 | 2.8 | 2.7 | 2.3 | 3.2 | 3.0 |
| Peru | 0.8 | 4.0 | 2.2 | 3.4 | 3.5 | 1.3 | 2.1 | 2.4 | 2.5 |
| Latin America total | 14.1 | 1.6 | 0.7 | 1.1 | 2.3 | 7.0 | 8.7 | 8.4 | 6.4 |
| Russia | 7.0 | 2.2 | 1.3 | 1.0 | 1.5 | 3.7 | 4.5 | 5.0 | 3.5 |
| Turkey | 3.8 | 2.8 | 0.9 | 1.0 | 5.0 | 16.3 | 15.2 | 12.0 | 8.5 |
| South Africa | 1.3 | 0.8 | 0.4 | 0.5 | 1.2 | 4.4 | 4.3 | 4.5 | 5.0 |
| Total | 100.0 | 5.2 | 4.4 | 3.3 | 5.8 | 3.8 | 4.4 | 5.2 | 3.6 |

In percent. Weights: According to 2018 GDP at purchasing power parities. GDP: price adjusted; changes compared to the previous year. Consumer prices: changes compared to the previous year. Asia total, Latin America total: based on listed countries.

*Source:* IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; Kiel Institute calculations; shaded: Kiel Institute forecast.