

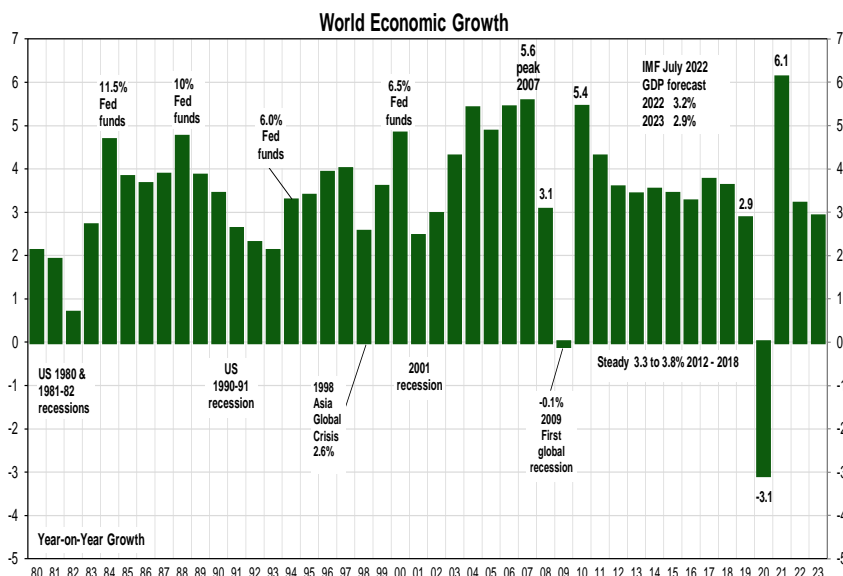
# Financial Markets This Week

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## WORLD ECONOMIC OUTLOOK DARKENS

The IMF dropped its quarterly update on the world economic outlook on Tuesday, July 26 before the Fed meeting announcement on Wednesday. The title of the outlook “Gloomy And More Uncertain” sounds dire. It doesn’t look like the world is ending since their April forecast in this chart which shows world growth of 3.2% this year and 2.9% in 2023. There was a long period of calm, super-steady World GDP numbers from 2012



to 2018 and even the 2023 2.9% forecast is not that much below that. The risks are sky high of course. For the record, they marked down world growth by 0.4 percentage point this year and 0.7 percentage point in 2023, and we would also point out world growth has only gone negative twice, in 2009 when “the Americans let Lehman go bankrupt,” and in the pandemic recession of 2020.

They seem to have it in for the U.S. even citing the Atlanta Fed GDPNow forecasting model that suggests a “technical recession” with two consecutive quarters of negative growth. The IMF U.S. forecasts Q4/Q4 are 1.0% in 2022, and 0.6% in 2023, going where the Fed’s June meeting forecasts won’t go, the Fed only seeing 1.7%% both for this year and again in 2023.

To conclude, they didn’t put it down on paper, but one news headline sums it up-- IMF Chief: The World May Soon Be Teetering On The Edge Of Recession. The forecast was downgraded from (1) a sharper slowdown for China with the extended Covid lockdowns, and (2) from the U.S. due to the steeper Fed rate hikes to fight inflation (and push the economy over the cliff).

	IMF JULY 2022 WORLD ECONOMIC GROWTH FORECASTS														
	World GDP	U.S.	Euro Area	Germany	France	Italy	Spain	UK	Japan	Canada	China	Russia	India	Brazil	Mexico
2021	6.1	5.7	5.4	2.9	6.8	6.6	5.1	7.4	1.7	4.5	8.1	4.7	8.7	4.6	4.8
2022	3.2	2.3	2.6	1.2	2.3	3.0	4.0	3.2	1.7	3.4	3.3	-6.0	7.4	1.7	2.4
2023	2.9	1.0	1.2	0.8	1.0	0.7	2.0	0.5	1.7	1.8	4.6	-3.5	6.1	1.1	1.2

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