

Global economic growth**US emerges as rare bright spot as economic momentum slows**

Indicators of confidence in advanced economies have fallen sharply in recent months



Shipping containers and cranes at the Port of Savannah, Georgia. The IMF has signalled the odds of a hard landing for the global economy had fallen thanks in part to the strong performance of the US © Elijah Nouvelage/Bloomberg

Sam Fleming in London and **Colby Smith** in Washington 4 HOURS AGO

Momentum in advanced and emerging markets has slowed towards its weakest levels since the world emerged from the Covid-19 lockdowns, with the US standing as one of the few economic bright spots as rising interest rates take their toll elsewhere.

Indicators of confidence in advanced economies have fallen sharply in recent months, as have gauges of economic activity in both developed and emerging economies, according to research for the FT that underscores the fragile state of global growth.

The twice-yearly Brookings-FT [Tracking Index](#) for the Global Economic Recovery, or Tiger, comes as global policymakers prepare to meet in Morocco at the IMF and World Bank's autumn meetings this week.

Ahead of the meetings, the IMF has signalled that the odds of a hard landing for the global economy [had fallen](#) thanks in part to the strong performance of the US.

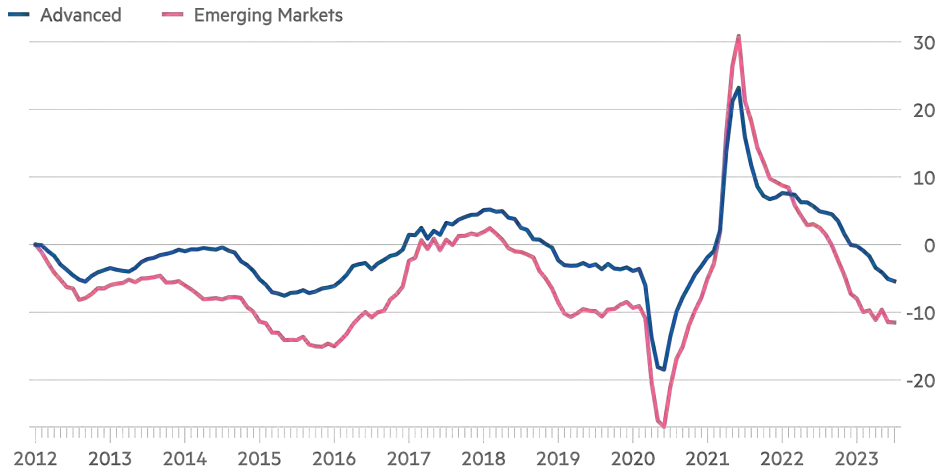
However, the fund fears the global economy is still facing a weak five-year outlook as policymakers battle challenges including high inflation and onerous levels of public debt.

The slow and uneven recovery since the pandemic had led to a "deepening divergence in economic fortunes between and within different country groups", Kristalina Georgieva, the IMF managing director, said on Thursday. The [IMF](#) reckons total economic output lost globally since 2020 has reached \$3.7tn.

Eswar Prasad, senior fellow at the Brookings Institution, said "major engines of growth" around the world were decelerating because of a confluence of short-term factors and long-term headwinds, among them tight monetary policy, geopolitical tensions, and high public debt. Surging bond yields — which soared higher after Friday's [stronger-than-expected US payrolls report](#) — present a further hazard.

The global economic recovery is faltering

Real activity (Brookings-FT Tiger* index)



* Tracking Indexes for the Global Economic Recovery
 Source: Esvar Prasad, Caroline Smiltneks, The Brookings Institution
 © FT

The Tiger compares indicators of real activity, financial markets and confidence with their historical averages, both for advanced economies and emerging ones.

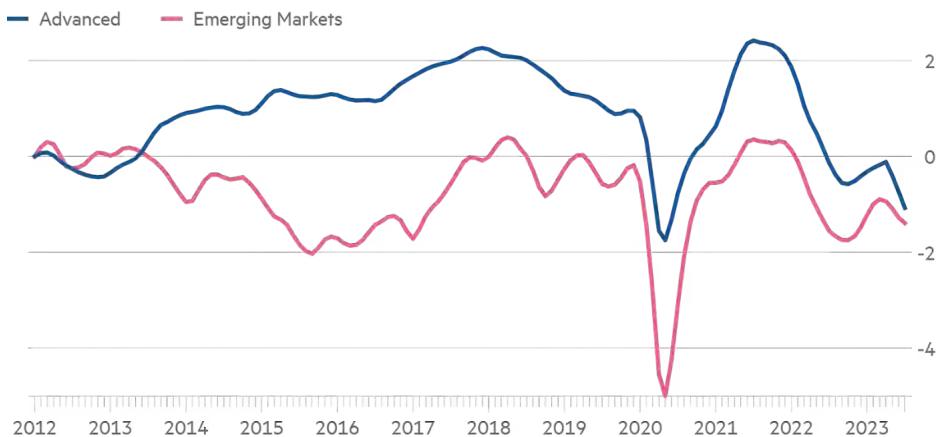
The latest readings show a lurch downward in confidence readings after a fillip during the spring, with China among the countries to see declines. The indicator of real activity — which comprises data such as GDP, retail sales, industrial production and employment — has fallen in both advanced and emerging economies. China, Japan and Germany are among those seeing a deceleration.

“Economic activity is weakening across the board and, despite relatively favourable financial market performance earlier in the year, consumer and business confidence have taken major hits,” said Prasad.

“Inflationary pressures are easing around the world, but rising energy prices and widening geopolitical fissures could halt this progress and affect growth as well.”

Consumer and business confidence is now at its lowest level since the pandemic

Confidence (Brookings-FT Tiger* index)



* Tracking Indexes for the Global Economic Recovery
 Source: Esvar Prasad, Caroline Smiltneks, The Brookings Institution
 © FT

Prasad noted that the US was still posting “steady growth” but that other advanced economies were in a “parlous state”, with several facing dismal prospects. The country’s unemployment rate has barely budged from a multi-decade low, even as inflation has declined.

Powering the resilience of the world's largest economy — whose momentum has consistently surprised economists and policymakers alike — is the underlying strength of the US consumer. Bolstered by extra savings accrued since the pandemic, along with the tight labour market, Americans have continued to spend despite a surge in central bank interest rates.

But with savings stockpiles dwindling, higher gasoline prices starting to bite and pandemic-era fiscal support programmes ending, some economists warn that a slowdown may be afoot.

The [Federal Reserve](#)'s aggressive rate rises, which have pushed the benchmark policy range to a 22-year high of between 5.25 per cent and 5.5 per cent, have yet to take their full effect, posing yet another headwind to growth.

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