# Press Release

Rio de Janeiro and Zurich, 10th September 2021, 10 am (local time) – 12 pm (UTC).

Global Barometers signal slower economic growth for the second half of the year

In September, the Global Economic Barometers maintain their weakening tendency that started in July, reflecting the slowdown in world economic growth in the second half of 2021. Despite the fall, the indicator levels remain high and compatible with the continuity of the current phase of recovery of the world economy.

Global Economic Barometers: Coincident vs Leading
(Mean Jan/10 to Dec/19 =100, seasonally adjusted)
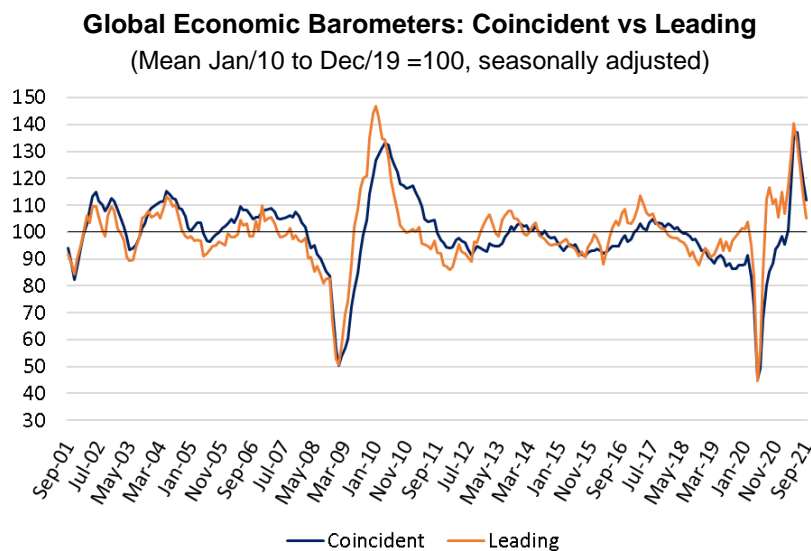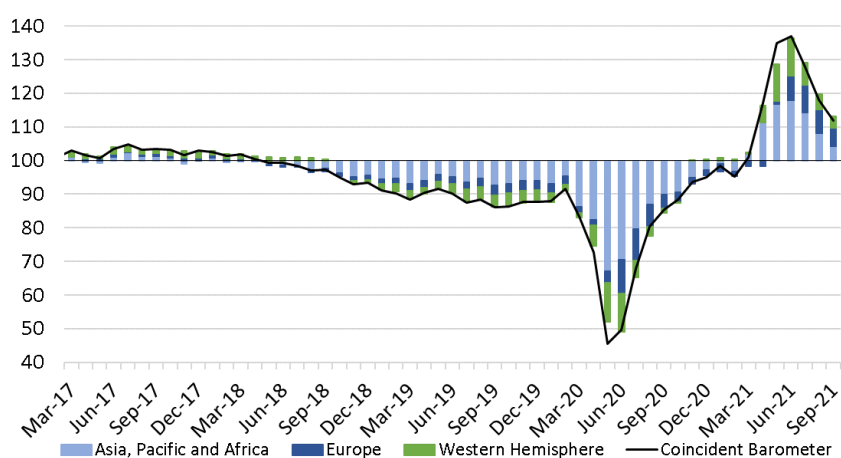
Source: KOF ETH Zurich and FGV IBRE

The Coincident Global Barometer decreases by 6.3 points in September to 111.8 points. The Leading Global Barometer falls 7.2 points, to 105.1 points. All the investigated regions developed negatively in September, with larger losses in the *Asia, Pacific and Africa* region for the Coincident Barometer and in *Europe* for the Leading Barometer.

"Despite ongoing vaccination campaigns, which remains the safest way out of the pandemic, the fourth wave of the pandemic and ongoing problems in supply chains are weighing on the global economic recovery. Although it was to be expected that economic growth cannot be maintained at the high level of fall 2020 and spring 2021 for long, the speed at which the barometers continue to move toward their long-term averages remains high", comments KOF-Director Jan-Egbert Sturm.

Coincident Barometer – regions and sectors

The *Asia, Pacific and Africa* region contributes the most (-3.9 points) to the fall in the Coincident Global Barometer, followed by *Europe* and the *Western Hemisphere*, with negative contributions of 1.3 and 1.1 points, respectively. However, all regions continue to show indicators above the historical average of 100 points. The graph below illustrates the contribution of each region to the deviation of the Coincident Barometer from this long-run average.

Regional Contributions to the Coincident Global Economic Barometer

Source: KOF ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Coincident Barometer			
	Contributions per Regions		Monthly Variation
Period	Asia, Pacific and Africa	Europe	Western Hemisphere	Coincident Barometer
Mar-20	-9.1	0.4	0.5	-8.1
Apr-20	-3.9	-1.8	-5.0	-10.7
May-20	-15.3	-6.7	-5.3	-27.2
Cum. Contrib. Mar/20-May/20	-28.3	-8.1	-9.8	-46.0
Jun-20	3.4	0.6	0.2	4.0
Jul-20	9.2	2.7	6.4	18.4
Aug-20	7.3	2.7	2.4	12.4
Sep-20	2.9	1.0	1.2	5.1
Oct-20	0.7	1.1	1.2	2.9
Nov-20	4.4	0.4	0.4	5.3
Dec-20	2.2	-0.8	0.2	1.5
Jan-21	1.9	0.8	0.3	3.2
Feb-21	-2.2	-0.2	-0.4	-3.0
Mar-21	5.2	0.1	0.2	5.6
Apr-21	9.2	2.5	4.6	16.2
May-21	5.5	6.5	5.9	17.9
Jun-21	1.1	0.7	0.1	2.0
Jul-21	-3.5	-1.2	-4.4	-9.1
Aug-21	-6.1	-1.6	-2.0	-9.8
Sep-21	**-3.9**	**-1.3**	**-1.1**	**-6.3**
Cum. Contrib. Jun/20 - Sep/21	37.3	14.0	15.2	66.3
Cum. Contrib. Mar/20-Sep/21	9.0	5.9	5.4	20.3

Source: KOF ETH Zurich and FGV IBRE

Coincident Barometer and Regional Coincident Indicators			
Period	Asia, Pacific and Africa	Europe	Western Hemisphere	Coincident Barometer
Feb-20	91.7	91.2	92.7	91.5
Mar-20	76.2	93.2	94.9	83.4
Apr-20	69.6	84.7	74.3	72.7
May-20	43.5	52.7	52.7	45.5
Jun-20	49.3	55.1	53.4	49.5
Jul-20	65.0	68.1	79.9	67.9
Aug-20	77.4	81.0	89.7	80.3
Sep-20	82.4	86.0	94.3	85.4
Oct-20	83.6	91.0	99.2	88.3
Nov-20	91.0	93.0	101.1	93.6
Dec-20	94.7	89.4	101.7	95.1
Jan-21	98.1	93.1	103.2	98.3
Feb-21	94.4	91.9	101.3	95.3
Mar-21	103.1	92.4	102.4	100.9
Apr-21	118.5	104.7	121.4	117.1
May-21	127.7	136.6	145.7	135.0
Jun-21	129.6	140.0	146.4	137.0
Jul-21	123.7	134.1	128.2	127.9
Aug-21	113.4	126.0	119.6	118.1
Sep-21	**106.9**	**119.4**	**115.1**	**111.8**
Cumulative Var. Mar/20-Sep/21	15.2	28.3	22.4	20.3

Source: KOF ETH Zurich and FGV IBRE

All five of the studied sectors contribute negatively to the aggregate result of the Coincident Barometer in September. The indicator that measures the *aggregated development of economies (Economy)* make the strongest contribution to the fall this month, followed by *Industry* and *Trade*. The negative contributions of the other three sectors are somewhat more modest. The indicator for the *Services* sector decreases for the third consecutive month, albeit at a slower rate, and continues to record the highest level among the sectors.

Coincident Global Barometers - Sectors
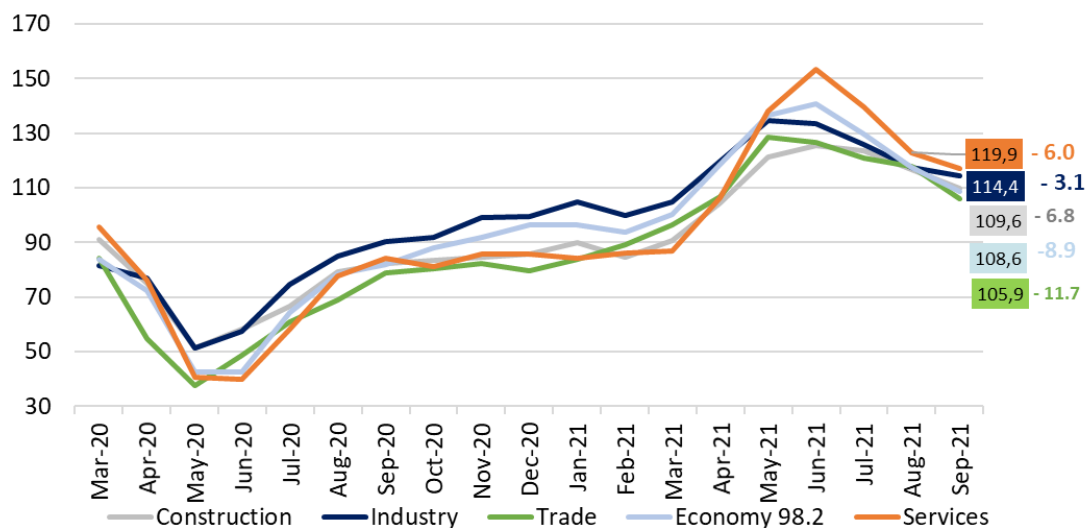
Source: KOF ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. The leading indicators of the three regions contribute negatively to the result of the Leading Barometer in September. *Europe* contributes -3.7 points to the fall, followed by the *Asia, Pacific and Africa* region with -2.3 points, and the *Western Hemisphere* with a negative contribution of 1.2 points. *Europe,* which was the most optimistic region last month, is now the only region, by recording 99.9 points, to have fallen back to its long-run average. The other two regions remain above this level.

Regional Contributions to the Leading Global Economic Barometer
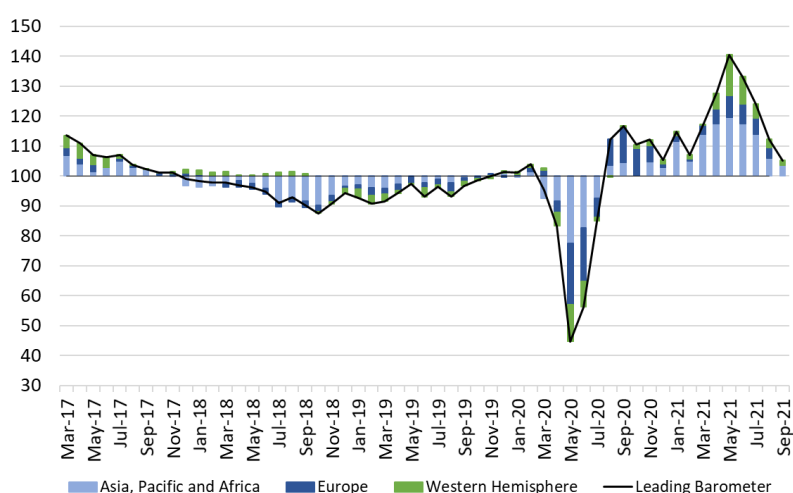
Source: KOF ETH Zurich and FGV IBRE

| Regional Contributions to Changes in the Leading Barometer				
	Contributions per Regions			*Monthly Variation*
Period	*Asia, Pacific and Africa*	*Europe*	*Western Hemisphere*	*Leading Barometer*
Mar-20	-9.0	0.5	-0.2	-8.7
Apr-20	-1.1	-5.6	-5.2	-11.9
May-20	-13.9	-16.9	-7.8	-38.6
Cum. Contrib. Mar/20-May/20	-24.0	-22.0	-13.2	-59.2
Jun-20	5.0	2.8	3.8	11.6
Jul-20	10.0	11.3	7.3	28.6
Aug-20	11.1	15.2	0.9	27.2
Sep-20	0.8	3.0	0.8	4.6
Oct-20	-4.5	-2.4	0.7	-6.2
Nov-20	4.8	-3.9	0.7	1.6
Dec-20	-2.0	-4.1	-0.6	-6.7
Jan-21	8.7	0.8	0.0	9.5
Feb-21	-6.4	-1.5	0.0	-7.9
Mar-21	8.9	2.4	-1.2	10.2
Apr-21	3.5	1.9	5.1	10.5
May-21	2.2	2.3	8.3	12.8
Jun-21	-2.2	-0.7	-4.4	-7.3
Jul-21	-3.5	-1.3	-4.5	-9.2
Aug-21	-8.1	-1.7	-1.9	-11.7
Sep-21	**-2.3**	**-3.7**	**-1.2**	**-7.2**
Cum. Contrib. Jun/20-Sep/21	26.0	20.4	13.8	60.4
Cum. Contrib. Mar/20-Sep/21	2.0	-1.6	0.6	1.2

Source: KOF ETH Zurich and FGV IBRE

Leading Barometer and Regional Leading Indicators			
Period	Asia, Pacific and Africa	Europe	Western Hemisphere	Leading Barometer
Feb-20	102.5	106.8	103.6	103.9
Mar-20	87.6	109.1	103.0	95.2
Apr-20	85.9	83.2	82.2	83.3
May-20	63.0	4.6	51.5	44.7
Jun-20	71.2	17.8	66.3	56.3
Jul-20	87.7	70.1	95.3	84.9
Aug-20	106.0	140.5	98.8	112.1
Sep-20	107.3	154.2	102.0	116.7
Oct-20	99.9	143.2	104.8	110.5
Nov-20	107.7	125.3	107.7	112.1
Dec-20	104.5	106.0	105.4	105.4
Jan-21	118.6	110.3	105.1	114.9
Feb-21	108.1	103.3	105.2	107.0
Mar-21	122.6	114.9	100.5	117.2
Apr-21	128.2	124.0	120.8	127.7
May-21	131.9	134.8	154.4	140.5
Jun-21	128.3	131.4	136.7	133.2
Jul-21	122.6	125.8	118.7	124.0
Aug-21	109.5	117.2	111.0	112.3
Sep-21	**105.8**	**99.9**	**106.4**	**105.1**
Cumulative Var. Mar/20-Sep/21	3.3	-7.0	2.8	1.2

Source: KOF ETH Zurich and FGV IBRE

All the Leading Barometer sectors decline in September, with the strongest contributions to the aggregate result coming from *Industry* and the indicator that measures the *aggregated development of economies (Economy)*. The other sectors contribute modestly to the final result. With this month's decrease, *Economy* records a level below 100 points for the first time since July 2020, while the *Construction, Services,* and *Trade* sectors continue to record levels that reflect an above-average growth outlook.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	100.9	105.4	102.4	102.1	109.8
Mar-20	103.5	88.7	95.0	96.5	110.7
Apr-20	83.5	83.9	90.0	64.8	73.6
May-20	53.9	50.0	43.0	60.3	44.6
Jun-20	66.5	61.9	55.7	76.1	37.1
Jul-20	78.2	84.2	88.0	89.1	80.5
Aug-20	115.3	107.6	116.4	105.6	99.9
Sep-20	102.7	112.2	119.9	103.8	129.0
Oct-20	107.8	114.2	108.5	93.9	123.2
Nov-20	109.0	107.0	118.4	97.7	104.9
Dec-20	107.7	104.7	108.4	87.5	104.1
Jan-21	107.8	110.3	122.4	98.6	103.2
Feb-21	110.7	107.2	108.3	100.9	98.9
Mar-21	111.9	118.8	118.4	112.9	105.3
Apr-21	131.4	123.6	121.7	146.8	134.4
May-21	145.3	129.2	139.9	144.8	147.7
Jun-21	133.6	125.4	133.8	132.2	135.9
Jul-21	136.5	115.0	122.3	128.7	132.3
Aug-21	121.8	104.7	109.8	117.5	128.6
Sep-21	**119.5**	**94.6**	**104.3**	**112.7**	**118.8**
% of losses between Mar/20 and May/20 were recovered until Sep/21	139%	81%	103%	125%	114%

Global Economic Barometers: Business Cycle Clock
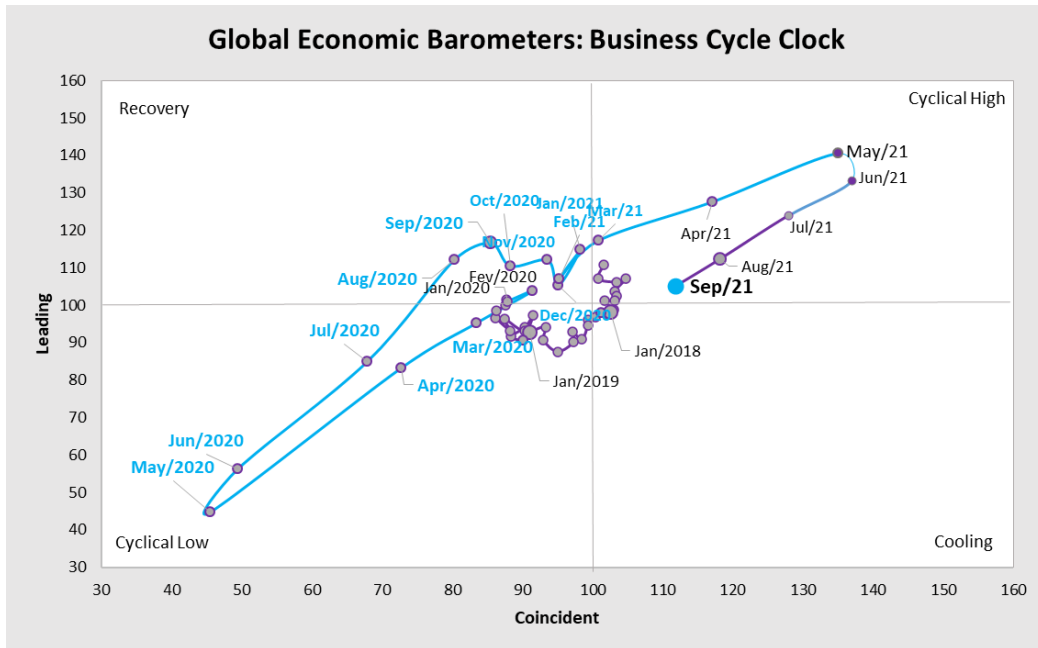
Source: KOF ETH Zurich and FGV IBRE

Period	Global Coincident Barometer Vintages		Global Leading Barometer Vintages	
	September 2021	August 2021	September 2021	August 2021
Sep-20	85.4	85.3	116.7	115.1
Oct-20	88.3	88.1	110.5	109.8
Nov-20	93.6	93.4	112.1	111.6
Dec-20	95.1	95.0	105.4	105.4
Jan-21	98.3	98.1	114.9	114.9
Feb-21	95.3	95.3	107.0	106.9
Mar-21	100.9	100.9	117.2	117.0
Apr-21	117.1	117.1	127.7	127.6
May-21	135.0	135.1	140.5	140.6
Jun-21	137.0	137.2	133.2	132.8
Jul-21	127.9	128.2	124.0	124.0
Aug-21	118.1	118.1	112.3	112.7
Sep-21	111.8		105.1	

*The Global Barometer series are revised monthly to reflect updates in the component series and revision of the seasonal adjustment

The Global Economic Barometers

The Global Economic Barometers are a system of indicators enabling timely analysis of global economic development. They represent a collaboration between the KOF Swiss Economic Institute of the ETH Zurich in Switzerland and Fundação Getulio Vargas (FGV), based in Rio de Janeiro, Brazil. The system consists of two composite indicators, the Coincident Barometer and the Leading Barometer. The Coincident Barometer reflects the current state of economic activity, while the Leading Barometer provides a cyclical signal roughly six months ahead of current economic developments.

The two Barometers comprise the results of economic tendency surveys conducted in more than 50 countries with the aim of achieving the broadest possible global coverage. The advantages of economic tendency surveys are that their results are usually readily available and are not substantially revised after first publication.

The Coincident Barometer includes more than 1,000 different time series, while the Leading Barometer consists of over 600 time series. Cross-correlation analysis is used to in an automated fashion decide which individual time series are included in the barometers. This involves correlating the individual time series with a reference series. The reference series used is the year-on-year growth rate of global gross domestic product (GDP), where the individual national GDPs are aggregated at purchasing power parity to form global GDP. A time series is only included in a Barometer if it shows a sufficiently high correlation and a suitable synchronization or lead with the reference series.

The series of the two Barometers are revised each month at publication and are standardized to have a mean of 100 and a standard deviation of 10 for the 10-year period previous to the most recent observations. The coefficients of the component series of the Global Barometers have remained stable since the April 2020 edition.

More information on the Global Economic Barometers is available on the KOF website: https://kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-globalbaro.html→

The Global Barometers methodology is described in:
Klaus Abberger, Michael Graff, Aloisio Campelo Jr., Anna Carolina Lemos Gouveia, Oliver Müller and Jan-Egbert Sturm (2020), The Global Economic Barometers: Composite indicators for the world economy. KOF Working Papers, vol. 471, Zurich: KOF Swiss Economic Institute, ETH Zurich, 2020.

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