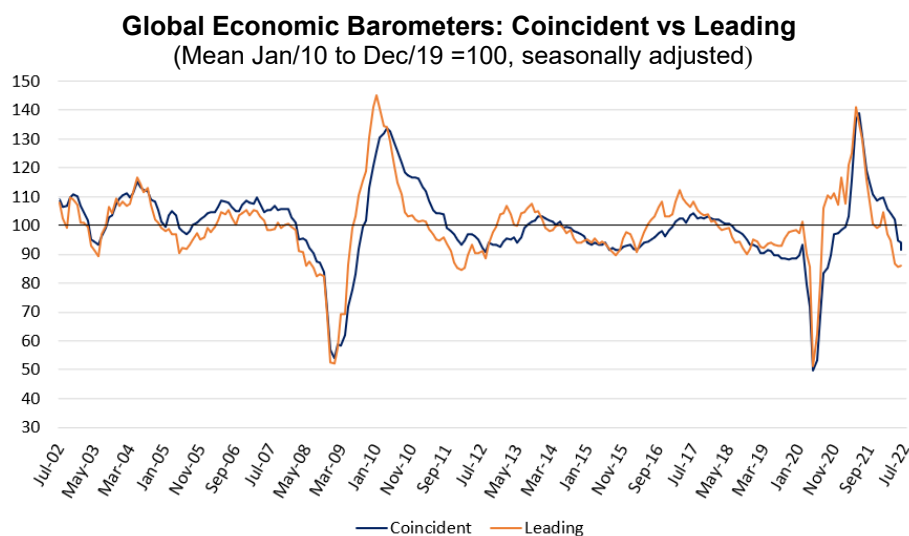


# Press Release

Rio de Janeiro and Zurich, July 8, 2022, 2 pm (local time) – 1 pm (UTC).

## Confirmed slowdown tendency of Global Barometers

The Global Barometers overall continue to signal a strong deceleration in world economic growth in 2022. In July, the Coincident Barometer declines for the sixth consecutive month, while the Leading Barometer continues to be 10 points below the historical mean of 100 points. The results reflect a gloomy outlook for global economic growth in the coming months.



Source: KOF ETH Zurich and FGV IBRE

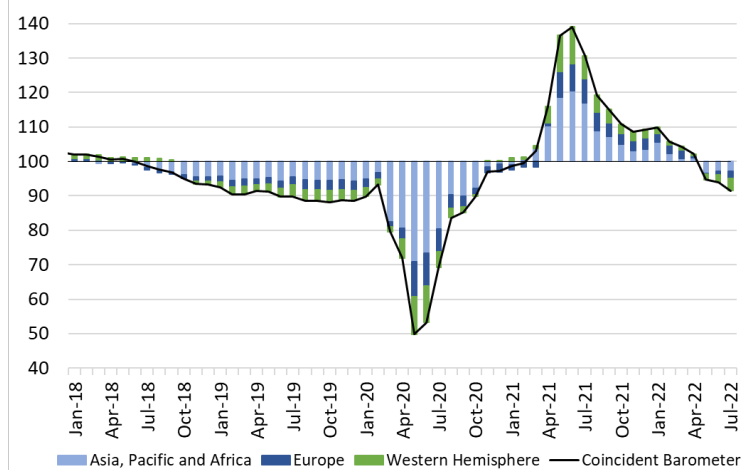
The Coincident Global Economic Barometer declines 2.5 points in July, to 91.5 points, accumulating losses of almost 20 points since last February, while the Leading Global Economic Barometer remains stable this month at 86.2 points. The decrease in the coincident indicator is influenced by renewed worsening of conditions in the *Western Hemisphere*, followed by *Europe*.

“The coincidence indicator continues to decline and is approaching the low but relatively stable level of the leading indicator. Hence, the actual economic situation continues to worsen – the outlook remains subdued. Whereas Asia is slowly moving out of its downturn, the opposite holds for Europe and the Americas. Especially in Europe, the war in Ukraine is causing an energy crisis and uncertainties on many fronts that are not favourable for short-term economic development”, evaluates Prof Jan-Egbert Sturm, Director of KOF Swiss Economic Institute.

## Coincident Barometer – regions and sectors

In July, the *Western Hemisphere* and *Europe* contribute negatively 1.5 and 1.1 points, respectively, to the decrease in the Coincident Global Barometer, while the *Asia, Pacific, and Africa* region remained relative stable with small positive contribution of 0.1 points. The drop in the global indicator is at least partly caused by the additional supply restrictions related to the Russian-Ukrainian War. The gradual recovery of the Chinese economy, after easing the mobility restrictions adopted to combat an outbreak of Covid-19, may have positively influenced the *Asia, Pacific, and Africa* region slightly for the second consecutive month. Nevertheless, the region remains responsible for more than half of the 39.2-point fall in the global indicator during the previous 12 months. The graph below illustrates the contribution of each region to the deviation of the Coincident Barometer from the historical mean of 100 points.

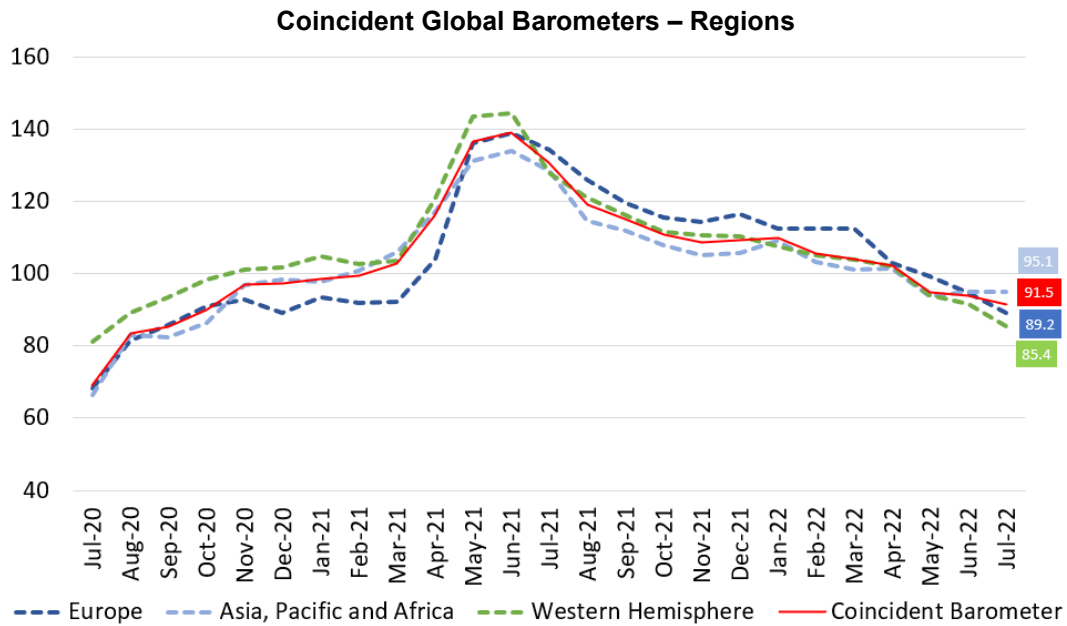
**Regional Contributions to the Coincident Global Economic Barometer**



Source: KOF ETH Zurich and FGV IBRE

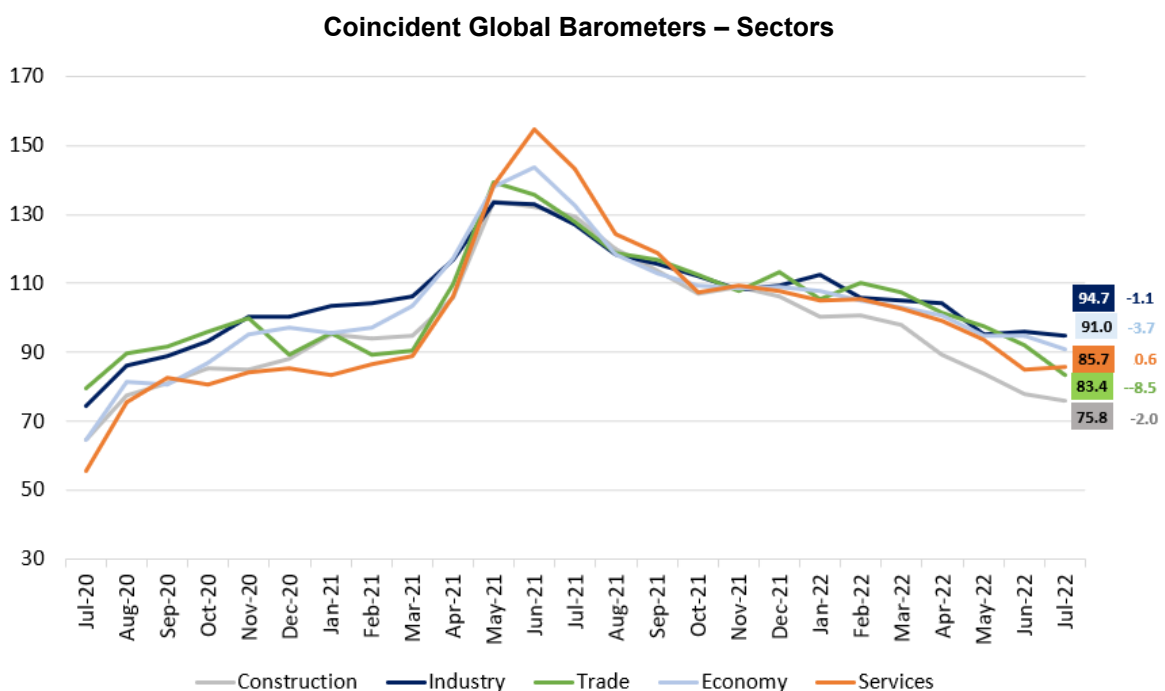
Regional Contributions to Changes in the Coincident Barometer				
Period	Contributions per Regions			Monthly Variation
	Asia, Pacific and Africa	Europe	Western Hemisphere	Coincident Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-25.9	-8.3	-9.2	-43.4
Cum. Contrib. Jun/20-Jul/21	46.2	17.1	17.5	80.9
Aug-21	-8.1	-1.7	-1.6	-11.5
Sep-21	-1.7	-1.3	-1.1	-4.2
Oct-21	-2.3	-0.9	-1.1	-4.2
Nov-21	-1.8	-0.2	-0.2	-2.2
Dec-21	0.5	0.4	-0.2	0.7
Jan-22	2.0	-0.8	-0.6	0.6
Feb-22	-3.4	0.0	-0.7	-4.2
Mar-22	-1.3	0.0	-0.2	-1.5
Apr-22	0.2	-2.0	-0.5	-2.1
May-22	-4.7	-0.7	-1.9	-7.3
Jun-22	0.7	-0.9	-0.5	-0.8
<b>Jul-22</b>	<b>0.1</b>	<b>-1.1</b>	<b>-1.5</b>	<b>-2.5</b>
Cum. Contrib. Last 12 months	-19.8	-9.2	-10.1	-39.2
Cum. Contrib. Mar/20-Jul/22	0.5	-0.4	-1.8	-1.7

Source: KOF ETH Zurich and FGV IBRE



Source: KOF ETH Zurich and FGV IBRE

Among the coincident sector indicators, only the *Services* sector increases this month. All the remaining sectors decrease, especially *Trade*, with a fall of 8.5 points. With this result, all the indicators move further below the historical mean of 100 points. The *Construction* sector records its lowest level since July 2020 (64.7 pts.)

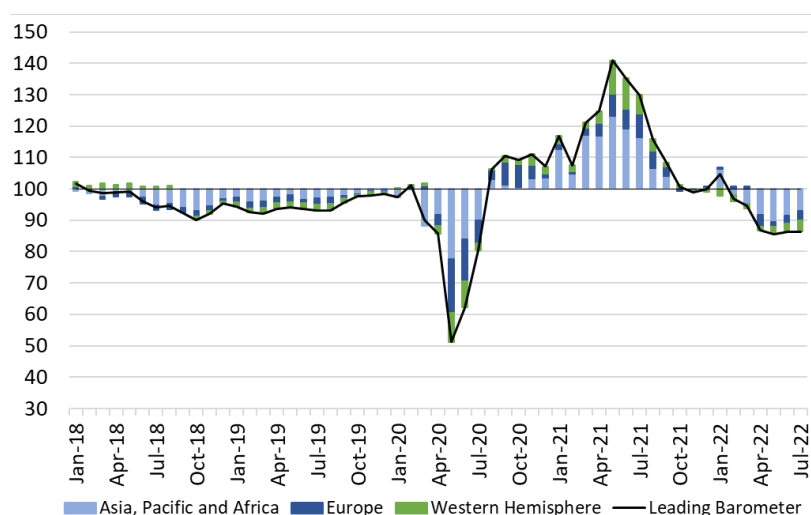


Source: KOF ETH Zurich and FGV IBRE

## Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In July, the global indicator remains stable at 86.2 points. As with the Coincident Barometer, the *Western Hemisphere* and *Europe* contribute negatively to the Leading Barometer result. In contrast, the *Asia, Pacific, and Africa* region moves in the opposite direction, partially compensating the more noticeably decreases of previous months by contributing 1.7 points to the development of the Leading Barometer. Global growth expectations for 2022 have been worsening as a result of continuing conflict between Ukraine and Russia and the adoption of more restrictive monetary policies in various countries. These factors have contributed to keeping the global indicator below the long-term average.

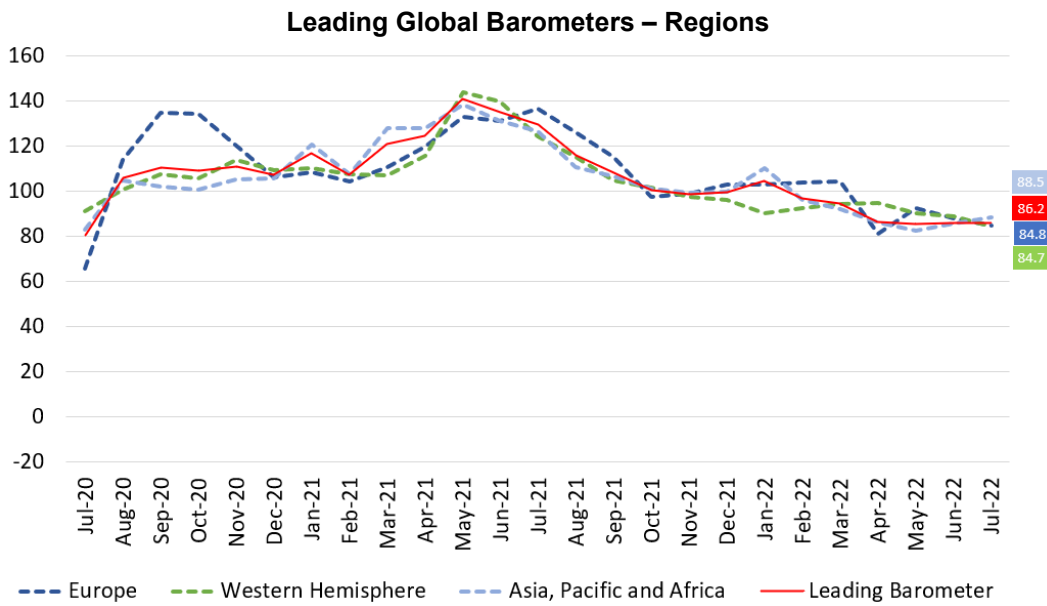
### Regional Contributions to the Leading Global Economic Barometer



Source: KOF ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Leading Barometer				
Period	Contributions per Regions			Monthly Variation
	Asia, Pacific and Africa	Europe	Western Hemisphere	Leading Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-22.3	-17.9	-9.9	-50.0
Cum. Contrib. Jun/20-Jul/21	41.5	23.6	19.2	84.1
Aug-21	-9.6	-2.1	-2.3	-14.0
Sep-21	-2.7	-2.3	-2.5	-7.5
Oct-21	-3.1	-3.8	-0.8	-7.7
Nov-21	-1.1	0.3	-1.0	-1.7
Dec-21	0.4	0.9	-0.3	0.8
Jan-22	6.1	0.0	-1.4	4.8
Feb-22	-8.4	0.2	0.5	-7.7
Mar-22	-2.7	0.1	0.4	-2.2
Apr-22	-3.4	-4.7	0.2	-8.0
May-22	-2.4	2.3	-1.1	-1.1
Jun-22	2.0	-0.9	-0.4	0.6
<b>Jul-22</b>	<b>1.7</b>	<b>-0.7</b>	<b>-1.0</b>	<b>0.0</b>
Cum. Contrib. Last 12 months	-23.2	-10.7	-9.7	-43.7
Cum. Contrib. Mar/20-Jul/22	-4.0	-5.0	-0.4	-9.6

Source: KOF ETH Zurich and FGV IBRE

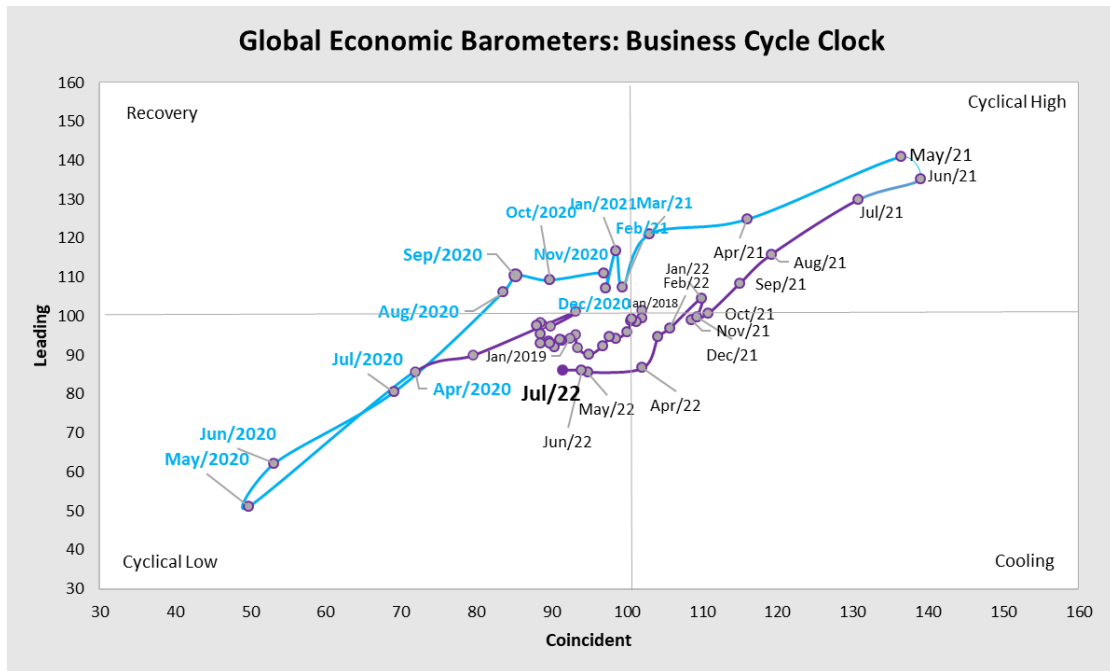


Source: KOF ETH Zurich and FGV IBRE

Three of the five leading indicator sectors decrease in July. Only the indicators for the *general state of the Economy* (aggregated business and consumer evaluations) and *Industry* increase this month. All indicators remain far below the historical mean of 100 points.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	96.1	101.9	100.1	103.5	106.9
Mar-20	103.8	80.6	91.0	106.3	99.8
Apr-20	87.6	84.7	91.1	65.5	75.3
May-20	53.4	65.7	52.8	41.0	27.0
Worst pandemic moment: Cum. Variation. Mar/20-May/20					
	-42.6	-36.2	-47.3	-62.5	-80.0
Cum. Variation Jun/20-Jul/21					
	82.0	56.2	77.5	86.3	107.7
Aug-21	120.1	114.1	113.7	111.6	125.8
Sep-21	119.8	103.9	107.1	107.1	118.7
Oct-21	103.0	95.4	101.0	103.1	112.0
Nov-21	102.0	96.0	96.5	107.9	115.8
Dec-21	109.3	94.9	97.7	119.3	111.3
Jan-22	97.0	91.2	111.9	103.5	106.1
Feb-22	96.8	97.8	94.9	106.2	102.8
Mar-22	90.7	92.1	95.6	98.4	100.4
Apr-22	89.9	83.2	86.0	104.4	96.7
May-22	98.4	77.5	85.9	100.7	98.9
Jun-22	88.3	84.5	87.0	90.4	90.5
<b>Jul-22</b>	<b>78.1</b>	<b>86.5</b>	<b>88.9</b>	<b>79.5</b>	<b>85.2</b>
Cum. Variation Last 12 months					
	-57.3	-35.4	-41.4	-47.8	-49.5
Cum. Variation Mar/20-Jul/22					
	-18.0	-15.4	-11.2	-24.0	-21.7

Source: KOF ETH Zurich and FGV IBRE



Period	<i>Global Coincident Barometer</i> Vintages		<i>Global Leading Barometer</i> Vintages	
	July 2022	June 2022	July 2022	June 2022
Jul-21	130.7	129.4	129.9	123.5
Aug-21	119.2	118.3	115.9	113.2
Sep-21	115.0	114.6	108.4	105.1
Oct-21	110.8	108.5	100.7	99.7
Nov-21	108.6	107.4	99.0	99.4
Dec-21	109.3	111.2	99.8	101.0
Jan-22	109.9	104.9	104.6	94.3
Feb-22	105.7	104.6	96.9	96.7
Mar-22	104.2	104.6	94.7	93.6
Apr-22	102.1	98.4	86.7	86.1
May-22	94.8	93.2	85.6	82.2
Jun-22	94.0	94.1	86.2	82.2
Jul-22	91.5		86.2	

Source: KOF ETH Zurich and FGV IBRE

\*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 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), in which 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/en/forecasts-and-indicators/indicators/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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