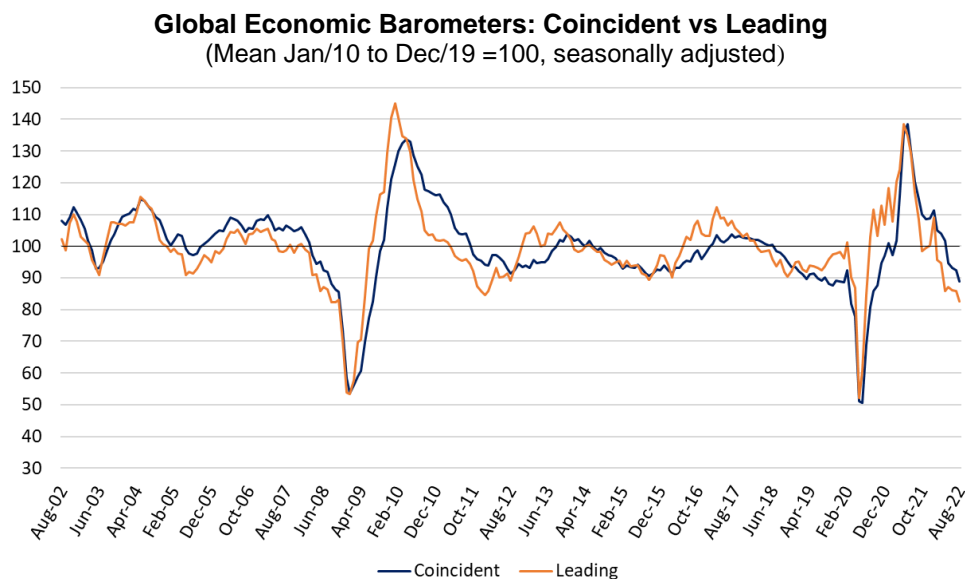


# Press Release

Rio de Janeiro and Zurich, August 10, 2022, 10 am (local time) – 1 pm (UTC).

## World economy slowdown running its course

The Global Barometers fall once again in August, signalling a slowdown in world growth for this quarter. The Coincident Barometer decreases for the seventh month in a row, while the Leading Barometer drops again after remaining stable in the previous month. The results reflect a bleak perspective for world economic growth in the coming months.



Source: KOF ETH Zurich and FGV IBRE

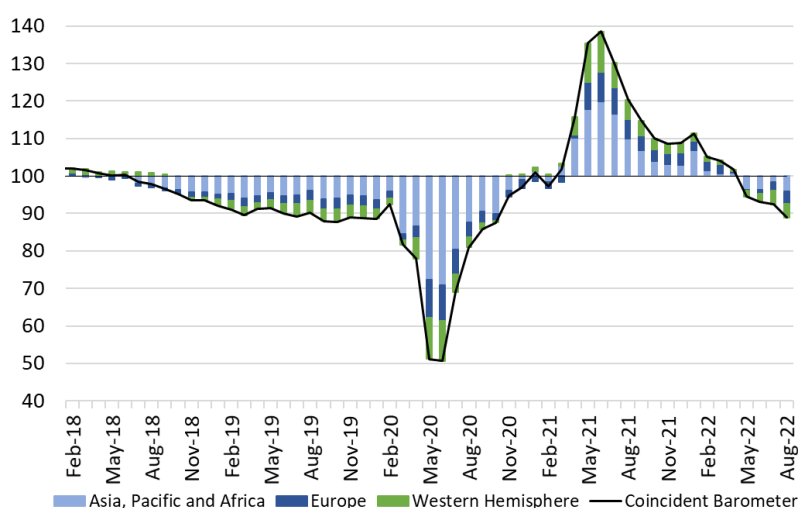
The Coincident Global Economic Barometer declines 3.5 points in August 2022, to 88.9 points, accumulating a 22.3-point decrease since February of this year. The Leading Global Economic Barometer drops 3.4 points for the month, reaching 82.5 points. Although the levels are well above those of the worse moments of the crises of 2008-09 and 2020, both indicators are now at levels that have only been reached during these two global recessions of the 21<sup>st</sup> century. The results are spread across the different regions of the world, with a more intense fall in the *Asia, Pacific, and Africa* region.

“Unemployment rates in the European Union, the United Kingdom and the United States have reached their lowest levels of this century, indicating booming or at least strongly recovering economies. But the global barometers, now at their lowest levels outside the financial and pandemic crises, paint a rather gloomy outlook for the world economy. The war in Ukraine, political tensions in China and still exceptionally high inflation rates in many Western economies create an environment with many unknowns. With the fiscal powder keg de facto empty and monetary policy increasingly focused on fighting inflation, this is unsettling for both consumers and producers”, evaluates Jan-Egbert Sturm, Director of KOF Swiss Economic Institute.

## Coincident Barometer – regions and sectors

In August, all regions contribute to the negative result of the Coincident Barometer. The largest contribution comes from the *Asia, Pacific, and Africa* region, with -2.5 points, while *Europe* contributes -0.9 points and the *Western Hemisphere* -0.1 points. The decrease in the global indicator is partly caused by supply restrictions related to the war in Eastern Europe and the economic slowdown in Asia, which had shown signs of recovery in the previous two months after the restrictions on mobility adopted in China as a measure to combat an outbreak of Covid-19 were lifted. The new decline in the coincident indicator for the region suggest that the apparent recovery may have been temporary. 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**

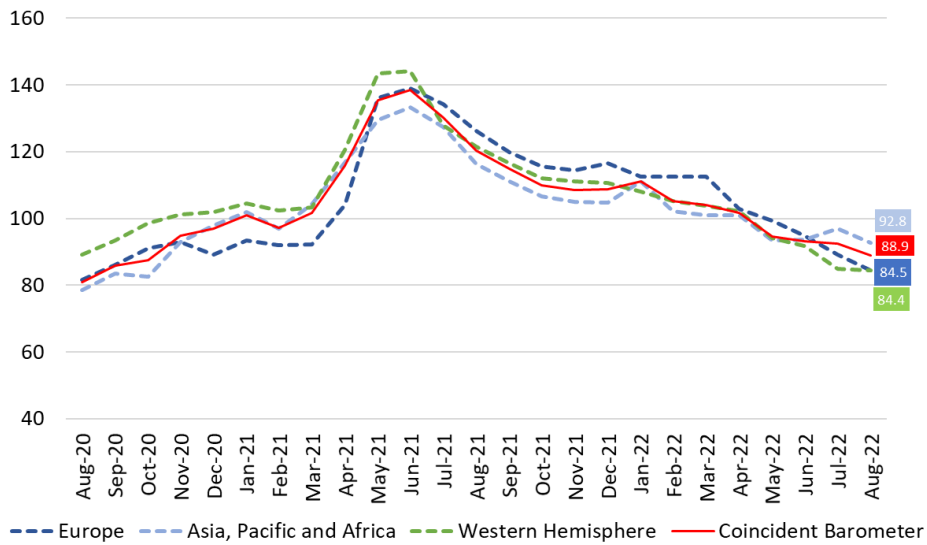


Source: KOF ETH Zurich and FGV IBRE

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	-23.6	-8.4	-9.2	-41.2
Cum. Contrib. Jun/20-Aug/21	37.6	15.5	16.0	69.1
Sep-21	-3.1	-1.3	-1.2	-5.5
Oct-21	-2.8	-0.9	-1.0	-4.8
Nov-21	-0.9	-0.2	-0.3	-1.4
Dec-21	-0.1	0.4	-0.1	0.2
Jan-22	3.9	-0.8	-0.6	2.4
Feb-22	-5.4	0.0	-0.7	-6.1
Mar-22	-0.8	0.0	-0.3	-1.1
Apr-22	0.1	-2.0	-0.5	-2.3
May-22	-4.6	-0.7	-1.9	-7.1
Jun-22	0.1	-0.9	-0.5	-1.5
Jul-22	2.0	-1.2	-1.6	-0.7
<b>Aug-22</b>	<b>-2.5</b>	<b>-0.9</b>	<b>-0.1</b>	<b>-3.5</b>
Cum. Contrib. Last 12 months	-14.1	-8.5	-8.8	-31.4
Cum. Contrib. Mar/20-Aug/22	-0.1	-1.4	-2.0	-3.5

Source: KOF ETH Zurich and FGV IBRE

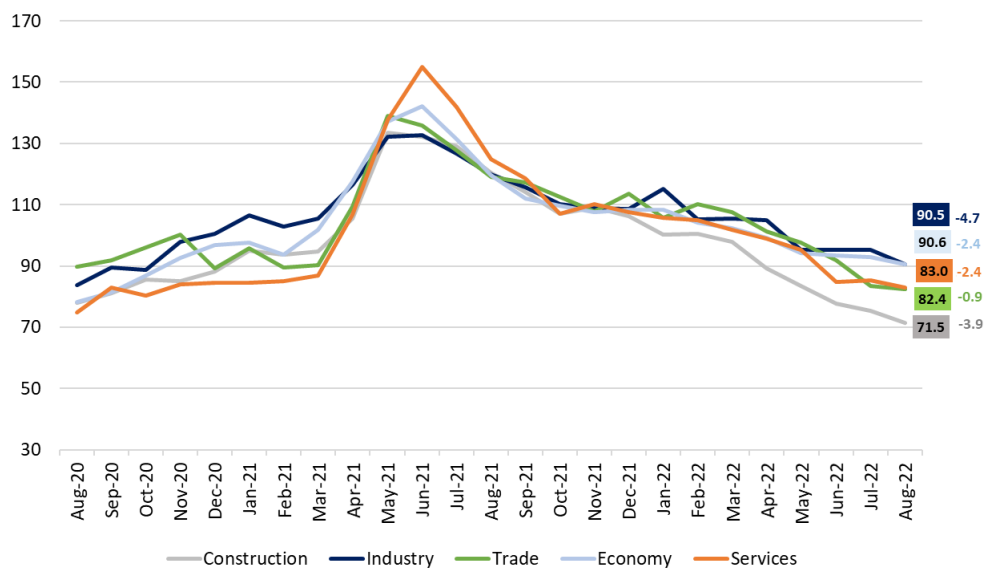
### Coincident Global Barometers – Regions



Source: KOF ETH Zurich and FGV IBRE

Among the coincident sector indicators, the decline is spread across all of them. The negative standout for the month is the *Construction* sector, which dropped 4.0 points and has now the lowest level among all sectors (71.5 points). With this result, all the indicators move further below the historical mean of 100 points, with the *Construction* sector being the most distant (28.5 points below) and *Industry* the least distant (9.5 points below).

### Coincident Global Barometers – Sectors

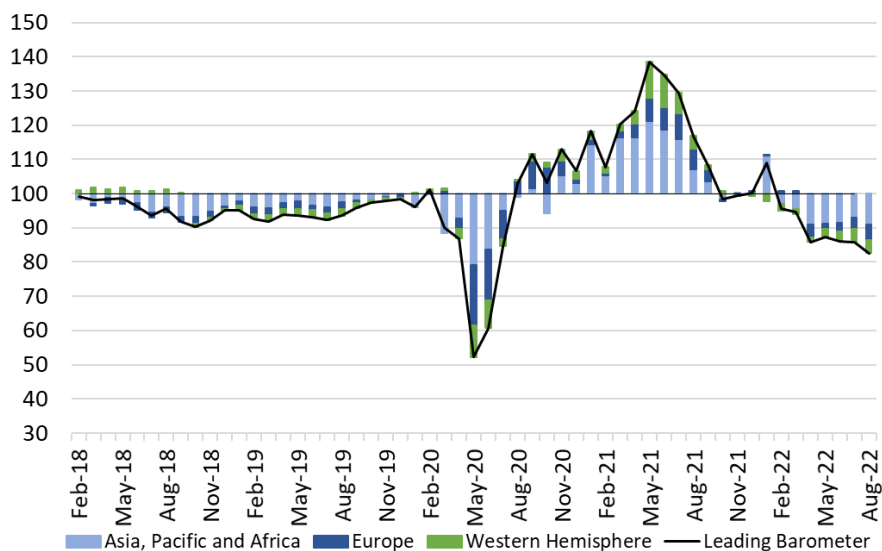


Source: KOF ETH Zurich and FGV IBRE

## Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In August, the global indicator drops 3.4 points to 82.5 points, the lowest level since June 2020 (60.7 pts). As with the Coincident Barometer, the Asia, Pacific, and Africa region contributes most to the decline, with -1.9 points. *Europe* also contributes negatively for the third consecutive month (-1.4 points), while the indicator for the *Western Hemisphere* remains stable this time after three months of negative contributions. Global growth expectations for 2022 have been worsening in light of, among other factors, the ongoing conflict between Ukraine and Russia, inflationary pressures and the associated adoption of more restrictive monetary policies in various countries.

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

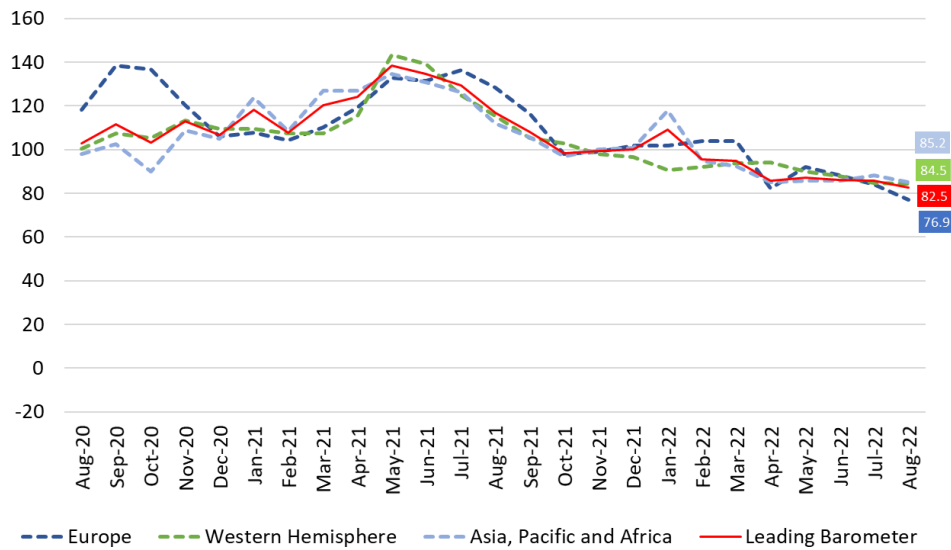


Source: KOF ETH Zurich and FGV IBRE

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	-20.7	-18.3	-9.9	-48.9
Cum. Contrib. Jun/20-Aug/21	28.1	23.5	13.0	64.6
Sep-21	-3.6	-2.5	-2.4	-8.6
Oct-21	-5.4	-3.9	-0.6	-9.8
Nov-21	1.9	0.3	-1.2	1.0
Dec-21	0.5	0.5	-0.3	0.7
Jan-22	10.4	0.1	-1.5	9.0
Feb-22	-14.1	0.3	0.4	-13.4
Mar-22	-1.4	0.0	0.4	-1.0
Apr-22	-4.5	-4.4	0.1	-8.8
May-22	0.3	2.0	-1.0	1.3
Jun-22	0.1	-0.7	-0.5	-1.2
Jul-22	1.5	-0.9	-0.8	-0.1
<b>Aug-22</b>	<b>-1.9</b>	<b>-1.4</b>	<b>0.0</b>	<b>-3.4</b>
Cum. Contrib. Last 12 months	-16.2	-10.6	-7.4	-34.3
Cum. Contrib. Mar/20-Aug/22	-8.8	-5.4	-4.3	-18.6

Source: KOF ETH Zurich and FGV IBRE

### Leading Global Barometers – Regions

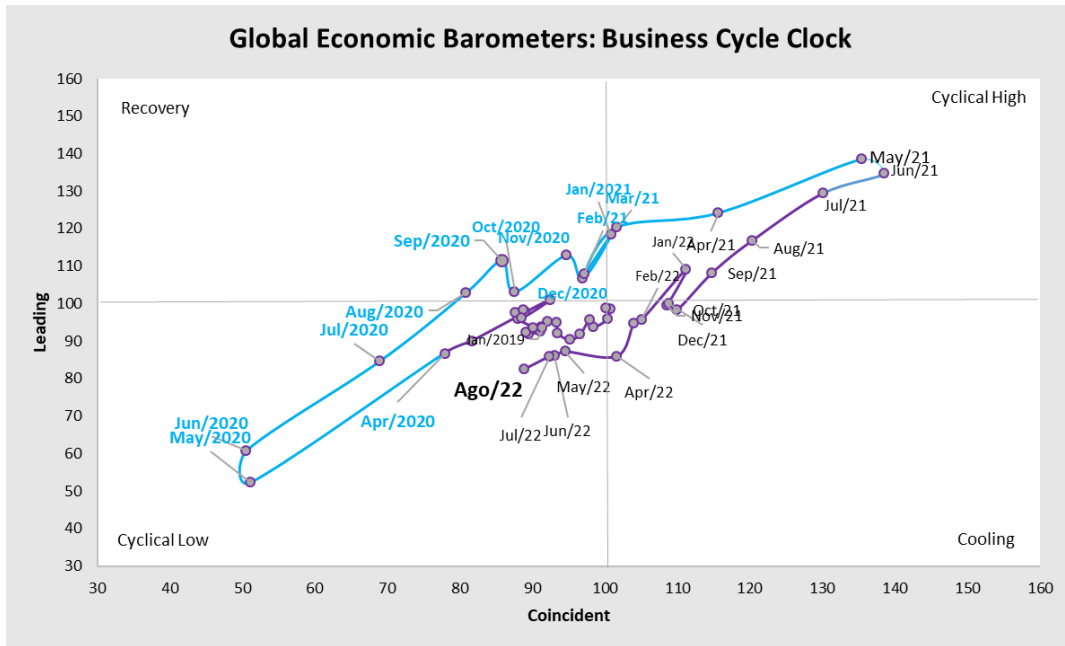


Source: KOF ETH Zurich and FGV IBRE

In August 2022, four of the five Leading indicator sectors are declining. Only the indicator for *Trade* increases this month after three consecutive falls. All the indicators remain far below the historical mean of 100 points, especially *Construction*, which is 24.4 points below neutral. With 13.6 points, *Trade* is the least distant from the historical mean.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	96.1	101.6	99.9	103.3	107.2
Mar-20	103.8	80.3	90.8	107.0	103.5
Apr-20	87.5	84.8	91.3	66.8	83.0
May-20	53.3	65.0	54.7	45.3	24.8
Worst pandemic moment:					
Cum. Variation. Mar/20-May/20	-42.8	-36.6	-45.2	-57.9	-82.4
Cum. Variation Jun/20-Aug/21					
Sep-21	120.0	104.6	106.3	107.9	118.9
Oct-21	103.1	94.8	97.4	102.9	110.0
Nov-21	102.0	97.1	96.4	109.1	116.2
Dec-21	109.3	96.0	97.7	118.3	111.1
Jan-22	97.1	92.6	119.7	102.9	105.2
Feb-22	96.8	98.7	92.0	106.4	103.4
Mar-22	90.6	92.9	95.0	98.4	101.5
Apr-22	89.8	83.4	84.5	104.8	95.7
May-22	98.4	78.1	88.0	101.0	102.1
Jun-22	88.2	84.7	86.8	90.3	88.6
Jul-22	77.8	86.6	88.0	80.4	86.1
<b>Aug-22</b>	<b>75.6</b>	<b>85.1</b>	<b>83.7</b>	<b>86.4</b>	<b>78.9</b>
Cum. Variation Last 12 months					
	-44.8	-29.0	-30.9	-26.3	-50.8
Cum. Variation Mar/20-Aug/22					
	-20.5	-16.5	-16.2	-16.8	-28.2

Source: KOF ETH Zurich and FGV IBRE



Period	<i>Global Coincident Barometer Vintages</i>		<i>Global Leading Barometer Vintages</i>	
	<i>August 2022</i>	<i>July 2022</i>	<i>August 2022</i>	<i>July 2022</i>
Aug-21	120.3	119.2	116.8	115.9
Sep-21	114.8	115.0	108.2	108.4
Oct-21	110.0	110.8	98.4	100.7
Nov-21	108.6	108.6	99.4	99.0
Dec-21	108.8	109.3	100.1	99.8
Jan-22	111.2	109.9	109.1	104.6
Feb-22	105.1	105.7	95.7	96.9
Mar-22	104.0	104.2	94.7	94.7
Apr-22	101.7	102.1	85.9	86.7
May-22	94.6	94.8	87.2	85.6
Jun-22	93.1	94.0	86.0	86.2
Jul-22	92.4	91.5	85.9	86.2
Aug-22	88.9		82.5	

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/prognosen-indikatoren/indikatore/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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