

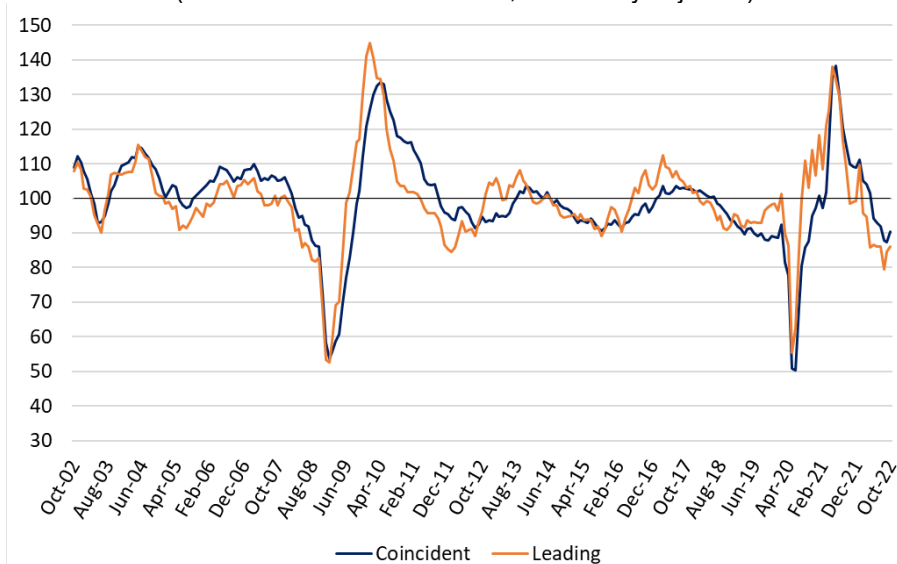
Press Release

Rio de Janeiro and Zurich, 10 October, 2022, 2 pm (local time) – 1 pm (UTC).

Global Barometers: negative sequence does not continue in October

The Coincident Barometer rises after eight consecutive falls and the Leading Barometer increases for the second month in a row. Because the improvement is only modest, the level of the indicators continues to reflect an adverse scenario for world economic growth in the coming months.

Global Economic Barometers: Coincident vs Leading
(Mean Jan/10 to Dec/19 =100, seasonally adjusted)



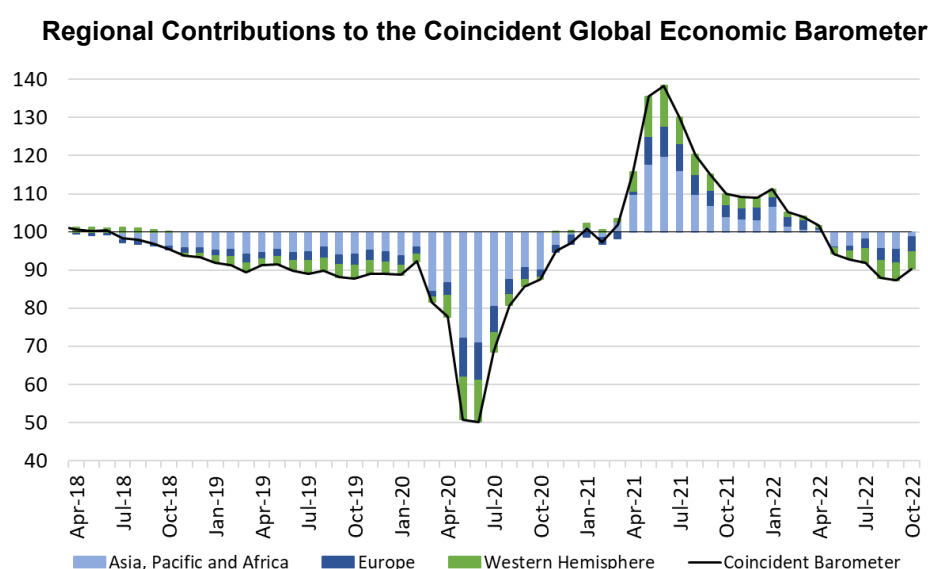
Source: KOF ETH Zurich and FGV IBRE

In October, the Global Economic Barometers increase simultaneously for the first time since January 2022. The Coincident Global Economic Barometer rises 3.0 points to 90.3 points and the Leading Global Economic Barometer increases 1.5 points to 86.0 points. The rise in the Coincident indicator was driven mainly by the *Asia, Pacific & Africa* region, while the improvement in the Leading Barometer is the result of improved expectations in the *Western Hemisphere* and the *Asia, Pacific & Africa* region.

“Albeit at a low level, the two global barometers did not deteriorate further, but even improved slightly. What is striking is the widening gap between the *Asia, Pacific and Africa* region on the one hand and *Europe and the Western Hemisphere* on the other. In the so-called *Western world*, both the coincident and leading indicators are at significantly lower levels. Above all, but not only, here, both high inflation and the *Ukraine war* are showing their economic consequences”, comments KOF Director Jan-Egbert Sturm the latest development of the Global Barometers.

Coincident Barometer – regions and sectors

In October, the *Asia, Pacific & Africa* region contributes 3.4 points to the increase in the Coincident indicator, while the *Western Hemisphere* contributes 0.1 points. *Europe*, on the other hand, contributes negatively by -0.5 points this month. The regional indicator for Europe has now recorded a sequence of ten consecutive decreases and is at the lowest level among the regions. The worsening in the macroeconomic situation during 2022 and the consequences of the war in Ukraine for the supply of energy in European countries explain the adverse development of the region. The graph below illustrates the contribution of each region to the deviation of the Coincident Barometer from the historical mean of 100 points.

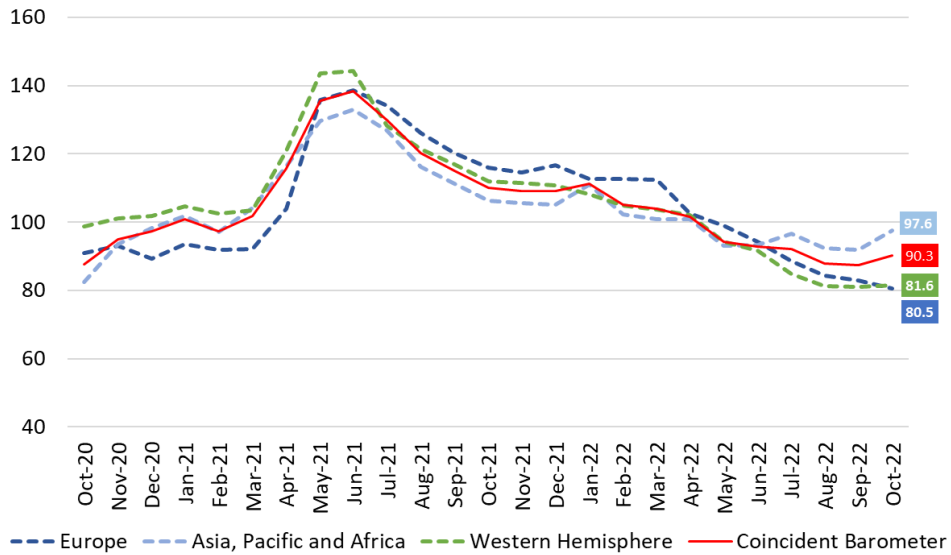


Source: KOF ETH Zurich and FGV IBRE

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	-23.8	-8.4	-9.3	-41.5
Cum. Contrib. Jun/20-Oct/21	31.9	13.4	13.9	59.2
Nov-21	-0.5	-0.3	-0.1	-0.9
Dec-21	-0.3	0.5	-0.2	-0.1
Jan-22	3.6	-0.9	-0.6	2.2
Feb-22	-5.2	0.0	-0.8	-6.0
Mar-22	-0.9	0.0	-0.3	-1.2
Apr-22	0.0	-2.0	-0.4	-2.4
May-22	-4.7	-0.8	-1.8	-7.3
Jun-22	0.1	-0.9	-0.6	-1.5
Jul-22	1.9	-1.2	-1.7	-0.8
Aug-22	-2.4	-0.8	-0.8	-4.1
Sep-22	-0.3	-0.3	0.0	-0.6
Oct-22	3.4	-0.5	0.1	3.0
Cum. Contrib. Last 12 months	-5.3	-7.2	-7.2	-19.7
Cum. Contrib. Mar/20-Oct/22	2.8	-2.2	-2.6	-2.0

Source: KOF ETH Zurich and FGV IBRE

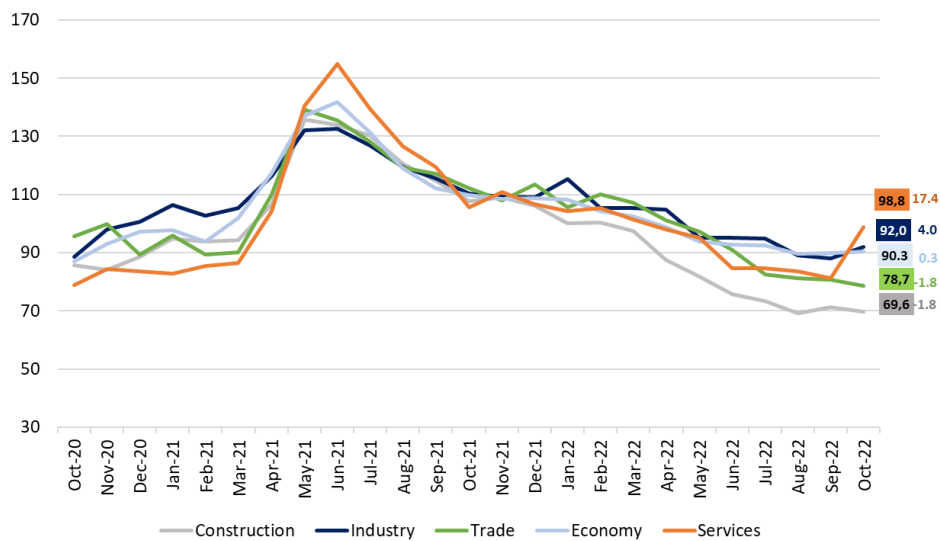
Coincident Global Barometers – Regions



Source: KOF ETH Zurich and FGV IBRE

Among the coincident sector indicators, *Services* increases 17.4 points, *Industry* climbs 4.0 points, and the indicator for the general state of the *Economy* (aggregated business and consumer evaluations) gains 0.3 points. *Trade* and *Construction* both decrease this month. With this result, *Services* takes the highest level among the sectors, which has not occurred since November 2021. The distance to the *Construction* sector reaches almost 30 points.

Coincident Global Barometers – Sectors

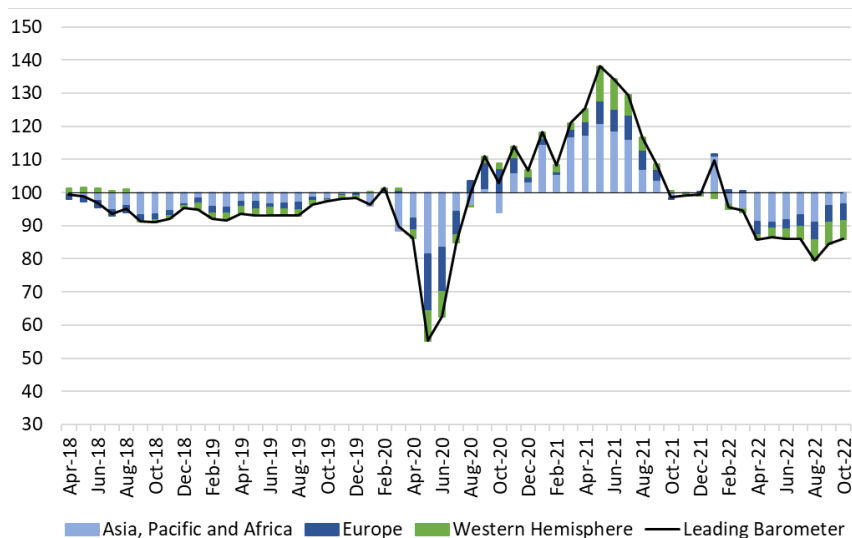


Source: KOF ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In October, the global indicator increases 1.5 points to 86.0 points. The *Western Hemisphere* and the *Asia, Pacific & Africa* region contribute positively to the rise in the indicator, with 1.0 and 0.6 points, respectively, while *Europe* contributes –0.1 points. The indicators for *Europe* and the *Western Hemisphere* are more than 20 points below the historic mean of 100 points, portraying a scenario that remains pessimistic for these economies for the coming months.

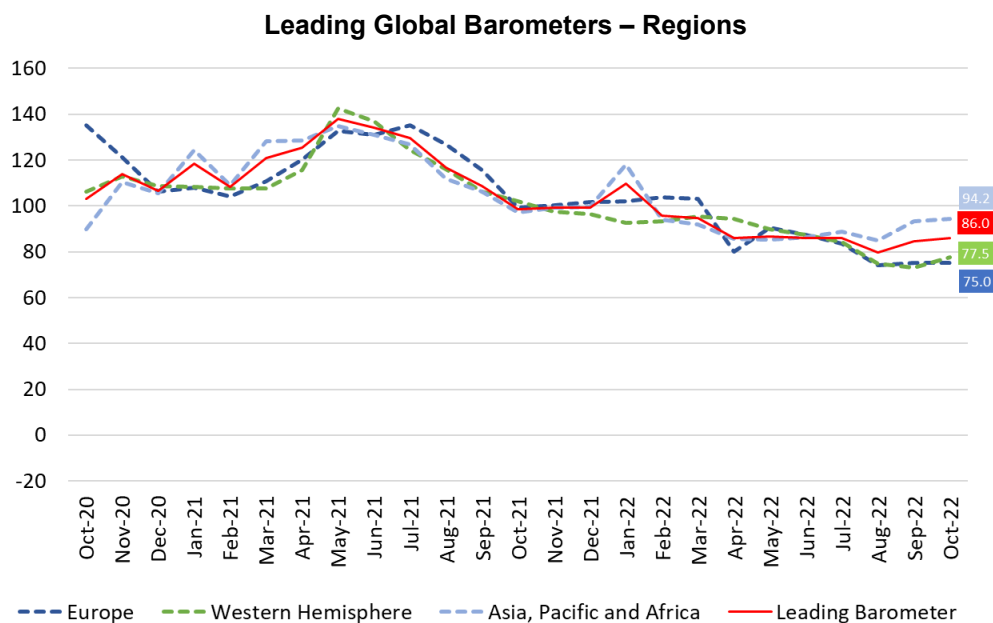
Regional Contributions to the Leading Global Economic Barometer



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	-18.6	-17.9	-9.5	-46.0
Contrib. Acum. Jun/20-Oct/21	16.9	17.0	9.5	43.3
Nov-21	1.4	0.2	-1.1	0.5
Dec-21	0.2	0.3	-0.3	0.2
Jan-22	11.2	0.1	-0.9	10.4
Feb-22	-14.6	0.3	0.2	-14.1
Mar-22	-1.4	-0.1	0.5	-1.0
Apr-22	-3.8	-4.7	-0.3	-8.8
May-22	-0.3	2.2	-1.1	0.8
Jun-22	0.6	-0.7	-0.6	-0.6
Jul-22	1.6	-0.8	-0.7	0.0
Aug-22	-2.2	-1.9	-2.3	-6.4
Sep-22	5.0	0.2	-0.4	4.9
Oct-22	0.6	-0.1	1.0	1.5
Cum. Contrib. Last 12 months	-1.7	-5.0	-6.0	-12.6
Contrib. Acum. Mar/20-Oct/22	-3.4	-5.9	-6.0	-15.3

Source: KOF ETH Zurich and FGV IBRE

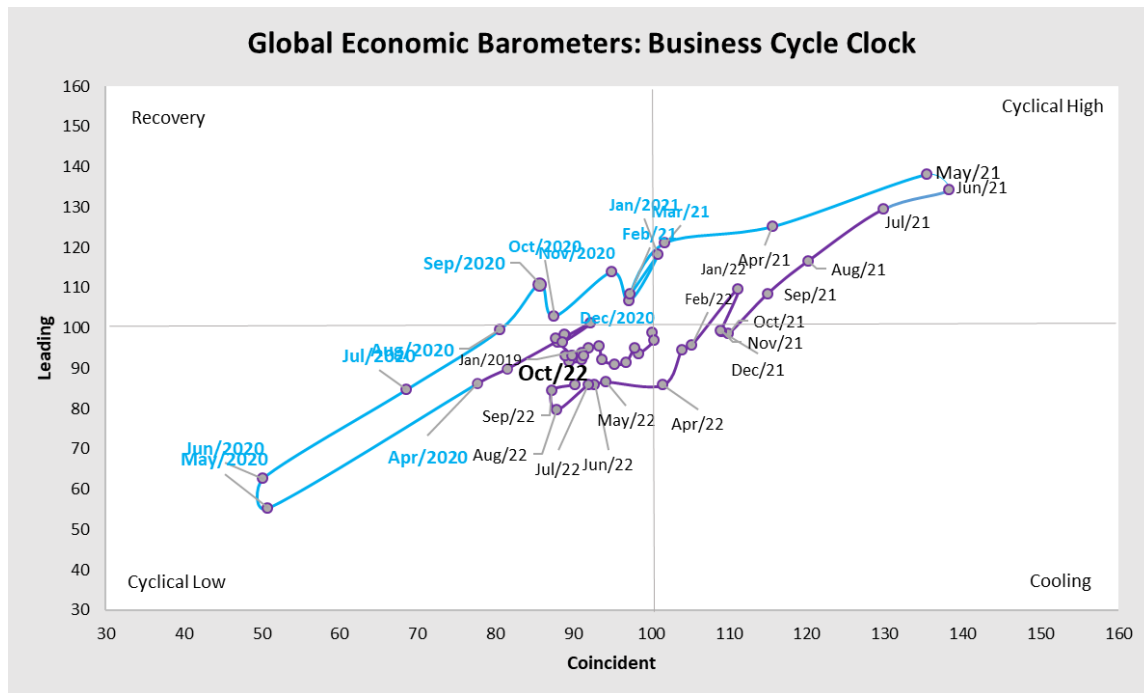


Source: KOF ETH Zurich and FGV IBRE

Among the Leading indicator sectors, *Construction*, *Industry* and *Services* increase this month, while the general state of the *Economy* (aggregated business and consumer evaluations) and *Trade* continue in the opposite direction. With this result *Trade* has the lowest level among the sectors and *Construction* the highest.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	97.5	102.2	100.2	103.4	106.1
Mar-20	104.3	79.9	90.4	107.3	102.6
Apr-20	91.6	84.7	91.1	68.2	73.8
May-20	63.3	65.2	55.2	45.4	45.4
Worst pandemic moment: Cum. Variation. Mar/20-May/20					
	-34.3	-37.0	-45.0	-58.0	-60.7
Variation Jun/20-Oct/21					
	38.2	29.8	41.7	59.0	69.0
Nov-21	101.2	95.7	96.7	110.1	116.4
Dec-21	107.5	94.3	97.6	117.3	109.8
Jan-22	98.3	92.3	121.1	101.7	106.1
Feb-22	97.4	97.9	92.2	105.9	104.1
Mar-22	93.6	92.2	94.7	97.7	102.6
Apr-22	91.7	83.1	84.4	105.1	94.8
May-22	98.5	77.9	87.4	99.6	98.9
Jun-22	88.8	85.0	86.7	88.8	87.7
Jul-22	80.3	87.0	88.1	77.8	85.7
Aug-22	76.7	83.6	79.4	85.1	77.3
Sep-22	82.3	90.2	83.5	83.3	81.8
Oct-22	92.4	82.6	89.3	78.9	82.7
Variation Last 12 months					
	-9.1	-12.4	-7.6	-25.5	-31.7
Variation Mar/20-Oct/22					
	-5.1	-19.5	-10.9	-24.5	-23.4

Source: KOF ETH Zurich and FGV IBRE



Period	<i>Global Coincident Barometer</i> Vintages		<i>Global Leading Barometer</i> Vintages	
	<i>October 2022</i>	<i>September 2022</i>	<i>October 2022</i>	<i>September 2022</i>
	Oct-21	110.0	110.2	98.6
Nov-21	109.1	108.9	99.1	99.2
Dec-21	109.0	109.0	99.3	99.4
Jan-22	111.2	111.4	109.7	110.0
Feb-22	105.2	105.3	95.6	95.6
Mar-22	104.0	104.2	94.6	94.5
Apr-22	101.6	101.9	85.8	85.8
May-22	94.3	95.0	86.6	86.8
Jun-22	92.8	93.2	86.0	85.9
Jul-22	92.0	91.8	86.0	85.9
Aug-22	87.9	88.5	79.6	81.6
Sep-22	87.3	87.9	84.5	86.4
Oct-22	90.3		86.0	

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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