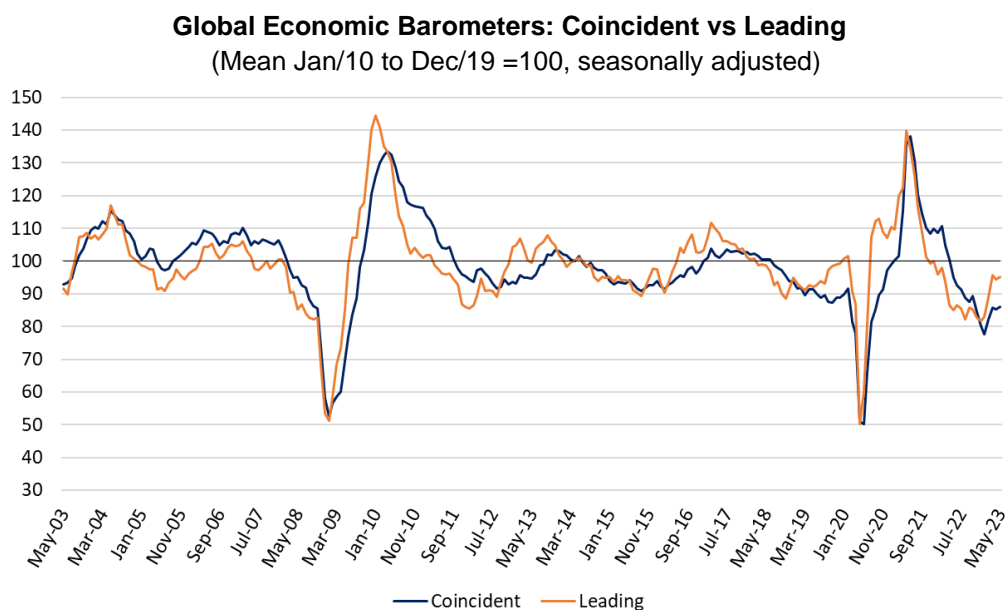


Press Release

Rio de Janeiro and Zurich, May 10, 2023, 10 am (local time) – 1 pm (UTC).

Global Barometers improve slightly but remain at subdued levels

The Global Barometers rise only slightly in May, reflecting continued weakness in global economic activity in most countries and moderate optimism, partly related to the gradual recovery of the Chinese economy.



Source: KOF, ETH Zurich and FGV IBRE

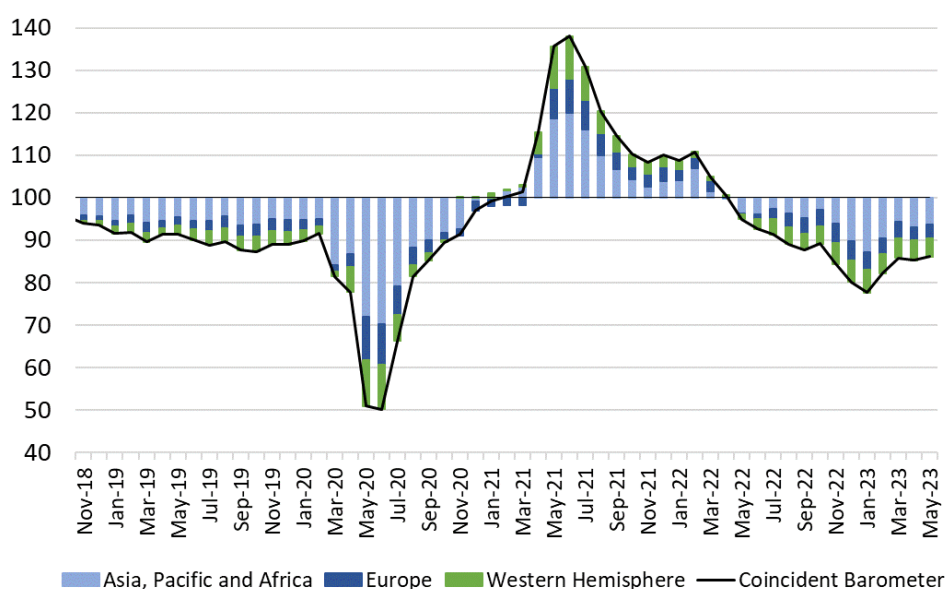
The Coincident and Leading Global Economic Barometers increase by 0.9 and 0.6 points, respectively, in May 2023. The slight increase is mainly due to the performance of the *Asia, Pacific & Africa* and *Western Hemisphere* regional indicators in the case of the Coincident Barometer, and the *Asia, Pacific & Africa* region in the case of the Leading indicator. With these results, both indicators continue to fluctuate below their historical average of 100 points, with the Coincident Barometer closing the month at 86.1 points and the Leading Barometer at 95.1 points.

“The results of the Global Barometers for May indicate continued growth in world economic activity, albeit with a low probability of significant acceleration. If, on the one hand, the normalization of supply chains has reduced the effects of supply on inflation, on the other hand, the performance of the labour market has been pressuring prices on the demand side, generating reactions from the monetary authorities that end up limiting expectations of more intense growth in the level of activities”, evaluates Paulo Picchetti, researcher of FGV IBRE.

Coincident Barometer – regions and sectors

In May, the *Asia, Pacific & Africa* region and the *Western Hemisphere* contribute 0.6 and 0.4 points, respectively, to the increase in the Coincident indicator, while *Europe* contributes negatively with -0.1 point. The three regional indicators are in the 80-90 point range, reflecting the impact of monetary tightening in most countries, in parallel with the gradual recovery of the Chinese economy. The graph below shows the contribution of each region to the deviation of the Coincident Barometer from its historical average of 100 points.

Regional Contributions to the Coincident Global Economic Barometer

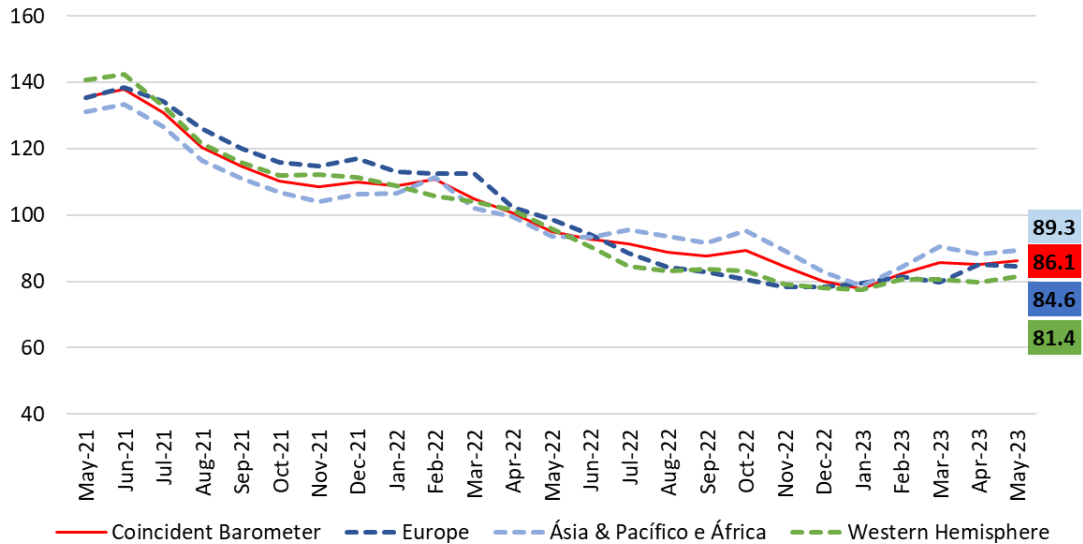


Source: KOF, ETH Zurich and FGV IBRE

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	-23.1	-8.4	-9.3	-40.7
Cum. Contrib. Jun/20-May/22	24.4	9.9	9.8	44.0
Jun-22	-0.2	-0.9	-1.2	-2.3
Jul-22	1.3	-1.2	-1.4	-1.3
Aug-22	-1.2	-0.8	-0.3	-2.4
Sep-22	-1.1	-0.3	0.1	-1.3
Oct-22	2.1	-0.5	-0.1	1.6
Nov-22	-3.4	-0.4	-1.0	-4.8
Dec-22	-4.1	0.0	-0.2	-4.3
Jan-23	-2.6	0.3	-0.1	-2.4
Feb-23	3.4	0.4	0.7	4.5
Mar-23	3.8	-0.3	0.1	3.6
Apr-23	-1.3	1.0	-0.3	-0.6
May-23	0.6	-0.1	0.4	0.9
Cum. Contrib. Last 12 months	-2.7	-2.8	-3.3	-8.8
Cum. Contrib. Mar/20-May/23	-1.4	-1.3	-2.8	-5.5

Source: KOF, ETH Zurich and FGV IBRE

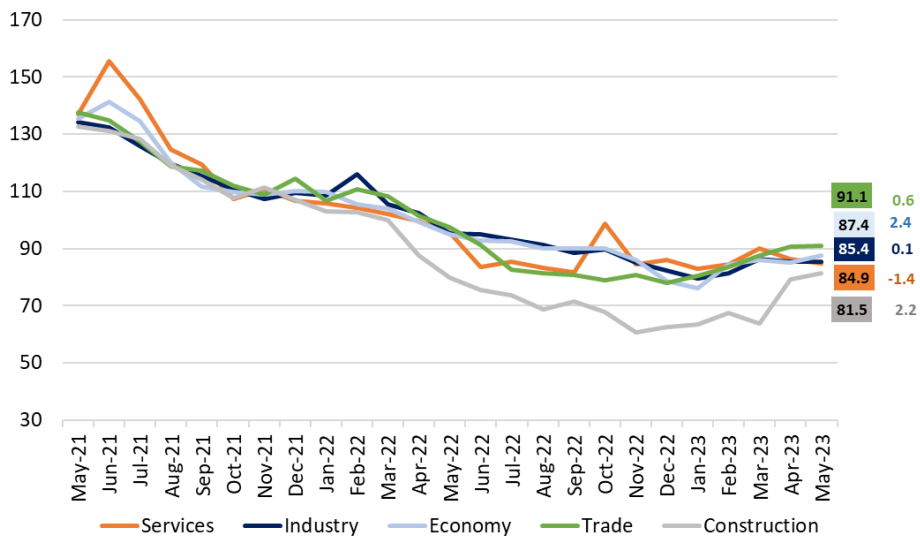
Coincident Global Barometers – Regions



Source: KOF, ETH Zurich and FGV IBRE

With the exception of *Services*, all the Coincident sector indicators increase this month. With this result, *Trade* records the highest level among the sectors, followed by the general state of the *Economy* (*aggregated business and consumer evaluations*). The *Construction* indicator records a second consecutive increase, accumulating more than 17 points in the April-May period, further reducing the gap to the other sectors.

Coincident Global Barometers – Sectors

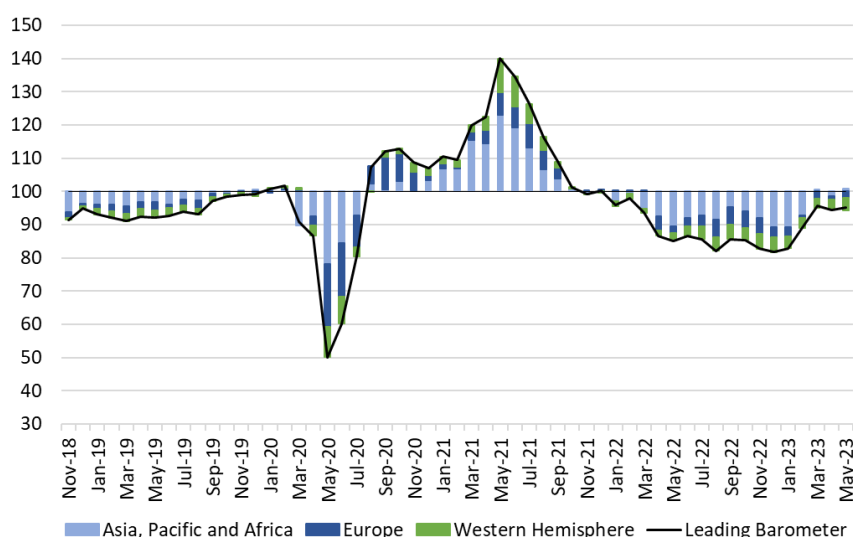


Source: KOF, ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In May 2023, only the *Asia, Pacific & Africa* region contributes positively to the result, with 2.3 points, while *Europe* and the *Western Hemisphere* contribute negatively, with -1.0 and -0.6 point, respectively. The gap between the indicators for the *Asia, Pacific & Africa* region and the *Western Hemisphere* is more than 16 points, suggesting improved economic growth expectations in the former, while the inflationary environment and high interest rates suggest a more pessimistic outlook for the *Western Hemisphere* countries.

Regional Contributions to the Leading Global Economic Barometer

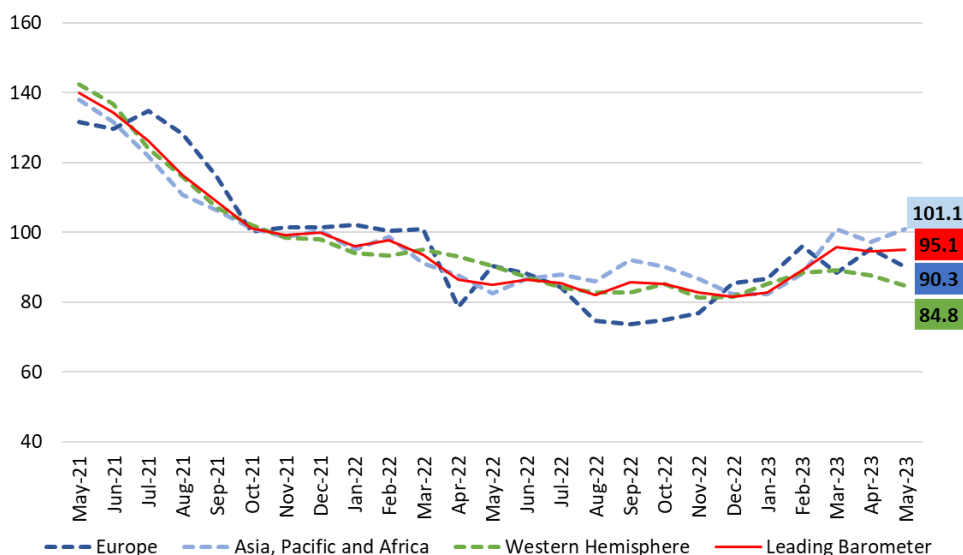


Source: KOF, ETH Zurich and FGV IBRE

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	-22.5	-19.3	-9.6	-51.5
Cum. Contrib. Jun/20-May/22	11.3	16.8	6.8	34.9
Jun-22	2.6	-0.4	-0.8	1.5
Jul-22	0.7	-0.9	-0.7	-0.9
Aug-22	-1.3	-1.9	-0.3	-3.5
Sep-22	3.9	-0.2	-0.1	3.6
Oct-22	-1.2	0.2	0.7	-0.4
Nov-22	-2.2	0.4	-1.0	-2.6
Dec-22	-2.7	1.8	0.0	-1.0
Jan-23	0.0	0.3	1.0	1.2
Feb-23	3.5	1.9	0.7	6.2
Mar-23	7.9	-1.5	0.2	6.6
Apr-23	-2.1	1.3	-0.4	-1.2
May-23	2.3	-1.0	-0.7	0.6
Cum. Contrib. Last 12 months	11.4	0.0	-1.4	10.1
Cum. Contrib. Mar/20-May/23	0.2	-2.5	-4.2	-6.5

Source: KOF, ETH Zurich and FGV IBRE

Leading Global Barometers – Regions

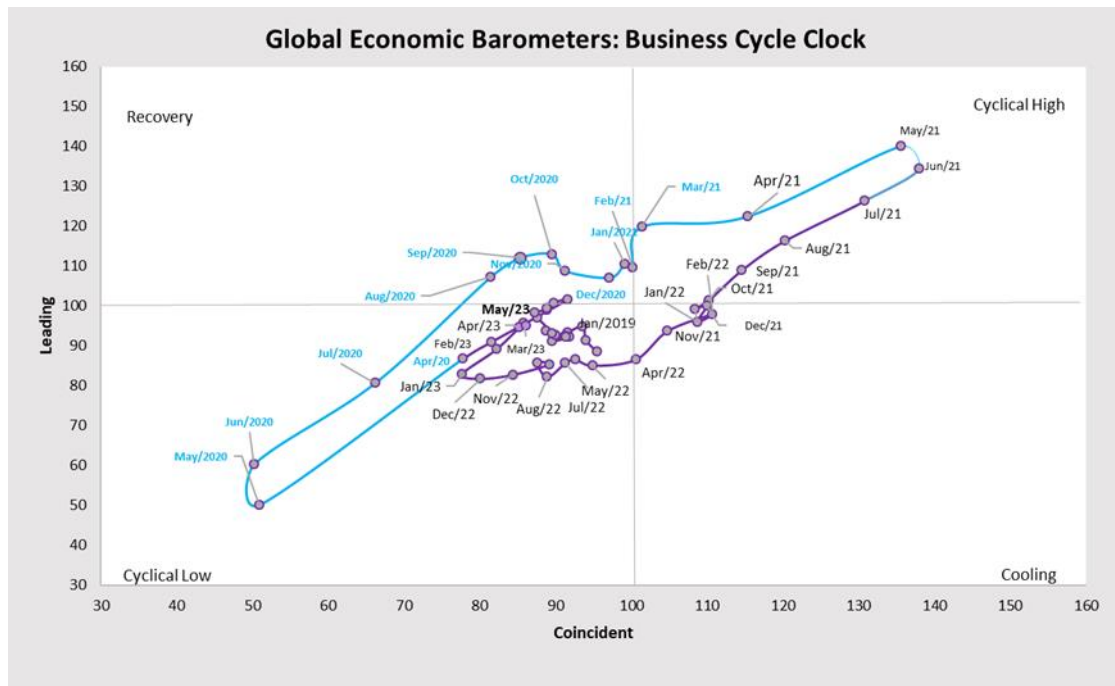


Source: KOF, ETH Zurich and FGV IBRE

The sectoral leading sector indicators show contrasting results in May, with the *Economy* and *Services* rising and *Construction*, *Industry* and *Trade* falling. The *Economy* indicator, which reflects aggregated business and consumer assessments, reaches a level above 100 points, its highest level since August 2021 (112.9 points), while *Construction*, which had accumulated an increase of over 10 points over the previous three-months, fell sharply in May, moving away from the levels of the other sectors.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	97.4	103.1	100.2	104.3	105.1
Mar-20	104.1	80.2	92.2	103.6	101.9
Apr-20	90.0	82.6	92.3	72.4	83.7
May-20	61.4	62.2	50.0	54.2	27.8
Worst pandemic moment: Cum. Variation. Mar/20-May/20	-36.0	-40.9	-50.2	-50.1	-77.3
Cum. Variation Jun/20-May/22	35.5	16.5	34.5	39.0	71.8
Jun-22	88.2	86.3	87.4	86.1	88.0
Jul-22	80.1	87.3	88.1	76.9	84.7
Aug-22	77.0	83.7	84.0	84.5	77.7
Sep-22	82.8	90.9	85.5	84.2	81.4
Oct-22	92.7	83.2	88.0	79.4	83.3
Nov-22	89.2	84.5	83.1	80.6	79.8
Dec-22	77.5	78.1	86.3	79.9	82.1
Jan-23	74.8	82.5	86.5	76.1	85.2
Feb-23	77.1	90.4	91.4	85.5	90.5
Mar-23	81.0	99.3	96.0	96.9	96.2
Apr-23	86.3	99.2	94.8	92.2	89.4
May-23	80.1	105.2	93.0	91.5	93.1
Cum. Variation Last 12 months	-16.8	26.5	8.5	-1.7	-6.5
Cum. Variation Mar/20-May/23	-17.3	2.1	-7.2	-12.8	-12.0

Source: KOF, ETH Zurich and FGV IBRE



Period	<i>Global Coincident Barometer</i> Vintages		<i>Global Leading Barometer</i> Vintages	
	<i>May 2023</i>	<i>April 2023</i>	<i>May 2023</i>	<i>April 2023</i>
May-22	94.9	94.8	85.0	86.2
Jun-22	92.6	92.6	86.5	86.2
Jul-22	91.3	92.1	85.6	85.6
Aug-22	88.9	88.8	82.1	81.7
Sep-22	87.6	87.5	85.7	85.6
Oct-22	89.2	90.1	85.3	85.6
Nov-22	84.4	84.0	82.7	83.4
Dec-22	80.1	79.9	81.7	81.1
Jan-23	77.7	77.0	82.9	79.1
Feb-23	82.2	83.1	89.1	90.4
Mar-23	85.8	85.7	95.7	95.6
Apr-23	85.2	85.2	94.5	94.5
May-23	86.1		95.1	

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.

<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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