# Press Release

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

Global Barometers continue to signal a slowdown of the world economy for the coming months

The Global Barometers fall once again in November after a slight improvement in the previous month. With the results, the Coincident Barometer reaches its lowest level since August 2020 and the Leading Barometer is the second lowest since June 2020, beating only the level of last August.

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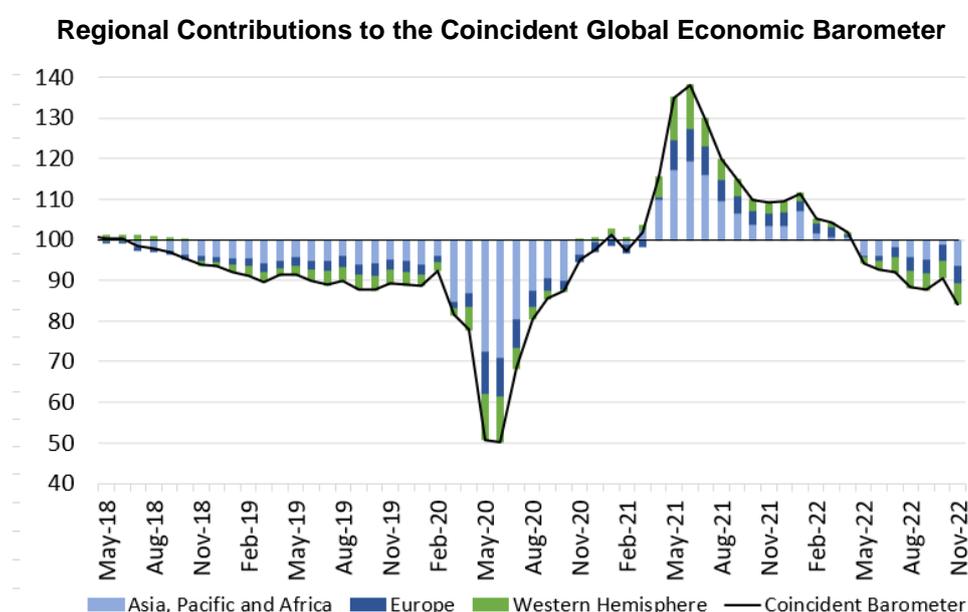(Mean Jan/10 to Dec/19 =100, seasonally adjusted)
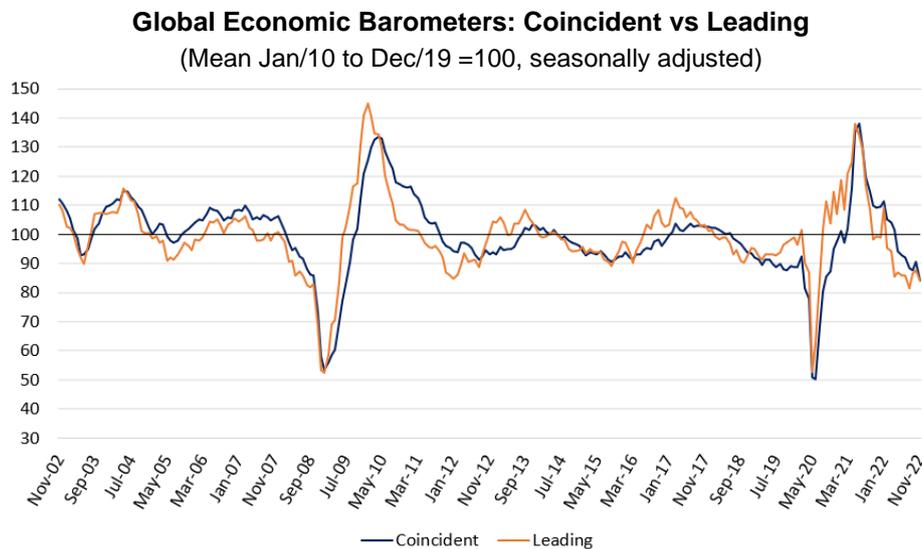
Source: KOF ETH Zurich and FGV IBRE

The Coincident Global Economic Barometer falls 6.5 points and the Leading Global Economic Barometer 3.4 points in November. With this result, the two indicators are getting closer to each other, recording 84.1 points and 84.2 points, respectively. The drop in the indicators is fuelled mainly by the *Asia, Pacific & Africa* region. Only the Leading indicator for *Europe* records a slight improvement this month.

"The fall of the Global Barometers in November reinforces the concern over the main challenges to the level of activities in the coming months throughout the regions and in most sectors. Among these challenges, the highlights are global inflation, the war in Ukraine, and the effects of zero tolerance with Covid in China. As none of these issues are likely to be resolved in the short term, the expectations depicted by the Global Barometers consistently point in the direction of a slowdown in economic activity in the coming months", evaluates Paulo Picchetti, researcher of FGV IBRE.
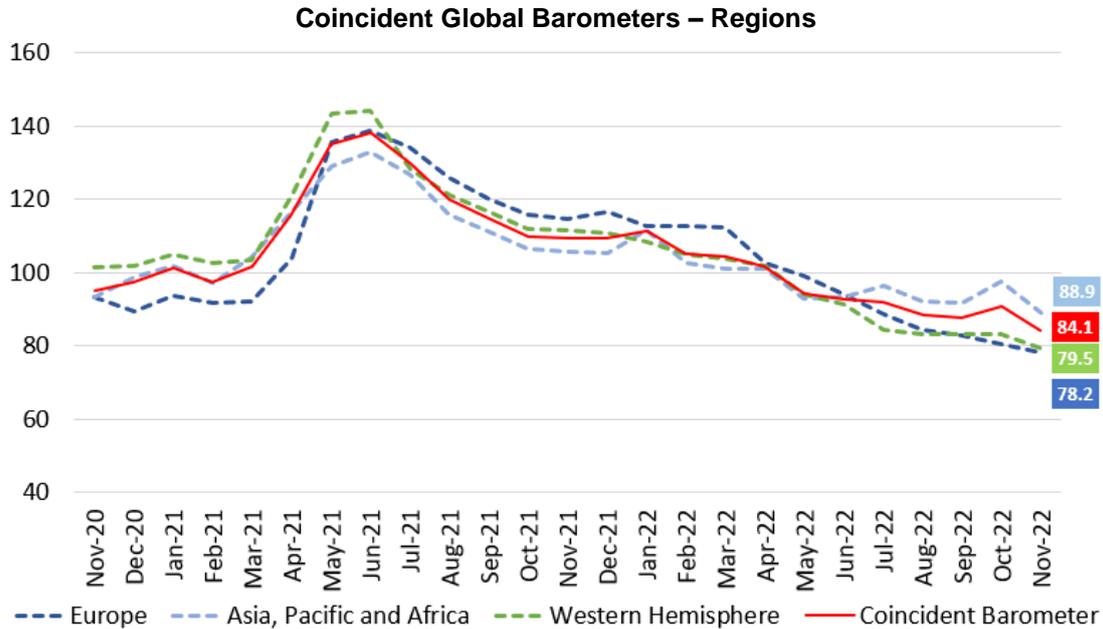
Coincident Barometer – regions and sectors

In November, the *Asia, Pacific & Africa* region contributes 5.2 points to the decrease in the Coincident indicator, while the *Western Hemisphere* and *Europe* regions contribute -0.9 points and -0.4 points, respectively. The regional indicator for *Europe* has now recorded a sequence of eleven consecutive decreases and is at the lowest level among the regions. The macroeconomic situation for 2022, with the war in Ukraine and its consequences, such as the energy supply crisis in European countries, continue to define the adverse framework 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.
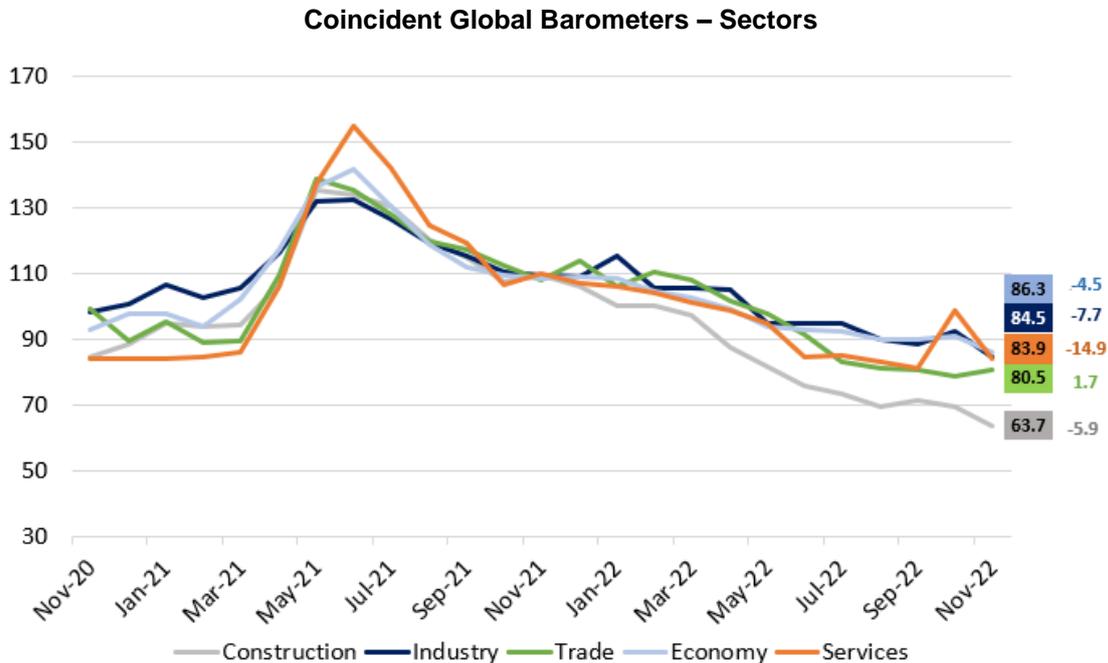
Regional Contributions to the Coincident Global Economic Barometer

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
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-23.8	-8.4	-9.3	-41.5
Cum. Contrib. Jun/20-Nov/21	31.3	13.2	13.9	58.4
Dec-21	-0.1	0.4	-0.2	0.2
Jan-22	3.7	-0.9	-0.7	2.1
Feb-22	-5.5	0.0	-0.8	-6.3
Mar-22	-0.7	-0.1	-0.2	-1.0
Apr-22	-0.1	-1.9	-0.5	-2.5
May-22	-4.8	-0.8	-1.8	-7.4
Jun-22	0.0	-0.9	-0.7	-1.6
Jul-22	2.0	-1.2	-1.6	-0.8
Aug-22	-2.5	-0.8	-0.3	-3.6
Sep-22	-0.4	-0.3	0.0	-0.7
Oct-22	3.6	-0.5	-0.1	3.0
Nov-22	**-5.2**	**-0.4**	**-0.9**	**-6.5**
Cum. Contrib. Last 12 months	-10.0	-7.4	-7.8	-25.1
Cum. Contrib. Mar/20-Nov/22	-2.5	-2.6	-3.2	-8.2

Source: KOF ETH Zurich and FGV IBRE

Coincident Global Barometers – Regions

Legend: Europe (dark blue dashed), Asia, Pacific and Africa (light blue dashed), Western Hemisphere (green dashed), Coincident Barometer (red solid)

Final values: 88.9, 84.1, 79.5, 78.2

Source: KOF ETH Zurich and FGV IBRE

Among the <u>coincident sector indicators</u>, only *Trade* increases this month. The *Services* indicator drops almost 15 points and *Industry* almost 8.0 points. With this result, the indicator for the general state of the *Economy (aggregated business and consumer evaluations)*, *Industry*, *Services*, and *Trade* are in the 80-90-point band, while *Construction* drops further away from the historic mean of 100 points.

Coincident Global Barometers – Sectors

Legend: Construction (grey), Industry (dark blue), Trade (green), Economy (light blue), Services (orange)

Final values: 86.3 (-4.5), 84.5 (-7.7), 83.9 (-14.9), 80.5 (1.7), 63.7 (-5.9)
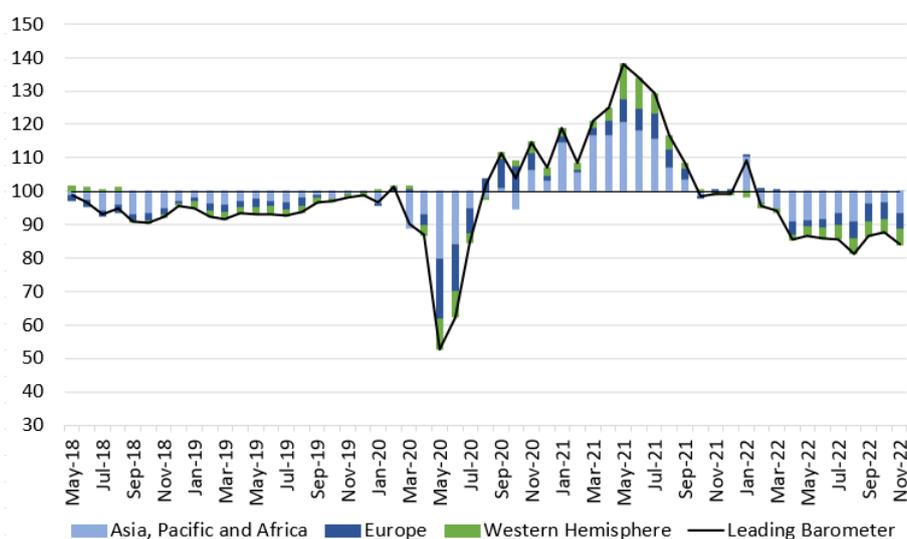
Source: KOF ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In November, the *Asia, Pacific & Africa* region and the *Western Hemisphere* contribute negatively to the fall in the indicator, with -3.1 points and -0.8 points, respectively, while *Europe* contributes to the opposite direction with 0.5 points. The indicators portray a scenario that remains pessimistic for these economies for the coming months, fluctuating in the 80-90-point band since April of this year.

**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	-20.6	-18.7	-9.5	-48.8
Cum. Contrib. Jun/20-Nov/21	20.0	18.0	8.5	46.5
Dec-21	0.2	0.1	-0.4	-0.1
Jan-22	10.7	0.2	-0.8	10.1
Feb-22	-14.0	0.3	0.1	-13.7
Mar-22	-1.8	-0.1	0.4	-1.4
Apr-22	-3.8	-4.8	-0.2	-8.7
May-22	0.3	2.2	-1.1	1.4
Jun-22	0.4	-0.6	-0.6	-0.9
Jul-22	1.5	-0.9	-0.7	-0.2
Aug-22	-2.2	-1.8	-0.3	-4.3
Sep-22	5.1	0.1	-0.2	5.1
Oct-22	0.5	0.0	0.6	1.1
Nov-22	**-3.1**	**0.5**	**-0.8**	**-3.4**
Cum. Contrib. Last 12 months	-6.2	-4.8	-4.0	-15.0
Cum. Contrib. Mar/20-Nov/22	-6.8	-5.5	-5.0	-17.3

Source: KOF ETH Zurich and FGV IBRE

Leading Global Barometers – Regions

Source: KOF ETH Zurich and FGV IBRE
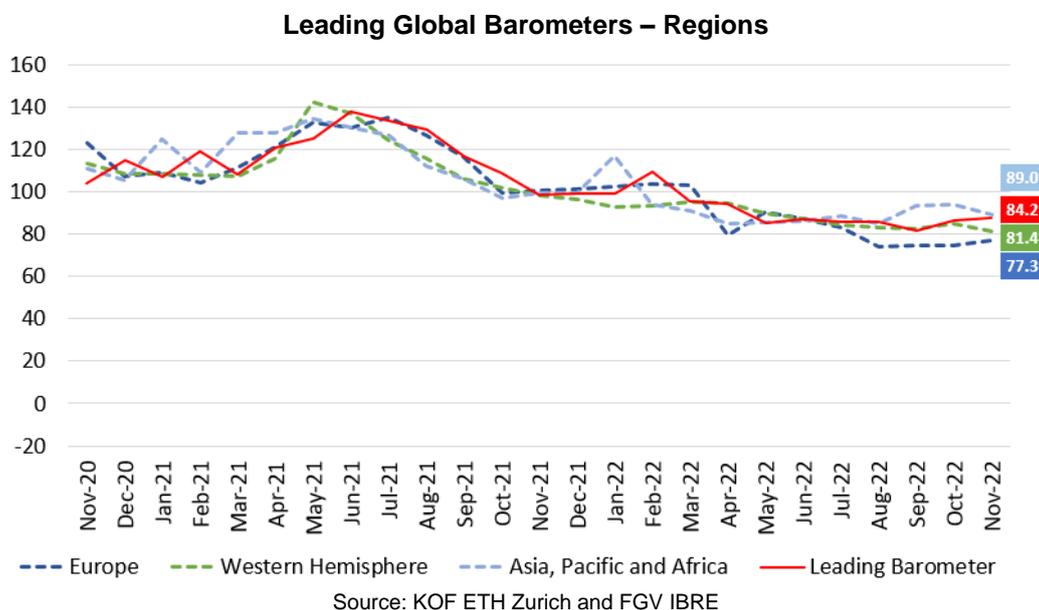
Among the Leading indicator sectors, only the general state of the Economy (aggregated business and consumer evaluations) does not fall in November. The *Trade* indicator remains at the lowest level among the sectors and *Construction* at the highest.

Sectoral Leading Indicators					
Period	Construction	Economy	Industry	Trade	Services
Feb-20	97.6	102.2	100.5	104.5	105.7
Mar-20	104.3	80.0	90.6	106.9	102.6
Apr-20	91.7	84.7	91.2	73.2	79.6
May-20	62.8	65.3	53.2	54.5	25.7
Worst pandemic moment: Cum. Variation. Mar/20-May/20	-34.8	-36.9	-47.3	-50.1	-80.1
Cum. Variation Jun/20-Nov/21	38.6	30.3	43.5	54.3	90.5
Dec-21	107.5	94.2	97.3	112.5	110.0
Jan-22	98.4	91.8	120.7	99.1	106.6
Feb-22	97.4	98.1	92.0	101.8	104.1
Mar-22	93.6	91.8	94.7	91.3	102.6
Apr-22	91.7	82.9	84.3	100.6	91.8
May-22	98.3	77.9	87.4	96.1	101.2
Jun-22	88.8	85.1	86.6	87.3	87.4
Jul-22	80.3	87.3	87.8	76.7	85.3
Aug-22	76.7	84.5	82.6	85.5	75.6
Sep-22	82.2	90.8	87.1	85.2	81.4
Oct-22	92.4	83.8	91.8	80.1	82.5
Nov-22	**89.2**	**84.5**	**85.9**	**78.5**	**80.4**
Cum. Variation Last 12 months	-12.2	-11.1	-10.8	-30.3	-35.8
Cum. Variation Mar/20-Nov/22	-8.4	-17.7	-14.6	-26.0	-25.3

Source: KOF ETH Zurich and FGV IBRE

Global Economic Barometers: Business Cycle Clock
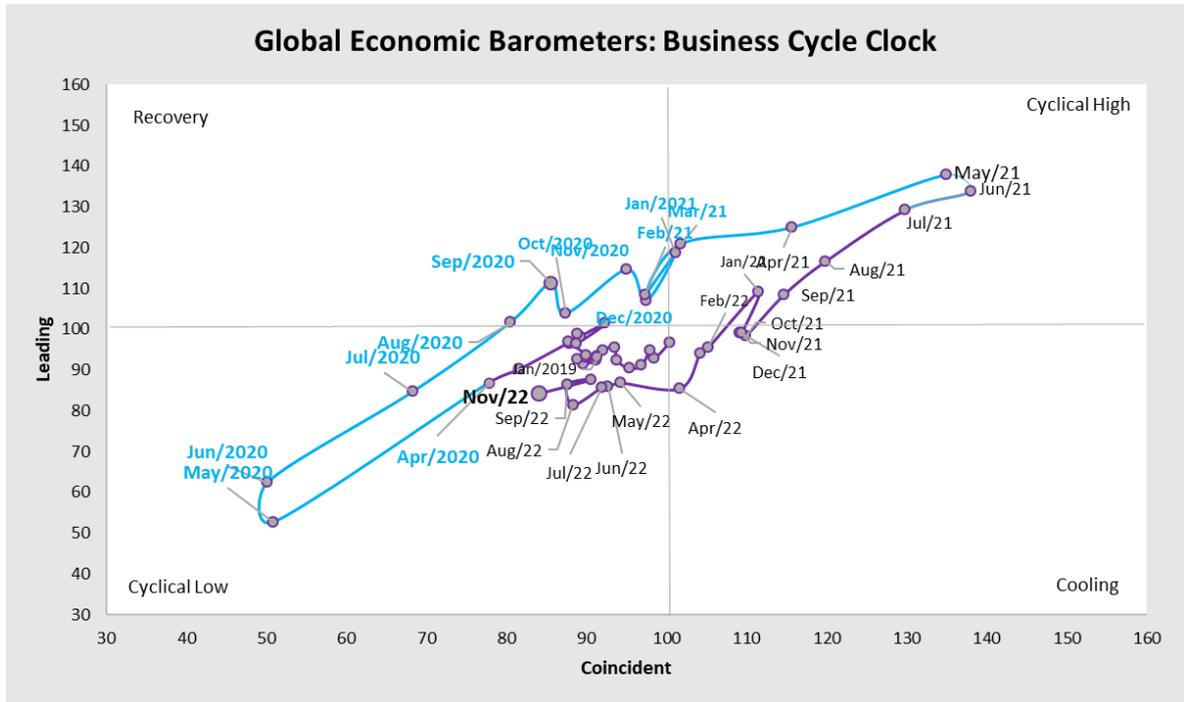
Period	Global Coincident Barometer		Global Leading Barometer	
	Vintages		Vintages	
	November 2022	October 2022	November 2022	October 2022
Nov-21	109.2	109.1	99.2	99.1
Dec-21	109.4	109.0	99.1	99.3
Jan-22	111.5	111.2	109.2	109.7
Feb-22	105.2	105.2	95.5	95.6
Mar-22	104.2	104.0	94.1	94.6
Apr-22	101.7	101.6	85.4	85.8
May-22	94.3	94.3	86.8	86.6
Jun-22	92.7	92.8	85.9	86.0
Jul-22	91.9	92.0	85.7	86.0
Aug-22	88.3	87.9	81.4	79.6
Sep-22	87.6	87.3	86.5	84.5
Oct-22	90.6	90.3	87.6	86.0
Nov-22	84.1		84.2	

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.