

# Synthesis international

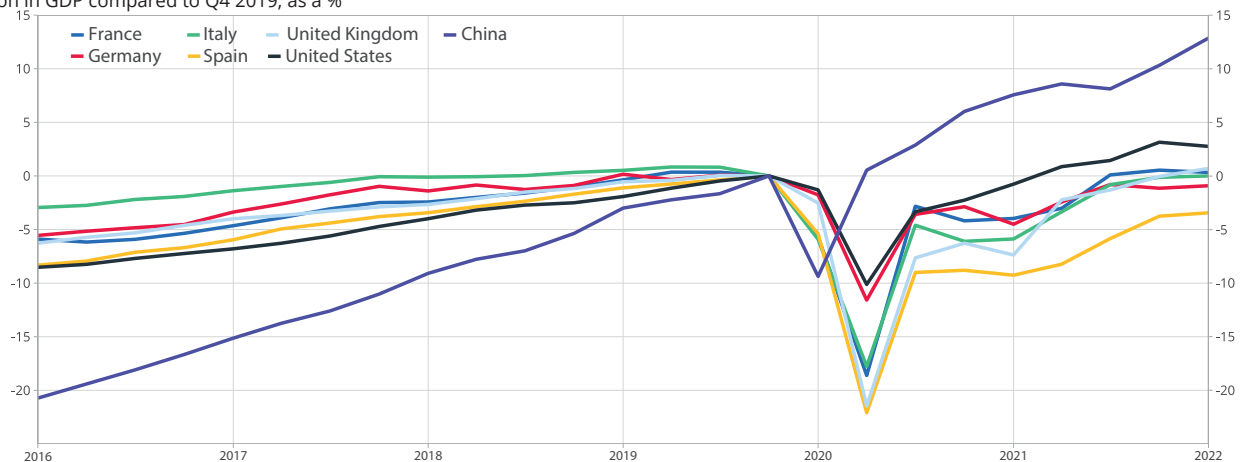
In Q1 2022, in an already inflationary context, the geopolitical shock of the war in Ukraine, combined with a health situation that is deteriorating in some places, has affected all of the main world economies. The GDPs of the western economies have evolved in different ways: decline in France and the United States, slowdown in Italy, Spain and the United Kingdom, moderate rebound in Germany after a downturn at the end of the year (► [Figure 1](#)). Meanwhile, the Chinese economy accelerated slightly over the quarter, despite a slowdown in March with their “zero Covid” strategy. In the four main Eurozone economies, household consumption fell back, penalised by the deteriorating health situation at the beginning of the year and the sharp rise in prices: inflation has continued to increase in all the western economies (► [Figure 2](#)), fuelled by the increase in commodity prices, which the war in Ukraine helped accentuate. However, in the United Kingdom and the United States, household consumption, especially of services, has managed to maintain its pace of growth, sustained by increasing wage income, which is more dynamic than in the Eurozone, and by a more pronounced drop in the savings ratio.<sup>1</sup> At the same time, imports increased substantially in the United States and the United Kingdom at the start of 2022, contributing to growth in world trade in goods and services (+2.5% in Q1, ► [Figure 3](#)).

In Q2 2022, developments in activity are still likely to be closely linked to developments in the health situation and inflation. In the Eurozone, the sharp decline in the epidemic and the almost total lifting of health restrictions since the beginning of spring have maintained the dynamism of the services sector (► [Figure 4](#)). In contrast, lockdowns in China, especially in Shanghai, are weighing heavily on household consumption and hampering production in many industries. The decline in Chinese production and the resulting disruption to value chains, also accentuated by the war in Ukraine, are likely to heighten supply chain problems in the main western economies, problems that have already been considerable since 2021 (► [Figure 5](#)). As a result, world trade is expected to come to a standstill in Q2, as is world demand for French products. Sustained by fluctuations in the price of oil and other commodities, which are linked to geopolitical tensions and the sanctions imposed on Russia, inflation is expected to remain high in Q2 in the western economies. It is likely that it will continue to affect household consumption, and production too by increasing the cost of inputs even more. Thus GDP is expected to increase at a moderate pace in the main world economies (► [Figure 6](#)).

<sup>1</sup> Compared to its pre-crisis average for the period 2014-2019, the household savings ratio in the four main Eurozone economies at the end of 2021 was between 2.5 and 3 points higher (Focus Purchasing power in the Eurozone), whereas it was 0.6 points higher in the United Kingdom and 0.5 in the United States (and even 1.7 points lower in Q1 2022).

### ► 1. In Q1 2022, GDP slowed or fell back in the western countries

variation in GDP compared to Q4 2019, as a %

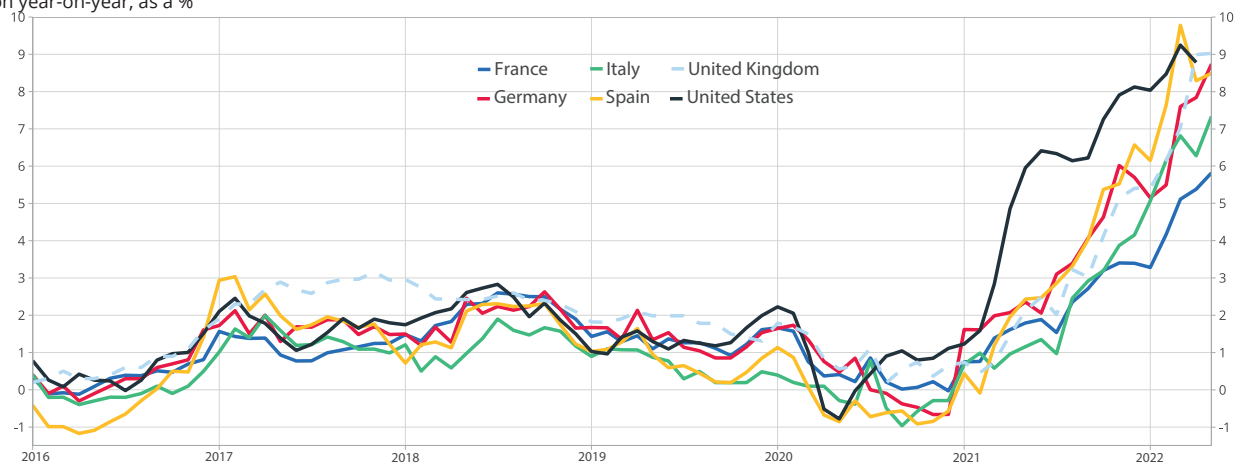


Source: INSEE, Destatis, Istat, INE, ONS, BEA, NBSC

In H2, assuming that health restrictions will be eased, the upswing in Chinese activity is expected to drive the rebound in world trade, but could also contribute to increasing world prices. With this in mind, the trajectory of inflation will be an important factor for activity in the western economies: although always dependent on changes in the price of fossil energies, it could stabilise at some high levels in the course of H2, particularly as a result of aid measures applied in the different countries, and the tightening of monetary policies (► **Focus** Monetary Policies). However, these monetary policies are likely to weigh on demand and investment, especially in the United States. Thus US economic activity is likely to slow down over the forecasting period, but without falling back. ●

## ► 2. At the beginning of 2022, inflation continued to rise in the western economies

inflation year-on-year, as a %



Note: Eurostat provides the Harmonised Index of Consumer Prices (HICP), an indicator for countries of the European Union and the United States, but data for the United Kingdom stop at the end of 2020. For the United Kingdom, therefore, the index is the non-harmonised CPI provided by the UK ONS. Data for the most recent months are not available for all countries, in particular, the last point for the United States is December 2021. How to read it: in April 2022, in United States, consumer prices were 8.8% higher per year than their level in April 2021. Last point: April 2022 for the United States, May 2022 for the other countries.  
Source: Eurostat, ONS

## ► 3. World trade accelerated sharply in Q1 2022

quarterly variations in % (annual variations in % for the last three columns)

	2020				2021				2022				2020	2021	2022 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<b>World trade</b>	-3.2	-14.8	12.1	4.8	2.0	2.2	1.1	2.6	2.5	0.0	0.9	1.1	-8.3	10.3	6.3
Imports by advanced economies	-3.3	-16.3	13.4	5.0	0.2	2.8	1.5	2.6	3.0	1.1	1.2	0.9	-9.4	9.4	8.3
Imports by emerging economies	-3.0	-10.7	8.7	4.4	6.9	0.2	-0.1	2.6	1.1	-3.2	-0.1	1.5	-5.2	12.7	0.9
<b>World demand for French products</b>	-3.2	-16.3	12.9	5.3	0.7	2.9	1.6	2.4	2.7	0.4	1.0	1.0	-9.1	10.0	7.3

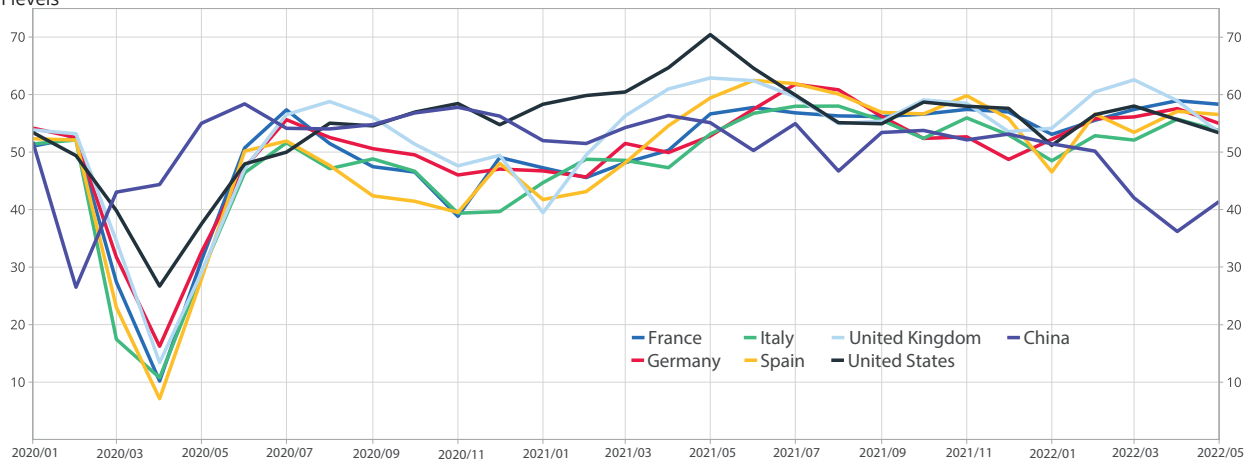
■ Forecast

Source : Statistiques équilibrées du commerce (OCDE), CHELEM – Commerce international (CEPII), INSEE calculations

# International economic outlook

## ► 4. In May 2022, the Services PMI remained above its expansion threshold in the main western economies

PMI, in levels

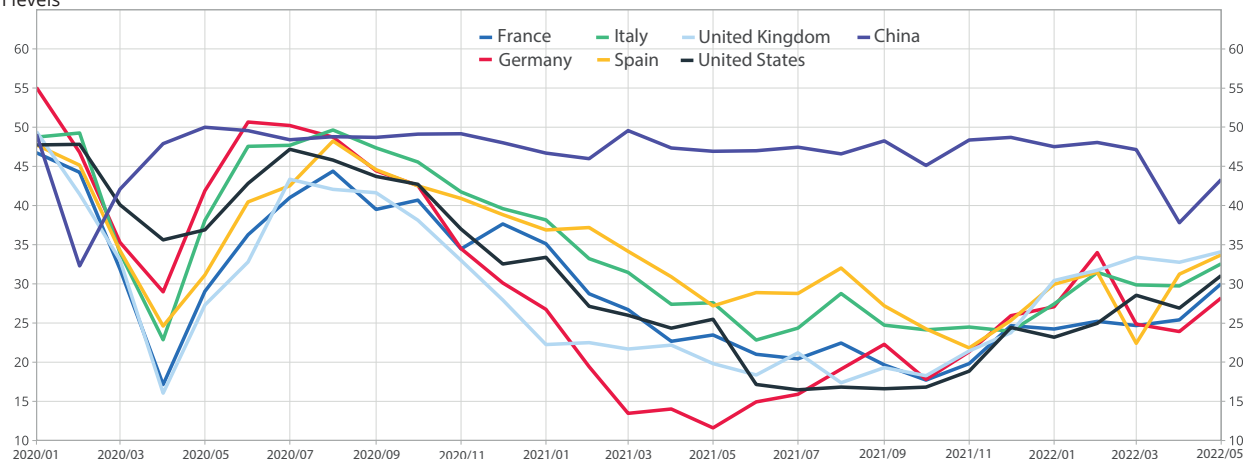


Note: in France, in May 2022, PMI Services in France stood at 55.8, above the expansion threshold of 50.

Source: Purchasing Manager's Index, IHS Markit

## ► 5. In May 2022, the PMIs of input delivery times improved slightly but the situation has very much deteriorated

PMI, in levels



How to read it: in France, in May 2022, the PMI of input delivery times in the manufacturing industry was 30, well below the expansion threshold of 50, suggesting that input delivery times are lengthening.

Source: Purchasing Manager's Index, IHS Markit

## ► 6. Past and forecast GDP growth in the main western economies and China

in %

	Q1 2022	Q2 2022	2020	2021	2022
France	-0.2	0.2	-7.9	6.8	2.3
Germany	0.2	0.3	-4.9	2.9	1.9
Italy	0.1	0.3	-9.1	6.6	2.9
Spain	0.3	0.6	-10.8	5.1	4.3
United Kingdom	0.8	-0.3	-9.3	7.4	3.6
United States	-0.4	0.7	-3.4	5.7	2.5
China	2.3	-1.5	1.8	8.6	4.0

■ Forecast

Source: INSEE, Destatis, Istat, INE, ONS, BEA, NBSC