

International synthesis

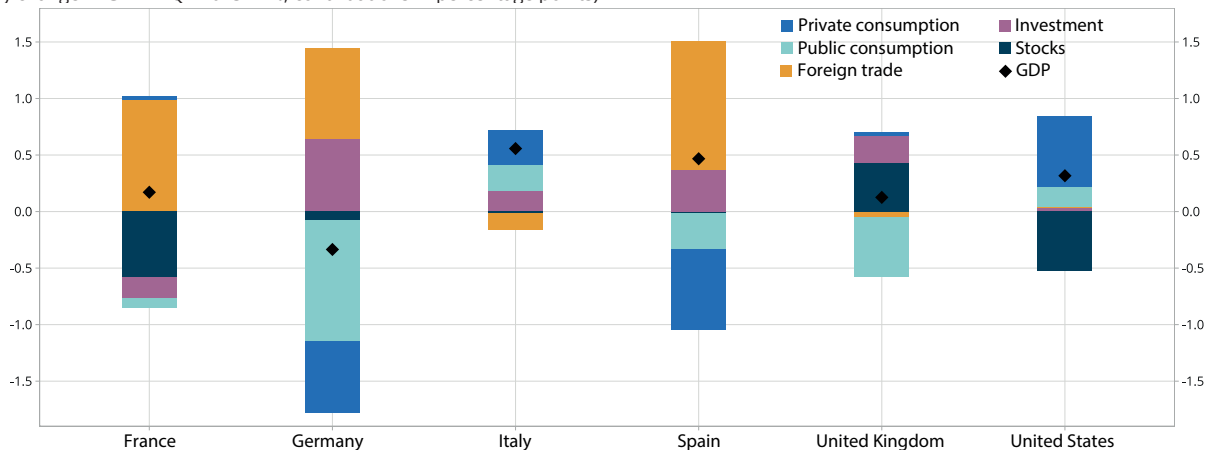
In 2023, the main world economies are growing in very different ways with no consistency, driven by different factors in the various countries and quarters. A certain number of constraints to which the world economy was exposed in 2022 seem to be easing: the economic consequences of the outbreak of the war in Ukraine appear to have been relatively limited for European productive systems, energy prices have fallen back significantly, health restrictions have been completely lifted in China... However, other stalling factors can be seen, not least the tightening of monetary and financial conditions.

Thus in Q1 2023, the Chinese economy rebounded as consumption recovered following the end of health restrictions. In the United States, growth was also sustained by household consumption (► **Figure 1**), with household income up in January. Conversely, in Germany and Spain, where purchasing power has deteriorated, private consumption weighed heavily on activity. With the exception of Italy, foreign trade made a positive contribution to change in GDP in the Eurozone, contrasting with recent changes in the trade balance (► **Focus trade balances in the Eurozone**): imports fell back in France, Germany and Italy while tourism exports drove GDP in Spain. This decline in imports by the advanced economies contributed to the further decline in world trade (► **Figure 2**), which received no further support from China where imports were sluggish at the start of the year.

In a context of continuing monetary policy tightening, investment fell back in the United States and France in Q1 2023. However, it increased in several European countries although for different reasons: support for the European recovery

► 1. Change in activity in the main western economies in Q1 is due to different factors

(quarterly change in GDP in Q1 2023 in %, contributions in percentage points)



How to read it: in USA, in Q1 2023, GDP increased by 0.3% and private consumption contributed +0.6 points to this change.

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

► 2. World trade down for two consecutive quarters

(levels, quarterly and annual variations –for the last three columns– in %)

	2021				2022				2023				2021	2022	2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Euro-dollar exchange rate	1.20	1.21	1.18	1.14	1.12	1.06	1.01	1.02	1.07	1.08	1.07	1.07	1.18	1.05	1.07
Barrel of Brent (in dollars)	61.0	68.9	73.5	79.5	100.8	113.6	100.6	88.6	81.2	78.8	77.0	77.0	70.9	100.9	78.5
Barrel of Brent (in euros)	50.7	57.1	62.3	69.6	89.8	106.6	99.9	86.8	75.9	72.7	72.0	72.0	59.9	95.8	73.1
World trade (variations)	2.3	2.2	1.0	3.5	1.1	1.1	1.5	-1.2	-0.5	0.6	0.6	0.6	11.0	6.2	0.5
Imports by advanced economies	1.0	2.4	1.3	3.6	2.5	1.2	1.1	-1.4	-0.7	0.2	0.2	0.2	10.2	7.7	-0.6
Imports by emerging economies	5.4	1.7	0.3	3.2	-2.3	0.8	2.7	-0.7	-0.1	1.3	1.7	1.7	12.6	2.4	3.2
World demand for French products (variations)	1.3	2.5	1.6	3.5	1.7	1.4	1.4	-1.5	-0.7	0.7	0.5	0.5	10.5	7.2	0.2

■ Forecast.

Source: Commodity Research Bureau, IHS Markit, OCDE, CEPII, INSEE calculations.

International economic outlook

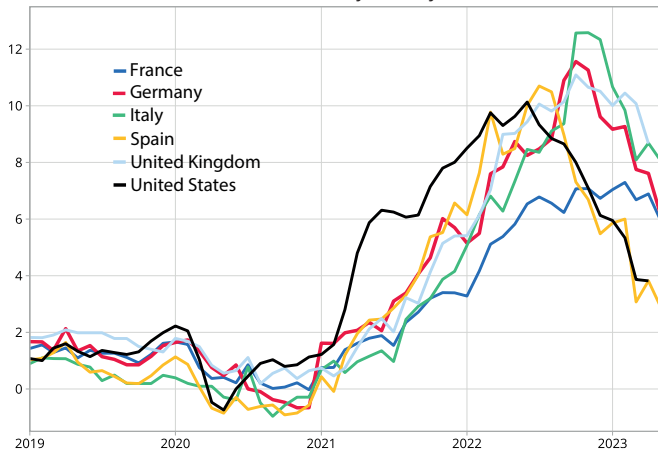
and resilience plan mainly in Spain and Italy, favourable weather conditions for construction in Germany, anticipation of the end of subsidies to companies in the United Kingdom. Also in the United Kingdom, counting the cost of strikes for government consumption had a considerable effect on activity, whereas in Germany, when the stopping of spending linked with Covid in 2022 was effectively taken into account, the resulting strong downturn in government consumption caused a decline in GDP. Apart from Germany, growth in the main western economies remained positive in Q1 2023.

Western economies are having to face both inflation that remains high and the first consequences of monetary tightening. Admittedly, inflation as measured by the year-on-year variation in the HICP seems to have begun its decline in most of the countries monitored here (► **Figure 3, left**), but this is largely due to “base effects”, especially for energy (► **Box inflation**). Consumer prices are not coming down or only slightly (► **Figure 3, right**): they are around 20% higher than in 2019 in the United Kingdom, Germany, the United States and Italy, 15% higher in France and Spain. The higher interest rates, decided in response to this increase in prices, are beginning to affect the real economy, whether through the turnaround in the real estate market in many countries (► **Focus real estate**), the slowdown in corporate investment in some economies or by highlighting financial fragility, like the bank failures that occurred in March.

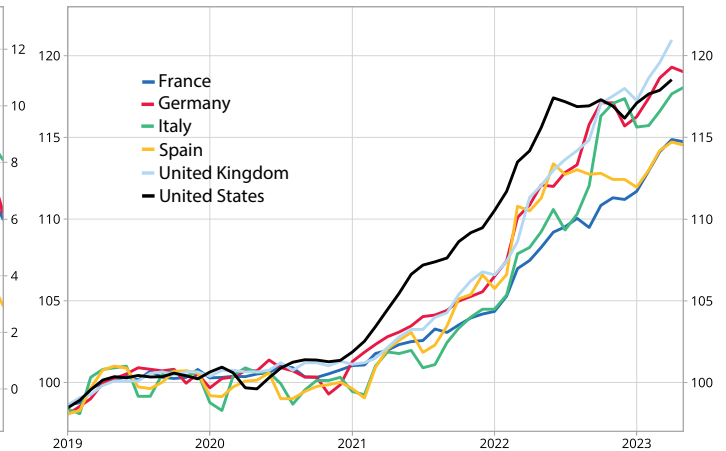
For the rest of 2023, the world economies are expected to continue to grow, although with no consistency (► **Figure 4**), supported mainly by a moderate change in household consumption, especially of services, while investment is likely to be sluggish, or even in retreat. After two quarters of decline, activity in Germany is expected to be virtually lifeless, while in Italy and Spain it is likely to slow gradually. GDP is also expected to slow gently in the United States, while China is likely to return to a more moderate pace of growth after the post-lockdown catch-up. Thus it looks as if the global economy will avoid recession in 2023, but its progress is not expected to be very vigorous. ●

► 3. Although they appear to be in decline year-on-year, price levels continue to rise

(harmonised Index of Consumer Prices, year-on-year variation)



(harmonised Index of Consumer Prices, base 100 in 2019)



Last point: May 2023.

Source: Eurostat, ONS, INSEE calculations.

► 4. Past and forecast GDP growth in the main economies

(quarterly and annual variations –for the last four columns– in %)

	2021				2022				2023				2020	2021	2022	2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
France	0.0	1.0	3.1	0.5	-0.1	0.5	0.2	0.0	0.2	0.1	0.1	0.2	-7.7	6.4	2.5	0.6
Germany	-1.5	1.9	0.8	0.0	1.0	-0.1	0.5	-0.5	-0.3	0.2	0.1	0.1	-4.1	2.6	1.9	-0.3
Italy	0.5	2.5	2.9	0.9	0.1	1.0	0.4	-0.1	0.6	0.3	0.2	0.2	-9.0	7.0	3.8	1.3
Spain	-0.2	1.4	3.1	2.3	-0.4	2.5	0.4	0.4	0.5	0.4	0.2	0.2	-11.3	5.5	5.5	2.0
United Kingdom	-1.1	6.5	1.7	1.5	0.5	0.1	-0.1	0.1	0.1	0.1	0.1	0.1	-11.0	7.6	4.1	0.3
United States	1.5	1.7	0.7	1.7	-0.4	-0.1	0.8	0.6	0.3	0.3	0.2	0.2	-2.8	5.9	2.1	1.5
China	0.7	1.6	0.4	1.6	0.8	-2.3	3.9	0.6	2.2	0.6	0.6	0.6	1.8	8.9	3.0	5.0

■ Forecast.

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