Infographic: A snapshot of the world economy in April 2022

Schroders

Will the world economy avoid an inflationary bust?

US: 7 recessions in last 50 years

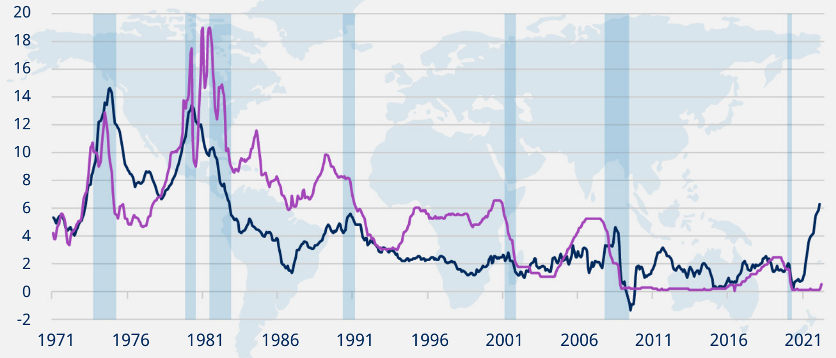
Recessions between 1970s and 90s were all preceded by a pick up in inflation and interest rates

In March the US Federal Reserve raised interestrates amid signs of broadening inflationary pressures

What might happen this time

Remember, the US economy is often the biggest swing factor in determining the outlook for the world economy

Inflation, interest rates, recessions



Note: US recession defined by the National Bureau of Economic Research (NBER), inflation based on consumer prices indices (CPI) of G7 (Group of Seven) largest "advanced" nations, to track price changes facing the end consumers of good and services in these economies. The "US federal funds rate" is the main policy rate of the Federal Reserve. Source: Refinitiv, Schroders Economics Group, 4 April 2022.

Is Russia the new Iran as a result of sanctions?

Iran was a major exporter of oil in the 1970s

1979

Following the 1979 revolution, output declined by

4.8m barrels per day

Precipitating a global energy crisis that tipped the world into recession

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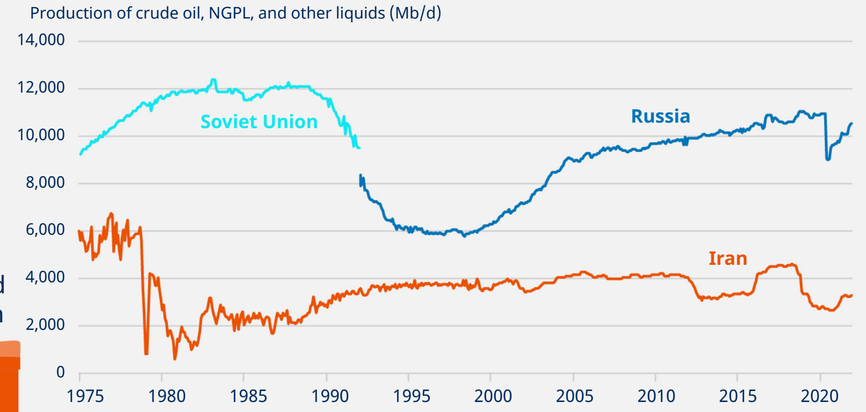
Sanctions have subsequently taken a heavy toll, with production a third lower versus pre-revolution levels

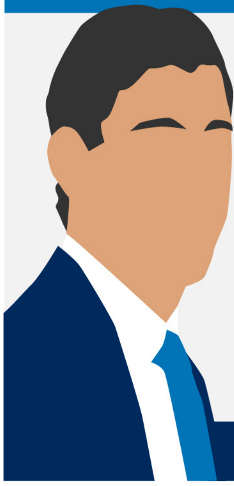
Pre-revolution Iran was a similarly dominant oil exporter to Russia today

Production of crude oil, NGPL, and other liquids (Mb/d)



Note: NGPL, or natural gas plant liquids, are those hydrocarbons in natural gas that are separated as liquids at natural gas processing.
Source: US Energy Information Administration, Schroders Economics Group, as at November 2021.

Sunak looks to ease pressure on squeezed UK consumer



Government forecasters now expect annual UK consumer price inflation to peak close to 9%

Previous forecast
+4.4%
Q2 2022

New forecast
+8.7%
Q4 2022

This would be the highest rate of inflation in at least four decades

While measures announcedby chancellor Rishi Sunak atthe Spring Statement may help to take some of the sting out ofcurrent inflationary pressures,

they fall short of offsetting them completely

Note: Peak annual inflation, forecasts based on Consumer Prices Index (CPI), used to track price changes facing the end consumers of good and services.
Source: Office for Budget Responsibility, Schroders Economics Group, 23 March 2022.

Source: Schroders as at April 2022.

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