OECD ECONOMIC OUTLOOK

ISSN 1609-7513, e-ISSN 1609-7408

February 2024

[Consulta en línea desde Intranet]

Strengthening the Foundations for Growth

Summary

- Global growth proved resilient in 2023, with inflation declining more quickly than anticipated. Outcomes diverged across countries, with strong growth in the United States and many emerging-market economies offset by a slowdown in most European countries.
- Recent indicators point to some moderation of growth, with the effects of tighter financial conditions continuing to appear in credit and housing markets, and global trade remaining subdued. Attacks on ships in the Red Sea have raised shipping costs sharply and lengthened delivery times, disrupting production schedules and raising price pressures.
- Global GDP growth is projected to ease to 2.9% in 2024, from 3.1% in 2023, before recovering to 3.0% in 2025 as financial conditions ease.
- Annual GDP growth in the United States is projected to remain supported by household spending and strong labour market conditions, but moderate to 2.1% in 2024 and 1.7% in 2025. Euro area GDP growth is projected to be 0.6% in 2024 and 1.3% in 2025, with activity held back by tight credit conditions in the near term before picking up as real incomes strengthen. Growth in China is expected to ease to 4.7% in 2024 and 4.2% in 2025, despite additional policy stimulus, reflecting subdued consumer demand, high debt and the weak property market.
- Inflation is projected to be back to target in most G20 countries by the end of 2025. Headline inflation in the G20 economies is projected to drop from 6.6% in 2024 to 3.8% in 2025, with core inflation in the G20 advanced economies easing to 2.5% in 2024 and 2.1% in 2025.
- However, it is too soon to be sure that underlying price pressures are fully contained. Labour market conditions have become better balanced, but unit labour cost growth generally remains above rates compatible with medium-term inflation objectives.
- High geopolitical tensions are a significant near-term risk to activity and inflation, particularly if the conflict in the Middle East were to disrupt energy markets. Persisting service price pressures could also generate upside inflation surprises and trigger financial market repricing as expectations of monetary policy easing are reassessed. Growth could also be weaker than projected if the lingering effects from past policy rate increases are stronger than expected.
- Monetary policy needs to remain prudent to ensure that underlying inflationary pressures are durably contained. Scope exists to lower policy interest rates as inflation declines, but the policy stance should remain restrictive in most major economies for some time to come.
- Governments face mounting fiscal challenges from rising debt burdens and sizeable additional future spending pressures. Stronger near-term efforts to contain spending growth and well-designed medium-term fiscal frameworks are needed to help ensure sustainability and provide flexibility to respond to future shocks.
- The foundations for future growth need to be strengthened by policy reforms to improve educational outcomes, enhance skills development, and reduce constraints in labour and product markets that impede investment and labour force participation.
- Enhanced international co-operation is needed to revive global trade, ensure faster and better co-ordinated progress towards decarbonisation, and alleviate debt burdens in lower-income countries.