

Global recession? Not yet...

As the war in Ukraine and pandemic disruptions continue to wreak havoc on supply chains, stagflation is here to stay - marked by low growth and high inflation for at least the next 12 months.

The pandemic as well as the war in Ukraine have stifled supply of commodities and goods and upended efficient distribution through global supply chains, forcing up prices of everyday goods such as fuel and food.

A global recession is not imminent, but brace for rising costs and slower growth, economists say.

Commodity prices will start to ease from next quarter but will remain permanently higher than before the war in Ukraine for the simple reason that Russian supplies of many commodities will be permanently reduced.

But, while higher prices will cause pain for households, growth in many parts of the world, while slow, is still ticking over and job markets have not collapsed.

In the US, consumer spending held up well despite decades-high inflation and showed more evidence that they're dipping into their savings to support purchases. China's economy remained deep in a slump in May as lockdowns continued to weigh on activity.

Central banks across the globe are tightening up interest rates to combat inflation.

The double crises of Russia's invasion of Ukraine and China's new pandemic lockdowns are jolting the world recovery by exacerbating inflation and hurting growth.

Reference:

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/charting-the-global-economy-export-limits-worsen-food-security/articleshow/91865505.cms>