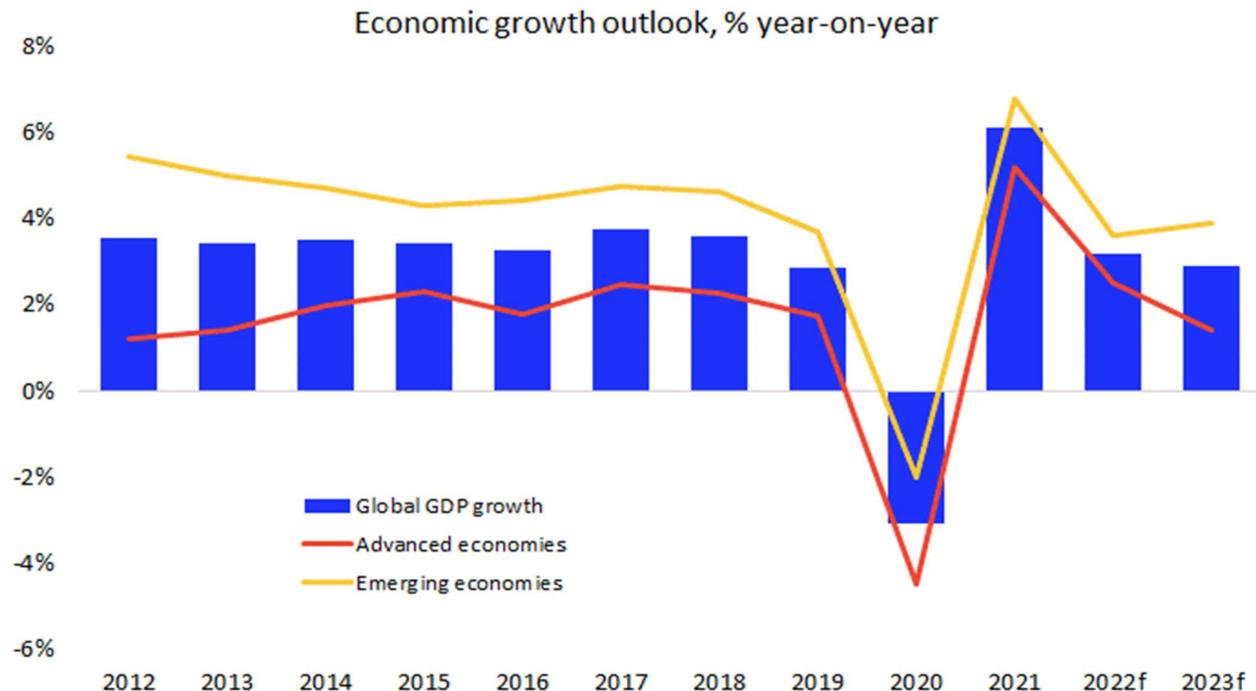




# IATA Economics' Chart of the Week

29 July 2022

## Economic headwinds expected to continue in 2023



Source: IMF *World Economic Outlook*

- This week the IMF released its mid-year global macroeconomic outlook, lowering its global GDP forecast for 2022 to 3.2%. At a country level, the largest downward revisions are for the US (down 1.4 percentage points (pp), China (-1.1 pp) and Germany (-0.9pp). The IMF's latest forecast for global GDP is only slightly below the assumption which underpinned IATA's recent passenger and financial forecasts (3.4%).
- The global outlook for 2023 was also lowered, by a solid ¾pp to 2.9%. Growth is expected to ease in most countries and regions (vs 2022), with the main exception of China, where GDP growth is forecast to recover to 4.6% from 3.3% this year. The growth outlook for the so-called advanced economies has been revised down by 1pp in 2023, while that for emerging and developing economies has been reduced by 0.5pp. As today's chart shows, this results in growth slowing further in the advanced economies next year to 1.4%, but improving in the emerging markets, to 3.9%.
- The IMF notes that the risks to their forecasts remain to the downside and include ongoing slowdown in China, stubbornly high inflation and further fragmentation in the global economy.
- For the air transport sector, this is further confirmation that the challenging operating environment is likely to remain for some time. Although pent-up demand for air travel remains strong, this will not persist indefinitely and airlines will need to maintain vigilance on costs, to help support their financial recovery going forward. One silver lining is that the IMF expects inflation and world oil prices to moderate over 2023, offering some respite to both consumers and the air transport industry.

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