



MUFG Bank Economic Research Office

Global Economic Outlook Q1 2024

14 March 2024

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Global summary

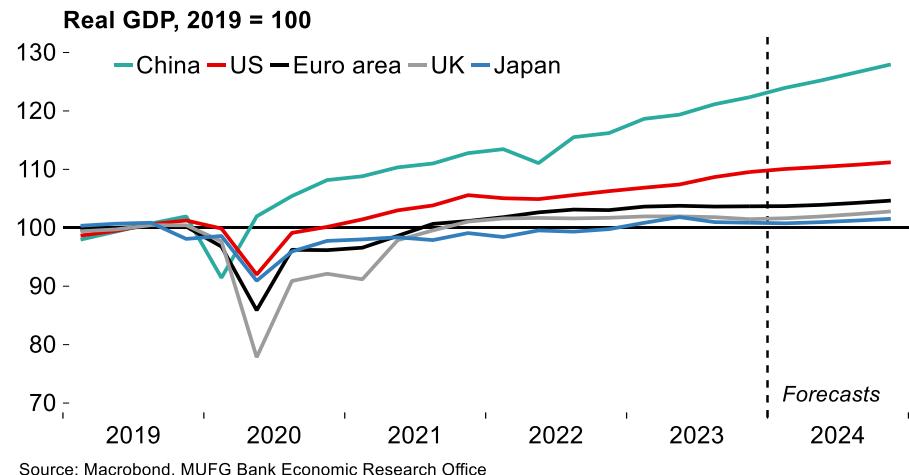
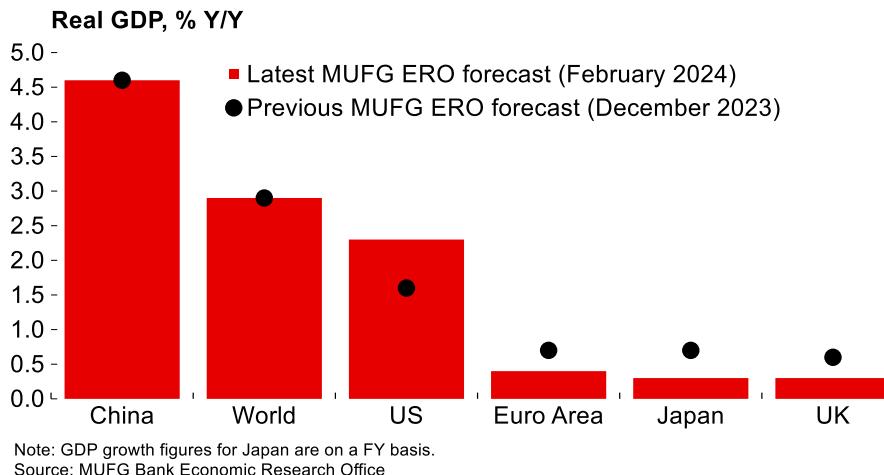
The global economy is moving back towards a ‘normal’ setting – but geopolitical risks will remain in focus

- The global economy looks more balanced in 2024. Distortions related to the pandemic (e.g. supply chain disruption, shifts in consumption patterns, abnormal saving) have now largely faded. The rapid monetary policy tightening cycle has ended and a shift to easier policy is now in sight, which would see interest rates move towards a more neutral setting. The disinflation process was, broadly speaking, relatively smooth last year and we expect headline inflation rates will continue to edge lower in 2024 towards central banks’ target rates.
- Against that background, it’s appropriate to place more weight on fundamental drivers of economic activity. In particular, we expect that the recovery of real household disposable income growth will result in consumer spending becoming a key growth engine this year in many developed economies. The shift towards easier financial conditions should also provide a boost to sentiment and activity.
- Overall, we expect a steadier growth trajectory ahead. The near-term outlook for the US has improved after strong growth in H2 2023, but weakening consumer finances are expected to slow spending by the second half of this year. The ongoing real estate crisis is expected to be a drag on growth in China, offsetting improvements in domestic demand and government support measures. By contrast, activity in both Japan and Europe tailed off at the end of last year – but we look for conditions to improve in 2024 as households’ purchasing power recovers. We also expect a favorable consumer environment to support accelerated growth in 2024 for major ASEAN countries.
- A ‘soft landing’ for the global economy is not guaranteed. There are clear geopolitical risks stemming from the situation in both the Red Sea/Gaza and Ukraine. Meanwhile, global trade flows are still sluggish and tensions between the US and China are set to remain, regardless of the outcome of the US election.

Key changes to our outlook

The US economy has carried more momentum into 2024 than previously expected

- Our global growth forecast for 2024 is unchanged at 2.9%, representing a slight easing in activity from last year (3.2%).
- This disguises some notable changes in our growth forecasts for individual economies. In particular, the US economy continued to defy expectations for a sharp slowdown with strong growth recorded in H2 2023. We have revised our US forecast for 2024 up from 1.6% to 2.3%, which reflects both ongoing resilience of consumer spending and a stronger carry-over effect into this year's annual average. On a quarterly basis we still look for slower US growth later in 2024.
- The preliminary GDP estimates showed weak growth in both Japan and the UK in H2 2023, which weigh on the 2024 annual average growth figures. The Japanese economy was also affected by the Noto Peninsula earthquake in Q1 this year. While we have downwardly revised our growth forecasts for both economies by 0.3-0.4pp, we expect that conditions will gradually improve as real incomes recover.
- The euro area economy just avoided a technical recession in 2023 but surveys indicate very limited momentum at the start of the year with the German economy still clearly struggling. We have reduced our euro area growth forecast by 0.3pp this year.



MUFG Bank GDP & Inflation projections

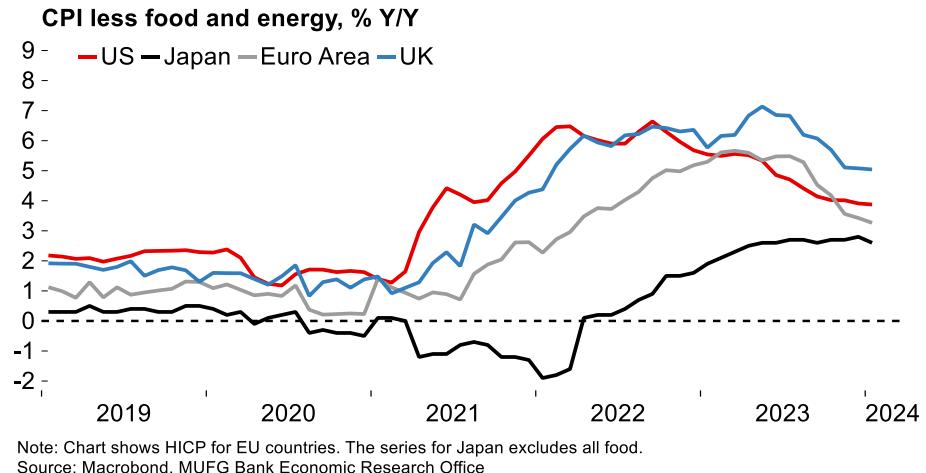
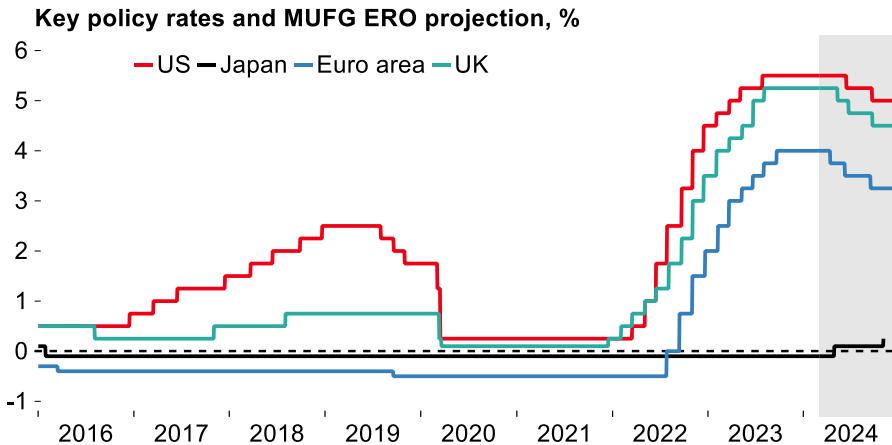
Slower global growth and normalizing inflation in 2024

	GDP (% Y/Y)				CPI (% Y/Y)		
	2022	2023	2024f		2022	2023	2024f
World	3.4	3.2	2.9	World	6.4	4.6	3.3
US	1.9	2.5	2.3	US	8.0	4.1	2.8
Euro area	3.4	0.5	0.4	Euro area	8.4	5.5	2.2
Germany	1.8	-0.3	0.2	Germany	8.6	6.1	2.4
France	2.5	0.9	0.7	France	5.9	5.7	2.4
Italy	3.7	0.7	0.5	Italy	8.7	6.0	2.0
UK	4.3	0.1	0.3	UK	9.1	7.3	2.6
Japan (FY)	1.5	1.2	0.3	Japan (FY)	3.0	2.8	2.4
China	3.0	5.2	4.6	China	2.0	0.2	1.0
ASEAN 5	6.0	4.4	5.0	ASEAN 5	4.5	3.4	2.7
Indonesia	5.3	5.0	5.0	Indonesia	4.2	3.7	3.0
Thailand	2.6	1.9	3.4	Thailand	6.1	1.2	1.3
Malaysia	8.7	3.7	4.4	Malaysia	3.4	2.5	2.1
Philippines	7.6	5.6	5.8	Philippines	5.8	6.0	3.5
Vietnam	8.0	5.0	6.3	Vietnam	3.2	3.3	3.4

Monetary policy outlook

Central banks are increasingly confident that inflation is returning to target – but are not quite ready to cut rates just yet

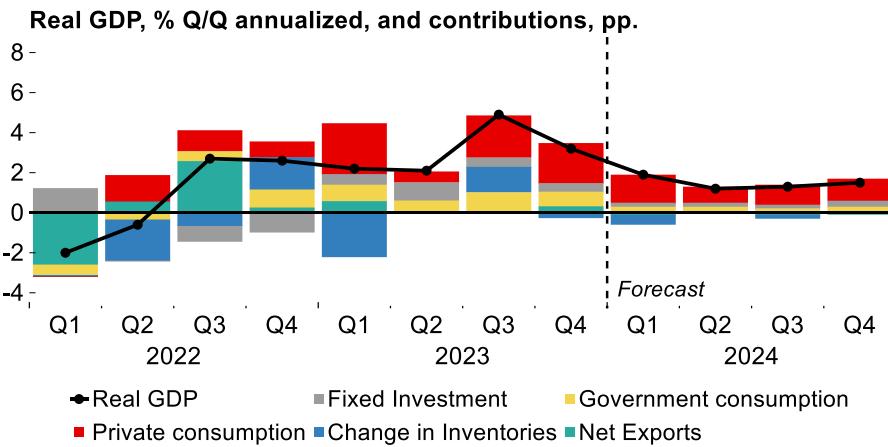
- The monetary policy tightening cycle has come to an end in the US and Europe. Central banks now sound increasingly confident that their efforts to bring inflation back to target are working - but are not ready to ease policy just yet. In particular, **monetary policymakers are looking for clear evidence that underlying inflation pressures have eased**, with a focus on services price inflation and wage growth.
- We expect that **the Fed, ECB and BoE will all start to cut rates around mid-year** by which point there should be more concrete evidence that inflation is returning sustainably to target. In the absence of a negative shock, we continue to expect a relatively cautious/moderate pace of monetary easing.
- The BoJ, meanwhile, is likely to be moving in the opposite direction. **We expect the BoJ will end its negative interest rate policy in April** after observing the outcome of spring wage negotiations. Another hike will probably follow in H2 this year. We also expect that the BoJ will end its 0% target for 10-year government bond yields. However, the overall degree of tightening is set to be relatively small and the Japanese economy should be able to absorb this without experiencing a negative growth shock.



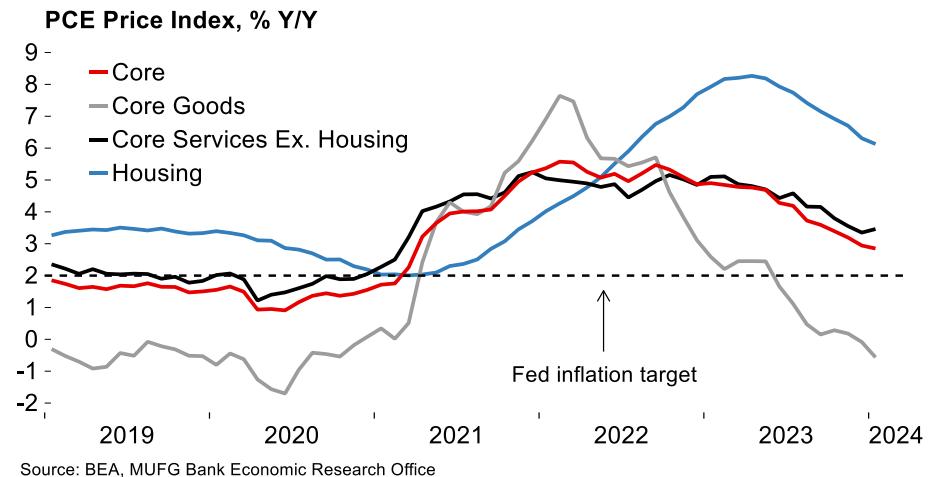
United States

The spending momentum is expected to slow in 2024, but aggressive rate cuts are unlikely

- The US economy continued to grow above potential, with real GDP expanding at an annualized rate of 3.2% in Q4 2023 (second estimate). **Personal consumption propelled overall growth**, expanding at an annual rate of 3.0% while annual PCE inflation eased to 2.8% in Q4 (down from 3.3% in Q3). The labor market has maintained full employment levels, and **ongoing labor shortages have kept wage growth elevated above inflation**.
- Looking ahead, high interest rates and stricter lending standards will continue to weigh on fixed investment growth. The **depletion of excess household savings** and **deteriorating credit conditions** will put downward pressure on personal consumption, contributing to a **slowdown in economic growth by mid-2024**. However, **the economy is set to avoid a contraction**, supported by low unemployment, easing inflation, and real wage growth. Real GDP is expected to grow by 2.3% in 2024, compared to 2.5% in 2023.
- The Federal Reserve is expected to maintain a “higher for longer” policy stance while the labor market remains tight and inflationary pressures persist, especially from the services sector. The **first rate cut is not expected until mid-2024**, when annual growth in the PCE deflator approaches near 2% and the unemployment rate begins to rise. Additional rate cuts are expected to occur at a moderate pace thereafter.



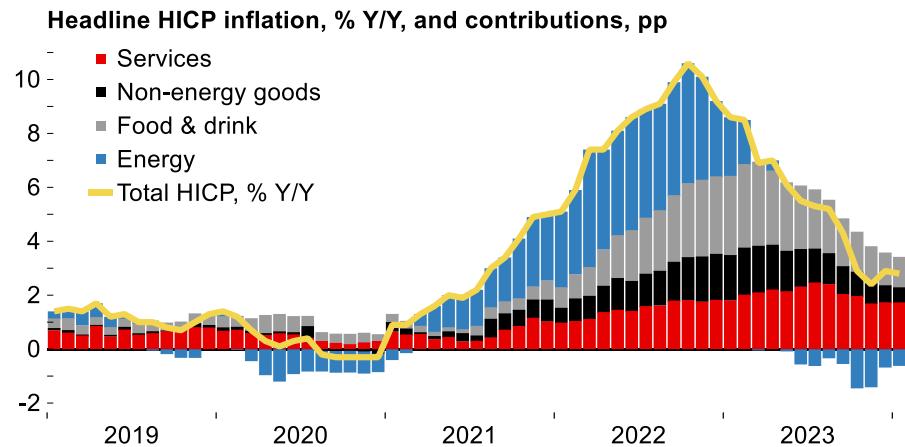
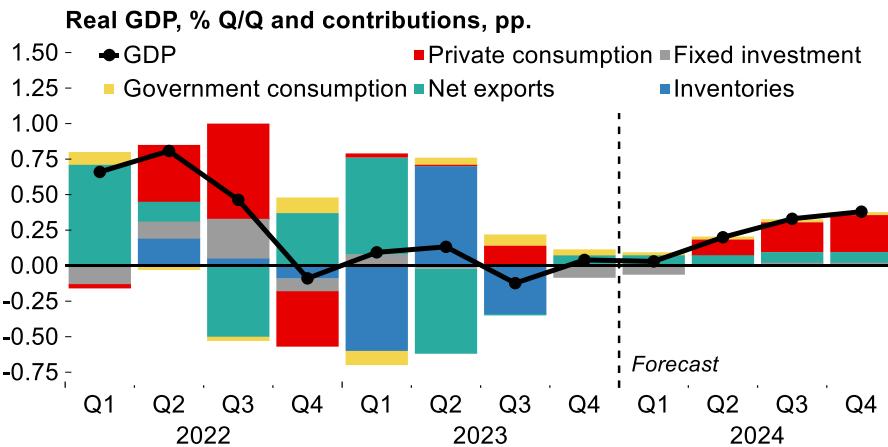
Source: BEA, MUFG Bank Economic Research Office



Euro area

Conditions set to improve later in the year after the economy narrowly dodges recession

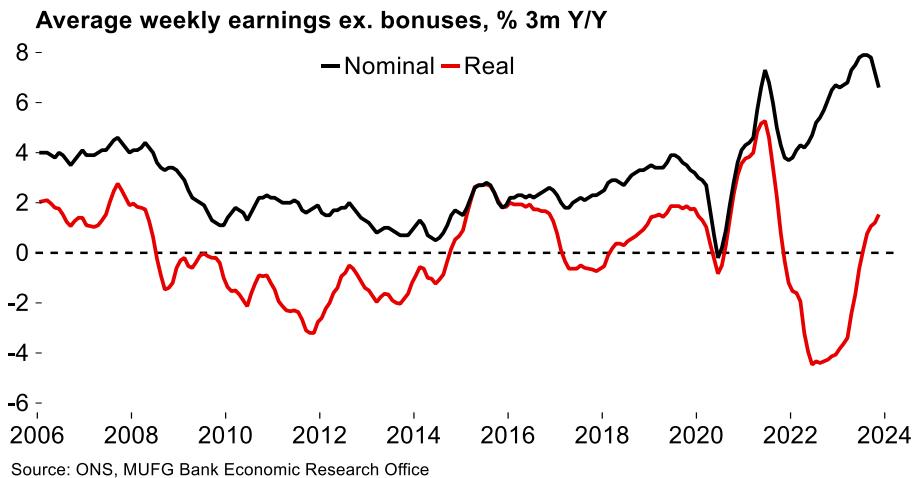
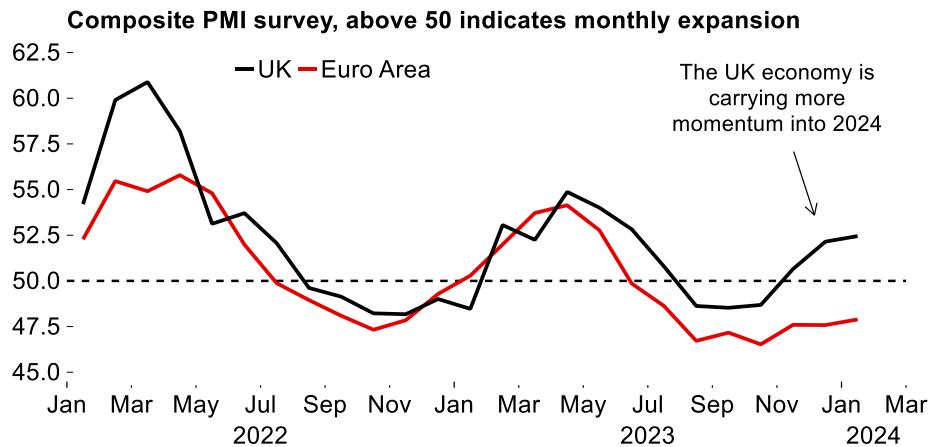
- The euro area economy narrowly avoided recession in H2 2023 with flat growth in the final quarter. While there are some signs of stabilization, business survey suggest limited momentum at the start of this year. However, we expect this will change with some **cyclical improvement over coming quarters as households' real purchasing power recovers and financial conditions ease**. Consumer spending is set to become the key growth driver. Overall, we look for annual average growth of 0.4%.
- It's notable that **stronger activity in peripheral economies has increasingly supported the aggregate euro area growth rate** while the German economy continues to struggle. Survey evidence remains weak for the German economy, with the industrial sector under clear pressure. However, we still expect a modest recovery for the broader economy later this year as real incomes support stronger spending.
- The disinflation process is set to continue this year as **underlying price pressures continue to ease** with some signs now that wage pressures are decreasing. The headline inflation rate is set to gradually fade from the latest monthly reading of 2.6% – we expect an annual average of 2.1% in 2024. Policymakers will have some reasons to be cautious about core inflation, but the ECB has now signalled that rate cuts are on the horizon. We expect an initial move in Q2 this year with further moves coming at a moderate pace thereafter.



United Kingdom

Growth prospects look brighter in 2024 as household purchasing power continues to recover

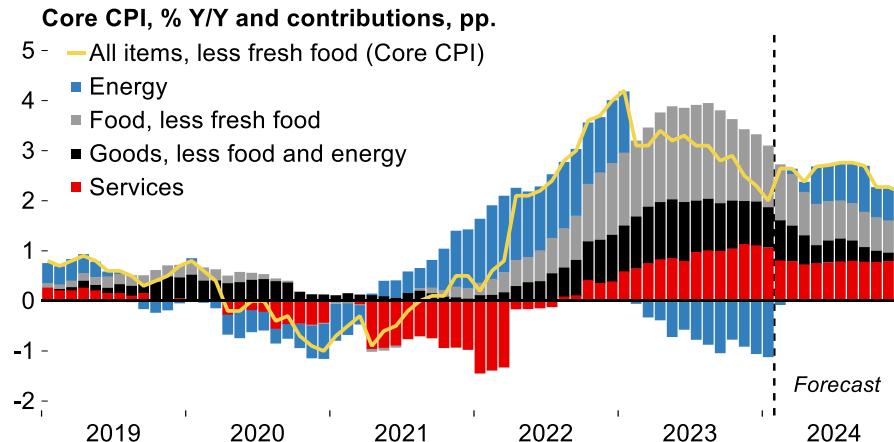
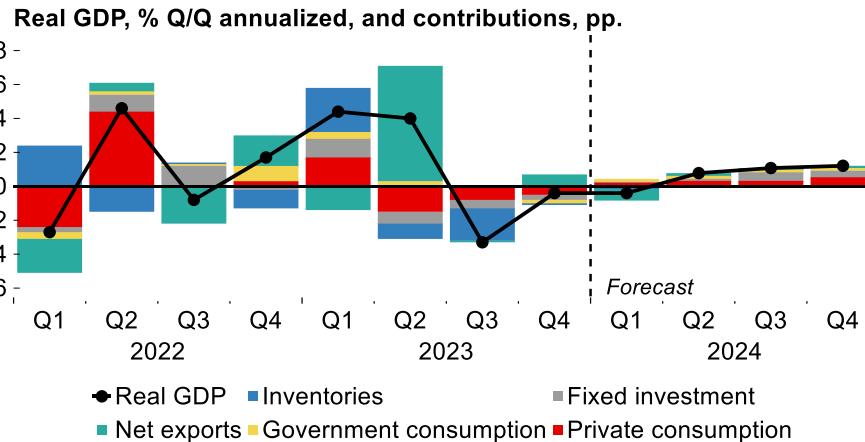
- The UK economy slipped in a technical recession in H2 2023. However, **the broader picture is one of stagnation rather than crisis**. Tighter monetary policy and squeezed household finances have weighed on activity but growth prospects look brighter in 2024 with surveys now suggesting sentiment has improved markedly. **We expect the recession will be mild and short-lived**, with quarterly growth rates improving towards potential in H2.
- The inflation outlook has improved on the back of lower wholesale energy costs. We expect an annual average rate of 2.5%. The headline rate will likely reach the BoE's target by the summer, but may then pick up in H2 due to more persistent services inflation. However, there is still set to be a **strong recovery in real household disposable income**, which is set to be the key growth driver. There will almost certainly be an election in the UK this year and already-announced fiscal giveaways (including personal tax cuts) may provide another tailwind.
- Conditions should give the BoE the space to start cutting interest rates around mid-year**, which would provide further support to confidence. However, policymakers will remain somewhat cautious about price pressures from wage growth and services sector, which higher in the UK than elsewhere, and rate cuts will likely be conducted at a moderate pace.



Japan

Recovering real income conditions and better capital investment to support stronger growth ahead

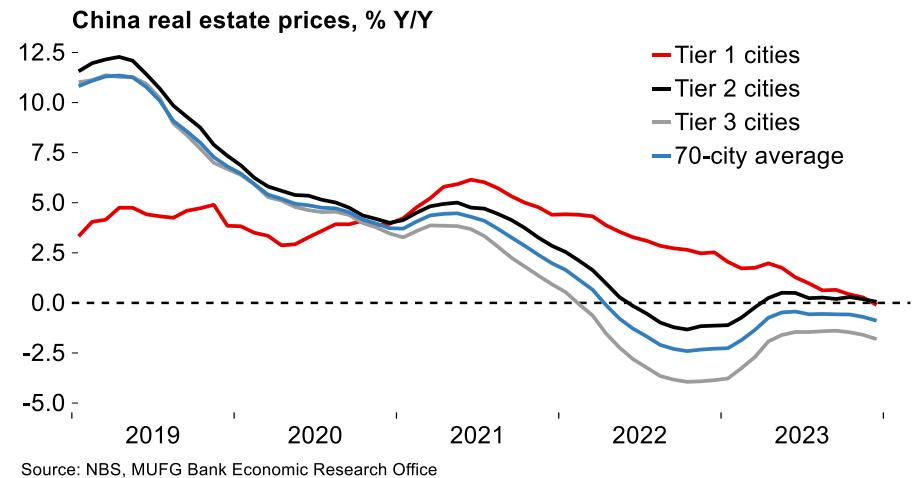
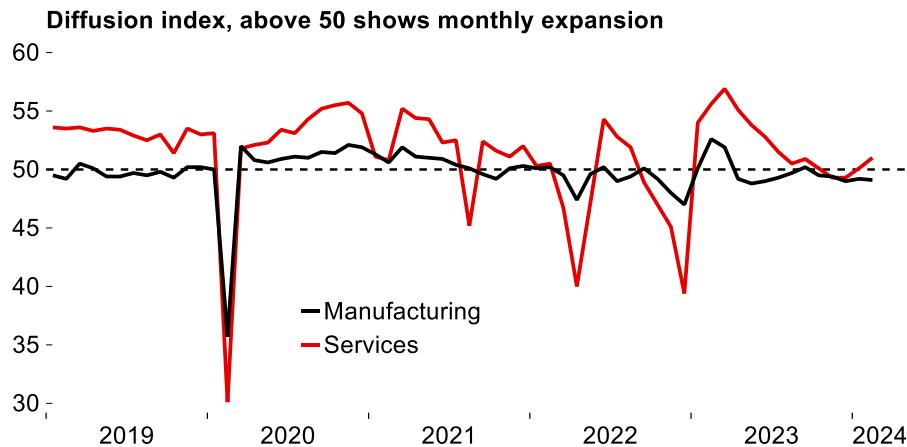
- The first GDP estimate for Q4 indicated a small contraction but this has since been revised up to show a slight expansion. The broader picture remains that the **Japanese economy looked stagnant in H2 2023** as labor shortages and high inflation weighed on domestic demand. Nominal wage growth is around 2% Y/Y, high by Japanese standards but still slower than the rate of headline inflation (which averaged over 3% in 2023), indicating a squeeze on household finances. We expect a small GDP contraction in Q1 2024 following the Noto Peninsula earthquake and the suspension of production by some automakers.
- Looking ahead, we think that **growth conditions should improve in H2 this year** due to recovering real income growth and stronger capital investment. While there may be some bumps related to the withdrawal of government support measures, inflation is set to continue to fall on the back of easing pressures from food and other goods prices. This year's spring wage negotiations should yield slightly higher increases than last year. The turning semiconductor cycle points to capital investment also improving.
- The end of the BoJ's negative interest rate policy is now within sight** as it seems increasing plausible that the inflation target can be reached sustainably. We look for an initial rate rise in April following the outcome of the spring wage negotiations, with another move later in the year. The 0% target for 10-year government bond yields is also set to end. The overall degree of tightening is set to be relatively mild.



China

Growth to slow slightly as the real estate crisis continues to weigh on activity

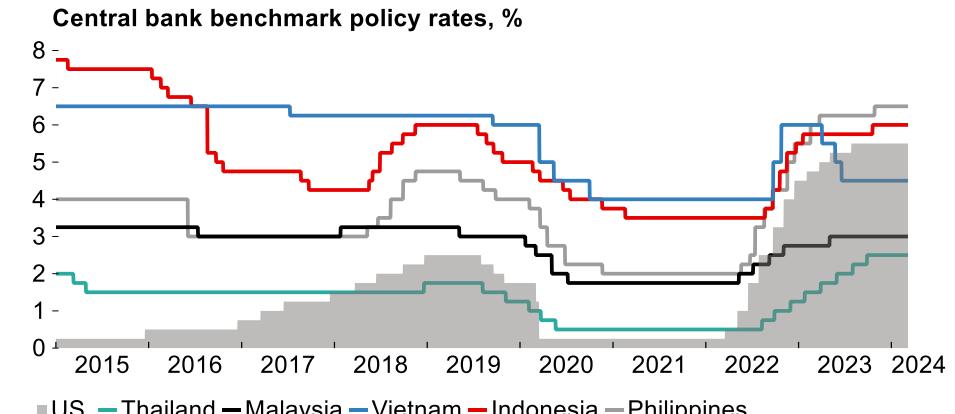
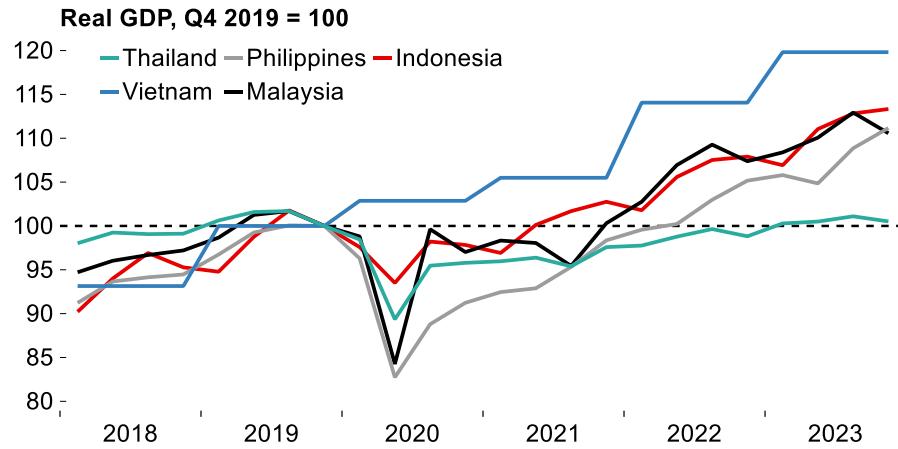
- **The Chinese economy lacks substantial momentum** heading into 2024. GDP growth decelerated slightly to 1.0% Q/Q in Q4 2023, down from 1.5% in Q3, and the official manufacturing PMI remains in contraction territory. Recovery is expected to remain slow, despite government support measures and strong infrastructure investment, as the **ongoing real estate crisis weighs on economic activity**.
- The **consumer environment is expected to improve in 2024** as employment expands and real incomes grow, but deflationary pressures may be a drag on overall growth. We expect GDP growth to slow to 4.6% in 2024, down from 5.0% in 2023, and for the PBoC to continue a **gradual easing of monetary policy**.
- Exports are expected to grow in 2024, largely driven by a **turn in the semiconductor and broader global inventory cycle**, along with stronger demand for Chinese-made automobiles and renewable energy-related products. However, persistent US-China tensions and the global shift to “nearshore” supply-chains will likely provide a headwind to growth in exports.



ASEAN economies

Growth in private consumption and exports set to support ASEAN economies in 2024

- The five major ASEAN economies (Indonesia, Thailand, Malaysia, Philippines and Vietnam) expanded in the last quarter of 2023. **Private consumption growth was strong**, and **exports continued to pick up** with support from increased demand for semiconductors and a recovery in international tourism.
- Higher interest rates will continue to apply downward pressure on domestic demand, but **the consumer environment is expected to improve** as inflation slows, and the labor market expands. **Sluggish global demand and lower commodity prices will be a headwind** to export-orientated ASEAN countries, but overall GDP growth is expected to accelerate to 5.0% in 2024, up from 4.4% in 2023.
- Most central banks in the region maintained their benchmark rate through much of 2023, but some carried out rate hikes towards the end of the year in response to sharp rises in food prices or to preserve currency stability. **We expect inflation to ease slightly in 2024**, but El Niño weather effects and geopolitical risks in the Middle East may push up food and commodity prices. **Central banks will likely keep rates unchanged until mid-2024**, around the time when the Fed is expected to begin cutting rates.



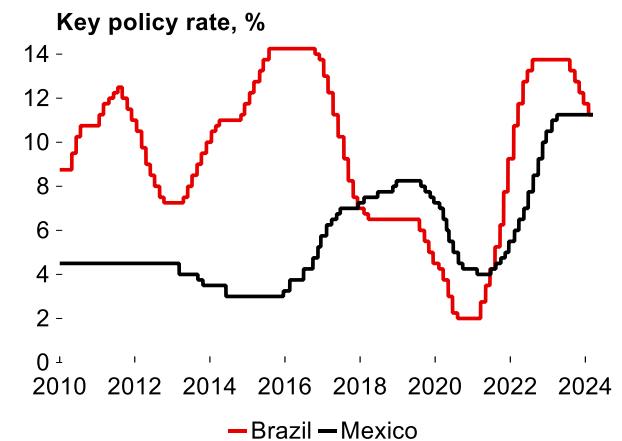
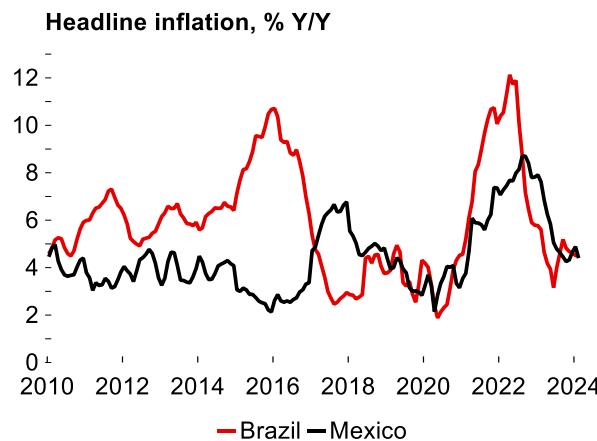
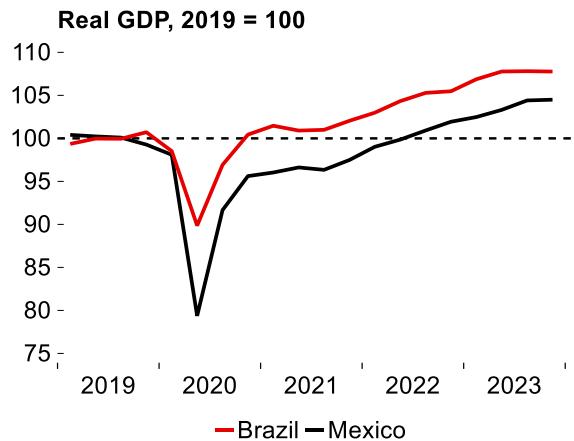
Note: US is the upper bound for the Federal Funds Target Rate

Source: Macrobond, MUFG Bank Economic Research Office

Latin America

Growth in both Brazil and Mexico is set to slow this year

- **The Brazilian economy was stagnant in the second half of 2023.** Domestic demand is expected to be a drag on growth in early 2024, with private consumption having contracted in Q4 of last year. Exports growth slowed in late 2023, but fixed investments growth edged up into positive territory in Q4 after the Brazilian central bank started cutting the benchmark rate in August. **We expect growth to gradually recover by the second half of 2024**, when the effects of rate cuts feed into the broader economy. Real GDP growth is expected to slow to 1.5% in 2024, down from 2.9% in 2023.
- **Strong wage growth propelled private consumption and the overall Mexican economy** in 2023. Growth in fixed investments was also strong, supported by businesses “nearshoring” their global supply chains. Inflation accelerated a bit at the start of 2024, but the momentum of core prices continues to be disinflationary. We expect annual price growth to fall to 3.8% in 2024, down from 5.5% in 2023. Despite this, **high interest rates and an expected deceleration of the US economy will likely weigh on Mexico’s economy**. Growth in GDP is expected to slow to 2.0% in 2024, down from 3.3% in 2023.



Source: Macrobond, MUFG Bank Economic Research Office

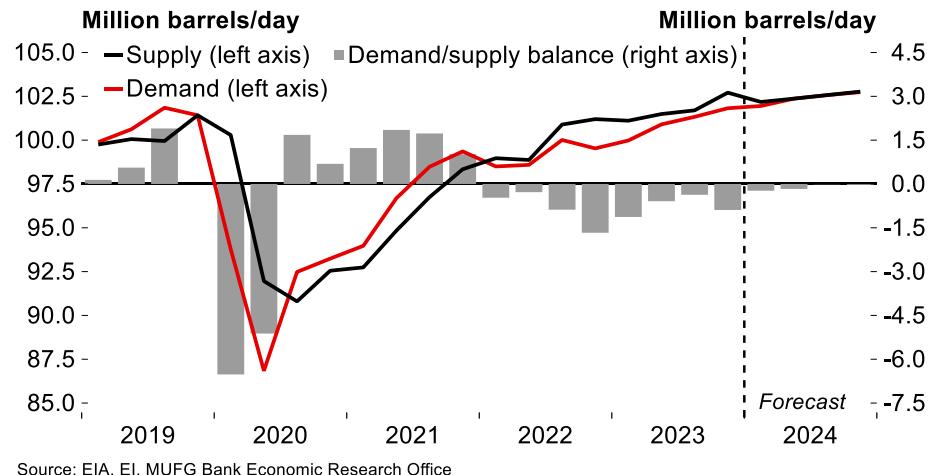
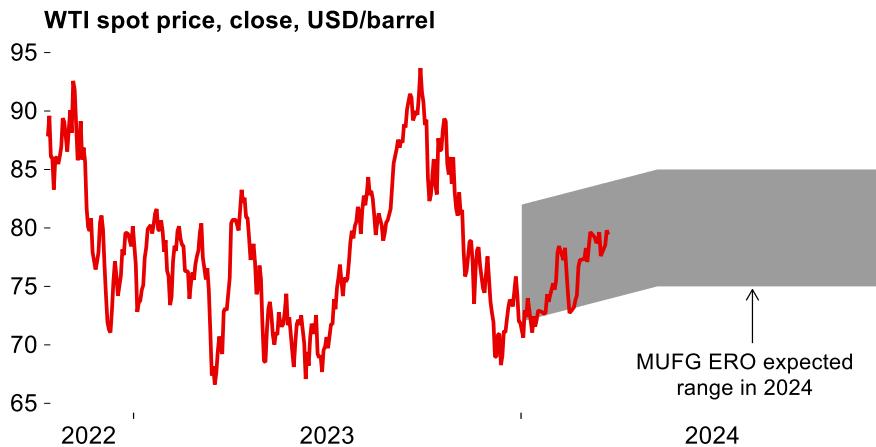
Source: Macrobond, MUFG Bank Economic Research Office

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Oil prices

Oil prices likely to remain broadly stable as supply cuts offset weaker demand growth

- Since falling to around 70 USD/bbl in mid-December, **WTI oil spot prices have trended higher** in response to better-than-expected economic activity in the US and rising geopolitical risks in the Middle East. The conflict in Gaza has had limited direct effects on oil supply, but attacks on ships in the Red Sea have diverted trade routes and added to global shipping times.
- Global oil demand has remained on a moderately upward trend with support from economic expansions in developing countries. **We expect global economic growth to ease slightly in 2024**, driven largely by a cyclical slowdown in the US, and for oil demand to slow as a result. Suppression of oil supply by OPEC+ member countries is expected to continue, with additional voluntary production cuts coming from Saudi Arabia and Russia. Increased oil production by OECD producers (e.g. US, Norway) is expected to partially offset these cuts.
- The current balance between supply and demand for oil remains broadly stable**, with a slight excess of supply. We expect prices to remain around the current level (80 USD/bbl) through 2024.



Appendix - Forecast tables

MUFG Bank GDP & Inflation projections

	GDP (% Y/Y)				CPI (% Y/Y)		
	2022	2023	2024f		2022	2023	2024f
World	3.4	3.2	2.9	World	6.4	4.6	3.3
Advanced economies	2.5	1.6	1.4	Advanced economies	7.2	4.6	2.5
Emerging economies	4.3	4.9	4.5	Emerging economies	5.5	4.7	4.0
US	1.9	2.5	2.3	US	8.0	4.1	2.8
Japan (FY)	1.5	1.2	0.3	Japan (FY)	3.0	2.8	2.4
Euro area	3.4	0.5	0.4	Euro area	8.4	5.5	2.2
Germany	1.8	-0.3	0.2	Germany	8.6	6.1	2.4
France	2.5	0.9	0.7	France	5.9	5.7	2.4
Italy	3.7	0.7	0.5	Italy	8.7	6.0	2.0
UK	4.3	0.1	0.3	UK	9.1	7.3	2.6
Asia (11 economies)	4.2	5.0	4.7	Asia (11 economies)	3.6	2.1	2.2
China	3.0	5.2	4.6	China	2.0	0.2	1.0
India (FY)	7.2	6.6	6.3	India	6.7	5.3	4.7
NIEs (4 economies)	2.2	1.5	2.6	NIEs (4 economies)	4.3	3.3	2.3
South Korea	2.6	1.4	2.2	South Korea	5.1	3.6	2.6
Taiwan	2.6	1.4	3.1	Taiwan	2.9	2.5	1.9
Hong Kong SAR	-3.7	3.2	2.9	Hong Kong SAR	1.9	2.1	2.1
Singapore	3.8	1.1	2.5	Singapore	6.1	4.8	2.8
ASEAN 5	6.0	4.4	5.0	ASEAN 5	4.5	3.4	2.7
Indonesia	5.3	5.0	5.0	Indonesia	4.2	3.7	3.0
Thailand	2.6	1.9	3.4	Thailand	6.1	1.2	1.3
Malaysia	8.7	3.7	4.4	Malaysia	3.4	2.5	2.1
Philippines	7.6	5.6	5.8	Philippines	5.8	6.0	3.5
Vietnam	8.0	5.0	6.3	Vietnam	3.2	3.3	3.4
Australia	3.8	2.0	1.4	Australia	6.6	5.6	3.5
Latin America (6 economies)	3.7	2.0	1.9	Latin America (6 economies)	15.6	18.0	13.5
Brazil	3.0	2.9	1.5	Brazil	9.3	4.6	4.4
Mexico	3.9	3.3	2.0	Mexico	7.9	5.6	3.8

United States – Detailed forecasts

	2022				2023				2024				2022	2023	2024f
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f			
Main Economic Indicators															
Real GDP (QoQ annualized, %)	-2.0	-0.6	2.7	2.6	2.2	2.1	4.9	3.2	1.9	1.2	1.3	1.5	1.9	2.5	2.3
Personal Consumption Expenditures	0.0	2.0	1.6	1.2	3.8	0.8	3.1	3.0	2.1	1.2	1.4	1.6	2.5	2.2	2.0
Fixed Investment (Residential)	-1.8	-14.1	-26.4	-24.9	-5.3	-2.2	6.7	2.9	1.0	0.5	1.6	2.0	-9.0	-10.6	1.9
Fixed Investment (Nonresidential)	10.7	5.3	4.7	1.7	5.7	7.4	1.4	2.4	1.2	1.0	1.2	1.5	5.2	4.4	1.8
Changes in Private Inventories (Contribution)	-0.1	-2.1	-0.7	1.6	-2.2	0.0	1.3	-0.3	0.0	-0.1	0.0	0.0	0.6	-0.3	0.1
Government Expenditures	-2.9	-1.9	2.9	5.3	4.8	3.3	5.8	4.2	1.9	1.8	1.3	1.5	-0.9	4.0	2.8
Net Exports (Contribution)	-2.6	0.6	2.6	0.3	0.6	0.0	0.0	0.3	-0.1	0.0	-0.1	-0.1	-0.5	0.6	0.0
Exports	-4.6	10.6	16.2	-3.5	6.8	-9.3	5.4	6.4	1.7	0.9	1.7	1.9	7.0	2.7	2.1
Imports	14.7	4.1	-4.8	-4.3	1.3	-7.6	4.2	2.7	1.7	0.7	1.8	2.2	8.6	-1.6	1.4
Final sales to private domestic purchasers	1.5	1.5	0.3	-0.2	3.6	1.7	3.0	2.9	4.4	1.0	1.4	1.6	2.3	1.9	2.6
Nominal GDP (QoQ annualized, %)	6.2	8.5	7.2	6.5	6.3	3.8	8.3	4.9	4.3	3.4	3.6	3.7	9.1	6.3	4.6
Industrial Production (QoQ annualized, %)	3.7	4.1	2.1	-2.5	-0.3	0.8	1.5	-2.3	-0.6	0.6	1.7	1.8	3.4	0.2	0.1
Unemployment Rate (%)	3.8	3.7	3.6	3.6	3.5	3.6	3.7	3.8	3.8	4.0	4.2	4.2	3.6	3.6	4.1
Producer Price Index (YoY, %)	10.7	11.2	9.0	7.3	4.4	1.2	1.6	0.9	1.1	1.8	1.3	1.7	9.5	2.0	1.5
Consumer Price Index (YoY, %)	8.0	8.6	8.3	7.1	5.8	4.0	3.5	3.2	3.0	2.9	2.6	2.5	8.0	4.1	2.8
Balance of Payments															
Trade Balance, Goods (USD billions)	-3,328	-3,089	-2,672	-2,741	-2,616	-2,739	-2,593	-2,669	-2,662	-2,661	-2,654	-2,644	-11,830	-10,617	-10,621
Current Account (USD billions)	-2,839	-2,488	-2,228	-2,162	-2,145	-2,168	-2,003	-2,079	-2,062	-2,051	-2,034	-2,014	-9,716	-8,394	-8,161
Financial Indicators															
Federal Funds Rate (upper limit, %)	0.50	1.75	3.25	4.50	5.00	5.25	5.50	5.50	5.50	5.25	5.00	4.75	4.50	5.50	4.75
3-Month Eurodollar Libor Rate (%)	0.3	1.3	2.8	4.2	4.8	5.1	5.4	5.3	5.3	5.2	4.9	4.7	2.2	5.2	5.0
10-Year Treasury Yield (%)	1.9	2.9	3.1	3.8	3.6	3.6	4.1	4.4	4.2	4.2	4.1	4.0	2.9	4.0	4.1

Note: Federal Funds Target Rate is for end of the period, and 3-Month Eurodollar Libor Rate and 10-Year Treasury Yield are period average. Current account balance for 4Q 2023 is a forecast.

Source: Compiled by MUFG Bank Economic Research Office from various reports and Bloomberg

Japan – Detailed forecasts

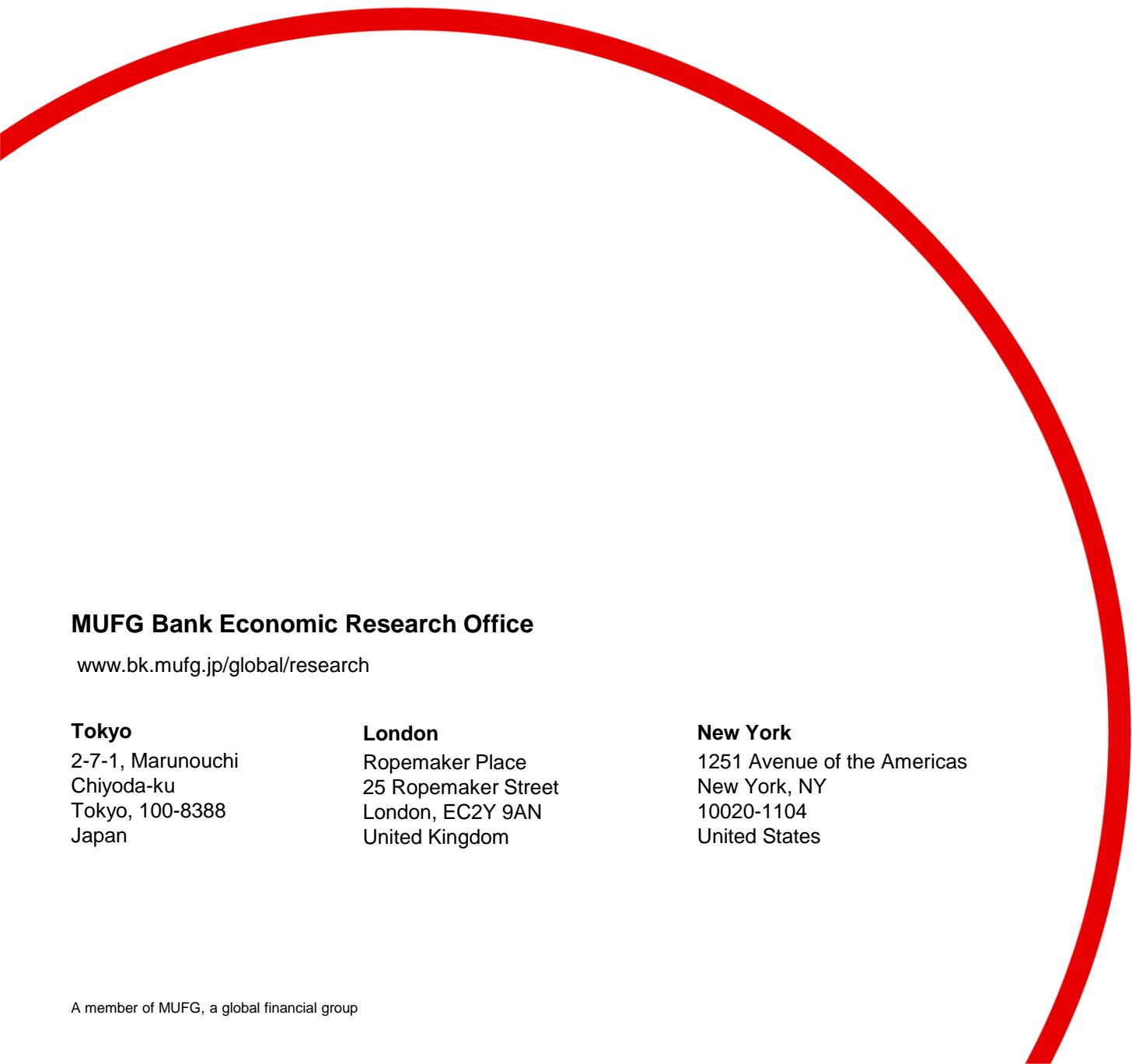
	2022				2023				2024				2025	FY2022	FY2023f	FY2024f
	Q1	2Q	3Q	4Q	Q1	2Q	3Q	4Q	Q1f	Q2f	Q3f	Q4f	Q1f			
The Real Economy (QoQ annualized change)																
Real GDP	-2.7	4.6	-0.8	1.7	4.4	4.0	-3.3	-0.4	-0.4	0.8	1.1	1.2	1.1	1.5	1.2	0.3
Private Consumption	-4.5	8.3	0.1	0.6	3.2	-2.7	-1.4	-0.9	0.4	0.6	0.6	1.0	1.0	2.7	-0.4	0.3
Housing Investment	-4.9	-9.8	1.5	2.8	1.1	7.2	-2.4	-4.0	-2.2	-2.2	-2.2	-2.2	-2.2	-3.4	1.3	-2.4
Private Business Fixed Investment	-0.4	8.9	6.8	-2.0	6.4	-5.5	-2.4	-0.3	0.8	1.2	3.6	2.9	2.5	3.4	-0.6	1.4
Business Inventory (Contribution)	0.6	-0.4	0.0	-0.2	0.6	-0.2	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.2	-0.1
Government Expenditures	-1.3	0.6	0.4	3.4	1.6	1.0	0.1	-0.9	0.7	0.7	0.6	0.6	0.6	-0.1	0.9	0.4
Public Investment	-16.7	-8.3	4.4	0.2	8.1	9.1	-3.9	-2.8	1.0	1.5	1.2	1.0	1.0	-6.1	2.9	0.4
Net Exports (Contribution)	-0.5	0.1	-0.6	0.4	-0.4	1.7	0.0	0.2	-0.7	0.2	0.1	0.1	0.1	-0.5	1.3	0.1
Exports	6.8	9.2	8.6	5.8	-13.5	16.2	3.8	11.0	-8.1	2.0	2.4	2.6	2.6	4.7	3.8	1.4
Imports	18.5	5.9	20.7	-3.3	-6.4	-13.5	4.0	7.0	-5.3	1.3	2.1	2.1	2.1	6.9	-2.8	1.2
Nominal GDP	-0.2	3.4	-1.8	7.6	9.4	10.4	-0.2	1.2	1.3	1.9	2.3	2.4	2.2	2.3	5.3	1.7
GDP Deflator (YoY)	0.4	-0.3	-0.3	1.4	2.3	3.7	5.2	3.8	3.1	1.9	1.4	1.3	1.2	0.8	4.0	1.4
Industrial Production Index (QoQ)	0.8	-1.4	3.1	-1.7	-1.8	1.4	-1.2	1.4	-3.8	3.3	0.6	0.6	0.5	-0.3	-1.3	1.6
Domestic Corporate Goods Price Index (YoY)	9.4	9.8	9.9	10.1	8.4	5.0	3.0	0.4	0.0	1.3	1.2	0.1	0.1	9.5	2.1	0.6
Consumer Price Index (excl. fresh food, YoY)	0.6	2.2	2.7	3.8	3.5	3.2	3.0	2.5	2.4	2.6	2.7	2.2	2.0	3.0	2.8	2.4
Balance of Payments																
Trade Balance (JPY billions)	-1,751	-3,692	-5,573	-5,162	-3,725	-971	-681	-1,270	-1,107	-1,572	1,611	-1,661	-1,715	-18,151	-3,965	-6,558
Current Balance (JPY billions)	4,126	2,946	754	2,182	2,416	5,867	6,424	6,317	6,546	6,062	6,054	6,036	6,014	8,298	25,154	24,166
Financial																
Uncollateralized overnight call rate	-0.0	-0.0	-0.0	-0.1	-0.0	-0.1	-0.1	-0.0	-0.0	0.1	0.1	0.2	0.2	-0.0	-0.0	0.2
Euro-Yen TIBOR (3-month rate)	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.0	0.1	0.1	0.2	0.2	-0.0	0.0	0.2
Newly Issued 10-Year Government Bonds Yield	0.2	0.2	0.2	0.3	0.4	0.4	0.6	0.8	0.7	1.0	1.1	1.1	1.1	0.3	0.6	1.1
Exchange Rate (USD/JPY)	116	130	138	141	132	138	145	148	148	148	146	144	142	135	145	145

Europe – Detailed forecasts

	Real GDP (YoY, %)			CPI (YoY, %)		
	2022	2023	2024f	2022	2023	2024f
Euro Area	3.4	0.5	0.4	8.4	5.5	2.2
Germany	1.8	-0.3	0.2	8.6	6.1	2.4
France	2.5	0.9	0.7	5.9	5.7	2.4
Italy	3.7	0.7	0.5	8.7	6.0	2.0
United Kingdom	4.3	0.1	0.3	9.1	7.3	2.6
Euro Area (YoY, %)						
	2022	2023	2024f	2022	2023	2024f
Nominal GDP	8.2	6.0	2.7	9.7	7.3	2.7
Real GDP	3.4	0.5	0.4	4.3	0.1	0.3
Domestic demand (contribution)	3.4	0.3	0.4	6.1	0.0	1.1
Foreign demand (contribution)	0.0	0.2	0.1	-1.7	0.1	-0.8
Private consumption	4.2	0.5	0.6	5.0	0.4	0.8
Government consumption	1.6	0.2	0.6	2.3	0.6	1.7
Gross fixed capital formation	2.8	0.7	-0.5	8.0	2.9	0.2
Inventory investment (contribution)	0.8	0.3	0.0	1.0	-0.9	0.2
Exports	7.4	-0.8	1.1	9.0	-1.4	-1.5
Imports	8.0	-1.4	1.0	14.6	-1.6	0.9

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