

Schroders' global economic outlook

GDP forecasts

Global real GDP %

Downgrades due to growth cuts, US down from 1.6% to 1.5% and China from 6.1% to 6.0%.

Year	Forecast (%)	Previous forecast (%)
2018	2.8	2.8
2019	2.6	2.6
2020	2.5	2.6

Inflation forecasts

Global inflation CPI %

Increases due to rising oil prices and trade tariffs up from 10% to 20% on \$200bn of Chinese imports.

Year	Forecast (%)	Previous forecast (%)
2018	2.4	2.4
2019	2.5	2.5
2020	2.6	2.5

Our perspective

Keith Wade explains the cuts to our global GDP forecast for 2020, as we see trade tensions and rising oil prices likely to weigh on growth.

[Read the full article](#)

US

Real GDP %

US rates may have peaked and we expect a rate cut in June 2020, in response to weakening growth. However, chances of an earlier cut have increased.

Year	Forecast (%)	Previous forecast (%)
2018	2.5	2.5
2019	2.1	2.1
2020	1.5	2.1

UK

Real GDP %

Brexit-related stockpiling lifted growth in Q1, but delays on leaving mean uncertainty for companies.

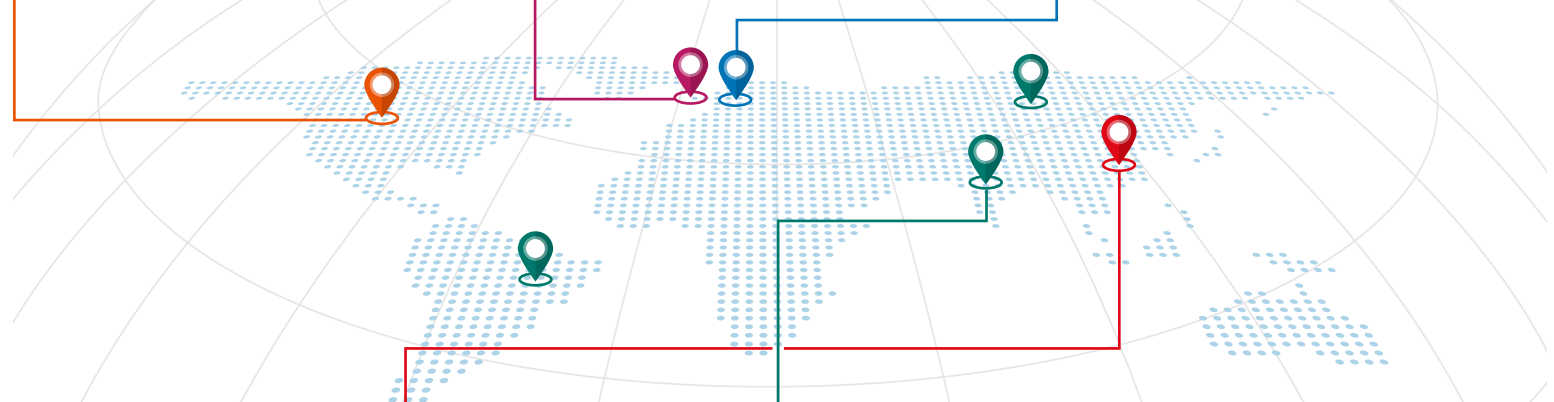
Year	Forecast (%)	Previous forecast (%)
2018	1.4	1.4
2019	1.1	1.1
2020	1.1	1.1

Eurozone

Real GDP %

Revised down forecast for 2019 from 1.3% to 1.2%, despite the better-than-expected outcome for Q1 growth.

Year	Forecast (%)	Previous forecast (%)
2018	1.4	1.4
2019	1.2	1.3
2020	1.4	1.4



Lowered expectations for emerging markets (EM) – Why?

Higher oil prices and renewed trade tensions see negative changes to our forecasts this quarter

China

Q1 GDP growth was stronger than expected, at 6.4% year-on-year*. But, trade tensions prompted a downgrade to 2020 growth, consistent with our US outlook.

*Compared with the corresponding data from a year earlier

Year	Forecast (%)	Previous forecast (%)
2018	6.6	6.6
2019	6.2	6.2
2020	6.0	6.2

BRICs

Higher oil prices and renewed trade tensions see largely negative changes to our forecasts this quarter, though we do see scope for easing.

Year	Forecast (%)	Previous forecast (%)
2018	5.5	5.5
2019	5.5	5.5
2020	5.5	5.5

Our perspective

Craig Botham explains growth downgrades for Brazil and India and why Russia sees a slight upgrade in 2019.

[Read the full article](#)

Schroders' alternative global economic scenarios

16%

Stagflation: weaker growth and higher inflation

- US vs rest of the world trade war
- Oil jumps to \$100
- Italian debt crisis

14%

Deflation: decline in prices and goods when inflation falls below 0%

- 2020 US recession
- Global recession, excluding US

10%

Reflation: economic expansion driven by government stimulus

- China reopens the taps
- US employment boost

...compared to 60% probability for our baseline forecast

Our perspective

Keith Wade explains why the world economy resembles a wobbly bike that can be tipped over by a small bump in the road.

[Read the full article](#)

Source: Schroders as at June 2019.

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