

Global economy: teetering on the edge

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Escalation of US-China trade war leads to cuts in our global growth outlook

- New tariffs include wide range of consumer goods; households will notice
- Business will **delay spending** for longer thus weakening growth

US imposes tariffs on remaining **\$300bn** of Chinese imports

Escalation of trade war and weaker growth will likely lead to rate cuts

We now forecast **rates of 1.25%** in US by 2020 end

In China, we expect more **fiscal easing*** than before

Lower rates expected from European Central Bank and Bank of Japan

Bank of England likely to **maintain rates** until late 2020

An ill trade wind that blows nobody any good



BRAZIL
Fixing the roof before the next downpour

Positive news as pension reform advances; larger savings from the bill than expected

Yet, weaker global backdrop means **growth expectation downgrades**



RUSSIA
Steady as she goes

Redesign of fiscal and monetary policy will **reduce sensitivity to oil price swings**

However, **there's geopolitical risk** as the US imposed sanctions



CHINA
Brace for impact

US-China trade war continues: **renminbi weakened** to beyond 7.0 to the dollar
And, **inflation has been pushed higher** by food price stresses

However, People's Bank of China should still have **room for stimulus**



INDIA
Credit system struggles on

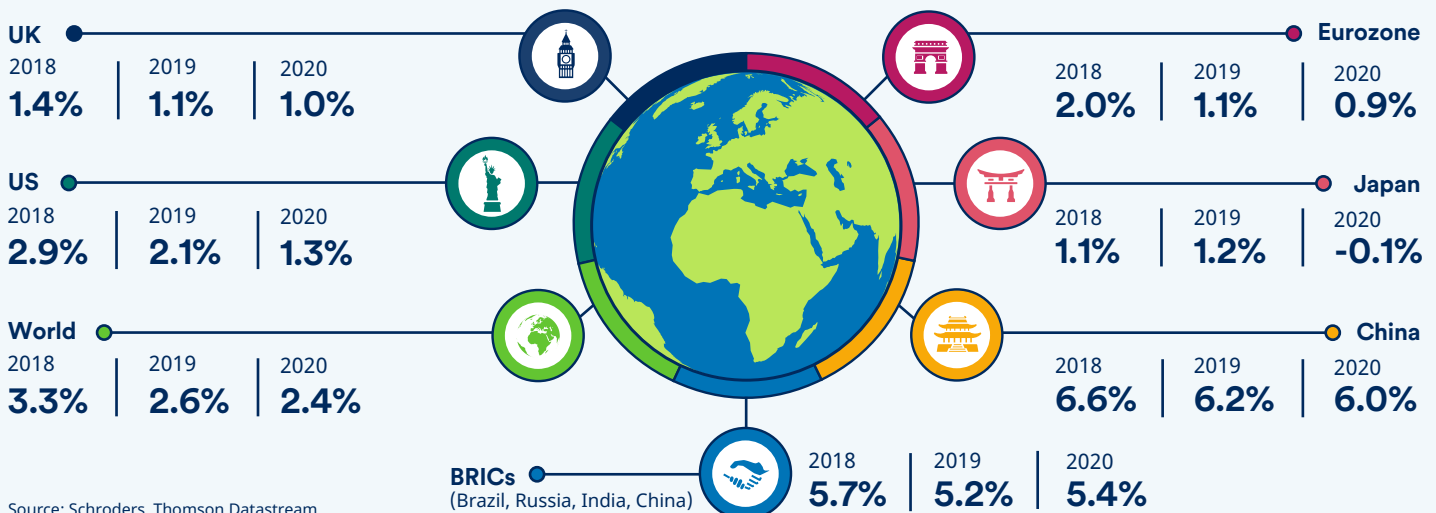
Prime Minister **Modi's first budget disappointed** those expecting pro-growth stimulus

But, **fiscal restraint*** leaves room for spending when global growth slows next year

*Brazil, Russia, India, China

View at a glance: Schroders' GDP forecast

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Source: Schroders, Thomson Datastream, Consensus Economics, September 2019

*Fiscal policy is the use of government spending and taxation to influence economic conditions.

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