



Short-Run Global Economic Forecast

February 2021

TFG Economics

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Introduction

At The Freedonia Group, we are actively monitoring company and industry reports on how the COVID-19 outbreak is affecting demand, investment, and industry consolidation.

The unfolding scope of the pandemic has required frequent reassessment of the marketplace. The table below summarizes the evolution of our forecasts over the last year.

	Real GDP Forecasts – % Change for 2019-2020 as of:					
	Mar 27, 2020	Apr 17, 2020	May 8, 2020	Jun 29, 2020	Sep 24, 2020	Feb 9, 2021
WORLD	0.0%	-2.7%	-3.3%	-4.9%	-4.9%	-4.2%
North America	-1.2%	-4.8%	-4.9%	-7.1%	-6.6%	-4.3%
United States	-1.0%	-4.8%	-4.8%	-7.0%	-6.3%	-3.6%
Central & South America	-0.5%	-3.5%	-4.3%	-7.7%	-7.9%	-7.7%
Brazil	-0.7%	-3.2%	-3.5%	-7.1%	-6.5%	-5.2%
Western Europe	-2.6%	-5.9%	-6.7%	-9.0%	-8.7%	-7.9%
Eastern Europe	0.1%	-4.2%	-4.5%	-6.6%	-5.6%	-4.8%
Sub-Saharan Africa	0.1%	-2.7%	-3.3%	-3.6%	-3.8%	-3.5%
Middle East & North Africa	-0.4%	-2.7%	-4.0%	-6.2%	-6.3%	-5.4%
Asia/Pacific	1.6%	-0.5%	-1.1%	-1.9%	-2.2%	-2.0%
China	2.4%	0.3%	0.3%	0.2%	1.5%	2.3%
India	2.8%	0.4%	-1.4%	-3.2%	-7.8%	-8.4%

The following slide deck presents our most recent revised world economic forecasts as of **February 9, 2021**.

Global GDP Forecast Comparison

Global GDP (% real annual growth)

	Current Forecasts February 9, 2021							Forecasts September 24, 2020						
	% annual growth rates						%	% annual growth rates						%
	2020	2021	2022	2023	2024	2025	CAGR 20-25	2020	2021	2022	2023	2024	2025	CAGR 20-25
WORLD	-4.2	4.9	4.0	3.5	3.3	3.1	3.8	-4.9	5.2	3.9	3.6	3.3	3.2	3.8
North America	-4.3	3.5	2.8	2.1	2.0	1.7	2.4	-6.6	3.3	2.4	2.1	2.0	2.0	2.4
United States	-3.6	3.4	2.7	2.1	2.1	1.7	2.4	-6.3	3.2	2.4	2.1	2.0	2.0	2.3
Central & South America	-7.7	4.1	3.2	3.0	2.7	2.7	3.2	-7.9	4.0	3.0	3.0	2.7	2.5	3.0
Brazil	-5.2	3.3	2.5	2.3	2.3	2.2	2.5	-6.5	3.4	2.5	2.7	2.4	2.3	2.6
Western Europe	-7.9	4.5	3.8	2.1	1.6	1.2	2.6	-8.7	5.5	2.7	2.0	1.3	1.3	2.5
Eastern Europe	-4.8	3.3	3.2	2.8	2.5	2.2	2.8	-5.6	3.8	2.9	2.7	2.2	1.9	2.7
Sub-Saharan Africa	-3.5	3.1	3.6	4.2	4.3	4.0	3.8	-3.8	3.1	4.1	3.7	3.7	3.9	3.7
Mideast & North Africa	-5.4	3.4	3.8	3.4	3.2	3.1	3.4	-6.3	3.4	3.6	3.4	3.2	3.0	3.3
Asia/Pacific	-2.0	6.5	4.9	4.9	4.6	4.4	5.1	-2.2	6.6	5.1	4.9	4.6	4.4	5.1
China	2.3	8.1	5.4	5.2	4.9	4.7	5.6	1.5	8.0	5.5	5.2	5.0	4.6	5.7
India	-8.4	8.4	6.0	6.4	6.2	6.1	6.6	-7.8	7.8	6.2	6.1	6.2	6.0	6.4

Summary

The coronavirus pandemic triggered a global economic recession in 2020. Global real GDP declined 4.2%, according to the first-available estimates of full-year performance:

- While the contraction in economic activity was more severe than during the 2009 financial crisis, it was not quite as bad as had been anticipated in mid-2020. Many countries saw their economies record strong growth during the second half of the year.
- Most countries suffered severe economic contractions in the second quarter of 2020 as lockdowns were implemented to reduce transmission of the coronavirus.
- No region posted economic growth in 2020, but there were some bright spots. China's real GDP rose 2.3%, as the country was the first to recover from shutdown and has a strong manufacturing base. Vietnam also notched real GDP growth of 2.3%, while Taiwan achieved 1.0% growth.
- Global real GDP in 2021 is expected to surpass the 2019 level by a small margin.
- The rollouts of a few different vaccines in late 2020 offered some hope of a more rapid return to pre-pandemic modes of social interaction. Problems with production and distribution of the sufficient doses of the vaccines, along with unwillingness of some people to get vaccinated, represent a downward risk on the pace of the economic recovery.

Recent Developments

- Late in 2020, newer variants of SARS-CoV-2 were identified. Some of these variants appeared to be more easily transmissible from person to person.
- During the first week of February 2021, global weekly mortality from COVID-19 started to trend downward. More than 130 million vaccine doses had been administered. Because the first-available vaccines were meant to be given in two doses, the number of individuals who have received vaccines is smaller than the number of doses administered.
- Vaccination rates in Israel have been among the world's highest, with more than 65 doses administered per 100 people as of early February. The country ranks fifth globally in terms of total cumulative doses.
- The countries that have administered the most vaccines to date are the three most populous – China, India, and the US – as well as the United Kingdom (which has opted for one-dose administration in order to reach more people more quickly) and Israel.