

News

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MOODY'S ANALYTICS JULY GLOBAL OUTLOOK: MIXED SIGNALS FOR WORLD ECONOMIC GROWTH

NEW YORK, July 8, 2014 --- Moody's Analytics, a leading provider of economic forecasts, has lowered its estimate of world GDP growth for this year to 2.7% from 3%. The revised outlook, "[A Bumpy Recovery for July](#)," reflects weaker-than-expected first-quarter results from the US, the euro area and Latin America.

According to the report, mixed signals have clouded the world's economic growth outlook. Moody's Analytics analysis of recent surveys of global purchasing managers shows them to be bullish, particularly in the US, Japan and China. However, US GDP figures showed a deep dip in the first-quarter, prompting a downward revision to the 2014 outlook.

The report notes that China's growth also decreased to 7.4% annually because of monetary tightening, housing controls, and a weaker external demand. Nevertheless, Tu Packard, senior economist with Moody's Analytics, expects that China will remain a driving force in the world economy this year, as it has been since the Great Recession.

"The flash manufacturing PMI reading for China points to broadly improved private-sector activity, with domestic and new export orders both recording increases," says Packard. "China's economy will get a boost from the government's mini-stimulus, which provides tax incentives for exporters and will support spending on affordable housing, railways and clean energy."

Despite an improvement in the peripheral countries, the composite output index for Europe declined to a six-month low of 52.8, suggesting that private-sector demand there is slowing.

"Euro area growth and labor market conditions have been very tepid in recent months," Packard notes. "Without strong policy measures, the euro area will have difficulty lifting growth above its current lackluster levels."

The report concludes that the US will be a stronger driver of the world economic growth in 2015 as the expansion gathers steam from a rebounding housing market and the release of pent-up demand. Moody's Analytics growth projections assumes that emerging market countries will cope successfully with the eventual normalization of US monetary policy.

For more information, visit Moody's Analytics [Dismal Scientist](#).

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