

SESSION ONE

THE IMPACT OF GEOPOLITICAL TURMOIL ON THE GLOBAL ECONOMY

MAY 16, 2022

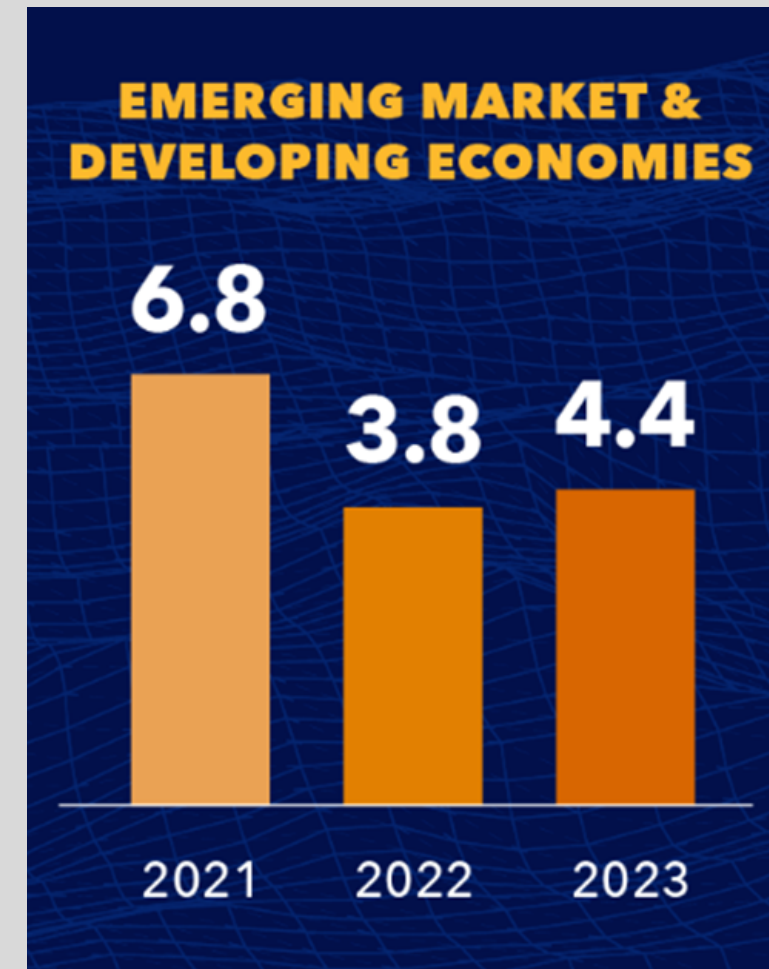
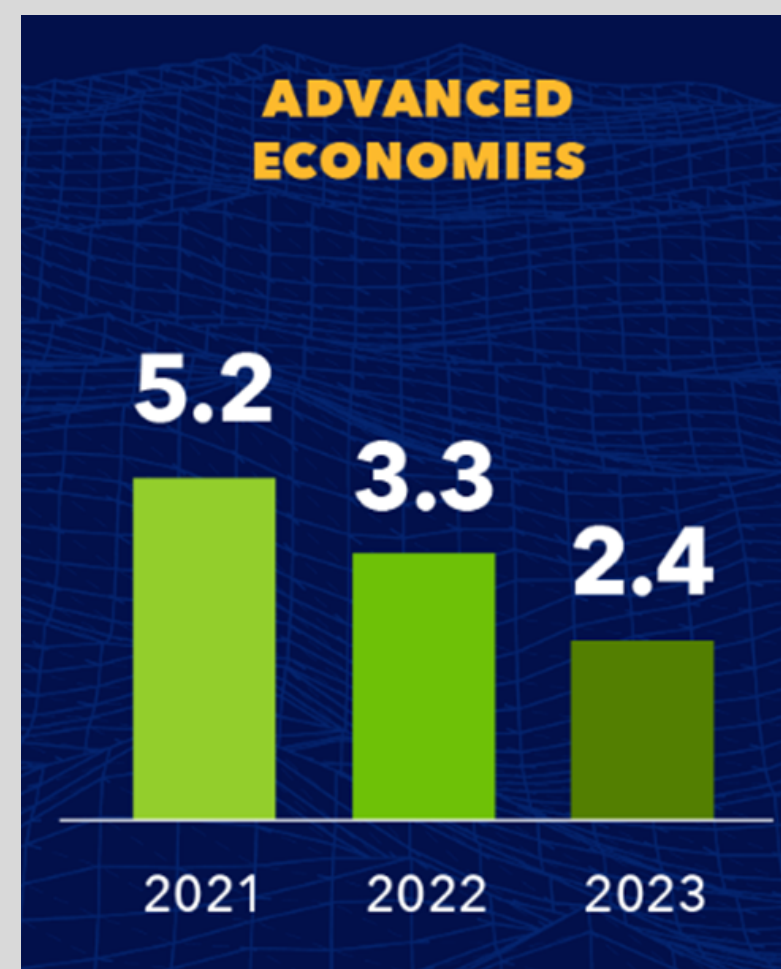
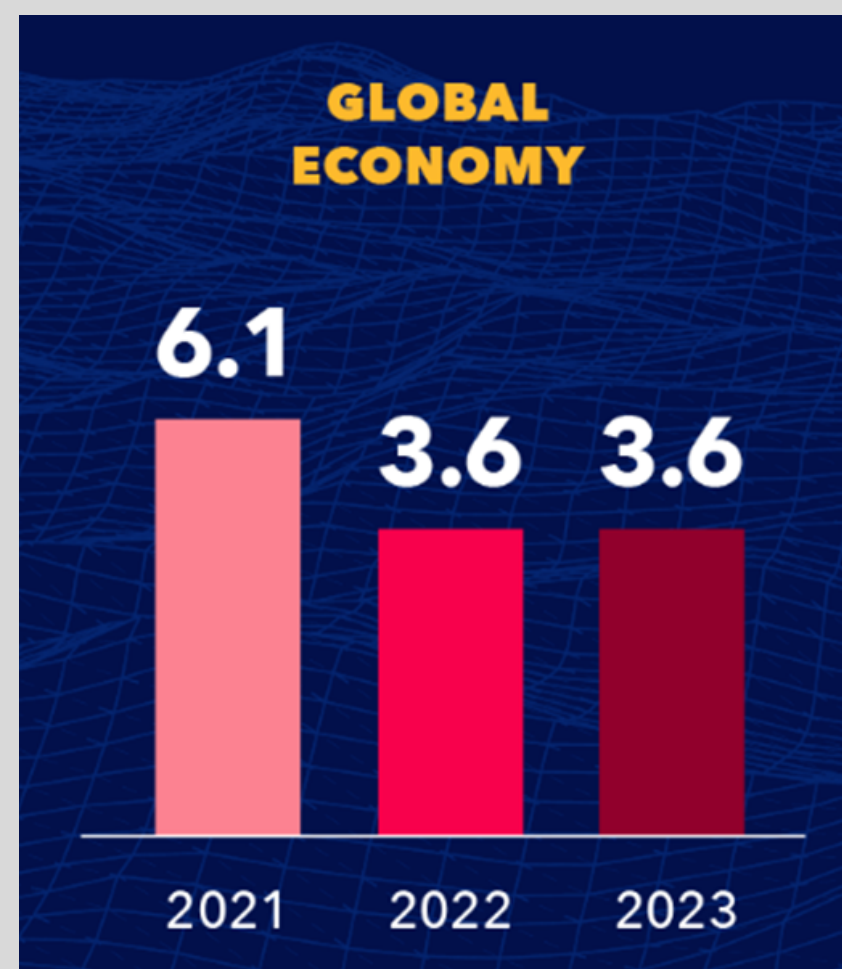


TWO KEY FACTORS HAVE AFFECTED THE POST-PANDEMIC ECONOMIC OUTLOOK OFF THE WORLD

1. Invasion of Ukraine by Russia and subsequent sanctions
2. Efforts by US Federal Reserve, ECB and others, to deal with inflation

These two factors are inter-related but separable. Inflationary pressures preceded the war but were exacerbated by it. The effects are simultaneously playing out in the international arena. While may have taken us by surprise, they require deep and dispassionate analysis and actionable initiatives. They affect both the short term and the medium-term prospects of the global economy.





Source: IMF, World Economic Outlook, April 2022

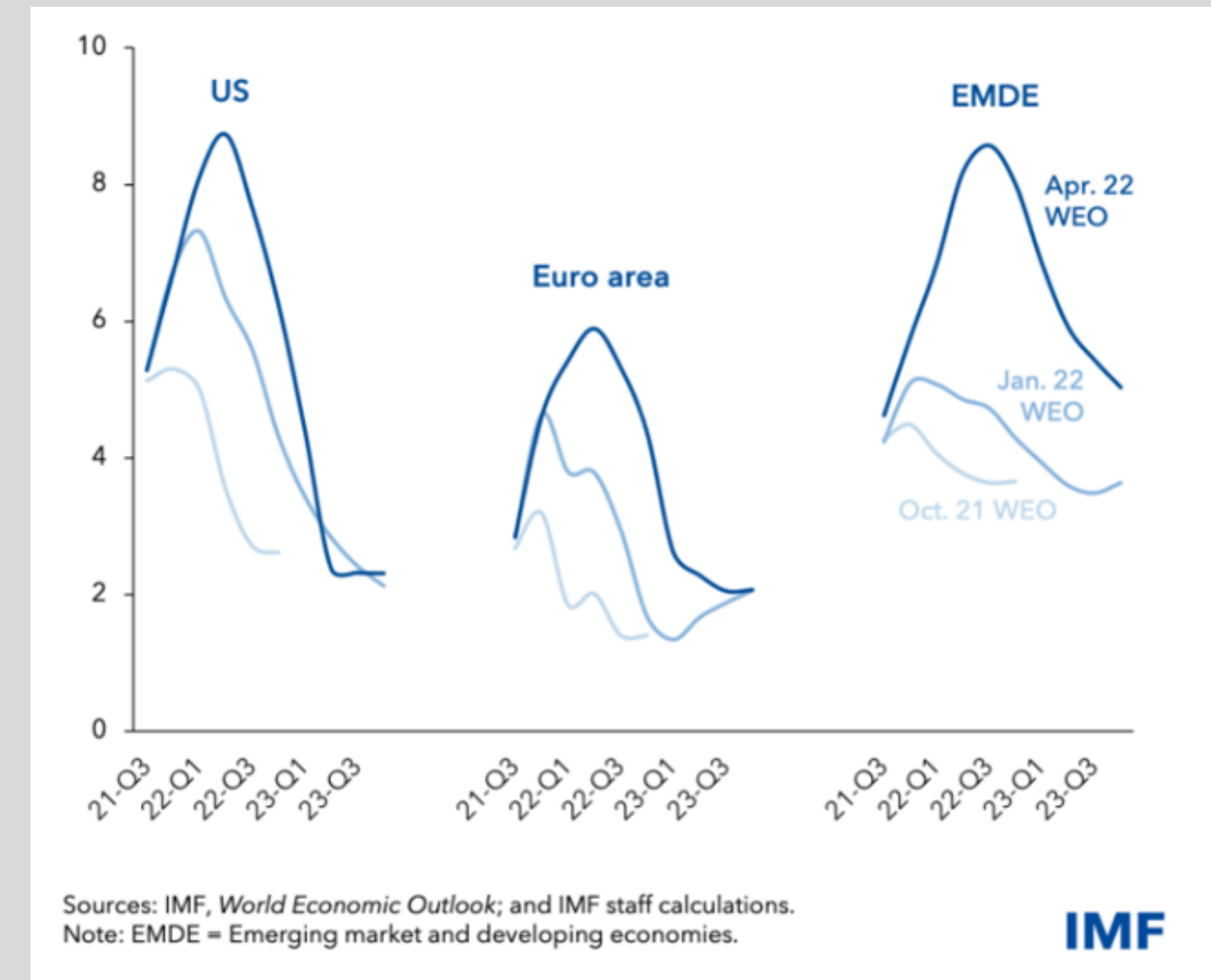
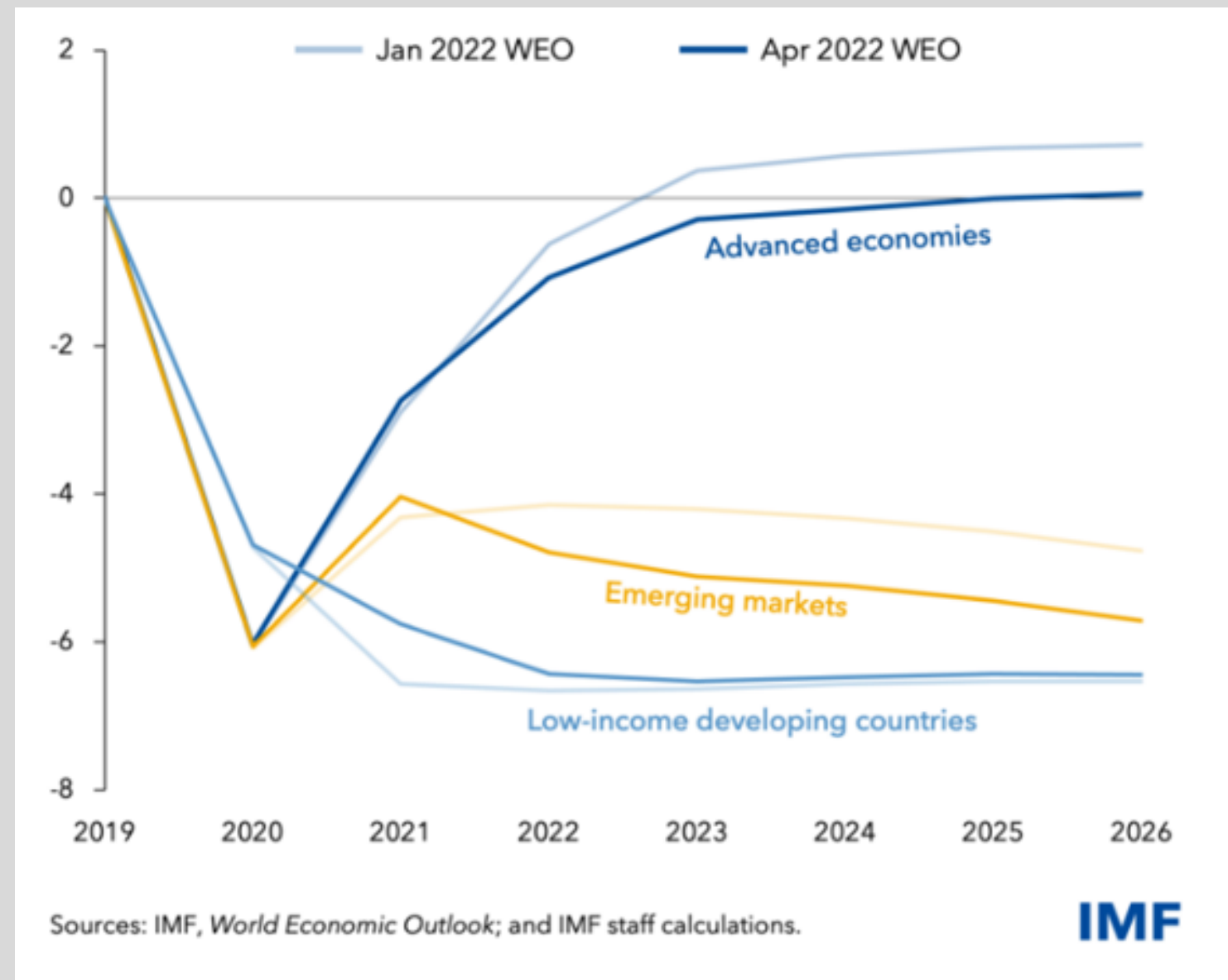
IMF ESTIMATES LOWER GROWTH THAN PROJECTED IN JANUARY LARGELY DUE TO THE WAR IN UKRAINE



Source: IMF, World Economic Outlook, April 2022

WORLD ECONOMIC OUTLOOK PROJECTS LOWER GROWTH

DEVIATION FROM THE JANUARY 2020 WEO ESTIMATE



HIGH INFLATION EXPECTED TO REMAIN

MANY QUESTIONS CAN BE RAISED, BUT IN THIS DISCUSSION, THE PANEL MAY WISH TO FOCUS ON THE FOLLOWING FIVE ISSUES. OF COURSE, THERE ARE OTHER RELATED CONCERNS THAT MAY BE RAISED IN THIS CONTEXT.

THE IMPACT OF THE SANCTIONS, INTERRUPTION OF ENERGY EXPORTS TO EUROPE AND THE CONSEQUENCES OF A LIKELY RUSSIAN DEBT DEFAULT PARTICULARLY ON THE EUROPEAN (AND CLOSELY LINKED) ECONOMIES.

The impact on the Global Commodities Markets - especially energy, and food - of the war and the post-covid supply conditions, as well as the impact of the commodity price shocks.

In this regard, commodity exporters, economies dependent on remittances and manufacturing, or highly indebted countries will have different but difficult obstacles to overcome.

01



The impact on Investment, Growth, Inequality - reducing policies and External Support of NATO and other advanced countries, due to increased defense spending in response to the Ukraine conflict.

02



The effect of the current and expected tightening monetary actions by monetary authorities - both by major advanced and other Central Banks, to tame inflation

03



The longer-term impact on Globalization -
what is the likelihood of major players to establish
alternative blocks, with a possible break in
international value chain

04



Question about the future role of the US dollar and other established currencies (among them EURO, Yuan, and Yen) in international transactions

05



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