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# A tug-of-war between politics and policy

November 2019

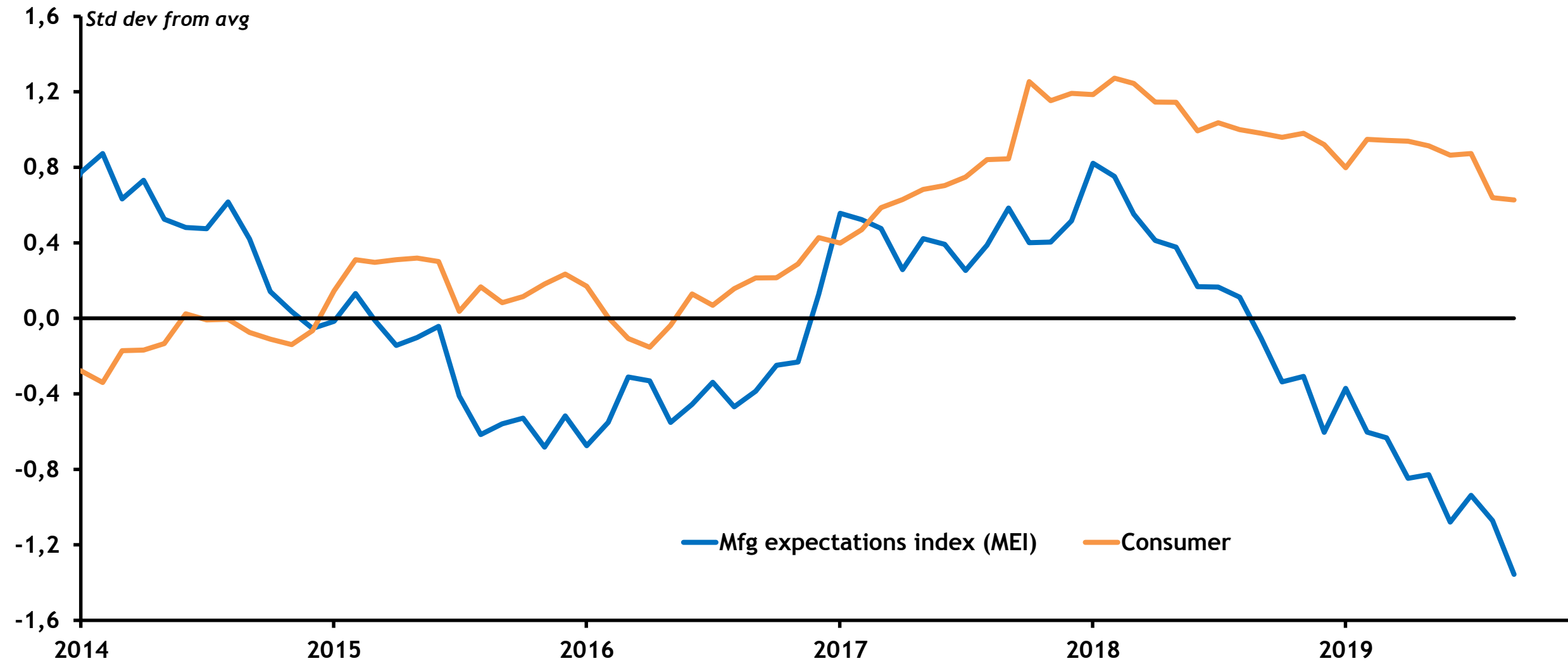


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# Drag on business confidence from political conflicts is a large, common drag on global growth

## Global confidence

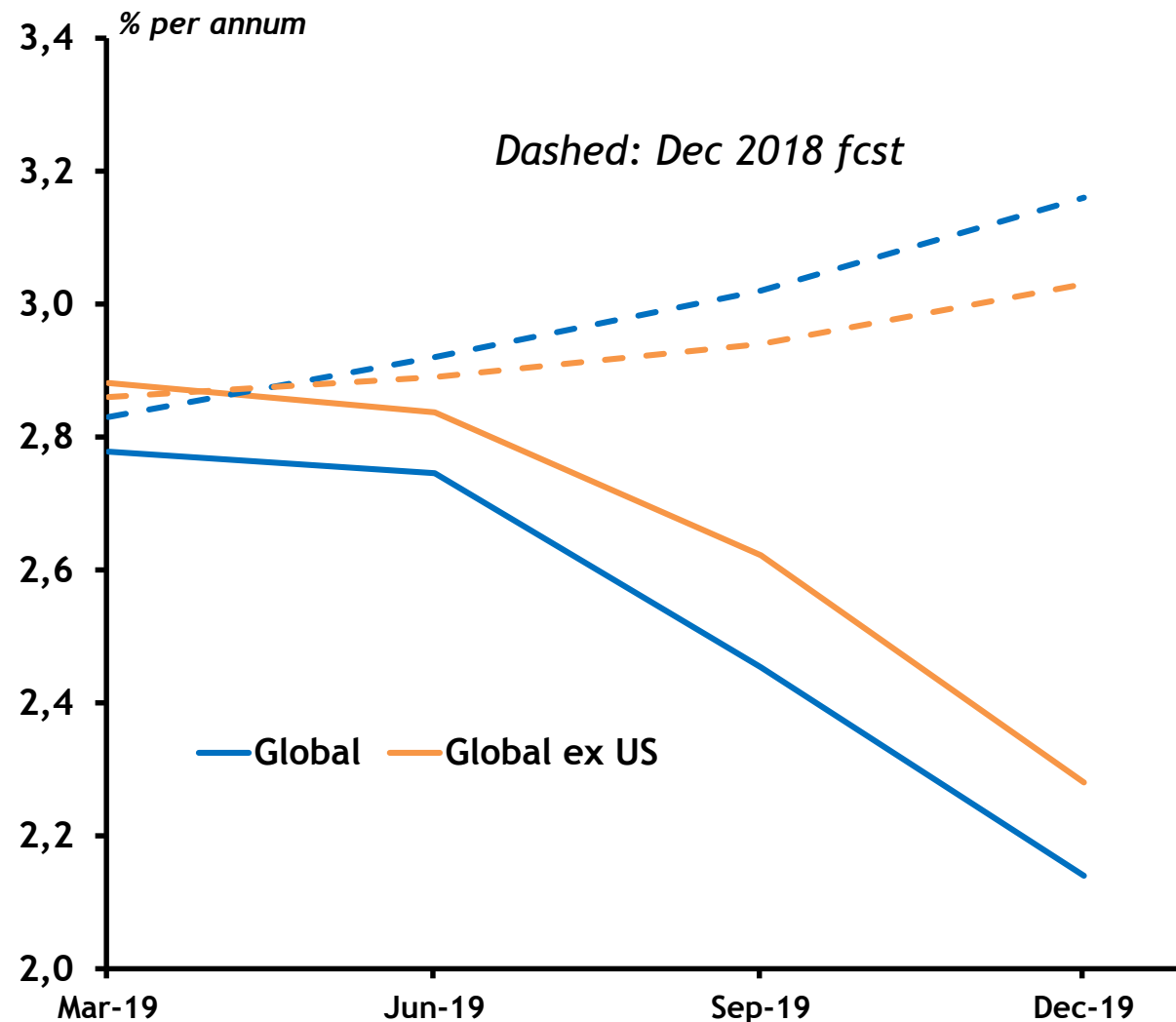


Source: J.P. Morgan

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# But policy stimuli across the board should cushion growth slowdown

## Global policy rate



Source: J.P. Morgan

## Global fiscal thrust

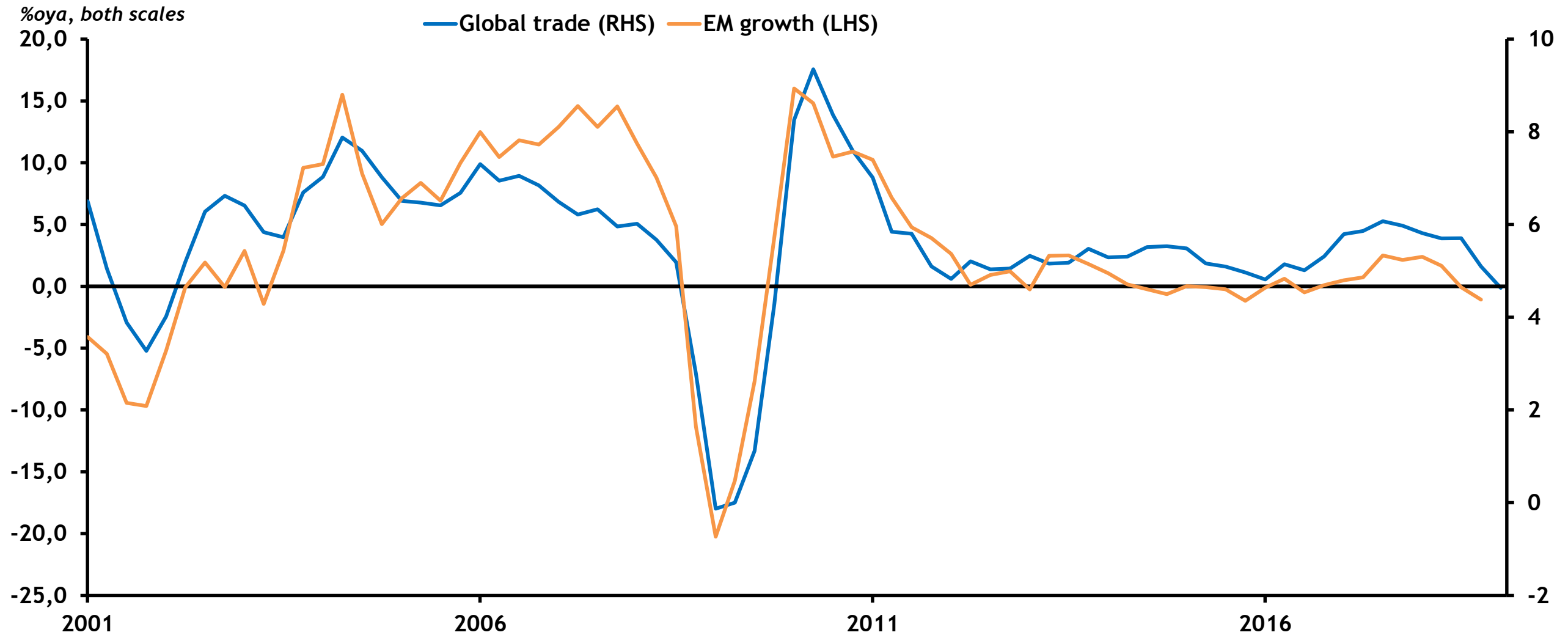
%-pt impact on real GDP growth (average, annualized)

	2011-13	2014-15	2016-17	2018	2019	2020
<b>Global</b>	-0.5	-0.3	0.1	-0.2	0.4	0.2
<b>Developed</b>	-0.9	-0.4	0.0	0.2	0.3	0.2
US	-1.3	-0.7	0.1	0.6	0.5	0.2
Euro area	-1.2	-0.2	0.0	-0.2	0.3	0.4
Japan	0.0	-0.6	0.1	-0.2	0.0	-0.4
UK	-0.5	-0.1	-0.5	-0.2	0.2	0.4
<b>Emerging</b>	0.4	0.0	0.4	-1.0	0.4	0.2
<b>EM Asia</b>	0.5	-0.1	0.6	-1.2	0.6	0.4
China	0.8	-0.3	0.9	-1.8	0.8	0.4
...ex China	0.1	0.2	0.0	-0.1	0.2	0.3
<b>Latam</b>	0.4	0.4	0.0	-0.3	-0.2	-0.5
<b>EMEA EM</b>	-0.2	-0.5	-0.2	-0.5	0.1	0.1

Note. Fiscal thrust defined as the change in the structural deficit as a % of potential GDP as projected in the Oct 2019 WEO report. For the major economies, these figures are adjusted judgmentally by J.P. Morgan economists. Source: J.P. Morgan and IMF

# De-globalization is the biggest threat to EM

## EM: GDP growth and global trade



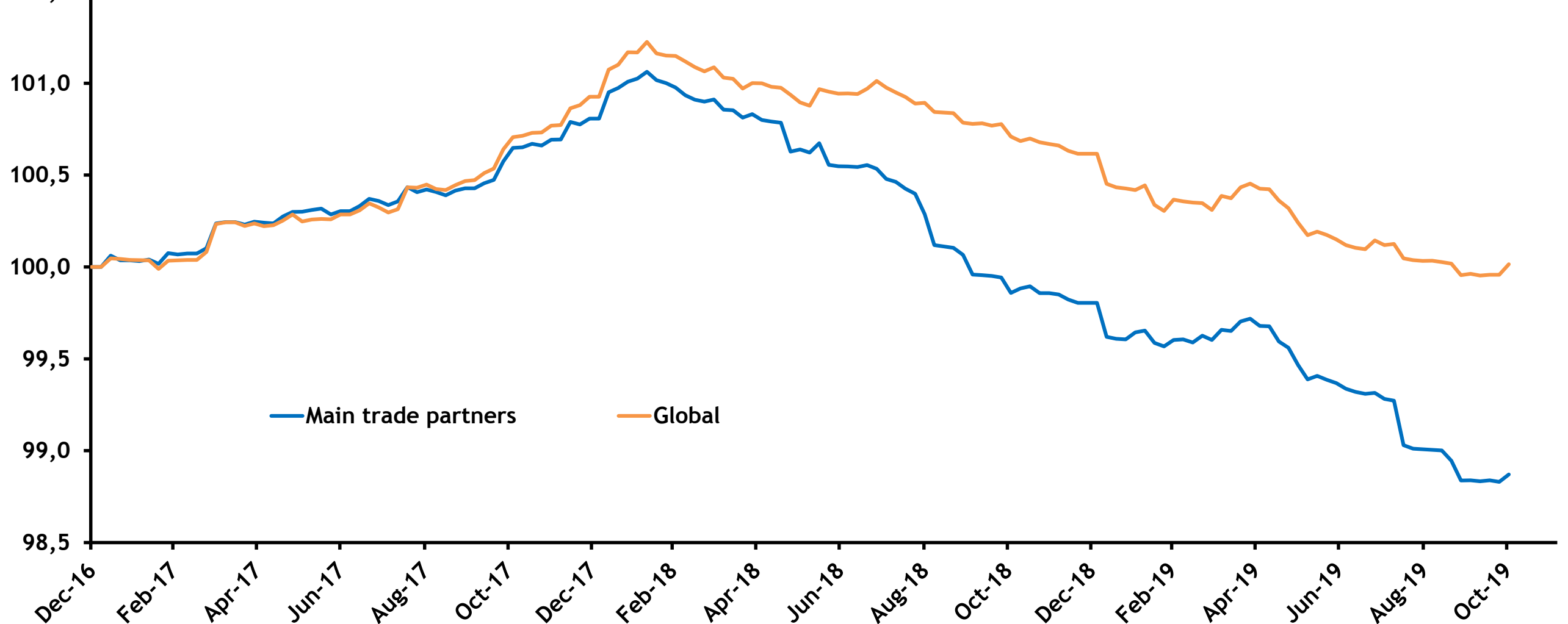
Source: National sources, CPB and J.P. Morgan

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# Brazil already slow recovery is not shielded from global dynamics

## Global and Brazil partners forecast revision indexes (FRIs)

Index, JPM EM Forecast Revision Index (FRIs), 100= Jan 2017, changes reflect %-point revision to 4-quarter rolling percent change forecast

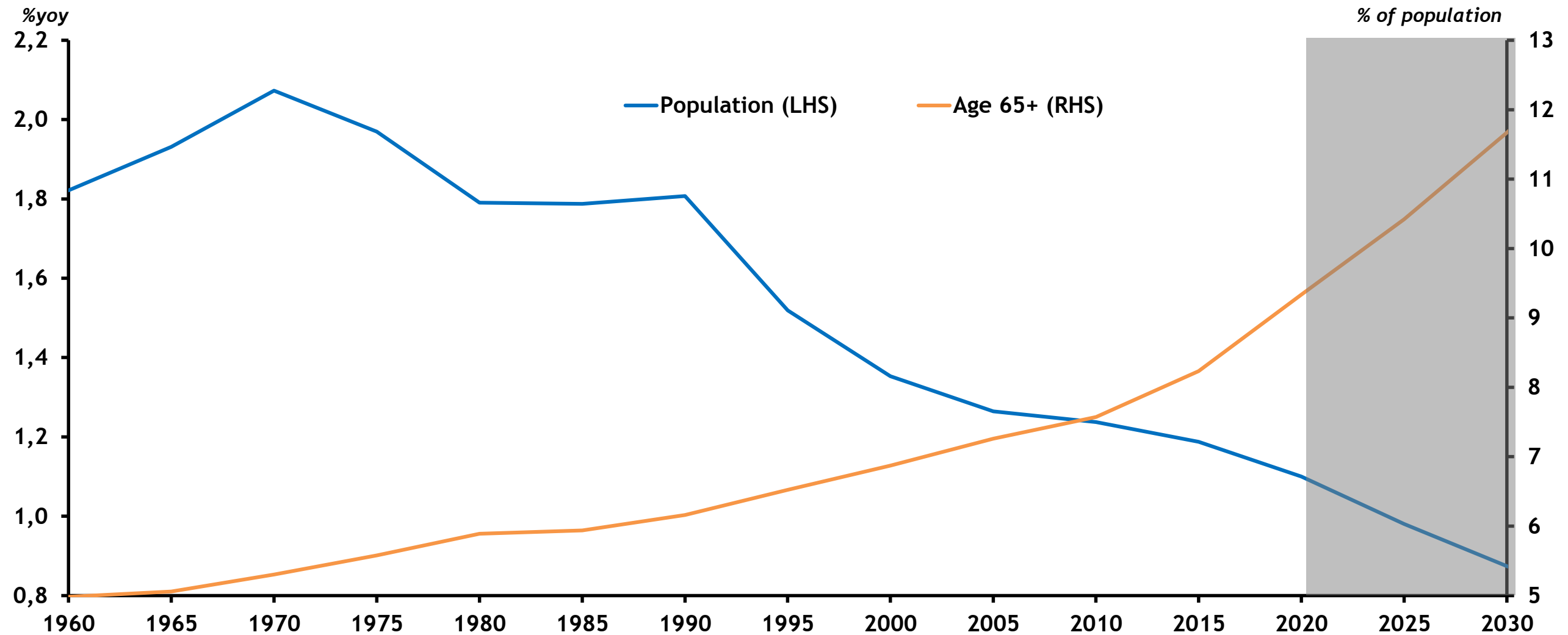


Source: J.P. Morgan

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# Long term prospects for growth are worrisome with population aging and globalization slowdown

## Global population and old age share



Source: J.P. Morgan and United Nations

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