

Accelerating on the green transition: the certainty in uncertain times

ABI, Rome - 22 February 2023

Tavolo tecnico per favorire la riqualificazione degli immobili

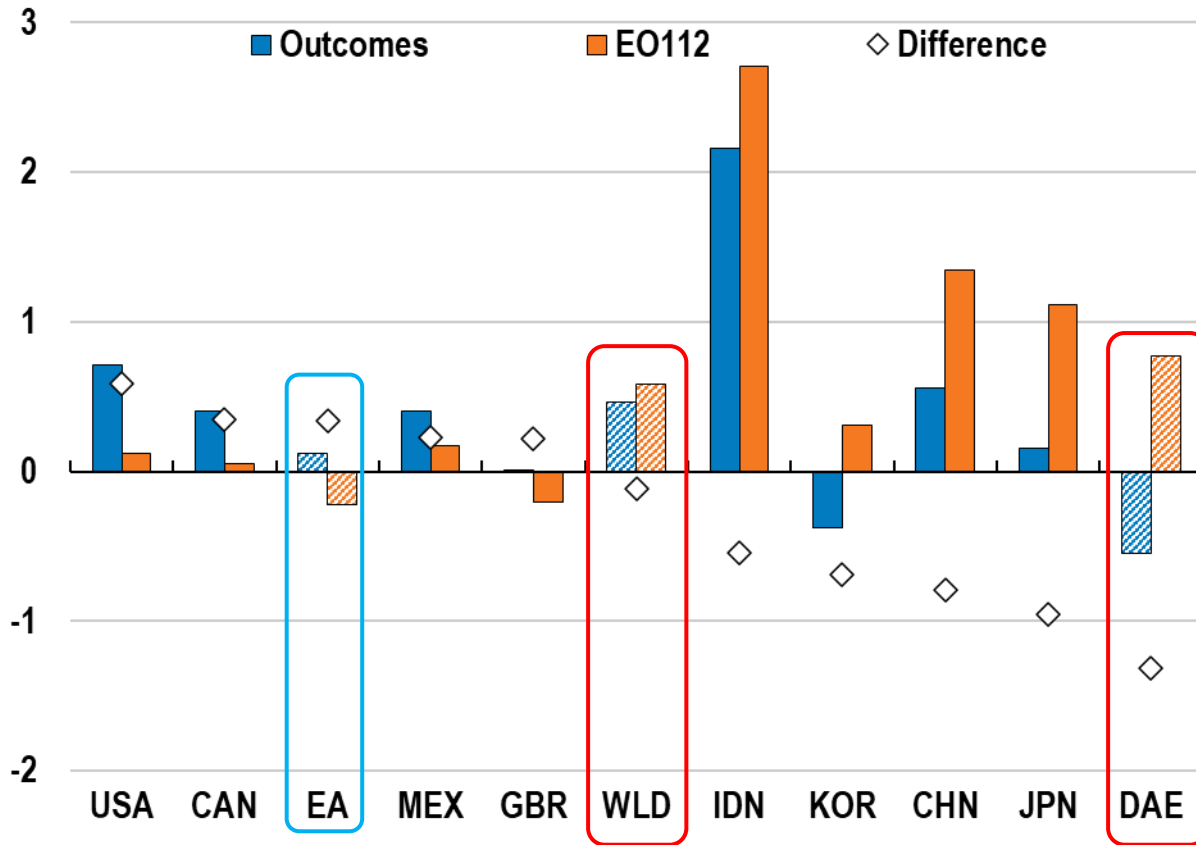
Simone Romano
Economic Advisor, Office of the Secretary-General, OECD



Global growth slowed and world trade declined in 2022Q4

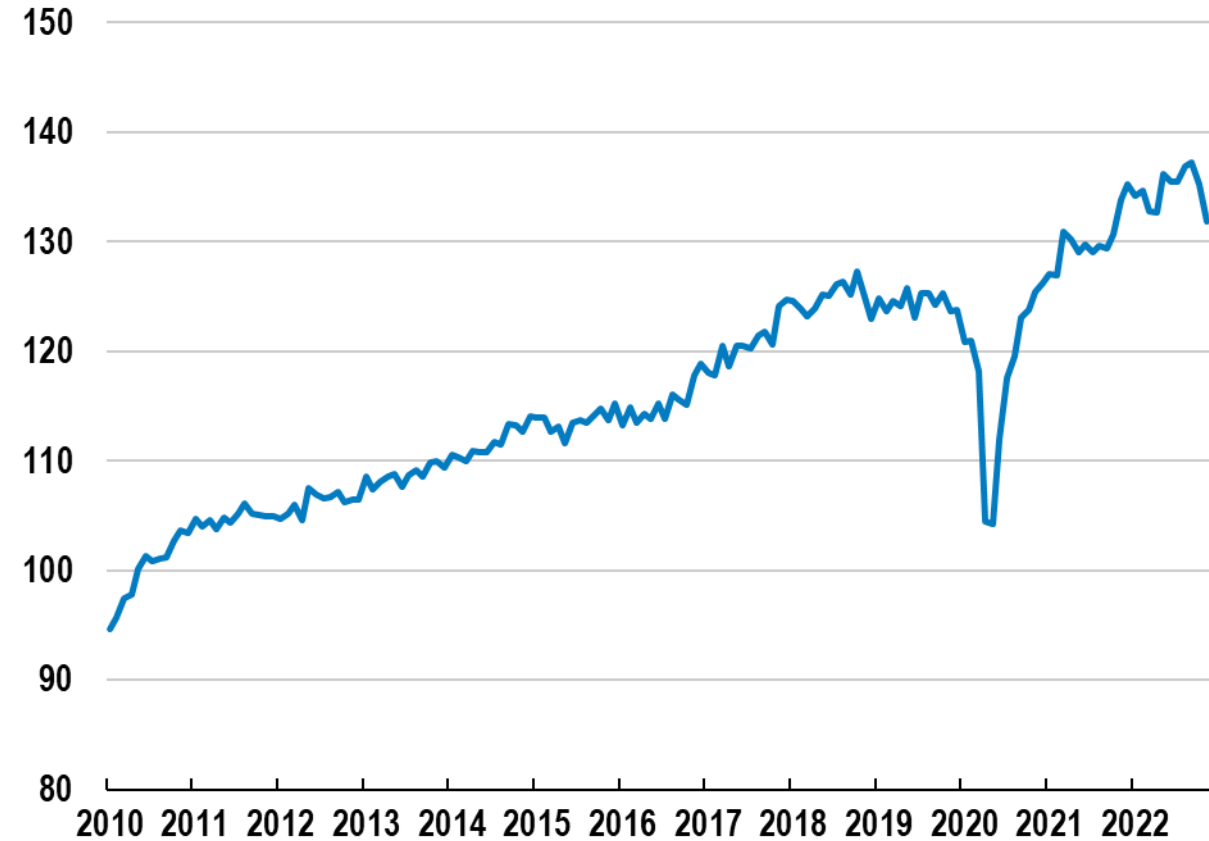
Real GDP growth

2022Q4, saqr % vs. November EO projections



CPB indicator of world merchandise trade

Index, 2015=100



Note: Outcome for DAE (Dynamic Asian Economies - South Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia) is an estimate based on the subset of countries for which Q4 data are available (all except Thailand). The outcome for World uses official data for countries for which Q4 is available and EO112 projections for all other countries.
 Source: OECD Economic Outlook database; OECD calculations.

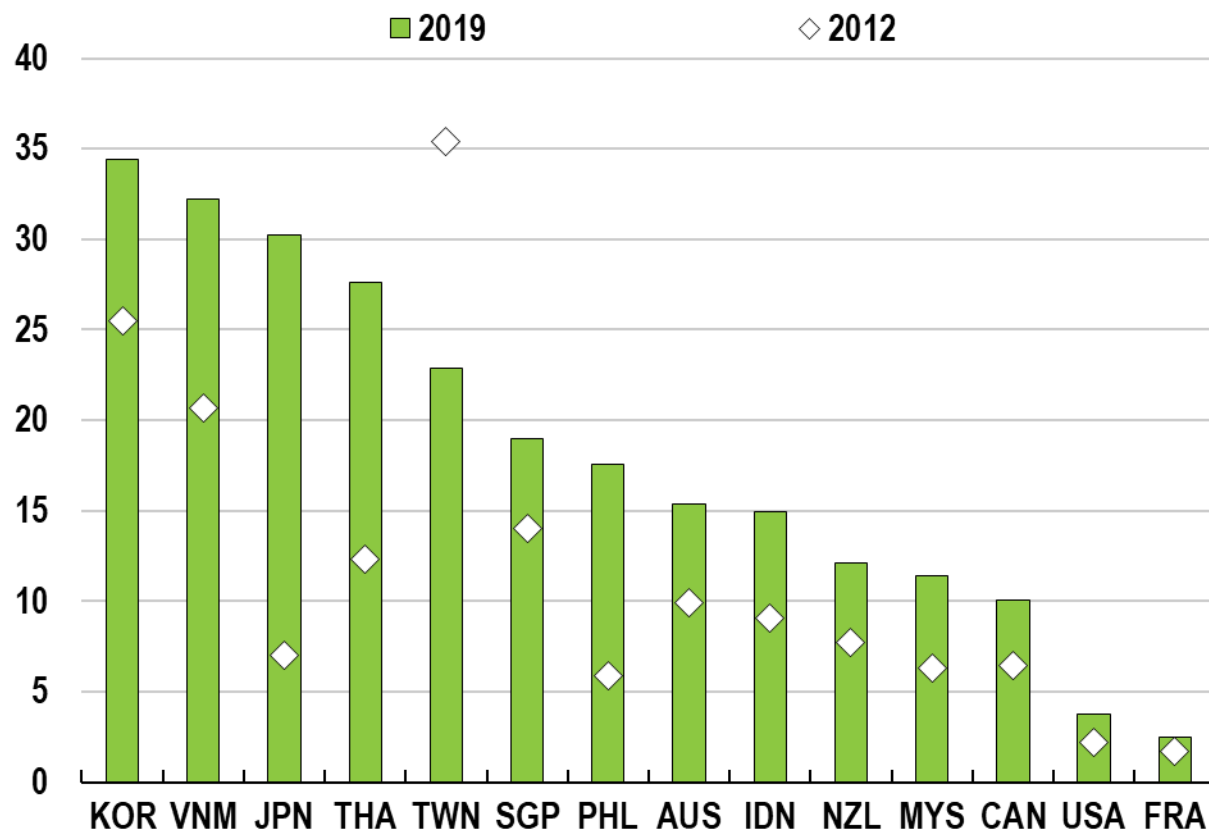
Source: CPB Netherlands Bureau for Economic Policy Analysis (CPB) World trade monitor.
 Note: The CPB World Trade Monitor (WTM) is an instrument for bringing together, aggregating, and summarizing worldwide monthly data on international trade and industrial production. In the WTM, 'trade' is trade in goods (also referred to as 'merchandise trade'). - CPB Netherlands Bureau for Economic Policy Analysis



China remains a potential source of volatility

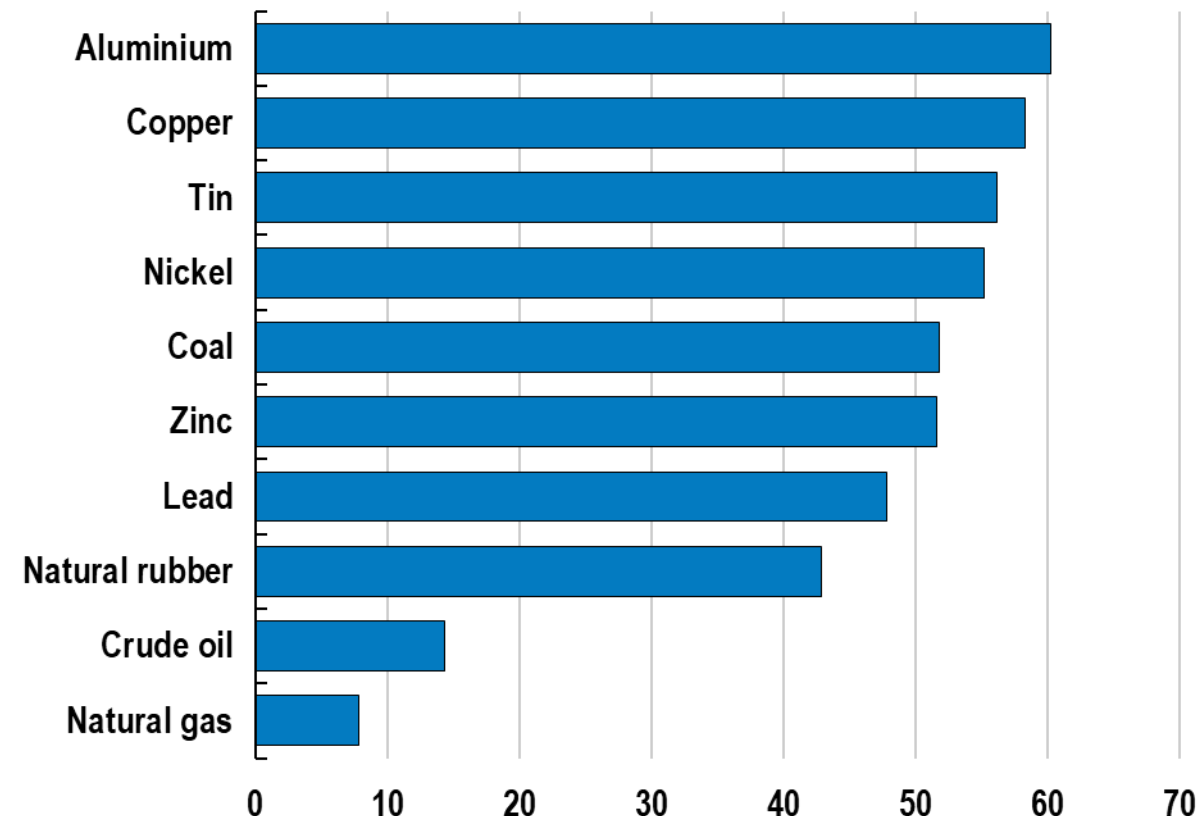
Chinese international tourism

% of total arrivals, international visitor arrivals from China



China's share in commodities demand

%, 2020 or latest



Note: data for Japan and Korea are for the first 11 months of 2019; data for Australia are for the year to June 2012 and June 2019; data for France, Malaysia, New Zealand, the Philippines, and the United States are for 2018; data for Indonesia are for 2017. TWN refers to Chinese Taipei.
Source: OECD Interim Outlook, March 2020.

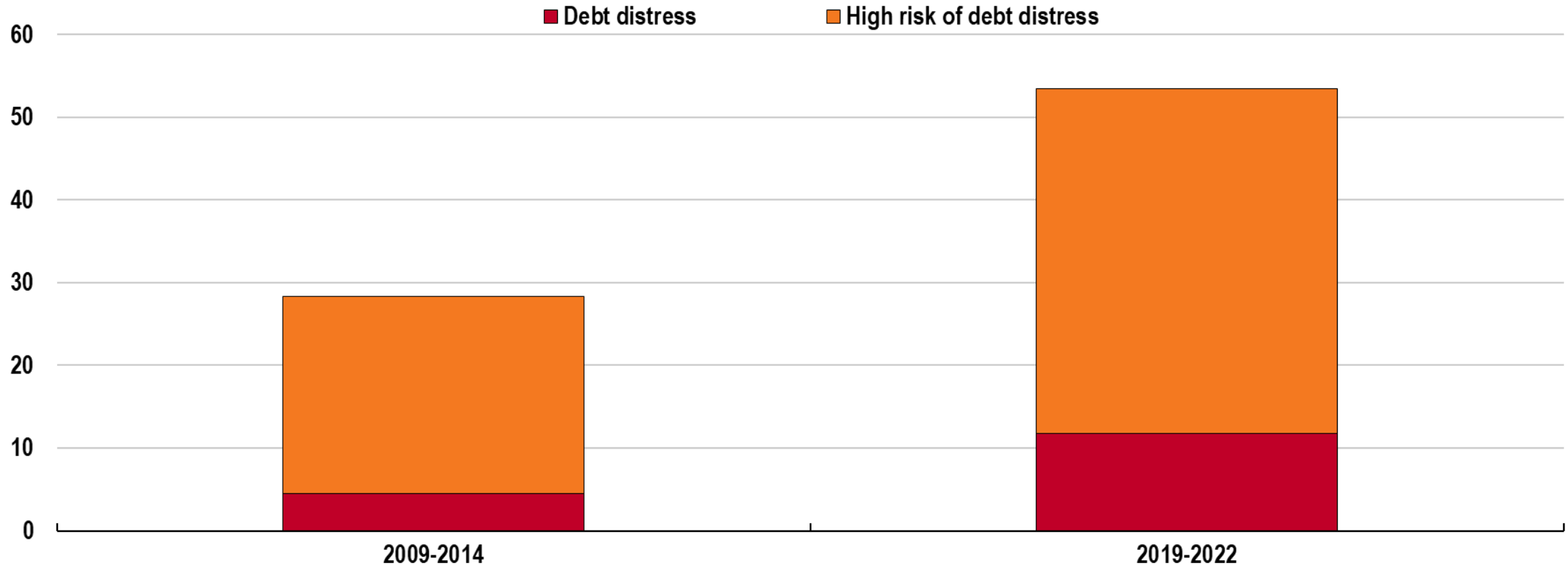
Source: World Bank Group (2020), Commodity Markets Outlook, 2020; and OECD calculations.



Many low-income countries are at high risk of debt distress

Debt distress in low-income countries

% of low-income countries, average over period



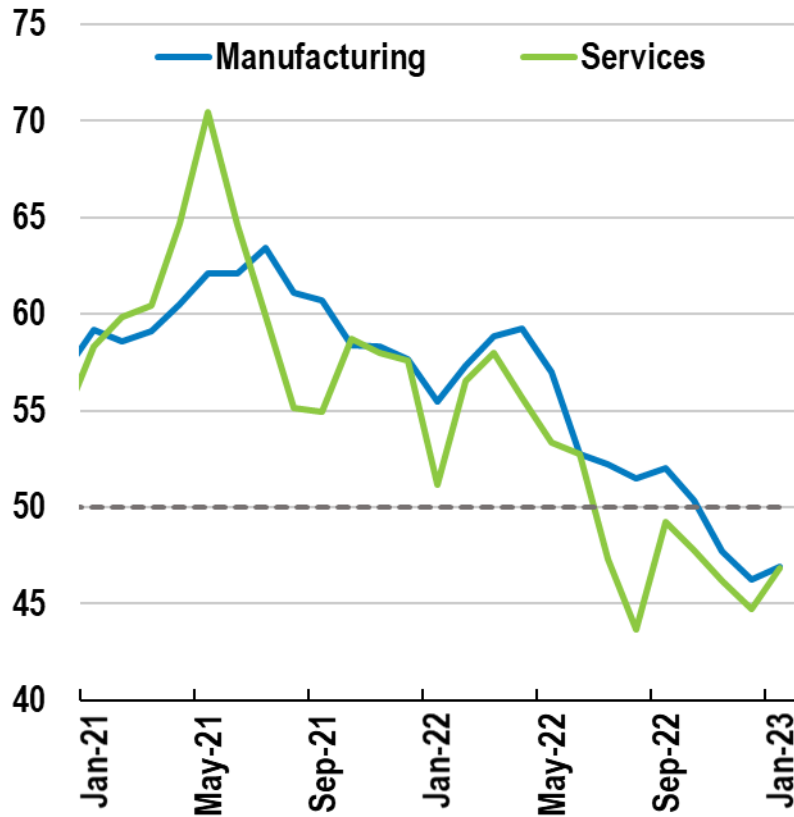
Note: Chart shows low-income countries at high risk of debt distress and in debt distress as a share of low-income countries that are part of World Bank's Debt Service Suspension Initiative (DSSI) and with debt sustainability analyses (DSAs) from the World Bank and IMF. As of March 31, 2022.
Source: LIC DSA database.



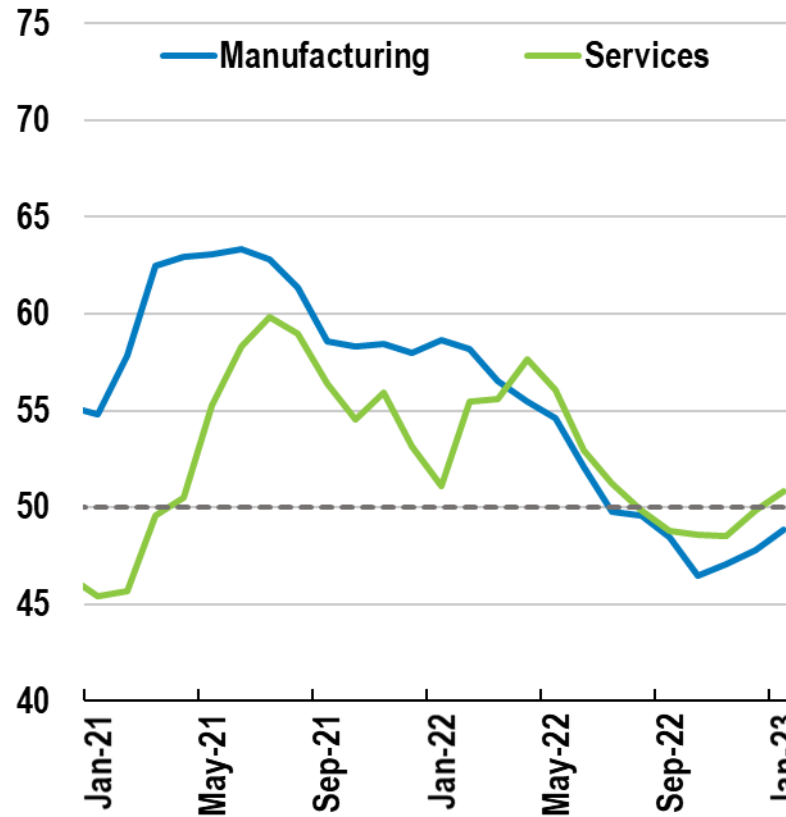
Confidence has slightly improved in recent months

PMI indices, values below 50 point to decreasing activity

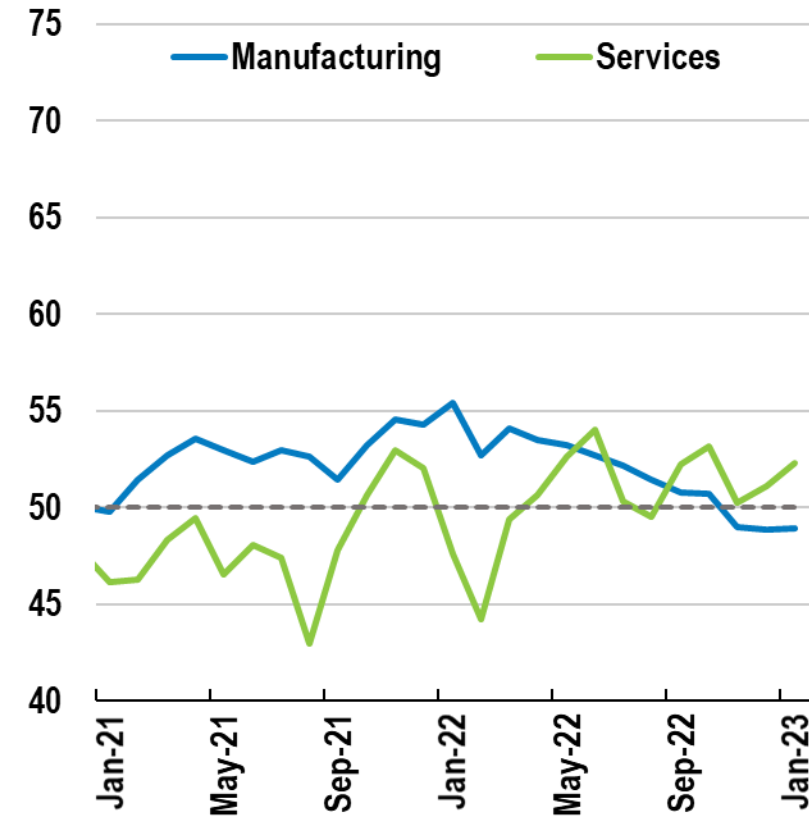
United States



Euro Area



Japan



Note: Chart shows Purchasing Managers' Index (PMI), a survey-based economic indicator providing timely insight into business conditions. Values below 50 point to decreasing activity, while values above 50 point to increasing activity.
Source: OECD Main Economic Indicators database; and OECD calculations.



Energy prices have come down significantly

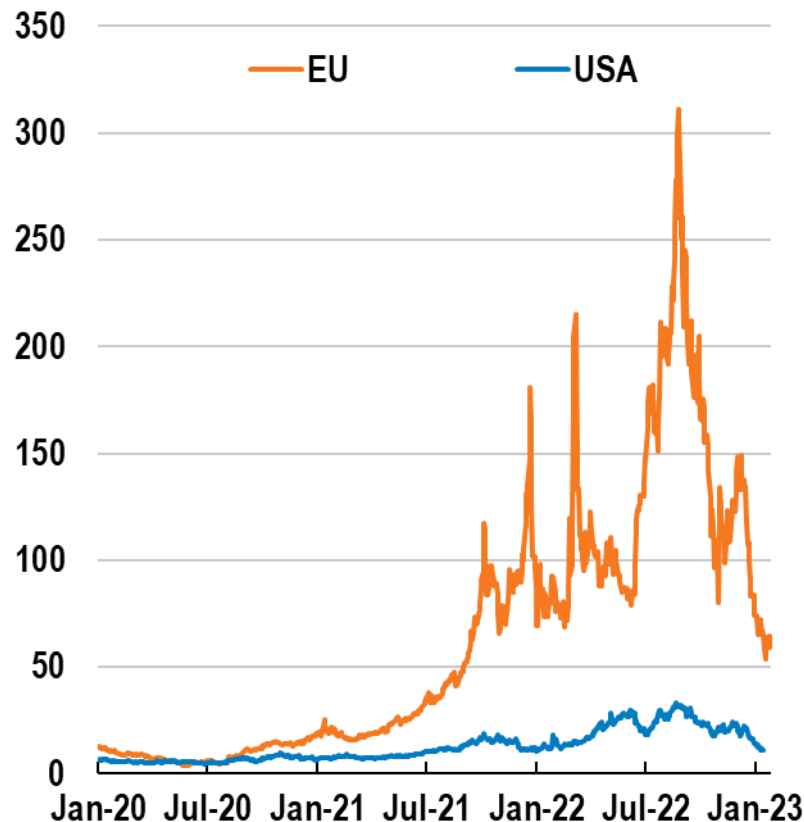
Oil

Brent, USD/barrel



Gas

EUR/MWh



Coal

Newcastle (FOB), USD/Mt



Note: Latest data 30 January 2022.
Source: Refinitiv.

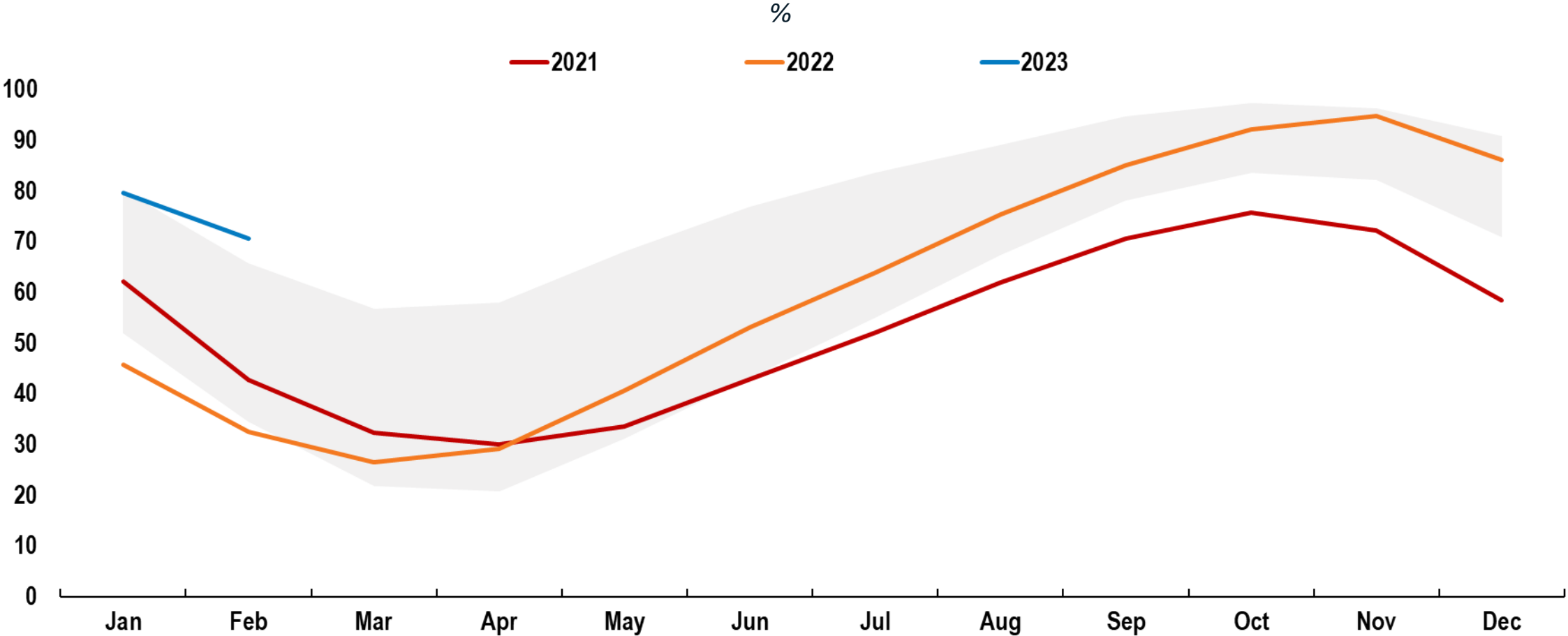
Note: Refers to TTF Neutral Gas Price for Europe and Henry Hub for the United States. Latest data 24 January 2022.
Source: Refinitiv; and OECD calculations.

Note: 6000 kcal/kg coal. Newcastle refers to Newcastle, Australia. Latest data 13 February 2022.
Source: Refinitiv; and OECD calculations.



In Europe, gas storage levels are high

EU gas storage levels



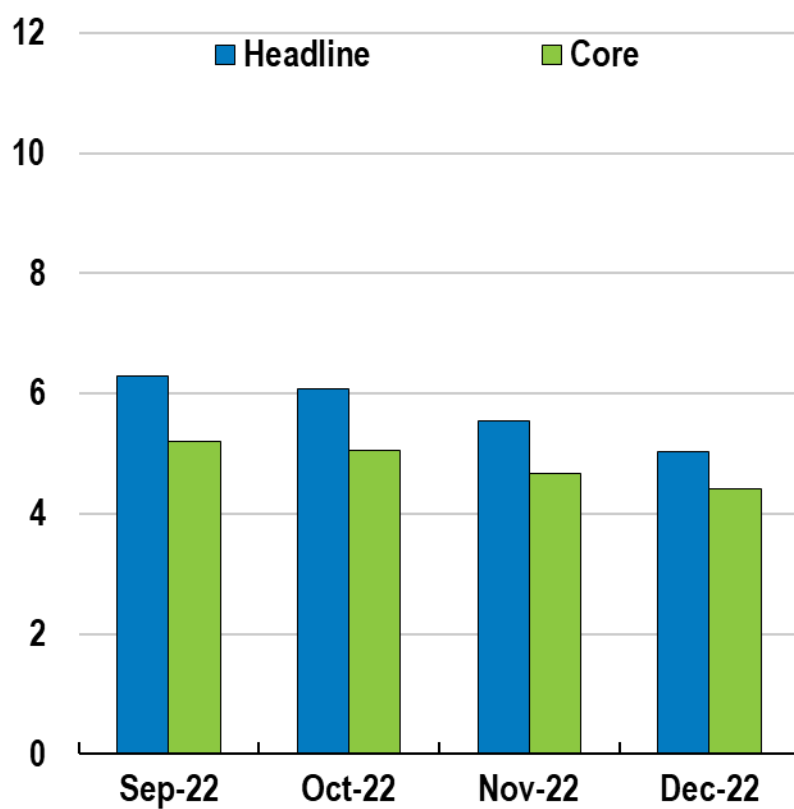
Note: Shaded area refer to minimum and maximum ranges of the period 2015-2020.
Source: AGSI+.



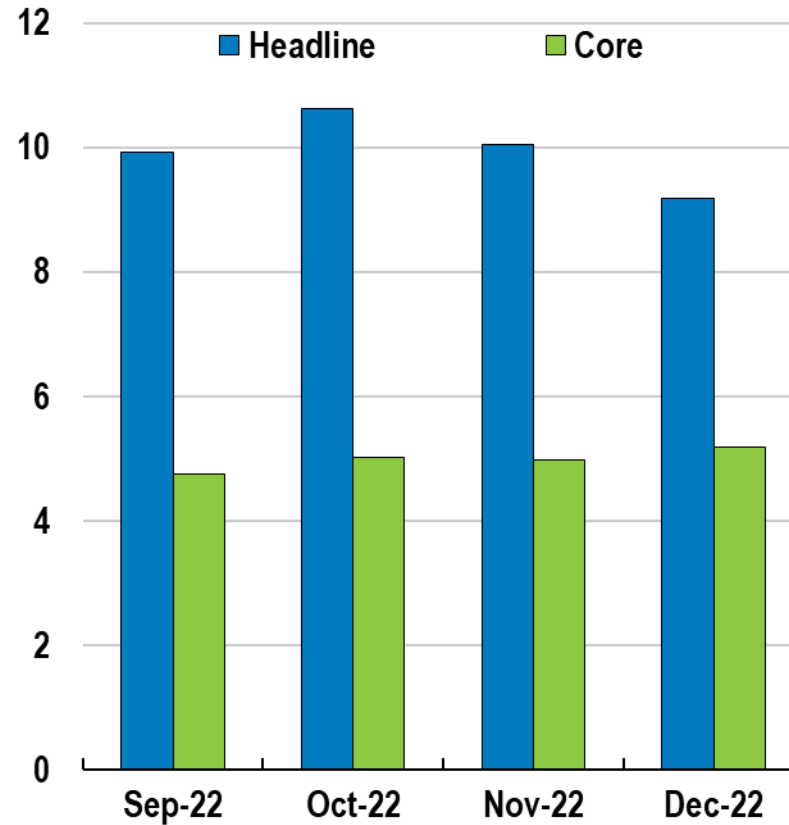
Energy prices are contributing to some easing of inflation

y-o-y %, headline vs. core inflation

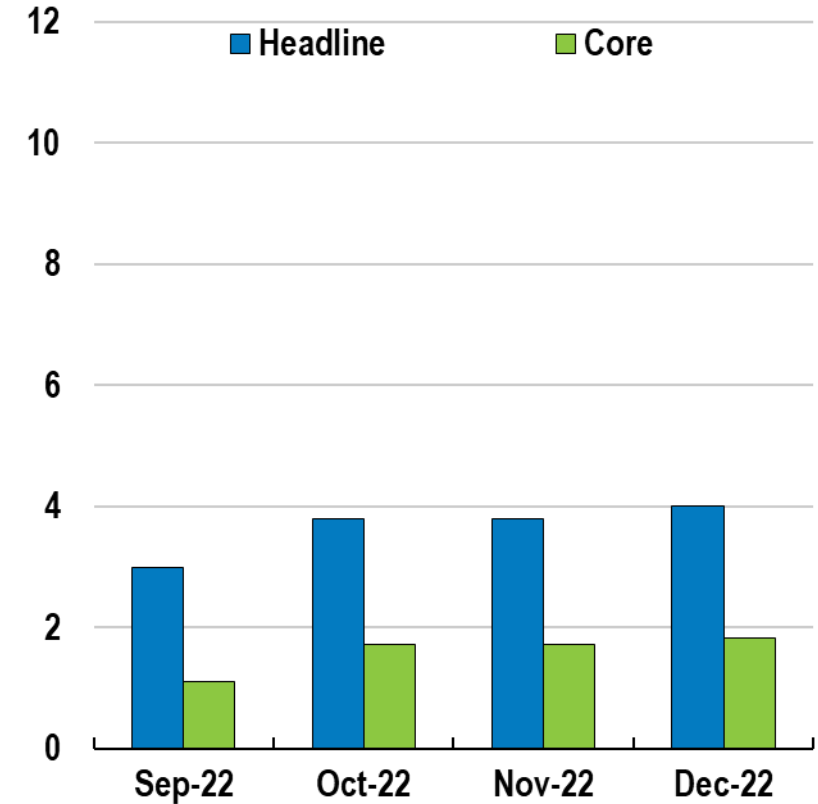
United States



Euro Area



Japan



Source: OECD Economic Outlook database.

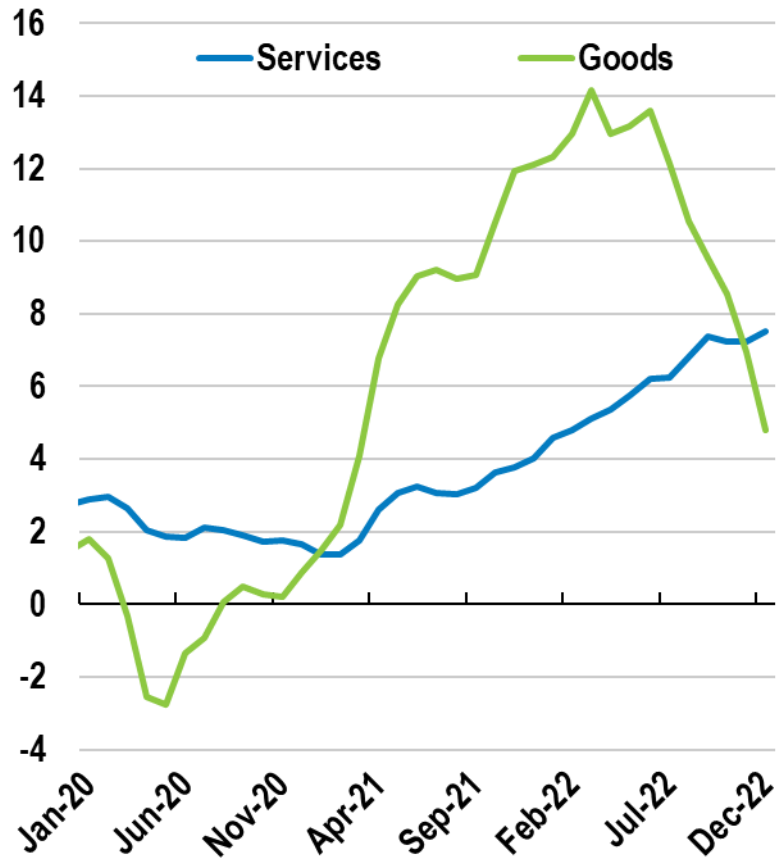


Core inflation is being held up by services prices

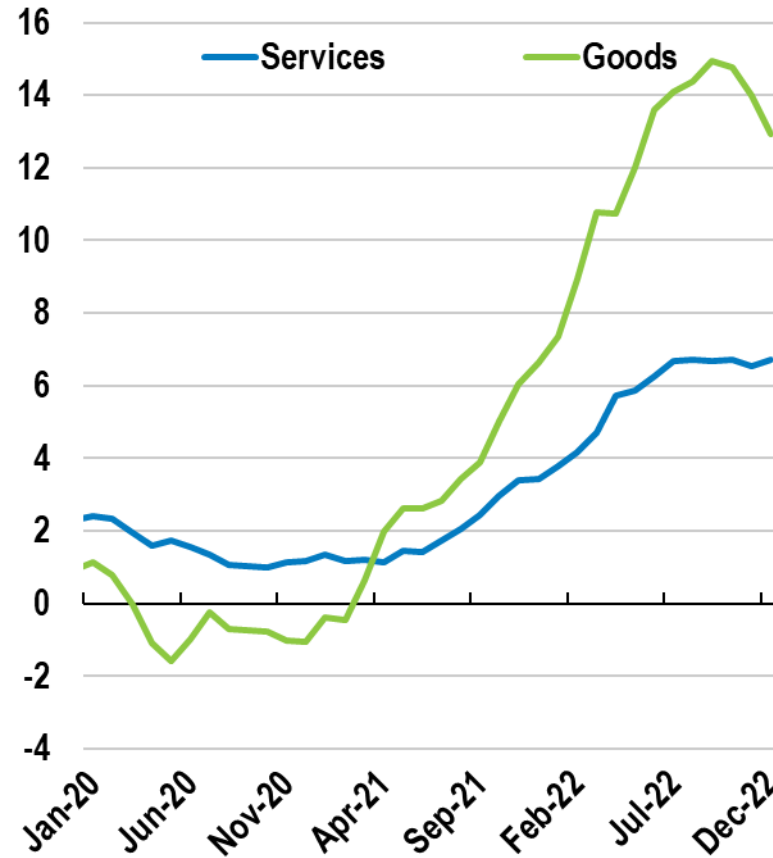
Goods vs. services inflation

%, monthly y-o-y change

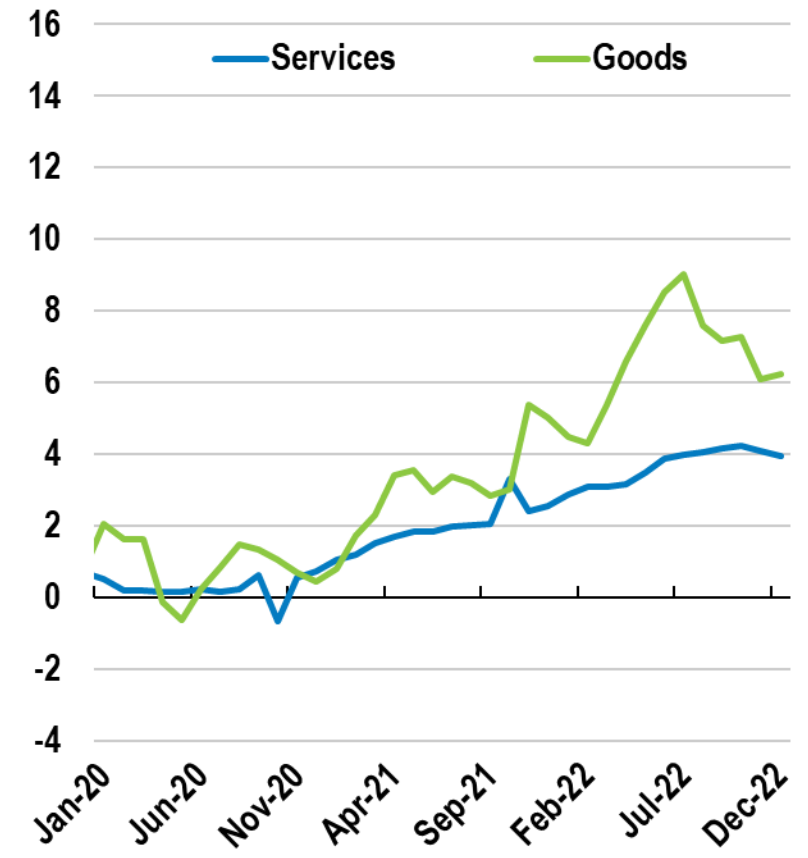
United States



Euro Area



Korea

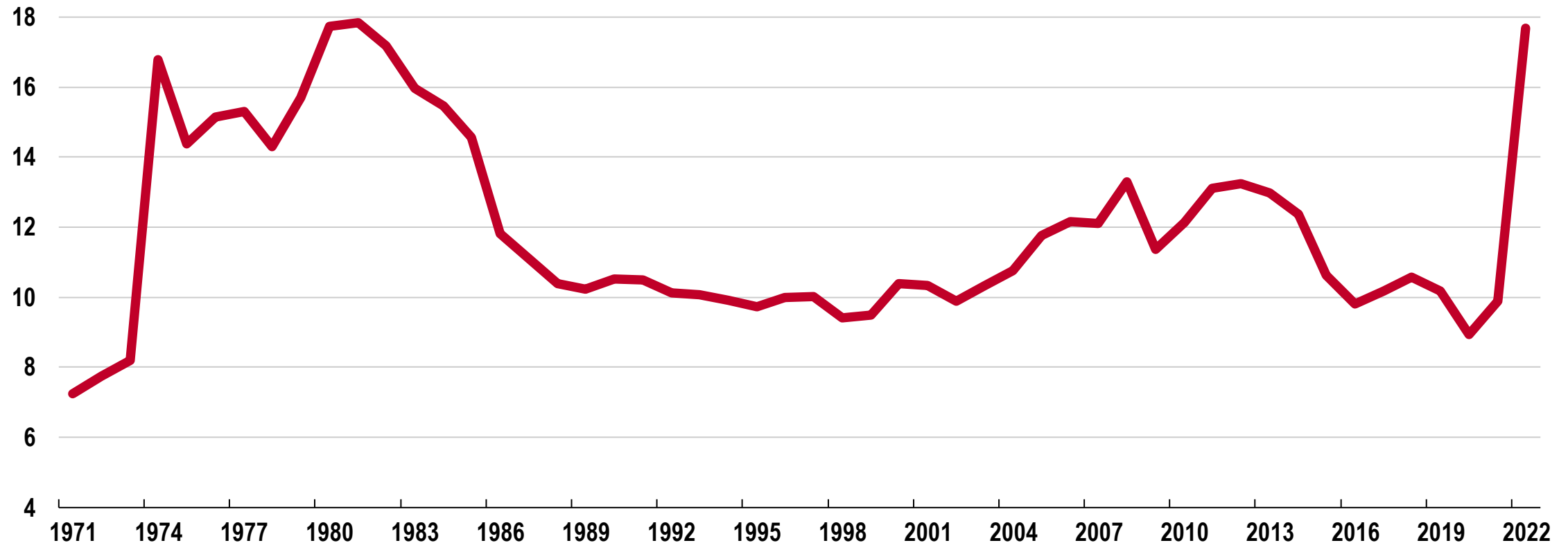


Note: based on data availability, EA average for services includes: AUT, BEL, ESP, EST, FIN, FRA, GRC, IRL, ITA, LTU, LUX, LVA, NLD, PRT, SVK and SVN; for goods inflation it includes: AUT, ESP, FIN, FRA, GRC, IRL, ITA, LTU, LUX, LVA, NLD, PRT, SVK and SVN.
Source: OECD CPI database.



The war has triggered a large energy price shock

Estimated share of OECD GDP spent on energy end-use
% of GDP



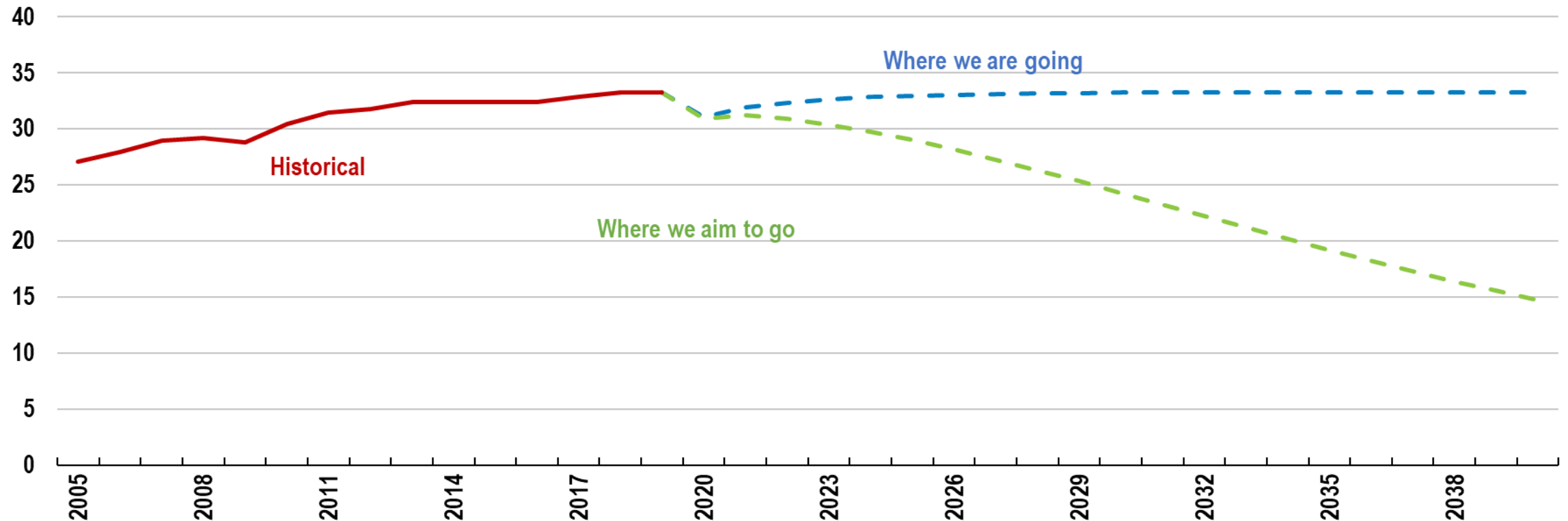
Note: Chart shows estimated energy end-use expenditures on coal, oil, natural gas, electricity. Estimates of the level of energy expenditure, computed as end-use prices in local currency multiplied by volumes consumed, are produced at the country level for 29 OECD countries. GDP shares are then aggregated using moving GDP weights in PPP to get the OECD estimate. End-use prices include taxes. Prices are extended to 2022 using the growth rate of reference prices converted in local currency (average of observed 2022 data compared to 2021): Brent for oil, ICE Newcastle futures for coal, and wholesale prices for electricity and natural gas (available for 25 and 27 OECD countries, respectively). For 2022, the volumes consumed correspond to the average of 2019 and 2021. Source: IEA; OECD Economic Outlook 112 database; Refinitiv; US Energy Information Administration; Japanese Power; German Federal Network Agency (SMARD); Korea Electric Power Statistics Information System; Canada Independent Electricity System Operator; and OECD calculations.



Meeting net-zero targets will be a key challenge

Global CO₂ emissions with current climate policies vs. Net-zero emissions

Global CO₂ emissions, gigatonnes



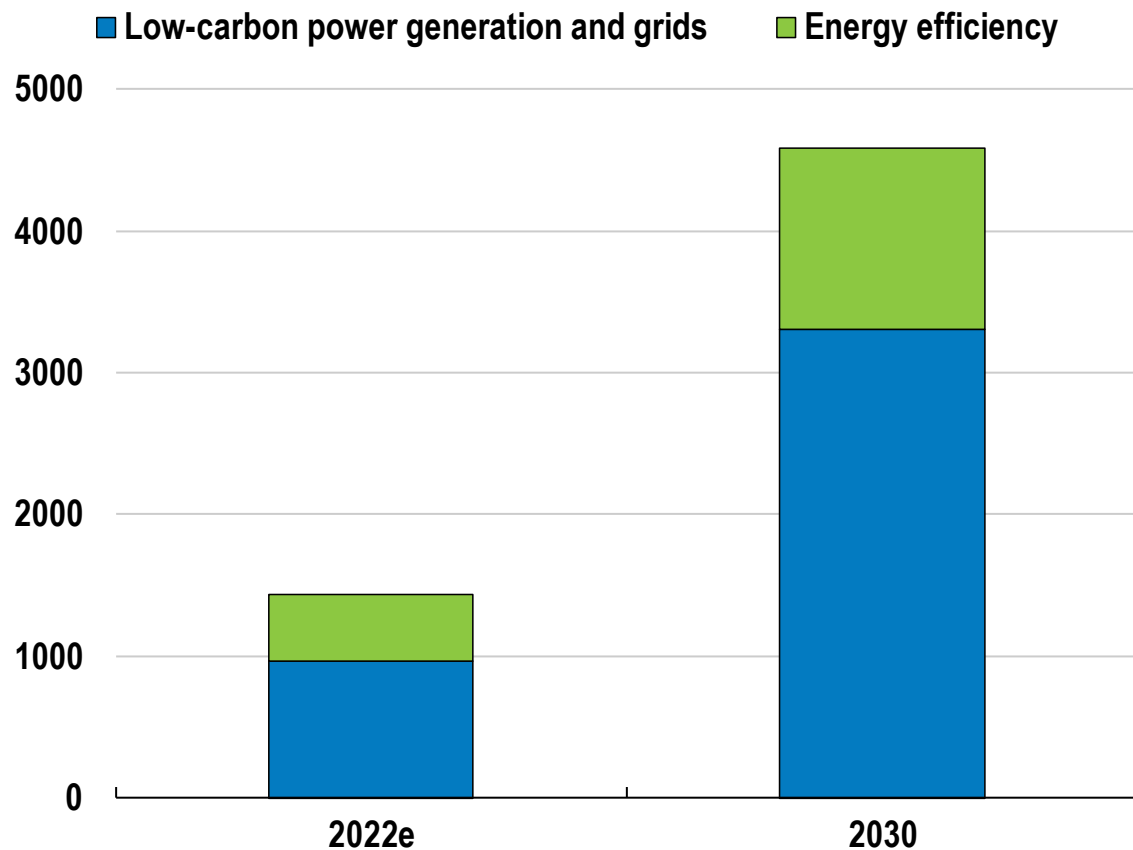
Note: Emissions shown in the graph do not include those related to industrial process, they are limited to those related to the total primary energy demand.
Source: International Energy Agency (2020), World Energy Outlook 2020, IEA, Paris; OECD Economic Outlook Database.



The energy transition will require significant investment

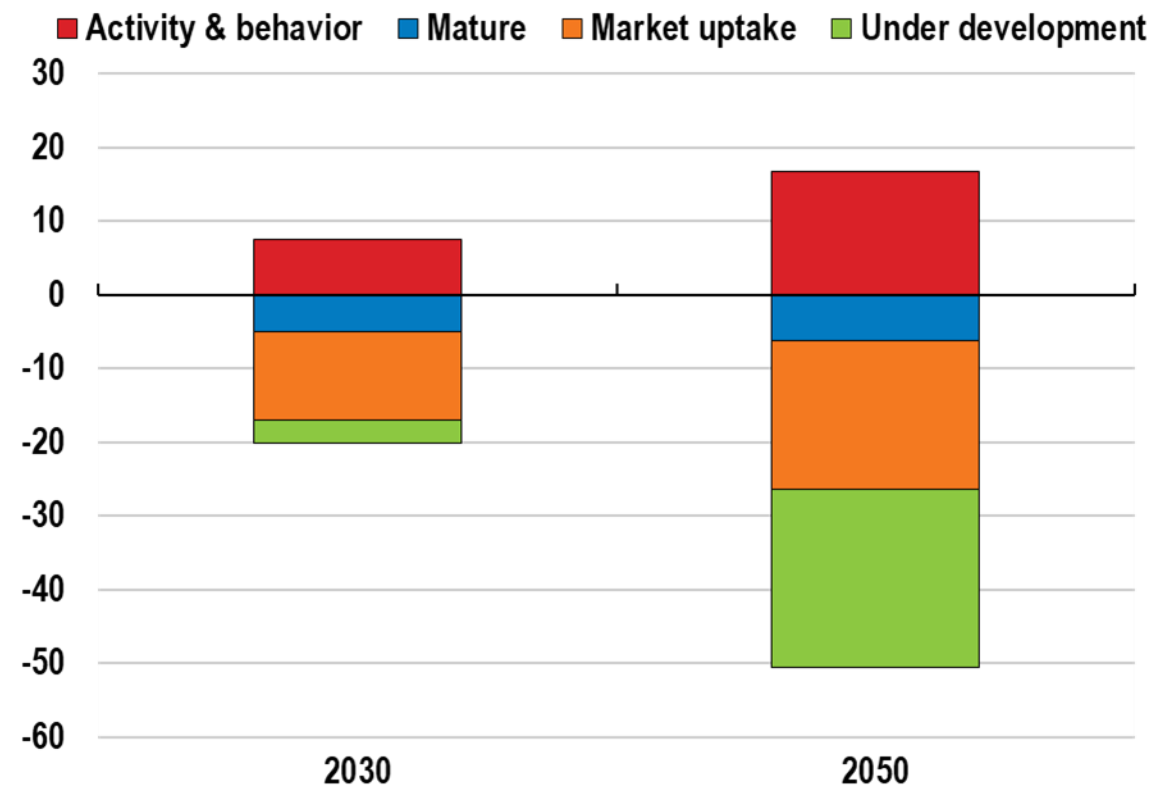
Global annual green energy investment

USD billions, 2021



Reaching net zero emissions by 2050 relies heavily on technologies under development

Gt CO₂



Note: The figures projected for 2030 are based on the Net Zero Scenario (NZE). NZE summarises the spending required to get the global energy sector to net zero by mid-century. The category low-carbon power generation and grids includes electric vehicles, battery storage and low carbon power (hydro, nuclear, wind, solar, geothermal and tidal power), low-carbon fuels and CCUS. Energy efficiency also includes other end uses. 2022e figures are estimations. Source: IEA; and OECD calculations.

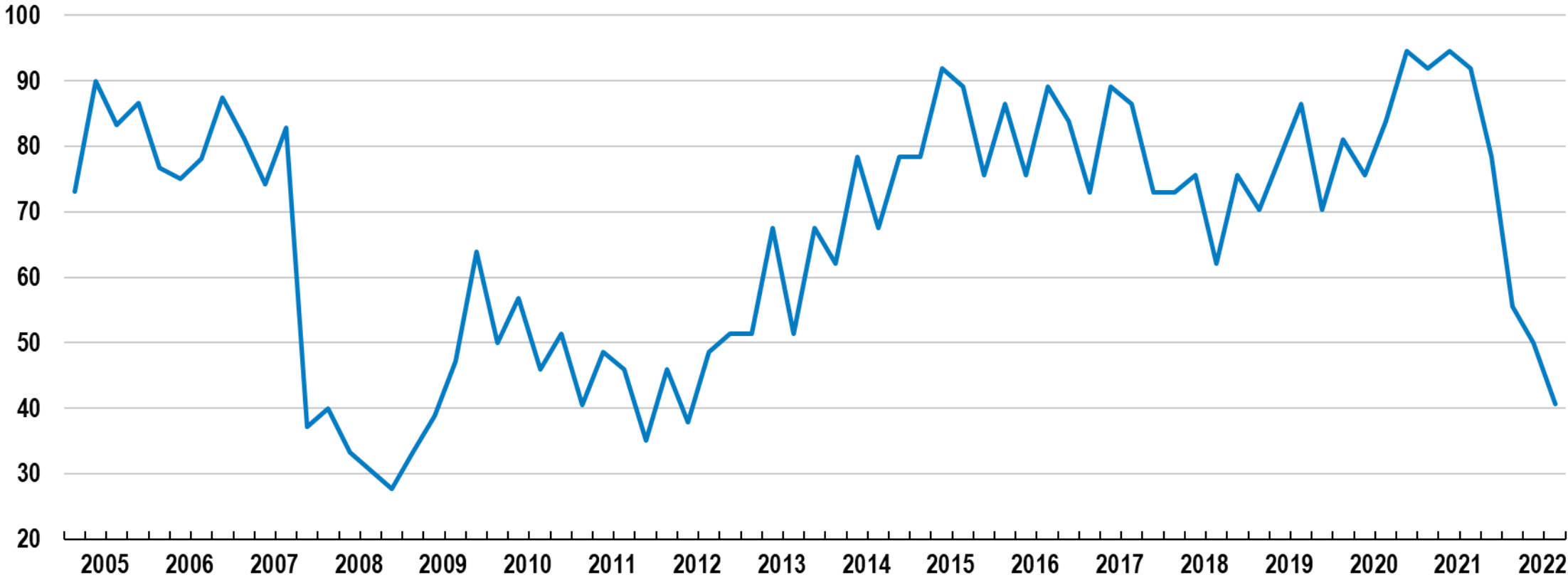
Note: Global CO₂ emissions changes by technology maturity category in the NZE by 2050. "Mature" refers to available clean energy technologies that have reached market stability, while "market uptake" stands for technologies either where the solution is commercially available but need evolutionary improvement to stay competitive or need further market integration efforts at scale. "Under development" include technologies at prototype or demonstration phase. Source: IEA (2021), "Net Zero by 2050" and OECD calculations.



Monetary policy is having an impact on housing markets, but the full impact remains uncertain

Proportion of OECD countries with rising real house prices

Based on quarter-on-quarter changes



Note: House price deflated by the private consumption deflator.
Source: OECD Analytical House Price database.



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Real GDP growth projections

G20 economies, %

▲ upward revision, by 0.3pp or more

■ no change or smaller than 0.3pp

▼ downward revision, by 0.3pp or more

		2022		2023	2024		2022		2023	2024	
World	■	3.1	▼	2.2	2.7	G20	■	3.0	▼	2.2	2.7
Australia	■	4.0	▼	1.9	1.6	Argentina	▲	4.4	▼	0.5	1.8
Canada	▼	3.2	▼	1.0	1.3	Brazil	▲	2.8	■	1.2	1.4
Euro area	▲	3.3	▼	0.5	1.4	China	▼	3.3	▼	4.6	4.1
Germany	■	1.8	▼	-0.3	1.5	India	▼	6.6	▼	5.7	6.9
France	■	2.6	▼	0.6	1.2	Indonesia	▲	5.3	■	4.7	5.1
Italy	▲	3.7	▼	0.2	1.0	Mexico	▲	2.5	▼	1.6	2.1
Spain	▲	4.7	▼	1.3	1.7	Russia	▲	-3.9	▼	-5.6	-0.2
Japan	■	1.6	■	1.8	0.9	Saudi Arabia	▲	9.8	▼	5.0	3.5
Korea	■	2.7	▼	1.8	1.9	South Africa	■	1.7	■	1.1	1.6
United Kingdom	▲	4.4	▼	-0.4	0.2	Türkiye	▲	5.3	■	3.0	3.4
United States	▼	1.8	▼	0.5	1.0						

Note: Revisions relative to the June 2022 Economic Outlook. India projections are based on fiscal years, starting in April. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right. Spain is a permanent invitee to the G20. World and G20 aggregates use moving nominal GDP weights at purchasing power parities. Source: OECD Economic Outlook 112 database; and OECD calculations.



Real GDP growth projections

Non-G20 economies, %

		2022	2023	2024		2022	2023	2024	
Austria	▲	4.5	▼ 0.1	1.2	Israel	▲	6.3	▼ 2.8	3.4
Belgium	▲	2.9	▼ 0.5	1.1	Latvia	▼	2.3	▼ -0.2	2.3
Chile	▲	1.9	▼ -0.5	2.6	Lithuania	▲	2.5	▬ 1.6	2.0
Colombia	▲	8.1	▼ 1.2	1.7	Luxembourg	▼	1.7	▼ 1.5	2.1
Costa Rica	▲	4.3	▼ 2.3	3.7	Netherlands	▲	4.3	▼ 0.8	1.1
Czech Republic	▲	2.4	▼ -0.1	2.4	New Zealand	▼	2.1	▼ 1.0	1.2
Denmark	▬	3.1	▼ 0.1	1.1	Norway	▼	2.5	▼ 1.8	1.6
Estonia	▼	0.8	▼ 0.5	3.2	Poland	▬	4.5	▼ 0.9	2.4
Finland	▲	2.2	▼ -0.3	1.1	Portugal	▲	6.7	▼ 1.0	1.2
Greece	▲	6.7	▼ 1.6	1.6	Slovak Republic	▼	1.6	▼ 0.5	2.1
Hungary	▲	6.0	▼ 1.5	2.1	Slovenia	▲	5.0	▼ 0.5	2.0
Iceland	▲	6.4	▼ 2.5	2.3	Sweden	▲	2.9	▼ -0.6	1.9
Ireland	▲	10.1	▲ 3.8	3.3	Switzerland	▼	2.1	▼ 0.6	1.4

Source: OECD Economic Outlook 112 database; OECD calculations.



Inflation projections

G20 economies, %

	2022	2023	2024		2022	2023	2024
OECD	9.4	6.6	5.1				
Australia	6.5	4.5	2.5	Argentina	92.0	83.0	60.0
Canada	6.8	4.1	2.4	Brazil	8.9	4.2	4.5
Euro area	8.3	6.8	3.4	China	2.0	2.2	2.0
Germany	8.5	8.0	3.3	India	6.8	5.0	4.3
France	5.9	5.7	2.7	Indonesia	4.2	4.1	2.5
Italy	8.1	6.5	3.0	Mexico	8.0	5.7	3.3
Spain	8.6	4.8	4.8	Russia	13.9	6.7	6.1
Japan	2.3	2.0	1.7	Saudi Arabia	2.6	3.2	2.3
Korea	5.2	3.9	2.3	South Africa	6.6	5.9	4.9
United Kingdom	8.9	6.6	3.3	Türkiye	73.2	44.6	42.1
United States	6.2	3.5	2.6				

Note: India projections are based on fiscal years, starting in April. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right. Spain is a permanent invitee to the G20.
Source: OECD Economic Outlook 112 database; OECD calculations.



Inflation projections

Non-G20 economies, %

	2022	2023	2024		2022	2023	2024
Austria	8.5	6.7	3.6	Israel	4.3	3.3	2.2
Belgium	9.9	6.6	4.1	Latvia	17.0	10.7	5.0
Chile	11.6	6.9	3.5	Lithuania	18.8	11.9	4.0
Colombia	10.2	9.5	4.8	Luxembourg	8.2	4.0	3.2
Costa Rica	8.8	6.9	4.2	Netherlands	12.2	8.5	4.2
Czech Republic	15.2	9.9	4.1	New Zealand	7.3	5.2	3.2
Denmark	7.8	5.5	2.8	Norway	5.7	4.5	3.2
Estonia	20.2	10.8	2.8	Poland	14.2	10.8	6.6
Finland	7.0	5.3	3.1	Portugal	8.3	6.6	2.4
Greece	9.7	4.3	2.3	Slovak Republic	12.0	15.5	5.1
Hungary	13.5	12.7	5.2	Slovenia	9.2	7.5	4.4
Iceland	8.3	5.5	2.9	Sweden	8.3	7.0	2.3
Ireland	8.4	7.2	2.9	Switzerland	2.9	2.5	1.5

Source: OECD Economic Outlook 112 database; OECD calculations.

