29 November 2022 (No. of pages:1)

Japanese report: 25 Nov 2022

Thinking About Risk of Global Recession in 2023

Japan's real GDP growth rate could be pushed down significantly

Economic Research Dept.
Takayuki Sueyoshi
Shotaro Kugo
Hiroyuki Nagai
Wakaba Kobayashi
Kanako Nakamura

Summary

- While the recovery trend in the Japanese economy will continue for the time being, there is growing concern that overseas economies will fall into a downswing. Some risk scenarios can be pointed out, such as a surge in unemployment in the US, a lockdown and a significant adjustment in the real estate market in China, and a credit crunch in the Eurozone. Assuming these occur simultaneously in 2023, the global economy could experience a severe recession.

- In the event of a global recession, the Japanese economy would also be seriously affected, and real GDP in this case is estimated to be significantly negative, pushed down by as much as 5%pt. Emerging economies and the Eurozone are expected to suffer even greater declines.

- In the US, the degree of increase in the unemployment rate required to control inflation, in China, policy and its effects on the sluggish real estate market, and in the Eurozone, the decline in corporate profits stemming from the rise in energy costs and interest burdens, will be the key points in forecasting the economic outlook.

Attention
This report is a summary translation. The official document is only in Japanese.