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## **Global Economy Set for Weak Growth as Financial Professionals' Confidence Drops Sharply**

*All main global indicators fell in the Q2 Global Economic Conditions Survey (GECS), but only North America economic confidence dips to 2020 levels*

**New York and Montvale, N.J., July 14, 2022**—Weak worldwide economic growth looks likely for the rest of 2022, according to the latest edition of the Global Economic Conditions Survey (GECS) from ACCA (the Association of Chartered Certified Accountants) and [IMA® \(Institute of Management Accountants\)](#). The new report indicates that economic confidence among finance professionals and accountants in North America has fallen back to levels seen during the height of the COVID-19 pandemic in 2020.

The full report is available at <https://www.imanet.org/insights-and-trends/global-economic-conditions-survey>.

The Q2 Global Economic Conditions Survey (GECS) – conducted in mid-June – pointed to a decisive deterioration in the global economic outlook due to the effects of the war in Ukraine and the surge in inflation across much of the world.

But while risks have risen, indications are that a global recession will be avoided. However, while confidence among financial professionals has dropped sharply, the global confidence level remains above the low-point reached at the height of the COVID-19 pandemic.

The two “fear” indices – reflecting the level of concern that customers and suppliers may go out of business – were little changed in the Q2 survey, both edging slightly

higher. Both indices have fallen back from the extreme levels seen in 2020 but are still above pre-pandemic levels.

The largest fall in confidence occurred in the Middle East, a region more exposed to trade with Russia/Ukraine, while North America and Western Europe recorded especially large falls due to big jumps in inflation in recent months. Only in North America has confidence fallen back to levels seen during the height of economic uncertainty in 2020. Elsewhere, the falls in confidence were still significant, but more modest.

While the outlook has darkened, the drop in confidence is much greater than the reported drop in orders. Indeed orders – a lead indicator of economic activity – are above their long-run average. The employment index is also well above its long-run average, despite dropping in Q2. Jobs markets are tight and employment is rising in many economies, providing some offset to the effects of high inflation on real incomes.

In a list of top concerns since the Q1 survey, financial professionals have swapped concerns over COVID for worries about inflation and rising interest rates. But for the third GECS in a row, supply shortages and supply chain issues have remained the highest ranked risk. Hope that this issue would fade in importance as 2022 progressed is fading.

“Post-pandemic recovery has now given way to negligible economic growth, elevated inflation, and extreme uncertainty,” said Jamie Lyon, Head of Skills, Sectors and Technology at ACCA. “The war in Ukraine has given inflation a further boost by pushing commodity prices higher. But inflation was already high and rising before the war started in February: a strong rebound in demand fuelled by a massive monetary and fiscal response to the COVID pandemic had run up against supply shortages, resulting in a surge in price pressures.”

Loreal Jiles, vice president of research and thought leadership at IMA added: “High inflation is resulting in falls in real disposable incomes putting downward pressure on private demand, especially household consumption. Prices of both food and energy are rising rapidly. The result is a cost-of-living crunch on low-income households in advanced economies and across virtually all low and middle-income countries, where these two categories account for a high share of spending.”

Jamie Lyon concluded: “Risks of a global recession have increased but our central case is that growth will be positive if rather weak. Employment growth may support total consumption. Nonetheless, with the exception of the COVID recession of 2020, we expect global GDP growth this year and next will be the weakest since the Global Financial Crisis of 2007-09.”

**About ACCA:** ACCA is the Association of Chartered Certified Accountants. We’re a thriving global community of **233,000** members and **536,000** future members based in **178** countries and regions that upholds the highest professional and ethical values.

We believe that accountancy is a cornerstone profession of society that supports both public and private sectors. That's why we're committed to the development of a strong global accountancy profession and the many benefits that this brings to society and individuals.

Since 1904 being a force for public good has been embedded in [our purpose](#). And because we're a not-for-profit organization, we build a sustainable global profession by re-investing our surplus to deliver member value and develop the profession for the next generation.

Through our world leading ACCA Qualification, we offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. And using our respected research, we lead the profession by answering today's questions and preparing us for tomorrow.

ACCA and CA ANZ have formed a [strategic alliance](#) for the benefit of members and to help shape the future of the profession. Find out more about us at [accaglobal.com](http://accaglobal.com)

#### **About IMA<sup>®</sup> (Institute of Management Accountants)**

IMA<sup>®</sup> is one of the largest and most respected associations focused exclusively on advancing the management accounting profession.

Globally, IMA supports the profession through research, the CMA<sup>®</sup> (Certified Management Accountant) and CSCA<sup>®</sup> (Certified in Strategy and Competitive Analysis) programs, continuing education, networking, and advocacy of the highest ethical business practices.

Twice named Professional Body of the Year by The Accountant/International Accounting Bulletin, IMA has a global network of about 140,000 members in 150 countries and 350 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe and Middle East/India. For more information about IMA, please visit [www.imanet.org](http://www.imanet.org).

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