



News release

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Global economic growth in 2018 on track to be fastest since 2011 - PwC

- *PwC Economic analysis predicts 2018 to be the most energy hungry on record*
- *G7 unemployment rate hitting a 40 year low*

The global economy is set to grow by almost 4% in 2018 in purchasing power parity (PPP) terms, adding an extra \$5 trillion to global output at current values, according to new projections in PwC's *Global Economy Watch*.

The main engines of the global economy - the US, emerging Asia and the Eurozone - are expected to contribute almost 70% of economic growth in 2018 compared to their post-2000 average of around 60%.

Growth in the Eurozone is predicted to be above 2% in 2018, as PwC expects the peripheral economies to outpace the core for the fifth consecutive year. Of the larger Eurozone economies, the Netherlands is expected to lead the way with economic growth at around 2.5%. By contrast, uncertainty relating to Brexit is expected to drag on UK growth, which is predicted to be 1.4% in 2018.

"In 2018, we expect global economic activity to grow at its fastest rate since at least 2011, with the three main engines of the global economy—the US, Eurozone and Asia—growing in tandem. However, there are some downside risks businesses should monitoring including the progress of the Brexit negotiations, key elections in large economies and protectionist tendencies in some nice sectors of the economy", said Barret Kupelian, senior economist at PwC.

"In 2018 we see a similar trend of economic development in Romania. In order to have a sustainable economic growth, on the long run, we need to have predictability, financial and fiscal stability and political consensus on major projects. It is necessary that the business environment can count, on the long run, on the same rules of the game, so they can better plan their investments. At the same time, we need to see growth in public investments and increased efficiency of these," said Ionuț Simion, Country Managing Partner PwC Romania.

China, the world's largest economy in PPP terms, could grow by 6-7% in 2018, slower than previously, but in line with expectation. Amongst the 17 economies that will grow faster than China are India, Ghana, Ethiopia and the Philippines, pointing to broader based growth in Africa and Asian economies. Eight of the ten fastest growing countries in 2018 could be in Africa according to PwC's analysis.



With the fastest level of growth for several years, 2018 is predicted by PwC to be the most energy hungry on record too. Out of the total energy consumed in 2018, India and China alone are expected to consume 30% of global energy.

Despite this, PwC's outlook predicts oil prices are set to remain broadly stable in real terms, with OPEC and its allies extending its 1.8 million barrels per day supply cut until the end of next year.

Other influences and factors to watch in 2018 include PwC's *Global Economy Watch* include:

- The European Central Bank could reduce its monthly asset purchases in 2018, but a dramatic shift in monetary policy in Japan is unlikely.
- Across the G7, the unemployment rate is predicted to hit a 40 year low, at around 5% or 19 million workers.
- Wage growth will post a modest uptick in some advanced economies where spare capacity is limited but remain below pre-crisis levels.
- An extra 80 million people are likely to be added to the world's population in 2018, but as a percentage increase this would be the slowest since 1950. For every 10 people added to the world's population, PwC predicts nine will be located in either Africa or Asia.

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