



# Global Inflation Tracker: Q1 2023

February 2023

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Scope

Key findings

## GLOBAL OUTLOOK

Inflation forecast to decline in 2023 but remain above central banks' targets

Forecast inflation rate in 2023 across countries

Food and services to drive consumer inflation in emerging markets

US dollar appreciation stalls but emerging countries remain under pressure

Commodity and manufactured goods prices remain stable

China's recovery can contribute to higher commodity prices in the second half of 2023

Prices of services continue to increase as labour market problems persist

Ongoing globalisation reset could increase inflationary pressures on supply side

Key risks for inflation in 2023

Inflation forecasts: Q1 2023

## CONSUMER PURCHASING POWER

Rising prices erode consumer income gains

Tighter monetary policies to impact consumers in 2023

Cost-of-living crisis impacts consumer willingness to spend

Rising prices put the highest pressure on low-income consumers

Median online price changes indicate slower price growth of essential products

## COUNTRY INSIGHTS

US: Labour shortages fuel risk of persistent service sector inflation

China: Inflation set to intensify on reviving domestic demand, but will remain soft

France: Energy price pressures remain principal driver of inflation

Germany: Elevated energy prices create second-round effects that keep inflation high

Italy: Inflation remains high due to cascading effect of elevated energy prices

Spain: Broad-based price pressures allow only gradual decline of inflation in 2023

UK: Inflation to ease on the back of faltering domestic demand, but will remain elevated

Japan: Inflation to slow due to gradually easing import cost-push pressures

Brazil: Inflation to ease further helped by tight monetary policy and weak economic growth

India: Inflation growth slowing thanks to moderating food prices

## CONCLUSION

Inflationary pressures moderate but remain elevated

Key country insights

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