

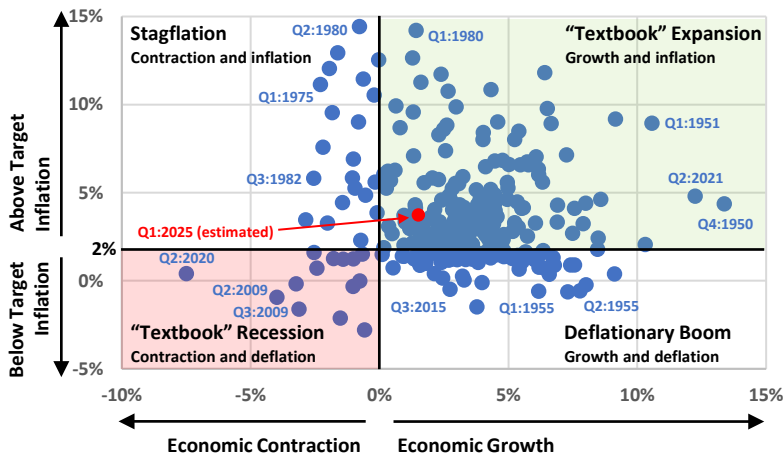
Economic & Market Watch Intelligence Brief

Briefing

- The Organisation for Economic Co-operation and Development (OECD) is forecasting average global economic growth of 2.3% in 2025, slightly below the pre-pandemic average of 2.5% (Figure 1). The OECD projects U.S. economic growth at 2.4%, notably above the Federal Reserve's more conservative estimate of 1.7%. Among the reporting countries, the slowest economic growth is anticipated for Germany (0.7%), France (0.9%) and Italy (0.9%), while the fastest growth is projected for India (6.9%), Indonesia (5.2%) and China (4.7%).
- The OECD expects inflation for both the median country and the U.S. to be 2.4% in 2025 (Figure 2). Turkey (30.7%), Argentina (29.8%) and Russia (7%) are projected to have the highest inflation rates, whereas Sweden (0.8%), Switzerland (0.9%) and China (1.1%) will likely have the lowest.
- The OECD does not anticipate any of the reporting countries entering a recession. However, nearly one-quarter are expected to experience "deflationary booms"—growth accompanied by inflation rates below the Federal Reserve's neutral benchmark of 2%.
- The Dallas Fed provides weekly updates on U.S. economic growth. As of March 15, it estimates first-quarter growth at 2.3% (Figure 3).

Chart of the Week

Phases of the Economy (1947–2025, QoQ annualized)



Commentary

An economy's health is summarized by economic growth and inflation. Economic growth measures how quickly the production of goods and services is expanding. Inflation measures how rapidly the purchasing power of the currency is declining.

Demand shocks and supply shocks drive these metrics. Positive demand shocks push the economy toward a "textbook" expansion, putting upward pressure on both economic growth and prices, while negative demand shocks push the economy toward a "textbook" recession. Positive supply shocks push the economy toward a deflationary boom, putting upward pressure on economic growth and downward pressure on prices, while negative supply shocks put downward pressure on growth and upward pressure on prices, pushing the economy toward stagflation (Chart of the Week).

For example, the 1970s oil embargo (a negative supply shock) resulted in stagflation. Technological innovation (a positive supply shock) contributed to the deflationary boom of the mid-1950s. The subprime mortgage crisis (a negative demand shock) led to the Great Recession of 2007–2009.

*Data do not exactly match official recession dates because official dates are based on additional information not shown here.

Snapshots

Figure 1. Projected 2025 Economic Growth (Reporting countries only.)

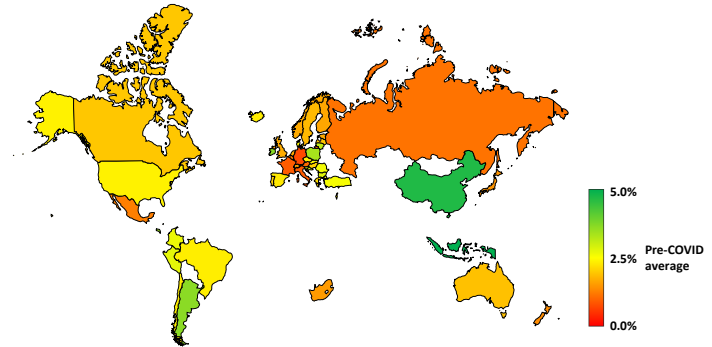


Figure 2. Projected 2025 Inflation (Reporting countries only.)

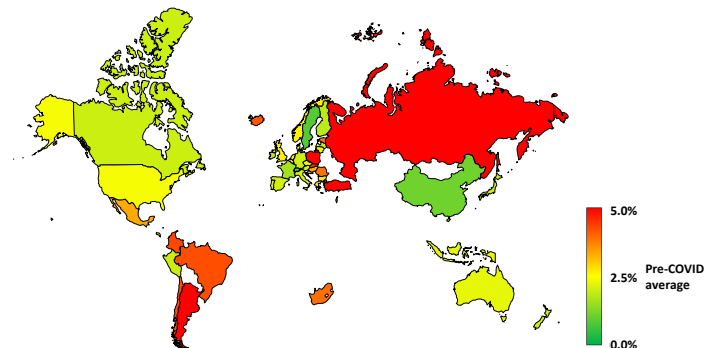
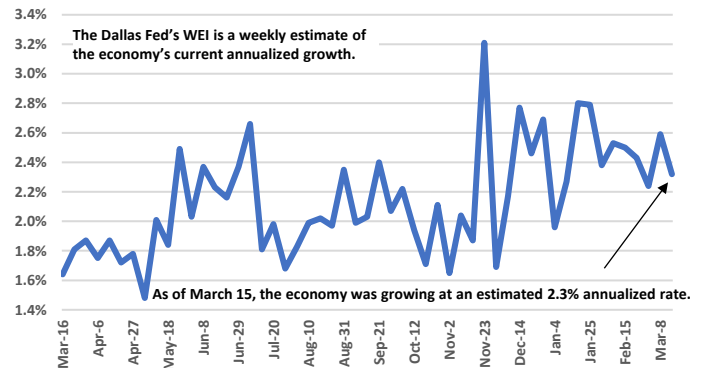


Figure 3. Weekly Economic Index



The Economic & Financial Research Team



John Suter, VP



Antony Davies, Director



Sam Kem, Sr. Analyst

Email: EconomicResearch@nrucfc.coop

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