



Global economy: teetering on the edge

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Escalation of US-China trade war leads to cuts in our global growth outlook




New tariffs include wide range of consumer goods; households will notice




Business will **delay spending** for longer thus weakening growth




US imposes tariffs on remaining **\$300bn** of Chinese imports




We now forecast **rates of 1.25%** in US by 2020 end



Lower rates expected from European Central Bank and Bank of Japan



In China, we expect more **fiscal easing*** than before



Bank of England likely to **maintain rates** until late 2020

An ill trade wind that blows nobody any good

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BRAZIL

Fixing the roof before the next downpour

Positive news as pension reform advances; larger savings from the bill than expected

Yet, weaker global backdrop means **growth expectation downgrades**



RUSSIA

Steady as she goes

Redesign of fiscal and monetary policy will **reduce sensitivity to oil price swings**

However, **there's geopolitical risk** as the US imposed sanctions



CHINA

Brace for impact

US-China trade war continues: **renminbi weakened** to beyond 7.0 to the dollar

And, **inflation has been pushed higher** by food price stresses

However, People's Bank of China should still have **room for stimulus**



INDIA

Credit system struggles on

Prime Minister **Modi's first budget disappointed** those expecting pro-growth stimulus

But, **fiscal restraint*** leaves room for spending when global growth slows next year




BRICs¹ in focus

¹Brazil, Russia, India, China


View at a glance: Schroders' GDP forecast

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UK

2018	2019	2020
1.4%	1.1%	1.0%




US

2018	2019	2020
2.9%	2.1%	1.3%




World

2018	2019	2020
3.3%	2.6%	2.4%




Eurozone

2018	2019	2020
2.0%	1.1%	0.9%




Japan

2018	2019	2020
1.1%	1.2%	-0.1%




China

2018	2019	2020
6.6%	6.2%	6.0%



BRICs (Brazil, Russia, India, China)

2018	2019	2020
5.7%	5.2%	5.4%



Source: Schroders, Thomson Datastream, Consensus Economics, September 2019

*Fiscal policy is the use of government spending and taxation to influence economic conditions.

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