

Macro Roundup Article

Headline: [The Global Economy In A Sticky Spot](#)

Article Link: <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

Author(s)	IMF Staff
Publication	International Monetary Fund
Publication Date	July 17, 2024

Tweet: The IMF warns escalating trade tensions present new upside risks to inflation, “raising the prospect of higher-for-even-longer interest rates.”

Summary: Overall, risks to the outlook remain balanced but some near-term risks have gained prominence. The escalation of trade tensions could further raise near-term risks to inflation by increasing the cost of imported goods along the supply chain. Bumpiness along the remaining disinflation path could destabilize the return to price stability if short-term expectations spike upward as a result of disappointing inflation data. The risk of elevated inflation has raised the prospects of higher-for-even-longer interest rates, which in turn increases external, fiscal, and financial risks. Prolonged dollar appreciation arising from rate disparities could disrupt capital flows and impede planned monetary policy easing, which could adversely impact growth. Persistently high interest rates could raise borrowing costs further and affect financial stability if fiscal improvements do not offset higher real rates amid lower potential growth.

Related Articles: The Big Picture: Back to the Future and Global Supply Chains and U.S. Import Price Inflation and Can Trade Intervention Lead to Freer Trade?

Primary Topic: Trade (not deficits)

Topics: GDP, Government/NGO, Inflation, Trade (not deficits)

Permalink: <https://www.edwardconard.com/macro-roundup/the-imf-warns-escalating-trade-tensions-present-new-upside-risks-to-inflation-raising-the-prospect-of-higher-for-even-longer-interest-rates?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/07/22419-the-global-economy-in-a-sticky-spot-space-filling-graphic.png>