A changing forecast

*Markets experienced ups and downs in April as economic forecasts pointed to slowing growth and ongoing measures to tackle inflation.*

April brought further economic effects from the war in Ukraine, as rising inflation prompted the International Monetary Fund (IMF) to cut its forecast for global economic growth for the rest of this year and in 2023. The Organisation for Economic Cooperation and Development reported annual inflation across its member countries rose to 7.7% in February 2022, which is the highest since December 1990.

US and European stock markets fluctuated during the month as investor concerns once again revolved around central banks and their measures to tame rising inflation by increasing interest rates. The US Federal Reserve Chair Jerome Powell stated that a 0.5% rise is likely at its next meeting in May and revealed plans to shrink its $9 trillion balance sheet by unwinding its quantitative easing measures.

**Lockdowns in China disrupt markets**

Chinese tech stocks fell during April after the news that Beijing had tightened regulations on the country’s live streaming industry – a move that added to broader worries around global growth, China’s Covid-19 lockdowns and supply chain disruptions.

The CSI (China’s benchmark stock index) suffered its worst trading day in late April since February 2020, amid the lockdown fears in China and concerns about the global economy. This fall affected other leading stock market indices, which suffered a drop in reaction to China’s slowdown.

The uncertainty surrounding the reduction in subscribers to several streaming and online engagement platforms also continued into April, which affected the share price of some large, global technology and entertainment companies.

**UK economic slowdown**

Although the UK’s economic growth is expected to match that of the US for the remainder of 2022, the IMF believes in 2023 it will fall to the bottom when compared to other G7 countries. The UK’s inflation rate rose to 6.2% in March, and experts believe the economy could fall into a summer recession given the effect of the slowing growth, rise in living costs and squeeze on household incomes.

However, there was better news for the UK stock market – and the FTSE 100 in particular – which has outpaced other regions so far this year. The index has been lifted in particular by its exposure to energy companies and banks that have gained from surging oil prices and rising interest rates. It is however worth noting that only 34 companies within the FTSE 100 have delivered positive returns this year. Although financial markets have been volatile so far this year, history shows that staying invested through these challenging periods rewards long-term investors.

In the eurozone, inflation is likely to remain high over the coming months due to rising energy costs. The European Central Bank left interest rates unchanged after its latest meeting and also acknowledged that risks to economic growth have increased due largely to the war in Ukraine.

**Key takeaways**

* April brought further economic effects from the war in Ukraine, as rising inflation prompted the International Monetary Fund to cut its forecast for global economic growth for the rest of this year and in 2023.
* China’s benchmark stock index suffered its worst trading day since February 2020, amid lockdown fears and concerns about the global economy.
* A drop in subscribers to several streaming and online engagement platforms continued into April, affecting the market value for some companies.

**Social media post**

Find out how markets fared in April, amid economic forecasts that point to slowing growth and ongoing measures to tackle inflation.

**Sources**

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