

## Economic growth may slow in several major economies

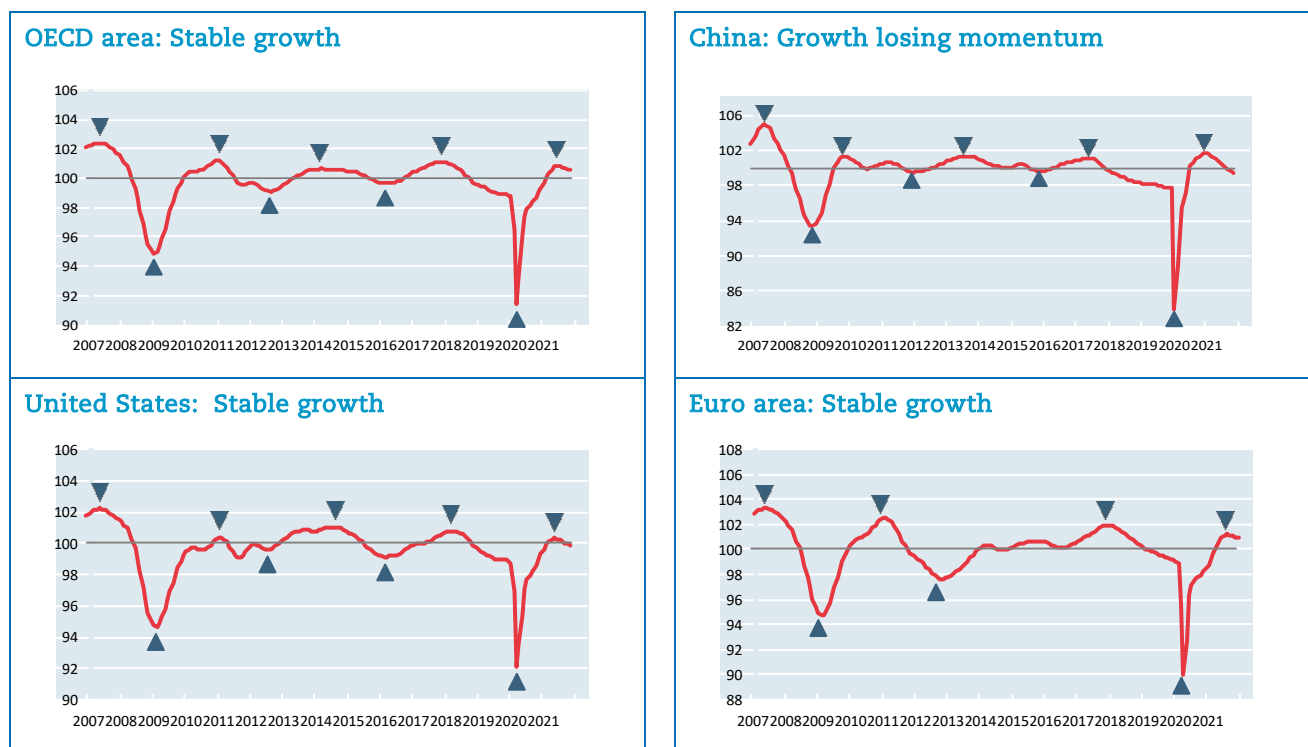
The strong growth rebound since the depth of the COVID-19 related economic crisis in 2020 may soon moderate in several major economies according to the latest OECD Composite leading indicators (CLIs).

The CLIs, which are driven by factors such as order books, confidence indicators, building permits, long-term interest rates, new car registrations and [many more](#), are cyclical indicators designed to anticipate fluctuations in economic activity over the next six to nine months. The OECD CLIs in [November](#) and [December](#) 2021 signalled the approach of a post-pandemic growth peak and the latest CLIs suggest that peak has now passed in several major economies.

Among major OECD economies, a drop in momentum is visible in the latest CLIs for **Canada, Germany, Italy** and the **United Kingdom**. In **Japan** and the **Euro Area** as a whole, the CLIs signal stable growth, though the peak in the indicators has also passed. In the **United States**, the CLI also indicates stable growth, although the CLI level is now below its long-term trend. In **France**, stable growth around trend seems in prospect.

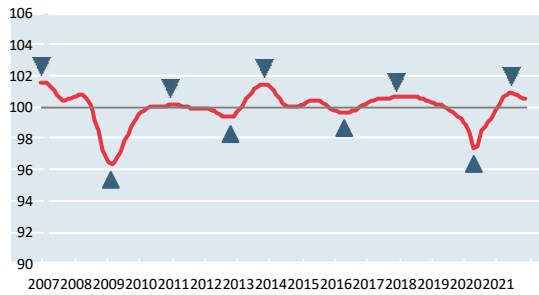
Among major emerging-market economies, the CLI for **Russia** continues to rise though signs of moderating growth have now emerged. The CLI for **China** (industrial sector) continues to point to a loss of momentum and has now dropped below its long-term trend. In **India**, the CLI continues to anticipate stable growth, whereas in **Brazil** the indication is now for a sharp growth slowdown.

Persisting uncertainties from the ongoing COVID-19 pandemic, notably from the impact of the Omicron variant on recent monthly indicators, may result in higher than usual fluctuations in the CLI and its components. As such, the CLIs should be interpreted with care at this time and their magnitude should be regarded as an indication of the strength of the signal, rather than a precise measure of anticipated growth in economic activity.

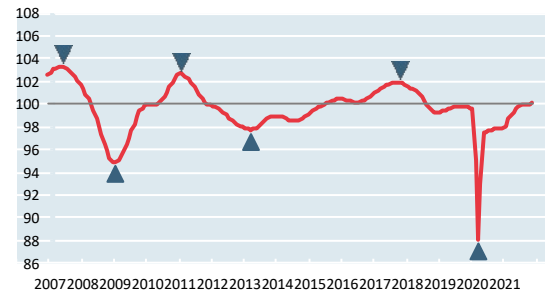


The above graphs show country specific composite leading indicators. Turning points of CLIs (marked by shaded triangles) tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity.

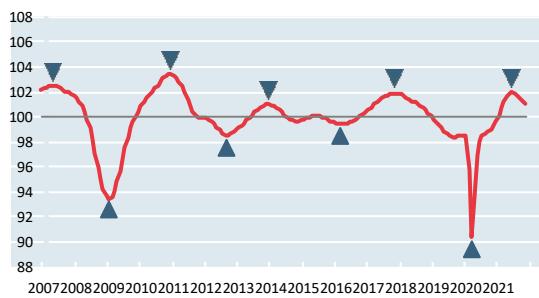
**Japan: Stable growth**



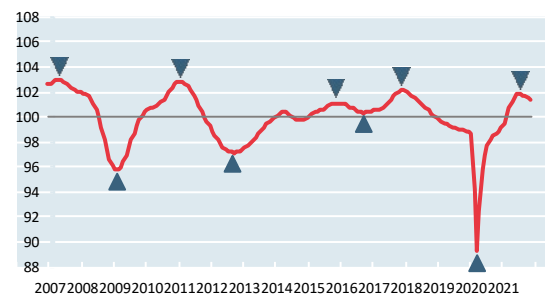
**France: Stable growth**



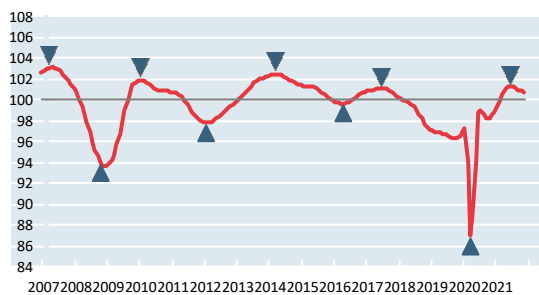
**Germany: Growth losing momentum**



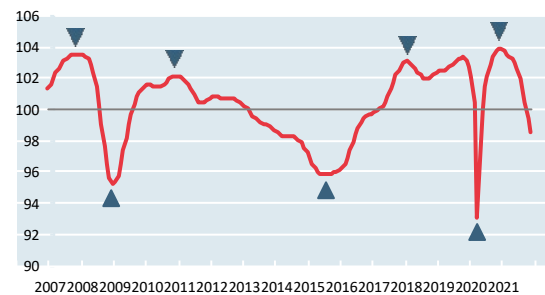
**Italy: Growth losing momentum**



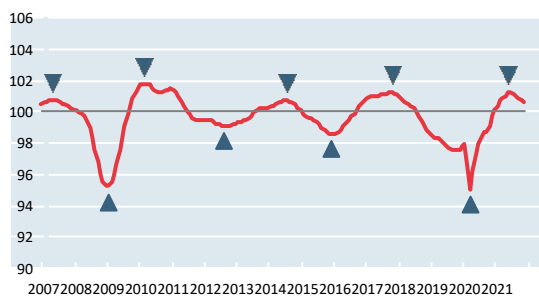
**United Kingdom: Growth losing momentum**



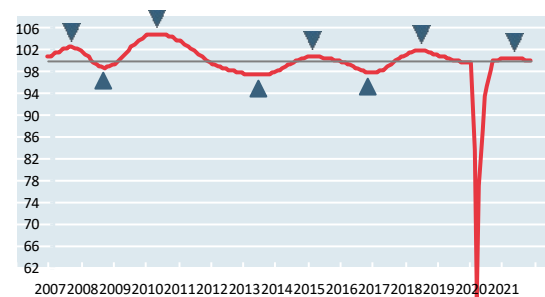
**Brazil: Slowing growth**



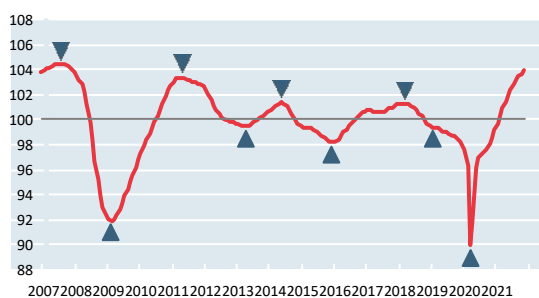
**Canada: Growth losing momentum**



**India: Stable growth**



**Russia: Moderating growth**



The graphs show country specific composite leading indicators. Turning points of CLIs (marked by shaded triangles) tend to precede turning points in economic activity relative to trend by six to nine months. The horizontal line at 100 represents the trend of economic activity.

Table 1: Composite Leading Indicators\*

	Ratio to trend, amplitude adjusted					Month on Month change					Year on Year change	Growth cycle outlook	Memorandum item  Last month's growth cycle outlook (when different from current assessment)
	(long term average =100)					(%)					(%)		
	2021					2021					Latest month		
	Aug	Sep	Oct	Nov	Dec	Aug	Sep	Oct	Nov	Dec			
<b>OECD Area</b>	100.8	100.8	100.7	100.6	100.5	-0.02	-0.05	-0.07	-0.07	-0.06	1.55	Stable growth	Possible peak
<b>Euro Area</b>	101.2	101.2	101.1	101.0	100.9	0.04	-0.03	-0.07	-0.10	-0.10	2.49	Stable growth	Possible peak
<b>Major Five Asia**</b>	100.1	100.0	99.8	99.7	99.6	-0.16	-0.16	-0.15	-0.12	-0.10	-0.93	Growth losing momentum	
<b>Major Seven</b>	100.6	100.6	100.5	100.4	100.3	-0.06	-0.08	-0.09	-0.10	-0.07	1.32	Stable growth	Possible peak
<b>Canada</b>	101.1	101.0	100.9	100.7	100.6	-0.08	-0.11	-0.13	-0.14	-0.15	0.80	Growth losing momentum	Possible peak
<b>France</b>	99.9	99.9	100.0	100.0	100.1	0.12	0.07	0.05	0.05	0.05	2.31	Stable growth	Moderating growth
<b>Japan</b>	100.8	100.8	100.7	100.6	100.5	-0.06	-0.09	-0.09	-0.07	-0.05	1.04	Stable growth	Possible peak
<b>Germany</b>	101.9	101.7	101.5	101.2	101.0	-0.08	-0.17	-0.22	-0.24	-0.24	1.73	Growth losing momentum	Possible peak
<b>Italy</b>	101.8	101.8	101.7	101.5	101.4	0.04	-0.05	-0.10	-0.13	-0.15	2.59	Growth losing momentum	Possible peak
<b>United Kingdom</b>	101.2	101.0	100.9	100.8	100.7	-0.11	-0.15	-0.12	-0.12	-0.13	2.07	Growth losing momentum	Possible peak
<b>United States</b>	100.2	100.1	100.0	99.9	99.9	-0.07	-0.08	-0.08	-0.08	-0.04	0.95	Stable growth	Possible peak
<b>Brazil</b>	102.0	101.3	100.4	99.5	98.6	-0.57	-0.75	-0.86	-0.90	-0.90	-5.13	Slowing growth	
<b>China***</b>	100.3	100.0	99.7	99.6	99.4	-0.27	-0.27	-0.24	-0.19	-0.15	-2.11	Growth losing momentum	
<b>India</b>	100.3	100.3	100.3	100.2	100.2	-0.02	-0.03	-0.03	-0.03	-0.03	-0.04	Stable growth	
<b>Russia</b>	102.8	103.2	103.5	103.7	103.9	0.41	0.36	0.29	0.21	0.16	5.38	Moderating growth	Steady increase

\* CLI data for 34 OECD member countries and 6 OECD non-member economies are available at:

[http://stats.oecd.org/default.aspx?datasetcode=MEI\\_CLI](http://stats.oecd.org/default.aspx?datasetcode=MEI_CLI)

Please note that CLI for New Zealand is currently under revision and could not be updated this month.

\*\* China, India, Indonesia, Japan and Korea.

\*\*\* The reference series for China is the value added of industry, at 1995 constant prices, 100 million Yuan.