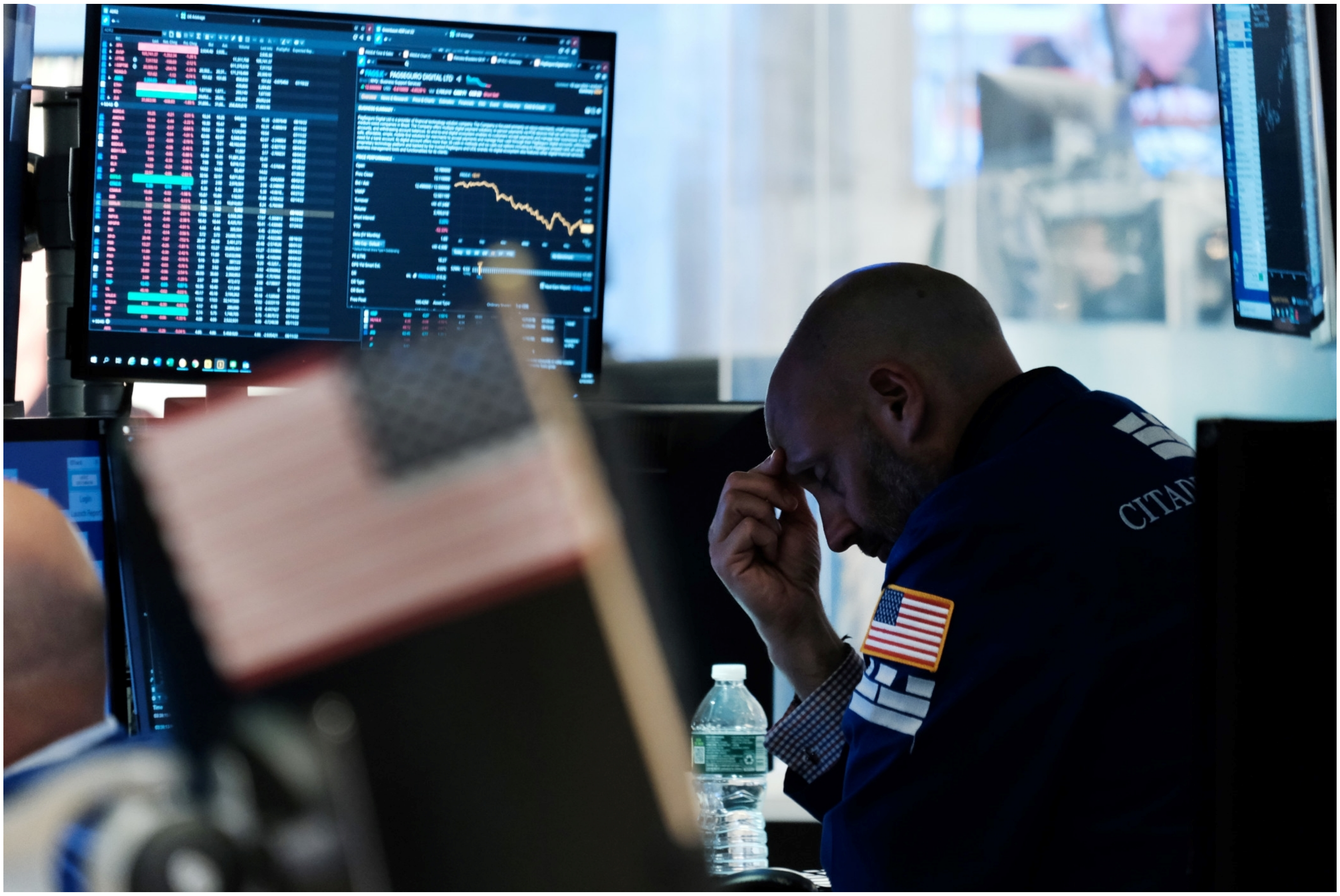
DAILY ROUNDUP

IMF Cuts 2023 Global Growth Outlook, Inflation Top Concern for Small Businesses, Office Use Ticks Up

What You Need To Know To Start Your Day



World markets are in for further uncertainty and slowing growth in 2023, according to the International Monetary Fund. (Getty Images)

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CoStar News

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IMF Cuts Global Growth Outlook

The International Monetary Fund joined other global agencies in warning of a considerable slowdown in economic growth in 2023, mainly because of persistent inflation, rising interest rates and fallout from the war in Ukraine.

"In short, the worst is yet to come, and for many people 2023 will feel like a recession," the Washington, D.C.-based agency said in its forecast issued Tuesday.

IMF economists predict global growth will slow to 3.2% this year from 6% in 2021, dropping further to 2.7% in 2023. Its global forecast for 2023 is down 0.2% from its July estimate, and its U.S. forecast of 1% growth is unchanged. Global inflation, now at a 40-year high, is forecast to peak this year at 8.8% before declining to 6.5% in 2023.

"This is the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the COVID-19 pandemic, and reflects significant slowdown for the largest economies," the IMF report said.

Projections by the IMF, a United Nations agency focused on global trade and economic growth, echo earlier forecasts by international agencies including the World Bank and the Organization for Economic Cooperation and Development. They also come after several similar warnings in recent months by prominent corporate leaders.

One of those, JPMorgan Chase CEO Jamie Dimon, this week described the emerging climate as "serious stuff" that could cause further erosion in global stock markets. But he also told CNBC that the U.S. economy was "actually doing well," with consumers likely better prepared heading into a potential recession than they were ahead of the 2008 financial crisis.

Inflation Top Concern for Small Businesses

Inflation is the single biggest challenge facing small business operators, even as they deal with supply disruptions and staffing shortages, according to the latest monthly survey by the National Federation of Independent Business advocacy group.

"Even with these challenges, owners are still seeking opportunities to grow their business in the current period," Chief Economist Bill Dunkelberg said in a statement Tuesday from the Nashville, Tennessee-based organization.

With numbers greater than 100 generally denoting positive outlooks, the group's latest Small Business Optimism Index rose 0.3 points from the prior month to reach 92.1 in September. The group said this marked the ninth consecutive month below the 48-year average of 98.

The group's national survey of business owners found 46% reporting challenges filling job openings, historically high but down 3 percentage points from August. Just over half, 51%, reported raising prices to address rising overhead costs, down 2% from the prior month.

The survey found 32% of owners reporting supply chain disruptions creating a "significant impact" on their business. Still, 56% reported making capital outlays in the past six months, up 4 percentage points from August, led by spending on new equipment.

Office Use Ticks Up

U.S. office attendance rose slightly from the prior week for the week ended Oct. 5, reaching 47.4% of pre-pandemic levels, according to the latest tracking by security technology firm Kastle Systems.

Office Use Increases

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Source: Kastle Systems, October 2022

The firm's "Back to Work Barometer," based on anonymous keycard data from clients' office properties in 10 large cities, was up from the prior week's average of 47.2% and remained close to the pandemic high of 47.5% reached in the week ended Sept. 14. Few U.S. cities have reached 50% of pre-pandemic attendance, but numbers generally have been rising in the past year.

The latest Kastle data affirmed the usual Texas cities in the top three, with Austin at 63.1%, Houston at 58.1% and Dallas at 53.7%. They were followed by Chicago at 45.2%, Los Angeles at 45% and Washington, D.C., at 44%.