

Economic Forecasts for the Region Next Year

At the beginning of October 2023, the International Monetary Fund (IMF) issued its periodic report on the **World Economic Outlook**. This Report outlines the prospects for the global economy and focuses on the most important economic policy issues and their expected prospects in major groups of countries.

The Report indicates some economic **forecasts for the Middle East and North Africa region** as follows:

- The IMF has lowered its real GDP growth forecast** to 2.0 percent for 2023 (a downgrade of 1.1 percentage points from our last projections in April).
- However, it is likely that **growth in the region will accelerate to %3.4 in 2024**, if some of the current economic and political factors and conditions disappear.
- Persistent structural hurdles will constrain growth over the forecast horizon**. Importantly, growth is not forecast to be strong or inclusive enough to create jobs for the 100 million Arab youth who will reach working age over the next 10 years.

As far as Jordan is concerned, the Report, based on various macroeconomic indicators, shows that the expected performance of the economy is moving in the right direction. These indicators are outlined in the below Table.

Jordan: Actual & Projected Economic Performance / 2024 - 2022

Economic Indicator	2022	2023 Projected	2024 Projected
Real GDP Growth	2.6%	2.6%	2.7% ▲
Consumer Price Index (% Change)	2.7%	2.7%	2.6% ▼
Core Inflation (% Change)	3.3%	3.3%	2.5% ▼
General Government Fiscal Balance (% of GDP)	7.0%	7.0%	-6.6% ▼
Total Government Gross Debt (% of GDP)	93.8%	93.8%	91.9% ▼
Current Account Balance (% of GDP)	7.6%	7.6%	-5.4% ▼

International Monetary Fund (IMF) / 2023 Regional Economic Outlook for the Middle East and Central Asia.

The Report's expectations indicate that **developments in Jordan will be more stable**:

- Growth is projected to remain stable or accelerate** because of strong tourism and exports.
- Price pressure in Jordan is projected to continue declining**, with inflation nearing pre-pandemic levels this year.
- The Report indicates that Jordan's previous efforts to **liberalize trade and engage the private sector** have effectively stimulated economic activity and growth.

HOWEVER, and as stated in a recently published article by Bloomberg (**Wider War in Middle East Could Tip the World Economy Into Recession**), the onslaught of Israel on Gaza **"has the potential to disrupt the world economy - and even tip it into recession if more countries are drawn in"**. Indeed, if a **direct War breaks out, the global GDP growth rate will fall from around %2.7 to around %1.7**. In a **confined war, the global output will likely decrease by 0.3 points** than previously expected.

Global GDP Growth Rate in 2024 Based on 3 Scenarios for the War



Bloomberg / 2023 "Wider War in Middle East Could Tip the World Economy Into Recession".

IN A NUTSHELL, the recent events that the region is going through, and their expected impact on the global economy as stated in Bloomberg analyses notwithstanding, the IMF's expectations about the economic prospects in the region will be downgraded. In addition, the Jordanian economy will also not be immune from the global and regional economic pressures, given its sensitive geographical location, its close connection to the region's economies, global oil prices, and expectations of a decline in tourism receipts.