

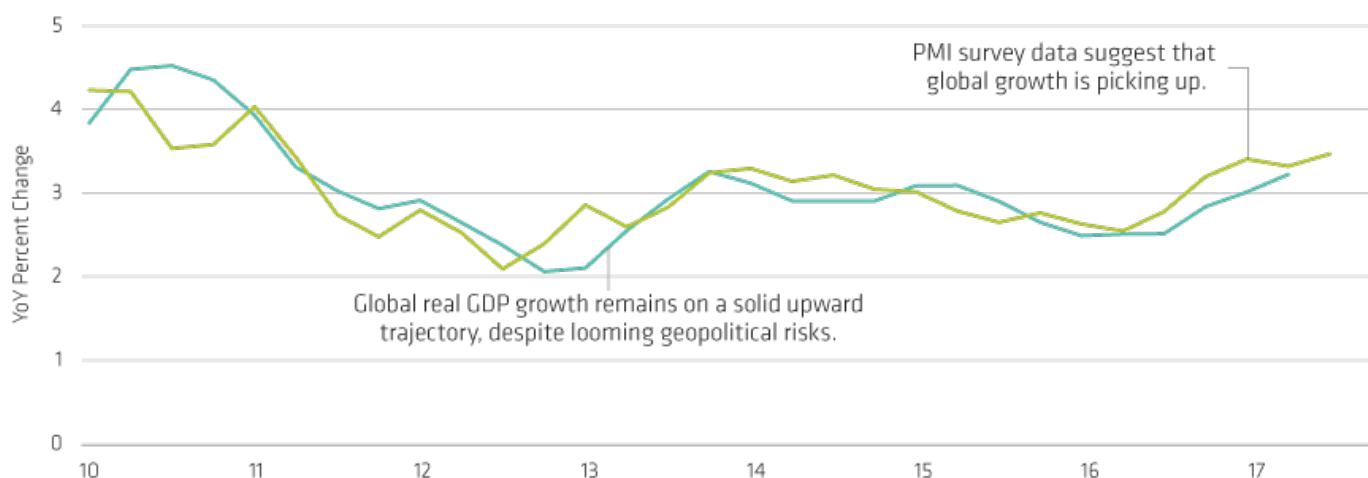
Are Risks to Global Economic Growth Still Skewed to the Upside?

September 26, 2017

by Team
of AllianceBernstein

Global Growth Is Gaining Momentum

Global Real GDP Growth and Proxy Based on PMI



Through August 31, 2017
Source: Haver Analytics

The 3.2% year-over-year growth in global gross domestic product (GDP) was the strongest since the first half of 2011. And according to survey data from the Purchasing Managers' Index (PMI), which provides a useful indication of GDP's direction, growth in the third quarter should also be strong.

Although geopolitical risks have risen, recent data are consistent with our view that the global economy will grow by close to 3% this year and next—indeed, the data suggest that risks may still be skewed to the upside. This solid growth is setting the scene for a withdrawal of accommodative monetary policy.

Unlike in past cycles, less accommodative monetary policy will likely mean more than just higher policy rates. The US Federal Reserve has announced that it will start shrinking its balance sheet, and the European Central Bank is likely to announce plans soon to taper its asset purchases. But as long as inflation remains low, this withdrawal of monetary stimulus is likely to remain a gradual process.

The views expressed herein do not constitute research, investment advice or trade recommendations and do not necessarily represent the views of all AB portfolio-management teams.

© 2017 AllianceBernstein L.P.