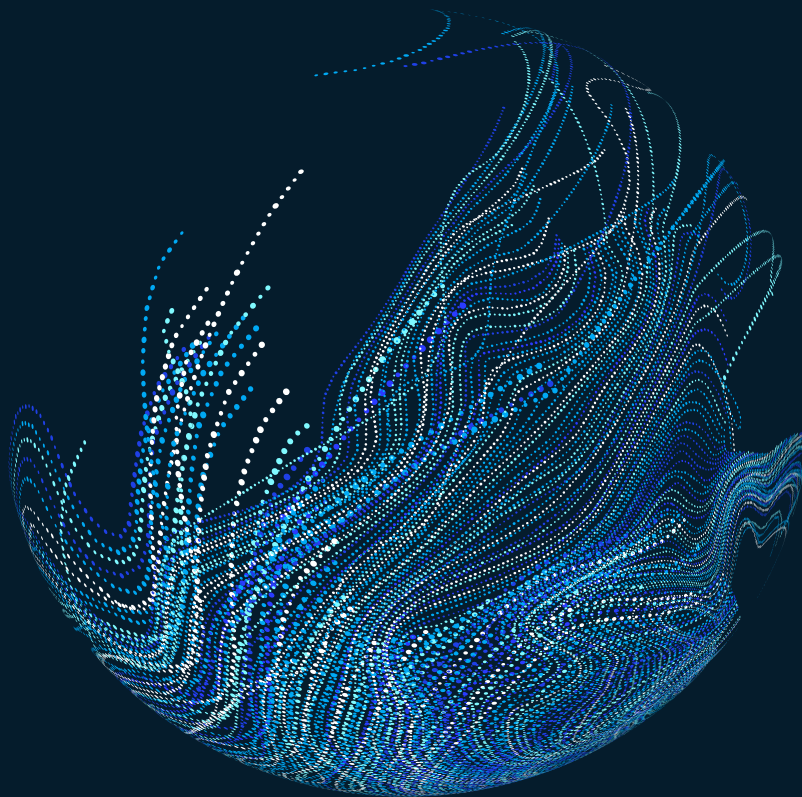


Strategy & Corporate Finance Practice

# The coronavirus effect on global economic sentiment, September 2022

In the latest survey, inflation and geopolitical conflicts remain the top perceived economic risks, while concerns about energy volatility predominate in Europe.



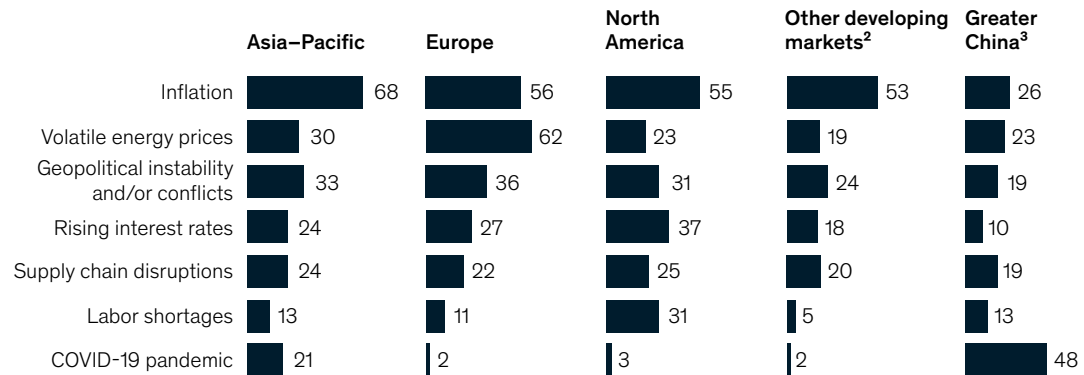
**In September**, respondents in most regions cite inflation as the main risk to growth in their home economies for the second quarter, according to the latest McKinsey Global Survey on economic conditions.<sup>1</sup> In all locations but Europe and Greater China, inflation is the most-cited threat to respondents' economies over the next 12 months (Exhibit 1). In Europe, volatile energy prices and inflation are the growth risks cited most often, with geopolitical instability or conflicts a more distant third. In Greater China,<sup>2</sup> the COVID-19 pandemic remains the most reported risk, cited by nearly half of respondents for the second quarter in a row.

Similar to the June survey's findings, about four in ten respondents expect their countries' economies to improve over the next six months, with a similar share expecting conditions to worsen. However, expectations vary by region (Exhibit 2). Respondents in Asia–Pacific and Europe are less likely than in June to say their countries' economies will improve, while respondents in other developing markets have become more hopeful.

Exhibit 1

### **Inflation remains top of mind as a risk to respondents' economies, except in Europe and Greater China.**

**Potential risks to economic growth in respondents' countries, next 12 months,<sup>1</sup> % of respondents, by office location**



<sup>1</sup>Out of 18 risks that were presented as answer choices. Risks are ordered from the first- to seventh-most-cited overall answer.

<sup>2</sup>Includes Latin America, Middle East, North Africa, South Asia, and sub-Saharan Africa.

<sup>3</sup>Includes Hong Kong and Taiwan.

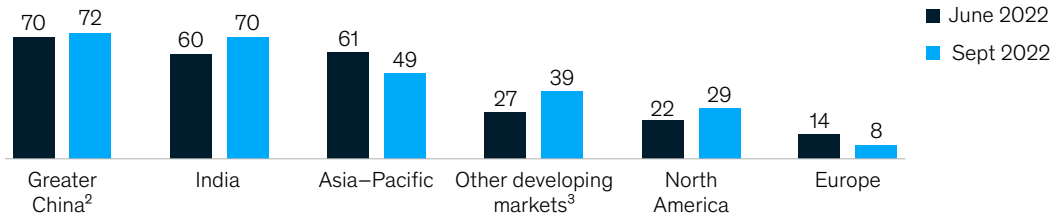
<sup>1</sup> The online survey was in the field from August 29 to September 2, 2022, and garnered responses from 1,247 participants representing the full range of regions, industries, company sizes, functional specialties, and tenures. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP.

<sup>2</sup> Includes respondents in Hong Kong and Taiwan.

Exhibit 2

## Respondents in Europe and Asia–Pacific are less likely than in June to expect improving economies, while the reverse is true in developing markets.

Respondents who expect economic conditions in their countries to improve in the next 6 months,<sup>1</sup> % by office location



<sup>1</sup>Respondents who answered “the same” or “worse” are not shown. In the June 2022 survey, in Greater China, n = 88; in India, n = 62; in Asia–Pacific, n = 89; in North America, n = 246; in other developing markets, n = 109; and in Europe, n = 305. In the Sept 2022 survey, in Greater China, n = 107; in India, n = 93; in Asia–Pacific, n = 125; in North America, n = 290; in other developing markets, n = 208; and in Europe, n = 424.

<sup>2</sup>Includes Hong Kong and Taiwan.

<sup>3</sup>Includes Latin America, Middle East, North Africa, South Asia, and sub-Saharan Africa.

Pessimism about the global economy remains consistent with the previous findings, with about half of respondents expecting global conditions to weaken in the next six months. For the third quarter this year, geopolitical instability and conflicts remain the most-cited risk to global economic growth, and inflation remains the second-most-cited threat. In a change from June, volatile energy prices have superseded supply chain disruptions as the third-most-cited risk.

The survey content and analysis were developed by **Jeffrey Condon**, a senior knowledge expert in McKinsey’s Atlanta office; **Krzysztof Kwiatkowski** and **Vivien Singer**, both capabilities and insights experts at the Waltham Client Capabilities Hub; and **Sven Smit**, the chair and director of the McKinsey Global Institute and a senior partner in the Amsterdam office.

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