



ECONOMY

IMF expects to cut global growth forecast in response to Russia-Ukraine war, managing director says

PUBLISHED THU, MAR 10 2022 5:06 PM EST UPDATED THU, MAR 10 2022 5:55 PM EST

Krystal Hur
@KRYSHUR

WATCH LIVE

KEY POINTS

The International Monetary Fund expects to cut its global growth forecast to account for the economic consequences of the Russian invasion of Ukraine.

“We still expect the world to be in positive growth territory,” IMF managing director Kristalina Georgieva told CNBC on Thursday.

Her comments come a day after the IMF approved \$1.4 billion in emergency aid to Ukraine.



MARKETS



CNBC TV



WATCHLIST



MENU



Money sent to Ukraine



The [International Monetary Fund](#) says **Money sent to Ukraine to keep the government functioning, says IMF's Georgieva**...
consequences of the Russian invasion...
00:20 / 04:02
Thursday.

“We think that we would be downgrading our growth projections as a result of the crisis, but we still expect the world to be in positive growth territory,” Georgieva said in an interview on “[Closing Bell](#).”

Her comments come a day after the IMF [approved](#) \$1.4 billion in emergency aid to Ukraine. That money will be used to support major Ukrainian government activities, such as paying salaries and pensions, Georgieva said.

In its January outlook, the IMF [projected global growth of 4.4% in 2022](#), a moderation from the 5.9% experienced in 2021. It's unclear by how much the Washington-based organization will now slash its growth outlook.

“Obviously, how long this war goes is the main uncertainty factor we face,” Georgieva said.

Several spillover effects from the invasion, including rising commodity prices, could cause problems for the world economy and inhibit growth, she said.

Commodity prices have soared in recent weeks amid investor fears the conflict will tighten global supply.

[Brent crude](#), the international oil benchmark, [has soared](#) since the invasion on Feb. 24, though oil prices have fallen in recent sessions. Metals including [palladium](#) and [nickel](#) have also [surged in price](#). Ukraine and Russia also [are two of the world's largest agricultural exporters](#), sparking concerns about food prices, as well.

Inflation is already at elevated levels, and Georgieva said increased price pressures stemming from the war could weigh further on real incomes and, in turn, tamp down consumer demand. Decreased business confidence also is a concern.

She added that while Russia will “definitely” go into a recession, it's not certain that neighboring countries in Europe and Asia will follow. The IMF's concern is that tightening economic conditions as a result of the events of the past two weeks could hinder countries already slow to recover from the Covid-19 pandemic, she said.

“That may mean some sparking of recessionary fears,” Georgieva said.

WATCH IN THE APP

UP NEXT | ET



MARKETS



CNBC TV



WATCHLIST



MENU