

# Housing Markets Around the Globe



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# Story line

1) Indicators of global housing markets showed moderation in house prices during 2023. What are the prospects for the rest of this year and next?

2) All eyes are on the US. August 2<sup>nd</sup> Jobs Report turned sentiment around ...

- ... leading to further reductions in US mortgage rates over the last few weeks ...
- ... but also raising US recession probabilities

Global outlook on housing prospects may be contingent on US avoiding a recession.

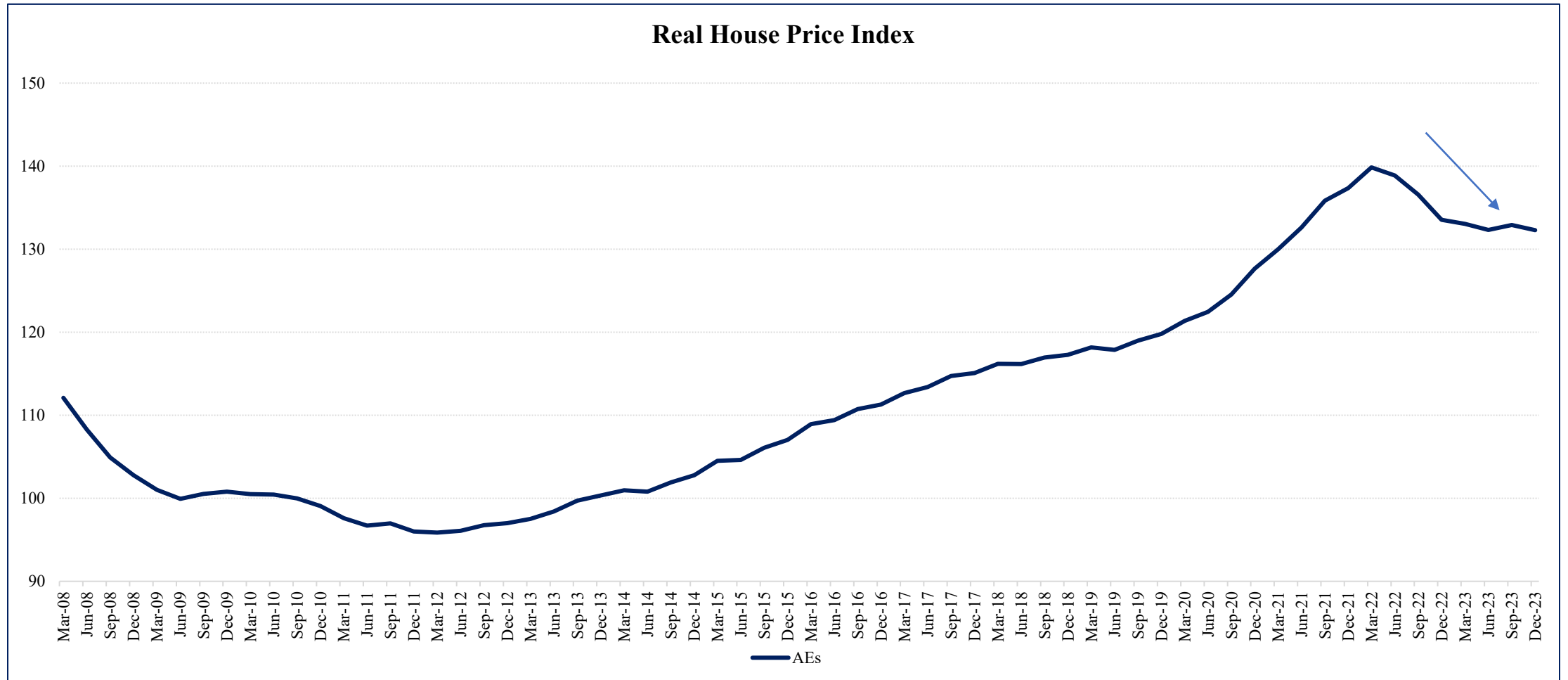
**CPI Report to be released this morning.**

3) IMF's latest World Economic Outlook (issued before the Aug. 2 US Jobs Report) paints a rosy picture but with some risks.

# 1. Global Housing Markets in 2023

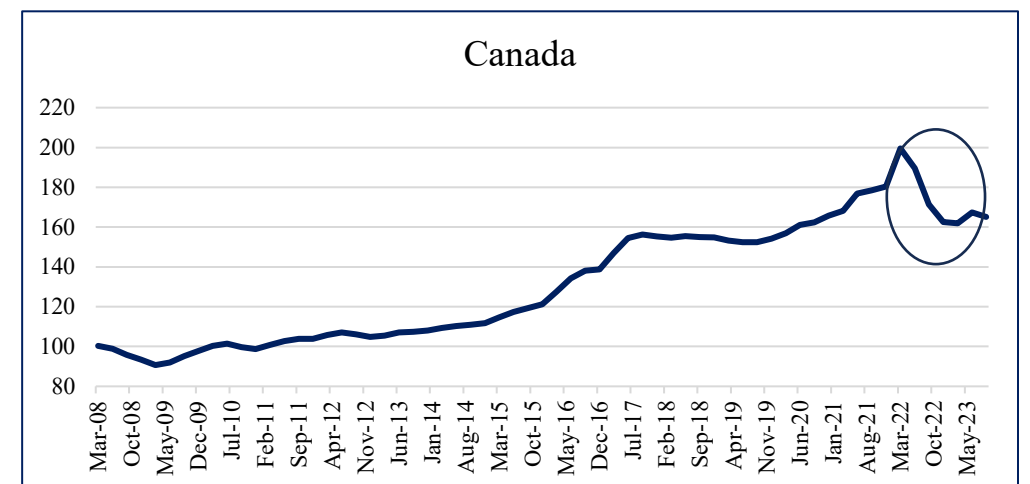
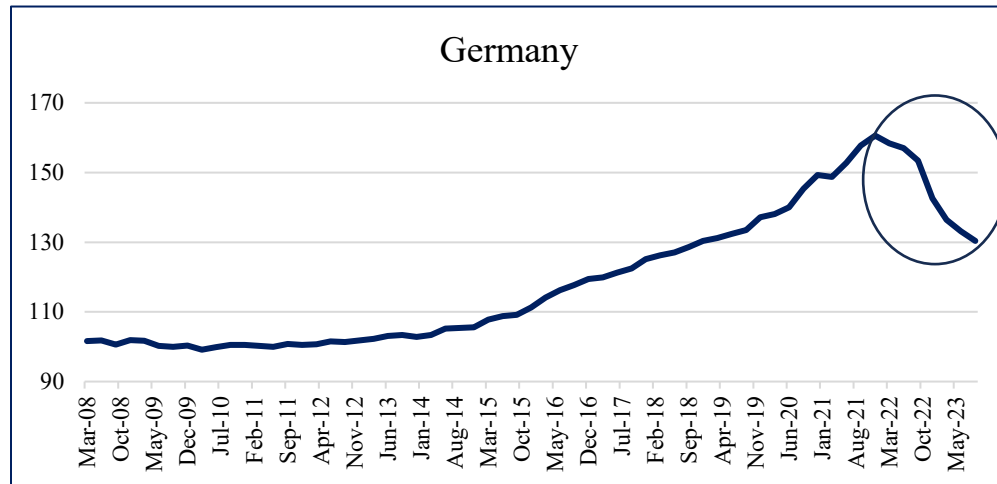
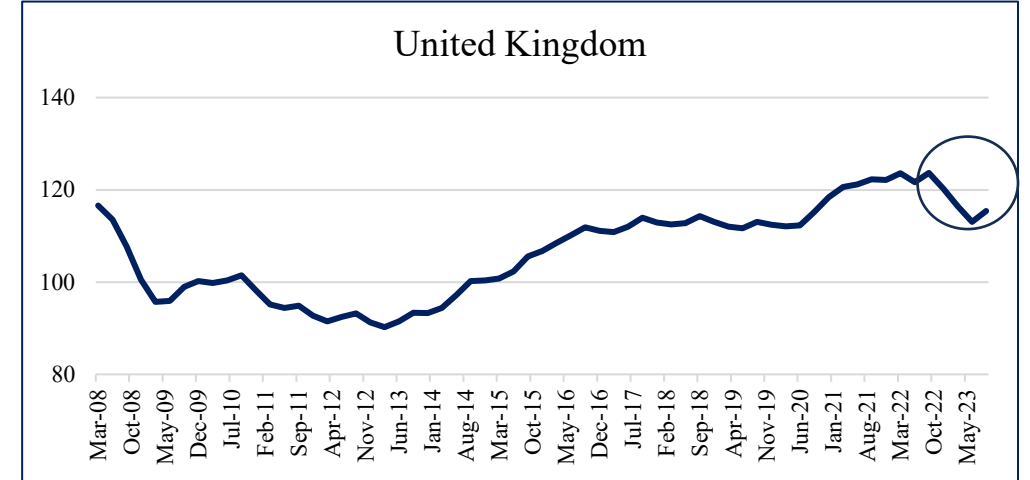
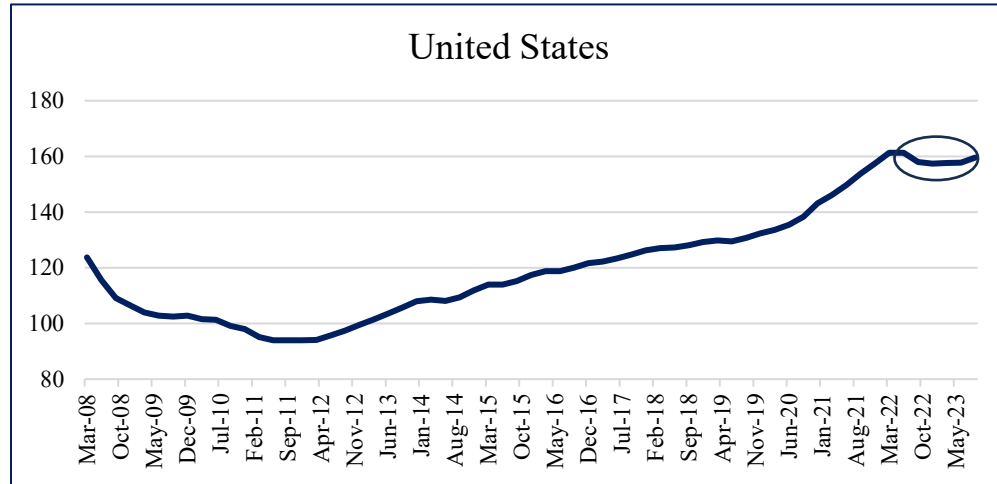
# Real House Prices

(data through December 2023)



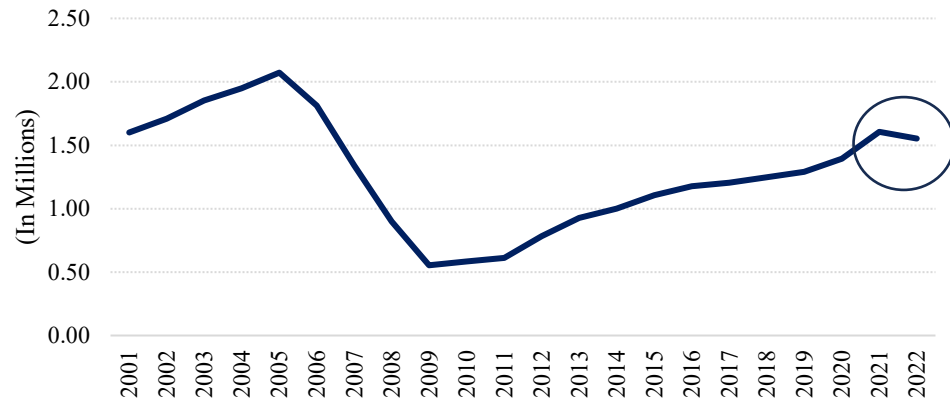
Source: Bank For International Settlements (BIS)

# Selected Advanced Economies: BIS

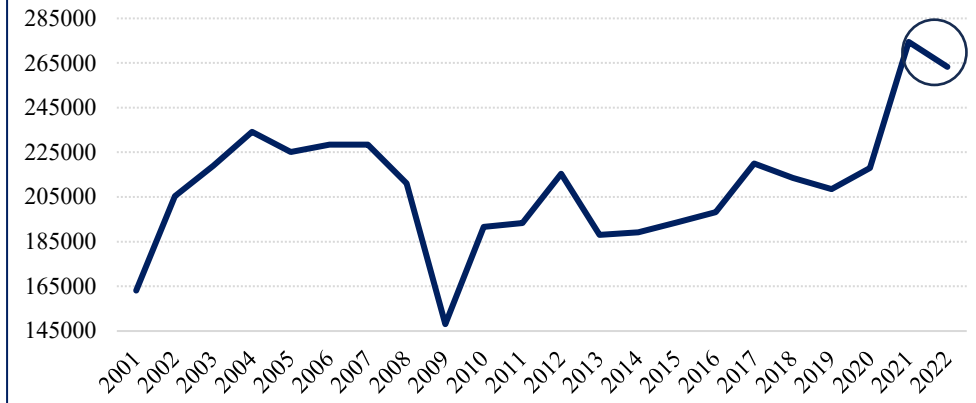


# Housing Starts

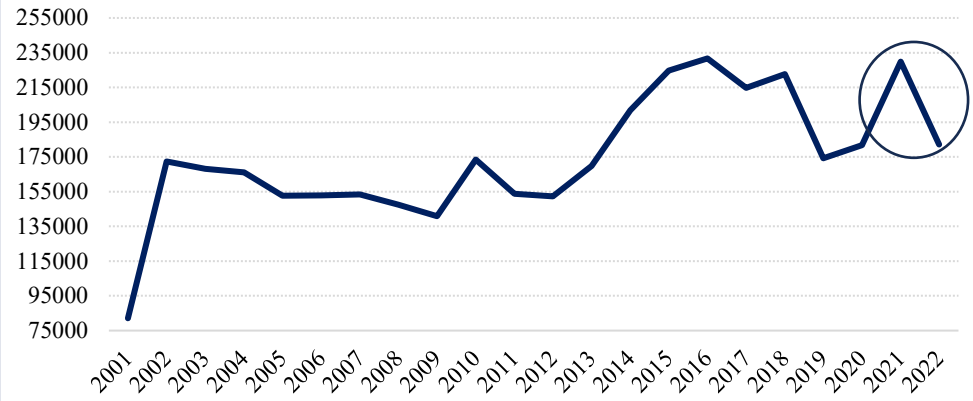
## United States



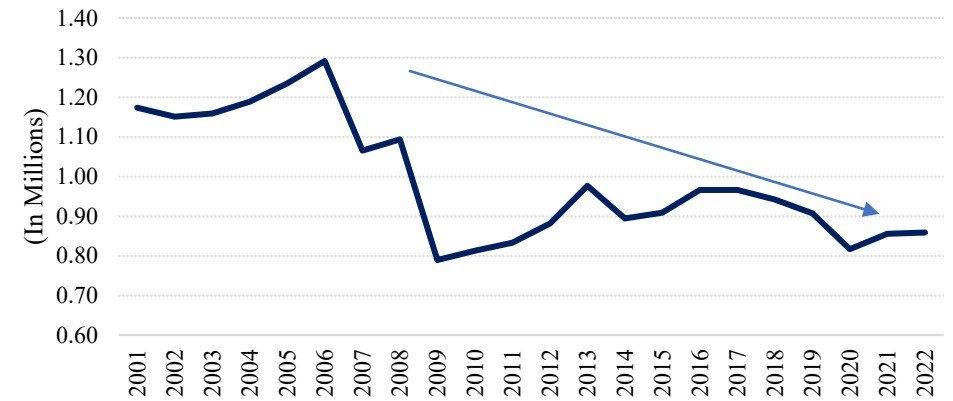
## Canada



## Australia

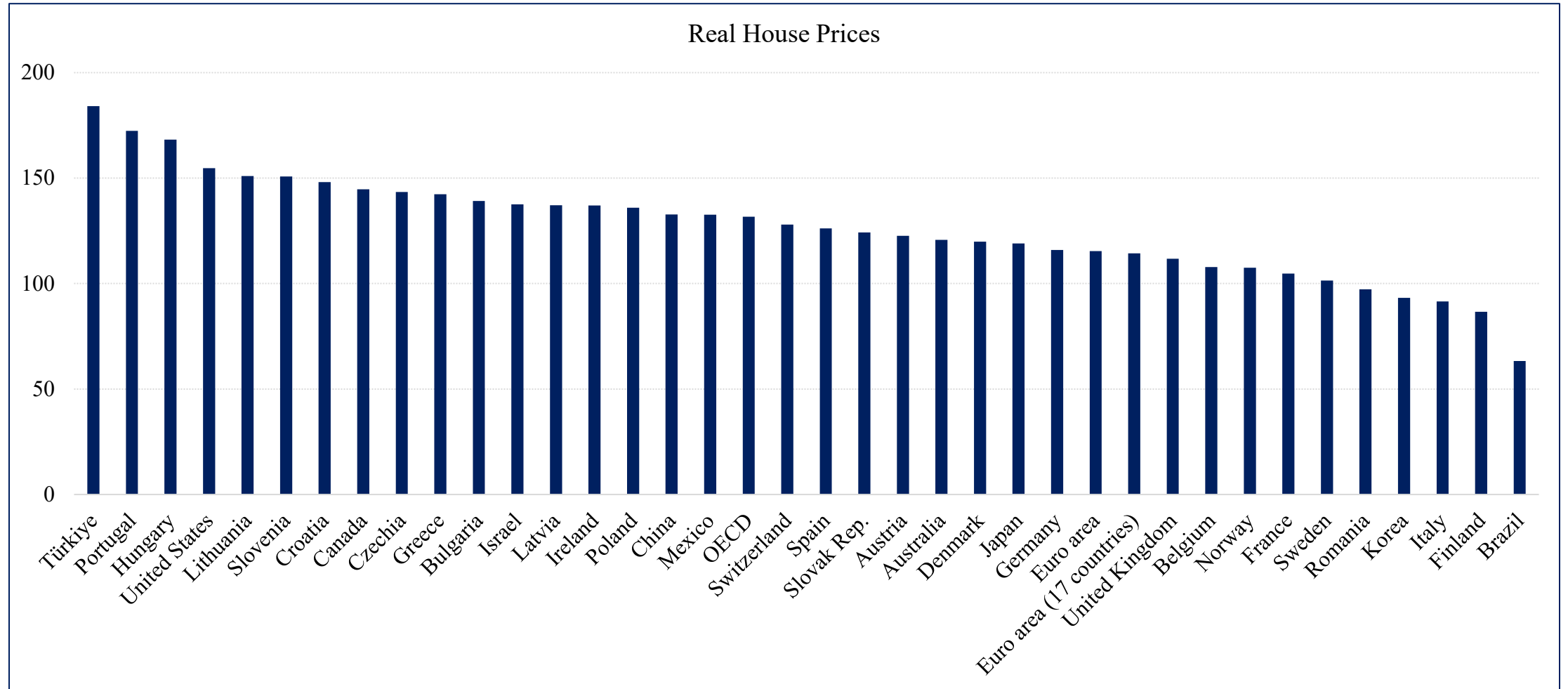


## Japan



# Real House Prices

2024Q1

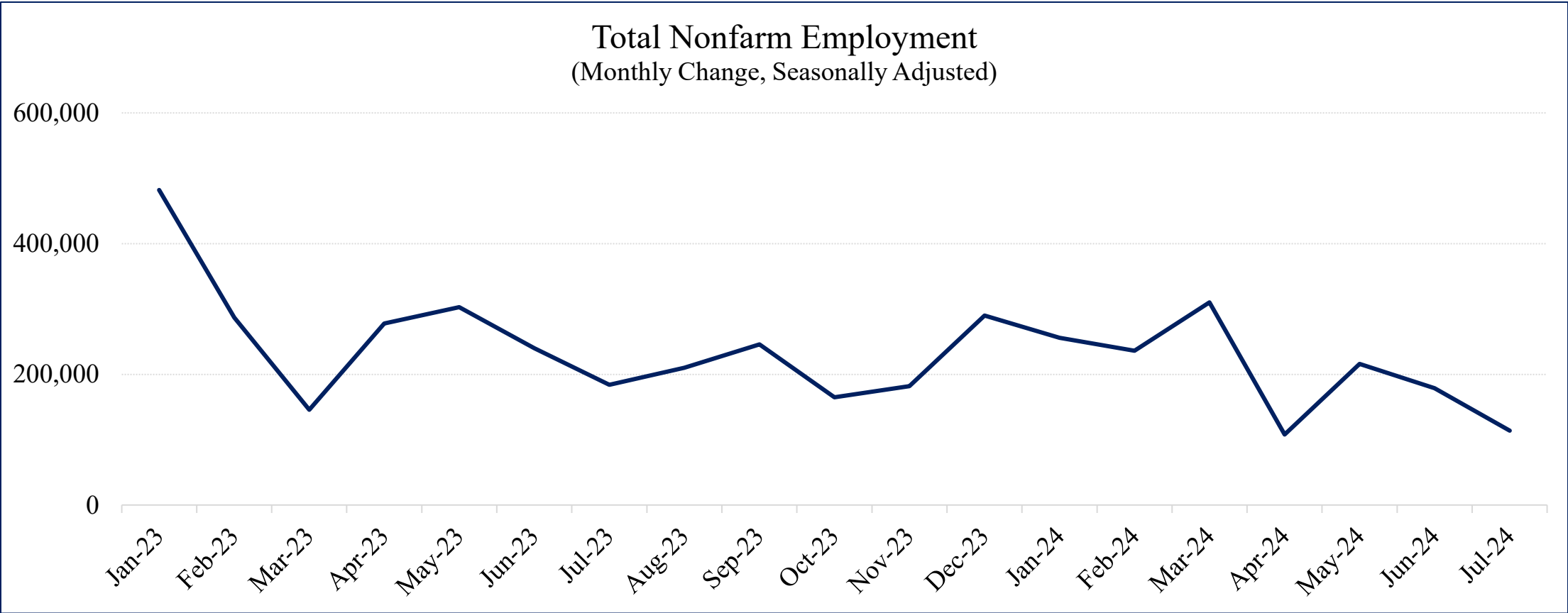


Source: OECD

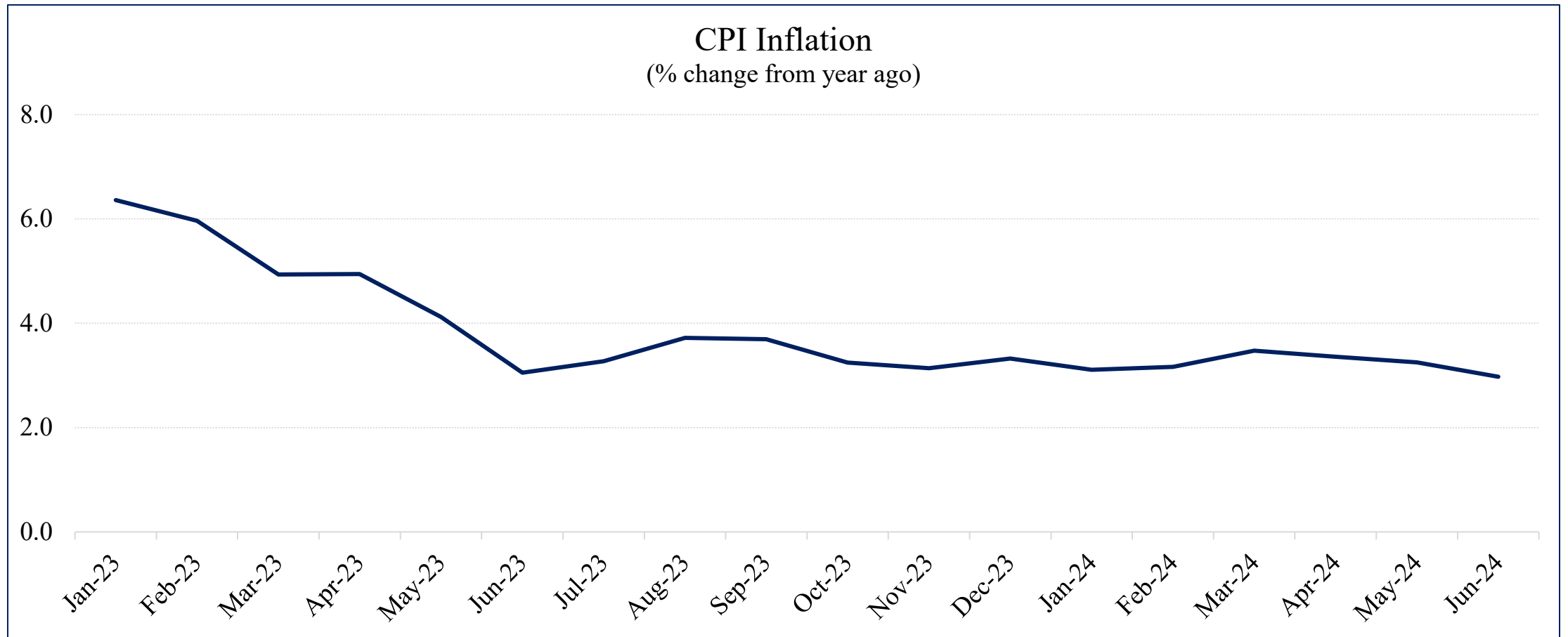
## 2. Developments in the US Economy



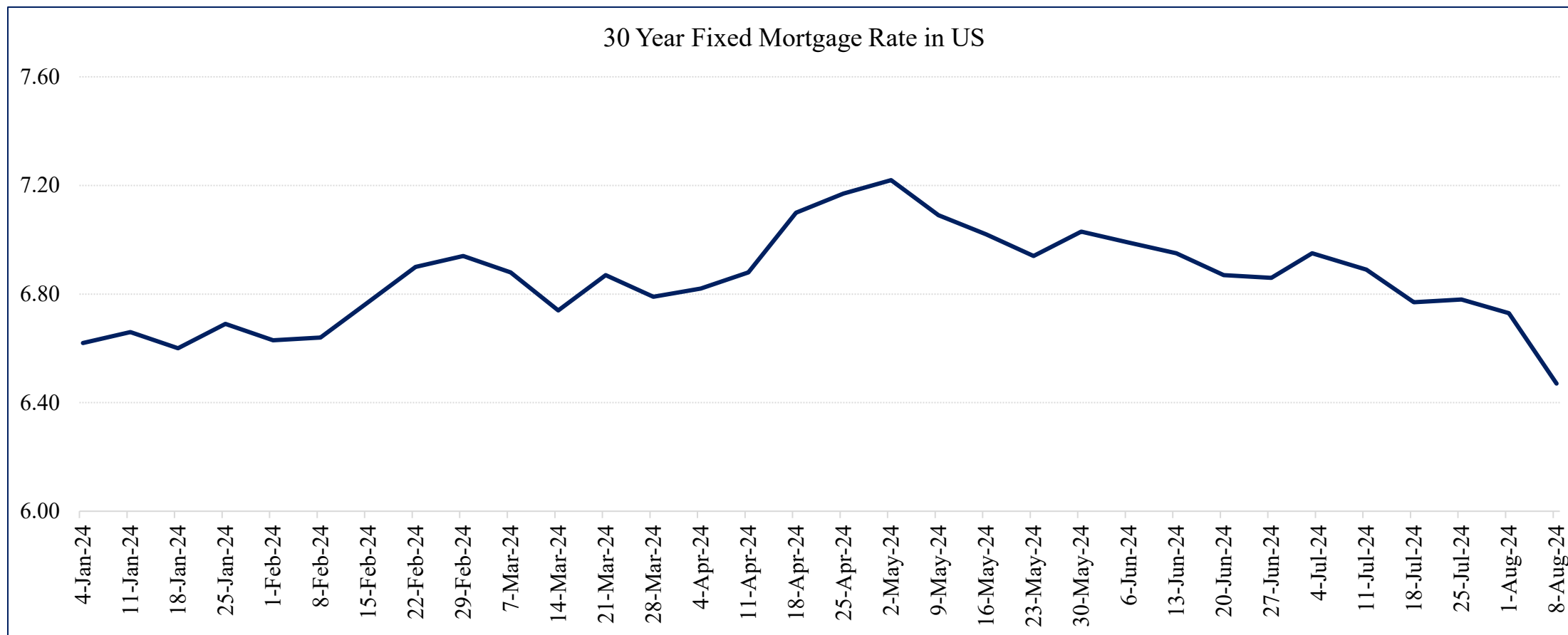
# US Total Nonfarm Employment



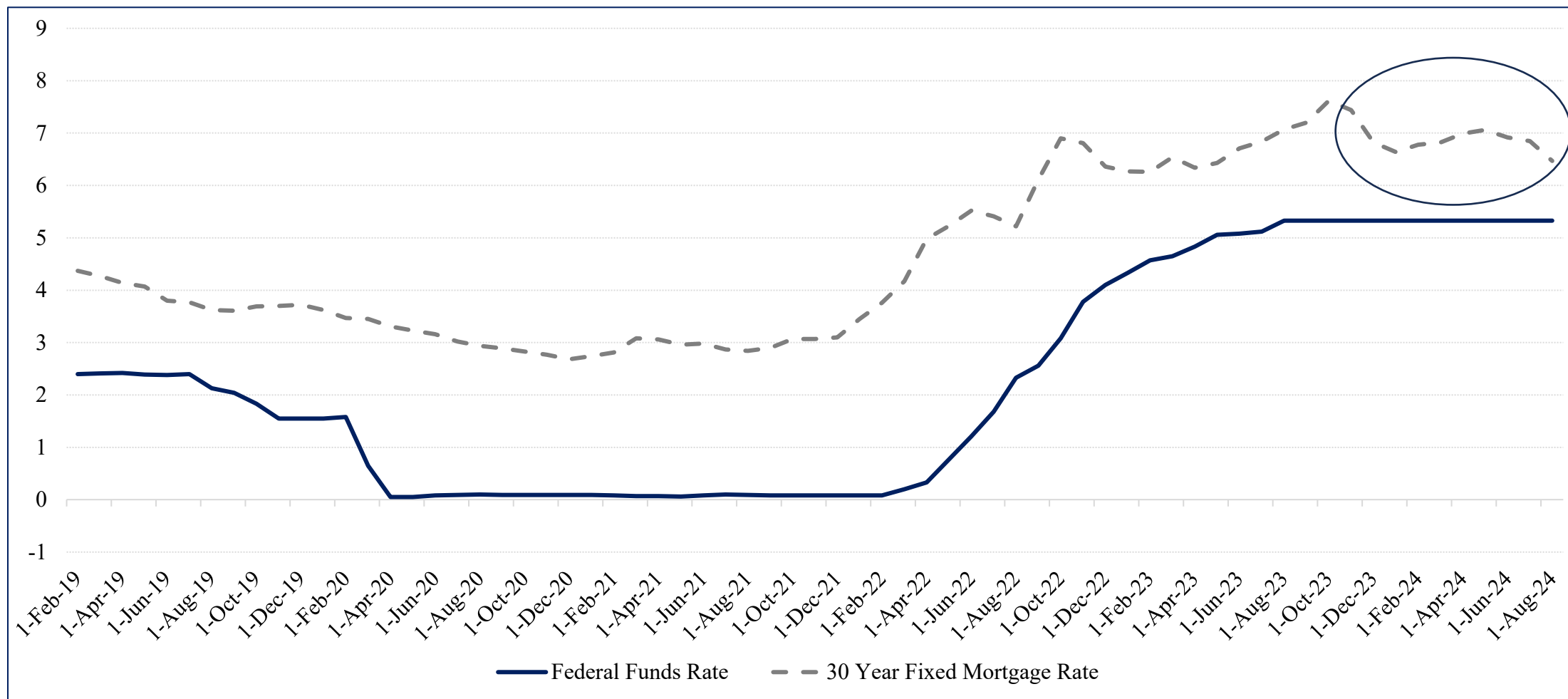
# US CPI Inflation



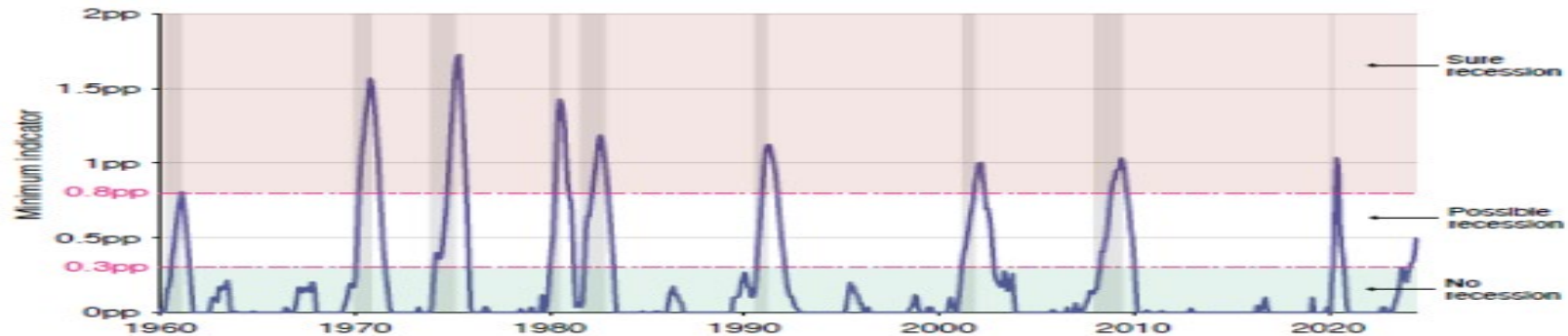
# US Mortgage Rates in 2024



# US Mortgage Rates and Fed Funds Rate

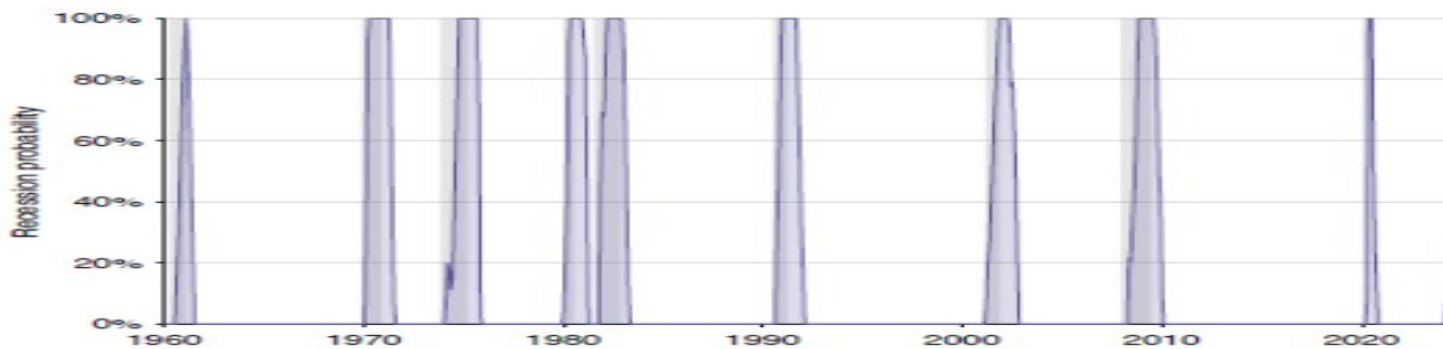


# Some indicators suggest 40% probability of US recession



**FIGURE 3. Minimum indicator and two-sided recession rule in the United States, 1960–2024**

**Note:** The minimum indicator is computed with (3). The unemployment and vacancy rates used to compute the indicator come from figure 1. The gray areas are NBER-dated recessions. When the indicator is below 0.3pp, a recession has not started. When the indicator is above 0.8pp, a recession has started for sure. When the indicator is in the 0.3pp–0.8pp band, a recession is likely to have started.



**FIGURE 4. Recession probability in the United States, 1960–2024**

**Note:** The recession probability is given by formula (4). The formula uses the minimum indicator and thresholds displayed in figure 3. The gray areas are NBER-dated recessions.

### 3. IMF's Latest World Economic Outlook

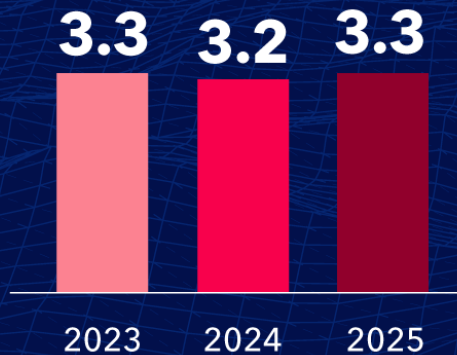
# IMF's Growth Projections

WORLD ECONOMIC OUTLOOK UPDATE JULY 2024

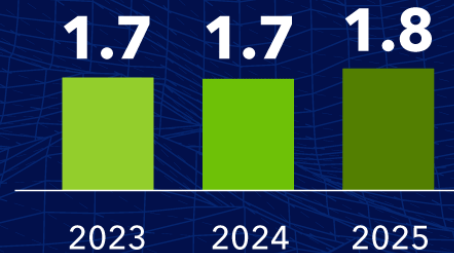
## GROWTH PROJECTIONS

(REAL GDP GROWTH, PERCENT CHANGE)

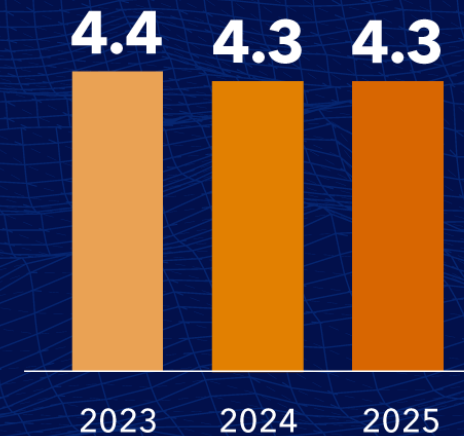
### GLOBAL ECONOMY



### ADVANCED ECONOMIES



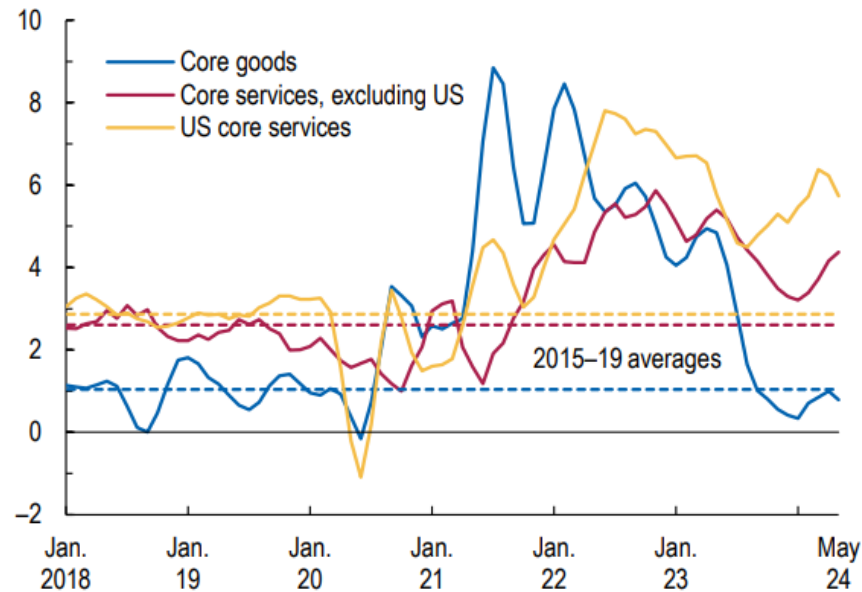
### EMERGING MARKET & DEVELOPING ECONOMIES



# Core Inflation

**Figure 1. Sequential Core Inflation**

(Percent; three-month-over-three-month, annualized)



Sources: Haver Analytics; and IMF staff calculations.

Note: The two aggregates are the purchasing-power-parity-weighted averages. Sample includes 11 advanced economies and 9 emerging market and developing economies that account for approximately 55 percent of 2021 world output at purchasing-power-parity weights.

1. The momentum on global disinflation is slowing, signaling bumps along the path.
2. Nominal wage growth remains brisk, above price inflation in some countries
3. The uptick in sequential inflation in the United States during the first quarter, while inflation is cooling more in line with expectation in Euro and Canada



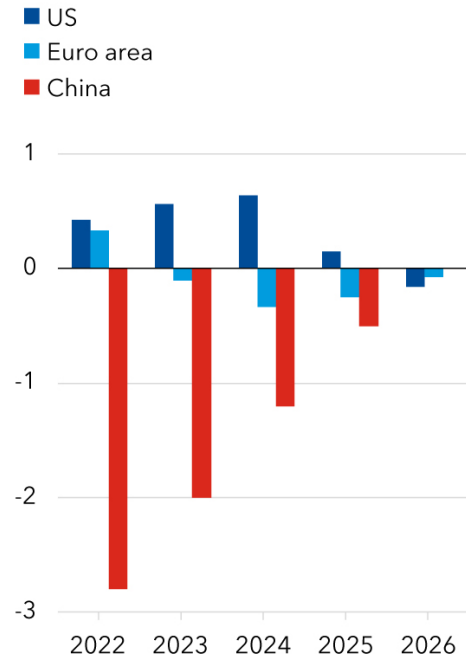
# IMF's Growth & Inflation Forecasts

## Growth and inflation

Output gaps are closing, and inflation is expected to continue its downward trend.

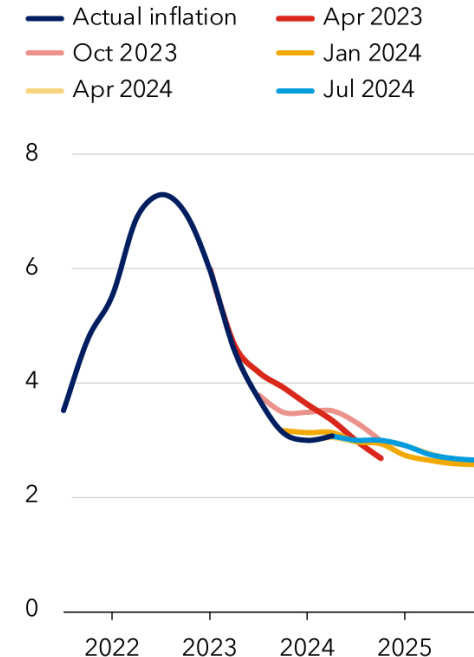
### Output gaps

(percent of potential GDP)



### Global headline inflation

(percent; y/y)



Sources: IMF, World Economic Outlook; and IMF staff calculations.  
Note: Inflation is a PPP-weighted average and excludes Argentina and Türkiye.

IMF

# Bumps along the disinflation path

## Bumps along the disinflation path

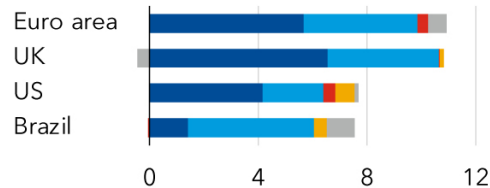
Energy shocks drove most of the rise and fall of headline inflation, but persistent services inflation could slow the disinflation process.

### Rise and fall in headline inflation

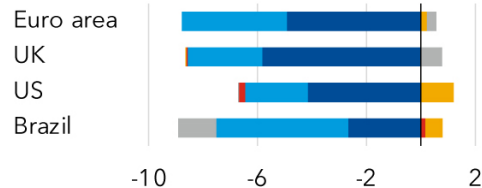
(percentage points)

■ Shocks ■ Pass through ■ Expectations  
■ Slack ■ Residual

#### Rise to peak



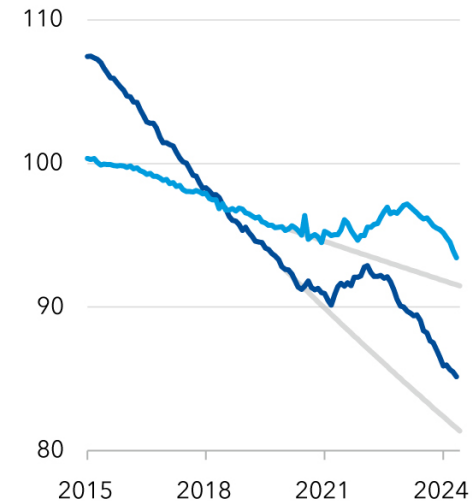
#### Fall from peak to latest



### Price of core goods vs. services

(ratio)

— US — Pre-pandemic trends  
— Euro area



Sources: Dao, Gourinchas, Leigh, Mishra (2024); Haver Analytics; and IMF staff calculations.  
Note: Left panel is the decomposition of change in in twelve-month headline inflation from Dec. 2020 to peak, and from peak to Mar. 2024. See Dao et al. for details. Right panel is the price of core goods relative to that of core services in the price index.

# Bumps along the disinflation path

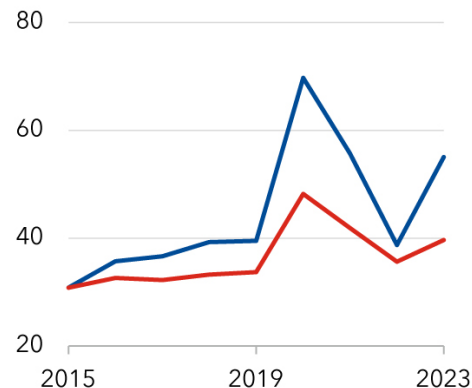
## Risks from fiscal and trade policy

Downside risks include economic policy uncertainty on the fiscal side and on the trade side.

### US actual and counterfactual gross financing needs

(percent of GDP)

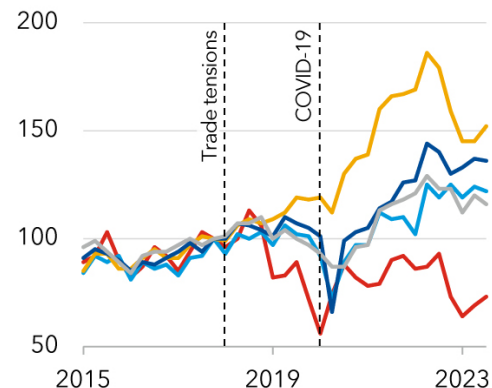
— Actual  
— Counterfactual: Fixed maturity structure (2015-level)



### US imports of products hit by the 2018-19 tariffs by source

(index; 2017:Q4 = 100)

— China  
— Low cost Asia  
— Rest of the world  
— European Union  
— NAFTA



Sources: U.S. Federal Reserve Board; U.S. Treasury Monthly Statement of the Public Debt; World Economic Outlook; UN Comtrade; and IMF staff calculations. Note: Left panel blue line is the actual gross financing needs (GFN, the sum of primary deficit, interest payment, and debt amortization) in percent of GDP and the red line is the counterfactual GFN keeping maturity structure of the debt fixed at its 2015-level. For right panel, low-cost Asia includes Bangladesh, Cambodia, Hong Kong SAR, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan Province of China, Thailand, and Vietnam.

# Long Term Rates on a Decline

